



COMPREHENSIVE ANNUAL FINANCIAL REPORT 2017

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017
CROW WING COUNTY, MINNESOTA

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

For The Year Ended December 31, 2017

Prepared By
The Financial Services Division of Administrative Services
Deborah A. Erickson, Administrative Services Director

**CROW WING COUNTY
BRAINERD, MINNESOTA**

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BRAINERD, MINNESOTA**

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DATE: June 13, 2018

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

Subject: 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual Financial Report (CAFR) of Crow Wing County is submitted for the fiscal year ending December 31, 2017. 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 CliftonLarsonAllen LLP has issued an unmodified (“clean”) opinion on the Crow Wing County financial statements for the year ending December 31, 2017. 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 13,349 residents in 2016.

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 \$231 million in gross sales in 2016, the most recent year data is available, making a 0.8 percent increase in gross sales when compared to 2015. In 2017, 252 leisure and hospitality businesses employed an annual average of 4,284 employees. This was an increase of 105 jobs over 2016, or 2.5 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 2017, 327 retail trade businesses employed an annual average of 4,791 employees, an increase of 35 jobs, or 0.7 percent, over the previous year. In 2017, an annual average of 573 individuals were employed by 66 wholesale trade businesses, an increase of 9 jobs, or 1.6 percent, over the prior year. One of the largest wholesale employers, Costco, employs 185 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 approximately 950 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 1,500 medical professionals and support staff in Crow Wing County and is considered the largest integrated health system in north central Minnesota.

In 2017, 203 Crow Wing County establishments provided an annual average of 6,026 jobs in the areas of health care and social assistance. This was an increase of 141 jobs over 2016, or 2.4 percent.

Education

The K-12 schools in the Brainerd Lakes Area educate approximately 9,500 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 over 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 2017, 37 establishments provided 2,342 jobs in the area of educational services, an increase of 269 jobs, or 13.0 percent, when compared to 2016 employment data.

Manufacturing and Construction

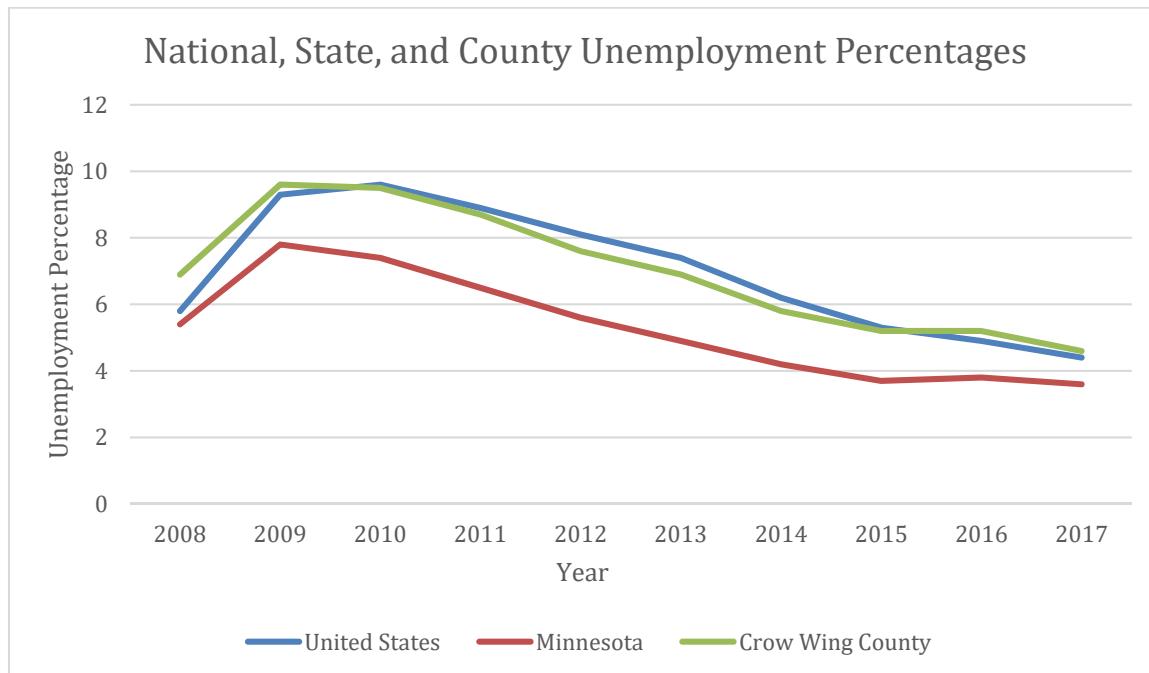
In 2017, 115 companies employed an annual average of 2,555 people in a variety of manufacturing arenas, from plastics to precision machining and metal fabrication. This is an increase of 43 positions, or 1.7 percent, when compared to 2016 employment data. Clow Stamping and Bang Printing are the largest manufacturing employers in the County with approximately 455 and 210 employees, respectively. In 2017, 265 area construction firms employed 2,012 people, an increase of 162 jobs in Crow Wing County. This makes up a 8.8 percent increase when compared to 2016 employment data.

Finance and Insurance

The finance and insurance industries are well represented in the region. In 2017, 121 firms provided an annual average of 1,295 jobs, an increase of 22 jobs over the prior year. This makes up a 1.7 percent increase when compared to 2016 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 62,178 residents in 2008 to 64,000 residents in 2016; the total population rank was 15th of 87 counties in Minnesota.
- The County's annual average labor force changed from 32,736 workers in 2006 to 32,038 workers in 2017, a decrease of 2.1 percent.
- In 2016, Crow Wing County had a per capita personal income (PCPI) of \$41,887. Crow Wing County's PCPI rank was 64th of the 87 counties in the state. Crow Wing County was 80.5 percent of the state average of \$52,038, and 85.1 percent of the national average of \$49,246.



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 2017, Crow Wing County reduced staffing by 10 Full-Time Equivalents (FTEs), representing a workforce reduction of 2.2 percent.
- The County Board approved a levy decrease of 0.09 percent for taxes payable 2018. Since 2011, the County Board has approved a levy decrease each year. The total levy decrease over this time period is 5.19 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.
- Continue 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 2017 fiscal year follows:

	<u>Amount</u>	<u>Net debt per capita</u>
Net General Bonded Debt Outstanding	\$10,892,145	\$170

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	2018-2020
LELS Local #14 Deputies	2017-2019
LELS Local #13 Dispatchers	2017-2019
LELS Local #16 Correctional Officers	2016-2018
IUOE Local #49 Facilities	2018-2020
IUOE Local #49 Highway	2015-2017
Organization of Non-Contract Employees	2017-2019
Teamsters Local #320 Social Services	2018-2020
Teamsters Local #346 Sheriff's Licensed Supervisory	2018-2020
Teamsters Local #346 Corrections and Dispatch Supervisory	2017-2019

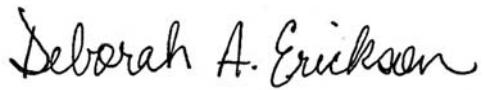
All contracts begin January 1 and end December 31.

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, 2016. This was the fourth 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**

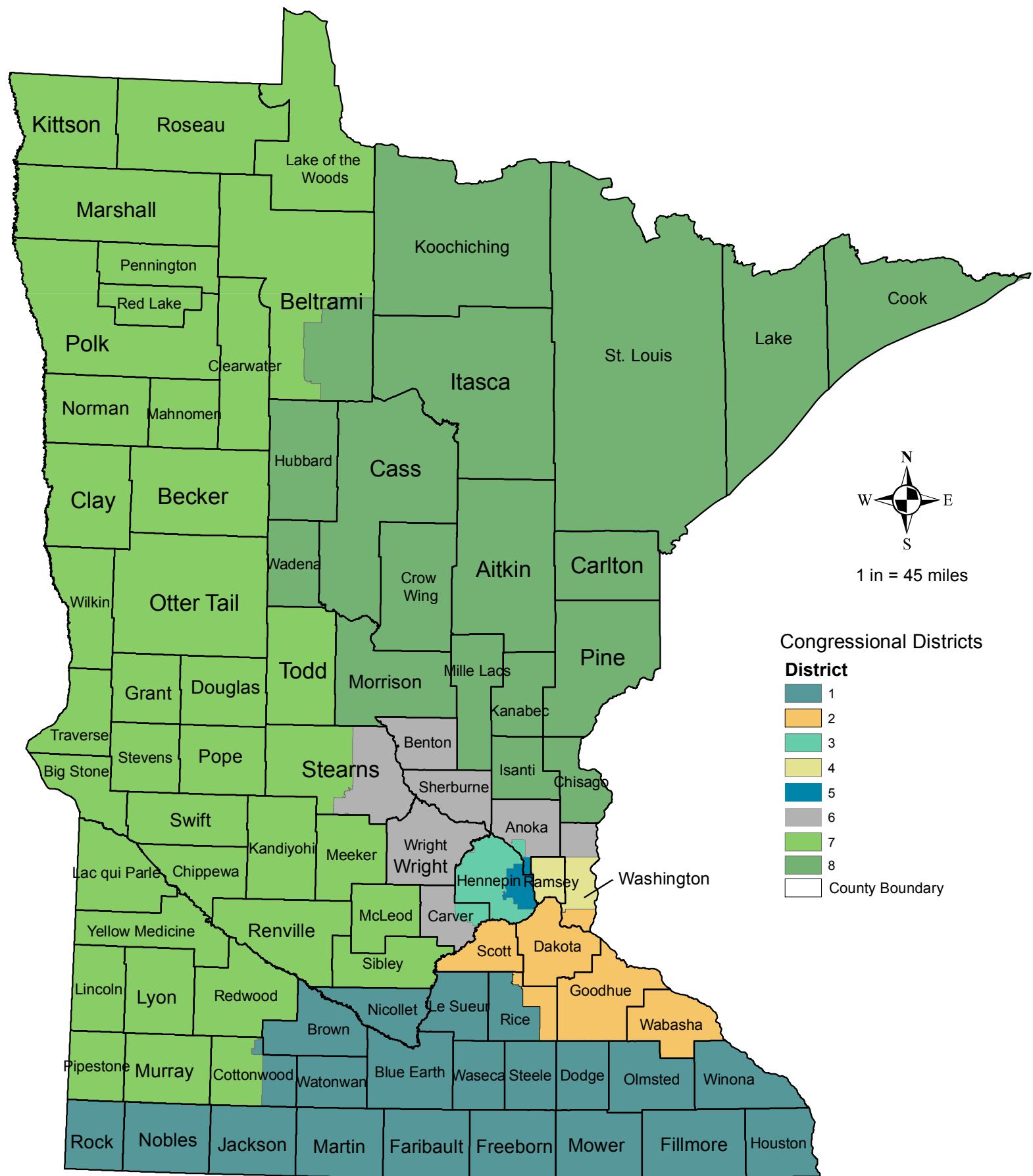
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

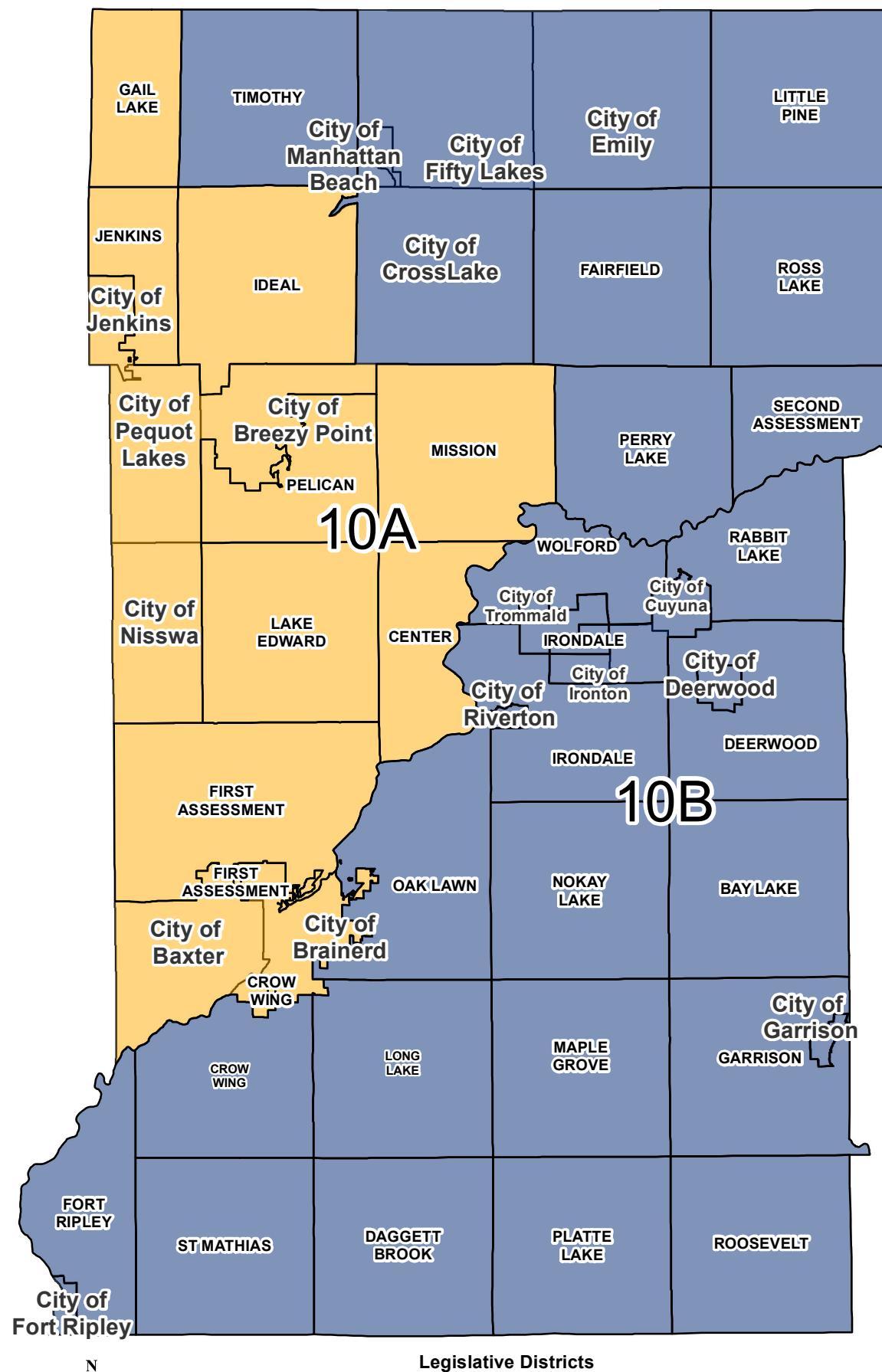
Christopher P. Morill

Executive Director/CEO

State of Minnesota Congressional Districts



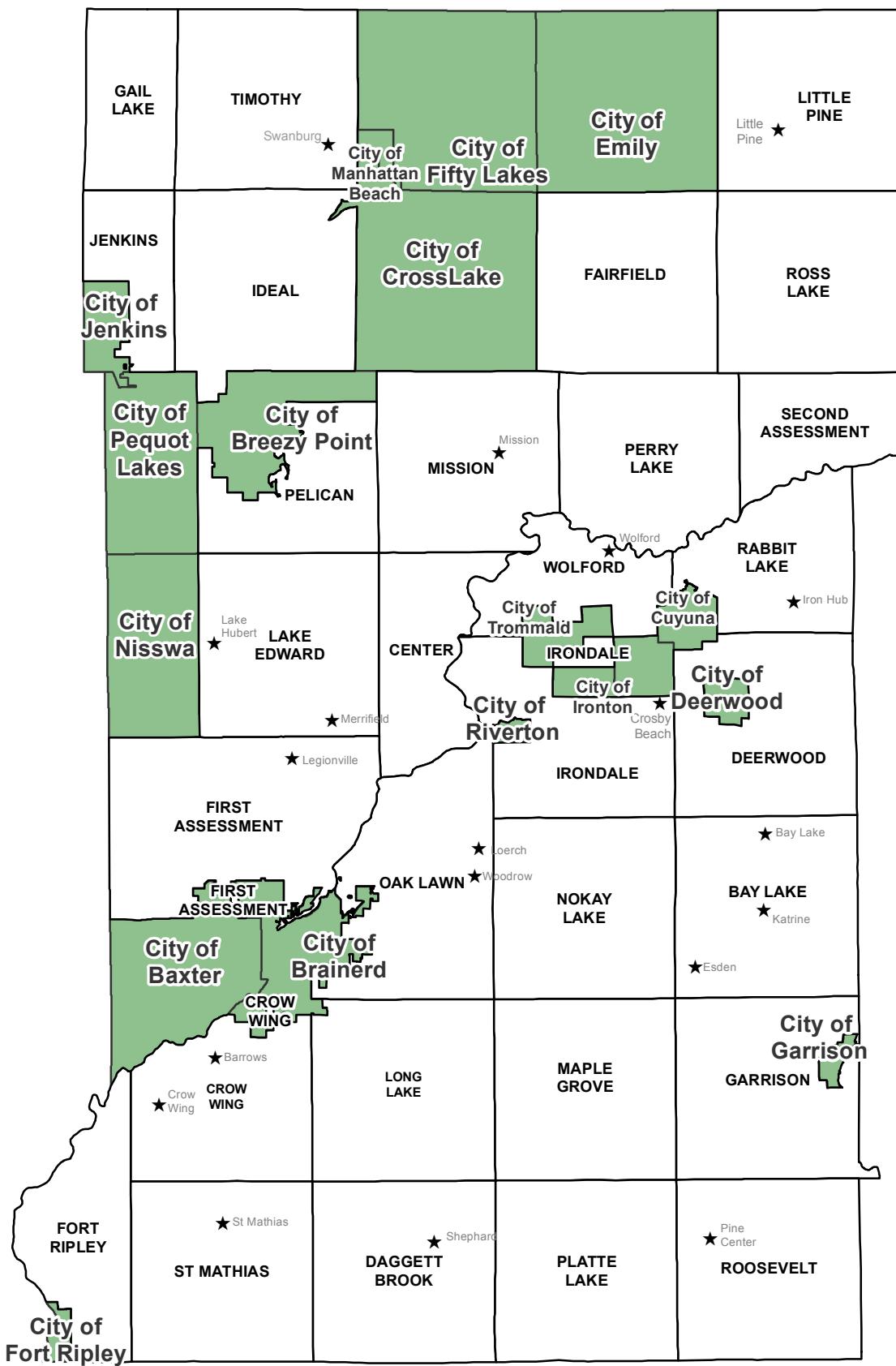
Legislative Districts



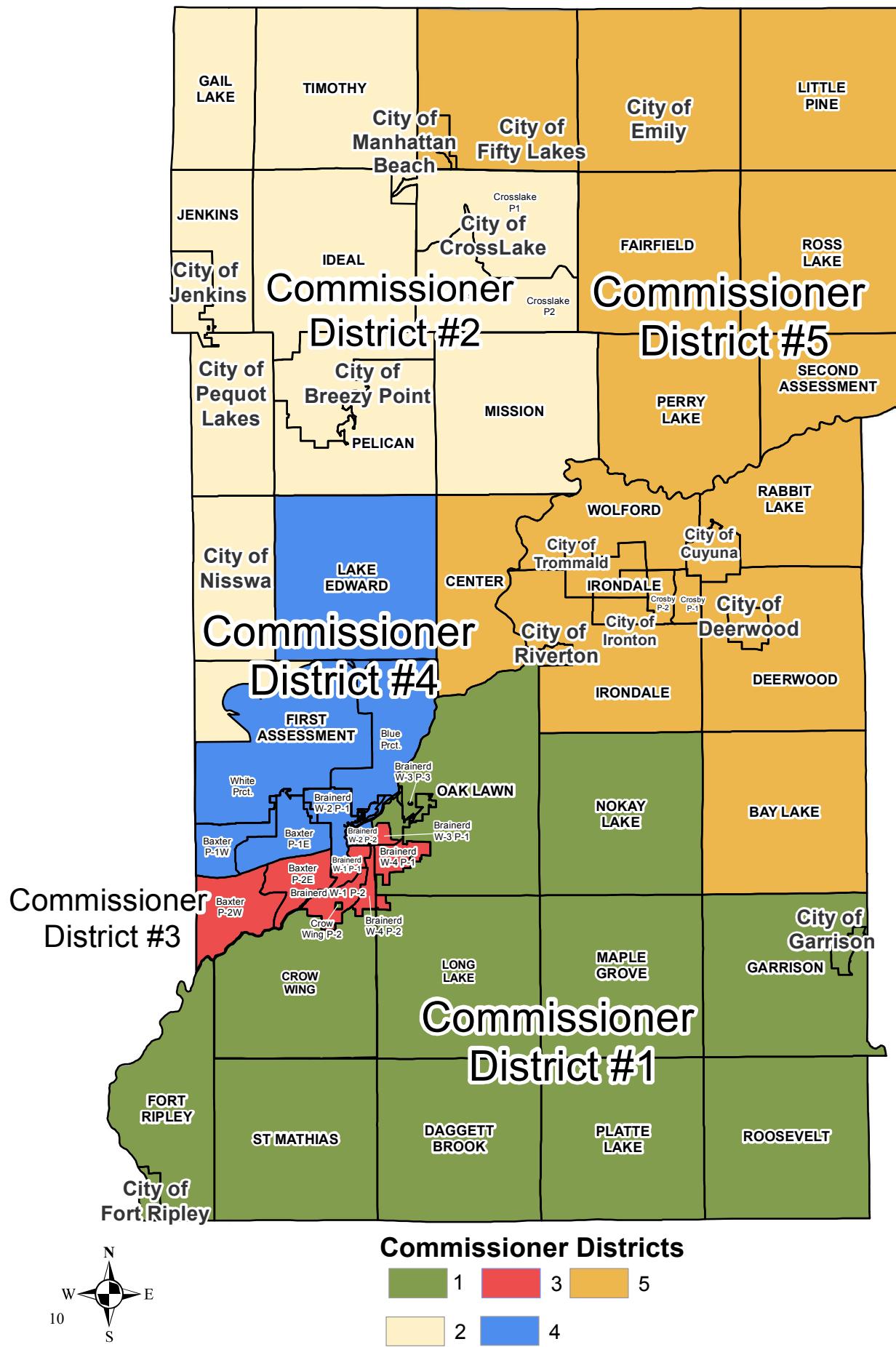
Legislative Districts

- 10A
- 10B
- Township/City Boundary

Crow Wing County Political Subdivisions



Crow Wing County Commissioner Districts



**CROW WING COUNTY
BRAINERD, MINNESOTA**

**LIST OF ELECTED AND APPOINTED OFFICIALS
2017**

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
*Denotes 2017 Chair		
**Denotes 2018 Chair		
County Offices		
Elected		
Attorney	Donald F. Ryan	January 2019
Auditor/Treasurer ¹	Deborah A. Erickson	January 2019
Recorder ¹	Mark Liedl	January 2019
Sheriff	Todd O. Dahl	January 2019
Appointed		
Administrator	Timothy J. Houle	Indefinite
Land Services Director ²	Gary Griffin	January 2021
Environmental Services Supervisor ²	Ryan Simonson	Indefinite
Environmental Services Supervisor ²	Jacob Frie	Indefinite
Engineer	Timothy V. Bray	May 2019
Examiner of Titles	Glen A. Gustafson	Indefinite
Veterans Service Officer	Robert M. Nelson	June 2019

¹During 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.

