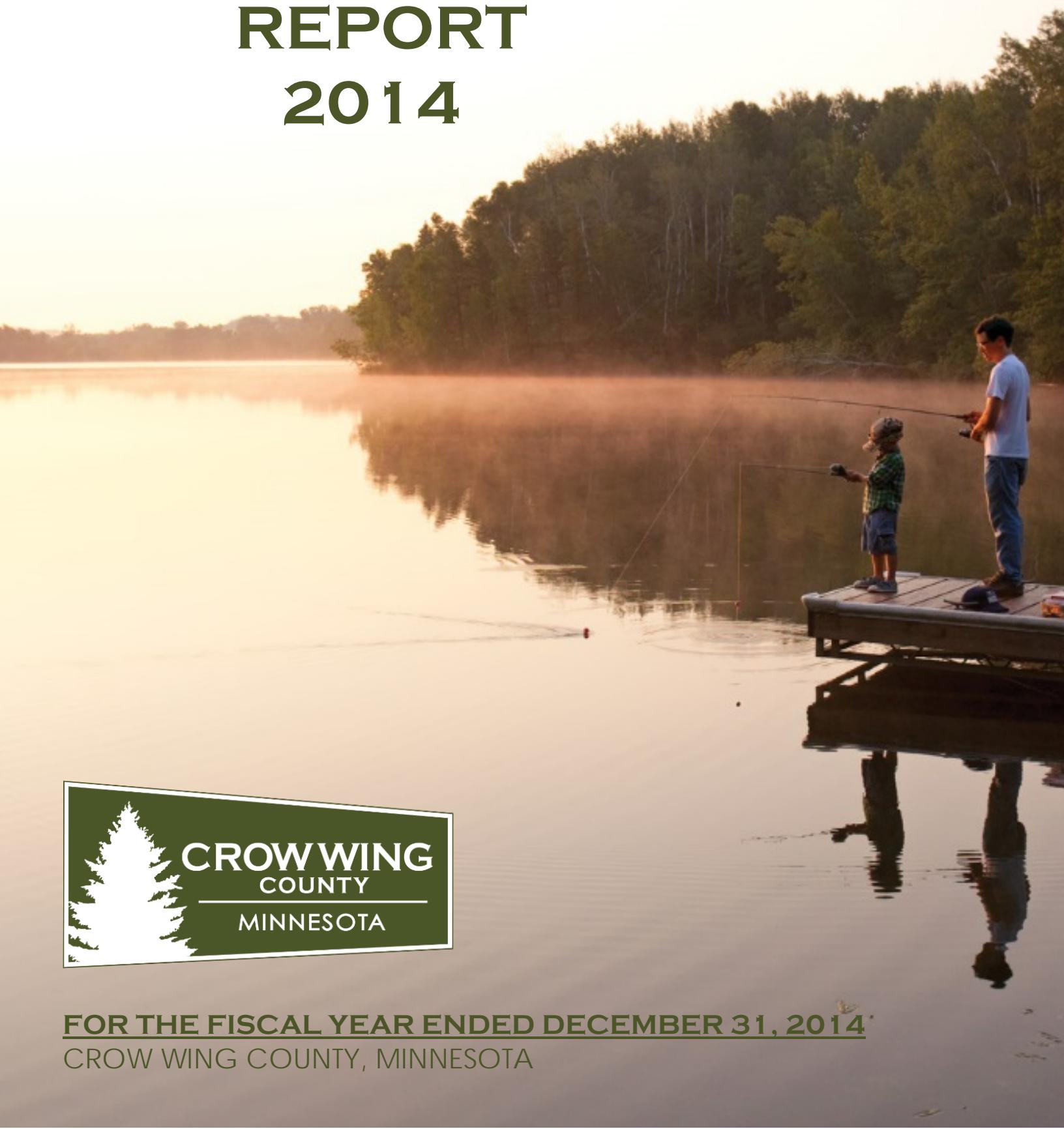


COMPREHENSIVE ANNUAL FINANCIAL REPORT 2014



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014
CROW WING COUNTY, MINNESOTA



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF
CROW WING COUNTY,
MINNESOTA**

For The Year Ended December 31, 2014

Prepared By
The Auditor-Treasurer's Office Financial Services Staff
Deborah A. Erickson, County Auditor-Treasurer

**CROW WING COUNTY
BRAINERD, MINNESOTA**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
GFOA Certificate of Achievement	5
Map – Congressional Districts	6
Map – Legislative Districts	7
Map – Political Subdivisions	8
Map – Commissioner Districts	9
List of Elected and Appointed Officials	10
Organizational Chart	11
FINANCIAL SECTION	
Independent Auditor’s Report	13
Management’s Discussion and Analysis	16
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	25
Statement of Activities	28
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	30
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position – Governmental Activities	34
Statement of Revenues, Expenditures, and Changes in Fund Balances	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities	38
Landfill Enterprise Fund:	
Statement of Net Position	39
Statement of Revenues, Expenses, and Changes in Fund Net Position	40
Statement of Cash Flows	41
Fiduciary Funds:	
Statement of Fiduciary Net Position	43
Notes to the Financial Statements	44

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**TABLE OF CONTENTS
(Continued)**

	<u>Page</u>
Required Supplementary Information:	
Budgetary Comparison Schedules:	
General Fund	78
Highway Special Revenue Fund	81
Community Services Special Revenue Fund	82
Public Land Management Special Revenue Fund	83
Schedule of Funding Progress – Other Post Employment Benefits Plan	84
Notes to the Required Supplementary Information	85
 Supplementary Information:	
Budgetary Comparison Schedules:	
Debt Service Fund	86
Capital Projects Fund	87
Combining Balance Sheet – Nonmajor Governmental Funds	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	90
Budgetary Comparison Schedules:	
Solid Waste (Non-Landfill) Special Revenue Fund	92
Unorganized Townships Special Revenue Fund	93
Small Cities Development Program Special Revenue Fund	94
Environmental Trust Permanent Fund	95
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	96
 Other Schedules:	
Schedule of Intergovernmental Revenue	99
Schedule of Expenditures of Federal Awards	100
Notes to the Schedule of Expenditures of Federal Awards	102

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**TABLE OF CONTENTS
(Continued)**

	<u>Page</u>
STATISTICAL SECTION	
Financial Trends:	
Net Position by Component	106
Changes in Net Position	108
Fund Balances, Governmental Funds	112
Changes in Fund Balances, Governmental Funds	114
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	116
Direct and Overlapping Property Tax Rates	118
Principal Property Taxpayers	119
Property Tax Levies and Collections	120
Debt Capacity:	
Ratios of Outstanding Debt by Type	121
Ratios of Net General Bonded Debt Outstanding	122
Direct and Overlapping Governmental Activities Debt	123
Legal Debt Margin Information	124
Demographic and Economic Information:	
Demographic and Economic Statistics	126
Principal Employers	127
Operating Information:	
Full-Time Equivalent County Government Employees by Function/Program	128
Operating Indicators by Function/Program	130
Capital Asset Statistics by Function/Program	132



DATE: June 22, 2015

TO: The Citizens of Crow Wing County, Minnesota
The Crow Wing County Board of Commissioners
All Other Interested Parties

Subject: 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual Financial Report (CAFR) of Crow Wing County is submitted for the fiscal year ending December 31, 2014. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Internal controls are designed to safeguard assets as well as to ensure that accounting data is accurate for the preparation of financial statements in conformity with generally accepted accounting principles. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Crow Wing County is audited annually, as required by Minnesota Statute § 6.48. This requirement has been complied with and the Office of the State Auditor has issued an unmodified ("clean") opinion on the Crow Wing County financial statements for the year ending December 31, 2014. The independent auditor's report is located in the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

Crow Wing County was established in 1857 and formally organized in 1870. The original Courthouse was built in Brainerd in 1872; it was replaced in 1920 by the building now known as the Historic Courthouse. The County campus expanded during the period of 2004-2007 with the addition of new Jail, Judicial Center, and Community Services buildings. Other structures remodeled included Central Services, Land Services, and the Historic Courthouse. The Highway Department moved to a new off-site campus near the Brainerd Lakes Regional Airport. The Environmental Services Solid Waste offices also moved to a new site located on the County Landfill property.

Crow Wing County is located in north-central Minnesota, about 125 miles northwest of the Minneapolis/St. Paul metropolitan area, and covers 999 square miles. The County seat is the City of Brainerd, which is the largest community in the County with a population of 13,662 residents in 2013.

The County Board of Commissioners is the governing body of Crow Wing County. There are five members of the County Board, each representing one of five Districts, elected to four-year overlapping terms. The County Board appoints a County Administrator who is the chief appointed administrative officer of the County. The Administrator is responsible for the administration of Board policy and for the management of various County divisions and departments. The Attorney, Auditor-Treasurer, Recorder, and Sheriff are elected officials.

The County provides a full range of services contemplated by statute. These services include public safety, highway, health, attorney, human services, recreational, maintenance of property records, vital statistics, issuance of various permits and licenses, administration of property tax assessment and collection, and the distribution of local governments' property taxes within the County.

Our Vision: Being Minnesota's favorite place.

Our Mission: Serve well. Deliver value. Drive results.

Our Values: Be responsible. Treat people right. Build a better future.

The Crow Wing County Board of Commissioners is required by state law to annually adopt a budget for the next fiscal year for the General, Special Revenue and Debt Service Funds. The County Administrator incorporates budgetary controls which ensure that County departments comply with the annual budget. County departments are comprised of one or more sub-departments (agencies). County departments can spend their agency level budgets on any line item within that agency as long as the total agency budget is not overspent. Cost-neutral budgetary amendments or reallocations across departments are approved by the County Administrator. Authority to spend additional resources must be approved by the County Board of Commissioners.

Local Economy

The County contains a variety of commercial and industrial businesses in areas such as retail and wholesale; health care; education; manufacturing and construction; and financial and information services. Tourism is an important facet of the local economy.

Tourism

Located in the heart of the Brainerd Lakes region, Crow Wing County is one of Minnesota's most popular destinations for outdoor recreation. During the height of tourism season the County's population swells to an estimated 300,000 when tourists and seasonal residents are taken into consideration. Leisure and hospitality industries brought in more than \$205 million in gross sales in 2013, the most recent year data is available, making a 2.2 percent increase in gross sales when compared to 2012. In 2014, 249 leisure and hospitality businesses employed an annual average of 4,090 employees. This was a decrease of 26 jobs over 2013, or 0.6 percent. The seasonality of leisure and hospitality businesses creates employment data fluctuations throughout the year.

Tourists in Crow Wing County enjoy the following:

- Water activities on over 465 lakes including Mille Lacs Lake, the Whitefish Chain, and the Gull Lake Chain
- Golfing on over two dozen golf courses
- Activities such as hiking or biking in Crow Wing State Park or Cuyuna Country State Recreation Area

Retail and Wholesale

In 2014, 343 retail trade businesses employed an annual average of 4,444 employees, a decrease of 143 jobs, or 3.1 percent, over the previous year. In 2014, an annual average of 550 individuals were employed by 58 wholesale trade businesses, an increase of 3.6 percent. One of the largest wholesale employers, Costco, employs 200 individuals.

Health Care

Crow Wing County is served by a number of first-rate medical facilities. The Cuyuna Regional Medical Center (CRMC) consists of a medical campus providing cardiovascular, optometry, long-term care, and memory loss services, among others. The campus continues to expand and is the major employer in the Crosby-Ironton-Deerwood area, employing more than 900 physicians, nurses, health care professionals, and support staff.

Essentia Health currently operates the St. Joseph's Medical Center in Brainerd, a 162-bed nonprofit hospital offering services in a wide variety of medical specialties. Essentia Health St. Joseph's Clinics are a group of integrated clinics throughout the lakes area. Together, the Essentia Health System employs more than 1,250 medical professionals and support staff in Crow Wing County and is considered the largest integrated health system in north central Minnesota.

In 2014, 192 Crow Wing County establishments provided an annual average of 5,728 jobs in the areas of health care and social assistance. This was an increase of 157 jobs over 2013, or 2.8 percent.

Education

The K-12 schools in the Brainerd Lakes Area educate approximately 9,365 students annually, making the combined districts the 14th largest in the state. The largest of these is Independent School District (ISD) #181, serving Brainerd and surrounding communities with enrollment of approximately 6,440. Brainerd also hosts the campus of Central Lakes College (CLC), a comprehensive community and technical college. CLC serves about 6,000 students per year.

In 2014, 36 establishments provided 2,299 jobs in the area of educational services, a decrease of 15 jobs, or 6.5 percent, when compared to 2013 employment data.

Manufacturing and Construction

In 2014, 117 companies employed an annual average of 2,516 people in a variety of manufacturing arenas, from plastics to precision machining and metal fabrication. There is no change when compared to 2013 data. Clow Stamping and Bang Printing are the largest manufacturing employers in the County with approximately 425 and 200 employees, respectively. In 2014, 269 area construction firms employed 1,662 people, an increase of 79 jobs in Crow Wing County. This makes up a 5.0 percent increase when compared to 2013 employment data.

Financial and Information Services

The financial services industry is well represented in the region. In 2014, 202 firms provided an annual average of 1,509 jobs, an increase of 48 jobs over the prior year. This makes up a 3.3 percent increase when compared to 2013 employment data. One of the area's largest financial services employers is Ascensus, which employs around 500 people in its Brainerd and Baxter offices.

Multiple local newspapers and radio stations employed 589 people, an increase of 50 jobs, or 9.3 percent over the previous year.

Key Population, Labor Force and Employment Trends

- The County's population changed from 59,606 residents in 2005 to 63,208 residents in 2013; the total population rank was 15th of 87 counties in Minnesota.
- The County's annual average labor force changed from 32,080 workers in 2005 to 31,353 workers in 2014, a decrease of 2.3 percent.
- The County's average unemployment rate in 2014 is 5.8 percent. In 2014, the average state and national unemployment rates were 4.1 percent and 6.2 percent, respectively.
- In 2013, Crow Wing County had a per capita personal income (PCPI) of \$35,962. Crow Wing County's PCPI rank was 73rd of the 87 counties in the state. Crow Wing County was 78.0 percent of the state average of \$46,129, and 73.8 percent of the national average of \$48,711.

Major Initiatives by Crow Wing County

The Crow Wing County government took action to reduce costs:

- In 2014, Crow Wing County continued to see economic and operating budget challenges. Between 2008 and 2014, Crow Wing County reduced staffing by 43.5 Full-Time Equivalents (FTEs), representing a workforce reduction of 9.6 percent.
- The County Board approved a levy decrease of 0.6 percent for taxes payable 2015. The total tax levy increase for the previous seven years is 3.9 percent, or approximately 0.6 percent per year.

Crow Wing County released its second annual report to citizens in 2014, *Volume II: The People's Report*. The interactive report detailed highlights of the area such as community events and outdoor recreation, as well as services provided by the County, using video clips, sound bites, and links to news articles. It focused on how the County strives to meet its mission: Serve well. Deliver Value. Drive Results. The *People's Report* is available on the County's website at www.crowwing.us.

Future Crow Wing County Plans:

- Continue improvement of the County's performance assessment system and increase alignment between organization-wide objectives and personalized employee goals.
- Address issues arising from continuing development and the growing County population. Develop talent internally to replace positions open due to retirements in the upcoming years.
- Protect the County's water quality and environment, including implementing strategies to reduce the spread of Aquatic Invasive Species (AIS), which are critical to the health of Crow Wing County residents and the tourism industry.
- Continue assessing and improving the Ride Quality Index (RQI) on County roads. Partner with MnDOT and cities within the County to successfully expand Highway 371 to four lanes, as the Highway 371 bypass project is advanced by several years.

Debt Administration

The ratio of outstanding net debt per capita is a useful indicator of the County's debt position for County management, citizens, and investors. The data for Crow Wing County at the end of the 2014 fiscal year follows:

	<u>Amount</u>	<u>Net debt per capita</u>
Net General Bonded Debt Outstanding	\$24,850,498	\$393

The County has an 'AA' credit rating from Standard & Poor's (S&P).

Employee Labor Contracts

The eleven collective bargaining units listed below represent approximately 90 percent of the County's employees. The status of the contracts is as of the publication date of the Comprehensive Annual Financial Report.

<u>Bargaining Unit</u>	<u>Term of Contract</u>
AFSCME	2014-2016
Assistant County Attorney Association	2015-2017
LELS Local #14 Deputies	2014-2016
LELS Local #13 Dispatchers	2014-2016
LELS Local #16 Correctional Officers	2014-2015
IUOE Local #49 Facilities	2015-2017
IUOE Local #49 Highway	2015-2017
Organization of Non-Contract Employees	2014-2015
Teamsters Local #320 Social Services	2015-2017
Teamsters Local #346 Sheriff's Licensed Supervisory	2014
Teamsters Local #346 Corrections and Dispatch Supervisory	2014-2016

All contracts begin January 1 and end December 31.

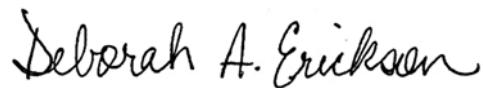
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Crow Wing County for its comprehensive annual financial report for the fiscal year ended December 31, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the Financial Services staff of the Auditor-Treasurer's Office. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the County Board for their unfailing support for maintaining the highest standards of professionalism in the management of Crow Wing County finances.

Respectfully submitted,



Deborah A. Erickson
County Auditor-Treasurer



Michael J. Carlson
Accounting and Finance Manager



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Crow Wing County
Minnesota**

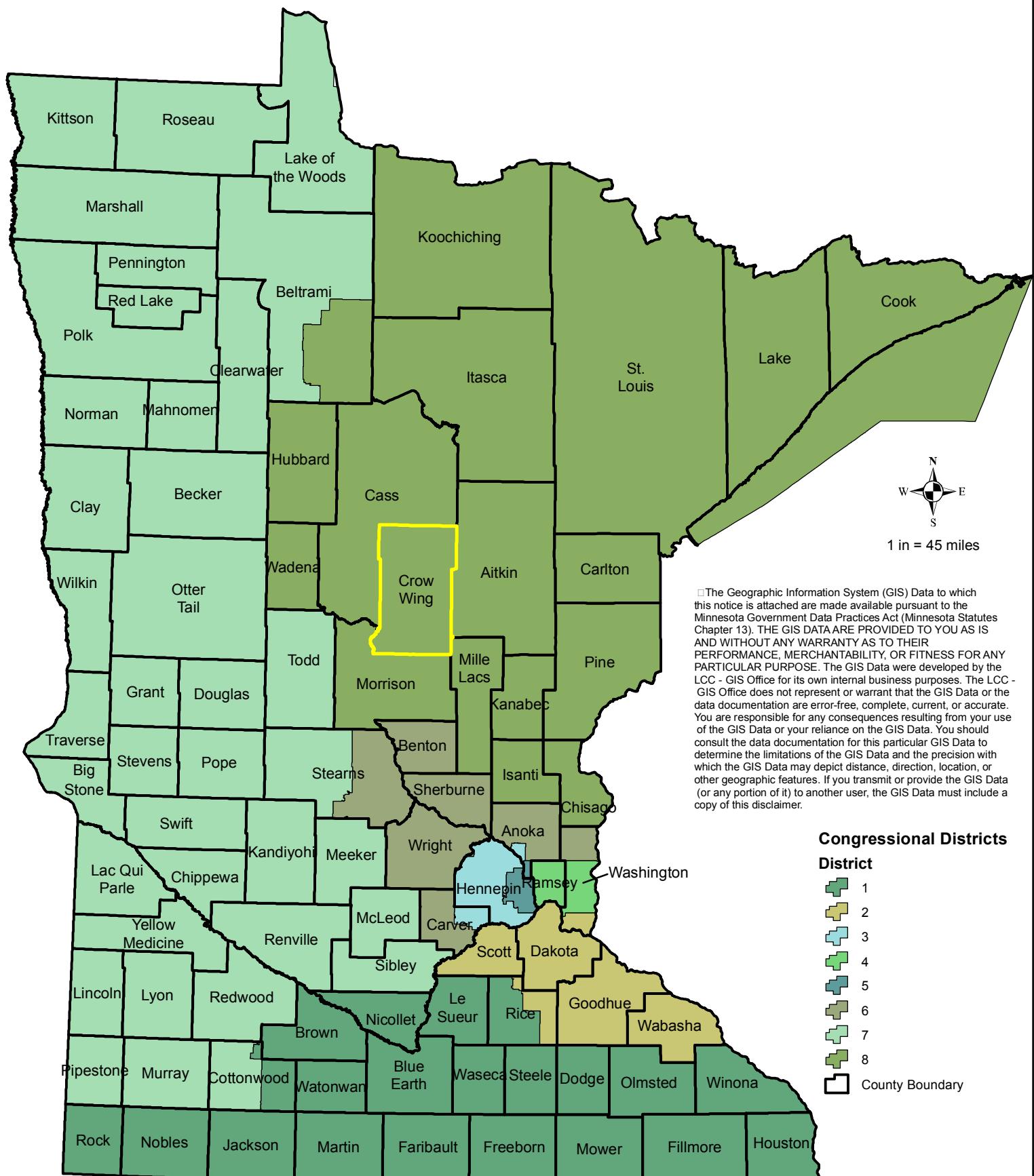
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Jeffrey P. Enos

