

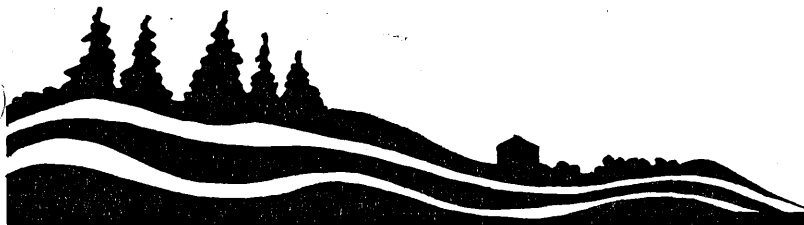
REGION 5 DEVELOPMENT COMMISSION

ANNUAL REPORT

JULY 1, 1989 - JUNE 30, 1990

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REGION 5 DEVELOPMENT COMMISSION

611 Iowa Avenue
Staples, Minnesota 56479-2224

Leyten Fontaine, Executive Director

(218) 894-3233

CHAIRMAN'S REPORT

August 1, 1990

Although I am currently serving my second year as Chairman of the Region 5 Development Commission, I have been a member of the Commission since 1978. Throughout these years, I have watched this organization grow into the type of agency that knows how to respond to the needs of our people.

The information in this Annual Report summarizes the programs and assistance that Region 5 has provided during the past year. These facts alone, however, do not always express another important function of the Commission, which is that of providing needed referrals and information. It is important that the people in this area get the information they need when they need it, or are able to get in touch with the people who can best help them in solving their problems. I feel that the staff at Region 5 are proficient in fulfilling this responsibility, and I hope you won't hesitate to call us whenever you have a question or a problem.

With this in mind, all of us at Region 5 are looking forward to another year of providing timely and responsible assistance to the people of Cass, Crow Wing, Morrison, Todd, and Wadena counties.

Sincerely,

A handwritten signature in cursive script, appearing to read "William H. Kern".

William Kern, Chairman
Region 5 Development Commission

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COMMISSION MEMBERSHIP
(As of June 30, 1990)

CASS COUNTY REPRESENTATIVES

Kenneth Johnson, Staples
Newell Ellis, Walker
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, Pierz
Paul Nieman, Jr., Little Falls

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

William Higgs, Wadena
Kent Eveland, Backus

School Board Representative
School Board Representative

SPECIAL INTEREST GROUPS

Ted Winkels, Verndale

Soil & Water Conservation
District

BOARD OF DIRECTORS
(As of June 30, 1990)

Bill Kern, Chairman
Fred Martin, Vice-Chairman
Dale Paulsen, Secretary
Bill Holmquist, Treasurer
Howard Warnberg, Director
Stan Sumey, Director
Drexel White, Director

STAFF
(As of June 30, 1990)

ADMINISTRATION

Leyten Fontaine, Executive Director
Nancy Stevens, Controller/Executive Assistant
Shelly Stevens, Office Manager/Program Coordinator
Tracy Miller, Secretary/Receptionist

AREA AGENCY ON AGING

Barbara Card, Director
Virginia MacArthur, Senior Planner

ARTS

Virginia MacArthur, Program Manager

COMMUNITY DEVELOPMENT

Randy Hilliard, Community Development Planner
Roger Germann, Technical Planner
Mary Safgren, Physical Resource Planner
Lenny Kirscht, Economic Development Planner

ADVISORY COUNCILS
(As of June 30, 1990)

COUNCIL ON AGING

Mary Koep, Brainerd
Isabelle Busby, Remer
(Vacant)

Bethel Peet, Staples
Richard Ashmun, Merrifield
Everall Huff, Brainerd
Frank Sandelin, Long Prairie
Helen Meyer, Pierz
Maryjude Hoeffel, Little Falls
Mabel Chipman, Staples
Ted Kramer, Sr., Long Prairie
Jean Johnson, Staples
Delta Meech, Sebeka
Hilda Suhl, Verndale
Bob Landgren, Swanville