²The Land Services Director performs the functions of the County Assessor. There are two Environmental Services Supervisors; one serves as Land Commissioner and the other serves as County Zoning Administrator and County Planner, all under the oversight of the Land Services Director.



Crow Wing County Citizens



Paul Koering
District 1



County Attorney
Don Ryan



County Board
of Commissioners



County Sheriff
Todd Dahl



Rosemary Franzen
District 4



Paul Thiede
District 2



Veteran's
Services
Robert Nelson



Co Administrator
Tim Houle



Human Resource
Tamra Laska



Doug Houge
District 5

Community
Services
Kara Terry



Land Services
Gary Griffin



Transportation
Services
Tim Bray



Administrative
Services
Deborah Erickson



Rachel Reabe
Nyström
District 3

Customer Services Division

Health & Social Services
Division

Environmental Services
Division

Assessing Services Division

Engineering Division

Highway Maintenance
Division

Finance & Elections

Information Technology

Library

Extension

Facilities

HRA

Airport

Public Transit

Community Corrections
Division

Customer Services Division

Airport

Public Transit

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Crow Wing County
Brainerd, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Crow Wing County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 entity'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 entity'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, 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, 2017, 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, budgetary comparison information, schedule of funding progress – other postemployment benefits plan, the schedule of proportionate share of net pension liability, the schedule of contributions, and the notes to the required supplementary information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Crow Wing County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, combining statement of changes in assets and liabilities – all agency funds, schedule of intergovernmental revenues, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, combining statement of changes in assets and liabilities – all agency funds, the schedule of intergovernmental revenues, and the schedule of expenditures of federal awards, as listed in the table of contents, are the responsibility of management and were derived from and relate 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 13, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Crow Wing County's 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
June 13, 2018

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017
(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, 2017. 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 \$211,234,864 (net position). Of this amount, \$7,817,184 is classified as unrestricted net position. Unrestricted net position includes \$17,139,694 of investments in joint ventures, leaving an unrestricted net position of (\$9,322,510). Total net position increased by \$8,993,150 over the prior year.
- As of the close of the 2017 fiscal year, Crow Wing County's governmental funds reported combined ending fund balances of \$45,295,654, compared to \$47,168,711 reported at the close of the 2016 fiscal year. Approximately 59.90 percent of this amount, \$27,130,581, is reported as unrestricted fund balance in either the committed, assigned, or unassigned categories. Commitments totaling \$4,967,032 represent amounts already designated for specific purposes by the County Board. Assigned balances of \$12,323,648 are used to fund highway improvements, social programs, capital acquisition, recycling programs, and debt repayment. The remaining unassigned balance of \$9,839,901 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 \$11,743,288, or 40.9 percent of total General Fund expenditures, a decrease of \$3,256,716 in comparison with the prior year. The unassigned amount of fund balance for the General Fund was \$9,839,901, or 34.3 percent of total General Fund expenditures. This decrease of \$3,446,589 is mostly due to a \$3,000,000 transfer to the Community Services Fund to cover increased out of home placement costs.
- Crow Wing County's long-term liabilities (due in more than one year) decreased by \$16,656,928, or 21.6 percent, to \$60,426,822 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 \$13,257,108 less net pension liability. Other impacts are a reduction due to debt principal payments of \$4,284,050 and an increase in the net OPEB obligation in the amount of \$1,336,072, for a total obligation of \$17,796,928.

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.

(Unaudited)

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

Special Revenue Funds – Special revenue 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 through 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 88 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 89 through 98 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 101 through 117 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 \$211,234,864 at the close of the most recent fiscal year.

Net investment in capital assets of \$178,791,822 represents the largest portion of net position (84.6 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, \$24,625,858, or 11.7 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$7,817,184 or 3.7 percent of the total net position. Unrestricted net position includes \$17,139,694 of investments in joint ventures, or 8.1 percent of the total net position.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 74,779,452	\$ 74,070,615	\$ 15,500,814	\$ 14,562,305	\$ 90,280,266	\$ 88,632,920
Capital assets	190,717,773	180,683,978	2,821,144	2,939,450	193,538,917	183,623,428
Total assets	\$ 265,497,225	\$ 254,754,593	\$ 18,321,958	\$ 17,501,755	\$ 283,819,183	\$ 272,256,348
 Total deferred outflows of resources	 \$ 14,075,403	 \$ 23,769,996	 \$ 32,978	 \$ 64,529	 \$ 14,108,381	 \$ 23,834,525
Noncurrent liabilities	\$ 55,381,707	\$ 72,302,927	\$ 5,045,115	\$ 4,780,823	\$ 60,426,822	\$ 77,083,750
Other liabilities	12,856,368	11,762,682	178,604	50,925	13,034,972	11,813,607
Total liabilities	\$ 68,238,075	\$ 84,065,609	\$ 5,223,719	\$ 4,831,748	\$ 73,461,794	\$ 88,897,357
 Total deferred inflows of resources	 \$ 13,204,025	 \$ 4,928,181	 \$ 26,881	 \$ 23,621	 \$ 13,230,906	 \$ 4,951,802
 Net position						
Net investment in capital assets	\$ 175,970,678	\$ 161,945,002	\$ 2,821,144	\$ 2,939,450	\$ 178,791,822	\$ 164,884,452
Restricted	23,365,483	16,098,569	1,260,375	1,436,133	24,625,858	17,534,702
Unrestricted	(1,205,633)	11,487,228	9,022,817	8,335,332	7,817,184	19,822,560
Total net position	<u>\$ 198,130,528</u>	<u>\$ 189,530,799</u>	<u>\$ 13,104,336</u>	<u>\$ 12,710,915</u>	<u>\$ 211,234,864</u>	<u>\$ 202,241,714</u>

In 2017, Crow Wing County's net position increased \$8,993,150 over 2016. Investment in capital assets and reduction of long-term liabilities are the major operational drivers to the change in net position.

(Unaudited)

Governmental Activities

Governmental activities increased Crow Wing County's net position by \$8,599,729, 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 \$14,025,676 due to increased asset purchases and decreased debt related to them; and a decrease in unrestricted net position of \$12,692,861, which is primarily attributable to the recognition of the changes in the net pension liability as required by GASB Statement No. 68.

Approximately \$17,290,680 of the unrestricted net position 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 \$17,139,694 of investments in joint ventures and \$9,022,817 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 \$604,462 from the prior year. The largest component of this change was an increase of \$559,593 related to public safety, which is primarily attributable to an increase in state prisoner reimbursement. A reduction in health and human services of \$303,170, related to social service Minnesota Senior Health Options care/coordination program.

Operating grants and contributions increased \$2,616,650 over the prior year. Large components of this increase are increases in public safety of \$596,294 due to increases for various grants and local contributions; and highways and streets for \$2,109,060 related to state allotments.

Capital grants and contributions decreased \$380,827 from the prior year. The County received \$368,243 less federal capital grants in the current year from the Minnesota Department of Transportation.

Property taxes increased \$575,535 related to the collection of delinquent taxes in the current year.

Transportation sales and use tax increased \$2,056,435 from the prior year, as the County Board approved a 0.5 percent transportation sales and use tax in 2016.

Total expenses decreased \$886,219 from 2016; of this, \$4,902,217 related to required pension expense recognition. Increases or decreases in expenses for public safety, highways and streets, and health and human services were 5.0 percent or less from the prior year, or had insignificant dollar variances. Notable variances from the prior year include expenses for general government (decreased 6.6 percent), sanitation (decreased 98.1 percent), culture and recreation (increased 16.3 percent), conservation of natural resources (increased 18.5 percent), economic development (29.9 percent decrease), and interest (decreased 25.6 percent decrease).

Expenses for general government decreased \$1,171,930 from 2016. The majority of this decrease is a result of allocating retiree health insurance and property casualty insurance to the other functions.

Sanitation expenses decreased \$12,584 from 2016. 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.

Expenses for culture and recreation increased \$115,166 from 2016. Increased expenses are attributable to new signage for our trails and parks along with additional advertising. Due to severe storms additional maintenance was also required.

Conservation of natural resources expenses increased \$364,115 from 2016. These increases are primarily related to the increased tax forfeited land and timber sales in the public land management fund.

The decrease to economic development of \$21,690 is due to reduced transfers of small cities development program dollars to the Crow Wing County Housing and Redevelopment Authority.

(Unaudited)

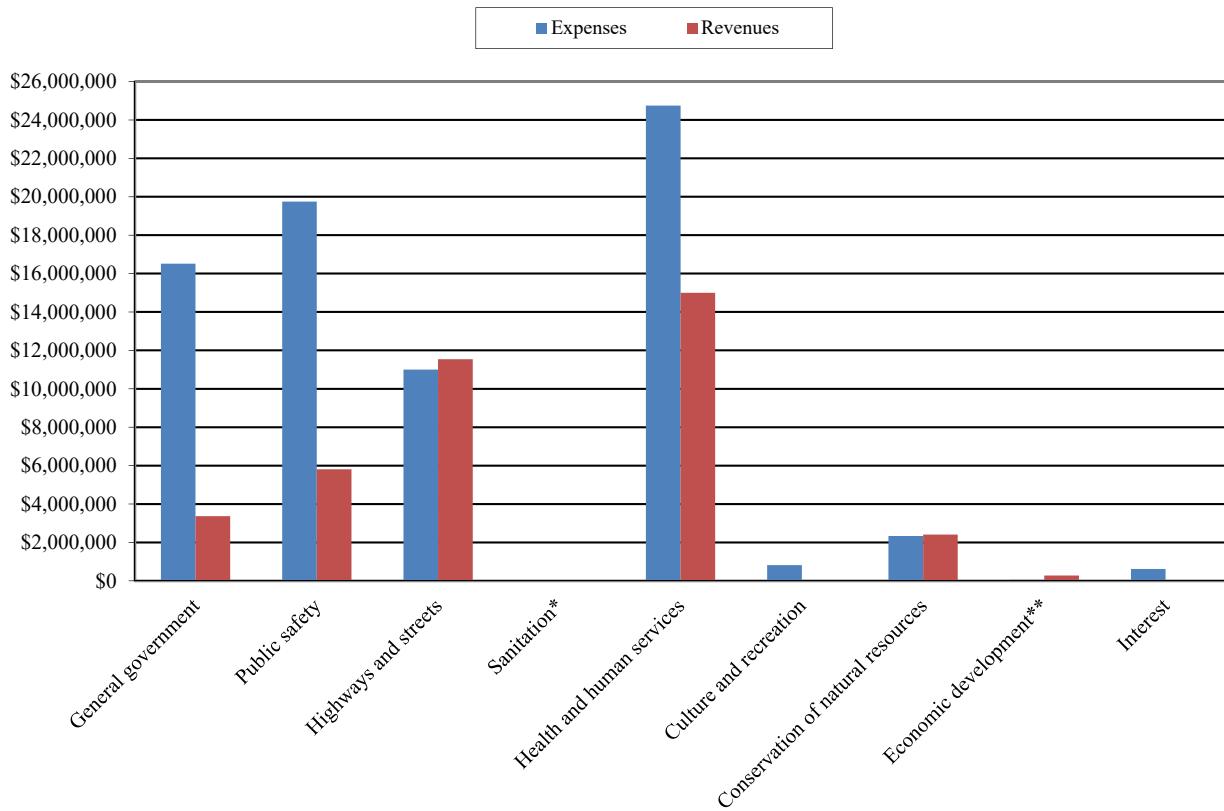
Business-Type Activities

Business-type activities increased Crow Wing County's net position by \$393,421. This increase is the result of a favorable operating surplus. Charges for services increased \$116,955 from the prior year. This change is primarily due to increased landfill tipping fees and hauler fees. Expenses related to the landfill increased \$100,291 from 2016. Investment earnings in the current year were \$108,861.

	Changes in Net Position						Total	
	Governmental Activities		Business-Type Activities					
	2017	2016	2017	2016	2017	2016		
Revenues								
Program revenues								
Charges for services	\$ 10,399,748	\$ 9,795,286	\$ 2,838,890	\$ 2,721,935	\$ 13,238,638	\$ 12,517,221		
Operating grants and contributions	27,224,671	24,608,021	46	596	27,224,717	24,608,617		
Capital grants and contributions	804,528	1,185,355	-	-	804,528	1,185,355		
General revenues								
Property taxes	36,033,341	35,457,806	-	-	36,033,341	35,457,806		
Transportation sales and use tax	6,077,340	4,020,905	-	-	6,077,340	4,020,905		
Mortgage registry and deed tax	106,854	94,583	-	-	106,854	94,583		
Payments in lieu of tax	492,162	505,634	-	-	492,162	505,634		
Grants and contributions not restricted to specific programs	2,651,420	2,752,954	595	595	2,652,015	2,753,549		
Investment income	353,506	436,639	108,861	81,712	462,367	518,351		
Miscellaneous	288,132	329,598	5,085	-	293,217	329,598		
Total Revenues	\$ 84,431,702	\$ 79,186,781	\$ 2,953,477	\$ 2,804,838	\$ 87,385,179	\$ 81,991,619		
Expenses								
General government	\$ 16,513,663	\$ 17,685,593	\$ -	\$ -	\$ 16,513,663	\$ 17,685,593		
Public safety	19,750,170	20,329,416	-	-	19,750,170	20,329,416		
Highways and streets	10,997,480	10,924,855	-	-	10,997,480	10,924,855		
Sanitation	249	12,833	-	-	249	12,833		
Health and human services	24,748,890	24,189,396	-	-	24,748,890	24,189,396		
Culture and recreation	822,656	707,490	-	-	822,656	707,490		
Conservation of natural resources	2,331,978	1,967,863	-	-	2,331,978	1,967,863		
Economic development	50,872	72,562	-	-	50,872	72,562		
Interest	616,015	828,184	-	-	616,015	828,184		
Landfill	-	-	2,560,056	2,459,765	2,560,056	2,459,765		
Total Expenses	\$ 75,831,973	\$ 76,718,192	\$ 2,560,056	\$ 2,459,765	\$ 78,392,029	\$ 79,177,957		
Increase (decrease) in Net Position	\$ 8,599,729	\$ 2,468,589	\$ 393,421	\$ 345,073	\$ 8,993,150	\$ 2,813,662		
Net Position, beginning	189,530,799	187,062,210	12,710,915	12,365,842	202,241,714	199,428,052		
Net Position, ending	\$ 198,130,528	\$ 189,530,799	\$ 13,104,336	\$ 12,710,915	\$ 211,234,864	\$ 202,241,714		

(Unaudited)

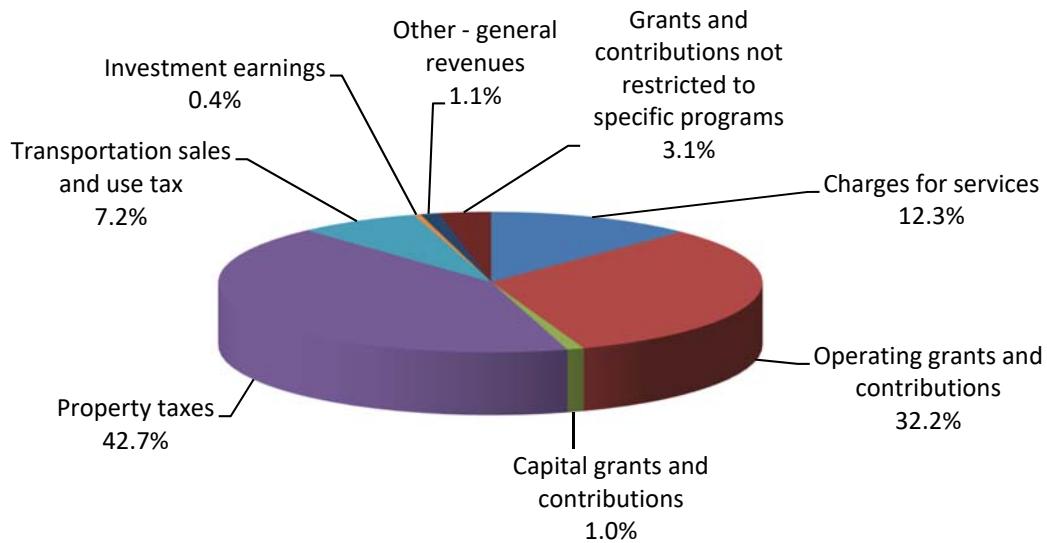
Expenses and Program Revenues - Governmental Activities



*Sanitation had expenses and revenues of \$249, which are difficult to measure using the above graph.

**Economic development had expenses of \$50,872 and revenues of \$275,152, 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 \$45,295,654, a decrease of \$1,873,057 in comparison with the prior year. Of this total amount, \$27,130,581 constitutes unrestricted fund balance. The remaining \$18,165,073 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 \$4,713,769; Restricted for Local option sales tax \$4,069,385; Restricted for Solid waste (non-landfill) \$2,100,262; Restricted for Unorganized townships \$1,457,303; Nonspendable Environmental trust corpus \$1,846,499; and Nonspendable Inventories \$809,418.

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 \$11,743,288, while the total fund balance was \$13,696,075. 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 40.9 percent of the total General Fund expenditures, while unassigned fund balance represents 34.3 percent of that same amount.

The fund balance of Crow Wing County's General Fund decreased \$2,734,979 from 2016. This change is mostly due to a transfer of \$3,000,000 to the Community Services Fund for increased out-of-home placement costs. To offset this transfer, revenues exceeded expenditures by \$134,121. Revenues for the General Fund increased by \$150,219, or 0.5 percent, and expenditures increased \$201,631, or 0.7 percent. The operating budget of the General Fund is structurally balanced.

The Highway Special Revenue Fund had a total fund balance of \$12,238,668 at the end of the fiscal year. The fund balance of the Highway Special Revenue Fund decreased by \$254,315 during the current fiscal year. On the modified accrual basis, revenues increased \$2,501,481 from the prior year, primarily related to the local option sales tax, which went into effect in April 2016. Expenditures increased by \$5,349,326 due to greater capital outlay in the current 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 \$3,889,848 at the end of the fiscal year. The fund balance of the Community Services Special Revenue Fund increased by \$928,307 during the current fiscal year. Revenues increased \$1,453,973 from the prior year; this change is primarily related to an increase property taxes in the amount of \$1,779,665. Expenditures increased \$1,355,494 from the prior year: contributing factors were increased costs for social services for \$1,604,419 related to increased charges for state operated services and out-of-home placements. This increase was offset by a reduction of \$297,516 in income maintenance related to public aid assistance insurance premiums.

The Public Land Management Special Revenue Fund had a total fund balance of \$484,864 at the end of the fiscal year. The fund balance of the Public Land Management Special Revenue Fund decreased by \$64,576 during the current fiscal year. While expenditures increased \$888,239 from the prior year due to an increase in the tax-forfeited settlement to other governmental agencies, revenues also increased \$837,303 due to additional timber permit collections and more than expected tax forfeited land sales.

The Debt Service Fund had a total fund balance of \$4,792,411 at the end of the fiscal year. The fund balance of the Debt Service Fund increased by \$135,634 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 \$3,710,769 at the end of the fiscal year. The fund balance of the Capital Projects Fund increased by \$91,335 during the current fiscal year. Revenues increased by \$382,834 due to increased property tax levy, and expenditures increased \$90,290, primarily due to increases in equipment replacements in highway.

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, the County Board approved a transfer from the General Fund of \$3,000,000 to the Community Services Fund to help offset increased expenses in out-of-home placements and state operated services. This was the only significant supplemental budgetary appropriation. Notable variances from budget include:

- A favorable variance for miscellaneous revenue for \$134,269 primarily related to the dissolution of the Thirty Lakes Watershed District and the creation of a committed fund for future uses of the remaining funds.
- A favorable variance for assessing services current expenditures of \$138,945 primarily related to fewer professional and technical fees than anticipated.
- A favorable variance for general government capital outlay of \$275,338 related to the two year implementation of the Tyler IAS World Tax/CAMA product.

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, 2017, amounts to \$193,538,917 (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 5.4 percent.

Major capital asset events during 2017 included an increase in infrastructure of \$6,401,719 related to highway improvement projects, and increases in construction in progress of \$8,242,021 related to infrastructure, software projects, remodels and restorations.

(Unaudited)

Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 14,883,644	\$ 14,826,345	\$ 412,334	\$ 412,334	\$ 15,295,978	\$ 15,238,679
Construction in progress	12,563,108	4,321,087	15,236	-	12,578,344	4,321,087
Infrastructure - right-of-way	6,766,337	6,747,656	-	-	6,766,337	6,747,656
Buildings	42,592,535	44,119,267	417,977	446,519	43,010,512	44,565,786
Land improvements	1,758,104	1,844,929	-	-	1,758,104	1,844,929
Machinery, furniture, and equipment	6,227,491	6,463,840	24,998	32,580	6,252,489	6,496,420
Infrastructure	105,926,554	102,360,854	-	-	105,926,554	102,360,854
Landfill	-	-	1,950,599	2,048,017	1,950,599	2,048,017
Total	\$ 190,717,773	\$ 180,683,978	\$ 2,821,144	\$ 2,939,450	\$ 193,538,917	\$ 183,623,428

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 2017, Crow Wing County had total bonded debt outstanding of \$13,927,500. This is a decrease of \$4,180,000 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 \$186,169 of a G.O. Sewer Revenue Note Series 2015 as of December 31, 2017, and had repaid \$6,000 of principal.

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	
	2017	2016
General obligation bonds	\$ 13,927,500	\$ 18,107,500
General obligation sewer revenue note	179,364	182,080
Capital lease	630,700	728,750
Total	\$ 14,737,564	\$ 19,018,330

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 2017 debt limitation for Crow Wing County is \$296,563,518, 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 2017 budget, tax rates, and fees that will be charged for the business-type activities.

- The County's estimated market value increased by 3.5 percent in 2017.
- 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 2018 is 31.66 percent.
- In December 2017 the Crow Wing County Board of Commissioners approved the 2018 budget for \$87,762,492, related to the County's Governmental Funds. The 2018 total levy is \$34,353,471, which is a decrease of \$32,216, or 0.9 percent, compared to the 2017 levy of \$34,385,687.

