

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CROW WING COUNTY, MINNESOTA

For The Year Ended December 31, 2010



Prepared By

The Auditor-Treasurer's Office Financial Services Staff

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

For The Year Ended December 31, 2010

Prepared By:

The Auditor-Treasurer's Office Financial Services Staff

Laureen E. Borden, County Auditor-Treasurer

**CROW WING COUNTY
BRAINERD, MINNESOTA**

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BRAINERD, MINNESOTA**

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**Office of the
County Auditor-Treasurer**

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Laureen E. Borden



CROW WING COUNTY
BRAINERD, MINNESOTA 56401

DATE: August 12, 2011

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

Subject: 2010 COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual Financial Report (CAFR) of Crow Wing County is submitted for the fiscal year ending December 31, 2010. This report was prepared by the County Auditor-Treasurer's Office. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the County.

Independent Audit

Crow Wing County is audited annually, as required by Minnesota Statutes §6.48. This requirement has been complied with and the Office of the State Auditor has issued an unqualified ("clean") opinion on the Crow Wing County financial statements for the year ending December 31, 2010. The independent auditor's report is located in the front of the financial section of this report.

Internal Controls

Financial management of Crow Wing County is based on an accounting and financial reporting system that must provide accurate, timely, and relevant information. The assets of the County are protected from fraud, errors, and misuse through the institution of internal controls. Internal controls are designed to safeguard assets, as well as to ensure that accounting data are accurate for the preparation of financial statements in conformity with generally accepted accounting principles. Furthermore, internal controls function to carry out the County's policies.

Management's Discussion and Analysis (MD&A) provides "financial highlights" and interprets the financial reports by analyzing trends and explaining changes in the financial condition of the County. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Crow Wing County's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

Crow Wing County was established in 1857, and formally organized in 1870. It was at about this time that the Northern Pacific Railroad decided that its rail line would cross the Mississippi River at Brainerd. Regular rail service began in the early 1870s, at which point Brainerd became the area's major settlement, and the Crow Wing village faded. The original Courthouse was built in Brainerd in 1872; it was replaced in 1920 by the building now known as the Historic Courthouse. The County campus expanded during the period of 2004 - 2007 with the addition of a new Jail, Judicial Center and Community Services buildings. In addition, other structures remodeled included Central Services, Land Services, and the Historic Courthouse. The Highway Department moved to a new off-site campus on the east side of Brainerd near the Brainerd Lakes Regional Airport. The Waste Management offices also moved to a new site located on the County Landfill property.

Crow Wing County is a beautiful and dynamic county. It is located in north-central Minnesota, about 125 miles northwest of the Minneapolis/St. Paul metropolitan area, and covers 999 square miles. The 2010 estimated population was 62,500 residents. The county seat is the City of Brainerd. The City of Brainerd is the largest community in the county with a population of 13,956 residents, according to the State Demographer's Office.

The Board of Commissioners is the governing body of the County of Crow Wing. There are five members of the County Board. Each member represents one of five Districts, elected to four year overlapping terms. Board members, in partnership with County staff, work to ensure the delivery of services and programs essential to the continued prosperity of Crow Wing County.

The Board appoints a County Administrator who is the chief appointed administrative officer of the County. The Administrator is responsible for the administration of Board policy and for the management of various County divisions and departments. The Attorney, Auditor-Treasurer, Recorder, and Sheriff are elected officials.

The County provides a full range of services contemplated by statute. These services include public safety, highway, health, county 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 government's property taxes within the County.

Budgetary Controls

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, certain 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. However, no personal services budget authority may be used for any other purpose without Board approval.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Crow Wing County Government operates.

Tourism

Located in the heart of the Brainerd Lakes region, Crow Wing County is one of Minnesota's most popular destinations for outdoor recreation, giving rise to the County's informal name of Minnesota's Vacationland. During the height of tourism season, visitors often swell the County's population to nearly a quarter-million people. In Crow Wing County alone, leisure and hospitality industries brought in more than \$183.8 million in gross sales in 2009. This is a 1.2 percent decrease in gross sales when compared to 2008.

Home to over 465 lakes including Mille Lacs Lake, the Whitefish Chain of Lakes, and the Gull Lake Chain, the County is noted as a premier location for hunting and fishing as well as a golfing destination. A variety of outdoor recreational activities are available through numerous parks, trails, and water access points.

Crow Wing State Park, located in the southwestern part of the County, features camping, fishing, boating, hiking, and historical sites. The Cuyuna Country State Recreation Area, a 5,000-acre area containing several mine pit lakes and a paved bicycling trail, is located in Ironton. The Paul Bunyan Trail is used by bicyclists, in-line skaters, and walkers throughout the warmer months, and is a popular snowmobile trail in the winter. It begins in Baxter and runs north to the County's boundary near Pequot Lakes before continuing on to Bemidji, some 100 miles in all.

The business climate in Crow Wing County fosters and supports new business growth and development. Built on our rich natural resources of timber and iron ore, the emphasis in Crow Wing County shifted from a logging and mining economy to a tourism and service industry many years ago.

In 2010, 254 leisure and hospitality businesses employed an average of 3,767 employees. The seasonality of leisure and hospitality businesses creates employment data fluctuations throughout the year. Additionally, 348 retail trade businesses employed 4,484 employees in Crow Wing County's tourism industry. The County also contains a variety of commercial and industrial businesses in such areas as manufacturing, health care, building, architectural design, business franchise; financial, legal and computer service providers; high-tech firms; publishing, design, and advertising; and a host of specialty firms.

Health Care Facilities

Crow Wing County is served by a number of first-rate medical facilities. The Cuyuna Regional Medical Center (CRMC), located in Crosby, consists of a medical campus including the Medical Center, Minnesota Institute for Minimally Invasive Surgery, Cuyuna Lakes Pharmacy, Minneapolis Heart Institute – Crosby, Central Lakes Medical Clinic, and Crosby Eye Clinic. The campus also houses a long-term care facility, and Hallett Cottages, a residential facility for patients with memory loss. The campus employs more than 700 physicians, nurses, health care professionals, and support staff.

The City of Brainerd is home to an Essentia Health medical campus. Essentia Health St. Joseph's Medical Center is a 162-bed nonprofit hospital offering services in a wide variety of medical specialties. Essentia Health St. Joseph's – Clinics, are a group of eight integrated clinics throughout the lakes area. Together, the Essentia Health System employs around 1,300 medical professionals and support staff in Crow Wing County and is considered the largest hospital in north central Minnesota.

Additional Essentia Health services include: Brainerd Lakes Heart and Vascular Center, St. Joseph's Rehabilitation Center, Women's Specialty Clinic, Brainerd Lakes Sleep Center, Lakes Psychiatry Clinic, and St. Joseph's Lakes Urology Clinic.

In 2010, 185 Crow Wing County establishments provided 5,512 jobs in the areas of health care and social assistance. This was a 207 job increase over 2009. This increase was a growth of 3.9 percent over last year.

Education

Crow Wing County is served by eight school districts, ranging in enrollment from 750 to 6,800 students. The largest of these is Independent School District #181, serving Brainerd and surrounding communities. School District #181 has six elementary schools, a middle school, and a high school. Independent School District #181 is the largest employer in Crow Wing County, employing more than 1,500 professionals and support staff.

Brainerd also hosts the campus of Central Lakes College (CLC), a comprehensive community and technical college. CLC served 5,539 credit students and 3,156 non-credit student in their 2008-09 fiscal year. The college boasts state-of-the-art multimedia learning systems at its campus, and offers remote learning opportunities which allow students to study from home or to remotely attend classes at the college's partner schools.

In 2010, 44 establishments provided 2,388 jobs in the area of educational services. Educational jobs grew by 33 jobs. This makes up a 1.4 percent increase when compared to 2009 employment data.

Manufacturing

In 2010, 120 companies employed 2,227 people in a variety of manufacturing arenas, from plastics to precision machining and metal fabrication. This makes up a 4.5 percent increase when compared to 2009 employment data.

Construction

The construction industry is one of the largest industries in the region. In 2010, 295 area construction firms employed over 1,553 people. In 2010, construction saw a reduction of 42 jobs in Crow Wing County. This makes up a 2.6 percent reduction when compared to 2009 employment data.

Financial Services

The financial services industry is well represented in the region. In 2010, 212 firms provided 1,430 jobs. This makes up a 1.1 percent increase when compared to 2009 employment data. Workers in this industry are highly skilled and have substantial experience in office services and the management of pension funds. One of the area's largest financial services employers is Ascensus, which employs around 500 people in its Brainerd and Baxter offices.

Specialty Firms

The Brainerd Lakes area is also home to several specialized companies serving niche market needs. A few examples of these firms are as follows: Landis+Gyr Public Power Division, provider of information and control systems to utilities; US Link, a telecommunications firm; Riverwood International, a packaging systems provider; Nature Vision, creators of the Aqua-Vu underwater camera; and In Fisherman, providing programming and publications for the recreational fishing market.

Key population, labor force and employment trends

- The County's population changed from 55,312 residents in 2000 to 62,500 residents in 2010, the total population rank was 15th of 87 counties in Minnesota. Additionally, the 2000 to 2010 population growth rate of 13.4 percent ranked 12th in the state.
- The County's annual average labor force changed from 29,068 workers in 2000 to 32,728 workers in 2010; an increase of 12.6 percent.
- The County's average unemployment rate in 2010 is 8.9 percent. In 2010, the average state and national unemployment rates were 7.3 percent and 9.6 percent, respectively.
- Personal income of residents in Crow Wing County increased from \$1,951,189 in 2008 to \$1,966,323 in 2009, an increase of 0.8 percent. The 2008-2009 state and national personal income levels decreased 2.5 percent and 1.7 percent, respectively.
- In 2009, Crow Wing County had a per capita personal income (PCPI) of \$31,349. Crow Wing County's PCPI rank was 72nd of the 87 counties in the state. Crow Wing County was 74.9 percent of the state average of \$41,854, and 79.1 percent of the national average of \$39,635.
- The County's largest property tax payer in 2010 was Mills Properties Inc.. Ten years ago, Mills Properties Inc. was the largest taxpayer at that time also.
- The County's top ten tax payers in 2010 account for 2.75 percent of the total taxable net tax capacity. This is down from the top ten tax payers accounting for 6.37 percent of the total taxable net tax capacity in 2000.

Major Initiatives by Crow Wing County

The Crow Wing County government took action to reduce costs:

- In 2010, Crow Wing County was presented with significant budget challenges. Between 2008 and 2010, Crow Wing County reduced its staffing by 49.8 Full-Time Equivalents (FTEs), representing a workforce reduction of over 10 percent.
- Approved a levy decrease of (1.38 percent) for taxes payable 2011.

The Crow Wing County government had the following highlights in 2010:

- The County continues to create a park on the Milford Mine site that will serve as a memorial to the 41 miners who lost their lives in the 1924 mining disaster. The park will provide a place for visitors to experience the natural beauty of the site through passive recreational opportunities.
- Comprehensive update of the County's Land Use ordinance with an extensive public involvement process and including the adoption of performance-based zoning criteria.
- No State Board of Equalization changes were needed to the local market values assigned by the County Assessor for two years running.
- Compass-On-base paperless workflow process was installed in the Community Services Income Maintenance department.
- Four National and State awards received for the landfill gas remediation system.
- Combining the Auditor/Treasurer functions under one office; consolidation efforts are continuing.
- The Highway departments CSAH 20 reconstruction from North Arhens Hill to CSAH 49 received awards and recognition for providing a safe passage while minimizing environmental impacts around the Southern shoreline of Gilbert Lake.

Future Crow Wing County Plans:

Managing for Results

- Start a phased implementation of a Managing for Results performance management system, which tracks and measures County performance in key areas against pre-determined goals throughout 2011 and 2012. Organizational strategies are aligned to organizational goals. Organizational goals are cascaded through the departments, divisions, and individual employee goals to ensure alignment with organizational priorities. This project is designed to help inform the judgment of policy-makers to make the most informed judgment about where to spend limited resources and to focus on what needs the most attention. In order to take a balanced perspective, Crow Wing County's Managing for Results framework will be based on the Balanced Scorecard, a tool used since 1990 in the private sector, but now also growing in popularity in the public sector. The Balanced Scorecard is a framework that encourages a balanced look at organizational goals by ensuring they are aligned around four perspectives: Customer, Financial, Internal Processes, and Learning & Growth. This process will become an ongoing process, but it is expected to take approximately 2 years to institute county-wide. Future steps would be to include performance contracting with our vendors.

Intergovernmental Relations

- Convene neighboring governments to create innovative opportunities for cooperative service initiatives.

Demographic Change

- Address issues arising from continuing development and the growing County population.

Land Use

- Protect the County's water quality and environment, which are critical to the health of the Crow Wing County residents and its tourism industry.
- Address transportation issues facing the county.

Debt Administration

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the County's debt position for county management, citizens, and investors. The data for Crow Wing County at the end of the 2010 fiscal year was:

	<u>Amount</u>	<u>Debt per capita</u>
Gross direct bonded debt	\$46,075,000	\$737

The County has an 'AA' credit rating from Standard & Poor's.

Employee Labor Contracts

The twelve 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 Report.

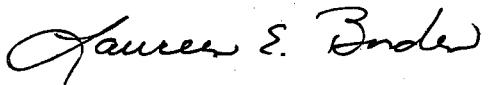
<u>Bargaining Unit</u>	<u>Term of Contract</u>	<u>Status of Contract</u>
AFSCME	2009-2011	Settled
Assistant County Attorney Association	2009-2011	Settled
LELS Local #14 Deputies	2010-2011	Settled
LELS Local #16 Dispatchers and Corr. Officers	2009-2011	Settled
IUOE Local #49 Facilities and Parks	2010-2011	Settled
IUOE Local #49 Highway	2010-2011	Settled
Minnesota Nurses Association	2009-2011	Settled
Organization of Non-Contract Employees	2009-2011	Settled
Teamsters Local #320 Social Services	2009-2011	Settled
Teamsters Local #346 Sheriff's Licensed Supervisory	2009-2011	Settled
Teamsters Local #346 Corrections and Dispatch Supervisory	2009-2011	Settled

All Contracts start January 1 and end December 31.

Acknowledgements

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

Respectfully submitted,

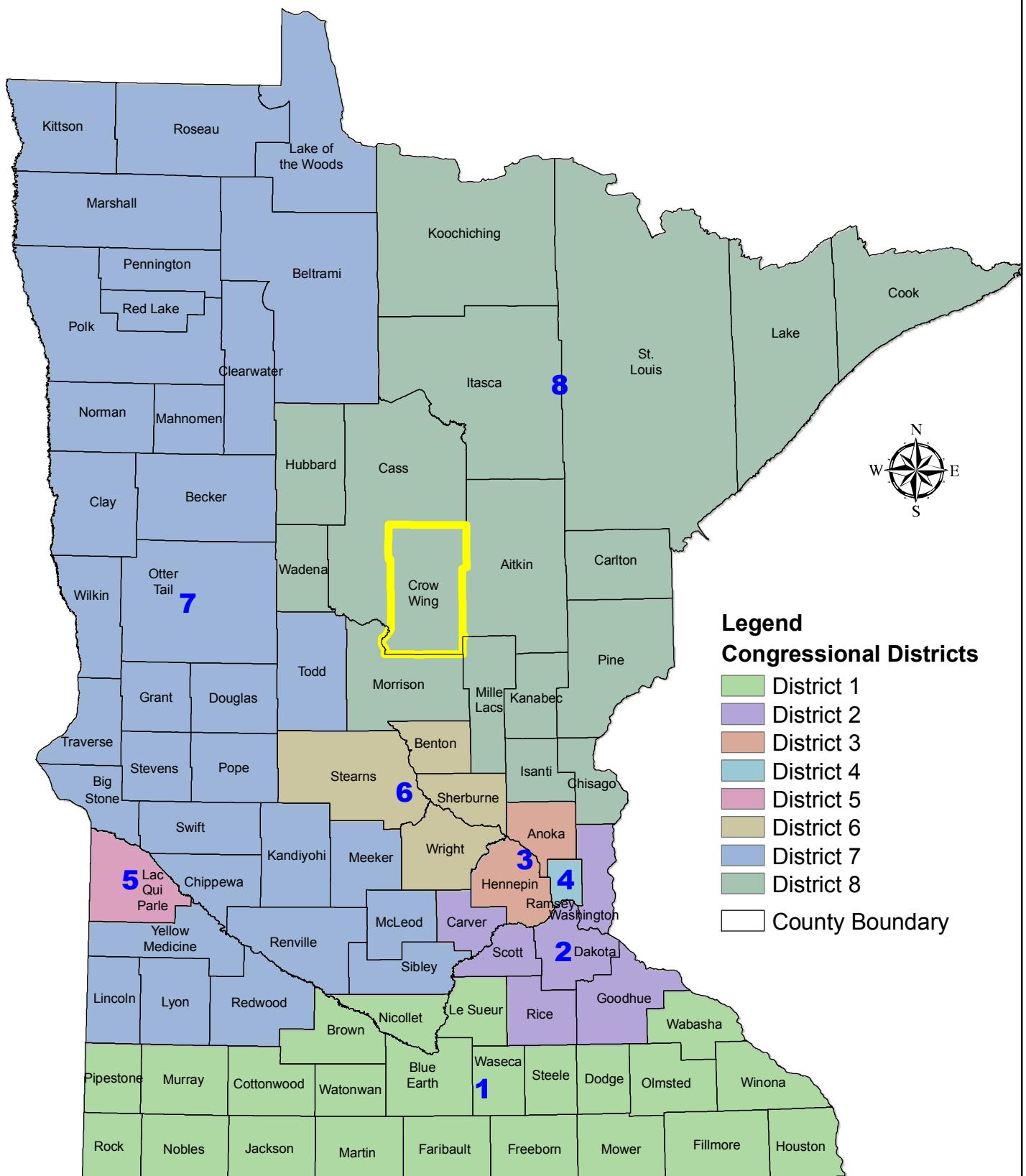


Laureen E. Borden
County Auditor-Treasurer



Michael J. Carlson
Accounting and Finance Manager

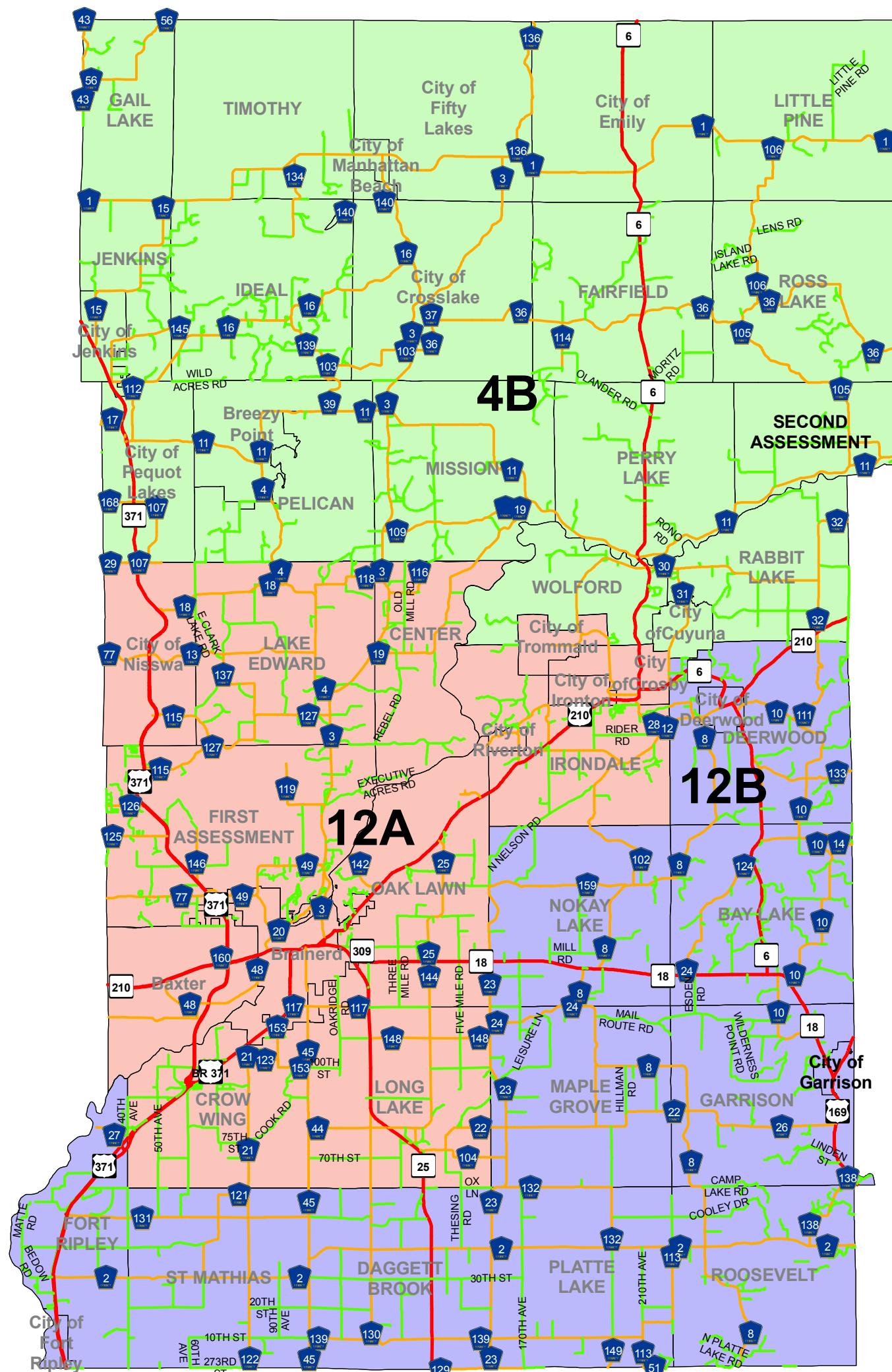
STATE OF MINNESOTA CONGRESSIONAL DISTRICTS



