

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CROW WING COUNTY, MINNESOTA**

**For The Year Ended December 31, 2011**



*Prepared By*

*The Auditor-Treasurer's Office Financial Services Staff*



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

**For The Year Ended December 31, 2011**

Prepared By:

The Auditor-Treasurer's Office Financial Services Staff

**Laureen E. Borden, County Auditor-Treasurer**

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Map – Congressional Districts	6
Map – Legislative Districts	7
Map – Political Subdivisions	8
Map – Commissioners Districts	9
List of Elected and Appointed Officials	10
Organizational Chart	11
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report	13
Management’s Discussion and Analysis	15
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Assets	25
Statement of Activities	28
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	30
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	34
Statement of Revenues, Expenditures, and Changes in Fund Balance	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	38
Solid Waste Enterprise Fund:	
Statement of Net Assets	39
Statement of Revenues, Expenses, and Changes in Fund Net Assets	40
Statement of Cash Flows	41
Fiduciary Funds:	
Statement of Fiduciary Net Assets	43
Discretely Presented Component Units:	
Combining Statement of Net Assets	44
Combining Statement of Activities	45
Notes to the Financial Statements	46

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedules:	
General Fund	80
Highway Special Revenue Fund	83
Community Services Special Revenue Fund	84
Public Land Management Special Revenue Fund	85
Schedule of Funding Progress – OPEB Plan	86
Notes to the Required Supplementary Information	87
 <b>Supplementary Information:</b>	
Budgetary Comparison Schedule - Debt Service Fund	88
Combining Balance Sheet - Nonmajor Governmental Funds	90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	92
Budgetary Comparison Schedules:	
SCORE Special Revenue Fund	94
Unorganized Townships Special Revenue Fund	95
Small Cities Development Program Special Revenue Fund	96
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	97
Statement of Net Assets and Governmental Fund Balance Sheet	
Component Unit – Housing and Redevelopment Authority	99
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance	
Component Unit – Housing and Redevelopment Authority	100
 <b>Other Schedules:</b>	
Schedule of Intergovernmental Revenue	101
Schedule of Expenditures of Federal Awards	102
Notes to the Schedule of Expenditures of Federal Awards	104

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>STATISTICAL SECTION</b>	
<b>Financial Trends:</b>	
Net Assets by Component	108
Changes in Net Assets	110
Fund Balances – Governmental Funds	114
Changes in Fund Balances – Governmental Funds	116
<b>Revenue Capacity:</b>	
Assessed Value and Estimated Actual Value of Taxable Property	118
Direct and Overlapping Property Tax Rates	120
Principal Property Tax Payers	121
Property Tax Levies and Collections	122
<b>Debt Capacity:</b>	
Ratios of Outstanding Debt by Type	124
Ratios of General Bonded Debt Outstanding	126
Direct, Underlying and Overlapping Governmental Activities Debt	127
Legal Debt Margin Information	128
<b>Demographic and Economic Information:</b>	
Demographic and Economic Statistics	130
Principal Employers	131
<b>Operating Information:</b>	
Full-time Equiv. County Government Employees by Func./Prog.	132
Operating Indicators by Function/Program	134
Capital Assets Statistics by Function/Program	136

**Office of the  
County Auditor-Treasurer**

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**Laureen E. Borden**



**CROW WING COUNTY**

**DATE:** September 13, 2012

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

**Subject:** **2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

The Comprehensive Annual Financial Report (CAFR) of Crow Wing County is submitted for the fiscal year ending December 31, 2011. This report was prepared by the County Auditor-Treasurer's Office, Financial Services Division staff. 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, 2011. The independent auditor's report is located in the front of the financial section of this report.

**Internal Controls**

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

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

**Profile of the Government**

Crow Wing County was established in 1857, and formally organized in 1870. It was at about this time that the Northern Pacific Railroad decided that its rail line would cross the Mississippi River at Brainerd. Regular rail service began in the early 1870s, at which point Brainerd became the area's major settlement, and the Crow Wing village faded. The original Courthouse was built in Brainerd in 1872; it was replaced in 1920 by the building now known as the Historic Courthouse. The County campus expanded during the period of 2004 - 2007 with the addition of a new Jail, Judicial Center and Community Services buildings. In addition, other structures remodeled included Central Services, Land Services, and the Historic Courthouse. The Highway Department moved to a new off-site campus on the east side of Brainerd near the Brainerd Lakes Regional Airport. The Environmental Services Solid Waste 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 2011 estimated population was 62,763 residents. The county seat is the City of Brainerd. The City of Brainerd is the largest community in the county with a population of 13,646 residents, according to the State Demographer's Office.

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

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

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

### **Budgetary Controls**

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

### **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, the County's population swells to an estimated 300,000, when you add in tourists and seasonal residents. In Crow Wing County alone, leisure and hospitality industries brought in more than \$183.3 million in gross sales in 2010. This is a 0.3 percent decrease in gross sales when compared to 2009.

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 fishing and hunting. Golfing is another area attraction with over two dozen golf courses. 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. Additionally, you can enjoy over 25 miles of mountain bike riding on the Cuyuna Mountain Bike Trail System spread across 800 acres in the Cuyuna Country State Recreation Area.

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 2011, 260 leisure and hospitality businesses employed an annual average of 3,862 employees. This was an increase in 54 jobs over 2010. This increase was a growth of 1.4 percent over last year. The seasonality of leisure and hospitality businesses creates employment data fluctuations throughout the year. Additionally, 348 retail trade businesses employed 4,447 employees in Crow Wing County's tourism industry. The County also contains a variety of commercial and industrial businesses in such areas as manufacturing, health care, building, architectural design, business franchise; financial, legal and computer service providers; high-tech firms; publishing, design, and advertising; and a host of specialty firms.

### **Health Care Facilities**

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

Essentia Health, the major healthcare employer in Central Minnesota, continues to expand its services by adding a new 44,000 sq. ft. Baxter clinic in February 2012. Essentia Health currently operates the St. Joseph's Medical Center in Brainerd, a 162-bed nonprofit hospital offering services in a wide variety of medical specialties. Essentia Health St. Joseph's – Clinics, are a group of integrated clinics throughout the lakes area. Together, the Essentia Health System employs more than 1,300 medical professionals and support staff in Crow Wing County and is considered the largest hospital in north central Minnesota.

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

In 2011, 204 Crow Wing County establishments provided 5,598 jobs in the areas of health care and social assistance. This was an increase in 86 jobs over 2010. This increase was a growth of 1.6 percent over last year.

## **Education**

The K-12 schools in the Brainerd Lakes Area educate more than 9,000 students annually, making the combined districts the 15<sup>th</sup> largest in the state. The largest of these is Independent School District #181, serving Brainerd and surrounding communities with enrollment of more than 6,600. School District #181 has six elementary schools, a middle school, and a high school. Independent School District #181 employs approximately 900 professionals and support staff.

Brainerd also hosts the campus of Central Lakes College (CLC), a comprehensive community and technical college. CLC served about 6,000 students per year. CLC is one of 32 Minnesota Colleges and Universities offering excellent, affordable education in 46 communities across the state. 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 2011, 38 establishments provided 2,289 jobs in the area of educational services. Educational jobs decreased by 99 jobs. This makes up a 4.2 percent decrease when compared to 2010 employment data.

## **Manufacturing**

In 2011, 122 companies employed 2,357 people in a variety of manufacturing arenas, from plastics to precision machining and metal fabrication. This makes up a 5.27 percent increase when compared to 2010 employment data.

## **Construction**

The construction industry is one of the largest industries in the region. In 2011, 290 area construction firms employed over 1,472 people. In 2011, construction saw a reduction of 86 jobs in Crow Wing County. This makes up a 5.5 percent decrease when compared to 2010 employment data.

## **Financial Services**

The financial services industry is well represented in the region. In 2010, 201 firms provided 1,390 jobs. This makes up a 2.9 percent decrease when compared to 2010 employment data. Workers in this industry are highly skilled and have substantial experience in office services and the management of pension funds. One of the area's largest financial services employers is Ascensus, which employs around 500 people in its Brainerd and Baxter offices.

## **Specialty Firms**

The Brainerd Lakes area is also home to several specialized companies serving niche market needs. A few examples of these firms are as follows: Landis+Gyr Public Power Division, provider of information and control systems to utilities; 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 57,191 residents in 2002 to 62,763 residents in 2011, the total population rank was 15<sup>th</sup> of 87 counties in Minnesota.
- The County's annual average labor force changed from 31,175 workers in 2002 to 34,140 workers in 2011; an increase of 9.5 percent.
- The County's average unemployment rate in 2011 is 8.2 percent. In 2011, the average state and national unemployment rates were 6.4 percent and 9.0 percent, respectively.

- Personal income of residents in Crow Wing County increased from \$1,966,323 in 2009 to \$2,011,446 in 2010, an increase of 2.2 percent. The 2009-2010 state and national personal income levels increased 3.9 percent and 2.8 percent, respectively.
- In 2010, Crow Wing County had a per capita personal income (PCPI) of \$32,130. Crow Wing County's PCPI rank was 71st of the 87 counties in the state. Crow Wing County was 75.0 percent of the state average of \$42,798, and 80.0 percent of the national average of \$39,937.
- The County's largest property tax payer in 2011 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 2011 account for 3.31 percent of the total taxable net tax capacity. This is down from the top ten tax payers accounting for 6.37 percent of the total taxable net tax capacity in 2000.

## **Major Initiatives by Crow Wing County**

The Crow Wing County government took action to reduce costs:

- In 2011, Crow Wing County continued to see economic and in turn operating budget challenges. Between 2008 and 2011, Crow Wing County reduced staffing by 40.8 Full-Time Equivalents (FTEs), representing a workforce reduction of approximately 9 percent.
- Approved a levy decrease of (2.37 percent) for taxes payable 2011.

The Crow Wing County government had the following highlights in 2011:

- 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.
- Crow Wing County's Zoning Ordinance Revision was recognized by Association of MN Counties (AMC) & MN Board of Water and Soil Resources (BWSR). This Award recognizes leadership, innovation and excellence in protecting or improving natural resources.
- No State Board of Equalization changes were needed to the local market values assigned by the County Assessor for three years running.
- The County implemented a new comprehensive cashiering system to gain efficiencies in receipting property taxes by the use of a high speed scanner in back office operations. Additionally, payments for taxes and services can be made by credit and debit cards within the applicable County offices.

Future Crow Wing County Plans:

### Managing for Results

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

### Intergovernmental Relations

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

### Demographic Change

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

### Land Use

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

## Highway

- 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 2011 fiscal year was:

	<u>Amount</u>	<u>Debt per capita</u>
Gross direct bonded debt	\$42,520,000	\$677

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

## **Employee Labor Contracts**

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

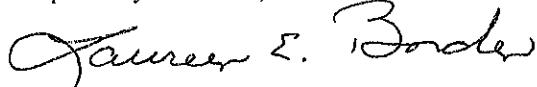
<u>Bargaining Unit</u>	<u>Term of Contract</u>	<u>Status of Contract</u>
AFSCME	2009-2011	Settled
Assistant County Attorney Association	2012-2013	Settled
LELS Local #14 Deputies	2010-2011	Settled
LELS Local #16 Dispatchers and Corr. Officers	2009-2011	Settled
IUOE Local #49 Facilities and Parks	2010-2011	Settled
IUOE Local #49 Highway	2010-2011	Settled
Minnesota Nurses Association	2009-2011	Settled
Organization of Non-Contract Employees	2012-2013	Settled
Teamsters Local #320 Social Services	2009-2011	Settled
Teamsters Local #346 Sheriff's Licensed Supervisory	2012-2013	Settled
Teamsters Local #346 Corrections and Dispatch Supervisory	2009-2011	Settled

**All Contracts start January 1 and end December 31.**

## **Acknowledgements**

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

Respectfully submitted,

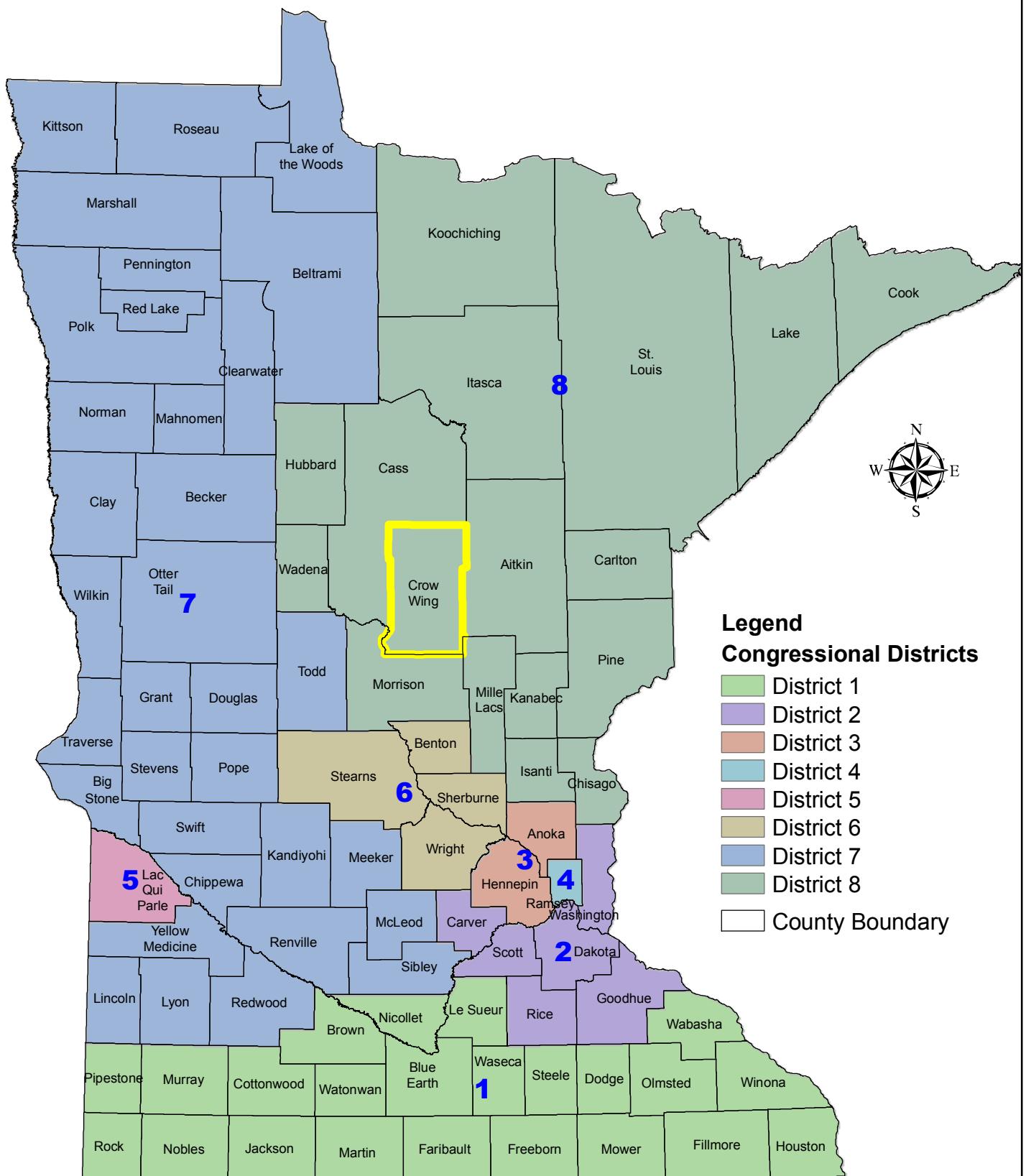


Laureen E. Borden  
County Auditor-Treasurer



Michael J. Carlson  
Accounting and Finance Manager

# STATE OF MINNESOTA CONGRESSIONAL DISTRICTS

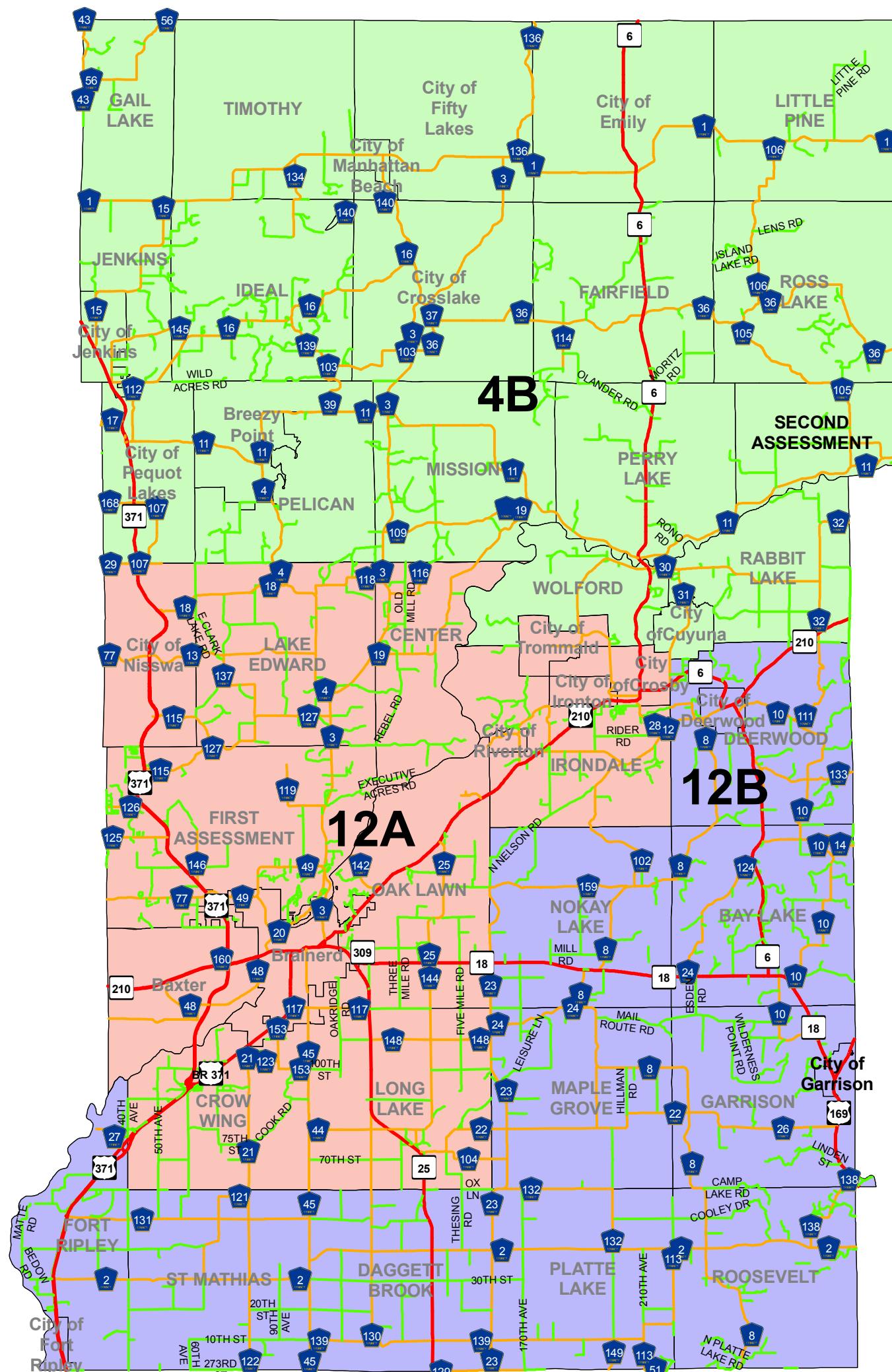


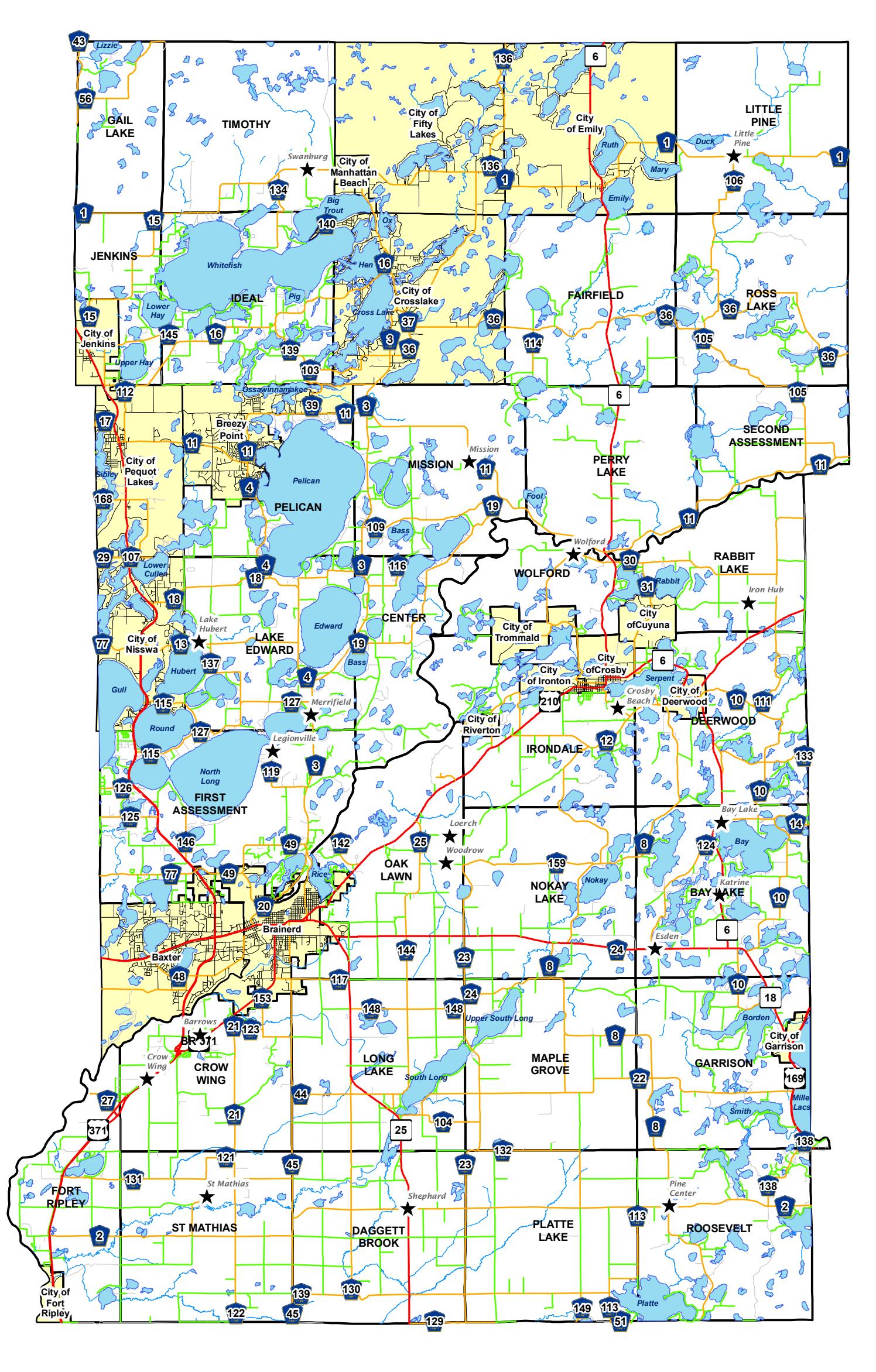
Crow Wing County

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Crow Wing County GIS Dept.  
Jan. 24th, 2008

