

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**CROW WING COUNTY, MINNESOTA**

**For The Year Ended December 31, 2012**

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*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, 2012**

Prepared By:

The Auditor-Treasurer's Office Financial Services Staff

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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BRAINERD, MINNESOTA**

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BRAINERD, MINNESOTA**

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# Office of the County Auditor-Treasurer

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## Laureen E. Borden

## CROW WING COUNTY

DATE: September 13, 2013

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

**Subject: 2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

The Comprehensive Annual Financial Report (CAFR) of Crow Wing County is submitted for the fiscal year ending December 31, 2012. 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 unmodified ("clean") opinion on the Crow Wing County financial statements for the year ending December 31, 2012. 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 2012 estimated population was 62,882 residents. The county seat is the City of Brainerd. The City of Brainerd is the largest community in the County with a population of 13,606 residents in 2011, 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, attorney, human services, recreational, maintenance of property records, vital statistics, issuance of various permits and licenses, administration of property tax assessment and collection, and the distribution of local governments' property taxes within the County.

## **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, 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 tourists and seasonal residents are taken into consideration. In Crow Wing County alone, leisure and hospitality industries brought in more than \$195 million in gross sales in 2011, the most recent year data is available. This is a 6.4 percent increase in gross sales when compared to 2010.

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 and canoeing, 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. Over 25 miles of the Cuyuna Mountain Bike Trail System are 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 2012, 256 leisure and hospitality businesses employed an annual average of 3,782 employees. This was a decrease in 80 jobs over 2011. This decrease was a decline of 2.1 percent over last year. The seasonality of leisure and hospitality businesses creates employment data fluctuations throughout the year. The County also contains a variety of commercial and industrial businesses in such areas as retail and wholesale; 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.

### **Retail & Wholesale**

In 2012, 343 retail trade businesses employed 4,458 employees in Crow Wing County's tourism industry, an increase of 11 jobs, or 0.2 percent, over the previous year. In 2011, an annual average of 487 individuals were employed by 61 wholesale trade businesses. During 2012 wholesaler Costco began and completed construction on a warehouse located in Baxter with plans to employ 175 to 200

workers. Costco opened its doors to the public in October 2012. Through the third quarter of 2012, total employed in the wholesale trade sector increased to 523 employees, an increase of 36 jobs, or 7% over the previous year.

## **Health Care**

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 (MHI) – 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 900 physicians, nurses, health care professionals, and support staff.

In April 2013, the Baxter City Council approved the development and construction of a new CRMC and MHI building in Baxter located on Isle Drive near the Essentia Health – Baxter Clinic. The clinic is part of the MHI at Abbott Northwestern Hospital, a facility of Allina Health. Groundbreaking has begun for the 22,000 sq. ft. clinic. MHI expects to occupy the new building in November 2013 and CRMC-Baxter intends to begin moving into the building in December 2013.

Essentia Health, the major healthcare employer in Central Minnesota, continues to expand its services by opening a new 44,000 sq. ft. Baxter clinic during 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 integrated health system 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 Good Beginnings OB Clinic, St. Joseph's Lakes Urology Clinic, and Essentia Health Convenient Care.

In 2012, 204 Crow Wing County establishments provided 5,525 jobs in the areas of health care and social assistance. This was a decrease in 73 jobs over 2011. This decrease was a decline of 1.3 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 14<sup>th</sup> largest in the state. The largest of these is Independent School District #181, serving Brainerd and surrounding communities with enrollment of approximately 6,800. 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 serves 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 2012, 39 establishments provided 2,221 jobs in the area of educational services. Educational jobs decreased by 68 jobs. This makes up a 3.0 percent decrease when compared to 2011 employment data.

## **Manufacturing**

In 2012, 125 companies employed 2,359 people in a variety of manufacturing arenas, from plastics to precision machining and metal fabrication. This makes up a 0.1 percent increase when compared to 2011 employment data.

Wausau Paper, previously the third-largest manufacturing employer in Crow Wing County, announced February 21, 2013, it will shut down its mill in Brainerd, leaving 130 employees without a job. Paper mills in Minnesota and Wisconsin have sustained operational losses in previous years due to the decrease in paper used for printing and publishing as electronic viewing has increased in popularity.

## **Construction**

The construction industry is one of the largest industries in the region. In 2012, 288 area construction firms employed 1,202 people. In 2012, construction saw a reduction of 270 jobs in Crow Wing County. This makes up an 18.0 percent decrease when compared to 2011 employment data.

## **Financial Services**

The financial services industry is well represented in the region. In 2011, 203 firms provided 1,398 jobs. This makes up a 0.6 percent decrease when compared to 2011 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 (now Swordfish Financial), 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 58,168 residents in 2003 to 62,882 residents in 2012, the total population rank was 15<sup>th</sup> of 87 counties in Minnesota.
- The County's annual average labor force changed from 31,628 workers in 2003 to 33,622 workers in 2012; an increase of 6.3 percent.
- The County's average unemployment rate in 2012 is 7.3 percent. In 2012, the average state and national unemployment rates were 5.6 percent and 8.1 percent, respectively.
- Personal income of residents in Crow Wing County increased from \$2,011,446,000 in 2010 to \$2,111,338,000 in 2011, an increase of 5.0 percent. The 2010-2011 state and national personal income levels increased 5.5 percent and 5.0 percent, respectively.
- In 2011, Crow Wing County had a per capita personal income (PCPI) of \$33,640. Crow Wing County's PCPI rank was 72<sup>nd</sup> of the 87 counties in the state. Crow Wing County was 75.5 percent of the state average of \$44,560, and 80.9 percent of the national average of \$41,560.
- The County's largest property tax payer in 2012 was Mills Properties Inc. Mills Properties Inc. was also the largest property tax payer ten years ago.
- The County's top ten tax payers in 2012 account for 3.9 percent of the total taxable net tax capacity. This is down from the top ten tax payers accounting for 5.1 percent of the total taxable net tax capacity in 2002.

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

The Crow Wing County government took action to reduce costs:

- In 2012, Crow Wing County continued to see economic and in turn operating budget challenges. Between 2008 and 2012, Crow Wing County reduced staffing by 47.1 Full-Time Equivalents (FTEs), representing a workforce reduction of approximately 10 percent.
- Approved a levy decrease of 0.4 percent for taxes payable 2013. The total tax levy increase for the previous six years is 4.7 percent, or approximately 0.8 percent per year.

Crow Wing County released its first annual report to citizens in May 2013, *The 2012 People's Report*. The report detailed the following highlights from 2012:

#### **Protecting Our Communities**

Crow Wing County Drug Court program has a 77% graduation rate, the highest in the state of Minnesota. Drug Court graduates are considerably less likely to reoffend within two and a half years than non-graduates.

County dispatchers handled 90,376 calls during 2012, or nearly 250 calls per day. Of the total calls, 35,176 were 911 calls.

#### **Caring For Our People**

During 2012, Crow Wing County's seven care coordinators and one public health nurse conducted 175 long-term care assessments for seniors. In total, Community Services is assisting 640 seniors in the County.

RSVP, a volunteer-based initiative serving the residents of Crow Wing County, broadcasts volunteer requests to over 1,100 local volunteers to locate help and quickly meet the needs of County residents. These volunteers have donated 119,913 hours of service, which equates to \$2.6 million worth of work to those in need (as calculated by the National Value of Volunteer Time).

### **Loving Our Lakes and Trees**

Crow Wing County worked closely with the DNR and local lake associations during 2012 to help stop the spread of aquatic invasive species. A total of 3,178 boats were inspected during 2012; of these, 12 had aquatic plants or mud attached.

Crow Wing County recycled 12,000 yards of brush, 10,000 yards of compost, and 7,000 tires during 2012, along with other items such as electronics, appliances, and mattresses.

### **Keeping Our Roads Safe**

Coordination between the Crow Wing County Highway, Sheriff's, and Land Services Departments lessened the damage from the June 2012 flooding. County employees worked around the clock to get the flood under control, saving many homes from substantial damage. Cleanup and road repairs totaled \$621,070, of which \$570,500 was reimbursed from the state and federal governments.

### **Striving For Excellence**

Crow Wing County's interactive GIS mapping system, launched at the end of 2011 and accessible through the County's website, received more than 222,000 page views during 2012. Individuals are able to query parcels by number, property address, subdivision plat, lake name, or township/city name, and can view a variety of information, such as aerial views, land permits, and survey and tax records.

In December 2012, the County received the Mississippi River Northwoods Habitat Complex (MRNHC), a 1,988-acre natural area previously owned by Potlatch Corporation and located north of the Brainerd airport, from The Trust for Public Land. Project partners include The Nature Conservancy, Anglers for Habitat, Brainerd Lakes Area Community Foundation, Cuyuna Lakes Trails Association, Delta Waterfowl-Brainerd Chapter, and the Minnesota Department of Natural Resources. The \$11 million dollar deal was funded through the Clean Water, Land and Legacy Amendment (Legacy Amendment) to the Minnesota Constitution, passed by voters in 2008. The project's 2.7 miles of riverfront add to the 6-plus miles of protected natural shoreline along the Mississippi.

Future Crow Wing County Plans:

#### Managing for Results

- Continue the implementation of Managing for Results performance assessment system. This system tracks and measures County performance in key areas against pre-determined goals, and ensure organizational strategies continue to align with organizational goals.

#### 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, including implementing strategies to reduce the spread of Aquatic Invasive Species (AIS), which are critical to the health of the Crow Wing County residents and its tourism industry.

#### Highway

- Continue assessing and improving the Ride Quality Index (RQI) on County roads.

#### **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 2012 fiscal year was:

	<u>Amount</u>	<u>Debt per capita</u>
Gross direct bonded debt	\$37,917,500	\$603

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.

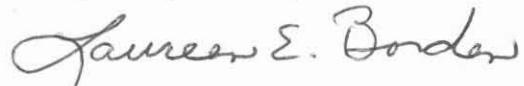
<b><u>Bargaining Unit</u></b>	<b><u>Term of Contract</u></b>	<b><u>Status of Contract</u></b>
AFSCME	2012-2013	Settled
Assistant County Attorney Association	2012-2013	Settled
LELS Local #14 Deputies	2010-2011	Unsettled
LELS Local #13 Dispatchers	2009-2011	Unsettled
LELS Local #16 Correctional Officers	2009-2011	Unsettled
IUOE Local #49 Facilities and Parks	2012-2013	Settled
IUOE Local #49 Highway	2010-2011	Unsettled
Minnesota Nurses Association	2009-2011	Unsettled
Organization of Non-Contract Employees	2012-2013	Settled
Teamsters Local #320 Social Services	2009-2011	Unsettled
Teamsters Local #346 Sheriff's Licensed Supervisory	2012-2013	Settled
Teamsters Local #346 Corrections and Dispatch Supervisory	2012-2013	Settled

**All Contracts begin 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,

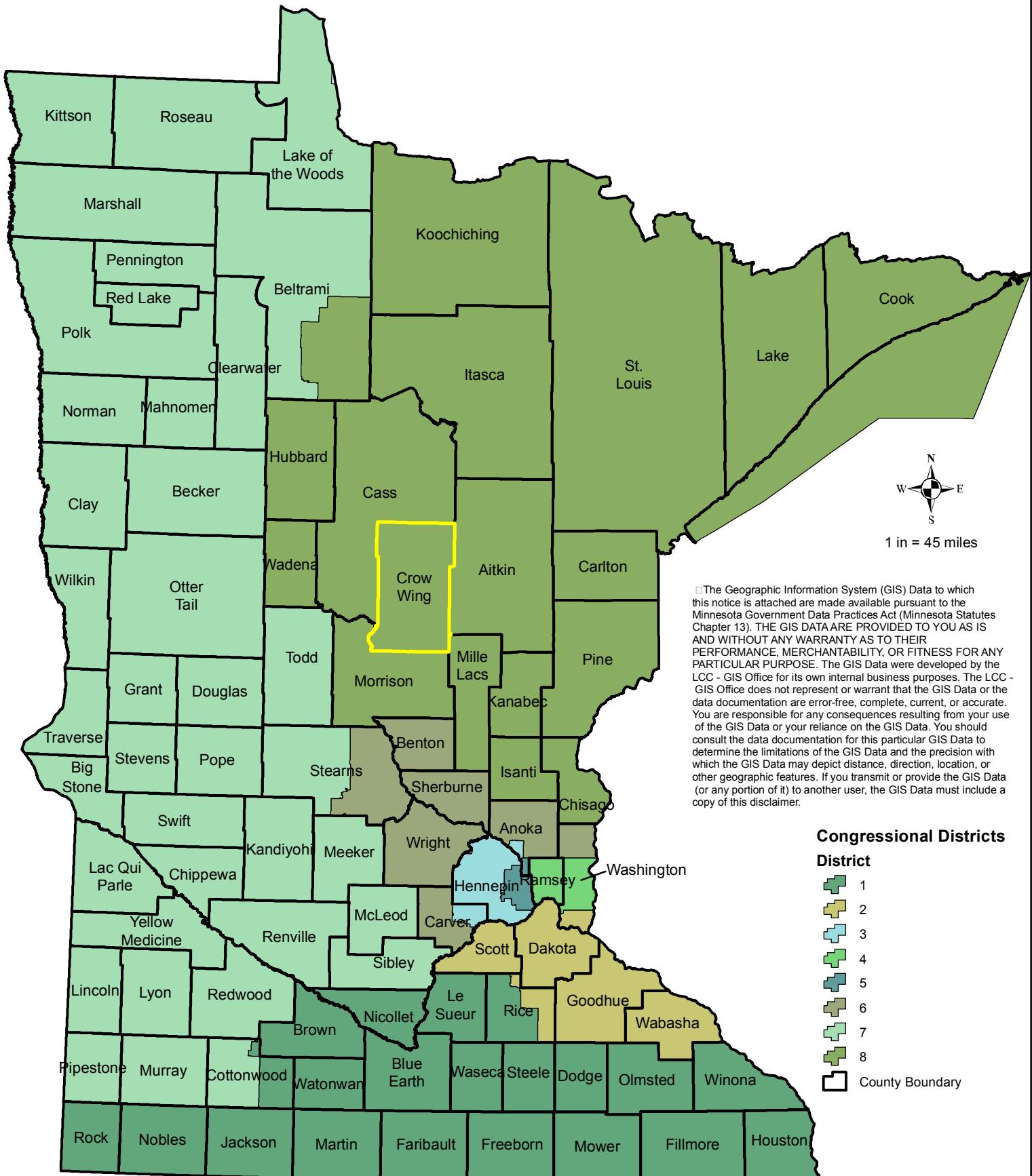


Laureen E. Borden  
County Auditor-Treasurer



Michael J. Carlson  
Accounting and Finance Manager

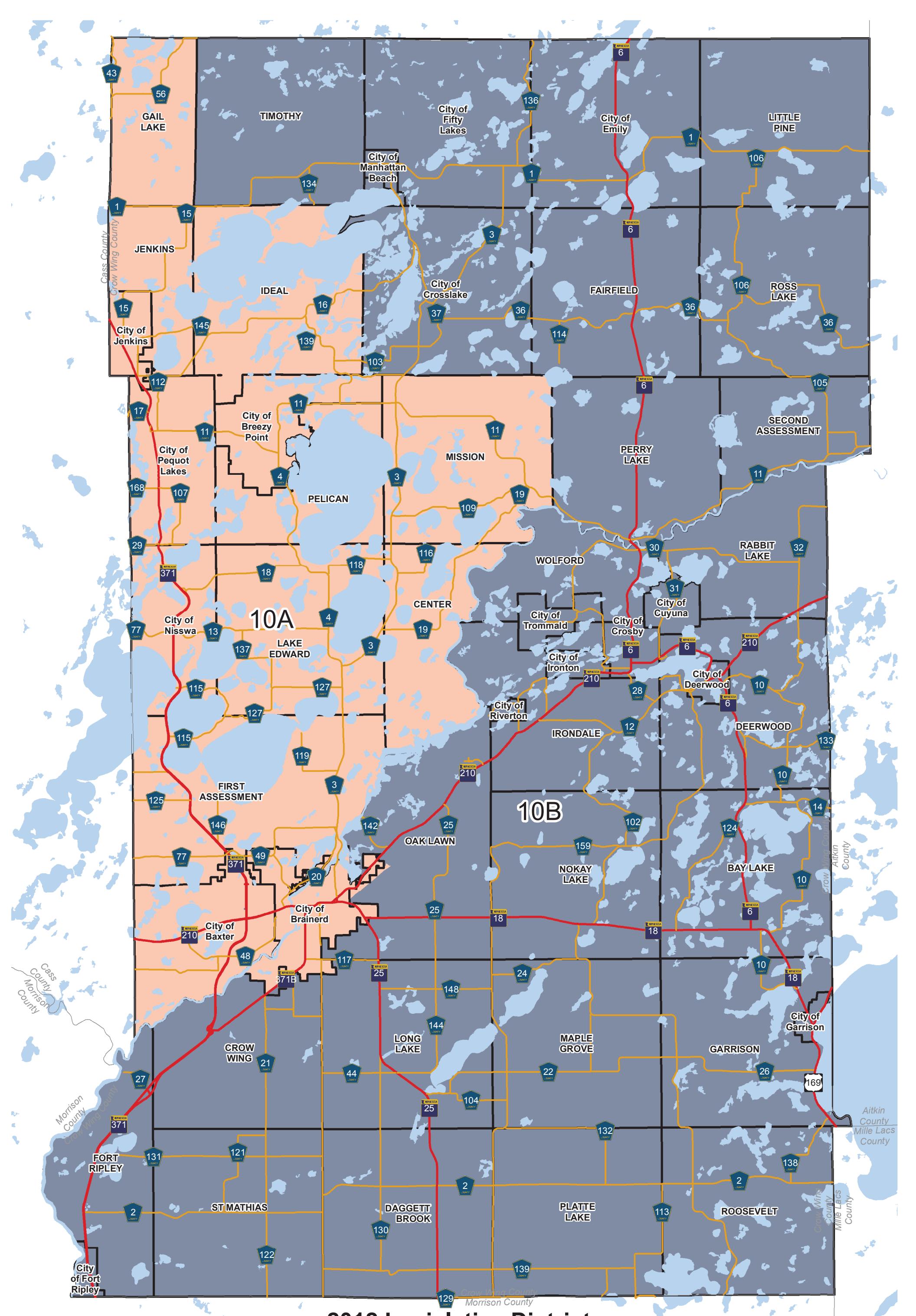
# State of Minnesota Congressional Districts



## Congressional Districts

### District

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- County Boundary



# 2012 Legislative Districts



#### **CROW WING COUNTY**

1

1 in = 3 miles

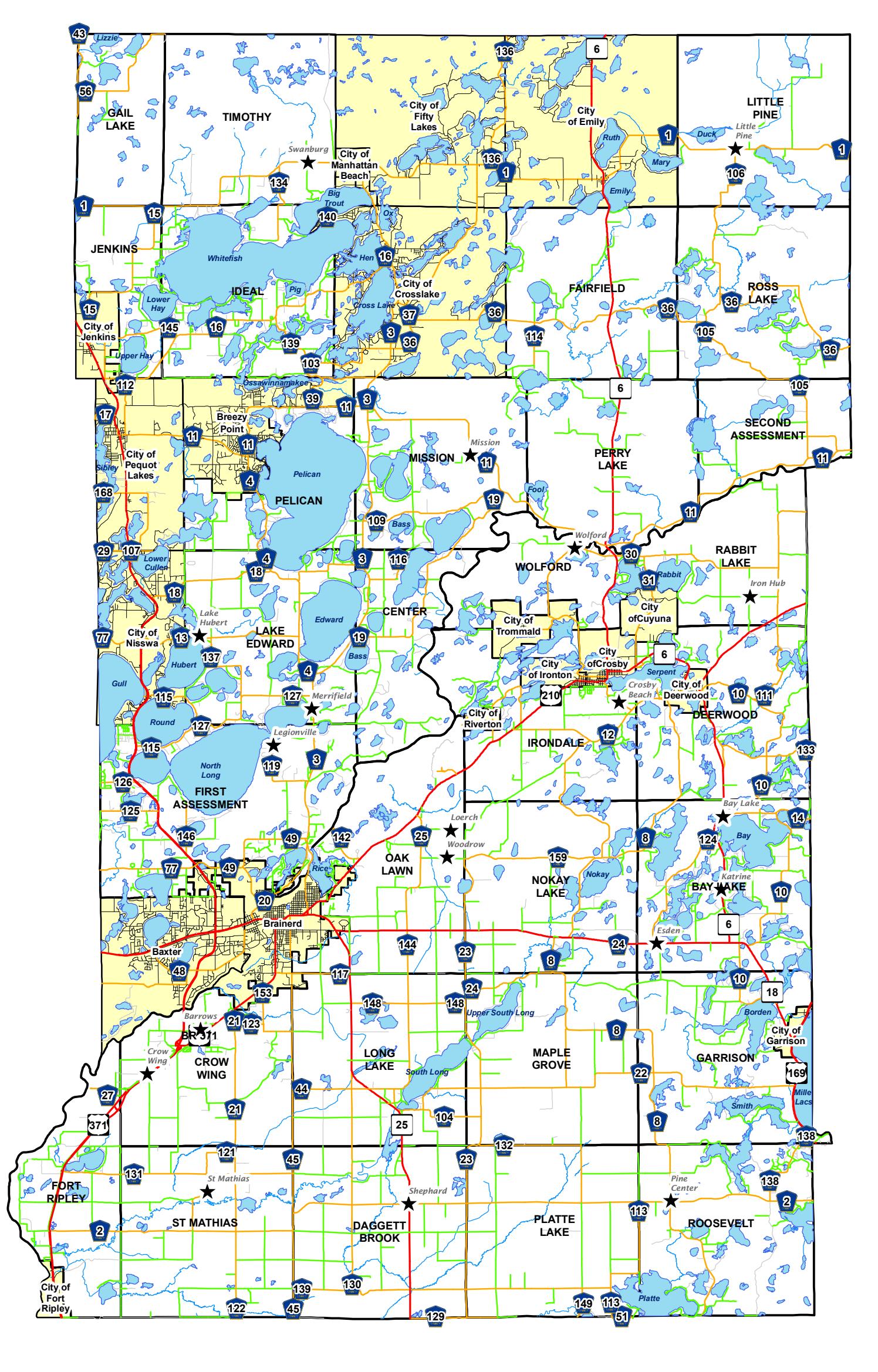
Legislative District  Township/City Boundary

**Legislative District**  Township/City Boundary

8

This data is 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.

particular purpose.