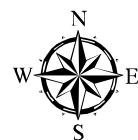
Crow Wing County

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Jan. 24th, 2008

CROW WING COUNTY LEGISLATIVE DISTRICTS



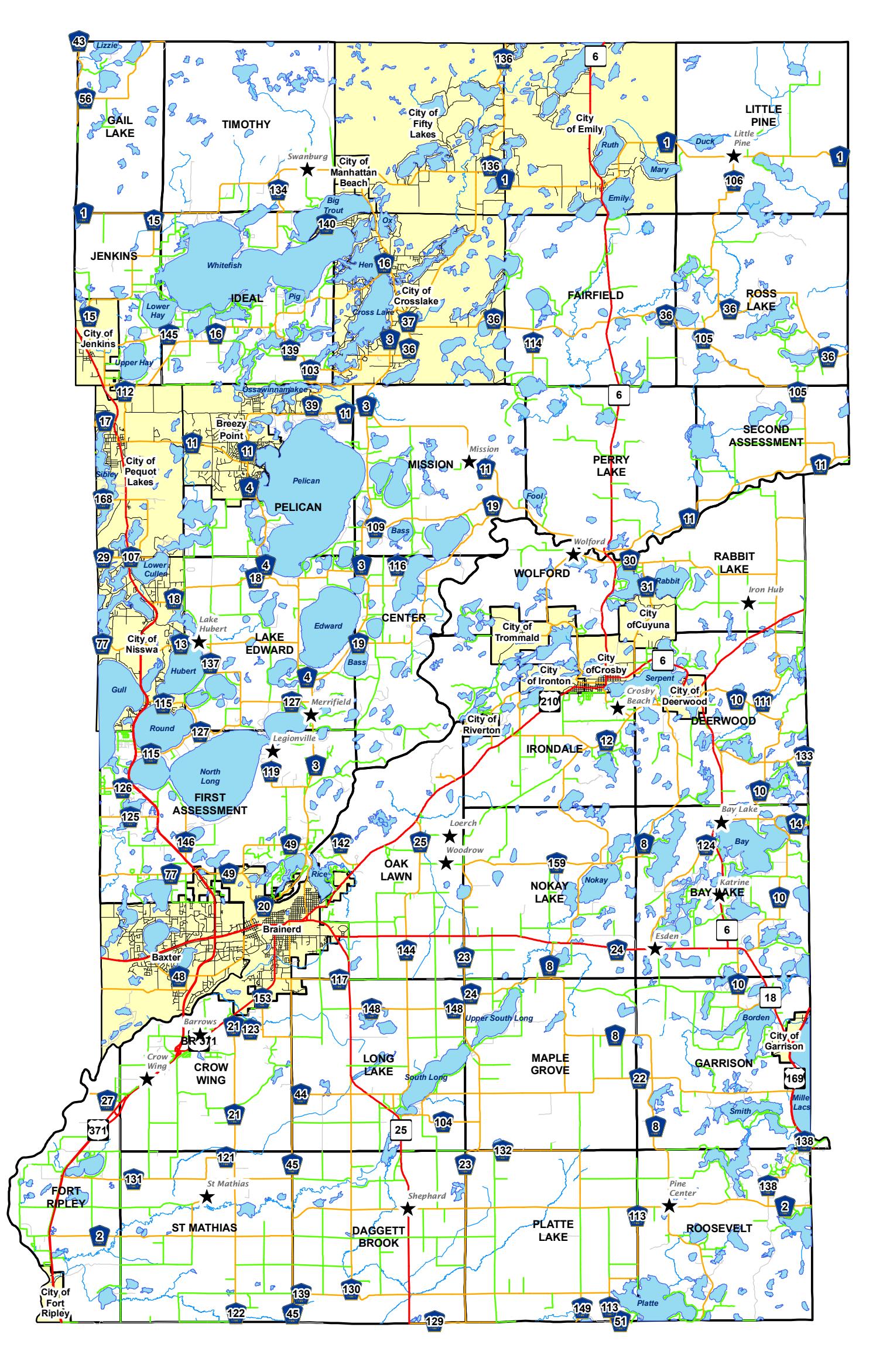
Crow Wing County



Legend

Legend

Road Type	Legislative District
US Highway	12A
State Highway	12B
County Road	4B
Township Road	Township/City Boundary



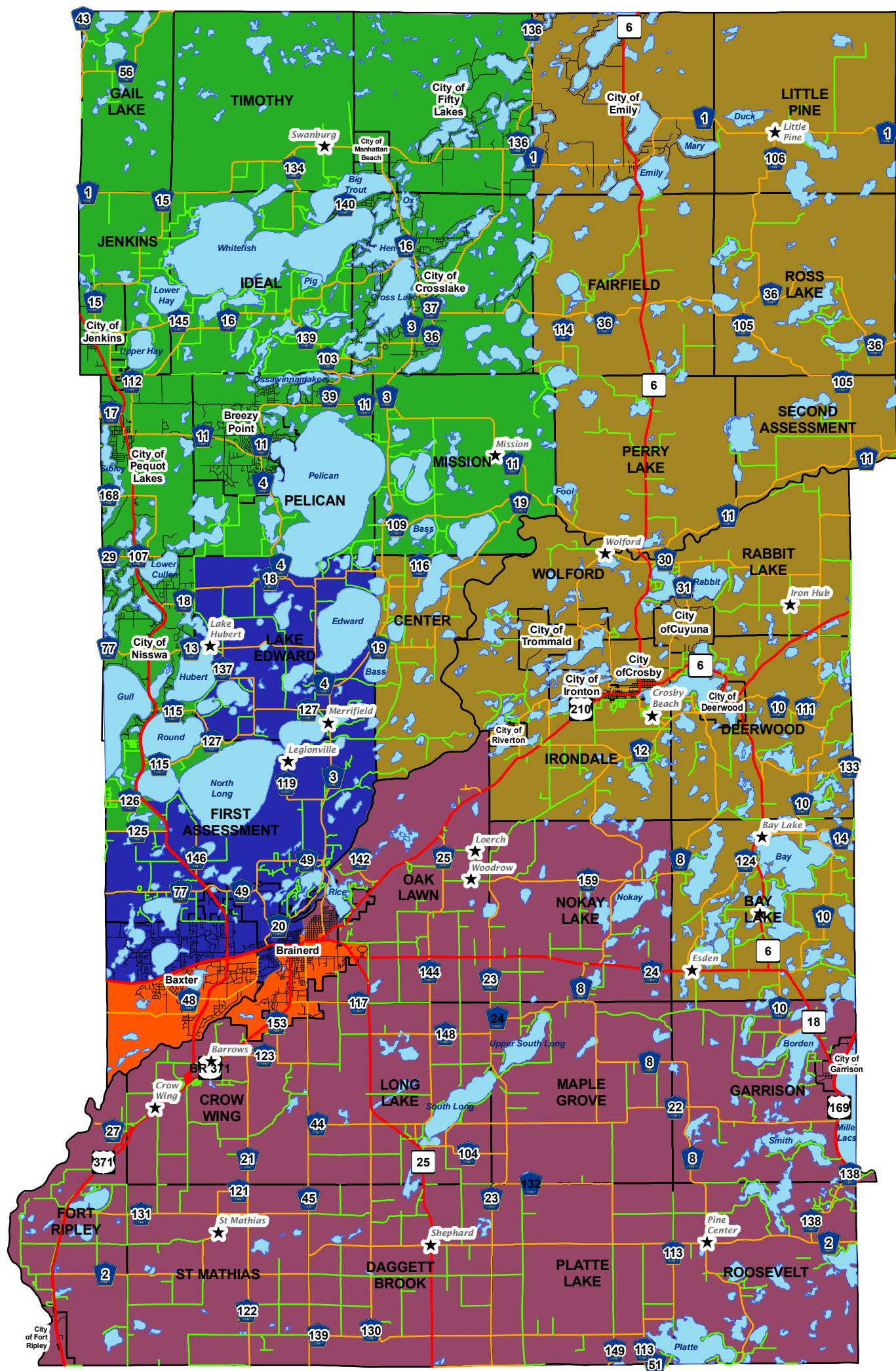
CROW WING COUNTY
BRAINERD, MN 56401

Crow Wing County Political Subdivisions



These data are provided on an "AS-IS" basis, without warranty of any type, expressed or implied, including but not limited to any warranty as to their performance, merchantability, or fitness for any particular purpose.

Crow Wing County Commissioner Districts



Legend		
Hwy Symbols	Commissioner District	Road Type
US Highway	1	US Highway
State Highway	2	State Highway
County Road	3	County Road
	4	Township Road
	5	City Road
		Township/City Boundary



CROW WING COUNTY
BRAINERD, MN 56401

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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**ORGANIZATION
2010**

Office	Name	Elected or Statutory Term Expires
County Board of Commissioners		
1st District	Philip Trusty*	January 2013
2nd District	Paul Thiede**	January 2015
3rd District	Rachel Reabe Nystrom	January 2015
4th District	Rosemary Franzen	January 2015
5th District	Doug Houge	January 2013
*Denotes 2010 Chair		
**Denotes 2011 Chair		
County Offices		
Elected		
Attorney	Donald F. Ryan	January 2015
Auditor-Treasurer	Laureen E. Borden	January 2015
Recorder	Kathy Ludenia	January 2015
Sheriff	Todd O. Dahl	January 2015
Appointed		
County Administrator	Timothy J. Houle	Indefinite
Land Services Supervisor - PVC	Gary Griffin	January 2014
Engineer	Tim Bray	May 2015
Examiner of Titles	Glen A. Gustafson	Indefinite
Land Services Supervisor - PLM	Kirk Titus	Indefinite
Veterans Service Officer	Robert M. Nelson	June 2011
Solid Waste Coordinator	Douglas R. Morris	Indefinite
Community Services Director	Beth Wilms	Indefinite



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Crow Wing County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Crow Wing County, Minnesota, as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Crow Wing County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Serpent Lake Sanitary Sewer District, which represent 81 percent, 81 percent, and 83 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Serpent Lake Sanitary Sewer District, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Serpent Lake Sanitary Sewer District were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Crow Wing County as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2011, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

August 12, 2011

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010
(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, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Crow Wing County exceeded its liabilities at the close of the most recent fiscal year by \$177,853,467 (net assets). Of this amount, \$49,618,917 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$12,344,250. This increase is a combination of additional capital assets and budget savings from operations. Most of the capital asset increase is from construction in progress related to unfinished road projects and the addition of completed projects.
- As of the close of the 2010 fiscal year, Crow Wing County's governmental funds reported combined ending fund balances of \$44,670,888, compared to \$41,579,966 reported at the close of the 2009 fiscal year. Approximately 71 percent of this amount, \$31,657,846, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$15,347,549, or 64 percent, of total General Fund expenditures, an increase of \$1,054,027 in comparison with the prior year.
- Crow Wing County's long-term debt decreased by \$1,987,624, or 3.6 percent, to \$53,942,862 during the current fiscal year. The decrease is a net result of the issuance of \$1,770,000 in General Obligation Bonds, refunding of the Airport Improvement Bonds, and annual principal payments. In addition, Crow Wing County recognized an increase in Net Other Post Employment Benefits Obligations in the amount of \$1,888,189, for a total obligation of \$6,761,070.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis 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 assets presents information on all of Crow Wing County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused paid-time-off and severance leave).

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

The government-wide financial statements include not only Crow Wing County itself (known as the primary government), but also a legally separate sewer district and housing and redevelopment authority for which Crow Wing County is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

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

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance 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 balance for the General Fund; Highway, Community Services, and Public Land Management Special Revenue Funds; and Debt Service Fund, all of which are considered to be major funds. Data from the other five special revenue nonmajor governmental funds, capital projects fund, and permanent fund are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Crow Wing County adopts an annual appropriated budget for its General Fund, certain special revenue funds, and the Debt Service Fund. A budgetary comparison schedule has been provided for the General Fund, the major special revenue funds, and the Debt Service Fund to demonstrate compliance with their budgets.

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

General Fund. The General Fund is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Funds. Special revenue governmental funds account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The special revenue funds include:

- Highway,
- Community Services,
- Public Land Management,

(Unaudited)

- SCORE,
- County Building,
- Unorganized Townships,
- Sanitary Management District, and
- Small Cities Development Program

Debt Service Fund. The Debt Service Fund accounts for the payment of principal, interest, and fiscal charges on long-term debt obligations of Crow Wing County.

Capital Projects Fund. The Capital Projects Fund is used as needed to track the use of equipment certificates and to track major construction projects.

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

Proprietary fund. Crow Wing County maintains one proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Crow Wing County uses an enterprise fund to account for its solid waste 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 Solid Waste Enterprise Fund, which is considered to be a major fund of Crow Wing County.

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 46 through 76 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 77 through 84. The combining statements referred to earlier in connection with nonmajor governmental funds are in the supplementary information section and follow the notes to the required supplementary information. Combining and individual fund statements can be found on pages 85 through 98 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Crow Wing County, assets exceeded liabilities by \$177,853,467 at the close of the most recent fiscal year, which is an increase of \$12,344,250 over 2009.

Capital assets, net of related debt, of \$115,061,754 (land, buildings, land improvements, infrastructure, construction in progress, and machinery and equipment, less any related debt used to acquire assets that is still outstanding) represents the largest portion of net assets (64.7 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

(Unaudited)

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 assets (7.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is \$49,618,917.

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 72,176,942	\$ 67,346,039	\$ 9,388,143	\$ 8,458,280	\$ 81,565,085	\$ 75,804,319
Capital assets	155,654,869	150,247,891	5,025,555	5,427,605	160,680,424	155,675,496
Total assets	<u>\$ 227,831,811</u>	<u>\$ 217,593,930</u>	<u>\$ 14,413,698</u>	<u>\$ 13,885,885</u>	<u>\$ 242,245,509</u>	<u>\$ 231,479,815</u>
Long-term liabilities						
outstanding	\$ 50,915,903	\$ 52,877,535	\$ 3,026,959	\$ 3,052,951	\$ 53,942,862	\$ 55,930,486
Other liabilities	10,310,126	9,842,784	139,054	197,328	10,449,180	10,040,112
Total liabilities	<u>\$ 61,226,029</u>	<u>\$ 62,720,319</u>	<u>\$ 3,166,013</u>	<u>\$ 3,250,279</u>	<u>\$ 64,392,042</u>	<u>\$ 65,970,598</u>
Net Assets						
Invested in capital assets, net of related debt	\$ 110,096,199	\$ 102,145,334	\$ 4,965,555	\$ 5,300,525	\$ 115,061,754	\$ 107,445,859
Restricted	13,172,796	17,449,360			13,172,796	17,449,360
Unrestricted	43,336,787	35,278,917	6,282,130	5,335,081	49,618,917	40,613,998
Total Net Assets	<u>\$ 166,605,782</u>	<u>\$ 154,873,611</u>	<u>\$ 11,247,685</u>	<u>\$ 10,635,606</u>	<u>\$ 177,853,467</u>	<u>\$ 165,509,217</u>

In 2010 and 2009, the County was able to report positive balances in all three categories of net assets, including the government as a whole, as well as for its separate governmental and business-type activities.

Crow Wing County's net assets increased \$12,344,250 over 2009. This increase is the result of many surpluses and deficits, but the primary change is an increase in capital assets of \$5,004,928 which includes a variety of County road construction projects, landfill projects, and equipment purchases.

Governmental Activities

Governmental activities increased Crow Wing County's net assets by \$11,732,171, thereby accounting for the majority of total growth in the net assets of Crow Wing County. A key element of this growth was the increase in capital assets of \$5,406,978. The majority of the increase in capital assets was construction in progress related to unfinished road projects and the addition of completed road projects.

Business-Type Activities

Business-type activities increased Crow Wing County's net assets by \$612,079.

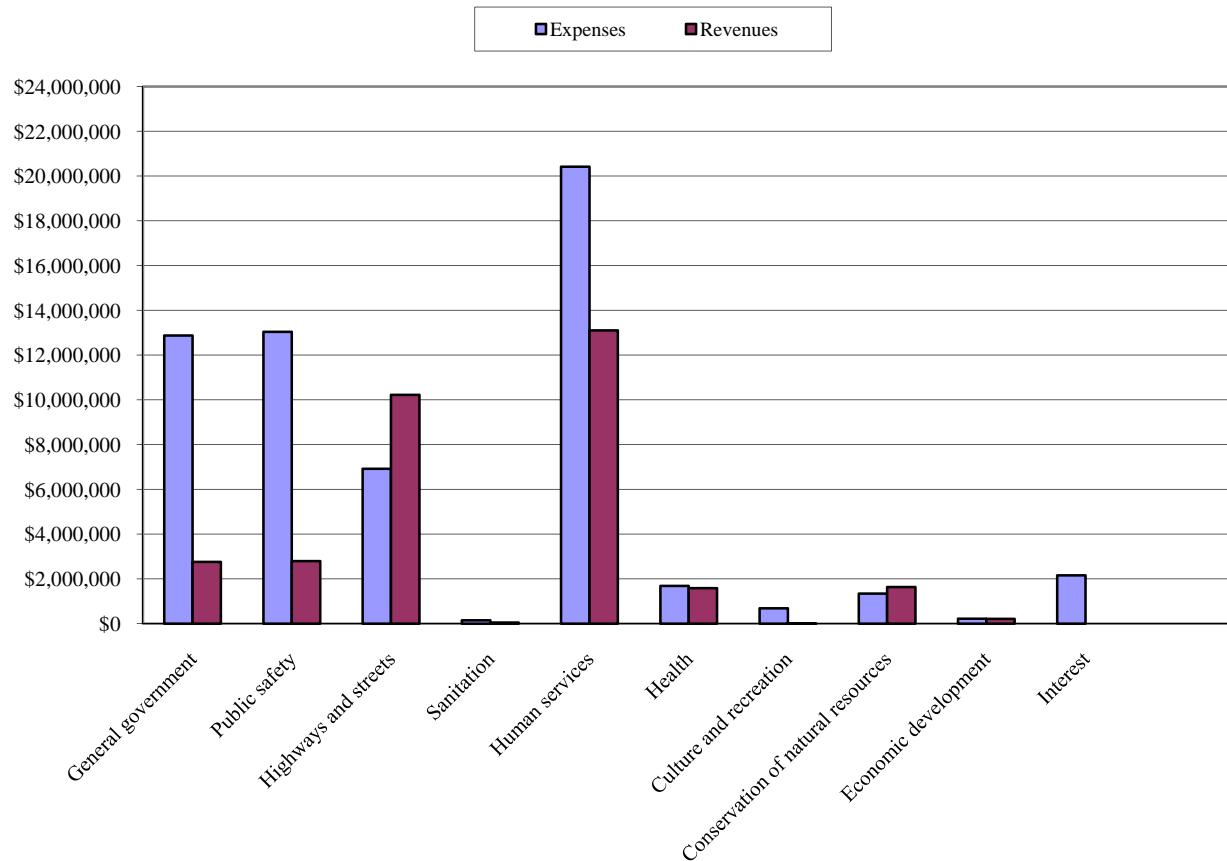
(Unaudited)

Changes in Net Assets

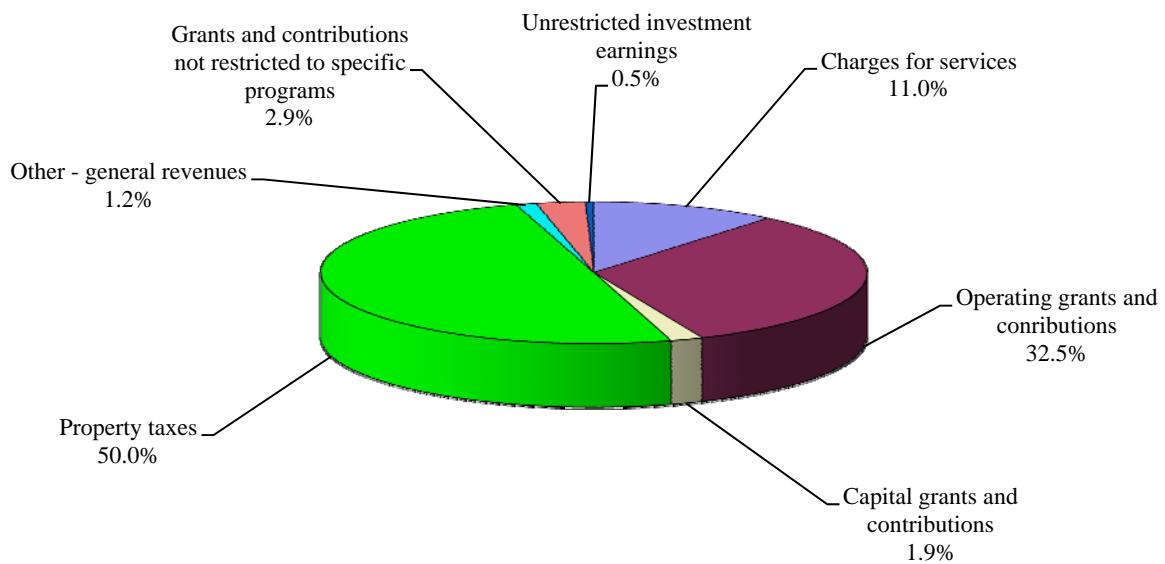
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues						
Charge for services	\$ 7,865,636	\$ 7,805,716	\$ 1,989,639	\$ 1,857,324	\$ 9,855,275	\$ 9,663,040
Operating grants and contributions	23,131,686	17,868,108	-	-	23,131,686	17,868,108
Capital grants and contributions	1,362,606	4,869,920	-	-	1,362,606	4,869,920
General revenues						
Property taxes	35,585,536	34,566,755	-	-	35,585,536	34,566,755
Mortgage registry and deed tax	71,796	79,515	-	-	71,796	79,515
Payments in lieu of tax	360,402	355,232	-	-	360,402	355,232
Grants and contributions not restricted to specific programs	2,065,541	3,170,952	595	595	2,066,136	3,171,547
Investment income	329,226	432,122	103,566	76,226	432,792	508,348
Miscellaneous	532,861	468,808	-	-	532,861	468,808
Gain on sale of capital assets	51,976	29,799	-	-	51,976	29,799
Transfers in (out)	(150,000)	48,895	150,000	(48,895)	-	-
Total Revenues	\$ 71,207,266	\$ 69,695,822	\$ 2,243,800	\$ 1,885,250	\$ 73,451,066	\$ 71,581,072
Expenses						
General government	\$ 12,871,344	\$ 13,248,631	\$ -	\$ -	\$ 12,871,344	\$ 13,248,631
Public safety	13,036,830	13,306,812	-	-	13,036,830	13,306,812
Highways and streets	6,919,926	6,931,810	-	-	6,919,926	6,931,810
Sanitation	147,328	137,056	-	-	147,328	137,056
Human services	20,416,383	20,835,333	-	-	20,416,383	20,835,333
Health	1,684,246	1,684,446	-	-	1,684,246	1,684,446
Culture and recreation	684,631	634,334	-	-	684,631	634,334
Conservation of natural resources	1,342,948	1,579,069	-	-	1,342,948	1,579,069
Economic development	217,807	115,240	-	-	217,807	115,240
Interest	2,153,652	2,313,711	-	-	2,153,652	2,313,711
Operating expenses - solid waste	-	-	1,631,721	2,263,577	1,631,721	2,263,577
Total Expenses	\$ 59,475,095	\$ 60,786,442	\$ 1,631,721	\$ 2,263,577	\$ 61,106,816	\$ 63,050,019
Increase (Decrease) in Net Assets						
Assets	\$ 11,732,171	\$ 8,909,380	\$ 612,079	\$ (378,327)	\$ 12,344,250	\$ 8,531,053
Net Assets - January 1	154,873,611	145,964,231	10,635,606	11,013,933	165,509,217	156,978,164
Net Assets - December 31	\$ 166,605,782	\$ 154,873,611	\$ 11,247,685	\$ 10,635,606	\$ 177,853,467	\$ 165,509,217

(Unaudited)

Expenses and Program Revenues - Governmental Activities



Revenue by Sources - 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, unreserved, undesignated fund balance 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 current fiscal year, Crow Wing County's governmental funds reported combined ending fund balances of \$44,670,888, an increase of \$3,090,922 in comparison with the prior year. Of this total amount, \$31,657,846 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved, indicating that it is not available for new spending because it has already been committed for specific purposes. Most of the reserved fund balance is due to reserve for debt service \$5,950,965; SCORE \$2,107,147 and environmental uses \$1,846,499.

The General Fund is the chief operating fund of Crow Wing County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$15,347,549, while the total fund balance was \$17,830,036. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, fund balance represents 64 percent of the total General Fund expenditures, while total fund balance represents 74 percent of that same amount.

The fund balance of Crow Wing County's General Fund increased \$1,228,449 in comparison to 2009. This change is primarily due to an additional property tax levy for the 800 MHZ project of \$500,000. The expenditures for the General Fund decreased \$2,256,625; this is a reduction of 8.6 percent from the previous year. Most of the reduction is due to Health and Veteran's services being moved to the Community Services fund. Revenues from investment earnings continue to be less than previous years due to the significant decrease in interest rates.

The Highway Special Revenue Fund had a total fund balance of \$1,963,589 at the end of the current fiscal year. The fund balance of the Highway Special Revenue Fund increased by \$947,192 during the current fiscal year. This increase in fund balance is a result of saving for future projects.

The Community Services Special Revenue Fund had a total fund balance of \$9,505,603 at the end of the current fiscal year. The fund balance of the Community Services Special Revenue Fund increased by \$220,528 during the current fiscal year. This change is due to increased revenues from reimbursement for services and decreased expenditures.

The Public Land Management Special Revenue Fund had a total fund balance of \$406,608 at the end of the current fiscal year. The fund balance of the Public Land Management Special Revenue Fund increased by \$28,880 during the current fiscal year.

The Debt Service Fund total fund balance of \$5,950,965 is reserved for the payment of debt service. The fund balance of the Debt Service Fund increased by \$182,932 during the current fiscal year.

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 Solid Waste 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.