REPRESENTING

Chairperson
Seniors

Seniors
Seniors
Seniors
Social Services
Seniors
Public Health
Seniors
Seniors
Seniors
Seniors
Seniors
Nutrition Project

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
Todd County
Wadena County
Wadena County
Morrison County

COMMUNITY DEVELOPMENT COUNCIL

Ron Bastian, Bertha
Charles Neff, Brainerd
Carol Anderson, Little Falls
Karla Peterson, Motley
Norman Krause, Staples
Larry Nelson, Wadena

REPRESENTING

Chairman
Small Business
Local Dev. Corps.
Local Units of Gov't
Agriculture
Financial Inst.

COUNTY

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

FIVE WINGS ARTS COUNCIL

Donna Good, Pequot Lakes
Betty Green, Hackensack
Dorothy Harrington, Hackensack
Christine Nick, Pequot Lakes
Darrell Stave, Brainerd
Mary Gustafson, Brainerd
Marie Lind, Little Falls
Robyn Gray, Little Falls
Donn Harris, Eagle Bend
Annette Sieling, Eagle Bend
Ethel Luukkonen, Sebeka
Kathy Arretche, Sebeka

REPRESENTING

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

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

Howard Warnberg, Little Falls
Jim Worcester, Walker
Duane Blanck, Brainerd
Jeff Hulsether, Brainerd
Steve Backowski, Little Falls
Jerry Lochner, Little Falls
Duane Lorsung, Long Prairie
Gene Mattern, Wadena
Don Hubert, Brainerd

REPRESENTING

Chairman
Co. Hwy. Engineer
Co. Hwy. Engineer
Brainerd Engineer
Co. Hwy. Engineer
City Services Mgr.
Co. Hwy. Engineer
Co. Hwy. Engineer
Planning Coord.

COUNTY

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

COORDINATION

During Fiscal Year 1990, 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 the provision of administrative services which includes basic clerical services, meeting notices, minutes, and financial reporting requirements. These services are provided on an ongoing basis.

BLOCK GRANT ADMINISTRATION: During FY90 Region 5 had contracts with the Cities of Sebeka and Buckman for administrative services related to the Small Cities Development Grants they received. The services include basic administration of the grants 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 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.

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 1990.

TABLE 1 - SERVICES PROVIDED IN 1990

	NUMBER OF UNITS	NUMBER OF UNDUPLICATED PARTICIPANTS
Congregate Meals	200,000 meals	5,300
Home Delivered Meals	<u>97,050</u> meals	<u>1,138</u>
SUB-TOTAL	297,050	6,438
Homemaker	9,773 hours	1,016
Home Health Aide	8,682 hours	181
Advocacy	2,732 hours	2,511
Outreach	<u>1,058</u> contacts	<u>838</u>
SUB-TOTAL	22,245	4,546
Ombudsman	1,785 hours	23
Legal Education	933 hours	466
Legal Services	<u>600</u> cases	<u>50</u>
SUB-TOTAL	3,318	539
Long Prairie Center	n/a	150
Swanville Senior Center	<u>n/a</u>	<u>150</u>
SUB-TOTAL	n/a	300
Frail Elderly	861 hours	23
TOTAL	323,474	11,846

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 1990

<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	\$370,634	\$102,672		\$236,000
Home Delivered Meals	<u>118,655</u>	<u>14,593</u>	\$ <u>5,253</u>	<u>114,480</u>
SUB-TOTAL	\$489,289	\$117,265	\$ 5,253	\$350,480
Homemaker	\$ 53,386		\$ 58,388	
Home Health Aide	81,613		81,612	
Advocacy	15,728		15,728	
Outreach	<u>6,500</u>		<u>6,500</u>	
SUB-TOTAL	\$162,227		\$162,228	
Ombudsman	\$ 7,335			\$ 2,480
Legal Education	4,249			4,249
Legal Services	<u>9,731</u>		\$ <u>150</u>	<u>9,731</u>
SUB-TOTAL	\$ 21,015		\$ 150	\$ 16,460
Long Prairie Center	\$ 2,000			\$ 2,000
Swanville Senior Cntr.	<u>14,500</u>		\$ <u>5,000</u>	<u>45,500</u>
SUB-TOTAL	\$ 16,500		\$ 5,000	\$ 47,500
Frail Elderly	\$ <u>5,028</u>		\$ <u>5,028</u>	
TOTAL	\$694,059	\$117,265	\$177,659	\$414,440

