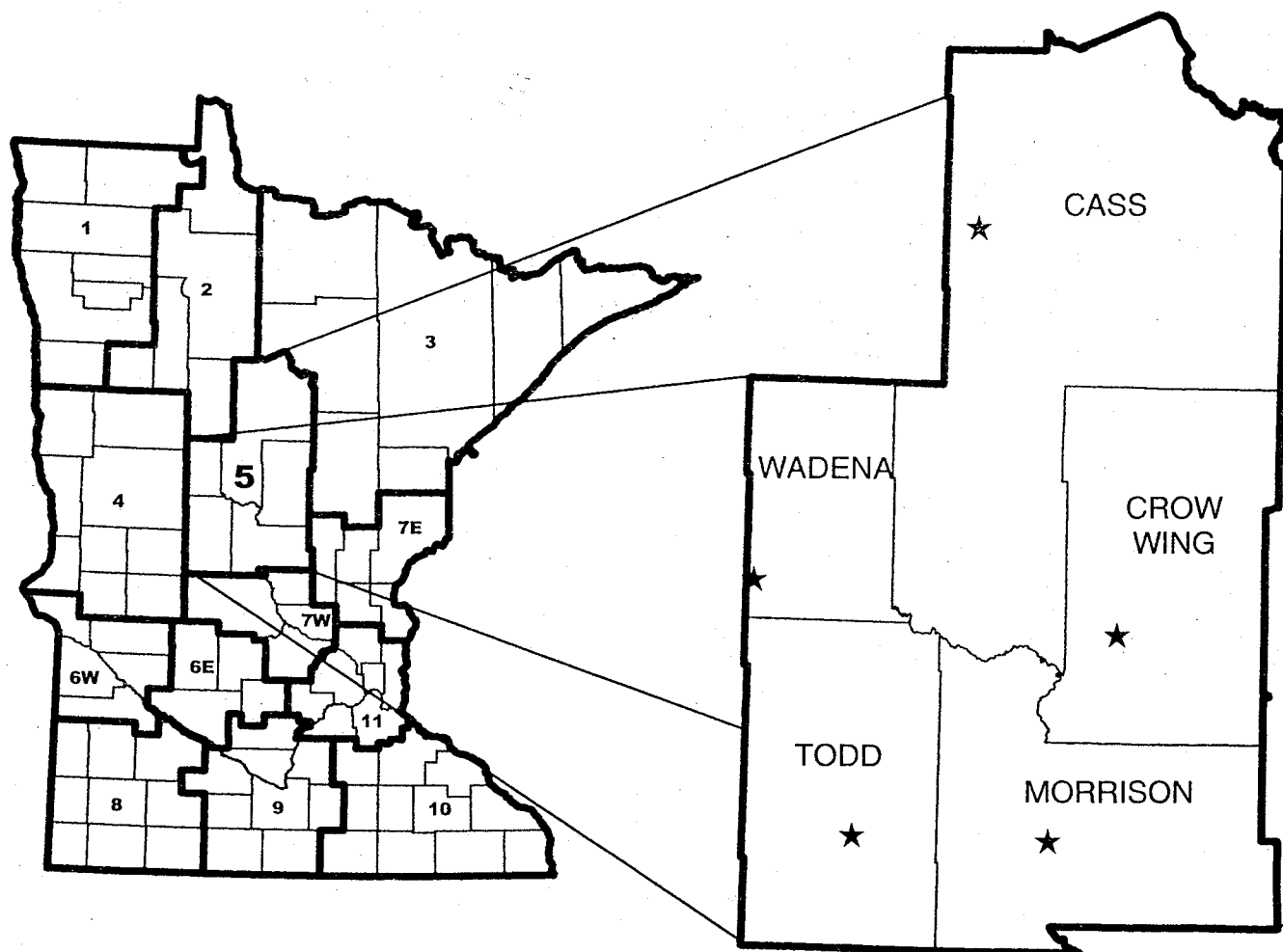


Region 5

Development Commission

Annual Report

JULY 1, 2002 - JUNE 30, 2003



Serving Local Communities in Cass, Crow Wing, Morrison, Todd & Wadena Counties

HT393
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R42x
2002/
2003

**Region 5 Development Commission
611 Iowa Avenue Northeast
Staples, Minnesota 56479
218-894-2222**

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Chairman's Report FY 2003

June 26, 2003

Fiscal year 2003 has most certainly been an interesting and extraordinary year for the Region 5 Development Commission. We have reorganized and added functions to the Commission in order to become more efficient and effective. The Commission objectives and focus may have changed, but our mission remains (to assist local communities in developing a sustainable and diversified economy, in developing cultural resources which contribute to the quality of rural life, and in developing plans for the protection and use of our natural and human resources).