(Unaudited)

In early 2010, the State of Minnesota released a biennium shortfall estimated at \$5.77 billion. The Crow Wing County Board began a 2010 budget amendment exercise to reduce our reliance on the state aids and credits in our budget.

On June 22, 2010, the Crow Wing County Board of Commissioners approved a \$1,656,573 budget amendment to the 2010 budget. Crow Wing County is committed to operating with a structurally balanced budget thus requiring a proactive measure by the Board in anticipation of further reductions to aids and credits by the State.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Crow Wing County's investment in capital assets for its government and business-type activities as of December 31, 2010, amounts to \$160,680,424 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. The total increase in Crow Wing County's investment in capital assets for the current fiscal year was 3.2 percent.

Major capital asset events during 2010 included a variety of new County road construction projects that were started and the completion of our Law Enforcement Technology system.

Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 3,443,391	\$ 3,386,162	\$ 412,334	\$ 412,334	\$ 3,855,725	\$ 3,798,496
Construction in progress	14,248,315	10,051,018	1,332,005	1,237,800	15,580,320	11,288,818
Infrastructure -						
right-of-way	2,946,253	2,453,613	-	-	2,946,253	2,453,613
Buildings	55,780,935	57,398,995	597,470	622,455	56,378,405	58,021,450
Land improvements	1,711,567	1,827,004	6,075	6,075	1,717,642	1,833,079
Machinery, furniture, and equipment	5,480,404	4,861,098	90,585	112,808	5,570,989	4,973,906
Infrastructure	72,044,004	70,270,001	-	-	72,044,004	70,270,001
Landfill	-	-	2,587,086	3,036,133	2,587,086	3,036,133
Total	\$ 155,654,869	\$ 150,247,891	\$ 5,025,555	\$ 5,427,605	\$ 160,680,424	\$ 155,675,496

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 2010, Crow Wing County had total bonded debt outstanding of \$47,370,850. This is a decrease of \$3,660,950 from the prior year. In 2010, General Obligation Bonds were issued in the amount of \$1,770,000. This bonding was for refunding the General Obligation Airport Improvement Bonds, Series 2002A. Current and future County tax levies are used to finance the entire bonded indebtedness.

Crow Wing County maintains an "AA" rating from Standard and Poor's for general obligation debt.

(Unaudited)

Outstanding Debt

General Obligation and Capital Lease

	Governmental Activities	
	2010	2009
General obligation bonds	\$ 46,075,000	\$ 49,675,000
Capital lease	1,295,850	1,356,800
Total	\$ 47,370,850	\$ 51,031,800

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 2010 debt limitation for Crow Wing County is \$360,541,272, 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.5 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2011 budget, tax rates, and fees that will be charged for the business-type activities.

- The County's total taxable net tax capacity decreased by 7.0 percent in 2011.
- 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 2011 is 29.785 percent which ranks fourth lowest of eighty-seven counties.
- On December 14, 2010, the Crow Wing County Board of Commissioners approved the 2011 budget for \$69,369,334, related to the County's Governmental Funds. The 2011 total levy is \$35,721,696, which is a decrease of \$500,000 compared to the 2010 levy of \$36,221,696. The 2011 budget includes a 1.4 percent overall property tax levy decrease.
- Crow Wing County continues to be concerned about the State's fiscal outlook moving forward. Crow Wing County once again will be unsure of future funding for many of our programs in Public safety, Community Services and Highway functions.
- Crow Wing County will continue to budget in 2012 for County Program Aid or Market Value Credits in a capital improvement plan fund. If these funds are received from the State they will be used to finance our capital improvement plan.

INDEPENDENT AUDIT

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

REQUESTS FOR INFORMATION

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

(Unaudited)

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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Cash and pooled investments	\$ 44,845,289	\$ 4,632,384	\$ 49,477,673	\$ 668,875
Petty cash and change funds	2,760	-	2,760	-
Investments	17,741	-	17,741	-
Taxes receivable - delinquent	2,010,850	-	2,010,850	3,018
Accounts receivable - net	226,560	91,549	318,109	34,708
Accrued interest receivable	60,805	-	60,805	59,314
Contracts receivable	276,736	-	276,736	-
Due from other governments	2,672,640	-	2,672,640	-
Loans receivable	327,784	-	327,784	360,179
Inventories	625,944	-	625,944	-
Prepaid items	373,896	-	373,896	-
Restricted assets				
Cash and pooled investments	-	4,664,210	4,664,210	1,029,686
Advance to other governments	15,000	-	15,000	-
Deferred charges	123,173	-	123,173	-
Investment in joint venture	20,597,764	-	20,597,764	-
Capital assets				
Non-depreciable	20,637,959	1,744,339	22,382,298	36,678
Depreciable - net of accumulated depreciation	135,016,910	3,281,216	138,298,126	2,717,933
Total Assets	\$ 227,831,811	\$ 14,413,698	\$ 242,245,509	\$ 4,910,391

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

	Primary Government					Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total				
<u>Liabilities</u>							
Accounts payable	\$ 1,168,922	\$ 52,979	\$ 1,221,901	\$ 10,860			
Salaries payable	775,099	2,280	777,379				-
Accrued payroll taxes	116,410	334	116,744				-
Other accrued liabilities	-	-	-				3,226
Contracts payable	83,175	60,000	143,175				-
Retainage payable	157,254	-	157,254				-
Due to other governments	570,759	-	570,759				-
Accrued interest payable	858,500	-	858,500				-
Claims payable	51,345	-	51,345				-
Unearned revenue	327,784	-	327,784				-
Customer deposits	86,000	-	86,000				-
Long-term liabilities							
Due within one year	6,114,878	23,461	6,138,339				4,757
Due in more than one year	50,915,903	3,026,959	53,942,862				-
Total Liabilities	\$ 61,226,029	\$ 3,166,013	\$ 64,392,042				\$ 18,843
<u>Net Assets</u>							
Invested in capital assets - net of related debt	\$ 110,096,199	\$ 4,965,555	\$ 115,061,754	\$ 2,754,611			
Restricted for							
General government	1,318,883	-	1,318,883				-
Public safety	575,087	-	575,087				-
Highways and streets	625,944	-	625,944				-
Culture and recreation	601,764	-	601,764				-
Conservation of natural resources	2,107,147	-	2,107,147				-
Environmental uses - expendable	146,507	-	146,507				-
Environmental uses - nonexpendable	1,846,499	-	1,846,499				-
Debt service	5,950,965	-	5,950,965				-
Unrestricted	43,336,787	6,282,130	49,618,917				2,136,937
Total Net Assets	\$ 166,605,782	\$ 11,247,685	\$ 177,853,467				\$ 4,891,548

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, 2010**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Charges, Fines, and Other</u>	<u>Operating Grants and Contributions</u>	
<u>Functions/Programs</u>				
Primary government				
Governmental activities				
General government	\$ 12,871,344	\$ 1,858,545	\$ 434,832	
Public safety	13,036,830	1,927,995	867,771	
Highways and streets	6,919,926	496,205	8,825,563	
Sanitation	147,328	-	47,548	
Human services	20,416,383	1,647,435	11,453,554	
Health	1,684,246	471,753	1,115,310	
Culture and recreation	684,631	-	2,796	
Conservation of natural resources	1,342,948	1,461,012	176,303	
Economic development	217,807	2,691	208,009	
Interest	2,153,652	-	-	
Total governmental activities	\$ 59,475,095	\$ 7,865,636	\$ 23,131,686	
Business-type activities				
Solid waste	1,631,721	1,989,639	-	
Total Primary Government	\$ 61,106,816	\$ 9,855,275	\$ 23,131,686	
Component Unit				
Housing and Redevelopment Authority	\$ 34,174	\$ 780	\$ -	
Serpent Lake Sanitary Sewer District	415,306	404,903	-	
Total Component Units	\$ 449,480	\$ 405,683	\$ -	
General Revenues and Other Items				
Property taxes				
Mortgage registry and deed tax				
Payments in lieu of tax				
Grants and contributions not restricted to specific programs				
Investment income				
Miscellaneous				
Gain on sale of capital assets				
Transfers				
Total general revenues and other items				
Change in net assets				
Net Assets - Beginning				
Net Assets - Ending				

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>
<u>Assets</u>			
Cash and pooled investments	\$ 18,427,914	\$ 1,782,714	\$ 8,893,245
Petty cash and change funds	2,660	-	-
Investments	17,741	-	-
Taxes receivable - delinquent	1,002,831	206,255	435,890
Accounts receivable	69,361	-	139,011
Accrued interest receivable	48,614	-	-
Due from other funds	163,344	102,358	-
Contracts receivable	-	-	-
Due from other governments	161,765	774,572	1,719,403
Loans receivable	-	-	-
Inventories	-	625,944	-
Prepaid items	373,896	-	-
Advances to other governments	<u>15,000</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 20,283,126</u>	<u>\$ 3,491,843</u>	<u>\$ 11,187,549</u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 402,121	\$ 271,657	\$ 479,030
Salaries payable	374,210	124,691	269,275
Accrued payroll taxes	57,670	18,268	39,458
Claims payable	51,345	-	-
Contracts payable	-	14,283	-
Retainage payable	-	157,254	-
Due to other funds	67,845	-	13,534
Due to other governments	349,331	21,524	71,544
Deferred revenue - unavailable	1,064,568	920,577	809,105
Deferred revenue - unearned	-	-	-
Customer deposits	<u>86,000</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 2,453,090</u>	<u>\$ 1,528,254</u>	<u>\$ 1,681,946</u>

Public Land Management	Debt Service	Nonmajor Funds	Total
\$ 861,731	\$ 5,951,396	\$ 8,928,289	\$ 44,845,289
100	-	-	2,760
-	-	-	17,741
-	334,744	31,130	2,010,850
-	-	18,188	226,560
-	-	12,191	60,805
-	-	120,685	386,387
276,736	-	-	276,736
-	-	16,900	2,672,640
-	-	327,784	327,784
-	-	-	625,944
-	-	-	373,896
-	-	-	15,000
\$ 1,138,567	\$ 6,286,140	\$ 9,455,167	\$ 51,842,392
\$ 791	\$ 431	\$ 14,892	\$ 1,168,922
5,908	-	1,015	775,099
865	-	149	116,410
-	-	-	51,345
35,625	-	33,267	83,175
-	-	-	157,254
283,674	-	21,334	386,387
128,360	-	-	570,759
276,736	334,744	42,639	3,448,369
-	-	327,784	327,784
-	-	-	86,000
\$ 731,959	\$ 335,175	\$ 441,080	\$ 7,171,504

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	General	Highway	Community Services
Fund Balances			
Reserved for			
Inventories	\$ -	\$ 625,944	\$ -
Debt service	- -	- -	- -
Advances to other governments	15,000	- -	- -
Drug court	2,519	- -	- -
Missing heirs	53,219	- -	- -
Law library	7,814	- -	- -
Attorney's forfeited property	41,756	- -	- -
Children's trust	7,073	- -	- -
Recorder's technology equipment	926,830	- -	- -
Recorder's unallocated land based	230,954	- -	- -
Elections grant	43	- -	- -
Enhanced 911	475,071	- -	- -
Sheriff's contingency	5,000	- -	- -
Sheriff's forfeited property	9,610	- -	- -
DUI assessment	39,780	- -	- -
Tobacco compliance	17,379	- -	- -
Environmental uses	- -	- -	- -
Parks	601,764	- -	- -
SCORE	- -	- -	- -
Water plan	48,675	- -	- -
Unreserved			
Designated for county grant	17,265	- -	- -
Designated for information systems	91,867	- -	- -
Designated for human rights commission	660	- -	- -
Designated for other post employment benefits	1,000,000	- -	- -
Designated for technology expenditures	77,779	- -	57,904
Designated for cash flows	9,844,244	1,337,645	5,415,674
Designated for dive team	6,930	- -	- -
Designated for K-9 unit	38	- -	- -
Designated for mounted patrol	6,219	- -	- -
Designated for lakes area drug investigation	28,247	- -	- -
Designated for rifle range	3,452	- -	- -
Designated for bomb squad	92,746	- -	- -
Designated for triad	787	- -	- -
Designated for 800 MHZ	2,457,099	- -	- -
Designated for veteran's service van	6,820	- -	- -
Designated for MN estate recoveries	- -	- -	1,084,184
Undesignated	1,713,396	- -	2,947,841
Unreserved, reported in nonmajor			
Special revenue funds	- -	- -	- -
Capital projects fund	- -	- -	- -
Permanent fund	- -	- -	- -
Total Fund Balances	\$ 17,830,036	\$ 1,963,589	\$ 9,505,603
Total Liabilities and Fund Balances	\$ 20,283,126	\$ 3,491,843	\$ 11,187,549

Public Land Management	Debt Service	Nonmajor Funds	Total
\$ -	\$ -	\$ -	\$ 625,944
			5,950,965
-	-	-	15,000
-	-	-	2,519
-	-	-	53,219
-	-	-	7,814
-	-	-	41,756
-	-	-	7,073
-	-	-	926,830
-	-	-	230,954
-	-	-	43
-	-	-	475,071
-	-	-	5,000
-	-	-	9,610
-	-	-	39,780
-	-	-	17,379
-	-	1,846,499	1,846,499
-	-	-	601,764
-	-	2,107,147	2,107,147
-	-	-	48,675
			17,265
-	-	-	91,867
-	-	-	660
-	-	-	1,000,000
-	-	-	135,683
-	-	-	16,597,563
-	-	-	6,930
-	-	-	38
-	-	-	6,219
-	-	-	28,247
-	-	-	3,452
-	-	-	92,746
-	-	-	787
-	-	-	2,457,099
-	-	-	6,820
-	-	-	1,084,184
406,608	-	-	5,067,845
-	-	4,227,544	4,227,544
-	-	686,390	686,390
-	-	146,507	146,507
\$ 406,608	\$ 5,950,965	\$ 9,014,087	\$ 44,670,888
\$ 1,138,567	\$ 6,286,140	\$ 9,455,167	\$ 51,842,392

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2010**

Fund balance - total governmental funds	\$ 44,670,888
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Amounts reported for governmental activities in the statement of net assets 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.	155,654,869
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Investment in joint venture is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.	20,597,764
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	3,448,369
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
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General obligation bonds	\$ (46,075,000)
Discount on bonds issued	127,633
Premium on bonds issued	(297,694)
Deferred debt issuance charges	123,173
Accrued interest payable	(858,500)
Net OPEB obligation	(6,761,070)
Compensated absences	(2,728,800)
Capital leases payable	(1,295,850) (57,766,108)
Net assets of governmental activities	\$ 166,605,782

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 BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>
Revenues			
Taxes	\$ 17,808,967	\$ 3,738,702	\$ 7,741,523
Special assessments	-	-	-
Licenses and permits	408,883	-	-
Intergovernmental	2,957,772	10,078,272	12,712,814
Charges for services	3,124,025	639,415	1,383,834
Fines and forfeits	48,453	-	-
Gifts and contributions	15,701	-	11,500
Investment earnings	338,891	-	-
Sales	-	-	-
Miscellaneous	1,333,175	138,705	916,337
Total Revenues	\$ 26,035,867	\$ 14,595,094	\$ 22,766,008
Expenditures			
Current			
General government	\$ 11,418,079	\$ -	\$ -
Public safety	11,607,589	-	-
Highways and streets	-	13,187,379	-
Sanitation	-	-	-
Human services	-	-	20,561,887
Health	-	-	1,768,773
Culture and recreation	894,537	-	-
Conservation of natural resources	196,882	-	-
Economic development	-	-	-
Capital outlay	-	303,523	-
Intergovernmental			
Debt service			
Principal	-	60,950	-
Interest	-	56,367	-
Bond issuance costs	-	-	-
Administrative charges	-	-	-
Total Expenditures	\$ 24,117,087	\$ 13,608,219	\$ 22,330,660
Excess of Revenues Over (Under) Expenditures	\$ 1,918,780	\$ 986,875	\$ 435,348
Other Financing Sources (Uses)			
Transfers in	\$ 62,919	\$ 166,092	\$ 206,814
Transfers out	(797,540)	(93,482)	(421,634)
Discount on bonds	-	-	-
Refunding bonds issued	-	-	-
Proceeds from the sale of capital assets	44,290	7,686	-
Total Other Financing Sources (Uses)	\$ (690,331)	\$ 80,296	\$ (214,820)
Net Change in Fund Balance	\$ 1,228,449	\$ 1,067,171	\$ 220,528
Fund Balance - January 1	16,601,587	1,016,397	9,285,075
Increase (decrease) in reserved for inventories	-	(119,979)	-
Fund Balance - December 31	\$ 17,830,036	\$ 1,963,589	\$ 9,505,603

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

Public Land Management	Debt Service	Nonmajor Funds	Total
\$ -	\$ 5,606,786	\$ 745,826	\$ 35,641,804
-	-	594,613	594,613
772,588	-	-	1,181,471
77,492	327,524	474,919	26,628,793
80	-	265,985	5,413,339
-	-	-	48,453
-	-	-	27,201
20,466	-	82,520	441,877
161,048	-	-	161,048
8,436	-	315,903	2,712,556
\$ 1,040,110	\$ 5,934,310	\$ 2,479,766	\$ 72,851,155
\$ 402,283	\$ -	\$ 182,976	\$ 12,003,338
-	-	165,466	11,773,055
-	-	233,454	13,420,833
-	-	116,827	116,827
-	-	-	20,561,887
-	-	-	1,768,773
-	-	-	894,537
608,947	-	854,334	1,660,163
-	-	217,807	217,807
-	-	885,952	885,952
-	-	-	303,523
-	5,370,000	-	5,430,950
-	2,174,254	-	2,230,621
-	22,860	-	22,860
-	5,175	-	5,175
\$ 1,011,230	\$ 7,572,289	\$ 2,656,816	\$ 71,296,301
\$ 28,880	\$ (1,637,979)	\$ (177,050)	\$ 1,554,854
\$ -	\$ 206,552	\$ 920,169	\$ 1,562,546
-	(139,712)	(260,178)	(1,712,546)
-	(15,929)	-	(15,929)
-	1,770,000	-	1,770,000
-	-	-	51,976
\$ -	\$ 1,820,911	\$ 659,991	\$ 1,656,047
\$ 28,880	\$ 182,932	\$ 482,941	\$ 3,210,901
377,728	5,768,033	8,531,146	41,579,966
-	-	-	(119,979)
\$ 406,608	\$ 5,950,965	\$ 9,014,087	\$ 44,670,888

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

**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, 2010**

Net change in fund balances - total governmental funds	\$ 3,210,901
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Amounts reported for governmental activities in the statement of activities are different because:

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

Deferred revenue - December 31	\$ 3,448,369
Deferred revenue - January 1	<u>3,625,306</u>
	(176,937)

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 assets differs from the change in fund balance by the net book value of the assets sold.

Expenditures for general capital assets and infrastructure	\$ 10,388,782
Net book value of assets sold	(5,837)
Current year depreciation	<u>(4,975,967)</u>
	5,406,978

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 assets. Also, governmental funds report the net effect of issuance costs, premiums, 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.

Proceeds of new debt	
General obligation refunding bonds issued	\$ (1,770,000)
Discounts on bonds issued	15,929
Bond issuance costs	22,860
Principal repayments	5,370,000
General obligation bonds	60,950
Capital leases	11,615
Amortization of discount on bonds and issuance costs	<u>11,615</u>
	3,711,354

Increase in joint venture does not provide current financial resources and is not reported as revenue in the funds.	1,395,246
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	\$ 70,529
Change in compensated absences	122,268
Change in inventories	(119,979)
Change in net OPEB obligation	<u>(1,888,189)</u>
Change in net assets of governmental activities	<u>\$ 11,732,171</u>

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF NET ASSETS
SOLID WASTE ENTERPRISE FUND
DECEMBER 31, 2010**

Assets

Current assets	
Cash and pooled investments	\$ 4,632,384
Accounts receivable - net	<u>91,549</u>
Total current assets	<u>\$ 4,723,933</u>
Restricted assets	
Cash and pooled investments	\$ 4,664,210
Noncurrent assets	
Capital assets	\$ 1,744,339
Nondepreciable	<u>3,281,216</u>
Depreciable - net	<u>3,281,216</u>
Total noncurrent assets	<u>\$ 5,025,555</u>
Total Assets	<u>\$ 14,413,698</u>

Liabilities/Net Assets

Current liabilities	
Accounts payable	\$ 52,979
Salaries payable	2,280
Accrued payroll taxes	334
Compensated absences payable - current	23,461
Contracts payable	<u>60,000</u>
Total current liabilities	<u>\$ 139,054</u>
Noncurrent liabilities	
Compensated absences payable - long-term	\$ 2,607
Estimated liability for landfill closure/postclosure	<u>3,024,352</u>
Total noncurrent liabilities	<u>\$ 3,026,959</u>
Total Liabilities	<u>\$ 3,166,013</u>
Net Assets	
Invested in capital assets - net of related debt	\$ 4,965,555
Unrestricted	<u>6,282,130</u>
Total Net Assets	<u>\$ 11,247,685</u>

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
SOLID WASTE ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

Operating Revenues	
Charges for services	\$ 1,987,082
Licenses and permits	<u>1,900</u>
Total Operating Revenues	<u>\$ 1,989,639</u>
Operating Expenses	
Personal services	\$ 81,189
Employee benefits and payroll taxes	28,685
Professional services	109,909
Contracted services	471,102
Claims paid	61,551
Supplies	59,492
Telephone	664
Utilities	44,291
Fuel	483
Advertising	10,570
Staff training	145
Licenses and dues	2,150
Postage	4,966
Rent and leased equipment	2,640
Engineering costs	283,869
Depreciation	496,255
Landfill closure and postclosure costs	<u>(26,240)</u>
Total Operating Expenses	<u>\$ 1,631,721</u>
Operating Income (Loss)	<u>\$ 357,918</u>
Nonoperating Revenues (Expenses)	
Intergovernmental	\$ 595
Interest income	<u>103,566</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 104,161</u>
Income (Loss) Before Contributions and Transfers	<u>\$ 462,079</u>
Transfers in	243,330
Transfers out	<u>(93,330)</u>
Change in net assets	<u>\$ 612,079</u>
Net Assets - January 1	<u>\$ 10,635,606</u>
Net Assets - December 31	<u>\$ 11,247,685</u>

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF CASH FLOWS
SOLID WASTE ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**
Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Receipts from customers and users	\$ 1,989,672
Payments to suppliers	(1,045,826)
Payments to employees	<u>(106,826)</u>
Net cash provided by (used in) operating activities	\$ 837,020

Cash Flows from Noncapital Financing Activities

Intergovernmental	\$ 595
Transfers in	<u>150,000</u>
Net cash provided by (used in) noncapital financing activities	\$ 150,595

Cash Flows from Capital and Related Financing Activities

Purchases of capital assets	\$ (161,285)
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Cash Flows from Investing Activities

Investment earnings received	\$ 103,566
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Net Increase (Decrease) in Cash and Cash Equivalents	\$ 929,896
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Cash and Cash Equivalents at January 1

	<u>8,366,698</u>
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Cash and Cash Equivalents at December 31

	<u>\$ 9,296,594</u>
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Cash and Cash Equivalents - Statement of Net Assets

Cash and pooled investments	\$ 4,632,384
Restricted cash and pooled investments	<u>4,664,210</u>

Total Cash and Cash Equivalents	<u>\$ 9,296,594</u>
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The notes to the financial statements are an integral part of this statement.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF CASH FLOWS
SOLID WASTE ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**
Increase (Decrease) in Cash and Cash Equivalents

Reconciliation of Operating Income (Loss) to Net

Cash Provided by (Used in) Operating Activities

Operating income (loss)

\$ 357,918

**Adjustments to reconcile operating income (loss)
to net cash provided by (used in) operating
activities**

Depreciation expense	\$ 496,255
(Increase) decrease in accounts receivable	(213)
(Increase) decrease in due from other funds	246
Increase (decrease) in accounts payable	6,006
Increase (decrease) in salaries payable	564
Increase (decrease) in compensated absences	2,484
Increase (decrease) in landfill closure costs	<u>(26,240)</u>

