COMMITTEE OF THE WHOLE AGENDA
Board of Commissioners, St. Louis County, Minnesota

September 2, 2014
Immediately following the Board Meeting, which begins at 9:30 A.M.
Commissioners' Conference Room, St. Louis County Courthouse, Duluth, MN

CONSENT AGENDA:

All matters listed under the consent agenda are considered routine and/or non-controversial and will be enacted by one unanimous motion. If a commissioner requests, or a citizen wishes to speak on an item on the consent agenda, it will be removed and handled separately.

Minutes of August 12, 2014

Health & Human Services Committee, Commissioner Stauber, Chair

1. Northern Habilitative Services Semi-Independent Living Services Contract ***[14-318]***

Environment & Natural Resources Committee, Commissioner Dahlberg, Chair

2. Approve Canister Site Compacted Solid Waste Haulage and Rescind County Board Resolution No. 14-351 ***[14-319]***
3. Special Sale to the Ely Economic Development Authority ***[14-320]***
4. Award of Bid: 2014 Bud Capping Application ***[14-321]***

Finance & Budget Committee, Commissioner Nelson, Chair

5. Abatement List for Board Approval ***[14-322]***
6. Acceptance of County Veterans Service Office Operational Enhancement Grant ***[14-323]***

REGULAR AGENDA:

For items on the Regular Agenda, citizens will be allowed to address the Board at the time a motion is on the floor.

Health & Human Services Committee, Commissioner Stauber, Chair

1. Applications for Appointments to the Heading Home St. Louis County Leadership Council *[14-324]*
Resolution authorizing the County Auditor to advertise for interested persons to serve on the Heading Home St. Louis County Leadership Council.

Public Works & Transportation Committee, Commissioner Raukar, Chair

1. Award of Bid: Bridge Project in Portage Township *[14-325]*
Resolution authorizing an award of bid to low bidder KGM Contracts, Inc., of Angora, MN.

Finance & Budget Committee, Commissioner Nelson, Chair

1. Unorganized Township Road Levy – FY 2015 *[14-326]*
Resolution certifying the levy for Unorganized Township Road Maintenance for tax year 2015.

2. HRA 2015 Proposed Levy *[14-327]*
Resolution certifying the HRA maximum property tax levy for tax year 2015.

3. Hibbing Motor Pool Canopy Construction Project *[14-328]*
Resolution authorizing an agreement with Lenci Enterprises of Virginia, MN for the construction of a motor pool canopy on the grounds of the Hibbing Annex/Courthouse.

4. State Auditor's Management and Compliance Report for St. Louis County ***[14-329]***
County Auditor Dicklich and Finance & Budget Chair Commissioner Nelson will be present to lead the discussion.

COMMISSIONER DISCUSSION ITEMS AND REPORTS:
At this time, Commissioners may introduce items for discussion or report on past and future activities.

ADJOURNED:

NEXT COMMITTEE OF THE WHOLE MEETING DATES:
September 9, 2014 Commissioners' Conference Room, Duluth, MN
September 23, 2014 Babbitt City Hall, 71 South Drive, Babbitt, MN
October 7, 2014 Commissioners' Conference Room, Duluth, MN

BARRIER FREE: *All St. Louis County Board meetings are accessible to the handicapped. Attempts will be made to accommodate any other individual needs for special services. Please contact St. Louis County Property Management (218-725-5085) early so necessary arrangements can be made.*

COMMITTEE OF THE WHOLE
ST. LOUIS COUNTY BOARD OF COMMISSIONERS

Tuesday, August 12, 2014

Location: Floodwood Fair Building, Floodwood, Minnesota

Present: Commissioners Jewell, Boyle, Dahlberg, Stauber, Nelson, Raukar, and Chair Forsman

Absent: None

Convened: Chair Forsman called the meeting to order at 10:11 a.m.

CONSENT AGENDA

Raukar/Nelson moved to approve the consent agenda. The motion passed. (7-0)

- Minutes of August 5, 2014
- Authorize PHHS Department to Enter into Contracts with Chore Services Providers and for Home Modification Projects *[14-301]*
- Cancellation of Contract for Repurchase of State Tax Forfeited Land – Schweiger *[14-302]*
- Reinstatement of a Contract Repurchase of State Tax Forfeited Land – Friend *[14-303]*
- Public Sale of State Tax Forfeited Properties on October 9, 2014 *[14-304]*
- Purchase of Pile Driver/Extractor *[14-305]*
- Property Management Office Remodeling Construction Services Agreement *[14-306]*
- Thermal Energy Agreements with Ever-Green Energy – Duluth *[14-307]*
- Establish Public Hearing to Consider Allegations of Liquor Law Violation – Bimbo's Inc. (French Township) – 9:40 a.m., Tuesday, September 23, 2014, Babbitt City Hall, Babbitt, MN *[14-308]*
- Establish Public Hearing to Consider Allegations of Liquor Law Violation – Martinson Log Cabin, Inc. (Angora Township) – 9:45 a.m., Tuesday, September 23, 2014, Babbitt City Hall, Babbitt, MN *[14-309]*
- Establish Public Hearing to Consider Off-Sale Intoxicating Liquor License (Unorganized Township 56-17) – 9:50 a.m., Tuesday, September 23, 2014, Babbitt City Hall, Babbitt, MN *[14-310]*

REGULAR AGENDA

Environment & Natural Resources Committee

A discussion was held regarding Aquatic Invasive Species Prevention Aid. Barb Hayden, Director of Planning and Community Development, discussed the program. At 10:51 a.m. discussion of this topic was ended to begin discussion of the time specific 2015 Public Safety Budget presentation.

A recess was taken from 10:51 a.m. – 11:01 a.m.

Finance & Budget Committee

A presentation and discussion occurred regarding the 2015 Public Safety Budget. St. Louis County Deputy Administrator Linnea Mirsch, County Attorney Mark Rubin, Sheriff Ross Litman, and Arrowhead Regional Corrections Executive Director Kay Arola, discussed public safety trends and budget goals.

Environment & Natural Resources Committee

Discussion resumed regarding Aquatic Invasive Species Prevention Aid until 12:23 p.m.

Public Works & Transportation Committee

Dahlberg/Raukar moved to award a bid to A+ Landscaping, LLC, Duluth, MN, in the amount of $173,839.00 for project SAP 69-654-005/WO 204676 (Storm) located on County State Aid Highway (CSAH) 54/Piedmont Avenue between CSAH 91/Haines Road and North 24th Avenue West in Duluth, MN *[14-258]*. The motion passed. (7-0)

Nelson/Rauker moved to award a bid to Greystone Construction Co. of Shakopee, MN in the amount of $485,800.00 for the construction of a salt-sand storage building in Virginia. The motion passed. (7-0)

COMMISSIONER DISCUSSION ITEMS

Commissioner Nelson spoke about the North Shore Soil and Water Conservation and how people need help through the regulatory process.

Commissioner Nelson pointed out two corrections to an article relating to the land swap discussion held during the August 5, 2014 St. Louis County Board meeting. The article incorrectly stated Commissioner Nelson moved the resolution relating to the Sale of State Tax Forfeited (Class B) Lands; the resolution was moved by Commissioner Dahlberg and supported by Commissioner Nelson. The article also incorrectly stated that Commissioner Nelson left the Board meeting early; the official record indicates Commissioner Nelson was present until the meeting was adjourned. Commissioner Nelson discussed safety concerns and research he has done relating the land involved in the proposed land swap.

Chair Forsman noted that after reviewing Commissioner Nelson's research information, he agrees there is a public safety issue.

At 12:43 p.m., Nelson/Dahlberg moved to adjourn the Committee of the Whole meeting. The motion passed. (7-0)

_____

Mike Forsman, Chair of the County Board

_____

Phil Chapman, Clerk of the County Board

BOARD LETTER NO. 14 - 318

HEALTH & HUMAN SERVICES COMMITTEE CONSENT NO. 1

BOARD AGENDA NO.

DATE: **September 2, 2014**

RE: **Northern Habilitative Services Semi-Independent Living Services Contract**

FROM: **Kevin Z. Gray**
County Administrator

Ann M. Busche, Director
Public Health & Human Services

RELATED DEPARTMENT GOAL:
Adults will live in the least restrictive living arrangements that meet their health and safety needs. Adults will be self-sufficient, providing for their own welfare and that of their children.

ACTION REQUESTED:
The St. Louis County Board is requested to authorize a new agreement for Semi-Independent Living Services (SILS) with Northern Habilitative Services, Inc. (NHS) of Chisholm, MN.

BACKGROUND:
The St. Louis County Board has had an agreement with H.O.M.E.S., Inc. to provide SILS in Hibbing and Virginia for over twenty years. NHS has acquired the northern Minnesota business operations of H.O.M.E.S., Inc. to include the SILS services that are based in Hibbing and Virginia, effective August 1, 2014. NHS plans to continue providing SILS to customers with developmental disabilities effective August 1, 2014.

Semi-independent living services are paid for by state funding with a 30% county match. The current rate for SILS is $27.76 per hour as adopted by the County Board on August 5, 2014 by Board Resolution No. 14-433.

RECOMMENDATION:
It is recommended that the St. Louis County Board authorize a purchase of service contract with Northern Habilitative Services, Inc. of Chisholm, MN, for the purchase of Semi-Independent Living Services effective August 1, 2014 through June 30, 2015 at the rate of $27.76 per hour, to be accounted for in Fund 230, Agency 232006, Object 605200.

Northern Habilitative Services Semi-Independent Living Services Contract

BY COMMISSIONER _____

WHEREAS, St. Louis County purchases Semi-Independent Living Services (SILS) for residents with developmental disabilities; and

WHEREAS, Contracts for these services were renewed with H.O.M.E.S., Inc. on August 5, 2014 as authorized by County Board Resolution No. 14-433; and

WHEREAS, Northern Habilitative Services, Inc. (NHS) of Chisholm, MN has acquired the northern Minnesota business operations of H.O.M.E.S., Inc., to include the SILS services that are based in Hibbing and Virginia, effective August 1, 2014; and

WHEREAS, NHS is prepared and qualified to continue providing SILS services to clients in this area; and

WHEREAS, The Public Health and Human Services Department recognizes an ongoing need for SILS and supports a contract with NHS to provide these services ~~in St. Louis County~~;

THEREFORE, BE IT RESOLVED, That the St. Louis County Board authorize the appropriate county officials to execute a purchase of service contract with Northern Habilitative Services, Inc. of Chisholm, MN, for the purchase of Semi-Independent Living Services effective August 1, 2014 through June 30, 2015 at the rate of $27.76 per hour, to be accounted for in Fund 230, Agency 232006, Object 605200.

BOARD LETTER NO. 14 - 319

ENVIRONMENT & NATURAL RESOURCES COMMITTEE
CONSENT NO. 2

BOARD AGENDA NO.

DATE: **September 2, 2014**

RE: **Approve Canister Site Compacted Solid Waste Haulage Contracts and Rescind County Board Resolution No. 14-351**

FROM: **Kevin Z. Gray**
County Administrator

RELATED DEPARTMENTAL GOAL:
To pursue effective and efficient waste management programs to enhance services to residents and businesses.

