



COMPREHENSIVE ANNUAL FINANCIAL REPORT 2016

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016
CROW WING COUNTY, MINNESOTA

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

For The Year Ended December 31, 2016

Prepared By

The Financial Services Division of Administrative Services

Deborah A. Erickson, Administrative Services Director

**CROW WING COUNTY
BRainerd, MINNESOTA**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
GFOA Certificate of Achievement	6
Map – Congressional Districts	7
Map – Legislative Districts	8
Map – Political Subdivisions	9
Map – Commissioner Districts	10
List of Elected and Appointed Officials	11
Organizational Chart	12
FINANCIAL SECTION	
Independent Auditor’s Report	13
Management’s Discussion and Analysis	16
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	27
Statement of Activities	30
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	32
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position – Governmental Activities	36
Statement of Revenues, Expenditures, and Changes in Fund Balances	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities	40
Landfill Enterprise Fund:	
Statement of Net Position	41
Statement of Revenues, Expenses, and Changes in Fund Net Position	42
Statement of Cash Flows	43
Fiduciary Funds:	
Statement of Fiduciary Net Position	45
Statement of Changes in Fiduciary Net Position	46
Notes to the Financial Statements	47

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**TABLE OF CONTENTS
(Continued)**

	<u>Page</u>
Required Supplementary Information:	
Budgetary Comparison Schedules:	
General Fund	91
Highway Special Revenue Fund	94
Community Services Special Revenue Fund	95
Public Land Management Special Revenue Fund	96
Schedule of Funding Progress – Other Post Employment Benefits Plan	97
Schedule of Proportionate Share of Net Pension Liability –	
PERA General Employees Retirement Plan	98
Schedule of Contributions – PERA General Employees Retirement Plan	99
Schedule of Proportionate Share of Net Pension Liability –	
PERA Public Employees Police and Fire Plan	100
Schedule of Contributions – PERA Public Employees Police and Fire Plan	100
Schedule of Proportionate Share of Net Pension Liability –	
PERA Public Employees Correctional Plan	101
Schedule of Contributions – PERA Public Employees Correctional Plan	101
Notes to the Required Supplementary Information	102
Supplementary Information:	
Budgetary Comparison Schedules:	
Debt Service Fund	104
Capital Projects Fund	105
Combining Balance Sheet – Nonmajor Governmental Funds	108
Combining Statement of Revenues, Expenditures, and	
Changes in Fund Balances – Nonmajor Governmental Funds	110
Budgetary Comparison Schedules:	
Solid Waste (Non-Landfill) Special Revenue Fund	112
Unorganized Townships Special Revenue Fund	113
Small Cities Development Program Special Revenue Fund	114
Environmental Trust Permanent Fund	115
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	117
Other Schedules:	
Schedule of Intergovernmental Revenue	119
Schedule of Expenditures of Federal Awards	120
Notes to the Schedule of Expenditures of Federal Awards	121

**CROW WING COUNTY
BRainerd, MINNESOTA**

**TABLE OF CONTENTS
(Continued)**

	<u>Page</u>
STATISTICAL SECTION	
Financial Trends:	
Net Position by Component	124
Changes in Net Position	126
Fund Balances, Governmental Funds	130
Changes in Fund Balances, Governmental Funds	132
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	134
Direct and Overlapping Property Tax Rates	136
Principal Property Taxpayers	137
Property Tax Levies and Collections	138
Debt Capacity:	
Ratios of Outstanding Debt by Type	139
Ratios of Net General Bonded Debt Outstanding	140
Direct and Overlapping Governmental Activities Debt	141
Legal Debt Margin Information	142
Demographic and Economic Information:	
Demographic and Economic Statistics	144
Principal Employers	145
Operating Information:	
Full-Time Equivalent County Government Employees by Function/Program	146
Operating Indicators by Function/Program	148
Capital Asset Statistics by Function/Program	150



DATE: June 9, 2017

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

Subject: 2016 COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual Financial Report (CAFR) of Crow Wing County is submitted for the fiscal year ending December 31, 2016. 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 § 6.481. 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, 2016. The independent auditor’s report is located on page 13 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. Other structures include the Jail, Judicial Center, Community Services, Central Services, and Land Services buildings. The Highway Department is located off-site near the Brainerd Lakes Regional Airport, and the Solid Waste offices are 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 13,671 residents in 2015.

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 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

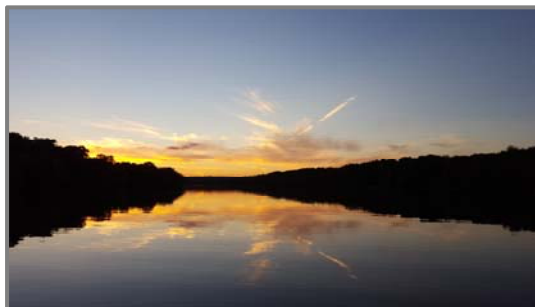
The County contains a variety of commercial and industrial businesses in areas such as retail and wholesale, health care, education, manufacturing and construction, and financial and information services. Tourism is an important facet of the local economy.

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 nearly \$229 million in gross sales in 2015, the most recent year data is available, making a 4.2 percent increase in gross sales when compared to 2014. In 2016, 240 leisure and hospitality businesses employed an annual average of 4,179 employees. This was an increase of 28 jobs over 2015, or 0.7 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 2016, 328 retail trade businesses employed an annual average of 4,756 employees, an increase of 155 jobs, or 3.4 percent, over the previous year. In 2016, an annual average of 564 individuals were employed by 64 wholesale trade businesses, which was consistent with the prior year. One of the largest wholesale employers, Costco, employs 175 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. The Essentia Health System employs more than 1,400 medical professionals and support staff in Crow Wing County and is considered the largest integrated health system in north central Minnesota.

In 2016, 194 Crow Wing County establishments provided an annual average of 5,885 jobs in the areas of health care and social assistance. This was an increase of 158 jobs over 2015, or 2.8 percent.

Education

The K-12 schools in the Brainerd Lakes Area educate approximately 9,400 students annually, making the combined districts the 15th largest in the state. The largest of these is Independent School District (ISD) #181, serving Brainerd and surrounding communities with enrollment of nearly 6,500. 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 2016, 36 establishments provided 2,073 jobs in the area of educational services, an increase of 61 jobs, or 3.0 percent, when compared to 2015 employment data.

Manufacturing and Construction

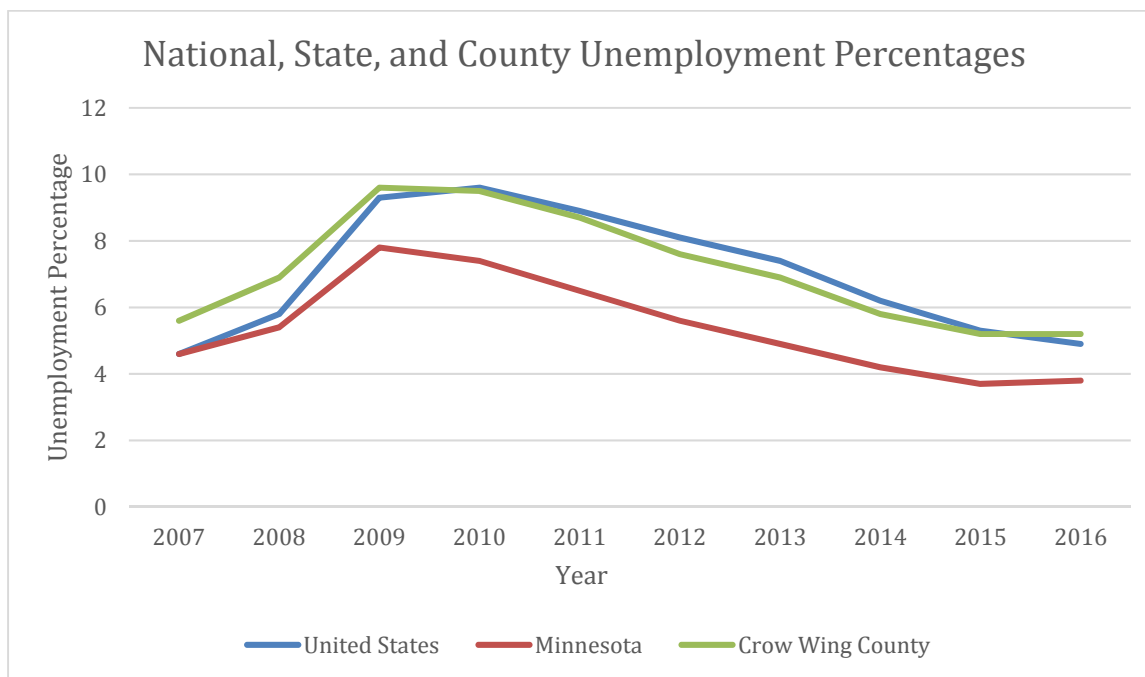
In 2016, 114 companies employed an annual average of 2,512 people in a variety of manufacturing arenas, from plastics to precision machining and metal fabrication. This is an increase of 48 positions, or 2.0 percent, when compared to 2015 employment data. Clow Stamping and Bang Printing are the largest manufacturing employers in the County with approximately 440 and 218 employees, respectively. In 2016, 249 area construction firms employed 1,850 people, an increase of 120 jobs in Crow Wing County. This makes up a 6.9 percent increase when compared to 2015 employment data.

Finance and Insurance

The finance and insurance industries are well represented in the region. In 2016, 116 firms provided an annual average of 1,273 jobs, an increase of 51 jobs over the prior year. This makes up a 4.2 percent increase when compared to 2015 employment data. One of the area's largest financial services employers is Ascensus, which employs around 500 people in its Brainerd and Baxter offices.

Key Population, Labor Force and Employment Trends

- The County's population changed from 59,606 residents in 2005 to 63,481 residents in 2016; 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 31,443 workers in 2016, a decrease of 2.0 percent.
- In 2015, Crow Wing County had a per capita personal income (PCPI) of \$40,710. Crow Wing County's PCPI rank was 68th of the 87 counties in the state. Crow Wing County was 80.0 percent of the state average of \$50,871, and 84.6 percent of the national average of \$48,112.



Major Initiatives by Crow Wing County

The Crow Wing County government took action to reduce costs:

- Crow Wing County continues to see economic and operating budget challenges. Between 2008 and 2016, Crow Wing County reduced staffing by 24 Full-Time Equivalents (FTEs), representing a workforce reduction of 5.3 percent.
- The County Board approved a levy decrease of 0.1 percent for taxes payable 2017. Since 2011, the County Board has approved a levy decrease each year. The total levy decrease over this time period is 5.1 percent.
- In 2016, the County Board approved a 0.5 percent sales tax option, to be used to finance road projects.
- In 2016, the County completed the implementation of the reorganization of the historic functions of the Auditor/Treasurer and Recorder to improve service delivery for land and vital record transactions to a one-stop service counter, enhancing customer experience and reducing expenses.

Future Crow Wing County Plans:

- Continue analysis on existing processes and procedures, using LEAN and Six Sigma methodology to increase efficiencies.
- Address issues arising from continuing development and the growing County population. Continue to develop talent internally to replace positions open due to retirements in the upcoming years.
- Begin the two-year process of implementing a new Tax/CAMA system to increase efficiencies and service delivery.

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 2016 fiscal year follows:

	<u>Amount</u>	<u>Net debt per capita</u>
Net General Bonded Debt Outstanding	\$15,820,766	\$249

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	2017-2019
Assistant County Attorney Association	2015-2017
LELS Local #14 Deputies	2014-2016
LELS Local #13 Dispatchers	2017-2019
LELS Local #16 Correctional Officers	2014-2015
IUOE Local #49 Facilities	2015-2017
IUOE Local #49 Highway	2015-2017
Organization of Non-Contract Employees	2017-2019
Teamsters Local #320 Social Services	2015-2017
Teamsters Local #346 Sheriff's Licensed Supervisory	2015-2017
Teamsters Local #346 Corrections and Dispatch Supervisory	2017-2019

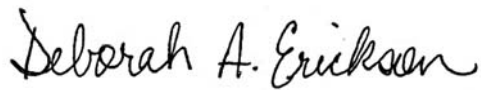
All contracts begin January 1 and end December 31.

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, 2015. This was the third consecutive year that the County received this prestigious award. 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 Division staff. We would like to express our appreciation to members of all the departments who assisted and contributed to the preparation of this report. Additionally, a special thank you is extended to Alaina Bundy, Business Analyst, for her hard work and dedication in the preparation and attainment of the Certificate of Achievement from the GFOA. 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
Administrative Services Director



Jason J. Rausch
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Crow Wing County
Minnesota**

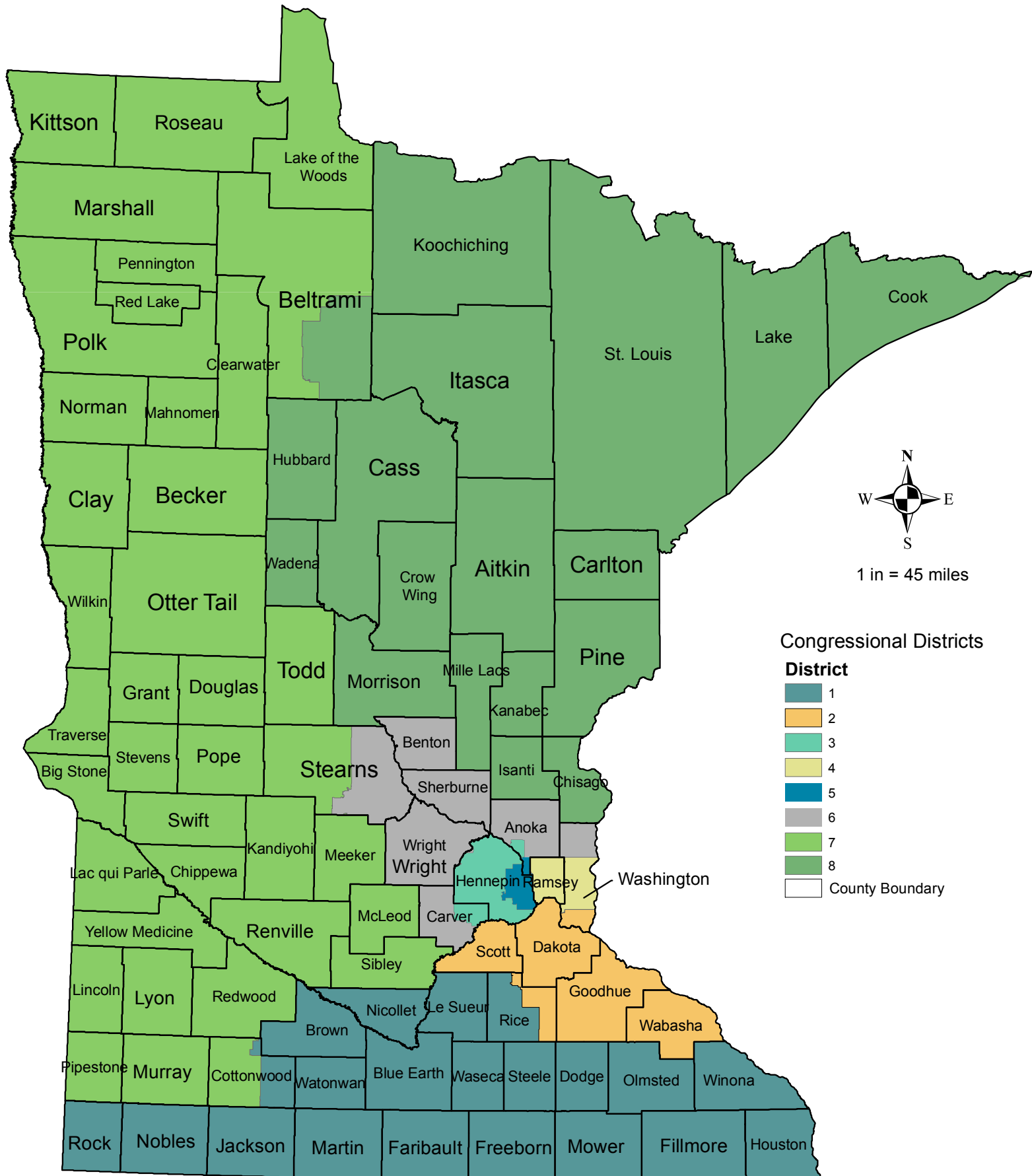
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

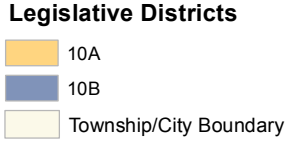
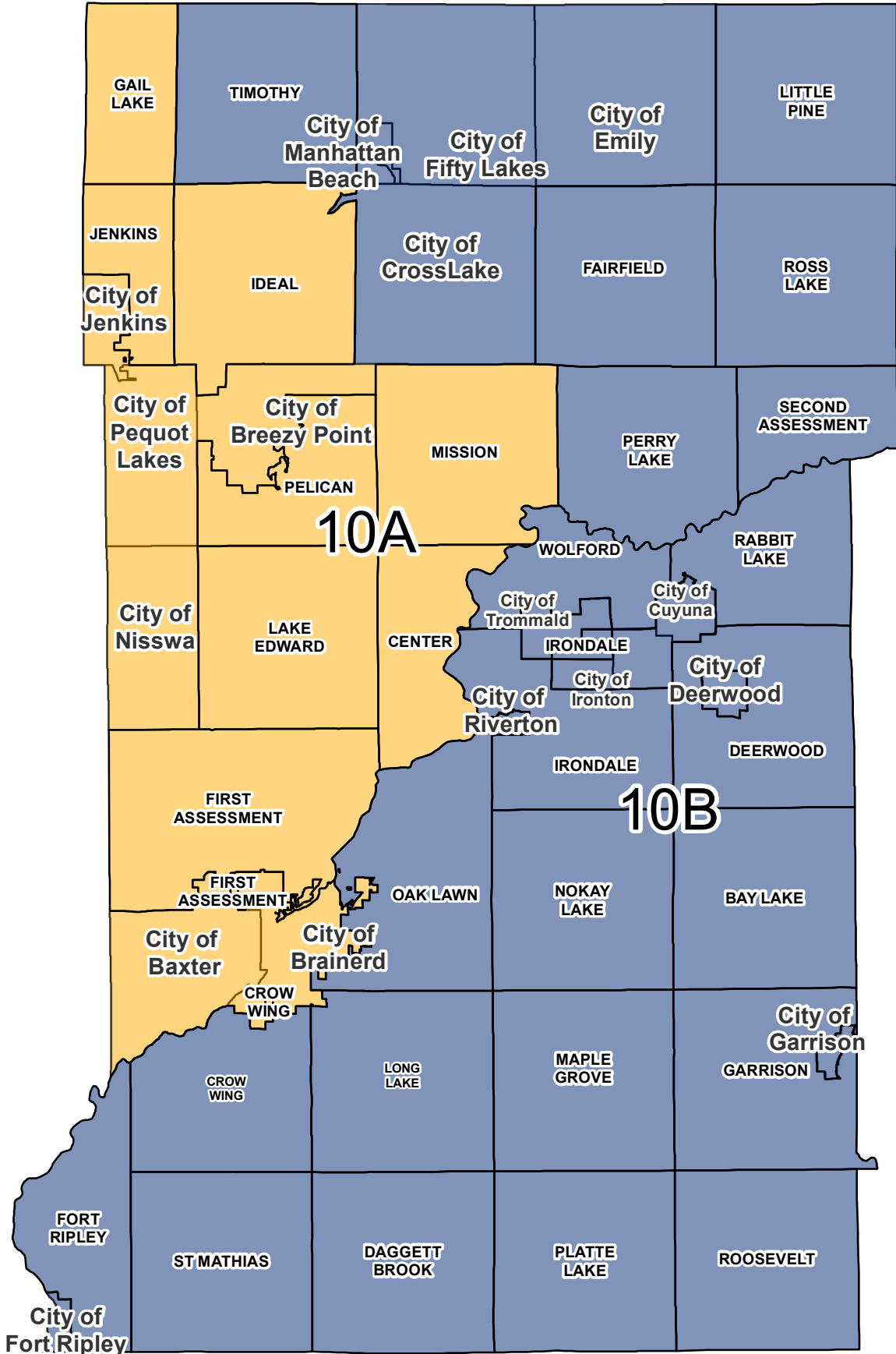


Executive Director/CEO

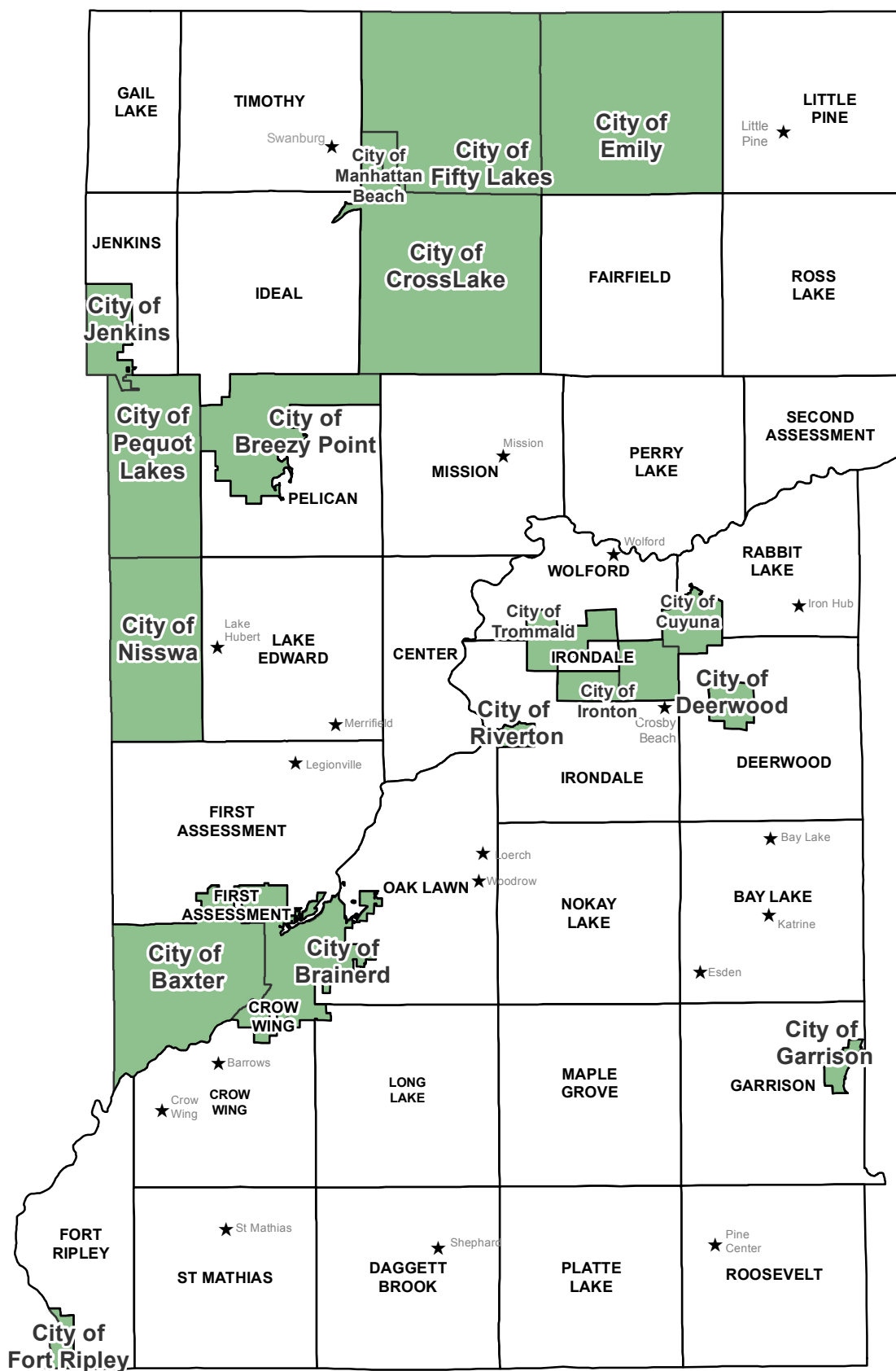
State of Minnesota Congressional Districts