Total adjustments **\$ 479,102**

**Net Cash Provided by (Used in) Operating
Activities**

\$ 837,020

Noncash Investing, Capital and Financing Activities

Disposal of capital assets

Cost	\$ 5,179
Net book value	-

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010**

	<u>Agency</u>
<u>Assets</u>	
Cash and pooled investments	\$ 5,365,101
Due from other governments	<u>3,931</u>
Total Assets	<u>\$ 5,369,032</u>
<u>Liabilities</u>	
Accounts payable	\$ 323,926
Salaries payable	39,001
Due to other governments	<u>5,006,105</u>
Total Liabilities	<u>\$ 5,369,032</u>

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2010**

	Housing and Redevelopment Authority	Serpent Lake Sanitary Sewer District	Total
Assets			
Current assets			
Cash and pooled investments	\$ 516,272	\$ 152,603	\$ 668,875
Taxes receivable			
Prior	3,018	-	3,018
Accounts receivable - net	-	34,708	34,708
Accrued interest receivable	57,662	1,652	59,314
Loan receivable	360,179	-	360,179
Total current assets	\$ 937,131	\$ 188,963	\$ 1,126,094
Noncurrent assets			
Restricted cash and cash equivalents	\$ -	\$ 1,029,686	\$ 1,029,686
Capital assets			
Non-depreciable	-	36,678	36,678
Depreciable - net of accumulated depreciation	-	2,717,933	2,717,933
Total noncurrent assets	\$ -	\$ 3,784,297	\$ 3,784,297
Total Assets	\$ 937,131	\$ 3,973,260	\$ 4,910,391
Liabilities			
Current liabilities			
Accounts payable	\$ 7,500	\$ 3,360	\$ 10,860
Other accrued liabilities	-	3,226	3,226
Compensated absences payable - current	-	4,757	4,757
Total current liabilities	\$ 7,500	\$ 11,343	\$ 18,843
Total Liabilities	\$ 7,500	\$ 11,343	\$ 18,843
Net Assets			
Invested in capital assets - net of related debt	\$ -	\$ 2,754,611	\$ 2,754,611
Unrestricted	929,631	1,207,306	2,136,937
Total Net Assets	\$ 929,631	\$ 3,961,917	\$ 4,891,548

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Fees, Charges, Fines, and Other	Housing and Redevelopment Authority	Serpent Lake Sanitary Sewer District	Total
Component Units					
Housing and Redevelopment Authority	\$ 34,174	\$ 780	\$ (33,394)	\$ -	\$ (33,394)
Serpent Lake Sanitary Sewer District	<u>415,306</u>	<u>404,903</u>	<u>-</u>	<u>(10,403)</u>	<u>(10,403)</u>
Total Component Units	<u>\$ 449,480</u>	<u>\$ 405,683</u>	<u>\$ (33,394)</u>	<u>\$ (10,403)</u>	<u>\$ (43,797)</u>
General Revenues and Other Items					
Property tax	\$ 59,039	\$ -	\$ -	\$ -	\$ 59,039
Grants and contributions not restricted to specific programs	2,979	-	-	-	2,979
Investment income	27,259	19,224	19,224	46,483	46,483
Insurance Proceeds	-	4,086	4,086	4,086	4,086
Total general revenues and other items	<u>\$ 89,277</u>	<u>\$ 23,310</u>	<u>\$ 112,587</u>		
Change in net assets	<u>\$ 55,883</u>	<u>\$ 12,907</u>	<u>\$ 68,790</u>		
Net Assets - Beginning	<u>\$ 873,748</u>	<u>\$ 3,949,010</u>	<u>\$ 4,822,758</u>		
Net Assets - Ending	<u>\$ 929,631</u>	<u>\$ 3,961,917</u>	<u>\$ 4,891,548</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, 2010**

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, 2010. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, issued in June 1999.

A. Financial Reporting Entity

Crow Wing County was established May 23, 1857, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Crow Wing County (primary government) and its component units for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The 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 Board of Commissioners but has no vote.

Discretely Presented Component Units

While part of the reporting entity, discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. The following component units of Crow Wing County are discretely presented:

Component Unit	Component Unit of Reporting Entity	Separate Financial Statements
Crow Wing County Housing and Redevelopment Authority (HRA) provides services pursuant to Minn. Stat. §§ 469.001-.047	County appoints members, and the HRA is a financial burden.	Separate financial statements are not prepared.
Serpent Lake Sanitary Sewer District is responsible for constructing and operating a sanitary sewer district.	District is fiscally dependent on the County because it may not issue debt without the County's approval. The County has issued debt for the District.	Serpent Lake Sanitary Sewer District P. O. Box 84 Crosby, Minnesota 56441

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Blended Component Units

Blended component unit data are combined with the County's as the operations are so intertwined that they function, for all practical purposes, as an integral part of the County. The following component unit of Crow Wing County is blended:

Component Unit	Component Unit of Reporting Entity	Separate Financial Statements
Crow Wing County Sanitary Management District	County appoints members in an advisory capacity for the County Board, and the District is fiscally dependent on the County.	Separate financial statements are not prepared.

The Crow Wing County Sanitary Management District is governed by the County Board. Additionally, a nine-member District Advisory Board is appointed by the Crow Wing County Board. The District Advisory Board represents the five commissioner districts, Thirty Lakes Watershed District, the City of Crosslake, one Crow Wing County at-large member, and one County Commissioner. The District is fiscally dependent on the County.

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 assets and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. 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 assets, 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, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The County's net assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. 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 different 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 function or activity; and (2) grants and contributions restricted to meeting the operational or capital

CROW WING COUNTY BRAINERD, MINNESOTA

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 and discretely presented component units. 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 fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund.

Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for 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 intergovernmental revenue from the state and federal governments.

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

The Debt Service Fund is used to account for the accumulation of resources for payment of principal and interest of the general obligation bonds and capital notes.

The County reports the following major enterprise fund:

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

Additionally, the County reports the following fund types:

The Capital Projects Fund is used to account for financial resources to be used for capital acquisition, construction, or improvement of capital facilities.

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.

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Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agent capacity.

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.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

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. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2010, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments of governmental and fiduciary funds are credited to the General Fund. Pooled investment earnings for 2010 were \$338,891. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants.

3. 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."

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All receivables, including those of the discretely presented component units, are shown net of an allowance for uncollectibles.

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

4. Inventories and prepaid items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are recorded as expenses when consumed.

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Restricted Assets

Restricted cash represents monies set aside to be used in the future for monitoring and closing County landfills.

Restricted cash in the Serpent Lake Sanitary Sewer District represents monies set aside to be used in the future for plant and equipment replacements and for the accumulation of capital recovery charges to be used to make principal and interest payments on outstanding long-term debt. Interest earned on cash balances is allocated to cash and restricted cash balances.

6. Capital Assets

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

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

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

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

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Assets	Years
Buildings	30 - 100
Building improvements	7 - 30
Infrastructure	50 - 75
Furniture, equipment, and vehicles	3 - 20
Improvements other than buildings	20 - 30

7. Compensated Absences

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

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 over a maximum balance of 480 hours (60 days) at the end of each year.

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

PTO Current and Long-Term Compensated Absences - The County estimates that 90 percent of the year-end balances of PTO severance pay compensated absences will be used in the subsequent year (assumes a FIFO methodology). Additionally, 10 percent of PTO severance pay compensated absences as of year-end will be used in years two and thereafter.

ELB

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

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

8. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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9. Long-Term Obligations

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

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. 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.

10. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans for future use of financial resources.

11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

E. Revenues

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

Imposed Nonexchange Transactions

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

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Intergovernmental

Government-mandated non-exchange 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 Auditor-Treasurer's Office staff provides all department heads with budget worksheets. Department heads prepare a proposed operating budget and return the worksheets for review. The County Administrator and Auditor-Treasurer's Office staff meets with department heads and accepts proposed budget workpapers.
2. On or before September 15, the County Administrator submits to the County Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
3. In December, public meetings or hearings are conducted in accordance with the state truth-in-taxation statutes to obtain taxpayer comments and adopt the final tax levy and budgets for the General Fund, certain special revenue funds, the Solid Waste Enterprise Fund, and the Debt Service Fund.
4. Revisions that alter the budgeted revenues or expenditures of any fund must be approved by the

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Board of Commissioners.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, certain special revenue funds, the Debt Service Fund, and the Solid Waste 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 Board of Commissioners on the budget to actual financial statements.
7. Operating budgets are prepared for the following funds: Governmental--General, Highway (special revenue), Community Services (special revenue), Public Land Management (special revenue), SCORE (special revenue), County Building (special revenue), Unorganized Townships (special revenue), Sanitary Management District (special revenue), Debt Service, Housing and Redevelopment Authority (HRA) (discretely presented component unit), Serpent Lake Sanitary Sewer District (discretely presented component unit), and Enterprise--Solid Waste (proprietary).

B. Excess of Expenditures Over Budget

The following is a summary of the individual funds with expenditures in excess of final budget for the year ended December 31, 2010.

	Expenditures	Final Budget	Excess
Special Revenue Funds:			
Community Services	\$ 22,330,660	\$ 21,888,385	\$ 442,275
Sanitary Management District	116,827	95,629	21,198
Debt Service Fund	7,572,289	7,569,613	2,676

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 assets		
Governmental activities		
Cash and pooled investments	\$ 44,845,289	
Petty cash and change funds	2,760	
Investments	17,741	
Business-type activities		
Cash and pooled investments	4,632,384	
Cash and pooled investments - restricted assets	4,664,210	
Discretely presented component units		
Cash and pooled investments	668,875	
Cash and pooled investments - restricted assets	1,029,686	
Statement of fiduciary net assets		
Cash and pooled investments	5,365,101	
Total Cash and Investments		
	\$ 61,226,046	

**CROW WING COUNTY
BRAINERD, MINNESOTA**

Deposits	\$ 46,165,987
Petty Cash and Change Funds	2,760
Investments	15,057,299
Total	<u>\$ 61,226,046</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

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. As of December 31, 2010, the County's deposits 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

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(6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

c) Interest Rate Risk

The risk that the market value of securities in the portfolio will fall due to changes in market interest rates will be minimized to:

- (1) Provide for liquidity by reviewing cash flow requirements and make investments to meet the shorter cash flow needs, thereby avoiding the need to sell securities in the open market prior to maturity.
- (2) Manage the average maturity of the overall portfolio to be consistent with the risk profile of the County not to exceed 3.5 years.

	Credit Risk	Less Than 1 Year	2-5 Years	More Than 5 Years	Total Fair Value
Repurchase Agreements	Not Rated	\$ 14,243,135	\$ -	\$ -	\$ 14,243,135
Negotiable Certificates of Deposit	Not Rated	-	802,000	-	802,000
Series E Bonds	Not Rated	-	-	12,164	12,164
Total Investments		\$ 14,243,135	\$ 802,000	\$ 12,164	\$ 15,057,299

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 IX 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 VIII 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.

e) Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Bremer repurchase agreement has custodial credit risk.

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

CROW WING COUNTY BRAINERD, MINNESOTA

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

The 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.

Diversification strategies will be implemented with the following constraints:

ISSUER TYPE	% of TOTAL PORTFOLIO
(1) Savings/demand deposits	50%
The saving/demand deposit held by the County will fluctuate significantly as a result of the property tax collection and settlement process. Ideally, the County will hold no more than 5 percent of its "core investments" in savings/demand deposits.	
(2) Certificates of Deposits	75%
(3) US Treasury Obligations	100%
(4) GSE-Agency Securities	100%
(a) Per Issuer:	30%
(5) Municipal Securities	15%
(a) Per Issuer:	5%

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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.

2. Receivables

Receivables as of December 31, 2010, for the County's governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	\$ 2,010,850	\$ -
Accounts	226,560	-
Accrued interest	60,805	-
Contracts	276,736	190,597
Due from other governments	2,672,640	-
Loans receivable	327,784	309,284
 Total Governmental Activities	 \$ 5,575,375	 \$ 499,881

3. Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

Governmental Activities

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Land	\$ 3,386,162	\$ 57,229	\$ -	\$ 3,443,391
Construction in progress	10,051,018	5,563,066	(1,365,769)	14,248,315
Infrastructure - right-of-way	2,453,613	492,640	-	2,946,253
 Total capital assets not depreciated	 \$ 15,890,793	 \$ 6,112,935	 \$ (1,365,769)	 \$ 20,637,959
Capital assets depreciated				
Buildings	\$ 68,640,753	\$ 11,651	\$ -	\$ 68,652,404
Land improvements	2,145,005	-	-	2,145,005
Machinery, furniture, and equipment	13,557,684	2,027,767	(521,789)	15,063,662
Infrastructure	89,764,183	3,602,198	-	93,366,381
 Total capital assets depreciated	 \$ 174,107,625	 \$ 5,641,616	 \$ (521,789)	 \$ 179,227,452
Less: accumulated depreciation for				
Buildings	\$ (11,241,758)	\$ (1,629,711)	\$ -	\$ (12,871,469)
Land improvements	(318,001)	(115,437)	-	(433,438)
Machinery, furniture, and equipment	(8,696,586)	(1,402,624)	515,952	(9,583,258)
Infrastructure	(19,494,182)	(1,828,195)	-	(21,322,377)
 Total accumulated depreciation	 \$ (39,750,527)	 \$ (4,975,967)	 \$ 515,952	 \$ (44,210,542)

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BRAINERD, MINNESOTA**

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Total capital assets depreciated, net	\$ 134,357,098	\$ 665,649	\$ (5,837)	\$ 135,016,910
Governmental Activities				
Capital Assets, Net	<u>\$ 150,247,891</u>	<u>\$ 6,778,584</u>	<u>\$ (1,371,606)</u>	<u>\$ 155,654,869</u>

Depreciation Expense for 2010 was charged to functions of the primary government's governmental activities as follows:

Governmental Activities

General government	\$ 1,447,216
Public safety	803,351
Highways and streets, including depreciation of infrastructure assets	2,422,872
Human services	229,551
Health	8,007
Culture and recreation	8,436
Conservation of natural resources	43,226
Sanitation	<u>13,308</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 4,975,967</u>

Business-Type Activities

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Construction in progress	\$ 1,237,800	\$ 161,285	\$ (67,080)	\$ 1,332,005
Land	<u>412,334</u>	<u>-</u>	<u>-</u>	<u>412,334</u>
Total capital assets not depreciated	<u>\$ 1,650,134</u>	<u>\$ 161,285</u>	<u>\$ (67,080)</u>	<u>\$ 1,744,339</u>
Capital assets depreciated				
Buildings	\$ 775,898	\$ -	\$ -	\$ 775,898
Improvements other than buildings	6,075	-	-	6,075
Landfill	11,230,448	-	-	11,230,448
Machinery, furniture, and equipment	<u>289,522</u>	<u>-</u>	<u>(5,179)</u>	<u>284,343</u>
Total capital assets depreciated	<u>\$ 12,301,943</u>	<u>\$ -</u>	<u>\$ (5,179)</u>	<u>\$ 12,296,764</u>
Less: accumulated depreciation for				
Buildings	\$ (153,443)	\$ (24,985)	\$ -	\$ (178,428)
Landfill	(8,194,315)	(449,047)	-	(8,643,362)
Machinery, furniture, and equipment	<u>(176,714)</u>	<u>(22,223)</u>	<u>5,179</u>	<u>(193,758)</u>
Total accumulated depreciation	<u>\$ (8,524,472)</u>	<u>\$ (496,255)</u>	<u>\$ 5,179</u>	<u>\$ (9,015,548)</u>
Total capital assets depreciated, net	<u>\$ 3,777,471</u>	<u>\$ (496,255)</u>	<u>\$ -</u>	<u>\$ 3,281,216</u>
 Business-Type Activities				
Capital Assets, Net	<u>\$ 5,427,605</u>	<u>\$ (334,970)</u>	<u>\$ (67,080)</u>	<u>\$ 5,025,555</u>

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Depreciation expense for 2010 was charged to functions of the primary government's business-type activities as follows:

<u>Business-Type Activities</u>	\$	496,255
Solid waste		

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2010, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Community Services	\$ 2,431
	Public Land Management	160,913
Total Due to General Fund		<u>\$ 163,344</u>
Highway	General	\$ 67,845
	Unorganized Townships	20,000
	Community Services	11,103
	Public Land Management	2,076
	SCORE	1,334
Total Due to Highway Fund		<u>\$ 102,358</u>
County Building	Public Land Management	\$ 120,685
Total Due To/From Other Funds		<u>\$ 386,387</u>

Balances at year-end are indicative of lending/borrowing arrangements or are receivable/payable for goods or services.

1. Interfund Transfers

Interfund transfers for the year ended December 31, 2010, consisted of the following:

Transfer In Fund	Transfer Out Fund	Amount
General	SCORE	\$ 3,674
	Solid Waste	34,321
	Sanitary Management	3,399
	Community Services	<u>21,525</u>
Total Transfer In General Fund		<u>\$ 62,919</u>
Highway	General	\$ 166,055
	Community Services	37
Total Transfer In Highway Fund		<u>\$ 166,092</u>
County Building	General	\$ 424,671
	Highway	93,482

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Transfer In Fund	Transfer Out Fund	Amount
	Community Services	193,520
	Debt Service	<u>139,712</u>
Total Transfer In County Building Fund		<u>\$ 851,385</u>
Sanitary Management	SCORE	\$ 9,775
	Solid Waste	<u>4,835</u>
Total Transfer In Sanitary Management Fund		<u>\$ 14,610</u>
Solid Waste	SCORE	<u>\$ 243,330</u>
Community Services	General	<u>\$ 206,814</u>
SCORE	Solid Waste	<u>\$ 54,174</u>
Debt Service	Community Services	<u>\$ 206,552</u>
Total Interfund Transfers		<u>\$ 1,805,876</u>

In 2010, a transfer of \$851,385 was made to the County Building Fund from various governmental funds. This transfer removed Market Value Credit (MVC) from operational budgets and instead will fund future capital needs. As part of the 2010 mid-year budget amendment process, levy funds were reallocated in the form of a transfer in and transfer out between governmental funds (i.e. General, Highway, Community Services, and Debt Service). Since the 2010 levy was already finalized and approved by the Board, it was necessary to establish the transfers between funds. This allowed the County to keep budgets structurally balanced in managing the mid-year budget cuts.

Transfers have also occurred between SCORE, Sanitary Management District, and Solid Waste to fully utilize the landfill's financial assurance interest earnings.

Transfers were done between the Community Services and the General Fund to move 2009 accrual activity. Commencing in 2010, Health and Veteran Services operations combined with Human Services and are being funded in the Community Services Fund.

C. Liabilities

1. Other Postemployment Benefits

Plan Description

Crow Wing County provides a single-employer defined benefits healthcare plan to eligible retirees and their spouses. At January 1, 2009, there were approximately 632 participants in the plan. Of the 632 participants, 190 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.

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Funding Policy

OPEB benefits have historically been funded on a pay-as-you-go basis (PAYGO). Under Governmental Accounting Standards Board (GASB) 45, the County may set up a trust and pre-fund the benefits. There is no requirement to pre-fund benefits under GASB 45. As of year-end 2010, the County had contributed \$1,335,656 to the plan. Results throughout the actuarial report assume continued funding under PAYGO.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC, which represents a level of funding that if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for 2010, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the plan.

Annual required contribution (ARC)	\$ 3,299,834
Interest on net OPEB obligation	219,280
Adjustment to ARC	<u>(295,269)</u>
Annual OPEB Cost	3,223,845
Contributions during the year	<u>(1,335,656)</u>
Increase in net OPEB obligation	1,888,189
Net OPEB beginning of year	<u>4,872,881</u>
Net OPEB end of year	\$ 6,761,070

Summary of Annual OPEB Costs

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008, 2009 and 2010 were as follows:

Year Ended	Employer Contributions	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
12/31/2008	\$ 998,341	\$ 3,667,025	27.2%	\$ 2,668,684
12/31/2009	1,055,460	3,259,657	32.4	4,872,881
12/31/2010	1,335,656	3,223,845	41.4	6,761,070

Funded Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
1/1/2007	\$0	\$35,478,061	\$35,478,061	0%	\$18,502,377	191.75%

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1/1/2009	0	32,784,518	32,784,518	0	21,058,703	155.68
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Actuarial valuations of an ongoing plan involve estimate 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.

In the January 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumption included a 4.5 percent investment rate of return (net of administrative expenses), which is Crow Wing County's implicit rate of return on the General Fund. An annual healthcare cost trend rate of 9.0 percent in 2008 grading to 5.0 percent over 8 years. Both rates included a 2.5 percent inflation assumption. The actuarial value of assets was not determined as the County has not advance funded its obligation. The unfunded actuarial accrued liability (UAAL) is being amortized over thirty years on a closed basis. The remaining amortization period at December 31, 2010, was twenty-seven years.

2. Construction Commitments

The County has active construction projects as of December 31, 2010. The projects include the following:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Business-Type Activities		
Landfill Gas Collection System	<u>\$ 1,283,584</u>	<u>\$ 60,000</u>

3. 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 - 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.

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The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2010, were as follows:

Year Ending December 31	Crosslake
2011	\$ 116,610
2012	119,491
2013	119,525
2014	119,405
2015	121,687
2016 – 2020	620,848
2021 – 2024	<u>518,627</u>
 Total minimum lease payments	 \$ 1,736,193
Less: amount representing interest	<u>(440,343)</u>
 Present Value of Minimum Lease Payments	 <u>\$ 1,295,850</u>

4. Deferred Revenue

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

	Deferred Unavailable
Delinquent property taxes receivable	\$ 2,010,850
Contracts receivable	276,736
Charges for services	66,549
Highway aids receivable that do not provide current financial resources	678,368
Interest receivable that does not provide current financial resources	27,468
Grants receivable that do not provide current financial resources	<u>388,398</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$ 3,448,369</u>

5. Long-Term Debt

Governmental Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2010
General Obligation Bonds And Notes:					
2009A G.O. Detention Jail Bonds (Refunding)	2012	\$375,000 - \$385,000	2.00	\$ 1,140,000	\$ 760,000

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Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2010
2009A G.O. Capital Notes	2012	\$1,100,000 - \$1,120,000	2.00	2,220,000	2,220,000
2004A G.O. Capital Improvement Plan Bonds	2025	\$1,195,000 - \$2,375,000	3.00 - 5.00	32,860,000	26,640,000
2004B G.O. County Jail Bonds	2025	\$660,000 - \$1,310,000	2.50 - 5.00	18,110,000	14,685,000
2010A G.O. Airport Imp. (Refunding) Bonds	2022	\$145,000 - \$185,000	1.00 - 3.35	1,770,000	1,770,000
Total General Obligation Bonds and Notes				<u>\$ 56,100,000</u>	<u>\$ 46,075,000</u>

6. Debt Service Requirements

Debt service requirements at December 31, 2010, were as follows:

Governmental Activities

December 31	General Obligation Bonds	
	Principal	Interest
2011	\$ 3,555,000	\$ 1,973,330
2012	3,790,000	1,865,461
2013	2,360,000	1,754,925
2014	2,445,000	1,655,913
2015	2,530,000	1,551,793
2016 – 2020	14,245,000	5,952,794
2021 – 2025	<u>17,150,000</u>	<u>2,188,757</u>
Total	<u>\$ 46,075,000</u>	<u>\$ 16,942,973</u>

7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 49,675,000	\$ 1,770,000	\$ 5,370,000	\$ 46,075,000	\$ 3,555,000
Plus: deferred amounts for issuance premiums (discounts)	<u>213,650</u>	<u>(15,929)</u>	<u>27,660</u>	<u>170,061</u>	<u>26,353</u>
Total bonds payable	\$ 49,888,650	\$ 1,754,071	\$ 5,397,660	\$ 46,245,061	\$ 3,581,353

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital lease	1,356,800	-	60,950	1,295,850	63,600
Net OPEB Obligation	4,872,881	3,223,845	1,335,656	6,761,070	-
Compensated absences	<u>2,851,068</u>	<u>-</u>	<u>122,268</u>	<u>2,728,800</u>	<u>2,469,925</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 58,969,399</u>	<u>\$ 4,977,916</u>	<u>\$ 6,916,534</u>	<u>\$ 57,030,781</u>	<u>\$ 6,114,878</u>

Bonded debt is paid from the Debt Service Fund. Compensated absences are paid from the General Fund and the Highway, Community Services, Public Land Management, and SCORE Special Revenue Funds. Capital lease payments are paid from the Highway Fund.

