

COMPREHENSIVE ANNUAL FINANCIAL *Report* '19



L. TRAIL BRIDGE OVER VERMILLION RIVER
R. BRIDGE 212 ON CSAH 52

Photos by Matt Hemmila



HIGHWAY BUILDING – COOK MN

Photo by Dana Wheelock©



GOVERNMENT SERVICE CENTER
– VIRGINIA MN

Photo by Dana Kazel



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

ST. LOUIS COUNTY, MINNESOTA - NANCY NILSEN, COUNTY AUDITOR/TREASURER

Bridge 212 on CSAH 52

County Bridge 212 (State Bridge 69A64) was replaced in 2019. The 108-foot bridge over the Whiteface River is a single-span structure, which eliminated the need for piers located within the Whiteface River and returned the river crossing to a more natural river bottom, improving the aquatic habitat of fish and organisms.

Trail Bridge over Vermillion River

The 185-foot bridge was built by the Voyageur Country ATV club. It is the largest bridge ever built by a Minnesota ATV club. The \$1.26 million project includes a picnic area near the bridge and 16 miles of trail that connects Elephant Lake and Echo Lake. The project funding came from the IRRRB and ATV user fees.

Governmental Services Center (GSC) - Virginia MN

The GSC North Facility serves as a centralized hub for people in Virginia and surrounding areas to access county services delivered by more than ten departments in one location. The two-story, 63,000 square foot building replaced the aging Northland Office Building. Approximately 180 employees are now working in the new building. The project was completed in 2019.

Highway Building - Cook MN

The Public Works Maintenance Facility in Cook remodeled the existing Disability Specialist Building for office space for Public Works and several other county departments. Additionally, the project included the construction of three new buildings on the 60-acre site: an 82,000 square foot heated building for vehicle storage and mechanic space, a 16,500 square foot cold storage building, and a 16,500 square foot structure for salt and sand storage. The project was completed in 2019.

St. Louis County Minnesota

Comprehensive Annual Financial Report
for the Fiscal Year Ending
December 31, 2019



Nancy Nilsen
County Auditor-Treasurer

"The mission of St. Louis County is to promote health and safety, ensure sound infrastructure, embrace our natural resources, and support an environment where communities prosper."

ST. LOUIS COUNTY, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

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ST. LOUIS COUNTY, MINNESOTA
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Saint Louis County

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

Nancy Nilsen
St. Louis County Auditor-Treasurer

June 19, 2020

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

The Comprehensive Annual Financial Report of St. Louis County is hereby submitted for the fiscal year ended December 31, 2019. This report was prepared by the County Auditor-Treasurer's Accounting and Finance Division. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the County.

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

St. Louis County is audited annually, as required by Minnesota Statutes §6.481. This requirement has been complied with and CliftonLarsonAllen LLP has issued an unmodified ("clean") opinion on St. Louis County's financial statements for the year ended December 31, 2019. The Independent Auditors' Report is located in the front of the financial section of this report.

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

Profile of the Government

St. Louis County was established in 1856. Located in Northeastern Minnesota, St. Louis County is geographically the largest county east of the Mississippi River, covering 7,092 square miles, including water surface, from the Canadian border to Duluth. The County's 2019 census population was estimated at 199,070 residents while the 2010 census population was 196,623. The County has an average of 28 people per square mile living in small mining towns, farm communities, and busy cities. St. Louis County is empowered to levy a property tax on both real and personal property located within its boundaries.

An Equal Opportunity Employer

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

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

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

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

Local economy

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

The mining industry continues to be a driving force of the region's economy. The taconite industry supports roughly 10,000 jobs with an economic impact of \$3.1 billion annually. Preliminary totals indicate that taconite plants produced 37.1 million metric tons in 2019, a decrease of 5.4% from 2018. All of the taconite producers were in operation at the end of 2019.

The Port of Duluth-Superior connects the heartland of the United States and Canada to the rest of the world, ranking among the top 20 ports in the U.S. in cargo tonnage. It is by far the largest cargo port on the Great Lakes, with the principal cargoes being iron ore (59%), coal (24%), grain (4%), and other (13%) in 2019. The Port of Duluth-Superior has averaged more than 35 million tons of cargo and nearly 900 vessel visits each year. The port reported 33.5 million tons of cargo with 754 ships that visited the port in 2019, compared to 35.9 million tons and 821 ships in 2018. The port is ideally situated for moving cargo and logistics experts now rank it in the top 10 in North America for transporting wind turbine components.

The Duluth Seaway Port Authority was also awarded a \$10.5 million grant to build an additional warehouse and rehabilitate deteriorating dock walls and the Clure Public Marine Terminal on Rice's Point. The federal money will be used to construct a 56,000 square-foot warehouse. The dock wall rehabilitation will fortify seven-acres for inbound and outbound heavy-lift cargo and protect the recently renovated dock deck.

Essentia Health is building an \$800 million expansion for downtown Duluth called "Vision Northland". The new addition will span approximately two blocks and will include 800,000 square feet of new buildings and 114,000 square feet of remodeled facilities. The project will create more than 5,600 on-site construction jobs and approximately 3,600 off-site construction-related jobs. The new facility is expected to open in 2022.

Essentia Health also helped construct a \$26 million community wellness center in Hermantown that opened in October of 2019. The new 72,000 square foot building includes a variety of clinical services like physical therapy, sports medicine, preventative care and childcare. While Essentia Health has its name on the face of the building, most of the facility is run by the YMCA. The project was a partnership between the City of Hermantown, Essentia Health, Hermantown Schools, Duluth Area Family YMCA, St. Louis County, and 15 regional townships.

Essentia Health also purchased the old Younkers and Sears spaces at the Miller Hill Mall and constructed their Fitness and Therapy Center in what was Younkers. They have not announced how they will use the Sears space.

St. Luke's Hospital has begun its \$250 million construction at the downtown Duluth and Two Harbors facilities as well. In Duluth, they are constructing a new and expanded emergency room, catheterization lab, helipad, parking ramp, and hospital tower. In Two Harbors, they will be completing a \$17 million expansion project to connect the Lake View Hospital and Medical Clinic.

Plans have been revealed for a 15 story mixed-use tower that would be constructed next to the Sheraton Hotel in Downtown Duluth. The \$75 million building would be home to a mixture of apartments and retail space. The ground floor would house an 18,000 square feet of retail space that developers would like to see become a grocery store. Above that space would be 204 apartments with many units having unobstructed and pristine views of Lake Superior.

A Hibbing entrepreneur opened TechTank, which is Hibbing's first co-working space that is shared by several workers from different companies and organizations. The arrangement enables cost savings for member occupants through common infrastructure related to utilities, broadband and office equipment. TechTank members have access to contemporary workspaces, printing services, private rooms, conference rooms, and meeting tools such as TV's, teleconference equipment, and whiteboard walls.

City View Flats an \$18 million, five-story residential apartment project was completed in 2019 in the Central Hillside neighborhood. The site is located just a short walk from Canal Park and Downtown Duluth and also offers picturesque views of Lake Superior. The new building has many amenities, including state of the art fitness center, a sauna, a rooftop party room, and a large outdoor terrace complete with fire pits and an outdoor hot tub.

Minnesota based Twin Cities Hospitality (THC) LLC purchased Coates Plaza Hotel in Downtown Virginia, and rebranded it to a Quality Inn & Suites in 2019. THC invested \$1.2 million into the hotel, which is located in the corridor of the downtown area, which benefits the entire community.

LSC Flats plans to construct student housing adjacent to Lake Superior College. The plans include two buildings that will be connected by a commons area in between them and a rooftop deck will serve as an additional community space with views of Lake Superior. The project will provide 87 apartments with 200 beds to LSC students.

The Lincoln Park neighborhood in Duluth is getting an influx of new housing following a microbrew business boom in that area. Enger Lofts, a \$6 million apartment project will remodel an old furniture store, most recently operated as Furniture and Mattresses 4 Less, and turn it into apartments and commercial space. Another 75 unit, four story, apartment building is going to be built where the former Roberts Furniture building stands. Also, the former Kemp's Dairy building was purchased with plans to build a \$15 million to \$25 million hotel or apartment building.

Lamppa Manufacturing in Tower, MN is growing faster than expected. The company produces wood burning sauna stoves and cored wood burning warm air furnaces. In 2018, they received the 2020 mandated certificate from the Environmental Protection Agency. Lamppa is one of two furnace makers in the nation to have the certification for new emission standards, which was implemented into federal law in the year 2020. The company expects to ramp up production from a few hundred of its technologically advanced furnaces per year to thousands per year.

The Board of Trade Building in downtown Duluth is being redeveloped into a mixed-use apartment complex. The developer aims to create 84 residential housing units in the historic building, constructed in 1895. Of the apartments, 17 units would be reserved as affordable housing for tenants earning 50 percent or less than the area median income.

Duluth has taken steps to become a cruise ship destination. The city is investing in the equipment and infrastructure required by federal customs agency so it can accommodate ships from around the world. Early estimates are that each ship could generate \$100,000 of economic impact. The city has eight cruise lines that have expressed interest in Lake Superior and Duluth specifically.

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

Bell Bank announced plans to open a full-service bank in one of Duluth's most historic buildings, the Temple Opera Block building. They plan on making some extensive renovations while preserving the building's classic look. Bell

Bank is the nation's tenth-largest privately held bank, with locations in the Twin Cities and the west-central part of Minnesota. The Duluth branch is expected to open in 2020.

BlueStone Commons, a mixed-use development just east of the University of Minnesota Duluth plans to construct its third apartment building. The first building, called BlueStone Lofts, targeted college students. The second building, called BlueStone Flats, targets traditional multifamily market with studios and one and two bedroom apartments with more amenities and fewer units. The third BlueStone apartment building, called BlueStone Vue, will feature 193 luxury units. The third building should be completed by the summer of 2021.

Kenwood Village, a retail and apartment complex was recently completed near the College of St. Scholastica and the University of Minnesota, Duluth. On the two-acre site, there are 85 apartments and 14,600 square feet of retail space and restaurants. Kenwood village was created to attract professors, young professionals with families, and those eager for a walkable lifestyle. A grocery store, banking, and more are within easy walks.

Hilton opened its Tru hotel on Duluth's Central Entrance in 2019. The 4 story, 101 room hotel also features a pool, patio, workout room and digital keys which allow customers to check in and use their phone as their key. The Miller Hill corridor has three new hotels that have opened in the past couple of years. Hotels continue to expand in Duluth to accommodate the growing tourism in the area.

Long-term financial planning

At the end of each year, the County calculates the resources needed to pre-fund retiree health insurance premiums for all employees eligible for retirement at year end and sets aside the value of sick leave balances those employees have accumulated. As of December 31, 2019, 100% of the estimated retiree obligation amount has been classified as committed fund balance in the General Fund and the Special Revenue Funds.

The County also calculates the resources needed to pre-fund health insurance premiums for those employees that are not eligible to retire immediately, but probably will retire from the County. As of December 31, 2019, 100% of the estimated retiree obligation amount has been classified as committed fund balance (vesting sick leave) in the General Fund and the Special Revenue Funds.

For many years, the County has recognized that it would be prudent to set aside funds to meet cash flow needs and assigns some of its fund balances for that purpose. The County Board's policy is to have the General Fund, the Road and Bridge Fund, and the Public Health and Human Services Fund assign a portion of their available fund balances equal to 5/12 of the certified levy for each fund, plus its share of program aid paid to the County by the State of Minnesota. As of December 31, 2019, the policy was 95.80% accomplished for the General Fund and 72.66% for the Public Health and Human Service Fund. The two funds had combined fund balance allocated for cash flow of \$51.4 million at year-end, a decrease of \$.4 million from 2018. The Road and Bridge Fund did not have any cash flow reserve in 2019 due to the accounting treatment for State Aid advanced funds.

