

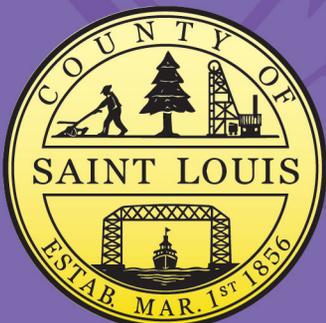
COMPREHENSIVE  
ANNUAL FINANCIAL  
*Report '15*



MAURICES HEADQUARTERS  
*Photos by David Bednarski*



DULUTH TRANSPORTATION CENTER  
*Photos by David Bednarski*



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

ST. LOUIS COUNTY, MINNESOTA - DONALD DICKLICH, COUNTY AUDITOR/TREASURER

### **Maurices Headquarters**

Maurices, a women's clothing store, completed their new headquarters in April of 2015 at the corner of Fourth Avenue West and Superior Street in downtown Duluth. The majority of the new \$80 million building is devoted to Maurice's operations, but it also has three spaces available for lease. Minnesota Power Employees Credit Union signed the first lease for one of the spaces and will open a full service branch on the eastern side of the building and will employ 10-12 people. Blue Cross and Blue Shield of Minnesota signed the second lease for the western side and will open a retail center where people can shop for a Blue Cross Insurance plan, ask questions about benefits or claims, and take classes related to health and wellness. The third space, on the second floor and accessible by the skywalk, has not yet been leased.

### **Duluth Transportation Center**

The Duluth Transit Authority unveiled its \$30 million dollar Multimodal Transportation Center also in downtown Duluth. The new Center includes terminals with heated passenger waiting areas, nine bus platforms, an information center, transit driver facilities, police sub-station, drive through ATM, and restroom facilities. It also will add 410 parking spaces, with incentive parking for van and car pool, electric charging stations and capacity for storing 120 bikes. The Multi-modal center is centrally located and will provide the City of Duluth and the region with improved economic competitiveness, safety, and accessibility.

# St. Louis County Minnesota

Comprehensive Annual Financial Report  
for the Fiscal Year Ending  
December 31, 2015



**Donald Dicklich**  
**County Auditor**

“The Mission of St. Louis County is to provide to its people those services mandated and/or expected by its citizens so as to provide a good quality of life.”

ST. LOUIS COUNTY, MINNESOTA  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Introductory Section</b>	
Table of Contents.....	i
Letter of Transmittal.....	1
Map - Legislative & Commissioner Districts - Duluth.....	6
Map - Commissioner Districts.....	7
Elected and Appointed Officials.....	8
Organizational Summary.....	9
Certificate of Achievement.....	10
<b>Financial Section</b>	
Independent Auditor's Report.....	11
Management's Discussion and Analysis.....	14
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position.....	25
Statement of Activities.....	26
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	29
Statement of Revenues, Expenditures and Changes in Fund Balances.....	31
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actuals	
General Fund.....	33
Road and Bridge Special Revenue Fund.....	39
Public Health and Human Services Special Revenue Fund.....	40
Forfeited Tax Sale Special Revenue Fund.....	41
Proprietary Funds	
Statement of Net Position.....	43
Statement of Revenues, Expenses and Changes in Fund Net Position.....	45
Statement of Cash Flows.....	46
Fiduciary Funds	
Statement of Fiduciary Net Position.....	49
Statement of Changes in Fiduciary Net Position.....	50
Notes to the Financial Statements.....	51
<b>Required Supplementary Information</b>	
Schedule of Employer Contributions PERA General Employees Retirement Fund.....	96
Schedule of Proportionate Share of Net Pension Liability General Employees Retirement Fund.....	97
Schedule of Employer Contributions PERA Public Employees Police and Fire Fund.....	98
Schedule of Proportionate Share of Net Pension Liability Public Employees Police and Fire Fund.....	99
Schedule of Employer Contributions PERA Public Employees Correctional Fund.....	100
Schedule of Proportionate Share of Net Pension Liability Public Employees Correctional Fund.....	101
Schedule of Funding Progress OPEB.....	102
Schedule of Employer Contributions OPEB.....	102
<b>Supplementary Data</b>	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	107
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actuals	
Housing and Redevelopment Authority Special Revenue Fund.....	110
Community Development Block Grant Special Revenue Fund.....	111
Northeast Minnesota Housing Consortium Special Revenue Fund.....	112
Septic Loan Special Revenue Fund.....	113
Forest Resources Special Revenue Fund.....	114
Debt Service Fund.....	115
Internal Service Funds	
Combining Statement of Net Position.....	117
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	119
Combining Statement of Cash Flows.....	121
Fiduciary Funds	
Combining Statement of Fiduciary Net Position - Fiduciary Funds.....	126
Combining Statement of Changes in Fiduciary Net Position.....	127
Combining Statement of Changes in Assets and Liabilities - All Agency Funds.....	128
Miscellaneous Schedules	
Schedule of Investments and Interest Earning Deposits.....	132
Schedule of Intergovernmental Revenue.....	133
Schedule of Expenditures of Federal Awards.....	141
Notes to the Schedule of Expenditures of Federal Awards.....	143

ST. LOUIS COUNTY, MINNESOTA  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

**TABLE OF CONTENTS**  
 Continued

	<b>Schedule</b>	<b>Page</b>
<b>Statistical Section</b>		
<b>Financial Trends</b>		
Net Position by Component.....	1	146
Changes in Net Position.....	2	148
Fund Balances - Governmental Funds.....	3	150
Changes in Fund Balances - Governmental Funds.....	4	152
<b>Revenue Capacity</b>		
Tax Capacity and Estimated Market Value of Property.....	5	154
Direct and Overlapping Property Tax Rates.....	6	156
Principal Property Tax Payers.....	7	158
Property Tax Levies and Collections.....	8	159
<b>Debt Capacity</b>		
Ratios of Outstanding Debt by Type.....	9	160
Ratios of General Bonded Debt Outstanding.....	10	162
Direct and Overlapping Governmental Activities Debt.....	11	163
Legal Debt Margin Information.....	12	164
<b>Demographic and Economic Information</b>		
Demographic and Economic Statistics.....	13	166
Principal Employers.....	14	167
<b>Operating Information</b>		
Full-time Equivalent County Government Employees by Function/Program.....	15	168
Operating Indicators by Function/Program.....	16	170
Capital Asset Statistics by Function/Program.....	17	172



# Saint Louis County

County Auditor-Treasurer - 100 North 5<sup>th</sup> Avenue West, Room 214 - Duluth, MN 55802-1293 Phone: (218) 726-2380 Phone – Virginia: (218) 749-7104 Fax: (218) 725-5060

**Donald Dicklich**

St. Louis County Auditor-Treasurer

June 10, 2016

To: The Citizens of St. Louis County, Minnesota  
The St. Louis County Board of Commissioners  
All Other Interested Parties

The Comprehensive Annual Financial Report of St. Louis County is hereby submitted for the fiscal year ended December 31, 2015. This report was prepared by the County Auditor's Accounting and Finance Division. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the County.

Financial management of St. Louis County is based on an accounting and financial reporting system that must provide accurate, timely, and relevant information. The assets of the County are protected from fraud, errors, and misuse through the institution of internal controls. Internal controls are designed to safeguard assets, as well as to ensure that accounting data are accurate for the preparation of financial statements in conformity with generally accepted accounting principles, and to accomplish the County's policies. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

St. Louis County is audited annually, as required by Minnesota Statutes §6.48. This requirement has been complied with and the Office of the State Auditor has issued an unmodified ("clean") opinion on St. Louis County financial statements for the year ended December 31, 2015. The independent auditor's report is located in the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) provides "financial highlights" and interprets the financial reports by analyzing trends and explaining changes in the financial condition of the County. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. St. Louis County's MD&A can be found immediately following the independent auditor's report.

## ***Profile of the Government***

St. Louis County was established in 1856. Located in Northeastern Minnesota, St. Louis County is geographically the largest county east of the Mississippi River, covering 7,092 square miles, including water surface, from the Canadian border to Duluth. The County's 2015 census population was estimated at 200,949 residents while the 2006 census population was 196,218. The County has an average of 28 people per square mile living in small mining towns, farm communities, and busy cities. St. Louis County is empowered to levy a property tax on both real and personal property located within its boundaries.

The St. Louis County Board of Commissioners consists of seven commissioners elected by the citizens of the County's seven districts. All commissioners serve overlapping four-year terms of office. Each member of the County Board serves on various committees. Major committees are Public Health and Human Services, Environment and Natural Resources, Public Works and Transportation, Finance and Budget, Central Management and Inter-Governmental and Public Safety and Corrections.

*An Equal Opportunity Employer*

The Board appoints a County Administrator, who is the chief administrative officer of the County. The Administrator is responsible for administration of Board policy and for management of various County divisions and departments. The County Attorney, County Auditor, and Sheriff are elected officials.

The County provides a full range of services contemplated by statute. These services encompass public safety, public works, public health, county attorney, cultural and human services; maintenance of property records, vital statistics, issuance of various permits and licenses; and the administration of property tax assessment, collection, and distribution for local governments within the County.

The St. Louis County Board of Commissioners is required by state law to annually adopt a budget for the next fiscal year for the General, Special Revenue, Debt Service, and Capital Projects Funds. The County incorporates budgetary controls which ensure that County departments comply with the annual budget. Encumbrance accounting is used to determine availability of funds prior to incurring a specific obligation and to ensure that policies and regulations have been followed. Encumbrances outstanding at year-end are reported as assignments of fund balances. County departments are comprised of one or more sub-departments (agencies). County departments can spend their agency level budgets on any line item within that agency as long as the total agency budget is not overspent. However, no public aid assistance and/or personal services budget authority may be used for any other purpose without Board approval.

### ***Local economy***

Major industries in the County are mining, health care, wood and paper products, shipping, education, and tourism.

The mining industry continues to be a driving force of the region's economy. The taconite industry supports roughly 10,000 jobs with an economic impact of \$3.1 billion annually. Taconite plants produced 32.7 million metric tons in 2015 a decrease of 18% compared to 2014. The decrease in tonnage was primarily due to the decrease in demand for iron ore. All taconite producers had lower production tonnages, except Hibbing Taconite, which increased production by 5.5 percent.

The Port of Duluth-Superior connects the heartland of the United States and Canada to the rest of the world, ranking among the top 20 ports in the U.S. in cargo tonnage. It is the largest cargo port on the Great Lakes, with the principal cargoes being Iron Ore (42%), Coal (41%), Grain (4%), and Other (13%) in 2015. The Port of Duluth-Superior has averaged more than 40 million tons of cargo and nearly 1,000 vessel visits a year since 1990. The port reported 32.9 million tons of cargo with 757 ships that visited the port in 2015, compared to 37.6 million tons and 901 ships in 2014. In early 2015, the Port Authority acquired Dock 7 to support continued growth. The 35.7 acre dock is located in Duluth's Industrial Waterfront zoning district, near the Irving Neighborhood of West Duluth. The property is served by the Burlington Northern Santa Fe (BNSF) railway and has immediate access to the federally-maintained shipping channel in the upper Duluth Harbor.

Maurices, a women's clothing store that started with one store in downtown Duluth in 1931, has grown to a chain of about 985 women's clothing stores in the United States and Canada. The company just built a new 200,000 square foot, 11 story building in downtown Duluth. The majority of the new \$80 million building is devoted to Maurice's operations, but it also has three spaces available for lease. Minnesota Power Employees Credit Union signed the first lease for one of the spaces and will open a full service branch on the eastern side of the building and will employ 10-12 people. Blue Cross and Blue Shield of Minnesota signed the second lease for the western side and will open a retail center where people can shop for a Blue Cross Insurance plan, ask questions about benefits or claims, and take classes related to health and wellness. The third space, on the second floor and accessible by the skywalk, has not yet been leased.

The U.S. Highway 53 relocation project is expected to be completed in the fall of 2017. The existing highway between Eveleth and Virginia is being moved to make way for a planned expansion of mining at the United Taconite Thunderbird Mine. The construction is expected to cost \$156 million, with the total cost of the relocation estimated at \$236 million. The new route will take Highway 53 across a new 1,100 foot long bridge spanning 250 feet above the abandoned, flooded Rouchleau mine pit.

Detroit Diesel Remanufacturing LLC, a leader in the remanufacture of products for on-and-off-highway power systems, expanded its operations with a move to a larger facility in Hibbing, MN in 2015. Companies, including Freightliner, Mercedes-Benz, Thomas Built Buses, and Detroit Diesel, utilize their components in a variety of on and off-highway vehicles. The company, which employs 135 people, has a short term plan to add seven new product lines.

PolyMet Mining Corp. is a publicly traded company focused on developing a copper-nickel and precious metals mining operation on the Iron Range. The company is hoping to mine the Duluth Complex, a well-known geological formation near the eastern end of the historic Mesabi Iron Range, which contains the world's third-largest accumulation of nickel and the world's second-largest accumulation of copper and platinum group metals. If the project moves forward, it should bring 360 full time jobs, along with 600 indirect jobs and 2 million hours of construction work, all of which could lead to a \$550 million economic impact annually.

Fairview Range Hospital in Hibbing, MN is expanding its Behavioral Health Unit from 19 beds to a 34 bed unit. The project creates 20 new full time professional health care jobs and generates an annual payroll of about \$1.3 million. The unit provides services to persons with behavioral health issues such as depression, schizophrenia, bipolar disorder, acute grief loss or suicidal tendencies.

The Miller Hill corridor in Duluth and Hermantown is getting three new hotels. In January 2015, LaQuinta Inn & Suites opened a \$10 million, 96 room, three story hotel on Maple Grove road with a Lake Superior inspired theme. Holiday Inn Express and Suites, which is being built on the old Cinema 8 site, is expected to open in the summer of 2016 and will be five stories tall with 80 rooms. Hampton Inn & Suites is constructing a 91 room hotel behind the Texas Roadhouse.

Construction also has begun on Pier B Resort with 140 rooms on the downtown Duluth waterfront, which is hoping to open in June 2106. The \$30 million, four-story marina hotel will have a restaurant that will seat 150 people, a lounge, and banquet room that will accommodate at least 200 people. It will have its own marina with a sand beach, bridge to Bayfront Park, and plenty of patios, decks and outdoor seating.

In February 2016, the Duluth Transit Authority unveiled its \$30 million dollar Multimodal Transportation Center in downtown Duluth. The new Center includes terminals with heated passenger waiting areas, nine bus platforms, an information center, transit driver facilities, police sub-station, drive through ATM, and restroom facilities. It also will add 410 parking spaces, with incentive parking for van and car pool, electric charging stations and capacity for storing 120 bikes. The Multi-modal center is centrally located and will provide the City of Duluth and the region with improved economic competitiveness, safety, and accessibility.

Mills Fleet Farm is currently building an 183,000 square-foot store in Hermantown, which is tentatively set to open by mid to late 2016. The Brainerd-based company, which offers a wide range of products also plans to have a 17,000 square-foot accessory building, lumberyard, three-bay car wash and a gas station with 16 pumps. Fleet Farm has 35 stores across Minnesota, Wisconsin, North Dakota and Iowa.

### ***Long-term financial planning***

At the end of each year, the County calculates the resources needed to pre-fund retiree health insurance premiums for all employees eligible for retirement at year end and sets aside the value of sick leave balances those employees have accumulated. As of December 31, 2015, 100% of the estimated retiree obligation amount has been classified as committed fund balance in the General Fund and the Special Revenue Funds.

The County also calculates the resources needed to pre-fund health insurance premiums for those employees that are not eligible to retire immediately, but probably will retire from the County. As of December 31, 2015, 100% of the estimated retiree obligation amount has been classified as committed fund balance (vesting sick leave) in the General Fund and the Special Revenue Funds.

For many years the County has recognized that it would be prudent to set aside funds to meet cash flow

needs and began to assign some of its fund balances for that purpose. The County Board's policy is to have the General Fund, the Road and Bridge Fund, and the Public Health and Human Services Fund assign a portion of their available fund balances equal to 5/12 of the certified levy for each fund, plus its share of program aid paid to the County by the State of Minnesota. As of December 31, 2015, the policy was 96.6% accomplished for the General Fund, 88.1% for the Public Health and Human Service Fund, and 59.3%, for the Road and Bridge Fund. These three funds had combined fund balance allocated for cash flow of \$49.4 million at year-end, a decrease of \$.4 million from 2014.

Starting in 2007, any County-owned buildings with operating revenues in excess of expenditures for the year had the remaining balance transferred into a Depreciation Reserve Fund in the Capital Projects Fund at year end. At the end of 2015, the Depreciation Reserve Fund had a balance of \$3.8 million. Those monies will be used to fund future capital improvements at County facilities.

Other financial planning for 2016 and beyond includes the following:

- The County's commitment to core services and balancing the budget to position the County for future fiscal challenges.
- The County Board directs the County Administrator to hold all county departments accountable for making progress in each department's designated priority areas by the regular use of performance measures and outcomes.
- The County Board has committed and assigned monies for specific purposes. These commitments and assignments of fund balance represent the County's intended future use of the County's resources.
- In 2015, the County retained an AA+ credit rating from Standard and Poor's. This rating is just one step below the highest possible rating of AAA. The rating makes the debt offerings of the County more attractive to investors and lowers the cost of borrowing. This rating was retained by the County having sound financial policies, strong management, and a broad and diverse economy.

### ***Major initiatives***

The St. Louis County Board authorized a half percent transportation sales tax within the County, which went into effect on April 1, 2015. The sales tax is statutorily dedicated to road and bridge projects. The County has collected \$11 million in new sales tax revenue in 2015. The County Board approved the issuance of \$40 million in bonding to further accelerate the investment in the County's road and bridge infrastructure. Approximately \$3.5 million of Transportation Sales Tax revenue will be used annually to pay back the bonds. The remainder of the sales tax monies will be invested in "pay as you go" projects.

The Board continued its long term facilities strategy of eliminating outside leases and rents and consolidating all county services into county-owned buildings. The major renovation of the Government Service Center Building (GSC) was recently completed, which has allowed for more available space within the building, so more County offices can locate there, making it easier for citizens to find and use services.

St. Louis County has developed an E-Government Plan as part of its enterprise-wide business improvement/customer service initiatives. It has been working with a vendor to begin to make available online permits, applications, citizen requests and payment processing services through the county website. Two departments are currently using this software, which should make doing business with St. Louis County more timely and convenient for citizens.

In 2014 the County launched an interactive online tool that gives anyone with internet access the ability to explore both the current county budget, as well as look at county investment trends over the last decade. The Budget Explorer displays 10 years of governmental spending and revenue detail in a user friendly portal, which can be accessed at [www.stlouiscountymn.gov/budgetexplorer](http://www.stlouiscountymn.gov/budgetexplorer). Powered by OpenGov, the Budget Explorer is a tool that increases government transparency by allowing users to drill down into the current year budget and compare it to previous years through interactive graphs that easily explain revenue and expenses by fund, department and type.

The County launched a new County Land Explorer mobile app in 2015, which is available for anyone with an Apple or Android smart phone or tablet to download. The app is free and has been extremely helpful for surveyors, engineers, appraisers, real estate agents, hunters and the general public to be able to view land records in the field.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Louis County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2014.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. St. Louis County has received the Certificate for the last twenty-six consecutive years. We believe our current report will conform to the Certificate of Achievement Program requirements, and are thus submitting it to the GFOA.

The preparation of the Comprehensive Annual Financial Report in accordance with the GASB 34 financial reporting model was made possible by the dedicated work of the employees of the Accounting and Finance Division. In addition, I would like to express my appreciation to the employees of the Public Health and Human Services Department, Sheriffs Department and the Public Works Department for their dedication and cooperation during the preparation of this report. I am grateful to the County Board of Commissioners and to the Department of Administration for their leadership and support in formulating the financial activities of the County, without which the preparation of this report would not have been possible. Many other County departments extended assistance and cooperation to my office during this time and I thank them also.

Special thanks are due to the State Auditor's staff for their technical assistance during the audit and throughout the year. I acknowledge, too, the thorough and professional manner in which they conducted their audit.

Sincerely,

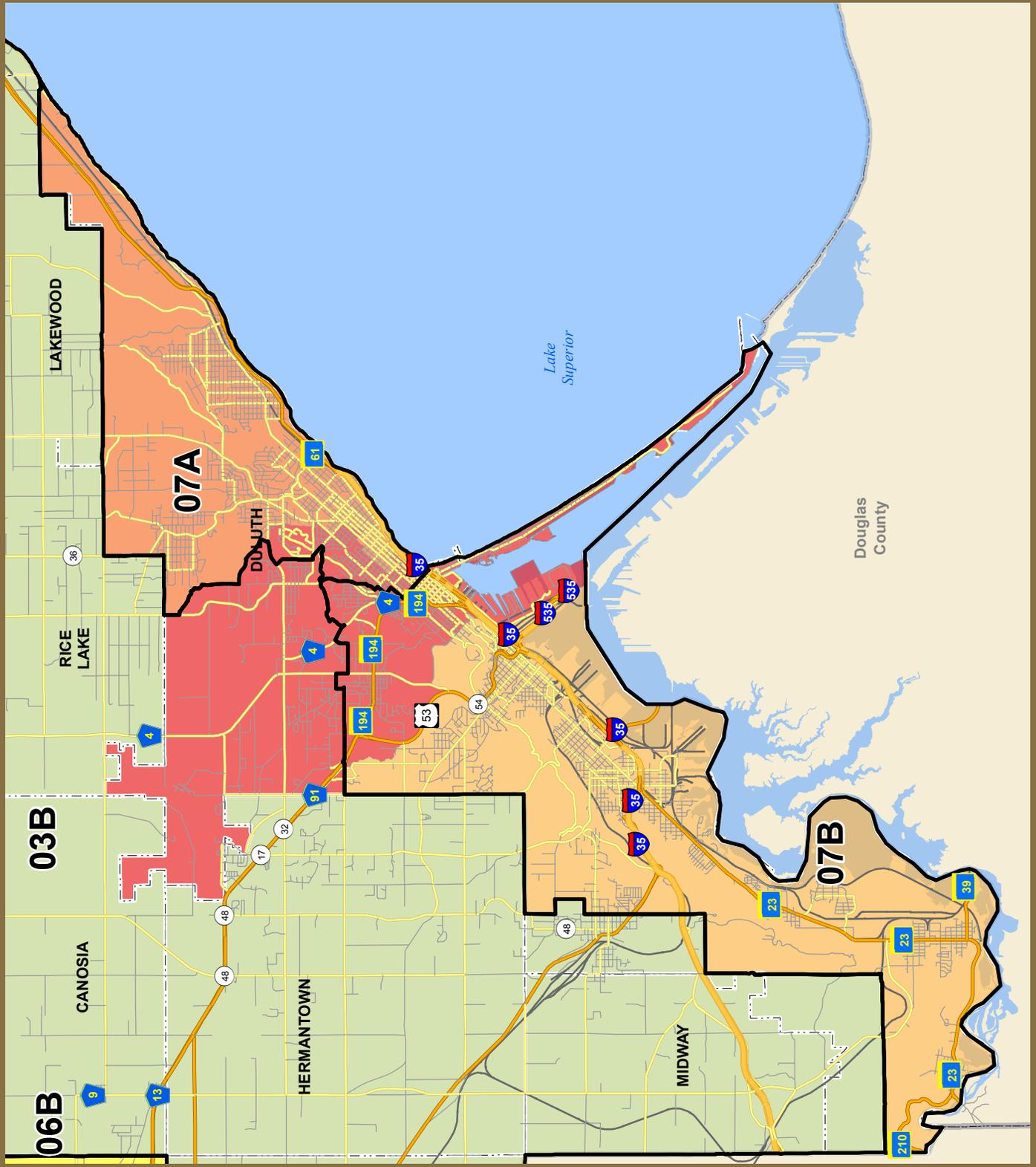


**DONALD DICKLICH**  
**County Auditor/Treasurer**



# Legislative & Commissioner Districts - Duluth

2015



## Legislative Districts

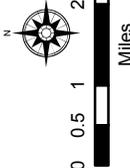
- District 3**  
Sen. Thomas Bakke (DFL)  
149 State Office Bldg  
St. Paul MN 55155  
(651) 296-8881
- District 7**  
Sen. Roger Reinert (DFL)  
149 State Office Bldg  
St. Paul MN 55155  
(651) 296-4188
- 3B**  
Rep. Mary Murphy (DFL)  
443 State Office Building  
St. Paul MN 55155  
(651) 296-2676
- 7A**  
Rep. Jennifer Schultz (DFL)  
351 State Office Bldg  
St. Paul MN 55155  
(651) 296-2228
- 7B**  
Rep. Erik Simonson (DFL)  
429 State Office Bldg  
St. Paul MN 55155  
(651) 296-4246

## Commissioner Districts

- 1**  
Frank Jewell  
Room 202  
100 N. 5th Ave. W.  
Duluth MN 55802  
(218) 726-2450
- 2**  
Patrick Boyle  
Room 202  
100 N. 5th Ave. W.  
Duluth MN 55802  
(218) 726-2359
- 3**  
Chris Dahlberg  
Room 202  
100 N. 5th Ave. W.  
Duluth MN 55802  
(218) 726-2562
- 5**  
Pete Stauber  
Room 202  
100 N. 5th Ave. W.  
Duluth MN 55802  
(218) 726-2450

## City of Duluth Precincts

- Commissioner**  
District 1: Prec. 10-12, 15-20, 22, 23  
District 2: Prec. 1-9, 13, 14, 16, 17, 18, 21, 24-34  
District 3: Prec. 21, 24-34
- Legislative**  
District 3B: Prec. 11, 23  
District 7A: Prec. 1-10, 12-15, 17  
District 7B: Prec. 16, 18-22, 24-34

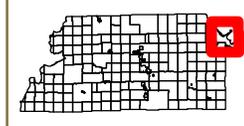


**Auditor's Office**  
100 N 5th Ave W, Rm 214  
(218) 726-2380  
[www.stlouiscountymn.gov](http://www.stlouiscountymn.gov)

Source: St. Louis County  
Map Created: 1/4/2016

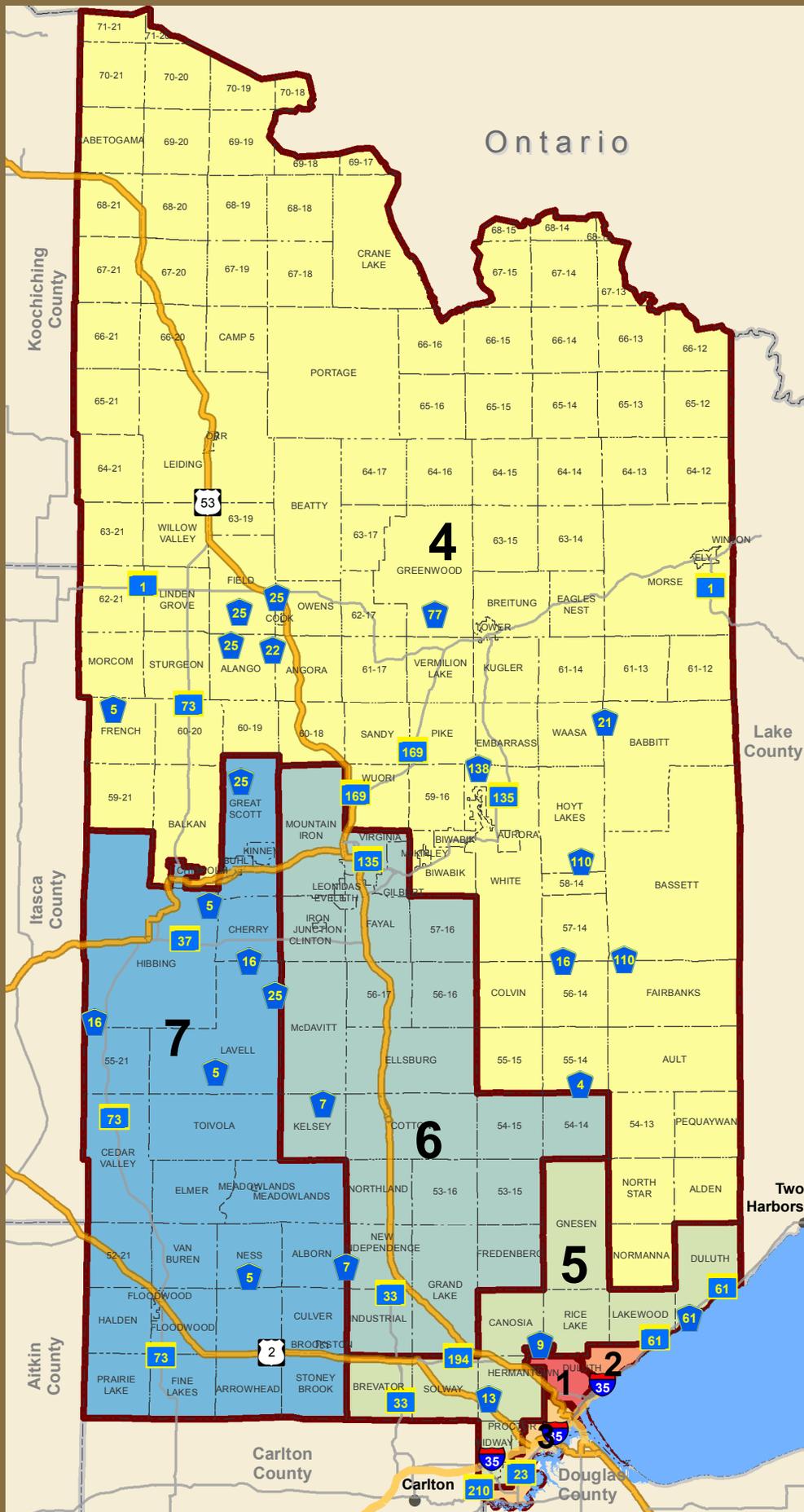
**Disclaimer**  
This is a compilation of records as they appear in the St. Louis County Offices affecting the area shown. This drawing is to be used only for reference purposes and the County is not responsible for any inaccuracies herein contained.

© Copyright St. Louis County  
All Rights Reserved





# Commissioner Districts 2015



## Commissioners

**1** Frank Jewell  
Room 202  
100 N. 5th Ave. W.  
Duluth MN 55802  
(218) 726-2450  
Term Ends: 1/7/2019



**2** Patrick Boyle  
Room 202  
100 N. 5th Ave. W.  
Duluth MN 55802  
(218) 726-2359  
Term Ends: 1/3/2017



**3** Chris Dahlberg  
Room 202  
100 N. 5th Ave. W.  
Duluth MN 55802  
(218) 726-2562  
Term Ends: 1/3/2017



**4** Tom Rukavina  
SLC Service Center  
320 Miners Dr. E.  
Ely MN 55731  
(218) 365-8200  
Term Ends: 1/7/2019



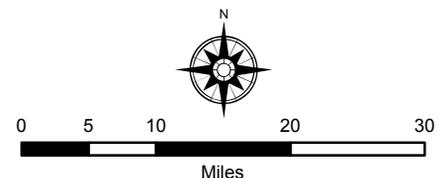
**5** Pete Stauber  
Room 202  
100 N. 5th Ave. W.  
Duluth MN 55802  
(218) 726-2450  
Term Ends: 1/3/2017



**6** Keith Nelson  
Virginia Courthouse  
300 S. 5th Ave.  
Virginia MN 55792  
(218) 749-7108  
Term Ends: 1/7/2019



**7** Steve Raukar  
Hibbing Courthouse  
1810 12th Ave. E.  
Hibbing MN 55746  
(218) 262-0201  
Term Ends: 1/3/2017

Prepared By:  
**Auditor's Office**  
100 N 5th Ave W, Rm 214  
(218) 726-2380  
www.stlouiscountymn.gov

Source: St. Louis County

Map Created: 1/9/2015

© Copyright St. Louis County All Rights Reserved

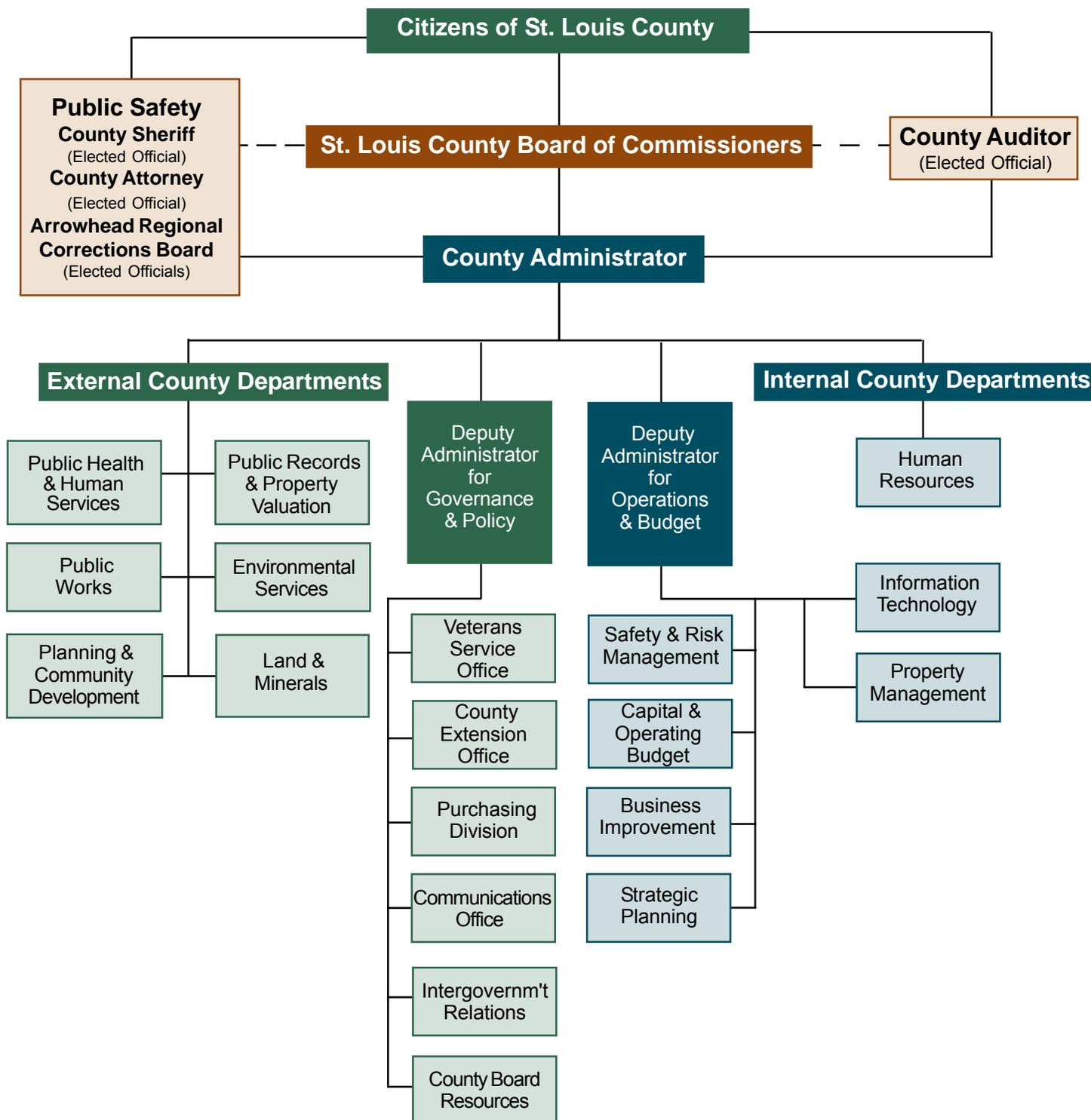
**Disclaimer**  
This is a compilation of records as they appear in the Saint Louis County Offices affecting the area shown. This drawing is to be used only for reference purposes and the County is not responsible for any inaccuracies herein contained.

**St. Louis County  
Elected and Appointed Officials  
as of December 31, 2015**

<b>Office</b>	<b>Name</b>	<b>Term</b>
<b>Commissioners:</b>		
1st District	Frank Jewell	Jan. 2015 Jan. 2019
2nd District	Patrick Boyle	Jan. 2014 Jan. 2017
3rd District	Christopher Dahlberg	Jan. 2013 Jan. 2017
4th District	Tom Rukavina	Jan. 2015 Jan. 2019
5th District	Pete Stauber	Jan. 2013 Jan. 2017
6th District	Keith Nelson	Jan. 2015 Jan. 2019
7th District	Steve Raukar	Jan. 2015 Jan. 2017
<b>Elected Officers:</b>		
Attorney	Mark Rubin	Jan. 2015 Jan. 2019
Auditor	Donald Dicklich	Jan. 2015 Jan. 2019
Sheriff	Ross Litman	Jan. 2015 Jan. 2019
<b>Appointed Officers:</b>		
Administrator	Kevin Gray	
Assessor	David Sipila	
Human Resources Director	James Gottschald	
Examiner of Titles	David W. Adams	
Land and Minerals Commissioner	Mark Weber	
Information Technology Director	Jeremy Craker	
Planning & Community Development Director	Barbara Hayden	
Property Management Director	Tony Mancuso	
Public Health and Human Services Director	Ann Busche	
Public Works Director	Jim Foldesi	
Public Records & Property Valuation Director	Mark Monacelli	
Environmental Services Director	Mark St. Lawrence	

# Saint Louis County Organization

Structure





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**St. Louis County  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
St. Louis County  
Duluth, 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 St. Louis County, Minnesota, as of and for the year ended December 31, 2015, 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 from 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 St. Louis County as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons of the General Fund, Road and Bridge Special Revenue Fund, Public Health and Human Services Special Revenue Fund, and the Forfeited Tax Sale Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter - Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2015 the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 82, *Pension Issues*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

### ***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 GASB, 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 and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Louis County's basic financial statements. The introductory section, the supplementary data, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary data 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.

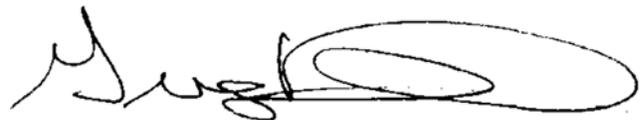
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2016, on our consideration of St. Louis 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 St. Louis County's internal control over financial reporting and compliance.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

May 26, 2016

UNAUDITED  
St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
December 31, 2015

Our discussion and analysis of St. Louis County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2015. Please read it in conjunction with the accompanying transmittal letter and basic financial statements.

## **FINANCIAL HIGHLIGHTS**

St. Louis County's total net position decreased by \$33.9 million to \$705.4 million, or (4.8%). Governmental activities decreased by \$32.2 million to \$685.1 million, while the County's business-type activities decreased by \$1.7 million to \$20.3 million.

The County's governmental funds reported a combined ending fund balance of \$208.9 million for 2015, an increase of \$41.7 million compared to 2014. The nonspendable and restricted combined fund balances were \$76.2 million of total fund balance or 36.5%. These fund balances are not available for appropriation because of constraints placed on their use. The remaining fund balances of \$132.7 million or 63.5% are unrestricted and classified as either committed, assigned, or unassigned.

In 2015, the General Fund reported a total fund balance of \$68.1 million, an increase of \$1.8 million over 2014. This increase is mainly due to departments underspending expenditure budgets. The unrestricted fund balance of the General Fund was equal to 65% of fund expenditures and 62.2% of fund revenues. The State Auditor recommendations are for unrestricted fund balance to be at least 35-50% of revenues and at least five months of expenditures, or 41.7%.

St. Louis County's outstanding debt increased by \$41.2 million to \$97.1 million in 2015. The County issued \$41 million in new debt, refinanced \$7 million of existing debt and paid down \$7.9 million of existing debt in 2015. The \$41 million Capital Improvement Bond issued was for the acceleration of road and bridge projects with the County's new Transportation Sales Tax. In the past ten years, the County has issued debt every year except 2009, 2011, and 2012.

All major governmental funds of the County reported actual expenditures less than the final 2015 expenditure budget. However, the General Fund, Road and Bridge Fund, Public Health and Human Services, Forfeited Tax Sale Fund, and Capital Projects Fund reported a combined \$11.2 million excess of actual expenditures over actual revenue for the year. The Capital Projects Fund spent a large portion of the \$41 million of 2015 bond proceeds which is why the expenditures came in so much higher than revenue. The Public Health and Human Service Fund had expenditures exceeding revenue by \$4.4 million mainly due to planned use of existing fund balance reserves and higher than anticipated out of home placement costs.

The County's only major business-type activity, the Environmental Services Fund, had an operating loss of \$1.2 million in 2015. However, when nonoperating revenues from taxes, grants, and earnings on investments totaling \$0.7 million are added to transfers in and out and capital contributions of \$0.2 million, the Environmental Services Fund net position decreased by only \$0.2 million for the year.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

*Government-wide financial statements.* One of the most important questions related to the County's finances is whether the County, as a whole, is better served as a result of this year's activities. The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and changes to net position. Think of the County's net position (the difference between assets and liabilities) as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, such as changes in the County's property tax base and the condition of the County's roads, in order to assess the overall health of the County.

The government-wide financial statements can be found on pages 25-27 of this report.

UNAUDITED  
St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
December 31, 2015

*Fund financial statements.* These statements provide detailed information about the most significant funds, and not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County Board establishes many other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies. The County funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationships (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the financial statements.

The County maintains five individual major governmental funds. Information is provided separately for each major fund on the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The major funds are the General Fund, Road and Bridge Fund, Public Health and Human Services Fund, Forfeited Tax Sale Fund, and the Capital Projects Fund. Data for the nonmajor governmental funds is combined into "other governmental funds." Individual data for each of the eight nonmajor governmental funds is provided in the supplementary data.

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison for the major governmental funds (except for the Capital Projects Fund) is provided to demonstrate compliance with the budget.

The basic financial statements for governmental funds can be found on pages 29-41 of this report.

Proprietary funds: When the County charges customers for the services it provides, whether to outside customers or to other units of the County, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The County uses an enterprise fund (a component of proprietary funds) to report the activities of the Environmental Services Fund, the only major fund, as well as one nonmajor enterprise fund. The County uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services to the County's other programs and activities, such as the County Garage Fund. The proprietary fund basic financial statements can be found on pages 43-47 of this report.

Fiduciary funds: The County is the trustee, or fiduciary, of certain amounts held for others. The County uses trust and agency funds to report its fiduciary activities. The County's fiduciary activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position and are excluded from the government-wide financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used in proprietary funds. The fiduciary basic financial statements can be found on pages 49-50 of this report.

*Notes to the financial statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53-95 of this report.

*Supplementary data.* The combining statements for nonmajor governmental funds, internal service funds, fiduciary funds, and miscellaneous schedules are provided on pages 96-131.

UNAUDITED  
St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
December 31, 2015

**Government-wide Financial Analysis**

Net position may, over time, be a useful indicator of a government's financial condition. In the case of St. Louis County, assets exceeded liabilities for all activities by \$705.4 million.