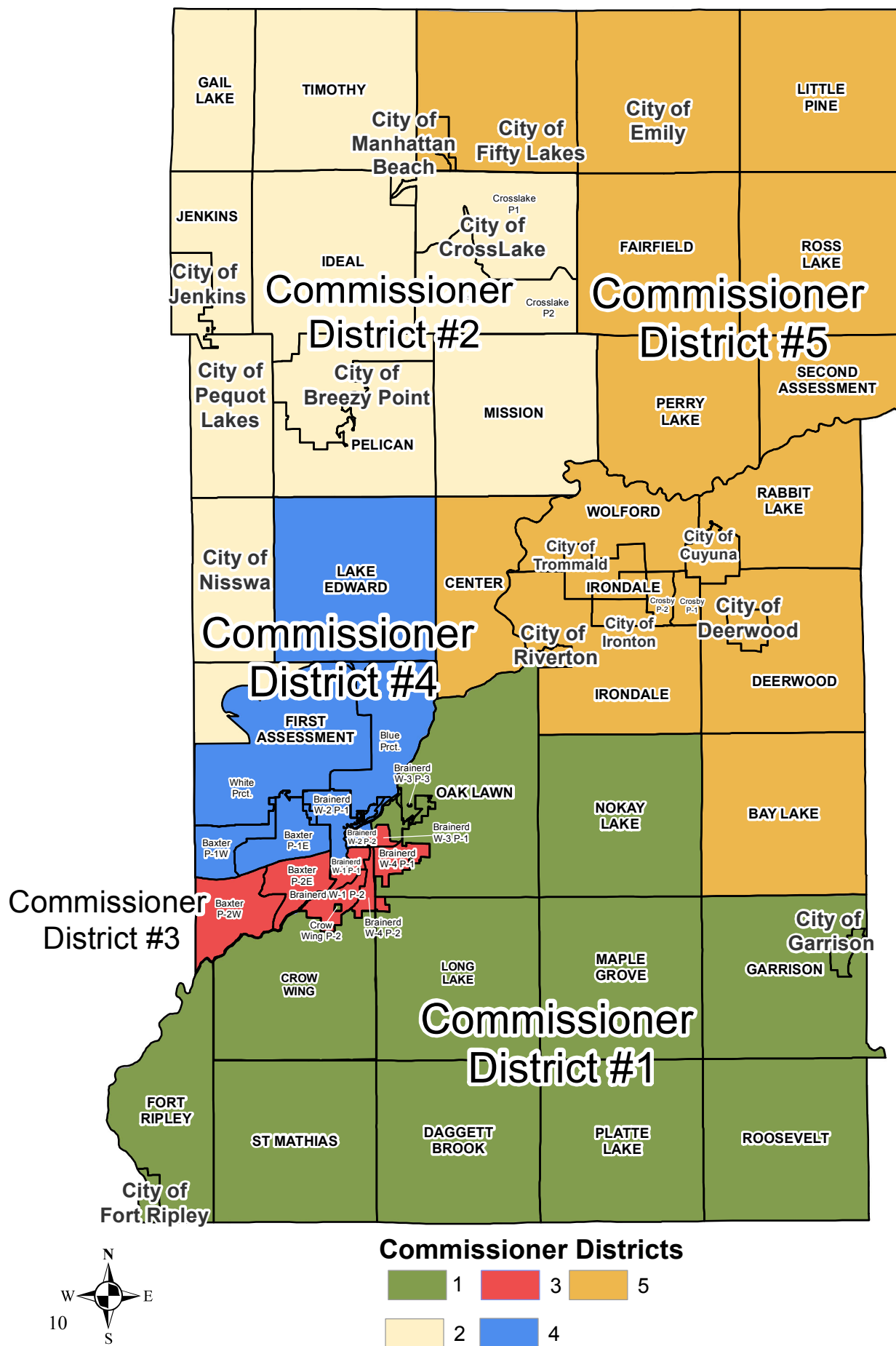
Legislative Districts



Crow Wing County Political Subdivisions



Crow Wing County Commissioner Districts



**CROW WING COUNTY
BRAINERD, MINNESOTA**

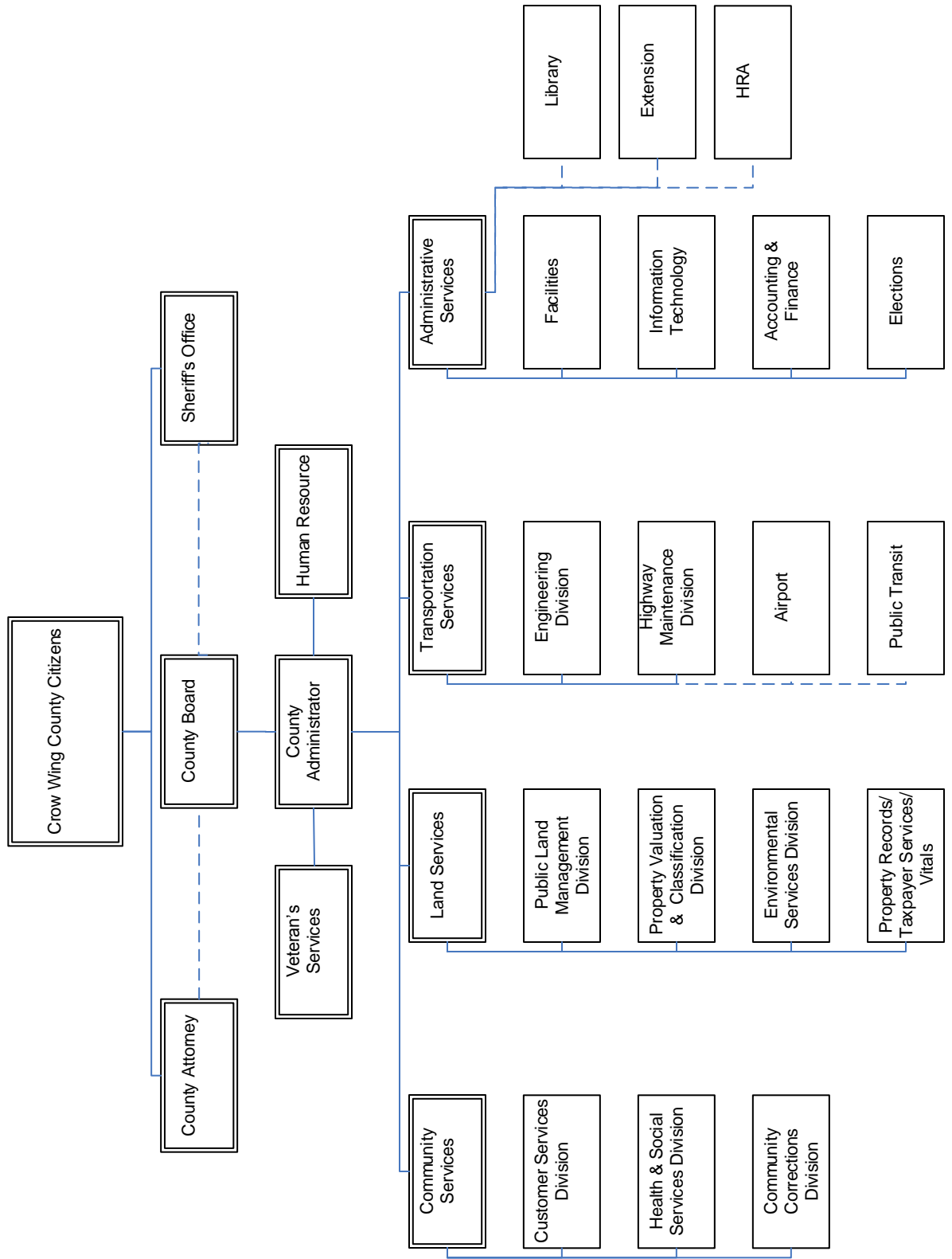
**LIST OF ELECTED AND APPOINTED OFFICIALS
2016**

Office	Name	Elected or Statutory Term Expires
County Board of Commissioners		
1 st District	Paul Koering	January 2021
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 2021
County Offices		
Elected		
Attorney	Donald F. Ryan	January 2019
Auditor/Treasurer**	Deborah A. Erickson	January 2019
Recorder**	Mark Liedl	January 2019
Sheriff	Todd O. Dahl	January 2019
Appointed		
Administrator	Timothy J. Houle	Indefinite
Land Services Director***	Gary Griffin	January 2021
Division Manager of Environmental Services***	Christopher Pence	Indefinite
Engineer	Timothy V. Bray	May 2019
Examiner of Titles	Glen A. Gustafson	Indefinite
Veterans Service Officer	Robert M. Nelson	June 2019

*Commissioner Houge served as Board Chair in 2016 and will continue to serve as Board Chair in 2017.

**During the statutory term of the elected Auditor/Treasurer and Recorder, the County Board voted, with legislative approval, to make these positions appointed. The County will continue to report the positions as Elected until the end of the statutory term.

***The Land Services Director performs the functions of the County Assessor. The Division Manager of Environmental Services performs the functions of the County Land Commissioner, County Zoning Administrator, and County Planner.





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, Minnesota, as of and for the year ended December 31, 2016, 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, financial statements as a discrete component unit, for the year ended December 31, 2015 (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 \$17,761,696 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 from 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, 2016, 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, the supplementary information, and the statistical section as 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 9, 2017, 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 9, 2017

CROW WING COUNTY BRainerd, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2016 (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, 2016. 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 and deferred outflows of resources of Crow Wing County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$202,241,714 (net position). Of this amount, \$19,822,560 is classified as unrestricted net position. Unrestricted net position includes \$17,761,696 of investments in joint ventures. The remaining \$2,060,864 may be used to meet the government's ongoing obligations to citizens and creditors. Total net position increased by \$2,813,662 over the prior year.
- As of the close of the 2016 fiscal year, Crow Wing County's governmental funds reported combined ending fund balances of \$47,168,711, compared to \$46,756,237 reported at the close of the 2015 fiscal year. Approximately 65.9 percent of this amount, \$31,070,142, is reported as unrestricted fund balance in either the committed, assigned, or unassigned categories. Commitments totaling \$5,980,732 represent amounts already designated for specific purposes by the County Board. Assigned balances of \$11,802,920 are used to fund highway improvements, social programs, capital acquisition, recycling programs, and debt repayment. The remaining unassigned balance of \$13,286,490 is used for one-time expenditures, and to cash flow operations between major revenue collection periods.
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$15,000,004, or 52.6 percent of total General Fund expenditures, an increase of \$141,756 in comparison with the prior year. The unassigned amount of fund balance for the General Fund was \$13,286,490, or 46.6 percent of total General Fund expenditures. This increase of \$20,803 is due to a favorable operating surplus.
- Crow Wing County's long-term liabilities (due in more than one year) increased by \$17,480,422, or 29.3 percent, to \$77,083,750 during the current fiscal year. This change is primarily the result of changes in the County's pension liability, which required the County to recognize an additional \$20,924,449 of net pension liability. Other impacts are a reduction due to debt principal payments of \$3,995,000 and an increase in the net OPEB obligation. The net OPEB obligation increased in the amount of \$1,209,979, for a total obligation of \$16,460,856.

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 deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them 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, sanitation, health and human services, culture and recreation, conservation of natural resources, economic development, and interest. The business-type activity of Crow Wing County is the Crow Wing County Landfill.

The government-wide financial statements may be found on pages 27 through 31 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 four special revenue nonmajor governmental funds and the 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 the following 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 these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements may be found on pages 32 through 40 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.

(Unaudited)

Special Revenue Funds – Special revenue 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:

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

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, an enterprise 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 41 through 44 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 pages 45-46 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 47 through 86 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 87 through 99 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 104 through 114 of this report.

(Unaudited)

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 and deferred inflows of resources by \$202,241,714 at the close of the most recent fiscal year.

Net investment in capital assets of \$164,884,452 represents the largest portion of net position (81.5 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, \$17,534,702, or 8.7 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$19,822,560 or 9.8 percent of the total net position. Unrestricted net position includes \$17,761,696 of investments in joint ventures, or 8.8 percent of the total net position.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	Restated 2015	2016	Restated 2015	2016	Restated 2015
Current and other assets	\$ 74,070,615	\$ 73,454,037	\$ 14,562,305	\$ 13,791,122	\$ 88,632,920	\$ 87,245,159
Capital assets	180,683,978	177,132,780	2,939,450	3,230,662	183,623,428	180,363,442
Total assets	<u>\$ 254,754,593</u>	<u>\$ 250,586,817</u>	<u>\$ 17,501,755</u>	<u>\$ 17,021,784</u>	<u>\$ 272,256,348</u>	<u>\$ 267,608,601</u>
Total deferred outflows of resources	\$ 23,769,996	\$ 5,146,144	\$ 64,529	\$ 14,876	\$ 23,834,525	\$ 5,161,020
Long-term liabilities outstanding	\$ 72,302,927	\$ 55,000,143	\$ 4,780,823	\$ 4,603,185	\$ 77,083,750	\$ 59,603,328
Other liabilities	11,762,682	11,046,588	50,925	54,093	11,813,607	11,100,681
Total liabilities	<u>\$ 84,065,609</u>	<u>\$ 66,046,731</u>	<u>\$ 4,831,748</u>	<u>\$ 4,657,278</u>	<u>\$ 88,897,357</u>	<u>\$ 70,704,009</u>
Total deferred inflows of resources	\$ 4,928,181	\$ 2,624,020	\$ 23,621	\$ 13,540	\$ 4,951,802	\$ 2,637,560
Net position						
Net investment in capital assets	\$ 161,945,002	\$ 154,361,324	\$ 2,939,450	\$ 3,230,662	\$ 164,884,452	\$ 157,591,986
Restricted	16,098,569	14,387,092	1,436,133	1,470,941	17,534,702	15,858,033
Unrestricted	11,487,228	18,313,794	8,335,332	7,664,239	19,822,560	25,978,033
Total net position	<u>\$ 189,530,799</u>	<u>\$ 187,062,210</u>	<u>\$ 12,710,915</u>	<u>\$ 12,365,842</u>	<u>\$ 202,241,714</u>	<u>\$ 199,428,052</u>

In past reporting Crow Wing County has reported the total net other post employment benefits obligations liability as a governmental activity. However, a portion of this liability belongs to the Landfill Enterprise Fund, a business-type activity. Crow Wing County has restated 2015 net position. See also Note II.A.

In 2016 and 2015, 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 \$2,813,662 over 2015.

(Unaudited)

Governmental Activities

Governmental activities increased Crow Wing County's net position by \$2,468,589 after restatement, 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 \$7,583,678 due to increased asset purchases and decreased debt related to them; and a decrease in unrestricted net position of \$6,664,906, which is primarily attributable to the recognition of the changes in the net pension liability as required by GASB Statement No. 68.

Approximately 89.7 percent of the unrestricted net position of \$19,822,560 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 also includes \$17,761,696 of investments in joint ventures and \$8,335,332 of unrestricted net position related to the Landfill operations. These components account for more unrestricted net position than is reported, due to the recognition of the net pension liability, which reduces the amount of unrestricted net position available.

Charges for services increased by \$1,336,442 from the prior year. The largest component of this change was an increase of \$995,026 related to public safety, which is primarily attributable to an increase in state prisoner reimbursement.

Operating grants and contributions increased \$2,158,663 over the prior year. Large components of this increase are increases in health and human services of \$810,017 related to federal and state grants; public safety of \$561,771 due to increases for various grants and local contributions; and highways and streets for \$406,283 related to state allotments.

Capital grants and contributions decreased \$2,411,726 from the prior year. A large grant from the Minnesota Public Facilities Authority for \$1,102,479 for a sanitary sewer project was received in the prior year, but not received in the current year. The County also received approximately \$1.4 million less federal capital grants in the current year from the Minnesota Department of Transportation.

Transportation sales and use tax increased \$4,020,905 from the prior year, as the County Board approved a 0.5 percent transportation sales and use tax in 2016.

Total expenses increased \$6,086,576 from 2015; of this, \$4,219,014 related to required pension expense recognition. Increases or decreases in expenses for general government, culture and recreation, conservation, and economic development were 5.0 percent or less from the prior year, or had insignificant dollar variances. Notable variances from the prior year include expenses for public safety (26.2 percent increase), highways and streets (6.3 percent increase), sanitation (98.8 percent decrease), and health and human services (7.3 percent increase).

Expenses for public safety increased \$4,218,050 from 2015; of this, increased expenses due to required pension expense recognition totaled \$3,057,906. The remaining difference results from increases in the areas of patrol, investigations, operations, support, jail, and other public safety services, as well as the addition of a County-run integrated Community Corrections program.

Expenses for highways and streets increased \$647,719 from 2015; of this, increased expenses due to required pension expense recognition totaled \$147,723. The County's new local option sales tax added approximately \$1.4 million in expenditures, but this was offset by approximately \$1.2 million decrease in construction expenses funded through other sources.

Sanitation expenses decreased \$1,089,646 from 2015. These expenses from the prior year were related to the improvements of a sanitary sewer district, and were funded by the receipt of a grant from the Minnesota Public Facilities Authority. Current year expenses are minimal, as the project is nearly finished.

Health and human services expenses increased \$1,651,944 from 2015. These increases are primarily related to the increase in costs for state operated services that were shifted to counties, and for greater out-of-home placement costs than in the prior year.

(Unaudited)

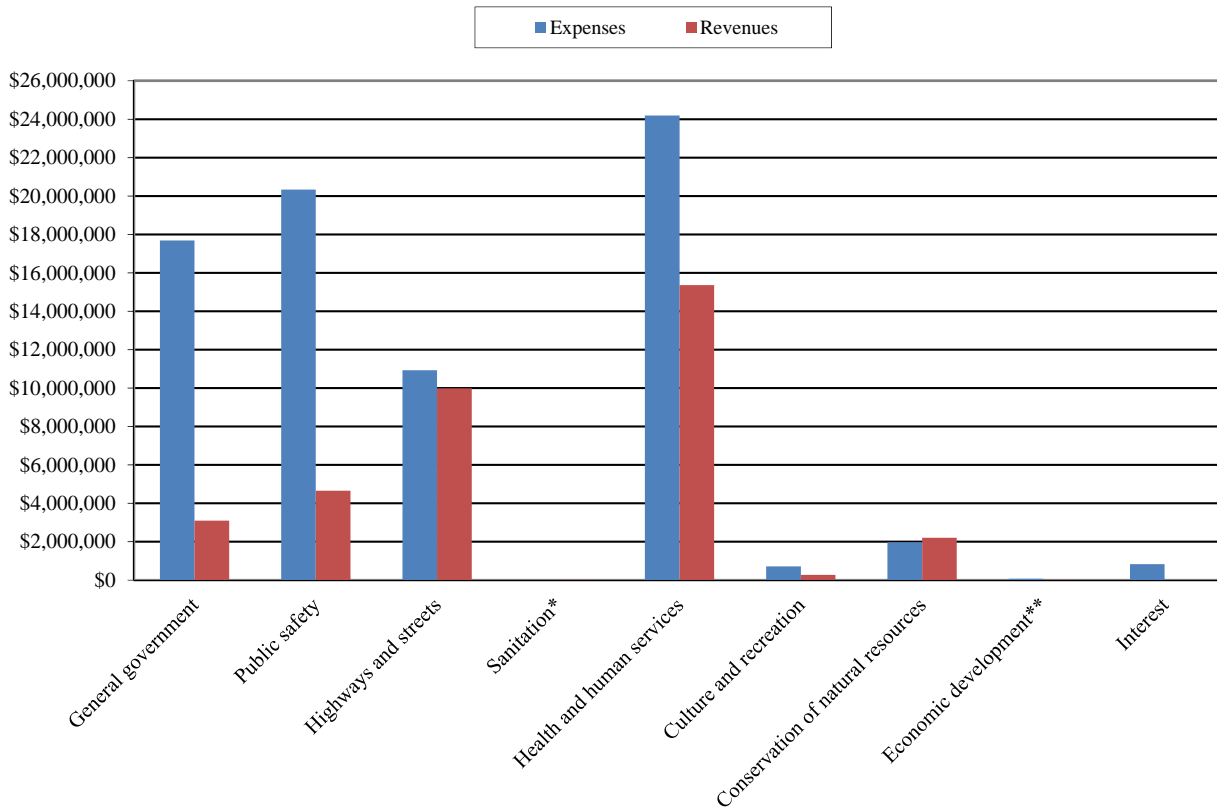
Business-Type Activities

Business-type activities increased Crow Wing County's net position by \$345,073 after restatement. This increase is the result of a favorable operating surplus. Charges for services increased \$394,554 from the prior year. This change is primarily due to increases in landfill tipping fees and hauler fees. Expenses related to the landfill decreased \$6,851 from 2015 after restatement.

Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2016	Restated 2015	2016	Restated 2015	2016	Restated 2015
Revenues						
Program revenues						
Charges for services	\$ 9,795,286	\$ 8,458,844	\$ 2,721,935	\$ 2,327,381	\$ 12,517,221	\$ 10,786,225
Operating grants and contributions	24,608,021	22,449,358	596	-	24,608,617	22,449,358
Capital grants and contributions	1,185,355	3,597,081	-	-	1,185,355	3,597,081
General revenues			-	-		
Property taxes	35,457,806	35,684,227	-	-	35,457,806	35,684,227
Transportation sales and use tax	4,020,905	-	-	-	4,020,905	-
Mortgage registry and deed tax	94,583	73,139	-	-	94,583	73,139
Payments in lieu of tax	505,634	505,242	-	-	505,634	505,242
Grants and contributions not restricted to specific programs	2,752,954	2,814,469	595	595	2,753,549	2,815,064
Investment income	436,639	450,410	81,712	73,736	518,351	524,146
Miscellaneous	329,598	291,139	-	-	329,598	291,139
Total Revenues	<u>\$ 79,186,781</u>	<u>\$ 74,323,909</u>	<u>\$ 2,804,838</u>	<u>\$ 2,401,712</u>	<u>\$ 81,991,619</u>	<u>\$ 76,725,621</u>
Expenses						
General government	\$ 17,685,593	\$ 16,937,785	\$ -	\$ -	\$ 17,685,593	\$ 16,937,785
Public safety	20,329,416	16,111,366	-	-	20,329,416	16,111,366
Highways and streets	10,924,855	10,277,136	-	-	10,924,855	10,277,136
Sanitation	12,833	1,102,479	-	-	12,833	1,102,479
Health and human services	24,189,396	22,537,452	-	-	24,189,396	22,537,452
Culture and recreation	707,490	720,945	-	-	707,490	720,945
Conservation of natural resources	1,967,863	1,909,052	-	-	1,967,863	1,909,052
Economic development	72,562	17,053	-	-	72,562	17,053
Interest	828,184	1,018,348	-	-	828,184	1,018,348
Landfill	-	-	2,459,765	2,466,616	2,459,765	2,466,616
Total Expenses	<u>\$ 76,718,192</u>	<u>\$ 70,631,616</u>	<u>\$ 2,459,765</u>	<u>\$ 2,466,616</u>	<u>\$ 79,177,957</u>	<u>\$ 73,098,232</u>
Increase (decrease) in Net Position	\$ 2,468,589	\$ 3,692,293	\$ 345,073	\$ (64,904)	\$ 2,813,662	\$ 3,627,389
Net Position, beginning	187,062,210	183,369,917	12,365,842	12,430,746	199,428,052	195,800,663
Net Position, ending	<u>\$ 189,530,799</u>	<u>\$ 187,062,210</u>	<u>\$ 12,710,915</u>	<u>\$ 12,365,842</u>	<u>\$ 202,241,714</u>	<u>\$ 199,428,052</u>

(Unaudited)

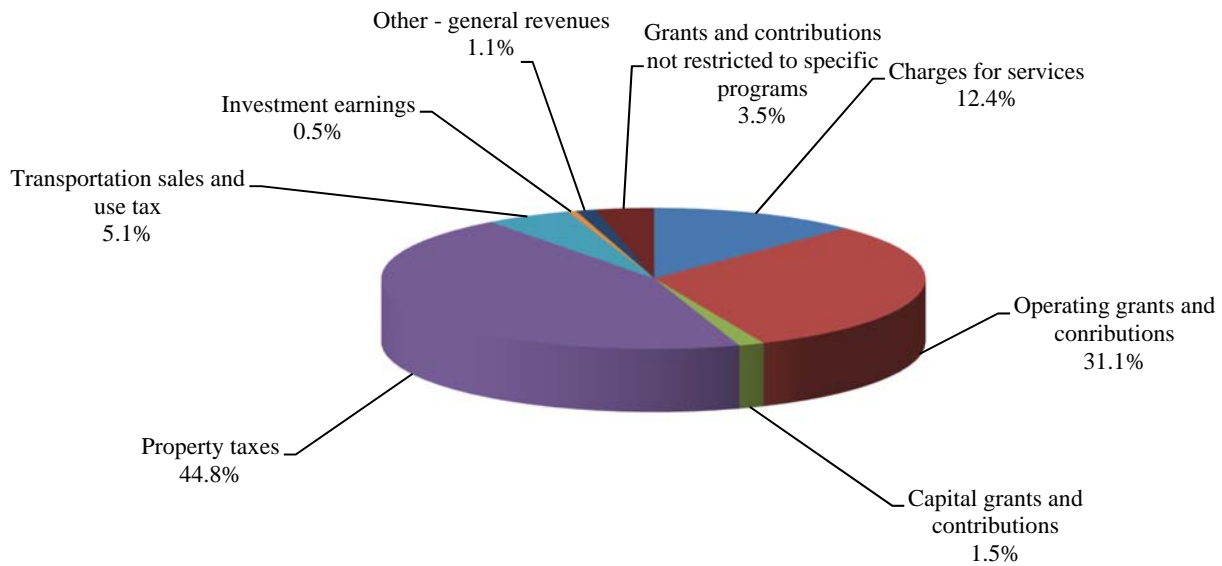
Expenses and Program Revenues - Governmental Activities



*Sanitation had expenses and revenues of \$12,833, which are difficult to measure using the above graph.

**Economic development had expenses of \$72,562 and revenues of \$13,990, 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 \$47,168,711, an increase of \$412,474 in comparison with the prior year. Of this total amount, \$31,070,142 constitutes unrestricted fund balance. The remaining \$16,098,569 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 \$4,627,998; Restricted for Local option sales tax \$2,192,269; Restricted for Solid waste (non-landfill) \$1,999,724; Restricted for Unorganized townships \$1,651,306; Nonspendable Environmental trust corpus \$1,846,499; and Nonspendable Inventories \$1,108,270.

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 \$15,000,004, while the total fund balance was \$16,431,054. 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 52.6 percent of the total General Fund expenditures, while unassigned fund balance represents 46.6 percent of that same amount.