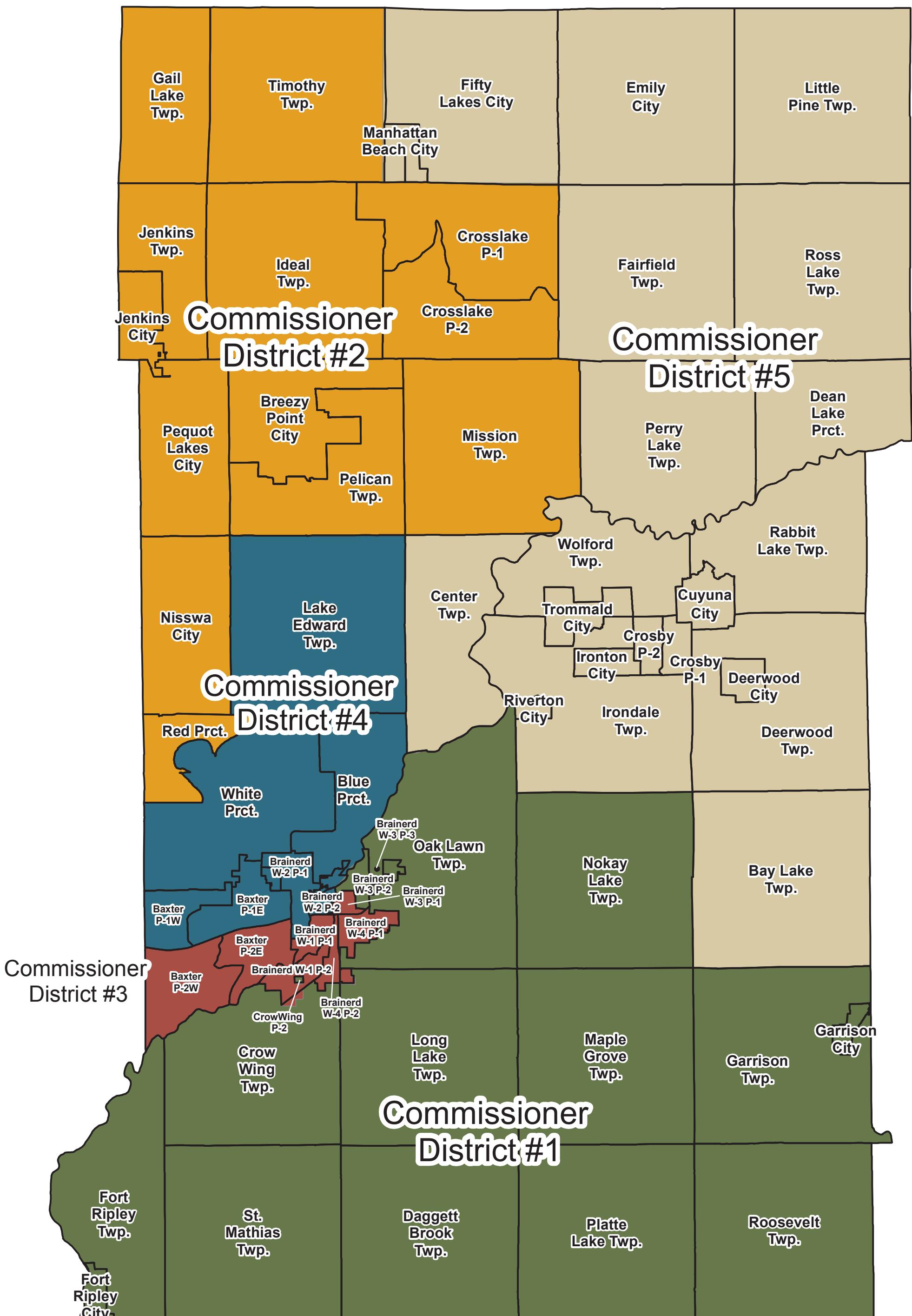


CROW WING COUNTY  
BRAINERD, MN 56401

# 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  
BRAINERD, MINNESOTA**

**ORGANIZATION  
2012**

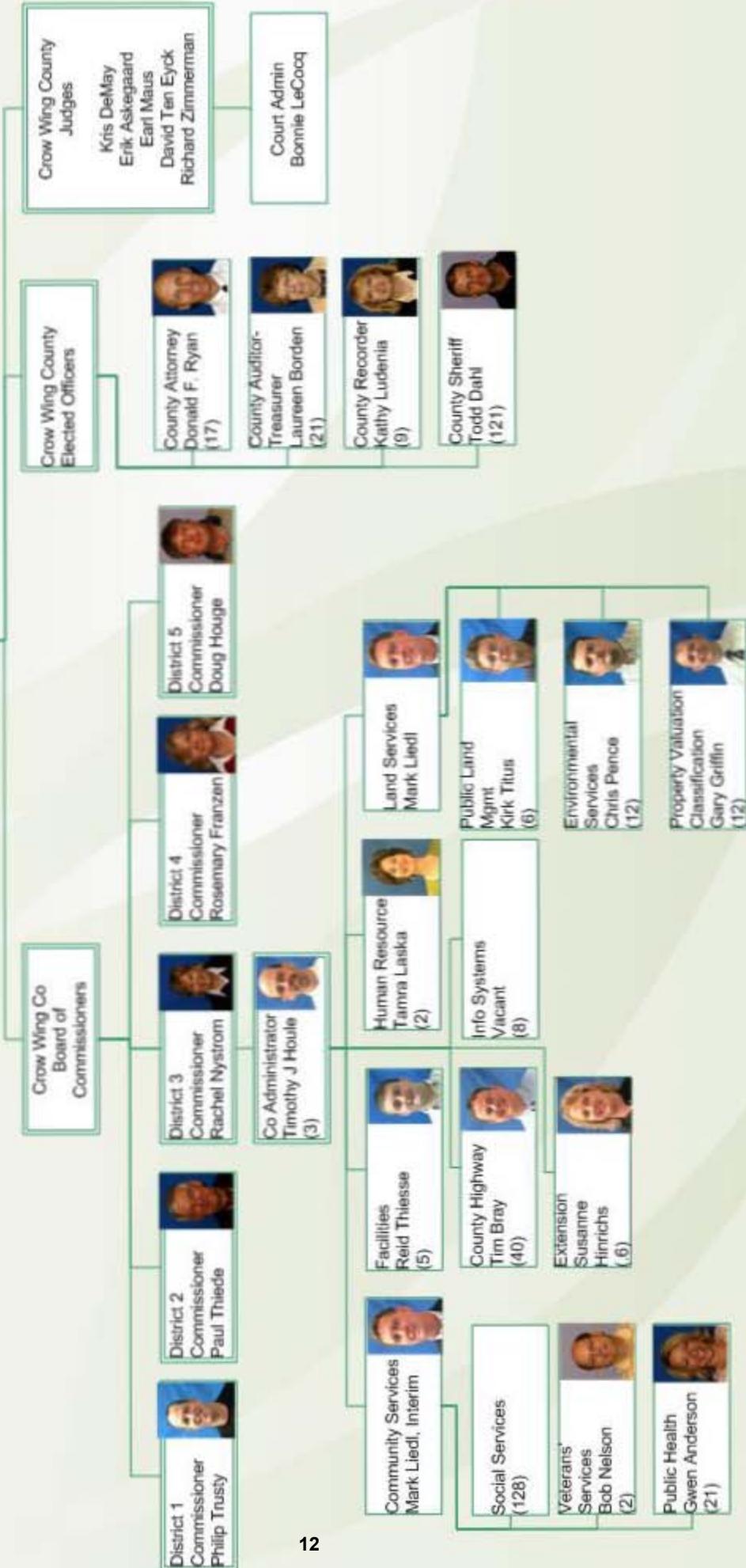
<u>Office</u>	<u>Name</u>	<u>Elected or Statutory Term Expires</u>
County Board of Commissioners		
1st District	Philip J. Trusty	January 2013
2nd District	Paul M. Thiede	January 2015
3rd District	Rachel Reabe Nystrom**	January 2015
4th District	Rosemary Franzen	January 2015
5th District	Doug Houge*	January 2013
*Denotes 2012 Chair		
**Denotes 2013 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





REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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1-800-627-3529 (Relay Service)

### INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Crow Wing County

#### **Report on the Financial Statements**

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, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Serpent Lake Sanitary Sewer District, which represent 83 percent, 84 percent, and 82 percent, respectively, of the assets, net position, 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crow Wing County's basic financial statements. The introductory section, supplementary information, other schedules, and the statistical section 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2013, 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* in considering Crow Wing County's internal control over financial reporting and compliance.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 13, 2013

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012  
(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, 2012. 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 \$205,415,148 (net position). Of this amount, \$53,721,591 is classified as unrestricted net position. Unrestricted net position includes \$22,088,773 of investments in joint ventures. The remaining \$31,632,818 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$19,465,310. Of this increase, \$11,039,580 was received in grant funding for the Mississippi Northwoods Habitat project; these funds were used to acquire land.
- As of the close of the 2012 fiscal year, Crow Wing County's governmental funds reported combined ending fund balances of \$51,367,678, compared to \$49,063,885 reported at the close of the 2011 fiscal year. Approximately 70.9 percent of this amount, \$36,442,766, 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 \$17,527,595, or 67.6 percent, of total General Fund expenditures, an increase of \$832,523 in comparison with the prior year. The unassigned amount of fund balance for the General Fund was \$15,857,951, or 61.1 percent, of total General Fund expenditures.
- Crow Wing County's long-term debt decreased by \$1,014,524, or 1.9 percent, to \$51,159,702 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 \$1,899,700, for a total obligation of \$10,348,627.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this

statement for some items that will result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused paid-time-off and severance leave).

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

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; Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. Data from the other three special revenue nonmajor governmental funds 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, special revenue funds, and the Debt Service Fund. A budgetary comparison schedule has been provided for the General Fund, the 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:

- Highway,
- Community Services,
- Public Land Management,
- Solid Waste (Non-Landfill),
- 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 Landfill Enterprise Fund, which is considered to be a major fund of Crow Wing County.

The basic proprietary fund financial statements can be found on pages 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 81 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 82 through 89. 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 92 through 103 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Crow Wing County, assets exceeded liabilities by \$205,415,148 at the close of the most recent fiscal year, which is an increase of \$19,465,310 over 2011.

Net investment in capital assets of \$136,768,645 (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 position (66.6 percent). Crow Wing County uses these capital assets to provide

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

An additional portion of Crow Wing County's net position, \$14,924,912, or 7.3 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$53,721,591 or 26.2 percent, of the total net position. Unrestricted net position includes \$22,088,773 of investments in joint ventures, or 10.8 percent of the total net position.

### Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	Restated 2011	2012	2011	2012	Restated 2011
Current and other assets	\$ 79,363,017	\$ 77,823,348	\$ 10,973,942	\$ 9,992,005	\$ 90,336,959	\$ 87,815,353
Capital assets	170,497,811	154,513,515	4,661,273	5,058,776	175,159,084	159,572,291
Total assets	\$ 249,860,828	\$ 232,336,863	\$ 15,635,215	\$ 15,050,781	\$ 265,496,043	\$ 247,387,644
Long-term liabilities						
outstanding	\$ 47,394,615	\$ 47,848,746	\$ 3,765,087	\$ 3,440,480	\$ 51,159,702	\$ 51,289,226
Other liabilities	8,779,568	9,991,681	141,625	156,899	8,921,193	10,148,580
Total liabilities	\$ 56,174,183	\$ 57,840,427	\$ 3,906,712	\$ 3,597,379	\$ 60,080,895	\$ 61,437,806
Net Position						
Net investment in capital assets	\$ 132,167,372	\$ 112,839,940	\$ 4,601,273	\$ 4,985,481	\$ 136,768,645	\$ 117,825,421
Restricted	14,924,912	16,532,198	-	-	14,924,912	16,532,198
Unrestricted	46,594,361	45,124,298	7,127,230	6,467,921	53,721,591	51,592,219
Total Net Position	\$ 193,686,645	\$ 174,496,436	\$ 11,728,503	\$ 11,453,402	\$ 205,415,148	\$ 185,949,838

In 2012 and 2011, the County was able to report positive balances in all three categories of net position, including the government as a whole, as well as for its separate governmental and business-type activities.

Crow Wing County's net position increased \$19,465,310 over 2011. The primary change is an increase in net position as a result of an operating surplus and an \$11,039,580 land acquisition as part of the Mississippi Northwoods Habitat project.

#### Governmental Activities

Governmental activities increased Crow Wing County's net position by \$19,190,209, thereby accounting for the majority of total growth in the net position of Crow Wing County. A key element of this growth was same as previously mentioned above for the County's total net position increase.

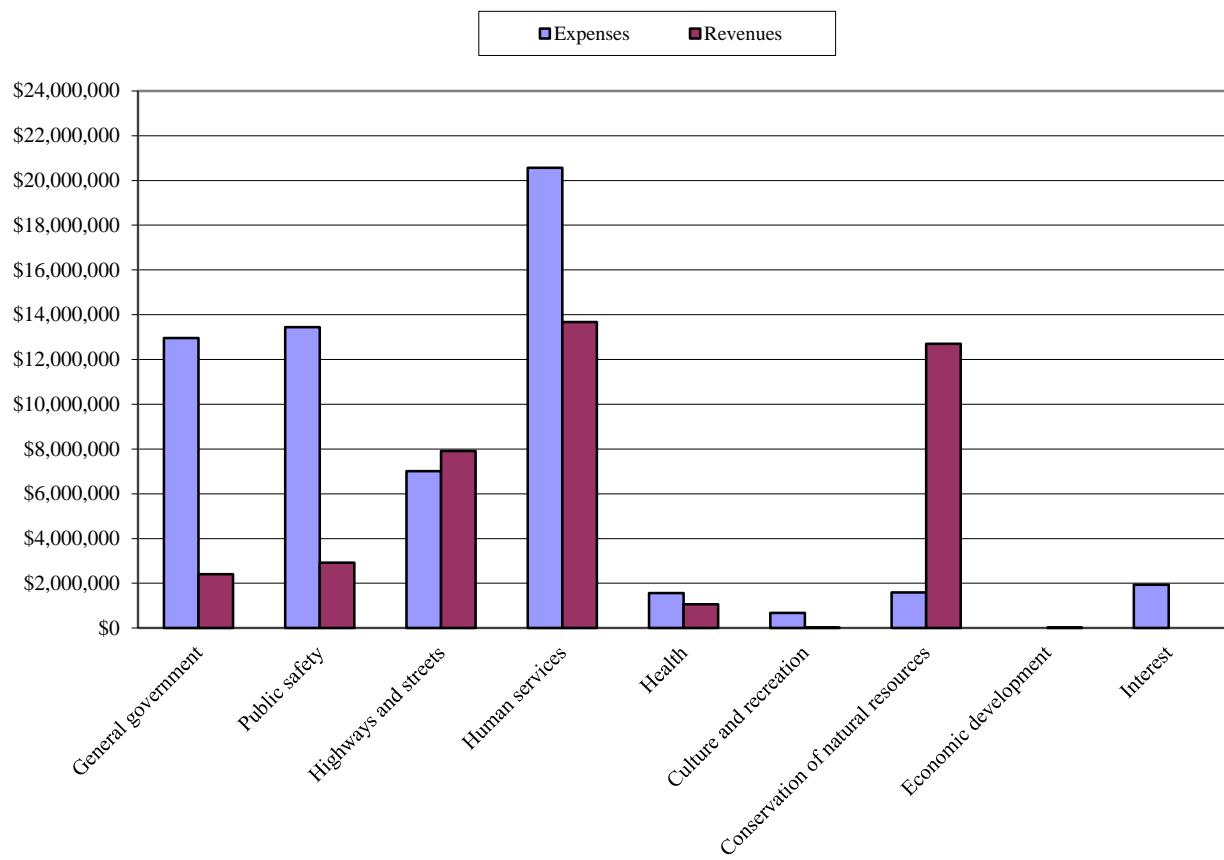
#### Business-Type Activities

Business-type activities increased Crow Wing County's net position by \$275,101.

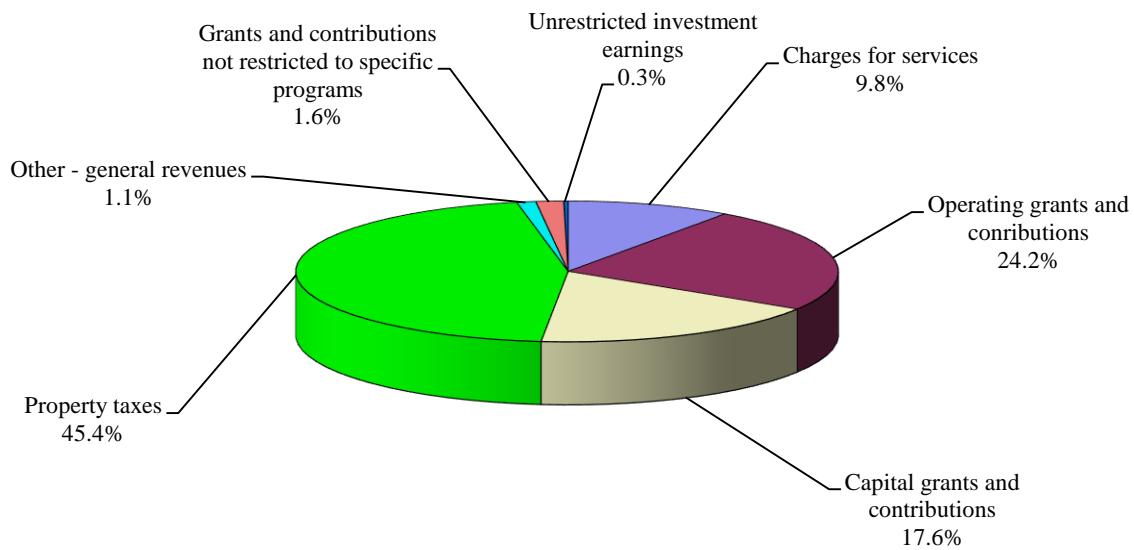
## Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	Restated 2011	2012	2011	2012	Restated 2011
<b>Revenues</b>						
Program revenues						
Charge for services	\$ 7,727,190	\$ 7,480,657	\$ 2,064,133	\$ 1,920,174	\$ 9,791,323	\$ 9,400,831
Operating grants and contributions	19,091,574	18,684,965	-	-	19,091,574	18,684,965
Capital grants and contributions	13,883,256	4,526,177	-	-	13,883,256	4,526,177
General revenues						
Property taxes	35,814,571	35,213,383	-	-	35,814,571	35,213,383
Mortgage registry and deed tax	86,114	65,367	-	-	86,114	65,367
Payments in lieu of tax	429,758	429,856	-	-	429,758	429,856
Grants and contributions not restricted to specific programs	1,293,122	2,071,218	595	595	1,293,717	2,071,813
Investment income	201,695	255,744	91,746	105,714	293,441	361,458
Miscellaneous	610,553	830,054	-	-	610,553	830,054
Gain on sale of capital assets	17,915	44,312	-	-	17,915	44,312
Transfers in (out)	(250,000)	(250,000)	250,000	250,000	-	-
<b>Total Revenues</b>	<b>\$ 78,905,748</b>	<b>\$ 69,351,733</b>	<b>\$ 2,406,474</b>	<b>\$ 2,276,483</b>	<b>\$ 81,312,222</b>	<b>\$ 71,628,216</b>
<b>Expenses</b>						
General government	\$ 12,956,270	\$ 12,969,897	\$ -	\$ -	\$ 12,956,270	\$ 12,969,897
Public safety	13,437,415	13,825,942	-	-	13,437,415	13,825,942
Highways and streets	7,008,995	8,380,127	-	-	7,008,995	8,380,127
Human services	20,570,268	21,153,044	-	-	20,570,268	21,153,044
Health	1,555,816	1,741,968	-	-	1,555,816	1,741,968
Culture and recreation	669,106	647,975	-	-	669,106	647,975
Conservation of natural resources	1,589,004	1,300,631	-	-	1,589,004	1,300,631
Economic development	-	352,710	-	-	-	352,710
Interest	1,928,665	1,973,785	-	-	1,928,665	1,973,785
Operating expenses - solid waste	-	-	2,131,373	2,070,766	2,131,373	2,070,766
<b>Total Expenses</b>	<b>\$ 59,715,539</b>	<b>\$ 62,346,079</b>	<b>\$ 2,131,373</b>	<b>\$ 2,070,766</b>	<b>\$ 61,846,912</b>	<b>\$ 64,416,845</b>
<b>Increase (Decrease) in Net Assets</b>						
Assets	\$ 19,190,209	\$ 7,005,654	\$ 275,101	\$ 205,717	\$ 19,465,310	\$ 7,211,371
Net Assets - January 1	174,496,436	167,490,782	11,453,402	11,247,685	185,949,838	178,738,467
Net Assets - December 31	<b>\$ 193,686,645</b>	<b>\$ 174,496,436</b>	<b>\$ 11,728,503</b>	<b>\$ 11,453,402</b>	<b>\$ 205,415,148</b>	<b>\$ 185,949,838</b>

## Expenses and Program Revenues - Governmental Activities



## Revenue by Sources - Governmental Activities



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

**Governmental funds.** The focus of Crow Wing County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Crow Wing County's financing requirements. In particular, 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 \$51,367,678, an increase of \$2,303,793 in comparison with the prior year. Of this total amount, \$36,442,766 constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remaining \$14,924,912 of governmental funds fund balance is either Nonspendable or Restricted, indicating that it is not available for spending at the government's discretion. The most significant Nonspendable and Restricted fund balances are as follows: Restricted for Debt service \$4,116,424, Nonspendable Environmental trust corpus \$1,846,499, Restricted for Solid waste (non-landfill) \$1,879,939, Restricted for Unorganized townships \$1,701,931.

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 \$17,527,595, while the total fund balance was \$20,088,381. 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 67.6 percent of the total General Fund expenditures, while unassigned fund balance represents 61.1 percent of that same amount.

The fund balance of Crow Wing County's General Fund increased \$917,198 in comparison to 2011. This change is primarily due to an Other Financing Source Transfer In from the Community Services Fund in the amount of \$1,376,306. 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 \$832,523; this is an increase of 3.2 percent from the previous year. The increase in expenditures is mostly attributed the 800 MHZ project commencement with \$1,835,493 spent in 2012 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 \$5,342,525 at the end of the current fiscal year. The fund balance of the Highway Special Revenue Fund increased by \$976,626 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 \$8,564,712 at the end of the current fiscal year. The fund balance of the Community Services Special Revenue Fund increased by \$108,679 during the current fiscal year. While the Community Services Special Revenue Fund reported an excess of revenues over expenditures of \$1,484,985, a transfer of \$1,376,306 was made to the General Fund in accordance with the County's fund balance policy. The operating budget of the Community Services Fund is structurally balanced.

The Public Land Management Special Revenue Fund had a total fund balance of \$439,876 at the end of the current fiscal year. The fund balance of the Public Land Management Special Revenue Fund decreased by \$1,667 during the current fiscal year.

The Debt Service Fund had a total fund balance of \$4,793,086 at the end of the current fiscal year. The fund balance of the Debt Service Fund decreased by \$1,406,552 during the current fiscal year due to debt payments.

The Capital Projects Fund had a total fund balance of \$6,208,185 at the end of the current fiscal year. The fund balance of the Capital Projects Fund increased by \$1,715,288 during the current fiscal year due to increase in property tax revenue.

**Proprietary fund.** Crow Wing County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Factors concerning the finances of the Solid Waste Enterprise Fund have already been addressed in the discussion of Crow Wing County's business-type activities.

### **General Fund Budgetary Highlights**

Budgets can be amended during the year by the County Board. Budget change requests are reviewed by the County Administrator's Office and submitted to the County Board for their review and approval.

Health Insurance premiums had major impacts on the 2012 budget as the County experienced a 9.5% increase.

The large budget to actual variance for the 800 Mhz project is due to the timing of the project. The original budget of \$4,330,909, approved February 2, 2011, spanned multiple years of the project. The current year's budget of \$3,537,609 represents the amount remaining from previous years. Of this, only \$1,835,493 was expended in the current year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

Crow Wing County's investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounts to \$175,159,084 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, construction in progress and landfill. The total increase in Crow Wing County's investment in capital assets for the current fiscal year was 9.8 percent.

