



Minnesota Counties Intergovernmental Trust

100 Empire Drive, Suite 100
St. Paul, MN 55103-1885
www.mcit.org

Phone: 651-209-6400
Toll Free: 866-547-6516
Fax: 651-209-6496

NOV 02 2015

BOARD OF DIRECTORS

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October 30, 2015

RE: VOTING DELEGATES AND ALTERNATES

Dear: Kirk Peysar

The 2015 Annual Meeting of the Minnesota Counties Intergovernmental Trust will be held on:

Monday, December 7, 2015 at 4:00 p.m.
(Registration to begin at 3:30)
State/Sunwood Room
Best Western Kelly Inn, St. Cloud

An election will be held for three seats on the MCIT Board of Directors. The MCIT Bylaws provide for the designation of official voting delegates and alternates. Our records indicate that your voting delegate and alternate are as follows:

Delegate: Laurie Westerlund

Alternate: Terry Neff

IF THIS IS CORRECT, YOU NEED NOT RESPOND TO THIS LETTER. If this is incorrect or if you wish to change your voting delegate and alternate, please note the changes on the enclosed designation form. The form should be signed and returned to MCIT by **November 23, 2015**. The form can be mailed, emailed or faxed. Thank you for your attention to this matter.

Sincerely,

Robyn M. Sykes
Executive Director

cc: County Administrator, Coordinator, Auditors or Auditor-Treasurer

MINNESOTA COUNTIES INTERGOVERNMENTAL TRUST

VOTING DELGATE AND ALTERNATE

DESIGNATION FORM

County: AITKIN

County name here hereby designates the following individuals to serve as its voting delegate and alternate:

Delegate: Laurie Westerlund

Alternate: Terry Neff

_____ Date _____
Official of County Member

Please return this form to MCIT no later than November 23, 2015 by mail, email or fax:

MCIT
100 Empire Drive, Suite 100
St. Paul, MN 55103-1885

Email: info@mcit.org

Fax: 651.209.6496

NOV 02 2015

AITKIN COUNTY HISTORICAL SOCIETY
DEPOT HIGHLIGHTS NEWSLETTER
FALL 2015 – Volume 20, Issue 4

On October 7th at 10am we held an open house, ribbon cutting and dedication of our new Research room. Over 40 people showed up for this event. Mayor Gary Tibbetts spoke and cut the ribbon. ACHS President Darlene Maciej read a proclamation dedicating the research room to Everett and Shirley Davies for all of their hard work and dedication to the Aitkin County Historical Society. Hence forth the research room will be known as the:

“Everett and Shirley Davies Research Room”.

Coffee, cookies and cake was served. Present for the dedication were Mayor Gary Tibbetts, County Commissioners – Mark Wedel and Anne Marcotte, County Auditor Kirk Peysar, ACHS board members, past board members, fellow volunteers and many friends.

Thank You.

The naming of the new research room at the Aitkin County Historical Society (ACHS) "the Everett & Shirley Davies Research Room" is quite an honor. We are very grateful for the proclamation and humbled, although, unsure that we are qualified as it takes many hands to accomplish any project whatever it may be.

We have always loved the history of our county and the people that worked so hard to bring it to present day "homey feeling", from the first settlers grubbing out the fields to present day residents who believe and work to make our lives better. History in the making William Aitkin, to the Finns, Swedes, German & other settlements, who built the churches, schools, communities, to the men & women who went off to war, the farmer who lived in Arthyde to Swatara, the businessmen who had faith to invest in our county all have a story.

History and research can be an exciting experience, ask anyone who has done genealogy. Discovering your roots or helping some discover theirs is so rewarding. Volunteering at ACHS has been an adventure, meeting people from all over the world as well as many states other than Minnesota. Listening to their stories and learning why or what made them stop at our museum. It is exciting when you are able to help someone with their research. Why would you not want to volunteer?

We thank you all for letting us be part of ACHS its past and hopefully its future.

Everett & Shirley Davies

New at the museum are the 9" X 9" Aerial photographs from the Land Department of the different townships/areas of Aitkin County. We have them for sale at the Depot museum for only \$2.00 each. These aerial maps work **great for hunting**. Come to the depot and check them out.

Rich Courtemache donated a high definition copy of the 1916 plat book. Go to our website at; www.aitkincohs.org and check it out. You can also view the plat book at the Depot museum.

The purchase of the land under our buildings has hit a road block. There is a 96,000 dollar difference in the appraisal we had done and the one that the railroad did. So right now we are at a standstill until the board decides if we want to continue to pursue the purchase or continue to lease the land. Our lease payment for next year is only \$109.23. Should we go to the railroad and try to get the land donated? Or do we try to find the funds to purchase the land? If we purchase the land it gives us more freedom to do what we want on the land. Otherwise we have to ask the railroad for permission to add onto our buildings. Give me your thoughts.

This year's holiday display will feature Santa Clauses. Come to our open house on December 5th and check it out. In our railroad room numerous model trains have been added to our display.

Volunteers are always needed at the museum. Stop by the museum and check out the volunteer opportunities currently available. Do not want to come in every week, come in and pick which days you could volunteer. Please, share your talents with the Historical Society.

Greg Leach - Administrator

2015 RAFFLE PRIZE LIST

Drawing on December 5th at 2pm

1. Emily Greens Golf for 4 + cart – (\$156.00 value)
2. Emily Greens Golf for 4 + cart – (\$156.00 value)
3. Night Stay at Grand Casino Mille Lacs for two + \$20.00 Grand Play – (\$120.00 value)
4. Framed picture donated by **Aitkin Furniture** – (\$76.00 value)
5. 250 Full Color Business Cards from **Tidholm Productions** – (\$69.95 value)
6. 2013 American Eagle coin donated by **Neighborhood National Bank** – (\$50.00 value)
7. \$50.00 Verizon Gift Certificate
8. \$50.00 **Shopko** Gift Card
9. \$50.00 Verizon Gift Certificate
10. Honeywell FocusPRO 5000 Thermostat from **Gravelle Plumbing** - (\$50.00 value)
11. \$50.00 Verizon Gift Certificate
12. \$50.00 Verizon Gift Certificate
13. Bird Feeder donated by **Hyytinen Hardware** – (\$39.99 value)
14. One Year Subscription donated by **Aitkin Independent Age** (\$39.00 value)
15. **Duane Photography** gift certificate – (\$39.00 value)
16. Oil Change from **Brandl Motors** – (\$35.50 value)
17. Oil Change from **Brandl Motors** – (\$35.50 value)
18. Grill Set from **Pine Insurance** – (\$35.00 value)
19. Oil Change from **Cuyuna Country Auto** – (\$35.00 value)
20. Fish Wind chime from **Aitkin Pet & Farm** – (\$35.00 value)
21. BRK Carbon Monoxide Alarm donated by **Northern Air** – (\$35.00 value)
22. First Aid Kit donated by **Riverwood Health Care** – (\$30.00 value)
23. First Alert Fire & Smoke Alarm donated by **Northern Air** – (\$30.00 value)
24. **Farm Island Repair** – Blue Collared T-shirt – (\$26.00 value)
25. **Farm Island Repair** – Blue Collared T-shirt – (\$26.00 value)
26. \$25.00 Gift Certificate to the **Rialto Theatre**
27. \$25.00 Gift Certificate from **Roadside Restaurant**
28. Stadium Blanket from **Bremer Bank** – (\$25.00 value)
29. \$25.00 Gift Certificate from **The Office Shop**
30. 12-Golf balls donated by **Security State Insurance** – (\$25.00 value)
31. \$25.00 Gift Certificate from **Birchwood Café**
32. \$25.00 Gift Certificate to Paulbeck's donated by **Woods & Shores Real Estate**
33. \$25.00 Gift Certificate to **Sew Much & More**
34. Folding Chair donated by **Security State Bank** – (\$25.00 value)
35. **Freedom** Gift Certificate for \$25.00
36. **Hometown Building Supply** gift certificate for \$25.00
37. Necklace donated by **Jessica's Treasure Chest** – (\$25.00 value)
38. T-shirt & Gift Certificate donated by **Shirts Plus** – (\$24.95 value)
39. Universal Notebook Case - (\$24.95 value)
40. Dairy Queen Gift Certificate for one 8" D.Q. Cake – (\$20.99 value)
41. Family Membership to the **Aitkin County Historical Society** – (\$20.00 value)
42. \$20.00 Gift Certificate from **Aitkin Flowers**
43. \$20.00 Gift Certificate for **The Green House**
44. Family Membership to the **Aitkin County Historical Society** – (\$20.00 value)
45. \$20.00 Gift Certificate donated by **Paulbeck's**
46. **40 Club** Gift Certificate for \$20.00
47. Family Membership to the **Aitkin County Historical Society** - (\$20.00 value)
48. \$20.00 Gift Certificate to **Aitkin Lanes**
49. \$20.00 Gift Certificate donated by **Paulbeck's**
50. Family Membership to the **Aitkin County Historical Society** - (\$20.00 value)
51. **Farm Island Repair** – camo t-shirt – (\$20.00 value)
52. Baseball cap donated by **Aitkin Glass** – (\$20.00 value)
53. Family Membership to the **Aitkin County Historical Society** - (\$20.00 value)
54. Carpet cleaning supplies donated by **Hudrlik Carpet** – (\$20.00 value)
55. 3-in-1 John Deere Power Tools – (\$19.99 value)
56. Framed Swan picture donated by **Unclaimed Freight North** – (\$19.98 value)
57. Barns of Aitkin County donated by **ACHS** – (\$19.95 value)
58. The Money Hungry Hound donated by **Kathy's Kitchen** – (\$19.95 value)