The fund balance of Crow Wing County's General Fund increased \$23,461 from 2015. This change is due to a favorable operating surplus: taxes decreased by \$349,092; licenses and permits increased by \$45,292; intergovernmental revenues increased by \$476,456, which is primarily attributable to increases in grants received from the Minnesota Department of Revenue; charges for services increased by \$517,275 due to increases for state prisoner reimbursement; and investment earnings increased by \$34,436. Expenditures for the General Fund increased \$795,961, or 2.9 percent. The General Fund saw greater expenditures in the current year related to increases in operational costs for elections, information technology, Land Services departments, and public safety departments. The operating budget of the General Fund is structurally balanced.

The Highway Special Revenue Fund had a total fund balance of \$12,492,983 at the end of the fiscal year. The fund balance of the Highway Special Revenue Fund increased by \$2,932,943 during the current fiscal year. On the modified accrual basis, revenues increased \$3,707,493 from the prior year, primarily related to the local option sales tax, which went into effect in April 2016. Expenditures decreased by \$843,164 due to greater capital outlay in the prior year. Engineering and construction costs vary year to year due to project timelines in the County's Highway Improvement Plan.

The Community Services Special Revenue Fund had a total fund balance of \$2,961,541 at the end of the fiscal year. The fund balance of the Community Services Special Revenue Fund decreased by \$1,977,967 during the current fiscal year. Revenues increased \$2,013,628 from the prior year; this change is primarily related to an increase in reimbursement for services in the amount of \$1,534,749. Expenditures increased \$2,310,443 from the prior year: contributing factors were expenditures for the County's new Community Corrections program for \$842,681; as well as increased costs for social services for \$1,337,692 related to increased charges for state operated services and out-of-home placements.

The Public Land Management Special Revenue Fund had a total fund balance of \$549,440 at the end of the fiscal year. The fund balance of the Public Land Management Special Revenue Fund decreased by \$19,013 during the current fiscal year. While expenditures decreased \$202,061 from the prior year due to a decrease in the tax-forfeited settlement to other governmental agencies, revenues also decreased \$295,648 due to fewer timber permit collections.

The Debt Service Fund had a total fund balance of \$4,656,777 at the end of the fiscal year. The fund balance of the Debt Service Fund increased by \$101,129 during the current fiscal year. Changes in fund balance of the Debt Service Fund are due to taxes collected and principal and interest payments disbursed.

(Unaudited)

The Capital Projects Fund had a total fund balance of \$3,619,434 at the end of the fiscal year. The fund balance of the Capital Projects Fund decreased by \$237,830 during the current fiscal year. The Capital Projects Fund had increased revenues and expenditures in the prior year related to the sanitary sewer district project. These revenues and expenditures were offsetting, each totaling \$1,102,479, and as such had no impact on fund balance. Disregarding this previous activity, other revenues increased by \$88,694 due largely to an increase in property taxes, and expenditures increased \$114,456, primarily due to increases in project costs for Facilities.

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.

During the year, supplemental budgetary appropriations in the General Fund were not considered significant. Larger budget to actual variances in the General Fund include a variance of \$516,968 intergovernmental revenue (actual amount \$2,776,893) over a final budget of \$2,259,925 (original budget also \$2,259,925), attributed to grants from the Minnesota Department of Natural Resources. Other notable variances include:

- An unfavorable variance for charges for services for \$347,748 related to fewer jail charges than anticipated.
- A favorable variance for Information Technology current expenditures of \$272,268 primarily related to fewer professional and technical fees than anticipated.
- A favorable variance for jail of \$236,006 related to state prisoner reimbursements.
- An unfavorable variance for culture and recreation capital outlay of \$287,814 due to unbudgeted capital expenditures for the Milford Mine Memorial project.

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, 2016, amounts to \$183,623,428 (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 1.8 percent.

Major capital asset events during 2016 included an increase in infrastructure of \$9,956,181 related to highway improvement projects, and decreases in construction in progress of \$3,635,809 related to infrastructure, software projects, remodels and restorations.

(Unaudited)

Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 14,826,345	\$ 14,769,116	\$ 412,334	\$ 412,334	\$ 15,238,679	\$ 15,181,450
Construction in progress	4,321,087	7,956,896	-	-	4,321,087	7,956,896
Infrastructure -						
right-of-way	6,747,656	6,495,574	-	-	6,747,656	6,495,574
Buildings	44,119,267	44,919,514	446,519	475,062	44,565,786	45,394,576
Land improvements	1,844,929	1,248,878	-	-	1,844,929	1,248,878
Machinery, furniture, and equipment	6,463,840	6,630,143	32,580	44,445	6,496,420	6,674,588
Infrastructure	102,360,854	95,112,659	-	-	102,360,854	95,112,659
Landfill	-	-	2,048,017	2,298,821	2,048,017	2,298,821
Total	\$ 180,683,978	\$ 177,132,780	\$ 2,939,450	\$ 3,230,662	\$ 183,623,428	\$ 180,363,442

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

Long-Term Debt

At the end of 2016, Crow Wing County had total bonded debt outstanding of \$18,107,500. This is a decrease of \$3,995,000 from the prior year, which is due to principal payments. Current and future County tax levies are used to finance the bonded indebtedness. During 2015, the County entered into an agreement with the Minnesota Public Facilities Authority for the upgrade of a sanitary sewer system. The County had drawn down \$182,885 of a G.O. Sewer Revenue Note Series 2015 as of December 31, 2016, and had repaid \$805 of principal. The Note is not yet finalized, as of the date of this report.

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	
	2016	2015
General obligation bonds	\$ 18,107,500	\$ 22,102,500
General obligation sewer revenue note	182,080	136,850
Capital lease	728,750	824,150
Total	\$ 19,018,330	\$ 23,063,500

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 2016 debt limitation for Crow Wing County is \$286,451,634, 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.

(Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2016 budget, tax rates, and fees that will be charged for the business-type activities.

- The County's estimated market value increased by 3.4 percent in 2016.
- Crow Wing County continues to have one of the lowest tax capacity rates in the State of Minnesota. Crow Wing County's tax capacity rate for 2017 is 32.19 percent.
- In December 2016 the Crow Wing County Board of Commissioners approved the 2017 budget for \$83,274,212, related to the County's Governmental Funds. The 2017 total levy is \$34,385,687, which is a decrease of \$41,312, or 0.1 percent, compared to the 2016 levy of \$34,426,999.

INDEPENDENT AUDIT

Minn. Stat. § 6.481 requires an annual examination of books of accounts, financial records, and transactions of all County functions by the Office of the State Auditor or a CPA firm meeting the requirements of Minn. Stat. §326A.05. When complete, the report will be available for inspection upon request at Administrative Services – Financial Services Division 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 Administrative Services – Financial Services Division, 326 Laurel Street, Suite 22, Brainerd, Minnesota 56401. You may also contact us via email at FinanceAP@crowwing.us or visit our web site at www.crowwing.us.

(Unaudited)

**CROW WING COUNTY
BRainerd, MINNESOTA**

**STATEMENT OF NET POSITION
DECEMBER 31, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and investments	\$ 45,374,818	\$ 8,565,912	\$ 53,940,730
Taxes receivable - delinquent	1,123,189	-	1,123,189
Accounts receivable	411,472	111,886	523,358
Accrued interest receivable	126,606	-	126,606
Contracts receivable	872,879	-	872,879
Due from other governments	5,912,029	-	5,912,029
Internal balances	2,187	(2,187)	-
Loans receivable	298,577	-	298,577
Inventories	1,108,270	-	1,108,270
Prepaid items	881,007	231	881,238
Total current assets	\$ 56,111,034	\$ 8,675,842	\$ 64,786,876
Noncurrent assets			
Restricted assets			
Cash and investments	\$ -	\$ 5,886,463	\$ 5,886,463
Advance to other governments	15,000	-	15,000
Long-term receivable	182,885	-	182,885
Investment in joint venture	17,761,696	-	17,761,696
Capital assets			
Non-depreciable	25,895,088	412,334	26,307,422
Depreciable - net of accumulated depreciation	154,788,890	2,527,116	157,316,006
Total noncurrent assets	\$ 198,643,559	\$ 8,825,913	\$ 207,469,472
Total Assets	\$ 254,754,593	\$ 17,501,755	\$ 272,256,348
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 1,390,242	\$ -	\$ 1,390,242
Deferred outflow for pensions	22,379,754	64,529	22,444,283
Total Deferred Outflows of Resources	\$ 23,769,996	\$ 64,529	\$ 23,834,525

(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, 2016
(Continued)**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities			
Accounts payable	\$ 1,236,065	\$ 19,043	\$ 1,255,108
Salaries payable	973,447	3,385	976,832
Accrued payroll taxes	145,021	502	145,523
Contracts payable	23,054	-	23,054
Retainage payable	33,142	-	33,142
Due to other governments	981,166	-	981,166
Accrued interest payable	379,603	-	379,603
Claims payable	74,376	-	74,376
Unearned revenue	399,294	-	399,294
Customer deposits	67,851	-	67,851
Compensated absences payable - current	2,615,708	27,995	2,643,703
Capital leases payable - current	98,050	-	98,050
General obligation bonds payable - current	4,735,905	-	4,735,905
Total current liabilities	\$ 11,762,682	\$ 50,925	\$ 11,813,607
Noncurrent liabilities			
Compensated absences payable	\$ 287,707	\$ 3,111	\$ 290,818
Capital lease payable	630,700	-	630,700
General obligation bonds payable	15,082,781	-	15,082,781
Revenue notes payable	182,080	-	182,080
Net other post employment benefits obligations	16,286,370	174,486	16,460,856
Net pension liability	39,833,289	152,896	39,986,185
Estimated liability for landfill closure/postclosure	-	4,450,330	4,450,330
Total noncurrent liabilities	\$ 72,302,927	\$ 4,780,823	\$ 77,083,750
Total Liabilities	\$ 84,065,609	\$ 4,831,748	\$ 88,897,357
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow for pensions	\$ 4,928,181	\$ 23,621	\$ 4,951,802
NET POSITION			
Net investment in capital assets	\$ 161,945,002	\$ 2,939,450	\$ 164,884,452
Restricted for			
General government	1,024,984	-	1,024,984
Public safety	487,566	-	487,566
Highways and streets	4,951,845	-	4,951,845
Health and human services	39,069	-	39,069
Culture and recreation	58,425	-	58,425
Conservation of natural resources	2,991,387	-	2,991,387
Environmental uses - expendable	44,708	-	44,708
Environmental uses - nonexpendable	1,846,499	-	1,846,499
Economic development	26,088	-	26,088
Debt service	4,627,998	-	4,627,998
Landfill closure/postclosure	-	1,436,133	1,436,133
Unrestricted	11,487,228	8,335,332	19,822,560
Total Net Position	\$ 189,530,799	\$ 12,710,915	\$ 202,241,714

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

This page was left blank intentionally

**CROW WING COUNTY
BRainerd, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 17,685,593	\$ 2,166,648	\$ 929,763	\$ -
Public safety	20,329,416	3,330,412	1,319,570	-
Highways and streets	10,924,855	419,817	8,393,932	1,172,522
Sanitation	12,833	-	-	12,833
Health and human services	24,189,396	1,913,528	13,447,846	-
Culture and recreation	707,490	74	267,385	-
Conservation of natural resources	1,967,863	1,950,817	249,525	-
Economic development	72,562	13,990	-	-
Interest	828,184	-	-	-
Total governmental activities	\$ 76,718,192	\$ 9,795,286	\$ 24,608,021	\$ 1,185,355
Business-type activities				
Landfill	\$ 2,459,765	\$ 2,721,935	\$ 596	\$ -
Total Primary Government	\$ 79,177,957	\$ 12,517,221	\$ 24,608,617	\$ 1,185,355

General Revenues

Property taxes
Transportation sales and use tax
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
\$ (14,589,182)	\$ -	\$ (14,589,182)
(15,679,434)	-	(15,679,434)
(938,584)	-	(938,584)
-	-	-
(8,828,022)	-	(8,828,022)
(440,031)	-	(440,031)
232,479	-	232,479
(58,572)	-	(58,572)
(828,184)	-	(828,184)
\$ (41,129,530)	\$ -	\$ (41,129,530)
\$ -	\$ 262,766	\$ 262,766
\$ (41,129,530)	\$ 262,766	\$ (40,866,764)
\$ 35,457,806	\$ -	\$ 35,457,806
4,020,905	-	4,020,905
94,583	-	94,583
505,634	-	505,634
2,752,954	595	2,753,549
436,639	81,712	518,351
329,598	-	329,598
\$ 43,598,119	\$ 82,307	\$ 43,680,426
\$ 2,468,589	\$ 345,073	\$ 2,813,662
187,062,210	12,365,842	199,428,052
\$ 189,530,799	\$ 12,710,915	\$ 202,241,714

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>Public Land Management</u>
ASSETS				
Cash and investments	\$ 16,438,415	\$ 10,551,931	\$ 2,260,245	\$ 1,381,981
Taxes receivable - delinquent	599,835	114,857	194,823	-
Accounts receivable	172,145	-	217,743	10
Accrued interest receivable	121,413	-	-	-
Due from other funds	366,432	145,038	-	-
Contracts receivable	-	-	-	872,879
Due from other governments	368,752	3,611,119	1,927,826	-
Loans receivable	-	-	-	-
Inventories	-	1,108,270	-	-
Prepaid items	731,348	17,283	129,998	2,147
Advance to other governments	15,000	-	-	-
Total Assets	<u>\$ 18,813,340</u>	<u>\$ 15,548,498</u>	<u>\$ 4,730,635</u>	<u>\$ 2,257,017</u>
LIABILITIES				
Accounts payable	\$ 402,479	\$ 92,860	\$ 599,415	\$ 21,219
Salaries payable	516,905	83,694	355,787	10,515
Accrued payroll taxes	79,645	12,128	50,768	1,539
Contracts payable	-	-	-	23,054
Retainage payable	-	33,142	-	-
Due to other funds	50,222	30	9,073	540,327
Due to other governments	435,529	4,131	303,462	238,044
Claims payable	74,376	-	-	-
Unearned revenue	100,717	-	-	-
Customer deposits	67,851	-	-	-
Total Liabilities	<u>\$ 1,727,724</u>	<u>\$ 225,985</u>	<u>\$ 1,318,505</u>	<u>\$ 834,698</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (Note III.D.)	<u>\$ 654,562</u>	<u>\$ 2,829,530</u>	<u>\$ 450,589</u>	<u>\$ 872,879</u>

Debt Service	Capital Projects	Nonmajor Funds	Total
\$ 4,656,777	\$ 3,516,627	\$ 6,568,842	\$ 45,374,818
161,224	31,612	20,838	1,123,189
-	-	21,574	411,472
-	-	5,193	126,606
-	169,824	-	681,294
-	-	-	872,879
-	4,332	-	5,912,029
-	-	298,577	298,577
-	-	-	1,108,270
-	-	231	881,007
-	-	-	15,000
\$ 4,818,001	\$ 3,722,395	\$ 6,915,255	\$ 56,805,141
\$ -	\$ 71,349	\$ 48,743	\$ 1,236,065
-	-	6,546	973,447
-	-	941	145,021
-	-	-	23,054
-	-	-	33,142
-	-	79,455	679,107
-	-	-	981,166
-	-	-	74,376
-	-	298,577	399,294
-	-	-	67,851
\$ -	\$ 71,349	\$ 434,262	\$ 4,612,523
\$ 161,224	\$ 31,612	\$ 23,511	\$ 5,023,907

(Continued)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016
(Continued)**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>Public Land Management</u>
FUND BALANCES				
Nonspendable:				
Advances to other governments	\$ 15,000	\$ -	\$ -	\$ -
Missing heirs	73,478	-	-	-
Inventories	-	1,108,270	-	-
Environmental trust corpus	-	-	-	-
Restricted for:				
Enhanced 911	365,820	-	-	-
Sheriff's drug contingency	5,000	-	-	-
Sheriff's forfeited property	8,881	-	-	-
DUI assessment	39,124	-	-	-
Lakes area drug investigation forfeiture	31,937	-	-	-
Tobacco compliance	36,804	-	-	-
Water plan	40,348	-	-	-
Recreation	58,425	-	-	-
Land based improvements	244,856	-	-	-
Recorder's technology equipment	381,940	-	-	-
Law library	75,324	-	-	-
Drug court	5,402	-	-	-
Attorney's forfeited property	18,812	-	-	-
Aquatic invasive species	29,899	-	-	-
Local option sales tax	-	2,192,269	-	-
Child protection allocation	-	-	39,069	-
Resource development	-	-	-	549,440
Debt service	-	-	-	-
Building improvements	-	-	-	-
Solid waste (non-landfill)	-	-	-	-
Greater Minnesota Landfill Cleanup Fee	-	-	-	-
Economic development revolving loans	-	-	-	-
Environmental uses	-	-	-	-
Unorganized townships	-	-	-	-
Ditch #13	-	-	-	-
Committed for:				
Dive team	12,359	-	-	-
Honor guard	91	-	-	-
Facilities	159,243	-	-	-
Mounted patrol	13,435	-	-	-
Triad	5,627	-	-	-
Veterans' service van	44,824	-	-	-
Thirty Lakes Watershed	9	-	-	-
Information technology	475,507	-	-	-
Employee recognition program	2,419	-	-	-
Other post-employment benefits (OPEB)	1,000,000	-	-	-
Highway Improvement Plan	-	4,251,788	-	-
Breastfeeding peer counseling project	-	-	15,430	-
Assigned for:				
Highway	-	4,940,656	-	-
Community services	-	-	2,907,042	-
Capital projects	-	-	-	-
Solid waste (non-landfill)	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>13,286,490</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	\$ 16,431,054	\$ 12,492,983	\$ 2,961,541	\$ 549,440
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,813,340</u>	<u>\$ 15,548,498</u>	<u>\$ 4,730,635</u>	<u>\$ 2,257,017</u>

Debt Service	Capital Projects	Nonmajor Funds	Total
\$ -	\$ -	\$ -	\$ 15,000
-	-	-	73,478
-	-	-	1,108,270
-	-	1,846,499	1,846,499
-	-	-	365,820
-	-	-	5,000
-	-	-	8,881
-	-	-	39,124
-	-	-	31,937
-	-	-	36,804
-	-	-	40,348
-	-	-	58,425
-	-	-	244,856
-	-	-	381,940
-	-	-	75,324
-	-	-	5,402
-	-	-	18,812
-	-	-	29,899
-	-	-	2,192,269
-	-	-	39,069
-	-	-	549,440
4,627,998	-	-	4,627,998
-	169,824	-	169,824
-	-	1,999,724	1,999,724
-	-	407,538	407,538
-	-	26,088	26,088
-	-	44,708	44,708
-	-	1,651,306	1,651,306
-	-	4,786	4,786
-	-	-	12,359
-	-	-	91
-	-	-	159,243
-	-	-	13,435
-	-	-	5,627
-	-	-	44,824
-	-	-	9
-	-	-	475,507
-	-	-	2,419
-	-	-	1,000,000
-	-	-	4,251,788
-	-	-	15,430
-	-	-	4,940,656
-	-	-	2,907,042
-	3,449,610	-	3,449,610
-	-	476,833	476,833
28,779	-	-	28,779
-	-	-	13,286,490
\$ 4,656,777	\$ 3,619,434	\$ 6,457,482	\$ 47,168,711
\$ 4,818,001	\$ 3,722,395	\$ 6,915,255	\$ 56,805,141

**CROW WING COUNTY
BRainerd, MINNESOTA**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016**

Fund balance - total governmental funds	\$ 47,168,711
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.	180,683,978
Long-term receivables are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds.	182,885
Investment in joint venture is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.	17,761,696
Deferred outflows resulting from pension obligations are not available resources and, therefore, are not reported in governmental funds.	22,379,754
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	5,023,907
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	\$ (18,107,500)
Discount on bonds issued	7,254
Premium on bonds issued	(1,718,440)
Deferred charge on refunding	1,390,242
Revenue notes	(182,080)
Accrued interest payable	(379,603)
Net OPEB obligation	(16,286,370)
Net pension liability	(39,833,289)
Compensated absences payable	(2,903,415)
Capital lease payable	(728,750)
	(78,741,951)
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in governmental funds.	(4,928,181)
Net position of governmental activities	\$ 189,530,799

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

This page was left blank intentionally

**CROW WING COUNTY
BRainerd, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>Public Land Management</u>
REVENUES				
Taxes	\$ 19,581,729	\$ 7,389,189	\$ 5,744,433	\$ -
Special assessments	-	-	882	-
Licenses and permits	580,086	-	-	469,972
Intergovernmental	2,776,893	8,860,147	13,937,998	89,206
Charges for services	3,802,103	768,000	1,235,459	25
Fines and forfeits	64,349	-	-	-
Gifts and contributions	46,883	-	17,141	-
Investment earnings	480,536	-	-	60,287
Sales	-	-	-	753,533
Miscellaneous	1,373,307	104,472	1,061,036	80,961
Total Revenues	\$ 28,705,886	\$ 17,121,808	\$ 21,996,949	\$ 1,453,984
EXPENDITURES				
Current				
General government	\$ 13,599,300	\$ -	\$ -	\$ -
Public safety	13,711,800	-	1,214,504	-
Highways and streets	-	6,504,420	-	-
Health and human services	-	-	22,952,617	-
Sanitation	-	-	-	-
Culture and recreation	688,256	-	-	-
Conservation of natural resources	80,139	-	-	1,472,997
Economic development	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	6,106	-	-	-
Highways and streets	-	7,274,427	-	-
Health and human services	-	-	-	-
Culture and recreation	434,752	-	-	-
Conservation of natural resources	-	-	-	-
Intergovernmental	-	364,361	-	-
Debt service				
Principal	-	95,400	-	-
Interest	-	16,352	-	-
Administrative charges	-	-	-	-
Total Expenditures	\$ 28,520,353	\$ 14,254,960	\$ 24,167,121	\$ 1,472,997
Excess of Revenues Over (Under)				
Expenditures	\$ 185,533	\$ 2,866,848	\$ (2,170,172)	\$ (19,013)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 30,133	\$ -	\$ 192,205	\$ -
Transfers out	(192,205)	-	-	-
Draw-downs from revenue note	-	-	-	-
Total Other Financing Sources (Uses)	\$ (162,072)	\$ -	\$ 192,205	\$ -
Net Change in Fund Balances	\$ 23,461	\$ 2,866,848	\$ (1,977,967)	\$ (19,013)
Fund Balance - January 1	16,407,593	9,560,040	4,939,508	568,453
Increase (decrease) in inventories	-	66,095	-	-
Fund Balance - December 31	\$ 16,431,054	\$ 12,492,983	\$ 2,961,541	\$ 549,440

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

Debt Service	Capital Projects	Nonmajor Funds	Total
\$ 4,997,721	\$ 1,224,146	\$ 775,356	\$ 39,712,574
4,371	-	616,145	621,398
-	-	100	1,050,158
94,151	2,084,340	282,023	28,124,758
-	-	334,064	6,139,651
-	-	-	64,349
-	-	-	64,024
-	-	75,849	616,672
-	-	-	753,533
-	251,815	82,739	2,954,330
\$ 5,096,243	\$ 3,560,301	\$ 2,166,276	\$ 80,101,447
\$ -	\$ 948,151	\$ 103,110	\$ 14,650,561
-	475,959	175,420	15,577,683
-	23,876	1,187,342	7,715,638
-	488,190	-	23,440,807
-	58,868	-	58,868
-	-	-	688,256
-	-	950,729	2,503,865
-	-	72,562	72,562
-	1,170,319	-	1,170,319
-	337,405	-	343,511
-	328,645	-	7,603,072
-	12,753	-	12,753
-	-	-	434,752
-	-	57,229	57,229
-	-	-	364,361
3,995,805	-	-	4,091,205
994,335	-	-	1,010,687
4,974	-	-	4,974
\$ 4,995,114	\$ 3,844,166	\$ 2,546,392	\$ 79,801,103
\$ 101,129	\$ (283,865)	\$ (380,116)	\$ 300,344
\$ -	\$ -	\$ 81,712	\$ 304,050
-	-	(111,845)	(304,050)
-	46,035	-	46,035
\$ -	\$ 46,035	\$ (30,133)	\$ 46,035
\$ 101,129	\$ (237,830)	\$ (410,249)	\$ 346,379
4,555,648	3,857,264	6,867,731	46,756,237
-	-	-	66,095
\$ 4,656,777	\$ 3,619,434	\$ 6,457,482	\$ 47,168,711

**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, 2016**

Net change in fund balances - total governmental funds **\$ 346,379**

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	\$ 5,023,907	
Deferred Inflows of Resources - January 1	<u>(4,234,057)</u>	789,850

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	\$ 9,621,636	
Net book value of assets sold or disposed	(36,365)	
Adjustment to construction in progress	107,756	
Current year depreciation	<u>(6,141,829)</u>	3,551,198

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.

