

COMPREHENSIVE ANNUAL FINANCIAL *Report* '14



HIGHLAND STREET, COUNTY STATE AID HIGHWAY 89 RECONSTRUCTION



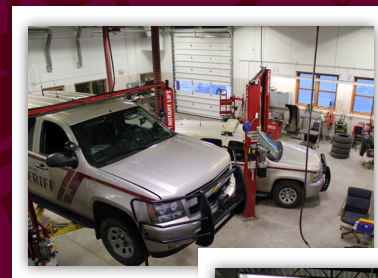
*Photos by Dana Kazel, Communications Manager,
St. Louis County and Public Works Dept.*



MIRACLE LEAGUE OF THE IRON RANGE
Photos courtesy of Miracle League of the Iron Range



ST. LOUIS COUNTY MOTOR POOL - VIRGINIA, MN
Photos by Teresa Hirsch, St. Louis County Public Works Dept.



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

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

Highland Street, County State Aid Highway 89 Reconstruction

The County reconstructed the L-shaped CSAH 89, which consisted of 57th Avenue West between Cody Street and Highland to where Highland meets Skyline Parkway, in 2014. The two major components of this project were to replace the bridge over Keene Creek that was damaged in the 2012 flood and to reconfigure a five-leg intersection into a four way intersection. The project was the second largest project in dollar value ever constructed by St. Louis County Public Works. The new 183 foot long bridge uses state of the art technology and is now the largest single span bridge in the state. Below the bridge, a new underpass for the Superior Hiking Trail was constructed so hikers no longer have to jump the guardrail and cross the busy road that averages 6,000 cars per day.

Miracle League of the Iron Range

St. Louis County pledged \$15,000 toward construction of Miracle League Field in Hibbing, MN. The new field, which was built at Bennett Park, features a surface that provides wheelchair accessibility and allows for children and young adults with disabilities to play baseball. The field will serve kids from more than 10 communities across the Iron Range, and will be the first and only field of its kind in this region of the state.

St. Louis County Motor Pool – Virginia, MN

In September 2014, a new motor pool building in Virginia was completed. The new building is located between the county's courthouse and the Northland Office Building, where most county employees in Virginia work. This new location saves considerable time for workers who use county vehicles and is more convenient for maintenance of sheriff's vehicles. The former motor pool located on Highway 135 near Gilbert will be renovated to become the permanent home for the Northern Sheriff's Volunteer Rescue Squad.

St. Louis County Minnesota

Comprehensive Annual Financial Report
for the Fiscal Year Ending
December 31, 2014



**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, 2014

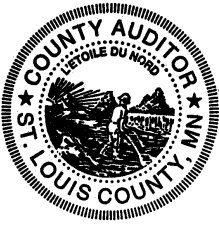
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Saint Louis County

County Auditor-Treasurer - 100 North 5th 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, 2015

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, 2014. 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.

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, 2014. 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 2014 census population was estimated at 200,540 residents while the 2005 census population was 196,552. 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.

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 39.8 million metric tons in 2014 an increase of 3.5% compared to 2013. The increase in tonnage came primarily from the Northshore Mining taconite facility, which restarted two idled lines in January of 2014. Predictions for 2015 are that the production should increase to 40.5 million metric tons. The increase is primarily expected from Magnetation's new plant north of Bovey. Taconite mining operations are levied a production tax in lieu of ad valorem property tax. Taconite production tax proceeds are distributed to counties, cities, towns, and schools each year.

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 (45%), Coal (40%), Grain (5%), and Other (10%). 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 37.6 million tons of cargo with 901 ships that visited the port in 2014, compared to 36.7 million tons and 879 ships in 2013. 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 a BNSF railway and has immediate access to the federally-maintained shipping channel in the upper Duluth Harbor.

Maurices, a women's clothing store, started with one store in downtown Duluth in 1931, has grown to a chain of about 900 women's clothing stores in the United States and Canada. The company, which has always been headquartered in downtown Duluth, has outgrown its current space and is now in the process of building a new 200,000 square foot, 11 story structure to be called "Maurices Headquarters" at Fourth Avenue West and Superior Street in downtown Duluth. The company currently employs 426 staff downtown, and the new building will allow space for the company to grow and house up to 600 staff. The construction is expected to be complete in September 2015.

Detroit Diesel Remanufacturing LLC, a leader in the remanufacture of products for on-and-off-highway power systems, will expand its operations with a move to a larger facility in Hibbing, MN. The new location will provide the space necessary to support the electronic manufacturing and remanufacturing activities well into the future. The move, which is expected to be complete in early 2015, retains 100 existing jobs and creates the potential for 30 to 50 new jobs within the next three to five years.

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. In December 2013, PolyMet released a 2,200 page Environmental Impact Statement (EIS) and is awaiting state and federal environmental approval. 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.

Cast Corporation, located in Hibbing, expanded by constructing a 20,000 square foot steel building for a foundry facility directly behind the existing operations in July of 2014. The addition of the foundry will provide the company an opportunity to expand business within its existing customer base, as well as to take on new customers.

The Duluth Transit Authority is currently building a \$28 million dollar Multimodal Transportation Center in downtown Duluth. The new Center will include 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 has announced it plans on building a 183,000 square-foot store in Hermantown starting in 2015. 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 34 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 the end of the year, by setting aside the value of sick leave balances those employees have accumulated. As of December 31, 2014, 100% of the estimated retiree obligation amount has been classified as committed fund balance in the General Fund and 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, 2014, 100% of the estimated retiree obligation amount has been classified as committed fund balance (vesting sick leave) in the General Fund and 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, 2014, the policy was 95.5% accomplished for the General Fund, 100% for the Public Health and Human Service Fund, and 69.8%, for the Road and Bridge Fund. These three funds had combined fund balance allocated for cash flow of \$49.8 million at year-end, an increase of \$2.3 million from 2013.

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 2014, the Depreciation Reserve Fund had a balance of \$3.2 million. Those monies will be used to fund future capital improvements at County facilities.

Other financial planning for 2015 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

In 2014, the St. Louis County Board authorized a half percent transportation sales tax within the County, which will bring approximated \$10.5 million dollars to the County annually. The County has created a list of road and bridge projects that will be completed with this new tax. It will include roads with the poorest quality pavement, bridges that are still in use long beyond their expected life, gravel roads that need to be stabilized and safety initiatives that will protect the traveling public. The tax goes into effect April 1, 2015.

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) that started in 2013 is estimated to be completed in the fall of 2015. The renovation, which is almost complete, allows 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. This software will 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. 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 sold Chris Jensen Health and Rehabilitation Center and surrounding land for \$2.3 million in April of 2014. The purchaser is Health Dimensions Group (HDG), which had been under contract to lease and operate the facility for the County since 2009. The County had been subsidizing the nursing home \$1.2 million per year prior to the transition to HDG in 2009.

In September 2014, a new motor pool building in Virginia was completed. The new building is located between the county's courthouse and the Northland Office Building where most county employees in Virginia work. This new location saves considerable time for workers who use a county vehicle and is more convenient for maintenance of sheriff's vehicles.

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, 2013.

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-five 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 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,

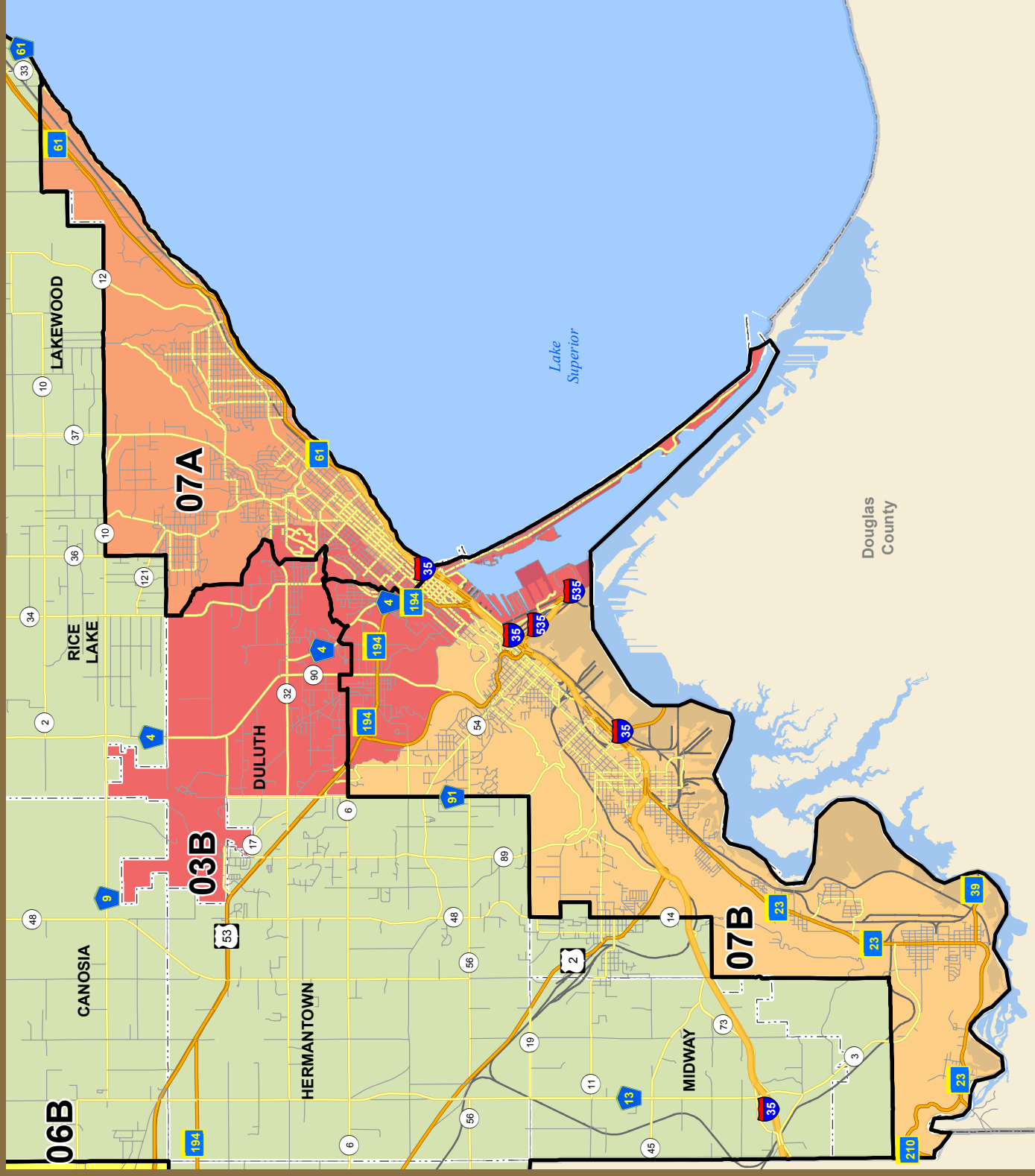


DONALD DICKLICH
County Auditor/Treasurer



Legislative & Commissioner Districts - Duluth

2014



Legislative Districts

- | | |
|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| District 3 | District 7 |
| Sen. Thomas Bakk (DFL)
147 State Office Bldg
St. Paul MN 55155
(651) 296-8881 | Sen. Roger Reinert (DFL)
149 State Office Bldg
St. Paul MN 55155
(651) 296-4188 |
| 3B | 7A |
| Rep. Mary Murphy (DFL)
443 State Office Building
St. Paul MN 55155
(651) 296-2676 | 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 | 3 |
| Frank Jewell
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2450 | Chris Dahlberg
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2562 |
| 2 | 5 |
| Patrick Boyle
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2359 | Pete Stauter
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,
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

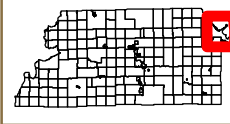


Auditor's Office
100 N 5th Ave W, Rm 214
(218) 726-2380
www.stlouiscountymn.gov

Source: St. Louis County
Map Created: 1/26/2015

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.

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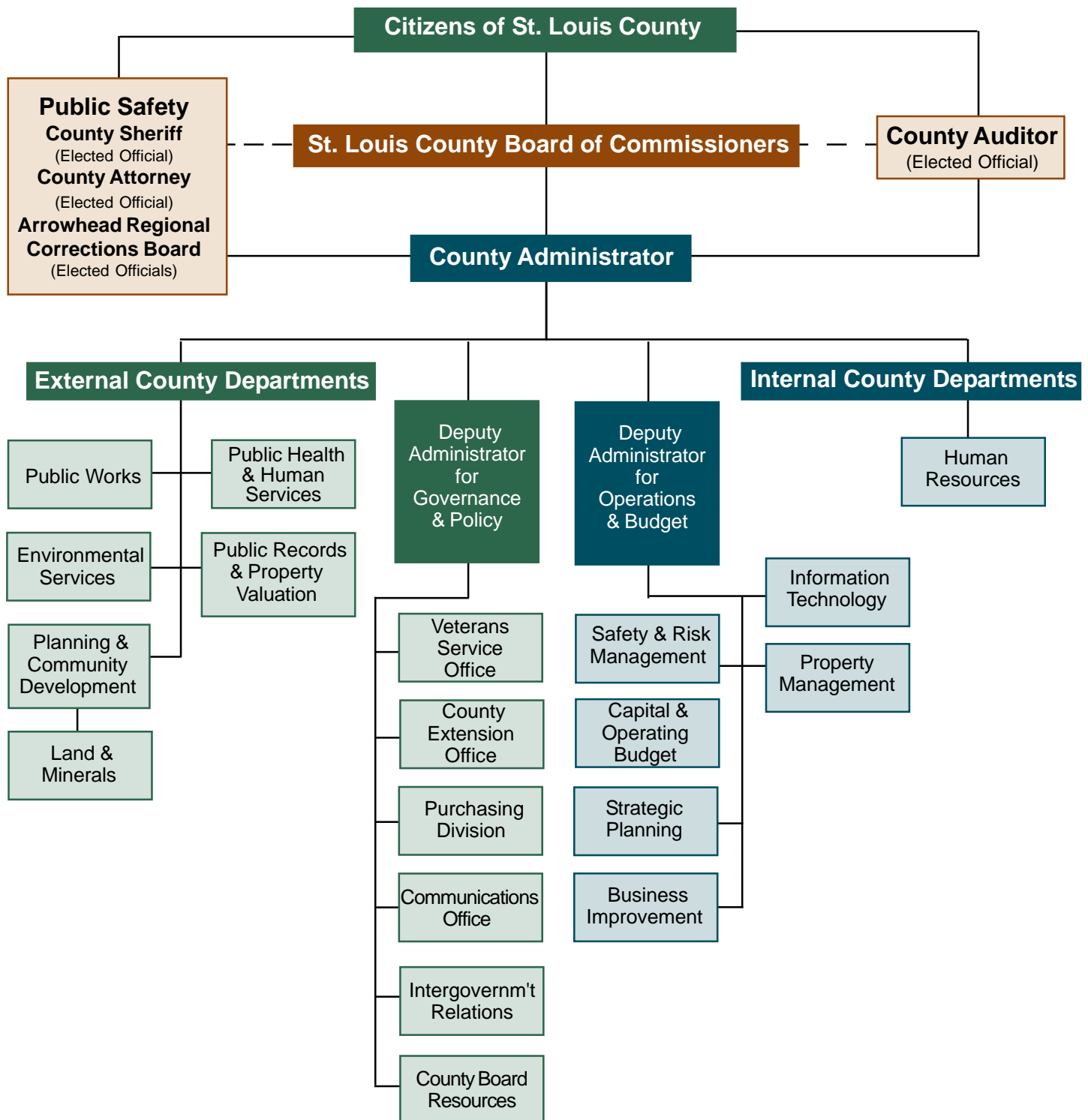
This is a compilation of records as they appear in the Saint Louis County Offices affecting the area shown. This drawing is to be used only for reference purposes and the County is not responsible for any inaccuracies herein contained.

**St. Louis County
Elected and Appointed Officials
as of December 31, 2014**

Office	Name	Term
Commissioners:		
1st District	Frank Jewell	Jan. 2011 Jan. 2015
2nd District	Patrick Boyle	Jan. 2014 Jan. 2017
3rd District	Christopher Dahlberg	Jan. 2013 Jan. 2017
4th District	Mike Forsman	Jan. 2011 Jan. 2015
5th District	Pete Stauber	Jan. 2013 Jan. 2017
6th District	Keith Nelson	Jan. 2011 Jan. 2015
7th District	Steve Raukar	Jan. 2011 Jan. 2015
Elected Officers:		
Attorney	Mark Rubin	Jan. 2011 Jan. 2015
Auditor	Donald Dicklich	Jan. 2011 Jan. 2015
Sheriff	Ross Litman	Jan. 2011 Jan. 2015
Appointed Officers:		
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

County Structure



Updated January 2014



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, 2013

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County as of December 31, 2014, 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.

Other Matters

Required Supplementary Information

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

Supplementary 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, supplementary data, and 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.

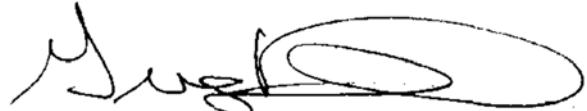
The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2015, 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

June 9, 2015

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
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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, 2014. Please read it in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

St. Louis County's total net position increased by \$38.6 million to \$739.3 million, or 5.3%. Governmental activities increased by \$39.1 million to \$717.3 million, while the County's business-type activities decreased by \$.5 million to \$22.0 million.

The County's governmental funds reported a combined ending fund balance of \$167.2 million for 2014, a decrease of \$8.2 million compared to 2013. The nonspendable and restricted combined fund balances were \$33.2 million of total fund balance or 19.9%. These fund balances are not available for appropriation because of constraints placed on their use. The remaining fund balances of \$134.0 million or 80.1% are unrestricted and classified as either committed, assigned, or unassigned.

In 2014, the General Fund reported a total fund balance of \$66.3 million, an increase of \$4.9 million over 2013. This increase is mainly due to departments underspending expenditure budgets. The unrestricted fund balance of the General Fund was equal to 64.3% of fund expenditures and 59.0% 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 decreased by \$1.6 million to \$55.8 million in 2014. The County issued \$5.7 million in new debt and paid down \$7.0 million of existing debt in 2014. The \$5.7 million Capital Improvement Bond issued was for the renovation of the Northeast Regional Correction Center. 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 2014 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 \$8.1 million excess of actual expenditures over actual revenue for the year. The Capital Projects Fund spent a large portion of the \$25.3 million 2013 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 \$1.9 million mainly due to planned use of existing fund balance reserves.

The County's only major business-type activity, the Environmental Services Fund, had an operating loss of \$1.8 million in 2014. However, when nonoperating revenues from taxes, grants, and earnings on investments totaling \$.9 million are added to transfers in and out and capital contributions of \$.4 million, the Environmental Services Fund net position decreased by \$.5 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.

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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 53-91 of this report.

Supplementary data. The combining statements for nonmajor governmental funds, internal service funds, fiduciary funds, and miscellaneous schedules are provided on pages 94-121.

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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 \$739.3 million.

By far the largest portion of the County's net position is the investment in capital assets (76.3 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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 245.2	\$ 256.2	\$ 17.8	\$ 18.0	\$ 263.0	\$ 274.2
Capital assets	600.6	552.6	7.7	8.3	608.3	560.9
Total Assets	845.8	808.8	25.5	26.3	871.3	835.1
Long-term liabilities outstanding	100.4	101.1	2.9	2.9	103.3	104.0
Other liabilities	28.1	29.5	0.6	0.9	28.7	30.4
Total liabilities	128.5	130.6	3.5	3.8	132.0	134.4
Net position:						
Net investment in capital assets	556.7	522.0	7.7	8.3	564.4	530.3
Restricted	26.6	19.6	2.3	2.1	28.9	21.7
Unrestricted	134.0	136.6	12.0	12.1	146.0	148.7
Total Net Position	\$ 717.3	\$ 678.2	\$ 22.0	\$ 22.5	\$ 739.3	\$ 700.7

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

Governmental Activities:

In 2014, the total net position of governmental activities increased by \$39.1 million to \$717.3 million. Total net position for the years 2013 back through 2009 were \$678.2 million, \$626.2 million, \$583.7 million, \$533.6 million, and \$496.7 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 decreased by \$10.4 million in 2014 to \$245.2 million. The main reason for the large decrease was due to spending a large portion of the \$25.3 million in bond proceeds that were received in September 2013.

Capital assets at year-end 2014 were \$600.6, compared with \$552.6 million for 2013, an increase of \$48.0 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.

Long-term liabilities outstanding decreased by \$0.7 million in 2014 to \$100.4 million. In 2014 the County issued \$5.7 million in new debt for the renovation of the Northeast Regional Correction Center and paid \$7.0 million on existing debt which is the main reason for the decrease.

Other liabilities decreased \$1.4 million in 2014 to \$28.1 million. Advance from other governments decreased \$.5 million in 2014, the County was advanced funds in 2012 for a major flood that affected the County. As the County uses those funds they are booked as revenue and the advance will continue to decline until all the repair work is complete.

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Net Investment in Capital Assets increased by \$34.7 million to \$556.7 million. The increase was the result of net capital assets increasing by \$48.0 million, while the outstanding debt related to capital assets was \$13.3 million.

Restricted net position of the governmental funds increased by \$7.6 million to \$26.6 million in 2014. The fund balance restricted for Noncurrent loans increased by \$1.2 and the Capital Improvements fund balance also increased which includes unspent bond proceeds. The distribution of restricted net position is typically prescribed by Minnesota statute.

Unrestricted net position that comprise the remaining fund balances decreased \$2.6 million to \$134.0 million in 2014. 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 \$.5 million to \$22 million in 2014. 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 2014.

Capital assets decreased by \$.6 million in 2014, to \$7.7 million. The depreciation expense in 2014 was \$.6 million, which was the main reason for the decrease. The only capital purchase made in 2014 was for a mobile leachate spray gun to spray over the leachate fields.

Total liabilities for business-type activities decreased by \$.3 million in 2014. This was mainly due to a decrease in accounts payable and unearned revenue in 2014. Other changes include a decrease in the vested and vesting sick leave, which was offset by an increase in the closure and post closure landfill liabilities.

Net investment in capital assets will mirror capital assets when there is not any associated debt outstanding on the 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 million in 2014 to \$12 million.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 48.3	\$ 47.5	\$ 6.1	\$ 6.3	\$ 54.4	\$ 53.8
Operating Grants and Contributions	72.4	65.6	0.4	0.6	72.8	66.2
Capital Grants and Contributions	19.7	27.8	-	-	19.7	27.8
<i>General revenues:</i>						
Taxes:						
Property taxes, levied for general purposes	121.2	119.2	0.2	0.3	121.4	119.5
Property taxes, levied for debt service	6.2	5.0	-	-	6.2	5.0
State shared	18.1	15.9	-	-	18.1	15.9
Federal shared	1.8	1.7	-	-	1.8	1.7
Investment income	3.3	1.2	0.3	0.1	3.6	1.3
Sale of capital assets	2.5	-	-	-	2.5	-
Total revenues	<u>293.5</u>	<u>283.9</u>	<u>7.0</u>	<u>7.3</u>	<u>300.5</u>	<u>291.2</u>
Expenses						
<i>Program expenses:</i>						
General government	49.7	42.1	-	-	49.7	42.1
Public safety	54.5	47.0	-	-	54.5	47.0
Highways and streets	49.2	48.1	-	-	49.2	48.1
Health and sanitation	4.8	4.8	-	-	4.8	4.8
Human services	79.4	75.2	-	-	79.4	75.2
Culture and recreation	2.2	2.5	-	-	2.2	2.5
Conservation of natural resources	9.1	8.2	-	-	9.1	8.2
Economic development	2.9	3.1	-	-	2.9	3.1
Interest on long-term debt	2.2	1.2	-	-	2.2	1.2
Bond issuance costs	-	0.1	-	-	-	0.1
Environmental services	-	-	7.9	8.1	7.9	8.1
Total expenses	<u>254.0</u>	<u>232.3</u>	<u>7.9</u>	<u>8.1</u>	<u>261.9</u>	<u>240.4</u>
Increase in net position before transfers	39.5	51.6	(0.9)	(0.8)	38.6	50.8
Transfers	(0.4)	(0.2)	0.4	0.2	-	-
Increase (decrease) in net position	<u>39.1</u>	<u>51.4</u>	<u>(0.5)</u>	<u>(0.6)</u>	<u>38.6</u>	<u>50.8</u>
Net position January 1 -restated	<u>678.2</u>	<u>626.2</u>	<u>22.5</u>	<u>23.1</u>	<u>700.7</u>	<u>649.3</u>
Net position December 31	<u>\$ 717.3</u>	<u>\$ 677.6</u>	<u>\$ 22.0</u>	<u>\$ 22.5</u>	<u>\$ 739.3</u>	<u>\$ 700.1</u>

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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 2014, program revenues decreased by \$.5 million to \$140.4 million. Operating grants and contributions increased \$6.8 million with the majority of the increase for Highways and Streets. Capital grants and contributions decreased by \$8.1 million and most of this decrease was for Highways and Streets. This change was mainly due to more funding coming from the State in 2014 compared to more coming from the Federal government in 2013.

General revenues are all revenues that are not considered to be program revenues. In 2014, general revenues increased by \$10.1 million to \$153.1 million. Property tax revenues in 2014 increased by \$3.2 million or 2.5% even though the County Board only increased the annual levy for 2014 by 1.5%. This increase is higher than the increase in levy due to higher than anticipated amounts of delinquent property taxes and Tax Increment Financing (TIF) turnback dollars received in 2014. Several TIF districts received more money than was approved in their TIF plans which required them to repay the excess funds to the County to be redistributed. The County's share of these TIF turnback dollars was \$1.1 million.

State shared revenues that are classified as general revenues, commonly referred to as local government aids, increased by \$2.2 million to \$18.1 million in 2014. The increase is a result of the County receiving \$2.1 million more in County Program Aid in 2014. Total County Program Aid was \$11.0 million in 2014 compared to \$8.9 million in 2013 and \$9.8 million in 2012. All other aid revenues remained at a similar level as 2013, including \$5.5 million in disparity aid.

Investment income for governmental activities was \$3.3 million for 2014, an increase of \$2.1 million from 2013. The large increase 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 gain that resulted from the 2014 valuation will not be realized.

Expenses for governmental activities increased \$21.7 million in 2014, or 8.5%. Highways and streets increased \$1.1 million mainly due to the completion of several road and bridge projects. Human Services increased \$4.2 million due to increased costs for Out of Home Placements and Adult Mental Health Services which were partially funded out of assigned fund balance. General government increased by \$7.6 million mainly due to the major renovation of the Government Services Center. Public Safety increased by \$7.5 million due to the payment to Arrowhead Regional Corrections for renovation of the Northeast Regional Correction Center.