59. Cardinal Wind Chime donated by **Crossroads In Time** – (\$19.95 value)
60. Barns of Aitkin County donated by ACHS – (\$19.95 value)
61. **Coombs Cuts** Gift Certificate – (\$18.00 value)
62. Tire Rotation donated by the **Tire Barn** (\$18.00 value)
63. Mag Rain Gauge donated by Midwest Machine – (\$17.99 value)
64. 2 Rounds of mini-golf at Whistling Wolf in Crosslake – (\$16.00 value)
65. **40 Club** Gift Certificate for \$15.00
66. Folding Chair donated by Greg Leach – (\$15.00 value)
67. Set of 4 Frosted Glasses donated by **Members Coop Credit Union** – (\$15.00 value)
68. \$15.00 off retail gift certificate from **Lorrie's Hair Studio**
69. **Farm Island Repair** – T-shirt – (\$15.00 value)
70. **Farm Island Store** – 14" two topping Pizza – (\$13.99)
71. **Farm Island Store** – 14" two topping Pizza – (\$13.99)
72. **Bar-B-Q** set donated by Kay Olson – (\$10.00 value)
73. Mini Maglite donated by **Mille Lacs Energy Cooperative** (\$10.00 value)
74. Forestedge Rhubarb Blend Wine donated by **Aitkin Municipal** – (\$10.00 value)
75. **Rasley Oil Company** Gift Certificate for \$10.00
76. **Bginagins Used Clothing Store** gift certificate for \$10.00
77. **Cedarbrook Lumber Company** gift certificate for \$10.00
78. \$10.00 Gift Certificate donated by **Bills Sportsman's Service**
79. \$10.00 Gift Certificate donated by **Gramma's Pantry**
80. \$10.00 Gift Certificate donated by the **Beanery**
81. Forestedge Rhubarb Blend Wine donated by **Aitkin Municipal** – (\$10.00 value)
82. \$10.00 Gift Certificate to **Rasley Oil Company**
83. \$10.00 Gift Certificate to **Bginagins Used Clothing Store**
84. Umbrella with light donated by Greg Leach – (\$8.00 value)
85. Umbrella from **Pine Insurance** – (\$8.00 value)
86. Bottle of VENDANGE White Zinfandel donated by **The Landing** – (\$8.00 value)
87. Leather Measuring Tape Holder – (\$7.90 value)
88. **McDonald's** Sandwich & Breakfast Sandwich – (\$7.50 value)
89. **Subway** 6-inch Fresh Value Meal - (\$7.50 value)
90. **Shiperio** – The Game of Golf donated by **Bruce Leach** – (\$7.50 value)
91. **McDonald's** Sandwich & Breakfast Sandwich – (\$7.50 value)
92. **Subway** 6-inch Fresh Value Meal – (\$7.50 value)
93. **Shiperio** – The Game of Golf donated by **Bruce Leach** – (\$7.50 value)
94. **McDonald's** Sandwich & Breakfast Sandwich – (\$7.50 value)
95. **Subway** 6-inch Fresh Value Meal – (\$7.50 value)
96. **Shiperio** – The Game of Golf donated by **Bruce Leach** – (\$7.50 value)
97. **McDonald's** Sandwich & Breakfast Sandwich – (\$7.50 value)
98. **Subway** 6-inch Fresh Value Meal – (\$7.50 value)
99. **Shiperio** – The Game of Golf donated by **Bruce Leach** – (\$7.50 value)
100. **McDonald's** Sandwich & Breakfast Sandwich – (\$7.50 value)
101. **State Farm Insurance** – Coffee Mug – (\$7.00 value)
102. **State Farm Insurance** – Coffee Mug – (\$7.00 value)
103. **Midwest Machine** baseball cap – (\$6.95 value)
104. Goodyear racing baseball cap – (\$6.95 value)
105. **Midwest Machine** baseball cap – (\$6.95 value)
106. Steak & Chop Marinade donated by **Kathy's Kitchen** – (\$6.95 value)
107. **Midwest Machine** baseball cap – (\$6.95 value)
108. Case of Pepsi donated by **EZ Stop** – (\$5.69 value)
109. Case of Mountain Dew donated by **EZ Stop** – (\$5.69 value)
110. 2015 Road Atlas from **State Farm Insurance** – (\$5.00 value)
111. \$5.00 Gift Certificate from **Aitkin Secondhand**
112. 2015 Road Atlas from **State Farm Insurance** – (\$5.00 value)

Annual Cookie Walk

Members, our Annual Cookie Walk is coming on December 5th. If you are able, we request that members donate 4 dozen homemade Christmas cookies for this event. Cookies can be dropped off at the depot on Wednesday Dec. 2nd or Friday Dec. 4th. Please help us to make this another great event.



"What are the things that you can't see that are important? I would say justice, truth, humility, service, compassion, love. You can't see any of those, but they're the guiding lights of a life."

President Jimmy Carter

It's time to dust off those Christmas Cookie Recipe's and start baking cookies for our Annual Cookie walk. You say that you are not a baker, surprise your family with a plate of Christmas cookies purchased at the Cookie Walk. Or purchase some cookies for a sick friend or family member.

"The price good men pay for indifference to public affairs is to be ruled by evil men." Plato

1916 Plat Book

We now have a high definition copy of the 1916 plat book of Aitkin County on all computers at the Depot and on our website. Check it out. www.aitkincohs.org

Annual Raffle Drawing

Have you returned your raffle tickets to the Depot museum? Our raffle drawing will take place on December 5th at 2pm. Over 112 prizes will be given away. Don't miss out; get your tickets in today.

Candied Fruit Balls

Wilma Holder

½ # candied cherries ½ # coconut
1# dates 1 # pecans
dash of salt
2-3 drops almond flavoring
1 can sweetened condensed milk

Grind coarsely the cherries, coconut and pecans. Mix all ingredients together. Butter hands and shape into small balls. Place on greased cookie sheet and bake for 8 minutes in a slow oven at 275 degrees. This is to dry the surface of the cookies. These are great Christmas cookie and so tasty.

Magical Mint Cookie

Shirley Davies

1 cup butter (2 sticks) softened ¼ cup cocoa
2/3 cup sugar 48 Hershey's
1 tsp vanilla Mint Kisses
2 cups flour powdered sugar

Heat oven to 350 degrees. Beat butter, sugar and vanilla until creamy. Stir together flour and cocoa and gradually add to butter mixture, beating until blended. Mold scant tablespoon dough around each kiss, covering completely. Roll into balls. Bake on ungreased cookie sheet 8-10 minutes or until set. Cool about 1 minute, remove to a wire rack. Cool completely. Roll in powdered sugar again just before serving.

Sugar Cookies

Dorothy Carlberg

1 cup powdered sugar 1 tsp. baking soda
1 cup white sugar 1 tsp. salt
1 cup margarine 1 tsp. cream of tartar
1 cup vegetable oil 4 cups flour and 4-6
1 tsp. vanilla Tbsp. (as needed)
2 eggs

Cream sugar, margarine and eggs. Add remaining ingredients and mix well. Roll into balls, dip in sugar and flatten on cookie sheet. Bake at 350 degrees for 10 minutes.

Memorials

The following have given a gift to the Society in memory or in honor of friends and relatives. We appreciate their thoughtfulness.

In Memory of
Gaile Dragovich
Given By
Everett & Shirley Davies

In Memory of
Dorothy Winegarner
Given by
Romelle Castle
Everett & Shirley Davies
Christine Bailey
Frank & Muriel Kingsley
Ken McKellar
Dennis & Laurel Lamke
Marlene Kingsley

In Memory of
Steven Sandberg
Given by
Everett & Shirley Davies

In Memory of
Herbert Jacobson
Given by
Everett & Shirley Davies

In Memory of
Bill Hasskamp
Given by
Everett & Shirley Davies

Pennies for History

Save your pennies for the **Aitkin County Historical Society**. We will be collecting pennies and start an account which will help pay for new children's interactive displays in the museum.

Start saving your pennies! Pennies can be turned in at the Depot Museum. We will keep a running total of pennies collected.

Everett Davies

Here is a picture of Everett getting ready for our Annual Garage Sale. He works all year long collecting merchandise for our sale.



Projects Completed

1. Log Cabin Stairs Repaired
2. Outside artifacts have been Seal coated.
3. Accession area moved to front office.
4. Research room completed.
5. Artifacts hung on walls in research room.
6. Backdrop photo hung in log cabin.
7. Cartwright Depot prints framed & hung.
8. Memorial plaques hung.
9. Cracks in concrete along building have been repaired.
10. Phone line run to the research room.
11. Chute school bell tower painted and seal coated and put on display.
12. Research room dedicated to Everett & Shirley Davies.
13. Green trim on Depot scraped and painted.
14. Windows washed.
15. Gardens cleaned up.
16. Locks on building #3 have been repaired.
17. Genealogical Website handout completed.
18. Northern Pacific sign repainted and seal coated.
19. Aerial photos of Aitkin Co. acquired from Land Dept.

Donations

COFFEE

Kay Olson
Ron & Jo White
Everett & Shirley Davies

CANDY

Ron Fitch
Greg Leach

BOTTLED WATER

Greg Leach
Receiver, Cassette Recorder
Greg Leach

ITEMS NEEDED AT MUSEUM

Toilet Paper
Paper Towels
White Copy Paper
HP Glossy Photo Paper
Garbage Tickets
Dish Soap
Pine Cleaner
Air Freshener
Tape for tape Dispenser
Brother LC103 Ink
HP 564 Inks

Annual Garage Sale

The Aitkin County Historical Society has started to collect merchandise for next year's garage sale. Are you moving into a smaller place? Consider donating your extra stuff to the depot museum for our annual sale. Every year our sale gets bigger and better because of your generous donations.

Dues not paid yet?

Have you paid your membership dues this year? If not please pay them today.

