

REGION 5 DEVELOPMENT COMMISSION

ANNUAL REPORT

JULY 1, 1994 - JUNE 30, 1995

Prepared By: Region 5 Development Commission
611 Iowa Avenue
Staples, MN 56479
218/894-3233

TABLE OF CONTENTS

	<u>PAGE</u>
*CHAIRPERSON'S LETTER	
COMMISSION MEMBERSHIP.....	1
BOARD AND STAFF.....	2
ADVISORY COUNCILS/TASK FORCES	
Economic Development	3
Health Care Task Force.....	3
Council on Aging.....	3
Five Wings Arts Council.....	3
Transportation Council.....	3
COORDINATION/INFORMATION.....	4
PROGRAMS FOR OLDER PERSONS.....	4
CULTURAL ACTIVITIES.....	6
COMMUNITY DEVELOPMENT.....	8
ECONOMIC DEVELOPMENT.....	8
PHYSICAL RESOURCES.....	9
TECHNICAL PLANNING.....	10
BUDGET SUMMARY REVENUES.....	11
BUDGET SUMMARY EXPENDITURES.....	12
AUDITOR'S LETTER.....	13

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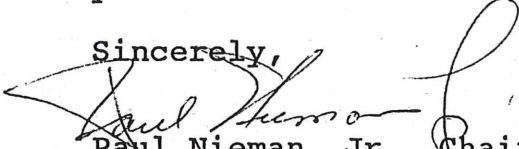
Chairperson's Report

July 1, 1995

The Region 5 Development Commission, as an extension of local units of government, continues to respond to the needs of our five-county area. Of particular note are the on-going efforts of the Region 5 Area Agency on Aging to develop and fund programs which keep older persons living as independent as possible. The Region 5 Five Wings Arts Program continues to develop a wide variety of arts projects and the Region 5 Economic Development programs and Transportation programs are playing a much greater role in our overall development activities. This is especially true of our Township activities, ranging from Road Recordings to Gravel Maintenance Workshops.

The Region 5 Development Commission is performing well in responding to the needs of the people we serve. The Health Care Task Force, for example, has had a powerful effect in bringing some common sense approaches to Minnesota's health care reform efforts and the work of the Commission itself has impacted the State's efforts to overhaul the Worker's Compensation system. As the newly elected Chairperson of the Commission, I am pleased to report that the Commission is trying very hard to meet the public's expectations of us and we will try even harder during this coming year.

Sincerely,



Paul Nieman, Jr., Chairperson
Region 5 Development Commission

COMMISSION MEMBERSHIP
(As of June 30, 1995)

CASS COUNTY REPRESENTATIVES

Erwin Ostlund, Walker
Ardean Brasgalla, Cass Lake
Fred Martin, Akeley

Board of Commissioners
Municipalities
Town Boards

CROW WING COUNTY REPRESENTATIVES

Mary Koep, Brainerd
Donna Good, Pequot Lakes
Robert Olson, Pequot Lakes

Board of Commissioners
Municipalities
Town Boards

MORRISON COUNTY REPRESENTATIVES

Paul Nieman, Jr., Little Falls
Duane Johnson, Swanville
James Wielinski, Little Falls

Board of Commissioners
Municipalities
Town Boards

TODD COUNTY REPRESENTATIVES

Stan Sumey, Browerville
Carolynne Bisel, Eagle Bend
Don Thiel, Staples

Board of Commissioners
Municipalities
Town Boards

WADENA COUNTY REPRESENTATIVES

Ralph Lorentz, Wadena
Roger Anderson, Verndale
William Kern, Verndale

Board of Commissioners
Municipalities
Town Boards

CITY OF BRAINERD REPRESENTATIVE

Gene Goedker, Brainerd

City of Brainerd

COUNCIL OF GOVERNMENTS

Robert Erdrich, Little Falls
John Thompson, Cass Lake

Little Falls Area COG
Leech Lake Tribal Council

REGION 5 SCHOOL BOARDS

William Higgs, Wadena
Herman Pietrowski, Little Falls

School Board Representative
School Board Representative

SPECIAL INTEREST GROUPS

Ted Winkels, Verndale

Soil & Water Conservation
District

BOARD OF DIRECTORS
(As of June 30, 1995)