Business-type Activities:

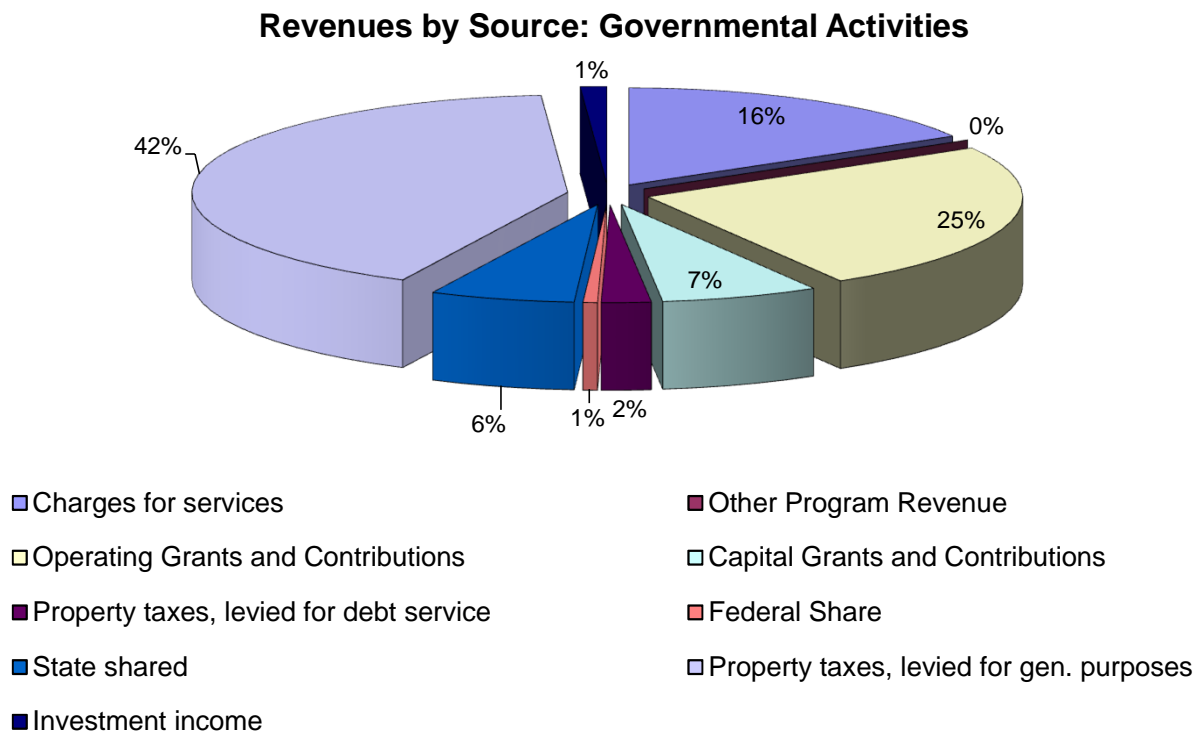
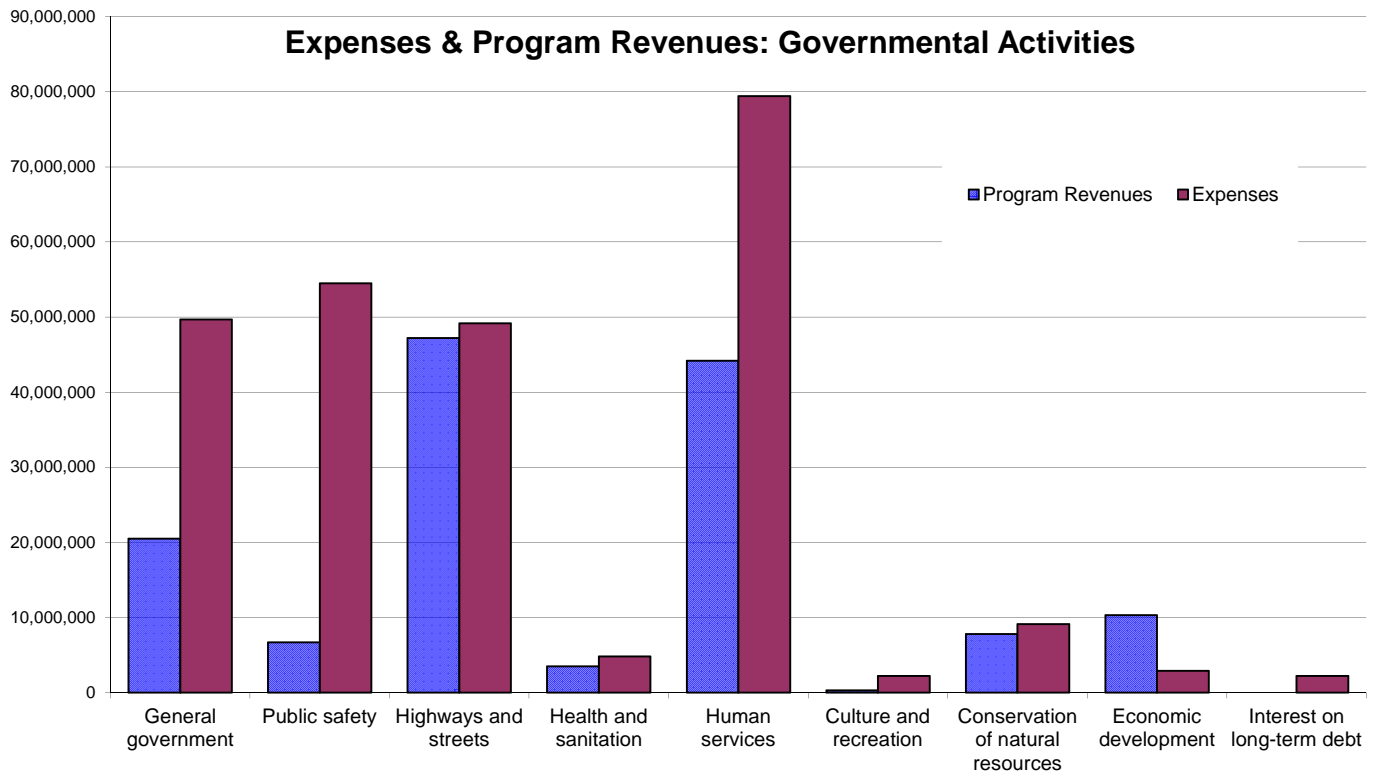
Program revenues for business-type activities decreased by \$.4 million in 2014 to \$6.5 million. The industrial waste revenue decreased by \$.3 million due to redirection of one customer's waste. The recycling revenue also decreased by \$.1 million due to lower market prices for recycled products.

General revenues for the business-type activities increased by \$.1 million in 2014 to \$.5 million. The County has a tax levy in the Environmental Services Fund for its On-Site Waste Water Division which decreased by \$.1 million in 2014. Investment income for the Environmental Services Fund increased by \$.2 million due to implementing a ladder investments strategy that coincides with their business needs.

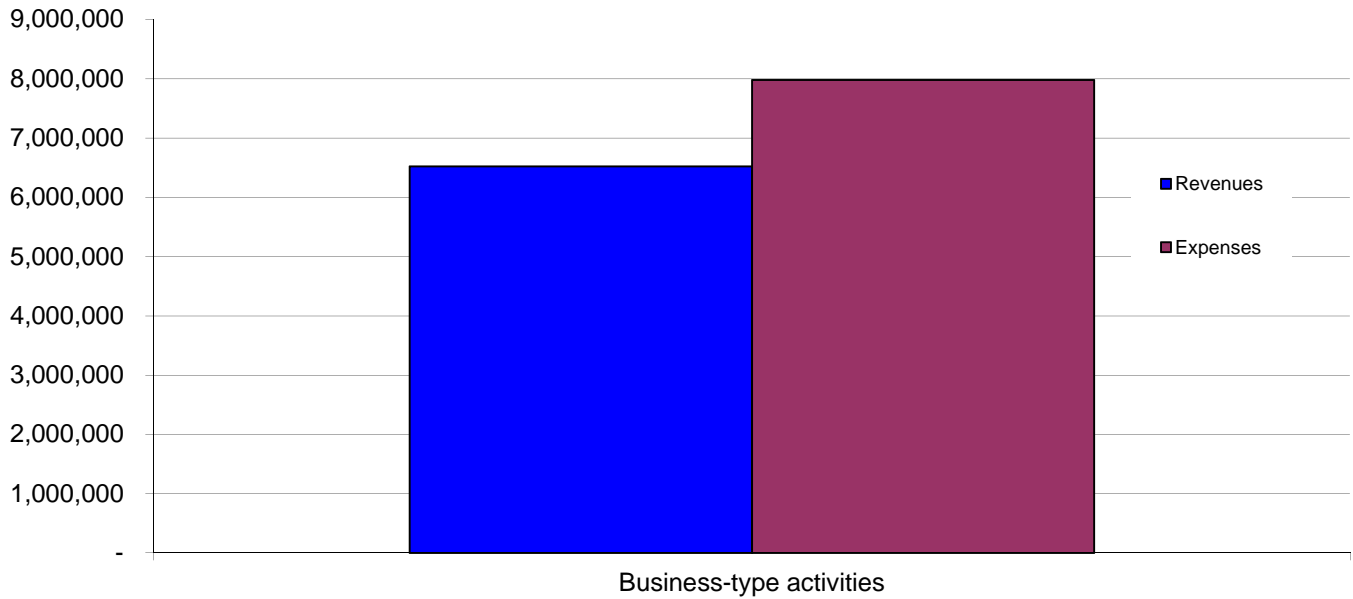
Expenses for business-type activities were \$7.9 million in 2014, \$.2 million less than 2013. In 2014, almost all expenses for business-type activities occurred in the Environmental Services Fund. The Environmental Services Fund expense for personal decreased due to the retirement of the Director and the Deputy Director of Environmental Services. Contractual services also decreased due to recording forgivable loans out of loans receivable instead of expense which was done in the past.

Business-type activities, the Environmental Services Fund, had net transfers in of \$.4 million. The main transfer of .3 million came from the Shoreline Sales Fund, which transferred funds for the On-Site Waste Water Division. The Shoreline Sales Fund is allowed to annually use 5.5 percent of the fund balance for projects related to the improvement of natural resources. The rest of the funds came from the Housing and Redevelopment Authority to provide financial assistance to County residents for repair or replacement of failing residential septic treatment systems.

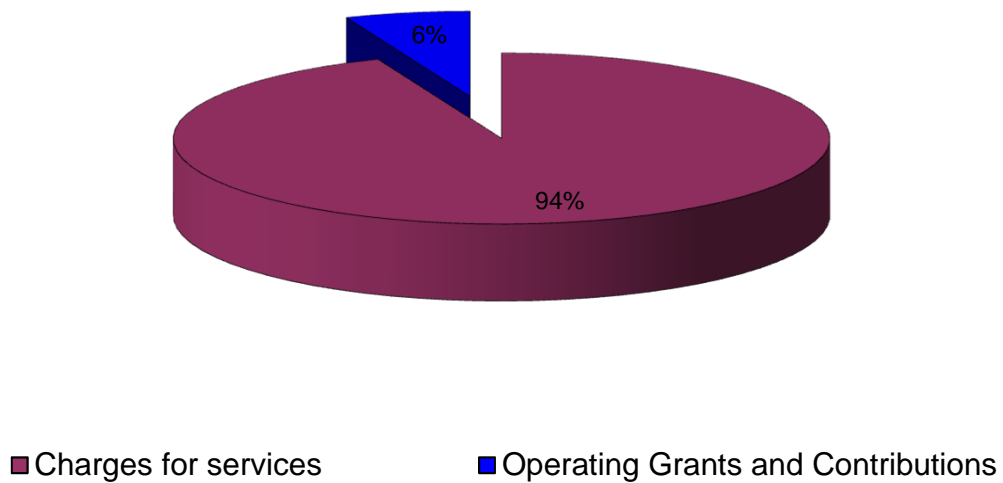
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Expenses and Program Revenues: Business-type Activities



Revenues by Source: Business-type Activities



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 \$167.2 million in 2014, compared with \$175.4 million as previously reported in 2013, a decrease of \$8.2 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 2014 of \$33.2 million, or 19.9% of total fund balance and unrestricted fund balance of \$134.0 million or 80.1% of total fund balance. Unrestricted fund balance was \$32.2 million committed, \$66.4 million assigned, and \$35.4 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 \$59.8 million in 2014, compared to \$55.8 million in 2013. Unrestricted fund balance at the end of the year represented 59.0% of General Fund operating revenues and 64.3% 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 2014, the fund balance of the County's General Fund increased \$4.9 million to \$66.3 million, because revenues exceeded expenditures by \$4.9 million. The increase was mainly due to excess revenues that came from delinquent tax payments and TIF turnback dollars in 2014.

The Road and Bridge Fund had an \$1.5 million excess of revenue over expenditures in 2014. This was mainly due to vacancy savings in the personnel budget as well as significantly lower salt costs in 2014 compared to 2013.

The Public Health and Human Services Fund had expenditures in excess of revenues of \$1.9 million in 2014. This was mainly due to planned use of fund balance for Out of Home placements of \$.8 million, Technology Improvements of \$.5 million, and the Government Service Center Remodel of \$.7 million.

The Capital Projects fund balance decreased in 2014 to \$21.7 million. The decrease is due to spending bond proceeds for the major renovation of the Government Services Center, renovations to Northeast Regional Corrections Center and the purchase of equipment for Public Works and the Sheriff.

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 \$1.3 million more than the 2013 distribution primarily due to the increase in land and timber sales for 2014.

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 \$9.3 million under the final budget. Expenditure budgets for personnel services (\$1.9 million), operating (\$6.6 million), and capital outlay (\$0.8 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.

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Actual revenues in total for 2014 came in \$1.2 million over the final budget. Earnings on investments came in \$1.0 million over budget due to the year end market valuation of investments. This valuation resulted in an unrealized gain of \$.8 million. This gain will not be realized since it is the County policy to hold investments to maturity. Taxes also came in \$.2 million over budget primarily due to returned TIF turnback dollars that were redistributed to the County.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the County's capital assets totaled \$608.3 million. Of that total, governmental activities accounted for \$600.6 million, and the remaining \$7.7 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 2.5	\$ 2.5	\$ 0.3	\$ 0.3	\$ 2.8	\$ 2.8
Buildings and structures	82.1	83.6	2.7	3.0	\$ 84.8	\$ 86.6
Improvements other than buildings	-	-	4.2	4.5	\$ 4.2	\$ 4.5
Machinery and equipment	5.2	4.6	0.2	0.2	\$ 5.4	\$ 4.8
Vehicles	20.9	17.8	0.3	0.3	\$ 21.2	\$ 18.1
Infrastructure	467.6	430.3	-	-	\$ 467.6	\$ 430.3
Intangibles	1.9	2.5	-	-	\$ 1.9	\$ 2.5
Work in progress	20.4	11.3	-	-	\$ 20.4	\$ 11.3
Totals	\$ 600.6	\$ 552.6	\$ 7.7	\$ 8.3	\$ 608.3	\$ 560.9

Capital assets for governmental activities increased (including additions, disposals, and depreciation expense) by \$48.0 million, or 8.0%, over 2013. Additions for 2014 totaled \$68.6 million, net disposals were \$4.7 million, and depreciation expense was \$15.9 million.

Total vehicles in 2014 increased by \$3.1 million to \$20.9 million. The 2014 additions to the County's fleet included: 15 cars; 4 vans; 2 crew cabs; 25 pickup trucks; 6 dump trucks, 2 flatbed trucks, 6 tandem dump trucks; 2 rescue vehicles; 6 cranes; 1 tractor mower; 4 heavy equipment loaders; 4 watercrafts, 1 snowmobile; 1 ATV; and 1 utility trailer.

Buildings and structures decreased \$1.5 million to \$82.1 million in 2014. The primary reason for the decrease was depreciation expense. Major building projects are still in work in progress, but should be completed in 2015.

Work in progress for governmental activities increased by 9.1 million in 2014 to \$20.4 million. The main reason 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 \$.6 million from 2013. The Environmental Services Fund, the only enterprise fund with capital assets, had net capital assets at year-end of \$7.7 million. The only capital purchase they made in 2014 was for a mobile leachate spray gun to spray over the leachate fields.

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

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Debt Administration

At year-end, the County had \$55.8 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)

	Governmental Activities	
	2014	2013
General obligation bonds	\$ 55.5	\$ 57.0
Revenue bonds	0.3	0.4
Total	\$ 55.8	\$ 57.4

County debt decreased \$1.6 million to \$55.8 million in 2014, compared to an increase of \$25 million in 2013. In 2014, the County issued a \$5.47 million Capital Improvement Bond for the Northeast Regional Corrections Center at a premium and paid \$7.2 on existing debt. The 2013 increase was the result of issuing \$25.3 million in new bonds which consisted of a \$20.7 million Capital Improvement Bond for renovation of the Government Services Building and a \$4.6 million Capital Equipment Note for Public Works and Sheriff's Equipment. The County also refinanced \$14.4 million of existing debt in 2013 to take advantage of lower interest rates.

Standard and Poor's Rating Service assigned an "AA+" rating to the bond that was issued in 2014.

Additional information on St. Louis County's long-term debt can be found in the notes on pages 72-74.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The average unemployment rate for St. Louis County was 4.3% in 2014, while the average unemployment rate was 6.2% for the United States and 3.6% for the State of Minnesota.

The County's 2015 budget was passed on December 16, 2014, at a meeting of the St. Louis County Board of Commissioners. The 2015 property tax levy increased \$3.1 million to \$116.4 million, or 2.9% more than 2014. The increase was mainly to finance renovations to the Government Services Center in Duluth and the Northeast Regional Corrections Center (NERCC). The levy also includes increased investment in public safety, and continued investment in road and bridge safety and human service programs.

On April 1, 2015 St. Louis County will begin to collect a half percent Transportation Sales Tax, which is estimated to be \$10.5 million annually. The County will use the new sales tax revenue to repair the 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 2014 was \$11 million, an increase of \$2.2 million compared to 2013. 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 additional amount 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 2015 budget included 1759 full time equivalent employees. Of the total \$338.1 million 2015 budget, \$162.5 million or 48%, 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 2015 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, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 148,112,244	\$ 1,540,937	\$ 149,653,181
Investments	44,993,365	12,408,438	57,401,803
Receivables (net)	41,614,263	218,965	41,833,228
Internal balances	704,215	(704,215)	-
Inventories	9,422,847	37,590	9,460,437
Prepaid items	410,072	-	410,072
Restricted assets	-	4,312,666	4,312,666
Capital assets not being depreciated	23,468,556	277,966	23,746,522
Capital assets being depreciated, net	577,135,233	7,394,836	584,530,069
Total assets	<u>845,860,795</u>	<u>25,487,183</u>	<u>871,347,978</u>
LIABILITIES			
Accounts payable	22,435,891	648,686	23,084,577
Unearned revenue	3,006,034	38,600	3,044,634
Advance from other governments	2,677,948	-	2,677,948
Noncurrent liabilities:			
Due within one year	15,461,852	172,038	15,633,890
Due in more than one year	84,934,709	2,682,672	87,617,381
Total liabilities	<u>128,516,434</u>	<u>3,541,996</u>	<u>132,058,430</u>
NET POSITION			
Net investment in capital assets	556,683,649	7,672,802	564,356,451
Restricted			
General government	8,604,389	-	8,604,389
Public safety	2,035,907	-	2,035,907
Highways and streets	310,478	-	310,478
Conservation of natural resources	5,569,019	-	5,569,019
Economic development	782,167	-	782,167
Debt service	1,708,497	-	1,708,497
Shoreline sales:			
Expendable	397,702	-	397,702
Nonexpendable	7,181,814	-	7,181,814
Health and sanitation	-	285,000	285,000
Financial assurance	-	2,046,286	2,046,286
Unrestricted	134,070,739	11,941,099	146,011,838
Total net position	<u>\$ 717,344,361</u>	<u>\$ 21,945,187</u>	<u>\$ 739,289,548</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, 2014

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental Activities:			
General government	\$ 49,666,414	\$ 18,259,101	\$ 2,241,269
Public safety	54,501,618	4,686,528	1,741,288
Highways and streets	49,163,367	3,480,798	24,237,864
Health and sanitation	4,795,994	561,034	2,918,763
Human services	79,419,419	12,747,627	31,441,270
Culture and recreation	2,177,850	-	260,153
Conservation of natural resources	9,087,657	7,641,654	151,102
Economic development	2,879,553	918,752	9,383,125
Interest on long-term debt	2,181,891	-	-
Total governmental activities	253,873,763	48,295,494	72,374,834
Business-type activities:			
Environmental Services	7,972,128	6,096,029	407,990
Plat Books	10,064	19,146	-
Total business-type activities	7,982,192	6,115,175	407,990
Total primary government	\$ 261,855,955	\$ 54,410,669	\$ 72,782,824

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

State shared not restricted to specific programs

Federal shared not restricted to specific programs

Investment earnings

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			
Capital Grants and Contributions	Primary Government		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (29,166,044)	\$ -	\$ (29,166,044)
249,771	(47,824,031)	-	(47,824,031)
19,475,977	(1,968,728)	-	(1,968,728)
-	(1,316,197)	-	(1,316,197)
-	(35,230,522)	-	(35,230,522)
-	(1,917,697)	-	(1,917,697)
-	(1,294,901)	-	(1,294,901)
-	7,422,324	-	7,422,324
-	(2,181,891)	-	(2,181,891)
19,725,748	(113,477,687)	-	(113,477,687)
-	-	(1,468,109)	(1,468,109)
-	-	9,082	9,082
-	-	(1,459,027)	(1,459,027)
<u>\$ 19,725,748</u>	<u>(113,477,687)</u>	<u>(1,459,027)</u>	<u>(114,936,714)</u>
	121,198,926	247,871	121,446,797
	6,154,941	-	6,154,941
	18,091,331	-	18,091,331
	1,755,887	-	1,755,887
	3,367,682	273,137	3,640,819
	2,512,402	-	2,512,402
	(429,628)	429,628	-
	152,651,541	950,636	153,602,177
	39,173,854	(508,391)	38,665,463
	678,170,507	22,453,578	700,624,085
	<u>\$ 717,344,361</u>	<u>\$ 21,945,187</u>	<u>\$ 739,289,548</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, 2014

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 66,078,730	\$ 25,178,895	\$ 30,278,609	\$ 198,291	\$ 13,284,100	\$ 9,674,443	\$ 144,693,068
Investments	-	-	-	-	8,761,058	7,157,161	15,918,219
Delinquent taxes receivable	3,091,289	1,252,350	2,021,124	-	149,881	395,083	6,909,727
Accounts receivable (net)	205,482	151,198	354,774	9,085,654	-	10,602	9,807,710
Accrued interest receivable	753,422	-	-	102,800	34,624	-	890,846
Loans receivable	556,268	128,223	-	-	-	1,504,195	2,188,686
Interfund receivable	394,536	-	-	-	-	-	394,536
Due from other governments	2,523,933	10,675,227	4,952,086	112,170	-	566,665	18,830,081
Inventories	-	9,356,786	-	-	-	-	9,356,786
Prepaid items	326,508	-	-	-	-	-	326,508
Advances to other funds	-	-	-	-	1,874,841	-	1,874,841
Total Assets	73,930,168	46,742,679	37,606,593	9,498,915	24,104,504	19,308,149	211,191,008
LIABILITIES AND FUND BALANCES							
Accounts payable	1,092,416	872,198	1,986,459	158,490	1,642,331	514,699	6,266,593
Contracts payable	-	2,486,190	-	-	664,495	-	3,150,685
Salaries payable	2,656,066	876,642	1,822,612	180,264	-	12,082	5,547,666
Interfund payable	-	-	-	-	-	394,536	394,536
Due to other governments	485,367	90,996	687,381	18,796	320	5,140	1,288,000
Unearned revenue	132,597	2,156,427	116,446	1,000	-	-	2,406,470
Advance from other governments	-	2,677,948	-	-	-	-	2,677,948
Total Liabilities	4,366,446	9,160,401	4,612,898	358,550	2,307,146	926,457	21,731,898
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	-	-	-	-
Taxes	2,692,066	1,105,757	1,787,350	-	130,871	346,755	6,062,799
Grants	542,354	7,717,139	224,195	112,170	-	-	8,595,858
Long-term receivables	-	-	-	7,604,007	-	-	7,604,007
Total Deferred Inflows of Resources	3,234,420	8,822,896	2,011,545	7,716,177	130,871	346,755	22,262,664
FUND BALANCE							
Nonspendable	-	-	-	-	-	-	-
Noncurrent loans	556,268	-	-	-	-	876,585	1,432,853
Inventories	-	9,356,786	-	-	-	-	9,356,786
Prepaid items	326,508	-	-	-	-	-	326,508
Environmental trust funds	-	-	-	-	-	7,181,814	7,181,814
Restricted	-	-	-	-	-	-	-
Unorganized town roads	-	310,478	-	-	-	-	310,478
Debt service	-	-	-	-	-	1,708,497	1,708,497
Health and sanitation	-	-	-	-	-	44,492	44,492
Improvement of natural resources	-	-	-	-	-	397,702	397,702
Economic development	1,783,435	-	-	-	-	-	1,783,435
Law library	618,129	-	-	-	-	-	618,129
Recorder's equipment	437,416	-	-	-	-	-	437,416
Communications	1,401,316	-	-	-	-	-	1,401,316
Extension service	228,224	-	-	-	-	-	228,224
Missing heirs	210,609	-	-	-	-	-	210,609
Tax certificate assurance	197,491	-	-	-	-	-	197,491
Attorney forfeitures	398,704	-	-	-	-	-	398,704
Sheriff forfeitures	187,025	-	-	-	-	-	187,025
Sheriff fines	14,763	-	-	-	-	-	14,763
Data Integration	113,276	-	-	-	-	-	113,276
Veterans' credit	-	-	-	15,000	-	-	15,000
Emergency contingency	5,942	-	-	23,969	-	-	29,911
Sheriff's contingency	4,188	-	-	-	-	-	4,188
Capital improvements	-	-	-	-	6,799,244	-	6,799,244
Committed	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	726,964	726,964
Conservation of natural resources	-	-	-	-	-	5,554,019	5,554,019
Economic development	-	-	-	-	-	782,167	782,167
Retiree obligations	7,047,716	3,547,232	6,463,814	964,475	-	-	18,023,237
Vesting sick leave	3,876,070	1,025,494	1,649,503	333,133	-	-	6,884,200
Ditching	275,000	-	-	-	-	-	275,000

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

ST. LOUIS COUNTY, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2014

	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	-	-	814,048	-	-	-	814,048
Major emergency road & bridge repair	-	500,000	-	-	-	-	500,000
Local road & bridge construction projects	-	3,350,582	-	-	-	-	3,350,582
Gas and diesel variability	-	962,947	-	-	-	-	962,947
State aid engineering	-	962,356	-	-	-	-	962,356
Depreciation reserve	-	-	-	-	3,239,723	-	3,239,723
Capital improvements	-	-	-	-	11,627,520	-	11,627,520
Parking	707,398	-	-	-	-	-	707,398
NEMESIS	536,317	-	-	-	-	-	536,317
General government	1,957,762	-	-	-	-	-	1,957,762
Public safety	1,637,235	-	-	-	-	-	1,637,235
Public safety innovation	982,059	-	-	-	-	-	982,059
Highways and streets	-	8,615,284	-	-	-	-	8,615,284
Health and sanitation	52,107	-	-	-	-	-	52,107
Information Technology	5,733,678	-	2,817,944	-	-	-	8,551,622
GSC Remodel	-	-	703,634	-	-	-	703,634
Prevention and Innovation	-	-	1,241,697	-	-	-	1,241,697
Telecommunications	621,376	-	-	-	-	-	621,376
Human services	-	-	16,066,795	-	-	-	16,066,795
Conservation of natural resources	5,993	-	-	87,611	-	762,697	856,301
Planning & Zoning GIS	453,060	-	-	-	-	-	453,060
Mineral Management Program	340,000	-	-	-	-	-	340,000
MA Expansion	-	-	1,032,494	-	-	-	1,032,494
MN Choices	-	-	192,221	-	-	-	192,221
Ely joint use facility loan	-	128,223	-	-	-	-	128,223
Community & Economic Dev Blight Program	181,643	-	-	-	-	-	181,643
Economic Development	88,900	-	-	-	-	-	88,900
Unassigned	35,349,694	-	-	-	-	-	35,349,694
Total Fund Balance	66,329,302	28,759,382	30,982,150	1,424,188	21,666,487	18,034,937	167,196,446
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 73,930,168	\$ 46,742,679	\$ 37,606,593	\$ 9,498,915	\$ 24,104,504	\$ 19,308,149	\$ 211,191,008

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

Total Fund balance - governmental funds (from above)	\$	167,196,446
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		597,424,403
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.		22,262,664
Certain liabilities payable from other long term assets listed above are also not reported in the funds.		(3,041,603)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(87,348,411)
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.		20,850,862
Net position of governmental activities	\$	717,344,361

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, 2014

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 59,123,644	\$ 28,418,394	\$ 30,752,242	\$ -	\$ 2,501,385	\$ 6,939,069	\$ 127,734,734
Licenses and permits	267,054	44,324	-	-	-	-	311,378
Intergovernmental	17,648,937	52,699,019	45,815,229	18,723	275,138	3,225,075	119,682,121
Charges for services	20,521,298	2,664,821	4,003,143	-	-	-	27,189,262
Fines and forfeits	137,528	-	-	-	-	-	137,528
Earnings on investments	2,207,505	-	-	-	55,590	731,348	2,994,443
Gifts and contributions	8,982	-	-	-	-	-	8,982
Land and timber sales	-	-	-	8,007,234	-	-	8,007,234
Miscellaneous	1,597,230	1,665,138	850,440	95,825	5,000	341,210	4,554,843
Total Revenues	<u>101,512,178</u>	<u>85,491,696</u>	<u>81,421,054</u>	<u>8,121,782</u>	<u>2,837,113</u>	<u>11,236,702</u>	<u>290,620,525</u>
EXPENDITURES							
Current:							
General government	41,221,394	-	-	-	330,500	-	41,551,894
Public safety	46,619,730	-	-	-	53,525	-	46,673,255
Highways and streets	-	38,218,222	-	-	174,382	-	38,392,604
Health and sanitation	548,396	-	4,385,395	-	-	13,040	4,946,831
Human services	192,676	-	78,920,720	-	-	-	79,113,396
Culture and recreation	2,141,178	-	-	-	36,672	-	2,177,850
Conservation of natural resources	927,859	-	-	6,408,185	-	1,457,326	8,793,370
Economic development	-	-	-	-	-	2,851,579	2,851,579
Debt service:							
Principal	-	-	-	-	-	6,997,490	6,997,490
Interest and other charges	-	-	-	-	-	2,492,340	2,492,340
Capital outlay:							
General government	342,904	-	-	-	14,284,758	-	14,627,662
Public safety	1,084,283	-	-	-	606,684	-	1,690,967
Highways and streets	-	45,706,483	-	-	5,112,375	-	50,818,858
Conservation of natural resources	-	-	-	123,083	-	-	123,083
Total Expenditures	<u>93,078,420</u>	<u>83,924,705</u>	<u>83,306,115</u>	<u>6,531,268</u>	<u>20,598,896</u>	<u>13,811,775</u>	<u>301,251,179</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,433,758</u>	<u>1,566,991</u>	<u>(1,885,061)</u>	<u>1,590,514</u>	<u>(17,761,783)</u>	<u>(2,575,073)</u>	<u>(10,630,654)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	887,654	300,000	-	20,555	6,719,643	796,851	8,724,703
Transfers (out)	(6,668,581)	(401,302)	(783,816)	(1,522,686)	(185,969)	(731,025)	(10,293,379)
Bonds issued for joint venture	-	-	-	-	5,470,000	-	5,470,000
Premium on bonds issued to joint venture	-	-	-	-	213,897	-	213,897
Sale of capital assets	2,233,487	13,620	-	10,295	255,000	-	2,512,402
Bond proceeds remitted to joint venture	-	-	-	-	(5,253,000)	-	(5,253,000)
Total other financing sources and uses	<u>(3,547,440)</u>	<u>(87,682)</u>	<u>(783,816)</u>	<u>(1,491,836)</u>	<u>7,219,571</u>	<u>65,826</u>	<u>1,374,623</u>
Net change in fund balances	4,886,318	1,479,309	(2,668,877)	98,678	(10,542,212)	(2,509,247)	(9,256,031)
Fund balances - January 1 - Restated	61,442,984	26,731,323	33,651,027	1,325,510	32,208,699	20,544,184	175,903,727
Increase in inventories	-	548,750	-	-	-	-	548,750
Fund balances - December 31	<u>\$ 66,329,302</u>	<u>\$ 28,759,382</u>	<u>\$ 30,982,150</u>	<u>\$ 1,424,188</u>	<u>\$ 21,666,487</u>	<u>\$ 18,034,937</u>	<u>\$ 167,196,446</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, 2014

