

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CROW WING COUNTY, MINNESOTA

For The Year Ended December 31, 2008



Prepared By

The Auditor's Office Accounting/Finance Staff

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

For The Year Ended December 31, 2008

Prepared By:

The Auditor's Office Accounting/Finance Staff

Deborah A. Erickson, County Auditor

**CROW WING COUNTY
BRAINERD, MINNESOTA**

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BRAINERD, MINNESOTA**

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DEBORAH A. ERICKSON	AUDITOR	TAMRA LASKA	HUMAN RESOURCES
TODD O. DAHL	SHERIFF	DARRELL PASKE	COURT ADMINISTRATOR
DONALD F. RYAN	ATTORNEY	MARK LIED	LAND SERVICES DIRECTOR
LAUREEN E. BORDEN	TREASURER	DOUGLAS R. MORRIS	WASTE MANAGEMENT DIRECTOR
KATHY LUDENKA	RECORDER	SUSAN M. BECK	COMMUNITY SERVICES DIRECTOR
TIMOTHY J. HOULE	ADMINISTRATOR	JIM EDER	INFORMATION SYSTEMS DIRECTOR
MARTYN SCHMIDT	ASSESSOR	ROBERT M. NELSON	VETERANS SERVICE OFFICER
TIMOTHY V. BRAY, P.E.	HIGHWAY ENGINEER	DON SIGETY, L.S.	SURVEYOR

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 PHIL TRUSTY PAUL M. THIEDE RACHEL REABE NYSTROM

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 CROW WING COUNTY COURTHOUSE
 326 LAUREL STREET, SUITE 22
 BRAINERD, MINNESOTA 56401

CROW WING COUNTY
 BRAINERD, MINNESOTA 56401

Date: November 6, 2009

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

Subject: 2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual Financial Report (CAFR) of Crow Wing County is submitted for the fiscal year ending December 31, 2008. This report was prepared by the County Auditor'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, 2008. 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 insure 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 (formerly the Highway Department); 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 2008 population was 62,172 residents. The county seat is the City of Brainerd. The City of Brainerd is the largest community in the county with as the 2008 population was 13,959 residents.

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, Recorder, Treasurer, 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, the lodging, amusement and recreational industries brought in more than \$87 million in gross sales in 2000.

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 2008, 267 leisure and hospitality businesses employed 4,096 employees and 379 retail trade businesses employed 4,855 employees in Crow Wing County's tourism industry. Additionally, 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, Central Lakes Clinic, Minnesota Institute for Minimally Invasive Surgery, Crosby Eye Clinic, and Minneapolis Heart Institute at Crosby. The campus also houses a long-term care facility, and Hallett Cottages, a residential facility for patients with memory loss. Significant additions and renovations to campus facilities have been constructed in recent years, including the recent addition of a 70,000 square foot inpatient unit. The campus employs more than 800 doctors, nurses, health care professionals, and support staff.

The city of Brainerd is home to the Brainerd Lakes Integrated Health System, a partnership between St. Joseph's Medical Center and the Brainerd Medical Center. St. Joseph's Medical Center is a 162-bed nonprofit hospital offering services in a wide variety of medical specialties. It recently completed construction of the Brainerd Lakes Surgery Center, an outpatient surgical facility. The Brainerd Medical Center is a multi-specialty clinic which has served the area for around 35 years. Together, the Integrated Health System employs around 1,300 medical professionals and support staff.

In 2008, 179 establishments provided 5,161 jobs in the areas of health care and social assistance.

Education

Crow Wing County is served by eight school districts, ranging in enrollment from 830 to 7,300 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 with an enrollment of around 3,500 students. CLC offers courses in more than 60 degrees and career education programs, and is affiliated with a number of universities in Minnesota and North Dakota. 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 2008, 40 establishments provided 2,020 jobs in the area of educational services.

Manufacturing

Since 1975, the number of manufacturing firms operating in the Brainerd Lakes area has more than doubled. In 2008, 131 companies employed more than 2,681 people in a variety of manufacturing arenas, from plastics to precision machining and metal fabrication.

Construction

The construction industry is one of the largest industries in the region. In 2008, 340 area construction firms employed over 2,051 people.

Financial Services

The financial services industry is well represented in the region. In 2008, 122 firms provided 1,136 jobs. 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 (formerly BISYS), 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 54,173 residents in 1999 to 62,172 residents in 2008; an increase of 14.8 percent. The 1999 to 2008 population growth rate for Crow Wing County ranked 11th in Minnesota.
- The County's annual average labor force changed from 28,171 workers in 1999 to 32,895 workers in 2008; an increase of 16.8 percent.
- The County's average unemployment rate in 2008 is 7.0 percent. In 2008, the average state and national unemployment rates were 6.9 and 7.2 percent, respectively.
- Personal income of residents in Crow Wing County increased from \$1,720,333 in 2006 to \$1,805,636 in 2007, an increase of 5.0 percent. The 2006-2007 state increase was 6.4 percent and the national increase was 6.0 percent.
- In 2007, Crow Wing County had a per capita personal income (PCPI) of \$29,358. Crow Wing County's PCPI rank was 68th of the 87 counties in the state. Crow Wing County was 71.4 percent of the state average of \$41,105, and 76.0 percent of the national average of \$38,615.
- The County's largest property tax payer in 2008 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 2008 account for 2.91% percent of the total taxable net tax capacity. This is down from the top ten tax payers accounting for 7.16% percent of the total taxable net tax capacity in 1998.

Major Initiatives by Crow Wing County

The Crow Wing County government had the following highlights in 2008:

- Board agendas and reports were placed onto the County web site in advance of each meeting along with posting decisions of the County Board for easy accessibility of information. Additionally, began recording and televising all County Board meetings in 2009.
- Completion of an actuarial study of the County's Other Post Employment Benefits (OPEB). The OPEB liability was addressed by making changes in health plans offered by the County; effective January 1, 2008.
- The Sheriff's Office implemented a new records management system. The new system allows for information to be shared between law enforcement agencies within the County and eliminates redundancy in the recordkeeping process.

- 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.
- Highway department resumed “long-range” planning and started development of a Highway Improvement Plan. A 2008-2012 Highway Improvement plan was completed in July 2008. Additionally, a 2009-2013 Highway Improvement plan was completed in July 2009.
- Implementation of a GIS data access system that will support new internet accessible GIS WebFusion software. This service was made available to the public in 2008.
- Established a Land Services Department to coordinate activities of county functions related to land use.

Future Crow Wing County Plans:

Organizational Management

- Strengthen customer service orientation.
- Improve operational efficiency through integration of related services.
- Cultivate consistency and reliability of County processes and outcomes.
- Integrate Human Services, Public Health, and Veteran’s Service to a fully-integrated Community Services organizational model for Crow Wing County.

Financial Management

- Balance revenues, expenditures, and service needs.
- Provide long-term fiscal planning to address unfunded liabilities related to Other Post Employment Benefits.
- Develop financial forecasts and organizational models to address economic cycles.

Intergovernmental Relations

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

Demographic Change

- Address issues arising from continuing development, appreciating property values, and the growing number of retirees in the County.

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 2008 fiscal year was:

	<u>Amount</u>	<u>Debt per capita</u>
Gross direct bonded debt	\$49,485,000	\$796

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

Employee Labor Contracts

The ten collective bargaining units listed below represent approximately 90% 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	2008-2009	Settled
LELS Local #16 Dispatchers and Corr. Officers	2009-2011	Settled
IUOE Local #49 Facilities and Parks	2008-2009	Settled
IUOE Local #49 Highway	2008-2009	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 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 Accounting and Finance staff of the Auditor's Office. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the County Board for their unfailing support for maintaining the highest standards of professionalism in the management of Crow Wing County finances.

Respectfully submitted,

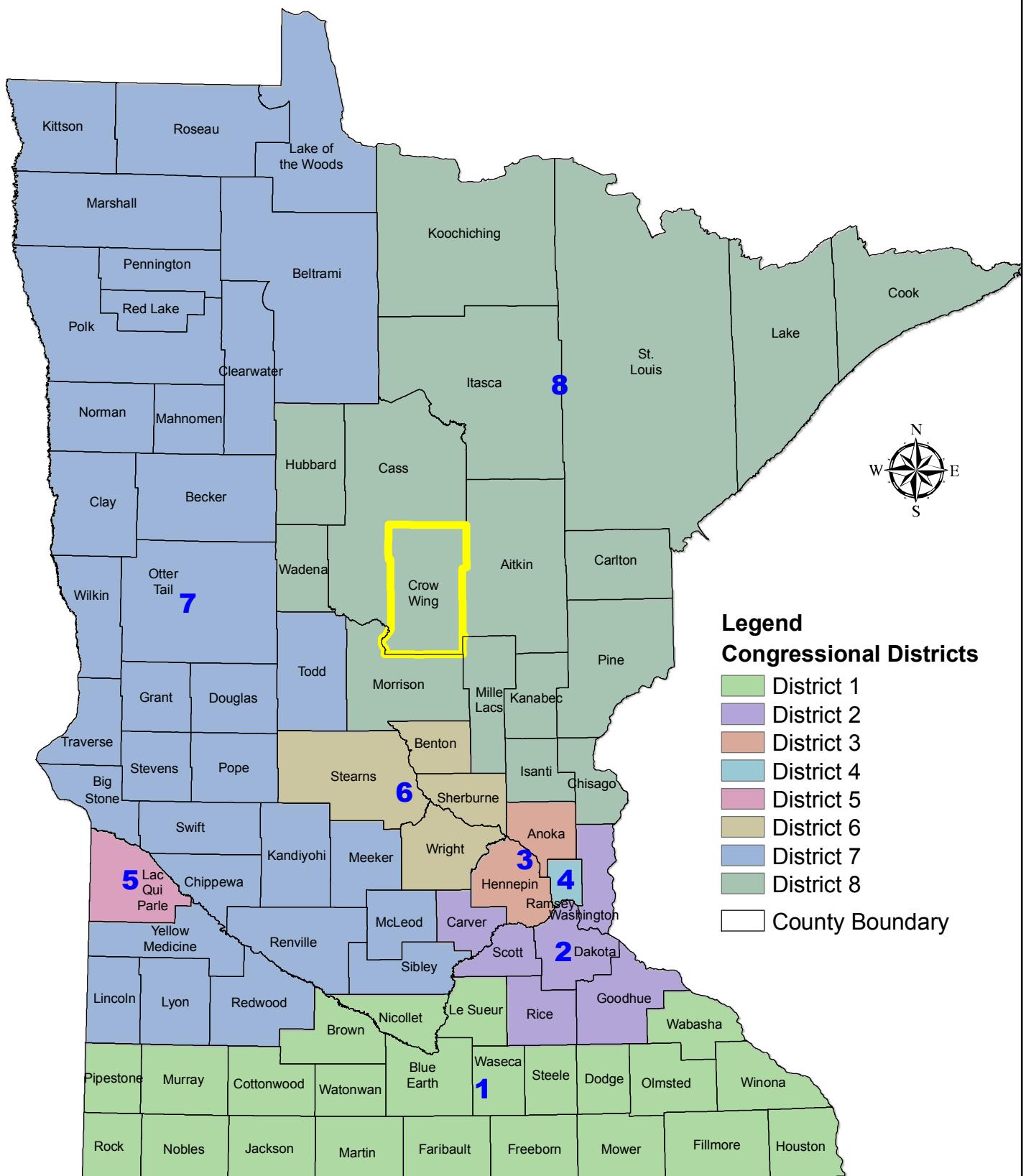
Deborah A. Erickson

Deborah A. Erickson
County Auditor

Michael J. Carlson

Michael J. Carlson
Accounting and Finance Manager

STATE OF MINNESOTA CONGRESSIONAL DISTRICTS

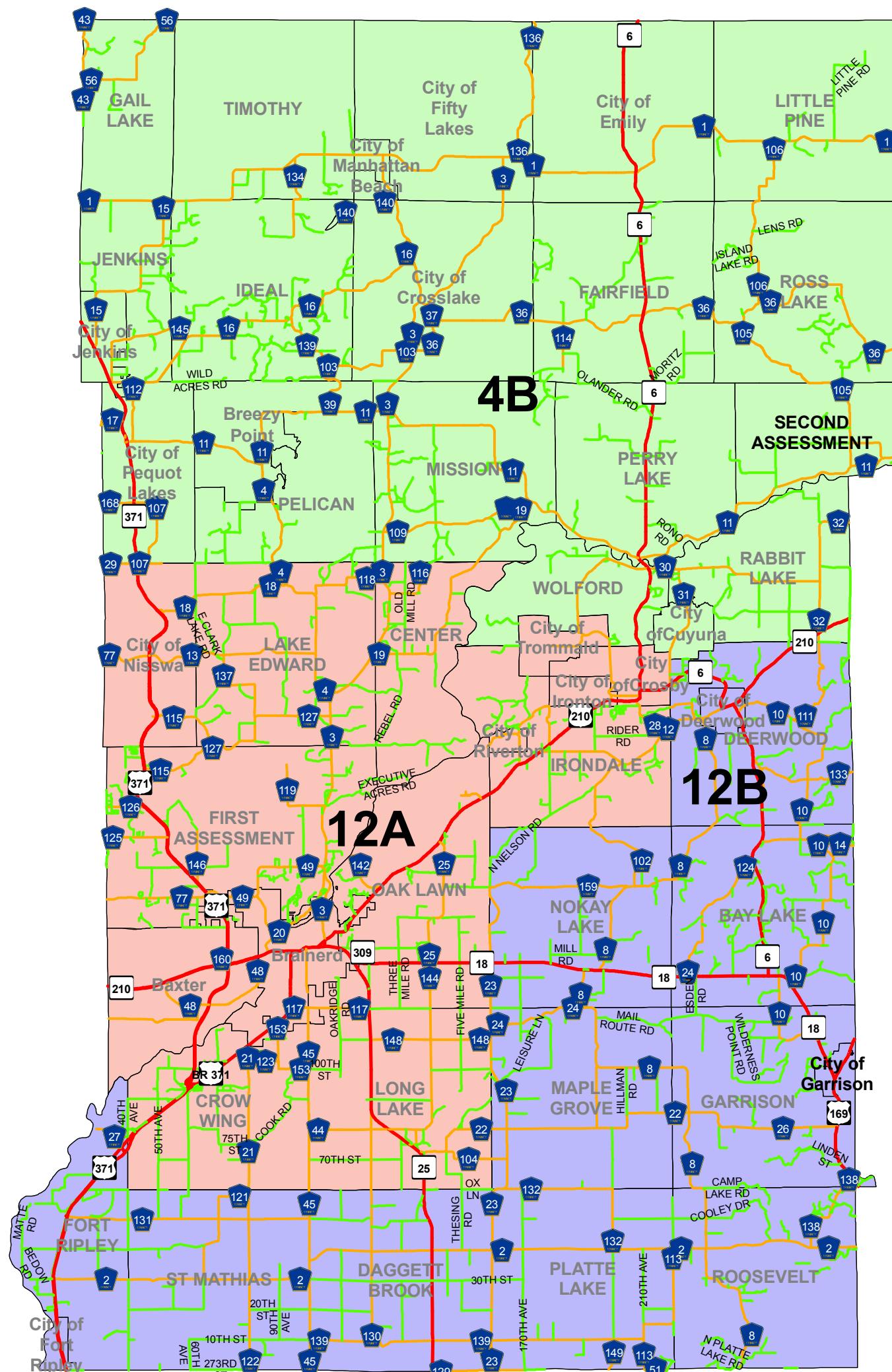


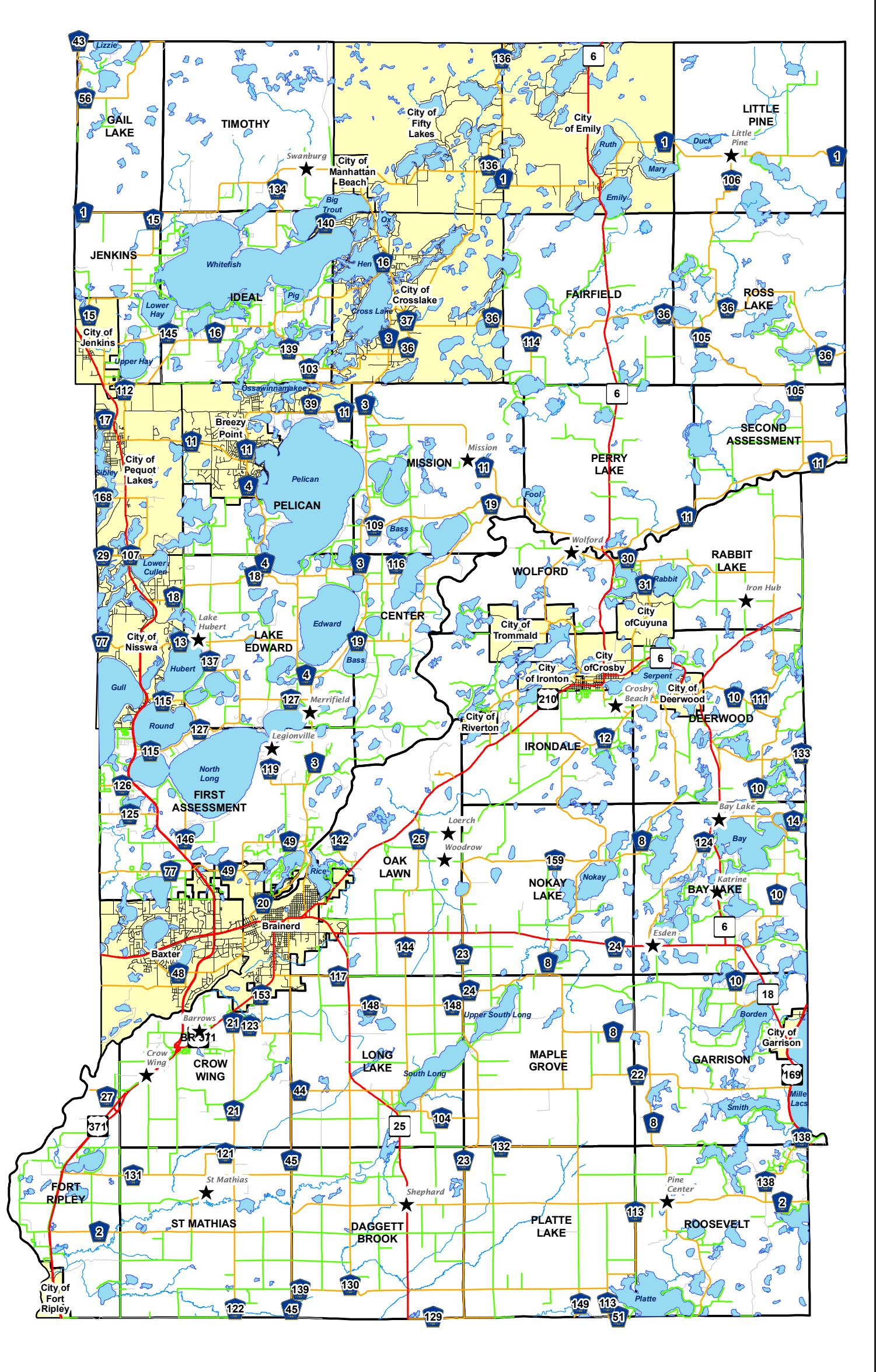
Crow Wing County

Created by:
Crow Wing County GIS Dept.
Jan. 24th, 2008

CROW WING COUNTY

LEGISLATIVE DISTRICTS





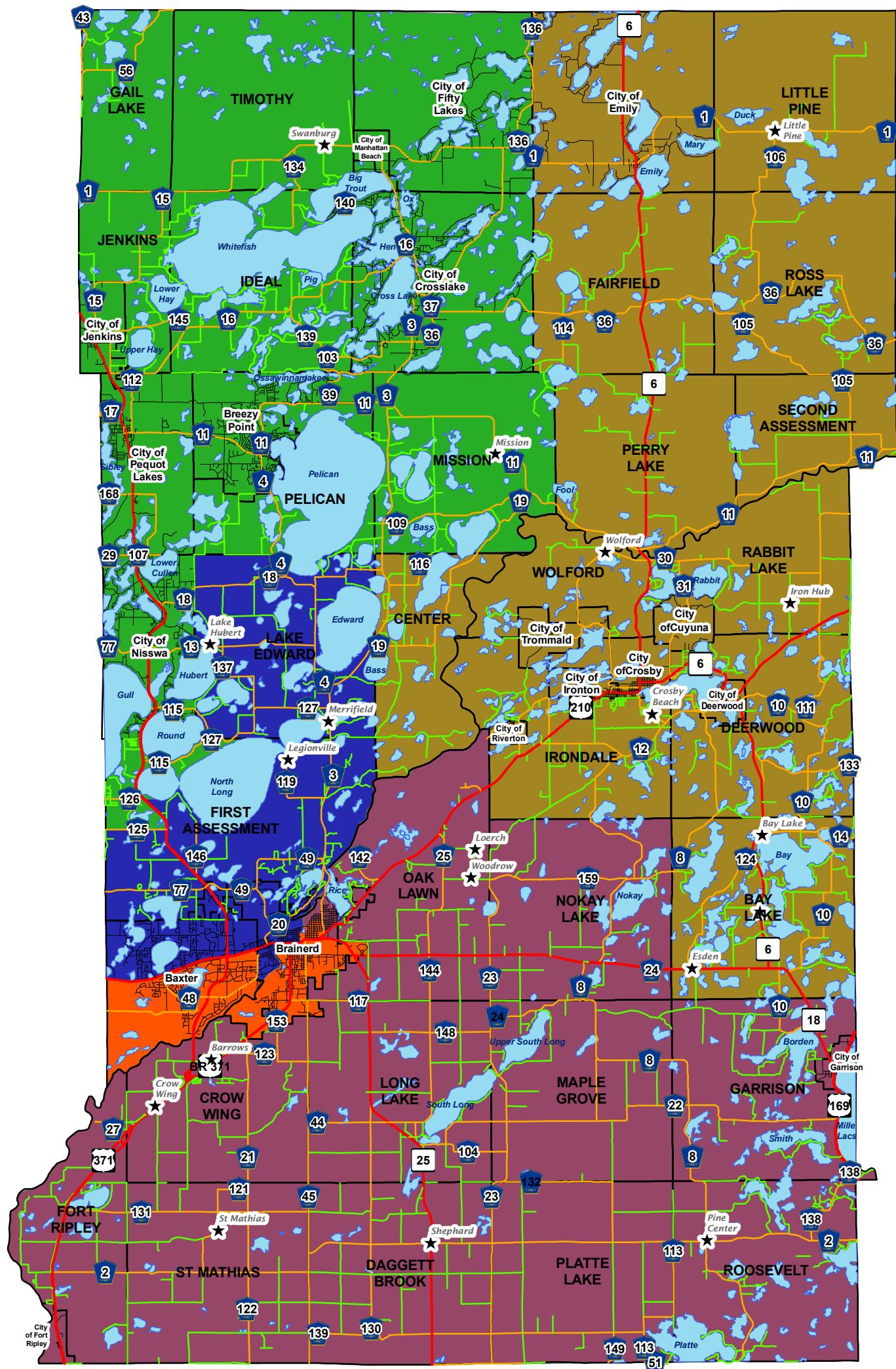
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BRAINERD, MN 56401

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



**CROW WING COUNTY
BRAINERD, MN 56401**

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Legend

HwySymbols

- US Highway
- State Highway
- Local Road

Commission

A vertical legend titled "District" with five color-coded boxes and corresponding numbers: 1 (purple), 2 (green), 3 (orange), 4 (blue), and 5 (tan).

