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ANNUAL REPORT

JULY 1, 1987-JUNE 30, 1988

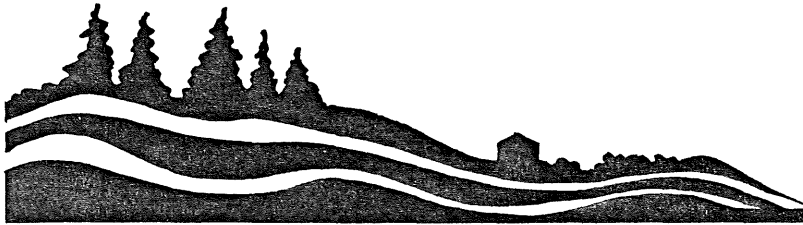
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**REGION 5
DEVELOPMENT
COMMISSION**

611 Iowa Avenue
Staples, Minnesota 56479-2224

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1987/88

Pursuant to MS 462.393, sd 1



REGION 5 DEVELOPMENT COMMISSION

611 Iowa Avenue
Staples, Minnesota 56479-2224

Leyten Fontaine, Executive Director

(218) 894-3233


CHAIRMAN'S REPORT

August 1, 1988

As Chairman of the Region 5 Development Commission, I am pleased to report that the Commission has continued to provide needed services to the communities in Cass, Crow Wing, Morrison, Todd, and Wadena Counties. This past year has seen an increased utilization of our Business Loan Fund, the Minnesota Marketplace Program, and the business assistance expertise of our staff; this activity has contributed to the general improvement of the economy in Region 5. In addition, the technical assistance provided to local units of government has made an important impact on our quality of life; the Commission's involvement in solid waste planning, road recording, grant-writing assistance, comprehensive planning, special studies, and other planning activities have contributed to our local communities increasing ability to formulate their own goals and policies and to implement their own programs. The programs for older persons and the promotion of arts activities have continued to add to this overall development effort.

I believe the Region 5 Development Commission has capped its fifteen years of service with yet another successful year, and we look forward to serving our local communities even better during the coming year.

Sincerely,



Stan Sumey, Chairman
Region 5 Development Commission

AR/tm

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COMMISSION MEMBERSHIP
(As of June 30, 1988)

CASS COUNTY REPRESENTATIVES

Kenneth Johnson, Staples
David Loch, Lake Shore
Fred Martin, Akeley

Board of Commissioners
Municipalities
Town Boards

CROW WING COUNTY REPRESENTATIVES

Mary Koep, Brainerd
Donna Good, Pequot Lakes
Drexel White, Brainerd

Board of Commissioners
Municipalities
Town Boards

MORRISON COUNTY REPRESENTATIVES

Howard Warnberg, Little Falls
Bernadette Stangl
Paul Nieman, Jr.

Board of Commissioners
Municipalities
Town Boards

TODD COUNTY REPRESENTATIVES

Stan Sumey, Browerville
Ron Bastian, Bertha
Ernest Kunerth, Long Prairie

Board of Commissioners
Municipalities
Town Boards

WADENA COUNTY REPRESENTATIVES

Dale Paulsen, Verndale
Roger Anderson, Verndale
William Kern, Verndale

Board of Commissioners
Municipalities
Town Boards

CITY OF BRAINERD REPRESENTATIVE

Charles Widmark, Brainerd

City of Brainerd

COUNCIL OF GOVERNMENTS

Bill Holmquist, Little Falls
Martin Jennings, Bemidji

Council of Governments
Leech Lake Res. Bus. Comm.

REGION 5 SCHOOL BOARDS

Richard Decker, Bertha
Ernie Silbernagel, Eagle Bend

School Board Representative
School Board Representative

SPECIAL INTEREST GROUPS

Robert Siegel, Little Falls

Soil/Water Conservation Dist.

