

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CROW WING COUNTY, MINNESOTA

For The Year Ended December 31, 2013



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, 2013

Prepared By
The Auditor-Treasurer's Office Financial Services Staff
Laureen E. Borden, County Auditor-Treasurer

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**CROW WING COUNTY
BRAINERD, MINNESOTA**

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DATE: June 6, 2014

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

Subject: 2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual Financial Report (CAFR) of Crow Wing County is submitted for the fiscal year ending December 31, 2013. 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's management.

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, 2013. 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 is 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 2013 estimated population was 62,876 residents. The County seat is the City of Brainerd, which is the largest community in the County with a population of 13,621 residents in 2012, according to the State Demographic Center.

Our Vision: Being Minnesota's favorite place.

Our Mission: Serve well. Deliver value. Drive results.

Our Values: Be responsible. Treat people right. Build a better future.

The County 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. County 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 County Board appoints a County Administrator who is the chief appointed administrative officer of the County. The Administrator is responsible for the administration of Board policy and for the management of various County divisions and departments. The Attorney, 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 County 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.

The County 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; transportation; and a host of specialty firms. Tourism is an important facet of the local economy.

Tourism

Located in the heart of the Brainerd Lakes region, Crow Wing County is one of Minnesota's most popular destinations for outdoor recreation, 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 \$201 million in gross sales in 2012, the most recent year data is available. This is a 3.1 percent increase in gross sales when compared to 2011.

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. At 112 paved miles, it is the longest bike trail in Minnesota.

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 2013, 271 leisure and hospitality businesses employed an annual average of 4,116 employees. This was an increase of 334 jobs over 2012, or 8.8 percent. The seasonality of leisure and hospitality businesses creates employment data fluctuations throughout the year.

Retail & Wholesale

In 2013, 351 retail trade businesses employed 4,587 employees in Crow Wing County's tourism industry, an increase of 129 jobs, or 2.9 percent, over the previous year. In 2013, an annual average of 531 individuals were employed by 59 wholesale trade businesses, an increase of 9.0 percent. One of the largest wholesale employers, Costco, employs 200 individuals.

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 late 2013, CRMC opened a new 22,000 sq. ft. clinic in Baxter in association with the MHI.

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 1,250 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.

Private clinics in Brainerd provide the services of more than 50 physicians, including family practice and numerous medical specialties. There are also two nursing homes located in Brainerd with a total of 166 licensed beds.

In 2013, 202 Crow Wing County establishments provided 5,571 jobs in the areas of health care and social assistance. This was an increase of 46 jobs over 2012, or 0.8 percent.

Education

The K-12 schools in the Brainerd Lakes Area educate more than 9,610 students annually, making the combined districts the 14th largest in the state. The largest of these is Independent School District (ISD) #181, serving Brainerd and surrounding communities with enrollment of approximately 6,300. ISD #181 has six elementary schools, a middle school, and a high school. ISD #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 31 Minnesota State 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 2013, 38 establishments provided 2,314 jobs in the area of educational services, an increase of 93 jobs. This makes up a 4.2 percent increase when compared to 2012 employment data.

Manufacturing

In 2013, 117 companies employed 2,516 people in a variety of manufacturing arenas, from plastics to precision machining and metal fabrication. This makes up a 6.7 percent increase when compared to 2012 employment data.

Clow Stamping and Bang Printing are the largest manufacturing employers in the County with approximately 400 and 200 employees, respectively. Clow Stamping fabricates and manufactures steel parts that are used on everything from exercise equipment to gas pumps and recreational vehicles. Clow Stamping has a customer base of approximately 500 businesses, including Kubota, Polaris, Arctic Cat, Life Fitness, and Kawasaki. In 2012, Clow Stamping constructed a 72,000 square-foot facility, adding an additional 30% of manufacturing space.

Pequot Lakes Tool & Manufacturing is a machining and fabrication company that produces metal and plastic components for customers in a variety of industries, including medical, aerospace, firearms, telecommunications, and defense. Pequot Lakes Tool & Manufacturing added 10 jobs in early 2013, increasing their number of employees to 136.

Wausau Paper, previously the third-largest manufacturing employer in Crow Wing County, announced February 21, 2013, it would shut down its mill in Brainerd, leaving 134 employees without a job. Production ceased in April of 2013. 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. The mill remains unsold, although the City of Brainerd has signed a purchase agreement of \$4,115,000 to buy the mill's hydro plant on the Mississippi River, which is being sold separately from the mill.

Construction

The construction industry is one of the largest industries in the region. In 2013, 284 area construction firms employed 1,583 people, an increase of 381 jobs in Crow Wing County. This makes up a 31.7 percent increase when compared to 2012 employment data.

Financial & Information Services

The financial services industry is well represented in the region. In 2013, 209 firms provided 1,461 jobs, an increase of 63 jobs over the prior year. This makes up a 4.5 percent increase when compared to 2012 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.

Multiple local newspapers and radio stations employed 539 people, a decrease of 8 jobs, or 1.5 percent over the previous year. September 2013 saw the merger of one local paper, the Lake Country Echo, with a local paper in a nearby county, the Pine River Journal, to create the Pine and Lakes Echo Journal. Another local newspaper, the Brainerd Dispatch, was sold to Forum Communications Co., based in Fargo, ND, on January 1, 2014.

Transportation

Interstate Highway 94 is 63 miles south of Brainerd, U.S. Highway 169 is located 20 miles east of Brainerd, and U.S. Highway 10 is located 21 miles west. Major highways in the County include State Highways 210, 18, 25, and 371. Rail service is provided daily by Burlington Northern Santa Fe Railway. Over-the-road freight transportation is provided by five local commercial carriers. Intercity bus transportation is provided by Greyhound. Air transportation is available to area residents through the Brainerd Lakes Regional Airport. Daily flights are provided by SkyWest, a Delta Airlines partner, to Minneapolis/Saint Paul International Airport. Charter flights are also available and the airport is used extensively by private planes.

Specialty Firms

The Brainerd Lakes area is also home to several specialized companies serving niche market needs. A few examples of these firms are 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 58,814 residents in 2004 to 62,876 residents in 2013; the total population rank was 15th of 87 counties in Minnesota.
- The County's annual average labor force changed from 31,909 workers in 2004 to 32,405 workers in 2013, an increase of 1.6 percent.
- The County's average unemployment rate in 2013 is 7.0 percent. In 2013, the average state and national unemployment rates were 5.1 percent and 7.4 percent, respectively.
- Personal income of residents in Crow Wing County increased from \$2,128,725,000 in 2011 to \$2,192,881,000 in 2012, an increase of 3.0 percent. The 2011-2012 state and national personal income levels increased 4.9 percent and 4.2 percent, respectively.
- In 2012, Crow Wing County had a per capita personal income (PCPI) of \$34,873. Crow Wing County's PCPI rank was 75th of the 87 counties in the state. Crow Wing County was 74.3 percent of the state average of \$46,925, and 79.7 percent of the national average of \$43,735.
- The County's largest property tax payer in 2013 was Mills Properties Inc. Mills Properties Inc. was also the largest property tax payer nine years ago.
- The County's top ten tax payers in 2013 account for 3.5 percent of the total taxable net tax capacity. This is up from the top ten tax payers accounting for 2.9 percent of the total taxable net tax capacity in 2004.

Major Initiatives by Crow Wing County

The Crow Wing County government took action to reduce costs:

- In 2013, Crow Wing County continued to see economic and in turn operating budget challenges. Between 2008 and 2013, Crow Wing County reduced staffing by 42.9 Full-Time Equivalents (FTEs), representing a workforce reduction of 9.4 percent.

- Approved a levy decrease of 0.2 percent for taxes payable 2014. The total tax levy increase for the previous seven years is 4.6 percent, or approximately 0.7 percent per year.

During 2013 the County Board approved and adopted 11 financial policies. The *Investment Policy*, *Fund Balance and Reserves Policy*, and the *Debt Management Policy* were updates of previous policies. New policies adopted were the *Accounting, Auditing, and Financial Reporting Policy*; *Budget Policy*; *Capital Asset Investment and Management Policy*; *Enterprise Risk Management Policy*; *Internal Control Policy*; *Long-Term Financial Planning Policy*; *Procurement Policy*; and *Revenue Policy*.

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 had 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.

Future Crow Wing County Plans:

Managing 4 Results

Continue improvement of the Managing 4 Results performance assessment system. This system tracks and measures County performance in key areas against pre-determined goals, and ensures organizational strategies continue to align with organizational goals. Increase alignment between organization-wide objectives, tracked in the County's Managing 4 Results software, and personalized employee goals, to allow employees to better see how individual contributions impact the County's total performance.

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 Crow Wing County residents and tourism industry.

Highway

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

Debt Administration

The ratio of outstanding debt per capital is a useful indicator of the County's debt position for County management, citizens, and investors. The data for Crow Wing County at the end of the 2013 fiscal year was:

	<u>Amount</u>	<u>Debt per capita</u>
Total outstanding debt	\$34,646,054	\$551

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

Employee Labor Contracts

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

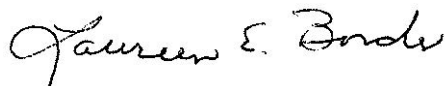
<u>Bargaining Unit</u>	<u>Term of Contract</u>
AFSCME	2012-2013
Assistant County Attorney Association	2014
LELS Local #14 Deputies	2012-2013
LELS Local #13 Dispatchers	2012-2013
LELS Local #16 Correctional Officers	2012-2013
IUOE Local #49 Facilities	2012-2013
IUOE Local #49 Highway	2012-2014
Minnesota Nurses Association	2012-2014
Organization of Non-Contract Employees	2012-2013
Teamsters Local #320 Social Services	2012-2014
Teamsters Local #346 Sheriff's Licensed Supervisory	2014
Teamsters Local #346 Corrections and Dispatch Supervisory	2012-2013

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,

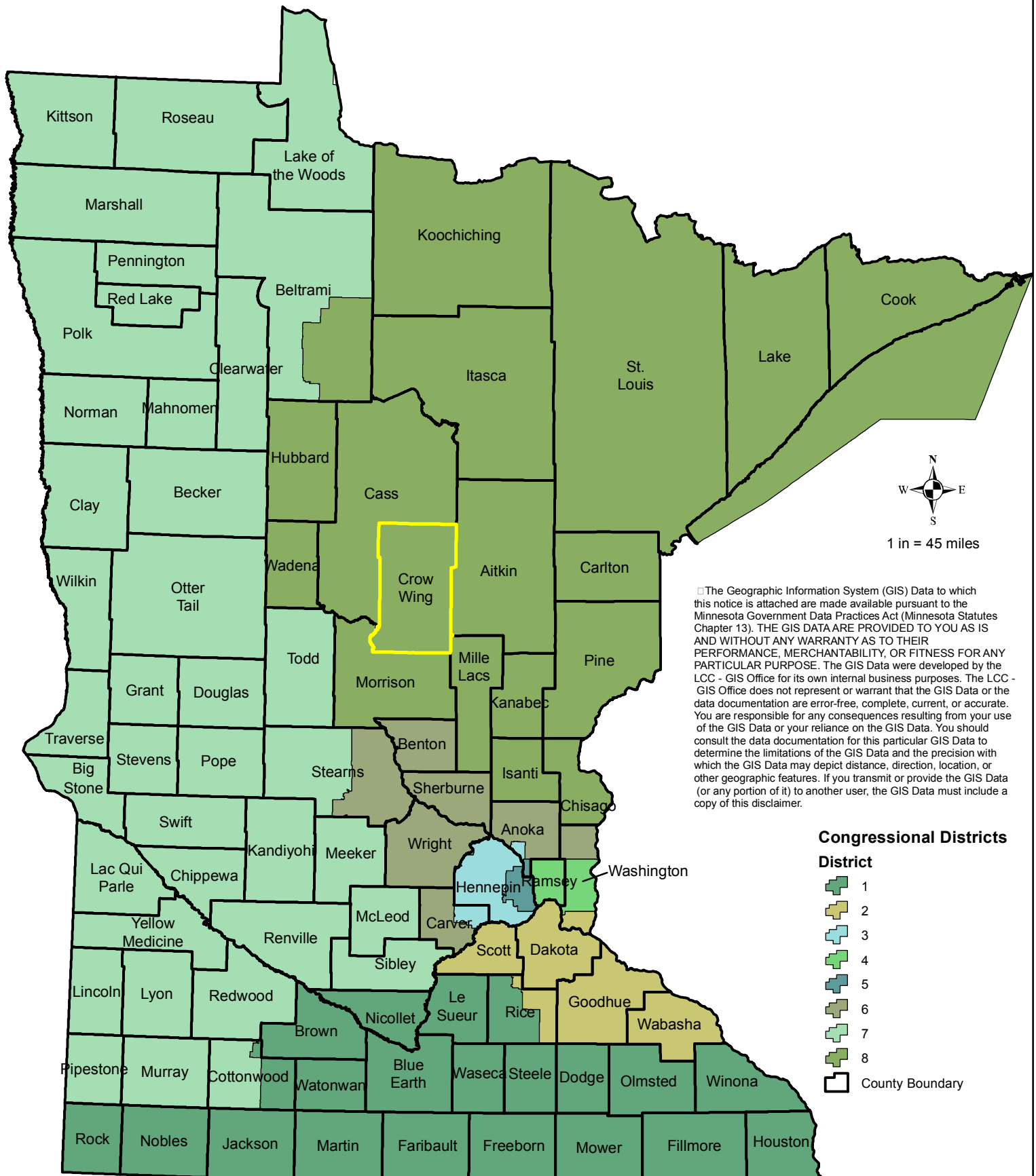


Laureen E. Borden
County Auditor-Treasurer

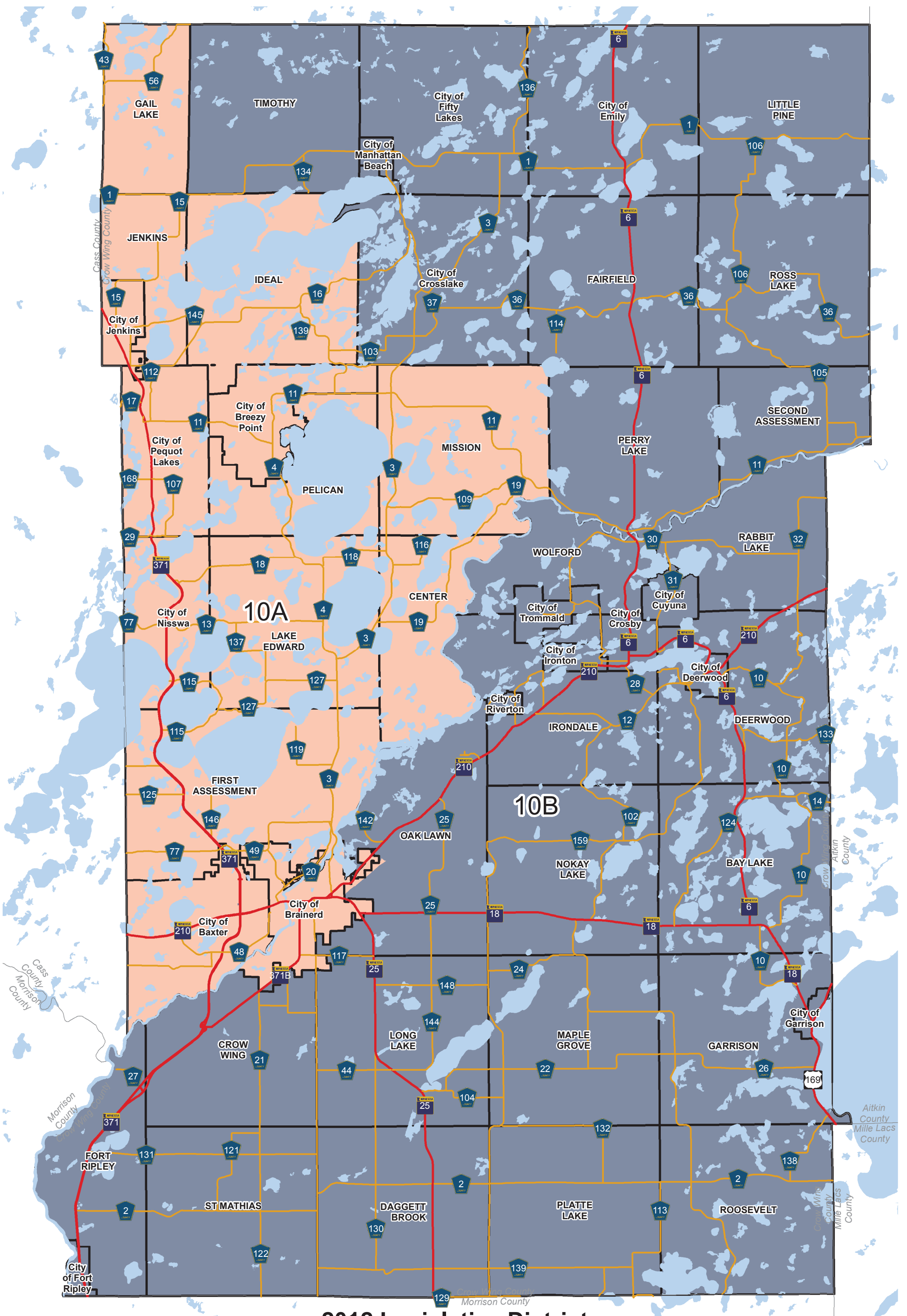


Michael J. Carlson
Accounting and Finance Manager

State of Minnesota Congressional Districts



The Geographic Information System (GIS) Data to which this notice is attached are made available pursuant to the Minnesota Government Data Practices Act (Minnesota Statutes Chapter 13). THE GIS DATA ARE PROVIDED TO YOU AS IS AND WITHOUT ANY WARRANTY AS TO THEIR PERFORMANCE, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE. The GIS Data were developed by the LCC - GIS Office for its own internal business purposes. The LCC - GIS Office does not represent or warrant that the GIS Data or the data documentation are error-free, complete, current, or accurate. You are responsible for any consequences resulting from your use of the GIS Data or your reliance on the GIS Data. You should consult the data documentation for this particular GIS Data to determine the limitations of the GIS Data and the precision with which the GIS Data may depict distance, direction, location, or other geographic features. If you transmit or provide the GIS Data (or any portion of it) to another user, the GIS Data must include a copy of this disclaimer.



2012 Legislative Districts



Legislative District

Township/City Boundary

10A

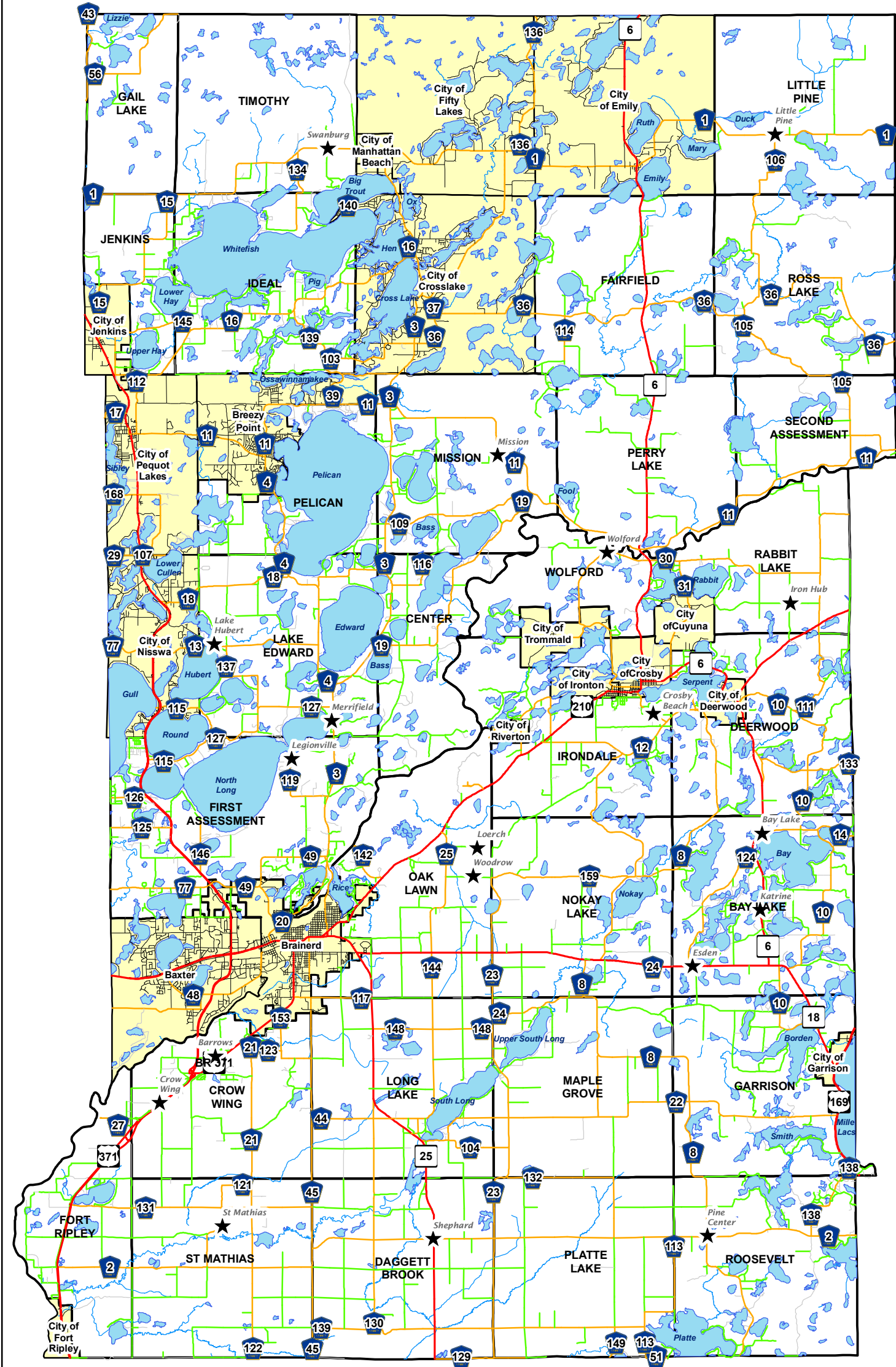
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Author: GIS Division- Doug H.
Date: 5/1/2012