Issuance of new debt		
Revenue notes issued	\$ (46,035)	
Long-term receivable related to revenue notes issued	46,035	

Principal repayments		
General obligation bonds	3,995,000	
Capital lease	95,400	
Revenue notes	805	

Amortization of premium and discount on bonds	555,906	
Amortization of deferred charge on refunding	<u>(450,889)</u>	4,196,222

Decrease in joint venture does not provide current financial resources and is not reported as revenue in the funds.		(1,121,003)
---	--	-------------

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	\$ 82,460	
Change in compensated absences	(139,623)	
Change in inventories	66,095	
Change in net OPEB obligation, as restated	(1,197,153)	
Change in net pension liability	(20,876,416)	
Change in deferred outflows of resources	19,074,741	
Change in deferred inflows of resources	<u>(2,304,161)</u>	<u>(5,294,057)</u>

Change in net position of governmental activities		<u>\$ 2,468,589</u>
--	--	----------------------------

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

**CROW WING COUNTY
BRainerd, MINNESOTA**

**STATEMENT OF NET POSITION
LANDFILL ENTERPRISE FUND
DECEMBER 31, 2016**

ASSETS

Current assets

Cash and investments	\$ 8,565,912
Accounts receivable	111,886
Due from other funds	110
Prepaid items	231
Total current assets	\$ 8,678,139

Noncurrent assets

Restricted assets	
Cash and investments	\$ 5,886,463
Capital assets	
Non-depreciable	412,334
Depreciable - net of accumulated depreciation	2,527,116
Total noncurrent assets	\$ 8,825,913

Total Assets

\$ 17,504,052

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow for pensions	\$ 64,529
-------------------------------	------------------

LIABILITIES

Current liabilities

Accounts payable	\$ 19,043
Salaries payable	3,385
Accrued payroll taxes	502
Compensated absences payable - current	27,995
Due to other funds	2,297
Total current liabilities	\$ 53,222

Noncurrent liabilities

Compensated absences payable	\$ 3,111
Net other post employment benefits obligations	174,486
Net pension liability	152,896
Estimated liability for landfill closure/postclosure	4,450,330
Total noncurrent liabilities	\$ 4,780,823

Total Liabilities

\$ 4,834,045

DEFERRED INFLOWS OF RESOURCES

Deferred inflow for pensions	\$ 23,621
------------------------------	------------------

NET POSITION

Net investment in capital assets	\$ 2,939,450
Restricted for landfill closure/postclosure	1,436,133
Unrestricted	8,335,332
Total Net Position	\$ 12,710,915

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, 2016**

OPERATING REVENUES	
Charges for services	\$ 2,720,135
Licenses and permits	<u>1,800</u>
Total Operating Revenues	<u>\$ 2,721,935</u>
OPERATING EXPENSES	
Personnel services	\$ 91,811
Employee benefits and payroll taxes	52,962
Professional services	310,902
Contracted services	827,792
Maintenance	127,184
Supplies	96,781
Telephone	525
Utilities	70,151
Fuel	3,452
Advertising	8,144
Staff training	190
Licenses and dues	9,378
Postage	5,909
Engineering costs	391,059
Miscellaneous	2
Depreciation	347,004
Landfill closure and postclosure costs	<u>116,519</u>
Total Operating Expenses	<u>\$ 2,459,765</u>
Operating Income (Loss)	<u>\$ 262,170</u>
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental	\$ 1,191
Investment earnings	<u>81,712</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 82,903</u>
Income (Loss) Before Contributions and Transfers	<u>\$ 345,073</u>
Transfers in	81,712
Transfers out	<u>(81,712)</u>
Change in Net Position	<u>\$ 345,073</u>
Net Position - Beginning, as restated (Note II.A.)	<u>12,365,842</u>
Net Position - Ending	<u><u>\$ 12,710,915</u></u>

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, 2016
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows from Operating Activities	
Receipts from customers and users	\$ 2,712,768
Receipts for interfund services	2,848
Payments to suppliers	(1,848,748)
Payments to employees for salaries and benefits	(122,333)
Payments for interfund services	(5,101)
Other nonoperating revenues	596
	<hr/>
Net cash provided by (used in) operating activities	<u>\$ 740,030</u>
Cash Flows from Noncapital Financing Activities	
Intergovernmental	\$ 1,191
Transfers in from other funds	81,712
Transfers out to other funds	(81,712)
	<hr/>
Net cash provided by (used in) noncapital financing activities	<u>\$ 1,191</u>
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	<u>\$ (55,792)</u>
Cash Flows from Investing Activities	
Investment earnings received	<u>\$ 81,712</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 767,141
Cash and Cash Equivalents at January 1	<u>13,685,234</u>
Cash and Cash Equivalents at December 31	<u><u>\$ 14,452,375</u></u>
Cash and Cash Equivalents - Statement of Net Position	
Cash and investments	\$ 8,565,912
Restricted cash and investments	<u>5,886,463</u>
Total Cash and Cash Equivalents	<u><u>\$ 14,452,375</u></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, 2016
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)	\$ 262,170
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 347,004
(Increase) decrease in accounts receivable	(6,234)
(Increase) decrease in due from other funds	(85)
(Increase) decrease in prepaid items	(20)
Increase (decrease) in accounts payable	(4,657)
Increase (decrease) in salaries payable	(847)
Increase (decrease) in due to other funds	2,297
Increase (decrease) in compensated absences payable	2,596
(Increase) decrease in deferred outflow for pensions	(49,653)
Increase (decrease) in deferred inflow for pensions	10,081
Increase (decrease) in other post employment benefits obligations	12,826
Increase (decrease) in pension liability	48,033
Increase (decrease) in landfill closure/postclosure costs liability	116,519
Total adjustments	\$ 477,860
Net Cash Provided by (Used in) Operating Activities	\$ 740,030

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, 2016**

	<u>NLLSSD Trust</u>	<u>Agency</u>
ASSETS		
Cash and investments	<u>\$ 1,825</u>	<u>\$ 4,749,529</u>
LIABILITIES		
Accounts payable	\$ -	\$ 669,194
Due to other governments	<u>-</u>	<u>4,080,335</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 4,749,529</u>
NET POSITION		
Held in trust for private purposes	<u>\$ 1,825</u>	

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>NLLSSD Trust</u>
ADDITIONS	
Receipts from District	<u>\$ 1,825</u>
Change in net position	<u>\$ 1,825</u>
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u><u>\$ 1,825</u></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, 2016**

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, 2016. 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 to 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 primarily used to account for all costs for health and human services. Financing comes mainly 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 Enterprise 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.

Private-purpose trust funds are used to report trust arrangements other than pension or investment trusts, under which principal and income benefit individuals, private organizations, or other governments. The County reports one private-purpose trust fund, the North Long Lake Sanitary Sewer District (NLLSSD) Trust, which is maintained as a long-term replacement fund for the sewer system of the District.

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 Administrative Services Director for the purpose of increasing earnings through investment activities. Investments are reported at their fair value at December 31, 2016. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value or fair value per share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments of

CROW WING COUNTY BRAINERD, MINNESOTA

governmental and fiduciary funds are credited to the General Fund. The pooled investment earnings for 2016 were \$480,536. 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 agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool.

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."

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 and in the Landfill Enterprise Fund. Capital assets are defined by the County as assets with an initial, individual cost of more than \$15,000 and an estimated useful life in excess of three years, and any motorized vehicle. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) on 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. Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. The pension liability is liquidated through the General Fund and other governmental funds that have personnel services, as well as the Landfill Enterprise Fund.

8. Deferred Outflows of Resources

In addition to assets, the statement of financial position reports 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 County has two items that qualify for reporting in this category: deferred charge on refunding and deferred outflow for

CROW WING COUNTY BRainerd, MINNESOTA

pensions, both 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. The pension obligation amounts consist of pension plan contributions paid subsequent to the measurement date, changes in actuarial assumptions, and also the differences between projected and actual earnings on pension plan investments.

9. Compensated Absences

Compensated absences will be reported for paid time off (PTO) hours and vested extended leave bank (ELB) hours. The County accrues the compensated absences liability when incurred in both the government-wide and proprietary fund financial statements. The government-wide and proprietary fund financial statements report both current and noncurrent portions of compensated absences. The current portion is calculated using a trend analysis of current usage of PTO. The resulting percentage is then used to determine the current portion of compensated absences. The noncurrent portion consists of the remaining amount of compensated absences.

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. 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.

10. 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 using the

CROW WING COUNTY BRAINERD, MINNESOTA

straight-line interest method. 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.

11. Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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 or reduction of expense) until that time. The government has two types of items. The first, unavailable revenue, arises only under a modified accrual basis of accounting, and 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. The government also has deferred inflows related to pension obligations. The differences between expected and actual economic experience are recognized over a four or six year period, depending on retirement plan. The other deferred inflows related to pension are deferred and the length of the expense recognition period is equal to the average of the expected remaining services lives of all employees that are provided with pensions through the pension plan, determined as of the beginning of the measurement period.

12. Unearned Revenue

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received but not yet earned.

13. 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.

CROW WING COUNTY BRAINERD, MINNESOTA

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.

14. 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.

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 balances for certain purposes resides with the County Administrator or Finance Director, in accordance with the *Fund Balance and Reserves Policy* adopted by the County Board.

CROW WING COUNTY BRAINERD, MINNESOTA

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, committed, or assigned.

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.

15. 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

**CROW WING COUNTY
BRainerd, MINNESOTA**

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

Voluntary nonexchange transactions result from legislative or contractual agreements, such as grants, entitlements, appropriations, and donations. The provider may establish purpose restrictions or eligibility requirements. Revenues are recognized in the year to which they apply according to the statute or contract. 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 the total net other post employment benefits obligations liability as a governmental activity. However, a portion of this liability belongs to the Landfill Enterprise Fund, a business-type activity.

A restatement of beginning net position for the governmental activities and business-type activities is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position - January 1, as previously reported	\$ 186,900,550	\$ 12,527,502
Restatement	<u>161,660</u>	<u>(161,660)</u>
Net position - January 1, as restated	<u>\$ 187,062,210</u>	<u>\$ 12,365,842</u>

**CROW WING COUNTY
BRainerd, MINNESOTA**

The effect of this restatement on net other post employment benefits obligations (OPEB) liability for the governmental activities and business-type activities is as follows:

	Governmental Activities	Business-Type Activities
OPEB liability - January 1, as previously reported	\$ 15,250,877	\$ -
Restatement	<u>(161,660)</u>	<u>161,660</u>
OPEB liability - January 1, as restated	<u>\$ 15,089,217</u>	<u>\$ 161,660</u>

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 Administrative Services Finance Division staff provide all department heads with budget worksheets. Department heads prepare a proposed operating budget and return the worksheets for review. The County Administrator and Finance Division staff meet with department heads and accept 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 except for the Ditch Fund, 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 except for the Ditch Fund, 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 Funds; Debt Service; Capital

**CROW WING COUNTY
BRainerd, MINNESOTA**

Projects; and Environmental Trust. Operating budgets are prepared, but not presented, for the Landfill Enterprise Fund.

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	\$ 45,374,818
----------------------	---------------

Business-type activities

Cash and investments	8,565,912
----------------------	-----------

Cash and investments - restricted assets	5,886,463
--	-----------

Statement of fiduciary net position

Cash and investments	4,751,354
----------------------	-----------

Total Cash and Investments	<u>\$ 64,578,547</u>
----------------------------	----------------------

Deposits	\$ 23,848,357
----------	---------------

Petty Cash and Change Funds	2,945
-----------------------------	-------

Investments	40,727,245
-------------	------------

Total	<u>\$ 64,578,547</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 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

CROW WING COUNTY BRainerd, MINNESOTA

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, 2016, 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 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.

**CROW WING COUNTY
BRainerd, MINNESOTA**

As of December 31, 2016, 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	\$ 9,868,483	\$ -	\$ -	\$ 9,868,483
U.S. Treasuries	AA	1,823,168	3,891,464	-	5,714,632
Mutual Funds	NR	47,454	-	-	47,454
Federal National Mortgage Association	AA	-	4,719,570	-	4,719,570
Federal Home Loan Mortgage Corporation	AA	-	1,759,230	-	1,759,230
Federal Home Loan Bank	AA	-	5,392,188	178,706	5,570,894
Federal Farm Credit Banks	AAA	-	-	627,247	627,247
Negotiable Certificates of Deposit	NR	736,810	5,361,160	145,500	6,243,470
Municipal Bonds	AA	782,324	2,886,217	848,973	4,517,514
Municipal Bonds	AAA	190,264	1,166,335	302,152	1,658,751
Total Investments		<u>\$ 13,448,503</u>	<u>\$ 25,176,164</u>	<u>\$ 2,102,578</u>	<u>\$ 40,727,245</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 V 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, 2016, 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, 2016.

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

¹ The savings/demand deposits held by the County will fluctuate significantly as a result of property tax collection and settlement. Ideally, the County will hold not more than 20% of its “core investments” in savings/demand deposits, and will ensure a minimum of \$5,000,000 is readily available.

² Due 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.

More than 5% of the County’s investments are in Repurchase Agreements (24%), Negotiable Certificates of Deposit (15%), U.S. Treasuries (14%), Federal Home Loan Bank (14%), Federal National Mortgage Corporation (12%), and Municipal Bonds rated AA (11%).

g) Fair Value Measurements

The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

**CROW WING COUNTY
BRainerd, MINNESOTA**

At December 31, 2016, the County had the following recurring fair value measurements:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	December 31, 2016			
Investments by fair value level				
Debt securities				
U.S. Treasuries	\$ 5,714,632	\$ -	\$ 5,714,632	\$ -
Federal Farm Credit Banks	627,247	-	627,427	-
Federal Home Loan Mortgage Corporation	1,759,230	-	1,759,230	-
Federal Home Loan Bank	5,570,894	-	5,570,894	-
Federal National Mortgage Association	4,719,570	-	4,719,570	-
Municipal Bonds	6,176,265	-	6,176,265	-
Mutual Funds	2,997	-	2,997	-
Negotiable Certificates of Deposit	6,243,470	-	6,243,470	-
Repurchase Agreements	9,868,483	-	9,868,483	-
Total debt securities	<u>\$ 40,682,788</u>	<u>\$ -</u>	<u>\$ 40,682,788</u>	<u>\$ -</u>
Total investments included in the fair value hierarchy	<u>\$ 40,682,788</u>	<u>\$ -</u>	<u>\$ 40,682,788</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	<u>\$ 44,457</u>			
Total investments measured at fair value	<u>\$ 40,727,245</u>			

Debt securities classified in Level 2 are valued using a market approach pricing technique.

MAGIC is a local government investment pool, which is quoted at a net asset value (NAV). The County invests in this pool for the purpose of the joint investment of the County's money with those of other counties to enhance the investment earnings accruing to each member.

MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There is no limit to the number of redemptions allowed, so long as the County has a sufficient number of shares to meet its redemption request. The MAGIC Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine there is an emergency that makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical.

**CROW WING COUNTY
BRainerd, MINNESOTA**

2. Receivables

Receivables as of December 31, 2016, for the County's governmental activities are as follows:

	<u>Total Receivables</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
Taxes - delinquent	\$ 1,123,189	\$ -
Accounts	411,472	-
Accrued interest	126,606	-
Contracts	872,879	665,965
Due from other governments	5,912,029	-
Internal balances	2,187	-
Loans	298,577	286,877
Long-term receivable	182,885	182,885
Total Governmental Activities	<u>\$ 8,929,824</u>	<u>\$ 1,135,727</u>

Loans receivable relate to the amount of Small Cities Development grant funds anticipated to be collected as part of the County's development programs. The long-term receivable is due from the North Long Lake Sanitary Sewer District for the repayment of the General Obligation Revenue Note the County holds on behalf of the District.

**CROW WING COUNTY
BRainerd, MINNESOTA**

3. Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

Governmental Activities

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Land	\$ 14,769,116	\$ 57,229	\$ -	\$ 14,826,345
Construction in progress	7,956,896	7,411,346	(11,047,155)	4,321,087
Infrastructure - right-of-way	6,495,574	252,082	-	6,747,656
Total capital assets not depreciated	\$ 29,221,586	\$ 7,720,657	\$ (11,047,155)	\$ 25,895,088
Capital assets depreciated				
Buildings	\$ 65,002,874	\$ 818,444	\$ -	\$ 65,821,318
Land improvements	2,231,835	713,234	-	2,945,069
Machinery, furniture, and equipment	18,848,629	1,568,031	(506,708)	19,909,952
Infrastructure	127,841,278	9,956,181	-	137,797,459
Total capital assets depreciated	\$ 213,924,616	\$ 13,055,890	\$ (506,708)	\$ 226,473,798
Less: accumulated depreciation for				
Buildings	\$ (20,083,360)	\$ (1,618,691)	\$ -	\$ (21,702,051)
Land improvements	(982,957)	(117,183)	-	(1,100,140)
Machinery, furniture, and equipment	(12,218,486)	(1,697,969)	470,343	(13,446,112)
Infrastructure	(32,728,619)	(2,707,986)	-	(35,436,605)
Total accumulated depreciation	\$ (66,013,422)	\$ (6,141,829)	\$ 470,343	\$ (71,684,908)
Total capital assets depreciated, net	\$ 147,911,194	\$ 6,914,061	\$ (36,365)	\$ 154,788,890
Governmental Activities Capital Assets, Net	\$ 177,132,780	\$ 14,634,718	\$ (11,083,520)	\$ 180,683,978

Depreciation expense for 2016 was charged to functions/programs of the government's governmental activities as follows:

Governmental Activities

General government	\$ 1,294,536
Public safety	1,193,019
Highways and streets (including depreciation of infrastructure assets)	3,425,717
Health and human services	184,860
Culture and recreation	16,104
Conservation of natural resources	27,593
Total Depreciation Expense - Governmental Activities	\$ 6,141,829

**CROW WING COUNTY
BRainerd, MINNESOTA**

Business-Type Activities

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Land	\$ 412,334	\$ -	\$ -	\$ 412,334
Capital assets depreciated				
Buildings	\$ 781,973	\$ -	\$ -	\$ 781,973
Landfill	13,318,463	55,792	-	13,374,255
Machinery, furniture, and equipment	301,079	-	-	301,079
Total capital assets depreciated	\$ 14,401,515	\$ 55,792	\$ -	\$ 14,457,307
Less: accumulated depreciation for				
Buildings	\$ (306,911)	\$ (28,543)	\$ -	\$ (335,454)
Landfill	(11,019,642)	(306,596)	-	(11,326,238)
Machinery, furniture, and equipment	(256,634)	(11,865)	-	(268,499)
Total accumulated depreciation	\$ (11,583,187)	\$ (347,004)	\$ -	\$ (11,930,191)
Total capital assets depreciated, net	\$ 2,818,328	\$ (291,212)	\$ -	\$ 2,527,116
Business-Type Activities Capital Assets, Net	\$ 3,230,662	\$ (291,212)	\$ -	\$ 2,939,450

Depreciation expense for 2016 was charged to functions/programs of the government's business-type activities as follows:

Business-Type Activities

Landfill	<u>\$ 347,004</u>
----------	-------------------

**CROW WING COUNTY
BRAINERD, MINNESOTA**

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2016, is as follows:

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Public Land Management	\$ 366,432
Highway	General	\$ 50,162
	Community Services	9,073
	Public Land Management	4,051
	Unorganized Townships	79,455
	Landfill Enterprise Fund	2,297
Total Due To Highway Fund		\$ 145,038
Capital Projects	Public Land Management	\$ 169,824
Landfill Enterprise	General	\$ 60
	Highway	30
	Public Land Management	20
Total Due To Landfill Enterprise Fund		\$ 110
Total Due To/From Other Funds		\$ 681,404

Balances at year-end 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, 2016, consisted of the following:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General	Solid Waste (Non-Landfill)	\$ 30,133
Community Services	General	192,205
Solid Waste (Non-Landfill)	Landfill	81,712
Landfill	Solid Waste (Non-Landfill)	81,712
Total Interfund Transfers		\$ 385,762

Transfers occurred between Solid Waste (Non-Landfill), General, and Landfill Funds to fully utilize the financial assurance interest earnings. Transfers occurred between the General Fund and the Community Services Special Revenue Fund to account for the dissolution of Central Minnesota Community Corrections and the redirection of the County's appropriation to that agency.

**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, 2015, the most recent actuarial valuation date, there were approximately 635 participants in the plan. Of the 635 participants, 235 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 2016, the County contributed \$2,119,096 to the plan. Results throughout the actuarial report assume continued funding under PAYGO.

The annual OPEB cost (expense) is allocated based on the County's compensated absences balances and is liquidated by the General Fund; Highway, Community Services, Public Land Management, and Solid Waste (Non-Landfill) Special Revenue Funds; as well as the Landfill Enterprise Fund.

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 2016, the amount contributed to the plan, and changes in the County's net OPEB obligation to the plan.

Annual required contribution (ARC)	\$ 3,583,873
Interest on net OPEB obligation	610,035
Adjustment to ARC	(864,833)
Annual OPEB Cost	<u>\$ 3,329,075</u>
Contributions during the year	<u>(2,119,096)</u>
Increase in net OPEB obligation	\$ 1,209,979
Net OPEB beginning of year	15,250,877
Net OPEB end of year	<u><u>\$ 16,460,856</u></u>

CROW WING COUNTY BRAINERD, MINNESOTA

Summary of Annual OPEB Costs

The County's employer contribution, annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2015, and 2016 are as follows:

Year Ended	Employer Contribution	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
12/31/2014	\$ 1,561,453	\$ 3,040,503	51.4%	\$ 13,546,358
12/31/2015	1,508,494	3,213,013	46.9%	15,250,877
12/31/2016	2,119,096	3,329,075	63.7%	16,460,856

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 Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
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%
1/1/2015	-	40,031,410	40,031,410	0%	22,851,210	175.18%

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, 2015, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumption included a 4.0 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 7.25 percent in 2015 grading to 5.0 percent over nine years for Pre-65 was used. An annual healthcare cost trend rate of 4.67 percent in 2015 grading to 4.0 percent over two 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 at a level dollar amount on a closed basis. The remaining amortization period at December 31, 2016, was twenty-one years.

Changes in Net OPEB obligation for the year are as follows:

	Beginning Balance, as restated	Additions	Reductions	Ending Balance
Net OPEB obligation				
Governmental activities	\$ 15,089,217	\$ 3,293,787	\$ 2,096,634	\$ 16,286,370
Business-type activities	161,660	35,288	22,462	174,486
Total	<u>\$ 15,250,877</u>	<u>\$ 3,329,075</u>	<u>\$ 2,119,096</u>	<u>\$ 16,460,856</u>

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.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016, were as follows:

<u>December 31</u>	<u>Lease payments</u>
2017	\$ 112,467
2018	113,130
2019	111,116
2020	111,725
2021	112,229
2022-2023	225,180
Total minimum lease payments	\$ 785,847
Less: amount representing interest	(57,097)
Present Value of Minimum Lease Payments	<u>\$ 728,750</u>

3. Long-Term Debt

Governmental Activities

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rate (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2016</u>
2013A G.O. Refunding Capital Improvement Plan Bonds	2020	\$2,415,000 - \$3,035,000	2.00 - 5.00	\$ 19,040,000	\$ 11,340,000
2013A G.O. Refunding County Jail Bonds	2020	\$1,325,000 - \$1,675,000	2.00 - 5.00	10,480,000	6,255,000
2010A G.O. Refunding Airport Improvement Bonds (50% County Portion)	2022	\$72,500 - \$92,500	1.00 - 3.35	885,000	512,500
2015 G.O. Sewer Revenue Note North Long Lake Sanitary Sewer District Clean Water Project*	2045	\$805 - \$8,500	1.00	<u>182,885</u>	<u>182,080</u>
Total Indebtedness				<u>\$ 30,587,885</u>	<u>\$ 18,289,580</u>

* The outstanding balance for this note represents the amount received from the Minnesota Public Facilities Authority as of December 31, 2016. The County has not finished drawing down funds on this note; therefore, final debt payment schedules are not available. The payment schedule in Note III.C.4. Debt Service Requirements does not include the debt service applicable to this loan.

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

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 percent each. 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.

4. Debt Service Requirements

Debt service requirements at December 31, 2016, were as follows:

Governmental Activities

<u>December 31</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 4,180,000	\$ 790,898
2018	4,370,000	579,329
2019	4,577,500	357,588
2020	4,797,500	124,996
2021	90,000	4,517
2022	92,500	1,549
Total	<u>\$ 18,107,500</u>	<u>\$ 1,858,877</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2016, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 22,102,500	\$ -	\$ 3,995,000	\$ 18,107,500	\$ 4,180,000
General obligation revenue note	136,850	46,035	805	182,080	-
Plus: deferred amounts for issuance premiums (discounts)	2,267,092	-	555,906	1,711,186	555,905
General obligation debt subtotal	\$ 24,506,442	\$ 46,035	\$ 4,551,711	\$ 20,000,766	\$ 4,735,905
Capital lease	824,150	-	95,400	728,750	98,050
Compensated absences	2,763,792	3,191,049	3,051,426	2,903,415	2,615,708
Governmental Activities Long-Term Liabilities	<u>\$ 28,094,384</u>	<u>\$ 3,237,084</u>	<u>\$ 7,698,537</u>	<u>\$ 23,632,931</u>	<u>\$ 7,449,663</u>

General obligation debt is paid from the General Fund and 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.

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Estimated liability for landfill closure and postclosure	\$ 4,333,811	\$ 116,519	\$ -	\$ 4,450,330	\$ -
Compensated absences	28,510	19,939	17,343	31,106	27,995
Business-Type Activities Long-Term Liabilities	<u>\$ 4,362,321</u>	<u>\$ 136,458</u>	<u>\$ 17,343</u>	<u>\$ 4,481,436</u>	<u>\$ 27,995</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 \$1,095,000 for the year ended December 31, 2016.

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

CROW WING COUNTY BRainerd, MINNESOTA

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 \$28,052 at December 31, 2016.