# CROW WING COUNTY

## LEGISLATIVE DISTRICTS





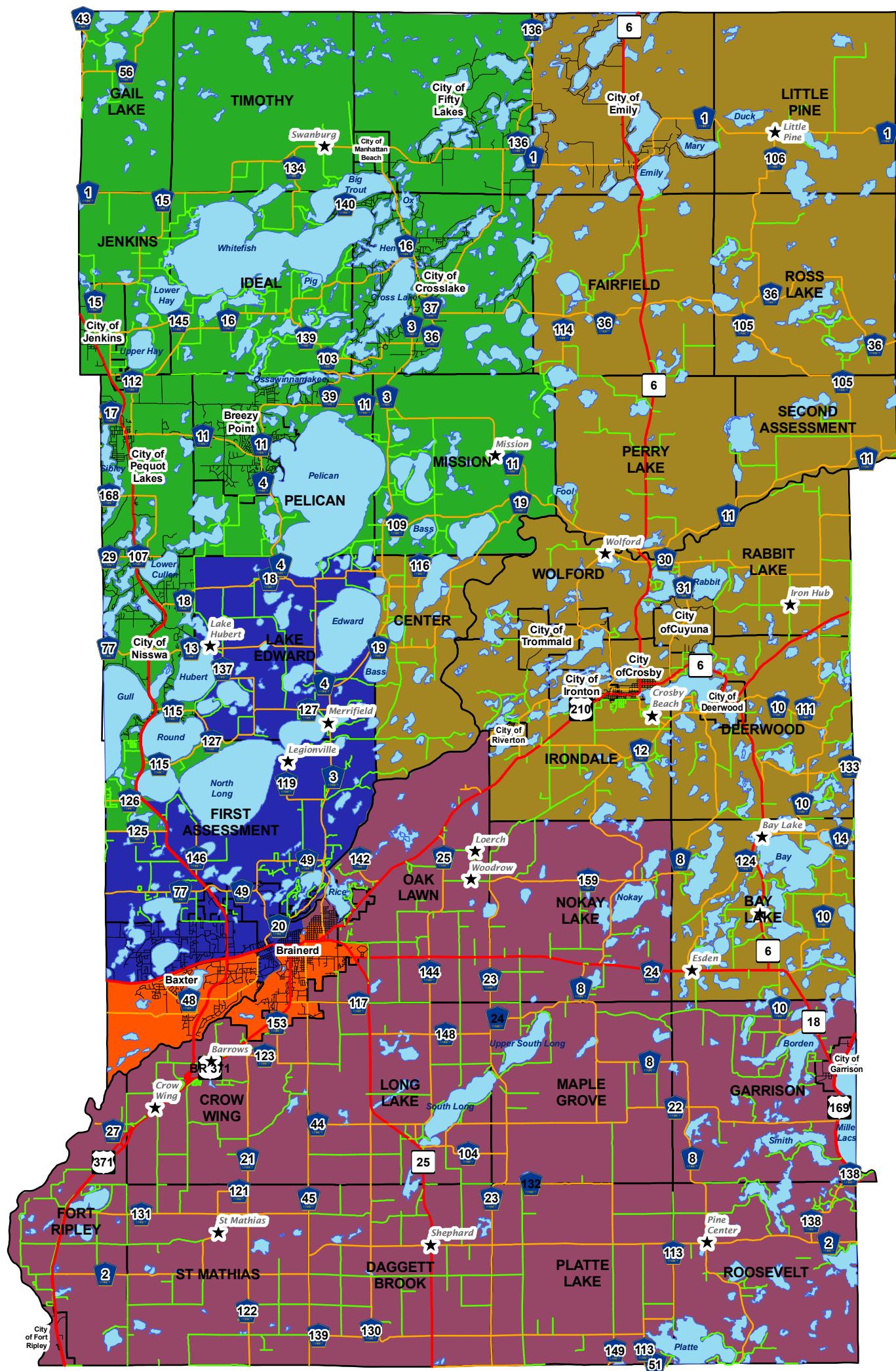
CROW WING COUNTY  
BRAINERD, MN 56401

# Crow Wing County Political Subdivisions



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

# Crow Wing County Commissioner Districts



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



CROW WING COUNTY  
BRAINERD, MN 56401

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2/21/2008

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**ORGANIZATION  
2011**

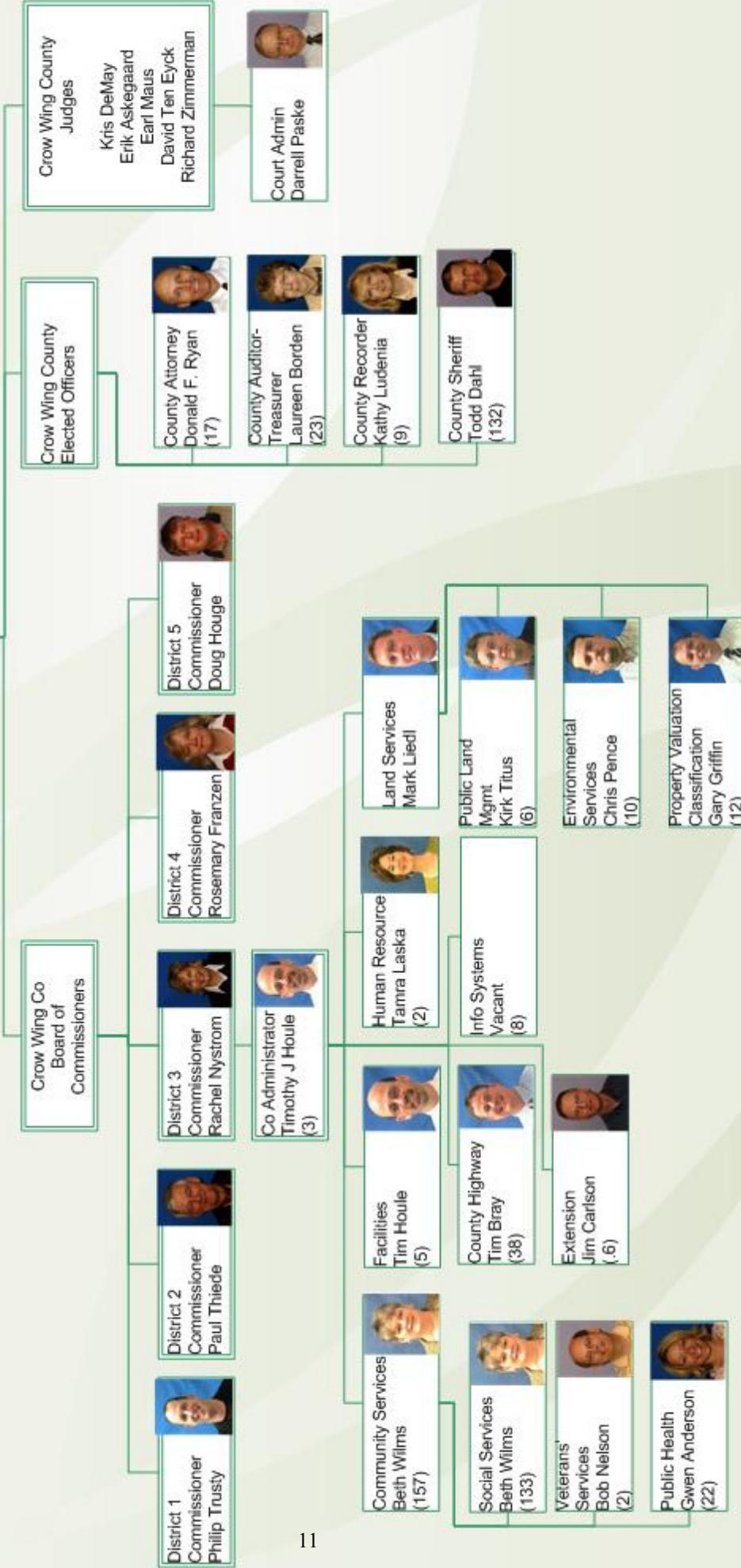
Office	Name	Elected or Statutory Term Expires
County Board of Commissioners		
1st District	Philip J. Trusty	January 2013
2nd District	Paul M. Thiede*	January 2015
3rd District	Rachel Reabe Nystrom	January 2015
4th District	Rosemary Franzen	January 2015
5th District	Doug Houge**	January 2013
*Denotes 2011 Chair		
**Denotes 2012 Chair		
County Offices		
Elected		
Attorney	Donald F. Ryan	January 2015
Auditor-Treasurer	Laureen E. Borden	January 2015
Recorder	Kathy Ludenia	January 2015
Sheriff	Todd O. Dahl	January 2015
Appointed		
Administrator	Timothy J. Houle	Indefinite
Assessor	Gary Griffin	January 2014
Engineer	Timothy V. Bray	May 2015
Examiner of Titles	Glen A. Gustafson	Indefinite
Land Commissioner	Kirk Titus	Indefinite
Veterans Service Officer	Robert M. Nelson	June 2015
Zoning Administrator and County Planner	Christopher Pence	Indefinite

## ORGANIZATIONAL CHART

CROW WING COUNTY  
BRAINERD, MN 56401



Crow Wing County Citizens



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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, 2011, 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 84 percent, 84 percent, and 93 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Serpent Lake Sanitary Sewer District, is based solely on the report of the other auditors.

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

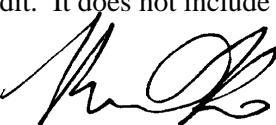
In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Crow Wing County as of December 31, 2011, 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 I.D.11 to the financial statements, Crow Wing County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended December 31, 2011. GASB Statement 54 establishes new fund balance classifications for the governmental fund types and clarifies the definitions of the governmental fund types.

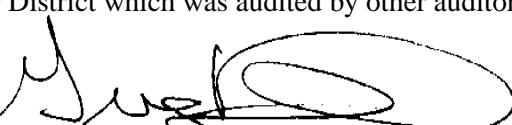
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crow Wing County's basic financial statements as a whole. The introductory section, supplementary information, other schedules, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2012, on our consideration of Crow Wing County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. It does not include the Serpent Lake Sanitary Sewer District which was audited by other auditors.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 13, 2012

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2011  
(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, 2011. 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 \$185,064,838 (net assets). Of this amount, \$51,592,219 (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 \$7,211,371. This increase is a combination of additional investments in joint ventures and a favorable operating surplus.
- As of the close of the 2011 fiscal year, Crow Wing County's governmental funds reported combined ending fund balances of \$49,063,885, compared to \$44,670,888 reported at the close of the 2010 fiscal year. Approximately 65 percent of this amount, \$31,736,580 is available for spending at the government's discretion (unrestricted fund balance: committed, assigned, or unassigned).
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$16,537,466, or 66 percent, of total General Fund expenditures, an increase of \$1,189,917 in comparison with the prior year. The unassigned amount of fund balance for the General Fund was \$12,578,723, or 50 percent, of total General Fund expenditures.
- Crow Wing County's long-term debt decreased by \$1,768,636, or 3.3 percent, to \$52,174,226 during the current fiscal year. The decrease is a net result of annual principal payments and an increased Net Other Post Employment Benefits Obligation (OPEB). The Net OPEB Obligation increased in the amount of \$1,687,857, for a total obligation of \$8,448,927.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused paid-time-off and severance leave).

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

(Unaudited)

- Highway,
- Community Services,
- Public Land Management,
- SCORE,
- Unorganized Townships, and
- Small Cities Development Program

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

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

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

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

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

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

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

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

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 46 through 79 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 80 through 87. 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 88 through 100 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 \$185,064,838 at the close of the most recent fiscal year, which is an increase of \$7,211,371 over 2010.

Capital assets, net of related debt, of \$116,940,421 (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 (63.2 percent). Crow Wing County uses these capital assets to provide

(Unaudited)

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 \$16,532,198, or 8.9 percent, of the total net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is \$51,592,219, or 27.9 percent, of the total net assets.

### Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 77,823,348	\$ 72,176,942	\$ 9,992,005	\$ 9,388,143	\$ 87,815,353	\$ 81,565,085
Capital assets	154,513,515	155,654,869	5,058,776	5,025,555	159,572,291	160,680,424
Total assets	<u>\$ 232,336,863</u>	<u>\$ 227,831,811</u>	<u>\$ 15,050,781</u>	<u>\$ 14,413,698</u>	<u>\$ 247,387,644</u>	<u>\$ 242,245,509</u>
Long-term liabilities outstanding	\$ 48,733,746	\$ 50,915,903	\$ 3,440,480	\$ 3,026,959	\$ 52,174,226	\$ 53,942,862
Other liabilities	9,991,681	10,310,126	156,899	139,054	10,148,580	10,449,180
Total liabilities	<u>\$ 58,725,427</u>	<u>\$ 61,226,029</u>	<u>\$ 3,597,379</u>	<u>\$ 3,166,013</u>	<u>\$ 62,322,806</u>	<u>\$ 64,392,042</u>
Net Assets						
Invested in capital assets, net of related debt	\$ 111,954,940	\$ 110,096,199	\$ 4,985,481	\$ 4,965,555	\$ 116,940,421	\$ 115,061,754
Restricted	16,532,198	13,172,796			16,532,198	13,172,796
Unrestricted	45,124,298	43,336,787	6,467,921	6,282,130	51,592,219	49,618,917
Total Net Assets	<u>\$ 173,611,436</u>	<u>\$ 166,605,782</u>	<u>\$ 11,453,402</u>	<u>\$ 11,247,685</u>	<u>\$ 185,064,838</u>	<u>\$ 177,853,467</u>

In 2011 and 2010, 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 \$7,211,371 over 2010. The primary change is an increase in net assets as a result of an operating surplus. Additionally, the County's investment in joint venture increase related to its 50% undivided interest in the property, improvements, building, and infrastructure of the Crow Wing County Airport.

### Governmental Activities

Governmental activities increased Crow Wing County's net assets by \$7,005,654, thereby accounting for the majority of total growth in the net assets of Crow Wing County. A key element of this growth was same as previously mentioned above for the County's total net asset increase.

### Business-Type Activities

Business-type activities increased Crow Wing County's net assets by \$205,717.

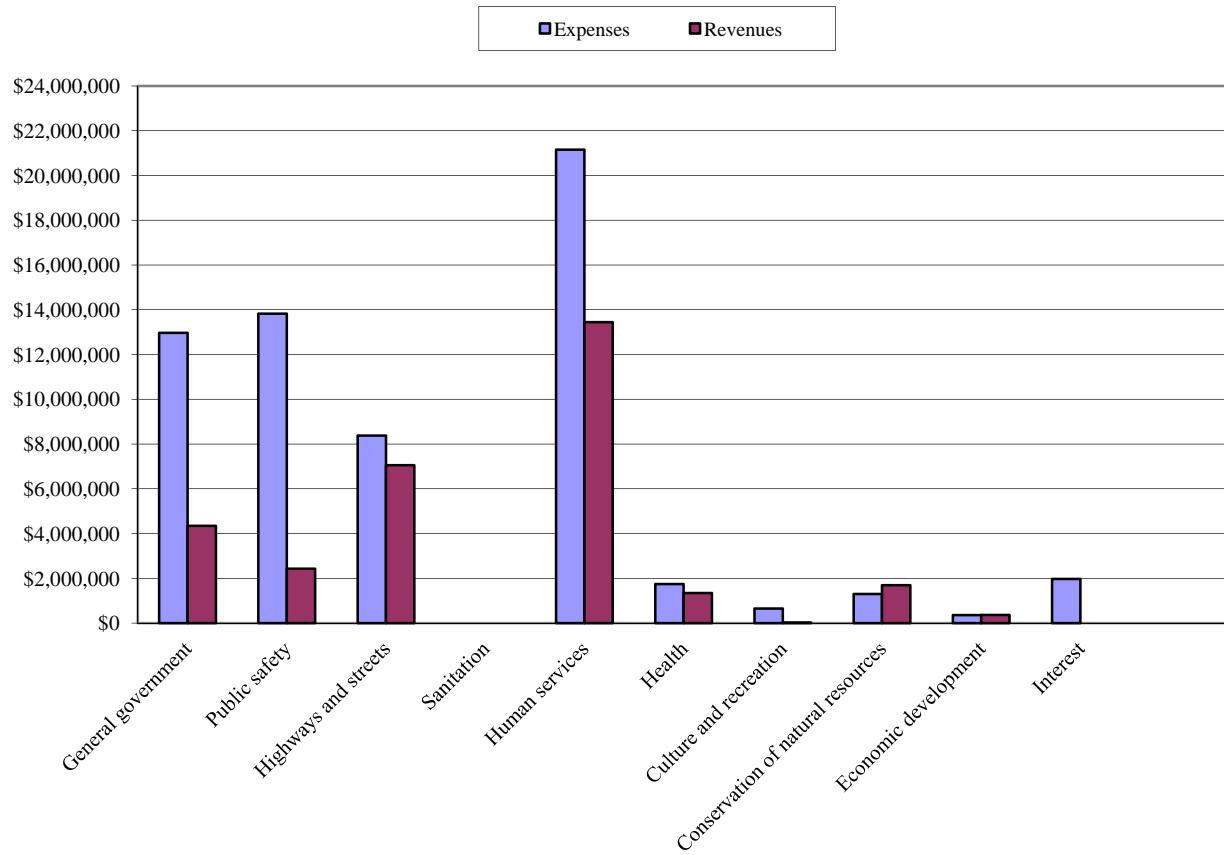
(Unaudited)

## Changes in Net Assets

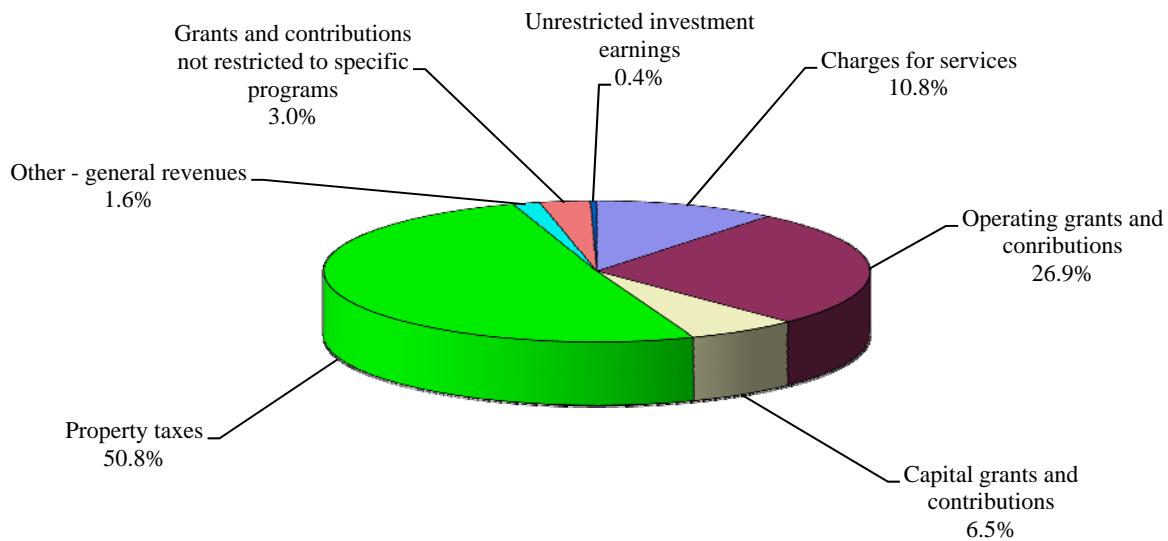
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program revenues						
Charge for services	\$ 7,480,657	\$ 7,865,636	\$ 1,920,174	\$ 1,989,639	\$ 9,400,831	\$ 9,855,275
Operating grants and contributions	18,684,965	23,131,686	-	-	18,684,965	23,131,686
Capital grants and contributions	4,526,177	1,362,606	-	-	4,526,177	1,362,606
General revenues						
Property taxes	35,213,383	35,585,536	-	-	35,213,383	35,585,536
Mortgage registry and deed tax	65,367	71,796	-	-	65,367	71,796
Payments in lieu of tax	429,856	360,402	-	-	429,856	360,402
Grants and contributions not restricted to specific programs	2,071,218	2,065,541	595	595	2,071,813	2,066,136
Investment income	255,744	329,226	105,714	103,566	361,458	432,792
Miscellaneous	830,054	532,861	-	-	830,054	532,861
Gain on sale of capital assets	44,312	51,976	-	-	44,312	51,976
Transfers in (out)	(250,000)	(150,000)	250,000	150,000	-	-
<b>Total Revenues</b>	<b>\$ 69,351,733</b>	<b>\$ 71,207,266</b>	<b>\$ 2,276,483</b>	<b>\$ 2,243,800</b>	<b>\$ 71,628,216</b>	<b>\$ 73,451,066</b>
<b>Expenses</b>						
General government	\$ 12,969,897	\$ 12,871,344	\$ -	\$ -	\$ 12,969,897	\$ 12,871,344
Public safety	13,825,942	13,036,830	-	-	13,825,942	13,036,830
Highways and streets	8,380,127	6,919,926	-	-	8,380,127	6,919,926
Sanitation	-	147,328	-	-	-	147,328
Human services	21,153,044	20,416,383	-	-	21,153,044	20,416,383
Health	1,741,968	1,684,246	-	-	1,741,968	1,684,246
Culture and recreation	647,975	684,631	-	-	647,975	684,631
Conservation of natural resources	1,300,631	1,342,948	-	-	1,300,631	1,342,948
Economic development	352,710	217,807	-	-	352,710	217,807
Interest	1,973,785	2,153,652	-	-	1,973,785	2,153,652
Operating expenses - solid waste	-	-	2,070,766	1,631,721	2,070,766	1,631,721
<b>Total Expenses</b>	<b>\$ 62,346,079</b>	<b>\$ 59,475,095</b>	<b>\$ 2,070,766</b>	<b>\$ 1,631,721</b>	<b>\$ 64,416,845</b>	<b>\$ 61,106,816</b>
<b>Increase (Decrease) in Net Assets</b>						
Assets	\$ 7,005,654	\$ 11,732,171	\$ 205,717	\$ 612,079	\$ 7,211,371	\$ 12,344,250
Net Assets - January 1	166,605,782	154,873,611	11,247,685	10,635,606	177,853,467	165,509,217
Net Assets - December 31	<b>\$ 173,611,436</b>	<b>\$ 166,605,782</b>	<b>\$ 11,453,402</b>	<b>\$ 11,247,685</b>	<b>\$ 185,064,838</b>	<b>\$ 177,853,467</b>

(Unaudited)

## Expenses and Program Revenues - Governmental Activities



## Revenue by Sources - Governmental Activities



(Unaudited)

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, Crow Wing County's governmental funds reported combined ending fund balances of \$49,063,885, an increase of \$4,392,997 in comparison with the prior year. Of this total amount, \$31,736,580 constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remaining \$17,327,305 of governmental funds fund balance is either Nonspendable or Restricted, indicating that it is not available for spending at the government's discretion. The most significant Nonspendable and Restricted fund balances are as follows: Restricted for Debt service \$6,199,638, Nonspendable Environmental trust corpus \$1,846,499, Restricted for SCORE \$1,793,908, Restricted for unorganized townships \$1,774,764, Restricted for MN estate recoveries \$1,015,851.

The General Fund is the chief operating fund of Crow Wing County. At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$16,537,466, while the total fund balance was \$19,171,183. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance (combining: committed, assigned, and unassigned) and total unassigned fund balance to total fund expenditures. Unrestricted, fund balance represents 66 percent of the total General Fund expenditures, while unassigned fund balance represents 50 percent of that same amount.

The fund balance of Crow Wing County's General Fund increased \$1,341,147 in comparison to 2010. This change is primarily due to an Other Financing Source Transfer In from the Community Services Fund in the amount of \$1,900,364. This was done per the County's fund balance policy as Board adopted with the GASB Statement #54 changes in 2011.

The expenditures for the General Fund increased \$990,853; this is an increase of 4.0 percent from the previous year. The increase in expenditures is mostly attributed the 800 MHZ project commencement with \$1,564,116 spent in 2011 out of the General Fund. Total multi-year 800 MHZ project budget is approximately \$4,000,000 and will be spent out of the General fund in 2011-2013. The operating budget of the General Fund is structurally balanced.

The Highway Special Revenue Fund had a total fund balance of \$4,365,899 at the end of the current fiscal year. The fund balance of the Highway Special Revenue Fund increased by \$2,402,310 during the current fiscal year. This increase in fund balance is a result of saving for future projects.

The Community Services Special Revenue Fund had a total fund balance of \$8,456,033 at the end of the current fiscal year. The fund balance of the Community Services Special Revenue Fund decreased by \$1,049,570 during the current fiscal year. This change is primarily due to an Other Financing Source Transfer Out to the General Fund in the amount of \$2,040,594. The operating budget of the Community Services Fund is structurally balanced.

The Public Land Management Special Revenue Fund had a total fund balance of \$441,543 at the end of the current fiscal year. The fund balance of the Public Land Management Special Revenue Fund increased by \$34,935 during the current fiscal year.

The Debt Service Fund total fund balance of \$6,199,638 is restricted for the payment of debt service. The fund balance of the Debt Service Fund increased by \$248,673 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.

(Unaudited)

## 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.

In 2011, the County continued to downsize in response to the overall decline of operating revenues. Personnel for 2011 had been reduced by 9.5 full time equivalents county-wide; the majority of the staffing reductions were able to be handled through the voluntary early retirement incentive program.

Health Insurance premiums had major impacts on the 2011 budget as the County experienced a 14.8% increase.

Studies have been completed regarding what will be needed to meet the Federal Communications Commission (FCC) 2013 VHF narrowband requirements. In, 2011 the County spent approximately \$1,500,000 on the 800 MHZ project out of the County's General Fund. Additional expenditures will be needed to finish the project by 2013. Approximately \$800,000, or 20% of the \$4,000,000 800 MHZ project will be federally funded by grants with the bulk coming from County general revenues and fund balance savings.

## 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, 2011, amounts to \$159,572,291 (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 decrease in Crow Wing County's investment in capital assets for the current fiscal year was 0.7 percent.

Major capital asset events during 2011 included a variety of new County road construction projects that were started and completed. Additionally, the County commenced the implementation of the 800 MHZ system project, which included the purchase of 800 MHZ equipment for public safety communications.

### Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 3,500,620	\$ 3,443,391	\$ 412,334	\$ 412,334	\$ 3,912,954	\$ 3,855,725
Construction in progress	6,843,390	14,248,315	1,771,944	1,332,005	8,615,334	15,580,320
Infrastructure -						
right-of-way	3,286,325	2,946,253	-	-	3,286,325	2,946,253
Buildings	54,150,543	55,780,935	572,484	597,470	54,723,027	56,378,405
Land improvements	1,596,130	1,711,567	6,075	6,075	1,602,205	1,717,642
Machinery, furniture, and equipment	4,737,454	5,480,404	66,316	90,585	4,803,770	5,570,989
Infrastructure	80,399,053	72,044,004	-	-	80,399,053	72,044,004
Landfill	-	-	2,229,623	2,587,086	2,229,623	2,587,086
Total	\$ 154,513,515	\$ 155,654,869	\$ 5,058,776	\$ 5,025,555	\$ 159,572,291	\$ 160,680,424

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

(Unaudited)

## **Long-Term Debt**

At the end of 2011, Crow Wing County had total bonded debt outstanding of \$43,752,250. This is a decrease of \$3,618,600 from the prior year. Current and future County tax levies are used to finance the bonded indebtedness.

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

## **Outstanding Debt**

### **General Obligation and Capital Lease**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
General obligation bonds	\$ 42,520,000	\$ 46,075,000
Capital lease	1,232,250	1,295,850
<b>Total</b>	<b>\$ 43,752,250</b>	<b>\$ 47,370,850</b>

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 2011 debt limitation for Crow Wing County is \$335,674,053, which is significantly in excess of Crow Wing County’s outstanding debt obligations.

Additional information on Crow Wing County’s long-term debt may be found in Note III.C.5 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The County’s elected and appointed officials considered many factors when setting the fiscal year 2012 budget, tax rates, and fees that will be charged for the business-type activities.