We count on your membership to help complete our mission to collect, preserve and disseminate the history of Aitkin County.

Third Quarter Accessions

7/3/2015	15.60.	Becky Sanborn	NP - Railroad Item;
7/10/2015	15.61	Wes Thomas	Aitkin Booklet
7/10/2015	15.62	Tony Toth	Train Set
8/17/2015	15.63	Dan Turner	WWII Army Uniform, 1948 Wedding Dress
8/21/2015	15.64	Unknown	Book of Poems, Masonic Calendar, 62 photos, A&W Menu
8/21/2015	15.65	Pat Pfeiffer	Aitkin County Hospital Cookbook
7/14/2015	15.66	Harold Larson	1924 Co. Fair News, Tape Measure, Book of Poems News Clipping, 2 Boxes of Sewing Machine Thread
7/7/2015	15.67	Darlene Maciej	Book - Downhill with the Phelans & McGraths Pig Showing Stick, Milking Can, 4-Aitkin County Fair Ribbons
8/5/2015	15.68	Robert Lake	1963 Aitkin Co. Fair Premium list, Bull Stick
7/15/2015	15.69	Cheryl Stauter	Committee on Aging - Charter & Information
8/7/2015	15.70.	Janet Kingsley	Hand Mixer, Cast Iron Waffle maker, Red Sauce Pan Foley Feed Company Ad.
8/25/2015	15.71	Faye Leach	book - Historic Markers, Monuments & Memorials
8/25/2015	15.72	Unknown	framed picture of printers shop, Aitkin depot print framed
8/28/2015	15.73	S.	13 photos, asst. newspaper articles, 2-Plat books Quadna advertising items, 2 McGregor Commencement items
8/28/2015	15.74	Connie Pettersen	Rialto news articles, Country school articles
9/2/2015	15.75	Terry Kullhem	WWII German Luftwaffe Dagger - introduced in 1937
9/2/2015	15.76	Dennis Dzubag	WWII Newspapers
9/9/2015	15.77	Fred Donner	Fire Department Centennial Plate
9/9/2015	15.78	David F. Doss Roger & Anne	Post Card - Patter-Casey drug store area
9/9/2015	15.79	Nelson	5-car Cast Iron Train
9/11/2015	15.80.	Matthew Hill	1949 Aitkin County map
9/5/2015	15.81	Georgiana Wold	1st All-Class Reunion Quilt
9/5/2015	15.82	Georgiana Wold	1954 Abby's Food Store Calendar
8/21/2015	15.83	Janet Miller	Official Basketball score card, 1953 Basketball Tournament Program, Photo Album
9/11/2015	15.84	John Hendrickson	1934 Library Dictionary
8/26/2015	15.85	Judie Kewitsch	Large variety of paper items - information, advertising
9/16/2015	15.86	Itasca County H.S.	13 Hill City Yearbooks, 1 McGregor Yearbook
9/16/2015	15.87	Sherry Arvidson	Doll from 1940's, Dress from around 1900, TV/DVD player
9/23/2015	15.88	Gary Tibbitts	Family Album
9/23/2015	15.89	John Hendrickson	Wrench, Cigar Box, Sugar lump Holder

TRAINS NEEDED!

The Aitkin County Historical Society is still looking for model trains to put on display in our Depot museum railroad room. Do you have a model train of any size that could be donated for this permanent display? Not ready to get rid of it. Loan it to the museum to help fill up our display. We need eleven more to fill our three display cabinets. This train display is becoming one of our favorite displays. If your trains are just packed away in the garage or attic, share them with everyone.

SCRAP COPPER

The society is now **collecting scraps of copper as a fundraiser**. Pieces of scrap copper pipe, connectors, or electrical wire. Do you have small pieces of wire taking up room in your garage or basement? Not enough to make it worth your while. Please consider donating it to the historical society. Wire or copper plumbing pieces **CAN** be dropped off at the Depot museum during operating hours.

(Wednesday, Friday and Saturday 10am to 4pm.)

2016 County Fair Displays

Planning has started for our displays that will be featured at the **2016 County Fair**. We have nine glass display cases to feature different areas of the County.

Hill City will be one of our feature displays.

What other areas should we feature?

(Resorts, Ghost towns, Logging, Riverboats, Native Americans, churches, etc.)

Please contact the Depot museum at (218-927-3348) with your ideas. Ideas can also be sent via email: achs3348@embarqmail.com

Missing Yearbooks

We are missing the following AHS yearbooks in our collection:

Before 1910

**Everything between
1910 – 1931/32**

**1972, 1975, 1979,
2010, 2011, 2012,
2013, 2014, 2015**

Please help us complete our collection of AHS yearbooks.

Research Volunteers

The society is looking for volunteers to do research on three more books. (Churches, Resorts, Riverboats) If you are interested in working on one of these books please contact Greg at the Depot Museum.
(218) 927-3348

“Country Schools of Aitkin County”

The time table for our new book “Country Schools of Aitkin County” is to have it ready to be sold at the Aitkin Outdoor and Commerce show in March of 2016. Watch for updates.

No retail price has been determined at this time. When this book is published we will donate copies to all schools, libraries and senior care facilities in Aitkin County and surrounding areas. If you know of a facility that did not receive a copy of our Barn book please let me know.

Great News Thrivent Members!

The Aitkin County Historical Society has been approved to participate in the Choice Dollars. Any member of Thrivent Financial may decide to donate the “Choice Dollars” to ACHS. This could be the only selection made or one of several.

Thanks for your support.

Christmas Shopping

When shopping for Christmas this year do not forget about the **Museum Gift shop**. We carry over 200 book titles (local authors, Minnesota history, Informational books, etc.), a variety of wood toys (pickup sticks, dice, dominos, etc.), railroad hats, marbles, jacks, pencil sharpeners and other railroad items. Remember that ACHS members receive a 10% discount.
Please support your local Historical Society!

Yearbooks Needed

The Aitkin County Historical Society is looking for old yearbooks from Hill City, McGregor and McGrath.

From **Hill City** we have yearbooks from the following 76, 77, 78, 79, 81, 82, 83, 84, 86, 92, 01, 04, and 06

From **McGregor** we have yearbooks from the following: (48/49/50) 54, 55, 75 and 90

From **McGrath** we have yearbooks from: 1954

If you have any of the missing yearbooks, please consider donating them to the Aitkin Co. H.S. so visitors to the museum may enjoy them.

Looking for old Plat books

The following list is the books that we have.

**1916, 1969, 1972, 1975, 1976,
1977, 1978, 1983, 1987, 1990,
1992, 1999, 2003, 2010, 2013**

If you have an Aitkin County Plat book that is not on this list please consider donating it to the Aitkin County Historical Society

Genealogy

Have you researched and written your family history? Do you have old family photographs? Do you have a history or photos of your family business? If you have any of the above items I implore you to share them with your County Historical Society. We receive requests all the time for photos of businesses and people from the past. If your family helped settle a county, that county historical society needs that information to complete their counties history. **Share your history with us!**

Board of Directors Election Ballot

1. President – Vote for One

_____ - Cheryl Meld

_____ -

2. Vice President – Vote for One

_____ - Jennie Hakes

_____ - _____

3. Board Member – Vote for up to Two

_____ - Jennie Hakes

_____ - Jodi Johnson

_____ - _____

_____ - _____

Current Board of Directors – Voting Members

Darlene Maciej – (13-15) (16-18) (Representative from McGrath) – President

Cheryl Meld – (Representative from McGregor) - Vice President

Colleen Bremner – (13-15) (16-18) - Secretary

John Hendrickson (13-15) (16-18)

Robert Lake (13-15) (16-18)

Alan Hakes (14-16)

Ron Kemmet (13-15) (16-18)

Lorraine Liljenquest – Outgoing member

Russell Peterson (14-16)

Sue Benson (11-13) (14-16)

Joel Hyytinen – (14-16) - Outgoing member

Carol Bailey – (11-13) (14-16)

Non-voting Members

Mark Wedel – County Commissioner

Gregory Leach – Administrator

Sherry Arvidson - Accountant

Please fill out this ballot and return to the Depot Museum by January 22nd, 2016.

Mailing address:

ACHS, P.O. Box 215, Aitkin, MN 56431

Business Members – 34, Individual Members – 30, Senior Members – 130, Family Members – 264, Life Members – 22, Perpetuity Members – 4
TOTAL MEMBERSHIP – 484 (NEW GOAL IS 500)

BUSINESS MEMBERS

Aicota Health Care Center
 Aitkin Auto Body
 Aitkin Chamber of Commerce
 Aitkin County Abstract Co.
 Aitkin Family Chiropractic
 Aitkin Flowers & Gifts
 Aitkin Independent Age
 Aitkin Lodge #164 IOOF
 Aitkin Motor Company
 American Legion Post 86
 Arvidson Tax & Accounting
Bremer Bank
 D.Q. Grill & Chill
 Eyecare Center of Aitkin & McGregor
 Garrison Disposal
 Gobles Sewer Service
 Gravelle Plumbing & Heating
 Hasskamp Brox. Well Drilling
 Hometown Building Supply
 Hudrlik Carpet & Tile
 Jim Blakesley Enterprises
 K & J C-Stores, Inc.
 KKIN-KEZZ Radio
 Lundberg Plumbing & Heating
 Members Coop Credit Union
 Mille Lacs Energy Cooperative
 Neighborhood National Bank
 Northern Air Plumbing & Heating
 Paulbecks County Market
 R & K Cabinets
 Schwebel, Goetz, Sieben
 Security State Bank
 Sunset Bay Resort
 The Tire Barn, Inc.
 Tidholm Productions
 Woods & Shores Real Estate

**Please Support Our Business Members!
 They Support us.**

Board Members

Darlene Maciej – President.
 Cheryl Meld – Vice President
 Colleen Bremner – Secretary
 Susan Benson
 Carol Bailey
 Ron Kemmett
 John Hendrickson
 Robert (Bob) Lake
 Lorraine Liljenquest - **OG**
 Joel Hyytinen - **OG**
 Allen Ladd Hakes
 Russell Peterson
 Mark Wedel – County Com.
 Sherry Arvidson – Accountant
 Greg Leach – Administrator
OG – Outgoing Board Member

Members Lost During 2015

Dorothy Winegarner
 9/30/1935 – 8/2/2015

John Young
 8/5/1929 - 2/10/2015

Shirley Meyer
 6/14/1927 - 1/11/2015

**Supported by:
 Aitkin County
 Supporting Townships**

**Farm Island Township
 Beaver Township
 Lakeside Township
 Libby Township
 Pliny Township
 Macville Township
 Nordland Township
 Idun Township**

**Hill City area
 Representative needed!!!**

The society is looking for a representative from the Hill City/Jacobson area to serve on our board of directors. The ACHS board meets on the fourth Wednesday of the month at 10am from February through November. For more information contact Greg at the Depot Museum.