Paul Nieman, Jr., Chairperson
Herman Pietrowski, Vice-Chairperson
Robert Olson, Secretary
Stan Sumey, Treasurer
Erwin Ostlund, Director
James Wielinski, Director
Ralph Lorentz, Director

STAFF
(As of June 30, 1995)

ADMINISTRATION

Leyten Fontaine, Executive Director
Nancy Stevens, Controller/Executive Assistant
Lori Verlennich, Secretary

AREA AGENCY ON AGING

Barbara Card, Director
Renee Frethem, Grants Manager

ARTS

Shelly Stevens, Five Wings Arts Director/Office Manager

COMMUNITY DEVELOPMENT

Randy Hilliard, Economic Development Planner
Roger Germann, Technical Planner
Mary Safgren, Community Development Planner

ADVISORY COUNCILS/TASK FORCES
(As of June 30, 1995)

ECONOMIC DEVELOPMENT TASK FORCE

Robert Olson, Pequot Lakes

REPRESENTING

Advisor

COUNTY

Region 5 DC

HEALTH CARE TASK FORCE

Mary Koep, Brainerd
Don Thiel, Staples

REPRESENTING

Chairperson
Region 5 DC

COUNTY

Region 5-DC
Region 5 DC

COUNCIL ON AGING

Donna Good, Pequot Lakes
Gloria Norman, Pine River
Donald Vollman, Akeley
Richard Ashmun, Merrifield
Margaret Nastansky, Brainerd
Marvin Lavalla, Royalton
Marvin Swecker, Motley
Vonda Hedlund, Clarissa
George Green, Grey Eagle
Lucy Andrie, Wadena
Dale Paulsen, Verndale
Judy Rian, Brainerd
Steve Reger, Little Falls
Kathy Ahlf, Menahga

REPRESENTING

Chairperson
Seniors
Seniors
Seniors
Seniors
Seniors
Seniors
Seniors
Seniors
Seniors
Public Health
Social Services
Nutrition

COUNTY

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

FIVE WINGS ARTS COUNCIL

Ted Winkels, Verndale
Bette Green, Hackensack
Dorothy Harrington, Hackensack
Christine Nick, Pequot Lakes
Patrick Spradlin, Brainerd
Janice Bradshaw, Brainerd
Mary Warner, Little Falls
Vacancy
Donn Harris, Eagle Bend
David Bengston, Long Prairie
Vickie Paurus, Sebeka
Gail Levenson, Wadena

REPRESENTING

Chairperson
Visual Arts
Music
Music
Theatre
Music/Literary
Visual Arts

Music
Literary Arts
Music/Drama
Visual Arts

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

Fred Martin, Akeley
Mary Koep, Brainerd
Worcester, Walker
Duane Blanck, Brainerd
Jeff Hulsether, Brainerd
Steve Backowski, Little Falls
Jerry Lochner, Little Falls
Duane Lorsung, Long Prairie
Mark Daly, Wadena
Steve Voss, Brainerd
Lee Johnson, Nisswa
Howard Warnberg, Little Falls
Gene Young, Little Falls
Jan Roers, Wadena

REPRESENTING

Chairperson
Ex-Officio-ATP
Co. Hwy. Engineer
Co. Hwy. Engineer
Brainerd Engineer
Co. Hwy. Engineer
City Services Mgr.
Co. Hwy. Engineer
Co. Hwy. Engineer
Transportation
Airports
Railroads
Townships
Transit

COUNTY

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

COORDINATION

REGION 5 LEGISLATIVE MEETINGS: The Counties of Cass, Crow Wing, Morrison, Todd and Wadena have enlisted the services of Region 5 to coordinate meetings between the five county boards and the area legislators on a regular 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 the legislature.

INFORMATIONAL SERVICES

The Region 5 Development Commission is a Regional Information Center for many types of information including but not limited to management and administration, community development, economic development, transportation, 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 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 3-year plan, for 1993-1994-1995. Based on the priorities established in this plan, Table 1 shows the services which are projected for 1995.