Starting in 2007, any County-owned buildings with operating revenues in excess of expenditures for the year had the remaining balance transferred into a Depreciation Reserve Fund in the Capital Projects Fund at year end. At the end of 2019, the Depreciation Reserve Fund had a balance of \$0.8 million. Those monies will be used to fund future capital improvements at County facilities.

Other financial planning for 2020 and beyond includes the following:

- The County's commitment to core services and balancing the budget to position the County for future fiscal challenges.
- The County Board directs the County Administrator to hold all county departments accountable for making progress in each department's designated priority areas by the regular use of performance measures and outcomes.
- The County Board has committed and assigned monies for specific purposes. These commitments and assignments of fund balance represent the County's intended future use of the County's resources.
- In 2018, the County retained an AA+ credit rating from Standard and Poor's. This rating is just one step below the highest possible rating of AAA. The rating makes the debt offerings of the County more attractive to investors and lowers the cost of borrowing. This rating was retained by the County having sound financial policies, strong management, and a broad and diverse economy.

Major initiatives

The County finished constructing the Government Service Center (GSC) North in 2019. The facility serves as a centralized hub for people in Virginia and surrounding areas to access county services delivered by more than 10 departments in one location. The two-story, 63,000 square foot building replaced the aging Northland Office Building. Approximately 180 employees work in the building.

The Public Works Maintenance Facility in Cook was also completed in 2019, which serves as the central hub for public works crews serving a 2,000 square mile area. The new site includes office space for Public Works, and three new buildings on the 60-acre site. The complex includes the David M Skelton Transportation Building, an 82,000 square foot heated building for vehicle storage and mechanic space, a 16,500 square foot cold storage building, and a 16,500 square foot structure for salt and sand storage.

St. Louis County sold another \$1.7 million in tax forfeited properties in 2019 and piloted a site to sell tax forfeited properties online. The County continues to strive to get tax forfeited properties back onto the tax rolls. The County had three land sales in 2019 that included parcels that are not planned for management as a way to encourage development and increase the property tax base.

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

Awards and Acknowledgments

The County received its third Government Finance Officers Association of the United States and Canada (GFOA) award for the 2018 Popular Annual Financial Report (PAFR) which serves as a simplified, condensed version of the CAFR. This report is designed to be readily available and easily understandable to the general public and other interested parties without a background in public finance.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Louis County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018.

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

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

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

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

Sincerely,



NANCY NILSEN
County Auditor-Treasurer



Legislative & Commissioner Districts - Duluth

2019

Legislative Districts

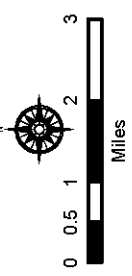
- | | |
|--|---|
| District 3 | District 7 |
| Sen. Thomas Bakke (DFL)
147 State Office Bldg
St. Paul MN 55155
(651) 296-8881 | Sen. Erik Simonson (DFL)
149 State Office Bldg
St. Paul MN 55155
(651) 296-4188 |
| 3B | 7A |
| Rep. Mary Murphy (DFL)
443 State Office Building
St. Paul MN 55155
(651) 296-2676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

Commissioner Districts

- | | |
|--|---|
| 1 | 3 |
| Frank Jewell
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2450 | Beth Olson
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2562 |
| 2 | 5 |
| Patrick Boyle
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2359 | Keith Musolf
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2450 |

City of Duluth Precincts

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

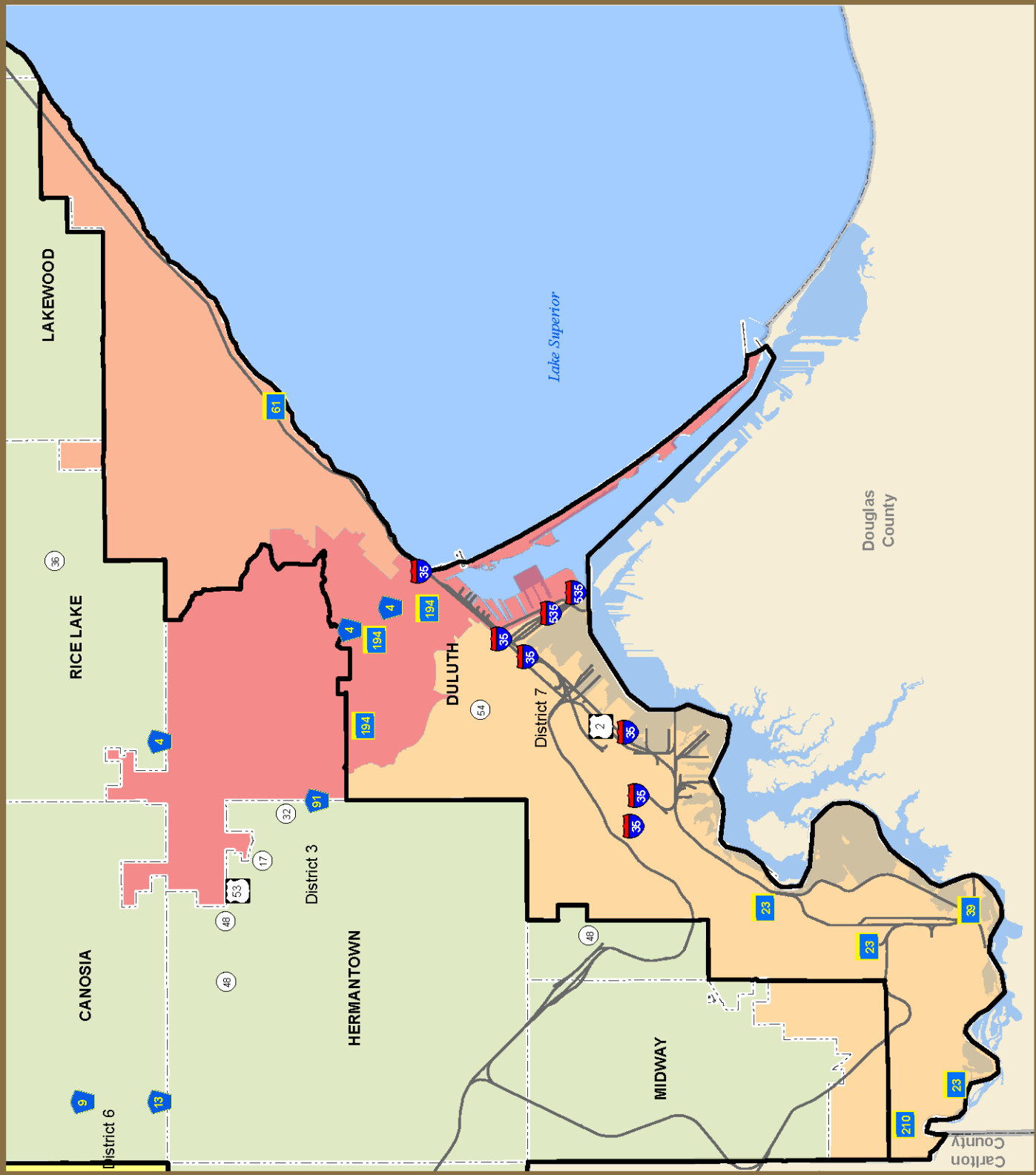


Auditor's Office
100 N 5th Ave W, Rm 214
(218) 726-2380
www.stlouiscountymn.gov

Source: St. Louis County
Map Created: 9/24/2019

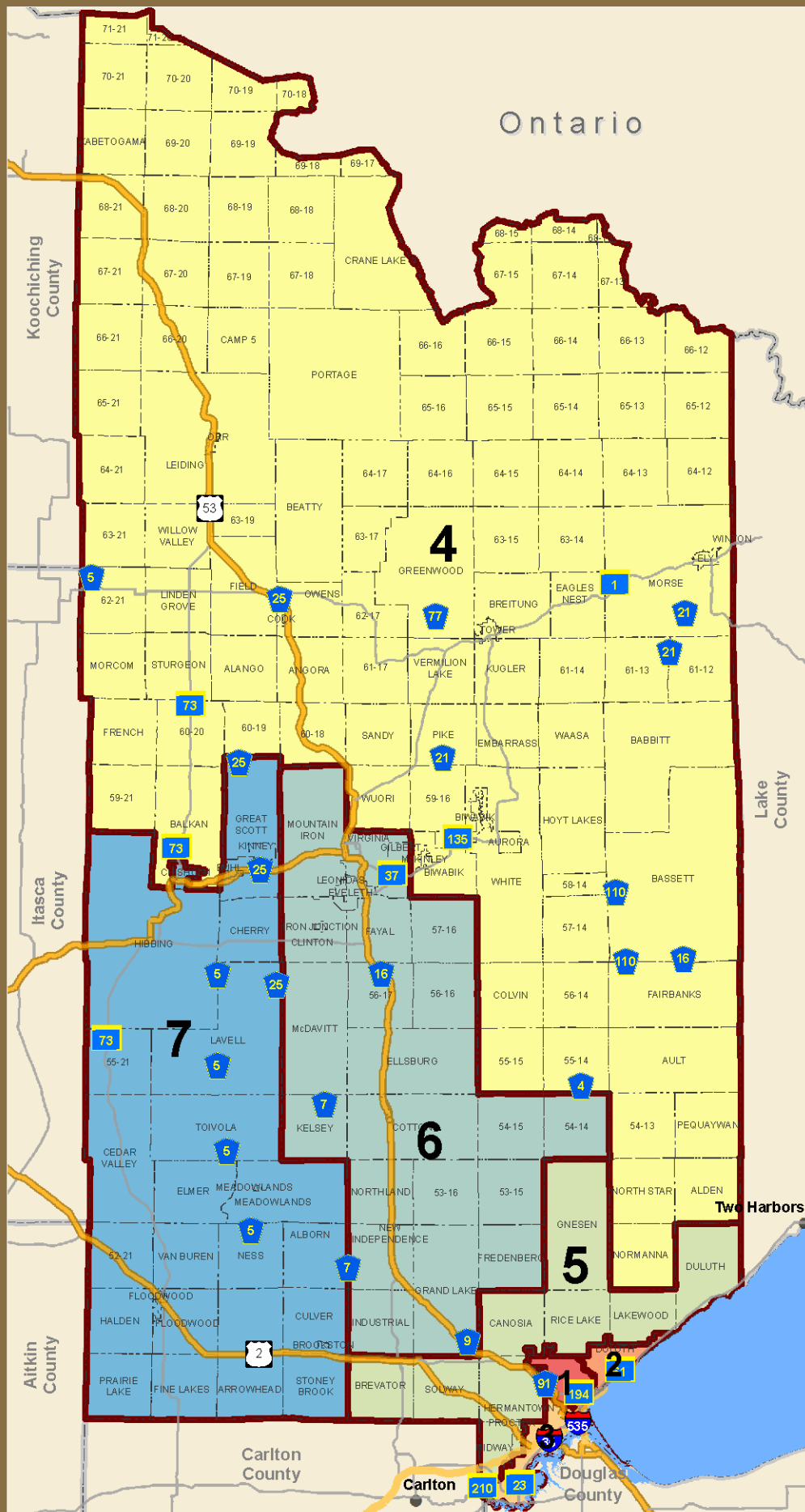
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Commissioner Districts 2019



Commissioners

1

Frank Jewell
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2450
Term Ends: 1/2/2023



2

Patrick Boyle
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2359
Term Ends: 1/4/2021



3

Beth Olson
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2562
Term Ends: 1/4/2021



4

Paul McDonald
SLC Service Center
320 Miners Dr. E.
Ely MN 55731
(218) 365-8200
Term Ends: 1/2/2023



5

Keith Musolf
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2450
Term Ends: 1/4/2021



