

# **REGION 5 DEVELOPMENT COMMISSION**

## **ANNUAL REPORT**

**JULY 1, 1995 - JUNE 30, 1996**

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

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## CHAIRPERSON'S REPORT

July 1, 1996

The Region 5 Development Commission continues to serve well the people of Cass, Crow Wing, Morrison, Todd and Wadena counties. Although increasing financial pressures make it difficult, the Commission is determined to respond in a responsible way to the needs of our five-county area, whether in the areas of transportation, community and economic development, arts activities, township concerns, or in the burgeoning needs of our older population.

Cooperation and collaboration are the keys to success, and the Region 5 Development Commission is dedicated to fostering collaborative efforts on all levels of governmental activities. As Chairperson of the Commission, it is my hope that we will keep these concepts foremost in mind as we meet the challenges of the future.

Sincerely,

  
Paul Nieman Jr., Chairperson  
Region 5 Development Commission

## **COMMISSION MEMBERSHIP**

(As of June 30, 1996)

### **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  
Barbara Halvorson, Menahga  
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  
Richard Tanner, 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, 1996)

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

**STAFF**  
(As of June 30, 1996)

**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, 1996)

**ECONOMIC DEVELOPMENT TASK FORCE**

Robert Olson, Pequot Lakes

**REPRESENTING**

Advisor

**COUNTY**

Region 5 DC

**HEALTH CARE TASK FORCE**

Mary Koep, Brainerd

Don Thiel, Staples

David Jessop, Staples

Vacant

Vacant

**REPRESENTING**

Chairperson

Region 5 DC

Insurance/Risk Mgt.

Consumer Rep.

Health Care Professional

**COUNTY**

Region 5 DC

Region 5 DC

Region 5 DC

**COUNCIL ON AGING**

Donna Good, Pequot Lakes

Gloria Norman, Pine River

Donald Vollman, Akeley

Richard Ashmun, Merrifield

Carolyn Frisch, Brainerd

Marvin Lavalla, Royalton

Marvin Swecker, Motley

Vonda Hedlund, Clarissa

George Green, Grey Eagle

Lucy Andrie, Wadena

Martha Rach, Staples

Judy Rian, Brainerd

Steve Reger, Little Falls

Kathy Ahlf, Menahga

**REPRESENTING**

Chairperson

Seniors

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

DeAnna Gehant, Little Falls

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

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

Jim Worcester, Walker

**REPRESENTING**

Chairperson

Ex-Officio-ATP

Co. Hwy. Engineer

**COUNTY**

Region 5 DC

Region 5

Cass County

Duane Blanck, Brainerd  
Jeff Hulsether, Brainerd  
Steve Backowski, Little Falls  
Jerry Lochner, Little Falls  
Duane Lorsung, Long Prairie  
Vacant  
Steve Voss, Brainerd  
Lee Johnson, Nisswa  
Howard Warnberg, Little Falls  
Gene Young, Little Falls  
Jan Roers, Wadena

Co. Hwy. Engineer  
Brainerd Engineer  
Co. Hwy. Engineer  
City Services Mgr.  
Co. Hwy. Engineer  
  
Transportation  
Airports  
Railroads  
Townships  
Transit

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 state data banks, 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. Three primary roles for the Area Agency on Aging are linking people to information; building community; and promoting prudent stewardship. The main strategy for linking people to information is the Senior Linkage Line. The Area Agency on Aging provides this service directly and is working with the Minnesota Board on Aging to establish statewide standards of practice in the delivery of information and assistance.



To guide its activities, the Region 5 Area Agency on Aging has prepared an Area Plan for 1996. Based on the priorities established in this Plan, Table 1 shows the services which are projected for 1996.

**TABLE 1 - SERVICES PROJECTED FOR 1996**

	<u>Number of Units</u>		<u>Number of Unduplicated Participants</u>
Congregate Meals	183,200	meals	7,295
Home Delivered Meals	<u>99,600</u>	meals	<u>1,625</u>
	282,800		8,920
Assessment/Screening	2,080	hours	45
Homemaking	11,384	hours	174
Home Health Aide	3,864	hours	69
Advocacy	966	hours	252
Treatment	185	hours	85
Transportation	1,600	one-way trips	325
Respite	564	hours	9
Information & Assistance	600	contacts	600
Education/training	<u>1,500</u>	contacts	<u>1500</u>
TOTAL	22,743		3059
Legal Education	132	sessions	216
Legal Cases	<u>773</u>	hours	<u>143</u>
TOTAL	845		359
Frail Elderly	55	contacts	55