Major capital asset events during 2012 included a variety of new County road construction projects that were started and completed. The County also continued the implementation of the 800 MHZ system project, which included the purchase of 800 MHZ equipment for public safety communications. A land acquisition of \$11,039,580 for the Mississippi Northwoods Habitat project was the single greatest contributor to the increase in capital assets.

### **Capital Assets (Net of Accumulated Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 14,597,429	\$ 3,500,620	\$ 412,334	\$ 412,334	\$ 15,009,763	\$ 3,912,954
Construction in progress	4,714,340	6,843,390	1,311,961	1,771,944	6,026,301	8,615,334
Infrastructure -						
right-of-way	4,997,829	3,286,325	-	-	4,997,829	3,286,325
Buildings	52,520,151	54,150,543	553,574	578,559	53,073,725	54,729,102
Land improvements	1,490,325	1,596,130	-	-	1,490,325	1,596,130
Machinery, furniture, and equipment	6,873,004	4,737,454	53,951	66,316	6,926,955	4,803,770
Infrastructure	85,304,733	80,399,053	-	-	85,304,733	80,399,053
Landfill	-	-	2,329,453	2,229,623	2,329,453	2,229,623
Total	\$ 170,497,811	\$ 154,513,515	\$ 4,661,273	\$ 5,058,776	\$ 175,159,084	\$ 159,572,291

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

### **Long-Term Debt**

At the end of 2012, Crow Wing County had total bonded debt outstanding of \$39,014,600. This is a decrease of \$3,852,650 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>2012</b>	<b>Restated 2011</b>
General obligation bonds	\$ 37,917,500	\$ 41,635,000
Capital lease	1,097,100	1,232,250
<b>Total</b>	<b>\$ 39,014,600</b>	<b>\$ 42,867,250</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 2012 debt limitation for Crow Wing County is \$267,156,970, which is significantly in excess of Crow Wing County’s outstanding debt obligations.

Additional information on Crow Wing County’s long-term debt may be found in Note III.C.4 of this report.

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

The County’s elected and appointed officials considered many factors when setting the fiscal year 2013 budget, tax rates, and fees that will be charged for the business-type activities.

- The County’s estimated market value decreased by 5.9 percent in 2012.
- 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 2013 is 34.34 percent.
- On December 11, 2012, the Crow Wing County Board of Commissioners approved the 2013 budget for \$65,767,158, related to the County’s Governmental Funds. The 2013 total levy is \$34,737,542, which is a decrease of \$139,115 compared to the 2012 levy of \$34,876,657. The 2013 budget includes a 0.4 percent overall property tax levy decrease.
- Crow Wing County will continue to budget in 2013 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)

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

	<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>				
<b>Current assets</b>				
Cash and pooled investments	\$ 38,069,145	\$ 5,501,292	\$ 43,570,437	\$ 786,248
Petty cash and change funds	3,030	-	3,030	-
Investments	12,368,508	-	12,368,508	-
Taxes receivable - delinquent	1,634,759	-	1,634,759	2,458
Accounts receivable - net	354,065	110,981	465,046	27,277
Accrued interest receivable	72,559	-	72,559	8,319
Contracts receivable	111,240	-	111,240	-
Due from other governments	3,111,507	-	3,111,507	-
Loans receivable - net	404,935	-	404,935	136,219
Inventories	793,537	-	793,537	-
Prepaid items	335,959	-	335,959	-
<b>Restricted assets</b>				
Cash and pooled investments	-	5,361,669	5,361,669	1,241,628
<b>Noncurrent assets</b>				
Advance to other governments	15,000	-	15,000	-
Investment in joint venture	22,088,773	-	22,088,773	-
Capital assets				
Non-depreciable	24,309,598	1,724,295	26,033,893	36,678
Depreciable - net of accumulated depreciation	146,188,213	2,936,978	149,125,191	2,416,073
<b>Total Assets</b>	<b><u>\$ 249,860,828</u></b>	<b><u>\$ 15,635,215</u></b>	<b><u>\$ 265,496,043</u></b>	<b><u>\$ 4,654,900</u></b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

	<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>				
<b>Current liabilities</b>				
Accounts payable	\$ 1,158,975	\$ 53,442	\$ 1,212,417	\$ 8,327
Salaries payable	608,756	2,782	611,538	-
Accrued payroll taxes	92,519	414	92,933	-
Other accrued liabilities	-	-	-	3,066
Contracts payable	35,850	60,000	95,850	-
Retainage payable	8,696	-	8,696	-
Due to other governments	628,318	-	628,318	-
Accrued interest payable	760,918	-	760,918	-
Claims payable	36,047	-	36,047	-
Unearned revenue	404,935	-	404,935	-
Customer deposits	56,000	-	56,000	-
<b>Long-term liabilities</b>				
Due within one year	4,988,554	24,987	5,013,541	2,285
Due in more than one year	<u>47,394,615</u>	<u>3,765,087</u>	<u>51,159,702</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>\$ 56,174,183</u></b>	<b><u>\$ 3,906,712</u></b>	<b><u>\$ 60,080,895</u></b>	<b><u>\$ 13,678</u></b>
<b><u>Net Position</u></b>				
Net investment in capital assets	\$ 132,167,372	\$ 4,601,273	\$ 136,768,645	\$ 2,452,751
Restricted for				
General government	1,868,193	-	1,868,193	-
Public safety	707,647	-	707,647	-
Highways and streets	2,495,468	-	2,495,468	-
Human services	889,339	-	889,339	-
Culture and recreation	516,112	-	516,112	-
Conservation of natural resources	2,319,815	-	2,319,815	-
Environmental uses - expendable	126,224	-	126,224	-
Environmental uses - nonexpendable	1,846,499	-	1,846,499	-
Economic development	39,191	-	39,191	79,384
Debt service	4,116,424	-	4,116,424	-
Unrestricted	<u>46,594,361</u>	<u>7,127,230</u>	<u>53,721,591</u>	<u>2,109,087</u>
<b>Total Net Position</b>	<b><u>\$ 193,686,645</u></b>	<b><u>\$ 11,728,503</u></b>	<b><u>\$ 205,415,148</u></b>	<b><u>\$ 4,641,222</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 249,860,828</u></b>	<b><u>\$ 15,635,215</u></b>	<b><u>\$ 265,496,043</u></b>	<b><u>\$ 4,654,900</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 ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>		<u>Program Revenues</u>		
		<u>Operating Grants and Contributions</u>	<u>Other</u>	<u>Operating Grants and Contributions</u>	<u>Other</u>	
<b><u>Functions/Programs</u></b>						
<b>Primary government</b>						
<b>Governmental activities</b>						
General government	\$ 12,956,270	\$ 1,829,766	\$ 470,805			
Public safety	13,437,415	1,586,547	1,332,334			
Highways and streets	7,008,995	589,297	4,572,298			
Human services	20,570,268	2,030,299	11,641,125			
Health	1,555,816	257,855	809,725			
Culture and recreation	669,106	-	23,093			
Conservation of natural resources	1,589,004	1,421,929	242,194			
Economic development	-	11,497	-			
Interest	1,928,665	-	-			
<b>Total governmental activities</b>	<b>\$ 59,715,539</b>	<b>\$ 7,727,190</b>	<b>\$ 19,091,574</b>			
<b>Business-type activities</b>						
Solid waste	2,131,373	2,064,133	-			
<b>Total Primary Government</b>	<b>\$ 61,846,912</b>	<b>\$ 9,791,323</b>	<b>\$ 19,091,574</b>			
<b>Component Unit</b>						
Housing and Redevelopment Authority	\$ 68,380	\$ 1,001	\$ -			
Serpent Lake Sanitary Sewer District	406,025	336,673	-			
<b>Total Component Units</b>	<b>\$ 474,405</b>	<b>\$ 337,674</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 position**

**Net Position - Beginning, as restated (Note II.A.)**

**Net Position - Ending**

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			Discretely Presented Component Units	
	Primary Government		Total		
	Governmental Activities	Business-Type Activities			
\$ 98,613	\$ (10,557,086)	\$ -	\$ (10,557,086)		
-	(10,518,534)	-	(10,518,534)		
2,745,063	897,663	-	897,663		
-	(6,898,844)	-	(6,898,844)		
-	(488,236)	-	(488,236)		
-	(646,013)	-	(646,013)		
11,039,580	11,114,699	-	11,114,699		
-	11,497	-	11,497		
-	(1,928,665)	-	(1,928,665)		
<b>\$ 13,883,256</b>	<b>\$ (19,013,519)</b>	<b>\$ -</b>	<b>\$ (19,013,519)</b>		
 - <b>\$ 13,883,256</b>	 - <b>\$ (19,013,519)</b>	 - <b>\$ (67,240)</b>	 - <b>\$ (67,240)</b>		
 \$ - <b>\$ -</b>	 \$ - <b>\$ (67,240)</b>	 \$ - <b>\$ (67,240)</b>	 \$ - <b>\$ (19,080,759)</b>		
 \$ - <b>\$ -</b>	 \$ - <b>\$ (19,080,759)</b>	 \$ - <b>\$ (67,379)</b>	 \$ - <b>\$ (69,352)</b>		
 <b>\$ -</b>	 <b>\$ -</b>	 <b>\$ (67,379)</b>	 <b>\$ (136,731)</b>		
 \$ 35,814,571	 \$ -	 \$ 35,814,571	 \$ 60,980		
86,114	-	86,114	-		
429,758	-	429,758	-		
1,293,122	595	1,293,717	997		
201,695	91,746	293,441	20,076		
610,553	-	610,553	-		
17,915	-	17,915	-		
(250,000)	250,000	-	-		
 <b>\$ 38,203,728</b>	 <b>\$ 342,341</b>	 <b>\$ 38,546,069</b>	 <b>\$ 82,053</b>		
 <b>\$ 19,190,209</b>	 <b>\$ 275,101</b>	 <b>\$ 19,465,310</b>	 <b>\$ (54,678)</b>		
 <b>174,496,436</b>	 <b>11,453,402</b>	 <b>185,949,838</b>	 <b>4,695,900</b>		
 <b>\$ 193,686,645</b>	 <b>\$ 11,728,503</b>	 <b>\$ 205,415,148</b>	 <b>\$ 4,641,222</b>		

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	<b>General</b>	<b>Highway</b>	<b>Community Services</b>	<b>Public Land Management</b>
<b>ASSETS</b>				
Cash and pooled investments	\$ 8,482,380	\$ 4,451,733	\$ 7,312,196	\$ 1,001,095
Petty cash and change funds	2,930	-	-	100
Investments	12,368,508	-	-	-
Taxes receivable - delinquent	803,029	172,513	349,512	-
Accounts receivable	16,057	-	319,151	-
Accrued interest receivable	53,241	-	-	-
Due from other funds	206,132	135,585	-	-
Contracts receivable	-	-	-	111,240
Due from other governments	175,447	990,162	1,937,969	7,929
Loans receivable	-	-	-	-
Inventories	-	793,537	-	-
Prepaid items	335,959	-	-	-
Advances to other governments	15,000	-	-	-
<b>Total Assets</b>	<b>\$ 22,458,683</b>	<b>\$ 6,543,530</b>	<b>\$ 9,918,828</b>	<b>\$ 1,120,364</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 509,810	\$ 148,951	\$ 490,753	\$ 770
Salaries payable	351,972	64,609	185,103	6,468
Accrued payroll taxes	54,267	9,625	27,573	964
Claims payable	36,047	-	-	-
Contracts payable	-	-	-	35,850
Retainage payable	-	8,696	-	-
Due to other funds	55,181	-	15,757	369,378
Due to other governments	407,930	6,825	57,745	155,818
Unearned revenue	-	-	-	-
Customer deposits	56,000	-	-	-
<b>Total Liabilities</b>	<b>\$ 1,471,207</b>	<b>\$ 238,706</b>	<b>\$ 776,931</b>	<b>\$ 569,248</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue (Note III.D.)	\$ 899,095	\$ 962,299	\$ 577,185	\$ 111,240

<b>Debt Service</b>	<b>Capital Projects</b>	<b>Nonmajor Funds</b>	<b>Total</b>
\$ 4,793,086	\$ 6,053,586	\$ 5,975,069	\$ 38,069,145
-	-	-	3,030
-	-	-	12,368,508
234,856	38,601	36,248	1,634,759
-	-	18,857	354,065
-	-	19,318	72,559
-	154,599	-	496,316
-	-	-	111,240
-	-	-	3,111,507
-	-	404,935	404,935
-	-	-	793,537
-	-	-	335,959
-	-	-	15,000
<b>\$ 5,027,942</b>	<b>\$ 6,246,786</b>	<b>\$ 6,454,427</b>	<b>\$ 57,770,560</b>
\$ -	\$ -	\$ 8,691	\$ 1,158,975
-	-	604	608,756
-	-	90	92,519
-	-	-	36,047
-	-	-	35,850
-	-	-	8,696
-	-	56,000	496,316
-	-	-	628,318
-	-	404,935	404,935
-	-	-	56,000
<b>\$ -</b>	<b>\$ -</b>	<b>\$ 470,320</b>	<b>\$ 3,526,412</b>
<b>\$ 234,856</b>	<b>\$ 38,601</b>	<b>\$ 53,194</b>	<b>\$ 2,876,470</b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	<b>General</b>	<b>Highway</b>	<b>Community Services</b>	<b>Public Land Management</b>
<b>FUND BALANCES</b>				
<b>Nonspendable:</b>				
Advances to other governments	\$ 15,000	\$ -	\$ -	\$ -
Inventories	- -	793,537	- -	- -
Environmental trust corpus	- -	- -	- -	- -
<b>Restricted for:</b>				
Enhanced 911	601,738	- -	- -	- -
Sheriff's drug contingency	1,151	- -	- -	- -
Sheriff's forfeited property	3,350	- -	- -	- -
DUI assessment	39,677	- -	- -	- -
Lakes area drug investigation forfeiture	36,652	- -	- -	- -
Tobacco compliance	25,079	- -	- -	- -
Water plan	40,157	- -	- -	- -
Recreation	516,112	- -	- -	- -
Recorder's fee (land based improvement)	325,760	- -	- -	- -
Recorder's technology equipment	816,449	- -	- -	- -
Law library	48,662	- -	- -	- -
Drug court	2,633	- -	- -	- -
Attorney's forfeited property	25,669	- -	- -	- -
Children's trust	2,191	- -	- -	- -
Missing heirs	51,019	- -	- -	- -
Health care (ERRP)	9,487	- -	- -	- -
MN estate recoveries	- -	- -	889,339	- -
Timber development	- -	- -	- -	21,280
Resource development	- -	- -	- -	418,596
Debt service	- -	- -	- -	- -
Building improvements	- -	- -	- -	- -
Solid waste (non-landfill)	- -	- -	- -	- -
Economic development revolving loans	- -	- -	- -	- -
Environmental uses	- -	- -	- -	- -
Unorganized townships	- -	- -	- -	- -
<b>Committed for:</b>				
Dive team	12,366	- -	- -	- -
Mounted patrol	5,822	- -	- -	- -
800 mhz	400,000	- -	- -	- -
Veterans' service van	7,920	- -	- -	- -
Information technology	243,536	- -	- -	- -
Other post employment benefits (OPEB)	1,000,000	- -	- -	- -
<b>Assigned for:</b>				
Highway	- -	4,548,988	- -	- -
Community services	- -	- -	7,675,373	- -
Capital projects	- -	- -	- -	- -
Solid waste (non-landfill)	- -	- -	- -	- -
Debt service	- -	- -	- -	- -
<b>Unassigned:</b>	<b>15,857,951</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>
<b>Total Fund Balances</b>	<b>\$ 20,088,381</b>	<b>\$ 5,342,525</b>	<b>\$ 8,564,712</b>	<b>\$ 439,876</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 22,458,683</b>	<b>\$ 6,543,530</b>	<b>\$ 9,918,828</b>	<b>\$ 1,120,364</b>

Debt Service	Capital Projects	Nonmajor Funds	Total
\$ -	\$ -	\$ -	\$ 15,000
-	-	-	793,537
-	-	1,846,499	1,846,499
-	-	-	601,738
-	-	-	1,151
-	-	-	3,350
-	-	-	39,677
-	-	-	36,652
-	-	-	25,079
-	-	-	40,157
-	-	-	516,112
-	-	-	325,760
-	-	-	816,449
-	-	-	48,662
-	-	-	2,633
-	-	-	25,669
-	-	-	2,191
-	-	-	51,019
-	-	-	9,487
-	-	-	889,339
-	-	-	21,280
-	-	-	418,596
4,116,424	-	-	4,116,424
-	531,166	-	531,166
-	-	1,879,939	1,879,939
-	-	39,191	39,191
-	-	126,224	126,224
-	-	1,701,931	1,701,931
-	-	-	12,366
-	-	-	5,822
-	-	-	400,000
-	-	-	7,920
-	-	-	243,536
-	-	-	1,000,000
-	-	-	4,548,988
-	-	-	7,675,373
-	5,677,019	-	5,677,019
-	-	337,129	337,129
676,662	-	-	676,662
-	-	-	15,857,951
<b>\$ 4,793,086</b>	<b>\$ 6,208,185</b>	<b>\$ 5,930,913</b>	<b>\$ 51,367,678</b>
<b>\$ 5,027,942</b>	<b>\$ 6,246,786</b>	<b>\$ 6,454,427</b>	<b>\$ 57,770,560</b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2012**

<b>Fund balance - total governmental funds</b>	<b>\$ 51,367,678</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.	170,497,811
Investment in joint venture is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.	22,088,773
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	2,876,470
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	\$ (37,917,500)
Discount on bonds issued	109,357
Premium on bonds issued	(237,696)
Accrued interest payable	(760,918)
Net OPEB obligation	(10,348,627)
Compensated absences	(2,891,603)
Capital leases payable	(1,097,100)
	<hr style="width: 100px; border: 0; border-top: 1px solid black; margin-left: 0; margin-bottom: 5px;"/>
<b>Net positon of governmental activities</b>	<b>\$ 193,686,645</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 BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>Public Land Management</u>
<b>Revenues</b>				
Taxes	\$ 17,843,509	\$ 3,839,028	\$ 7,536,763	\$ -
Special assessments	-	-	-	-
Licenses and permits	481,978	-	-	805,895
Intergovernmental	2,708,381	7,328,333	12,665,098	11,183,912
Charges for services	2,608,096	730,982	1,372,253	16,050
Fines and forfeits	82,796	-	-	-
Gifts and contributions	13,645	-	11,500	-
Investment earnings	199,838	-	-	17,650
Sales	-	-	-	166,959
Miscellaneous	1,507,285	174,415	1,348,347	49,402
<b>Total Revenues</b>	<b>\$ 25,445,528</b>	<b>\$ 12,072,758</b>	<b>\$ 22,933,961</b>	<b>\$ 12,239,868</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ 11,799,094	\$ -	\$ 264,227	\$ 86,857
Public safety	13,249,508	-	212,740	-
Highways and streets	-	10,646,459	-	-
Human services	-	-	19,519,474	-
Health	-	-	1,452,535	-
Culture and recreation	716,183	-	-	-
Conservation of natural resources	175,678	-	-	12,154,678
<b>Capital outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Intergovernmental</b>	<b>-</b>	<b>350,996</b>	<b>-</b>	<b>-</b>
<b>Debt service</b>				
Principal	-	68,900	-	-
Interest	-	39,212	-	-
Administrative charges	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 25,940,463</b>	<b>\$ 11,105,567</b>	<b>\$ 21,448,976</b>	<b>\$ 12,241,535</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (494,935)</b>	<b>\$ 967,191</b>	<b>\$ 1,484,985</b>	<b>\$ (1,667)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 1,405,223	\$ -	\$ -	\$ -
Transfers out	-	-	(1,376,306)	-
Proceeds from the sale of capital assets	6,910	11,005	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 1,412,133</b>	<b>\$ 11,005</b>	<b>\$ (1,376,306)</b>	<b>\$ -</b>
<b>Net Change in Fund Balance</b>	<b>\$ 917,198</b>	<b>\$ 978,196</b>	<b>\$ 108,679</b>	<b>\$ (1,667)</b>
<b>Fund Balance - January 1</b>	<b>19,171,183</b>	<b>4,365,899</b>	<b>8,456,033</b>	<b>441,543</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>(1,570)</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 20,088,381</b>	<b>\$ 5,342,525</b>	<b>\$ 8,564,712</b>	<b>\$ 439,876</b>

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

<b>Debt Service</b>	<b>Capital Projects</b>	<b>Nonmajor Funds</b>	<b>Total</b>
\$ 4,252,062	\$ 1,896,439	\$ 686,708	\$ 36,054,509
-	-	609,522	609,522
-	-	-	1,287,873
86,342	624,082	214,878	34,811,026
-	-	270,803	4,998,184
-	-	-	82,796
-	-	-	25,145
-	-	36,466	253,954
-	-	-	166,959
-	241,429	64,435	3,385,313
<b>\$ 4,338,404</b>	<b>\$ 2,761,950</b>	<b>\$ 1,882,812</b>	<b>\$ 81,675,281</b>
\$ -	\$ -	\$ 82,472	\$ 12,232,650
-	-	137,637	13,599,885
-	-	609,172	11,255,631
-	-	-	19,519,474
-	-	-	1,452,535
-	-	-	716,183
-	-	780,393	13,110,749
-	1,223,403	-	1,223,403
-	-	-	350,996
3,717,500	-	-	3,786,400
1,846,427	-	-	1,885,639
4,288	-	-	4,288
<b>\$ 5,568,215</b>	<b>\$ 1,223,403</b>	<b>\$ 1,609,674</b>	<b>\$ 79,137,833</b>
<b>\$ (1,229,811)</b>	<b>\$ 1,538,547</b>	<b>\$ 273,138</b>	<b>\$ 2,537,448</b>
\$ -	\$ 176,741	\$ 70,818	\$ 1,652,782
(176,741)	-	(349,735)	(1,902,782)
-	-	-	17,915
<b>\$ (176,741)</b>	<b>\$ 176,741</b>	<b>\$ (278,917)</b>	<b>\$ (232,085)</b>
\$ (1,406,552)	\$ 1,715,288	\$ (5,779)	\$ 2,305,363
<b>6,199,638</b>	<b>4,492,897</b>	<b>5,936,692</b>	<b>49,063,885</b>
<b>\$ 4,793,086</b>	<b>\$ 6,208,185</b>	<b>\$ 5,930,913</b>	<b>\$ 51,367,678</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, 2012**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 2,305,363</b>
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Amounts reported for governmental activities in the statement of activities are different because:

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

Deferred Inflows of Resources - December 31	\$ 2,876,470
Deferred Inflows of Resources - January 1	<u>3,332,704</u>
	(456,234)

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	\$ 21,225,294
Net book value of assets sold	(47,820)
Current year depreciation	<u>(5,193,178)</u>
	15,984,296

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

Principal repayments	
General obligation bonds	\$ 3,717,500
Capital leases	135,150
Bond issuance costs expensed	(105,252)
Amortization of premium and discount on bonds	<u>15,369</u>
	3,762,767

Increase in joint venture does not provide current financial resources and is not reported as revenue in the funds.	(347,844)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	\$ 51,145
Change in compensated absences	(208,014)
Change in inventories	(1,570)
Change in net OPEB obligation	<u>(1,899,700)</u>
	(2,058,139)