New Members

Rich Courtemache
 Michael Hagen
 Roberta & Glenn Elvecrog
 Chris Todd
 William E. Nelson

Wood Wagon Wheels

The society is looking for some old wagon wheels to put on display at the museum. If you have some in your barn please consider donating them to museum.

Board Members

The Aitkin County Historical Society will be electing a new **President, Vice President** and **three new members** to serve on our Board of Directors at our Annual Meeting held on January 27th. Enclosed in this newsletter is a ballot, please fill out and return before January 27th to the depot museum.

**ACHS
 P.O. Box 215
 Aitkin, MN 56431**



1916 Northern Pacific Depot
Original Depot located to the right of train.

AITKIN COUNTY HISTORICAL SOCIETY
20 Pacific Street S.W. / P.O. Box 215
Aitkin, MN 56431

We are located just 2 blocks south of the stoplights in downtown Aitkin, south of the railroad tracks and west of highway 169 on Pacific Street.

Phone: 218-927-3348

Email: achs3348@embargo.com

Web Site: www.aitkincohs.org

**Aitkin County
Board of Commissioners
209 2nd Street N.W.
Aitkin, MN 56431**

56431\$1269 0002



CALENDAR OF EVENTS 2015

Annual Cookie Walk/Open House

December 5th 2015

The museum opens at 9am and closes at 4pm. Admission is free on this day. Hot apple cider, coffee and cookies are served for our guest's enjoyment. Our Annual Cookie walk takes place during our Annual Open house. Doors open for this event at 9:30am and run until cookies are gone. Usually all cookies have been sold by noon. **We ask our members to donate 4 dozen home maid cookies for this event.**

Our **Annual Raffle** drawing takes place at 2pm. This year's drawing will include 112 prizes donated by local businesses and members. A list of raffle prizes is included in this newsletter.

Annual Dinner/Meeting

January 27th, 2016

Our Annual Meeting will take place at the 40-Club bar-n-grill. The cost this year will be \$15.00 per person. We will have a nice buffet dinner. Call the Depot and reserve your ticket today. This will be my last Annual Meeting as your Administrator.

MUSEUM HOURS

June thru August

Tuesday, Wednesday, Friday &
Saturday 10am to 4pm

September thru May

Wednesday, Friday & Saturday
10am to 4pm

THE PRESERVATION OF
OUR HERITAGE
DEPENDS ON YOU

Editor:

**Gregory Leach
Administrator, Aitkin
County Historical Society**

Handout
3A



REBECCA OTTO
STATE AUDITOR

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OFFICE OF THE STATE AUDITOR

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September 28, 2015

Board of County Commissioners
Aitkin County
Aitkin, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aitkin County, Minnesota, as of and for the year ended December 31, 2014. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our meeting about planning matters on December 16, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards and Office of Management and Budget (OMB) Circular A-133

As stated in our engagement letter dated February 23, 2015, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Aitkin County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Aitkin County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Aitkin County's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Aitkin County's compliance with those requirements.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Aitkin County are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2014. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information were the fair value of investments, the estimated useful lives of capital assets, the County's year-end liability for compensated absences, and the allowances for timber sales.

Management's estimate of the fair value of the County's investments is based on prices obtained from outside sources; these prices are based on recent sales. Estimates of useful lives for capital assets are based on industry standards. Estimates of the compensated absences liability are partially calculated from extended leave bank hours that have vested or are expected to vest. The estimate of the timber sale receivable allowance is based on management's estimate of the

amount of timber sale contracts that will be turned back to the County. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements of each opinion unit.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 28, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements,

Page 4
Board of County Commissioners
Aitkin County
Aitkin, Minnesota

our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on it.

With respect to the supplementary information accompanying the financial statements other than RSI, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

* * *

This information is intended solely for the use of the Board of County Commissioners and management of Aitkin County and is not intended to be, and should not be, used by anyone other than those specified parties.

REBECCA OTTO
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR



REBECCA OTTO
STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Aitkin County
Aitkin, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aitkin County, Minnesota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aitkin County as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Aitkin County's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2015, on our consideration of Aitkin County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Aitkin County's internal control over financial reporting and compliance.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated in all material respects in relation to the basic financial statements as a whole.

REBECCA OTTO
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 28, 2015

**AITKIN COUNTY
AITKIN, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

Federal Awards

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Type of auditor's report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? **Yes**

The major programs are:

State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	CFDA #10.561
Child Support Enforcement	CFDA #93.563
Medical Assistance Program	CFDA #93.778

The threshold for distinguishing between Types A and B programs was \$300,000.

Aitkin County qualified as a low-risk auditee? **No**

II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding 1996-005

Segregation of Duties

Criteria: Management is responsible for establishing and maintaining internal control. A good system of internal control provides for an adequate segregation of duties so that no one individual handles a transaction from its inception to completion. In order to maintain proper internal control over County revenue transactions and cash assets, cash collection duties should be segregated so the basic functions of authorization, custody, and recording are not under the control of any one employee.

Condition: The County Treasurer does not segregate the duties of cash collection and receipting from the bank reconciliation process. In the County Auditor's Office, employees who receipt cash and process cash disbursements have the ability to make journal entries. Also in the County Auditor's Office, the person who processes payroll can also make pay rate and other payroll system changes. Finally, due to the limited number of office personnel within the various County offices, proper segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible.

Context: This is not unusual in operations the size of Aitkin County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an internal control point of view.

Effect: Inadequate segregation of duties could adversely affect the County's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Cause: The County informed us that, due to the available resources, it would not be able to hire additional qualified accounting staff to segregate duties in every department.

Recommendation: We recommend the County's elected officials and management be aware of the lack of segregation of duties and, where possible, implement oversight procedures to ensure that the internal control policies and procedures are being implemented by staff to the extent possible.

Client's Response:

County management is aware of this situation; however, the County lacks the resources to staff departments to levels needed to provide complete segregation of all functions. County management will review internal controls and transactions. Receipting procedures have been modified to allow for greater control and review. Processes have been implemented to provide for additional review of transactions.

Finding 2006-003

Accounting Policies and Procedures Manual

Criteria: County management is responsible for developing and monitoring its internal controls. An essential element of monitoring controls includes documenting the County's accounting policies and procedures. Significant internal controls to be documented would include areas such as receipts, disbursements, payroll, capital assets, journal entries, and credit cards.

Condition: Inquiries of County management found that significant internal controls of its accounting system have not been documented. The County does not have a current and comprehensive accounting policies and procedures manual, including risk assessment and monitoring procedures.

Context: Documentation and monitoring of internal controls is necessary to determine controls are in place and operating effectively. An accounting policies and procedures manual will enhance employees' understanding of their role and function in the internal control system, establish responsibilities, provide guidance for employees, improve efficiency and consistency of transaction processing, and improve compliance with established policies. It can also help to prevent deterioration of key elements in the County's internal control system and can help to avoid circumvention of County policies.

Effect: As a result of this condition, the County's practices may not be followed as intended by management, and employees may not understand the purpose of internal controls. The lack of risk assessment and monitoring procedures increases the risk of fraud.

Cause: The County has begun the process of developing formal policies and procedures that will include monitoring. Due to limited time and resources, the County has not been able to complete this project.

Recommendation: We recommend the County Auditor's Office continue its efforts to develop a comprehensive accounting policies and procedures manual including documentation for the internal control systems over receipts, disbursements, payroll, capital assets, journal entries, and credit cards. The manual should be prepared by appropriate levels of management and be approved by the County Board to emphasize its importance and authority. The documentation should describe procedures as they are intended to be performed, indicate which level of staff is to perform the procedures, and explain the design and purpose of control-related procedures to increase employee understanding and support of controls.

Client's Response:

The County has a policy manual in place that provides guidance to several areas of internal control with respect to reimbursement of employee travel expenses. However, departmental staffs are small in numbers making segregation of general ledger and other accounting duties difficult in several areas. County management is aware of this issue and will continue to make attempts to provide additional oversight wherever possible. County management will define duties and authorities with respect to accounting procedures to provide segregation wherever possible.

Finding 2006-005

Annual Adopted Budget and Budget Policy

Criteria: Written policies and procedures outline the specific authority and responsibility of County personnel, providing for accountability.

Condition: The Board has not developed and adopted a formal budget policy for management's administration of the County budget. The County Board adopts a summarized budget at the fund level on an annual basis.

Context: Written policies serve as a reference and training tool for new personnel and ensure that procedures remain in place despite personnel turnover. To be effective, an accounting policies and procedures manual must be complete, up-to-date, and readily available to all personnel who need it.