ACTION REQUESTED:
The St. Louis County Board is requested to authorize contracts with Waste Management Inc. and Northern Minnesota Recycling to provide haulage of compacted mixed solid waste from county canister sites to the Virginia Regional Landfill, and rescind County Board Resolution No. 14-351, dated June 10, 2014.

BACKGROUND:
In May 2014, private companies were asked to bid on waste haulage for canister sites grouped together based on geographic location and the disposal site. The bidding proposed a charge for each time containers were hauled from the canister sites to the Regional Landfill and emptied. The contract term is two (2) years, with two additional one-year extensions. The current canister site compacted waste haulage contracts expired June 30, 2014.

County Board Resolution No. 14-351 authorized the appropriate county officials to enter into contracts with the low bidders for this service. However, the resolution only shows annual totals and these are two year contracts. County Board authorization is necessary for the total cost of the full two year contracts.

To keep the cost of haulage as low as possible, a fuel adjustment clause was included in the request for bids. The fuel price was set on the day of bid opening and compensation or reimbursement will be calculated each month.

The bid prices were as follows:

Canister Site:			Annual Cost	Two Year Total
Cotton	**Northern MN Recycling (Virginia)**	**$185/pull**	**$3,145**	**$6,290**
	Waste Management Inc.	$203/pull	$3,451	
County 77	**Waste Management Inc. (Duluth)**	**$190/pull**	**$5,320**	**$10,640**
	Northern MN Recycling	$195/pull	$5,460	
French	**Northern MN Recycling**	**$195/pull**	**$6,630**	**$13,260**
	Waste Management Inc.	$198/pull	$6,732	
Lavell	**Northern MN Recycling**	**$165/pull**	**$6,600**	**$13,200**
	Waste Management Inc.	$175/pull	$7,000	
Orr	**Northern MN Recycling**	**$235/pull**	**$3,290**	**$6,580**
Portage	**Northern MN Recycling**	**$290/pull**	**$2,610**	**$5,220**
Soudan	**Waste Management Inc.**	**$190/pull**	**$9,880**	**$19,760**

RECOMMENDATION:
It is recommended that the St. Louis County Board authorize acceptance of the lowest bid for each of the sites listed above at an estimated contract cost of $30,400 with Waste Management Inc. and an estimated contract cost of $44,550 with Northern Minnesota Recycling, plus possible fuel adjustment charges, payable from Fund 600, Agency 603001. It is also recommended that County Board Resolution No. 14-351, dated June 10, 2014, be rescinded.

Approve Canister Site Compacted Solid Waste Haulage Contracts and Rescind County Board Resolution No. 14-351

BY COMMISSIONER _____

WHEREAS, St. Louis County requires a contractor to haul compacted mixed solid waste from its canister sites to the Regional Landfill for disposal; and

WHEREAS, The haulage service was competitively bid in May 2014 with bids received on each site; and

WHEREAS, County Board Resolution No. 14-351, dated June 10, 2014 authorized annual contract costs; however these are two year contracts and County Board authorization is necessary for the total of the full two year contracts;

THEREFORE, BE IT RESOLVED, That the St. Louis County Board authorizes two year contracts beginning July 1, 2014, with the option of two additional one-year extensions, with Waste Management Inc. for an estimated contract cost of $30,400 plus possible fuel adjustment charges and Northern Minnesota Recycling for an estimated contract cost of $44,550 plus possible fuel adjustment charges payable from Fund 600, Agency 603001.

Canister Site:			Annual Cost	Two Year Total
Cotton	Northern MN Recycling (Virginia)	$185/pull	$3,145	$6,290
County 77	Waste Management Inc. (Duluth)	$190/pull	$5,320	$10,640
French	Northern MN Recycling	$195/pull	$6,630	$13,260
Lavell	Northern MN Recycling	$165/pull	$6,600	$13,200
Orr	Northern MN Recycling	$235/pull	$3,290	$6,580
Portage	Northern MN Recycling	$290/pull	$2,610	$5,220
Soudan	Waste Management Inc.	$190/pull	$9,880	$19,760

RESOLVED FURTHER, That County Board Resolution No. 14-351, dated June 10, 2014, is rescinded.

Resolution
of the
Board of County Commissioners
St. Louis County, Minnesota
Adopted on: June 10, 2014 Resolution No. 14-351
Offered by Commissioner: Nelson

Canister Site Compacted Solid Waste Haulage

WHEREAS, St. Louis County requires a contractor to haul compacted mixed solid waste from its canister sites to the Regional Landfill for disposal; and

WHEREAS, The haulage service was competitively bid in May 2014 with bids received on each site;

THEREFORE, BE IT RESOLVED, That the St. Louis County Board authorizes a two-year contract beginning July 1, 2014, with the option of two (2) additional one-year extensions, for an estimated annual cost of $37,475 plus possible fuel adjustment charges, payable from Fund 600, Agency 603001, with the following haulers for the amount listed per haul:

Canister Site		
Cotton	Northern MN Recycling	$185/haul
County 77	Waste Management, Inc.	$190/haul
French	Northern MN Recycling	$195/haul
Lavell	Northern MN Recycling	$165/haul
Orr	Northern MN Recycling	$235/haul
Portage	Northern MN Recycling	$290/haul
Soudan	Waste Management, Inc.	$190/haul

Commissioner Nelson moved the adoption of the Resolution and it was declared adopted upon the following vote:
Yeas – Commissioners Jewell, Boyle, Dahlberg, Nelson, Raukar and Vice-Chair Stauber - 6
Nays – None
Absent – Chair Forsman - 1

STATE OF MINNESOTA
Office of County Auditor, ss.
County of St. Louis

I, **DONALD DICKLICH**, Auditor of the County of St. Louis, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 10th day of June, A.D. 2014, and that this is a true and correct copy.

WITNESS MY HAND AND SEAL OF OFFICE at Duluth, Minnesota, this 10th day of June, A.D., 2014.

DONALD DICKLICH, COUNTY AUDITOR

By

Deputy Auditor/Clerk of the County Board

BOARD LETTER NO. 14 - 320

ENVIRONMENT & NATURAL RESOURCES COMMITTEE
CONSENT NO. 3

BOARD AGENDA NO.

DATE: **September 2, 2014**

RE: **Special Sale to the Ely Economic Development Authority**

FROM: **Kevin Z. Gray**
County Administrator

Mark Weber, Director
Land and Minerals

Donald Dicklich
County Auditor

RELATED DEPARTMENTAL GOALS:
Financial return to the county and taxing districts.

ACTION REQUESTED:
The St. Louis County Board is requested to authorize the sale of state tax forfeited lands to the Ely Economic Development Authority (EEDA).

BACKGROUND:
The EEDA has asked to acquire two parcels of state tax forfeited land for the purpose of economic redevelopment:

030-0010-01020 – LOTS 9 AND 10, BLOCK 9, ELY (State Theater)
030-0010-01040 – LOTS 11 AND 12, BLOCK 9, ELY (Salerno Building)

These properties are considered blighted by the City of Ely, as they are vacant, deteriorating and pose a potential public safety hazard as bricks continue to fall off the alley side of the buildings. Minnesota Stat. § 282.01, Subd. 1a. (d.) allows for non-conservation tax forfeited land to be sold to a governmental subdivision for less than market value to correct blighted conditions.

RECOMMENDATION:
It is recommended that the St. Louis County Board approve the following sale of state tax forfeited lands to the EEDA:

Parcel 030-0010-01020: $500 plus the following fees: 3% assurance fee of $15, deed fee of $25, deed tax of $1.65, and recording fee of $46; for a total of $587.65, to be deposited into Fund 240 (Forfeited Tax Fund).

Parcel 030-0010-01040: $5,000 plus the following fees: 3% assurance fee of $150, deed fee of $25, deed tax of $16.50, and recording fee of $46; for a total of $5,237.50, to be deposited into Fund 240 (Forfeited Tax Fund).

Special Sale to the Ely Economic Development Authority

BY COMMISSIONER _____

WHEREAS, The Ely Economic Development Authority has requested to purchase the following described state tax forfeited land for the price of $500, plus fees, for the purpose of economic redevelopment:

Legal: City of Ely
LOTS 9 AND 10, BLOCK 9, ELY
Parcel Code: 030-0010-01020
LDKey: 118207

WHEREAS, Minn. Stat. § 282.01, Subd. 1(a) authorizes the sale of state tax forfeited land to an organized governmental subdivision for any public purpose for which the subdivision is authorized to acquire property; and

WHEREAS, This parcel of land has not been withdrawn from sale pursuant to Minn. Stat. § 85.012, 92.461, 282.01, Subd. 8; and 282.018, and other statutes that require the withholding of state tax forfeited lands from sale; and

WHEREAS, Minn. Stat. § 282.01, Subd. 1a.(d) allows for non-conservation tax forfeited land to be sold to a governmental subdivision for less than market value if a reduced price is necessary to provide an incentive to correct blighted conditions; and

WHEREAS, This parcel of land has been classified as non-conservation land pursuant to Minnesota Statutes Section 282.01;

THEREFORE, BE IT RESOLVED, That the St. Louis County Board approves the sale of state tax forfeited land, as described, to the Ely Economic Development Authority for the price of $500 plus the following fees: 3% assurance fee of $15, deed fee of $25, deed tax of $1.65, and recording fee of $46; for a total of $587.65, to be deposited into Fund 240 (Forfeited Tax Fund).

RESOLVED FURTHER, That the St. Louis County Auditor shall offer for sale at public auction the state tax forfeited land described here if the Ely Economic Development Authority does not purchase the land by December 31, 2014.

St. Louis County Land & Minerals Department
Tax Forfeited Land Sales

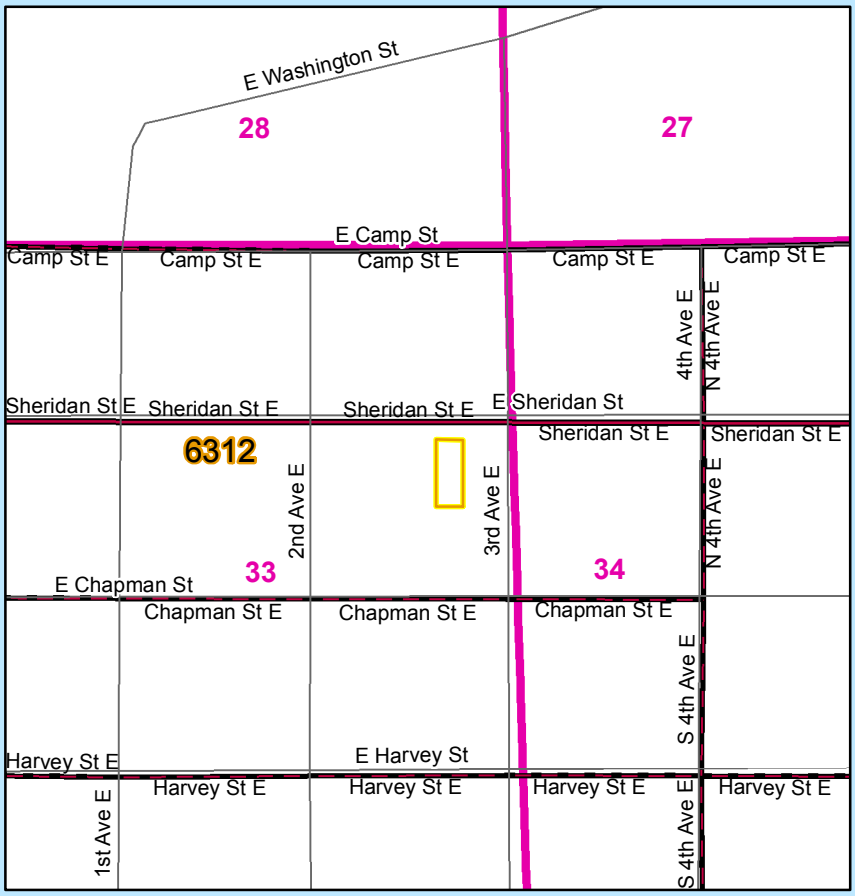
Special Sale

Legal: CITY OF ELY
LOTS 9 AND 10, BLOCK 9
ELY

Parcel Code: 030-0010-01020

LDKEY: 118207

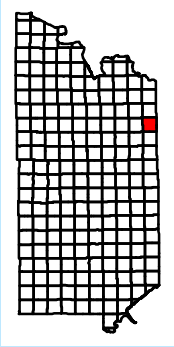
Address: 234 SHERIDAN ST E
ELY, MN 55731