Several important projects and activities were either initiated or completed during the year. The 8th Annual Conference, "Rise and Shine In '89" held in Little Falls, was attended by 225 persons. Cheryl Gelbman, Brainerd delivered the keynote address entitled "You Deserve to be Happy", which was followed by concurrent workshops.

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.

CULTURAL ACTIVITIES

The Region 5 Arts Program awarded \$38,903 in FY90. This included \$6,800 of McKnight Foundation funds for semi-professional arts organizations. Also awarded was \$32,103 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
MINNESOTA STATE ARTS BOARD FUNDS**

<u>AGENCY</u>	<u>AMOUNT FUNDED</u>
Staples Centennial Committee	\$1,500
Brainerd Community College	840
Heartland Symphony Orchestra	2,500
Menahga Finn. Historical Society	850
Long Prairie Chamber of Commerce	330
Prairie Arts Center	328
Brainerd Community College	500
Pequot Lakes CAPP	468
Wadena Agriculture Society	205
Freshwater Education District	2,820
Brainerd Community Education	1,810
Little Falls Community Services	1,810
Brainerd Public Library	4,000
Brainerd Area Arts Alliance	3,000
Prairie Arts Center	300
Todd County Historical Society	808
Ah-Gwah-Ching Historical Society	1,200
District #181 Middle School	1,000
Crosby-Ironton School	1,642
Leech Lake Reservation	1,000
Prairie Arts Center	160
Prairie Arts Center	519
Prairie Arts Center	255
Prairie Arts Center	495
St. Francis Music Center	1,000
Wadena Fine Arts Committee	280
Wadena Fine Arts Committee	318
Wadena Fine Arts Committee	305
Heartland Symphony Orchestra	1,000
Staples Schools	600
Staples Schools	180
Staples Schools	80
TOTAL	\$32,103

TABLE 2
MCKNIGHT FOUNDATION FUNDS AWARDED

<u>AGENCY</u>	<u>AMOUNT FUNDED</u>
Staples School	\$ 180
Prairie Arts Center	500
Staples School	300
Heartland Symphony Orchestra	1,000
St. Francis Music Center	2,945
Wadena Area Band	800
Hole in the Day Players	750
Todd County Historical Society	325
TOTAL	\$6,800

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.

COMMUNITY DEVELOPMENT

Region 5 continues to provide assistance in the area of grant writing. Preliminary groundwork was provided to Garrison in an effort to obtain a Small Cities Development Grant. In addition, several communities requested information regarding the feasibility of Small Cities projects within their community.

Region 5 also assists communities in financing recreational facilities through the Outdoor Recreation Grants Program. Informational assistance was provided to several communities within Region 5.

The Pequot Lakes Zoning Ordinance is currently being reviewed.

Assistance was provided to Deerwood Township in writing a grant application to IRRRB for construction of a town hall/maintenance shop.

The preliminary draft of the Staples Comprehensive Plan was completed. Staff is also preparing a Comprehensive Plan for Crow Wing Township.

A seminar for local government officials on the basics of planning was conducted by Region 5 staff.

Technical and informational assistance was provided to communities in each of the five counties of the Region 5 service area.

Region 5 staff wrote a grant for the Eagle Valley Teen Center for a Drug Abuse Prevention and Education Program. Assistance is also being provided for another similar grant.

Technical assistance was provided to the Main Street Project Task Force in Little Falls.

Staff has worked with and under the direction of the Community Development Council.