- The County’s estimated market value decreased by 7.1 percent in 2011. Additionally, the State Legislatures action to replace Market Value Credits with a Market Value Exclusion program lowered the taxable market value by 3.3 percent in 2011. Thus, the County experienced a Net Tax Capacity decrease of over 10 percent in 2011.
- Crow Wing County continues to have one of the five lowest tax capacity rates in the State of Minnesota. Crow Wing County’s tax capacity rate for 2012 is 32.41 percent.
- On December 27, 2011, the Crow Wing County Board of Commissioners approved the 2012 budget for \$70,464,618, related to the County’s Governmental Funds. The 2012 total levy is \$34,876,657, which is a decrease of \$845,039 compared to the 2011 levy of \$35,721,696. The 2012 budget includes a 2.4 percent overall property tax levy decrease.
- Crow Wing County will continue to budget in 2012 for County Program Aid in a Capital Projects Fund. If these funds are received from the State they will be used to finance our Capital Improvement Plan.

## **INDEPENDENT AUDIT**

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

## **REQUESTS FOR INFORMATION**

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

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**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2011**

	<b>Primary Government</b>			<b>Discretely Presented Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 35,999,265	\$ 4,880,354	\$ 40,879,619	\$ 748,039
Petty cash and change funds	2,780	-	2,780	-
Investments	12,279,275	-	12,279,275	-
Taxes receivable - delinquent	1,788,583	-	1,788,583	2,686
Accounts receivable - net	248,541	91,728	340,269	25,301
Accrued interest receivable	97,083	-	97,083	7,849
Contracts receivable	192,913	-	192,913	-
Due from other governments	3,144,487	-	3,144,487	-
Loans receivable - net	416,305	-	416,305	181,381
Inventories	795,107	-	795,107	-
Prepaid items	302,140	-	302,140	-
Restricted assets				
Cash and pooled investments	-	5,019,923	5,019,923	1,154,623
Advance to other governments	15,000	-	15,000	-
Deferred charges	105,252	-	105,252	-
Investment in joint venture	22,436,617	-	22,436,617	-
Capital assets				
Non-depreciable	13,630,335	2,184,278	15,814,613	36,678
Depreciable - net of accumulated depreciation	<u>140,883,180</u>	<u>2,874,498</u>	<u>143,757,678</u>	<u>2,548,822</u>
<b>Total Assets</b>	<b><u>\$ 232,336,863</u></b>	<b><u>\$ 15,050,781</u></b>	<b><u>\$ 247,387,644</u></b>	<b><u>\$ 4,705,379</u></b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2011**

	<b>Primary Government</b>			<b>Discretely Presented Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b><u>Liabilities</u></b>				
Accounts payable	\$ 1,240,699	\$ 55,228	\$ 1,295,927	\$ 4,598
Salaries payable	446,800	2,896	449,696	-
Accrued payroll taxes	67,822	431	68,253	-
Other accrued liabilities	-	-	-	2,709
Contracts payable	33,743	73,295	107,038	-
Due to other governments	568,815	-	568,815	-
Accrued interest payable	812,063	-	812,063	-
Claims payable	23,824	-	23,824	-
Unearned revenue	416,305	-	416,305	-
Customer deposits	86,882	-	86,882	-
Long-term liabilities				
Due within one year	6,294,728	25,049	6,319,777	2,173
Due in more than one year	<u>48,733,746</u>	<u>3,440,480</u>	<u>52,174,226</u>	-
<b>Total Liabilities</b>	<b>\$ 58,725,427</b>	<b>\$ 3,597,379</b>	<b>\$ 62,322,806</b>	<b>\$ 9,480</b>
<b><u>Net Assets</u></b>				
Invested in capital assets - net of related debt	\$ 111,954,940	\$ 4,985,481	\$ 116,940,421	\$ 2,585,500
Restricted for				
General government	1,972,988	-	1,972,988	-
Public safety	742,888	-	742,888	-
Highways and streets	1,774,764	-	1,774,764	-
Human services	1,015,851	-	1,015,851	-
Culture and recreation	569,437	-	569,437	-
Conservation of natural resources	2,235,451	-	2,235,451	-
Environmental uses - expendable	153,891	-	153,891	-
Environmental uses - nonexpendable	1,846,499	-	1,846,499	-
Economic development	20,791	-	20,791	112,921
Debt service	6,199,638	-	6,199,638	-
Unrestricted	<u>45,124,298</u>	<u>6,467,921</u>	<u>51,592,219</u>	<u>1,997,478</u>
<b>Total Net Assets</b>	<b>\$ 173,611,436</b>	<b>\$ 11,453,402</b>	<b>\$ 185,064,838</b>	<b>\$ 4,695,899</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 232,336,863</b>	<b>\$ 15,050,781</b>	<b>\$ 247,387,644</b>	<b>\$ 4,705,379</b>

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, 2011**

	<b>Program Revenues</b>		
	<b>Expenses</b>	<b>Fees, Charges, Fines, and Other</b>	<b>Operating Grants and Contributions</b>
<b>Functions/Programs</b>			
<b>Primary government</b>			
<b>Governmental activities</b>			
General government	\$ 12,969,897	\$ 1,675,797	\$ 475,881
Public safety	13,825,942	1,440,474	990,924
Highways and streets	8,380,127	497,846	4,223,703
Human services	21,153,044	2,052,157	11,392,625
Health	1,741,968	300,551	1,041,125
Culture and recreation	647,975	-	21,894
Conservation of natural resources	1,300,631	1,505,233	183,471
Economic development	352,710	8,599	355,342
Interest	1,973,785	-	-
<b>Total governmental activities</b>	<b>\$ 62,346,079</b>	<b>\$ 7,480,657</b>	<b>\$ 18,684,965</b>
<b>Business-type activities</b>			
Solid waste	2,070,766	1,920,174	-
<b>Total Primary Government</b>	<b>\$ 64,416,845</b>	<b>\$ 9,400,831</b>	<b>\$ 18,684,965</b>
<b>Component Unit</b>			
Housing and Redevelopment Authority	\$ 203,326	\$ -	\$ -
Serpent Lake Sanitary Sewer District	397,105	366,674	-
<b>Total Component Units</b>	<b>\$ 600,431</b>	<b>\$ 366,674</b>	<b>\$ -</b>

**General Revenues and Other Items**

- Property taxes
- Mortgage registry and deed tax
- Payments in lieu of tax
- Grants and contributions not restricted to specific programs
- Investment income
- Miscellaneous
- Gain on sale of capital assets

**Transfers**

**Total general revenues and other items**

**Change in net assets**

**Net Assets - Beginning**

**Net Assets - Ending**

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets			Discretely Presented Component Units	
	Primary Government		Total		
	Governmental Activities	Business-Type Activities			
\$ 2,191,896	\$ (8,626,323)	\$ -	\$ (8,626,323)		
-	(11,394,544)	-	(11,394,544)		
2,334,281	(1,324,297)	-	(1,324,297)		
-	(7,708,262)	-	(7,708,262)		
-	(400,292)	-	(400,292)		
-	(626,081)	-	(626,081)		
-	388,073	-	388,073		
-	11,231	-	11,231		
-	(1,973,785)	-	(1,973,785)		
<b>\$ 4,526,177</b>	<b>\$ (31,654,280)</b>	<b>\$ -</b>	<b>\$ (31,654,280)</b>		
<b>-</b>	<b>-</b>	<b>(150,592)</b>	<b>(150,592)</b>		
<b>\$ 4,526,177</b>	<b>\$ (31,654,280)</b>	<b>\$ (150,592)</b>	<b>\$ (31,804,872)</b>		
 \$ -				\$ (203,326)	
 - -				<u>(30,431)</u>	
 <b>\$ -</b>				<b>\$ (233,757)</b>	
  \$ 35,213,383	\$ -	\$ 35,213,383	\$ 59,141		
65,367	-	65,367	-		
429,856	-	429,856	-		
2,071,218	595	2,071,813	3,169		
255,744	105,714	361,458	(24,202)		
830,054	-	830,054	-		
44,312	-	44,312	-		
(250,000)	250,000	-	-		
<b>\$ 38,659,934</b>	<b>\$ 356,309</b>	<b>\$ 39,016,243</b>	<b>\$ 38,108</b>		
<b>\$ 7,005,654</b>	<b>\$ 205,717</b>	<b>\$ 7,211,371</b>	<b>\$ (195,649)</b>		
<b><u>166,605,782</u></b>	<b><u>11,247,685</u></b>	<b><u>177,853,467</u></b>	<b><u>4,891,548</u></b>		
<b><u>\$ 173,611,436</u></b>	<b><u>\$ 11,453,402</u></b>	<b><u>\$ 185,064,838</u></b>	<b><u>\$ 4,695,899</u></b>		

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 7,203,710	\$ 3,696,891	\$ 7,654,284
Petty cash and change funds	2,680	-	-
Investments	12,279,275	-	-
Taxes receivable - delinquent	891,326	187,691	384,234
Accounts receivable	62,235	-	168,417
Accrued interest receivable	88,438	-	-
Due from other funds	173,018	77,401	-
Contracts receivable	-	-	-
Due from other governments	469,032	783,616	1,870,027
Loans receivable	-	-	-
Inventories	-	795,107	-
Prepaid items	302,140	-	-
Advances to other governments	15,000	-	-
<b>Total Assets</b>	<b><u>\$ 21,486,854</u></b>	<b><u>\$ 5,540,706</u></b>	<b><u>\$ 10,076,962</u></b>
<b><u>Liabilities and Fund Balances</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 404,236	\$ 102,252	\$ 699,939
Salaries payable	246,172	37,092	156,911
Accrued payroll taxes	37,960	5,526	23,349
Claims payable	23,824	-	-
Contracts payable	-	4,220	-
Due to other funds	49,019	-	7,747
Due to other governments	320,424	26,751	72,415
Deferred revenue - unavailable	1,147,154	998,966	660,568
Deferred revenue - unearned	-	-	-
Customer deposits	86,882	-	-
<b>Total Liabilities</b>	<b><u>\$ 2,315,671</u></b>	<b><u>\$ 1,174,807</u></b>	<b><u>\$ 1,620,929</u></b>

<b>Public Land Management</b>	<b>Debt Service</b>	<b>Nonmajor Funds</b>	<b>Total</b>
\$ 929,685	\$ 6,199,638	\$ 10,315,057	\$ 35,999,265
100	-	-	2,780
-	-	-	12,279,275
-	288,969	36,363	1,788,583
-	-	17,889	248,541
-	-	8,645	97,083
-	-	128,542	378,961
192,913	-	-	192,913
-	-	21,812	3,144,487
-	-	416,305	416,305
-	-	-	795,107
-	-	-	302,140
-	-	-	15,000
<b>\$ 1,122,698</b>	<b>\$ 6,488,607</b>	<b>\$ 10,944,613</b>	<b>\$ 55,660,440</b>
\$ 8,043	\$ -	\$ 26,229	\$ 1,240,699
6,124	-	501	446,800
912	-	75	67,822
-	-	-	23,824
21,743	-	7,780	33,743
302,195	-	20,000	378,961
149,225	-	-	568,815
192,913	288,969	44,134	3,332,704
-	-	416,305	416,305
-	-	-	86,882
<b>\$ 681,155</b>	<b>\$ 288,969</b>	<b>\$ 515,024</b>	<b>\$ 6,596,555</b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>
<b>Fund Balances</b>			
<b>Nonspendable:</b>			
Advances to other governments	\$ 15,000	\$ -	\$ -
Inventories	- -	795,107	- -
Environmental trust corpus	- -	- -	- -
<b>Restricted for:</b>			
Enhanced 911	551,018	- -	- -
Sheriff's drug contingency	5,000	- -	- -
Sheriff's forfeited property	11,209	- -	- -
DUI assessment	29,932	- -	- -
Lakes area drug investigation forfeiture	19,317	- -	- -
Tobacco compliance	21,279	- -	- -
Water plan	70,207	- -	- -
Parks	569,437	- -	- -
Recorder's fee (land based improvement)	207,523	- -	- -
Recorder's technology equipment	883,973	- -	- -
Law library	32,867	- -	- -
Drug court	4,174	- -	- -
Election grant	44	- -	- -
Attorney's forfeited property	50,704	- -	- -
Children's trust	7,950	- -	- -
Missing heirs	51,019	- -	- -
Health care (ERRP)	9,487	- -	- -
Tax sale assurance	93,577	- -	- -
MN estate recoveries	- -	- -	1,015,851
Timber development	- -	- -	- -
Resource development	- -	- -	- -
Debt service	- -	- -	- -
Capital notes	- -	- -	- -
Building improvements	- -	- -	- -
SCORE	- -	- -	- -
Economic development revolving loans	- -	- -	- -
Environmental uses	- -	- -	- -
Unorganized townships	- -	- -	- -
<b>Committed for:</b>			
Dive team	7,680	- -	- -
Mounted patrol	3,457	- -	- -
800 mhz	2,742,346	- -	- -
Veterans' service van	7,920	- -	- -
Information systems	197,340	- -	- -
Other post employment benefits (OPEB)	1,000,000	- -	- -
<b>Assigned for:</b>			
Highway	- -	3,570,792	- -
Community services	- -	- -	7,440,182
Capital projects	- -	- -	- -
SCORE	- -	- -	- -
<b>Unassigned:</b>			
	<u>12,578,723</u>	<u>- -</u>	<u>- -</u>
<b>Total Fund Balances</b>	<b>\$ 19,171,183</b>	<b>\$ 4,365,899</b>	<b>\$ 8,456,033</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 21,486,854</b>	<b>\$ 5,540,706</b>	<b>\$ 10,076,962</b>

<b>Public Land Management</b>	<b>Debt Service</b>	<b>Nonmajor Funds</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ 15,000
-	-	-	795,107
-	-	1,846,499	1,846,499
-	-	-	551,018
-	-	-	5,000
-	-	-	11,209
-	-	-	29,932
-	-	-	19,317
-	-	-	21,279
-	-	-	70,207
-	-	-	569,437
-	-	-	207,523
-	-	-	883,973
-	-	-	32,867
-	-	-	4,174
-	-	-	44
-	-	-	50,704
-	-	-	7,950
-	-	-	51,019
-	-	-	9,487
-	-	-	93,577
-	-	-	1,015,851
21,280	-	-	21,280
420,263	-	-	420,263
-	6,199,638	-	6,199,638
-	-	105,133	105,133
-	-	546,463	546,463
-	-	1,793,908	1,793,908
-	-	20,791	20,791
-	-	153,891	153,891
-	-	1,774,764	1,774,764
-	-	-	7,680
-	-	-	3,457
-	-	-	2,742,346
-	-	-	7,920
-	-	-	197,340
-	-	-	1,000,000
-	-	-	3,570,792
-	-	-	7,440,182
-	-	3,841,301	3,841,301
-	-	346,839	346,839
-	-	-	12,578,723
<b>\$ 441,543</b>	<b>\$ 6,199,638</b>	<b>\$ 10,429,589</b>	<b>\$ 49,063,885</b>
<b>\$ 1,122,698</b>	<b>\$ 6,488,607</b>	<b>\$ 10,944,613</b>	<b>\$ 55,660,440</b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2011**

<b>Fund balance - total governmental funds</b>	<b>\$ 49,063,885</b>
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.	154,513,515
Investment in joint venture is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.	22,436,617
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	3,332,704
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	\$ (42,520,000)
Discount on bonds issued	118,495
Premium on bonds issued	(262,203)
Deferred debt issuance charges	105,252
Accrued interest payable	(812,063)
Net OPEB obligation	(8,448,927)
Compensated absences	(2,683,589)
Capital leases payable	(1,232,250)
	<u>(55,735,285)</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 173,611,436</u></b>

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, 2011**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>
<b>Revenues</b>			
Taxes	\$ 17,765,315	\$ 3,804,080	\$ 7,693,536
Special assessments	-	-	-
Licenses and permits	385,077	-	-
Intergovernmental	2,358,597	6,597,074	12,843,311
Charges for services	2,474,931	540,717	1,538,268
Fines and forfeits	96,562	-	-
Gifts and contributions	14,154	-	11,500
Investment earnings	268,339	-	-
Sales	-	-	-
Miscellaneous	1,588,131	329,031	1,391,025
<b>Total Revenues</b>	<b>\$ 24,951,106</b>	<b>\$ 11,270,902</b>	<b>\$ 23,477,640</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ 11,397,573	\$ -	\$ 250,956
Public safety	12,813,803	-	146,418
Highways and streets	-	8,505,906	-
Human services	-	-	20,298,268
Health	-	-	1,793,644
Culture and recreation	728,832	-	-
Conservation of natural resources	167,732	-	-
Economic development	-	-	-
<b>Capital outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Intergovernmental</b>	<b>-</b>	<b>330,466</b>	<b>-</b>
<b>Debt service</b>			
Principal	-	63,600	-
Interest	-	53,011	-
Administrative charges	-	-	-
<b>Total Expenditures</b>	<b>\$ 25,107,940</b>	<b>\$ 8,952,983</b>	<b>\$ 22,489,286</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (156,834)</b>	<b>\$ 2,317,919</b>	<b>\$ 988,354</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	\$ 1,900,364	\$ -	\$ -
Transfers out	(430,171)	(95,777)	(2,040,594)
Proceeds from the sale of capital assets	27,788	11,005	2,670
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 1,497,981</b>	<b>\$ (84,772)</b>	<b>\$ (2,037,924)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 1,341,147</b>	<b>\$ 2,233,147</b>	<b>\$ (1,049,570)</b>
<b>Fund Balance - January 1</b>	<b>17,830,036</b>	<b>1,963,589</b>	<b>9,505,603</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>169,163</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 19,171,183</b>	<b>\$ 4,365,899</b>	<b>\$ 8,456,033</b>

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

<b>Public Land Management</b>	<b>Debt Service</b>	<b>Nonmajor Funds</b>	<b>Total</b>
\$ -	\$ 5,433,541	\$ 804,545	\$ 35,501,017
-	-	596,915	596,915
670,051	-	-	1,055,128
85,955	312,127	1,192,092	23,389,156
2,047	-	269,354	4,825,317
-	-	-	96,562
-	-	-	25,654
16,549	-	69,295	354,183
174,159	-	-	174,159
176,257	-	299,615	3,784,059
<b>\$ 1,125,018</b>	<b>\$ 5,745,668</b>	<b>\$ 3,231,816</b>	<b>\$ 69,802,150</b>
\$ 428,473	\$ -	\$ 82,747	\$ 12,159,749
-	-	158,280	13,118,501
-	-	223,277	8,729,183
-	-	-	20,298,268
-	-	-	1,793,644
-	-	-	728,832
664,459	-	796,313	1,628,504
-	-	352,710	352,710
-	-	585,517	585,517
-	-	-	330,466
-	3,555,000	-	3,618,600
-	1,973,330	-	2,026,341
-	2,313	-	2,313
<b>\$ 1,092,932</b>	<b>\$ 5,530,643</b>	<b>\$ 2,198,844</b>	<b>\$ 65,372,628</b>
<b>\$ 32,086</b>	<b>\$ 215,025</b>	<b>\$ 1,032,972</b>	<b>\$ 4,429,522</b>
\$ -	\$ 170,000	\$ 933,814	\$ 3,004,178
-	(136,352)	(551,284)	(3,254,178)
2,849	-	-	44,312
<b>\$ 2,849</b>	<b>\$ 33,648</b>	<b>\$ 382,530</b>	<b>\$ (205,688)</b>
\$ 34,935	\$ 248,673	\$ 1,415,502	\$ 4,223,834
406,608	5,950,965	9,014,087	44,670,888
-	-	-	<b>169,163</b>
<b>\$ 441,543</b>	<b>\$ 6,199,638</b>	<b>\$ 10,429,589</b>	<b>\$ 49,063,885</b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 4,223,834</b>
---	---------------------

Amounts reported for governmental activities in the statement of activities are different because:

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

Deferred revenue - December 31	\$ 3,332,704
Deferred revenue - January 1	<u>3,448,369</u>
	(115,665)

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

Expenditures for general capital assets and infrastructure	\$ 4,060,681
Net book value of assets sold	<u>(93,414)</u>
Current year depreciation	<u>(5,108,621)</u>
	(1,141,354)

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

Principal repayments	
General obligation bonds	3,555,000
Capital leases	<u>63,600</u>
Amortization of discount on bonds and issuance costs	<u>8,432</u>
	3,627,032

Increase in joint venture does not provide current financial resources and is not reported as revenue in the funds.	1,838,853
---	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	\$ 46,437
Change in compensated absences	<u>45,211</u>
Change in inventories	<u>169,163</u>
Change in net OPEB obligation	<u>(1,687,857)</u>
	(1,427,046)

<b>Change in net assets of governmental activities</b>	<b>\$ 7,005,654</b>
--	---------------------

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**STATEMENT OF NET ASSETS  
SOLID WASTE ENTERPRISE FUND  
DECEMBER 31, 2011**

**Assets**

<b>Current assets</b>	
Cash and pooled investments	\$ 4,880,354
Accounts receivable - net	<u>91,728</u>
<b>Total current assets</b>	<u>\$ 4,972,082</u>
<b>Restricted assets</b>	
Cash and pooled investments	\$ 5,019,923
<b>Noncurrent assets</b>	
Capital assets	\$ 2,184,278
Nondepreciable	<u>2,874,498</u>
Depreciable - net	
<b>Total noncurrent assets</b>	<u>\$ 5,058,776</u>
<b>Total Assets</b>	<u><b>\$ 15,050,781</b></u>

**Liabilities/Net Assets**

<b>Current liabilities</b>	
Accounts payable	\$ 55,228
Salaries payable	<u>2,896</u>
Accrued payroll taxes	<u>431</u>
Compensated absences payable - current	<u>25,049</u>
Contracts payable	<u>73,295</u>
<b>Total current liabilities</b>	<u>\$ 156,899</u>
<b>Noncurrent liabilities</b>	
Compensated absences payable - long-term	\$ 2,783
Estimated liability for landfill closure/postclosure	<u>3,437,697</u>
<b>Total noncurrent liabilities</b>	<u>\$ 3,440,480</u>
<b>Total Liabilities</b>	<u><b>\$ 3,597,379</b></u>
<b>Net Assets</b>	
Invested in capital assets - net of related debt	\$ 4,985,481
Unrestricted	<u>6,467,921</u>
<b>Total Net Assets</b>	<u><b>\$ 11,453,402</b></u>
<b>Total Liabilities and Net Assets</b>	<u><b>\$ 15,050,781</b></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, 2011**

<b>Operating Revenues</b>	
Charges for services	\$ 1,918,349
Licenses and permits	<u>1,825</u>
<b>Total Operating Revenues</b>	<b><u>\$ 1,920,174</u></b>
<b>Operating Expenses</b>	
Personal services	\$ 81,093
Employee benefits and payroll taxes	30,135
Professional services	72,755
Contracted services	488,159
Maintenance	40,349
Supplies	35,868
Travel	575
Telephone	613
Utilities	49,311
Fuel	2,683
Advertising	6,704
Licenses and dues	1,951
Postage	4,426
Rent and leased equipment	2,299
Engineering costs	335,457
Miscellaneous	1,509
Depreciation	499,362
Landfill closure and postclosure costs	<u>413,345</u>
<b>Total Operating Expenses</b>	<b><u>\$ 2,066,594</u></b>
<b>Operating Income (Loss)</b>	<b><u>\$ (146,420)</u></b>
<b>Nonoperating Revenues (Expenses)</b>	
Intergovernmental	\$ 595
Interest income	105,714
Gain (loss) on disposal of capital assets	<u>(4,172)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>\$ 102,137</u></b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b><u>\$ (44,283)</u></b>
Transfers in	381,284
Transfers out	<u>(131,284)</u>
<b>Change in net assets</b>	<b><u>\$ 205,717</u></b>
<b>Net Assets - January 1</b>	<b><u>\$ 11,247,685</u></b>
<b>Net Assets - December 31</b>	<b><u>\$ 11,453,402</u></b>

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, 2011  
Increase (Decrease) in Cash and Cash Equivalents**

**Cash Flows from Operating Activities**

Receipts from customers and users	\$ 1,919,995
Payments to suppliers	(1,040,410)
Payments to employees	<u>(108,751)</u>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 770,834</b>

**Cash Flows from Noncapital Financing Activities**

Intergovernmental	\$ 595
Transfers in	<u>250,000</u>
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>\$ 250,595</b>

**Cash Flows from Capital and Related Financing Activities**

Purchases of capital assets	<u>\$ (523,460)</u>
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**Cash Flows from Investing Activities**

Investment earnings received	<u>\$ 105,714</u>
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<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 603,683</b>
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**Cash and Cash Equivalents at January 1**

9,296,594

**Cash and Cash Equivalents at December 31**

**\$ 9,900,277**

**Cash and Cash Equivalents - Statement of Net Assets**

Cash and pooled investments	\$ 4,880,354
Restricted cash and pooled investments	<u>5,019,923</u>

<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 9,900,277</u></b>
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The notes to the financial statements are an integral part of this statement.