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. The report is 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, 2017**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and investments	\$ 47,317,103	\$ 9,391,012	\$ 56,708,115
Taxes receivable - delinquent	903,893	-	903,893
Accounts receivable	429,191	114,060	543,251
Accrued interest receivable	192,790	-	192,790
Contracts receivable	742,311	-	742,311
Due from other governments	6,001,798	-	6,001,798
Internal balances	(177)	177	-
Loans receivable	249,785	-	249,785
Inventories	809,418	-	809,418
Prepaid items	<u>792,477</u>	<u>242</u>	<u>792,719</u>
Total current assets	<u>\$ 57,438,589</u>	<u>\$ 9,505,491</u>	<u>\$ 66,944,080</u>
Noncurrent assets			
Restricted assets			
Cash and investments	\$ -	\$ 5,995,323	\$ 5,995,323
Advance to other governments	15,000	-	15,000
Long-term receivable	186,169	-	186,169
Investment in joint venture	17,139,694	-	17,139,694
Capital assets			
Non-depreciable	34,213,089	427,570	34,640,659
Depreciable - net of accumulated depreciation	<u>156,504,684</u>	<u>2,393,574</u>	<u>158,898,258</u>
Total noncurrent assets	<u>\$ 208,058,636</u>	<u>\$ 8,816,467</u>	<u>\$ 216,875,103</u>
Total Assets	<u>\$ 265,497,225</u>	<u>\$ 18,321,958</u>	<u>\$ 283,819,183</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 939,353	\$ -	\$ 939,353
Deferred outflow for pensions	<u>13,136,050</u>	<u>32,978</u>	<u>13,169,028</u>
Total Deferred Outflows of Resources	<u>\$ 14,075,403</u>	<u>\$ 32,978</u>	<u>\$ 14,108,381</u>

(Continued)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF NET POSITION
DECEMBER 31, 2017
(Continued)**

	Primary Government				
	Governmental Activities	Business-type Activities	Total		
LIABILITIES					
Current liabilities					
Accounts payable	\$ 1,891,830	\$ 157,595	\$ 2,049,425		
Salaries payable	1,006,084	4,397	1,010,481		
Accrued payroll taxes payable	147,489	648	148,137		
Contracts payable	54,162	-	54,162		
Retainage payable	74,594	-	74,594		
Due to other governments	1,530,094	-	1,530,094		
Accrued interest payable	292,669	-	292,669		
Claims payable	46,185	-	46,185		
Customer deposits	78,476	-	78,476		
Compensated absences payable - current	2,708,180	15,964	2,724,144		
Capital leases payable - current	100,700	-	100,700		
General obligation bonds payable - current	4,925,905	-	4,925,905		
Total current liabilities	\$ 12,856,368	\$ 178,604	\$ 13,034,972		
Noncurrent liabilities					
Compensated absences payable	\$ 297,856	\$ 1,774	\$ 299,630		
Capital lease payable	530,000	-	530,000		
General obligation bonds payable	10,156,875	-	10,156,875		
Revenue notes payable	179,364	-	179,364		
Net other post employment benefits obligations	17,614,604	182,324	17,796,928		
Net pension liability	26,603,008	126,069	26,729,077		
Estimated liability for landfill closure/postclosure	-	4,734,948	4,734,948		
Total noncurrent liabilities	\$ 55,381,707	\$ 5,045,115	\$ 60,426,822		
Total Liabilities	\$ 68,238,075	\$ 5,223,719	\$ 73,461,794		
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied for subsequent years	\$ 1,597,726	\$ -	\$ 1,597,726		
Deferred inflow for pensions	11,606,299	26,881	11,633,180		
Total Deferred Inflows of Resources	\$ 13,204,025	\$ 26,881	\$ 13,230,906		
NET POSITION					
Net investment in capital assets	\$ 175,970,678	\$ 2,821,144	\$ 178,791,822		
Restricted for:					
General government	1,554,523	-	1,554,523		
Public safety	216,356	-	216,356		
Highways and streets	9,594,644	-	9,594,644		
Health and human services	893,884	-	893,884		
Culture and recreation	213,056	-	213,056		
Conservation of natural resources	3,939,948	-	3,939,948		
Environmental uses - expendable	9,231	-	9,231		
Environmental uses - nonexpendable	1,846,499	-	1,846,499		
Economic development	254,421	-	254,421		
Debt service	4,842,921	-	4,842,921		
Landfill closure/postclosure	-	1,260,375	1,260,375		
Unrestricted	(1,205,633)	9,022,817	7,817,184		
Total Net Position	\$ 198,130,528	\$ 13,104,336	\$ 211,234,864		

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

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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 16,513,663	\$ 2,296,987	\$ 1,069,021	\$ -
Public safety	19,750,170	3,890,005	1,915,864	-
Highways and streets	10,997,480	231,767	10,502,992	804,279
Sanitation	249	-	-	249
Health and human services	24,748,890	1,610,358	13,389,205	-
Culture and recreation	822,656	22	31,900	-
Conservation of natural resources	2,331,978	2,095,457	315,689	-
Economic development	50,872	275,152	-	-
Interest	616,015	-	-	-
Total governmental activities	\$ 75,831,973	\$ 10,399,748	\$ 27,224,671	\$ 804,528
Business-type activities				
Landfill	\$ 2,560,056	\$ 2,838,890	\$ 46	\$ -
Total primary government	\$ 78,392,029	\$ 13,238,638	\$ 27,224,717	\$ 804,528

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

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	
\$ (13,147,655)	\$ -	\$ (13,147,655)	
(13,944,301)	-	(13,944,301)	
541,558	-	541,558	
-	-	-	
(9,749,327)	-	(9,749,327)	
(790,734)	-	(790,734)	
79,168	-	79,168	
224,280	-	224,280	
(616,015)	-	(616,015)	
\$ (37,403,026)	\$ -	\$ (37,403,026)	
\$ -	\$ 278,880	\$ 278,880	
\$ (37,403,026)	\$ 278,880	\$ (37,124,146)	
\$ 36,033,341	\$ -	\$ 36,033,341	
6,077,340	-	6,077,340	
106,854	-	106,854	
492,162	-	492,162	
2,651,420	595	2,652,015	
353,506	108,861	462,367	
288,132	5,085	293,217	
\$ 46,002,755	\$ 114,541	\$ 46,117,296	
\$ 8,599,729	\$ 393,421	\$ 8,993,150	
\$ 189,530,799	\$ 12,710,915	\$ 202,241,714	
\$ 198,130,528	\$ 13,104,336	\$ 211,234,864	

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	General	Highway	Community Services	Public Land Management
ASSETS				
Cash and investments	\$ 14,299,794	\$ 11,853,872	\$ 3,639,735	\$ 2,222,833
Taxes receivable - delinquent	476,246	72,378	175,868	-
Accounts receivable	218,590	-	188,535	287
Accrued interest receivable	192,630	-	-	-
Due from other funds	555,780	215,948	-	-
Contracts receivable	-	-	-	742,311
Due from other governments	191,652	3,689,537	2,058,905	8,047
Loans receivable	-	-	-	-
Inventories	-	809,418	-	-
Prepaid items	653,314	14,722	122,699	1,500
Advance to other governments	15,000	-	-	-
Total Assets	<u>\$ 16,603,006</u>	<u>\$ 16,655,875</u>	<u>\$ 6,185,742</u>	<u>\$ 2,974,978</u>
LIABILITIES				
Accounts payable	\$ 392,765	\$ 405,884	\$ 586,683	\$ 60,257
Salaries payable	547,417	80,562	357,683	12,672
Accrued payroll taxes payable	82,010	11,655	50,867	1,851
Contracts payable	-	-	-	54,162
Retainage payable	-	39,282	-	-
Due to other funds	33,598	7	34,517	1,104,191
Due to other governments	317,055	558,527	137,968	514,670
Claims payable	46,185	-	-	-
Customer deposits	78,476	-	-	-
Total Liabilities	<u>\$ 1,497,506</u>	<u>\$ 1,095,917</u>	<u>\$ 1,167,718</u>	<u>\$ 1,747,803</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (Note III.D.)	\$ 1,409,425	\$ 3,321,290	\$ 1,128,176	\$ 742,311

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

Debt Service	Capital Projects	Nonmajor Funds	Total
\$ 5,029,591	\$ 3,628,893	\$ 6,642,385	\$ 47,317,103
129,152	30,370	19,879	903,893
-	-	21,779	429,191
-	-	160	192,790
-	567,573	-	1,339,301
-	-	-	742,311
-	-	53,657	6,001,798
-	-	249,785	249,785
-	-	-	809,418
-	-	242	792,477
-	-	-	15,000
<u>\$ 5,158,743</u>	<u>\$ 4,226,836</u>	<u>\$ 6,987,887</u>	<u>\$ 58,793,067</u>
<u>\$ -</u>	<u>\$ 388,932</u>	<u>\$ 57,309</u>	<u>\$ 1,891,830</u>
-	-	7,750	1,006,084
-	-	1,106	147,489
-	-	-	54,162
-	35,312	-	74,594
-	-	167,165	1,339,478
-	-	1,874	1,530,094
-	-	-	46,185
-	-	-	78,476
<u>\$ -</u>	<u>\$ 424,244</u>	<u>\$ 235,204</u>	<u>\$ 6,168,392</u>
<u>\$ 366,332</u>	<u>\$ 91,823</u>	<u>\$ 269,664</u>	<u>\$ 7,329,021</u>

(Continued)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017
(Continued)**

	General	Highway	Community Services	Public Land Management
FUND BALANCES				
Nonspendable:				
Advances to other governments	\$ 15,000	\$ -	\$ -	\$ -
Missing heirs	53,756	-	-	-
Inventories	-	809,418	-	-
Prepays	653,314	14,722	122,699	1,500
Environmental trust corpus	-	-	-	-
Restricted for:				
Enhanced 911	89,625	-	-	-
Sheriff's drug contingency	6,212	-	-	-
Sheriff's forfeited property	8,286	-	-	-
DUI assessment	52,637	-	-	-
Lakes area drug investigation forfeiture	52,221	-	-	-
Water plan	35,703	-	-	-
Recreation	213,056	-	-	-
Land based improvements	257,469	-	-	-
Recorder's technology	391,883	-	-	-
Law library	59,630	-	-	-
Drug court	4,753	-	-	-
Attorney's forfeited property	26,229	-	-	-
Aquatic invasive species	33,013	-	-	-
Local option sales tax	-	4,069,385	-	-
Resource development	-	-	-	429,981
Forest access roads	-	-	-	53,383
Debt service	-	-	-	-
Solid waste (non-landfill)	-	-	-	-
Greater Minnesota landfill cleanup fee	-	-	-	-
Economic development revolving loans	-	-	-	-
Environmental uses	-	-	-	-
Unorganized townships	-	-	-	-
Ditch #13	-	-	-	-
Committed for:				
Dive team	8,776	-	-	-
Facilities	147,233	-	-	-
Mounted patrol	12,886	-	-	-
Triad	4,421	-	-	-
Veterans' service van	3,317	-	-	-
Thirty Lakes Watershed	132,767	-	-	-
Information technology	391,842	-	-	-
Employee recognition program	2,145	-	-	-
Other post-employment benefits (OPEB)	1,200,000	-	-	-
Highway improvement plan	-	3,050,000	-	-
Breastfeeding peer counseling project	-	-	13,645	-
Assigned for:				
Highway	-	4,295,143	-	-
Community services	-	-	3,753,504	-
Capital projects	-	-	-	-
Solid waste (non-landfill)	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>9,839,901</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	\$ 13,696,075	\$ 12,238,668	\$ 3,889,848	\$ 484,864
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,603,006	\$ 16,655,875	\$ 6,185,742	\$ 2,974,978

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

Debt Service	Capital Projects	Nonmajor Funds	Total
\$ -	\$ -	\$ -	\$ 15,000
-	-	-	53,756
-	-	-	809,418
-	-	242	792,477
-	-	1,846,499	1,846,499
-	-	-	89,625
-	-	-	6,212
-	-	-	8,286
-	-	-	52,637
-	-	-	52,221
-	-	-	35,703
-	-	-	213,056
-	-	-	257,469
-	-	-	391,883
-	-	-	59,630
-	-	-	4,753
-	-	-	26,229
-	-	-	33,013
-	-	-	4,069,385
-	-	-	429,981
-	-	-	53,383
4,713,769	-	-	4,713,769
-	-	2,100,262	2,100,262
-	-	569,596	569,596
-	-	4,636	4,636
-	-	9,231	9,231
-	-	1,457,303	1,457,303
-	-	9,660	9,660
-	-	-	8,776
-	-	-	147,233
-	-	-	12,886
-	-	-	4,421
-	-	-	3,317
-	-	-	132,767
-	-	-	391,842
-	-	-	2,145
-	-	-	1,200,000
-	-	-	3,050,000
-	-	-	13,645
-	-	-	4,295,143
-	-	-	3,753,504
-	3,710,769	-	3,710,769
-	-	485,590	485,590
78,642	-	-	78,642
-	-	-	9,839,901
\$ 4,792,411	\$ 3,710,769	\$ 6,483,019	\$ 45,295,654
\$ 5,158,743	\$ 4,226,836	\$ 6,987,887	\$ 58,793,067

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017**

Fund balance - total governmental funds	\$ 45,295,654
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.	190,717,773
Long-term receivables are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds.	186,169
Investment in joint venture is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.	17,139,694
Deferred outflows resulting from pension obligations are not available resources and, therefore, are not reported in governmental funds.	13,136,050
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	5,731,295
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	\$ (13,927,500)
Discount on bonds issued	5,828
Premium on bonds issued	(1,161,108)
Deferred charge on refunding	939,353
Revenue notes	(179,364)
Accrued interest payable	(292,669)
Net OPEB obligation	(17,614,604)
Net pension liability	(26,603,008)
Compensated absences payable	(3,006,036)
Capital lease payable	<u>(630,700)</u>
	(62,469,808)
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in governmental funds.	<u>(11,606,299)</u>
Net position of governmental activities	<u>\$ 198,130,528</u>

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

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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Highway	Community Services	Public Land Management
REVENUES				
Taxes	\$ 19,047,914	\$ 8,162,513	\$ 7,524,098	\$ -
Special assessments	-	-	9,367	-
Licenses and permits	579,378	-	-	1,117,508
Intergovernmental	2,645,281	11,123,405	14,181,324	133,799
Charges for services	4,591,485	276,005	1,120,891	764
Fines and forfeits	92,135	-	-	-
Gifts and contributions	47,690	-	11,000	-
Investment earnings	348,851	-	-	51,769
Sales	-	-	-	831,225
Miscellaneous	1,503,371	61,366	604,242	156,222
Total Revenues	\$ 28,856,105	\$ 19,623,289	\$ 23,450,922	\$ 2,291,287
EXPENDITURES				
Current				
General government	\$ 12,952,785	\$ -	\$ -	\$ -
Public safety	14,106,290	-	2,812,142	-
Highways and streets	2,680	6,003,854	-	-
Health and human services	-	-	22,710,473	-
Sanitation	-	-	-	-
Culture and recreation	767,105	-	-	-
Conservation of natural resources	102,939	-	-	2,337,363
Economic development	-	-	-	-
Capital Outlay				
General government	213,662	-	-	-
Public safety	513,257	-	-	-
Highways and streets	-	13,123,445	-	-
Culture and recreation	63,266	-	-	-
Conservation of natural resources	-	-	-	23,873
Intergovernmental				
Debt Service				
Principal	-	98,050	-	-
Interest	-	14,417	-	-
Administrative charges	-	308	-	-
Total Expenditures	\$ 28,721,984	\$ 19,604,286	\$ 25,522,615	\$ 2,361,236
Excess of Revenues Over (Under) Expenditures	\$ 134,121	\$ 19,003	\$ (2,071,693)	\$ (69,949)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 15,970	\$ -	\$ 3,000,000	\$ -
Transfers out	(3,005,965)	-	-	-
Proceeds from sale of capital assets	74,026	3,799	-	5,373
Insurance proceeds	46,869	21,735	-	-
Draw-downs from revenue note	-	-	-	-
Total Other Financing Sources (Uses)	\$ (2,869,100)	\$ 25,534	\$ 3,000,000	\$ 5,373
Net Change in Fund Balances	\$ (2,734,979)	\$ 44,537	\$ 928,307	\$ (64,576)
Fund Balance - January 1	16,431,054	12,492,983	2,961,541	549,440
Increase (decrease) in inventories	-	(298,852)	-	-
Fund balance - December 31	\$ 13,696,075	\$ 12,238,668	\$ 3,889,848	\$ 484,864

Debt Service	Capital Projects	Nonmajor Funds	Total
\$ 5,015,398	\$ 1,863,056	\$ 823,852	\$ 42,436,831
8,017	-	707,560	724,944
-	-	176	1,697,062
91,769	1,975,138	357,895	30,508,611
-	-	340,900	6,330,045
-	-	-	92,135
-	-	-	58,690
-	-	27,362	427,982
-	-	-	831,225
3	104,941	95,414	2,525,559
\$ 5,115,187	\$ 3,943,135	\$ 2,353,159	\$ 85,633,084
\$ -	\$ 1,021,088	\$ 102,874	\$ 14,076,747
-	159,177	169,380	17,246,989
-	78,059	946,946	7,031,539
-	294,889	-	23,005,362
-	3,533	-	3,533
-	-	-	767,105
-	-	995,150	3,435,452
-	-	50,872	50,872
-	1,276,345	-	1,490,007
-	391,331	-	904,588
-	710,034	-	13,833,479
-	-	-	63,266
-	-	57,299	81,172
-	-	-	364,212
4,186,000	-	-	4,284,050
792,678	-	-	807,095
875	-	-	1,183
\$ 4,979,553	\$ 3,934,456	\$ 2,322,521	\$ 87,446,651
\$ 135,634	\$ 8,679	\$ 30,638	\$ (1,813,567)
\$ -	\$ -	\$ 114,825	\$ 3,130,795
-	-	(124,830)	(3,130,795)
-	41,065	-	124,263
-	38,307	4,904	111,815
-	3,284	-	3,284
\$ -	\$ 82,656	\$ (5,101)	\$ 239,362
\$ 135,634	\$ 91,335	\$ 25,537	\$ (1,574,205)
4,656,777	3,619,434	6,457,482	47,168,711
-	-	-	(298,852)
\$ 4,792,411	\$ 3,710,769	\$ 6,483,019	\$ 45,295,654

**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, 2017**

Net change in fund balances - total governmental funds \$ (1,574,205)

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	\$ 5,731,295
Deferred Inflows of Resources - January 1	<u>(5,023,907)</u>
	707,388

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	\$ 16,372,512
Net book value of assets sold or disposed	(55,899)
Trade-in value received for capital assets	59,475
Adjustment to construction in progress for items expensed	(9,707)
Current year depreciation	<u>(6,332,586)</u>
	10,033,795

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	\$ (3,284)
Revenue notes issued	3,284
Long-term receivable related to revenue notes issued	<u></u>
Principal repayments	\$ 4,180,000
General obligation bonds	98,050
Capital lease	6,000
Revenue notes	<u></u>
Amortization of premium and discount on bonds	555,906
Amortization of deferred charge on refunding	<u>(450,889)</u>
	4,389,067

Decrease in joint venture does not provide current financial resources and is not reported as revenue in the funds. (622,002)

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	\$ 86,934
Change in compensated absences	(102,621)
Change in inventories	(298,852)
Change in net OPEB obligation	(1,328,234)
Change in net pension liability	13,230,281
Change in deferred outflows of resources	(9,243,704)
Change in deferred inflows of resources	<u>(6,678,118)</u>
	(4,334,314)

Change in net position of governmental activities \$ 8,599,729

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF NET POSITION
LANDFILL ENTERPRISE FUND
DECEMBER 31, 2017**

ASSETS

Current assets

Cash and investments	\$ 9,391,012
Accounts receivable	114,060
Due from other funds	177
Prepaid items	242
<hr/>	
Total current assets	\$ 9,505,491

Noncurrent assets

Restricted assets	\$ 5,995,323
Cash and investments	427,570
Capital assets	2,393,574
Non-depreciable	\$ 8,816,467
Depreciable - net of accumulated depreciation	<hr/>
Total noncurrent assets	\$ 18,321,958

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow for pensions	\$ 32,978
-------------------------------	-----------

LIABILITIES

Current liabilities

Accounts payable	\$ 157,595
Salaries payable	4,397
Accrued payroll taxes payable	648
Compensated absences payable - current	15,964
<hr/>	
Total current liabilities	\$ 178,604

Noncurrent liabilities

Compensated absences payable	\$ 1,774
Net other post employment benefits obligation	182,324
Net pension liability	126,069
Estimated liability for landfill closure/postclosure	4,734,948
<hr/>	
Total noncurrent liabilities	\$ 5,045,115

Total Liabilities

DEFERRED INFLOWS OF RESOURCES	\$ 26,881
--------------------------------------	------------------

NET POSITION

Net investment in capital assets	\$ 2,821,144
Restricted for landfill closure/postclosure	1,260,375
Unrestricted	9,022,817
<hr/>	
Total Net Position	\$ 13,104,336

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
LANDFILL ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

OPERATING REVENUES

Charges for services	\$ 2,836,890
Licenses and permits	2,000
Miscellaneous	5,085
<hr/>	
Total Operating Revenues	\$ 2,843,975

OPERATING EXPENSES

Personnel services	\$ 81,719
Employee benefits and payroll taxes	42,856
Professional services	79,560
Contracted services	873,268
Maintenance	164,472
Supplies	119,197
Telephone	416
Utilities	72,703
Fuel	2,721
Advertising	4,722
Insurance	10,095
Staff training	325
Licenses and dues	1,587
Postage	5,864
Engineering costs	565,390
Miscellaneous	9,861
Depreciation	240,682
Landfill closure and postclosure costs	284,618
<hr/>	
Total Operating Expenses	\$ 2,560,056
<hr/>	
Operating Income (Loss)	\$ 283,919

NONOPERATING REVENUES (EXPENSES)

Intergovernmental	\$ 641
Investment earnings	108,861
<hr/>	
Total Nonoperating Revenues (Expenses)	\$ 109,502

Income (Loss) Before Contributions and Transfers	\$ 393,421
---	-------------------

Transfers in	108,860
Transfers out	(108,860)
<hr/>	

Change in Net Position	\$ 393,421
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Net Position - Beginning	\$ 12,710,915
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Net Position - Ending	\$ 13,104,336
------------------------------	----------------------

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, 2017
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows from Operating Activities

Receipts from customers and users	\$ 2,838,868
Receipts for interfund services	2,866
Payments to suppliers	(1,764,242)
Payments to employees for salaries and benefits	(121,009)
Payments for interfund services	(9,695)
Other operating revenues	<u>46</u>
 Net cash provided by (used in) operating activities	\$ 946,834

Cash Flows from Noncapital Financing Activities

Intergovernmental	\$ 595
Transfers in from other funds	108,860
Transfers out to other funds	<u>(108,860)</u>

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

Purchases of capital assets	\$ (122,376)
-----------------------------	--------------

 Net cash provided by (used in) capital and related financing activities	\$ (122,376)
--	---------------------

Cash Flows from Investing Activities

Investment earnings received	\$ 108,861
------------------------------	------------

 Net cash provided by (used in) investing activities	\$ 108,861
--	-------------------

 Net Increase (Decrease) in Cash and Cash Equivalents	\$ 933,914
---	-------------------

Cash and Cash Equivalents at January 1

14,452,375

Cash and Cash Equivalents at December 31

\$ 15,386,289

Cash and Cash Equivalents - Statement of Net Position

Cash and investments	\$ 9,391,012
Restricted cash and investments	<u>5,995,323</u>

Total Cash and Cash Equivalents

\$ 15,386,335

(Continued)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF CASH FLOWS
LANDFILL ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
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)	\$ 283,919
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 240,682
(Increase) decrease in accounts receivable	(2,174)
(Increase) decrease in due from other funds	(67)
(Increase) decrease in prepaid items	(11)
Increase (decrease) in accounts payable	138,552
Increase (decrease) in salaries payable	1,158
Increase (decrease) in due to other funds	(2,297)
Increase (decrease) in compensated absences payable	(13,368)
(Increase) decrease in deferred outflow for pensions	31,551
Increase (decrease) in deferred inflow for pensions	3,260
Increase (decrease) in other post employment benefits obligations	7,838
Increase (decrease) in pension liability	(26,827)
Increase (decrease) in landfill closure/postclosure costs liability	<u>284,618</u>
Total adjustments	<u>\$ 662,915</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 946,834</u>

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017**

	<u>NLLSSD Trust</u>	<u>Agency</u>
ASSETS		
Cash and investments	<u>\$ 3,676</u>	<u>\$ 8,044,985</u>
LIABILITIES		
Accounts payable	\$ -	\$ 1,001,928
Due to other governments	<u>-</u>	<u>7,043,057</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 8,044,985</u>
NET POSITION		
Held in trust for private purposes	<u>\$ 3,676</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, 2017**

	<u>NLLSSD Trust</u>
ADDITIONS	
Receipts from District	\$ <u>1,851</u>
Change in net position	\$ <u>1,851</u>
Net Position - Beginning	<u>1,825</u>
Net Position - Ending	<u><u>3,676</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, 2017**

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, 2017. 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, timber sales, and the sale of tax-forfeited properties.