BOARD OF DIRECTORS
(As of June 30, 1988)

Stan Sumey, Chairman
William Kern, Vice-Chairman
Fred Martin, Secretary
Howard Warnberg, Treasurer
Ernest Kunerth, Director
Drexel White, Director
Bill Holmquist, Director

STAFF
(As of June 30, 1988)

ADMINISTRATION

Leyten Fontaine, Executive Director
Nancy Stevens, Controller/Executive Assistance
Shelly Stevens, Office Manager
Tracy Miller, Secretary

AREA AGENCY ON AGING

Barb Card, Program Manager
Virginia MacArthur, Assistant

ARTS

Virginia MacArthur, Arts Coordinator

COMMUNITY DEVELOPMENT

Dave Weirens, Physical Resource Planner
Roger Germann, Local Government Technician
Becky Sellnow, Business Developer
Roger Bromander, Community Development Planner
Sandra Voigt, Minnesota Marketplace Broker

ADVISORY COUNCILS
(As of June 30, 1988)

COUNCIL ON AGING

	<u>REPRESENTING</u>	<u>COUNTY</u>
Mary Koep, Brainerd	Chairman	Region 5 RDC
Isabelle Busby, Remer	Seniors	Cass County
Ken Schmidt, Walker	Seniors	Cass County
Bethel Peet, Staples	Seniors	Cass County
Joyce Tweed, Pequot Lakes	Seniors	Crow Wing County
Ross Kunkel, Fort Ripley	Seniors	Crow Wing County
Frank Sandelin, Long Prairie	Social Services	Crow Wing County
Irene Aune, Crosby	Nutrition Project	Crow Wing County
Helen Meyer, Pierz	Seniors	Morrison County
Maryjude Hoeffel, Little Falls	Public Health	Morrison County
Mabel Chipman, Staples	Seniors	Todd County
Josephine Terwey, Long Prairie	Seniors	Todd County
Jean Johnson, Staples	Seniors	Todd County
Delta Meech, Sebeka	Seniors	Wadena County
Beryl Etter, Menahga	Seniors	Wadena County
Bob Landgren, Swanville (Alt.)	Nutrition Project	Morrison County

COMMUNITY DEVELOPMENT COUNCIL

	<u>REPRESENTING</u>	<u>COUNTY</u>
Bill Holmquist, Little Falls	Chairman	Region 5 RDC
Mike Naylor, Hackensack	Natural Resources	Cass County
John Wetrosky, Pine River	Retailers	Cass County
Bob Olsen, Brainerd	Small Business	Crow Wing County
Charles Neff, Brainerd	Small Business	Crow Wing County
Barb Grove, Crosby	Local Dev. Corps.	Crow Wing County
Karla Peterson, Motley	Local Units of Gov't.	Morrison County
Dennis Rothstein, Pierz	Business	Morrison County
Carrol Peterson, Eagle Bend	Small Business	Todd County
Norman Krause, Staples	Agriculture	Todd County
Steve Nelson, Wadena	Farm Business	Wadena County
Dale Macklanburg, Menahga	Financial Institutions	Wadena County

ADVISORY COUNCILS
(As of June 30, 1988)

FIVE WINGS ARTS COUNCIL

Fred Martin, Akeley
Roger Strandlie, Walker
Dale Canfield, Walker
Christine Nick, Pequot Lakes
Darrell Stave, Brainerd
Mary Gustafson, Brainerd
Marie Lind, Little Falls
Richard Johnson, Little Falls
Donn Harris, Eagle Bend
Annette Sieling, Eagle Bend
Ethel Luukkonen, Sebeka
Kent Scheer, Wadena

REPRESENTING

Chairman
Music
Music
Music
Visual Arts
Music & Drama
Dance
Drama
Music
Visual Art
Music
Visual Art

COUNTY

Region 5 DC
Cass County
Cass County
Crow Wing County
Crow Wing County
Crow Wing County
Morrison County
Morrison County
Todd County
Todd County
Wadena County
Wadena County

TRANSPORTATION COUNCIL

Dale Paulsen, Verndale
Jim Worcester, Walker
Duane Blanck, Brainerd
Ron Schweninger, Brainerd
Steve Backowski, Little Falls
Jerry Lochner, Little Falls
Duane Lorsung, Long Prairie
Wallace Thompson, Staples
Gene Mattern, Wadena
Don Hubert, Brainerd

REPRESENTING

Chairman
County Hwy. Engineer
County Hwy. Engineer
Brainerd Engineer
Asst. Hwy. Engineer
City Services Manager
County Hwy. Engineer
Rail Transportation
County Hwy. Engineer
Planning Coordinator

COUNTY

Region 5 DC
Cass County
Crow Wing County
Crow Wing County
Morrison County
Morrison County
Todd County
Todd County
Wadena County
MN/DOT

COMMUNITY DEVELOPMENT

Community Development activities included:

NEEDS ASSESSMENT: A needs assessment involving community leaders from the Region 5 area was conducted for the Central Minnesota Initiative Fund.