6. Pension Plans

a. Defined Benefit Pension Plans

1. 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 Plan, the Public Employees Police and Fire Plan, and the Local Government Correctional Service Retirement Plan (the Public Employees Correctional Plan), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (accounted for in the General Employees 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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years and increasing 5 percent for each year of service until fully vested after 20 years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional facility and its inmates are covered by the Public Employees Correctional Plan (accounted for in the Correctional Fund). For members hired after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years.

2. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 percent post-retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5

CROW WING COUNTY BRAINERD, MINNESOTA

percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent.

The benefit provisions stated in the following paragraph 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 their public service.

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 Plan Coordinated and Basic Plan members. Members hired prior to July 1, 1989, receive 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. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service 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. Only Method 2 is used for members hired after June 30, 1989. For Public Employees Police and Fire Plan members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Plan members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For General Employees Retirement Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Public Employees Police and Fire Plan and Public Employees Correctional Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

3. Contributions

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. General Employees Retirement Plan Basic members, Coordinated members, and Minneapolis Employees Retirement Fund members were required to contribute 9.10 percent, 6.50 percent, and 9.75 percent, respectively, of their annual covered salary in 2016. Public Employees Police and Fire Plan members were required to contribute 10.80 percent of their annual covered salary in 2016. Public Employees Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2016.

CROW WING COUNTY BRAINERD, MINNESOTA

In 2016, the County was required to contribute the following percentages of annual covered salary:

General Employees Retirement Plan	
Basic Plan members	11.78%
Coordinated Plan members	7.50
Minneapolis Employees Retirement Fund members	9.75
Public Employees Police and Fire Plan	16.20
Public Employees Correctional Plan	8.75

The employee and employer contribution rates did not change from the previous year.

The County's contributions for the year ended December 31, 2016, to the pension plans were:

General Employees Retirement Plan	\$	1,331,356
Public Employees Police and Fire Plan		463,631
Public Employees Correctional Plan		274,356

The contributions are equal to the contractually required contributions as set by state statute.

4. Pension Costs

General Employees Retirement Plan

At December 31, 2016, the County reported a liability of \$22,495,756 for its proportionate share of the General Employees Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 0.2771 percent. It was 0.2977 percent measured as of June 30, 2015. The County recognized pension expense of \$2,632,833 for its proportionate share of the General Employees Retirement Plan's pension expense.

The County also recognized \$87,624 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Retirement Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$6 million to the General Employees Retirement Plan each year, starting September 15, 2015, through September 15, 2031.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

County's proportionate share of the net pension liability	\$ 22,495,756
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>293,868</u>
Total	<u>\$ 22,789,624</u>

The County reported its proportionate share of the General Employees Retirement Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,863,406
Changes in actuarial assumptions	4,404,689	-
Difference between projected and actual investment earnings	4,345,745	-
Changes in proportion	-	1,611,823
Contributions paid to PERA subsequent to the measurement date	<u>679,813</u>	<u>-</u>
Total	<u>\$ 9,430,247</u>	<u>\$ 3,475,229</u>

A total of \$679,813 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2017	\$ 1,266,203
2018	1,266,203
2019	1,930,216
2020	812,583

Public Employees Police and Fire Plan

At December 31, 2016, the County reported a liability of \$11,718,468 for its proportionate share of the Public Employees Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received

**CROW WING COUNTY
BRAINERD, MINNESOTA**

from all of PERA's participating employers. At June 30, 2016, the County's proportion was 0.2920 percent. It was 0.2980 percent measured as of June 30, 2015. The County recognized pension expense of \$2,035,441 for its proportionate share of the Public Employees Police and Fire Plan's pension expense.

The County also recognized \$26,280 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Plan. Legislation requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded.

The County reported its proportionate share of the Public Employees Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,353,175
Changes in actuarial assumptions	6,449,185	-
Difference between projected and actual investment earnings	1,797,229	-
Changes in proportion	64,802	56,812
Contributions paid to PERA subsequent to the measurement date	233,071	-
Total	<u>\$ 8,544,287</u>	<u>\$ 1,409,987</u>

A total of \$233,071 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2017	\$ 1,488,254
2018	1,488,254
2019	1,488,256
2020	1,340,768
2021	1,095,697

Public Employees Correctional Plan

At December 31, 2016, the County reported a liability of \$5,771,961 for its proportionate share of the Public Employees Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate

**CROW WING COUNTY
BRainerd, MINNESOTA**

the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 1.58 percent. It was 1.60 percent measured as of June 30, 2015. The County recognized pension expense of \$1,629,271 for its proportionate share of the Public Employees Correctional Plan's pension expense.

The County reported its proportionate share of the Public Employees Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,519	\$ 63,136
Changes in actuarial assumptions	3,677,434	-
Difference between projected and actual investment earnings	650,432	-
Changes in proportion	-	3,450
Contributions paid to PERA subsequent to the measurement date	137,364	-
Total	<u>\$ 4,469,749</u>	<u>\$ 66,586</u>

A total of \$137,364 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2017	\$ 1,369,920
2018	1,369,921
2019	1,402,023
2020	123,935

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2016, was \$6,297,545.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

5. Actuarial Assumptions

The total pension liability in the June 30, 2016, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50 percent per year
Active member payroll growth	3.25 percent per year
Investment rate of return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants in the General Employees Retirement Plan were based on RP-2014 tables, while Public Employees Police and Fire Plan and Public Employees Correctional Plan were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Plan and the Public Employees Police and Fire Plan, cost of living benefit increases for retirees are assumed to be 1.0 percent. Cost of living benefit increases for retirees are assumed to be 2.5 percent for the Public Employees Correctional Plan.

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Plan was for the period 2008 through 2015. The experience study for the Public Employees Police and Fire Plan was for the period 2004 through 2009. The experience study for the Public Employees Correctional Plan was for the period 2006 through 2011.

On August 16, 2016, an updated experience study was done for PERA's Public Employees Police and Fire Plan for the period 2011 through 2015, which would result in a larger pension liability. However, PERA will implement the changes in assumptions for its June 30, 2017, estimate of pension liability.

The long-term expected rate of return on pension plan investments is 7.5 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	45%	5.50%
International stocks	15	6.00
Bonds	18	1.45
Alternative assets	20	6.40
Cash	2	0.50

CROW WING COUNTY BRAINERD, MINNESOTA

6. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2016, a reduction of the 7.90 percent used in 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Retirement Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In the Public Employees Police and Fire Plan and the Public Employees Correctional Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056, and June 30, 2058, respectively. Beginning in fiscal years ended June 30, 2057, for the Police and Fire Plan and June 30, 2059, for the Public Employees Correctional Plan, when projected benefit payments exceed the Plans' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85 percent based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60 percent for the Public Employees Police and Fire Plan and 5.31 percent for the Public Employees Correctional Plan was determined that produced approximately the same present value of the projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50 percent applied to all years of projected benefits through the point of asset depletion and 2.85 percent thereafter.

7. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2016:

General Employees Retirement Plan

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.

CROW WING COUNTY BRAINERD, MINNESOTA

- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Correctional Plan

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

8. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	Proportionate Share of the					
	General Employees Retirement Plan		Public Employees Police and Fire Plan		Public Employees Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 31,950,641	4.60%	\$ 16,404,300	4.31%	\$ 8,690,790
Current	7.50	22,495,756	5.60	11,718,468	5.31	5,771,961
1% Increase	8.50	14,707,504	6.60	7,889,787	6.31	3,493,254

9. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

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

CROW WING COUNTY BRAINERD, MINNESOTA

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. Employee and employer contributions are combined and used to 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 Crow Wing County during the year ended December 31, 2016, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 6,643	\$ 6,643
Percentage of covered payroll	5%	5%

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 \$4,450,330 landfill closure and postclosure care liability at December 31, 2016, represents the cumulative amount reported to date based on the use of 84.93 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$869,227 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2016. 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, 2016, investments of \$5,886,463 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 \$500,000 per claim in 2016 and \$500,000 per claim in 2017. 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	\$ 1,123,189
Contracts receivable	872,879
Charges for services	309,345
Highway aids receivable that do not provide current financial resources	2,488,563
Interest receivable that does not provide current financial resources	21,688
Grants receivable that do not provide current financial resources	208,243
Total unavailable revenue for Governmental Funds	<u>\$ 5,023,907</u>

E. Unearned Revenue

Unearned revenue reported in the governmental funds consisted of \$399,294 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 percent of the total debt will be reflected in the County's financial statements. The 2010A bonds will mature July 1, 2022.

On December 31, 2016, the outstanding amount of the bonds was \$1,025,000. The City of Brainerd's share of this amount is \$512,500, for which the County is only contingently liable.

In 2016, 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 \$17,761,696 on December 31, 2015, 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 provided detention and correction services to adults and juveniles under the jurisdiction of the counties, which were parties to the agreement, any other Minnesota county that requests these services, and the Minnesota Department of Corrections. The governing board was composed of five County Commissioners from each of the participating counties. Crow Wing County maintained the accounting records of the Agency.

On November 10, 2015, the Crow Wing County Board of Commissioners approved a resolution to withdraw from Central Minnesota Community Corrections and integrate probation service delivery with the County's Community Services programs. The dissolution date of Central Minnesota Community Corrections was June 30, 2016. Pursuant to the joint powers agreement, in the event of dissolution of the Agency, the unexpended balance of monies and assets held by the Agency was divided between the counties in proportion to their contributions.

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

CROW WING COUNTY BRAINERD, MINNESOTA

between the Counties of Benton, Cass, Chisago, 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 13 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:

Ms. Marion Larson, Regional EMS Coordinator
Central Minnesota Emergency Medical Services Region
Stearns County Administration Center
P.O. Box 1107
St. Cloud, Minnesota 56302

Lakes Area Drug Investigation Team

The Lakes Area Drug Investigation Team was created on August 1, 2001, stemming from the dissolution of the NET IV Drug Task Force. The Lakes Area Drug Investigation Team is a multi-jurisdictional task force involving all law enforcement agencies in Crow Wing County, established under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59. The major emphasis of the joint venture is the investigation and enforcement of narcotics in Crow Wing County.

Fiscal agent responsibilities for the Task Force are with Crow Wing County. Financial information can be obtained from:

Crow Wing County Administrative Services – Finance Division
326 Laurel Street, Suite 22
Brainerd, MN 56401

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.

Each County's share of the assets and liabilities cannot be accurately determined since it will depend on the number of counties that are members should the agreement dissolve.

CROW WING COUNTY BRAINERD, MINNESOTA

Separate financial information can be obtained from:

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

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.

In 2016, Crow Wing County contributed \$1,500 to the Mississippi Headwaters Board.

Financial information can be obtained from:

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

Email: mhb@mississippiheadwaters.org

Northeast Regional Emergency Communications Board

The Northeast Regional Emergency Communications Board (previously 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 Regional Emergency Communications 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 Regional Emergency Communications Board. Funding is provided by grants and contributions from participating members. In 2016, Crow Wing County contributed \$713 to the Northeast Regional Emergency Communications Board.

**CROW WING COUNTY
BRainerd, MINNESOTA**

Financial information can be obtained from:

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

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 between Crow Wing County, Independent School District #181, Independent School District #182, Independent School District #186, and Tri-County Community Action 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.

The activities of this Collaborative are guided by a governance board consisting of, but not limited to, one member from each of the five participating agencies. Each of these board members is appointed by their respective governing body.

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 on January 1, 1992, pursuant to Minn. Stat. § 134.20, 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, 2016. Separate financial information can be obtained from:

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

**CROW WING COUNTY
BRainerd, MINNESOTA**

Region Two – Northeast Minnesota Homeland Security Emergency Management Organization

The Region Two – Northeast Minnesota Security Emergency Management Organization (NEMHSEM) was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the NEMHSEM region. Control is vested in the Board, which is composed of representatives appointed by each Board of County Commissioners. Crow Wing County's responsibility does not extend beyond making this appointment.

Additional information can be obtained from:

Homeland Security and Emergency Management
445 Minnesota Street, Suite 223
St. Paul, MN 55101

This page was left blank intentionally

**CROW WING COUNTY
BRainerd, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 19,661,776	\$ 19,661,776	\$ 19,581,729	\$ (80,047)
Licenses and permits	522,945	522,945	580,086	57,141
Intergovernmental	2,259,925	2,259,925	2,776,893	516,968
Charges for services	4,149,851	4,149,851	3,802,103	(347,748)
Fines and forfeits	35,000	61,736	64,349	2,613
Gifts and contributions	-	-	46,883	46,883
Investment earnings	478,600	478,600	480,536	1,936
Miscellaneous	1,323,367	1,360,206	1,373,307	13,101
Total Revenues	\$ 28,431,464	\$ 28,495,039	\$ 28,705,886	\$ 210,847
EXPENDITURES				
Current				
General government				
Governance Services				
Commissioners	\$ 292,608	\$ 292,608	\$ 297,567	\$ (4,959)
Courts	303,924	302,549	324,695	(22,146)
Law library	70,000	70,000	72,776	(2,776)
Administrator	335,922	335,922	311,259	24,663
Attorney	2,044,144	2,078,555	2,076,275	2,280
Veterans service officer	284,421	325,421	239,608	85,813
Appropriations	254,769	254,769	237,321	17,448
Other general government	845,976	845,976	779,420	66,556
Administrative Services				
Finance	881,824	821,754	745,127	76,627
Elections	306,301	330,357	370,007	(39,650)
Human resources and risk management	825,325	822,368	876,560	(54,192)
Information technology	1,500,315	1,617,747	1,345,479	272,268
Facilities	1,996,180	1,997,011	1,964,429	32,582
Land Services				
Customer services	861,542	999,518	986,822	12,696
Recorder	809,004	348,444	344,611	3,833
Environmental services	1,185,818	1,113,838	1,102,041	11,797
Assessing services	1,246,324	1,521,509	1,525,303	(3,794)
Total general government	\$ 14,044,397	\$ 14,078,346	\$ 13,599,300	\$ 479,046

(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, 2016
(Continued)**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES				
Current (Continued)				
Public safety				
Community Services				
Corrections	\$ 366,169	\$ 175,339	\$ 175,339	\$ -
Public Safety Services				
Patrol	4,427,813	4,427,813	4,564,447	(136,634)
Investigations	1,058,869	1,058,869	1,074,577	(15,708)
Operations	285,467	285,467	292,769	(7,302)
Support	1,324,871	1,324,871	1,301,073	23,798
Jail	6,392,052	6,392,052	6,158,046	234,006
Other public safety services	255,403	283,578	145,549	138,029
Total public safety	\$ 14,110,644	\$ 13,947,989	\$ 13,711,800	\$ 236,189
Culture and recreation				
Governance Services				
Kitchigami library	\$ 509,127	\$ 509,127	\$ 509,127	\$ -
Appropriations	39,000	39,000	39,000	-
Land Services				
Recreation	105,295	105,295	140,129	(34,834)
Total culture and recreation	\$ 653,422	\$ 653,422	\$ 688,256	\$ (34,834)
Conservation of natural resources				
Administrative Services				
County extension	\$ 82,142	\$ 82,142	\$ 80,139	\$ 2,003
Capital outlay				
Public safety	\$ 550	\$ 550	\$ 6,106	\$ (5,556)
Culture and recreation	45,938	146,938	434,752	(287,814)
Total capital outlay	\$ 46,488	\$ 147,488	\$ 440,858	\$ (293,370)
Total Expenditures	\$ 28,937,093	\$ 28,909,387	\$ 28,520,353	\$ 389,034

(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, 2016
(Continued)**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Excess of Revenues Over (Under)				
Expenditures	\$ (505,629)	\$ (414,348)	\$ 185,533	\$ 599,881
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 29,078	\$ 29,078	\$ 30,133	\$ 1,055
Transfers out	-	(192,205)	(192,205)	-
Total Other Financing Sources (Uses)	\$ 29,078	\$ (163,127)	\$ (162,072)	\$ 1,055
Net Change in Fund Balance	\$ (476,551)	\$ (577,475)	\$ 23,461	\$ 600,936
Fund Balance - January 1	16,407,593	16,407,593	16,407,593	-
Fund Balance - December 31	\$ 15,931,042	\$ 15,830,118	\$ 16,431,054	\$ 600,936

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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 3,363,173	\$ 5,617,173	\$ 7,389,189	\$ 1,772,016
Intergovernmental	8,561,017	8,561,017	8,860,147	299,130
Charges for services	491,000	491,000	768,000	277,000
Miscellaneous	50,650	50,650	104,472	53,822
Total Revenues	\$ 12,465,840	\$ 14,719,840	\$ 17,121,808	\$ 2,401,968
EXPENDITURES				
Current				
Highways and streets				
Transportation Services				
Administration	\$ 571,699	\$ 574,699	\$ 543,340	\$ 31,359
Maintenance	2,742,670	2,742,670	2,617,637	125,033
Engineering/construction	1,476,388	1,476,388	1,017,795	458,593
Equipment maintenance and shop	1,439,427	1,436,427	908,910	527,517
Local option sales tax	-	1,392,326	1,416,738	(24,412)
Total highways and streets	\$ 6,230,184	\$ 7,622,510	\$ 6,504,420	\$ 1,118,090
Capital outlay				
Highways and streets	\$ 9,670,290	\$ 9,670,290	\$ 7,274,427	\$ 2,395,863
Intergovernmental				
Highways and streets	\$ -	\$ -	\$ 364,361	\$ (364,361)
Debt service				
Principal	\$ 92,750	\$ 92,750	\$ 95,400	\$ (2,650)
Interest	18,233	18,233	16,352	1,881
Total debt service	\$ 110,983	\$ 110,983	\$ 111,752	\$ (769)
Total Expenditures	\$ 16,011,457	\$ 17,403,783	\$ 14,254,960	\$ 3,148,823
Net Change in Fund Balance	\$ (3,545,617)	\$ (2,683,943)	\$ 2,866,848	\$ 5,550,791
Fund Balance - January 1	9,560,040	9,560,040	9,560,040	-
Increase (decrease) in inventories	-	-	66,095	66,095
Fund Balance - December 31	\$ 6,014,423	\$ 6,876,097	\$ 12,492,983	\$ 5,616,886

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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 5,716,696	\$ 5,716,696	\$ 5,744,433	\$ 27,737
Special assessments	-	-	882	882
Intergovernmental	13,220,881	13,954,545	13,937,998	(16,547)
Charges for services	1,377,885	1,466,935	1,235,459	(231,476)
Gifts and contributions	8,500	8,500	17,141	8,641
Miscellaneous	606,835	606,835	1,061,036	454,201
Total Revenues	\$ 20,930,797	\$ 21,753,511	\$ 21,996,949	\$ 243,438
EXPENDITURES				
Current				
Public safety				
Community Services				
Juvenile detention	\$ 281,000	\$ 281,000	\$ 371,823	\$ (90,823)
Community corrections	-	823,882	842,681	(18,799)
Total public safety	\$ 281,000	\$ 1,104,882	\$ 1,214,504	\$ (109,622)
Health and human services				
Community Services				
Income maintenance	\$ 5,823,670	\$ 5,915,947	\$ 6,103,171	\$ (187,224)
Social services	13,619,163	13,914,110	15,642,339	(1,728,229)
Health	1,300,058	1,300,058	1,207,107	92,951
Total health and human services	\$ 20,742,891	\$ 21,130,115	\$ 22,952,617	\$ (1,822,502)
Total Expenditures	\$ 21,023,891	\$ 22,234,997	\$ 24,167,121	\$ (1,932,124)
Excess of Revenues Over (Under)				
Expenditures	\$ (93,094)	\$ (481,486)	\$ (2,170,172)	\$ (1,688,686)
OTHER FINANCING SOURCES (USES)				
Transfer in	-	203,047	192,205	(10,842)
Net Change in Fund Balance	\$ (93,094)	\$ (278,439)	\$ (1,977,967)	\$ (1,699,528)
Fund Balance - January 1	4,939,508	4,939,508	4,939,508	-
Fund Balance - December 31	\$ 4,846,414	\$ 4,661,069	\$ 2,961,541	\$ (1,699,528)

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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Licenses and permits	\$ 590,400	\$ 590,400	\$ 469,972	\$ (120,428)
Intergovernmental	91,000	91,000	89,206	(1,794)
Charges for services	-	-	25	25
Investment earnings	75,000	75,000	60,287	(14,713)
Sales	262,000	262,000	753,533	491,533
Miscellaneous	24,700	24,700	80,961	56,261
Total Revenues	\$ 1,043,100	\$ 1,043,100	\$ 1,453,984	\$ 410,884
EXPENDITURES				
Current				
Conservation of natural resources				
Land Services				
County land management	1,173,327	1,173,327	1,472,997	(299,670)
Net Change in Fund Balance	\$ (130,227)	\$ (130,227)	\$ (19,013)	\$ 111,214
Fund Balance - January 1	568,453	568,453	568,453	-
Fund Balance - December 31	\$ 438,226	\$ 438,226	\$ 549,440	\$ 111,214

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS PLAN
DECEMBER 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
January 1, 2011	\$ -	\$ 32,369,071	\$ 32,369,071	0.00%	\$ 21,252,877	152.30%
January 1, 2013	-	34,827,839	34,827,839	0.00%	21,834,994	159.50%
January 1, 2015	-	40,031,410	40,031,410	0.00%	22,851,210	175.18%

Note: The most recent actuarial valuation date was January 1, 2015. See Note III.C.1., Other Post Employment Benefits, for a schedule of employer contributions and other information.

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

**CROW WING COUNTY
BRainerd, MINNESOTA**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2016**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Crow Wing County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.277%	\$ 22,495,756	\$ 293,868	\$ 22,789,624	\$ 17,127,800	131.34%	68.91%
2015	0.298	15,428,399	N/A	15,428,399	17,553,437	87.89	78.19

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The measurement date for each year is June 30.

N/A - Not Applicable

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2016**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2016	\$ 1,331,356	\$ 1,331,356	\$ -	\$ 17,751,413	7.50%
2015	1,286,105	1,286,105	-	17,148,067	7.50

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2016**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.292%	\$ 11,718,468	\$ 2,815,068	416.28%	63.88%
2015	0.298	3,385,977	2,727,702	124.13	86.61

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2016**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2016	\$ 463,631	\$ 463,631	\$ -	\$ 2,861,920	16.20%
2015	455,731	455,731	-	2,813,154	16.20

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN
DECEMBER 31, 2016**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	1.580%	\$ 5,771,961	\$ 2,979,177	193.74%	58.16%
2015	1.600	247,360	2,871,120	8.62	96.95

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN
DECEMBER 31, 2016**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2016	\$ 274,356	\$ 274,356	\$ -	\$ 3,135,497	8.75%
2015	251,713	251,713	-	2,876,720	8.75

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except for the Ditch Special Revenue Fund, and are presented in the Comprehensive Annual Financial Report.

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 Highway Fund totaling \$1,392,326, the Community Services Fund totaling \$1,211,106, and the Capital Projects fund totaling \$1,573,995 were considered significant. The amendment for the Highway Fund was due to County Board authorization to expend amounts collected from the authorized 0.5 percent transit sales tax. Of the increases to appropriations in the Community Services Fund, \$823,882 related to increased appropriations for Community Corrections, which was a new County program beginning in July 2016. Capital Projects Fund amendments were due to the County Board approved *Capital Asset Investment and Management Policy* (since amended) 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, 2016, expenditures exceeded appropriations in the Land Services agency by \$587,905, primarily related to the tax-forfeited land sale settlement being greater than anticipated, and for expenditures for the Milford Mine Memorial Park. The Community Services agency expenditures exceeded appropriations by \$1,932,124. The excess expenditures are largely due to the shifting of expenditures for state operated services to counties approximating \$436,000, and higher than expected out-of-home placement costs for children approximating \$1,046,000.

The Debt Service fund exceeded appropriations by \$5,661. These excess expenditures are due to greater administrative charges than anticipated, and due to payments related to the 2015 G.O. Sewer Revenue Note for the North Long Lake Sanitary Sewer District Clean Water Project, for which the County did not budget.