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, social welfare, and estate recoveries; as an agent for local lake improvement districts, recreational trails, and other environmental purposes; as an agent for an organization promoting healthy workplaces; as an agent for a passenger safety seatbelt and child carseat organization; and as an agent for the inmates of the Crow Wing County Jail.

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, 2017. 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

CROW WING COUNTY BRAINERD, MINNESOTA

share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments of governmental and fiduciary funds are credited to the General Fund. The pooled investment earnings for 2017 were \$348,851. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants.

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 average cost 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. 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 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, 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 who 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.

CROW WING COUNTY BRAINERD, MINNESOTA

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line 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 three 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. The final type occurs because the County collected property taxes prior to the year for which they were levied and, therefore, the County will report deferred inflows for these items.

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.

CROW WING COUNTY BRAINERD, MINNESOTA

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.

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.

CROW WING COUNTY BRAINERD, MINNESOTA

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.

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

CROW WING COUNTY BRAINERD, MINNESOTA

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

Intergovernmental

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

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. 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 work with department heads to assist in budget entry into the financial system's budget module. Data is entered and maintained in the financial system.
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-

CROW WING COUNTY BRAINERD, MINNESOTA

taxation statutes to obtain taxpayer comments and adopt the final tax levy and budgets for the General Fund, Special Revenue Funds, Capital Projects Fund, Debt Service Fund, Permanent Fund, and the Landfill Enterprise Fund.

4. Revisions that alter the net budgeted revenues or expenditures of any fund must be approved by the County Board of Commissioners.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Fund, Debt Service Fund, Permanent Fund, and the Landfill Enterprise Fund.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts will be reported as originally adopted and as amended by the County Board of Commissioners on the budgetary comparison schedules.
7. Operating budgets are prepared and presented for the following funds: General; Highway, Community Services, Public Land Management, Solid Waste (Non-Landfill), Small Cities Development Program, Unorganized Townships, and Ditch Special Revenue Funds; Debt Service; Capital Projects; and Environmental Trust. Operating budgets are prepared, but not presented, for the Landfill Enterprise Fund.

B. Tax Abatements

Pursuant to Minn. Stat. § 469, the County is subject to tax abatements granted by cities within the County which meet the criteria for disclosure under GASB Statement No. 77, Tax Abatement Disclosures. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation, renewal, growth in low-to-moderate-income housing, and economic development within a city. TIF captures the increase in tax capacity and property taxes (of all taxing jurisdictions, including the County) from development or redevelopment to provide funding for the related project.

In the case of the County, TIF agreements of other local governments have resulted in reductions of the County property tax revenues for the year ended December 31, 2017, as shown below:

City	Captured Net Tax Capacity	County Tax Rate	Abated County Tax
City of Baxter	479,155	32.306%	154,796
City of Brainerd	269,765	31.585%	85,205
City of Crosby	161,407	31.359%	50,616
City of Crosslake	21,834	32.308%	7,054
City of Ironton	5,122	31.398%	1,608
City of Jenkins	9,853	32.308%	3,183
City of Nisswa	67,275	32.308%	21,735
City of Pequot Lakes	28,249	32.308%	9,127
Total	<u>1,042,660</u>		<u>333,324</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

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	\$	47,317,103
Business-type activities		
Cash and investments		9,391,012
Cash and investments - restricted assets		5,995,323
Statement of fiduciary net position		
Cash and investments		8,048,661
Total Cash and Investments	\$	<u>70,752,099</u>
Deposits	\$	40,666,319
Petty Cash and Change Funds		2,945
Investments		30,082,835
Total	\$	<u>70,752,099</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 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, 2017, the

CROW WING COUNTY BRAINERD, MINNESOTA

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.

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As of December 31, 2017, the County had the following investments and maturities:

	Credit Risk	Less Than 1 Year	1-5 Years	More Than 5 Years	Total Fair Value
U.S. Treasuries	NR	\$ -	\$ 295,173	\$ -	\$ 295,173
Mutual Funds	NR	73,832	-	-	73,832
Federal National Mortgage Association	N/A*	-	2,368,561	2,886,319	5,254,880
Federal Home Loan Mortgage Corporation	N/A*	-	814,693	-	814,693
Federal Home Loan Bank	N/A*	712,355	1,358,630	1,318,463	3,389,448
Federal Farm Credit Banks	N/A*	-	148,124	1,605,564	1,753,688
Negotiable Certificates of Deposit	NR	2,410,092	2,902,023	143,507	5,455,622
Municipal Bonds	AA	350,143	3,195,516	5,213,516	8,759,175
Municipal Bonds	AAA	300,105	1,537,962	2,448,257	4,286,324
Total Investments		\$ 3,846,527	\$ 12,620,682	\$ 13,615,626	\$ 30,082,835

* Per GASB-S40:7, it is not necessary to disclose the credit ratings of obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government.

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, 2017, 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 County has no custodial credit risk for investments as of December 31, 2017.

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

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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%
Municipal Securities	100%
Per issuer:	10%

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 Municipal Bonds rated AA (29%), Negotiable Certificates of Deposit (18%), Federal National Mortgage Association (17%), Municipal Bonds rated AAA (14%), Federal Home Loan Bank (11%), and Federal Farm Credit Banks (6%). The County does not hold any investments in any one issuer that represent 5% or more of the County’s investments.

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.

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At December 31, 2017, the County had the following recurring fair value measurements:

	December 31, 2017	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)	
Investments by fair value level					
Debt securities					
U.S. Treasuries	\$ 295,173	\$ -	\$ 295,173	\$ -	
Mutual Funds	73,832	-	73,832	-	
Federal National Mortgage Association	5,254,880	-	5,254,880	-	
Federal Home Loan Mortgage Corporation	814,693	-	814,693	-	
Federal Home Loan Bank	3,389,447	-	3,389,447	-	
Federal Farm Credit Banks	1,753,688	-	1,753,688	-	
Negotiable Certificates of Deposit	5,455,622	-	5,455,622	-	
Municipal Bonds	13,045,500	-	13,045,500	-	
Total debt securities	\$ 30,082,835	\$ -	\$ 30,082,835	\$ -	
Total investments included in the fair value hierarchy	<u>\$ 30,082,835</u>	<u>\$ -</u>	<u>\$ 30,082,835</u>	<u>\$ -</u>	

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

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BRAINERD, MINNESOTA**

2. Receivables

Receivables as of December 31, 2017, for the County's governmental activities are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes - delinquent	\$ 903,893	\$ -
Accounts	429,191	-
Accrued interest	192,790	-
Contracts	742,311	594,285
Due from other governments	6,001,798	-
Loans	249,785	237,729
Long-term receivable	186,169	186,169
Total Governmental Activities	<u>\$ 8,705,937</u>	<u>\$ 1,018,183</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, 2017, was as follows:

Governmental Activities

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Land	\$ 14,826,345	\$ 57,299	\$ -	\$ 14,883,644
Construction in progress	4,321,087	14,744,367	(6,502,346)	12,563,108
Infrastructure - right-of-way	6,747,656	18,681	-	6,766,337
Total capital assets not depreciated	<u>\$ 25,895,088</u>	<u>\$ 14,820,347</u>	<u>\$ (6,502,346)</u>	<u>\$ 34,213,089</u>
Capital assets depreciated				
Buildings	\$ 65,821,318	\$ 119,573	\$ (1,323,485)	\$ 64,617,406
Land improvements	2,945,069	63,266	-	3,008,335
Machinery, furniture, and equipment	19,909,952	1,519,721	(1,116,805)	20,312,868
Infrastructure	137,797,459	6,401,719	-	144,199,178
Total capital assets depreciated	<u>\$ 226,473,798</u>	<u>\$ 8,104,279</u>	<u>\$ (2,440,290)</u>	<u>\$ 232,137,787</u>
Less: accumulated depreciation for				
Buildings	\$ (21,702,051)	\$ (1,632,109)	\$ 1,309,289	\$ (22,024,871)
Land improvements	(1,100,140)	(150,091)	-	(1,250,231)
Machinery, furniture, and equipment	(13,446,112)	(1,714,367)	1,075,102	(14,085,377)
Infrastructure	(35,436,605)	(2,836,019)	-	(38,272,624)
Total accumulated depreciation	<u>\$ (71,684,908)</u>	<u>\$ (6,332,586)</u>	<u>\$ 2,384,391</u>	<u>\$ (75,633,103)</u>
Total capital assets depreciated, net	<u>\$ 154,788,890</u>	<u>\$ 1,771,693</u>	<u>\$ (55,899)</u>	<u>\$ 156,504,684</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 180,683,978</u></u>	<u><u>\$ 16,592,040</u></u>	<u><u>\$ (6,558,245)</u></u>	<u><u>\$ 190,717,773</u></u>

Depreciation expense for 2017 was charged to functions/programs of the government's governmental activities as follows:

Governmental Activities

General government	\$ 1,344,403
Public safety	1,194,452
Highways and streets (including depreciation of infrastructure assets)	3,558,018
Health and human services	174,632
Culture and recreation	43,085
Conservation of natural resources	<u>17,996</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 6,332,586</u></u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

Business-Type Activities

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Land	\$ 412,334	\$ -	\$ -	\$ 412,334
Construction in progress	- <hr/>	15,236 <hr/>	- <hr/>	15,236 <hr/>
Total capital assets not depreciated	\$ 412,334 <hr/>	\$ 15,236 <hr/>	\$ - <hr/>	\$ 427,570 <hr/>
Capital assets depreciated				
Buildings	\$ 781,973	\$ -	\$ -	\$ 781,973
Landfill	13,374,255	107,140	-	13,481,395
Machinery, furniture, and equipment	301,079 <hr/>	- <hr/>	- <hr/>	301,079 <hr/>
Total capital assets depreciated	\$ 14,457,307 <hr/>	\$ 107,140 <hr/>	\$ - <hr/>	\$ 14,564,447 <hr/>
Less: accumulated depreciation for				
Buildings	\$ (335,454)	\$ (28,542)	\$ -	\$ (363,996)
Landfill	(11,326,238)	(204,558)	-	(11,530,796)
Machinery, furniture, and equipment	(268,499) <hr/>	(7,582) <hr/>	- <hr/>	(276,081) <hr/>
Total accumulated depreciation	\$ (11,930,191) <hr/>	\$ (240,682) <hr/>	\$ - <hr/>	\$ (12,170,873) <hr/>
Total capital assets depreciated, net	\$ 2,527,116 <hr/>	\$ (133,542) <hr/>	\$ - <hr/>	\$ 2,393,574 <hr/>
Business-Type Activities Capital Assets, Net	<u>\$ 2,939,450</u>	<u>\$ (118,306)</u>	<u>\$ -</u>	<u>\$ 2,821,144</u>

Depreciation expense for 2017 was charged to functions/programs of the government's business-type activities as follows:

Business-Type Activities

Landfill	<u>\$ 240,682</u>
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**CROW WING COUNTY
BRAINERD, MINNESOTA**

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2017, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Public Land Management	\$ 530,680
	Community Services	25,100
Total Due to General Fund		\$ 555,780
Highway	General	\$ 33,428
	Community Services	9,417
	Public Land Management	5,938
	Solid Waste (Non-Landfill)	2,346
	Unorganized Townships	164,819
Total Due to Highway Fund		\$ 215,948
Capital Projects	Public Land Management	\$ 567,573
Landfill Enterprise	General	\$ 170
	Highway	7
Total Due to Landfill Enterprise Fund		\$ 177
Total Due To/From Other Funds		\$ 1,339,478

Balances at year-end are receivable/payable for goods or services, are the undistributed settlement from tax-forfeited land sales, or are undistributed federal funds.

2. Interfund Transfers

Interfund transfers for the year ended December 31, 2017, consisted of the following:

Transfer In Fund	Transfer Out Fund	Amount
General	Solid Waste (Non-Landfill)	\$ 15,970
Community Services	General	3,000,000
Ditch	General	5,965
Solid Waste (Non-Landfill)	Landfill	108,860
Landfill	Solid Waste (Non-Landfill)	108,860
Total Interfund Transfers		\$ 3,239,655

CROW WING COUNTY BRAINERD, MINNESOTA

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 help cover the increased costs of out of home placement and to replenish fund balance. Transfer occurred between the General Fund and the Ditch Special Revenue Fund to distribute Thirty Lakes Watershed funds to the Ditch Special Revenue Fund.

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, 2017, the most recent actuarial valuation date, there were approximately 717 participants in the plan. Of the 717 participants, 187 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 2017, the County contributed \$1,559,523 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 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 2017, the amount contributed to the plan, and changes in the County's net OPEB obligation.

Annual required contribution (ARC)	\$ 3,199,201
Interest on net OPEB obligation	576,130
Adjustment to ARC	(879,736)
Annual OPEB Cost	\$ 2,895,595
Contributions during the year	(1,559,523)
Increase in net OPEB obligation	\$ 1,336,072
Net OPEB beginning of year	16,460,856
Net OPEB end of year	<u>\$ 17,796,928</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 2015, 2016, and 2017 are as follows:

Year Ended	Employer Contribution	Annual OPEB Cost	Percentage of Annual OPEB Cost		Net OPEB Obligation
			Contribution	Contribution	
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
12/31/2017	1,559,523	2,895,595	53.9%		17,796,928

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)
			Actuarial	Accrued	Actuarial			
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%
1/1/2017		- 37,992,138	37,992,138		0%		24,709,708	153.75%

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.

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BRAINERD, MINNESOTA**

In the January 1, 2017, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumption included a 3.5 percent investment rate of return (net of investment expenses), which is Crow Wing County's implicit rate of return on the General Fund. An annual medical trend rate of 6.5 percent in 2017 grading to 5.0 percent over six years was used, which 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, 2017, was twenty years.

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

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB obligation				
Governmental activities	\$ 16,286,370	\$ 2,878,609	\$ 1,550,375	\$ 17,614,604
Business-type activities	174,486	16,986	9,148	182,324
Total	<u>\$ 16,460,856</u>	<u>\$ 2,895,595</u>	<u>\$ 1,559,523</u>	<u>\$ 17,796,928</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.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2017, were as follows:

December 31	Lease payments
2018	\$ 113,130
2019	111,116
2020	111,725
2021	112,229
2022	112,544
2023	112,636
Total minimum lease payments	<u>\$ 673,380</u>
Less: amount representing interest	<u>(42,680)</u>
Present Value of Minimum Lease Payments	<u>\$ 630,700</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Long-Term Debt

Governmental Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2017
2013A G.O. Refunding Capital Improvement Plan Bonds	2020	\$2,415,000 - \$3,035,000	2.00 - 5.00	\$ 19,040,000	\$ 8,695,000
2013A G.O. Refunding County Jail Bonds	2020	\$1,325,000 - \$1,675,000	2.00 - 5.00	10,480,000	4,800,000
2010A G.O. Refunding Airport Improvement Bonds (50% County Portion)	2022	\$72,500 - \$92,500	1.00 - 3.35	885,000	432,500
2015 G.O. Sewer Revenue Note North Long Lake Sanitary Sewer District Clean Water Project	2045	\$805 - \$8,500	1.00	<u>185,364</u>	<u>179,364</u>
Total Indebtedness				<u><u>\$ 30,590,364</u></u>	<u><u>\$ 14,106,864</u></u>

4. Debt Service Requirements

Debt service requirements at December 31, 2017, were as follows:

Governmental Activities

December 31	Long-Term Debt	
	Principal	Interest
2018	\$ 4,375,583	\$ 581,123
2019	4,583,138	359,326
2020	4,803,195	126,677
2021	95,752	6,141
2022	98,309	3,116
2023-2027	29,929	6,952
2028-2032	31,456	6,652
2033-2037	33,061	6,350
2038-2042	34,747	6,045
2043-2045	21,694	5,736
Total	<u><u>\$ 14,106,864</u></u>	<u><u>\$ 1,108,118</u></u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 18,107,500	\$ -	\$ 4,180,000	\$ 13,927,500	\$ 4,370,000
General obligation revenue note	182,080	3,284	6,000	179,364	179,364
Plus: deferred amounts for issuance premiums (discounts)	1,711,186	-	555,906	1,155,280	555,905
General obligation debt subtotal	<u>\$ 20,000,766</u>	<u>\$ 3,284</u>	<u>\$ 4,741,906</u>	<u>\$ 15,262,144</u>	<u>\$ 5,105,269</u>
Capital lease	728,750	-	98,050	630,700	100,700
Compensated absences	2,903,415	3,118,621	3,016,000	3,006,036	2,708,180
Governmental Activities					
Long-Term Liabilities	<u>\$ 23,632,931</u>	<u>\$ 3,121,905</u>	<u>\$ 7,855,956</u>	<u>\$ 18,898,880</u>	<u>\$ 7,914,149</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	\$ 4,450,330	\$ 284,618	\$ -	\$ 4,734,948	\$ -
Compensated absences	31,106	10,564	23,932	17,738	15,964
Business-Type Activities					
Long-Term Liabilities	<u>\$ 4,481,436</u>	<u>\$ 295,182</u>	<u>\$ 23,932</u>	<u>\$ 4,752,686</u>	<u>\$ 15,964</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 \$1,045,000 for the year ended December 31, 2017.

CROW WING COUNTY BRAINERD, MINNESOTA

6. Defined Benefit Pension Plans

a. Plan Description

The County participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Employees Plan)

All full-time and certain part-time employees of the County are covered by the General Employees Plan. General Employees Plan 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.

2. Public Employees Police and Fire Plan (Police and Fire Plan)

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

3. Local Government Correctional Plan (Correctional Plan)

The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

b. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given one percent increases.

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

1. General Employees Plan Benefits

General Employees Plan 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.

CROW WING COUNTY BRAINERD, MINNESOTA

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

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

3. Correctional Plan Benefits

Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. The annuity accrual rate is 1.9 percent of average salary for each year of service in that plan. For Correctional Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

c. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2017. The County was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2017. The County's contributions to the General Employees Fund for the year ended December 31, 2017, were \$1,385,906. The County's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2017. The County was required to contribute 16.20 percent of pay for members in calendar year 2017. The County's contributions to the Police and Fire Fund for

CROW WING COUNTY BRAINERD, MINNESOTA

the year ended December 31, 2017, were \$486,552. The County's contributions were equal to the required contributions as set by state statute.

3. Correctional Fund Contributions

In calendar year 2017 plan members were required to contribute 5.83 percent of their annual covered salary. The County was required to contribute 8.75 percent of pay for plan members in calendar year 2017. The County's contributions to the Correctional Fund for the year ended December 31, 2017, were \$286,591. The County's contributions were equal to the required contributions as set by state statute.

d. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2017, the County reported a liability of \$18,250,721 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$229,464. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the County's proportionate share was 0.2859 percent which was an increase of 0.0088 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the County recognized pension expense of \$2,184,229 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$6,627 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

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At December 31, 2017, the County reported its proportionate share of the General Employees 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	\$ 601,488	\$ 1,155,843
Changes in actuarial assumptions	2,936,457	1,829,636
Net difference between projected and actual investment earnings	69,192	-
Changes in proportion	537,526	939,635
Contributions paid to PERA subsequent to the measurement date	<u>692,113</u>	<u>-</u>
 Total	 <u>\$ 4,836,776</u>	 <u>\$ 3,925,114</u>

A total of \$692,113 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2018	\$ 261,288
2019	925,301
2020	(192,336)
2021	(774,704)

2. Police and Fire Fund Pension Costs

At December 31, 2017, the County reported a liability of \$3,861,340 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the County's proportionate share was 0.2860 percent which was a decrease of 0.0060 percent from its proportion measured as of June 30, 2016. The County also recognized \$25,740 for the year ended December 31, 2017, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

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For the year ended December 31, 2017, the County recognized pension expense of \$951,234 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2017, the County reported its proportionate share of the 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	\$ 88,880	\$ 1,060,576
Changes in actuarial assumptions	5,159,348	5,482,144
Net difference between projected and actual investment earnings	85,790	-
Changes in proportion	48,601	246,108
Contributions paid to PERA subsequent to the measurement date	<u>244,439</u>	<u>-</u>
 Total	 <u>\$ 5,627,058</u>	 <u>\$ 6,788,828</u>

A total of \$244,439 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. 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
2018	\$ 63,153
2019	63,155
2020	(84,333)
2021	(329,407)
2022	(1,118,777)

3. Correctional Plan Pension Costs

At December 31, 2017, the County reported a liability of \$4,617,016 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of

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PERA's participating employers. At June 30, 2017, the County's proportionate share was 1.6200 percent which was an increase of 0.0400 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the County recognized pension expense of \$1,748,853 for its proportionate share of the Correctional Plan's pension expense.