TABLE 1 - SERVICES PROJECTED FOR 1995

	<u>NUMBER OF UNITS</u>	<u>NUMBER OF UNDUPLICATED PARTICIPANTS</u>
Congregate Meals	191,200 meals	6,010
Home Delivered Meals	104,300 meals	1,500
TOTAL	295,500	7,510
Assessment/Screening	2,645 hours	95
Housekeeping	10,436 hours	146
Home Health Aide	6,160 hours	100

	<u>NUMBER OF UNITS</u>	<u>NUMBER OF UNDUPLICATED PARTICIPANTS</u>
Treatment	70 hours	78
Transportation	1,950 one-way trips	375
Respite	594 contacts	6
TOTAL	21,855	800
Legal Education	180 hours	201
Legal Cases	1,267 hours	210
TOTAL	1,447	444
Routine Health Screening	563 hours	1,082
Frail Elderly	1,104 hours	23
TOTAL	1,667	1,105

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 \$1.6 million. Table 2 identifies the type of funds used to finance a wide array of services:

TABLE 2
FUNDS DISTRIBUTED IN 1995

<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	\$377,733	\$100,811		\$392,500
Home Delivered Meals	135,506	12,487	\$ 5,300	153,220
SUB-TOTAL	\$513,239	\$113,298	\$ 5,300	\$545,720
Housekeeping	\$ 68,119		\$ 68,119	
Home Health Aide	43,425		43,425	21,961
Assessment/Screening	23,259		23,259	
Treatment	2,565		2,565	
Transportation	15,091			750
Respite	3,632		3,632	
SUB-TOTAL	\$156,091		\$141,000	\$ 22,711
Legal Education	\$ 4,442			\$ 4,442
Legal Cases	19,558		250	19,558
SUB-TOTAL	\$ 24,000		\$ 250	\$ 24,000
Health Screening	\$ 15,112		\$ 15,112	\$ 2,490
Frail Elderly	8,330		8,330	
SUB-TOTAL	\$ 23,442		\$ 23,442	\$ 2,490
TOTAL	\$716,772	\$113,298	\$169,992	\$594,921

Several important projects and activities were either initiated or completed throughout the year. The 13th Annual Conference entitled "Giving More in '94" was held in Motley. The keynote speaker gave a speech entitled, "Life is more than Money in the Bank." Other workshop topics included: Stewing, Fretting, Brooding and the control of Anger; Protect your Assets; Self Protection; Household Hazardous Waste; Country Line Dance; etc.

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

Region 5's Five Wings Arts Program awarded \$59,743 in grant monies in FY95. This amount includes \$8,871 of McKnight Foundation funds for semi-professional arts organizations and \$2,050 for Individual Artist grants. Five Wings also awarded \$48,822 of Minnesota State Arts Board grant funds for sponsorship activities and/or arts development in Region 5. The organizations which received funds are listed in Tables 1 and 2.

TABLE 1
MINNESOTA STATE ARTS BOARD FUNDS

<u>AGENCY</u>	<u>COUNTY</u>	<u>AMOUNT FUNDED</u>
Wadena County Historical Society	Wadena	\$ 100
Long Prairie/Grey Eagle H.S.	Todd	700
Long Prairie/Grey Eagle H.S.	Todd	250
Staples Centennial Auditorium	Todd	1,000
Menahga Civic	Wadena	350
BCC Theatre	Crow Wing	1,500
Wadena County Fair Board	Wadena	400
Heartland Symphony Orchestra	Crow Wing	1,000
Hole-in-the-Day Players	Morrison	800
Great River Arts Association	Morrison	1,000
Great River Arts Association	Morrison	700
Riverside Elementary	Crow Wing	500
Lamplighter Community Theatre	Todd	500
Freshwater Education District	Todd	650
Brainerd Area Arts Alliance	Crow Wing	800
Northwoods Arts Council	Cass	1,000
St. Francis Music Center	Morrison	700
Great Lakes Performing Arts	Crow Wing	1,715
Wadena Area Concert Band	Wadena	900
Pequot Lakes CAPP	Crow Wing	1,035
Stroia Ballet Company	Crow Wing	500
Stroia Ballet Company	Morrison	500
Home School Players	Todd	150
Deep Portage	Cass	1,000
Brainerd Youth Orchestra	Crow Wing	1,000
Lindbergh Fresco Project	Morrison	300
SUB-TOTAL MSAB FUNDS		\$19,050