Current Refunding

On December 9, 2010, Crow Wing County issued \$1,770,000 of General Obligation Airport Improvement (Refunding) Bonds for a current refunding of the 2002A \$2,500,000 General Obligation Airport Improvement Bonds. The transaction resulted in a Net Present Value Benefit of \$175,098.

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Estimated liability for landfill closure and postclosure	\$ 3,050,592	\$ -	\$ 26,240	\$ 3,024,352	\$ -
Compensated absences	<u>23,584</u>	<u>2,484</u>	<u>-</u>	<u>26,068</u>	<u>23,461</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 3,074,176</u>	<u>\$ 2,484</u>	<u>\$ 26,240</u>	<u>\$ 3,050,420</u>	<u>\$ 23,461</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 \$1,250,000 for the year ended December 31, 2010.

Brainerd Lakes Integrated Health Systems

In 2008 and 2009, Crow Wing County issued Revenue Notes of \$11,612,678 on behalf of the Brainerd Lakes Integrated Health Systems to refinance the purchase of the Brainerd Medical Center (BMC) and related facilities located adjacent to BMC, in the City of Brainerd. In 2010, Brainerd Lakes Integrated Health Systems became Essentia Health.

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The County is not obligated in any manner for repayment of this debt and accordingly, it is not reported as a liability on the accompanying financial statements. The aggregate amount of all outstanding conduit debt obligations at December 31, 2010 was \$9,970,721.

8. Pension Plans

a) Defined Benefit Plans

Plan Description

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

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailer/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the Public Employees Correctional Fund. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years. Members eligible for membership before July 1, 2010, are fully vested after three years of service.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. Defined retirement benefits are based on a member's average yearly salary for the five highest-paid consecutive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for 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 year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent

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of average salary for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

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

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund.

That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.1 and 6.0 percent, respectively, of their annual covered salary.

Public Employees Police and Fire Fund members are required to contribute 9.4 percent. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2010:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.00
Public Employees Police and Fire Fund	14.10
Public Employees Correctional Fund	8.75

The County's contributions for the years ending December 31, 2010, 2009, and 2008, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

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	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Employees Retirement Fund	\$ 1,157,434	\$ 1,161,996	\$ 1,070,233
Public Employees Police and Fire Fund	334,952	360,300	305,781
Public Employees Correctional Fund	226,956	228,575	211,009

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

b) Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.0 percent of salary, which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2010, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 3,265	\$ 3,265
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

9. Solid Waste 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 Board 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 \$3,024,352 landfill closure and postclosure care liability at December 31, 2010, represents the cumulative amount reported to date based on the use of 65.44 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,814,076 as the remaining estimated capacity is filled. These amounts are based on what

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it would cost to perform all closure and postclosure care in 2010. The County expects to close the landfill in 2022. 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 Board is in compliance with these requirements and, at December 31, 2010, investments of \$4,664,210 are held for these purposes. These are reported as restricted assets on the Solid Waste Enterprise Fund's statement of net assets. 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.

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 \$450,000 per claim in 2010 and \$450,000 per claim in 2011. 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.

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.

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B. Joint Ventures

Brainerd-Crow Wing 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-Crow Wing County 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. On June 11, 2002, the County issued \$2,500,000 in General Obligation Airport Improvement Bonds, Series 2002A, to finance improvements to the airport. The interest rates vary from 3.5 to 5.0 percent. The maturity date starts July 1, 2002, and ends on July 1, 2022.

On December 9, 2010, Crow Wing County issued \$1,770,000 of General Obligation Airport Improvement (Refunding) Bonds for a current refunding of the 2002A \$2,500,000 General Obligation Airport Improvement Bonds. The transaction resulted in a Net Present Value Benefit of \$175,098.

In 2010, 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 assets is 50 percent of the County's undivided interest in the property, improvements, buildings, and infrastructure of the airport. This investment in the Brainerd-Crow Wing Airport joint venture was valued at \$18,365,477 on December 31, 2010, and is reported as an investment in joint venture on the government-wide statement of net assets.

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

Brainerd City Hall
502 Laurel Street
Brainerd, Minnesota 56401

Central Minnesota Community Corrections Agency

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

At December 31, 2009, the Agency had net assets of \$579,941. In 2009, there was a decrease in net assets of \$423,070.

At December 31, 2010, the Agency had net assets of \$158,179. In 2010, there was a decrease in net assets of \$421,762.

The Central Minnesota Community Corrections Agency is funded through state grants and contributions from its member counties. Crow Wing County had expenditures of \$286,981 for community corrections to the Agency for 2010.

CROW WING COUNTY BRAINERD, MINNESOTA

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

Complete financial information can be obtained from:

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

Mississippi Headwaters Board

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. Cass County maintains the accounting records of the Board. Funding consists of federal, state, and local grants; donations; and contributions from each county.

Financial information can be obtained from:

Mississippi Headwaters Board
Cass County Land Department
P.O. Box 5
Backus, Minnesota 56435

South Country Health Alliance

The South Country Health Alliance (SCHA) was created by a joint powers agreement between Brown, Dodge, Freeborn, Goodhue, Kanabec, Mower, Sibley, Steele, Wabasha, and Waseca Counties on July 24, 1998, under Minn. Stat. § 471.59. Mower County has since withdrawn.

In 2007, Cass, Crow Wing, Morrison, Todd, and Wadena Counties became members. Crow Wing, Cass, and Freeborn Counties have withdrawn from SCHA as of December 31, 2010. The agreement was in accordance with Minn. Stat. § 256B.692, which allows the formation of a Board of Directors to operate, control, and manage all matters concerning the participating counties' health care functions, referred to as county-based purchasing.

The purpose of the SCHA is to improve the social and health outcomes of its clients and all citizens of its member counties by better coordinating social service, public health and medical services, and promoting the achievement of public health goals. The SCHA is authorized to provide prepaid comprehensive health maintenance services to persons enrolled under Medicaid and General Assistance Medical Care in each of the member counties.

Each member county has an explicit and measurable right to its share of the total capital surplus of the SCHA. Gains and losses are allocated annually to all members based on the percentage of their utilization. The County's equity interest in the SCHA at December 31, 2010, was \$2,232,287 or a 15.87 percent equity interest. With Crow Wing's departure from SCHA, SCHA is allowed to pay this over a

CROW WING COUNTY BRAINERD, MINNESOTA

period of time, not to exceed five years, with interest at the prime rate. The prime rate currently is 3.25 percent, and has not changed in some time.

The equity interest is reported as an investment in joint venture on the government-wide statement of net assets. Changes in equity are included in the government-wide statement of activities as Human Services.

Complete financial statements for the SCHA may be obtained from its fiscal agent at 630 Florence Avenue, P. O. Box 890, Owatonna, Minnesota 55060-0890.

C. Jointly-Governed Organizations

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

Crow Wing County Family Service Collaborative

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

Separate financial information can be obtained from:

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

Kitchigami Regional Library

The Kitchigami Regional Library was formed pursuant to Minn. Stat. § 134.20. It was formed on January 1, 1992, and includes Beltrami, Cass, Crow Wing, Hubbard, and Wadena Counties, and nine separate cities. Control of the Library is vested in the Kitchigami Regional Library Board, which is composed of 19 members with three-year terms made up of the following: one member appointed by each City Council and two members appointed by each County Board consisting of one County Commissioner and one lay person. Crow Wing County appropriated \$570,832 to the Library for the year ended December 31, 2010.

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**

V. Component Unit Disclosures

A. Summary of Significant Accounting Policies

In addition to those identified in Note 1, the County's discretely presented component units have the following significant accounting policies.

Reporting Entities

The Crow Wing County Housing and Redevelopment Authority (HRA) is governed by a five-member Board of Directors who are appointed by the Crow Wing County Board. The HRA receives tax increment financing from the districts within the County. The diversion of the incremental property taxes to the HRA by the County is a financial burden on the County.

The Serpent Lake Sanitary Sewer District is governed by an eight-member Board of Directors, two members appointed by each of the Cities of Crosby, Cuyuna, Deerwood, and Ironton. The District is fiscally dependent on the County because it may not issue debt without the County's approval. The County has issued debt for the District.

Because of the significance of their financial relationships, Crow Wing County considers these entities major component units.

Basis of Presentation

The Crow Wing County HRA does not prepare separate financial statements. Complete financial statements of the Serpent Lake Sanitary Sewer District may be obtained from:

Serpent Lake Sanitary Sewer District
P. O. Box 505
Deerwood, Minnesota 56444

Basis of Accounting

The Crow Wing County HRA is accounted for on the modified accrual basis of accounting. The Serpent Lake Sanitary Sewer District uses the accrual basis of accounting.

Cash and Pooled Investments

All cash of the Crow Wing County HRA is on deposit with the Crow Wing County Treasurer and included within its pooled cash and investments.

Cash and pooled investments for the Serpent Lake Sanitary Sewer District are defined as short-term, highly liquid investments with original maturities of 90 days or less. The District has certificates of deposit classified as cash equivalents at December 31, 2010.

CROW WING COUNTY BRAINERD, MINNESOTA

B. Detailed Notes

1. Assets

Cash and Investments - Serpent Lake Sanitary Sewer District

In accordance with Minnesota statutes, the Serpent Lake Sanitary Sewer District maintains deposits at financial institutions which are authorized by the Board of Directors. All such depositories are members of the Federal Reserve System.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk and follows Minnesota statutes for deposits.

Minnesota statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposit not covered by insurance or corporate surety bonds.

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

The District's deposits in banks at December 31, 2010, were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota statutes.

The District does not have an investment policy.

At December 31, 2010, the District had no investments.

Capital Assets - Serpent Lake Sanitary Sewer District

A summary of capital asset activity for the year ended December 31, 2010, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Land	\$ 35,000	\$ 1,678	\$ -	\$ 36,678
Plant and improvements	5,993,532	-	-	5,993,532
Equipment/vehicles	100,404	30,498	2,129	128,773
Total	\$ 6,128,936	\$ 32,176	\$ 2,129	\$ 6,158,983
Less: accumulated depreciation	(3,231,984)	(174,517)	(2,129)	(3,404,372)
Net Capital Assets	\$ 2,896,952	\$ (142,341)	\$ -	\$ 2,754,611

Depreciation expense of \$174,517 was charged to the Serpent Lake Sanitary Sewer District.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

2. Liabilities

Pay-As-You-Go Tax Increment Notes

The HRA has issued a pay-as-you-go tax increment notes to finance development in the Grove Apartments tax increment financing district:

Tax increment financing district:	Grove Apts.
Year established:	1995
Duration:	25 years
Date Issued:	1/1/1996
Note amount:	\$ 71,500
Total Amount Expended under the notes for the year ended 12/31/10:	\$ 4,677

The note is payable only after the HRA has received tax increment revenue from the above district and is only paid using the tax increment as the financing source. No liability is recognized at December 31, 2010, since the scheduled note payment has been made from the available increment. All expenditures under the notes are reported in the HRA component unit.

Conduit Debt

The Crow Wing County HRA has issued General Obligation Housing Revenue Bonds on behalf of the Pequot Lakes HRA to finance the construction of an eight-unit senior rental housing development project located in the City of Pequot Lakes. The bonds are payable from the revenues of the housing project. In addition, the Pequot Lakes HRA has pledged to make a special levy to provide funds to pay principal and interest on the bonds if the revenues of the housing project are insufficient. The Crow Wing County HRA is contingently liable for the debt if the Pequot Lakes HRA fails to make a special levy.

The conduit bonds have an outstanding principal balance of \$1,250,000 for the year ended December 31, 2010.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 18,675,994	\$ 17,701,189	\$ 17,808,967	\$ 107,778
Licenses and permits	434,850	434,850	408,883	(25,967)
Intergovernmental	1,760,868	2,294,723	2,957,772	663,049
Charges for services	2,986,221	3,176,003	3,124,025	(51,978)
Fines and forfeits	5,000	5,000	48,453	43,453
Gifts and contributions	-	-	15,701	15,701
Investment earnings	800,520	700,520	338,891	(361,629)
Miscellaneous	1,025,584	1,079,395	1,333,175	253,780
Total Revenues	\$ 25,689,037	\$ 25,391,680	\$ 26,035,867	\$ 644,187
Expenditures				
Current				
General government				
Commissioners	\$ 225,720	\$ 223,398	\$ 217,026	\$ 6,372
Courts	259,600	259,600	255,986	3,614
Law library	70,000	70,000	52,840	17,160
Administrator	255,710	256,714	254,743	1,971
Auditor	1,377,695	1,329,495	1,262,716	66,779
Treasurer	322,007	331,799	323,911	7,888
Elections	294,448	294,260	275,102	19,158
Information Systems / GIS	887,976	879,216	772,160	107,056
Central services	960,000	903,300	868,032	35,268
Human resources	186,378	180,388	177,496	2,892
Risk Management	486,750	500,750	508,180	(7,430)
Attorney	1,658,485	1,633,714	1,624,255	9,459
Recorder	661,777	917,337	904,452	12,885
Surveyor	365,868	269,138	292,435	(23,297)
Planning and zoning	674,203	661,940	648,859	13,081
Assessor	977,608	991,775	961,898	29,877
Facilities	1,862,470	1,862,470	1,703,629	158,841
Transit appropriation	29,645	29,645	16,106	13,539
Appropriations	240,543	240,543	298,253	(57,710)
Total general government	\$ 11,796,883	\$ 11,835,482	\$ 11,418,079	\$ 417,403

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 5,869,157	\$ 5,673,725	\$ 5,698,894	\$ (25,169)
Enhanced 911 system	91,469	95,469	45,243	50,226
Sheriff's drug contingent	-	-	8,220	(8,220)
DUI assessment	-	-	12,090	(12,090)
Coroner	175,000	175,000	95,665	79,335
Mining inspector	1,500	1,000	283	717
Dog ordinance	-	-	8,023	(8,023)
Appropriations	2,000	2,000	2,000	-
Jail	4,942,961	4,941,436	4,957,082	(15,646)
Juvenile detention	203,000	203,000	105,935	97,065
Corrections	286,981	286,981	286,981	-
Sentenced to serve	113,984	113,984	123,482	(9,498)
Emergency management	149,201	149,201	167,407	(18,206)
CWC tower	9,375	9,375	4,871	4,504
800 MHZ	-	-	91,413	(91,413)
Total public safety	\$ 11,844,628	\$ 11,651,171	\$ 11,607,589	\$ 43,582
Culture and recreation				
Kitchigami library	\$ 570,831	\$ 570,831	\$ 570,832	\$ (1)
Parks	197,180	193,868	281,705	(87,837)
Appropriations	42,000	42,000	42,000	-
Total culture and recreation	\$ 810,011	\$ 806,699	\$ 894,537	\$ (87,838)
Conservation of natural resources				
County extension	\$ 177,724	\$ 177,724	\$ 174,924	\$ 2,800
Weed & seed inspector	22,968	3,000	9,458	(6,458)
Appropriations	10,000	10,000	12,500	(2,500)
Total conservation of natural resources	\$ 210,692	\$ 190,724	\$ 196,882	\$ (6,158)
Total Expenditures	\$ 24,662,214	\$ 24,484,076	\$ 24,117,087	\$ 366,989
Excess of Revenues Over (Under)				
Expenditures	\$ 1,026,823	\$ 907,604	\$ 1,918,780	\$ 1,011,176

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Other Financing Sources (Uses)				
Transfers in	\$ 40,000	\$ 61,525	\$ 62,919	\$ 1,394
Transfers out	-	(590,726)	(797,540)	(206,814)
Proceeds from the sale of capital assets	<u>29,555</u>	<u>42,405</u>	<u>44,290</u>	<u>1,885</u>
Total Other Financing Sources (Uses)	\$ 69,555	\$ (486,796)	\$ (690,331)	\$ (203,535)
Net Change in Fund Balance	\$ 1,096,378	\$ 420,808	\$ 1,228,449	\$ 807,641
Fund Balance - January 1	\$ 16,601,587	\$ 16,601,587	\$ 16,601,587	\$ -
Fund Balance - December 31	\$ 17,697,965	\$ 17,022,395	\$ 17,830,036	\$ 807,641

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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,782,069	\$ 3,758,120	\$ 3,738,702	\$ (19,418)
Intergovernmental	8,240,621	10,007,180	10,078,272	71,092
Charges for services	777,000	482,000	639,415	157,415
Miscellaneous	71,000	71,000	138,705	67,705
Total Revenues	\$ 12,870,690	\$ 14,318,300	\$ 14,595,094	\$ 276,794
Expenditures				
Current				
Highways and streets				
Administration	\$ 849,122	\$ 901,841	\$ 807,447	\$ 94,394
Maintenance	2,063,030	2,338,857	2,037,267	301,590
Engineering/construction	8,361,708	9,273,715	9,005,419	268,296
Equipment maintenance and shop	1,330,704	1,480,704	1,337,246	143,458
Total highways and streets	\$ 12,604,564	\$ 13,995,117	\$ 13,187,379	\$ 807,738
Intergovernmental				
Highway and streets	\$ -	\$ -	\$ 303,523	\$ (303,523)
Debt service				
Principal	\$ 60,950	\$ 60,950	\$ 60,950	\$ -
Interest	55,176	55,176	56,367	(1,191)
Total debt service	\$ 116,126	\$ 116,126	\$ 117,317	\$ (1,191)
Total Expenditures	\$ 12,720,690	\$ 14,111,243	\$ 13,608,219	\$ 503,024
Excess of Revenues Over (Under) Expenditures	\$ 150,000	\$ 207,057	\$ 986,875	\$ 779,818
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 166,092	\$ 166,092	\$ -
Transfers out	-	(93,482)	(93,482)	-
Proceeds from sale of capital assets	-	-	7,686	7,686
Total Other Financing Sources (Uses)	\$ -	\$ 72,610	\$ 80,296	\$ 7,686
Net Change in Fund Balance	\$ 150,000	\$ 279,667	\$ 1,067,171	\$ 787,504
Fund Balance - January 1	\$ 1,016,397	\$ 1,016,397	\$ 1,016,397	\$ -
Increase (decrease) in reserved for inventories	\$ -	\$ -	\$ (119,979)	\$ (119,979)
Fund Balance - December 31	\$ 1,166,397	\$ 1,296,064	\$ 1,963,589	\$ 667,525

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 8,232,881	\$ 7,776,617	\$ 7,741,523	\$ (35,094)
Intergovernmental	11,503,089	11,824,488	12,712,814	888,326
Charges for services	886,989	1,424,233	1,383,834	(40,399)
Gifts and contributions	-	-	11,500	11,500
Miscellaneous	1,291,571	1,037,971	916,337	(121,634)
Total Revenues	\$ 21,914,530	\$ 22,063,309	\$ 22,766,008	\$ 702,699
Expenditures				
Current				
Community Services				
Veterans service officer	\$ 254,631	\$ 240,245	\$ 226,240	\$ 14,005
Income maintenance	5,295,617	5,281,744	5,706,475	(424,731)
Human services	14,839,718	14,555,120	14,629,172	(74,052)
Health	1,941,694	1,811,276	1,768,773	42,503
Total Expenditures	\$ 22,331,660	\$ 21,888,385	\$ 22,330,660	\$ (442,275)
Excess of Revenues Over (Under) Expenditures	\$ (417,130)	\$ 174,924	\$ 435,348	\$ 260,424
Other Financing Sources (Uses)				
Transfer in	\$ -	\$ -	\$ 206,814	\$ 206,814
Transfer out	-	(421,631)	(421,634)	(3)
Total Other Financing Sources (Uses)	\$ -	\$ (421,631)	\$ (214,820)	\$ 206,811
Net Change in Fund Balance	\$ (417,130)	\$ (246,707)	\$ 220,528	\$ 467,235
Fund Balance - January 1	9,285,075	9,285,075	9,285,075	-
Fund Balance - December 31	\$ 8,867,945	\$ 9,038,368	\$ 9,505,603	\$ 467,235

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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 639,442	\$ 640,442	\$ 772,588	\$ 132,146
Intergovernmental	69,170	69,170	77,492	8,322
Charges for services	3,100	3,100	80	(3,020)
Investment earnings	79,640	41,640	20,466	(21,174)
Sales	316,981	183,981	161,048	(22,933)
Miscellaneous	4,700	5,437	8,436	2,999
Total Revenues	\$ 1,113,033	\$ 943,770	\$ 1,040,110	\$ 96,340
Expenditures				
Current				
General government				
Other	\$ 361,947	\$ 361,947	\$ 402,283	\$ (40,336)
Conservation of natural resources				
Tax forfeited sales	\$ 589,079	\$ 609,675	\$ 577,053	\$ 32,622
Grant assisted programs	112,000	112,000	31,894	80,106
Total conservation of natural resources	\$ 701,079	\$ 721,675	\$ 608,947	\$ 112,728
Total Expenditures	\$ 1,063,026	\$ 1,083,622	\$ 1,011,230	\$ 72,392
Excess of Revenues Over (Under) Expenditures				
Fund Balance - January 1	\$ 377,728	\$ 377,728	\$ 377,728	\$ -
Fund Balance - December 31	\$ 427,735	\$ 237,876	\$ 406,608	\$ 168,732

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

REQUIRED SUPPLEMENTAL INFORMATION

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

Actuarial Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry-Age Normal	Funded Ratio	Unfunded Actuarial Accrued Liability (UAAL)	Active Members Covered Payroll	UAAL As a Percentage of Covered Payroll
2007	\$ -	\$ 35,478,061	0.0%	\$ 35,478,061	\$ 18,502,377	191.7%
2009	-	32,784,518	-	32,784,518	21,058,703	155.7%

*The most recent actuarial valuation date was 1/1/2009

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Capital Projects Fund, and the Environmental Trust Permanent Fund, which are not budgeted. The Capital Projects Fund does not adopt a budget for the capital notes and bonds that are acquired from the fund. All annual appropriations lapse at fiscal year-end.

On or before mid-July 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 Board of Commissioners. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level. During the year, supplemental budgetary appropriations were not considered significant.

2. Excess of Expenditures Over Appropriations

For the year ended December 31, 2010, expenditures exceeded appropriations in the Community Services Special Revenue Fund (the legal level of budgetary control) by \$442,275. This increase in expenditures is a result of purchasing document workflow software called OnBase. Community Services used existing fund balance for this purchase. In the future they will be able to reduce paper and share client's information seamlessly.