At December 31, 2017, the County reported its proportionate share of the 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	\$ 3,002	\$ 74,287
Changes in actuarial assumptions	2,451,623	803,682
Net difference between projected and actual investment earnings	-	39,158
Changes in proportion	109,602	2,111
Contributions paid to PERA subsequent to the measurement date	<u>140,967</u>	<u>-</u>
 Total	 <u>\$ 2,705,194</u>	 <u>\$ 919,238</u>

A total of \$140,967 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2018	\$ 995,785
2019	1,027,887
2020	(250,184)
2021	(128,499)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2017, was \$4,916,683.

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e. Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following 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 were based on RP 2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be one percent per year for the General Employees Plan through 2044 and Police and Fire Plan through 2064 and then 2.5 percent thereafter for both plans, and 2.5 percent for all years for the Correctional Plan.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The most recent five-year experience study for Police and Fire Plan was completed in 2016. Experience studies have not been prepared for the Correctional Plan, but assumptions are reviewed annually.

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

Police and Fire Fund

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

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- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

Correctional Fund

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 35 percent for vested members and 1 percent for non-vested members.
- The Single Discount Rate was changed from 5.31 percent per annum to 5.96 percent per annum.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	39%	5.10%
International stocks	19%	5.30%
Bonds	20%	0.75%
Alternative assets	20%	5.90%
Cash	2%	-
Total	100%	

f. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were

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projected to be available to make all projected future benefit payments of current plan members. 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 Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2061. Beginning in fiscal year ended June 30, 2062, when projected benefit payments exceed the fund's projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 3.56% 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 5.96% for the Correctional Fund was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50% applied to all years of projected benefits through the point of asset depletion and 3.56% after.

g. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability for all plans it participates in, 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 one percentage point lower or one 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%	\$ 28,308,225	6.50%	\$ 7,272,030	4.96%	\$ 7,608,265
Current	7.50	18,250,721	7.50	3,861,340	5.96	4,617,016
1% Increase	8.50	10,016,827	8.50	1,045,627	6.96	2,282,305

h. Pension Liability Sensitivity

Detailed information about each 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 online at www.mnpera.org.

7. Public Employees Defined Contribution Plan (Defined Contribution Plan)

Four of five County Commissioners of Crow Wing County are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees' contributions must be a fixed

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percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee 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 two percent of employer contributions and twenty-five hundredths of one percent (0.0025) of the assets in each member's account annually.

Total contributions made by the County during fiscal year 2017 were:

	Employee		Employer
Contribution amount	\$ 6,498		\$ 6,498
Percentage of covered payroll	5%		5%

8. Construction Commitments

The County had active construction projects and outstanding contracts as of December 31, 2017. The projects include the following:

Project Description	Spent-to-Date	Remaining Commitment
County Road Projects	<u>\$ 12,586,791</u>	<u>\$ 28,333</u>

9. 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 \$4,734,948 landfill closure and postclosure care liability at December 31, 2017, represents the cumulative amount reported to date based on the use of 88.46 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$676,752 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2017. 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, 2017, investments of \$5,995,323 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.

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10. 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.

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 2017 and \$500,000 per claim in 2018. 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	\$ 903,893
Prepaid property taxes	1,597,726
Contracts receivable	742,311
Charges for services	541,072
Highway aids receivable that do not provide current financial resources	2,617,879
Interest receivable that does not provide current financial resources	24,269
Loans receivable that do not provide current financial resources	249,785
Grants receivable that do not provide current financial resources	<u>652,086</u>
Total unavailable revenue for Governmental Funds	<u>\$ 7,329,021</u>

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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.

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, 2017, the outstanding amount of the bonds was \$865,000. The City of Brainerd's share of this amount is \$432,500, for which the County is only contingently liable.

In 2017, 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 represents the County's 50% share of the airport. This investment in the Brainerd Lakes Regional Airport joint venture was valued at \$17,139,694 on December 31, 2016, 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 Emergency Medical Services Region

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

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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 Division

The Lakes Area Drug Investigation Division (LADID) was created on August 1, 2001, stemming from the dissolution of the NET IV Drug Task Force. LADID 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.

Separate financial information can be obtained from:

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

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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 2017, 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.

Financial information can be obtained from:

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

CROW WING COUNTY BRAINERD, MINNESOTA

C. Jointly-Governed Organizations

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

Crow Wing County Family Service Collaborative

The Crow Wing County Family Service Collaborative was established 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, 2017. 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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 18,931,420	\$ 18,931,420	\$ 19,047,914	\$ 116,494
Licenses and permits	527,120	527,120	579,378	52,258
Intergovernmental	2,347,316	2,507,316	2,645,281	137,965
Charges for services	4,523,598	4,523,598	4,591,485	67,887
Fines and forfeits	35,000	35,000	92,135	57,135
Gifts and contributions	-	-	47,690	47,690
Investment earnings	479,000	479,000	348,851	(130,149)
Miscellaneous	1,369,103	1,369,102	1,503,371	134,269
Total Revenues	\$ 28,212,557	\$ 28,372,556	\$ 28,856,105	\$ 483,549
EXPENDITURES				
Current				
General government				
Governance Services				
Commissioners	\$ 292,093	\$ 312,414	\$ 308,610	\$ 3,804
Courts	270,760	270,760	347,463	(76,703)
Law library	70,000	70,000	97,834	(27,834)
Administrator	319,823	319,823	331,390	(11,567)
Attorney	2,059,945	2,059,945	2,061,046	(1,101)
Veterans service officer	303,102	303,102	245,183	57,919
Appropriations	244,769	244,769	245,069	(300)
Other general government	130,500	130,500	116,339	14,161
Administrative Services				
Finance	836,295	836,295	848,584	(12,289)
Elections	117,763	117,763	116,366	1,397
Human resources and risk management	507,434	507,434	484,370	23,064
Information technology	1,631,919	1,631,919	1,577,003	54,916
Facilities	2,192,246	2,267,937	2,199,010	68,927
Land Services				
Customer services	1,160,415	1,160,415	1,218,916	(58,501)
Recorder	112,800	112,800	80,593	32,207
Environmental services	1,210,514	1,245,514	1,202,262	43,252
Assessing services	1,611,692	1,611,692	1,472,747	138,945
Total general government	\$ 13,072,070	\$ 13,203,082	\$ 12,952,785	\$ 250,297

(Continued)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Current (Continued)				
Public safety				
 Public Safety Services				
Patrol	\$ 4,547,036	\$ 4,585,618	\$ 4,625,386	\$ (39,768)
Investigations	1,161,504	1,161,504	1,152,056	9,448
Operations	238,884	318,884	249,946	68,938
Support	1,598,729	1,598,729	1,619,285	(20,556)
Jail	6,366,214	6,366,214	6,355,884	10,330
Other public safety services	89,353	89,353	103,733	(14,380)
Total public safety	<u>\$ 14,001,720</u>	<u>\$ 14,120,302</u>	<u>\$ 14,106,290</u>	<u>\$ 14,012</u>
Highways and streets				
 Transportation Services				
Administration	\$ 2,400	\$ 2,400	\$ 2,680	\$ (280)
Culture and recreation				
 Governance Services				
Kitchigami library	\$ 509,127	\$ 509,127	\$ 509,127	\$ -
Appropriations	39,000	39,000	39,000	-
 Land Services				
Recreation	168,002	190,551	218,978	(28,427)
Total culture and recreation	<u>\$ 716,129</u>	<u>\$ 738,678</u>	<u>\$ 767,105</u>	<u>\$ (28,427)</u>
Conservation of natural resources				
 Administrative Services				
County extension	\$ 105,906	\$ 105,906	\$ 102,939	\$ 2,967
Capital outlay				
 General government				
\$ 404,000	\$ 489,000	\$ 213,662	\$ 275,338	
 Public safety				
81,400	576,400	513,257	63,143	
 Culture and recreation				
80,000	80,000	63,266	16,734	
Total capital outlay	<u>\$ 565,400</u>	<u>\$ 1,145,400</u>	<u>\$ 790,185</u>	<u>\$ 355,215</u>
Total Expenditures	<u>\$ 28,463,625</u>	<u>\$ 29,315,768</u>	<u>\$ 28,721,984</u>	<u>\$ 593,784</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (251,068)</u>	<u>\$ (943,212)</u>	<u>\$ 134,121</u>	<u>\$ 1,077,333</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 29,078	\$ 29,078	\$ 15,970	\$ (13,108)
Transfers out	-	(3,000,000)	(3,005,965)	(5,965)
Proceeds from sale of capital assets	-	-	74,026	74,026
Insurance proceeds	-	-	46,869	46,869
Total Other Financing Sources (Uses)	<u>\$ 29,078</u>	<u>\$ (2,970,922)</u>	<u>\$ (2,869,100)</u>	<u>\$ 101,822</u>
Net Change in Fund Balance	<u>\$ (221,990)</u>	<u>\$ (3,914,134)</u>	<u>\$ (2,734,979)</u>	<u>\$ 1,179,155</u>
Fund Balance - January 1	<u>\$ 16,431,054</u>	<u>\$ 16,431,054</u>	<u>\$ 16,431,054</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 16,209,064</u>	<u>\$ 12,516,920</u>	<u>\$ 13,696,075</u>	<u>\$ 1,179,155</u>

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,117,650	\$ 6,117,650	\$ 8,162,513	\$ 2,044,863
Intergovernmental	10,320,052	10,320,052	11,123,405	803,353
Charges for services	443,200	443,200	276,005	(167,195)
Miscellaneous	31,000	31,000	61,366	30,366
Total Revenues	<u>\$ 16,911,902</u>	<u>\$ 16,911,902</u>	<u>\$ 19,623,289</u>	<u>\$ 2,711,387</u>
EXPENDITURES				
Current				
Highways and streets				
Transportation Services				
Administration	\$ 524,610	\$ 524,610	\$ 519,405	\$ 5,205
Maintenance	2,387,165	2,387,165	2,272,106	115,059
Engineering/construction	919,248	919,248	1,156,598	(237,350)
Equipment maintenance and shop	1,328,493	1,328,493	1,184,493	144,000
Local option sales tax	946,000	946,000	871,252	74,748
Total highways and streets	<u>\$ 6,105,516</u>	<u>\$ 6,105,516</u>	<u>\$ 6,003,854</u>	<u>\$ 101,662</u>
Capital outlay				
Highways and streets	<u>\$ 13,790,438</u>	<u>\$ 13,790,438</u>	<u>\$ 13,123,445</u>	<u>\$ 666,993</u>
Intergovernmental				
Highways and streets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,212</u>	<u>\$ (364,212)</u>
Debt service				
Principal	\$ 92,750	\$ 92,750	\$ 98,050	\$ (5,300)
Interest	18,233	18,233	14,417	3,816
Administrative charges	-	-	308	(308)
Total debt service	<u>\$ 110,983</u>	<u>\$ 110,983</u>	<u>\$ 112,775</u>	<u>\$ (1,792)</u>
Total Expenditures	<u>\$ 20,006,937</u>	<u>\$ 20,006,937</u>	<u>\$ 19,604,286</u>	<u>\$ 402,651</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (3,095,035)</u>	<u>\$ (3,095,035)</u>	<u>\$ 19,003</u>	<u>\$ 3,114,038</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	3,799	3,799
Insurance proceeds	10,000	10,000	21,735	11,735
Total Other Financing Sources (Uses)	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 25,534</u>	<u>\$ 15,534</u>
Net Change in Fund Balance	<u>\$ (3,085,035)</u>	<u>\$ (3,085,035)</u>	<u>\$ 44,537</u>	<u>\$ 3,129,572</u>
Fund Balance - January 1	<u>12,492,983</u>	<u>12,492,983</u>	<u>12,492,983</u>	<u>-</u>
Increase (decrease) in inventories	<u>-</u>	<u>-</u>	<u>(298,852)</u>	<u>(298,852)</u>
Fund Balance - December 31	<u>\$ 9,407,948</u>	<u>\$ 9,407,948</u>	<u>\$ 12,238,668</u>	<u>\$ 2,830,720</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 7,531,873	\$ 7,531,873	\$ 7,524,098	\$ (7,775)
Special assessments	-	-	9,367	9,367
Intergovernmental	14,778,429	14,517,157	14,181,324	(335,833)
Charges for services	1,148,409	1,148,409	1,120,891	(27,518)
Gifts and contributions	11,500	11,500	11,000	(500)
Miscellaneous	641,000	641,000	604,242	(36,758)
Total Revenues	\$ 24,111,211	\$ 23,849,939	\$ 23,450,922	\$ (399,017)
EXPENDITURES				
Current				
Public safety				
Community Services				
Juvenile detention	\$ 1,052,000	\$ 1,052,000	\$ 1,252,268	\$ (200,268)
Community corrections	1,531,309	1,567,885	1,559,874	8,011
Total public safety	\$ 2,583,309	\$ 2,619,885	\$ 2,812,142	\$ (192,257)
Health and human services				
Community Services				
Income maintenance	\$ 6,308,620	\$ 6,045,506	\$ 5,976,744	\$ 68,762
Social services	14,113,074	14,078,340	15,595,113	(1,516,773)
Health	1,161,636	1,161,636	1,138,616	23,020
Total health and human services	\$ 21,583,330	\$ 21,285,482	\$ 22,710,473	\$ (1,424,991)
Total Expenditures	\$ 24,166,639	\$ 23,905,367	\$ 25,522,615	\$ (1,617,248)
Excess of Revenues Over (Under) Expenditures	\$ (55,428)	\$ (55,428)	\$ (2,071,693)	\$ (2,016,265)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,000,000	3,000,000	-
Net Change in Fund Balance	\$ (55,428)	\$ 2,944,572	\$ 928,307	\$ (2,016,265)
Fund Balance - January 1	2,961,541	2,961,541	2,961,541	-
Fund Balance - December 31	\$ 2,906,113	\$ 5,906,113	\$ 3,889,848	\$ (2,016,265)

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 590,400	\$ 590,400	\$ 1,117,508	\$ 527,108
Intergovernmental	107,176	107,176	133,799	26,623
Charges for services	-	-	764	764
Investment earnings	75,000	75,000	51,769	(23,231)
Sales	362,000	362,000	831,225	469,225
Miscellaneous	24,900	24,900	156,222	131,322
Total Revenues	\$ 1,159,476	\$ 1,159,476	\$ 2,291,287	\$ 1,131,811
EXPENDITURES				
Current				
Conservation of natural resources				
Land Services				
County land management	<u>\$ 1,111,699</u>	<u>\$ 1,493,778</u>	<u>\$ 2,337,363</u>	<u>\$ (843,585)</u>
Capital outlay				
Conservation of natural resources	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 23,873</u>	<u>\$ 151,127</u>
Total Expenditures	<u>\$ 1,286,699</u>	<u>\$ 1,668,778</u>	<u>\$ 2,361,236</u>	<u>\$ (692,458)</u>
Excess of Revenues Over (Under) Expenditures	\$ (127,223)	\$ (509,302)	\$ (69,949)	\$ 439,353
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	5,373	5,373
Net Change in Fund Balance	\$ (127,223)	\$ (509,302)	\$ (64,576)	\$ 444,726
Fund Balance - January 1	<u>549,440</u>	<u>549,440</u>	<u>549,440</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 422,217</u>	<u>\$ 40,138</u>	<u>\$ 484,864</u>	<u>\$ 444,726</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS PLAN
DECEMBER 31, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)		Actuarial Accrued Liability (b)		Unfunded Actuarial Accrued Liability (UAAL) (b - a)		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%
January 1, 2017		-		37,992,138		37,992,138	0.00%	24,709,708 153.75%

Note: The most recent actuarial valuation date was January 1, 2017. 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, 2017**

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
				Employer's Proportionate Share of the Net Pension Liability	State's Related Share of the Net Pension Liability			
2017	0.286%	\$ 18,250,721	\$ 229,464	\$ 18,480,185	\$ 18,314,733	99.65%	75.90%	
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, 2017**

Year Ending	Actual Contributions in Relation to Statutorily Required Contributions		Contribution (Deficiency) Excess (b-a)		Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contributions (a)	Statutorily Required Contributions (b)	Contribution (Deficiency)	Excess (b-a)		
2017	\$ 1,385,906	\$ 1,385,906	\$ -	\$ 18,478,747	7.50%	
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, 2017**

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
2017	0.286%	\$ 3,861,340	\$ 2,933,235	131.64%	85.43%
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, 2017**

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)
2017	\$ 486,552	\$ 486,552	\$ -	\$ 3,003,407	16.20%
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, 2017**

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
2017	1.620%	\$ 4,617,016	\$ 3,234,149	142.76%	67.89%
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, 2017**

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)
2017	\$ 286,591	\$ 286,591	\$ -	\$ 3,275,326	8.75%
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, 2017**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and are presented in the Comprehensive Annual Financial 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 Public Land Management Fund totaling \$383,079 and Capital Projects Fund totaling \$1,302,022 were considered significant. The amendment for the Public Land Management Fund was due to County Board authorization to settle out the tax-forfeited settlement, which was greater than anticipated. 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 at the Fund Level

The County Board holds department heads responsible for their budget at the agency level; that is, the sum total of all areas of responsibility for each department head, which in some instances consists of departments and divisions across multiple funds. For financial statement reporting, the County reports budgetary comparison schedules at the fund level. For the year ended December 31, 2017, expenditures exceeded appropriations in the following funds: Community Services, Public Land Management, Solid Waste (Non-Landfill), Small Cities Development Program, Unorganized Townships, and Ditch Special Revenue Funds; and the Environmental Trust Permanent Fund.

Expenditures exceeded appropriations in the Community Services Fund by \$1,617,248 largely due to increases in state operated services to counties approximating \$240,764, and higher than expected out-of-home placement costs for children approximating \$1,376,484. Expenditures exceeded appropriations in the Public Land Management Fund by \$692,458, primarily related to the tax-forfeited land sale settlement being greater than anticipated. Expenditures exceed appropriations in the Solid Waste (Non-Landfill) Fund by \$60,482, primarily responsible to unbudgeted engineering costs. The Small Cities Development Program Fund had excess expenditures of \$50,872. The County did not budget expenditures for this fund. Expenditures exceed appropriations in the Unorganized Townships Fund by \$70,169 due to increased road costs. Expenditures exceed appropriations in the Ditch Fund by \$3,262 due to additional costs to control ditch drainage. Expenditures exceed appropriations in the Environmental Trust Fund by \$1,557, primarily due to unbudgeted investment fees.

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, 2017**

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

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

Police and Fire Fund

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

Correctional Fund

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 35 percent for vested members and 1 percent for non-vested members.
- The Single Discount Rate was changed from 5.31 percent per annum to 5.96 percent per annum.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,992,741	\$ 4,992,741	\$ 5,015,398	\$ 22,657
Special assessments	8,070	8,070	8,017	(53)
Intergovernmental	87,808	87,808	91,769	3,961
Miscellaneous	-	-	3	3
Total Revenues	\$ 5,088,619	\$ 5,088,619	\$ 5,115,187	\$ 26,568
EXPENDITURES				
Debt service				
Principal	\$ 4,186,000	\$ 4,186,000	\$ 4,186,000	\$ -
Interest	792,969	792,969	792,678	291
Administrative charges	2,325	2,325	875	1,450
Total Expenditures	\$ 4,981,294	\$ 4,981,294	\$ 4,979,553	\$ 1,741
Net Change in Fund Balance	\$ 107,325	\$ 107,325	\$ 135,634	\$ 28,309
Fund Balance - January 1	4,656,777	4,656,777	4,656,777	-
Fund Balance - December 31	\$ 4,764,102	\$ 4,764,102	\$ 4,792,411	\$ 28,309

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,404,374	\$ 1,404,374	\$ 1,863,056	\$ 458,682
Intergovernmental	1,963,063	1,963,063	1,975,138	12,075
Miscellaneous	93,888	106,951	104,941	(2,010)
Total Revenues	\$ 3,461,325	\$ 3,474,388	\$ 3,943,135	\$ 468,747
EXPENDITURES				
Current				
General government				
Governance Services				
Attorney	\$ -	\$ -	\$ 139,266	\$ (139,266)
Administrative Services				
Information technology	- -	- -	252,585	(252,585)
Facilities	- -	25,260	535,549	(510,289)
Land Services				
Assessing services	- -	- -	93,688	(93,688)
Total general government	\$ -	\$ 25,260	\$ 1,021,088	\$ (995,828)
Public safety				
Public Safety Services				
Sheriff	\$ -	\$ -	\$ 159,177	\$ (159,177)
Highways and streets				
Transportation Services				
Administration	\$ -	\$ -	\$ 78,059	\$ (78,059)
Health and human services				
Community Services				
Human services	\$ -	\$ -	\$ 294,889	\$ (294,889)
Sanitation				
North Long Lake Sanitary Sewer District	\$ -	\$ -	\$ 3,533	\$ (3,533)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES (Continued)				
Capital outlay				
General government	\$ 2,087,340	\$ 2,859,101	\$ 1,276,345	\$ 1,582,756
Public safety	452,424	517,677	391,331	126,346
Highways and streets	524,000	812,076	710,034	102,042
Health and human services	205,000	356,672	-	356,672
Total capital outlay	<u>\$ 3,268,764</u>	<u>\$ 4,545,526</u>	<u>\$ 2,377,710</u>	<u>\$ 2,167,816</u>
Total Expenditures	<u>\$ 3,268,764</u>	<u>\$ 4,570,786</u>	<u>\$ 3,934,456</u>	<u>\$ 636,330</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 192,561</u>	<u>\$ (1,096,398)</u>	<u>\$ 8,679</u>	<u>\$ 1,105,077</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	\$ 65,000	\$ 65,000	\$ 41,065	\$ (23,935)
Insurance proceeds	-	-	38,307	38,307
Draw-downs from revenue note	-	-	3,284	3,284
Total Other Financing Sources (Uses)	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 82,656</u>	<u>\$ 17,656</u>
Net Change in Fund Balance	<u>\$ 257,561</u>	<u>\$ (1,031,398)</u>	<u>\$ 91,335</u>	<u>\$ 1,122,733</u>
Fund Balance - January 1	<u>3,619,434</u>	<u>3,619,434</u>	<u>3,619,434</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 3,876,995</u>	<u>\$ 2,588,036</u>	<u>\$ 3,710,769</u>	<u>\$ 1,122,733</u>