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**STATEMENT OF CASH FLOWS  
SOLID WASTE ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011  
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>(146,420)</u>
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**Adjustments to reconcile operating income (loss)  
to net cash provided by (used in) operating  
activities**

Depreciation expense	\$ 499,362
(Increase) decrease in accounts receivable	(179)
Increase (decrease) in accounts payable	2,249
Increase (decrease) in salaries payable	713
Increase (decrease) in compensated absences	1,764
Increase (decrease) in landfill closure costs	<u>413,345</u>

<b>Total adjustments</b>	<b>\$ <u>917,254</u></b>
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**Net Cash Provided by (Used in) Operating  
Activities**

<b>\$ <u>770,834</u></b>	
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**Noncash Investing, Capital and Financing Activities**

Disposal of capital assets	\$ 5,326
Cost	\$ 4,172
Net book value	

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2011**

	<u>Agency</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ 5,587,091
Due from other governments	<u>21,211</u>
<b>Total Assets</b>	<b><u>\$ 5,608,302</u></b>
<b><u>Liabilities</u></b>	
Accounts payable	\$ 258,620
Salaries payable	47,831
Due to other governments	<u>5,301,851</u>
<b>Total Liabilities</b>	<b><u>\$ 5,608,302</u></b>

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, 2011**

	<b>Housing and Redevelopment Authority</b>	<b>Serpent Lake Sanitary Sewer District</b>	<b>Total</b>
<b><u>Assets</u></b>			
<b>Current assets</b>			
Cash and pooled investments	\$ 565,136	\$ 182,903	\$ 748,039
Taxes receivable			
Prior	2,686	-	2,686
Accounts receivable - net	-	25,301	25,301
Accrued interest receivable	7,072	777	7,849
Loan receivable - net	181,381	-	181,381
<b>Total current assets</b>	<b><u>\$ 756,275</u></b>	<b><u>\$ 208,981</u></b>	<b><u>\$ 965,256</u></b>
<b>Noncurrent assets</b>			
Restricted cash and cash equivalents	\$ -	\$ 1,154,623	\$ 1,154,623
Capital assets			
Non-depreciable	-	36,678	36,678
Depreciable - net of accumulated depreciation	-	2,548,822	2,548,822
<b>Total noncurrent assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 3,740,123</u></b>	<b><u>\$ 3,740,123</u></b>
<b>Total Assets</b>	<b><u>\$ 756,275</u></b>	<b><u>\$ 3,949,104</u></b>	<b><u>\$ 4,705,379</u></b>
<b><u>Liabilities</u></b>			
<b>Current liabilities</b>			
Accounts payable	\$ 2,581	\$ 2,017	\$ 4,598
Other accrued liabilities	-	2,709	2,709
Compensated absences payable - current	-	2,173	2,173
<b>Total current liabilities</b>	<b><u>\$ 2,581</u></b>	<b><u>\$ 6,899</u></b>	<b><u>\$ 9,480</u></b>
<b>Total Liabilities</b>	<b><u>\$ 2,581</u></b>	<b><u>\$ 6,899</u></b>	<b><u>\$ 9,480</u></b>
<b><u>Net Assets</u></b>			
Invested in capital assets - net of related debt	\$ -	\$ 2,585,500	\$ 2,585,500
Restricted for economic development	112,921	-	112,921
Unrestricted	640,773	1,356,705	1,997,478
<b>Total Net Assets</b>	<b><u>\$ 753,694</u></b>	<b><u>\$ 3,942,205</u></b>	<b><u>\$ 4,695,899</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 756,275</u></b>	<b><u>\$ 3,949,104</u></b>	<b><u>\$ 4,705,379</u></b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>		
	<b>Expenses</b>	<b>Fees, Charges, Fines, and Other</b>	<b>Housing and Redevelopment Authority</b>	<b>Serpent Lake Sanitary Sewer District</b>	<b>Total</b>
<b>Component Units</b>					
Housing and Redevelopment Authority	\$ 203,326	\$ -	\$ (203,326)	\$ -	\$ (203,326)
Serpent Lake Sanitary Sewer District	<u>397,105</u>	<u>366,674</u>	<u>-</u>	<u>(30,431)</u>	<u>(30,431)</u>
<b>Total Component Units</b>	<b><u>\$ 600,431</u></b>	<b><u>\$ 366,674</u></b>	<b><u>\$ (203,326)</u></b>	<b><u>\$ (30,431)</u></b>	<b><u>\$ (233,757)</u></b>
<b>General Revenues and Other Items</b>					
Property tax	\$ 59,141	\$ -	\$ 59,141		
Grants and contributions not restricted to specific programs	3,169	-	-	3,169	
Investment income	(34,921)	10,719	10,719	(24,202)	
Insurance Proceeds	-	-	-	-	
<b>Total general revenues and other items</b>	<b><u>\$ 27,389</u></b>	<b><u>\$ 10,719</u></b>	<b><u>\$ 38,108</u></b>		
<b>Change in net assets</b>	<b><u>\$ (175,937)</u></b>	<b><u>\$ (19,712)</u></b>	<b><u>\$ (195,649)</u></b>		
<b>Net Assets - Beginning</b>	<b><u>929,631</u></b>	<b><u>3,961,917</u></b>	<b><u>4,891,548</u></b>		
<b>Net Assets - Ending</b>	<b><u>\$ 753,694</u></b>	<b><u>\$ 3,942,205</u></b>	<b><u>\$ 4,695,899</u></b>		

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, 2011**

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**I. Summary of Significant Accounting Policies**

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2011. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, issued in June 1999.

**A. Financial Reporting Entity**

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

**Discretely Presented Component Units**

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

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

## CROW WING COUNTY BRAINERD, MINNESOTA

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### Joint Ventures

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

## **B. Basic Financial Statements**

### Government-Wide Statements

The government-wide financial statements (the statement of net assets and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net assets, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis that 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 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.

### 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.

The County reports the following major governmental funds:

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

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

## CROW WING COUNTY BRAINERD, MINNESOTA

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

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

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

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

The 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 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.

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

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

**2. Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2011, 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 2011 were \$268,339. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants.

Crow Wing County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission (SEC), but does satisfy the requirements of Rule 2a-7 prescribed by the SEC pursuant to the Investment Company Act of 1940 (17 C.F.R. § 270.2a-7), as amended. The investment in the pool is measured at the net asset value per share provided by the pool.

**3. Receivables and Payables**

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

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

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<sup>st</sup> 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<sup>th</sup> and the second half payment due October 15<sup>th</sup> or November 15<sup>th</sup>. Unpaid taxes at December 31<sup>st</sup> become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

**4. Inventories and Prepaid Items**

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

## CROW WING COUNTY BRAINERD, MINNESOTA

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

### **5. Restricted Assets**

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

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

### **6. Capital Assets**

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

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

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

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

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

### **7. Compensated Absences**

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

## CROW WING COUNTY BRAINERD, MINNESOTA

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### PTO

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

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

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

### ELB

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

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

## **8. Deferred Revenue**

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

## **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.

## CROW WING COUNTY BRAINERD, MINNESOTA

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### **10. Classification of Net Assets**

Net assets in the government-wide and proprietary fund financial statements are classified in the following categories:

#### Invested in capital assets, net of related debt

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

#### Restricted net assets

The amount of net assets for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

#### Unrestricted net assets

The amount of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

### **11. Classification of Fund Balances**

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

#### Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “*not in spendable form*” criterion includes items that are not expected to be converted to cash.

#### Restricted

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

#### Committed

The committed fund balance classification includes the portion of the *spendable fund balance* that reflects constraints that the County has *imposed upon itself* by a *formal action* of the *County Board* (for example, an ordinance or resolution passed by the County Board). This constraint must be imposed prior to year end but the amount can be determined at a later date.

## CROW WING COUNTY BRAINERD, MINNESOTA

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### Assigned

The assigned fund balance is the portion of the *spendable fund balance* that reflects funds intended to be used by the government for specific purposes assigned by more informal operational plans (e.g. capital goods replacement - the constraint on use is not imposed by external parties or by formal board action). In governmental funds other than the general fund (special revenue funds, capital project funds, debt service funds and permanent funds); assigned fund balance represents the amount that is not restricted or limited. The authority to "Assign" fund balance within the same fund is delegated to the County Administrator and/or Accounting and Finance Manager.

### Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

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

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

## **12. Minimum Fund Balance Policy**

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

### General Fund - Minimum Fund Balance Policy

At the end of each fiscal year, the County will maintain Spendable – Unassigned portions of the fund balance in a range equal to 35 – 50% of the General Fund operating expenditures. This Unassigned fund balance target range as of December 31, 2011 is \$8,101,980 to \$11,574,258. In addition to working capital needs this accommodates emergency contingency concerns.

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

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

## CROW WING COUNTY BRAINERD, MINNESOTA

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Should the actual amount rise above the desired range, any excess funds will remain unassigned pending the Board's final decision concerning transfer to another fund or additional General Fund "Commitments".

Listed below are "best practice" examples of how fund balance dollars could be used in a financially prudent way:

- a) Restore fund balances to minimum approved levels in Special Revenue funds;
- b) Capital and technology improvements in Capital Project Fund;
- c) Additional Highway infrastructure projects in the Highway Fund;
- d) Pre-funding or buying down of long-term liabilities; (i.e. severances and retiree health obligations)
- e) Debt retirement; (debt refunding)
- f) Cost avoidance projects and productivity enhancement projects (one-time projects);
- g) Litigation;
- h) Local match for grant involving multiple departments;

Other one-time or short-term purposes deemed to be fiscally prudent for the County.

### Special Revenue Funds - Minimum Fund Balance Policy

At the end of each fiscal year, The County's Highway fund and Community Service fund will maintain Spendable – Assigned portion of the fund balance in a range equal to 20 – 30% of the subsequent year's budgeted expenditures. The targeted range of Assigned fund balance for the Highway fund and Community Services fund as of December 31, 2011 is listed below.

Highway fund targeted Assigned fund balance range is: \$2,264,051 to \$3,396,077  
Community Services fund target Assigned fund balance range is: \$4,211,001 to \$6,316,501

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

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

Should the actual amount needed for working capital rise above the desired range, any excess will automatically be transferred to the General fund during the year-end close process and be classified as Unassigned. Additionally, transfer in and transfer out corresponding budget adjustments will be made by Financial Services. The transferred funds will remain in the General Fund pending recommendations and final Board action concerning reallocation and use of the fund balance resources.

### **13. Use of Estimates**

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

## CROW WING COUNTY BRAINERD, MINNESOTA

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### **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 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.

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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## **II. Stewardship, Compliance, and Accountability**

### **A. Restatement of Fund Balance**

The implementation of GASB Statement No. 54 required the County to report the Building Fund that was previously reported in a special revenue fund as part of the Capital Projects Fund. This results in a restatement of the beginning fund balance for the Capital Projects Fund as follows:

	Capital Project Fund	Building Special Revenue Fund	Total
Fund balance – January 1, as previously reported	\$ 686,390	\$ 2,735,113	\$ 3,421,503
Restatement	<u>2,735,113</u>	<u>(2,735,113)</u>	<u>-</u>
Fund balance – January 1, as restated	<u>\$ 3,421,503</u>	<u>\$ -</u>	<u>\$ 3,421,503</u>

### **B. Budgetary Information**

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

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

1. Between April and August of each year, the County Administrator and Auditor-Treasurer's Office staff provides all department heads with budget worksheets. Department heads prepare a proposed operating budget and return the worksheets for review. The County Administrator and Auditor-Treasurer's Office staff meets with department heads and accepts proposed budget workpapers.
2. On or before September 15, the County Administrator submits to the County Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
3. In December, public meetings or hearings are conducted in accordance with the state truth-in-taxation statutes to obtain taxpayer comments and adopt the final tax levy and budgets for the general fund, special revenue funds, capital projects fund, debt services funds, permanent fund, and the solid waste enterprise fund.
4. Revisions that alter the net 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, capital projects fund, debt services funds, permanent 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

## CROW WING COUNTY BRAINERD, MINNESOTA

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the budget to actual financial statements.

7. Operating budgets are prepared for the following funds: Governmental--General, Highway (special revenue), Community Services (special revenue), Public Land Management (special revenue), SCORE (special revenue), Unorganized Townships (special revenue), Debt Service, Capital Project (capital project), Environmental Trust (permanent), Housing and Redevelopment Authority (HRA) (discretely presented component unit), Serpent Lake Sanitary Sewer District (discretely presented component unit), and Enterprise--Solid Waste (proprietary).

### **C. 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, 2011.

	Expenditures	Final Budget	Excess
Special Revenue Funds:			
Community Services	\$ 22,489,286	\$ 22,034,079	\$ 455,207
Public Land Management	1,092,932	959,639	133,293
Small Cities Development Program	352,710	-	352,710

All three special revenues funds listed above also had revenues in excess of budget. The excess revenues were to the extent that the funds produced a positive net change in fund balance for the year ended December 31, 2011.

## **III. Detailed Notes on All Funds**

### **A. Assets**

#### **1. Deposits and Investments**

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

Government-wide statement of net assets		
Governmental activities		
Cash and pooled investments	\$ 35,999,265	
Petty cash and change funds	2,780	
Investments	12,279,275	
Business-type activities		
Cash and pooled investments	4,880,354	
Cash and pooled investments - restricted assets	5,019,923	
Discretely presented component units		
Cash and pooled investments	748,039	
Cash and pooled investments - restricted assets	1,154,623	
Statement of fiduciary net assets		
Cash and pooled investments	5,587,091	
Total Cash and Investments	<u>\$ 65,671,350</u>	
Deposits	\$ 48,678,390	
Petty Cash and Change Funds	2,780	
Investments	16,990,180	
Total	<u>\$ 65,671,350</u>	

## CROW WING COUNTY BRAINERD, MINNESOTA

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a) Deposits

Minn. Stat. §§ 118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all County deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

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

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County deposit policy for custodial credit risk follows Minnesota Statutes regarding pledging collateral. The market value of collateral must equal 110% of the deposits not covered by insurance or surety bonds. As of December 31, 2011, the County's deposits were fully covered by insurance, surety bonds, and collateral and were not exposed to custodial credit risk

b) Investments

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

(1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;

(2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

(3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

(4) bankers' acceptances of United States banks;

(5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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c) Interest Rate Risk

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

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

As of December 31, 2011 the County had the following investments and maturities:

	Less Than 1 Year	1-5 Years	More Than 5 Years	Total Fair Value
Repurchase Agreements	\$ 3,914,482	\$ -	\$ -	\$ 3,914,482
U.S Treasuries	-	3,010,672	-	3,010,672
U.S. Agencies	-	9,250,862	-	9,250,862
Negotiable Certificates of Deposit	-	802,000	-	802,000
Series E Bonds	-	-	12,164	12,164
<b>Total Investments</b>	<b>\$ 3,914,482</b>	<b>\$ 13,063,534</b>	<b>\$ 12,164</b>	<b>\$ 16,990,180</b>

d) Credit Risk

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

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

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

e) Custodial Credit Risk

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

Securities purchased shall be held in a segregated account for the County's benefit at a third party trustee as safekeeping agent. The investment dealer or bank in which the security is

## CROW WING COUNTY BRAINERD, MINNESOTA

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

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

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

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

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

f) Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that U.S. Treasury securities, U.S. agency securities, and obligations backed by U.S. Treasury and/or U.S. agency securities may be held without limit. These investments are implicitly guaranteed by the U.S. government.

Diversification strategies will be implemented with the following constraints:

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

## CROW WING COUNTY BRAINERD, MINNESOTA

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

### 2. Receivables

Receivables as of December 31, 2011, for the County's governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	\$ 1,788,583	\$ -
Accounts	248,541	-
Accrued interest	97,083	-
Contracts	192,913	112,017
Due from other governments	2,830,597	-
Loans receivable	416,305	383,171
 Total Governmental Activities	 \$ 5,574,022	 \$ 495,188

### 3. Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

#### Governmental Activities

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Land	\$ 3,443,391	\$ 57,229	\$ -	\$ 3,500,620
Construction in progress	14,248,315	1,178,039	(8,582,964)	6,843,390
Infrastructure - right-of-way	2,946,253	340,072	-	3,286,325
 Total capital assets not depreciated	 \$ 20,637,959	 \$ 1,575,340	 \$ (8,582,964)	 \$ 13,630,335
Capital assets depreciated				
Buildings	\$ 68,652,404	\$ -	\$ -	\$ 68,652,404
Land improvements	2,145,005	-	-	2,145,005
Machinery, furniture, and equipment	15,063,662	681,118	(1,008,332)	14,736,448
Infrastructure	93,366,381	10,387,188	-	103,753,569
 Total capital assets depreciated	 \$ 179,227,452	 \$ 11,068,306	 \$ (1,008,332)	 \$ 189,287,426
Less: accumulated depreciation for				
Buildings	\$ (12,871,469)	\$ (1,630,392)	\$ -	\$ (14,501,861)
Land improvements	(433,438)	(115,437)	-	(548,875)
Machinery, furniture, and equipment	(9,583,258)	(1,330,654)	914,918	(9,998,994)
Infrastructure	(21,322,377)	(2,032,139)	-	(23,354,516)
 Total accumulated depreciation	 \$ (44,210,542)	 \$ (5,108,622)	 \$ 914,918	 \$ (48,404,246)

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Total capital assets depreciated, net	\$ 135,016,910	\$ 5,959,684	\$ (93,414)	\$ 140,883,180
Governmental Activities Capital Assets, Net	<u>\$ 155,654,869</u>	<u>\$ 7,535,024</u>	<u>\$ (8,676,378)</u>	<u>\$ 154,513,515</u>

Depreciation Expense for 2011 was charged to functions of the primary government's governmental activities as follows:

**Governmental Activities**

General government	\$ 1,300,959
Public safety	870,894
Highways and streets, including depreciation of infrastructure assets	2,628,702
Human services	239,501
Health	3,383
Culture and recreation	9,886
Conservation of natural resources	41,989
Sanitation	<u>13,308</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 5,108,622</u>

**Business-Type Activities**

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Construction in progress	\$ 1,332,005	\$ 459,983	\$ (20,044)	\$ 1,771,944
Land	<u>412,334</u>	<u>-</u>	<u>-</u>	<u>412,334</u>
 Total capital assets not depreciated	 <u>\$ 1,744,339</u>	<u>\$ 459,983</u>	<u>\$ (20,044)</u>	<u>\$ 2,184,278</u>
Capital assets depreciated				
Buildings	\$ 775,898	\$ -	\$ -	\$ 775,898
Improvements other than buildings	6,075	-	-	6,075
Landfill	11,230,448	96,816	-	11,327,264
Machinery, furniture, and equipment	<u>284,343</u>	<u>-</u>	<u>(5,326)</u>	<u>279,017</u>
 Total capital assets depreciated	 <u>\$ 12,296,764</u>	<u>\$ 96,816</u>	<u>\$ (5,326)</u>	<u>\$ 12,388,254</u>
Less: accumulated depreciation for				
Buildings	\$ (178,428)	\$ (24,986)	\$ -	\$ (203,414)
Landfill	(8,643,362)	(454,279)	-	(9,097,641)
Machinery, furniture, and equipment	<u>(193,758)</u>	<u>(20,097)</u>	<u>1,154</u>	<u>(212,701)</u>
 Total accumulated depreciation	 <u>\$ (9,015,548)</u>	<u>\$ (499,362)</u>	<u>\$ 1,154</u>	<u>\$ (9,513,756)</u>
 Total capital assets depreciated, net	 <u>\$ 3,281,216</u>	<u>\$ (402,546)</u>	<u>\$ (4,172)</u>	<u>\$ 2,874,498</u>
 Business-Type Activities				
Capital Assets, Net	<u>\$ 5,025,555</u>	<u>\$ 57,437</u>	<u>\$ (24,216)</u>	<u>\$ 5,058,776</u>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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Depreciation expense for 2011 was charged to functions of the primary government's business-type activities as follows:

<u>Business-Type Activities</u>	<u>\$</u>	<u>499,362</u>
Solid waste		

**B. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of December 31, 2011, is as follows:

**1. Due To/From Other Funds**

Receivable Fund	Payable Fund	Amount
General	Community Services	\$ 1,629
	Public Land Management	171,389
Total Due to General Fund		<u>\$ 173,018</u>
Highway	General	\$ 49,019
	Unorganized Townships	20,000
	Community Services	6,118
	Public Land Management	2,264
Total Due to Highway Fund		<u>\$ 77,401</u>
Capital Projects	Public Land Management	\$ 128,542
Total Due To/From Other Funds		<u>\$ 378,961</u>

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

**1. Interfund Transfers**

Interfund transfers for the year ended December 31, 2011, consisted of the following:

Transfer In Fund	Transfer Out Fund	Amount
General	Solid Waste	\$ 47,914
	Community Services	1,852,450
Total Transfer In General Fund		<u>\$ 1,900,364</u>
Capital Projects	General	\$ 430,171
	Highway	95,777
	Community Services	188,144
	Debt Service	136,352
Total Transfer In Capital Projects Fund		<u>\$ 850,444</u>
Solid Waste	SCORE	\$ 381,284

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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	Transfer In Fund	Transfer Out Fund	Amount
SCORE		Solid Waste	\$ 83,370
Debt Service		Capital Projects	\$ 170,000
Total Interfund Transfers			<u>\$ 3,385,462</u>

In 2011, a transfer of \$1,852,450 was made to the General Fund from the Community Services fund per the County's fund balance policies. This transfer was made due to the fund balance reserves in the Community Services fund being in excess of the policy target range.

In 2011, all Market Value Credit revenues were transferred to the County's Capital Projects fund to be used for one-time projects. This was a financial stability strategy to keep a structurally balanced operating budget and become less reliant on these general aids and credits for operating budgets. In 2012, the State cut Market Value Credit revenue entirely as anticipated.

Additionally, the Board approved the Sheriff's Office 2011 budget cuts to vehicle capital spending. As a result a \$170,000 transfer was made to the Debt Service fund from the Capital Projects fund to be used in the retirement of debt as allowable under debt covenants.

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

## **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, 2011, there were approximately 624 participants in the plan. Of the 624 participants, 220 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. As of year-end 2011, the County had contributed \$1,216,221 to the plan. Results throughout the actuarial report assume continued funding under PAYGO.

#### Annual OPEB Cost and Net OPEB Obligation

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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the County's annual OPEB cost for 2011, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the plan.

Annual required contribution (ARC)	\$ 3,013,452
Interest on net OPEB obligation	304,248
Adjustment to ARC	(413,622)
Annual OPEB Cost	<u>2,904,078</u>
Contributions during the year	(1,216,221)
Increase in net OPEB obligation	<u>1,687,857</u>
Net OPEB beginning of year	6,761,070
Net OPEB end of year	<u><u>\$ 8,448,927</u></u>

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 2009, 2010 and 2011 were as follows:

Year Ended	Employer Contributions	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
12/31/2009	\$ 1,055,460	\$ 3,259,657	32.4%	\$ 4,872,881
12/31/2010	1,335,656	3,223,845	41.4	6,761,070
12/31/2011	1,216,221	2,904,078	41.9	8,448,927

Funded Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
1/1/2007	\$0	\$35,478,061	\$35,478,061	0%	\$18,502,377	191.75%
1/1/2009	0	32,784,518	32,784,518	0	21,058,703	155.68
1/1/2011	0	32,369,071	32,369,071	0	21,252,877	152.30

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

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### 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, 2011 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 8.0 percent in 2011 grading to 5.0 percent and 4.0 percent over 6 years for Pre-65 and Post-65, respectively. 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, 2011, was twenty-six years.

### **2. Construction Commitments**

The County has active construction projects as of December 31, 2011. The projects include the following:

	Spent-to-Date	Remaining Commitment
<b>Business-Type Activities</b>		
Landfill Gas Collection System	\$ 1,283,584	\$ 60,000
Clearing & Grubbing Services	\$ 426,918	\$ 13,295
<b>Total</b>	<b>\$ 1,710,502</b>	<b>\$ 73,295</b>

### **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.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011, were as follows:

Year Ending December 31	Crosslake
2012	\$ 119,491
2013	119,525
2014	119,405
2015	121,687
2016	121,083

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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2017 – 2021	627,185
2022 – 2024	<u>391,206</u>
Total minimum lease payments	\$ 1,619,582
Less: amount representing interest	<u>(387,332)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,232,250</u>

**4. Deferred Revenue**

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

	<u>Deferred Unavailable</u>
Delinquent property taxes receivable	\$ 1,788,583
Contracts receivable	192,913
Charges for services	65,581
Highway aids receivable that do not provide current financial resources	760,603
Interest receivable that does not provide current financial resources	20,791
Grants receivable that do not provide current financial resources	<u>504,233</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 3,332,704</u>

**5. Long-Term Debt**

**Governmental Activities**

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2011
<b>General Obligation Bonds And Notes:</b>					
2009A G.O. Detention Jail Bonds (Refunding)	2012	\$375,000 - \$385,000	2.00	\$ 1,140,000	\$ 385,000
2009A G.O. Capital Notes	2012	\$1,100,000 - \$1,1,20,000	2.00	2,220,000	1,120,000
2004A G.O. Capital Improvement Plan Bonds	2025	\$1,195,000 - \$2,375,000	3.00 - 5.00	32,860,000	25,300,000
2004B G.O. County Jail Bonds	2025	\$660,000 - \$1,310,000	2.50 - 5.00	18,110,000	13,945,000
2010A G.O. Airport Imp. (Refunding) Bonds	2022	\$145,000 - \$185,000	1.00 - 3.35	<u>1,770,000</u>	<u>1,770,000</u>
Total General Obligation Bonds and Notes				<u>\$ 56,100,000</u>	<u>\$ 42,520,000</u>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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**6. Debt Service Requirements**

Debt service requirements at December 31, 2011, were as follows:

Governmental Activities

December 31	General Obligation Bonds	
	Principal	Interest
2012	\$ 3,790,000	\$ 1,865,461
2013	2,360,000	1,754,925
2014	2,445,000	1,655,913
2015	2,530,000	1,551,793
2016	2,625,000	1,441,649
2017 – 2021	14,855,000	5,283,053
2022 – 2025	13,915,000	1,416,849
<b>Total</b>	<b>\$ 42,520,000</b>	<b>\$ 14,969,643</b>

**7. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2011, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 46,075,000	\$ -	\$ 3,555,000	\$ 42,520,000	\$ 3,790,000
Plus: deferred amounts for issuance premiums (discounts)	170,061	-	26,353	143,708	15,369
<b>Total bonds payable</b>	<b>\$ 46,245,061</b>	<b>\$ -</b>	<b>\$ 3,581,353</b>	<b>\$ 42,663,708</b>	<b>\$ 3,805,369</b>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital lease	1,295,850	-	63,600	1,232,250	68,900
Net OPEB Obligation	6,761,070	2,904,078	1,216,221	8,448,927	-
Compensated absences	2,728,800	-	45,211	2,683,589	2,420,459
<b>Governmental Activities</b>					
<b>Long-Term Liabilities</b>	<b>\$ 57,030,781</b>	<b>\$ 2,904,078</b>	<b>\$ 4,906,385</b>	<b>\$ 55,028,474</b>	<b>\$ 6,294,728</b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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**Business-Type Activities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Estimated liability for landfill closure and postclosure	\$ 3,024,352	\$ 413,345	\$ -	\$ 3,437,697	\$ -
Compensated absences	<u>26,068</u>	<u>1,764</u>	<u>-</u>	<u>27,832</u>	<u>25,049</u>
 Business-Type Activities					
Long-Term Liabilities	<u>\$ 3,050,420</u>	<u>\$ 415,109</u>	<u>\$ -</u>	<u>\$ 3,465,529</u>	<u>\$ 25,049</u>

**Conduit Debt**

**Pequot Lakes HRA**

The Crow Wing County HRA is contingently liable for debt related to General Obligation Housing Revenue Bonds issued on behalf of the Pequot Lakes HRA. As additional security for these bonds, Crow Wing County approved the pledge by the County HRA of the County's full faith and credit and taxing powers to the payment of debt service on the bonds. The conduit bonds have an outstanding principal balance of \$1,235,000 for the year ended December 31, 2011.