	<u>NUMBER OF UNITS</u>	<u>NUMBER OF UNDUPLICATED PARTICIPANTS</u>
Treatment	70 hours	78
Transportation	1,950 one-way trips	375
Respite	594 contacts	6
TOTAL	21,855	800
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Long Prairie/Grey Eagle H.S.	Todd	700
Long Prairie/Grey Eagle H.S.	Todd	250
Staples Centennial Auditorium	Todd	1,000
Menahga Civic	Wadena	350
BCC Theatre	Crow Wing	1,500
Wadena County Fair Board	Wadena	400
Heartland Symphony Orchestra	Crow Wing	1,000
Hole-in-the-Day Players	Morrison	800
Great River Arts Association	Morrison	1,000
Great River Arts Association	Morrison	700
Riverside Elementary	Crow Wing	500
Lamplighter Community Theatre	Todd	500
Freshwater Education District	Todd	650
Brainerd Area Arts Alliance	Crow Wing	800
Northwoods Arts Council	Cass	1,000
St. Francis Music Center	Morrison	700
Great Lakes Performing Arts	Crow Wing	1,715
Wadena Area Concert Band	Wadena	900
Pequot Lakes CAPP	Crow Wing	1,035
Stroia Ballet Company	Crow Wing	500
Stroia Ballet Company	Morrison	500
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Long Prairie/Grey Eagle H.S.	Todd	700
Long Prairie/Grey Eagle H.S.	Todd	250
Staples Centennial Auditorium	Todd	1,000
Menahga Civic	Wadena	350
BCC Theatre	Crow Wing	1,500
Wadena County Fair Board	Wadena	400
Heartland Symphony Orchestra	Crow Wing	1,000
Hole-in-the-Day Players	Morrison	800
Great River Arts Association	Morrison	1,000
Great River Arts Association	Morrison	700
Riverside Elementary	Crow Wing	500
Lamplighter Community Theatre	Todd	500
Freshwater Education District	Todd	650
Brainerd Area Arts Alliance	Crow Wing	800
Northwoods Arts Council	Cass	1,000
St. Francis Music Center	Morrison	700
Great Lakes Performing Arts	Crow Wing	1,715
Wadena Area Concert Band	Wadena	900
Pequot Lakes CAPP	Crow Wing	1,035
Stroia Ballet Company	Crow Wing	500
Stroia Ballet Company	Morrison	500
Home School Players	Todd	150
Deep Portage	Cass	1,000
Brainerd Youth Orchestra	Crow Wing	1,000
Lindbergh Fresco Project	Morrison	300
SUB-TOTAL MSAB FUNDS		\$19,050

SUB-TOTAL MSAB FUNDS

Upnorth Family Theatre	Crow Wing	\$19,050
MN Arts Network	Wadena	2,000
Wadena/Deer Creek Fine Arts	Wadena	300
Leech Lake Arts League	Cass	450
Deep Portage	Cass	800
Grey Eagle Elementary	Todd	2,500
Wadena/Deer Creek Fine Arts	Todd	1,150
Brainerd Youth Orchestra	Wadena	175
Grey Eagle Elementary	Crow Wing	1,500
Prairie Arts Center	Todd	810
St. Francis Music Center	Todd	300
Prairie Arts Center	Morrison	800
Lamplighter Community Theatre	Todd	200
Heritage Festival Concert Comt.	Todd	750
Hole-in-the-Day Players	Todd	500
Great River Arts Association	Morrison	750
Heartland Symphony Orchestra	Morrison	1,000
Winter Wonderland Figure Skating	Crow Wing	1,600
Remer/Longville ISD #118	Morrison	1,500
Brainerd Community College Theatre	Cass	2,438
Long Prairie/Grey Eagle H.S.	Crow Wing	3,950
Long Prairie/Grey Eagle H.S.	Todd	1,733
Emily Community Learning Center	Todd	266
Vacationland Figure Skating Club	Crow Wing	3,000
Staples/Motley All School Reunion	Crow Wing	1,000
	Todd	300
TOTAL MSAB FUNDS		\$ 48,822