<b>Change in net position of governmental activities</b>	<b><u>\$ 19,190,209</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 NET POSITION  
LANDFILL ENTERPRISE FUND  
DECEMBER 31, 2012**

**Assets**

<b>Current assets</b>	
Cash and pooled investments	\$ 5,501,292
Accounts receivable - net	<u>110,981</u>
<b>Total current assets</b>	<u><u>\$ 5,612,273</u></u>
<b>Restricted assets</b>	
Cash and pooled investments	<u>\$ 5,361,669</u>
<b>Noncurrent assets</b>	
Capital assets	\$ 1,724,295
Nondepreciable	<u>2,936,978</u>
Depreciable - net	
<b>Total noncurrent assets</b>	<u><u>\$ 4,661,273</u></u>
<b>Total Assets</b>	<u><u><b>\$ 15,635,215</b></u></u>

**Liabilities/Net Position**

<b>Current liabilities</b>	
Accounts payable	\$ 53,442
Salaries payable	2,782
Accrued payroll taxes	414
Compensated absences payable - current	24,987
Contracts payable	<u>60,000</u>
<b>Total current liabilities</b>	<u><u>\$ 141,625</u></u>
<b>Noncurrent liabilities</b>	
Compensated absences payable - long-term	\$ 2,778
Estimated liability for landfill closure/postclosure	<u>3,762,309</u>
<b>Total noncurrent liabilities</b>	<u><u>\$ 3,765,087</u></u>
<b>Total Liabilities</b>	<u><u><b>\$ 3,906,712</b></u></u>
<b>Net Position</b>	
Net investment in capital assets	\$ 4,601,273
Unrestricted	<u>7,127,230</u>
<b>Total Net Position</b>	<u><u><b>\$ 11,728,503</b></u></u>
<b>Total Liabilities and Net Position</b>	<u><u><b>\$ 15,635,215</b></u></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 POSITION  
LANDFILL ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>Operating Revenues</b>	
Charges for services	\$ 2,032,220
Licenses and permits	1,775
Miscellaneous operating	<u>30,138</u>
<b>Total Operating Revenues</b>	<b><u>\$ 2,064,133</u></b>
<b>Operating Expenses</b>	
Personal services	\$ 81,833
Employee benefits and payroll taxes	23,906
Professional services	145,169
Contracted services	494,597
Maintenance	91,673
Supplies	57,231
Travel	173
Telephone	646
Utilities	51,298
Fuel	3,296
Advertising	6,353
Staff training	164
Postage	5.511
Rent and leased equipment	2,317
Engineering costs	329,264
Miscellaneous	3,247
Depreciation	510,083
Landfill closure and postclosure costs	<u>324,612</u>
<b>Total Operating Expenses</b>	<b><u>\$ 2,131,373</u></b>
<b>Operating Income (Loss)</b>	<b><u>\$ (67,240)</u></b>
<b>Nonoperating Revenues (Expenses)</b>	
Intergovernmental	\$ 595
Interest income	<u>91,746</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>\$ 92,341</u></b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b><u>\$ 25,101</u></b>
Transfers in	349,735
Transfers out	<u>(99,735)</u>
<b>Change in net position</b>	<b><u>\$ 275,101</u></b>
<b>Net Position - January 1</b>	<b><u>\$ 11,453,402</u></b>
<b>Net Position - December 31</b>	<b><u>\$ 11,728,503</u></b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**STATEMENT OF CASH FLOWS  
LANDFILL ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012  
Increase (Decrease) in Cash and Cash Equivalents**

**Cash Flows from Operating Activities**

Receipts from customers and users	\$ 2,044,880
Payments to suppliers	(1,192,725)
Payments to employees	<u>(105,937)</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ 746,218</u></b>

**Cash Flows from Noncapital Financing Activities**

Intergovernmental	\$ 595
Transfers in from other funds	349,735
Transfers out to other funds	<u>(99,735)</u>

**Net cash provided by (used in) noncapital financing activities**

**\$ 250,595**

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

Purchases of capital assets	<u>\$ (125,875)</u>
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**Cash Flows from Investing Activities**

Investment earnings received	<b><u>\$ 91,746</u></b>
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**Net Increase (Decrease) in Cash and Cash Equivalents**

**\$ 962,684**

**Cash and Cash Equivalents at January 1**

**9,900,277**

**Cash and Cash Equivalents at December 31**

**\$ 10,862,961**

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

Cash and pooled investments	\$ 5,501,292
Restricted cash and pooled investments	<u>5,361,669</u>

**Total Cash and Cash Equivalents**

**\$ 10,862,961**

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**STATEMENT OF CASH FLOWS  
LANDFILL ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012  
Increase (Decrease) in Cash and Cash Equivalents**

**Reconciliation of Operating Income (Loss) to Net**

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

Operating income (loss)

**\$ (67,240)**

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

Depreciation expense	\$ 510,083
(Increase) decrease in accounts receivable	(19,253)
Increase (decrease) in accounts payable	(1,786)
Increase (decrease) in salaries payable	(131)
Increase (decrease) in compensated absences payables	(67)
Increase (decrease) in landfill closure costs	<u>324,612</u>

**Total adjustments** **\$ 813,458**

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

**\$ 746,218**

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2012**

	<u>Agency</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ 4,814,411
Due from other governments	<u>159</u>
<b>Total Assets</b>	<b><u>\$ 4,814,570</u></b>
<b><u>Liabilities</u></b>	
Accounts payable	\$ 314,519
Salaries payable	45,627
Due to other governments	<u>4,454,424</u>
<b>Total Liabilities</b>	<b><u>\$ 4,814,570</u></b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2012**

	<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	\$ 622,340	\$ 163,908	\$ 786,248
Taxes receivable			
Prior	2,458	-	2,458
Accounts receivable - net	-	27,277	27,277
Accrued interest receivable	7,963	356	8,319
Loan receivable - net	136,219	-	136,219
<b>Total current assets</b>	<b><u>\$ 768,980</u></b>	<b><u>\$ 191,541</u></b>	<b><u>\$ 960,521</u></b>
<b>Noncurrent assets</b>			
Restricted cash and cash equivalents	\$ -	\$ 1,241,628	\$ 1,241,628
Capital assets			
Non-depreciable	-	36,678	36,678
Depreciable - net of accumulated depreciation	-	2,416,073	2,416,073
<b>Total noncurrent assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 3,694,379</u></b>	<b><u>\$ 3,694,379</u></b>
<b>Total Assets</b>	<b><u>\$ 768,980</u></b>	<b><u>\$ 3,885,920</u></b>	<b><u>\$ 4,654,900</u></b>
<b><u>Liabilities</u></b>			
<b>Current liabilities</b>			
Accounts payable	\$ 6,349	\$ 1,978	\$ 8,327
Other accrued liabilities	-	3,066	3,066
Compensated absences payable - current	-	2,285	2,285
<b>Total current liabilities</b>	<b><u>\$ 6,349</u></b>	<b><u>\$ 7,329</u></b>	<b><u>\$ 13,678</u></b>
<b>Total Liabilities</b>	<b><u>\$ 6,349</u></b>	<b><u>\$ 7,329</u></b>	<b><u>\$ 13,678</u></b>
<b><u>Net Position</u></b>			
Net investment in capital assets	\$ -	\$ 2,452,751	\$ 2,452,751
Restricted for economic development	79,384	-	79,384
Unrestricted	683,247	1,425,840	2,109,087
<b>Total Net Position</b>	<b><u>\$ 762,631</u></b>	<b><u>\$ 3,878,591</u></b>	<b><u>\$ 4,641,222</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 768,980</u></b>	<b><u>\$ 3,885,920</u></b>	<b><u>\$ 4,654,900</u></b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</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	\$ 68,380	\$ 1,001	\$ (67,379)	\$ -	\$ (67,379)
Serpent Lake Sanitary Sewer District	<u>406,025</u>	<u>336,673</u>	<u>-</u>	<u>(69,352)</u>	<u>(69,352)</u>
<b>Total Component Units</b>	<b><u>\$ 474,405</u></b>	<b><u>\$ 337,674</u></b>	<b><u>\$ (67,379)</u></b>	<b><u>\$ (69,352)</u></b>	<b><u>\$ (136,731)</u></b>
<b>General Revenues and Other Items</b>					
Property tax	\$ 60,980	\$ -	\$ 60,980		
Grants and contributions not restricted to specific programs	997	-	997		
Investment income	14,338	5,738	20,076		
<b>Total general revenues and other items</b>	<b><u>\$ 76,315</u></b>	<b><u>\$ 5,738</u></b>	<b><u>\$ 82,053</u></b>		
<b>Change in net assets</b>	<b><u>\$ 8,936</u></b>	<b><u>\$ (63,614)</u></b>	<b><u>\$ (54,678)</u></b>		
<b>Net Position - Beginning</b>	<b><u>753,695</u></b>	<b><u>3,942,205</u></b>	<b><u>4,695,900</u></b>		
<b>Net Position - Ending</b>	<b><u>\$ 762,631</u></b>	<b><u>\$ 3,878,591</u></b>	<b><u>\$ 4,641,222</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, 2012**

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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, 2012. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, issued in June 1999.

**A. Financial Reporting Entity**

Crow Wing County was established May 23, 1857, and is an organized county having the powers, duties, and privileges granted 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 position 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 position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and business-type activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given 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 Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The County reports the following major enterprise fund:

The Landfill 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 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.

The Landfill Enterprise Fund (a proprietary fund), is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

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

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Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Landfill Enterprise Fund are charges to customers for services provided and for the issuance of licenses and permits. Operating expenses for the Landfill Enterprise Fund include the cost of services, administrative expenses, depreciation, and costs relating to landfill closure and postclosure. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **D. Assets, Liabilities, Deferred Inflows of Resources, and Net Position 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, 2012, 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 2012 were \$199,838. 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.

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

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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.

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.

## CROW WING COUNTY BRAINERD, MINNESOTA

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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:

<u>Assets</u>	<u>Years</u>
Buildings	30 - 100
Building Improvements	7 - 30
Infrastructure	50 - 75
Furniture, Equipment, and Vehicles	3 - 20
Improvements other than buildings	20 - 30

### **7. Compensated Absences**

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

#### PTO

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

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

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

#### ELB

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

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

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

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### **8. Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. 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.

### **9. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

### **10. Classification of Net Position**

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

#### Net investment in capital assets

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

#### Restricted net position

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

#### Unrestricted net position

The amount of net position that does not meet the definition of restricted or net investment in capital assets.

## CROW WING COUNTY BRAINERD, MINNESOTA

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### **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.

#### 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

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

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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 following year's General Fund budgeted operating expenditures. This Unassigned fund balance target range as of December 31, 2012, is \$8,502,677 to \$12,146,681. 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.

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.

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### 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, 2012, is listed below.

Highway Fund target Assigned fund balance range is: \$2,034,569 to \$3,051,853  
Community Services Fund target Assigned fund balance range is: \$4,140,219 to \$6,210,329

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.

### **E. Revenues**

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

#### Imposed Nonexchange Transactions

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

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### Intergovernmental

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

Voluntary nonexchange transactions result from legislative or contractual agreements, such as grants, entitlements, appropriations, and donations. The provider may establish purpose restrictions or eligibility requirements. Revenues are recognized in the year to which they apply according to the statute or contract. Gifts and contributions from individuals are also considered voluntary nonexchange transactions and are generally recognized when received.

Tax credits paid by the state are included in intergovernmental revenues and are recognized as revenue in the fiscal year that they become available. Subject to the availability criterion, state-aid highway allotments for highway maintenance and construction are recognized as revenue in the year of allotment.

### Exchange Transactions

Special assessments levied against benefiting properties are recognized under the modified accrual basis when available to finance current expenditures. Other revenues, such as licenses and permits, charges for services, and investment income, are recognized as revenue when earned.

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

### **A. Prior Period Adjustment**

In past reporting Crow Wing County reported 100% of the Airport General Obligation Bonds.

However, the City of Brainerd and Crow Wing County are equal partners in this joint venture. Each entity has a 50% responsibility towards the Airport General Obligation Bonds. Therefore, an adjustment was made to the Net Position and Long-Term Liabilities in 2012 to reflect the 50% share as a more appropriate representation.

This results in a restatement of the beginning Net Position for the Governmental Activities as follows:

	<u>Governmental Activities</u>
Net Position - January 1, as previously reported	\$ 173,611,436
Restatement	<u>885,000</u>
Net Position - January 1, as restated	<u>\$ 174,496,436</u>

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Additionally, this results in a restatement of the beginning Long-Term Liabilities for the Governmental Activities as follows:

	<u>Governmental Activities</u>
Long-term liabilities - January 1, as previously reported	\$ 55,028,474
Restatement	<u>(885,000)</u>
Long-term liabilities - January 1, as restated	<u><u>\$ 54,143,474</u></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<sup>st</sup>. 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 Landfill 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 Landfill enterprise fund.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts will be reported as originally adopted and as amended by the Board of Commissioners on the budget to actual financial statements.
7. Operating budgets are prepared and presented for the following funds: Governmental--General, Highway (special revenue), Community Services (special revenue), Public Land Management (special revenue), Solid Waste Non-Landfill (special revenue), Unorganized Townships (special revenue), Small Cities Development Program (special revenue), and Debt Service. Operating budgets are prepared, but not presented, for the following funds: Capital Projects (capital project), Environmental Trust (permanent), Housing and Redevelopment Authority (HRA) (discretely presented component unit), and Enterprise--Landfill (proprietary).

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**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, 2012.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Special Revenue Funds:			
Community Services	\$ 21,448,976	\$ 21,125,684	\$ 323,292
Public Land Management	12,241,535	12,092,713	148,822
Unorganized Townships	829,281	775,719	53,562
Debt Service	5,568,215	5,563,429	4,786

All three special revenues funds listed above and the Debt Service Fund had revenues in excess of budget.

**III. Detailed Notes on All Funds**

**A. Assets**

**1. Deposits and Investments**

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

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 38,069,145
Petty cash and change funds	3,030
Investments	12,368,508
Business-type activities	
Cash and pooled investments	5,501,292
Cash and pooled investments - restricted assets	5,361,669
Discretely presented component units	
Cash and pooled investments	786,248
Cash and pooled investments - restricted assets	1,241,628
Statement of fiduciary net assets	
Cash and pooled investments	4,814,411
Total Cash and Investments	<u><u>\$ 68,145,931</u></u>
Deposits	<u><u>\$ 30,709,154</u></u>
Petty Cash and Change Funds	3,030
Investments	37,433,747
Total	<u><u>\$ 68,145,931</u></u>

a) Deposits

Minn. Stat. §§ 118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all County deposits be protected by insurance, surety bond, or collateral. The market value of

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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, 2012, the County's deposits were fully covered by insurance, surety bonds, and collateral and were not exposed to custodial credit risk

b) Investments

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

c) Interest Rate Risk

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

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- (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, 2012, the County had the following investments and maturities:

	Credit Risk	Less Than 1 Year	1-5 Years	More Than 5 Years	Total Fair Value
Repurchase Agreements	NR	\$ 23,588,089	\$ -	\$ -	\$ 23,588,089
U.S. Treasuries	Aaa	-	5,220,506	-	5,220,506
Mutual Funds	NR	680,727	-	-	680,727
Federal National Mortgage Association	Aaa	1,002,209	2,488,678	-	3,490,887
Federal Home Loan Mortgage Corporation	Aaa	399,649	2,778,450	-	3,178,099
Federal Home Loan Bank	Aaa	461,275	-	-	461,275
Negotiable Certificates of Deposit	NR	400,000	402,000	-	802,000
Series E Bonds	NR	-	-	12,164	12,164
<b>Total Investments</b>		<b>\$ 26,531,949</b>	<b>\$ 10,889,634</b>	<b>\$ 12,164</b>	<b>\$ 37,433,747</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.

The County's exposure to credit risk as of December 31, 2012, is listed in the table above.

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e) Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Bremer repurchase agreement has custodial credit risk. The County has no other custodial credit risk for investments as December 31, 2012.

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

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

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

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

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

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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:

<u>Issuer Type</u>	<u>% of Total Portfolio</u>
(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) U.S. Treasury Obligations	100%
(4) GSE-Agency Securities	100%
(a) Per Issuer:	30%
(5) Municipal Securities	50%
(a) Per Issuer:	15%

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

More than 5% of the County's investments are in Federal National Mortgage Association and Federal Home Loan Mortgage Association (9% and 8%, respectively).

**2. Receivables**

Receivables as of December 31, 2012, for the County's governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Total Receivables</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
Taxes	\$ 1,634,759	\$ -
Accounts	354,065	-
Accrued interest	72,559	-
Contracts	111,240	67,346
Due from other governments	3,111,507	-
Loans receivable	404,935	393,910
<b>Total Governmental Activities</b>	<b>\$ 5,689,065</b>	<b>\$ 461,256</b>

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**3. Capital Assets**

Capital asset activity for the year ended December 31, 2012, was as follows:

**Governmental Activities**

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Land	\$ 3,500,620	\$ 11,096,809	\$ -	\$ 14,597,429
Construction in progress	6,843,390	198,449	(2,327,499)	4,714,340
Infrastructure - right-of-way	3,286,325	1,711,504	-	4,997,829
Total capital assets not depreciated	<u>\$ 13,630,335</u>	<u>\$ 13,006,762</u>	<u>\$ (2,327,499)</u>	<u>\$ 24,309,598</u>
Capital assets depreciated				
Buildings	\$ 68,652,404	\$ -	\$ -	\$ 68,652,404
Land improvements	2,145,005	-	-	2,145,005
Machinery, furniture, and equipment	14,736,448	3,466,624	(969,758)	17,233,314
Infrastructure	103,753,569	7,079,407	-	110,832,976
Total capital assets depreciated	<u>\$ 189,287,426</u>	<u>\$ 10,546,031</u>	<u>\$ (969,758)</u>	<u>\$ 198,863,699</u>
Less: accumulated depreciation for				
Buildings	\$ (14,501,861)	\$ (1,630,392)	\$ -	\$ (16,132,253)
Land improvements	(548,875)	(105,805)	-	(654,680)
Machinery, furniture, and equipment	(9,998,994)	(1,283,254)	921,938	(10,360,310)
Infrastructure	(23,354,516)	(2,173,727)	-	(25,528,243)
Total accumulated depreciation	<u>\$ (48,404,246)</u>	<u>\$ (5,193,178)</u>	<u>\$ 921,938</u>	<u>\$ (52,675,486)</u>
Total capital assets depreciated, net	<u>\$ 140,883,180</u>	<u>\$ 5,352,853</u>	<u>\$ (47,820)</u>	<u>\$ 146,188,213</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 154,513,515</u></u>	<u><u>\$ 18,359,615</u></u>	<u><u>\$ (2,375,319)</u></u>	<u><u>\$ 170,497,811</u></u>

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Depreciation Expense for 2012 was charged to functions of the primary government's governmental activities as follows:

**Governmental Activities**

General government	\$ 1,183,064
Public safety	972,451
Highways and streets, including depreciation of infrastructure assets	2,741,850
Human Services	232,042
Health	3,383
Culture and recreation	14,971
Conservation of natural resources	<u>45,417</u>

Total Depreciation Expense - Governmental Activities

\$ 5,193,178

**Business-Type Activities**

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital Assets not depreciated				
Land	\$ 412,334	\$ -	\$ -	\$ 412,334
Construction in progress	1,771,944	-	(459,983)	1,311,961
Total capital assets not depreciated	<u>\$ 2,184,278</u>	<u>\$ -</u>	<u>\$ (459,983)</u>	<u>\$ 1,724,295</u>
Capital assets depreciated				
Buildings	\$ 781,973	\$ -	\$ -	\$ 781,973
Landfill	11,327,264	572,563	-	11,899,827
Machinery, furniture, and equipment	279,017	-	-	279,017
Total capital assets depreciated	<u>\$ 12,388,254</u>	<u>\$ 572,563</u>	<u>\$ -</u>	<u>\$ 12,960,817</u>
Less: accumulated depreciation for				
Buildings	\$ (203,414)	\$ (24,985)	\$ -	\$ (228,399)
Landfill	(9,097,641)	(472,733)	-	(9,570,374)
Machinery, furniture, and equipment	(212,701)	(12,365)	-	(225,066)
Total accumulated depreciation	<u>\$ (9,513,756)</u>	<u>\$ (510,083)</u>	<u>\$ -</u>	<u>\$ (10,023,839)</u>
Total capital assets depreciated, net	<u>\$ 2,874,498</u>	<u>\$ 62,480</u>	<u>\$ -</u>	<u>\$ 2,936,978</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,058,776</u>	<u>\$ 62,480</u>	<u>\$ (459,983)</u>	<u>\$ 4,661,273</u>

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Depreciation expense for 2012 was charged to functions of the primary government's business-type activities as follows:

Business-Type Activities

Solid waste	\$ <u>510,083</u>
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**B. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of December 31, 2012, is as follows:

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

Receivable Fund	Payable Fund	Amount
General	Public Land Management	\$ 206,132
Highway	General	\$ 55,181
	Unorganized Townships	56,000
	Community Services	15,757
	Public Land Management	8,647
Total Due to Highway Fund		<u>\$ 135,585</u>
Capital Projects	Public Land Management	\$ 154,599
Total Due To/From Other Funds		<u>\$ 496,316</u>

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

**2. Interfund Transfers**

Interfund transfers for the year ended December 31, 2012, consisted of the following:

Transfer In Fund	Transfer Out Fund	Amount
General	Landfill	\$ 28,917
	Community Services	1,376,306
Total Transfer In General Fund		<u>\$ 1,405,223</u>
Capital Projects	Debt Service	<u>\$ 176,741</u>
Landfill	Solid Waste - Non-Landfill	<u>\$ 349,735</u>
Solid Waste - Non-Landfill	Landfill	<u>\$ 70,818</u>
Total Interfund Transfers		<u>\$ 2,002,517</u>

## CROW WING COUNTY BRAINERD, MINNESOTA

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In 2012, a transfer of \$1,376,306 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 2012, a transfer of \$176,741 was made to the Capital Projects Fund of the remaining balances of the Capital Notes and Detention Lease Revenue Bonds funds. The final payments were made on these bonds in 2012.

Transfers have also occurred between Solid Waste (Non-Landfill), General, and Landfill funds to fully utilize the 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 2012, the County had contributed \$1,069,591 to the plan. Results throughout the actuarial report assume continued funding under PAYGO.

##### Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC, which represents a level of funding that if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for 2012, 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	380,202
Adjustment to ARC	<u>(522,108)</u>
Annual OPEB Cost	2,871,546
Contributions during the year	<u>(971,846)</u>
Increase in net OPEB obligation	1,899,700
Net OPEB beginning of year	8,448,927
Net OPEB end of year	<u>\$ 10,348,627</u>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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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, 2011 and 2012 were as follows:

Year Ended	Employer Contribution	Annual OPEB Cost	Percentage of Annual OPEB Cost		Net OPEB Obligation
			Contribution	32.4% 41.4% 41.9% 33.8%	
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
12/31/2012	971,846	2,871,546	33.8%		10,348,627

Funded Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
			Actuarial	Accrued			
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.

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

## CROW WING COUNTY BRAINERD, MINNESOTA

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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, 2012, was twenty-five years.