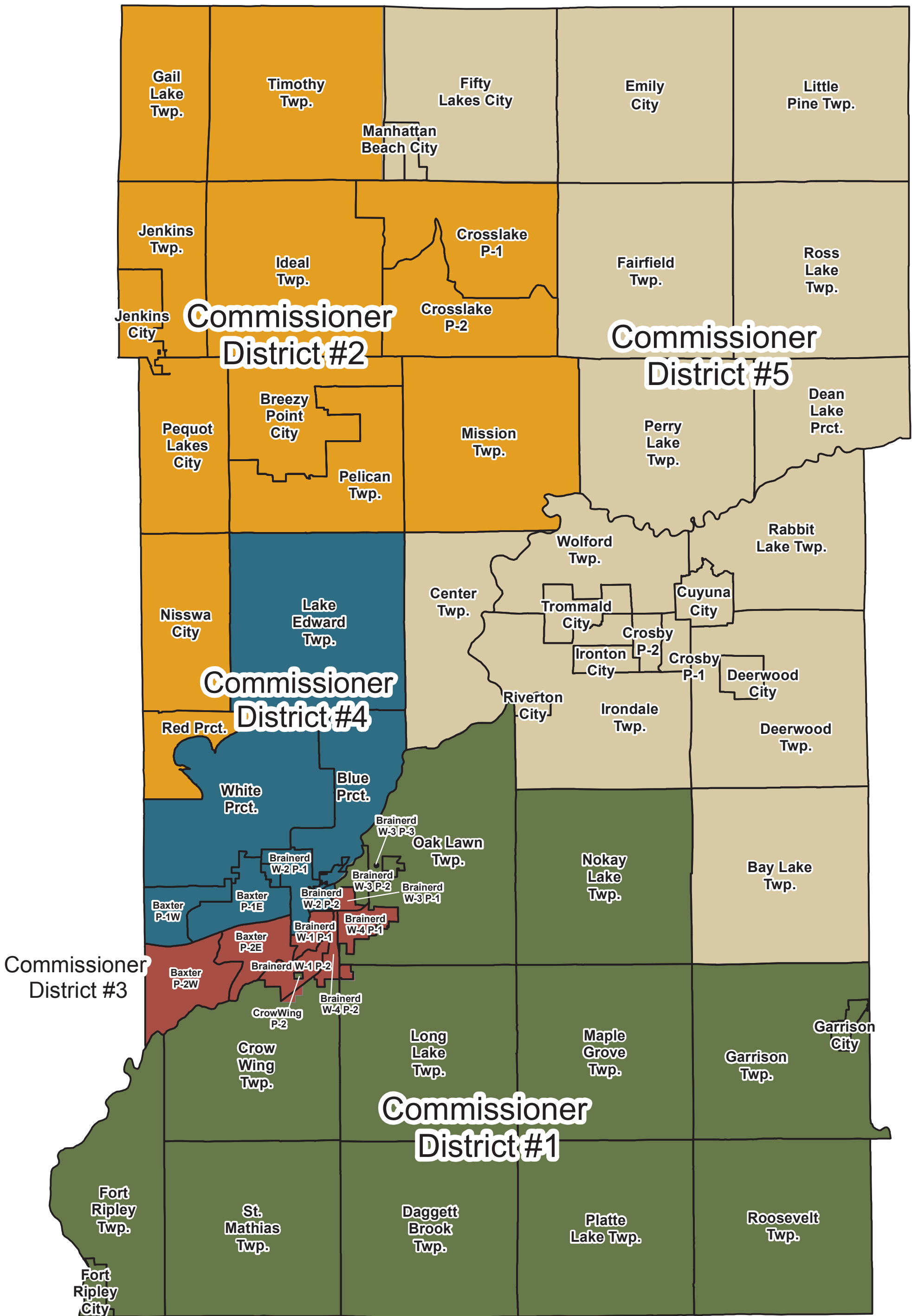




Crow Wing County Political Subdivisions









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.



2012 Crow Wing County Commissioner Districts

* Cities of Fifty Lakes and Manhattan Beach from
Commissioner District #2 to Commissioner District #5

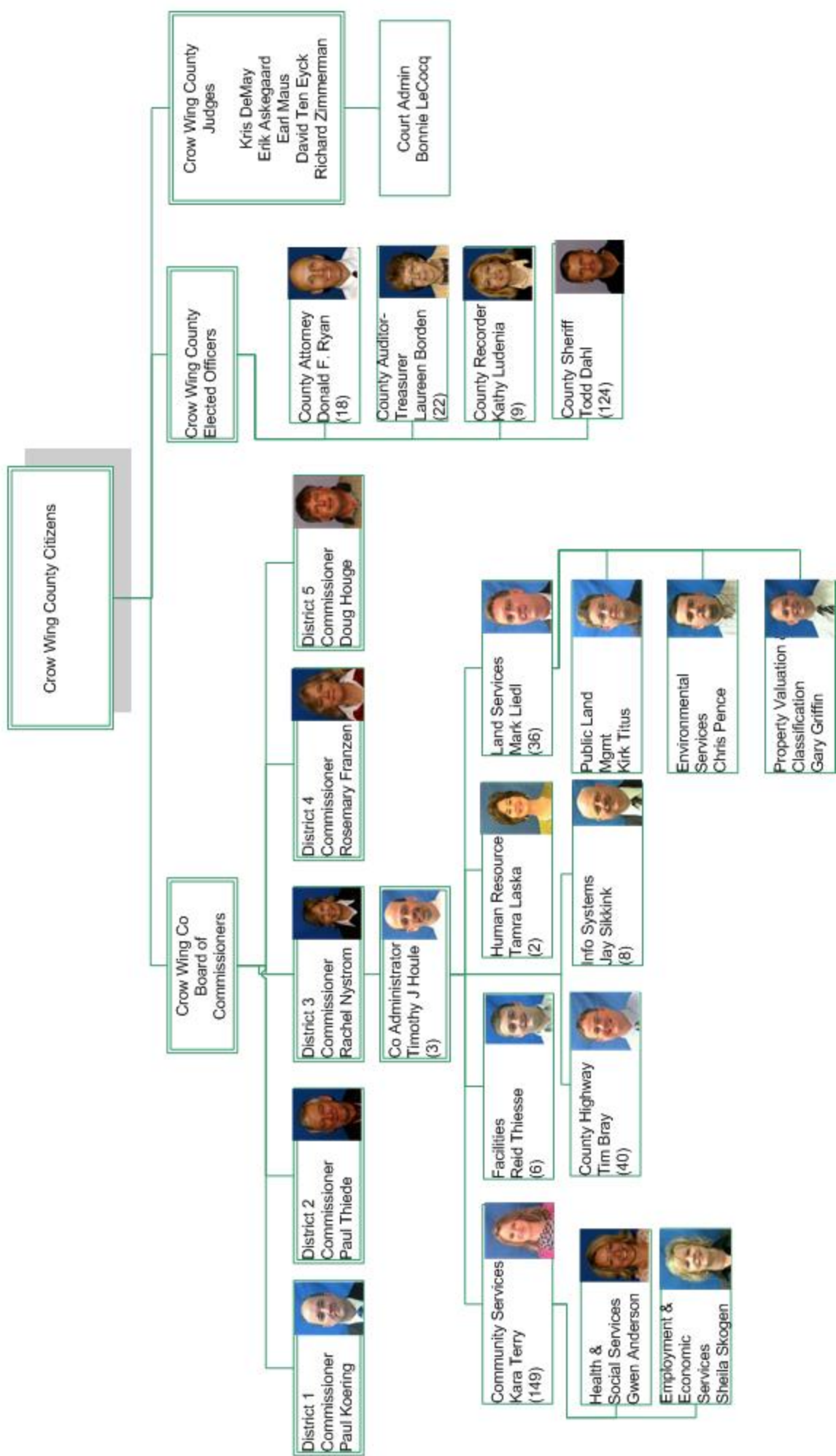
Legend	
 2012 Voting Districts	District
 1	 2
 3	 4
 5	

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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**LIST OF ELECTED AND APPOINTED OFFICIALS
2013**

Office	Name	Elected or Statutory Term Expires
County Board of Commissioners		
1st District	Paul Koering	January 2017
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 2017
*Denotes 2013 Chair		
**Denotes 2014 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





REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Crow Wing County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Crow Wing County as of and for the year ended December 31, 2013, 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Crow Wing County as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons of the General Fund, Highway Special Revenue Fund, Community Services Special Revenue Fund, and the Public Land Management Special Revenue Fund 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 June 6, 2014, on our consideration of Crow Wing County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crow Wing County's internal control over financial reporting and compliance.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 6, 2014

CROW WING COUNTY BRAINERD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2013 (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, 2013. 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 \$209,284,099 (net position). Of this amount, \$50,247,332 is classified as unrestricted net position. Unrestricted net position includes \$20,749,400 of investments in joint ventures. The remaining \$29,497,932 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$3,868,951. This increase is due to a favorable operating surplus.
- As of the close of the 2013 fiscal year, Crow Wing County's governmental funds reported combined ending fund balances of \$50,414,560, compared to \$51,367,678 reported at the close of the 2012 fiscal year. Approximately 68.2 percent of this amount, \$34,372,040, 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 \$13,030,417, or 51.3 percent, of total General Fund expenditures, a decrease of \$4,497,178 in comparison with the prior year. The unassigned amount of fund balance for the General Fund was \$11,643,351, or 45.9 percent, of total General Fund expenditures. This decrease is due to a \$5,014,279 transfer to the Highway Fund, \$5,000,000 of which was for future infrastructure projects.
- Crow Wing County's long-term liabilities decreased by \$5,324,678, or 10.4 percent, to \$45,835,024 during the current fiscal year. The net change in long-term liabilities had three primary components: a reduction due to debt principal payments of \$2,372,450; a cash payment to the refunded bond escrow agent as part of the 2013 advance refunding of \$4,943,110, which served to reduce total debt principal; and the increase in the net OPEB obligation. The net OPEB obligation increased in the amount of \$1,718,681, for a total obligation of \$12,067,308.

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 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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Within the governmental funds, Crow Wing County maintains five fund types: general, special revenue, debt service, capital projects, and permanent. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund; Highway, Community Services, and Public Land Management Special Revenue Funds; Debt Service Fund; and Capital Projects Fund, all of which are considered to be major funds. Data from the other 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 all its governmental funds: General, Highway, Community Services, Public Land Management, Debt Service, Capital Projects, Solid Waste (Non-Landfill), Unorganized Townships, Small Cities Development Program, and Environmental Trust. Budgetary comparison schedules have been provided for all funds to demonstrate compliance with their budgets.

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

(Unaudited)

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

Special Revenue Funds. Special revenue 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
- 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 funds – 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 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 45 through 49 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 50 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 51 through 86 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 page 87. The combining statements referred to earlier in connection with nonmajor governmental funds are in the supplementary information section and follow the required supplementary information. Combining and individual fund statements can be found on pages 92 through 102 of this report.

(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Crow Wing County, assets and deferred outflows of resources exceeded liabilities by \$209,284,099 at the close of the most recent fiscal year.

Net investment in capital assets of \$141,170,324 (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 (67.5 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, \$17,866,443, or 8.5 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$50,247,332 or 24.0 percent, of the total net position. Unrestricted net position includes \$20,749,400 of investments in joint ventures, or 9.9 percent of the total net position.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 78,926,423	\$ 79,363,017	\$ 12,118,889	\$ 10,973,942	\$ 91,045,312	\$ 90,336,959
Capital assets	168,209,612	170,497,811	4,197,889	4,661,273	172,407,501	175,159,084
Total assets	<u>\$ 247,136,035</u>	<u>\$ 249,860,828</u>	<u>\$ 16,316,778</u>	<u>\$ 15,635,215</u>	<u>\$ 263,452,813</u>	<u>\$ 265,496,043</u>
Total deferred outflows of resources	<u>\$ 2,742,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,742,909</u>	<u>\$ -</u>
Long-term liabilities outstanding	\$ 41,985,790	\$ 47,394,615	\$ 3,849,234	\$ 3,765,087	\$ 45,835,024	\$ 51,159,702
Other liabilities	10,929,392	8,779,568	147,207	141,625	11,076,599	8,921,193
Total liabilities	<u>\$ 52,915,182</u>	<u>\$ 56,174,183</u>	<u>\$ 3,996,441</u>	<u>\$ 3,906,712</u>	<u>\$ 56,911,623</u>	<u>\$ 60,080,895</u>
Net position						
Net investment in capital assets	\$ 137,032,435	\$ 132,167,372	\$ 4,137,889	\$ 4,601,273	\$ 141,170,324	\$ 136,768,645
Restricted	16,042,520	14,924,912	1,823,923	-	17,866,443	14,924,912
Unrestricted	43,888,807	46,594,361	6,358,525	7,127,230	50,247,332	53,721,591
Total net position	<u><u>\$ 196,963,762</u></u>	<u><u>\$ 193,686,645</u></u>	<u><u>\$ 12,320,337</u></u>	<u><u>\$ 11,728,503</u></u>	<u><u>\$ 209,284,099</u></u>	<u><u>\$ 205,415,148</u></u>

In 2013 and 2012, 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 \$3,868,951 over 2012. This increase is due to a favorable operating surplus.

Governmental Activities

Governmental activities increased Crow Wing County's net position by \$3,277,117, thereby accounting for the majority of total growth in the net position of Crow Wing County. This increase is largely due to a favorable operating surplus.

(Unaudited)

Business-Type Activities

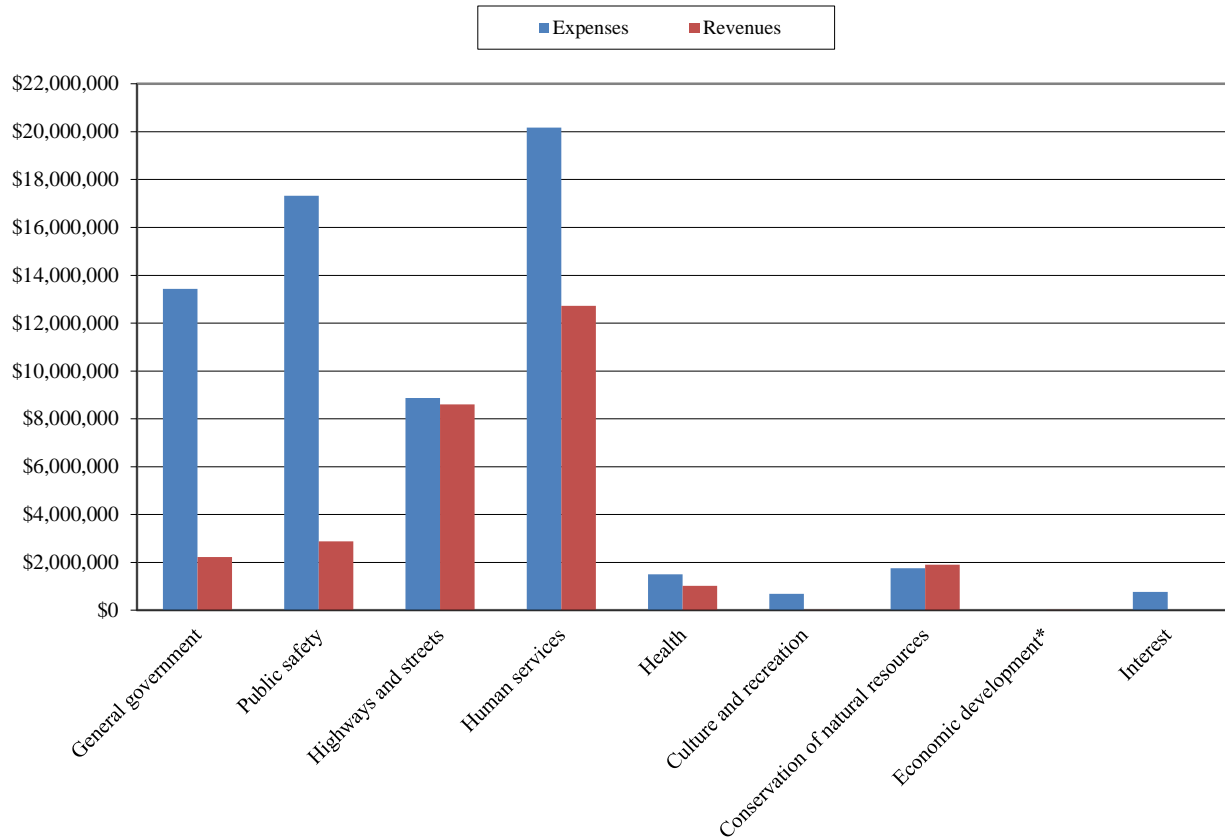
Business-type activities increased Crow Wing County's net position by \$591,834.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 8,548,331	\$ 7,727,190	\$ 1,986,447	\$ 2,064,133	\$ 10,534,778	\$ 9,791,323
Operating grants and contributions	19,929,435	19,091,574	-	-	19,929,435	19,091,574
Capital grants and contributions	903,557	13,883,256	-	-	903,557	13,883,256
General revenues						
Property taxes	35,488,689	35,814,571	-	-	35,488,689	35,814,571
Mortgage registry and deed tax	92,199	86,114	-	-	92,199	86,114
Payments in lieu of tax	515,879	429,758	-	-	515,879	429,758
Grants and contributions not restricted to specific programs	2,261,079	1,293,122	595	595	2,261,674	1,293,717
Investment income	(33,980)	201,695	58,584	91,746	24,604	293,441
Miscellaneous	331,763	610,553	-	-	331,763	610,553
Gain on sale of capital assets	-	17,915	-	-	-	17,915
Total Revenues	\$ 68,036,952	\$ 79,155,748	\$ 2,045,626	\$ 2,156,474	\$ 70,082,578	\$ 81,312,222
Expenses						
General government	\$ 13,436,948	\$ 12,956,270	\$ -	\$ -	\$ 13,436,948	\$ 12,956,270
Public safety	17,320,145	13,437,415	-	-	17,320,145	13,437,415
Highways and streets	8,871,390	7,008,995	-	-	8,871,390	7,008,995
Human services	20,173,438	20,570,268	-	-	20,173,438	20,570,268
Health	1,504,136	1,555,816	-	-	1,504,136	1,555,816
Culture and recreation	683,872	669,106	-	-	683,872	669,106
Conservation of natural resources	1,755,941	1,589,004	-	-	1,755,941	1,589,004
Interest	763,965	1,928,665	-	-	763,965	1,928,665
Landfill	-	-	1,703,792	2,131,373	1,703,792	2,131,373
Total Expenses	\$ 64,509,835	\$ 59,715,539	\$ 1,703,792	\$ 2,131,373	\$ 66,213,627	\$ 61,846,912
Increase (decrease) in Net Position before transfers	\$ 3,527,117	\$ 19,440,209	\$ 341,834	\$ 25,101	\$ 3,868,951	\$ 19,465,310
Transfers in (out)	(250,000)	(250,000)	250,000	250,000	-	-
Increase (decrease) in Net Position	\$ 3,277,117	\$ 19,190,209	\$ 591,834	\$ 275,101	\$ 3,868,951	\$ 19,465,310
Net Position - January 1	193,686,645	174,496,436	11,728,503	11,453,402	205,415,148	185,949,838
Net Position - December 31	\$ 196,963,762	\$ 193,686,645	\$ 12,320,337	\$ 11,728,503	\$ 209,284,099	\$ 205,415,148

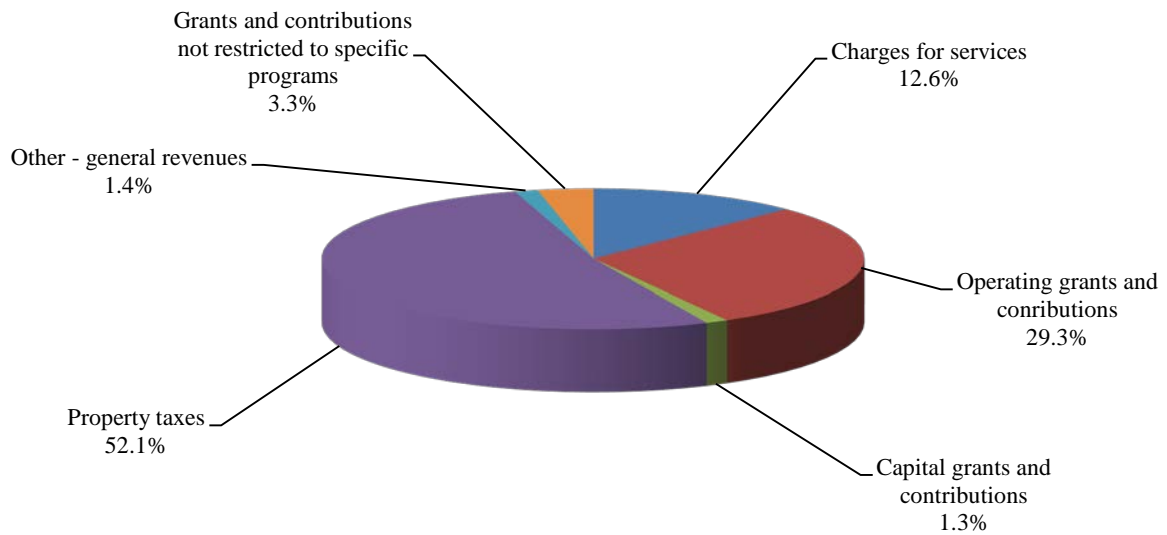
(Unaudited)

Expenses and Program Revenues - Governmental Activities



*Economic development had revenues of \$13,252, which are difficult to measure using the above graph.

Revenue by Source - Governmental Activities



(Unaudited)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, Crow Wing County's governmental funds reported combined ending fund balances of \$50,414,560, a decrease of \$953,118 in comparison with the prior year. Of this total amount, \$34,372,040 constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remaining \$16,042,520 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 \$5,202,606; Restricted for Unorganized townships \$1,966,157; Nonspendable Environmental trust corpus \$1,846,499, Restricted for Solid waste (non-landfill) \$1,786,503.

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 \$13,030,417, while the total fund balance was \$15,445,189. 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 51.3 percent of the total General Fund expenditures, while unassigned fund balance represents 45.9 percent of that same amount.

The fund balance of Crow Wing County's General Fund decreased \$4,643,192 in comparison to 2012. This change is primarily due to an Other Financing Source Transfer Out to the Highway Special Revenue Fund in the amount of \$5,000,000 for future infrastructure projects.

The expenditures for the General Fund decreased \$555,269; this is a decrease of 2.1 percent from the previous year. The General Fund saw greater expenditures in the prior year for the bulk of the 800 MHZ project, which was completed in 2013. The operating budget of the General Fund is structurally balanced.

The Highway Special Revenue Fund had a total fund balance of \$10,799,896 at the end of the current fiscal year. The fund balance of the Highway Special Revenue Fund increased by \$5,457,371 during the current fiscal year. This increase in fund balance is a result of a transfer of \$5,014,279 from the General Fund, \$5,000,000 of which is for future infrastructure projects.