**Subsequent Event**

As of May 24, 2012, the Crow Wing County HRA issued a General Obligation Development Refunding Bonds in the amount of \$1,290,000 (West Grove Townhomes). This produced a Net Present Value Benefit of \$150,006 by refinancing the existing bonds.

**Essentia Health**

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

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, 2011 was \$9,202,719.

**8. Pension Plans**

a) **Defined Benefit Plans**

**Plan Description**

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

## **CROW WING COUNTY BRAINERD, MINNESOTA**

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retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356.

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

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

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

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

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 Public 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.

## CROW WING COUNTY BRAINERD, MINNESOTA

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

### Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.60 percent. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2011:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.25
Public Employees Police and Fire Fund	14.40
Public Employees Correctional Fund	8.75

The County's contributions for the years ending December 31, 2011, 2010, and 2009, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	2011	2010	2009
General Employees Retirement Fund	\$ 1,191,276	\$ 1,157,434	\$ 1,161,996
Public Employees Police and Fire Fund	334,519	334,952	360,300
Public Employees Correctional Fund	237,513	226,956	228,575

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

b) Defined Contribution Plan

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

## CROW WING COUNTY BRAINERD, MINNESOTA

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

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2011, were:

	Employee	Employer
Contribution amount	\$ 4,696	\$ 4,696
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

### **9. Solid Waste Landfill Closure and Postclosure Care Costs**

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

The \$3,437,697 landfill closure and postclosure care liability at December 31, 2011, represents the cumulative amount reported to date based on the use of 69.47 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,714,038 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. The County expects to close the landfill in 2022. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The Board is in compliance with these requirements and, at December 31, 2011, investments of \$5,019,923 are held for these purposes. These are reported as restricted assets on the Solid Waste Enterprise Fund's statement of net assets. Crow Wing County expects that future inflation costs will be paid from investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

### **10. Risk Management**

## CROW WING COUNTY BRAINERD, MINNESOTA

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$450,000 per claim in 2011 and \$460,000 per claim in 2012. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

### **IV. Summary of Significant Contingencies and Other Items**

#### **A. Claims and Litigation**

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

#### **B. Joint Ventures**

##### Brainerd-Crow Wing Airport

Crow Wing County and the City of Brainerd have an agreement whereby each contributes equally to all locally financed costs of the operation of the Brainerd-Crow Wing County Airport. An Airport Commission is responsible for operations, and the City of Brainerd provides accounting services. Any appropriation by the County for the Airport Commission is recorded as an expenditure in the year it is approved by the County Board of Commissioners. On June 11, 2002, the County issued \$2,500,000 in General Obligation Airport Improvement Bonds, Series 2002A, to finance improvements to the airport. The interest rates vary from 3.5 to 5.0 percent. The maturity date starts July 1, 2002, and ends on July 1, 2022.

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

In 2011, the County made an appropriation of \$157,000 for the Airport Commission. The Airport does not publish separate financial statements.

## CROW WING COUNTY BRAINERD, MINNESOTA

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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 \$20,650,787 on December 31, 2011, and is reported as an investment in joint venture on the government-wide statement of net assets.

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

Brainerd City Hall  
502 Laurel Street  
Brainerd, Minnesota 56401

### Central Minnesota Community Corrections Agency

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

Most recent available financial statement information:

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

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

The Central Minnesota Community Corrections Agency is funded through state grants and contributions from its member counties. Crow Wing County had expenditures of \$286,981 for community corrections to the Agency for 2011.

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

Complete financial information can be obtained from:

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

### Mississippi Headwaters Board

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

## **CROW WING COUNTY BRAINERD, MINNESOTA**

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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  
Land Services Building  
322 Laurel Street  
Brainerd, Minnesota 56401

Email: [mhb@co.crow-wing.mn.us](mailto:mhb@co.crow-wing.mn.us)

### South Country Health Alliance

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

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

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

Each member county has an explicit and measurable right to its share of the total capital surplus of the SCHA. Gains and losses are allocated annually to all members based on the percentage of their utilization. The County's equity interest in the SCHA at December 31, 2011, was \$1,785,830. With Crow Wing's departure from SCHA, SCHA is allowed to pay this over a period of time, not to exceed five years, with interest at the prime rate. The prime rate currently is 3.25 percent, and has not changed in some time.

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

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

## CROW WING COUNTY BRAINERD, MINNESOTA

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### **C. Jointly-Governed Organizations**

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

#### Crow Wing County Family Service Collaborative

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

Separate financial information can be obtained from:

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

#### Kitchigami Regional Library

The Kitchigami Regional Library was formed pursuant to Minn. Stat. § 134.20. It was formed on January 1, 1992, and includes Beltrami, Cass, Crow Wing, Hubbard, and Wadena Counties, and nine separate cities. Control of the Library is vested in the Kitchigami Regional Library Board, which is composed of 19 members with three-year terms made up of the following: one member appointed by each City Council and two members appointed by each County Board consisting of one County Commissioner and one lay person. Crow Wing County appropriated \$565,697 to the Library for the year ended December 31, 2011.

Separate financial information can be obtained from:

Kitchigami Regional Library  
P.O. Box 84  
Pine River, Minnesota 56474  
[www.krls.org](http://www.krls.org)

## **V. Component Unit Disclosures**

### **A. Summary of Significant Accounting Policies**

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

#### Reporting Entities

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

## CROW WING COUNTY BRAINERD, MINNESOTA

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

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

### Basis of Presentation

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

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

### Basis of Accounting

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

### Cash and Pooled Investments

All cash of the Crow Wing County HRA is on deposit with the Crow Wing County Auditor-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, 2011.

## **B. Detailed Notes**

### **1. Assets**

#### Cash and Investments - Serpent Lake Sanitary Sewer District

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

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

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

## CROW WING COUNTY BRAINERD, MINNESOTA

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

The District's deposits in banks at December 31, 2011, 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, 2011, the District had no investments.

### Capital Assets - Serpent Lake Sanitary Sewer District

A summary of capital asset activity for the year ended December 31, 2011, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Land	\$ 36,678	\$ -	\$ -	\$ 36,678
Plant and improvements	5,993,532	-	-	5,993,532
Equipment/vehicles	<u>128,773</u>	<u>460</u>	<u>-</u>	<u>129,233</u>
Total	\$ 6,158,983	\$ 460	\$ -	\$ 6,159,443
Less: accumulated depreciation	<u>(3,404,372)</u>	<u>(169,571)</u>	<u>-</u>	<u>(3,573,943)</u>
Net Capital Assets	<u>\$ 2,754,611</u>	<u>\$ (169,111)</u>	<u>\$ -</u>	<u>\$ 2,585,500</u>

Depreciation expense of \$169,571 was charged to the Serpent Lake Sanitary Sewer District.

## 2. Liabilities

### Pay-As-You-Go Tax Increment Notes

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

Tax increment financing district:	Grove Apts.
Year established:	1995
Duration:	25 years
Date Issued:	1/1/1996
Note amount:	\$ 71,500
Total Amount Expended under the notes for the year ended 12/31/11:	\$ 4,804

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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December 31, 2011, since the scheduled note payment has been made from the available increment. All expenditures under the notes are reported in the HRA component unit.

**Conduit Debt**

The Crow Wing County HRA has issued General Obligation Housing Revenue Bonds on behalf of the Pequot Lakes HRA to finance the construction of an eight-unit senior rental housing development project (West Grove Townhomes) 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 \$1,235,000 for the year ended December 31, 2011.

**Subsequent Event**

As of May 24, 2012, the Crow Wing County HRA issued a General Obligation Development Refunding Bonds in the amount of \$1,290,000 (West Grove Townhomes). This produced a Net Present Value Benefit of \$150,006 by refinancing the existing bonds.

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 17,612,323	\$ 17,409,323	\$ 17,765,315	\$ 355,992
Licenses and permits	432,950	432,950	385,077	(47,873)
Intergovernmental	2,943,623	2,978,324	2,358,597	(619,727)
Charges for services	3,017,800	3,017,800	2,474,931	(542,869)
Fines and forfeits	163,371	163,371	96,562	(66,809)
Gifts and contributions	-	-	14,154	14,154
Investment earnings	810,000	810,000	268,339	(541,661)
Miscellaneous	1,031,907	1,031,907	1,588,131	556,224
<b>Total Revenues</b>	<b>\$ 26,011,974</b>	<b>\$ 25,843,675</b>	<b>\$ 24,951,106</b>	<b>\$ (892,569)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 219,208	\$ 219,208	\$ 221,035	\$ (1,827)
Courts	256,821	256,821	322,459	(65,638)
Law library	65,000	65,000	51,951	13,049
Administrator	259,343	259,343	248,948	10,395
Auditor-Treasurer	1,544,362	1,544,362	1,602,670	(58,308)
Elections	128,358	128,358	138,509	(10,151)
Information Systems / GIS	785,254	785,254	733,564	51,690
Central services	1,047,346	1,062,846	997,509	65,337
Human resources	182,271	182,271	177,391	4,880
Risk Management	503,250	503,250	459,013	44,237
Attorney	1,649,488	1,649,488	1,648,239	1,249
Recorder	833,201	893,501	1,011,929	(118,428)
Surveyor	12,402	12,402	8,794	3,608
Planning and zoning	707,658	714,858	714,032	826
Assessor	1,046,679	1,053,179	995,761	57,418
Facilities	1,759,635	1,759,635	1,794,220	(34,585)
Transit appropriation	29,645	29,645	28,103	1,542
Appropriations	243,007	243,007	243,446	(439)
<b>Total general government</b>	<b>\$ 11,272,928</b>	<b>\$ 11,362,428</b>	<b>\$ 11,397,573</b>	<b>\$ (35,145)</b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>			
<b>Expenditures</b>					
<b>Current (Continued)</b>					
<b>Public safety</b>					
Sheriff	\$ 5,659,434	\$ 5,659,434	\$ 5,594,828	\$ 64,606	
Enhanced 911 system	113,548	113,548	74,650	38,898	
Sheriff's drug contingent	-	-	8,861	(8,861)	
Sheriff's forfeited property	-	-	10,134	(10,134)	
DUI assesment	-	-	18,191	(18,191)	
Coroner	175,000	175,000	108,244	66,756	
Mining inspector	1,000	1,000	164	836	
Dog ordinance	-	-	243	(243)	
Appropriations	2,000	2,000	2,000	-	
Jail	5,178,869	5,178,869	4,910,400	268,469	
Juvenile detention	203,000	-	-	-	
Corrections	286,981	286,981	286,981	-	
Sentenced to serve	132,734	132,734	95,407	37,327	
Emergency management	151,993	151,993	124,659	27,334	
CWC tower	11,695	11,695	6,247	5,448	
800 MHZ	3,760,562	5,126,172	1,564,116	3,562,056	
Passenger safety coalition	-	-	8,678	(8,678)	
<b>Total public safety</b>	<b>\$ 15,676,816</b>	<b>\$ 16,839,426</b>	<b>\$ 12,813,803</b>	<b>\$ 4,025,623</b>	
<b>Culture and recreation</b>					
Kitchigami library	\$ 565,697	\$ 565,697	\$ 565,697	\$ -	
Parks	132,137	132,137	121,135	11,002	
Appropriations	42,000	42,000	42,000	-	
<b>Total culture and recreation</b>	<b>\$ 739,834</b>	<b>\$ 739,834</b>	<b>\$ 728,832</b>	<b>\$ 11,002</b>	
<b>Conservation of natural resources</b>					
County extension	\$ 165,086	\$ 165,086	\$ 162,732	\$ 2,354	
Weed & seed inspector	3,000	3,000	-	3,000	
Appropriations	10,000	10,000	5,000	5,000	
<b>Total conservation of natural resources</b>	<b>\$ 178,086</b>	<b>\$ 178,086</b>	<b>\$ 167,732</b>	<b>\$ 10,354</b>	
<b>Total Expenditures</b>	<b>\$ 27,867,664</b>	<b>\$ 29,119,774</b>	<b>\$ 25,107,940</b>	<b>\$ 4,011,834</b>	
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (1,855,690)</b>	<b>\$ (3,276,099)</b>	<b>\$ (156,834)</b>	<b>\$ 3,119,265</b>	

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 65,000	\$ 65,000	\$ 1,900,364	\$ 1,835,364
Transfers out	(775,427)	(775,427)	(430,171)	345,256
Proceeds from the sale of capital assets	-	-	27,788	27,788
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (710,427)</b>	<b>\$ (710,427)</b>	<b>\$ 1,497,981</b>	<b>\$ 2,208,408</b>
<b>Net Change in Fund Balance</b>	<b>\$ (2,566,117)</b>	<b>\$ (3,986,526)</b>	<b>\$ 1,341,147</b>	<b>\$ 5,327,673</b>
<b>Fund Balance - January 1</b>	<b>\$ 17,830,036</b>	<b>\$ 17,830,036</b>	<b>\$ 17,830,036</b>	<b>\$ -</b>
<b>Fund Balance - December 31</b>	<b>\$ 15,263,919</b>	<b>\$ 13,843,510</b>	<b>\$ 19,171,183</b>	<b>\$ 5,327,673</b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
HIGHWAY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 3,799,834	\$ 3,799,834	\$ 3,804,080	\$ 4,246
Intergovernmental	6,184,390	6,184,390	6,597,074	412,684
Charges for services	522,500	522,500	540,717	18,217
Miscellaneous	71,000	71,000	329,031	258,031
<b>Total Revenues</b>	<b>\$ 10,577,724</b>	<b>\$ 10,577,724</b>	<b>\$ 11,270,902</b>	<b>\$ 693,178</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 898,740	\$ 898,740	\$ 778,400	\$ 120,340
Maintenance	2,191,873	2,191,298	2,040,291	151,007
Engineering/construction	5,186,581	5,184,756	4,176,034	1,008,722
Equipment maintenance and shop	1,616,482	1,611,682	1,511,181	100,501
<b>Total highways and streets</b>	<b>\$ 9,893,676</b>	<b>\$ 9,886,476</b>	<b>\$ 8,505,906</b>	<b>\$ 1,380,570</b>
<b>Intergovernmental</b>				
Highway and streets	\$ -	\$ -	\$ 330,466	\$ (330,466)
<b>Debt service</b>				
Principal	\$ 63,600	\$ 63,600	\$ 63,600	\$ -
Interest	53,011	53,011	53,011	-
<b>Total debt service</b>	<b>\$ 116,611</b>	<b>\$ 116,611</b>	<b>\$ 116,611</b>	<b>\$ -</b>
<b>Total Expenditures</b>	<b>\$ 10,010,287</b>	<b>\$ 10,003,087</b>	<b>\$ 8,952,983</b>	<b>\$ 1,050,104</b>
<b>Excess of Revenues Over (Under) Expenditures</b>				
	<b>\$ 567,437</b>	<b>\$ 574,637</b>	<b>\$ 2,317,919</b>	<b>\$ 1,743,282</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	\$ (168,004)	\$ (168,004)	\$ (95,777)	\$ 72,227
Proceeds from sale of capital assets	-	-	11,005	11,005
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (168,004)</b>	<b>\$ (168,004)</b>	<b>\$ (84,772)</b>	<b>\$ 83,232</b>
<b>Net Change in Fund Balance</b>	<b>\$ 399,433</b>	<b>\$ 406,633</b>	<b>\$ 2,233,147</b>	<b>\$ 1,826,514</b>
<b>Fund Balance - January 1</b>	<b>\$ 1,963,589</b>	<b>\$ 1,963,589</b>	<b>\$ 1,963,589</b>	<b>\$ -</b>
<b>Increase (decrease) in inventories</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 169,163</b>	<b>\$ 169,163</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,363,022</b>	<b>\$ 2,370,222</b>	<b>\$ 4,365,899</b>	<b>\$ 1,995,677</b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
COMMUNITY SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 7,458,457	\$ 7,661,457	\$ 7,693,536	\$ 32,079
Intergovernmental	11,873,894	11,873,894	12,843,311	969,417
Charges for services	1,704,469	1,704,469	1,538,268	(166,201)
Gifts and contributions	-	-	11,500	11,500
Miscellaneous	<u>901,752</u>	<u>901,752</u>	<u>1,391,025</u>	<u>489,273</u>
<b>Total Revenues</b>	<b>\$ 21,938,572</b>	<b>\$ 22,141,572</b>	<b>\$ 23,477,640</b>	<b>\$ 1,336,068</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Community Services</b>				
Veterans service officer	\$ 256,570	\$ 256,570	\$ 250,956	\$ 5,614
Juvenile detention	-	203,000	146,418	56,582
Income maintenance	5,305,359	5,305,359	5,239,963	65,396
Human services	14,452,144	14,452,144	15,058,305	(606,161)
Health	<u>1,817,006</u>	<u>1,817,006</u>	<u>1,793,644</u>	<u>23,362</u>
<b>Total Expenditures</b>	<b>\$ 21,831,079</b>	<b>\$ 22,034,079</b>	<b>\$ 22,489,286</b>	<b>\$ (455,207)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 107,493</b>	<b>\$ 107,493</b>	<b>\$ 988,354</b>	<b>\$ 880,861</b>
<b>Other Financing Sources (Uses)</b>				
Transfer out	\$ (330,025)	\$ (330,025)	\$ (2,040,594)	\$ (1,710,569)
Proceeds from the sale of capital assets	<u>3,000</u>	<u>3,000</u>	<u>2,670</u>	<u>(330)</u>
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (327,025)</b>	<b>\$ (327,025)</b>	<b>\$ (2,037,924)</b>	<b>\$ (1,710,899)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (219,532)</b>	<b>\$ (219,532)</b>	<b>\$ (1,049,570)</b>	<b>\$ (830,038)</b>
<b>Fund Balance - January 1</b>	<b><u>9,505,603</u></b>	<b><u>9,505,603</u></b>	<b><u>9,505,603</u></b>	<b><u>-</u></b>
<b>Fund Balance - December 31</b>	<b><u>\$ 9,286,071</u></b>	<b><u>\$ 9,286,071</u></b>	<b><u>\$ 8,456,033</u></b>	<b><u>\$ (830,038)</u></b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC LAND MANAGEMENT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Licenses and permits	\$ 603,500	\$ 603,500	\$ 670,051	\$ 66,551
Intergovernmental	69,170	69,170	85,955	16,785
Charges for services	3,100	3,100	2,047	(1,053)
Investment earnings	36,000	36,000	16,549	(19,451)
Sales	156,000	156,000	174,159	18,159
Miscellaneous	4,700	4,700	176,257	171,557
<b>Total Revenues</b>	<b>\$ 872,470</b>	<b>\$ 872,470</b>	<b>\$ 1,125,018</b>	<b>\$ 252,548</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Other	\$ 210,000	\$ 210,000	\$ 428,473	\$ (218,473)
<b>Conservation of natural resources</b>				
Tax forfeited sales	\$ 637,639	\$ 637,639	\$ 624,374	\$ 13,265
Grant assisted programs	112,000	112,000	40,085	71,915
<b>Total conservation of natural resources</b>	<b>\$ 749,639</b>	<b>\$ 749,639</b>	<b>\$ 664,459</b>	<b>\$ 85,180</b>
<b>Total Expenditures</b>	<b>\$ 959,639</b>	<b>\$ 959,639</b>	<b>\$ 1,092,932</b>	<b>\$ (133,293)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from the sale of capital assets	\$ -	\$ -	\$ 2,849	\$ 2,849
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,849</b>	<b>\$ 2,849</b>
<b>Excess of Revenues Over (Under) Expenditures</b>				
	<b>\$ (87,169)</b>	<b>\$ (87,169)</b>	<b>\$ 34,935</b>	<b>\$ 122,104</b>
<b>Fund Balance - January 1</b>	<b>\$ 406,608</b>	<b>\$ 406,608</b>	<b>\$ 406,608</b>	<b>\$ -</b>
<b>Fund Balance - December 31</b>	<b>\$ 319,439</b>	<b>\$ 319,439</b>	<b>\$ 441,543</b>	<b>\$ 122,104</b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**REQUIRED SUPPLEMENTAL INFORMATION**

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

Actuarial Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued			Unfunded		UAAL As a Percentage of Covered Payroll	
		Entry-Age Normal	Funded Ratio	Liability (AAL)	Actuarial Accrued Liability (UAAL)	Active Members Covered Payroll	191.7%	
2007	\$ -	\$ 35,478,061	0.0%	\$ 35,478,061	\$ 18,502,377			
2009	-	32,784,518	0.0%	32,784,518	21,058,703		155.7%	
2011	-	32,369,071	0.0%	32,369,071	21,252,877		152.3%	

\*The most recent actuarial valuation date was 1/1/2011

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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**1. Budgetary Information**

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

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

The appropriated budget is prepared by fund, function, and department. Revisions that alter the budgeted revenues or expenditures of any fund must be approved by the 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, 2011, expenditures exceeded appropriations in the Community Services Special Revenue Fund (the legal level of budgetary control) by \$455,207. This increase in expenditures versus budget was more than offset by actual intergovernmental revenues exceeding budget projections. Thus, the fund experienced a positive net change to fund balance.

Additionally, the Public Land Management Special Revenue Fund exceeded appropriations by 133,293. The excess expenditures are due to a higher than expected net settlement of tax forfeited sales related to 2010 activity. The tax forfeited settlement process takes place the following year of when sales occurred and is reflected as expenditure to General Government. Actual 2011 expenditures for Public Land Management fell within the legal level of budgetary control.