### **2. Construction Commitments**

The County has active construction projects as of December 31, 2012. The projects include the following:

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

### **3. Leases**

#### Capital Leases

Crow Wing County has entered into a sub-lease with the City of Crosslake for financing a joint public works facility (County's share in equity - 53 percent). This sub-lease agreement qualifies as a capital lease for accounting purposes and, therefore, was recorded at the present value of the future minimum lease payments as of the inception date. The present value of the building at the inception date was \$1,688,050. It is recorded as a governmental activity.

On January 1, 2012, the City of Crosslake issued General Obligation Refunding Bonds, Series 2012A to refinance the 2003 Lease. The Total Net Present Value Benefit of the refunding is \$201,431.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012, were as follows:

2013	\$ 109,340
2014	112,838
2015	110,983
2016	111,752
2017	112,467
2018-2022	560,744
2023	112,636
<b>Total minimum lease payments</b>	<b>\$ 1,230,760</b>
<b>Less: amount representing interest</b>	<b>(133,660)</b>
<b>Present Value of Minimum Lease Payments</b>	<b>\$ 1,097,100</b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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**4. Long-Term Debt**

Governmental Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2012
General Obligation Bonds:					
2004A G.O. Capital Improvement Plan Bonds	2025	\$1,195,000 - \$2,375,000	3.00 - 5.00	\$ 32,860,000	\$ 23,920,000
2004B G.O. County Jail Bonds	2025	\$660,000 - \$1,310,000	2.50 - 5.00	18,110,000	13,185,000
2010A G.O. Airport Imp. Bonds (Refunding 50% County Portion)	2022	\$72,500 - \$92,500	1.00 - 3.35	885,000	812,500
Total General Obligation Bonds				\$ 51,855,000	\$ 37,917,500

**5. Debt Service Requirements**

Debt service requirements at December 31, 2012, were as follows:

Governmental Activities

December 31	General Obligation Bonds	
	Principal	Interest
2013	\$ 2,285,000	\$ 1,736,629
2014	2,370,000	1,638,442
2015	2,455,000	1,535,335
2016	2,550,000	1,426,447
2017	2,655,000	1,309,742
2018 - 2022	15,067,500	4,534,533
2023 - 2025	10,535,000	807,125
Total	\$ 37,917,500	\$ 12,988,253

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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

Long-term liability activity for the year ended December 31, 2012, was as follows:

**Governmental Activities**

	Restated Beginning Balance	Additions	Reductions	Ending Balances	Due Within One Year
General obligation bonds	\$ 41,635,000	\$ -	\$ 3,717,500	\$ 37,917,500	\$ 2,285,000
Plus: deferred amounts for issuance premiums (discounts)	143,708	-	15,369	128,339	9,877
General obligation bonds subtotal	<u>\$ 41,778,708</u>	<u>\$ -</u>	<u>\$ 3,732,869</u>	<u>\$ 38,045,839</u>	<u>\$ 2,294,877</u>
Capital lease	1,232,250	-	135,150	1,097,100	87,450
Net OPEB obligation	8,448,927	2,871,546	971,846	10,348,627	-
Compensated absences	2,683,589	208,014	-	2,891,603	2,606,227
Governmental Activities					
Long-Term Liabilities	<u>\$ 54,143,474</u>	<u>\$ 3,079,560</u>	<u>\$ 4,839,865</u>	<u>\$ 52,383,169</u>	<u>\$ 4,988,554</u>

Bonded debt is paid from the Debt Service Fund. Compensated absences are paid from the General Fund and the Highway, Community Services, Public Land Management, and Solid Waste (Non-Landfill) Special Revenue Funds. Capital lease payments are paid from the Highway Fund.

The reduction to capital lease includes the principal payment of \$68,900 as well as a \$66,250 savings due to the City of Crosslake bond refunding. See Note III.C.3.

**Business-Type Activities**

	Beginning Balance	Additions	Reductions	Ending Balances	Due Within One Year
Estimated liability for landfill closure and postclosure	\$ 3,437,697	\$ 324,612	\$ -	\$ 3,762,309	\$ -
Compensated absences	27,832	-	67	27,765	24,987
Business-Type Activities					
Long-Term Liabilities	<u>\$ 3,465,529</u>	<u>\$ 324,612</u>	<u>\$ 67</u>	<u>\$ 3,790,074</u>	<u>\$ 24,987</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 \$1,290,000 for the year ended December 31, 2012.

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### 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, 2012 was \$8,398,307.

### Subsequent Event

On March 15, 2013, the 2008 issuance of \$9,367,092 was paid off by the Brainerd Lakes Integrated Health System. The 2009 debt issuance remains outstanding with a principal balance of \$1,251,153.

## 7. **Pension Plans**

### a) Defined Benefit Plans

#### Plan Description

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

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

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

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute. Defined retirement benefits are based on a member's average yearly salary for the five highest-paid

## CROW WING COUNTY BRAINERD, MINNESOTA

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

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the internet at [www.mnpera.org](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.

## CROW WING COUNTY BRAINERD, MINNESOTA

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The County is required to contribute the following percentages of annual covered payroll in 2012:

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, 2012, 2011, and 2010, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	2012	2011	2010
General Employees Retirement Fund	\$ 1,217,901	\$ 1,191,276	\$ 1,157,434
Public Employees Police and Fire Fund	346,738	334,519	334,952
Public Employees Correctional Fund	240,420	237,513	226,956

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.

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 5.00 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, 2012, were:

	Employee	Employer
Contribution amount	\$ 4,930	\$ 4,930
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

## CROW WING COUNTY BRAINERD, MINNESOTA

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### **8. 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 \$3,762,309 landfill closure and postclosure care liability at December 31, 2012, represents the cumulative amount reported to date based on the use of 72.83 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,568,265 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. 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, 2012, investments of \$5,361,669 are held for these purposes. These are reported as restricted assets on the Landfill Enterprise Fund's statement of net position. Crow Wing County expects that future inflation costs will be paid from investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

### **9. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties 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 \$460,000 per claim in 2012 and \$470,000 per claim in 2013. 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.

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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**D. Deferred Inflows of Resources**

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

	Unavailable Revenue
Delinquent property taxes receivable	\$ 1,634,759
Contracts receivable	111,240
Charges for services	66,678
Highway aids receivable that do not provide current financial resources	757,854
Interest receivable that does not provide current financial resources	26,377
Grants receivable that do not provide current financial resources	279,562
Total Unavailable Revenue for Governmental Funds	<u><u>\$ 2,876,470</u></u>

**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 County 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. Under the terms of the 2010A General Obligation Airport Improvements Refunding Bonds, issued on December 9, 2010 in the amount of \$1,770,000, the City and the County will equally contribute to debt service payments. Therefore, only 50% of the total debt will be reflected in the County's financial statements. The 2010A bonds will mature July 1, 2022.

On December 31, 2012, the outstanding amount of the bonds was \$1,625,000. The City of Brainerd's share of this amount is \$812,500, for which the County is only contingently liable.

In 2012, the County made an appropriation of \$157,000 for the Airport Commission. The Airport does not publish separate financial statements.

Investment in the joint venture on the statement of net position is 50 percent of the County's undivided interest of the airport. This investment in the Brainerd-Crow Wing Airport joint venture was valued at \$20,749,400 on December 31, 2012, and is reported as an investment in joint venture on the government-wide statement of net position.

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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, 2011, the Agency had net position of \$(250,106). In 2011, there was a decrease in net position of \$408,285.

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 2012.

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

Complete financial information can be obtained from:

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

### Mississippi Headwaters Board

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

The Board consists of eight members, one appointed from each participating county. Crow Wing County maintains the accounting records of the Board. Funding consists of federal, state, and local grants; donations; and contributions from each county.

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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, 2012, was \$1,339,373. 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 position. Changes in equity are included in the government-wide statement of activities as Human Services.

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

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

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

#### Crow Wing County Family Service Collaborative

The Crow Wing County Family Service Collaborative was established to provide leadership and facilitation to families, youth, and providers. The goal of the Collaborative is to improve and redesign the local service delivery system in a way which improves the quality of lives, supports choices, and

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

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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 \$537,412 to the Library for the year ended December 31, 2012.

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)

### **D. Subsequent Event**

On July 10, 2013, Crow Wing County closed on the issuance of \$29,520,000 of Series 2013A General Obligation Refunding Bonds. These bonds are an advance refunding of the Series 2004A and Series 2004B bonds.

## **V. Component Unit Disclosures**

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

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

#### Reporting Entities

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

The Serpent Lake Sanitary Sewer District is governed by an eight-member Board of Directors, two members appointed by each of the Cities of Crosby, Cuyuna, Deerwood, and Ironton. The District is

## CROW WING COUNTY BRAINERD, MINNESOTA

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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, 2012.

## **B. Detailed Notes**

### **1. Assets**

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

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

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

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

Authorized collateral includes U.S. government treasury bills, notes or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota statutes require

## CROW WING COUNTY BRAINERD, MINNESOTA

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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, 2012, 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, 2012, the District had no investments.

### Capital Assets - Serpent Lake Sanitary Sewer District

A summary of capital asset activity for the year ended December 31, 2012, is as follows:

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Land	\$ 36,678	\$ -	\$ -	\$ 36,678
Plant and improvements	5,993,532	31,032	-	6,024,564
Equipment/vehicles	129,233	1,740	-	130,973
Total	<u>\$ 6,159,443</u>	<u>\$ 32,772</u>	<u>\$ -</u>	<u>\$ 6,192,215</u>
Less: accumulated depreciation	\$ (3,573,943)	\$ (165,521)	\$ -	\$ (3,739,464)
Total capital assets depreciated, net	<u>\$ 2,585,500</u>	<u>\$ (132,749)</u>	<u>\$ -</u>	<u>\$ 2,452,751</u>

Depreciation expense of \$165,521 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 12/31/12:	\$ 5,198

The note is payable only after the HRA has received tax increment revenue from the above district and is only paid using the tax increment as the financing source. No liability is recognized at December 31, 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.

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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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 \$1,290,000 for the year ended December 31, 2012.

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 17,680,505	\$ 17,680,505	\$ 17,843,509	\$ 163,004
Licenses and permits	430,750	430,750	481,978	51,228
Intergovernmental	2,256,418	2,256,418	2,708,381	451,963
Charges for services	2,387,350	2,387,350	2,608,096	220,746
Fines and forfeits	158,371	158,371	82,796	(75,575)
Gifts and contributions	-	-	13,645	13,645
Investment earnings	608,000	608,000	199,838	(408,162)
Miscellaneous	1,206,824	1,206,824	1,507,285	300,461
<b>Total Revenues</b>	<b>\$ 24,728,218</b>	<b>\$ 24,728,218</b>	<b>\$ 25,445,528</b>	<b>\$ 717,310</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 223,178	\$ 223,178	\$ 221,221	\$ 1,957
Courts	266,924	266,924	304,623	(37,699)
Law library	60,000	60,000	60,370	(370)
Administrator	263,996	268,888	259,706	9,182
Auditor-Treasurer	1,549,471	1,549,471	1,569,898	(20,427)
Elections	371,238	371,238	345,192	26,046
Information Systems / GIS	970,819	970,819	888,369	82,450
Central services	943,026	943,026	991,104	(48,078)
Human resources	190,479	194,173	196,659	(2,486)
Risk management	519,000	519,000	414,473	104,527
Attorney	1,756,047	1,773,275	1,806,872	(33,597)
Recorder	972,361	1,045,193	923,790	121,403
Environmental services	673,109	674,431	710,773	(36,342)
Property valuation and classification	1,061,435	1,062,917	1,011,594	51,323
Facilities	1,664,736	1,725,649	1,722,253	3,396
Transit appropriation	29,645	29,645	29,792	(147)
Appropriations	242,804	242,804	243,382	(578)
Other general government	163,375	92,199	99,023	(6,824)
<b>Total general government</b>	<b>\$ 11,921,643</b>	<b>\$ 12,012,830</b>	<b>\$ 11,799,094</b>	<b>\$ 213,736</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, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>			
<b>Expenditures</b>					
<b>Current (Continued)</b>					
<b>Public safety</b>					
Sheriff	\$ 5,819,312	\$ 5,831,103	\$ 5,756,860	\$ 74,243	
Enhanced 911 system	357,728	357,728	110,583	247,145	
Sheriff's drug contingent	-	-	17,036	(17,036)	
Sheriff's forfeited property	-	-	6,325	(6,325)	
DUI assessment	-	-	1,949	(1,949)	
Coroner	125,000	125,000	117,700	7,300	
Mining inspector	1,000	1,000	80	920	
Dog ordinance	-	-	961	(961)	
Appropriations	2,000	2,000	2,000	-	
Jail	4,827,896	4,829,012	4,905,693	(76,681)	
Corrections	286,981	286,981	286,981	-	
Sentenced to serve	57,834	57,834	57,834	-	
Emergency management	101,784	101,784	137,534	(35,750)	
CWC tower	8,995	8,995	4,216	4,779	
800 MHZ	3,537,609	3,537,609	1,835,493	1,702,116	
Passenger safety coalition	-	-	8,263	(8,263)	
<b>Total public safety</b>	<b><u>\$ 15,126,139</u></b>	<b><u>\$ 15,139,046</u></b>	<b><u>\$ 13,249,508</u></b>	<b><u>\$ 1,889,538</u></b>	
<b>Culture and recreation</b>					
Kitchigami library	\$ 537,412	\$ 537,412	\$ 537,412	\$ -	
Parks	133,211	133,211	139,771	(6,560)	
Appropriations	39,000	39,000	39,000	-	
<b>Total culture and recreation</b>	<b><u>\$ 709,623</u></b>	<b><u>\$ 709,623</u></b>	<b><u>\$ 716,183</u></b>	<b><u>\$ (6,560)</u></b>	
<b>Conservation of natural resources</b>					
County extension	\$ 165,546	\$ 165,546	\$ 165,453	\$ 93	
Weed and seed inspector	2,910	2,910	225	2,685	
Appropriations	10,000	10,000	10,000	-	
<b>Total conservation of natural resources</b>	<b><u>\$ 178,456</u></b>	<b><u>\$ 178,456</u></b>	<b><u>\$ 175,678</u></b>	<b><u>\$ 2,778</u></b>	
<b>Total Expenditures</b>	<b><u>\$ 27,935,861</u></b>	<b><u>\$ 28,039,955</u></b>	<b><u>\$ 25,940,463</u></b>	<b><u>\$ 2,099,492</u></b>	
<b>Excess of Revenues Over (Under) Expenditures</b>	<b><u>\$ (3,207,643)</u></b>	<b><u>\$ (3,311,737)</u></b>	<b><u>\$ (494,935)</u></b>	<b><u>\$ 2,816,802</u></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, 2012**

	<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	\$ 28,917	\$ 28,917	\$ 1,405,223	\$ 1,376,306
Proceeds from the sale of capital assets	-	-	6,910	6,910
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 28,917</b>	<b>\$ 28,917</b>	<b>\$ 1,412,133</b>	<b>\$ 1,383,216</b>
<b>Net Change in Fund Balance</b>	<b>\$ (3,178,726)</b>	<b>\$ (3,282,820)</b>	<b>\$ 917,198</b>	<b>\$ 4,200,018</b>
<b>Fund Balance - January 1</b>	<b>\$ 19,171,183</b>	<b>\$ 19,171,183</b>	<b>\$ 19,171,183</b>	<b>\$ -</b>
<b>Fund Balance - December 31</b>	<b>\$ 15,992,457</b>	<b>\$ 15,888,363</b>	<b>\$ 20,088,381</b>	<b>\$ 4,200,018</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, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 3,836,584	\$ 3,836,584	\$ 3,839,028	\$ 2,444
Intergovernmental	6,781,672	6,781,672	7,328,333	546,661
Charges for services	631,000	631,000	730,982	99,982
Miscellaneous	71,000	71,000	174,415	103,415
<b>Total Revenues</b>	<b>\$ 11,320,256</b>	<b>\$ 11,320,256</b>	<b>\$ 12,072,758</b>	<b>\$ 752,502</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 800,972	\$ 810,710	\$ 765,893	\$ 44,817
Maintenance	2,257,360	2,258,521	2,031,922	226,599
Engineering/construction	6,790,362	6,790,362	6,396,242	394,120
Equipment maintenance and shop	1,343,905	1,343,905	1,452,402	(108,497)
<b>Total highways and streets</b>	<b>\$ 11,192,599</b>	<b>\$ 11,203,498</b>	<b>\$ 10,646,459</b>	<b>\$ 557,039</b>
<b>Intergovernmental</b>				
Highway and streets	\$ -	\$ -	\$ 350,996	\$ (350,996)
<b>Debt service</b>				
Principal	\$ 68,900	\$ 68,900	\$ 68,900	\$ -
Interest	51,000	51,000	39,212	11,788
<b>Total debt service</b>	<b>\$ 119,900</b>	<b>\$ 119,900</b>	<b>\$ 108,112</b>	<b>\$ 11,788</b>
<b>Total Expenditures</b>	<b>\$ 11,312,499</b>	<b>\$ 11,323,398</b>	<b>\$ 11,105,567</b>	<b>\$ 217,831</b>
<b>Excess of Revenues Over (Under) Expenditures</b>				
	<b>\$ 7,757</b>	<b>\$ (3,142)</b>	<b>\$ 967,191</b>	<b>\$ 970,333</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	\$ -	\$ -	\$ 11,005	\$ 11,005
<b>Net Change in Fund Balance</b>	<b>\$ 7,757</b>	<b>\$ (3,142)</b>	<b>\$ 978,196</b>	<b>\$ 981,338</b>
<b>Fund Balance - January 1</b>	<b>\$ 4,365,899</b>	<b>\$ 4,365,899</b>	<b>\$ 4,365,899</b>	<b>\$ -</b>
<b>Increase (decrease) in inventories</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,570)</b>	<b>\$ (1,570)</b>
<b>Fund Balance - December 31</b>	<b>\$ 4,373,656</b>	<b>\$ 4,362,757</b>	<b>\$ 5,342,525</b>	<b>\$ 979,768</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, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 7,516,849	\$ 7,516,849	\$ 7,536,763	\$ 19,914
Intergovernmental	11,159,200	11,159,200	12,665,098	1,505,898
Charges for services	1,399,557	1,399,557	1,372,253	(27,304)
Gifts and contributions	11,500	11,500	11,500	-
Miscellaneous	967,897	967,897	1,348,347	380,450
<b>Total Revenues</b>	<b>\$ 21,055,003</b>	<b>\$ 21,055,003</b>	<b>\$ 22,933,961</b>	<b>\$ 1,878,958</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Veterans service officer	\$ 222,775	\$ 222,775	\$ 264,227	\$ (41,452)
<b>Public safety</b>				
Juvenile detention	\$ 125,000	\$ 125,000	\$ 212,740	\$ (87,740)
<b>Human services</b>				
Income maintenance	\$ 5,021,312	\$ 5,032,604	\$ 5,246,614	\$ (214,010)
Human services	14,239,019	14,241,778	14,272,860	(31,082)
<b>Total human services</b>	<b>\$ 19,260,331</b>	<b>\$ 19,274,382</b>	<b>\$ 19,519,474</b>	<b>\$ (245,092)</b>
<b>Health</b>				
Health	\$ 1,503,013	\$ 1,503,527	\$ 1,452,535	\$ 50,992
<b>Total Expenditures</b>	<b>\$ 21,111,119</b>	<b>\$ 21,125,684</b>	<b>\$ 21,448,976</b>	<b>\$ (323,292)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>				
	\$ (56,116)	\$ (70,681)	\$ 1,484,985	\$ 1,555,666
<b>Other Financing Sources (Uses)</b>				
Transfer out	\$ -	\$ -	\$ (1,376,306)	\$ (1,376,306)
<b>Net Change in Fund Balance</b>	<b>\$ (56,116)</b>	<b>\$ (70,681)</b>	<b>\$ 108,679</b>	<b>\$ 179,360</b>
<b>Fund Balance - January 1</b>	<b>\$ 8,456,033</b>	<b>\$ 8,456,033</b>	<b>\$ 8,456,033</b>	<b>\$ -</b>
<b>Fund Balance - December 31</b>	<b>\$ 8,399,917</b>	<b>\$ 8,385,352</b>	<b>\$ 8,564,712</b>	<b>\$ 179,360</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, 2012**

	<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	\$ 603,000	\$ 603,000	\$ 805,895	\$ 202,895
Intergovernmental	65,500	11,105,080	11,183,912	78,832
Charges for services	100	100	16,050	15,950
Investment earnings	30,000	30,000	17,650	(12,350)
Sales	127,000	127,000	166,959	39,959
Miscellaneous	4,700	4,700	49,402	44,702
<b>Total Revenues</b>	<b>\$ 830,300</b>	<b>\$ 11,869,880</b>	<b>\$ 12,239,868</b>	<b>\$ 369,988</b>
<b>Expenditures</b>				
<b>Current</b>				
General government				
Other	\$ -	\$ -	\$ 86,857	\$ (86,857)
<b>Conservation of natural resources</b>				
Tax forfeited sales	\$ 1,053,133	\$ 12,092,713	\$ 12,154,678	\$ (61,965)
<b>Total Expenditures</b>	<b>\$ 1,053,133</b>	<b>\$ 12,092,713</b>	<b>\$ 12,241,535</b>	<b>\$ (148,822)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>				
	\$ (222,833)	\$ (222,833)	\$ (1,667)	\$ 221,166
<b>Fund Balance - January 1</b>	<b>\$ 441,543</b>	<b>\$ 441,543</b>	<b>\$ 441,543</b>	<b>\$ -</b>
<b>Fund Balance - December 31</b>	<b>\$ 218,710</b>	<b>\$ 218,710</b>	<b>\$ 439,876</b>	<b>\$ 221,166</b>

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

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**REQUIRED SUPPLEMENTAL INFORMATION**

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

Actuarial Valuation Date <b>January 1</b>	Actuarial Value of Assets	Actuarial Accrued		Unfunded		Active Members Covered Payroll	UAAL As a Percentage of Covered Payroll
		Liability (AAL) Entry-Age Normal	Funded Ratio	Actuarial Accrued Liability (UAAL)			
2007	\$ -	\$ 35,478,061	0.0%	\$ 35,478,061	\$ 18,502,377	191.7%	
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, 2012**

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**1. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds; however, the budget is not presented for the Capital Projects Fund. The County does not budget for the Environmental Trust Permanent 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, 2012, expenditures exceeded appropriations in the Community Services Special Revenue Fund by \$323,292. 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 \$148,822. The excess expenditures are due to a higher than expected net settlement of tax forfeited sales related to 2011 activity. The tax forfeited settlement process takes place the year after sales occurred and is reflected as an expenditure to general government. Actual 2012 expenditures for Public Land Management fell within the legal level of budgetary control.

**3. Other Post Employment Benefits**

As disclosed on the Schedule of Funding Progress, no assets have been irrevocably deposited in a trust to advance fund the employer's obligation.