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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.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	Special Revenue Funds			
	Small Cities Development Program			
	Solid Waste (Non-Landfill)	Unorganized Townships	Ditch	
ASSETS				
Cash and investments	\$ 3,178,359	\$ 4,476	\$ 1,594,060	\$ 9,760
Taxes receivable - delinquent	-	-	19,879	-
Accounts receivable	21,779	-	-	-
Accrued interest receivable	-	160	-	-
Due from other governments	-	-	53,657	-
Loans receivable	-	249,785	-	-
Prepaid items	242	-	-	-
Total Assets	<u>\$ 3,200,380</u>	<u>\$ 254,421</u>	<u>\$ 1,667,596</u>	<u>\$ 9,760</u>
LIABILITIES				
Accounts payable	\$ 33,488	\$ -	\$ 23,721	\$ 100
Salaries payable	7,750	-	-	-
Accrued payroll taxes payable	1,106	-	-	-
Due to other funds	2,346	-	164,819	-
Due to other governments	-	-	1,874	-
Total Liabilities	<u>\$ 44,690</u>	<u>\$ -</u>	<u>\$ 190,414</u>	<u>\$ 100</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (Note III.D.)	\$ -	\$ 249,785	\$ 19,879	\$ -
FUND BALANCES				
Nonspendable:				
Prepays	\$ 242	\$ -	\$ -	\$ -
Environmental trust corpus	-	-	-	-
Restricted for:				
Solid waste (non-landfill)	2,100,262	-	-	-
Greater Minnesota Landfill Cleanup Fee	569,596	-	-	-
Economic development revolving loans	-	4,636	-	-
Environmental uses	-	-	-	-
Unorganized townships	-	-	1,457,303	-
Ditch #13	-	-	-	9,660
Assigned for:				
Solid waste (non-landfill)	485,590	-	-	-
Total Fund Balances	<u>\$ 3,155,690</u>	<u>\$ 4,636</u>	<u>\$ 1,457,303</u>	<u>\$ 9,660</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,200,380</u>	<u>\$ 4,636</u>	<u>\$ 1,647,717</u>	<u>\$ 9,760</u>

Permanent Fund

Total Special Revenue Funds	Environmental Trust	Total
\$ 4,786,655	\$ 1,855,730	\$ 6,642,385
19,879	-	19,879
21,779	-	21,779
160	-	160
53,657	-	53,657
249,785	-	249,785
242	-	242
<u>\$ 5,132,157</u>	<u>\$ 1,855,730</u>	<u>\$ 6,987,887</u>
\$ 57,309	\$ -	\$ 57,309
7,750	-	7,750
1,106	-	1,106
167,165	-	167,165
1,874	-	1,874
<u>\$ 235,204</u>	<u>\$ -</u>	<u>\$ 235,204</u>
<u>\$ 269,664</u>	<u>\$ -</u>	<u>\$ 269,664</u>
\$ 242	\$ -	\$ 242
-	1,846,499	1,846,499
2,100,262	-	2,100,262
569,596	-	569,596
4,636	-	4,636
-	9,231	9,231
1,457,303	-	1,457,303
9,660	-	9,660
485,590	-	485,590
<u>\$ 4,627,289</u>	<u>\$ 1,855,730</u>	<u>\$ 6,483,019</u>
<u>\$ 4,862,493</u>	<u>\$ 1,855,730</u>	<u>\$ 6,718,223</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Special Revenue Funds			
	Small Cities			
	Solid Waste (Non-Landfill)	Development Program	Unorganized Townships	Ditch
REVENUES				
Taxes	\$ -	\$ -	\$ 823,852	\$ -
Special assessments	599,825	-	91,363	16,372
Licenses and permits	-	-	176	-
Intergovernmental	248,101	-	109,794	-
Charges for services	340,900	-	-	-
Investment earnings	-	4,053	-	-
Miscellaneous	70,035	25,367	12	-
Total Revenues	\$ 1,258,861	\$ 29,420	\$ 1,025,197	\$ 16,372
EXPENDITURES				
Current				
General government	\$ -	\$ -	\$ 102,874	\$ -
Public safety	-	-	169,380	-
Highways and streets	-	-	946,946	-
Conservation of natural resources	976,200	-	-	17,463
Economic development	-	50,872	-	-
Capital outlay				
Conservation of natural resources	-	-	-	-
Total Expenditures	\$ 976,200	\$ 50,872	\$ 1,219,200	\$ 17,463
Excess of Revenues Over (Under) Expenditures	\$ 282,661	\$ (21,452)	\$ (194,003)	\$ (1,091)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 108,860	\$ -	\$ -	\$ 5,965
Transfers out	(124,830)	-	-	-
Insurance proceeds	4,904	-	-	-
Total Other Financing Sources (Uses)	\$ (11,066)	\$ -	\$ -	\$ 5,965
Net Change in Fund Balances	\$ 271,595	\$ (21,452)	\$ (194,003)	\$ 4,874
Fund Balance - January 1	\$ 2,884,095	\$ 26,088	\$ 1,651,306	\$ 4,786
Fund Balance - December 31	\$ 3,155,690	\$ 4,636	\$ 1,457,303	\$ 9,660

Permanent Fund

Total Special Revenue Funds	Environmental Trust	Total
\$ 823,852	\$ -	\$ 823,852
707,560	-	707,560
176	-	176
357,895	-	357,895
340,900	-	340,900
4,053	23,309	27,362
95,414	-	95,414
\$ 2,329,850	\$ 23,309	\$ 2,353,159
\$ 102,874	\$ -	\$ 102,874
169,380	-	169,380
946,946	-	946,946
993,663	1,487	995,150
50,872	-	50,872
-	57,299	57,299
\$ 2,263,735	\$ 58,786	\$ 2,322,521
\$ 66,115	\$ (35,477)	\$ 30,638
\$ 114,825	\$ -	\$ 114,825
(124,830)	-	(124,830)
4,904	-	4,904
\$ (5,101)	\$ -	\$ (5,101)
\$ 61,014	\$ (35,477)	\$ 25,537
4,566,275	1,891,207	6,457,482
\$ 4,627,289	\$ 1,855,730	\$ 6,483,019

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
SOLID WASTE (NON-LANDFILL) SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Special assessments	\$ 590,000	\$ 590,000	\$ 599,825	\$ 9,825
Intergovernmental	215,304	215,304	248,101	32,797
Charges for services	311,760	311,760	340,900	29,140
Miscellaneous	55,950	55,950	70,035	14,085
Total Revenues	\$ 1,173,014	\$ 1,173,014	\$ 1,258,861	\$ 85,847
EXPENDITURES				
Current				
Conservation of natural resources				
Solid waste (non-landfill)	915,718	915,718	976,200	(60,482)
Excess of Revenues Over (Under) Expenditures	\$ 257,296	\$ 257,296	\$ 282,661	\$ 25,365
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 83,107	\$ 83,107	\$ 108,860	\$ 25,753
Transfers out	(113,107)	(113,107)	(124,830)	(11,723)
Insurance proceeds	-	-	4,904	4,904
Total Other Financing Sources (Uses)	\$ (30,000)	\$ (30,000)	\$ (11,066)	\$ 18,934
Net Change in Fund Balance	\$ 227,296	\$ 227,296	\$ 271,595	\$ 44,299
Fund Balance - January 1	2,884,095	2,884,095	2,884,095	-
Fund Balance - December 31	\$ 3,111,391	\$ 3,111,391	\$ 3,155,690	\$ 44,299

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
SMALL CITIES DEVELOPMENT PROGRAM SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 4,259	\$ 4,259	\$ 4,053	\$ (206)
Miscellaneous	<u>14,414</u>	<u>14,414</u>	<u>25,367</u>	<u>10,953</u>
Total Revenues	\$ 18,673	\$ 18,673	\$ 29,420	\$ 10,747
EXPENDITURES				
Current				
Economic development				
Redevelopment	-	-	50,872	(50,872)
Net Change in Fund Balance	\$ 18,673	\$ 18,673	\$ (21,452)	\$ (40,125)
Fund Balance - January 1	<u>26,088</u>	<u>26,088</u>	<u>26,088</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 44,761</u>	<u>\$ 44,761</u>	<u>\$ 4,636</u>	<u>\$ (40,125)</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
UNORGANIZED TOWNSHIPS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 812,922	\$ 812,922	\$ 823,852	\$ 10,930
Special assessments	-	-	91,363	91,363
Licenses and permits	-	-	176	176
Intergovernmental	52,148	52,148	109,794	57,646
Miscellaneous	-	-	12	12
Total Revenues	<u>\$ 865,070</u>	<u>\$ 865,070</u>	<u>\$ 1,025,197</u>	<u>\$ 160,127</u>
EXPENDITURES				
Current				
General government				
Unorganized township general revenue	\$ 104,025	\$ 104,025	\$ 102,874	\$ 1,151
Public safety				
Unorganized township fire	169,382	169,382	169,380	2
Highways and streets				
Unorganized township roads	876,777	876,777	946,946	(70,169)
Total Expenditures	<u>\$ 1,150,184</u>	<u>\$ 1,150,184</u>	<u>\$ 1,219,200</u>	<u>\$ (69,016)</u>
Net Change in Fund Balance	<u>\$ (285,114)</u>	<u>\$ (285,114)</u>	<u>\$ (194,003)</u>	<u>\$ 91,111</u>
Fund Balance - January 1	<u>1,651,306</u>	<u>1,651,306</u>	<u>1,651,306</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,366,192</u>	<u>\$ 1,366,192</u>	<u>\$ 1,457,303</u>	<u>\$ 91,111</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
DITCH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Special assessments	\$ 14,201	\$ 14,201	\$ 16,372	\$ 2,171
EXPENDITURES				
Current				
Conservation of natural resources				
Ditch	<u>14,201</u>	<u>14,201</u>	<u>17,463</u>	<u>(3,262)</u>
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (1,091)	\$ (1,091)
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>-</u>	<u>-</u>	<u>5,965</u>	<u>5,965</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,874</u>	<u>\$ 4,874</u>
Fund Balance - January 1	<u>4,786</u>	<u>4,786</u>	<u>4,786</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 4,786</u>	<u>\$ 4,786</u>	<u>\$ 9,660</u>	<u>\$ 4,874</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
ENVIRONMENTAL TRUST PERMANENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 29,812	\$ 29,812	\$ 23,309	\$ (6,503)
EXPENDITURES				
Current				
Conservation of natural resources				
Environmental services	-	-	1,487	(1,487)
Capital outlay				
Conservation of natural resources	<u>57,229</u>	<u>57,229</u>	<u>57,299</u>	<u>(70)</u>
Total Expenditures	<u>\$ 57,229</u>	<u>\$ 57,229</u>	<u>\$ 58,786</u>	<u>\$ (1,557)</u>
Net Change in Fund Balance	<u>\$ (27,417)</u>	<u>\$ (27,417)</u>	<u>\$ (35,477)</u>	<u>\$ (8,060)</u>
Fund Balance - January 1	<u>1,891,207</u>	<u>1,891,207</u>	<u>1,891,207</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,863,790</u>	<u>\$ 1,863,790</u>	<u>\$ 1,855,730</u>	<u>\$ (8,060)</u>

Agency Funds

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 Energized – This fund is used to account for activity associated with workplace wellness grants and healthy lifestyles.

Social Welfare – This fund is used to account for the activity related to income received and payments made on behalf of individuals for whom the County is responsible to assist in accordance with Minn. Stat. § 256.8.

Canteen – This fund is used to account for deposits and withdrawals made by inmates of the Crow Wing County Jail.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Balance January 1	Additions	Deductions	Balance December 31
<u>COLLABORATIVE</u>				
ASSETS				
Cash and investments	<u>\$ 1,077,620</u>	<u>\$ 718,567</u>	<u>\$ 852,986</u>	<u>\$ 943,201</u>
<u>LIABILITIES</u>				
Due to other governments	<u>\$ 1,077,620</u>	<u>\$ 718,567</u>	<u>\$ 852,986</u>	<u>\$ 943,201</u>
<u>CHILD PROTECTION TEAM</u>				
ASSETS				
Cash and investments	<u>\$ 28,915</u>	<u>\$ 42,239</u>	<u>\$ 40,667</u>	<u>\$ 30,487</u>
LIABILITIES				
Accounts payable	<u>\$ 28,915</u>	<u>\$ 42,239</u>	<u>\$ 40,667</u>	<u>\$ 30,487</u>
<u>TAXES AND PENALTIES</u>				
ASSETS				
Cash and investments	<u>\$ 2,280,477</u>	<u>\$ 122,821,755</u>	<u>\$ 119,664,707</u>	<u>\$ 5,437,525</u>
LIABILITIES				
Due to other governments	<u>\$ 2,280,477</u>	<u>\$ 122,821,755</u>	<u>\$ 119,664,707</u>	<u>\$ 5,437,525</u>
<u>MN ESTATE RECOVERIES</u>				
ASSETS				
Cash and investments	<u>\$ 722,238</u>	<u>\$ 840,208</u>	<u>\$ 900,115</u>	<u>\$ 662,331</u>
LIABILITIES				
Due to other governments	<u>\$ 722,238</u>	<u>\$ 840,208</u>	<u>\$ 900,115</u>	<u>\$ 662,331</u>
<u>SNOWMOBILE, ATV, SKI TRAILS</u>				
ASSETS				
Cash and investments	<u>\$ -</u>	<u>\$ 400,915</u>	<u>\$ 304,052</u>	<u>\$ 96,863</u>
LIABILITIES				
Accounts payable	<u>\$ -</u>	<u>\$ 400,915</u>	<u>\$ 304,052</u>	<u>\$ 96,863</u>
<u>BRAINERD LAKES TOWARDS ZERO DEATHS</u>				
ASSETS				
Cash and investments	<u>\$ 1,807</u>	<u>\$ 3,700</u>	<u>\$ 1,832</u>	<u>\$ 3,675</u>
LIABILITIES				
Accounts payable	<u>\$ 1,807</u>	<u>\$ 3,700</u>	<u>\$ 1,832</u>	<u>\$ 3,675</u>

(Continued)

(Continued)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**
(Continued)

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>MISSISSIPPI HEADWATERS BOARD</u>				
ASSETS				
Cash and investments	<u>\$ 197,513</u>	<u>\$ 327,449</u>	<u>\$ 226,381</u>	<u>\$ 298,581</u>
LIABILITIES				
Accounts payable	<u>\$ 197,513</u>	<u>\$ 327,449</u>	<u>\$ 226,381</u>	<u>\$ 298,581</u>
<u>LAKE IMPROVEMENT DISTRICTS</u>				
ASSETS				
Cash and investments	<u>\$ 440,959</u>	<u>\$ 279,382</u>	<u>\$ 212,688</u>	<u>\$ 507,653</u>
LIABILITIES				
Accounts payable	<u>\$ 440,959</u>	<u>\$ 279,382</u>	<u>\$ 212,688</u>	<u>\$ 507,653</u>
<u>CROW WING ENERGIZED</u>				
ASSETS				
Cash and investments	<u>\$ -</u>	<u>\$ 50,100</u>	<u>\$ 38,708</u>	<u>\$ 11,392</u>
LIABILITIES				
Accounts payable	<u>\$ -</u>	<u>\$ 50,100</u>	<u>\$ 38,708</u>	<u>\$ 11,392</u>
<u>SOCIAL WELFARE</u>				
ASSETS				
Cash and investments	<u>\$ -</u>	<u>\$ 103,398</u>	<u>\$ 85,906</u>	<u>\$ 17,492</u>
LIABILITIES				
Accounts payable	<u>\$ -</u>	<u>\$ 103,398</u>	<u>\$ 85,906</u>	<u>\$ 17,492</u>
<u>CANTEEN</u>				
ASSETS				
Cash and investments	<u>\$ -</u>	<u>\$ 937,649</u>	<u>\$ 901,864</u>	<u>\$ 35,785</u>
LIABILITIES				
Accounts payable	<u>\$ -</u>	<u>\$ 937,649</u>	<u>\$ 901,864</u>	<u>\$ 35,785</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	<u>\$ 4,749,529</u>	<u>\$ 126,525,362</u>	<u>\$ 123,229,906</u>	<u>\$ 8,044,985</u>
Total Assets	<u>\$ 4,749,529</u>	<u>\$ 126,525,362</u>	<u>\$ 123,229,906</u>	<u>\$ 8,044,985</u>
LIABILITIES				
Accounts payable	<u>\$ 669,194</u>	<u>\$ 2,144,832</u>	<u>\$ 1,812,098</u>	<u>\$ 1,001,928</u>
Due to other governments	<u>4,080,335</u>	<u>124,380,530</u>	<u>121,417,808</u>	<u>7,043,057</u>
Total Liabilities	<u>\$ 4,749,529</u>	<u>\$ 126,525,362</u>	<u>\$ 123,229,906</u>	<u>\$ 8,044,985</u>

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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Governmental Funds	Enterprise Funds	Total Primary Government
Shared Revenues			
State			
Highway users tax	\$ 8,633,140	\$ -	\$ 8,633,140
Market value credit	142,774	-	142,774
Supplemental homestead credit	467,572	-	467,572
PERA rate reimbursement	82,902	595	83,497
Pension contribution	-	46	46
Disparity reduction aid	7,043	-	7,043
County program aid	1,951,129	-	1,951,129
Police aid	316,931	-	316,931
E-911	<u>148,826</u>	<u>-</u>	<u>148,826</u>
Total Shared Revenues	<u>\$ 11,750,317</u>	<u>\$ 641</u>	<u>\$ 11,750,958</u>
Reimbursement for Services			
State			
Minnesota Department of Human Services	<u>\$ 3,074,523</u>	<u>\$ -</u>	<u>\$ 3,074,523</u>
Payments			
Local			
Local contributions	\$ 1,728,969	\$ -	\$ 1,728,969
Payments in lieu of taxes	<u>492,162</u>	<u>-</u>	<u>492,162</u>
Total Payments	<u>\$ 2,221,131</u>	<u>\$ -</u>	<u>\$ 2,221,131</u>

(Continued)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2017**
(Continued)

	Governmental Funds	Enterprise Funds	Total Primary Government
Grants			
State			
Minnesota Department of			
Agriculture	\$ 783	\$ -	\$ 783
Corrections	903,117	-	903,117
Health	470,483	-	470,483
Human Services	3,890,056	-	3,890,056
Natural Resources	187,903	-	187,903
Public Safety	223,710	-	223,710
Revenue	445,700	-	445,700
Transportation	664,323	-	664,323
Trial Courts	37,275	-	37,275
Veterans Affairs	15,000	-	15,000
Peace Officers Board	13,353	-	13,353
Pollution Control Agency	247,318	-	247,318
Public Facilities Authority	249	-	249
Water and Soil Resources	98,117	-	98,117
Iron Range Resources and Rehabilitation Board	<u>5,736</u>	<u>-</u>	<u>5,736</u>
Total State	<u>\$ 7,203,123</u>	<u>\$ -</u>	<u>\$ 7,203,123</u>
Federal			
Corporation for National and Community Service	\$ 9,509	\$ -	\$ 9,509
Department of			
Agriculture	789,532	-	789,532
Health and Human Services	5,171,302	-	5,171,302
Homeland Security	181,764	-	181,764
Justice	16,218	-	16,218
Transportation	<u>91,192</u>	<u>-</u>	<u>91,192</u>
Total Federal	<u>\$ 6,259,517</u>	<u>\$ -</u>	<u>\$ 6,259,517</u>
Total State and Federal Grants	<u>\$ 13,462,640</u>	<u>\$ -</u>	<u>\$ 13,462,640</u>
Total Intergovernmental Revenue	<u>\$ 30,508,611</u>	<u>\$ 641</u>	<u>\$ 30,509,252</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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	\$ 268,934
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	172MN101S2514	<u>643,272</u>
Total U.S. Department of Agriculture			\$ 912,206
U.S. Department of Justice			
Direct Bulletproof Vest Partnership Program	16.607	Not provided	\$ 14,629
Passed Through Minnesota Department of Public Safety Missing Children's Assistance	16.543	Not provided	<u>1,589</u>
Total U.S. Department of Justice			\$ 16,218
U.S. Department of Transportation			
Passed Through Minnesota Department of Trial Courts Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Not provided	<u>91,192</u>
Total U.S. Department of Transportation			\$ 91,192
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	<u>\$ 3,284</u>
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	Not provided	\$ 60,975
Universal Newborn Hearing Screening	93.251	Not provided	1,325
Surveillance Program	93.314	Not provided	225
Temporary Assistance for Needy Families (Part of TANF Cluster)	93.558	1601MNTANF	<u>77,917</u>
(Total Temporary Assistance for Needy Families 93.558 \$742,801)			
Maternal and Child Health Services Block Grant to the States	93.994	Not provided	<u>65,176</u>

(Continued)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**
(Continued)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures
U.S. Department of Health and Human Services (Continued)			
Passed Through Minnesota Department of Human Services			
Promoting Safe and Stable Families	93.556	G-1601MNFPSS	\$ 13,089
Temporary Assistance for Needy Families (Part of TANF Cluster)	93.558	1601MNTANF	664,884
(Total Temporary Assistance for Needy Families 93.558 \$742,801)			
Child Support Enforcement	93.563	1704MNCES	1,187,233
Refugee and Entrant Assistance - State Administered Programs	93.566	1701MNRCMA	1,373
Child Care and Development Block Grant (Part of Child Care Cluster)	93.575	G1701MNCCDF	34,050
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFRPG	24,178
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	11,260
Foster Care - Title IV-E	93.658	1701MNFOST	625,948
Social Services Block Grant	93.667	G-1701MNSOSR	341,774
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	5,006
Children's Health Insurance Program	93.767	05-1705MN0301	565
Medical Assistance Program (Part of Medicaid Cluster)	93.778	05-1705MN5ADM	
	93.778	05-1705MN5MAP	\$ 2,305,797
			28,451
			2,334,248
Total U.S. Department of Health and Human Services			\$ 5,449,226
U.S. Corporation for National and Community Service			
Retired and Senior Volunteer Program	94.002	Not provided	\$ 9,509
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Natural Resources			
Boating Safety Financial Assistance	97.012	Not provided	\$ 31,967
Passed Through Minnesota Department of Public Safety			
Emergency Management Performance Grants	97.042	F-EMPG-2016-CROWWICO	41,060
Homeland Security Grant Program	97.067	F-SHSP-2016-CROWWICO	108,737
Total U.S. Department of Homeland Security			\$ 181,764
Total Federal Awards			\$ 6,663,399

The County did not pass any Federal awards through to subrecipients during the year ended December 31, 2017.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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, 2017. 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	\$ 6,259,517
 Grants received more than 60 days after year-end, deferred in 2017	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	122,674
Child Support Enforcement	217,955
Community-Based Child Abuse Prevention Grants	4,796
Promoting Safe and Stable Families	2,802
Stephanie Tubbs Jones Child Welfare Services Program	2,407
Temporary Assistance for Needy Families	201,751
 Funds received recorded as proceeds from revenue note rather than as revenue	
Capitalization Grants for Clean Water State Revolving Funds	3,284
 Deferred in 2016, recognized as revenue in 2017	
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)
Expenditures Per Schedule of Federal Awards	<hr/> <hr/> \$ 6,663,399

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.

