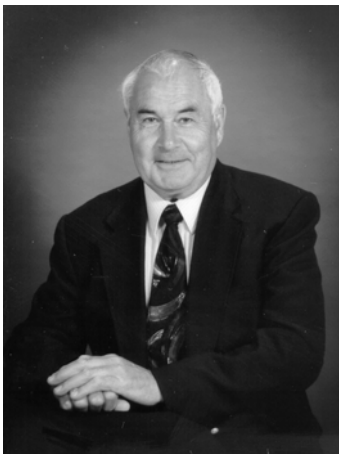


*“The best way to predict the future is to create it.”*

**Highlights of this report:**

- Organizations Demand More of Themselves — Page 2
- Hazard Mitigation Planning Near Completion — Page 3
- City and Townships Find New Ways to Manage Growth Together — Page 4
- Housing Subsidiary Develops Subdivision — Page 5
- JOBZ Tool in Place — Page 6
- Knowledge Cluster Concept Holds Great Potential — Page 6



Quentin Fairbanks, HRDC Chairman

# HRDC 2004 Annual Report

## Community Stewards Emerge through Bemidji Leads!

Since the kick-off in October 2003, Bemidji Leads! has created quite a stir in the Bemidji community and throughout the Region. In Bemidji, people are energized. New and exciting projects are starting, and a group of community stewards, led by Jim Bensen, has stepped to the plate to help this community forge ahead.



What is a steward? The Alliance for Regional Stewardship defines it well: *“Stewards are more than leaders. Stewards are special leaders who cross boundaries, take an integrated approach, and build coalitions for action. They have 360 degree vision, recognizing the interdependencies between the economy, the environment and social equity. Stewards operate at the center of tough issues, not on the edges. They are risk-takers. They are passionate and energetic. They are people of vision.”*

The goal of Bemidji Leads! is simple, yet bold: Identify Bemidji’s destiny before someone else does. The HRDC believes the Bemidji community needs to come together, dream together,

*(See **Community Stewards** continued on page 6)*

## Chairman’s Letter

I would like to take this opportunity to personally thank and honor the HRDC board members, who, by their demonstrated commitment and example, inspire others to engage in volunteer service. This is a group of modest folks who have faithfully attended and courageously participated in meetings to make the Headwaters Region a better place to live.

Recognizing and honoring volunteers sets a standard of service to others. It encourages a sustained commitment to civic participation and inspires others to make volunteering a central part of their lives. HRDC board members know and do not meddle in the management of the organization. The function of the staff is to implement the vision and bring the strategy into operation. Staff members can deliver invaluable critiques of the existing vision, based on their day-to-day frontline experience working with critical stakeholders. Reflection and questioning, reframing and reassessing are key responsibilities of the governance function. Therefore, a board performing that function can challenge the administration’s vision, ask whether it is in

alignment with the environment, assess the risks implicit in it and obtain assurances that the staff is implementing it effectively.

No governance is being performed if the board merely rubber stamps old ideas and programs. The sad outcome is an organization that risks being limited by an outdated view of the world, blind to events happening in it.

The HRDC is a multi-county development organization that provides the catalyst for strategic planning in the Region. In addition to planning, the HRDC sponsors many programs, including services for communities, their citizens, and businesses. The organization is well equipped to help the Headwaters Region because the board of directors provides the critical mass of expertise needed at the local level. Because the board is flexible, our Region has become more creative in seeking innovative solutions to local problems.

The HRDC functions as a laboratory of new ways of governing. Many thanks to the board . . . It’s long overdue. I take my hat off to each and every board member.

## *Building Organizational and Community Capacity*

### Organizations and Communities Demand More of Themselves

*"As we tell organizations that we help, the best ones are always those toughest on themselves."*

#### **Hint for Aspiring Stewards:**

*How do smart communities make progress for a better future? In addition to the references cited after the lead article, check out Smart Communities by Suzanne Morse of the Pew Partnership for Civic Change. Great look, great ideas.*

*"Stewards are more than leaders. Stewards are special leaders who cross boundaries, take an integrated approach, and build coalitions for action. They have **360 degree vision**, recognizing the interdependencies between the economy, the environment and social equity. Stewards operate at the center of tough issues, not on the edges. They are risk-takers. They are passionate and energetic. They are people of vision."*

It does our heart good to see organizations and communities that are not satisfied with the status quo. As we tell organizations that we help, the best ones are always those toughest on themselves.