Location Road Type

- US Highway
- State Highway
- County Road
- Township Road
- City Road

**CROW WING COUNTY
BRAINERD, MINNESOTA**

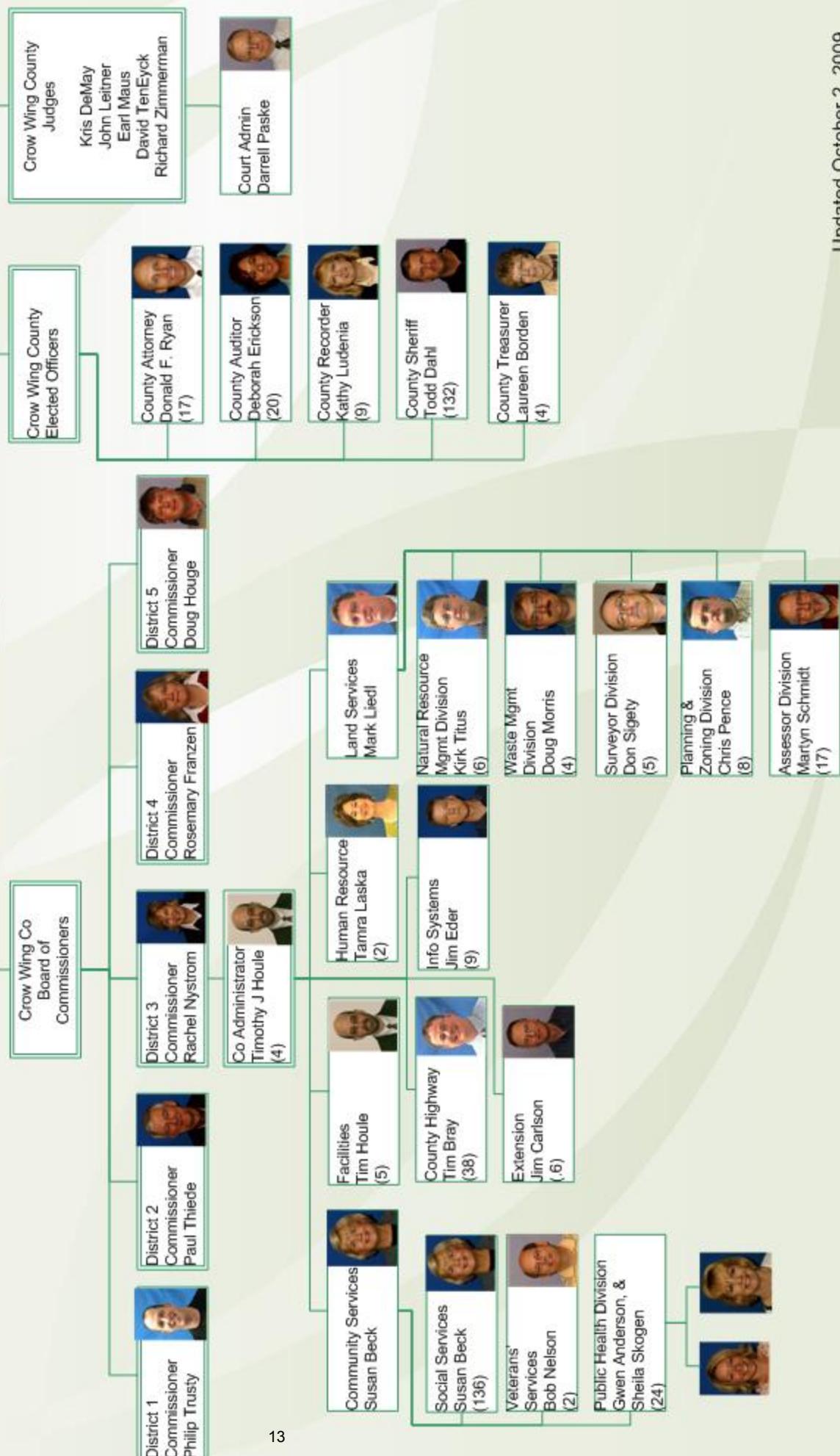
**ORGANIZATION
2008**

Office	Name	Elected or Statutory Term Expires
County Board of Commissioners		
1st District	Philip Trusty	January 2013
2nd District	Paul Thiede	January 2011
3rd District	Rachel Reabe Nystrom*	January 2011
4th District	Rosemary Franzen**	January 2011
5th District	Doug Hough	January 2013
*Denotes 2008 Chair		
**Denotes 2009 Chair		
County Offices		
Elected		
Attorney	Donald F. Ryan	January 2011
Auditor	Deborah A. Erickson	January 2011
Recorder	Kathy Ludenia	January 2011
Sheriff	Todd O. Dahl	January 2011
Treasurer	Laureen E. Borden	January 2011
Appointed		
County Administrator	Timothy J. Houle	Indefinite
County Assessor	Martyn Schmidt	December 2009
Engineer	Lyndon Robjent (Terminated July 2009)***	
Examiner of Titles	Glen A. Gustafson	Indefinite
Land Commissioner	Thomas J. Cowell (Terminated January 2009)****	
Veterans Service Officer	Robert M. Nelson	Indefinite
County Surveyor	Donald Sigety	Indefinite
Solid Waste Coordinator	Douglas R. Morris	Indefinite
Community Services Director	Susan M. Beck	Indefinite
***Tim Bray, Engineer was hired October 2009		
****Kirk Titus, Natural Resource Manager was hired October 2009		
October 2010		
Indefinite		

ORGANIZATIONAL CHART

Crow Wing County Citizens

CROW WING COUNTY
BRAINERD, MN 56401



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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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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, 2008, 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 59 percent, 83 percent, and 65 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 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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, 2008, 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.

As discussed in Note 5 to the financial statements, during the year ended December 31, 2008, Crow Wing County implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

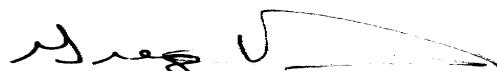
The required supplementary information, as listed in the table of contents, and the Management's Discussion and Analysis are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Crow Wing County's basic financial statements. The supplementary information and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Crow Wing County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2009, on our consideration of Crow Wing County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

November 6, 2009

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008
(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, 2008. 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 \$156,978,164 (net assets). Of this amount, \$41,887,983 (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 \$8,747,352. This increase is a combination of additional capital assets and budget savings from operations. Most of the capital asset increase is from infrastructure.
- As of the close of the 2008 fiscal year, Crow Wing County's governmental funds reported combined ending fund balances of \$39,752,537, compared to \$36,866,683 reported at the close of the 2007 fiscal year. Approximately 69 percent of this amount, \$27,303,711, 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 \$12,599,535, or 45 percent, of total General Fund expenditures, a decrease of \$424,172 in comparison with the prior year.
- Crow Wing County's long-term debt decreased by \$270,610, or .48 percent, to \$55,546,987 during the current fiscal year. In 2008, Crow Wing County did not issue any new debt. However, in 2008 Crow Wing County started to recognize Net Other Post Employment Benefits Obligations in the amount of \$2,668,684.

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, and conservation of natural resources. 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 sanitary management district, a 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 29 through 33 of this report.

(Unaudited)

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, Human Services, and Land Management Special Revenue Funds; and Debt Service Fund, all of which are considered to be major funds. Data from the other six 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 34 through 44 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.

(Unaudited)

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,
- Human Services,
- SCORE,
- Land Management,
- County Building,
- Unorganized Townships,
- Sanitary Mgmt. 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 45 through 48 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 49 of this report.

(Unaudited)

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 54 through 100 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 101 through 108. 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 109 through 122 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 \$156,978,164 at the close of the most recent fiscal year, which is an increase of \$8,747,352 over 2007.

Capital assets, net of related debt, of \$96,848,234 (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 (62 percent). Crow Wing County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Crow Wing County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Crow Wing County's net assets (twelve percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is \$41,887,983.

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets						
Capital assets	\$ 63,963,439 144,486,922	\$ 58,904,371 140,025,393	\$ 8,338,931 5,490,848	\$ 9,621,385 4,283,592	\$ 72,302,370 149,977,770	\$ 68,525,756 144,308,985
Total Assets	\$ 208,450,361	\$ 198,929,764	\$ 13,829,779	\$ 13,904,977	\$ 222,280,140	\$ 212,834,741
Long-term liabilities outstanding						
Other liabilities	\$ 53,014,151 9,471,979	\$ 53,972,615 8,520,994	\$ 2,532,836 283,010	\$ 1,844,982 280,812	\$ 55,546,987 9,754,989	\$ 55,817,597 8,801,806
Total Liabilities	\$ 62,486,130	\$ 62,493,609	\$ 2,815,846	\$ 2,125,794	\$ 65,301,976	\$ 64,619,403

(Unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Net Assets						
Invested in capital assets, net of related debt	\$ 91,545,696	\$ 85,314,269	\$ 5,302,538	\$ 4,088,807	\$ 96,848,234	\$ 89,403,076
Restricted	18,241,947	10,659,184			18,241,947	10,659,184
Unrestricted	36,176,588	40,462,702	5,711,395	7,690,376	41,887,983	48,153,078
Total Net Assets	\$ 145,964,231	\$ 136,436,155	\$ 11,013,933	\$ 11,779,183	\$ 156,978,164	\$ 148,215,338

In 2008 and 2007, 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 \$8,747,352 over 2007. This increase is the result of many surpluses and deficits, but the primary change is an increase in capital assets of \$5,668,785, 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 \$9,512,602, thereby accounting for more than the total growth in the net assets of Crow Wing County. A key element of this growth was the increase in capital assets of \$4,461,529. The majority of the increase in capital assets was in infrastructure.

Business-Type Activities

Business-type activities decreased Crow Wing County's net assets by \$765,250.

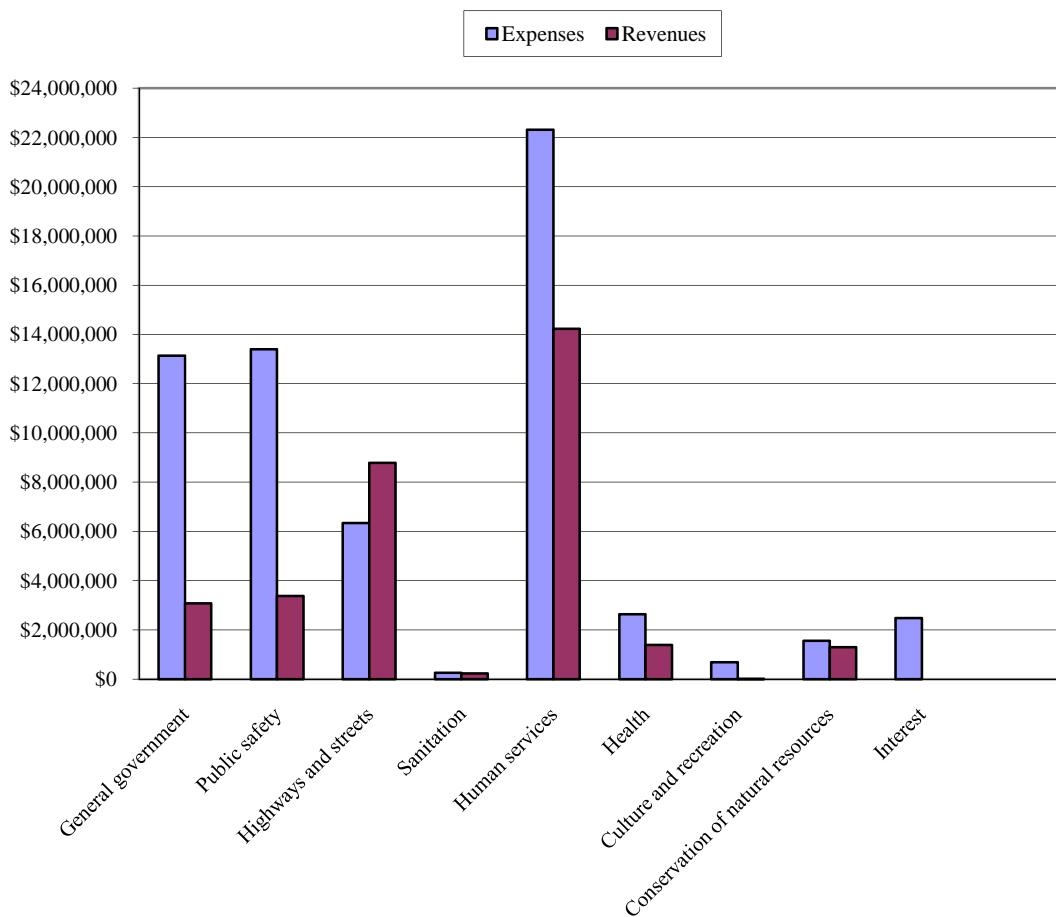
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for services	\$ 7,680,131	\$ 6,841,296	\$ 2,046,074	\$ 1,681,951	\$ 9,726,205	\$ 8,523,247
Operating grants and contributions	18,571,295	16,477,875	-	-	18,571,295	16,477,875
Capital grants and contributions	6,129,559	4,263,750	-	-	6,129,559	4,263,750
General revenues						
Property taxes	33,326,555	32,567,627	-	-	33,326,555	32,567,627
Mortgage registry and deed tax	82,488	111,772	-	-	82,488	111,772
Payments in lieu of tax	335,672	330,606	-	-	335,672	330,606
Grants and contributions not restricted to specific programs	4,051,908	4,208,641	595	595	4,052,503	4,209,236
Investment income	1,220,736	2,154,085	170,172	205,378	1,390,908	2,359,463
Gain/(Loss) on asset disposition	-	14,604	-	-	-	14,604
Miscellaneous	763,319	306,821	-	-	763,319	306,821
Gain on sale of capital assets	2,533	-	-	-	2,533	-
Transfers in (out)	150,000	-	(150,000)	-	-	-
Total Revenues	\$ 72,314,196	\$ 67,277,077	\$ 2,066,841	\$ 1,887,924	\$ 74,381,037	\$ 69,165,001

(Unaudited)

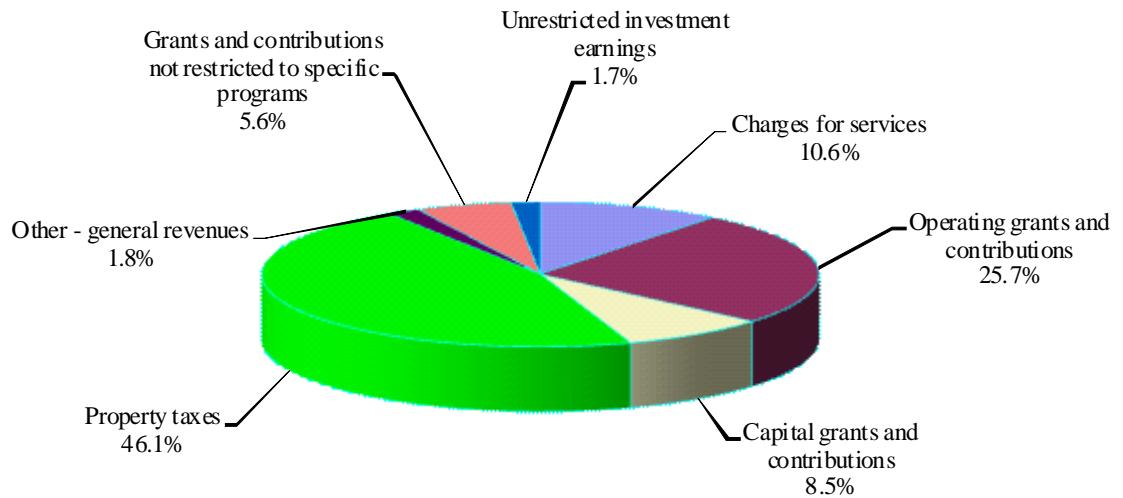
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Expenses						
General government	\$ 13,134,027	\$ 10,997,997	\$ -	\$ -	\$ 13,134,027	\$ 10,997,997
Public safety	13,401,676	10,143,212	-	-	13,401,676	10,143,212
Highways and streets	6,338,643	3,665,519	-	-	6,338,643	3,665,519
Sanitation	257,754	-	-	-	257,754	-
Human services	22,308,975	20,714,263	-	-	22,308,975	20,714,263
Health	2,636,852	1,963,829	-	-	2,636,852	1,963,829
Culture and recreation	688,957	747,101	-	-	688,957	747,101
Conservation of natural resources	1,551,623	2,109,881	-	-	1,551,623	2,109,881
Interest	2,483,087	2,671,422	-	-	2,483,087	2,671,422
Operating expenses - solid waste	-	-	2,832,091	1,441,434	2,832,091	1,441,434
Total Expenses	\$ 62,801,594	\$ 53,013,224	\$ 2,832,091	\$ 1,441,434	\$ 65,633,685	\$ 54,454,658
Increase (Decrease) in Net Assets	\$ 9,512,602	\$ 14,263,853	\$ (765,250)	\$ 446,490	\$ 8,747,352	\$ 14,710,343
Net Assets - January 1	136,451,629	122,172,302	11,779,183	11,332,693	148,230,812	133,504,995
Net Assets - December 31	\$ 145,964,231	\$ 136,436,155	\$ 11,013,933	\$ 11,779,183	\$ 156,978,164	\$ 148,215,338

Expenses and Program Revenues - Governmental Activities



(Unaudited)

Revenue by Sources - Governmental Activities



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 \$39,752,537, an increase of \$2,997,877 in comparison with the prior year. Of this total amount, \$27,303,711 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 \$6,015,799; SCORE \$1,919,751 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 \$12,599,535, while the total fund balance was \$14,501,404. 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 45 percent of the total General Fund expenditures, while total fund balance represents 52 percent of that same amount.

(Unaudited)

The fund balance of Crow Wing County's General Fund decreased \$532,022 in comparison to 2007. This change is primarily due to a significant decrease in investment earnings of \$525,566 under original forecast. Interest rates significantly dropped in 2008. Another large revenue decrease of \$338,393 under forecast was in licensing and permitting. This loss of revenues was attributed to the housing market struggles. The expenditures in the General Fund ended up 1.9% below budget. This favorable expenditure variance helped offset some of the negative revenue impacts in 2008.

The Highway Special Revenue Fund had a total fund balance of \$3,445,288 at the end of the current fiscal year. The fund balance of the Highway Special Revenue Fund increased by \$2,684,697 during the current fiscal year. This increase in fund balance is a result of delaying several road projects originally scheduled for construction in 2008.

The Human Services Special Revenue Fund had a total fund balance of \$7,964,920 at the end of the current fiscal year. The fund balance of the Human Services Special Revenue Fund decreased by \$400,048 during the current fiscal year.

The Land Management Special Revenue Fund had a total fund balance of \$310,486 at the end of the current fiscal year. The fund balance of the Land Management Special Revenue Fund increased by \$38,160 during the current fiscal year.