Effect: Budgeting procedures may not be clear or fully understood by all those involved in the budgeting process.

Cause: Informal budgeting procedures exist; however, these procedures have not been formalized into a written document to be approved by the Board and included in the County's accounting policies and procedures manual.

Recommendation: We recommend the County Board develop and adopt budget policies and procedures to include the following elements:

- which funds require budgets,
- the legal level of budgetary control,
- when budgets can be modified by management and when budget modifications require Board approval,
- the budgetary basis on which the budget is adopted, and
- procedures for monitoring the budget.

Client's Response:

The County follows a defined budget process where parameters are established by the County Board. Budgets are reviewed by County administration and the County Board prior to adoption. Currently, the County Board and County department heads receive budget reports on a monthly basis or upon request. The County will document these procedures into a formal policy.

Finding 2006-008

Computer Risk Management

Criteria: The County's management is responsible for identifying and managing the risks associated with its computer system. Computer risk management suggests that a formal plan be developed to identify the risks associated with the County's information system and document the internal controls implemented to address the identified risks.

Condition: The County has internal controls in place for its computer system. However, a formal risk assessment of existing controls over significant functions of the computer system has not been completed.

Context: The risk assessment is intended to determine if the internal controls established by management are still effective or if changes are needed to maintain a sound internal control structure. Changes may be necessary due to such things as organizational restructuring, updates to information systems, or changes to services being provided. Without a formal plan, computer risks could exist that are not identified on a timely basis.

Effect: Unprotected risks could result in a loss or compromise of data that could negatively influence County operations.

Cause: County management and staff are aware of the various risks associated with the County's computer systems. However, a formal plan to identify and manage these risks has not been developed.

Recommendation: We recommend County management document the significant internal controls in its computer system. We further recommend a formal plan be developed that calls for assessing and monitoring significant internal controls on a regular basis, but no less than annually. The assessment of risks should be documented and procedures implemented to address those risks found.

Client's Response:

The County has a policy covering Information Systems' use. Employees are required to sign off on this policy.

Finding 2013-001

Segregation of Duties - Health and Human Services Vendor Setup

Criteria: A good system of internal control provides for an adequate segregation of duties so that no one individual has the ability to both process disbursements and set up new vendors.

Condition: During our review of the Health and Human Services disbursements process, we noted that two individuals have the ability to both process disbursements and set up new vendors.

Context: Segregation of duties between processing of disbursements and vendor setup is limited due to the limited number of office personnel within the Health and Human Services Department.

Effect: Fictitious vendors could be added to the accounting system, increasing the likelihood of the County processing improper payments.

Cause: The County informed us that it does not have the economic resources needed to hire additional qualified accounting staff in order to adequately segregate duties in every department.

Recommendation: We recommend management re-evaluate whether segregation of duties between disbursements and vendor setup is possible. Formal written procedures should be developed to monitor new vendors entered into the system and should be included in the County's accounting policies and procedures manual.

Client's Response:

The County will review procedures for the establishment of new vendors. Procedures are to include segregation of duties, if possible, or review of new vendors by another staff member.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding 2011-004

Eligibility

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778)

Pass-Through Agency: Minnesota Department of Human Services

Criteria: OMB Circular A-133 § .300(b) states that the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its programs.

Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. During our testing of a sample of 40 case files, we noted that documentation was not available to support all participant eligibility requirements. We also noted instances where documentation maintained in the files did not match the information in the MAXIS system. We noted the following exceptions during our testing:

- Seven cases where portions of the application were not completed.
- Two cases where the applications were signed by a person representing a participant, but there was no support in the file documenting that the individual signing the application had legal authority to represent the participant.
- One case where a participant had the option of additional insurance but an insurance cost determination plan was not completed.
- Seven cases where the participant was over the asset threshold to receive Medical Assistance benefits with no documentation supporting why benefits were provided.

- Six cases where information entered into MAXIS did not match the documentation in the participant's electronic case file.
- Three cases did not contain verification of assets, such as the most recent bank statement or other type of confirmation.

We also noted there is no documented process to perform periodic supervisory reviews of case files.

Questioned Costs: Not applicable. The County administers the program, but benefits to participants in this program are paid by the State of Minnesota.

Context: The State of Minnesota contracts with the County Health and Human Services Department to perform the "intake function" (meeting with the social services client to determine income and categorical eligibility), while the Minnesota Department of Human Services maintains MAXIS, which supports the eligibility determination process and actually pays the benefits to the participants.

Effect: Missing information, or the improper input of information into MAXIS increases the risk that participants will receive benefits when they are not eligible. The lack of a documented supervisory review process increases the probability that staff errors will go undetected.

Cause: County program personnel entering case information into MAXIS did not ensure all required information was input into MAXIS correctly or that all required information was obtained and/or retained. The County does not have a formal process to perform periodic reviews of case files.

Recommendation: We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations is properly obtained and input into MAXIS. Consideration should be given to providing additional training to program personnel. We further recommend the County implement a formal process to review case files. Documentation of those reviews, including the results and any corrective actions taken, should be maintained.

Corrective Action Plan:

Name of Contact Person Responsible for Corrective Action:

Health and Human Services Department - Financial Services

Corrective Action Planned:

- *Case reviews and review procedures for identifying and verifying assets and income of clients.*
- *Updating MAXIS with current information to reflect the client's current situation at the time of review.*

Anticipated Completion Date:

Immediate and on-going.

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding 1999-003

Individual Ditch System Equity Balance Deficits

Criteria: Assets should exceed liabilities in order for the County to meet its obligations and maintain a positive fund balance. Under Minn. Stat. § 103E.655, drainage project costs must be paid from the drainage system account. Minn. Stat. § 103E.735, subd. 1, permits the accumulation of a surplus balance for the repair costs of a ditch system not to exceed 20 percent of the assessed benefits of the ditch system or \$100,000, whichever is greater.

Condition: As of December 31, 2014, the County had individual ditch systems where liabilities exceeded assets, resulting in individual deficit fund balance accounts.

Context: Six of the 13 active ditch systems had deficit fund balances as of December 31, 2014, totaling \$11,952. This is a decrease from the \$13,728 deficit balances reported in the prior year.

Effect: Allowing a ditch system to maintain a deficit fund balance, in effect, constitutes an interest-free loan from other individual ditch systems, and may be inconsistent with Minn. Stat. § 103E.655.

Cause: Ditch expenditures were necessary, and the ditch levies were not sufficient to cover all costs.

Recommendation: We recommend the County eliminate the ditch fund deficits by levying assessments pursuant to Minn. Stat. § 103E.735, subd. 1, which permits the accumulation of a surplus balance to provide for the repair costs of a ditch system.

Client's Response:

As substantial portions of Aitkin County ditches are located in the Minnesota DNR managed ConCon area, there is not a payment source for these assessments. That leaves a small amount of privately owned property to cover any assessments. The County Board has authorized transfers from the County Development Fund to cover the deficits. The County Board has discussed seeking legislation as a solution option.

Finding 2006-011

Long Lake Conservation Center Enterprise Fund Deficit Cash Balance

Criteria: The County should maintain a positive cash balance in its funds in order for the County to meet its obligations.

Condition: As of December 31, 2014, the Long Lake Conservation Center Enterprise Fund had a cash deficit of \$528,805, resulting in the need for an interfund loan of that amount from the General Fund.

Context: As of December 31, 2014, the Long Lake Conservation Center Enterprise Fund had an interfund loan of \$528,805, which is an increase from the \$433,784 interfund loan reported in the prior year.

Effect: A fund with a deficit cash balance is, in effect, borrowing from County funds with positive cash balances.

Cause: The County has been attempting to reduce fund operating expenses in an effort to reduce the deficit.

Recommendation: We recommend the County continue to monitor the cash balance in the Long Lake Conservation Center Enterprise Fund and eliminate the deficit cash balance by a combination of increasing revenues and/or decreasing expenses, or by having the Board of County Commissioners authorize a permanent transfer from the County's General Fund.

Client's Response:

The County Board is aware of the cash deficit in the operating fund for Long Lake. The Board receives quarterly reports on the status of the LLCC finances. In 2009, the County Board took action to reduce operating expenses in an effort to reduce the accumulation deficits. In 2012, LLCC was able to reduce the deficit slightly. However, those changes have not eliminated the on-going deficit.

B. OTHER ITEM FOR CONSIDERATION

GASB Statement No. 68. Accounting and Financial Reporting for Pensions

The Governmental Accounting Standards Board (GASB) is the independent organization that establishes standards of accounting and financial reporting for state and local governments. Effective for your calendar year 2015 financial statements, the GASB changed those standards as they apply to employers that provide pension benefits.

GASB Statement 68 significantly changes pension accounting and financial reporting for governmental employers that prepare financial statements on the accrual basis by separating pension accounting methodology from pension funding methodology. Statement 68 requires employers to include a portion of the Public Employees Retirement Association (PERA) total employers' unfunded liability, called the "net pension liability" on the face of the County's government-wide statement of financial position. The County's financial position will be immediately impacted by its unfunded share of the pension liability.

Statement 68 changes the amount employers report as pension expense and defers some allocations of expenses to future years—deferred outflows or inflows of resources. It requires pension costs to be calculated by an actuary; whereas, in the past pension costs were equal to the amount of employer contributions sent to PERA during the year. Additional footnote disclosures and required supplementary information schedules are also required by Statement 68.