Who were some of these over the past year, and what did we help them with?

- Bemidji and Beltrami County explored ways to collaborate on shared priorities.
- The Bemidji Area Council of Non-Profits (BACN) charted a new course.
- The Leech Lake Reservation Business Corporation laid a foundation for continued improvement.
- The American Indian Resource Center (AIRC) at BSU defined its future direction.

- The Minnesota Board of Water and Soil Resources altered a statewide service delivery program.
- Supervisors of SWCD's were challenged to aspire to excellence.

Do these activities better position the Headwaters Region for future success? You bet. Organizational improvement and enhanced strategic focus both contribute to organization effectiveness.

But that's not all — the HRDC is also committed to helping communities think differently about how to organize for success. These initiatives are summarized in the lead article in this report.

### From The Executive Director

— *Cliff Tweedale*

*What is it going to take for the Headwaters Region and its communities to be successful? What are the barriers we need to confront? And what, if anything, is the HRDC going to do about it?* These are the fundamental questions that this organization keeps asking itself as it goes about its business.

Our goal is a successful region, and our approach has had two parts: to help our customers solve today's problems, and take advantage of tomorrow's opportunities. You will find plenty of both here: we have our loan funds in countless businesses, are broadening our geographic reach with the houses we build, and have helped communities solve some of their most pressing problems.

But as our lead article suggests, these initiatives alone will not lead us to the promised land. Rather, success will be found only if we find ways to come to collective agreement on a shared vision, and develop ways for our communities to sustain civic effort. We are convinced that Stewards (see sidebar), working together, can be an effective response to the latter (see lead article). Bemidji Leads! and other initiatives percolating up throughout our Region, hold much promise.

How do we encourage and support these efforts? To paraphrase Suzanne Morse of the Pew Partnership for Civic Change, the HRDC can act as "irritant—the grain of sand that

helps change the habits, attitudes and practices that become embedded in a community." We can also staff these efforts (with the financial support of forward-thinking organizations like the Northwest Minnesota Foundation). Our ultimate aim is to be Stewards of the Headwaters Region — an organization committed to the long-term well-being of the Region, at the center of tough issues, taking risks, and building coalitions for action.

\* \* \* \* \*

One last comment on this annual report: This is a slightly revised, printable version, accessible from our web site home page ([www.hrhc.org](http://www.hrhc.org)) of our web-based annual report. While traditional reports have their scope, content and approach defined by print technology, our web version is different. Web technology has freed us from many previous constraints, and can therefore allow us to reinvent the tool.

The web version of our annual report not only provides you with a snapshot of our work, but is a forum to advance our principle mission — to help our Region be successful. We will do that by connecting you with other people, information and tools, and by encouraging an exchange of information between us and you.

We hope you find this change intriguing and challenging — go to our web version to let me know what you think!

## *Managing Our Resources*

### Bemidji Outdoors! Initiative Takes Shape

Inspired by the tremendous number of outdoor resources in the area, a group of outdoor education and recreation providers came together to see if there was a way to collaborate on common issues. With planning assistance from the HRDC, financed by the Northwest Minnesota Foundation and local partners, the group soon grew to include over a dozen different organizations.



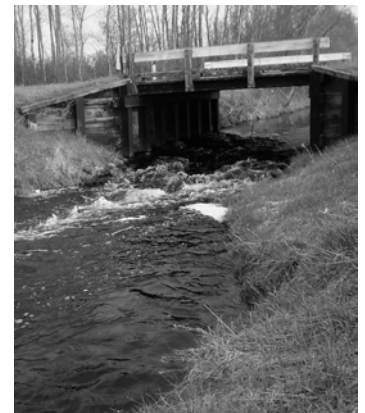
Their vision is to create a community identity that supports a sustainable relationship with the environment. Through the work of *Bemidji Outdoors!*, the people who live, work, and vacation in the Bemidji area are able to easily find and access outdoor opportunities, and do so more often. The objectives of their work program are to: develop the organization and attract new partners; attract users to the variety of outdoor recreation opportunities in the area; and collect and develop the area's recreation resources into a web site that helps users find the types of activities they desire.