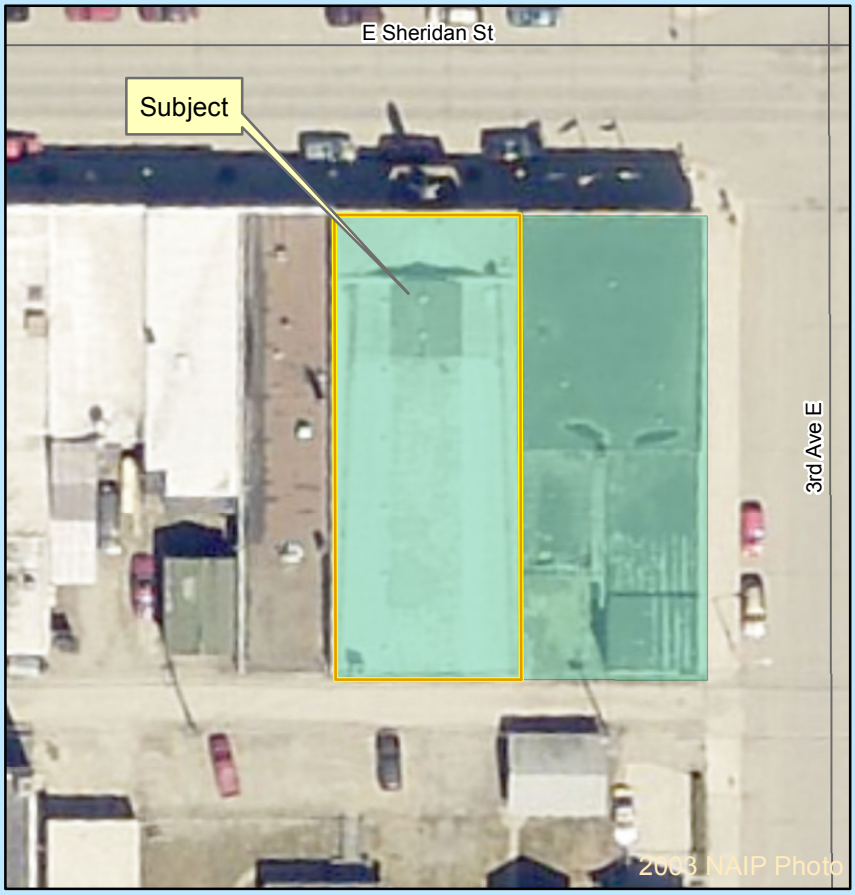
City of Ely Sec: 33 Twp: 63 Rng: 12

Commissioner District # 4

- State Tax Forfeited Land
- Water
- Road
- Area of Interest
- Tract



St. Louis County, Minnesota



This drawing is neither a legally recorded map nor a survey and is not intended to be used as such. This drawing is a compilation of recorded information and data located in various city, county, state and federal offices. St. Louis County is not responsible for any incorrectness herein.

St. Louis County Land & Minerals Department

September 2014

Special Sale to the Ely Economic Development Authority

BY COMMISSIONER _____

WHEREAS, The Ely Economic Development Authority has requested to purchase the following described state tax forfeited land for the price of $5,000, plus fees, for the purpose of economic redevelopment:

Legal: City of Ely
LOTS 11 AND 12, BLOCK 9, ELY
Parcel Code: 030-0010-01040
LDKey: 105074

WHEREAS, Minn. Stat. § 282.01, Subd. 1(a) authorizes the sale of state tax forfeited land to an organized governmental subdivision for any public purpose for which the subdivision is authorized to acquire property; and

WHEREAS, This parcel of land has not been withdrawn from sale pursuant to Minn. Stat. § 85.012, 92.461, 282.01, Subd. 8; and 282.018, and other statutes that require the withholding of state tax forfeited lands from sale; and

WHEREAS, Minn. Stat. § 282.01, Subd. 1a.(d) allows for non-conservation tax forfeited land to be sold to a governmental subdivision for less than market value if a reduced price is necessary to provide an incentive to correct blighted conditions; and

WHEREAS, This parcel of land has been classified as non-conservation land pursuant to Minnesota Statutes Section 282.01;

THEREFORE, BE IT RESOLVED, That the St. Louis County Board approves the sale of state tax forfeited land, as described, to the Ely Economic Development Authority for the price of $5,000 plus the following fees: 3% assurance fee of $150, deed fee of $25, deed tax of $16.50, and recording fee of $46; for a total of $5,237.50, to be deposited into Fund 240 (Forfeited Tax Fund).

RESOLVED FURTHER, That the St. Louis County Auditor shall offer for sale at public auction the state tax forfeited land described here if the Ely Economic Development Authority does not purchase the land by December 31, 2014.

St. Louis County Land & Minerals Department
Tax Forfeited Land Sales

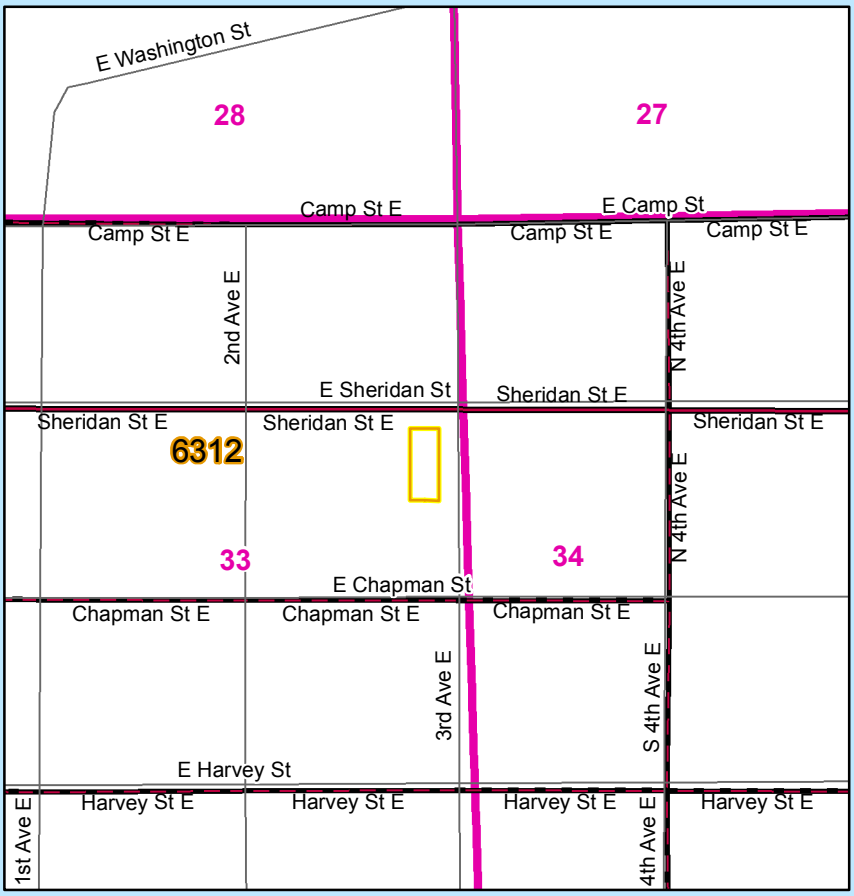
Special Sale

Legal: CITY OF ELY
LOTS 11 AND 12, BLOCK 9
ELY

Parcel Code: 030-0010-01040

LDKEY: 105074

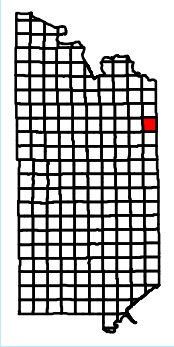
Address: 242 SHERIDAN ST E
ELY, MN 55731



City of Ely Sec: 33 Twp: 63 Rng: 12

Commissioner District # 4

- State Tax Forfeited Land
- Water
- Road
- Area of Interest
- Tract



St. Louis County, Minnesota

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St. Louis County Land & Minerals Department

September 2014

City of Ely

209 E. Chapman St.
Ely, Minnesota 55731
218-365-3224

August 21, 2014

Mark Weber, Resources Management Supervisor
Land and Minerals Department
Government Services Center
320 West 2nd Street, Rm 607
Duluth, MN 55802-1410

Re: Acquisition of Ely tax forfeit property

Dear Mr. Weber,

First I want to thank you and Karen Zeisler for the extended time and effort you have expended on this project.

On August 19th, the Ely Economic Development Authority (EEDA) unanimously approved that my office request the County to convey two parcels to the EEDA. The intent is that the EEDA will facilitate the re-development of these parcels by conveying them, upon receipt, to a local developer, John Ott, Alley A Realty. Mr. Ott has extensive successful experience in both historic renovation and downtown redevelopment.

The two parcels are as follows:

1. Salerno Building: Lots 11 & 12, Block 9, Original plat of Ely
2. Old State Theater property: Lots 9 & 10, Block 9, Original Plat of Ely

Both of these properties meet the City of Ely's "blight definition" and are in a serious state of deterioration. Additionally, they pose an ongoing public health hazard as bricks continue to fall off the alley side of the buildings.

By accelerating the acquisition process from St. Louis County through the EEDA, Mr. Ott will be able to "stabilize" these buildings before another winter without heat in the structures; an event that could convert what might otherwise be a possible teardown in a few years into a full renovation in 2014-15.

Ely Minnesota

As per our discussions, it's our understanding that the cost of acquisition would be $500.00 for the theater property and $5,000.00 for the Salerno building, plus associated closing and transfer costs. Mr. Ott has agreed to be responsible for the EEDA's costs incurred as a result of this project.

Again, thank you for your assistance. John Fedo, EEDA staff person, and myself are available to attend the County Board meeting, if you feel our attendance would be helpful.

As we all know, it would be a tremendous win-win for all of us if these "high profile" downtown properties can be put back into use as well as provide property taxes.

Sincerely,

Harold R. Langowski P.E.
City Clerk/Treasurer
Email: elyod@ely.mn.us
Office: 218-226-5474
Cell: 218-235-3083

cc: John A. Fedo
Kelly Klun
Commissioner Mike Forsman

BOARD LETTER NO. 14 - 321

ENVIRONMENT & NATURAL RESOURCES COMMITTEE
CONSENT NO. 4

BOARD AGENDA NO.