3. Other Post-Employment Benefits

The employer contributions reported on the Schedule of Employer Contributions represents the current amount paid by the County for the current year cost of benefits, which were entirely paid out or on behalf of retirees. Accordingly, as disclosed on the Schedule of Funding Progress, no assets have been placed in trust to advance fund the employer's obligation.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,943,990	\$ 5,615,651	\$ 5,606,786	\$ (8,865)
Intergovernmental	104,683	326,878	327,524	646
Total Revenues	\$ 6,048,673	\$ 5,942,529	\$ 5,934,310	\$ (8,219)
Expenditures				
Debt service				
Principal	\$ 3,640,000	\$ 5,370,000	\$ 5,370,000	\$ -
Interest	2,174,253	2,174,253	2,174,254	(1)
Administrative charges	2,500	2,500	5,175	(2,675)
Bond issuance costs	-	22,860	22,860	-
Total Expenditures	\$ 5,816,753	\$ 7,569,613	\$ 7,572,289	\$ (2,676)
Excess of Revenues Over (Under) Expenditures	\$ 231,920	\$ (1,627,084)	\$ (1,637,979)	\$ (10,895)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 206,552	\$ 206,552	\$ -
Transfers out	-	(139,710)	(139,712)	2
Proceeds from sale of refunding bonds	-	1,770,000	1,770,000	-
Discounts on bonds issued	-	-	(15,929)	(15,929)
Total Other Financing Sources (Uses)	\$ -	\$ 1,836,842	\$ 1,820,911	\$ (15,927)
Net Change in Fund Balance	\$ 231,920	\$ 209,758	\$ 182,932	\$ (26,822)
Fund Balance - January 1	\$ 5,768,033	\$ 5,768,033	\$ 5,768,033	\$ -
Fund Balance - December 31	\$ 5,999,953	\$ 5,977,791	\$ 5,950,965	\$ (26,826)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	Special Revenue Funds		
	SCORE	County Building	Unorganized Townships
<u>Assets</u>			
Cash and pooled investments	\$ 2,105,300	\$ 2,614,428	\$ 1,508,602
Taxes receivable	-	-	31,130
Delinquent	18,188	-	-
Accounts receivable	-	-	-
Accrued interest receivable	-	-	-
Due from other funds	-	120,685	-
Due from other governments	-	-	-
Loans receivable	-	-	-
Total Assets	<u>\$ 2,123,488</u>	<u>\$ 2,735,113</u>	<u>\$ 1,539,732</u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 13,843	\$ -	\$ 1,049
Salaries payable	1,015	-	-
Accrued payroll taxes	149	-	-
Contracts payable	-	-	-
Due to other funds	1,334	-	20,000
Deferred revenue - unavailable	-	-	31,130
Deferred revenue - unearned	-	-	-
Total Liabilities	<u>\$ 16,341</u>	<u>\$ -</u>	<u>\$ 52,179</u>
Fund Balances			
Reserved for	\$ -	\$ -	\$ -
Environmental uses	-	-	-
SCORE	2,107,147	-	-
Unreserved	-	2,735,113	1,487,553
Undesignated	-	-	-
Total Fund Balances	<u>\$ 2,107,147</u>	<u>\$ 2,735,113</u>	<u>\$ 1,487,553</u>
Total Liabilities and Fund Balances	<u>\$ 2,123,488</u>	<u>\$ 2,735,113</u>	<u>\$ 1,539,732</u>

		Capital Projects Fund		Permanent Fund			
Small Cities Development Program	Total	Capital Project	Environmental Trust			Total	
\$ 21,098	\$ 6,249,428	\$ 686,390	\$ 1,992,471			\$ 8,928,289	
-	31,130	-	-			31,130	
-	18,188	-	-			18,188	
147	147	-	12,044			12,191	
-	120,685	-	-			120,685	
16,900	16,900	-	-			16,900	
327,784	327,784	-	-			327,784	
\$ 365,929	\$ 6,764,262	\$ 686,390	\$ 2,004,515			\$ 9,455,167	
\$ -	\$ 14,892	\$ -	\$ -			\$ 14,892	
-	1,015	-	-			1,015	
-	149	-	-			149	
33,267	33,267	-	-			33,267	
-	21,334	-	-			21,334	
-	31,130	-	11,509			42,639	
327,784	327,784	-	-			327,784	
\$ 361,051	\$ 429,571	\$ -	\$ 11,509			\$ 441,080	
\$ -	\$ -	\$ -	\$ 1,846,499			\$ 1,846,499	
-	2,107,147	-	-			2,107,147	
4,878	4,227,544	686,390	146,507			5,060,441	
\$ 4,878	\$ 6,334,691	\$ 686,390	\$ 1,993,006			\$ 9,014,087	
\$ 365,929	\$ 6,764,262	\$ 686,390	\$ 2,004,515			\$ 9,455,167	

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Special Revenue Funds			
	SCORE	County Building	Unorganized Townships	Sanitary Management District
Revenues				
Taxes	\$ -	\$ 109,933	\$ 635,893	\$ -
Special assessments	584,325	-	10,288	-
Intergovernmental	162,842	-	56,520	47,548
Charges for services	265,985	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	47,348	265,864	-	-
Total Revenues	\$ 1,060,500	\$ 375,797	\$ 702,701	\$ 47,548
Expenditures				
Current				
General government	\$ -	\$ 100,749	\$ 82,227	\$ -
Public safety	-	-	165,466	-
Highways and streets	-	-	233,454	-
Sanitation	-	-	-	116,827
Conservation of natural resources	797,105	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	\$ 797,105	\$ 100,749	\$ 481,147	\$ 116,827
Excess of Revenues Over (Under) Expenditures	\$ 263,395	\$ 275,048	\$ 221,554	\$ (69,279)
Other Financing Sources (Uses)				
Transfers in	\$ 54,174	\$ 851,385	\$ -	\$ 14,610
Transfers out	(256,779)	-	-	(3,399)
Total Other Financing Sources (Uses)	\$ (202,605)	\$ 851,385	\$ -	\$ 11,211
Net Change in Fund Balance	\$ 60,790	\$ 1,126,433	\$ 221,554	\$ (58,068)
Fund Balance - January 1	2,046,357	1,608,680	1,265,999	58,068
Fund Balance - December 31	\$ 2,107,147	\$ 2,735,113	\$ 1,487,553	\$ -

Small Cities Development Program		Total	Capital Projects Fund		Permanent Fund	
			Capital Project	Environmental Trust	Total	
\$	-	\$ 745,826	\$ -	\$ -	\$ 745,826	
	-	594,613	-	-	594,613	
208,009		474,919	-	-	474,919	
	-	265,985	-	-	265,985	
1,219		1,219	-	81,301	82,520	
2,691		315,903	-	-	315,903	
\$ 211,919		\$ 2,398,465	\$ -	\$ 81,301	\$ 2,479,766	
\$	-	\$ 182,976	\$ -	\$ -	\$ 182,976	
	-	165,466	-	-	165,466	
-		233,454	-	-	233,454	
-		116,827	-	-	116,827	
-		797,105	-	57,229	854,334	
217,807		217,807	-	-	217,807	
	-	-	885,952	-	885,952	
\$ 217,807		\$ 1,713,635	\$ 885,952	\$ 57,229	\$ 2,656,816	
\$ (5,888)		\$ 684,830	\$ (885,952)	\$ 24,072	\$ (177,050)	
\$	-	\$ 920,169	\$ -	\$ -	\$ 920,169	
	-	(260,178)	-	-	(260,178)	
\$ -		\$ 659,991	\$ -	\$ -	\$ 659,991	
\$ (5,888)		\$ 1,344,821	\$ (885,952)	\$ 24,072	\$ 482,941	
10,766		4,989,870	1,572,342	1,968,934	8,531,146	
\$ 4,878		\$ 6,334,691	\$ 686,390	\$ 1,993,006	\$ 9,014,087	

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
SCORE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Special assessment	\$ 550,000	\$ 550,000	\$ 584,325	\$ 34,325
Intergovernmental	160,000	160,000	162,842	2,842
Charges for services	270,000	270,000	265,985	(4,015)
Miscellaneous	40,000	40,000	47,348	7,348
Total Revenues	\$ 1,020,000	\$ 1,020,000	\$ 1,060,500	\$ 40,500
Expenditures				
Current				
Conservation of natural resources				
SCORE	\$ 1,002,877	\$ 1,008,748	\$ 797,105	\$ 211,643
Excess of Revenues Over (Under)				
Expenditures	\$ 17,123	\$ 11,252	\$ 263,395	\$ 252,143
Other Financing Sources (Uses)				
Transfers in	\$ 75,000	\$ 75,000	\$ 54,174	\$ (20,826)
Transfers out	(280,000)	(280,000)	(256,779)	23,221
Total Other Financing Sources (Uses)	\$ (205,000)	\$ (205,000)	\$ (202,605)	\$ 2,395
Net Change in Fund Balance	\$ (187,877)	\$ (193,748)	\$ 60,790	\$ 254,538
Fund Balance - January 1	2,046,357	2,046,357	2,046,357	-
Fund Balance - December 31	\$ 1,858,480	\$ 1,852,609	\$ 2,107,147	\$ 254,538

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
COUNTY BUILDING SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 108,584	\$ 108,584	\$ 109,933	\$ 1,349
Miscellaneous	265,794	265,794	265,864	70
Total Revenues	\$ 374,378	\$ 374,378	\$ 375,797	\$ 1,419
Expenditures				
Current				
General government				
Facilities	\$ 191,000	\$ 191,000	\$ 100,749	\$ 90,251
Excess of Revenues Over (Under) Expenditures	\$ 183,378	\$ 183,378	\$ 275,048	\$ 91,670
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 851,385	\$ 851,385	\$ -
Total Other Financing Sources (Uses)	\$ -	\$ 851,385	\$ 851,385	\$ -
Net Change in Fund Balance	\$ 183,378	\$ 1,034,763	\$ 1,126,433	\$ 91,670
Fund Balance - January 1	\$ 1,608,680	\$ 1,608,680	\$ 1,608,680	\$ -
Fund Balance - December 31	\$ 1,792,058	\$ 2,643,443	\$ 2,735,113	\$ 91,670

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
UNORGANIZED TOWNSHIPS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 686,621	\$ 686,621	\$ 635,893	\$ (50,728)
Special assessments	10,000	-	10,288	10,288
Intergovernmental	28,500	32,500	56,520	24,020
Total Revenues	\$ 725,121	\$ 719,121	\$ 702,701	\$ (16,420)
Expenditures				
Current				
General government				
Unorganized township general revenue	\$ 72,450	\$ 72,450	\$ 82,227	\$ (9,777)
Public safety				
Unorganized township fire	177,621	177,621	165,466	12,155
Highway and streets				
Unorganized township roads	398,000	398,000	233,454	164,546
Total Expenditures	\$ 648,071	\$ 648,071	\$ 481,147	\$ 166,924
Excess of Revenues Over (Under) Expenditures				
	\$ 77,050	\$ 71,050	\$ 221,554	\$ 150,504
Fund Balance - January 1	1,265,999	1,265,999	1,265,999	-
Fund Balance - December 31	\$ 1,343,049	\$ 1,337,049	\$ 1,487,553	\$ 150,504

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
SANITARY MANAGEMENT DISTRICT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 64,378	\$ 64,378	\$ 47,548	\$ (16,830)
Expenditures				
Current				
Sanitation				
Other Sanitation	\$ 95,629	\$ 95,629	\$ 116,827	\$ (21,198)
Excess of Revenues Over (Under)				
Expenditures	\$ (31,251)	\$ (31,251)	\$ (69,279)	\$ (38,028)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 14,610	\$ 14,610
Transfers out	\$ -	\$ -	\$ (3,399)	\$ (3,399)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,211</u>	<u>\$ 11,211</u>
Net Change in Fund Balance	<u>\$ (31,251)</u>	<u>\$ (31,251)</u>	<u>\$ (58,068)</u>	<u>\$ (26,817)</u>
Fund Balance - January 1	<u>58,068</u>	<u>58,068</u>	<u>58,068</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 26,817</u>	<u>\$ 26,817</u>	<u>\$ -</u>	<u>\$ (26,817)</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
SMALL CITIES DEVELOPMENT PROGRAM SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 208,009	\$ 208,009
Investment earnings	-	-	1,219	1,219
Miscellaneous	-	-	2,691	2,691
Total Revenues	\$ -	\$ -	\$ 211,919	\$ 211,919
Expenditures				
Current				
Economic Development				
Redevelopment	\$ -	\$ -	\$ 217,807	\$ (217,807)
Excess of Revenues Over (Under) Expenditures				
Fund Balance - January 1	10,766	10,766	10,766	-
Fund Balance - December 31	\$ 10,766	\$ 10,766	\$ 4,878	\$ (5,888)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>CENTRAL MINNESOTA COMMUNITY CORRECTIONS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 858,715	\$ 3,196,360	\$ 3,058,232	\$ 996,843
<u>Liabilities</u>				
Salaries payable	\$ 34,174	\$ 39,001	\$ 34,174	\$ 39,001
Due to other governments	<u>824,541</u>	<u>3,157,359</u>	<u>3,024,058</u>	<u>957,842</u>
Total Liabilities	\$ 858,715	\$ 3,196,360	\$ 3,058,232	\$ 996,843
<u>COLLABORATIVE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 1,659,668	\$ 843,899	\$ 1,039,349	\$ 1,464,218
<u>Liabilities</u>				
Due to other governments	<u>\$ 1,659,668</u>	<u>\$ 843,899</u>	<u>\$ 1,039,349</u>	<u>\$ 1,464,218</u>
<u>CHILD PROTECTION TEAM</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 28,934	\$ -	\$ 28,934
<u>Liabilities</u>				
Accounts payable	<u>\$ -</u>	<u>\$ 28,934</u>	<u>\$ -</u>	<u>\$ 28,934</u>
<u>SELECT TRUST</u>				
Cash and pooled investments	\$ (1,116)	\$ 336,157	\$ 322,951	\$ 12,090
Due from other governments	<u>1,116</u>	<u>-</u>	<u>1,116</u>	<u>-</u>
Total Assets	\$ -	\$ 336,157	\$ 324,067	\$ 12,090
<u>Liabilities</u>				
Accounts payable	<u>\$ -</u>	<u>\$ 336,157</u>	<u>\$ 324,067</u>	<u>\$ 12,090</u>
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 2,129,284	\$ 112,151,909	\$ 111,701,480	\$ 2,579,713
<u>Liabilities</u>				
Due to other governments	<u>\$ 2,129,284</u>	<u>\$ 112,151,909</u>	<u>\$ 111,701,480</u>	<u>\$ 2,579,713</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>BLACK BEAR-MILLER LAKE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 8,342	\$ 26,050	\$ 30,060	\$ 4,332
<u>Liabilities</u>				
Due to other governments	\$ 8,342	\$ 26,050	\$ 30,060	\$ 4,332
<u>SNOWMOBILE, ATV, SKI TRAILS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 2,594	\$ 476,466	\$ 362,094	\$ 116,966
<u>Liabilities</u>				
Accounts payable	\$ 2,594	\$ 476,466	\$ 362,094	\$ 116,966
<u>PASSENGER SAFETY COALITION</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 1,500	\$ 5,431	\$ (3,931)
Due from other governments	\$ -	\$ 3,931	\$ -	\$ 3,931
Total Assets	\$ -	\$ 5,431	\$ 5,431	\$ -
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 1,500	\$ 1,500	\$ -
<u>LAKE IMPROVEMENT DISTRICTS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 109,955	\$ 208,270	\$ 152,289	\$ 165,936
<u>Liabilities</u>				
Accounts payable	\$ 109,955	\$ 208,270	\$ 152,289	\$ 165,936
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 4,767,442	\$ 117,269,545	\$ 116,671,886	\$ 5,365,101
Due from other governments	\$ 1,116	\$ 3,931	\$ 1,116	\$ 3,931
Total Assets	\$ 4,768,558	\$ 117,273,476	\$ 116,673,002	\$ 5,369,032
<u>Liabilities</u>				
Accounts payable	\$ 112,549	\$ 1,051,327	\$ 839,950	\$ 323,926
Salaries payable	\$ 34,174	\$ 39,001	\$ 34,174	\$ 39,001
Due to other governments	\$ 4,621,835	\$ 116,179,217	\$ 115,794,947	\$ 5,006,105
Total Liabilities	\$ 4,768,558	\$ 117,269,545	\$ 116,669,071	\$ 5,369,032

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
COMPONENT UNIT - HOUSING AND REDEVELOPMENT AUTHORITY
DECEMBER 31, 2010**

	Housing and Redevelopment Authority	Adjustments	Governmental Activities
<u>Assets</u>			
Cash and pooled investments	\$ 516,272	\$ -	\$ 516,272
Taxes receivable - delinquent	3,018	-	3,018
Loans receivable	360,179	-	360,179
Accrued interest receivable	<u>57,662</u>	<u>-</u>	<u>57,662</u>
Total Assets	<u>\$ 937,131</u>	<u>\$ -</u>	<u>\$ 937,131</u>
<u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 7,500	\$ -	\$ 7,500
Deferred revenue - unavailable	<u>59,024</u>	<u>(59,024)</u>	<u>-</u>
Total Liabilities	<u>\$ 66,524</u>	<u>\$ (59,024)</u>	<u>\$ 7,500</u>
<u>Fund Balance/Net Assets</u>			
Fund Balance			
Reserved for loans receivable	\$ 180,462	\$ (180,462)	
Unreserved			
Undesignated	<u>690,145</u>	<u>(690,145)</u>	
Total Fund Balance	<u>\$ 870,607</u>	<u>\$ (870,607)</u>	
Total Liabilities and Fund Balance	<u>\$ 937,131</u>		
Net Assets			
Unrestricted	<u>\$ 929,631</u>	<u>\$ 929,631</u>	
Total Net Assets	<u>\$ 929,631</u>	<u>\$ 929,631</u>	
Reconciliation of the Housing and Redevelopment Authority's Fund Balance to Net Assets			
Fund Balance - Housing and Redevelopment Authority		\$ 870,607	
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		<u>59,024</u>	
Net Assets - Governmental Activities		<u>\$ 929,631</u>	

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - HOURSING AND REDEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Housing and Redevelopment Authority	Adjustments	Governmental Activities
Revenues			
Taxes	\$ 59,104	\$ (65)	\$ 59,039
Intergovernmental	2,979	-	2,979
Investment Earnings	15,923	11,336	27,259
Miscellaneous	780	-	780
Total Revenues	\$ 78,786	\$ 11,271	\$ 90,057
Expenditures/Expenses			
Housing and Redevelopment Authority	\$ 29,497	\$ -	\$ 29,497
Debt Service			
Principal	4,677	-	4,677
Total Expenditures/Expenses	\$ 34,174	\$ -	\$ 34,174
Net Change in Fund Balance/Net Assets	\$ 44,612	\$ 11,271	\$ 55,883
Fund Balance/Net Assets - January 1	825,995	47,753	873,748
Fund Balance/Net Assets - December 31	\$ 870,607	\$ 59,024	\$ 929,631

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

Net Change in Fund Balance	\$ 44,612
Revenues in the statement of activities that do not provide current financial resources are not reported as a revenue in the funds	11,271
Change in Net Assets of Governmental Activities	\$ 55,883

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Funds	Enterprise Funds	Total Primary Government	Component Units
Shared Revenue				
State				
Highway users tax	\$ 5,440,045	\$ -	\$ 5,440,045	\$ -
Market value credit	871,671	-	871,671	2,181
Supplemental homestead credit	498,607	-	498,607	798
PERA rate reimbursement	76,910	595	77,505	-
Disparity reduction aid	14,053	-	14,053	-
County program aid	604,300	-	604,300	-
Police aid	251,497	-	251,497	-
E-911	144,840	-	144,840	-
Total Shared Revenue	\$ 7,901,923	595	\$ 7,902,518	\$ 2,979
Reimbursement for Services				
State				
Minnesota Department of Human Services	\$ 2,592,329	-	\$ 2,592,329	\$ -
Payments				
Local				
Local contributions	\$ 236,239	\$ -	\$ 236,239	\$ -
Payments in lieu of taxes	360,402	-	360,402	-
Total Payments	\$ 596,641	\$ -	\$ 596,641	\$ -
Grants				
State				
Minnesota Department of Health	\$ 448,273	\$ -	\$ 448,273	\$ -
Human Services	3,952,817	-	3,952,817	-
IRRRB	102,000	-	102,000	-
Natural Resources	127,764	-	127,764	-
Peace Officers Board	15,415	-	15,415	-
Pollution Control Agency	162,842	-	162,842	-
Public Safety	41,232	-	41,232	-
Transportation	302,380	-	302,380	-
Water and Soil Resources	97,389	-	97,389	-
Total State	\$ 5,250,112	\$ -	\$ 5,250,112	\$ -
Federal				
Department of Agriculture	\$ 827,081	\$ -	\$ 827,081	\$ -
Commerce	48,545	-	48,545	-
Environmental Protection Agency	47,548	-	47,548	-
Health and Human Services	4,775,930	-	4,775,930	-
Homeland Security	307,061	-	307,061	-
Housing and Urban Development	208,009	-	208,009	-
Justice	22,766	-	22,766	-
Transportation	4,050,848	-	4,050,848	-
Total Federal	\$ 10,287,788	\$ -	\$ 10,287,788	\$ -
Total State and Federal Grants	\$ 15,537,900	\$ -	\$ 15,537,900	\$ -
Total Intergovernmental Revenue	\$ 26,628,793	595	\$ 26,629,388	\$ 2,979

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 306,163
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) Cluster		
State Administrative Matching Grants for SNAP	10.561	506,969
State Administrative Matching Grants for SNAP - ARRA	10.561	13,949
Total U.S. Department of Agriculture		\$ 827,081
U.S. Department of Commerce		
Passed Through Itasca County Public Safety Interoperable Communications Grant Program	11.555	\$ 48,545
U.S. Department of Housing and Urban Development		
Passed Through Minnesota Department of Employment and Economic Development Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 208,009
U.S. Department of Justice		
Direct		
Bulletproof Vest Partnership Grant	16.607	14,227
Passed Through Minnesota Department of Public Safety Law Enforcement Assistance Narcotics and Dangerous Drugs Training	16.004	\$ 658
Public Safety Partnership and Community Policing Grants	16.710	5,381
Passed Through City of Brainerd Edward Byrne Memorial Justice Assistance Grant Program	16.738	2,500
Total U.S. Department of Justice		\$ 22,766
U.S. Department of Transportation		
Passed Through Minnesota Department of Public Safety Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	\$ 1,640
Safety Belt Performance Grants	20.609	3,829
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster	20.205	2,172,793
Highway Planning and Construction Highway Planning and Construction - ARRA	20.205	1,872,586
Total U.S. Department of Transportation		\$ 4,050,848
U.S. Environmental Protection Agency		
Direct		
Congressionally Mandated Projects	66.202	\$ 47,548

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	\$ 146,537
Immunization Grants	93.268	1,850
Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	28,902
Temporary Assistance for Needy Families (TANF)	93.558	63,927
Maternal and Child Health Services Block Grant	93.994	65,306
Passed Through Minnesota Department of Human Services		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	29,372
Promoting Safe and Stable Families	93.556	15,552
Temporary Assistance for Needy Families (TANF)	93.558	886,642
Child Support Enforcement Cluster		
Child Support Enforcement	93.563	1,305,225
Child Support Enforcement - ARRA	93.563	92,908
Refugee and Entrant Assistance - State Administered Programs	93.566	608
Community-Based Child Abuse Prevention Grants	93.590	16,024
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	53,310
Child Welfare Services-State Grants	93.645	23,886
Foster Care-Title IV-E Cluster		
Foster Care-Title IV-E	93.658	355,067
Foster Care-Title IV-E - ARRA	93.658	16,540
Social Services Block Grant Title XX	93.667	387,220
Chafee Foster Care Independence Program	93.674	17,000
Children's Health Insurance Program	93.767	720
Medical Assistance Program	93.778	1,223,454
Block Grants for Community Mental Health Services	93.958	45,880
Total U.S. Department of Health and Human Services		\$ 4,775,930
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety		
Boating Safety Financial Assistance	97.012	\$ 53,092
Emergency Management Performance Grants	97.042	22,769
Homeland Security Grant Program	97.067	172,579
Passes Through Saint Louis County		
Homeland Security Grant Program	97.067	58,621
Total U.S. Department of Homeland Security		\$ 307,061
Total Federal Awards		\$ 10,287,788

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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 1 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, 2010. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Crow Wing County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Crow Wing County.

3. Summary of Significant Accounting Policies

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

4. Subrecipients

The County did not pass any federal money to subrecipients during the year ended December 31, 2010.