GRANT APPLICATIONS: As an integral part of Region 5 assistance to small cities in financing capital improvements such as water and sanitary sewer systems, the Commission prepared an application to the Community Development Block Grant Program for Hewitt (Todd County).

The Iron Range Resources and Rehabilitation Board also has a program for assisting communities in economic development and capital improvements. A project profile for the Serpent Lake Sanitary Sewer District (Crow Wing County) has been completed.

Region 5 also assists communities in financing recreational facilities through the Outdoor Recreation Grants Program. An application for the City of Buckman (Morrison County) has been completed and submitted to the Department of Trade and Economic Development.

COMMUNITY ORGANIZATIONS: The Commission facilitated a brainstorming session for the Browerville Hospital Committee to generate ideas on how to utilize the hospital building for economic and community development.

Informational assistance was provided in the start-up phase of the PAC-4 Development Group located in Cass Lake.

The Commission is in the process of completing a Comprehensive Plan for Morrison County.

TELECOMMUNICATIONS: A major area of interest is in the use of the Central Minnesota area's increasingly sophisticated telecommunications network for community development purposes. Region 5 developed a project in coordination with the Mid-state Educational Telecommunications Cooperative, the Freshwater Educational District, Minnesota Extension, Technical Institute's and Brainerd Community College, and the regional libraries to use the interactive television system to hold a series of town meetings among eighteen central Minnesota communities to develop a regional approach to development issues. The telecommunications network is crucial to community-to-community communication and to developing the necessary interdependence among local communities which can lead to successful development initiatives. Seven town meetings were held, covering such topics as community development, small businesses, rural education, and agriculture.

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. As such, the primary mission of the Region 5 Area Agency on Aging is to plan, coordinate, and advocate for the development of a comprehensive service delivery system to meet the short and long-term needs of older persons. The Area Agency on Aging's responsibility is to ensure that the genuine needs of older persons are being served in a cost effective and equitable manner.

To guide its activities, the Region 5 Area Agency on Aging has prepared a four-year plan, 1987-1990. Based on the priorities established in this plan, Table 1 shows the services which are projected for 1988.

TABLE 1
SERVICES PROVIDED IN 1988

	<u>NUMBER OF UNITS</u>	<u>NUMBER OF UNDUPLICATED PARTICIPANTS</u>
Congregate Meals	189,297 meals	5,157
Home Delivered Meals	72,000 meals	837
Sub-Total	<u>261,297</u>	<u>5,994</u>
Homemaker	10,258 hours	257
Home Health Aide	15,498 hours	204
Hospice	3,040 hours	10
Service Coordination	6,836 hours	1,290
Outreach	250 hours	670
Sub-Total	<u>35,882</u>	<u>5,349</u>
Ombudsman	1,785 hours	23
Legal Education	2,680 hours	1,340
Legal Services	1,527 hours	320
Multipurpose Centers	(1 center)	250
Sub-Total	<u>5,992</u>	<u>1,933</u>
TOTAL	<u><u>303,171</u></u>	<u><u>13,274</u></u>

The activities of the Region 5 Area Agency on Aging are guided by a fifteen-member advisory 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 grant applications and conduct the Annual Conference on Aging.

The Region 5 Development Commission takes final action on major policy decisions, budget approvals, and grant awards. The total project costs for the 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:

TABLE 2
FUNDS DISTRIBUTED IN 1988

<u>SERVICE</u>	<u>FEDERAL FUNDS</u>	<u>STATE FUNDS</u>	<u>COUNTY FUNDS/ IN-KIND</u>	<u>PRIVATE FUNDS/ IN-KIND</u>
Congregate Meals	\$354,988	\$102,672		\$253,047
Home Delivered Meals	100,672		\$ 5,285	79,434
SUBTOTAL	<u>\$455,660</u>	<u>\$102,672</u>	<u>\$ 5,285</u>	<u>\$332,481</u>
Homemaker	\$ 53,240		\$53,239	
Home Health Aide	78,007		78,008	
Hospice	8,569		15,928	
Service Coordination	29,560		38,954	
Outreach	675		2,025	
SUBTOTAL	<u>\$170,051</u>		<u>\$188,154</u>	
Ombudsman	\$7,335			\$2,480
Legal Education	19,573			16,760
Legal Services	10,629			9,692
SUBTOTAL	<u>\$ 37,537</u>			<u>\$ 28,932</u>
Multi-Purpose Senior Center	\$ 14,531			\$ 31,800
TOTAL	<u>\$677,779</u>	<u>\$102,672</u>	<u>\$193,439</u>	<u>\$393,213</u>