By far the largest portion of the County's net position is the investment in capital assets (86 percent), which reflects St. Louis County's investment in capital assets less any related debt used to acquire those assets that is still outstanding. Because the County uses these capital assets to provide services to citizens, they are not available for future spending. Although investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1**  
**St. Louis County's Net Position**  
**(in Millions)**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets:</b>						
Current and other assets	\$ 279.6	\$ 245.2	\$ 17.7	\$ 17.8	\$ 297.3	\$ 263.0
Capital assets	647.6	600.6	7.3	7.7	654.9	608.3
Total Assets	<u>927.2</u>	<u>845.8</u>	<u>25.0</u>	<u>25.5</u>	<u>952.2</u>	<u>871.3</u>
Deferred pension outflows	<u>12.1</u>	<u>-</u>	<u>0.2</u>	<u>-</u>	<u>12.3</u>	<u>-</u>
<b>Liabilities:</b>						
Long-term liabilities outstanding	217.5	100.4	4.4	2.9	221.9	103.3
Other liabilities	<u>25.8</u>	<u>28.1</u>	<u>0.4</u>	<u>0.6</u>	<u>26.2</u>	<u>28.7</u>
Total liabilities	<u>243.3</u>	<u>128.5</u>	<u>4.8</u>	<u>3.5</u>	<u>248.1</u>	<u>132.0</u>
Deferred pension inflows	<u>10.9</u>	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>11</u>	<u>-</u>
<b>Net position:</b>						
Net investment in capital assets	599.1	556.7	7.3	7.7	606.4	564.4
Restricted	70.3	26.6	2.3	2.3	72.6	28.9
Unrestricted	<u>15.7</u>	<u>134.0</u>	<u>10.7</u>	<u>12.0</u>	<u>26.4</u>	<u>146.0</u>
<b>Total Net Position, as reported</b>	<b><u>\$ 685.1</u></b>	<b><u>\$ 717.3</u></b>	<b><u>\$ 20.3</u></b>	<b><u>\$ 22.0</u></b>	<b><u>\$ 705.4</u></b>	<b><u>\$ 739.3</u></b>
Change in accounting principle *		\$ (74.2)		\$ (1.4)		
Total Net Position, as restated		<u>\$ 643.1</u>		<u>\$ 20.6</u>		

\*This is the first year the County implemented the new pension accounting and financial reporting standards Statements 68 and 71. The County had to make a prior year change in accounting principles to record

The following analysis focuses on the County's net position (Table 1).

**Governmental Activities:**

In 2015, the total net position of governmental activities increased by \$42 million to \$685.1 million, after restatement for GASB Statements 68 and 71. Total net position for the years 2014 back through 2010 were \$717.3 million, \$678.2 million, \$626.2 million, \$583.7 million and \$533.6 million, respectively. St. Louis County is again able to report positive balances in all categories of net position as it has since the government-wide financial statements were first prescribed in 2002.

Current and other assets increased by \$34.4 million in 2015 to \$279.6 million. The main reason for the large increase was due to the \$28.4 million in unspent bond proceeds for the June 2015 bond issue for roads and bridges .

Capital assets at year-end 2015 were \$647.6, compared with \$600.6 million in 2014, an increase of \$47.0 million. Significant capital outlays for infrastructure, such as roads, by the County each year are the driving force behind large annual increases in capital assets. A detailed analysis of this increase is presented in Table 3 on page 23, under the heading Capital Assets and Debt Administration.

*UNAUDITED*  
*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
December 31, 2015

Long-term liabilities outstanding increased by \$117.1 million in 2015 to \$217.5 million. In 2015 the County issued \$41 million in new debt for County roads and bridges and implemented GASB Statement 68 which added \$76.5 million of pension liability for St. Louis County's portion of PERA's unfunded liability which are the main reasons for the increase.

Other liabilities decreased \$2.3 million in 2015 to \$25.8 million. Accounts payable decreased \$4.5 million in 2015 while unearned revenue increased by \$2.2 million. Both accounts payable and unearned revenue are mainly a result of timing differences.

Net Investment in Capital Assets increased by \$42.4 million to \$599.1 million. The increase was the result of net capital assets increasing by \$47 million, while the outstanding debt related to capital assets was \$48.6 million.

Restricted net position of the governmental funds increased by \$43.7 million to \$70.3 million in 2015. The new restricted fund balance for Transportation Sales Tax was \$9 million and the unspent bond proceeds were \$28.4 million and together they are the primary reasons for the increase. The distribution of restricted net position is typically prescribed by Minnesota statute.

Unrestricted net position that comprise the remaining fund balances decreased \$118.3 million to \$15.7 million in 2015. The main reason for the change was the implementation of GASB 68 which added \$76.5 million of pension liability in 2015. The majority of the unrestricted net position in the government-wide statements are fund balances from governmental fund statements that are either committed by Board action for specific purposes or assigned, indicating County management's intent to use the funds for specific purposes.

**Business-type Activities:**

Total net position of the County's business-type activities decreased by \$1.7 million to \$20.3 million in 2015. At year-end the County's business-type activities consisted of only two funds, Environmental Services and Plat Books. Business-type activities were able to report positive balances in all categories of net position for 2015.

Capital assets decreased by \$0.4 million in 2015, to \$7.3 million. The depreciation expense in 2015 was \$0.7 million, which was the main reason for the decrease. In 2015, two vehicles and a trailer were purchased. Construction on a cold storage building was begun.

Total liabilities for business-type activities increased by \$1.3 million in 2015. This is mainly due to the implementation of GASB 68 which added \$1.5 million of pension liability to the Environmental Services Fund.

Net investment in capital assets will mirror capital assets when there is not any associated debt outstanding on capital assets. The business-type activities have not issued debt since 2002 for capital purchases.

Unrestricted net position for business-type activities decreased by \$1.3 million in 2015 to \$10.7 million.

UNAUDITED  
St. Louis County, Minnesota  
Management's Discussion and Analysis  
December 31, 2015

**Table 2**  
**St. Louis County's Changes in Net Position**  
**(in Millions)**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
<i>Program revenues:</i>						
Charges for services	\$ 54.5	\$ 48.3	\$ 6.4	\$ 6.1	\$ 60.9	\$ 54.4
Operating Grants and Contributions	56.1	72.4	0.4	0.4	56.5	72.8
Capital Grants and Contributions	23.7	19.7	-	-	23.7	19.7
<i>General revenues:</i>						
Taxes:						
Property taxes, levied for general purposes	120.9	121.2	0.2	0.2	121.1	121.4
Property taxes, levied for debt service	7.4	6.2	-	-	7.4	6.2
Transportation sales tax	11.0	-	-	-	11.0	-
State shared	18.3	18.1	-	-	18.3	18.1
Federal shared	0.2	1.8	-	-	0.2	1.8
Investment income	2.2	3.3	0.2	0.3	2.4	3.6
Sale of capital assets	0.1	2.5	-	-	0.1	2.5
<b>Total revenues</b>	<b>294.4</b>	<b>293.5</b>	<b>7.2</b>	<b>7.0</b>	<b>301.6</b>	<b>300.5</b>
<b>Expenses</b>						
<i>Program expenses:</i>						
General government	44.1	49.7	-	-	44.1	49.7
Public safety	51.3	54.5	-	-	51.3	54.5
Highways and streets	46.6	49.2	-	-	46.6	49.2
Health and sanitation	4.8	4.8	-	-	4.8	4.8
Human services	86.1	79.4	-	-	86.1	79.4
Culture and recreation	3.7	2.2	-	-	3.7	2.2
Conservation of natural resources	9.9	9.1	-	-	9.9	9.1
Economic development	3.2	2.9	-	-	3.2	2.9
Interest on long-term debt	2.4	2.2	-	-	2.4	2.2
Bond issuance costs	0.1	-	-	-	0.1	-
Environmental services	-	-	7.7	7.9	7.7	7.9
<b>Total expenses</b>	<b>252.2</b>	<b>254.0</b>	<b>7.7</b>	<b>7.9</b>	<b>259.9</b>	<b>261.9</b>
Increase in net position before transfers	42.2	39.5	(0.5)	(0.9)	41.7	38.6
Transfers	(0.2)	(0.4)	0.2	0.4	-	-
<b>Increase (decrease) in net position</b>	<b>42.0</b>	<b>39.1</b>	<b>(0.3)</b>	<b>(0.5)</b>	<b>41.7</b>	<b>38.6</b>
<b>Net position January 1 -restated</b>	<b>643.1 *</b>	<b>678.2</b>	<b>20.6 *</b>	<b>22.5</b>	<b>663.7</b>	<b>700.7</b>
<b>Net position December 31</b>	<b>\$ 685.1</b>	<b>\$ 717.3</b>	<b>\$ 20.3</b>	<b>\$ 22.0</b>	<b>\$ 705.4</b>	<b>\$ 739.3</b>

\*Amount includes a change in accounting principles.

UNAUDITED  
St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
December 31, 2015

The following analysis focuses on the County's changes in net position (Table 2).

**Governmental Activities:**

Program revenues are revenues derived directly by a program from sources other than County taxpayers. In 2015, program revenues decreased by \$6.1 million to \$134.3 million. Operating grants and contributions decreased \$16.3 million with the majority of the decrease for Highways and Streets due to final payments on several flood projects related to the June 2012 flood. Capital grants and contributions increased by \$4 million and most of this increase was for Highways and Streets from State Road Aid.

General revenues are all revenues that are not considered to be program revenues. In 2015, general revenues increased by \$7.0 million to \$160.1 million. Tax revenues in 2015 increased by \$11.9 million or 8.5% mainly due to the new \$11 million Transportation Sales Tax which started in April 2015. Federal Shared decreased by \$1.6 million due to the Thye Blatnik funds not coming in during the period of availability. Investment revenue decreased \$1.1 due to the required mark to market valuation. Sale of capital assets also decreased by \$2.4 million due to the sale of Chris Jensen in 2014.

State shared revenues that are classified as general revenues, commonly referred to as local government aids, increased by \$0.2 million to \$18.3 million in 2015. The increase is a result of the County receiving \$0.2 million more in County Program Aid in 2015.

Investment income for governmental activities was \$2.2 million for 2015, a decrease of \$1.1 million from 2014. The large decrease is due to the required market valuation of investments at year-end. The County's Policy is to hold investments to maturity, so the unrealized gains and losses that resulted from the 2015 market valuation will not be realized.

Expenses for governmental activities decreased \$1.8 million in 2015, or 0.7%. Highways and streets decreased \$2.6 million mainly due to the completion of several road and bridge projects. Human Services increased \$6.8 million due to increased costs for Out of Home Placements and planned use of assigned fund balances. General government decreased by \$5.6 million mainly due to the major renovation of the Government Services Center being almost complete. Public Safety decreased by \$3.2 million because the County did not need to provide funding to Arrowhead Regional Corrections for renovation of the Northeast Regional Correction Center in 2015.

**Business-type Activities:**

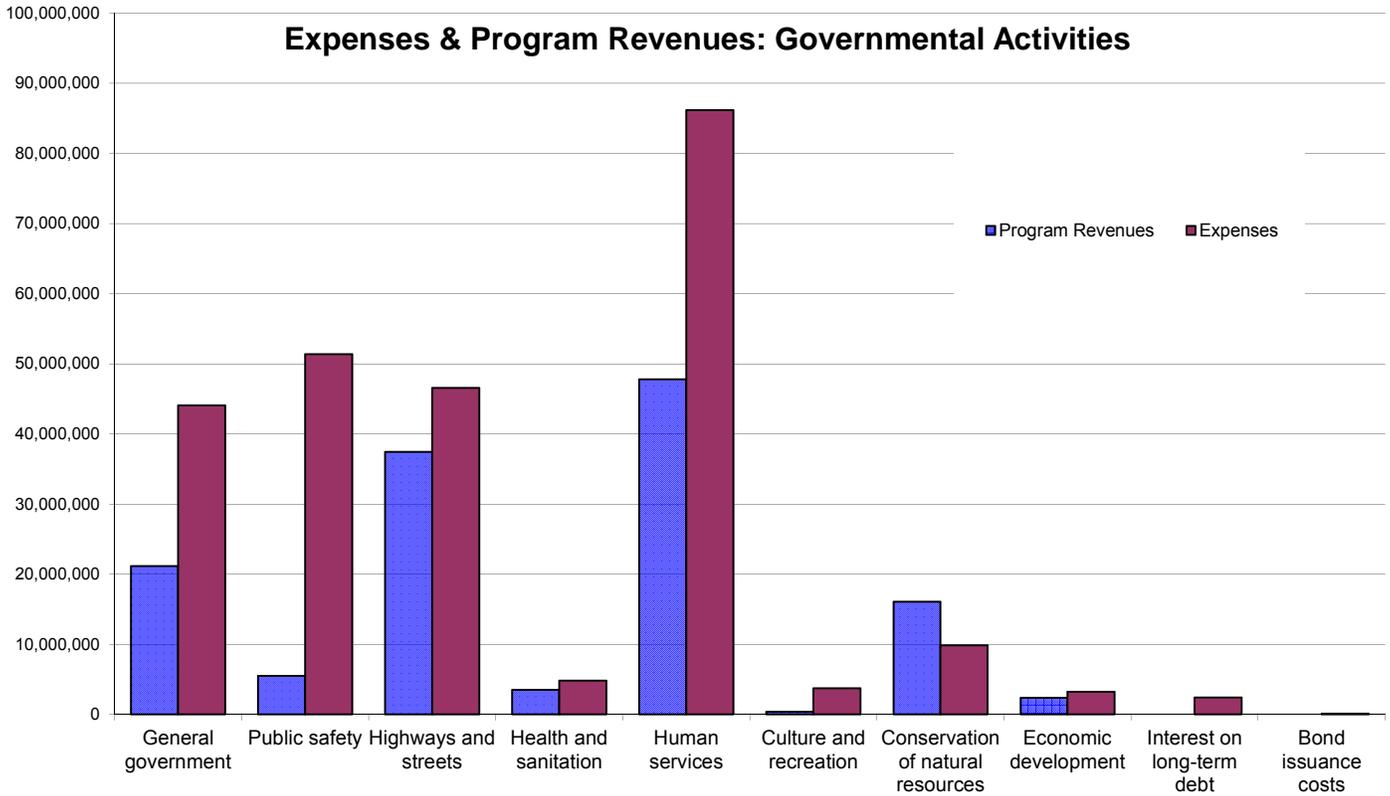
Program revenues for business-type activities increased by \$0.3 million in 2015 to \$6.8 million. The increase is mainly due to the 2015 rate increases for Environmental Services tipping fees and public coupon sales. Tipping fee revenue was up \$0.3 million in 2015 compared to 2014.

General revenues for the business-type activities decreased by \$0.1 million in 2015 to \$0.4 million. Investment income for the Environmental Services Fund decreased by \$0.1 million due to implementing a ladder investments strategy that coincides with their business needs.

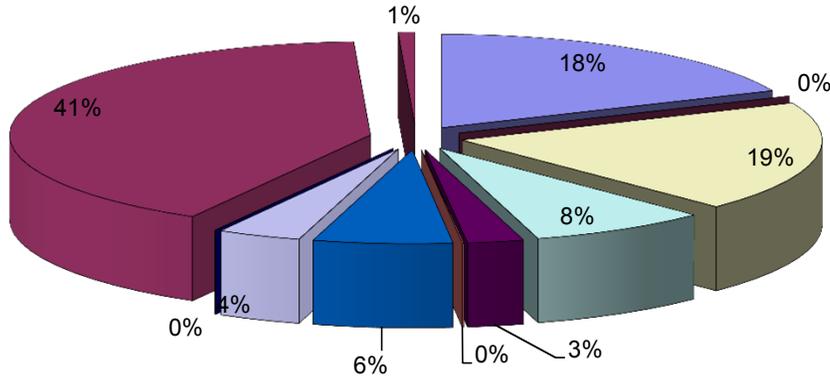
Expenses for business-type activities were \$7.7 million in 2015, \$0.2 million less than 2014. In 2015, almost all expenses for business-type activities occurred in the Environmental Services Fund. The main reason for the decrease was a result of lower garbage collection expense due to garbage contracts being re-negotiated at lower rates.

Business-type activities, the Environmental Services Fund, had net transfers in of \$0.2 million. The main transfer of \$0.2 million came from the Shoreline Sales Fund, which transferred funds for the On-Site Waste Water Division. The Shoreline Sales Fund is statutorily authorized to annually use up to 5.5 % of the fund balance for projects related to the improvement of natural resources.

UNAUDITED  
 St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
 December 31, 2015

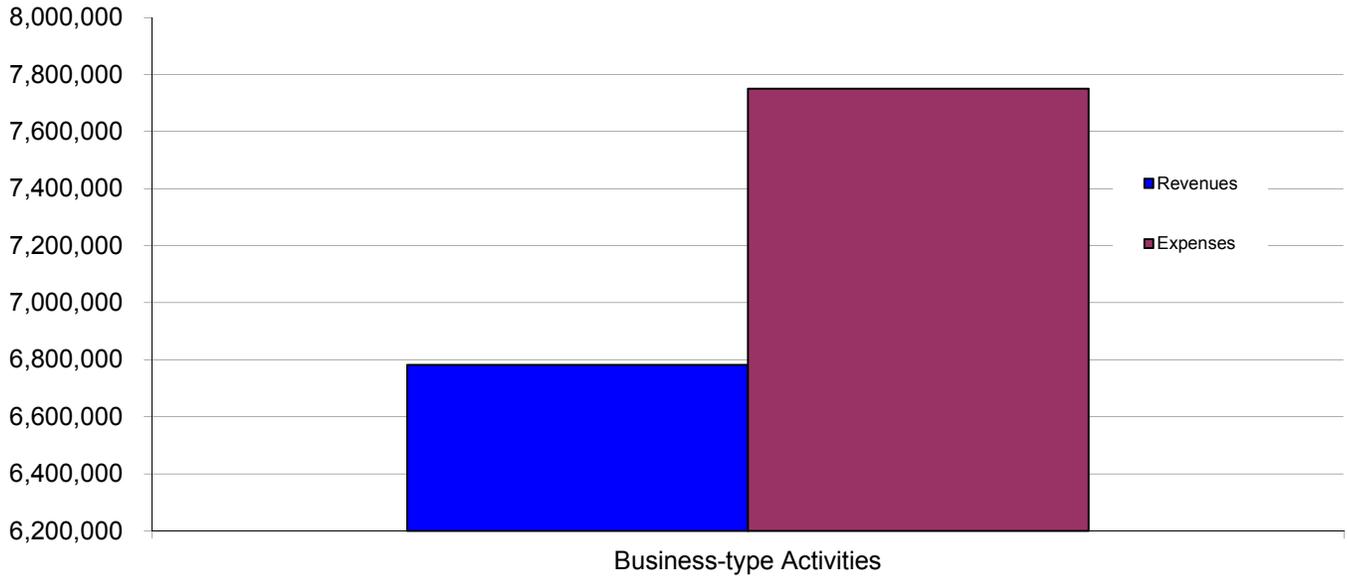


### Revenues by Source: Governmental Activities

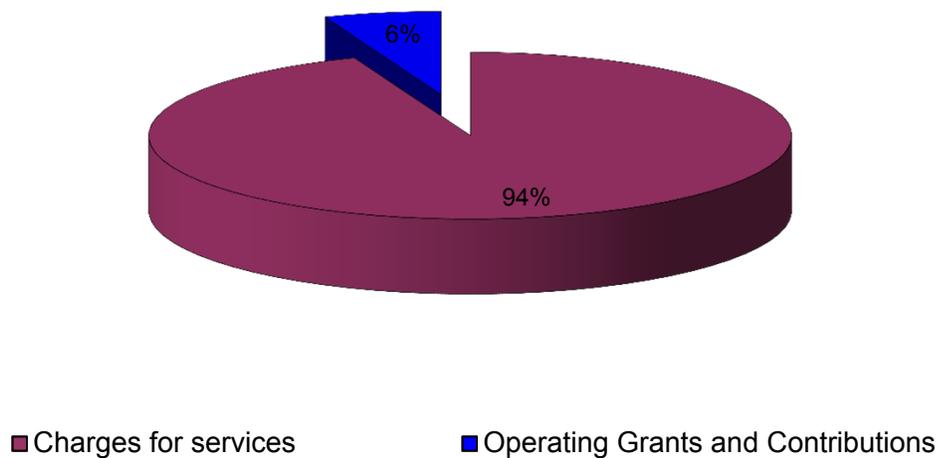


- Charges for services
- Operating Grants and Contributions
- Property taxes, levied for debt service
- State shared
- Sale of capital assets
- Investment income
- Other Program Revenue
- Capital Grants and Contributions
- Federal Share
- Transportation sales tax
- Property taxes, levied for gen. purposes

### Expenses and Program Revenues: Business-type Activities



### Revenues by Source: Business-type Activities



UNAUDITED  
St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
December 31, 2015

## Financial Analysis of the Government's Funds

As noted earlier, St. Louis County uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of St. Louis County governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing St. Louis County's financing requirements.

St. Louis County's governmental funds reported combined fund balance of \$208.9 million in 2015, compared with \$167.2 million as previously reported in 2014, an increase of \$41.7 million. Fund balances that are classified as restricted are either nonspendable or restricted and have specific (usually external) constraints placed on their use. Fund balances that are classified as unrestricted are either committed, assigned, or unassigned fund balances. Committed and assigned fund balances are fund balances for which the County has identified a specific purpose. Unassigned fund balances do not have a specific use identified, but generally support cash flows of the County.

Governmental funds reported restricted fund balance for 2015 of \$76.2 million, or 36.5% of total fund balance and unrestricted fund balance of \$132.7 million or 63.5% of total fund balance. Unrestricted fund balance was \$31.3 million committed, \$66.6 million assigned, and \$34.8 million unassigned. Committed fund balances are approved by the County Board. For example, the Board has decided, by resolution, to set aside monies to pay for retiree obligations. Assigned fund balances are amounts that are to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is fund balance that has not been reported in any other classification and is only used in the general fund unless there are deficit fund balances in other funds.

The General Fund is the chief operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. The unrestricted fund balance of the General Fund was \$61.9 million in 2015, compared to \$59.8 million in 2014. Unrestricted fund balance at the end of the year represented 62.2% of General Fund operating revenues and 65.0% of operating expenditures. The Office of the State Auditor recommends that counties maintain unrestricted fund balance in the General Fund of approximately 35 to 50 percent of operating revenues, or no less than five months of operating expenditures (41.7%).

In 2015, the fund balance of the County's General Fund increased \$1.8 million to \$68.1 million, because revenues exceeded expenditures by \$1.8 million. The increase was mainly due to underspending of departmental budgets as well as higher than anticipated revenues in several departmental budgets.

The Road and Bridge Fund had an \$11.0 million excess of revenue over expenditures in 2015. This was mainly due to \$9 million of unspent Transportation Sales Tax revenue at year end 2015.

The Public Health and Human Services Fund had expenditures in excess of revenues of \$4.4 million in 2015. This was mainly due to planned use of fund balance and higher than anticipated out of home placement costs..

The Capital Projects fund balance increased in 2015 to \$43.6 million. The increase is mainly due to the \$28.4 million of unspent bond proceeds at year end for Roads and Bridges.

Pursuant to Minnesota statute, the Forfeited Tax Sale Fund distributed \$2.4 million in net proceeds to county funds, cities, towns and school districts in St. Louis County. The distribution was the same as the 2014 distribution primarily due to stable land and timber sales.

## General Fund Budgetary Highlights

Budgets can be amended during the year by the County Board. Supplemental appropriations or budget reductions are reviewed by the County Administrator and submitted to the County Board for its review and approval.

Actual expenditures ended the year \$8.7 million under the final budget. Expenditure budgets for personnel services (\$1.5 million), operating (\$6.5 million), and capital outlay (\$0.7 million) accounted for the unspent budget. The main reason for the unspent personnel budget is due to the savings realized when positions are vacant before they are refilled. The majority of the unspent operating and capital budgets was due to outstanding encumbrances at year end.

UNAUDITED  
St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
December 31, 2015

Actual revenues in total for 2015 came in very close to the final budget. Delinquent taxes came in \$1 million over budget, but our National Forest Thye Blatnik money of \$1.4 million did not come in during the period of availability which offset the delinquent tax revenue.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At year-end, the County's capital assets totaled \$654.9 million. Of that total, governmental activities accounted for \$647.6 million, and the remaining \$7.3 million belonged to the business-type activities. These amounts represent a broad range of capital assets including land, buildings, machinery, roads, road maintenance equipment, and law enforcement equipment. Detail is presented immediately below in Table 3.

**Table 3**  
**Capital Assets at Year-End**  
**(Net of Depreciation, in Millions)**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 2.7	\$ 2.5	\$ 0.3	\$ 0.3	\$ 3.0	\$ 2.8
Buildings and structures	80.5	82.1	2.4	2.7	82.9	\$ 84.8
Improvements other than buildings	-	-	4.0	4.2	4.0	\$ 4.2
Machinery and equipment	4.6	5.2	0.1	0.2	4.7	\$ 5.4
Vehicles	22.7	20.9	0.3	0.3	23.0	\$ 21.2
Infrastructure	508.1	467.6	-	-	508.1	\$ 467.6
Intangibles	1.3	1.9	-	-	1.3	\$ 1.9
Work in progress	27.7	20.4	0.2	-	27.9	\$ 20.4
<b>Totals</b>	<b>\$ 647.6</b>	<b>\$ 600.6</b>	<b>\$ 7.3</b>	<b>\$ 7.7</b>	<b>\$ 654.9</b>	<b>\$ 608.3</b>

Capital assets for governmental activities increased (including additions, disposals, and depreciation expense) by \$47.0 million, or 7.3%, over 2014. Additions for 2015 totaled \$65.2 million, net disposals were \$0.3 million, and depreciation expense was \$17.9 million.

Total vehicles in 2015 increased by \$1.8 million to \$22.7 million. In 2015 the County purchased 58 automobiles, 22 emergency and road maintenance vehicles, 10 unlicensed vehicles, 10 recreational vehicles, and 3 trailers.

Buildings and structures decreased \$1.6 million to \$80.5 million in 2015. The primary reason for the decrease was depreciation expense. Major building projects are still in work in progress, but should be completed in 2016.

Work in progress for governmental activities increased by \$7.3 million in 2015 to \$27.7 million. The main reasons for the increase are the large building projects at year-end which included the Government Services Center Remodel, Virginia Motor Pool Relocation, North Rescue Squad Building and the AP Cook Building Remodel.

Business-type activities had total net capital assets decrease \$.4 million from 2014. The Environmental Services Fund, the only enterprise fund with capital assets, had net capital assets at year-end of \$7.3 million. In 2015 they purchased two vehicles, a trailer and started construction on a cold storage building, which was their only construction in progress at year end.

Additional information on St. Louis County's capital assets can be found in the notes on pages 70 and 71.

UNAUDITED  
St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
December 31, 2015

**Debt Administration**

At year-end, the County had \$97.1 million of outstanding bonded debt that is backed by the full faith and credit of the County. Some of the debt also is secured by specific revenue sources. There is no business-type activity bonded debt.

**Table 4**  
**Outstanding Debt, at Year-end**  
**(in Millions)**

	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
General obligation bonds	\$ 96.7	\$ 55.5
Revenue bonds	0.4	0.3
<b>Total</b>	<b>\$ 97.1</b>	<b>\$ 55.8</b>

County debt increased \$41.3 million to \$97.1 million in 2014, compared to a decrease of \$1.6 million in 2014. In 2015, the County issued a \$41 million Capital Improvement Bond at a premium, refunded \$8.3 million at a premium and paid \$7.9 million on existing debt. The 2015 increase was the result of issuing \$41 million in new bonds for Roads and Bridges. The County is using the new Transportation Sales Tax Revenue to make the bond payments on this debt. The County also refinanced \$8.3 million of existing debt in 2015 to take advantage of lower interest rates.

Standard and Poor's Rating Service assigned an "AA+" rating to the bonds that were issued in 2015.

Additional information on St. Louis County's long-term debt can be found in the notes on pages 73-74.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The average unemployment rate for St. Louis County was 5.3% in 2015, while the average unemployment rate was 6.9% for the United States and 3.7% for the State of Minnesota, generally.

The County's 2016 budget was passed on December 15, 2015, at a meeting of the St. Louis County Board of Commissioners. The 2016 property tax levy was \$116.6 million, with no change from 2015.

In 2015 St. Louis County collected \$11 million due to implementing a half percent Transportation Sales Tax. The County will use the new sales tax revenue to repair roads in the poorest condition, replace critical bridge infrastructure and accelerate safety projects identified in the County Highway Safety Plan.

County Program Aid received from the State of Minnesota in 2015 was \$11.3 million, an increase of \$0.3 million compared to 2014. Due to the volatility of this revenue, the County is working to reduce its reliance on this aid. In years where the aid is fully funded, the amount in excess of the adopted budget will be directed to critical capital investments, reducing future borrowing costs or levy impacts.

Employees are key to the quality services provided by St. Louis County. The 2016 budget included 1779 full time equivalent employees. Of the total \$358.7 million 2016 budget, \$170.3 million or 47%, was designated for personnel related costs.

Volatile prices for gas and diesel fuels will continue to challenge County budgets. Fuel prices impact the cost of all goods and services purchased by the County.

All of these factors were considered in preparing the County's budget for the 2016 fiscal year.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of St. Louis County's finances and to demonstrate the County's accountability for the money it receives. If you have a question about this report or need information, contact the County Auditor's Office, 100 N. 5th Avenue W., Duluth, Minnesota 55802-1293.

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF NET POSITION**  
DECEMBER 31, 2015

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 156,983,168	\$ 1,487,648	\$ 158,470,816
Cash with fiscal agent	5,573,387	-	5,573,387
Investments	63,958,679	12,412,738	76,371,417
Receivables (net)	42,717,852	358,066	43,075,918
Internal balances	797,017	(797,017)	-
Inventories	9,187,541	30,321	9,217,862
Prepaid items	387,580	-	387,580
Restricted assets	-	4,264,868	4,264,868
Capital assets not being depreciated	31,013,845	459,966	31,473,811
Capital assets being depreciated, net	616,658,070	6,842,423	623,500,493
Total assets	<u>927,277,139</u>	<u>25,059,013</u>	<u>952,336,152</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	<u>12,161,502</u>	<u>207,019</u>	<u>12,368,521</u>
<b>LIABILITIES</b>			
Accounts payable	17,897,389	411,767	18,309,156
Unearned revenue	5,232,618	-	5,232,618
Advance from other governments	2,676,467	-	2,676,467
Noncurrent liabilities:			
Due within one year	16,766,612	180,276	16,946,888
Due in more than one year	119,652,387	2,763,481	122,415,868
Net pension liability	76,457,496	1,492,566	77,950,062
Other postemployment benefits obligation	<u>4,608,203</u>	<u>4,608,203</u>	<u>4,608,203</u>
Total liabilities	<u>243,291,172</u>	<u>4,848,090</u>	<u>248,139,262</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	<u>10,999,924</u>	<u>98,053</u>	<u>11,097,977</u>
<b>NET POSITION</b>			
Net investment in capital assets	583,821,271	7,302,389	591,123,660
Restricted			
General government	3,491,858	-	3,491,858
Public safety	1,989,070	-	1,989,070
Highways and streets	36,943,526	-	36,943,526
Conservation of natural resources	5,664,844	-	5,664,844
Economic development	838,370	-	838,370
Debt service	8,604,397	-	8,604,397
Shoreline sales:			
Expendable	416,873	-	416,873
Nonexpendable	12,359,952	-	12,359,952
Health and sanitation	-	116,758	116,758
Financial assurance	-	2,137,293	2,137,293
Unrestricted	31,017,384	10,763,449	41,780,833
Total net position	<u>\$ 685,147,545</u>	<u>\$ 20,319,889</u>	<u>\$ 705,467,434</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF ACTIVITIES**  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary government</b>			
Governmental Activities:			
General government	\$ 44,082,238	\$ 18,766,951	\$ 2,390,245
Public safety	51,350,881	3,473,117	1,718,502
Highways and streets	46,584,379	2,655,678	11,469,051
Health and sanitation	4,827,602	590,322	2,920,458
Human services	86,145,675	13,142,738	34,640,393
Culture and recreation	3,720,156	-	388,676
Conservation of natural resources	9,873,312	15,819,498	279,456
Economic development	3,237,323	43,343	2,332,229
Interest on long-term debt	2,438,806	-	-
Bond issuance costs	117,120		
<b>Total governmental activities</b>	<u>252,377,492</u>	<u>54,491,647</u>	<u>56,139,010</u>
Business-type activities:			
Environmental Services	7,741,835	6,394,661	372,087
Plat Books	9,024	15,783	-
<b>Total business-type activities</b>	<u>7,750,859</u>	<u>6,410,444</u>	<u>372,087</u>
Total primary government	<u>\$ 260,128,351</u>	<u>\$ 60,902,091</u>	<u>\$ 56,511,097</u>

General revenues:

Taxes:

Property taxes, levied for general purposes  
 Property taxes, levied for debt service  
 Transportation sales tax

State shared not restricted to specific programs  
 Federal shared not restricted to specific programs  
 Investment earnings  
 Gain on sale of capital assets

Transfers

Total general revenues and transfers  
 Changes in net position

Net position - January 1 - Restated

Net position - December 31

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

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Capital Grants and Contributions</b>	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ -	\$ (22,925,042)	\$ -	\$ (22,925,042)
318,720	(45,840,542)	-	(45,840,542)
23,339,581	(9,120,069)	-	(9,120,069)
-	(1,316,822)	-	(1,316,822)
-	(38,362,544)	-	(38,362,544)
-	(3,331,480)	-	(3,331,480)
-	6,225,642	-	6,225,642
-	(861,751)	-	(861,751)
-	(2,438,806)	-	(2,438,806)
-	(117,120)	-	(117,120)
<u>23,658,301</u>	<u>(118,088,534)</u>	<u>-</u>	<u>(118,088,534)</u>
-	-	(975,087)	(975,087)
-	-	6,759	6,759
-	-	(968,328)	(968,328)
<u>\$ 23,658,301</u>	<u>(118,088,534)</u>	<u>(968,328)</u>	<u>(119,056,862)</u>
	120,866,397	246,261	121,112,658
	7,379,545	-	7,379,545
	11,085,356	-	11,085,356
	18,323,388	-	18,323,388
	261,575	-	261,575
	2,208,804	197,440	2,406,244
	175,501	-	175,501
	(224,784)	224,784	-
	<u>160,075,782</u>	<u>668,485</u>	<u>160,744,267</u>
	41,987,248	(299,843)	41,687,405
	643,160,297	20,619,732	663,780,029
	<u>\$ 685,147,545</u>	<u>\$ 20,319,889</u>	<u>\$ 705,467,434</u>

## **GOVERNMENTAL FUNDS**

### **General Fund**

**General Fund** - This fund has been classified as a major fund and is used to account for all financial resources, except those accounted for in another fund.

### **Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures. The following funds have been classified as major funds:

**Road and Bridge** - This fund is used to account for public works activity.

**Public Health and Human Services** - This fund is used to account for the operations and financial activities of the Public Health and Human Services Department.

**Forfeited Tax Sale** - This fund is used to account for the proceeds from the sale or rental of lands forfeited to the State of Minnesota pursuant to Minn. Stat. ch. 282. The distribution of the net proceeds, after deducting the expenses of the County for managing the tax forfeited lands is governed by Minn. Stat. 282.08. Title to the tax forfeited lands remains with the State until sold by the County.

### **Capital Projects Fund**

**Capital Projects Fund** - This fund has been classified as a major fund and is used to account for financial resources to be used for acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds.

ST. LOUIS COUNTY, MINNESOTA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
DECEMBER 31, 2015

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 69,397,302	\$ 31,821,488	\$ 26,301,566	\$ 307,180	\$ 14,637,119	\$ 10,819,593	\$ 153,284,248
Cash with fiscal agent	-	-	-	-	-	5,573,387	5,573,387
Investments	-	-	-	-	28,938,564	12,301,810	41,240,374
Delinquent taxes receivable	2,892,082	1,136,204	1,850,566	-	145,106	386,396	6,410,354
Accounts receivable (net)	191,278	132,618	347,047	9,667,667	-	392,739	10,731,349
Accrued interest receivable	530,723	-	-	115,170	89,881	-	735,774
Loans receivable	289,745	120,532	-	-	-	1,467,884	1,878,161
Interfund receivable	76,127	-	-	-	-	-	76,127
Due from other governments	2,831,378	9,724,416	6,716,908	-	-	557,006	19,829,708
Inventories	-	9,146,075	-	-	-	-	9,146,075
Prepaid items	269,187	-	29,852	120	-	-	299,159
Advances to other funds	-	-	-	-	1,837,344	-	1,837,344
Total Assets	76,477,822	52,081,333	35,245,939	10,090,137	45,648,014	31,498,815	251,042,060
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts payable	1,194,906	856,379	2,548,272	105,117	1,485,205	174,615	6,364,494
Contracts payable	-	1,530,655	-	-	384,898	-	1,915,553
Salaries payable	1,287,199	333,207	657,354	56,977	-	3,778	2,338,515
Interfund payable	-	-	-	-	-	76,127	76,127
Due to other governments	408,679	105,346	372,357	5,193	10,658	348,718	1,250,951
Unearned revenue	1,135,275	2,682,256	867,533	4,000	-	-	4,689,064
Advance from other governments	-	2,676,467	-	-	-	-	2,676,467
Total Liabilities	4,026,059	8,184,310	4,445,516	171,287	1,880,761	603,238	19,311,171
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue							
Taxes	2,504,404	998,080	1,624,825	-	124,760	331,122	5,583,191
Grants	1,825,724	6,114,070	841,839	-	-	-	8,781,633
Long-term receivables	-	-	-	8,400,141	-	-	8,400,141
Total Deferred Inflows of Resources	4,330,128	7,112,150	2,466,664	8,400,141	124,760	331,122	22,764,965
<b>FUND BALANCE</b>							
Nonspendable							
Noncurrent loans	289,745	120,532	-	-	-	876,585	1,286,862
Inventories	-	9,146,075	-	-	-	-	9,146,075
Prepaid items	269,187	-	29,852	120	-	-	299,159
Environmental trust funds	-	-	-	-	-	12,359,952	12,359,952
Restricted							
Unorganized town roads	-	286,541	-	-	-	-	286,541
Transportation sales tax	-	9,035,181	-	-	-	-	9,035,181
Debt service	-	-	-	-	-	8,604,397	8,604,397
Health and sanitation	-	-	-	-	-	309,524	309,524
Improvement of natural resources	-	-	-	-	-	416,873	416,873
Economic development	2,044,076	-	-	-	-	-	2,044,076
Law library	565,114	-	-	-	-	-	565,114
Recorder's equipment	268,423	-	-	-	-	-	268,423
Communications	1,448,049	-	-	-	-	-	1,448,049
Extension service	248,087	-	-	-	-	-	248,087
Missing heirs	208,864	-	-	-	-	-	208,864
Tax certificate assurance	197,761	-	-	-	-	-	197,761
Attorney forfeitures	360,309	-	-	-	-	-	360,309
Sheriff forfeitures	144,066	-	-	-	-	-	144,066
Sheriff fines	3,058	-	-	-	-	-	3,058
Data Integration	113,276	-	-	-	-	-	113,276
Veterans' credit	-	-	-	15,000	-	-	15,000
Emergency contingency	5,942	-	-	23,969	-	-	29,911
Sheriff's contingency	3,677	-	-	-	-	-	3,677
Capital improvements	-	-	-	-	28,409,668	-	28,409,668
Shoreline land	-	-	-	-	-	584,100	584,100
Committed							
Health and sanitation	-	-	-	-	-	531,489	531,489
Conservation of natural resources	-	-	-	-	-	5,065,744	5,065,744
Economic development	-	-	-	-	-	838,370	838,370
Retiree obligations	6,945,798	3,732,785	6,271,830	910,174	-	-	17,860,587
Vesting sick leave	3,962,302	951,942	1,401,554	417,698	-	-	6,733,496
Ditching	267,093	-	-	-	-	-	267,093

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

ST. LOUIS COUNTY, MINNESOTA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
DECEMBER 31, 2015

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assigned							
Out of home placement	-	-	1,778,443	-	-	-	1,778,443
Major emergency road & bridge repair	-	500,000	-	-	-	-	500,000
Local road & bridge construction projects	-	3,535,255	-	-	-	-	3,535,255
Gas and diesel variability	-	962,947	-	-	-	-	962,947
State aid engineering	-	609,390	-	-	-	-	609,390
Depreciation reserve	-	-	-	-	3,817,222	-	3,817,222
Capital improvements	-	-	-	-	11,415,603	-	11,415,603
Parking	503,295	-	-	-	-	-	503,295
NEMESIS	665,690	-	-	-	-	-	665,690
General government	2,898,574	-	-	-	-	-	2,898,574
Public safety	1,548,250	-	-	-	-	-	1,548,250
Public safety innovation	1,878,871	-	-	-	-	-	1,878,871
Highways and streets	-	7,904,225	-	-	-	-	7,904,225
Health and sanitation	34,185	-	-	-	-	-	34,185
Information Technology	6,805,430	-	1,361,839	-	-	-	8,167,269
GSC Remodel	-	-	689,338	-	-	-	689,338
Prevention and Innovation	-	-	320,800	-	-	-	320,800
Telecommunications	511,304	-	-	-	-	-	511,304
Human services	-	-	16,089,977	-	-	-	16,089,977
Conservation of natural resources	3,869	-	-	151,748	-	977,421	1,133,038
Planning & Zoning GIS	495,027	-	-	-	-	-	495,027
Mineral Management Program	340,000	-	-	-	-	-	340,000
MA Expansion	-	-	390,126	-	-	-	390,126
Community & Economic Dev Blight Program	305,316	-	-	-	-	-	305,316
Unassigned	34,786,997	-	-	-	-	-	34,786,997
<b>Total Fund Balance</b>	<u>68,121,635</u>	<u>36,784,873</u>	<u>28,333,759</u>	<u>1,518,709</u>	<u>43,642,493</u>	<u>30,564,455</u>	<u>208,965,924</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 76,477,822</u>	<u>\$ 52,081,333</u>	<u>\$ 35,245,939</u>	<u>\$ 10,090,137</u>	<u>\$ 45,648,014</u>	<u>\$ 31,498,815</u>	<u>\$ 251,042,060</u>