ECONOMIC DEVELOPMENT

The Economic Development Staff successfully wrote final applications to EDA for the City of Deerwood and Lake Edward Township for water/sewer extensions and road improvement, respectively. Preliminary applications to EDA were also written for infrastructure improvements for the City of Ironton and the City of Royalton. Staff is currently writing a preliminary application to EDA for infrastructure improvements for the City of Motley.

The Region 5 loan fund corporation, the North Central Economic Development Association, Inc. approved five (5) loans totalling \$104,000.00. Staff is currently pursuing recapitalization of the loan fund.

Businesses, individuals, counties, development corporations, and communities in Region 5 were assisted to structure financial packaging and strategies in business start-up and expansion projects.

The update of the *Overall Economic Development Plan* for 1990 was completed.

Economic Development staff served as private sector participant during the Henning Star City Marketing Team's presentation to representatives from the MN Department of Trade and Economic Development.

Information and assistance was provided to Todd County residents pursuing development of the Todd County Development Corporation.

A successful planning grant application to the Central MN Initiative Fund was written for Pillager Helping Hands, Inc.

Staff participated in the Region 5 Planning Seminar with program dealing in the strategies and components of economic development.

MNDTED Single Applications were completed for Todd County and the cities of Pine River and Staples.

An inventory of available buildings in the Region 5 area is currently being developed.

PHYSICAL RESOURCES

The Commission, through its Transportation Council (TC), has continued to monitor local, state, and federal transportation legislation which has regional significance. The Transportation Council also works with the Minnesota Department of Transportation to carry out transportation programs.

Activities also included participation in the Transportation Study Board hearings and the Safety Forums; involvement as a member of the 16(b)(2) Review Committee, whose responsibility was to review and rank the 1990 16(b)(2) grant applications; and the update of the Transportation Plan with the assistance of the Transportation Council. In addition, the Region 5 Intercounty Route Map was completed and distributed to local units of government, resorts, chambers and tourist information centers.

Region 5 continued to assist counties in developing their solid waste management plans. Staff also disseminated information on solid waste management.

Census information was provided to communities, counties and individuals through Region 5's role as a Census Data Affiliate. In addition, Region 5 continued to provide information through the Economic Business Information Network (EBIN) and the State's computerized database called DATANET. The census was also promoted through local workshops.

Through the Environmental Quality Board's Environmental Review Program, environmental impacts of projects in Region 5 were monitored.

TECHNICAL PLANNING

Local Units of Government (LUGs) continue to be served and assisted by Region 5 through its Technical Planning Program. Planning is coordinated with the Transportation Council and provides special program services directly to townships, and indirect services to all LUGs in conjunction with our Physical Resources, Economic Development, and Community Development programs.

A major ongoing accomplishment is the Township Road Recording Program which assists townships in the proper recording of town road easements. A spin-off benefit to townships is the assistance given in developing improved and standardized methods of governing their local jurisdictions based on Township Association guidelines and as requested. Projects are completed on a contract basis.

Fire Service Districts and townships continue to be served through our Fire Number Location Mapping Program. Consultation services and map planning techniques are provided as requested. Fire Number Map Revision projects are completed on a contract basis.

Planning and Zoning Maps have been completed as requested. The expansion of planning and zoning into townships has created additional calls for information, advice regarding technical information for LUGs decision-making regarding future zoning needs.

Technical Planning staff completed the map graphics portion of the Region 5 Intercounty Route Map completed in June, 1990 in a concerted effort with our Physical Resource Planner, Arts Planner and Technical Planner.

Numerous projects in the area of township road recording, fire number maps, street maps, zoning maps have been completed or were substantially completed during fiscal year 1990. LUGs from all five of our regional counties have asked for and have received assistance through our Technical Planning Program.

Our program efforts toward townships is greatly enhanced by an expanding working relationship with the Minnesota Association of Townships which helps both Region 5 and the Association. Staff continues to consult with other Regional Development Commissions on an ongoing basis regarding township issues and state-wide township programs including the Association format for recording town roads, special parks and lake access funding sources for town road construction and maintenance.