The Community Services Special Revenue Fund had a total fund balance of \$8,437,505 at the end of the current fiscal year. The fund balance of the Community Services Special Revenue Fund decreased by \$127,207 during the current fiscal year. The operating budget of the Community Services Fund is structurally balanced.

The Public Land Management Special Revenue Fund had a total fund balance of \$456,111 at the end of the current fiscal year. The fund balance of the Public Land Management Special Revenue Fund increased by \$16,235 during the current fiscal year.

The Debt Service Fund had a total fund balance of \$5,206,664 at the end of the current fiscal year. The fund balance of the Debt Service Fund increased by \$413,578 during the current fiscal year. Changes in fund balance of the Debt Service Fund were due to the 2013 advance refunding.

The Capital Projects Fund had a total fund balance of \$3,938,409 at the end of the current fiscal year. The fund balance of the Capital Projects Fund decreased by \$2,269,776 during the current fiscal year due to a \$4,300,000

(Unaudited)

transfer to the Debt Service Fund as part of the 2013 advance refunding, partially offset by an increase in County Program Aid.

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

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

General Fund Budgetary Highlights

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

Health insurance premiums had major impacts on the 2013 budget as the County experienced an average increase of 13.2 percent.

The significant budgetary variation between the original and final budget for transfers out is due to the \$5,000,000 transfer of equity to the Highway Special Revenue Fund for future infrastructure projects.

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, 2013, amounts to \$172,407,501 (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 decrease in Crow Wing County’s investment in capital assets for the current fiscal year was 1.6 percent.

Major capital asset events during 2013 included the retirement of building formerly used for juvenile detention, with a book value of \$3,481,874, and an increase in infrastructure and infrastructure – right-of-way related to road projects of \$5,116,740.

Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 14,654,658	\$ 14,597,429	\$ 412,334	\$ 412,334	\$ 15,066,992	\$ 15,009,763
Construction in progress	2,058,393	4,714,340	1,311,961	1,311,961	3,370,354	6,026,301
Infrastructure - right-of-way	5,462,435	4,997,829	-	-	5,462,435	4,997,829
Buildings	47,464,967	52,520,151	528,589	553,574	47,993,556	53,073,725
Land improvements	1,470,264	1,490,325	-	-	1,470,264	1,490,325
Machinery, furniture, and equipment	7,142,028	6,873,004	69,760	53,951	7,211,788	6,926,955
Infrastructure	89,956,867	85,304,733	-	-	89,956,867	85,304,733
Landfill	-	-	1,875,245	2,329,453	1,875,245	2,329,453
Total	<u>\$ 168,209,612</u>	<u>\$ 170,497,811</u>	<u>\$ 4,197,889</u>	<u>\$ 4,661,273</u>	<u>\$ 172,407,501</u>	<u>\$ 175,159,084</u>

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

(Unaudited)

Long-Term Debt

At the end of 2013, Crow Wing County had total bonded debt outstanding of \$30,257,500. This is a decrease of \$7,660,000 from the prior year, which is due to principal payments and the 2013 advance refunding. 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

	Governmental Activities	
	2013	2012
General obligation bonds	\$ 30,257,500	\$ 37,917,500
Capital lease	1,009,650	1,097,100
Total	<u>\$ 31,267,150</u>	<u>\$ 39,014,600</u>

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 2013 debt limitation for Crow Wing County is \$256,808,666, 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 3.0 percent in 2013.
- 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 2014 is 35.27 percent.
- On December 17, 2013, the Crow Wing County Board of Commissioners approved the 2014 budget for \$70,877,853, related to the County’s Governmental Funds. The 2014 total levy is \$34,660,859, which is a decrease of \$76,683 compared to the 2013 levy of \$34,737,542. The 2014 budget includes a 0.2 percent overall property tax levy decrease.
- Crow Wing County will continue to budget in 2014 for County Program Aid in the Capital Projects Fund. If these funds are received from the State they will be used to finance the Capital Improvement Plan.

INDEPENDENT AUDIT

Minn. Stat. § 6.48 requires an annual examination of books of accounts, 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 or visit our web site at www.crowwing.us

(Unaudited)

**CROW WING COUNTY
BRainerd, MINNESOTA**

**STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and investments	\$ 49,845,109	\$ 6,357,132	\$ 56,202,241
Taxes receivable - delinquent (net)	1,451,328	-	1,451,328
Accounts receivable (net)	241,189	93,360	334,549
Accrued interest receivable	109,277	-	109,277
Contracts receivable	256,084	-	256,084
Due from other governments	4,583,023	-	4,583,023
Internal balances	1,857	(1,857)	-
Loans receivable (net)	368,324	-	368,324
Inventories	935,601	-	935,601
Prepaid items	370,231	-	370,231
Restricted assets			
Cash and investments	-	5,670,254	5,670,254
Noncurrent assets			
Advance to other governments	15,000	-	15,000
Investment in joint venture	20,749,400	-	20,749,400
Capital assets			
Non-depreciable	22,175,486	1,724,295	23,899,781
Depreciable - net of accumulated depreciation	146,034,126	2,473,594	148,507,720
Total Assets	\$ 247,136,035	\$ 16,316,778	\$ 263,452,813
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 2,742,909	\$ -	\$ 2,742,909

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

**CROW WING COUNTY
BRainerd, MINNESOTA**

**STATEMENT OF NET POSITION
DECEMBER 31, 2013
(Continued)**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
LIABILITIES			
Current liabilities			
Accounts payable	\$ 951,137	\$ 57,133	\$ 1,008,270
Salaries payable	660,495	3,432	663,927
Accrued payroll taxes	100,320	511	100,831
Contracts payable	50,970	60,000	110,970
Retainage payable	153,552	-	153,552
Due to other governments	422,063	-	422,063
Accrued interest payable	650,908	-	650,908
Claims payable	39,960	-	39,960
Unearned revenue	368,324	-	368,324
Customer deposits	63,500	-	63,500
Long-term liabilities			
Due within one year	7,468,163	26,131	7,494,294
Due in more than one year	41,985,790	3,849,234	45,835,024
Total Liabilities	\$ 52,915,182	\$ 3,996,441	\$ 56,911,623
NET POSITION			
Net investment in capital assets	\$ 137,032,435	\$ 4,137,889	\$ 141,170,324
Restricted for			
General government	1,584,768	-	1,584,768
Public safety	627,910	-	627,910
Highways and streets	2,901,758	-	2,901,758
Human services	941,678	-	941,678
Culture and recreation	534,891	-	534,891
Conservation of natural resources	2,242,614	-	2,242,614
Environmental uses - expendable	101,257	-	101,257
Environmental uses - nonexpendable	1,846,499	-	1,846,499
Economic development	58,539	-	58,539
Debt service	5,202,606	-	5,202,606
Landfill closure/postclosure	-	1,823,923	1,823,923
Unrestricted	43,888,807	6,358,525	50,247,332
Total Net Position	\$ 196,963,762	\$ 12,320,337	\$ 209,284,099
Total Liabilities and Net Position	\$ 249,878,944	\$ 16,316,778	\$ 266,195,722

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, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities				
General government	\$ 13,436,948	\$ 1,851,275	\$ 370,903	\$ -
Public safety	17,320,145	2,177,386	703,757	-
Highways and streets	8,871,390	429,836	7,272,763	903,557
Human services	20,173,438	2,169,498	10,558,388	-
Health	1,504,136	233,016	794,565	-
Culture and recreation	683,872	-	4,414	-
Conservation of natural resources	1,755,941	1,674,068	224,645	-
Economic development	-	13,252	-	-
Interest	763,965	-	-	-
Total governmental activities	\$ 64,509,835	\$ 8,548,331	\$ 19,929,435	\$ 903,557
Business-type activities				
Landfill	\$ 1,703,792	\$ 1,986,447	\$ -	\$ -
Total Primary Government	\$ 66,213,627	\$ 10,534,778	\$ 19,929,435	\$ 903,557

General Revenues

Property taxes
Mortgage registry and deed tax
Payments in lieu of tax
Grants and contributions not restricted to specific programs
Investment income
Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (11,214,770)	\$ -	\$ (11,214,770)
(14,439,002)	-	(14,439,002)
(265,234)	-	(265,234)
(7,445,552)	-	(7,445,552)
(476,555)	-	(476,555)
(679,458)	-	(679,458)
142,772	-	142,772
13,252	-	13,252
(763,965)	-	(763,965)
\$ (35,128,512)	\$ -	\$ (35,128,512)
\$ -	\$ 282,655	\$ 282,655
\$ (35,128,512)	\$ 282,655	\$ (34,845,857)
\$ 35,488,689	\$ -	\$ 35,488,689
92,199	-	92,199
515,879	-	515,879
2,261,079	595	2,261,674
(33,980)	58,584	24,604
331,763	-	331,763
(250,000)	250,000	-
\$ 38,405,629	\$ 309,179	\$ 38,714,808
\$ 3,277,117	\$ 591,834	\$ 3,868,951
193,686,645	11,728,503	205,415,148
\$ 196,963,762	\$ 12,320,337	\$ 209,284,099

**CROW WING COUNTY
BRainerd, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	General	Highway	Community Services	Public Land Management
ASSETS				
Cash and investments	\$ 15,836,358	\$ 10,029,085	\$ 7,888,318	\$ 762,039
Taxes receivable - delinquent (net)	731,866	155,427	289,230	-
Accounts receivable (net)	10,881	-	210,762	-
Accrued interest receivable	82,037	-	-	-
Due from other funds	101,617	90,857	96	-
Contracts receivable	-	-	-	256,084
Due from other governments	266,192	2,391,419	1,917,298	8,114
Loans receivable (net)	-	-	-	-
Inventories	-	935,601	-	-
Prepaid items	370,231	-	-	-
Advances to other governments	15,000	-	-	-
Total Assets	\$ 17,414,182	\$ 13,602,389	\$ 10,305,704	\$ 1,026,237
LIABILITIES				
Accounts payable	\$ 409,566	\$ 49,548	\$ 385,411	\$ 930
Salaries payable	361,197	57,446	232,365	8,767
Accrued payroll taxes	55,778	8,560	34,568	1,307
Claims payable	39,960	-	-	-
Contracts payable	-	17,349	-	33,621
Retainage payable	-	153,552	-	-
Due to other funds	44,861	-	16,855	161,780
Due to other governments	228,925	-	92,202	99,523
Unearned revenue	-	-	-	-
Customer deposits	63,500	-	-	-
Total Liabilities	\$ 1,203,787	\$ 286,455	\$ 761,401	\$ 305,928
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (Note III.D.)	\$ 765,206	\$ 2,516,038	\$ 1,106,798	\$ 264,198

Debt Service	Capital Projects	Nonmajor Funds	Total
\$ 5,206,664	\$ 3,943,572	\$ 6,179,073	\$ 49,845,109
195,918	49,104	29,783	1,451,328
-	-	19,546	241,189
-	-	27,240	109,277
-	68,783	-	261,353
-	-	-	256,084
-	-	-	4,583,023
-	-	368,324	368,324
-	-	-	935,601
-	-	-	370,231
-	-	-	15,000
<u>\$ 5,402,582</u>	<u>\$ 4,061,459</u>	<u>\$ 6,623,966</u>	<u>\$ 58,436,519</u>
\$ -	\$ 73,946	\$ 31,736	\$ 951,137
-	-	720	660,495
-	-	107	100,320
-	-	-	39,960
-	-	-	50,970
-	-	-	153,552
-	-	36,000	259,496
-	-	1,413	422,063
-	-	368,324	368,324
-	-	-	63,500
<u>\$ -</u>	<u>\$ 73,946</u>	<u>\$ 438,300</u>	<u>\$ 3,069,817</u>
<u>\$ 195,918</u>	<u>\$ 49,104</u>	<u>\$ 54,880</u>	<u>\$ 4,952,142</u>

**CROW WING COUNTY
BRainerd, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013
(Continued)**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>Public Land Management</u>
FUND BALANCES				
Nonspendable:				
Advances to other governments	\$ 15,000	\$ -	\$ -	\$ -
Inventories	-	935,601	-	-
Environmental trust corpus	-	-	-	-
Restricted for:				
Enhanced 911	537,203	-	-	-
Sheriff's drug contingency	3,249	-	-	-
Sheriff's forfeited property	6,748	-	-	-
DUI assessment	23,678	-	-	-
Lakes area drug investigation forfeiture	28,928	-	-	-
Tobacco compliance	28,104	-	-	-
Water plan	22,380	-	-	-
Recreation	534,891	-	-	-
Recorder's fee (land based improvement)	260,868	-	-	-
Recorder's technology equipment	814,728	-	-	-
Law library	52,948	-	-	-
Drug court	2,673	-	-	-
Attorney's forfeited property	34,228	-	-	-
Missing heirs	49,146	-	-	-
MN estate recoveries	-	-	941,678	-
Timber development	-	-	-	21,280
Resource development	-	-	-	434,831
Debt service	-	-	-	-
Building improvements	-	-	-	-
Solid waste (non-landfill)	-	-	-	-
Economic development revolving loans	-	-	-	-
Environmental uses	-	-	-	-
Unorganized townships	-	-	-	-
Committed for:				
Dive team	9,416	-	-	-
Mounted patrol	9,004	-	-	-
Triad	6,713	-	-	-
Veterans' service van	10,524	-	-	-
Information technology	351,409	-	-	-
Other post employment benefits (OPEB)	1,000,000	-	-	-
SCHA equity utilization	-	-	895,333	-
MnSure, MnChoices, Child Support, IT	-	-	175,000	-
Highway Improvement Plan	-	1,496,575	-	-
2018 Highway Improvement Plan	-	5,000,000	-	-
Assigned for:				
Highway	-	3,367,720	-	-
Community services	-	-	6,425,494	-
Capital projects	-	-	-	-
Solid waste (non-landfill)	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>11,643,351</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$ 15,445,189</u>	<u>\$ 10,799,896</u>	<u>\$ 8,437,505</u>	<u>\$ 456,111</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,414,182</u>	<u>\$ 13,602,389</u>	<u>\$ 10,305,704</u>	<u>\$ 1,026,237</u>

Debt Service	Capital Projects	Nonmajor Funds	Total
\$ -	\$ -	\$ -	\$ 15,000
-	-	-	935,601
-	-	1,846,499	1,846,499
-	-	-	537,203
-	-	-	3,249
-	-	-	6,748
-	-	-	23,678
-	-	-	28,928
-	-	-	28,104
-	-	-	22,380
-	-	-	534,891
-	-	-	260,868
-	-	-	814,728
-	-	-	52,948
-	-	-	2,673
-	-	-	34,228
-	-	-	49,146
-	-	-	941,678
-	-	-	21,280
-	-	-	434,831
5,202,606	-	-	5,202,606
-	332,797	-	332,797
-	-	1,786,503	1,786,503
-	-	58,539	58,539
-	-	101,257	101,257
-	-	1,966,157	1,966,157
-	-	-	-
-	-	-	9,416
-	-	-	9,004
-	-	-	6,713
-	-	-	10,524
-	-	-	351,409
-	-	-	1,000,000
-	-	-	895,333
-	-	-	175,000
-	-	-	1,496,575
-	-	-	5,000,000
-	-	-	-
-	-	-	3,367,720
-	-	-	6,425,494
-	3,605,612	-	3,605,612
-	-	371,831	371,831
4,058	-	-	4,058
-	-	-	11,643,351
\$ 5,206,664	\$ 3,938,409	\$ 6,130,786	\$ 50,414,560
\$ 5,402,582	\$ 4,061,459	\$ 6,623,966	\$ 58,436,519

**CROW WING COUNTY
BRainerd, MINNESOTA**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013**

Fund balance - total governmental funds	\$	50,414,560
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		168,209,612
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Investment in joint venture is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.		20,749,400
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Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		4,952,142
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

General obligation bonds	\$ (30,257,500)	
Discount on bonds issued	11,532	
Premium on bonds issued	(3,390,436)	
Deferred charge on refunding	2,742,909	
Accrued interest payable	(650,908)	
Net OPEB obligation	(12,067,308)	
Compensated absences	(2,740,591)	
Capital leases payable	(1,009,650)	
		(47,361,952)

Net position of governmental activities	\$	196,963,762
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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, 2013**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>Public Land Management</u>
REVENUES				
Taxes	\$ 18,744,360	\$ 3,818,966	\$ 6,415,709	\$ -
Special assessments	-	-	882	-
Licenses and permits	478,866	-	-	570,031
Intergovernmental	1,883,842	6,642,779	10,874,825	119,128
Charges for services	3,191,585	678,227	1,487,578	4,084
Fines and forfeits	58,800	-	-	-
Gifts and contributions	38,129	-	10,000	-
Investment earnings	(41,552)	-	-	15,175
Sales	-	-	-	131,836
Miscellaneous	1,373,254	135,515	2,273,409	69,171
Total Revenues	\$ 25,727,284	\$ 11,275,487	\$ 21,062,403	\$ 909,425
EXPENDITURES				
Current				
General government	\$ 11,791,230	\$ -	\$ 284,069	\$ -
Public safety	11,975,138	-	346,990	-
Highways and streets	-	5,901,358	-	-
Human services	-	-	19,129,327	-
Health	-	-	1,429,224	-
Culture and recreation	667,685	-	-	-
Conservation of natural resources	177,605	-	-	866,069
Capital outlay				
General government	163,835	-	-	-
Public safety	595,119	-	-	-
Highways and streets	14,582	4,603,130	-	-
Human services	-	-	-	-
Conservation of natural resources	-	-	-	27,121
Intergovernmental	-	360,631	-	-
Debt service				
Principal	-	87,450	-	-
Interest	-	21,890	-	-
Bond issuance costs	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Administrative charges	-	-	-	-
Total Expenditures	\$ 25,385,194	\$ 10,974,459	\$ 21,189,610	\$ 893,190
Excess of Revenues Over (Under)				
Expenditures	\$ 342,090	\$ 301,028	\$ (127,207)	\$ 16,235
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 28,997	\$ 5,014,279	\$ -	\$ -
Transfers out	(5,014,279)	-	-	-
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium on bonds issued	-	-	-	-
Total Other Financing Sources (Uses)	\$ (4,985,282)	\$ 5,014,279	\$ -	\$ -
Net Change in Fund Balances	\$ (4,643,192)	\$ 5,315,307	\$ (127,207)	\$ 16,235
Fund Balance - January 1	20,088,381	5,342,525	8,564,712	439,876
Increase (decrease) in inventories	-	142,064	-	-
Fund Balance - December 31	\$ 15,445,189	\$ 10,799,896	\$ 8,437,505	\$ 456,111

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

Debt Service	Capital Projects	Nonmajor Funds	Total
\$ 4,215,041	\$ 1,825,776	\$ 744,467	\$ 35,764,319
-	-	608,233	609,115
-	-	-	1,048,897
40,399	1,603,126	209,005	21,373,104
-	-	279,243	5,640,717
-	-	-	58,800
-	-	-	48,129
-	-	38,358	11,981
-	-	-	131,836
-	281,743	59,993	4,193,085
\$ 4,255,440	\$ 3,710,645	\$ 1,939,299	\$ 68,879,983
\$ -	\$ 314,191	\$ 103,314	\$ 12,492,804
-	163,930	150,915	12,636,973
-	-	288,315	6,189,673
-	192,460	-	19,321,787
-	-	-	1,429,224
-	-	-	667,685
-	-	853,468	1,897,142
-	218,490	-	382,325
-	362,321	-	957,440
-	410,413	-	5,028,125
-	31,068	-	31,068
-	-	64,417	91,538
-	-	-	360,631
2,285,000	-	-	2,372,450
901,343	-	-	923,233
124,981	-	-	124,981
4,943,110	-	-	4,943,110
2,538	-	-	2,538
\$ 8,256,972	\$ 1,692,873	\$ 1,460,429	\$ 69,852,727
\$ (4,001,532)	\$ 2,017,772	\$ 478,870	\$ (972,744)
\$ 4,300,000	\$ 12,452	\$ 25,812	\$ 9,381,540
(12,452)	(4,300,000)	(304,809)	(9,631,540)
29,520,000	-	-	29,520,000
(33,061,540)	-	-	(33,061,540)
3,669,102	-	-	3,669,102
\$ 4,415,110	\$ (4,287,548)	\$ (278,997)	\$ (122,438)
\$ 413,578	\$ (2,269,776)	\$ 199,873	\$ (1,095,182)
4,793,086	6,208,185	5,930,913	51,367,678
-	-	-	142,064
\$ 5,206,664	\$ 3,938,409	\$ 6,130,786	\$ 50,414,560

**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, 2013**

Net change in fund balances - total governmental funds **\$ (1,095,182)**

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	\$ 4,952,142	
Deferred Inflows of Resources - January 1	(2,876,470)	2,075,672

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

Expenditures for general capital assets and infrastructure	\$ 6,490,496	
Net book value of assets sold or disposed	(3,600,237)	
Trade-in value received for capital assets	212,278	
Current year depreciation	(5,390,736)	(2,288,199)

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

Issuance of new debt		
General obligation refunding bonds issued	\$ (29,520,000)	
Premium on bonds issued	(3,669,102)	
Deferred charge on refunding	2,968,354	
Retirement of old debt		
General obligation refunding bonds retired	34,895,000	
Premium on bonds retired	237,695	
Discount on bonds retired	(96,399)	
Principal repayments		
General obligation bonds	2,285,000	
Capital lease	87,450	
Amortization of premium and discount on bonds	277,241	
Amortization of deferred charge on refunding	(225,445)	7,239,794

Decrease in joint venture does not provide current financial resources and is not reported as revenue in the funds. (1,339,373)

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	\$ 110,010	
Change in compensated absences	151,012	
Change in inventories	142,064	
Change in net OPEB obligation	(1,718,681)	(1,315,595)