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund balance - governmental funds (from above)	\$ 208,965,924
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	644,479,317
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.	11,765,041
Certain liabilities payable from other long term assets listed above are also not reported in the funds.	(3,360,056)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(205,130,870)
Other long-term liabilities reported as deferred outflows of resources.	12,161,502
Internal Service Funds are used by management to charge the costs of certain activities such as insurances to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	16,266,687
<b>Net position of governmental activities</b>	<u>\$ 685,147,545</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 59,000,635	\$ 38,894,326	\$ 30,960,509	\$ -	\$ 2,792,780	\$ 8,162,656	\$ 139,810,906
Licenses and permits	283,939	42,158	-	-	-	-	326,097
Intergovernmental	16,489,054	37,878,031	48,645,350	257,261	330,618	2,861,850	106,462,164
Charges for services	20,280,385	2,016,891	4,349,716	-	-	-	26,646,992
Fines and forfeits	148,358	-	-	-	-	-	148,358
Earnings on investments	1,806,764	-	-	-	60,213	58,030	1,925,007
Gifts and contributions	50,647	-	-	-	-	-	50,647
Land and timber sales	-	-	-	8,212,043	-	6,305,100	14,517,143
Miscellaneous	1,526,006	1,071,266	489,727	175,754	30,029	557,972	3,850,754
Total Revenues	<u>99,585,788</u>	<u>79,902,672</u>	<u>84,445,302</u>	<u>8,645,058</u>	<u>3,213,640</u>	<u>17,945,608</u>	<u>293,738,068</u>
<b>EXPENDITURES</b>							
Current:							
General government	41,098,695	-	-	-	475,594	-	41,574,289
Public safety	48,513,258	-	-	-	125,614	-	48,638,872
Highways and streets	-	31,712,149	-	-	503,270	-	32,215,419
Health and sanitation	535,897	-	4,129,266	-	-	14,000	4,679,163
Human services	221,305	-	83,909,988	-	-	-	84,131,293
Culture and recreation	1,806,053	-	-	-	232,742	-	2,038,795
Conservation of natural resources	944,009	-	-	6,807,285	-	1,308,325	9,059,619
Economic development	712,584	-	-	-	-	2,487,615	3,200,199
Debt service:							
Principal	-	-	-	-	-	7,895,390	7,895,390
Interest and other charges	-	-	-	-	-	2,744,737	2,744,737
Bond issuance costs	-	-	-	-	-	117,120	117,120
Capital outlay:							
General government	575,998	-	-	-	6,952,451	-	7,528,449
Public safety	833,795	-	-	-	1,075,064	-	1,908,859
Highways and streets	-	37,173,105	-	-	17,653,739	-	54,826,844
Human services	-	-	832,056	-	-	-	832,056
Conservation of natural resources	-	-	-	107,337	23,041	-	130,378
Total Expenditures	<u>95,241,594</u>	<u>68,885,254</u>	<u>88,871,310</u>	<u>6,914,622</u>	<u>27,041,515</u>	<u>14,567,187</u>	<u>301,521,482</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,344,194</u>	<u>11,017,418</u>	<u>(4,426,008)</u>	<u>1,730,436</u>	<u>(23,827,875)</u>	<u>3,378,421</u>	<u>(7,783,414)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	2,176,967	420,286	1,778,443	7,000	5,176,690	6,836,485	16,395,871
Transfers (out)	(4,778,911)	(3,215,700)	(826)	(1,645,255)	(621,253)	(6,081,609)	(16,343,554)
Bonds issued	-	-	-	-	38,415,000	-	38,415,000
Loan proceeds	-	-	-	-	-	118,420	118,420
Premium on bonds issued	-	-	-	-	2,724,564	-	2,724,564
Refunding bonds issued	-	-	-	-	-	7,715,000	7,715,000
Premium on refunding bonds issued	-	-	-	-	-	562,801	562,801
Sale of capital assets	50,083	14,198	-	2,340	108,880	-	175,501
Total other financing sources and uses	<u>(2,551,861)</u>	<u>(2,781,216)</u>	<u>1,777,617</u>	<u>(1,635,915)</u>	<u>45,803,881</u>	<u>9,151,097</u>	<u>49,763,603</u>
Net change in fund balances	1,792,333	8,236,202	(2,648,391)	94,521	21,976,006	12,529,518	41,980,189
Fund balances - January 1	66,329,302	28,759,382	30,982,150	1,424,188	21,666,487	18,034,937	167,196,446
Increase in inventories	-	(210,711)	-	-	-	-	(210,711)
Fund balances - December 31	<u>\$ 68,121,635</u>	<u>\$ 36,784,873</u>	<u>\$ 28,333,759</u>	<u>\$ 1,518,709</u>	<u>\$ 43,642,493</u>	<u>\$ 30,564,455</u>	<u>\$ 208,965,924</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

Net change in fund balances--total governmental funds (from previous page)	\$ 41,980,189
Increase in inventories--total governmental funds (from previous page)	(210,711)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Unavailable revenues reported in the governmental funds are considered revenues in the Statement of Activities.	392,158
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Due to other governments	(318,453)
Compensated absences	9,501
Bond interest payable	305,931
Bond premium amortization	423,904
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	47,054,914
Internal service funds are used by management to charge the costs of certain activities, such as insurance and printing to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(4,584,175)
Expenditures reported in the governmental funds are not considered expenses in the Statement of Activities	
Intra-general government function rent	183,043
Repayment of bond principal and redemption of refunding bonds is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position	7,471,486
The County's proportionate share of the of the Public Employees Retirement Association of Minnesota	(1,184,754)
Loan proceeds part of long term debt provides current financial resources, but has not effect on net position.	(118,420)
The issuance of long term debt provides current financial resources, but has no effect on net position.	<u>(49,417,365)</u>
Change in net position of governmental activities	<u>\$ 41,987,248</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 57,859,066	\$ 57,859,066	\$ 59,000,635	\$ 1,141,569
Licenses and permits	276,000	276,572	283,939	7,367
Intergovernmental	16,991,743	17,613,992	16,489,054	(1,124,938)
Charges for services	20,433,514	20,446,032	20,280,385	(165,647)
Fines and forfeitures	159,250	159,250	148,358	(10,892)
Earnings on investments	1,705,270	1,705,270	1,806,764	101,494
Gifts and contributions	9,000	49,500	50,647	1,147
Miscellaneous	1,229,896	1,400,138	1,526,006	125,868
Total revenues	<u>98,663,739</u>	<u>99,509,820</u>	<u>99,585,788</u>	<u>75,968</u>
<b>EXPENDITURES</b>				
General government				
Commissioners				
Personnel services	1,004,544	1,004,544	982,897	(21,647)
Other operating	275,356	314,422	282,658	(31,764)
Capital outlay	24,970	1,904	-	(1,904)
Total commissioners	<u>1,304,870</u>	<u>1,320,870</u>	<u>1,265,555</u>	<u>(55,315)</u>
Port authority				
Other operating	12,000	12,000	12,000	-
County administrator				
Personnel services	930,765	930,765	883,012	(47,753)
Other operating	1,971,485	1,964,086	445,989	(1,518,097)
Total county administrator	<u>2,902,250</u>	<u>2,894,851</u>	<u>1,329,001</u>	<u>(1,565,850)</u>
Intergovernmental affairs				
Personnel services	131,259	133,200	129,700	(3,500)
Other operating	180,098	178,157	150,822	(27,335)
Total intergovernmental affairs	<u>311,357</u>	<u>311,357</u>	<u>280,522</u>	<u>(30,835)</u>
Labor relations				
Other operating	131,693	131,693	52,301	(79,392)
Planning and zoning				
Personnel services	1,404,396	1,543,720	1,417,613	(126,107)
Other operating	1,710,988	826,311	476,632	(349,679)
Total planning and zoning	<u>3,115,384</u>	<u>2,370,031</u>	<u>1,894,245</u>	<u>(475,786)</u>
Commitment representation				
Personnel services	2,500	2,500	-	(2,500)
Other operating	91,560	91,560	69,579	(21,981)
Total commitment representation	<u>94,060</u>	<u>94,060</u>	<u>69,579</u>	<u>(24,481)</u>
Court administrator				
Other operating	1,184,504	1,184,504	1,184,504	-
Examiner of titles				
Personnel services	129,276	129,276	128,708	(568)
Other operating	21,656	21,656	19,322	(2,334)
Total examiner of titles	<u>150,932</u>	<u>150,932</u>	<u>148,030</u>	<u>(2,902)</u>
County attorney				
Personnel services	6,605,367	6,605,367	6,542,676	(62,691)
Other operating	927,787	927,787	868,689	(59,098)
Total county attorney	<u>7,533,154</u>	<u>7,533,154</u>	<u>7,411,365</u>	<u>(121,789)</u>
Subtotal	<u>16,740,204</u>	<u>16,003,452</u>	<u>13,647,102</u>	<u>(2,356,350)</u>

continued

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
County auditor				
Personnel services	3,906,853	3,906,853	3,709,558	(197,295)
Other operating	2,296,469	2,083,743	846,331	(1,237,412)
Capital outlay	-	212,726	212,726	-
Total county auditor	<u>6,203,322</u>	<u>6,203,322</u>	<u>4,768,615</u>	<u>(1,434,707)</u>
Telecommunications				
Personnel services	570,764	555,263	499,742	(55,521)
Other operating	920,052	920,052	737,671	(182,381)
Capital outlay	217,000	217,000	22,991	(194,009)
Total telecommunications	<u>1,707,816</u>	<u>1,692,315</u>	<u>1,260,404</u>	<u>(431,911)</u>
Information Technology				
Personnel services	3,425,603	3,535,390	3,535,390	-
Other operating	2,019,759	2,395,178	1,878,383	(516,795)
Capital outlay	665,000	287,000	186,035	(100,965)
Total information technology	<u>6,110,362</u>	<u>6,217,568</u>	<u>5,599,808</u>	<u>(617,760)</u>
County assessor				
Personnel services	3,022,603	2,962,339	2,909,194	(53,145)
Other operating	514,376	566,994	543,952	(23,042)
Capital outlay	-	7,646	7,077	(569)
Total county assessor	<u>3,536,979</u>	<u>3,536,979</u>	<u>3,460,223</u>	<u>(76,756)</u>
Purchasing				
Personnel services	342,287	342,287	307,462	(34,825)
Other operating	36,951	36,951	24,791	(12,160)
Total purchasing	<u>379,238</u>	<u>379,238</u>	<u>332,253</u>	<u>(46,985)</u>
Microfilming				
Personnel services	137,942	145,014	145,014	-
Other operating	48,194	48,245	48,245	-
Total microfilming	<u>186,136</u>	<u>193,259</u>	<u>193,259</u>	<u>-</u>
Recorder				
Personnel services	1,965,252	1,958,180	1,891,180	(67,000)
Other operating	328,679	355,696	354,469	(1,227)
Capital outlay	5,000	7,800	7,800	-
Total recorder	<u>2,298,931</u>	<u>2,321,676</u>	<u>2,253,449</u>	<u>(68,227)</u>
Human Resources				
Personnel services	1,375,496	1,375,496	1,341,451	(34,045)
Other operating	356,179	330,465	298,547	(31,918)
Total human resources	<u>1,731,675</u>	<u>1,705,961</u>	<u>1,639,998</u>	<u>(65,963)</u>
Veteran's service				
Personnel services	680,288	680,288	669,574	(10,714)
Other operating	147,223	158,291	142,601	(15,690)
Total veteran's service	<u>827,511</u>	<u>838,579</u>	<u>812,175</u>	<u>(26,404)</u>
Employee training				
Personnel services	215,513	215,591	212,392	(3,199)
Other operating	286,971	312,607	186,923	(125,684)
Total employee training	<u>502,484</u>	<u>528,198</u>	<u>399,315</u>	<u>(128,883)</u>
Elections				
Other operating	52,025	86,025	72,971	(13,054)
Total elections	<u>52,025</u>	<u>86,025</u>	<u>72,971</u>	<u>(13,054)</u>
Subtotal	<u>23,536,479</u>	<u>23,703,120</u>	<u>20,792,470</u>	<u>(2,910,650)</u>

continued

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
General government				
Property management				
Personnel services	4,043,712	3,935,359	3,898,155	(37,204)
Other operating	3,625,664	3,419,415	3,187,714	(231,701)
Capital outlay	10,346	142,742	139,369	(3,373)
Total property management	<u>7,679,722</u>	<u>7,497,516</u>	<u>7,225,238</u>	<u>(272,278)</u>
Missing heirs				
Other operating	-	2,024	2,024	-
Health Care Reform				
Other operating	22,026	22,026	7,858	(14,168)
Law library				
Personnel services	19,318	9,347	17	(9,330)
Other operating	289,732	299,703	285,536	(14,167)
Total law library	<u>309,050</u>	<u>309,050</u>	<u>285,553</u>	<u>(23,497)</u>
Total General Government	<u>48,287,481</u>	<u>47,537,188</u>	<u>41,960,245</u>	<u>(5,576,943)</u>
Public safety				
Arrowhead Regional Corrections				
Other operating	14,145,427	14,145,427	14,145,427	-
Sheriff				
Personnel services	11,459,216	11,474,115	11,215,816	(258,299)
Other operating	3,516,355	3,236,543	2,865,867	(370,676)
Capital outlay	653,891	901,804	755,000	(146,804)
Total sheriff	<u>15,629,462</u>	<u>15,612,462</u>	<u>14,836,683</u>	<u>(775,779)</u>
Boat and water safety				
Personnel services	19,891	19,313	15,983	(3,330)
Other operating	154,148	159,630	152,719	(6,911)
Capital outlay	40,000	32,935	32,935	-
Total boat and water safety	<u>214,039</u>	<u>211,878</u>	<u>201,637</u>	<u>(10,241)</u>
Medical examiner				
Other operating	585,166	592,565	592,565	-
Emergency management				
Personnel services	22,696	72,839	68,473	(4,366)
Other operating	52,817	73,404	46,506	(26,898)
Capital outlay	9,313	13,970	9,313	(4,657)
Total emergency management	<u>84,826</u>	<u>160,213</u>	<u>124,292</u>	<u>(35,921)</u>
Rescue squad				
Other operating	200,356	258,356	248,709	(9,647)
Capital outlay	68,544	17,544	-	(17,544)
Total rescue squad	<u>268,900</u>	<u>275,900</u>	<u>248,709</u>	<u>(27,191)</u>
Law enforcement service				
Personnel services	637,410	637,410	603,760	(33,650)
Other operating	43,205	43,205	35,961	(7,244)
Total law enforcement service	<u>680,615</u>	<u>680,615</u>	<u>639,721</u>	<u>(40,894)</u>
Emergency communication				
Personnel services	3,679,996	3,679,996	3,438,819	(241,177)
Other operating	324,607	344,294	264,536	(79,758)
Total emergency communication	<u>4,004,603</u>	<u>4,024,290</u>	<u>3,703,355</u>	<u>(320,935)</u>
Ambulance service				
Other operating	99,000	99,000	95,597	(3,403)
Subtotal	<u>35,712,038</u>	<u>35,802,350</u>	<u>34,587,986</u>	<u>(1,214,364)</u>

continued

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Public safety				
Radio maintenance				
Personnel services	482,140	482,140	465,579	(16,561)
Other operating	395,524	525,370	422,438	(102,932)
Capital outlay	224,596	51,750	11,761	(39,989)
Total radio maintenance	<u>1,102,260</u>	<u>1,059,260</u>	<u>899,778</u>	<u>(159,482)</u>
Jail prisoners				
Personnel services	6,508,002	6,723,282	6,723,178	(104)
Other operating	5,019,865	5,015,165	4,228,957	(786,208)
Capital outlay	10,000	55,000	-	(55,000)
Total jail prisoners	<u>11,537,867</u>	<u>11,793,447</u>	<u>10,952,135</u>	<u>(841,312)</u>
Jail building				
Personnel services	495,756	452,456	452,456	-
Other operating	560,502	470,098	460,848	(9,250)
Total jail building	<u>1,056,258</u>	<u>922,554</u>	<u>913,304</u>	<u>(9,250)</u>
Mine inspector				
Personnel services	258,780	258,780	201,569	(57,211)
Other operating	57,823	57,823	51,487	(6,336)
Total mine inspector	<u>316,603</u>	<u>316,603</u>	<u>253,056</u>	<u>(63,547)</u>
Volunteer fire department				
Other operating	544,598	565,831	565,831	-
Sheriff's NEMESIS system				
Personnel services	69,108	120,120	77,597	(42,523)
Other operating	704,502	671,441	485,127	(186,314)
Total sheriff's NEMESIS	<u>773,610</u>	<u>791,561</u>	<u>562,724</u>	<u>(228,837)</u>
Sheriff fines				
Other operating	41,237	42,580	39,138	(3,442)
Attorneys forfeitures				
Personnel services	14,952	15,439	15,439	-
Other operating	38,000	102,408	97,358	(5,050)
Total Attorneys forfeitures	<u>52,952</u>	<u>117,847</u>	<u>112,797</u>	<u>(5,050)</u>
Sheriffs forfeitures				
Other operating	72,000	101,993	40,118	(61,875)
Capital outlay	-	24,786	24,786	-
Total Sheriff forfeitures	<u>72,000</u>	<u>126,779</u>	<u>64,904</u>	<u>(61,875)</u>
Enhanced 9-1-1				
Other operating	209,574	209,574	92,735	(116,839)
Capital outlay	150,000	150,000	-	(150,000)
Total enhanced 9-1-1	<u>359,574</u>	<u>359,574</u>	<u>92,735</u>	<u>(266,839)</u>
City/County antenna site				
Other operating	6,204	6,604	6,604	-
Sheriff's contingent fund				
Other operating	15,000	15,000	10,510	(4,490)
Total Public Safety	<u>51,590,201</u>	<u>51,919,990</u>	<u>49,061,502</u>	<u>(2,858,488)</u>

continued

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Health and sanitation				
Occupational safety				
Personnel services	370,500	370,500	314,934	(55,566)
Other operating	274,288	274,288	202,362	(71,926)
Total occupational safety	<u>644,788</u>	<u>644,788</u>	<u>517,296</u>	<u>(127,492)</u>
Midway Township Sewer				
Other operating	18,600	18,600	18,600	-
Total Health and Sanitation	<u>663,388</u>	<u>663,388</u>	<u>535,896</u>	<u>(127,492)</u>
Human services				
Emergency shelter program				
Personnel services	18,676	10,826	10,826	-
Other operating	453,508	210,480	210,479	(1)
Total emergency shelter program	<u>472,184</u>	<u>221,306</u>	<u>221,305</u>	<u>(1)</u>
Total Human Services	<u>472,184</u>	<u>221,306</u>	<u>221,305</u>	<u>(1)</u>
Culture and recreation				
Tourism promotion				
Other operating	202,581	202,581	202,358	(223)
Depot				
Other operating	164,500	171,406	171,406	-
Capital outlay	25,000	-	-	-
Total Depot	<u>189,500</u>	<u>171,406</u>	<u>171,406</u>	<u>-</u>
Arrowhead Library System				
Other operating	699,503	699,503	699,503	-
Historical Society				
Other operating	317,998	317,998	317,998	-
Community fairs				
Other operating	750	750	500	(250)
County fair - north				
Other operating	12,806	12,806	12,806	-
County fair - south				
Other operating	12,806	12,806	12,806	-
Trail assistance				
Other operating	500,000	388,676	388,676	-
Total Culture and Recreation	<u>1,935,944</u>	<u>1,806,526</u>	<u>1,806,053</u>	<u>(473)</u>

continued

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Conservation of natural resources				
North Shore Management Board				
Other operating	2,500	2,500	2,500	-
Soil conservation - north				
Other operating	40,000	40,000	40,000	-
Soil conservation - south				
Other operating	40,000	40,000	40,000	-
County agent				
Personnel services	257,841	255,861	246,249	(9,612)
Other operating	367,660	366,377	340,279	(26,098)
Total county agent	625,501	622,238	586,528	(35,710)
Youth task force				
Personnel services	127,977	129,957	129,957	-
Other operating	153,665	193,059	145,024	(48,035)
Total youth task force	281,642	323,016	274,981	(48,035)
Total Conservation of Natural Resources	989,643	1,027,754	944,009	(83,745)
Economic development				
Revolving loans				
Other operating	488,900	789,800	712,584	(77,216)
Total Expenditures	104,427,741	103,965,952	95,241,594	(8,724,358)
Excess of revenues over (under) expenditures	(5,764,002)	(4,456,132)	4,344,194	8,800,326
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	875,701	2,172,288	2,176,967	4,679
Transfers (out)	(769,446)	(4,778,911)	(4,778,911)	-
Sale of capital assets	-	14,459	50,083	35,624
Total other financing sources (uses)	106,255	(2,592,164)	(2,551,861)	40,303
Net change in fund balances	(5,657,747)	(7,048,296)	1,792,333	8,840,629
Fund Balance - January 1	66,329,302	66,329,302	66,329,302	-
Fund Balance - December 31	\$ 60,671,555	\$ 59,281,006	\$ 68,121,635	\$ 8,840,629

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 35,311,305	\$ 38,517,756	\$ 38,894,326	\$ 376,570
Licenses and permits	40,000	40,000	42,158	2,158
Intergovernmental	41,481,155	41,552,155	37,878,031	(3,674,124)
Charges for services	794,713	2,220,184	2,016,891	(203,293)
Miscellaneous	1,624,461	1,770,452	1,071,266	(699,186)
Total Revenues	<u>79,251,634</u>	<u>84,100,547</u>	<u>79,902,672</u>	<u>(4,197,875)</u>
<b>EXPENDITURES</b>				
Highways and streets				
Administration				
Personnel services	4,567,061	3,982,220	3,366,461	(615,759)
Other operating	2,602,129	2,274,108	1,518,938	(755,170)
Capital outlay	113,933	1,442,207	1,409,761	(32,446)
Total administration	<u>7,283,123</u>	<u>7,698,535</u>	<u>6,295,160</u>	<u>(1,403,375)</u>
Road maintenance				
Personnel services	12,544,216	10,695,445	10,695,445	-
Other operating	-	2,981,642	2,379,611	(602,031)
Capital outlay	2,913,319	1,938,339	1,938,339	-
Total road maintenance	<u>15,457,535</u>	<u>15,615,426</u>	<u>15,013,395</u>	<u>(602,031)</u>
Road construction				
Personnel services	2,688,041	352,966	-	(352,966)
Other operating	49,129,005	13,148,731	1,035,534	(12,113,197)
Capital outlay	270,769	33,809,857	33,809,857	-
Total road construction	<u>52,087,815</u>	<u>47,311,554</u>	<u>34,845,391</u>	<u>(12,466,163)</u>
Equipment maintenance and shops				
Personnel services	3,930,529	3,930,529	3,891,897	(38,632)
Other operating	10,799,428	10,901,177	8,824,263	(2,076,914)
Capital outlay	-	15,148	15,148	-
Total equipment maintenance and shops	<u>14,729,957</u>	<u>14,846,854</u>	<u>12,731,308</u>	<u>(2,115,546)</u>
Total Expenditures	<u>89,558,430</u>	<u>85,472,369</u>	<u>68,885,254</u>	<u>(16,587,115)</u>
Excess of Revenues Over (Under) Expenditures	(10,306,796)	(1,371,822)	11,017,418	12,389,240
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	340,000	420,286	420,286	-
Transfers (out)	-	(3,215,700)	(3,215,700)	-
Sale of capital assets	-	31,013	14,198	(16,815)
Total other financing sources (uses)	<u>340,000</u>	<u>(2,764,401)</u>	<u>(2,781,216)</u>	<u>(16,815)</u>
Net change in fund balances	(9,966,796)	(4,136,223)	8,236,202	12,372,425
Fund Balance - January 1	28,759,382	28,759,382	28,759,382	-
Increase in inventories	-	-	(210,711)	(210,711)
Fund Balance - December 31	<u>\$ 18,792,586</u>	<u>\$ 24,623,159</u>	<u>\$ 36,784,873</u>	<u>\$ 12,161,714</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**PUBLIC HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 30,775,689	\$ 30,775,689	\$ 30,960,509	\$ 184,820
Intergovernmental	46,906,351	48,520,929	48,645,350	124,421
Charges for services	4,264,300	4,074,300	4,349,716	275,416
Gifts and contributions	-	-	-	-
Miscellaneous	606,950	656,950	489,727	(167,223)
Total Revenues	<u>82,553,290</u>	<u>84,027,868</u>	<u>84,445,302</u>	<u>417,434</u>
<b>EXPENDITURES</b>				
Human services				
Administration				
Personnel services	6,325,638	6,311,425	6,311,425	-
Other operating	6,875,273	6,438,569	5,899,513	(539,056)
Capital outlay	-	668,647	668,647	-
Total administration	<u>13,200,911</u>	<u>13,418,641</u>	<u>12,879,585</u>	<u>(539,056)</u>
Income maintenance				
Personnel services	12,537,366	11,371,948	11,371,948	-
Other operating	3,752,133	3,914,132	3,788,508	(125,624)
Capital outlay	-	163,409	163,409	-
Total income maintenance	<u>16,289,499</u>	<u>15,449,489</u>	<u>15,323,865</u>	<u>(125,624)</u>
Social services				
Personnel services	21,462,038	22,569,037	22,564,424	(4,613)
Other operating	29,582,331	33,984,708	33,974,170	(10,538)
Total social services	<u>51,044,369</u>	<u>56,553,745</u>	<u>56,538,594</u>	<u>(15,151)</u>
Total human services	<u>80,534,779</u>	<u>85,421,875</u>	<u>84,742,044</u>	<u>(679,831)</u>
Health and sanitation				
Administration				
Personnel services	227,295	259,874	259,874	-
Other operating	187,437	166,783	165,480	(1,303)
Total administration	<u>414,732</u>	<u>426,657</u>	<u>425,354</u>	<u>(1,303)</u>
Nursing				
Personnel services	3,625,746	3,352,453	3,287,005	(65,448)
Other operating	244,241	450,896	416,907	(33,989)
Total nursing	<u>3,869,987</u>	<u>3,803,349</u>	<u>3,703,912</u>	<u>(99,437)</u>
Total health and sanitation	<u>4,284,719</u>	<u>4,230,006</u>	<u>4,129,266</u>	<u>(100,740)</u>
Total Expenditures	<u>84,819,498</u>	<u>89,651,881</u>	<u>88,871,310</u>	<u>(780,571)</u>
Excess of Revenues Over (Under) Expenditures	(2,266,208)	(5,624,013)	(4,426,008)	1,198,005
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,778,443	1,778,443	-
Transfers (out)	-	(826)	(826)	-
Total other financing sources and uses	<u>-</u>	<u>1,777,617</u>	<u>1,777,617</u>	<u>-</u>
Net change in fund balances	(2,266,208)	(3,846,396)	(2,648,391)	1,198,005
Fund Balance - January 1	30,982,150	30,982,150	30,982,150	-
Fund Balance - December 31	<u>\$ 28,715,942</u>	<u>\$ 27,135,754</u>	<u>\$ 28,333,759</u>	<u>\$ 1,198,005</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FORFEITED TAX SALE SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 353,205	\$ 353,205	\$ 257,261	\$ (95,944)
Land and timber sales	7,200,000	7,200,000	8,212,043	1,012,043
Miscellaneous	45,000	70,000	175,754	105,754
Total Revenues	7,598,205	7,623,205	8,645,058	1,021,853
 <b>EXPENDITURES</b>				
Current:				
Conservation of natural resources				
Personnel services	4,708,696	4,708,696	4,420,920	(287,776)
Other operating	2,043,422	3,155,800	2,386,365	(769,435)
Capital outlay	191,500	191,500	107,337	(84,163)
Total Expenditures	6,943,618	8,055,996	6,914,622	(1,141,374)
Excess of Revenues Over (Under) Expenditures	654,587	(432,791)	1,730,436	2,163,227
 <b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	7,000	7,000
Transfers (out)	(300,000)	(1,645,255)	(1,645,255)	-
Sale of capital assets	-	-	2,340	2,340
Total other financing sources (uses)	(300,000)	(1,645,255)	(1,635,915)	9,340
Net change in fund balances	354,587	(2,078,046)	94,521	2,172,567
Fund Balance - January 1	1,424,188	1,424,188	1,424,188	-
Fund Balance - December 31	\$ 1,778,775	\$ (653,858)	\$ 1,518,709	\$ 2,172,567

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

## PROPRIETARY FUNDS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business, with the intent that cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The following fund has been classified as a major fund:

**Environmental Services** - This fund is used to account for the management and operations of solid waste activities in St. Louis County outside of the Western Lake Superior Sanitary District. It also includes environmental oversight activities such as ground water quality and septic system compliance throughout the County.

**Plat Books** - This is the only nonmajor enterprise fund and is used to account for the production and sale of plat books covering all County lands.

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
DECEMBER 31, 2015

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental	Plat Books	Total	
	Services			
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,255,769	\$ 231,879	\$ 1,487,648	\$ 3,698,920
Investments	12,412,738	-	12,412,738	22,718,305
Delinquent taxes receivable	15,554	-	15,554	-
Accounts receivables (net)	89,651	326	89,977	1,101,805
Accrued interest receivable	51,568	-	51,568	92,830
Loans receivable	190,864	-	190,864	-
Due from other governments	10,103	-	10,103	24,400
Inventories	-	30,321	30,321	41,466
Prepaid items	-	-	-	88,421
Total current assets	<u>14,026,247</u>	<u>262,526</u>	<u>14,288,773</u>	<u>27,766,147</u>
Noncurrent assets:				
Restricted assets				
Financial assurance				
Cash and cash equivalents	789,656	-	789,656	-
Investments	3,346,437	-	3,346,437	-
Accrued interest receivable	12,017	-	12,017	-
Health and sanitation				
Loans receivable	116,758	-	116,758	-
Capital assets				
Land	277,966	-	277,966	25,500
Buildings and structures	6,999,402	-	6,999,402	2,924,459
Improvements other than buildings	10,850,695	-	10,850,695	-
Machinery and equipment	998,932	-	998,932	79,214
Vehicles	1,543,192	-	1,543,192	2,641,810
Construction in progress	182,000	-	182,000	-
Less accumulated depreciation	<u>(13,549,798)</u>	<u>-</u>	<u>(13,549,798)</u>	<u>(2,478,385)</u>
Total capital assets, net	<u>7,302,389</u>	<u>-</u>	<u>7,302,389</u>	<u>3,192,598</u>
Total noncurrent assets	<u>11,567,257</u>	<u>-</u>	<u>11,567,257</u>	<u>3,192,598</u>
Total assets	<u>25,593,504</u>	<u>262,526</u>	<u>25,856,030</u>	<u>30,958,745</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	<u>207,019</u>	<u>-</u>	<u>207,019</u>	<u>-</u>
Total deferred outflows of resources	<u>207,019</u>	<u>-</u>	<u>207,019</u>	<u>-</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
DECEMBER 31, 2015

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Environmental Services	Plat Books	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	337,743	-	337,743	369,618
Salaries payable	39,911	-	39,911	13,924
Compensated absences payable	180,276	-	180,276	72,048
Claims payable	-	-	-	2,646,773
Due to other governments	34,113	-	34,113	92,170
Unearned revenue	-	-	-	543,554
Advances from other funds	-	-	-	37,497
Total current liabilities	<u>592,043</u>	<u>-</u>	<u>592,043</u>	<u>3,775,584</u>
Noncurrent liabilities:				
Compensated absences payable	752,664	-	752,664	138,082
Claims payable	-	-	-	5,167,359
OPEB obligation	-	-	-	4,608,203
Advances from other funds	-	-	-	1,799,847
Closure and post-closure liabilities	2,010,817	-	2,010,817	-
Pension	1,492,566	-	1,492,566	-
Total noncurrent liabilities	<u>4,256,047</u>	<u>-</u>	<u>4,256,047</u>	<u>11,713,491</u>
Total liabilities	<u>4,848,090</u>	<u>-</u>	<u>4,848,090</u>	<u>15,489,075</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	98,053	-	98,053	-
Total deferred outflows of resources	<u>98,053</u>	<u>-</u>	<u>98,053</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	7,302,389	-	7,302,389	3,192,598
Restricted for health and sanitation	116,758	-	116,758	-
Restricted for financial assurance	2,137,293	-	2,137,293	-
Unrestricted	11,297,940	262,526	11,560,466	12,277,072
Total net position	<u>\$ 20,854,380</u>	<u>\$ 262,526</u>	<u>\$ 21,116,906</u>	<u>\$ 15,469,670</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(797,017)</u>	
Net position of business type activities			<u>\$ 20,319,889</u>	

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Plat Books	Total	
	\$	\$	\$	
Operating Revenues				
Charges for services	\$ 5,963,396	\$ 15,783	\$ 5,979,179	\$ 32,635,425
Licenses and permits	6,039	-	6,039	-
Other	425,226	-	425,226	622,628
Total Operating Revenues	6,394,661	15,783	6,410,444	33,258,053
Operating Expenses				
Personal services	2,931,986	-	2,931,986	961,937
Contractual services	3,795,145	-	3,795,145	3,578,427
Materials	253,106	9,024	262,130	369,882
OPEB expense	-	-	-	311,841
Claims Paid	-	-	-	32,510,792
Depreciation	668,796	-	668,796	262,335
Total Operating Expenses	7,649,033	9,024	7,658,057	37,995,214
Operating Income (Loss)	(1,254,372)	6,759	(1,247,613)	(4,737,161)
Nonoperating Revenues (Expenses)				
Taxes	246,261	-	246,261	-
Grants	372,087	-	372,087	2,326
Earnings on investments	197,440	-	197,440	283,797
Loss or gain on asset disposal	-	-	-	51,162
Total Nonoperating Revenues (Expenses)	815,788	-	815,788	337,285
Income (Loss) Before Transfers	(438,584)	6,759	(431,825)	(4,399,876)
Transfers in	227,425	-	227,425	-
Transfers out	(2,641)	-	(2,641)	(277,101)
Change in net position	(213,800)	6,759	(207,041)	(4,676,977)
Net position - January 1 - restated	21,068,180	255,767	21,323,947	20,146,647
Net position - December 31	\$ 20,854,380	\$ 262,526	\$ 21,116,906	\$ 15,469,670
Change in net position			\$ (207,041)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(92,802)	
Change in net position of business type activities			\$ (299,843)	

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities Enterprise Funds			Governmental
				Activities -
	Environmental			Internal
	Services	Plat Books	Total	Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 5,924,226	\$ 15,783	\$ 5,940,009	\$ -
Receipts from interfund services provided	-	(256)	(256)	32,377,011
Payments to suppliers	(4,185,352)	(1,755)	(4,187,107)	(3,670,220)
Payments to employees	(2,884,613)	-	(2,884,613)	(1,102,333)
Claims paid	-	-	-	(33,752,529)
Other receipts	431,265	-	431,265	317,986
Net cash provided (used) by operating activities	<u>(714,474)</u>	<u>13,772</u>	<u>(700,702)</u>	<u>(5,830,085)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds from taxes	247,600	-	247,600	-
Proceeds from grants	333,487	-	333,487	10,800
Transfers from other funds	227,425	-	227,425	-
Transfers to other funds	(2,641)	-	(2,641)	(277,101)
Net cash provided (used) by noncapital financing activities	<u>805,871</u>	<u>-</u>	<u>805,871</u>	<u>(266,301)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(298,382)	-	(298,382)	(287,338)
Proceeds from sale of capital assets	-	-	-	62,954
Proceeds from advance from other funds	-	-	-	(37,497)
Net cash provided (used) by capital and related financing activities	<u>(298,382)</u>	<u>-</u>	<u>(298,382)</u>	<u>(261,881)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(7,126,542)	-	(7,126,542)	(7,962,437)
Sale of investments	7,006,821	-	7,006,821	14,279,845
Interest and dividends	224,067	-	224,067	320,603
Net cash provided by investing activities	<u>104,346</u>	<u>-</u>	<u>104,346</u>	<u>6,638,011</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(102,639)	13,772	(88,867)	279,744
Balances - January 1	2,148,064	218,107	2,366,171	3,419,176
Balances - December 31	<u>\$ 2,045,425</u>	<u>\$ 231,879</u>	<u>\$ 2,277,304</u>	<u>\$ 3,698,920</u>
<b>Detail on Statement of Net Position</b>				
Cash and cash equivalents				
Current	\$ 1,255,769	\$ 231,879	\$ 1,487,648	\$ 3,698,920
Restricted				
Financial assurance	789,656	-	789,656	-
Health and sanitation	-	-	-	-
Total	<u>\$ 2,045,425</u>	<u>\$ 231,879</u>	<u>\$ 2,277,304</u>	<u>\$ 3,698,920</u>

continued

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Environmental Services	Plat Books	Total	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (1,254,372)	\$ 6,759	\$ (1,247,613)	\$ (4,737,161)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	668,796	-	668,796	262,335
(Increase) Decrease Receivables, net	1,880	(256)	1,624	(474,172)
(Increase) Loans Receivable	(30,947)	-	(30,947)	-
(Increase) Decrease Due from other governments	(10,103)	-	(10,103)	(24,400)
(Increase) Decrease Inventories	-	7,269	7,269	24,595
(Increase) Decrease Prepaid Items	-	-	-	(4,857)
(Increase) Decrease Deferred Pension Outflows	(149,191)	-	(149,191)	-
Increase (Decrease) Net Pension Liability	109,283	-	109,283	-
Increase (Decrease) Deferred Pension Inflows	98,053	-	98,053	-
Increase (Decrease) Accounts payable	(163,504)	-	(163,504)	(232,725)
Increase (Decrease) Salaries payable	(70,382)	-	(70,382)	(25,257)
Increase (Decrease) Contracts payable	-	-	-	(15,000)
Increase (Decrease) Compensated absences payable	59,610	-	59,610	21,132
Increase (Decrease) Claims payable	-	-	-	(909,324)
Increase (Decrease) Due to other governments	(3,034)	-	(3,034)	37,392
Increase (Decrease) OPEB obligation	-	-	-	311,841
Increase (Decrease) Unearned revenue	-	-	-	(64,484)
Increase (Decrease) Closure Payable	29,437	-	29,437	-
Total Adjustments	<u>539,898</u>	<u>7,013</u>	<u>546,911</u>	<u>(1,092,924)</u>
Net cash provided (used) by operating activities	<u>\$ (714,474)</u>	<u>\$ 13,772</u>	<u>\$ (700,702)</u>	<u>\$ (5,830,085)</u>
<b>NON-CASH ACTIVITIES</b>				
Change in fair value of investments	13,915	-	13,915	(39,435)

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

## FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and which therefore, cannot be used to support the government's own programs.

**Investment trust funds** - are used to report governmental external investment pools in separately issued reports and the external portion of these same pools when reported by the sponsoring government.

**Agency funds** - are used to report resources held by the reporting government in a purely custodial capacity.

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
DECEMBER 31, 2015

	Investment Trusts	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 31,738	\$ 10,769,671
Investments	4,170,722	1,986,096
Delinquent taxes receivable	-	79,586
Accounts Receivable		231,456
Accrued interest receivable	338	3,394
Due from other governments	-	4,180,232
Prepaid items	-	674
Total Assets	4,202,798	17,251,109
<b>LIABILITIES</b>		
Accounts payable	-	2,666,211
Contracts payable	-	22,493
Salaries payable	-	235,607
Due to other governments	489,932	14,326,798
Total Liabilities	489,932	17,251,109
<b>NET POSITION</b>		
Held in trust for pool participants and other purposes	\$ 3,712,866	\$ -

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>Investment Trusts</b>
<b>ADDITIONS</b>	
Taconite taxes	\$ 40,321,327
Earnings on investments	12,263
Total Additions	40,333,590
 <b>DEDUCTIONS</b>	
Distributions to participants	37,876,465
Changes in net position	2,457,125
Net position - January 1	1,255,741
Net position - December 31	\$ 3,712,866

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Guide to the Notes**

	<b>Page</b>
<b>Note 1. Summary of Significant Accounting Policies</b>	
A. Financial Reporting Entity.....	53
B. Government-Wide and Fund Financial Statements.....	53
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation.....	53
D. Reconciliation of Government-Wide and Fund Financial Statements.....	56
Explanation of Differences Between Governmental Funds Balance Sheet and Statement of Net Position.....	56
Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities.....	58
E. Budgetary Data.....	60
General Budget Policies.....	60
Procedure for Preparing the Annual Budget.....	60
F. Restatements and Reclassifications.....	61
G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity.....	61
Cash and Cash Equivalents.....	61
Property Taxes.....	62
Inventories.....	62
Prepaid items.....	62
Restricted Assets.....	62
Capital Assets.....	62
Deferred Outflows/Inflows of Resources.....	62
Compensated Absences.....	62
Pension Plan.....	62
Conduit Debt.....	63
Closure and Postclosure Care Costs.....	63
Long-Term Obligations.....	64
Classification of Net Position.....	64
Fund Equity.....	64
H. Federal Audit Requirements.....	64
I. Use of Estimates.....	64
J. Change in Accounting Principles.....	65
 <b>Note 2. Detailed Notes on all Funds and Accounts</b>	
A. Assets.....	65
Deposits and Investments.....	65
Deposits.....	66
Investments.....	66
Receivables.....	67
Loans Receivable.....	68
Lease Receivable.....	69
Lease to Chris Jensen, LLC.....	69
Restricted Assets.....	69
Capital Assets.....	70
Governmental Activities.....	70
Business-type Activities.....	71
Depreciation.....	71

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**Guide to the Notes**

B. Liabilities.....	72
Advance From Other Governments.....	72
Long-Term Debt.....	72
Lease Obligations.....	75
Construction Commitments.....	76
Purchase Commitments/Encumbrances.....	76
Risk Management.....	77
Retirement Plan.....	78
Plan Description.....	78
Benefits Provided.....	79
Contributions.....	79
Pension Costs General Employee Retirement Fund.....	80
Pension Costs Public Employees Police and Fire Fund.....	81
Pension Costs Public Employees Correctional Fund.....	82
Actuarial Assumptions.....	83
Discount Rate.....	83
Pension Liability Sensitivity.....	84
Pension Plan Fiduciary Net Position.....	84
Defined Contribution Plan.....	84
Interfund Receivables, Payables, Advances and Transfers.....	85
C. Fund Equity.....	86
<b>Note 3. Joint Ventures/Jointly Governed Organizations</b>	
Arrowhead Regional Corrections.....	87
Community Health Services Board.....	87
Regional Railroad Authority.....	88
Northeast Minnesota Office of Job Training.....	88
Northern Counties Land Use Coordinating Board.....	89
Minnesota Counties Information Systems (MCIS).....	89
Duluth Area Family Service Collaborative.....	90
Minneapolis - Duluth/Superior Passenger Rail Alliance.....	90
Northeast Minnesota Regional Radio Board.....	91
City/County Communication Antenna Site.....	91
Voyageurs National Park Water Basin Joint County Sewer Project.....	91
<b>Note 4. Summary of Significant Contingencies and Other Items</b>	
Claims and Litigation.....	92
Pollution Remediation.....	92
Other Post Employment Benefits.....	92
Plan Description and Funding Policy.....	92
Annual OPEB Costs and Net OPEB Obligation.....	93
Funding Status and Funding Progress.....	93
Actuarial Methods and Assumptions.....	93
St. Louis County Heritage and Arts Center (Depot).....	94
Northwoods Townhomes Project.....	94
Tax Forfeited Land Management.....	95

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Note 1. Summary of Significant Accounting Policies**

The financial reporting policies of St. Louis County conform to Generally Accepted Accounting Principles. The following is a summary of significant policies.

**A. Financial Reporting Entity**

St. Louis County was established March 1, 1856, as an organized county having powers, duties and privileges granted counties by Minn. Stat. Ch. 373. The County is governed by a seven-member Board of Commissioners elected from districts within the County. A County Administrator is appointed by the County Board. The board is organized with a chair and vice-chair elected at the annual meeting in January of each year. The County Auditor, elected on a county-wide basis, serves as the Clerk of the Board of Commissioners, but has no voting privileges.

As a result of applying Governmental Accounting Standards Board (GASB) Statement 61 criteria for determining the reporting entity, the following organization has been included in the County's financial statements as a blended component unit.

**St. Louis County Housing and Redevelopment Authority (Blended Component Unit)**

The St. Louis County Housing and Redevelopment Authority is headed by a Board comprised of all members of the St. Louis County Board of Commissioners. It was established for the purpose of conducting housing and economic development services for St. Louis County. The County Administrator is the Executive Director of the Authority. The Authority follows the same accounting policies as the County. A tax is levied by the Authority, subject to a maximum amount established by the County Board, on certain areas within the County to help support the activities of the Authority.

Separate financial information can be obtained from the St. Louis County Auditor's Office.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule include payments-in lieu of taxes and other charges between the County's proprietary operations and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Another exception is interfund rent which is considered an interfund service provided and used. It is eliminated within the general government function only. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes are not included within program revenues, and are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for Agency Funds, which are custodial in nature and do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues received but not earned are recorded as unearned revenue in the fund statements. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and other long-term obligations, are recorded only when payment is due.

Property taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

**The County reports the following major governmental funds:**

The General Fund is the County's primary operating fund. It accounts for all financial resources of the County, except those accounted for in another fund.

The Road and Bridge Special Revenue Fund accounts for the proceeds of revenue sources restricted to expenditures related to public works activities. Revenues are generated from taxes, state aid and federal grants.

The Public Health and Human Services Special Revenue Fund accounts for the operations and financial activities of the Public Health and Human Services Department. Revenues are generated from taxes, state aid and federal grants.