Several important projects and activities were either initiated or completed during the year. The Sixth Annual Conference, "Get Up and Do It" held in Wadena, was attended by a crowd of 200 persons. Topics covered included: Be a Heart Savor, Save A Heart!; Using Psychology To Avoid Tension; Toy Making; Etc. Funding was awarded to Pierz Senior Citizens Center for construction of an addition onto their present building.

Quarterly, the Region 5 Area Agency on Aging draws together the presidents of the County Councils on Aging, County Coordinators on Aging, and other appropriate providers. The purpose of these meetings is to share information, coordinate our activities, and form another necessary link between the Area Agency on Aging and the individual counties.

ECONOMIC DEVELOPMENT

The Economic Development staff wrote a \$110,000 Small Cities Economic Development Grant Application for the City of Pillager.

The staff supported the work of the regional loan fund corporation, the North Central Economic Development Association, Inc., which has approved 15 loans totaling \$320,000.

The staff worked with the City of Clarissa and the Clarissa Development Corporation to help local businesses access state programs.

Staff worked with businesses throughout the region in their efforts to obtain financing.

Staff assisted the City of Cass Lake to form an Economic Development Group, cooperated with Central Minnesota Initiative Fund in providing technical assistance to businesses for loan packaging. Staff also participated at informational meetings for businesses in Pine River, Deerwood, Wadena, Clarissa, Bertha, Walker, Pillager to provide information on loan programs and other business services available.

MINNESOTA MARKETPLACE: Minnesota Marketplace is an economic development program designed to create jobs and retain dollars in the local economy. We do this by helping businesses find local suppliers for the goods and services they are currently or will be purchasing in the next year. This program has been in place since May 1, 1987 in Region 5.

To date we have created 1 job, retained 20 jobs and assisted in contract awards of \$112,000 to local suppliers.

Primary funding for this program is the Blandin Foundation, with supplementary funding from the McKnight Foundation.

PHYSICAL RESOURCES

The Commission, through its Transportation Council (TC), has continued to monitor local, state, and federal transportation programs and legislation that has regional significance. It also acts as a liaison between the Minnesota Department of Transportation and the legislature on transportation issues in Region 5.

A Supplemental Passenger Survey Report for the Economic Impact Study of the Brainerd-Crow Wing County Airport was completed. This report examined the accuracy of the passenger surveys completed for the study. The Region 5 Highway Jurisdiction Study that examined the appropriateness of road ownership and potential impacts of jurisdictional transfers was completed in July, 1987.

Region 5 has been assisting MN/DOT in their Market Artery Study through reviewing preliminary results and publicizing public hearings. Region 5 also assisted in promoting the Legislature Transportation Finance Study Commission's meeting that was held at Breezy Point.

Region 5 has continued to place emphasis on providing transportation technical assistance. Projects in the last year provided assistance to organizations applying for federal 16(b)(2) funds for the purchase of vehicles for transit services for the elderly and handicapped.

Region 5 has been assisting the Ski-Gull downhill ski area in the development of a comprehensive plan and development guide to assist the Ski-Gull Board of Directors in making planned improvements of the ski area. The Ski Gull Comprehensive Plan and Development Guide was completed in April, 1988. Assistance has also been provided for communities in applying for the Outdoor Recreation Grants program.

LOCAL GOVERNMENT ASSISTANCE: Townships continue to receive assistance in re-recording their roadway easements through the Region 5 Road Recording Program. Region 5 updates fire department and township fire maps, and city and township street, zoning and other specialty maps. Nineteen townships have completed re-recording roadway easements and two others are in various stages of completion. Several governmental units have had fire maps constructed or revised in the past year, and one developed a zoning map.