**3. Other Post-Employment Benefits**

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 5,405,556	\$ 5,405,556	\$ 5,433,541	\$ 27,985
Intergovernmental	429,171	429,171	312,127	(117,044)
<b>Total Revenues</b>	<b>\$ 5,834,727</b>	<b>\$ 5,834,727</b>	<b>\$ 5,745,668</b>	<b>\$ (89,059)</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 3,713,400	\$ 3,713,400	\$ 3,555,000	\$ 158,400
Interest	1,993,864	1,993,864	1,973,330	20,534
Administrative charges	2,500	2,500	2,313	187
<b>Total Expenditures</b>	<b>\$ 5,709,764</b>	<b>\$ 5,709,764</b>	<b>\$ 5,530,643</b>	<b>\$ 179,121</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 124,963</b>	<b>\$ 124,963</b>	<b>\$ 215,025</b>	<b>\$ 90,062</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 170,000	\$ 170,000	\$ 170,000	\$ -
Transfers out	(239,169)	(239,169)	(136,352)	102,817
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (69,169)</b>	<b>\$ (69,169)</b>	<b>\$ 33,648</b>	<b>\$ 102,817</b>
<b>Net Change in Fund Balance</b>	<b>\$ 55,794</b>	<b>\$ 55,794</b>	<b>\$ 248,673</b>	<b>\$ 192,879</b>
<b>Fund Balance - January 1</b>	<b>5,950,965</b>	<b>5,950,965</b>	<b>5,950,965</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 6,006,759</b>	<b>\$ 6,006,759</b>	<b>\$ 6,199,638</b>	<b>\$ 192,879</b>

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**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	<b>Special Revenue Funds</b>				
	<b>SCORE</b>	<b>Unorganized Townships</b>	<b>Small Cities Development Program</b>	<b>Total</b>	
<b><u>Assets</u></b>					
Cash and pooled investments	\$ 2,127,939	\$ 1,795,448	\$ 6,533	\$ 3,929,920	
Taxes receivable					
Delinquent	-	36,363	-	36,363	
Accounts receivable	17,889	-	-	17,889	
Accrued interest receivable	-	-	226	226	
Due from other funds	-	-	-	-	
Due from other governments	-	-	21,812	21,812	
Loans receivable	-	-	416,305	416,305	
<b>Total Assets</b>	<b><u>\$ 2,145,828</u></b>	<b><u>\$ 1,831,811</u></b>	<b><u>\$ 444,876</u></b>	<b><u>\$ 4,422,515</u></b>	
<b><u>Liabilities and Fund Balances</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 4,505	\$ 684	\$ -	\$ 5,189	
Salaries payable	501	-	-	501	
Accrued payroll taxes	75	-	-	75	
Contracts payable	-	-	7,780	7,780	
Due to other funds	-	20,000	-	20,000	
Deferred revenue - unavailable	-	36,363	-	36,363	
Deferred revenue - unearned	-	-	416,305	416,305	
<b>Total Liabilities</b>	<b><u>\$ 5,081</u></b>	<b><u>\$ 57,047</u></b>	<b><u>\$ 424,085</u></b>	<b><u>\$ 486,213</u></b>	
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Environmental trust corpus	\$ -	\$ -	\$ -	\$ -	
<b>Restricted for:</b>					
Capital notes	-	-	-	-	
Building improvements	-	-	-	-	
SCORE	1,793,908	-	-	1,793,908	
Economic development revolving loans	-	-	20,791	20,791	
Environmental uses	-	-	-	-	
Unorganized townships	-	1,774,764	-	1,774,764	
<b>Assigned for:</b>					
Capital projects	-	-	-	-	
SCORE	346,839	-	-	346,839	
<b>Unassigned:</b>					
<b>Total Fund Balances</b>	<b><u>\$ 2,140,747</u></b>	<b><u>\$ 1,774,764</u></b>	<b><u>\$ 20,791</u></b>	<b><u>\$ 3,936,302</u></b>	
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 2,145,828</u></b>	<b><u>\$ 1,831,811</u></b>	<b><u>\$ 444,876</u></b>	<b><u>\$ 4,422,515</u></b>	

<u>Capital Projects Fund</u>		<u>Permanent Fund</u>	
<u>Capital Project</u>		<u>Environmental Trust</u>	<u>Total</u>
\$ 4,385,395		\$ 1,999,742	\$ 10,315,057
-		-	36,363
-		-	17,889
-		8,419	8,645
128,542		-	128,542
-		-	21,812
-		-	416,305
<b>\$ 4,513,937</b>		<b>\$ 2,008,161</b>	<b>\$ 10,944,613</b>
\$ 21,040		\$ -	\$ 26,229
-		-	501
-		-	75
-		-	7,780
-		-	20,000
-		7,771	44,134
-		-	416,305
<b>\$ 21,040</b>		<b>\$ 7,771</b>	<b>\$ 515,024</b>
\$ -		\$ 1,846,499	\$ 1,846,499
105,133		-	105,133
546,463		-	546,463
-		-	1,793,908
-		-	20,791
-		153,891	153,891
-		-	1,774,764
3,841,301		-	3,841,301
-		-	346,839
-		-	-
<b>\$ 4,492,897</b>		<b>\$ 2,000,390</b>	<b>\$ 10,429,589</b>
<b>\$ 4,513,937</b>		<b>\$ 2,008,161</b>	<b>\$ 10,944,613</b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Special Revenue Funds				
	SCORE	Unorganized Townships	Small Cities Development Program	Total	
<b>Revenues</b>					
Taxes	\$ -	\$ 675,964	\$ -	\$ 675,964	
Special assessments	590,360	6,555	-	596,915	
Intergovernmental	163,454	68,996	355,342	587,792	
Charges for services	269,354	-	-	269,354	
Investment earnings	-	-	4,682	4,682	
Miscellaneous	47,430	-	8,599	56,029	
<b>Total Revenues</b>	<b>\$ 1,070,598</b>	<b>\$ 751,515</b>	<b>\$ 368,623</b>	<b>\$ 2,190,736</b>	
<b>Expenditures</b>					
<b>Current</b>					
General government	\$ -	\$ 82,747	\$ -	\$ 82,747	
Public safety	-	158,280	-	158,280	
Highways and streets	-	223,277	-	223,277	
Conservation of natural resources	739,084	-	-	739,084	
Economic development	-	-	352,710	352,710	
<b>Capital outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 739,084</b>	<b>\$ 464,304</b>	<b>\$ 352,710</b>	<b>\$ 1,556,098</b>	
<b>Excess of Revenues Over (Under) Expenditures</b>					
	<b>\$ 331,514</b>	<b>\$ 287,211</b>	<b>\$ 15,913</b>	<b>\$ 634,638</b>	
<b>Other Financing Sources (Uses)</b>					
Transfers in	\$ 83,370	\$ -	\$ -	\$ 83,370	
Transfers out	(381,284)	-	-	(381,284)	
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (297,914)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (297,914)</b>	
<b>Net Change in Fund Balance</b>	<b>\$ 33,600</b>	<b>\$ 287,211</b>	<b>\$ 15,913</b>	<b>\$ 336,724</b>	
<b>Fund Balance - January 1, as restated</b>	<b>2,107,147</b>	<b>1,487,553</b>	<b>4,878</b>	<b>3,599,578</b>	
<b>Fund Balance - December 31</b>	<b>\$ 2,140,747</b>	<b>\$ 1,774,764</b>	<b>\$ 20,791</b>	<b>\$ 3,936,302</b>	

<u>Capital Projects Fund</u>		<u>Permanent Fund</u>		
<u>Capital Project</u>		<u>Environmental Trust</u>		<u>Total</u>
\$ 128,581		\$ -		\$ 804,545
-		-		596,915
604,300		-		1,192,092
-		-		269,354
-		64,613		69,295
<u>243,586</u>		<u>-</u>		<u>299,615</u>
<b>\$ 976,467</b>		<b>\$ 64,613</b>		<b>\$ 3,231,816</b>
 \$ -		 \$ -		 \$ 82,747
-		-		158,280
-		-		223,277
-		57,229		796,313
-		-		352,710
<u>585,517</u>		<u>-</u>		<u>585,517</u>
<b>\$ 585,517</b>		<b>\$ 57,229</b>		<b>\$ 2,198,844</b>
 <b>\$ 390,950</b>		 <b>\$ 7,384</b>		 <b>\$ 1,032,972</b>
 \$ 850,444		 \$ -		 \$ 933,814
<u>(170,000)</u>		<u>-</u>		<u>(551,284)</u>
<b>\$ 680,444</b>		<b>\$ -</b>		<b>\$ 382,530</b>
 \$ 1,071,394		 \$ 7,384		 \$ 1,415,502
<u>3,421,503</u>		<u>1,993,006</u>		<u>9,014,087</u>
<b>\$ 4,492,897</b>		<b>\$ 2,000,390</b>		<b>\$ 10,429,589</b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
SCORE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Special assessment	\$ 550,000	\$ 550,000	\$ 590,360	\$ 40,360
Intergovernmental	158,000	158,000	163,454	5,454
Charges for services	260,000	260,000	269,354	9,354
Miscellaneous	40,000	40,000	47,430	7,430
<b>Total Revenues</b>	<b>\$ 1,008,000</b>	<b>\$ 1,008,000</b>	<b>\$ 1,070,598</b>	<b>\$ 62,598</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Conservation of natural resources</b>				
SCORE	\$ 938,745	\$ 938,745	\$ 739,084	\$ 199,661
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ 69,255</b>	<b>\$ 69,255</b>	<b>\$ 331,514</b>	<b>\$ 262,259</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 75,000	\$ 75,000	\$ 83,370	\$ 8,370
Transfers out	(365,000)	(365,000)	(381,284)	(16,284)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (290,000)</b>	<b>\$ (290,000)</b>	<b>\$ (297,914)</b>	<b>\$ (7,914)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (220,745)</b>	<b>\$ (220,745)</b>	<b>\$ 33,600</b>	<b>\$ 254,345</b>
<b>Fund Balance - January 1</b>	<b>2,107,147</b>	<b>2,107,147</b>	<b>2,107,147</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,886,402</b>	<b>\$ 1,886,402</b>	<b>\$ 2,140,747</b>	<b>\$ 254,345</b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
UNORGANIZED TOWNSHIPS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 684,339	\$ 684,339	\$ 675,964	\$ (8,375)
Special assessments	-	-	6,555	6,555
Intergovernmental	<u>79,503</u>	<u>79,503</u>	<u>68,996</u>	<u>(10,507)</u>
<b>Total Revenues</b>	<b><u>\$ 763,842</u></b>	<b><u>\$ 763,842</u></b>	<b><u>\$ 751,515</u></b>	<b><u>\$ (12,327)</u></b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Unorganized township general revenue	\$ 72,850	\$ 72,850	\$ 82,747	\$ (9,897)
<b>Public safety</b>				
Unorganized township fire	177,914	177,914	158,280	19,634
<b>Highway and streets</b>				
Unorganized township roads	<u>406,000</u>	<u>406,000</u>	<u>223,277</u>	<u>182,723</u>
<b>Total Expenditures</b>	<b><u>\$ 656,764</u></b>	<b><u>\$ 656,764</u></b>	<b><u>\$ 464,304</u></b>	<b><u>\$ 192,460</u></b>
<b>Excess of Revenues Over (Under) Expenditures</b>				
<b>Fund Balance - January 1</b>	<b><u>1,487,553</u></b>	<b><u>1,487,553</u></b>	<b><u>1,487,553</u></b>	<b><u>-</u></b>
<b>Fund Balance - December 31</b>	<b><u>\$ 1,594,631</u></b>	<b><u>\$ 1,594,631</u></b>	<b><u>\$ 1,774,764</u></b>	<b><u>\$ 180,133</u></b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
SMALL CITIES DEVELOPMENT PROGRAM SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 355,342	\$ 355,342
Investment earnings	1,050	1,050	4,682	3,632
Miscellaneous	2,124	2,124	8,599	6,475
<b>Total Revenues</b>	<b>\$ 3,174</b>	<b>\$ 3,174</b>	<b>\$ 368,623</b>	<b>\$ 365,449</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Economic Development</b>				
Redevelopment	\$ -	\$ -	\$ 352,710	\$ (352,710)
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 3,174</b>	<b>\$ 3,174</b>	<b>\$ 15,913</b>	<b>\$ 12,739</b>
<b>Fund Balance - January 1</b>	<b>4,878</b>	<b>4,878</b>	<b>4,878</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 8,052</b>	<b>\$ 8,052</b>	<b>\$ 20,791</b>	<b>\$ 12,739</b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>CENTRAL MINNESOTA COMMUNITY CORRECTIONS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 996,843	\$ 2,897,220	\$ 2,967,837	\$ 926,226
<b><u>Liabilities</u></b>				
Salaries payable	\$ 39,001	\$ 47,831	\$ 39,001	\$ 47,831
Due to other governments	\$ 957,842	\$ 2,849,389	\$ 2,928,836	\$ 878,395
<b>Total Liabilities</b>	<b>\$ 996,843</b>	<b>\$ 2,897,220</b>	<b>\$ 2,967,837</b>	<b>\$ 926,226</b>
<b><u>COLLABORATIVE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 1,464,218	\$ 781,009	\$ 738,372	\$ 1,506,855
<b><u>Liabilities</u></b>				
Due to other governments	\$ 1,464,218	\$ 781,009	\$ 738,372	\$ 1,506,855
<b><u>CHILD PROTECTION TEAM</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 28,934	\$ 32,737	\$ 31,176	\$ 30,495
<b><u>Liabilities</u></b>				
Accounts payable	\$ 28,934	\$ 32,737	\$ 31,176	\$ 30,495
<b><u>SELECT TRUST</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 12,090	\$ 238,494	\$ 243,493	\$ 7,091
<b><u>Liabilities</u></b>				
Accounts payable	\$ 12,090	\$ 238,494	\$ 243,493	\$ 7,091
<b><u>TAXES AND PENALTIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 2,579,713	\$ 110,783,591	\$ 110,446,703	\$ 2,916,601
<b><u>Liabilities</u></b>				
Due to other governments	\$ 2,579,713	\$ 110,783,591	\$ 110,446,703	\$ 2,916,601

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>BLACK BEAR-MILLER LAKE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 4,332	\$ 940	\$ 21,825	\$ (16,553)
Due from other governments	- ____	16,553 ____	- ____	16,553 ____
<b>Total Assets</b>	<b><u>4,332</u></b>	<b><u>17,493</u></b>	<b><u>21,825</u></b>	<b><u>-</u></b>
<b><u>Liabilities</u></b>				
Due to other governments	\$ 4,332	\$ 940	\$ 5,272	\$ - ____
<b><u>SNOWMOBILE, ATV, SKI TRAILS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 116,966	\$ 382,264	\$ 496,637	\$ 2,593 ____
<b><u>Liabilities</u></b>				
Accounts payable	<u>116,966</u>	<u>382,264</u>	<u>496,637</u>	<u>2,593</u> ____
<b><u>PASSENGER SAFETY COALITION</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ (3,931)	\$ 11,247	\$ 11,974	\$ (4,658)
Due from other governments	3,931 ____	727 ____	- ____	4,658 ____
<b>Total Assets</b>	<b><u>-</u></b>	<b><u>11,974</u></b>	<b><u>11,974</u></b>	<b><u>-</u></b>
<b><u>Liabilities</u></b>				
Accounts payable	<u>-</u>	<u>11,974</u>	<u>11,974</u>	<u>-</u>
<b><u>LAKE IMPROVEMENT DISTRICTS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>165,936</u>	<u>221,351</u>	<u>168,846</u>	<u>218,441</u>
<b><u>Liabilities</u></b>				
Accounts payable	<u>165,936</u>	<u>221,351</u>	<u>168,846</u>	<u>218,441</u>
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 5,365,101	\$ 115,348,853	\$ 115,126,863	\$ 5,587,091
Due from other governments	3,931 ____	17,280 ____	- ____	21,211 ____
<b>Total Assets</b>	<b><u>5,369,032</u></b>	<b><u>115,366,133</u></b>	<b><u>115,126,863</u></b>	<b><u>5,608,302</u></b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 323,926	\$ 886,820	\$ 952,126	\$ 258,620
Salaries payable	39,001 ____	47,831 ____	39,001 ____	47,831 ____
Due to other governments	5,006,105 ____	114,414,929 ____	114,119,183 ____	5,301,851 ____
<b>Total Liabilities</b>	<b><u>5,369,032</u></b>	<b><u>115,349,580</u></b>	<b><u>115,110,310</u></b>	<b><u>5,608,302</u></b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET  
COMPONENT UNIT - HOUSING AND REDEVELOPMENT AUTHORITY  
DECEMBER 31, 2011**

	<b>Housing and Redevelopment Authority</b>	<b>Adjustments</b>	<b>Governmental Activities</b>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 565,136	\$ -	\$ 565,136
Taxes receivable - delinquent	2,686	-	2,686
Loans receivable (net)	181,381	-	181,381
Accrued interest receivable	<u>7,072</u>	<u>-</u>	<u>7,072</u>
<b>Total Assets</b>	<b><u>756,275</u></b>	<b><u>\$ -</u></b>	<b><u>756,275</u></b>
<b><u>Liabilities</u></b>			
<b>Current liabilities</b>			
Accounts payable	\$ 2,581	\$ -	\$ 2,581
Deferred revenue - unavailable	<u>8,381</u>	<u>(8,381)</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>10,962</u></b>	<b><u>(8,381)</u></b>	<b><u>2,581</u></b>
<b><u>Fund Balance/Net Assets</u></b>			
<b>Fund Balance</b>			
Restricted for revolving loans - TIF	\$ 112,921	\$ (112,921)	\$ 112,921
Committed for revolving loans - NonTIF	68,460	(68,460)	68,460
Unassigned	<u>563,932</u>	<u>(563,932)</u>	<u>-</u>
<b>Total Fund Balance</b>	<b><u>745,313</u></b>	<b><u>\$ (676,853)</u></b>	<b><u>-</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>756,275</u></b>		
<b>Net Assets</b>			
Restricted for economic development	\$ 112,921	\$ 112,921	\$ 112,921
Unrestricted	<u>640,773</u>	<u>640,773</u>	<u>640,773</u>
<b>Total Net Assets</b>	<b><u>753,694</u></b>	<b><u>\$ 753,694</u></b>	<b><u>\$ 753,694</u></b>
<b>Reconciliation of the Housing and Redevelopment Authority's Fund Balance to Net Assets</b>			
Fund Balance - Housing and Redevelopment Authority		\$ 745,313	
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		<u>8,381</u>	
<b>Net Assets - Governmental Activities</b>		<b><u>\$ 753,694</u></b>	

**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, 2011**

	<b>Housing and Redevelopment Authority</b>	<b>Adjustments</b>	<b>Governmental Activities</b>
<b>Revenues</b>			
Taxes	\$ 59,473	\$ (332)	\$ 59,141
Intergovernmental	3,169	-	3,169
Investment Earnings	<u>15,390</u>	<u>(50,311)</u>	<u>(34,921)</u>
<b>Total Revenues</b>	<b>\$ 78,032</b>	<b>\$ (50,643)</b>	<b>\$ 27,389</b>
<b>Expenditures/Expenses</b>			
Housing and Redevelopment Authority	\$ 198,522	\$ -	\$ 198,522
Debt Service			
Principal	4,804	-	4,804
<b>Total Expenditures/Expenses</b>	<b>\$ 203,326</b>	<b>\$ -</b>	<b>\$ 203,326</b>
<b>Net Change in Fund Balance/Net Assets</b>	<b>\$ (125,294)</b>	<b>\$ (50,643)</b>	<b>\$ (175,937)</b>
<b>Fund Balance/Net Assets - January 1</b>	<u>870,607</u>	<u>59,024</u>	<u>929,631</u>
<b>Fund Balance/Net Assets - December 31</b>	<b><u>\$ 745,313</u></b>	<b><u>\$ 8,381</u></b>	<b><u>\$ 753,694</u></b>
 <b>Reconciliation of the Statement of Housing and Redevelopment Authority Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities of Governmental Activities</b>			
Net Change in Fund Balance			\$ (125,294)
Revenues in the statement of activities that do not provide current financial resources are not reported as a revenue in the funds			<u>(50,643)</u>
<b>Change in Net Assets of Governmental Activities</b>			<b><u>\$ (175,937)</u></b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Governmental Funds</b>	<b>Enterprise Funds</b>	<b>Total Primary Government</b>	<b>Component Units</b>
<b>Shared Revenue</b>				
<b>State</b>				
Highway users tax	\$ 5,456,390	\$ -	\$ 5,456,390	\$ -
Market value credit	874,998	-	874,998	2,369
Supplemental homestead credit	492,206	-	492,206	800
PERA rate reimbursement	76,910	595	77,505	-
Disparity reduction aid	14,054	-	14,054	-
County program aid	604,300	-	604,300	-
Performance aid	8,750	-	8,750	-
Police aid	246,129	-	246,129	-
E-911	144,839	-	144,839	-
<b>Total Shared Revenue</b>	<b>\$ 7,918,576</b>	<b>\$ 595</b>	<b>\$ 7,919,171</b>	<b>\$ 3,169</b>
<b>Reimbursement for Services</b>				
<b>State</b>				
Minnesota Department of Human Services	\$ 2,275,471	\$ -	\$ 2,275,471	\$ -
<b>Federal</b>				
U.S. Department of Human Services	9,487	-	9,487	-
	<b>\$ 2,284,958</b>	<b>\$ -</b>	<b>\$ 2,284,958</b>	<b>\$ -</b>
<b>Payments</b>				
<b>Local</b>				
Local contributions	\$ 315,257	\$ -	\$ 315,257	\$ -
Payments in lieu of taxes	429,856	-	429,856	-
<b>Total Payments</b>	<b>\$ 745,113</b>	<b>\$ -</b>	<b>\$ 745,113</b>	<b>\$ -</b>
<b>Grants</b>				
<b>State</b>				
Minnesota Department of Health	\$ 443,775	\$ -	\$ 443,775	\$ -
Human Services	4,388,554	-	4,388,554	-
Natural Resources	105,977	-	105,977	-
Peace Officers Board	14,392	-	14,392	-
Pollution Control Agency	163,454	-	163,454	-
Public Safety	52,708	-	52,708	-
Transportation	503,041	-	503,041	-
Veterans Affairs	6,000	-	6,000	-
Water and Soil Resources	80,720	-	80,720	-
<b>Total State</b>	<b>\$ 5,758,621</b>	<b>\$ -</b>	<b>\$ 5,758,621</b>	<b>\$ -</b>
<b>Federal</b>				
Department of Agriculture	\$ 789,494	\$ -	\$ 789,494	\$ -
Commerce	19,849	-	19,849	-
Health and Human Services	4,968,586	-	4,968,586	-
Homeland Security	179,575	-	179,575	-
Housing and Urban Development	355,342	-	355,342	-
Justice	23,101	-	23,101	-
Transportation	345,941	-	345,941	-
<b>Total Federal</b>	<b>\$ 6,681,888</b>	<b>\$ -</b>	<b>\$ 6,681,888</b>	<b>\$ -</b>
<b>Total State and Federal Grants</b>	<b>\$ 12,440,509</b>	<b>\$ -</b>	<b>\$ 12,440,509</b>	<b>\$ -</b>
<b>Total Intergovernmental Revenue</b>	<b><u>\$ 23,389,156</u></b>	<b><u>\$ 595</u></b>	<b><u>\$ 23,389,751</u></b>	<b><u>\$ 3,169</u></b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 318,052
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	471,442
<b>Total U.S. Department of Agriculture</b>		<b>\$ 789,494</b>
<b>U.S. Department of Commerce</b>		
Passed Through Minnesota Department of Public Safety Public Safety Interoperable Communications Grant Program	11.555	\$ 19,849
<b>U.S. Department of Housing and Urban Development</b>		
Passed Through Minnesota Department of Employment and Economic Development Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 355,342
<b>U.S. Department of Justice</b>		
Direct		
Bulletproof Vest Partnership Program	16.607	\$ 12,576
Passed Through Minnesota Department of Public Safety		
Law Enforcement Assistance Narcotics and Dangerous Drugs Training	16.004	2,417
Public Safety Partnership and Community Policing Grants	16.710	3,473
Passed Through City of Brainerd		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	4,635
<b>Total U.S. Department of Justice</b>		<b>\$ 23,101</b>
<b>U.S. Department of Transportation</b>		
Passed Through Minnesota Department of Public Safety		
Highway Safety Cluster		
State and Community Highway Safety	20.600	1,960
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	\$ 6,718
Safety Belt Performance Grants	20.609	1,685
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	2,484
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction Cluster		
Highway Planning and Construction	20.205	273,430
Highway Planning and Construction - ARRA	20.205	41,415
Passed Through Minnesota Department of Natural Resources		
Recreational Trails Program	20.219	18,249
<b>Total U.S. Department of Transportation</b>		<b>\$ 345,941</b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Services</b>		
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	\$ 44,956
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507	2,500
Temporary Assistance for Needy Families (TANF)	93.558	98,742
Maternal and Child Health Services Block Grant to the States	93.994	65,306
Passed Through Minnesota Department of Human Services		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	22,932
Promoting Safe and Stable Families	93.556	3,051
Temporary Assistance for Needy Families Cluster		
Temporary Assistance for Needy Families (TANF)	93.558	839,628
Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program-ARRA	93.714	26,869
Child Support Enforcement	93.563	1,193,115
Community-Based Child Abuse Prevention Grants	93.590	4,024
Child Care and Development Fund Cluster		
Child Care and Development Block Grant	93.575	29,597
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	29,578
Child Welfare Services-State Grants	93.645	34,407
Foster Care-Title IV-E Cluster		
Foster Care-Title IV-E	93.658	402,646
Foster Care-Title IV-E - ARRA	93.658	1,932
Social Services Block Grant Title XX	93.667	386,604
Chafee Foster Care Independence Program	93.674	16,000
Children's Health Insurance Program	93.767	285
Medical Assistance Program	93.778	1,644,468
Block Grants for Community Mental Health Services	93.958	<u>121,946</u>
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 4,968,586</b>
<b>U.S. Department of Homeland Security</b>		
Passed Through Minnesota Department of Public Safety		
Boating Safety Financial Assistance	97.012	\$ 24,390
Pre-Disaster Mitigation (PDM) Competitive Grants	97.017	15,563
Emergency Management Performance Grants	97.042	67,273
Homeland Security Grant Program	97.067	297,517
Passed Through Saint Louis County		
Homeland Security Grant Program	97.067	<u>8,779</u>
<b>Total U.S. Department of Homeland Security</b>		<b>\$ 413,522</b>
<b>Total Federal Awards</b>		<b>\$ 6,915,835</b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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**1. Reporting Entity**

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Crow Wing County. The County's reporting entity is defined in Note 1 to the financial statements.

**2. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Crow Wing County under programs of the federal government for the year ended December 31, 2011. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Crow Wing County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Crow Wing County.

**3. Summary of Significant Accounting Policies**

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

**4. Clusters**

Clusters of programs are groupings of closely related programs that share common compliance requirements. Total Expenditures by cluster are:

Highway Planning and Construction Cluster	\$ 333,094
Highway Safety Cluster	10,363
Temporary Assistance for Needy Families Cluster	965,239
Child Care and Development Fund Cluster	59,175
Foster Care-Title IV-E Cluster	404,578
Homeland Security Grant Program Cluster	306,296

**5. Reconciliation to Schedule of Intergovernmental Revenue**

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 6,681,888
Grants received more than 60 days after year-end, deferred in 2011	
Pre-Disaster Mitigation (PDM) Competitive Grants	15,563
Emergency Management Performance Grants	43,384
Homeland Security Grant Program	<u>175,000</u>
Expenditures Per Schedule of Federal Awards	<u><u>\$ 6,915,835</u></u>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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6. Subrecipients

The County passed \$26,927 federal money to subrecipients during the year ended December 31, 2011.