DATE: **September 2, 2014**

RE: **Award of Bid: 2014 Bud Capping Application**

FROM: **Kevin Z. Gray**
County Administrator

Mark Weber
Land Commissioner

RELATED DEPARTMENTAL GOAL:
To maintain and improve the health and productivity of the forest.

ACTION REQUESTED:
The St. Louis County Board is requested to authorize a contract with Northwoods Forestry, Eleva, WI, for 2014 Bud Capping Application.

BACKGROUND:
The St. Louis County Land and Minerals Department seeks to minimize the effects of deer and rabbit browse on its one to five year old plantations. The application of a “bud cap” over the terminal bud to protect the seedlings during the winter and spring months has proven to be effective. The 2014 Land and Minerals Department budget includes funding for bud capping 2,179.5 acres of state tax forfeited lands. Twelve potential vendors were notified by postcard and DemandStar.

Bids, comprised of fifteen tracts of various acreage, were received from the following vendors:

	Bid Amount
Northwoods Forestry, Eleva, WI	**$ 65,697.05**
E.K. Forestry, Jerome, ID	$108,697.00

RECOMMENDATION:
It is recommended that the St. Louis County Board authorize a contract for 2014 Bud Capping Application with Northwoods Forestry, Eleva, WI, at its low bid of $65,697.05 on fifteen tracts, payable from Fund 290, Agency 29001.

Award of Bid: 2014 Bud Capping Application

BY COMMISSIONER_____

WHEREAS, The St. Louis County Land and Minerals Department seeks to minimize the effects of deer and rabbit browse on its one to five year old plantations through a bud capping application to tree seedlings; and

WHEREAS, The Land and Minerals Department has identified 2,179.5 acres for treatment in 2014; and

WHEREAS, The Purchasing Division solicited bids for Bud Capping Application on state tax forfeited lands for the year of 2014; and

WHEREAS, Northwoods Forestry, Eleva, WI, submitted the low bid of $65,697.05 on fifteen tracts;

THEREFORE, BE IT RESOLVED, That the St. Louis County Board authorizes the appropriate county officials to execute a contract with Northwoods Forestry of Eleva, WI, in the amount of $65,697.05 for Bud Capping Application on state tax forfeited lands during the fall of 2014, in accordance with the specifications of Bid No. 5171, payable from Fund 290, Agency 29001, subject to approval by the County Attorney.

BOARD LETTER NO. 14 - 322

FINANCE & BUDGET COMMITTEE CONSENT NO. 5

BOARD AGENDA NO.

DATE: **September 2, 2014**

RE: **Abatement List for Board Approval**

FROM: **Kevin Z. Gray**
County Administrator

Mark Monacelli, Director
Public Records & Property Valuation

David L. Sipila
County Assessor

RELATED DEPARTMENT GOAL:
The County Assessor will meet all state mandates for classifying and valuing taxable parcels for property tax purposes as outlined in Minn. Stat. § 270 through 273.

ACTION REQUESTED:
The St. Louis County Board is requested to approve the attached abatements.

BACKGROUND:
The intent of abatements is to provide equitable treatment to individual taxpayers while at the same time exercising prudence with the tax monies due to the taxing authorities within St Louis County. Abatements are processed in conformance with St. Louis County Board Resolution No. 861, dated November 30, 1993, outlining the Board's policy on abatement of ad valorem taxes. This Policy provides direction for the abatement of: 1) Current year taxes; 2) Current year penalty and costs; 3) Past year taxes; and 4) Past year penalty, interest, and costs.

RECOMMENDATION:
It is recommended that the St. Louis County Board approve the attached list of abatements.

Abatement List for Board Approval

BY COMMISSIONER _____

RESOLVED, That the St. Louis County Board approves the applications for abatements, correction of assessed valuations and taxes plus penalty and interest, and any additional accrual, identified in County Board File No. 59797.

Abatements Submitted for Approval by the St. Louis County Board on 9/9/2014

PARCEL CODE			AUD NBR		NAME	TYPE	LOCATION	APPRAISER	REASON	YEAR	REDUCTION
140	60	2850	0	15295	AHO, DUANE	R	Hibbing	Tim Marolt	HOMESTEAD	2014	290.58
698	76	130	0	15296	AMSLER, GREGORY	R	63-17	Shannon Cairns	VALUATION	2014	122.72
10	480	750	0	15297	BERG, STEPHEN	R	City of Duluth	Mike Busick	HOMESTEAD	2014	407.36
10	880	3320	0	15311	BLOXHAM, ERIN	R	City of Duluth	Frank Carver	HOMESTEAD	2014	351.30
30	280	130	0	15298	BOLTE, VERONICA	R	Ely	Andrew Olson	HOMESTEAD	2014	603.76
10	2710	5905	0	15312	BORNDAL, ERIC	R	City of Duluth	Frank Carver	HOMESTEAD	2014	334.90
60	50	560	00140	15313	CARPENTER, RONALD	M	Gilbert	Mason Couvier	PP CANCEL	2014	232.72
10	3510	6260	0	15315	ELDER, JASON	R	City of Duluth	Mike Busick	HOMESTEAD	2014	380.00
10	2741	180	0	15299	ENG, CHRISTOPHER	R	City of Duluth	Mike Busick	HOMESTEAD	2014	328.12
395	49	30	0	15314	HARTWIG, BRENT	R	Hermantown	Noah Mittlefehldt	HOMESTEAD	2014	400.86
10	4110	1140	5515	15300	HOFFMAN, JUDITH	M	City of Duluth	Colin Payton	DISABILITY	2014	171.34
10	4110	1140	0256	15301	JAKUBEK, PEGGY	M	City of Duluth	Frank Carver	DISABILITY	2014	104.98
10	4110	1140	10340	15302	JAKUBEK, STANLEY	M	City of Duluth	Frank Carver	DISABILITY	2014	248.74
10	2270	1180	0	15316	JEANETTA, M DANIELLE	R	City of Duluth	Frank Carver	HOMESTEAD	2014	412.80
10	2120	1530	0	15317	JOHNSON, JUSTIN	R	City of Duluth	Mike Busick	HOMESTEAD	2014	411.46
10	2710	7075	0	15318	JOSEPH, DAVID	R	City of Duluth	Frank Carver	HOMESTEAD	2014	345.84
10	4520	16120	0	15319	KOSCHAK, DAVID	R	City of Duluth	Mike Busick	HOMESTEAD	2014	366.36
395	10	2952	2039	15320	MC DONNELL, BARBARA.	M	Hermantown	Noah Mittlefehldt	HOMESTEAD	2014	152.24
10	580	1790	0	15303	MURRAY, KATIE	R	City of Duluth	Mike Busick	HOMESTEAD	2014	393.68
280	15	212	0	15321	PAPPAS, DAVID	R	Canosia	Lana Anderson	VETERAN DISABILITY	2014	139.08
10	133	200	01007	15304	PLEASANT VIEW MOB ES	M	City of Duluth	Colin Payton	PP CANCEL	2014	21.22
10	1350	7450	0	15305	ROMANOFF, STEPHANIE	R	City of Duluth	Bruce Eichorn	HOMESTEAD	2014	757.26
10	4110	1140	7450	15322	ROSAND, DARLENE	M	City of Duluth	Colin Payton	VALUATION	2014	40.32
10	2710	5460	0	15323	SCHEFFLER, JESSICA	R	City of Duluth	Frank Carver	HOMESTEAD	2014	157.20
100	30	1060	0	15306	SCHLICK, EUGENE F	R	Aurora	Tom Carlson	HOMESTEAD	2013	364.04
10	2460	380	0	15307	SCHMIDT, ROBERT	R	City of Duluth	Bemen Carlson	HOMESTEAD	2014	271.16
60	10	1250	0	15308	SORTEDAHL, KRAIG	R	Gilbert	Mason Couvier	HOMESTEAD	2014	86.22
365	6000	51915	0	15309	STOCKE, MARTIN	R	FREDENBERG	Dave Christensen	HOMESTEAD	2014	564.54
105	20	340	0	15310	TINDAL, JAMES	R	Babbitt	David Hillstrom	HOMESTEAD	2014	665.76
10	540	75	0	15324	TONNIS, KAREN	R	City of Duluth	Frank Carver	HOMESTEAD	2014	233.74
10	2710	8070	0	15325	WHITMORE, HAROLD	R	City of Duluth	Frank Carver	HOMESTEAD	2014	277.50
545	10	2480	0	15328	WILENIUS, LEO JR	R	Sturgeon	Shannon Cairns	VALUATION	2014	67.48
545	10	2481	0	15329	WILENIUS, LEO JR.	R	Sturgeon	Shannon Cairns	VALUATION	2012	66.08
545	10	2481	0	15330	WILENIUS, LEO JR.	R	Sturgeon	Shannon Cairns	VALUATION	2013	67.80

PARCEL CODE			AUD NBR		NAME	TYPE	LOCATION	APPRAISER	REASON	YEAR	REDUCTION
545	10	2481	0	15331	WILENIUS, LEO JR.	R	Sturgeon	Shannon Cairns	VALUATION	2014	67.48
545	10	2480	0	15326	WILENIUS, LEO JR.	R	Sturgeon	Shannon Cairns	VALUATION	2012	66.04
545	10	2480	0	15327	WILENIUS, LEO JR.	R	Sturgeon	Shannon Cairns	VALUATION	2013	67.76

BOARD LETTER NO. 14 – 323

FINANCE & BUDGET COMMITTEE CONSENT NO. 6

BOARD AGENDA NO.

DATE: **September 2, 2014** **RE:** **Acceptance of County Veterans Service Office Operational Enhancement Grant**

FROM: **Kevin Gray**
County Administrator

Sherry Rodriguez
County Veterans Service Officer

RELATED DEPARTMENT GOAL:
To assist eligible veterans and their dependents in obtaining all benefits to which they are entitled from the U.S. Department of Veterans Affairs, the Minnesota Department of Veterans Affairs and other agencies providing veterans' services.

ACTION REQUESTED:
The St. Louis County Board is requested to accept a County Veterans Service Office (CVSO) Operational Enhancement Grant from the Minnesota Department of Veterans Affairs (MDVA).

BACKGROUND:
During the 2013 Legislative Session, the structure of the CVSO grant program was modified and state funding increased. The improved program provides an annual base grant to all 87 Minnesota counties in the amount of $7,500. In addition to the base grant, each county is eligible for another funding amount based on the county's veteran population as determined by the United Veterans Administration. St. Louis County will receive an additional $10,000 based on this formula.

Counties have until June 1, 2015 to spend the allocated money on qualified items. By that date, the funds must be spent, documentation of the qualified expenditures received by the MDVA, and any unused funds returned. In order to access the grant funding, a certified County Board Resolution and signed Grant Contract must be received.

RECOMMENDATION:
It is recommended that the St. Louis County Board authorize the acceptance of a County Veterans Service Office Enhancement Grant from the Minnesota Department of Veterans Affairs for $17,500 deposited into Fund 100, Agency 124999, Grant 12403, Year 2013.