### Lake of the Woods Makes Commitment to Improve Drainage Planning

With the valuable help of a citizen's advisory committee, Lake of the Woods County has been working on developing a management plan for its extensive drainage ditch system. Led by the County Highway Department, the HRDC provided assistance in developing a GIS inventory, identifying

the high priority systems, and creating a management framework for improvement and maintenance.

Over the summer the advisory committee will finalize the details of the plan, with final approval by the County Board to follow.



*Lake of the Woods County is exploring its options for upgrading and maintaining its extensive ditch system.*

### Hazard Mitigation Planning Advances

At the direction of the Federal Emergency Management Agency, counties are required to complete an All-Hazard Mitigation Plan. The objective of the plan is to minimize the human and structural impacts of a major disaster by improving preparation and prevention. Completing the plan will open the door for federal assistance on local projects that are designed to reduce the impacts of future disasters.

Central to each county's plan is the identification of the key hazards and their

associated impacts. Using an initial assessment of potential hazards, a technical committee in each county chose the most probable hazards in different sections of their county. The committees then developed a list of locally acceptable strategies for implementation. Public open houses and adoption by local governments will conclude the planning process later this summer.

#### *Other Activities*

- *Facilitated strategic planning for the new Beltrami County Lakes and Rivers Association.*
- *Provided technical and planning assistance for the Lake Country Scenic Byway Resource Enhancement Project.*
- *Completed a study of the supply of and demand for aggregate resources on and near the Chippewa National Forest.*
- *Began a natural resources planning process for Beltrami County.*
- *Completed the Clearwater County Comprehensive Local Water Plan.*



*“Working with the HRDC has been very positive. The working relationship that has developed between the City of Bemidji and this organization from grant writing, to housing and community development is always of the most professional level. Currently we are working with the two adjoining townships to develop a growth management strategy that redefines ‘out of the box’ cooperation. This is a terrific group to work with.*

— Richard Lehmann, Mayor, City of Bemidji  
E-mail: rrllehmann@charter.net

### Other HHDC Activities

- Sold five homes built by the school programs during the 2002-2003 school year.
- Built four homes with the school programs.
- Started a new building program with the NW Technical College and built one house.
- Applied for and received funding from MHFA for programs in Blackduck and Park Rapids. For more information, go to [www.hrhc.org/HHDC.htm](http://www.hrhc.org/HHDC.htm).

## Improving Infrastructure and Communities

### Bemidji, Townships Join Forces to Improve Growth Management and Service Delivery

One plan, one ordinance for a regional center city and surrounding two townships? Extension of city services to township land prior to any annexation? Major shifting of jurisdiction boundaries, resulting in a larger city?

If this scenario was described a year ago to the City of Bemidji, and Northern and Bemidji Townships, they would have laughed us out of the room. “Too big, too bold,” they would have said. “Can’t be done, too much animosity,” would have been another comment.

Well, these three jurisdictions, with the help of HRDC staff over a year, are right at the door of this historic effort to improve growth management and service delivery in the area. A task force of 12 members — four from each jurisdiction — studied the efforts of other communities, educated themselves about the tools available, and, most importantly, worked hard to develop relationships between themselves, and delivered a detailed framework that will benefit the entire community over the long run.

The effort was borne out of the collective frustration of all jurisdictions concerning the way decisions were made on growth-related issues. Fights over zoning, sewer and water, and annexation created a climate that was not conducive to doing “the right thing” for the community. Agreement on a different way to collectively accomplish the work of the public was needed.

This effort was the first funded by the Northwest Minnesota Foundation under its new strategic plan. It would be an understatement to say that these jurisdictions set the bar high for future growth management efforts in the area.

Ken Howe, Bemidji Township Chair, put it this way: “I believe this initiative will result in a better ‘Greater Bemidji’ community for all constituents. Removing the existing barriers between the governing entities will allow us to focus our energies on cooperation rather than conflict and allow us to approach growth management planning and implementation in a more unified way.” (khowe@paulbunyan.net)

### Beltrami County HRA Provides Down Payment Assistance

For the past 18 months, the Beltrami County Housing and Redevelopment Authority has been a partner organization of the HRDC. One significant result of this partnership has been the provision of down payment assistance on a countywide basis. The initial down payment program assisted 35 households throughout the county to purchase new single family houses. The HRA plans to help

five additional families in northwest Beltrami County with Con-Con funds provided by Beltrami County. The HRA has also created a new down payment program with local lenders. This new Entry Cost Home Ownership (ECHO) Program is expected to be available in the fall of 2004 and will help at least 30 families with children to become home owners.