Executive Director/CEO

State of Minnesota Congressional Districts

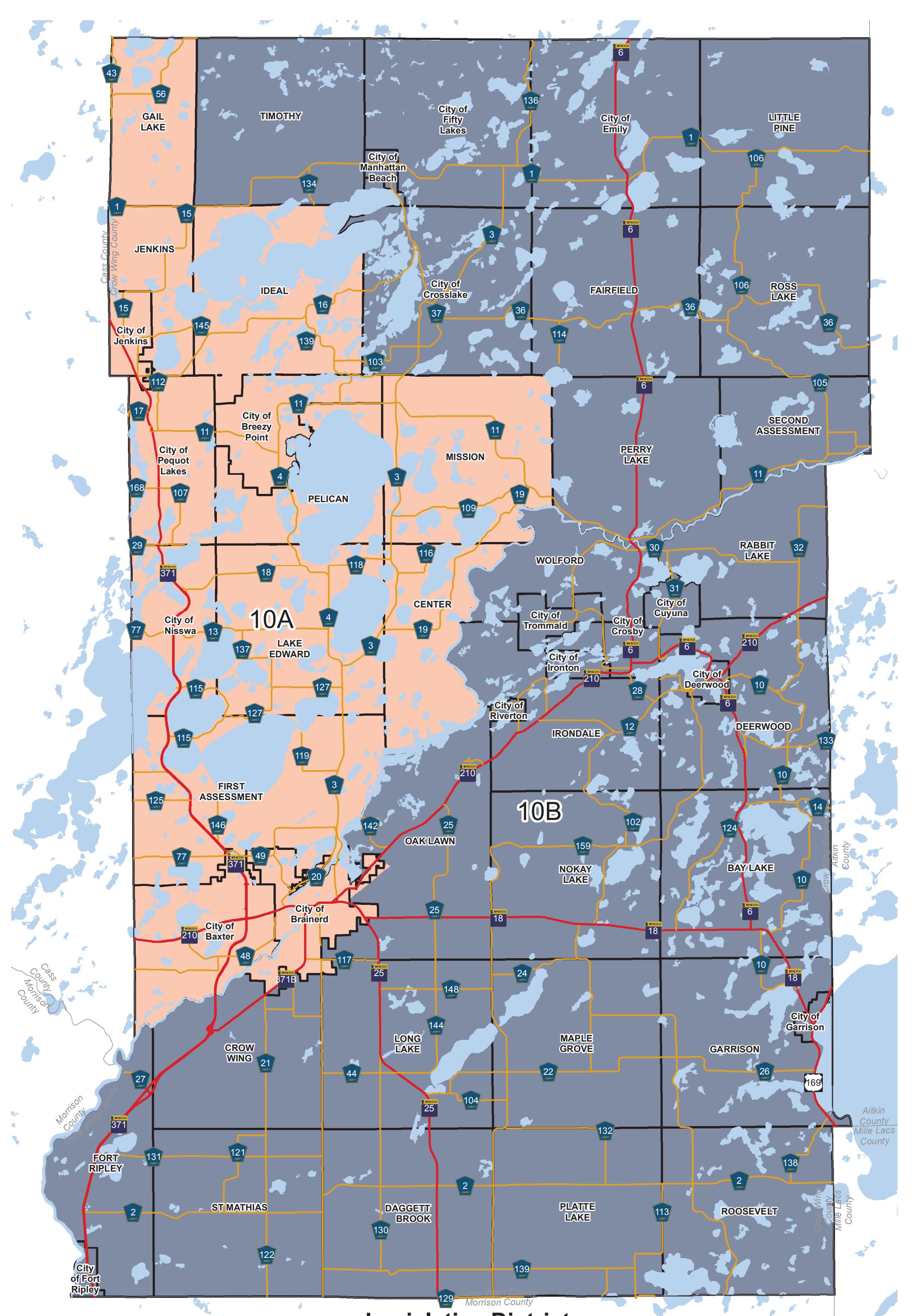


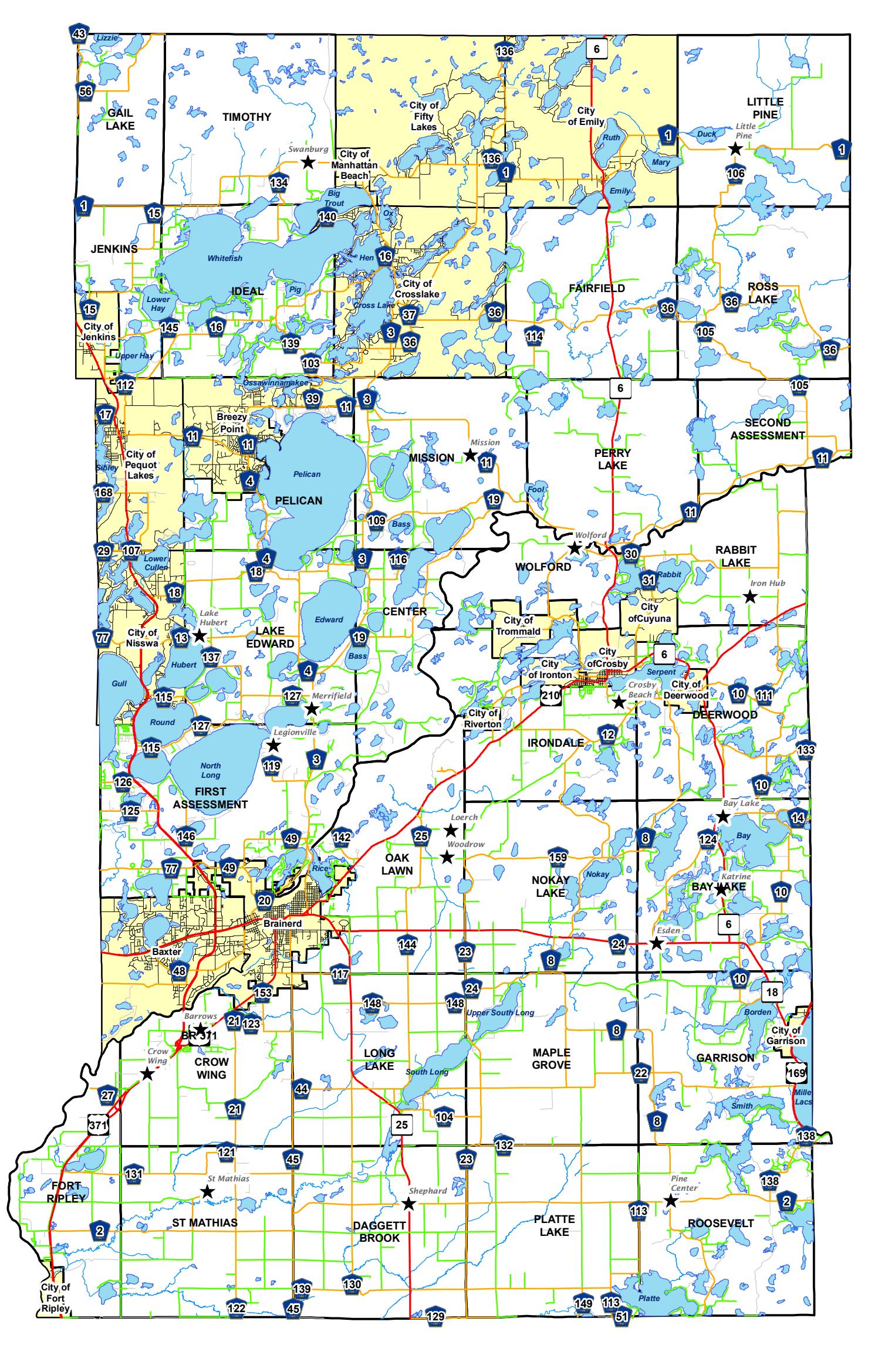
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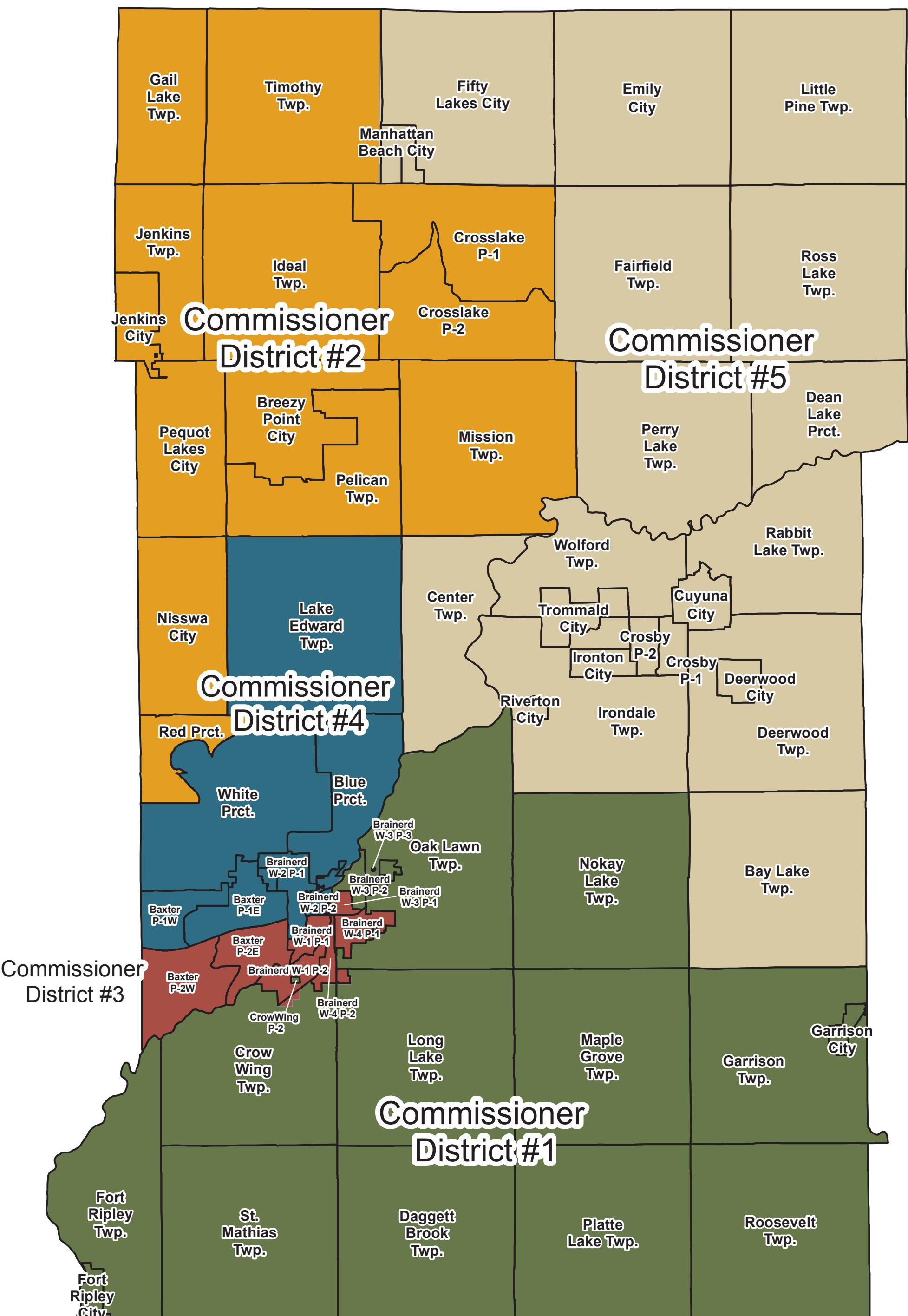
Congressional Districts

District

1
2
3
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6
7
8
County Boundary







Crow Wing County Commissioner Districts



**CROW WING COUNTY
BRAINERD, MINNESOTA**

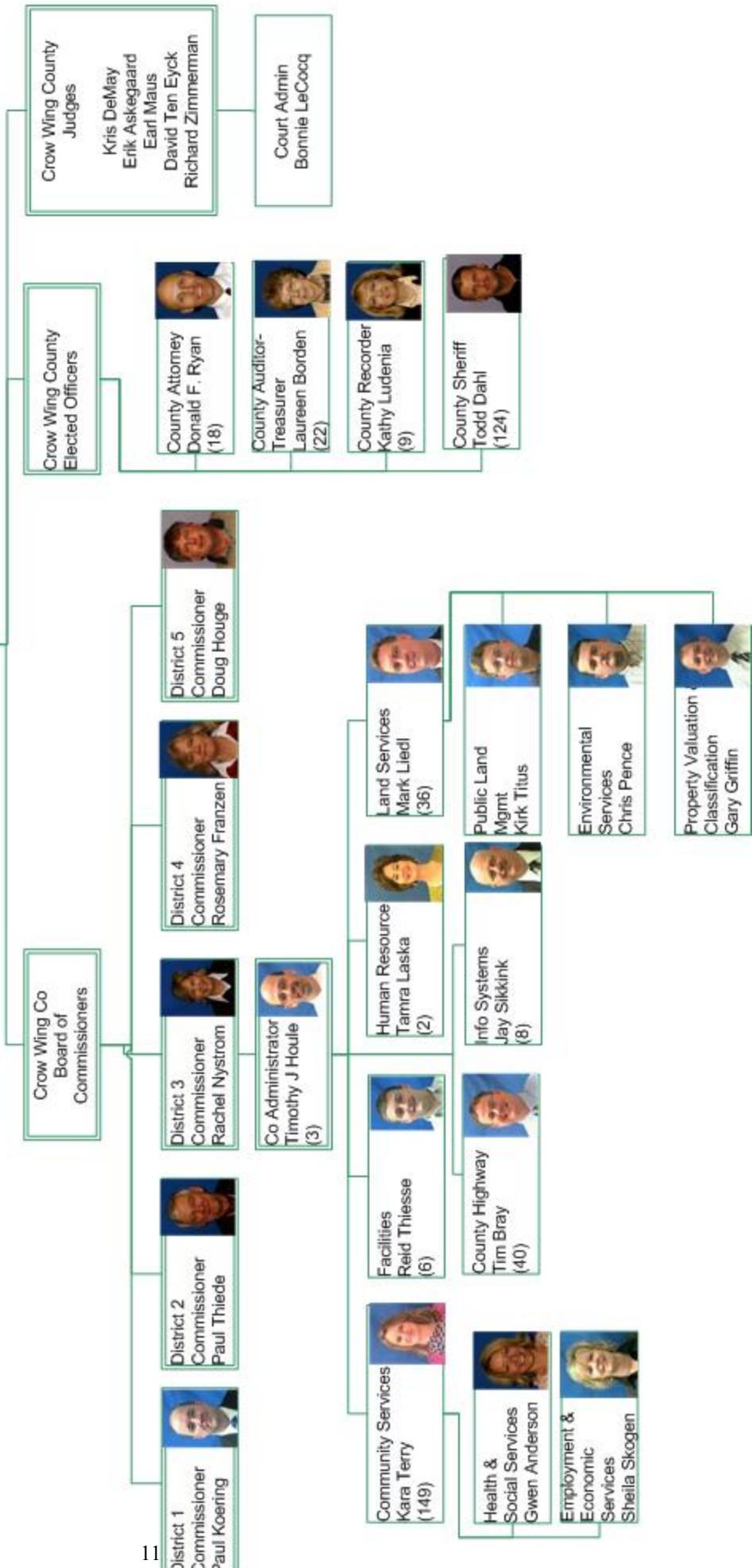
**LIST OF ELECTED AND APPOINTED OFFICIALS
2014**

Office	Name	Elected or Statutory Term Expires
County Board of Commissioners		
1 st District	Paul Koering**	January 2017
2 nd District	Paul M. Thiede	January 2019
3 rd District	Rachel Reabe Nystrom	January 2019
4 th District	Rosemary Franzen*	January 2019
5 th District	Doug Houge	January 2017
*Denotes 2014 Chair		
**Denotes 2015 Chair		
County Offices		
Elected		
Attorney	Donald F. Ryan	January 2019
Auditor-Treasurer	Laureen E. Borden	January 2015
Recorder	Kathy Ludenia	January 2015
Sheriff	Todd O. Dahl	January 2019
Appointed		
Administrator	Timothy J. Houle	Indefinite
Assessor	Gary Griffin	January 2017
Engineer	Timothy V. Bray	May 2015
Examiner of Titles	Glen A. Gustafson	Indefinite
Land Commissioner	Kirk Titus	Indefinite
Veterans Service Officer	Robert M. Nelson	June 2015
Zoning Administrator and County Planner	Christopher Pence	Indefinite

CROW WING COUNTY

MINNESOTA

Crow Wing County Citizens



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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

Board of County Commissioners
Crow Wing County
Brainerd, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Crow Wing County as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Brainerd Lakes Regional Airport (Airport), included in the City of Brainerd, Minnesota's financial statements, as a discrete component unit, for the year ended December 31, 2013 (the most recent information available). The Airport is a joint venture between Crow Wing County and the City of Brainerd, as discussed in Note IV. B. to the financial statements. The County's investment in the Airport is accounted for by the equity method of accounting and represents the \$19,588,658 investment in joint venture. The financial statements of the Airport were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amount included as an investment in joint venture is based solely on the report of other auditors. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Crow Wing County as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crow Wing County's basic financial statements. The introductory section, supplementary information, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

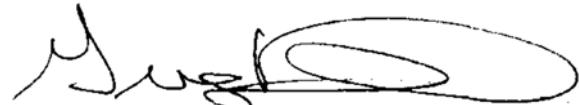
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2015, on our consideration of Crow Wing County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crow Wing County's internal control over financial reporting and compliance. It does not include the Brainerd Lakes Regional Airport, which was audited by other auditors.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 22, 2015

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Unaudited)**

The financial management of Crow Wing County offers readers of Crow Wing County's financial statements this narrative overview and analysis of the financial activities of Crow Wing County for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Crow Wing County exceeded its liabilities at the close of the most recent fiscal year by \$213,683,979 (net position). Of this amount, \$47,587,363 is classified as unrestricted net position. Unrestricted net position includes \$19,588,658 of investments in joint ventures. The remaining \$27,998,705 may be used to meet the government's ongoing obligations to citizens and creditors. Total net position increased by \$5,341,558 over the prior year, after restatement of beginning net position.
- As of the close of the 2014 fiscal year, Crow Wing County's governmental funds reported combined ending fund balances of \$49,710,021, compared to \$49,472,882 reported at the close of the 2013 fiscal year, after restatement of beginning fund balance. Approximately 71.0 percent of this amount, \$35,269,326, is available for spending at the government's discretion (unrestricted fund balance: committed, assigned, or unassigned).
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$13,849,260, or 53.4 percent, of total General Fund expenditures, an increase of \$818,843 in comparison with the prior year. The unassigned amount of fund balance for the General Fund was \$12,444,007, or 48.0 percent, of total General Fund expenditures. This increase of \$800,656 is due to a favorable operating surplus.
- Crow Wing County's long-term liabilities (due in more than one year) decreased by \$2,770,182, or 6.0 percent, to \$43,064,842 during the current fiscal year. The net change in long-term liabilities had two primary components: a reduction due to debt principal payments of \$4,432,750 and the increase in the net OPEB obligation. The net OPEB obligation increased in the amount of \$1,479,050, for a total obligation of \$13,546,358.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to Crow Wing County's basic financial statements. Crow Wing County's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Crow Wing County's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of Crow Wing County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Crow Wing County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the

change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused paid time off and severance leave).

Both government-wide financial statements distinguish functions of Crow Wing County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of Crow Wing County include general government, public safety, highways and streets, human services, health, culture and recreation, conservation of natural resources, and economic development. The business-type activity of Crow Wing County is the Crow Wing County Landfill.

The government-wide financial statements may be found on pages 25 through 29 of this report.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Crow Wing County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Crow Wing County can be divided into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Within the governmental funds, Crow Wing County maintains five fund types: general, special revenue, debt service, capital projects, and permanent. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund; Highway, Community Services, and Public Land Management Special Revenue Funds; Debt Service Fund; and Capital Projects Fund, all of which are considered to be major funds. Data from the other three special revenue nonmajor governmental funds and permanent fund are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Crow Wing County adopts an annual appropriated budget for all its governmental funds: General, Highway, Community Services, Public Land Management, Debt Service, Capital Projects, Solid Waste (Non-Landfill), Unorganized Townships, Small Cities Development Program, and Environmental Trust. Budgetary comparison schedules have been provided for all funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements may be found on pages 30 through 38 of this report.

General Fund – The General Fund is the County's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – Special revenue governmental funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital assets. The special revenue funds include:

(Unaudited)

- Highway
- Community Services
- Public Land Management
- Solid Waste (Non-Landfill)
- Unorganized Townships
- Small Cities Development Program

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Fund – The Permanent Fund is used to report resources legally restricted to the extent that only earnings, and not principal from the Environmental Trust Permanent Fund, may be used for environmental purposes.

Proprietary funds – Crow Wing County maintains one proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Crow Wing County uses an enterprise fund to account for its landfill operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Landfill Enterprise Fund, which is considered to be a major fund of Crow Wing County.

The basic proprietary fund financial statements can be found on pages 39 through 42 of this report.

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

The basic fiduciary fund financial statements can be found on page 43 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44 through 77 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information that can be found on pages 78 through 85 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are in the supplementary information section and follow the required supplementary information. Combining and individual fund statements can be found on pages 86 through 98 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Crow Wing County, assets and deferred outflows of resources exceeded liabilities by \$213,683,979 at the close of the most recent fiscal year.

(Unaudited)

Net investment in capital assets of \$149,977,144 (land; construction in progress; infrastructure – right of way; buildings; land improvements; machinery, furniture, and equipment; infrastructure; and landfill, less any debt used to acquire assets that is still outstanding) represents the largest portion of net position (70.2 percent). Crow Wing County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Crow Wing County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Crow Wing County's net position, \$16,119,472, or 7.5 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$47,587,363 or 22.3 percent, of the total net position. Unrestricted net position includes \$19,588,658 of investments in joint ventures, or 9.2 percent of the total net position.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	Restated					
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 75,610,361	\$ 77,984,745	\$ 12,947,129	\$ 12,118,889	\$ 88,557,490	\$ 90,103,634
Capital assets	172,975,266	168,209,612	3,714,862	4,197,889	176,690,128	172,407,501
Total assets	\$ 248,585,627	\$ 246,194,357	\$ 16,661,991	\$ 16,316,778	\$ 265,247,618	\$ 262,511,135
 Total deferred outflows of resources	 \$ 2,292,020	 \$ 2,742,909	 \$ -	 \$ -	 \$ 2,292,020	 \$ 2,742,909
 Long-term liabilities outstanding	 \$ 39,009,700	 \$ 41,985,790	 \$ 4,055,142	 \$ 3,849,234	 \$ 43,064,842	 \$ 45,835,024
Other liabilities	10,715,986	10,929,392	74,831	147,207	10,790,817	11,076,599
Total liabilities	\$ 49,725,686	\$ 52,915,182	\$ 4,129,973	\$ 3,996,441	\$ 53,855,659	\$ 56,911,623
 Net position	 Net investment in capital assets	 \$ 146,262,282	 \$ 137,032,435	 \$ 3,714,862	 \$ 4,137,889	 \$ 149,977,144
	Restricted	14,440,695	15,100,842	1,678,777	1,823,923	16,119,472
	Unrestricted	40,448,984	43,888,807	7,138,379	6,358,525	47,587,363
	Total net position	\$ 201,151,961	\$ 196,022,084	\$ 12,532,018	\$ 12,320,337	\$ 213,683,979
						\$ 208,342,421

In 2014 and 2013, the County was able to report positive balances in all three categories of net position, including the government as a whole, as well as for its separate governmental and business-type activities. Crow Wing County's net position increased \$5,341,558 over 2013, after restatement of beginning balance.

Governmental Activities

Governmental activities increased Crow Wing County's net position by \$5,129,877, thereby accounting for the majority of total growth in the net position of Crow Wing County. Primary components of this change are an increase in net investment in capital assets of \$8,806,820 due to increased asset purchases and decreased debt related to them; a decrease in restricted for human services in the amount of \$941,678 for MN Estate Recoveries; a decrease in restricted for debt service of \$747,720 for reduced upcoming principal payments; and a decrease in unrestricted net position of \$2,659,969 related to operations. Approximately half of the unrestricted net position of \$47,587,363 in the government-wide statements are fund balances from governmental fund statements that are either committed by Board action for specific purposes or assigned, indicating County management's intent to use the funds for specific purposes. Unrestricted net position includes \$19,588,658 of investments in joint ventures and \$7,138,379 of unrestricted fund balance related to the Landfill operations.

(Unaudited)

Business-Type Activities

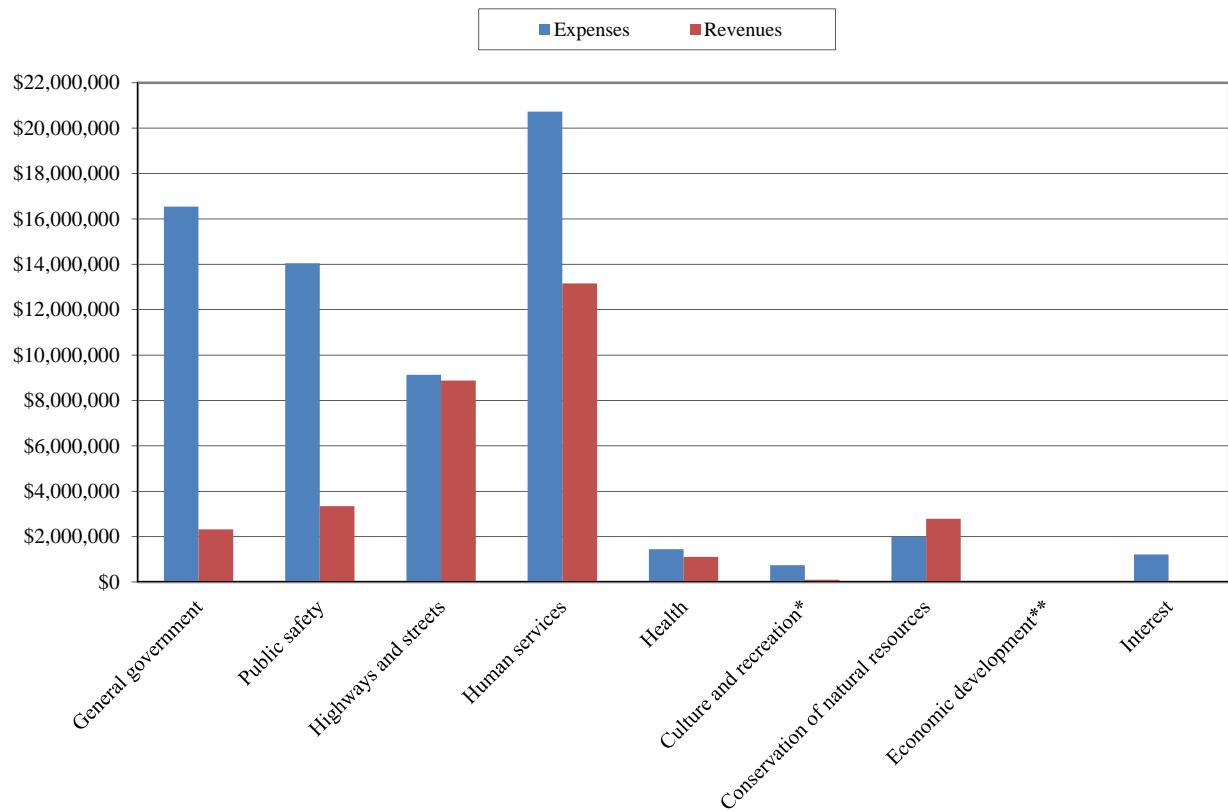
Business-type activities increased Crow Wing County's net position by \$211,681. This increase is the result of a favorable operating surplus.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	Restated 2013	2014	2013	2014	Restated 2013
Revenues						
Program revenues						
Charges for services	\$ 9,097,111	\$ 7,606,653	\$ 2,132,298	\$ 1,986,447	\$ 11,229,409	\$ 9,593,100
Operating grants and contributions	21,384,878	19,929,435	-	-	21,384,878	19,929,435
Capital grants and contributions	1,232,623	903,557	-	-	1,232,623	903,557
General revenues						
Property taxes	35,541,480	35,488,689	-	-	35,541,480	35,488,689
Mortgage registry and deed tax	72,421	92,199	-	-	72,421	92,199
Payments in lieu of tax	505,570	515,879	-	-	505,570	515,879
Grants and contributions not restricted to specific programs	2,570,579	2,261,079	595	595	2,571,174	2,261,674
Investment income	348,758	(33,980)	60,762	58,584	409,520	24,604
Miscellaneous	224,011	331,763	-	-	224,011	331,763
Total Revenues	\$ 70,977,431	\$ 67,095,274	\$ 2,193,655	\$ 2,045,626	\$ 73,171,086	\$ 69,140,900
Expenses						
General government	\$ 16,542,474	\$ 13,436,948	\$ -	\$ -	\$ 16,542,474	\$ 13,436,948
Public safety	14,045,336	17,320,145	-	-	14,045,336	17,320,145
Highways and streets	9,130,552	8,871,390	-	-	9,130,552	8,871,390
Human services	20,730,571	20,173,438	-	-	20,730,571	20,173,438
Health	1,448,443	1,504,136	-	-	1,448,443	1,504,136
Culture and recreation	741,199	683,872	-	-	741,199	683,872
Conservation of natural resources	1,994,144	1,755,941	-	-	1,994,144	1,755,941
Interest	1,214,835	763,965	-	-	1,214,835	763,965
Landfill	-	-	1,981,974	1,703,792	1,981,974	1,703,792
Total Expenses	\$ 65,847,554	\$ 64,509,835	\$ 1,981,974	\$ 1,703,792	\$ 67,829,528	\$ 66,213,627
Increase (decrease) in Net Position before transfers	\$ 5,129,877	\$ 2,585,439	\$ 211,681	\$ 341,834	\$ 5,341,558	\$ 2,927,273
Transfers in (out)	-	(250,000)	-	250,000	-	-
Increase (decrease) in Net Position	\$ 5,129,877	\$ 2,335,439	\$ 211,681	\$ 591,834	\$ 5,341,558	\$ 2,927,273
Net Position - January 1	196,022,084	193,686,645	12,320,337	11,728,503	208,342,421	205,415,148
Net Position - December 31	\$ 201,151,961	\$ 196,022,084	\$ 12,532,018	\$ 12,320,337	\$ 213,683,979	\$ 208,342,421

(Unaudited)

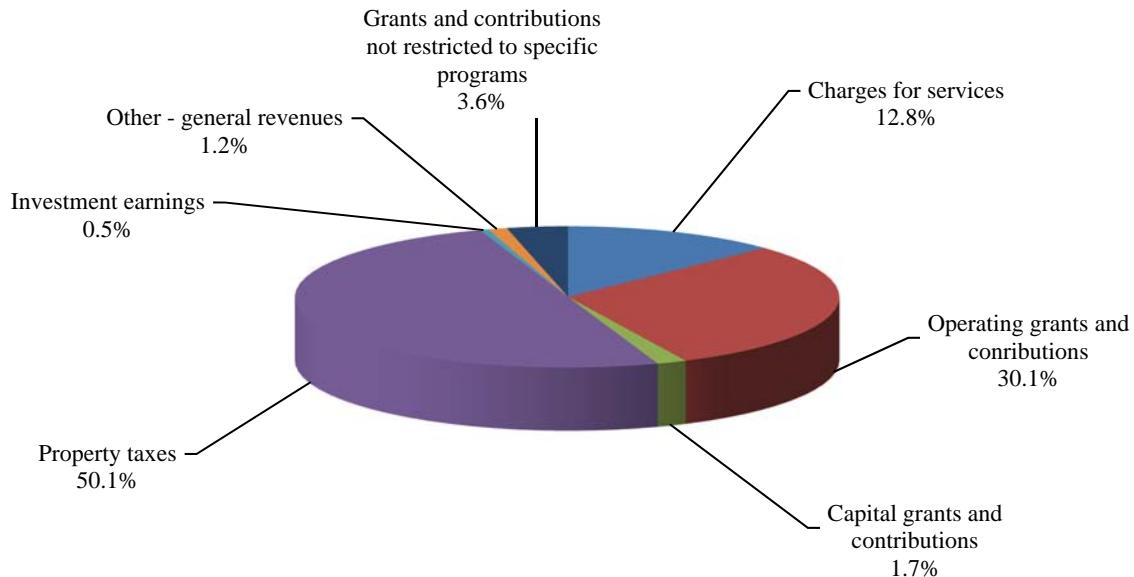
Expenses and Program Revenues - Governmental Activities



*Culture and recreation had revenues of \$104,506, which are difficult to measure using the above graph.

**Economic development had revenues of \$13,656, which are difficult to measure using the above graph.

Revenue by Source - Governmental Activities



(Unaudited)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Crow Wing County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of Crow Wing County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Crow Wing County's financing requirements. In particular, total unrestricted fund balances (i.e., Committed, Assigned, and Unassigned classifications) may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, Crow Wing County's governmental funds reported combined ending fund balances of \$49,710,021, an increase of \$237,139 in comparison with the prior year. Of this total amount, \$35,269,326 constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remaining \$14,440,695 of governmental funds fund balance is either Nonspendable or Restricted, indicating that it is not available for spending at the government's discretion. The most significant Nonspendable and Restricted fund balances are as follows: Restricted for Debt service \$4,454,886; Restricted for Unorganized townships \$2,133,712; Nonspendable Environmental trust corpus \$1,846,499, and Restricted for Solid waste (non-landfill) \$1,802,271.