TABLE 2
MCKNIGHT FOUNDATION FUNDS AWARDED

<u>AGENCY</u>	<u>COUNTY</u>	<u>AMOUNT FUNDED</u>
MN Arts Network	Wadena	\$ 300
Crosslake Art Club	Crow Wing	675
Great River Arts Association	Morrison	950
Hole-in-the-Day Players	Morrison	1,164
Northwoods Arts Council	Cass	2,050
Heartland Symphony Orchestra	Crow Wing	1,732
Menahga Schools	Wadena	2,000
TOTAL MCKNIGHT FUNDS		\$ 8,871

MCKNIGHT INDIVIDUAL ARTIST AWARDS

<u>APPLICANT</u>	<u>COUNTY</u>	<u>AMOUNT FUNDED</u>
Ray Tkalcich	Morrison	\$ 100
Joseph Tkalcich	Morrison	100
SUB-TOTAL		\$ 200

SUB-TOTAL		\$ 200
Carl Peltoniemi	Wadena	500
Haddie Hadachek	Crow Wing	250
Paula Dano	Crow Wing	500
Chip Borkenhagen	Crow Wing	100
Virginia MacArthur	Crow Wing	500
TOTAL MCKNIGHT INDIVIDUAL ARTIST FUNDS		\$ 2,050

The Five Wings Arts Program also receives funds from the Minnesota Center for Arts Education for an Artist/Mentor Program. In the past year Five Wings was able to provide 15 area students with an opportunity to work one-on-one with a practicing artist in their area of art.

The Five Wings Arts Program staff also provides technical assistance to individuals and groups on such matters as grant writing, availability of funds, arts resources, and other arts project assistance. In addition, Five Wings produces a monthly newsletter which addresses arts concerns, opportunities, and activities throughout the region.

COMMUNITY DEVELOPMENT

Region 5 continues to provide technical assistance in completing grant applications.

Technical Assistance was provided in the area of planning and zoning. Region 5 is assisting the City of Manhattan Beach in the development of their Comprehensive Plan. A survey of existing land uses has been completed. A community survey was also completed in order to provide information on the community's needs. A Comprehensive Plan for the City of Garrison is being completed. A community survey for Little Falls Township was completed.

Technical and informational assistance was provided to local units of government at all levels, including townships, cities and counties in Region 5.

Region 5 is in the process of developing a plan for providing technical assistance in the area of housing. A housing workshop was held in order to provide information on housing programs.

ECONOMIC DEVELOPMENT

The North Central Economic Development Administration, Inc., administrator of the Region 5 Business Loan Fund, approved ten (10) loans totalling \$276,500 for local business development.

Businesses, individuals, development corporations, and local units of government in Region 5 were assisted to structure financial packaging and development strategies to foster business start-up and expansion activity.

The Region 5 Overall Economic Development Plan (OEDP) Annual Report was completed.

Staff presented information on the Region 5 Business Loan Fund and the Region 5 Economic Development Program to several economic development organizations and local units of government.

Staff updated the business financing resource guide and distributed it to local economic development organizations and businesses.

Staff facilitated several Network 5 meetings. Network 5 is a group of economic development practitioners that provide services in Region 5.

Staff authored an ED-101A grant application for funding assistance through Economic Development Administration (EDA) to make city sewer and water and road improvement in the City of Menahga's Industrial Park.

Staff is working with the East Central Regional Development Commission, St. Cloud Area Economic Development Partnership and the Technical Colleges to conduct a labor study of the 14 county Central Minnesota Challenge Grant Region.

Staff is exploring options to recapitalize the Revolving Loan Fund.

PHYSICAL RESOURCES

The Commission, through its Transportation Council (TC), has continued to monitor local, state, and federal transportation legislation which has regional significance. The TC makes recommendations to the Minnesota Department of Transportation on transportation projects impacting the area.

During the past year, Region 5 worked with the Area Transportation Partnership in implementing the Intermodal Surface Transportation and Efficiency Act (ISTEA). Region 5 solicited and ranked all transportation projects in the Region 5 counties. Region 5 also assisted in the review of all Transportation Enhancement projects in District 3.

Region 5 continued work on the Section 5310 Transit Monitoring Project. Onsite visits to all grantees will continue throughout next year. Region 5 made recommendations to the Office of Transit on FY95 grant applications. A review process of all Office of Transit projects was implemented. Region 5 continued to provide technical assistance in the area of transit planning.