Staff anticipate continuing the present program elements, and are presently preparing to move into two new areas: A special study project to assist counties and townships address local situations in regard to new state and federal wetlands preservation rules; and to become involved in the ongoing work of the 911/Uniform Addressing System being formulated throughout the State of Minnesota.

**REGION 5 DEVELOPMENT COMMISSION
REVENUE AND EXPENDITURES BREAKDOWN**

REVENUES

FY91 BUDGET

State Planning	\$ 41,808
Technical Assistance	9,000
Local Levy	136,251
Interest Income	6,000
In-Kind	1,400
EDA	46,863
MSAB	20,094
McKnight Foundation	1,200
MBA	82,188
MN/DOT	27,000
Community Health Services	12,531
North Central EDA, Inc.	10,736

SUBTOTAL PROGRAM REVENUES	\$ 395,071
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DIRECT ASSISTANCE

Aging	\$ 790,586
Arts	43,046
RLF	0

SUBTOTAL DIRECT	\$ 833,632
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TOTAL AGENCY	\$1,228,703
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REGION 5 DEVELOPMENT COMMISSION
REVENUE AND EXPENDITURES BREAKDOWN
FISCAL YEAR 1991

<u>EXPENDITURES</u>	FY1990 <u>BUDGET</u>	FY1991 <u>BUDGET</u>	<u>DIFFERENCE</u>
Salaries	\$ 132,256	\$ 130,372	\$ -1,884
Benefits	36,803	36,630	+827
 SUBTOTAL PERSONNEL	 \$ 169,059	 \$ 168,002	 \$ -1,057
 Staff Travel	 13,750	 13,650	 -100
Committee Travel	2,435	2,435	0
Commission Travel	7,000	7,000	0
Interest Expense	600	0	-600
Commission Fringe	600	600	0
Repro & Printing	2,000	2,000	0
Per Diem	12,000	12,000	0
Rent	4,066	4,066	0
Staff Car	3,560	3,600	+40
Books, Reports & Memb.	2,300	1,200	-1,100
Insurance	3,300	3,500	+200
Miscellaneous	3,500	2,350	-650
Equipment	2,600	6,000	+3,400
Postage	350	300	-50
Supplies	500	500	0
Conferences	3,100	3,100	0
Maintenance	200	0	-200
Lease: Equipment	0	0	0
Cost Pool	136,568	144,047	+7,479
In-Kind	1,400	1,400	0
Debt Service	5,800	0	-5,800
 SUBTOTAL PROGRAM	 \$ 374,688	 \$ 375,750	 \$ +1,062
 <u>DIRECT ASSISTANCE</u>			
Area Agency on Aging	\$ 790,586	\$ 790,586	\$ 0
Arts	46,746	43,046	-3,700
RLF	10,000	0	-10,000
 SUB-TOTAL DIRECT ASSISTANCE	 \$ 847,332	 \$ 833,632	 \$ -13,700
 TOTAL AGENCY BUDGET	 \$1,222,020	 \$1,209,382	 \$ -12,638
 Excess Revenues Over (Under) Expenditures	 (\$ 33,747)	 \$ 19,321	 \$ +53,068
 Fund Balance July 1	 106,746	 72,999	 +33,747
 Fund Balance June 30	 \$ 72,999	 \$ 92,320	 \$ 19,321

PROJECT REVIEW SYSTEM

ANNUAL SUMMARY FISCAL YEAR 1990

COUNTY: CASS

<u>FUNDING AGENCY</u>	<u>NUMBER OF REVIEWS PROCESSED</u>	<u>TOTAL PROJECT COST</u>
Farmer's Home Administration	2	\$1,420,130.00
Dept. of Trade & Economic Development	2	2,967,448.00
MN Department of Transportation	2	8,960,000.00