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 4,213,068	\$ 4,213,068	\$ 4,252,062	\$ 38,994
Intergovernmental	67,507	67,507	86,342	18,835
<b>Total Revenues</b>	<b>\$ 4,280,575</b>	<b>\$ 4,280,575</b>	<b>\$ 4,338,404</b>	<b>\$ 57,829</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 3,717,500	\$ 3,717,500	\$ 3,717,500	\$ -
Interest	1,843,429	1,843,429	1,846,427	(2,998)
Administrative charges	2,500	2,500	4,288	(1,788)
<b>Total Expenditures</b>	<b>\$ 5,563,429</b>	<b>\$ 5,563,429</b>	<b>\$ 5,568,215</b>	<b>\$ (4,786)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (1,282,854)</b>	<b>\$ (1,282,854)</b>	<b>\$ (1,229,811)</b>	<b>\$ 53,043</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	\$ (125,000)	\$ (125,000)	\$ (176,741)	\$ (51,741)
<b>Net Change in Fund Balance</b>	<b>\$ (1,407,854)</b>	<b>\$ (1,407,854)</b>	<b>\$ (1,406,552)</b>	<b>\$ 1,302</b>
<b>Fund Balance - January 1</b>	<b>6,199,638</b>	<b>6,199,638</b>	<b>6,199,638</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 4,791,784</b>	<b>\$ 4,791,784</b>	<b>\$ 4,793,086</b>	<b>\$ 1,302</b>

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**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	<b>Special Revenue Funds</b>				
	<b>Solid Waste (Non-Landfill)</b>	<b>Unorganized Townships</b>	<b>Small Cities Development Program</b>	<b>Total</b>	
<b>ASSETS</b>					
Cash and pooled investments	\$ 2,206,807	\$ 1,758,720	\$ 38,929	\$ 4,004,456	
Taxes receivable					
Delinquent	- 36,248	- -	- -	36,248	
Accounts receivable	18,857	- -	- -	18,857	
Accrued interest receivable	- -	- 262	- 262	262	
Due from other funds	- -	- -	- -	- -	
Loans receivable	- -	- 404,935	- 404,935	404,935	
<b>Total Assets</b>	<b><u>\$ 2,225,664</u></b>	<b><u>\$ 1,794,968</u></b>	<b><u>\$ 444,126</u></b>	<b><u>\$ 4,464,758</u></b>	
<b>LIABILITIES</b>					
Accounts payable	\$ 7,902	\$ 789	\$ -	\$ 8,691	
Salaries payable	604	- -	- -	604	
Accrued payroll taxes	90	- -	- -	90	
Due to other funds	- 56,000	- -	- -	56,000	
Unearned revenue	- -	- 404,935	- 404,935	404,935	
<b>Total Liabilities</b>	<b><u>\$ 8,596</u></b>	<b><u>\$ 56,789</u></b>	<b><u>\$ 404,935</u></b>	<b><u>\$ 470,320</u></b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue (Note III.D.)	\$ -	\$ 36,248	\$ -	\$ 36,248	
<b>FUND BALANCES</b>					
<b>Nonspendable:</b>					
Environmental trust corpus	\$ -	\$ -	\$ -	\$ -	
<b>Restricted for:</b>					
Solid waste (non-landfill)	1,879,939	- -	- -	1,879,939	
Economic development revolving loans	- -	- -	39,191	39,191	
Environmental uses	- -	- -	- -	- -	
Unorganized townships	- 1,701,931	- -	- -	1,701,931	
<b>Assigned for:</b>					
Solid waste (non-landfill)	337,129	- -	- -	337,129	
<b>Total Fund Balances</b>	<b><u>\$ 2,217,068</u></b>	<b><u>\$ 1,701,931</u></b>	<b><u>\$ 39,191</u></b>	<b><u>\$ 3,958,190</u></b>	
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 2,225,664</u></b>	<b><u>\$ 1,794,968</u></b>	<b><u>\$ 444,126</u></b>	<b><u>\$ 4,464,758</u></b>	

**Permanent Fund**

	<b>Environmental Trust</b>	<b>Total</b>
\$	1,970,613	\$ 5,975,069
	-	36,248
	-	18,857
	19,056	19,318
	-	-
	-	404,935
<b>\$</b>	<b>1,989,669</b>	<b>\$ 6,454,427</b>
\$	-	\$ 8,691
	-	604
	-	90
	-	56,000
	-	404,935
<b>\$</b>	<b>-</b>	<b>\$ 470,320</b>
<b>\$</b>	<b>16,946</b>	<b>\$ 53,194</b>
\$	1,846,499	\$ 1,846,499
	-	1,879,939
	-	39,191
	126,224	126,224
	-	1,701,931
	-	337,129
<b>\$</b>	<b>1,972,723</b>	<b>\$ 5,930,913</b>
<b>\$</b>	<b>1,989,669</b>	<b>\$ 6,454,427</b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Special Revenue Funds				Total
	Solid Waste (Non-Landfill)	Unorganized Townships	Small Cities Development Program		
<b>Revenues</b>					
Taxes	\$ -	\$ 686,708	\$ -	\$ 686,708	
Special assessments	590,928	18,594	-	609,522	
Intergovernmental	163,732	51,146	-	214,878	
Charges for services	270,803	-	-	270,803	
Investment earnings	-	-	6,903	6,903	
Miscellaneous	52,938	-	11,497	64,435	
<b>Total Revenues</b>	<b>\$ 1,078,401</b>	<b>\$ 756,448</b>	<b>\$ 18,400</b>	<b>\$ 1,853,249</b>	
<b>Expenditures</b>					
<b>Current</b>					
General government	\$ -	\$ 82,472	\$ -	\$ 82,472	
Public safety	-	137,637	-	137,637	
Highways and streets	-	609,172	-	609,172	
Conservation of natural resources	723,163	-	-	723,163	
<b>Total Expenditures</b>	<b>\$ 723,163</b>	<b>\$ 829,281</b>	<b>\$ -</b>	<b>\$ 1,552,444</b>	
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 355,238</b>	<b>\$ (72,833)</b>	<b>\$ 18,400</b>	<b>\$ 300,805</b>	
<b>Other Financing Sources (Uses)</b>					
Transfers in	\$ 70,818	\$ -	\$ -	\$ 70,818	
Transfers out	(349,735)	-	-	(349,735)	
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (278,917)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (278,917)</b>	
<b>Net Change in Fund Balance</b>	<b>\$ 76,321</b>	<b>\$ (72,833)</b>	<b>\$ 18,400</b>	<b>\$ 21,888</b>	
<b>Fund Balance - January 1</b>	<b>\$ 2,140,747</b>	<b>\$ 1,774,764</b>	<b>\$ 20,791</b>	<b>\$ 3,936,302</b>	
<b>Fund Balance - December 31</b>	<b>\$ 2,217,068</b>	<b>\$ 1,701,931</b>	<b>\$ 39,191</b>	<b>\$ 3,958,190</b>	

**Permanent Fund**

<b>Environmental Trust</b>		<b>Total</b>	
\$	-	\$	686,708
	-		609,522
	-		214,878
	-		270,803
29,563		36,466	
	-		64,435
<b>\$</b>	<b>29,563</b>	<b>\$</b>	<b>1,882,812</b>
\$	-	\$	82,472
	-		137,637
	-		609,172
57,230			780,393
<b>\$</b>	<b>57,230</b>	<b>\$</b>	<b>1,609,674</b>
<b>\$</b>	<b>(27,667)</b>	<b>\$</b>	<b>273,138</b>
\$	-	\$	70,818
	-		(349,735)
<b>\$</b>	<b>-</b>	<b>\$</b>	<b>(278,917)</b>
\$	(27,667)	\$	(5,779)
<b>\$</b>	<b>2,000,390</b>	<b>\$</b>	<b>5,936,692</b>
<b>\$</b>	<b>1,972,723</b>	<b>\$</b>	<b>5,930,913</b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
SOLID WASTE (NON-LANDFILL) SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<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	\$ 590,928	\$ 40,928
Intergovernmental	158,000	158,000	163,732	5,732
Charges for services	260,000	260,000	270,803	10,803
Miscellaneous	40,000	40,000	52,938	12,938
<b>Total Revenues</b>	<b>\$ 1,008,000</b>	<b>\$ 1,008,000</b>	<b>\$ 1,078,401</b>	<b>\$ 70,401</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Conservation of natural resources</b>				
Solid waste (non-landfill)	\$ 857,559	\$ 858,379	\$ 723,163	\$ 135,216
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ 150,441</b>	<b>\$ 149,621</b>	<b>\$ 355,238</b>	<b>\$ 205,617</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 75,000	\$ 75,000	\$ 70,818	\$ (4,182)
Transfers out	(350,000)	(350,000)	(349,735)	265
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (275,000)</b>	<b>\$ (275,000)</b>	<b>\$ (278,917)</b>	<b>\$ (3,917)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (124,559)</b>	<b>\$ (125,379)</b>	<b>\$ 76,321</b>	<b>\$ 201,700</b>
<b>Fund Balance - January 1</b>	<b>2,140,747</b>	<b>2,140,747</b>	<b>2,140,747</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,016,188</b>	<b>\$ 2,015,368</b>	<b>\$ 2,217,068</b>	<b>\$ 201,700</b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
UNORGANIZED TOWNSHIPS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 694,137	\$ 694,137	\$ 686,708	\$ (7,429)
Special assessments	-	-	18,594	18,594
Intergovernmental	<u>36,445</u>	<u>36,445</u>	<u>51,146</u>	<u>14,701</u>
<b>Total Revenues</b>	<b><u>\$ 730,582</u></b>	<b><u>\$ 730,582</u></b>	<b><u>\$ 756,448</u></b>	<b><u>\$ 25,866</u></b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Unorganized township general revenue	<u>\$ 93,275</u>	<u>\$ 93,275</u>	<u>\$ 82,472</u>	<u>\$ 10,803</u>
<b>Public safety</b>				
Unorganized township fire	<u>\$ 137,144</u>	<u>\$ 137,144</u>	<u>\$ 137,637</u>	<u>\$ (493)</u>
<b>Highways and streets</b>				
Unorganized township roads	<u>\$ 545,300</u>	<u>\$ 545,300</u>	<u>\$ 609,172</u>	<u>\$ (63,872)</u>
<b>Total Expenditures</b>	<b><u>\$ 775,719</u></b>	<b><u>\$ 775,719</u></b>	<b><u>\$ 829,281</u></b>	<b><u>\$ (53,562)</u></b>
<b>Excess of Revenues Over (Under) Expenditures</b>				
	<u>\$ (45,137)</u>	<u>\$ (45,137)</u>	<u>\$ (72,833)</u>	<u>\$ (27,696)</u>
<b>Fund Balance - January 1</b>	<b><u>1,774,764</u></b>	<b><u>1,774,764</u></b>	<b><u>1,774,764</u></b>	<b><u>-</u></b>
<b>Fund Balance - December 31</b>	<b><u>\$ 1,729,627</u></b>	<b><u>\$ 1,729,627</u></b>	<b><u>\$ 1,701,931</u></b>	<b><u>\$ (27,696)</u></b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
SMALL CITIES DEVELOPMENT PROGRAM SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment earnings	\$ 4,800	\$ 4,800	\$ 6,903	\$ 2,103
Miscellaneous	<u>11,400</u>	<u>11,400</u>	<u>11,497</u>	<u>97</u>
<b>Total Revenues</b>	<b>\$ 16,200</b>	<b>\$ 16,200</b>	<b>\$ 18,400</b>	<b>\$ 2,200</b>
<b>Fund Balance - January 1</b>	<b><u>20,791</u></b>	<b><u>20,791</u></b>	<b><u>20,791</u></b>	<b><u>-</u></b>
<b>Fund Balance - December 31</b>	<b><u>\$ 36,991</u></b>	<b><u>\$ 36,991</u></b>	<b><u>\$ 39,191</u></b>	<b><u>\$ 2,200</u></b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b><u>CENTRAL MINNESOTA COMMUNITY CORRECTIONS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 926,226	\$ 2,735,085	\$ 2,789,919	\$ 871,392
<b><u>Liabilities</u></b>				
Salaries payable	\$ 47,831	\$ -	\$ 2,204	\$ 45,627
Due to other governments	<u>878,395</u>	<u>2,735,085</u>	<u>2,787,715</u>	<u>825,765</u>
<b>Total Liabilities</b>	<b>\$ 926,226</b>	<b>\$ 2,735,085</b>	<b>\$ 2,789,919</b>	<b>\$ 871,392</b>
<b><u>COLLABORATIVE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 1,506,855	\$ 536,275	\$ 755,662	\$ 1,287,468
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 1,506,855</u>	<u>\$ 536,275</u>	<u>\$ 755,662</u>	<u>\$ 1,287,468</u>
<b><u>CHILD PROTECTION TEAM</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 30,495	\$ 38,326	\$ 42,306	\$ 26,515
<b><u>Liabilities</u></b>				
Accounts payable	<u>\$ 30,495</u>	<u>\$ 38,326</u>	<u>\$ 42,306</u>	<u>\$ 26,515</u>
<b><u>SELECT TRUST</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ 7,091</u>	<u>\$ 191,777</u>	<u>\$ 180,508</u>	<u>\$ 18,360</u>
<b><u>Liabilities</u></b>				
Accounts payable	<u>\$ 7,091</u>	<u>\$ 191,777</u>	<u>\$ 180,508</u>	<u>\$ 18,360</u>
<b><u>TAXES AND PENALTIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ 2,916,601</u>	<u>\$ 112,619,793</u>	<u>\$ 113,396,345</u>	<u>\$ 2,140,049</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 2,916,601</u>	<u>\$ 112,619,793</u>	<u>\$ 113,396,345</u>	<u>\$ 2,140,049</u>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b><u>BLACK BEAR-MILLER LAKE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ (16,553)	\$ 20,886	\$ 2,771	\$ 1,562
Due from other governments	<u>16,553</u>		<u>16,553</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 20,886</u></b>	<b><u>\$ 19,324</u></b>	<b><u>\$ 1,562</u></b>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ -</u>	<u>\$ 20,886</u>	<u>\$ 19,324</u>	<u>\$ 1,562</u>
<b><u>SNOWMOBILE, ATV, SKI TRAILS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 2,593	\$ 401,788	\$ 401,788	\$ 2,593
<b><u>Liabilities</u></b>				
Accounts payable	<u>\$ 2,593</u>	<u>\$ 401,788</u>	<u>\$ 401,788</u>	<u>\$ 2,593</u>
<b><u>PASSENGER SAFETY COALITION</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ (4,658)	\$ 13,434	\$ 8,935	\$ (159)
Due from other governments	<u>4,658</u>	<u>159</u>	<u>4,658</u>	<u>159</u>
<b>Total Assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 13,593</u></b>	<b><u>\$ 13,593</u></b>	<b><u>\$ -</u></b>
<b><u>Liabilities</u></b>				
Accounts payable	<u>\$ -</u>	<u>\$ 13,593</u>	<u>\$ 13,593</u>	<u>\$ -</u>
<b><u>MISSISSIPPI HEADWATERS BOARD</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ -</u>	<u>\$ 233,073</u>	<u>\$ 33,493</u>	<u>\$ 199,580</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ -</u>	<u>\$ 233,073</u>	<u>\$ 33,493</u>	<u>\$ 199,580</u>
<b><u>LAKE IMPROVEMENT DISTRICTS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ 218,441</u>	<u>\$ 237,171</u>	<u>\$ 188,561</u>	<u>\$ 267,051</u>
<b><u>Liabilities</u></b>				
Accounts payable	<u>\$ 218,441</u>	<u>\$ 237,171</u>	<u>\$ 188,561</u>	<u>\$ 267,051</u>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 5,587,091	\$ 117,027,608	\$ 117,800,288	\$ 4,814,411
Due from other governments	<u>21,211</u>	<u>159</u>	<u>21,211</u>	<u>159</u>
<b>Total Assets</b>	<b><u>\$ 5,608,302</u></b>	<b><u>\$ 117,027,767</u></b>	<b><u>\$ 117,821,499</u></b>	<b><u>\$ 4,814,570</u></b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 258,620	\$ 882,655	\$ 826,756	\$ 314,519
Salaries payable	47,831	-	2,204	45,627
Due to other governments	<u>5,301,851</u>	<u>116,145,112</u>	<u>116,992,539</u>	<u>4,454,424</u>
<b>Total Liabilities</b>	<b><u>\$ 5,608,302</u></b>	<b><u>\$ 117,027,767</u></b>	<b><u>\$ 117,821,499</u></b>	<b><u>\$ 4,814,570</u></b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET  
COMPONENT UNIT - HOUSING AND REDEVELOPMENT AUTHORITY  
DECEMBER 31, 2012**

	<b>Housing and Redevelopment Authority</b>	<b>Adjustments</b>	<b>Governmental Activities</b>
<b>ASSETS</b>			
Cash and pooled investments	\$ 622,340	\$ -	\$ 622,340
Taxes receivable - delinquent	2,458	-	2,458
Accrued interest receivable	7,963	-	7,963
Loans receivable (net)	<u>136,219</u>	<u>-</u>	<u>136,219</u>
<b>Total Assets</b>	<b><u>\$ 768,980</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 768,980</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 6,349	\$ -	\$ 6,349
<b>Total Liabilities</b>	<b><u>\$ 6,349</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,349</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	<b><u>\$ 9,760</u></b>	<b><u>\$ (9,760)</u></b>	<b><u>\$ -</u></b>
<b>FUND BALANCE / NET POSITION</b>			
<b>Fund Balance</b>			
Restricted for revolving loans - TIF	\$ 79,384	\$ (79,384)	
Committed for revolving loans - NonTIF	56,836	(56,836)	
Unassigned	<u>616,651</u>	<u>(616,651)</u>	
<b>Total Fund Balance</b>	<b><u>\$ 752,871</u></b>	<b><u>\$ (752,871)</u></b>	
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b><u>\$ 768,980</u></b>		
<b>Net Position</b>			
Restricted for economic development	\$ 79,384	\$ 79,384	
Unrestricted	<u>683,247</u>	<u>683,247</u>	
<b>Total Net Position</b>	<b><u>\$ 762,631</u></b>	<b><u>\$ 762,631</u></b>	
<b>Reconciliation of the Housing and Redevelopment Authority's Fund Balance to Net Position</b>			
Fund Balance - Housing and Redevelopment Authority		\$ 752,871	
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund.		<u>9,760</u>	
<b>Net Position - Governmental Activities</b>		<b><u>\$ 762,631</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, 2012**

	<b>Housing and Redevelopment Authority</b>	<b>Adjustments</b>	<b>Governmental Activities</b>
<b>Revenues</b>			
Taxes	\$ 61,208	\$ (228)	\$ 60,980
Intergovernmental	997	-	997
Investment Earnings	12,732	1,606	14,338
Miscellaneous	1,001	-	1,001
<b>Total Revenues</b>	<b>\$ 75,938</b>	<b>\$ 1,378</b>	<b>\$ 77,316</b>
<b>Expenditures/Expenses</b>			
Housing and Redevelopment Authority	\$ 63,182	\$ -	\$ 63,182
Debt Service			
Principal	5,198	-	5,198
<b>Total Expenditures/Expenses</b>	<b>\$ 68,380</b>	<b>\$ -</b>	<b>\$ 68,380</b>
<b>Change in Fund Balance/Net Position</b>	<b>\$ 7,558</b>	<b>\$ 1,378</b>	<b>\$ 8,936</b>
<b>Fund Balance/Net Position - January 1</b>	<b>745,313</b>	<b>8,382</b>	<b>753,695</b>
<b>Fund Balance/Net Position - December 31</b>	<b>\$ 752,871</b>	<b>\$ 9,760</b>	<b>\$ 762,631</b>
<b>Reconciliation of the Housing and Redevelopment Authority's Change in Fund Balance to the Change in Net Position</b>			
Change in Fund Balance			\$ 7,558
Revenues that do not provide current financial resources are not reported as revenues in the fund			1,378
<b>Change in Net Position of Governmental Activities</b>			<b>\$ 8,936</b>

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**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<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	\$ 6,380,712	\$ -	\$ 6,380,712	\$ -
Market value credit	111,906	-	111,906	195
Supplemental homestead credit	475,164	-	475,164	802
PERA rate reimbursement	76,910	595	77,505	-
Taconite production tax	311	-	311	-
Local disaster abatement	1,695	-	1,695	-
Disparity reduction aid	14,086	-	14,086	-
County program aid	604,300	-	604,300	-
Performance aid	8,750	-	8,750	-
Police aid	210,357	-	210,357	-
E-911	148,826	-	148,826	-
<b>Total Shared Revenue</b>	<b>\$ 8,033,017</b>	<b>\$ 595</b>	<b>\$ 8,033,612</b>	<b>\$ 997</b>
<b>Reimbursement for Services</b>				
<b>State</b>				
Minnesota Department of Human Services	\$ 2,589,639	\$ -	\$ 2,589,639	\$ -
<b>Payments</b>				
<b>Local</b>				
Local contributions	\$ 215,005	\$ -	\$ 215,005	\$ -
Payments in lieu of taxes	429,758	-	429,758	-
<b>Total Payments</b>	<b>\$ 644,763</b>	<b>\$ -</b>	<b>\$ 644,763</b>	<b>\$ -</b>
<b>Grants</b>				
<b>State</b>				
Minnesota Department of Health	\$ 182,970	\$ -	\$ 182,970	\$ -
Human Services	4,389,933	-	4,389,933	-
Natural Resources	11,127,545	-	11,127,545	-
Peace Officers Board	13,284	-	13,284	-
Pollution Control Agency	163,732	-	163,732	-
Public Safety	78,060	-	78,060	-
Historical Society	6,800	-	6,800	-
Water and Soil Resources	88,991	-	88,991	-
<b>Total State</b>	<b>\$ 16,051,315</b>	<b>\$ -</b>	<b>\$ 16,051,315</b>	<b>\$ -</b>
<b>Federal</b>				
Department of Agriculture	\$ 697,865	\$ -	\$ 697,865	\$ -
Commerce	454	-	454	-
Health and Human Services	4,982,561	-	4,982,561	-
Homeland Security	1,179,904	-	1,179,904	-
Interior	7,750	-	7,750	-
Justice	8,490	-	8,490	-
Transportation	615,268	-	615,268	-
<b>Total Federal</b>	<b>\$ 7,492,292</b>	<b>\$ -</b>	<b>\$ 7,492,292</b>	<b>\$ -</b>
<b>Total State and Federal Grants</b>	<b>\$ 23,543,607</b>	<b>\$ -</b>	<b>\$ 23,543,607</b>	<b>\$ -</b>
<b>Total Intergovernmental Revenue</b>	<b>\$ 34,811,026</b>	<b>\$ 595</b>	<b>\$ 34,811,621</b>	<b>\$ 997</b>

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>Federal Grantor</b>	<b>Federal</b>
<b>Pass-Through Agency</b>	<b>CFDA</b>
<b>Grant Program Title</b>	<b>Number</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
	\$ 318,116
Passed Through Minnesota Department of Human Services	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561
	\$ 379,749
<b>Total U.S. Department of Agriculture</b>	<b>\$ 697,865</b>
<b>U.S. Department of Commerce</b>	
Passed Through Itasca County	
Public Safety Interoperable Communications Grant Program	11.555
	\$ 454
<b>U.S. Department of the Interior</b>	
Passed Through Minnesota Department of Natural Resources	
Fish and Wildlife Management Assistance	15.608
	\$ 7,750
<b>U.S. Department of Justice</b>	
Direct	
Bulletproof Vest Partnership Program	16.607
	\$ 1,285
Passed Through Minnesota Department of Public Safety	
Public Safety Partnership and Community Policing Grants	16.710
	2,731
Passed Through City of Brainerd	
Edward Byrne Memorial Justice Assistance Grant Program	16.738
	\$ 4,474
<b>Total U.S. Department of Justice</b>	<b>\$ 8,490</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
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601
State Traffic Safety Information System Improvement Grants	20.610
	\$ 2,334
	3,636
	19,000
Passed Through Minnesota Department of Transportation	
Highway Planning and Construction	20.205
	\$ 590,298
<b>Total U.S. Department of Transportation</b>	<b>\$ 615,268</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, 2012**