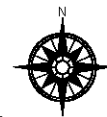
6

Keith Nelson
Virginia Courthouse
300 S. 5th Ave.
Virginia MN 55792
(218) 749-7108
Term Ends: 1/2/2023



7

Mike Jugovich
Hibbing Courthouse
1810 12th Ave. E.
Hibbing MN 55746
(218) 262-0201
Term Ends: 1/4/2021



Prepared By:
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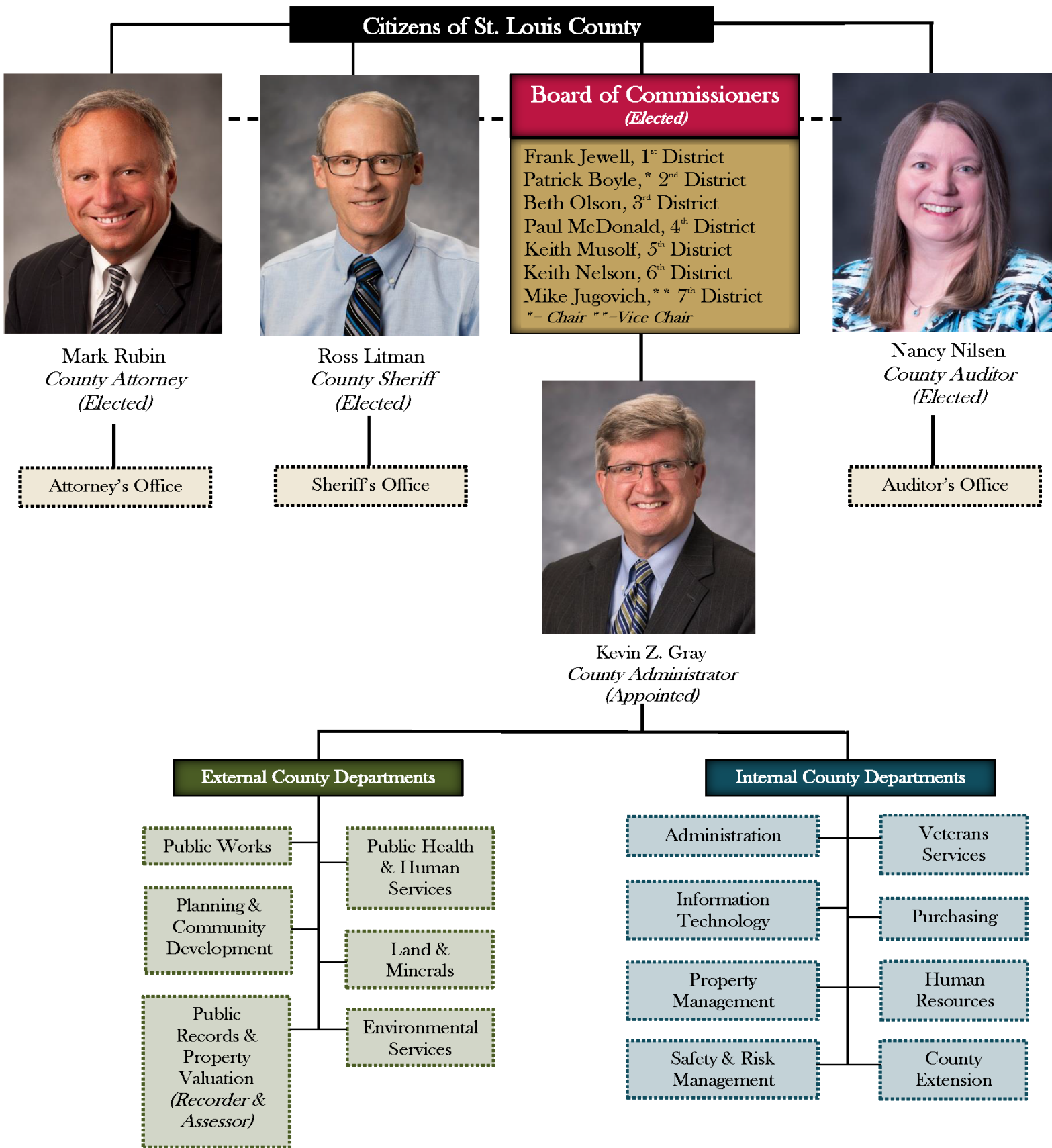
Map Created: 9/24/2019

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Disclaimer
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**St. Louis County
Elected and Appointed Officials
as of December 31, 2019**

Office	Name	Term
Commissioners:		
1st District	Frank Jewell	Jan. 2019 Jan. 2023
2nd District	Patrick Boyle	Jan. 2017 Jan. 2021
3rd District	Beth Olson	Jan. 2017 Jan. 2021
4th District	Paul McDonald	Jan. 2019 Jan. 2023
5th District	Keith Musolf	Aug. 2019 Jan. 2021
6th District	Keith Nelson	Jan. 2019 Jan. 2023
7th District	Mike Jugovich	Jan. 2017 Jan. 2021
Elected Officials:		
Attorney	Mark Rubin	Jan. 2019 Jan. 2023
Auditor-Treasurer	Nancy Nilsen	Jan. 2019 Jan. 2023
Sheriff	Ross Litman	Jan. 2019 Jan. 2023
Appointed Officers:		
Administrator	Kevin Gray	
Assessor	David Sipila	
Director, Human Resources and Administration	James Gottschald	
Director, Public Health and Human Services	Linnea Mirsch	
Director, Public Works	James Foldesi	
Examiner of Titles	Kimberly Brzezinski	
Land and Minerals Commissioner	Mark Weber	
Information Technology Director	Jeremy Craker	
Planning & Community Development Director	Darren Jablonsky - Interim	
Property Management Director	Tony Mancuso	
Public Records & Property Valuation Director	Mary Garness	
Environmental Services Director	Mark St. Lawrence	





Government Finance Officers Association

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**St. Louis County
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrell

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
St. Louis County
Duluth, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County, Minnesota (the County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund, Road and Bridge Fund Special Revenue Fund, Public Health and Human Services Special Revenue Fund, and Forfeited Tax Sale Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Change in Accounting Principle

During the year ended December 31, 2019, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the County reported a restatement for a change in accounting principle (see Note 1). Our auditors' opinion was not modified with respect to the restatement.

Emphasis of Matter Regarding Restatement

During the year ended December 31, 2019, the County restated fund balance in the Forfeited Tax Fund and net position for Governmental Activities, to correct errors in the previously issued financial statements (see Note 1.F.). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Louis County's basic financial statements. The introductory section, the supplementary data, and the statistical section as listed in the table of contents are presented for purposed of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Matters (continued)

Other Information (continued)

The schedule of expenditures of federal awards and supplementary data is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2020 on our consideration of St. Louis County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of St. Louis County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Louis County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
June 16, 2020

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2019

Our discussion and analysis of St. Louis County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

St. Louis County's total net position increased by \$55.3 million to \$877.6 million, or 6.7%. Governmental activities increased by \$55.9 million to \$858.6 million, while the County's business-type activities decreased by \$0.6 million to \$19.0 million.

The County's governmental funds reported a combined ending fund balance of \$204.9 million for 2019, a decrease of \$20.8 million compared to 2018. The nonspendable and restricted combined fund balances were \$66.7 million of total fund balance or 32.6%. These fund balances are not available for appropriation because of constraints placed on their use. The remaining fund balances of \$138.1 million or 67.4% are unrestricted and classified as either committed, assigned, or unassigned.

In 2019, the General Fund reported a total fund balance of \$73.3 million, an increase of \$1.5 million over 2018. The unassigned fund balance of the General Fund was equal to 37.7% of fund expenditures and 35% of fund revenues. The State Auditor's recommendations are for unrestricted fund balance to be at least 35-50% of revenues and at least five months of expenditures, or 41.7%.

St. Louis County's outstanding debt decreased by \$10.0 million to \$144.2 million in 2019. The County paid down \$9.2 million of existing debt and did not issue any new debt 2019. The debt issuances in 2018 were to construct a new Government Service Center North in Virginia, MN and a new Public Works Maintenance Facility in Cook, MN. Both projects were completed in 2019. The County has issued debt every year in the past ten years except 2011, 2012, 2017 and 2019.

All major governmental funds of the County reported actual expenditures less than the final 2019 expenditure budget. However, the Capital Projects Fund reported a \$30.3 million excess of actual expenditures over actual revenue for the year. The Capital Projects Fund spent \$30.5 million of bond proceeds during 2019. The majority of the spending was on the 2018A and 2018B bonds, which were issued to construct the new Government Service Center in Virginia and the Public Works facility in Cook.

The County's only major business-type activity, the Environmental Services Fund, had an operating loss of \$1.0 million in 2019. With nonoperating revenues from taxes, grants, earnings on investments and sale of capital assets totaling \$1.2 million added to transfers out of \$0.7 million, the Environmental Services Fund net position decreased by \$0.5 million for the year.

Overview of the Financial Statements

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

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

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

The government-wide financial statements can be found on pages 25-26 of this report.

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

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

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

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

The basic financial statements for governmental funds can be found on pages 28-41 of this report.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53-102 of this report.

Supplementary data. A budgetary comparison for the combining statements for nonmajor governmental funds, internal service funds, fiduciary funds, and miscellaneous schedules are provided on pages 114-159.

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Government-wide Financial Analysis

Net position may, over time, be a useful indicator of a government's financial condition. In the case of St. Louis County, assets and deferred outflows exceeded liabilities and deferred inflows for all activities by \$877.6 million.

By far the largest portion of the County's net position is the investment in capital assets 89.1%, which reflects St. Louis County's investment in capital assets less any related debt used to acquire those assets that is still outstanding. Because the County uses these capital assets to provide services to citizens, they are not available for future spending. Although investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 278.9	\$ 301.9	\$ 15.4	\$ 16.2	\$ 294.3	\$ 318.1
Capital assets	901.1	833.1	8.2	8.4	909.3	841.5
Total Assets	1,180.0	1,135.0	23.6	24.6	1,203.6	1,159.6
Deferred Outflows of Resources:						
Pension related items	15.3	26.3	0.1	0.3	15.4	26.6
Other postemployment benefit obligation	0.6	-	-	-	0.6	-
Total Deferred Outflows	15.9	26.3	0.1	0.3	16.0	26.6
Liabilities:						
Long-term liabilities outstanding	272.8	281.2	3.8	4.0	276.6	285.2
Other liabilities	29.5	35.8	0.5	0.8	30.0	36.6
Total Liabilities	302.3	317.0	4.3	4.8	306.6	321.8
Deferred Inflows of Resources:						
Pension related items	31.2	40.5	0.4	0.5	31.6	41.0
Other postemployment benefit obligation	0.3	0.3	-	-	0.3	0.3
Advanced allotment	3.5	-	-	-	3.5	-
Total Deferred Inflows	35.0	40.8	0.4	0.5	35.4	41.3
Net position:						
Net investment in capital assets	774.2	726.8	8.2	8.4	782.4	735.2
Restricted	44.2	54.1	3.8	3.4	48.0	57.5
Unrestricted	40.2	22.6	7.0	7.8	47.2	30.4
Total Net Position, as reported	\$ 858.6	\$ 803.5	\$ 19.0	\$ 19.6	\$ 877.6	\$ 823.1
Change in accounting principle *		(0.8)		-		(0.8)
Total Net Position, as restated		\$ 802.7		\$ 19.6		\$ 822.3

* This is the first year the County implemented the Fiduciary Activities financial reporting standard Statement 84. The County had to make a prior year change in accounting principle to record.