Acceptance of County Veterans Service Office Operational Enhancement Grant

BY COMMISSIONER_____

WHEREAS, During the 2013 Legislative Session, the structure of the County Veterans Service Office Enhancement Grant program was modified and state funding increased to provide an annual base grant to all 87 Minnesota counties in the amount of $7,500 plus an additional allocation based on each counties' veterans population to be used for the purpose of enhancing the benefits programs and services provided to Minnesota veterans; and

WHEREAS, On July 29, 2014, St. Louis County received notice from the Minnesota Department of Veterans Affairs (MDVA) that the County Veterans Operational Enhancement Grant was allocated in the amount of a $7,500 base grant and an additional $10,000 based upon the estimated veterans population residing in the county; and

WHEREAS, Counties have until June 1, 2015 to spend the allocated money on qualified items, and by that date, the funds must be spent, documentation of the qualified expenditures received by the MDVA, and any unused funds returned; and

WHEREAS, In order to access the grant funding, a certified County Board Resolution and signed Grant Contract must be received by the Minnesota Department of Veterans Affairs (MDVA);

THEREFORE, BE IT RESOLVED, That the St. Louis County Board agrees to enter into the attached Grant Contract with the Minnesota Department of Veterans Affairs to conduct the following Program: County Veterans Service Office Enhancement Grant, in the amount of $17,500, and authorizes the County Auditor and the appropriate county officials to execute the Grant Contract for the above mentioned Program on behalf of the county;

RESOLVED FURTHER, That the grant must be used to provide outreach to the county's veterans; assist in the reintegration of combat veterans into society; to collaborate with other social service agencies, educational institutions, and other community organizations for the purposes if enhancing services offered to veterans; to reduce homelessness among veterans; and to enhance the operations of the County Veterans Service Office, as specified in Minnesota Laws 2013 Chapter 142, Article 4; and that this Grant should not be used to supplant or replace other funding;

RESOLVED FURTHER, The St. Louis County Veterans Service Office 2014 proposed budget is amended to include receipt of $17,500 from the MNDVA, with funds deposited into Fund 100, Agency 124999, Grant 12403, Year 2014.

Reset Form Print Form

GRANT APPROVAL FORM

GRANT NAME: CVSO Enhancement Grant GRANT AMOUNT: $17,500

GRANTOR: MN Dept. Veterans Affairs MATCH AMOUNT: N/A

FUND: 100 AGENCY: 12499 GRANT: 12403 GRANT YEAR: 2014

AGENCY NAME: St. Louis County Veterans Service Office

CONTACT PERSON: Sherry Rodriguez PHONE: 725-5285

GRANT PERIOD: BEGIN DATE: September 9, 2014 END DATE: June 1, 2015

STATE GRANT AWARD NUMBER OR FEDERAL CFDA # _____

FILL IN THE ABOVE INFORMATION ON THIS FORM AND IDENTIFY THE CATEGORY OF THE GRANT FROM THE CHOICES BELOW. ATTACH THIS FORM TO THE GRANT APPLICATION AND ANY OTHER PERTINENT OTHER DOCUMENTATION AND ROUTE THE PACKET TO THE INDIVIDUALS LISTED FOR THE TYPE OF GRANT.

IT IS ESSENTIAL THAT DEPARTMENTS SUBMIT THE COMPLETED APPROVAL FORM ON THOSE GRANTS THAT DO NOT REQUIRE BOARD RESOLUTION TO THE AUDITOR'S OFFICE ACCOUNTING DEPARTMENT FOR BUDGETING PURPOSES. NO GRANT ACTIVITY WILL BE RECORDED WITHOUT AN ESTABLISHED BUDGET.

GRANTS OF $25,000 OR LESS

A grant of $25,000 or less may be applied for and/or accepted by the department without a separate County Board Resolution if it meets the following:

1. The grant fits within the department's functions, and
2. If the grant requires a County match (not to exceed in money or value an amount equal to the actual grant), and if that match is "in kind", that "in-kind" match is part of the ongoing operations, **or** if the match is monetary, that the department can find the necessary amount within its existing budget.

DOES THIS GRANT QUALIFY UNDER "GRANTS OF $25,000 OR LESS"?

YES ☒ **NO** ☐

If so, this type of grant requires the following review approval:

County Auditor		Date: 8-25-14
County Administrator		Date: 8-28-14
County Attorney		Date:

The Grant Budget must be entered into the accounting system. Send a copy of the grant, this signed approval form and any other pertinent information to the Auditor's Office-Accounting, so the budget can be entered into the system. Without a budget, no expenditures or revenues will be recorded.

NEW GRANTS GREATER THAN $25,000

All new grants that exceed $25,000 and all recurring grants that exceed $25,000 that contain changes in the grant's requirements which may affect either County resources or the scope of the grant need two (2) board resolutions. One board resolution is required to apply for the grant and a second resolution is required to accept the grant.

DOES THIS GRANT QUALIFY UNDER "GRANTS GREATER THAN $25,000"?
YES ☐ NO ☐

If this is a new grant greater than $25,000, it requires the following review approval:

County Auditor _____ Date: _____
County Administrator _____ Date: _____

The Grant Budget must be entered into the accounting system. Send a copy of the grant, this completed approval form and the Board Resolution to the Auditor's Office-Accounting, so a budget can be entered into the system. Without a budget, no expenditures or revenues will be recorded.

RECURRING GRANTS GREATER THAN $25,000

A recurring grant greater than $25,000 that is a repeat of a grant which has been received by the County in past year(s) and that has no changes in the use of County resources or in the scope of the grant, requires one Board Resolution to both apply for and/or accept the grant.

DOES THIS GRANT QUALIFY AS "RECURRING GRANTS GREATER THAN $25,000"?
YES ☐ NO ☐

If yes, this recurring grant greater than $25,000 requires the following review approval:

County Auditor _____ Date: _____
County Administrator _____ Date: _____

The Grant Budget must be entered into the accounting system. Send a copy of the grant, this completed approval form and the Board Resolution to the Auditor's Office-Accounting, so a budget can be entered into the system. Without a budget, no expenditures or revenues will be recorded.

July 29, 2014

Sherry Rodriguez, CVSO
St Louis County
Amendola Building, Suite 130
405 E. Superior St.
Duluth, MN 55802

Re: FY15 Operational Enhancement Grant

Dear CVSO,

During the 2013 Legislative Session, the structure of the CVSO grant program administered by the Minnesota Department of Veterans Affairs (MDVA) was modified and the state funding increased. The improved program provides an annual base grant to all 87 counties in the amount of $7,500. In addition to the base grant, each county is eligible for an additional amount based on the county's veteran population as determined by the USVA as follows:

- $0, if the county has under 1,000 veterans;
- $2,500, if the county has 1,000 to 2,999 veterans;
- $5,000, if the county has 3,000 to 4,999 veterans;
- $7,500, if the county has 5,000 to 9,999 veterans;
- $10,000, if the county has 10,000 to 19,999 veterans;
- $15,000, if the county has 20,000 to 29,999 veterans; and,
- $20,000, if the county has more than 30,000 veterans.

MDVA will follow the same procedures for the Operational Enhancement Grant as with previous department grants. Enclosed with this letter is the county Grant Contract, CVSO Operational Enhancement Grant Items Approved/Disapproved list (Attachment A), the Board Resolution form and instructions. **Please note that any item or expense being considered for payment with these funds that is not on the list MUST receive prior written approval.** Once the signed Grant Contracts and County Resolution are received, MDVA will secure the remaining signatures, provide you with a fully executed original, and electronically transfer the funds to your county treasurer.

You will have until **June 1, 2015** to spend the allotted money on qualified items. By that date, the funds must be spent, documentation of the qualified expenditures received by the MDVA, and any unused funds returned. However, MDVA will not provide any grant dollars to your county until the signed Grant Contract (in triplicate) and a **certified** County Resolution form are received.

Along with the notification of payment to your county auditor/treasurer, you will receive copies of a Compliance Report and an Expenditure form that will have to be filled out, signed and returned by the due date. **All paid receipts, the Compliance Report, the Expenditure form and any unused grant funds over $25.00 must be returned to the MDVA by June 1, 2015. No purchases can be made after that date.**

Please keep in mind that legislation authorizes the department to recover from the county any grant funds that are not used for qualified purchases as outlined in the list of approved expenditures, Attachment A of the Grant Contract.

If you have any questions, please feel free to contact Linda McDonald at linda.mcdonald@state.mn.us or call her at 651-757-1540.

Sincerely,

Brad Lindsay, Senior Director of
Programs and Services
Minnesota Department of Veterans Affairs

Enclosures:
- Grant Contract (3 copies)
- County Resolution
- Instructions

BOARD LETTER NO. 14 – 324

HEALTH & HUMAN SERVICES COMMITTEE NO. 1

BOARD AGENDA NO.

DATE: **September 2, 2014**

RE: **Applications for Appointments to the Heading Home St. Louis County Leadership Council**

FROM: **Kevin Z. Gray**
County Administrator

Ann Busche, Director
Public Health & Human Services

RELATED DEPARTMENT GOAL:
Adults will be self-sufficient, providing for their own welfare and that of their children. Adults will live in the least restrictive living arrangement that meets their health and safety needs.

ACTION REQUESTED:
The St. Louis County Board is requested to authorize the County Auditor to advertise county wide for interested persons to serve on the Heading Home St. Louis County Leadership Council.

BACKGROUND:
On June 14, 2011, the St. Louis County Board adopted Resolution No. 11-339 changing the committee structure of the Heading Home St. Louis County Ten Year Plan to End Homelessness, whereby a Leadership Council was created to serve as the governing body for the local Continuum of Care and the Ten Year Plan. A similar resolution was adopted by the Duluth City Council on June 13, 2011. Nine of the fifteen members of the Leadership Council are appointed by the St. Louis County Board of Commissioners and six members are appointed by the Duluth City Council. Three-year terms for these appointments have been staggered to ensure continuity. The Public Health and Human Services Department would like to update the list of persons interested in a county appointment to the Leadership Council in preparation for filling current and anticipated openings.

RECOMMENDATION:
It is recommended that the St. Louis Board authorize the County Auditor to advertise county wide for interested persons to serve on the Heading Home St. Louis County Leadership Council by notifying county newspapers and posting the application on the county's website.

Applications for Appointments to the Heading Home
St. Louis County Leadership Council

BY COMMISSIONER _____

WHEREAS, On June 14, 2011, the St. Louis County Board adopted Resolution No. 11-339 changing the committee structure of the Heading Home St. Louis County Ten Year Plan to End Homelessness, whereby a Leadership Council was created to serve as the governing body for the local Continuum of Care and the Ten Year Plan; and

WHEREAS, Nine of the fifteen members of the Heading Home St. Louis County Leadership Council are appointed by the St. Louis County Board of Commissioners and six members are appointed by the Duluth City Council; and

WHEREAS, Current and future openings on the Leadership Council will exist for which the assistance of the County Auditor is requested in order to advertise for interested persons to serve;

THEREFORE, BE IT RESOLVED, That the St. Louis County Board authorizes the County Auditor to advertise county wide for applicants for County Board appointments to the Heading Home St. Louis County Leadership Council, thus maintaining a current and active list of potential appointees.

COMMITTEE VOLUNTEERS

The St. Louis County is seeking interested citizens to be a part of the homeless programs advisory committee. This Leadership Council acts as a neutral party in making decisions, in conjunction with funding sources, on behalf of homeless people and those at risk of homelessness in St. Louis County.