<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	\$ 66,458
Universal Newborn Hearing Screening	93.251	375
Immunization Cooperative Agreements	93.268	3,050
Temporary Assistance for Needy Families Cluster		
Temporary Assistance for Needy Families	93.558	65,823
(Total Temporary Assistance for Needy Families 93.558, \$903,660)		
Maternal and Child Health Services Block Grant to the States	93.994	64,104
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	19,629
Temporary Assistance for Needy Families Cluster		
Temporary Assistance for Needy Families	93.558	837,837
(Total Temporary Assistance for Needy Families 93.558 \$903,660)		
Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program-ARRA	93.714	41,337
Child Support Enforcement	93.563	1,198,008
Refugee and Entrant Assistance - State Administered Programs	93.566	36
Child Care and Development Block Grant	93.575	49,407
Community-Based Child Abuse Prevention Grants	93.590	44,299
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2,972
Foster Care-Title IV-E	93.658	463,464
Social Services Block Grant Title XX	93.667	386,146
Chafee Foster Care Independence Program	93.674	10,559
Children's Health Insurance Program	93.767	111
Medical Assistance Program	93.778	1,679,293
Block Grants for Community Mental Health Services	93.958	62,500
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 5,018,340</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, 2012**

<b>Federal Grantor</b>	<b>Federal</b>
<b>Pass-Through Agency</b>	<b>CFDA</b>
<b>Grant Program Title</b>	<b>Number</b>
<b>U.S. Department of Homeland Security</b>	
Passed Through Minnesota Department of Public Safety	
Boating Safety Financial Assistance	97.012
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036
Emergency Management Performance Grants	97.042
Homeland Security Grant Program	97.067
(Total Homeland Security Grant Program 97.067 \$707,750)	
Passed Through Itasca County	
Interoperable Emergency Communication	97.055
Passed Through Kanabec County	
Homeland Security Grant Program	97.067
(Total Homeland Security Grant Program 97.067 \$707,750)	
Passed Through Saint Louis County	
Homeland Security Grant Program	97.067
(Total Homeland Security Grant Program 97.067 \$707,750)	
<b>Total U.S. Department of Homeland Security</b>	<b>\$ 1,019,080</b>
<b>Total Federal Awards</b>	<b>\$ 7,367,247</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, 2012**

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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, 2012. 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 position, or cash flows of Crow Wing County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following 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 Safety Cluster	24,970
Temporary Assistance for Needy Families Cluster	944,997

**CROW WING COUNTY  
BRAINERD, MINNESOTA**

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

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 7,492,292
Grants received more than 60 days after year-end, deferred in 2012	
Public Health Emergency Preparedness	19,949
Temporary Assistance for Needy Families	2,593
Foster Care Title IV-E	13,237
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	18,679
Emergency Management Performance Grants	42,745
Homeland Security Grant Program	11,699
Deferred in 2011, recognized as revenue in 2012	
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>\$ 7,367,247</u></u>

**6. Subrecipients**

Of the expenditures presented in the schedule, Crow Wing County provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
20.600	State and Community Highway Safety	\$ 2,334
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	<u>3,636</u>
		<u><u>\$ 5,970</u></u>

**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.

## 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>	112
<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>	122
<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>	128
<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>	134
<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>	136

**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 Position by Component**  
**Last Ten 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					
Net investment in capital assets	\$ 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 position	<u>\$ 87,136,739</u>	<u>\$ 98,909,781</u>	<u>\$ 111,153,713</u>	<u>\$ 122,172,302</u>	<u>\$ 136,436,155</u>
Business-type activities					
Net investment in capital assets	\$ 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 position	<u>\$ 9,653,773</u>	<u>\$ 9,738,654</u>	<u>\$ 10,938,949</u>	<u>\$ 11,332,693</u>	<u>\$ 11,779,183</u>
Primary government					
Net investment in capital assets	\$ 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 position	<u>\$ 96,790,512</u>	<u>\$ 108,648,435</u>	<u>\$ 122,092,662</u>	<u>\$ 133,504,995</u>	<u>\$ 148,215,338</u>

(Unaudited)

Fiscal Year				
2008	2009	2010	2011	2012
\$ 91,545,696	\$ 102,145,334	\$ 110,096,199	\$ 111,954,940	\$ 132,167,372
18,241,947	17,449,360	13,172,796	16,532,198	14,924,912
36,176,588	35,278,917	43,336,787	45,124,298	46,594,361
<u>\$ 145,964,231</u>	<u>\$ 154,873,611</u>	<u>\$ 166,605,782</u>	<u>\$ 173,611,436</u>	<u>\$ 193,686,645</u>
\$ 5,302,538	\$ 5,300,525	\$ 4,965,555	\$ 4,985,481	\$ 4,601,273
5,711,395	5,335,081	6,282,130	6,467,921	7,127,230
<u>\$ 11,013,933</u>	<u>\$ 10,635,606</u>	<u>\$ 11,247,685</u>	<u>\$ 11,453,402</u>	<u>\$ 11,728,503</u>
\$ 96,848,234	\$ 107,445,859	\$ 115,061,754	\$ 116,940,421	\$ 136,768,645
18,241,947	17,449,360	13,172,796	16,532,198	14,924,912
41,887,983	40,613,998	49,618,917	51,592,219	53,721,591
<u>\$ 156,978,164</u>	<u>\$ 165,509,217</u>	<u>\$ 177,853,467</u>	<u>\$ 185,064,838</u>	<u>\$ 205,415,148</u>

(Unaudited)

**Crow Wing County, Minnesota**  
**Changes in Net Position**  
**Last Ten 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)

Fiscal Year				
2008	2009	2010	2011	2012
\$ 13,134,027	\$ 13,248,631	\$ 12,871,344	\$ 12,969,897	\$ 12,956,270
13,401,676	13,306,812	13,036,830	13,825,942	13,437,415
6,338,643	6,931,810	6,919,926	8,380,127	7,008,995
257,754	137,056	147,328	28,694	-
22,308,975	20,835,333	20,416,383	21,153,044	20,570,268
2,636,852	1,684,446	1,684,246	1,741,968	1,555,816
688,957	634,334	684,631	647,975	669,106
1,551,623	1,579,069	1,342,948	1,271,937	1,589,004
-	115,240	217,807	352,710	-
2,483,087	2,313,711	2,153,652	1,973,785	1,928,665
<u>\$ 62,801,594</u>	<u>\$ 60,786,442</u>	<u>\$ 59,475,095</u>	<u>\$ 62,346,079</u>	<u>\$ 59,715,539</u>
2,832,091	2,263,577	1,631,721	2,070,766	2,131,373
<u>\$ 65,633,685</u>	<u>\$ 63,050,019</u>	<u>\$ 61,106,816</u>	<u>\$ 64,416,845</u>	<u>\$ 61,846,912</u>

\$ 1,982,857	\$ 1,961,517	\$ 1,858,545	\$ 1,675,797	\$ 1,829,766
2,595,331	1,924,364	1,927,995	1,440,474	1,586,547
388,192	429,446	496,205	497,846	589,297
1,732,921	1,658,340	1,647,435	2,052,157	2,030,299
534,839	432,704	471,753	300,551	257,855
-	-	-	-	-
445,991	1,398,724	1,461,012	1,505,233	1,421,929
-	621	2,691	8,599	11,497
18,571,295	17,868,108	23,131,686	18,684,965	19,091,574
6,129,559	4,869,920	1,362,606	4,526,177	13,883,256
<u>\$ 32,380,985</u>	<u>\$ 30,543,744</u>	<u>\$ 32,359,928</u>	<u>\$ 30,691,799</u>	<u>\$ 40,702,020</u>

2,046,074	1,857,324	1,989,639	1,920,174	2,064,133
<u>\$ 34,427,059</u>	<u>\$ 32,401,068</u>	<u>\$ 34,349,567</u>	<u>\$ 32,611,973</u>	<u>\$ 42,766,153</u>
\$ (30,420,609)	\$ (30,242,698)	\$ (27,115,167)	\$ (31,654,280)	\$ (19,013,519)
(786,017)	(406,253)	357,918	(150,592)	(67,240)
<u>\$ (31,206,626)</u>	<u>\$ (30,648,951)</u>	<u>\$ (26,757,249)</u>	<u>\$ (31,804,872)</u>	<u>\$ (19,080,759)</u>

(Unaudited)

**Crow Wing County, Minnesota**  
**Changes in Net Position**  
**Last Ten 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 Position</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 Position</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)

Fiscal Year				
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 33,326,555	\$ 34,566,755	\$ 35,585,536	\$ 35,213,383	\$ 35,814,571
82,488	79,515	71,796	65,367	86,114
335,672	355,232	360,402	429,856	429,758
4,051,908	3,170,952	2,065,541	2,071,218	1,293,122
1,220,736	432,122	329,226	255,744	201,695
763,319	468,808	532,861	830,054	610,553
2,533	29,799	51,976	44,312	17,915
150,000	48,895	(150,000)	(250,000)	(250,000)
<u>\$ 39,933,211</u>	<u>\$ 39,152,078</u>	<u>\$ 38,847,338</u>	<u>\$ 38,659,934</u>	<u>\$ 38,203,728</u>
\$ 595	\$ 595	\$ 595	\$ 595	\$ 595
170,172	76,226	103,566	105,714	91,746
(150,000)	(48,895)	150,000	250,000	250,000
<u>\$ 20,767</u>	<u>\$ 27,926</u>	<u>\$ 254,161</u>	<u>\$ 356,309</u>	<u>\$ 342,341</u>
<u>\$ 39,953,978</u>	<u>\$ 39,180,004</u>	<u>\$ 39,101,499</u>	<u>\$ 39,016,243</u>	<u>\$ 38,546,069</u>
\$ 9,512,602	\$ 8,909,380	\$ 11,732,171	\$ 7,005,654	\$ 19,190,209
(765,250)	(378,327)	612,079	205,717	275,101
<u>\$ 8,747,352</u>	<u>\$ 8,531,053</u>	<u>\$ 12,344,250</u>	<u>\$ 7,211,371</u>	<u>\$ 19,465,310</u>

(Unaudited)

**Crow Wing County, Minnesota**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified 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 Fund</b>					
Nonspendable					
Restricted					
Committed					
Assigned					
Unassigned					
Reserved	\$ 623,264	\$ 650,147	\$ 1,004,104	\$ 1,576,775	\$ 2,009,719
Unreserved	<u>\$ 8,193,676</u>	<u>\$ 7,836,713</u>	<u>\$ 9,427,279</u>	<u>\$ 11,313,481</u>	<u>\$ 13,023,707</u>
Total General Fund	<u><u>\$ 8,816,940</u></u>	<u><u>\$ 8,486,860</u></u>	<u><u>\$ 10,431,383</u></u>	<u><u>\$ 12,890,256</u></u>	<u><u>\$ 15,033,426</u></u>
<b>All Other Governmental Funds</b>					
Nonspendable					
Restricted					
Committed					
Assigned					
Unassigned					
Reserved	\$ 3,867,243	\$ 28,710,249	\$ 23,966,676	\$ 11,158,029	\$ 9,483,137
Unreserved, reported in:					
Special revenue funds	12,347,278	11,473,603	13,496,431	10,608,225	10,635,577
Capital projects funds	2,183,912	21,415,257	(6,012,043)	1,277,973	1,646,604
Permanent funds	28,783	23,319	37,094	56,733	67,939
Total all other governmental funds	<u><u>\$ 18,427,216</u></u>	<u><u>\$ 61,622,428</u></u>	<u><u>\$ 31,488,158</u></u>	<u><u>\$ 23,100,960</u></u>	<u><u>\$ 21,833,257</u></u>

(Unaudited)

<b>Fiscal Year</b>				
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
			\$ 15,000	\$ 15,000
			2,618,717	2,545,786
			3,958,743	1,669,644
			-	-
			12,578,723	15,857,951
\$ 1,901,869	\$ 2,308,065	\$ 2,482,487		
<u>12,599,535</u>	<u>14,293,522</u>	<u>15,347,549</u>		
<u><u>\$ 14,501,404</u></u>	<u><u>\$ 16,601,587</u></u>	<u><u>\$ 17,830,036</u></u>	<u><u>\$ 19,171,183</u></u>	<u><u>\$ 20,088,381</u></u>
			\$ 2,641,606	\$ 793,537
			12,051,982	5,976,805
			-	-
			15,199,114	18,578,042
			-	-
\$ 10,546,957	\$ 10,406,812	\$ 10,530,555		
14,609,380	12,876,790	15,477,400		
-	1,572,342	686,390		
<u>94,796</u>	<u>122,435</u>	<u>146,507</u>		
<u><u>\$ 25,251,133</u></u>	<u><u>\$ 24,978,379</u></u>	<u><u>\$ 26,840,852</u></u>	<u><u>\$ 29,892,702</u></u>	<u><u>\$ 25,348,384</u></u>

(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>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Revenues</b>					
Taxes	\$ 18,089,683	\$ 19,518,610	\$ 26,515,870	\$ 29,914,424	\$ 32,513,013
Special assessments	563,669	590,601	567,024	622,979	587,451
Licenses and permits	1,957,706	1,540,861	1,803,766	1,620,527	1,249,699
Intergovernmental	22,628,505	20,380,618	22,698,458	21,479,244	23,592,755
Charges for services	3,000,792	3,247,530	3,754,756	4,039,735	4,547,917
Fines and forfeits	65,694	16,244	30,057	27,393	25,296
Gifts and contributions	5,452	3,880	18,004	25,566	8,322
Investment earnings	333,446	866,687	2,078,260	2,181,836	2,022,166
Sales	689,550	641,971	565,775	645,984	845,727
Miscellaneous	<u>2,594,472</u>	<u>2,871,587</u>	<u>3,719,824</u>	<u>5,084,321</u>	<u>3,892,676</u>
Total Revenues	<u>\$ 49,928,969</u>	<u>\$ 49,678,589</u>	<u>\$ 61,751,794</u>	<u>\$ 65,642,009</u>	<u>\$ 69,285,022</u>
<b>Expenditures</b>					
Current:					
General government	\$ 11,239,625	\$ 9,554,982	\$ 10,774,790	\$ 12,920,188	\$ 12,949,412
Public safety	7,809,403	8,458,102	9,438,583	10,238,899	11,224,627
Highways and streets	8,563,050	10,574,353	9,990,847	7,751,815	10,103,893
Sanitation	-	-	-	-	-
Human services	16,075,764	15,377,542	17,859,379	18,658,373	21,819,741
Health	1,641,249	1,620,788	1,973,014	1,790,919	1,928,209
Culture and recreation	605,554	677,781	707,584	807,769	920,117
Conservation of natural resources	1,587,270	1,405,024	1,484,834	1,580,325	1,623,210
Economic development	-	-	-	-	-
Capital outlay	282,086	9,893,829	33,701,146	15,294,595	1,994,898
Intergovernmental					
Highways and streets	-	-	-	-	-
Debt service					
Principal	875,000	975,000	1,328,000	3,223,000	3,290,650
Interest	407,978	368,051	2,880,690	2,623,903	2,647,964
Bond issuance costs	23,975	126,507	-	31,089	-
Administrative (fiscal) charges	<u>2,108</u>	<u>14,472</u>	<u>29,758</u>	<u>10,176</u>	<u>4,350</u>
Total Expenditures	<u>\$ 49,113,062</u>	<u>\$ 59,046,431</u>	<u>\$ 90,168,625</u>	<u>\$ 74,931,051</u>	<u>\$ 68,507,071</u>
Excess of revenues over (under) expenditures	<u>\$ 815,907</u>	<u>\$ (9,367,842)</u>	<u>\$ (28,416,831)</u>	<u>\$ (9,289,042)</u>	<u>\$ 777,951</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	\$ 991,090	\$ 2,761,489	\$ 406,324	\$ 5,129,951	\$ 11,954
Transfers out	(1,591,090)	(1,887,628)	(395,000)	(5,129,951)	(11,954)
Discount on bonds/notes issued	-	(161,951)	-	-	-
Refunding bonds issued	-	-	-	-	-
Bonds and notes issued	2,460,000	50,970,000	-	3,210,000	-
Premium on bonds/notes issued	25,065	399,324	-	6,069	-
Proceeds from sale of capital assets	-	11,318	222,611	157	14,604
Compensation for loss of capital assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 1,885,065</u>	<u>\$ 52,092,552</u>	<u>\$ 233,935</u>	<u>\$ 3,216,226</u>	<u>\$ 14,604</u>
Net change in fund balances	<u>\$ 2,700,972</u>	<u>\$ 42,724,710</u>	<u>\$ (28,182,896)</u>	<u>\$ (6,072,816)</u>	<u>\$ 792,555</u>
Debt service as a percentage of noncapital expenditures	3.0%	3.3%	8.1%	10.1%	10.6%

(Unaudited)

**Fiscal Year**

<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 32,954,120	\$ 34,097,022	\$ 35,641,804	\$ 35,501,017	\$ 36,054,509
605,518	567,540	594,613	596,915	609,522
1,358,075	1,157,359	1,181,471	1,055,128	1,287,873
27,121,712	23,908,450	26,628,793	23,389,156	34,811,026
5,419,686	4,810,137	5,413,339	4,825,317	4,998,184
70,315	32,333	48,453	96,562	82,796
18,622	7,187	27,201	25,654	25,145
1,258,520	633,165	441,877	354,183	253,954
552,183	199,987	161,048	174,159	166,959
<u>4,090,252</u>	<u>3,018,342</u>	<u>2,712,556</u>	<u>3,784,059</u>	<u>3,385,313</u>
<b>\$ 73,449,003</b>	<b>\$ 68,431,522</b>	<b>\$ 72,851,155</b>	<b>\$ 69,802,150</b>	<b>\$ 81,675,281</b>

\$ 13,655,774	\$ 12,454,136	\$ 12,003,338	\$ 12,159,749	\$ 12,232,650
12,124,320	12,091,853	11,773,055	13,118,501	13,599,885
11,107,380	13,339,626	13,420,833	8,729,183	11,255,631
257,754	187,580	116,827	-	-
21,322,603	19,144,184	20,561,887	20,298,268	19,519,474
2,545,258	1,657,571	1,768,773	1,793,644	1,452,535
690,877	681,727	894,537	728,832	716,183
1,589,026	1,810,697	1,660,163	1,628,504	13,110,749
3,800	115,240	217,807	352,710	-
1,133,905	664,806	885,952	585,517	1,223,403
259,407	282,963	303,523	330,466	350,996
3,433,300	5,273,300	5,430,950	3,618,600	3,786,400
2,527,365	2,326,427	2,230,621	2,026,341	1,885,639
-	29,550	22,860	-	-
<u>2,915</u>	<u>1,671</u>	<u>5,175</u>	<u>2,313</u>	<u>4,288</u>
<b>\$ 70,653,684</b>	<b>\$ 70,061,331</b>	<b>\$ 71,296,301</b>	<b>\$ 65,372,628</b>	<b>\$ 79,137,833</b>
<b>\$ 2,795,319</b>	<b>\$ (1,629,809)</b>	<b>\$ 1,554,854</b>	<b>\$ 4,429,522</b>	<b>\$ 2,537,448</b>

\$ 1,622,955	\$ 1,092,184	\$ 1,562,546	\$ 3,004,178	\$ 1,652,782
(1,472,955)	(1,092,184)	(1,712,546)	(3,254,178)	(1,902,782)
-	-	(15,929)	-	-
-	2,221,098	1,770,000	-	-
-	1,138,902	-	-	-
-	49,428	-	-	-
2,533	29,799	51,976	44,312	17,915
<u>50,025</u>	<u>36,996</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>\$ 202,558</b>	<b>\$ 3,476,223</b>	<b>\$ 1,656,047</b>	<b>\$ (205,688)</b>	<b>\$ (232,085)</b>
<b>\$ 2,997,877</b>	<b>\$ 1,846,414</b>	<b>\$ 3,210,901</b>	<b>\$ 4,223,834</b>	<b>\$ 2,305,363</b>

9.7%                    12.8%                    12.6%                    9.2%                    9.8%

(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>
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 36.62%	7,365,485 6.11	17,118,660 14.21	7,165,335 5.95	45,008,661 37.35	251,534 0.21
2011	2012	\$ 37,437,781 34.63%	6,904,894 6.39	15,857,928 14.67	6,370,119 5.89	41,372,915 38.26	224,307 0.21

Property estimated market value is for the assessment year indicated.

Applicable taxes are collectible in the subsequent year.

Total direct tax rate shown is for the payable year.