The General Fund is the chief operating fund of Crow Wing County. At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$13,849,260, while the total fund balance was \$16,281,151. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance (combining committed, assigned, and unassigned) and total unassigned fund balance to total fund expenditures. Unrestricted fund balance represents 53.4 percent of the total General Fund expenditures, while unassigned fund balance represents 48.0 percent of that same amount.

The fund balance of Crow Wing County's General Fund increased \$835,962 in comparison to 2013. This change is due to a favorable operating surplus; taxes, licenses and permits, intergovernmental, charges for services, and investment earnings all increased over the prior year. The expenditures for the General Fund increased \$556,122; this is an increase of 2.2 percent from the previous year. The General Fund saw greater expenditures in the current year for general government, public safety, and culture and recreation operations. The operating budget of the General Fund is structurally balanced.

The Highway Special Revenue Fund had a total fund balance of \$11,199,300 at the end of the fiscal year. The fund balance of the Highway Special Revenue Fund increased by \$399,404 during the current fiscal year. This increase in fund balance is a result of a favorable operating surplus.

The Community Services Special Revenue Fund had a total fund balance of \$6,729,096 at the end of the fiscal year. The fund balance of the Community Services Special Revenue Fund decreased by \$766,731 during the current fiscal year. The Community Services Fund utilized a planned and budgeted spend down of fund balance during 2014. The fund balance was also impacted by a prior period adjustment reducing fund balance by \$941,678.

The Public Land Management Special Revenue Fund had a total fund balance of \$493,879 at the end of the fiscal year. The fund balance of the Public Land Management Special Revenue Fund increased by \$37,768 during the current fiscal year due to a favorable operating surplus.

The Debt Service Fund had a total fund balance of \$4,470,305 at the end of the fiscal year. The fund balance of the Debt Service Fund decreased by \$736,359 during the current fiscal year. Changes in fund balance of the Debt Service Fund were due to principal and interest payments.

The Capital Projects Fund had a total fund balance of \$3,978,517 at the end of the fiscal year. The fund balance of the Capital Projects Fund increased by \$40,108 during the current fiscal year due to fewer project expenditures than revenues from taxes and County Program Aid.

(Unaudited)

Proprietary fund – Crow Wing County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Factors concerning the finances of the Landfill Enterprise Fund have already been addressed in the discussion of Crow Wing County's business-type activities.

General Fund Budgetary Highlights

Budgets can be amended during the year by the County Board. Budget change requests are reviewed by the County Administrator's Office and submitted to the County Board for their review and approval.

Health insurance premiums had major impacts on the 2014 budget as the County experienced an average increase of 17.5 percent.

Larger budget to actual variances in the General Fund include a variance of \$475,015 charges for services revenue (actual amount \$3,463,579) over a final budget of \$2,988,564 (original budget \$2,943,564), attributed to prisoner reimbursement and boarding fees. Additionally, a variance of \$213,592 expenditures under budget for the Sheriff is related to fewer salaries and wages than expected due to timing of hires and departures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Crow Wing County's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounts to \$176,690,128 (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; infrastructure – right of way; buildings; land improvements; machinery, furniture, and equipment; infrastructure; and landfill. The total increase in Crow Wing County's investment in capital assets for the current fiscal year was 2.5 percent.

Major capital asset events during 2014 included an increase in infrastructure and infrastructure – right-of-way related to road projects of \$8,165,703.

Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 14,711,887	\$ 14,654,658	\$ 412,334	\$ 412,334	\$ 15,124,221	\$ 15,066,992
Construction in progress	7,092,580	2,058,393	-	1,311,961	7,092,580	3,370,354
Infrastructure -						
right-of-way	5,570,191	5,462,435	-	-	5,570,191	5,462,435
Buildings	46,446,198	47,464,967	503,604	528,589	46,949,802	47,993,556
Land improvements	1,360,117	1,470,264	-	-	1,360,117	1,470,264
Machinery, furniture, and equipment	6,834,636	7,142,028	56,700	69,760	6,891,336	7,211,788
Infrastructure	90,959,657	89,956,867	-	-	90,959,657	89,956,867
Landfill	-	-	2,742,224	1,875,245	2,742,224	1,875,245
Total	\$ 172,975,266	\$ 168,209,612	\$ 3,714,862	\$ 4,197,889	\$ 176,690,128	\$ 172,407,501

Additional information on Crow Wing County's capital assets may be found in Note III.A.3 of this report.

(Unaudited)

Long-Term Debt

At the end of 2014, Crow Wing County had total bonded debt outstanding of \$25,917,500. This is a decrease of \$4,340,000 from the prior year, which is due to principal payments. Current and future County tax levies are used to finance the bonded indebtedness.

Crow Wing County maintains an “AA” rating from Standard and Poor’s for general obligation debt.

Outstanding Debt

General Obligation and Capital Lease

	Governmental Activities	
	2014	2013
General obligation bonds	\$ 25,917,500	\$ 30,257,500
Capital lease	916,900	1,009,650
Total	<u>\$ 26,834,400</u>	<u>\$ 31,267,150</u>

State statutes limit the amount of general obligation debt a county can incur to no more than three percent of the market value of taxable property in the county. The 2014 debt limitation for Crow Wing County is \$252,181,582, which is significantly in excess of Crow Wing County’s outstanding debt obligations.

Additional information on Crow Wing County’s long-term debt may be found in Note III.C.4 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The County’s elected and appointed officials considered many factors when setting the fiscal year 2014 budget, tax rates, and fees that will be charged for the business-type activities.

- The County’s estimated market value decreased by 2.8 percent in 2014.
- Crow Wing County continues to have one of the five lowest tax capacity rates in the State of Minnesota. Crow Wing County’s tax capacity rate for 2015 is 34.65 percent.
- On December 16, 2014, the Crow Wing County Board of Commissioners approved the 2015 budget for \$74,627,251, related to the County’s Governmental Funds. The 2015 total levy is \$34,464,912, which is a decrease of \$195,947 compared to the 2014 levy of \$34,660,859. The 2015 budget includes a 0.6 percent overall property tax levy decrease.
- Crow Wing County will continue to budget in 2015 for County Program Aid in the Capital Projects Fund. If these funds are received from the State they will be used to finance the Capital Improvement Plan.

INDEPENDENT AUDIT

Minn. Stat. § 6.48 requires an annual examination of books of accounts, financial records, and transactions of all County functions by the Office of the State Auditor. When complete, the report will be available for inspection upon request at the County Auditor-Treasurer’s Office during normal working hours.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Crow Wing County’s finances for all those with an interest. If you have a question about this report or need information, contact the County Auditor-Treasurer’s Office Financial Services Division, 326 Laurel Street, Suite 22, Brainerd, Minnesota 56401. You may also contact us via email at mike.carlson@crowwing.us or visit our web site at www.crowwing.us

(Unaudited)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF NET POSITION
DECEMBER 31, 2014**

	Primary Government			Total	
	Governmental Activities	Business-Type Activities			
ASSETS					
Current assets					
Cash and investments	\$ 48,466,634	\$ 7,110,123	\$ 55,576,757		
Taxes receivable - delinquent (net)	1,372,795	-	1,372,795		
Accounts receivable (net)	274,002	106,672	380,674		
Accrued interest receivable	143,817	-	143,817		
Contracts receivable	909,252	-	909,252		
Due from other governments	2,791,746	-	2,791,746		
Internal balances	681	(681)	-		
Loans receivable (net)	431,310	-	431,310		
Inventories	997,626	-	997,626		
Prepaid items	618,840	-	618,840		
Restricted assets					
Cash and investments	-	5,731,015	5,731,015		
Noncurrent assets					
Advance to other governments	15,000	-	15,000		
Investment in joint venture	19,588,658	-	19,588,658		
Capital assets					
Non-depreciable	27,374,658	412,334	27,786,992		
Depreciable - net of accumulated depreciation	145,600,608	3,302,528	148,903,136		
Total Assets	\$ 248,585,627	\$ 16,661,991	\$ 265,247,618		
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	\$ 2,292,020	\$ -	\$ 2,292,020		

(Continued)

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF NET POSITION
DECEMBER 31, 2014
(Continued)**

	Primary Government			Total	
	Governmental Activities	Business-Type Activities			
LIABILITIES					
Current liabilities					
Accounts payable	\$ 913,782	\$ 44,085	\$ 957,867		
Salaries payable	787,083	4,013	791,096		
Accrued payroll taxes	120,291	598	120,889		
Contracts payable	62,239	-	62,239		
Retainage payable	219,362	-	219,362		
Due to other governments	537,866	-	537,866		
Accrued interest payable	548,314	-	548,314		
Claims payable	47,108	-	47,108		
Unearned revenue	419,507	-	419,507		
Customer deposits	64,789	-	64,789		
Long-term liabilities					
Due within one year	6,995,645	26,135	7,021,780		
Due in more than one year	<u>39,009,700</u>	<u>4,055,142</u>	<u>43,064,842</u>		
Total Liabilities	\$ 49,725,686	\$ 4,129,973	\$ 53,855,659		
NET POSITION					
Net investment in capital assets	\$ 146,262,282	\$ 3,714,862	\$ 149,977,144		
Restricted for					
General government	1,278,330	-	1,278,330		
Public safety	718,237	-	718,237		
Highways and streets	3,131,338	-	3,131,338		
Culture and recreation	469,181	-	469,181		
Conservation of natural resources	2,397,449	-	2,397,449		
Environmental uses - expendable	66,888	-	66,888		
Environmental uses - nonexpendable	1,846,499	-	1,846,499		
Economic development	77,887	-	77,887		
Debt service	4,454,886	-	4,454,886		
Landfill closure/postclosure	-	1,678,777	1,678,777		
Unrestricted	<u>40,448,984</u>	<u>7,138,379</u>	<u>47,587,363</u>		
Total Net Position	\$ 201,151,961	\$ 12,532,018	\$ 213,683,979		
Total Liabilities and Net Position	\$ 250,877,647	\$ 16,661,991	\$ 267,539,638		

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

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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Capital Grants and Contributions</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government					
Governmental activities					
General government	\$ 16,542,474	\$ 1,826,772	\$ 491,656	\$ -	
Public safety	14,045,336	2,608,265	735,646	-	
Highways and streets	9,130,552	336,177	7,311,775	1,232,623	
Human services	20,730,571	1,786,393	11,370,590	-	
Health	1,448,443	157,675	953,881	-	
Culture and recreation	741,199	-	104,506	-	
Conservation of natural resources	1,994,144	2,368,173	416,824	-	
Economic development	-	13,656	-	-	
Interest	1,214,835	-	-	-	
Total governmental activities	\$ 65,847,554	\$ 9,097,111	\$ 21,384,878	\$ 1,232,623	
Business-type activities					
Landfill	\$ 1,981,974	\$ 2,132,298	\$ -	\$ -	
Total Primary Government	\$ 67,829,528	\$ 11,229,409	\$ 21,384,878	\$ 1,232,623	

General Revenues

Property taxes
Mortgage registry and deed tax
Payments in lieu of tax
Grants and contributions not restricted to specific programs
Investment income
Miscellaneous

Total general revenues

Change in net position

Net Position - Beginning, as restated (Note II.A.)

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position

Primary Government					
Governmental Activities	Business-Type Activities		Total		
\$ (14,224,046)	\$ -	\$ -	\$ (14,224,046)		
(10,701,425)			(10,701,425)		
(249,977)			(249,977)		
(7,573,588)			(7,573,588)		
(336,887)			(336,887)		
(636,693)			(636,693)		
790,853			790,853		
13,656			13,656		
(1,214,835)			(1,214,835)		
\$ (34,132,942)	\$ -	\$ -	\$ (34,132,942)		
\$ -	\$ 150,324	\$ 150,324	\$ 150,324		
\$ (34,132,942)	\$ 150,324	\$ (33,982,618)			
\$ 35,541,480	\$ -	\$ -	\$ 35,541,480		
72,421			72,421		
505,570			505,570		
2,570,579		595	2,571,174		
348,758		60,762	409,520		
224,011		-	224,011		
\$ 39,262,819	\$ 61,357	\$ 39,324,176			
\$ 5,129,877	\$ 211,681	\$ 5,341,558			
\$ 196,022,084	\$ 12,320,337	\$ 208,342,421			
\$ 201,151,961	\$ 12,532,018	\$ 213,683,979			

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	General	Highway	Community Services	Public Land Management
ASSETS				
Cash and investments	\$ 16,232,759	\$ 10,234,357	\$ 5,609,095	\$ 980,797
Taxes receivable - delinquent (net)	701,993	147,338	262,763	-
Accounts receivable (net)	90,325	-	162,599	-
Accrued interest receivable	109,278	-	-	-
Due from other funds	230,707	284,096	-	-
Contracts receivable	-	-	-	909,252
Due from other governments	220,680	671,936	1,878,402	20,728
Loans receivable (net)	100,000	-	-	-
Inventories	-	997,626	-	-
Prepaid items	566,853	7,023	44,964	-
Advances to other governments	15,000	-	-	-
Total Assets	<u>\$ 18,267,595</u>	<u>\$ 12,342,376</u>	<u>\$ 7,957,823</u>	<u>\$ 1,910,777</u>
LIABILITIES				
Accounts payable	\$ 176,022	\$ 11,267	\$ 464,596	\$ 9,315
Salaries payable	424,193	61,447	291,670	8,913
Accrued payroll taxes	66,220	9,156	43,459	1,328
Contracts payable	-	19,007	-	43,232
Retainage payable	-	219,362	-	-
Due to other funds	28,536	-	6,479	306,298
Due to other governments	306,287	1,554	99,647	130,378
Claims payable	47,108	-	-	-
Unearned revenue	88,197	-	-	-
Customer deposits	64,789	-	-	-
Total Liabilities	<u>\$ 1,201,352</u>	<u>\$ 321,793</u>	<u>\$ 905,851</u>	<u>\$ 499,464</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (Note III.D.)	<u>\$ 785,092</u>	<u>\$ 821,283</u>	<u>\$ 322,876</u>	<u>\$ 917,434</u>

	Debt Service		Capital Projects		Nonmajor Funds		Total
\$	4,470,305	\$	4,149,243	\$	6,790,078	\$	48,466,634
	193,963		36,645		30,093		1,372,795
	-		-		21,078		274,002
	-		-		34,539		143,817
	-		67,636		-		582,439
	-		-		-		909,252
	-		-		-		2,791,746
	-		-		331,310		431,310
	-		-		-		997,626
	-		-		-		618,840
	-		-		-		15,000
\$	4,664,268	\$	4,253,524	\$	7,207,098	\$	56,603,461
\$	-	\$	238,362	\$	14,220	\$	913,782
	-		-		860		787,083
	-		-		128		120,291
	-		-		-		62,239
	-		-		-		219,362
	-		-		240,445		581,758
	-		-		-		537,866
	-		-		-		47,108
	-		-		331,310		419,507
	-		-		-		64,789
\$	-	\$	238,362	\$	586,963	\$	3,753,785
\$	193,963	\$	36,645	\$	62,362	\$	3,139,655

(Continued)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014
(Continued)**

	General	Highway	Community Services	Public Land Management
FUND BALANCES				
Nonspendable:				
Advances and loans to other governments	\$ 115,000	\$ -	\$ -	\$ -
Inventories	-	997,626	-	-
Environmental trust corpus	-	-	-	-
Restricted for:				
Enhanced 911	632,658	-	-	-
Sheriff's drug contingency	4,830	-	-	-
Sheriff's forfeited property	10,882	-	-	-
DUI assessment	18,325	-	-	-
Lakes area drug investigation forfeiture	20,488	-	-	-
Tobacco compliance	31,054	-	-	-
Water plan	14,725	-	-	-
Recreation	469,181	-	-	-
Recorder's fee (land based improvement)	217,230	-	-	-
Recorder's technology equipment	722,290	-	-	-
Law library	61,013	-	-	-
Drug court	3,609	-	-	-
Attorney's forfeited property	27,681	-	-	-
Missing heirs	49,146	-	-	-
Aquatic invasive species	33,779	-	-	-
Resource development	-	-	-	493,879
Debt service	-	-	-	-
Building improvements	-	-	-	-
Solid waste (non-landfill)	-	-	-	-
Greater Minnesota Landfill Cleanup Fee	-	-	-	-
Economic development revolving loans	-	-	-	-
Environmental uses	-	-	-	-
Unorganized townships	-	-	-	-
Committed for:				
Dive team	10,488	-	-	-
Mounted patrol	10,396	-	-	-
Triad	5,605	-	-	-
Veterans' service van	10,524	-	-	-
Information technology	366,794	-	-	-
Employee recognition program	1,446	-	-	-
Other post-employment benefits (OPEB)	1,000,000	-	-	-
2015-2019 Highway Improvement Plan	-	5,739,423	-	-
SCHA equity utilization	-	-	447,667	-
MnSure, MnChoices, Child Support, IT	-	-	260,000	-
Assigned for:				
Highway	-	4,462,251	-	-
Community services	-	-	6,021,429	-
Capital projects	-	-	-	-
Solid waste (non-landfill)	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>12,444,007</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$ 16,281,151</u>	<u>\$ 11,199,300</u>	<u>\$ 6,729,096</u>	<u>\$ 493,879</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,267,595</u>	<u>\$ 12,342,376</u>	<u>\$ 7,957,823</u>	<u>\$ 1,910,777</u>

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

Debt Service	Capital Projects	Nonmajor Funds	Total
\$ -	\$ -	\$ -	\$ 115,000
-	-	-	997,626
-	-	1,846,499	1,846,499
-	-	-	632,658
-	-	-	4,830
-	-	-	10,882
-	-	-	18,325
-	-	-	20,488
-	-	-	31,054
-	-	-	14,725
-	-	-	469,181
-	-	-	217,230
-	-	-	722,290
-	-	-	61,013
-	-	-	3,609
-	-	-	27,681
-	-	-	49,146
-	-	-	33,779
-	-	-	493,879
4,454,886	-	-	4,454,886
-	67,636	-	67,636
-	-	1,802,271	1,802,271
-	-	67,520	67,520
-	-	77,887	77,887
-	-	66,888	66,888
-	-	2,133,712	2,133,712
-	-	-	10,488
-	-	-	10,396
-	-	-	5,605
-	-	-	10,524
-	-	-	366,794
-	-	-	1,446
-	-	-	1,000,000
-	-	-	5,739,423
-	-	-	447,667
-	-	-	260,000
-	-	-	4,462,251
-	-	-	6,021,429
-	3,910,881	-	3,910,881
-	-	562,996	562,996
15,419	-	-	15,419
-	-	-	12,444,007
\$ 4,470,305	\$ 3,978,517	\$ 6,557,773	\$ 49,710,021
\$ 4,664,268	\$ 4,253,524	\$ 7,207,098	\$ 56,603,461

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014**

Fund balance - total governmental funds	\$ 49,710,021
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	172,975,266
Investment in joint venture is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.	19,588,658
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	3,139,655
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General obligation bonds	\$ (25,917,500)
Discount on bonds issued	10,106
Premium on bonds issued	(2,833,104)
Deferred charge on refunding	2,292,020
Accrued interest payable	(548,314)
Net OPEB obligation	(13,546,358)
Compensated absences	(2,801,589)
Capital lease payable	(916,900)
	<u>(44,261,639)</u>
Net position of governmental activities	<u>\$ 201,151,961</u>

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

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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Highway	Community Services	Public Land Management
REVENUES				
Taxes	\$ 19,138,368	\$ 3,760,607	\$ 6,124,191	\$ -
Special assessments	-	-	14,183	-
Licenses and permits	502,726	-	-	568,379
Intergovernmental	1,967,844	10,299,059	13,200,422	299,411
Charges for services	3,463,579	793,780	1,330,008	3,347
Fines and forfeits	41,724	-	-	-
Gifts and contributions	8,700	-	22,981	-
Investment earnings	320,767	-	-	15,464
Sales	-	-	-	364,344
Miscellaneous	1,304,573	122,219	612,742	108,214
Total Revenues	\$ 26,748,281	\$ 14,975,665	\$ 21,304,527	\$ 1,359,159
EXPENDITURES				
Current				
General government	\$ 12,830,635	\$ -	\$ 305,460	\$ -
Public safety	12,019,075	-	264,607	-
Highways and streets	-	6,012,855	-	-
Human services	-	-	20,090,447	-
Health	-	-	1,410,744	-
Culture and recreation	727,300	-	-	-
Conservation of natural resources	165,711	-	-	1,321,391
Capital outlay				
General government	-	-	-	-
Public safety	158,384	-	-	-
Highways and streets	15,000	8,181,415	-	-
Human services	-	-	-	-
Culture and recreation	25,211	-	-	-
Conservation of natural resources	-	-	-	-
Intergovernmental				
Debt service				
Principal	-	92,750	-	-
Interest	-	20,088	-	-
Administrative charges	-	-	-	-
Total Expenditures	\$ 25,941,316	\$ 14,638,286	\$ 22,071,258	\$ 1,321,391
Excess of Revenues Over (Under) Expenditures	\$ 806,965	\$ 337,379	\$ (766,731)	\$ 37,768
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 28,997	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	\$ 28,997	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ 835,962	\$ 337,379	\$ (766,731)	\$ 37,768
Fund Balance - January 1, as restated (Note II.A.)	15,445,189	10,799,896	7,495,827	456,111
Increase (decrease) in inventories	-	62,025	-	-
Fund Balance - December 31	\$ 16,281,151	\$ 11,199,300	\$ 6,729,096	\$ 493,879

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

Debt Service	Capital Projects	Nonmajor Funds	Total
\$ 4,993,183	\$ 917,608	\$ 758,477	\$ 35,692,434
-	-	599,424	613,607
-	-	2,431	1,073,536
12,816	2,030,095	233,862	28,043,509
-	-	293,186	5,883,900
-	-	-	41,724
-	-	-	31,681
-	-	28,552	364,783
-	-	-	364,344
-	362,772	217,878	2,728,398
\$ 5,005,999	\$ 3,310,475	\$ 2,133,810	\$ 74,837,916
\$ -	\$ 588,481	\$ 103,457	\$ 13,828,033
-	161,086	160,968	12,605,736
-	-	566,369	6,579,224
-	671,975	-	20,762,422
-	-	-	1,410,744
-	-	-	727,300
-	-	789,803	2,276,905
-	443,895	-	443,895
-	846,415	-	1,004,799
-	511,515	-	8,707,930
-	47,000	-	47,000
-	-	-	25,211
-	-	57,229	57,229
-	-	-	331,178
4,340,000	-	-	4,432,750
1,401,508	-	-	1,421,596
850	-	-	850
\$ 5,742,358	\$ 3,270,367	\$ 1,677,826	\$ 74,662,802
\$ (736,359)	\$ 40,108	\$ 455,984	\$ 175,114
\$ -	\$ -	\$ 93,775	\$ 122,772
\$ -	\$ -	(122,772)	(122,772)
\$ (736,359)	\$ 40,108	\$ 426,987	\$ 175,114
5,206,664	3,938,409	6,130,786	49,472,882
-	-	-	62,025
\$ 4,470,305	\$ 3,978,517	\$ 6,557,773	\$ 49,710,021

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Net change in fund balances - total governmental funds	\$ 175,114
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Amounts reported for governmental activities in the statement of activities are different because:

In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase (decrease) in unavailable revenue.

Deferred Inflows of Resources - December 31	\$ 3,139,655
Deferred Inflows of Resources - January 1	<u>(4,952,142)</u>
	(1,812,487)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the statement of activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets sold.

Expenditures for general capital assets and infrastructure	\$ 10,286,064
Net book value of assets sold or disposed	(8,934)
Trade-in value received for capital assets	327
Current year depreciation	<u>(5,511,803)</u>
	4,765,654

Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of premiums and discounts, and similar items when debt is first issued; whereas those amounts are deferred and amortized over the life of the debt in the statement of activities.

Principal repayments	
General obligation bonds	\$ 4,340,000
Capital lease	92,750
Amortization of premium and discount on bonds	555,906
Amortization of deferred charge on refunding	<u>(450,889)</u>
	4,537,767

Decrease in joint venture does not provide current financial resources and is not reported as revenue in the funds.	(1,160,742)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	\$ 102,594
Change in compensated absences	(60,998)
Change in inventories	62,025
Change in net OPEB obligation	<u>(1,479,050)</u>
	(1,375,429)

Change in net position of governmental activities	<u>\$ 5,129,877</u>
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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF NET POSITION
LANDFILL ENTERPRISE FUND
DECEMBER 31, 2014**

ASSETS

Current assets

Cash and investments	\$ 7,110,123
Accounts receivable (net)	<u>106,672</u>
Total current assets	<u>7,216,795</u>

Restricted assets

Cash and investments	\$ 5,731,015
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Noncurrent assets

Capital assets	\$ 412,334
Non-depreciable	<u>3,302,528</u>
Depreciable - net of accumulated depreciation	<u>3,302,528</u>
Total noncurrent assets	<u>3,714,862</u>

Total Assets

16,662,672

LIABILITIES

Current liabilities

Accounts payable	\$ 44,085
Salaries payable	4,013
Accrued payroll taxes	598
Compensated absences payable - current	26,135
Due to other funds	<u>681</u>
Total current liabilities	<u>75,512</u>

Noncurrent liabilities

Compensated absences payable - long-term	\$ 2,904
Estimated liability for landfill closure/postclosure	<u>4,052,238</u>

Total noncurrent liabilities

4,055,142

Total Liabilities

4,130,654

NET POSITION

Net investment in capital assets	\$ 3,714,862
Restricted for landfill closure/postclosure	1,678,777
Unrestricted	<u>7,138,379</u>

Total Net Position

12,532,018

Total Liabilities and Net Position

16,662,672

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
LANDFILL ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

OPERATING REVENUES

Charges for services	\$ 2,129,039
Licenses and permits	1,750
Miscellaneous	<u>1,509</u>
Total Operating Revenues	
	<u>\$ 2,132,298</u>

OPERATING EXPENSES

Personnel services	\$ 87,533
Employee benefits and payroll taxes	27,075
Professional services	138,807
Contracted services	502,274
Maintenance	54,895
Supplies	88,640
Telephone	519
Utilities	65,186
Fuel	3,791
Advertising	3,394
Staff training	20
Licenses and dues	2,275
Postage	4,562
Engineering costs	276,215
Miscellaneous	4,448
Depreciation	516,433
Landfill closure and postclosure costs	<u>205,907</u>
Total Operating Expenses	
	<u>\$ 1,981,974</u>

Operating Income (Loss)	<u>\$ 150,324</u>
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NONOPERATING REVENUES (EXPENSES)

Intergovernmental	\$ 595
Investment earnings	<u>60,762</u>
Total Nonoperating Revenues (Expenses)	
	<u>\$ 61,357</u>

Income (Loss) Before Contributions and Transfers	<u>\$ 211,681</u>
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Transfers in	93,775
Transfers out	<u>(93,775)</u>
Change in Net Position	

Change in Net Position	<u>\$ 211,681</u>
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Net Position - January 1	<u>\$ 12,320,337</u>
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Net Position - December 31	<u>\$ 12,532,018</u>
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The notes to the financial statements are an integral part of this statement.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF CASH FLOWS
LANDFILL ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows from Operating Activities

Receipts from customers and users	\$ 2,116,958
Receipts for interfund services	2,028
Payments to suppliers	(1,159,250)
Payments to employees for salaries and benefits	<u>(113,935)</u>
 Net cash provided by (used in) operating activities	<u>\$ 845,801</u>

Cash Flows from Noncapital Financing Activities

Intergovernmental	\$ 595
Transfers in from other funds	93,775
Transfers out to other funds	<u>(93,775)</u>

 Net cash provided by (used in) noncapital financing activities	<u>\$ 595</u>
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Cash Flows from Capital and Related Financing Activities

Purchases of capital assets	\$ <u>(93,406)</u>
-----------------------------	--------------------

Cash Flows from Investing Activities

Investment earnings received	\$ <u>60,762</u>
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 Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 813,752</u>
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Cash and Cash Equivalents at January 1

 12,027,386

Cash and Cash Equivalents at December 31

 <u>\$ 12,841,138</u>

Cash and Cash Equivalents - Statement of Net Position

Cash and investments	\$ 7,110,123
Restricted cash and investments	<u>5,731,015</u>

 Total Cash and Cash Equivalents	<u>\$ 12,841,138</u>
	(Continued)

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF CASH FLOWS
LANDFILL ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
Increase (Decrease) in Cash and Cash Equivalents
(Continued)**

**Reconciliation of Operating Income (Loss) to Net
Cash Provided by (Used in) Operating Activities**

Operating income (loss)	\$ <u>150,324</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 516,433
(Increase) decrease in accounts receivable	(13,312)
Increase (decrease) in accounts payable	(13,048)
Increase (decrease) in salaries payable	668
Increase (decrease) in due to other funds	(1,176)
Increase (decrease) in compensated absences payable	5
Increase (decrease) in landfill closure/postclosure costs liability	<u>205,907</u>
Total adjustments	\$ <u>695,477</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u>845,801</u>

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014**

	<u>Agency</u>
ASSETS	
Cash and investments	\$ 5,254,579
Due from other governments	<u>799</u>
Total Assets	<u>\$ 5,255,378</u>
LIABILITIES	
Accounts payable	\$ 393,264
Salaries payable	62,334
Accrued payroll taxes	9,288
Due to other governments	<u>4,790,492</u>
Total Liabilities	<u>\$ 5,255,378</u>

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014**

I. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2014. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, issued in June 1999.