Change in net position of governmental activities **\$ 3,277,117**

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

**CROW WING COUNTY
BRainerd, Minnesota**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 18,843,301	\$ 18,843,301	\$ 18,744,360	\$ (98,941)
Licenses and permits	475,500	483,595	478,866	(4,729)
Intergovernmental	1,601,383	1,660,593	1,883,842	223,249
Charges for services	2,498,070	2,701,570	3,191,585	490,015
Fines and forfeits	35,000	35,000	58,800	23,800
Gifts and contributions	-	-	38,129	38,129
Investment earnings	405,000	405,000	(41,552)	(446,552)
Miscellaneous	1,304,277	1,320,477	1,373,254	52,777
Total Revenues	\$ 25,162,531	\$ 25,449,536	\$ 25,727,284	\$ 277,748
EXPENDITURES				
Current				
General government				
Commissioners	\$ 267,567	\$ 267,567	\$ 258,716	\$ 8,851
Courts	303,898	303,898	317,798	(13,900)
Law library	70,000	70,000	55,248	14,752
Administrator	271,094	273,594	278,235	(4,641)
Auditor-Treasurer	1,826,599	1,826,599	1,746,747	79,852
Elections	123,679	123,679	150,518	(26,839)
Information Systems / GIS	1,151,837	1,235,032	1,033,405	201,627
Central services	682,687	682,687	663,829	18,858
Human resources	330,199	333,178	317,440	15,738
Risk management	447,000	447,000	413,519	33,481
Attorney	1,846,545	1,858,255	1,802,926	55,329
Recorder	815,976	1,012,878	968,749	44,129
Environmental services	640,640	642,049	626,017	16,032
Crosslake planning and zoning	-	34,227	11,983	22,244
Property valuation and classification	1,137,844	1,139,417	1,098,590	40,827
Facilities	1,738,896	1,755,707	1,754,249	1,458
Transit appropriation	28,874	28,874	27,858	1,016
Appropriations	262,804	262,804	263,534	(730)
Other general government	125,000	32,949	1,869	31,080
Total general government	\$ 12,071,139	\$ 12,330,394	\$ 11,791,230	\$ 539,164

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

**CROW WING COUNTY
BRainerd, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES				
Current (Continued)				
Public safety				
Sheriff	\$ 6,085,646	\$ 6,120,910	\$ 6,007,476	\$ 113,434
Enhanced 911 system	108,984	108,984	217,514	(108,530)
Sheriff's drug contingent	-	-	9,818	(9,818)
Sheriff's forfeited property	-	-	1,827	(1,827)
DUI assessment	-	-	25,952	(25,952)
Coroner	125,000	125,000	126,049	(1,049)
Mining inspector	500	500	-	500
Dog ordinance	-	-	530	(530)
Appropriations	2,000	2,000	2,000	-
Jail	5,049,607	5,052,117	5,118,940	(66,823)
Corrections	300,877	300,877	300,877	-
Sentenced to serve	57,834	57,834	57,995	(161)
Emergency management	96,701	96,701	96,408	293
CWC tower	8,335	8,335	3,647	4,688
800 MHZ	105,154	105,154	-	105,154
Passenger safety coalition	-	-	6,105	(6,105)
Total public safety	\$ 11,940,638	\$ 11,978,412	\$ 11,975,138	\$ 3,274
Culture and recreation				
Kitchigami library	\$ 529,002	\$ 529,002	\$ 529,002	\$ -
Parks	110,185	110,185	99,683	10,502
Appropriations	39,000	39,000	39,000	-
Total culture and recreation	\$ 678,187	\$ 678,187	\$ 667,685	\$ 10,502
Conservation of natural resources				
County extension	\$ 167,762	\$ 167,762	\$ 167,528	\$ 234
Weed and seed inspector	2,910	2,910	77	2,833
Appropriations	10,000	10,000	10,000	-
Total conservation of natural resources	\$ 180,672	\$ 180,672	\$ 177,605	\$ 3,067
Capital outlay				
General government	\$ 42,422	\$ 60,397	\$ 163,835	\$ (103,438)
Public safety	400,001	441,749	595,119	(153,370)
Highways and streets	4,236	22,338	14,582	7,756
Total capital outlay	\$ 446,659	\$ 524,484	\$ 773,536	\$ (249,052)
Total Expenditures	\$ 25,317,295	\$ 25,692,149	\$ 25,385,194	\$ 306,955

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

**CROW WING COUNTY
BRainerd, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Excess of Revenues Over (Under)				
Expenditures	\$ (154,764)	\$ (242,613)	\$ 342,090	\$ 584,703
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 28,917	\$ 28,917	\$ 28,997	\$ 80
Transfers out	-	(5,014,279)	(5,014,279)	-
Total Other Financing Sources (Uses)	\$ 28,917	\$ (4,985,362)	\$ (4,985,282)	\$ 80
Net Change in Fund Balance	\$ (125,847)	\$ (5,227,975)	\$ (4,643,192)	\$ 584,783
Fund Balance - January 1	20,088,381	20,088,381	20,088,381	-
Fund Balance - December 31	\$ 19,962,534	\$ 14,860,406	\$ 15,445,189	\$ 584,783

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 3,814,250	\$ 3,814,250	\$ 3,818,966	\$ 4,716
Intergovernmental	6,921,002	6,921,002	6,642,779	(278,223)
Charges for services	557,600	557,600	678,227	120,627
Miscellaneous	89,352	89,352	135,515	46,163
Total Revenues	\$ 11,382,204	\$ 11,382,204	\$ 11,275,487	\$ (106,717)
EXPENDITURES				
Current				
Highways and streets				
Administration	\$ 891,744	\$ 896,988	\$ 946,466	\$ (49,478)
Maintenance	2,366,252	2,371,292	2,028,008	343,284
Engineering/construction	1,083,040	1,083,040	1,321,611	(238,571)
Equipment maintenance and shop	1,547,230	1,546,305	1,605,273	(58,968)
Total highways and streets	\$ 5,888,266	\$ 5,897,625	\$ 5,901,358	\$ (3,733)
Capital outlay				
Highways and streets	\$ 4,165,028	\$ 4,165,028	\$ 4,603,130	\$ (438,102)
Intergovernmental				
Highways and streets	\$ -	\$ -	\$ 360,631	\$ (360,631)
Debt service				
Principal	\$ 71,550	\$ 71,550	\$ 87,450	\$ (15,900)
Interest	48,000	48,000	21,890	26,110
Total debt service	\$ 119,550	\$ 119,550	\$ 109,340	\$ 10,210
Total Expenditures	\$ 10,172,844	\$ 10,182,203	\$ 10,974,459	\$ (792,256)
Excess of Revenues Over (Under)				
Expenditures	\$ 1,209,360	\$ 1,200,001	\$ 301,028	\$ (898,973)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	5,014,279	5,014,279	-
Net Change in Fund Balance	\$ 1,209,360	\$ 6,214,280	\$ 5,315,307	\$ (898,973)
Fund Balance - January 1	5,342,525	5,342,525	5,342,525	-
Increase (decrease) in inventories	-	-	142,064	142,064
Fund Balance - December 31	\$ 6,551,885	\$ 11,556,805	\$ 10,799,896	\$ (756,909)

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

**CROW WING COUNTY
BRainerd, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 6,354,992	\$ 6,354,992	\$ 6,415,709	\$ 60,717
Special assessments	-	-	882	882
Intergovernmental	11,432,357	11,984,711	10,874,825	(1,109,886)
Charges for services	1,498,933	1,546,226	1,487,578	(58,648)
Gifts and contributions	11,500	11,500	10,000	(1,500)
Miscellaneous	1,403,315	2,299,001	2,273,409	(25,592)
Total Revenues	\$ 20,701,097	\$ 22,196,430	\$ 21,062,403	\$ (1,134,027)
EXPENDITURES				
Current				
General government				
Veteran's service officer	\$ 279,424	\$ 279,481	\$ 284,069	\$ (4,588)
Public safety				
Juvenile detention	\$ 129,000	\$ 129,000	\$ 346,990	\$ (217,990)
Human services				
Income maintenance	\$ 5,280,575	\$ 5,496,895	\$ 5,459,803	\$ 37,092
Human services	13,534,342	13,961,215	13,669,524	291,691
Total human services	\$ 18,814,917	\$ 19,458,110	\$ 19,129,327	\$ 328,783
Health				
Health	\$ 1,477,756	\$ 1,481,279	\$ 1,429,224	\$ 52,055
Total Expenditures	\$ 20,701,097	\$ 21,347,870	\$ 21,189,610	\$ 158,260
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ 848,560	\$ (127,207)	\$ (975,767)
Fund Balance - January 1	8,564,712	8,564,712	8,564,712	-
Fund Balance - December 31	\$ 8,564,712	\$ 9,413,272	\$ 8,437,505	\$ (975,767)

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PUBLIC LAND MANAGEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Licenses and permits	\$ 603,000	\$ 603,000	\$ 570,031	\$ (32,969)
Intergovernmental	73,064	73,064	119,128	46,064
Charges for services	100	100	4,084	3,984
Investment earnings	30,000	30,000	15,175	(14,825)
Sales	99,936	99,936	131,836	31,900
Miscellaneous	4,700	4,700	69,171	64,471
Total Revenues	\$ 810,800	\$ 810,800	\$ 909,425	\$ 98,625
EXPENDITURES				
Current				
Conservation of natural resources				
Tax forfeited sales	\$ 969,910	\$ 969,910	\$ 866,069	\$ 103,841
Capital outlay				
Conservation of natural resources	35,000	35,000	27,121	7,879
Total Expenditures	\$ 1,004,910	\$ 1,004,910	\$ 893,190	\$ 111,720
Excess of Revenues Over (Under)				
Expenditures	\$ (194,110)	\$ (194,110)	\$ 16,235	\$ 210,345
Fund Balance - January 1	439,876	439,876	439,876	-
Fund Balance - December 31	\$ 245,766	\$ 245,766	\$ 456,111	\$ 210,345

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, 2013**

ASSETS

Current assets

Cash and investments	\$ 6,357,132
Accounts receivable - net	<u>93,360</u>

Total current assets	\$ 6,450,492
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Restricted assets

Cash and investments	<u>\$ 5,670,254</u>
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Noncurrent assets

Capital assets	
Nondepreciable	\$ 1,724,295
Depreciable - net	<u>2,473,594</u>

Total noncurrent assets	\$ 4,197,889
--------------------------------	---------------------

Total Assets	<u>\$ 16,318,635</u>
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LIABILITIES

Current liabilities

Accounts payable	\$ 57,133
Salaries payable	3,432
Accrued payroll taxes	511
Compensated absences payable - current	26,131
Contracts payable	60,000
Due to other funds	<u>1,857</u>

Total current liabilities	\$ 149,064
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Noncurrent liabilities

Compensated absences payable - long-term	\$ 2,903
Estimated liability for landfill closure/postclosure	<u>3,846,331</u>

Total noncurrent liabilities	\$ 3,849,234
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Total Liabilities	<u>\$ 3,998,298</u>
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NET POSITION

Net investment in capital assets	\$ 4,137,889
Restricted for landfill closure/postclosure	1,823,923
Unrestricted	<u>6,358,525</u>

Total Net Position	\$ 12,320,337
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Total Liabilities and Net Position	<u>\$ 16,318,635</u>
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The notes to the financial statements are an integral part of this statement.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
LANDFILL ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

OPERATING REVENUES	
Charges for services	\$ 1,984,572
Licenses and permits	1,875
Total Operating Revenues	\$ 1,986,447
OPERATING EXPENSES	
Personnel services	\$ 84,606
Employee benefits and payroll taxes	24,717
Professional services	142,814
Contracted services	479,094
Maintenance	43,324
Supplies	50,270
Telephone	543
Utilities	54,695
Fuel	4,181
Advertising	6,122
Staff training	41
Licenses and dues	1,340
Postage	5,332
Rent and leased equipment	1,147
Engineering costs	191,583
Miscellaneous	4,095
Depreciation	525,836
Landfill closure and postclosure costs	84,022
Total Operating Expenses	\$ 1,703,762
Operating Income (Loss)	\$ 282,685
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental	\$ 595
Interest income	58,584
Gain (loss) on disposal of capital assets	(30)
Total Nonoperating Revenues (Expenses)	\$ 59,149
Income (Loss) Before Contributions and Transfers	\$ 341,834
Transfers in	290,350
Transfers out	(40,350)
Change in Net Position	\$ 591,834
Net Position - January 1	11,728,503
Net Position - December 31	\$ 12,320,337

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

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**CROW WING COUNTY
BRAINERD, MINNESOTA**

**STATEMENT OF CASH FLOWS
LANDFILL ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows from Operating Activities	
Receipts from customers and users	\$ 2,004,068
Payments to suppliers	(979,033)
Payments to employees for salaries and benefits	<u>(107,307)</u>
Net cash provided by (used in) operating activities	<u>\$ 917,728</u>
Cash Flows from Noncapital Financing Activities	
Intergovernmental	\$ 595
Transfers in from other funds	290,350
Transfers out to other funds	<u>(40,350)</u>
Net cash provided by (used in) noncapital financing activities	<u>\$ 250,595</u>
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	<u>\$ (62,482)</u>
Cash Flows from Investing Activities	
Investment earnings received	<u>\$ 58,584</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 1,164,425
Cash and Cash Equivalents at January 1	<u>10,862,961</u>
Cash and Cash Equivalents at December 31	<u><u>\$ 12,027,386</u></u>
Cash and Cash Equivalents - Statement of Net Position	
Cash and investments	\$ 6,357,132
Restricted cash and investments	<u>5,670,254</u>
Total Cash and Cash Equivalents	<u><u>\$ 12,027,386</u></u>

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, 2013
Increase (Decrease) in Cash and Cash Equivalents
(Continued)**

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating income (loss)	\$ 282,685
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 525,836
(Increase) decrease in accounts receivable	17,621
Increase (decrease) in accounts payable	3,691
Increase (decrease) in salaries payable	747
Increase (decrease) in due to other funds	1,857
Increase (decrease) in compensated absences payable	1,269
Increase (decrease) in landfill closure/postclosure costs liability	84,022
Total adjustments	\$ 635,043
Net Cash Provided by (Used in) Operating Activities	\$ 917,728

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, 2013**

	<u>Agency</u>
ASSETS	
Cash and investments	<u><u>\$ 4,775,471</u></u>
LIABILITIES	
Accounts payable	\$ 337,045
Salaries payable	50,926
Due to other governments	<u>4,387,500</u>
Total Liabilities	<u><u>\$ 4,775,471</u></u>

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013**

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, 2013. 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. The County is governed by a five-member Board of Commissioners elected from districts within the County. The County Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator serves as the clerk of the County Board of Commissioners but has no vote.

Joint Ventures

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

B. Basic Financial Statements

Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the government. These statements include the financial activities of the overall County government, except for fiduciary activities. The effect of interfund activity has been removed from these statements, but interfund services provided and used are not eliminated in the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and business-type activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given

CROW WING COUNTY BRAINERD, MINNESOTA

function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category--governmental, proprietary, and fiduciary--are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed in a separate column in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental funds:

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

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

The Community Services Special Revenue Fund is 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. Financing comes primarily from issuance of timber permits and timber sales.

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.

CROW WING COUNTY BRAINERD, MINNESOTA

Additionally, the County reports the following fund types:

The Permanent Fund is used to report resources legally restricted to the extent that only earnings, and not principal from the Environmental Trust Permanent Fund may be used for environmental purposes in accordance with Minn. Stat. § 373.475.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used for a variety of purposes: to account for the collection and disbursement of taxes on behalf of other local governments within the County; as an agent for a mental health collaborative and child protection services; as an agent for local lake improvement districts, recreational trails, and other environmental purposes; and as an agent for a passenger safety seatbelt and child carseat organization.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Crow Wing County considers all revenues as available if collected within 60 days after the end of the current period. Property taxes, special assessments, intergovernmental revenue, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

1. Cash and Investments

The cash balances of substantially all funds are pooled and invested by the 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, 2013, 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. The pooled investment loss for 2013 was \$41,552. 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

CROW WING COUNTY BRAINERD, MINNESOTA

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.

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

2. Receivables and Payables

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

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

All receivables are shown net of an allowance for uncollectibles.

3. Property Taxes

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

4. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Reported inventories are equally offset by nonspendable fund balance to indicate that they do not constitute "available spendable resources." Inventories at the government-wide level are recorded as expenses when consumed.

Certain payments to vendors reflect 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. 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-

CROW WING COUNTY BRAINERD, MINNESOTA

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	30 - 100
Building improvements	7 - 30
Infrastructure	50 - 75
Machinery, furniture, and equipment	3 - 20
Improvements other than buildings	20 - 30

7. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category: deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

8. 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.

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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 (PERA) of Minnesota 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.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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, except in the case of an advance refunding where current year equity contributions are reported as a current expenditure – payment to refunded bond escrow agent, in addition to the face amount reported in other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. 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.

CROW WING COUNTY BRAINERD, MINNESOTA

11. Classification of Net Position

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

Net investment in capital assets

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

Restricted net position

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

Unrestricted net position

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

12. 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.

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Assigned

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

Unassigned

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

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

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

13. 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, 2013, is \$9,233,329 to \$13,190,470. In addition to working capital needs this accommodates emergency contingency concerns.

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

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

CROW WING COUNTY BRAINERD, MINNESOTA

Should the actual amount rise above the desired range, any excess funds will remain unassigned pending the County 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 the Capital Projects Fund;
- c) Additional Highway infrastructure projects in the Highway Special Revenue Fund;
- d) Pre-funding or buying down of long-term liabilities (i.e. severances and retiree health obligations);
- e) Debt retirement/refunding;
- f) Cost avoidance projects and productivity enhancement projects (one-time projects);
- g) Litigation;
- h) Local match for grant involving multiple departments;
- i) Other one-time or short-term purposes deemed to be fiscally prudent for the County.

Special Revenue Funds - Minimum Fund Balance Policy

At the end of each fiscal year, the County's Highway Special Revenue Fund and Community Services Special Revenue 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 Special Revenue Fund and Community Services Special Revenue Fund as of December 31, 2013, is listed below.

Highway Special Revenue Fund target Assigned fund balance:	\$2,687,782 to \$4,031,673
Community Services Special Revenue Fund target Assigned fund balance:	\$4,190,625 to \$6,285,937

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 for the Community Services Special Revenue Fund, 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 County Board action concerning reallocation and use of the fund balance resources. Due to the cyclical nature of highway expenditures, amounts greater than the desired range in the Highway Special Revenue Fund will be analyzed in conjunction with the Highway Improvement Plan (HIP), and a transfer may be recommended by Financial Services. Any such transfer will be approved by the County Administrator.

CROW WING COUNTY BRAINERD, MINNESOTA

14. 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.

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.

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II. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

1. Between April and August of each year, the County Administrator and Auditor-Treasurer's Office staff provides all department heads with budget worksheets. Department heads prepare a proposed operating budget and return the worksheets for review. The County Administrator and Auditor-Treasurer's Office staff meets with department heads and accepts proposed budget workpapers.
2. On or before September 15th, the County Administrator submits to the County Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them.
3. In December, public meetings or hearings are conducted in accordance with the state truth-in-taxation statutes to obtain taxpayer comments and adopt the final tax levy and budgets for the General Fund, Special Revenue Funds, Capital Projects Fund, Debt Service Fund, Permanent Fund, and the Landfill Enterprise Fund.
4. Revisions that alter the net budgeted revenues or expenditures of any fund must be approved by the County Board of Commissioners.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Fund, Debt Service Fund, Permanent Fund, and the Landfill Enterprise Fund.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts will be reported as originally adopted and as amended by the County Board of Commissioners on the budget to actual financial statements.
7. Operating budgets are prepared and presented for the following funds: General; Highway, Community Services, Public Land Management, Solid Waste (Non-Landfill), Unorganized Townships, and Small Cities Development Program Special Revenue; Debt Service; Capital Projects; and Environmental Trust. Operating budgets are prepared, but not presented, for the Landfill Enterprise Fund.

The appropriated budget is prepared by fund, function, and department. Revisions that alter the budgeted revenues or expenditures of any fund must be approved by the County Board of Commissioners. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the department level.

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The Board made several supplemental budgetary appropriations throughout the year. The material supplemental budgetary appropriations were:

Fund	Amount
General Fund	\$ (5,102,128)
Highway Special Revenue Fund	5,004,920
Community Services Special Revenue Fund	848,560
Debt Service Fund	(643,108)
Capital Projects Fund	(2,828,404)

B. Excess of Expenditures Over Budget

The following funds had expenditures in excess of budget at the department level for the year ended December 31, 2013:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund			
Current			
General government			
Courts	\$ 317,798	\$ 303,898	\$ 13,900
Administrator	278,235	273,594	4,641
Elections	150,518	123,679	26,839
Appropriations	263,534	262,804	730
Public safety			
Enhanced 911 system	217,514	108,984	108,530
Sheriff's drug contingent	9,818	-	9,818
Sheriff's forfeited property	1,827	-	1,827
DUI assessment	25,952	-	25,952
Coroner	126,049	125,000	1,049
Dog ordinance	530	-	530
Jail	5,118,940	5,052,117	66,823
Sentenced to serve	57,995	57,834	161
Passenger safety coalition	6,105	-	6,105
Capital outlay			
General government	163,835	60,397	103,438
Public safety	595,119	441,749	153,370

**CROW WING COUNTY
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	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Highway Special Revenue Fund			
Current			
Highways and streets			
Administration	\$ 946,466	\$ 896,988	\$ 49,478
Engineering/construction	1,321,611	1,083,040	238,571
Equipment maintenance and shop	1,605,273	1,546,305	58,968
Capital outlay			
Highways and streets	4,603,130	4,165,028	438,102
Intergovernmental			
Highways and streets	360,631	-	360,631
Debt service			
Principal	87,450	71,550	15,900
Community Services Special Revenue Fund			
Current			
General government			
Veteran's service officer	284,069	279,481	4,588
Public safety			
Juvenile detention	346,990	129,000	217,990
Debt Service Fund			
Debt service			
Administrative charges	2,538	1,500	1,038
Capital Projects Fund			
Current			
General government			
Facilities	216,511	104,239	112,272
Public safety			
Sheriff	150,445	137,930	12,515
Human services			
Human services	192,460	189,454	3,006
Capital outlay			
Public safety	362,321	323,317	39,004
Solid Waste (Non-Landfill) Special Revenue Fund			
Capital outlay			
Conservation of natural resources	7,188	-	7,188
Unorganized Townships Special Revenue Fund			
Current			
General government			
Unorganized township general revenue	103,314	103,275	39
Public safety			
Unorganized township fire	150,915	142,595	8,320

These expenditures in excess of appropriations were funded by greater than anticipated revenues and other departmental expenditure savings.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Government-wide statement of net position

Governmental activities

Cash and investments	\$ 49,845,109
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Business-type activities

Cash and investments	6,357,132
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Cash and investments - restricted assets	5,670,254
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Statement of fiduciary net position

Cash and investments	4,775,471
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Total Cash and Investments	<u>\$ 66,647,966</u>
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Deposits	\$ 34,942,719
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Petty Cash and Change Funds	3,030
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Investments	31,702,217
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Total	<u>\$ 66,647,966</u>
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a) Deposits

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

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County deposit policy for custodial credit risk follows Minnesota Statutes regarding pledging collateral. The market value of collateral must equal 110% of the deposits not covered by insurance or surety bonds. As of December 31, 2013, the County's deposits were fully covered by insurance, surety bonds, and collateral and were not exposed to custodial credit risk.