(Unaudited)

<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>
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 0.86	1,576,387 (1.31)	\$ 120,497,390 100.00%	29.785%	\$ 11,189,135,100	1.077%
1,071,195 0.99	1,115,686 (1.04)	\$ 108,123,453 100.00%	32.408%	\$ 10,013,341,000	1.080%

(Unaudited)

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

	Year Taxes Are Payable									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>County Direct Rates</b>										
General revenue	18.000 %	17.208 %	18.298 %	18.911 %	17.113 %	15.229 %	13.938 %	13.468 %	14.515 %	15.398 %
Road and bridge	4.362	3.888	3.357	3.084	2.791	2.911	3.022	3.081	3.357	3.621
Community services	10.219	9.248	8.235	7.678	7.246	6.367	6.147	6.375	6.595	7.101
Capital Projects	0.564	-	-	-	-	-	-	-	-	1.742
Bonded debt	1.732	2.083	7.912	6.776	6.096	5.311	4.822	4.510	4.674	3.874
Transit system	0.295	0.128	0.089	0.065	0.055	0.042	0.045	0.028	0.030	0.033
Airport bonds	0.213	0.189	0.159	0.137	0.119	0.103	0.094	0.087	0.101	0.098
Library	0.775	0.713	0.667	0.624	0.581	0.536	0.500	0.480	0.513	0.541
Total direct rate	36.160 %	33.457 %	38.717 %	37.275 %	34.001 %	30.499 %	28.568 %	28.029 %	29.785 %	32.408 %
<b>Cities</b>										
Baxter	37.658 %	39.042 %	40.304 %	40.555 %	41.245 %	41.043 %	42.175 %	43.975 %	48.422 %	51.474 %
Brainerd	37.299	41.902	42.756	42.763	42.689	44.649	44.487	45.839	48.003	54.540
Breezy Point	57.114	55.493	46.996	41.422	32.182	31.405	32.968	33.137	33.895	39.281
Crosby	117.883	111.080	116.095	114.915	114.471	102.139	99.019	99.464	102.835	123.070
Crosslake	30.731	29.098	26.997	24.928	22.093	19.629	18.272	17.516	19.496	21.287
Cuyuna	59.767	52.031	47.009	50.544	43.730	37.341	34.738	33.680	37.081	49.064
Deerwood	94.073	82.069	72.696	75.194	84.007	74.138	69.664	70.807	74.769	88.211
Emily	47.144	42.255	34.856	32.944	28.208	28.479	27.815	25.747	27.813	30.934
Fifty Lakes	32.850	31.053	30.867	31.725	28.981	24.113	21.252	19.639	21.635	24.451
Fort Ripley	20.150	17.641	19.205	18.267	18.497	21.158	22.213	20.665	21.830	24.692
Garrison	46.313	47.588	45.405	42.345	52.298	61.296	52.410	55.249	60.063	66.237
Ironhton	125.001	120.010	110.319	104.295	106.172	113.569	105.835	109.463	117.350	161.394
Jenkins	50.403	66.368	64.169	61.521	60.539	49.313	48.755	48.620	49.007	51.425
Manhattan Beach	19.808	16.291	13.870	11.841	14.334	27.924	27.619	23.781	26.365	28.272
Nisswa	34.395	31.100	31.862	26.186	24.598	22.604	20.944	21.253	23.421	26.804
Pequot Lakes	72.183	75.479	79.161	81.083	72.641	66.718	65.014	67.190	69.311	74.466
Riverton	63.341	79.812	73.791	69.977	51.959	51.736	51.096	48.660	47.316	54.056
Trommald	52.755	44.879	44.028	38.632	35.155	32.208	30.625	30.074	31.137	39.082
<b>Townships</b>										
Bay Lake fire district 1	9.250	8.275	8.303	7.536	6.462	6.519	6.117	5.340	5.404	5.848
Bay Lake fire district 2	10.369	8.920	8.717	7.789	6.671	6.740	6.148	5.398	5.863	6.352
Center	20.630	19.434	18.753	17.999	19.280	16.471	14.414	13.398	13.994	15.826
Crow Wing	38.002	34.634	31.243	35.313	38.053	46.934	28.073	25.617	20.283	20.136
Daggett Brook	31.742	38.155	32.556	29.252	26.390	23.981	21.844	19.421	20.861	25.377
Deerwood	16.726	14.801	12.771	11.234	9.818	10.852	10.532	10.415	10.990	12.412
Fairfield	23.600	38.628	34.157	29.261	24.839	20.358	17.777	16.638	17.378	19.470
Fort Ripley	22.140	20.593	20.161	18.584	15.990	16.240	25.084	17.386	17.013	18.894
Gail Lake	11.803	11.054	10.143	9.281	8.951	7.816	6.919	6.194	6.464	7.042
Garrison	16.617	20.677	17.641	15.532	13.659	11.843	11.593	10.821	11.655	12.603
Ideal	13.648	11.787	10.123	9.259	8.292	8.164	7.577	7.264	8.171	8.750
Irondale	50.792	49.611	47.153	50.457	48.212	42.688	39.803	38.388	40.816	45.381
Jenkins	11.295	10.387	9.562	9.514	8.822	9.859	10.145	10.688	9.521	9.570
Lake Edward	19.183	16.343	14.078	12.285	10.658	9.083	8.125	7.615	7.836	8.866
Little Pine	32.623	37.162	33.061	26.966	25.899	24.403	24.358	21.725	22.355	25.683
Long Lake	17.206	19.995	15.911	14.903	13.433	11.451	10.691	10.019	12.356	14.333
Maple Grove	15.442	13.857	12.593	12.511	10.539	9.519	8.825	8.176	8.806	9.845
Mission	18.633	15.913	14.153	12.441	11.358	11.419	10.425	11.088	13.594	15.198
Nokay Lake	30.771	29.602	25.938	22.637	26.184	22.125	20.401	19.867	21.626	22.811
Oak Lawn	23.265	21.489	19.695	19.050	17.659	17.483	16.765	16.366	17.402	20.023
Pelican	17.668	14.707	12.188	11.198	9.790	8.672	7.459	7.262	8.674	9.295
Perry Lake	15.421	13.285	11.439	9.289	8.243	7.066	6.493	6.095	7.076	8.703
Platte Lake	24.103	23.186	21.453	20.119	18.641	15.682	14.135	12.506	14.257	16.560
Rabbit Lake	32.864	35.552	32.205	31.027	29.448	26.912	24.203	23.618	26.339	28.977
Roosevelt	21.722	24.768	21.390	20.540	18.420	21.621	21.517	13.369	14.241	17.294
Ross Lake fire district 1	15.928	16.821	13.775	12.265	11.779	7.800 (3)	7.411	7.096	7.456	9.293
Ross Lake fire district 2	12.865	13.270	11.540	10.105	8.896	- (3)	-	-	-	-
St. Mathias	32.132	27.405	25.881	25.888	22.161	19.794	22.562	17.122	19.106	20.797
Sibley (1)	-	-	-	-	-	-	-	-	-	-
Timothy	10.220	8.700	10.227	8.656	9.137	7.796	6.957	5.898	6.328	5.779
Wolford	33.766	28.992	23.628	19.828	16.787	13.989	12.093	12.003	12.876	13.393
Unorganized - Dean Lake	34.299	29.330	28.522	20.384	17.071	14.947	12.002	10.640	14.794	19.233
Unorganized - 1st Asmnt	9.762	9.292	9.873	8.963	8.480	7.914	7.679	7.665	8.426	8.769
<b>School Districts</b>										
001 - Aitkin	3.973	6.778	3.765	5.375	5.235	4.268	3.650	2.727	2.825	2.868
181 - Brainerd	26.510	24.254	24.324	23.212	22.056	17.875	17.671	20.952	21.820	23.638
182 - Crosby	25.421	19.812	16.041	12.614	12.350	9.974	8.921	11.360	12.364	14.171
186 - Pequot Lakes	15.358	13.634	11.962	12.288	9.539	8.944	8.443	8.590	9.261	12.745
480 - Onamia	22.086	20.008	20.662	17.879	14.126	13.428	12.203	12.412	12.952	18.326
482 - Little Falls	23.506	16.754	15.345	14.971	12.277	12.373	14.473	14.955	12.060	18.237
484 - Pierz	28.619	26.041	22.258	22.693	21.953	15.466	15.598	15.857	15.358	18.383
2174 - Pine River	11.823	5.175	6.975	8.060	6.889	6.312	5.647	4.430	4.544	4.956
<b>Special Districts</b>										
Region five	0.188	0.169	0.150	0.133	0.113	0.102	0.095	0.095	0.106	0.119
County HRA	0.113	0.098	0.083	0.071	0.066	0.057	0.051	0.049	0.053	0.058
Cuyuna hospital district	2.225	1.927	1.643	1.414	1.221	1.044	0.937	0.881	0.938	1.057
Thirty lakes watershed	2.300	2.020	1.603	1.553	1.325	1.326	1.260	1.317	1.191	1.152
Brainerd HRA	1.182	1.195	1.220	1.227	1.220	1.226	1.513	1.554	1.671	1.836
Pequot Lakes HRA	1.255	1.128	1.174	1.302	1.158	1.026	0.972	1.031	1.037	1.378
Mille Lacs sewer district	19.450	17.049	14.601	11.299	9.068	7.616	5.921	4.852	8.719	13.577

(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 Taxpayers**  
**Current Year and Ten Years Ago**

<b>Taxpayer</b>	<b>2012</b>			<b>2002</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.	\$ 792,291	1	0.73 %	\$ 766,195	1	1.59 %
Minnesota Power and Light	750,899	2	0.69	203,010	5	0.42
Crow Wing Coop Power & Light	478,635	3	0.44			
United Power Assoc.	399,776	4	0.37			
Etoc Co. Inc.	378,218	5	0.35	166,973	6	0.35
Wausau Paper of Minnesota	362,404	6	0.33			
Northern States Power Co.	347,138	7	0.32			
KTJ Limited Partnership	267,196	8	0.24			
Potlach Lake States Timberland	245,364	9	0.22			
Pelican Lake Outing Club	223,756	10	0.20			
Xcel Energy				263,088	2	0.55
Developers Diversified Realty				250,060	3	0.52
The Northwest Paper Co.				203,344	4	0.42
Potlach Incorporated				165,312	7	0.34
Whitebirch Inc.				152,115	8	0.32
Menard Inc.				146,440	9	0.30
Breezy Point LLC.				143,978	10	0.30
<b>Total</b>	<b><u>\$ 4,245,677</u></b>		<b><u>3.89 %</u></b>	<b><u>\$ 2,460,515</u></b>		<b><u>5.11 %</u></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>
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	30,782,326	30,132,930	97.89	586,488	30,719,418	99.80
2008	31,899,441	30,994,026	97.16	790,923	31,784,949	99.64
2009	33,005,598	31,836,927	96.46	1,016,115	32,853,042	99.54
2010	34,110,963	33,063,192	96.93	795,823	33,859,015	99.26
2011	33,498,354	32,694,209	97.60	491,539	33,185,748	99.07
2012	34,224,918	33,461,342	97.77	-	33,461,342	97.77

(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>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Certificates of Participation</b>	<b>Lease Payable to Component Unit</b>	<b>Capital Lease</b>			
2003	5,467,081	285,000	3,650,000	-	9,402,081	0.62	162
2004	56,046,641	220,000	3,355,000	-	59,621,641	3.71	1,011
2005	55,127,580	150,000	3,050,000	1,582,050	59,909,630	3.63	1,003
2006	55,549,317	75,000	2,730,000	1,529,050	59,883,367	3.37	985
2007	52,711,280	-	2,395,000	1,473,400	56,579,680	3.00	918
2008	49,673,243	-	2,045,000	1,415,100	53,133,343	2.72	852
2009	49,888,650	-	-	1,356,800	51,245,450	2.61	817
2010	46,245,061	-	-	1,295,850	47,540,911	2.36	759
2011	41,778,708	-	-	1,232,250	43,010,958	2.04	685
2012	38,045,839	-	-	1,097,100	39,142,939	- (1)	622

(1) Personal income data for 2012 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)

**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>Per Capita</b>
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Total</b>		
2003	5,467,081	5,467,081	1.01	93.99
2004	56,046,641	56,046,641	8.97	950.68
2005	55,127,580	55,127,580	7.59	922.95
2006	55,549,317	55,549,317	6.58	914.12
2007	52,711,280	52,711,280	5.37	855.61
2008	49,673,243	49,673,243	4.41	796.75
2009	49,888,650	49,888,650	4.05	795.38
2010	46,245,061	46,245,061	3.56	738.70
2011	41,778,708	41,778,708	3.47	665.66
2012	38,045,839	38,045,839	3.52	605.04

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, 2012**

<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	\$ 38,045,839	100.000 %	\$ 38,045,839
<b>Underlying debt</b>			
Cities	\$ 78,819,680	100.000 %	\$ 78,819,680
Townships	1,280,000	100.000 %	1,280,000
Miscellaneous (HRA's, hospital)	35,681,000	100.000 %	35,681,000
Total underlying debt	\$ 115,780,680		\$ 115,780,680
<b>Overlapping debt</b>			
School district 181 - Brainerd	\$ 75,560,000	85.013 %	\$ 64,235,823
School district 182 - Crosby	32,360,000	99.998 %	32,359,353
School district 186 - Pequot Lakes	41,740,000	95.867 %	40,014,886
School district 480 - Onamia	228,000	21.477 %	48,968
School district 482 - Little Falls	12,290,000	0.042 %	5,162
School district 484 - Pierz	1,155,000	0.427 %	4,932
School district 2174 - Pine River	4,588,388	44.555 %	2,044,356
Total overlapping debt	\$ 167,921,388		\$ 138,713,480
<b>Total debt</b>	<b>\$ 321,747,907</b>		<b>\$ 292,539,999</b>

(Unaudited)

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

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Market value of taxable property	\$ 5,005,521,850	\$ 5,787,033,750	\$ 6,754,573,830	\$ 7,838,204,800	\$ 9,068,693,000
Debt limit (2% of market value) (3% after 2007)	\$ 100,110,437	\$ 115,740,675	\$ 135,091,477	\$ 156,764,096	\$ 272,060,790
Debt applicable to limit:					
General obligation bonds	\$ 6,630,000	\$ 56,785,000	\$ 55,675,000	\$ 55,890,000	\$ 52,835,000
Less: Amount set aside for repayment of general obligation debt	<u>(1,083,007)</u>	<u>(1,015,246)</u>	<u>(2,632,350)</u>	<u>(4,424,342)</u>	<u>(4,727,620)</u>
Total net debt applicable to limit	<u>\$ 5,546,993</u>	<u>\$ 55,769,754</u>	<u>\$ 53,042,650</u>	<u>\$ 51,465,658</u>	<u>\$ 48,107,380</u>
Legal debt margin	<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>	<u><b>\$ 223,953,410</b></u>
Total net debt applicable to the limit as a percentage of the debt limit	5.54%	48.19%	39.26%	32.83%	17.68%

(Unaudited)

Fiscal Year					
2008	2009	2010	2011	2012	
\$ 10,393,020,600	\$ 11,434,134,100	\$ 12,018,042,400	\$ 11,189,135,100	\$ 10,013,341,000	
\$ 311,790,618	\$ 343,024,023	\$ 360,541,272	\$ 335,674,053	\$ 300,400,230	
\$ 49,570,000	\$ 49,675,000	\$ 46,075,000	\$ 41,778,708	\$ 37,917,500	
<u>(5,794,287)</u>	<u>(5,607,028)</u>	<u>(5,805,426)</u>	<u>(6,018,326)</u>	<u>(4,674,240)</u>	
<u>\$ 43,775,713</u>	<u>\$ 44,067,972</u>	<u>\$ 40,269,574</u>	<u>\$ 35,760,382</u>	<u>\$ 33,243,260</u>	
<u><b>\$ 268,014,905</b></u>	<u><b>\$ 298,956,051</b></u>	<u><b>\$ 320,271,698</b></u>	<u><b>\$ 299,913,671</b></u>	<u><b>\$ 267,156,970</b></u>	

14.04%

12.85%

11.17%

10.65%

11.07%

(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>
2003	58,168	\$ 1,506,917,000	\$ 25,906	31,628	10,321	5.7 %
2004	58,954	1,605,616,000	27,235	31,909	10,235	5.3
2005	59,730	1,650,074,000	27,626	32,088	10,172	5.0
2006	60,768	1,779,232,000	29,279	32,371	10,150	5.0
2007	61,607	1,883,243,000	30,569	32,773	10,171	5.7
2008	62,345	1,951,189,000	31,297	32,895	10,120	6.9
2009	62,723	1,966,323,000	31,349	33,732	9,753	10.0
2010	62,603	2,011,446,000	32,130	32,728	9,652	8.8
2011	62,763	2,111,338,000	33,640	34,140	9,466	8.1
2012	62,882	(4)	- (4)	33,622	9,501	7.3

(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**  
**Current Year and Nine Years Ago**

<b>Taxpayer</b>	<b>2012</b>			<b>2003</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>
Essentia Health - Central Region (1)	1,335	1	4.0 %	917	2	3.2 %
Independent School District 181	900	2	2.7	1,700	1	5.8
Cuyuna Regional Medical Center	700	3	2.1			
Grand View Lodge Resort & Spa (2)	540	4	1.6			
Madden's Inc. (2)	500	5	1.5	475	4	1.6
Ascensus (3)	440	6	1.3	390	5	1.3
Wal-Mart Supercenter	437	7	1.3	325	9	1.1
Breezy Point Resort	420	8	1.2			
Crow Wing County	417	9	1.2	360	6	1.2
Clow Stamping	300	10	0.9	300	10	1.0
Brainerd Regional Human Services Ctr.				672	3	2.3
Mills Fleet Farm				342	7	1.2
Bethany Good Samaritan Village				325	8	1.1
Total	<b>5,989</b>		<b>17.8 %</b>	<b>5,806</b>		<b>19.8 %</b>

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

(1) Formerly owned by St. Joseph's Medical Center.

(2) Employee numbers indicate seasonal peak.

(Unaudited)

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

Function/Program	Full-Time Equivalent Employees									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	113.7	112.0	115.1	121.6	124.8	121.4	111.7	100.6	94.2	96.5
Public safety	89.1	93.6	101.0	107.9	119.6	125.7	127.0	121.8	119.6	120.2
Highways and streets	41.3	41.5	39.7	39.5	38.8	37.3	36.2	39.2	38.2	36.2
Community services	154.5	155.5	156.2	158.8	161.8	162.4	153.9	149.7	148.3	147.7
Culture and recreation	3.0	3.5	3.6	4.0	2.6	0.8	0.5	0.3	0.3	0.8
Conservation of natural resources	7.7	6.6	6.9	7.3	6.6	6.9	6.6	6.6	6.6	6.0
Solid waste enterprise fund	1.3	1.3	1.1	1.2	1.3	1.3	1.3	2.0	2.0	1.3
Total Full-Time Equivalents	<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>	<u>408.7</u>

(Unaudited)

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

Function/Program	Fiscal Year				
	2003	2004	2005	2006	2007
<b>General Government</b>					
Auditor-Treasurer					
Birth Certificates	3,508	3,643	4,098	4,329	4,472
Marriage Licenses	438	468	463	484	469
Marriage Certificates	289	330	299	316	250
Notary Registrations	96	114	550	119	113
Passports	960	1,126	1,829	2,997	3,318
Environmental Services					
Township Permits Issued (All Types)	2,598	2,701	2,522	1,421	1,174
Information Technology					
Computers Purchased	112	42	108	125	114
Telephones Purchased	N/A	19	260	192	164
Work Orders Completed	1,253	1,916	3,447	3,670	4,487
Property Valuation & Classification					
Number of Parcels	N/A	N/A	N/A	N/A	N/A
Number of Improved Parcels	37,616	37,964	38,268	38,686	39,475
Number of Personal Property Parcels	1,498	1,513	1,523	1,605	1,643
Number of Exempt Parcels	11,727	12,202	12,202	12,202	12,202
All Property Notices Printed (Except Exempt)	70,453	70,747	71,699	72,372	72,934
Recorder					
Abstract Documents	28,937	23,973	22,574	20,411	18,987
Torrens Documents	8,517	7,316	7,376	6,161	5,708
Warranty Deeds	3,982	3,976	3,907	3,141	2,605
Foreclosures	63	68	101	142	231
<b>Public Safety</b>					
Sheriff					
Part I Crimes	N/A	N/A	N/A	N/A	464 (1)
Part II Crimes	N/A	N/A	N/A	N/A	824 (1)
Non Reportable Crimes/Incidents	N/A	N/A	N/A	N/A	9,369 (1)
Dispatch					
911 Emergency Calls	N/A	N/A	N/A	N/A	25,579
Jail					
Average Monthly Bookings	N/A	N/A	N/A	N/A	324 (2)
Average Monthly Inmate Population	N/A	N/A	N/A	N/A	144 (2)
<b>Highways and Streets</b>					
Miles of Overlay	42	32	19	10	26
Miles of Construction	12	9	17	5	1
Tons of Crushing	55,000	90,000	40,000	-	58,500
Miles of Crack sealing	N/A	N/A	3	3	N/A
<b>Community Services</b>					
Health					
Home Health Visits	5,344	5,442	5,734	5,001	4,265
Family Health Contacts	8,674	9,386	9,230	8,928	9,342
Health Promotion Contacts	2,782	3,670	3,558	1,384	3,843
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	229	237	249	204	220
Persons Receiving DD Waivered Services	163	157	158	157	153
Child Support Cases	3,313	3,262	3,393	3,431	3,542
Financial Assistance Cases	3,715	3,980	4,020	4,100	4,372
<b>Conservation of Natural Resources</b>					
Solid Waste (Non-landfill)					
Solid Waste (Non-landfill) Funded Residential Recyc	2,164	2,721	2,934	3,142	3,650
Commercial Recycling (Ton)	31,809	37,878	43,088	44,916	45,097
Solid Waste (Non-landfill) - Problem Material Management					
Hazardous Waste (Ton)	40	40	41	46	44
Electronics (Ton)	11	83	131	134	162
Tires (Each)	8,536	10,138	9,777	9,197	11,660
White Goods (Each)	4,306	4,793	4,686	4,624	4,434
Used Oil (Gallon)	18,060	26,077	35,991	36,185	32,748
Mattresses Recycled (Each)	N/A	N/A	N/A	768	2,467
<b>Sanitation</b>					
Landfill					
Municipal Solid Waste Land filled SW376 (Ton)	42,151	41,981	43,129	40,477	39,625
Industrial Waste Land filled SW376 (Ton)	3,914	6,736	8,727	6,795	5,875
Demolition Waste Land filled SW440 (Cu Yd)	30,455	25,361	21,480	20,386	13,959

(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					
2008	2009	2010	2011	2012	
3,463	3,398	2,906	2,442	2,560	
414	441	433	411	454	
232	241	330	370	356	
140	143	397	133	137	
1,659	1,756	1,400	1,003	916	
846	759	772	752	991	
107	98	103	88	128	
3	4	49	19	-	
5,443	5,558	5,810	4,160	3,905	
N/A	81,806	81,172	81,724	82,100	
N/A	41,371	41,863	41,882	42,227	
1,647	1,419	1,416	1,408	1,465	
12,202	9,708	9,053	8,052	8,705	
73,152	73,441	73,468	73,561	73,569	
16,282	17,419	16,106	14,846	17,384	
5,143	5,480	5,363	4,579	5,588	
1,848	2,013	1,757	1,672	1,946	
356	351	388	360	273	
523	445	476	614	695	
872	892	803	879	834	
12,569	16,690	16,752	19,610	21,043	
27,760	30,148	31,197	31,684		
328	308	285	277	280	
160	134	135	128	137	
15	8	8	6	11	
3	6	5	6	4	
-	-	40,000	-	35,000	
13	10	40	49	37	
3,468	N/A (3)	N/A	N/A	N/A	
8,879	9,328	9,432	9,127	8,768	
4,090	14,547	17,603	15,069	13,620	
N/A	12,417	4,054	3,074	1,772	
N/A	705	267	51	42	
244	237	227	222	228	
155	157	158	159	162	
3,512	3,604	3,643	3,672	3,779	
4,768	5,331	5,623	6,598	6,433	
4,066	4,696	4,781	4,679	4,517	
35,453	23,051	23,568	23,896	25,687	
48	41	51	50	64	
137	146	152	152	144	
8,709	6,984	7,145	8,461	8,828	
3,949	4,077	3,801	3,131	3,025	
39,070	36,424	39,890	34,409	36,576	
2,304	2,251	2,383	2,286	3,138	
36,912	35,545	35,557	35,933	36,563	
5,915	3,856	4,295	4,421	4,194	
16,950	14,055	13,124	13,880	32,769	

(Unaudited)

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

Function/Program	Fiscal Year				
	2003	2004	2005	2006	2007
General Government					
Courthouse	1	1	1	1	1
Judicial Center	N/A	N/A	N/A	N/A	1
Motor Pool Vehicles	3	6	6	7	7
Public Safety					
Vehicles	73	77	80	82	83
Jails	2	2	2	2	1
Emergency Operations Center	1	1	1	1	1
Highways and Streets					
Vehicles	76	78	77	77	77
Graders, Loaders and Heavy Trucks	30	32	31	31	31
Miles of County Roads	180	180	180	180	182
Miles of County State Aid Highways	378	378	378	380	380
Garage and Storage Buildings	14	13	9	12	12
Sanitation					
Demolition Landfills	2	2	2	2	2
Human Services					
Office Buildings	1	1	1	1	1
Culture and Recreation					
Parks	4	4	4	4	4
Accesses	17	17	17	17	17
Recreational Trails	2	2	2	2	2

(Unaudited)

Fiscal Year				
2008	2009	2010	2011	2012
1	1	1	1	1
1	1	1	1	1
-	-	-	-	-
82	89	84	84	83
1	1	1	1	1
1	1	1	1	1
70	70	71	67	64
31	31	32	32	32
182	182	182	182	182
380	380	380	380	380
12	12	12	11	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)