A. Financial Reporting Entity

Crow Wing County was established May 23, 1857, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Crow Wing County. The County is governed by a five-member Board of Commissioners elected from districts within the County. The County Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator serves as the clerk of the County Board of Commissioners but has no vote.

Joint Ventures

The County participates in several joint ventures described in Note IV.B. The County also participates in jointly-governed organizations described in Note IV.C.

B. Basic Financial Statements

Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the government. These statements include the financial activities of the overall County government, except for fiduciary activities. The effect of interfund activity has been removed from these statements, but interfund services provided and used are not eliminated in the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and business-type activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given

CROW WING COUNTY BRAINERD, MINNESOTA

function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed in a separate column in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Landfill Enterprise Fund are charges to customers for services provided and for the issuance of licenses and permits. Operating expenses for the Landfill Enterprise Fund include the cost of services, administrative expenses, depreciation, and costs relating to landfill closure and postclosure. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

The Highway Special Revenue Fund is used to account for all costs for maintenance and construction of streets and highways. Financing comes primarily from an annual property tax levy and restricted intergovernmental revenue from the state and federal governments.

The Community Services Special Revenue Fund is used to account for all costs for human services, health, and veteran services. Financing comes primarily from an annual property tax levy and restricted intergovernmental revenue from the state and federal governments.

The Public Land Management Special Revenue Fund is used to account for financial transactions resulting from the management of Crow Wing County's tax-forfeited lands. Financing comes primarily from issuance of timber permits and timber sales.

The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The County reports the following major enterprise fund:

The Landfill Fund is used to account for the operation, maintenance, and development of the County's solid waste landfill.

CROW WING COUNTY BRAINERD, MINNESOTA

Additionally, the County reports the following fund types:

The *Permanent Fund* is used to report resources legally restricted to the extent that only earnings, and not principal from the Environmental Trust Permanent Fund may be used for environmental purposes in accordance with Minn. Stat. § 373.475.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used for a variety of purposes: to account for the collection and disbursement of taxes on behalf of other local governments within the County; as an agent for a mental health collaborative, child protection services, and estate recoveries; as an agent for local lake improvement districts, recreational trails, and other environmental purposes; and as an agent for a passenger safety seatbelt and child carseat organization.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Crow Wing County considers all revenues as available if collected within 60 days after the end of the current period. Property taxes, special assessments, intergovernmental revenue, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

1. Cash and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2014, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments of governmental and fiduciary funds are credited to the General Fund. The pooled investment earnings for 2014 were \$320,767. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants.

Crow Wing County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers

CROW WING COUNTY BRAINERD, MINNESOTA

agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission. The investment in the pool is measured at the amortized cost per share provided by the pool, which would closely approximate fair value.

Cash and cash equivalents are identified only for the purpose of the statement of cash flows reporting by the proprietary fund. Crow Wing County has defined cash and cash equivalents to include cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans).

All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for uncollectibles.

3. Property Taxes

Property taxes are levied as of January 1st on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due May 15th and the second half payment due October 15th or November 15th. Unpaid taxes at December 31st become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

4. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Reported inventories are equally offset by nonspendable fund balance to indicate that they do not constitute "available spendable resources." Inventories at the government-wide level are recorded as expenses when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. Restricted Assets

Restricted cash represents monies set aside to be used in the future for monitoring and closing County landfills. Interest earned on cash balances is allocated to cash and restricted cash balances.

CROW WING COUNTY BRAINERD, MINNESOTA

6. Capital Assets

Capital assets, which include land; construction in progress; infrastructure – right of way; buildings; land improvements; machinery, furniture, and equipment; infrastructure; and landfill are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the County did not have any capitalized interest.

Property, plant, and equipment of the government are depreciated using the straight-line method to allocate the cost on an annual basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30 – 100
Building improvements	7 – 30
Infrastructure	50 – 75
Machinery, furniture, and equipment	3 – 20
Improvements other than buildings	20 – 30
Landfill	4 – 25

7. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category: deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

8. Compensated Absences

Compensated absences will be reported for paid time off (PTO) hours and vested extended leave bank (ELB) hours.

CROW WING COUNTY BRAINERD, MINNESOTA

PTO

PTO hours are accrued by both full-time and part-time County employees. Under the County's personnel policies and union contracts, employees are granted PTO leave in varying amounts based on their years of service. PTO leave accrual varies from 21 to 34 days per year. County employees are allowed to carry a maximum balance of 480 hours (60 days) at any given time.

PTO Severance Pay – Employees leaving County service voluntarily and in good standing, and who provide proper advance notice of two weeks, are entitled to receive 100 percent of their remaining accrued PTO leave at their current hourly rate.

PTO Current and Long-Term Compensated Absences – The County estimates that 90 percent of the year-end balances of PTO severance pay compensated absences will be used in the following year (assumes a FIFO methodology). Subsequently, ten percent of PTO severance pay compensated absences will be used beyond the following year.

ELB

ELB Severance Pay – Vested ELB applies only to employees that were hired before January 1, 1986, and who did not select the buy-out option given at that time. Vested ELB, up to 120 days, is paid upon retirement or, in the event of death, to the beneficiary. Any County employee separating his/her employment with the County will forfeit any accrued ELB other than the one exception listed above.

ELB Current and Long-Term Compensated Absences – ELB severance pay compensated absences are treated as current for employees that have met Public Employees Retirement Association (PERA) of Minnesota eligibility requirements for retirement in the following year and long-term for employees who will not have met PERA eligibility requirements in the following year.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources, except in the case of an advance refunding where current year equity contributions are reported as a current expenditure – payment to refunded bond escrow agent, in addition to the face amount reported in other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Because the rates of interest paid on tax exempt debt are normally lower than those paid on taxable securities, it is sometimes possible for state and local governments to profit from this disparity in interest rates by temporarily reinvesting unexpended proceeds of lower interest tax exempt borrowings in higher yielding taxable securities. When the proceeds of tax-exempt debt are reinvested in this manner, the profits realized are referred to as "arbitrage earnings," which must be rebated to the federal government.

CROW WING COUNTY BRAINERD, MINNESOTA

10. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

11. Classification of Net Position

Net position in the government-wide and proprietary fund financial statements is classified in the following categories:

Net investment in capital assets

The amount of net position representing capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position

The amount of net position 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.

Unrestricted net position

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

12. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the County 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.

CROW WING COUNTY BRAINERD, MINNESOTA

Restricted

The restricted fund balance category includes the portion of spendable fund balance that reflects constraints on spending because of legal restrictions stipulated by outside parties, or any legal restrictions based on state statutes or grant requirements placed on the use for specific purposes. In addition, funds imposed by law through constitutional provisions or enabling legislation are deemed “restricted.”

Committed

The committed fund balance classification includes the portion of spendable fund balance that reflects constraints that the County has imposed upon itself by a formal action of the County Board (for example, a resolution passed by the County Board). This constraint must be imposed prior to year end but the amount can be determined at a later date, and once adopted, the limitation imposed remains in place until a similar action (i.e., a resolution) is taken to remove or revise the limitation.

Assigned

The assigned fund balance is the portion of spendable fund balance that reflects funds intended to be used by the government for specific purposes assigned by more informal operational plans. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or limited. The authority to “Assign” fund balance within the same fund is delegated to the County Administrator and/or Accounting and Finance Manager.

Unassigned

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.

Unassigned amounts are available for any purpose. These are the current resources available for which there are no government self-imposed limitations or set spending plan. Although there is generally no set spending plan for the unassigned portion, there is a need to maintain a certain funding level. Unassigned fund balance is commonly used for emergency expenditures not previously considered. In addition, the resources classified as unassigned can be used to cover expenditures for revenues not yet received.

The County 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.

CROW WING COUNTY BRAINERD, MINNESOTA

13. Fund Balance and Reserves Policy

Crow Wing County has adopted a minimum fund balance policy for the General Fund, Highway Special Revenue Fund, and Community Services Special Revenue Fund.

General Fund – Minimum Fund Balance Policy

At the end of each fiscal year, the County will maintain Spendable – Unassigned portions of the fund balance in a range equal to 35-50% of the following year's General Fund budgeted operating expenditures. This Unassigned fund balance target range as of December 31, 2014, is \$9,588,055 to \$13,697,221. In addition to working capital needs this accommodates emergency contingency concerns.

In the event that the minimum fund balance levels fall above or below the desired range, the County Administrator and/or Accounting and Finance Manager shall report such amounts to the County Board as soon as practical after the end of the fiscal year.

Should the actual amount fall below the desired range, the County shall create a plan to restore the appropriate levels. Should the actual amount rise above the desired range, any excess funds will remain unassigned pending the County Board's final decision concerning transfer to another fund or additional General Fund Commitments. The County Board has established a *Fund Balance and Reserves Policy* which details best practice examples of uses of excess fund balance dollars.

Special Revenue Funds – Minimum Fund Balance Policy

At the end of each fiscal year, the County's Highway Special Revenue Fund and Community Services Special Revenue Fund will maintain Spendable – Assigned portion of the fund balance in a range equal to 20-30% of the subsequent year's budgeted expenditures. The targeted range of Assigned fund balance for the Highway Special Revenue Fund and Community Services Special Revenue Fund as of December 31, 2014, is listed below.

Highway Fund target Assigned fund balance:	\$3,005,283 to \$4,507,924
Community Services Fund target Assigned fund balance:	\$4,228,856 to \$6,343,283

In the event that amounts needed for working capital fall above or below the desired range, the County Administrator and/or Accounting and Finance Manager shall report such amounts to the County Board as soon as practical after the end of the fiscal year.

Should the actual amount needed for working capital fall below the desired range, the County shall create a plan to restore the appropriate levels.

CROW WING COUNTY BRAINERD, MINNESOTA

Should the actual amount needed for working capital rise above the desired range for the Community Services Special Revenue Fund, any excess will automatically be transferred to the General Fund during the year-end close process and be classified as Unassigned. Additionally, transfer in and transfer out corresponding budget adjustments will be made by Financial Services. The transferred funds will remain in the General Fund pending recommendations and final County Board action concerning reallocation and use of the fund balance resources. Due to the cyclical nature of highway expenditures, amounts greater than the desired range in the Highway Special Revenue Fund will be analyzed in conjunction with the Highway Improvement Plan (HIP), and a transfer may be recommended by Financial Services. Any such transfer will be approved by the County Administrator.

14. 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 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 such estimates.

E. Revenues

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

Imposed Nonexchange Transactions

Imposed nonexchange transactions result from assessments by governments on nongovernmental entities and individuals. Property taxes, fines and penalties, and property forfeitures are imposed nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes were levied, to the extent they are collected in the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes receivable but not available are reported as unavailable revenue and will be recognized as revenue in the fiscal year that they become available. Fines and penalties and property forfeitures are recognized in the period received.

Intergovernmental

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

CROW WING COUNTY BRAINERD, MINNESOTA

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

Tax credits paid by the state are included in intergovernmental revenues and are recognized as revenue in the fiscal year that they become available. Subject to the availability criterion, state-aid highway allotments for highway maintenance and construction are recognized as revenue in the year of allotment.

Exchange Transactions

Special assessments levied against benefiting properties are recognized under the modified accrual basis when available to finance current expenditures. Other revenues, such as licenses and permits, charges for services, and investment income, are recognized as revenue when earned.

II. Stewardship, Compliance, and Accountability

A. Prior Period Adjustment

In past reporting Crow Wing County has reported MN Estate Recoveries as restricted fund balance in the Community Services Special Revenue Fund. This amount represented the unprocessed portion of estates, some of which would be recognized as revenue of the County, the majority of which would be remitted to the State of Minnesota after processing.

As the County receives only a percentage of this balance, and as the funds are not funds of the County, an agency fund for MN Estate Recoveries has been established and the balances transferred to it, resulting in a restatement of beginning fund balance for the Community Services Special Revenue Fund as follows:

	Community Services Special Revenue Fund
Fund Balance - January 1, as previously reported	\$ 8,437,505
Restatement	<u>(941,678)</u>
Fund Balance - January 1, as restated	<u>\$ 7,495,827</u>

This restatement of fund balance adjusted beginning Net Position for Governmental Activities as follows:

	Governmental Activities
Net Position - January 1, as previously reported	\$ 196,963,762
Restatement	<u>(941,678)</u>
Net Position - January 1, as restated	<u>\$ 196,022,084</u>

CROW WING COUNTY BRAINERD, MINNESOTA

B. Budgetary Information

The purpose of establishing an operating budget is to ensure the County's annual operating expenditures are based on a stable stream of revenues.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Between April and August of each year, the County Administrator and Auditor-Treasurer's Office staff provides all department heads with budget worksheets. Department heads prepare a proposed operating budget and return the worksheets for review. The County Administrator and Auditor-Treasurer's Office staff meets with department heads and accepts proposed budget workpapers.
2. On or before September 15th, the County Administrator submits to the County Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them.
3. In December, public meetings or hearings are conducted in accordance with the state truth-in-taxation statutes to obtain taxpayer comments and adopt the final tax levy and budgets for the General Fund, Special Revenue Funds, Capital Projects Fund, Debt Service Fund, Permanent Fund, and the Landfill Enterprise Fund.
4. Revisions that alter the net budgeted revenues or expenditures of any fund must be approved by the County Board of Commissioners.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Fund, Debt Service Fund, Permanent Fund, and the Landfill Enterprise Fund.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts will be reported as originally adopted and as amended by the County Board of Commissioners on the budgetary comparison schedules.
7. Operating budgets are prepared and presented for the following funds: General; Highway, Community Services, Public Land Management, Solid Waste (Non-Landfill), Unorganized Townships, and Small Cities Development Program Special Revenue; Debt Service; Capital Projects; and Environmental Trust. Operating budgets are prepared, but not presented, for the Landfill Enterprise Fund.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

C. Excess of Expenditures Over Budget

The following fund had expenditures in excess of final budget for the year ended December 31, 2014:

	Expenditures	Final Budget	Excess
Debt Service	\$ 5,742,358	\$ 5,204,106	\$ 538,252

These expenditures in excess of appropriations for the Debt Service fund was funded by fund balance usage.

III. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliation of the County's total cash and investments to the basic financial statements follows:

Government-wide statement of net position		
Governmental activities		
Cash and investments	\$	48,466,634
Business-type activities		
Cash and investments	\$	7,110,123
Cash and investments - restricted assets	\$	5,731,015
Statement of fiduciary net position		
Cash and investments	\$	5,254,579
Total Cash and Investments	<u>\$</u>	<u>66,562,351</u>
Deposits	\$	29,427,782
Petty Cash and Change Funds	\$	3,030
Investments	\$	37,131,539
Total	<u>\$</u>	<u>66,562,351</u>

a) Deposits

Minn. Stat. §§ 118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all County deposits be protected by insurance, surety bond, or collateral. The market value of collateral

CROW WING COUNTY BRAINERD, MINNESOTA

pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County deposit policy for custodial credit risk follows Minnesota Statutes regarding pledging collateral. The market value of collateral must equal 110% of the deposits not covered by insurance or surety bonds. As of December 31, 2014, the County's deposits were fully covered by insurance, surety bonds, and collateral and were not exposed to custodial credit risk.

b) Investments

Minn. Stat. §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

c) Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a

**CROW WING COUNTY
BRAINERD, MINNESOTA**

portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of December 31, 2014, the County had the following investments and maturities:

	Credit Risk	Less Than 1 Year	1-5 Years	More Than 5 Years	Total Fair Value
Repurchase Agreements	NR	\$ 7,203,670	\$ -	\$ -	\$ 7,203,670
U.S. Treasuries	AA	681,750	11,576,696	-	12,258,446
Mutual Funds	NR	958,983	-	-	958,983
Federal National Mortgage Association	AA	-	1,314,993	-	1,314,993
Federal Home Loan Mortgage Corporation	AA	-	1,742,911	-	1,742,911
Federal Home Loan Bank	AA	250,055	694,599	-	944,654
Negotiable Certificates of Deposit	NR	-	5,583,675	145,872	5,729,547
Municipal Bonds	AA	552,701	2,987,157	1,029,855	4,569,713
Municipal Bonds	AAA	-	2,070,340	326,118	2,396,458
Series E Bonds	NR	-	-	12,164	12,164
Total Investments		<u>\$ 9,647,159</u>	<u>\$25,970,371</u>	<u>\$ 1,514,009</u>	<u>\$37,131,539</u>

d) Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The risk of loss due to failure of the security issuer or backer will be minimized by:

- (1) Limiting investments to the types of securities listed in Section IV of the County's Investment Policy.
- (2) Pre-qualifying the financial institutions, broker/dealers, and investment managers with which the County will do business in accordance with Section VI of the County's Investment Policy.
- (3) Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. Insurance or collateral may be required to ensure return of principal.

The County's exposure to credit risk as of December 31, 2014, is listed in the table above.

CROW WING COUNTY BRAINERD, MINNESOTA

e) Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Bremer repurchase agreement has custodial credit risk. The County has no other custodial credit risk for investments as December 31, 2014.

Securities purchased shall be held in a segregated account for the County's benefit at a third party trustee as safekeeping agent. The investment dealer or bank in which the security is purchased shall issue a confirmation ticket to the County listing the specific instrument, issuer, coupon, maturity, CUSIP number, purchase or sale price, transaction date, and other pertinent information. The financial service provider which executes the transaction on the County's behalf shall deliver all securities on a delivery versus payment method (DVP) to the designated third party. Delivery versus payment (DVP) is a way of controlling the risk to which securities market participants are exposed. Delivery of securities (i.e. the change in their ownership) is done simultaneously with payment. This means that neither the buyer nor the seller is exposed to the risk that the other will default.

Investments, contracts, and agreements may be held in safekeeping with:

- (1) Any Federal Reserve bank;
- (2) Any bank authorized under the laws of the United States or any state to exercise corporate trust powers, including, but not limited to, the bank from which the investment is purchased;
- (3) A primary reporting dealer in United States government securities to the Federal Reserve Bank of New York; or
- (4) A securities broker-dealer, or affiliate of it, that meets the following requirements:
 - (a) It is registered as a broker-dealer under chapter 80A or is exempt from the registration requirements;
 - (b) It is regulated by the Securities and Exchange Commission; and
 - (c) It maintains insurance through the Securities Investor Protection Corporation or excess insurance coverage in an amount equal to or greater than the value of the securities held.

The County's ownership of all securities should be evidenced by written acknowledgments identifying the securities by:

- (1) The names of issuers
- (2) The maturity dates
- (3) The interest rates
- (4) CUSIP numbers or other distinguishing marks

f) Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that U.S. Treasury securities, U.S. agency securities, and obligations backed by U.S. Treasury and/or U.S. agency securities may be held without

**CROW WING COUNTY
BRAINERD, MINNESOTA**

limit. These investments are implicitly guaranteed by the U.S. government.

Diversification strategies will be implemented with the following constraints:

Issuer Type	Maximum % of Total Portfolio ¹
Savings/demand deposits ²	50%
Certificates of Deposit	75%
U.S. Treasury Obligations	100%
U.S. Agency Securities	100%
Per issuer:	30%
Municipal Securities	50%
Per issuer:	15%

¹Due to fluctuations in the value of the portfolio, maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase or maturity of a particular security. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made.

²The savings/demand deposits held by the County will fluctuate significantly as a result of property tax collection and settlement. Ideally, the County will hold no more than five percent of its "core investments" in savings/demand deposits.

More than 5% of the County's investments are in U.S. Treasuries (33%), Repurchase Agreements (19%), Negotiable Certificates of Deposit (15%), Municipal Bonds rated AA (12%), Federal National Mortgage Association (10%), and Municipal Bonds rated AAA (6%).

2. Receivables

Receivables as of December 31, 2014, for the County's governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes - delinquent (net)	\$ 1,372,795	\$ -
Accounts (net)	274,002	-
Accrued interest	143,817	-
Contracts	909,252	764,307
Due from other governments	2,791,746	-
Internal balances	681	-
Loans (net)	431,310	419,248
Total Governmental Activities	\$ 5,923,603	\$ 1,183,555

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Capital Assets

Capital asset activity for the year ended December 31, 2014, was as follows:

Governmental Activities

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Land	\$ 14,654,658	\$ 57,229	\$ -	\$ 14,711,887
Construction in progress	2,058,393	8,777,106	(3,742,919)	7,092,580
Infrastructure - right-of-way	5,462,435	107,756	-	5,570,191
Total capital assets not depreciated	<u>\$ 22,175,486</u>	<u>\$ 8,942,091</u>	<u>\$ (3,742,919)</u>	<u>\$ 27,374,658</u>
Capital assets depreciated				
Buildings	\$ 64,371,411	\$ 554,243	\$ -	\$ 64,925,654
Land improvements	2,231,835	-	-	2,231,835
Machinery, furniture, and equipment	17,999,542	1,152,279	(833,468)	18,318,353
Infrastructure	117,795,406	3,380,697	-	121,176,103
Total capital assets depreciated	<u>\$ 202,398,194</u>	<u>\$ 5,087,219</u>	<u>\$ (833,468)</u>	<u>\$ 206,651,945</u>
Less: accumulated depreciation for				
Buildings	\$ (16,906,444)	\$ (1,573,012)	\$ -	\$ (18,479,456)
Land improvements	(761,571)	(110,147)	-	(871,718)
Machinery, furniture, and equipment	(10,857,514)	(1,450,737)	824,534	(11,483,717)
Infrastructure	(27,838,539)	(2,377,907)	-	(30,216,446)
Total accumulated depreciation	<u>\$ (56,364,068)</u>	<u>\$ (5,511,803)</u>	<u>\$ 824,534</u>	<u>\$ (61,051,337)</u>
Total capital assets depreciated, net	<u>\$ 146,034,126</u>	<u>\$ (424,584)</u>	<u>\$ (8,934)</u>	<u>\$ 145,600,608</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 168,209,612</u></u>	<u><u>\$ 8,517,507</u></u>	<u><u>\$ (3,751,853)</u></u>	<u><u>\$ 172,975,266</u></u>

Depreciation expense for 2014 was charged to functions/programs of the government's governmental activities as follows:

Governmental Activities

General government	\$ 1,260,672
Public safety	1,079,698
Highways and streets (including depreciation of infrastructure assets)	2,908,517
Human services	220,822
Health	3,383
Culture and recreation	13,899
Conservation of natural resources	<u>24,812</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 5,511,803</u></u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

Business-Type Activities

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Land	\$ 412,334	\$ -	\$ -	\$ 412,334
Construction in progress	1,311,961	-	(1,311,961)	-
Total capital assets not depreciated	<u>\$ 1,724,295</u>	<u>\$ -</u>	<u>\$ (1,311,961)</u>	<u>\$ 412,334</u>
Capital assets depreciated				
Buildings	\$ 781,973	\$ -	\$ -	\$ 781,973
Landfill	11,933,267	1,345,367	(30,659)	13,247,975
Machinery, furniture, and equipment	301,079	-	-	301,079
Total capital assets depreciated	<u>\$ 13,016,319</u>	<u>\$ 1,345,367</u>	<u>\$ (30,659)</u>	<u>\$ 14,331,027</u>
Less: accumulated depreciation for				
Buildings	\$ (253,384)	\$ (24,985)	\$ -	\$ (278,369)
Landfill	(10,058,022)	(478,388)	30,659	(10,505,751)
Machinery, furniture, and equipment	(231,319)	(13,060)	-	(244,379)
Total accumulated depreciation	<u>\$ (10,542,725)</u>	<u>\$ (516,433)</u>	<u>\$ 30,659</u>	<u>\$ (11,028,499)</u>
Total capital assets depreciated, net	<u>\$ 2,473,594</u>	<u>\$ 828,934</u>	<u>\$ -</u>	<u>\$ 3,302,528</u>
Business-Type Activities Capital Assets, Net	<u>\$ 4,197,889</u>	<u>\$ 828,934</u>	<u>\$ (1,311,961)</u>	<u>\$ 3,714,862</u>

Depreciation expense for 2014 was charged to functions/programs of the government's business-type activities as follows:

Business-Type Activities

Landfill	<u>\$ 516,433</u>
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**CROW WING COUNTY
BRAINERD, MINNESOTA**

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2014, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Public Land Management	\$ 230,182
	Community Services	525
Total Due to General Fund		\$ 230,707
Highway	General	\$ 28,536
	Community Services	5,954
	Public Land Management	8,480
	Unorganized Townships	240,445
	Landfill	681
Total Due to Highway Fund		\$ 284,096
Capital Projects	Public Land Management	\$ 67,636
Total Due To/From Other Funds		\$ 582,439

Balances at year-end are indicative of lending/borrowing arrangements, are receivable/payable for goods or services, or are the undistributed settlement from tax-forfeited land sales.

2. Interfund Transfers

Interfund transfers for the year ended December 31, 2014, consisted of the following:

Transfer In Fund	Transfer Out Fund	Amount
General	Solid Waste (Non-Landfill)	\$ 28,997
Solid Waste (Non-Landfill)	Landfill	93,775
Landfill	Solid Waste (Non-Landfill)	<u>93,775</u>
Total Interfund Transfers		\$ 216,547

Transfers occurred between Solid Waste (Non-Landfill), General, and Landfill Funds to fully utilize the financial assurance interest earnings.

CROW WING COUNTY BRAINERD, MINNESOTA

C. Liabilities

1. Other Post Employment Benefits

Plan Description

Crow Wing County provides a single-employer defined benefits healthcare plan to eligible retirees and their spouses. At January 1, 2013, the most recent actuarial valuation date, there were approximately 622 participants in the plan. Of the 622 participants, 214 were retirees (including LTD participants) and spouses receiving benefits. The County also provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b.