The Debt Service Fund total fund balance of \$6,015,799 is reserved for the payment of debt service. The fund balance of the Debt Service Fund increased by \$616,969 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.

Several reallocations of expenditures were approved to allow for better tracking of revenues and expenditures within departments. Budgeted expenditures increased \$546,929 between the original budget and final amended budget.

In December 2008, shortly after finalizing the County's 2009 budget, the State of Minnesota unallotted \$596,137 of 2008 second half County Program Aid (CPA). A budget adjustment was not made as the State left only two weeks in the fiscal year to deal with the cuts.

(Unaudited)

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, 2008, amounts to \$149,977,770 (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 3.94 percent.

Major capital asset events during 2008 included a variety of new County road construction projects finished.

Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 3,328,933	\$ 3,148,854	\$ 412,334	\$ 412,334	\$ 3,741,267	\$ 3,561,188
Construction in progress	3,648,188	3,203,519	3,955,215	2,209,809	7,603,403	5,413,328
Infrastructure - right-of-way	2,203,889	2,124,947	-	-	2,203,889	2,124,947
Buildings	58,905,661	60,541,524	647,440	678,500	59,553,101	61,220,024
Land improvements	1,877,941	1,982,044	6,075	-	1,884,016	1,982,044
Machinery, furniture, and equipment	5,025,809	4,370,101	116,070	88,977	5,141,879	4,459,078
Infrastructure	69,496,501	64,654,404	-	-	69,496,501	64,654,404
Landfill	-	-	353,714	893,972	353,714	893,972
Total	\$ 144,486,922	\$ 140,025,393	\$ 5,490,848	\$ 4,283,592	\$ 149,977,770	\$ 144,308,985

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

Long-Term Debt

At the end of 2008, Crow Wing County had total bonded debt outstanding of \$52,945,100. This is a decrease of \$3,433,300 from the start of the year due to paying of debt in debt service payments. In 2008, Crow Wing County did not issue any long-term debt.

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

(Unaudited)

Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities	
	2008	2007
General obligation bonds	\$ 49,485,000	\$ 52,510,000
Capital lease	3,460,100	1,473,400
Facility lease revenue bonds	-	2,395,000
Total	\$ 52,945,100	\$ 56,378,400

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 2008 debt limitation for Crow Wing County is \$343,024,023, 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 3.C. 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 2009 budget, tax rates, and fees that will be charged for the business-type activities.

- The County's total taxable net tax capacity increased by 10.0 percent in 2009.
- 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 2009 is 28.568 percent which ranks fourth lowest of eighty-seven counties.
- On December 16, 2008, the Crow Wing County Board of Commissioners approved the 2009 budget for \$67,511,031, related to the County's Governmental Funds. The 2009 total levy is \$35,183,775, which is an increase of \$1,017,916 compared to the 2008 levy of \$34,165,859. The 2009 budget includes a 2.98 percent overall property tax levy increase.
- In December, shortly after finalizing the County's 2009 budget, the State of Minnesota unallotted \$596,137 of 2008 second half County Program Aid (CPA). With a cut of this magnitude to CPA in 2008, it was estimated by the County that \$1,200,000 would be the potential reduction in CPA for 2009.
- Crow Wing County is committed to operating with a structurally balanced budget. Thus, the threat of losing a significant amount of intergovernmental revenues was addressed with a budget amendment in the amount of \$1,257,791 on January 27, 2009.

(Unaudited)

- The 2009 amended budget as of January 27, 2009 is \$66,365,531 (or 0.92 percent less than the 2008 budget levels) for governmental funds.
- In July 2009, the State sent out local government aid unallotment certifications. It is anticipated that in 2009, Crow Wing County will see an unallotment in County Program Aid in the amount of \$435,793.

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'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's Office, 326 Laurel Street, Suite 22, Brainerd, Minnesota 56401. You may also contact us via email at cwcauditor@co.crow-wing.mn.us or visit our web site at www.co.crow-wing.mn.us.

(Unaudited)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Cash and pooled investments	\$ 40,305,999	\$ 3,907,748	\$ 44,213,747	\$ 633,337
Petty cash and change funds	2,965	-	2,965	-
Investments	17,590	-	17,590	-
Taxes receivable				
Prior - net	1,446,074	-	1,446,074	2,305
Accounts receivable - net	200,891	96,766	297,657	34,086
Accrued interest receivable	275,089	-	275,089	40,330
Loan receivable from primary government	-	-	-	344,315
Contracts receivable	544,179	-	544,179	-
Due from other governments	3,213,049	-	3,213,049	1,835
Lease receivable	-	-	-	2,045,000
Inventories	764,908	-	764,908	-
Prepaid items	2,950	-	2,950	-
Restricted assets				
Cash and pooled investments	-	4,334,417	4,334,417	818,599
Advance to other governments	15,000	-	15,000	-
Deferred charges	108,281	-	108,281	-
Other assets	-	-	-	2,416
Investment in joint venture	17,066,464	-	17,066,464	-
Capital assets				
Non-depreciable	9,181,010	4,367,549	13,548,559	35,000
Depreciable - net of accumulated depreciation	135,305,912	1,123,299	136,429,211	3,006,908
Total Assets	\$ 208,450,361	\$ 13,829,779	\$ 222,280,140	\$ 6,964,131
<u>Liabilities</u>				
Accounts payable	\$ 1,088,262	\$ 69,216	\$ 1,157,478	\$ 6,583
Salaries payable	1,100,730	5,518	1,106,248	-
Accrued payroll taxes	158,540	781	159,321	-
Other accrued liabilities	-	-	-	1,382
Contracts payable	78,222	188,310	266,532	-
Retainage payable	121,776	-	121,776	-
Due to other governments	1,062,451	-	1,062,451	-
Accrued interest payable	940,868	-	940,868	266
Long-term liabilities				
Due within one year	4,921,130	19,185	4,940,315	151,226
Due in more than one year	53,014,151	2,532,836	55,546,987	2,045,000
Total Liabilities	\$ 62,486,130	\$ 2,815,846	\$ 65,301,976	\$ 2,204,457

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
Net Assets				
Invested in capital assets - net of related debt	\$ 91,545,696	\$ 5,302,538	\$ 96,848,234	\$ 2,897,562
Restricted for				
General government	937,661	-	937,661	-
Public safety	2,368,877	-	2,368,877	-
Highways and streets	3,428,312	-	3,428,312	-
Human Services	1,047,518	-	1,047,518	-
Health	2,223	-	2,223	-
Culture and recreation	580,331	-	580,331	-
Conservation of natural resources	1,919,751	-	1,919,751	-
Debt service	6,015,799	-	6,015,799	-
Environmental uses - expendable	94,976	-	94,976	-
Environmental uses - nonexpendable	1,846,499	-	1,846,499	-
Unrestricted	<u>36,176,588</u>	<u>5,711,395</u>	<u>41,887,983</u>	<u>1,862,112</u>
Total Net Assets	<u>\$ 145,964,231</u>	<u>\$ 11,013,933</u>	<u>\$ 156,978,164</u>	<u>\$ 4,759,674</u>

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

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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>	<u>Program Revenues</u>	
			<u>Operating Grants and Contributions</u>	
Primary government				
Governmental activities				
General government	\$ 13,134,027	\$ 1,982,857	\$ 564,209	
Public safety	13,401,676	2,595,331	785,183	
Highways and streets	6,338,643	388,192	3,401,201	
Sanitation	257,754	-	232,263	
Human services	22,308,975	1,732,921	12,495,910	
Health	2,636,852	534,839	850,825	
Culture and recreation	688,957	-	-	
Conservation of natural resources	1,551,623	445,991	241,704	
Interest	2,483,087	-	-	
Total governmental activities	\$ 62,801,594	\$ 7,680,131	\$ 18,571,295	
Business-type activities				
Solid waste	2,832,091	2,046,074	-	
Total primary government	\$ 65,633,685	\$ 9,726,205	\$ 18,571,295	
Component units				
Housing and Redevelopment Authority	\$ 169,362	\$ 9,638	\$ -	
Serpent Lake Sanitary Sewer District	384,177	428,329	-	
Total component units	\$ 553,539	\$ 437,967	\$ -	
General Revenues				
Property taxes				
Mortgage registry and deed tax				
Payments in lieu of tax				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Gain on sale of capital assets				
Transfers				
Total general revenues				
Change in net assets				
Net Assets - Beginning, as restated				
Prior period adjustment (Note 5.B.)				
Net Assets - Beginning, as restated				
Net Assets - Ending				

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

Net (Expense) Revenue and Changes in Net Assets

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General</u>	<u>Highway</u>	<u>Human Services</u>
<u>Assets</u>			
Cash and pooled investments	\$ 15,094,472	\$ 2,852,734	\$ 7,837,678
Petty cash and change funds	2,865	-	-
Investments	17,590	-	-
Taxes receivable			
Prior	740,905	130,535	299,999
Accounts receivable	90,347	-	90,754
Accrued interest receivable	260,598	-	-
Contracts receivable	-	-	-
Due from other funds	406,689	40,783	-
Due from other governments	212,087	1,003,201	1,895,498
Advance to other governments	15,000	-	-
Prepaid expense	2,950	-	-
Inventories	-	764,908	-
Total Assets	<u>\$ 16,843,503</u>	<u>\$ 4,792,161</u>	<u>\$ 10,123,929</u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 457,841	\$ 144,428	\$ 461,430
Salaries payable	649,510	126,190	305,283
Accrued payroll taxes payable	94,692	17,856	43,198
Contracts payable	-	49,323	-
Retainage payable	-	121,776	-
Due to other funds	18,549	-	2,577
Due to other governments	255,843	40,451	466,163
Deferred revenue - unavailable	865,664	846,849	880,358
Total Liabilities	<u>\$ 2,342,099</u>	<u>\$ 1,346,873</u>	<u>\$ 2,159,009</u>

Land Management	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 1,363,419	\$ 6,016,230	\$ 7,141,466	\$ 40,305,999
100	-	-	2,965
-	-	-	17,590
	250,556	24,079	1,446,074
	-	19,790	200,891
	-	14,491	275,089
544,179	-	-	544,179
	-	297,744	745,216
	-	102,263	3,213,049
	-	-	15,000
	-	-	2,950
	-	-	764,908
<u>\$ 1,907,698</u>	<u>\$ 6,266,786</u>	<u>\$ 7,599,833</u>	<u>\$ 47,533,910</u>
\$ 13,329	\$ 431	\$ 10,803	\$ 1,088,262
14,333	-	5,414	1,100,730
2,028	-	766	158,540
28,899	-	-	78,222
-	-	-	121,776
694,523	-	29,567	745,216
299,921	-	73	1,062,451
544,179	<u>250,556</u>	<u>38,570</u>	<u>3,426,176</u>
<u>\$ 1,597,212</u>	<u>\$ 250,987</u>	<u>\$ 85,193</u>	<u>\$ 7,781,373</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General</u>	<u>Highway</u>	<u>Human Services</u>
<u>Liabilities and Fund Balances</u>			
(Continued)			
Fund Balances			
Reserved for			
Inventories	\$ -	\$ 764,908	\$ -
Debt Service	- -	- -	- -
SCORE	- -	- -	- -
Advances to other governments	15,000	- -	- -
Law library	16,513	- -	- -
Recorder's equipment purchases	713,202	- -	- -
Recorder's unallocated land based	132,295	- -	- -
Enhanced 911	308,766	- -	- -
Environmental uses	- -	- -	- -
Parks	580,331	- -	- -
Sheriff's forfeited property	13,441	- -	- -
Attorney's forfeited property	55,352	- -	- -
Sheriff's contingency	5,000	- -	- -
DUI assessment	41,670	- -	- -
Children's trust	5,218	- -	- -
Tobacco compliance	13,379	- -	- -
Extension Grant	1,702	- -	- -
Unreserved			
Designated for technology expenditures	534,146	- -	609,447
Designated for cash flows	10,691,590	- -	4,950,080
Designated for MN estate recoveries	- -	- -	1,047,518
Designated for Capital Improvements	- -	2,663,404	- -
Designated for 800 MHZ	1,000,000	- -	- -
Designated for K-9 unit	7,814	- -	- -
Designated for bomb squad	75,060	- -	- -
Designated for veterans service van	6,320	- -	- -
Designated for rifle range	3,452	- -	- -
Designated for dive team	5,067	- -	- -
Designated for County grants	17,265	- -	- -
Designated for lake area drug investigation	23,180	- -	- -
Designated for mounted patrol	3,544	- -	- -
Designated for human rights commission	449	- -	- -
Designated for initiative foundation	1,550	- -	- -
Designated for triad	3,409	- -	- -
Designated for save a bundle grant	673	- -	- -
Designated for information systems	226,016	- -	- -
Undesignated	- -	16,976	1,357,875
Unreserved, reported in nonmajor			
Special revenue funds	- -	- -	- -
Permanent fund	- -	- -	- -
Total Fund Balances	\$ 14,501,404	\$ 3,445,288	\$ 7,964,920
Total Liabilities and Fund Balances	\$ 16,843,503	\$ 4,792,161	\$ 10,123,929

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

<u>Land Management</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 764,908
-	6,015,799	-	6,015,799
-	-	1,919,751	1,919,751
-	-	-	15,000
-	-	-	16,513
-	-	-	713,202
-	-	-	132,295
-	-	-	308,766
-	-	1,846,499	1,846,499
-	-	-	580,331
-	-	-	13,441
-	-	-	55,352
-	-	-	5,000
-	-	-	41,670
-	-	-	5,218
-	-	-	13,379
-	-	-	1,702
-	-	-	1,143,593
-	-	-	15,641,670
-	-	-	1,047,518
-	-	-	2,663,404
-	-	1,000,000	2,000,000
-	-	-	7,814
-	-	-	75,060
-	-	-	6,320
-	-	-	3,452
-	-	-	5,067
-	-	-	17,265
-	-	-	23,180
-	-	-	3,544
-	-	-	449
-	-	-	1,550
-	-	-	3,409
-	-	-	673
-	-	-	226,016
310,486	-	-	1,685,337
-	-	2,653,594	2,653,594
-	-	94,796	94,796
\$ 310,486	\$ 6,015,799	\$ 7,514,640	\$ 39,752,537
\$ 1,907,698	\$ 6,266,786	\$ 7,599,833	\$ 47,533,910

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

Fund balances - total governmental funds	\$ 39,752,537
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.	144,486,922
Investment in joint venture is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.	17,066,464
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	3,426,176
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General obligation bonds	\$ (49,485,000)
Lease payable	(2,045,000)
Bond discount	127,247
Bond premium	(315,490)
Deferred debt issuance charges	108,281
Accrued interest payable	(940,868)
Net OPEB obligation	(2,668,684)
Compensated absences	(2,133,254)
Capital leases payable	<u>(1,415,100)</u>
	<u>(58,767,868)</u>
Net assets of governmental activities	<u>\$ 145,964,231</u>

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

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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Highway</u>	<u>Human Services</u>
Revenues			
Taxes	\$ 16,763,389	\$ 3,004,474	\$ 6,703,907
Special assessments	-	-	-
Licenses and permits	479,822	-	-
Intergovernmental	3,944,684	9,305,913	12,440,064
Charges for services	3,852,479	1,045,299	199,223
Fines and forfeits	70,315	-	-
Gifts and contributions	18,622	-	-
Investment earnings	1,174,434	-	-
Sales	-	-	-
Miscellaneous	<u>1,426,994</u>	<u>30,167</u>	<u>1,533,582</u>
Total Revenues	<u>\$ 27,730,739</u>	<u>\$ 13,385,853</u>	<u>\$ 20,876,776</u>
Expenditures			
Current			
General government	\$ 12,433,770	\$ -	\$ -
Public safety	11,896,895	-	-
Highways and streets	-	10,697,806	-
Sanitation	-	-	-
Human services	-	-	21,276,824
Health	2,525,789	-	-
Culture and recreation	690,877	-	-
Conservation of natural resources	323,290	-	-
Economic Development	-	-	-
Intergovernmental			
Highway and Streets	-	259,407	-
Capital outlay			
Debt service			
Principal	-	58,300	-
Interest	-	58,879	-
Administrative (fiscal) charges	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 27,870,621</u>	<u>\$ 11,074,392</u>	<u>\$ 21,276,824</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (139,882)</u>	<u>\$ 2,311,461</u>	<u>\$ (400,048)</u>

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

Land Management	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 5,605,739	\$ 876,611	\$ 32,954,120
-	-	605,518	605,518
878,253	-	-	1,358,075
73,553	814,408	543,090	27,121,712
5,243	-	317,442	5,419,686
-	-	-	70,315
-	-	-	18,622
-	-	84,086	1,258,520
552,183	-	-	552,183
87,181	<u>43,214</u>	<u>969,114</u>	<u>4,090,252</u>
\$ 1,596,413	\$ 6,463,361	\$ 3,395,861	\$ 73,449,003
\$ 991,637	\$ -	\$ 230,367	\$ 13,655,774
-	-	227,425	12,124,320
-	-	409,574	11,107,380
-	-	257,754	257,754
-	-	45,779	21,322,603
-	-	19,469	2,545,258
-	-	-	690,877
566,616	-	699,120	1,589,026
-	-	3,800	3,800
-	-	-	259,407
-	-	1,133,905	1,133,905
-	3,375,000	-	3,433,300
-	2,468,486	-	2,527,365
-	<u>2,906</u>	<u>9</u>	<u>2,915</u>
\$ 1,558,253	\$ 5,846,392	\$ 3,027,202	\$ 70,653,684
\$ 38,160	\$ 616,969	\$ 368,659	\$ 2,795,319

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Highway</u>	<u>Human Services</u>
Other Financing Sources (Uses)			
Transfers in	\$ 300,463	\$ 500,000	\$ -
Transfers out	(744,428)	-	-
Proceeds from sale of capital assets	1,800	733	-
Compensation for loss of general capital assets	<u>50,025</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ (392,140)</u>	<u>\$ 500,733</u>	<u>\$ -</u>
Change in Fund Balance	\$ (532,022)	\$ 2,812,194	\$ (400,048)
Fund Balance - January 1	15,033,426	760,591	8,364,968
Increase (decrease) in reserved for inventories	-	(127,497)	-
Fund Balance - December 31	<u>\$ 14,501,404</u>	<u>\$ 3,445,288</u>	<u>\$ 7,964,920</u>

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

Land Management	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 822,492	\$ 1,622,955
-	-	(728,527)	(1,472,955)
-	-	-	2,533
-	-	-	50,025
<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ 93,965	\$ 202,558
\$ 38,160	\$ 616,969	\$ 462,624	\$ 2,997,877
272,326	5,398,830	7,052,016	36,882,157
<hr/>	<hr/>	<hr/>	<hr/>
\$ 310,486	\$ 6,015,799	\$ 7,514,640	\$ 39,752,537

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 BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

Net change in fund balances - total governmental funds	\$ 2,997,877
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Amounts reported for governmental activities in the statement of activities are different because:

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.

Expenditures for general capital assets and infrastructure	\$ 9,173,333
Current year depreciation	<u>(4,598,565)</u>
	4,574,768

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 disposal increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the disposed capital assets. (113,239)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	691,459
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets

Principal repayments	
General obligation bonds	\$ 3,025,000
Capital lease	58,300
Lease payable	<u>350,000</u>
	3,433,300

Increase in joint venture does not provide current financial resources and is not reported as revenue in the funds.	943,819
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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 the funds.