### CN Rail Safety Improvements Recommended

A technical advisory committee, made up of local transportation staff, MN/DOT staff, and Canadian National Railroad officials worked for nearly a year to develop a safety improvement plan for the CN line through Lake of the Woods and Roseau Counties. The process included an inspection of each of 45 crossings, a number of committee meetings to propose improvements, and public meetings to discuss the proposals.

Overall, the improvements recommended in the plan will provide a safer transportation system for local residents. All high speed,

high volume rail lines in the state are scheduled to have a similar process completed over the next few years.



## Improving Infrastructure and Communities

### New Subdivision Development Underway!

Success! After several years of planning, the Headwaters Housing Development Corporation (HHDC), a non-profit subsidiary of the HRDC, has begun construction of infrastructure in the Lincoln South Development. The development, which was purchased by the HHDC with grant funds from the Minnesota Housing Finance Agency, is a ten acre site platted for 33 building lots which will be used in the construction of affordable, single family homes by the Northwest Technical College.

The City of Bemidji provided 0% loan funds that will be used for engineering and design work, site preparation and grading, and construction of the sanitary sewer, water and storm water systems, curb and gutter, and streets. The installation of utilities will be done by local utility companies. All construction will be completed in early July. The loan funds will be repaid to the City as each house is built and sold. The homes will be sold to working families. Thank you, Bemidji!

### HRDC Helps Obtain Affordable Mortgage Financing

All five counties in the Region requested an allocation of low interest mortgage funds through the Minnesota Housing Finance Agency's Minnesota City Participation Program. The total 2004 allocation was \$1,160,348, and \$989,800 was already committed as of mid-June. Additional funds may be available this fall in high use areas as remaining resources are reassigned into a statewide pool.

Lenders in the Bemidji area and Park Rapids have also obtained low interest

mortgage funds through the Community Action Set Aside program, also administered by MHFA. Bemidji area lenders received \$2.1 million, while Park Rapids lenders received \$1 million. Those funds were awarded to support local housing initiatives. Almost \$600,000 has already been committed from the Bemidji area pool. The Park Rapids initiative has just begun.

### Blackduck and Bemidji Community Development Projects Completed

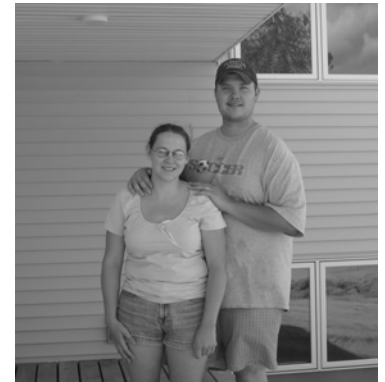
The HRDC assisted Blackduck and Bemidji administer Small Cities Development Program grants. Blackduck successfully completed construction of a new water treatment facility as part of an overall water system upgrade. Bemidji completed the renovation of a residential neighborhood including rehabilitation of 15 substandard houses and development of several new affordable houses. Two communities, getting better — congratulations!



### MN/DOT Long Range Planning

The HRDC has been helping MN/DOT's Northwest District with the development of its long-range plan. Building upon the statewide plan, the District effort will measure the performance of the area's transportation system and quantify the potential costs for the 2008-2030 time period. The planning process began in October 2003 and will conclude in November 2004.

In the spring of 2004, the HRDC helped MN/DOT hold focus groups in each county, listening to the public's comments about transportation. Participants provided detailed comments about the condition of the Region's transportation system, as well as guidance to MN/DOT about prioritizing the policies laid out in the statewide plan. Follow-up public meetings to review the draft plan will be held this fall.



*With the help of the HHDC, the Beltrami County HRA, and others, we were able to get our family into a new home for almost \$100 less each month than we paid in rent."*

*— New homeowners in the Lincoln South development*

### Other HRDC Community Improvement Activities

- Assisted the City of Leonard with permanent addressing.
- Analyzed household survey for the City of Gonvick.
- Helped the City of Kelliher complete a market analysis for a new assisted living facility in the community.
- Helped the City of Waubun discuss community development needs and some possible solutions.
- Helped the City of Gonvick consider options for the reuse of a vacant school building.
- Provided assistance to the City of Bemidji in discussion of parkland dedication, tree preservation and open space.
- Helped Blackduck develop criteria for use of its revolving loan fund to support housing activities.
- Began collaboration to create a multi-jurisdictional trail around Lake Bemidji.