Information was disseminated on environmental topics, including solid waste management, water quality and wetlands preservation.

An application to the USDA - Rural Economic and Community Development Division was submitted on behalf of Cass, Crow Wing, Morrison, Todd and Wadena Counties. The purpose of the grant will be to implement a solid waste reduction educational project for the five counties.

Census information was provided to data users through Region 5's

role as a Census Data Affiliate. Businesses were provided information through the Economic Business Information Network (EBIN). Region 5 became a member of Datanet, so that online data services can be provided. A central computer station was established, in order to provide better access to data on C-D ROM.

Region 5 continues to assist local units of government in financing recreational facilities through the Outdoor Recreation Grant Program.

Region 5 provided information to local units of government on funding for the tree planting projects. Staff assisted in the review of SBA applications to the DNR for tree plantings.

TECHNICAL PLANNING

Planning in the areas of transportation and land use, with transportation planning coordinated through the Transportation Council with an emphasis on township transportation issues, and with Land Use planning geared to technical planning and mapping for townships and small cities such as Land Use Plans, Zoning Ordinances, and Land Use Maps.

The Township Road Recording Program assists townships in the proper recording of town road easements. A spin-off benefit to townships is the development of improved methods of governing based on Township Association guidelines. Specific projects are completed on a contract basis.

Planning and Zoning Map projects have been completed as requested. Interest in planning and zoning at the township level has created interest in calls for information and advice regarding technical processes used for decision-making on zoning needs.

General cartography service continues to coordinate mapping projects with all other Region 5 program areas.

Our program efforts toward townships is greatly enhanced by the working relationship with the Minnesota Association of Townships. Staff continues to offer consultation to other Regional Development Commissions regarding township issues and state-wide township programs. In addition, Region 5 staff is coordinating with the Association in developing useful guideline materials as needed for township management.

Region 5 staff held a Gravel Specification workshop. Staff anticipates holding similar workshops dealing with Gravel Road Maintenance. Township Planning and Zoning Issues research leading to a potential workshop or Township Land Use Issues is being carried out. Work continues on the development of a Town Road Construction/Maintenance - Re-Construction/Materials Specification Guideline Manual.

ARFY95.ADM/ss

Region 5 Development Commission
Fiscal Year 1995 Budget
Date: May 19, 1995

Revenue Comparison
Current FY95R2 and Proposed FY96

Revenues	Approved Budget	Proposed Budget	Difference
Technical Assistance	10,000	10,000	0
Local Levy	134,000	134,000	0
Interest Income	9,000	9,000	0
In-Kind	1,400	1,400	0
EDA Planning	57,000	57,000	0
MN State Arts Board	31,322	39,194	7,872
McKnight Foundation	2,100	2,100	0
MN Board on Aging Administration	97,168	97,451	283
Health Care Financial (HCFA)	0	0	0
Community Health Services	8,750	0	(8,750)
North Central EDA, Inc.	33,223	29,828	(3,395)
MN Center for Arts Education	13,750	8,750	(5,000)
MN Department of Transportation	37,000	37,000	0
Urban Mass Transit Administration	3,498	1,933	(1,565)
East Central RDC (7E) (DTED)	0	0	0
Central MN Initiative Fund	0	0	0
Subtotal Program Revenues	438,211	427,656	(10,555)
Direct Granting Assistance			
Area Agency on Aging	855,886	855,886	0
Five Wings Arts	68,013	48,881	(19,132)
EDA Revolving Loan Fund	0	0	0
Subtotal Granting Assistance	923,899	904,767	(19,132)
TOTAL AGENCY REVENUES	1,362,110	1,332,423	(29,687)