Net change in fund balances--total governmental funds (from previous page)	\$ (9,256,031)
Increase in inventories--total governmental funds (from previous page)	548,750
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.	(28,921)
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	202,484
Compensated absences	1,071,624
Bond interest payable	62,172
Bond premium amortization	248,277
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.	46,918,109
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.	(1,920,226)
Expenditures reported in the governmental funds are not considered expenses in the Statement of Activities	
Intra-general government function rent	14,023
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	6,997,490
The issuance of long term debt provides current financial resources, but has no effect on net position.	(5,683,897)
Change in net position of governmental activities	<u>\$ 39,173,854</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, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 56,777,330	\$ 58,870,338	\$ 59,123,644	\$ 253,306
Licenses and permits	276,000	276,000	267,054	(8,946)
Intergovernmental	15,879,038	17,607,224	17,648,937	41,713
Charges for services	20,498,490	20,870,532	20,521,298	(349,234)
Fines and forfeitures	159,250	161,250	137,528	(23,722)
Earnings on investments	1,205,067	1,205,067	2,207,505	1,002,438
Gifts and contributions	9,300	9,600	8,982	(618)
Miscellaneous	1,298,637	1,341,058	1,597,230	256,172
Total revenues	96,103,112	100,341,069	101,512,178	1,171,109
EXPENDITURES				
General government				
Commissioners				
Personnel services	878,240	878,240	860,300	(17,940)
Other operating	271,227	296,227	261,997	(34,230)
Capital outlay	24,970	24,970	-	(24,970)
Total commissioners	1,174,437	1,199,437	1,122,297	(77,140)
Port authority				
Other operating	12,000	12,000	12,000	-
County administrator				
Personnel services	1,754,825	1,754,825	1,444,737	(310,088)
Other operating	2,107,565	2,090,852	357,204	(1,733,648)
Total county administrator	3,862,390	3,845,677	1,801,941	(2,043,736)
Intergovernmental affairs				
Personnel services	136,026	136,026	130,879	(5,147)
Other operating	173,180	173,180	140,201	(32,979)
Total intergovernmental affairs	309,206	309,206	271,080	(38,126)
Labor relations				
Other operating	130,000	140,021	140,021	-
Planning and zoning				
Personnel services	1,552,918	1,427,918	1,340,364	(87,554)
Other operating	922,267	853,273	492,117	(361,156)
Total planning and zoning	2,475,185	2,281,191	1,832,481	(448,710)
Commitment representation				
Personnel services	2,500	2,500	-	(2,500)
Other operating	96,560	96,560	61,966	(34,594)
Total commitment representation	99,060	99,060	61,966	(37,094)
Court administrator				
Personnel services	1,168	1,168	1,168	-
Other operating	1,119,117	1,119,117	1,119,117	-
Total court administrator	1,120,285	1,120,285	1,120,285	-
Examiner of titles				
Personnel services	126,621	126,621	126,576	(45)
Other operating	17,573	21,499	21,499	-
Total examiner of titles	144,194	148,120	148,075	(45)
County attorney				
Personnel services	6,288,920	6,376,719	6,376,719	-
Other operating	939,563	851,764	838,856	(12,908)
Total county attorney	7,228,483	7,228,483	7,215,575	(12,908)
Subtotal	16,555,240	16,383,480	13,725,721	(2,657,759)
				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, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
County auditor				
Personnel services	3,962,270	4,017,418	3,614,870	(402,548)
Other operating	2,444,513	2,425,180	1,031,267	(1,393,913)
Capital outlay	-	11,715	11,715	-
Total county auditor	<u>6,406,783</u>	<u>6,454,313</u>	<u>4,657,852</u>	<u>(1,796,461)</u>
Telecommunications				
Personnel services	638,634	638,634	539,061	(99,573)
Other operating	876,655	937,655	806,970	(130,685)
Capital outlay	240,028	273,403	90,786	(182,617)
Total telecommunications	<u>1,755,317</u>	<u>1,849,692</u>	<u>1,436,817</u>	<u>(412,875)</u>
Information Technology				
Personnel services	3,615,718	3,615,718	3,481,693	(134,025)
Other operating	2,268,241	2,282,245	1,938,126	(344,119)
Capital outlay	420,414	368,414	182,273	(186,141)
Total information technology	<u>6,304,373</u>	<u>6,266,377</u>	<u>5,602,092</u>	<u>(664,285)</u>
County assessor				
Personnel services	3,069,583	2,935,039	2,935,039	-
Other operating	460,293	529,930	529,930	-
Total county assessor	<u>3,529,876</u>	<u>3,464,969</u>	<u>3,464,969</u>	<u>-</u>
Purchasing				
Personnel services	308,100	308,100	274,293	(33,807)
Other operating	24,911	24,911	20,772	(4,139)
Total purchasing	<u>333,011</u>	<u>333,011</u>	<u>295,065</u>	<u>(37,946)</u>
Microfilming				
Personnel services	134,531	138,681	138,681	-
Other operating	42,945	46,506	46,506	-
Total microfilming	<u>177,476</u>	<u>185,187</u>	<u>185,187</u>	<u>-</u>
Recorder				
Personnel services	1,835,920	1,824,684	1,701,541	(123,143)
Other operating	374,370	355,704	344,534	(11,170)
Capital outlay	5,000	42,650	37,650	(5,000)
Total recorder	<u>2,215,290</u>	<u>2,223,038</u>	<u>2,083,725</u>	<u>(139,313)</u>
Human Resources				
Personnel services	1,312,421	1,318,421	1,309,604	(8,817)
Other operating	347,874	347,174	304,341	(42,833)
Total human resources	<u>1,660,295</u>	<u>1,665,595</u>	<u>1,613,945</u>	<u>(51,650)</u>
Veteran's service				
Personnel services	603,352	612,926	612,926	-
Other operating	128,542	129,480	121,019	(8,461)
Total veteran's service	<u>731,894</u>	<u>742,406</u>	<u>733,945</u>	<u>(8,461)</u>
Employee training				
Personnel services	209,216	209,216	195,145	(14,071)
Other operating	268,595	241,461	194,610	(46,851)
Total employee training	<u>477,811</u>	<u>450,677</u>	<u>389,755</u>	<u>(60,922)</u>
Elections				
Personnel services	15,000	15,000	-	(15,000)
Other operating	323,811	323,811	271,410	(52,401)
Total elections	<u>338,811</u>	<u>338,811</u>	<u>271,410</u>	<u>(67,401)</u>
Subtotal	<u>23,930,937</u>	<u>23,974,076</u>	<u>20,734,762</u>	<u>(3,239,314)</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, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts Budgetary Basis	Final Budget Over (Under)
EXPENDITURES (CONTINUED)				
General government				
Property management				
Personnel services	3,947,404	3,836,991	3,833,987	(3,004)
Other operating	3,514,561	3,107,928	2,956,412	(151,516)
Capital outlay	5,500	35,109	20,480	(14,629)
Total property management	7,467,465	6,980,028	6,810,879	(169,149)
Missing heirs				
Other operating	-	1,000	1,000	-
Health Care Reform				
Other operating	7,556	7,556	7,556	-
Law library				
Personnel services	93,131	93,131	10,722	(82,409)
Other operating	170,314	295,314	273,658	(21,656)
Total law library	263,445	388,445	284,380	(104,065)
Total General Government	48,224,643	47,734,585	41,564,298	(6,170,287)
Public safety				
Arrowhead Regional Corrections				
Other operating	12,497,521	12,497,521	12,497,521	-
Sheriff				
Personnel services	10,871,554	10,854,549	10,691,487	(163,062)
Other operating	3,121,746	3,316,434	2,984,664	(331,770)
Capital outlay	706,027	829,795	751,224	(78,571)
Total sheriff	14,699,327	15,000,778	14,427,375	(573,403)
Boat and water safety				
Personnel services	5,194	525	525	-
Other operating	54,501	88,630	88,296	(334)
Capital outlay	116,122	115,215	115,215	-
Total boat and water safety	175,817	204,370	204,036	(334)
Medical examiner				
Other operating	557,320	618,264	618,256	(8)
Emergency management				
Personnel services	197,936	197,936	115,650	(82,286)
Other operating	61,422	63,056	49,908	(13,148)
Capital outlay	-	9,313	-	(9,313)
Total emergency management	259,358	270,305	165,558	(104,747)
Rescue squad				
Other operating	198,799	218,799	215,322	(3,477)
Capital outlay	58,681	58,681	-	(58,681)
Total rescue squad	257,480	277,480	215,322	(62,158)
Law enforcement service				
Personnel services	1,021,041	1,021,041	932,583	(88,458)
Other operating	93,652	98,652	89,080	(9,572)
Total law enforcement service	1,114,693	1,119,693	1,021,663	(98,030)
Emergency communication				
Personnel services	3,491,550	3,513,504	3,435,353	(78,151)
Other operating	333,281	535,587	378,865	(156,722)
Total emergency communication	3,824,831	4,049,091	3,814,218	(234,873)
Ambulance service				
Other operating	90,000	110,000	92,747	(17,253)
Subtotal	33,476,347	34,147,502	33,056,696	(1,090,806)

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, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Public safety				
Radio maintenance				
Personnel services	532,687	532,687	468,732	(63,955)
Other operating	390,028	618,714	467,035	(151,679)
Capital outlay	398,376	398,376	173,780	(224,596)
Total radio maintenance	1,321,091	1,549,777	1,109,547	(440,230)
Jail prisoners				
Personnel services	6,265,007	6,438,479	6,438,479	-
Other operating	5,269,070	5,138,464	4,292,136	(846,328)
Total jail prisoners	11,534,077	11,576,943	10,730,615	(846,328)
Jail building				
Personnel services	542,246	455,479	455,479	-
Other operating	549,183	506,052	496,802	(9,250)
Capital outlay	-	44,064	44,064	-
Total jail building	1,091,429	1,005,595	996,345	(9,250)
Mine inspector				
Personnel services	217,992	224,943	224,943	-
Other operating	51,727	51,727	47,845	(3,882)
Total mine inspector	269,719	276,670	272,788	(3,882)
Volunteer fire department				
Other operating	6,776	588,122	561,355	(26,767)
Sheriff's NEMESIS system				
Personnel services	-	51,012	51,012	-
Other operating	610,656	661,027	547,228	(113,799)
Total sheriff's NEMESIS	610,656	712,039	598,240	(113,799)
Sheriff fines				
Other operating	54,000	54,000	24,672	(29,328)
Attorneys forfeitures				
Personnel services	14,656	14,656	12,274	(2,382)
Other operating	37,000	52,388	49,077	(3,311)
Total Attorneys forfeitures	51,656	67,044	61,351	(5,693)
Sheriffs forfeitures				
Other operating	72,201	107,953	76,966	(30,987)
Enhanced 9-1-1				
Other operating	219,682	244,189	196,807	(47,382)
Capital outlay	150,000	28,052	-	(28,052)
Total enhanced 9-1-1	369,682	272,241	196,807	(75,434)
City/County antenna site				
Other operating	6,200	6,200	3,333	(2,867)
Sheriff's contingent fund				
Other operating	15,000	15,300	15,299	(1)
Total Public Safety	48,878,834	50,379,386	47,704,014	(2,675,372)

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, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Health and sanitation				
Occupational safety				
Personnel services	372,909	365,959	337,853	(28,106)
Other operating	254,871	254,871	191,943	(62,928)
Total occupational safety	627,780	620,830	529,796	(91,034)
Midway Township Sewer				
Other operating	18,600	18,600	18,600	-
Total Health and Sanitation	646,380	639,430	548,396	(91,034)
Human services				
Emergency shelter program				
Personnel services	18,128	18,674	18,674	-
Other operating	723,044	174,001	174,001	-
Total emergency shelter program	741,172	192,675	192,675	-
Total Human Services	741,172	192,675	192,675	-
Culture and recreation				
Duluth Airshow				
Other operating	15,000	15,000	15,000	-
Hibbing Raceway				
Other operating	-	12,000	12,000	-
Tourism promotion				
Other operating	641,867	641,867	641,650	(217)
Depot				
Other operating	164,700	164,791	164,791	-
Arrowhead Library System				
Other operating	703,475	703,475	703,475	-
Historical Society				
Other operating	311,398	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	260,152	260,152	-
Total Culture and Recreation	2,362,802	2,141,645	2,141,178	(467)
				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, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts Budgetary Basis	Final Budget Over (Under)
EXPENDITURES (CONTINUED)				
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	-
Soil conservation - south				
Other operating	-	40,000	40,000	-
County agent				
Personnel services	241,714	241,714	237,895	(3,819)
Other operating	344,494	351,518	346,046	(5,472)
Total county agent	586,208	593,232	583,941	(9,291)
Youth task force				
Personnel services	114,171	124,883	124,049	(834)
Other operating	155,660	138,524	137,369	(1,155)
Total youth task force	269,831	263,407	261,418	(1,989)
Total Conservation of Natural Resources	858,539	939,139	927,859	(11,280)
Economic development				
Revolving loans				
Other operating	-	321,081	-	(321,081)
Total Expenditures	101,712,370	102,347,941	93,078,420	(9,269,521)
Excess of revenues over (under) expenditures	(5,609,258)	(2,006,872)	8,433,758	10,440,630
OTHER FINANCING SOURCES (USES)				
Transfers in	546,858	887,654	887,654	-
Transfers (out)	(686,732)	(6,668,581)	(6,668,581)	-
Sale of capital assets	-	2,220,487	2,233,487	13,000
Total other financing sources (uses)	(139,874)	(3,560,440)	(3,547,440)	13,000
Net change in fund balances	(5,749,132)	(5,567,312)	4,886,318	10,453,630
Fund Balance - January 1	61,442,984	61,442,984	61,442,984	-
Fund Balance - December 31	\$ 55,693,852	\$ 55,875,672	\$ 66,329,302	\$ 10,453,630

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Taxes	\$ 28,121,767	\$ 28,121,767	\$ 28,418,394	\$ 296,627
Licenses and permits	40,000	40,000	44,324	4,324
Intergovernmental	52,559,596	57,539,422	52,699,019	(4,840,403)
Charges for services	224,307	2,220,067	2,664,821	444,754
Miscellaneous	1,909,128	1,686,660	1,665,138	(21,522)
Total Revenues	82,854,798	89,607,916	85,491,696	(4,116,220)
EXPENDITURES				
Highways and streets				
Administration				
Personnel services	4,569,710	3,346,098	2,433,925	(912,173)
Other operating	2,331,030	2,403,370	1,015,899	(1,387,471)
Capital outlay	170,894	365,309	1,658,130	1,292,821
Total administration	7,071,634	6,114,777	5,107,954	(1,006,823)
Road maintenance				
Personnel services	12,713,416	13,015,872	12,165,380	(850,492)
Other operating	3,098,125	2,650,832	2,292,944	(357,888)
Capital outlay	-	49,325	333,451	284,126
Total road maintenance	15,811,541	15,716,029	14,791,775	(924,254)
Road construction				
Personnel services	541	20,523	1,087,392	1,066,869
Other operating	14,309,939	15,709,278	4,514,307	(11,194,971)
Capital outlay	44,800,094	43,556,817	44,014,901	458,084
Total road construction	59,110,574	59,286,618	49,616,600	(9,670,018)
Equipment maintenance and shops				
Personnel services	3,818,192	3,910,270	3,819,519	(90,751)
Other operating	10,567,517	11,148,734	10,588,857	(559,877)
Total equipment maintenance and shops	14,385,709	15,059,004	14,408,376	(650,628)
Total Expenditures	96,379,458	96,176,428	83,924,705	(12,251,723)
Excess of Revenues Over (Under) Expenditures	(13,524,660)	(6,568,512)	1,566,991	8,135,503
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	300,000	-
Transfers (out)	(401,302)	(401,302)	(401,302)	-
Sale of capital assets	-	13,620	13,620	
Total other financing sources (uses)	(101,302)	(87,682)	(87,682)	-
Net change in fund balances	(13,625,962)	(6,656,194)	1,479,309	8,135,503
Fund Balance - January 1	26,731,323	26,731,323	26,731,323	-
Increase in inventories	-	-	548,750	548,750
Fund Balance - December 31	\$ 13,105,361	\$ 20,075,129	\$ 28,759,382	\$ 8,684,253

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Taxes	\$ 30,185,602	\$ 30,185,602	\$ 30,752,242	\$ 566,640
Intergovernmental	45,676,436	46,688,598	45,815,229	(873,369)
Charges for services	4,976,300	4,976,300	4,003,143	(973,157)
Gifts and contributions	50	50	-	(50)
Miscellaneous	397,750	397,750	850,440	452,690
Total Revenues	81,236,138	82,248,300	81,421,054	(827,246)
EXPENDITURES				
Human services				
Administration				
Personnel services	6,439,257	6,116,240	6,086,025	(30,215)
Other operating	5,350,836	5,518,467	5,487,354	(31,113)
Total administration	11,790,093	11,634,707	11,573,379	(61,328)
Income maintenance				
Personnel services	12,190,966	11,317,502	11,316,706	(796)
Other operating	3,507,938	3,717,639	3,705,149	(12,490)
Total income maintenance	15,698,904	15,035,141	15,021,855	(13,286)
Social services				
Personnel services	20,045,579	21,196,836	20,987,921	(208,915)
Other operating	29,560,892	31,347,175	31,337,565	(9,610)
Total social services	49,606,471	52,544,011	52,325,486	(218,525)
Total human services	77,095,468	79,213,859	78,920,720	(293,139)
Health and sanitation				
Administration				
Personnel services	206,555	256,555	234,254	(22,301)
Other operating	156,648	171,160	170,834	(326)
Total administration	363,203	427,715	405,088	(22,627)
Nursing				
Personnel services	3,708,099	3,924,330	3,624,180	(300,150)
Other operating	337,117	401,926	356,127	(45,799)
Total nursing	4,045,216	4,326,256	3,980,307	(345,949)
Total health and sanitation	4,408,419	4,753,971	4,385,395	(368,576)
Total Expenditures	81,503,887	83,967,830	83,306,115	(661,715)
Excess of Revenues Over (Under) Expenditures	(267,749)	(1,719,530)	(1,885,061)	(165,531)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	(783,816)	(783,816)	-
Total other financing sources and uses	-	(783,816)	(783,816)	-
Net change in fund balances	(267,749)	(2,503,346)	(2,668,877)	(165,531)
Fund Balance - January 1	33,651,027	33,651,027	33,651,027	-
Fund Balance - December 31	\$ 33,383,278	\$ 31,147,681	\$ 30,982,150	\$ (165,531)

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Intergovernmental	\$ 354,694	\$ 20,137	\$ 18,723	\$ (1,414)
Land and timber sales	6,950,000	6,950,000	8,007,234	1,057,234
Miscellaneous	40,000	40,000	95,825	55,825
Total Revenues	<u>7,344,694</u>	<u>7,010,137</u>	<u>8,121,782</u>	<u>1,111,645</u>
EXPENDITURES				
Current:				
Conservation of natural resources				
Personnel services	4,685,937	4,552,671	4,231,153	(321,518)
Other operating	2,121,445	2,683,954	2,177,032	(506,922)
Capital outlay	<u>192,500</u>	<u>172,500</u>	<u>123,083</u>	<u>(49,417)</u>
Total Expenditures	<u>6,999,882</u>	<u>7,409,125</u>	<u>6,531,268</u>	<u>(877,857)</u>
Excess of Revenues Over				
(Under) Expenditures	344,812	(398,988)	1,590,514	1,989,502
OTHER FINANCING SOURCES (USES)				
Transfers in	-	20,555	20,555	-
Transfers (out)	-	(1,522,686)	(1,522,686)	-
Sale of capital assets	-	-	10,295	10,295
Total other financing sources (uses)	<u>-</u>	<u>(1,502,131)</u>	<u>(1,491,836)</u>	<u>10,295</u>
Net change in fund balances	344,812	(1,901,119)	98,678	1,999,797
Fund Balance - January 1	<u>1,325,510</u>	<u>1,325,510</u>	<u>1,325,510</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,670,322</u>	<u>\$ (575,609)</u>	<u>\$ 1,424,188</u>	<u>\$ 1,999,797</u>

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.

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, 2014

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental	Plat Books	Total	
	Services			
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,322,830	\$ 218,107	\$ 1,540,937	\$ 3,419,176
Investments	12,408,438	-	12,408,438	29,075,146
Delinquent taxes receivable	16,893	-	16,893	-
Accounts receivables (net)	91,531	70	91,601	627,635
Accrued interest receivable	64,796	-	64,796	90,201
Loans receivable	45,675	-	45,675	-
Inventories	-	37,590	37,590	66,061
Prepaid items	-	-	-	83,564
Total current assets	<u>13,950,163</u>	<u>255,767</u>	<u>14,205,930</u>	<u>33,361,783</u>
Noncurrent assets:				
Restricted assets				
Financial assurance				
Cash and cash equivalents	771,234	-	771,234	-
Investments	3,244,931	-	3,244,931	-
Accrued interest receivable	11,501	-	11,501	-
Health and sanitation				
Cash and cash equivalents	54,000	-	54,000	-
Loans receivable	231,000	-	231,000	-
Capital assets				
Land	277,966	-	277,966	25,500
Buildings and structures	6,999,402	-	6,999,402	1,026,898
Improvements other than buildings	10,850,695	-	10,850,695	-
Machinery and equipment	998,932	-	998,932	79,214
Vehicles	1,401,078	-	1,401,078	2,480,605
Construction in progress	-	-	-	1,889,383
Less accumulated depreciation	<u>(12,855,271)</u>	<u>-</u>	<u>(12,855,271)</u>	<u>(2,322,214)</u>
Total capital assets, net	<u>7,672,802</u>	<u>-</u>	<u>7,672,802</u>	<u>3,179,386</u>
Total noncurrent assets	<u>11,985,468</u>	<u>-</u>	<u>11,985,468</u>	<u>3,179,386</u>
Total assets	<u>25,935,631</u>	<u>255,767</u>	<u>26,191,398</u>	<u>36,541,169</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, 2014

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Environmental Services	Plat Books	Total	
LIABILITIES				
Current liabilities				
Accounts payable	501,246	-	501,246	602,343
Contracts payable	-	-	-	15,000
Salaries payable	110,293	-	110,293	39,181
Compensated absences payable	172,038	-	172,038	52,491
Claims payable	-	-	-	3,353,648
Due to other governments	37,147	-	37,147	54,778
Unearned revenue	38,600	-	38,600	599,564
Advances from other funds	-	-	-	37,497
Total current liabilities	859,324	-	859,324	4,754,502
Noncurrent liabilities:				
Compensated absences payable	701,292	-	701,292	136,507
Claims payable	-	-	-	5,369,807
OPEB obligation	-	-	-	4,296,362
Advances from other funds	-	-	-	1,837,344
Closure and post-closure liabilities	1,981,380	-	1,981,380	-
Total noncurrent liabilities	2,682,672	-	2,682,672	11,640,020
Total liabilities	3,541,996	-	3,541,996	16,394,522
NET POSITION				
Net investment in capital assets	7,672,802	-	7,672,802	3,179,386
Restricted for health and sanitation	285,000	-	285,000	-
Restricted for financial assurance	2,046,286	-	2,046,286	-
Unrestricted	12,389,547	255,767	12,645,314	16,967,261
Total net position	\$ 22,393,635	\$ 255,767	\$ 22,649,402	\$ 20,146,647
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(704,215)	
Net position of business type activities			\$ 21,945,187	

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, 2014

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Plat Books	Total	
Operating Revenues				
Charges for services	\$ 5,657,192	\$ 19,146	\$ 5,676,338	\$ 33,557,565
Licenses and permits	6,349	-	6,349	-
Other	430,464	-	430,464	241,397
Total Operating Revenues	<u>6,094,005</u>	<u>19,146</u>	<u>6,113,151</u>	<u>33,798,962</u>
Operating Expenses				
Personal services	2,783,372	-	2,783,372	931,974
Contractual services	4,109,775	-	4,109,775	5,448,831
Materials	338,881	10,064	348,945	629,418
OPEB expense	-	-	-	572,406
Claims Paid	-	-	-	29,505,037
Depreciation	664,135	-	664,135	225,261
Total Operating Expenses	<u>7,896,163</u>	<u>10,064</u>	<u>7,906,227</u>	<u>37,312,927</u>
Operating Income (Loss)	<u>(1,802,158)</u>	<u>9,082</u>	<u>(1,793,076)</u>	<u>(3,513,965)</u>
Nonoperating Revenues (Expenses)				
Taxes	247,871	-	247,871	-
Grants	407,990	-	407,990	-
Earnings on investments	273,137	-	273,137	373,239
Loss or gain on asset disposal	2,024	-	2,024	5,487
Total Nonoperating Revenues (Expenses)	<u>931,022</u>	<u>-</u>	<u>931,022</u>	<u>378,726</u>
Income (Loss) Before Transfers	(871,136)	9,082	(862,054)	(3,135,239)
Transfers in	432,425	-	432,425	1,400,464
Transfers out	<u>(2,797)</u>	<u>-</u>	<u>(2,797)</u>	<u>(261,416)</u>
Change in net position	(441,508)	9,082	(432,426)	(1,996,191)
Net position - January 1	<u>22,835,143</u>	<u>246,685</u>	<u>23,081,828</u>	<u>22,142,838</u>
Net position - December 31	<u>\$ 22,393,635</u>	<u>\$ 255,767</u>	<u>\$ 22,649,402</u>	<u>\$ 20,146,647</u>
Change in net position			\$ (432,426)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(75,965)</u>	
Change in net position of business type activities			<u>\$ (508,391)</u>	

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, 2014

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Environmental	Plat Books	Total	
	Services			
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 5,409,704	\$ 19,146	\$ 5,428,850	\$ -
Receipts from interfund services provided	-	240	240	33,506,179
Payments to suppliers	(4,474,537)	(9,419)	(4,483,956)	(5,494,403)
Payments to employees	(2,976,285)	-	(2,976,285)	(921,175)
Claims paid	-	-	-	(28,502,847)
Other receipts (payments)	436,813	-	436,813	311,859
Net cash provided (used) by operating activities	(1,604,305)	9,967	(1,594,338)	(1,100,387)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from taxes	249,568	-	249,568	-
Proceeds from grants	363,968	-	363,968	-
Transfers from other funds	432,425	-	432,425	-
Transfers to other funds	(2,797)	-	(2,797)	1,152,206
Net cash provided (used) by noncapital financing activities	1,043,164	-	1,043,164	1,152,206
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(36,883)	-	(36,883)	(1,307,694)
Proceeds from sale of capital assets	-	-	-	23,728
Proceeds from advance from other funds	-	-	-	244,841
Net cash provided (used) by capital and related financing activities	(36,883)	-	(36,883)	(1,039,125)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(6,781,617)	-	(6,781,617)	(15,758,693)
Sale of investments	7,334,559	-	7,334,559	15,012,000
Interest and dividends	199,840	-	199,840	410,228
Net cash provided by investing activities	752,782	-	752,782	(336,465)
Net Increase (Decrease) in Cash and Cash Equivalents	154,758	9,967	164,725	(1,323,771)
Balances - January 1	1,993,306	208,140	2,201,446	4,742,947
Balances - December 31	<u>\$ 2,148,064</u>	<u>\$ 218,107</u>	<u>\$ 2,366,171</u>	<u>\$ 3,419,176</u>
Detail on Statement of Net Position				
Cash and cash equivalents				
Current	\$ 1,322,830	\$ 218,107	\$ 1,540,937	\$ 3,419,176
Restricted				
Financial assurance	771,234	-	771,234	-
Health and sanitation	54,000	-	54,000	-
Total	<u>\$ 2,148,064</u>	<u>\$ 218,107</u>	<u>\$ 2,366,171</u>	<u>\$ 3,419,176</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, 2014

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Environmental Services	Plat Books	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (1,802,158)	\$ 9,082	\$ (1,793,076)	\$ (3,513,965)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	664,135	-	664,135	225,261
(Increase) Decrease Receivables, net	29,187	240	29,427	59,363
(Increase) Loans Receivable	(276,675)	-	(276,675)	-
(Increase) Decrease Due from other governments	-	-	-	32
(Increase) Decrease Inventories	-	8,803	8,803	(3,825)
(Increase) Decrease Prepaid Items	-	-	-	(807)
Increase (Decrease) Accounts payable	(145,658)	(8,158)	(153,816)	322,607
Increase (Decrease) Salaries payable	3,056	-	3,056	4,988
Increase (Decrease) Compensated absences payable	(195,969)	-	(195,969)	(40,274)
Increase (Decrease) Claims payable	-	-	-	1,391,199
Increase (Decrease) Due to other governments	(5,327)	-	(5,327)	(77,062)
Increase (Decrease) OPEB obligation	-	-	-	572,406
Increase (Decrease) Unearned revenue	-	-	-	(40,310)
Increase (Decrease) Closure Payable	125,104	-	125,104	-
Total Adjustments	197,853	885	198,738	2,413,578
Net cash provided (used) by operating activities	\$ (1,604,305)	\$ 9,967	\$ (1,594,338)	\$ (1,100,387)
NON-CASH ACTIVITIES				
Change in fair value of investments	(51,697)	-	(51,697)	79,095
Contribution of land	30,700	-	30,700	-

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, 2014

	Investment Trusts	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 11,820,492
Investments	1,781,508	2,946,202
Delinquent taxes receivable	-	86,812
Accounts Receivable		113,187
Accrued interest receivable	-	2,440
Due from other governments	-	3,542,336
Total Assets	<u>1,781,508</u>	<u>18,511,469</u>
LIABILITIES		
Accounts payable	-	1,690,328
Contracts payable	-	5,214
Salaries payable	-	793,140
Due to other governments	<u>525,767</u>	<u>16,022,787</u>
Total Liabilities	<u>525,767</u>	<u>18,511,469</u>
NET POSITION		
Held in trust for pool participants and other purposes	<u>\$ 1,255,741</u>	<u>\$ -</u>

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, 2014

	Investment Trusts
	<hr/>
ADDITIONS	
Taconite taxes	\$ 40,595,447
Earnings on investments	<hr/> 12,481
Total Additions	<hr/> 40,607,928
	<hr/>
DEDUCTIONS	
Distributions to participants	<hr/> 45,617,911
	<hr/>
Changes in net position	(5,009,983)
	<hr/>
Net position - January 1	6,265,724
	<hr/>
Net position - December 31	<u><u>\$ 1,255,741</u></u>

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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.