Change in accrued interest payable	\$ 49,063
Amortization of premiums and bond issuance costs	(1,870)
Change in compensated absences	(266,394)
Change in inventories	(127,497)
Change in net OPEB obligation	<u>(2,668,684)</u>
	(3,015,382)

Change in net assets of governmental activities	\$ 9,512,602
--	---------------------

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF NET ASSETS
SOLID WASTE ENTERPRISE FUND
DECEMBER 31, 2008**

Assets

Current assets	
Cash and pooled investments	\$ 3,907,748
Accounts receivable - net	<u>96,766</u>
	<u>\$ 4,004,514</u>
Total current assets	<u>\$ 4,004,514</u>
Restricted assets	
Cash and pooled investments	<u>\$ 4,334,417</u>
Noncurrent assets	
Capital assets	\$ 4,367,549
Nondepreciable	<u>1,123,299</u>
Depreciable - net	
	<u>\$ 5,490,848</u>
Total noncurrent assets	<u>\$ 5,490,848</u>
Total Assets	<u>\$ 13,829,779</u>

Liabilities

Current liabilities	
Accounts payable	\$ 69,216
Salaries payable	<u>5,518</u>
Accrued payroll taxes	<u>781</u>
Compensated absences payable - current	<u>19,185</u>
Contracts payable	<u>188,310</u>
	<u>\$ 283,010</u>
Total current liabilities	<u>\$ 283,010</u>
Noncurrent liabilities	
Compensated absences payable - long-term	\$ 2,131
Estimated liability for landfill closure/postclosure	<u>2,530,705</u>
	<u>\$ 2,532,836</u>
Total noncurrent liabilities	<u>\$ 2,532,836</u>
Total Liabilities	<u>\$ 2,815,846</u>

Net Assets

Invested in capital assets, net of contracts payable	\$ 5,302,538
Unrestricted	<u>5,711,395</u>
	<u>\$ 11,013,933</u>
Total Net Assets	<u>\$ 11,013,933</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, 2008**

Operating Revenues	
Charges for services	\$ 2,044,274
License and permits	<u>1,800</u>
Total Operating Revenues	<u>\$ 2,046,074</u>
Operating Expenses	
Personal services	\$ 81,615
Employee benefits and payroll taxes	24,662
Professional services	24,872
Contracted services	1,079,687
Other services and charges	63,877
Supplies	71,674
Telephone	627
Utilities	32,720
Fuel	7,032
Advertising	16,277
Staff training	20
Licenses and dues	1,975
Postage	4,373
Vehicle expense	67,403
Rent and lease equipment	1,568
Miscellaneous	17,217
Depreciation	649,465
Landfill closure and postclosure costs	<u>687,027</u>
Total Operating Expenses	<u>\$ 2,832,091</u>
Operating Income (Loss)	<u>\$ (786,017)</u>
Nonoperating Revenues (Expenses)	
Intergovernmental	\$ 595
Interest income	<u>170,172</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 170,767</u>
Income before contributions and transfers	<u>\$ (615,250)</u>
Transfers out	<u>(150,000)</u>
Change in Net Assets	<u>\$ (765,250)</u>
Net Assets - January 1	<u>\$ 11,779,183</u>
Net Assets - December 31	<u>\$ 11,013,933</u>

e 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, 2008**
Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Receipts from customers and users	\$ 2,047,081
Payments to suppliers	(1,390,133)
Payments to employees	<u>(96,937)</u>
Net cash provided by (used in) operating activities	<u>\$ 560,011</u>

Cash Flows from Noncapital Financing Activities

Intergovernmental	\$ 595
Transfers out	<u>(150,000)</u>
Net cash provided by (used in) noncapital financing activities	<u>\$ (149,405)</u>

Cash Flows from Capital and Related Financing Activities

Purchases of capital assets	<u>\$ (1,863,196)</u>
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Cash Flows from Investing Activities

Investment earnings received	<u>\$ 170,172</u>
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Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (1,282,418)</u>
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Cash and Cash Equivalents at January 1

Cash and Cash Equivalents at December 31

Cash and Cash Equivalents - Exhibit 7

Cash and pooled investments	\$ 3,907,748
Restricted cash and pooled investments	<u>4,334,417</u>
Total Cash and Cash Equivalents	<u>\$ 8,242,165</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, 2008
Increase (Decrease) in Cash and Cash Equivalents**

Reconciliation of Operating Income (Loss) to Net Cash

Provided by (Used in) Operating Activities

Operating income (loss)	<u>\$ (786,017)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 649,465
(Increase) decrease in accounts receivable	873
(Increase) decrease in due from other funds	134
Increase (decrease) in accounts payable	160
Increase (decrease) in due to other funds	(971)
Increase (decrease) in compensated absences payable	8,272
Increase (decrease) in salaries/benefits payable	1,068
Increase (decrease) in landfill closure costs	<u>687,027</u>
Total adjustments	<u>\$ 1,346,028</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 560,011</u>

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, 2008**

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and pooled investments	<u>\$ 4,986,500</u>
Total Assets	<u>\$ 4,986,500</u>
<u>Liabilities</u>	
Accounts payable	\$ 185,907
Salaries payable	108,976
Due to other governments	<u>4,691,617</u>
Total Liabilities	<u>\$ 4,986,500</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, 2008**

	Housing and Redevelopment Authority	Serpent Lake Sanitary Sewer District	Total
<u>Assets</u>			
Current assets			
Cash and pooled investments	\$ 444,939	\$ 188,398	\$ 633,337
Taxes receivable			
Prior	2,305	-	2,305
Accounts receivable - net	-	34,086	34,086
Accrued interest receivable	38,150	2,180	40,330
Loan receivable	344,315	-	344,315
Due from other governments	1,835	-	1,835
Lease receivable from primary government	2,045,000	-	2,045,000
Total current assets	\$ 2,876,544	\$ 224,664	\$ 3,101,208
Noncurrent assets			
Restricted cash and cash equivalents	\$ -	\$ 818,599	\$ 818,599
Other assets	-	2,416	2,416
Capital assets			
Nondepreciable	-	35,000	35,000
Depreciable - net	-	3,006,908	3,006,908
Total noncurrent assets	\$ -	\$ 3,862,923	\$ 3,862,923
Total Assets	\$ 2,876,544	\$ 4,087,587	\$ 6,964,131
<u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 750	\$ 5,833	\$ 6,583
Other accrued liabilities	-	1,382	1,382
Compensated absences payable	-	6,880	6,880
Accrued interest payable	-	266	266
General obligation bonds payable - current	-	144,346	144,346
Total current liabilities	\$ 750	\$ 158,707	\$ 159,457
Noncurrent liabilities			
Facility lease revenue bonds payable - long-term	\$ 2,045,000	\$ -	\$ 2,045,000
Total Liabilities	\$ 2,045,750	\$ 158,707	\$ 2,204,457

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, 2008**

	Housing and Redevelopment Authority	Serpent Lake Sanitary Sewer District	Total
<u>Net Assets</u>			
Invested in capital assets - net of related debt	\$ -	\$ 2,897,562	\$ 2,897,562
Unrestricted	<u>830,794</u>	<u>1,031,318</u>	<u>1,862,112</u>
Total Net Assets	<u>\$ 830,794</u>	<u>\$ 3,928,880</u>	<u>\$ 4,759,674</u>

The 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, 2008**

		<u>Program Revenues</u>	
		<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>
Component Units			
Housing and Redevelopment Authority	\$ 169,362		\$ 9,638
Serpent Lake Sanitary Sewer District	<u>384,177</u>		<u>428,329</u>
Total Component Units	<u>\$ 553,539</u>		<u>\$ 437,967</u>
 General Revenues and Other Items			
Property tax			
Investment income			
Grants and contributions not restricted to specific programs			
 Total general revenues and other items			
 Change in Net Assets			
 Net Assets - Beginning, as restated			
 Net Assets - Ending			

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

Net (Expense) Revenue and Changes in Net Assets		
Housing and Redevelopment Authority	Serpent Lake Sanitary Sewer District	Total
\$ (159,724)	\$ -	\$ (159,724)
<u>-</u>	<u>44,152</u>	<u>44,152</u>
<u>\$ (159,724)</u>	<u>\$ 44,152</u>	<u>\$ (115,572)</u>
\$ 58,850	\$ -	\$ 58,850
59,233	32,507	91,740
<u>120,463</u>	<u>-</u>	<u>120,463</u>
<u>\$ 238,546</u>	<u>\$ 32,507</u>	<u>\$ 271,053</u>
\$ 78,822	\$ 76,659	\$ 155,481
<u>\$ 751,972</u>	<u>\$ 3,852,221</u>	<u>\$ 4,604,193</u>
<u>\$ 830,794</u>	<u>\$ 3,928,880</u>	<u>\$ 4,759,674</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, 2008**

1. 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, 2008. 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.

CROW WING COUNTY BRAINERD, MINNESOTA

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

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

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.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Joint Ventures

The County participates in several joint ventures described in Note 4.B. The County also participates in jointly-governed organizations described in Note 4.C.

B. Basic Financial Statements

1. 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 requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements (Continued)

2. 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 Human Services Special Revenue Fund is used to account for all costs for human services. Financing comes primarily from an annual property tax levy and intergovernmental revenue from the state and federal governments.

The Land Management Special Revenue Fund is used to account for financial transactions resulting from the management of Crow Wing County's tax-forfeited lands.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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.

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

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 for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2008, 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 2008 were \$1,174,434. 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).

**CROW WING COUNTY
BRAINERD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

3. Receivables and Payables (Continued)

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

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

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

4. Inventories

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.

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.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

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 rights-of-way), 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:

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

7. Compensated Absences

Compensated absences will be reported for paid time off (PTO) hours, vacation hours and vested sick leave.

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.

Vacation

Vacation hours are accrued by full-time and part-time County employees. Vacation time is vested after six months of employment. Under the County's personnel policies and union contracts, employees are granted vacation leave in varying amounts based on their length of service. Vacation leave accrual varies from 12 to 25 days per year. The majority of County employees are entitled to carry over a balance of 240 hours (30 days) at the end of each year.

Vacation 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 vacation leave at their current hourly rate.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

7. Compensated Absences (Continued)

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

Sick Leave

Sick leave hours are accrued by all full-time County employees up to 96 hours per year (or one day per month). Sick leave is earned by part-time employees on a prorated basis. Sick leave hours earned can be carried over from year to year and may be accumulated without any limitation.

Sick Leave Severance Pay - Vested sick leave 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 sick leave, 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 sick leave other than the one exception listed above.

Sick Leave Current and Long-Term Compensated Absences - Sick leave 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.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

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. Government-mandated nonexchange transactions Actual results could differ from such estimates.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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.

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

1. Summary of Significant Accounting Policies

E. Revenues

Intergovernmental (Continued)

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.

2. 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 May and August of each year, the County Administrator and Auditor'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'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.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

2. Stewardship, Compliance, and Accountability

A. Budgetary Information (Continued)

4. Revisions that alter the budgeted revenues or expenditures of any fund must be approved by the Board of Commissioners.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, 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), Human Services (special revenue), SCORE (special revenue), County Building (special revenue), Unorganized Townships (special revenue), Land Management (special revenue), Extension Grants (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, 2008.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Special Revenue Funds:			
Highway	\$ 11,074,392	\$ 8,691,659	\$ 2,382,733
Human Services	21,276,824	21,103,197	173,627
Unorganized Towns	618,044	539,530	78,514
Debt Service Fund	5,846,392	5,846,237	155

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. 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	\$	40,305,999
Petty cash and change funds		2,965
Investments		17,590
Business-type activities		
Cash and pooled investments		3,907,748
Cash and pooled investments - restricted assets		4,334,417
Discretely presented component units		
Cash and pooled investments		633,337
Cash and pooled investments - restricted assets		818,599
Statement of fiduciary net assets		
Cash and pooled investments		<u>4,986,500</u>
Total Cash and Investments	\$	<u>55,007,155</u>
Deposits	\$	43,975,621
Petty Cash and Change Funds		2,965
Investments		<u>11,028,569</u>
Total	\$	<u>55,007,155</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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

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. The County does not have a deposit policy for custodial credit risk. As of December 31, 2008, 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;

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute.

Custodial Credit Risk

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

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.

The following table presents the County's investment balances at December 31, 2008, and information relating to potential investment risks:

Investment Type	Credit Risk		Concentration Risk Over 5 Percent of Portfolio	Interest Rate Risk		Fair Value
	Credit Rating	Rating Agency		Maturity Date		
Agency Securities						
Bremer Bank						
Repurchase Agreement	N/A	N/A	99.89%	1/2/09	\$ 11,016,556	
Bonds						
Series E U.S. Savings Bonds						
M209526048-E	N/A	N/A	N/A	6/2009	\$ 4,298	
M209562049-E	N/A	N/A	N/A	6/2009	4,298	
D208632520-E	N/A	N/A	N/A	6/2009	2,149	
R209023445-E	N/A	N/A	N/A	6/2009	859	
K200265717-E	N/A	N/A	N/A	6/2006	409	
Series E U.S. Savings Bonds					\$ 12,013	
Total investments					\$ 11,028,569	

N/R - Not Rated

N/A - Not Applicable

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

2. Receivables

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	\$ 1,446,074
Contracts receivable	544,179
Charges for services	25,682
Highway aids receivable that do not provide current financial resources	716,314
Interest receivable that does not provide current financial resources	102,984
Grants receivable that do not provide current financial resources	590,943
Total Deferred Revenue for Governmental Funds	<u>\$ 3,426,176</u>

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**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

Governmental Activities

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Land	\$ 3,148,854	\$ 180,079	\$ -	\$ 3,328,933
Construction in progress	3,203,519	3,069,999	(2,625,330)	3,648,188
Infrastructure - right-of-way	<u>2,124,947</u>	<u>78,942</u>	<u>-</u>	<u>2,203,889</u>
Total capital assets not depreciated	<u>\$ 8,477,320</u>	<u>\$ 3,329,020</u>	<u>\$ (2,625,330)</u>	<u>\$ 9,181,010</u>
Capital assets depreciated				
Buildings	\$ 68,581,644	\$ -	\$ (14,824)	\$ 68,566,820
Land improvements	2,082,065	-	-	2,082,065
Machinery, furniture, and equipment	11,546,394	1,924,124	(495,461)	12,975,057
Infrastructure	<u>80,581,622</u>	<u>6,545,518</u>	<u>-</u>	<u>87,127,140</u>
Total capital assets depreciated	<u>\$ 162,791,725</u>	<u>\$ 8,469,642</u>	<u>\$ (510,285)</u>	<u>\$ 170,751,082</u>
Less: accumulated depreciation for				
Buildings	\$ (8,040,120)	\$ (1,623,262)	\$ 2,223	\$ (9,661,159)
Land improvements	(100,021)	(104,103)	-	(204,124)
Machinery, furniture, and equipment	(7,176,293)	(1,167,778)	394,823	(7,949,248)
Infrastructure	<u>(15,927,218)</u>	<u>(1,703,421)</u>	<u>-</u>	<u>(17,630,639)</u>
Total accumulated depreciation	<u>\$ (31,243,652)</u>	<u>\$ (4,598,564)</u>	<u>\$ 397,046</u>	<u>\$ (35,445,170)</u>
Total capital assets depreciated, net	<u>\$ 131,548,073</u>	<u>\$ 3,871,078</u>	<u>\$ (113,239)</u>	<u>\$ 135,305,912</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 140,025,393</u>	<u>\$ 7,200,098</u>	<u>\$ (2,738,569)</u>	<u>\$ 144,486,922</u>

Depreciation expense for 2008 was charged to functions of the primary governments for governmental activities as follows:

Governmental Activities			
General government		\$ 1,332,154	
Public safety		783,517	
Highways and streets, including depreciation of infrastructure assets		2,181,536	
Human services		241,341	
Health		12,267	
Culture and recreation		8,699	
Conservation of natural resources		<u>39,050</u>	
Total Depreciation Expense - Governmental Activities		<u>\$ 4,598,564</u>	

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Business-Type Activities

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Construction in progress	\$ 2,209,809	\$ 1,745,406	\$ -	\$ 3,955,215
Land	412,334	-	-	412,334
Total capital assets not depreciated	\$ 2,622,143	\$ 1,745,406	\$ -	\$ 4,367,549
Capital assets depreciated				
Buildings	\$ 775,898	\$ -	\$ -	\$ 775,898
Improvements other than buildings	6,075	-	-	6,075
Landfill	8,209,015	55,127	-	8,264,142
Machinery, furniture, and equipment	271,309	56,188	(54,640)	272,857
Total capital assets depreciated	\$ 9,262,297	\$ 111,315	\$ (54,640)	\$ 9,318,972
Less: accumulated depreciation for				
Buildings	\$ (103,473)	\$ (24,985)	\$ -	\$ (128,458)
Landfill	(7,315,043)	(595,385)	-	(7,910,428)
Machinery, furniture, and equipment	(182,332)	(29,095)	54,640	(156,787)
Total accumulated depreciation	\$ (7,600,848)	\$ (649,465)	\$ 54,640	\$ (8,195,673)
Total capital assets depreciated, net	\$ 1,661,449	\$ (538,150)	\$ -	\$ 1,123,299
Business-Type Activities				
Capital Assets, Net	\$ 4,283,592	\$ 1,207,256	\$ -	\$ 5,490,848

Depreciation expense for 2008 was charged to functions of the primary governments business-type activities as follows:

Business-Type Activities	\$ 649,465
Solid waste	\$ 649,465

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2008, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Human Services Sanitary Management District Land Management Small Cities Development Prog.	1,525 8,162 396,402 600
Total Due to General Fund		\$ 406,689
Highway	General Unorganized Townships Human Services Land Management SCORE	\$ 18,549 20,000 1,052 377 805
Total Due to Highway Fund		\$ 40,783
County Building	Land Management	\$ 297,744
Total Due To/From Other Funds		\$ 745,216

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers (Continued)

2. Interfund Transfers

Interfund transfers for the year ended December 31, 2008, consisted of the following:

Transfer In Fund	Transfer Out Fund	Amount
General	Capital Projects	289,810
	Extension	1,702
	SCORE	8,951
Total Transfer In General Fund		\$ 300,463
Highway	General	\$ 500,000
Building	General	244,428
	Capital Projects	251,323
Total Transfer In Building Fund		\$ 495,751
SCORE	Solid Waste	\$ 150,000
Sanitary Management	SCORE	\$ 100,776
Capital Projects	Building	\$ 75,965
Total Interfund Transfers		\$ 1,622,955

In 2008, transfers were used to close out fund balances in Capital Project Fund to the General and Building Funds as building projects finished. Additionally, a \$500,000 transfer from the General Fund to the Highway Fund was used for cash flow purposes. Transfers have also occurred between SCORE, Sanitary Management, and Solid Waste to fully utilize the landfills financial assurance interest earnings within the operations of Sanitary Management. A transfer of \$244,428 was made from the General Fund to the Building Fund for future capital needs. This \$244,428 transfer represented 50% of the revenues generated from housing state prisoners in the County's Jail.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

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, 2007, there were approximately 620 participants in the plan. Of the 620 participants, 194 were retirees (including LTD participants) and spouses receiving benefits. The County also provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b.

Funding Policy

OPEB benefits have historically been funded on a pay-as-you-go basis (PAYGO). Under 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. However, continuing on a PAYGO basis will create a Net OPEB Obligation (NOO) on the balance sheet over time (the NOO at the beginning of the GASB 45 implementation year is \$0). As of year-end 2008, the County had contributed \$998,341 to the plan. Results throughout the actuarial report assume continued funding under PAYGO.

Annual OPEB Cost and Net OPEB Obligation

The County first had an actuarial valuation performed for the plan as of January 1, 2007, to determine the funded status of the plan as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2008. The ARC, which represents a level of funding that is 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 thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the plan.

Net OPEB Obligation – As of January 1, 2008	\$ -
Annual OPEB cost (expense)	3,667,025
Employer Contributions	998,341
Net OPEB Obligation – As of December 31, 2008	<hr/> \$ 2,668,684

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

1. Other Postemployment Benefits (Continued)

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 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

Funding Status and Funding Progress

The funded status of the plan as of January 1, 2007 (most recent valuation date), was as follows:

1. Actuarial Accrued Liability (AAL)	\$ 35,478,061
2. Actuarial Value of Plan Assets	-
3. Unfunded Actuarial Accrued Liability (UAAL)	<u>35,478,061</u>
4. Funded Ratio (2. / 1.)	0%
5. Covered Payroll (active plan members)	18,502,377
6. UAAL as a Percentage of Covered Payroll (3. / 5.)	191.75%

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.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

1. Other Postemployment 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, 2007 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 initially reduced by the decrements to an ultimate rate of 5.0 percent in the year 2015. 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, 2008, was twenty-nine years.

2. Construction Commitments

The County has active construction projects as of December 31, 2008. The projects include the following:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Business Activities Cell 4 and Pond 4 Construction	\$ 2,104,691	\$ 355,920

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

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.

Crow Wing County has entered into a lease agreement with the Crow Wing County HRA (discrete component unit) to lease a detention facility and law enforcement facility. This 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 facilities at the inception date was \$4,625,000. It is recorded as a government activity.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2008, were as follows:

<u>Year Ending December 31</u>	<u>Crosslake</u>	<u>Crow Wing County HRA</u>
2009	\$ 115,401	\$ 50,280
2010	116,126	461,772
2011	116,610	463,528
2012	119,491	459,147
2013	119,525	463,475
2014 – 2018	609,523	461,363
2019 – 2023	638,240	-
2024	132,804	-
Total minimum lease payments	\$ 1,967,720	\$ 2,359,565
Less: amount representing interest	(552,620)	(314,565)
Present Value of Minimum Lease Payments	\$ 1,415,100	\$ 2,045,000

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

4. Long-Term Debt

Governmental Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2008
General obligation bonds and notes					
2006A G.O. Capital Notes	2010	\$995,000 - \$1,130,000	4.00 - 4.13	\$ 3,210,000	\$ 2,215,000
2004A G.O. Capital Improvement Plan Bonds	2025	\$1,195,000 - \$2,375,000	3.00 - 5.00	32,860,000	29,210,000
2004B G.O. County Jail Bonds	2025	\$660,000 - \$1,310,000	2.50 - 5.00	18,110,000	16,100,000
2002A G.O. Airport Improvement Bonds	2022	\$35,000 - \$200,000	3.50 - 5.00	2,500,000	1,960,000
Total General Obligation Bonds and Notes				\$ 56,680,000	\$ 49,485,000

5. Debt Service Requirements

Debt service requirements at December 31, 2008, were as follows:

Governmental Activities

December 31	General Obligation Bonds		
	Principal	Interest	
2009	\$ 3,055,000		\$ 2,182,929
2010	3,260,000		2,098,407
2011	2,195,000		1,984,713
2012	2,265,000		1,889,639
2013	2,340,000		1,790,397
2014 – 2018	13,135,000		7,288,887
2019 – 2023	16,045,000		3,844,677
2024 – 2025	7,190,000		364,000
Total	<u>\$ 49,485,000</u>		<u>\$ 21,443,649</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 52,510,000	\$ -	\$ 3,025,000	\$ 49,485,000	\$ 3,055,000
Plus: deferred amounts for issuance premiums (discounts)	201,280	-	13,037	188,243	13,037
Total bonds payable	\$ 52,711,280	\$ -	\$ 3,038,037	\$ 49,673,243	\$ 3,068,037
Capital lease	1,473,400	-	58,300	1,415,100	58,300
Lease Payable to Component Unit	2,395,000	-	350,000	2,045,000	-
Net OPEB Obligation	-	2,668,684	-	2,668,684	-
Compensated absences	1,866,860	266,394	-	2,133,254	1,807,830
Governmental Activities Long-Term Liabilities	\$ 58,446,540	\$ 2,935,078	\$ 3,446,337	\$ 57,935,281	\$ 4,934,167

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Estimated liability for landfill closure and postclosure					
Compensated absences	\$ 1,843,678 13,044	\$ 687,027 8,272	\$ - -	\$ 2,530,705 21,316	\$ - 19,185
Business-Type Activities Long-Term Liabilities	\$ 1,856,722	\$ 695,299	\$ -	\$ 2,552,021	\$ 19,185

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

6. Changes in Long-Term Liabilities (Continued)

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 \$1,270,000 for the year ended December 31, 2008.