Funding Policy

OPEB benefits have historically been funded on a pay-as-you-go basis (PAYGO). Under GASB Statement No. 45, the County may set up a trust and pre-fund the benefits. There is no requirement to pre-fund benefits under GASB Statement No. 45. During 2014, the County contributed \$1,561,453 to the plan. Results throughout the actuarial report assume continued funding under PAYGO.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC, which represents a level of funding that if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for 2014, the amount contributed to the plan, and changes in the County's net OPEB obligation to the plan.

Annual required contribution (ARC)	\$ 3,257,761
Interest on net OPEB obligation	543,029
Adjustment to ARC	<u>(760,287)</u>
Annual OPEB Cost	\$ 3,040,503
Contributions during the year	<u>(1,561,453)</u>
Increase in net OPEB obligation	\$ 1,479,050
Net OPEB beginning of year	<u>12,067,308</u>
Net OPEB end of year	<u><u>\$ 13,546,358</u></u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

Summary of Annual OPEB Costs

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2013, and 2014 were as follows:

Year Ended	Employer Contribution	Annual OPEB Cost	Percentage of Annual OPEB Cost		Net OPEB Obligation
			Contribution	33.8% 44.2% 51.4%	
12/31/2012	\$ 971,846	\$ 2,871,546		33.8%	\$ 10,348,627
12/31/2013	1,359,353	3,078,034		44.2%	12,067,308
12/31/2014	1,561,453	3,040,503		51.4%	13,546,358

Funded Status and Funding Progress

The County currently has no assets that have been irrevocably deposited in a trust for future health benefits. Therefore, the actuarial value of assets is zero.

Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial		Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
			(b-a)	(a/b)			
1/1/2009	\$ -	\$ 32,784,518	\$ 32,784,518	0%	\$ 21,058,703	155.68%	
1/1/2011	-	32,369,071	32,369,071	0%	21,252,877	152.30%	
1/1/2013	-	34,827,839	34,827,839	0%	21,834,994	159.50%	

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CROW WING COUNTY BRAINERD, MINNESOTA

In the January 1, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumption included a 4.5 percent investment rate of return (net of investment expenses), which is Crow Wing County's implicit rate of return on the General Fund. An annual medical trend rate of 7.5 percent in 2013 grading to 5.0 percent over five years for Pre-65 was used. An annual healthcare cost trend rate of 5.3 percent in 2013 grading to 4.0 percent over four years for Post-65 was used. Both rates included a 2.5 percent inflation assumption. The actuarial value of assets was not determined as the County has not advance funded its obligation. The unfunded actuarial accrued liability (UAAL) is being amortized over thirty years on a closed basis. The remaining amortization period at December 31, 2014, was twenty-three years.

2. Leases

Capital Leases

Crow Wing County has entered into a sub-lease with the City of Crosslake for financing a joint public works facility (County's share in equity is 53 percent). This sub-lease agreement qualifies as a capital lease for accounting purposes and, therefore, was recorded at the present value of the future minimum lease payments as of the inception date. The present value of the building at the inception date was \$1,688,050. It is recorded as a governmental activity.

On January 1, 2012, the City of Crosslake issued General Obligation Refunding Bonds, Series 2012A to refinance the 2003 Lease. The Total Net Present Value Benefit of the refunding was \$201,431.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014, were as follows:

December 31	Lease payments
2015	\$ 110,983
2016	111,752
2017	112,467
2018	113,130
2019	111,116
2020-2023	449,134
Total minimum lease payments	<hr/> \$ 1,008,582
Less: amount representing interest	(91,682)
Present Value of Minimum Lease Payments	<hr/> \$ 916,900

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Long-Term Debt

Governmental Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2014
General Obligation Bonds:					
2013A G.O. Refunding Capital Improvement Plan Bonds	2020	\$2,415,000 - \$3,035,000	2.00 - 5.00	\$ 19,040,000	\$ 16,285,000
2013A G.O. Refunding County Jail Bonds	2020	\$1,325,000 - \$1,675,000	2.00 - 5.00	10,480,000	8,970,000
2010A G.O. Refunding Airport Improvement Bonds (50% County Portion)	2022	\$72,500 - \$92,500	1.00 - 3.35	885,000	662,500
Total General Obligation Bonds				\$ 30,405,000	\$ 25,917,500

Advance Refunding

On July 10, 2013, the County issued \$29,520,000 of General Obligation Refunding Bonds, Series 2013A, with a true interest cost of 1.45 percent to refund \$23,920,000 of outstanding General Obligation Capital Improvement Plan Bonds, Series 2004A, and \$13,185,000 of outstanding General Obligation County Jail Bonds, Series 2004B, with true interest costs of 4.66 and 4.66 percent, respectively. The County also contributed \$3,500,000 of cash equity and a \$1,443,110 transfer from prior issues towards the refunding of the Series 2004A and Series 2004B debt. The refunding was conducted by means of an advance refunding mechanism. Proceeds from the issuance of the Series 2013A bonds were placed in escrow, and the escrow agent made principal and interest payments on the refunded debt through the call date of February 1, 2015. As a result, the Series 2004A and Series 2004B bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,968,354. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The County refunded the Series 2004A and Series 2004B bonds to reduce its total debt service payments by \$12,022,858 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$5,022,710.

As of December 31, 2014, the defeased debt had an outstanding balance of \$32,600,000 (\$21,015,000 of Series 2004A and \$11,585,000 of Series 2004B). The ending market value of the escrow account as of December 31, 2014, was \$33,345,016.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

4. Debt Service Requirements

Debt service requirements at December 31, 2014, were as follows:

Governmental Activities

<u>December 31</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 3,815,000	\$ 1,185,708
2016	3,995,000	992,953
2017	4,180,000	790,898
2018	4,370,000	579,329
2019	4,577,500	357,588
2020-2022	4,980,000	131,062
Total	\$ 25,917,500	\$ 4,037,538

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2014, was as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 30,257,500	\$ -	\$ 4,340,000	\$ 25,917,500	\$ 3,815,000
Plus: deferred amounts for issuance premiums (discounts)	3,378,904	-	555,906	2,822,998	555,906
General obligation bonds subtotal	<u>\$ 33,636,404</u>	<u>\$ -</u>	<u>\$ 4,895,906</u>	<u>\$ 28,740,498</u>	<u>\$ 4,370,906</u>
Capital lease	1,009,650	-	92,750	916,900	92,750
Net OPEB obligation	12,067,308	3,040,503	1,561,453	13,546,358	-
Compensated absences	2,740,591	2,608,230	2,547,232	2,801,589	2,531,989
Governmental Activities					
Long-Term Liabilities	\$ 49,453,953	\$ 5,648,733	\$ 9,097,341	\$ 46,005,345	\$ 6,995,645

Bonded debt is paid from the Debt Service Fund. Compensated absences are paid from the General Fund and the Highway, Community Services, Public Land Management, and Solid Waste (Non-Landfill) Special Revenue Funds. Capital lease payments are paid from the Highway Special Revenue Fund. The liability for Net OPEB obligation is liquidated by the General Fund and the Highway, Community Services, Public Land Management, and Solid Waste (Non-Landfill) Special Revenue Funds.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balances	Due Within One Year
Estimated liability for landfill closure and postclosure	\$ 3,846,331	\$ 205,907	\$ -	\$ 4,052,238	\$ -
Compensated absences	<u>29,034</u>	<u>17,658</u>	<u>17,653</u>	<u>29,039</u>	<u>26,135</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 3,875,365</u>	<u>\$ 223,565</u>	<u>\$ 17,653</u>	<u>\$ 4,081,277</u>	<u>\$ 26,135</u>

Conduit Debt

Pequot Lakes HRA

The Crow Wing County HRA is contingently liable for debt related to General Obligation Housing Revenue Bonds issued on behalf of the Pequot Lakes HRA. As additional security for these bonds, Crow Wing County approved the pledge by the County HRA of the County's full faith and credit and taxing powers to the payment of debt service on the bonds. The conduit bonds have an outstanding principal balance of \$1,190,000 for the year ended December 31, 2014.

Essentia Health

In 2009 Crow Wing County issued a Revenue Note of \$2,245,586 on behalf of the Brainerd Lakes Integrated Health Systems to refinance the purchase of the Brainerd Medical Center (BMC) and related facilities located adjacent to BMC, in the City of Brainerd. In 2010, Brainerd Lakes Integrated Health Systems became Essentia Health.

The County is not obligated in any manner for repayment of this debt and accordingly, it is not reported as a liability on the accompanying financial statements. The debt issuance remains outstanding with a principal balance of \$668,831 at December 31, 2014.

6. Pension Plans

a) **Defined Benefit Plans**

Plan Description

All full-time and certain part-time employees of Crow Wing County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Local Government Correctional Service Retirement Fund (the Public Employees Correctional Fund), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356.

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after five years of credited service.

CROW WING COUNTY BRAINERD, MINNESOTA

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailer/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the Public Employees Correctional Fund. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute. Defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for General Employees Retirement Fund Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent for each year of service.

For General Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and Public Employees Correctional Fund members, and either 65 or 66 (depending on date hired) for General Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

CROW WING COUNTY BRAINERD, MINNESOTA

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary in 2014. Public Employees Police and Fire Fund members were required to contribute 10.20 percent of their annual covered salary in 2014. Public Employees Correctional Fund members were required to contribute 5.83 percent of their annual covered salary.

In 2014, the County was required to contribute the following percentages of annual covered payroll:

General Employees Retirement Fund			
Basic Plan members	11.78	%	
Coordinated Plan members	7.25		
Public Employees Police and Fire Fund	15.30		
Public Employees Correctional Fund	8.75		

The County's contributions for the years ending December 31, 2014, 2013, and 2012, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	2014	2013	2012
General Employees Retirement Fund	\$ 1,266,759	\$ 1,250,821	\$ 1,217,901
Public Employees Police and Fire Fund	393,812	369,590	346,738
Public Employees Correctional Fund	244,131	244,771	240,420

These contribution amounts are equal to the contractually required contributions for each year as set by state statute. Contribution rates increased on January 1, 2015, in the General Employees Retirement Fund Coordinated Plan (6.50 percent for members and 7.50 percent for employers) and the Public Employees Police and Fire Fund (10.80 percent for members and 16.20 percent for employers).

b) Defined Contribution Plan

Four of five County Commissioners of Crow Wing County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the State Legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to

CROW WING COUNTY BRAINERD, MINNESOTA

purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2014, were:

	Employee	Employer
Contribution amount	\$ 6,362	\$ 6,362
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

7. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 20 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$4,052,238 landfill closure and postclosure care liability at December 31, 2014, represents the cumulative amount reported to date based on the use of 78.71 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,218,201 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2014. The County expects to close the landfill in 2021. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements and, at December 31, 2014, investments of \$5,731,015 are held for these purposes. These are reported as restricted assets on the Landfill Enterprise Fund's statement of net position. Crow Wing County expects that future inflation costs will be paid from investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

8. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County purchases commercial insurance for other risks of loss. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$480,000 per claim in 2014 and \$490,000 per claim in 2015. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and the County pays an annual premium to cover current and future losses. MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

D. Deferred Inflows of Resources

Governmental funds report unavailable revenue in connection with receivables for revenues not considered available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Unavailable Revenue
Delinquent property taxes receivable	\$ 1,372,795
Contracts receivable	909,252
Charges for services	66,810
Highway aids receivable that do not provide current financial resources	589,260
Interest receivable that does not provide current financial resources	62,357
Grants receivable that do not provide current financial resources	139,181
Total Unavailable revenue for Governmental Funds	<u><u>\$ 3,139,655</u></u>

E. Unearned Revenue

Unearned revenue reported in the governmental funds consisted of \$419,507 of grant drawdowns prior to meeting all eligibility requirements.

IV. Summary of Significant Contingencies and Other Items

A. Claims and Litigation

The County, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The County Attorney estimates that the potential claims resulting from such litigation and not covered by insurance would not materially affect the financial statements of the County.

CROW WING COUNTY BRAINERD, MINNESOTA

B. Joint Ventures

Brainerd Lakes Regional Airport

Crow Wing County and the City of Brainerd have an agreement whereby each contributes equally to all locally financed costs of the operation of the Brainerd Lakes Regional Airport. An Airport Commission is responsible for operations, and the City of Brainerd provides accounting services. Any appropriation by the County for the Airport Commission is recorded as an expenditure in the year it is approved by the County Board of Commissioners. Under the terms of the 2010A General Obligation Airport Improvements Refunding Bonds, issued on December 9, 2010, in the amount of \$1,770,000, the City and the County will equally contribute to debt service payments. Therefore, only 50% of the total debt will be reflected in the County's financial statements. The 2010A bonds will mature July 1, 2022.

On December 31, 2014, the outstanding amount of the bonds was \$1,325,000. The City of Brainerd's share of this amount is \$662,500, for which the County is only contingently liable.

In 2014, the County made an appropriation of \$157,000 for the Airport Commission. The Airport does not publish separate financial statements.

Investment in the joint venture on the statement of net position is 50 percent of the County's undivided interest of the airport. This investment in the Brainerd Lakes Regional Airport joint venture was valued at \$19,588,658 on December 31, 2013, the most recent data available, and is reported as an investment in joint venture on the government-wide statement of net position.

Complete financial statements of the City of Brainerd can be obtained from:

Brainerd City Hall
502 Laurel Street
Brainerd, Minnesota 56401

Central Minnesota Community Corrections Agency

A joint community corrections agency was established in 1974, pursuant to Minn. Stat. § 471.59, between Crow Wing and Morrison Counties. Aitkin County joined the Agency on January 1, 1992, to form the Central Minnesota Community Corrections Agency. The Agency provides detention and correction services to adults and juveniles under the jurisdiction of the counties, which are parties to the agreement, any other Minnesota county that requests these services, and the Minnesota Department of Corrections. The governing board is composed of five County Commissioners from each of the participating counties. Crow Wing County maintains the accounting records of the Agency.

At December 31, 2013, the most recent data available, the Agency had net position of (\$686,358).

The Central Minnesota Community Corrections Agency is funded through state grants and contributions from its member counties. Crow Wing County had expenditures of \$300,877 for community corrections to the Agency for 2014.

In the event of dissolution of the Agency, the unexpended balance of monies and assets held by the Agency will be divided between the counties in proportion to their contributions.

CROW WING COUNTY BRAINERD, MINNESOTA

Complete financial information can be obtained from:

Central Minnesota Community Corrections Agency
c/o Tom Rosenthal, Director
322 Laurel Street
Suite 32
Brainerd, Minnesota 56401

Central Minnesota Emergency Medical Services Region

The Central Minnesota Emergency Medical Services Region (CMEMSR) was established in 2001 pursuant to Minn. Stat. § 471.59, and is currently operating under a memorandum of understanding between the Counties of Benton, Cass, Crow Wing, Kanabec, Mille Lacs, Morrison, Pine, Sherburne, Stearns, Todd, Wadena, and Wright.

The purpose of the CMEMSR is to improve the planning, coordination, and implementation of emergency medical services within the member counties.

The CMEMSR has established a board which has general supervision over its activities. The Board consists of 12 County Commissioners, one from each of the member counties. Stearns County is the fiscal agent for the CMEMSR and reports the CMEMSR's activities in an agency fund in its financial statements.

Complete financial information can be obtained from:

Marion Larson, Regional EMS Coordinator
Central Minnesota Emergency Medical Services Region
Stearns County Administration Center
705 Courthouse Square
St. Cloud, Minnesota 56303

Minnesota Counties Information Systems (MCIS)

Aitkin, Carlton, Cass, Chippewa, Cook, Crow Wing, Dodge, Itasca, Koochiching, Lac qui Parle, Lake, Sherburne, and St. Louis Counties entered into a joint powers agreement, pursuant to Minn. Stat. § 471.59, for the purpose of operating and maintaining data processing facilities and management information systems for use by its members.

MCIS is governed by a 13-member Board, composed of a member appointed by each of the participating counties' Boards of Commissioners. Financing is obtained through user charges to the member. Cass County is the fiscal agent for MCIS.

Separate financial information can be obtained from:

Minnesota Counties Information Systems
413 Southeast 7th Avenue
Grand Rapids, Minnesota 55744

CROW WING COUNTY BRAINERD, MINNESOTA

Mississippi Headwaters Board (MHB)

The Mississippi Headwaters Board was established on February 22, 1980, by Aitkin, Beltrami, Cass, Clearwater, Crow Wing, Hubbard, Itasca, and Morrison Counties pursuant to Minn. Stat. § 471.59. The purpose of the Board is to prepare, adopt, and implement a comprehensive land use plan design to protect and enhance the Mississippi River and related shoreland areas within the counties.

The Board consists of eight members, one appointed from each participating county. Crow Wing County maintains the accounting records of the MHB. Funding consists of federal, state, and local grants; donations; and contributions from each county.

Financial information can be obtained from:

Mississippi Headwaters Board
Land Services Building
322 Laurel Street
Brainerd, Minnesota 56401

Email: mhb@mississippiheadwaters.org

Northeast Minnesota Regional Radio Board

The Northeast Minnesota Regional Radio Board was established through a joint powers agreement, pursuant to Minn. Stat. §§ 471.59 and 403.39, to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) and to enhance and improve interoperable public safety communications.

The joint powers are the Counties of Aitkin, Carlton, Cass, Cook, Crow Wing, Itasca, Kanabec, Koochiching, Lake, Pine, and St. Louis; the Cities of Duluth, Hibbing, International Falls, and Virginia; and the Tribal Councils of the Leech Lake Band of Ojibwe and the Mille Lacs Band of Ojibwe. Control of the Northeast Minnesota Regional Radio Board is vested in a Board of Directors composed of one County Commissioner from each of the member counties and one City Councilor from each of the member cities. In addition, there is one member from the Northeast Minnesota Regional Advisory Committee, one member from the Northeast Minnesota Regional Radio System User Committee, and one member from the Northeast Minnesota Owners and Operators Committee who are also voting members of the Board.

Itasca County is the fiscal agent for the Northeast Minnesota Regional Radio Board. Funding is provided by grants and contributions from participating members.

Financial information can be obtained from:

Itasca County Auditor-Treasurer's Office
123 NE 4th Street
Grand Rapids, Minnesota 55744

CROW WING COUNTY BRAINERD, MINNESOTA

C. Jointly-Governed Organizations

Crow Wing County, in conjunction with other local governmental entities and various private organizations, has formed the jointly-governed organizations listed below:

Crow Wing County Family Service Collaborative

The Crow Wing County Family Service Collaborative was established to provide leadership and facilitation to families, youth, and providers. The goal of the Collaborative is to improve and redesign the local service delivery system in a way which improves quality of lives, supports choices, and promotes self-reliance. Crow Wing County Community Services is the fiscal agent of the Collaborative. Crow Wing County has no operational or financial control over the Collaborative. Separate financial information can be obtained from:

Crow Wing County Family Service Collaborative
P. O. Box 686
Brainerd, Minnesota 56401

Kitchigami Regional Library

The Kitchigami Regional Library was formed pursuant to Minn. Stat. § 134.20. It was formed on January 1, 1992, and includes Beltrami, Cass, Crow Wing, Hubbard, and Wadena Counties, and nine separate cities. Control of the Library is vested in the Kitchigami Regional Library Board, which is composed of 19 members with three-year terms made up of the following: one member appointed by each City Council and two members appointed by each County Board consisting of one County Commissioner and one lay person. Crow Wing County appropriated \$509,127 to the Library for the year ended December 31, 2014. Separate financial information can be obtained from:

Kitchigami Regional Library
P.O. Box 84
Pine River, Minnesota 56474
www.krls.org

D. Future Change in Accounting Standards

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, replaces Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to employer governments that provide pensions through pension plans administered as trusts or similar arrangement that meet certain criteria. GASB Statement 68 requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement will be effective for the County's calendar year 2015. The County has not yet determined the financial statement impact of adopting this new standard.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 19,111,468	\$ 19,107,468	\$ 19,138,368	\$ 30,900
Licenses and permits	498,645	498,645	502,726	4,081
Intergovernmental	1,791,781	1,994,494	1,967,844	(26,650)
Charges for services	2,943,564	2,988,564	3,463,579	475,015
Fines and forfeits	35,000	35,000	41,724	6,724
Gifts and contributions	-	-	8,700	8,700
Investment earnings	405,000	405,000	320,767	(84,233)
Miscellaneous	1,382,914	1,392,914	1,304,573	(88,341)
Total Revenues	\$ 26,168,372	\$ 26,422,085	\$ 26,748,281	\$ 326,196
EXPENDITURES				
Current				
General government				
Commissioners	\$ 290,619	\$ 290,619	\$ 281,012	\$ 9,607
Courts	310,898	310,898	306,511	4,387
Law library	70,000	70,000	60,118	9,882
Administrator	284,198	286,617	270,098	16,519
Auditor-Treasurer	2,212,253	2,197,195	2,066,529	130,666
Information Technology	1,268,468	1,306,874	1,203,855	103,019
Human resources	330,751	352,275	344,812	7,463
Risk management	454,146	454,146	454,306	(160)
Attorney	1,878,954	1,889,919	1,920,060	(30,141)
Recorder	962,588	1,023,068	1,102,814	(79,746)
Environmental services	684,036	689,383	709,798	(20,415)
Crosslake planning and zoning	143,948	143,948	109,354	34,594
Aquatic invasive species	-	202,713	169,184	33,529
Property valuation and classification	1,146,899	1,149,559	1,076,432	73,127
Facilities	1,772,389	1,814,370	1,789,511	24,859
Transit appropriation	28,874	28,874	22,559	6,315
Appropriations	242,769	242,769	242,769	-
Other general government	884,443	769,442	700,913	68,529
Total general government	\$ 12,966,233	\$ 13,222,669	\$ 12,830,635	\$ 392,034

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget		
	Original	Final				
EXPENDITURES						
Current (Continued)						
Public safety						
Sheriff	\$ 6,206,130	\$ 6,225,248	\$ 6,011,656	\$ 213,592		
Enhanced 911 system	203,273	203,273	77,760	125,513		
Sheriff's drug contingent	-	-	12,230	(12,230)		
Sheriff's forfeited property	-	-	18,413	(18,413)		
DUI assessment	-	-	16,352	(16,352)		
Coroner	125,000	125,000	133,609	(8,609)		
Mining inspector	500	500	-	500		
Appropriations	2,000	2,000	2,000	-		
Jail	5,335,355	5,336,622	5,203,400	133,222		
Corrections	300,877	300,877	300,877	-		
Sentenced to serve	58,156	58,156	58,156	-		
Emergency management	103,871	105,146	98,957	6,189		
CWC tower	4,376	4,376	3,647	729		
800 MHZ	104,595	104,595	75,326	29,269		
Passenger safety coalition	-	-	6,692	(6,692)		
Total public safety	\$ 12,444,133	\$ 12,465,793	\$ 12,019,075	\$ 446,718		
Culture and recreation						
Kitchigami library	\$ 509,127	\$ 509,127	\$ 509,127	\$ -		
Parks	115,007	115,858	179,173	(63,315)		
Appropriations	39,000	39,000	39,000	-		
Total culture and recreation	\$ 663,134	\$ 663,985	\$ 727,300	\$ (63,315)		
Conservation of natural resources						
County extension	\$ 169,020	\$ 169,020	\$ 165,636	\$ 3,384		
Weed and seed inspector	-	-	75	(75)		
Appropriations	10,000	10,000	-	10,000		
Total conservation of natural resources	\$ 179,020	\$ 179,020	\$ 165,711	\$ 13,309		
Capital outlay						
Public safety	\$ 8,951	\$ 8,951	\$ 158,384	\$ (149,433)		
Highways and streets	9,410	9,410	15,000	(5,590)		
Culture and recreation	110,058	110,058	25,211	84,847		
Total capital outlay	\$ 128,419	\$ 128,419	\$ 198,595	\$ (70,176)		
Total Expenditures	\$ 26,380,939	\$ 26,659,886	\$ 25,941,316	\$ 718,570		

(Continued)

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Excess of Revenues Over (Under) Expenditures	\$ (212,567)	\$ (237,801)	\$ 806,965	\$ 1,044,766
OTHER FINANCING SOURCES (USES)				
Transfers in	29,078	29,078	28,997	(81)
Net Change in Fund Balance	\$ (183,489)	\$ (208,723)	\$ 835,962	\$ 1,044,685
Fund Balance - January 1	15,445,189	15,445,189	15,445,189	-
Fund Balance - December 31	\$ 15,261,700	\$ 15,236,466	\$ 16,281,151	\$ 1,044,685

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
HIGHWAY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,771,567	\$ 3,771,567	\$ 3,760,607	\$ (10,960)
Intergovernmental	7,258,287	7,258,287	10,299,059	3,040,772
Charges for services	557,750	557,750	793,780	236,030
Miscellaneous	101,000	101,000	122,219	21,219
Total Revenues	\$ 11,688,604	\$ 11,688,604	\$ 14,975,665	\$ 3,287,061
EXPENDITURES				
Current				
Highways and streets				
Administration	\$ 940,065	\$ 947,727	\$ 873,606	\$ 74,121
Maintenance	2,468,352	2,473,400	2,288,000	185,400
Engineering/construction	1,169,277	1,169,277	1,379,000	(209,723)
Equipment maintenance and shop	1,509,013	1,509,013	1,472,249	36,764
Total highways and streets	\$ 6,086,707	\$ 6,099,417	\$ 6,012,855	\$ 86,562
Capital outlay				
Highways and streets	\$ 7,232,652	\$ 7,232,652	\$ 8,181,415	\$ (948,763)
Intergovernmental				
Highways and streets	\$ -	\$ -	\$ 331,178	\$ (331,178)
Debt service				
Principal	\$ 71,550	\$ 71,550	\$ 92,750	\$ (21,200)
Interest	48,000	48,000	20,088	27,912
Total debt service	\$ 119,550	\$ 119,550	\$ 112,838	\$ 6,712
Total Expenditures	\$ 13,438,909	\$ 13,451,619	\$ 14,638,286	\$ (1,186,667)
Excess of Revenues Over (Under) Expenditures				
	\$ (1,750,305)	\$ (1,763,015)	\$ 337,379	\$ 2,100,394
Fund Balance - January 1	10,799,896	10,799,896	10,799,896	-
Increase (decrease) in inventories	-	-	62,025	62,025
Fund Balance - December 31	\$ 9,049,591	\$ 9,036,881	\$ 11,199,300	\$ 2,162,419

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,102,932	\$ 6,102,932	\$ 6,124,191	\$ 21,259
Special assessments	-	-	14,183	14,183
Intergovernmental	12,200,320	12,443,008	13,200,422	757,414
Charges for services	1,401,102	1,435,769	1,330,008	(105,761)
Gifts and contributions	11,500	11,500	22,981	11,481
Miscellaneous	665,769	666,098	612,742	(53,356)
Total Revenues	\$ 20,381,623	\$ 20,659,307	\$ 21,304,527	\$ 645,220
EXPENDITURES				
Current				
General government				
Veteran's service officer	\$ 313,061	\$ 313,185	\$ 305,460	\$ 7,725
Public safety				
Juvenile detention	\$ 129,000	\$ 129,000	\$ 264,607	\$ (135,607)
Human services				
Income maintenance	\$ 5,559,882	\$ 5,779,681	\$ 5,727,819	\$ 51,862
Human services	13,528,956	13,771,971	14,362,628	(590,657)
Total human services	\$ 19,088,838	\$ 19,551,652	\$ 20,090,447	\$ (538,795)
Health				
Health	\$ 1,422,224	\$ 1,453,600	\$ 1,410,744	\$ 42,856
Total Expenditures	\$ 20,953,123	\$ 21,447,437	\$ 22,071,258	\$ (623,821)
Excess of Revenues Over (Under) Expenditures	\$ (571,500)	\$ (788,130)	\$ (766,731)	\$ 21,399
Fund Balance - January 1, as restated (Note II.A.)	\$ 7,495,827	\$ 7,495,827	\$ 7,495,827	\$ -
Fund Balance - December 31	\$ 6,924,327	\$ 6,707,697	\$ 6,729,096	\$ 21,399

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
PUBLIC LAND MANAGEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 483,000	\$ 483,000	\$ 568,379	\$ 85,379
Intergovernmental	106,000	106,000	299,411	193,411
Charges for services	-	-	3,347	3,347
Investment earnings	17,650	17,650	15,464	(2,186)
Sales	160,000	160,000	364,344	204,344
Miscellaneous	11,800	11,800	108,214	96,414
Total Revenues	\$ 778,450	\$ 778,450	\$ 1,359,159	\$ 580,709
EXPENDITURES				
Current				
Conservation of natural resources				
Tax forfeited sales	<u>836,878</u>	<u>838,974</u>	<u>1,321,391</u>	<u>(482,417)</u>
Excess of Revenues Over (Under) Expenditures	\$ (58,428)	\$ (60,524)	\$ 37,768	\$ 98,292
Fund Balance - January 1	<u>456,111</u>	<u>456,111</u>	<u>456,111</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 397,683</u>	<u>\$ 395,587</u>	<u>\$ 493,879</u>	<u>\$ 98,292</u>

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)		Funded Ratio	Unfunded Actuarial Accrued Liability (UAAL)		Active Members Covered Payroll	UAAL As a Percentage of Covered Payroll
		Entry-Age Normal						
2009	\$	-	\$ 32,784,518	0.0%	\$ 32,784,518	\$ 21,058,703	155.68%	
2011		-	32,369,071	0.0%	32,369,071	21,252,877	152.30%	
2013		-	34,827,839	0.0%	34,827,839	21,834,994	159.50%	

Note: The most recent actuarial valuation date was January 1, 2013. See Note III.C.1., Other Post Employment Benefits, for more information.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and are presented in the Comprehensive Annual Financial Statement.