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 1996**

<b>SERVICE</b>	<b><u>FEDERAL FUNDS</u></b>	<b><u>STATE FUNDS</u></b>	<b><u>COUNTY FUNDS/ IN-KIND</u></b>	<b><u>PRIVATE FUNDS/ IN-KIND</u></b>
Congregate Meals	349,193	100,811	0	413,940
Home Delivered Meals	<u>131,539</u>	<u>12,487</u>	<u>5,500</u>	<u>164,000</u>
Sub-Total	480,732	113,298	5,500	577,940
Homemaking	71,135		71,137	23,900
Home Health Aide	33,210		33,208	6,500
Assessment/Screening	17,061		17,060	
Treatment	2,410		2,410	300
Transportation	6,000		4,000	600
Respite	4,848		4,848	
Advocacy	11,336		11,337	
Information & Assistance	8,000		2,000	
Education/Training	<u>3,345</u>			<u>1,115</u>
Sub-Total	157,345		146,000	32,415
Legal Education	3,544			3,544
Legal Cases	<u>15,456</u>		<u>250</u>	<u>15,456</u>
Sub-Total	19,000		250	19,000
Frail Elderly	8,330			2,082
<b>TOTAL</b>	<b>665,407</b>	<b>113,298</b>	<b>151,750</b>	<b>631,437</b>

Several important projects and activities were either initiated or completed throughout the year. The 14th Annual Conference entitled " Humor...Health...and a Grrr..eat Future" was held in Staples. The keynote speaker was Merrillyn Belgum "Queen Mother of Comedy". Other workshop topics included: Coping Skills; Passing on Your Legacy; Protecting Your Future; Grandparents Rights; Outward Boundaries; Personal Safety for Seniors; and Osteoporosis.

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 \$64,036 in grant monies in FY96. This amount includes \$9,996 of McKnight Foundation funds for semi-professional arts organizations and \$3,000 for Individual Artist grants. Five Wings also awarded \$51,040 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>
Todd County Historical Society	Todd	\$ 500
Royalton High School	Morrison	200
All School Reunion Comt. ISD #786/Bertha	Todd	400
Todd County Soil & Water Cons. District	Todd	500
Wadena County Historical Society	Wadena	1,500
Central Lakes College	Crow Wing	700
Stroia Ballet Company	Morrison	1,200
Wadena Area Concert Band	Wadena	800
Central MN Rural AIDS Network	Morrison	1,200
Lindbergh Fresco Project	Morrison	500
Sebeka Elementary School	Wadena	500
Brainerd Area Arts Alliance	Crow Wing	1,000
Great River Arts Association	Morrison	1,000
Brainerd Area Youth Orchestra	Crow Wing	1,500
St. Francis Music Center	Morrison	700
Walker-Hackensack-Akeley ISD #113	Cass	420
Messiah Community Chorus	Cass	2,000
Long Prairie/Grey Eagle High School	Todd	800
Heartland Plays	Todd	2,250
Hole in the Day Players	Morrison	700
Heartland Symphony Orchestra	Crow Wing	1,500
ISD #2170, Staples/Motley	Todd	600
Long Prairie/Grey Eagle Community Ed.	Todd	500
Deep Portage Conservation Foundation	Cass	2,000
Mid-MN Resource Center	Wadena	500
Clarissa Centennial/Reunion Comt.	Todd	695
Heartland Plays	Todd	1,500
Little Falls Community H.S. Choir	Morrison	750
Brainerd Area Youth Orchestra	Crow Wing	1,500
Wadena/Deer Creek Fine Arts Committee	Wadena	275
Freshwater Education District	Cass/Morr/Todd	3,000
Lamplighter Community Theatre	Todd	300
<b>SUB-TOTAL MSAB FUNDS</b>		<b>\$ 31,490</b>

# **MN STATE ARTS BOARD FUND (Continued)**

<u>AGENCY</u>	<u>COUNTY</u>	<u>AMOUNT FUNDED</u>
<b>SUB-TOTAL FROM PAGE 7</b>		<b>\$ 31,490</b>
Emily Community Learning Center	Crow Wing	1,500
Bertha-Hewitt ISD #786	Todd	500
Madhatters, Inc.	Wadena	2,300
Staples Area Men's Chorus	Todd	1,200
St. Francis Music Center	Morrison	800
Hole in the Day Players	Morrison	700
Heritage Festival Concert Comt.	Todd	500
Northwoods Arts Council	Cass	2,000
Walker-Hackensack-Akeley Music Dept.	Cass	550
Grey Eagle Elementary School	Todd	800
Great River Arts Association	Morrison	800
Winter Wonderland Figure Skating Club	Morrison	700
Crosslake Art Club	Crow Wing	300
The Art Connection	Crow Wing	400
Bertha-Hewitt ISD #786	Todd	300
Prairie Days Association	Todd	500
Long Prairie/Grey Eagle High School	Todd	450
Long Prairie/Grey Eagle High School	Todd	1,500
Long Prairie/Grey Eagle High School	Todd	1,500
Brainerd H.S. Acappella Choir	Crow Wing	1,000
Heartland Symphony Orchestra	Crow Wing	<u>1,250</u>
<b>TOTAL MSAB FUNDS</b>		<b>\$51,040</b>