Members are appointed by either the City Council of Duluth or the St. Louis County Board of Commissioners. Current St. Louis County appointment openings are for: one corrections representative, one Rural Housing Coalition Representative, and one at-large representative.

If you are interested in applying for a county appointment to the Leadership Team, call (218) 726-2096 for a paper application or visit the County Web site at: http://www.stlouiscountymn.gov/Portals/0/Library/government/Boards-n-Committees/CDBG%20Citizen%20Advisory/Application-Citizen-Advisory-Committee-Commission-or-Board.pdf

Deadline to apply is September 30, 2014.

If you already have an application on file there is no need to re-apply.

BOARD LETTER NO. 14 - 325

PUBLIC WORKS & TRANSPORTATION COMMITTEE NO. 1

BOARD AGENDA NO.

DATE: **September 2, 2014**

RE: **Award of Bid: Bridge Project in Portage Township**

FROM: **Kevin Z. Gray**
County Administrator

James T. Foldesi
Public Works Director/Highway Engineer

RELATED DEPARTMENT GOAL:
Provide a safe, well maintained road and bridge system.

ACTION REQUESTED:
The St. Louis County Board is requested to authorize the award of a bridge project (Bridge 69K16) located in Portage Township.

BACKGROUND:
County staff is authorized under Resolution No. 88-381, dated May 24, 1988, to call for bids on projects which are already included in the budget document. Bids were requested for a bridge project in Portage Township funded with St. Louis County local funds.

A call for bids was received by the St. Louis County Public Works Department on August 21, 2014, for the project in accordance with the plans and specifications on file in the office of the County Highway Engineer:

1. **Project:** CP 0422-190851, Bridge 69K16
Location: On CR 422, 6.2 miles south of Crane Lake, over Unnamed Stream, length 0.11 miles
Traffic: 69
PQI: N.A.
Construction: Bridge 69A16 and Approaches
Funding: Fund 200, Agency 203326, Object 652800
Anticipated Start Date: October 6, 2014
Anticipated Completion Date: December 6, 2014
Engineer's Estimate: $184,572.00

BIDS:

KGM Contractors, Inc. Angora, MN	**$157,752.03**	**(-$26,819.97, -14.53%)**
Ulland Brothers, Inc. Cloquet, MN	$179,914.00	
Utility Systems of America, Inc., Eveleth, MN	$217,570.00	

RECOMMENDATION:

It is recommended that the St. Louis County Board award CP 0422-190851, Bridge 69K16 to low bidder KGM Contractors, Inc. of Angora, MN in the amount of $157,752.03, payable from Fund 200, Agency 203326, Object 652800.

Award of Bid: Bridge Project in Portage Township

BY COMMISSIONER _____

WHEREAS, Bids have been received electronically by St. Louis County Public Works Department for the following project:

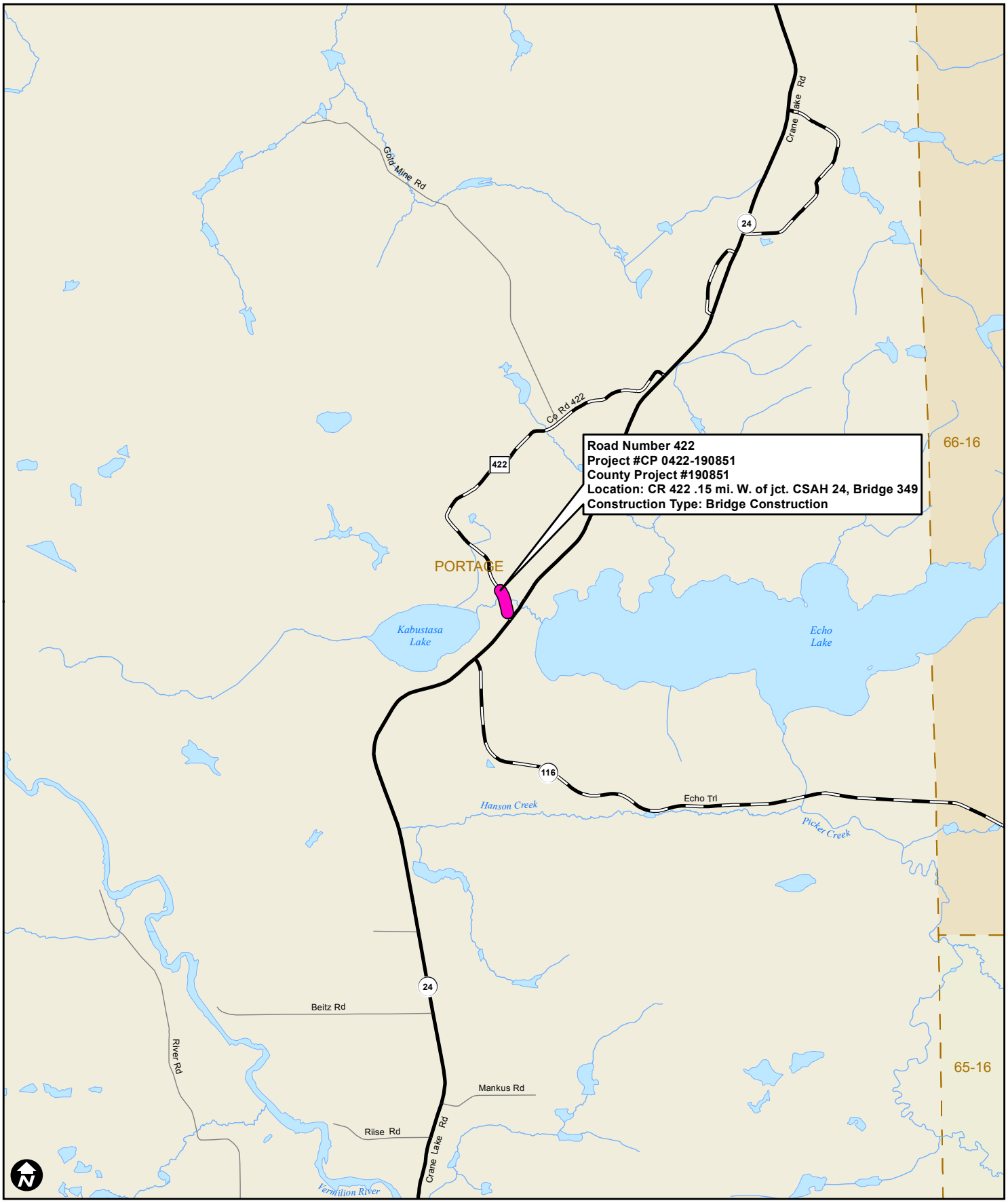
CP 0422-190851, Bridge 69K16 located on CR 422, 6.2 miles south of Crane Lake, over Unnamed Stream

WHEREAS, Bids were opened in the Richard H. Hansen Transportation & Public Works Complex, Duluth, MN, on August 21, 2014, and the low responsible bid determined;

THEREFORE, BE IT RESOLVED, that the St. Louis County Board approves the award on the above project to the low bidder.

LOW BIDDER	ADDRESS	AMOUNT
KGM Contractors, Inc.	9211 Hwy. 53 Angora, MN 55703	$157,752.03

RESOLVED FURTHER, That the appropriate county officials are authorized to approve the Contractor's Performance Bonds and to execute the bonds and contract for the above listed project payable from Fund 200, Agency 203326, Object 652800.



St. Louis County 2014 Road & Bridge Construction

0 0.25 0.5 1 Mile

Map Components

2014 Road & Bridge Construction
- Bridge Construction
- Interstate Highway
- U.S./State Highway
- County/Unorg. Twp. Road - Paved
- County/Unorg. Twp. Road - Gravel
- Local Road/City Street
- Railroad
- Commissioner District
- Township Boundary
- City/Town
- Lake
- River/Stream

BOARD LETTER NO. 14 - 326

FINANCE & BUDGET COMMITTEE NO. 1

BOARD AGENDA NO.

DATE: **September 2, 2014**

RE: **Unorganized Township Road Levy – FY 2015**

FROM: **Kevin Z. Gray**
County Administrator

James T. Foldesi
Public Works Director/Highway Engineer

RELATED DEPARTMENT GOAL:
Provide a safe, well maintained road and bridge system.

ACTION REQUESTED:
The St. Louis County Board is requested to adopt a levy for the purpose of road and bridge maintenance and construction in unorganized townships.

BACKGROUND:
Minnesota Laws 1995, Chapter 47 authorizes the county to pool unorganized town road levies pursuant to Minn. Stat. §163.06. These levies are for the purpose of road and bridge maintenance and construction.

RECOMMENDATION:
It is recommended that the St. Louis County Board authorizes the county to act on behalf of the unorganized townships for the purpose of road and bridge maintenance and construction and adopt a levy of $1,582,000 for 2015.

Unorganized Township Road Levy – FY 2015

BY COMMISSIONER _____

WHEREAS, Minnesota Laws 1995, Chapter 47, authorizes St. Louis County to pool unorganized town road levies pursuant to Minn. Stat. §163.06;

THEREFORE, BE IT RESOLVED, That the St. Louis County Board, acting on behalf of unorganized townships for the purpose of road and bridge maintenance and construction, adopts and certifies a maximum levy of $1,582,000 for the year 2015 to be levied only in such unorganized townships.

BOARD LETTER NO. 14 - 327

FINANCE & BUDGET COMMITTEE NO. 2

BOARD AGENDA NO.

DATE: **September 2, 2014** **RE:** **HRA 2015 Proposed Levy**

FROM: **Kevin Z. Gray**
County Administrator

Barbara Hayden
HRA Executive Director

RELATED DEPARTMENT GOAL:
Expanding affordable housing opportunities, maximizing financial resources, and promoting strategies that result in an expanded tax base.

ACTION REQUESTED:
The St. Louis County Board is requested to certify the St. Louis County Housing and Redevelopment Authority (HRA) maximum proposed property tax levy for 2015.

BACKGROUND:
Minn. Stat. § 275.065 requires all special taxing districts to certify a proposed property tax levy to the County Auditor on or before September 15, 2014. The St. Louis County HRA has exercised the authority to levy since 1990. The HRA tax levy for 2015 is proposed at a zero percent increase over 2014 at $208,940. The HRA Board of Directors approved a proposed property tax levy for 2015 in the amount of $208,940 and recommended that the St. Louis County Board certify the levy at this amount. Attached is a copy of the 2015 HRA budget.

RECOMMENDATION:
It is recommended the St. Louis County Board certify the St. Louis County HRA maximum proposed property tax levy for 2015 in the amount of $208,940.

HRA Proposed 2015 Levy

BY COMMISSIONER _____

WHEREAS, The St. Louis County Housing and Redevelopment Authority must establish a maximum proposed property tax levy and have this amount certified by the St. Louis County Board by September 15, 2014;

THEREFORE, BE IT RESOLVED, That the St. Louis County Board certifies the Housing and Redevelopment Authority maximum property tax levy for 2015 in the amount of $208,940.