On or before mid-August of each year, all departments and agencies submit requests for appropriations to the County Administrator so that a budget can be prepared. On or before September 15, the proposed budget is presented to the County Board for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. Revisions that alter the budgeted revenues or expenditures of any fund must be approved by the County Board of Commissioners. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the agency level. During the year, supplemental budgetary appropriations in the Capital Projects fund totaling \$2,340,923 were considered significant. These amendments were due to the County Board approved *Capital Asset Investment and Management Policy* allowing for a one-year carryover of unspent capital project budgets for projects in progress.

2. Excess of Expenditures Over Appropriations

For the year ended December 31, 2014, expenditures exceeded appropriations in the Attorney agency by \$30,141. Most of this increase in expenditures, \$22,047, was due to expenditures relating to forfeiture funds, for which the County Attorney does not budget.

The Recorder agency expenditures exceeded appropriations by \$79,746 within Recorder's Technology for technology purchases and projects within the County Recorder's Office at the discretion of the County Recorder.

The Parks agency expenditures exceed appropriations by \$63,315. This is due to the recognition of unbudgeted federal pass-through grants related to ski and snowmobile trails in the amount of \$85,819.

The Highway agency expenditures exceeded appropriations by \$1,192,257. This increase in expenditures was due to increased capital outlay for highways and streets, and the reported expenditure for intergovernmental Town Road funds, for which the County does not budget.

The Community Services agency exceeded appropriations by \$623,821. The excess expenditures are due to Corrections Placements \$662,361 over budgeted anticipated expenditures.

The Public Land Management agency exceeded appropriations by \$482,417. The excess expenditures are due to a higher than expected net settlement of tax forfeited sales related to 2014 activity.

3. Other Post Employment Benefits

As disclosed on the Schedule of Funding Progress, no assets have been irrevocably deposited in a trust to advance fund the employer's obligation. Therefore, the actuarial value of assets is zero.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 5,020,061	\$ 5,020,061	\$ 4,993,183	\$ (26,878)
Intergovernmental	169,262	169,262	12,816	(156,446)
Total Revenues	\$ 5,189,323	\$ 5,189,323	\$ 5,005,999	\$ (183,324)
EXPENDITURES				
Debt service				
Principal	\$ 4,415,000	\$ 4,415,000	\$ 4,340,000	\$ 75,000
Interest	787,606	787,606	1,401,508	(613,902)
Administrative charges	1,500	1,500	850	650
Total Expenditures	\$ 5,204,106	\$ 5,204,106	\$ 5,742,358	\$ (538,252)
Excess of Revenues Over (Under) Expenditures	\$ (14,783)	\$ (14,783)	\$ (736,359)	\$ (721,576)
Fund Balance - January 1	5,206,664	5,206,664	5,206,664	-
Fund Balance - December 31	\$ 5,191,881	\$ 5,191,881	\$ 4,470,305	\$ (721,576)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 885,099	\$ 885,099	\$ 917,608	\$ 32,509
Intergovernmental	2,041,171	2,041,171	2,030,095	(11,076)
Miscellaneous	243,586	283,586	362,772	79,186
Total Revenues	\$ 3,169,856	\$ 3,209,856	\$ 3,310,475	\$ 100,619
EXPENDITURES				
Current				
General government				
Auditor-Treasurer	\$ -	\$ -	\$ 11,057	\$ (11,057)
Information Technology	350,414	501,196	273,001	228,195
Facilities	193,481	518,712	304,423	214,289
Total general government	\$ 543,895	\$ 1,019,908	\$ 588,481	\$ 431,427
Public safety				
Sheriff	\$ 148,235	\$ 165,466	\$ 160,063	\$ 5,403
Jail	-	1,515	1,023	492
Total public safety	\$ 148,235	\$ 166,981	\$ 161,086	\$ 5,895
Human services				
Human services	\$ 528,132	\$ 741,551	\$ 671,975	\$ 69,576
Capital outlay				
General government	\$ 305,258	\$ 1,139,002	\$ 443,895	\$ 695,107
Public safety	731,640	1,327,379	846,415	480,964
Highways and streets	694,006	876,308	511,515	364,793
Human services	131,868	152,828	47,000	105,828
Total capital outlay	\$ 1,862,772	\$ 3,495,517	\$ 1,848,825	\$ 1,646,692
Total Expenditures	\$ 3,083,034	\$ 5,423,957	\$ 3,270,367	\$ 2,153,590
Excess of Revenues Over (Under) Expenditures				
	\$ 86,822	\$ (2,214,101)	\$ 40,108	\$ 2,254,209
Fund Balance - January 1	\$ 3,938,409	\$ 3,938,409	\$ 3,938,409	\$ -
Fund Balance - December 31	\$ 4,025,231	\$ 1,724,308	\$ 3,978,517	\$ 2,254,209

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	Special Revenue Funds				
	Solid Waste (Non-Landfill)	Unorganized Townships	Small Cities Development Program	Total	
ASSETS					
Cash and investments	\$ 2,413,899	\$ 2,387,175	\$ 77,658	\$ 4,878,732	
Taxes receivable - delinquent (net)	-	30,093	-	30,093	
Accounts receivable (net)	21,078	-	-	21,078	
Accrued interest receivable	-	-	229	229	
Loans receivable (net)	-	-	331,310	331,310	
Total Assets	<u>2,434,977</u>	<u>2,417,268</u>	<u>409,197</u>	<u>5,261,442</u>	
LIABILITIES					
Accounts payable	\$ 1,202	\$ 13,018	\$ -	\$ 14,220	
Salaries payable	860	-	-	860	
Accrued payroll taxes	128	-	-	128	
Due to other funds	-	240,445	-	240,445	
Unearned revenue	-	-	331,310	331,310	
Total Liabilities	<u>2,190</u>	<u>253,463</u>	<u>331,310</u>	<u>586,963</u>	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue (Note III.D.)	\$ -	\$ 30,093	\$ -	\$ 30,093	
FUND BALANCES					
Nonspendable:					
Environmental trust corpus	\$ -	\$ -	\$ -	\$ -	
Restricted for:					
Solid waste (non-landfill)	1,802,271	-	-	1,802,271	
Greater Minnesota Landfill Cleanup Fee	67,520	-	-	67,520	
Economic development revolving loans	-	-	77,887	77,887	
Environmental uses	-	-	-	-	
Unorganized townships	-	2,133,712	-	2,133,712	
Assigned for:					
Solid waste (non-landfill)	562,996	-	-	562,996	
Total Fund Balances	<u>2,432,787</u>	<u>2,133,712</u>	<u>77,887</u>	<u>4,644,386</u>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>2,434,977</u>	<u>2,417,268</u>	<u>409,197</u>	<u>5,261,442</u>	

Permanent Fund

Environmental Trust		Total
\$	1,911,346	\$ 6,790,078
	-	30,093
	-	21,078
	34,310	34,539
	-	331,310
\$	1,945,656	\$ 7,207,098
\$	-	\$ 14,220
	-	860
	-	128
	-	240,445
	-	331,310
\$	-	\$ 586,963
\$	32,269	\$ 62,362
\$	1,846,499	\$ 1,846,499
	-	1,802,271
	-	67,520
	-	77,887
	66,888	66,888
	-	2,133,712
	-	562,996
\$	1,913,387	\$ 6,557,773
\$	1,945,656	\$ 7,207,098

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Special Revenue Funds				
	Solid Waste (Non-Landfill)	Unorganized Townships	Small Cities Development Program	Total	
REVENUES					
Taxes	\$ -	\$ 758,477	\$ -	\$ 758,477	
Special assessments	593,260	6,164	-	599,424	
Licenses and permits	-	2,431	-	2,431	
Intergovernmental	183,385	50,477	-	233,862	
Charges for services	293,186	-	-	293,186	
Investment earnings	-	-	5,692	5,692	
Miscellaneous	23,422	180,800	13,656	217,878	
Total Revenues	\$ 1,093,253	\$ 998,349	\$ 19,348	\$ 2,110,950	
EXPENDITURES					
Current					
General government	\$ -	\$ 103,457	\$ -	\$ 103,457	
Public safety	-	160,968	-	160,968	
Highways and streets	-	566,369	-	566,369	
Conservation of natural resources	789,803	-	-	789,803	
Capital outlay					
Conservation of natural resources	-	-	-	-	
Total Expenditures	\$ 789,803	\$ 830,794	\$ -	\$ 1,620,597	
Excess of Revenues Over (Under) Expenditures	\$ 303,450	\$ 167,555	\$ 19,348	\$ 490,353	
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 93,775	\$ -	\$ -	\$ 93,775	
Transfers out	(122,772)	-	-	(122,772)	
Total Other Financing Sources (Uses)	\$ (28,997)	\$ -	\$ -	\$ (28,997)	
Net Change in Fund Balances	\$ 274,453	\$ 167,555	\$ 19,348	\$ 461,356	
Fund Balance - January 1	\$ 2,158,334	\$ 1,966,157	\$ 58,539	\$ 4,183,030	
Fund Balance - December 31	\$ 2,432,787	\$ 2,133,712	\$ 77,887	\$ 4,644,386	

Permanent Fund

Environmental		
	Trust	Total
\$	-	\$ 758,477
	-	599,424
	-	2,431
	-	233,862
	-	293,186
	22,860	28,552
	-	217,878
\$	22,860	\$ 2,133,810
\$	-	\$ 103,457
	-	160,968
	-	566,369
	-	789,803
	57,229	57,229
\$	57,229	\$ 1,677,826
\$	(34,369)	\$ 455,984
\$	-	\$ 93,775
	-	(122,772)
\$	-	\$ (28,997)
\$	(34,369)	\$ 426,987
	1,947,756	\$ 6,130,786
\$	1,913,387	\$ 6,557,773

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
SOLID WASTE (NON-LANDFILL) SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Special assessments	\$ 590,000	\$ 590,000	\$ 593,260	\$ 3,260
Intergovernmental	162,500	162,500	183,385	20,885
Charges for services	265,000	265,000	293,186	28,186
Miscellaneous	45,000	45,000	23,422	(21,578)
Total Revenues	\$ 1,062,500	\$ 1,062,500	\$ 1,093,253	\$ 30,753
EXPENDITURES				
Current				
Conservation of natural resources				
Solid waste (non-landfill)	\$ 808,635	\$ 810,594	\$ 789,803	\$ 20,791
Excess of Revenues Over (Under) Expenditures	\$ 253,865	\$ 251,906	\$ 303,450	\$ 51,544
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 75,000	\$ 75,000	\$ 93,775	\$ 18,775
Transfers out	(115,000)	(115,000)	(122,772)	(7,772)
Total Other Financing Sources (Uses)	\$ (40,000)	\$ (40,000)	\$ (28,997)	\$ 11,003
Net Change in Fund Balance	\$ 213,865	\$ 211,906	\$ 274,453	\$ 62,547
Fund Balance - January 1	<u>2,158,334</u>	<u>2,158,334</u>	<u>2,158,334</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 2,372,199</u>	<u>\$ 2,370,240</u>	<u>\$ 2,432,787</u>	<u>\$ 62,547</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
UNORGANIZED TOWNSHIPS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 763,777	\$ 763,777	\$ 758,477	\$ (5,300)
Special assessments	-	-	6,164	6,164
Licenses and permits	-	-	2,431	2,431
Intergovernmental	42,448	42,448	50,477	8,029
Miscellaneous	-	-	180,800	180,800
Total Revenues	\$ 806,225	\$ 806,225	\$ 998,349	\$ 192,124
EXPENDITURES				
Current				
General government				
Unorganized township general revenue	\$ 103,855	\$ 103,855	\$ 103,457	\$ 398
Public safety				
Unorganized township fire	161,072	161,072	160,968	104
Highways and streets				
Unorganized township roads	576,000	576,000	566,369	9,631
Total Expenditures	\$ 840,927	\$ 840,927	\$ 830,794	\$ 10,133
Excess of Revenues Over (Under) Expenditures				
	\$ (34,702)	\$ (34,702)	\$ 167,555	\$ 202,257
Fund Balance - January 1	1,966,157	1,966,157	1,966,157	-
Fund Balance - December 31	\$ 1,931,455	\$ 1,931,455	\$ 2,133,712	\$ 202,257

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
SMALL CITIES DEVELOPMENT PROGRAM SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 5,709	\$ 5,709	\$ 5,692	\$ (17)
Miscellaneous	<u>13,593</u>	<u>13,593</u>	<u>13,656</u>	<u>63</u>
Total Revenues	\$ 19,302	\$ 19,302	\$ 19,348	\$ 46
Fund Balance - January 1	<u>58,539</u>	<u>58,539</u>	<u>58,539</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 77,841</u>	<u>\$ 77,841</u>	<u>\$ 77,887</u>	<u>\$ 46</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
ENVIRONMENTAL TRUST PERMANENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 58,000	\$ 58,000	\$ 22,860	\$ (35,140)
EXPENDITURES				
Capital outlay				
Conservation of natural resources	<u>57,229</u>	<u>57,229</u>	<u>57,229</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	\$ 771	\$ 771	\$ (34,369)	\$ (35,140)
Fund Balance - January 1	<u>1,947,756</u>	<u>1,947,756</u>	<u>1,947,756</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,948,527</u>	<u>\$ 1,948,527</u>	<u>\$ 1,913,387</u>	<u>\$ (35,140)</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance January 1	Additions	Deductions	Balance December 31
<u>CENTRAL MINNESOTA COMMUNITY CORRECTIONS</u>				
ASSETS				
Cash and investments	<u>\$ 913,589</u>	<u>\$ 2,772,797</u>	<u>\$ 2,934,825</u>	<u>\$ 751,561</u>
LIABILITIES				
Salaries payable	\$ 50,926	\$ 62,334	\$ 50,926	\$ 62,334
Accrued payroll taxes	- 9,288	9,288	-	9,288
Due to other governments	<u>862,663</u>	<u>2,701,175</u>	<u>2,883,899</u>	<u>679,939</u>
Total Liabilities	<u>\$ 913,589</u>	<u>\$ 2,772,797</u>	<u>\$ 2,934,825</u>	<u>\$ 751,561</u>
<u>COLLABORATIVE</u>				
ASSETS				
Cash and investments	<u>\$ 1,353,429</u>	<u>\$ 662,897</u>	<u>\$ 736,651</u>	<u>\$ 1,279,675</u>
LIABILITIES				
Due to other governments	<u>\$ 1,353,429</u>	<u>\$ 662,897</u>	<u>\$ 736,651</u>	<u>\$ 1,279,675</u>
<u>CHILD PROTECTION TEAM</u>				
ASSETS				
Cash and investments	<u>\$ 24,172</u>	<u>\$ 32,166</u>	<u>\$ 36,671</u>	<u>\$ 19,667</u>
LIABILITIES				
Accounts payable	<u>\$ 24,172</u>	<u>\$ 32,166</u>	<u>\$ 36,671</u>	<u>\$ 19,667</u>
<u>SELECT TRUST</u>				
ASSETS				
Cash and investments	<u>\$ 5,846</u>	<u>\$ 157,236</u>	<u>\$ 137,046</u>	<u>\$ 26,036</u>
LIABILITIES				
Accounts payable	<u>\$ 5,846</u>	<u>\$ 157,236</u>	<u>\$ 137,046</u>	<u>\$ 26,036</u>
<u>TAXES AND PENALTIES</u>				
ASSETS				
Cash and investments	<u>\$ 2,018,040</u>	<u>\$ 113,355,793</u>	<u>\$ 113,474,663</u>	<u>\$ 1,899,170</u>
LIABILITIES				
Due to other governments	<u>\$ 2,018,040</u>	<u>\$ 113,355,793</u>	<u>\$ 113,474,663</u>	<u>\$ 1,899,170</u>

(Continued)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>MN ESTATE RECOVERIES</u>				
ASSETS				
Cash and investments, beginning balance restated (Note II.A.)	<u>\$ 941,678</u>	<u>\$ 636,262</u>	<u>\$ 814,157</u>	<u>\$ 763,783</u>
LIABILITIES				
Due to other governments, beginning balance restated (Note II.A.)	<u>\$ 941,678</u>	<u>\$ 636,262</u>	<u>\$ 814,157</u>	<u>\$ 763,783</u>
<u>BLACK BEAR-MILLER LAKE</u>				
ASSETS				
Cash and investments	<u>\$ 4,417</u>	<u>\$ 3,083</u>	<u>\$ 347</u>	<u>\$ 7,153</u>
LIABILITIES				
Due to other governments	<u>\$ 4,417</u>	<u>\$ 3,083</u>	<u>\$ 347</u>	<u>\$ 7,153</u>
<u>SNOWMOBILE, ATV, SKI TRAILS</u>				
ASSETS				
Cash and investments	<u>\$ 2,593</u>	<u>\$ 504,405</u>	<u>\$ 507,770</u>	<u>\$ (772)</u>
Due from other governments	<u>-</u>	<u>799</u>	<u>-</u>	<u>799</u>
Total Assets	<u>\$ 2,593</u>	<u>\$ 505,204</u>	<u>\$ 507,770</u>	<u>\$ 27</u>
LIABILITIES				
Accounts payable	<u>\$ 2,593</u>	<u>\$ 505,204</u>	<u>\$ 507,770</u>	<u>\$ 27</u>
<u>PASSENGER SAFETY COALITION</u>				
ASSETS				
Cash and investments	<u>\$ 583</u>	<u>\$ 7,192</u>	<u>\$ 5,774</u>	<u>\$ 2,001</u>
LIABILITIES				
Accounts payable	<u>\$ 583</u>	<u>\$ 7,192</u>	<u>\$ 5,774</u>	<u>\$ 2,001</u>
<u>MISSISSIPPI HEADWATERS BOARD</u>				
ASSETS				
Cash and investments	<u>\$ 148,951</u>	<u>\$ 229,720</u>	<u>\$ 217,899</u>	<u>\$ 160,772</u>
LIABILITIES				
Due to other governments	<u>\$ 148,951</u>	<u>\$ 229,720</u>	<u>\$ 217,899</u>	<u>\$ 160,772</u>

(Continued)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
LAKE IMPROVEMENT DISTRICTS				
ASSETS				
Cash and investments	<u>\$ 303,851</u>	<u>\$ 291,454</u>	<u>\$ 249,772</u>	<u>\$ 345,533</u>
LIABILITIES				
Accounts payable	<u>\$ 303,851</u>	<u>\$ 291,454</u>	<u>\$ 249,772</u>	<u>\$ 345,533</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and investments, beginning balance restated (Note II.A.)	<u>\$ 5,717,149</u>	<u>\$ 118,653,005</u>	<u>\$ 119,115,575</u>	<u>\$ 5,254,579</u>
Due from other governments	<u>-</u>	<u>799</u>	<u>-</u>	<u>799</u>
Total Assets	<u>\$ 5,717,149</u>	<u>\$ 118,653,804</u>	<u>\$ 119,115,575</u>	<u>\$ 5,255,378</u>
LIABILITIES				
Accounts payable	<u>\$ 337,045</u>	<u>\$ 993,252</u>	<u>\$ 937,033</u>	<u>\$ 393,264</u>
Salaries payable	<u>50,926</u>	<u>62,334</u>	<u>50,926</u>	<u>62,334</u>
Accrued payroll taxes	<u>-</u>	<u>9,288</u>	<u>-</u>	<u>9,288</u>
Due to other governments, beginning balance restated (Note II.A.)	<u>5,329,178</u>	<u>117,588,930</u>	<u>118,127,616</u>	<u>4,790,492</u>
Total Liabilities	<u>\$ 5,717,149</u>	<u>\$ 118,653,804</u>	<u>\$ 119,115,575</u>	<u>\$ 5,255,378</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Governmental Funds	Enterprise Funds	Total Primary Government
Shared Revenues			
State			
Highway users tax	\$ 8,310,645	\$ -	\$ 8,310,645
Market value credit	104,787	-	104,787
Supplemental homestead credit	346,641	-	346,641
PERA rate reimbursement	76,910	595	77,505
Taconite production tax	751	-	751
Disparity reduction aid	14,087	-	14,087
County program aid	2,027,403	-	2,027,403
Police aid	288,773	-	288,773
E-911	148,827	-	148,827
Total Shared Revenues	\$ 11,318,824	\$ 595	\$ 11,319,419
Reimbursement for Services			
State			
Minnesota Department of Human Services	<u>\$ 2,030,699</u>	<u>\$ -</u>	<u>\$ 2,030,699</u>
Payments			
Local			
Local contributions	\$ 627,259	\$ -	\$ 627,259
Payments in lieu of taxes	505,570	-	505,570
Total Payments	\$ 1,132,829	\$ -	\$ 1,132,829
Grants			
State			
Minnesota Department of Health	\$ 317,938	\$ -	\$ 317,938
Human Services	4,816,030	-	4,816,030
Natural Resources	316,517	-	316,517
Public Safety	40,319	-	40,319
Revenue	206,242	-	206,242
Transportation	35,514	-	35,514
Veterans Affairs	11,737	-	11,737
Historical Society	9,800	-	9,800
Peace Officers Board	12,551	-	12,551
Pollution Control Agency	183,385	-	183,385
Supreme Court	53,616	-	53,616
Water and Soil Resources	88,702	-	88,702
Total State	\$ 6,092,351	\$ -	\$ 6,092,351
Federal			
Department of Agriculture	\$ 825,151	\$ -	\$ 825,151
Health and Human Services	5,200,590	-	5,200,590
Homeland Security	123,361	-	123,361
Justice	1,790	-	1,790
Transportation	1,317,914	-	1,317,914
Total Federal	\$ 7,468,806	\$ -	\$ 7,468,806
Total State and Federal Grants	\$ 13,561,157	\$ -	\$ 13,561,157
Total Intergovernmental Revenue	\$ 28,043,509	\$ 595	\$ 28,044,104

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 301,470
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	<u>523,681</u>
Total U.S. Department of Agriculture		<u>\$ 825,151</u>
U.S. Department of Justice		
Direct Bulletproof Vest Partnership Program	16.607	<u>\$ 1,790</u>
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	\$ 1,247,067
Passed Through Minnesota Department of Natural Resources Highway Planning and Construction Cluster Recreational Trails Program	20.219	85,578
Passed Through Minnesota Department of Public Safety State and Community Highway Safety	20.600	<u>6,692</u>
Total U.S. Department of Transportation		<u>\$ 1,339,337</u>
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Health Public Health Emergency Preparedness Universal Newborn Hearing Screening Immunization Cooperative Agreements Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$938,687) Maternal and Child Health Services Block Grant to the States	93.069 93.251 93.268 93.558 93.994	\$ 33,916 1,100 4,430 75,354 55,694

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services (Continued)		
Passed Through Minnesota Department of Human Services		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	20,637
Promoting Safe and Stable Families	93.556	13,639
Temporary Assistance for Needy Families	93.558	863,333
(Total Temporary Assistance for Needy Families 93.558 \$938,687)		
Child Support Enforcement	93.563	1,089,850
Refugee and Entrant Assistance - State Administered Programs	93.566	2,676
Child Care and Development Block Grant	93.575	46,927
Stephanie Tubbs Jones Child Welfare Services Program	93.645	8,988
Foster Care-Title IV-E	93.658	424,977
Social Services Block Grant	93.667	330,216
Chafee Foster Care Independence Program	93.674	8,497
Children's Health Insurance Program	93.767	228
Medical Assistance Program	93.778	1,750,020
Money Follows the Person Rebalancing Demonstration	93.791	3,025
Block Grants for Community Mental Health Services	93.958	4,223
Total U.S. Department of Health and Human Services		\$ 4,737,730
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety		
Boating Safety Financial Assistance	97.012	\$ 46,642
Emergency Management Performance Grants	97.042	88,936
Homeland Security Grant Program	97.067	22,398
Total U.S. Department of Homeland Security		\$ 157,976
Total Federal Awards		\$ 7,061,984

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Crow Wing County. The County's reporting entity is defined in Note I.A. to the financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Crow Wing County under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Crow Wing County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Crow Wing County.

3. Summary of Significant Accounting Policies

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

4. Clusters

Clusters of programs are groupings of closely related programs that share common compliance requirements. The total expenditures for the Highway Planning and Construction Cluster was \$1,332,645.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

5. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 7,468,806
<hr/>	
Grants received more than 60 days after year-end, deferred in 2014	
Highway Planning and Construction	21,423
Temporary Assistance for Needy Families	17,372
Child Care and Development Block Grant	3,711
Emergency Management Performance Grants	43,973
<hr/>	
Deferred in 2013, recognized as revenue in 2014	
Temporary Assistance for Needy Families	(136,080)
Child Care and Development Block Grant	(3,938)
Foster Care-Title IV-E	(24,869)
Medical Assistance Program	(308,115)
Block Grants for Community Mental Health Services	(10,941)
Homeland Security Grant Program	<u>(9,358)</u>
Expenditures Per Schedule of Federal Awards	<u>\$ 7,061,984</u>

6. Subrecipients

Of the expenditures presented in the schedule, Crow Wing County provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
20.219	Recreational Trails Program	\$ 85,578
20.600	State and Community Highway Safety	<u>6,692</u>
	Total	<u>\$ 92,270</u>

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Statistical Section

This part of Crow Wing County's Comprehensive Annual Financial Report presents detailed information to provide context in understanding the financial statements, note disclosures, and required supplementary information. All portions of this report should be considered when examining the County's overall financial health.