The net pension liability that will be reported in Aitkin County's financial statements is an accounting estimate of the proportionate share of PERA's unfunded liability at a specific point in time. That number will change from year to year, and is based on assumptions about the probability of the occurrence of events far into the future. Those assumptions include how long people will live, how long they will continue to work, projected salary increases, and how well pension trust investments will do. PERA has been proactive in taking steps toward implementation and will be providing most of the information needed by employers to report the net pension liability and deferred outflows/inflows of resources.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

Board of County Commissioners
Aitkin County
Aitkin, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aitkin County, Minnesota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 28, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Aitkin County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 1996-005, 2006-003, 2006-005, 2006-008, and 2013-001, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aitkin County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested in connection with the audit of the County's financial statements: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing as the cities administer the tax increment financing for Aitkin County.

In connection with our audit, nothing came to our attention that caused us to believe that Aitkin County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions.

Other Matters

Also included in the Schedule of Findings and Questioned Costs are management practices comments and an other item for consideration. We believe these recommendations and information to be of benefit to the County, and they are reported for that purpose.

Aitkin County's Response to Findings

Aitkin County's responses to the internal control and management practices findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

REBECCA OTTO
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 28, 2015



REBECCA OTTO
STATE AUDITOR

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

Board of County Commissioners
Aitkin County
Aitkin, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Aitkin County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. Aitkin County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Aitkin County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Aitkin County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Aitkin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-004. Our opinion on each major federal program is not modified with respect to this matter.

Aitkin County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs as a Corrective Action Plan. Aitkin County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Aitkin County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2011-004, that we consider to be a significant deficiency.

Aitkin County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs as a Corrective Action Plan. Aitkin County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

REBECCA OTTO
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 28, 2015

**AITKIN COUNTY
AITKIN, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
DECEMBER 31, 2014**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and pooled investments	\$ 28,570,054	\$ -	\$ 28,570,054
Petty cash and change funds	6,000	1,350	7,350
Departmental cash	11,660	-	11,660
Cash with fiscal agent	117,570	-	117,570
Taxes receivable			
Prior - net	628,639	-	628,639
Special assessments receivable			
Prior - net	12,438	-	12,438
Noncurrent - net	1,113	-	1,113
Accounts receivable - net	1,523,865	14,538	1,538,403
Accrued interest receivable	83,437	-	83,437
Loan receivable	126,143	-	126,143
Internal balances	528,805	(528,805)	-
Due from other governments	1,210,072	-	1,210,072
Inventories	235,535	6,570	242,105
Prepaid items	818	-	818
Restricted assets			
Cash and pooled investments	-	2,036	2,036
Capital assets			
Non-depreciable	4,266,249	15,400	4,281,649
Depreciable - net of accumulated depreciation	84,153,092	3,612,585	87,765,677
Total Assets	\$ 121,475,490	\$ 3,123,674	\$ 124,599,164
<u>Liabilities</u>			
Accounts payable	\$ 392,349	\$ 19,107	\$ 411,456
Salaries payable	653,161	20,875	674,036
Contracts payable	111,007	-	111,007
Due to other governments	344,294	653	344,947
Timber permit bonds	84,322	-	84,322
Unearned revenue	719	-	719
Long-term liabilities			
Due within one year	1,031,105	15,761	1,046,866
Due in more than one year	211,669	-	211,669
Total Liabilities	\$ 2,828,626	\$ 56,396	\$ 2,885,022

The notes to the financial statements are an integral part of this statement.

**AITKIN COUNTY
AITKIN, MINNESOTA**

**EXHIBIT 1
(Continued)**

**STATEMENT OF NET POSITION
DECEMBER 31, 2014**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Net Position</u>			
Investment in capital assets	\$ 88,419,341	\$ 3,627,985	\$ 92,047,326
Restricted for			
General government	1,587,897	-	1,587,897
Public safety	624,249	-	624,249
Sanitation	650,959	-	650,959
Culture and recreation	175,869	-	175,869
Conservation of natural resources	2,260,009	-	2,260,009
Economic development	598,882	-	598,882
Unorganized road, bridge, and fire	516,477	-	516,477
Other purposes	-	2,036	2,036
Unrestricted	23,813,181	(562,743)	23,250,438
Total Net Position	\$ 118,646,864	\$ 3,067,278	\$ 121,714,142

**AITKIN COUNTY
AITKIN, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>
Primary government		
Governmental activities		
General government	\$ 5,237,866	\$ 1,101,742
Public safety	5,752,197	706,559
Highways and streets	6,083,998	565,739
Sanitation	336,404	17,505
Human services	5,324,175	492,077
Health	771,728	111,935
Culture and recreation	779,576	15,011
Conservation of natural resources	2,185,904	-
Economic development	109,779	8,367
Interest	(4,107)	-
Total governmental activities	\$ 26,577,520	\$ 3,018,935
Business-type activities		
Long Lake Conservation Center	877,603	607,738
Total Primary Government	\$ 27,455,123	\$ 3,626,673

General Revenues

Property taxes
Gravel tax
Mortgage registry and deed tax
Other taxes
Payments in lieu of tax
Grants and contributions not restricted to
specific programs
Unrestricted investment earnings
Miscellaneous

Total general revenues

Change in net position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

EXHIBIT 2

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-Type Activities	Total
\$ 171,037	\$ -	\$ (3,965,087)	\$ -	\$ (3,965,087)
381,237	-	(4,664,401)	-	(4,664,401)
3,345,325	2,752,671	579,737	-	579,737
37,900	-	(280,999)	-	(280,999)
2,580,302	-	(2,251,796)	-	(2,251,796)
336,175	-	(323,618)	-	(323,618)
-	-	(764,565)	-	(764,565)
884,454	-	(1,301,450)	-	(1,301,450)
-	-	(101,412)	-	(101,412)
-	-	4,107	-	4,107
<u>\$ 7,736,430</u>	<u>\$ 2,752,671</u>	<u>\$ (13,069,484)</u>	<u>\$ -</u>	<u>\$ (13,069,484)</u>
22,083	-	-	(247,782)	(247,782)
<u>\$ 7,758,513</u>	<u>\$ 2,752,671</u>	<u>\$ (13,069,484)</u>	<u>\$ (247,782)</u>	<u>\$ (13,317,266)</u>
		\$ 11,169,849	\$ -	\$ 11,169,849
		166	-	166
		15,107	-	15,107
		15,141	-	15,141
		1,842,586	-	1,842,586
		1,566,831	-	1,566,831
		808,767	36	808,803
		1,301,952	-	1,301,952
		<u>\$ 16,720,399</u>	<u>\$ 36</u>	<u>\$ 16,720,435</u>
		\$ 3,650,915	\$ (247,746)	\$ 3,403,169
		<u>114,995,949</u>	<u>3,315,024</u>	<u>118,310,973</u>
		<u>\$ 118,646,864</u>	<u>\$ 3,067,278</u>	<u>\$ 121,714,142</u>

**AITKIN COUNTY
AITKIN, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
DECEMBER 31, 2014**

	<u>General</u>	<u>Road and Bridge</u>	<u>Health and Human Services</u>	<u>Forfeited Tax Sale</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Assets</u>						
Cash and pooled investments	\$ 9,197,034	\$ 9,798,415	\$ 4,959,306	\$ 2,728,387	\$ 1,876,912	\$ 28,570,054
Petty cash and change funds	3,000	-	3,000	-	-	6,000
Departmental cash	11,660	-	-	-	-	11,660
Cash with fiscal agent	117,570	-	-	-	-	117,570
Taxes receivable						
Prior	375,948	124,573	125,346	-	2,772	628,639
Special assessments						
Prior	-	-	-	-	12,438	12,438
Noncurrent	-	-	-	-	1,113	1,113
Accounts receivable	1,092	280	7,796	1,514,402	295	1,523,865
Accrued interest receivable	83,437	-	-	-	-	83,437
Loans receivable	126,143	-	-	-	-	126,143
Due from other funds	893,010	29,788	-	-	440,522	1,363,320
Due from other governments	259,041	639,212	289,923	1,952	19,944	1,210,072
Prepaid items	-	-	818	-	-	818
Inventories	-	235,535	-	-	-	235,535
Total Assets	\$ 11,067,935	\$ 10,827,803	\$ 5,386,189	\$ 4,254,741	\$ 2,353,996	\$ 33,890,664
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 233,032	\$ 82,394	\$ 53,238	\$ 11,765	\$ 12,920	\$ 392,349
Salaries payable	355,335	90,866	167,726	21,018	13,216	653,161
Contracts payable	-	111,007	-	-	-	111,007
Due to other funds	-	-	6,795	797,163	30,557	834,515
Due to other governments	58,416	6,726	27,386	251,760	6	344,294
Unearned revenue	719	-	-	-	-	719
Timber permit bonds	-	-	-	84,322	-	84,322
Total Liabilities	\$ 647,502	\$ 290,993	\$ 255,145	\$ 1,171,028	\$ 56,699	\$ 2,420,367
Deferred Inflows of Resources						
Unavailable revenue	\$ 406,215	\$ 730,761	\$ 145,839	\$ 1,514,402	\$ 35,840	\$ 2,833,057