COUNTY: CROW WING

<u>FUNDING AGENCY</u>	<u>NUMBER OF REVIEWS PROCESSED</u>	<u>TOTAL PROJECT COST</u>
ACTION	1	\$ 31,855.00
Dept. of Trade & Economic Development	1	2,768,386.00
Economic Development Administration	2	186,550.00
MN Department of Transportation	2	294,929.44
MN Department of Health	3	469,907.00

COUNTY: MORRISON

<u>FUNDING AGENCY</u>	<u>NUMBER OF REVIEWS PROCESSED</u>	<u>TOTAL PROJECT COST</u>
Department of Jobs & Training	1	\$ 11,662.00
MN Department of Transportation	3	183,210.00
Farmers Home Administration	2	193,600.00

PROJECT REVIEW SYSTEM

ANNUAL SUMMARY FISCAL YEAR 1990

COUNTY: TODD

<u>FUNDING AGENCY</u>	<u>NUMBER OF REVIEWS PROCESSED</u>	<u>TOTAL PROJECT COST</u>
Dept. of Trade & Economic Development	2	\$ 23,324.00
Farmer's Home Administration	1	291,813.00
MN Department of Transportation	2	47,310.00

COUNTY: WADENA

<u>FUNDING AGENCY</u>	<u>NUMBER OF REVIEWS PROCESSED</u>	<u>TOTAL PROJECT COST</u>
Farmer's Home Administration	1	\$ 250,000.00
MN Department of Health	2	104,175.00

COUNTY: REGION-WIDE/MULTI-COUNTY

<u>FUNDING AGENCY</u>	<u>NUMBER OF REVIEWS PROCESSED</u>	<u>TOTAL PROJECT COST</u>
MN Department of Health	2	\$1,093,596.00
MN Department of Transportation	1	1,425,000.00



ARNE H. CARLSON
STATE AUDITOR

STATE OF MINNESOTA

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

296-2551

AUDITOR'S COMPLIANCE REPORT BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH THE STANDARDS FOR AUDIT ISSUED BY THE COMPTROLLER GENERAL

The Honorable William Kern, Chair
Region 5 Development Commission
611 Iowa Avenue
Staples, Minnesota 56479

We have audited the general purpose financial statements of Region 5 Development Commission for the year ended June 30, 1989, and have issued our opinion thereon dated October 9, 1989. The general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on the general purpose financial statements based on our audit. Our audit was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of the Minnesota Legal Compliance Audit Guide for Local Government, as promulgated by the Legal Compliance Task Force pursuant to Minn. Stat. § 6.65. Accordingly the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.


The management of the Region 5 Development Commission is responsible for the Commission's compliance with laws and regulations. In connection with our audit referred to above, we selected and tested transactions and records to determine the Region 5 Development Commission's compliance with laws and regulations, noncompliance with which could have a material effect on the general purpose financial statements of the Commission.

The results of our tests indicate that for the items tested, the Region 5 Development Commission complied with those laws and regulations, noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to our attention that caused us to believe that for the items not tested the Commission was not in compliance with laws and regulations, noncompliance with which could have material effect on the Commission's general purpose financial statements.

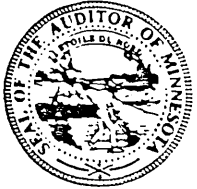
The Minnesota Legal Compliance Audit Guide for Local Government covers five main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, and claims and disbursements. Our study included all of the listed categories. The results of our tests indicated that for the items tested the Commission complied with material terms and conditions of applicable legal provisions. Further, for the items not tested, based on our audit, nothing came to our attention to indicate that the Commission had not complied with such legal provisions.

* * * * *

This letter is intended solely for the use of Region 5 Development Commission, the cognizant audit agency--U.S. Department of Commerce, and other federal audit agencies. It should not be used for any other purpose. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.


ARNE H. CARLSON
State Auditor

October 9, 1989



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296-2551

AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROLS BASED SOLELY ON A STUDY AND EVALUATION MADE AS A PART OF AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS

The Honorable William Kern, Chair
Region 5 Development Commission
611 Iowa Avenue
Staples, Minnesota 56479

We have audited the general purpose financial statements of Region 5 Development Commission for the year ended June 30, 1989, and have issued our opinion thereon dated October 9, 1989. The general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on the general purpose financial statements based on our audit. This letter resulting from part of that audit is organized into sections on internal accounting control and management practices.