Brainerd Lakes Integrated Health Systems

On June 27, 2008, Crow Wing County issued a Revenue Note of \$9,367,092 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. 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, 2008 was \$9,142,468.

7. 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 Public 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.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

7. Pension Plans

a. Defined Benefit Plans

Plan Description (Continued)

Public 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. 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.

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. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for 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 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.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

7. Pension Plans

a. Defined Benefit Plans

Plan Description (Continued)

For all Public Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and Employees Correctional Fund members, and either 65 or 66 (depending on date hired) for Public 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 Public 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. Minn. Stat. ch. 353 sets the rates for employer and employee contributions. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public 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 were required to contribute 8.6 percent of their annual covered salary in 2008. That rate increased to 9.4 percent in 2009. Public Employees Correctional Fund members are required to contribute

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

7. Pension Plans

a. Defined Benefit Plans

Funding Policy (Continued)

5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2008 and 2009:

	2008	2009
Public Employees Retirement Fund		
Basic Plan members	11.78%	11.78%
Coordinated Plan members	6.50	6.75
Public Employees Police and Fire Fund	12.90	14.10
Public Employees Correctional Fund	8.75	8.75

The County's contributions for the years ending December 31, 2008, 2007, and 2006, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	2008	2007	2006
Public Employees Retirement Fund	\$ 1,070,233	\$ 992,214	\$ 908,519
Public Employees Police and Fire Fund	305,781	261,468	228,190
Public Employees Correctional Fund	211,009	193,521	151,355

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 in accordance with Minn. Stat. ch. 353D. 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.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

7. Pension Plans

b. Defined Contribution Plan (Continued)

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 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, 2008, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 3,443	\$ 3,443
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

8. 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 \$2,530,705 landfill closure and postclosure care liability at December 31, 2008, represents the cumulative amount reported to date

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

8. Solid Waste Landfill Closure and Postclosure Care Costs (Continued)

based on the use of 54.6 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$2,488,480 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The County expects to close the landfill in 2017. 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, 2008, investments of \$4,334,417 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.

9. 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 Insurance 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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

9. Risk Management (Continued)

Association with coverage at \$410,000 per claim in 2008 and \$430,000 per claim in 2009. 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.

4. Summary of Significant Contingencies and Other Items

A. Claims and Litigation

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

B. Joint Ventures

Brainerd-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. In 2008, the County made an appropriation of \$153,000 for the Airport Commission. The airport does not publish separate financial statements.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Brainerd-Crow Wing Airport (Continued)

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 \$15,303,689 on December 31, 2008.

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, 2007, the Agency had net assets of \$813,901. In 2007, there was an increase in net assets of \$325,194.

At December 31, 2008, the Agency had net assets of \$1,003,011. In 2008, there was an increase in net assets of \$189,110.

The Central Minnesota Community Corrections Agency is funded through state grants and contributions from its member counties. Crow Wing County had expenditures of \$373,681 for community corrections to the Agency for 2008.

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Central Minnesota Community Corrections Agency (Continued)

Complete financial information can be obtained from:

Central Minnesota Community Corrections Agency
c/o Tom Rosenthal, Director
324 South 5th Street
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 Courthouse
4th Street and Minnesota Avenue
Walker, Minnesota 56484

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. 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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

B. Joint Ventures

South Country Health Alliance (Continued)

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, 2008, was \$ 1,762,775. 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
BRAINERD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations

Crow Wing County Family Service Collaborative (Continued)

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, effective 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 \$548,044 to the Library for the year ended December 31, 2008.

Separate financial information can be obtained from:

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

D. Subsequent Events

On January 27, 2009, Crow Wing County issued a Revenue Note of \$2,245,586 on behalf of the Brainerd Lakes Integrated Health Systems (conduit debt), to finalize the refinance of the purchase of the Brainerd Medical Center (BMC) and related facilities located adjacent to BMC, in the City of Brainerd. 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.

On May 12, 2009, the County Board approved the issuance and sale of \$3,360,000 General Obligation (GO) Bonds, Series 2009, to finance the purchase of capital equipment and refund the lease payable to the component unit.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

5. 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 84
Crosby, Minnesota 56441

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.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

5. Component Unit Disclosures

A. Summary of Significant Accounting Policies (Continued)

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, 2008.

B. Restatement of Net Assets

Prior Period Adjustment of General Obligation Bonds Payable

The January 1, 2008, balance of the General Obligations Bonds payable for current and long-term decreased, respectively by \$4,838 and \$41,916. This is a Pay-as-you-go tax increment financing note; the Housing Redevelopment Authority (HRA) is only obligated to make payments from available tax increments collections. The note should not be recorded as a payable of the HRA.

The adjustment of the January 1, 2008, current and long term General Obligations Bonds Payable resulted in a corresponding adjustment of the January 1, 2008, net assets balance of the HRA in the Statement of Activities.

Balance, January 1, 2008, as previously reported		\$ 705,218
Prior Period Adjustment for correction to bonds payable:		
General Obligation Bonds Payable-current	\$ 4,838	
General Obligation Bonds Payable- long term	<u>41,916</u>	
Net Effect to Investment in Capital Assets		<u>46,754</u>
Balance, January 1, 2008, as restated:		\$ <u>751,972</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

5. Component Unit Disclosures (Continued)

C. 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; 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, 2008, 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, 2008, the District had no investments.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

5. Component Unit Disclosures

C. Detailed Notes

1. Assets (Continued)

Capital Assets - Serpent Lake Sanitary Sewer District

A summary of capital asset activity for the year ended December 31, 2008, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Land	\$ 35,000	\$ -	\$ -	\$ 35,000
Plant and improvements	5,993,532	-	-	5,993,532
Equipment/vehicles	<u>53,217</u>	<u>21,617</u>	<u>-</u>	<u>74,834</u>
Total	\$ 6,081,749	\$ 21,617	\$ -	\$ 6,103,366
Less: accumulated depreciation	<u>(2,891,452)</u>	<u>(170,006)</u>	<u>-</u>	<u>(3,061,458)</u>
Net Capital Assets	<u>\$ 3,190,297</u>	<u>\$ (148,389)</u>	<u>\$ -</u>	<u>\$ 3,041,908</u>

Depreciation expense of \$170,006 was charged to the Serpent Lake Sanitary Sewer District.

2. Liabilities

Long-Term Debt

Long-term debt outstanding at December 31, 2008, for the Serpent Lake Sanitary Sewer District and the Crow Wing County HRA consists of the following:

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2008
Serpent Lake Sanitary Sewer District					
General obligation bonds -					
refunding		\$95,000 -	1.10 -		
2003B G.O. Refunding Bonds	2009	\$145,000	2.20	\$ 925,000	\$ 145,000
Crow Wing County HRA					
Revenue bonds		\$165,000-	4.00-		
1999A Facility Lease Revenue Bonds	2014	\$450,000	5.05	\$ 4,625,000	\$ 2,045,000

**CROW WING COUNTY
BRAINERD, MINNESOTA**

5. Component Unit Disclosures

C. Detailed Notes

2. Liabilities (Continued)

Debt Service Requirements

Revenue note debt service requirements to maturity for the Serpent Lake Sanitary Sewer District and the Crow Wing County HRA are as follows:

Year Ending December 31	Serpent Lake Sanitary Sewer District		Housing and Redevelopment Authority	
	Principal	Interest	Principal	Interest
2009	\$ 145,000	\$ 3,190	\$ -	\$ 50,280
2010	-	-	370,000	91,772
2011	-	-	390,000	73,528
2012	-	-	405,000	54,147
2013	-	-	430,000	33,475
2014	-	-	450,000	11,363
Total	<u>\$ 145,000</u>	<u>\$ 9,280</u>	<u>\$ 2,045,000</u>	<u>\$ 314,565</u>

Changes in Long-Term Liabilities

The following is a summary of the long-term debt transactions of the Serpent Lake Sanitary Sewer District and the Crow Wing County HRA for the year ended December 31, 2008.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
Serpent Lake Sanitary Sewer District					
General obligation bond - refunding	\$ 290,000	\$ -	\$ 145,000	\$ 145,000	\$ 145,000
Deferred - issuance discounts	(1,365)	-	(711)	(654)	(654)
Total Serpent Lake Sewer District	<u>\$ 288,635</u>	<u>\$ -</u>	<u>\$ 144,289</u>	<u>\$ 144,346</u>	<u>\$ 144,346</u>
Crow Wing County HRA					
Facility lease revenue bonds	\$ 2,395,000	\$ -	\$ 350,000	\$ 2,045,000	\$ -
Total Bonds Payable	<u>\$ 2,683,635</u>	<u>\$ -</u>	<u>\$ 494,289</u>	<u>\$ 2,189,346</u>	<u>\$ 144,346</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

5. Component Unit Disclosures

C. Detailed Notes

2. Liabilities (Continued)

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
Note Principal Balance 12/31/08:	\$ 43,602
Total Amount Expended (Principal and Interest) under the notes for the year ended 12/31/08:	\$ 5,389

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, 2008, since the scheduled note payment has been made from the available tax 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 \$1,270,000 for the year ended December 31, 2008.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

5. Component Unit Disclosures (Continued)

D. Subsequent Events

On May 12, 2009, the Crow Wing County Board approved the issuance and sale of \$3,360,000 General Obligation Bonds, Series 2009, which included funds to extinguish the lease receivable from the primary government. The proceeds will then refund the HRA 1999A Facility Lease Revenue Bonds.

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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 18,184,077	\$ 18,184,077	\$ 16,763,389	\$ (1,420,688)
Licenses and permits	818,215	818,215	479,822	(338,393)
Intergovernmental	2,918,037	2,918,037	3,944,684	1,026,647
Charges for services	3,868,862	3,868,862	3,852,479	(16,383)
Fines and forfeits	-	-	70,315	70,315
Gifts and contributions	10,500	10,500	18,622	8,122
Investment earnings	1,700,000	1,700,000	1,174,434	(525,566)
Miscellaneous	925,057	925,057	1,426,994	501,937
Total Revenues	\$ 28,424,748	\$ 28,424,748	\$ 27,730,739	\$ (694,009)
Expenditures				
Current				
General government				
Commissioners	\$ 214,445	\$ 218,207	\$ 223,787	\$ (5,580)
Courts	200,000	200,000	295,008	(95,008)
Human resources	133,041	152,749	142,611	10,138
County auditor	1,319,140	1,341,142	1,301,618	39,524
County treasurer	355,792	358,628	316,533	42,095
County assessor	1,156,569	1,177,197	1,078,508	98,689
Elections	285,742	283,081	287,013	(3,932)
Purchasing	120,068	120,320	120,209	111
Information systems	744,564	747,054	662,674	84,380
Central administration	1,662,940	1,405,940	1,185,297	220,643
Attorney	1,474,501	1,489,472	1,535,468	(45,996)
Law library	63,500	63,500	73,690	(10,190)
Recorder	577,584	583,422	1,132,677	(549,255)
Surveyor	401,250	404,364	410,558	(6,194)
Planning and zoning	824,805	828,439	661,212	167,227
Facilities	1,781,273	1,813,889	1,906,689	(92,800)
Veterans service	232,772	220,122	220,729	(607)
Incidental	186,250	186,250	174,211	12,039
Appropriations	262,288	262,288	262,288	-
GIS	148,157	148,979	136,816	12,163
County administrator	268,639	279,969	267,384	12,585
County transit appropriation	38,500	38,500	38,790	(290)
Other general government	200,000	63,232	-	63,232
Total general government	\$ 12,651,820	\$ 12,386,744	\$ 12,433,770	\$ (47,026)

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget		
	Original	Final				
Expenditures						
Current (Continued)						
Public safety						
Sheriff	\$ 5,587,477	\$ 5,775,696	\$ 5,733,899	\$ 41,797		
Dog ordinance	70,000	70,000	65,738	4,262		
Boat and water safety	232,310	234,310	337,025	(102,715)		
Coroner	168,000	168,000	170,063	(2,063)		
E-911 system	103,209	103,209	83,998	19,211		
County jail	4,539,551	4,601,565	4,581,898	19,667		
Juvenile detention	313,000	313,000	329,900	(16,900)		
Sentence to serve	69,820	69,820	80,563	(10,743)		
Corrections	316,279	316,279	316,279	-		
CWC tower	9,075	9,075	10,415	(1,340)		
Mining inspector	5,633	5,633	393	5,240		
Emergency management	159,977	164,861	170,520	(5,659)		
Sheriff's contingent	7,000	7,000	13,704	(6,704)		
Appropriations	2,500	2,500	2,500	-		
Total public safety	\$ 11,583,831	\$ 11,840,948	\$ 11,896,895	\$ (55,947)		
Health						
Health	\$ 2,127,096	\$ 2,676,686	\$ 2,525,789	\$ 150,897		
Culture and recreation						
Parks	\$ 565,114	\$ 570,310	\$ 92,833	\$ 477,477		
County/regional library	548,044	548,044	548,044	-		
Appropriations	50,000	50,000	50,000	-		
Total culture and recreation	\$ 1,163,158	\$ 1,168,354	\$ 690,877	\$ 477,477		
Conservation of natural resources						
County extension	\$ 169,905	\$ 169,905	\$ 172,086	\$ (2,181)		
Weed control	23,173	23,275	20,654	2,621		
Appropriations	132,960	132,960	130,550	2,410		
Total conservation of natural resources	\$ 326,038	\$ 326,140	\$ 323,290	\$ 2,850		
Total Expenditures	\$ 27,851,943	\$ 28,398,872	\$ 27,870,621	\$ 528,251		

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Excess of Revenues Over (Under) Expenditures	\$ 572,805	\$ 25,876	\$ (139,882)	\$ (165,758)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 300,463	\$ 300,463
Transfers out	(500,000)	(1,042,661)	(744,428)	298,233
Proceeds from sale of capital assets	-	-	1,800	1,800
Compensation for loss of general capital assets	-	-	50,025	50,025
Total Other Financing Sources (Uses)	\$ (500,000)	\$ (1,042,661)	\$ (392,140)	\$ 650,521
Change in Fund Balance	\$ 72,805	\$ (1,016,785)	\$ (532,022)	\$ 484,763
Fund Balance - January 1	<u>15,033,426</u>	<u>15,033,426</u>	<u>15,033,426</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 15,106,231</u>	<u>\$ 14,016,641</u>	<u>\$ 14,501,404</u>	<u>\$ 484,763</u>

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
HIGHWAY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,064,798	\$ 3,064,798	\$ 3,004,474	\$ (60,324)
Intergovernmental	4,825,300	4,825,300	9,305,913	4,480,613
Charges for services	727,400	727,400	1,045,299	317,899
Miscellaneous	30,000	30,000	30,167	167
Total Revenues	\$ 8,647,498	\$ 8,647,498	\$ 13,385,853	\$ 4,738,355
Expenditures				
Current				
Highways and streets				
Administration	\$ 898,245	\$ 860,795	\$ 907,814	\$ (47,019)
Maintenance	1,984,559	2,041,304	1,766,522	274,782
Construction	4,322,032	4,330,771	6,594,494	(2,263,723)
Equipment maintenance and shop	1,444,162	1,458,789	1,428,976	29,813
Total highways and streets	\$ 8,648,998	\$ 8,691,659	\$ 10,697,806	\$ (2,006,147)
Intergovernmental				
Highway and Streets	\$ -	\$ -	\$ 259,407	\$ (259,407)
Debt service				
Principal	\$ -	\$ -	\$ 58,300	\$ (58,300)
Interest	-	-	58,879	(58,879)
Total debt service	\$ -	\$ -	\$ 117,179	\$ (117,179)
Total Expenditures	\$ 8,648,998	\$ 8,691,659	\$ 11,074,392	\$ (2,382,733)
Excess of Revenues Over (Under) Expenditures	\$ (1,500)	\$ (44,161)	\$ 2,311,461	\$ 2,355,622
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 542,661	\$ 500,000	\$ (42,661)
Proceeds from sale of capital assets	1,500	1,500	733	(767)
Total Other Financing Sources (Uses)	\$ 1,500	\$ 544,161	\$ 500,733	\$ (43,428)
Change in Fund Balance	\$ -	\$ 500,000	\$ 2,812,194	\$ 2,312,194
Fund Balance - January 1	760,591	760,591	760,591	-
Increase (decrease) in reserved for inventories	-	-	(127,497)	(127,497)
Fund Balance - December 31	\$ 760,591	\$ 1,260,591	\$ 3,445,288	\$ 2,184,697

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,133,163	\$ 7,133,163	\$ 6,703,907	\$ (429,256)
Intergovernmental	10,940,942	10,936,910	12,440,064	1,503,154
Charges for services	247,465	247,465	199,223	(48,242)
Miscellaneous	1,457,530	1,457,530	1,533,582	76,052
Total Revenues	\$ 19,779,100	\$ 19,775,068	\$ 20,876,776	\$ 1,101,708
Expenditures				
Current				
Human services				
Income maintenance	\$ 4,742,797	\$ 5,780,144	\$ 5,766,847	\$ 13,297
Social services	15,323,053	15,323,053	15,509,977	(186,924)
Total Expenditures	\$ 20,065,850	\$ 21,103,197	\$ 21,276,824	\$ (173,627)
Excess of Revenues Over (Under) Expenditures				
	\$ (286,750)	\$ (1,328,129)	\$ (400,048)	\$ 928,081
Fund Balance - January 1	\$ 8,364,968	\$ 8,364,968	\$ 8,364,968	-
Fund Balance - December 31	\$ 8,078,218	\$ 7,036,839	\$ 7,964,920	\$ 928,081

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
LAND MANAGEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 251,000	\$ 251,000	\$ 878,253	\$ 627,253
Intergovernmental	66,000	66,000	73,553	7,553
Charges for services	2,250	2,250	5,243	2,993
Sales	548,000	548,000	552,183	4,183
Miscellaneous	151,700	151,700	87,181	(64,519)
Total Revenues	\$ 1,018,950	\$ 1,018,950	\$ 1,596,413	\$ 577,463
Expenditures				
Current				
General government				
Other	\$ -	\$ -	\$ 991,637	\$ (991,637)
Conservation of natural resources				
Other	1,651,702	1,658,183	566,616	1,091,567
Total Expenditures	\$ 1,651,702	\$ 1,658,183	\$ 1,558,253	\$ 99,930
Excess of Revenues Over (Under) Expenditures	\$ (632,752)	\$ (639,233)	\$ 38,160	\$ 677,393
Fund Balance - January 1	272,326	272,326	272,326	-
Fund Balance - December 31	\$ (360,426)	\$ (366,907)	\$ 310,486	\$ 677,393

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

**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%

*The most recent actuarial valuation date was 1/1/2007

**OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed	Net OPEB Obligation
2008	998,341	3,667,025	27.2%	2,668,684

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Sanitary Management District Special Revenue Fund, 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, 2008, expenditures exceeded appropriations in the Highway Special Revenue Fund and the Human Services Special Revenue Fund (the legal level of budgetary control) by \$2,382,733 and \$173,627, respectively. These excess expenditures were funded by greater than anticipated revenues.