5. American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.

Statistical Section

This part of the Crow Wing County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the county's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the county's financial performance and well-being have changed over time.</i>	104
Revenue Capacity <i>These schedules contain information to help the reader assess the county's most significant local revenue source, the property tax.</i>	114
Debt Capacity <i>These 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.</i>	120
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the county's financial activities take place.</i>	126
Operating Information <i>The 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.</i>	128

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The county implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Crow Wing County, Minnesota

Net Assets by Component

Last Eight Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 61,358,724	\$ 68,626,689	\$ 74,204,210	\$ 76,199,218
Restricted	9,442,393	47,686,756	7,650,813	9,303,777
Unrestricted	<u>16,335,622</u>	<u>(17,403,664)</u>	<u>29,298,690</u>	<u>36,669,307</u>
Total governmental activities net assets	<u><u>\$ 87,136,739</u></u>	<u><u>\$ 98,909,781</u></u>	<u><u>\$ 111,153,713</u></u>	<u><u>\$ 122,172,302</u></u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 1,893,343	\$ 2,078,563	\$ 2,206,100	\$ 2,722,007
Unrestricted	7,760,430	7,660,091	8,732,849	8,610,686
Total business-type activities net assets	<u><u>\$ 9,653,773</u></u>	<u><u>\$ 9,738,654</u></u>	<u><u>\$ 10,938,949</u></u>	<u><u>\$ 11,332,693</u></u>
Primary government				
Invested in capital assets, net of related debt	\$ 63,252,067	\$ 70,705,252	\$ 76,410,310	\$ 78,921,225
Restricted	9,442,393	47,686,756	7,650,813	9,303,777
Unrestricted	<u>24,096,052</u>	<u>(9,743,573)</u>	<u>38,031,539</u>	<u>45,279,993</u>
Total primary governments activities net assets	<u><u>\$ 96,790,512</u></u>	<u><u>\$ 108,648,435</u></u>	<u><u>\$ 122,092,662</u></u>	<u><u>\$ 133,504,995</u></u>

(Unaudited)

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

(Unaudited)

Crow Wing County, Minnesota
Changes in Net Assets
Last Eight Fiscal Years
 (accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities				
General government	\$ 10,465,171	\$ 8,410,374	\$ 10,119,770	\$ 12,154,588
Public safety	7,752,110	8,652,980	9,639,617	11,702,501
Highways and streets	4,197,493	4,549,813	7,760,742	6,893,138
Sanitation	-	-	-	-
Human services	16,191,750	15,428,313	17,782,967	18,616,333
Health	1,594,797	1,638,986	1,982,727	1,757,764
Culture and recreation	607,910	652,557	722,320	822,625
Conservation of natural resources	1,586,674	1,379,160	1,503,147	444,774
Economic development	12,956	12,956	-	-
Interest	371,581	1,428,406	2,790,174	2,602,638
Total governmental activities expenses	<u>42,780,442</u>	<u>42,153,545</u>	<u>52,301,464</u>	<u>\$ 54,994,361</u>
Business-type activities				
Solid waste	851,909	1,045,288	1,355,304	1,553,355
Total primary governments activities expenses	<u>\$ 43,632,351</u>	<u>\$ 43,198,833</u>	<u>\$ 53,656,768</u>	<u>\$ 56,547,716</u>
Program Revenues				
Governmental activities				
Charge for services:				
General government	\$ 1,951,112	\$ 1,925,189	\$ 2,111,830	\$ 2,367,212
Public safety	634,230	657,471	1,109,738	2,250,647
Highways and streets	472,174	508,538	521,201	741,873
Human services	712,892	979,979	821,101	1,454,321
Health	611,860	514,471	486,550	554,011
Conservation of natural resources	1,196,410	547,452	768,725	978,888
Economic development	-	-	-	-
Operating grants and contributions	16,591,293	14,626,197	15,423,277	14,780,116
Capital grants and contributions	3,853,459	6,516,982	7,592,536	4,776,489
Total governmental activities program revenues	<u>26,023,826</u>	<u>26,279,282</u>	<u>28,835,158</u>	<u>\$ 27,903,557</u>
Business-type activities				
Charges for services:				
Solid Waste	1,806,018	1,907,989	2,029,358	1,781,755
Total primary governments activities program revenues	<u>\$ 27,829,844</u>	<u>\$ 28,187,271</u>	<u>\$ 30,864,516</u>	<u>\$ 29,685,312</u>
Net (Expense)/Revenues				
Governmental activities	\$ (16,756,616)	\$ (15,874,263)	\$ (23,466,306)	\$ (27,090,804)
Business-type activities	954,109	862,701	674,054	228,400
Total primary government net expense	<u>\$ (15,802,507)</u>	<u>\$ (15,011,562)</u>	<u>\$ (22,792,252)</u>	<u>\$ (26,862,404)</u>

(Unaudited)

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

(Unaudited)

Crow Wing County, Minnesota
Changes in Net Assets
Last Eight Fiscal Years
 (accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 17,968,906	\$ 19,414,981	\$ 26,498,197	\$ 29,932,221
Mortgage registry and deed tax	142,979	118,252	146,693	126,037
Payments in lieu of tax	182,634	178,946	190,000	311,650
Unrestricted grants and contributions	4,330,048	3,959,078	4,714,976	4,657,577
Unrestricted investment earnings	333,282	865,991	2,075,010	2,173,885
Miscellaneous	1,025,776	1,311,335	1,889,873	907,866
Gain on sale of capital assets	-	5,507	191,507	157
Transfers	(600,000)	873,861	11,324	-
Total governmental activities	<u>23,383,625</u>	<u>26,727,951</u>	<u>35,717,580</u>	<u>\$ 38,109,393</u>
Business-type activities:				
Unrestricted grants and contributions	595	595	595	595
Unrestricted investment earnings	102,890	95,446	104,887	164,749
Transfers	600,000	(873,861)	(11,324)	-
Total business-type activities	<u>703,485</u>	<u>(777,820)</u>	<u>94,158</u>	<u>\$ 165,344</u>
Total primary government	<u><u>\$ 24,087,110</u></u>	<u><u>\$ 25,950,131</u></u>	<u><u>\$ 35,811,738</u></u>	<u><u>\$ 38,274,737</u></u>
Change in Net Assets				
Governmental activities	\$ 6,627,009	\$ 10,853,688	\$ 12,251,274	\$ 11,018,589
Business-type activities	1,657,594	84,881	768,212	393,744
Total primary government	<u><u>\$ 8,284,603</u></u>	<u><u>\$ 10,938,569</u></u>	<u><u>\$ 13,019,486</u></u>	<u><u>\$ 11,412,333</u></u>

(Unaudited)

Fiscal Year				
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	
\$ 32,567,627	\$ 33,326,555	\$ 34,566,755	\$ 35,585,536	
111,772	82,488	79,515	71,796	
330,606	335,672	355,232	360,402	
4,208,641	4,051,908	3,170,952	2,065,541	
2,154,085	1,220,736	432,122	329,226	
306,821	763,319	468,808	532,861	
14,604	2,533	29,799	51,976	
-	150,000	48,895	(150,000)	
<u>\$ 39,694,156</u>	<u>\$ 39,933,211</u>	<u>\$ 39,152,078</u>	<u>\$ 38,847,338</u>	
\$ 595	\$ 595	\$ 595	\$ 595	
205,378	170,172	76,226	103,566	
-	(150,000)	(48,895)	150,000	
<u>\$ 205,973</u>	<u>\$ 20,767</u>	<u>\$ 27,926</u>	<u>\$ 254,161</u>	
<u>\$ 39,900,129</u>	<u>\$ 39,953,978</u>	<u>\$ 39,180,004</u>	<u>\$ 39,101,499</u>	
\$ 14,263,853	\$ 9,512,602	\$ 8,909,380	\$ 11,732,171	
446,490	(765,250)	(378,327)	612,079	
<u>\$ 14,710,343</u>	<u>\$ 8,747,352</u>	<u>\$ 8,531,053</u>	<u>\$ 12,344,250</u>	

(Unaudited)

Crow Wing County, Minnesota
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2001	2002	2003	2004	2005
General Fund					
Reserved	\$ 1,369,513	\$ 459,684	\$ 623,264	\$ 650,147	\$ 1,004,104
Unreserved	9,399,791	9,160,367	8,193,676	7,836,713	9,427,279
Total General Fund	<u><u>\$ 10,769,304</u></u>	<u><u>\$ 9,620,051</u></u>	<u><u>\$ 8,816,940</u></u>	<u><u>\$ 8,486,860</u></u>	<u><u>\$ 10,431,383</u></u>
All Other Governmental Funds					
Reserved	\$ 2,523,207	\$ 3,690,026	\$ 3,867,243	\$ 28,710,249	\$ 23,966,676
Unreserved, reported in:					
Special revenue funds	8,696,553	9,095,684	12,347,278	11,473,603	13,496,431
Capital projects funds	239,806	-	2,183,912	21,415,257	(6,012,043)
Permanent funds	1,540,652	1,895,551	28,783	23,319	37,094
Total all other governmental funds	<u><u>\$ 13,000,218</u></u>	<u><u>\$ 14,681,261</u></u>	<u><u>\$ 18,427,216</u></u>	<u><u>\$ 61,622,428</u></u>	<u><u>\$ 31,488,158</u></u>

(Unaudited)

Fiscal Year				
2006	2007	2008	2009	2010
\$ 1,576,775	\$ 2,009,719	\$ 1,901,869	\$ 2,308,065	\$ 2,482,487
11,313,481	13,023,707	12,599,535	14,293,522	15,347,549
<u>\$ 12,890,256</u>	<u>\$ 15,033,426</u>	<u>\$ 14,501,404</u>	<u>\$ 16,601,587</u>	<u>\$ 17,830,036</u>
\$ 11,158,029	\$ 9,483,137	\$ 10,546,957	\$ 10,406,812	\$ 10,530,555
10,608,225	10,635,577	14,609,380	12,876,790	15,477,400
1,277,973	1,646,604	-	1,572,342	686,390
56,733	67,939	94,796	122,435	146,507
<u>\$ 23,100,960</u>	<u>\$ 21,833,257</u>	<u>\$ 25,251,133</u>	<u>\$ 24,978,379</u>	<u>\$ 26,840,852</u>

(Unaudited)

Crow Wing County, Minnesota

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year					
	2001	2002	2003	2004	2005	2006
Revenues						
Taxes	\$ 17,542,852	\$ 17,047,309	\$ 18,089,683	\$ 19,518,610	\$ 26,515,870	\$ 29,914,424
Special assessments	4,263	563,329	563,669	590,601	567,024	622,979
Licenses and permits	1,397,869	1,049,059	1,957,706	1,540,861	1,803,766	1,620,527
Intergovernmental	20,883,349	23,111,924	22,628,505	20,380,618	22,698,458	21,479,244
Charges for services	2,998,451	1,940,646	3,000,792	3,247,530	3,754,756	4,039,735
Fines and forfeits	9,253	95,004	65,694	16,244	30,057	27,393
Rental income	120,220	153,290	-	-	-	-
Gifts and contributions	36,355	57,617	5,452	3,880	18,004	25,566
Investment earnings	1,228,260	374,497	333,446	866,687	2,078,260	2,181,836
Sales	47,082	1,807,409	689,550	641,971	565,775	645,984
Miscellaneous	2,967,135	2,475,060	2,594,472	2,871,587	3,719,824	5,084,321
Total Revenues	\$ 47,235,089	\$ 48,675,144	\$ 49,928,969	\$ 49,678,589	\$ 61,751,794	\$ 65,642,009
Expenditures						
Current:						
General government	\$ 7,956,230	\$ 9,511,159	\$ 11,239,625	\$ 9,554,982	\$ 10,774,790	\$ 12,920,188
Public safety	6,558,148	7,174,053	7,809,403	8,458,102	9,438,583	10,238,899
Highways and streets	9,472,944	9,566,493	8,563,050	10,574,353	9,990,847	7,751,815
Sanitation	-	-	-	-	-	-
Human services	13,817,743	16,185,597	16,075,764	15,377,542	17,859,379	18,658,373
Health	1,433,494	1,624,588	1,641,249	1,620,788	1,973,014	1,790,919
Culture and recreation	439,642	615,257	605,554	677,781	707,584	807,769
Conservation of natural resources	1,227,459	1,472,503	1,587,270	1,405,024	1,484,834	1,580,325
Economic development	86,509	78,363	-	-	-	-
Trust deposits	1,234,311	1,049,647	-	-	-	-
Capital outlay	125,504	-	282,086	9,893,829	33,701,146	15,294,595
Intergovernmental						
Highways and streets	-	-	-	-	-	-
Debt service						
Principal	477,500	1,187,500	875,000	975,000	1,328,000	3,223,000
Interest	290,759	447,428	407,978	368,051	2,880,690	2,623,903
Bond issuance costs	-	-	23,975	126,507	-	31,089
Administrative (fiscal) charges	-	-	2,108	14,472	29,758	10,176
Total Expenditures	\$ 43,120,243	\$ 48,912,588	\$ 49,113,062	\$ 59,046,431	\$ 90,168,625	\$ 74,931,051
Excess of revenues over (under) expenditures	\$ 4,114,846	\$ (237,444)	\$ 815,907	\$ (9,367,842)	\$ (28,416,831)	\$ (9,289,042)
Other Financing Sources (Uses)						
Transfers in	\$ 442,440	\$ 944,575	\$ 991,090	\$ 2,761,489	\$ 406,324	\$ 5,129,951
Transfers out	(442,440)	(606,192)	(1,591,090)	(1,887,628)	(395,000)	(5,129,951)
Bonds and notes issued	-	-	2,460,000	50,970,000	-	3,210,000
Refunding bonds issued	-	-	-	-	-	-
Premium on bonds/notes issued	-	-	25,065	399,324	-	6,069
Discount on bonds/notes issued	-	-	-	(161,951)	-	-
Proceeds from sale of capital assets	-	-	-	11,318	222,611	157
Compensation for loss of capital assets	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ 338,383	\$ 1,885,065	\$ 52,092,552	\$ 233,935	\$ 3,216,226
Net change in fund balances	\$ 4,114,846	\$ 100,939	\$ 2,700,972	\$ 42,724,710	\$ (28,182,896)	\$ (6,072,816)
Debt service as a percentage of noncapital expenditures	2.4%	4.3%	3.0%	3.2%	8.0%	10.1%

(Unaudited)

Fiscal Year				
2007	2008	2009	2010	
\$ 32,513,013	\$ 32,954,120	\$ 34,097,022	\$ 35,641,804	
587,451	605,518	567,540	594,613	
1,249,699	1,358,075	1,157,359	1,181,471	
23,592,755	27,121,712	23,908,450	26,628,793	
4,547,917	5,419,686	4,810,137	5,413,339	
25,296	70,315	32,333	48,453	
-	-	-	-	
8,322	18,622	7,187	27,201	
2,022,166	1,258,520	633,165	441,877	
845,727	552,183	199,987	161,048	
3,892,676	4,090,252	3,018,342	2,712,556	
<u>\$ 69,285,022</u>	<u>\$ 73,449,003</u>	<u>\$ 68,431,522</u>	<u>\$ 72,851,155</u>	
\$ 12,949,412	\$ 13,655,774	\$ 12,454,136	\$ 12,003,338	
11,224,627	12,124,320	12,091,853	11,773,055	
10,103,893	11,107,380	13,339,626	13,420,833	
-	257,754	187,580	116,827	
21,819,741	21,322,603	19,144,184	20,561,887	
1,928,209	2,545,258	1,657,571	1,768,773	
920,117	690,877	681,727	894,537	
1,623,210	1,589,026	1,810,697	1,660,163	
-	3,800	115,240	217,807	
-	-	-	-	
1,994,898	1,133,905	664,806	885,952	
-	259,407	282,963	303,523	
3,290,650	3,433,300	5,273,300	5,430,950	
2,647,964	2,527,365	2,326,427	2,230,621	
-	-	29,550	22,860	
4,350	2,915	1,671	5,175	
<u>\$ 68,507,071</u>	<u>\$ 70,653,684</u>	<u>\$ 70,061,331</u>	<u>\$ 71,296,301</u>	
\$ 777,951	\$ 2,795,319	\$ (1,629,809)	\$ 1,554,854	

\$ 11,954	\$ 1,622,955	\$ 1,092,184	\$ 1,562,546
(11,954)	(1,472,955)	(1,092,184)	(1,712,546)
-	-	1,138,902	-
-	-	2,221,098	1,770,000
-	-	49,428	-
-	-	-	(15,929)
14,604	2,533	29,799	51,976
-	50,025	36,996	-
<u>\$ 14,604</u>	<u>\$ 202,558</u>	<u>\$ 3,476,223</u>	<u>\$ 1,656,047</u>
<u>\$ 792,555</u>	<u>\$ 2,997,877</u>	<u>\$ 1,846,414</u>	<u>\$ 3,210,901</u>

10.6% 9.7% 12.8% 12.6%

(Unaudited)

Crow Wing County, Minnesota

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Assessment Year Ended December 31	Payable Year Ended December 31	Residential Homestead Property	Residential Non - Homestead Property	Commercial Industrial Property	Agricultural Property	Commercial Residential Seasonal/Rec. Property	Other Property
2000	2001	\$ 21,255,309 37.71%	2,459,763 4.36	12,299,758 21.82	1,853,018 3.29	18,225,660 32.34	1,528 0.00
2001	2002	\$ 19,326,646 40.73%	2,416,299 5.09	8,927,707 18.82	1,881,687 3.97	15,037,422 31.69	- -
2002	2003	\$ 22,228,764 41.06%	2,657,664 4.91	10,195,539 18.83	2,278,057 4.21	16,886,230 31.19	200,616 0.37
2003	2004	\$ 25,483,533 40.78%	3,314,837 5.30	11,845,089 18.95	2,556,000 4.09	19,625,487 31.40	277,642 0.44
2004	2005	\$ 29,824,465 41.04%	4,167,052 5.73	12,925,106 17.79	2,915,662 4.01	23,503,851 32.35	52,928 0.07
2005	2006	\$ 34,237,468 40.53%	4,933,460 5.84	14,579,399 17.26	3,396,866 4.02	27,841,133 32.95	213,399 0.25
2006	2007	\$ 39,037,994 39.77%	5,962,523 6.07	16,473,487 16.78	3,912,807 3.99	33,269,446 33.90	258,162 0.26
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	281,501 0.25
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	282,973 0.23
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	271,191 0.21

Property estimated market value is for the assessment year indicated.

Applicable taxes are collectible in the subsequent year.

Total direct tax rate shown is for the payable year.

(Unaudited)

Personal Property	Less: Tax Incremented Financing	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
1,127,969 2.00	860,634 (1.53)	\$ 56,362,371 100.00%	29.700%	\$ 3,875,494,100	1.454%
670,143 1.41	811,798 (1.71)	\$ 47,448,106 100.00%	39.224%	\$ 4,365,777,950	1.087%
680,604 1.26	990,387 (1.83)	\$ 54,137,087 100.00%	36.160%	\$ 5,005,521,850	1.082%
709,727 1.14	1,320,141 (2.11)	\$ 62,492,174 100.00%	33.457%	\$ 5,787,033,750	1.080%
754,496 1.04	1,478,434 (2.03)	\$ 72,665,126 100.00%	38.717%	\$ 6,754,573,830	1.076%
806,671 0.95	1,524,267 (1.80)	\$ 84,484,129 100.00%	37.275%	\$ 7,838,204,800	1.078%
829,133 0.84	1,589,950 (1.62)	\$ 98,153,602 100.00%	34.001%	\$ 9,068,693,000	1.082%
841,746 0.75	1,588,915 (1.62)	\$ 112,640,930 100.00%	30.499%	\$ 10,393,020,600	1.084%
829,288 0.67	1,558,076 (1.26)	\$ 123,310,031 100.00%	28.568%	\$ 11,434,134,100	1.078%
939,529 0.72	1,790,113 (1.37)	\$ 129,832,928 100.00%	28.029%	\$ 12,018,042,400	1.080%

(Unaudited)