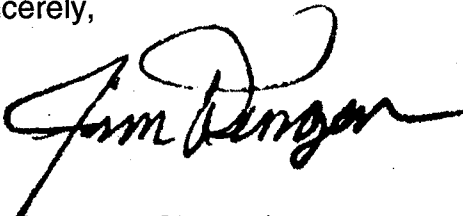
A few examples of our successes are:

1. Growth and progression of the Affordable Housing Program
2. The evolution of a Regional GIS Program
3. Significant increase in Community Development technical assistance
4. Big ticket awards for local units of government from EDA
5. Creation of a grant writing/new programs initiative
6. Focus on information and assistance through Senior Outreach Specialist

The Affordable Housing, Senior Services, Economic Development, Community Development, Geographic Information System and Transportation programs have significant momentum toward meeting targeted needs in the five counties, which we serve (Cass, Crow Wing, Morrison, Todd and Wadena). Change is inevitable and we will continue to remain diligent and flexible enough to embrace those changes and to proactively strive for excellence. We are hopeful that Region 5 is considered the "go to organization", one that gets the job done!

I am very pleased to report that the Region 5 Development Commission continues to provide prompt and exceptional service to local units of government and it's citizens. I am very proud of the contributions we have made to Central Minnesota.

Sincerely,



Jim Demgen, Chairman
Region 5 Development Commission

COMMISSION MEMBERSHIP
(As of June 30, 2003)

CASS COUNTY REPRESENTATIVES

Jim Demgen, East Gull Lake
Vacant
William Bliss, Longville

Board of Commissioners
Municipalities
Town Boards

CROW WING COUNTY REPRESENTATIVES

Gary Walters, Baxter
Harold Krause, Nisswa
Sharon Thurlow, Pequot Lakes

Board of Commissioners
Municipalities
Town Boards

MORRISON COUNTY REPRESENTATIVES

Tom Wenzel, Little Falls
Duane Johnson, Swanville
James Wielinski, Little Falls

Board of Commissioners
Municipalities
Town Boards

TODD COUNTY REPRESENTATIVES

Stan Sumey, Staples
DeWayne Hulke, Clarissa
Alan Perish, Browerville

Board of Commissioners
Municipalities
Town Boards

WADENA COUNTY REPRESENTATIVES

Mary Harrison, Sebeka
Wayne Wolden, Wadena
William Kern, Verndale

Board of Commissioners
Municipalities
Town Boards

CITY OF BRAINERD REPRESENTATIVE

Lucy Nesheim, Brainerd

City of Brainerd

COUNCIL OF GOVERNMENTS

Gene Young, Little Falls

Little Falls Area COG

REGION 5 SCHOOL BOARDS

Judith Taves, Wadena
Mark Haglin, Staples

School Board Representative
School Board Representative

LEECH LAKE TRIBAL COUNCIL

Vacant

Leech Lake Tribal Council

SPECIAL INTEREST GROUPS

Ted Winkels, Verndale

Soil & Water Conservation
District (SWCD)

Region 5 Development Commission



[Left to Right] Front: Lucy Nesheim, Judith Taves, Duane Johnson; Middle: Mary Harrison, Gene Young, Sharon Thurlow, Ted Winkels, DeWayne Hulke, Jim Demgen, Alan Perish, Gary Walters; Back: Bill Kern, Bill Bliss, Mark Haglin, Wayne Wolden, Harold Krause, Tom Wenzel, Stan Sumey; Not Pictured: Jim Wielinski.

BOARD OF DIRECTORS

(As of June 30, 2003)

Jim Demgen, Chairperson
Lucy Nesheim, Vice-Chairperson
Ted Winkels, Secretary
Jim Wielinski, Treasurer
William Bliss, Director
Stan Sumey, Director
William Kern, Director



Bliss, Winkels, Kern, Demgen, Nesheim, Sumey, Wielinski

STAFF

(As of June 30, 2003)

ADMINISTRATION

Robert Hutton, Executive Director
Ron Fox, Finance Officer
Crystal Riddle, Office Manager



Ron Fox

AREA AGENCY ON AGING

Sharon Notch, Senior Outreach Specialist
Kathie Phillips, Senior Outreach Specialist
Sandra Kruse, Senior Programs I & A Technician

COMMUNITY DEVELOPMENT

Timothy Schmidt, Community Development Director
Peggy Sammons, GIS Coordinator



Crystal Riddle

ECONOMIC DEVELOPMENT

Gail Leverson, Economic Development Director
Anne Hanson, Economic Development Assistant