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

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St. Louis County, Minnesota
Management's Discussion and Analysis
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Governmental Activities:

In 2019, the total net position of governmental activities increased by \$55.9 million to \$858.6 million. Total net position for the years 2018 back through 2014 were \$803.5 million, \$760.2 million, \$715.8 million, \$685.1 million, and \$717.3 million, respectively. St. Louis County is again able to report positive balances in all categories of net position as it has since the government-wide financial statements were first prescribed in 2002.

Current and other assets decreased by \$23.0 million in 2019 to \$278.9 million. The main reason for the large decrease was due to spending the 2018A and 2018B bond issuances that were issued in 2018.

Capital assets at year-end 2019 were \$901.1 million, compared with \$833.1 million in 2019, an increase of \$68.0 million. Significant capital outlays for infrastructure, such as roads, by the County each year are the driving force behind large annual increases in capital assets. A detailed analysis of this increase is presented in Table 3 on page 23, under the heading Capital Assets and Debt Administration.

Long-term liabilities outstanding decreased by \$8.4 million in 2019 to \$272.8 million. The main reason for the decrease is due paying down \$9.2 million of outstanding debt., while the pension liability decreased \$1.2 million in 2019 for St. Louis County's portion of PERA's unfunded liability.

Other liabilities decreased \$6.3 million in 2019 to \$29.5 million. Accounts payable decreased \$4.5 million in 2019 while unearned revenue increased by \$0.7 million. Both accounts payable and unearned revenue are mainly a result of timing differences.

Net Investment in Capital Assets increased by \$47.4 million to \$774.2 million. The increase was mainly the result of net capital assets increasing by \$68.0 million, while the outstanding debt related to capital assets decreased by \$17.4 million in 2019.

Restricted net position of the governmental activities decreased by \$9.8 million to \$44.2 million in 2019. This was mainly due to the restricted fund balance for the bond issuance being spent down.

Business-type Activities:

Total net position of the County's business-type activities decreased by \$0.6 million to \$19.0 million in 2019. At year-end, the County's business-type activities consisted of two funds, Environmental Services and Plat Books. Business-type activities were able to report positive balances in all categories of net position for 2019.

Capital assets decreased by \$0.2 million in 2019, to \$8.2 million. The depreciation expense in 2019 was \$0.6 million: there were no landfill cell closure or construction costs in 2019. A fleet of vehicles were transferred from Environmental Services to Planning for the department change of Onsite Wastewater. A large quantity of replacement bins and two new transfer station trailers were purchased and four transfer station trailers were sold.

Total liabilities for business-type activities had a decrease for 2019. The majority of change resulted in Closure and post-closure liabilities and funds due to other governments and a reduction in compensated absences payable decreasing the liability by \$0.5 million in 2019. The GASB 68 Pension liability showed a decrease in liability of \$0.1 million.

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

Unrestricted net position for business-type activities decreased by \$0.8 million in 2019 to \$7.0 million. The majority of the decrease to net position was the result of the transfer out of Onsite Wastewater to the Planning Department as well as operation costs.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 54.3	\$ 51.8	\$ 6.6	\$ 6.7	\$ 60.9	\$ 58.5
Operating Grants and Contributions	66.9	65.8	0.5	0.3	67.4	66.1
Capital Grants and Contributions	25.2	23.8	-	-	25.2	23.8
<i>General revenues:</i>						
Taxes:						
Property taxes, levied for general purposes	141.3	137.0	-	-	141.3	137.0
Property taxes, levied for debt service	6.6	6.1	-	-	6.6	6.1
Transportation sales tax	16.2	15.3	-	-	16.2	15.3
State shared	19.5	20.0	-	-	19.5	20.0
Federal shared	3.5	3.5	-	-	3.5	3.5
Investment income	12.7	4.1	0.5	0.2	13.2	4.3
Sale of capital assets	-	(0.1)	-	-	-	(0.1)
Special items	-	-	0.2	-	0.2	-
Total revenues	<u>346.2</u>	<u>327.3</u>	<u>7.8</u>	<u>7.2</u>	<u>354.0</u>	<u>334.5</u>
Expenses						
<i>Program expenses:</i>						
General government	50.9	48.7	-	-	50.9	48.7
Public safety	57.8	54.4	-	-	57.8	54.4
Highways and streets	55.2	50.5	-	-	55.2	50.5
Health and sanitation	7.4	6.0	-	-	7.4	6.0
Human services	99.0	98.7	-	-	99.0	98.7
Culture and recreation	4.0	3.7	-	-	4.0	3.7
Conservation of natural resources	8.7	9.1	-	-	8.7	9.1
Economic development	3.4	3.5	-	-	3.4	3.5
Interest and other charges	4.6	4.0	-	-	4.6	4.0
Environmental services	-	-	7.7	10.5	7.7	10.5
Total expenses	<u>291.0</u>	<u>278.6</u>	<u>7.7</u>	<u>10.5</u>	<u>298.7</u>	<u>289.1</u>
Increase in net position before transfers	55.2	48.7	0.1	(3.3)	55.3	45.4
Transfers	0.7	(0.4)	(0.7)	0.4	-	-
Increase (decrease) in net position	<u>55.9</u>	<u>48.3</u>	<u>(0.6)</u>	<u>(2.9)</u>	<u>55.3</u>	<u>45.4</u>
Net position January 1 - restated	<u>802.7</u>	<u>755.2</u>	<u>19.6</u>	<u>22.5</u>	<u>822.3</u>	<u>777.7</u>
Net position December 31	<u>\$ 858.6</u>	<u>\$ 803.5</u>	<u>\$ 19.0</u>	<u>\$ 19.6</u>	<u>\$ 877.6</u>	<u>\$ 823.1</u>

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

Governmental Activities:

Program revenues are revenues derived directly by a program from sources other than County taxpayers. In 2019, program revenue increased by \$5.0 million to \$146.4 million. Operating grants and contributions increased \$1.1 million in 2019, mainly due to a \$1.2 million increase in Federal and State Municipal Construction funds for Road and Bridge Projects. Capital grants and contributions also increased \$1.4 million in 2019 mainly due to an increase in State and Federal Road Aid for Highways and Streets.

General revenues are all revenues that are not considered to be program revenues. In 2019, general revenues increased by \$13.9 million to \$199.8 million. Tax revenues in 2019 increased by \$5.7 million mainly due to the 3.3% increase in the 2019 Property Tax Levy, which brought in an additional \$4.8 million. The Transportation Sales Tax revenue also came in \$0.9 million higher than 2018.

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State shared revenues that are classified as general revenues, commonly referred to as local government aids, decreased by \$0.5 million to \$19.5 million in 2019. The decrease is mainly due to the County receiving \$.4 million less in State of MN contributions to PERA in 2019.

Investment income for governmental activities was \$12.7 million for 2019, an increase of \$8.6 million compared to 2018. The increase was mainly due to the gain on the funds invested with the State Board of Investments in our Shoreline Sales, Permanent Fund.

Expenses for governmental activities increased \$12.4 million in 2019, or 4.3%. Highways and streets increased by \$4.7 million mainly due to the \$4.1 million increase in depreciation expense. Public safety also increased \$3.4 million mainly due to higher pension expense for the Police and Fire and Corrections PERA plans.

Business-type Activities:

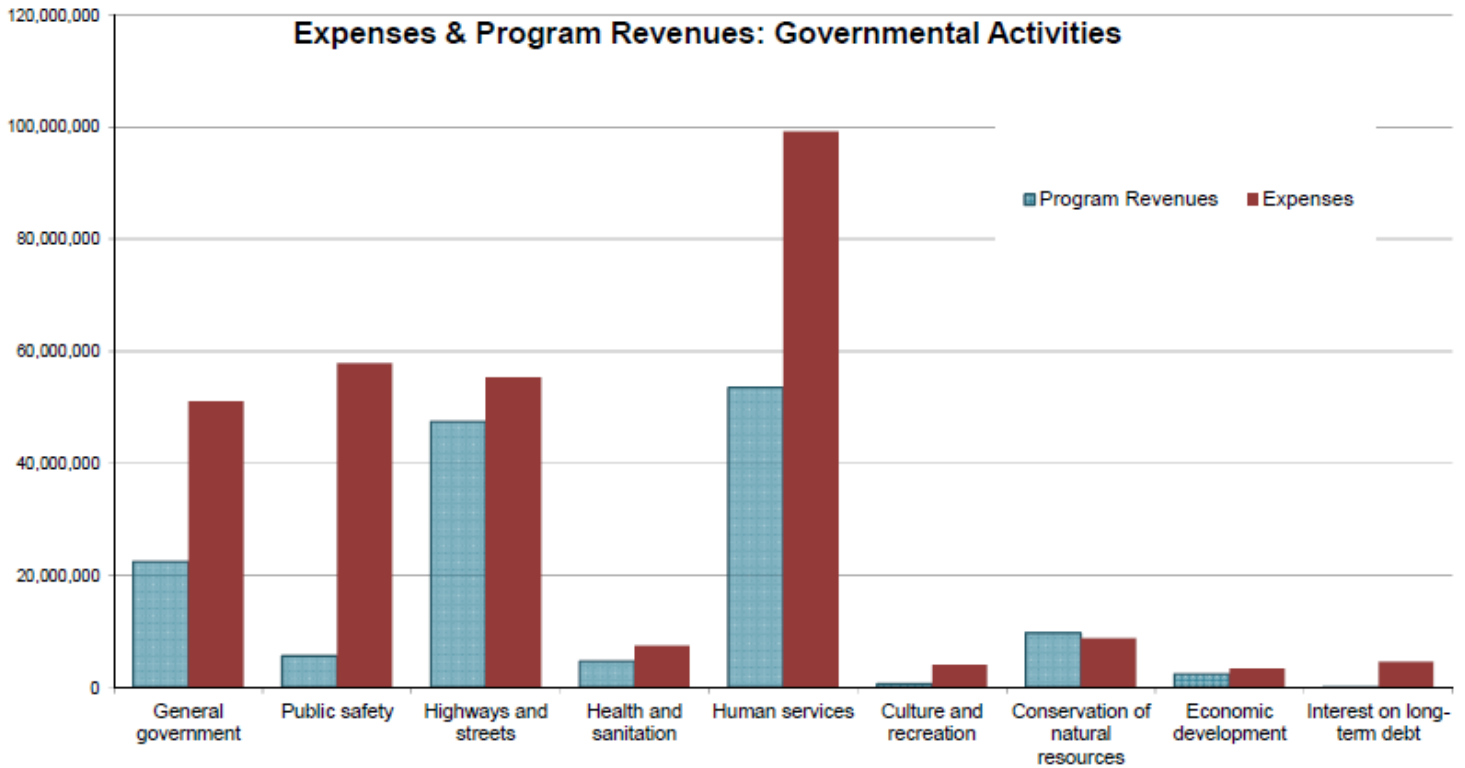
Program revenues for business-type activities increased by \$.1 million in 2019 to \$7.1 million. Charges for services primarily decreased due to the transfer out of septic permit revenue to the Planning Department as part of the departmental relocation of Onsite Wastewater from Environmental Services to Planning. The remaining charges for services showed an overall small increase. Licenses and permits and other operating revenues slightly increased in 2019 for miscellaneous revenues, recycling and equipment sales.

General revenues for the business-type activities primarily increased due to investment income and grant funding for the Environmental Services Fund in 2019 of \$0.5 million.