Under Governmental Accounting Standards Board (GASB) Statement 14 criteria for determining the reporting entity, the following organization had previously been included in the County's financial statements as a blended component unit. In 2013 St. Louis County Implemented GASB Statement No. 61 The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34 which modified the reporting requirements for component units in an entity's financial statements. Its implementation had no effect on the reporting of the 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, 2014

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 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.

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 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, 2014

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 Service 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, 2014. 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
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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
ASSETS					
Cash and cash equivalents	\$ 144,693,068	\$ -	\$ 3,419,176	\$ -	148,112,244
Investments	15,918,219	-	29,075,146	-	44,993,365
Delinquent taxes receivable	6,909,727	-	-	(6,909,727)	-
Accounts receivable (net)	9,807,710	-	627,635	(10,435,345)	-
Accrued interest receivable	890,846	-	90,201	(981,047)	-
Loans receivable	2,188,686	-	-	(2,188,686)	-
Interfund receivable	394,536	-	-	(394,536)	-
Due from other governments	18,830,081	-	-	(18,830,081)	-
Receivables (net)	-	-	-	41,614,263	41,614,263
Internal balances	-	-	704,215	-	704,215
Inventories	9,356,786	-	66,061	-	9,422,847
Prepaid items	326,508	-	83,564	-	410,072
Advances to other funds	1,874,841	-	-	(1,874,841)	-
Capital assets not being depreciated	-	21,553,673	1,914,883	-	23,468,556
Capital assets being depreciated, net	-	575,870,730	1,264,503	-	577,135,233
Total Assets	<u>211,191,008</u>	<u>597,424,403</u>	<u>37,245,384</u>	<u>-</u>	<u>845,860,795</u>
LIABILITIES					
Accounts payable	6,266,593	-	602,343	15,566,955	22,435,891
Contracts payable	3,150,685	-	15,000	(3,165,685)	-
Salaries payable	5,547,666	-	39,181	(5,586,847)	-
Interfund payable	394,536	-	-	(394,536)	-
Bond interest payable	-	160,665	-	(160,665)	-
Due to other governments	1,288,000	3,041,603	54,778	(4,384,381)	-
Unearned revenue	2,406,470	-	599,564	-	3,006,034
Advance from other governments	2,677,948	-	-	-	2,677,948
Advance from other funds	-	-	1,874,841	(1,874,841)	-
Due within one year	-	12,055,713	3,406,139	-	15,461,852
Due in more than one year	-	75,132,033	9,802,676	-	84,934,709
Total Liabilities	<u>21,731,898</u>	<u>90,390,014</u>	<u>16,394,522</u>	<u>-</u>	<u>128,516,434</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes	6,062,799	(6,062,799)	-	-	-
Grants	8,595,858	(8,595,858)	-	-	-
Long-term receivables	7,604,007	(7,604,007)	-	-	-
Total Deferred Inflows of Resources	<u>22,262,664</u>	<u>(22,262,664)</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE/NET POSITION					
Net investment in capital assets	-	553,504,263	3,179,386	-	556,683,649
Nonspendable	18,297,961	-	-	(18,297,961)	-
Restricted	14,899,900	-	-	11,690,073	26,589,973
Committed	32,245,587	-	-	(32,245,587)	-
Assigned	66,403,304	-	-	(66,403,304)	-
Unassigned	35,349,694	(24,207,210)	17,671,476	(28,813,960)	-
Unrestricted	-	-	-	134,070,739	134,070,739
Total Fund Balance/Net Position	<u>167,196,446</u>	<u>529,297,053</u>	<u>20,850,862</u>	<u>-</u>	<u>717,344,361</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/ Net Position	<u>\$ 211,191,008</u>	<u>\$ 597,424,403</u>	<u>\$ 37,245,384</u>	<u>\$ -</u>	<u>\$ 845,860,795</u>

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(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	898,334,112
Accumulated depreciation	<u>(300,909,709)</u>
	<u><u>\$ 597,424,403</u></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>\$ (22,262,664)</u>
Adjustment of due to other governments	<u>\$ 3,041,603</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, 2014 were:

Bond interest payable	<u>\$ 160,665</u>		
		Due Within One Year	Due In More Than One Year
		Total	
Bonds and notes payable	\$ 5,728,666	\$ 50,115,368	\$ 55,844,034
Compensated absences	6,327,047	25,016,665	31,343,712
	<u>\$ 12,055,713</u>	<u>\$ 75,132,033</u>	<u>\$ 87,187,746</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>\$ 704,215</u>
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(3) Reclassifications are used primarily to condense various receivables and payables into single totals, Receivables, net and Accounts payable.

ST. LOUIS COUNTY, MINNESOTA
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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	\$ 127,734,734	\$ (380,867)	\$ -	\$ -	\$ (127,353,867)	-
Property taxes						
General purpose	-	-	-	-	121,198,926	121,198,926
Debt service	-	-	-	-	6,154,941	6,154,941
Licenses and permits	311,378	-	-	-	(311,378)	-
Intergovernmental	119,682,121	-	-	-	(119,682,121)	-
State shared	-	-	-	-	18,091,331	18,091,331
Federal shared	-	-	-	-	1,755,887	1,755,887
Operating grants	-	1,014,398	-	-	71,360,436	72,374,834
Capital grants	-	(337,625)	-	-	20,063,373	19,725,748
Charges for services	27,189,262	192,562	-	-	20,913,670	48,295,494
Fines and forfeits	137,528	-	-	-	(137,528)	-
Earnings on investments	2,994,443	-	-	373,239	-	3,367,682
Gifts and contributions	8,982	-	-	-	(8,982)	-
Land and timber sales	8,007,234	(506,210)	-	-	(7,501,024)	-
Miscellaneous	4,554,843	(11,179)	-	-	(4,543,664)	-
Total	290,620,525	(28,921)	-	373,239	-	290,964,843
Expenditures/Expenses						
Current:						
General government	41,551,894	(67,968)	7,282,703	899,785	-	49,666,414
Public safety	51,926,255	198,510	1,814,166	562,687	-	54,501,618
Highways and streets	38,392,604	(833,313)	10,660,609	943,467	-	49,163,367
Health and sanitation	4,946,831	(219,379)	448	68,094	-	4,795,994
Human services	79,113,396	(854,742)	328,767	831,998	-	79,419,419
Culture and recreation	2,177,850	-	-	-	-	2,177,850
Conservation of natural resources	8,793,370	(63,195)	231,000	126,482	-	9,087,657
Economic development	2,851,579	3,206	24,768	-	-	2,879,553
Debt service:						
Principal	6,997,490	-	(6,997,490)	-	-	-
Interest and other charges	2,492,340	-	(310,449)	-	-	2,181,891
Bond issuance costs	-	-	-	-	-	-
Capital Outlay	67,260,570	-	(67,260,570)	-	-	-
Total	306,504,179	(1,836,881)	(54,226,048)	3,432,513	-	253,873,763
Other financing uses/changes in net position:						
Transfers in	8,724,703	-	-	1,400,464	-	10,125,167
Transfers out	(10,293,379)	-	-	(261,416)	-	(10,554,795)
Bonds issued	5,470,000	-	(5,470,000)	-	-	-
Premium on bonds issued	213,897	-	(213,897)	-	-	-
Sale of capital assets	2,512,402	-	-	-	-	2,512,402
Increase in inventories	548,750	(548,750)	-	-	-	-
Total	7,176,373	(548,750)	(5,683,897)	1,139,048	-	2,082,774
Net change for the year	\$ (8,707,281)	\$ 1,259,210	\$ 48,542,151	\$ (1,920,226)	\$ -	\$ 39,173,854

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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(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	\$ (380,867)
Long-term receivables:	
Intergovernmental	676,773
Intra-general government function rent	14,023
Charges for services	178,539
Land & timber sales	(506,210)
Miscellaneous	(11,179)
	<u>\$ (28,921)</u>

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	\$ (202,484)
Intra-general government function rent	(14,023)
Increase in inventories	(548,750)
Compensated absences	(1,071,624)
	<u>\$ (1,836,881)</u>

(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	\$ (67,260,570)
Value of donated asset	(58,700)
Net disposal of capital assets	4,713,367
Depreciation expense	15,687,794
Difference	<u>\$ (46,918,109)</u>

(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	\$ (6,997,490)
Bonds Issued	5,470,000
Premium on bonds issued	213,897
Bond interest payable	(62,172)
Bond premium amortization	(248,277)
	<u>\$ (1,624,042)</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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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 \$12,094,746.

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
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F. Restatements and Reclassifications

As of January 1, 2014, the County determined that the fund balance in the Housing and Redevelopment Authority Special Revenue Fund was understated due to several forgivable loans recorded as an expenditure in prior years, which should have been recorded as loans receivable.

As of January 1, 2014, the County determined that the net position amount for governmental activities was understated due to several forgivable loans recorded as an expenditure in prior years, which should have been recorded as loans receivable.

	Fund Balance Net Position January 1, 2014 As Previously Reported	Forgivable Loans	Fund Balance Net Position January 1, 2014 As Restated
NonMajor Governmental Funds			
Housing and Redevelopment Authority	1,142,955	537,300	1,680,255
Governmental Activities	677,633,207	537,300	678,170,507
Business-type Activities	22,453,578	-	22,453,578

Several account balances were reclassified as of and for the year ended December 31, 2013, 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, 2014. Although comparative statements for 2013 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 2014 were \$2,207,505. 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.

ST. LOUIS COUNTY, MINNESOTA
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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.

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. Currently, the County has no items that qualify for reporting in this category.

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 has only one type of item, which arises under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. 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.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Compensated Absences

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 \$6,606,946 at December 31, 2014 is available to employees in the event of illness-related absences and is not reported in the financial statements.

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 12/31/14, the outstanding principal balance was \$3.3 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 \$1,981,380 for the open area reported on the Environmental Services Enterprise Fund statement of net position as landfill closure and postclosure liability at December 31, 2014, represents the following:

Postclosure liability

This is the liability for post closure costs for the Regional Landfill.	\$1,131,255
It is based on the use of 78.13% of the existing open area.	

Closure liability

This is the liability for closure cost for the Regional Landfill.	
It is based on the use of 78.13% of the existing open area.	\$850,125

The County will recognize the remaining \$554,507 in costs of closure and postclosure care of the open area as the remaining estimated capacity of the open area of the Regional Landfill is filled. The amounts are based on what it would cost to perform all closure and postclosure care in 2014. 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, 2014, restricted assets of \$4,027,666 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
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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 is also 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, 2014; 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
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Note 2. Detailed Notes on all Funds and Account Groups

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	148,112,244
Investments	44,993,365
Business-type Activities:	
Current assets:	
Cash and cash equivalents	1,540,937
Investments	12,408,438
Restricted assets:	
Financial Assurance	
Cash and cash equivalents	771,234
Investments	3,244,931
Health and sanitation	
Cash and cash equivalents	54,000
Fiduciary Activities	
Current assets:	
Cash and cash equivalents	11,820,492
Investments	4,727,710
Total	<u>227,673,351</u>
Deposits	53,779,473
Cash on hand	67,491
Investments	173,826,387
Total deposits, cash on hand, and investments	<u>227,673,351</u>

(Amounts in Dollars)

	Held for Individual Investment Accounts - Investment Trust Funds	Held for All Other County Funds	Total
Cash and cash equivalents	-	162,298,907	162,298,907
Investments	1,781,508	63,592,936	65,374,444
Total	<u>1,781,508</u>	<u>225,891,843</u>	<u>227,673,351</u>

ST. LOUIS COUNTY, MINNESOTA
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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, 2014, 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, 2014, 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	\$ 58,623,935	\$ 24,109,935	\$ 13,479,000	\$ 13,285,000	\$ 3,617,000	\$ 3,394,000	\$ 739,000
CD's	5,614,393	1,777,246	-	2,465,902	1,371,245	-	-
Minnesota SBI	7,157,161	7,157,161	-	-	-	-	-
Municipal Bonds	3,932,761	300,372	1,597,823	497,860	686,206	850,500	-
FFCB	18,355,604	5,016,290	-	-	516,890	1,281,735	11,540,689
FHLB	40,336,777	3,903,536	7,234,085	5,535,768	14,503,350	6,156,475	3,003,563
FHLMC	11,785,086	1,302,236	2,024,230	798,240	1,778,310	5,882,070	-
FNMA	28,020,670	8,557,366	1,821,657	4,267,427	6,804,838	4,609,722	1,959,660
Total	\$ 173,826,387	\$ 52,124,142	\$ 26,156,795	\$ 26,850,197	\$ 29,277,839	\$ 22,174,502	\$ 17,242,912

ST. LOUIS COUNTY, MINNESOTA
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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, 2014, is as follows:

Rating	Fair Value
S&P AAA	\$ 253,103
S&P AA+	100,394,037
S&P AA	338,026
Moody's Aa2	<u>1,445,732</u>
Total	<u>\$102,430,898</u>

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, 2014, 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, 2014 for the County's governmental and business-type activities, including applicable

	Total	Not expected to be collected within one year
Governmental Activities	Receivable	
Taxes	\$ 6,909,727	\$ -
Accounts receivable	10,435,345	8,669,903
Accrued interest receivable	981,047	-
Loans receivable	2,188,686	2,077,129
Interfund receivable	394,536	
Due from other governments	18,830,081	-
Advances to other funds	<u>1,874,841</u>	<u>1,837,344</u>
Total Governmental Activities	<u>\$ 41,614,263</u>	<u>\$ 12,584,376</u>
Business Activities		
Taxes	\$ 16,893	\$ -
Accounts Receivable	91,601	-
Accrued interest receivable	64,796	-
Loans Receivable	<u>276,675</u>	<u>276,675</u>
Total Business Activities	<u>\$ 449,965</u>	<u>\$ 276,675</u>

ST. LOUIS COUNTY, MINNESOTA
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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 \$627,610 at December 31, 2014. These are included in the committed for health and sanitation category of fund balance.

The long-term loan receivable from the South St. Louis County Fair Association is \$110,860 and is included in the non-spendable noncurrent loans category of fund balance. The receivable arises from the County financing construction of new grandstands and racetrack lighting. The interest free loan was approved by the County Board on December 17, 2002. Repayment comprises the County withholding \$5,000 from the South St. Louis County Fair Association annual allocation and the Fair Association paying \$1 per seat surcharge to retire the debt.

Loans receivable includes \$142,000 for a concession and multipurpose building at the South St. Louis County fairgrounds. The loan is included in the non-spendable noncurrent loans category of fund balance. Repayment began in 2009 and calls for \$5,000 due from the Lakehead Racing Association annually. Beginning November 1, 2011, the South St. Louis County Fair Association also began paying \$7,000 annually to retire the debt.

The loan receivable from Altec HiLine, LLC is \$250,000 and is included in the non-spendable noncurrent loans category of fund balance. The purpose of the Minnesota Investment fund (MIF) loan was to assist with the expansion at the Duluth facility that will result in creating an additional 85 full time workers. The interest free, forgivable loan was approved by the St. Louis County Board on February 12, 2013. If the 91 base jobs and 85 new FTE jobs are created by March 31, 2015 with the 85 new FTE jobs paid at least \$10.25 in cash wages and \$12.19 wages and benefits, the loan and all accrued interest shall be forgiven. The loan is accounted for in the General Fund.

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Loans Receivable-continued

The loan receivable from Gardenwood Resort \$39,422 and Retreat Golf Course \$13,986 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 \$21,507 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 \$106,716 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 \$2,445,537 leaving a carrying value of \$3,503,067. 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	
2015	168,919
2016	168,919
2017	112,615
Total	<u>\$ 450,453</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.

Restricted Assets

Business-type activities

Financial assurance for closure and post closure care

Cash and cash equivalents	\$ 771,234
Investments	3,244,931
Accrued interest receivable	11,501

Health and sanitation

Cash and cash equivalents	54,000
Loans Receivable	231,000
Total	<u>\$ 4,312,666</u>

ST. LOUIS COUNTY, MINNESOTA
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Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 2,470,427	\$ 58,700	\$ -	\$ -	2,529,127
Permanent right of way	523,280	20,600	-	-	543,880
Work in progress	11,265,896	16,270,797	-	(7,141,144)	20,395,549
Total capital assets, not being depreciated	14,259,603	16,350,097	-	(7,141,144)	23,468,556
Capital assets, being depreciated:					
Buildings and structures	136,523,908	238,466	(7,054,541)	5,948,169	135,656,002
Machinery and equipment	21,520,300	1,210,198	(3,517,756)	1,192,975	20,405,717
Vehicles	55,227,603	6,005,595	(1,280,582)	(25,522)	59,927,094
Infrastructure	616,202,101	44,783,019	-	-	660,985,120
Computer Software	3,366,620	-	-	-	3,366,620
Temporary right of way	26,600	-	-	-	26,600
Total capital assets being depreciated	832,867,132	52,237,278	(11,852,879)	7,115,622	880,367,153
Less accumulated depreciation for:					
Buildings and structures	(52,926,913)	(3,530,872)	2,914,043	-	(53,543,742)
Machinery and equipment	(16,907,530)	(1,337,381)	3,073,928	-	(15,170,983)
Vehicles	(37,415,228)	(2,806,946)	1,139,694	22,969	(39,059,511)
Infrastructure	(185,880,275)	(7,559,917)	-	-	(193,440,192)
Computer Software	(1,320,395)	(673,324)	-	-	(1,993,719)
Temporary right of way	(19,158)	(4,615)	-	-	(23,773)
Total accumulated depreciation	(294,469,499)	(15,913,055)	7,127,665	22,969	(303,231,920)
Total capital assets being depreciated, net	538,397,633	36,324,223	(4,725,214)	7,138,591	577,135,233
Governmental activities, capital assets, net	<u>\$ 552,657,236</u>	<u>\$ 52,674,320</u>	<u>\$ (4,725,214)</u>	<u>\$ (2,553)</u>	<u>\$ 600,603,789</u>

ST. LOUIS COUNTY, MINNESOTA
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Business-type activities:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 277,966	\$ -	\$ -	\$ -	277,966
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	277,966	-	-	-	277,966
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	973,948	33,550	(8,566)	-	998,932
Vehicles	1,401,163	-	(25,607)	25,522	1,401,078
Total capital assets being depreciated	20,225,208	33,550	(34,173)	25,522	20,250,107
Less accumulated depreciation for:					
Buildings and structures	(4,031,487)	(285,270)	-	-	(4,316,757)
Improvements other than buildings	(6,390,498)	(233,388)	-	-	(6,623,886)
Machinery and equipment	(720,842)	(73,887)	8,566	-	(786,163)
Vehicles	(1,059,513)	(71,590)	25,607	(22,969)	(1,128,465)
Total accumulated depreciation	(12,202,340)	(664,135)	34,173	(22,969)	(12,855,271)
Total capital assets, being depreciated, net	8,022,868	(630,585)	-	2,553	7,394,836
Business-type activities, capital assets, net	<u>\$ 8,300,834</u>	<u>\$ (630,585)</u>	<u>\$ -</u>	<u>\$ 2,553</u>	<u>\$ 7,672,802</u>

Depreciation:

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	2,756,757
Public safety	1,738,947
Highways	10,617,310
Health and sanitation	448
Human Services	328,767
Conservation of natural resources	220,797
Economic development	24,768
Internal Service Funds	225,261
Total depreciation expenses - governmental activities	<u>\$ 15,913,055</u>
Business-type activities	
Environmental Services	<u>\$ 664,135</u>

ST. LOUIS COUNTY, MINNESOTA
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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 \$5,822,052 has been applied to road and bridge projects. The remaining \$2,677,948 is reported in advance from other governments.

Long-Term Debt

Long-term liability activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One-Year
GOVERNMENTAL ACTIVITIES					
<i>Bonds, notes, and tax lease obligations payable</i>					
General obligation debt					
Capital Improvement Bonds 2005A	\$ 3,300,000	\$ -	\$ (3,300,000)	\$ -	\$ -
Capital Improvement					
Crossover Bonds 2006A	3,624,026	-	(1,163,237)	2,460,789	1,208,237
Capital Improvement Bonds 2008B	8,371,906	-	(692,713)	7,679,193	717,713
Capital Improvement Bonds 2013A	21,277,636	-	(31,513)	21,246,123	831,513
Capital Equipment Notes 2013B	5,035,219	-	(632,140)	4,403,079	687,140
Capital Improvement Current & Crossover Refunding 2013C	9,567,432	-	(997,219)	8,570,213	1,492,219
Capital Improvement					
Crossover Refunding 2013D	5,876,444	-	(367,009)	5,509,435	427,009
Capital Improvement Bonds 2014A	-	5,683,897	(19,445)	5,664,452	314,445
General obligation revenue notes	353,240	-	(42,490)	310,750	50,390
<i>Total bonds, notes and tax lease obligations payable</i>	<u>57,405,903</u>	<u>5,683,897</u>	<u>(7,245,766)</u>	<u>55,844,034</u>	<u>5,728,666</u>
<i>Other Liabilities</i>					
Compensated absences	32,644,611	11,404,702	(12,516,603)	31,532,710	6,379,538
Claims payable	7,332,256	31,285,245	(29,894,046)	8,723,455	3,353,648
Other post employment benefits obligation	3,723,956	572,406	-	4,296,362	-
<i>Total other liabilities</i>	<u>43,700,823</u>	<u>43,262,353</u>	<u>(42,410,649)</u>	<u>44,552,527</u>	<u>9,733,186</u>
Governmental activities long-term liabilities	<u>\$ 101,106,726</u>	<u>\$ 48,946,250</u>	<u>\$ (49,656,415)</u>	<u>\$ 100,396,561</u>	<u>\$ 15,461,852</u>
BUSINESS-TYPE ACTIVITIES					
<i>Other Liabilities</i>					
Compensated absences	\$ 1,069,299	\$ 306,359	\$ (502,328)	\$ 873,330	\$ 172,038
Closure and post-closure liabilities	1,856,276	125,104	-	1,981,380	-
Business-type activities long- term liabilities	<u>\$ 2,925,575</u>	<u>\$ 431,463</u>	<u>\$ (502,328)</u>	<u>\$ 2,854,710</u>	<u>\$ 172,038</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, \$13,208,815 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.

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DECEMBER 31, 2014

General obligation bonds and notes payable at December 31, 2014, consist of the following issues:

\$7,845,000 General Obligation Capital Improvement Crossover Refunding Bonds due in annual installments of \$1,005,000 to \$1,245,000 on December 1, 2010 through 2016; interest at 3.75 percent, including unamortized premium of \$24,026. This bond was issued to crossover refund \$7,795,000 of the \$10,465,000 outstanding of the \$14,270,000 General Obligation Capital Improvement bonds, Series 2001, dated May 1, 2001. The net present value benefit of the refunding issue is \$276,208 and results in a reduction of \$359,585 in future debt service payments. The crossover refunding occurred December 1, 2009.	2,460,789
\$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.	7,679,193
\$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.	21,246,123
\$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.	4,403,079
\$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.	8,570,213
\$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.	5,509,435
\$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.	5,664,452
Total General obligation bonds	55,533,284

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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General obligation revenue notes payable at December 31, 2014, 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.	15,355
\$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.	123,338
\$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.	123,338
\$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.	48,719
The terms of the above described revenue notes require semi-annual repayments of \$20,700 to \$7,900 beginning April 1, 2009 through 2024.	
Total notes payable	310,750
Total General obligation bonds and notes payable	<u>\$ 55,844,034</u>

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

Year Ending December 31	General Obligation	
	Principal	Interest
2015	5,728,667	1,927,976
2016	5,937,982	1,732,726
2017	4,805,430	1,580,189
2018	4,925,430	1,470,464
2019	5,029,730	1,355,646
2020-2024	14,891,462	4,290,663
2025-2029	8,746,907	2,126,729
2030-2033	5,778,426	592,470
Total:	\$ 55,844,034	\$ 15,076,863

The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2014, 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 Applicable to the County	County Share of Debt
Direct Debt			
St. Louis County	55,844,034	100.00	55,844,034
Overlapping Debt			
School Districts	120,024,007	62.12	74,564,292
Western Lake Superior Sanitary District	47,048,320	83.35	39,214,345
Underlying Debt			
Cities	114,048,204	100.00	114,048,204
School Districts	180,172,000	100.00	180,172,000
Towns	7,558,917	100.00	7,558,917
Virginia Housing and Redevelopment Authority	3,330,000	100.00	3,330,000
Duluth/North Shore Sanitary District	6,449,511	100.00	6,449,511
Total	534,474,993		481,181,303

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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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 2014:

<u>Type of Property</u>	
Rental of office space and parking facilities	\$ 451,859
Data processing software	42,620
Hardware	518,547
Total rental expense	<u>\$ 1,013,026</u>

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2014:

<u>Year Ended December 31</u>	
2015	\$ 941,071
2016	717,935
2017	719,194
2018	720,031
2019	720,627
Total future minimum lease payments	<u>\$ 3,818,858</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Construction Commitments

At December 31, 2014, the County had construction commitments as follows:

(Amounts in Dollars)

	Authorized Projects	Expended to Date	Commitments
GSC Remodel	20,650,000	15,726,445	5,595,257
AP Cook Building	2,668,229	1,380,595	3,600
Virginia Motor Pool Building	2,000,000	1,889,383	15,000
North Rescue Squad Building	700,000	70,382	15,518
Total	<u>26,018,229</u>	<u>19,066,805</u>	<u>5,629,375</u>

Purchase Commitments

At December 31, 2014, the County had purchase commitments represented by open encumbrances. These are included as part of assigned fund balance as follows:

Fund	Amount
General	\$ 3,819,764
Road and Bridge	1,491,008
Public Health and Human Services	40,256
Forfeited Tax Sale	87,611
Forest Resources	762,697
Total	<u>\$ 6,201,336</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 \$653,900 at December 31, 2014, 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 \$1,920,000 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. State. Chapter 176 (2002) in excess of the \$1,920,000 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, 2014, 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 \$6,698,028 and is present valued at 0.9767%.