Region 5 Development Commission
Fiscal Year 1995 Budget
Date: May 19, 1995

Expenditure Comparison
Current FY95R2 and Proposed FY96

Expenditures	Approved Budget	Proposed Budget	Difference
Salaries	158,631	166,410	7,779
Fringe Benefits @ 29.81%	45,589	45,624	35
Subtotal Personnel	204,220	212,034	7,814
Compensatory Time	7,150	7,389	239
Commission Benefits	1,000	1,000	0
Consultants/Mentor/etc.	7,500	5,000	(2,500)
Staff Travel	16,134	15,161	(973)
Consultant Travel	406	632	226
Commission Travel	8,000	8,000	0
Commission Per Diem	12,750	12,750	0
Council Travel	4,256	2,231	(2,025)
Reproduction and Printing	3,615	3,673	58
Telephone	1,225	1,200	(25)
Rent	4,584	4,046	(538)
Staff Car Usage	2,175	2,050	(125)
Postage	1,200	1,050	(150)
Supplies	2,593	1,225	(1,368)
Insurance - Office	3,510	3,510	0
Equipment	24,000	5,000	(19,000)
Maintenance - Equipment	1,500	1,500	0
Books, Reports & Memberships	3,334	2,617	(717)
Workshops/Conferences	5,300	5,300	0
Miscellaneous Expense	2,575	2,175	(400)
Subtotal Direct Costs	317,027	297,543	(19,484)
In-Kind	1,400	1,400	0
Total Direct Costs	318,427	298,943	(19,484)
Indirect Costs @ 69.45%	144,658	149,319	4,661
TOTAL PROGRAM COSTS	463,085	448,262	(14,823)
Direct Granting Assistance			
Area Agency on Aging	855,886	855,886	0
Five Wings Arts Program	68,013	48,881	(19,132)
EDA Revolving Loan Fund	0	0	0
Subtotal Granting Assistance	923,899	904,767	(19,132)
TOTAL R5 AGENCY BUDGET	1,386,984	1,353,029	(33,955)
Excess Revenues Over (Under) Expenditures	(24,874)	(20,606)	4,268
Fund Balance 7/1/94 & Proj. 7/1/95	200,304	175,430	(24,874)
Fund Balance Projected 6/30/95 & 6/30/96	175,430	154,824	(20,606)

GARY W. PAULSON

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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Commission Members
Region 5 Development Commission
Staples, MN 56479

We have audited the general purpose financial statements of Region 5 Development Commission for the year ended June 30, 1994, and have issued our report thereon dated January 17, 1995. We have also audited Region 5 Development Commission's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated January 17, 1995.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and whether Region 5 Development Commission complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit of the year ended June 30, 1994, we considered the Commission's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Commission's general purpose financial statements and on the compliance of Region 5 Development Commission with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed the internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated January 17, 1995.

The management of Region 5 Development Commission, is responsible for establishing and maintaining an internal control structure. In fulfilling the responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures.

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The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in condition or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs, in the following categories:

General Requirements

- Political Activity
- Civil Rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-free Workplace Act
- Administrative requirements

Specific Requirements

- Types of services allowed or not allowed
- Eligibility
- Matching, level of effort, or earmarking
- Reporting
- Cost Allocation

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1994 Region 5 Development Commission expended 62 percent of its total federal financial assistance under major federal financial assistance programs:

- CFDA# 93.045 Title IIIC (1) & (2)
- CFDA# 93.044 Title IIIB

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Commission's major federal financial assistance programs which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the Commission's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

SEGREGATION OF DUTIES

Criteria - Good internal controls are essential to achieving the proper conduct of government business with full accountability for the resources made available. These controls also facilitate the achievement of management objectives by serving as checks and balances against undesired actions. An entity's internal control structure consists of the policies and procedures established to provide reasonable assurance that specific entity objectives will be achieved.

Condition - The entity's internal control structure lacks a proper segregation of duties.

Effect - Accounting functions that are not compatible (i.e.: the person reconciling bank statements should not be the same person that writes checks, makes deposits, or posts to the journals and ledgers) are performed under one person's immediate control.

Cause - The size of the entity does not justify the cost that would be required to implement controls that would allow for proper segregation of duties.

Recommendation - The Commission members should be aware that the condition does exist and that it is not cost justifiable to correct it. As such, ongoing interaction with management and reviewing monthly transactions should be standard procedure.

The Entity's Response - The Commission and management understand the conditions and the fact that the cost to correct it outweigh the benefits. They will continue to interact regularly and the Board of Directors and Commission will continue to review monthly transactions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that non-compliance with law and regulations that would be material to a major federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We believe the reportable condition described above is a material weakness.

This report is intended for the information of the Commission, the Commission's management and the federal and state funding agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Gary W. Paulson
Certified Public Accountants

January 17, 1995

OUR REF:PPC855.09(3/94)