HOUSING

William Higgs, Housing Coordinator

TRANSPORTATION

Roger Germann, Transportation Initiatives Director

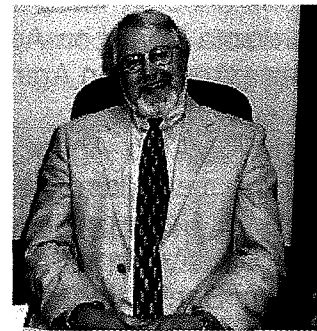
ADVISORY COUNCILS/TASK FORCES
(As of June 30, 2003)

<u>ECONOMIC DEVELOPMENT TASK FORCE</u>	<u>REPRESENTING</u>	<u>COUNTY</u>
Lucy Nesheim, City of Brainerd	Advisor	Region 5 DC
<u>COUNCIL ON AGING</u>	<u>REPRESENTING</u>	<u>COUNTY</u>
Ted Winkels, Verndale	Chairperson	Region 5 DC
Dee Anderson, Hackensack	Seniors	Cass County
Dorothy Svenvold, Pillager	Seniors	Cass County
Wayne Abell, Breezy Point	Seniors	Crow Wing County
Betty Czech, Royalton	Seniors	Morrison County
Maxine Gutormson, Swanville	Seniors	Morrison County
Martha Rach, Staples	Seniors	Todd County
Dorothy Berscheit, Grey Eagle	Seniors	Todd County
Rachel Schluttner, Verndale	Seniors	Wadena County
Dean Lalone, Sebeka	Seniors	Wadena County
Jamie Richter, Walker	Public Health	Region 5
Susan Mezzenga		Brainerd
<u>TRANSPORTATION COUNCIL</u>	<u>REPRESENTING</u>	<u>COUNTY</u>
Jim Wielinski, Little Falls	Region 5 ATP Representative	Morrison Co. Twps.
Dave Enblom, Walker	Co. Hwy. Engineer, ATP Rep.	Cass County
Duane Blanck, Brainerd	Co. Hwy. Engineer	Crow Wing County
Jeff Hulsether, Brainerd	City Engineer	Crow Wing County
Steve Backowski, Little Falls	Co. Hwy. Engineer	Morrison County
Jerry Lochner, Little Falls	City Services Mgr.	Morrison County
Duane Lorsung, Long Prairie	Co. Hwy. Engineer	Todd County
Russell Larson, Wadena	Co. Highway Engineer	Wadena County
Fred Martin, Akely	Region 5 Townships	Cass Co. Twps.
Steve Voss, Brainerd	District 3	MN/DOT
John Luce	Region Wide Aviation	Region 5 Area
Vacant	Region Wide Railroads	Region 5 Area
Bob Erdrich, Little Falls	Transit	Region 5 Area
Trevor Walter, Baxter	City Engineer	Crow Wing County
Tom Wenzel, Little Falls	Council Chairman	Morrison County
Ex-Officio Members:		
Kevin Howieson	District 3	MN/DOT

What R5DC is all about:

The Region 5 Development Commission (R5DC) is a political subdivision devoted to assisting local governments, development organizations, and community leaders in central Minnesota who are working to build and improve their communities.

The R5DC is responsive to its clients by providing high quality planning and development services to identify needs and develop strategies to find resources to carry out projects. The area served by the R5DC includes the counties Cass, Crow Wing, Morrison, Todd, and Wadena.



Robert Hutton

The MN Legislature through the Regional Development Act of 1969 established Regional Development Commissions. Research found that issues of growth and development transcended boundary lines of local government and that common solutions to local problems could be found by the pooling of resources through intergovernmental cooperation. The R5DC was formed in 1973 by local units of government in this spirit.

COORDINATION

REGION 5 LEGISLATIVE MEETINGS: The Counties of Cass, Crow Wing, Morrison, Todd and Wadena have enlisted the services of Region 5 to coordinate meetings between the five county boards and the area legislators. The purpose of the meetings is to share information and provide input on Region-wide concerns. These services include meeting notices, minutes and forwarding of resolutions and other concerns to state agencies and the legislature.

INFORMATIONAL SERVICES

The Region 5 Development Commission is a Regional Information Center for many types of information including, but not limited to, Management and Administration, Community Development, Economic Development, Transportation, Affordable Housing, GIS services, programs for seniors, and census data.

The information is available through various methods including a library, a computer modem linking Region 5 with state data banks, referrals, and quarterly newsletters published and distributed by Region 5.

Program Directors provide latest available planning technical information and expertise, to any requesting local government, in the area of Transportation, Community Development, Economic Development, Housing, GIS, and Aging issues.

PROGRAMS FOR OLDER PERSONS

The Minnesota Board on Aging has designated the Region 5 Development Commission as the official Area Agency on Aging for Cass, Crow Wing, Morrison, Todd, and Wadena Counties.