## *Improving the Economy*

### Regional Knowledge Cluster Project Moving Forward

*"Northwest Minnesota appears to have a competitive advantage in the knowledge and skill area of applied engineering and manufacturing. The HRDC and its partners will be working hard over the next year to build on this advantage to improve the economy of the Region."*

Does Northwest Minnesota have a competitive advantage in any knowledge and skill area? For the past year, the HRDC has been working in close partnership with the Northwest Minnesota Foundation (NMF), the Northwest Technical College (NTC) and the Minnesota Department of Employment and Economic Development (DEED) to answer just this question.

Phase I of the project focused on examining the existing and emerging knowledge clusters that drive innovative growth in Northwest Minnesota, assessing the economic intermediaries and institutions that support them, identifying potential supply-chain opportunities in the Region, building interest and participation among the various groups that will be needed to advance the project, and bringing together business and economic institutions to concur on a set of strategies for knowledge cluster development. The partners did background research, completed extensive industry interviews and worked hard to build partnerships throughout the Region around the concept.

It became clear that the Region did have a cluster of knowledge in the area of applied engineering and manufacturing. The area has a number of people working in the field already, it is a growing need among the Region's industries, and the need crosses all industries, including recreational vehicles, value-added agriculture and wood products.

Phase II of the project involves the development of specific action plans to capitalize on the Region's knowledge cluster. Action teams have been formed in the areas of innovation, education and training, marketing and business development.

The HRDC would like to thank its close partners on this project. NMF, NTC and DEED are part of an outstanding core team. Also, a special thanks goes out to all those involved in the action teams, including representatives of industries, higher educational institutions, and economic development organizations.



*"Bemidji has to choose its destiny or someone else will," states Jim Bensen, Chair of the Bemidji Leads! Stewards. "The Bemidji Leads! stewards are a group of leaders passionate about helping Bemidji to define its destiny, then working tirelessly to get there. I am proud of this group and all it has already accomplished."*

*(Community Stewards continued from page 1)*

and create a future of promise. Bemidji needs to strategically identify where it needs to be in ten years, and how it will get there . . . together. Bemidji Leads! is about generating excitement, encouraging and nurturing key community efforts, and, most of all, charting the course to a successful future.

Like all communities, Bemidji is blessed with an abundance of stewards — people who not only care about the community, but are willing to take action. Bemidji's stewards are taking action. There are people planting trees throughout the community; expanding Bemidji's wonderful outdoor recreation opportunities and trails. They are looking at making Bemidji a centerpiece learning community and looking at the downtown in a new and exciting way. Bemidji stewards are looking at the future, determining how our economy can grow and create opportunities. Over 200 people in the Bemidji area are already acting in some way within the context of Bemidji Leads! to move Bemidji forward.

The HRDC believes other communities can learn from Bemidji Leads! Learn what?:

- Communities can be successful only through collective, sustained, strategic effort. *Collective:* Communities can afford to have only one strategic direction. *Strategic:* It doesn't make any difference how fast you are climbing if your ladder is on the wrong wall! *Sustained:* There are no short-term solutions to our long-term challenges.
- The only way you create and sustain the civic effort necessary to succeed is through the emergence of community stewards ready and willing to act passionately on the community's behalf.

The HRDC is ready to help communities move forward in creating a better future. We are committed to work in support of stewards groups focused on making a difference in their communities. Contact Dave Hengel to learn about Bemidji Leads!, community stewardship and how the HRDC is mobilized for action.

## Improving the Economy

### Business Development/Loan Fund Activities

Low interest rates, coupled with a slow-down in the economy, resulted in less loan activity over the past fiscal year than in past years. In the past couple of weeks, however, inquiries have increased with rumors of rising interest rates, and as more businesses explore expansion opportunities with JOBZ tax benefits. The Headwaters Regional Finance Corporation (HRFC—a non-profit subsidiary of the HRDC) has an asset base of \$3.7 million.