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b) Investments

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

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

c) Interest Rate Risk

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

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As of December 31, 2013, 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	\$10,994,032	\$ -	\$ -	\$10,994,032
U.S. Treasuries	Aaa	350,806	6,872,427	-	7,223,233
Mutual Funds	NR	1,021,986	-	-	1,021,986
Federal National Mortgage Association	Aaa	1,250,074	1,951,535	-	3,201,609
Federal Home Loan Mortgage Corporation	Aaa	751,419	600,000	-	1,351,419
Federal Home Loan Bank	Aaa	-	609,913	-	609,913
Negotiable Certificates of Deposit	NR	402,000	205,000	196,000	803,000
Municipal Bonds	AA/Aa	639,240	2,504,077	1,444,486	4,587,803
Municipal Bonds	AAA/Aaa	247,648	1,131,790	517,620	1,897,058
Series E Bonds	NR	-	-	12,164	12,164
Total Investments		<u>\$15,657,205</u>	<u>\$13,874,742</u>	<u>\$ 2,170,270</u>	<u>\$31,702,217</u>

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

The County's exposure to credit risk as of December 31, 2013, is listed in the table above.

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, 2013.

CROW WING COUNTY BRAINERD, MINNESOTA

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

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

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

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

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

f) Concentration of Credit Risk

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.

CROW WING COUNTY BRainerd, MINNESOTA

Diversification strategies will be implemented with the following constraints:

Issuer Type	Maximum % of Total Portfolio ²
Savings/demand deposits ¹	50%
Certificates of Deposit	75%
U.S. Treasury Obligations	100%
U.S. Agency Securities	100%
Per issuer:	30%
Municipal Securities	50%
Per issuer:	15%

¹The savings/demand deposits held by the County will fluctuate significantly as a result of property tax collection and settlement. Ideally, the County will hold no more than five percent of its "core investments" in savings/demand deposits.

²Due 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 Repurchase Agreements (35%), U.S. Treasuries (23%), Federal National Mortgage Association (10%), Municipal Bonds rated AA/Aa (14%), and Municipal Bonds rated AAA/Aaa (6%).

2. Receivables

Receivables as of December 31, 2013, for the County's governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes - delinquent (net)	\$ 1,451,328	\$ -
Accounts (net)	241,189	-
Accrued interest	109,277	-
Contracts	256,084	190,890
Due from other governments	4,583,023	-
Internal balances	1,857	-
Loans (net)	368,324	356,618
Total Governmental Activities	<u>\$ 7,011,082</u>	<u>\$ 547,508</u>

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3. Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

Governmental Activities

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Land	\$ 14,597,429	\$ 57,229	\$ -	\$ 14,654,658
Construction in progress	4,714,340	1,121,713	(3,777,660)	2,058,393
Infrastructure - right-of-way	4,997,829	464,606	-	5,462,435
Total capital assets not depreciated	\$ 24,309,598	\$ 1,643,548	\$ (3,777,660)	\$ 22,175,486
Capital assets depreciated				
Buildings	\$ 68,652,404	\$ -	\$ (4,280,993)	\$ 64,371,411
Land improvements	2,145,005	86,830	-	2,231,835
Machinery, furniture, and equipment	17,233,314	1,787,626	(1,021,398)	17,999,542
Infrastructure	110,832,976	6,962,430	-	117,795,406
Total capital assets depreciated	\$ 198,863,699	\$ 8,836,886	\$ (5,302,391)	\$ 202,398,194
Less: accumulated depreciation for				
Buildings	\$ (16,132,253)	\$ (1,573,310)	\$ 799,119	\$ (16,906,444)
Land improvements	(654,680)	(106,891)	-	(761,571)
Machinery, furniture, and equipment	(10,360,310)	(1,400,239)	903,035	(10,857,514)
Infrastructure	(25,528,243)	(2,310,296)	-	(27,838,539)
Total accumulated depreciation	\$ (52,675,486)	\$ (5,390,736)	\$ 1,702,154	\$ (56,364,068)
Total capital assets depreciated, net	\$ 146,188,213	\$ 3,446,150	\$ (3,600,237)	\$ 146,034,126
Governmental Activities Capital Assets, Net	\$ 170,497,811	\$ 5,089,698	\$ (7,377,897)	\$ 168,209,612

Depreciation expense for 2013 was charged to functions/programs of the government's governmental activities as follows:

Governmental Activities

General government	\$ 1,239,325
Public safety	1,029,186
Highways and streets (including depreciation of infrastructure assets)	2,854,724
Human services	220,662
Health	3,383
Culture and recreation	16,187
Conservation of natural resources	27,269
Total Depreciation Expense - Governmental Activities	\$ 5,390,736

**CROW WING COUNTY
BRAINERD, MINNESOTA**

Business-Type Activities

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital assets not depreciated				
Land	\$ 412,334	\$ -	\$ -	\$ 412,334
Construction in progress	1,311,961	-	-	1,311,961
Total capital assets not depreciated	\$ 1,724,295	\$ -	\$ -	\$ 1,724,295
Capital assets depreciated				
Buildings	\$ 781,973	\$ -	\$ -	\$ 781,973
Landfill	11,899,827	33,440	-	11,933,267
Machinery, furniture, and equipment	279,017	29,042	(6,980)	301,079
Total capital assets depreciated	\$ 12,960,817	\$ 62,482	\$ (6,980)	\$ 13,016,319
Less: accumulated depreciation for				
Buildings	\$ (228,399)	\$ (24,985)	\$ -	\$ (253,384)
Landfill	(9,570,374)	(487,648)	-	(10,058,022)
Machinery, furniture, and equipment	(225,066)	(13,203)	6,950	(231,319)
Total accumulated depreciation	\$ (10,023,839)	\$ (525,836)	\$ 6,950	\$ (10,542,725)
Total capital assets depreciated, net	\$ 2,936,978	\$ (463,354)	\$ (30)	\$ 2,473,594
Business-Type Activities Capital Assets, Net	\$ 4,661,273	\$ (463,354)	\$ (30)	\$ 4,197,889

Depreciation expense for 2013 was charged to functions/programs of the government's business-type activities as follows:

Business-Type Activities

Landfill	<u>\$ 525,836</u>
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**CROW WING COUNTY
BRAINERD, MINNESOTA**

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2013, is as follows:

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Public Land Management	\$ 91,711
	Community Services	9,906
Total Due to General Fund		<u>\$ 101,617</u>
Highway	General	\$ 44,765
	Community Services	6,949
	Public Land Management	1,286
	Unorganized Townships	36,000
	Landfill	1,857
Total Due to Highway Fund		<u>\$ 90,857</u>
Community Services	General	<u>\$ 96</u>
Capital Projects	Public Land Management	<u>\$ 68,783</u>
Total Due To/From Other Funds		<u><u>\$ 261,353</u></u>

Balances at year-end are indicative of lending/borrowing arrangements, are receivable/payable for goods or services, or are the undistributed settlement from tax-forfeited land sales.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

2. Interfund Transfers

Interfund transfers for the year ended December 31, 2013, consisted of the following:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General	Solid Waste (Non-Landfill)	\$ 14,459
	Landfill	14,538
Total Transfer In General Fund		<u>\$ 28,997</u>
Highway	General	\$ 5,014,279
Debt Service	Capital Projects	4,300,000
Capital Projects	Debt Service	12,452
Solid Waste (Non-Landfill)	Landfill	25,812
Landfill	Solid Waste (Non-Landfill)	<u>290,350</u>
Total Interfund Transfers		<u><u>\$ 9,671,890</u></u>

In 2013, a transfer was made from the Capital Projects Fund to the Debt Service Fund to buy down debt as part of the 2013 advance refunding.

Transfers from the General Fund were made to the Highway Fund in order to increase fund balance for future infrastructure projects, and as repayment for repairs done on the Black Bear Miller Lake dam due to flooding.

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, 2013, there were approximately 622 participants in the plan. Of the 622 participants, 214 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) Statement 45, the County may set up a trust and pre-fund the benefits. There is no requirement to pre-fund benefits under GASB Statement 45. During 2013, the County contributed \$1,359,353 to the plan. Results throughout the actuarial report assume continued funding under PAYGO.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

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 2013, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the plan.

Annual required contribution (ARC)	\$ 3,257,761
Interest on net OPEB obligation	465,688
Adjustment to ARC	<u>(645,415)</u>
Annual OPEB Cost	\$ 3,078,034
Contributions during the year	<u>(1,359,353)</u>
Increase in net OPEB obligation	\$ 1,718,681
Net OPEB beginning of year	<u>10,348,627</u>
Net OPEB end of year	<u><u>\$ 12,067,308</u></u>

Summary of Annual OPEB Costs

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2012, and 2013 were as follows:

Year Ended	Employer Contribution	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
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
12/31/2013	1,359,353	3,078,034	44.2%	12,067,308

CROW WING COUNTY BRAINERD, MINNESOTA

Funded Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
1/1/2009	\$ -	\$ 32,784,518	\$ 32,784,518	0%	\$ 21,058,703	155.68%
1/1/2011	-	32,369,071	32,369,071	0%	21,252,877	152.30%
1/1/2013	-	34,827,839	34,827,839	0%	21,834,994	159.50%

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, 2013, 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 investment expenses), which is Crow Wing County's implicit rate of return on the General Fund. An annual medical trend rate of 7.5 percent in 2013 grading to 5.0 percent over five years for Pre-65 was used. An annual healthcare cost trend rate of 5.3 percent in 2013 grading to 4.0 percent over four years for Post-65 was used. 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, 2013, was twenty-four years.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

2. Construction Commitments

The County has an active construction project as of December 31, 2013:

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

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 is 53 percent). This sub-lease agreement qualifies as a capital lease for accounting purposes and, therefore, was recorded at the present value of the future minimum lease payments as of the inception date. The present value of the building at the inception date was \$1,688,050. It is recorded as a governmental activity.

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

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013, were as follows:

<u>December 31</u>	<u>Lease payments</u>
2014	\$ 112,838
2015	110,983
2016	111,752
2017	112,467
2018	113,130
2019-2023	560,250
Total minimum lease payments	\$ 1,121,420
Less: amount representing interest	(111,770)
Present Value of Minimum Lease Payments	\$ 1,009,650

**CROW WING COUNTY
BRAINERD, MINNESOTA**

4. Long-Term Debt

Governmental Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2013
General Obligation Bonds:					
2013A G.O. Refunding Capital Improvement Plan Bonds	2020	\$2,415,000 - \$3,035,000	2.00 - 5.00	\$ 19,040,000	\$ 19,040,000
2013A G.O. Refunding County Jail Bonds	2020	\$1,325,000 - \$1,675,000	2.00 - 5.00	10,480,000	10,480,000
2010A G.O. Refunding Airport Improvement Bonds (50% County Portion)	2022	\$72,500 - \$92,500	1.00 - 3.35	885,000	737,500
Total General Obligation Bonds				<u>\$ 30,405,000</u>	<u>\$ 30,257,500</u>

Advance Refunding

On July 10, 2013, the County issued \$29,520,000 of General Obligation Refunding Bonds, Series 2013A, with a true interest cost of 1.45 percent to refund \$23,920,000 of outstanding General Obligation Capital Improvement Plan Bonds, Series 2004A, and \$13,185,000 of outstanding General Obligation County Jail Bonds, Series 2004B, with true interest costs of 4.66 and 4.66 percent, respectively. The County also contributed \$3,500,000 of cash equity and a \$1,443,110 transfer from prior issues towards the refunding of the Series 2004A and Series 2004B debt. The refunding was conducted by means of an advance refunding mechanism. Proceeds from the issuance of the Series 2013A bonds were placed in escrow, and the escrow agent will make principal and interest payments on the refunded debt through the call date of February 1, 2015. As a result, the Series 2004A and Series 2004B bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,968,354. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The County refunded the Series 2004A and Series 2004B bonds to reduce its total debt service payments by \$12,022,858 and to obtain an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$5,022,710.

As of December 31, 2013, the defeased debt had an outstanding balance of \$34,895,000 (\$22,495,000 of Series 2004A and \$12,400,000 of Series 2004B). The ending market value of the escrow account as of December 31, 2013, was \$37,171,991.

**CROW WING COUNTY
BRainerd, MINNESOTA**

5. Debt Service Requirements

Debt service requirements at December 31, 2013, were as follows:

Governmental Activities

<u>December 31</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 4,340,000	\$ 1,401,508
2015	3,815,000	1,185,708
2016	3,995,000	992,953
2017	4,180,000	790,898
2018	4,370,000	579,329
2019-2022	9,557,500	488,650
Total	<u>\$ 30,257,500</u>	<u>\$ 5,439,046</u>

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 37,917,500	\$ 29,520,000	\$ 37,180,000	\$ 30,257,500	\$ 4,340,000
Plus: deferred amounts for issuance premiums (discounts)	128,339	3,669,102	418,537	3,378,904	555,906
General obligation bonds subtotal	\$ 38,045,839	\$ 33,189,102	\$ 37,598,537	\$ 33,636,404	\$ 4,895,906
Capital lease	1,097,100	-	87,450	1,009,650	92,750
Net OPEB obligation	10,348,627	3,078,034	1,359,353	12,067,308	-
Compensated absences	2,891,603	2,590,891	2,741,903	2,740,591	2,479,507
Governmental Activities Long-Term Liabilities	<u>\$ 52,383,169</u>	<u>\$ 38,858,027</u>	<u>\$ 41,787,243</u>	<u>\$ 49,453,953</u>	<u>\$ 7,468,163</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 Special Revenue Fund.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balances	Due Within One Year
Estimated liability for landfill closure and postclosure	\$ 3,762,309	\$ 84,022	\$ -	\$ 3,846,331	\$ -
Compensated absences	27,765	16,812	15,543	29,034	26,131
Business-Type Activities					
Long-Term Liabilities	<u>\$ 3,790,074</u>	<u>\$ 100,834</u>	<u>\$ 15,543</u>	<u>\$ 3,875,365</u>	<u>\$ 26,131</u>

Conduit Debt

Pequot Lakes HRA

The Crow Wing County HRA is contingently liable for debt related to General Obligation Housing Revenue Bonds issued on behalf of the Pequot Lakes HRA. As additional security for these bonds, Crow Wing County approved the pledge by the County HRA of the County's full faith and credit and taxing powers to the payment of debt service on the bonds. The conduit bonds have an outstanding principal balance of \$1,235,000 for the year ended December 31, 2013.

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. 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 \$966,959 at December 31, 2013.

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).

CROW WING COUNTY BRAINERD, MINNESOTA

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 highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for 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 remaining year. 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 remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For 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 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; 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.

CROW WING COUNTY BRAINERD, MINNESOTA

Funding Policy

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

The County was required to contribute the following percentages of annual covered payroll in 2013:

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, 2013, 2012, and 2011, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	2013	2012	2011
General Employees Retirement Fund	\$ 1,250,821	\$ 1,217,901	\$ 1,191,276
Public Employees Police and Fire Fund	369,590	346,738	334,519
Public Employees Correctional Fund	244,771	240,420	237,513

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

b) Defined Contribution Plan

Four 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

CROW WING COUNTY BRAINERD, MINNESOTA

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, 2013, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 6,210	\$ 6,210
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

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 County 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 \$3,846,331 landfill closure and postclosure care liability at December 31, 2013, represents the cumulative amount reported to date based on the use of 75.56 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,378,369 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2013. The County expects to close the landfill in 2021. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County Board is in compliance with these requirements and, at December 31, 2013, investments of \$5,670,254 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.

**CROW WING COUNTY
BRAINERD, MINNESOTA**

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 \$470,000 per claim in 2013 and \$480,000 per claim in 2014. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

D. Deferred Inflows of Resources

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

	<u>Unavailable Revenue</u>
Delinquent property taxes receivable	\$ 1,451,328
Contracts receivable	256,084
Charges for services	23,422
Highway aids receivable that do not provide current financial resources	2,330,973
Interest receivable that does not provide current financial resources	34,019
Grants receivable that do not provide current financial resources	856,316
Total Unavailable Revenue for Governmental Funds	<u>\$ 4,952,142</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.

CROW WING COUNTY BRAINERD, MINNESOTA

On December 31, 2013, the outstanding amount of the bonds was \$1,475,000. The City of Brainerd's share of this amount is \$737,500, for which the County is only contingently liable.

In 2013, 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, the most recent data available, and is reported as an investment in joint venture on the government-wide statement of net position.

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

Brainerd City Hall
502 Laurel Street
Brainerd, Minnesota 56401

Central Minnesota 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 the participating counties. Crow Wing County maintains the accounting records of the Agency.

Most recent available financial statement information:

At December 31, 2012, the Agency had net position of (\$555,158).

The Central Minnesota Community Corrections Agency is funded through state grants and contributions from its member counties. Crow Wing County had expenditures of \$300,877 for community corrections to the Agency for 2013.

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

CROW WING COUNTY BRAINERD, MINNESOTA

Central Minnesota Emergency Medical Services Region

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

The purpose of the CMEMSR is to improve the planning, coordination, and implementation of emergency medical services within the member counties.

The CMEMSR has established a board which has general supervision over its activities. The Board consists of 14 County Commissioners, one from each of the member counties. Stearns County is the fiscal agent for the CMEMSR and reports the CMEMSR's activities in an agency fund in its financial statements.

Complete financial information can be obtained from:

Marion Larson, Regional EMS Coordinator
Central Minnesota Emergency Medical Services Region
Stearns County Administration Center
705 Courthouse Square
St. Cloud, Minnesota 56303

Minnesota Counties Information Systems (MCIS)

Aitkin, Carlton, Cass, Chippewa, Cook, Crow Wing, Dodge, Itasca, Koochiching, Lac qui Parle, Lake, Sherburne, and St. Louis Counties entered into a joint powers agreement, pursuant to Minn. Stat. § 471.59, for the purpose of operating and maintaining data processing facilities and management information systems for use by its members.

MCIS is governed by a 13-member Board, composed of a member appointed by each of the participating counties' Boards of Commissioners. Financing is obtained through user charges to the member. Cass County is the fiscal agent for MCIS.

Separate financial information can be obtained from:

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

Mississippi Headwaters Board (MHB)

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

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

CROW WING COUNTY BRAINERD, MINNESOTA

Financial information can be obtained from:

Mississippi Headwaters Board
Land Services Building
322 Laurel Street
Brainerd, Minnesota 56401

Email: mhb@mississippiheadwaters.org

Northeast Minnesota Regional Radio Board

The Northeast Minnesota Regional Radio Board was established through a joint powers agreement, pursuant to Minn. Stat. §§ 471.59 and 403.39, to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) and to enhance and improve interoperable public safety communications.

The joint powers are the Counties of Aitkin, Carlton, Cass, Cook, Crow Wing, Itasca, Kanabec, Koochiching, Lake, Pine, and St. Louis and the Cities of Duluth, Hibbing, International Falls, and Virginia. Control of the Northeast Minnesota Regional Radio Board is vested in a Board of Directors composed of one County Commissioner from each of the member counties and one City Councilor from each of the member cities. In addition, there is one member from the Northeast Minnesota Regional Advisory Committee, one member from the Northeast Minnesota Regional Radio System User Committee, and one member from the Northeast Minnesota Owners and Operators Committee who are also voting members of the Board.

Itasca County is the fiscal agent for the Northeast Minnesota Regional Radio Board. Funding is provided by grants and contributions from participating members.

Financial information can be obtained from:

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

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.

CROW WING COUNTY BRAINERD, MINNESOTA

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. During 2013, SCHA completed repayment to Crow Wing County and made payments totaling \$1,339,372.

The equity interest was 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:

South County Health Alliance
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 quality of lives, supports choices, and promotes self-reliance. Crow Wing County Social Services is the fiscal agent of the Collaborative. Crow Wing County has no operational or financial control over the Collaborative. Separate financial information can be obtained from:

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

Kitchigami Regional Library

The Kitchigami Regional Library was formed pursuant to Minn. Stat. § 134.20. It was formed on January 1, 1992, and includes Beltrami, Cass, Crow Wing, Hubbard, and Wadena Counties, and nine separate cities. Control of the Library is vested in the Kitchigami Regional Library Board, which is composed of 19 members with three-year terms made up of the following: one member appointed by each City Council and two members appointed by each County Board consisting of one County Commissioner and one lay person. Crow Wing County appropriated \$529,002 to the Library for the year ended December 31, 2013. Separate financial information can be obtained from:

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

**CROW WING COUNTY
BRAINERD, MINNESOTA**

REQUIRED SUPPLEMENTARY INFORMATION

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

Actuarial Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry-Age Normal	Funded Ratio	Unfunded Actuarial Accrued Liability (UAAL)	Active Members Covered Payroll	UAAL As a Percentage of Covered Payroll
2009	\$ -	\$ 32,784,518	0.0%	\$ 32,784,518	\$ 21,058,703	155.68%
2011	-	32,369,071	0.0%	32,369,071	21,252,877	152.30%
2013	-	34,827,839	0.0%	34,827,839	21,834,994	159.50%

As noted above in the Schedule of Funding Progress, no assets have been irrevocably deposited in a trust to advance fund the employer's obligation. Therefore, the actuarial value of assets is zero.

Note: See note III.C.1., Other Postemployment Benefits, for more information.