The Forfeited Tax Sale Special Revenue Fund accounts for the proceeds from the sale or lease of lands forfeited to the State of Minnesota. Revenues are generated from the sale/lease of land and timber.

The Capital Projects Fund accounts for building and remodeling projects for governmental activities.

**The County reports the following major proprietary fund:**

The Environmental Services Fund accounts for the activities of solid waste and recycling operations within the County, but outside the Western Lake Superior Sanitary District service area. It also includes environmental oversight of groundwater quality and septic system compliance throughout the County.

**Additionally, the County reports the following fund types:**

Nonmajor Special Revenue Funds account for the Housing and Redevelopment Authority activities, the Community Development Block Grant activities, the Northeast Minnesota Housing Consortium, the Septic Loan program, the Forest Resources activities, and the Northern Lights Express grant activities.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long term debt.

The Shoreline Sales Permanent Fund is used to report resources that are legally restricted to the extent that only up to 5-1/2 percent of the market value of the fund on January 1 of the preceding calendar year may be used to support the County's programs.

Enterprise Funds account for Plat Book activities.

Internal Service Funds account for County Garage (fleet management) services, Property, Casualty, Liability Insurance coverage, Workers' Compensation Insurance coverage, Medical/Dental Insurance coverage and Retired Employees' Health Insurance coverage provided to other departments or agencies of the County or to other governments, on a cost reimbursement basis.

Investment Trust Funds account for individual investment accounts provided to another legally separate entity, the State of Minnesota, for Taconite Relief under Minn. Stat. §298.015 and Taconite Production Tax under Minn. Stat. §298.24.

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

Agency Funds account for resources held by the County in a purely custodial capacity and include the State of Minnesota, Beer-Auctioneer Licenses, Taxes and Penalties, Payroll Deductions, Human Services Conference, Canceled Check, Arrowhead Regional Corrections, Permit to Carry Firearms, Minneapolis - Duluth/Superior Passenger Rail Alliance, Civil Funds, Community Health Services, Duluth Area Family Service Collaborative, Local Collaborative Time Study, Regional Railroad Authority, Northern Counties Land Use Board, and Agency Miscellaneous funds.

The County's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as of and for the year ended December 31, 2015. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds, and the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**D. Reconciliation of Government-Wide and Fund Financial Statements**

**Explanation of Differences Between Governmental Funds Balance Sheet and the Statement of Net Position**

The "total fund balances" of the County's governmental funds differ from "net position" of governmental activities reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

	Total Governmental Funds	Long-term Assets Liabilities (1)	Internal Service Funds (2)	Reclassification and Elimination (3)	Statement of Net Position Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 153,284,248	\$ -	\$ 3,698,920	\$ -	156,983,168
Cash with fiscal agent	5,573,387	-	-	-	5,573,387
Investments	41,240,374	-	22,718,305	-	63,958,679
Delinquent taxes receivable	6,410,354	-	-	(6,410,354)	-
Accounts receivable (net)	10,731,349	-	1,101,805	(11,833,154)	-
Accrued interest receivable	735,774	-	92,830	(828,604)	-
Loans receivable	1,878,161	-	-	(1,878,161)	-
Interfund receivable	76,127	-	-	(76,127)	-
Due from other governments	19,829,708	-	24,400	(19,854,108)	-
Receivables (net)	-	-	-	42,717,852	42,717,852
Internal balances	-	-	797,017	-	797,017
Inventories	9,146,075	-	41,466	-	9,187,541
Prepaid items	299,159	-	88,421	-	387,580
Advances to other funds	1,837,344	-	-	(1,837,344)	-
Capital assets not being depreciated	-	30,988,345	25,500	-	31,013,845
Capital assets being depreciated, net	-	613,490,972	3,167,098	-	616,658,070
Total Assets	<u>251,042,060</u>	<u>644,479,317</u>	<u>31,755,762</u>	<u>-</u>	<u>927,277,139</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related items	-	12,161,502	-	-	12,161,502
<b>LIABILITIES</b>					
Accounts payable	6,364,494	-	369,618	11,163,277	17,897,389
Contracts payable	1,915,553	-	-	(1,915,553)	-
Salaries payable	2,338,515	-	13,924	(2,352,439)	-
Interfund payable	76,127	-	-	(76,127)	-
Bond interest payable	-	278,637	-	(278,637)	-
Due to other governments	1,250,951	3,360,056	92,170	(4,703,177)	-
Unearned revenue	4,689,064	-	543,554	-	5,232,618
Advance from other governments	2,676,467	-	-	-	2,676,467
Advance from other funds	-	-	1,837,344	(1,837,344)	-
Due within one year	-	14,047,791	2,718,821	-	16,766,612
Due in more than one year	-	190,804,442	9,913,644	-	200,718,086
Total Liabilities	<u>19,311,171</u>	<u>208,490,926</u>	<u>15,489,075</u>	<u>-</u>	<u>243,291,172</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes	5,583,191	(5,583,191)	-	-	-
Grants	8,781,633	(8,781,633)	-	-	-
Pension related items	-	10,999,924	-	-	10,999,924
Long-term receivables	8,400,141	(8,400,141)	-	-	-
Total Deferred Inflows of Resources	<u>22,764,965</u>	<u>(11,765,041)</u>	<u>-</u>	<u>-</u>	<u>10,999,924</u>
<b>FUND BALANCE/NET POSITION</b>					
Net investment in capital assets	-	580,628,673	3,192,598	-	583,821,271
Nonspendable	23,092,048	-	-	(23,092,048)	-
Restricted	53,295,955	-	-	17,012,935	70,308,890
Committed	31,296,779	-	-	(31,296,779)	-
Assigned	66,494,145	-	-	(66,494,145)	-
Unassigned	34,786,997	(120,713,739)	13,074,089	72,852,653	-
Unrestricted	-	-	-	31,017,384	31,017,384
Total Fund Balance/Net Position	<u>208,965,924</u>	<u>459,914,934</u>	<u>16,266,687</u>	<u>-</u>	<u>685,147,545</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/ Net Position	<u>\$ 251,042,060</u>	<u>\$ 656,640,819</u>	<u>\$ 31,755,762</u>	<u>\$ -</u>	<u>\$ 939,438,641</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

(1) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in the governmental funds. However, the statement of net position includes those capital assets among the assets of the County as a whole.

Cost of capital assets	\$ 961,891,765
Accumulated depreciation	<u>(317,412,448)</u>
	<u>\$ 644,479,317</u>

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenue in the governmental funds, and thus are not included in fund balance. Also, there are liabilities related to some of these deferred inflows of resources that are not included in fund balance.

Adjustment of unavailable revenue	<u>\$ (11,765,041)</u>
Adjustment of due to other governments	<u>\$ 3,360,056</u>

Long-term liabilities applicable to the County's government activities are not due and payable in the current period and accordingly are not reported in fund liabilities. All liabilities -- both those due within one year and those due in more than one year -- are reported in the statement of net position. Balances at December 31, 2015 were:

Bond interest payable	<u>\$ 278,637</u>		
	Due Within One Year	Due In More Than One Year	Total
Bonds and notes payable	\$ 7,423,439	\$ 89,637,086	\$ 97,060,525
Compensated absences	6,624,352	\$ 24,709,860	31,334,212
Pension related items	-	\$ 76,457,496	76,457,496
	<u>\$ 14,047,791</u>	<u>\$ 190,804,442</u>	<u>\$ 204,852,233</u>

(2) Internal service funds are used by management to charge the cost of certain activities, such as insurance and motor pool charges, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The amount chargeable to the business-type activities is shown as an internal balance. The internal balance is due from business-type activities.

Internal balance due from business-type activities	<u>\$ 797,017</u>
--	-------------------

(3) Reclassifications are used primarily to condense various receivables and payables into single totals, Receivables, net and Accounts payable.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities**

The "net change in fund balances" for governmental funds differs from the "change in net position" for governmental activities reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds.

	Total Governmental Funds	Long-term Revenue, Expenses (1)	Long-Term Debt and Capital Related Items (2) & (4)	Internal Service Funds (3)	Revenue Reclass	Statement of Activities Totals
Revenues and Other Sources						
Taxes	139,810,906	(479,608)	-	-	(139,331,298)	-
Property taxes						
General purpose	-	-	-	-	120,866,397	120,866,397
Debt service	-	-	-	-	7,379,545	7,379,545
Transportation sales tax	-	-	-	-	11,085,356	11,085,356
Licenses and permits	326,097	-	-	-	(326,097)	-
Intergovernmental	106,462,164	-	-	-	(106,462,164)	-
State shared	-	72,899	-	-	18,250,489	18,323,388
Federal shared	-	-	-	-	261,575	261,575
Operating grants	-	915,096	-	-	55,223,914	56,139,010
Capital grants	-	(229,651)	-	-	23,887,954	23,658,303
Charges for services	26,646,992	(731,720)	-	-	28,576,373	54,491,645
Fines and forfeits	148,358	-	-	-	(148,358)	-
Earnings on investments	1,925,007	-	-	283,797	-	2,208,804
Gifts and contributions	50,647	-	-	-	(50,647)	-
Land and timber sales	14,517,143	796,134	-	-	(15,313,277)	-
Miscellaneous	3,850,754	49,008	-	-	(3,899,762)	-
<b>Total</b>	<b>293,738,068</b>	<b>392,158</b>	<b>-</b>	<b>283,797</b>	<b>-</b>	<b>294,414,023</b>
Expenditures/Expenses						
Current:						
General government	41,574,289	332,002	1,164,412	1,011,535	-	44,082,238
Public safety	48,638,872	60,373	1,937,980	713,656	-	51,350,881
Highways and streets	32,215,419	574,316	12,825,552	969,092	-	46,584,379
Health and sanitation	4,679,163	5,394	448	142,597	-	4,827,602
Human services	84,131,293	136,274	328,768	1,549,340	-	86,145,675
Culture and recreation	2,038,795	-	1,681,361	-	-	3,720,156
Conservation of natural resources	9,059,619	400,659	208,383	204,651	-	9,873,312
Economic development	3,200,199	12,356	24,768	-	-	3,237,323
Debt service:						
Principal	7,895,390	-	(7,895,390)	-	-	-
Interest and other charges	2,744,737	-	(305,931)	-	-	2,438,806
Bond issuance costs	117,120	-	-	-	-	117,120
Capital Outlay	65,226,586	-	(65,226,586)	-	-	-
<b>Total</b>	<b>301,521,482</b>	<b>1,521,374</b>	<b>(55,256,235)</b>	<b>4,590,871</b>	<b>-</b>	<b>252,377,492</b>
Other financing uses/changes in net position:						
Transfers in	16,395,871	-	-	-	-	16,395,871
Transfers out	(16,343,554)	-	-	(277,101)	-	(16,620,655)
Bonds issued	38,415,000	-	(38,415,000)	-	-	-
Loan proceeds	118,420	-	(118,420)	-	-	-
Premium on bonds issued	2,724,564	-	(2,724,564)	-	-	-
Refunding bonds issued	7,715,000	-	(7,715,000)	-	-	-
Premium on refunding bonds issued	562,801	-	(562,801)	-	-	-
Sale of capital assets	175,501	-	-	-	-	175,501
Increase in inventories	(210,711)	210,711	-	-	-	-
<b>Total</b>	<b>49,552,892</b>	<b>210,711</b>	<b>(49,535,785)</b>	<b>(277,101)</b>	<b>-</b>	<b>(49,283)</b>
<b>Net change for the year</b>	<b>41,769,478</b>	<b>(918,505)</b>	<b>5,720,450</b>	<b>(4,584,175)</b>	<b>-</b>	<b>41,987,248</b>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

(1) Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available revenues" in the governmental funds. Similarly, receivables for certain aids and grant revenues not available for expenditure are deferred inflows of resources. The adjustment to revenue between the governmental fund statements and the statement of activities is the change in deferred inflows of resources. In addition, intra-general government function rent charges are eliminated.

Property taxes	\$ (479,608)
Long-term receivables:	
Intergovernmental	758,342
Intra-general government function rent	183,043
Charges for services	(914,761)
Land & timber sales	796,134
Miscellaneous	49,008
	\$ 392,158

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Changes in long-term liabilities (compensated absences and capital leases) also result in an expense in the statement of activities. In addition, intra-general government function expenses are eliminated.

Due to other governments	\$ 318,453
Intra-general government function rent	(183,043)
Increase in inventories	210,711
Compensated absences	(9,501)
Pensions	1,184,754
	\$ 1,521,374

(2) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year.

Capital outlay	\$ (65,226,586)
Net disposal of capital assets	259,991
Depreciation expense	17,911,681
Difference	\$ (47,054,914)

(3) Internal service funds are used by management to charge the costs of certain activities, such as insurance and printing, to individual funds. The adjustments for internal service funds "close" those funds by debiting or crediting additional amounts to participating governmental and business-type activities to completely cover the internal service funds' income or loss for the year.

(4) Issuance of bonds is reported as an other financing source in governmental funds and, thus, has the effect of increasing fund balance because current financial resources are available. For the County as a whole, however, the principal payments increase the liabilities in the statement of net position and do not result in available funds. The County's bonded debt was reduced when principal payments were made to bond holders. In addition, some financing expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Principal payments made	\$ (7,471,486)
Bonds Issued	38,415,000
Premium on bonds issued	2,724,564
Refunding bonds issued	7,715,000
Premium on refunding bonds issued	562,801
Loan Proceeds	118,420
Bond interest payable	(305,931)
Bond premium amortization	(423,904)
	\$ 41,334,464

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**E. Budgetary Data**

**General Budget Policies**

The County is required by Minn. Stat. Ch. 383C to adopt an annual budget for the General, Special Revenue, and Debt Service Funds. These budgets are prepared on the modified accrual basis of accounting.

The County is also required to adopt a budget for the Capital Projects Fund. An appropriation for expenditures from the capital project fund continues in force until the purpose for which it was made has been accomplished or abandoned. The purpose of a capital expenditure appropriation is abandoned if three years pass without a disbursement from or encumbrance of the appropriation or at the discretion of the County Administrator. These budget periods are not consistent with the method of financial reporting; therefore, comparison between the results of operation and budget in this fund is not relevant and is not presented.

The County Board has established the legal level of control for County departments to be at the agency level. County departments are comprised of one or more sub-departments (agencies). Each department (Sheriff) can spend its agency level budgets (Jail, Sheriff Patrol, Boat and Water Safety and others) on any line item within that agency so long as the total agency budget is not overspent. However, no public aid assistance and/or personal services budget authority may be used for any other purpose without Board approval. The budgetary comparisons included in the Governmental Funds subsection of this report demonstrate compliance with the legal level of budgetary control.

The County Board also authorizes Department Heads to add and delete positions within their personnel complement so long as the total full-time equivalent personnel complement does not exceed the total number of authorized positions approved by the County Board.

All transfers of appropriations between departments require the approval of the County Board. Each appropriation, except an appropriation within the Capital Projects Fund, lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. Amounts in funds unexpended at the end of the fiscal year may be carried over from one fiscal year to the next in accordance with generally accepted accounting principles.

Budgets can be amended during the year by the County Board. Supplemental appropriations or budget reductions are reviewed by the County Administrator's office and submitted to the County Board for its review and approval. If approved, changes are implemented by the Auditor's Office as budget revisions. Supplemental appropriations could be required due to several factors, including the awarding of state and federal grants during the year and providing funding for unanticipated program requirements. Budget revisions were necessary during the year. The effect of these amendments was an increase in budgeted County funds of \$17,319,263.

**Procedure for Preparing the Annual Budget**

1. Early each year, the County Administrator meets with budget staff to discuss preparations for next year's budget. A basic budget strategy is developed at that time, based on guidelines and policies established by the County Board.
2. Budget training is conducted and a budget manual is provided which outlines the County Administrator's basic guidelines for preparing the budget proposal.
3. Departments submit preliminary estimates of requested appropriations and anticipated revenues by early June. These figures are used to determine the amount of tax levy required to meet departmental requests, and the amount of budget adjustments that the County Administrator needs to make during the preliminary budget meetings in order to meet goals established by the County Board.
4. Preliminary budget meetings are held by the County Administrator with each department. These meetings begin about mid-June and last until about mid-July.
5. The County Administrator's budget recommendation is delivered to the County Board prior to September 30. The County Board will certify by resolution to the County Auditor a maximum proposed property tax levy by September 30th, which will be used to comply with Truth in Taxation provisions of state law.
6. The County Board holds formal public meetings on the proposed budget and adopts by resolution the final budget and tax levy on or before December 28.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**F. Reclassifications**

Several account balances were reclassified as of and for the year ended December 31, 2014, as previously reported. These reclassifications, which did not require a restatement of net position or fund balance, were required for comparability to the financial statements as of and for the year ended December 31, 2015. Although comparative statements for 2014 are not presented here, these reclassifications must be considered when comparing the financial statements of this report with those of prior reports.

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

**Cash and Cash Equivalents**

Available cash balances from all funds are pooled and invested in accordance with Minnesota State Statutes. Cash balances and pooled investments are at fair value based on quoted market prices. The pool is not subject to regulatory oversight. Fair value amounts are determined at year end. The County has not provided or obtained any legally binding guarantees to support the value of the pool. Pursuant to Minn. Stat. §385.07, investment earnings on cash balances and pooled investments are credited to the General Fund. Other funds received investment earnings based on other statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings credited to the General Fund for 2015 were \$1,806,764. Each fund's share of the pool is shown on the financial statements as "Cash and Cash Equivalents." For proprietary fund-type statement of cash flows, all change funds and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

St. Louis County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission. Investment in the pool is measured at amortized cost per share and approximates fair value. Information relating to the MAGIC Fund can be obtained from Client Services Group, Minnesota Association of Governments Investing for Counties c/o PFM Asset Management LLC, P.O. Box 11760, Harrisburg, Pennsylvania, 17108-11760.

St. Louis County invests in an external investment pool, the Minnesota State of Board of Investments, under authority of Minnesota Statutes Chapter 11A. Minnesota statutes, section 11A.24, broadly restricts investments to United States and Canadian governments, their agencies, and their registered corporations; short-term obligations of specified high quality; restricted participation as a limited partner in venture, capital, real estate, or resource equity investments; restricted participation in registered mutual funds; and some qualified foreign instruments. Information on investment activity, investment management fees and a listing of specific investments owned by the pools asset account can be obtained from SBI, Suite 355, 60 Empire Drive, St. Paul, Minnesota, 55103.

**Property Taxes**

In September of each year the County Board certifies a proposed property tax levy to the County Auditor. Notices of proposed taxes are mailed to taxpayers informing them of the proposed tax on their property and of the time and location of a meeting at which the final property tax levy will be established by the Board of County Commissioners. Subsequent to that meeting, but within five business days of December 20, the Board certifies to the County Auditor the final property tax levy, which generally cannot exceed the proposed levy.

The tax levy is spread across taxable property based on the value of the property on the assessment date. At the time taxes are spread, they become a lien on property as of the assessment date, although they do not become due and payable until the subsequent January 1. For the most part, taxpayers are allowed to pay the taxes in two equal installments on or before May 15 and October 15 without penalty. Revenues are accrued and recognized in the year collectible, net of delinquencies. Taxes which remain unpaid at December 31 are delinquent. Collections within 60 days after year-end are recognized as revenue and the balance is shown as deferred inflows of resources - unavailable revenue.

**Inventories**

Road and Bridge Special Revenue Fund inventories consist of expendable supplies held for consumption and are valued at cost using the moving average method. Inventoried items are recorded as expenditures at the time that they are purchased. The reported inventories are offset by a fund balance classified as non-spendable to indicate that they do not constitute available spendable resources.

Plat Book Enterprise Fund inventories consist of items for resale and consumption and are recorded as an expense when sold or used. Inventories are priced at cost on a first-in, first-out basis.

County Garage Internal Service Fund inventories consist of items for resale and consumption and are recorded as an expense when sold or used. Inventories are priced at the lower of cost or market on a first-in, first-out basis, or the moving average method.

**Prepaid items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expense when consumed rather than when purchased.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Restricted Assets**

Certain resources are restricted for financial assurance within the Environmental Services Fund. When an expense is incurred for which both restricted and unrestricted net position is available, restricted resources are applied first.

**Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks, and similar items), and intangibles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life of two or more years. The capitalization threshold for computer software, including internally generated software is \$250,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Major outlays for capital assets and improvements are capitalized as projects are constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Depreciation has been provided over the estimated useful life using the straight-line method. For the purposes of depreciating infrastructure capital assets, all roads and bridges are considered a network. The estimated useful lives are:

Buildings and Improvements:	30-70 years
Improvements other than buildings:	10-20 years
Machinery and equipment:	5-10 years
Vehicles:	5-7 years
Infrastructure:	60 years
Intangibles:	2-5 years

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County only reports pension related items in this category on the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County reports unavailable revenue and pension related items in this category. Unavailable revenue, is reported only in the governmental funds balance sheet, while the pension related items only on the Statement of Net Position. The governmental funds report unavailable revenues from three sources: property taxes, intergovernmental grants, and long-term receivables. These amounts are recognized as an inflow of resources in the period that the amounts become available.

**Compensated Absences**

Compensated absences are accrued when incurred in the government-wide financial statements. The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion reported is for vacation and the non-current portion is vested and vesting sick leave.

Under the County's personnel policies and union contracts, County employees are granted vacation and sick leave in varying amounts based on length of service and bargaining agreement. Vacation leave accrual varies from 2.00 to 9.60 hours per biweekly pay period. Sick leave accrual varies from 2.00 to 5.75 hours per biweekly pay period.

Unused accumulated vacation is paid to employees at termination. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements.

Vested sick leave is available at retirement to be used for payment of employee's health and dental costs during their retirement. The vested sick leave and unvested sick leave likely to become vested (vesting sick leave) are estimated using the vesting method prescribed by GASB Statement No. 16. Both vested and vesting amounts are recognized in the government-wide and proprietary fund financial statements as liabilities, but not in the governmental funds.

Unvested sick leave for all County funds in the amount of \$7,037,446 at December 31, 2015 is available to employees in the event of illness-related absences and is not reported in the financial statements.

**Pension Plan**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Conduit Debt**

In 2014, St. Louis County's Housing and Redevelopment Authority (HRA) issued a \$3.3 million lease revenue note. The proceeds of the note were loaned to ABC of North Shore Community School Inc., a Minnesota nonprofit corporation, to construct and equip a 10,000 square foot addition to the existing kindergarten through sixth grade charter school. The loan payments are being made directly to North Shore Bank of Commerce by the nonprofit. The debt is secured by the property financed and is payable solely from pledged lease revenues. Neither St. Louis County nor the HRA are obligated in any manner for the repayment of the note. Accordingly, the debt is not reported as a liability in the accompanying financial statements. As of 12/31/15, the outstanding principal balance was \$2.9 million.

**Closure and Postclosure Care Costs**

In accordance with Governmental Accounting Standards Board's Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs, the County has accrued liabilities for closure and postclosure costs associated with future closing of its Regional Landfill.

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of the financial statement date. The \$2,010,817 for the open area reported on the Environmental Services Enterprise Fund statement of net position as landfill closure and postclosure liability at December 31, 2015, represents the following:

Postclosure liability

This is the liability for post closure costs for the Regional Landfill. \$1,111,220  
It is based on the use of 81.90% of the existing open area.

Closure liability

This is the liability for closure cost for the Regional Landfill. \$899,597  
It is based on the use of 81.90% of the existing open area.

The County will recognize the remaining \$444,320 in costs of closure and postclosure care of the open area as the remaining estimated capacity of the open area if the Regional Landfill is filled. The amounts are based on what it would cost to perform all closure and postclosure care in 2015. The County expects the open area to be closed in 2023 or later. Actual costs may differ due to inflation, deflation, changes in technology, or changes in applicable laws or regulations.

The County is required by state and federal laws and regulations to make annual contributions to a restricted account to finance closure and postclosure care of the last cell that will be accepting waste. The County is in compliance with these requirements, and at December 31, 2015, restricted assets of \$4,148,110 are included in the amounts shown on the Environmental Services Enterprise Fund balance sheet as Restricted assets financial assurance - Cash and cash equivalents, Investments and Accrued interest receivable.

Financial assurance fund contributions necessary to accumulate these funds will be generated from service fees and tipping fees on solid waste, as well as from funds generated from the Greater Minnesota Landfill Cleanup fee. This fee is \$2.00 per cubic yard on solid waste deposited at the landfill.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Classification of Net Position**

Net position in the government-wide financial statements is classified in the following categories:

Net investment in capital assets - the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted - the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulation of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - the amount of net position that does not meet the definition of restricted or net investment in capital assets.

**Fund Equity**

Fund balance is classified as:

Nonspendable – amounts that cannot be spent because they are not in spendable form (non-current loans, inventories and prepaid items), or that cannot be legally spent (principal portion of the Shoreline Sales Permanent Fund).

Restricted – amounts to be used for specific purposes as determined by enabling legislation or imposed by grantors or debt covenants; used before unrestricted fund balance when an expenditure is incurred for which both restricted and unrestricted fund balance is available.

Committed – amounts to be used for specific purposes as determined by formal County Board resolution. The Fund Balance policy is also established annually by board resolution. Committed fund balances are used before assigned or unassigned fund balances when an eligible expenditure is incurred. Formal Board action also is required to modify or rescind a committed fund balance.

Assigned – amounts intended to be used for certain purposes as determined by the County Board, or by the Administrator and Auditor acting together. The Fund Balance policy is established annually by board resolution. Assigned fund balance is used when an expenditure is incurred for which both assigned and unassigned fund balance is available.

Unassigned – amount remaining in the General Fund that has not been restricted, committed, or assigned.

**H. Federal Audit Requirements**

The Single Audit Act Amendments of 1996 requires the County to have a single, independent audit of its financial operations, including compliance with certain provisions of federal law and regulations. This audit requirement was complied with for fiscal year ended December 31, 2015; the auditor's reports on compliance and internal accounting control will be issued separately.

**I. Use of Estimates**

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**J. Change in Accounting Principles**

During the year ended December 31, 2015, the County adopted new accounting guidance by implementing the provisions of GASB Statements 68 and 71. GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, requires governments providing defined benefit pensions to employees through pension plans administered through trusts to record their proportionate share of the net pension obligation as a liability on their financial statements along with related deferred outflows of resources, deferred inflows of resources, and pension expense. This statement also requires additional note disclosures and schedules in the required supplementary information.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68, addresses an issue regarding amounts associated with contributions made to a pension plan after the measurement date of the net pension liability.

GASB Statement No. 82, Pension Issues - an amendment of GASB Statement No. 68, modifies the measure of payroll that is presented in the required supplementary information schedules.

GASB Statements 68 and 71 require the County to report its proportionate share of the PERA total employers' unfunded pension liability. As a result, beginning net position has been restated to record the County's net pension liability and related deferred outflows of resources.

	Governmental Activities	Business-type Activities
Net Position, January 1, 2015, as previously reported	717,344,361	21,945,187
Change in accounting principles	(74,184,064)	(1,325,455)
Net Position, January 1, 2015, as restated	643,160,297	20,619,732

**Note 2. Detailed Notes on all Funds and Accounts**

**A. Assets**

**Deposits and Investments**

Reconciliation of the County's total deposits, cash on hand, and investments to the basic financial statements follows:

Governmental Activities:

Current assets:

Cash and cash equivalents	156,983,168
Investments	63,958,679

Business-type Activities:

Current assets:

Cash and cash equivalents	1,487,648
Investments	12,412,738

Restricted assets:

Financial Assurance

Cash and cash equivalents	789,656
Investments	3,346,437

Health and sanitation

Cash and cash equivalents	-
---------------------------	---

Fiduciary Activities

Current assets:

Cash and cash equivalents	10,801,409
Investments	6,156,818
Total	255,936,553

Deposits

	20,585,804
--	------------

Cash on hand

	67,677
--	--------

Investments

	235,283,072
Total deposits, cash on hand, and investments	255,936,553

**(Amounts in Dollars)**

	Held for Individual Investment Accounts - Investment Trust Funds	Held for All Other County Funds	Total
Cash and cash equivalents	31,738	170,030,143	170,061,881
Investments	4,170,722	81,703,950	85,874,672
Total	4,202,460	251,734,093	255,936,553

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**Deposits**

Minn. Stat. §§ 118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. §118A.03 requires that all County deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

*Custodial Credit Risk--Deposits.* Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County deposit policy for custodial credit risk follows Minnesota Statutes regarding pledged collateral. The market value of collateral must equal 110% of the deposits not covered by insurance or surety bonds. As of December 31, 2015, the County's deposits were fully covered by insurance, surety bonds, and collateral, and were not exposed to custodial credit risk.

**Investments**

Minn. Stat. §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts

As of December 31, 2015, the County had the following investments and maturities:

	Fair Value	Investment Maturities in Years					
		Less than 1	1-2	2-3	3-4	4-5	More than 5
Brokered CD's	\$ 50,085,046	\$ 19,192,000	\$ 15,982,000	\$ 4,323,046	\$ 4,635,000	\$ 4,464,000	\$ 1,489,000
CD's	3,983,381	93,090	2,503,002	1,387,289	-	-	-
Minnesota SBI	12,301,810	12,301,810	-	-	-	-	-
Municipal Bonds	5,708,292	1,599,923	499,630	1,183,058	849,353	766,608	809,720
FFCB	17,396,350	2,010,482	-	505,160	1,936,274	5,682,794	7,261,640
FHLB	86,231,712	39,804,365	7,025,573	17,013,369	6,704,034	6,213,515	9,470,856
FHLMC	26,614,520	10,789,336	797,800	1,787,365	5,874,348	1,741,553	5,624,118
FNMA	32,961,961	5,324,237	4,282,038	6,848,989	6,012,964	7,736,179	2,757,554
<b>Total</b>	<b>\$ 235,283,072</b>	<b>\$ 91,115,243</b>	<b>\$ 31,090,043</b>	<b>\$ 33,048,276</b>	<b>\$ 26,011,973</b>	<b>\$ 26,604,649</b>	<b>\$ 27,412,888</b>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy requires at least 40% of total investments to have terms of one year or less, and the desired weighted average maturity of the portfolio shall be less than three years. All interest bearing deposits are included in the total portfolio. The County is in compliance with the policy.

*Credit Risk.* Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Except for the Shoreline Sales Permanent Fund, authorized under Minn. Stat §373.475, which invests in the unrated Minnesota State Board of Investment, it is the County's policy to invest only in securities that meet the ratings requirements set by state statute.

The County's exposure to credit risk as of December 31, 2015, is as follows:

Rating	Fair Value
S&P AAA	\$ 254,108
S&P A-1+	\$ 17,295,762
S&P AA+	148,806,404
S&P AA	853,655
Moody's Aa2	1,702,906
Total	\$168,912,835

*Custodial Credit Risk-Investments.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As required by County policy, at December 31, 2015, all of the County's investments were held by a third party custodian and were not exposed to custodial credit risk.

*Concentration of Credit Risk.* The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. County policy states that in no case will investments in any one financial institution exceed 50% of the County's total portfolio. U.S. government securities, mutual funds, and external investment pools are exempt from this restriction.

**Receivables**

Receivables as of December 31, 2015 for the County's governmental and business-type activities, including applicable

	Total	Not expected to be collected
	Receivable	within one year
<b>Governmental Activities</b>		
Taxes	\$ 6,410,354	\$ -
Accounts receivable	11,833,154	8,400,141
Accrued interest receivable	828,604	-
Loans receivable	1,878,161	1,788,734
Interfund receivable	76,127	-
Due from other governments	19,854,108	-
Advances to other funds	1,837,344	1,799,847
Total Governmental Activities	\$ 42,717,852	\$ 11,988,722
<b>Business Activities</b>		
Taxes	\$ 15,554	\$ -
Accounts Receivable	89,977	-
Accrued interest receivable	63,585	-
Loans Receivable	307,622	307,622
Total Business Activities	\$ 476,738	\$ 307,622

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Loans Receivable**

The loan receivable from Meadowlands Affordable Housing Limited Partnership is \$176,585 and is included in the non-spendable noncurrent loans category of fund balance. The purpose of the loan was the construction of a 12-unit affordable housing project. In 2010 the Housing and Redevelopment Authority Board passed a resolution to defer principal and interest payments until December 3, 2023 at which time the loan and accrued interest will be forgiven, provided the Meadowland Affordable Housing Partnership has maintained Meadowlands Manor as affordable rental housing in conformance with the note. The receivable will be written off after all requirements of the loan have been met, and is accounted for in the Housing and Redevelopment Authority Special Revenue Fund.

The loan receivable from the Minnesota Assistance Council for Veterans is \$150,000 and is included in the non-spendable noncurrent loans category of fund balance. The purpose of the loan was to increase the size of a of an existing permanent supportive Veteran's housing building from 9 units to 11 units. The interest free, 20 year forgivable loan, was approved by the Housing and Redevelopment Board on July 14, 2009. The receivable will be written off after 20 years provided the Contractor has remained in conformance with the agreement, and is accounted for in the Housing and Redevelopment Authority Special Revenue Fund.

The loan receivable from Arrowhead Economic Opportunity Agency (AEOA) is \$150,000 and is included in the non-spendable noncurrent loans category of fund balance. The purpose of the loan was to construct a 15-unit permanent supportive housing building for homeless youth. The interest free, 20 year forgivable loan, was approved by the Housing and Redevelopment Board on July 14, 2009. The receivable will be written off after 20 years provided the Contractor has remained in conformance with the agreement, and is accounted for in the Housing and Redevelopment Authority Special Revenue Fund.

The loan receivable from City Center Housing Corporation is \$250,000 and is included in the non-spendable noncurrent loans category of fund balance. The purpose of the loan was to construct six units of emergency shelter housing in the Hillside Apartments named the Steve O'Neil apartments. The interest free 20 year forgivable loan was approved by the Housing and Redevelopment Board on April 2, 2013. The receivable will be written off after 20 years provided the Contractor has remained in conformance with the agreement, and is accounted for in the Housing and Redevelopment Authority Special Revenue Fund.

The loan receivable from Bois Forte Band of Chippewa is \$150,000 and is included in the non-spendable noncurrent loans category of fund balance. The purpose of the loan was to provide supportive housing for the New Moon project located on the Vermillion Sector of the Bois Forte Reservation. The interest free 20 year forgivable loan was approved by the Housing and Redevelopment Board on February 8, 2011. The receivable will be written off after 20 years provided the Contractor has remained in conformance with the agreement, and is accounted for in the Housing and Redevelopment Authority Special Revenue Fund.

Included in the Septic Loan Special Revenue Fund are loans under the Minnesota Pollution Control Loan Program totaling \$591,299 at December 31, 2015. These are included in the committed for health and sanitation category of fund balance.

Two loans to the South St. Louis County Fair were consolidated into one loan in 2015. The loans were for the construction of a grandstand with lights and a concession. The new agreement restructured the loans to have lower annual payments and extended the payback period. The new agreement requires annual payments of \$13,500; \$8,500 from the Racing Association and \$5,000 from the Fair Association. The balance owed on these loans is \$239,360 and is included in the noncurrent loans category of fund balance.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**Loans Receivable-continued**

The loan receivable from Gardenwood Resort \$37,191 and Retreat Golf Course \$13,194 is included in the non-spendable noncurrent loans category of fund balance. The purpose of the Minnesota Investment Fund (MIF) loan was to assist businesses that were impacted from the 2012 flood. The interest free, partially forgivable loan was approved by the St. Louis County Board on January 15, 2013. Half of the loan amount will be forgiven if the borrowers continue to own and operate their businesses for 10 years after the Initial Disbursement Date, which was September 12, 2013. The loan is accounted for in the General Fund.

The City of Ely owes for its share of costs associated with the Ely Joint Public Works Facility. One loan has a balance of \$20,143 with an interest rate of 3.9%. It requires payments of \$1,095 on May 1 and November 1 each year until 2027. The second loan has a balance of \$100,389 with an interest rate of 5%. It requires payments of \$5,792 on May 1 and November 1 each year until 2027. Both loans are included in the assigned for highways and streets category of fund balance.

**Lease Receivable**

St. Louis County leases to the State of Minnesota approximately 33,162 useable square feet of space in the Pike Lake Joint Maintenance Facility. The total cost of the shared facility was \$5,948,604; depreciation to date is \$2,643,824 leaving a carrying value of \$3,304,780. The State pays rent of \$14,077 per month through August 2017. The monthly rent is accounted for in the Debt Service Fund and is used to retire the outstanding bonds. The State also pays 29.5% of the operating costs of the facility.

The minimum future rentals are:

Year Ending December 31	
2016	168,919
2017	112,615
Total	<u>\$ 281,534</u>

**Lease to Chris Jensen, LLC**

On November 1, 2009 St. Louis County entered into an agreement with Chris Jensen, LLC, a Minnesota limited liability company for the lease of approximately 398,941 square feet located at 2501 Rice Lake Road, Duluth, Minnesota, the site of Chris Jensen Health and Rehabilitation Center. On April 1, 2014 the County sold Chris Jensen and Rehabilitation Center to Chris Jensen, LLC for \$2.3 million.

The County also received from Chris Jensen, LLC pro rated collections of the certified accounts receivable as of November 1, 2009. The County received all the funds from the original agreement, but Chris Jensen, LLC received more than the previously agreed upon amount, so they will repay the County a final payment of \$71,296 over the next three years. They will make payments of \$23,765 each December, the first payment was received in 2014 and the second payment was received in December of 2015.

**Restricted Assets**

Business-type activities

Financial assurance for closure and post closure care

Cash and cash equivalents	\$ 789,656
Investments	3,346,437
Accrued interest receivable	12,017

Health and sanitation

Loans Receivable	116,758
Total	<u>\$ 4,264,868</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Capital Assets**

Capital asset activity for the year ended December 31, 2015 was as follows:

**Governmental Activities:**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:					
Land	\$ 2,529,127	\$ 200,771	\$ -	\$ -	\$ 2,729,898
Permanent right of way	543,880	52,138	-	-	596,018
Work in progress	20,395,549	9,186,458	-	(1,894,078)	27,687,929
Total capital assets, not being depreciated	<u>23,468,556</u>	<u>9,439,367</u>	<u>-</u>	<u>(1,894,078)</u>	<u>31,013,845</u>
Capital assets, being depreciated:					
Buildings and structures	135,656,002	2,201,251	(204,891)	4,695	137,657,057
Machinery and equipment	20,405,717	702,488	(125,739)	-	20,982,466
Vehicles	59,927,094	5,122,220	(1,456,256)	-	63,593,058
Infrastructure	660,985,120	49,924,342	-	-	710,909,462
Computer Software	3,366,620	-	-	-	3,366,620
Temporary right of way	26,600	13,640	-	-	40,240
Total capital assets being depreciated	<u>880,367,153</u>	<u>57,963,941</u>	<u>(1,786,886)</u>	<u>4,695</u>	<u>936,548,903</u>
Less accumulated depreciation for:					
Buildings and structures	(53,543,742)	(3,688,426)	112,619	-	(57,119,549)
Machinery and equipment	(15,170,983)	(1,337,043)	123,929	-	(16,384,097)
Vehicles	(39,059,511)	(3,134,099)	1,278,555	-	(40,915,055)
Infrastructure	(193,440,192)	(9,339,238)	-	-	(202,779,430)
Computer Software	(1,993,719)	(673,324)	-	-	(2,667,043)
Temporary right of way	(23,773)	(1,886)	-	-	(25,659)
Total accumulated depreciation	<u>(303,231,920)</u>	<u>(18,174,016)</u>	<u>1,515,103</u>	<u>-</u>	<u>(319,890,833)</u>
Total capital assets being depreciated, net	<u>577,135,233</u>	<u>39,789,925</u>	<u>(271,783)</u>	<u>4,695</u>	<u>616,658,070</u>
Governmental activities, capital assets, net	<u>\$ 600,603,789</u>	<u>\$ 49,229,292</u>	<u>\$ (271,783)</u>	<u>\$ (1,889,383)</u>	<u>\$ 647,671,915</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Business-type activities:**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 277,966	\$ -	\$ -	\$ -	\$ 277,966
Construction in progress	-	182,000	-	-	182,000
Total capital assets, not being depreciated	277,966	182,000	-	-	459,966
Capital assets, being depreciated:					
Buildings and structures	6,999,402	-	-	-	6,999,402
Improvements other than buildings	10,850,695	-	-	-	10,850,695
Machinery and equipment	998,932	-	-	-	998,932
Vehicles	1,401,078	142,114	-	-	1,543,192
Total capital assets being depreciated	20,250,107	142,114	-	-	20,392,221
Less accumulated depreciation for:					
Buildings and structures	(4,316,757)	(281,957)	-	-	(4,598,714)
Improvements other than buildings	(6,623,886)	(255,517)	-	-	(6,879,403)
Machinery and equipment	(786,163)	(71,552)	-	-	(857,715)
Vehicles	(1,128,465)	(59,770)	-	(25,731)	(1,213,966)
Total accumulated depreciation	(12,855,271)	(668,796)	-	(25,731)	(13,549,798)
Total capital assets, being depreciated, net	7,394,836	(526,682)	-	(25,731)	6,842,423
Business-type activities, capital assets, net	<u>\$ 7,672,802</u>	<u>\$ (344,682)</u>	<u>\$ -</u>	<u>\$ (25,731)</u>	<u>\$ 7,302,389</u>

Depreciation:

Depreciation expense was charged to functions/programs as follows:

Governmental activities

General government	\$ 1,087,311
Public safety	1,874,851
Highways	12,733,354
Health and sanitation	448
Human Services	328,768
Culture and recreation	1,659,936
Conservation of natural resources	202,245
Economic development	24,768
Internal Service Funds	262,335
Total depreciation expenses - governmental activities	<u>\$ 18,174,016</u>

Business-type activities

Environmental Services	<u>\$ 668,796</u>
------------------------	-------------------

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**B. Liabilities**

**Advance From Other Governments**

The Minnesota Department of Transportation (MnDOT) also advanced to the County funds to help cash flow and cover expense for road and bridge repairs related to the June 2012 Flood. Twelve million dollars of State Aid Disaster Funds were received shortly after the flood. Of this amount, \$3,500,000 has been returned to MnDOT and \$5,823,533 has been applied to road and bridge projects. The remaining \$2,676,467 is reported in advance from other governments.