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
BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 6,072,281	\$ 6,072,281	\$ 5,605,739	\$ (466,542)
Intergovernmental	106,782	106,782	814,408	707,626
Miscellaneous	-	-	43,214	43,214
Total Revenues	\$ 6,179,063	\$ 6,179,063	\$ 6,463,361	\$ 284,298
Expenditures				
Debt service				
Principal	\$ 3,375,000	\$ 3,375,000	\$ 3,375,000	\$ -
Interest	2,468,487	2,468,487	2,468,486	1
Administrative - fiscal charges	2,750	2,750	2,906	(156)
Total Expenditures	\$ 5,846,237	\$ 5,846,237	\$ 5,846,392	\$ (155)
Excess of Revenues Over (Under) Expenditures				
	\$ 332,826	\$ 332,826	\$ 616,969	\$ 284,143
Fund Balance - January 1	5,398,830	5,398,830	5,398,830	-
Fund Balance - December 31	\$ 5,731,656	\$ 5,731,656	\$ 6,015,799	\$ 284,143

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	Special Revenue Funds			
	SCORE	County Building	Unorganized Townships	Sanitary Mgmt. District
<u>Assets</u>				
Cash and pooled investments	\$ 1,905,447	\$ 2,168,997	\$ 1,118,053	\$ -
Taxes receivable				
Prior	- -	198	23,881	-
Accounts receivable	19,790	-	-	-
Accrued interest receivable	- -	-	-	-
Due from other funds	- -	297,744	-	-
Due from other governments	- -	-	-	102,263
Total Assets	\$ 1,925,237	\$ 2,466,939	\$ 1,141,934	\$ 102,263
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 1,827	\$ 1,959	\$ -	\$ 16
Salaries payable	2,500	-	-	2,914
Accrued payroll taxes payable	354	-	-	412
Due to other funds	805	-	20,000	8,162
Due to other governments	- -	-	-	-
Deferred revenue - unavailable	- -	198	23,881	-
Total Liabilities	\$ 5,486	\$ 2,157	\$ 43,881	\$ 11,504
Fund Balances				
Reserved for environmental uses	\$ - -	\$ - -	\$ - -	\$ - -
Reserved for SCORE	1,919,751	-	-	-
Unreserved				
Designated for 800 MHZ	- -	1,000,000	-	-
Undesignated	- -	1,464,782	1,098,053	90,759
Total Fund Balances	\$ 1,919,751	\$ 2,464,782	\$ 1,098,053	\$ 90,759
Total Liabilities and Fund Balances	\$ 1,925,237	\$ 2,466,939	\$ 1,141,934	\$ 102,263

<u>Small Cities Development</u>		<u>Total</u>		<u>Capital Projects Fund</u>		<u>Permanent Fund Environmental Trust</u>		<u>Total Nonmajor Governmental Funds</u>	
				<u>Capital Projects</u>		<u>Environmental Trust</u>			
\$	3,800	\$	5,196,297	\$	3,874	\$	1,941,295	\$	7,141,466
-		24,079		-		-		24,079	
-		19,790		-		-		19,790	
-		-		-		14,491		14,491	
-		297,744		-		-		297,744	
-		102,263		-		-		102,263	
\$	<u>3,800</u>	\$	<u>5,640,173</u>	\$	<u>3,874</u>	\$	<u>1,955,786</u>	\$	<u>7,599,833</u>
\$	3,200	\$	7,002	\$	3,801	\$	-	\$	10,803
-		5,414		-		-		5,414	
-		766		-		-		766	
600		29,567		-		-		29,567	
-		-		73		-		73	
-		24,079		-		14,491		38,570	
\$	<u>3,800</u>	\$	<u>66,828</u>	\$	<u>3,874</u>	\$	<u>14,491</u>	\$	<u>85,193</u>
\$	-	\$	-	\$	-	\$	1,846,499	\$	1,846,499
-		1,919,751		-		-		1,919,751	
-		1,000,000		-		-		1,000,000	
-		2,653,594		-		94,796		2,748,390	
\$	<u>-</u>	\$	<u>5,573,345</u>	\$	<u>-</u>	\$	<u>1,941,295</u>	\$	<u>7,514,640</u>
\$	<u>3,800</u>	\$	<u>5,640,173</u>	\$	<u>3,874</u>	\$	<u>1,955,786</u>	\$	<u>7,599,833</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Special Revenue Funds			
	SCORE	County Building	Unorganized Townships	Extension Grants
Revenues				
Taxes	\$ -	\$ 297,941	\$ 578,670	\$ -
Special assessments	586,758	-	18,760	-
Intergovernmental	225,376	3	81,648	-
Charges for services	314,542	-	-	2,900
Investment earnings	-	-	-	-
Miscellaneous	41,371	731,713	-	-
Total Revenues	\$ 1,168,047	\$ 1,029,657	\$ 679,078	\$ 2,900
Expenditures				
Current				
General government	\$ -	\$ 71,018	\$ 68,400	\$ -
Public safety	-	-	150,166	-
Highways and streets	-	-	399,478	-
Sanitation	-	-	-	-
Human Services	-	-	-	-
Health	-	-	-	-
Conservation of natural resources	633,972	-	-	7,919
Economic Development	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Administrative - fiscal charges	-	-	-	-
Total Expenditures	\$ 633,972	\$ 71,018	\$ 618,044	\$ 7,919
Excess of Revenues Over (Under) Expenditures	\$ 534,075	\$ 958,639	\$ 61,034	\$ (5,019)
Other Financing Sources (Uses)				
Transfers in	\$ 150,000	\$ 495,751	\$ -	\$ -
Transfers out	(109,727)	(75,965)	-	(1,702)
Total Other Financing Sources (Uses)	\$ 40,273	\$ 419,786	\$ -	\$ (1,702)
Net Change in Fund Balance	\$ 574,348	\$ 1,378,425	\$ 61,034	\$ (6,721)
Fund Balance - January 1	\$ 1,345,403	\$ 1,086,357	\$ 1,037,019	\$ 6,721
Fund Balance - December 31	\$ 1,919,751	\$ 2,464,782	\$ 1,098,053	\$ -

Sanitary Mgmt. District	Small Cities Development	Total	Capital Projects Fund Capital Project	Permanent Fund Environmental Trust	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 876,611	\$ -	\$ -	\$ 876,611
-	-	605,518	-	-	605,518
232,263	3,800	543,090	-	-	543,090
-	-	317,442	-	-	317,442
-	-	-	-	84,086	84,086
-	-	773,084	196,030	-	969,114
\$ 232,263	\$ 3,800	\$ 3,115,745	\$ 196,030	\$ 84,086	\$ 3,395,861
\$ -	\$ -	\$ 139,418	\$ 90,949	\$ -	\$ 230,367
-	-	150,166	77,259	-	227,425
-	-	399,478	10,096	-	409,574
257,754	-	257,754	-	-	257,754
-	-	-	45,779	-	45,779
-	-	-	19,469	-	19,469
-	-	641,891	-	57,229	699,120
-	3,800	3,800	-	-	3,800
-	-	-	1,133,905	-	1,133,905
-	-	-	9	-	9
\$ 257,754	\$ 3,800	\$ 1,592,507	\$ 1,377,466	\$ 57,229	\$ 3,027,202
\$ (25,491)	\$ -	\$ 1,523,238	\$ (1,181,436)	\$ 26,857	\$ 368,659
\$ 100,776	\$ -	\$ 746,527	\$ 75,965	\$ -	\$ 822,492
-	-	(187,394)	(541,133)	-	(728,527)
\$ 100,776	\$ -	\$ 559,133	\$ (465,168)	\$ -	\$ 93,965
\$ 75,285	\$ -	\$ 2,082,371	\$ (1,646,604)	\$ 26,857	\$ 462,624
15,474	\$ -	3,490,974	1,646,604	1,914,438	7,052,016
\$ 90,759	\$ -	\$ 5,573,345	\$ -	\$ 1,941,295	\$ 7,514,640

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
SCORE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Special assessments	\$ 550,000	\$ 550,000	\$ 586,758	\$ 36,758
Intergovernmental	133,000	133,000	225,376	92,376
Charges for services	335,000	335,000	314,542	(20,458)
Miscellaneous	40,000	40,000	41,371	1,371
Total Revenues	\$ 1,058,000	\$ 1,058,000	\$ 1,168,047	\$ 110,047
Expenditures				
Current				
Conservation of natural resources				
SCORE	879,068	879,068	633,972	245,096
Excess of Revenues Over (Under) Expenditures	\$ 178,932	\$ 178,932	\$ 534,075	\$ 355,143
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 150,000	\$ 150,000
Transfers out	-	-	(109,727)	(109,727)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 40,273	\$ 40,273
Change in Fund Balance	\$ 178,932	\$ 178,932	\$ 574,348	\$ 395,416
Fund Balance - January 1	\$ 1,345,403	\$ 1,345,403	\$ 1,345,403	-
Fund Balance - December 31	\$ 1,524,335	\$ 1,524,335	\$ 1,919,751	\$ 395,416

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
COUNTY BUILDING SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 300,000	\$ 300,000	\$ 297,941	\$ (2,059)
Intergovernmental	-	-	3	3
Miscellaneous	<u>765,450</u>	<u>765,450</u>	<u>731,713</u>	<u>(33,737)</u>
Total Revenues	<u>\$ 1,065,450</u>	<u>\$ 1,065,450</u>	<u>\$ 1,029,657</u>	<u>\$ (35,793)</u>
Expenditures				
Current				
General government				
Facilities	\$ 377,315	\$ 377,315	\$ 71,018	\$ 306,297
Excess of Revenues Over (Under) Expenditures	\$ 688,135	\$ 688,135	\$ 958,639	\$ 270,504
Other Financing Sources (Uses)				
Transfers in	\$ 500,000	\$ 500,000	\$ 495,751	\$ (4,249)
Transfers out	-	-	(75,965)	(75,965)
Total Other Financing Sources (Uses)	\$ 500,000	\$ 500,000	\$ 419,786	\$ (80,214)
Change in Fund Balance	\$ 1,188,135	\$ 1,188,135	\$ 1,378,425	\$ 190,290
Fund Balance - January 1	<u>1,086,357</u>	<u>1,086,357</u>	<u>1,086,357</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 2,274,492</u>	<u>\$ 2,274,492</u>	<u>\$ 2,464,782</u>	<u>\$ 190,290</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
UNORGANIZED TOWNSHIPS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 616,750	\$ 616,750	\$ 578,670	\$ (38,080)
Special assessments	10,000	10,000	18,760	8,760
Intergovernmental	<u>48,000</u>	<u>48,000</u>	<u>81,648</u>	<u>33,648</u>
Total Revenues	<u>\$ 674,750</u>	<u>\$ 674,750</u>	<u>\$ 679,078</u>	<u>\$ 4,328</u>
Expenditures				
Current				
General government				
Other - general government	\$ 67,500	\$ 67,500	\$ 68,400	\$ (900)
Public safety				
Other - public safety	150,280	150,280	150,166	114
Highways and streets				
Other - highways and streets	<u>321,750</u>	<u>321,750</u>	<u>399,478</u>	<u>(77,728)</u>
Total Expenditures	<u>\$ 539,530</u>	<u>\$ 539,530</u>	<u>\$ 618,044</u>	<u>\$ (78,514)</u>
Excess of Revenues Over (Under) Expenditures				
	\$ 135,220	\$ 135,220	\$ 61,034	\$ (74,186)
Fund Balance - January 1	<u>1,037,019</u>	<u>1,037,019</u>	<u>1,037,019</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,172,239</u>	<u>\$ 1,172,239</u>	<u>\$ 1,098,053</u>	<u>\$ (74,186)</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
EXTENSION GRANTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Charges for services	- -	- -	2,900	2,900
Total Revenues	\$ 30,000	\$ 30,000	\$ 2,900	\$ (27,100)
Expenditures				
Current				
Conservation of natural resources				
County extension	30,000	30,000	7,919	22,081
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (5,019)	\$ (5,019)
Other Financing Sources (Uses)				
Transfers out	- -	- -	(1,702)	(1,702)
Change in Fund Balance	\$ -	\$ -	\$ (6,721)	\$ (6,721)
Fund Balance - January 1	6,721	6,721	6,721	- -
Fund Balance - December 31	\$ 6,721	\$ 6,721	\$ -	\$ (6,721)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<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				
Cash and pooled investments	\$ 831,834	\$ 3,653,600	\$ 3,466,035	\$ 1,019,399
Due from other governments	<u>39,389</u>	<u>-</u>	<u>39,389</u>	<u>-</u>
Total Assets	<u>\$ 871,223</u>	<u>\$ 3,653,600</u>	<u>\$ 3,505,424</u>	<u>\$ 1,019,399</u>
<u>Liabilities</u>				
Salaries payable				
Salaries payable	\$ 88,623	\$ 108,976	\$ 88,623	\$ 108,976
Due to other governments	<u>782,600</u>	<u>3,544,624</u>	<u>3,416,801</u>	<u>910,423</u>
Total Liabilities	<u>\$ 871,223</u>	<u>\$ 3,653,600</u>	<u>\$ 3,505,424</u>	<u>\$ 1,019,399</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Balance January 1	Additions	Deductions	Balance December 31
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COLLABORATIVE

Assets

Cash and pooled investments	\$ 2,030,786	\$ 790,252	\$ 963,113	\$ 1,857,925
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Liabilities

Due to other governments	\$ 2,030,786	\$ 790,252	\$ 963,113	\$ 1,857,925
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TAXES AND PENALTIES

Assets

Cash and pooled investments	\$ 2,176,284	\$ 104,998,369	\$ 105,261,121	\$ 1,913,532
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Liabilities

Due to other governments	\$ 2,176,284	\$ 104,998,369	\$ 105,261,121	\$ 1,913,532
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SELECT TRUST

Assets

Cash and pooled investments	\$ 29,334	\$ 431,759	\$ 431,352	\$ 29,741
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Liabilities

Accounts payable	\$ 29,334	\$ 431,759	\$ 431,352	\$ 29,741
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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>BLACK BEAR-MILLER LAKES</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 11,632</u>	<u>\$ 970</u>	<u>\$ 4,354</u>	<u>\$ 8,248</u>

Liabilities

Due to other governments	<u>\$ 11,632</u>	<u>\$ 970</u>	<u>\$ 4,354</u>	<u>\$ 8,248</u>
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4-H PLAT BOOKS

Assets

Cash and pooled investments	<u>\$ 345</u>	<u>\$ 2,390</u>	<u>\$ 2,855</u>	<u>\$ (120)</u>
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Liabilities

Accounts payable	<u>\$ 345</u>	<u>\$ 2,390</u>	<u>\$ 2,855</u>	<u>\$ (120)</u>
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LAKES AREA WELCOME CENTER

Assets

Cash and pooled investments	<u>\$ 67,173</u>	<u>\$ 5,400</u>	<u>\$ 60,821</u>	<u>\$ 11,752</u>
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Liabilities

Accounts payable	<u>\$ 67,173</u>	<u>\$ 5,400</u>	<u>\$ 60,821</u>	<u>\$ 11,752</u>
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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>SNOWMOBILE TRAILS</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 4,453</u>	<u>\$ 497,036</u>	<u>\$ 412,450</u>	<u>\$ 89,039</u>
<u>Liabilities</u>				
Accounts payable	<u>\$ 4,453</u>	<u>\$ 497,036</u>	<u>\$ 412,450</u>	<u>\$ 89,039</u>
<u>LAKE IMPROVEMENT DISTRICTS</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 45,283</u>	<u>\$ 180,408</u>	<u>\$ 170,196</u>	<u>\$ 55,495</u>
<u>Liabilities</u>				
Accounts payable	<u>\$ 45,283</u>	<u>\$ 180,408</u>	<u>\$ 170,196</u>	<u>\$ 55,495</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>GAME AND FISH</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 1,591</u>	<u>\$ 4,194</u>	<u>\$ 4,296</u>	<u>\$ 1,489</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 1,591</u>	<u>\$ 4,194</u>	<u>\$ 4,296</u>	<u>\$ 1,489</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 5,198,715</u>	<u>\$ 110,564,378</u>	<u>\$ 110,776,593</u>	<u>\$ 4,986,500</u>
Due from other governments	<u>39,389</u>	<u>-</u>	<u>39,389</u>	<u>-</u>
Total Assets	<u>\$ 5,238,104</u>	<u>\$ 110,564,378</u>	<u>\$ 110,815,982</u>	<u>\$ 4,986,500</u>
<u>Liabilities</u>				
Accounts payable	<u>\$ 146,588</u>	<u>\$ 1,116,993</u>	<u>\$ 1,077,674</u>	<u>\$ 185,907</u>
Salaries payable	<u>88,623</u>	<u>108,976</u>	<u>88,623</u>	<u>108,976</u>
Due to other governments	<u>5,002,893</u>	<u>109,338,409</u>	<u>109,649,685</u>	<u>4,691,617</u>
Total Liabilities	<u>\$ 5,238,104</u>	<u>\$ 110,564,378</u>	<u>\$ 110,815,982</u>	<u>\$ 4,986,500</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
COMPONENT UNIT - HOUSING AND REDEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Housing and Redevelopment Authority	Adjustments	Governmental Activities
<u>Assets</u>			
Cash and pooled investments	\$ 444,939	\$ -	\$ 444,939
Taxes receivable - delinquent	2,305	-	2,305
Accrued interest receivable	38,150	-	38,150
Loans receivable	344,315	-	344,315
Due from other governments	1,835	-	1,835
Lease receivable from primary government	-	2,045,000	2,045,000
Total Assets	\$ 831,544	\$ 2,045,000	\$ 2,876,544
<u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 750	\$ -	\$ 750
Deferred revenue - unavailable	38,354	(38,354)	-
Long-term liabilities			
Facility Lease Revenue bonds payable - noncurrent	-	2,045,000	2,045,000
Total Liabilities	\$ 39,104	\$ 2,006,646	\$ 2,045,750
<u>Fund Balance/Net Assets</u>			
Fund Balance			
Reserved for loans receivable	\$ 158,452	\$ (158,452)	\$ -
Unreserved	633,988	(633,988)	-
Undesignated			
Total Liabilities and Fund Balance	\$ 831,544		
Net Assets			
Unrestricted		830,794	830,794
Total Net Assets	\$ 830,794	\$ 830,794	\$ 830,794
Reconciliation of the General Fund Balance to Net Assets			
Fund Balance - Housing and Redevelopment Authority		\$ 792,440	
Non current assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,045,000	
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		38,354	
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(2,045,000)	
Net Assets - Governmental Activities	\$ 830,794		

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - HOUSING AND REDEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Housing and Redevelopment Authority	Adjustments	Governmental Activities
Revenues			
Taxes	\$ 56,545	\$ 2,305	\$ 58,850
Intergovernmental	470,463	(350,000)	120,463
Investment earnings	23,184	36,049	59,233
Miscellaneous	<u>9,638</u>	-	<u>9,638</u>
Total Revenues	\$ 559,830	\$ (311,646)	\$ 248,184
Expenditures/Expenses			
Housing and Redevelopment Authority	\$ 52,352	\$ -	\$ 52,352
Debt Service			
Principal	350,000	(350,000)	-
Interest	<u>117,010</u>	-	<u>117,010</u>
Total Expenditures/Expenses	\$ 519,362	\$ (350,000)	\$ 169,362
Net Change in Fund Balance/Net Assets	\$ 40,468	\$ 38,354	\$ 78,822
Fund Balance/Net Assets - January 1 - as restated (Note 2.C)	<u>751,972</u>	<u>-</u>	<u>751,972</u>
Fund Balance/Net Assets - December 31	<u>\$ 792,440</u>	<u>\$ 38,354</u>	<u>\$ 830,794</u>

**Reconciliation of the Statement of General Fund Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities of Governmental Activities**

Net Change in Fund Balance	\$ 40,468
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(311,646)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	<u>350,000</u>
Change in Net Assets of Governmental Activities	<u>\$ 78,822</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Funds	Enterprise Fund	Total Primary Government	Component Units
Shared Revenue				
State				
Highway users tax	\$ 7,089,599	\$ -	\$ 7,089,599	\$ -
County program aid	722,559	-	722,559	-
PERA rate reimbursement	76,910	595	77,505	-
Disparity reduction aid	11,119	-	11,119	-
Police aid	261,468	-	261,468	-
Taconite credit	411,577	-	411,577	884
Enhanced 911	144,840	-	144,840	-
Market value credit	1,748,266	-	1,748,266	2,569
Total Shared Revenue	\$ 10,466,338	\$ 595	\$ 10,466,933	\$ 3,453
Reimbursement for Services				
State				
Minnesota Department of Human Services	\$ 1,553,541	\$ -	\$ 1,553,541	\$ -
Payments				
Local				
Payments in lieu of taxes	\$ 335,672	\$ -	\$ 335,672	\$ -
Other contributions	414,481	-	414,481	-
Local contributions	726,354	-	726,354	-
Total Payments	\$ 1,476,507	\$ -	\$ 1,476,507	\$ -
Grants				
State				
Minnesota Department of Public Safety	\$ 37,514	\$ -	\$ 37,514	\$ -
Health	235,755	-	235,755	-
Natural Resources	88,532	-	88,532	-
Pollution Control	225,376	-	225,376	-
Human Services	5,477,883	-	5,477,883	-
Water and Soil Resources Board	193,584	-	193,584	-
Total State	\$ 6,258,644	\$ -	\$ 6,258,644	\$ -
Federal				
Department of Agriculture	\$ 669,046	\$ -	\$ 669,046	\$ -
Housing and Urban Development	3,800	-	3,800	-
Justice	22,474	-	22,474	-
Transportation	1,323,581	-	1,323,581	-
Health and Human Services	5,123,570	-	5,123,570	-
Homeland Security	121,948	-	121,948	-
Environmental Protection Agency	102,263	-	102,263	-
Total Federal	\$ 7,366,682	\$ -	\$ 7,366,682	\$ -
Total State and Federal Grants	\$ 13,625,326	\$ -	\$ 13,625,326	\$ -
Total Intergovernmental Revenue	<u>\$ 27,121,712</u>	<u>\$ 595</u>	<u>\$ 27,122,307</u>	<u>\$ 3,453</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture			
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 284,388	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for Food Stamp Program	10.561	<u>384,658</u>	<u>-</u>
Total U.S. Department of Agriculture		\$ 669,046	\$ -
U.S. Department of Housing and Urban Development			
Passed Through Minnesota Department of Employment and Economic Development Community Development Block Grants	14.228	\$ 3,800	\$ -
U.S. Department of Justice			
Direct Bulletproof Vest Partnership Grant Edward Byrne Memorial Justice Assistance Grant Program	16.607 16.738	\$ 9,743 <u>12,731</u>	\$ - <u>-</u>
Total U.S. Department of Justice		\$ 22,474	\$ -
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction State and Community Highway Safety Alcohol Traffic Safety and Drunk Driving	20.205 20.600 20.601	\$ 1,294,932 25,079 <u>3,570</u>	\$ - <u>-</u> <u>-</u>
Total U.S. Department of Transportation		\$ 1,323,581	\$ -
U.S. Environmental Protection Agency			
Direct Congressionally Mandated Projects	66.202	\$ 102,263	\$ -
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Health Centers for Disease Control and Prevention - Investigations and Technical Assistance Temporary Assistance for Needy Families (TANF) Community Mental Health Block Grant Maternal and Child Health Services Block Grant	93.283 93.558 93.958 93.994	\$ 66,467 75,359 70,952 65,874	\$ - <u>-</u> <u>-</u> <u>-</u>
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families Temporary Assistance for Needy Families (TANF) Child Support Enforcement Refugee and Entrance Assistance Grant Block Grant - Child Care and Development Community Based Child Abuse Prevention Grant Child Care Mandatory and Matching Funds	93.556 93.558 93.563 93.566 93.575 93.590 93.596	73,778 891,872 977,873 1,056 833,578 34,446 329,035	<u>-</u> 762,560 <u>-</u> <u>-</u> <u>-</u> <u>-</u> <u>-</u>

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
Foster Care Title IV-E	93.658	396,208	-
Social Services Block Grant Title XX	93.667	391,001	-
Chafee Foster Care Independence Program	93.674	24,326	-
State Children's Insurance Program	93.767	1,013	-
Medical Assistance Program	93.778	890,732	-
Total U.S. Department of Health and Human Services		\$ 5,123,570	\$ 762,560
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety			
State Domestic Preparedness Equipment Support Program	97.004	\$ 67,591	\$ -
Boating Safety Financial Assistance	97.012	54,073	-
Pre-Disaster Mitigation (PDM) Competitive Grant	97.017	284	-
Total U.S. Department of Homeland Security		\$ 121,948	\$ -
Total Federal Awards		\$ 7,366,682	\$ 762,560

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by Crow Wing County. The County's reporting entity is defined in Note 1 to the basic financial statements.
2. The expenditures on this schedule are on the modified accrual basis of accounting.
3. Pass-through grant numbers were not assigned by the pass-through agencies.