**AITKIN COUNTY
AITKIN, MINNESOTA**

**EXHIBIT 3
(Continued)**

**BALANCE SHEET
DECEMBER 31, 2014**

	<u>General</u>	<u>Road and Bridge</u>	<u>Health and Human Services</u>	<u>Forfeited Tax Sale</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>						
(Continued)						
Fund Balances						
Nonspendable						
Inventories	\$ -	\$ 235,535	\$ -	\$ -	\$ -	\$ 235,535
Prepaid items	-	-	818	-	-	818
Restricted for						
Recorder's technology	302,570	-	-	-	-	302,570
Prosecutorial purposes	5,000	-	-	-	-	5,000
Enhanced 911	497,530	-	-	-	-	497,530
Law enforcement	5,000	-	-	-	-	5,000
Administering the carrying of weapons	112,408	-	-	-	-	112,408
Conservation of natural resources	24,697	-	-	-	-	24,697
Loans receivable	126,143	-	-	-	-	126,143
Solid waste	650,959	-	-	-	-	650,959
Recorder's equipment purchases	339,599	-	-	-	-	339,599
Parks	175,869	-	-	-	-	175,869
Substance abuse monitoring	9,311	-	-	-	-	9,311
Missing heirs	-	-	-	21,519	-	21,519
County development	-	-	-	598,882	-	598,882
Law library	-	-	-	58,547	-	58,547
Unclaimed property	-	-	-	1,815	-	1,815
Administering forfeited tax sales	-	-	-	30,701	-	30,701
Building maintenance and repair	-	-	-	858,847	-	858,847
Unorganized road, bridge, and fire	-	-	-	-	514,132	514,132
Ditch maintenance and repairs	-	-	-	-	56,853	56,853
Environmental uses	-	-	-	-	487,269	487,269
Assigned for						
Highways and streets	2,543,081	9,570,514	-	-	-	12,113,595
Public safety	1,652,721	-	-	-	-	1,652,721
Health and human services	-	-	4,984,387	-	-	4,984,387
Forest development	-	-	-	-	1,215,155	1,215,155
Unassigned	<u>3,569,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,952)</u>	<u>3,557,378</u>
Total Fund Balances	\$ 10,014,218	\$ 9,806,049	\$ 4,985,205	\$ 1,570,311	\$ 2,261,457	\$ 28,637,240
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,067,935	\$ 10,827,803	\$ 5,386,189	\$ 4,254,741	\$ 2,353,996	\$ 33,890,664

The notes to the financial statements are an integral part of this statement.

**AITKIN COUNTY
AITKIN, MINNESOTA**

EXHIBIT 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Road and Bridge</u>	<u>Health and Human Services</u>	<u>Forfeited Tax Sale</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Revenues						
Taxes	\$ 6,956,412	\$ 2,240,296	\$ 1,881,031	\$ -	\$ 70,779	\$ 11,148,518
Special assessments	-	-	-	-	1,510	1,510
Licenses and permits	384,776	-	-	-	524	385,300
Intergovernmental	3,608,474	6,151,327	3,378,036	406,929	296,255	13,841,021
Charges for services	1,198,615	269,814	212,636	25,709	-	1,706,774
Gifts and contributions	3,352	-	-	-	-	3,352
Investment earnings	744,325	-	-	-	14,651	758,976
Miscellaneous	355,303	295,905	315,315	1,701,815	5,794	2,674,132
Total Revenues	\$ 13,251,257	\$ 8,957,342	\$ 5,787,018	\$ 2,134,453	\$ 389,513	\$ 30,519,583
Expenditures						
Current						
General government	\$ 5,219,709	\$ -	\$ -	\$ 19,954	\$ 2,761	\$ 5,242,424
Public safety	5,572,494	-	-	-	26,819	5,599,313
Highways and streets	-	7,093,082	-	-	48,781	7,141,863
Sanitation	327,716	-	-	-	-	327,716
Human services	-	-	5,263,803	-	-	5,263,803
Health	3,319	-	755,951	-	-	759,270
Culture and recreation	776,461	-	-	-	-	776,461
Conservation of natural resources	329,693	-	-	1,123,940	673,771	2,127,404
Economic development	109,762	-	-	-	-	109,762
Intergovernmental						
Highways and streets	-	340,031	-	-	-	340,031
Debt service						
Principal	20,816	-	-	-	335,000	355,816
Interest	-	-	-	-	16,750	16,750
Total Expenditures	\$ 12,359,970	\$ 7,433,113	\$ 6,019,754	\$ 1,143,894	\$ 1,103,882	\$ 28,060,613
Excess of Revenues Over (Under) Expenditures	\$ 891,287	\$ 1,524,229	\$ (232,736)	\$ 990,559	\$ (714,369)	\$ 2,458,970
Other Financing Sources (Uses)						
Loans issued	\$ 21,777	\$ -	\$ -	\$ -	\$ -	\$ 21,777
Transfers in	371,274	-	-	-	604,356	975,630
Transfers out	(162,497)	-	-	(718,500)	(14,633)	(975,630)
Total Other Financing Sources (Uses)	\$ 230,554	\$ -	\$ -	\$ (718,500)	\$ 589,723	\$ 21,777
Net Change in Fund Balance	\$ 1,121,841	\$ 1,524,229	\$ (232,736)	\$ 102,059	\$ (124,646)	\$ 2,480,747
Fund Balance - January 1	8,892,377	8,459,193	5,217,941	1,378,252	2,386,103	26,333,866
Increase (decrease) in inventories	-	(177,373)	-	-	-	(177,373)
Fund Balance - December 31	\$ 10,014,218	\$ 9,806,049	\$ 4,985,205	\$ 1,570,311	\$ 2,261,457	\$ 28,637,240

The notes to the financial statements are an integral part of this statement.

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**AITKIN COUNTY
ANALYSIS OF FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014**

The Office of the State Auditor (OSA) has recommended that each county establish a formal policy on the level of unrestricted fund balance that should be maintained in the General Fund and special revenue

The County's Fund Balance Policy states, in part:

- **General Fund:** The County shall strive to maintain a yearly unassigned fund balance in the General Fund of 35 to 50 percent of the prior year's General Fund total operating expenditures.
- **Special Revenue Funds:** No specific percentages provided.

The following is an analysis of the County's fund balance in the General Fund based on the County's policy. Since there are no specific percentages provided in the County's Fund Balance Policy for the Road & Bridge and Health & Human Services Special Revenue Funds, we will base our analysis on the OSA's recommended fund balance levels.

	<u>General Fund</u>	<u>Road & Bridge Special Revenue Fund</u>	<u>Health & Human Services Special Revenue Fund</u>
1. 2014 revenues (Exh. 5)		\$ 8,957,342	\$ 5,787,018
2. 2014 operating expenditures (Exh. 5)	\$ 12,339,154 (See Note 1)	\$ 4,937,180 (See Note 2)	\$ 6,019,754
3. Unassigned fund balance (Exh. 3)	<u>\$ 3,569,330</u>		
4. Unrestricted fund balance (Exh. 3)		<u>\$ 9,570,514</u>	<u>\$ 4,984,387</u>
5. 35% of revenues (line 1)		<u>\$ 3,135,070</u>	<u>\$ 2,025,456</u>
6. 50% of revenues (line 1)		<u>\$ 4,478,671</u>	<u>\$ 2,893,509</u>
7. 35% of operating expenditures (line 2)	<u>\$ 4,318,704</u>		
8. 50% of operating expenditures (line 2)	<u>\$ 6,169,577</u>		
9. 5 months of operating expend. (line 2)		<u>\$ 2,057,158</u>	<u>\$ 2,508,231</u>

Note 1 - Does not include debt service expenditures.

Note 2 - Does not include intergovernmental expenditures or highway construction costs from Exh. A-2.

Per the County's Fund Balance Policy, the amount on line 3 for the General Fund should fall between the amounts on lines 7 and 8. Per the OSA's Statement of Position on Fund Balances for special revenue funds, the amounts on line 4 should fall between the amounts on lines 5 and 6, or be no less than the amount on line 9.

Func Dept	2015 Bud		2015 Act		2015 Act - Bud		% of Budget 83.33% Target		Administrator's Comments	
	Rev	Exp	Rev	Exp	Rev +/-	Exp +/-	Rev	Exp	Revenue	Expenditure
General Fund										
Administration/General Gov't Depts										
1 1 Commissioners	0	246,894	0	202,457	0	(44,437)		82%		
1 40 Auditor	(278,730)	601,807	(185,650)	507,652	93,080	(94,155)	67%	84%		
1 41 Internal Audit	0	65,000	0	56,542	0	(8,458)		87%		
1 42 Treasurer	(32,500)	249,943	(27,448)	207,066	5,052	(42,877)	84%	83%		
1 43 Assessor	(166,997)	830,499	(170,629)	708,248	(3,632)	(122,251)	102%	85%		
1 44 Central Services	(7,493,247)	310,979	(5,838,757)	119,651	1,654,490	(191,328)	78%	38%		
1 45 Motor Pool	(30,000)	53,261	(2,242)	55,258	27,758	1,997	7%	104%		Capital purchase slightly over project 5k total overage
1 49 Information Technologies	(800)	601,428	(672)	501,673	128	(99,755)	84%	83%		
1 52 Administration/HR	0	398,957	0	341,509	0	(57,448)		86%		
1 60 Elections	0	20,600	0	29,727	0	9,127		144%		
1 100 Recorder	(239,231)	248,030	(188,346)	209,351	50,885	(38,679)	79%	84%		
1 110 Courthouse Maint	(20,000)	366,051	0	289,355	20,000	(76,696)	0%	79%		
1 111 Buildings	0	72,000	0	11,673	0	(60,327)		16%		
1 120 VSO	(22,200)	93,490	(15,169)	83,663	7,031	(9,827)	68%	89%		Overage on Maint exp. Expect close to balance at end of FY.
1 121 HRA	0	1,600	0	1,785	0	185		112%		
Administration/General Gov't Depts Subtotal	(8,283,705)	4,160,539	(6,428,913)	3,325,610	1,854,792	(834,929)	78%	80%		