	Page
FINANCIAL TRENDS	
Net Position by Component	106
Changes in Net Position	108
Fund Balances, Governmental Funds	112
Changes in Fund Balances, Governmental Funds	114
REVENUE CAPACITY	
Assessed Value and Estimated Actual Value of Taxable Property	116
Direct and Overlapping Property Tax Rates	118
Principal Property Taxpayers	119
Property Tax Levies and Collections	120
DEBT CAPACITY	
Ratios of Outstanding Debt by Type	121
Ratios of Net General Bonded Debt Outstanding	122
Direct and Overlapping Governmental Activities Debt	123
Legal Debt Margin Information	124
DEMOGRAPHIC AND ECONOMIC INFORMATION	
Demographic and Economic Statistics	126
Principal Employers	127
OPERATING INFORMATION	
Full-Time Equivalent County Government Employees by Function/Program	128
Operating Indicators by Function/Program	130
Capital Asset Statistics by Function/Program	132

Financial Trends schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

CROW WING COUNTY
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 74,204,210	\$ 76,199,218	\$ 85,314,269	\$ 91,545,696
Restricted	7,650,813	9,303,777	10,659,184	18,241,947
Unrestricted	29,298,690	36,669,307	40,462,702	36,176,588
Total governmental activities net position	<u><u>\$ 111,153,713</u></u>	<u><u>\$ 122,172,302</u></u>	<u><u>\$ 136,436,155</u></u>	<u><u>\$ 145,964,231</u></u>
Business-type activities				
Net investment in capital assets	\$ 2,206,100	\$ 2,722,007	\$ 4,088,810	\$ 5,302,538
Restricted	-	-	-	-
Unrestricted	8,732,849	8,610,686	7,690,373	5,711,395
Total business-type activities net position	<u><u>\$ 10,938,949</u></u>	<u><u>\$ 11,332,693</u></u>	<u><u>\$ 11,779,183</u></u>	<u><u>\$ 11,013,933</u></u>
Primary government				
Net investment in capital assets	\$ 76,410,310	\$ 78,921,225	\$ 89,403,079	\$ 96,848,234
Restricted	7,650,813	9,303,777	10,659,184	18,241,947
Unrestricted	38,031,539	45,279,993	48,153,075	41,887,983
Total primary governments activities net position	<u><u>\$ 122,092,662</u></u>	<u><u>\$ 133,504,995</u></u>	<u><u>\$ 148,215,338</u></u>	<u><u>\$ 156,978,164</u></u>

(Unaudited)

Fiscal Year

2009	2010	2011	2012	Restated	2013	2014
\$ 102,145,334	\$ 110,096,199	\$ 111,954,940	\$ 132,167,372	\$ 137,032,435	\$ 146,262,282	
17,449,360	13,172,796	16,532,198	14,924,912	15,100,842	14,440,695	
35,278,917	43,336,787	45,124,298	46,594,361	43,888,807	40,448,984	
\$ 154,873,611	\$ 166,605,782	\$ 173,611,436	\$ 193,686,645	\$ 196,022,084	\$ 201,151,961	
\$ 5,300,525	\$ 4,965,555	\$ 4,985,481	\$ 4,601,273	\$ 4,137,889	\$ 3,714,862	
-	-	-	-	1,823,923	1,678,777	
5,335,081	6,282,130	6,467,921	7,127,230	6,358,525	7,138,379	
\$ 10,635,606	\$ 11,247,685	\$ 11,453,402	\$ 11,728,503	\$ 12,320,337	\$ 12,532,018	
\$ 107,445,859	\$ 115,061,754	\$ 116,940,421	\$ 136,768,645	\$ 141,170,324	\$ 149,977,144	
17,449,360	13,172,796	16,532,198	14,924,912	16,924,765	16,119,472	
40,613,998	49,618,917	51,592,219	53,721,591	50,247,332	47,587,363	
\$ 165,509,217	\$ 177,853,467	\$ 185,064,838	\$ 205,415,148	\$ 208,342,421	\$ 213,683,979	

(Unaudited)

CROW WING COUNTY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
Governmental activities				
General government	\$ 10,119,770	\$ 12,154,588	\$ 10,997,997	\$ 13,134,027
Public safety	9,639,617	11,702,501	10,143,212	13,401,676
Highways and streets	7,760,742	6,893,138	3,665,519	6,338,643
Sanitation	-	-	-	257,754
Human services	17,782,967	18,616,333	20,714,263	22,308,975
Health	1,982,727	1,757,764	1,963,829	2,636,852
Culture and recreation	722,320	822,625	747,101	688,957
Conservation of natural resources	1,503,147	444,774	2,109,881	1,551,623
Economic development	-	-	-	-
Interest	2,790,174	2,602,638	2,671,422	2,483,087
Total governmental activities expenses	<u>\$ 52,301,464</u>	<u>\$ 54,994,361</u>	<u>\$ 53,013,224</u>	<u>\$ 62,801,594</u>
Business-type activities				
Solid waste	\$ 1,355,304	\$ 1,553,355	\$ 1,441,434	\$ 2,832,091
Total primary governments activities expenses	<u>\$ 53,656,768</u>	<u>\$ 56,547,716</u>	<u>\$ 54,454,658</u>	<u>\$ 65,633,685</u>
Program Revenues				
Governmental activities				
Charge for services:				
General government	\$ 2,111,830	\$ 2,367,212	\$ 2,173,889	\$ 1,982,857
Public safety	1,109,738	2,250,647	1,253,879	2,595,331
Highways and streets	521,201	741,873	512,519	388,192
Human services	821,101	1,454,321	2,090,933	1,732,921
Health	486,550	554,011	798,784	534,839
Culture and recreation	200	-	-	-
Conservation of natural resources	768,725	978,888	11,292	445,991
Economic development	-	-	-	-
Operating grants and contributions	15,423,277	14,780,116	16,477,875	18,571,295
Capital grants and contributions	7,592,536	4,776,489	4,263,750	6,129,559
Total governmental activities program revenues	<u>\$ 28,835,158</u>	<u>\$ 27,903,557</u>	<u>\$ 27,582,921</u>	<u>\$ 32,380,985</u>
Business-type activities				
Charges for services:				
Solid Waste	\$ 2,029,358	\$ 1,781,755	\$ 1,681,951	\$ 2,046,074
Total primary governments activities program revenues	<u>\$ 30,864,516</u>	<u>\$ 29,685,312</u>	<u>\$ 29,264,872</u>	<u>\$ 34,427,059</u>
Net (Expense) Revenue				
Governmental activities	\$ (23,466,306)	\$ (27,090,804)	\$ (25,430,303)	\$ (30,420,609)
Business-type activities	674,054	228,400	240,517	(786,017)
Total primary government net expense	<u>\$ (22,792,252)</u>	<u>\$ (26,862,404)</u>	<u>\$ (25,189,786)</u>	<u>\$ (31,206,626)</u>

(Unaudited)

Fiscal Year

2009		2010		2011		2012		Restated 2013		2014	
\$ 13,248,631	\$ 12,871,344	\$ 12,969,897	\$ 12,956,270	\$ 13,436,948	\$ 16,542,474						
13,306,812	13,036,830	13,825,942	13,437,415	17,320,145	14,045,336						
6,931,810	6,919,926	8,380,127	7,008,995	8,871,390	9,130,552						
137,056	147,328	28,694	-	-	-						
20,835,333	20,416,383	21,153,044	20,570,268	20,173,438	20,730,571						
1,684,446	1,684,246	1,741,968	1,555,816	1,504,136	1,448,443						
634,334	684,631	647,975	669,106	683,872	741,199						
1,579,069	1,342,948	1,271,937	1,589,004	1,755,941	1,994,144						
115,240	217,807	352,710	-	-	-						
2,313,711	2,153,652	1,973,785	1,928,665	763,965	1,214,835						
\$ 60,786,442	\$ 59,475,095	\$ 62,346,079	\$ 59,715,539	\$ 64,509,835	\$ 65,847,554						
\$ 2,263,577	\$ 1,631,721	\$ 2,070,766	\$ 2,131,373	\$ 1,703,792	\$ 1,981,974						
\$ 63,050,019	\$ 61,106,816	\$ 64,416,845	\$ 61,846,912	\$ 66,213,627	\$ 67,829,528						
\$ 1,961,517	\$ 1,858,545	\$ 1,675,797	\$ 1,829,766	\$ 1,851,275	\$ 1,826,772						
1,924,364	1,927,995	1,440,474	1,586,547	2,177,386	2,608,265						
429,446	496,205	497,846	589,297	429,836	336,177						
1,658,340	1,647,435	2,052,157	2,030,299	1,227,820	1,786,393						
432,704	471,753	300,551	257,855	233,016	157,675						
-	-	-	-	-	-						
1,398,724	1,461,012	1,505,233	1,421,929	1,674,068	2,368,173						
621	2,691	8,599	11,497	13,252	13,656						
17,868,108	23,131,686	18,684,965	19,091,574	19,929,435	21,384,878						
4,869,920	1,362,606	4,526,177	13,883,256	903,557	1,232,623						
\$ 30,543,744	\$ 32,359,928	\$ 30,691,799	\$ 40,702,020	\$ 28,439,645	\$ 31,714,612						
\$ 1,857,324	\$ 1,989,639	\$ 1,920,174	\$ 2,064,133	\$ 1,986,447	\$ 2,132,298						
\$ 32,401,068	\$ 34,349,567	\$ 32,611,973	\$ 42,766,153	\$ 30,426,092	\$ 33,846,910						
\$ (30,242,698)	\$ (27,115,167)	\$ (31,654,280)	\$ (19,013,519)	\$ (36,070,190)	\$ (34,132,942)						
(406,253)	357,918	(150,592)	(67,240)	282,655	150,324						
\$ (30,648,951)	\$ (26,757,249)	\$ (31,804,872)	\$ (19,080,759)	\$ (35,787,535)	\$ (33,982,618)						

(Continued)

(Unaudited)

CROW WING COUNTY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(accrual basis of accounting)
(Continued)

	Fiscal Year			
	2005	2006	2007	2008
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 26,498,197	\$ 29,932,221	\$ 32,567,627	\$ 33,326,555
Mortgage registry and deed tax	146,693	126,037	111,772	82,488
Payments in lieu of tax	190,000	311,650	330,606	335,672
Unrestricted grants and contributions	4,714,976	4,657,577	4,208,641	4,051,908
Investment income	2,075,010	2,173,885	2,154,085	1,220,736
Miscellaneous	1,889,873	907,866	306,821	763,319
Gain on sale of capital assets	191,507	157	14,604	2,533
Transfers	11,324	-	-	150,000
Total governmental activities	<u>\$ 35,717,580</u>	<u>\$ 38,109,393</u>	<u>\$ 39,694,156</u>	<u>\$ 39,933,211</u>
Business-type activities:				
Unrestricted grants and contributions	\$ 595	\$ 595	\$ 595	\$ 595
Investment income	104,887	164,749	205,378	170,172
Transfers	(11,324)	-	-	(150,000)
Total business-type activities	<u>\$ 94,158</u>	<u>\$ 165,344</u>	<u>\$ 205,973</u>	<u>\$ 20,767</u>
Total primary government	<u>\$ 35,811,738</u>	<u>\$ 38,274,737</u>	<u>\$ 39,900,129</u>	<u>\$ 39,953,978</u>
Change in Net Position				
Governmental activities	\$ 12,251,274	\$ 11,018,589	\$ 14,263,853	\$ 9,512,602
Business-type activities	768,212	393,744	446,490	(765,250)
Total primary government	<u>\$ 13,019,486</u>	<u>\$ 11,412,333</u>	<u>\$ 14,710,343</u>	<u>\$ 8,747,352</u>

(Unaudited)

Fiscal Year

		Restated									
2009		2010		2011		2012		2013		2014	
\$	34,566,755	\$	35,585,536	\$	35,213,383	\$	35,814,571	\$	35,488,689	\$	35,541,480
	79,515		71,796		65,367		86,114		92,199		72,421
	355,232		360,402		429,856		429,758		515,879		505,570
	3,170,952		2,065,541		2,071,218		1,293,122		2,261,079		2,570,579
	432,122		329,226		255,744		201,695		(33,980)		348,758
	468,808		532,861		830,054		610,553		331,763		224,011
	29,799		51,976		44,312		17,915		-		-
	48,895		(150,000)		(250,000)		(250,000)		(250,000)		-
\$	<u>39,152,078</u>	\$	<u>38,847,338</u>	\$	<u>38,659,934</u>	\$	<u>38,203,728</u>	\$	<u>38,405,629</u>	\$	<u>39,262,819</u>
\$	595	\$	595	\$	595	\$	595	\$	595	\$	595
	76,226		103,566		105,714		91,746		58,584		60,762
	(48,895)		150,000		250,000		250,000		250,000		-
\$	<u>27,926</u>	\$	<u>254,161</u>	\$	<u>356,309</u>	\$	<u>342,341</u>	\$	<u>309,179</u>	\$	<u>61,357</u>
\$	<u>39,180,004</u>	\$	<u>39,101,499</u>	\$	<u>39,016,243</u>	\$	<u>38,546,069</u>	\$	<u>38,714,808</u>	\$	<u>39,324,176</u>
\$	8,909,380	\$	11,732,171	\$	7,005,654	\$	19,190,209	\$	2,335,439	\$	5,129,877
	(378,327)		612,079		205,717		275,101		591,834		211,681
\$	<u>8,531,053</u>	\$	<u>12,344,250</u>	\$	<u>7,211,371</u>	\$	<u>19,465,310</u>	\$	<u>2,927,273</u>	\$	<u>5,341,558</u>

(Unaudited)

CROW WING COUNTY
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Prior to GASB No. 54 ¹				
Reserved	\$ 1,004,104	\$ 1,576,775	\$ 2,009,719	\$ 1,901,869
Unreserved	9,427,279	11,313,481	13,023,707	12,599,535
After GASB No. 54 ¹				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u><u>\$ 10,431,383</u></u>	<u><u>\$ 12,890,256</u></u>	<u><u>\$ 15,033,426</u></u>	<u><u>\$ 14,501,404</u></u>
All Other Governmental Funds				
Prior to GASB No. 54 ¹				
Reserved	\$ 23,966,676	\$ 11,158,029	\$ 9,483,137	\$ 10,546,957
Unreserved, reported in:				
Special revenue funds	13,496,431	10,608,225	10,635,577	14,609,380
Capital projects funds	(6,012,043)	1,277,973	1,646,604	-
Permanent funds	37,094	56,733	67,939	94,796
After GASB No. 54 ¹				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u><u>\$ 31,488,158</u></u>	<u><u>\$ 23,100,960</u></u>	<u><u>\$ 21,833,257</u></u>	<u><u>\$ 25,251,133</u></u>

¹The Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented in 2011. Statement #54 recategorized fund balances going from two to five classifications with different requirements and parameters. There are no parallel classifications between categories of reserved or unreserved and the GASB #54 categories.

(Unaudited)

(Unaudited)

CROW WING COUNTY
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
REVENUES					
Taxes	\$ 26,515,870	\$ 29,914,424	\$ 32,513,013	\$ 32,954,120	\$ 34,097,022
Special assessments	567,024	622,979	587,451	605,518	567,540
Licenses and permits	1,803,766	1,620,527	1,249,699	1,358,075	1,157,359
Intergovernmental	22,698,458	21,479,244	23,592,755	27,121,712	23,908,450
Charges for services	3,754,756	4,039,735	4,547,917	5,419,686	4,810,137
Fines and forfeits	30,057	27,393	25,296	70,315	32,333
Gifts and contributions	18,004	25,566	8,322	18,622	7,187
Investment earnings	2,078,260	2,181,836	2,022,166	1,258,520	633,165
Sales	565,775	645,984	845,727	552,183	199,987
Miscellaneous	3,719,824	5,084,321	3,892,676	4,090,252	3,018,342
Total Revenues	<u>\$ 61,751,794</u>	<u>\$ 65,642,009</u>	<u>\$ 69,285,022</u>	<u>\$ 73,449,003</u>	<u>\$ 68,431,522</u>
EXPENDITURES					
Current					
General government	\$ 10,774,790	\$ 12,920,188	\$ 12,949,412	\$ 13,655,774	\$ 12,454,136
Public safety	9,438,583	10,238,899	11,224,627	12,124,320	12,091,853
Highways and streets	9,990,847	7,751,815	10,103,893	11,107,380	13,339,626
Sanitation	-	-	-	257,754	187,580
Human services	17,859,379	18,658,373	21,819,741	21,322,603	19,144,184
Health	1,973,014	1,790,919	1,928,209	2,545,258	1,657,571
Culture and recreation	707,584	807,769	920,117	690,877	681,727
Conservation of natural resources	1,484,834	1,580,325	1,623,210	1,589,026	1,810,697
Economic development	-	-	-	3,800	115,240
Capital outlay ¹	33,701,146	15,294,595	1,994,898	1,133,905	664,806
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Human services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-
Intergovernmental					
Highways and streets	-	-	-	259,407	282,963
Debt service					
Principal	1,328,000	3,223,000	3,290,650	3,433,300	5,273,300
Interest	2,880,690	2,623,903	2,647,964	2,527,365	2,326,427
Bond issuance costs	-	31,089	-	-	29,550
Payment to refunded bond escrow agent	-	-	-	-	-
Administrative charges	29,758	10,176	4,350	2,915	1,671
Total Expenditures	<u>\$ 90,168,625</u>	<u>\$ 74,931,051</u>	<u>\$ 68,507,071</u>	<u>\$ 70,653,684</u>	<u>\$ 70,061,331</u>
Excess of revenues over (under) expenditures	<u>\$ (28,416,831)</u>	<u>\$ (9,289,042)</u>	<u>\$ 777,951</u>	<u>\$ 2,795,319</u>	<u>\$ (1,629,809)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 406,324	\$ 5,129,951	\$ 11,954	\$ 1,622,955	\$ 1,092,184
Transfers out	(395,000)	(5,129,951)	(11,954)	(1,472,955)	(1,092,184)
Discount on bonds/notes issued	-	-	-	-	-
Refunding bonds issued	-	-	-	-	2,221,098
Bonds and notes issued	-	3,210,000	-	-	1,138,902
Payment to refunded bond escrow agent	-	-	-	-	-
Premium on bonds/notes issued	-	6,069	-	-	49,428
Proceeds from sale of capital assets	222,611	157	14,604	2,533	29,799
Compensation for loss of capital assets	-	-	-	50,025	36,996
Total Other Financing Sources (Uses)	<u>\$ 233,935</u>	<u>\$ 3,216,226</u>	<u>\$ 14,604</u>	<u>\$ 202,558</u>	<u>\$ 3,476,223</u>
Net Change in Fund Balances	<u>\$ (28,182,896)</u>	<u>\$ (6,072,816)</u>	<u>\$ 792,555</u>	<u>\$ 2,997,877</u>	<u>\$ 1,846,414</u>
Debt service as a percentage of noncapital expenditures	8.1%	10.1%	10.6%	9.7%	12.8%

¹Beginning with the 2013 Comprehensive Annual Financial Statement, the County reported capital outlay by function.

Fiscal Year

2010	2011	2012	Restated 2013	2014
\$ 35,641,804	\$ 35,501,017	\$ 36,054,509	\$ 35,764,319	\$ 35,692,434
594,613	596,915	609,522	609,115	613,607
1,181,471	1,055,128	1,287,873	1,048,897	1,073,536
26,628,793	23,389,156	34,811,026	21,373,104	28,043,509
5,413,339	4,825,317	4,998,184	5,640,717	5,883,900
48,453	96,562	82,796	58,800	41,724
27,201	25,654	25,145	48,129	31,681
441,877	354,183	253,954	11,981	364,783
161,048	174,159	166,959	131,836	364,344
2,712,556	3,784,059	3,385,313	3,251,407	2,728,398
\$ 72,851,155	\$ 69,802,150	\$ 81,675,281	\$ 67,938,305	\$ 74,837,916
\$ 12,003,338	\$ 12,159,749	\$ 12,232,650	\$ 12,492,804	\$ 13,828,033
11,773,055	13,118,501	13,599,885	12,636,973	12,605,736
13,420,833	8,729,183	11,255,631	6,189,673	6,579,224
116,827	-	-	-	-
20,561,887	20,298,268	19,519,474	19,321,787	20,762,422
1,768,773	1,793,644	1,452,535	1,429,224	1,410,744
894,537	728,832	716,183	667,685	727,300
1,660,163	1,628,504	13,110,749	1,897,142	2,276,905
217,807	352,710	-	-	-
885,952	585,517	1,223,403	-	-
-	-	-	382,325	443,895
-	-	-	957,440	1,004,799
-	-	-	5,028,125	8,707,930
-	-	-	31,068	47,000
-	-	-	-	25,211
-	-	-	91,538	57,229
303,523	330,466	350,996	360,631	331,178
5,430,950	3,618,600	3,786,400	2,372,450	4,432,750
2,230,621	2,026,341	1,885,639	923,233	1,421,596
22,860	-	-	124,981	-
-	-	-	4,943,110	-
5,175	2,313	4,288	2,538	850
\$ 71,296,301	\$ 65,372,628	\$ 79,137,833	\$ 69,852,727	\$ 74,662,802
\$ 1,554,854	\$ 4,429,522	\$ 2,537,448	\$ (1,914,422)	\$ 175,114
\$ 1,562,546	\$ 3,004,178	\$ 1,652,782	\$ 9,381,540	\$ 122,772
(1,712,546)	(3,254,178)	(1,902,782)	(9,631,540)	(122,772)
(15,929)	-	-	-	-
1,770,000	-	-	29,520,000	-
-	-	-	-	-
-	-	-	(33,061,540)	-
-	-	-	3,669,102	-
51,976	44,312	17,915	-	-
-	-	-	-	-
\$ 1,656,047	\$ (205,688)	\$ (232,085)	\$ (122,438)	\$ -
\$ 3,210,901	\$ 4,223,834	\$ 2,305,363	\$ (2,036,860)	\$ 175,114

12.6% 9.2% 9.8% 5.2% 9.1%

(Unaudited)

CROW WING COUNTY
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Assessment Year Ended December 31	Payable Year Ended December 31 (1)	Residential Homestead Property	Residential Non - Homestead Property	Commercial Industrial Property	Agricultural Property	Commercial Residential Seasonal/Rec. Property
2004	2005	\$ 29,824,465 41.04%	4,167,052 5.73	12,925,106 17.79	2,915,662 4.01	23,503,851 32.35
2005	2006	\$ 34,237,468 40.53%	4,933,460 5.84	14,579,399 17.26	3,396,866 4.02	27,841,133 32.95
2006	2007	\$ 39,037,994 39.77%	5,962,523 6.07	16,473,487 16.78	3,912,807 3.99	33,269,446 33.90
2007	2008	\$ 43,991,499 39.05%	6,808,851 6.04	17,913,024 15.90	4,589,712 4.07	39,803,512 35.34
2008	2009	\$ 46,591,700 37.78%	7,565,931 6.14	18,049,019 14.64	5,089,194 4.13	46,460,002 37.68
2009	2010	\$ 47,776,496 36.80%	7,995,948 6.16	18,388,161 14.16	5,729,136 4.41	50,522,580 38.91
2010	2011	\$ 44,123,956 36.62%	7,365,485 6.11	17,118,660 14.21	7,165,335 5.95	45,008,661 37.35
2011	2012	\$ 37,437,781 34.63%	6,904,894 6.39	15,857,928 14.67	6,370,119 5.89	41,372,915 38.26
2012	2013	\$ 34,920,502 34.39%	6,380,632 6.28	15,661,644 15.42	5,773,778 5.69	38,655,486 38.07
2013	2014	\$ 33,817,682 34.36%	6,193,124 6.29	15,357,315 15.60	5,449,292 5.54	37,448,265 38.04

Source: Crow Wing County Auditor-Treasurer's Office, Taxpayer Services Division

(1)Applicable taxes are collectible in the subsequent year.

(2)Total direct tax rate shown is for the payable year.

(3)Property estimated market value is for the assessment year indicated.