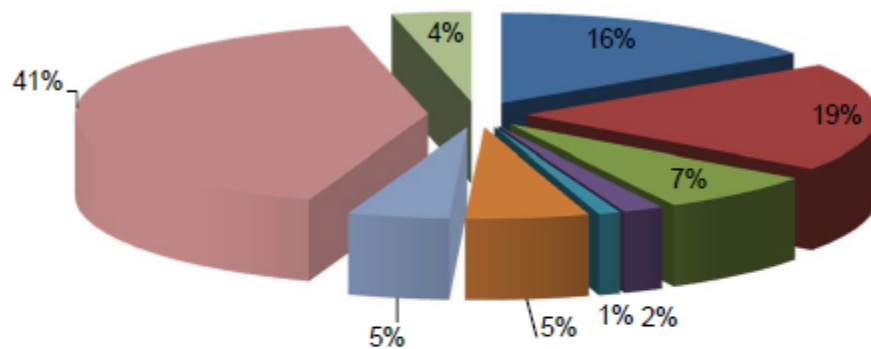
Expenses for business-type activities were \$7.7 million in 2019, \$2.8 million less than 2018. In 2019, almost all expenses for business-type activities occurred in the Environmental Services Fund. Depreciation and Depletion expense decreased by \$0.9 million due to the 2018 completion of a large cell closure project at the landfill. There was no cell closure or construction for 2019. Depletion expense was credited due to a cubic yard volume adjustment to the 2018 contracted survey. The survey included 11 acres of closure and should have been 10.1 acres. Operating expenses decreased due to contract services, equipment repairs and intracounty charges for operating the landfill. Materials expenses showed decreases in fuels and equipment parts. Personal Services decreased primarily due to the transfer out of salaries to the Planning Department as part of the departmental relocation of Onsite Wastewater from Environmental Services to Planning. Medical and retired health insurance and GASB pension expense all showed decreases in expense.

The Environmental Services Fund had net transfers out of \$0.7 million. The transfer out was for the departmental relocation of Onsite Wastewater from Environmental Services to Planning.

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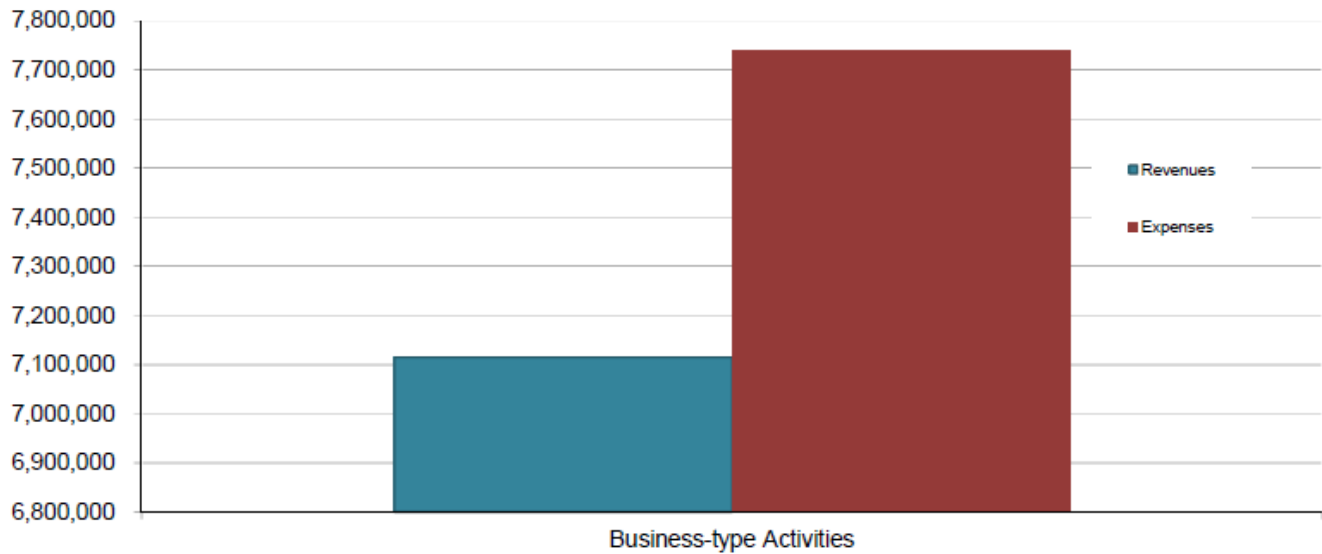
Revenues by Source: Governmental Activities



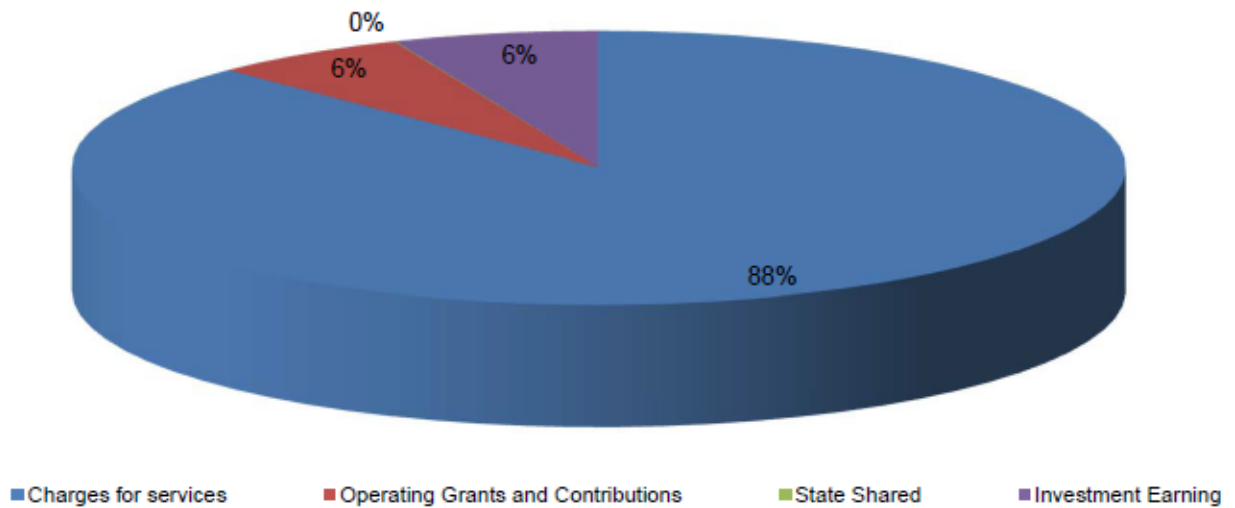
- Charges for services
- Operating grants and contributions
- Capital grants and contributions
- Property taxes, levied for debt service
- Federal share
- State shared
- Transportation sales tax
- Property taxes, levied for gen. purposes
- Investment income

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Expenses and Program Revenues: Business-type Activities



Revenues by Source: Business-type Activities



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Financial Analysis of the Government's Funds

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

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

St. Louis County's governmental funds reported combined fund balance of \$204.9 million in 2019, compared with \$225.5 million as previously reported in 2018, a decrease of \$20.6 million. Fund balances that are classified as restricted are either nonspendable or restricted and have specific (usually external) constraints placed on their use. Fund balances that are classified as unrestricted are either committed, assigned, or unassigned fund balances. Committed and assigned fund balances are fund balances for which the County has identified a specific purpose. Unassigned fund balances do not have a specific use identified, but generally support cash flows of the County.

Governmental funds reported restricted fund balance for 2019 of \$66.7 million, or 32.6% of total fund balance and unrestricted fund balance of \$138.1 million or 67.4% of total fund balance. Unrestricted fund balance was \$31.7 million committed, \$64.9 million assigned, and \$41.5 million unassigned. Committed fund balances are approved by the County Board. For example, the Board has decided, by resolution, to set aside monies to pay for retiree obligations. Assigned fund balances are amounts that are to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is fund balance that has not been reported in any other classification and is only used in the General Fund unless there are deficit fund balances in other funds.

The General Fund is the chief operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. The unassigned fund balance of the General Fund was \$41.5 million in 2019, compared to \$40.2 million in 2018. Unassigned fund balance at the end of the year represented 35% of General Fund operating revenues and 37.7% of operating expenditures. The Office of the State Auditor recommends that counties maintain unrestricted fund balance in the General Fund of approximately 35 to 50 percent of operating revenues, or no less than five months of operating expenditures 41.7%.

In 2019, the fund balance of the County's General Fund increased by \$1.5 million to \$73.3 million. Revenues exceeded expenditures by \$8.5 million, but other financing sources and uses totaled \$7 million. The increase in fund balance was due to higher than anticipated revenues, especially investment earnings, as well as budget savings due to position vacancies and funds that were unspent but encumbered at year-end.

The Road and Bridge Fund had a \$0.3 million excess of revenue over expenditures in 2019. This was mainly due to Transportation Sales Tax revenue coming in \$1.7M over budget, the June 2012 Flood receiving/recognizing revenue from the State for Flood related expenditures of \$1.1M and 2018 Wind Storm revenues of \$750K being received/recognized. These increases were offset by \$3.5 million of expenditures that were incurred in 2019, but cannot be recognized as revenue since they were supported by a State Aid advance of \$3.5M that cannot be recognized until 2020.

The Public Health and Human Services Fund had revenue in excess of revenue of \$1.5 million in 2018. This was mainly due to lower Public Aid expenditures than planned.

The Capital Projects Fund's fund balance decreased from \$46.3 million in 2018 to \$21.9 million in 2019. The decrease is due to spending the bond proceeds for the Government Service Center North and the new Public Works Facility in Cook, MN.

The Shoreline Sales Fund balance increased by \$3.9 in 2019. The increase is mainly due to the \$3.6 increase in interest revenue.

The Debt Service Fund's fund balance decreased \$2.0 million in 2019 mainly due to using debt service reserves to make part of the 2019 payments on the 2018A and 2018B bond issues.

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2019

General Fund Budgetary Highlights

Budgets can be amended during the year by the County Board. Supplemental appropriations or budget reductions are reviewed by the County Administrator and submitted to the County Board for its review and approval. Actual expenditures ended the year \$10.2 million under the final budget. Expenditure budgets for personnel services (\$2.6 million), operating (\$6.7 million), and capital outlay (\$.9 million) accounted for the unspent budget. The main reason for the unspent personnel budget is due to the savings realized when positions are vacant before they are refilled. A large portion of the unspent operating and capital budgets was due to outstanding encumbrances at year end.

Actual revenues in total for 2019 came in \$3.2 million over the final budget. Investment earnings were \$3.6 over budget due to rate increases.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the County's capital assets totaled \$909.3 million. Of that total, governmental activities accounted for \$901.1 million, and the remaining \$8.2 million belonged to the business-type activities. These amounts represent a broad range of capital assets including land, buildings, machinery, roads, road maintenance equipment, and law enforcement equipment. Detail is presented immediately below in Table 3.

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

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 3.2	\$ 2.9	\$ 0.3	\$ 0.3	\$ 3.5	\$ 3.2
Buildings and structures	144.1	99.6	1.7	2.0	145.8	101.6
Improvements other than buildings	-	-	5.5	5.7	5.5	5.7
Machinery and equipment	2.7	3.2	0.3	0.1	3.0	3.3
Vehicles	30.3	29.0	0.4	0.3	30.7	29.3
Infrastructure	716.3	671.6	-	-	716.3	671.6
Intangibles	2.9	3.1	-	-	2.9	3.1
Work in progress	1.6	23.7	-	-	1.6	23.7
Totals	\$ 901.1	\$ 833.1	\$ 8.2	\$ 8.4	\$ 909.3	\$ 841.5

Capital assets for governmental activities increased (including additions, disposals, and depreciation expense) by \$68.0 million, or 8.2%, over 2018. Additions for 2019 totaled \$93.4 million, disposals were \$2.7 million, and depreciation expense was \$25.6 million.

Total vehicles in 2019 increased by \$1.3 million to \$30.3 million. In 2019, the County purchased 96 automobiles, 16 emergency and road maintenance vehicles, 24 unlicensed vehicles, 13 recreational vehicles, and 9 trailers.

Buildings and structures increased \$44.5 million to \$144.1 million in 2019. The primary reason for the increase was \$46 million of work in progress projects were completed in 2019.