The Region 5 Area Agency on Aging (AAA) serves as an advocate, service developer and facilitator, educator, and information and funding source.

The Region 5 AAA provides information and assistance to older persons and their families through the Senior LinkAge Line®: 1-800-333-2433, technical assistance to agencies and units of government in the development of services for older persons, coordination of aging services, and demographics and needs data. As of January 1st 2003 the Senior LinkAge Line



Senior Surf

is being answered in St. Cloud. Region 5 AAA has Senior Outreach Specialists who provide one-on-one assistance in the areas of housing, in-home services, caregiver resources, Medicare, Social Security, prescription cost Assistance and other information and assistance needed.

Based on the priorities established by the Council on Aging, *Table 1* shows the services, which are currently being funded in 2003.

**TABLE 1
SERVICES PROJECTED FOR 2003**

<u>Services</u>	<u>Number of Units</u>
Congregate Meals	103,344 meals
Home Delivered Meals	<u>46,064</u> meals
	161,170
Health Assessment Screening	717 hours
Transportation	9,000 one-way trips
Legal Assistance/Ed-	1,523 hours
Chore	4,759 hours
Health Promotion	314 hours/sessions
Respite	321 hours
Caregiver Services	853 hours
Home Modification	13 hours
Friendly Visiting	263 hours
TOTAL	17,763

The activities of the Region 5 Area Agency on Aging are guided by a fifteen member Council on Aging. The Council on Aging is comprised of representatives for older persons and service providers. They develop policies and priorities, recommend action on contract/grant applications, and conduct the Annual Conference on Aging.



Kathie Phillips

The Region 5 Development Commission takes final action on major policy decisions, budget approvals, and contract/grant awards. The total project costs for the contract/grants awarded by the Region 5 Development Commission annually amount to approximately \$1.4 million. Table 2 identifies the type of funds used to finance a wide array of services.



Sharon Notch

**TABLE 2
FUNDS DISTRIBUTED IN 2003**

SERVICE	Federal Funds	USDA	State Funds	County Funds/ In-Kind	Private Funds/ In-Kind
Congregate Meals	247,254	63,294	100,811		112,786
HDM	131,285	53,917	31,608		170,312
Sub Total	378,539	117,211	132,419		283,098
Chore	58,975			46,935	
Transportation	10,000			150,221	
In Home Services	3,000			750	
Legal Cases/ED	30,000			30,215	
Health Assessment	17,531			22,253	
Respite	6,000			1,900	
Caregiver Services	81,640			27,213	
Friendly Visiting	2,000			1,900	
Home Modification	2,000			700	
Health Promotion	15,093			15,093	
Sub Total	226,239			297,180	
	604,778	117,211	132,419	297,180	283,098
GRAND TOTAL					



Sandra Kruse

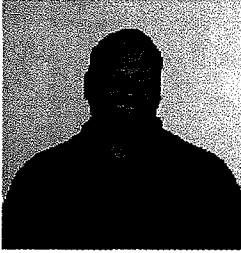
An annual Conference on Aging is sponsored by the Region 5 AAA to provide up-to-date information on aging issues as well as networking opportunities. Other trainings are provided by the AAA to update seniors and service providers on current issues and development such as Grandparents Raising Grandchildren and Caregivers.

Throughout CY 2003 the Senior Program Specialist assisted approximately 1077 individuals who were looking for services or assistance to help a senior remain independent. The highest topic areas

were prescription drugs, health insurance, transportation, nutrition, legal issues, housing, chore, respite, adult day care, caregiver support, home care, etc. In the beginning of 2003, Outreach Specialists were hired for Cass and Crow Wing Counties, and for Todd, Wadena and Morrison Counties. In helping assist seniors, Region 5 has trained volunteers that assist with prescription drug costs, Medicare, Social Security and other issues.

Quarterly, the Region 5 AAA draws together senior advocates, RSVP directors, Faith in Action, Coordinators on Aging, MN Senior Federation, Experience Works, Foster Grandparents, Senior Companions, etc. The purpose of these meetings is to share information, coordinate our activities, and form another necessary link between the AAA and the individual counties.

COMMUNITY DEVELOPMENT



Timothy Schmidt

The Community Development component of the Region 5 Development Commission provides technical assistance to local communities in comprehensive planning and ordinance development, as well as grant writing, conducting local and regional studies and reports, and providing U.S. Census data.