Over the past year we worked with the Northwest Minnesota Foundation, the Northwest Small Business Development Center, and the Minnesota Women's Business Center to reach

out to our communities by scheduling Business Outreach meetings in various locations. As a result of these meetings, the Small Business Development Center has scheduled specific times in several communities to provide more accessible service to residents in the Region.

We are also actively involved in a Regional Economic Developers organization and a Business Development Network. Both organizations provide opportunities for networking and collaborating with other agencies to ensure a more seamless delivery of business services for the Region.

Currently, the HRFC's loan funds are spread throughout the Region as follows:

<i>Beltrami County</i>	
<i>Northern Beltrami</i>	9%
<i>Southern Beltrami</i>	33%
<i>Clearwater County</i>	14%
<i>Hubbard County</i>	12%
<i>Lake of the Woods County</i>	14%
<i>Mahnomen County</i>	18%

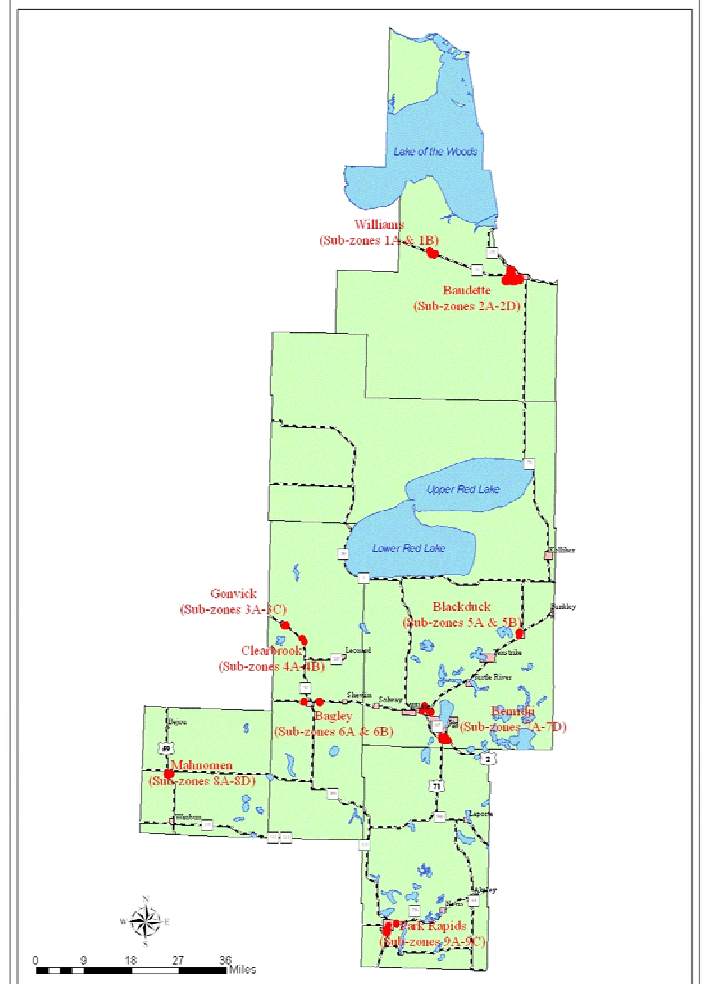
### JOBZ Regional Update

The Job Opportunity Building Zone (JOBZ) program was created by Governor Tim Pawlenty as his showcase effort to stimulate job growth and economic expansion in greater Minnesota. Through JOBZ, new and expanding businesses in state-selected JOBZ sites will be free from nearly all state and local taxes for up to 12 years. The focus of the JOBZ program has primarily been the creation of good-paying, manufacturing jobs, although each local community has some discretion on how to use the program to stimulate economic growth. Passed by the legislature in 2003, the JOBZ program officially began in January 2004.

The Headwaters Economic Opportunity Zone is the name of the JOBZ initiative for the Headwaters Region. The HRDC is already into the sixth month of administering this program. It has been a steep learning curve for our local communities, for the HRDC staff, and for the Department of Employment and Economic Development (DEED). Although no regional projects have been finalized, there are currently eight businesses that are in various stages of expansion planning and one business that is planning to relocate from another state. We continue to work with these businesses and will be happy to meet with businesses in your community that are interested in knowing more about this program.