CULTURAL ACTIVITIES

The Region 5 Arts Program awarded \$36,445 in FY88. This included \$6,800 of McKnight Foundation funds for semi-professional arts organizations. Also awarded was \$29,645 of Minnesota State Arts Board grant funds for sponsorship or arts development in Region 5. The organizations which received these funds are listed in Tables 1 and 2.

TABLE 1
MCKNIGHT FOUNDATION FUNDS AWARDED

<u>AGENCY</u>	<u>AMOUNT FUNDED</u>
Hole-in-the-Day Players	\$ 577.00
Heartland Symphony Orchestra	1,100.00
Brainerd Community College	1,100.00
Leech Lake Veterans' Pow Wow	1,523.00
St. Francis Music Center	2,500.00
TOTAL	<u>\$ 6,800.00</u>

TABLE 2
MINNESOTA STATE ARTS BOARD FUNDS

<u>AGENCY</u>	<u>AMOUNT FUNDED</u>
Wadena Elementary Fine Arts Committee	\$ 1,005.00
Remer Elementary School	450.00
Longville Elementary School	450.00
Heartland Symphony Orchestra	2,900.00
Pequot Lakes Community Education	3,690.00
Eagle Bend CAPP	1,209.00
St. Francis Music Center	4,400.00
Brainerd Community Education	1,845.00
Little Falls Community Education	3,220.00
Prairie Arts Center	3,220.00
Brainerd Area Arts Alliance	2,665.00
Staples School	991.00
Brainerd Writer's Alliance	200.00
Northland High School	400.00
Long Prairie Schools	1,000.00
Verndale Pageant Committee	700.00
Hole-in-the-Day Players	300.00
Northern Pines Sweet Adelines	1,000.00
TOTAL	<u>\$29,645.00</u>

The Region 5 Arts Program staff provides technical assistance to individuals and groups on such matters as grants writing, availability of funds, resource lists, and other technical help with arts projects.

It also produces a monthly newsletter about arts activities of interest to people of the region.

COORDINATION

During Fiscal Year 1988, Region 5 has contracted with other agencies for the provision of basic administrative services. Those services include but are not limited to the following:

CASS-TODD-WADENA-MORRISON COMMUNITY HEALTH SERVICES: The Cass-Todd-Wadena-Morrison Community Health Services Board of Health has contracted with Region 5 for provision of administrative services including basic clerical services, meeting notices, minutes, financial reporting requirements. These services are provided on an ongoing basis.

SOIL AND WATER CONSERVATION BOARD: The Minnesota Department of Agriculture contracts with Region 5 to provide to the District Office of the Soil and Water Conservation Board basic clerical and telephone answering services. These services include miscellaneous typing, newsletter production and telephone service.

BLOCK GRANT ADMINISTRATION: During FY88 the Cities of Browerville and Buckman contracted with Region 5 for administrative services related to the Small Cities Development Grants they received. The services include basic administration of the grant relating to environmental concerns, Davis-Bacon laws, fair housing, and equal opportunity requirements as well as financial services including accounting, requests for cash and payment of bills, and quarterly reporting and assistance with audits.

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 on a bi-monthly basis. The purpose of the meetings are 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 legislature.

INFORMATIONAL SERVICES

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, health issues, programs for older persons, cultural activities, developmental disabilities programs and census data.

The information is available through various methods including a library, a computer modem linking Region 5 with the data-net service bank at the state level, referrals and two newsletters published and distributed on at least a bi-monthly basis by Region 5.

REGION 5 DEVELOPMENT COMMISSION

BUDGET SUMMARY

REVENUES

<u>REVENUE</u>	FY88 CURRENT BUDGET	FY89 PROPOSED BUDGET	<u>DIFFERENCE</u>
State Planning	\$ 41,753	\$ 41,808	\$ +55
Technical Assistance	38,207	32,575	-5,632
Soil & Water	1,900	1,900	0
Local Levy	69,879	69,879	0
Interest Income	5,000	5,000	0
In-Kind	2,189	1,200	-989
EDA	50,000	55,625	+5,625
MSAB	15,729	15,159	-570
McKnight Foundation	17,564	38,203	+20,639
MN Board on Aging	64,748	61,751	-2,997
MN Department of Transportation	25,000	29,297	+4,297
MN/DOT Airport	352	0	-352
MN/DOT Jurisdiction	804	0	-804
Buckman Admin.	2,748	0	-2,748
Community Health Services	10,669	12,195	1,526
Blandin Foundation	28,750	20,357	-8,393
North Central Economic Dev. Assn.	8,806	8,388	-418
Other Loan Contracts	9,380	0	-9,380
Debt Service Loan	14,525	0	-14,525
 SUBTOTAL PROGRAM REVENUES	 \$ 408,003	 \$ 393,337	 \$ -14,666
 DIRECT ASSISTANCE			
Aging	\$ 825,000	\$ 825,000	\$ 0
Arts	30,165	30,735	+570
EDA/RLF	350,000	325,000	-25,000
 SUBTOTAL DIRECT	 \$1,205,165	 \$1,180,735	 \$ -24,430
 TOTAL AGENCY	 \$1,613,168	 \$1,574,072	 \$ -39,096