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**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

4. Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30, 2016:

General Employees Retirement Plan

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Correctional Plan

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 4,992,741	\$ 4,992,741	\$ 4,997,721	\$ 4,980
Special assessments	-	-	4,371	4,371
Intergovernmental	87,809	87,809	94,151	6,342
Total Revenues	\$ 5,080,550	\$ 5,080,550	\$ 5,096,243	\$ 15,693
EXPENDITURES				
Debt service				
Principal	\$ 3,995,000	\$ 3,995,000	\$ 3,995,805	\$ (805)
Interest	992,953	992,953	994,335	(1,382)
Administrative charges	1,500	1,500	4,974	(3,474)
Total Expenditures	\$ 4,989,453	\$ 4,989,453	\$ 4,995,114	\$ (5,661)
Net Change in Fund Balance	\$ 91,097	\$ 91,097	\$ 101,129	\$ 10,032
Fund Balance - January 1	4,555,648	4,555,648	4,555,648	-
Fund Balance - December 31	\$ 4,646,745	\$ 4,646,745	\$ 4,656,777	\$ 10,032

**CROW WING COUNTY
BRainerd, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 1,089,034	\$ 1,089,034	\$ 1,224,146	\$ 135,112
Intergovernmental	2,053,456	2,063,213	2,084,340	21,127
Miscellaneous	155,388	243,007	251,815	8,808
Total Revenues	\$ 3,297,878	\$ 3,395,254	\$ 3,560,301	\$ 165,047
EXPENDITURES				
Current				
General government				
Governance Services				
Attorney	\$ -	\$ 233,331	\$ 69,856	\$ 163,475
Administrative Services				
Finance	-	-	1,913	(1,913)
Elections	-	109,000	91,700	17,300
Information Technology	272,295	352,057	196,900	155,157
Facilities	717,023	1,036,711	579,984	456,727
Land Services				
Environmental services	-	8,370	7,798	572
Assessing services	80,000	80,000	-	80,000
Total general government	\$ 1,069,318	\$ 1,819,469	\$ 948,151	\$ 871,318
Public safety				
Public Safety Services				
Sheriff	\$ 271,694	\$ 409,696	\$ 475,959	\$ (66,263)
Highways and streets				
Transportation Services				
Administration	\$ 6,000	\$ 6,000	\$ 23,876	\$ (17,876)
Health and human services				
Community Services				
Human services	\$ 430,000	\$ 621,049	\$ 488,190	\$ 132,859
Sanitation				
North Long Lake Sanitary Sewer District	\$ -	\$ -	\$ 58,868	\$ (58,868)
Capital outlay				
General government	\$ 1,358,416	\$ 1,501,825	\$ 1,170,319	\$ 331,506
Public safety	292,874	452,913	337,405	115,508
Highways and streets	532,000	713,416	328,645	384,771
Health and human services	-	9,929	12,753	(2,824)
Total capital outlay	\$ 2,183,290	\$ 2,678,083	\$ 1,849,122	\$ 828,961
Total Expenditures	\$ 3,960,302	\$ 5,534,297	\$ 3,844,166	\$ 1,690,131

(Continued)

**CROW WING COUNTY
BRainerd, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Excess of Revenues Over (Under)				
Expenditures	\$ (662,424)	\$ (2,139,043)	\$ (283,865)	\$ 1,855,178
OTHER FINANCING SOURCES (USES)				
Draw-downs from revenue note	<u>-</u>	<u>-</u>	<u>46,035</u>	<u>46,035</u>
Net Change in Fund Balance	\$ (662,424)	\$ (2,139,043)	\$ (237,830)	\$ 1,901,213
Fund Balance - January 1	<u>3,857,264</u>	<u>3,857,264</u>	<u>3,857,264</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 3,194,840</u></u>	<u><u>\$ 1,718,221</u></u>	<u><u>\$ 3,619,434</u></u>	<u><u>\$ 1,901,213</u></u>

Nonmajor Governmental Funds

Special Revenue Funds

Solid Waste (Non-Landfill) – The Solid Waste (Non-Landfill) fund is used to account for the County’s recycling program.

Unorganized Townships – This fund is used to account for the activity of the First Assessment District and the Second Assessment District. Since they are unorganized townships, the County Board is responsible for oversight.

Small Cities Development Program – This fund is used to account for the activity of an economic development grant.

Ditch – This fund is used to account for special assessments and expenditures for ditch improvements.

Permanent Fund

Environmental Trust – This fund is used to report resources legally restricted to the extent that only earnings, and not principal, may be used for environmental purposes in accordance with Minn. Stat. § 373.475.

**CROW WING COUNTY
BRainerd, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	Special Revenue Funds			
	Solid Waste (Non-Landfill)	Unorganized Townships	Small Cities Development Program	Ditch
ASSETS				
Cash and investments	\$ 2,878,404	\$ 1,768,377	\$ 28,410	\$ 4,786
Taxes receivable - delinquent (net)	-	20,838	-	-
Accounts receivable (net)	21,574	-	-	-
Accrued interest receivable	-	-	178	-
Loans receivable (net)	-	-	298,577	-
Prepaid items	231	-	-	-
Total Assets	\$ 2,900,209	\$ 1,789,215	\$ 327,165	\$ 4,786
LIABILITIES				
Accounts payable	\$ 8,627	\$ 37,616	\$ 2,500	\$ -
Salaries payable	6,546	-	-	-
Accrued payroll taxes	941	-	-	-
Due to other funds	-	79,455	-	-
Unearned revenue	-	-	298,577	-
Total Liabilities	\$ 16,114	\$ 117,071	\$ 301,077	\$ -
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	\$ -	\$ 20,838	\$ -	\$ -
FUND BALANCES				
Nonspendable:				
Environmental trust corpus	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Solid waste (non-landfill)	1,999,724	-	-	-
Greater Minnesota Landfill Cleanup Fee	407,538	-	-	-
Economic development revolving loans	-	-	26,088	-
Environmental uses	-	-	-	-
Unorganized townships	-	1,651,306	-	-
Ditch #13	-	-	-	4,786
Assigned for:				
Solid waste (non-landfill)	476,833	-	-	-
Total Fund Balances	\$ 2,884,095	\$ 1,651,306	\$ 26,088	\$ 4,786
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,900,209	\$ 1,789,215	\$ 327,165	\$ 4,786

	Permanent Fund	
Total	Environmental Trust	Total
\$ 4,679,977	\$ 1,888,865	\$ 6,568,842
20,838	-	20,838
21,574	-	21,574
178	5,015	5,193
298,577	-	298,577
231	-	231
\$ 5,021,375	\$ 1,893,880	\$ 6,915,255
\$ 48,743	\$ -	\$ 48,743
6,546	-	6,546
941	-	941
79,455	-	79,455
298,577	-	298,577
\$ 434,262	\$ -	\$ 434,262
\$ 20,838	\$ 2,673	\$ 23,511
\$ -	\$ 1,846,499	\$ 1,846,499
1,999,724	-	1,999,724
407,538	-	407,538
26,088	-	26,088
-	44,708	44,708
1,651,306	-	1,651,306
4,786	-	4,786
476,833	-	476,833
\$ 4,566,275	\$ 1,891,207	\$ 6,457,482
\$ 5,021,375	\$ 1,893,880	\$ 6,915,255

**CROW WING COUNTY
BRainerd, Minnesota**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Special Revenue Funds			
	Solid Waste (Non-Landfill)	Unorganized Townships	Small Cities Development Program	Ditch
REVENUES				
Taxes	\$ -	\$ 775,356	\$ -	\$ -
Special assessments	594,864	9,445	-	11,836
Licenses and permits	-	100	-	-
Intergovernmental	225,129	56,894	-	-
Charges for services	334,064	-	-	-
Investment earnings	-	-	4,661	-
Miscellaneous	68,734	15	13,990	-
Total Revenues	\$ 1,222,791	\$ 841,810	\$ 18,651	\$ 11,836
EXPENDITURES				
Current				
General government	\$ -	\$ 103,110	\$ -	\$ -
Public safety	-	175,420	-	-
Highways and streets	-	1,187,342	-	-
Conservation of natural resources	943,679	-	-	7,050
Economic development	-	-	72,562	-
Capital outlay				
Conservation of natural resources	-	-	-	-
Total Expenditures	\$ 943,679	\$ 1,465,872	\$ 72,562	\$ 7,050
Excess of Revenues Over (Under)				
Expenditures	\$ 279,112	\$ (624,062)	\$ (53,911)	\$ 4,786
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 81,712	\$ -	\$ -	\$ -
Transfers out	(111,845)	-	-	-
Total Other Financing Sources (Uses)	\$ (30,133)	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ 248,979	\$ (624,062)	\$ (53,911)	\$ 4,786
Fund Balance - January 1	2,635,116	2,275,368	79,999	-
Fund Balance - December 31	\$ 2,884,095	\$ 1,651,306	\$ 26,088	\$ 4,786

	Permanent Fund	
Total	Environmental Trust	Total
\$ 775,356	\$ -	\$ 775,356
616,145	-	616,145
100	-	100
282,023	-	282,023
334,064	-	334,064
4,661	71,188	75,849
82,739	-	82,739
\$ 2,095,088	\$ 71,188	\$ 2,166,276
\$ 103,110	\$ -	\$ 103,110
175,420	-	175,420
1,187,342	-	1,187,342
950,729	-	950,729
72,562	-	72,562
-	57,229	57,229
\$ 2,489,163	\$ 57,229	\$ 2,546,392
\$ (394,075)	\$ 13,959	\$ (380,116)
\$ 81,712	\$ -	\$ 81,712
(111,845)	-	(111,845)
\$ (30,133)	\$ -	\$ (30,133)
\$ (424,208)	\$ 13,959	\$ (410,249)
4,990,483	1,877,248	6,867,731
\$ 4,566,275	\$ 1,891,207	\$ 6,457,482

**CROW WING COUNTY
BRainerd, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
SOLID WASTE (NON-LANDFILL) SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Special assessments	\$ 590,000	\$ 590,000	\$ 594,864	\$ 4,864
Intergovernmental	194,000	194,000	225,129	31,129
Charges for services	295,000	295,000	334,064	39,064
Miscellaneous	25,000	25,000	68,734	43,734
Total Revenues	\$ 1,104,000	\$ 1,104,000	\$ 1,222,791	\$ 118,791
EXPENDITURES				
Current				
Conservation of natural resources				
Solid waste (non-landfill)	953,560	953,560	943,679	9,881
Excess of Revenues Over (Under)				
Expenditures	\$ 150,440	\$ 150,440	\$ 279,112	\$ 128,672
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 75,000	\$ 75,000	\$ 81,712	\$ 6,712
Transfers out	(106,000)	(106,000)	(111,845)	(5,845)
Total Other Financing Sources (Uses)	\$ (31,000)	\$ (31,000)	\$ (30,133)	\$ 867
Net Change in Fund Balance	\$ 119,440	\$ 119,440	\$ 248,979	\$ 129,539
Fund Balance - January 1	2,635,116	2,635,116	2,635,116	-
Fund Balance - December 31	\$ 2,754,556	\$ 2,754,556	\$ 2,884,095	\$ 129,539

**CROW WING COUNTY
BRainerd, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
UNORGANIZED TOWNSHIPS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 773,519	\$ 773,519	\$ 775,356	\$ 1,837
Special assessments	-	-	9,445	9,445
Licenses and permits	-	-	100	100
Intergovernmental	46,148	46,148	56,894	10,746
Miscellaneous	214,690	214,690	15	(214,675)
Total Revenues	\$ 1,034,357	\$ 1,034,357	\$ 841,810	\$ (192,547)
EXPENDITURES				
Current				
General government				
Unorganized township general revenue	\$ 104,605	\$ 104,605	\$ 103,110	\$ 1,495
Public safety				
Unorganized township fire	171,187	171,187	175,420	(4,233)
Highways and streets				
Unorganized township roads	1,313,453	1,313,453	1,187,342	126,111
Total Expenditures	\$ 1,589,245	\$ 1,589,245	\$ 1,465,872	\$ 123,373
Net Change in Fund Balance	\$ (554,888)	\$ (554,888)	\$ (624,062)	\$ (69,174)
Fund Balance - January 1	2,275,368	2,275,368	2,275,368	-
Fund Balance - December 31	\$ 1,720,480	\$ 1,720,480	\$ 1,651,306	\$ (69,174)

**CROW WING COUNTY
BRainerd, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
SMALL CITIES DEVELOPMENT PROGRAM SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Investment earnings	\$ 4,866	\$ 4,866	\$ 4,661	\$ (205)
Miscellaneous	14,500	14,500	13,990	(510)
Total Revenues	\$ 19,366	\$ 19,366	\$ 18,651	\$ (715)
EXPENDITURES				
Current				
Economic development				
Redevelopment	80,000	80,000	72,562	7,438
Net Change in Fund Balance	\$ (60,634)	\$ (60,634)	\$ (53,911)	\$ 6,723
Fund Balance - January 1	79,999	79,999	79,999	-
Fund Balance - December 31	\$ 19,365	\$ 19,365	\$ 26,088	\$ 6,723

**CROW WING COUNTY
BRainerd, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
ENVIRONMENTAL TRUST PERMANENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Investment earnings	\$ 64,000	\$ 64,000	\$ 71,188	\$ 7,188
EXPENDITURES				
Capital outlay				
Conservation of natural resources	<u>57,229</u>	<u>57,229</u>	<u>57,229</u>	<u>-</u>
Net Change in Fund Balance	\$ 6,771	\$ 6,771	\$ 13,959	\$ 7,188
Fund Balance - January 1	<u>1,877,248</u>	<u>1,877,248</u>	<u>1,877,248</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 1,884,019</u></u>	<u><u>\$ 1,884,019</u></u>	<u><u>\$ 1,891,207</u></u>	<u><u>\$ 7,188</u></u>

Agency Funds

Central Minnesota Community Corrections – This fund was used to account for the activity of the Central Minnesota Community Corrections Agency, a joint venture between the Counties of Aitkin, Crow Wing, and Morrison. The Agency provided detention and correction services to adults and juveniles. The Agency dissolved on June 30, 2016.

Collaborative – This fund is used to account for the activities of the family services collaborative. The collaborative sets goals to address the health, development, educational, and family-related needs of children and youth and uses outcome-based indicators to measure progress toward achieving those goals.

Child Protection Team – The Crow Wing County Child Protection Team fund was created to account for funds raised from the Annual Regional Radiothon to End Child Abuse. The Crow Wing County Child Protection Team consists of various agencies within Crow Wing County that are responsible for deciding how these funds should be used to help prevent child abuse. Currently there are 19 agencies that are members of the CWC Child Protection Team.

Taxes and Penalties – This fund is used to account for the inflows of tax collections and the disbursement of taxes during the settlement process.

MN Estate Recoveries – This fund is used to hold the estates of deceased parties within the County until such a time they can be analyzed and disbursed appropriately.

Snowmobile, ATV, Ski Trails – This fund is used to account for grants received for trail maintenance and trail equipment.

Brainerd Lakes Towards Zero Deaths – This fund is used to account for activity related to local efforts to increase seatbelt and child car seat safety.

Mississippi Headwaters Board – This fund is used to account for the grants or appropriations received by the Board, and the disbursements made in the effort to increase water quality awareness around the Mississippi River.

Lake Improvement Districts – This fund is used to account for the activity of ten lake improvement districts within the County.

**CROW WING COUNTY
BRainerd, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance January 1	Additions	Deductions	Balance December 31
<u>CENTRAL MINNESOTA</u>				
<u>COMMUNITY CORRECTIONS</u>				
ASSETS				
Cash and investments	\$ 933,431	\$ 1,678,410	\$ 2,611,841	\$ -
LIABILITIES				
Salaries payable	\$ 70,172	\$ -	\$ 70,172	\$ -
Accrued payroll taxes	10,096	-	10,096	-
Due to other governments	853,163	1,678,410	2,531,573	-
Total Liabilities	\$ 933,431	\$ 1,678,410	\$ 2,611,841	\$ -
<u>COLLABORATIVE</u>				
ASSETS				
Cash and investments	\$ 1,153,407	\$ 728,779	\$ 804,566	\$ 1,077,620
LIABILITIES				
Due to other governments	\$ 1,153,407	\$ 728,779	\$ 804,566	\$ 1,077,620
<u>CHILD PROTECTION TEAM</u>				
ASSETS				
Cash and investments	\$ 42,834	\$ 37,308	\$ 51,227	\$ 28,915
LIABILITIES				
Accounts payable	\$ 42,834	\$ 37,308	\$ 51,227	\$ 28,915
<u>TAXES AND PENALTIES</u>				
ASSETS				
Cash and investments	\$ 1,897,665	\$ 117,667,376	\$ 117,284,564	\$ 2,280,477
LIABILITIES				
Due to other governments	\$ 1,897,665	\$ 117,667,376	\$ 117,284,564	\$ 2,280,477
<u>MN ESTATE RECOVERIES</u>				
ASSETS				
Cash and investments	\$ 923,382	\$ 968,762	\$ 1,169,906	\$ 722,238
LIABILITIES				
Due to other governments	\$ 923,382	\$ 968,762	\$ 1,169,906	\$ 722,238
<u>SNOWMOBILE, ATV, SKI TRAILS</u>				
ASSETS				
Cash and investments	\$ 2,339	\$ 379,901	\$ 382,240	\$ -
LIABILITIES				
Accounts payable	\$ 2,339	\$ 379,901	\$ 382,240	\$ -

(Continued)

**CROW WING COUNTY
BRainerd, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

	Balance January 1	Additions	Deductions	Balance December 31
<u>BRAINERD LAKES TOWARDS</u>				
<u>ZERO DEATHS</u>				
ASSETS				
Cash and investments	\$ 2,001	\$ -	\$ 194	\$ 1,807
LIABILITIES				
Accounts payable	\$ 2,001	\$ -	\$ 194	\$ 1,807
<u>MISSISSIPPI HEADWATERS BOARD</u>				
ASSETS				
Cash and investments	\$ 217,811	\$ 301,014	321,312	\$ 197,513
LIABILITIES				
Accounts payable	\$ -	\$ 301,014	\$ 103,501	\$ 197,513
Due to other governments	217,811	-	217,811	-
Total Liabilities	\$ 217,811	\$ 301,014	\$ 321,312	\$ 197,513
<u>LAKE IMPROVEMENT DISTRICTS</u>				
ASSETS				
Cash and investments	\$ 392,289	\$ 288,258	\$ 239,588	\$ 440,959
LIABILITIES				
Accounts payable	\$ 392,289	\$ 288,258	\$ 239,588	\$ 440,959
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 5,565,159	\$ 122,049,808	\$ 122,865,438	\$ 4,749,529
LIABILITIES				
Accounts payable	\$ 439,463	\$ 1,006,481	\$ 776,750	\$ 669,194
Salaries payable	70,172	-	70,172	-
Accrued payroll taxes	10,096	-	10,096	-
Due to other governments	5,045,428	121,043,327	122,008,420	4,080,335
Total Liabilities	\$ 5,565,159	\$ 122,049,808	\$ 122,865,438	\$ 4,749,529

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total Primary Government</u>
Shared Revenues			
State			
Highway users tax	\$ 7,340,151	\$ -	\$ 7,340,151
Market value credit	145,813	-	145,813
Supplemental homestead credit	471,643	-	471,643
PERA rate reimbursement	79,906	595	80,501
Pension contribution	-	596	596
Disparity reduction aid	14,086	-	14,086
County program aid	2,041,506	-	2,041,506
Police aid	297,677	-	297,677
E-911	148,826	-	148,826
Total Shared Revenues	\$ 10,539,608	\$ 1,191	\$ 10,540,799
Reimbursement for Services			
State			
Minnesota Department of Human Services	\$ 3,282,312	\$ -	\$ 3,282,312
Payments			
Local			
Local contributions	\$ 420,631	\$ -	\$ 420,631
Payments in lieu of taxes	505,634	-	505,634
Total Payments	\$ 926,265	\$ -	\$ 926,265
Grants			
State			
Minnesota Department of Agriculture	\$ 483	\$ -	\$ 483
Corrections	433,471	-	433,471
Health	490,579	-	490,579
Human Services	3,898,016	-	3,898,016
Natural Resources	358,151	-	358,151
Public Safety	61,630	-	61,630
Revenue	448,676	-	448,676
Transportation	490,897	-	490,897
Trial Courts	18,638	-	18,638
Veterans Affairs	15,000	-	15,000
Historical Society	9,757	-	9,757
Peace Officers Board	13,132	-	13,132
Pollution Control Agency	224,646	-	224,646
Public Facilities Authority	12,833	-	12,833
Water and Soil Resources	95,990	-	95,990
Total State	\$ 6,571,899	\$ -	\$ 6,571,899
Federal			
Corporation for National and Community Service	\$ 29,548	\$ -	\$ 29,548
Department of Agriculture	917,024	-	917,024
Health and Human Services	5,007,663	-	5,007,663
Homeland Security	214,704	-	214,704
Justice	961	-	961
Transportation	634,774	-	634,774
Total Federal	\$ 6,804,674	\$ -	\$ 6,804,674
Total State and Federal Grants	\$ 13,376,573	\$ -	\$ 13,376,573
Total Intergovernmental Revenue	\$ 28,124,758	\$ 1,191	\$ 28,125,949

**CROW WING COUNTY
BRainerd, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures
U.S. Department of Agriculture			
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Not provided	\$ 355,462
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16162MN101S2514	561,562
Total U.S. Department of Agriculture			\$ 917,024
U.S. Department of Justice			
Direct Bulletproof Vest Partnership Program	16.607	Not provided	\$ 961
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	Not provided	\$ 590,212
Passed Through Minnesota Department of Trial Courts Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Not provided	44,562
Total U.S. Department of Transportation			\$ 634,774
U.S. Environmental Protection Agency			
Passed Through Minnesota Public Facilities Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	MPFA-14-0070-R-FY15	\$ 46,035
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	Not provided	\$ 33,496
Universal Newborn Hearing Screening	93.251	Not provided	225
Immunization Cooperative Agreements	93.268	Not provided	1,600
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	Not provided	150
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$693,003)	93.558	1601MNTANF	70,771
Maternal and Child Health Services Block Grant to the States	93.994	Not provided	70,230
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Human Services Projects for Assistance in Transition from Homelessness (PATH)	93.150	SM016024-15	21,287
Promoting Safe and Stable Families	93.556	G-1601MNFPPSS	15,081
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$693,003)	93.558	1601MNTANF	622,232
Child Support Enforcement	93.563	1604MNCEST	1,040,829
Refugee and Entrant Assistance - State Administered Programs	93.566	1601MNRDMA	512
Child Care and Development Block Grant	93.575	G1601MNCDDF	46,669
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFPRG	15,801
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	7,822
Foster Care - Title IV-E	93.658	1601MNFOT	493,364
Social Services Block Grant	93.667	G-1601MNSOSR	353,112
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	10,462
Medical Assistance Program	93.778	05-1605MNSADM	2,310,507
Total U.S. Department of Health and Human Services			\$ 5,114,150
U.S. Corporation for National and Community Service			
Retired and Senior Volunteer Program	94.002	Not provided	\$ 29,548
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	Not provided	\$ 18,875
Passed Through Minnesota Department of Public Safety Emergency Management Performance Grants	97.042	F-EMPG-2016-CROWWICO-1773	41,027
Homeland Security Grant Program	97.067	F-SHSP-2015-CROWWICO	88,100
Total U.S. Department of Homeland Security			\$ 148,002
Total Federal Awards			\$ 6,890,494

The County did not pass any Federal awards through to subrecipients during the year ended December 31, 2016.

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, 2016**

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, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Crow Wing County has elected not to use the ten percent de minimus indirect cost rate allowed under the Uniform Guidance.