HRA
FUND 250 BUDGET

Code	Description	2011[3]	2012	2013	2014	2015	2016	2017
251000	HRA Administration[1]	Budget	Budget	Budget			Forecast	Forecast
	Personnel Services		140,000.00	140,000.00	140,000.00	140,000.00	140,000.00	140,000.00
	Operating	163,549.00	26,872.00	28,940.00	48,940.00	48,940.00	48,940.00	48,940.00
	Legal	40,000.00	40,000.00	40,000.00	20,000.00	20,000.00	20,000.00	20,000.00
	Other Charges-Hsg Activities[2]	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00
	Total	**353,549.00**	**356,872.00**	**358,940.00**	**358,940.00**	**358,940.00**	**358,940.00**	**358,940.00**

HRA REVENUES

Code	Description	2011	2012	2013	2014	2015	2016	2017
251001	HRA Revenue	Budget	Budget	Budget			Forecast	Forecast
	Certified levy	204,824.00	206,872.00	208,940.00	208,940.00	208,940.00	208,940.00	208,940.00

[1]HRA Admin. - Salary and fringes reimbursed to St. Louis County based on hours charged to HRA - remaining funds go into fund balance.
[2]Housing Activities - Funds are taken from fund balance and require HRA Board approval.
[3]2011 Budget personnel costs were included under professional services.

CURRENT FUND BALANCE AVAILABLE $ 719,741.30

BOARD LETTER NO. 14 - 328

FINANCE & BUDGET COMMITTEE NO. 3

BOARD AGENDA NO.

DATE: **September 2, 2014**

RE: **Hibbing Motor Pool Canopy Construction Project**

FROM: **Kevin Z. Gray**
County Administrator

Tony Mancuso, Director
Property Management

RELATED DEPARTMENT GOAL:
To perform deferred building maintenance, to bring facilities up to current building and life safety codes, to extend life cycle of facilities, and to increase building operational efficiency.

ACTION REQUESTED:
The St. Louis County Board is requested to approve a contract with Lenci Enterprises of Virginia, MN, for the construction of a motor pool canopy structure at the Hibbing area office campus.

BACKGROUND:
The Hibbing area motor pool cars (six) are presently located outside exposed to the elements. This is adverse to the service life of the vehicles which creates more vehicle care and maintenance, provides no security, makes snow removal difficult, and pool cars get mixed in with private vehicles. Property Management has determined that a motor pool canopy would be a viable solution to this problem. The project will include a project labor agreement.

The Purchasing Division solicited bids which were opened on August 26, 2014 with the following results:

Lenci Enterprises, Virginia, MN	**$190,100**
Max Gray Construction, Hibbing, MN	$213,300

RECOMMENDATION:
It is recommended that the St. Louis County Board authorize an agreement for the construction of a motor pool vehicle canopy structure at the Hibbing Annex/Courthouse with Lenci Enterprises of Virginia, MN, in the amount of $190,100. Funding is available from Fund 400, Agency 400012.

Hibbing Motor Pool Canopy Construction Project

BY COMMISSIONER _____

WHEREAS, The Hibbing area motor pool cars (six) are presently located outside in the elements resulting in shorter service life of the vehicles; and

WHEREAS, The construction of a vehicle canopy structure for the vehicles was determined to be a viable solution to the problem; and

WHEREAS, The St. Louis County Purchasing Division solicited bids which were opened on August 26, 2014 with Lenci Enterprises of Virginia, MN, being the low responsible bidder in the amount of $190,100;

THEREFORE, BE IT RESOLVED, That the St. Louis County Board authorizes the appropriate county officials to execute an agreement with Lenci Enterprices of Virginia MN, for the construction of the motor pool vehicle canopy structure at the Hibbing Annex/Courthouse, in the amount of $190,100, payable from Fund 400, Agency 400012.

BOARD LETTER NO. 14 - 329

FINANCE & BUDGET COMMITTEE NO. 4

BOARD AGENDA NO.

DATE: **September 2, 2014**

RE: **State Auditor's Management and Compliance Report for St. Louis County**

FROM: **Kevin Z. Gray**
County Administrator

Donald Dicklich
County Auditor/Treasurer

RELATED DEPARTMENT GOAL:
To provide professional finance and accounting services in compliance with best practices.

ACTION REQUESTED:
The St. Louis County Board is requested to have a discussion regarding the Management and Compliance Report for St. Louis County conducted by the State of Minnesota Office of the State Auditor.

BACKGROUND:
On July 24, 2014 the St. Louis County Board received the State Auditor's Management and Compliance Report for year ended December 31, 2013. The Office of the State Auditor is required to audit the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for St. Louis County on an annual basis. The report is attached.

The County Auditor and Finance & Budget Chair Commissioner Nelson will be present to lead the discussion at the September 2, 2014 Committee of the Whole meeting.

RECOMMENDATION:
No action is required by the County Board.

REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

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July 24, 2014

Board of County Commissioners
St. Louis County

We have audited the 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, 2013. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our meeting about planning matters on April 8, 2014. Professional standards also require that we communicate to you the following information related to our audit.

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

As stated in our engagement letter dated January 29, 2014, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

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

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the introductory and statistical sections in the comprehensive annual financial report (CAFR) prepared by management with your oversight does not extend beyond the financial information identified in our opinion. We do not have an obligation to perform any procedures to corroborate this information contained in the CAFR. However, we have read the information and considered whether it, or the manner of its presentation, is materially inconsistent with information appearing in the financial statements. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information appearing in the financial statements.

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

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by St. Louis County are described in Note 1 to the financial statements. During 2013, the County adopted new accounting guidance by implementing the

provisions of Governmental Accounting Standards Board (GASB) Statements 61 and 66. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34,* modifies and clarifies the requirements for inclusion of component units and their presentation in the primary government's financial statements. GASB Statement No. 66, *Technical Corrections--2012, an amendment of GASB Statements No. 10 and No. 62*, resolves conflicts between GASB Statements. No other new accounting policies were adopted, and the application of existing policies was not changed during 2013. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information were:

- Environmental Services Fund closure and postclosure costs,
- liability for compensated absences,
- fair value of investments,
- depreciation,
- other postemployment benefits (OPEB) liability, and
- liability for claims and lawsuits.

(1) Management's estimate of the Environmental Services Fund's closure and postclosure costs is based on the ratio of used to total landfill capacity and estimates of capping and monitoring costs. Inflation factor and discount rate adjustments are applied to determine projected costs over the postclosure care period.

(2) Management's estimate of the liability for compensated absences is calculated in two parts--vested and vesting.

- The vested liability is based upon an employee's accumulated sick leave times the current rate of pay for those staff whose age and years of service meet the County's vested policy requirements.

- The vesting liability is calculated in a similar manner, except it includes only those employees who are not yet fully vested, but are expected to vest and meet the vesting criteria established by County policy.

(3) Management's estimate of fair value of investments is based upon quoted market prices. Fair value is determined at year-end.

(4) Depreciation is a method of allocating the cost of a capital asset over its estimated useful life. The County establishes depreciation schedules based upon an asset's cost and estimated useful life, less any salvage value.

(5) The OPEB liability is based upon an actuarial valuation as of January 1, 2012. The actuarial valuation involved estimates of the value of reported amounts and assumptions about future employment, mortality, and health care cost trends. An annual required contribution (ARC) is determined in accordance with the requirements of GASB Statement 45. The ARC represents a desired funding level which, if paid on an ongoing basis, will allow the County to meet its current and future OPEB obligations. In 2013, the County's OPEB payments did not exceed its ARC, resulting in a funding deficit recorded as a liability in its Medical and Dental Internal Service Fund.

(6) Management's estimate of the liability for lawsuits and claims is based on the County Attorney's determination as to the likely outcome of outstanding cases.

We evaluated the key factors and assumptions used to develop these estimates in determining they are reasonable in relation to the financial statements of each opinion unit.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were noted.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 26, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

* * *

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

REBECCA OTTO
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

STATE OF MINNESOTA

Office of the State Auditor

Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT FOR

ST. LOUIS COUNTY
DULUTH, MINNESOTA

YEAR ENDED DECEMBER 31, 2013

Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 160 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits of local governments;

Government Information - collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension - monitors investment, financial, and actuarial reporting for approximately 730 public pension funds; and

Tax Increment Financing - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance; or visit the Office of the State Auditor's web site: www.auditor.state.mn.us.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Year Ended December 31, 2013

Management and Compliance Report

Audit Practice Division
Office of the State Auditor
State of Minnesota

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ST. LOUIS COUNTY
DULUTH, MINNESOTA

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ST. LOUIS COUNTY
DULUTH, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:
- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

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

Federal Awards

Internal control over major programs:
- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

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

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

The major programs are:

Highway Planning and Construction	CFDA #20.205
Foster Care - Title IV-E	CFDA #93.658

The threshold for distinguishing between Types A and B programs was $1,136,420.

St. Louis County qualified as a low-risk auditee? **Yes**

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding 1996-010

Departmental Internal Accounting Controls

Criteria: Management is responsible for establishing and maintaining internal control. This responsibility includes the internal control over the various accounting cycles, the fair presentation of the financial statements and related notes, and the accuracy and completeness of all financial records and related information. Adequate segregation of duties is a key internal control in an organization's accounting system.

Condition: Due to the limited number of office personnel within various County departments, proper segregation of the accounting functions necessary to ensure adequate internal accounting control is not always possible.

Context: Because of the small size of some of the departments in St. Louis County, the internal control that management can design and implement into these departments is limited.

Effect: Without proper segregation of duties, an opportunity is created for errors or fraudulent activities to occur and remain undetected.

Cause: This condition is not unusual in small departmental situations where staffing limitations can result in improper segregation of duties. Management has identified departments where inadequate segregation of duties issues exists. Management has determined that given departmental size, staffing considerations, and resource limitations the desirable level of segregation of duties necessary to achieve an adequate level of internal control is not feasible.

Recommendation: Management is aware that segregation of duties is not adequate from an internal control point of view. We recommend the County Board of Commissioners be mindful that limited staffing causes inherent risks in safeguarding the County's assets and the proper reporting of its financial activity. We recommend the Board of Commissioners continue to implement oversight procedures and monitor those procedures to determine if they are still effective internal controls.

Client's Response:

The Auditor's Office will notify Department Heads of this finding and remind them to review their internal controls and to segregate duties where possible. The Internal Auditor will also meet with Department Heads to review internal controls.

Finding 2012-001

Payroll Reporting Procedures

Criteria: County policy requires employees to print and sign a paper copy of their time report attesting to hours worked. The employee's supervisor is required to review and sign the employee's time report to document approval of the hours listed as worked. If the employee is unavailable to sign their time report, their supervisor will sign in their absence and a second supervisor will then sign and approve the time report. The policy also requires departmental timekeepers to maintain on file the signed and approved paper copy of the time report as documentation. These procedures are basic internal control mechanisms ensuring that hours reported as worked have been properly approved.

Condition: We selected and tested a sample of 40 transactions from the population of all payroll transactions claimed for reimbursement through the Public Health and Human Services Cost Allocation Plan for quarters 1 and 2 of 2013. Tests performed detected an instance in which the time report of an employee on extended leave was signed and approved contrary to time reporting procedures established by the County Auditor's Office. As the employee was unable to sign their time sheet, a departmental timekeeper initialed the employee's time report. The employee's supervisor then approved the report. An electronic record of the employee's time report that did not conform to County timekeeping policy was then processed by the Payroll Department for payment of hours worked.