**TABLE 2  
MCKNIGHT FOUNDATION FUNDS**

<u>AGENCY</u>	<u>COUNTY</u>	<u>AMOUNT FUNDED</u>
Central Lakes College	Crow Wing	\$2,000
ISD #2170 Staples/Motley CAPP	Todd	2,000
Brainerd Area Youth Orchestra	Crow Wing	2,000
St. Francis Music Center	Morrison	296
Eagle Valley CAPP Committee	Todd	1,200
Northwoods Arts Council	Cass	1,000
Heartland Symphony Orchestra	Crow Wing/Morrison	<u>1,500</u>
<b>TOTAL MCKNIGHT FUNDS</b>		<b>\$9,996</b>



## MCKNIGHT INDIVIDUAL ARTIST AWARDS

<u>APPLICANT</u>	<u>COUNTY</u>	<u>AMOUNT FUNDED</u>
Carlos Stroia	Morrison	\$ 150
Richard Lozier	Morrison	150
Ramon Rangel	Morrison	300
Warren Woodworth	Morrison	300
Raya Hunt	Crow Wing	500
Stephen Lubovich	Crow Wing	225
Adelle Erickson	Crow Wing	150
Sara Hanlon	Crow Wing	300
Thomas Dunn	Todd	400
Margaret Werlinger	Todd	225
Bruce Bellows	Wadena	<u>300</u>
<b>TOTAL MCK. INDIVIDUAL ARTIST FUNDS</b>		<b>\$3,000</b>

The Five Wings Arts Program also received funds from the Minnesota Center for Arts Education for an Artist/Mentor Program. In the past year Five Wings was able to provide 10 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 bi-monthly newsletter which addresses arts concerns, opportunities, and activities throughout the region.

### COMMUNITY DEVELOPMENT

Region 5 provides technical assistance in the areas of land use planning, housing, grant writing including the preparation of small cities development block grants.

Comprehensive plans were completed for the cities of Garrison and Manhattan Beach. A community survey was completed for Thomastown Township.

A survey of Region 5 lenders was conducted to find out what the needs were in the Region regarding housing education. As a result a housing workshop titled, Developing a Community Lending Program was held in cooperation with Minnesota Housing Finance Agency, Rural Development (formerly FmHA) and local lenders, realtors and housing professionals.



## **ECONOMIC DEVELOPMENT**

The North Central Economic Development Administration, Inc., administrator of the Region 5 Business Loan Fund, approved nine (9) loans totalling \$344,000 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 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.

Staff authored a pre-application for funding assistance through the Economic Development Administration (EDA) to recapitalize the Revolving Loan fund. Region 5 is applying for a \$350,000 grant which was to be matched with \$116,667. Thus far, staff has raised over \$70,000 for the local match.

## **PHYSICAL RESOURCES**

Several activities took place during FY 1996 regarding the Transportation Planning Work Program.

The Region 5 Transportation Council continued to monitor regional transportation issues and provide recommendations to the Commission. The Region 5 Transportation Council developed a Regional Transportation Improvement Program as part of the Area Transportation Partnership process. Region 5 also assisted in the review of Enhancement projects in District 3.

Region 5 received a grant from the Central Minnesota Initiative Fund for the development of a regional tourism map. Mn/DOT is assisting in the development of the base map. A final map will be completed in FY 97.

Region 5 continued to monitor Section 5310 transit vehicles. Region 5 completed onsite visits to all Region 5 grantees. A final report for FY 95 was submitted to Mn/DOT Office of Transit. Region 5 continued to provide technical assistance in the area of transit planning.

Region 5 received a Solid Waste Management Grant through the USDA, Rural Utilities Service to implement a waste reduction educational project in the Region 5 counties of Cass, Crow Wing, Morrison, Todd and Wadena. Richardson, Richter and Associates was hired by Region 5 as consultants for this project. The project will consist of workshops and onsite visits for businesses, information packets on waste reduction, a media campaign and county displays.

Census information was provided to businesses, local units of government, organizations and individuals as part of Region 5's responsibilities as a Census Data Affiliate. Region 5 continues to provide information through DATANET, an online service through Minnesota Planning.

Region 5 provided information to local units of government on funding for tree planting projects. Region 5 assisted in the review of ReLeaf projects, which consisted of plantings for energy conservation.

In addition, information was provided on wetlands regulations, solid waste management and water quality.

### **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, Land Use Maps, and Community Surveys.

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 are 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.

Staff anticipates holding 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 Guideline Manual.