(Unaudited)

Other Property	Personal Property	Less: Tax Incremented Financing	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Taxable Value (3)	Assessed Value as a Percentage of Actual Value
52,928 0.07	754,496 1.04	1,478,434 (2.03)	\$ 72,665,126 100.00%	38.717%	\$ 6,754,573,830	1.076%
213,399 0.25	806,671 0.95	1,524,267 (1.80)	\$ 84,484,129 100.00%	37.275%	\$ 7,838,204,800	1.078%
258,162 0.26	829,133 0.84	1,589,950 (1.61)	\$ 98,153,602 100.00%	34.001%	\$ 9,068,693,000	1.082%
281,501 0.25	841,746 0.75	1,588,915 (1.40)	\$ 112,640,930 100.00%	30.499%	\$ 10,393,020,600	1.084%
282,973 0.23	829,288 0.67	1,558,076 (1.27)	\$ 123,310,031 100.00%	28.568%	\$ 11,434,134,100	1.078%
271,191 0.21	939,529 0.72	1,790,113 (1.37)	\$ 129,832,928 100.00%	28.029%	\$ 12,018,042,400	1.080%
251,534 0.21	1,040,146 0.86	1,576,387 (1.31)	\$ 120,497,390 100.00%	29.785%	\$ 11,189,135,100	1.077%
224,307 0.21	1,071,195 0.99	1,115,686 (1.04)	\$ 108,123,453 100.00%	32.408%	\$ 10,013,341,000	1.080%
209,522 0.21	1,074,665 1.06	1,139,183 (1.12)	\$ 101,537,046 100.00%	34.342%	\$ 9,399,678,500	1.080%
185,960 0.19	1,121,697 1.14	1,139,339 (1.16)	\$ 98,433,996 100.00%	35.269%	\$ 9,121,473,200	1.079%

(Unaudited)

CROW WING COUNTY
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

	Year Taxes Are Payable									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
County Direct Rates										
General revenue	18.298 %	18.911 %	17.113 %	15.229 %	13.938 %	13.468 %	14.515 %	15.398 %	17.422 %	18.303 %
Road and bridge	3.357	3.084	2.791	2.911	3.022	3.081	3.357	3.621	3.835	3.904
Community services	8.235	7.678	7.246	6.367	6.147	6.375	6.595	7.101	6.412	6.344
Capital Projects	-	-	-	-	-	-	-	1.742	1.855	0.917
Bonded debt	7.912	6.776	6.096	5.311	4.822	4.510	4.674	3.874	4.115	5.100
Transit system	0.089	0.065	0.055	0.042	0.045	0.028	0.030	0.033	0.034	0.036
Airport bonds	0.159	0.137	0.119	0.103	0.094	0.087	0.101	0.098	0.103	0.101
Library	0.667	0.624	0.581	0.536	0.500	0.480	0.513	0.541	0.566	0.564
Total direct rate	<u>38.717</u> %	<u>37.275</u> %	<u>34.001</u> %	<u>30.499</u> %	<u>28.568</u> %	<u>28.029</u> %	<u>29.785</u> %	<u>32.408</u> %	<u>34.342</u> %	<u>35.269</u> %
Cities										
Baxter	40.304 %	40.555 %	41.245 %	41.043 %	42.175 %	43.975 %	48.422 %	51.474 %	53.613 %	54.563 %
Brainerd	42.756	42.763	42.689	44.649	44.487	45.839	48.003	54.540	58.941	64.879
Breezy Point	46.996	41.422	32.182	31.405	32.968	33.137	33.895	39.281	42.202	44.389
Crosby	116.095	114.915	114.471	102.139	99.019	99.464	102.835	123.070	123.670	121.245
Crosslake	26.997	24.928	22.093	19.629	18.272	17.516	19.496	21.287	22.900	23.824
Cuyuna	47.009	50.544	43.730	37.341	34.738	33.680	37.081	49.064	54.002	57.443
Deerwood	72.696	75.194	84.007	74.138	69.664	70.807	74.769	88.211	92.043	92.880
Emily	34.856	32.944	28.208	28.479	27.815	25.747	27.813	30.934	35.833	40.146
Fifty Lakes	30.867	31.725	28.981	24.113	21.252	19.639	21.635	24.451	24.177	24.122
Fort Ripley	19.205	18.267	18.497	21.158	22.213	20.665	21.830	24.692	25.063	26.224
Garrison	45.405	42.345	52.298	61.296	52.410	55.249	60.063	66.237	71.709	68.487
Ironton	110.319	104.295	106.172	113.569	105.835	109.463	117.350	161.394	155.436	146.417
Jenkins	64.169	61.521	60.539	49.313	48.755	48.620	49.007	51.425	54.264	56.787
Manhattan Beach	13.870	11.841	14.334	27.924	27.619	23.781	26.365	28.272	26.618	26.541
Nisswa	31.862	26.186	24.598	22.604	20.944	21.253	23.421	26.804	29.058	30.996
Pequot Lakes	79.161	81.083	72.641	66.718	65.014	67.190	69.311	74.466	75.464	71.181
Riverton	73.791	69.977	51.959	51.736	51.096	48.660	47.316	54.056	43.619	46.641
Trommald	44.028	38.632	35.155	32.208	30.625	30.074	31.137	39.082	44.387	45.947
Townships										
Bay Lake fire district 1	8.303	7.536	6.462	6.519	6.117	5.340	5.404	5.848	5.856	6.148
Bay Lake fire district 2	8.717	7.789	6.671	6.740	6.148	5.398	5.863	6.352	6.419	6.652
Center	18.753	17.999	19.280	16.471	14.414	13.398	13.994	15.826	17.601	17.644
Crow Wing	31.243	35.313	38.053	46.934	28.073	25.617	20.283	20.136	19.725	20.483
Daggett Brook	32.556	29.252	26.390	23.981	21.844	19.421	20.861	25.377	26.528	24.230
Deerwood	12.771	11.234	9.818	10.852	10.532	10.415	10.990	12.412	13.365	15.624
Fairfield	34.157	29.261	24.839	20.358	17.777	16.638	17.378	19.470	20.867	21.821
Fort Ripley	20.161	18.584	15.990	16.240	25.084	17.386	17.013	18.894	20.162	16.907
Gail Lake	10.143	9.281	8.951	7.816	6.919	6.194	6.464	7.042	7.391	10.232
Garrison	17.641	15.532	13.659	11.843	11.593	10.821	11.655	12.603	13.417	13.747
Ideal	10.123	9.259	8.292	8.164	7.577	7.264	8.171	8.750	9.965	10.324
Irondale	47.153	50.457	48.212	42.688	39.803	38.388	40.816	45.381	46.983	51.190
Jenkins	9.562	9.514	8.822	9.859	10.145	10.688	9.521	9.570	13.185	10.784
Lake Edward	14.078	12.285	10.658	9.083	8.125	7.615	7.836	8.866	9.344	9.714
Little Pine	33.061	26.966	25.899	24.403	24.358	21.725	22.355	25.683	25.935	26.908
Long Lake	15.911	14.903	13.433	11.451	10.691	10.019	12.356	14.333	14.595	16.507
Maple Grove	12.593	12.511	10.539	9.519	8.825	8.176	8.806	9.845	11.487	12.763
Mission	14.153	12.441	11.358	11.419	10.425	11.088	13.594	15.198	15.328	17.642
Nokay Lake	25.938	22.637	26.184	22.125	20.401	19.867	21.626	22.811	23.422	25.591
Oak Lawn	19.695	19.050	17.659	17.483	16.765	16.366	17.402	20.023	21.044	21.863
Pelican	12.188	11.198	9.790	8.672	7.459	7.262	8.674	9.295	9.891	9.186
Perry Lake	11.439	9.289	8.243	7.066	6.493	6.095	7.076	8.703	9.678	10.689
Platt Lake	21.453	20.119	18.641	15.682	14.135	12.506	14.257	16.560	17.466	18.115
Rabbit Lake	32.205	31.027	29.448	26.912	24.203	23.618	26.339	28.977	30.719	30.696
Roosevelt	21.390	20.540	18.420	21.621	21.517	13.369	14.241	17.294	18.759	19.988
Ross Lake fire district 1	13.775	12.265	11.779	7.800 ⁽¹⁾	7.411	7.096	7.456	9.293	9.979	11.309
Ross Lake fire district 2	11.540	10.105	8.896	- ⁽¹⁾	-	-	-	-	-	-
St. Mathias	25.881	25.888	22.161	19.794	22.562	17.122	19.106	20.797	22.251	23.674
Timothy	10.227	8.656	9.137	7.796	6.957	5.898	6.328	5.779	6.294	6.514
Wolford	23.628	19.828	16.787	13.989	12.093	12.003	12.876	13.393	14.355	16.349
Unorganized - Dean Lake	28.522	20.384	17.071	14.947	12.002	10.640	14.794	19.233	27.003	31.214
Unorganized - 1st Asmnt	9.873	8.963	8.480	7.914	7.679	7.665	8.426	8.769	9.551	10.300
School Districts										
001 - Aitkin	3.765	5.375	5.235	4.268	3.650	2.727	2.825	2.868	3.135	3.029
181 - Brainerd	24.324	23.212	22.056	17.875	17.671	20.952	21.820	23.638	24.415	24.952
182 - Crosby	16.041	12.614	12.350	9.974	8.921	11.360	12.364	14.171	14.656	15.452
186 - Pequot Lakes	11.962	12.288	9.539	8.944	8.443	8.590	9.261	12.745	14.667	14.807
480 - Onamia	20.662	17.879	14.126	13.428	12.203	12.412	12.952	18.326	20.246	19.415
482 - Little Falls	15.345	14.971	14.273	12.373	14.473	14.955	12.060	18.237	15.624	14.160
484 - Pierz	22.258	22.693	21.953	15.466	15.598	15.857	15.358	18.383	21.096	21.089
2174 - Pine River	6.975	8.060	6.889	6.312	5.647	4.430	4.544	4.956	5.027	6.332
Special Districts										
Region five	0.150	0.133	0.113	0.102	0.095	0.095	0.106	0.119	0.128	0.133
County HRA	0.083	0.071	0.066	0.057	0.051	0.049	0.053	0.058	0.062	0.064
Cuyuna hospital district	1.643	1.414	1.221	1.044	0.937	0.881	0.938	1.057	1.125	1.181
Thirty lakes watershed	1.603	1.553	1.325	1.326	1.260	1.317	1.191	1.152	-	-
Brainerd HRA	1.220	1.227	1.220	1.226	1.513	1.554	1.671	1.836	1.625	1.677
Pequot Lakes HRA	1.174	1.302	1.158	1.026	0.972	1.031	1.037	1.378	1.399	1.483
Mille Lacs sewer district	14.601	11.299	9.068	7.616	5.921	4.852	8.719	13.577	20.817	21.676

Source: Crow Wing County Auditor-Treasurer's Office, Taxpayer Services Division

(1)Starting Payable 2008 Ross Lake has only one fire district.

(Unaudited)

CROW WING COUNTY
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2014			2005		
	Net Tax Capacity Value	Rank	Percentage of Total Taxable Net Tax Capacity Value	Net Tax Capacity Value	Rank	Percentage of Total Taxable Net Tax Capacity Value
Mills Properties Inc.	\$ 753,531	1	0.76 %	\$ 848,657	1	1.00 %
Minnesota Power and Light	418,247	2	0.42	376,607	2	0.45
Etoc Co. Inc.	405,918	3	0.41	254,566	7	0.30
Great River Energy	348,761	4	0.35			
Xcel Energy	341,860	5	0.34	290,456	5	0.34
Whitebirch Inc.	274,632	6	0.28	338,295	3	0.40
KTJ Limited Partnership (1)	259,918	7	0.26	265,378	6	0.31
Burlington Northern Santa Fe Railroad	251,485	8	0.25			
Crow Wing Coop Power & Light	243,550	9	0.24			
Brainerd Lakes Integrated Health	215,992	10	0.22	254,328	8	0.30
Developers Diversified Realty (2)				292,782	4	0.35
Wal-Mart Stores, Inc.				245,639	9	0.29
Clow Stamping Co.				229,368	10	0.27
Total	<u><u>\$ 3,513,894</u></u>		<u><u>3.53 %</u></u>	<u><u>\$ 3,396,076</u></u>		<u><u>4.01 %</u></u>

Source: Crow Wing County Auditor-Treasurer's Office, Taxpayer Services Division; bonding documents

(1)Previously SUSO 2 Brainerd LP

(2)Previously Westgate Mall Realty Group, LLC

(Unaudited)

CROW WING COUNTY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended <u>December 31</u>	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 25,566,741	\$ 25,141,178	98.34 %	\$ 395,874	\$ 25,537,052	99.88 %
2006	28,875,200	28,343,338	98.16	527,736	28,871,074	99.99
2007	30,782,326	30,132,930	97.89	614,924	30,747,854	99.89
2008	31,899,441	30,994,026	97.16	836,128	31,830,154	99.78
2009	33,005,598	31,836,927	96.46	1,085,615	32,922,542	99.75
2010	34,110,963	33,063,192	96.93	909,562	33,972,754	99.59
2011	33,444,000	32,694,209	97.76	620,487	33,314,696	99.61
2012	34,156,911	33,461,342	97.96	520,849	33,982,191	99.49
2013	34,050,455	33,420,595	98.15	368,445	33,789,040	99.23
2014	34,016,644	33,431,295	98.28	-	33,431,295	98.28

Source: Crow Wing County Auditor-Treasurer's Office, Taxpayer Services Division

(1)The net levy has been adjusted for abatements and additions

(Unaudited)

CROW WING COUNTY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Certificates of Participation	Lease Payable to Component Unit	Capital Lease			
2005	\$ 55,127,580	\$ 150,000	\$ 3,050,000	\$ 1,582,050	\$ 59,909,630	3.57 %	\$ 1,005
2006	55,549,317	75,000	2,730,000	1,529,050	59,883,367	3.33	987
2007	52,711,280	-	2,395,000	1,473,400	56,579,680	2.96	920
2008	49,673,243	-	2,045,000	1,415,100	53,133,343	2.69	855
2009	49,888,650	-	-	1,356,800	51,245,450	2.59	822
2010	46,245,061	-	-	1,295,850	47,540,911	2.30	759
2011	41,778,708	-	-	1,232,250	43,010,958	2.01	686
2012	38,045,839	-	-	1,097,100	39,142,939	1.77	622
2013	33,636,404	-	-	1,009,650	34,646,054	1.52	548
2014	28,740,498	-	-	916,900	29,657,398	(2)	469

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1)See Demographic and Economics Statistics schedule for population and personal income data.

(2)Personal income data for 2014 is unavailable at this time.

(Unaudited)

CROW WING COUNTY
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)			Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita
				Total		
2005	\$ 55,127,580	\$ 3,075,000	\$ 52,052,580		0.77 %	\$ 873
2006	55,549,317	3,140,000	52,409,317		0.67	864
2007	52,711,280	3,355,000	49,356,280		0.54	803
2008	49,673,243	3,515,000	46,158,243		0.44	742
2009	49,888,650	3,640,000	46,248,650		0.40	742
2010	46,245,061	3,713,400	42,531,661		0.35	679
2011	41,778,708	3,790,000	37,988,708		0.34	606
2012	38,045,839	2,360,000	35,685,839		0.36	567
2013	33,636,404	4,415,000	29,221,404		0.31	462
2014	28,740,498	3,890,000	24,850,498		0.27	393

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Net of original issuance discounts and premiums

(2) This is the amount restricted for debt service principal payments

(3) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property

(Unaudited)

CROW WING COUNTY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct debt			
Crow Wing County	<u>\$ 28,740,498</u>	100.000 %	<u>\$ 28,740,498</u>
Overlapping debt			
School district 1 - Aitkin	\$ 1,000,000	6.747 %	\$ 67,470
School district 181 - Brainerd	68,735,000	85.117	58,505,170
School district 182 - Crosby	15,400,000	99.998	15,399,692
School district 186 - Pequot Lakes	46,535,000	95.684	44,526,549
School district 480 - Onamia	11,488,000	20.648	2,372,042
School district 482 - Little Falls	10,750,000	0.039	4,193
School district 484 - Pierz	360,000	0.367	1,321
School district 2174 - Pine River-Backus	4,831,778	43.115	2,083,221
Garrison-Kathio-West Mille Lacs Lake Sanitary Sewer District	<u>6,217,000</u>	62.882	<u>3,909,374</u>
Total overlapping debt	<u>\$ 165,316,778</u>		<u>\$ 126,869,032</u>
Total debt	<u>\$ 194,057,276</u>		<u>\$ 155,609,530</u>

Source: Crow Wing County Auditor-Treasurer's Office, Taxpayer Services Division; 2014 Bonded Indebtedness Reporting

(1) Applicable percentages were estimated by determining the portion of the governmental unit's net tax capacity that is within the County's boundaries and dividing it by each unit's total net tax capacity.

(Unaudited)

CROW WING COUNTY
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year			
	2005	2006	2007	2008
Market value of taxable property	\$ 6,754,573,830	\$ 7,838,204,800	\$ 9,068,693,000	\$ 10,393,020,600
Debt limit (2% of market value) (3% after 2007)	\$ 135,091,477	\$ 156,764,096	\$ 272,060,790	\$ 311,790,618
Debt applicable to limit:				
General obligation bonds	\$ 55,675,000	\$ 55,890,000	\$ 52,835,000	\$ 49,570,000
Less: Amount set aside for repayment of general obligation debt	<u>(2,632,350)</u>	<u>(4,424,342)</u>	<u>(4,727,620)</u>	<u>(5,794,287)</u>
Total net debt applicable to limit	<u>\$ 53,042,650</u>	<u>\$ 51,465,658</u>	<u>\$ 48,107,380</u>	<u>\$ 43,775,713</u>
Legal debt margin	<u>\$ 82,048,827</u>	<u>\$ 105,298,438</u>	<u>\$ 223,953,410</u>	<u>\$ 268,014,905</u>
Total net debt applicable to the limit as a percentage of the debt limit	39.26%	32.83%	17.68%	14.04%

Source: Crow Wing County Auditor-Treasurer's Office, Taxpayer Services Division; Comprehensive Annual Financial Report

(Unaudited)

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 11,434,134,100	\$ 12,018,042,400	\$ 11,189,135,100	\$ 10,013,341,000	\$ 9,399,678,500	\$ 9,121,473,200	
\$ 343,024,023	\$ 360,541,272	\$ 335,674,053	\$ 300,400,230	\$ 281,990,355	\$ 273,644,196	
\$ 49,675,000	\$ 46,075,000	\$ 41,778,708	\$ 37,917,500	\$ 30,257,500	\$ 25,917,500	
(5,607,028)	(5,805,426)	(6,018,326)	(4,674,240)	(5,075,811)	(4,454,886)	
\$ 44,067,972	\$ 40,269,574	\$ 35,760,382	\$ 33,243,260	\$ 25,181,689	\$ 21,462,614	
<u>\$ 298,956,051</u>	<u>\$ 320,271,698</u>	<u>\$ 299,913,671</u>	<u>\$ 267,156,970</u>	<u>\$ 256,808,666</u>	<u>\$ 252,181,582</u>	
12.85%	11.17%	10.65%	11.07%	8.93%	7.84%	

(Unaudited)

CROW WING COUNTY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Year	(1) (6) Population	(1) (6) Personal Income	(1) (6) Per Capita Personal Income	(1) (6) Annual Average Labor Force	(3) (6) School Enrollment	(2) (6) Unemployment Rate
2005	59,606	\$ 1,678,535,000	\$ 28,161	32,080	10,172	4.9 %
2006	60,654	1,800,533,000	29,685	32,307	10,150	4.9
2007	61,484	1,909,453,000	31,056	32,719	10,171	5.6
2008	62,178	1,978,644,000	31,822	32,735	10,120	6.9
2009	62,307	1,980,355,000	31,784	33,408	9,753	9.6
2010	62,604	2,065,644,000	32,995	31,976	9,652	9.5
2011	62,659	2,145,051,000	34,234	31,464	9,466	8.7
2012	62,934	2,216,183,000	35,214	30,927	9,501	7.6
2013	63,208	2,273,084,000	35,962	31,420	9,610	6.8
2014	63,208 (5)	- (4)	- (4)	31,353	9,365	5.8

Sources:

- (1) US Department of Commerce, Bureau of Economic Analysis
- (2) Minnesota Department of Employment and Economic Development
- (3) Minnesota Department of Education
- (4) Not available at this time
- (5) State Demographic Center (2014 data not available at this time)
- (6) Annual data is only an estimate and subject to change.

(Unaudited)

**CROW WING COUNTY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2014*			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Essentia Health - Central Region (1)	1,251	1	4.0 %	1,290	2	4.0 %
Independent School District 181	875	2	2.8	1,353	1	4.2
Cuyuna Regional Medical Center	727	3	2.3			
Madden's Inc. (2)	575	4	1.8	492	4	1.5
Grand View Lodge Resort & Spa (2)	540	5	1.7			
Ascensus (3)	500	6	1.6	422	6	1.3
Breezy Point Resort	445	7	1.4			
Crow Wing County	420	8	1.3	465	5	1.4
Wal-Mart Supercenter	417	9	1.3	350	8	1.1
Mills Companies	354	10	1.1	400	7	1.2
Clow Stamping				276	10	0.9
Brainerd Regional Human Services Ctr.				685	3	2.1
Bethany Good Samaritan Village				337	9	1.1
Total	6,104		19.3 %	6,070		18.8 %

Source: Brainerd Lakes Area Economic Development Corporation (BLAEDC), bonding documents.

(1) Formerly owned by St. Joseph's Medical Center; 2005 data combined Brainerd Medical Center.

(2) Employee numbers indicate seasonal peak.

(3) Formerly owned by Universal Pensions & Bisys Retirement Services.

*Some of the data obtained from BLAEDC had not been updated since the prior year.

(Unaudited)

CROW WING COUNTY
FULL-TIME EQUIVALENT COUNTY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Full-Time Equivalent Employees			
	2005	2006	2007	2008
General government	110.0	116.0	119.1	114.8
Public safety	101.0	107.9	119.6	125.7
Highways and streets	39.7	39.5	38.8	37.3
Sanitation	-	-	0.6	0.8
Human services	130.3	134.5	136.1	137.1
Health	28.9	27.3	28.2	28.2
Culture and recreation	3.6	4.0	2.6	0.8
Conservation of natural resources	9.0	9.5	9.2	9.6
Landfill enterprise fund	1.1	1.2	1.3	1.3
Total Full-Time Equivalents	423.6	439.9	455.5	455.6

Source: Crow Wing County Auditor-Treasurer's Office, Financial Services Division

(Unaudited)

Full-Time Equivalent Employees

2009	2010	2011	2012	2013	2014
103.9	98.2	92.1	93.8	95.9	98.1
127.0	121.8	119.5	120.2	122.6	122.1
36.2	39.2	38.2	36.2	36.5	36.8
2.0	1.0	-	-	-	-
134.4	131.5	129.7	129.9	130.0	128.0
22.0	20.3	18.6	17.8	17.0	15.5
0.5	0.3	0.8	0.8	0.7	0.8
9.9	8.1	9.0	8.7	8.8	9.5
<u>1.3</u>	<u>2.0</u>	<u>1.3</u>	<u>1.3</u>	<u>1.2</u>	<u>1.3</u>
<u>437.2</u>	<u>422.4</u>	<u>409.2</u>	<u>408.7</u>	<u>412.7</u>	<u>412.1</u>

(Unaudited)

CROW WING COUNTY
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009
General Government					
Auditor-Treasurer					
Birth Certificates	4,098	4,329	4,472	3,463	3,398
Marriage Licenses	463	484	469	414	441
Marriage Certificates	299	316	250	232	241
Notary Registrations	550	119	113	140	143
Passports	1,829	2,997	3,318	1,659	1,756
Environmental Services					
Township Permits Issued (All Types)	2,522	1,421	1,174	846	759
Information Technology					
Computers Purchased	108	125	114	107	98
Telephones Purchased	260	192	164	3	4
iPads Purchased	-	-	-	-	-
Work Orders Completed	3,447	3,670	4,487	5,443	5,558
Property Valuation & Classification					
Number of Parcels	N/A	N/A	N/A	N/A	81,806
Number of Improved Parcels	38,268	38,686	39,475	N/A	41,371
Number of Personal Property Parcels	1,523	1,605	1,643	1,647	1,419
Number of Exempt Parcels	12,202	12,202	12,202	12,202	9,708
All Property Notices Printed (Except Exempt)	71,699	72,372	72,934	73,152	73,441
Recorder					
Abstract Documents	22,574	20,411	18,987	16,282	17,419
Torrens Documents	7,376	6,161	5,708	5,143	5,480
Warranty Deeds	3,907	3,141	2,605	1,848	2,013
Foreclosures	101	142	231	356	351
Public Safety					
Sheriff					
Part I Crimes	N/A	N/A	464 (1)	523	445
Part II Crimes	N/A	N/A	824 (1)	872	892
Non Reportable Crimes/Incidents	N/A	N/A	9,369 (1)	12,569	16,690
Dispatch					
911 Emergency Calls	N/A	N/A	25,579	27,760	30,148
Jail					
Average Monthly Bookings	N/A	N/A	324 (2)	328	308
Average Monthly Inmate Population	N/A	N/A	144 (2)	160	134
Highways and Streets					
Miles of Overlay	19	10	26	15	8
Miles of Construction	17	5	1	3	6
Tons of Crushing	40,000	-	58,500	-	-
Miles of Crack Sealing	3	3	N/A	13	10
Community Services					
Health					
Family Health Contacts	9,230	8,928	9,342	8,879	9,328
Health Promotion Contacts	3,558	1,384	3,843	4,090	14,547
Disease Prevention & Control Immunizations	N/A	N/A	N/A	N/A	12,417
Community Screenings	N/A	N/A	N/A	N/A	705
Human Services					
Children In/Out of Home Placement	249	204	220	244	237
Persons Receiving DD Waivered Services	158	157	153	155	157
Child Support Cases	3,393	3,431	3,542	3,512	3,604
Financial Assistance Cases	4,020	4,100	4,372	4,768	5,331
Conservation of Natural Resources					
Solid Waste (Non-landfill)					
Solid Waste (Non-landfill) Funded Residential Recycling (Ton)	2,934	3,142	3,650	4,066	4,696
Commercial Recycling (Ton)	43,088	44,916	45,097	35,453	23,051
Solid Waste (Non-landfill) - Problem Material Management					
Hazardous Waste (Ton)	41	46	44	48	41
Electronics (Ton)	131	134	162	137	146
Tires (Each)	9,777	9,197	11,660	8,709	6,984
White Goods (Each)	4,686	4,624	4,434	3,949	4,077
Used Oil (Gallon)	35,991	36,185	32,748	39,070	36,424
Mattresses Recycled (Each)	N/A	768	2,467	2,304	2,251
Sanitation					
Landfill					
Municipal Solid Waste Land filled SW376 (Ton)	43,129	40,477	39,625	36,912	35,545
Industrial Waste Land filled SW376 (Ton)	8,727	6,795	5,875	5,915	3,856
Demolition Waste Land filled SW440 (Cu Yd)	21,480	20,386	13,959	16,950	14,055

Source: Survey of County departments

(1) Due to computer conversion this data is based on 9 1/2 months of data.

(2) Data is from May 2007 when the new facility opened.

N/A - Data not available or not applicable.

(Unaudited)

Fiscal Year				
2010	2011	2012	2013	2014
2,906	2,442	2,560	2,611	2,582
433	411	454	462	405
330	370	356	368	307
397	133	137	131	270
1,400	1,003	916	934	1,038
772	752	991	815	864
103	88	128	63	197
49	19	-	17	1
-	-	-	-	24
5,810	4,160	3,905	3,281	2,245
81,172	81,724	82,100	82,181	82,083
41,863	41,882	42,227	42,414	42,582
1,416	1,408	1,465	1,451	1,396
9,053	8,052	8,705	8,846	9,058
73,468	73,561	73,569	73,548	73,522
16,106	14,846	17,384	16,513	14,181
5,363	4,579	5,588	5,137	4,575
1,757	1,672	1,946	2,114	2,285
388	360	273	192	135
476	614	695	706	406
803	879	834	818	838
16,752	19,610	21,043	22,154	22,791
31,197	31,684	35,176	28,566	33,480
285	277	280	276	297
135	128	137	165	173
8	6	11	11	20
5	6	4	-	8
40,000	-	35,000	3,223	-
40	49	37	17	15
9,432	9,127	8,768	7,839	7,523
17,603	15,069	13,620	9,257	12,817
4,054	3,074	1,772	1,660	532
267	51	42	43	75
227	222	228	185	188
158	159	162	166	163
3,643	3,672	3,779	3,867	3,707
5,623	6,598	6,433	6,030	8,409
4,781	4,679	4,517	4,513	4,871
23,568	23,896	25,687	26,734	39,010
51	50	62	57	58
152	152	144	136	156
7,145	8,461	8,828	6,175	6,393
3,801	3,131	3,025	3,021	3,149
39,890	34,409	36,576	28,324	30,431
2,383	2,286	3,138	3,275	3,645
35,557	35,933	36,563	38,286	40,508
4,295	4,421	4,194	3,555	3,418
13,124	13,880	32,769	12,232	13,714

(Unaudited)

CROW WING COUNTY
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2005	2006	2007	2008
General Government				
Courthouse	1	1	1	1
Judicial Center	N/A	N/A	1	1
Motor Pool Vehicles	6	7	7	-
Public Safety				
Vehicles	80	82	83	82
Jails	2	2	1	1
Emergency Operations Center	1	1	1	1
Highways and Streets				
Vehicles	77	77	77	70
Graders, Loaders and Heavy Trucks	31	31	31	31
Miles of County Roads	180	180	182	182
Miles of County State Aid Highways	378	380	380	380
Garage and Storage Buildings	9	12	12	12
Sanitation				
Demolition Landfills	2	2	2	2
Community Services				
Office Buildings	1	1	1	1
Culture and Recreation				
Parks	4	4	4	4
Accesses	17	17	17	17
Recreational Trails	2	2	2	2

Source: Crow Wing County Auditor-Treasurer's Office, Financial Services Division

N/A - Data not applicable or not available.

(Unaudited)

Fiscal Year					
2009	2010	2011	2012	2013	2014
1	1	1	1	1	1
1	1	1	1	1	1
-	-	-	-	-	-
89	84	84	83	82	82
1	1	1	1	1	1
1	1	1	1	1	1
70	71	67	64	61	60
31	32	32	32	30	30
182	182	182	182	182	177
380	380	380	380	380	380
12	12	11	11	11	11
2	2	2	2	2	2
1	1	1	1	1	1
4	4	4	4	4	4
17	17	17	17	17	17
2	2	2	2	2	2

(Unaudited)