**CROW WING COUNTY
BRainerd, MINNESOTA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 4,201,228	\$ 4,201,228	\$ 4,215,041	\$ 13,813
Intergovernmental	158,253	158,253	40,399	(117,854)
Total Revenues	\$ 4,359,481	\$ 4,359,481	\$ 4,255,440	\$ (104,041)
EXPENDITURES				
Debt service				
Principal	\$ 762,634	\$ 2,360,000	\$ 2,285,000	\$ 75,000
Interest	1,754,924	1,754,924	901,343	853,581
Bond issuance costs	-	127,563	124,981	2,582
Payment to refunded bond escrow agent	1,597,366	4,943,110	4,943,110	-
Administrative charges	1,500	1,500	2,538	(1,038)
Total Expenditures	\$ 4,116,424	\$ 9,187,097	\$ 8,256,972	\$ 930,125
Excess of Revenues Over (Under)				
Expenditures	\$ 243,057	\$ (4,827,616)	\$ (4,001,532)	\$ 826,084
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 4,300,000	\$ 4,300,000	\$ -
Transfers out	-	-	(12,452)	(12,452)
Refunding bonds issued	-	29,520,000	29,520,000	-
Payment to refunded bond escrow agent	-	(33,061,538)	(33,061,540)	(2)
Premium on bonds issued	-	3,669,103	3,669,102	(1)
Total Other Financing Sources (Uses)	\$ -	\$ 4,427,565	\$ 4,415,110	\$ (12,455)
Net Change in Fund Balance	\$ 243,057	\$ (400,051)	\$ 413,578	\$ 813,629
Fund Balance - January 1	4,793,086	4,793,086	4,793,086	-
Fund Balance - December 31	\$ 5,036,143	\$ 4,393,035	\$ 5,206,664	\$ 813,629

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 1,884,537	\$ 1,884,537	\$ 1,825,776	\$ (58,761)
Intergovernmental	1,553,455	1,553,455	1,603,126	49,671
Miscellaneous	265,794	265,794	281,743	15,949
Total Revenues	\$ 3,703,786	\$ 3,703,786	\$ 3,710,645	\$ 6,859
EXPENDITURES				
Current				
General government				
Administrator	\$ -	\$ 8,250	\$ 8,249	\$ 1
Auditor-Treasurer	150,000	4,680	4,680	-
Elections	225,000	-	-	-
Information Systems / GIS	196,980	121,811	84,751	37,060
Facilities	442,152	104,239	216,511	(112,272)
Total general government	\$ 1,014,132	\$ 238,980	\$ 314,191	\$ (75,211)
Public safety				
Sheriff	\$ 134,917	\$ 137,930	\$ 150,445	\$ (12,515)
Jail	15,000	13,485	13,485	-
Total public safety	\$ 149,917	\$ 151,415	\$ 163,930	\$ (12,515)
Human services				
Human services	\$ 128,672	\$ 189,454	\$ 192,460	\$ (3,006)
Capital outlay				
General government	\$ 735,422	\$ 319,352	\$ 218,490	\$ 100,862
Public safety	476,979	323,317	362,321	(39,004)
Highways and streets	555,000	413,569	410,413	3,156
Human services	79,103	31,542	31,068	474
Total capital outlay	\$ 1,846,504	\$ 1,087,780	\$ 1,022,292	\$ 65,488
Total Expenditures	\$ 3,139,225	\$ 1,667,629	\$ 1,692,873	\$ (25,244)

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess of Revenues Over (Under)				
Expenditures	<u>\$ 564,561</u>	<u>\$ 2,036,157</u>	<u>\$ 2,017,772</u>	<u>\$ (18,385)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 12,452	\$ 12,452
Transfers out	<u>-</u>	<u>(4,300,000)</u>	<u>(4,300,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (4,300,000)</u>	<u>\$ (4,287,548)</u>	<u>\$ 12,452</u>
Net Change in Fund Balance	<u>\$ 564,561</u>	<u>\$ (2,263,843)</u>	<u>\$ (2,269,776)</u>	<u>\$ (5,933)</u>
Fund Balance - January 1	<u>6,208,185</u>	<u>6,208,185</u>	<u>6,208,185</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 6,772,746</u></u>	<u><u>\$ 3,944,342</u></u>	<u><u>\$ 3,938,409</u></u>	<u><u>\$ (5,933)</u></u>

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**CROW WING COUNTY
BRainerd, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	Special Revenue Funds			
	Solid Waste (Non-Landfill)	Unorganized Townships	Small Cities Development Program	Total
ASSETS				
Cash and investments	\$ 2,172,081	\$ 2,002,840	\$ 58,293	\$ 4,233,214
Taxes receivable - delinquent (net)	-	29,783	-	29,783
Accounts receivable (net)	19,546	-	-	19,546
Accrued interest receivable	-	-	246	246
Loans receivable (net)	-	-	368,324	368,324
Total Assets	\$ 2,191,627	\$ 2,032,623	\$ 426,863	\$ 4,651,113
LIABILITIES				
Accounts payable	\$ 31,736	\$ -	\$ -	\$ 31,736
Salaries payable	720	-	-	720
Accrued payroll taxes	107	-	-	107
Due to other funds	-	36,000	-	36,000
Due to other governments	730	683	-	1,413
Unearned revenue	-	-	368,324	368,324
Total Liabilities	\$ 33,293	\$ 36,683	\$ 368,324	\$ 438,300
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (Note III.D.)	\$ -	\$ 29,783	\$ -	\$ 29,783
FUND BALANCES				
Nonspendable:				
Environmental trust corpus	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Solid waste (non-landfill)	1,786,503	-	-	1,786,503
Economic development revolving loans	-	-	58,539	58,539
Environmental uses	-	-	-	-
Unorganized townships	-	1,966,157	-	1,966,157
Assigned for:				
Solid waste (non-landfill)	371,831	-	-	371,831
Total Fund Balances	\$ 2,158,334	\$ 1,966,157	\$ 58,539	\$ 4,183,030
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,191,627	\$ 2,032,623	\$ 426,863	\$ 4,651,113

Permanent Fund	
Environmental Trust	Total
\$ 1,945,859	\$ 6,179,073
-	29,783
-	19,546
26,994	27,240
-	368,324
\$ 1,972,853	\$ 6,623,966
\$ -	\$ 31,736
-	720
-	107
-	36,000
-	1,413
-	368,324
\$ -	\$ 438,300
\$ 25,097	\$ 54,880
\$ 1,846,499	\$ 1,846,499
-	1,786,503
-	58,539
101,257	101,257
-	1,966,157
-	371,831
\$ 1,947,756	\$ 6,130,786
\$ 1,972,853	\$ 6,623,966

**CROW WING COUNTY
BRainerd, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Special Revenue Funds			
	Solid Waste (Non-Landfill)	Unorganized Townships	Small Cities Development Program	Total
REVENUES				
Taxes	\$ -	\$ 744,467	\$ -	\$ 744,467
Special assessments	591,573	16,660	-	608,233
Intergovernmental	163,362	45,643	-	209,005
Charges for services	279,243	-	-	279,243
Investment earnings	-	-	6,096	6,096
Miscellaneous	46,741	-	13,252	59,993
Total Revenues	\$ 1,080,919	\$ 806,770	\$ 19,348	\$ 1,907,037
EXPENDITURES				
Current				
General government	\$ -	\$ 103,314	\$ -	\$ 103,314
Public safety	-	150,915	-	150,915
Highways and streets	-	288,315	-	288,315
Conservation of natural resources	853,468	-	-	853,468
Capital outlay				
Conservation of natural resources	7,188	-	-	7,188
Total Expenditures	\$ 860,656	\$ 542,544	\$ -	\$ 1,403,200
Excess of Revenues Over (Under)				
Expenditures	\$ 220,263	\$ 264,226	\$ 19,348	\$ 503,837
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 25,812	\$ -	\$ -	\$ 25,812
Transfers out	(304,809)	-	-	(304,809)
Total Other Financing Sources (Uses)	\$ (278,997)	\$ -	\$ -	\$ (278,997)
Net Change in Fund Balances	\$ (58,734)	\$ 264,226	\$ 19,348	\$ 224,840
Fund Balance - January 1	2,217,068	1,701,931	39,191	3,958,190
Fund Balance - December 31	\$ 2,158,334	\$ 1,966,157	\$ 58,539	\$ 4,183,030

<u>Permanent Fund</u>	
<u>Environmental Trust</u>	<u>Total</u>
\$ -	\$ 744,467
-	608,233
-	209,005
-	279,243
32,262	38,358
-	59,993
<u>\$ 32,262</u>	<u>\$ 1,939,299</u>
\$ -	\$ 103,314
-	150,915
-	288,315
-	853,468
<u>57,229</u>	<u>64,417</u>
<u>\$ 57,229</u>	<u>\$ 1,460,429</u>
<u>\$ (24,967)</u>	<u>\$ 478,870</u>
\$ -	\$ 25,812
-	(304,809)
<u>\$ -</u>	<u>\$ (278,997)</u>
<u>\$ (24,967)</u>	<u>\$ 199,873</u>
<u>1,972,723</u>	<u>5,930,913</u>
<u><u>\$ 1,947,756</u></u>	<u><u>\$ 6,130,786</u></u>

**CROW WING COUNTY
BRainerd, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOLID WASTE (NON-LANDFILL) SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Special assessments	\$ 580,000	\$ 580,000	\$ 591,573	\$ 11,573
Intergovernmental	159,500	159,500	163,362	3,862
Charges for services	265,000	265,000	279,243	14,243
Miscellaneous	45,000	45,000	46,741	1,741
Total Revenues	\$ 1,049,500	\$ 1,049,500	\$ 1,080,919	\$ 31,419
EXPENDITURES				
Current				
Conservation of natural resources				
Solid waste (non-landfill)	\$ 903,134	\$ 903,544	\$ 853,468	\$ 50,076
Capital outlay				
Conservation of natural resources	-	-	7,188	(7,188)
Total Expenditures	\$ 903,134	\$ 903,544	\$ 860,656	\$ 42,888
Excess of Revenues Over (Under)				
Expenditures	\$ 146,366	\$ 145,956	\$ 220,263	\$ 74,307
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 75,000	\$ 75,000	\$ 25,812	\$ (49,188)
Transfers out	(350,000)	(350,000)	(304,809)	45,191
Total Other Financing Sources (Uses)	\$ (275,000)	\$ (275,000)	\$ (278,997)	\$ (3,997)
Net Change in Fund Balance	\$ (128,634)	\$ (129,044)	\$ (58,734)	\$ 70,310
Fund Balance - January 1	2,217,068	2,217,068	2,217,068	-
Fund Balance - December 31	\$ 2,088,434	\$ 2,088,024	\$ 2,158,334	\$ 70,310

**CROW WING COUNTY
BRainerd, MINNESOTA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
UNORGANIZED TOWNSHIPS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 737,300	\$ 737,300	\$ 744,467	\$ 7,167
Special assessments	-	-	16,660	16,660
Intergovernmental	35,830	35,830	45,643	9,813
Total Revenues	\$ 773,130	\$ 773,130	\$ 806,770	\$ 33,640
EXPENDITURES				
Current				
General government				
Unorganized township general revenue	\$ 103,275	\$ 103,275	\$ 103,314	\$ (39)
Public safety				
Unorganized township fire	142,595	142,595	150,915	(8,320)
Highways and streets				
Unorganized township roads	576,000	576,000	288,315	287,685
Total Expenditures	\$ 821,870	\$ 821,870	\$ 542,544	\$ 279,326
Excess of Revenues Over (Under)				
Expenditures	\$ (48,740)	\$ (48,740)	\$ 264,226	\$ 312,966
Fund Balance - January 1	1,701,931	1,701,931	1,701,931	-
Fund Balance - December 31	\$ 1,653,191	\$ 1,653,191	\$ 1,966,157	\$ 312,966

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SMALL CITIES DEVELOPMENT PROGRAM SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Investment earnings	\$ 6,500	\$ 6,500	\$ 6,096	\$ (404)
Miscellaneous	13,000	13,000	13,252	252
Total Revenues	\$ 19,500	\$ 19,500	\$ 19,348	\$ (152)
EXPENDITURES				
Current				
Economic Development				
Redevelopment	5,000	5,000	-	5,000
Excess of Revenues Over (Under)				
Expenditures	\$ 14,500	\$ 14,500	\$ 19,348	\$ 4,848
Fund Balance - January 1	39,191	39,191	39,191	-
Fund Balance - December 31	\$ 53,691	\$ 53,691	\$ 58,539	\$ 4,848

**CROW WING COUNTY
BRainerd, MINNESOTA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ENVIRONMENTAL TRUST PERMANENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Investment earnings	\$ 58,000	\$ 58,000	\$ 32,262	\$ (25,738)
EXPENDITURES				
Capital outlay				
Conservation of natural resources	57,229	57,229	57,229	-
Excess of Revenues Over (Under)				
Expenditures	\$ 771	\$ 771	\$ (24,967)	\$ (25,738)
Fund Balance - January 1	1,972,723	1,972,723	1,972,723	-
Fund Balance - December 31	<u>\$ 1,973,494</u>	<u>\$ 1,973,494</u>	<u>\$ 1,947,756</u>	<u>\$ (25,738)</u>

**CROW WING COUNTY
BRainerd, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Balance January 1	Additions	Deductions	Balance December 31
<u>CENTRAL MINNESOTA COMMUNITY</u>				
<u>CORRECTIONS</u>				
ASSETS				
Cash and investments	\$ 871,392	\$ 2,923,282	\$ 2,881,085	\$ 913,589
LIABILITIES				
Salaries payable	\$ 45,627	\$ 50,926	\$ 45,627	\$ 50,926
Due to other governments	825,765	2,872,356	2,835,458	862,663
Total Liabilities	\$ 871,392	\$ 2,923,282	\$ 2,881,085	\$ 913,589
<u>COLLABORATIVE</u>				
ASSETS				
Cash and investments	\$ 1,287,468	\$ 823,668	\$ 757,707	\$ 1,353,429
LIABILITIES				
Due to other governments	\$ 1,287,468	\$ 823,668	\$ 757,707	\$ 1,353,429
<u>CHILD PROTECTION TEAM</u>				
ASSETS				
Cash and investments	\$ 26,515	\$ 33,183	\$ 35,526	\$ 24,172
LIABILITIES				
Accounts payable	\$ 26,515	\$ 33,183	\$ 35,526	\$ 24,172
<u>SELECT TRUST</u>				
ASSETS				
Cash and investments	\$ 18,360	\$ 164,267	\$ 176,781	\$ 5,846
LIABILITIES				
Accounts payable	\$ 18,360	\$ 164,267	\$ 176,781	\$ 5,846
<u>TAXES AND PENALTIES</u>				
ASSETS				
Cash and investments	\$ 2,140,049	\$ 112,492,462	\$ 112,614,471	\$ 2,018,040
LIABILITIES				
Due to other governments	\$ 2,140,049	\$ 112,492,462	\$ 112,614,471	\$ 2,018,040

**CROW WING COUNTY
BRainerd, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

	Balance January 1	Additions	Deductions	Balance December 31
<u>BLACK BEAR-MILLER LAKE</u>				
ASSETS				
Cash and investments	\$ 1,562	\$ 3,421	\$ 566	\$ 4,417
LIABILITIES				
Due to other governments	\$ 1,562	\$ 3,421	\$ 566	\$ 4,417
<u>SNOWMOBILE, ATV, SKI TRAILS</u>				
ASSETS				
Cash and investments	\$ 2,593	\$ 353,316	\$ 353,316	\$ 2,593
LIABILITIES				
Accounts payable	\$ 2,593	\$ 353,316	\$ 353,316	\$ 2,593
<u>PASSENGER SAFETY COALITION</u>				
ASSETS				
Cash and investments	\$ (159)	\$ 8,898	\$ 8,156	\$ 583
Due from other governments	159	-	159	-
Total Assets	\$ -	\$ 8,898	\$ 8,315	\$ 583
LIABILITIES				
Accounts payable	\$ -	\$ 8,898	\$ 8,315	\$ 583
<u>MISSISSIPPI HEADWATERS BOARD</u>				
ASSETS				
Cash and investments	\$ 199,580	\$ 72,065	122,694	\$ 148,951
LIABILITIES				
Due to other governments	\$ 199,580	\$ 72,065	\$ 122,694	\$ 148,951
<u>LAKE IMPROVEMENT DISTRICTS</u>				
ASSETS				
Cash and investments	\$ 267,051	\$ 261,081	\$ 224,281	\$ 303,851
LIABILITIES				
Accounts payable	\$ 267,051	\$ 261,081	\$ 224,281	\$ 303,851

**CROW WING COUNTY
BRAINERD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 4,814,411	\$ 117,135,643	\$ 117,174,583	\$ 4,775,471
Due from other governments	<u>159</u>	<u>-</u>	<u>159</u>	<u>-</u>
Total Assets	<u>\$ 4,814,570</u>	<u>\$ 117,135,643</u>	<u>\$ 117,174,742</u>	<u>\$ 4,775,471</u>
LIABILITIES				
Accounts payable	\$ 314,519	\$ 820,745	\$ 798,219	\$ 337,045
Salaries payable	45,627	50,926	45,627	50,926
Due to other governments	<u>4,454,424</u>	<u>116,263,972</u>	<u>116,330,896</u>	<u>4,387,500</u>
Total Liabilities	<u>\$ 4,814,570</u>	<u>\$ 117,135,643</u>	<u>\$ 117,174,742</u>	<u>\$ 4,775,471</u>

**CROW WING COUNTY
BRainerd, Minnesota**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total Primary Government</u>
Shared Revenues			
State			
Highway users tax	\$ 6,174,076	\$ -	\$ 6,174,076
Market value credit	106,052	-	106,052
Supplemental homestead credit	504,545	-	504,545
PERA rate reimbursement	76,910	595	77,505
Taconite production tax	618	-	618
Local disaster abatement	3,610	-	3,610
Disparity reduction aid	14,087	-	14,087
County program aid	1,555,257	-	1,555,257
Police aid	262,393	-	262,393
E-911	148,826	-	148,826
Total Shared Revenues	<u>\$ 8,846,374</u>	<u>\$ 595</u>	<u>\$ 8,846,969</u>
Reimbursement for Services			
State			
Minnesota Department of Human Services	<u>\$ 1,915,550</u>	<u>\$ -</u>	<u>\$ 1,915,550</u>
Payments			
Local			
Local contributions	\$ 200,810	\$ -	\$ 200,810
Payments in lieu of taxes	515,879	-	515,879
Total Payments	<u>\$ 716,689</u>	<u>\$ -</u>	<u>\$ 716,689</u>
Grants			
State			
Minnesota Department of			
Health	\$ 226,860	\$ -	\$ 226,860
Human Services	3,968,617	-	3,968,617
Natural Resources	72,523	-	72,523
Peace Officers Board	14,012	-	14,012
Pollution Control Agency	163,362	-	163,362
Public Safety	43,163	-	43,163
Transportation	126,747	-	126,747
Water and Soil Resources	87,643	-	87,643
Total State	<u>\$ 4,702,927</u>	<u>\$ -</u>	<u>\$ 4,702,927</u>
Federal			
Department of			
Agriculture	\$ 741,639	\$ -	\$ 741,639
Health and Human Services	4,133,003	-	4,133,003
Homeland Security	234,996	-	234,996
Justice	866	-	866
Transportation	81,060	-	81,060
Total Federal	<u>\$ 5,191,564</u>	<u>\$ -</u>	<u>\$ 5,191,564</u>
Total State and Federal Grants	<u>\$ 9,894,491</u>	<u>\$ -</u>	<u>\$ 9,894,491</u>
Total Intergovernmental Revenue	<u>\$ 21,373,104</u>	<u>\$ 595</u>	<u>\$ 21,373,699</u>

**CROW WING COUNTY
BRainerd, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 336,237
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	405,402
Total U.S. Department of Agriculture		\$ 741,639
U.S. Department of Justice		
Passed Through City of Brainerd Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 866
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	\$ 72,662
Passed Through Minnesota Department of Public Safety State and Community Highway Safety	20.600	8,398
Total U.S. Department of Transportation		\$ 81,060
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	\$ 20,445
Universal Newborn Hearing Screening	93.251	975
Immunization Cooperative Agreements	93.268	300
Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	375
Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531	2,092
Temporary Assistance for Needy Families	93.558	47,703
(Total Temporary Assistance for Needy Families 93.558, \$861,324)		
Maternal and Child Health Services Block Grant to the States	93.994	64,215

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, 2013**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services (continued)		
Passed Through Minnesota Department of Human Services		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	\$ 22,898
Promoting Safe and Stable Families	93.556	17,449
Temporary Assistance for Needy Families	93.558	813,621
(Total Temporary Assistance for Needy Families 93.558 \$861,324)		
Child Support Enforcement	93.563	1,238,237
Refugee and Entrant Assistance - State Administered Programs	93.566	1,538
Child Care and Development Block Grant	93.575	56,956
Community-Based Child Abuse Prevention Grants	93.590	7,567
Stephanie Tubbs Jones Child Welfare Services Program	93.645	10,880
Foster Care-Title IV-E	93.658	293,809
Social Services Block Grant	93.667	336,912
Chafee Foster Care Independence Program	93.674	10,331
Children's Health Insurance Program	93.767	188
Medical Assistance Program	93.778	1,623,735
Block Grants for Community Mental Health Services	93.958	10,941
Total U.S. Department of Health and Human Services		\$ 4,581,167
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety		
Boating Safety Financial Assistance	97.012	\$ 148,115
Homeland Security Grant Program	97.067	39,638
Total U.S. Department of Homeland Security		\$ 187,753
Total Federal Awards		\$ 5,592,485

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, 2013**

1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Crow Wing County under programs of the federal government for the year ended December 31, 2013. 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.