TECHNICAL ASSISTANCE

(The following Contracts/projects have been completed in FY03)

PROJECT NAME	STATUS
City of Randall Comprehensive Plan	Completed 7/02
City of Chickamaw Beach Comprehensive Plan	Completed 3/03
Center Township Comprehensive Plan	Completed 5/03
Todd County Development Impact Assessment Model	Completed 6/03
City of Randall Zoning Ordinance	Completed 6/03
Census Data TA provided to 29 communities/organizations	Ongoing
Prepared and submitted Pre-Disaster Mitigation grant	Completed 4/03

CURRENT PROJECTS FY03 TO BE CARRIED OVER TO FY04

(The following Contracts have been secured, and work performed in FY 03. These projects will be carried over to FY04)

PROJECT NAME	STATUS
Ripley Township Comprehensive Plan	Completion Summer 03
Hazard Mitigation Planning	Completion Summer 04
Morrison County Comprehensive Plan	Completion 6/04
Ideal Township Comprehensive Plan	Completion Winter 03
City of Royalton Comprehensive Plan	Completion March 04
City of Swanville Multi-component Project	Completion April 05

PROJECT PRIORITY LIST

(The Community Development program has also established a Project Priority List to manage future projects. The following local governments have contacted the Region 5 Development Commission in FY03 for project consider)

PROJECT NAME	STATUS
City of Cass Lake Zoning Ordinance	Pending
City of Chickamaw Beach Zoning Ordinance	Pending
City of Randall Ordinance Codification	Pending
Daggett Brook Township Comprehensive Plan	Pending
Loon Lake Township Comprehensive Plan	Pending

ECONOMIC DEVELOPMENT

The Economic Development Department of Region 5 serves as the federally designated Economic Development District of the region. This designation has enabled the Region 5 counties to receive federal grants through the Economic Development Administration in 2002. The Economic Development Department is staffed with one full-time and one part-time employee.



Gail Leverson

The annual Comprehensive Economic Development Strategy (CEDS) was completed in July of 2002. It was presented and approved by the five county boards. An annual Economic Development Survey was administered to counties and municipalities as part of the report preparation. An Industrial Park Survey was administered to all municipalities in Region 5 to identify infrastructure needs. The results were included in the 2002 CEDS report.

The Economic Development Department has been active in identifying and promoting regional projects for EDA funding. This office during FY03 has prepared three applications for EDA funding totaling \$822,000. The communities seeking assistance during the past fiscal year were Wadena, Little Falls and the Crow Wing County area. All of these projects were approved for federal funding. Little Falls will have a new industrial park, Wadena is building an incubator and Crow Wing County is doing a short-term planning project.

Network 5 meetings were held bi-monthly in various locations throughout Region 5. Brainerd, Long Prairie, Little Falls, Wadena and Staples each hosted meetings. Twenty to Forty participants attended each meeting. Speakers were provided at each meeting on topics such as wireless networking, tax abatement, bio-diesel power, USDA Farm Bill, telework and the Brainerd SBDC. We added an annual legislative meeting in December of 2002; four legislators attended. Organizations such as EDA, DTED and USDA have been represented at each Network 5 meeting as well as local economic development organizations and legislative representatives. These meetings have reinforced a strong economic development presence in Region 5 and they are essential to developing connections to funding organizations for the future of the region.

The ED Department administers the EDA regional revolving loan fund for the North Central Economic Development Association (NCEDA). The organization maintains a 501c(3) status and has its own full corporation and board of directors. The NCEDA Full Corporation met quarterly. The Full Corporation added an annual dinner meeting in March, with the election of officers. The NCEDA Board of Directors met 12 times. The corporation received 15 applications in FY03 for business financing and approved 13 loan projects thus far.



The first ten months information on the revolving loan fund was presented to all five county boards during the CEDS presentation. A survey of local loan funds was administered identifying financing resources. A quarterly newsletter, the *NCEDA Report*, was developed to distribute to lenders, NCEDA recipients and NCEDA board members. The newsletter was published in FY03.

The Individual Sewage Treatment System (ISTS) loan program continued in Cass, Crow Wing and Wadena Counties in FY03. It provides 3% interest loans for ISTS projects in these counties. Applications were made for this funding and loans were approved through the Minnesota Department of Agriculture.



Anne Hanson

The Region 5 Economic Development Department coordinated and prepared a DTED Small Cities Development Program application for the City of Menahga. The \$1.1 million project will provide water and sewer extensions and housing rehabilitation if it is approved.

REGIONAL TRANSPORTATION INITIATIVES PROGRAM

A variety of transportation planning activities took place during the FY2003. The variety included numerous local transportation issues solution assistance, modal development and funding processes, DOT-District ATP related program work, railroad corridor safety project assistance, Transportation Council staffing and facilitation, Region 5 internal program collaboration, and other related activities.