Work in progress for governmental activities decreased by \$22.1 million in 2019 to \$1.6 million. The main reasons for the change are \$24 million of additions to work in progress projects in 2019 and \$46 million of work in progress projects were completed in 2019.

Business-type activities had total net capital assets decrease \$0.2 million from 2018. The primary reason for the decrease was depreciation expense. The Environmental Services Fund, the only enterprise fund with capital assets, had net capital assets at year-end of \$8.2 million. In 2019 they purchased 27 roll-off containers, an excavator, and 5 trailers; and disposed of 2 trailers.

Additional information on St. Louis County's capital assets can be found in the notes on pages 73 and 74.

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2019

Debt Administration

At year-end, the County had \$144.2 million of outstanding bonded debt that is backed by the full faith and credit of the County. Some of the debt is also secured by specific revenue sources. There is no business-type activity bonded debt.

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

	Governmental Activities	
	2019	2018
General obligation bonds	<u>\$ 144.2</u>	<u>\$ 154.2</u>

The County debt decreased by \$10 million to \$144.2 million in 2019, compared to an increase of \$37.3 million in 2018. In 2019, the County paid \$9.2 million on existing debt and did not issue any new debt.

Standard and Poor's Rating Service assigned an "AA+" rating to the bonds that were issued in 2018.

Additional information on St. Louis County's long-term debt can be found in the notes on pages 75-77.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The average unemployment rate for St. Louis County was 4.3% in 2019; the average unemployment rate was 3.5% for the United States and 3.3% for the State of Minnesota, generally.

The County's 2020 budget was passed on December 17, 2019, at a meeting of the St. Louis County Board of Commissioners. The 2020 property tax levy was \$145.6 million, an increase of \$8.9 million compared to 2019.

In 2019, St. Louis County collected \$15.8 million due to implementing a half percent Transportation Sales Tax and \$0.4 million from the Motor Vehicle Excise Tax. The County uses the sales tax revenue to repair roads in the poorest condition, replace critical bridge infrastructure, and accelerate safety projects identified in the County Highway Safety Plan.

County Program Aid received from the State of Minnesota in 2019 was \$12.2 million. Due to the volatility of this revenue in the past, the County is working to reduce its reliance on this aid. In years where the aid is fully funded, the amount in excess of the adopted budget will be directed to critical capital investments, reducing future borrowing costs or levy impacts.

Employees are key to the quality services provided by St. Louis County. The 2020 budget included 1,868 full time equivalent employees. Of the total \$407.2 million 2020 budget, \$198.6 million or 48.8%, was designated for personnel related costs.

In March of 2020, COVID-19 forced the State of Minnesota to enforce a stay at home order that forced non-essential businesses and County buildings close to the public. This order affects the County's ability to collect revenue for some services and will likely substantially lower the amount of Transportation Sales Tax we will receive in 2020. The County Board also approved delaying the due date for the May 15th tax collection to July 15th, for those taxpayers that can document that they were financially affected by COVID-19. The County also purchased additional cleaning supplies, personal protection equipment (PPE), and hotel space to house homeless citizens with COVID-19. The majority of those expenditures are expected to be reimbursed by either a Federal or State funding source. The County has since adjusted expenditures or re-deployed staff to minimize any financial impact to the net position in 2020.

All of these factors were considered in preparing the County's budget for the 2020 fiscal year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 171,550,460	\$ 798,119	\$ 172,348,579
Cash with fiscal agent	14,880,567	-	14,880,567
Investments	40,348,067	10,135,011	50,483,078
Accounts receivable (net)	41,853,534	119,493	41,973,027
Internal balances	816,695	(816,695)	-
Inventories	9,308,156	15,507	9,323,663
Prepaid items	152,691	26,783	179,474
Restricted assets	-	5,157,984	5,157,984
Capital assets not being depreciated	5,898,630	277,966	6,176,596
Capital assets being depreciated, net	895,220,623	7,888,996	903,109,619
Total assets	<u>1,180,029,423</u>	<u>23,603,164</u>	<u>1,203,632,587</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	15,300,993	113,324	15,414,317
Other postemployment obligation	639,426	11,198	650,624
Total deferred outflows of resources	<u>15,940,419</u>	<u>124,522</u>	<u>16,064,941</u>
LIABILITIES			
Accounts payable	24,959,823	525,178	25,485,001
Unearned revenue	4,375,428	-	4,375,428
Advance from other governments	167,767	-	167,767
Noncurrent liabilities:			
Due within one year	21,461,573	173,488	21,635,061
Due in more than one year	165,258,549	1,990,056	167,248,605
Net pension liability	77,343,645	1,487,241	78,830,886
Other postemployment benefits obligation	8,724,917	152,984	8,877,901
Total liabilities	<u>302,291,702</u>	<u>4,328,947</u>	<u>306,620,649</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	31,260,104	384,453	31,644,557
Other postemployment benefits obligation	279,426	4,893	284,319
Advanced allotment	3,508,961	-	3,508,961
Total deferred inflows of resources	<u>35,048,491</u>	<u>389,346</u>	<u>35,437,837</u>
NET POSITION			
Net investment in capital assets	774,182,980	8,166,962	782,349,942
Restricted			
General government	1,265,579	-	1,265,579
Public safety	1,462,450	-	1,462,450
Highways and streets	13,315,782	-	13,315,782
Health and sanitation	395,801	-	395,801
Human services	370,399	-	370,399
Conservation of natural resources	237,428	-	237,428
Economic development	1,729,331	-	1,729,331
Debt service	1,711,430	-	1,711,430
Permanent Funds:			
Expendable	1,444,831	-	1,444,831
Nonexpendable	22,304,852	-	22,304,852
Financial assurance	-	3,848,037	3,848,037
Unrestricted	40,208,786	6,994,394	47,203,180
Total net position	<u>\$ 858,629,649</u>	<u>\$ 19,009,393</u>	<u>\$ 877,639,042</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 50,886,407	\$ 20,800,732	\$ 1,680,735	\$ -	\$ (28,404,940)	\$ -	\$ (28,404,940)
Public safety	57,788,107	3,561,191	2,079,839	-	(52,147,077)	-	(52,147,077)
Highways and streets	55,178,035	6,656,841	15,585,817	25,189,087	(7,746,290)	-	(7,746,290)
Health and sanitation	7,430,886	912,121	3,743,821	-	(2,774,944)	-	(2,774,944)
Human services	98,988,990	12,656,120	40,849,485	-	(45,483,385)	-	(45,483,385)
Culture and recreation	4,000,045	342,164	276,749	-	(3,381,132)	-	(3,381,132)
Conservation of natural resources	8,729,100	9,370,050	308,204	-	949,154	-	949,154
Economic development	3,360,756	150	2,353,768	-	(1,006,838)	-	(1,006,838)
Interest and other charges	4,614,418	-	48	-	(4,614,370)	-	(4,614,370)
Total governmental activities	290,976,744	54,299,369	66,878,466	25,189,087	(144,609,822)	-	(144,609,822)
Business-type Activities:							
Environmental Services	7,721,096	6,648,058	460,735	-	-	(612,303)	(612,303)
Plat Books	6,747	6,008	-	-	-	(739)	(739)
Total business-type activities	7,727,843	6,654,066	460,735	-	-	(613,042)	(613,042)
Total primary government	\$ 298,704,587	\$ 60,953,435	\$ 67,339,201	\$ 25,189,087	(144,609,822)	(613,042)	(145,222,864)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					141,312,854	-	141,312,854
Property taxes, levied for debt service					6,524,526	-	6,524,526
Transportation sales tax					16,243,975	-	16,243,975
State shared not restricted to specific programs					19,540,652	11,815	19,552,467
Federal shared not restricted to specific programs					3,532,870	-	3,532,870
Investment earnings					12,719,233	481,150	13,200,383
Special items					-	233,628	233,628
Transfers					689,515	(689,515)	-
Total general revenues, special items, and transfers					200,563,625	37,078	200,600,703
Changes in net position					55,953,803	(575,964)	55,377,839
Net position - January 1					803,462,279	19,585,357	823,047,636
Restatement					(786,433)	-	(786,433)
Net position - January 1 (restated)					802,675,846	19,585,357	822,261,203
Net position - December 31					\$ 858,629,649	\$ 19,009,393	\$ 877,639,042

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

GOVERNMENTAL FUNDS

General Fund

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

Special Revenue Funds

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

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

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

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

Capital Projects Fund

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

Permanent Fund

Shoreline Sales - Permanent funds are used to report resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the county's programs. This fund is used to account for proceeds from the sale of land, including interest, under Minn. Laws 1999 Ch. 180. The principal from the sale of land may not be expended while up to 5 1/2% of the market value of the fund may be spent by the County Board only for the purpose related to the improvement of natural resources.

ST. LOUIS COUNTY, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Shoreline Sales	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 73,172,449	\$ 28,012,213	\$ 25,433,802	\$ 2,044,575	\$ 21,624,424	\$ 1,444,831	\$ 11,928,166	\$ 163,660,460
Cash with fiscal agent	-	-	-	-	-	-	14,880,567	14,880,567
Investments	-	-	-	-	-	22,104,852	-	22,104,852
Delinquent taxes receivable	2,070,780	711,802	1,480,645	-	128,894	-	240,928	4,633,049
Accounts receivable (net)	336,872	314,944	618,007	12,238,002	181,430	-	148	13,689,403
Accrued interest receivable	1,073,146	-	-	224,824	-	-	-	1,297,970
Loans receivable	223,653	85,839	-	-	-	-	1,754,712	2,064,204
Interfund receivable	259,750	-	-	-	-	-	-	259,750
Due from other governments	3,351,980	7,498,889	7,521,976	-	-	-	600,085	18,972,930
Inventories	-	9,272,482	-	-	-	-	-	9,272,482
Prepaid items	152,691	-	-	-	-	-	-	152,691
Advances to other funds	-	-	-	-	1,687,357	-	-	1,687,357
Total Assets	<u>80,641,321</u>	<u>45,896,169</u>	<u>35,054,430</u>	<u>14,507,401</u>	<u>23,622,105</u>	<u>23,549,683</u>	<u>29,404,606</u>	<u>252,675,715</u>
LIABILITIES AND FUND BALANCES								
Accounts payable	1,672,694	1,555,325	1,971,019	20,161	1,475,014	-	251,684	6,945,897
Contracts payable	-	3,628,744	-	-	90,284	-	-	3,719,028
Accrued payroll	2,568,368	711,080	1,512,529	128,921	-	-	25,375	4,946,273
Interfund payable	-	-	-	-	-	-	259,750	259,750
Due to other governments	350,986	1,989,111	1,086,224	4,935	-	-	134,786	3,566,042
Unearned revenue	607,345	2,495,458	404,436	392,917	-	-	20,000	3,920,156
Advance from other governments	-	167,767	-	-	-	-	-	167,767
Total Liabilities	<u>5,199,393</u>	<u>10,547,485</u>	<u>4,974,208</u>	<u>546,934</u>	<u>1,565,298</u>	<u>-</u>	<u>691,595</u>	<u>23,524,913</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Taxes	1,850,171	640,806	1,312,862	-	113,672	-	215,517	4,133,028
Grants	339,364	3,576,172	370,399	-	-	-	-	4,285,935
Advanced allotment	-	3,508,961	-	-	-	-	-	3,508,961
Long-term receivables	-	-	-	12,352,728	-	-	-	12,352,728
Total Deferred Inflows of Resources	<u>2,189,535</u>	<u>7,725,939</u>	<u>1,683,261</u>	<u>12,352,728</u>	<u>113,672</u>	<u>-</u>	<u>215,517</u>	<u>24,280,652</u>
FUND BALANCE								
Nonspendable	-	-	-	-	-	-	-	-
Inventories	-	9,272,482	-	-	-	-	-	9,272,482
Prepaid items	152,691	-	-	-	-	-	-	152,691
Environmental trust funds	-	-	-	-	-	22,104,852	-	22,104,852
Scholarships	150,000	-	-	-	-	-	200,000	350,000
Missing heirs	194,031	-	-	-	-	-	-	194,031
Restricted	-	-	-	-	-	-	-	-
Transportation sales tax	-	8,646,851	-	-	-	-	-	8,646,851
Health and sanitation	-	-	-	-	-	-	172,149	172,149
Debt service	-	-	-	-	-	-	17,976,903	17,976,903
Noncurrent loans	223,653	-	-	-	-	-	-	223,653
Non-current loans	-	85,839	-	-	-	-	876,585	962,424
Improvement of natural resources	-	-	-	-	-	1,444,831	-	1,444,831
Economic development	852,746	-	-	-	-	-	-	852,746
Law library	261,338	-	-	-	-	-	-	261,338
Recorder's equipment	405,764	-	-	-	-	-	-	405,764
Communications	611,428	-	-	-	-	-	-	611,428
Extension service	237,427	-	-	-	-	-	-	237,427
Tax certificate assurance	198,143	-	-	-	-	-	-	198,143
Attorney forfeitures	151,401	-	-	-	-	-	-	151,401
Sheriff forfeitures	94,386	-	-	-	-	-	-	94,386
Sheriff fines	6,265	-	-	-	-	-	-	6,265
Data integration	113,276	-	-	-	-	-	-	113,276
Veterans' credit	-	-	-	15,000	-	-	-	15,000
Emergency contingency	5,942	-	-	23,969	-	-	-	29,911
Sheriff's contingency	2,491	-	-	-	-	-	-	2,491
Permit to carry	335,140	-	-	-	-	-	-	335,140
Capital improvements	-	-	-	-	1,912,469	-	-	1,912,469
Committed	-	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	2,136,509	2,136,509
Conservation of natural resources	-	-	-	-	-	-	5,772,230	5,772,230
Economic development	-	-	-	-	-	-	1,109,372	1,109,372
Retiree obligations	7,107,389	2,381,015	4,547,203	812,692	-	-	133,798	14,982,097
Vesting sick leave	4,065,963	1,055,615	1,918,516	421,312	-	-	-	7,461,406
National night out	1,099	-	-	-	-	-	-	1,099
Ditching	260,673	-	-	-	-	-	-	260,673
SLC Explorer Post	682	-	-	-	-	-	-	682