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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>	130
Revenue Capacity <i>These schedules contain information to help the reader assess the county's most significant local revenue source, the property tax.</i>	138
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>	144
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>	150
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>	152

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 Five Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ 68,626,689	\$ 74,204,210	\$ 76,199,218	\$ 85,314,269	\$ 91,545,696
Restricted	47,686,756	7,650,813	9,303,777	10,659,184	18,241,947
Unrestricted	(17,403,664)	29,298,690	36,669,307	40,462,702	36,176,588
Total governmental activities net assets	<u><u>\$ 98,909,781</u></u>	<u><u>\$ 111,153,713</u></u>	<u><u>\$ 122,172,302</u></u>	<u><u>\$ 136,436,155</u></u>	<u><u>\$ 145,964,231</u></u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 2,078,563	\$ 2,206,100	\$ 2,722,007	\$ 4,088,810	\$ 5,302,538
Unrestricted	7,660,091	8,732,849	8,610,686	7,690,373	5,711,395
Total business-type activities net assets	<u><u>\$ 9,738,654</u></u>	<u><u>\$ 10,938,949</u></u>	<u><u>\$ 11,332,693</u></u>	<u><u>\$ 11,779,183</u></u>	<u><u>\$ 11,013,933</u></u>
Primary government					
Invested in capital assets, net of related debt	\$ 70,705,252	\$ 76,410,310	\$ 78,921,225	\$ 89,403,079	\$ 96,848,234
Restricted	47,686,756	7,650,813	9,303,777	10,659,184	18,241,947
Unrestricted	(9,743,573)	38,031,539	45,279,993	48,153,075	41,887,983
Total primary governments activities net assets	<u><u>\$ 108,648,435</u></u>	<u><u>\$ 122,092,662</u></u>	<u><u>\$ 133,504,995</u></u>	<u><u>\$ 148,215,338</u></u>	<u><u>\$ 156,978,164</u></u>

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities					
General government	\$ 8,410,374	\$ 10,119,770	\$ 12,154,588	\$ 10,997,997	\$ 13,134,027
Public Safety	8,652,980	9,639,617	11,702,501	10,143,212	13,401,676
Highways and streets	4,549,813	7,760,742	6,893,138	3,665,519	6,338,643
Sanitation					257,754
Human Services	15,428,313	17,782,967	18,616,333	20,714,263	22,308,975
Health	1,638,986	1,982,727	1,757,764	1,963,829	2,636,852
Culture and recreation	652,557	722,320	822,625	747,101	688,957
Conservation of natural resources	1,379,160	1,503,147	444,774	2,109,881	1,551,623
Economic development	12,956	-	-	-	-
Interest	1,428,406	2,790,174	2,602,638	2,671,422	2,483,087
Total governmental activities expenses	<u>42,153,545</u>	<u>52,301,464</u>	<u>54,994,361</u>	<u>53,013,224</u>	<u>62,801,594</u>
Business-type activities					
Solid waste	1,045,288	1,355,304	1,553,355	1,441,434	2,832,091
Total business-type activities expenses	<u>1,045,288</u>	<u>1,355,304</u>	<u>1,553,355</u>	<u>1,441,434</u>	<u>2,832,091</u>
Total primary governments activities expenses	<u><u>\$ 43,198,833</u></u>	<u><u>\$ 53,656,768</u></u>	<u><u>\$ 56,547,716</u></u>	<u><u>\$ 54,454,658</u></u>	<u><u>\$ 65,633,685</u></u>
Program Revenues					
Governmental activities					
Charge for services:					
General government	\$ 1,925,189	\$ 2,111,830	\$ 2,367,212	\$ 2,173,889	\$ 1,982,857
Public Safety	657,471	1,109,738	2,250,647	1,253,879	2,595,331
Highways and streets	508,538	521,201	741,873	512,519	388,192
Human Services	979,979	821,101	1,454,321	2,090,933	1,732,921
Health	514,471	486,550	554,011	798,784	534,839
Culture and recreation	3,003	200	-	-	-
Conservation of natural resources	547,452	768,725	978,888	11,292	445,991
Operating grants and contributions	14,626,197	15,423,277	14,780,116	16,477,875	18,571,295
Capital grants and contributions	<u>6,516,982</u>	<u>7,592,536</u>	<u>4,776,489</u>	<u>4,263,750</u>	<u>6,129,559</u>
Total governmental activities program revenues	<u>26,279,282</u>	<u>28,835,158</u>	<u>27,903,557</u>	<u>27,582,921</u>	<u>32,380,985</u>
Business-type activities					
Charges for services:					
Solid Waste	<u>1,907,989</u>	<u>2,029,358</u>	<u>1,781,755</u>	<u>1,681,951</u>	<u>2,046,074</u>
Total business-type activities program revenues	<u><u>1,907,989</u></u>	<u><u>2,029,358</u></u>	<u><u>1,781,755</u></u>	<u><u>1,681,951</u></u>	<u><u>2,046,074</u></u>
Total primary governments activities program revenues	<u><u>\$ 28,187,271</u></u>	<u><u>\$ 30,864,516</u></u>	<u><u>\$ 29,685,312</u></u>	<u><u>\$ 29,264,872</u></u>	<u><u>\$ 34,427,059</u></u>
Net (Expense)/Revenues					
Governmental activities	\$ (15,874,263)	\$ (23,466,306)	\$ (27,090,804)	\$ (25,430,303)	\$ (30,420,609)
Business-type activities	<u>862,701</u>	<u>674,054</u>	<u>228,400</u>	<u>240,517</u>	<u>(786,017)</u>
Total primary government net expense	<u><u>\$ (15,011,562)</u></u>	<u><u>\$ (22,792,252)</u></u>	<u><u>\$ (26,862,404)</u></u>	<u><u>\$ (25,189,786)</u></u>	<u><u>\$ (31,206,626)</u></u>

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

	Fiscal Year				
	2004	2005	2006	2007	2008
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 19,414,981	\$ 26,498,197	\$ 29,932,221	\$ 32,567,627	\$ 33,326,555
Mortgage registry and deed tax	118,252	146,693	126,037	111,772	82,488
Payments in lieu of tax	178,946	190,000	311,650	330,606	335,672
Unrestricted Grants and contributions	3,959,078	4,714,976	4,657,577	4,208,641	4,051,908
Unrestricted investment earnings	865,991	2,075,010	2,173,885	2,154,085	1,220,736
Miscellaneous	1,311,335	1,889,873	907,866	306,821	763,319
Gain on sale of capital assets	5,507	191,507	157	14,604	2,533
Transfers	873,861	11,324	-	-	150,000
Total governmental activities	<u>26,727,951</u>	<u>35,717,580</u>	<u>38,109,393</u>	<u>39,694,156</u>	<u>39,933,211</u>
Business-type activities:					
Unrestricted Grants and contributions	595	595	595	595	595
Unrestricted investment earnings	95,446	104,887	164,749	205,378	170,172
Transfers	(873,861)	(11,324)	-	-	(150,000)
Total business-type activities	<u>(777,820)</u>	<u>94,158</u>	<u>165,344</u>	<u>205,973</u>	<u>20,767</u>
Total primary government	<u>\$ 25,950,131</u>	<u>\$ 35,811,738</u>	<u>\$ 38,274,737</u>	<u>\$ 39,900,129</u>	<u>\$ 39,953,978</u>
Change in Net Assets					
Governmental activities	\$ 10,853,688	\$ 12,251,274	\$ 11,018,589	\$ 14,263,853	\$ 9,512,602
Business-type activities	84,881	768,212	393,744	446,490	(765,250)
Total primary government	<u>\$ 10,938,569</u>	<u>\$ 13,019,486</u>	<u>\$ 11,412,333</u>	<u>\$ 14,710,343</u>	<u>\$ 8,747,352</u>

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

	Fiscal Year				
	1999	2000	2001	2002	2003
General Fund					
Reserved	\$ 228,787	\$ 133,847	\$ 1,369,513	\$ 459,684	\$ 623,264
Unreserved	<u>7,434,417</u>	<u>8,880,006</u>	<u>9,399,791</u>	<u>9,160,367</u>	<u>8,193,676</u>
Total General Fund	<u><u>\$ 7,663,204</u></u>	<u><u>\$ 9,013,853</u></u>	<u><u>\$ 10,769,304</u></u>	<u><u>\$ 9,620,051</u></u>	<u><u>\$ 8,816,940</u></u>
All Other Governmental Funds					
Reserved	\$ 1,575,041	\$ 3,420,760	\$ 2,523,207	\$ 3,690,026	\$ 3,867,243
Unreserved, reported in:					
Special revenue funds	6,795,970	5,392,950	8,696,553	9,095,684	12,347,278
Capital projects funds	-	275,470	239,806	-	2,183,912
Permanent funds	<u>116,527</u>	<u>118,737</u>	<u>1,540,652</u>	<u>1,895,551</u>	<u>28,783</u>
Total all other governmental funds	<u><u>\$ 8,487,538</u></u>	<u><u>\$ 9,207,917</u></u>	<u><u>\$ 13,000,218</u></u>	<u><u>\$ 14,681,261</u></u>	<u><u>\$ 18,427,216</u></u>

Fiscal Year				
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 650,147	\$ 1,004,104	\$ 1,576,775	\$ 2,009,719	\$ 1,901,869
7,836,713	9,427,279	11,313,481	13,023,707	12,599,535
<u>\$ 8,486,860</u>	<u>\$ 10,431,383</u>	<u>\$ 12,890,256</u>	<u>\$ 15,033,426</u>	<u>\$ 14,501,404</u>
\$ 28,710,249	\$ 23,966,676	\$ 11,158,029	\$ 9,483,137	\$ 10,546,957
11,473,603	13,496,431	10,608,225	10,635,577	14,609,380
21,415,257	(6,012,043)	1,277,973	1,646,604	-
23,319	37,094	56,733	67,939	94,796
<u>\$ 61,622,428</u>	<u>\$ 31,488,158</u>	<u>\$ 23,100,960</u>	<u>\$ 21,833,257</u>	<u>\$ 25,251,133</u>

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

	Fiscal Year				
	1999	2000	2001	2002	2003
Revenues					
Taxes	\$ 15,039,260	\$ 15,999,975	\$ 17,542,852	\$ 17,047,309	\$ 18,089,683
Special assessments	42,310	31,783	4,263	563,329	563,669
Licenses and permits	1,046,574	1,110,700	1,397,869	1,049,059	1,957,706
Intergovernmental	15,541,236	18,542,224	20,883,349	23,111,924	22,628,505
Charges for services	2,446,378	2,609,257	2,998,451	1,940,646	3,000,792
Fines and forfeits	498,681	243,535	9,253	95,004	65,694
Rental income	63,829	63,847	120,220	153,290	-
Gifts and contributions	-	-	36,355	57,617	5,452
Investment earnings	1,231,815	1,654,565	1,228,260	374,497	333,446
Sales	381,973	486,534	47,082	1,807,409	689,550
Miscellaneous	<u>1,807,427</u>	<u>1,004,324</u>	<u>2,967,135</u>	<u>2,475,060</u>	<u>2,594,472</u>
Total Revenues	<u>38,099,483</u>	<u>41,746,744</u>	<u>47,235,089</u>	<u>48,675,144</u>	<u>49,928,969</u>
Expenditures					
Current:					
General government	7,966,487	7,917,141	7,956,230	9,511,159	11,239,625
Public safety	5,623,494	6,008,270	6,558,148	7,174,053	7,809,403
Highways and streets	6,635,334	8,295,178	9,472,944	9,566,493	8,563,050
Sanitation	-	-	-	-	-
Human services	12,894,666	14,143,400	13,817,743	16,185,597	16,075,764
Health	1,491,683	1,534,789	1,433,494	1,624,588	1,641,249
Culture and recreation	423,764	427,663	439,642	615,257	605,554
Conservation of natural resources	1,089,361	1,209,527	1,227,459	1,472,503	1,587,270
Economic development	68,902	101,529	86,509	78,363	-
Trust deposits	490,057	595,463	1,234,311	1,049,647	-
Intergovernmental					
Highways and streets	-	-	-	-	-
Capital outlay	-	2,271,375	125,504	-	282,086
Debt service					
Principal	425,000	702,500	477,500	1,187,500	875,000
Interest	108,998	421,683	290,759	447,428	407,978
Bond issuance costs	-	-	-	-	23,975
Administrative (fiscal) charges	<u>1,800</u>	<u>1,800</u>	<u>-</u>	<u>-</u>	<u>2,108</u>
Total Expenditures	<u>37,219,546</u>	<u>43,630,318</u>	<u>43,120,243</u>	<u>48,912,588</u>	<u>49,113,062</u>
Excess of revenues over (under) expenditures	<u>879,937</u>	<u>(1,883,574)</u>	<u>4,114,846</u>	<u>(237,444)</u>	<u>815,907</u>
Other Financing Sources (Uses)					
Transfers in	201,880	545,588	442,440	944,575	991,090
Transfers out	(201,880)	(545,588)	(442,440)	(606,192)	(1,591,090)
Bonds and notes issued	-	1,462,269	-	-	2,460,000
Premium on bonds/notes issued	-	-	-	-	25,065
Discount on bonds/notes issued	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Compensation for loss of general capital assets					
Transfers in from component unit	<u>307,747</u>	<u>158,710</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>307,747</u>	<u>1,620,979</u>	<u>-</u>	<u>338,383</u>	<u>1,885,065</u>
Net change in fund balances	<u>\$ 1,187,684</u>	<u>\$ (262,595)</u>	<u>\$ 4,114,846</u>	<u>\$ 100,939</u>	<u>\$ 2,700,972</u>
Debt service as a percentage of noncapital expenditures	1.4%	2.7%	1.8%	3.3%	2.7%

Fiscal Year					
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	
\$ 19,518,610	\$ 26,515,870	\$ 29,914,424	\$ 32,513,013	\$ 32,954,120	
590,601	567,024	622,979	587,451	605,518	
1,540,861	1,803,766	1,620,527	1,249,699	1,358,075	
20,380,618	22,698,458	21,479,244	23,592,755	27,121,712	
3,247,530	3,754,756	4,039,735	4,547,917	5,419,686	
16,244	30,057	27,393	25,296	70,315	
3,880	18,004	25,566	8,322	18,622	
866,687	2,078,260	2,181,836	2,022,166	1,258,520	
641,971	565,775	645,984	845,727	552,183	
<u>2,871,587</u>	<u>3,719,824</u>	<u>5,084,321</u>	<u>3,892,676</u>	<u>4,090,252</u>	
<u>49,678,589</u>	<u>61,751,794</u>	<u>65,642,009</u>	<u>69,285,022</u>	<u>73,449,003</u>	
9,554,982	10,774,790	12,920,188	12,949,412	13,655,774	
8,458,102	9,438,583	10,238,899	11,224,627	12,124,320	
10,574,353	9,990,847	7,751,815	10,103,893	11,107,380	
-	-	-	-	257,754	
15,377,542	17,859,379	18,658,373	21,819,741	21,322,603	
1,620,788	1,973,014	1,790,919	1,928,209	2,545,258	
677,781	707,584	807,769	920,117	690,877	
1,405,024	1,484,834	1,580,325	1,623,210	1,589,026	
-	-	-	-	3,800	
-	-	-	-	-	
9,893,829	33,701,146	15,294,595	1,994,898	1,133,905	
975,000	1,328,000	3,223,000	3,290,650	3,433,300	
368,051	2,880,690	2,623,903	2,647,964	2,527,365	
126,507	-	31,089	-	-	
14,472	29,758	10,176	4,350	2,915	
<u>59,046,431</u>	<u>90,168,625</u>	<u>74,931,051</u>	<u>68,507,071</u>	<u>70,653,684</u>	
(9,367,842)	(28,416,831)	(9,289,042)	777,951	2,795,319	
2,761,489	406,324	5,129,951	11,954	1,622,955	
(1,887,628)	(395,000)	(5,129,951)	(11,954)	(1,472,955)	
50,970,000	-	3,210,000	-	-	
399,324	-	6,069	-	-	
(161,951)	-	-	-	-	
11,318	222,611	157	14,604	2,533	
-	-	-	-	50,025	
<u>52,092,552</u>	<u>233,935</u>	<u>3,216,226</u>	<u>14,604</u>	<u>202,558</u>	
<u>\$ 42,724,710</u>	<u>\$ (28,182,896)</u>	<u>\$ (6,072,816)</u>	<u>\$ 792,555</u>	<u>\$ 2,997,877</u>	

3.0%

7.5%

9.9%

8.9%

8.6%

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
1999	2000	\$ 19,111,096 38.13%	2,106,593 4.20	10,559,897 21.07	1,706,218 3.40	16,334,791 32.59
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
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
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
2004	2005	\$ 29,824,465 41.04%	4,167,052 5.73	12,925,106 17.79	2,915,662 4.01	23,503,851 32.35
2005	2006	\$ 34,237,468 40.53%	4,933,460 5.84	14,579,399 17.26	3,396,866 4.02	27,841,133 32.95
2006	2007	\$ 39,037,994 39.77%	5,962,523 6.07	16,473,487 16.78	3,912,807 3.99	33,269,446 33.90
2007	2008	\$ 43,991,499 39.05%	6,808,851 6.04	17,913,024 15.90	4,589,712 4.07	39,803,512 35.34
2008	2009	\$ 46,591,700 37.78%	7,565,931 6.14	18,049,019 14.64	5,089,194 4.13	46,460,002 37.68

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.