REGION 5 DEVELOPMENT COMMISSION

BUDGET SUMMARY

EXPENDITURES

<u>EXPENDITURES</u>	<u>FY88 CURRENT BUDGET</u>	<u>FY89 PROPOSED BUDGET</u>	<u>DIFFERENCE</u>
SALARIES	\$ 145,050	\$ 156,910	\$ +11,860
BENEFITS	38,468	38,553	+85
SUB-TOTAL PERSONNEL	<u>\$ 183,518</u>	<u>\$ 195,463</u>	<u>\$ +11,945</u>
Consultant	\$ 700	\$ 0	\$ -700
Staff Travel	18,900	18,400	-500
Committee Travel	4,200	2,675	-1,525
Commission Travel	8,400	7,000	-1,400
Interest Expenses	800	600	-200
Commission Fringe	750	500	-250
Reproduction & Printing	2,100	1,600	-500
Per Diem	12,500	11,000	-1,500
Rent	6,294	4,766	-1,528
Staff Car Expense	3,000	3,560	+560
Books, Reports & Memberships	2,731	2,700	-31
Insurance	3,200	3,200	0
Miscellaneous	3,450	4,050	+600
Equipment	22,125	5,700	-16,425
Postage	1,150	575	-575
Supplies	1,300	2,000	+700
Workshops	3,900	1,400	-2,500
Maintenance	393	250	-143
Lease Equipment	513	250	-263
Cost Pool	116,974	117,256	+282
In-kind	2,189	1,200	-989
Debt Service Principal	4,490	4,812	+322
SUB-TOTAL PROGRAM	<u>\$ 403,577</u>	<u>\$ 388,957</u>	<u>\$ -14,620</u>
DIRECT ASSISTANCE			
Aging	\$ 825,000	\$ 825,000	\$ 0
Arts	30,165	30,735	+570
EDA/RLF	350,000	325,000	-25,000
SUBTOTAL DIRECT ASSISTANCE	<u>\$1,205,165</u>	<u>\$1,180,735</u>	<u>\$-24,430</u>
TOTAL AGENCY BUDGET	<u>\$1,608,742</u>	<u>\$1,569,692</u>	<u>\$-39,050</u>
Excess Rev. over Expenditures	\$ 4,426	\$ 4,380	\$ -46
Fund Balance 7/1/87	\$ 101,627	\$ 105,053	\$ +3,426
Fund Balance 6/30/88	\$ 105,053	\$ 109,433	\$ +4,380

PROJECT REVIEW SYSTEM

ANNUAL SUMMARY FISCAL YEAR 1988

COUNTY: CASS

<u>FUNDING AGENCY</u>	<u>NUMBER OF REVIEWS PROCESSED</u>	<u>TOTAL PROJECT COST</u>
ACTION	1	33,000.00
Farmer's Home Administration	3	422,750.00
Minnesota Department of Transportation	5	\$1,035,550.00

COUNTY: CROW WING

<u>FUNDING AGENCY</u>	<u>NUMBER OF REVIEWS PROCESSED</u>	<u>TOTAL PROJECT COST</u>
ACTION	2	\$ 62,615.00
Department of Trade and Economic Development	2	860,000.00
Department of Housing and Urban Development	1	1,025,000.00
Farmer's Home Administration	2	1,578,466.00
Federal Aviation Administration	1	342,900.00
Minnesota Department of Health	3	265,071.00
Minnesota Department of Transportation	2	128,558.00