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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			
	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 91,545,696	\$ 102,145,334	\$ 110,096,199	\$ 111,954,940
Restricted	18,241,947	17,449,360	13,172,796	16,532,198
Unrestricted	36,176,588	35,278,917	43,336,787	45,124,298
Total governmental activities net position	<u><u>\$ 145,964,231</u></u>	<u><u>\$ 154,873,611</u></u>	<u><u>\$ 166,605,782</u></u>	<u><u>\$ 173,611,436</u></u>
Business-type activities				
Net investment in capital assets	\$ 5,302,538	\$ 5,300,525	\$ 4,965,555	\$ 4,985,481
Restricted	-	-	-	-
Unrestricted	5,711,395	5,335,081	6,282,130	6,467,921
Total business-type activities net position	<u><u>\$ 11,013,933</u></u>	<u><u>\$ 10,635,606</u></u>	<u><u>\$ 11,247,685</u></u>	<u><u>\$ 11,453,402</u></u>
Primary government				
Net investment in capital assets	\$ 96,848,234	\$ 107,445,859	\$ 115,061,754	\$ 116,940,421
Restricted	18,241,947	17,449,360	13,172,796	16,532,198
Unrestricted	41,887,983	40,613,998	49,618,917	51,592,219
Total primary governments activities net position	<u><u>\$ 156,978,164</u></u>	<u><u>\$ 165,509,217</u></u>	<u><u>\$ 177,853,467</u></u>	<u><u>\$ 185,064,838</u></u>

(Unaudited)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 132,167,372	\$ 137,032,435	\$ 146,262,282	\$ 154,361,324	\$ 161,945,002	\$ 175,970,678
14,924,912	15,100,842	14,440,695	14,387,092	16,098,569	23,365,483
46,594,361	43,888,807	40,448,984	18,313,794	11,487,228	(1,205,633)
\$ 193,686,645	\$ 196,022,084	\$ 201,151,961	\$ 187,062,210	\$ 189,530,799	\$ 198,130,528
\$ 4,601,273	\$ 4,137,889	\$ 3,714,862	\$ 3,230,662	\$ 2,939,450	\$ 2,821,144
-	1,823,923	1,678,777	1,470,941	1,436,133	1,260,375
7,127,230	6,358,525	7,138,379	7,664,239	8,335,332	9,022,817
\$ 11,728,503	\$ 12,320,337	\$ 12,532,018	\$ 12,365,842	\$ 12,710,915	\$ 13,104,336
\$ 136,768,645	\$ 141,170,324	\$ 149,977,144	\$ 157,591,986	\$ 164,884,452	\$ 178,791,822
14,924,912	16,924,765	16,119,472	15,858,033	17,534,702	24,625,858
53,721,591	50,247,332	47,587,363	25,978,033	19,822,560	7,817,184
\$ 205,415,148	\$ 208,342,421	\$ 213,683,979	\$ 199,428,052	\$ 202,241,714	\$ 211,234,864

(Unaudited)

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities				
General government	\$ 13,134,027	\$ 13,248,631	\$ 12,871,344	\$ 12,969,897
Public safety	13,401,676	13,306,812	13,036,830	13,825,942
Highways and streets	6,338,643	6,931,810	6,919,926	8,380,127
Sanitation	257,754	137,056	147,328	28,694
Health and human services ¹	22,308,975	20,835,333	20,416,383	21,153,044
Health ¹	2,636,852	1,684,446	1,684,246	1,741,968
Culture and recreation	688,957	634,334	684,631	647,975
Conservation of natural resources	1,551,623	1,579,069	1,342,948	1,271,937
Economic development	-	115,240	217,807	352,710
Interest	2,483,087	2,313,711	2,153,652	1,973,785
Total governmental activities expenses	<u>\$ 62,801,594</u>	<u>\$ 60,786,442</u>	<u>\$ 59,475,095</u>	<u>\$ 62,346,079</u>
Business-type activities				
Solid waste	\$ 2,832,091	\$ 2,263,577	\$ 1,631,721	\$ 2,070,766
Total primary governments activities expenses	<u>\$ 65,633,685</u>	<u>\$ 63,050,019</u>	<u>\$ 61,106,816</u>	<u>\$ 64,416,845</u>
Program Revenues				
Governmental activities				
Charge for services:				
General government	\$ 1,982,857	\$ 1,961,517	\$ 1,858,545	\$ 1,675,797
Public safety	2,595,331	1,924,364	1,927,995	1,440,474
Highways and streets	388,192	429,446	496,205	497,846
Health and human services ¹	1,732,921	1,658,340	1,647,435	2,052,157
Health ¹	534,839	432,704	471,753	300,551
Culture and recreation	-	-	-	-
Conservation of natural resources	445,991	1,398,724	1,461,012	1,505,233
Economic development	-	621	2,691	8,599
Operating grants and contributions	18,571,295	17,868,108	23,131,686	18,684,965
Capital grants and contributions	6,129,559	4,869,920	1,362,606	4,526,177
Total governmental activities program revenues	<u>\$ 32,380,985</u>	<u>\$ 30,543,744</u>	<u>\$ 32,359,928</u>	<u>\$ 30,691,799</u>
Business-type activities				
Charges for services:				
Solid Waste	\$ 2,046,074	\$ 1,857,324	\$ 1,989,639	\$ 1,920,174
Operating grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>\$ 2,046,074</u>	<u>\$ 1,857,324</u>	<u>\$ 1,989,639</u>	<u>\$ 1,920,174</u>
Total primary governments activities program revenues	<u><u>\$ 34,427,059</u></u>	<u><u>\$ 32,401,068</u></u>	<u><u>\$ 34,349,567</u></u>	<u><u>\$ 32,611,973</u></u>
Net (Expense) Revenue				
Governmental activities	\$ (30,420,609)	\$ (30,242,698)	\$ (27,115,167)	\$ (31,654,280)
Business-type activities	(786,017)	(406,253)	357,918	(150,592)
Total primary government net expense	<u><u>\$ (31,206,626)</u></u>	<u><u>\$ (30,648,951)</u></u>	<u><u>\$ (26,757,249)</u></u>	<u><u>\$ (31,804,872)</u></u>

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

(Unaudited)

Fiscal Year							
2012		2013		2014		2015	
\$	12,956,270	\$	13,436,948	\$	16,542,474	\$	16,937,785
13,437,415		17,320,145		14,045,336		16,111,366	
7,008,995		8,871,390		9,130,552		10,277,136	
-		-		-		1,102,479	
20,570,268		20,173,438		20,730,571		22,537,452	
1,555,816		1,504,136		1,448,443		-	
669,106		683,872		741,199		720,945	
1,589,004		1,755,941		1,994,144		1,909,052	
-		-		-		17,053	
1,928,665		763,965		1,214,835		1,018,348	
<u>\$ 59,715,539</u>		<u>\$ 64,509,835</u>		<u>\$ 65,847,554</u>		<u>\$ 70,631,616</u>	
<u>\$ 2,131,373</u>		<u>\$ 1,703,792</u>		<u>\$ 1,981,974</u>		<u>\$ 2,466,616</u>	
<u>\$ 61,846,912</u>		<u>\$ 66,213,627</u>		<u>\$ 67,829,528</u>		<u>\$ 73,098,232</u>	
<u>\$ 2,459,765</u>		<u>\$ 2,560,056</u>		<u>\$ 79,177,957</u>		<u>\$ 78,392,029</u>	
\$	1,829,766	\$	1,851,275	\$	1,826,772	\$	2,065,967
1,586,547		2,177,386		2,608,265		2,335,386	
589,297		429,836		336,177		327,438	
2,030,299		1,227,820		1,786,393		1,861,936	
257,855		233,016		157,675		-	
-		-		-		-	
1,421,929		1,674,068		2,368,173		1,854,236	
11,497		13,252		13,656		13,881	
19,091,574		19,929,435		21,384,878		22,449,358	
13,883,256		903,557		1,232,623		3,597,081	
<u>\$ 40,702,020</u>		<u>\$ 28,439,645</u>		<u>\$ 31,714,612</u>		<u>\$ 34,505,283</u>	
<u>\$ 2,721,935</u>		<u>\$ 596</u>		<u>\$ 596</u>		<u>\$ 2,838,890</u>	
<u>\$ 2,064,133</u>		<u>\$ 1,986,447</u>		<u>\$ 2,132,298</u>		<u>\$ 2,327,381</u>	
<u>\$ 2,064,133</u>		<u>\$ 1,986,447</u>		<u>\$ 2,132,298</u>		<u>\$ 2,327,381</u>	
<u>\$ 42,766,153</u>		<u>\$ 30,426,092</u>		<u>\$ 33,846,910</u>		<u>\$ 36,832,664</u>	
<u>\$ 2,722,531</u>		<u>\$ 38,311,193</u>		<u>\$ 38,311,193</u>		<u>\$ 41,267,883</u>	
\$ (19,013,519)		\$ (36,070,190)		\$ (34,132,942)		\$ (36,126,333)	
(67,240)		282,655		150,324		(139,235)	
<u>\$ (19,080,759)</u>		<u>\$ (35,787,535)</u>		<u>\$ (33,982,618)</u>		<u>\$ (36,265,568)</u>	
<u>\$ (41,129,530)</u>		<u>\$ 262,766</u>		<u>\$ (40,866,764)</u>		<u>\$ (37,124,146)</u>	
(Continued)							

(Unaudited)

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

	Fiscal Year			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 33,326,555	\$ 34,566,755	\$ 35,585,536	\$ 35,213,383
Transportation sales and use tax	-	-	-	-
Mortgage registry and deed tax	82,488	79,515	71,796	65,367
Payments in lieu of tax	335,672	355,232	360,402	429,856
Unrestricted grants and contributions	4,051,908	3,170,952	2,065,541	2,071,218
Investment income	1,220,736	432,122	329,226	255,744
Miscellaneous	763,319	468,808	532,861	830,054
Gain on sale of capital assets	2,533	29,799	51,976	44,312
Transfers	150,000	48,895	(150,000)	(250,000)
Total governmental activities	<u>\$ 39,933,211</u>	<u>\$ 39,152,078</u>	<u>\$ 38,847,338</u>	<u>\$ 38,659,934</u>
Business-type activities:				
Unrestricted grants and contributions	\$ 595	\$ 595	\$ 595	\$ 595
Investment income	170,172	76,226	103,566	105,714
Miscellaneous	-	-	-	-
Transfers	(150,000)	(48,895)	150,000	250,000
Total business-type activities	<u>\$ 20,767</u>	<u>\$ 27,926</u>	<u>\$ 254,161</u>	<u>\$ 356,309</u>
Total primary government	<u>\$ 39,953,978</u>	<u>\$ 39,180,004</u>	<u>\$ 39,101,499</u>	<u>\$ 39,016,243</u>
Change in Net Position				
Governmental activities	\$ 9,512,602	\$ 8,909,380	\$ 11,732,171	\$ 7,005,654
Business-type activities	(765,250)	(378,327)	612,079	205,717
Total primary government	<u>\$ 8,747,352</u>	<u>\$ 8,531,053</u>	<u>\$ 12,344,250</u>	<u>\$ 7,211,371</u>

(Unaudited)

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 35,814,571	\$ 35,488,689	\$ 35,541,480	\$ 35,684,227	\$ 35,457,806	\$ 36,033,341	
- 86,114	- 92,199	- 72,421	- 73,139	- 4,020,905	- 6,077,340	
429,758	515,879	505,570	505,242	505,634	492,162	
1,293,122	2,261,079	2,570,579	2,814,469	2,752,954	2,651,420	
201,695	(33,980)	348,758	450,410	436,639	353,506	
610,553	331,763	224,011	291,139	329,598	288,132	
17,915	-	-	-	-	-	
(250,000)	(250,000)	-	-	-	-	
<u>\$ 38,203,728</u>	<u>\$ 38,405,629</u>	<u>\$ 39,262,819</u>	<u>\$ 39,818,626</u>	<u>\$ 43,598,119</u>	<u>\$ 46,002,755</u>	
\$ 595	\$ 595	\$ 595	\$ 595	\$ 595	\$ 595	
91,746	58,584	60,762	73,736	81,712	108,861	
-	-	-	-	-	5,085	
250,000	250,000	-	-	-	-	
<u>\$ 342,341</u>	<u>\$ 309,179</u>	<u>\$ 61,357</u>	<u>\$ 74,331</u>	<u>\$ 82,307</u>	<u>\$ 114,541</u>	
<u>\$ 38,546,069</u>	<u>\$ 38,714,808</u>	<u>\$ 39,324,176</u>	<u>\$ 39,892,957</u>	<u>\$ 43,680,426</u>	<u>\$ 46,117,296</u>	
\$ 19,190,209	\$ 2,335,439	\$ 5,129,877	\$ 3,692,293	\$ 2,468,589	\$ 8,599,729	
275,101	591,834	211,681	(64,904)	345,073	393,421	
<u>\$ 19,465,310</u>	<u>\$ 2,927,273</u>	<u>\$ 5,341,558</u>	<u>\$ 3,627,389</u>	<u>\$ 2,813,662</u>	<u>\$ 8,993,150</u>	

(Unaudited)

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

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Prior to GASB No. 54 ¹				
Reserved	\$ 1,901,869	\$ 2,308,065	\$ 2,482,487	\$ -
Unreserved	12,599,535	14,293,522	15,347,549	-
After GASB No. 54 ¹				
Nonspendable	-	-	-	15,000
Restricted	-	-	-	2,618,717
Committed	-	-	-	3,958,743
Unassigned	-	-	-	12,578,723
Total General Fund	<u><u>\$ 14,501,404</u></u>	<u><u>\$ 16,601,587</u></u>	<u><u>\$ 17,830,036</u></u>	<u><u>\$ 19,171,183</u></u>
All Other Governmental Funds				
Prior to GASB No. 54 ¹				
Reserved	\$ 10,546,957	\$ 10,406,812	\$ 10,530,555	\$ -
Unreserved, reported in:				
Special revenue funds	14,609,380	12,876,790	15,477,400	-
Capital projects funds	-	1,572,342	686,390	-
Permanent funds	94,796	122,435	146,507	-
After GASB No. 54 ¹				
Nonspendable	-	-	-	2,641,606
Restricted	-	-	-	12,051,982
Committed	-	-	-	-
Assigned	-	-	-	15,199,114
Total all other governmental funds	<u><u>\$ 25,251,133</u></u>	<u><u>\$ 24,978,379</u></u>	<u><u>\$ 26,840,852</u></u>	<u><u>\$ 29,892,702</u></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						
2012	2013	2014	2015	2016	2017	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,000	15,000	115,000	15,000	88,478	722,070	
2,545,786	2,399,772	2,316,891	1,534,345	1,342,572	1,230,717	
1,669,644	1,387,066	1,405,253	1,592,561	1,713,514	1,903,387	
15,857,951	11,643,351	12,444,007	13,265,687	13,286,490	9,839,901	
\$ 20,088,381	\$ 15,445,189	\$ 16,281,151	\$ 16,407,593	\$ 16,431,054	\$ 13,696,075	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
793,537	2,782,100	2,844,125	2,888,674	2,954,769	2,795,080	
5,976,805	9,903,970	9,164,679	9,949,073	11,712,750	13,417,206	
-	7,566,908	6,447,090	3,635,338	4,267,218	3,063,645	
18,578,042	13,774,715	14,972,976	13,875,559	11,802,920	12,323,648	
\$ 25,348,384	\$ 34,027,693	\$ 33,428,870	\$ 30,348,644	\$ 30,737,657	\$ 31,599,579	

(Unaudited)

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

	Fiscal Year				
	2008	2009	2010	2011	2012
REVENUES					
Taxes	\$ 32,954,120	\$ 34,097,022	\$ 35,641,804	\$ 35,501,017	\$ 36,054,509
Special assessments	605,518	567,540	594,613	596,915	609,522
Licenses and permits	1,358,075	1,157,359	1,181,471	1,055,128	1,287,873
Intergovernmental	27,121,712	23,908,450	26,628,793	23,389,156	34,811,026
Charges for services	5,419,686	4,810,137	5,413,339	4,825,317	4,998,184
Fines and forfeits	70,315	32,333	48,453	96,562	82,796
Gifts and contributions	18,622	7,187	27,201	25,654	25,145
Investment earnings	1,258,520	633,165	441,877	354,183	253,954
Sales	552,183	199,987	161,048	174,159	166,959
Miscellaneous	4,090,252	3,018,342	2,712,556	3,784,059	3,385,313
Total Revenues	<u>\$ 73,449,003</u>	<u>\$ 68,431,522</u>	<u>\$ 72,851,155</u>	<u>\$ 69,802,150</u>	<u>\$ 81,675,281</u>
EXPENDITURES					
Current					
General government	\$ 13,655,774	\$ 12,454,136	\$ 12,003,338	\$ 12,159,749	\$ 12,232,650
Public safety	12,124,320	12,091,853	11,773,055	13,118,501	13,599,885
Highways and streets	11,107,380	13,339,626	13,420,833	8,729,183	11,255,631
Health and human services ¹	21,322,603	19,144,184	20,561,887	20,298,268	19,519,474
Health ¹	2,545,258	1,657,571	1,768,773	1,793,644	1,452,535
Sanitation	257,754	187,580	116,827	-	-
Culture and recreation	690,877	681,727	894,537	728,832	716,183
Conservation of natural resources	1,589,026	1,810,697	1,660,163	1,628,504	13,110,749
Economic development	3,800	115,240	217,807	352,710	-
Capital outlay ²	1,133,905	664,806	885,952	585,517	1,223,403
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	350,996
Debt service					
Principal	3,433,300	5,273,300	5,430,950	3,618,600	3,786,400
Interest	2,527,365	2,326,427	2,230,621	2,026,341	1,885,639
Bond issuance costs	-	29,550	22,860	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Administrative charges	2,915	1,671	5,175	2,313	4,288
Total Expenditures	<u>\$ 70,653,684</u>	<u>\$ 70,061,331</u>	<u>\$ 71,296,301</u>	<u>\$ 65,372,628</u>	<u>\$ 79,137,833</u>
Excess of revenues over (under) expenditures	<u>\$ 2,795,319</u>	<u>\$ (1,629,809)</u>	<u>\$ 1,554,854</u>	<u>\$ 4,429,522</u>	<u>\$ 2,537,448</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 1,622,955	\$ 1,092,184	\$ 1,562,546	\$ 3,004,178	\$ 1,652,782
Transfers out	(1,472,955)	(1,092,184)	(1,712,546)	(3,254,178)	(1,902,782)
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	2,533	29,799	51,976	44,312	17,915
Insurance proceeds	-	-	-	-	-
Compensation for loss of capital assets	50,025	36,996	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 202,558</u>	<u>\$ 3,476,223</u>	<u>\$ 1,656,047</u>	<u>\$ (205,688)</u>	<u>\$ (232,085)</u>
Net Change in Fund Balances	<u>\$ 2,997,877</u>	<u>\$ 1,846,414</u>	<u>\$ 3,210,901</u>	<u>\$ 4,223,834</u>	<u>\$ 2,305,363</u>
Debt service as a percentage of noncapital expenditures	9.7%	12.8%	12.6%	9.2%	9.8%

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					
2013	2014	2015	2016	2017	
\$ 35,764,319	\$ 35,692,434	\$ 35,867,692	\$ 39,712,574	\$ 42,436,831	
609,115	613,607	608,992	621,398	724,944	
1,048,897	1,073,536	1,281,108	1,050,158	1,697,062	
21,373,104	28,043,509	28,052,796	28,124,758	30,508,611	
5,640,717	5,883,900	5,434,236	6,139,651	6,330,045	
58,800	41,724	45,354	64,349	92,135	
48,129	31,681	71,420	64,024	58,690	
11,981	364,783	529,616	616,672	427,982	
131,836	364,344	622,047	753,533	831,225	
3,251,407	2,728,398	2,492,269	2,954,330	2,525,559	
<u>\$ 67,938,305</u>	<u>\$ 74,837,916</u>	<u>\$ 75,005,530</u>	<u>\$ 80,101,447</u>	<u>\$ 85,633,084</u>	
\$ 12,492,804	\$ 13,828,033	\$ 14,461,781	\$ 14,650,561	\$ 14,076,747	
12,636,973	12,605,736	14,225,602	15,577,683	17,246,989	
6,189,673	6,579,224	7,011,820	7,715,638	7,031,539	
19,321,787	20,762,422	22,113,076	23,440,807	23,005,362	
1,429,224	1,410,744	-	-	-	
-	-	1,239,329	58,868	3,533	
667,685	727,300	663,326	688,256	767,105	
1,897,142	2,276,905	2,777,174	2,503,865	3,435,452	
-	-	17,053	72,562	50,872	
-	-	-	-	-	
382,325	443,895	436,883	1,170,319	1,490,007	
957,440	1,004,799	434,930	343,511	904,588	
5,028,125	8,707,930	9,195,148	7,603,072	13,833,479	
31,068	47,000	20,072	12,753	-	
-	25,211	18,992	434,752	63,266	
91,538	57,229	57,229	57,229	81,172	
360,631	331,178	350,932	364,361	364,212	
2,372,450	4,432,750	3,907,750	4,091,205	4,284,050	
923,233	1,421,596	1,203,941	1,010,687	807,095	
124,981	-	-	-	-	
4,943,110	-	-	-	-	
2,538	850	5,675	4,974	1,183	
<u>\$ 69,852,727</u>	<u>\$ 74,662,802</u>	<u>\$ 78,140,713</u>	<u>\$ 79,801,103</u>	<u>\$ 87,446,651</u>	
<u>\$ (1,914,422)</u>	<u>\$ 175,114</u>	<u>\$ (3,135,183)</u>	<u>\$ 300,344</u>	<u>\$ (1,813,567)</u>	
\$ 9,381,540	\$ 122,772	\$ 187,110	\$ 304,050	\$ 3,130,795	
(9,631,540)	(122,772)	(187,110)	(304,050)	(3,130,795)	
-	-	-	-	-	
29,520,000	-	-	-	-	
-	-	136,850	46,035	3,284	
(33,061,540)	-	-	-	-	
3,669,102	-	-	-	-	
-	-	-	-	124,263	
-	-	-	-	111,815	
-	-	-	-	-	
<u>\$ (122,438)</u>	<u>\$ -</u>	<u>\$ 136,850</u>	<u>\$ 46,035</u>	<u>\$ 239,362</u>	
<u>\$ (2,036,860)</u>	<u>\$ 175,114</u>	<u>\$ (2,998,333)</u>	<u>\$ 346,379</u>	<u>\$ (1,574,205)</u>	

5.2% 9.1% 7.5% 7.3% 7.2%

(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
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
2016	2017	\$ 37,829,072 35.56%	7,082,810 6.66	14,941,071 14.05	5,321,937 5.00	40,843,109 38.40

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
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%
175,891 0.17	1,213,309 1.14	1,042,600 (0.98)	\$ 106,364,599 100.00%	32.308%	\$ 9,885,450,596	1.076%