**Long-Term Debt**

Long-term liability activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One-Year
<b>GOVERNMENTAL ACTIVITIES</b>					
<b><i>Bonds, notes, and tax lease obligations payable</i></b>					
General obligation debt					
Capital Improvement					
Crossover Bonds 2006A	\$ 2,460,789	\$ -	\$ (2,460,789)	\$ -	\$ -
Capital Improvement Bonds 2008B	7,679,193	-	(717,713)	6,961,480	747,713
Capital Improvement Bonds 2013A	21,246,123	-	(831,513)	20,414,610	846,513
Capital Equipment Notes 2013B	4,403,079	-	(687,140)	3,715,939	712,140
Capital Improvement Current & Crossover Refunding 2013C	8,570,213	-	(1,492,219)	7,077,994	1,557,219
Capital Improvement Crossover Refunding 2013D	5,509,435	-	(427,009)	5,082,426	447,009
Capital Improvement Bonds 2014A	5,664,452	-	(314,445)	5,350,007	324,445
Capital Improvement Crossover Refunding 2015A	-	2,519,248	(1,214,789)	1,304,459	629,718
Capital Improvement Crossover Refunding 2015B	-	5,758,553	(34,923)	5,723,630	46,564
Capital Improvement Bonds 2015C	-	41,139,564	(88,364)	41,051,200	2,061,728
General obligation revenue notes	310,750	118,420	(50,390)	378,780	50,390
<b><i>Total bonds, notes and tax lease obligations payable</i></b>	<u>55,844,034</u>	<u>49,535,785</u>	<u>(8,319,294)</u>	<u>97,060,525</u>	<u>7,423,439</u>
<b><i>Other Liabilities</i></b>					
Compensated absences	31,532,710	12,401,862	(12,390,230)	31,544,342	6,696,400
Claims payable	8,723,455	31,933,882	(32,843,205)	7,814,132	2,646,773
Other post employment benefits obligation	4,296,362	311,841	-	4,608,203	-
<b><i>Total other liabilities</i></b>	<u>44,552,527</u>	<u>44,647,585</u>	<u>(45,233,435)</u>	<u>43,966,677</u>	<u>9,343,173</u>
<b>Governmental activities long-term liabilities</b>	<u>\$ 100,396,561</u>	<u>\$ 94,183,370</u>	<u>\$ (53,552,729)</u>	<u>\$ 141,027,202</u>	<u>\$ 16,766,612</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b><i>Other Liabilities</i></b>					
Compensated absences	\$ 873,330	\$ 328,335	\$ (268,725)	\$ 932,940	\$ 180,276
Closure and post-closure liabilities	1,981,380	29,437	-	2,010,817	-
<b>Business-type activities long- term liabilities</b>	<u>\$ 2,854,710</u>	<u>\$ 357,772</u>	<u>\$ (268,725)</u>	<u>\$ 2,943,757</u>	<u>\$ 180,276</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$12,632,465 of internal service funds compensated absences, claims payable, and other post employment benefit obligations are included in the above amounts. Also, for the governmental activities, claims, capital leases, and compensated absences are generally liquidated by the General Fund, Road and Bridge, Public Health and Human Services, and Forfeited Tax Sale Special Revenue funds.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**General obligation bonds and notes payable at December 31, 2015, consist of the following issues:**

<p>\$11,380,000 General Obligation Capital Improvement Bonds due in annual installments of \$525,000 to \$1,010,000 on December 1, 2009 through 2023; interest at 3.50 to 5.00 percent, including unamortized premium of \$26,906.</p>	6,961,480
<p>\$20,650,000 General Obligation Capital Improvement Bonds due in annual installments of \$800,000 to \$1,500,000 on December 1, 2015 through 2033; interest at 2.00 to 4.125 percent, including unamortized premium of \$627,636.</p>	20,414,610
<p>\$4,640,000 General Obligation Capital Equipment Notes due in annual installments of \$575,000 to \$730,000 on December 1, 2014 through 2020; interest at 3.00 to 5.00 percent, including unamortized premium of \$395,219.</p>	3,715,939
<p>\$8,895,000 General Obligation Capital Improvement Current and Crossover Refunding Bonds due in annual installments of \$505,000 to \$1,590,000 on December 1, 2014 through 2020; interest at 3.00 to 5.00 percent, including unamortized premium of \$672,432. \$6,135,000 of this issue was to refund the \$7,473,921 outstanding of the \$13,785,000 General Obligation Capital Improvement bonds, Series 2004, dated October 1, 2004. The net present value benefit of the refunding issue is \$503,213 and results in a reduction of \$560,624 in future debt service payments. This refunding occurred on December 1, 2013. The other \$2,760,000 was issued to crossover refund \$2,885,000 that was outstanding on December 1, 2014 for the \$6,115,000 General Obligation Capital Improvement bonds, Series 2005, dated November 22, 2005. The net present value benefit of this part of the refunding issue is \$139,058 and resulted in a reduction of \$159,116 in future debt service payments. This crossover refunding occurred on December 1, 2014.</p>	7,077,994
<p>\$5,495,000 General Obligation Capital Improvement Current Refunding Bonds due in annual installments of \$335,000 to \$555,000 on December 1, 2014 through 2025; interest at 3.00 to 5.00 percent, including unamortized premium of \$381,444. This bond was issued to refund the \$6,275,000 outstanding of the \$7,135,000 General Obligation Capital Improvement bonds, Series 2010, dated December 9, 2010. The net present value loss of the refunding issue is \$87,537 and results in an increase of \$89,581 in future debt service payments. These bonds were refunded by using the extraordinary call provision that was allowed if the Federal Government reduced the percentage of reimbursement on the Build America Bonds. The County Board chose to use this call provision to protect the County against future continued reductions, as included in draft legislation at the time of the decision to refund, in the Build America Bond reimbursement. Congress ultimately did pass and the president signed an extension of the sequestration of Build America Bonds in February 2014, which, if continued into the future, would have resulted in future present value losses to the County of \$428,396, had the Board chosen not to refund. The refunding occurred on October 15, 2014.</p>	5,082,426
<p>\$5,470,000 General Obligation Capital Improvement Bonds due in annual installments of \$295,000 to \$450,000 on December 1, 2015 through 2029; interest at 3.00 to 3.375 percent, including unamortized premium of \$213,897. The proceeds from this bond were used to pay for St. Louis County's portion of renovations at Arrowhead Regional Corrections, which is a Joint Venture.</p>	5,350,007
<p>\$2,360,000 General Obligation Capital Improvement Current Refunding Bonds due in annual installments of \$570,000 to \$1,170,000 on December 1, 2015 through 2017; interest at 5 percent, including unamortized premium of \$159,247. This bond was issued to refund the \$2,445,000 outstanding of the \$7,845,000 General Obligation Capital Improvement bonds, Series 2006, dated March 28, 2006. The net present value benefit of the refunding issue is \$45,525 and results in a reduction of \$45,358 in future debt service payments.</p>	1,304,459
<p>\$5,355,000 General Obligation Capital Improvement Crossover Refunding Bonds due in annual installments of \$845,000 to \$950,000 on December 1, 2018 through 2023; interest at 2.00 to 3.00 percent, including unamortized premium of \$403,553. This bond was issued to crossover refund \$5,420,000 of the \$6,940,000 outstanding of the \$11,380,000 General Obligation Capital Improvement bonds, Series 2008, dated October 21, 2008. The net present value benefit of the refunding issue is \$446,837 and results in a reduction of \$444,522 in future debt service payments. The crossover refunding will occur on December 1, 2017.</p>	5,723,630
<p>\$38,415,000 General Obligation Capital Improvement Bonds due in annual installments of \$1,885,000 to \$3,235,000 on December 1, 2015 through 2030; interest at 3.00 to 5.0 percent, including unamortized premium of \$2,724,563.</p>	41,051,200
<p>Total General obligation bonds</p>	96,681,745

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**General obligation revenue notes payable at December 31, 2015, consist of the following issues:**

\$50,000 1998 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide the initial funds for the septic system improvement loan program under the Agricultural Best Management Loan Program.	12,865
\$200,000 1998 General Obligation Revenue Notes payable to the Minnesota Department of Agriculture (Department) to provide the initial funds for the septic system improvement loan program under the Agricultural Best Management Loan Program.	103,338
\$200,000 2001 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program.	103,338
\$79,000 2004 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program.	40,819
\$118,420 2015 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program.	118,420
The terms of the above described revenue notes require semi-annual repayments of \$25,195 to \$4,191 beginning April 1, 2009 through 2026.	
Total notes payable	378,780
Total General obligation bonds and notes payable	\$ 97,060,525

Governmental Activities General Obligation Long-Term Debt to Maturity is as follows:

Year Ending December 31	General Obligation	
	Principal	Interest
2016	7,423,440	3,334,795
2017	7,701,246	3,106,195
2018	8,084,556	2,866,470
2019	8,304,180	2,630,752
2020	7,469,867	2,290,403
2021-2025	29,539,650	7,812,218
2026-2030	24,120,673	3,256,129
2031-2033	4,416,913	361,210
<b>Total:</b>	<b>\$ 97,060,525</b>	<b>\$ 25,658,172</b>

The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2015, of all governmental units which provide services within the County's borders, and which must be borne by properties in the County, is summarized below:

	(Amounts in Dollars)		
	Outstanding	Percentage	County Share of Debt
		Applicable to the County	
<b>Direct Debt</b>			
St. Louis County	97,060,525	100.00	97,060,525
<b>Overlapping Debt</b>			
School Districts	169,714,375	47.77	81,077,319
Western Lake Superior Sanitary District	52,821,017	83.15	43,918,176
<b>Underlying Debt</b>			
Cities	131,078,777	100.00	131,078,777
School Districts	394,731,738	100.00	394,731,738
Towns	2,665,205	100.00	2,665,205
Crane Lake Water & Sanitary District	1,402,609	100.00	1,402,609
Duluth HRA	504,050	100.00	504,050
North Shore Sanitary District	6,047,511	100.00	6,047,511
Hibbing HRA	220,000	100.00	220,000
<b>Total</b>	<b>856,245,807</b>		<b>758,705,910</b>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**Lease Obligations**

The County is committed under various operating leases for office space, parking facilities, data processing software, and office equipment. Most of these leases are expected to continue indefinitely or be replaced by similar leases.

The following is a summary of the operating lease expense for 2015:

<b>Type of Property</b>		
Rental of office space and parking facilities	\$	390,982
Data processing software		43,749
Hardware		564,625
Auto		2,326
<b>Total rental expense</b>	<b>\$</b>	<b><u>1,001,682</u></b>

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2015:

<b>Year Ended December 31</b>		
2016		741,211
2017		668,455
2018		633,983
2019		606,969
2020		607,574
<b>Total future minimum lease payments</b>	<b>\$</b>	<b><u>3,258,192</u></b>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**Construction Commitments**

At December 31, 2015, the County had construction commitments as follows:

(Amounts in Dollars)

	<b>Authorized Projects</b>	<b>Expended to Date</b>	<b>Commitments</b>
GSC Remodel	20,650,000	20,300,966	346,978
AP Cook Building	3,650,447	1,816,614	234,649
North Rescue Squad Building	1,355,000	1,046,330	169,087
<b>Total</b>	<b>25,655,447</b>	<b>23,163,910</b>	<b>750,714</b>

**Purchase Commitments/Encumbrances**

At December 31, 2015, the County had purchase commitments represented by open encumbrances. These are included as part of assigned fund balance as follows:

<b>Fund</b>	<b>Amount</b>
General	\$ 4,514,971
Road and Bridge	1,743,722
Public Health and Human Services	653,275
Forfeited Tax Sale	144,988
Forest Resources	977,421
<b>Total</b>	<b>\$ 8,034,377</b>

## Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains three internal service funds to account for and finance its purchased insurance and uninsured risks of loss. In none of the past three years did the County have a loss exceeding coverage for purchased insurance. Insurance coverage has not significantly changed from the prior year.

*The Property, Casualty, Liability Insurance Fund* covers claims and judgments against the County, including administrative expenses and expenses for third-party coverage. All risk, except fire and property damage to major structures is assumed. Maximum third-party coverage for property damage is limited to the estimated value of the property. No claims have exceeded coverage. Premiums are charged to other County funds on the historical basis and are reported as quasi-external transactions. The estimated liability at year end is based on a case-by-case evaluation by the County Attorney's Office and is consistent with the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County Attorney's Office estimated settlements to be \$126,400 at December 31, 2015, for various cases considered "reasonably possible" losses to the County. This amount is not reflected in the financial statements.

*The Workers' Compensation Insurance Fund* covers workers' compensation claims up to \$1,960,000 per single loss occurrence. At that point, the County is covered for losses by the Workers' Compensation Reinsurance Association, an organization created by Minnesota statutes in 1979 to implement a mandatory program of reinsurance for workers' compensation liability risks in the State of Minnesota for losses occurring on or after October 1, 1979. The Association provides full indemnification for the County for claims arising under Minn. Stat. Chapter 176 (2002) in excess of the \$1,960,000 retention limit. The estimated liability for workers' compensation reported in the Fund is based on a case-by-case examination of claims filed through December 31, 2015, and is consistent with the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The nondiscounted value of the estimated liability for claims payable at the end of the year was \$5,803,312 and is present valued at 1.4303%.

This percentage is the average investment yield for the first two months of the subsequent year. The activities of the Fund are supported by premiums from County funds which have personnel; the premiums are based on historical costs and are reported as quasi-external transactions. A portion of the premium is for administrative costs and reinsurance costs which are paid from the Fund; a portion of the premium is to provide for expected future catastrophic losses.

*The Medical/Dental Insurance Fund* covers medical and dental expenses incurred by County employees, dependents, and retirees, including cost of claims management by a third party administrator and cost of an insurance consultant. Premiums include a provision for stop-loss insurance and administrative expenses and are based on anticipated claims and available net position. The County carries individual-specific stop loss insurance for claims that exceed \$750,000 per year per employee contract. All County funds with personnel are charged for the County's share of premiums for employees and these charges are reported as quasi-external transactions.

Employees contribute a share of the premiums from payroll deductions; premiums for retirees are paid for in part by other County funds and in part by the retirees themselves. The liability at year end is an actuarial calculation by the third party administrator; it includes a reasonable provision for incurred but not reported claims and is consistent with the provision of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

Changes in the funds' claims liability amounts during 2014 were:

	(Amounts in Dollars)		
	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
Beginning of fiscal year liability for claims	280,000	5,108,744	1,943,512
Current year claims and changes in estimates	389,009	1,086,693	28,418,344
Claim payments	(587,009)	(146,202)	(27,769,636)
Balance of claims payable at fiscal year end	<b>82,000</b>	<b>6,049,235</b>	<b>2,592,220</b>

Changes in the funds' claims liability amounts during 2015 were:

	(Amounts in Dollars)		
	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
Beginning of fiscal year liability for claims	82,000	6,049,235	2,592,220
Current year claims and changes in estimates	332,413	1,118,421	31,392,371
Claim payments	(414,413)	(1,364,345)	(31,973,771)
Balance of claims payable at fiscal year end	<b>-</b>	<b>5,803,311</b>	<b>2,010,820</b>

**Retirement Plan**

**Defined Benefit Pension Plans**

**Plan Description**

All full-time and certain part-time employees of St. Louis County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Local Government Correctional Service Retirement Fund (the Public Employees Correctional Fund), which are cost sharing multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years and increasing 5 percent for each year of service until fully vested after 20 years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional facility and its inmates are covered by the Public Employees Correctional Fund. For members hired after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Benefits Provided**

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 percent post retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Fund Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For General Employees Retirement Fund members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Public Employees Police and Fire Fund and Public Employees Correctional Fund members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 55. Disability benefits are available for vested members and are based on years of service and average high-five salary.

**Contributions**

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2015. Public Employees Police and Fire Fund members were required to contribute 10.80 percent of their annual covered salary in 2015. Public Employees Correctional Fund members were required to contribute 5.83 percent of their annual covered salary in 2015.

In 2015, The County was required to contribute the following percentages of annual covered payroll:

General Employees Retirement Fund	
Basic Plan Members	11.78%
Coordinated Plan Members	7.50%
Public Employees Police and Fire Fund	16.20%
Public Employees Correctional Fund	8.75%

The General Employees Retirement Fund Coordinated Plan member and employer contribution rates each reflect a 0.25 percent increase from 2014. The Public Employees Police and Fire Fund member and employer contribution rates increased 0.60 percent and 0.90 percent, respectively, from 2014.

The County's contributions for the year ended December 31, 2015, to the pension plans were:

General Employees Retirement Fund	6,145,384
Public Employees Police and Fire Fund	1,261,851
Public Employees Correctional Fund	350,413

The contributions are equal to the contractually required contributions as set by state statute.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**Pension Costs**

General Employees Retirement Fund

At December 31, 2015, the County reported a liability of \$68,502,536 for its proportionate share of the General Employees Retirement Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 1.3218 percent. It was 1.4831 percent measured as of June 30, 2014. The County recognized pension expense of \$7,214,878 for its proportionate share of the General Employees Retirement Fund's pension expense.

The County reported its proportionate share of the General Employees Retirement Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$	\$ 3,453,695
Difference between projected and actual investment earnings	6,484,814	-
Changes in proportion		5,684,463
Contributions paid to PERA subsequent to the measurement	3,191,067	-
Total	\$ 9,675,881	\$ 9,138,158

A total of \$3,191,067 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ (1,424,849)
2017	(1,424,849)
2018	(1,424,849)
2019	1,621,203

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**Pension Costs**

Public Employees Police and Fire Fund

At December 31, 2015, the County reported a liability of \$9,130,596 for its proportionate share of the Public Employees Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 0.810 percent. It was 0.848 percent measured as of June 30, 2014. The County recognized pension expense of \$1,445,026 for its proportionate share of the Public Employees Police and Fire Fund's pension expense.

The County also recognized \$72,900 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Fund. Legislation requires the State of Minnesota to contribute \$9 million to the Public Employees Police and Fire Fund each year, starting in fiscal year 2014, until the plan is 90 percent funded.

The County reported its proportionate share of the Public Employees Police and Fire Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	-	1,492,506
Difference between projected and actual investment earnings	1,603,554	-
Changes in proportion	-	342,013
Contributions paid to PERA subsequent to the measurement	638,260	-
Total	\$ 2,241,814	\$ 1,834,519

A total of \$638,260 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ 33,985
2017	33,985
2018	33,985
2019	33,985
2020	(366,905)

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**Pension Costs**

Public Employees Correctional Fund

At December 31, 2015, the County reported a liability of \$316,930 for its proportionate share of the Public Employees Correctional Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 2.05 percent. It was 2.12 percent measured as of June 30, 2014. The County recognized pension expense of \$340,343 for its proportionate share of the Public Employees Correctional Fund's pension expense.

The County reported its proportionate share of the Public Employees Correctional Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	121,340
Difference between projected and actual investment earnings	264,188	-
Changes in proportion	-	3,960
Contributions paid to PERA subsequent to the measurement	186,638	-
	<u>\$ 450,826</u>	<u>\$ 125,300</u>
<b>Total</b>		

A total of \$186,638 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ 24,280
2017	24,280
2018	24,280
2019	66,048

**Total Pension Expense**

The total pension expense for all plans recognized by the County for the year ended December 31, 2015, was \$9,000,247.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**Actuarial Assumptions**

The total pension liability in the June 30, 2015, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.75 percent per year
Active member payroll growth	3.50 percent per year
Investment rate of return	7.90 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disability rates were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Fund and the Public Employees Police and Fire Fund, cost of living benefit increases for retirees are assumed to be 1.0 percent effective every January 1 through 2035 and 2037, respectively, and 2.5 percent thereafter. Cost of living benefit increases for retirees are assumed to be 2.5 percent for all years for the Public Employees Correctional Fund.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Fund was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for the Public Employees Police and Fire Fund was for the period July 1, 2004, through June 30, 2009. The experience study for the Public Employees Correctional Fund was for the period July 1, 2006, through June 30, 2011.

In 2015, an updated experience study was done for PERA's General Employees Retirement Fund for the six-year period ending June 30, 2014, which would result in a larger pension liability. However, PERA will not implement the changes in assumptions until its June 30, 2016, estimate of pension liability.

The long-term expected rate of return on pension plan investments is 7.9 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	45%	5.50%
International stocks	15	6.00
Bonds	18	1.45
Alternative assets	20	6.40
Cash	2	0.50

**Discount Rate**

The discount rate used to measure the total pension liability was 7.9 percent. The discount rate did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**Pension Liability Sensitivity**

The following presents the County's proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
Proportionate share of the General Employees Retirement Fund net pension liability	\$ 107,710,336	\$ 68,502,536	\$ 36,122,917
Public Employees Police and Fire Fund net pension liability	17,864,809	9,130,596	1,914,613
Public Employees Correctional Fund net pension liability	2,207,153	316,930	(1,196,011)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296 7460 or 1-800-652-9026.

**Defined Contribution Plan**

The seven County Commissioners of St. Louis County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the state legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2015, were:

	Employee	Employer
Contribution amount	\$ 18,049	\$ 18,049
Percentage of covered payroll	5%	5%

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Interfund Receivables, Payables, Advances and Transfers**

The composition of interfund transfers during the year ended December 31, 2015, is as follows:

Interfund Receivables/Payables (for deficit cash balances):

Receivable Fund	Payable Fund	Amount
General	Community Development Block Grant	\$ 65,719
	Northeast Minnesota Housing Consortium	10,408
		<u>\$ 76,127</u>

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
Capital Projects funds	County Garage	<u>\$ 1,837,344</u>

The amount payable to the capital projects fund relate to working capital loan made to the internal service fund. The first annual payment of \$37,497 was made in 2015.

**Interfund Transfers:**

Fund Transferred To	Fund Transferred From	Purpose	Amount
<b>Major Funds</b>			
General	Road and Bridge	Position transfer	\$ 12,652
	Public Health and Human Services	Xerox lease	826
	Forfeited Tax Sale	Land apportionment	1,564,968
	Capital Projects	Operating projects, asset transfer	20,179
	Forest Resources	GIS project	200,000
	Shoreline Sales	Natural resource improvement	98,600
	Medical Dental Insurance	Health & wellness reimbursement	277,101
	Enterprise Fund	Asset transfer	2,641
Road and Bridge	General	Corner Certificate Program	340,000
	Forfeited Tax Sale	Land apportionment	80,286
Public Health and Human Services	General	Out of home placements	1,778,443
Forfeited Tax Sale	Capital Projects	Interfund asset sale	7,000
Capital Projects	General	Excess rent revenues, County Program Aid, Depot	2,660,469
	Road and Bridge	Equipment purchases	2,516,221
Environmental Services	Shoreline Sales	Natural resource improvements	227,425
<b>Nonmajor Funds</b>			
Debt Service	Road and Bridge	Debt service payment	686,827
	Capital Projects	Repay debt service	594,074
Shoreline Sales	Forest Resources	Leased land sales	5,555,584
	<b>Total</b>		<u>\$ 16,623,296</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**C. Fund Equity**

The County Board authorized the County Auditor to establish portions of fund balance for encumbrances, cash flow, future year budgets and future unallotment purposes. These amounts are included in the General Fund unassigned fund balance, the Road and Bridge Special Revenue Fund assigned for highways and streets, and the Public Health and Human Services Special Revenue Fund assigned for public health and human services.

	<b>Future Year Budget</b>	<b>Encumbrances</b>	<b>Cash Flow</b>	<b>Future Unallotment</b>	<b>Total</b>
Unassigned					
General	\$ 1,271,339	\$ -	\$ 30,624,093	\$ 2,891,565	\$ 34,786,997
Assigned					
Road and Bridge	-	1,743,721	5,410,505	750,000	7,904,226
Public Health and Human Services	2,026,675	653,275	13,410,027	-	16,089,977
Total	<u>\$ 3,298,014</u>	<u>\$ 2,396,996</u>	<u>\$ 49,444,625</u>	<u>\$ 3,641,565</u>	<u>\$ 58,781,200</u>

The cash flow maximum amount for each fund is calculated as 5/12 of the subsequent year's levy, plus the subsequent year county program aid. For the year ended December 31, 2015, the maximum amounts, actual amounts, and percentage funded are shown below. The future unallotment is calculated based on required departmental savings due to state unallotments.

	<b>Cash Flow</b>		
	<b>Maximum Amount</b>	<b>Actual Amount</b>	<b>Percentage Funded</b>
General Fund	\$ 31,705,757	\$ 30,624,093	96.59%
Road and Bridge Fund	9,128,625	5,410,505	59.27%
Public Health and Human Services	15,215,665	13,410,027	88.13%

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**Note 3. Joint Ventures/Jointly Governed Organizations**

**Arrowhead Regional Corrections**

Arrowhead Regional Corrections is governed by an eight-member board composed of a member appointed from each of the participating counties' boards of commissioners, except for St. Louis County, which has three members from its board. In addition, the right to have an additional member is annually rotated among Carlton, Cook, Koochiching, and Lake Counties. The County records all the financial transactions for Arrowhead Regional Corrections through its Arrowhead Regional Corrections Agency Fund. Its deposits and investments are included in the County's foregoing note on deposits and investments.

Arrowhead Regional Corrections is financed through state grants and contributions from the participating counties. During 2014, (the most recent available), county contributions were in the following proportion:

Carlton County	11.24%
Cook County	1.27%
Koochiching County	1.57%
Lake County	2.19%
St. Louis County	83.73%
Total	100.00%

St. Louis County provided \$14,145,427 in funding during 2015. Separate financial information can be obtained from:

Arrowhead Regional Corrections  
 211 West Second St. Suite 450  
 Duluth, Minnesota 55802

A summary of the financial information from Arrowhead Regional Corrections' Government-Wide Financial Statements for December 31, 2014 (the most recent available), was:

Total Assets	\$ 22,247,374
Total Liabilities	7,046,021
Total Net Position	15,201,353
Total Program and General Revenues	29,974,239
Total Expenses/Uses	22,521,789
Change in Net Position	7,452,450

**Community Health Services Board**

Carlton, Cook, Lake, and St. Louis Counties entered into a joint powers agreement, operating the Carlton, Cook, Lake, and St. Louis County Community Health Services Board. This agreement is entered into under the authority of the Community Health Services Act and is pursuant to the provisions of Minn. Stat. §471.59. The Community Health Services Board is composed of nine members. Carlton, Cook, and Lake County Boards of Commissioners, each appoints two members; the St. Louis County Board of Commissioners appoints three members. Financing is obtained through federal and state grants. St. Louis County provided no funding to this organization during 2015.

A summary of the financial information of the Community Health Services Board Government-Wide Financial Statements for December 31, 2014, (the most recent available) was:

Total Assets	\$ 1,158,400
Total Liabilities	1,070,946
Total Net Position	87,454
Total Program and General Revenues	4,917,572
Total Expenses	5,033,669
Change in Net Position	(116,097)

Separate financial information can be obtained from:

Carlton, Cook, Lake, and St. Louis Counties  
 Community Health Board  
 404 West Superior Street, Suite 220  
 Duluth, Minnesota 55802

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Regional Railroad Authority**

The St. Louis and Lake Counties Regional Railroad Authority was established under the Regional Railroad Authorities Act, Minn. Stat. §398A.03. It is governed by a Board composed of three members from the St. Louis County Board of Commissioners and two members from Lake County Board of Commissioners. St. Louis County is the fiscal agent for the Railroad Authority and all of its financial transactions are recorded in the Regional Railroad Authority Agency Fund. Financing is obtained through a tax levy, and federal, state and local grants or participation. St. Louis County provided no funding to this organization during 2015.

A summary of the financial information of the Regional Railroad Authority for the Government-Wide Financial Statements for December 31, 2014, (the most recent available) was:

Total Assets	\$ 17,746,718
Total Liabilities	360,034
Total Net Position	17,386,684
Total Revenues	2,632,449
Total Expenses	1,556,849
Change in Net Position	1,075,600

Separate financial information can be obtained from:

St. Louis & Lake Counties Regional Railroad Authority  
111 Station 44 Rd  
Eveleth, MN 55734

**Northeast Minnesota Office of Job Training**

The Counties of Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis entered into joint powers agreement pursuant to Minn. Stat. §471.59 for the purpose of developing and implementing a private and public job training program. The United States Congress through the Job Training Partnership Act of 1982 authorized states to establish "service delivery areas" to provide programs to achieve full employment through the use of grants. The counties identified above are defined as such "service delivery area" and the Northeast Minnesota Office of Job Training is designated as the grant recipient and administrator for such service delivery area. The County is not a funding mechanism for this organization.

The governing body is composed of seven members, one from the board of commissioners of each of the participating counties.

A summary of the financial information of Northeast Minnesota Office of Job Training's Government-Wide Statements for June 30, 2015, was:

Total Assets	\$ 2,758,797
Deferred Outflows	322,326
Total Liabilities	2,987,247
Deferred Inflows	445,510
Total Net Position	(351,634)
Total Revenues	4,185,001
Total Expenses	4,211,496
Change in Net Position	(26,495)

Separate financial information can be obtained from:

Northeast Minnesota Office of Job Training  
820 North Ninth Street, Suite 240, P.O. Box 1028  
Virginia, Minnesota 55792

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Northern Counties Land Use Coordinating Board**

Northern Counties Land Use Coordinating Board was established through a joint powers agreement pursuant to Minn. Stat. §471.59 for the purpose of helping to formulate land use plans for the protection, sustainable use, and development of lands and natural resources.

The joint powers are the Counties of Aitkin, Cook, Koochiching, Lake, Lake of the Woods, Pennington, Roseau, and St. Louis. Three elected county commissioners from St. Louis County and two from each of the other counties comprise the membership of the Board. St. Louis County handles all of the financial transactions for this organization through its Northern Counties Land Use Board Agency Fund. St. Louis County did not provide any funding during 2015.

A summary of the financial information of Northern Counties Land Use Coordinating Board for the Financial Statements for December 31, 2015, was:

Total Assets	\$	126,910
Total Liabilities		2,452
Total Net Position		124,458
Total Revenues		17,000
Total Expenditures		12,368
Change in Net Position		4,632

Separate financial information can be obtained from:

Northern Counties Land Use Coordinating Board  
St. Louis County Courthouse  
100 N 5th Ave West #201  
Duluth, Minnesota 55802

**Minnesota Counties Information Systems (MCIS)**

The Counties of Aitkin, Carlton, Cass, Chippewa, Cook, Crow Wing, Dodge, Itasca, Koochiching, LacQui Parle, Lake, Sherburne, and St. Louis entered into a joint powers agreement pursuant to Minnesota Stat. §471.59, for the purpose of operating and maintaining data processing facilities and management information systems for use by its members.

MCIS is governed by an thirteen member board, composed of a member appointed by each of the participating counties' boards of commissioners. Financing is obtained through user charges to the members. Cass County is the fiscal agent for MCIS.

A summary of the financial information of Minnesota Counties Information System's funds for the Government-Wide Financial Statements for December 31, 2014, (the most recent available) was:

Total Assets	\$	1,645,693
Total Liabilities		307,894
Total Net Position		1,337,799
Total Revenues		3,385,802
Total Expenses		2,988,649
Change in Net Position		397,153

Separate financial information can be obtained from:

Minnesota Counties Information Systems  
413 Southeast 7th Avenue  
Grand Rapids, MN 55744

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Duluth Area Family Service Collaborative**

The Duluth Area Family Service Collaborative was established pursuant to Minn. Stat. §124D.23. The Collaborative includes St. Louis County, Independent School District No. 709, Arrowhead Regional Corrections, and the City of Duluth. The purpose of the Collaborative is to improve the lives of families and children through efforts focused on prevention and early intervention. The Collaborative seeks to empower parents and families to solve their own problems through support, information, skill building, and advocacy.

Control of the Collaborative is vested in a Board of Directors. The County has one member on the Board. Financing is provided by state and federal grants, appropriations from the Collaborative members, and miscellaneous revenues. St. Louis County provided no funding to the Collaborative during 2015. St. Louis County is the fiscal agent for the Collaborative which is accounted for in the Duluth Area Family Service Collaborative Agency Fund. A summary of financial information of the Collaborative for the year ended December 31, 2015, is:

Total Assets	\$	465,450
Total Liabilities		7,471
Total Net Position		457,979
Total Revenues		363,185
Total Expenditures		105,353
Change in Net Position		257,832

Separate financial information can be obtained from the St. Louis County Auditor's Office.

**Minneapolis-Duluth/Superior Passenger Rail Alliance**

The St. Louis and Lake County Regional Railroad Authority (a jointly governed organization) entered into a joint powers agreement with the Regional Rail Authorities of Hennepin County, Isanti County, Pine County, the cities of Duluth and Minneapolis, and Douglas County, Wisconsin to establish the Minneapolis-Duluth/Superior Passenger Rail Alliance. The Alliance's purpose is to collaboratively discuss the development of rail transportation between the Twin Cities Metropolitan and Twin Ports areas. The governing Board comprises one elected official from each party to the agreement. Each party contributes funds consistent with the annual budget and cost sharing formula. The St. Louis and Lake County Regional Railroad Authority serves as the fiscal agent.

A summary of the financial information of the Minneapolis - Duluth/Superior Passenger Rail Alliance for the Government-Wide Financial Statement for December 31, 2015 (the most recent available) was:

Total Assets	\$	126,563
Total Liabilities		11,696
Total Net Position		114,867
Total Revenues		65,250
Total Expenditures		206,044
Change in Net Position		(140,794)

Separate financial information can be obtained from:

St. Louis and Lake County Regional Railroad Authority  
111 Station 44 Rd  
Eveleth, MN 55734

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Northeast Minnesota Regional Radio Board**

The Northeast Minnesota Regional Radio Board was established through a joint powers agreement, pursuant to Minn. Stat. § 471.59 and 403.39, to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) and to enhance and improve interoperable public safety communications. The joint powers are the Counties of Aitkin, Carlton, Cass, Cook, Crow Wing, Itasca, Kanabec, Koochiching, Lake, Pine, and St. Louis and the Cities of Duluth, Hibbing, International Falls, and Virginia.

Control of Northeast Minnesota Regional Radio Board is vested in a Board of Directors composed of one county commissioner from each of the member counties and one city councilor from each of the member cities. In addition, there is one member from the Northeast Minnesota Regional Advisory Committee, one member from the Northeast Minnesota Regional Radio System User Committee, and one member from the Northeast Minnesota Owners and Operators Committee who are also voting members of the board.

Itasca County is the fiscal agent for the Northeast Minnesota Regional Radio Board. Funding is provided by grants and contributions from participating members. St. Louis County paid \$1,859 to this organization in 2015.

**City/County Communication Antenna Site**

St. Louis County and the City of Duluth entered into a joint powers agreement under Minn. Stat. §471.59 for the purpose of managing a jointly owned communications tower and support building at 7, Observation Road, Duluth, Minnesota. Designated contacts for the County and City are the Communications Director and the Chief of Police, respectively. The agreement specifies certain maintenance responsibilities for each party. Revenues comprise annual assessments to the County and City, plus charges for third party use of the antenna site. St. Louis County is the fiscal agent for the financial activity. It is accounted for in the General Fund. This agreement will continue until terminated by either party.

**Voyageurs National Park Water Basin Joint County Sewer Project**

On December 11, 2009, the County entered into a joint powers agreement pursuant to Minnesota Statute, 471.59 with Koochiching County for the purpose of providing an environmentally sensitive and responsible solution to the problem of non-compliant and failing septic systems on certain properties located within the project area. The County extended this agreement on June 2, 2015. This agreement will govern the application for, solicitation and administration of funds received for the purpose of planning, grant writing, engineering, conservation, environmental studies, and the development, management and construction of wastewater treatment for property within the project area.

The governing body is comprised of four members, two County commissioners appointed by the St. Louis County Board and two County commissioners appointed by the Koochiching County Board. St. Louis County contributed \$30,000 to the Voyageurs National Park Water Basin for the year ended December 31, 2015. Separate financial information can be obtained from the St. Louis County Courthouse, 100 North 5th Ave West, Duluth, Minnesota 55802.

**Note 4. Summary of Significant Contingencies and Other Items**

**Claims and Litigation**

The County, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The County Attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

**Pollution Remediation**

Governmental Accounting Standards Board (GASB) Statement 49 establishes standards for accounting and financial reporting for pollution remediation obligations and is effective for periods beginning after December 15, 2007. The Environmental Services Fund management believes the County could be responsible for at least some types of third party impacts related to the Closed Landfill Program operated by the Minnesota Pollution Control Agency. Any liability is unknown at December 31, 2015 as it would need to be determined through the legal system.

**Other Post Employment Benefits**

In 2007 the County implemented the requirements of GASB No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*.

**Plan Description and Funding Policy**

The County provides health insurance benefits for certain retired employees under a single-employer self-insured plan. The County provides benefits for retirees as required by Minnesota Statute §471.61 subdivision 2b. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of January 1, 2014 there were approximately 237 retirees receiving health benefits from the County's health plan. The cost of other post-employment benefits is funded on the "pay as you-go method".

In addition to the implicit rate subsidy described above, the County pays a portion or the entire premium for postretirement medical coverage on behalf of certain disabled deputies and their dependents under Minnesota Statute §299A.465. These contributions are referred to as the explicit rate subsidy.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2015

**Annual OPEB Costs and Net OPEB Obligation**

The County's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. In 2014, St. Louis County's OPEB included employees of Arrowhead Regional Corrections for the first time. The following table shows the components of the County's annual OPEB cost for 2015, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 1,605,330
Interest on net OPEB obligation	189,040
Adjustments to ARC	<u>(260,670)</u>
Annual OPEB Cost	1,533,700
Contributions during the year	<u>(1,221,859)</u>
Increase in net OPEB obligation	311,841
Net OPEB obligation - beginning of the year	4,296,362
Net OPEB obligation - end of year	4,608,203

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the excess OPEB contributions or net OPEB obligation for 2013, 2014, and 2015 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	1,899,597	1,550,266	81.61	3,723,956
12/31/2014	1,510,373	1,451,867	96.13	4,296,362
12/31/2015	1,533,700	1,221,859	79.67	4,608,203

**Funding Status and Funding Progress**

The actuarial accrued liability for benefits as of January 1, 2014 is \$15 million. The County currently has no assets that have been irrevocably deposited in a trust for future health benefits, thus the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) is \$99 million. The ratio of the unfunded actuarially accrued liabilities (UAAL) to covered payroll is 15.10%.

**Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.00% inflation rate and a 4.40% discount rate, which is based on the estimated long-term investment yield on the general assets of the County. The annual healthcare cost trend rate is 7.40% initially, decreased incrementally to an ultimate rate of 5.00% after 15 years. Retiree participation rate and spousal election assumptions were updated for recently observed data. Annual premium and medical claims trends as well as potential costs associated with Health Care Reform were also used. The unfunded accrued actuarial liability is being amortized as a level dollar amount over an open 30-year period.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**St. Louis County Heritage and Arts Center (Depot)**

The County has an agreement with Oneida Realty Company for strategic leadership of the St. Louis County Heritage and Arts Center (Depot) as a tourist attraction, and center for the arts, heritage and cultural organizations. This contract began on July 1, 2012 and terminates on June 30, 2017.

Per this agreement, Oneida will be responsible for the strategic management, operations, marketing and facilities management of the Depot. The County will on an annual basis approve funding for the Depot-Oneida Contract as part of its annual budget. No amount of funding is guaranteed under this Agreement. In light of the uncertainty and possible variability of funding from the County, this contract will be updated annually by November 1st for the subsequent year for the sole purpose of determining what, if any, funding will come from the County as approved by the County Board budget for said subsequent year. If the parties are unable to reach mutual agreement on funding from the County for services for the subsequent year, either party may terminate this contract with a six month written notice.

**Northwoods Townhomes Project**

During 2006, the St. Louis County Housing and Redevelopment Authority (the County HRA), the City of Ely Housing and Redevelopment Authority (the City HRA), the City of Ely (the City), and St. Louis County (the County) entered into an agreement to finance the costs of acquisition, construction and equipping of a multifamily rental housing project for the elderly consisting of 26 single story townhouse units located in the City of Ely, Minnesota. The County HRA irrevocably appointed the City HRA as its agent in connection with the project.

The City HRA issued \$3,800,000 of revenue bonds for the project payable with rents collected for the units. The County pledged its full faith and credit and taxing powers to the payment of the debt service on the revenue bonds should the cash flow projection of net revenues (as prepared by the City HRA) not equal at least 105 percent of the scheduled debt service payments for the next calendar year. If the County is required to make debt service payments as described above, the City pledges its general obligation to indemnify the County for the debt payments made up to a maximum of \$3,000,000. The City HRA agrees to repay the County to the extent the County is not indemnified by the City.

The project will be jointly owned by the County HRA and the City HRA. The City HRA will manage the project including construction, operation and maintenance. If the County HRA and the City HRA mutually agree to offer the project for sale, the County HRA is entitled to 20 percent of the net sale proceeds.

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**Tax Forfeited Land Management**

The County manages over 890,000 acres of state-owned tax-forfeited land. This land generates revenues primarily from recreational land leases and land and timber sales. Land management costs, including forestry costs such as site preparation, seedlings, tree planting and logging roads, are accounted for as current operating expenditures. Revenues in excess of expenditures are distributed to the County and cities, towns, and school districts within the County in compliance with state statute.

St. Louis County, Minnesota  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF ST. LOUIS COUNTY'S CONTRIBUTIONS**  
**PERA GENERAL EMPLOYEES RETIREMENT FUND**  
**LAST TEN YEARS \***

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2015	\$ 6,155,196	\$ 6,155,196	\$ -	\$ 82,069,352	7.50%

\* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

St. Louis County, Minnesota  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**PERA GENERAL EMPLOYEES RETIREMENT FUND**  
**LAST TEN YEARS\***

<b>Fiscal Year Ending</b>	<b>Employer's Proportion (Percentage) of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (c)</b>	<b>Employer Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll ((a+b)/c)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
June 30, 2015	1.3218%	\$ 68,502,536	\$ 77,673,884	88.19%	78.19%

\* Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, or after.

St. Louis County, Minnesota  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF ST. LOUIS COUNTY'S CONTRIBUTIONS**  
**PERA POLICE AND FIRE RETIREMENT FUND**  
**LAST TEN YEARS \***

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2015	\$ 1,261,852	\$ 1,261,852	\$ -	\$ 7,789,214	16.20%

\* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

St. Louis County, Minnesota  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**PERA POLICE AND FIRE RETIREMENT FUND**  
**LAST TEN YEARS**

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Share (Amount) of the State of Minnesota's Proportionate Share of the Net Pension Liability (b)	Employer's Proportionate Share of the Net Pension Liability and the Employer's Proportional Share of the State of Minnesota's Share of the Net Pension Liability (a+b)	Covered Payroll (c)	Employer Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	0.810%	\$ 9,130,596	\$ 72,900	0.81%	\$ 7,416,153	124.10%	86.61%

\* Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, or after.

St. Louis County, Minnesota  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF ST. LOUIS COUNTY'S CONTRIBUTIONS**  
**PERA CORRECTIONAL EMPLOYEES RETIREMENT FUND**  
**LAST TEN YEARS \***

<b>Fiscal Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Contributions in Relation to the Statutorily Required Contributions (b)</b>	<b>Contribution Deficiency (Excess) (a-b)</b>	<b>Covered Payroll (d)</b>	<b>Contributions as a Percentage of Covered Payroll (b/d)</b>
December 31, 2015	\$ 350,413	\$ 350,413	\$ -	\$ 4,004,724	8.75%

\* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

St. Louis County, Minnesota  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**PERA CORRECTIONAL RETIREMENT FUND**  
**LAST TEN YEARS**

<b>Fiscal Year Ending</b>	<b>Employer's Proportion (Percentage) of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (c)</b>	<b>Employer Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll ((a+b)/c)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
June 30, 2015	2.05%	\$ 316,930	\$ 3,682,667	8.61%	96.95%

\* Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, or after.

*St. Louis County, Minnesota*  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST EMPLOYMENT BENEFIT PLAN**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

The County currently has no assets that have been irrevocably deposited in a trust for future health benefits. Therefore, the actuarial value of assets is zero. Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions became effective for the year ended December 31, 2007.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	\$ -	\$ 22,541,450	\$ 22,541,450	0.00%	\$ 82,955,992	27.17%
1/1/2012	-	20,035,809	20,035,809	0.00	85,062,112	23.55
1/1/2014	-	14,993,075	14,993,075	0.00	99,314,634	15.10

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POST EMPLOYMENT BENEFIT PLAN**  
**DECEMBER 31, 2015**

Year Ended December 31	Employer Contributions	Annual OPEB Cost	Percentage Contributed
2013	\$ 1,550,266	\$ 1,899,597	81.61
2014	1,451,867	1,510,373	96.13
2015	1,221,859	1,533,700	79.67

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

**Housing and Redevelopment Authority** - This fund is used to provide funds for housing and economic development.

**Community Development Block Grant** - This fund is used to account for the federal grant of the same name.

**Northeast Minnesota Housing Consortium** - This fund includes Cook, Itasca, Koochiching, Lake, and St. Louis Counties and the City of Duluth. It is not an entity separate from St. Louis County. It is used to account for the federal HOME grant with the purpose of developing affordable housing initiatives.