**CROW WING COUNTY
BRainerd, MINNESOTA**

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 5,191,564
Grants received more than 60 days after year-end, deferred in 2013	
Temporary Assistance for Needy Families	136,080
Child Care and Development Block Grant	3,938
Foster Care Title IV-E	24,869
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	16,522
Medical Assistance Program	308,115
Block Grants for Community Mental Health Services	10,941
Homeland Security Grant Program	9,358
Deferred in 2012, recognized as revenue in 2013	
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)
Expenditures Per Schedule of Federal Awards	<u>\$ 5,592,485</u>

5. 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	\$ 8,398

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Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the county's financial performance and well-being have changed over time.</i>	110
Revenue Capacity <i>These schedules contain information to help the reader assess the county's most significant local revenue source, the property tax.</i>	120
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the county's current levels of outstanding debt and the county's ability to issue additional debt in the future.</i>	125
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the county's financial activities take place.</i>	130
Operating Information <i>The schedules contain service and infrastructure data to help the reader understand how the information in the county's financial report relates to the services the county provides and the activities it performs.</i>	132

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Crow Wing County, Minnesota
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

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

(Unaudited)

Fiscal Year				
2009	2010	2011	2012	2013
\$ 102,145,334	\$ 110,096,199	\$ 111,954,940	\$ 132,167,372	\$ 137,032,435
17,449,360	13,172,796	16,532,198	14,924,912	16,042,520
35,278,917	43,336,787	45,124,298	46,594,361	43,888,807
<u>\$ 154,873,611</u>	<u>\$ 166,605,782</u>	<u>\$ 173,611,436</u>	<u>\$ 193,686,645</u>	<u>\$ 196,963,762</u>
\$ 5,300,525	\$ 4,965,555	\$ 4,985,481	\$ 4,601,273	\$ 4,137,889
-	-	-	-	1,823,923
5,335,081	6,282,130	6,467,921	7,127,230	6,358,525
<u>\$ 10,635,606</u>	<u>\$ 11,247,685</u>	<u>\$ 11,453,402</u>	<u>\$ 11,728,503</u>	<u>\$ 12,320,337</u>
\$ 107,445,859	\$ 115,061,754	\$ 116,940,421	\$ 136,768,645	\$ 141,170,324
17,449,360	13,172,796	16,532,198	14,924,912	17,866,443
40,613,998	49,618,917	51,592,219	53,721,591	50,247,332
<u>\$ 165,509,217</u>	<u>\$ 177,853,467</u>	<u>\$ 185,064,838</u>	<u>\$ 205,415,148</u>	<u>\$ 209,284,099</u>

(Unaudited)

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

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

(Unaudited)

Fiscal Year				
2009	2010	2011	2012	2013
\$ 13,248,631	\$ 12,871,344	\$ 12,969,897	\$ 12,956,270	\$ 13,436,948
13,306,812	13,036,830	13,825,942	13,437,415	17,320,145
6,931,810	6,919,926	8,380,127	7,008,995	8,871,390
137,056	147,328	28,694	-	-
20,835,333	20,416,383	21,153,044	20,570,268	20,173,438
1,684,446	1,684,246	1,741,968	1,555,816	1,504,136
634,334	684,631	647,975	669,106	683,872
1,579,069	1,342,948	1,271,937	1,589,004	1,755,941
115,240	217,807	352,710	-	-
2,313,711	2,153,652	1,973,785	1,928,665	763,965
\$ 60,786,442	\$ 59,475,095	\$ 62,346,079	\$ 59,715,539	\$ 64,509,835
2,263,577	1,631,721	2,070,766	2,131,373	1,703,792
\$ 63,050,019	\$ 61,106,816	\$ 64,416,845	\$ 61,846,912	\$ 66,213,627
\$ 1,961,517	\$ 1,858,545	\$ 1,675,797	\$ 1,829,766	\$ 1,851,275
1,924,364	1,927,995	1,440,474	1,586,547	2,177,386
429,446	496,205	497,846	589,297	429,836
1,658,340	1,647,435	2,052,157	2,030,299	2,169,498
432,704	471,753	300,551	257,855	233,016
-	-	-	-	-
1,398,724	1,461,012	1,505,233	1,421,929	1,674,068
621	2,691	8,599	11,497	13,252
17,868,108	23,131,686	18,684,965	19,091,574	19,929,435
4,869,920	1,362,606	4,526,177	13,883,256	903,557
\$ 30,543,744	\$ 32,359,928	\$ 30,691,799	\$ 40,702,020	\$ 29,381,323
1,857,324	1,989,639	1,920,174	2,064,133	1,986,447
\$ 32,401,068	\$ 34,349,567	\$ 32,611,973	\$ 42,766,153	\$ 31,367,770
\$ (30,242,698)	\$ (27,115,167)	\$ (31,654,280)	\$ (19,013,519)	\$ (35,128,512)
(406,253)	357,918	(150,592)	(67,240)	282,655
\$ (30,648,951)	\$ (26,757,249)	\$ (31,804,872)	\$ (19,080,759)	\$ (34,845,857)

(Unaudited)

Crow Wing County, Minnesota
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Continued)

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

(Unaudited)

Fiscal Year				
2009	2010	2011	2012	2013
\$ 34,566,755	\$ 35,585,536	\$ 35,213,383	\$ 35,814,571	\$ 35,488,689
79,515	71,796	65,367	86,114	92,199
355,232	360,402	429,856	429,758	515,879
3,170,952	2,065,541	2,071,218	1,293,122	2,261,079
432,122	329,226	255,744	201,695	(33,980)
468,808	532,861	830,054	610,553	331,763
29,799	51,976	44,312	17,915	-
48,895	(150,000)	(250,000)	(250,000)	(250,000)
\$ 39,152,078	\$ 38,847,338	\$ 38,659,934	\$ 38,203,728	\$ 38,405,629
\$ 595	\$ 595	\$ 595	\$ 595	\$ 595
76,226	103,566	105,714	91,746	58,584
(48,895)	150,000	250,000	250,000	250,000
\$ 27,926	\$ 254,161	\$ 356,309	\$ 342,341	\$ 309,179
\$ 39,180,004	\$ 39,101,499	\$ 39,016,243	\$ 38,546,069	\$ 38,714,808
\$ 8,909,380	\$ 11,732,171	\$ 7,005,654	\$ 19,190,209	\$ 3,277,117
(378,327)	612,079	205,717	275,101	591,834
\$ 8,531,053	\$ 12,344,250	\$ 7,211,371	\$ 19,465,310	\$ 3,868,951

(Unaudited)

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

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund					
Prior to GASB #54 ¹					
Reserved	\$ 650,147	\$ 1,004,104	\$ 1,576,775	\$ 2,009,719	\$ 1,901,869
Unreserved	7,836,713	9,427,279	11,313,481	13,023,707	12,599,535
After GASB #54 ¹					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 8,486,860</u>	<u>\$ 10,431,383</u>	<u>\$ 12,890,256</u>	<u>\$ 15,033,426</u>	<u>\$ 14,501,404</u>
All Other Governmental Funds					
Prior to GASB #54 ¹					
Reserved	\$ 28,710,249	\$ 23,966,676	\$ 11,158,029	\$ 9,483,137	\$ 10,546,957
Unreserved, reported in:					
Special revenue funds	11,473,603	13,496,431	10,608,225	10,635,577	14,609,380
Capital projects funds	21,415,257	(6,012,043)	1,277,973	1,646,604	-
Permanent funds	23,319	37,094	56,733	67,939	94,796
After GASB #54 ¹					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 61,622,428</u>	<u>\$ 31,488,158</u>	<u>\$ 23,100,960</u>	<u>\$ 21,833,257</u>	<u>\$ 25,251,133</u>

¹The Governmental Accounting Standards Board (GASB) Statement #54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented in 2011. Statement #54 recategorized fund balances going from two to five classifications with different requirements and parameters. There are no parallel classifications between categories of reserved or unreserved and the GASB #54 categories.

(Unaudited)

Fiscal Year				
2009	2010	2011	2012	2013
\$ 2,308,065	\$ 2,482,487	\$ -	\$ -	\$ -
14,293,522	15,347,549	-	-	-
-	-	15,000	15,000	15,000
-	-	2,618,717	2,545,786	2,399,772
-	-	3,958,743	1,669,644	1,387,066
-	-	12,578,723	15,857,951	11,643,351
<u>\$ 16,601,587</u>	<u>\$ 17,830,036</u>	<u>\$ 19,171,183</u>	<u>\$ 20,088,381</u>	<u>\$ 15,445,189</u>
\$ 10,406,812	\$ 10,530,555	\$ -	\$ -	\$ -
12,876,790	15,477,400	-	-	-
1,572,342	686,390	-	-	-
122,435	146,507	-	-	-
-	-	2,641,606	793,537	2,782,100
-	-	12,051,982	5,976,805	10,845,648
-	-	-	-	7,566,908
-	-	15,199,114	18,578,042	13,774,715
<u>\$ 24,978,379</u>	<u>\$ 26,840,852</u>	<u>\$ 29,892,702</u>	<u>\$ 25,348,384</u>	<u>\$ 34,969,371</u>

(Unaudited)

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

	Fiscal Year				
	2004	2005	2006	2007	2008
REVENUES					
Taxes	\$ 19,518,610	\$ 26,515,870	\$ 29,914,424	\$ 32,513,013	\$ 32,954,120
Special assessments	590,601	567,024	622,979	587,451	605,518
Licenses and permits	1,540,861	1,803,766	1,620,527	1,249,699	1,358,075
Intergovernmental	20,380,618	22,698,458	21,479,244	23,592,755	27,121,712
Charges for services	3,247,530	3,754,756	4,039,735	4,547,917	5,419,686
Fines and forfeits	16,244	30,057	27,393	25,296	70,315
Gifts and contributions	3,880	18,004	25,566	8,322	18,622
Investment earnings	866,687	2,078,260	2,181,836	2,022,166	1,258,520
Sales	641,971	565,775	645,984	845,727	552,183
Miscellaneous	2,871,587	3,719,824	5,084,321	3,892,676	4,090,252
Total Revenues	\$ 49,678,589	\$ 61,751,794	\$ 65,642,009	\$ 69,285,022	\$ 73,449,003
EXPENDITURES					
Current					
General government	\$ 9,554,982	\$ 10,774,790	\$ 12,920,188	\$ 12,949,412	\$ 13,655,774
Public safety	8,458,102	9,438,583	10,238,899	11,224,627	12,124,320
Highways and streets	10,574,353	9,990,847	7,751,815	10,103,893	11,107,380
Sanitation	-	-	-	-	257,754
Human services	15,377,542	17,859,379	18,658,373	21,819,741	21,322,603
Health	1,620,788	1,973,014	1,790,919	1,928,209	2,545,258
Culture and recreation	677,781	707,584	807,769	920,117	690,877
Conservation of natural resources	1,405,024	1,484,834	1,580,325	1,623,210	1,589,026
Economic development	-	-	-	-	3,800
Capital outlay ¹	9,893,829	33,701,146	15,294,595	1,994,898	1,133,905
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Human services	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-
Intergovernmental					
Highways and streets	-	-	-	-	259,407
Debt service					
Principal	975,000	1,328,000	3,223,000	3,290,650	3,433,300
Interest	368,051	2,880,690	2,623,903	2,647,964	2,527,365
Bond issuance costs	126,507	-	31,089	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Administrative charges	14,472	29,758	10,176	4,350	2,915
Total Expenditures	\$ 59,046,431	\$ 90,168,625	\$ 74,931,051	\$ 68,507,071	\$ 70,653,684
Excess of revenues over (under) expenditures	\$ (9,367,842)	\$ (28,416,831)	\$ (9,289,042)	\$ 777,951	\$ 2,795,319
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 2,761,489	\$ 406,324	\$ 5,129,951	\$ 11,954	\$ 1,622,955
Transfers out	(1,887,628)	(395,000)	(5,129,951)	(11,954)	(1,472,955)
Discount on bonds/notes issued	(161,951)	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Bonds and notes issued	50,970,000	-	3,210,000	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Premium on bonds/notes issued	399,324	-	6,069	-	-
Proceeds from sale of capital assets	11,318	222,611	157	14,604	2,533
Compensation for loss of capital assets	-	-	-	-	50,025
Total Other Financing Sources (Uses)	\$ 52,092,552	\$ 233,935	\$ 3,216,226	\$ 14,604	\$ 202,558
Net change in fund balances	\$ 42,724,710	\$ (28,182,896)	\$ (6,072,816)	\$ 792,555	\$ 2,997,877
Debt service as a percentage of noncapital expenditures	3.3%	8.1%	10.1%	10.6%	9.7%

¹Beginning with the 2013 Comprehensive Annual Financial Statement, the County reported capital outlay by function.

(Unaudited)

Fiscal Year				
2009	2010	2011	2012	2013
\$ 34,097,022	\$ 35,641,804	\$ 35,501,017	\$ 36,054,509	\$ 35,764,319
567,540	594,613	596,915	609,522	609,115
1,157,359	1,181,471	1,055,128	1,287,873	1,048,897
23,908,450	26,628,793	23,389,156	34,811,026	21,373,104
4,810,137	5,413,339	4,825,317	4,998,184	5,640,717
32,333	48,453	96,562	82,796	58,800
7,187	27,201	25,654	25,145	48,129
633,165	441,877	354,183	253,954	11,981
199,987	161,048	174,159	166,959	131,836
3,018,342	2,712,556	3,784,059	3,385,313	4,193,085
<u>\$ 68,431,522</u>	<u>\$ 72,851,155</u>	<u>\$ 69,802,150</u>	<u>\$ 81,675,281</u>	<u>\$ 68,879,983</u>
\$ 12,454,136	\$ 12,003,338	\$ 12,159,749	\$ 12,232,650	\$ 12,492,804
12,091,853	11,773,055	13,118,501	13,599,885	12,636,973
13,339,626	13,420,833	8,729,183	11,255,631	6,189,673
187,580	116,827	-	-	-
19,144,184	20,561,887	20,298,268	19,519,474	19,321,787
1,657,571	1,768,773	1,793,644	1,452,535	1,429,224
681,727	894,537	728,832	716,183	667,685
1,810,697	1,660,163	1,628,504	13,110,749	1,897,142
115,240	217,807	352,710	-	-
664,806	885,952	585,517	1,223,403	-
-	-	-	-	382,325
-	-	-	-	957,440
-	-	-	-	5,028,125
-	-	-	-	31,068
-	-	-	-	91,538
282,963	303,523	330,466	350,996	360,631
5,273,300	5,430,950	3,618,600	3,786,400	2,372,450
2,326,427	2,230,621	2,026,341	1,885,639	923,233
29,550	22,860	-	-	124,981
-	-	-	-	4,943,110
1,671	5,175	2,313	4,288	2,538
<u>\$ 70,061,331</u>	<u>\$ 71,296,301</u>	<u>\$ 65,372,628</u>	<u>\$ 79,137,833</u>	<u>\$ 69,852,727</u>
<u>\$ (1,629,809)</u>	<u>\$ 1,554,854</u>	<u>\$ 4,429,522</u>	<u>\$ 2,537,448</u>	<u>\$ (972,744)</u>
\$ 1,092,184	\$ 1,562,546	\$ 3,004,178	\$ 1,652,782	\$ 9,381,540
(1,092,184)	(1,712,546)	(3,254,178)	(1,902,782)	(9,631,540)
-	(15,929)	-	-	-
2,221,098	1,770,000	-	-	29,520,000
1,138,902	-	-	-	-
-	-	-	-	(33,061,540)
49,428	-	-	-	3,669,102
29,799	51,976	44,312	17,915	-
36,996	-	-	-	-
<u>\$ 3,476,223</u>	<u>\$ 1,656,047</u>	<u>\$ (205,688)</u>	<u>\$ (232,085)</u>	<u>\$ (122,438)</u>
<u>\$ 1,846,414</u>	<u>\$ 3,210,901</u>	<u>\$ 4,223,834</u>	<u>\$ 2,305,363</u>	<u>\$ (1,095,182)</u>
12.8%	12.6%	9.2%	9.8%	13.0%

(Unaudited)

Crow Wing County, Minnesota
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Assessment Year Ended December 31	Payable Year Ended December 31 (1)	Residential Homestead Property	Residential Non - Homestead Property	Commercial Industrial Property	Agricultural Property	Commercial Residential Seasonal/Rec. Property
2003	2004	\$ 25,483,533 40.78%	3,314,837 5.30	11,845,089 18.95	2,556,000 4.09	19,625,487 31.40
2004	2005	\$ 29,824,465 41.04%	4,167,052 5.73	12,925,106 17.79	2,915,662 4.01	23,503,851 32.35
2005	2006	\$ 34,237,468 40.53%	4,933,460 5.84	14,579,399 17.26	3,396,866 4.02	27,841,133 32.95
2006	2007	\$ 39,037,994 39.77%	5,962,523 6.07	16,473,487 16.78	3,912,807 3.99	33,269,446 33.90
2007	2008	\$ 43,991,499 39.05%	6,808,851 6.04	17,913,024 15.90	4,589,712 4.07	39,803,512 35.34
2008	2009	\$ 46,591,700 37.78%	7,565,931 6.14	18,049,019 14.64	5,089,194 4.13	46,460,002 37.68
2009	2010	\$ 47,776,496 36.80%	7,995,948 6.16	18,388,161 14.16	5,729,136 4.41	50,522,580 38.91
2010	2011	\$ 44,123,956 36.62%	7,365,485 6.11	17,118,660 14.21	7,165,335 5.95	45,008,661 37.35
2011	2012	\$ 37,437,781 34.63%	6,904,894 6.39	15,857,928 14.67	6,370,119 5.89	41,372,915 38.26
2012	2013	\$ 34,920,502 34.39%	6,380,632 6.28	15,661,644 15.42	5,773,778 5.69	38,655,486 38.07

Source: Crow Wing County Auditor-Treasurer's Office, Taxpayer Services Division

(1) Applicable taxes are collectible in the subsequent year.

(2) Total direct tax rate shown is for the payable year.

(3) Property estimated market value is for the assessment year indicated.

(Unaudited)

<u>Other Property</u>	<u>Personal Property</u>	<u>Less: Tax Incremented Financing</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate (2)</u>	<u>Estimated Actual Taxable Value (3)</u>	<u>Assessed Value as a Percentage of Actual Value</u>
277,642 0.44	709,727 1.14	1,320,141 (2.10)	\$ 62,492,174 100.00%	33.457%	\$ 5,787,033,750	1.080%
52,928 0.07	754,496 1.04	1,478,434 (2.03)	\$ 72,665,126 100.00%	38.717%	\$ 6,754,573,830	1.076%
213,399 0.25	806,671 0.95	1,524,267 (1.80)	\$ 84,484,129 100.00%	37.275%	\$ 7,838,204,800	1.078%
258,162 0.26	829,133 0.84	1,589,950 (1.61)	\$ 98,153,602 100.00%	34.001%	\$ 9,068,693,000	1.082%
281,501 0.25	841,746 0.75	1,588,915 (1.40)	\$ 112,640,930 100.00%	30.499%	\$ 10,393,020,600	1.084%
282,973 0.23	829,288 0.67	1,558,076 (1.27)	\$ 123,310,031 100.00%	28.568%	\$ 11,434,134,100	1.078%
271,191 0.21	939,529 0.72	1,790,113 (1.37)	\$ 129,832,928 100.00%	28.029%	\$ 12,018,042,400	1.080%
251,534 0.21	1,040,146 0.86	1,576,387 (1.31)	\$ 120,497,390 100.00%	29.785%	\$ 11,189,135,100	1.077%
224,307 0.21	1,071,195 0.99	1,115,686 (1.04)	\$ 108,123,453 100.00%	32.408%	\$ 10,013,341,000	1.080%
209,522 0.21	1,074,665 1.06	1,139,183 (1.12)	\$ 101,537,046 100.00%	34.342%	\$ 9,399,678,500	1.080%

(Unaudited)

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

	Year Taxes Are Payable									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
County Direct Rates										
General revenue	17.208 %	18.298 %	18.911 %	17.113 %	15.229 %	13.938 %	13.468 %	14.515 %	15.398 %	17.422 %
Road and bridge	3.888	3.357	3.084	2.791	2.911	3.022	3.081	3.357	3.621	3.835
Community services	9.248	8.235	7.678	7.246	6.367	6.147	6.375	6.595	7.101	6.412
Capital Projects	-	-	-	-	-	-	-	-	1.742	1.855
Bonded debt	2.083	7.912	6.776	6.096	5.311	4.822	4.510	4.674	3.874	4.115
Transit system	0.128	0.089	0.065	0.055	0.042	0.045	0.028	0.030	0.033	0.034
Airport bonds	0.189	0.159	0.137	0.119	0.103	0.094	0.087	0.101	0.098	0.103
Library	0.713	0.667	0.624	0.581	0.536	0.500	0.480	0.513	0.541	0.566
Total direct rate	33.457 %	38.717 %	37.275 %	34.001 %	30.499 %	28.568 %	28.029 %	29.785 %	32.408 %	34.342 %
Cities										
Baxter	39.042 %	40.304 %	40.555 %	41.245 %	41.043 %	42.175 %	43.975 %	48.422 %	51.474 %	53.613 %
Brainerd	41.902	42.756	42.763	42.689	44.649	44.487	45.839	48.003	54.540	58.941
Breezy Point	55.493	46.996	41.422	32.182	31.405	32.968	33.137	33.895	39.281	42.202
Crosby	111.080	116.095	114.915	114.471	102.139	99.019	99.464	102.835	123.070	123.670
Crosslake	29.098	26.997	24.928	22.093	19.629	18.272	17.516	19.496	21.287	22.900
Cuyuna	52.031	47.009	50.544	43.730	37.341	34.738	33.680	37.081	49.064	54.002
Deerwood	82.069	72.696	75.194	84.007	74.138	69.664	70.807	74.769	88.211	92.043
Emily	42.255	34.856	32.944	28.208	28.479	27.815	25.747	27.813	30.934	35.833
Fifty Lakes	31.053	30.867	31.725	28.981	24.113	21.252	19.639	21.635	24.451	24.177
Fort Ripley	17.641	19.205	18.267	18.497	21.158	22.213	20.665	21.830	24.692	25.063
Garrison	47.588	45.405	42.345	52.298	61.296	52.410	55.249	60.063	66.237	71.709
Ironton	120.010	110.319	104.295	106.172	113.569	105.835	109.463	117.350	161.394	155.436
Jenkins	66.368	64.169	61.521	60.539	49.313	48.755	48.620	49.007	51.425	54.264
Manhattan Beach	16.291	13.870	11.841	14.334	27.924	27.619	23.781	26.365	28.272	26.618
Nisswa	31.100	31.862	26.186	24.598	22.604	20.944	21.253	23.421	26.804	29.058
Pequot Lakes	75.479	79.161	81.083	72.641	66.718	65.014	67.190	69.311	74.466	75.464
Riverton	79.812	73.791	69.977	51.959	51.736	51.096	48.660	47.316	54.056	43.619
Trommald	44.879	44.028	38.632	35.155	32.208	30.625	30.074	31.137	39.082	44.387
Townships										
Bay Lake fire district 1	8.275	8.303	7.536	6.462	6.519	6.117	5.340	5.404	5.848	5.856
Bay Lake fire district 2	8.920	8.717	7.789	6.671	6.740	6.148	5.398	5.863	6.352	6.419
Center	19.434	18.753	17.999	19.280	16.471	14.414	13.398	13.994	15.826	17.601
Crow Wing	34.634	31.243	35.313	38.053	46.934	28.073	25.617	20.283	20.136	19.725
Daggett Brook	38.155	32.556	29.252	26.390	23.981	21.844	19.421	20.861	25.377	26.528
Deerwood	14.801	12.771	11.234	9.818	10.852	10.532	10.415	10.990	12.412	13.365
Fairfield	38.628	34.157	29.261	24.839	20.358	17.777	16.638	17.378	19.470	20.867
Fort Ripley	20.593	20.161	18.584	15.990	16.240	25.084	17.386	17.013	18.894	20.162
Gail Lake	11.054	10.143	9.281	8.951	7.816	6.919	6.194	6.464	7.042	7.391
Garrison	20.677	17.641	15.532	13.659	11.843	11.593	10.821	11.655	12.603	13.417
Ideal	11.787	10.123	9.259	8.292	8.164	7.577	7.264	8.171	8.750	9.965
Irondale	49.611	47.153	50.457	48.212	42.688	39.803	38.388	40.816	45.381	46.983
Jenkins	10.387	9.562	9.514	8.822	9.859	10.145	10.688	9.521	9.570	13.185
Lake Edward	16.343	14.078	12.285	10.658	9.083	8.125	7.615	7.836	8.866	9.344
Little Pine	37.162	33.061	26.966	25.899	24.403	24.358	21.725	22.355	25.683	25.935
Long Lake	19.995	15.911	14.903	13.433	11.451	10.691	10.019	12.356	14.333	14.595
Maple Grove	13.857	12.593	12.511	10.539	9.519	8.825	8.176	8.806	9.845	11.487
Mission	15.913	14.153	12.441	11.358	11.419	10.425	11.088	13.594	15.198	15.328
Nokay Lake	29.602	25.938	22.637	26.184	22.125	20.401	19.867	21.626	22.811	23.422
Oak Lawn	21.489	19.695	19.050	17.483	17.483	16.765	16.366	17.402	20.023	21.044
Pelican	14.707	12.188	11.198	9.790	8.672	7.459	7.262	8.674	9.295	8.981
Perry Lake	13.285	11.439	9.289	8.243	7.066	6.493	6.095	7.076	8.703	9.678
Platte Lake	23.186	21.453	20.119	18.641	15.682	14.135	12.506	14.257	16.560	17.466
Rabbit Lake	35.552	32.205	31.027	29.448	26.912	24.203	23.618	26.339	28.977	30.719
Roosevelt	24.768	21.390	20.540	18.420	21.621	21.517	13.369	14.241	17.294	18.759
Ross Lake fire district 1	16.821	13.775	12.265	11.779	7.800 (1)	7.411	7.096	7.456	9.293	9.979
Ross Lake fire district 2	13.270	11.540	10.105	8.896	- (1)	-	-	-	-	-
St. Mathias	27.405	25.881	25.888	22.161	19.794	22.562	17.122	19.106	20.797	22.251
Timothy	8.700	10.227	8.656	9.137	7.796	6.957	5.898	6.328	5.779	6.294
Wolford	28.992	23.628	19.828	16.787	13.989	12.093	12.003	12.876	13.393	14.355
Unorganized - Dean Lake	29.330	28.522	20.384	17.071	14.947	12.002	10.640	14.794	19.233	27.003
Unorganized - 1st Asmnt	9.292	9.873	8.963	8.480	7.914	7.679	7.665	8.426	8.769	9.551
School Districts										
001 - Aitkin	6.778	3.765	5.375	5.235	4.268	3.650	2.727	2.825	2.868	3.135
181 - Brainerd	24.254	24.324	23.212	22.056	17.875	17.671	20.952	21.820	23.638	24.415
182 - Crosby	19.812	16.041	12.614	12.350	9.974	8.921	11.360	12.364	14.171	14.656
186 - Pequot Lakes	13.634	11.962	12.288	9.539	8.944	8.443	8.590	9.261	12.745	14.667
480 - Onamia	20.008	20.662	17.879	14.126	13.428	12.203	12.412	12.952	18.326	20.246
482 - Little Falls	16.754	15.345	14.971	14.273	12.373	14.473	14.955	12.060	18.237	15.624
484 - Pierz	26.041	22.258	22.693	21.953	15.466	15.598	15.857	15.358	18.383	21.096
2174 - Pine River	5.175	6.975	8.060	6.889	6.312	5.647	4.430	4.544	4.956	5.027
Special Districts										
Region five	0.169	0.150	0.133	0.113	0.102	0.095	0.095	0.106	0.119	0.128
County HRA	0.098	0.083	0.071	0.066	0.057	0.051	0.049	0.053	0.058	0.062
Cuyuna hospital district	1.927	1.643	1.414	1.221	1.044	0.937	0.881	0.938	1.057	1.125
Thirty lakes watershed	2.020	1.603	1.553	1.325	1.326	1.260	1.317	1.191	1.152	-
Brainerd HRA	1.195	1.220	1.227	1.220	1.226	1.513	1.554	1.671	1.836	1.625
Pequot Lakes HRA	1.128	1.174	1.302	1.158	1.026	0.972	1.031	1.037	1.378	1.399
Mille Lacs sewer district	17.049	14.601	11.299	9.068	7.616	5.921	4.852	8.719	13.577	20.817