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

ST. LOUIS COUNTY, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Shoreline Sales	Other Governmental Funds	Total Governmental Funds
Assigned								
Out of home placement	-	-	1,840,000	-	-	-	-	1,840,000
Major emergency road and bridge repair	-	500,000	-	-	-	-	-	500,000
Local road & bridge construction projects	-	1,240,592	-	-	-	-	-	1,240,592
Gas and diesel variability	-	782,049	-	-	-	-	-	782,049
State aid engineering	-	386,144	-	-	-	-	-	386,144
Salt budget carryforward	-	210,247	-	-	-	-	-	210,247
Depreciation reserve	-	-	-	-	848,918	-	-	848,918
Capital improvements	-	-	-	-	19,181,748	-	-	19,181,748
Parking	443,415	-	-	-	-	-	-	443,415
Economic development	1,643,367	-	-	-	-	-	-	1,643,367
General government	2,029,710	-	-	-	-	-	-	2,029,710
Culture & recreation	125,619	-	-	-	-	-	-	125,619
Public safety	1,510,576	-	-	-	-	-	-	1,510,576
Public safety innovation	727,359	-	-	-	-	-	-	727,359
Highways and streets	-	3,061,911	-	-	-	-	-	3,061,911
Health and sanitation	-	-	47,110	-	-	-	-	47,110
Information technology	6,556,749	-	355,665	-	-	-	-	6,912,414
Periodic data match	-	-	253,954	-	-	-	-	253,954
Prevention and Innovation	-	-	2,555,241	-	-	-	-	2,555,241
Human services	-	-	15,890,966	-	-	-	-	15,890,966
Conservation of natural resources	6,075	-	-	334,766	-	-	119,948	460,789
Planning and zoning GIS	514,328	-	-	-	-	-	-	514,328
Health initiatives	-	-	700,554	-	-	-	-	700,554
Economic development blight program	619,168	-	-	-	-	-	-	619,168
Elections	82,945	-	-	-	-	-	-	82,945
Camp esquagama	45,000	-	-	-	-	-	-	45,000
Other postemployment benefits	1,800,000	-	-	-	-	-	-	1,800,000
License center	227,984	-	-	-	-	-	-	227,984
Depot	2,150	-	-	-	-	-	-	2,150
Human service conference	-	-	287,752	-	-	-	-	287,752
Unassigned	41,486,020	-	-	-	-	-	-	41,486,020
Total Fund Balance	73,252,393	27,622,745	28,396,961	1,607,739	21,943,135	23,549,683	28,497,494	204,870,150
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 80,641,321	\$ 45,896,169	\$ 35,054,430	\$ 14,507,401	\$ 23,622,105	\$ 23,549,683	\$ 29,404,606	\$ 252,675,715

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

ST. LOUIS COUNTY, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

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

Total Fund balance - governmental funds (from above)	\$ 204,870,150
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	897,906,231
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.	20,771,691
Other long-term assets reported as deferred inflows of resources.	(31,539,530)
Certain liabilities payable from other long term assets listed above are also not reported in the funds.	(4,941,090)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(261,809,654)
Other long-term liabilities reported as deferred outflows of resources.	15,940,419
Internal Service Funds are used by management to charge the costs of certain activities such as insurances to individual funds.	
The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	<u>17,431,432</u>
Net position of governmental activities	<u>\$ 858,629,649</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Shoreline Sales	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	\$ 65,638,134	\$ 42,572,078	\$ 44,501,801	\$ -	\$ 4,037,002	\$ -	\$ 7,312,544	\$ 164,061,559
Licenses and permits	512,304	61,051	-	-	-	-	-	573,355
Intergovernmental	21,052,664	46,018,714	55,452,357	18,013	213,863	-	3,014,694	125,770,305
Charges for services	22,585,203	5,426,835	5,022,200	-	-	-	255,856	33,290,094
Fines and forfeits	152,361	-	-	-	-	-	-	152,361
Earnings on investments	7,059,480	51,375	-	-	481,263	3,998,161	476,730	12,067,009
Gifts and contributions	13,589	-	10,000	-	-	-	-	23,589
Land and timber sales	-	-	-	7,467,688	-	-	658,000	8,125,688
Miscellaneous	1,657,968	861,542	664,048	57,441	186,430	-	165,775	3,593,204
Total Revenues	118,671,703	94,991,595	105,650,406	7,543,142	4,918,558	3,998,161	11,883,599	347,657,164
EXPENDITURES								
Current:								
General government	49,096,366	-	-	-	410,644	-	-	49,507,010
Public safety	54,782,109	-	-	-	58,312	-	-	54,840,421
Highways and streets	-	36,333,494	-	-	604,831	-	-	36,938,325
Health and sanitation	741,400	-	5,332,845	-	-	-	1,129,615	7,203,860
Human services	219,267	-	98,846,625	-	-	-	-	99,065,892
Culture and recreation	2,284,877	-	-	-	77,355	-	-	2,362,232
Conservation of natural resources	1,366,729	-	-	6,287,897	7,942	27,000	717,387	8,406,955
Economic development	907,451	-	-	-	-	-	2,420,219	3,327,670
Debt service:								
Principal	-	-	-	-	-	-	9,249,550	9,249,550
Interest and other charges	-	-	-	-	-	-	5,486,139	5,486,139
Capital outlay:								
General government	8,075	-	-	-	14,782,455	-	-	14,790,530
Public safety	742,145	-	-	-	222,906	-	-	965,051
Highways and streets	-	58,318,903	-	-	18,470,407	-	-	76,789,310
Conservation of natural resources	-	-	-	142,937	373,954	-	182,250	699,141
Culture and recreation	-	-	-	-	189,850	-	-	189,850
Total Expenditures	110,148,419	94,652,397	104,179,470	6,430,834	35,198,656	27,000	19,185,160	369,821,936
Excess (deficiency) of revenues over (under) expenditures	8,523,284	339,198	1,470,936	1,112,308	(30,280,098)	3,971,161	(7,301,561)	(22,164,772)
OTHER FINANCING SOURCES (USES)								
Transfers in	1,092,535	638,507	2,386,791	32,104	6,070,179	924,522	6,814,929	17,959,567
Transfers (out)	(8,221,883)	(5,488,463)	(153,382)	(313,260)	(195,110)	(1,018,908)	(1,363,063)	(16,754,069)
Sale of capital assets	107,258	74,596	-	21,465	-	-	-	203,319
Total other financing sources and uses	(7,022,090)	(4,775,360)	2,233,409	(259,691)	5,875,069	(94,386)	5,451,866	1,408,817
Net change in fund balances	1,501,194	(4,436,162)	3,704,345	852,617	(24,405,029)	3,876,775	(1,849,695)	(20,755,955)
Fund balances - January 1	71,965,013	31,133,262	24,412,618	1,607,739	46,348,164	19,672,908	30,347,189	225,486,893
Restatement	(213,814)	-	279,998	(852,617)	-	-	-	(786,433)
Fund balances - January 1 (restated)	71,751,199	31,133,262	24,692,616	755,122	46,348,164	19,672,908	30,347,189	225,626,105
Increase (decrease) in inventories	-	925,645	-	-	-	-	-	925,645
Fund balances - December 31	\$ 73,252,393	\$ 27,622,745	\$ 28,396,961	\$ 1,607,739	\$ 21,943,135	\$ 23,549,683	\$ 28,497,494	\$ 204,870,150

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

ST. LOUIS COUNTY, MINNESOTA
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances--total governmental funds (from previous page)	\$ (19,830,310)
Increase (Decrease) in inventories--total governmental funds (from previous page)	925,645
Amounts reported for governmental activities in the Statement of Activities are different because:	
Unavailable revenues reported in the governmental funds are considered revenues in the Statement of Activities.	(2,660,661)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Due to other governments	(441,653)
Compensated absences	696,857
Bond interest payable	67,710
Bond premium amortization	804,011
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	67,702,759
Internal service funds are used by management to charge the costs of certain activities, such as insurance and printing to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(125,191)
Expenditures reported in the governmental funds are not considered expenses in the Statement of Activities	
Intra-general government function rent	208,405
Repayment of bond principal and redemption of refunding bonds is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position	9,249,550
The County's proportionate share of the Other Post Employment Benefits	(56,919)
The County's proportionate share of the of the Public Employees Retirement Association of Minnesota	(586,400)
Change in net position of governmental activities	<u>\$ 55,953,803</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 65,394,851	\$ 65,410,996	\$ 65,638,134	\$ 227,138
Licenses and permits	296,774	540,001	512,304	(27,697)
Intergovernmental	20,926,167	21,762,522	21,052,664	(709,858)
Charges for services	22,654,621	22,630,981	22,585,203	(45,778)
Fines and forfeits	94,000	94,272	152,361	58,089
Earnings on investments	3,503,500	3,503,500	7,059,480	3,555,980
Gifts and contributions	12,750	15,250	13,589	(1,661)
Miscellaneous	1,217,799	1,505,471	1,657,968	152,497
Total revenues	114,100,462	115,462,993	118,671,703	3,208,710
EXPENDITURES				
General government				
Non-departmental				
Personnel services	-	311,698	311,698	-
Commissioners				
Personnel services	916,218	916,218	843,010	73,208
Other operating	308,314	308,314	250,046	58,268
Total commissioners	1,224,532	1,224,532	1,093,056	131,476
Port authority				
Other operating	12,000	12,000	12,000	-
County administrator				
Personnel services	2,128,931	2,080,412	1,219,824	860,588
Other operating	2,126,001	1,854,022	753,931	1,100,091
Total county administrator	4,254,932	3,934,434	1,973,755	1,960,679
Intergovernmental affairs				
Personnel services	144,384	155,942	155,942	-
Other operating	178,601	198,196	198,196	-
Total intergovernmental affairs	322,985	354,138	354,138	-
Labor relations				
Other operating	152,109	152,109	71,344	80,765
Planning and zoning				
Personnel services	1,809,157	1,809,157	1,730,700	78,457
Other operating	1,711,490	1,726,220	967,571	758,649
Total planning and zoning	3,520,647	3,535,377	2,698,271	837,106
Commitment representation				
Personnel services	2,500	2,500	-	2,500
Other operating	132,528	132,528	86,351	46,177
Total commitment representation	135,028	135,028	86,351	48,677
Court administrator				
Other operating	1,198,736	1,198,736	1,198,736	-
Examiner of titles				
Personnel services	126,967	132,627	132,627	-
Other operating	21,171	15,510	14,758	752
Total examiner of titles	148,138	148,137	147,385	752
County attorney				
Personnel services	7,944,061	7,981,129	7,573,367	407,762
Other operating	1,400,840	1,312,001	1,258,707	53,294
Total county attorney	9,344,901	9,293,130	8,832,074	461,056
Subtotal	20,314,008	20,299,319	16,778,808	3,520,511