**CROW WING COUNTY
BRainerd, MINNESOTA**

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 6,804,674
Grants received more than 60 days after year-end, deferred in 2016	
Chafee Foster Care Independence Program	8,907
Child Care and Development Block Grant	2,426
Projects for Assistance in Transition from Homelessness (PATH)	21,287
Promoting Safe and Stable Families	3,737
Stephanie Tubbs Jones Child Welfare Services Program	2,463
Temporary Assistance for Needy Families	112,892
Early Hearing Detection and Intervention Information System (EHDI-IS)	
Surveillance Program	75
Funds received recorded as proceeds from revenue note rather than as revenue	
Capitalization Grants for Clean Water State Revolving Funds	46,035
Deferred in 2015, recognized as revenue in 2016	
Child Support Enforcement	(45,300)
Homeland Security Grant Program	(50,195)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	(16,507)
Expenditures Per Schedule of Federal Awards	<u>\$ 6,890,494</u>

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	120
Changes in Net Position	122
Fund Balances, Governmental Funds	126
Changes in Fund Balances, Governmental Funds	128
REVENUE CAPACITY	
Assessed Value and Estimated Actual Value of Taxable Property	130
Direct and Overlapping Property Tax Rates	132
Principal Property Taxpayers	133
Property Tax Levies and Collections	134
DEBT CAPACITY	
Ratios of Outstanding Debt by Type	135
Ratios of Net General Bonded Debt Outstanding	136
Direct and Overlapping Governmental Activities Debt	137
Legal Debt Margin Information	138
DEMOGRAPHIC AND ECONOMIC INFORMATION	
Demographic and Economic Statistics	140
Principal Employers	141
OPERATING INFORMATION	
Full-Time Equivalent County Government Employees by Function/Program	142
Operating Indicators by Function/Program	144
Capital Asset Statistics by Function/Program	146

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			
	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 85,314,269	\$ 91,545,696	\$ 102,145,334	\$ 110,096,199
Restricted	10,659,184	18,241,947	17,449,360	13,172,796
Unrestricted	40,462,702	36,176,588	35,278,917	43,336,787
Total governmental activities net position	<u>\$ 136,436,155</u>	<u>\$ 145,964,231</u>	<u>\$ 154,873,611</u>	<u>\$ 166,605,782</u>
Business-type activities				
Net investment in capital assets	\$ 4,088,810	\$ 5,302,538	\$ 5,300,525	\$ 4,965,555
Restricted	-	-	-	-
Unrestricted	7,690,373	5,711,395	5,335,081	6,282,130
Total business-type activities net position	<u>\$ 11,779,183</u>	<u>\$ 11,013,933</u>	<u>\$ 10,635,606</u>	<u>\$ 11,247,685</u>
Primary government				
Net investment in capital assets	\$ 89,403,079	\$ 96,848,234	\$ 107,445,859	\$ 115,061,754
Restricted	10,659,184	18,241,947	17,449,360	13,172,796
Unrestricted	48,153,075	41,887,983	40,613,998	49,618,917
Total primary governments activities net position	<u>\$ 148,215,338</u>	<u>\$ 156,978,164</u>	<u>\$ 165,509,217</u>	<u>\$ 177,853,467</u>

(Unaudited)

Fiscal Year					
2011	2012	2013	2014	Restated 2015	2016
\$ 111,954,940	\$ 132,167,372	\$ 137,032,435	\$ 146,262,282	\$ 154,361,324	\$ 161,945,002
16,532,198	14,924,912	15,100,842	14,440,695	14,387,092	16,098,569
45,124,298	46,594,361	43,888,807	40,448,984	18,313,794	11,487,228
<u>\$ 173,611,436</u>	<u>\$ 193,686,645</u>	<u>\$ 196,022,084</u>	<u>\$ 201,151,961</u>	<u>\$ 187,062,210</u>	<u>\$ 189,530,799</u>
\$ 4,985,481	\$ 4,601,273	\$ 4,137,889	\$ 3,714,862	\$ 3,230,662	\$ 2,939,450
-	-	1,823,923	1,678,777	1,470,941	1,436,133
6,467,921	7,127,230	6,358,525	7,138,379	7,664,239	8,335,332
<u>\$ 11,453,402</u>	<u>\$ 11,728,503</u>	<u>\$ 12,320,337</u>	<u>\$ 12,532,018</u>	<u>\$ 12,365,842</u>	<u>\$ 12,710,915</u>
\$ 116,940,421	\$ 136,768,645	\$ 141,170,324	\$ 149,977,144	\$ 157,591,986	\$ 164,884,452
16,532,198	14,924,912	16,924,765	16,119,472	15,858,033	17,534,702
51,592,219	53,721,591	50,247,332	47,587,363	25,978,033	19,822,560
<u>\$ 185,064,838</u>	<u>\$ 205,415,148</u>	<u>\$ 208,342,421</u>	<u>\$ 213,683,979</u>	<u>\$ 199,428,052</u>	<u>\$ 202,241,714</u>

(Unaudited)

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities				
General government	\$ 10,997,997	\$ 13,134,027	\$ 13,248,631	\$ 12,871,344
Public safety	10,143,212	13,401,676	13,306,812	13,036,830
Highways and streets	3,665,519	6,338,643	6,931,810	6,919,926
Sanitation	-	257,754	137,056	147,328
Health and human services ¹	20,714,263	22,308,975	20,835,333	20,416,383
Health ¹	1,963,829	2,636,852	1,684,446	1,684,246
Culture and recreation	747,101	688,957	634,334	684,631
Conservation of natural resources	2,109,881	1,551,623	1,579,069	1,342,948
Economic development	-	-	115,240	217,807
Interest	2,671,422	2,483,087	2,313,711	2,153,652
Total governmental activities expenses	<u>\$ 53,013,224</u>	<u>\$ 62,801,594</u>	<u>\$ 60,786,442</u>	<u>\$ 59,475,095</u>
Business-type activities				
Solid waste	\$ 1,441,434	\$ 2,832,091	\$ 2,263,577	\$ 1,631,721
Total primary governments activities expenses	<u>\$ 54,454,658</u>	<u>\$ 65,633,685</u>	<u>\$ 63,050,019</u>	<u>\$ 61,106,816</u>
Program Revenues				
Governmental activities				
Charge for services:				
General government	\$ 2,173,889	\$ 1,982,857	\$ 1,961,517	\$ 1,858,545
Public safety	1,253,879	2,595,331	1,924,364	1,927,995
Highways and streets	512,519	388,192	429,446	496,205
Health and human services ¹	2,090,933	1,732,921	1,658,340	1,647,435
Health ¹	798,784	534,839	432,704	471,753
Culture and recreation	-	-	-	-
Conservation of natural resources	11,292	445,991	1,398,724	1,461,012
Economic development	-	-	621	2,691
Operating grants and contributions	16,477,875	18,571,295	17,868,108	23,131,686
Capital grants and contributions	4,263,750	6,129,559	4,869,920	1,362,606
Total governmental activities program revenues	<u>\$ 27,582,921</u>	<u>\$ 32,380,985</u>	<u>\$ 30,543,744</u>	<u>\$ 32,359,928</u>
Business-type activities				
Charges for services:				
Solid Waste	\$ 1,681,951	\$ 2,046,074	\$ 1,857,324	\$ 1,989,639
Operating grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>\$ 1,681,951</u>	<u>\$ 2,046,074</u>	<u>\$ 1,857,324</u>	<u>\$ 1,989,639</u>
Total primary governments activities program revenues	<u>\$ 29,264,872</u>	<u>\$ 34,427,059</u>	<u>\$ 32,401,068</u>	<u>\$ 34,349,567</u>
Net (Expense) Revenue				
Governmental activities	\$ (25,430,303)	\$ (30,420,609)	\$ (30,242,698)	\$ (27,115,167)
Business-type activities	240,517	(786,017)	(406,253)	357,918
Total primary government net expense	<u>\$ (25,189,786)</u>	<u>\$ (31,206,626)</u>	<u>\$ (30,648,951)</u>	<u>\$ (26,757,249)</u>

¹In 2015 the County combined the functions of Health and Human Services.

(Unaudited)

Fiscal Year					
2011	2012	2013	2014	Restated 2015	2016
\$ 12,969,897	\$ 12,956,270	\$ 13,436,948	\$ 16,542,474	\$ 16,937,785	\$ 17,685,593
13,825,942	13,437,415	17,320,145	14,045,336	16,111,366	20,329,416
8,380,127	7,008,995	8,871,390	9,130,552	10,277,136	10,924,855
28,694	-	-	-	1,102,479	12,833
21,153,044	20,570,268	20,173,438	20,730,571	22,537,452	24,189,396
1,741,968	1,555,816	1,504,136	1,448,443	-	-
647,975	669,106	683,872	741,199	720,945	707,490
1,271,937	1,589,004	1,755,941	1,994,144	1,909,052	1,967,863
352,710	-	-	-	17,053	72,562
1,973,785	1,928,665	763,965	1,214,835	1,018,348	828,184
<u>\$ 62,346,079</u>	<u>\$ 59,715,539</u>	<u>\$ 64,509,835</u>	<u>\$ 65,847,554</u>	<u>\$ 70,631,616</u>	<u>\$ 76,718,192</u>
\$ 2,070,766	\$ 2,131,373	\$ 1,703,792	\$ 1,981,974	\$ 2,466,616	\$ 2,459,765
<u>\$ 64,416,845</u>	<u>\$ 61,846,912</u>	<u>\$ 66,213,627</u>	<u>\$ 67,829,528</u>	<u>\$ 73,098,232</u>	<u>\$ 79,177,957</u>
\$ 1,675,797	\$ 1,829,766	\$ 1,851,275	\$ 1,826,772	\$ 2,065,967	\$ 2,166,648
1,440,474	1,586,547	2,177,386	2,608,265	2,335,386	3,330,412
497,846	589,297	429,836	336,177	327,438	419,817
2,052,157	2,030,299	1,227,820	1,786,393	1,861,936	1,913,528
300,551	257,855	233,016	157,675	-	-
-	-	-	-	-	74
1,505,233	1,421,929	1,674,068	2,368,173	1,854,236	1,950,817
8,599	11,497	13,252	13,656	13,881	13,990
18,684,965	19,091,574	19,929,435	21,384,878	22,449,358	24,608,021
4,526,177	13,883,256	903,557	1,232,623	3,597,081	1,185,355
<u>\$ 30,691,799</u>	<u>\$ 40,702,020</u>	<u>\$ 28,439,645</u>	<u>\$ 31,714,612</u>	<u>\$ 34,505,283</u>	<u>\$ 35,588,662</u>
\$ 1,920,174	\$ 2,064,133	\$ 1,986,447	\$ 2,132,298	\$ 2,327,381	\$ 2,721,935
-	-	-	-	-	596
<u>\$ 1,920,174</u>	<u>\$ 2,064,133</u>	<u>\$ 1,986,447</u>	<u>\$ 2,132,298</u>	<u>\$ 2,327,381</u>	<u>\$ 2,722,531</u>
<u>\$ 32,611,973</u>	<u>\$ 42,766,153</u>	<u>\$ 30,426,092</u>	<u>\$ 33,846,910</u>	<u>\$ 36,832,664</u>	<u>\$ 38,311,193</u>
\$ (31,654,280)	\$ (19,013,519)	\$ (36,070,190)	\$ (34,132,942)	\$ (36,126,333)	\$ (41,129,530)
(150,592)	(67,240)	282,655	150,324	(139,235)	262,766
<u>\$ (31,804,872)</u>	<u>\$ (19,080,759)</u>	<u>\$ (35,787,535)</u>	<u>\$ (33,982,618)</u>	<u>\$ (36,265,568)</u>	<u>\$ (40,866,764)</u>

(Continued)

(Unaudited)

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

	Fiscal Year			
	2007	2008	2009	2010
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 32,567,627	\$ 33,326,555	\$ 34,566,755	\$ 35,585,536
Transportation sales and use tax	-	-	-	-
Mortgage registry and deed tax	111,772	82,488	79,515	71,796
Payments in lieu of tax	330,606	335,672	355,232	360,402
Unrestricted grants and contributions	4,208,641	4,051,908	3,170,952	2,065,541
Investment income	2,154,085	1,220,736	432,122	329,226
Miscellaneous	306,821	763,319	468,808	532,861
Gain on sale of capital assets	14,604	2,533	29,799	51,976
Transfers	-	150,000	48,895	(150,000)
Total governmental activities	<u>\$ 39,694,156</u>	<u>\$ 39,933,211</u>	<u>\$ 39,152,078</u>	<u>\$ 38,847,338</u>
Business-type activities:				
Unrestricted grants and contributions	\$ 595	\$ 595	\$ 595	\$ 595
Investment income	205,378	170,172	76,226	103,566
Transfers	-	(150,000)	(48,895)	150,000
Total business-type activities	<u>\$ 205,973</u>	<u>\$ 20,767</u>	<u>\$ 27,926</u>	<u>\$ 254,161</u>
Total primary government	<u><u>\$ 39,900,129</u></u>	<u><u>\$ 39,953,978</u></u>	<u><u>\$ 39,180,004</u></u>	<u><u>\$ 39,101,499</u></u>
Change in Net Position				
Governmental activities	\$ 14,263,853	\$ 9,512,602	\$ 8,909,380	\$ 11,732,171
Business-type activities	446,490	(765,250)	(378,327)	612,079
Total primary government	<u><u>\$ 14,710,343</u></u>	<u><u>\$ 8,747,352</u></u>	<u><u>\$ 8,531,053</u></u>	<u><u>\$ 12,344,250</u></u>

(Unaudited)

Fiscal Year					
2011	2012	2013	2014	Restated 2015	2016
\$ 35,213,383	\$ 35,814,571	\$ 35,488,689	\$ 35,541,480	\$ 35,684,227	\$ 35,457,806
-	-	-	-	-	4,020,905
65,367	86,114	92,199	72,421	73,139	94,583
429,856	429,758	515,879	505,570	505,242	505,634
2,071,218	1,293,122	2,261,079	2,570,579	2,814,469	2,752,954
255,744	201,695	(33,980)	348,758	450,410	436,639
830,054	610,553	331,763	224,011	291,139	329,598
44,312	17,915	-	-	-	-
(250,000)	(250,000)	(250,000)	-	-	-
\$ 38,659,934	\$ 38,203,728	\$ 38,405,629	\$ 39,262,819	\$ 39,818,626	\$ 43,598,119
\$ 595	\$ 595	\$ 595	\$ 595	\$ 595	\$ 595
105,714	91,746	58,584	60,762	73,736	81,712
250,000	250,000	250,000	-	-	-
\$ 356,309	\$ 342,341	\$ 309,179	\$ 61,357	\$ 74,331	\$ 82,307
\$ 39,016,243	\$ 38,546,069	\$ 38,714,808	\$ 39,324,176	\$ 39,892,957	\$ 43,680,426
\$ 7,005,654	\$ 19,190,209	\$ 2,335,439	\$ 5,129,877	\$ 3,692,293	\$ 2,468,589
205,717	275,101	591,834	211,681	(64,904)	345,073
\$ 7,211,371	\$ 19,465,310	\$ 2,927,273	\$ 5,341,558	\$ 3,627,389	\$ 2,813,662

(Unaudited)

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

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Prior to GASB No. 54 ¹				
Reserved	\$ 2,009,719	\$ 1,901,869	\$ 2,308,065	\$ 2,482,487
Unreserved	13,023,707	12,599,535	14,293,522	15,347,549
After GASB No. 54 ¹				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 15,033,426</u>	<u>\$ 14,501,404</u>	<u>\$ 16,601,587</u>	<u>\$ 17,830,036</u>
All Other Governmental Funds				
Prior to GASB No. 54 ¹				
Reserved	\$ 9,483,137	\$ 10,546,957	\$ 10,406,812	\$ 10,530,555
Unreserved, reported in:				
Special revenue funds	10,635,577	14,609,380	12,876,790	15,477,400
Capital projects funds	1,646,604	-	1,572,342	686,390
Permanent funds	67,939	94,796	122,435	146,507
After GASB No. 54 ¹				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 21,833,257</u>	<u>\$ 25,251,133</u>	<u>\$ 24,978,379</u>	<u>\$ 26,840,852</u>

¹The Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented in 2011. Statement No. 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 No. 54 categories.

(Unaudited)

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
15,000	15,000	15,000	115,000	15,000	88,478
2,618,717	2,545,786	2,399,772	2,316,891	1,534,345	1,342,572
3,958,743	1,669,644	1,387,066	1,405,253	1,592,561	1,713,514
12,578,723	15,857,951	11,643,351	12,444,007	13,265,687	13,286,490
<u>\$ 19,171,183</u>	<u>\$ 20,088,381</u>	<u>\$ 15,445,189</u>	<u>\$ 16,281,151</u>	<u>\$ 16,407,593</u>	<u>\$ 16,431,054</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,641,606	793,537	2,782,100	2,844,125	2,888,674	2,954,769
12,051,982	5,976,805	9,903,970	9,164,679	9,949,073	11,712,750
-	-	7,566,908	6,447,090	3,635,338	4,267,218
15,199,114	18,578,042	13,774,715	14,972,976	13,875,559	11,802,920
<u>\$ 29,892,702</u>	<u>\$ 25,348,384</u>	<u>\$ 34,027,693</u>	<u>\$ 33,428,870</u>	<u>\$ 30,348,644</u>	<u>\$ 30,737,657</u>

(Unaudited)

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

	Fiscal Year				
	2007	2008	2009	2010	2011
REVENUES					
Taxes	\$ 32,513,013	\$ 32,954,120	\$ 34,097,022	\$ 35,641,804	\$ 35,501,017
Special assessments	587,451	605,518	567,540	594,613	596,915
Licenses and permits	1,249,699	1,358,075	1,157,359	1,181,471	1,055,128
Intergovernmental	23,592,755	27,121,712	23,908,450	26,628,793	23,389,156
Charges for services	4,547,917	5,419,686	4,810,137	5,413,339	4,825,317
Fines and forfeits	25,296	70,315	32,333	48,453	96,562
Gifts and contributions	8,322	18,622	7,187	27,201	25,654
Investment earnings	2,022,166	1,258,520	633,165	441,877	354,183
Sales	845,727	552,183	199,987	161,048	174,159
Miscellaneous	3,892,676	4,090,252	3,018,342	2,712,556	3,784,059
Total Revenues	\$ 69,285,022	\$ 73,449,003	\$ 68,431,522	\$ 72,851,155	\$ 69,802,150
EXPENDITURES					
Current					
General government	\$ 12,949,412	\$ 13,655,774	\$ 12,454,136	\$ 12,003,338	\$ 12,159,749
Public safety	11,224,627	12,124,320	12,091,853	11,773,055	13,118,501
Highways and streets	10,103,893	11,107,380	13,339,626	13,420,833	8,729,183
Health and human services ¹	21,819,741	21,322,603	19,144,184	20,561,887	20,298,268
Health ¹	1,928,209	2,545,258	1,657,571	1,768,773	1,793,644
Sanitation	-	257,754	187,580	116,827	-
Culture and recreation	920,117	690,877	681,727	894,537	728,832
Conservation of natural resources	1,623,210	1,589,026	1,810,697	1,660,163	1,628,504
Economic development	-	3,800	115,240	217,807	352,710
Capital outlay ²	1,994,898	1,133,905	664,806	885,952	585,517
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Health and human services ¹	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-
Intergovernmental					
Highways and streets	-	259,407	282,963	303,523	330,466
Debt service					
Principal	3,290,650	3,433,300	5,273,300	5,430,950	3,618,600
Interest	2,647,964	2,527,365	2,326,427	2,230,621	2,026,341
Bond issuance costs	-	-	29,550	22,860	-
Payment to refunded bond escrow agent	-	-	-	-	-
Administrative charges	4,350	2,915	1,671	5,175	2,313
Total Expenditures	\$ 68,507,071	\$ 70,653,684	\$ 70,061,331	\$ 71,296,301	\$ 65,372,628
Excess of revenues over (under) expenditures	\$ 777,951	\$ 2,795,319	\$ (1,629,809)	\$ 1,554,854	\$ 4,429,522
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 11,954	\$ 1,622,955	\$ 1,092,184	\$ 1,562,546	\$ 3,004,178
Transfers out	(11,954)	(1,472,955)	(1,092,184)	(1,712,546)	(3,254,178)
Discount on bonds/notes issued	-	-	-	(15,929)	-
Refunding bonds issued	-	-	2,221,098	1,770,000	-
Bonds and notes issued	-	-	1,138,902	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Premium on bonds/notes issued	-	-	49,428	-	-
Proceeds from sale of capital assets	14,604	2,533	29,799	51,976	44,312
Compensation for loss of capital assets	-	50,025	36,996	-	-
Total Other Financing Sources (Uses)	\$ 14,604	\$ 202,558	\$ 3,476,223	\$ 1,656,047	\$ (205,688)
Net Change in Fund Balances	\$ 792,555	\$ 2,997,877	\$ 1,846,414	\$ 3,210,901	\$ 4,223,834
Debt service as a percentage of noncapital expenditures	10.6%	9.7%	12.8%	12.6%	9.2%

¹In 2015 the County combined the functions of Health and Human Services.

²Beginning with the 2013 Comprehensive Annual Financial Report, the County reported capital outlay by function.

(Unaudited)

Fiscal Year				
2012	2013	2014	2015	2016
\$ 36,054,509	\$ 35,764,319	\$ 35,692,434	\$ 35,867,692	\$ 39,712,574
609,522	609,115	613,607	608,992	621,398
1,287,873	1,048,897	1,073,536	1,281,108	1,050,158
34,811,026	21,373,104	28,043,509	28,052,796	27,905,066
4,998,184	5,640,717	5,883,900	5,434,236	6,359,343
82,796	58,800	41,724	45,354	64,349
25,145	48,129	31,681	71,420	64,024
253,954	11,981	364,783	529,616	616,672
166,959	131,836	364,344	622,047	753,533
3,385,313	3,251,407	2,728,398	2,492,269	2,954,330
<u>\$ 81,675,281</u>	<u>\$ 67,938,305</u>	<u>\$ 74,837,916</u>	<u>\$ 75,005,530</u>	<u>\$ 80,101,447</u>
\$ 12,232,650	\$ 12,492,804	\$ 13,828,033	\$ 14,461,781	\$ 14,650,561
13,599,885	12,636,973	12,605,736	14,225,602	15,577,683
11,255,631	6,189,673	6,579,224	7,011,820	7,715,638
19,519,474	19,321,787	20,762,422	22,113,076	23,440,807
1,452,535	1,429,224	1,410,744	-	-
-	-	-	1,239,329	58,868
716,183	667,685	727,300	663,326	688,256
13,110,749	1,897,142	2,276,905	2,777,174	2,503,865
-	-	-	17,053	72,562
1,223,403	-	-	-	-
-	382,325	443,895	436,883	1,170,319
-	957,440	1,004,799	434,930	343,511
-	5,028,125	8,707,930	9,195,148	7,603,072
-	31,068	47,000	20,072	12,753
-	-	25,211	18,992	434,752
-	91,538	57,229	57,229	57,229
350,996	360,631	331,178	350,932	364,361
3,786,400	2,372,450	4,432,750	3,907,750	4,091,205
1,885,639	923,233	1,421,596	1,203,941	1,010,687
-	124,981	-	-	-
-	4,943,110	-	-	-
4,288	2,538	850	5,675	4,974
<u>\$ 79,137,833</u>	<u>\$ 69,852,727</u>	<u>\$ 74,662,802</u>	<u>\$ 78,140,713</u>	<u>\$ 79,801,103</u>
<u>\$ 2,537,448</u>	<u>\$ (1,914,422)</u>	<u>\$ 175,114</u>	<u>\$ (3,135,183)</u>	<u>\$ 300,344</u>
\$ 1,652,782	\$ 9,381,540	\$ 122,772	\$ 187,110	\$ 304,050
(1,902,782)	(9,631,540)	(122,772)	(187,110)	(304,050)
-	-	-	-	-
-	29,520,000	-	-	-
-	-	-	136,850	46,035
-	(33,061,540)	-	-	-
-	3,669,102	-	-	-
17,915	-	-	-	-
-	-	-	-	-
<u>\$ (232,085)</u>	<u>\$ (122,438)</u>	<u>\$ -</u>	<u>\$ 136,850</u>	<u>\$ 46,035</u>
<u>\$ 2,305,363</u>	<u>\$ (2,036,860)</u>	<u>\$ 175,114</u>	<u>\$ (2,998,333)</u>	<u>\$ 346,379</u>
9.8%	5.2%	9.1%	7.5%	7.3%

(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 31¹	Residential Homestead Property	Residential Non - Homestead Property	Commercial Industrial Property	Agricultural Property	Commercial Residential Seasonal/Rec. Property
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
2014	2015	\$ 34,354,193 34.51%	6,545,894 6.57	15,149,613 15.22	5,235,764 5.26	38,132,690 38.30
2015	2016	\$ 36,087,799 35.16%	6,808,652 6.64	14,786,101 14.41	5,314,328 5.18	39,472,324 38.47

Source: Land Services

¹Applicable taxes are collectible in the subsequent year.