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
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Changes in the funds' claims liability amounts during 2013 were:

	(Amounts in Dollars)		
	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
Beginning of fiscal year liability for claims	320,000	5,511,118	2,512,817
Current year claims and changes in estimates	260,903	1,026,176	26,458,987
Claim payments	(300,903)	(1,428,550)	(27,028,292)
Balance of claims payable at fiscal year end	280,000	5,108,744	1,943,512

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	82,000	6,049,235	2,592,220

Retirement Plan

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.

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. All new members must participate in the Coordinated Plan and 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. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailer/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the Public Employees Correctional Fund. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute. Defined retirement 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. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years 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 for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent for each year of service.

For General Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and Public Employees Correctional Fund members, and either 65 or 66 (depending on date hired) for General Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs 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 public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

Funding Policy

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. The County makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.25 percent, respectively, of their annual covered salary in 2014. Public Employees Police and Fire Fund members were required to contribute 10.20 percent of their annual covered salary in 2014. Public Employees Correctional Fund members were required to contribute 5.83 percent of their annual covered salary.

In 2014, 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	7.25%
Public Employees Police and Fire Fund	15.30%
Public Employees Correctional Fund	8.75%

ST. LOUIS COUNTY, MINNESOTA
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The County's contributions for the years ending December 31, 2014, 2013, and 2012, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	2014	2013	2012
General Employees Retirement Fund	\$ 6,197,126	\$ 6,063,152	\$ 5,983,560
Public Employees Police and Fire Fund	1,163,837	1,077,616	1,093,847
Public Employees Correctional Employees Fund	655,282	636,601	610,006

These contribution amounts are equal to the contractually required contributions for each year as set by state statute. Contribution rates increased on January 1, 2015, in the General Employees Retirement Fund Coordinated Plan (6.50 percent for members and 7.50 percent for employers) and the Public Employees Police and Fire Fund (10.80 percent for members and 16.20 percent for employers).

Defined Contribution Plan

Five of the nine eligible elected officials 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. Employees may elect to make member contributions in an amount not to exceed the employer share. 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, 2014, were:

	Employee	Employer
Contribution amount	\$ 14,464	\$ 14,464
Percentage of covered payroll	5.00%	5.00%

Required contribution rates were 5.0 percent.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Interfund Receivables, Payables, Advances and Transfers

The composition of interfund transfers during the year ended December 31, 2014, is as follows:

Interfund Receivables/Payables (for deficit cash balances):

Receivable Fund	Payable Fund	Amount
General	Community Development Block Grant	\$ 368,497
	Northeast Minnesota Housing Consortium	26,039
		<u>\$ 394,536</u>

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
Capital Projects funds	County Garage	<u>\$ 1,874,841</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 is due in 2015.

Interfund Transfers:

Fund Transferred To	Fund Transferred From	Purpose	Amount
Major Funds			
General	Forfeited Tax Sale	Land sale apportionment	\$ 303,396
	Capital Projects	Operating projects	37,400
	Forest Resources	GIS project	200,000
	Shoreline Sales	Natural resource improvements	98,600
	Medical Dental Insurance	Health & wellness reimbursement	248,258
Road and Bridge	General	Corner Certificate Program	300,000
Forfeited Tax Sale	General	Interfund asset sale	4,600
	Environmental Services	Interfund asset sale	2,797
	County Garage	Interfund asset sale	13,158
Capital Projects	General	Excess rent revenues, Chris Jensen sale proceeds, North training room furniture, Rescue Squad project, Camp Esquagama capital needs, various other building projects	4,963,517
	Road and Bridge	Equipment purchases	401,302
	Public Health and Human Services	GSC furniture	783,816
	Forfeited Tax Sale	Land sale apportionment	571,008
Environmental Services	Shoreline Sales	Natural resource improvements	257,425
	Housing and Redevelopment Authority	Deferred septic loan program	175,000
Workers Compensation	General	Chris Jensen sale proceeds	1,400,464
Nonmajor Funds			
Debt Service	Capital Projects	Capitalized interest	148,569
Forest Resources	Forfeited Tax Sale	Land sale apportionment	648,282
	Total		<u>\$ 10,557,592</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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.

	Future Year Budget	Encumbrances	Cash Flow	Future Unallotment	Total
Unassigned					
General	\$ 2,499,197	\$ -	\$ 28,632,160	\$ 4,218,337	\$ 35,349,694
Assigned					
Road and Bridge	-	1,491,308	6,373,976	750,000	8,615,284
Public Health and Human Services	-	40,256	14,786,471	1,240,068	16,066,795
Total	<u>\$ 2,499,197</u>	<u>\$ 1,531,564</u>	<u>\$ 49,792,607</u>	<u>\$ 6,208,405</u>	<u>\$ 60,031,773</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, 2014, 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.

	Cash Flow		
	Maximum Amount	Actual Amount	Percentage Funded
General Fund	\$ 29,984,179	\$ 28,632,160	95.49%
Road and Bridge Fund	9,128,625	6,373,976	69.82%
Public Health and Human Services	14,786,471	14,786,471	100.00%

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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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 2013, (the most recent available), county contributions were in the following proportion:

Carlton County	9.90%
Cook County	1.81%
Koochiching County	1.61%
Lake County	2.30%
St. Louis County	84.38%
Total	<u>100.00%</u>

St. Louis County provided \$12,497,521 in funding during 2014. 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, 2013 (the most recent available), was:

Total Assets	\$ 14,385,892
Total Liabilities	6,636,989
Total Net Position	7,748,903
Total Program and General Revenues	23,708,854
Total Expenses/Uses	22,184,417
Change in Net Position	1,524,437

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 2014.

A summary of the financial information of the Community Health Services Board Government-Wide Financial Statements for December 31, 2013, (the most recent available) was:

Total Assets	\$ 1,462,697
Total Liabilities	1,259,146
Total Net Position	203,551
Total Program and General Revenues	5,575,899
Total Expenses	5,608,104
Change in Net Position	(32,205)

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
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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 2014.

A summary of the financial information of the Regional Railroad Authority for the Government-Wide Financial Statements for December 31, 2013, (the most recent available) was:

Total Assets	\$ 16,676,315
Total Liabilities	365,231
Total Net Position	16,311,084
Total Revenues	2,667,745
Total Expenses	1,549,749
Change in Net Position	1,117,996

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, 2014, was:

Total Assets	\$ 2,867,966
Total Liabilities	1,415,829
Total Net Position	1,452,137
Total Revenues	4,199,634
Total Expenses	4,244,890
Change in Net Position	(45,256)

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
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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 2014.

A summary of the financial information of Northern Counties Land Use Coordinating Board for the Financial Statements for December 31, 2014, was:

Total Assets	\$ 120,817
Total Liabilities	991
Total Net Position	119,826
Total Revenues	0
Total Expenditures	10,569
Change in Net Position	(10,569)

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, 2012, (the most recent available) was:

Total Assets	\$ 1,237,771
Total Liabilities	309,519
Total Net Position	928,252
Total Revenues	2,646,781
Total Expenses	2,896,651
Change in Net Position	(249,870)

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
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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 2014. 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, 2014, is:

Total Assets	\$	58,835
Total Liabilities		-
Total Net Position		58,835
Total Revenues		-
Total Expenditures		-
Change in Net Position		-

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, 2013 (the most recent available) was:

Total Assets	\$	369,508
Total Liabilities		5,791
Total Net Position		363,717
Total Revenues		131,821
Total Expenditures		234,458
Change in Net Position		(102,637)

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
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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 2014.

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.

Minnesota Community Capital Fund

The County is a Class A member of the Minnesota Community Capital Fund (MCCF). The MCCF was established to address unmet development financing needs of communities and economic development organizations throughout Greater Minnesota by pooling local revolving loan fund resources and providing professional management services to support local efforts. The MCCF was designed to provide its members with greater flexibility and the capacity to originate multiple loans that are much larger than would be possible with limited local resources. The MCCF was dissolved on April 30, 2014, and the \$100,000 membership participation was returned to the County.

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. 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, 2014. 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, 2014 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
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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. A restatement of the beginning of the year Net OPEB obligation of \$513,900 was required as a result of including Arrowhead Regional Corrections in the St. Louis County combined OPEB study for 2014. 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 2014, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 1,581,027
Interest on net OPEB obligation	186,466
Adjustments to ARC	(257,120)
Annual OPEB Cost	1,510,373
Contributions during the year	(1,451,867)
Increase in net OPEB obligation	58,506
Net OPEB obligation - beginning of the year - restated	4,237,856
Net OPEB obligation - end of year	<u>\$ 4,296,362</u>

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 2012, 2013, and 2014 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	1,864,045	1,412,077	75.75	3,374,625
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

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, 2014

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.

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 according to state statute.

Other Item

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, replaces Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, and Statement No. 50, Pension Disclosures, as they relate to employer governments that provide pensions through pension plans administered as trusts or similar arrangement that meet certain criteria. GASB Statement 68 requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement will be effective for the County's calendar year 2015. St. Louis County has not yet determined the financial statement impact of adopting this new standard.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Subsequent Events

The St. Louis County Board refunded \$8.17 million in existing bonds to take advantage of better interest rates on February 9, 2015. The total present value savings realized was \$.3 million.

The County also issued \$40 million in Capital Improvement bonds in May of 2015 to accelerate road and bridge projects throughout the County.

St. Louis County, Minnesota
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFIT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014

Year Ended December 31	Employer Contributions	Annual OPEB Cost	Percentage Contributed
2012	\$ 1,412,077	\$ 1,864,045	75.75
2013	1,550,266	1,899,597	81.61
2014	1,451,867	1,510,373	96.13

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 any 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, 2014

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
ASSETS			
Cash and cash equivalents	\$ 780,637	\$ -	\$ -
Investments	-	-	-
Delinquent taxes receivable	13,288	-	-
Accounts receivable (net)	-	-	8,299
Loans receivable	876,585	-	-
Due from other governments	-	461,116	105,549
Total Assets	<u>1,670,510</u>	<u>461,116</u>	<u>113,848</u>
LIABILITIES			
Accounts payable	75	81,788	84,130
Salaries payable	-	6,056	3,314
Interfund payable	-	368,497	26,039
Due to other governments	-	4,775	365
Total Liabilities	<u>75</u>	<u>461,116</u>	<u>113,848</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	11,683	-	-
Total Deferred Inflows of Resources	<u>11,683</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Noncurrent loans	876,585	-	-
Environmental trust funds	-	-	-
Restricted			
Debt service	-	-	-
Health and sanitation	-	-	-
Improvement of natural resources	-	-	-
Committed			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	782,167	-	-
Assigned			
Conservation of natural resources	-	-	-
Total Fund Balance	<u>1,658,752</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,670,510</u>	<u>\$ 461,116</u>	<u>\$ 113,848</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014

Special Revenue Funds (continued)

	Septic Loan	Forest Resources	Total
ASSETS			
Cash and cash equivalents	\$ 227,383	\$ 6,632,684	\$ 7,640,704
Investments	-	-	-
Delinquent taxes receivable	-	-	13,288
Accounts receivable (net)	2,303	-	10,602
Loans receivable	627,610	-	1,504,195
Due from other governments	-	-	566,665
Total Assets	<u>857,296</u>	<u>6,632,684</u>	<u>9,735,454</u>
LIABILITIES			
Accounts payable	35,450	313,256	514,699
Salaries payable	-	2,712	12,082
Interfund payable	-	-	394,536
Due to other governments	-	-	5,140
Total Liabilities	<u>35,450</u>	<u>315,968</u>	<u>926,457</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	-	-	11,683
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>11,683</u>
FUND BALANCES			
Nonspendable			
Noncurrent loans	-	-	876,585
Environmental trust funds	-	-	-
Restricted			
Debt service	50,390	-	50,390
Health and sanitation	44,492	-	44,492
Improvement of natural resources	-	-	-
Committed			
Health and sanitation	726,964	-	726,964
Conservation of natural resources	-	5,554,019	5,554,019
Economic development	-	-	782,167
Assigned			
Conservation of natural resources	-	762,697	762,697
Total Fund Balance	<u>821,846</u>	<u>6,316,716</u>	<u>8,797,314</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 857,296</u>	<u>\$ 6,632,684</u>	<u>\$ 9,735,454</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014

		Permanent Fund	
	Debt Service Fund	Shoreline Sales	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,611,384	\$ 422,355	\$ 9,674,443
Investments	-	7,157,161	7,157,161
Delinquent taxes receivable	381,795	-	395,083
Accounts receivable (net)	-	-	10,602
Loans receivable	-	-	1,504,195
Due from other governments	-	-	566,665
Total Assets	<u>1,993,179</u>	<u>7,579,516</u>	<u>19,308,149</u>
LIABILITIES			
Accounts payable	-	-	514,699
Salaries payable	-	-	12,082
Interfund payable	-	-	394,536
Due to other governments	-	-	5,140
Total Liabilities	<u>-</u>	<u>-</u>	<u>926,457</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	335,072	-	346,755
Total Deferred Inflows of Resources	<u>335,072</u>	<u>-</u>	<u>346,755</u>
FUND BALANCES			
Nonspendable			
Noncurrent loans	-	-	876,585
Environmental trust funds	-	7,181,814	7,181,814
Restricted			
Debt service	1,658,107	-	1,708,497
Health and sanitation	-	-	44,492
Improvement of natural resources	-	397,702	397,702
Committed			
Health and sanitation	-	-	726,964
Conservation of natural resources	-	-	5,554,019
Economic development	-	-	782,167
Assigned			
Conservation of natural resources	-	-	762,697
Total Fund Balance	<u>1,658,107</u>	<u>7,579,516</u>	<u>18,034,937</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,993,179</u>	<u>\$ 7,579,516</u>	<u>\$ 19,308,149</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
REVENUES			
Taxes	\$ 210,696	\$ -	\$ -
Intergovernmental	357	2,182,650	574,927
Earnings on investments	-	-	-
Miscellaneous	36,000	-	446
Total Revenues	<u>247,053</u>	<u>2,182,650</u>	<u>575,373</u>
EXPENDITURES			
Current:			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	93,556	2,182,650	575,373
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	<u>93,556</u>	<u>2,182,650</u>	<u>575,373</u>
Excess (deficiency) of revenues over expenditures	<u>153,497</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	(175,000)	-	-
Total other financing sources and uses	<u>(175,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(21,503)	-	-
Fund Balance - January 1 - Restated	<u>1,680,255</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,658,752</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, 2014

	Special Revenue Funds (continued)		
	Septic Loan	Forest Resources	Total
REVENUES			
Taxes	\$ -	\$ 573,431	\$ 784,127
Intergovernmental	-	151,564	2,909,498
Earnings on investments	16,541	-	16,541
Miscellaneous	-	9,788	46,234
Total Revenues	<u>16,541</u>	<u>734,783</u>	<u>3,756,400</u>
EXPENDITURES			
Current:			
Health and sanitation	13,040	-	13,040
Conservation of natural resources	-	1,457,326	1,457,326
Economic development	-	-	2,851,579
Debt service:			
Principal	42,490	-	42,490
Interest and other charges	-	-	-
Total expenditures	<u>55,530</u>	<u>1,457,326</u>	<u>4,364,435</u>
Excess (deficiency) of revenues over expenditures	<u>(38,989)</u>	<u>(722,543)</u>	<u>(608,035)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	648,282	648,282
Transfers (out)	-	(200,000)	(375,000)
Total other financing sources and uses	<u>-</u>	<u>448,282</u>	<u>273,282</u>
Net change in fund balances	(38,989)	(274,261)	(334,753)
Fund Balance - January 1 - Restated	<u>860,835</u>	<u>6,590,977</u>	<u>9,132,067</u>
Fund Balance - December 31	<u>\$ 821,846</u>	<u>\$ 6,316,716</u>	<u>\$ 8,797,314</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

		<u>Permanent Fund</u>	
	<u>Debt Service Fund</u>	<u>Shoreline Sales</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Taxes	\$ 6,154,942	\$ -	\$ 6,939,069
Intergovernmental	315,577	-	3,225,075
Earnings on investments	10,208	704,599	731,348
Miscellaneous	294,976	-	341,210
Total Revenues	<u>6,775,703</u>	<u>704,599</u>	<u>11,236,702</u>
EXPENDITURES			
Current:			
Health and sanitation	-	-	13,040
Conservation of natural resources	-	-	1,457,326
Economic development	-	-	2,851,579
Debt service:			
Principal	6,955,000	-	6,997,490
Interest and other charges	2,492,340	-	2,492,340
Total expenditures	<u>9,447,340</u>	<u>-</u>	<u>13,811,775</u>
Excess (deficiency) of revenues over expenditures	<u>(2,671,637)</u>	<u>704,599</u>	<u>(2,575,073)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	148,569	-	796,851
Transfers (out)	-	(356,025)	(731,025)
Total other financing sources and uses	<u>148,569</u>	<u>(356,025)</u>	<u>65,826</u>
Net change in fund balances	(2,523,068)	348,574	(2,509,247)
Fund Balance - January 1 - Restated	<u>4,181,175</u>	<u>7,230,942</u>	<u>20,544,184</u>
Fund Balance - December 31	<u>\$ 1,658,107</u>	<u>\$ 7,579,516</u>	<u>\$ 18,034,937</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Taxes	\$ 210,741	\$ 210,741	\$ 210,696	\$ (45)
Intergovernmental	351	351	357	6
Miscellaneous	-	-	36,000	36,000
Total Revenues	<u>211,092</u>	<u>211,092</u>	<u>247,053</u>	<u>35,961</u>
 EXPENDITURES				
Economic development				
Personnel services	140,000	140,000	38,821	(101,179)
Other operating	<u>227,113</u>	<u>402,113</u>	<u>54,735</u>	<u>(347,378)</u>
Total Expenditures	<u>367,113</u>	<u>542,113</u>	<u>93,556</u>	<u>(448,557)</u>
 Excess of Revenues Over (Under) Expenditures	(156,021)	(331,021)	153,497	484,518
 OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>
Net change in fund balances	(156,021)	(506,021)	(21,503)	484,518
 Fund Balance - January 1 - Restated	<u>1,680,255</u>	<u>1,680,255</u>	<u>1,680,255</u>	<u>-</u>
 Fund Balance - December 31	<u>\$ 1,524,234</u>	<u>\$ 1,174,234</u>	<u>\$ 1,658,752</u>	<u>\$ 484,518</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
REVENUES				
Intergovernmental	\$ 4,007,722	\$ 2,182,650	\$ 2,182,650	\$ -
EXPENDITURES				
Economic development				
Personal services	375,635	182,568	182,568	-
Other operating	3,632,087	2,000,082	2,000,082	-
Total Expenditures	4,007,722	2,182,650	2,182,650	-
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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
REVENUES				
Intergovernmental	\$ 1,477,936	\$ 574,927	\$ 574,927	\$ -
Miscellaneous	400	446	446	-
Total Revenues	<u>1,478,336</u>	<u>575,373</u>	<u>575,373</u>	<u>-</u>
 EXPENDITURES				
Economic development				
Personal services	103,538	64,631	64,631	-
Other operating	<u>1,374,798</u>	<u>510,742</u>	<u>510,742</u>	<u>-</u>
Total Expenditures	<u>1,478,336</u>	<u>575,373</u>	<u>575,373</u>	<u>-</u>
 Excess of Revenues Over (Under) Expenditures	-	-	-	-
 Fund Balance - January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balance - December 31	<u>\$ -</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Earnings on investments	\$ 100,000	\$ 20,000	\$ 16,541	\$ (3,459)
EXPENDITURES				
Health and sanitation				
Other operating	127,450	13,040	13,040	-
Debt service				
Principal	42,490	42,490	42,490	-
Total Expenditures	169,940	55,530	55,530	-
Excess of Revenues Over (Under) Expenditures	(69,940)	(35,530)	(38,989)	(3,459)
Fund Balance - January 1	860,835	860,835	860,835	-
Fund Balance - December 31	\$ 790,895	\$ 825,305	\$ 821,846	\$ (3,459)

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Taxes	\$ 573,332	\$ 573,332	\$ 573,431	\$ 99
Intergovernmental	240,369	100,000	151,564	51,564
Miscellaneous	-	-	9,788	9,788
Total Revenues	813,701	673,332	734,783	61,451
EXPENDITURES				
Conservation of natural resources				
Other operating	4,132,388	4,125,285	1,457,326	(2,667,959)
Total Expenditures	4,132,388	4,125,285	1,457,326	(2,667,959)
Excess of Revenues Over (Under) Expenditures	(3,318,687)	(3,451,953)	(722,543)	2,729,410
OTHER FINANCING SOURCES (USES)				
Transfers in	-	648,282	648,282	-
Transfers out	(200,000)	(200,000)	(200,000)	-
Total other financing sources and uses	(200,000)	448,282	448,282	-
Net change in fund balances	(3,518,687)	(3,003,671)	(274,261)	2,729,410
Fund Balance - January 1	6,590,977	6,590,977	6,590,977	-
Fund Balance - December 31	\$ 3,072,290	\$ 3,587,306	\$ 6,316,716	\$ 2,729,410

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Taxes	\$ 6,037,506	\$ 6,037,506	\$ 6,154,942	\$ 117,436
Intergovernmental	315,396	315,396	315,577	181
Earnings on investments	-	-	10,208	10,208
Miscellaneous	-	-	294,976	294,976
Total Revenues	6,352,902	6,352,902	6,775,703	422,801
EXPENDITURES				
Debt service				
Principal	4,070,000	6,955,000	6,955,000	-
Interest and fiscal charges	2,377,124	2,492,340	2,492,340	-
Bond issuance costs	-	-	-	-
Total Expenditures	6,447,124	9,447,340	9,447,340	-
Excess of Revenues Over (Under) Expenditures	(94,222)	(3,094,438)	(2,671,637)	422,801
OTHER FINANCING SOURCES (USES)				
Transfers in	-	148,569	148,569	-
Net change in fund balances	(94,222)	(2,945,869)	(2,523,068)	422,801
Fund Balance - January 1	4,181,175	4,181,175	4,181,175	-
Fund Balance - December 31	\$ 4,086,953	\$ 1,235,306	\$ 1,658,107	\$ 422,801

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, 2014

	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 993,344	\$ 460,772	\$ 518,452
Investments	-	3,723,215	8,715,927
Accounts receivable	523	-	17,376
Accrued interest receivable	-	18,225	40,943
Inventories	66,061	-	-
Prepaid items	-	-	-
Total current assets	<u>1,059,928</u>	<u>4,202,212</u>	<u>9,292,698</u>
Noncurrent assets:			
Capital assets:			
Land	25,500	-	-
Buildings and structures	1,026,898	-	-
Machinery and equipment	79,214	-	-
Vehicles	2,480,605	-	-
Construction in progress	1,889,383	-	-
Less accumulated depreciation	<u>(2,322,214)</u>	<u>-</u>	<u>-</u>
Total capital asset (net)	<u>3,179,386</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>3,179,386</u>	<u>-</u>	<u>-</u>
Total assets	<u>4,239,314</u>	<u>4,202,212</u>	<u>9,292,698</u>
LIABILITIES			
Current liabilities:			
Accounts payable	54,392	113	309,075
Contracts payable	15,000	-	-
Salaries payable	19,834	3,193	16,154
Compensated absences payable	33,217	-	-
Claims payable	-	-	761,428
Due to other governments	-	-	54,778
Unearned revenue	-	-	-
Advances from other funds	<u>37,497</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>159,940</u>	<u>3,306</u>	<u>1,141,435</u>
Noncurrent liabilities:			
Compensated absences payable	38,379	-	-
Claims payable	-	82,000	5,287,807
OPEB obligation	-	-	-
Advances from other funds	<u>1,837,344</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>1,875,723</u>	<u>82,000</u>	<u>5,287,807</u>
Total liabilities	<u>2,035,663</u>	<u>85,306</u>	<u>6,429,242</u>
NET POSITION			
Net investment in capital assets	3,179,386	-	-
Unrestricted	<u>(975,735)</u>	<u>4,116,906</u>	<u>2,863,456</u>
Total net position	<u>\$ 2,203,651</u>	<u>\$ 4,116,906</u>	<u>\$ 2,863,456</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2014

	Medical/ Dental Insurance	Retired Employees' Health Insurance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,327,898	\$ 118,710	\$ 3,419,176
Investments	16,636,004	-	29,075,146
Accounts receivable	609,736	-	627,635
Accrued interest receivable	31,033	-	90,201
Inventories	-	-	66,061
Prepaid items	83,564	-	83,564
Total current assets	<u>18,688,235</u>	<u>118,710</u>	<u>33,361,783</u>
Capital assets:			
Land	-	-	25,500
Buildings and structures	-	-	1,026,898
Machinery and equipment	-	-	79,214
Vehicles	-	-	2,480,605
Construction in progress	-	-	1,889,383
Less accumulated depreciation	-	-	(2,322,214)
Total capital asset (net)	<u>-</u>	<u>-</u>	<u>3,179,386</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,179,386</u>
Total assets	<u>18,688,235</u>	<u>118,710</u>	<u>36,541,169</u>
LIABILITIES			
Current liabilities:			
Accounts payable	237,455	1,308	602,343
Contracts payable	-	-	15,000
Salaries payable	-	-	39,181
Compensated absences payable	-	19,274	52,491
Claims payable	2,592,220	-	3,353,648
Due to other governments	-	-	54,778
Unearned revenue	599,564	-	599,564
Advances from other funds	-	-	37,497
Total current liabilities	<u>3,429,239</u>	<u>20,582</u>	<u>4,754,502</u>
Noncurrent liabilities:			
Compensated absences payable	-	98,128	136,507
Claims payable	-	-	5,369,807
OPEB obligation	4,296,362	-	4,296,362
Advances from other funds	-	-	1,837,344
Total non-current liabilities	<u>4,296,362</u>	<u>98,128</u>	<u>11,640,020</u>
Total liabilities	<u>7,725,601</u>	<u>118,710</u>	<u>16,394,522</u>
NET POSITION			
Net investment in capital assets	-	-	3,179,386
Unrestricted	10,962,634	-	16,967,261
Total net position	<u>\$ 10,962,634</u>	<u>\$ -</u>	<u>\$ 20,146,647</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, 2014

	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
Operating Revenues			
Charges for services	\$ 1,796,057	\$ 247,934	\$ 3,110,170
Other	6,439	11,658	223,300
Total Operating Revenues	<u>1,802,496</u>	<u>259,592</u>	<u>3,333,470</u>
Operating Expenses			
Personal services	515,465	80,558	335,951
Contractual services	253,011	389,009	2,889,441
Materials	629,418	-	-
OPEB expense	-	-	-
Claims Paid	-	-	1,086,693
Depreciation	225,261	-	-
Total Operating Expenses	<u>1,623,155</u>	<u>469,567</u>	<u>4,312,085</u>
Operating Income (Loss)	<u>179,341</u>	<u>(209,975)</u>	<u>(978,615)</u>
Nonoperating revenues (expenses)			
Earnings on investments	-	46,632	100,776
Loss or gain on asset disposal	5,487	-	-
Total Nonoperating Revenues (Expenses)	<u>5,487</u>	<u>46,632</u>	<u>100,776</u>
Income (Loss) Before Transfers	184,828	(163,343)	(877,839)
Transfers in	-	-	1,400,464
Transfers (out)	(13,158)	-	-
Total Transfers	<u>(13,158)</u>	<u>-</u>	<u>1,400,464</u>
Change in net position	171,670	(163,343)	522,625
Net position - January 1	<u>2,031,981</u>	<u>4,280,249</u>	<u>2,340,831</u>
Net position - December 31	<u>\$ 2,203,651</u>	<u>\$ 4,116,906</u>	<u>\$ 2,863,456</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, 2014