INTERNAL ACCOUNTING CONTROL

As part of our audit, we made a study and evaluation of the system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the Comptroller General's Government Auditing Standards. For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

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

Our study included all of the control categories listed above. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Commission's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of the Commission is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that:

- assets are safeguarded against loss from unauthorized use or disposition,
- transactions are executed in accordance with management's authorization, and
- transactions are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system 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 and evaluation made for the limited purpose described above will not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Commission taken as a whole or on any of the categories of controls identified. However, our study and evaluation disclosed no condition that we consider to be a material weakness.

PREVIOUSLY REPORTED ITEM RESOLVED

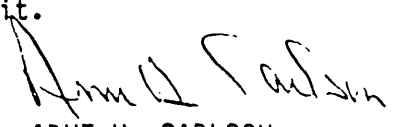
The following item included in our previous compliance report dated November 3, 1988, has been resolved.

<u>Item</u>	<u>Resolution</u>
The Commission should receive from the Corporation signed and approved quarterly or semi-annual reports to be used as a basis for the reports required to be submitted to EDA. The Corporation should furnish the RDC with audit reports to verify the interim reports.	The RDC receives semi-annual and quarterly reports from the Corporation for the purpose of reporting to EDA. Agency-wide audits are completed up-to-date.

* * * * *

We are available throughout the year to assist you in implementing any of our suggestions.

We would like to express our appreciation to the Commission and the staff for their cooperation and assistance during the audit.


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AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS RELATED TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable William Kern, Chair
Region 5 Development Commission
611 Iowa Avenue
Staples, Minnesota 56479

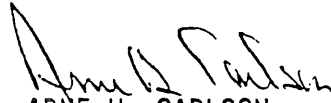
We have audited the general purpose financial statements of the Region 5 Development Commission for the year ended June 30, 1989, and have issued our opinion thereon dated October 9, 1989. The general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on the general purpose financial statements based on our audit. Our audit was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Governments and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of Region 5 Development Commission is responsible for compliance with laws and regulations. In connection with our audit, we selected and tested transactions and records from nonmajor federal financial assistance programs to determine the compliance with laws and regulations, noncompliance with which we believe could have a material effect on the allowability of program expenditures.

The results of our tests indicate that for the transactions and records tested, the Commission complied with the laws and regulations referred to above. Our testing was more limited than would be necessary to express an opinion on whether Region 5 Development Commission administered those programs in compliance in all material respects with those laws and regulations, noncompliance with which we believe could have a material effect on the allowability of program expenditures; however, with respect to the transactions and records that were not tested by us, nothing came to our attention to indicate that the Commission had not complied with laws and regulations.

* * * * *

This letter is intended solely for the use of Region 5 Development Commission, the cognizant audit agency--U.S. Department of Commerce, and other federal audit agencies; it 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.


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State Auditor

October 9, 1989



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

The Honorable William Kern, Chair
Region 5 Development Commission
611 Iowa Avenue
Staples, Minnesota 56479

We have audited the general purpose financial statements of the Region 5 Development Commission for the year ended June 30, 1989, and have issued our opinion thereon dated October 9, 1989. The general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on the general purpose financial statements based on our audit. As part of our audit, 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 Government Auditing Standards, issued by the Comptroller General of the United States, 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 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, 1989, Region 5 Development Commission expended 100 percent of its total federal financial assistance under the following nonmajor federal financial assistance programs:

Area Agency on Aging	
USDA reimbursement	10.550
Administration and direct service	13.633
Social services	13.635
In-home frail elderly	13.641
Economic Development	
Administration	11.302
Revolving loan fund	11.307


With respect to internal control systems used in administering these 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 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 Development Commission.

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 Development Commission.


ARNE H. CARLSON
State Auditor

October 9, 1989