FuncDept	2015 Bud		2015 Act		2015 Act - Bud		% of Budget 83.33% Target		Administrator's Comments	
	Rev	Exp	Rev	Exp	Rev +/-	Exp +/-	Rev	Exp	Revenue	Expenditure
Public Safety										
1 12 Court Administration	(100)	85,100	(1,652)	83,409	(1,552)	(1,691)		98%		Attorney expenses tracking ahead of expectations. Most likely over budget up to 40k. Will monitor
1 90 Attorney	(56,147)	931,141	(59,927)	774,228	(3,780)	(156,913)	107%	83%		
1 123 Coroner	0	58,000	0	38,626	0	(19,374)		67%		
1 200 Enforcement	(176,750)	2,099,117	(253,924)	1,781,697	(77,174)	(317,420)	144%	85%		
1 201 Sheriff Contingency	0	0	(1,603)	0	(1,603)	0				
1 202 Boat and Water	(19,000)	83,346	(5,316)	69,087	13,684	(14,259)	28%	83%		
1 203 Snowmobile	(6,175)	33,033	(6,183)	27,012	(8)	(6,021)	100%	82%		
1 204 ATV	(14,212)	20,537	(14,212)	8,147	0	(12,390)	100%	40%		
1 206 Forfeitures	0	0	(22,165)	35,225	(22,165)	35,225				
1 252 Corrections	(2,290,405)	2,358,067	(567,756)	2,159,869	1,722,649	(198,198)	25%	92%	Jail revenue about 200k greater than budget Greater number of inmates increases PT salary cost - rev overage offset	
1 253 Aitkin Co Community Corrections	(33,443)	298,401	(25,472)	253,851	7,971	(44,550)	76%	85%		
1 254 Enhanced 911	(89,150)	331,700	(74,325)	97,920	14,825	(233,780)	83%	30%		
1 255 Crime Victim	(43,607)	67,502	(35,033)	55,245	8,574	(12,257)	80%	82%		
1 257 Sobriety Court	0	7,000	(7,765)	9,587	(7,765)	2,587		137%		
1 280 Emergency Management	(22,000)	47,223	(31,573)	26,342	(9,573)	(20,881)	144%	56%		
Public Safety Subtotal	(2,750,989)	6,420,167	(1,106,905)	5,420,245	1,644,084	(999,922)	40%	84%		
Culture and Recreation										
1 500 Library & Historical Society	0	289,552	0	288,660	0	(892)		100%		
1 520 Parks	0	0	0	0	0	0				
1 601 Extension	0	55,281	(800)	51,978	(800)	(3,303)		94%		
Culture and Recreation Subtotal	0	344,833	(800)	340,638	(800)	(4,195)		99%		

FundDept	2015 Bud		2015 Act		2015 Act - Bud		% of Budget 83.33% Target		Administrator's Comments	
	Rev	Exp	Rev	Exp	Rev +/-	Exp +/-	Rev	Exp	Revenue	Expenditure
Conservation of Natural Resources					0	0				
1 122 Planning and Zoning	(285,006)	419,434	(239,856)	409,882	45,150	(9,552)	84%	98%		
1 390 Environmental Health	(72,000)	76,724	(70,850)	61,148	1,150	(15,576)	98%	80%		
1 391 Solid Waste	(264,778)	273,988	(181,887)	239,229	82,891	(34,759)	69%	87%		
1 392 Water Wells	(6,150)	6,150	(11,781)	3,554	(5,631)	(2,596)	192%	58%		
1 600 Ag Soc, Soil & Water, Ag	0	136,169	0	133,991	0	(2,178)		98%		
1 603 Wetland Value Repl Fund	0	0	0	0	0	0				
Conservation of Natural Resources Subtotal	(627,934)	912,465	(504,375)	847,804	123,559	(64,661)	80%	93%		
Economic Development					0	0				
1 700 Promotion, Tran, Airport,	0	41,807	0	37,151	0	(4,656)		89%		
1 711 Economic Development	(1,000)	38,817	(11,138)	38,607	(10,138)	(210)	1114%	99%		Grants disbursed. No concern.
Economic Development Subtotal	(1,000)	80,624	(11,138)	75,758	(10,138)	(4,866)	1114%	94%		
General Fund	(11,663,628)	11,918,628	(8,052,131)	10,010,054	3,611,497	(1,908,574)	69%	84%		
Road and Bridge Fund					0	0				
3 0	(4,183,722)	0	(2,735,494)	0	1,448,228	0	65%			
3 301 Administration/HR	0	470,550	0	405,027	0	(65,523)		86%		
3 302 Engineering/Construction	0	501,571	0	404,447	0	(97,124)		81%		
3 303 Highway Maintenance	0	3,313,940	0	2,435,202	0	(878,739)		73%		
3 307 Capital Infrastructure	(5,061,600)	8,954,800	(6,252,660)	6,303,602	(1,191,060)	(2,651,198)	124%	70%		
3 308 Equipment and Facilities	(497,300)	497,300	(497,300)	455,835	0	(41,465)	100%	92%		
3 310 232 Turnback	0	0	0	800,000	0	800,000				
Road and Bridge Fund	(9,742,622)	13,738,161	(9,485,454)	10,804,112	257,168	(2,934,049)	97%	79%		


FuncDept	2015 Bud		2015 Act		2015 Act - Bud		% of Budget 83.33% Target		Administrator's Comments	
	Rev	Exp	Rev	Exp	Rev +/-	Exp +/-	Rev	Exp	Revenue	Expenditure
Health and Human Services Fund										
5 0	0	0	(74,394)	74,394	(74,394)	74,394				
5 400 Public Health	(679,163)	714,805	(447,837)	688,362	231,326	(26,443)	66%	96%		
5 420 Income Maintenance	(1,595,020)	1,742,982	(1,277,107)	1,616,050	317,913	(126,932)	80%	93%		
5 430 Social Services	(3,497,368)	3,713,764	(2,408,645)	3,079,302	1,088,723	(634,462)	69%	83%		
Health and Human Services Fund	(5,771,551)	6,171,551	(4,207,983)	5,458,109	1,563,568	(713,442)	73%	88%		
					0	0				
10 921 County Development	(250,000)	313,110	(331,095)	204,045	(81,095)	(109,065)	132%	65%		
10 923 Forfeited Tax Sales	(1,455,000)	1,465,365	(1,354,532)	1,555,272	100,468	89,907	93%	106%		
	(1,705,000)	1,778,475	(1,685,627)	1,759,317	19,373	(19,158)	99%	99%		
					0	0				
11 924 Forest Resource	(142,500)	200,457	(145,395)	183,509	(2,895)	(16,948)	102%	92%		
11 925 Reforestation	(207,838)	252,267	(278,886)	243,174	(71,048)	(9,093)	134%	96%		
11 934 Memorial Forest	(94,575)	134,282	(146,986)	68,972	(52,411)	(65,310)	155%	51%		
11 935 Forest Road	(37,000)	46,963	(39,238)	61,941	(2,238)	14,978	106%	132%		
	(481,913)	633,969	(610,505)	557,596	(128,592)	(76,373)	127%	88%		
					0	0				
19 521 LLCC Administration	(57,700)	237,163	(39,314)	178,808	18,386	(58,355)	68%	75%		
19 522 LLCC Education	(625,610)	221,962	(403,090)	193,108	222,520	(28,854)	64%	87%		
19 523 LLCC Food	(4,500)	161,525	(3,038)	137,615	1,462	(23,910)	68%	85%		
19 524 LLCC Maintenance	0	117,072	(2,767)	108,462	(2,767)	(8,610)		93%		
19 525 LLCC Capital Improvement	0	0	(31,467)	41,064	(31,467)	41,064				
	(687,810)	737,722	(479,676)	659,056	208,134	(78,666)	70%	89%		
					0	0				
21 520 Parks	0	0	(471,297)	497,307	(471,297)	497,307				

AITKIN COUNTY ADMINISTRATION

Handout
3C

Aitkin County Courthouse
Nathan Burkett, Administrator
217 Second Street N.W. Room 130
Aitkin, MN 56431
218-927-7276
Fax: 218-927-7374

TO:

FROM: Nathan Burkett 

CC: County Board

DATE: November 10, 2015

RE: Financial Policies and Operations Workgroup Direction

The purpose of this memo is to outline the direction given to the workgroup tasked to evaluate existing financial policies and operations and recommend changes as deemed necessary.

The following staff are assigned to the Workgoup: Nate Burkett, Kathy Ryan, Sarah Olsen, Donna Boyer

The following staff are invited to the Workgroup: Kirk Peysar, Lori Grams

PRIMARY DIRECTION

The Financial Policies and Operations Workgroup (hereafter "Workgroup") is directed to evaluate Aitkin County's financial policies and operations and to make recommendations to the County Board regarding the same.

DELIVERABLES and DUE DATES

- Recommended Aitkin County financial policies to the County Board no later than February 9, 2016, including a draft policy document.
- Administrative procedures document prepared within 90 days of board approval of financial policies
- Recommendations for operational changes as needed

GUIDING PRINCIPLES

- Financial controls are of utmost importance. The Aitkin County financial policies should encourage best practices of financial management in all cases as it pertains to maintaining appropriate controls over Aitkin County finances.
- Consistency is of importance. The Aitkin County financial policies should encourage consistency in budgeting, accounting, planning and audit across all county funds and departments.
- Efficiency is of importance. Aitkin County financial policies and operations should ensure that financial processes are carried out in the most efficient manner possible.

- Clear allocation of resources is of importance. Aitkin County financial policies and operations should encourage ease of understanding and decision making related to allocation of resources.
- Clear authorities and responsibilities are of importance. Aitkin County financial policies and operations should clearly define which position is the responsible authority for Aitkin County's finances.

COMMITTEE RESOURCES

- Requesting the presence of the appropriate committee of the County Board for discussion and review.
- Requesting an audience (when appropriate, as approved by the County Administrator) with the full County Board.
- Requesting up to \$10,000 of resources for consulting time (as approved by the County Administrator) or up to \$20,000 (as approved by the County Board).
- At this point, the Committee is authorized meeting time as needed to complete the workgroup's direction
- Committee members are authorized reasonable time (i.e. be cognizant of your normal duties) to review and analyze meeting materials outside of meeting times.
- Meeting space as needed.