(Unaudited)

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

	Year Taxes Are Payable									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
County Direct Rates										
General revenue	15.229 %	13.938 %	13.468 %	14.515 %	15.398 %	17.422 %	18.303 %	18.483 %	17.953 %	16.575 %
Road and bridge	2.911	3.022	3.081	3.357	3.621	3.835	3.904	3.644	3.343	1.966
Community services	6.367	6.147	6.375	6.595	7.101	6.412	6.344	5.904	5.705	7.209
Capital Projects	-	-	-	-	1.742	1.855	0.917	0.906	1.048	1.241
Bonded debt	5.311	4.822	4.510	4.674	3.874	4.115	5.100	5.034	4.884	4.711
Transit system	0.042	0.045	0.028	0.030	0.033	0.034	0.036	0.035	0.014	0.002
Airport bonds	0.103	0.094	0.087	0.101	0.098	0.103	0.101	0.090	0.087	0.084
Library	0.536	0.500	0.480	0.513	0.541	0.566	0.564	0.557	0.540	0.520
Total direct rate	30.499 %	28.568 %	28.029 %	29.785 %	32.408 %	34.342 %	35.269 %	34.653 %	33.574 %	32.308 %
Cities										
Baxter	41.043 %	42.175 %	43.975 %	48.422 %	51.474 %	53.613 %	54.563 %	53.281 %	53.426 %	50.313 %
Brainerd	44.649	44.487	45.839	48.003	54.540	58.941	64.879	71.659	74.579	75.058
Breezy Point	31.405	32.968	33.137	33.895	39.281	42.202	44.389	44.175	42.683	42.454
Crosby	102.139	99.019	99.464	102.835	123.070	123.670	121.245	117.873	116.408	106.766
Crosslake	19.629	18.272	17.516	19.496	21.287	22.900	23.824	24.518	27.643	28.134
Cuyuna	37.341	34.738	33.680	37.081	49.064	54.002	57.443	60.047	55.893	57.466
Deerwood	74.138	69.664	70.807	74.769	88.211	92.043	92.880	93.798	95.337	95.395
Emily	28.479	27.815	25.747	27.813	30.934	35.833	40.146	41.507	39.278	41.665
Fifty Lakes	24.113	21.252	19.639	21.635	24.451	24.177	24.122	24.944	24.390	23.480
Fort Ripley	21.158	22.213	20.665	21.830	24.692	25.063	26.224	25.202	26.339	27.830
Garrison	61.296	52.410	55.249	60.063	66.237	71.709	68.487	67.769	69.215	71.537
Ironton	113.569	105.835	109.463	117.350	161.394	155.436	146.417	156.855	115.073	126.202
Jenkins	49.313	48.755	48.620	49.007	51.425	54.264	56.787	62.062	57.126	56.120
Manhattan Beach	27.924	27.619	23.781	26.365	28.272	26.618	26.541	27.011	27.094	23.602
Nisswa	22.604	20.944	21.253	23.421	26.804	29.058	30.996	31.029	30.778	30.428
Pequot Lakes	66.718	65.014	67.190	69.311	74.466	75.464	71.181	63.037	57.118	56.577
Riverton	51.736	51.096	48.660	47.316	54.056	43.619	46.641	45.075	46.551	42.496
Trommald	32.208	30.625	30.074	31.137	39.082	44.387	45.947	46.111	44.676	42.711
Townships										
Bay Lake fire district 1	6.519	6.117	5.340	5.404	5.848	5.856	6.148	6.446	9.343	9.037
Bay Lake fire district 2	6.740	6.148	5.398	5.863	6.352	6.419	6.652	6.797	9.938	9.603
Center	16.471	14.414	13.398	13.994	15.826	17.601	17.644	17.429	17.334	16.397
Crow Wing	46.934	28.073	25.617	20.283	20.136	19.725	20.483	21.529	20.152	30.875
Daggett Brook	23.981	21.844	19.421	20.861	25.377	26.528	24.230	25.005	23.794	22.614
Deerwood	10.852	10.532	10.415	10.990	12.412	13.365	15.624	17.074	17.356	17.347
Fairfield	20.358	17.777	16.638	17.378	19.470	20.867	21.821	21.925	21.436	21.868
Fort Ripley	16.240	25.084	17.386	17.013	18.894	20.162	16.907	14.039	13.532	5.660
Gail Lake	7.816	6.919	6.194	6.464	7.042	7.391	10.232	10.415	10.090	9.780
Garrison	11.843	11.593	10.821	11.655	12.603	13.417	13.747	14.003	16.476	17.999
Ideal	8.164	7.577	7.264	8.171	8.750	9.965	10.324	10.537	10.610	10.452
Irondale	42.688	39.803	38.388	40.816	45.381	46.983	51.190	50.748	47.054	45.366
Jenkins	9.859	10.145	10.688	9.521	9.570	13.185	10.784	13.094	13.077	12.425
Lake Edward	9.083	8.125	7.615	7.836	8.866	9.344	9.714	9.607	9.315	9.032
Little Pine	24.403	24.358	21.725	22.355	25.683	25.935	26.908	33.396	31.105	31.228
Long Lake	11.451	10.691	10.019	12.356	14.333	14.595	16.507	17.408	16.630	17.300
Maple Grove	9.519	8.825	8.176	8.806	9.845	11.487	12.763	13.002	11.780	10.381
Mission	11.419	10.425	11.088	13.594	15.198	15.328	17.642	18.045	18.483	18.665
Nokay Lake	22.125	20.401	19.867	21.626	22.811	23.422	25.591	25.746	25.894	24.949
Oak Lawn	17.483	16.765	16.366	17.402	20.023	21.044	21.863	22.149	20.286	19.252
Pelican	8.672	7.459	7.262	8.674	9.295	8.981	9.186	10.217	10.687	11.253
Perry Lake	7.066	6.493	6.095	7.076	8.703	9.678	10.689	11.797	12.259	12.166
Platte Lake	15.682	14.135	12.506	14.257	16.560	17.466	18.115	18.370	17.704	24.459
Rabbit Lake	26.912	24.203	23.618	26.339	28.977	30.719	30.696	30.840	30.255	28.294
Roosevelt	21.621	21.517	13.369	14.241	17.294	18.759	19.988	20.180	25.045	25.019
Ross Lake	7.800	7.411	7.096	7.456	9.293	9.979	11.309	10.998	9.623	9.929
St. Mathias	19.794	22.562	17.122	19.106	20.797	22.251	23.674	25.096	25.889	24.019
Timothy	7.796	6.957	5.898	6.328	5.779	6.294	6.514	6.622	6.618	6.566
Wolford	13.989	12.093	12.003	12.876	13.393	14.355	16.349	15.892	15.787	15.804
Unorganized - Dean Lake	14.947	12.002	10.640	14.794	19.233	27.003	31.214	33.972	32.889	35.055
Unorganized - 1st Asmnt	7.914	7.679	7.665	8.426	8.769	9.551	10.300	10.231	9.938	10.360
School Districts										
001 - Aitkin	4.268	3.650	2.727	2.825	2.868	3.135	3.029	3.400	4.604	4.030
181 - Brainerd	17.875	17.671	20.952	21.820	23.638	24.415	24.952	25.520	25.443	24.739
182 - Crosby	9.974	8.921	11.360	12.364	14.171	14.656	15.452	15.291	15.056	15.087
186 - Pequot Lakes	8.944	8.443	8.590	9.261	12.745	14.667	14.807	13.768	14.019	12.954
480 - Onamia	13.428	12.203	12.412	12.952	18.326	20.246	19.415	13.622	22.369	19.704
482 - Little Falls	12.373	14.473	14.955	12.060	18.237	15.624	14.160	14.648	14.544	21.395
484 - Pierz	15.466	15.598	15.857	15.358	18.383	21.096	21.089	19.595	18.695	18.789
2174 - Pine River	6.312	5.647	4.430	4.544	4.956	5.027	6.332	6.060	6.560	5.447
Special Districts										
Region five	0.102	0.095	0.095	0.106	0.119	0.128	0.133	0.133	0.131	0.131
County HRA	0.057	0.051	0.049	0.053	0.058	0.062	0.064	0.063	0.062	0.103
Cuyuna hospital district	1.044	0.937	0.881	0.938	1.057	1.125	1.181	1.174	1.141	1.114
Thirty lakes watershed	1.326	1.260	1.317	1.191	1.152	-	-	-	-	-
Brainerd HRA	1.226	1.513	1.554	1.671	1.836	1.625	1.677	1.702	1.669	1.687
Pequot Lakes HRA	1.026	0.972	1.031	1.037	1.378	1.399	1.483	1.442	1.406	1.355
Mille Lacs sewer district	7.616	5.921	4.852	8.719	13.577	20.817	21.676	21.766	23.062	22.968

Source: Land Services

(Unaudited)

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

Taxpayer	2017			2008		
	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	\$ 522,659	1	0.49 %	\$ 369,670	3	0.30 %
Northern States Power	393,832	2	0.37	288,128	5	0.23
Etoc Co. Inc.	392,964	3	0.37	257,385	9	0.21
Mills Properties Inc.	360,235	4	0.34	922,197	1	0.75
Burlington Northern Santa Fe Railroad	359,314	5	0.34			
Brainerd Lakes Integrated Health	352,724	6	0.33	244,844	10	0.20
Great River Energy	279,232	7	0.26			
SUSO 2 Brainerd LP	251,266	8	0.24			
Crow Wing Coop Power & Light	234,039	9	0.22			
MFF Mortgage Borrower	222,264	10	0.21			
Potlatch Forest Holdings				372,365	2	0.30
Whitebirch Inc.				309,654	4	0.25
KTJ Limited Partnership				278,086	6	0.23
Wal-Mart Stores Inc.				275,337	7	0.22
Developers Diversified Realty				272,210	8	0.22
Total	<u>\$ 3,368,529</u>		<u>3.17 %</u>	<u>\$ 3,589,876</u>		<u>2.91 %</u>

Source: Land Services; 2008 Comprehensive Annual Financial Report

(Unaudited)

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

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	357,258	33,641,716	99.52
2017	33,759,283	33,299,392	98.64	-	33,299,392	98.64

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			
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	0.77 324
2017	15,082,780	179,364	-	630,700	15,892,844	N/A (2) 248

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 2017 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
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		247
2017	15,082,781	179,364		15,262,145	4,370,000		10,892,145	0.11		170

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, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable¹	Estimated Share of Overlapping Debt
Direct debt			
Crow Wing County	<u>\$ 15,892,844</u>	100.000 %	<u>\$ 15,892,844</u>
Overlapping debt			
School district 1 - Aitkin	\$ 680,000	7.225 %	\$ 49,130
School district 181 - Brainerd	49,110,000	85.594	42,035,213
School district 182 - Crosby	9,985,000	99.998	9,984,800
School district 186 - Pequot Lakes	40,900,000	95.578	39,091,402
School district 480 - Onamia	10,231,075	20.310	2,077,931
School district 482 - Little Falls	34,580,000	0.037	12,795
School district 484 - Pierz	4,035,000	0.350	14,123
School district 2174 - Pine River-Backus	5,917,088	43.102	2,550,383
Garrison-Kathio-West Mille Lacs Lake Sanitary Sewer District	5,144,000	61.308	3,153,684
Total overlapping debt	<u>\$ 160,582,163</u>		<u>\$ 98,969,461</u>
Total debt	<u>\$ 176,475,007</u>		<u>\$ 114,862,305</u>

Source: Land Services; 2017 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			
	2008	2009	2010	2011
Market value of taxable property	\$ 10,393,020,600	\$ 11,434,134,100	\$ 12,018,042,400	\$ 11,189,135,100
Debt limit (3% of market value)	\$ 311,790,618	\$ 343,024,023	\$ 360,541,272	\$ 335,674,053
Debt applicable to limit:				
General obligation bonds	\$ 49,570,000	\$ 49,675,000	\$ 46,075,000	\$ 41,778,708
Revenue notes	-	-	-	-
Less: Amount set aside for repayment of general obligation debt	(5,794,287)	(5,607,028)	(5,805,426)	(6,018,326)
Total net debt applicable to limit	\$ 43,775,713	\$ 44,067,972	\$ 40,269,574	\$ 35,760,382
Legal debt margin	\$ 268,014,905	\$ 298,956,051	\$ 320,271,698	\$ 299,913,671
Total net debt applicable to the limit as a percentage of the debt limit	14.04%	12.85%	11.17%	10.65%

Source: Land Services; Comprehensive Annual Financial Report

(Unaudited)

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 10,013,341,000	\$ 9,399,678,500	\$ 9,121,473,200	\$ 9,235,920,600	\$ 9,548,387,800	\$ 9,885,450,596	
<u>\$ 300,400,230</u>	<u>\$ 281,990,355</u>	<u>\$ 273,644,196</u>	<u>\$ 277,077,618</u>	<u>\$ 286,451,634</u>	<u>\$ 296,563,518</u>	
\$ 37,917,500	\$ 30,257,500	\$ 25,917,500	\$ 22,102,500	\$ 18,107,500	\$ 13,927,500	
-	-	-	136,850	182,080	179,364	
<u>(4,674,240)</u>	<u>(5,075,811)</u>	<u>(4,454,886)</u>	<u>(4,540,823)</u>	<u>(4,627,998)</u>	<u>(4,713,769)</u>	
\$ 33,243,260	\$ 25,181,689	\$ 21,462,614	\$ 17,698,527	\$ 13,661,582	\$ 9,393,095	
<u>\$ 267,156,970</u>	<u>\$ 256,808,666</u>	<u>\$ 252,181,582</u>	<u>\$ 259,379,091</u>	<u>\$ 272,790,052</u>	<u>\$ 287,170,423</u>	
11.07%	8.93%	7.84%	6.39%	4.77%	3.17%	

(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
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	30,912	9,501	7.6
2013	63,075	2,324,633,000	36,855	31,397	9,610	6.8
2014	63,220	2,472,709,000	39,113	31,351	9,365	5.8
2015	63,428	2,582,156,000	40,710	31,262	9,352	5.2
2016	63,940	2,678,279,000	41,887	31,636	9,411	5.1
2017	64,000 (6)	- (4)	- (4)	32,038	9,508	4.6

(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	2017			2008*		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Essentia Health - Central Region ¹	1,500	1	4.7 %	1,223	2	3.6 %
Cuyuna Regional Medical Center	947	2	3.0	734	4	2.2
Independent School District 181	897	3	2.8	1,544	1	4.6
Grand View Lodge Resort & Spa ²	720	4	2.3	825	3	2.4
Breezy Point Resort	532	5	1.7			
Ascensus ³	500	6	1.6	500	7	1.5
Clow Stamping	455	7	1.4			
Crow Wing County	445	8	1.4	455	9	1.3
Madden's Inc. ²	430	9	1.4	500	8	1.5
Cragun's Resort ²	380	10	1.2	300	10	0.9
Wal-Mart Supercenter				511	6	1.5
Mills Companies				526	5	1.6
Total	6,806		21.5 %	7,118		21.1 %

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

*2008 data was not available; 2009 was used.

¹ Formerly St. Joseph's 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			
	2008	2009	2010	2011
General government	114.8	103.9	98.2	92.1
Public safety	125.7	127.0	121.8	119.5
Highways and streets	37.3	36.2	39.2	38.2
Sanitation	0.8	2.0	1.0	-
Health and human services ¹	137.1	134.4	131.5	129.7
Health ¹	28.2	22.0	20.3	18.6
Culture and recreation	0.8	0.5	0.3	0.8
Conservation of natural resources	9.6	9.9	8.1	9.0
Landfill enterprise fund	1.3	1.3	2.0	1.3
Total Full-Time Equivalents	455.6	437.2	422.4	409.2

Source: Administrative Services

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

(Unaudited)

Full-Time Equivalent Employees					
2012	2013	2014	2015	2016	2017
93.8	95.9	98.1	100.9	95.0	95.8
120.2	122.6	122.1	127.5	141.8	151.1
36.2	36.5	36.8	36.7	35.9	37.1
-	-	-	-	-	-
129.9	130.0	128.0	142.0	148.6	150.5
17.8	17.0	15.5	-	-	-
0.8	0.7	0.8	0.2	0.9	1.1
8.7	8.8	9.5	6.3	8.5	8.4
<u>1.3</u>	<u>1.2</u>	<u>1.3</u>	<u>2.0</u>	<u>1.3</u>	<u>1.3</u>
<u>408.7</u>	<u>412.7</u>	<u>412.1</u>	<u>415.6</u>	<u>432.0</u>	<u>445.3</u>

(Unaudited)

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

Function/Program	Fiscal Year			
	2008	2009	2010	2011
General Government				
Customer Services				
Birth Certificates	3,463	3,398	2,906	2,442
Marriage Licenses	414	441	433	411
Marriage Certificates	232	241	330	370
Notary Registrations	140	143	397	133
Abstract Documents	16,282	17,419	16,106	14,846
Torrens Documents	5,143	5,480	5,363	4,579
Warranty Deeds	1,848	2,013	1,757	1,672
Foreclosures	356	351	388	360
Environmental Services				
Township Permits Issued (All Types)	846	759	772	752
Information Technology				
Computers Purchased	107	98	103	88
Telephones Purchased	3	4	49	19
iPads/Tablets Purchased	-	-	-	-
Work Orders Completed	5,443	5,558	5,810	4,160
Assessing Services				
Number of Parcels	N/A	81,806	81,172	81,724
Number of Improved Parcels	N/A	41,371	41,863	41,882
Number of Personal Property Parcels	1,647	1,419	1,416	1,408
Number of Exempt Parcels	12,202	9,708	9,053	8,052
All Property Notices Printed (Except Exempt)	73,152	73,441	73,468	73,561
Public Safety				
Sheriff				
Part I Crimes	523	445	476	614
Part II Crimes	872	892	803	879
Non Reportable Crimes/Incidents	12,569	16,690	16,752	19,610
Dispatch				
911 Emergency Calls	27,760	30,148	31,197	31,684
Jail				
Average Monthly Bookings	328	308	285	277
Average Monthly Inmate Population	160	134	135	128
Highways and Streets				
Miles of Overlay	15	8	8	6
Miles of Construction	3	6	5	6
Tons of Crushing	-	-	40,000	-
Miles of Crack Sealing	13	10	40	49
Health and Human Services				
Health				
Family Health Contacts	8,879	9,328	9,432	9,127
Health Promotion Contacts	4,090	14,547	17,603	15,069
Disease Prevention & Control Immunizations (2)	N/A	12,417	4,054	3,074
Community Screenings (2)	N/A	705	267	51
Human Services				
Children In/Out of Home Placement	244	237	227	222
Persons Receiving DD Waivered Services	155	157	158	159
Child Support Cases	3,512	3,604	3,643	3,672
Financial Assistance Cases	4,768	5,331	5,623	6,598
Conservation of Natural Resources				
Solid Waste (Non-Landfill)				
Solid Waste (Non-Landfill) Funded Residential Recycling (Ton)	4,066	4,696	4,781	4,679
Commercial Recycling (Ton)	35,453	23,051	23,568	23,896
Solid Waste (Non-Landfill) - Problem Material Management				
Hazardous Waste (Ton)	48	41	51	50
Electronics (Ton)	137	146	152	152
Tires (Each)	8,709	6,984	7,145	8,461
White Goods (Each)	3,949	4,077	3,801	3,131
Used Oil (Gallon)	39,070	36,424	39,890	34,409
Mattresses Recycled (Each)	2,304	2,251	2,383	2,286
Sanitation				
Landfill				
Municipal Solid Waste Land filled SW376 (Ton)	36,912	35,545	35,557	35,933
Industrial Waste Land filled SW376 (Ton)	5,915	3,856	4,295	4,421
Demolition Waste Land filled SW440 (Cu Yd)	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)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	2017
2,560	2,611	2,582	2,599	2,814	2,598
454	462	405	421	451	404
356	368	307	286	315	285
137	131	270	257	136	150
17,384	16,513	14,181	14,533	14,854	15,096
5,588	5,137	4,575	4,741	4,787	4,919
1,946	2,114	2,285	2,622	2,804	2,894
273	192	135	122	92	74
991	815	864	991	929	1,014
128	63	197	135	66	149
-	17	1	6	11	71
-	-	24	13	76	12
3,905	3,281	2,245	2,315	3,166	4,254
82,100	82,181	82,083	82,042	82,039	81,353
42,227	42,414	42,582	42,823	43,095	43,418
1,465	1,451	1,396	1,347	1,456	1,495
8,705	8,846	9,058	9,077	9,046	8,485
73,569	73,548	73,522	73,441	73,516	73,583
695	706	406	466	456	463
834	818	838	967	998	1,200
21,043	22,154	22,791	22,717	21,929	20,513
35,176	28,566	33,480	30,301	34,044	40,364
280	276	297	308	354	396
137	165	173	183	207	232
11	11	20	17	27	46
4	-	8	6	2	9
35,000	3,223	-	14,560	13,120	-
37	17	15	49	101	141
8,768	7,839	7,523	7,819	7,728	7,483
13,620	9,257	12,817	10,275	10,352	11,422
1,772	1,660	532	N/A	N/A	N/A
42	43	75	N/A	N/A	N/A
228	185	188	184	255	254
162	166	163	167	171	167
3,779	3,867	3,707	3,524	3,319	3,305
6,433	6,030	8,409	9,796	9,530	10,184
4,517	4,513	4,871	4,583	4,464	3,435
25,687	26,734	39,010	40,770	42,358	59,640
62	57	58	49	56	61
144	136	156	186	207	212
8,828	6,175	6,393	6,942	8,789	6,870
3,025	3,021	3,149	3,699	4,098	4,213
36,576	28,324	30,431	18,172	42,177	39,474
3,138	3,275	3,645	3,993	4,299	4,708
36,563	38,286	40,508	42,660	45,359	46,776
4,194	3,555	3,418	4,043	3,911	3,244
32,769	12,232	13,714	13,849	12,789	10,081

(Unaudited)

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

Function/Program	Fiscal Year			
	2008	2009	2010	2011
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
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	82	89	84	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	70	70	71	67
Graders, Loaders and Heavy Trucks	31	31	32	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	11
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	23	23	23	23
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					
2012	2013	2014	2015	2016	2017
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	2	2	3
N/A	N/A	N/A	9	9	11
N/A	N/A	N/A	5	6	5
83	82	82	85	81	77
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	2	2	2
64	61	60	60	67	67
32	30	30	29	30	23
182	182	177	177	168	168
380	380	380	380	377	377
11	11	11	11	11	12
1	1	1	1	1	1
N/A	N/A	N/A	9	9	9
4	4	4	4	4	4
17	17	17	16	16	17
23	23	23	23	23	23
N/A	N/A	N/A	4	2	1
N/A	N/A	N/A	8	13	12
2	2	2	2	2	2

(Unaudited)