Roger Germann

DOT Grant Administration/Transportation Council/MnDOT ATP Activities

Staff monitored and completed quarterly reports and collaborated with DOT district personnel during the year. ATP activities took more staff time and coordination of processes between local road authorities and state and federal funding sources. Staff coordinated the Transportation Council's responsibility for reviewing FY2006 annual eligible federal project selection process, culminating in a well documented and RDC approved list of priority local projects.

Modal Transportation Activities

Transit (OT)

Staff monitored the Crow Wing County/City of Brainerd Transit Service Implementation. Staff continued monitoring the Morrison County Area Transit Service, and is monitoring the proposed Wadena County-wide Transit Application process. Cass and Todd County areas are inactive at this point. Staff continues monitoring a local transit service application process centered at Walker, Hackensack, Onigum (WHO). Staff provides process facilitation assistance to local governments on an "as requested" basis.

Staff participates as a funding/ranking reviewer of applications for Section 5310 public vehicles in the MnDOT District 3 area, and provided application assistance to existing or new applicants.

Freight, Rail, Waterways (OFRW)

(Corridor projects are partnerships of local road authorities, DOT-OFRW, and the Railroad) Staff is monitoring the Todd-Wadena County Area road crossing safety improvement project, which is beginning site projects. Staff is monitoring the Todd-Cass Corridor Railroad Crossing Safety Improvement project, which has been merged into the TH210 Road Corridor Improvement Project by DOT. Staff continues to assist local governments as requested along this latter corridor.

Local Road Authority Projects

Staff continuously links with local road authorities to provide technical or project assistance throughout the fiscal year. One ongoing program is township assistance in recording their public interest in existing town roads in county offices. Road system management concerns are assisted with draft or sample policies/ordinances customized to deal with local issues or concerns.

Inter-Regional / State-Wide Transportation Activities

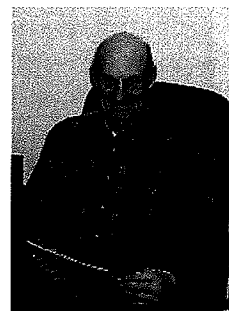
Staff participates with other RDC (MRDO members) Transportation Program activities through communications and quarterly planner meetings held throughout the state.

Staff works with statewide local government Associations, particularly with the attorney staff at the Minnesota Association of Townships.

Staff has been honored a 2nd year to be the state MAT Annual Scholarship Award Recipient Selection Committee Chair. This year the association is awarded four scholarships.

HOUSING

In 2001, the Region 5 Development Commission obtained a loan from Minnesota Housing Finance Agency of \$420,000 to be repaid by June 1, 2003. In February 2003, we applied for a \$480,000 loan for the spring grant round. We talked with the MN Housing Finance Agency and negotiated an agreement. Whereas we would withdraw our loan application for the \$480,000 and we would be able to use the \$420,000 funds until January 1, 2005. With the shortage of State funds I think we came out very well overall.



Bill Higgs

During FY03, two homes have been completed and sold in Brainerd. One house has been completed and sold in Clarissa. We are now building 2 houses in Randall and the Verndale High School students are building a home in Verndale. We have two lots in Clarissa and two lots in Brainerd to build on next.

Region 5 Housing is continuing to look for new grants and loans to help our communities to obtain affordable housing where needed.



House Built with Attached Garage



House Built with Detached Garage

GEOGRAPHIC INFORMATION SYSTEM



Peggy Sammons

The GIS Program actually started in June 2002 (FY2002) when the GIS Coordinator was hired. The start up funding was provided through two grants from the federal Economic Development Administration and the Central Minnesota Initiative Foundation. A request for proposal (RFP) was researched, written, and distributed. Through the RFP process, the Region 5 Development Commission acquired GIS software and hardware in September and October of 2002.

The need for the GIS Program is evident by the number of projects that continue to be presented from every program of Region 5 as well as requests now coming in strictly for GIS technical assistance projects.

For the Area Agency on Aging, the GIS program has provided location maps for volunteers when presenting to groups, to show the location of surrounding communities. The equipment purchased through the GIS start-up funds was also used to prepare marketing and informational material distribution.

In the Community Development program, the GIS program assisted in providing mapping products for the Chickamaw Beach Comprehensive Plan, City of Randall Comprehensive Plan, the Center Township Comprehensive Plan, and the City of Randall Zoning Ordinance Re-Write.

In the Economic Development program, the GIS program provided the mapping products for the 2003 Comprehensive Economic Development Strategy (CEDS) Report, the Department of Trade and Economic Development Small Cities Infrastructure Grant application for the City of Menahga and the Economic Development Administration Grant application for an industrial park for the City of Little Falls.

In the Housing program, the GIS equipment has been used to make copies of house plans to be used for planning purposes, to scan and reprint lot maps in the requested scale, and to print brochures to be used for marketing purposes. The GIS program also provided location maps for the Open House in the City of Pillager.