The Department of Employment and Economic Development has been very supportive and extremely helpful as we develop the procedural aspects of the program. Recently, Brad Canham and Kari Howe, representatives from DEED, kicked off a regional marketing meeting for the JOBZ program. Representatives from each of the subzones (the communities involved in this project) attended the meeting with the goal of developing a strategy to highlight the benefits of locating in a JOBZ community in the Headwaters Region. We are excited about the potential economic opportunities that this program will bring to Northern Minnesota!

### Headwaters Economic Opportunity Zone Sub-zone Sites



## HRDC 2004 Annual Report

Headwaters Regional Development  
Commission  
403 Fourth Street NW  
P.O. Box 906  
Bemidji, MN 56619-0906  
Phone: 218-444-HRDC (4732)  
Fax: 218-444-4722  
Email: [hrdc@hrdc.org](mailto:hrdc@hrdc.org)  
Website: [www.hrdc.org](http://www.hrdc.org)

### HRDC Staff

**Leslie Bartels**  
Secretary/Receptionist

**Joe Czapiewski**  
Physical Planner

**Tim Flathers**  
Community Development  
Director

**David Hengel**  
Economic Development Director

**Susan Hoosier**  
Business Loan Specialist

**Tony Mayer**  
Technical Planner

**Joan Randt**  
Office Manager

**Anne Sand**  
Housing Specialist

**Mary Thompson**  
Financial Officer

**Cliff Tweedale**  
Executive Director

## HRDC Members

Lawrence Anderson — Beltrami County Small Cities  
Steve Beltz — Clearwater County Cities  
James (Butch) Boe — Clearwater County Townships  
Kim Bredeson — Lake of the Woods County  
Mark Edevold — Labor  
Quentin Fairbanks, Chair — Red Lake Reservation  
Vicki Haugen — Beltrami County  
Cal Johannsen — Hubbard County  
Ron Johnson — City of Bemidji  
Don Krueger — Agriculture  
Lorna LaGue — White Earth Reservation  
Robert Milne — Forestry  
Jean Nelson — Mahnomon County Townships

John A. Nelson — Clearwater County  
Charles Pazdernik — Mahnomon County  
Joyce Powell — Hubbard County Cities  
Leroy Riewer — Business  
Rick Rone, Vice Chair — Lake of the Woods  
County Cities  
Tom Ryan — Mahnomon County Cities  
Frank Schaap, Secretary — School Districts  
Duane Splittstoesser — Hubbard County Townships  
George Swentik — Lake of the Woods County  
Emmet Weidenborner — School Districts  
Victoria White, Treasurer — Leech Lake Reservation

## Transportation Advisory Committee

Craig Collison	Dave Heyer	Jean Nelson	Dan Sauve
Floyd Frank, Chair	Mike Kamnikar	John Nelson	George Swentik
Brian Freeberg	Sean McKnight	Curt Oakes	Betty Thomsen
Bruce Hasbargen	Brad Monson	David Olsonawski	Jim Worcester
Jim Heltzer			

## Headwaters Housing Development Corporation

Ray Melander	Tom Ryan
Leroy Riewer	Doug St. Onge
Rick Rone	

## Headwaters Regional Finance Corporation

Rick Rone	Quentin Fairbanks
Frank Schaap	John Masog
Terry Matson	Peter Haddeland
Victoria White	Cliff Tweedale
Royce Peterson	

## Operational Budget

	2004 Actual	2005 Budget		2004 Actual	2005 Budget
<b>Revenues</b>			<b>Expenditures</b>		
Tax Levy	\$ 207,624	\$ 211,800	Personnel/Staffing Capacity	\$ 579,968	\$ 630,174
Long Term Contracts	104,193	105,542	Operating Expenditures	161,949	99,445
Shorter Term Contracts	279,730	167,246	Investment Expenditures	21,743	7,700
Beltrami HRA Services	20,397	18,893	Fund Balance Reserve	<u>26,283</u>	<u>0</u>
HHDC	104,163	90,000			
HRFC	70,173	70,000	Total Expenditures	\$ 789,943	\$ 737,319
Other Sources	3,663	1,250			
Other Contracts	<u>0</u>	<u>72,588</u>			
Total Revenues	\$ 789,943	\$ 737,319			

The 2004 figures shown above are unaudited figures. The latest audit, covering Fiscal Year 2003 finances, was performed by Miller, McDonald, Erickson and Moller, Ltd., Certified Public Accountants, and dated November 6, 2003. An unqualified report was issued.