**Septic Loan** - This fund is used to account for the Minnesota Pollution Control Loan Program.

**Forest Resources** - This fund is used to account for the collection and disbursement of proceeds from the sale of tax-forfeited properties.

### Debt Service Fund

**Debt Service Fund** - This fund is used to account for the accumulation of resources for, and the payment of long term-debt principal, interest, and related costs.

### Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the county's programs.

**Shoreline Sales** - This fund is used to account for proceeds from the sale of land, including interest, under Minn. Laws 1999 Ch. 180. The principal from the sale of land may not be expended while up to 5 1/2% of the interest earnings may be spent by the County Board only for the purpose related to the improvement of natural resources.

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
DECEMBER 31, 2015

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
<b>ASSETS</b>			
Cash and cash equivalents	\$ 836,836	\$ -	\$ -
Cash with fiscal agent	-	-	-
Investments	-	-	-
Delinquent taxes receivable	12,140	-	-
Accounts receivable (net)	-	-	-
Loans receivable	876,585	-	-
Due from other governments	-	478,112	78,894
Total Assets	1,725,561	478,112	78,894
<b>LIABILITIES</b>			
Accounts payable	-	62,699	68,486
Salaries payable	-	2,944	-
Interfund payable	-	65,719	10,408
Due to other governments	-	346,750	-
Total Liabilities	-	478,112	78,894
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue			
Taxes	10,606	-	-
	-	-	-
<b>FUND BALANCES</b>			
Nonspendable			
Noncurrent loans	876,585	-	-
Environmental trust funds	-	-	-
Restricted			
Debt service	-	-	-
Health and sanitation	-	-	-
Improvement of natural resources	-	-	-
Shoreline Land	-	-	-
Committed			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	838,370	-	-
Assigned			
Conservation of natural resources	-	-	-
Total Fund Balance	1,714,955	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 1,725,561	\$ 478,112	\$ 78,894

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
DECEMBER 31, 2015

**Special Revenue Funds (continued)**

	<b>Septic Loan</b>	<b>Forest Resources</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 282,530	\$ 6,361,361	\$ 7,480,727
Cash with fiscal agent	-	-	-
Investments	-	-	-
Delinquent taxes receivable	-	-	12,140
Accounts receivable (net)	18,925	308,817	327,742
Loans receivable	591,299	-	1,467,884
Due from other governments	-	-	557,006
Total Assets	<u>892,754</u>	<u>6,670,178</u>	<u>9,845,499</u>
<b>LIABILITIES</b>			
Accounts payable	1,351	42,079	174,615
Salaries payable	-	834	3,778
Interfund payable	-	-	76,127
Due to other governments	-	-	346,750
Total Liabilities	<u>1,351</u>	<u>42,913</u>	<u>601,270</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue			
Taxes	-	-	10,606
<b>FUND BALANCES</b>			
Nonspendable			
Noncurrent loans	-	-	876,585
Environmental trust funds	-	-	-
Restricted			
Debt service	50,390	-	50,390
Health and sanitation	309,524	-	309,524
Improvement of natural resources	-	-	-
Shoreline Land	-	584,100	584,100
Committed			
Health and sanitation	531,489	-	531,489
Conservation of natural resources	-	5,065,744	5,065,744
Economic development	-	-	838,370
Assigned			
Conservation of natural resources	-	977,421	977,421
Total Fund Balance	<u>891,403</u>	<u>6,627,265</u>	<u>9,233,623</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 892,754</u>	<u>\$ 6,670,178</u>	<u>\$ 9,845,499</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
DECEMBER 31, 2015

	Debt Service Fund	Permanent Fund  Shoreline Sales	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,863,851	\$ 475,015	\$ 10,819,593
Cash with fiscal agent	5,573,387	-	5,573,387
Investments	-	12,301,810	12,301,810
Delinquent taxes receivable	374,256	-	386,396
Accounts receivable (net)	64,997	-	392,739
Loans receivable	-	-	1,467,884
Due from other governments	-	-	557,006
Total Assets	<u>8,876,491</u>	<u>12,776,825</u>	<u>31,498,815</u>
<b>LIABILITIES</b>			
Accounts payable	-	-	174,615
Salaries payable	-	-	3,778
Interfund payable	-	-	76,127
Due to other governments	1,968	-	348,718
Total Liabilities	<u>1,968</u>	<u>-</u>	<u>603,238</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue			
Taxes	320,516	-	331,122
<b>FUND BALANCES</b>			
Nonspendable			
Noncurrent loans	-	-	876,585
Environmental trust funds	-	12,359,952	12,359,952
Restricted			
Debt service	8,554,007	-	8,604,397
Health and sanitation	-	-	309,524
Improvement of natural resources	-	416,873	416,873
Shoreline Land	-	-	584,100
Committed			
Health and sanitation	-	-	531,489
Conservation of natural resources	-	-	5,065,744
Economic development	-	-	838,370
Assigned			
Conservation of natural resources	-	-	977,421
Total Fund Balance	<u>8,554,007</u>	<u>12,776,825</u>	<u>30,564,455</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 8,876,491</u>	<u>\$ 12,776,825</u>	<u>\$ 31,498,815</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Special Revenue Funds</u>		
	<u>Housing and Redevelopment Authority</u>	<u>Community Development Block Grant</u>	<u>Northeast Minnesota Housing Consortium</u>
<b>REVENUES</b>			
Taxes	\$ 209,773	\$ -	\$ -
Intergovernmental	437	1,808,484	524,774
Earnings on investments	-	-	-
Land and timber sales	-	-	-
Miscellaneous	-	-	350
Total Revenues	<u>210,210</u>	<u>1,808,484</u>	<u>525,124</u>
<b>EXPENDITURES</b>			
Current:			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	154,007	1,808,484	525,124
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Bond issuance costs	-	-	-
Total expenditures	<u>154,007</u>	<u>1,808,484</u>	<u>525,124</u>
Excess (deficiency) of revenues over expenditures	<u>56,203</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers (out)	-	-	-
Loan proceeds	-	-	-
Refunding bonds issued	-	-	-
Premium on refunding bonds issued	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	56,203	-	-
Fund Balance - January 1	<u>1,658,752</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,714,955</u>	<u>\$ -</u>	<u>\$ -</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Special Revenue Funds (continued)

	<u>Septic Loan</u>	<u>Forest Resources</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes	\$ -	\$ 573,337	\$ 783,110
Intergovernmental	-	153,375	2,487,070
Earnings on investments	15,527	-	15,527
Land and timber sales	-	6,305,100	6,305,100
Miscellaneous	-	262,646	262,996
Total Revenues	<u>15,527</u>	<u>7,294,458</u>	<u>9,853,803</u>
<b>EXPENDITURES</b>			
Current:			
Health and sanitation	14,000	-	14,000
Conservation of natural resources	-	1,228,325	1,228,325
Economic development	-	-	2,487,615
Debt service:			
Principal	50,390	-	50,390
Interest and other charges	-	-	-
Bond issuance costs	-	-	-
Total expenditures	<u>64,390</u>	<u>1,228,325</u>	<u>3,780,330</u>
Excess (deficiency) of revenues over expenditures	<u>(48,863)</u>	<u>6,066,133</u>	<u>6,073,473</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers (out)	-	(5,755,584)	(5,755,584)
Loan proceeds	118,420	-	118,420
Refunding bonds issued	-	-	-
Premium on refunding bonds issued	-	-	-
Total other financing sources and uses	<u>118,420</u>	<u>(5,755,584)</u>	<u>(5,637,164)</u>
Net change in fund balances	69,557	310,549	436,309
Fund Balance - January 1	<u>821,846</u>	<u>6,316,716</u>	<u>8,797,314</u>
Fund Balance - December 31	<u>\$ 891,403</u>	<u>\$ 6,627,265</u>	<u>\$ 9,233,623</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Debt Service Fund</u>	<u>Permanent Fund  Shoreline Sales</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 7,379,546	\$ -	\$ 8,162,656
Intergovernmental	374,780	-	2,861,850
Earnings on investments	(5,247)	47,750	58,030
Land and timber sales	-	-	6,305,100
Miscellaneous	294,976	-	557,972
Total Revenues	<u>8,044,055</u>	<u>47,750</u>	<u>17,945,608</u>
<b>EXPENDITURES</b>			
Current:			
Health and sanitation	-	-	14,000
Conservation of natural resources	-	80,000	1,308,325
Economic development	-	-	2,487,615
Debt service:			
Principal	7,845,000	-	7,895,390
Interest and other charges	2,744,737	-	2,744,737
Bond issuance costs	117,120	-	117,120
Total expenditures	<u>10,706,857</u>	<u>80,000</u>	<u>14,567,187</u>
Excess (deficiency) of revenues over expenditures	<u>(2,662,802)</u>	<u>(32,250)</u>	<u>3,378,421</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,280,901	5,555,584	6,836,485
Transfers (out)	-	(326,025)	(6,081,609)
Loan proceeds	-	-	118,420
Refunding bonds issued	7,715,000	-	7,715,000
Premium on refunding bonds issued	562,801	-	562,801
Total other financing sources and uses	<u>9,558,702</u>	<u>5,229,559</u>	<u>9,151,097</u>
Net change in fund balances	6,895,900	5,197,309	12,529,518
Fund Balance - January 1	<u>1,658,107</u>	<u>7,579,516</u>	<u>18,034,937</u>
Fund Balance - December 31	<u>\$ 8,554,007</u>	<u>\$ 12,776,825</u>	<u>\$ 30,564,455</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HOUSING AND REDEVELOPMENT AUTHORITY SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 211,048	\$ 211,048	\$ 209,773	\$ (1,275)
Intergovernmental	-	-	437	437
Total Revenues	<u>211,048</u>	<u>211,048</u>	<u>210,210</u>	<u>(838)</u>
<b>EXPENDITURES</b>				
Economic development				
Personnel services	140,000	140,000	3,000	(137,000)
Other operating	<u>227,070</u>	<u>402,070</u>	<u>151,007</u>	<u>(251,063)</u>
Total Expenditures	<u>367,070</u>	<u>542,070</u>	<u>154,007</u>	<u>(388,063)</u>
Excess of Revenues Over (Under) Expenditures	(156,022)	(331,022)	56,203	387,225
Fund Balance - January 1	<u>1,658,752</u>	<u>1,658,752</u>	<u>1,658,752</u>	-
Fund Balance - December 31	<u>\$ 1,502,730</u>	<u>\$ 1,327,730</u>	<u>\$ 1,714,955</u>	<u>\$ 387,225</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 3,427,955	\$ 1,808,484	\$ 1,808,484	\$ -
<b>EXPENDITURES</b>				
Economic development				
Personal services	465,116	196,605	196,605	-
Other operating	2,962,839	1,611,879	1,611,879	-
Total Expenditures	3,427,955	1,808,484	1,808,484	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	\$ -	\$ -	\$ -	\$ -

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**NORTHEAST MINNESOTA HOUSING CONSORTIUM SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 957,953	\$ 524,774	\$ 524,774	\$ -
Miscellaneous	400	350	350	-
Total Revenues	<u>958,353</u>	<u>525,124</u>	<u>525,124</u>	<u>-</u>
 <b>EXPENDITURES</b>				
Economic development				
Personal services	20,000	16,686	16,686	-
Other operating	<u>939,340</u>	<u>508,438</u>	<u>508,438</u>	<u>-</u>
Total Expenditures	<u>959,340</u>	<u>525,124</u>	<u>525,124</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(987)	-	-	-
Fund Balance - January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u>\$ (987)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SEPTIC LOAN SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Earnings on investments	\$ 20,000	\$ 20,000	\$ 15,527	\$ (4,473)
<b>EXPENDITURES</b>				
Health and sanitation				
Other operating	13,500	27,500	14,000	(13,500)
Debt service				
Principal	50,390	50,390	50,390	-
Total Expenditures	<u>63,890</u>	<u>77,890</u>	<u>64,390</u>	<u>(13,500)</u>
Excess of Revenues Over (Under) Expenditures	(43,890)	(57,890)	(48,863)	9,027
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan Proceeds	-	-	118,420	118,420
Net change in fund balances	(43,890)	(57,890)	69,557	127,447
Fund Balance - January 1	<u>821,846</u>	<u>821,846</u>	<u>821,846</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 777,956</u>	<u>\$ 763,956</u>	<u>\$ 891,403</u>	<u>\$ 127,447</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOREST RESOURCES SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 540,000	\$ 540,000	\$ 573,337	\$ 33,337
Intergovernmental	100,510	100,510	153,375	52,865
Land and timber sales	-	5,555,584	6,305,100	749,516
Miscellaneous	140,369	-	262,646	262,646
Total Revenues	780,879	6,196,094	7,294,458	1,098,364
<b>EXPENDITURES</b>				
Conservation of natural resources				
Other operating	2,972,534	2,832,166	1,228,325	(1,603,841)
Total Expenditures	2,972,534	2,832,166	1,228,325	(1,603,841)
Excess of Revenues Over (Under) Expenditures	(2,191,655)	3,363,928	6,066,133	2,702,205
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(200,000)	(5,755,584)	(5,755,584)	-
Net change in fund balances	(2,391,655)	(2,391,656)	310,549	2,702,205
Fund Balance - January 1	6,316,716	6,316,716	6,316,716	-
Fund Balance - December 31	\$ 3,925,061	\$ 3,925,060	\$ 6,627,265	\$ 2,702,205

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 7,351,307	\$ 7,351,307	\$ 7,379,546	\$ 28,239
Intergovernmental	374,568	374,568	374,780	212
Earnings on investments	-	-	(5,247)	(5,247)
Miscellaneous	-	-	294,976	294,976
Total Revenues	<u>7,725,875</u>	<u>7,725,875</u>	<u>8,044,055</u>	<u>318,180</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	5,430,000	7,845,000	7,845,000	-
Interest and fiscal charges	1,927,976	2,744,737	2,744,737	-
Bond issuance costs	-	562,801	117,120	(445,681)
Total Expenditures	<u>7,357,976</u>	<u>11,152,538</u>	<u>10,706,857</u>	<u>(445,681)</u>
Excess of Revenues Over (Under) Expenditures	367,899	(3,426,663)	(2,662,802)	763,861
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,280,901	1,280,901	-
Refunding bonds issued	-	7,715,000	7,715,000	-
Premium on refunding bonds issued	-	562,801	562,801	-
Total other financing sources (uses)	<u>-</u>	<u>9,558,702</u>	<u>9,558,702</u>	<u>-</u>
Net change in fund balances	367,899	6,132,039	6,895,900	763,861
Fund Balance - January 1	<u>1,658,107</u>	<u>1,658,107</u>	<u>1,658,107</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 2,026,006</u>	<u>\$ 7,790,146</u>	<u>\$ 8,554,007</u>	<u>\$ 763,861</u>

## INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for operations that are financed and operated in a manner similar to private business, with the intent that cost (expenses, including depreciation) of providing goods or services by specific departments within St. Louis County to other departments or agencies of St. Louis County or to other governments on a continuing basis be financed or recovered primarily through user charges.

**County Garage** - This fund is used to account for the costs of operating a maintenance facility for automotive equipment and a fleet of vehicles for use by County departments.

**Property, Casualty, Liability Insurance** - This fund is used to account for coverage of claims and judgments against the County.

**Workers' Compensation Insurance** - This fund is used to account for coverage of workers' compensation claims incurred by County employees.

**Medical/Dental Insurance** - This fund is used to account for coverage of medical and dental expenses incurred by County employees, dependents, and retirees.

**Retired Employees' Health Insurance** - This fund is used to account for retirees insurance expenses paid by the retirees applicable sick leave balance at retirement.

*ST. LOUIS COUNTY, MINNESOTA*  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
DECEMBER 31, 2015

	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,069,373	\$ 491,770	\$ 705,732
Investments	-	3,443,239	8,288,745
Accounts receivable	75	-	297,617
Accrued interest receivable	-	24,303	42,073
Due from other governments	-	-	24,400
Inventories	41,466	-	-
Prepaid items	-	-	-
Total current assets	<u>1,110,914</u>	<u>3,959,312</u>	<u>9,358,567</u>
Noncurrent assets:			
Capital assets:			
Land	25,500	-	-
Buildings and structures	2,924,459	-	-
Machinery and equipment	79,214	-	-
Vehicles	2,641,810	-	-
Less accumulated depreciation	<u>(2,478,385)</u>	<u>-</u>	<u>-</u>
Total capital asset (net)	<u>3,192,598</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>3,192,598</u>	<u>-</u>	<u>-</u>
Total assets	<u>4,303,512</u>	<u>3,959,312</u>	<u>9,358,567</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,392	5,199	180,206
Salaries payable	6,028	1,002	6,894
Compensated absences payable	30,140	-	-
Claims payable	-	-	635,953
Due to other governments	-	-	92,170
Unearned revenue	8,474	-	-
Advances from other funds	<u>37,497</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>83,531</u>	<u>6,201</u>	<u>915,223</u>
Noncurrent liabilities:			
Compensated absences payable	42,769	-	-
Claims payable	-	-	5,167,359
OPEB obligation	-	-	-
Advances from other funds	<u>1,799,847</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>1,842,616</u>	<u>-</u>	<u>5,167,359</u>
Total liabilities	<u>1,926,147</u>	<u>6,201</u>	<u>6,082,582</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,192,598	-	-
Unrestricted	<u>(815,233)</u>	<u>3,953,111</u>	<u>3,275,985</u>
Total net position	<u>\$ 2,377,365</u>	<u>\$ 3,953,111</u>	<u>\$ 3,275,985</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
DECEMBER 31, 2015

	<u>Medical/ Dental Insurance</u>	<u>Retired Employees' Health Insurance</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,294,824	\$ 137,221	\$ 3,698,920
Investments	10,986,321	-	22,718,305
Accounts receivable	804,113	-	1,101,805
Accrued interest receivable	26,454	-	92,830
Due from other governments	-	-	24,400
Inventories	-	-	41,466
Prepaid items	88,421	-	88,421
Total current assets	<u>13,200,133</u>	<u>137,221</u>	<u>27,766,147</u>
Capital assets:			
Land	-	-	25,500
Buildings and structures	-	-	2,924,459
Machinery and equipment	-	-	79,214
Vehicles	-	-	2,641,810
Less accumulated depreciation	-	-	<u>(2,478,385)</u>
Total capital asset (net)	<u>-</u>	<u>-</u>	<u>3,192,598</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,192,598</u>
Total assets	<u>13,200,133</u>	<u>137,221</u>	<u>30,958,745</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	182,821	-	369,618
Salaries payable	-	-	13,924
Compensated absences payable	-	41,908	72,048
Claims payable	2,010,820	-	2,646,773
Due to other governments	-	-	92,170
Unearned revenue	535,080	-	543,554
Advances from other funds	-	-	37,497
Total current liabilities	<u>2,728,721</u>	<u>41,908</u>	<u>3,775,584</u>
Noncurrent liabilities:			
Compensated absences payable	-	95,313	138,082
Claims payable	-	-	5,167,359
OPEB obligation	4,608,203	-	4,608,203
Advances from other funds	-	-	1,799,847
Total non-current liabilities	<u>4,608,203</u>	<u>95,313</u>	<u>11,713,491</u>
Total liabilities	<u>7,336,924</u>	<u>137,221</u>	<u>15,489,075</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	-	3,192,598
Unrestricted	5,863,209	-	12,277,072
Total net position	<u>\$ 5,863,209</u>	<u>\$ -</u>	<u>\$ 15,469,670</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
Operating Revenues			
Charges for services	\$ 1,543,858	\$ 146,132	\$ 2,364,661
Other	4,451	12,406	605,771
Total Operating Revenues	<u>1,548,309</u>	<u>158,538</u>	<u>2,970,432</u>
Operating Expenses			
Personal services	527,380	82,226	352,331
Contractual services	224,970	332,413	1,176,088
Materials	369,882	-	-
OPEB expense	-	-	-
Claims Paid	-	-	1,118,421
Depreciation	262,335	-	-
Total Operating Expenses	<u>1,384,567</u>	<u>414,639</u>	<u>2,646,840</u>
Operating Income (Loss)	<u>163,742</u>	<u>(256,101)</u>	<u>323,592</u>
Nonoperating revenues (expenses)			
Grants	2,326	-	-
Earnings on investments	-	48,790	88,937
Loss or gain on asset disposal	7,646	43,516	-
Total Nonoperating Revenues (Expenses)	<u>9,972</u>	<u>92,306</u>	<u>88,937</u>
Income (Loss) Before Transfers	173,714	(163,795)	412,529
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	173,714	(163,795)	412,529
Net position - January 1	<u>2,203,651</u>	<u>4,116,906</u>	<u>2,863,456</u>
Net position - December 31	<u>\$ 2,377,365</u>	<u>\$ 3,953,111</u>	<u>\$ 3,275,985</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Medical/ Dental Insurance</u>	<u>Retired Employees' Health Insurance</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 28,444,503	\$ 136,271	\$ 32,635,425
Other	-	-	622,628
Total Operating Revenues	<u>28,444,503</u>	<u>136,271</u>	<u>33,258,053</u>
Operating Expenses			
Personal services	-	-	961,937
Contractual services	1,708,685	136,271	3,578,427
Materials	-	-	369,882
OPEB expense	311,841	-	311,841
Claims Paid	31,392,371	-	32,510,792
Depreciation	-	-	262,335
Total Operating Expenses	<u>33,412,897</u>	<u>136,271</u>	<u>37,995,214</u>
Operating Income (Loss)	<u>(4,968,394)</u>	<u>-</u>	<u>(4,737,161)</u>
Nonoperating revenues (expenses)			
Grants	-	-	2,326
Earnings on investments	146,070	-	283,797
Loss or gain on asset disposal	-	-	51,162
Total Nonoperating Revenues (Expenses)	<u>146,070</u>	<u>-</u>	<u>337,285</u>
Income (Loss) Before Transfers	(4,822,324)	-	(4,399,876)
Transfers (out)	<u>(277,101)</u>	<u>-</u>	<u>(277,101)</u>
Change in net position	(5,099,425)	-	(4,676,977)
Net position - January 1	<u>10,962,634</u>	<u>-</u>	<u>20,146,647</u>
Net position - December 31	<u>\$ 5,863,209</u>	<u>\$ -</u>	<u>\$ 15,469,670</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
<b>CASH FLOWS FROM</b>			
<b>OPERATING ACTIVITIES</b>			
Receipts from interfund services provided	\$ 1,544,306	\$ 146,132	\$ 2,364,661
Payments to suppliers	(638,257)	5,086	(1,267,565)
Payments to employees	(539,874)	(84,417)	(361,590)
Claims paid	-	(414,413)	(1,364,345)
Other receipts (payments)	4,451	12,406	301,129
Net cash provided (used) by operating activities	<u>370,626</u>	<u>(335,206)</u>	<u>(327,710)</u>
<b>CASH FLOWS FROM</b>			
<b>NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	-	-	-
Operating grants	10,800	-	-
Net cash provided (used) by noncapital financing activities	<u>10,800</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND</b>			
<b>RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(287,338)	-	-
Proceeds from the sale of capital assets	19,438	43,516	-
Proceeds from advance from other fund	(37,497)	-	-
Net cash provided (used) by capital and related financing activities	<u>(305,397)</u>	<u>43,516</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	-	(1,243,511)	(3,513,265)
Sale of investments	-	1,523,700	3,929,671
Interest and dividends	-	42,499	98,584
Net cash provided (used) by investing activities	<u>-</u>	<u>322,688</u>	<u>514,990</u>
Net Increase (Decrease) in Cash and Cash Equivalents	76,029	30,998	187,280
Balances - January 1	993,344	460,772	518,452
Balances - December 31	<u>\$ 1,069,373</u>	<u>\$ 491,770</u>	<u>\$ 705,732</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 163,742	\$ (256,101)	\$ 323,592
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	262,335	-	-
(Increase) Decrease Receivables	448	-	(280,242)
(Increase) Decrease Due from other governments	-	-	(24,400)
(Increase) Decrease Inventories	24,595	-	-
(Increase) Decrease Prepaid items	-	-	-
Increase (Decrease) Accounts payable	(53,000)	5,086	(128,869)
Increase (Decrease) Contracts payable	(15,000)	-	-
Increase (Decrease) Salaries payable	(13,807)	(2,191)	(9,259)
Increase (Decrease) Compensated absences payable	1,313	-	-
Increase (Decrease) Claims payable	-	(82,000)	(245,924)
Increase (Decrease) Due to other governments	-	-	37,392
Increase (Decrease) OPEB obligation	-	-	-
Increase (Decrease) Unearned revenue	-	-	-
Total Adjustments	<u>206,884</u>	<u>(79,105)</u>	<u>(651,302)</u>
Net cash provided (used) by operating activities	<u>\$ 370,626</u>	<u>\$ (335,206)</u>	<u>\$ (327,710)</u>
<b>NON-CASH ACTIVITIES</b>			
Change in fair market value of investments	-	213	(10,777)

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>Medical/ Dental Insurance</b>	<b>Retired Employees' Health Insurance</b>	<b>Total</b>
<b>CASH FLOWS FROM</b>			
<b>OPERATING ACTIVITIES</b>			
Receipts from interfund services provided	\$ 28,185,641	\$ 136,271	\$ 32,377,011
Payments to suppliers	(1,768,176)	(1,308)	(3,670,220)
Payments to employees	-	(116,452)	(1,102,333)
Claims paid	(31,973,771)	-	(33,752,529)
Other receipts (payments)	-	-	317,986
Net cash provided (used) by operating activities	(5,556,306)	18,511	(5,830,085)
<b>CASH FLOWS FROM</b>			
<b>NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(277,101)	-	(277,101)
Operating grants	-	-	10,800
Net cash provided (used) by noncapital financing activities	(277,101)	-	(266,301)
<b>CASH FLOWS FROM CAPITAL AND</b>			
<b>RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	-	-	(287,338)
Proceeds from the sale of capital assets	-	-	62,954
Proceeds from advance from other fund	-	-	(37,497)
Net cash provided (used) by capital and related financing activities	-	-	(261,881)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	(3,205,661)	-	(7,962,437)
Sale of investments	8,826,474	-	14,279,845
Interest and dividends	179,520	-	320,603
Net cash provided (used) by investing activities	5,800,333	-	6,638,011
Net Increase (Decrease) in Cash and Cash Equivalents	(33,074)	18,511	279,744
Balances - January 1	1,327,898	118,710	3,419,176
Balances - December 31	\$ 1,294,824	\$ 137,221	\$ 3,698,920
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (4,968,394)	\$ -	\$ (4,737,161)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	-	-	262,335
(Increase) Decrease Receivables	(194,378)	-	(474,172)
(Increase) Decrease Due from other governments	-	-	(24,400)
(Increase) Decrease Inventories	-	-	24,595
(Increase) Decrease Prepaid items	(4,857)	-	(4,857)
Increase (Decrease) Accounts payable	(54,634)	(1,308)	(232,725)
Increase (Decrease) Contracts payable	-	-	(15,000)
Increase (Decrease) Salaries payable	-	-	(25,257)
Increase (Decrease) Compensated absences payable	-	19,819	21,132
Increase (Decrease) Claims payable	(581,400)	-	(909,324)
Increase (Decrease) Due to other governments	-	-	37,392
Increase (Decrease) OPEB obligation	311,841	-	311,841
Increase (Decrease) Unearned revenue	(64,484)	-	(64,484)
Total Adjustments	(587,912)	18,511	(1,092,924)
Net cash provided (used) by operating activities	\$ (5,556,306)	\$ 18,511	\$ (5,830,085)
<b>NON-CASH ACTIVITIES</b>			
Change in fair market value of investments	(28,871)	-	(39,435)

## FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs.

### Investment Trust Funds

**Taconite Relief** - This fund is used to account for the tax imposed by Minn. Stat. 298.015 as an individual investment account for the State of Minnesota.

**Taconite Production Tax** -This fund is used to account for the tax imposed by Minn. Stat. 298.24 as an individual investment account for the State of Minnesota.

## AGENCY FUNDS

**State of Minnesota** - This fund is used to account for the receipt and disbursement of monies for which St. Louis County is the collection agent for the State.

**Beer-Auctioneer Licenses** - This fund is used to account for the funds collected from the sale of intoxicating beer and auctioneer licenses by the County and payments to the County and State of Minnesota for these licenses.

**Taxes and Penalties** - This fund is used to account for the collection and payment of taxes, penalties, and special assessment collections to the various County funds and taxing districts.

**Payroll Deductions** - This fund is used to account for the accumulation of funds from payroll deductions charged to all operating funds. Payment by a single check is made to the state and federal governments for tax deductions, and to any other organization for deductions not covered in another agency fund.

**Human Service Conference** - This fund is used to account for the annual Human Service conference hosted by the Public Health and Human Service Department each year.

**Canceled Check** - This fund is used to account for checks issued by St. Louis County but not cashed by the payee. The checks are canceled and the money is held as unclaimed funds.

**Arrowhead Regional Corrections** - This fund is used to account for transactions related to the Arrowhead Regional Corrections operation which contracts with St. Louis County for accounting services.

## **AGENCY FUNDS**

### **Continued**

**Permit to Carry Firearms** - This fund is used to account for fees collected for the sale of permits to carry firearms.

**Minneapolis - Duluth/Superior Passenger Rail Alliance** - This fund is used to account for the financial transactions of the Minneapolis - Duluth/Superior Passenger Rail Alliance for which the Regional Railroad Authority is the fiscal agent.

**Civil Fund** - This fund is used to collect and disburse funds per court orders.

**Community Health Services** - This fund is used to account for the transactions related to the Community Health Services Board.

**Duluth Area Family Services Collaborative** - This fund is used to account for the financial transactions of the Duluth Area Family Services Collaborative for which the County is the fiscal agent.

**Local Collaborative Time Study** - This fund is used to account for the time study funds received from the State to be remitted to the local collaboratives as requested.

**Regional Railroad Authority** - This fund is used to account for the financial transactions of the Regional Railroad Authority for which the County is the fiscal agent.

**Northern Counties Land Use Board** - This fund is used to account for the financial transactions of the Northern Counties Land Use Board for which the County is the fiscal agent.

**Voyagers National Joint Venture** - This fund is used to account for the financial transactions of the Voyagers National Joint Venture for which the County is the fiscal agent.

**Agency Miscellaneous** - This fund is used to account for the activities not accounted for in another agency fund.

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
DECEMBER 31, 2015

	<b>Investment Trust Funds</b>		
	<b>Taconite Relief</b>	<b>Taconite Production Tax</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 30,979	\$ 759	\$ 31,738
Investments	3,826,753	343,969	4,170,722
Accrued interest receivable	338	-	338
Total Assets	3,858,070	344,728	4,202,798
 <b>LIABILITIES</b>			
Due to other governments	145,267	344,665	489,932
 <b>NET POSITION</b>			
Held in trust for pool participants and other purposes	\$ 3,712,803	\$ 63	\$ 3,712,866

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>Investment Trust Funds</b>		
	<b>Taconite Relief</b>	<b>Taconite Production Tax</b>	<b>Total</b>
<b>ADDITIONS</b>			
Taconite taxes	\$ 13,724,064	\$ 26,597,263	\$ 40,321,327
Earnings on investments	9,095	3,168	12,263
Total Additions	13,733,159	26,600,431	40,333,590
<b>DEDUCTIONS</b>			
Distribution to participants	11,276,097	26,600,368	37,876,465
Changes in net position	2,457,062	63	2,457,125
Net position - January 1	1,255,741	-	1,255,741
Net position - December 31	\$ 3,712,803	\$ 63	\$ 3,712,866

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>STATE OF MINNESOTA FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 877,478	\$ 50,003,805	\$ 49,887,365	\$ 993,918
Accounts receivable	564	25,311	18,949	6,926
Due from other governments	205	73,008	615	72,598
Total Assets	<u>\$ 878,247</u>	<u>\$ 50,102,124</u>	<u>\$ 49,906,929</u>	<u>\$ 1,073,442</u>
LIABILITIES				
Due to other governments	<u>\$ 878,247</u>	<u>\$ 50,102,124</u>	<u>\$ 49,906,929</u>	<u>\$ 1,073,442</u>
<b>BEER-AUCTIONEER LICENSES FUND</b>				
ASSETS				
Cash and cash equivalents	<u>\$ 2,028</u>	<u>\$ 1,663</u>	<u>\$ 2,028</u>	<u>\$ 1,663</u>
LIABILITIES				
Due to other governments	<u>\$ 2,028</u>	<u>\$ 1,663</u>	<u>\$ 2,028</u>	<u>\$ 1,663</u>
<b>TAXES AND PENALTIES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 3,696,803	\$ 631,136,784	\$ 631,751,202	\$ 3,082,385
Due from other governments	82,363	820	82,393	790
Total Assets	<u>\$ 3,779,166</u>	<u>\$ 631,137,604</u>	<u>\$ 631,833,595</u>	<u>\$ 3,083,175</u>
LIABILITIES				
Due to other governments	<u>\$ 3,779,166</u>	<u>\$ 631,137,604</u>	<u>\$ 631,833,595</u>	<u>\$ 3,083,175</u>
<b>PAYROLL DEDUCTIONS FUND</b>				
ASSETS				
Cash and cash equivalents	<u>\$ 149,114</u>	<u>\$ 55,185,611</u>	<u>\$ 53,252,715</u>	<u>\$ 2,082,010</u>
LIABILITIES				
Accounts payable	<u>\$ 149,114</u>	<u>\$ 55,185,611</u>	<u>\$ 53,252,715</u>	<u>\$ 2,082,010</u>
<b>HUMAN SERVICE CONFERENCE FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 141,507	\$ 191,463	\$ 146,042	\$ 186,928
Accounts receivable	540	91,035	86,170	5,405
Total Assets	<u>\$ 142,047</u>	<u>\$ 282,498</u>	<u>\$ 232,212</u>	<u>\$ 192,333</u>
LIABILITIES				
Accounts payable	\$ 3,750	\$ 138,582	\$ 142,205	\$ 127
Due to other governments	138,297	143,916	90,007	192,206
Total Liabilities	<u>\$ 142,047</u>	<u>\$ 282,498</u>	<u>\$ 232,212</u>	<u>\$ 192,333</u>
<b>CANCELED CHECK FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 2,479	\$ 14,366	\$ 16,267	\$ 578
Accounts receivable	251	-	-	251
Total Assets	<u>\$ 2,730</u>	<u>\$ 14,366</u>	<u>\$ 16,267</u>	<u>\$ 829</u>
LIABILITIES				
Accounts payable	<u>\$ 2,730</u>	<u>\$ 14,366</u>	<u>\$ 16,267</u>	<u>\$ 829</u>

continued

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>ARROWHEAD REGIONAL CORRECTIONS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 3,777,819	\$ 29,562,820	\$ 31,119,981	\$ 2,220,658
Investments	2,946,202	1,806,477	2,766,583	1,986,096
Accounts receivable	97,315	2,999,127	3,034,879	61,563
Accrued interest receivable	2,440	38,784	37,830	3,394
Due from other governments	1,669,469	1,285,383	1,681,934	1,272,918
Total Assets	<u>\$ 8,493,245</u>	<u>\$ 35,692,591</u>	<u>\$ 38,641,207</u>	<u>\$ 5,544,629</u>
LIABILITIES				
Accounts payable	\$ 1,268,104	\$ 7,322,858	\$ 8,265,566	\$ 325,396
Contracts payable	5,214	700,577	683,298	22,493
Salaries payable	765,122	1,630,572	2,171,381	224,313
Due to other governments	6,454,805	26,038,584	27,520,962	4,972,427
Total Liabilities	<u>\$ 8,493,245</u>	<u>\$ 35,692,591</u>	<u>\$ 38,641,207</u>	<u>\$ 5,544,629</u>
<b>PERMIT TO CARRY FIREARMS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 309,151	\$ 237,830	\$ 206,580	\$ 340,401
Accounts receivable	5,900	9,180	5,900	9,180
Total Assets	<u>\$ 315,051</u>	<u>\$ 247,010</u>	<u>\$ 212,480</u>	<u>\$ 349,581</u>
LIABILITIES				
Accounts payable	\$ 21	\$ 67,612	\$ 64,676	\$ 2,957
Due to other governments	315,030	179,398	147,804	346,624
Total Liabilities	<u>\$ 315,051</u>	<u>\$ 247,010</u>	<u>\$ 212,480</u>	<u>\$ 349,581</u>
<b>MINNEAPOLIS-DULUTH/SUPERIOR PASSENGER RAIL ALLIANCE FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 260,756	\$ 65,350	\$ 199,543	\$ 126,563
LIABILITIES				
Accounts payable	\$ 5,095	\$ 65,350	\$ 58,749	\$ 11,696
Due to other governments	255,661	-	140,794	114,867
Total Liabilities	<u>\$ 260,756</u>	<u>\$ 65,350</u>	<u>\$ 199,543</u>	<u>\$ 126,563</u>
<b>CIVIL FUNDS</b>				
ASSETS				
Cash and cash equivalents	\$ 47,555	\$ 1,539,448	\$ 1,478,107	\$ 108,896
Accounts receivable	310	854	310	854
Total Assets	<u>\$ 47,865</u>	<u>\$ 1,540,302</u>	<u>\$ 1,478,417</u>	<u>\$ 109,750</u>
LIABILITIES				
Accounts payable	\$ 11,131	\$ 1,353,962	\$ 1,300,542	\$ 64,551
Due to other governments	36,734	186,340	177,875	45,199
Total Liabilities	<u>\$ 47,865</u>	<u>\$ 1,540,302</u>	<u>\$ 1,478,417</u>	<u>\$ 109,750</u>

continued

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>COMMUNITY HEALTH SERVICES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 6,090,247	\$ 6,090,247	\$ -
Accounts receivable	29	1,503	29	1,503
Due from other governments	1,166,210	1,386,281	1,277,776	1,274,715
Total Assets	<u>\$ 1,166,239</u>	<u>\$ 7,478,031</u>	<u>\$ 7,368,052</u>	<u>\$ 1,276,218</u>
LIABILITIES				
Accounts payable	\$ 69,815	\$ 2,379,533	\$ 2,394,089	\$ 55,259
Salaries payable	17,084	30,697	40,856	6,925
Due to other governments	1,079,340	5,067,801	4,933,107	1,214,034
Total Liabilities	<u>\$ 1,166,239</u>	<u>\$ 7,478,031</u>	<u>\$ 7,368,052</u>	<u>\$ 1,276,218</u>
<b>DULUTH AREA FAMILY SERVICE COLLABORATIVE FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 58,835	\$ 330,093	\$ -	\$ 388,928
Due from other governments	-	76,522	-	76,522
Total Assets	<u>\$ 58,835</u>	<u>\$ 406,615</u>	<u>\$ -</u>	<u>\$ 465,450</u>
LIABILITIES				
Accounts payable	\$ -	\$ 433	\$ -	\$ 433
Due to other governments	58,835	406,182	-	465,017
Total Liabilities	<u>\$ 58,835</u>	<u>\$ 406,615</u>	<u>\$ -</u>	<u>\$ 465,450</u>
<b>LOCAL COLLABORATIVE TIME STUDY FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 659,963	\$ 579,278	\$ 869,753	\$ 369,488
Due from other governments	-	76,522	-	76,522
Total Assets	<u>\$ 659,963</u>	<u>\$ 655,800</u>	<u>\$ 869,753</u>	<u>\$ 446,010</u>
LIABILITIES				
Accounts payable	\$ -	\$ 546,886	\$ 546,886	\$ -
Due to other governments	659,963	108,914	322,867	446,010
Total Liabilities	<u>\$ 659,963</u>	<u>\$ 655,800</u>	<u>\$ 869,753</u>	<u>\$ 446,010</u>
<b>REGIONAL RAILROAD AUTHORITY FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 1,300,317	\$ 3,496,492	\$ 4,236,031	\$ 560,778
Delinquent taxes receivable	86,812	79,586	86,812	79,586
Accounts receivable	6,959	145,774	6,959	145,774
Due from other governments	624,089	1,406,167	624,089	1,406,167
Prepaid items	-	674	-	674
Total Assets	<u>\$ 2,018,177</u>	<u>\$ 5,128,693</u>	<u>\$ 4,953,891</u>	<u>\$ 2,192,979</u>
LIABILITIES				
Accounts payable	\$ 179,577	\$ 1,818,962	\$ 1,883,613	\$ 114,926
Salaries payable	10,934	7,182	13,747	4,369
Due to other governments	1,827,666	3,302,549	3,056,531	2,073,684
Total Liabilities	<u>\$ 2,018,177</u>	<u>\$ 5,128,693</u>	<u>\$ 4,953,891</u>	<u>\$ 2,192,979</u>

continued

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>NORTHERN COUNTIES</b>				
<b>LAND USE BOARD FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 120,818	\$ 16,999	\$ 10,907	\$ 126,910
LIABILITIES				
Accounts payable	\$ 991	\$ 12,368	\$ 10,907	\$ 2,452
Due to other governments	119,827	4,631	-	124,458
Total Liabilities	<u>\$ 120,818</u>	<u>\$ 16,999</u>	<u>\$ 10,907</u>	<u>\$ 126,910</u>
<b>VOYAGERS NATIONAL JOINT JENTURE</b>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 90,825	\$ 44,491	\$ 46,334
LIABILITIES				
Accounts payable	\$ -	\$ 50,066	\$ 44,491	\$ 5,575
Due to other governments	-	40,759	-	40,759
Total Liabilities	<u>\$ -</u>	<u>\$ 90,825</u>	<u>\$ 44,491</u>	<u>\$ 46,334</u>
<b>AGENCY MISCELLANEOUS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 415,869	\$ 152,833	\$ 435,469	\$ 133,233
Accounts receivable	1,319	-	1,319	-
Total Assets	<u>\$ 417,188</u>	<u>\$ 152,833</u>	<u>\$ 436,788</u>	<u>\$ 133,233</u>
LIABILITIES				
Accounts payable	\$ -	\$ 152,833	\$ 152,833	\$ -
Due to other governments	417,188	-	283,955	133,233
	<u>\$ 417,188</u>	<u>\$ 152,833</u>	<u>\$ 436,788</u>	<u>\$ 133,233</u>
<b>TOTALS FOR ALL AGENCY FUNDS</b>				
ASSETS				
Cash and cash equivalents	\$ 11,820,492	\$ 778,695,907	\$ 779,746,728	\$ 10,769,671
Investments	2,946,202	1,806,477	2,766,583	1,986,096
Delinquent taxes receivable	86,812	79,586	86,812	79,586
Accounts receivable	113,187	3,272,784	3,154,515	231,456
Accrued interest receivable	2,440	38,784	37,830	3,394
Due from other governments	3,542,336	4,304,703	3,666,807	4,180,232
Prepaid items	-	674	-	674
Total Assets	<u>\$ 18,511,469</u>	<u>\$ 788,198,915</u>	<u>\$ 789,459,275</u>	<u>\$ 17,251,109</u>
LIABILITIES				
Accounts payable	\$ 1,690,328	\$ 69,109,422	\$ 68,133,539	\$ 2,666,211
Contracts payable	5,214	700,577	683,298	22,493
Salaries payable	793,140	1,668,451	2,225,984	235,607
Due to other governments	16,022,787	716,720,465	718,416,454	14,326,798
Total Liabilities	<u>\$ 18,511,469</u>	<u>\$ 788,198,915</u>	<u>\$ 789,459,275</u>	<u>\$ 17,251,109</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS**  
**DECEMBER 31, 2015**