In the Transportation program, the GIS program has provided mapping products for the Pike Creek Township Road Recording and the Scandia Valley Township Road Recording.

In conjunction with overall agency information, the GIS program was marketed, via PowerPoint presentation, to County Boards and Associations of Townships.

The LCD overhead projector has been the most useful piece of equipment that was invested in. It has increased the Region 5 Development Commission's ability to visually present our information to the local units of government.

On a regional basis, the GIS Coordinator has compiled an email list of Region 5 GIS users. Information that comes into the office that pertains to GIS is sent out via the email list. Email is also used to answer miscellaneous questions about software or hardware specifications of hardware that was found useful.

With a successful implementation of GIS internally at Region 5, the news of the products that can be produced is getting out. Quotes for services have been requested for parcel mapping, park inventories, and base mapping.

EXHIBIT M

Region 5 Development Commission					
Fiscal Year 2004					
					05/28/03
Expenditure Comparison					
Current FY03 and Estimated FY04					
Expenditures			2003	2004	Difference
			Approved Budget	Proposed Budget	
Salaries			284,989	267,673	(17,316)
Fringe Benefits @	32.510%	30.1214%	92,682	80,624	(12,058)
Subtotal Personnel			377,671	348,297	(29,374)
Audit and Legal			0	9,000	9,000
Books, Reports & Memberships			5,532	2,875	(2,657)
Commission Benefits			1,600	0	(1,600)
Commission Per Diem			18,900	18,000	(900)
Commission Travel			8,750	3,500	(5,250)
Compensatory Time			6,200	0	(6,200)
Consultant Travel			450	3,600	3,150
Consultants/Mentor/etc.			33,000	7,000	(26,000)
Council Travel			3,150	0	(3,150)
Depreciation			0	0	0
Equipment			91,685	6,500	(85,185)
Insurance - Office			5,281	106	(5,175)
Lease-Office Equipment			0	0	0
Maintenance - Equipment			645	0	(645)
Match Rev Pd to other Agencies			0	37,571	37,571
Miscellaneous Expense			7,920	7,650	(270)
Postage			1,850	0	(1,850)
Rent			6,067	7,781	1,714
Reproduction and Printing			5,603	0	(5,603)
Staff Car Usage			3,450	2,988	(462)
Staff Travel			29,012	28,601	(411)
Supplies			1,370	876	(494)
Supplies - Computer			0	3,350	3,350
Telephone			600	600	0
Unemployment Compensation			0	6,000	6,000
Workshops/Conferences			745	9,487	8,742
Subtotal Direct Costs			609,481	503,782	(105,699)
In-Kind			1,400	0	(1,400)
Total Direct Costs			610,881	503,782	(107,099)
Indirect Costs @	47.071%	61.2824%	177,775	213,445	35,670
Subtotal Program Expenses			788,656	717,227	(71,429)
MHFA Housing Construction			0	761,400	761,400
Aging Direct in lieu of indirect				(27,631)	(27,631)
Total Program Expenses			788,656	1,450,996	662,340
Direct Granting Assistance					
Area Agency on Aging			1,292,153	0	(1,292,153)
ISTS /MDA Sewer Loans			200,000	0	(200,000)
MHFA (Housing Program)			420,000	0	(420,000)
Subtotal Granting Assistance			1,912,153	0	(1,912,153)
TOTAL R5 AGENCY BUDGET			2,700,809	1,450,996	(1,249,813)
Excess Revenues Over (Under) Expenditures			(22,649)	99,015	121,664
Fund Balance Proj. 7/1/02 & Proj. 7/1/03			171,901	149,252	(22,649)
Fund Balance Proj. 6/30/03 & Proj. 6/30/04			149,252	248,267	99,015

EXHIBIT L

Region 5 Development Commission Fiscal Year 2004			
			05/28/03
Revenue Comparison Current FY03 and Estimated FY04			
Revenues	2003 Approved Budget	2004 Proposed Budget	Difference
Deposit Interest & Miscellaneous Income	11,000	2,250	(8,750)
EDA Planning	141,117	69,334	(71,783)
Foundations and Other Agencies	62,500	12,500	(50,000)
In-Kind	1,400	0	(1,400)
Loan Interest & Fee Income	0	6,225	6,225
Local Levy	210,910	217,000	6,090
Matching Revenues	0	750	750
MBA/AAA Grants & Administration	53,831	0	(53,831)
MN Board on Aging Administration	109,781	53,635	
MN Department of Transportation	50,000	50,000	0
North Central EDA, Inc.	66,167	42,250	(23,917)
Region 5 I & A Grant (AAA)	40,301	0	(40,301)
Special Project Contracts	0	17,850	17,850
State Tax Supplement for Homestead & Mkt Value Credits	0	24,000	
Technical Assistance	19,000	250,769	231,769
			0
Subtotal Program Revenues	766,007	746,563	(19,444)
Housing Project Sales	0	800,000	800,000
Total Program Revenues			
Direct Granting Assistance			
Area Agency on Aging	1,292,153	0	(1,292,153)
Housing Construction	420,000	0	(420,000)
ISTS - MDA Sewer Grants	200,000	0	(200,000)
	0	0	0
Subtotal Granting Assistance	1,912,153	0	(1,912,153)
TOTAL AGENCY REVENUES	2,678,160	1,546,563	(1,131,597)