Source: Crow Wing County Auditor-Treasurer's Office, Taxpayer Services Division
(1) Starting Payable 2008 Ross Lake has only one fire district.

(Unaudited)

**Crow Wing County, Minnesota
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2013			2004		
	Net Tax Capacity Value	Rank	Percentage of Total Taxable Net Tax Capacity Value	Net Tax Capacity Value	Rank	Percentage of Total Taxable Net Tax Capacity Value
Mills Properties Inc.	\$ 788,956	1	0.77 %	\$ 424,156	1	0.67 %
Minnesota Power and Light	510,085	2	0.50			
Etoc Co. Inc.	406,027	3	0.40			
Xcel Energy	337,760	4	0.33			
United Power Assoc.	297,835	5	0.29			
Whitebirch Inc.	273,054	6	0.27			
KTJ Limited Partnership ¹	260,368	7	0.25	255,482	2	0.40
Crow Wing Coop Power & Light	247,228	8	0.24			
Burlington Northern Santa Fe Railroad	232,326	9	0.23			
Brainerd Lakes Integrated Health	219,222	10	0.21	226,704	3	0.36
Menard Inc.				193,368	4	0.31
The Northwest Paper Co.				164,832	5	0.26
Home Depot USA, Inc.				133,228	6	0.21
Dayton Hudson Corporation				127,340	7	0.20
Vanwyngereen Properties Ironton, Inc.				111,892	8	0.18
Developers Diversified Realty ²				105,412	9	0.17
Clow Stamping Co.				95,146	10	0.15
Total	<u>\$ 3,572,861</u>		<u>3.49 %</u>	<u>\$ 1,837,560</u>		<u>2.91 %</u>

Source: Crow Wing County Auditor-Treasurer's Office, Taxpayer Services Division; bonding documents

¹Previously SUSO 2 Brainerd LP

²Previously Westgate Mall Realty Group, LLC

(Unaudited)

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

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	606,062	30,738,992	99.86
2008	31,899,441	30,994,026	97.16	824,569	31,818,595	99.75
2009	33,005,598	31,836,927	96.46	1,071,390	32,908,317	99.71
2010	34,110,963	33,063,192	96.93	885,224	33,948,416	99.52
2011	33,476,128	32,694,209	97.66	602,045	33,296,254	99.46
2012	34,195,117	33,461,342	97.85	463,431	33,924,773	99.21
2013	34,083,494	33,420,595	98.06	-	33,420,595	98.06

Source: Crow Wing County Auditor-Treasurer's Office, Taxpayer Services Division

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

(Unaudited)

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

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Certificates of Participation	Lease Payable to Component Unit	Capital Lease			
2004	\$ 56,046,641	\$ 220,000	\$ 3,355,000	\$ -	\$ 59,621,641	3.68 %	\$ 1,014
2005	55,127,580	150,000	3,050,000	1,582,050	59,909,630	3.60	1,005
2006	55,549,317	75,000	2,730,000	1,529,050	59,883,367	3.35	987
2007	52,711,280	-	2,395,000	1,473,400	56,579,680	2.99	920
2008	49,673,243	-	2,045,000	1,415,100	53,133,343	2.71	855
2009	49,888,650	-	-	1,356,800	51,245,450	2.61	822
2010	46,245,061	-	-	1,295,850	47,540,911	2.32	759
2011	41,778,708	-	-	1,232,250	43,010,958	2.02	687
2012	38,045,839	-	-	1,097,100	39,142,939	1.79	622
2013	33,636,404	-	-	1,009,650	34,646,054	- (2)	551

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

(1) See Demographic and Economics Statistics schedule for population and personal income data.

(2) Personal income data for 2013 is unavailable at this time.

(Unaudited)

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

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita
2004	\$ 56,046,641	\$ 1,195,000	\$ 54,851,641	0.95 %	\$ 933
2005	55,127,580	3,075,000	52,052,580	0.77	873
2006	55,549,317	3,140,000	52,409,317	0.67	864
2007	52,711,280	3,355,000	49,356,280	0.54	803
2008	49,673,243	3,515,000	46,158,243	0.44	742
2009	49,888,650	3,640,000	46,248,650	0.40	742
2010	46,245,061	3,713,400	42,531,661	0.35	679
2011	41,778,708	3,790,000	37,988,708	0.34	607
2012	38,045,839	2,360,000	35,685,839	0.36	568
2013	33,636,404	4,415,000	29,221,404	0.31	465

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

(1) Net of original issuance discounts and premiums

(2) This is the amount restricted for debt service principal payments

(3) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property

(Unaudited)

Crow Wing County, Minnesota
Direct, Underlying and Overlapping Governmental Activities Debt
As of December 31, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct debt			
Crow Wing County	\$ 33,636,404	100.000 %	\$ 33,636,404
Underlying debt			
Cities	\$ 85,619,515	100.000 %	\$ 85,619,515
Townships	1,976,676	100.000	1,976,676
Miscellaneous (HRAs, hospital)	48,955,000	100.000	48,955,000
Total underlying debt	\$ 136,551,191		\$ 136,551,191
Overlapping debt			
School district 1 - Aitkin	\$ 1,100,000	7.152 %	\$ 78,672
School district 181 - Brainerd	74,740,000	84.759	63,348,877
School district 182 - Crosby	17,090,000	99.998	17,089,658
School district 186 - Pequot Lakes	47,995,000	95.617	45,891,379
School district 480 - Onamia	12,194,000	21.549	2,627,685
School district 482 - Little Falls	11,530,000	0.040	4,612
School district 484 - Pierz	750,000	0.389	2,918
School district 2174 - Pine River-Backus	5,248,625	43.150	2,264,782
Garrison-Kathio-West Mille Lacs Lake Sanitary Sewer District	6,597,000	63.030	4,158,089
Total overlapping debt	\$ 177,244,625		\$ 135,466,672
Total debt	\$ 347,432,220		\$ 305,654,267

Source: Crow Wing County Auditor-Treasurer's Office, Taxpayer Services Division; 2013 Bonded Indebtedness Reporting

(1) Applicable percentages were estimated by determining the portion of the governmental unit's net tax capacity that is within the County's boundaries and dividing it by each unit's total net tax capacity.

(Unaudited)

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Market value of taxable property	\$ 5,787,033,750	\$ 6,754,573,830	\$ 7,838,204,800	\$ 9,068,693,000	\$ 10,393,020,600
Debt limit (2% of market value) (3% after 2007)	\$ 115,740,675	\$ 135,091,477	\$ 156,764,096	\$ 272,060,790	\$ 311,790,618
Debt applicable to limit:					
General obligation bonds	\$ 56,785,000	\$ 55,675,000	\$ 55,890,000	\$ 52,835,000	\$ 49,570,000
Less: Amount set aside for repayment of general obligation debt	(1,015,246)	(2,632,350)	(4,424,342)	(4,727,620)	(5,794,287)
Total net debt applicable to limit	\$ 55,769,754	\$ 53,042,650	\$ 51,465,658	\$ 48,107,380	\$ 43,775,713
Legal debt margin	<u>\$ 59,970,921</u>	<u>\$ 82,048,827</u>	<u>\$ 105,298,438</u>	<u>\$ 223,953,410</u>	<u>\$ 268,014,905</u>
Total net debt applicable to the limit as a percentage of the debt limit	48.19%	39.26%	32.83%	17.68%	14.04%

Source: Crow Wing County Auditor-Treasurer's Office, Taxpayer Services Division; Comprehensive Annual Financial Report

(Unaudited)

Fiscal Year				
2009	2010	2011	2012	2013
\$ 11,434,134,100	\$ 12,018,042,400	\$ 11,189,135,100	\$ 10,013,341,000	\$ 9,399,678,500
\$ 343,024,023	\$ 360,541,272	\$ 335,674,053	\$ 300,400,230	\$ 281,990,355
\$ 49,675,000	\$ 46,075,000	\$ 41,778,708	\$ 37,917,500	\$ 30,257,500
(5,607,028)	(5,805,426)	(6,018,326)	(4,674,240)	(5,075,811)
\$ 44,067,972	\$ 40,269,574	\$ 35,760,382	\$ 33,243,260	\$ 25,181,689
\$ 298,956,051	\$ 320,271,698	\$ 299,913,671	\$ 267,156,970	\$ 256,808,666
12.85%	11.17%	10.65%	11.07%	8.93%

(Unaudited)

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

Year	(1) Population	(1) Personal Income	(1) Per Capita Personal Income	(2) Annual Average Labor Force	(3) School Enrollment	(2) Unemployment Rate
2004	58,814	\$ 1,619,501,000	\$ 27,536	31,909	10,235	5.3 %
2005	59,606	1,663,524,000	27,909	32,088	10,172	5.0
2006	60,654	1,787,134,000	29,464	32,372	10,150	5.0
2007	61,484	1,894,359,000	30,811	32,768	10,171	5.7
2008	62,178	1,962,083,000	31,556	32,787	10,120	6.9
2009	62,307	1,964,714,000	31,533	33,531	9,753	10.0
2010	62,613	2,049,448,000	32,732	34,230	9,652	8.8
2011	62,626	2,128,725,000	33,991	33,768	9,466	8.2
2012	62,882	2,192,881,000	34,873	32,809	9,501	7.4
2013	62,876 (5)	- (4)	- (4)	32,405	9,610	7.0

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

(2) Minnesota Department of Employment and Economic Development

(3) Minnesota Department of Education

(4) Not available at this time

(5) State Demographic Center

(Unaudited)

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

Taxpayer	2013			2004*		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Essentia Health - Central Region (1)	1,251	1	3.8 %	917	2	3.2 %
Independent School District 181	875	2	2.7	1,700	1	5.8
Cuyuna Regional Medical Center	727	3	2.2			
Grand View Lodge Resort & Spa (2)	540	4	1.6			
Madden's Inc. (2)	575	5	1.8	475	4	1.6
Ascensus (3)	500	6	1.5	390	5	1.3
Wal-Mart Supercenter	417	7	1.3	325	9	1.1
Breezy Point Resort	445	8	1.4			
Crow Wing County	424	9	1.3	360	6	1.2
Mills Fleet Farm	354	10	1.1	342	7	1.2
Central Lakes College						
Clow Stamping				300	10	1.0
Brainerd Regional Human Services Ctr.				672	3	2.3
Bethany Good Samaritan Village				325	8	1.1
Total	<u>6,108</u>		<u>18.7 %</u>	<u>5,806</u>		<u>19.8 %</u>

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

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

(2) Employee numbers indicate seasonal peak.

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

*The County was unable to obtain data on the principal employers of 2004; therefore, 2003 data was used.

(Unaudited)

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

Function/Program	Full-Time Equivalent Employees									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	106.8	110.0	116.0	119.1	114.8	103.9	98.2	92.1	93.8	95.9
Public safety	93.8	101.0	107.9	119.6	125.7	127.0	121.8	119.5	120.2	122.6
Highways and streets	41.5	39.7	39.5	38.8	37.3	36.2	39.2	38.2	36.2	36.5
Sanitation	-	-	-	0.6	0.8	2.0	1.0	-	-	-
Human services	130.1	130.3	134.5	136.1	137.1	134.4	131.5	129.7	129.9	130.0
Health	28.1	28.9	27.3	28.2	28.2	22.0	20.3	18.6	17.8	17.0
Culture and recreation	3.5	3.6	4.0	2.6	0.8	0.5	0.3	0.8	0.8	0.7
Conservation of natural resources	8.9	9.0	9.5	9.2	9.6	9.9	8.1	9.0	8.7	8.8
Landfill enterprise fund	<u>1.3</u>	<u>1.1</u>	<u>1.2</u>	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>	<u>2.0</u>	<u>1.3</u>	<u>1.3</u>	<u>1.2</u>
Total Full-Time Equivalents	<u><u>414.0</u></u>	<u><u>423.6</u></u>	<u><u>439.9</u></u>	<u><u>455.5</u></u>	<u><u>455.6</u></u>	<u><u>437.2</u></u>	<u><u>422.4</u></u>	<u><u>409.2</u></u>	<u><u>408.7</u></u>	<u><u>412.7</u></u>

Source: Crow Wing County Auditor-Treasurer's Office, Financial Services Division

(Unaudited)

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

Function/Program	Fiscal Year				
	2004	2005	2006	2007	2008
General Government					
Auditor-Treasurer					
Birth Certificates	3,643	4,098	4,329	4,472	3,463
Marriage Licenses	468	463	484	469	414
Marriage Certificates	330	299	316	250	232
Notary Registrations	114	550	119	113	140
Passports	1,126	1,829	2,997	3,318	1,659
Environmental Services					
Township Permits Issued (All Types)	2,701	2,522	1,421	1,174	846
Information Technology					
Computers Purchased	42	108	125	114	107
Telephones Purchased	19	260	192	164	3
Work Orders Completed	1,916	3,447	3,670	4,487	5,443
Property Valuation & Classification					
Number of Parcels	N/A	N/A	N/A	N/A	N/A
Number of Improved Parcels	37,964	38,268	38,686	39,475	N/A
Number of Personal Property Parcels	1,513	1,523	1,605	1,643	1,647
Number of Exempt Parcels	12,202	12,202	12,202	12,202	12,202
All Property Notices Printed (Except Exempt)	70,747	71,699	72,372	72,934	73,152
Recorder					
Abstract Documents	23,973	22,574	20,411	18,987	16,282
Torrens Documents	7,316	7,376	6,161	5,708	5,143
Warranty Deeds	3,976	3,907	3,141	2,605	1,848
Foreclosures	68	101	142	231	356
Public Safety					
Sheriff					
Part I Crimes	N/A	N/A	N/A	464 (1)	523
Part II Crimes	N/A	N/A	N/A	824 (1)	872
Non Reportable Crimes/Incidents	N/A	N/A	N/A	9,369 (1)	12,569
Dispatch					
911 Emergency Calls	N/A	N/A	N/A	25,579	27,760
Jail					
Average Monthly Bookings	N/A	N/A	N/A	324 (2)	328
Average Monthly Inmate Population	N/A	N/A	N/A	144 (2)	160
Highways and Streets					
Miles of Overlay	32	19	10	26	15
Miles of Construction	9	17	5	1	3
Tons of Crushing	90,000	40,000	-	58,500	-
Miles of Crack sealing	N/A	3	3	N/A	13
Community Services					
Health					
Family Health Contacts	9,386	9,230	8,928	9,342	8,879
Health Promotion Contacts	3,670	3,558	1,384	3,843	4,090
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	237	249	204	220	244
Persons Receiving DD Waivered Services	157	158	157	153	155
Child Support Cases	3,262	3,393	3,431	3,542	3,512
Financial Assistance Cases	3,980	4,020	4,100	4,372	4,768
Conservation of Natural Resources					
Solid Waste (Non-landfill)					
Solid Waste (Non-landfill) Funded Residential Recycle	2,721	2,934	3,142	3,650	4,066
Commercial Recycling (Ton)	37,878	43,088	44,916	45,097	35,453
Solid Waste (Non-landfill) - Problem Material Management					
Hazardous Waste (Ton)	40	41	46	44	48
Electronics (Ton)	83	131	134	162	137
Tires (Each)	10,138	9,777	9,197	11,660	8,709
White Goods (Each)	4,793	4,686	4,624	4,434	3,949
Used Oil (Gallon)	26,077	35,991	36,185	32,748	39,070
Mattresses Recycled (Each)	N/A	N/A	768	2,467	2,304
Sanitation					
Landfill					
Municipal Solid Waste Land filled SW376 (Ton)	41,981	43,129	40,477	39,625	36,912
Industrial Waste Land filled SW376 (Ton)	6,736	8,727	6,795	5,875	5,915
Demolition Waste Land filled SW440 (Cu Yd)	25,361	21,480	20,386	13,959	16,950

Source: Survey of County departments

(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				
2009	2010	2011	2012	2013
3,398	2,906	2,442	2,560	2,611
441	433	411	454	462
241	330	370	356	368
143	397	133	137	131
1,756	1,400	1,003	916	934
759	772	752	991	815
98	103	88	128	63
4	49	19	-	17
5,558	5,810	4,160	3,905	3,281
81,806	81,172	81,724	82,100	82,181
41,371	41,863	41,882	42,227	42,414
1,419	1,416	1,408	1,465	1,451
9,708	9,053	8,052	8,705	8,846
73,441	73,468	73,561	73,569	73,548
17,419	16,106	14,846	17,384	16,513
5,480	5,363	4,579	5,588	5,137
2,013	1,757	1,672	1,946	2,114
351	388	360	273	192
445	476	614	695	706
892	803	879	834	818
16,690	16,752	19,610	21,043	22,154
30,148	31,197	31,684	35,176	28,566
308	285	277	280	276
134	135	128	137	165
8	8	6	11	11
6	5	6	4	-
-	40,000	-	35,000	3,223
10	40	49	37	17
9,328	9,432	9,127	8,768	7,839
14,547	17,603	15,069	13,620	9,257
12,417	4,054	3,074	1,772	1,660
705	267	51	42	43
237	227	222	228	185
157	158	159	162	166
3,604	3,643	3,672	3,779	3,867
5,331	5,623	6,598	6,433	6,030
4,696	4,781	4,679	4,517	4,513
23,051	23,568	23,896	25,687	26,734
41	51	50	62	57
146	152	152	144	136
6,984	7,145	8,461	8,828	6,175
4,077	3,801	3,131	3,025	3,021
36,424	39,890	34,409	36,576	28,324
2,251	2,383	2,286	3,138	3,275
35,545	35,557	35,933	36,563	38,286
3,856	4,295	4,421	4,194	3,555
14,055	13,124	13,880	32,769	12,232

(Unaudited)

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

Function/Program	Fiscal Year				
	2004	2005	2006	2007	2008
General Government					
Courthouse	1	1	1	1	1
Judicial Center	N/A	N/A	N/A	1	1
Motor Pool Vehicles	6	6	7	7	-
Public Safety					
Vehicles	77	80	82	83	82
Jails	2	2	2	1	1
Emergency Operations Center	1	1	1	1	1
Highways and Streets					
Vehicles	78	77	77	77	70
Graders, Loaders and Heavy Trucks	32	31	31	31	31
Miles of County Roads	180	180	180	182	182
Miles of County State Aid Highways	378	378	380	380	380
Garage and Storage Buildings	13	9	12	12	12
Sanitation					
Demolition Landfills	2	2	2	2	2
Community 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

Source: Crow Wing County Auditor-Treasurer's Office, Financial Services Division

(Unaudited)

Fiscal Year				
2009	2010	2011	2012	2013
1	1	1	1	1
1	1	1	1	1
-	-	-	-	-
89	84	84	83	82
1	1	1	1	1
1	1	1	1	1
70	71	67	64	61
31	32	32	32	30
182	182	182	182	182
380	380	380	380	380
12	12	11	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)