	<u>Interest Rates</u>	<u>Par Value</u>	<u>Market</u>
<b>Pooled Investments</b>			
Savings Accounts	0.15%	\$ 58,618	\$ 58,618
Certificates of Deposit	0.30% - 2.65%	36,490,381	36,490,427
MAGIC	Varies	20,476,292	20,476,292
Municipal Bonds	0.70% - 5.00%	5,535,000	5,708,292
FFCB	1.59% - 5.15%	12,559,000	12,771,347
FHLB	0.00% - 5.625%	56,545,000	57,225,714
FHLMC	0.50% - 3.75%	14,110,000	14,321,571
FNMA	0.50% - 2.25%	23,099,000	22,941,941
<b>Total Pooled Investments</b>		<b>\$ 168,873,291</b>	<b>\$ 169,994,202</b>
<b>Capital Projects</b>			
Certificates of Deposit	0.45% - 0.95%	\$ 1,490,000	\$ 1,490,000
FFCB	1.70% - 4.82%	1,965,000	2,010,482
FHLB	0.00%-5.375%	15,060,000	15,164,340
FHLMC	0.875% - 2.50%	6,711,000	6,751,437
FNMA	0.8750% - 1.875%	3,525,000	3,522,305
<b>Total Capital Projects</b>		<b>\$ 28,751,000</b>	<b>\$ 28,938,564</b>
<b>Shoreland Sales Permanent Fund</b>			
MN Board of Investments	Varies	\$ 12,301,810	\$ 12,301,810
<b>Environmental Services Enterprise Fund</b>			
Savings account	0.15%	\$ 48,750	\$ 48,750
Certificates of deposit	0.70% - 1.85%	4,827,000	4,827,000
FFCB	1.77%-5.05%	1,034,000	1,067,632
FHLB	0.00% - 2.75%	6,310,000	6,352,596
FHLMC	0.875% - 2.00%	1,450,000	1,454,578
FNMA	0.875% - 1.875%	2,000,000	2,008,620
<b>Total Environmental Services Enterprise Fund</b>		<b>\$ 15,669,750</b>	<b>\$ 15,759,176</b>
<b>Property, Casualty, Liability Insurance</b>			
<b>Internal Service Fund</b>			
Certificates of deposit	0.75% - 2.04%	\$ 2,692,000	\$ 2,692,000
FFCB	1.77%	250,000	247,489
FHLMC	1.75%	500,000	503,750
<b>Total Property, Casualty, Liability Insurance</b>		<b>\$ 3,442,000</b>	<b>\$ 3,443,239</b>
<b>Worker's Compensation Insurance</b>			
<b>Internal Service Fund</b>			
Certificates of Deposit	1.00% - 2.00%	3,391,000	3,391,000
FFCB	1.77%-5.05%	1,249,000	1,299,400
FHLB	0.00%-0.625%	1,350,000	1,348,193
FHLMC	1.00% - 1.75%	1,250,000	1,254,250
FNMA	0.875% - 2.00%	1,000,000	995,902
<b>Total Workers' Compensation Insurance</b>		<b>\$ 8,240,000</b>	<b>\$ 8,288,745</b>
<b>Medical/Dental Insurance</b>			
<b>Internal Service Fund</b>			
Certificates of Deposit	0.50% - 1.20%	3,700,000	3,700,000
FHLB	1.25% - 3.375%	3,450,000	3,493,952
FHLMC	1.00%	300,000	299,175
FNMA	0.875% - 1.875%	3,500,000	3,493,194
<b>Total Medical/Dental Insurance</b>		<b>\$ 10,950,000</b>	<b>\$ 10,986,321</b>
<b>Taconite Relief Trust Fund</b>			
FHLB	0.00%	2,144,000	2,140,963
FHLMC	0.40%	2,030,000	2,029,759
<b>Total Taconite Relief Trust Fund</b>		<b>\$ 4,174,000</b>	<b>\$ 4,170,722</b>
<b>Arrowhead Regional Corrections Agency Fund</b>			
Savings accounts	0.15%	\$ 2,141	\$ 2,141
Certificates of deposit	0.50% -1.95%	1,478,000	1,478,000
FHLB	0.00%	506,000	505,954
<b>Total Arrowhead Regional Corrections Agency Fund</b>		<b>\$ 1,986,141</b>	<b>\$ 1,986,095</b>
<b>Total Investments</b>		<b>\$ 254,387,992</b>	<b>\$ 255,868,874</b>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
<b>Appropriations and Shared Revenue</b>					
<b>State</b>					
Department of Natural Resources					
Mineral rents & royalties	\$ 1,231,478	\$ -	\$ -	\$ -	\$ -
Department of Public Safety					
Enhanced 911 program grant	326,232	-	-	-	-
Department of Revenue					
County program aid	8,951,175	901,457	1,335,757	-	-
Disparity aid	2,545,951	935,618	1,529,655	-	366,087
Local Performance Aid	25,000	-	-	-	-
Market value credit	60,757	24,426	35,938	434	8,601
PERA Aid	167,590	93,099	183,476	20,039	-
Police Aid	810,853	-	-	-	-
State fire aid	21,233	-	-	-	-
Department of Transportation					
30 percent rental income	395	148	239	1	53
Engineering	-	1,603,829	-	-	-
MN FD 29 bridge bond	-	1,056,809	-	-	-
Municipal construction	-	2,018,705	-	-	-
Municipal maintenance	-	797,629	-	-	-
Regular construction	-	13,527,586	-	-	-
Regular maintenance	-	10,548,441	-	-	-
Right of way / utility reimbursement	-	12,190	-	-	-
State Aid Disaster Relief	-	1,481	-	-	-
State Aid for Consulting	-	694,391	-	-	-
State Park	-	234,761	-	-	-
Unorganized town road and bridge aid	-	140,054	-	-	-
<b>Total Appropriations and Shared Revenue</b>	<b>\$ 14,140,664</b>	<b>\$ 32,590,624</b>	<b>\$ 3,085,065</b>	<b>\$ 20,474</b>	<b>\$ 374,741</b>
<b>Reimbursement for Services</b>					
<b>State</b>					
Department of Human Services					
Alternative care 180 day	\$ -	\$ -	\$ 100,495	\$ -	\$ -
Case management for community alternative care	-	-	3,440	-	-
Child welfare targeted case mgmt	-	-	3,280,638	-	-
Community alternatives for disabled individuals waived services	-	-	653,006	-	-
Elderly waived services	-	-	62,860	-	-
Medical assistance child and teen checkups	-	-	232,665	-	-
Medical assistance transportation	-	-	148,346	-	-
Medical assistance - ACT	-	-	1,252,328	-	-
Medical assistance - CEHI	-	-	636,027	-	-
Medical assistance - Rule 5	-	-	771,664	-	-
Mentally retarded waived services	-	-	717,529	-	-
MH targeted case management	-	-	833,993	-	-
Relocation waived services	-	-	171	-	-
Traumatic brain injury	-	-	71,692	-	-
VADD targeted case management	-	-	73,381	-	-
<b>Total Reimbursement for Services Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,838,235</b>	<b>\$ -</b>	<b>\$ -</b>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
<b>Appropriations and Shared Revenue</b>				
<b>State</b>				
Department of Natural Resources				
Mineral rents & royalties	\$ -	\$ -	\$ -	\$ 1,231,478
Department of Public Safety				
Enhanced 911 program grant	-	-	-	326,232
Department of Revenue				
County program aid	67,610	-	-	11,255,999
Disparity aid	138,171	-	-	5,515,482
Local Performance Aid	-	-	-	25,000
Market value credit	3,246	-	-	133,402
PERA Aid	-	-	3,933	468,137
Police Aid	-	-	-	810,853
State fire aid	-	-	-	21,233
Department of Transportation				
30 percent rental income	21	-	-	857
Engineering	-	-	-	1,603,829
MN FD 29 bridge bond	-	-	-	1,056,809
Municipal construction	-	-	-	2,018,705
Municipal maintenance	-	-	-	797,629
Regular construction	-	-	-	13,527,586
Regular maintenance	-	-	-	10,548,441
Right of way / utility reimbursement	-	-	-	12,190
State Aid Disaster Relief	-	-	-	1,481
State Aid for Consulting	-	-	-	694,391
State Park	-	-	-	234,761
Unorganized town road and bridge aid	-	-	-	140,054
<b>Total Appropriations and Shared Revenue</b>	<b>\$ 209,048</b>	<b>\$ -</b>	<b>\$ 3,933</b>	<b>\$ 50,424,549</b>
<b>Reimbursement for Services</b>				
<b>State</b>				
Department of Human Services				
Alternative care 180 day	\$ -	\$ -	\$ -	\$ 100,495
Case management for community alternative care	-	-	-	3,440
Child welfare targeted case mgmt	-	-	-	3,280,638
Community alternatives for disabled individuals waived services	-	-	-	653,006
Elderly waived services	-	-	-	62,860
Medical assistance child and teen checkups	-	-	-	232,665
Medical assistance transportation	-	-	-	148,346
Medical assistance - ACT	-	-	-	1,252,328
Medical assistance - CEHI	-	-	-	636,027
Medical assistance - Rule 5	-	-	-	771,664
Mentally retarded waived services	-	-	-	717,529
MH targeted case management	-	-	-	833,993
Relocation waived services	-	-	-	171
Traumatic brain injury	-	-	-	71,692
VADD targeted case management	-	-	-	73,381
<b>Total Reimbursement for Services Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,838,235</b>

continued

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
<b>Grants</b>					
<b>State Grants</b>					
Board of Water & Soil Resources					
Natural resources block grant	\$ 103,687	\$ -	\$ -	\$ -	\$ -
Department of Environmental Assistance					
SCORE recycling grant	-	-	-	-	-
Department of Finance					
6/12 Storm-State Flood Bond	-	347,936	-	-	-
Department of Health					
Follow along program	-	-	2,492	-	-
Health Disparities	-	-	710	-	-
Local public health grant	-	-	824,794	-	-
Department of Human Services					
Adoption and foster care recruitment grant	-	-	22,272	-	-
Adult integrated fund	-	-	2,559,979	-	-
Alternative care	-	-	100,485	-	-
Alternative response	-	-	28,690	-	-
Case management CAC state	-	-	3,440	-	-
Child care basic sliding fee	-	-	54,319	-	-
Child protection - GTFCP	-	-	149,240	-	-
Child support health insurance bonus	-	-	168,855	-	-
Child support incentives	-	-	41,834	-	-
Children's mental health	-	-	183,189	-	-
Community alternatives for disabled individuals waived services	-	-	652,888	-	-
Community Social Services Act block grant	-	-	2,987,783	-	-
Consolidated chemical dependency fund admin	-	-	107,479	-	-
Consumer directed	-	-	13,476	-	-
Cost effective health insurance	-	-	705,695	-	-
CTC MA	-	-	232,665	-	-
DD family support	-	-	75,487	-	-
Early Hearing Detection & Intervention	-	-	10,075	-	-
Elderly waived services	-	-	62,852	-	-
Essential Community Service	-	-	280	-	-
Family homelessness prevention	-	-	232,673	-	-
Food Stamp Empl & Training	-	-	1,714	-	-
Forgotten child	-	-	1,320	-	-
Fraud prevention incentives	-	-	188,401	-	-
Homeless outreach	-	-	622,097	-	-
LTSS waived services	-	-	1,826,515	-	-
Medical assistance - ACT	-	-	1,035,924	-	-
Medical assistance transportation	-	-	148,855	-	-
Mentally retarded waived services	-	-	717,457	-	-
MN family investment project burial	-	-	2,205	-	-
MN family investment project child care	-	-	27,505	-	-
MN family investment project employment services	-	-	349,144	-	-
Northstar Foster Care	-	-	1,250,704	-	-
Parent support outreach program	-	-	89,652	-	-
Relative custody	-	-	1,227	-	-
Semi-independent living skills	-	-	312,972	-	-
Statewide health improvement - SHIP	-	-	88,231	-	-
Traumatic brain injury	-	-	71,673	-	-
Workers Compensation	-	-	-	-	-

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
<b>Grants</b>				
<b>State Grants</b>				
Board of Water & Soil Resources				
Natural resources block grant	\$ -	\$ 69,117	\$ -	\$ 172,804
Department of Environmental Assistance				
SCORE recycling grant	-	282,969	-	282,969
Department of Finance				
6/12 Storm-State Flood Bond	-	-	-	347,936
Department of Health				
Follow along program	-	-	-	2,492
Health Disparities	-	-	-	710
Local public health grant	-	-	-	824,794
Department of Human Services				
Adoption and foster care recruitment grant	-	-	-	22,272
Adult integrated fund	-	-	-	2,559,979
Alternative care	-	-	-	100,485
Alternative response	-	-	-	28,690
Case management CAC state	-	-	-	3,440
Child care basic sliding fee	-	-	-	54,319
Child protection - GTFCP	-	-	-	149,240
Child support health insurance bonus	-	-	-	168,855
Child support incentives	-	-	-	41,834
Children's mental health	-	-	-	183,189
Community alternatives for disabled individuals waived services	-	-	-	652,888
Community Social Services Act block grant	-	-	-	2,987,783
Consolidated chemical dependency fund admin	-	-	-	107,479
Consumer directed	-	-	-	13,476
Cost effective health insurance	-	-	-	705,695
CTC MA	-	-	-	232,665
DD family support	-	-	-	75,487
Early Hearing Detection & Intervention	-	-	-	10,075
Elderly waived services	-	-	-	62,852
Essential Community Service	-	-	-	280
Family homelessness prevention	-	-	-	232,673
Food Stamp Empl & Training	-	-	-	1,714
Forgotten child	-	-	-	1,320
Fraud prevention incentives	-	-	-	188,401
Homeless outreach	-	-	-	622,097
LTSS waived services	-	-	-	1,826,515
Medical assistance - ACT	-	-	-	1,035,924
Medical assistance transportation	-	-	-	148,855
Mentally retarded waived services	-	-	-	717,457
MN family investment project burial	-	-	-	2,205
MN family investment project child care	-	-	-	27,505
MN family investment project employment services	-	-	-	349,144
Northstar Foster Care	-	-	-	1,250,704
Parent support outreach program	-	-	-	89,652
Relative custody	-	-	-	1,227
Semi-independent living skills	-	-	-	312,972
Statewide health improvement - SHIP	-	-	-	88,231
Traumatic brain injury	-	-	-	71,673
Workers Compensation	-	-	603,661	603,661

continued

ST. LOUIS COUNTY, MINNESOTA  
 SCHEDULE OF INTERGOVERNMENTAL REVENUE  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
<b>Grants (continued)</b>					
<b>State grants (continued)</b>					
Department of Natural Resources					
Aquatic Invasive Species Prevention	14,672	-	-	-	-
Boat and water safety	85,993	-	-	-	-
Forest road access	-	-	-	153,041	-
Snowmobile safety	13,396	-	-	-	-
State trail assistance	298,967	-	-	-	-
Department of Post Board Training					
Training reimbursement	31,985	-	-	-	-
Department of Public Safety					
Bullet proof vests	5,178	-	-	-	-
Office of Justice program grants	75,656	-	-	-	-
Public Assistance Disaster Fund	-	5,141	-	59,646	-
MN Pollution Control Agency					
Electric Vehicle Pilot Project	-	-	-	-	-
Septic Treatment Systems	-	-	-	-	-
Veterans Affairs					
Enhancement	16,605	-	-	-	-
<b>Total State Grants</b>	<b>\$ 646,139</b>	<b>\$ 353,077</b>	<b>\$ 15,957,248</b>	<b>\$ 212,687</b>	<b>\$ -</b>
<b>Federal Grants</b>					
Department of Agriculture					
10.557 Women, infants, and children (through Community Health Board)	\$ -	\$ -	\$ 670,952	\$ -	\$ -
10.561 Food stamps	93,576	-	2,002,225	-	-
10.561 Food stamps empl & training	-	-	126,314	-	-
10.665 National forest land - roads & schools	-	168,865	-	-	-
10.665 National forest title III	10,575	-	-	-	-
Department of Commerce					
11.419 Coastal zone management and administration awards	-	72,925	-	-	-
Department of Health & Human Services					
93.069 Public health emergency preparedness	-	-	107,421	-	-
93.251 Universal Newborn Hearing Screening	-	-	2,400	-	-
93.283 Early hearing detection intervention	-	-	300	-	-
93.505 Maternal, Infant, and Early Childhood Home Visiting	-	-	158,421	-	-
93.556 Title 4B Fam Response	-	-	24,541	-	-
93.556 Title IV-B Alternative Response	-	-	100,052	-	-
93.558 MN family investment project employment services	-	-	3,086,338	-	-
93.558 Temporary assistance to needy families admin	17,368	-	400,658	-	-
93.558 Temporary assistance to needy families home visiting	-	-	307,250	-	-
93.563 Child support	130,728	-	3,087,507	-	-
93.563 Title IV-D incentives	-	-	404,878	-	-
93.575 BSF CC Admin	-	-	67,304	-	-
93.575 MFIP CC Admin	-	-	28,630	-	-
93.590 Federal PSOP Child's Trust	-	-	204,985	-	-
93.645 Title 4B Fam Response	-	-	12,230	-	-
93.658 Foster care	25,474	-	28,789	-	-
93.658 IV-E foster care social service time study & state social service information system	-	-	636,947	-	-
93.658 Title IV-E cost of care	-	-	1,347,428	-	-
93.658 Title IV-E foster care case management	-	-	115,782	-	-
93.667 Title XX block grant	-	-	1,601,613	-	-
93.674 Support for emancipation and living functionally	-	-	42,311	-	-
93.778 LTSS	-	-	1,826,515	-	-
93.778 Medical assistance	153,839	-	3,047,636	-	-
93.778 Medical assistance - Rule 25	-	-	809,945	-	-
93.778 Medical assistance incentives	-	-	101,313	-	-
93.994 Fed Maternal & Child Health Services Block Grant	-	-	261,200	-	-

ST. LOUIS COUNTY, MINNESOTA  
 SCHEDULE OF INTERGOVERNMENTAL REVENUE  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
<b>Grants (continued)</b>				
<b>State grants (continued)</b>				
Department of Natural Resources				
Aquatic Invasive Species Prevention	-	-	-	14,672
Boat and water safety	-	-	-	85,993
Forest road access	-	-	-	153,041
Snowmobile safety	-	-	-	13,396
State trail assistance	-	-	-	298,967
Department of Post Board Training				
Training reimbursement	-	-	-	31,985
Department of Public Safety				
Bullet proof vests	-	-	-	5,178
Office of Justice program grants	-	-	-	75,656
Public Assistance Disaster Fund	-	-	-	64,787
MN Pollution Control Agency				
Electric Vehicle Pilot Project	-	-	2,326	2,326
Septic Treatment Systems	-	20,000	-	20,000
Veterans Affairs				
Enhancement	-	-	-	16,605
<b>Total State Grants</b>	<b>\$ -</b>	<b>\$ 372,086</b>	<b>\$ 605,987</b>	<b>\$ 18,147,224</b>
<b>Federal Grants</b>				
Department of Agriculture				
10.557 Women, infants, and children (through Community Health Board)	\$ -	\$ -	\$ -	\$ 670,952
10.561 Food stamps	-	-	-	2,095,801
10.561 Food stamps empl & training	-	-	-	126,314
10.665 National forest land - roads & schools	-	-	-	168,865
10.665 National forest title III	-	-	-	10,575
Department of Commerce				
11.419 Coastal zone management and administration awards	-	-	-	72,925
Department of Health & Human Services				
93.069 Public health emergency preparedness	-	-	-	107,421
93.251 Universal Newborn Hearing Screening	-	-	-	2,400
93.283 Early hearing detection intervention	-	-	-	300
93.505 Maternal, Infant, and Early Childhood Home Visiting	-	-	-	158,421
93.556 Title 4B Fam Response	-	-	-	24,541
93.556 Title IV-B Alternative Response	-	-	-	100,052
93.558 MN family investment project employment services	-	-	-	3,086,338
93.558 Temporary assistance to needy families admin	-	-	-	418,026
93.558 Temporary assistance to needy families home visiting	-	-	-	307,250
93.563 Child support	-	-	-	3,218,235
93.563 Title IV-D incentives	-	-	-	404,878
93.575 BSF CC Admin	-	-	-	67,304
93.575 MFIP CC Admin	-	-	-	28,630
93.590 Federal PSOP Child's Trust	-	-	-	204,985
93.645 Title 4B Fam Response	-	-	-	12,230
93.658 Foster care	-	-	-	54,263
93.658 IV-E foster care social service time study & state social service information system	-	-	-	636,947
93.658 Title IV-E cost of care	-	-	-	1,347,428
93.658 Title IV-E foster care case management	-	-	-	115,782
93.667 Title XX block grant	-	-	-	1,601,613
93.674 Support for emancipation and living functionally	-	-	-	42,311
93.778 LTSS	-	-	-	1,826,515
93.778 Medical assistance	-	-	-	3,201,475
93.778 Medical assistance - Rule 25	-	-	-	809,945
93.778 Medical assistance incentives	-	-	-	101,313
93.994 Fed Maternal & Child Health Services Block Grant	-	-	-	261,200

continued

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
<b>Grants (continued)</b>					
<b>Federal Grants (continued)</b>					
Department of Homeland Security					
97.012 Boating safety financial assurance	35,668	-	-	-	-
97.036 FEMA Public Assistance	-	15,423	-	178,939	-
97.042 Homeland Security Grant	154,986	-	-	-	-
97.056 Port security grant	318,720	-	-	-	-
97.067 Homeland security grant	74,845	-	-	-	-
Department of Housing & Urban Development					
14.218 CDBG federal grant	-	-	-	1,721,796	-
14.231 Emergency shelter grant	192,437	-	-	-	-
14.238 Shelter Plus Care	28,869	-	-	-	-
14.239 Home federal grant	-	-	-	427,739	-
14.267 CoC Planning-McKinney Vento	-	-	5,919	-	-
Department of Interior					
15.226 Payment in lieu of taxes	261,303	100	163	2	39
Department of Justice					
16.527 Safe haven grant	-	-	107,218	-	-
16.710 Law enforcement assistance	313	-	-	-	-
Department of Transportation					
20.205 Emergency Relief Federally Owned Roads	-	9,104	-	-	-
20.205 Highway planning and construction	-	4,667,913	-	-	-
20.219 Federal Trail Assistance Grant	89,709	-	-	-	-
20.600 Safe & Sober	4,285	-	-	-	-
20.608 Toward Zero Deaths Under the Influence	52,701	-	-	-	-
20.616 Toward Zero Deaths Seat Belt & Distracted	539	-	-	-	-
<b>Total Federal grants</b>	<u>\$ 1,645,935</u>	<u>\$ 4,934,330</u>	<u>\$ 20,725,185</u>	<u>\$ 2,328,476</u>	<u>\$ 39</u>
<b>Other Grants</b>					
Local					
Accountable Community Health	\$ -	\$ -	\$ 39,617	\$ -	\$ -
Blue Cross & Blue Shield	-	-	-	-	-
EIP Credit Co, LLC	53,003	-	-	-	-
Miscellaneous	-	-	-	-	-
MN Power	-	-	-	-	-
<b>Total Other grants</b>	<u>\$ 53,003</u>	<u>\$ -</u>	<u>\$ 39,617</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Grants</b>	<u>\$ 2,345,077</u>	<u>\$ 5,287,407</u>	<u>\$ 36,722,050</u>	<u>\$ 2,541,163</u>	<u>\$ 39</u>
<b>Other Federal</b>					
Department of Justice					
United States Marshals	\$ 3,313	\$ -	\$ -	\$ -	\$ -
<b>Total Other Federal</b>	<u>\$ 3,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>In-kind Match</b>	-	-	-	182,694	-
<b>Total Intergovernmental Revenue</b>	<u>\$ 16,489,054</u>	<u>\$ 37,878,031</u>	<u>\$ 48,645,350</u>	<u>\$ 2,744,331</u>	<u>\$ 374,780</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Service Funds	Total
<b>Grants (continued)</b>				
<b>Federal Grants (continued)</b>				
Department of Homeland Security				
97.012 Boating safety financial assurance	-	-	-	35,668
97.036 FEMA Public Assistance	-	-	-	194,362
97.042 Homeland Security Grant	-	-	-	154,986
97.056 Port security grant	-	-	-	318,720
97.067 Homeland security grant	-	-	-	74,845
Department of Housing & Urban Development				
14.218 CDBG federal grant	-	-	-	1,721,796
14.231 Emergency shelter grant	-	-	-	192,437
14.238 Shelter Plus Care	-	-	-	28,869
14.239 Home federal grant	-	-	-	427,739
14.267 CoC Planning-McKinney Vento	-	-	-	5,919
Department of Interior				
15.226 Payment in lieu of taxes	15	1	-	261,623
Department of Justice				
16.527 Safe haven grant	-	-	-	107,218
16.710 Law enforcement assistance	-	-	-	313
Department of Transportation				
20.205 Emergency Relief Federally Owned Roads	-	-	-	9,104
20.205 Highway planning and construction	-	-	-	4,667,913
20.219 Federal Trail Assistance Grant	-	-	-	89,709
20.600 Safe & Sober	-	-	-	4,285
20.608 Toward Zero Deaths Under the Influence	-	-	-	52,701
20.616 Toward Zero Deaths Seat Belt & Distracted	-	-	-	539
<b>Total Federal grants</b>	<u>\$ 15</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 29,633,981</u>
<b>Other Grants</b>				
Local				
Accountable Community Health	\$ -	\$ -	\$ -	\$ 39,617
Blue Cross & Blue Shield	-	-	14,684	14,684
EIP Credit Co, LLC	-	-	-	53,003
Miscellaneous	1,952	-	-	1,952
MN Power	119,603	-	-	119,603
<b>Total Other grants</b>	<u>\$ 121,555</u>	<u>\$ -</u>	<u>\$ 14,684</u>	<u>\$ 228,859</u>
<b>Total Grants</b>	<u>\$ 121,570</u>	<u>\$ 372,087</u>	<u>\$ 620,671</u>	<u>\$ 48,010,064</u>
<b>Other Federal</b>				
Department of Justice				
United States Marshals	\$ -	\$ -	\$ -	\$ 3,313
<b>Total Other Federal</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,313</u>
<b>In-kind Match</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,694</u>
<b>Total Intergovernmental Revenue</b>	<u>\$ 330,618</u>	<u>\$ 372,087</u>	<u>\$ 624,604</u>	<u>\$ 107,458,855</u>

ST. LOUIS COUNTY, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures	Passed Through to Subrecipient
<b>U.S. Department of Agriculture</b>				
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board Special Supplemental Nutrition Program for Women, Infants and Children	10.557	12-700-00061	\$ 665,766	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Food Stamp Administration	10.561	15152MN10152514	2,095,801	-
Food Stamp Employment & Training (Total State Administrative Matching Grants for SNAP 10.561 \$2,238,839)		15152MN127Q7503	143,038	-
Passed Through Minnesota Department of Management and Budget Schools and Roads - Grants to States	10.665			
Thye Blatnik PILT		P.L. 114-10	1,502,850	-
Title III		P.L. 110-343 & P.L. 112-141	10,575	-
Title I (Total Schools and Roads -Grants to States 10.665 \$1,682,290)		P.L. 113-40	<u>168,865</u>	<u>-</u>
<b>Total Department of Agriculture</b>			<b>\$ 4,586,895</b>	<b>\$ -</b>
<b>U.S. Department of Commerce National Oceanic and Atmospheric Administration</b>				
Passed Through Department of Natural Resources Coastal Zone Management Administration Awards	11.419			
Phase I		13-306-11	\$ 29,073	\$ -
Phases II & III		14-306-10	<u>43,852</u>	<u>-</u>
<b>Total Department of Commerce National Oceanic and Atmospheric Administration</b>			<b>\$ 72,925</b>	<b>\$ -</b>
<b>U.S. Department of Housing and Urban Development</b>				
Direct				
Community Development Block Grants/Entitlement Grants	14.218		\$ 1,807,637	\$ 1,568,810
Emergency Solutions Grant Program	14.231		192,437	181,261
Shelter Plus Care	14.238		28,869	-
Home Investment Partnerships Program	14.239		524,592	494,992
Continuum of Care Program	14.267		<u>5,919</u>	<u>-</u>
<b>Total Department of Housing and Urban Development</b>			<b>\$ 2,559,454</b>	<b>\$ 2,245,063</b>
<b>U.S. Department of the Interior</b>				
Direct				
Payments in Lieu of Taxes	15.226		\$ 261,623	\$ -
<b>U.S. Department of Justice</b>				
Direct				
Supervised Visitation, Safe Havens for Children	16.527		\$ 107,218	\$ -
Passed Through City of Virginia Public Safety Partnership and Community Policing Grants	16.710	2009CKWX0429	<u>313</u>	<u>-</u>
<b>Total Department of Justice</b>			<b>\$ 107,531</b>	<b>\$ -</b>
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction (Total Highway Planning and Construction Cluster \$4,608,298)	20.205	99969	\$ 4,518,589	\$ -
Passed Through Minnesota Department of Natural Resources Highway Planning and Construction Cluster Recreational Trails Program	20.219			
Grooming Tractor Purchase		0028-14-2C	75,000	-
Trail Grooming Drag Purchase (Total Recreational Trails Program 20.219 \$89,709) (Total Highway Planning and Construction Cluster \$4,608,298)		0029-14-2C	<u>14,709</u>	<u>-</u>
Passed Through City of Duluth National Highway Traffic Safety Administration Highway Safety Cluster				
State and Community Highway Safety	20.600			
October 1, 2014 - September 30,2015		A-ENFRC15-2015-DULUTHPD-0004	3,453	-
October 1, 2015 - September 30,2016 (Total State and Community Highway Safety 20.600 \$4,285)		A-ENFRC16-2016-DULUTHPD-00063	<u>832</u>	<u>-</u>
National Priority Safety Programs (Total Highway Safety Cluster \$4,824)	20.616	A-ENFRC15-2015-DULUTHPD-0004	539	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608			
October 1, 2014 - September 30,2015		A-ENFRC15-2015-DULUTHPD-0004	40,299	-
October 1, 2015 - September 30,2016 (Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$52,701)		A-ENFRC16-2016-DULUTHPD-00063	<u>12,402</u>	<u>-</u>
<b>Total Department of Transportation</b>			<b>\$ 4,665,823</b>	<b>\$ -</b>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(Continued)

**U.S. Department of Health and Human Services**

Passed Through Carlton, Cook, Lake and St. Louis Community Health Board					
Public Health Emergency Preparedness	93.069	12-700-00061	\$	107,421	\$ -
Universal Newborn Hearing Screening	93.251	12-700-00061		2,400	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	12-700-00061		300	-
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	12-700-00061		159,247	-
Temporary Assistance for Needy Families	93.558	12-700-00061		308,770	-
(Total Temporary Assistance for Needy Families 93.558 \$3,827,278)					
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00061		261,200	-
Passed Through Minnesota Department of Human Services					
Promoting Safe and Stable Families	93.556	1401MNFPS		124,593	-
Temporary Assistance for Needy Families	93.558	1502MNTANF		3,518,508	-
(Total Temporary Assistance for Needy Families 93.558 \$3,827,278)					
Child Support Enforcement	93.563	1504MN4005		3,750,614	-
Refugee and Entrant Assistance - State Administered Programs	93.566	1501MNRMA		(87)	-
Child Care and Development Block Grant	93.575	G150MNCDF		87,543	-
Community-Based Child Abuse Prevention Grants	93.590	1302MNFPRG		204,985	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1401MNCWSS		12,230	-
Foster Care Title IV-E	93.658	1501MNFST		2,154,420	-
Social Services Block Grant	93.667	1501MNSOSR		1,601,613	-
Chafee Foster Care Independence Program	93.674	1401MN1420		42,311	-
Medical Assistance Program	93.778	1505MN5ADM		5,890,955	-

**Total Department of Health and Human Services**

**\$ 18,227,023 \$ -**

**U.S. Department of Homeland Security**

Passed Through Minnesota Department of Natural Resources					
Boating Safety Financial Assistance	97.012				
Boat & Water Safety (1-12)		91929	\$	22,000	\$ -
Boat & Water Safety Sub Grant		101358		13,668	-
(Total Boating Safety Financial Assistance 97.012 \$35,668)					
Passed Through Minnesota Department of Public Safety					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	137-99137-01		99,396	-
Emergency Management Performance Grants	97.042	A-EMPG-2014(+2015)-STLOUICO-00078		75,352	-
Port Security Grant Program	97.056	EMW-2014-PU-00437-S01		318,720	-
Homeland Security Grant Program	97.067	A-OSGP-2013(+2014)-STLOUISCO-0007		75,970	-

**Total Department of Homeland Security**

**\$ 605,106 \$ -**

**Total Federal Awards**

**\$ 31,086,380 \$ 2,245,063**

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Reporting Entity**

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by St. Louis County. The County's reporting entity is defined in Note 1 to the financial statements.

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of St. Louis County under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of St. Louis County, it is not intended to and does not present the financial position, changes in net position, or cash flows of St. Louis County.

**Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Reconciliation of Intergovernmental Revenue</b>	<b>Federal CFDA Number</b>	<b>Amount</b>
Federal grant revenue per Schedule of Intergovernmental Revenue		\$ 29,633,981
Unavailable Revenue in 2015 - grants received more than 60 days after year-end		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	45,723
State Administrative Matching Grants for SNAP	10.651	16,724
Schools and Roads - Grants to States	10.665	1,502,850
Highway Planning and Construction (Regular)	20.205	466,938
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	1,107
Temporary Assistance for Needy Families (TANF)	93.558	22,344
Child Support Enforcement	93.563	127,500
Disaster Grants - Public Assistance (Regular)	97.036	1,670,183
Homeland Security Grant Program	97.067	1,125
Unavailable in 2014 recognized as revenue in 2015		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	(50,908)
Highway Planning and Construction (Regular)	20.205	(614,207)
Highway Planning and Construction	20.205	(11,159)
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	(280)
Temporary Assistance for Needy Families (TANF)	93.558	(6,681)
Refugee and Entrant Assistance - State Administered Programs	93.566	(87)
Child Care and Development Block Grant	93.575	(8,391)
Medical Assistance Program	93.778	(48,293)
Disaster Grants - Public Assistance (Forest Roads)	97.036	(84,127)
Disaster Grants - Public Assistance (Regular)	97.036	(1,681,022)
Emergency Management Performance Grant	97.042	(79,634)
Federal Program Income		
Community Development Block Grants/Entitlement Grants	14.218	85,841
Home Investment Partnerships Program	14.239	96,853
Total expenditures per Schedule of Expenditures of Federal Awards		<u>\$ 31,086,380</u>

## Statistical Section

This part of St. Louis County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information conveys about the County's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	146
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	154
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	160
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	166
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	168

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**Schedule 1**

*ST. LOUIS COUNTY, MINNESOTA*  
**Net Position by Component**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Governmental activities</b>					
Invested in capital assets, net	\$ 304,712,967	\$ 326,996,032	\$ 345,956,633	\$ 363,819,364	\$ 392,758,196
Restricted	36,452,547	29,341,037	27,151,369	20,822,222	21,835,970
Unrestricted	<u>68,069,867</u>	<u>79,097,149</u>	<u>87,088,512</u>	<u>112,106,602</u>	<u>119,053,455</u>
Total governmental activities net position	<u>\$ 409,235,381</u>	<u>\$ 435,434,218</u>	<u>\$ 460,196,514</u>	<u>\$ 496,748,188</u>	<u>\$ 533,647,621</u>
<b>Business-type activities</b>					
Invested in capital assets, net	\$ 13,331,890	\$ 13,059,476	\$ 13,081,334	\$ 12,126,524	\$ 12,172,253
Restricted	1,432,450	3,077,821	1,781,917	1,790,325	2,010,475
Unrestricted	<u>13,628,137</u>	<u>11,359,532</u>	<u>13,408,307</u>	<u>16,270,035</u>	<u>15,869,797</u>
Total business-type activities net position	<u>\$ 28,392,477</u>	<u>\$ 27,496,829</u>	<u>\$ 28,271,558</u>	<u>\$ 30,186,884</u>	<u>\$ 30,052,525</u>
<b>Primary government</b>					
Invested in capital assets, net	\$ 318,044,857	\$ 340,055,508	\$ 359,037,967	\$ 375,945,888	\$ 404,930,449
Restricted	37,884,997	32,418,858	28,933,286	22,612,547	23,846,445
Unrestricted	<u>81,698,004</u>	<u>90,456,681</u>	<u>100,496,819</u>	<u>128,376,637</u>	<u>134,923,252</u>
Total primary government net position	<u>\$ 437,627,858</u>	<u>\$ 462,931,047</u>	<u>\$ 488,468,072</u>	<u>\$ 526,935,072</u>	<u>\$ 563,700,146</u>

**Schedule 1**

*ST. LOUIS COUNTY, MINNESOTA*  
**Net Position by Component**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)

		Fiscal Year							
		2011	2012	2013	2014	2015			
\$	433,944,576	\$	476,247,100	\$	522,018,741	\$	556,683,649	\$	583,821,271
	21,522,115		21,033,269		19,020,809		26,589,973		70,308,890
	128,221,487		128,898,798		136,593,657		134,070,739		31,017,384
<b>\$</b>	<b>583,688,178</b>	<b>\$</b>	<b>626,179,167</b>	<b>\$</b>	<b>677,633,207</b>	<b>\$</b>	<b>717,344,361</b>	<b>\$</b>	<b>685,147,545</b>
\$	7,438,866	\$	8,714,173	\$	8,300,834	\$	7,672,802	\$	7,302,389
	1,893,627		1,981,320		2,041,416		2,331,286		2,254,051
	14,283,036		12,409,842		12,111,328		11,941,099		10,763,449
<b>\$</b>	<b>23,615,529</b>	<b>\$</b>	<b>23,105,335</b>	<b>\$</b>	<b>22,453,578</b>	<b>\$</b>	<b>21,945,187</b>	<b>\$</b>	<b>20,319,889</b>
\$	441,383,442	\$	484,961,273	\$	530,319,575	\$	564,356,451	\$	591,123,660
	23,415,742		23,014,589		21,062,225		28,921,259		72,562,941
	142,504,523		141,308,640		148,704,985		146,011,838		41,780,833
<b>\$</b>	<b>607,303,707</b>	<b>\$</b>	<b>649,284,502</b>	<b>\$</b>	<b>700,086,785</b>	<b>\$</b>	<b>739,289,548</b>	<b>\$</b>	<b>705,467,434</b>

**Schedule 2**

**ST. LOUIS COUNTY, MINNESOTA**

**Changes in Net Position  
Last Ten Fiscal Years**

(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>				
Governmental activities				
General government	\$ 30,763,681	\$ 31,815,617	\$ 30,790,310	\$ 35,989,696
Public safety	41,611,706	44,565,536	46,231,906	46,993,281
Highways and streets	35,704,013	41,594,052	41,898,297	38,988,375
Health and sanitation	6,824,984	6,151,830	5,019,721	4,816,622
Human services	65,667,980	68,325,769	71,497,759	72,399,548
Culture and recreation	1,601,310	1,415,848	2,217,578	1,863,936
Conservation of natural resources	8,374,838	6,452,175	9,841,091	6,960,833
Economic development	4,602,756	3,767,037	4,012,705	4,464,249
Interest on long-term debt	1,996,722	1,794,534	1,912,118	2,197,175
Bond issuance costs	-	-	-	-
Total governmental activities expenses	<u>197,147,990</u>	<u>205,882,398</u>	<u>213,421,485</u>	<u>214,673,715</u>
Business-type activities				
Environmental services	6,226,992	6,758,724	7,600,096	7,655,438
Chris Jensen Health and Rehabilitation Center	14,946,088	14,933,759	14,840,837	12,421,108
Other Enterprise Funds	3,222,799	3,251,808	2,089,958	571,964
Total business-type activities expenses	<u>24,395,879</u>	<u>24,944,291</u>	<u>24,530,891</u>	<u>20,648,510</u>
Total primary government expenses	<u>\$ 221,543,869</u>	<u>\$ 230,826,689</u>	<u>\$ 237,952,376</u>	<u>\$ 235,322,225</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services and other program revenues:				
General government	\$ 7,841,220	\$ 12,215,938	\$ 11,482,301	\$ 15,151,024
Public safety	1,999,799	2,536,485	2,963,073	2,712,253
Highways and streets	2,226,187	2,962,882	3,004,798	3,096,066
Health and sanitation	1,679,313	1,395,939	1,428,622	350,133
Human services	21,066,096	22,486,494	10,991,429	14,756,252
Culture and recreation	-	-	-	-
Conservation of natural resources	13,052,500	(930,630)	9,886,026	6,014,724
Economic development	20,967	20,614	20,599	22,403
Operating grants and contributions	40,729,196	37,952,947	49,880,675	54,379,254
Capital grants and contributions	13,356,070	17,609,562	15,284,247	16,410,218
Total governmental activities program revenues	<u>101,971,348</u>	<u>96,250,231</u>	<u>104,941,770</u>	<u>112,892,327</u>
Business-type activities:				
Charges for services:				
Environmental services	5,712,990	5,984,570	6,042,288	5,428,774
Chris Jensen Health and Rehabilitation Center	14,347,019	13,951,140	14,349,753	11,386,268
Other Enterprise Funds	3,091,419	2,714,043	2,202,381	685,307
Operating grants and contributions	461,436	460,943	481,473	481,833
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>23,612,864</u>	<u>23,110,696</u>	<u>23,075,895</u>	<u>17,982,182</u>
Total primary government program revenues	<u>\$ 125,584,212</u>	<u>\$ 119,360,927</u>	<u>\$ 128,017,665</u>	<u>\$ 130,874,509</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (95,176,642)	\$ (109,632,167)	\$ (108,479,715)	\$ (101,781,388)
Business-type activities	(783,015)	(1,833,595)	(1,454,996)	(2,666,328)
Total primary government net expense	<u>\$ (95,959,657)</u>	<u>\$ (111,465,762)</u>	<u>\$ (109,934,711)</u>	<u>\$ (104,447,716)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	\$ 85,847,071	\$ 93,731,489	\$ 97,474,934	\$ 104,321,529
Property taxes, levied for debt service	5,605,148	5,937,083	5,888,289	5,888,439
Transportation sales tax	-	-	-	-
State shared	25,698,357	25,594,606	22,839,111	24,129,399
Federal shared	1,195,773	1,206,209	1,697,018	2,835,929
Investment earnings	7,939,433	9,000,989	4,316,482	4,250,285
Miscellaneous	169,017	233,916	298,913	-
Special Items - capital asset adjustments	-	-	-	-
Transfers	(3,871,044)	126,712	(395,105)	(3,092,519)
Total governmental activities	<u>122,583,755</u>	<u>135,831,004</u>	<u>132,119,642</u>	<u>138,333,062</u>
Business-type activities				
Taxes				
Property taxes, levied for general purposes	-	-	1,009,304	1,087,379
Property taxes, levied for debt service	169,525	164,322	119,271	-
Investment earnings	732,815	899,876	706,045	401,756
Miscellaneous	-	461	-	-
Transfers	3,871,044	(126,712)	395,105	3,092,519
Total business-type activities	<u>4,773,384</u>	<u>937,947</u>	<u>2,229,725</u>	<u>4,581,654</u>
Total primary government	<u>\$ 127,357,139</u>	<u>\$ 136,768,951</u>	<u>\$ 134,349,367</u>	<u>\$ 142,914,716</u>
<b>Changes in Net Position</b>				
Governmental activities	\$ 27,407,113	\$ 26,198,837	\$ 23,639,927	\$ 36,551,674
Business-type activities	3,990,369	(895,648)	774,729	1,915,326
Total primary government	<u>\$ 31,397,482</u>	<u>\$ 25,303,189</u>	<u>\$ 24,414,656</u>	<u>\$ 38,467,000</u>