COUNTY: MORRISON

<u>FUNDING AGENCY</u>	<u>NUMBER OF REVIEWS PROCESSED</u>	<u>TOTAL PROJECT COST</u>
Department of Justice	1	\$ 39,420.00
Farmer's Home Administration	2	6,090,000.00
Minnesota Department of Jobs and Training	1	549,500.00
Minnesota Department of Transportation	7	1,575,231.00

COUNTY: TODD

<u>FUNDING AGENCY</u>	<u>NUMBER OF REVIEWS PROCESSED</u>	<u>TOTAL PROJECT COST</u>
Department of Trade and Economic Development	1	\$150,000.00
Minnesota Department of Health	1	70,291.00
Minnesota Department of Transportation	2	260,000.00

COUNTY: WADENA

<u>FUNDING AGENCY</u>	<u>NUMBER OF REVIEWS PROCESSED</u>	<u>TOTAL PROJECT COST</u>
Minnesota Department of Health	1	\$59,860.00

COUNTY: TODD/WADENA

<u>FUNDING AGENCY</u>	<u>NUMBER OF REVIEWS PROCESSED</u>	<u>TOTAL PROJECT COST</u>
Department of Trade and Economic Development	2	\$20,000.00

AREA: REGION-WIDE / MULTI-COUNTY

<u>FUNDING AGENCY</u>	<u>NUMBER OF REVIEWS PROCESSED</u>	<u>TOTAL PROJECT COST</u>
Department of Jobs and Training	1	\$12,897,372.00
Department of Trade and Economic Development	1	N/A
Minnesota Department of Health	3	692,094.00
U.S. Department of Commerce	1	50,000.00



ARNE H. CARLSON
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR
SUITE 400
525 PARK STREET
SAINT PAUL 55103

296-2551

February 29, 1988

**AUDITOR'S REPORT ON INTERNAL CONTROLS (ACCOUNTING AND ADMINISTRATIVE)
BASED ON A STUDY AND EVALUATION MADE AS A PART OF AN EXAMINATION
OF THE GENERAL PURPOSE FINANCIAL STATEMENTS AND THE
ADDITIONAL TESTS REQUIRED BY THE SINGLE AUDIT ACT**

The Honorable Stan Sumey, Chairman
Region 5 Regional Development Commission
611 Iowa Avenue
Staples, Minnesota 56479

We have examined the general purpose financial statements of the Region 5 Regional Development Commission for the year ended June 30, 1987, and have issued our opinion thereon dated November 20, 1987. As part of our examination, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards, the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office, the Single Audit Act of 1984, and the provisions of OMB Circular A-128, Audits of State and Local Governments. For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs in the following categories:

Accounting Controls

Receipts/revenues
Disbursements/expenditures
(including payroll)
Cash management

Administrative Controls

Indirect cost allocation system
Federal grant eligibility
Cash management
Civil rights
Davis-Bacon Act
Political activity
Federal financial reports

The management of the Region 5 Regional Development Commission is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to federal financial assistance programs, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all of the applicable control categories listed above. During the year ended June 30, 1987, Region 5 Regional Development Commission expended 100 percent of its total federal financial assistance under the following major and nonmajor federal financial assistance programs:

Area Agency on Aging	
USDA reimbursement	10.550
Administration and direct service	13.633
Social services	13.635
Developmental Disabilities	13.630
Economic Development	
Administration	11.302
Revolving loan fund	11.307

With respect to internal control systems used in administering these major and nonmajor federal financial assistance programs, our study and evaluation included:

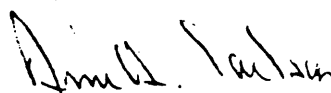
- considering the types of errors and irregularities that could occur,
- determining the internal control procedures that should prevent or detect such errors and irregularities,
- determining whether the necessary procedures are prescribed and are being followed satisfactorily, and
- evaluating any weaknesses.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of the Region 5 Regional Development Commission.

Accordingly, we do not express an opinion on the internal control systems used in administering the federal financial assistance programs of Region 5 Regional Development Commission. Further, we do not express an opinion on the internal control systems used in administering the major federal financial assistance programs of the Region 5 Regional Development Commission.

Also, our examination, made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the internal control systems used solely in administering nonmajor federal financial assistance programs.

However, our study and evaluation disclosed no conditions that we believed to be a material weakness in relation to the federal financial assistance programs of Region 5 Regional Development Commission.



ARNE H. CARLSON
State Auditor