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

³Property 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 Rate²	Estimated Actual Taxable Value³	Assessed Value as a Percentage of Actual Value
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%
167,745 0.17	1,108,003 1.11	1,130,367 (1.14)	\$ 99,563,535 100.00%	34.653%	\$ 9,235,920,600	1.078%
166,072 0.16	1,144,562 1.12	1,170,572 (1.14)	\$ 102,609,266 100.00%	33.574%	\$ 9,548,387,800	1.075%

(Unaudited)

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

	Year Taxes Are Payable									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
County Direct Rates										
General revenue	17.113 %	15.229 %	13.938 %	13.468 %	14.515 %	15.398 %	17.422 %	18.303 %	18.483 %	17.953 %
Road and bridge	2.791	2.911	3.022	3.081	3.357	3.621	3.835	3.904	3.644	3.343
Community services	7.246	6.367	6.147	6.375	6.595	7.101	6.412	6.344	5.904	5.705
Capital Projects	-	-	-	-	-	1.742	1.855	0.917	0.906	1.048
Bonded debt	6.096	5.311	4.822	4.510	4.674	3.874	4.115	5.100	5.034	4.884
Transit system	0.055	0.042	0.045	0.028	0.030	0.033	0.034	0.036	0.035	0.014
Airport bonds	0.119	0.103	0.094	0.087	0.101	0.098	0.103	0.101	0.090	0.087
Library	0.581	0.536	0.500	0.480	0.513	0.541	0.566	0.564	0.557	0.540
Total direct rate	34.001 %	30.499 %	28.568 %	28.029 %	29.785 %	32.408 %	34.342 %	35.269 %	34.653 %	33.574 %
Cities										
Baxter	41.245 %	41.043 %	42.175 %	43.975 %	48.422 %	51.474 %	53.613 %	54.563 %	53.281 %	53.426 %
Brainerd	42.689	44.649	44.487	45.839	48.003	54.540	58.941	64.879	71.659	74.579
Breezy Point	32.182	31.405	32.968	33.137	33.895	39.281	42.202	44.389	44.175	42.683
Crosby	114.471	102.139	99.019	99.464	102.835	123.070	123.670	121.245	117.873	116.408
Crosslake	22.093	19.629	18.272	17.516	19.496	21.287	22.900	23.824	24.518	27.634
Cuyuna	43.730	37.341	34.738	33.680	37.081	49.064	54.002	57.443	60.047	55.893
Deerwood	84.007	74.138	69.664	70.807	74.769	88.211	92.043	92.880	93.798	95.337
Emily	28.208	28.479	27.815	25.747	27.813	30.934	35.833	40.146	41.507	39.278
Fifty Lakes	28.981	24.113	21.252	19.639	21.635	24.451	24.177	24.122	24.944	24.390
Fort Ripley	18.497	21.158	22.213	20.665	21.830	24.692	25.063	26.224	25.202	26.339
Garrison	52.298	61.296	52.410	55.249	60.063	66.237	71.709	68.487	67.769	69.215
Ironton	106.172	113.569	105.835	109.463	117.350	161.394	155.436	146.417	156.855	115.073
Jenkins	60.539	49.313	48.755	48.620	49.007	51.425	54.264	56.787	62.062	57.126
Manhattan Beach	14.334	27.924	27.619	23.781	26.365	28.272	26.618	26.541	27.011	27.094
Nisswa	24.598	22.604	20.944	21.253	23.421	26.804	29.058	30.996	31.029	30.778
Pequot Lakes	72.641	66.718	65.014	67.190	69.311	74.466	75.464	71.181	63.037	57.118
Riverton	51.959	51.736	51.096	48.660	47.316	54.056	43.619	46.641	45.075	46.551
Trommald	35.155	32.208	30.625	30.074	31.137	39.082	44.387	45.947	46.111	44.676
Townships										
Bay Lake fire district 1	6.462	6.519	6.117	5.340	5.404	5.848	5.856	6.148	6.446	9.343
Bay Lake fire district 2	6.671	6.740	6.148	5.398	5.863	6.352	6.419	6.652	6.797	9.938
Center	19.280	16.471	14.414	13.398	13.994	15.826	17.601	17.644	17.429	17.334
Crow Wing	38.053	46.934	28.073	25.617	20.283	20.136	19.725	20.483	21.529	20.152
Daggett Brook	26.390	23.981	21.844	19.421	20.861	25.377	26.528	24.230	25.005	23.794
Deerwood	9.818	10.852	10.532	10.415	10.990	12.412	13.365	15.624	17.074	17.356
Fairfield	24.839	20.358	17.777	16.638	17.378	19.470	20.867	21.821	21.925	21.436
Fort Ripley	15.990	16.240	25.084	17.386	17.013	18.894	20.162	16.907	14.039	13.532
Gail Lake	8.951	7.816	6.919	6.194	6.464	7.042	7.391	10.232	10.415	10.090
Garrison	13.659	11.843	11.593	10.821	11.655	12.603	13.417	13.747	14.003	16.476
Ideal	8.292	8.164	7.577	7.264	8.171	8.750	9.965	10.324	10.537	10.610
Irondale	48.212	42.688	39.803	38.388	40.816	45.381	46.983	51.190	50.748	47.054
Jenkins	8.822	9.859	10.145	10.688	9.521	9.570	13.185	10.784	13.094	13.077
Lake Edward	10.658	9.083	8.125	7.615	7.836	8.866	9.344	9.714	9.607	9.315
Little Pine	25.899	24.403	24.358	21.725	22.355	25.683	25.935	26.908	33.396	31.105
Long Lake	13.433	11.451	10.691	10.019	12.356	14.333	14.595	16.507	17.408	16.630
Maple Grove	10.539	9.519	8.825	8.176	8.806	9.845	11.487	12.763	13.002	11.780
Mission	11.358	11.419	10.425	11.088	13.594	15.198	15.328	17.642	18.045	18.483
Nokay Lake	26.184	22.125	20.401	19.867	21.626	22.811	23.422	25.591	25.746	25.894
Oak Lawn	17.659	17.483	16.765	16.366	17.402	20.023	21.044	21.863	22.149	20.286
Pelican	9.790	8.672	7.459	7.262	8.674	9.295	8.981	9.186	10.217	10.687
Perry Lake	8.243	7.066	6.493	6.095	7.076	8.703	9.678	10.689	11.777	12.259
Platte Lake	18.641	15.682	14.135	12.506	14.257	16.560	17.466	18.115	18.370	17.704
Rabbit Lake	29.448	26.912	24.203	23.618	26.339	28.977	30.719	30.696	30.840	30.255
Roosevelt	18.420	21.621	21.517	13.369	14.241	17.294	18.759	19.988	20.180	25.045
Ross Lake fire district 1 ¹	11.779	7.800	7.411	7.096	7.456	9.293	9.979	11.309	10.998	9.623
Ross Lake fire district 2 ¹	8.896	-	-	-	-	-	-	-	-	-
St. Mathias	22.161	19.794	22.562	17.122	19.106	20.797	22.251	23.674	25.096	25.889
Timothy	9.137	7.796	6.957	5.898	6.328	5.779	6.294	6.514	6.622	6.618
Wolford	16.787	13.989	12.093	12.003	12.876	13.393	14.355	16.349	15.892	15.787
Unorganized - Dean Lake	17.071	14.947	12.002	10.640	14.794	19.233	27.003	31.214	33.972	32.889
Unorganized - 1st Asmnt	8.480	7.914	7.679	7.665	8.426	8.769	9.551	10.300	10.231	9.938
School Districts										
001 - Aitkin	5.235	4.268	3.650	2.727	2.825	2.868	3.135	3.029	3.400	4.604
181 - Brainerd	22.056	17.875	17.671	20.952	21.820	23.638	24.415	24.952	25.520	25.443
182 - Crosby	12.350	9.974	8.921	11.360	12.364	14.171	14.656	15.452	15.291	15.056
186 - Pequot Lakes	9.539	8.944	8.443	8.590	9.261	12.745	14.667	14.807	13.768	14.019
480 - Onamia	14.126	13.428	12.203	12.412	12.952	18.326	20.246	19.415	13.622	22.369
482 - Little Falls	14.273	12.373	14.473	14.955	12.060	18.237	15.624	14.160	14.648	14.544
484 - Pierz	21.953	15.466	15.598	15.857	15.358	18.383	21.096	21.089	19.595	18.695
2174 - Pine River	6.889	6.312	5.647	4.430	4.544	4.956	5.027	6.332	6.060	6.560
Special Districts										
Region five	0.113	0.102	0.095	0.095	0.106	0.119	0.128	0.133	0.133	0.131
County HRA	0.066	0.057	0.051	0.049	0.053	0.058	0.062	0.064	0.063	0.062
Cuyuna hospital district	1.221	1.044	0.937	0.881	0.938	1.057	1.125	1.181	1.174	1.141
Thirty lakes watershed	1.325	1.326	1.260	1.317	1.191	1.152	-	-	-	-
Brainerd HRA	1.220	1.226	1.513	1.554	1.671	1.836	1.625	1.677	1.702	1.669
Pequot Lakes HRA	1.158	1.026	0.972	1.031	1.037	1.378	1.399	1.483	1.442	1.406
Mille Lacs sewer district	9.068	7.616	5.921	4.852	8.719	13.577	20.817	21.676	21.766	23.062

Source: Land Services

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

(Unaudited)

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

Taxpayer	2016			2007		
	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
Minnesota Power and Light	\$ 437,708	1	0.42 %	\$ 386,531	2	0.40 %
Etoc Co. Inc.	388,544	2	0.37	265,875	8	0.27
Northern States Power	376,706	3	0.36	296,764	5	0.30
Brainerd Lakes Integrated Health	372,901	4	0.36	266,474	7	0.27
Mills Properties Inc. (1)	335,499	5	0.32	562,108	1	0.58
Great River Energy	296,441	6	0.29			
Burlington Northern Santa Fe Railroad	285,094	7	0.27			
KTJ Limited Partnership (2)	251,250	8	0.24	278,050	6	0.28
MFF Mortgage Borrower	244,056	9	0.24			
Crow Wing Coop Power & Light	237,256	10	0.23			
Whitebirch Inc.				255,429	9	0.26
Developers Diversified Realty (3)				308,116	3	0.32
Mills Properties Inc. (4)				304,428	4	0.31
Wal-Mart Stores Inc.				251,721	10	0.26
Total	<u>\$ 3,225,455</u>		<u>3.10 %</u>	<u>\$ 3,175,496</u>		<u>3.25 %</u>

Source: Land Services; 2007 Comprehensive Annual Financial Report

(1) 2007 data for Mills Properties Inc. (Ford)

(2) Previously SUSO 2 Brainerd LP

(3) Previously Westgate Mall Realty Group, LLC

(4) 2007 data for Mills Properties Inc. (Retail & GM)

(Unaudited)

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

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 30,782,326	\$ 30,132,930	97.89 %	\$ 614,924	\$ 30,747,854	99.89 %
2008	31,766,367	30,994,026	97.57	769,164	31,763,190	99.99
2009	33,005,598	31,836,927	96.46	1,094,446	32,931,373	99.78
2010	34,036,631	33,063,192	97.14	944,152	34,007,344	99.91
2011	33,443,998	32,694,209	97.76	679,111	33,373,320	99.79
2012	34,156,910	33,461,342	97.96	609,849	34,071,191	99.75
2013	34,031,875	33,420,595	98.20	502,923	33,923,518	99.68
2014	33,998,443	33,431,295	98.33	433,574	33,864,869	99.61
2015	33,812,569	33,267,090	98.39	339,601	33,606,691	99.39
2016	33,803,532	33,284,458	98.46	-	33,284,458	98.46

Source: Land Services

¹The 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	Revenue Notes (3)	Lease Payable to Component Unit	Capital Lease			
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	1.96	686
2012	38,045,839	-	-	1,097,100	39,142,939	1.73	623
2013	33,636,404	-	-	1,009,650	34,646,054	1.49	549
2014	28,740,498	-	-	916,900	29,657,398	1.20	469
2015	24,369,592	136,850	-	824,150	25,330,592	0.98	399
2016	19,818,686	182,080	-	728,750	20,729,516	N/A (2)	327

Source: Administrative Services. Additional 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 2016 is unavailable at this time.

(3) The draw down of the Revenue Notes is recorded in the County's Capital Project Fund, as per the terms of the agreement with the Minnesota Public Facilities Authority. Payment of the Revenue notes will consist of repayments from the North Long Lake Sanitary Sewer District.

(Unaudited)

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

Fiscal Year	General Obligation Bonds (1)	Revenue Notes (2)	Subtotal	Less: Amounts Available in Debt Service Fund (3)	Total	Percentage of Estimated Actual Taxable Value of Property (4)	Per Capita
2007	\$ 52,711,280	\$ -	\$ 52,711,280	\$ 3,355,000	\$ 49,356,280	0.54 %	\$ 803
2008	49,673,243	-	49,673,243	3,515,000	46,158,243	0.44	742
2009	49,888,650	-	49,888,650	3,640,000	46,248,650	0.40	742
2010	46,245,061	-	46,245,061	3,713,400	42,531,661	0.35	679
2011	41,778,708	-	41,778,708	3,790,000	37,988,708	0.34	606
2012	38,045,839	-	38,045,839	2,360,000	35,685,839	0.36	568
2013	33,636,404	-	33,636,404	4,415,000	29,221,404	0.31	463
2014	28,740,498	-	28,740,498	3,890,000	24,850,498	0.27	393
2015	24,369,592	136,850	24,506,442	3,995,000	20,511,442	0.22	323
2016	19,818,686	182,080	20,000,766	4,180,000	15,820,766	0.17	249

Source: Administrative Services. Additional 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) The draw down of the Revenue Notes is recorded in the County's Capital Project Fund, as per the terms of the agreement with the Minnesota Public Facilities Authority. Payment of the Revenue notes will consist of repayments from the North Long Lake Sanitary Sewer District.

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

(4) 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, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable¹	Estimated Share of Overlapping Debt
Direct debt			
Crow Wing County	\$ 20,729,516	100.000 %	\$ 20,729,516
Overlapping debt			
School district 1 - Aitkin	\$ 790,000	7.474 %	\$ 59,045
School district 181 - Brainerd	55,890,000	85.342	47,697,644
School district 182 - Crosby	11,850,000	99.998	11,849,763
School district 186 - Pequot Lakes	42,270,000	95.534	40,382,222
School district 480 - Onamia	10,816,000	20.374	2,203,652
School district 482 - Little Falls	34,140,000	0.036	12,290
School district 484 - Pierz	4,185,000	0.339	14,187
School district 2174 - Pine River-Backus	4,077,364	42.877	1,748,251
Garrison-Kathio-West Mille Lacs Lake Sanitary Sewer District	5,441,000	61.328	3,336,856
Total overlapping debt	\$ 169,459,364		\$ 107,303,910
Total debt	<u>\$ 190,188,880</u>		<u>\$ 128,033,426</u>

Source: Land Services; 2016 Bonded Indebtedness Reporting

¹Applicable 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			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Market value of taxable property	\$ 9,068,693,000	\$ 10,393,020,600	\$ 11,434,134,100	\$ 12,018,042,400
Debt limit (3% of market value)	\$ 272,060,790	\$ 311,790,618	\$ 343,024,023	\$ 360,541,272
Debt applicable to limit:				
General obligation bonds	\$ 52,835,000	\$ 49,570,000	\$ 49,675,000	\$ 46,075,000
Revenue notes	-	-	-	-
Less: Amount set aside for repayment of general obligation debt	(4,727,620)	(5,794,287)	(5,607,028)	(5,805,426)
Total net debt applicable to limit	\$ 48,107,380	\$ 43,775,713	\$ 44,067,972	\$ 40,269,574
Legal debt margin	\$ 223,953,410	\$ 268,014,905	\$ 298,956,051	\$ 320,271,698
Total net debt applicable to the limit as a percentage of the debt limit	17.68%	14.04%	12.85%	11.17%

Source: Land Services; Comprehensive Annual Financial Report

(Unaudited)

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 11,189,135,100	\$ 10,013,341,000	\$ 9,399,678,500	\$ 9,121,473,200	\$ 9,235,920,600	\$ 9,548,387,800
\$ 335,674,053	\$ 300,400,230	\$ 281,990,355	\$ 273,644,196	\$ 277,077,618	\$ 286,451,634
\$ 41,778,708 -	\$ 37,917,500 -	\$ 30,257,500 -	\$ 25,917,500 -	\$ 22,102,500 136,850	\$ 18,107,500 182,080
(6,018,326)	(4,674,240)	(5,075,811)	(4,454,886)	(4,540,823)	(4,627,998)
\$ 35,760,382	\$ 33,243,260	\$ 25,181,689	\$ 21,462,614	\$ 17,698,527	\$ 13,661,582
\$ 299,913,671	\$ 267,156,970	\$ 256,808,666	\$ 252,181,582	\$ 259,379,091	\$ 272,790,052
10.65%	11.07%	8.93%	7.84%	6.39%	4.77%

(Unaudited)

**CROW WING COUNTY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Year	(1) (5) Population	(1) (5) Personal Income	(1) (5) Per Capita Personal Income	(2) (5) Annual Average Labor Force	(3) (5) School Enrollment	(2) (5) Unemployment Rate
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	32,033	9,652	9.5
2011	62,662	2,189,476,000	34,941	31,556	9,466	8.7
2012	62,854	2,260,488,000	35,964	31,034	9,501	7.6
2013	63,075	2,324,633,000	36,855	31,566	9,610	6.8
2014	63,220	2,472,709,000	39,113	31,575	9,365	5.8
2015	63,428	2,582,156,000	40,710	31,582	9,352	5.2
2016	63,481 (6)	- (4)	- (4)	31,443	9,411	5.2

(1) Source: US Department of Commerce, Bureau of Economic Analysis

(2) Source: Minnesota Department of Employment and Economic Development

(3) Source: Minnesota Department of Education

(4) Not available at this time

(5) Annual data is only an estimate and subject to change.

(6) Source: Minnesota State Demographic Center

(Unaudited)

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

Taxpayer	2016*			2007**		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Essentia Health - Central Region ¹	1,460	1	4.6 %	1,290	2	4.0 %
Cuyuna Regional Medical Center	947	2	3.0			
Independent School District 181	893	3	2.8	1,353	1	4.2
Grand View Lodge Resort & Spa ²	720	4	2.3			
Madden's Inc. ²	550	5	1.7	492	4	1.5
Ascensus ³	500	6	1.6	422	6	1.3
Breezy Point Resort	500	7	1.6			
Clow Stamping	440	8	1.4	276	10	0.9
Crow Wing County	415	9	1.3	465	5	1.4
Cragun's Resort ²	380	10	1.2			
Wal-Mart Supercenter				350	8	1.1
Mills Companies				400	7	1.2
Brainerd Regional Human Services Ctr.				685	3	2.1
Bethany Good Samaritan Village				337	9	1.1
Total	6,805		21.5 %	6,070		18.8 %

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

*At the time of this publication, local employment numbers had not been updated from the previous year.

**2007 data unavailable; 2006, the closest year available, was used.

¹ Formerly owned by St. Joseph's Medical Center; 2006 data combined Brainerd Medical Center.

² Employee numbers indicate seasonal peak.

³ Formerly owned by Universal Pensions & Bisys Retirement Services.

(Unaudited)

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

Function/Program	Full-Time Equivalent Employees			
	2007	2008	2009	2010
General government	119.1	114.8	103.9	98.2
Public safety	119.6	125.7	127.0	121.8
Highways and streets	38.8	37.3	36.2	39.2
Sanitation	0.6	0.8	2.0	1.0
Health and human services ¹	136.1	137.1	134.4	131.5
Health ¹	28.2	28.2	22.0	20.3
Culture and recreation	2.6	0.8	0.5	0.3
Conservation of natural resources	9.2	9.6	9.9	8.1
Landfill enterprise fund	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>	<u>2.0</u>
Total Full-Time Equivalents	<u><u>455.5</u></u>	<u><u>455.6</u></u>	<u><u>437.2</u></u>	<u><u>422.4</u></u>

Source: Administrative Services

¹ In 2015 Crow Wing County combined the functions of Health and Human Services.

(Unaudited)

Full-Time Equivalent Employees					
2011	2012	2013	2014	2015	2016
92.1	93.8	95.9	98.1	100.9	95.0
119.5	120.2	122.6	122.1	127.5	141.8
38.2	36.2	36.5	36.8	36.7	35.9
-	-	-	-	-	-
129.7	129.9	130.0	128.0	142.0	148.6
18.6	17.8	17.0	15.5	-	-
0.8	0.8	0.7	0.8	0.2	0.9
9.0	8.7	8.8	9.5	6.3	8.5
1.3	1.3	1.2	1.3	2.0	1.3
409.2	408.7	412.7	412.1	415.6	432.0

(Unaudited)

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

Function/Program	Fiscal Year				
	2007	2008	2009	2010	2011
General Government					
Customer Services					
Birth Certificates	4,472	3,463	3,398	2,906	2,442
Marriage Licenses	469	414	441	433	411
Marriage Certificates	250	232	241	330	370
Notary Registrations	113	140	143	397	133
Abstract Documents	18,987	16,282	17,419	16,106	14,846
Torrens Documents	5,708	5,143	5,480	5,363	4,579
Warranty Deeds	2,605	1,848	2,013	1,757	1,672
Foreclosures	231	356	351	388	360
Environmental Services					
Township Permits Issued (All Types)	1,174	846	759	772	752
Information Technology					
Computers Purchased	114	107	98	103	88
Telephones Purchased	164	3	4	49	19
iPads/Tablets Purchased	-	-	-	-	-
Work Orders Completed	4,487	5,443	5,558	5,810	4,160
Assessing Services					
Number of Parcels	N/A	N/A	81,806	81,172	81,724
Number of Improved Parcels	39,475	N/A	41,371	41,863	41,882
Number of Personal Property Parcels	1,643	1,647	1,419	1,416	1,408
Number of Exempt Parcels	12,202	12,202	9,708	9,053	8,052
All Property Notices Printed (Except Exempt)	72,934	73,152	73,441	73,468	73,561
Public Safety					
Sheriff					
Part I Crimes	464 (1)	523	445	476	614
Part II Crimes	824 (1)	872	892	803	879
Non Reportable Crimes/Incidents	9,369 (1)	12,569	16,690	16,752	19,610
Dispatch					
911 Emergency Calls	25,579	27,760	30,148	31,197	31,684
Jail					
Average Monthly Bookings	324 (2)	328	308	285	277
Average Monthly Inmate Population	144 (2)	160	134	135	128
Highways and Streets					
Miles of Overlay	26	15	8	8	6
Miles of Construction	1	3	6	5	6
Tons of Crushing	58,500	-	-	40,000	-
Miles of Crack Sealing	N/A	13	10	40	49
Health and Human Services					
Health					
Family Health Contacts	9,342	8,879	9,328	9,432	9,127
Health Promotion Contacts	3,843	4,090	14,547	17,603	15,069
Disease Prevention & Control Immunizations (3)	N/A	N/A	12,417	4,054	3,074
Community Screenings (3)	N/A	N/A	705	267	51
Human Services					
Children In/Out of Home Placement	220	244	237	227	222
Persons Receiving DD Waivered Services	153	155	157	158	159
Child Support Cases	3,542	3,512	3,604	3,643	3,672
Financial Assistance Cases	4,372	4,768	5,331	5,623	6,598
Conservation of Natural Resources					
Solid Waste (Non-landfill)					
Solid Waste (Non-landfill) Funded Residential Recycling (Ton)	3,650	4,066	4,696	4,781	4,679
Commercial Recycling (Ton)	45,097	35,453	23,051	23,568	23,896
Solid Waste (Non-landfill) - Problem Material Management					
Hazardous Waste (Ton)	44	48	41	51	50
Electronics (Ton)	162	137	146	152	152
Tires (Each)	11,660	8,709	6,984	7,145	8,461
White Goods (Each)	4,434	3,949	4,077	3,801	3,131
Used Oil (Gallon)	32,748	39,070	36,424	39,890	34,409
Mattresses Recycled (Each)	2,467	2,304	2,251	2,383	2,286
Sanitation					
Landfill					
Municipal Solid Waste Land filled SW376 (Ton)	39,625	36,912	35,545	35,557	35,933
Industrial Waste Land filled SW376 (Ton)	5,875	5,915	3,856	4,295	4,421
Demolition Waste Land filled SW440 (Cu Yd)	13,959	16,950	14,055	13,124	13,880

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.

(3)The County is no longer reporting on these indicators.

N/A - Data not available or not applicable.

(Unaudited)

Fiscal Year				
2012	2013	2014	2015	2016
2,560	2,611	2,582	2,599	2,814
454	462	405	421	451
356	368	307	286	315
137	131	270	257	136
17,384	16,513	14,181	14,533	14,854
5,588	5,137	4,575	4,741	4,787
1,946	2,114	2,285	2,622	2,804
273	192	135	122	92
991	815	864	991	929
128	63	197	135	66
-	17	1	6	11
-	-	24	13	76
3,905	3,281	2,245	2,315	3,166
82,100	82,181	82,083	82,042	82,039
42,227	42,414	42,582	42,823	43,095
1,465	1,451	1,396	1,347	1,456
8,705	8,846	9,058	9,077	9,046
73,569	73,548	73,522	73,441	73,516
695	706	406	466	456
834	818	838	967	998
21,043	22,154	22,791	22,717	21,929
35,176	28,566	33,480	30,301	34,044
280	276	297	308	354
137	165	173	183	207
11	11	20	17	27
4	-	8	6	2
35,000	3,223	-	14,560	13,120
37	17	15	49	101
8,768	7,839	7,523	7,819	7,728
13,620	9,257	12,817	10,275	10,352
1,772	1,660	532	N/A	N/A
42	43	75	N/A	N/A
228	185	188	184	255
162	166	163	167	171
3,779	3,867	3,707	3,524	3,319
6,433	6,030	8,409	9,796	9,530
4,517	4,513	4,871	4,583	4,464
25,687	26,734	39,010	40,770	42,358
62	57	58	49	56
144	136	156	186	207
8,828	6,175	6,393	6,942	8,789
3,025	3,021	3,149	3,699	4,098
36,576	28,324	30,431	18,172	42,177
3,138	3,275	3,645	3,993	4,299
36,563	38,286	40,508	42,660	45,359
4,194	3,555	3,418	4,043	3,911
32,769	12,232	13,714	13,849	12,789

(Unaudited)

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

Function/Program	Fiscal Year			
	2007	2008	2009	2010
General Government				
Courthouse	1	1	1	1
Judicial Center	1	1	1	1
Central Services Building	1	1	1	1
Land Services Building (1)	1	1	1	1
Motor Pool Vehicles	7	-	-	-
Veteran's Services Vehicles	N/A	N/A	N/A	N/A
Facilities Vehicles and Motorized Equipment	N/A	N/A	N/A	N/A
Environmental Services Vehicles	N/A	N/A	N/A	N/A
Public Safety				
Vehicles, Boats, Trailers, and Motorized Equipment	83	82	89	84
Law Enforcement Center	1	1	1	1
Jails	1	1	1	1
Mobile Emergency Operations Centers	1	1	1	1
Highways and Streets				
Vehicles	77	70	70	71
Graders, Loaders and Heavy Trucks	31	31	31	32
Miles of County Roads	182	182	182	182
Miles of County State Aid Highways	380	380	380	380
Garage and Storage Buildings	12	12	12	12
Health and Human Services				
Community Services Building	1	1	1	1
Vehicles	N/A	N/A	N/A	N/A
Culture and Recreation				
Parks	4	4	4	4
Accesses	17	17	17	17
Recreational Trails	2	2	2	2
Vehicles and Motorized Equipment	N/A	N/A	N/A	N/A
Conservation of Natural Resources				
Vehicles and Motorized Equipment	N/A	N/A	N/A	N/A
Landfill Enterprise Fund				
Demolition Landfills	2	2	2	2

Source: Survey of County departments

N/A - Data not applicable or not available.

(1) The Land Services Building is used for general government, conservation of natural resources, and culture and recreation functions.

(Unaudited)

Fiscal Year						
2011	2012	2013	2014	2015	2016	
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
-	-	-	-	-	-	-
N/A	N/A	N/A	N/A	2	2	
N/A	N/A	N/A	N/A	9	9	
N/A	N/A	N/A	N/A	5	6	
84	83	82	82	85	81	
1	1	1	1	1	1	
1	1	1	1	1	1	
1	1	1	1	2	2	
67	64	61	60	60	67	
32	32	30	30	29	30	
182	182	182	177	177	168	
380	380	380	380	380	377	
11	11	11	11	11	11	
1	1	1	1	1	1	
N/A	N/A	N/A	N/A	9	9	
4	4	4	4	4	4	
17	17	17	17	16	16	
2	2	2	2	3	3	
N/A	N/A	N/A	N/A	4	2	
N/A	N/A	N/A	N/A	8	13	
2	2	2	2	2	2	

(Unaudited)