	Medical/ Dental Insurance	Retired Employees' Health Insurance	Total
Operating Revenues			
Charges for services	\$ 28,296,761	\$ 106,643	\$ 33,557,565
Other	-	-	241,397
Total Operating Revenues	<u>28,296,761</u>	<u>106,643</u>	<u>33,798,962</u>
Operating Expenses			
Personal services	-	-	931,974
Contractual services	1,810,727	106,643	5,448,831
Materials	-	-	629,418
OPEB expense	572,406	-	572,406
Claims Paid	28,418,344	-	29,505,037
Depreciation	-	-	225,261
Total Operating Expenses	<u>30,801,477</u>	<u>106,643</u>	<u>37,312,927</u>
Operating Income (Loss)	<u>(2,504,716)</u>	<u>-</u>	<u>(3,513,965)</u>
Nonoperating revenues (expenses)			
Earnings on investments	225,831	-	373,239
Loss or gain on asset disposal	-	-	5,487
Total Nonoperating Revenues (Expenses)	<u>225,831</u>	<u>-</u>	<u>378,726</u>
Income (Loss) Before Transfers	<u>(2,278,885)</u>	<u>-</u>	<u>(3,135,239)</u>
Transfers in	-	-	1,400,464
Transfers (out)	<u>(248,258)</u>	<u>-</u>	<u>(261,416)</u>
Total Transfers	<u>(248,258)</u>	<u>-</u>	<u>1,139,048</u>
Change in net position	<u>(2,527,143)</u>	<u>-</u>	<u>(1,996,191)</u>
Net position - January 1	<u>13,489,777</u>	<u>-</u>	<u>22,142,838</u>
Net position - December 31	<u>\$ 10,962,634</u>	<u>\$ -</u>	<u>\$ 20,146,647</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
CASH FLOWS FROM			
OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 1,798,866	\$ 247,934	\$ 3,110,170
Payments to suppliers	(926,935)	(6,951)	(2,829,986)
Payments to employees	(506,517)	(80,619)	(334,039)
Claims paid	-	(587,009)	(146,202)
Other receipts (payments)	6,439	12,525	292,895
Net cash provided (used) by operating activities	371,853	(414,120)	92,838
CASH FLOWS FROM			
NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	-	1,400,464
Net cash provided (used) by noncapital financing activities	-	-	1,400,464
CASH FLOWS FROM CAPITAL AND			
RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(1,307,694)	-	-
Proceeds from the sale of capital assets	23,728	-	-
Proceeds from advance from other fund	244,841	-	-
Net cash provided (used) by capital and related financing activities	(1,039,125)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(1,574,090)	(5,482,648)
Sale of investments	-	1,865,000	3,738,000
Interest and dividends	-	48,766	61,427
Net cash provided (used) by investing activities	-	339,676	(1,683,221)
Net Increase (Decrease) in Cash and Cash Equivalents	(667,272)	(74,444)	(189,919)
Balances - January 1	1,660,616	535,216	708,371
Balances - December 31	\$ 993,344	\$ 460,772	\$ 518,452
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 179,341	\$ (209,975)	\$ (978,615)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	225,261	-	-
(Increase) Decrease Receivables	2,777	867	69,595
(Increase) Decrease Due from other governments	32	-	-
(Increase) Decrease Inventories	(3,825)	-	-
(Increase) Decrease Prepaid items	-	-	-
Increase (Decrease) Accounts payable	(40,598)	(6,951)	136,425
Increase (Decrease) Salaries payable	3,137	(61)	1,912
Increase (Decrease) Compensated absences payable	5,811	-	-
Increase (Decrease) Claims payable	-	(198,000)	940,491
Increase (Decrease) Due to other governments	(83)	-	(76,970)
Increase (Decrease) OPEB obligation	-	-	-
Increase (Decrease) Unearned revenue	-	-	-
Total Adjustments	192,512	(204,145)	1,071,453
Net cash provided (used) by operating activities	\$ 371,853	\$ (414,120)	\$ 92,838
NON-CASH ACTIVITIES			
Change in fair market value of investments	-	4,474	25,493

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Medical/ Dental Insurance	Retired Employees' Health Insurance	Total
CASH FLOWS FROM			
OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 28,242,566	\$ 106,643	\$ 33,506,179
Payments to suppliers	(1,578,933)	(151,598)	(5,494,403)
Payments to employees	-	-	(921,175)
Claims paid	(27,769,636)	-	(28,502,847)
Other receipts (payments)	-	-	311,859
Net cash provided (used) by operating activities	(1,106,003)	(44,955)	(1,100,387)
CASH FLOWS FROM			
NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(248,258)	-	1,152,206
Net cash provided (used) by noncapital financing activities	(248,258)	-	1,152,206
CASH FLOWS FROM CAPITAL AND			
RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	-	(1,307,694)
Proceeds from the sale of capital assets	-	-	23,728
Proceeds from advance from other fund	-	-	244,841
Net cash provided (used) by capital and related financing activities	-	-	(1,039,125)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(8,701,955)	-	(15,758,693)
Sale of investments	9,409,000	-	15,012,000
Interest and dividends	300,035	-	410,228
Net cash provided (used) by investing activities	1,007,080	-	(336,465)
Net Increase (Decrease) in Cash and Cash Equivalents	(347,181)	(44,955)	(1,323,771)
Balances - January 1	1,675,079	163,665	4,742,947
Balances - December 31	\$ 1,327,898	\$ 118,710	\$ 3,419,176
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (2,504,716)	\$ -	\$ (3,513,965)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	-	-	225,261
(Increase) Decrease Receivables	(13,876)	-	59,363
(Increase) Decrease Due from other governments	-	-	32
(Increase) Decrease Inventories	-	-	(3,825)
(Increase) Decrease Prepaid items	(807)	-	(807)
Increase (Decrease) Accounts payable	232,601	1,130	322,607
Increase (Decrease) Salaries payable	-	-	4,988
Increase (Decrease) Compensated absences payable	-	(46,085)	(40,274)
Increase (Decrease) Claims payable	648,708	-	1,391,199
Increase (Decrease) Due to other governments	(9)	-	(77,062)
Increase (Decrease) OPEB obligation	572,406	-	572,406
Increase (Decrease) Unearned revenue	(40,310)	-	(40,310)
Total Adjustments	1,398,713	(44,955)	2,413,578
Net cash provided (used) by operating activities	\$ (1,106,003)	\$ (44,955)	\$ (1,100,387)
NON-CASH ACTIVITIES			
Change in fair market value of investments	49,128	-	79,095

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.

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, 2014

	<u>Investment Trust Funds</u>		
	<u>Taconite Relief</u>	<u>Taconite Production Tax</u>	<u>Total</u>
ASSETS			
Investments	<u>\$ 1,442,542</u>	<u>\$ 338,966</u>	<u>\$ 1,781,508</u>
LIABILITIES			
Due to other governments	<u>186,801</u>	<u>338,966</u>	<u>525,767</u>
NET POSITION			
Held in trust for pool participants and other purposes	<u>\$ 1,255,741</u>	<u>\$ -</u>	<u>\$ 1,255,741</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Investment Trust Funds		
	Taconite Relief	Taconite Production Tax	Total
ADDITIONS			
Taconite taxes	\$ 13,783,501	\$ 26,811,946	\$ 40,595,447
Earnings on investments	9,655	2,826	12,481
Total Additions	<u>13,793,156</u>	<u>26,814,772</u>	<u>40,607,928</u>
DEDUCTIONS			
Distribution to participants	<u>18,803,139</u>	<u>26,814,772</u>	<u>45,617,911</u>
Changes in net position	(5,009,983)	-	(5,009,983)
Net position - January 1	<u>6,265,724</u>	<u>-</u>	<u>6,265,724</u>
Net position - December 31	<u>\$ 1,255,741</u>	<u>\$ -</u>	<u>\$ 1,255,741</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance January 1	Additions	Deductions	Balance December 31
STATE OF MINNESOTA FUND				
ASSETS				
Cash and cash equivalents	\$ 546,674	\$ 46,206,209	\$ 45,875,405	\$ 877,478
Accounts receivable	-	1,094	530	564
Due from other governments	85,060	2,891,766	2,976,621	205
Total Assets	<u>\$ 631,734</u>	<u>\$ 49,099,069</u>	<u>\$ 48,852,556</u>	<u>\$ 878,247</u>
LIABILITIES				
Due to other governments	<u>\$ 631,734</u>	<u>\$ 49,099,069</u>	<u>\$ 48,852,556</u>	<u>\$ 878,247</u>
BEER-AUCTIONEER LICENSES FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 2,025</u>	<u>\$ 1,878</u>	<u>\$ 1,875</u>	<u>\$ 2,028</u>
LIABILITIES				
Due to other governments	<u>\$ 2,025</u>	<u>\$ 1,878</u>	<u>\$ 1,875</u>	<u>\$ 2,028</u>
TAXES AND PENALTIES FUND				
ASSETS				
Cash and cash equivalents	\$ 2,073,925	\$ 426,350,264	\$ 424,727,386	\$ 3,696,803
Due from other governments	266,726	82,363	266,726	82,363
Total Assets	<u>\$ 2,340,651</u>	<u>\$ 426,432,627</u>	<u>\$ 424,994,112</u>	<u>\$ 3,779,166</u>
LIABILITIES				
Due to other governments	<u>\$ 2,340,651</u>	<u>\$ 426,432,627</u>	<u>\$ 424,994,112</u>	<u>\$ 3,779,166</u>
PAYROLL DEDUCTIONS FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 764,699</u>	<u>\$ 51,501,198</u>	<u>\$ 52,116,783</u>	<u>\$ 149,114</u>
LIABILITIES				
Accounts payable	<u>\$ 764,699</u>	<u>\$ 51,501,198</u>	<u>\$ 52,116,783</u>	<u>\$ 149,114</u>
HUMAN SERVICE CONFERENCE FUND				
ASSETS				
Cash and cash equivalents	\$ 124,364	\$ 141,300	\$ 124,157	\$ 141,507
Accounts receivable	525	540	525	540
Total Assets	<u>\$ 124,889</u>	<u>\$ 141,840</u>	<u>\$ 124,682</u>	<u>\$ 142,047</u>
LIABILITIES				
Accounts payable	\$ 14,081	\$ 113,403	\$ 123,734	\$ 3,750
Due to other governments	110,808	28,437	948	138,297
Total Liabilities	<u>\$ 124,889</u>	<u>\$ 141,840</u>	<u>\$ 124,682</u>	<u>\$ 142,047</u>
CANCELED CHECK FUND				
ASSETS				
Cash and cash equivalents	\$ 1,434	\$ 20,940	\$ 19,895	\$ 2,479
Accounts receivable	-	251	-	251
Total Assets	<u>\$ 1,434</u>	<u>\$ 21,191</u>	<u>\$ 19,895</u>	<u>\$ 2,730</u>
LIABILITIES				
Accounts payable	<u>\$ 1,434</u>	<u>\$ 21,191</u>	<u>\$ 19,895</u>	<u>\$ 2,730</u>

continued

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance January 1	Additions	Deductions	Balance December 31
ARROWHEAD REGIONAL				
CORRECTIONS FUND				
ASSETS				
Cash and cash equivalents	\$ 2,518,085	\$ 34,788,703	\$ 33,528,969	\$ 3,777,819
Investments	2,265,631	5,352,436	4,671,865	2,946,202
Accounts receivable	155,981	3,613,544	3,672,210	97,315
Accrued interest receivable	1,830	30,370	29,760	2,440
Due from other governments	1,719,391	1,698,685	1,748,607	1,669,469
Prepaid items	10,301	-	10,301	-
Total Assets	<u>\$ 6,671,219</u>	<u>\$ 45,483,738</u>	<u>\$ 43,661,712</u>	<u>\$ 8,493,245</u>
LIABILITIES				
Accounts payable	\$ 518,131	\$ 9,377,381	\$ 8,627,408	\$ 1,268,104
Contracts payable	-	5,214	-	5,214
Salaries payable	837,379	2,023,873	2,096,130	765,122
Due to other governments	5,315,709	34,077,270	32,938,174	6,454,805
Total Liabilities	<u>\$ 6,671,219</u>	<u>\$ 45,483,738</u>	<u>\$ 43,661,712</u>	<u>\$ 8,493,245</u>
PERMIT TO CARRY FIREARMS FUND				
ASSETS				
Cash and cash equivalents	\$ 265,739	\$ 221,010	\$ 177,598	\$ 309,151
Accounts receivable	4,960	5,900	4,960	5,900
Total Assets	<u>\$ 270,699</u>	<u>\$ 226,910</u>	<u>\$ 182,558</u>	<u>\$ 315,051</u>
LIABILITIES				
Accounts payable	\$ 32	\$ 49,635	\$ 49,646	\$ 21
Due to other governments	270,667	177,275	132,912	315,030
Total Liabilities	<u>\$ 270,699</u>	<u>\$ 226,910</u>	<u>\$ 182,558</u>	<u>\$ 315,051</u>
MINNEAPOLIS-DULUTH/SUPERIOR				
PASSENGER RAIL ALLIANCE FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 369,508</u>	<u>\$ 93,750</u>	<u>\$ 202,502</u>	<u>\$ 260,756</u>
LIABILITIES				
Accounts payable	\$ 5,791	\$ 93,750	\$ 94,446	\$ 5,095
Due to other governments	363,717	-	108,056	255,661
Total Liabilities	<u>\$ 369,508</u>	<u>\$ 93,750</u>	<u>\$ 202,502</u>	<u>\$ 260,756</u>
CIVIL FUNDS				
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,005,973	\$ 958,418	\$ 47,555
Accounts receivable	-	310	-	310
Total Assets	<u>\$ -</u>	<u>\$ 1,006,283</u>	<u>\$ 958,418</u>	<u>\$ 47,865</u>
LIABILITIES				
Accounts payable	\$ -	\$ 828,714	\$ 817,583	\$ 11,131
Due to other governments	-	177,569	140,835	36,734
Total Liabilities	<u>\$ -</u>	<u>\$ 1,006,283</u>	<u>\$ 958,418</u>	<u>\$ 47,865</u>

continued

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance January 1	Additions	Deductions	Balance December 31
COMMUNITY HEALTH SERVICES FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 5,905,932	\$ 5,905,932	\$ -
Accounts receivable	-	29	-	29
Due from other governments	1,462,697	1,240,816	1,537,303	1,166,210
Total Assets	<u>\$ 1,462,697</u>	<u>\$ 7,146,777</u>	<u>\$ 7,443,235</u>	<u>\$ 1,166,239</u>
LIABILITIES				
Accounts payable	\$ 106,927	\$ 2,261,915	\$ 2,299,027	\$ 69,815
Salaries payable	20,579	29,390	32,885	17,084
Due to other governments	1,335,191	4,855,472	5,111,323	1,079,340
Total Liabilities	<u>\$ 1,462,697</u>	<u>\$ 7,146,777</u>	<u>\$ 7,443,235</u>	<u>\$ 1,166,239</u>
DULUTH AREA FAMILY SERVICE COLLABORATIVE FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 58,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,835</u>
LIABILITIES				
Due to other governments	<u>\$ 58,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,835</u>
LOCAL COLLABORATIVE TIME STUDY FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 803,879</u>	<u>\$ 720,387</u>	<u>\$ 864,303</u>	<u>\$ 659,963</u>
LIABILITIES				
Due to other governments	<u>\$ 803,879</u>	<u>\$ 720,387</u>	<u>\$ 864,303</u>	<u>\$ 659,963</u>
REGIONAL RAILROAD AUTHORITY FUND				
ASSETS				
Cash and cash equivalents	\$ 2,197,612	\$ 2,754,894	\$ 3,652,189	\$ 1,300,317
Delinquent taxes receivable	92,370	86,812	92,370	86,812
Accounts receivable	7,635	6,959	7,635	6,959
Due from other governments	755,888	624,089	755,888	624,089
Total Assets	<u>\$ 3,053,505</u>	<u>\$ 3,472,754</u>	<u>\$ 4,508,082</u>	<u>\$ 2,018,177</u>
LIABILITIES				
Accounts payable	\$ 232,755	\$ 2,933,173	\$ 2,986,351	\$ 179,577
Contracts payable	6,540	-	6,540	-
Salaries payable	10,079	15,998	15,143	10,934
Due to other governments	2,804,131	523,583	1,500,048	1,827,666
Total Liabilities	<u>\$ 3,053,505</u>	<u>\$ 3,472,754</u>	<u>\$ 4,508,082</u>	<u>\$ 2,018,177</u>

continued

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance January 1	Additions	Deductions	Balance December 31
NORTHERN COUNTIES				
LAND USE BOARD FUND				
ASSETS				
Cash and cash equivalents	\$ 130,396	\$ -	\$ 9,578	\$ 120,818
LIABILITIES				
Accounts payable	\$ -	\$ 10,569	\$ 9,578	\$ 991
Due to other governments	130,396	(10,569)	-	119,827
Total Liabilities	\$ 130,396	\$ -	\$ 9,578	\$ 120,818
AGENCY MISCELLANEOUS FUND				
ASSETS				
Cash and cash equivalents	\$ 441,934	\$ 211,438	\$ 237,503	\$ 415,869
Accounts receivable	-	1,319	-	1,319
Total Assets	\$ 441,934	\$ 212,757	\$ 237,503	\$ 417,188
LIABILITIES				
Due to other governments	\$ 441,934	\$ 212,757	\$ 237,503	\$ 417,188
TOTALS FOR ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 10,299,109	\$ 569,923,876	\$ 568,402,493	\$ 11,820,492
Investments	2,265,631	5,352,436	4,671,865	2,946,202
Delinquent taxes receivable	92,370	86,812	92,370	86,812
Accounts receivable	169,101	3,629,946	3,685,860	113,187
Accrued interest receivable	1,830	30,370	29,760	2,440
Due from other governments	4,289,762	6,537,719	7,285,145	3,542,336
Prepaid items	10,301	-	10,301	-
Total Assets	\$ 17,128,104	\$ 585,561,159	\$ 584,177,794	\$ 18,511,469
LIABILITIES				
Accounts payable	\$ 1,643,850	\$ 67,190,929	\$ 67,144,451	\$ 1,690,328
Contracts payable	6,540	5,214	6,540	5,214
Salaries payable	868,037	2,069,261	2,144,158	793,140
Due to other governments	14,609,677	516,295,755	514,882,645	16,022,787
Total Liabilities	\$ 17,128,104	\$ 585,561,159	\$ 584,177,794	\$ 18,511,469

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS
DECEMBER 31, 2014

	<u>Interest Rates</u>	<u>Par Value</u>	<u>Market</u>
Pooled Investments			
Savings Accounts	0.15%	\$ 20,374,211	\$ 20,374,211
Certificates of Deposit	0.30% - 3.10%	43,954,393	43,959,327
MAGIC	Varies	19,081,674	19,081,674
Municipal Bonds	0.70% - 3.00%	3,915,000	3,932,761
FFCB	1.59% - 4.55%	14,369,000	14,346,804
FHLB	0.25% - 3.75%	33,225,000	33,391,138
FHLMC	0.50% - 3.75%	7,600,000	7,751,636
FNMA	0.375% - 2.25%	19,499,000	19,393,866
Total Pooled Investments		<u>\$ 162,018,278</u>	<u>\$ 162,231,417</u>
Capital Projects			
Savings Accounts	0.15%	\$ 3,174,750	\$ 3,174,750
Certificates of Deposit	0.46% - 0.50%	496,000	496,000
FFCB	0.55%	4,000,000	4,008,800
FNMA	0.50% - 3.50%	2,044,000	2,053,312
Total Capital Projects		<u>\$ 9,714,750</u>	<u>\$ 9,732,862</u>
Shoreland Sales Permanent Fund			
MN Board of Investments	Varies	<u>\$ 7,157,161</u>	<u>\$ 7,157,161</u>
Environmental Services Enterprise Fund			
Savings account	0.15%	\$ 2,795,758	\$ 2,795,758
Certificates of deposit	0.50% - 1.85%	5,563,000	5,563,000
FHLB	1.25% - 2.75%	4,250,000	4,292,726
FHLMC	0.875% - 1.75%	1,000,000	996,745
FNMA	0.875% - 1.875%	2,000,000	2,005,140
Total Environmental Services Enterprise Fund		<u>\$ 15,608,758</u>	<u>\$ 15,653,369</u>
Property, Casualty, Liability Insurance			
Internal Service Fund			
Savings accounts	0.15%	\$ 538,445	\$ 538,445
Certificates of deposit	0.75% - 2.04%	2,682,000	2,682,000
FHLMC	1.75%	500,000	502,770
Total Property, Casualty, Liability Insurance			
Internal Service Fund		<u>\$ 3,720,445</u>	<u>\$ 3,723,215</u>
Worker's Compensation Insurance			
Internal Service Fund			
Savings Account	0.15%	\$ 1,443,791	\$ 1,443,791
Certificates of Deposit	0.30% - 2.00%	4,131,000	4,131,000
FHLB	0.63%	800,000	797,944
FHLMC	1.00% - 1.75%	1,250,000	1,253,055
FNMA	0.375% - 0.875%	1,100,000	1,090,137
Total Workers' Compensation Insurance			
Internal Service Fund		<u>\$ 8,724,791</u>	<u>\$ 8,715,927</u>
Medical/Dental Insurance			
Internal Service Fund			
Savings Account	0.15%	\$ 3,843,939	\$ 3,843,939
Certificates of Deposit	0.40% - 1.70%	6,178,000	6,178,000
FHLB	1.25% - 2.00%	1,850,000	1,854,970
FHLMC	1.00% - 1.25%	1,300,000	1,280,880
FNMA	0.875% - 1.875%	3,500,000	3,478,215
Total Medical/Dental Insurance			
Internal Service Fund		<u>\$ 16,671,939</u>	<u>\$ 16,636,004</u>
Taconite Relief Trust Fund			
Savings Account	0.15%	<u>\$ 1,781,508</u>	<u>\$ 1,781,508</u>
Arrowhead Regional Corrections Agency Fund			
Savings accounts	0.15%	\$ 745,397	\$ 745,397
Certificates of deposit	0.35% - 1.20%	1,229,000	1,229,000
Total Arrowhead Regional Corrections Agency Fund		<u>\$ 1,974,397</u>	<u>\$ 1,974,397</u>
Total Investments		<u>\$ 227,372,027</u>	<u>\$ 227,605,860</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Special Revenue Funds			Debt Service Funds
		Road and Bridge	Public Health and Human Services	Other	
Shared revenue					
State					
Department of Natural Resources					
Mineral rents & royalties	\$ 1,453,736	\$ -	\$ -	\$ -	\$ -
Department of Public Safety					
Enhanced 911 program grant	326,232	-	-	-	-
Department of Revenue					
County program aid	8,713,561	901,457	1,335,757	-	-
Disparity aid	2,563,162	968,955	1,546,301	-	309,756
Local Performance Aid	25,000	-	-	-	-
Market value credit	48,539	19,480	28,792	354	5,768
PERA Aid	167,648	93,814	182,148	20,216	-
Police Aid	759,694	-	-	-	-
State fire aid	26,009	-	-	-	-
Department of Transportation					
30 percent rental income	190	74	120	1	19
Engineering	-	3,325,894	-	-	-
State turnback funds	-	2,750,000	-	-	-
MN FD 29 bridge bond	-	601,421	-	-	-
Municipal construction	-	21,384	-	-	-
Municipal maintenance	-	751,603	-	-	-
Regular construction	-	9,799,790	-	-	-
Regular maintenance	-	9,912,709	-	-	-
Right of way / utility reimbursement	-	74,550	-	-	-
State Aid Disaster Relief	-	5,293	-	-	-
State Aid for Consulting	-	79,735	-	-	-
State Park	-	1,542,109	-	-	-
Town bridge	-	1,676,928	-	-	-
Unorganized town road and bridge aid	-	134,723	-	-	-
Total Shared Revenue	\$ 14,083,771	\$ 32,659,919	\$ 3,093,118	\$ 20,571	\$ 315,543
Reimbursement for Services					
State					
Department of Human Services					
Alternative care 180 day	\$ -	\$ -	\$ 127,463	\$ -	\$ -
Case management for community alternative care	-	-	2,996	-	-
Child welfare targeted case mgmt	-	-	3,460,059	-	-
Community alternatives for disabled individuals waived services	-	-	565,272	-	-
Elderly waived services	-	-	54,370	-	-
LTCC waived services	-	-	8,575	-	-
Medical assistance child and teen checkups	-	-	158,585	-	-
Medical assistance transportation	-	-	124,722	-	-
Medical assistance - ACT	-	-	1,368,094	-	-
Medical assistance - CEHI	-	-	561,601	-	-
Medical assistance - Rule 5	-	-	412,540	-	-
Mentally retarded waived services	-	-	702,635	-	-
MH targeted case management	-	-	726,460	-	-
Relocation waived services	-	-	2,983	-	-
Traumatic brain injury	-	-	77,586	-	-
State 911	-	-	-	-	-
VADD targeted case management	-	-	57,154	-	-
Total Reimbursement for Services Revenue	\$ -	\$ -	\$ 8,411,095	\$ -	\$ -

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Shared revenue				
State				
Department of Natural Resources				
Mineral rents & royalties	\$ -	\$ -	\$ -	\$ 1,453,736
Department of Public Safety				
Enhanced 911 program grant	-	-	-	326,232
Department of Revenue				
County program aid	67,611	-	-	11,018,386
Disparity aid	126,311	-	-	5,514,485
Local Performance Aid	-	-	-	25,000
Market value credit	2,352	-	-	105,285
PERA Aid	-	-	3,933	467,759
Police Aid	-	-	-	759,694
State fire aid	-	-	-	26,009
Department of Transportation				
30 percent rental income	9	-	-	413
Engineering	-	-	-	3,325,894
State turnback funds	-	-	-	2,750,000
MN FD 29 bridge bond	-	-	-	601,421
Municipal construction	-	-	-	21,384
Municipal maintenance	-	-	-	751,603
Regular construction	-	-	-	9,799,790
Regular maintenance	-	-	-	9,912,709
Right of way / utility reimbursement	-	-	-	74,550
State Aid Disaster Relief	-	-	-	5,293
State Aid for Consulting	-	-	-	79,735
State Park	-	-	-	1,542,109
Town bridge	-	-	-	1,676,928
Unorganized town road and bridge aid	-	-	-	134,723
Total Shared Revenue	\$ 196,283	\$ -	\$ 3,933	\$ 50,373,138
Reimbursement for Services				
State				
Department of Human Services				
Alternative care 180 day	\$ -	\$ -	\$ -	\$ 127,463
Case management for community alternative care	-	-	-	2,996
Child welfare targeted case mgmt	-	-	-	3,460,059
Community alternatives for disabled individuals waived services	-	-	-	565,272
Elderly waived services	-	-	-	54,370
LTCC waived services	-	-	-	8,575
Medical assistance child and teen checkups	-	-	-	158,585
Medical assistance transportation	-	-	-	124,722
Medical assistance - ACT	-	-	-	1,368,094
Medical assistance - CEHI	-	-	-	561,601
Medical assistance - Rule 5	-	-	-	412,540
Mentally retarded waived services	-	-	-	702,635
MH targeted case management	-	-	-	726,460
Relocation waived services	-	-	-	2,983
Traumatic brain injury	-	-	-	77,586
State 911	-	1,634	-	1,634
VADD targeted case management	-	-	-	57,154
Total Reimbursement for Services Revenue	\$ -	\$ 1,634	\$ -	\$ 8,412,729

continued

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Special Revenue Funds			Debt Service Funds
		Road and Bridge	Public Health and Human Services	Other	
Grants					
State Grants					
Board of Water & Soil Resources					
Natural resources block grant	\$ 171,368	\$ -	\$ -	\$ -	\$ -
Department of Employment and Economic Development					
Minnesota Investment Funds Disaster Recovery Financing	(27,209)	-	-	-	-
Department of Environmental Assistance					
SCORE recycling grant	-	-	-	-	-
Department of Finance					
6/12 Storm-State Flood Bond	-	13,325,198	-	-	-
Department of Freight and Commercial Vehicle Operations					
RR Grade Crossing	-	3,737	-	-	-
Department of Health					
Follow along program	-	-	2,288	-	-
Local public health grant	-	-	785,729	-	-
Department of Human Services					
Adoption and foster care recruitment grant	-	-	22,272	-	-
Adult integrated fund	-	-	2,694,040	-	-
Alternative care	-	-	93,439	-	-
Alternative response	-	-	34,496	-	-
Case management CAC state	-	-	2,996	-	-
Child care basic sliding fee	-	-	54,164	-	-
Child support health insurance bonus	-	-	189,529	-	-
Child support incentives	-	-	65,928	-	-
Children's mental health	-	-	207,505	-	-
Community alternatives for disabled individuals waived services	-	-	570,015	-	-
Vulnerable Children and Adults Act grant	-	-	2,891,001	-	-
Consolidated chemical dependency fund admin	-	-	137,001	-	-
Consumer directed	-	-	15,269	-	-
Cost effective health insurance	-	-	585,431	-	-
CTC MA	-	-	158,585	-	-
Day Training & Habilitation	-	-	7,544	-	-
DD family support	-	-	84,739	-	-
DD Screening State	-	-	2,028	-	-
Early Hearing Detection & Intervention	-	-	12,450	-	-
Elderly waived services	-	-	53,858	-	-
Family homelessness prevention	-	-	371,380	-	-
Food Stamp Empl & Training	-	-	980	-	-
Forgotten child	-	-	1,736	-	-
Fraud prevention incentives	-	-	139,069	-	-
Homeless outreach	-	-	845,213	-	-
LTCC waived services	-	-	8,770	-	-
LTSS waived services	-	-	1,141,231	-	-
Medical assistance - ACT	-	-	1,254,728	-	-
Medical assistance transportation	-	-	124,486	-	-
Mentally retarded waived services	-	-	708,878	-	-
MN family investment project child care	-	-	22,976	-	-
MN family investment project employment services	-	-	281,644	-	-
Parent support outreach program	-	-	265,000	-	-
Relative custody	-	-	921,028	-	-
Relocation waived services	-	-	2,981	-	-
Semi-independent living skills	-	-	280,422	-	-
Statewide health improvement - SHIP	-	-	79,582	-	-
Traumatic brain injury	-	-	77,987	-	-
Workers Compensation	-	-	-	-	-