Miller, McDonald, Erickson & Moller, Ltd.
CERTIFIED PUBLIC ACCOUNTANTS
MEMBER, AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
 513 BELTRAMI AVENUE, P.O. BOX 486
 BEMIDJI, MINNESOTA 56601

GLEN T. LINDSETH, C.P.A.
 DAVID J. MANS, C.P.A.
 DON S. HOFFMANN, C.P.A.
 DAVID J. CRONIN, C.P.A.

(218) 751-6300
 FAX # (218) 751-0782
 e-mail: mmem@paulbunyan.net
<http://www.mmemcpa.com>

SANDY K. NELSON, C.P.A.
 DONALD W. ZIERKE, C.P.A.
 KEVIN D. ONSTAD, C.P.A.
 JEFFREY T. HAUKEBO, C.P.A.

INDEPENDENT AUDITORS' REPORT

**The Board of Directors
 Region 5 Development Commission
 Staples, Minnesota**

We have audited the accompanying general purpose financial statements of the Region 5 Development Commission, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Region 5 Development Commission's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Region 5 Development Commission, as of June 30, 2002, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated March 24, 2003, on our consideration of the Region 5 Development Commission's internal control over financial reporting and a report dated March 24, 2003, on its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements of Region 5 Development Commission taken as a whole. The individual fund statement and supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Region 5 Development Commission. The accompanying schedule of expenditures of federal awards is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Moller, McDonald, Erickson & Moller, LTD.

March 24, 2003
Bemidji, Minnesota

Miller, McDonald, Erickson & Moller, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS
MEMBER, AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

513 BELTRAMI AVENUE, P.O. BOX 486
BEMIDJI, MINNESOTA 56601
(218) 751-6300

FAX # (218) 751-0782

e-mail: mmem@paulbunyan.net
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF
THE GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH THE MINNESOTA LEGAL COMPLIANCE
AUDIT GUIDE FOR LOCAL GOVERNMENT**

The Board of Directors
Region 5 Development Commission
Staples, Minnesota

We have audited the general purpose financial statements of the Region 5 Development Commission, as of and for the year ended June 30, 2001 and have issued our report thereon dated December 5, 2002.

We conducted our audit in accordance with generally accepted auditing standards and the provisions of the Minnesota Legal Compliance Audit Guide for Local Governments, promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Sec. 6.65.

The Minnesota Legal Compliance Audit Guide for Local Governments covers five main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, and claims and disbursements. Our study included all of the listed categories.

The results of our test indicate that for the items tested, the Region 5 Development Commission complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the use of the Region 5 Development Commission and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Miller, McDonald, Erickson & Moller, Ltd.

December 5, 2002
Bemidji, Minnesota

Acronym List

AAA	Area Agency on Aging
ATP	Area Transportation Partnership
CEDS	Comprehensive Economic Development Strategy
COG	Council of Governments
CY	calendar year
DOT	Department of Transportation
DTED	Department of Trade & Economic Development
ED	Economic Development
EDA	Economic Development Administration
FY	fiscal year
GIS	Geographic Information Systems
I & A	Information & Assistance
ISTS	Individual Sewage Treatment System
LCD	liquid crystal display
MAT	Minnesota Association of Townships
MN/DOT	Minnesota Department of Transportation
MnDOT	Minnesota Department of Transportation
MRDO	Minnesota Regional Development Organizations
NCEDA	North Central Economic Development Association
OFRW	Office of Freight, Rail, & Waterways (Division of MnDOT)
OT	Office of Transit (Division of MnDOT)
R5DC	Region 5 Development Commission
RDC	Regional Development Commission
RFP	request for proposal
RSVP	Retired Senior Volunteer Program
SBDC	Small Business Development Center (Central Lakes College/Brainerd)
SWCD	Soil & Water Conservation District
TA	technical assistance
TH	trunk highway
USDA	United States Department of Agriculture
WHO	Walker, Hackensack, Onigum (regarding Transit)