**Region 5 Development Commission**

**Fiscal Year 1997 Budget**

05/23/96

Revenue Comparison Current FY96R1 and Proposed FY97			
Revenues	Approved Budget	Proposed Budget	Difference
Technical Assistance	10,000	10,000	0
Local Levy	134,000	153,000	19,000
Interest Income	10,500	10,500	0
In-Kind	9,400	7,800	(1,600)
EDA Planning	54,500	52,000	(2,500)
MN State Arts Board	39,172	42,712	3,540
McKnight Foundation	2,100	2,730	630
MN Board on Aging Administration	93,217	86,828	(6,389)
RECD (Formerly FMHA)	40,768	44,214	3,446
Community Health Services	0	0	0
North Central EDA, Inc.	29,695	34,301	4,606
MN Center for Arts Education	8,750	8,750	0
MN Department of Transportation	37,000	50,000	13,000
Urban Mass Transit Administration	5,795	3,103	(2,692)
East Central RDC (7E) (DTED)	700	0	(700)
Central MN Initiative Fund	2,500	2,500	0
Region 5 I & A Grant (AAA)	4,636	7,009	2,373
Subtotal Program Revenues	482,733	515,447	32,714
Direct Granting Assistance			
Area Agency on Aging	772,150	772,150	0
Five Wings Arts	69,956	59,564	(10,392)
EDA Revolving Loan Fund	0	0	0
Subtotal Granting Assistance	842,106	831,714	(10,392)
<b>TOTAL AGENCY REVENUES</b>	<b>1,324,839</b>	<b>1,347,161</b>	<b>22,322</b>



# Region 5 Development Commission

Fiscal Year 1997

05/23/96

Expenditure Comparison Current FY96R1 and Proposed FY97			
Expenditures	Approved Budget	Proposed Budget	Difference
Salaries **	141,485	151,751	10,266
Leave Allocation @ 17.57% **	24,853	26,656	1,803
Total Salaries & Leave ***	166,338	178,407	12,069
Fringe Benefits @ 28.22%	42,050	50,353	8,303
Subtotal Personnel	208,388	228,760	20,372
Compensatory Time	12,609	12,640	31
Commission Benefits	1,308	1,308	0
Consultants/Mentor/etc.	24,000	32,250	8,250
Staff Travel	20,748	21,010	262
Consultant Travel	2,061	1,950	(111)
Commission Travel	8,750	8,750	0
Commission Per Diem	13,250	13,250	0
Council Travel	4,595	4,525	(70)
Reproduction and Printing	7,673	11,435	3,762
Telephone	1,250	1,250	0
Rent	6,158	7,057	899
Staff Car Usage	2,200	2,000	(200)
Postage	1,326	1,250	(76)
Supplies	1,225	1,325	100
Insurance - Office	3,644	3,644	0
Equipment	10,625	5,000	(5,625)
Maintenance - Equipment	645	645	0
Books, Reports & Memberships	2,617	2,817	200
Workshops/Conferences	6,700	7,700	1,000
Miscellaneous Expense	2,608	4,803	2,195
Subtotal Direct Costs	342,380	373,369	30,989
In-Kind	9,400	7,800	(1,600)
Total Direct Costs	351,780	381,169	29,389
Indirect Costs @ 59.62%	153,133	137,283	(15,850)
TOTAL PROGRAM COSTS	504,913	518,452	13,539
Direct Granting Assistance			
Area Agency on Aging	772,150	772,150	0
Five Wings Arts Program	69,956	59,564	(10,392)
EDA Revolving Loan Fund	0	0	0
Subtotal Granting Assistance	842,106	831,714	(10,392)
TOTAL R5 AGENCY BUDGET	1,347,019	1,350,166	3,147
Excess Revenues Over (Under) Expenditures	(22,180)	(3,005)	19,175
Fund Balance Actual 7/1/95 & Proj 7/1/96	173,506	151,326	(22,180)
Fund Balance Projected 6/30/96 & 6/30/97	151,326	148,321	(3,005)

\*\* As Leave Budgeting is a new format, the portion of the FY96 budget which would be leave has been estimated for comparison purposes.

\*\*\* Equals Salaries budget from FY96R1

# *Beinhorn & Company, Ltd.*

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

### REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Commission Members  
Region 5 Development Commission  
Staples, MN 56479

We have audited the general purpose financial statements of Region 5 Development Commission as of and for the year ended June 30, 1995, and have issued our report thereon dated January 9, 1996.

We have conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget 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.

The management of Region 5 Development Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. 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, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities 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 conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Region 5 Development Commission for the year ended June 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation,



and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. 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 record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

#### 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 persons 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 Region 5 Commission and management understand the conditions and the fact that the cost to correct it outweighs 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 errors or

irregularities in amounts that would be material in relation to the general purpose financial statements being audited 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 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. However, we believe none of 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.

*Bein & Conyer, Ltd.*

January 9, 1996