7. American Recovery and Reinvestment Act

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

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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>
<b>Financial Trends</b> <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>	108
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the county's most significant local revenue source, the property tax.</i>	118
<b>Debt Capacity</b> <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>	124
<b>Demographic and Economic Information</b> <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>	130
<b>Operating Information</b> <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>	132

**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 Nine Fiscal Years**

(accrual basis of accounting)

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Governmental activities					
Invested in capital assets, net of related debt	\$ 61,358,724	\$ 68,626,689	\$ 74,204,210	\$ 76,199,218	\$ 85,314,269
Restricted	9,442,393	47,686,756	7,650,813	9,303,777	10,659,184
Unrestricted	16,335,622	(17,403,664)	29,298,690	36,669,307	40,462,702
Total governmental activities net assets	<u><u>\$ 87,136,739</u></u>	<u><u>\$ 98,909,781</u></u>	<u><u>\$ 111,153,713</u></u>	<u><u>\$ 122,172,302</u></u>	<u><u>\$ 136,436,155</u></u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 1,893,343	\$ 2,078,563	\$ 2,206,100	\$ 2,722,007	\$ 4,088,810
Unrestricted	7,760,430	7,660,091	8,732,849	8,610,686	7,690,373
Total business-type activities net assets	<u><u>\$ 9,653,773</u></u>	<u><u>\$ 9,738,654</u></u>	<u><u>\$ 10,938,949</u></u>	<u><u>\$ 11,332,693</u></u>	<u><u>\$ 11,779,183</u></u>
Primary government					
Invested in capital assets, net of related debt	\$ 63,252,067	\$ 70,705,252	\$ 76,410,310	\$ 78,921,225	\$ 89,403,079
Restricted	9,442,393	47,686,756	7,650,813	9,303,777	10,659,184
Unrestricted	24,096,052	(9,743,573)	38,031,539	45,279,993	48,153,075
Total primary governments activities net assets	<u><u>\$ 96,790,512</u></u>	<u><u>\$ 108,648,435</u></u>	<u><u>\$ 122,092,662</u></u>	<u><u>\$ 133,504,995</u></u>	<u><u>\$ 148,215,338</u></u>

(Unaudited)

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

(Unaudited)

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

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Expenses</b>					
Governmental activities					
General government	\$ 10,465,171	\$ 8,410,374	\$ 10,119,770	\$ 12,154,588	\$ 10,997,997
Public safety	7,752,110	8,652,980	9,639,617	11,702,501	10,143,212
Highways and streets	4,197,493	4,549,813	7,760,742	6,893,138	3,665,519
Sanitation	-	-	-	-	-
Human services	16,191,750	15,428,313	17,782,967	18,616,333	20,714,263
Health	1,594,797	1,638,986	1,982,727	1,757,764	1,963,829
Culture and recreation	607,910	652,557	722,320	822,625	747,101
Conservation of natural resources	1,586,674	1,379,160	1,503,147	444,774	2,109,881
Economic development	12,956	12,956	-	-	-
Interest	371,581	1,428,406	2,790,174	2,602,638	2,671,422
Total governmental activities expenses	<u>42,780,442</u>	<u>42,153,545</u>	<u>52,301,464</u>	<u>\$ 54,994,361</u>	<u>\$ 53,013,224</u>
Business-type activities					
Solid waste	851,909	1,045,288	1,355,304	1,553,355	1,441,434
Total primary governments activities expenses	<u>\$ 43,632,351</u>	<u>\$ 43,198,833</u>	<u>\$ 53,656,768</u>	<u>\$ 56,547,716</u>	<u>\$ 54,454,658</u>
<b>Program Revenues</b>					
Governmental activities					
Charge for services:					
General government	\$ 1,951,112	\$ 1,925,189	\$ 2,111,830	\$ 2,367,212	\$ 2,173,889
Public safety	634,230	657,471	1,109,738	2,250,647	1,253,879
Highways and streets	472,174	508,538	521,201	741,873	512,519
Human services	712,892	979,979	821,101	1,454,321	2,090,933
Health	611,860	514,471	486,550	554,011	798,784
Culture and recreation	396	3,003	200	-	-
Conservation of natural resources	1,196,410	547,452	768,725	978,888	11,292
Economic development	-	-	-	-	-
Operating grants and contributions	16,591,293	14,626,197	15,423,277	14,780,116	16,477,875
Capital grants and contributions	3,853,459	6,516,982	7,592,536	4,776,489	4,263,750
Total governmental activities program revenues	<u>26,023,826</u>	<u>26,279,282</u>	<u>28,835,158</u>	<u>\$ 27,903,557</u>	<u>\$ 27,582,921</u>
Business-type activities					
Charges for services:					
Solid Waste	1,806,018	1,907,989	2,029,358	1,781,755	1,681,951
Total primary governments activities program revenues	<u>\$ 27,829,844</u>	<u>\$ 28,187,271</u>	<u>\$ 30,864,516</u>	<u>\$ 29,685,312</u>	<u>\$ 29,264,872</u>
<b>Net (Expense)/Revenues</b>					
Governmental activities	\$ (16,756,616)	\$ (15,874,263)	\$ (23,466,306)	\$ (27,090,804)	\$ (25,430,303)
Business-type activities	954,109	862,701	674,054	228,400	240,517
Total primary government net expense	<u>\$ (15,802,507)</u>	<u>\$ (15,011,562)</u>	<u>\$ (22,792,252)</u>	<u>\$ (26,862,404)</u>	<u>\$ (25,189,786)</u>

(Unaudited)

<b>Fiscal Year</b>			
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
\$ 13,134,027	\$ 13,248,631	\$ 12,871,344	\$ 12,969,897
13,401,676	13,306,812	13,036,830	13,825,942
6,338,643	6,931,810	6,919,926	8,380,127
257,754	137,056	147,328	-
22,308,975	20,835,333	20,416,383	21,153,044
2,636,852	1,684,446	1,684,246	1,741,968
688,957	634,334	684,631	647,975
1,551,623	1,579,069	1,342,948	1,300,631
-	115,240	217,807	352,710
2,483,087	2,313,711	2,153,652	1,973,785
<u>\$ 62,801,594</u>	<u>\$ 60,786,442</u>	<u>\$ 59,475,095</u>	<u>\$ 62,346,079</u>
2,832,091	2,263,577	1,631,721	2,070,766
<u>\$ 65,633,685</u>	<u>\$ 63,050,019</u>	<u>\$ 61,106,816</u>	<u>\$ 64,416,845</u>

\$ 1,982,857	\$ 1,961,517	\$ 1,858,545	\$ 1,675,797
2,595,331	1,924,364	1,927,995	1,440,474
388,192	429,446	496,205	497,846
1,732,921	1,658,340	1,647,435	2,052,157
534,839	432,704	471,753	300,551
-	-	-	-
445,991	1,398,724	1,461,012	1,505,233
-	621	2,691	8,599
18,571,295	17,868,108	23,131,686	18,684,965
6,129,559	4,869,920	1,362,606	4,526,177
<u>\$ 32,380,985</u>	<u>\$ 30,543,744</u>	<u>\$ 32,359,928</u>	<u>\$ 30,691,799</u>

2,046,074	1,857,324	1,989,639	1,920,174
<u>\$ 34,427,059</u>	<u>\$ 32,401,068</u>	<u>\$ 34,349,567</u>	<u>\$ 32,611,973</u>
\$ (30,420,609)	\$ (30,242,698)	\$ (27,115,167)	\$ (31,654,280)
(786,017)	(406,253)	357,918	(150,592)
<u>\$ (31,206,626)</u>	<u>\$ (30,648,951)</u>	<u>\$ (26,757,249)</u>	<u>\$ (31,804,872)</u>

(Unaudited)

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

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 17,968,906	\$ 19,414,981	\$ 26,498,197	\$ 29,932,221	\$ 32,567,627
Mortgage registry and deed tax	142,979	118,252	146,693	126,037	111,772
Payments in lieu of tax	182,634	178,946	190,000	311,650	330,606
Unrestricted grants and contributions	4,330,048	3,959,078	4,714,976	4,657,577	4,208,641
Unrestricted investment earnings	333,282	865,991	2,075,010	2,173,885	2,154,085
Miscellaneous	1,025,776	1,311,335	1,889,873	907,866	306,821
Gain on sale of capital assets	-	5,507	191,507	157	14,604
Transfers	(600,000)	873,861	11,324	-	-
Total governmental activities	<u>23,383,625</u>	<u>26,727,951</u>	<u>35,717,580</u>	<u>\$ 38,109,393</u>	<u>\$ 39,694,156</u>
Business-type activities:					
Unrestricted grants and contributions	595	595	595	\$ 595	\$ 595
Unrestricted investment earnings	102,890	95,446	104,887	164,749	205,378
Transfers	600,000	(873,861)	(11,324)	-	-
Total business-type activities	<u>703,485</u>	<u>(777,820)</u>	<u>94,158</u>	<u>\$ 165,344</u>	<u>\$ 205,973</u>
Total primary government	<u>\$ 24,087,110</u>	<u>\$ 25,950,131</u>	<u>\$ 35,811,738</u>	<u>\$ 38,274,737</u>	<u>\$ 39,900,129</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 6,627,009	\$ 10,853,688	\$ 12,251,274	\$ 11,018,589	\$ 14,263,853
Business-type activities	1,657,594	84,881	768,212	393,744	446,490
Total primary government	<u>\$ 8,284,603</u>	<u>\$ 10,938,569</u>	<u>\$ 13,019,486</u>	<u>\$ 11,412,333</u>	<u>\$ 14,710,343</u>

(Unaudited)

<b>Fiscal Year</b>			
<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
\$ 33,326,555	\$ 34,566,755	\$ 35,585,536	\$ 35,213,383
82,488	79,515	71,796	65,367
335,672	355,232	360,402	429,856
4,051,908	3,170,952	2,065,541	2,071,218
1,220,736	432,122	329,226	255,744
763,319	468,808	532,861	830,054
2,533	29,799	51,976	44,312
150,000	48,895	(150,000)	(250,000)
<u>\$ 39,933,211</u>	<u>\$ 39,152,078</u>	<u>\$ 38,847,338</u>	<u>\$ 38,659,934</u>
\$ 595	\$ 595	\$ 595	\$ 595
170,172	76,226	103,566	105,714
(150,000)	(48,895)	150,000	250,000
<u>\$ 20,767</u>	<u>\$ 27,926</u>	<u>\$ 254,161</u>	<u>\$ 356,309</u>
<u>\$ 39,953,978</u>	<u>\$ 39,180,004</u>	<u>\$ 39,101,499</u>	<u>\$ 39,016,243</u>
\$ 9,512,602	\$ 8,909,380	\$ 11,732,171	\$ 7,005,654
(765,250)	(378,327)	612,079	205,717
<u>\$ 8,747,352</u>	<u>\$ 8,531,053</u>	<u>\$ 12,344,250</u>	<u>\$ 7,211,371</u>

(Unaudited)

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

	<b>Fiscal Year</b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>General Fund</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	- -	- -	- -	- -	- -
Committed	- -	- -	- -	- -	- -
Assigned	- -	- -	- -	- -	- -
Unassigned	- -	- -	- -	- -	- -
Reserved	459,684	623,264	650,147	1,004,104	1,576,775
Unreserved	9,160,367	8,193,676	7,836,713	9,427,279	11,313,481
<b>Total General Fund</b>	<b><u>\$ 9,620,051</u></b>	<b><u>\$ 8,816,940</u></b>	<b><u>\$ 8,486,860</u></b>	<b><u>\$ 10,431,383</u></b>	<b><u>\$ 12,890,256</u></b>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	- -	- -	- -	- -	- -
Committed	- -	- -	- -	- -	- -
Assigned	- -	- -	- -	- -	- -
Unassigned	- -	- -	- -	- -	- -
Reserved	3,690,026	3,867,243	28,710,249	23,966,676	11,158,029
Unreserved, reported in:					
Special revenue funds	9,095,684	12,347,278	11,473,603	13,496,431	10,608,225
Capital projects funds	- -	2,183,912	21,415,257	(6,012,043)	1,277,973
Permanent funds	1,895,551	28,783	23,319	37,094	56,733
<b>Total all other governmental funds</b>	<b><u>\$ 14,681,261</u></b>	<b><u>\$ 18,427,216</u></b>	<b><u>\$ 61,622,428</u></b>	<b><u>\$ 31,488,158</u></b>	<b><u>\$ 23,100,960</u></b>

(Unaudited)

<b>Fiscal Year</b>					
<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	
\$ -	\$ -	\$ -	\$ -	\$ 15,000	
-	-	-	-	2,618,717	
-	-	-	-	3,958,743	
-	-	-	-	-	
-	-	-	-	12,578,723	
2,009,719	1,901,869	2,308,065	2,482,487	-	
13,023,707	12,599,535	14,293,522	15,347,549	-	
<b><u>\$ 15,033,426</u></b>	<b><u>\$ 14,501,404</u></b>	<b><u>\$ 16,601,587</u></b>	<b><u>\$ 17,830,036</u></b>	<b><u>\$ 19,171,183</u></b>	
 \$ -	 \$ -	 \$ -	 \$ -	 \$ 2,641,606	
-	-	-	-	12,051,982	
-	-	-	-	-	
-	-	-	-	15,199,114	
-	-	-	-	-	
9,483,137	10,546,957	10,406,812	10,530,555	-	
10,635,577	14,609,380	12,876,790	15,477,400	-	
1,646,604	-	1,572,342	686,390	-	
67,939	94,796	122,435	146,507	-	
<b><u>\$ 21,833,257</u></b>	<b><u>\$ 25,251,133</u></b>	<b><u>\$ 24,978,379</u></b>	<b><u>\$ 26,840,852</u></b>	<b><u>\$ 29,892,702</u></b>	

(Unaudited)

**Crow Wing County, Minnesota**

**Changes in Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

(modified accrual basis of accounting)

	<b>Fiscal Year</b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Revenues</b>					
Taxes	\$ 17,047,309	\$ 18,089,683	\$ 19,518,610	\$ 26,515,870	\$ 29,914,424
Special assessments	563,329	563,669	590,601	567,024	622,979
Licenses and permits	1,049,059	1,957,706	1,540,861	1,803,766	1,620,527
Intergovernmental	23,111,924	22,628,505	20,380,618	22,698,458	21,479,244
Charges for services	1,940,646	3,000,792	3,247,530	3,754,756	4,039,735
Fines and forfeits	95,004	65,694	16,244	30,057	27,393
Rental income	153,290	-	-	-	-
Gifts and contributions	57,617	5,452	3,880	18,004	25,566
Investment earnings	374,497	333,446	866,687	2,078,260	2,181,836
Sales	1,807,409	689,550	641,971	565,775	645,984
Miscellaneous	2,475,060	2,594,472	2,871,587	3,719,824	5,084,321
Total Revenues	<u>\$ 48,675,144</u>	<u>\$ 49,928,969</u>	<u>\$ 49,678,589</u>	<u>\$ 61,751,794</u>	<u>\$ 65,642,009</u>
<b>Expenditures</b>					
Current:					
General government	\$ 9,511,159	\$ 11,239,625	\$ 9,554,982	\$ 10,774,790	\$ 12,920,188
Public safety	7,174,053	7,809,403	8,458,102	9,438,583	10,238,899
Highways and streets	9,566,493	8,563,050	10,574,353	9,990,847	7,751,815
Sanitation	-	-	-	-	-
Human services	16,185,597	16,075,764	15,377,542	17,859,379	18,658,373
Health	1,624,588	1,641,249	1,620,788	1,973,014	1,790,919
Culture and recreation	615,257	605,554	677,781	707,584	807,769
Conservation of natural resources	1,472,503	1,587,270	1,405,024	1,484,834	1,580,325
Economic development	78,363	-	-	-	-
Trust deposits	1,049,647	-	-	-	-
Capital outlay	-	282,086	9,893,829	33,701,146	15,294,595
Intergovernmental					
Highways and streets	-	-	-	-	-
Debt service					
Principal	1,187,500	875,000	975,000	1,328,000	3,223,000
Interest	447,428	407,978	368,051	2,880,690	2,623,903
Bond issuance costs	-	23,975	126,507	-	31,089
Administrative (fiscal) charges	-	2,108	14,472	29,758	10,176
Total Expenditures	<u>\$ 48,912,588</u>	<u>\$ 49,113,062</u>	<u>\$ 59,046,431</u>	<u>\$ 90,168,625</u>	<u>\$ 74,931,051</u>
Excess of revenues over (under) expenditures	<u>\$ (237,444)</u>	<u>\$ 815,907</u>	<u>\$ (9,367,842)</u>	<u>\$ (28,416,831)</u>	<u>\$ (9,289,042)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	\$ 944,575	\$ 991,090	\$ 2,761,489	\$ 406,324	\$ 5,129,951
Transfers out	(606,192)	(1,591,090)	(1,887,628)	(395,000)	(5,129,951)
Bonds and notes issued	-	2,460,000	50,970,000	-	3,210,000
Refunding bonds issued	-	-	-	-	-
Premium on bonds/notes issued	-	25,065	399,324	-	6,069
Discount on bonds/notes issued	-	-	(161,951)	-	-
Proceeds from sale of capital assets	-	-	11,318	222,611	157
Compensation for loss of capital assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 338,383</u>	<u>\$ 1,885,065</u>	<u>\$ 52,092,552</u>	<u>\$ 233,935</u>	<u>\$ 3,216,226</u>
Net change in fund balances	<u>\$ 100,939</u>	<u>\$ 2,700,972</u>	<u>\$ 42,724,710</u>	<u>\$ (28,182,896)</u>	<u>\$ (6,072,816)</u>
Debt service as a percentage of noncapital expenditures	4.3%	3.0%	3.3%	8.1%	10.1%

(Unaudited)

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
\$ 32,513,013	\$ 32,954,120	\$ 34,097,022	\$ 35,641,804	\$ 35,501,017	
587,451	605,518	567,540	594,613	596,915	
1,249,699	1,358,075	1,157,359	1,181,471	1,055,128	
23,592,755	27,121,712	23,908,450	26,628,793	23,389,156	
4,547,917	5,419,686	4,810,137	5,413,339	4,825,317	
25,296	70,315	32,333	48,453	96,562	
-	-	-	-	-	
8,322	18,622	7,187	27,201	25,654	
2,022,166	1,258,520	633,165	441,877	354,183	
845,727	552,183	199,987	161,048	174,159	
3,892,676	4,090,252	3,018,342	2,712,556	3,784,059	
<u>\$ 69,285,022</u>	<u>\$ 73,449,003</u>	<u>\$ 68,431,522</u>	<u>\$ 72,851,155</u>	<u>\$ 69,802,150</u>	
\$ 12,949,412	\$ 13,655,774	\$ 12,454,136	\$ 12,003,338	\$ 12,159,749	
11,224,627	12,124,320	12,091,853	11,773,055	13,118,501	
10,103,893	11,107,380	13,339,626	13,420,833	8,729,183	
-	257,754	187,580	116,827	-	
21,819,741	21,322,603	19,144,184	20,561,887	20,298,268	
1,928,209	2,545,258	1,657,571	1,768,773	1,793,644	
920,117	690,877	681,727	894,537	728,832	
1,623,210	1,589,026	1,810,697	1,660,163	1,628,504	
-	3,800	115,240	217,807	352,710	
-	-	-	-	-	
1,994,898	1,133,905	664,806	885,952	585,517	
-	259,407	282,963	303,523	330,466	
3,290,650	3,433,300	5,273,300	5,430,950	3,618,600	
2,647,964	2,527,365	2,326,427	2,230,621	2,026,341	
-	-	29,550	22,860	-	
4,350	2,915	1,671	5,175	2,313	
<u>\$ 68,507,071</u>	<u>\$ 70,653,684</u>	<u>\$ 70,061,331</u>	<u>\$ 71,296,301</u>	<u>\$ 65,372,628</u>	
\$ 777,951	\$ 2,795,319	\$ (1,629,809)	\$ 1,554,854	\$ 4,429,522	

\$ 11,954	\$ 1,622,955	\$ 1,092,184	\$ 1,562,546	\$ 3,004,178
(11,954)	(1,472,955)	(1,092,184)	(1,712,546)	(3,254,178)
-	-	1,138,902	-	-
-	-	2,221,098	1,770,000	-
-	-	49,428	-	-
-	-	-	(15,929)	-
14,604	2,533	29,799	51,976	44,312
-	50,025	36,996	-	-
<u>\$ 14,604</u>	<u>\$ 202,558</u>	<u>\$ 3,476,223</u>	<u>\$ 1,656,047</u>	<u>\$ (205,688)</u>
<u>\$ 792,555</u>	<u>\$ 2,997,877</u>	<u>\$ 1,846,414</u>	<u>\$ 3,210,901</u>	<u>\$ 4,223,834</u>

10.6% 9.7% 12.8% 12.6% 9.2%

(Unaudited)

**Crow Wing County, Minnesota**

**Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years**

<b>Assessment Year Ended December 31</b>	<b>Payable Year Ended December 31</b>	<b>Residential Homestead Property</b>	<b>Residential Non - Homestead Property</b>	<b>Commercial Industrial Property</b>	<b>Agricultural Property</b>	<b>Commercial Residential Seasonal/Rec. Property</b>	<b>Other Property</b>
2000	2001	\$ 21,255,309 37.71%	2,459,763 4.36	12,299,758 21.82	1,853,018 3.29	18,225,660 32.34	1,528 0.00
2001	2002	\$ 19,326,646 40.73%	2,416,299 5.09	8,927,707 18.82	1,881,687 3.97	15,037,422 31.69	- -
2002	2003	\$ 22,228,764 41.06%	2,657,664 4.91	10,195,539 18.83	2,278,057 4.21	16,886,230 31.19	200,616 0.37
2003	2004	\$ 25,483,533 40.78%	3,314,837 5.30	11,845,089 18.95	2,556,000 4.09	19,625,487 31.40	277,642 0.44
2004	2005	\$ 29,824,465 41.04%	4,167,052 5.73	12,925,106 17.79	2,915,662 4.01	23,503,851 32.35	52,928 0.07
2005	2006	\$ 34,237,468 40.53%	4,933,460 5.84	14,579,399 17.26	3,396,866 4.02	27,841,133 32.95	213,399 0.25
2006	2007	\$ 39,037,994 39.77%	5,962,523 6.07	16,473,487 16.78	3,912,807 3.99	33,269,446 33.90	258,162 0.26
2007	2008	\$ 43,991,499 39.05%	6,808,851 6.04	17,913,024 15.90	4,589,712 4.07	39,803,512 35.34	281,501 0.25
2008	2009	\$ 46,591,700 37.78%	7,565,931 6.14	18,049,019 14.64	5,089,194 4.13	46,460,002 37.68	282,973 0.23
2009	2010	\$ 47,776,496 36.80%	7,995,948 6.16	18,388,161 14.16	5,729,136 4.41	50,522,580 38.91	271,191 0.21
2010	2011	\$ 44,123,956 33.99%	7,365,485 5.67	17,118,660 13.19	7,165,335 5.52	45,008,661 34.67	251,534 0.19

Property estimated market value is for the assessment year indicated.

Applicable taxes are collectible in the subsequent year.

Total direct tax rate shown is for the payable year.