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants				
State Grants				
Board of Water & Soil Resources				
Natural resources block grant	\$ -	\$ 121,912	\$ -	\$ 293,280
Department of Employment and Economic Development				
Minnesota Investment Funds Disaster Recovery Financing	-	-	-	(27,209)
Department of Environmental Assistance				
SCORE recycling grant	-	260,443	-	260,443
Department of Finance				
6/12 Storm-State Flood Bond	-	-	-	13,325,198
Department of Freight and Commercial Vehicle Operations				
RR Grade Crossing	-	-	-	3,737
Department of Health				
Follow along program	-	-	-	2,288
Local public health grant	-	-	-	785,729
Department of Human Services				
Adoption and foster care recruitment grant	-	-	-	22,272
Adult integrated fund	-	-	-	2,694,040
Alternative care	-	-	-	93,439
Alternative response	-	-	-	34,496
Case management CAC state	-	-	-	2,996
Child care basic sliding fee	-	-	-	54,164
Child support health insurance bonus	-	-	-	189,529
Child support incentives	-	-	-	65,928
Children's mental health	-	-	-	207,505
Community alternatives for disabled individuals waived services	-	-	-	570,015
Vulnerable Children and Adults Act grant	-	-	-	2,891,001
Consolidated chemical dependency fund admin	-	-	-	137,001
Consumer directed	-	-	-	15,269
Cost effective health insurance	-	-	-	585,431
CTC MA	-	-	-	158,585
Day Training & Habilitation	-	-	-	7,544
DD family support	-	-	-	84,739
DD Screening State	-	-	-	2,028
Early Hearing Detection & Intervention	-	-	-	12,450
Elderly waived services	-	-	-	53,858
Family homelessness prevention	-	-	-	371,380
Food Stamp Empl & Training	-	-	-	980
Forgotten child	-	-	-	1,736
Fraud prevention incentives	-	-	-	139,069
Homeless outreach	-	-	-	845,213
LTCC waived services	-	-	-	8,770
LTSS waived services	-	-	-	1,141,231
Medical assistance - ACT	-	-	-	1,254,728
Medical assistance transportation	-	-	-	124,486
Mentally retarded waived services	-	-	-	708,878
MN family investment project child care	-	-	-	22,976
MN family investment project employment services	-	-	-	281,644
Parent support outreach program	-	-	-	265,000
Relative custody	-	-	-	921,028
Relocation waived services	-	-	-	2,981
Semi-independent living skills	-	-	-	280,422
Statewide health improvement - SHIP	-	-	-	79,582
Traumatic brain injury	-	-	-	77,987
Workers Compensation	-	-	217,253	217,253
				continued

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Special Revenue Funds			Debt Service Funds
		Road and Bridge	Public Health and Human Services	Other	
Grants (continued)					
State grants (continued)					
Department of Natural Resources					
Boat and water safety	116,208	-	-	-	-
Forest road access	-	-	-	151,103	-
Off highway ATV	43,469	-	-	-	-
Snowmobile safety	14,188	-	-	-	-
State trail assistance	185,152	-	-	-	-
Department of Post Board Training					
Training reimbursement	32,181	-	-	-	-
Department of Public Safety					
Bullet proof vests	10,155	-	-	-	-
Office of Justice program grants	93,514	-	-	-	-
Public Assistance Disaster Fund	-	3,271	-	-	-
Department of Revenue					
County Technical Assistance	3,529	-	-	-	-
Department of Transportation					
Northeast Minnesota Rail Initiative	-	400,000	-	-	-
Minnesota Art Board					
MN Art Board	33,800	-	-	-	-
Veterans Affairs					
Enhancement	10,961	-	-	-	-
Total State Grants	\$ 687,316	\$ 13,732,206	\$ 15,198,398	\$ 151,103	\$ -
Federal Grants					
Department of Agriculture					
10.557 Women, infants, and children (through Community Health Board)	\$ -	\$ -	\$ 765,094	\$ -	\$ -
10.561 Food stamps	103,711	-	1,984,065	-	-
10.561 Food stamps empl & training	-	-	168,980	-	-
10.665 National forest land	1,494,788	-	-	-	-
10.665 National forest land - roads & schools	-	81,574	-	-	-
10.687A Recovery Act of 2009: Capital Improvement and Maintenance	-	65,842	-	-	-
Department of Health & Human Services					
93.069 Public health emergency preparedness	-	-	109,047	-	-
93.150 Adult integrated fund	-	-	62,288	-	-
93.251 Universal Newborn Hearing Screening	-	-	4,100	-	-
93.283 Early hearing detection intervention	-	-	900	-	-
93.505 Maternal, Infant, and Early Childhood Home Visiting	-	-	90,040	-	-
93.531 Community Transformation Grant	-	-	36,565	-	-
93.556 Title 4B Fam Response	-	-	56,216	-	-
93.556 Title IV-B Alternative Response	-	-	100,052	-	-
93.558 MN family investment project employment services	-	-	2,853,795	-	-
93.558 Temporary assistance to needy families admin	22,190	-	411,394	-	-
93.558 Temporary assistance to needy families home visiting	-	-	343,551	-	-
93.563 Child support	120,156	-	2,921,426	-	-
93.563 Title IV-D incentives	-	-	546,337	-	-
93.575 BSF CC Admin	-	-	77,719	-	-
93.575 MFIP CC Admin	-	-	25,313	-	-
93.645 Title 4B Fam Response	-	-	37,051	-	-
93.658 Foster care	12,972	-	7,397	-	-
93.658 IV-E foster care social service time study & state social service information system	-	-	524,465	-	-
93.658 Title IV-E cost of care	-	-	1,049,789	-	-
93.658 Title IV-E foster care case management	-	-	70,375	-	-
93.667 Title XX block grant	-	-	1,549,733	-	-
93.674 Support for emancipation and living functionally	-	-	42,311	-	-
93.778 DD screening	-	-	2,028	-	-
93.778 LTSS	-	-	991,467	-	-
93.778 Medical assistance	132,777	-	2,428,909	-	-
93.778 Medical assistance - Rule 25	-	-	1,369,082	-	-
93.778 Medical assistance incentives	-	-	113,717	-	-
93.994 Fed Maternal & Child Health Services Block Grant	-	-	218,197	-	-

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants (continued)				
State grants (continued)				
Department of Natural Resources				
Boat and water safety	-	-	-	116,208
Forest road access	-	-	-	151,103
Off highway ATV	-	-	-	43,469
Snowmobile safety	-	-	-	14,188
State trail assistance	-	-	-	185,152
Department of Post Board Training				
Training reimbursement	-	-	-	32,181
Department of Public Safety				
Bullet proof vests	-	-	-	10,155
Office of Justice program grants	-	-	-	93,514
Public Assistance Disaster Fund	-	-	-	3,271
Department of Revenue				
County Technical Assistance	-	-	-	3,529
Department of Transportation				
Northeast Minnesota Rail Initiative	-	-	-	400,000
Minnesota Art Board				
MN Art Board	-	-	-	33,800
Veterans Affairs				
Enhancement	-	-	-	10,961
Total State Grants	\$ -	\$ 382,355	\$ 217,253	\$ 30,368,631
Federal Grants				
Department of Agriculture				
10.557 Women, infants, and children (through Community Health Board)	\$ -	\$ -	\$ -	\$ 765,094
10.561 Food stamps	-	-	-	2,087,776
10.561 Food stamps empl & training	-	-	-	168,980
10.665 National forest land	-	-	-	1,494,788
10.665 National forest land - roads & schools	-	-	-	81,574
10.687A Recovery Act of 2009: Capital Improvement and Maintenance	-	-	-	65,842
Department of Health & Human Services				
93.069 Public health emergency preparedness	-	-	-	109,047
93.150 Adult integrated fund	-	-	-	62,288
93.251 Universal Newborn Hearing Screening	-	-	-	4,100
93.283 Early hearing detection intervention	-	-	-	900
93.505 Maternal, Infant, and Early Childhood Home Visiting	-	-	-	90,040
93.531 Community Transformation Grant	-	-	-	36,565
93.556 Title 4B Fam Response	-	-	-	56,216
93.556 Title IV-B Alternative Response	-	-	-	100,052
93.558 MN family investment project employment services	-	-	-	2,853,795
93.558 Temporary assistance to needy families admin	-	-	-	433,584
93.558 Temporary assistance to needy families home visiting	-	-	-	343,551
93.563 Child support	-	-	-	3,041,582
93.563 Title IV-D incentives	-	-	-	546,337
93.575 BSF CC Admin	-	-	-	77,719
93.575 MFIP CC Admin	-	-	-	25,313
93.645 Title 4B Fam Response	-	-	-	37,051
93.658 Foster care	-	-	-	20,369
93.658 IV-E foster care social service time study & state social service information system	-	-	-	524,465
93.658 Title IV-E cost of care	-	-	-	1,049,789
93.658 Title IV-E foster care case management	-	-	-	70,375
93.667 Title XX block grant	-	-	-	1,549,733
93.674 Support for emancipation and living functionally	-	-	-	42,311
93.778 DD screening	-	-	-	2,028
93.778 LTSS	-	-	-	991,467
93.778 Medical assistance	-	-	-	2,561,686
93.778 Medical assistance - Rule 25	-	-	-	1,369,082
93.778 Medical assistance incentives	-	-	-	113,717
93.994 Fed Maternal & Child Health Services Block Grant	-	-	-	218,197

continued

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Special Revenue Funds			Debt Service Funds
		Road and Bridge	Public Health and Human Services	Other	
Grants (continued)					
Federal Grants (continued)					
Department of Homeland Security					
97.012 Boating safety financial assurance	30,500	-	-	-	-
97.036 FEMA Public Assistance	-	108,214	-	-	-
97.042 Homeland Security Grant	12,391	-	-	-	-
97.056 Port security grant	249,771	-	-	-	-
97.067 Homeland security grant	159,943	-	-	-	-
Department of Housing & Urban Development					
14.218 CDBG federal grant	-	-	-	2,103,090	-
14.231 Emergency shelter grant	155,430	-	-	-	-
14.238 Shelter Plus Care	37,246	-	-	-	-
14.239 Home federal grant	-	-	-	492,390	-
Department of Interior					
15.226 Payment in lieu of taxes	260,769	108	172	2	34
Department of Justice					
16.527 Safe haven grant	-	-	151,043	-	-
16.710 Law enforcement assistance	8,439	-	-	-	-
Department of Natural Resources					
20.219 Federal Trail Assistance Grant	75,000	-	-	-	-
Department of Transportation					
20.205 Emergency Relief Federally Owned Roads	-	131,620	-	-	-
20.205 Highway planning and construction	-	5,919,536	-	-	-
Total Federal grants	\$ 2,876,083	\$ 6,306,894	\$ 19,112,618	\$ 2,595,482	\$ 34
Other Grants					
Local					
American Bar Association	\$ 258	\$ -	\$ -	\$ -	\$ -
Blue Cross & Blue Shield	-	-	-	-	-
Koochiching County	-	-	-	-	-
Miscellaneous	-	-	-	-	-
MN Power	-	-	-	-	-
Total Other grants	\$ 258	\$ -	\$ -	\$ -	\$ -
Total Grants	\$ 3,563,657	\$ 20,039,100	\$ 34,311,016	\$ 2,746,585	\$ 34
Other Federal					
Department of Justice					
United States Marshals	\$ 1,459	\$ -	\$ -	\$ -	\$ -
Civil Payments	50	-	-	-	-
Total Other Federal	\$ 1,509	\$ -	\$ -	\$ -	\$ -
In-kind Match	-	-	-	161,065	-
Total Intergovernmental Revenue	\$ 17,648,937	\$ 52,699,019	\$ 45,815,229	\$ 2,928,221	\$ 315,577

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants (continued)				
Federal Grants (continued)				
Department of Homeland Security				
97.012 Boating safety financial assurance	-	-	-	30,500
97.036 FEMA Public Assistance	-	-	-	108,214
97.042 Homeland Security Grant	-	-	-	12,391
97.056 Port security grant	-	-	-	249,771
97.067 Homeland security grant	-	-	-	159,943
Department of Housing & Urban Development				
14.218 CDBG federal grant	-	-	-	2,103,090
14.231 Emergency shelter grant	-	-	-	155,430
14.238 Shelter Plus Care	-	-	-	37,246
14.239 Home federal grant	-	-	-	492,390
Department of Interior				
15.226 Payment in lieu of taxes	14	1	-	261,100
Department of Justice				
16.527 Safe haven grant	-	-	-	151,043
16.710 Law enforcement assistance	-	-	-	8,439
Department of Natural Resources				
20.219 Federal Trail Assistance Grant	-	-	-	75,000
Department of Transportation				
20.205 Emergency Relief Federally Owned Roads	-	-	-	131,620
20.205 Highway planning and construction	-	-	-	5,919,536
Total Federal grants	<u>\$ 14</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 30,891,126</u>
Other Grants				
Local				
American Bar Association	\$ -	\$ -	\$ -	\$ 258
Blue Cross & Blue Shield	-	-	16,129	16,129
Koochiching County	-	24,000	-	24,000
Miscellaneous	1,709	-	-	1,709
MN Power	77,132	-	-	77,132
Total Other grants	<u>\$ 78,841</u>	<u>\$ 24,000</u>	<u>\$ 16,129</u>	<u>\$ 119,228</u>
Total Grants	<u>\$ 78,855</u>	<u>\$ 406,356</u>	<u>\$ 233,382</u>	<u>\$ 61,378,985</u>
Other Federal				
Department of Justice				
United States Marshals	\$ -	\$ -	\$ -	\$ 1,459
Civil Payments	-	-	-	50
Total Other Federal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,509</u>
In-kind Match	-	-	-	161,065
Total Intergovernmental Revenue	<u>\$ 275,138</u>	<u>\$ 407,990</u>	<u>\$ 237,315</u>	<u>\$ 120,327,426</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Direct		
Recovery Act of 2009: Capital Improvement and Maintenance	10.687	\$ 65,842
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	\$ 734,102
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	2,256,756
Passed Through Minnesota Department of Finance		
Schools and Roads - Grants to States	10.665	<u>1,576,362</u>
Total Department of Agriculture		<u>\$ 4,633,062</u>
U.S. Department of Housing and Urban Development		
Direct		
Community Development Block Grants ~ Entitlement Grants	14.218	\$ 2,103,090
Emergency Solutions Grant Program	14.231	155,430
Shelter Plus Care	14.238	37,246
Home Investment Partnerships Program	14.239	<u>492,390</u>
Total Department of Housing and Urban Development		<u>\$ 2,788,156</u>
U.S. Department of the Interior		
Direct		
Payments in Lieu of Taxes	15.226	<u>\$ 261,100</u>
U.S. Department of Justice		
Direct		
Supervised Visitation, Safe Havens for Children	16.527	\$ 151,043
Passed Through City of Virginia		
Public Safety Partnership and Community Policing Grants	16.710	<u>8,439</u>
Total Department of Justice		<u>\$ 159,482</u>
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction Cluster		
Highway Planning and Construction	20.205	\$ 5,817,193
Passed Through Minnesota Department of Natural Resources		
Highway Planning and Construction Cluster		
Recreational Trails Program	20.219	<u>75,000</u>
Total Department of Transportation		<u>\$ 5,892,193</u>

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, 2014
(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	109,047
Universal Newborn Hearing Screening	93.251	\$ 4,100
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	900
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	88,575
PPHF: Community Transformation Grants and National Dissemination and Support for		
Community Transformation Grants - financed solely by Prevention and Public Health Funds	93.531	36,565
Temporary Assistance for Needy Families	93.558	343,551
(Total Temporary Assistance for Needy Families 93.558 \$3,637,611)		
Maternal and Child Health Services Block Grant to the States	93.994	218,197
Passed Through Minnesota Department of Human Services		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	62,288
Promoting Safe and Stable Families	93.556	156,268
Temporary Assistance for Needy Families	93.558	3,294,060
(Total Temporary Assistance for Needy Families 93.558 \$3,637,611)		
Child Support Enforcement	93.563	3,587,919
Refugee and Entrant Assistance - State Administered Programs	93.566	87
Child Care and Development Block Grant	93.575	103,690
Stephanie Tubbs Jones Child Welfare Services Program	93.645	37,051
Foster Care Title IV-E	93.658	1,577,324
Social Services Block Grant	93.667	1,549,733
Chafee Foster Care Independence Program	93.674	42,311
Medical Assistance Program	93.778	4,829,671
Total Department of Health and Human Services		\$ 16,041,337

U.S. Department of Homeland Security

Passed Through Minnesota Department of Natural Resources		
Boating Safety Financial Assistance	97.012	\$ 30,500
Passed Through Minnesota Department of Public Safety		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	623,772
Emergency Management Performance Grants	97.042	92,025
Port Security Grant Program	97.056	249,771
Homeland Security Grant Program	97.067	146,285
Total Department of Homeland Security		\$ 1,142,353

Total Federal Awards		\$ 30,917,683
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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, 2014

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, 2014. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

Subrecipients

CFDA Number	Program Name	Amount Provided to Subrecipients
14.218	Community Development Block Grants ~ Entitlement Grants	\$ 1,877,857
14.239	Home Investment Partnerships Program	<u>417,527</u>
Total		<u>\$ 2,295,384</u>

American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.

Clusters

Clusters of programs are groupings of closely related programs that share common compliance requirements. Total expenditures by cluster are:

Highway Planning and Construction Cluster	\$ <u>5,892,193</u>
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ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Reconciliation of Intergovernmental Revenue	Federal CFDA Number	Amount
Federal grant revenue per Schedule of Intergovernmental Revenue		\$ 30,891,126
Unavailable Revenue in 2014 - grants received more than 60 days after year-end		
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 (Disaster)	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 (Basic Sliding Fee)	93.575	8,390
Medical Assistance Program (SSTS Administration)	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 Grants	97.042	79,634
Unavailable in 2013 recognized as revenue in 2014		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	(81,900)
Highway Planning and Construction (Regular)	20.205	(713,160)
Highway Planning and Construction (Disaster)	20.205	(146,168)
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	(1,745)
Medical Assistance Program (SSTS Administration)	93.778	(256,602)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (BSF)	93.575	(5,384)
Child Care Development Block Grant (MFIP)	93.596	(2,349)
Foster Care Title IV-E (SSTS Administration)	93.658	(87,674)
Disaster Grants - Public Assistance (Forest Roads)	97.036	(84,127)
Disaster Grants - Public Assistance (Regular)	97.036	(1,165,464)
Homeland Security Grant Program	97.067	(6,706)
Homeland Security Grant Program	97.067	(2,664)
Homeland Security Grant Program	97.067	(4,288)
Total expenditures per Schedule of Expenditures of Federal Awards		<u>\$ 30,917,683</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.

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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				
	2005	2006	2007	2008	2009
Governmental activities					
Invested in capital assets, net	\$ 284,598,787	\$ 304,712,967	\$ 326,996,032	\$ 345,956,633	\$ 363,819,364
Restricted	26,905,894	36,452,547	29,341,037	27,151,369	20,822,222
Unrestricted	77,188,234	68,069,867	79,097,149	87,088,512	112,106,602
Total governmental activities net position	<u>\$ 388,692,915</u>	<u>\$ 409,235,381</u>	<u>\$ 435,434,218</u>	<u>\$ 460,196,514</u>	<u>\$ 496,748,188</u>
Business-type activities					
Invested in capital assets, net	\$ 14,201,467	\$ 13,331,890	\$ 13,059,476	\$ 13,081,334	\$ 12,126,524
Restricted	1,354,381	1,432,450	3,077,821	1,781,917	1,790,325
Unrestricted	8,846,260	13,628,137	11,359,532	13,408,307	16,270,035
Total business-type activities net position	<u>\$ 24,402,108</u>	<u>\$ 28,392,477</u>	<u>\$ 27,496,829</u>	<u>\$ 28,271,558</u>	<u>\$ 30,186,884</u>
Primary government					
Invested in capital assets, net	\$ 298,800,254	\$ 318,044,857	\$ 340,055,508	\$ 359,037,967	\$ 375,945,888
Restricted	28,260,275	37,884,997	32,418,858	28,933,286	22,612,547
Unrestricted	86,034,494	81,698,004	90,456,681	100,496,819	128,376,637
Total primary government net position	<u>\$ 413,095,023</u>	<u>\$ 437,627,858</u>	<u>\$ 462,931,047</u>	<u>\$ 488,468,072</u>	<u>\$ 526,935,072</u>

Schedule 1

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

Fiscal Year				
2010	2011	2012	2013	2014
\$ 392,758,196	\$ 433,944,576	\$ 476,247,100	\$ 522,018,741	\$ 556,683,649
21,835,970	21,522,115	21,033,269	19,020,809	26,589,973
119,053,455	128,221,487	128,898,798	136,593,657	134,070,739
<u>\$ 533,647,621</u>	<u>\$ 583,688,178</u>	<u>\$ 626,179,167</u>	<u>\$ 677,633,207</u>	<u>\$ 717,344,361</u>

\$ 12,172,253	\$ 7,438,866	\$ 8,714,173	\$ 8,300,834	\$ 7,672,802
2,010,475	1,893,627	1,981,320	2,041,416	2,331,286
15,869,797	14,283,036	12,409,842	12,111,328	11,941,099
<u>\$ 30,052,525</u>	<u>\$ 23,615,529</u>	<u>\$ 23,105,335</u>	<u>\$ 22,453,578</u>	<u>\$ 21,945,187</u>

\$ 404,930,449	\$ 441,383,442	\$ 484,961,273	\$ 530,319,575	\$ 564,356,451
23,846,445	23,415,742	23,014,589	21,062,225	28,921,259
134,923,252	142,504,523	141,308,640	148,704,985	146,011,838
<u>\$ 563,700,146</u>	<u>\$ 607,303,707</u>	<u>\$ 649,284,502</u>	<u>\$ 700,086,785</u>	<u>\$ 739,289,548</u>

Schedule 2

ST. LOUIS COUNTY, MINNESOTA

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

(accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses				
Governmental activities				
General government	\$ 29,100,780	\$ 30,763,681	\$ 31,815,617	\$ 30,790,310
Public safety	36,138,644	41,611,706	44,565,536	46,231,906
Highways and streets	46,721,613	35,704,013	41,594,052	41,898,297
Health and sanitation	6,148,241	6,824,984	6,151,830	5,019,721
Human services	61,265,538	65,667,980	68,325,769	71,497,759
Culture and recreation	1,314,472	1,601,310	1,415,848	2,217,578
Conservation of natural resources	6,941,801	8,374,838	6,452,175	9,841,091
Economic development	4,318,448	4,602,756	3,767,037	4,012,705
Interest on long-term debt	1,696,061	1,996,722	1,794,534	1,912,118
Bond issuance costs	-	-	-	-
Total governmental activities expenses	<u>193,645,598</u>	<u>197,147,990</u>	<u>205,882,398</u>	<u>213,421,485</u>
Business-type activities				
Environmental services	6,247,826	6,226,992	6,758,724	7,600,096
Chris Jensen Health and Rehabilitation Center	15,283,241	14,946,088	14,933,759	14,840,837
Other Enterprise Funds	<u>3,081,251</u>	<u>3,222,799</u>	<u>3,251,808</u>	<u>2,089,958</u>
Total business-type activities expenses	<u>24,612,318</u>	<u>24,395,879</u>	<u>24,944,291</u>	<u>24,530,891</u>
Total primary government expenses	<u>\$ 218,257,916</u>	<u>\$ 221,543,869</u>	<u>\$ 230,826,689</u>	<u>\$ 237,952,376</u>
Program Revenues				
Governmental activities:				
Charges for services and other program revenues:				
General government	\$ 8,132,846	\$ 7,841,220	\$ 12,215,938	\$ 11,482,301
Public safety	1,887,999	1,999,799	2,536,485	2,963,073
Highways and streets	1,613,892	2,226,187	2,962,882	3,004,798
Health and sanitation	1,911,070	1,679,313	1,395,939	1,428,622
Human services	19,394,617	21,066,096	22,486,494	10,991,429
Culture and recreation	-	-	-	-
Conservation of natural resources	14,713,043	13,052,500	(930,630)	9,886,026
Economic development	27,004	20,967	20,614	20,599
Operating grants and contributions	40,133,061	40,729,196	37,952,947	49,880,675
Capital grants and contributions	9,860,471	13,356,070	17,609,562	15,284,247
Total governmental activities program revenues	<u>97,674,003</u>	<u>101,971,348</u>	<u>96,250,231</u>	<u>104,941,770</u>
Business-type activities:				
Charges for services:				
Environmental services	5,557,064	5,712,990	5,984,570	6,042,288
Chris Jensen Health and Rehabilitation Center	14,644,607	14,347,019	13,951,140	14,349,753
Other Enterprise Funds	3,167,878	3,091,419	2,714,043	2,202,381
Operating grants and contributions	474,575	461,436	460,943	481,473
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>23,844,124</u>	<u>23,612,864</u>	<u>23,110,696</u>	<u>23,075,895</u>
Total primary government program revenues	<u>\$ 121,518,127</u>	<u>\$ 125,584,212</u>	<u>\$ 119,360,927</u>	<u>\$ 128,017,665</u>
Net (Expense)/Revenue				
Governmental activities	\$ (95,971,595)	\$ (95,176,642)	\$ (109,632,167)	\$ (108,479,715)
Business-type activities	(768,194)	(783,015)	(1,833,595)	(1,454,996)
Total primary government net expense	<u>\$ (96,739,789)</u>	<u>\$ (95,959,657)</u>	<u>\$ (111,465,762)</u>	<u>\$ (109,934,711)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	\$ 80,830,475	\$ 85,847,071	\$ 93,731,489	\$ 97,474,934
Property taxes, levied for debt service	5,518,701	5,605,148	5,937,083	5,888,289
State shared	27,435,818	25,698,357	25,594,606	22,839,111
Federal shared	1,186,130	1,195,773	1,206,209	1,697,018
Investment earnings	4,127,976	7,939,433	9,000,989	4,316,482
Contributions to Permanent Fund	107,310	-	-	-
Miscellaneous	168,919	169,017	233,916	298,913
Special Items - capital asset adjustments	(1,003,816)	-	-	-
Transfers	-	(3,871,044)	126,712	(395,105)
Total governmental activities	<u>118,371,513</u>	<u>122,583,755</u>	<u>135,831,004</u>	<u>132,119,642</u>
Business-type activities				
Taxes				
Property taxes, levied for general purposes	-	-	-	1,009,304
Property taxes, levied for debt service	194,310	169,525	164,322	119,271
Investment earnings	407,840	732,815	899,876	706,045
Miscellaneous	-	-	461	-
Transfers	-	3,871,044	(126,712)	395,105
Total business-type activities	<u>602,150</u>	<u>4,773,384</u>	<u>937,947</u>	<u>2,229,725</u>
Total primary government	<u>\$ 118,973,663</u>	<u>\$ 127,357,139</u>	<u>\$ 136,768,951</u>	<u>\$ 134,349,367</u>
Changes in Net Position				
Governmental activities	\$ 22,399,918	\$ 27,407,113	\$ 26,198,837	\$ 23,639,927
Business-type activities	(166,044)	3,990,369	(895,648)	774,729
Total primary government	<u>\$ 22,233,874</u>	<u>\$ 31,397,482</u>	<u>\$ 25,303,189</u>	<u>\$ 24,414,656</u>