Crow Wing County, Minnesota
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	Year Taxes Are Payable									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
County Direct Rates										
General revenue	14.485 %	18.874 %	18.000 %	17.208 %	18.298 %	18.911 %	17.113 %	15.229 %	13.938 %	13.468 %
Road and bridge	4.105	4.972	4.362	3.888	3.357	3.084	2.791	2.911	3.022	3.081
Community services	8.337	11.647	10.219	9.248	8.235	7.678	7.246	6.367	6.147	6.375
Building	0.449	0.808	0.564	-	-	-	-	-	-	-
Bonded debt	1.703	2.031	1.732	2.083	7.912	6.776	6.096	5.311	4.822	4.510
Transit system	-	-	0.295	0.128	0.089	0.065	0.055	0.042	0.045	0.028
Airport bonds	-	-	0.213	0.189	0.159	0.137	0.119	0.103	0.094	0.087
Library	0.621	0.892	0.775	0.713	0.667	0.624	0.581	0.536	0.500	0.480
Total direct rate	29.700 %	39.224 %	36.160 %	33.457 %	38.717 %	37.275 %	34.001 %	30.499 %	28.568 %	28.029 %
Cities										
Baxter	24.839 %	41.054 %	37.658 %	39.042 %	40.304 %	40.555 %	41.245 %	41.043 %	42.175 %	43.975 %
Brainerd	35.121	33.290	37.299	41.902	42.756	42.763	42.689	44.649	44.487	45.839
Breezy Point	36.374	54.749	57.114	55.493	46.996	41.422	32.182	31.405	32.968	33.137
Crosby	73.524	110.105	117.883	111.080	116.095	114.915	114.471	102.139	99.019	99.464
Crosslake	18.051	30.383	30.731	29.098	26.997	24.928	22.093	19.629	18.272	17.516
Cuyuna	33.824	52.256	59.767	52.031	47.009	50.544	43.730	37.341	34.738	33.680
Deerwood	51.337	78.558	94.073	82.069	72.696	75.194	84.007	74.138	69.664	70.807
Emily	37.606	49.875	47.144	42.255	34.856	32.944	28.208	28.479	27.815	25.747
Fifty Lakes	18.182	33.446	32.850	31.053	30.867	31.725	28.981	24.113	21.252	19.639
Fort Ripley	14.875	24.090	20.150	17.641	19.205	18.267	18.497	21.158	22.213	20.665
Garrison	32.787	42.011	46.313	47.588	45.405	42.345	52.298	61.296	52.410	55.249
Ironton	92.667	119.812	125.001	120.010	110.319	104.295	106.172	113.569	105.835	109.463
Jenkins	29.462	60.431	50.403	66.368	64.169	61.521	60.539	49.313	48.755	48.620
Manhattan Beach	11.533	16.189	19.808	16.291	13.870	11.841	14.334	27.924	27.619	23.781
Nisswa	25.342	37.155	34.395	31.100	31.862	26.186	24.598	22.604	20.944	21.253
Pequot Lakes	43.400	78.588	72.183	75.479	79.161	81.083	72.641	66.718	65.014	67.190
Riverton	38.624	73.388	63.341	79.812	73.791	69.977	51.959	51.736	51.096	48.660
Trommald	46.345	54.267	52.755	44.879	44.028	38.632	35.155	32.208	30.625	30.074
Townships										
Bay Lake fire district 1	6.409	8.306	9.250	8.275	8.303	7.536	6.462	6.519	6.117	5.340
Bay Lake fire district 2	6.650	8.807	10.369	8.920	8.717	7.789	6.671	6.740	6.148	5.398
Center	10.077	17.034	20.630	19.434	18.753	17.999	19.280	16.471	14.414	13.398
Crow Wing	19.792	37.552	38.002	34.634	31.243	35.313	38.053	46.934	28.073	25.617
Daggett Brook	21.185	35.919	31.742	38.155	32.556	29.252	26.390	23.981	21.844	19.421
Deerwood	13.978	16.205	16.726	14.801	12.771	11.234	9.818	10.852	10.532	10.415
Fairfield	21.662	25.595	23.600	38.628	34.157	29.261	24.839	20.358	17.777	16.638
Fort Ripley	15.614	22.594	22.140	20.593	20.161	18.584	15.990	16.240	25.084	17.386
Gail Lake	9.599	12.011	11.803	11.054	10.143	9.281	8.951	7.816	6.919	6.194
Garrison	12.981	19.019	16.617	20.677	17.641	15.532	13.659	11.843	11.593	10.821
Ideal	8.532	15.072	13.648	11.787	10.123	9.259	8.292	8.164	7.577	7.264
Irondale	33.973	51.662	50.792	49.611	47.153	50.457	48.212	42.688	39.803	38.388
Jenkins	9.299	12.714	11.295	10.387	9.562	9.514	8.822	9.859	10.145	10.688
Lake Edward	14.541	17.839	19.183	16.343	14.078	12.285	10.658	9.083	8.125	7.615
Little Pine	16.652	35.190	32.623	37.162	33.061	26.966	25.899	24.403	24.358	21.725
Long Lake	13.882	19.400	17.206	19.995	15.911	14.903	13.433	11.451	10.691	10.019
Maple Grove	14.060	17.275	15.442	13.857	12.593	12.511	10.539	9.519	8.825	8.176
Mission	13.504	18.835	18.633	15.913	14.153	12.441	11.358	11.419	10.425	11.088
Nokay Lake	16.274	31.900	30.771	29.602	25.938	22.637	26.184	22.125	20.401	19.867
Oak Lawn	18.952	25.412	23.265	21.489	19.695	19.050	17.659	17.483	16.765	16.366
Pelican	15.969	20.992	17.668	14.707	12.188	11.198	9.790	8.672	7.459	7.262
Perry Lake	11.238	14.822	15.421	13.285	11.439	9.289	8.243	7.066	6.493	6.095
Platte Lake	21.581	28.388	24.103	23.186	21.453	20.119	18.641	15.682	14.135	12.506
Rabbit Lake	17.742	26.400	32.864	35.552	32.205	31.027	29.448	26.912	24.203	23.618
Roosevelt	14.605	21.759	21.722	24.768	21.390	20.540	18.420	21.621	21.517	13.369
Ross Lake fire district 1	12.492	12.811	15.928	16.821	13.775	12.265	11.779	7.800 (3)	7.411	7.096
Ross Lake fire district 2	11.473	11.443	12.865	13.270	11.540	10.105	8.896	- (3)	-	-
St. Mathias	20.501	25.432	32.132	27.405	25.881	25.888	22.161	19.794	22.562	17.122
Sibley (1)	19.034	37.288 (1)	-	-	-	-	-	-	-	-
Timothy	7.344	11.355	10.220	8.700	10.227	8.656	9.137	7.796	6.957	5.898
Wolford	25.366	31.338	33.766	28.992	23.628	19.828	16.787	13.989	12.093	12.003
Unorganized - Dean Lake	32.641	35.647	34.299	29.330	28.522	20.384	17.071	14.947	12.002	10.640
Unorganized - 1st Asmnt	5.457	10.595	9.762	9.292	9.873	8.963	8.480	7.914	7.679	7.665
School Districts										
001 - Aitkin	40.520	10.333 (2)	3.973	6.778	3.765	5.375	5.235	4.268	3.650	2.727
181 - Brainerd	46.027	22.708 (2)	26.510	24.254	24.324	23.212	22.056	17.875	17.671	20.952
182 - Crosby	43.041	13.070 (2)	25.421	19.812	16.041	12.614	12.350	9.974	8.921	11.360
186 - Pequot Lakes	39.300	17.698 (2)	15.358	13.634	11.962	12.288	9.539	8.944	8.443	8.590
480 - Onamia	55.824	23.132 (2)	22.086	20.008	20.662	17.879	14.126	13.428	12.203	12.412
482 - Little Falls	43.140	17.552 (2)	23.506	16.754	15.345	14.971	14.273	12.373	14.473	14.955
484 - Pierz	47.852	28.703 (2)	28.619	26.041	22.258	22.693	21.953	15.466	15.598	15.857
2174 - Pine River	43.301	15.683 (2)	11.823	5.175	6.975	8.060	6.889	6.312	5.647	4.430
Special Districts										
Region five	0.147	0.215	0.188	0.169	0.150	0.133	0.113	0.102	0.095	0.095
County HRA	0.108	0.127	0.113	0.098	0.083	0.071	0.066	0.057	0.051	0.049
Cuyuna hospital district	1.326	2.538	2.225	1.927	1.643	1.414	1.221	1.044	0.937	0.881
Thirty lakes watershed	1.896	3.913	2.300	2.020	1.603	1.553	1.325	1.326	1.260	1.317
Brainerd HRA	0.766	1.130	1.182	1.195	1.220	1.227	1.220	1.226	1.513	1.554
Pequot Lakes HRA	0.716	1.190	1.255	1.128	1.174	1.302	1.158	1.026	0.972	1.031
Mille Lacs sewer district	10.868	13.321	19.450	17.049	14.601	11.299	9.068	7.616	5.921	4.852

(1) Sibley was annexed to Pequot Lakes in June 2002.

(2) State of Minnesota increased funding to all school districts in 2002.

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

(Unaudited)

Crow Wing County, Minnesota
Principal Property Tax Payers
Current Year and Ten Years Ago

Taxpayer	2010			2000		
	Net Tax Capacity Value	Rank	Percentage of Total Taxable Net Tax Capacity Value	Net Tax Capacity Value	Rank	Percentage of Total Taxable Net Tax Capacity Value
Mills Properties Inc.	\$ 876,042	1	0.68 %	\$ 637,587	1	1.27 %
Whitebirch Inc.	348,754	2	0.27	166,924	9	0.33
Minnesota Power and Light	343,924	3	0.27	600,026	2	1.20
Potlatch Forest Holdings	302,954	4	0.23	278,847	5	0.56
Northern States Power Co.	292,312	5	0.23	432,279	3	0.86
Etoc Co. Inc.	282,657	6	0.22	220,106	7	0.44
United Power Assoc.	281,370	7	0.22	154,218	10	0.31
KTJ Limited Partnership	278,086	8	0.22			
Brainerd Lakes Integrated	268,430	9	0.21			
Wal-Mart Stores Inc.	258,077	10	0.20			
Developers Diversified Realty				298,642	4	0.60
Mills Holding Co. of MN				220,846	6	0.44
Trus Joist MacMillan				181,939	8	0.36
Total	\$ 3,532,606		2.75 %	\$ 3,191,414		6.37 %

(Unaudited)

**Crow Wing County, Minnesota
Property Tax Levies and Collections
Last Nine Fiscal Years**

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Collections in Subsequent Years		Total Collections to Date		
		Amount	Percentage of Levy				Amount	Percentage of Levy	
2002	\$ 16,233,260	\$ 15,930,809	98.14 %	\$ 291,178		\$ 16,221,987	99.93 %		
2003	17,277,388	16,980,696	98.28	284,008		17,264,704	99.93		
2004	18,645,664	18,343,133	98.38	279,748		18,622,881	99.88		
2005	25,566,741	25,141,178	98.34	395,874		25,537,052	99.88		
2006	28,875,200	28,343,338	98.16	475,602		28,818,940	99.81		
2007	30,782,356	30,132,930	97.89	530,626		30,663,556	99.61		
2008	31,899,594	30,994,026	97.16	663,444		31,657,470	99.24		
2009	33,013,122	31,836,927	96.44	736,359		32,573,286	98.67		
2010	34,156,201	33,063,192	96.80	-		33,063,192	96.80		

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

(Unaudited)

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Crow Wing County, Minnesota
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Certificates of Participation	Lease Payable to Component Unit	Capital Lease
2001	\$ 1,485,000	\$ 410,000	\$ 4,460,000	\$ 27,500
2002	3,515,000	350,000	3,930,000	27,500
2003	5,445,000	285,000	3,650,000	-
2004	55,800,000	220,000	3,355,000	-
2005	54,900,000	150,000	3,050,000	1,582,050
2006	55,335,000	75,000	2,730,000	1,529,050
2007	52,510,000	-	2,395,000	1,473,400
2008	49,485,000	-	2,045,000	1,415,100
2009	49,675,000	-	-	1,356,800
2010	46,075,000	-	-	1,295,850

(1) Personal income data for 2010 is unavailable at this time.

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

* See Demographic and Economics Statistics schedule for population and personal income data.

(Unaudited)

Business Activities		Total Primary Government	Percentage of Personal Income	Per Capita
General Obligation Bonds				
\$	-	\$ 6,382,500	0.46 %	\$ 114
	-	7,822,500	0.54	137
	-	9,380,000	0.62	161
	-	59,375,000	3.70	1,007
	-	59,682,050	3.62	999
	-	59,669,050	3.35	982
	-	56,378,400	2.99	915
	-	52,945,100	2.71	849
	-	51,031,800	2.60	814
	-	47,370,850	- (1)	758

(Unaudited)

Crow Wing County, Minnesota
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value of Property			
Fiscal Year	General Obligation Bonds	Total			Per Capita	
2001	\$ 1,485,000	\$ 1,485,000	0.26	%	\$ 26.45	
2002	3,515,000	3,515,000	0.74		61.46	
2003	5,445,000	5,445,000	1.01		93.61	
2004	55,800,000	55,800,000	8.93		946.50	
2005	54,900,000	54,900,000	7.56		919.14	
2006	55,335,000	55,335,000	6.55		910.59	
2007	52,510,000	52,510,000	5.35		852.34	
2008	49,485,000	49,485,000	4.39		793.73	
2009	49,675,000	49,675,000	4.03		791.97	
2010	46,075,000	46,075,000	3.55		737.20	

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

(Unaudited)

Crow Wing County, Minnesota
Direct, Underlying and Overlapping Governmental Activities Debt
As of December 31, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct debt			
Crow Wing County	\$ 46,075,000	100.000 %	\$ 46,075,000
Underlying debt			
Cities	\$ 96,561,163	100.000 %	\$ 96,561,163
Townships	1,535,712	100.000 %	1,535,712
Miscellaneous (HRA's, hospital)	37,586,981	100.000 %	37,586,981
Total underlying debt	\$ 135,683,856		\$ 135,683,856
Overlapping debt			
School district 181 - Brainerd	\$ 82,950,000	86.664 %	\$ 71,887,788
School district 182 - Crosby	21,685,000	99.997 %	21,684,349
School district 186 - Pequot Lakes	35,795,000	96.229 %	34,445,171
School district 480 - Onamia	1,333,000	21.441 %	285,809
School district 482 - Little Falls	13,275,000	0.042 %	5,576
School district 484 - Pierz	1,810,000	0.483 %	8,742
School district 2174 - Pine River	2,445,679	46.236 %	1,130,784
Total overlapping debt	\$ 159,293,679		\$ 129,448,218
Total debt	\$ 341,052,535		\$ 311,207,074

(Unaudited)

Crow Wing County, Minnesota
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2001	2002	2003	2004	2005
Market value of taxable property	\$ 3,875,494,100	\$ 4,365,777,950	\$ 5,005,521,850	\$ 5,787,033,750	\$ 6,754,573,830
Debt limit (2% of market value) (3% after 2007)	\$ 77,509,882	\$ 87,315,559	\$ 100,110,437	\$ 115,740,675	\$ 135,091,477
Debt applicable to limit:					
General obligation bonds	\$ 5,945,000	\$ 4,945,000	\$ 6,630,000	\$ 56,785,000	\$ 55,675,000
Less: Amount set aside for repayment of general obligation debt	N/A ⁽¹⁾	(1,066,665)	(1,083,007)	(1,015,246)	(2,632,350)
Total net debt applicable to limit	<u>\$ 5,945,000</u>	<u>\$ 3,878,335</u>	<u>\$ 5,546,993</u>	<u>\$ 55,769,754</u>	<u>\$ 53,042,650</u>
Legal debt margin	<u><u>\$ 71,564,882</u></u>	<u><u>\$ 83,437,224</u></u>	<u><u>\$ 94,563,444</u></u>	<u><u>\$ 59,970,921</u></u>	<u><u>\$ 82,048,827</u></u>
Total net debt applicable to the limit as a percentage of the debt limit	7.67%	4.44%	5.54%	48.19%	39.26%

Note

(1) This information is unavailable.

2002A G.O. airport improvement bonds are not subject to the statutory debt limit of Crow Wing County. (City of Brainerd)

(Unaudited)

Fiscal Year					
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	
\$ 7,838,204,800	\$ 9,068,693,000	\$ 10,393,020,600	\$ 11,434,134,100	\$ 12,018,042,400	
\$ 156,764,096	\$ 272,060,790	\$ 311,790,618	\$ 343,024,023	\$ 360,541,272	
\$ 55,890,000	\$ 52,835,000	\$ 49,570,000	\$ 49,675,000	\$ 46,075,000	
<u>(4,424,342)</u>	<u>(4,727,620)</u>	<u>(5,794,287)</u>	<u>(5,607,028)</u>	<u>(5,805,426)</u>	
<u>\$ 51,465,658</u>	<u>\$ 48,107,380</u>	<u>\$ 43,775,713</u>	<u>\$ 44,067,972</u>	<u>\$ 40,269,574</u>	
<u>\$ 105,298,438</u>	<u>\$ 223,953,410</u>	<u>\$ 268,014,905</u>	<u>\$ 298,956,051</u>	<u>\$ 320,271,698</u>	

32.83%

17.68%

14.04%

12.85%

11.17%

(Unaudited)

Crow Wing County, Minnesota
Demographic and Economic Statistics
Last Ten Calendar Years

Year	(1) Population	(1) Personal Income	(1) Per Capita Personal Income	(2) Annual Average Labor Force	(3) School Enrollment	(2) Unemployment Rate
2001	56,135	\$ 1,398,275,000	\$ 24,909	30,157	10,089	4.5 %
2002	57,191	1,453,730,000	25,419	31,175	10,147	5.3
2003	58,168	1,506,917,000	25,906	31,628	10,321	5.7
2004	58,954	1,605,616,000	27,235	31,909	10,235	5.3
2005	59,730	1,650,074,000	27,626	32,088	10,172	5.0
2006	60,768	1,779,232,000	29,279	32,371	10,150	5.0
2007	61,607	1,883,243,000	30,569	32,773	10,171	5.7
2008	62,345	1,951,189,000	31,297	32,895	10,120	6.3
2009	62,723	1,966,323,000	31,349	33,732	9,753	9.9
2010	62,500	- (4)	- (4)	32,728	9,652	8.9

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

(2) Minnesota Department of Employment and Economic Development

(3) Minnesota Department of Education

(4) Not available at this time

(5) 2010 Census, US Census Bureau

(Unaudited)

Crow Wing County, Minnesota
Principal Employers
Last Year and Nine Years Ago

Taxpayer	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Independent School District 181	1,544	1	4.6 %	880	1	3.0 %
St. Joseph's Medical Center	1,223	2	3.6	800	2	2.8
Grand View Lodge Resort & Spa (1)	825	3	2.4			
Cuyuna Regional Medical Center	734	4	2.2	450	7	1.5
Mills Fleet Farm	526	5	1.6			
Wal-Mart Supercenter	511	6	1.5			
Ascensus (2)	500	7	1.5	350	8	1.2
Madden's Inc. (1)	500	8	1.5	500	6	1.7
Crow Wing County	455	9	1.3	503	5	1.7
Cragun's Resort & Hotel (1)	300	10	0.9			
Potlach Corporation				720	3	2.5
Brainerd Regional Human Services Ctr.				643	4	2.2
Ruttger's Bay Lake Lodge (1)				350	9	1.2
Central Lakes Community College				304	10	1.0
Total	7,118		21.1 %	5,500		18.8 %

Note: Information was gathered from Crow Wing County bonding information.

(1) Employee numbers indicate seasonal peak.

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

(Unaudited)

Crow Wing County, Minnesota**Full-Time Equivalent County Government Employees by Function/Program
Last Nine Fiscal Years**

Function/Program	Full-Time Equivalent Employees									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
General government	116.9	113.7	112.0	115.1	121.6	124.8	121.4	111.7	100.6	
Public safety	94.6	89.1	93.6	101.0	107.9	119.6	125.7	127.0	121.8	
Highways and streets	44.5	41.3	41.5	39.7	39.5	38.8	37.3	36.2	39.2	
Community services	153.5	154.5	155.5	156.2	158.8	161.8	162.4	153.9	149.7	
Culture and recreation	2.3	3.0	3.5	3.6	4.0	2.6	0.8	0.5	0.3	
Conservation of natural resources	9.5	7.7	6.6	6.9	7.3	6.6	6.9	6.6	6.6	
Solid waste enterprise fund	1.3	1.3	1.3	1.1	1.2	1.3	1.3	1.3	2.0	
Total Full-Time Equivalents	<u>422.6</u>	<u>410.6</u>	<u>414.0</u>	<u>423.6</u>	<u>440.3</u>	<u>455.5</u>	<u>455.8</u>	<u>437.2</u>	<u>420.2</u>	

(Unaudited)

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Crow Wing County, Minnesota
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2001	2002	2003	2004	2005
General Government					
Auditor-Treasurer					
Birth Certificates	2,947	3,711	3,508	3,643	4,098
Marriage Licenses	512	484	438	468	463
Marriage Certificates	213	235	289	330	299
Notary Registrations	83	89	96	114	550
Passports	995	1,102	960	1,126	1,829
Environmental Services					
Township Permits Issued (All Types)	2,893	2,706	2,598	2,701	2,522
Information Systems					
Computers Purchased	24	126	112	42	108
Telephones Purchased	N/A	N/A	N/A	19	260
Work Orders Completed	N/A	N/A	1,253	1,916	3,447
Property Valuation & Classification					
Number of Parcels	N/A	N/A	N/A	N/A	N/A
Number of Improved Parcels	N/A	N/A	37,616	37,964	38,268
Number of Personal Property Parcels	N/A	N/A	1,498	1,513	1,523
Number of Exempt Parcels	N/A	N/A	11,727	12,202	12,202
All Property Notices Printed (Except Exempt)	N/A	N/A	70,453	70,747	71,699
Recorder					
Abstract Documents	22,070	25,173	28,937	23,973	22,574
Torrens Documents	6,162	7,390	8,517	7,316	7,376
Warranty Deeds	3,416	3,845	3,982	3,976	3,907
Foreclosures	39	60	63	68	101
Public Safety					
Sheriff					
Part I Crimes	N/A	N/A	N/A	N/A	N/A
Part II Crimes	N/A	N/A	N/A	N/A	N/A
Non Reportable Crimes/Incidents	N/A	N/A	N/A	N/A	N/A
Dispatch					
911 Emergency Calls	N/A	N/A	N/A	N/A	N/A
Jail					
Average Monthly Bookings	N/A	N/A	N/A	N/A	N/A
Average Monthly Inmate Population	N/A	N/A	N/A	N/A	N/A
Highways and Streets					
Miles of Overlay	48	28	42	32	19
Miles of Construction	7	9	12	9	17
Tons of Crushing	59,750	-	55,000	90,000	40,000
Miles of Crack sealing	N/A	N/A	N/A	N/A	3
Community Services					
Health					
Home Health Visits	N/A	6,062	5,344	5,442	5,734
Family Health Contacts	N/A	8,095	8,674	9,386	9,230
Health Promotion Contacts	N/A	2,332	2,782	3,670	3,558
Disease Prevention & Control Immunizations	N/A	N/A	N/A	N/A	N/A
Community Screenings	N/A	N/A	N/A	N/A	N/A
Human Services					
Children In/Out of Home Placement	264	245	229	237	249
Persons Receiving MR/RC Waivered Services	164	165	163	157	158
Child Support Cases	3,208	3,253	3,313	3,262	3,393
Financial Assistance Cases	3,491	3,816	3,715	3,980	4,020
Conservation of Natural Resources					
SCORE					
SCORE Funded Residential Recycling (Ton)	1,944	2,005	2,164	2,721	2,934
Commercial Recycling (Ton)	30,745	31,182	31,809	37,878	43,088
SCORE - Problem Material Management					
Hazardous Waste (Ton)	32	39	40	40	41
Electronics (Ton)	3	10	11	83	131
Tires (Each)	7,240	10,221	8,536	10,138	9,777
White Goods (Each)	4,001	4,457	4,306	4,793	4,686
Used Oil (Gallon)	4,225	8,590	18,060	26,077	35,991
Mattresses Recycled (Each)	N/A	N/A	N/A	N/A	N/A
Sanitation					
Solid Waste					
Municipal Solid Waste Land filled SW376 (Ton)	38,673	41,832	42,151	41,981	43,129
Industrial Waste Land filled SW376 (Ton)	233	1,031	3,914	6,736	8,727
Demolition Waste Land filled SW440 (Cu Yd)	26,266	22,095	30,455	25,361	21,480

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

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

(3) Program ended in 2009

(Unaudited)

Fiscal Year				
2006	2007	2008	2009	2010
4,329	4,472	3,463	3,398	2,906
484	469	414	441	433
316	250	232	241	330
119	113	140	143	397
2,997	3,318	1,659	1,756	1,400
1,421	1,174	846	759	772
125	114	107	98	103
192	164	3	4	49
3,670	4,487	5,443	5,558	5,810
N/A	N/A	N/A	81,806	81,172
38,686	39,475	N/A	41,371	41,863
1,605	1,643	1,647	1,419	1,408
12,202	12,202	12,202	9,708	9,053
72,372	72,934	73,152	73,441	73,561
20,411	18,987	16,282	17,419	16,106
6,161	5,708	5,143	5,480	5,363
3,141	2,605	1,848	2,013	1,757
142	231	356	351	388
N/A	464 (1)	523	445	476
N/A	824 (1)	872	892	803
N/A	9,369 (1)	12,569	16,690	16,752
N/A	25,579	27,760	30,148	31,197
N/A	324 (2)	328	308	285
N/A	144 (2)	160	134	135
10	26	15	8	8
5	1	3	6	5
-	58,500	-	-	40,000
3	N/A	13	10	40
5,001	4,265	3,468	N/A (3)	N/A
8,928	9,342	8,879	9,328	9,432
1,384	3,843	4,090	14,547	17,603
N/A	N/A	N/A	12,417	4,054
N/A	N/A	N/A	705	267
204	220	244	237	227
157	153	155	157	158
3,431	3,542	3,512	3,604	3,643
4,100	4,372	4,768	5,331	5,623
3,142	3,650	4,066	4,696	4,781
44,916	45,097	35,453	23,051	23,568
46	44	48	41	51
134	162	137	146	152
9,197	11,660	8,709	6,984	7,145
4,624	4,434	3,949	4,077	3,801
36,185	32,748	39,070	36,424	39,890
768	2,467	2,304	2,251	2,383
40,477	39,625	36,912	35,545	35,557
6,795	5,875	5,915	3,856	4,295
20,386	13,959	16,950	14,055	13,124

(Unaudited)

Crow Wing County, Minnesota
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2001	2002	2003	2004	2005
General Government					
Courthouse	1	1	1	1	1
Judicial Center	N/A	N/A	N/A	N/A	N/A
Motor Pool Vehicles	N/A	N/A	3	6	6
Public Safety					
Vehicles	67	69	73	77	80
Jails	2	2	2	2	2
Emergency Operations Center	1	1	1	1	1
Highways and Streets					
Vehicles	72	74	76	78	77
Graders, Loaders and Heavy Trucks	28	28	30	32	31
Miles of County Roads	181	181	180	180	180
Miles of County State Aid Highways	378	378	378	378	378
Garage and Storage Buildings	13	13	14	13	9
Sanitation					
Demolition Landfills	2	2	2	2	2
Human Services					
Office Buildings	1	1	1	1	1
Culture and Recreation					
Parks	N/A	N/A	4	4	4
Accesses	17	17	17	17	17
Recreational Trails	N/A	N/A	2	2	2

(Unaudited)

Fiscal Year				
2006	2007	2008	2009	2010
1	1	1	1	1
N/A	1	1	1	1
7	7	-	-	-
82	83	82	89	84
2	1	1	1	1
1	1	1	1	1
77	77	70	70	71
31	31	31	31	32
180	182	182	182	182
380	380	380	380	380
12	12	12	12	12
2	2	2	2	2
1	1	1	1	1
4	4	4	4	4
17	17	17	17	17
2	2	2	2	2

(Unaudited)