Unaudited

**Schedule 2**

**ST. LOUIS COUNTY, MINNESOTA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$	34,923,640	\$ 37,211,681	\$ 40,057,174	\$ 42,135,549	\$ 49,666,414	\$ 44,082,238
	46,550,865	46,282,905	53,050,539	46,974,978	54,501,618	51,350,881
	39,287,999	39,094,710	52,605,339	48,091,104	49,163,367	46,584,379
	5,277,745	5,167,926	4,579,000	4,786,016	4,795,994	4,827,602
	72,962,372	72,784,119	75,901,001	75,225,112	79,419,419	86,145,675
	3,052,386	2,582,543	2,042,815	2,482,810	2,177,850	3,720,156
	7,909,680	7,824,835	7,958,287	8,225,572	9,087,657	9,873,312
	3,608,417	4,037,357	3,132,056	3,100,381	2,879,553	3,237,323
	1,586,786	1,612,315	1,699,853	1,203,827	2,181,891	2,438,806
	-	-	-	148,166	-	117,120
	<u>215,159,890</u>	<u>216,598,391</u>	<u>241,026,064</u>	<u>232,373,515</u>	<u>253,873,763</u>	<u>252,377,492</u>
	6,501,817	7,783,082	7,995,131	8,130,015	7,972,128	7,741,835
	-	-	-	-	-	-
	1,312,236	8,526	49,899	48,195	10,064	9,024
	<u>7,814,053</u>	<u>7,791,608</u>	<u>8,045,030</u>	<u>8,178,210</u>	<u>7,982,192</u>	<u>7,750,859</u>
\$	<u>222,973,943</u>	<u>\$ 224,389,999</u>	<u>\$ 249,071,094</u>	<u>\$ 240,551,725</u>	<u>\$ 261,855,955</u>	<u>\$ 260,128,351</u>
\$	13,268,257	\$ 17,749,722	\$ 18,416,982	\$ 19,316,681	\$ 18,259,101	\$ 18,766,951
	3,908,406	4,203,835	4,268,919	4,245,110	4,686,528	3,473,117
	6,430,144	4,631,854	4,195,936	3,708,564	3,480,798	2,655,678
	672,376	838,042	882,484	859,257	561,034	590,322
	14,329,286	13,516,911	14,265,463	13,083,377	12,747,627	13,142,738
	122,000	142,000	56,439	(4,000)	-	-
	7,775,116	6,729,070	6,300,430	6,312,179	7,641,654	15,819,498
	18,295	350	400	3,150	918,752	43,343
	49,068,231	52,511,057	66,758,879	65,621,839	72,374,834	56,139,010
	22,845,507	23,101,507	27,019,539	27,827,909	19,725,748	23,658,301
	<u>118,437,618</u>	<u>123,424,348</u>	<u>142,165,471</u>	<u>140,974,066</u>	<u>140,396,076</u>	<u>134,288,958</u>
	5,986,389	6,198,634	6,303,257	6,233,859	6,096,029	6,394,661
	-	-	-	-	-	-
	71,991	11,726	102,410	26,843	19,146	15,783
	495,045	498,219	564,809	594,766	407,990	372,087
	-	-	-	30,700	-	-
	<u>6,553,425</u>	<u>6,708,579</u>	<u>6,970,476</u>	<u>6,886,168</u>	<u>6,523,165</u>	<u>6,782,531</u>
\$	<u>124,991,043</u>	<u>\$ 130,132,927</u>	<u>\$ 149,135,947</u>	<u>\$ 147,860,234</u>	<u>\$ 146,919,241</u>	<u>\$ 141,071,489</u>
\$	(96,722,272)	\$ (93,174,043)	\$ (98,860,593)	\$ (91,399,449)	\$ (113,477,687)	\$ (118,088,534)
	(1,260,628)	(980,640)	(1,074,554)	(1,292,042)	(1,459,027)	(968,328)
\$	<u>(97,982,900)</u>	<u>\$ (94,154,683)</u>	<u>\$ (99,935,147)</u>	<u>\$ (92,691,491)</u>	<u>\$ (114,936,714)</u>	<u>\$ (119,056,862)</u>
\$	104,647,533	\$ 105,775,760	\$ 115,310,996	\$ 119,179,161	\$ 121,198,926	\$ 120,866,397
	5,912,874	6,315,569	5,319,270	5,001,699	6,154,941	7,379,545
	-	-	-	-	-	11,085,356
	20,032,790	20,138,989	16,949,124	15,941,883	18,091,331	18,323,388
	2,618,909	1,848,440	1,853,339	1,731,840	1,755,887	261,575
	1,011,023	3,260,011	2,129,116	1,240,530	3,367,682	2,208,804
	-	-	-	-	2,512,402	175,501
	(601,424)	5,875,831	(210,263)	(241,624)	(429,628)	(224,784)
	<u>133,621,705</u>	<u>143,214,600</u>	<u>141,351,582</u>	<u>142,853,489</u>	<u>152,651,541</u>	<u>160,075,782</u>
	403,116	247,739	216,972	305,413	247,871	246,261
	-	-	-	-	-	-
	121,729	171,736	137,125	93,248	273,137	197,440
	-	-	-	-	-	-
	601,424	(5,875,831)	210,263	241,624	429,628	224,784
	<u>1,126,269</u>	<u>(5,456,356)</u>	<u>564,360</u>	<u>640,285</u>	<u>950,636</u>	<u>668,485</u>
\$	<u>134,747,974</u>	<u>\$ 137,758,244</u>	<u>\$ 141,915,942</u>	<u>\$ 143,493,774</u>	<u>\$ 153,602,177</u>	<u>\$ 160,744,267</u>
\$	36,899,433	\$ 50,040,557	\$ 42,490,989	\$ 51,454,040	\$ 39,173,854	\$ 41,987,248
	(134,359)	(6,436,996)	(510,194)	(651,757)	(508,391)	(299,843)
\$	<u>36,765,074</u>	<u>\$ 43,603,561</u>	<u>\$ 41,980,795</u>	<u>\$ 50,802,283</u>	<u>\$ 38,665,463</u>	<u>\$ 41,687,405</u>

Unaudited

**Schedule 3**

*ST. LOUIS COUNTY, MINNESOTA*  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Nonspendable	\$ 97,813	\$ 5,018	\$ 5,701	\$ 5,401
Restricted	4,752,904	4,552,771	4,746,726	5,120,775
Committed	10,406,664	10,742,199	11,326,277	12,474,039
Assigned	1,969,146	4,707,925	2,707,193	4,785,564
Unassigned	<u>22,857,499</u>	<u>24,273,534</u>	<u>25,983,807</u>	<u>23,534,358</u>
Total general fund	<u>\$ 40,084,026</u>	<u>\$ 44,281,447</u>	<u>\$ 44,769,704</u>	<u>\$ 45,920,137</u>
All Other Governmental Funds				
Nonspendable	\$ 11,342,421	\$ 12,954,842	\$ 13,253,457	\$ 14,271,607
Restricted	12,389,045	12,476,312	12,400,040	4,394,009
Committed	29,829,825	25,524,779	25,292,493	26,844,154
Assigned	<u>25,342,634</u>	<u>22,395,314</u>	<u>39,415,462</u>	<u>40,921,318</u>
Total all other government funds	<u>\$ 78,903,925</u>	<u>\$ 73,351,247</u>	<u>\$ 90,361,452</u>	<u>\$ 86,431,088</u>

**Note:** Beginning in 2002, the Permanent Fund is included as part of All Other Governmental Funds

Schedule 3

ST. LOUIS COUNTY, MINNESOTA  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 57,180	\$ 216,648	\$ 579,845	\$ 622,749	\$ 882,776	\$ 558,932
5,461,407	5,683,399	5,254,603	4,979,981	5,600,518	5,610,702
11,764,815	11,807,038	11,396,647	11,128,188	11,198,786	11,175,193
7,995,336	9,190,115	10,827,022	11,461,139	13,297,528	15,989,811
22,449,169	29,938,027	32,583,721	33,250,927	35,349,694	34,786,997
<u>\$ 47,727,907</u>	<u>\$ 56,835,227</u>	<u>\$ 60,641,838</u>	<u>\$ 61,442,984</u>	<u>\$ 66,329,302</u>	<u>\$ 68,121,635</u>
\$ 14,454,353	\$ 14,884,876	\$ 15,387,618	\$ 15,682,953	\$ 17,415,185	\$ 22,533,116
4,211,782	3,650,901	3,380,146	28,609,661	9,299,382	47,685,253
26,337,512	24,381,395	25,031,803	22,165,433	21,046,801	20,121,586
53,051,317	51,906,341	41,606,201	47,465,396	53,105,776	50,504,334
<u>\$ 98,054,964</u>	<u>\$ 94,823,513</u>	<u>\$ 85,405,768</u>	<u>\$ 113,923,443</u>	<u>\$ 100,867,144</u>	<u>\$ 140,844,289</u>

Schedule 4

ST. LOUIS COUNTY, MINNESOTA  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>				
Taxes	\$ 90,929,063	\$ 99,497,719	\$ 102,853,734	\$ 109,059,182
Licenses	156,606	157,871	159,704	164,724
Intergovernmental	98,882,892	98,421,879	99,521,527	103,392,997
Charges for services	12,029,779	20,667,976	20,470,751	20,567,474
Fines and forfeits	201,088	189,882	200,291	129,810
Earnings on investments	7,011,940	7,899,118	3,459,176	3,661,413
Gifts and contributions	12,457	21,889	11,721	8,830
Land and timber sales	11,753,426	7,230,255	7,656,960	6,939,323
Miscellaneous	4,312,043	3,879,124	5,179,133	4,577,267
Total revenues	<u>225,289,294</u>	<u>237,965,713</u>	<u>239,512,997</u>	<u>248,501,020</u>
<b>Expenditures</b>				
General government	29,573,303	32,298,957	33,244,633	34,418,680
Public safety	40,881,994	43,236,476	45,060,321	45,292,287
Highways and streets	32,083,124	34,346,944	36,234,934	31,514,275
Health and sanitation	6,547,383	6,062,129	5,268,999	4,903,147
Human services	66,254,073	67,984,104	71,500,433	72,775,244
Culture and recreation	1,539,447	1,415,848	2,217,578	1,863,936
Conservation of natural resources	7,317,595	9,727,227	8,927,491	7,199,476
Economic development	4,641,791	3,706,320	3,953,672	4,431,255
Debt service:				
Principal	5,428,091	5,627,329	5,857,261	5,166,374
Interest and other charges	1,987,288	1,777,563	1,882,726	2,256,848
Bond issuance costs	-	-	151,518	-
Capital outlay	29,426,501	39,754,334	24,266,667	32,247,888
Total Expenditures	<u>225,680,590</u>	<u>245,937,231</u>	<u>238,566,233</u>	<u>242,069,410</u>
Excess of revenues over (under) expenditures	<u>(391,296)</u>	<u>(7,971,518)</u>	<u>946,764</u>	<u>6,431,610</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	6,675,213	7,105,726	3,144,884	4,299,401
Transfers (out)	(10,546,257)	(6,828,194)	(3,359,995)	(6,094,780)
Bonds issued	7,845,000	5,000,000	14,960,000	-
Premium on bonds issued	-	-	-	-
Sale of capital assets	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on refunding bonds issued	-	-	-	-
Refunding bonds redeemed	(2,940,000)	-	-	(7,795,000)
Bond premium proceeds	87,863	33,416	93,104	-
Bond proceeds remitted to joint venture	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>1,121,819</u>	<u>5,310,948</u>	<u>14,837,993</u>	<u>(9,590,379)</u>
Net change in fund balances	<u>\$ 730,523</u>	<u>\$ (2,660,570)</u>	<u>\$ 15,784,757</u>	<u>\$ (3,158,769)</u>
Debt service as a percentage of noncapital expenditures	3.8%	3.6%	3.7%	3.5%

Unaudited

Schedule 4

ST. LOUIS COUNTY, MINNESOTA  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

2010	2011	2012	2013	2014	2015
\$ 109,879,942	\$ 111,689,434	\$ 120,938,486	\$ 123,709,378	\$ 127,734,734	\$ 139,810,906
162,363	141,491	167,889	149,444	311,378	326,097
108,368,210	109,516,961	117,323,896	119,509,790	119,682,121	106,462,164
22,990,395	26,264,862	27,602,297	28,032,924	27,189,262	26,646,992
191,041	223,409	276,085	162,624	137,528	148,358
726,839	2,910,684	1,840,869	1,047,515	2,994,443	1,925,007
20,014	8,433	8,231	7,945	8,982	50,647
8,677,995	6,903,181	5,790,449	6,925,052	8,007,234	14,517,143
5,259,132	4,592,934	5,393,940	4,716,580	4,554,843	3,850,754
<u>256,275,931</u>	<u>262,251,389</u>	<u>279,342,142</u>	<u>284,261,252</u>	<u>290,620,525</u>	<u>293,738,068</u>
33,498,818	36,775,477	37,907,421	40,135,037	41,551,894	41,574,289
44,557,197	45,379,001	51,101,699	47,268,433	46,673,255	48,638,872
32,067,873	32,073,766	43,267,909	39,139,593	38,392,604	32,215,419
5,258,702	5,350,896	4,733,399	5,111,826	4,946,831	4,679,163
73,195,199	74,451,490	75,180,107	76,075,893	79,113,396	84,131,293
3,052,386	2,582,543	2,042,815	2,482,810	2,177,850	2,038,795
8,431,306	7,864,462	7,410,014	8,335,366	8,793,370	9,059,619
3,631,866	3,992,412	3,103,683	3,021,975	2,851,579	3,200,199
5,478,358	5,944,670	4,774,990	16,697,490	6,997,490	7,895,390
1,603,635	1,597,362	1,387,050	1,196,565	2,492,340	2,744,737
-	-	-	148,166	-	117,120
39,526,133	46,812,865	56,209,840	56,705,471	67,260,570	65,226,586
<u>250,301,473</u>	<u>262,824,944</u>	<u>287,118,927</u>	<u>296,318,625</u>	<u>301,251,179</u>	<u>301,521,482</u>
5,974,458	(573,555)	(7,776,785)	(12,057,373)	(10,630,654)	(7,783,414)
7,914,293	9,521,747	3,813,281	6,369,095	8,724,703	16,395,871
(7,575,694)	(3,642,033)	(2,613,593)	(6,360,992)	(10,293,379)	(16,343,554)
7,135,000	-	-	25,290,000	5,470,000	38,415,000
-	-	-	1,045,018	213,897	2,724,564
-	-	-	-	2,512,402	175,501
-	-	-	14,390,000	-	7,715,000
-	-	-	1,086,183	-	562,801
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(5,253,000)	-
-	-	-	-	-	118,420
<u>7,473,599</u>	<u>5,879,714</u>	<u>1,199,688</u>	<u>41,819,304</u>	<u>1,374,623</u>	<u>49,763,603</u>
<u>\$ 13,448,057</u>	<u>\$ 5,306,159</u>	<u>\$ (6,577,097)</u>	<u>\$ 29,761,931</u>	<u>\$ (9,256,031)</u>	<u>\$ 41,980,189</u>

3.4%

3.5%

2.7%

7.5%

4.1%

4.6%

Unaudited

Schedule 5

ST. LOUIS COUNTY, MINNESOTA  
 Tax Capacity and Estimated Market Value of Property  
 Last Ten Fiscal Years

<b>Fiscal Year Ended December 31</b>	<b>Residential Homestead Property</b>	<b>Agricultural Property</b>	<b>Commercial/ Industrial Property</b>	<b>Non- Homestead Residential Property</b>
2006	76,328,481	3,743,709	26,490,558	13,064,657
2007	82,111,286	4,450,065	28,255,420	15,098,605
2008	88,278,899	5,281,584	30,324,855	17,581,634
2009	91,495,498	6,137,972	32,728,653	19,820,598
2010	89,946,389	12,642,970	33,980,909	20,180,082
2011	88,190,046	12,588,904	34,569,003	20,234,189
2012	73,421,338	11,850,610	34,880,766	20,752,566
2013	70,918,143	11,427,969	34,814,496	21,123,597
2014	71,253,746	11,093,889	36,265,115	21,648,430
2015	72,779,293	10,748,933	37,179,213	22,465,566

Source: St. Louis County Auditor

Schedule 5

ST. LOUIS COUNTY, MINNESOTA  
 Tax Capacity and Estimated Market Value of Property  
 Last Ten Fiscal Years

<b>Commercial/ Residential Seasonal/ Recreational Property</b>	<b>Total Net Tax Capacity</b>	<b>Total County Tax Rate Per \$100 of Taxable Net Tax Capacity</b>	<b>Estimated Market Value</b>	<b>Total Net Tax Capacity as a Percentage of Estimated Market Value</b>
12,590,714	132,218,119	64.6911	13,086,585,200	1.01%
15,077,180	144,992,556	64.4337	14,237,164,906	1.02%
18,027,031	159,494,003	60.6374	15,385,764,706	1.04%
21,194,393	171,377,114	59.0881	16,118,391,100	1.06%
19,869,574	176,619,924	56.5695	16,071,520,900	1.10%
19,872,050	175,454,192	57.2397	15,925,753,100	1.10%
18,023,850	158,929,130	63.4004	15,570,004,789	1.02%
17,798,832	156,083,037	65.0111	15,280,714,500	1.02%
18,020,695	158,281,875	64.7031	15,410,640,620	1.03%
17,976,741	161,149,746	65.3717	15,631,466,310	1.03%

Schedule 6

ST. LOUIS COUNTY, MINNESOTA  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years

**County Direct Tax Rates Per \$100 of Taxable Net Tax Capacity**

<b>Fiscal Year Ended December 31,</b>	<b>General Levy</b>	<b>Debt Service Levy</b>	<b>Regional Library Levy</b>	<b>County-wide Enterprise Fund</b>	<b>Total</b>
2006	59.4039	4.8450	0.4422	-	64.6911
2007	59.3618	4.6059	0.4660	-	64.4337
2008	55.7728	4.3974	0.4671	-	60.6374
2009	54.4004	3.6860	0.4402	0.5615	59.0881
2010	52.3204	3.7153	0.4068	0.1270	56.5695
2011	53.8690	2.8940	0.3639	0.1127	57.2397
2012	59.6669	3.2055	0.4031	0.1249	63.4004
2013	61.3764	3.0504	0.4072	0.1770	65.0111
2014	59.8998	4.2861	0.3881	0.1292	64.7031
2015	60.9660	3.9493	0.3921	0.0643	65.3717

Source: St. Louis County Auditor

Schedule 6

ST. LOUIS COUNTY, MINNESOTA  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years

Overlapping Rates

<u>Independent School District #94</u>	<u>Independent School District #381</u>	<u>Independent School District #698</u>	<u>Independent School District #707</u>	<u>Independent School District #2142</u>
27.9647	17.0543	45.5389	70.8035	3.1519
27.3069	15.4269	53.7009	77.3882	2.7818
25.6842	14.9967	36.0645	63.7894	2.1496
24.5607	14.9797	41.9039	69.7323	2.5395
33.2021	17.1819	44.5120	51.1666	16.6308
29.6546	18.8364	39.6476	55.4932	17.3332
32.9031	21.2286	30.5928	59.2648	22.0098
31.6372	16.7696	31.6496	61.9301	23.1185
32.0031	17.1192	31.5870	61.8386	21.8874
32.7964	17.1909	18.2077	59.5846	21.4226

**Schedule 7**

**ST. LOUIS COUNTY, MINNESOTA  
Principal Property Tax Payers  
Current and Ten Years Ago**

<b>Taxpayer</b>	<b>2015</b>			<b>2006</b>		
	<b>Net Tax Capacity Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Net Tax Capacity Value</b>	<b>Taxable Tax Capacity</b>	<b>Rank</b>	<b>Percentage of Total Taxable Net Tax Capacity Value</b>
Allete, Inc.	\$ 5,487,869	1	3.41%	\$ 3,477,770	1	2.63%
Wisconsin Central LTD (1)	3,729,672	2	2.31%			
Enbridge Energy LTD Partnership	2,672,865	3	1.66%	486,573	7	0.37%
Miller Hill Mall Co	845,300	4	0.52%	827,834	2	0.63%
American Transmission Co LLC	784,766	5	0.49%			
Menard, Inc.	708,383	6	0.44%			
Duluth Clinic	704,580	7	0.44%			
Burlington No/Santa Fe Railway Co	695,516	8	0.43%			
Great River Energy	664,435	9	0.41%			
Cliffs Mining Services	624,436	10	0.39%			
DMIR Railway				569,096	3	0.43%
Great Lakes Gas Transmission Co				551,208	4	0.42%
Duluth Winnipeg & Pacific RR (2)				541,706	5	0.41%
IRET Properties				539,099	6	0.41%
Northern States Power Co				467,688	8	0.35%
Consolidated Papers, Inc.				446,378	9	0.34%
Northwest Airlines				339,240	10	0.26%
	<u>\$ 16,917,822</u>		<u>10.50%</u>	<u>\$ 8,246,592</u>		<u>6.25%</u>

**Source:** St. Louis County Auditor

**Notes:**

(1) Wisconsin Central LTD is a consolidated Payor previously reported separately:

(2) Duluth Missabe & Iron Range RR (DMIR), Duluth Winnipeg & Pacific RR, and Enbridge has had a number of utility personal property leases that have gone up millions of dollars each year since 2010.

**Schedule 8**

*ST. LOUIS COUNTY, MINNESOTA*  
**Property Tax Levies and Collections**  
 Last Ten Fiscal Years

<b>Fiscal Year Ended December 31</b>	<b>Taxes Levied for the Fiscal Year (1)</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years (3)</b>	<b>Total Collections to Date</b>	
		<b>Amount (2)</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2006	72,228,139	69,947,539	96.84%	1,936,735	71,842,436	99.52%
2007	79,958,970	77,398,024	96.80%	2,195,507	79,449,861	99.54%
2008	84,523,919	81,790,285	96.77%	2,319,236	83,769,339	99.51%
2009	89,183,812	85,745,073	96.14%	2,754,912	87,922,609	99.23%
2010	91,311,279	88,034,513	96.41%	2,547,694	89,762,279	99.20%
2011	92,048,735	88,767,523	96.44%	2,223,290	88,767,523	98.85%
2012	100,525,458	97,421,159	96.91%	1,998,635	97,421,159	98.90%
2013	101,954,370	98,871,857	96.98%	1,895,336	100,767,193	98.84%
2014	103,801,552	101,096,787	97.39%	1,353,312	101,096,787	97.39%
2015	107,057,125	104,921,850	98.01%	-	104,921,850	98.01%

Notes:

- (1) - Excludes tax credits and certain state aids.
- (2) - Includes some small amounts that are not a part of the certified levy.
- (3) - Amounts are adjusted annually until the applicable year is dropped from the records, after 7 years.

Source: St. Louis County Auditor - Tax Levy Status Report

**Schedule 9**

*ST. LOUIS COUNTY, MINNESOTA*  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			
	General Obligation Bonds	General Obligation Revenue Notes	Tax Lease Obligations	Capital Leases
2006	45,248,107	541,945	-	425,700
2007	44,642,938	535,116	-	365,200
2008	53,837,296	522,755	-	300,300
2009	40,905,636	496,648	-	232,100
2010	42,531,995	470,890	-	159,500
2011	36,709,106	438,220	-	82,500
2012	32,010,213	395,730	-	-
2013	57,052,663	353,240	-	-
2014	55,533,284	310,750	-	-
2015	96,681,745	378,780	-	-

**Source:**

See Schedule 13 for population and personal income data.

Schedule 9

ST. LOUIS COUNTY, MINNESOTA  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

<u>Business Activities</u>			
<u>General Obligation Bonds</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
215,000	46,430,752	0.70%	237
110,000	45,653,254	0.66%	232
-	54,660,351	0.76%	278
-	41,634,384	0.58%	211
-	43,162,385	0.59%	220
-	37,229,826	0.49%	186
-	32,405,943	0.40%	162
-	57,405,903	0.69%	287
-	55,844,034	0.67%	278
-	97,060,525	Not Available	483

**Schedule 10**

*ST. LOUIS COUNTY, MINNESOTA*  
**Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt Outstanding				Net General Bonded Debt Outstanding	Percentage of Estimated Market Value	Per Capita
	General Obligation Bonds	General Obligation Revenue Notes	Tax Lease Obligations	Less: Amounts Available in Debt Service Fund (1)			
2006	45,248,107	541,945	-	9,887,917	37,127,569	0.27%	183
2007	44,642,938	535,116	-	10,147,911	36,369,517	0.25%	178
2008	53,837,296	522,755	-	9,734,039	45,971,701	0.29%	227
2009	40,905,636	496,648	-	1,556,513	40,641,588	0.25%	201
2010	42,531,995	470,890	-	1,329,888	42,641,945	0.26%	212
2011	36,709,106	438,220	-	1,146,870	36,862,801	0.23%	180
2012	32,010,213	395,730	-	1,091,624	29,192,014	0.20%	156
2013	57,052,663	353,240	-	4,181,175	53,224,728	0.35%	266
2014	55,533,284	310,750	-	1,658,107	54,185,927	0.35%	270
2015	96,681,745	378,780	-	8,554,007	88,506,518	0.57%	440

**Sources:**

(1) This is the amount restricted for debt service payments - This column was changed to reflect debt service fund balance starting in 2013.

See Schedule 5 for Estimated Market Values

See Schedule 13 for population data.

Schedule 11

ST. LOUIS COUNTY, MINNESOTA  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable*</u>	<u>Share of Debt</u>
<b>Direct Debt</b>			
St. Louis County	\$ 97,060,525	100.00%	\$ 97,060,525
<b>Overlapping Debt</b>			
School District #94	64,035,000	4.98%	3,189,057
School District #381	31,950,000	16.48%	5,266,501
School District #698	3,550,000	95.69%	3,397,109
School District #707	218,000	47.77%	104,135
School District #2142	69,961,375	98.80%	69,120,517
Western Lake Superior Sanitary District	52,821,017	83.15%	<u>43,918,176</u>
<b>Subtotal, overlapping debt</b>			<u>124,995,495</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 222,056,020</u>

\*Applicable percentages were estimated by determining the portion of the governmental unit's net tax capacity that is within the county's boundaries and dividing it by each unit's total net tax capacity.

**Schedule 12**

**ST. LOUIS COUNTY, MINNESOTA  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Market value of taxable property	\$ 12,149,201,810	\$ 13,344,940,438	\$ 14,676,662,476	\$ 15,750,647,100
Debt limit (2% of market value)	242,984,036	266,898,809	-	-
Debt limit (3% of market value) *	-	-	440,299,874	472,519,413
Debt applicable to limit:				
General obligation bonds	46,005,052	45,288,054	54,360,051	41,402,284
Less: Amount set aside for repayment of general obligation debt	<u>(9,887,917)</u>	<u>(10,147,911)</u>	<u>(9,734,039)</u>	<u>(1,556,513)</u>
Total net debt applicable to limit	36,117,135	35,140,143	44,626,012	39,845,771
Legal debt margin	<u>\$ 206,866,901</u>	<u>\$ 231,758,666</u>	<u>\$ 395,673,862</u>	<u>\$ 432,673,642</u>
Total net debt applicable to the limit as a percentage of the debt limit	14.86%	13.17%	10.14%	8.43%

**Source:** St. Louis County Auditor - Abstract of Tax Lists

\* Debt limit is set by MN Statute 475.53

**Schedule 12**

*ST. LOUIS COUNTY, MINNESOTA*  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 16,204,768,400	\$ 16,151,981,500	\$ 14,545,032,989	\$ 14,297,999,600	\$ 14,488,302,620	\$ 14,740,006,310
-	-	-	-	-	-
486,143,052	484,559,445	436,350,990	428,939,988	434,649,079	442,200,189
43,002,885	37,147,326	32,405,943	57,405,903	55,844,034	97,060,525
(1,329,888)	(1,146,870)	(1,091,624)	(4,181,175)	(1,658,107)	(8,554,007)
41,672,997	36,000,456	31,314,319	53,224,728	54,185,927	88,506,518
<b>\$ 444,470,055</b>	<b>\$ 448,558,989</b>	<b>\$ 405,036,671</b>	<b>\$ 375,715,260</b>	<b>\$ 380,463,152</b>	<b>\$ 353,693,671</b>
8.57%	7.43%	7.18%	12.41%	12.47%	20.02%

**Schedule 13**

*ST. LOUIS COUNTY, MINNESOTA*  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<u>Year</u>	<u>Population (4)</u>	<u>Personal Income (thousands of dollars) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Annual Average Labor Force (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (2)</u>
2006	196,218	6,595,176	33,622	102,648	26,278	5.1%
2007	196,420	6,930,479	35,277	103,507	25,860	5.6%
2008	196,864	7,187,399	36,454	104,916	25,347	6.4%
2009	197,767	7,215,588	36,485	106,613	25,506	9.3%
2010	196,623	7,265,519	36,302	106,167	25,167	7.6%
2011	200,226	7,621,547	38,059	106,564	25,150	6.6%
2012	200,255	8,007,980	39,976	103,634	25,100	6.6%
2013	200,319	8,324,927	41,513	103,495	25,176	6.0%
2014	200,540	8,344,103	41,523	104,067	25,072	4.3%
2015	200,949	Not Available	Not Available	102,274	25,010	5.7%

**Sources:**

- (1) - US Department of Commerce, Bureau of Economic Analysis (<http://www.bea.gov/index.htm> - Available March '15)
- (2) - Minnesota Department of Employment and Economic Development (<http://mn.gov/deed/data/data-tools/laus/>)
- (3) - Minnesota Department of Education (<http://education.state.mn.us/MDE/Welcomw/index.html>) - December 2015
- (4) - US Bureau of Census ([factfinder2.census.gov](http://factfinder2.census.gov))

**Schedule 14**

*ST. LOUIS COUNTY, MINNESOTA*  
**Principal Employers**  
**Current Year and Ten Years Ago**

<b>Employer</b>	2015			2006		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
St. Mary's/Duluth Clinic Health System (Essentia Health)	6,100	1	5.96%	4,281	1	4.17%
St. Luke's Hospital	2,025	2	1.98%	1,592	5	1.55%
St. Louis County	1,779	3	1.74%	2,126	3	2.07%
University of Minnesota Duluth	1,635	4	1.60%	1,700	4	1.66%
Duluth Public Schools	1,426	5	1.39%	1,426	7	1.39%
Minnesota Taconite (US Steel)	1,390	6	1.36%	1,500	6	1.46%
Uniprise (United Health Care)	1,368	7	1.34%	1,100	10	1.07%
Allete	1,322	8	1.29%	1,400	8	1.36%
Duluth Air National Guard Base	1,068	9	1.04%	-		
City of Duluth	850	10	0.83%	-		
Benedictine Healthcare System				3,593	2	3.50%
Minntac				1,200	9	1.17%
<b>Total</b>	<b>18,963</b>		<b>18.53%</b>	<b>19,918</b>		<b>19.40%</b>

**Sources:**

- Northland Connection (<http://www.northlandconnection.com/industries.php>)
- Schedule 15 - St Louis County
- St. Mary's/Duluth Clinic Health System (email)
- University of Minnesota Duluth ([http://www.oir.umn.edu/hr/employee\\_count/report](http://www.oir.umn.edu/hr/employee_count/report))

Schedule 15

ST. LOUIS COUNTY, MINNESOTA  
 Full-time Equivalent County Government Employees by Function/Program  
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>Full-time Equivalent Employees</u>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government	414.70	424.20	427.30	416.10
Public safety	277.70	276.70	278.60	275.60
Highways and streets	323.00	323.00	321.00	301.00
Health and sanitation	100.25	90.75	91.25	64.10
Human services	509.80	509.80	520.80	523.80
Conservation of natural resources	64.00	64.00	69.00	69.00
Environmental services	40.00	40.00	42.00	52.00
Chris Jensen	226.10	234.65	190.40	-
Other Enterprise Funds	45.78	46.78	41.97	-
Total	<u>2,001.33</u>	<u>2,009.88</u>	<u>1,982.32</u>	<u>1,701.60</u>

**Notes:**

Internal Service Funds are included with the general government function.  
 The Chris Jensen Health and Rehabilitation Center was leased in 2009  
 and the employees transferred to the lessor.  
 The Community Foods Enterprise Fund was closed in 2009.  
 The Supervised Living Facilities Enterprise Fund was closed in 2010.

**Source:** St. Louis County Operating and Capital Budget

Schedule 15

ST. LOUIS COUNTY, MINNESOTA  
 Full-time Equivalent County Government Employees by Function/Program  
 Last Ten Fiscal Years

<b>Full-time Equivalent Employees</b>					
<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
398.90	397.90	406.60	415.60	417.40	420.40
276.60	279.10	281.10	281.10	277.10	276.10
316.00	316.00	319.00	319.00	319.00	312.00
65.40	65.40	58.40	60.40	58.15	64.30
520.50	519.50	530.50	544.50	565.75	585.50
68.00	68.00	68.00	70.00	70.15	70.15
52.00	51.00	51.00	51.00	51.00	51.00
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,697.40</u>	<u>1,696.90</u>	<u>1,714.60</u>	<u>1,741.60</u>	<u>1,758.55</u>	<u>1,779.45</u>

**Schedule 16**

**ST. LOUIS COUNTY, MINNESOTA  
Operating Indicators by Function/Program  
Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>			
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>General Government</b>				
Auditor's Office				
Checks Issued	40,225	38,483	30,519	19,406
Motor Vehicle Driver's License	17,642	17,543	18,785	18,335
Motor Vehicle Passports	6,951	8,207	6,048	7,323
Motor Vehicle Transactions	49,247	49,908	50,363	48,747
Planning - Building Permits Issued				
Single Family Dwelling	312	265	209	165
Other	739	659	593	474
<b>Public Safety</b>				
Sheriff's Department				
Arrests	1,651	1,383	1,245	2,118
Traffic Citations	3,151	2,054	2,603	1,629
Mines				
Mine Investigations and Inspections (1)	675	722	749	754
<b>Highways and Streets</b>				
Road and Bridge				
Miles of Overlay	1.62	0.75	0.61	2.00
Miles of Mill Overlay	-	-	-	-
Miles of Reclaim Overlay	19	17.60	20	29.52
Miles of Mill Reclaim Overlay	4	-	6	8.23
Miles of Construction	13.25	10.80	6.01	1.18
Miles of Bridge Constructed	0.02	0.01	0.06	-
Tons of Crushing	386,200.00	398,500.00	345,100.00	310,182.00
Miles of Crack Seal	47	19	74	64
Miles of Chip Seal (2)	-	-	-	-
Miles of Micro Seal (2)	-	-	-	-
<b>Health and Human Services</b>				
Health				
Public Health Home Visits	7,145	6,798	5,560	4,228
Public Health Nursing Service Screenings	3,501	2,262	2,037	2,517
Human Services				
Unduplicated Children in Out of Home Placement	702	725	770	787
Financial Assistance Cases	18,750	19,169	20,823	22,405
Child Support Cases	11,000	11,455	11,600	11,549
Persons Receiving DD (prev MR/RC) Waivered Services	702	677	681	701
Purchased Social Services (2)	\$ 119,215,990	\$ 125,925,606	\$ 125,497,474	\$ 129,795,521
Social Services Administrative costs (3)	\$ 20,733,845	\$ 22,068,291	\$ 23,791,246	\$ 26,572,518
<b>Conservation of Natural Resources</b>				
Land				
Total Acres of Tax Forfeit Lands	894,682	893,623	892,938	892,726
Contracts Sold	118	204	128	123
Closed Sales	100	72	97	97
Acres Harvested	7,828	6,073	6,885	7,452
Average Size of Sale (Acres)	78	84	71	77
Harvest Volume (Cords)	174,294	117,711	146,355	158,248
Cords Per Sale	1,743	1,635	1,509	1,631
Value	\$ 6,661,905	\$ 4,728,720	\$ 5,091,656	\$ 4,043,085
Average Value Per Sale	\$ 66,619	\$ 65,677	\$ 52,491	\$ 41,681
Average Value Per Cord	\$ 38	\$ 40	\$ 35	\$ 26
Average Value Per Cut Acre	\$ 851	\$ 779	\$ 740	\$ 543
Volume Per Cut Acre (Cords)	22	19	21	21
Value Per Tax Forfeit Acre	\$ 7	\$ 5	\$ 6	\$ 5
<b>Environmental Services</b>				
Tons of Municipal Solid Waste Landfilled	54,039	54,006	54,265	50,312
Tons of Industrial Waste Landfilled	9,362	7,359	6,219	2,794
Tons of Demolition Collected	4,715	6,395	5,888	5,640
<b>Chris Jensen (4)</b>				
Licensed Beds (5)	205	205	189	189
Capacity - Resident Days	74,825	74,825	69,174	68,985
Occupancy - Resident Days	71,734	68,626	63,581	49,517
Occupancy Percentage Rate	95.87%	91.72%	91.91%	86.18%
RUGS (6)	1.10	1.06	1.06	1.09
Medicare Resident Days	6,941	6,237	5,277	3,814
Medicaid Resident Days	46,478	43,212	36,350	32,095
Other Resident Days	18,315	19,177	21,954	13,608

Notes:

- (1) Beginning in 2012, Mine Inspector is reporting the number of mine investigations and inspections, rather than mine visits and inspections.
- (2) Chip Seal and Micro Seal are new programs beginning in 2014.
- (3) Purchased Social Services are payments made by DHS or Health and Human Services for St. Louis County residents
- (4) Includes children's services, child care, chemical dependency, mental health, developmental disabilities, adult services
- (5) Effective November 1, 2009, the Chris Jensen Health and Rehabilitation Center was leased to Health Dimensions Group, Inc. Jensen, LLC (HDG), DBA Chris Jensen, LLC
- (6) Chris Jensen was licensed for 247 beds until March 31, 1996. At that time, Chris Jensen delicensed 12 beds. Chris Jensen delicensed 15 beds and "laid away" 15 beds beginning July 1, 2003, pursuant to closure of Nopeming Nursing Home and creation of a secure Alzheimer's unit. The current number of licensed beds is 220, but with the "laid away" beds, the count of 205 beds is the beds used to determine occupancy.
- (7) Case mix was the means of categorizing the residents care level and determining the reimbursement rate through September 30, 2002. Beginning October 1, 2002, the state switched to the "RUG" (Resource Utilization Group) method for determining care level and reimbursement.

Source: Individual County Departments

**Schedule 16**

*ST. LOUIS COUNTY, MINNESOTA*  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Fiscal Year						
2010	2011	2012	2013	2014	2015	
17,162	15,962	15,862	15,930	15,817	15,913	
18,470	18,755	19,621	15,180	17,707	18,313	
6,203	4,707	5,629	4,707	5,817	7,368	
51,436	53,959	52,944	38,180	52,705	55,911	
165	152	121	129	144	168	
477	457	508	528	504	566	
3,014	2,711	2,253	2,047	1,701	1,545	
2,169	2,643	2,396	2,253	1,855	1,691	
676	567	436	428	521	414	
0.25	3.05	-	-	-	-	
4.02	-	-	-	-	30.20	
17.15	21.62	34.20	11.20	24.80	34.00	
12.90	4.12	22.30	21.70	11.60	29.20	
7.23	11.43	21.70	5.00	1.50	0.50	
-	-	-	2.27	1.00	0.35	
257,009.00	304,288.00	291,296.00	209,965	245,000	198,000	
-	125	148	106.10	182.00	165.80	
-	-	-	-	27.00	98.00	
-	-	-	-	26.40	18.80	
4,493	5,840	6,472	7,476	6,283	7,098	
2,328	2,278	1,830	1,566	2,170	2,487	
793	735	780	869	963	1,047	
23,016	24,068	23,895	23,877	31,555	38,357	
11,758	11,900	11,917	11,871	11,600	11,644	
736	745	754	778	766	736	
\$ 134,200,110	\$ 133,734,173	\$ 136,101,330	\$ 136,201,198	\$ 143,054,192	unavailable	
\$ 26,735,885	\$ 26,751,337	\$ 25,993,636	\$ 29,750,944	\$ 29,368,786	\$ 32,782,197	
892,642	893,003	893,040	893,193	893,049	893,158	
118	123	126	119	104	95	
127	134	111	108	108	108	
9,843	10,650	10,783	8,228	10,056	9,429	
78	79	97	76	93	87	
214,308	231,159	215,749	157,618	207,439	207,700	
1,687	1,725	1,944	1,459	1,921	1,923	
\$ 5,014,940	\$ 5,137,017	\$ 4,766,023	\$ 3,405,448	\$ 4,598,436	\$ 5,303,873	
\$ 39,488	\$ 38,336	\$ 42,937	\$ 31,532	\$ 42,578	\$ 49,110	
\$ 23	\$ 22	\$ 22	\$ 22	\$ 22	\$ 26	
\$ 509	\$ 482	\$ 442	\$ 414	\$ 457	\$ 563	
22	22	20	19	21	22	
\$ 6	\$ 6	\$ 5	\$ 4	\$ 5	\$ 6	
49,784	51,346	52,007	51,573	51,320	51,785	
8,963	12,304	12,675	14,647	1,466	1,370	
6,016	6,990	8,791	9,153	9,561	7,832	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	

Schedule 17

ST. LOUIS COUNTY, MINNESOTA  
**Capital Asset Statistics by Function/Program**  
 Last Ten Fiscal Years

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
General Government										
Courthouses	3	3	3	3	3	3	3	3	3	3
Motor Pool Vehicles	117	126	126	126	127	138	131	135	142	148
Office Buildings	1	1	1	1	1	1	2	2	3	3
Parking Ramp	2	2	2	2	2	2	2	2	2	2
Public Safety										
Vehicles	121	121	122	121	143	147	166	172	166	184
Jail and Lockup Facilities	3	3	3	3	3	3	3	3	3	3
Emergency Operations Center	1	1	1	1	1	1	1	1	1	1
Rescue Squad Buildings									2	2
Highways and Streets										
Vehicles	214	242	225	220	221	218	220	231	227	249
Miles of County Road	1,583	1,578	1,582	1,588	1,573	1,576	1,600	1,594	1,266	1,263
Miles of County State Aid Road	1,385	1,385	1,383	1,385	1,385	1,392	1,392	1,392	1,389	1,387
Number of Bridges	604	598	597	597	596	594	594	601	596	598
Garages and Storage Buildings	86	88	84	84	86	88	90	91	91	91
Graders, Loaders and Heavy Trucks	400	417	396	378	376	383	380	376	374	385
Health and Sanitation										
Nursing Homes	1	1	1	1	1	1	1	1	-	-
Demolition Landfill	1	1	1	1	1	1	1	1	1	1
Regional Landfill	1	1	1	1	1	1	1	1	1	1
Recyclables Processing Facility	1	1	1	1	1	1	1	1	1	1
Transfer Station	5	5	5	5	5	5	5	5	5	5
Laundry Facility	1	1	1	-	-	-	-	-	-	-
Human Services										
Office Buildings	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
Heritage and Arts Center	1	1	1	1	1	1	1	1	1	1
Conservation of Natural Resources										
Vehicles	50	52	57	45	46	46	47	49	48	47
Offices and Garages	8	8	8	8	8	8	8	8	8	8
Graders, Loaders and Heavy Trucks	14	13	13	11	12	13	13	13	13	13

Sources:

St. Louis County Auditor  
 Individual County Departments