Unaudited

Schedule 2

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

	2009	2010	2011	2012	2013	2014
\$	35,989,696	\$ 34,923,640	\$ 37,211,681	\$ 40,057,174	\$ 42,135,549	\$ 49,666,414
	46,993,281	46,550,865	46,282,905	53,050,539	46,974,978	54,501,618
	38,988,375	39,287,999	39,094,710	52,605,339	48,091,104	49,163,367
	4,816,622	5,277,745	5,167,926	4,579,000	4,786,016	4,795,994
	72,399,548	72,962,372	72,784,119	75,901,001	75,225,112	79,419,419
	1,863,936	3,052,386	2,582,543	2,042,815	2,482,810	2,177,850
	6,960,833	7,909,680	7,824,835	7,958,287	8,225,572	9,087,657
	4,464,249	3,608,417	4,037,357	3,132,056	3,100,381	2,879,553
	2,197,175	1,586,786	1,612,315	1,699,853	1,203,827	2,181,891
	-	-	-	-	148,166	-
	214,673,715	215,159,890	216,598,391	241,026,064	232,373,515	253,873,763
	7,655,438	6,501,817	7,783,082	7,995,131	8,130,015	7,972,128
	12,421,108	-	-	-	-	-
	571,964	1,312,236	8,526	49,899	48,195	10,064
	20,648,510	7,814,053	7,791,608	8,045,030	8,178,210	7,982,192
\$	235,322,225	\$ 222,973,943	\$ 224,389,999	\$ 249,071,094	\$ 240,551,725	\$ 261,855,955
\$	15,151,024	\$ 13,268,257	\$ 17,749,722	\$ 18,416,982	\$ 19,316,681	\$ 18,259,101
	2,712,253	3,908,406	4,203,835	4,268,919	4,245,110	4,686,528
	3,096,066	6,430,144	4,631,854	4,195,936	3,708,564	3,480,798
	350,133	672,376	838,042	882,484	859,257	561,034
	14,756,252	14,329,286	13,516,911	14,265,463	13,083,377	12,747,627
	-	122,000	142,000	56,439	(4,000)	-
	6,014,724	7,775,116	6,729,070	6,300,430	6,312,179	7,641,654
	22,403	18,295	350	400	3,150	918,752
	54,379,254	49,068,231	52,511,057	66,758,879	65,621,839	72,374,834
	16,410,218	22,845,507	23,101,507	27,019,539	27,827,909	19,725,748
	112,892,327	118,437,618	123,424,348	142,165,471	140,974,066	140,396,076
	5,428,774	5,986,389	6,198,634	6,303,257	6,233,859	6,096,029
	11,386,268	-	-	-	-	-
	685,307	71,991	11,726	102,410	26,843	19,146
	481,833	495,045	498,219	564,809	594,766	407,990
	-	-	-	-	30,700	-
	17,982,182	6,553,425	6,708,579	6,970,476	6,886,168	6,523,165
\$	130,874,509	\$ 124,991,043	\$ 130,132,927	\$ 149,135,947	\$ 147,860,234	\$ 146,919,241
\$	(101,781,388)	\$ (96,722,272)	\$ (93,174,043)	\$ (98,860,593)	\$ (91,399,449)	\$ (113,477,687)
	(2,666,328)	(1,260,628)	(980,640)	(1,074,554)	(1,292,042)	(1,459,027)
\$	(104,447,716)	\$ (97,982,900)	\$ (94,154,683)	\$ (99,935,147)	\$ (92,691,491)	\$ (114,936,714)
\$	104,321,529	\$ 104,647,533	\$ 105,775,760	\$ 115,310,996	\$ 119,179,161	\$ 121,198,926
	5,888,439	5,912,874	6,315,569	5,319,270	5,001,699	6,154,941
	24,129,399	20,032,790	20,138,989	16,949,124	15,941,883	18,091,331
	2,835,929	2,618,909	1,848,440	1,853,339	1,731,840	1,755,887
	4,250,285	1,011,023	3,260,011	2,129,116	1,240,530	3,367,682
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	2,512,402
	(3,092,519)	(601,424)	5,875,831	(210,263)	(241,624)	(429,628)
	138,333,062	133,621,705	143,214,600	141,351,582	142,853,489	152,651,541
	1,087,379	403,116	247,739	216,972	305,413	247,871
	-	-	-	-	-	-
	401,756	121,729	171,736	137,125	93,248	273,137
	-	-	-	-	-	-
	3,092,519	601,424	(5,875,831)	210,263	241,624	429,628
	4,581,654	1,126,269	(5,456,356)	564,360	640,285	950,636
\$	142,914,716	\$ 134,747,974	\$ 137,758,244	\$ 141,915,942	\$ 143,493,774	\$ 153,602,177
\$	36,551,674	\$ 36,899,433	\$ 50,040,557	\$ 42,490,989	\$ 51,454,040	\$ 39,173,854
	1,915,326	(134,359)	(6,436,996)	(510,194)	(651,757)	(508,391)
\$	38,467,000	\$ 36,765,074	\$ 43,603,561	\$ 41,980,795	\$ 50,802,283	\$ 38,665,463

Unaudited

Schedule 3

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund				
Nonspendable	\$ -	\$ 97,813	\$ 5,018	\$ 5,701
Restricted	4,736,411	4,752,904	4,552,771	4,746,726
Committed	10,118,815	10,406,664	10,742,199	11,326,277
Assigned	1,393,731	1,969,146	4,707,925	2,707,193
Unassigned	<u>22,821,211</u>	<u>22,857,499</u>	<u>24,273,534</u>	<u>25,983,807</u>
Total general fund	<u>\$ 39,070,168</u>	<u>\$ 40,084,026</u>	<u>\$ 44,281,447</u>	<u>\$ 44,769,704</u>
All Other Governmental Funds				
Nonspendable	\$ 10,383,580	\$ 11,342,421	\$ 12,954,842	\$ 13,253,457
Restricted	7,004,870	12,389,045	12,476,312	12,400,040
Committed	27,181,073	29,829,825	25,524,779	25,292,493
Assigned	<u>34,776,816</u>	<u>25,342,634</u>	<u>22,395,314</u>	<u>39,415,462</u>
Total all other government funds	<u>\$ 79,346,339</u>	<u>\$ 78,903,925</u>	<u>\$ 73,351,247</u>	<u>\$ 90,361,452</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 5,401	\$ 57,180	\$ 216,648	\$ 579,845	\$ 622,749	\$ 882,776
5,120,775	5,461,407	5,683,399	5,254,603	4,979,981	5,600,518
12,474,039	11,764,815	11,807,038	11,396,647	11,128,188	11,198,786
4,785,564	7,995,336	9,190,115	10,827,022	11,461,139	13,297,528
23,534,358	22,449,169	29,938,027	32,583,721	33,250,927	35,349,694
<u>\$ 45,920,137</u>	<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>
\$ 14,271,607	\$ 14,454,353	\$ 14,884,876	\$ 15,387,618	\$ 15,682,953	\$ 17,415,185
4,394,009	4,211,782	3,650,901	3,380,146	28,609,661	9,299,382
26,844,154	26,337,512	24,381,395	25,031,803	22,165,433	21,046,801
40,921,318	53,051,317	51,906,341	41,606,201	47,465,396	53,105,776
<u>\$ 86,431,088</u>	<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>

Schedule 4

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues				
Taxes	\$ 86,468,064	\$ 90,929,063	\$ 99,497,719	\$ 102,853,734
Licenses	149,306	156,606	157,871	159,704
Intergovernmental	95,226,136	98,882,892	98,421,879	99,521,527
Charges for services	10,082,260	12,029,779	20,667,976	20,470,751
Fines and forfeits	967,127	201,088	189,882	200,291
Earnings on investments	3,633,796	7,011,940	7,899,118	3,459,176
Gifts and contributions	169,154	12,457	21,889	11,721
Land and timber sales	10,293,444	11,753,426	7,230,255	7,656,960
Miscellaneous	4,511,866	4,312,043	3,879,124	5,179,133
Total revenues	<u>211,501,153</u>	<u>225,289,294</u>	<u>237,965,713</u>	<u>239,512,997</u>
Expenditures				
General government	29,017,182	29,573,303	32,298,957	33,244,633
Public safety	34,963,469	40,881,994	43,236,476	45,060,321
Highways and streets	33,458,062	32,083,124	34,346,944	36,234,934
Health and sanitation	6,328,366	6,547,383	6,062,129	5,268,999
Human services	60,302,517	66,254,073	67,984,104	71,500,433
Culture and recreation	1,253,974	1,539,447	1,415,848	2,217,578
Conservation of natural resources	6,708,815	7,317,595	9,727,227	8,927,491
Economic development	4,323,387	4,641,791	3,706,320	3,953,672
Debt service:				
Principal	4,878,581	5,428,091	5,627,329	5,857,261
Interest and other charges	1,704,141	1,987,288	1,777,563	1,882,726
Bond issuance costs	-	-	-	151,518
Capital outlay	<u>24,670,343</u>	<u>29,426,501</u>	<u>39,754,334</u>	<u>24,266,667</u>
Total Expenditures	<u>207,608,837</u>	<u>225,680,590</u>	<u>245,937,231</u>	<u>238,566,233</u>
Excess of revenues over (under) expenditures	<u>3,892,316</u>	<u>(391,296)</u>	<u>(7,971,518)</u>	<u>946,764</u>
Other Financing Sources (Uses)				
Transfers in	4,064,829	6,675,213	7,105,726	3,144,884
Transfers (out)	(4,064,829)	(10,546,257)	(6,828,194)	(3,359,995)
Bonds issued	6,115,000	7,845,000	5,000,000	14,960,000
Premium on bonds issued	-	-	-	-
Sale of capital assets	899,565	-	-	-
Refunding bonds issued	2,840,000	-	-	-
Premium on refunding bonds issued	-	-	-	-
Refunding bonds redeemed	-	(2,940,000)	-	-
Bond premium proceeds	168,361	87,863	33,416	93,104
Bond proceeds remitted to joint venture	-	-	-	-
Total other financing sources (uses)	<u>10,022,926</u>	<u>1,121,819</u>	<u>5,310,948</u>	<u>14,837,993</u>
Net change in fund balances	<u>\$ 13,915,242</u>	<u>\$ 730,523</u>	<u>\$ (2,660,570)</u>	<u>\$ 15,784,757</u>
Debt service as a percentage of noncapital expenditures	3.6%	3.8%	3.6%	3.7%

Unaudited

Schedule 4

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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 109,059,182	\$ 109,879,942	\$ 111,689,434	\$ 120,938,486	\$ 123,709,378	\$ 127,734,734
164,724	162,363	141,491	167,889	149,444	311,378
103,392,997	108,368,210	109,516,961	117,323,896	119,509,790	119,682,121
20,567,474	22,990,395	26,264,862	27,602,297	28,032,924	27,189,262
129,810	191,041	223,409	276,085	162,624	137,528
3,661,413	726,839	2,910,684	1,840,869	1,047,515	2,994,443
8,830	20,014	8,433	8,231	7,945	8,982
6,939,323	8,677,995	6,903,181	5,790,449	6,925,052	8,007,234
4,577,267	5,259,132	4,592,934	5,393,940	4,716,580	4,554,843
<u>248,501,020</u>	<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>
34,418,680	33,498,818	36,775,477	37,907,421	40,135,037	41,551,894
45,292,287	44,557,197	45,379,001	51,101,699	47,268,433	46,673,255
31,514,275	32,067,873	32,073,766	43,267,909	39,139,593	38,392,604
4,903,147	5,258,702	5,350,896	4,733,399	5,111,826	4,946,831
72,775,244	73,195,199	74,451,490	75,180,107	76,075,893	79,113,396
1,863,936	3,052,386	2,582,543	2,042,815	2,482,810	2,177,850
7,199,476	8,431,306	7,864,462	7,410,014	8,335,366	8,793,370
4,431,255	3,631,866	3,992,412	3,103,683	3,021,975	2,851,579
5,166,374	5,478,358	5,944,670	4,774,990	16,697,490	6,997,490
2,256,848	1,603,635	1,597,362	1,387,050	1,196,565	2,492,340
-	-	-	-	148,166	-
<u>32,247,888</u>	<u>39,526,133</u>	<u>46,812,865</u>	<u>56,209,840</u>	<u>56,705,471</u>	<u>67,260,570</u>
<u>242,069,410</u>	<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>6,431,610</u>	<u>5,974,458</u>	<u>(573,555)</u>	<u>(7,776,785)</u>	<u>(12,057,373)</u>	<u>(10,630,654)</u>
4,299,401	7,914,293	9,521,747	3,813,281	6,369,095	8,724,703
(6,094,780)	(7,575,694)	(3,642,033)	(2,613,593)	(6,360,992)	(10,293,379)
-	7,135,000	-	-	25,290,000	5,470,000
-	-	-	-	1,045,018	213,897
-	-	-	-	-	2,512,402
-	-	-	-	14,390,000	-
-	-	-	-	1,086,183	-
(7,795,000)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(5,253,000)
<u>(9,590,379)</u>	<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>\$ (3,158,769)</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>
3.5%	3.4%	3.5%	2.7%	7.5%	4.1%

Unaudited

Schedule 5

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

Fiscal Year Ended December 31	Residential Homestead Property	Agricultural Property	Commercial/ Industrial Property	Non- Homestead Residential Property
2005	68,144,773	3,250,079	25,640,672	11,016,672
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

Source: St. Louis County Auditor

Schedule 5

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

Commercial/ Residential Seasonal/ Recreational Property	Total Net Tax Capacity	Total County Tax Rate Per \$100 of Taxable Net Tax Capacity	Estimated Market Value	Total Net Tax Capacity as a Percentage of Estimated Market Value
10,757,806	118,810,002	68.9902	11,926,897,700	1.00%
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%

Schedule 6

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

Fiscal Year Ended December 31,	County Direct Tax Rates Per \$100 of Taxable Net Tax Capacity				
	General Levy	Debt Service Levy	Regional Library Levy	County-wide Enterprise Fund	Total
2005	63.1792	5.3789	0.4321	-	68.9902
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

Source: St. Louis County Auditor

Schedule 6

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

Overlapping Rates				
Independent School District #94	Independent School District #381	Independent School District #698	Independent School District #707	Independent School District #2142
30.6592	19.1340	41.4278	80.7038	3.8191
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

Schedule 7

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

Taxpayer	2014			2005		
	Net Tax Capacity Value	Rank	Percentage of Total Taxable Net Tax Capacity Value	Taxable Tax Capacity	Rank	Percentage of Total Taxable Net Tax Capacity Value
Allete, Inc.	\$ 5,334,461	1	3.37%	\$ 3,400,332	1	2.86%
Wisconsin Central LTD (1)	3,502,012	2	2.21%			
Enbridge Energy LTD Partnership	2,279,779	3	1.44%	563,249	5	0.47%
Great River Energy	851,082	4	0.54%			
Miller Hill Mall Co	810,228	5	0.51%			
American Transmission Co LLC	746,574	6	0.47%			
Menard, Inc.	715,318	7	0.45%			
Duluth Clinic	704,114	8	0.44%			
Burlington No/Santa Fe Railway Co	698,784	9	0.44%			
Cliffs Mining Services	617,771	10	0.39%			
Consolidated Papers, Inc.				926,016	2	0.78%
Trinity Court				679,318	3	0.57%
Great Lakes Gas Transmission Co				596,645	4	0.50%
Duluth Winnipeg & Pacific RR (2)				522,406	6	0.44%
DMIR Railway				489,633	7	0.41%
Northern States Power Co				473,882	8	0.40%
IRET Properties				424,560	9	0.36%
USX Corp				335,556	10	0.28%
	<u>\$ 16,260,123</u>		<u>10.26%</u>	<u>\$ 8,411,597</u>		<u>7.07%</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

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (3)	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2005	67,615,098	65,797,651	97.31%	1,377,891	67,175,542	99.35%
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%	-	101,096,787	97.39%

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
2005	42,752,926	547,836	2,940,000	482,900
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	-	-

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

Business Activities			
General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
320,000	47,043,662	0.75%	239
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	Not Available	278

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)			
2005	42,752,926	547,836	2,940,000	4,820,996	42,201,631	0.35%	211
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

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, 2013

Governmental Unit	Debt Outstanding	Percentage Applicable*	Share of Debt
Direct Debt			
St. Louis County	\$ 55,844,034	100.00%	\$ 55,844,034
Overlapping Debt			
School District #94	21,180,000	4.93%	1,045,189
School District #381	28,990,000	16.41%	4,756,057
School District #698	4,484,529	95.61%	4,287,623
School District #707	231,000	47.77%	110,345
School District #2142	65,138,478	98.81%	64,365,078
Western Lake Superior Sanitary District	47,048,320	83.35%	39,214,345
Subtotal, overlapping debt			<u>113,778,637</u>
Total Direct and Overlapping Debt			<u><u>\$ 169,622,671</u></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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Market value of taxable property	\$ 10,797,377,000	\$ 12,149,201,810	\$ 13,344,940,438	\$ 14,676,662,476
Debt limit (2% of market value)	215,947,540	242,984,036	266,898,809	-
Debt limit (3% of market value) *	-	-	-	440,299,874
Debt applicable to limit:				
General obligation bonds	46,560,761	46,005,052	45,288,054	54,360,051
Less: Amount set aside for repayment of general obligation debt	<u>(4,820,996)</u>	<u>(9,887,917)</u>	<u>(10,147,911)</u>	<u>(9,734,039)</u>
Total net debt applicable to limit	41,739,765	36,117,135	35,140,143	44,626,012
Legal debt margin	<u>\$ 174,207,775</u>	<u>\$ 206,866,901</u>	<u>\$ 231,758,666</u>	<u>\$ 395,673,862</u>
Total net debt applicable to the limit as a percentage of the debt limit	19.33%	14.86%	13.17%	10.14%

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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 15,750,647,100	\$ 16,204,768,400	\$ 16,151,981,500	\$ 14,545,032,989	\$ 14,297,999,600	\$ 14,488,302,620
-	-	-	-	-	-
472,519,413	486,143,052	484,559,445	436,350,990	428,939,988	434,649,079
41,402,284	43,002,885	37,147,326	32,405,943	57,405,903	55,844,034
(1,556,513)	(1,329,888)	(1,146,870)	(1,091,624)	(4,181,175)	(1,658,107)
39,845,771	41,672,997	36,000,456	31,314,319	53,224,728	54,185,927
<u>\$ 432,673,642</u>	<u>\$ 444,470,055</u>	<u>\$ 448,558,989</u>	<u>\$ 405,036,671</u>	<u>\$ 375,715,260</u>	<u>\$ 380,463,152</u>
8.43%	8.57%	7.43%	7.18%	12.41%	12.47%

Schedule 13

ST. LOUIS COUNTY, MINNESOTA
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (4)	Personal Income (thousands of dollars) (1)	Per Capita Personal Income (1)	Annual Average Labor Force (2)	School Enrollment (3)	Unemployment Rate (2)
2005	196,552	6,236,876	31,731	102,632	26,659	5.1%
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	Not Available	Not Available	104,067	25,072	4.3%

Sources:

- (1) - US Department of Commerce, Bureau of Economic Analysis (<http://www.bea.gov/regional/index.htm> - Available March '14)
- (2) - Minnesota Department of Employment and Economic Development (<http://www.positivelyminnesota.com/apps/lmi/laus/>)
- (3) - Minnesota Department of Education (<http://w20.education.state.mn.us/MDEAnalytics/Data.jsp>) - December 2014
- (4) - US Bureau of Census (factfinder2.census.gov)

Schedule 14

ST. LOUIS COUNTY, MINNESOTA
Principal Employers
Current Year and Ten Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
St. Mary's/Duluth Clinic Health System (Essentia Health)	6,026	1	5.79%	4,665	1	4.55%
St. Louis County	1,759	2	1.69%	2,126	3	2.07%
University of Minnesota Duluth	1,639	3	1.57%	1,700	4	1.66%
St. Luke's Hospital	1,554	4	1.49%	1,592	5	1.55%
Duluth Public Schools	1,426	5	1.37%	1,426	7	1.39%
Minnesota Taconite (US Steel)	1,390	6	1.34%	1,500	6	1.46%
Uniprise (United Health Care)	1,368	8	1.31%	-		
Allete	1,322	7	1.27%	1,400	8	1.36%
Duluth Air National Guard Base	1,068	9	1.03%	-		
City of Duluth	850	10	0.82%	-		
Benedictine Healthcare System				3,593	2	3.50%
Canadian National Railway				1,100	10	1.07%
Minntac				1,189	9	1.16%
Total	<u>18,402</u>		<u>17.68%</u>	<u>20,291</u>		<u>19.77%</u>

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/static/hrdata/Employee_Head_Counts_2005_2012.pdf)

Schedule 15

ST. LOUIS COUNTY, MINNESOTA
Full-time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	Full-time Equivalent Employees			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government	410.20	414.70	424.20	427.30
Public safety	274.70	277.70	276.70	278.60
Highways and streets	323.00	323.00	323.00	321.00
Health and sanitation	99.25	100.25	90.75	91.25
Human services	511.80	509.80	509.80	520.80
Conservation of natural resources	64.00	64.00	64.00	69.00
Environmental services	40.00	40.00	40.00	42.00
Chris Jensen	246.40	226.10	234.65	190.40
Other Enterprise Funds	<u>45.78</u>	<u>45.78</u>	<u>46.78</u>	<u>41.97</u>
Total	<u><u>2,015.13</u></u>	<u><u>2,001.33</u></u>	<u><u>2,009.88</u></u>	<u><u>1,982.32</u></u>

Notes:

Internal Service Funds are included with the general government function.
 In 2005, The State of MN took over the Courts (previously included in 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

Full-time Equivalent Employees					
2009	2010	2011	2012	2013	2014
416.10	398.90	397.90	406.60	415.60	417.40
275.60	276.60	279.10	281.10	281.10	277.10
301.00	316.00	316.00	319.00	319.00	319.00
64.10	65.40	65.40	58.40	60.40	58.15
523.80	520.50	519.50	530.50	544.50	565.75
69.00	68.00	68.00	68.00	70.00	70.15
52.00	52.00	51.00	51.00	51.00	51.00
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,701.60</u>	<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>

Schedule 16

**ST. LOUIS COUNTY, MINNESOTA
Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year			
	2005	2006	2007	2008
General Government				
Auditor's Office				
Checks Issued	39,814	40,225	38,483	30,519
Motor Vehicle Driver's License	17,294	17,642	17,543	18,785
Motor Vehicle Passports	4,658	6,951	8,207	6,048
Motor Vehicle Transactions	48,854	49,247	49,908	50,363
Planning - Building Permits Issued				
Single Family Dwelling	337	312	265	209
Other	795	739	659	593
Public Safety				
Sheriff's Department				
Arrests	1,929	1,651	1,383	1,245
Traffic Citations	2,818	3,151	2,054	2,603
Mines				
Mine Investigations and Inspections (1)	534	675	722	749
Highways and Streets				
Road and Bridge				
Miles of Overlay	7.19	1.62	0.75	0.61
Miles of Mill Overlay	2	-	-	-
Miles of Reclaim Overlay	-	19	17.60	20
Miles of Mill Reclaim Overlay	-	4	-	6
Miles of Construction	7.08	13.25	10.80	6.01
Miles of Bridge Constructed	-	0.02	0.01	0.06
Tons of Crushing	372,600.00	386,200.00	398,500.00	345,100.00
Miles of Crack Seal	60	47	19	74
Miles of Chip Seal (2)	-	-	-	-
Miles of Micro Seal (2)	-	-	-	-
Health and Human Services				
Health				
Public Health Home Visits	8,740	7,145	6,798	5,560
Public Health Nursing Service Screenings	2,339	3,501	2,262	2,037
Human Services				
Unduplicated Children in Out of Home Placement	712	702	725	770
Financial Assistance Cases	18,500	18,750	19,169	20,823
Child Support Cases	11,200	11,000	11,455	11,600
Persons Receiving DD (prev MR/RC) Waivered Services	707	702	677	681
Purchased Social Services (2)	\$ 113,170,010	\$ 119,215,990	\$ 125,925,606	\$ 125,497,474
Social Services Administrative costs (3)	\$ 22,366,144	\$ 20,733,845	\$ 22,068,291	\$ 23,791,246
Conservation of Natural Resources				
Land				
Total Acres of Tax Forfeit Lands	895,193	894,682	893,623	892,938
Contracts Sold	114	118	204	128
Closed Sales	118	100	72	97
Acres Harvested	10,593	7,828	6,073	6,885
Average Size of Sale (Acres)	90	78	84	71
Harvest Volume (Cords)	232,627	174,294	117,711	146,355
Cords Per Sale	1,971	1,743	1,635	1,509
Value	\$ 8,165,974	\$ 6,661,905	\$ 4,728,720	\$ 5,091,656
Average Value Per Sale	\$ 69,203	\$ 66,619	\$ 65,677	\$ 52,491
Average Value Per Cord	\$ 35	\$ 38	\$ 40	\$ 35
Average Value Per Cut Acre	\$ 771	\$ 851	\$ 779	\$ 740
Volume Per Cut Acre (Cords)	22	22	19	21
Value Per Tax Forfeit Acre	\$ 9	\$ 7	\$ 5	\$ 6
Environmental Services				
Tons of Municipal Solid Waste Landfilled	53,066	54,039	54,006	54,265
Tons of Industrial Waste Landfilled	8,621	9,362	7,359	6,219
Tons of Demolition Collected	4,844	4,715	6,395	5,888
Chris Jensen (4)				
Licensed Beds (5)	205	205	205	189
Capacity - Resident Days	74,825	74,825	74,825	69,174
Occupancy - Resident Days	72,214	71,734	68,626	63,581
Occupancy Percentage Rate	96.51%	95.87%	91.72%	91.91%
RUGS (6)	1.17	1.10	1.06	1.06
Medicare Resident Days	9,470	6,941	6,237	5,277
Medicaid Resident Days	48,873	46,478	43,212	36,350
Other Resident Days	13,871	18,315	19,177	21,954

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 Grouper) 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					
	2009	2010	2011	2012	2013	2014
	19,406	17,162	15,962	15,862	15,930	15,817
	18,335	18,470	18,755	19,621	15,180	17,707
	7,323	6,203	4,707	5,629	4,707	5,817
	48,747	51,436	53,959	52,944	38,180	52,705
	165	165	152	121	129	144
	474	477	457	508	528	504
	2,118	3,014	2,711	2,253	2,047	1,701
	1,629	2,169	2,643	2,396	2,253	1,855
	754	676	567	436	428	521
	2.00	0.25	3.05	-	-	-
	-	4.02	-	-	-	-
	29.52	17.15	21.62	34.20	11.20	24.80
	8.23	12.90	4.12	22.30	21.70	11.60
	1.18	7.23	11.43	21.70	5.00	1.50
	-	-	-	-	2.27	1.00
	310,182.00	257,009.00	304,288.00	291,296.00	209,965	245,000
	64	-	125	148	106.10	182.00
	-	-	-	-	-	27.00
	-	-	-	-	-	26.40
	4,228	4,493	5,840	6,472	7,476	6,283
	2,517	2,328	2,278	1,830	1,566	2,170
	787	793	735	780	869	963
	22,405	23,016	24,068	23,895	23,877	31,555
	11,549	11,758	11,900	11,917	11,871	11,600
	701	736	745	754	778	766
\$	129,795,521	\$ 134,200,110	\$ 133,734,173	136,101,330	136,201,198	unavailable
\$	26,572,518	\$ 26,735,885	\$ 26,751,337	\$ 25,993,636	\$ 29,750,944	\$ 29,368,786
	892,726	892,642	893,003	893,040	893,193	893,049
	123	118	123	126	119	104
	97	127	134	111	108	108
	7,452	9,843	10,650	10,783	8,228	10,056
	77	78	79	97	76	93
	158,248	214,308	231,159	215,749	157,618	207,439
	1,631	1,687	1,725	1,944	1,459	1,921
\$	4,043,085	\$ 5,014,940	\$ 5,137,017	\$ 4,766,023	\$ 3,405,448	\$ 4,598,436
\$	41,681	\$ 39,488	\$ 38,336	\$ 42,937	\$ 31,532	\$ 42,578
\$	26	\$ 23	\$ 22	\$ 22	\$ 22	\$ 22
\$	543	\$ 509	\$ 482	\$ 442	\$ 414	\$ 457
	21	22	22	20	19	21
\$	5	\$ 6	\$ 6	\$ 5	\$ 4	\$ 5
	50,312	49,784	51,346	52,007	51,573	51,320
	2,794	8,963	12,304	12,675	14,647	1,466
	5,640	6,016	6,990	8,791	9,153	9,561
	189	-	-	-	-	-
	68,985	-	-	-	-	-
	49,517	-	-	-	-	-
	86.18%	0.00%	0.00%	0.00%	0.00%	0.00%
	1.09	-	-	-	-	-
	3,814	-	-	-	-	-
	32,095	-	-	-	-	-
	13,608	-	-	-	-	-

Unaudited

Schedule 17

ST. LOUIS COUNTY, MINNESOTA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Courthouses	3	3	3	3	3	3	3	3	3	3
Motor Pool Vehicles	109	117	126	126	126	127	138	131	135	142
Office Buildings	1	1	1	1	1	1	1	2	2	3
Parking Ramp	2	2	2	2	2	2	2	2	2	2
Public Safety										
Vehicles	123	121	121	122	121	143	147	166	172	166
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
Highways and Streets										
Vehicles	210	214	242	225	220	221	218	220	231	227
Miles of County Road	1,578	1,583	1,578	1,582	1,588	1,573	1,576	1,600	1,594	1,266
Miles of County State Aid Road	1,385	1,385	1,385	1,383	1,385	1,385	1,392	1,392	1,392	1,389
Number of Bridges	605	604	598	597	597	596	594	594	601	596
Garages and Storage Buildings	86	86	88	84	84	86	88	90	91	91
Graders, Loaders and Heavy Trucks	394	400	417	396	378	376	383	380	376	374
Health and Sanitation										
Nursing Homes	1	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	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	51	50	52	57	45	46	46	47	49	48
Offices and Garages	8	8	8	8	8	8	8	8	8	8
Graders, Loaders and Heavy Trucks	11	14	13	13	11	12	13	13	13	13

Sources:

St. Louis County Auditor
Individual County Departments