(Unaudited)

<b>Personal Property</b>	<b>Less: Tax Incremented Financing</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
1,127,969 2.00	860,634 (1.53)	\$ 56,362,371 100.00%	29.700%	\$ 3,875,494,100	1.454%
670,143 1.41	811,798 (1.71)	\$ 47,448,106 100.00%	39.224%	\$ 4,365,777,950	1.087%
680,604 1.26	990,387 (1.83)	\$ 54,137,087 100.00%	36.160%	\$ 5,005,521,850	1.082%
709,727 1.14	1,320,141 (2.11)	\$ 62,492,174 100.00%	33.457%	\$ 5,787,033,750	1.080%
754,496 1.04	1,478,434 (2.03)	\$ 72,665,126 100.00%	38.717%	\$ 6,754,573,830	1.076%
806,671 0.95	1,524,267 (1.80)	\$ 84,484,129 100.00%	37.275%	\$ 7,838,204,800	1.078%
829,133 0.84	1,589,950 (1.62)	\$ 98,153,602 100.00%	34.001%	\$ 9,068,693,000	1.082%
841,746 0.75	1,588,915 (1.62)	\$ 112,640,930 100.00%	30.499%	\$ 10,393,020,600	1.084%
829,288 0.67	1,558,076 (1.26)	\$ 123,310,031 100.00%	28.568%	\$ 11,434,134,100	1.078%
939,529 0.72	1,790,113 (1.37)	\$ 129,832,928 100.00%	28.029%	\$ 12,018,042,400	1.080%
1,040,146 0.80	1,576,387 (1.20)	\$ 120,497,390 100.00%	29.785%	\$ 11,189,135,100	1.077%

(Unaudited)

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

	Year Taxes Are Payable									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>County Direct Rates</b>										
General revenue	18.874 %	18.000 %	17.208 %	18.298 %	18.911 %	17.113 %	15.229 %	13.938 %	13.468 %	14.515 %
Road and bridge	4.972	4.362	3.888	3.357	3.084	2.791	2.911	3.022	3.081	3.357
Community services	11.647	10.219	9.248	8.235	7.678	7.246	6.367	6.147	6.375	6.595
Building	0.808	0.564	-	-	-	-	-	-	-	-
Bonded debt	2.031	1.732	2.083	7.912	6.776	6.096	5.311	4.822	4.510	4.674
Transit system	-	0.295	0.128	0.089	0.065	0.055	0.042	0.045	0.028	0.030
Airport bonds	-	0.213	0.189	0.159	0.137	0.119	0.103	0.094	0.087	0.101
Library	0.892	0.775	0.713	0.667	0.624	0.581	0.536	0.500	0.480	0.513
Total direct rate	39.224 %	36.160 %	33.457 %	38.717 %	37.275 %	34.001 %	30.499 %	28.568 %	28.029 %	29.785 %
<b>Cities</b>										
Baxter	41.054 %	37.658 %	39.042 %	40.304 %	40.555 %	41.245 %	41.043 %	42.175 %	43.975 %	48.422 %
Brainerd	33.290	37.299	41.902	42.756	42.763	42.689	44.649	44.487	45.839	48.003
Breezy Point	54.749	57.114	55.493	46.996	41.422	32.182	31.405	32.968	33.137	33.895
Crosby	110.105	117.883	111.080	116.095	114.915	114.471	102.139	99.019	99.464	102.835
Crosslake	30.383	30.731	29.098	26.997	24.928	22.093	19.629	18.272	17.516	19.496
Cuyuna	52.256	59.767	52.031	47.009	50.544	43.730	37.341	34.738	33.680	37.081
Deerwood	78.558	94.073	82.069	72.696	75.194	84.007	74.138	69.664	70.807	74.769
Emily	49.875	47.144	42.255	34.856	32.944	28.208	28.479	27.815	25.747	27.813
Fifty Lakes	33.446	32.850	31.053	30.867	31.725	28.981	24.113	21.252	19.639	21.635
Fort Ripley	24.090	20.150	17.641	19.205	18.267	18.497	21.158	22.213	20.665	21.830
Garrison	42.011	46.313	47.588	45.405	42.345	52.298	61.296	52.410	55.249	60.063
Ironton	119.812	125.001	120.010	110.319	104.295	106.172	113.569	105.835	109.463	117.350
Jenkins	60.431	50.403	66.368	64.169	61.521	60.539	49.313	48.755	48.620	49.007
Manhattan Beach	16.189	19.808	16.291	13.870	11.841	14.334	27.924	27.619	23.781	26.365
Nisswa	37.155	34.395	31.100	31.862	26.186	24.598	22.604	20.944	21.253	23.421
Pequot Lakes	78.588	72.183	75.479	79.161	81.083	72.641	66.718	65.014	67.190	69.311
Riverton	73.388	63.341	79.812	73.791	69.977	51.959	51.736	51.096	48.660	47.316
Trommald	54.267	52.755	44.879	44.028	38.632	35.155	32.208	30.625	30.074	31.137
<b>Townships</b>										
Bay Lake fire district 1	8.306	9.250	8.275	8.303	7.536	6.462	6.519	6.117	5.340	5.404
Bay Lake fire district 2	8.807	10.369	8.920	8.717	7.789	6.671	6.740	6.148	5.398	5.863
Center	17.034	20.630	19.434	18.753	17.999	19.280	16.471	14.414	13.398	13.994
Crow Wing	37.552	38.002	34.634	31.243	35.313	38.053	46.934	28.073	25.617	20.283
Daggett Brook	35.919	31.742	38.155	32.556	29.252	26.390	23.981	21.844	19.421	20.861
Deerwood	16.205	16.726	14.801	12.771	11.234	9.818	10.852	10.532	10.415	10.990
Fairfield	25.595	23.600	38.628	34.157	29.261	24.839	20.358	17.777	16.638	17.378
Fort Ripley	22.594	22.140	20.593	20.161	18.584	15.990	16.240	25.084	17.386	17.013
Gail Lake	12.011	11.803	11.054	10.143	9.281	8.951	7.816	6.919	6.194	6.464
Garrison	19.019	16.617	20.677	17.641	15.532	13.659	11.843	11.593	10.821	11.655
Ideal	15.072	13.648	11.787	10.123	9.259	8.292	8.164	7.577	7.264	8.171
Irondale	51.662	50.792	49.611	47.153	50.457	48.212	42.688	39.803	38.388	40.816
Jenkins	12.714	11.295	10.387	9.562	9.514	8.822	9.859	10.145	10.688	9.521
Lake Edward	17.839	19.183	16.343	14.078	12.285	10.658	9.083	8.125	7.615	7.836
Little Pine	35.190	32.623	37.162	33.061	26.966	25.899	24.403	24.358	21.725	22.355
Long Lake	19.400	17.206	19.995	15.911	14.903	13.433	11.451	10.691	10.019	12.356
Maple Grove	17.275	15.442	13.857	12.593	12.511	10.539	9.519	8.825	8.176	8.806
Mission	18.835	18.633	15.913	14.153	12.441	11.358	11.419	10.425	11.088	13.594
Nokay Lake	31.900	30.771	29.602	25.938	22.637	26.184	22.125	20.401	19.867	21.626
Oak Lawn	25.412	23.265	21.489	19.695	19.050	17.659	17.483	16.765	16.366	17.402
Pelican	20.992	17.668	14.707	12.188	11.198	9.790	8.672	7.459	7.262	8.674
Perry Lake	14.822	15.421	13.285	11.439	9.289	8.243	7.066	6.493	6.095	7.076
Platte Lake	28.388	24.103	23.186	21.453	20.119	18.641	15.682	14.135	12.506	14.257
Rabbit Lake	26.400	32.864	35.552	32.205	31.027	29.448	26.912	24.203	23.618	26.339
Roosevelt	21.759	21.722	24.768	21.390	20.540	18.420	21.621	21.517	13.369	14.241
Ross Lake fire district 1	12.811	15.928	16.821	13.775	12.265	11.779	7.800 (3)	7.411	7.096	7.456
Ross Lake fire district 2	11.443	12.865	13.270	11.540	10.105	8.896	- (3)	-	-	-
St. Mathias	25.432	32.132	27.405	25.881	25.888	22.161	19.794	22.562	17.122	19.106
Sibley (1)	37.288 (1)	-	-	-	-	-	-	-	-	-
Timothy	11.355	10.220	8.700	10.227	8.656	9.137	7.796	6.957	5.898	6.328
Wolford	31.338	33.766	28.992	23.628	19.828	16.787	13.989	12.093	12.003	12.876
Unorganized - Dean Lake	35.647	34.299	29.330	28.522	20.384	17.071	14.947	12.002	10.640	14.794
Unorganized - 1st Asmnt	10.595	9.762	9.292	9.873	8.963	8.480	7.914	7.679	7.665	8.426
<b>School Districts</b>										
001 - Aitkin	10.333 (2)	3.973	6.778	3.765	5.375	5.235	4.268	3.650	2.727	2.825
181 - Brainerd	22.708 (2)	26.510	24.254	24.324	23.212	22.056	17.875	17.671	20.952	21.820
182 - Crosby	13.070 (2)	25.421	19.812	16.041	12.614	12.350	9.974	8.921	11.360	12.364
186 - Pequot Lakes	17.698 (2)	15.358	13.634	11.962	12.288	9.539	8.944	8.443	8.590	9.261
480 - Onamia	23.132 (2)	22.086	20.008	20.662	17.879	14.126	13.428	12.203	12.412	12.952
482 - Little Falls	17.552 (2)	23.506	16.754	15.345	14.971	14.273	12.373	14.473	14.955	12.060
484 - Pierz	28.703 (2)	28.619	26.041	22.258	22.693	21.953	15.466	15.598	15.857	15.358
2174 - Pine River	15.683 (2)	11.823	5.175	6.975	8.060	6.889	6.312	5.647	4.430	4.544
<b>Special Districts</b>										
Region five	0.215	0.188	0.169	0.150	0.133	0.113	0.102	0.095	0.095	0.106
County HRA	0.127	0.113	0.098	0.083	0.071	0.066	0.057	0.051	0.049	0.053
Cuyuna hospital district	2.538	2.225	1.927	1.643	1.414	1.221	1.044	0.937	0.881	0.938
Thirty lakes watershed	3.913	2.300	2.020	1.603	1.553	1.325	1.326	1.260	1.317	1.191
Brainerd HRA	1.130	1.182	1.195	1.220	1.227	1.220	1.226	1.513	1.554	1.671
Pequot Lakes HRA	1.190	1.255	1.128	1.174	1.302	1.158	1.026	0.972	1.031	1.037
Mille Lacs sewer district	13.321	19.450	17.049	14.601	11.299	9.068	7.616	5.921	4.852	8.719

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

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

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

(Unaudited)

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

<b>Taxpayer</b>	<b>2011</b>			<b>2000</b>		
	<b>Net Tax Capacity Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Net Tax Capacity Value</b>	<b>Net Tax Capacity Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Net Tax Capacity Value</b>
Mills Properties Inc.	\$ 886,722	1	0.67 %	\$ 637,587	1	1.27 %
Minnesota Power and Light	666,036	2	0.51	600,026	2	1.20
Crow Wing Coop Power & Light	496,943	3	0.38			
United Power Assoc.	414,446	4	0.31	154,218	10	0.31
Etoc Co. Inc.	397,483	5	0.30	220,106	7	0.44
Wausau Paper of Minnesota	376,554	6	0.29			
Northern States Power Co.	320,670	7	0.24	432,279	3	0.86
Potlatch Lake States Timberland	270,265	8	0.21			
LNBH LLC (Ruttger's Bay Lake)	268,594	9	0.20			
KTJ Limited Partnership	261,668	10	0.20			
Developers Diversified Realty				298,642	4	0.60
Potlatch Forest Holdings				278,847	5	0.56
Mills Holding Co. of MN				220,846	6	0.44
Trus Joist MacMillan				181,939	8	0.36
Whitebirch Inc.				166,924	9	0.33
<b>Total</b>	<b>\$ 4,359,381</b>		<b>3.31 %</b>	<b>\$ 3,191,414</b>		<b>6.37 %</b>

(Unaudited)

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

Fiscal Year Ended <b>December 31</b>	Taxes Levied for the <b>Fiscal Year</b>	Collected within the <b>Fiscal Year of the Levy</b>			Collections in Subsequent Years		Total Collections to Date		
		<b>Amount</b>	<b>Percentage of Levy</b>				<b>Amount</b>	<b>Percentage of Levy</b>	
2002	\$ 16,233,260	\$ 15,930,809	98.14 %	\$ 291,178		\$ 16,221,987	99.93 %		
2003	17,277,388	16,980,696	98.28	284,008		17,264,704	99.93		
2004	18,645,664	18,343,133	98.38	279,748		18,622,881	99.88		
2005	25,566,741	25,141,178	98.34	395,874		25,537,052	99.88		
2006	28,875,200	28,343,338	98.16	527,736		28,871,074	99.99		
2007	30,782,356	30,132,930	97.89	600,603		30,733,533	99.84		
2008	31,899,594	30,994,026	97.16	771,089		31,765,115	99.58		
2009	33,013,122	31,836,927	96.44	984,515		32,821,442	99.42		
2010	34,156,201	33,063,192	96.80	692,240		33,755,432	98.83		
2011	33,537,939	32,694,209	97.48	-		32,694,209	97.48		

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

(Unaudited)

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>			
	<b>General Obligation Bonds</b>	<b>Certificates of Participation</b>	<b>Lease Payable to Component Unit</b>	<b>Capital Lease</b>
2001	\$ 1,485,000	\$ 410,000	\$ 4,460,000	\$ 27,500
2002	3,515,000	350,000	3,930,000	27,500
2003	5,445,000	285,000	3,650,000	-
2004	55,800,000	220,000	3,355,000	-
2005	54,900,000	150,000	3,050,000	1,582,050
2006	55,335,000	75,000	2,730,000	1,529,050
2007	52,510,000	-	2,395,000	1,473,400
2008	49,485,000	-	2,045,000	1,415,100
2009	49,675,000	-	-	1,356,800
2010	46,075,000	-	-	1,295,850
2011	42,520,000	-	-	1,232,250

(1) Personal income data for 2011 is unavailable at this time.

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

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

(Unaudited)

<b>Business Activities</b>		<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
<b>General Obligation Bonds</b>				
\$	-	\$ 6,382,500	0.46 %	\$ 114
	-	7,822,500	0.54	137
	-	9,380,000	0.62	161
	-	59,375,000	3.70	1,007
	-	59,682,050	3.62	999
	-	59,669,050	3.35	982
	-	56,378,400	2.99	915
	-	52,945,100	2.71	849
	-	51,031,800	2.60	814
	-	47,370,850	2.36	758
	-	43,752,250	- (1)	697

(Unaudited)

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

<b><u>General Bonded Debt Outstanding</u></b>			<b>Percentage of Actual Taxable Value of Property</b>			
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Total</b>			<b>Per Capita</b>	
2001	\$ 1,485,000	\$ 1,485,000	0.26	%	\$ 26.45	
2002	3,515,000	3,515,000	0.74		61.46	
2003	5,445,000	5,445,000	1.01		93.61	
2004	55,800,000	55,800,000	8.93		946.50	
2005	54,900,000	54,900,000	7.56		919.14	
2006	55,335,000	55,335,000	6.55		910.59	
2007	52,510,000	52,510,000	5.35		852.34	
2008	49,485,000	49,485,000	4.39		793.73	
2009	49,675,000	49,675,000	4.03		791.97	
2010	46,075,000	46,075,000	3.55		737.20	
2011	42,520,000	42,520,000	3.53		677.47	

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

(Unaudited)

**Crow Wing County, Minnesota**

**Direct, Underlying and Overlapping Governmental Activities Debt**

**As of December 31, 2011**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Direct debt</b>			
Crow Wing County	\$ 42,520,000	100.000 %	\$ 42,520,000
<b>Underlying debt</b>			
Cities	\$ 90,174,212	100.000 %	\$ 90,174,212
Townships	1,388,737	100.000 %	1,388,737
Miscellaneous (HRA's, hospital)	36,074,386	100.000 %	36,074,386
Total underlying debt	\$ 127,637,335		\$ 127,637,335
<b>Overlapping debt</b>			
School district 181 - Brainerd	\$ 79,885,000	86.191 %	\$ 68,853,680
School district 182 - Crosby	33,870,000	99.997 %	33,868,984
School district 186 - Pequot Lakes	44,665,000	96.124 %	42,933,785
School district 480 - Onamia	766,000	21.205 %	162,430
School district 482 - Little Falls	12,775,000	0.040 %	5,110
School district 484 - Pierz	1,475,000	0.458 %	6,756
School district 2174 - Pine River	1,987,939	44.434 %	883,321
Total overlapping debt	\$ 175,423,939		\$ 146,714,065
<b>Total debt</b>	<b>\$ 345,581,274</b>		<b>\$ 316,871,400</b>

(Unaudited)

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

	<b>Fiscal Year</b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Market value of taxable property	\$ 4,365,777,950	\$ 5,005,521,850	\$ 5,787,033,750	\$ 6,754,573,830	\$ 7,838,204,800
Debt limit (2% of market value) (3% after 2007)	\$ 87,315,559	\$ 100,110,437	\$ 115,740,675	\$ 135,091,477	\$ 156,764,096
Debt applicable to limit:					
General obligation bonds	\$ 4,945,000	\$ 6,630,000	\$ 56,785,000	\$ 55,675,000	\$ 55,890,000
Less: Amount set aside for repayment of general obligation debt	<u>(1,066,665)</u>	<u>(1,083,007)</u>	<u>(1,015,246)</u>	<u>(2,632,350)</u>	<u>(4,424,342)</u>
Total net debt applicable to limit	<u>\$ 3,878,335</u>	<u>\$ 5,546,993</u>	<u>\$ 55,769,754</u>	<u>\$ 53,042,650</u>	<u>\$ 51,465,658</u>
Legal debt margin	<u><b>\$ 83,437,224</b></u>	<u><b>\$ 94,563,444</b></u>	<u><b>\$ 59,970,921</b></u>	<u><b>\$ 82,048,827</b></u>	<u><b>\$ 105,298,438</b></u>
Total net debt applicable to the limit as a percentage of the debt limit	4.44%	5.54%	48.19%	39.26%	32.83%

(Unaudited)

Fiscal Year					
<u>2007</u>		<u>2008</u>		<u>2009</u>	
\$	9,068,693,000	\$	10,393,020,600	\$	11,434,134,100
\$	272,060,790	\$	311,790,618	\$	343,024,023
\$	52,835,000	\$	49,570,000	\$	49,675,000
	(4,727,620)		(5,794,287)		(5,607,028)
\$	48,107,380	\$	43,775,713	\$	44,067,972
\$	<u>223,953,410</u>	\$	<u>268,014,905</u>	\$	<u>298,956,051</u>
				\$	<u>320,271,698</u>
				\$	<u>299,172,379</u>

17.68%

14.04%

12.85%

11.17%

10.87%

(Unaudited)

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

<b>Year</b>	<b>(1) Population</b>	<b>(1) Personal Income</b>	<b>(1) Per Capita Personal Income</b>	<b>(1) Annual Average Labor Force</b>	<b>(3) School Enrollment</b>	<b>(2) Unemployment Rate</b>
2002	57,191	\$ 1,453,730,000	\$ 25,419	31,175	10,147	5.3 %
2003	58,168	1,506,917,000	25,906	31,628	10,321	5.7
2004	58,954	1,605,616,000	27,235	31,909	10,235	5.3
2005	59,730	1,650,074,000	27,626	32,088	10,172	5.0
2006	60,768	1,779,232,000	29,279	32,371	10,150	5.0
2007	61,607	1,883,243,000	30,569	32,773	10,171	5.8
2008	62,345	1,951,189,000	31,297	32,895	10,120	6.9
2009	62,723	1,966,323,000	31,349	33,732	9,753	10.0
2010	62,500	2,011,446,000	32,130	32,728	9,652	8.9
2011	62,763	- (4)	- (4)	34,140	9,466	8.2

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

(2) Minnesota Department of Employment and Economic Development

(3) Minnesota Department of Education

(4) Not available at this time

(Unaudited)

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

<b>Taxpayer</b>	<b>2010</b>			<b>2000</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Independent School District 181	1,730	1	5.3 %	880	1	3.0 %
St. Joseph's Medical Center	1,250	2	3.8	800	2	2.8
Cuyuna Regional Medical Center	700	3	2.1	450	7	1.5
Grand View Lodge Resort & Spa (1)	550	4	1.7			
Wal-Mart Supercenter	454	5	1.4			
Ascensus (2)	450	6	1.4	350	8	1.2
Crow Wing County	450	7	1.4	503	5	1.7
Madden's Inc. (1)	418	8	1.3	500	6	1.7
Central Lakes Community College	304	9	0.9	304	10	1.0
Mills Fleet Farm	276	10	0.8			
Potlach Corporation				720	3	2.5
Brainerd Regional Human Services Ctr.				643	4	2.2
Ruttger's Bay Lake Lodge (1)				350	9	1.2
Total	<b><u>6,582</u></b>		<b><u>20.1 %</u></b>	<b><u>5,500</u></b>		<b><u>18.8 %</u></b>

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

(1) Employee numbers indicate seasonal peak.

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

(Unaudited)

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

Function/Program	Full-Time Equivalent Employees									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	116.9	113.7	112.0	115.1	121.6	124.8	121.4	111.7	100.6	94.2
Public safety	94.6	89.1	93.6	101.0	107.9	119.6	125.7	127.0	121.8	119.6
Highways and streets	44.5	41.3	41.5	39.7	39.5	38.8	37.3	36.2	39.2	38.2
Community services	153.5	154.5	155.5	156.2	158.8	161.8	162.4	153.9	149.7	148.3
Culture and recreation	2.3	3.0	3.5	3.6	4.0	2.6	0.8	0.5	0.3	0.3
Conservation of natural resources	9.5	7.7	6.6	6.9	7.3	6.6	6.9	6.6	6.6	6.6
Solid waste enterprise fund	1.3	1.3	1.3	1.1	1.2	1.3	1.3	1.3	2.0	2.0
Total Full-Time Equivalents	<u>422.6</u>	<u>410.6</u>	<u>414.0</u>	<u>423.6</u>	<u>440.3</u>	<u>455.5</u>	<u>455.8</u>	<u>437.2</u>	<u>420.2</u>	<u>409.2</u>

(Unaudited)

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

Function/Program	Fiscal Year				
	2002	2003	2004	2005	2006
<b>General Government</b>					
Auditor-Treasurer					
Birth Certificates	3,711	3,508	3,643	4,098	4,329
Marriage Licenses	484	438	468	463	484
Marriage Certificates	235	289	330	299	316
Notary Registrations	89	96	114	550	119
Passports	1,102	960	1,126	1,829	2,997
Environmental Services					
Township Permits Issued (All Types)	2,706	2,598	2,701	2,522	1,421
Information Systems					
Computers Purchased	126	112	42	108	125
Telephones Purchased	N/A	N/A	19	260	192
Work Orders Completed	N/A	1,253	1,916	3,447	3,670
Property Valuation & Classification					
Number of Parcels	N/A	N/A	N/A	N/A	N/A
Number of Improved Parcels	N/A	37,616	37,964	38,268	38,686
Number of Personal Property Parcels	N/A	1,498	1,513	1,523	1,605
Number of Exempt Parcels	N/A	11,727	12,202	12,202	12,202
All Property Notices Printed (Except Exempt)	N/A	70,453	70,747	71,699	72,372
Recorder					
Abstract Documents	25,173	28,937	23,973	22,574	20,411
Torrens Documents	7,390	8,517	7,316	7,376	6,161
Warranty Deeds	3,845	3,982	3,976	3,907	3,141
Foreclosures	60	63	68	101	142
<b>Public Safety</b>					
Sheriff					
Part I Crimes	N/A	N/A	N/A	N/A	N/A
Part II Crimes	N/A	N/A	N/A	N/A	N/A
Non Reportable Crimes/Incidents	N/A	N/A	N/A	N/A	N/A
Dispatch					
911 Emergency Calls	N/A	N/A	N/A	N/A	N/A
Jail					
Average Monthly Bookings	N/A	N/A	N/A	N/A	N/A
Average Monthly Inmate Population	N/A	N/A	N/A	N/A	N/A
<b>Highways and Streets</b>					
Miles of Overlay	28	42	32	19	10
Miles of Construction	9	12	9	17	5
Tons of Crushing	-	55,000	90,000	40,000	-
Miles of Crack sealing	N/A	N/A	N/A	3	3
<b>Community Services</b>					
Health					
Home Health Visits	6,062	5,344	5,442	5,734	5,001
Family Health Contacts	8,095	8,674	9,386	9,230	8,928
Health Promotion Contacts	2,332	2,782	3,670	3,558	1,384
Disease Prevention & Control Immunizations	N/A	N/A	N/A	N/A	N/A
Community Screenings	N/A	N/A	N/A	N/A	N/A
Human Services					
Children In/Out of Home Placement	245	229	237	249	204
Persons Receiving DD Waivered Services	165	163	157	158	157
Child Support Cases	3,253	3,313	3,262	3,393	3,431
Financial Assistance Cases	3,816	3,715	3,980	4,020	4,100
<b>Conservation of Natural Resources</b>					
SCORE					
SCORE Funded Residential Recycling (Ton)	2,005	2,164	2,721	2,934	3,142
Commercial Recycling (Ton)	31,182	31,809	37,878	43,088	44,916
SCORE - Problem Material Management					
Hazardous Waste (Ton)	39	40	40	41	46
Electronics (Ton)	10	11	83	131	134
Tires (Each)	10,221	8,536	10,138	9,777	9,197
White Goods (Each)	4,457	4,306	4,793	4,686	4,624
Used Oil (Gallon)	8,590	18,060	26,077	35,991	36,185
Mattresses Recycled (Each)	N/A	N/A	N/A	N/A	768
<b>Sanitation</b>					
Solid Waste					
Municipal Solid Waste Land filled SW376 (Ton)	41,832	42,151	41,981	43,129	40,477
Industrial Waste Land filled SW376 (Ton)	1,031	3,914	6,736	8,727	6,795
Demolition Waste Land filled SW440 (Cu Yd)	22,095	30,455	25,361	21,480	20,386

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

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

(3) Program ended in 2009

(Unaudited)

Fiscal Year				
2007	2008	2009	2010	2011
4,472	3,463	3,398	2,906	2,442
469	414	441	433	411
250	232	241	330	370
113	140	143	397	133
3,318	1,659	1,756	1,400	1,003
1,174	846	759	772	
114	107	98	103	88
164	3	4	49	19
4,487	5,443	5,558	5,810	4,160
N/A	N/A	81,806	81,172	81,724
39,475	N/A	41,371	41,863	41,882
1,643	1,647	1,419	1,408	1,465
12,202	12,202	9,708	9,053	8,052
72,934	73,152	73,441	73,561	73,569
18,987	16,282	17,419	16,106	14,454
5,708	5,143	5,480	5,363	9,961
2,605	1,848	2,013	1,757	1,672
231	356	351	388	369
464 (1)	523	445	476	614
824 (1)	872	892	803	879
9,369 (1)	12,569	16,690	16,752	19,610
25,579	27,760	30,148	31,197	31,684
324 (2)	328	308	285	277
144 (2)	160	134	135	128
26	15	8	8	6
1	3	6	5	6
58,500	-	-	40,000	-
N/A	13	10	40	49
4,265	3,468	N/A (3)	N/A	N/A
9,342	8,879	9,328	9,432	9,127
3,843	4,090	14,547	17,603	15,069
N/A	N/A	12,417	4,054	3,074
N/A	N/A	705	267	51
220	244	237	227	222
153	155	157	158	159
3,542	3,512	3,604	3,643	3,672
4,372	4,768	5,331	5,623	6,598
3,650	4,066	4,696	4,781	4,679
45,097	35,453	23,051	23,568	23,896
44	48	41	51	50
162	137	146	152	152
11,660	8,709	6,984	7,145	8,461
4,434	3,949	4,077	3,801	3,131
32,748	39,070	36,424	39,890	34,409
2,467	2,304	2,251	2,383	2,286
39,625	36,912	35,545	35,557	35,933
5,875	5,915	3,856	4,295	4,421
13,959	16,950	14,055	13,124	13,880

(Unaudited)

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

Function/Program	Fiscal Year				
	2002	2003	2004	2005	2006
General Government					
Courthouse	1	1	1	1	1
Judicial Center	N/A	N/A	N/A	N/A	N/A
Motor Pool Vehicles	N/A	3	6	6	7
Public Safety					
Vehicles	69	73	77	80	82
Jails	2	2	2	2	2
Emergency Operations Center	1	1	1	1	1
Highways and Streets					
Vehicles	74	76	78	77	77
Graders, Loaders and Heavy Trucks	28	30	32	31	31
Miles of County Roads	181	180	180	180	180
Miles of County State Aid Highways	378	378	378	378	380
Garage and Storage Buildings	13	14	13	9	12
Sanitation					
Demolition Landfills	2	2	2	2	2
Human Services					
Office Buildings	1	1	1	1	1
Culture and Recreation					
Parks	N/A	4	4	4	4
Accesses	17	17	17	17	17
Recreational Trails	N/A	2	2	2	2

(Unaudited)

<b>Fiscal Year</b>				
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
1	1	1	1	1
1	1	1	1	1
7	-	-	-	-
83	82	89	84	84
1	1	1	1	1
1	1	1	1	1
77	70	70	71	67
31	31	31	32	32
182	182	182	182	182
380	380	380	380	380
12	12	12	12	11
2	2	2	2	2
1	1	1	1	1
4	4	4	4	4
17	17	17	17	17
2	2	2	2	2

(Unaudited)