Context: Employees are required to print and sign copies of their time reports attesting to time worked. Supervisors are required to sign and approve the workers' time report. If an employee is not available to sign their time sheet, their supervisor is authorized to sign in their place. A second supervisor would then approve the report. County staff designated as departmental timekeepers receive approved time reports from supervisors. The timekeepers then transfer the hours worked to an electronic time reporting format for further processing by the County Auditor's Payroll Department. Timekeepers are responsible to maintain the original signed and approved time reports on file as required documentation.

Effect: County procedures governing time reporting in an employee's absence were not followed in this instance. A control deficiency exists in the operation of the internal control implemented to ensure that all hours worked by County staff are properly

authorized, supported, and documented. A time report signed in accordance with the County's timekeeping policy evidences that time reported and paid is accurate and legitimate.

Cause: The County Auditor's Office has established procedures to ensure that all hours reported as worked by County employees are legitimate, properly approved, and documented. Staff in all departments are expected to understand and follow these procedures. The instance reported occurred due to a misunderstanding regarding how to report time worked for an employee on extended leave.

Recommendation: We recommend that County time reporting procedures be enforced. Employee and supervisory signatures on time reports are a basic internal control procedure established by the County Auditor's Office that should be followed by all County departments to ensure all payroll transactions processed and paid are properly attested to and approved. In the event an employee is unavailable, established procedures should be followed to ensure that the time report is properly attested to and approved. Since the responsibility to maintain the original signed time reports on file rests with County staff designated as departmental timekeepers, we also recommend that the County Internal Auditor consider randomly selecting and reviewing a sample of employee time reports on file to ensure County time reporting procedures are being followed as intended.

Client's Response:

The Auditor's Office will notify Department Heads of this finding and have them confirm that they have notified their supervisors of this requirement and have procedures in place to ensure that all timesheets have been reviewed and signed by a supervisor.

The County is in the process of implementing a time and scheduling system called Workforce, which will require an electronic approval by the supervisor before the timesheet can be submitted.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

ITEM ARISING THIS YEAR

Finding 2013-001

Cash Management

Program: U.S. Department of Transportation's Highway Planning and Construction (CFDA No. 20.205)

Pass-Through Agency: Minnesota Department of Transportation

Criteria: The Highway Planning and Construction Program awards funding on a reimbursement basis. The 2013 OMB Circular A-133 Compliance Supplement, Part 3 C., Cash Management, states that when entities are funded on a reimbursement basis, the costs for which reimbursement was requested should be paid prior to the date of the reimbursement request.

Condition: The County requested reimbursement from the pass-through agency for federal program expenditures before the costs for which reimbursement was requested were paid. In 1 of 15 reimbursement requests tested, the costs were paid five days after receiving the federal funds. Other cases were noted where the costs were paid between the dates of the reimbursement request and the receipt of the federal funds.

Questioned Costs: None.

Context: The County followed the guidance in the State Aid for Local Transportation Delegated Contract Process (DCP) Checklist, issued by the pass-through agency Minnesota Department of Transportation (MnDOT), which states that a local public agency may request reimbursement after the expense has been incurred but prior to paying the contractor, provided that they have an approved payment process assuring the contractor is paid promptly upon receiving reimbursement of the Federal share. However, the standard contract language between the MnDOT and the County for the DCP also states that, following certification of partial and final pay estimates, the County will make the payments to the contractor and may request reimbursement for costs eligible for federal funds. The standard contract language also states the County will comply with OMB Circular A-133.

Technical assistance as to whether the process followed meets the requirements of the OMB Circular A-133 Compliance Supplement was requested. In response, we were informed that the Federal Highway Administration (FHWA) is preparing a position paper. The conclusion was not known at the time this report was required to be issued.

Effect: Noncompliance with federal cash management requirements for a reimbursement grant program.

Cause: The County was relying on information provided by the MnDOT which was not in compliance with the federal requirement for cash management.

Recommendation: Unless federal guidance clearly provides otherwise, we recommend the County follow the requirements of the OMB Circular A-133 Compliance Supplement and pay its vendors prior to requesting federal reimbursement from MnDOT.

Corrective Action Plan:

Names of Contact Person Responsible for Corrective Action:

Jim Foldesi, Mark Florence, Halene Wehseler, and Cristen Christensen

Corrective Action Planned:

We disagree with this finding and feel the County is following guidance given by MnDOT. St. Louis County has notified MnDOT of this issue and intends to inform the Legislative Auditor of this concern. St. Louis County and the State Auditor are awaiting a position paper by the Federal Highway Administration to provide clarification of the guidance that was provided by MnDOT.

Anticipated Completion Dates:

September 15, 2014, dependent on delivery of the Federal Highway Administration position paper.

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

Independent Auditor's Report

Board of County Commissioners
St. Louis County

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 26, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 1996-010 and 2012-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Minnesota Legal Compliance

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

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

St. Louis County's Responses to Findings

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

Purpose of This Report

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

REBECCA OTTO
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 26, 2014

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

Independent Auditor's Report

Board of County Commissioners
St. Louis County

Report on Compliance for Each Major Federal Program

We have audited St. Louis County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2013. St. Louis County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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

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

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

Opinion on Each Major Federal Program

In our opinion, St. Louis County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 that we consider to be a significant deficiency.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated June 26, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of This Report

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

REBECCA OTTO
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 26, 2014

ST. LOUIS COUNTY, MINNESOTA
DULUTH, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Direct		
Cooperative Forestry Assistance	10.664	$ 271,781
Passed Through Carlton, Cook, Lake, and St. Louis Community Health Board		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	797,369
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	1,626,134
Passed Through Minnesota Department of Finance		
Schools and Roads - Grants to States	10.665	1,765,549
Total U.S. Department of Agriculture		**$ 4,460,833**
U.S. Department of Housing and Urban Development		
Direct		
Community Development Block Grants - Entitlement Grants	14.218	$ 1,626,221
Emergency Solutions Grant Program	14.231	184,713
Shelter Plus Care	14.238	19,687
Home Investment Partnerships Program	14.239	614,405
Total U.S. Department of Housing and Urban Development		**$ 2,445,026**
U.S. Department of the Interior		
Direct		
Payments in Lieu of Taxes	15.226	**$ 235,442**
U.S. Department of Justice		
Direct		
Supervised Visitation, Safe Havens for Children	16.527	$ 55,894
Bulletproof Vest Partnership Program	16.607	2,054
Passed Through Minnesota Department of Public Safety		
Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	16.004	181
Passed Through City of Virginia		
Public Safety Partnership and Community Policing Grants	16.710	4,704
Total U.S. Department of Justice		**$ 62,833**

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

ST. LOUIS COUNTY, MINNESOTA
DULUTH, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	$ 13,510,768
Capital Assistance to States - Intercity Passenger Rail Service	20.317	30,508
Total U.S. Department of Transportation		**$ 13,541,276**
U.S. Department of Health and Human Services		
Passed Through Carlton, Cook, Lake, and St. Louis Community Health Board		
Universal Newborn Hearing Screening	93.251	$ 1,600
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	127,239
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	153,964
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Cummunity Transformation Grants - financed solely by 2012 Prevention and Public Health Funds	93.531	37,954
Temporary Assistance for Needy Families	93.558	343,551
(Total Temporary Assistance for Needy Families 93.558 $3,297,551)		
Medical Assistance Program	93.778	163,628
(Total Medical Assistance 93.778 $4,493,209)		
Maternal and Child Health Services Block Grant to the States	93.994	250,813
Passed Through Minnesota Department of Human Services		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	69,112
Promoting Safe and Stable Families	93.556	187,410
Temporary Assistance for Needy Families	93.558	2,954,000
(Total Temporary Assistance for Needy Families 93.558 $3,297,551)		
Child Support Enforcement	93.563	3,620,867
Refugee and Entrant Assistance - State-Administered Programs	93.566	673
Child Care and Development Fund Cluster		
Child Care and Development Block Grant	93.575	61,836
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	54,699
Stephanie Tubbs Jones Child Welfare Services Program	93.645	49,620
Foster Care Title IV-E	93.658	1,374,596
Social Services Block Grant	93.667	1,600,564
Chafee Foster Care Independence Program	93.674	42,311
Medical Assistance Program	93.778	4,329,581
(Total Medical Assistance 93.778 $4,493,209)		
Total U.S. Department of Health and Human Services		**$ 15,424,018**

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

ST. LOUIS COUNTY, MINNESOTA
DULUTH, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Natural Resources		
Boating Safety Financial Assistance	97.012	$ 28,863
Passed Through Minnesota Department of Public Safety		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1,167,786
Emergency Management Performance Grants	97.042	70,579
Pre-Disaster Mitigation	97.047	20,385
Interoperable Emergency Communications	97.055	54,032
Port Security Grant Program	97.056	194,253
Homeland Security Grant Program	97.067	138,601
Buffer Zone Protection Program (BZPP)	97.078	36,733
Total U.S. Department of Homeland Security		**$ 1,711,232**
Total Federal Awards		**$ 37,880,660**

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

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ST. LOUIS COUNTY
DULUTH, MINNESOTA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. 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.

2. 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, 2013. 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.

3. 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.

4. Subrecipients

Of the expenditures presented in the schedule, St. Louis County provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
14.218	Community Development Block Grant/Entitlement Grants	$ 1,414,025
14.239	Home Investment Partnerships Program	533,504
	Total	$ 1,947,529

5. Clusters

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

Child Care and Development Fund Cluster	$ 116,535

6. Reconciliation of Intergovernmental Revenue

	Federal CFDA Number	Amount
Federal grant revenue per Schedule of Intergovernmental Revenue		$ 38,148,490
Unavailable Revenue in 2013 - grants received more than 60 days after year-end		
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	93.505	1,745
Child Care and Development Block Grant (Basic Sliding Fee)	93.575	3,123
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Basic Sliding Fee)	93.596	2,261
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Minnesota Family Investment Project)	93.596	2,349
Foster Care Title IV-E (SSTS Administration)	93.658	87,674
Medical Assistance Program (SSTS Administration)	93.778	256,602
Medical Assistance Program (Transportation)	93.778	5,543
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
Unavailable in 2012, recognized as revenue in 2013		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(26,537)
Shelter Plus Care	14.238	(500)
Public Safety Partnership and Community Policing Grants	16.710	(1,467)
Highway Planning and Construction (Regular)	20.205	(846,725)
Highway Planning and Construction (Disaster)	20.205	(202,248)
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	(870)
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting	93.505	(10,281)
Child Care and Development Block Grant (Basic Sliding Fee)	93.575	(6,883)
Child Care and Development Block Grant (Minnesota Family Investment Project)	93.575	(3,573)
Foster Care Title IV-E (Administration)	93.658	(4,260)
Foster Care Title IV-E (SSTS Administration)	93.658	(5,485)
Medical Assistance Program (Transportation)	93.778	(3,517)
Disaster Grants - Public Assistance (Forest Roads)	97.036	(37,412)
Disaster Grants - Public Assistance (Regular)	97.036	(1,599,259)
Emergency Management Performance Grant	97.042	(78,117)
Interoperable Emergency Communications	97.055	(4,470)
Total Expenditures per Schedule of Expenditures of Federal Awards		$ 37,880,660