Other Property	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
1,541 0.00	1,146,765 2.29	839,512 (1.67)	\$ 50,127,389 100.00%	30.584%	3,505,973,900	1.430%
1,528 0.00	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%
200,616 0.37	680,604 1.26	990,387 (1.83)	\$ 54,137,087 100.00%	36.160%	5,005,521,850	1.082%
277,642 0.44	709,727 1.14	1,320,141 (2.11)	\$ 62,492,174 100.00%	33.457%	5,787,033,750	1.080%
52,928 0.07	754,496 1.04	1,478,434 (2.03)	\$ 72,665,126 100.00%	38.717%	6,754,573,830	1.076%
213,399 0.25	806,671 0.95	1,524,267 (1.80)	\$ 84,484,129 100.00%	37.275%	7,838,204,800	1.078%
258,162 0.26	829,133 0.84	1,589,950 (1.62)	\$ 98,153,602 100.00%	34.001%	9,068,693,000	1.082%
281,501 0.25	841,746 0.75	1,588,915 (1.62)	\$112,640,930 100.00%	30.499%	10,393,020,600	1.084%
282,973 0.23	829,288 0.67	1,558,076 (1.26)	\$123,310,031 100.00%	28.568%	11,434,134,100	1.078%

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

	Year Taxes Are Payable									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
County Direct Rates										
General revenue	15.020	%	15.600	%	14.485	%	18.874	%	18.000	%
Road and bridge	4.411		4.479		4.105		4.972		4.362	
Human services	8.645		8.082		8.337		11.647		10.219	
Building	0.202		0.199		0.449		0.808		0.564	
Bonded debt	0.680		1.543		1.703		2.031		1.732	
Transit system	-		-		-		0.295		0.128	
Airport bonds	0.064		-		-		0.213		0.189	
Library	0.710		0.681		0.621		0.892		0.775	
Total direct rate	29.732		30.584		29.700		39.224		36.160	
Cities										
Baxter	24.572		23.645		24.839		41.054		37.658	
Brainerd	34.698		35.175		35.121		33.290		37.299	
Breezy Point	33.646		37.038		36.374		54.749		57.114	
Crosby	71.431		72.052		73.524		110.105		117.883	
Crosslake	15.408		18.436		18.051		30.383		30.731	
Cuyuna	35.548		36.654		33.824		52.256		59.767	
Deerwood	51.574		51.022		51.337		78.558		94.073	
Emily	39.801		39.031		37.606		49.875		47.144	
Fifty Lakes	19.171		19.593		18.182		33.446		32.850	
Fort Ripley	16.900		16.893		14.875		24.090		20.150	
Garrison	21.359		34.026		32.787		42.011		46.313	
Ironton	86.769		84.095		92.667		119.812		125.001	
Jenkins	32.112		33.848		29.462		60.431		50.403	
Manhattan Beach	8.278		7.518		11.533		16.189		19.808	
Nisswa	23.323		24.376		25.342		37.155		34.395	
Pequot Lakes	42.753		42.941		43.400		78.588		72.183	
Riverton	51.518		28.621		38.624		73.388		63.341	
Trommald	51.010		43.443		46.345		54.267		52.755	
Townships										
Bay Lake fire district 1	6.802		6.091		6.409		8.306		9.250	
Bay Lake fire district 2	7.137		7.483		6.650		8.807		10.369	
Center	10.614		11.703		10.077		17.034		20.630	
Crow Wing	13.669		19.391		19.792		37.552		38.002	
Daggett Brook	24.136		20.785		21.185		35.919		31.742	
Deerwood	12.417		14.256		13.978		16.205		16.726	
Fairfield	12.172		14.304		21.662		25.595		23.600	
Fort Ripley	14.058		12.903		15.614		22.594		22.140	
Gail Lake	9.579		9.675		9.599		12.011		11.803	
Garrison	13.020		12.777		12.981		19.019		16.617	
Ideal	7.723		8.378		8.532		15.072		13.648	
Irondale	22.761		36.846		33.973		51.662		50.792	
Jenkins	6.300		6.654		9.299		12.714		11.295	
Lake Edward	9.987		13.132		14.541		17.839		19.183	
Little Pine	16.122		14.966		16.652		35.190		32.623	
Long Lake	14.337		12.838		13.882		19.400		17.206	
Maple Grove	13.412		12.354		14.060		17.275		15.442	
Mission	14.228		12.951		13.504		18.835		18.633	
Nokay Lake	16.323		13.309		16.274		31.900		30.771	
Oak Lawn	15.985		15.843		18.952		25.412		23.265	
Pelican	12.025		14.713		15.969		20.992		17.668	
Perry Lake	12.457		11.797		11.238		14.822		15.421	
Platte Lake	21.914		22.433		21.581		28.388		24.103	
Rabbit Lake	17.903		17.626		17.742		26.400		32.864	
Roosevelt	12.798		12.420		14.605		21.759		21.722	
Ross Lake fire district 1	9.289		8.640		12.492		12.811		15.928	
Ross Lake fire district 2	7.667		7.117		11.473		11.443		12.865	
St. Mathias	24.756		23.371		20.501		25.432		32.132	
Sibley (1)	15.648		15.965		19.034		37.288 (1)		-	
Timothy	10.142		8.256		7.344		11.355		10.220	
Wolford	20.048		21.317		25.366		31.338		33.766	
Unorganized - Dean Lake	20.924		36.732		32.641		35.647		34.299	
Unorganized - 1st Asmnt	5.680		6.773		5.457		10.595		9.762	
School Districts										
001 - Aitkin	43.632		46.359		40.520		10.333 (2)		3.973	
181 - Brainerd	54.588		48.660		46.027		22.708 (2)		26.510	
182 - Crosby	49.197		49.774		43.041		13.070 (2)		25.421	
186 - Pequot Lakes	46.068		45.700		39.300		17.698 (2)		15.358	
480 - Onamia	55.399		51.031		55.824		23.132 (2)		13.634	
482 - Little Falls	51.167		47.983		43.140		17.552 (2)		23.506	
484 - Pierz	54.438		49.016		47.852		28.703 (2)		28.619	
2174 - Pine River	51.656		51.260		43.301		15.683 (2)		11.823	
Special Districts										
Region five	0.150		0.160		0.147		0.215		0.188	
County HRA	-		0.102		0.108		0.127		0.113	
Cuyuna hospital district	1.647		1.468		1.326		2.538		2.225	
Thirty lakes watershed	1.988		1.755		1.896		3.913		2.300	
Brainerd HRA	0.748		0.770		0.766		1.130		1.182	
Pequot Lakes HRA	-		0.756		0.716		1.190		1.255	
Mille Lacs sewer district	-		-		10.868		13.321		19.450	

(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.

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

Taxpayer	2008			1998		
	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.	\$ 922,197	1	0.75 %	\$ 772,429	1	1.61 %
Potlatch Forest Holdings	372,365	2	0.30	284,803	6	0.59
Minnesota Power and Light	369,670	3	0.30	584,710	2	1.22
Whitebirch Inc.	309,654	4	0.25	150,662	10	0.31
Northern States Power Co.	288,128	5	0.23	430,689	3	0.90
KTJ Limited Partnership	278,086	6	0.23			
Wal-Mart Stores Inc.	275,337	7	0.22			
Developers Diversified Realty	272,210	8	0.22	298,905	4	0.62
Etoc Co. Inc.	257,385	9	0.21	209,597	8	0.44
Brainerd Lakes Integrated	244,844	10	0.20			
United Power Assoc.				284,942	5	0.60
Mills Holding Co. of MN				227,311	7	0.47
Trus Joist MacMillan				186,900	9	0.39
Total	\$ 3,589,876		2.91%	\$ 3,430,948		7.15%

**Crow Wing County, Minnesota
Property Tax Levies and Collections,
Last Six 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
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	272,936	18,616,069	99.84
2005	25,566,904	25,141,178	98.33	368,236	25,509,414	99.78
2006	28,879,186	28,343,338	98.14	412,306	28,755,644	99.57
2007	30,789,379	30,132,930	97.87	380,848	30,513,778	99.10
2008	31,917,304	30,994,026	97.11	-	30,994,026	97.11

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

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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
1999	660,000	525,000	4,625,000	82,500
2000	1,780,000	470,000	4,460,000	55,000
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

(1) Personal income data for 2008 is unavailable at this time.

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

* See schedule 14 for population and personal income data.

Business Activities			
General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
1,305,000	7,197,500	0.59	133
670,000	7,435,000	0.57	134
-	6,382,500	0.47	114
-	7,822,500	0.56	137
-	9,380,000	0.64	161
-	59,375,000	3.81	1,007
-	59,682,050	3.72	999
-	59,669,050	3.47	983
-	56,378,400	3.12	917
-	52,945,100	- (1)	852

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	Per Capita
Fiscal Year	General Obligation Bonds	Total		
1999	660,000	660,000	0.13	12.18
2000	1,780,000	1,780,000	0.32	32.18
2001	1,485,000	1,485,000	0.31	26.45
2002	3,515,000	3,515,000	0.65	61.46
2003	5,445,000	5,445,000	0.87	93.62
2004	55,800,000	55,800,000	7.68	946.66
2005	54,900,000	54,900,000	6.50	919.37
2006	55,335,000	55,335,000	5.64	911.91
2007	52,510,000	52,510,000	4.66	853.77
2008	49,485,000	49,485,000	4.01	795.94

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

Crow Wing County, Minnesota
Direct, Underlying and Overlapping Governmental Activities Debt
As of December 31, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct debt			
Crow Wing County	\$ 49,630,000 (1)	100.000 %	\$ 49,630,000
Underlying debt			
Cities	92,422,203	100.000	92,422,203
Townships	815,000	100.000	815,000
Miscellaneous (HRA's, hospital)	45,691,967	100.000	45,691,967
Total underlying debt	<u>138,929,170</u>		<u>138,929,170</u>
Overlapping debt			
School district 181 - Brainerd	61,530,000	86.323	53,114,542
School district 182 - Crosby	18,635,000	99.997	18,634,441
School district 186 - Pequot Lakes	37,770,000	96.128	36,307,546
School district 484 - Pierz	2,445,000	0.425	10,391
Total overlapping debt	<u>120,380,000</u>		<u>108,066,920</u>
Total debt	<u><u>\$ 308,939,170</u></u>		<u><u>\$ 296,626,090</u></u>

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

	Fiscal Year				
	1999	2000	2001	2002	2003
Market value of taxable property	\$ 3,505,973,900	\$ 3,875,494,100	\$ 4,365,777,950	\$ 5,005,521,850	\$ 5,787,033,750
Debt limit (2% of market value) (3% after 2007)	70,119,478	77,509,882	87,315,559	100,110,437	115,740,675
Debt applicable to limit:					
General obligation bonds	580,000	6,405,000	5,945,000	4,945,000	6,630,000
Less: Amount set aside for repayment of general obligation debt	<u>N/A</u> ⁽¹⁾	<u>N/A</u> ⁽¹⁾	<u>N/A</u> ⁽¹⁾	<u>(1,066,665)</u>	<u>(1,083,007)</u>
Total net debt applicable to limit	<u>580,000</u>	<u>6,405,000</u>	<u>5,945,000</u>	<u>3,878,335</u>	<u>5,546,993</u>
Legal debt margin	<u><u>\$ 69,539,478</u></u>	<u><u>\$ 71,104,882</u></u>	<u><u>\$ 81,370,559</u></u>	<u><u>\$ 96,232,102</u></u>	<u><u>\$ 110,193,682</u></u>
Total net debt applicable to the limit as a percentage of the debt limit	0.83%	8.26%	6.81%	3.87%	4.79%

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)

1999A Lease payable to component unit for 2008 are subject to the debt limit

Fiscal Year					
2004		2005		2006	
\$	6,754,573,830	\$	7,838,204,800	\$	9,068,693,000
	135,091,477		156,764,096		181,373,860
					207,860,412
					343,024,023
	56,785,000		55,675,000		55,890,000
					52,835,000
					49,570,000
	(1,015,246)		(2,632,350)		(4,424,342)
					(4,727,620)
					(5,794,287)
	55,769,754		53,042,650		51,465,658
					48,107,380
					43,775,713
\$	<u>79,321,723</u>	\$	<u>103,721,446</u>	\$	<u>129,908,202</u>
					<u>159,753,032</u>
					<u>299,248,310</u>
	41.28%		33.84%		28.38%
					23.14%
					12.76%

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
1999	54,173	1,212,252	22,377	28,171	10,074	4.4
2000	55,312	1,301,847	23,526	29,068	10,111	4.0
2001	56,136	1,358,441	24,199	30,157	10,089	4.5
2002	57,188	1,409,417	24,645	31,175	10,147	5.3
2003	58,160	1,457,594	25,062	31,628	10,158	5.7
2004	58,944	1,557,963	26,431	31,909	10,000	5.3
2005	59,715	1,604,663	26,872	32,088	9,914	5.0
2006	60,680	1,717,227	28,351	32,371	9,960	5.0
2007	61,504	1,805,636	29,358	32,773	9,801	5.7
2008	62,172 (5)	- (4)	- (4)	32,895	9,821	7.0

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

(2) Minnesota Department of Employment and Economic Development

(3) Minnesota Department of Education

(4) 2008 Information unavailable at this time.

(5) 2008 Estimated population

Crow Wing County, Minnesota
Principal Employers
Two Years Ago and Nine Years Ago

Taxpayer	2006*			1999		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Independent School District 181	1,353	1	4.2 %	750	2	2.7 %
St. Joseph's Medical Center	972	2	3.0	810	1	2.9
Brainerd Regional Human Services Ctr.	685	3	2.1	647	4	2.3
Madden's Inc. (1)	492	4	1.5	500	5	1.8
Crow Wing County	465	5	1.4	447	6	1.6
Bisys Retirement Services (2)	422	6	1.3	375	7	1.3
Mills Fleet Farm	400	7	1.2	300	9	1.1
Wal-Mart	350	8	1.1	300	10	1.1
Bethany Good Samaritan Village	337	9	1.0			
Brainerd Medical Center	318	10	1.0			
Potlach Corporation				650	3	2.3
Central Lakes Community College				320	8	1.1
Total	<u>5,794</u>		<u>17.80%</u>	<u>5,099</u>		<u>18.20%</u>

Note: Information was gathered from Crow Wing County bonding information

* Latest information available

(1) Employee numbers indicate seasonal peak.

(2) Formerly owned by Universal Pensions.

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

Function/Program	Full-Time Equivalent Employees						
	2002	2003	2004	2005	2006	2007	2008
General government	116.9	113.7	112.0	115.1	121.6	124.8	121.4
Public safety	94.6	89.1	93.6	101.0	107.9	119.6	125.7
Highways and streets	44.5	41.3	41.5	39.7	39.5	38.8	37.3
Human services	123.7	125.9	127.4	127.3	131.5	133.6	134.2
Health	29.8	28.6	28.1	28.9	27.3	28.2	28.2
Culture and recreation	2.3	3.0	3.5	3.6	4.0	2.6	0.8
Conservation of natural resources	9.5	7.7	6.6	6.9	7.3	6.6	6.9
Solid waste enterprise fund	1.3	1.3	1.3	1.1	1.2	1.3	1.3
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>

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

Function/Program	Fiscal Year			
	1999	2000	2001	2002
General Government				
Assessor				
Number of Parcels	N/A	N/A	N/A	N/A
Number of Improved Parcels	N/A	N/A	N/A	N/A
Number of Mobile Home Parcels	N/A	N/A	N/A	N/A
Number of Exempt Parcels	N/A	N/A	N/A	N/A
All Bare Land & Improved Land Notices Printed (Except Exempt)	N/A	N/A	N/A	N/A
Information Systems				
Computers Purchased	5	28	24	126
Telephones Purchased	N/A	N/A	N/A	N/A
Work Orders Completed	N/A	N/A	N/A	N/A
Planning & Zoning				
Township Permits Issued (All Types)	N/A	N/A	2,893	2,706
Recorder				
Abstract Documents	19,194	17,921	22,070	25,173
Torrens Documents	5,775	5,210	6,162	7,390
Warranty Deeds	3,653	3,519	3,416	3,845
Foreclosures	39	43	39	60
Treasurer				
Birth Certificates	2,529	2,551	2,947	3,711
Marriage Licenses	449	484	512	484
Marriage Certificates	N/A	199	213	235
Notary Registrations	368	311	83	89
Passports	N/A	948	995	1,102
Health				
Home Health Visits	N/A	N/A	N/A	6,062
Family Health Visits	N/A	N/A	N/A	8,095
Health Promotion Visits/Screenings	N/A	N/A	N/A	2,332
Public Safety				
Sheriff				
Part I Crimes	N/A	N/A	N/A	N/A
Part II Crimes	N/A	N/A	N/A	N/A
Non Reportable Crimes/Incidents	N/A	N/A	N/A	N/A
Dispatch				
911 Emergency Calls	N/A	N/A	N/A	N/A
Jail				
Average Monthly Bookings	N/A	N/A	N/A	N/A
Average Monthly Inmate Population	N/A	N/A	N/A	N/A
Highways and Streets				
Miles of Overlay	6	10	48	28
Miles of Construction	14	22	7	9
Tons of Crushing	N/A	N/A	59,750	-
Miles of Crack sealing	N/A	N/A	N/A	N/A
Human Services				
Children In/Out of Home Placement	172	248	264	245
Persons Receiving MR/RC Waivered Services	162	162	164	165
Child Support Cases	3,117	3,197	3,208	3,253
Financial Assistance Cases	3,023	3,228	3,491	3,816
Conservation of Natural Resources				
SCORE				
SCORE Funded Residential Recycling (Ton)	1,560	1,824	1,944	2,005
Commercial Recycling (Ton)	33,209	33,294	30,745	31,182
SCORE - Problem Material Management				
Hazardous Waste (Ton)	31	29	32	39
Electronics (Ton)	8	N/A	3	10
Tires (Each)	5,982	6,923	7,240	10,221
White Goods (Each)	3,370	3,235	4,001	4,457
Used Oil (Gallon)	3,570	3,475	4,225	8,590
Mattresses Recycled (Each)	N/A	N/A	N/A	N/A
Sanitation				
Solid Waste				
Municipal Solid Waste Land filled SW376 (Ton)	33,174	34,258	38,673	41,832
Industrial Waste Land filled SW376 (Ton)	66	1,730	233	1,031
Demolition Waste Land filled SW440 (Cu Yd)	18,990	19,436	26,266	22,095

(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.

Fiscal Year					
2003	2004	2005	2006	2007	2008
N/A	N/A	N/A	N/A	N/A	N/A
37,616	37,964	38,268	38,686	39,475	N/A
1,498	1,513	1,523	1,605	1,643	1,647
11,727	12,202	12,202	12,202	12,202	12,202
70,453	70,747	71,699	72,372	72,934	73,152
112	42	108	125	114	107
N/A	19	260	192	164	3
1,253	1,916	3,447	3,670	4,487	5,443
2,598	2,701	2,522	1,421	1,174	846
28,937	23,973	22,574	20,411	18,987	16,282
8,517	7,316	7,376	6,161	5,708	5,143
3,982	3,976	3,907	3,141	2,605	1,848
63	68	101	142	231	356
3,508	3,643	4,098	4,329	4,472	3,463
438	468	463	484	469	414
289	330	299	316	250	232
96	114	550	119	113	140
960	1,126	1,829	2,997	3,318	1,659
5,344	5,442	5,734	5,001	4,265	3,468
8,674	9,386	9,230	8,928	9,342	8,879
2,782	3,670	3,558	1,384	3,843	4,090
N/A	N/A	N/A	N/A	464 (1)	523
N/A	N/A	N/A	N/A	824 (1)	872
N/A	N/A	N/A	N/A	9,369 (1)	12,569
N/A	N/A	N/A	N/A	25,579	
N/A	N/A	N/A	N/A	324 (2)	328
N/A	N/A	N/A	N/A	144 (2)	160
42	32	19	10	26	15
12	9	17	5	1	3
55,000	90,000	40,000	-	58,500	-
N/A	N/A	3	3	N/A	13
229	237	249	204	220	244
163	157	158	157	153	155
3,313	3,262	3,393	3,431	3,542	3,512
3,715	3,980	4,020	4,100	4,372	4,768
2,164	2,721	2,934	3,142	3,650	4,066
31,809	37,878	43,088	44,916	45,097	35,453
40	40	41	46	44	48
11	83	131	134	162	137
8,536	10,138	9,777	9,197	11,660	8,709
4,306	4,793	4,686	4,624	4,434	3,949
18,060	26,077	35,991	36,185	32,748	39,070
N/A	N/A	N/A	768	2,467	2,304
42,151	41,981	43,129	40,477	39,625	36,912
3,914	6,736	8,727	6,795	5,875	5,915
30,455	25,361	21,480	20,386	13,959	16,950

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

Function/Program	Fiscal Year			
	1999	2000	2001	2002
General Government				
Courthouse	1	1	1	1
Judicial Center	N/A	N/A	N/A	N/A
Motor Pool Vehicles	N/A	N/A	N/A	N/A
Public Safety				
Vehicles	65	65	67	69
Jails	1	1	2	2
Emergency Operations Center	1	1	1	1
Highways and Streets				
Vehicles	63	66	72	74
Graders, Loaders and Heavy Trucks	27	30	28	28
Miles of County Roads	182	181	181	181
Miles of County State Aid Highways	371	371	378	378
Garage and Storage Buildings	13	13	13	13
Sanitation				
Demolition Landfills	2	2	2	2
Human Services				
Office Buildings	1	1	1	1
Culture and Recreation				
Parks	N/A	N/A	N/A	N/A
Accesses	20	20	20	20
Recreational Trails	N/A	N/A	N/A	N/A

Fiscal Year					
2003	2004	2005	2006	2007	2008
1 N/A 3	1 N/A 6	1 N/A 6	1 N/A 7	1 1 7	1 1 7
73 2 1	77 2 1	80 2 1	82 2 1	83 1 1	82 1 1
76 30 180 378 14	78 32 180 378 13	77 31 180 378 9	77 31 180 380 12	77 31 182 380 12	70 31 182 380 12
2	2	2	2	2	2
1	1	1	1	1	1
9 20 2	9 20 2	9 20 2	9 20 2	9 20 2	9 20 2