continued

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
General government (continued)				
County auditor				
Personnel services	4,544,496	4,674,247	4,423,776	250,471
Other operating	1,645,880	1,678,501	1,130,153	548,348
Capital outlay	103,193	103,193	2,475	100,718
Total county auditor	6,293,569	6,455,941	5,556,404	899,537
Information Technology				
Personnel services	5,185,980	5,185,980	4,915,799	270,181
Other operating	4,244,927	4,624,792	3,794,069	830,723
Capital outlay	50,250	50,250	-	50,250
Total information technology	9,481,157	9,861,022	8,709,868	1,151,154
County assessor				
Personnel services	3,940,514	3,989,648	3,751,386	238,262
Other operating	975,853	989,347	801,631	187,716
Total county assessor	4,916,367	4,978,995	4,553,017	425,978
Purchasing				
Personnel services	459,527	471,119	471,119	-
Other operating	30,371	22,195	22,195	-
Total purchasing	489,898	493,314	493,314	-
Microfilming				
Personnel services	221,241	100,214	100,214	-
Other operating	59,979	59,979	38,215	21,764
Total microfilming	281,220	160,193	138,429	21,764
Recorder				
Personnel services	1,796,664	1,856,857	1,801,441	55,416
Other operating	431,922	431,922	290,654	141,268
Capital outlay	5,000	5,000	-	5,000
Total recorder	2,233,586	2,293,779	2,092,095	201,684
Human Resources				
Personnel services	1,486,539	1,475,538	1,461,398	14,140
Other operating	373,825	385,225	289,293	95,932
Total human resources	1,860,364	1,860,763	1,750,691	110,072
Veteran's service				
Personnel services	696,665	725,665	725,665	-
Other operating	144,382	153,407	139,652	13,755
Total veteran's service	841,047	879,072	865,317	13,755
Employee training				
Personnel services	311,862	322,864	322,864	-
Other operating	329,847	338,447	267,993	70,454
Total employee training	641,709	661,311	590,857	70,454
Elections				
Other operating	146,802	146,802	106,907	39,895
Total elections	146,802	146,802	106,907	39,895
Subtotal	27,185,719	27,791,192	24,856,899	2,934,293
				continued

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
General government (continued)				
Property management				
Personnel services	4,221,693	4,234,452	4,233,432	1,020
Other operating	3,423,738	3,484,916	3,216,491	268,425
Capital outlay	8,000	13,600	5,600	8,000
Total property management	7,653,431	7,732,968	7,455,523	277,445
Missing heirs				
Other operating	-	3,639	3,639	-
Health Care Reform				
Other operating	22,026	22,026	9,572	12,454
Total General Government	55,175,184	55,849,144	49,104,441	6,744,703
Public safety				
Arrowhead Regional Corrections				
Other operating	15,904,604	15,904,604	15,713,300	191,304
Sheriff				
Personnel services	13,203,891	14,008,998	13,931,636	77,362
Other operating	4,276,073	4,178,129	3,554,032	624,097
Capital outlay	968,970	1,034,810	485,112	549,698
Total sheriff	18,448,934	19,221,937	17,970,780	1,251,157
Boat and water safety				
Personnel services	14,510	6,142	6,142	-
Other operating	107,651	120,769	113,130	7,639
Capital outlay	68,293	9,225	9,225	-
Total boat and water safety	190,454	136,136	128,497	7,639
Medical examiner				
Other operating	619,232	619,232	606,503	12,729
Emergency management				
Personnel services	162,842	172,767	164,785	7,982
Other operating	345,018	383,180	307,598	75,582
Total emergency management	507,860	555,947	472,383	83,564
Rescue squad				
Other operating	253,576	253,576	222,374	31,202
Capital outlay	10,000	10,000	-	10,000
Total rescue squad	263,576	263,576	222,374	41,202
Law enforcement service				
Personnel services	604,845	609,659	578,708	30,951
Other operating	29,370	25,935	25,935	-
Total law enforcement service	634,215	635,594	604,643	30,951
Emergency communication				
Personnel services	3,925,259	4,223,291	4,216,422	6,869
Other operating	429,484	470,136	469,483	653
Capital outlay	-	181,450	181,450	-
Total emergency communication	4,354,743	4,874,877	4,867,355	7,522
Ambulance service				
Other operating	107,000	107,000	93,736	13,264
Subtotal	41,030,618	42,318,903	40,679,571	1,639,332
				continued

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Public safety (continued)				
Radio maintenance				
Personnel services	547,921	494,451	457,556	36,895
Other operating	512,119	432,530	333,966	98,564
Capital outlay	75,000	-	-	-
Total radio maintenance	1,135,040	926,981	791,522	135,459
Jail prisoners				
Personnel services	7,193,595	7,168,195	7,168,183	12
Other operating	4,757,217	4,287,090	4,105,301	181,789
Capital outlay	25,000	-	-	-
Total jail prisoners	11,975,812	11,455,285	11,273,484	181,801
Jail building				
Personnel services	586,611	633,817	633,817	-
Other operating	451,226	424,427	424,427	-
Total jail building	1,037,837	1,058,244	1,058,244	-
Mine inspector				
Personnel services	244,845	244,845	195,604	49,241
Other operating	58,894	58,894	51,509	7,385
Total mine inspector	303,739	303,739	247,113	56,626
Volunteer fire department				
Other operating	631,055	641,528	612,471	29,057
Sheriff's NEMESIS system				
Personnel services	57,733	-	-	-
Other operating	656,084	-	-	-
Total sheriff's NEMESIS system	713,817	-	-	-
Sheriff fines				
Other operating	13,000	500	-	500
Capital Outlay	-	12,500	12,452	48
Total sheriff fines	13,000	13,000	12,452	548
Attorneys forfeitures				
Personnel services	18,619	18,619	18,197	422
Other operating	124,006	140,006	102,396	37,610
Total Attorneys forfeitures	142,625	158,625	120,593	38,032
Sheriff's forfeitures				
Other operating	30,000	50,191	33,121	17,070
Capital outlay	-	53,920	53,906	14
Total Sheriff's forfeitures	30,000	104,111	87,027	17,084
Enhanced 9-1-1				
Other operating	286,347	286,347	166,578	119,769
Capital outlay	166,008	166,008	-	166,008
Total enhanced 9-1-1	452,355	452,355	166,578	285,777
Law library				
Other operating	308,341	308,341	216,020	92,321
City/County antenna site				
Other operating	8,000	48,500	41,712	6,788
Sheriff's contingent fund				
Other operating	25,000	25,000	14,976	10,024
Sheriff Explorers				
Other operating	-	1,500	825	675
Permit to carry				
Personnel services	-	150,629	107,412	43,217
Other operating	-	129,988	94,254	35,734
Total permit to carry	-	280,617	201,666	78,951
Total Public Safety	57,807,239	58,096,729	55,524,254	2,572,475

continued

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Health and sanitation				
Occupational safety				
Personnel services	438,957	438,957	433,213	5,744
Other operating	283,656	315,184	289,587	25,597
Total occupational safety	722,613	754,141	722,800	31,341
Midway Township Sewer				
Other operating	18,600	18,600	18,600	-
Total Health and Sanitation	741,213	772,741	741,400	31,341
Human services				
Emergency shelter program				
Personnel services	13,590	12,090	1,590	10,500
Other operating	283,710	383,919	217,677	166,242
Total emergency shelter program	297,300	396,009	219,267	176,742
Total Human Services	297,300	396,009	219,267	176,742
Culture and recreation				
Tourism promotion				
Other operating	240,000	240,222	240,222	-
Depot				
Depot personnel	-	48,520	48,520	-
Other operating	184,800	687,585	561,784	125,801
Capital outlay	30,000	1,423	-	1,423
Total depot	214,800	737,528	610,304	127,224
Arrowhead Library System				
Other operating	699,503	699,503	699,503	-
Historical Society				
Other operating	406,998	406,998	406,998	-
Community fairs				
Other operating	750	750	500	250
County fair - north				
Other operating	12,806	12,806	12,806	-
County fair - south				
Other operating	12,806	12,806	12,806	-
Trail assistance				
Other operating	500,000	500,000	276,738	223,262
Youth activities program				
Other operating	25,000	25,000	25,000	-
Total Culture and Recreation	2,112,663	2,635,613	2,284,877	350,736
				continued

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Conservation of natural resources				
North Shore Management Board				
Other operating	2,500	2,500	2,500	-
Soil conservation - north				
Other operating	60,000	60,000	60,000	-
Soil conservation - south				
Other operating	60,000	60,000	60,000	-
County agent				
Personnel services	284,416	284,416	279,702	4,714
Other operating	410,619	447,679	443,208	4,471
Total county agent	695,035	732,095	722,910	9,185
Youth task force				
Personnel services	300,260	300,260	278,896	21,364
Other operating	260,822	264,255	242,423	21,832
Total youth task force	561,082	564,515	521,319	43,196
Total Conservation of Natural Resources	1,378,617	1,419,110	1,366,729	52,381
Economic development				
Revolving loans				
Other operating	602,860	1,191,860	907,451	284,409
Total Economic development	602,860	1,191,860	907,451	284,409
Total Expenditures	118,115,076	120,361,206	110,148,419	10,212,787
Excess of revenues over (under) expenditures	(4,014,614)	(4,898,213)	8,523,284	13,421,497
OTHER FINANCING SOURCES (USES)				
Transfers in	1,390,920	1,627,904	1,092,535	(535,369)
Transfers (out)	(2,860,940)	(8,221,884)	(8,221,883)	1
Sale of capital assets	57,571	96,571	107,258	10,687
Total other financing sources (uses)	(1,412,449)	(6,497,409)	(7,022,090)	(524,681)
Net change in fund balances	(5,427,063)	(11,395,622)	1,501,194	12,896,816
Fund balances - January 1	71,751,199	71,751,199	71,965,013	213,814
Restatement	-	-	(213,814)	(213,814)
Fund balances - January 1 (restated)	71,751,199	71,751,199	71,751,199	-
Fund balances - December 31	<u>\$ 66,324,136</u>	<u>\$ 60,355,577</u>	<u>\$ 73,252,393</u>	<u>\$ 12,896,816</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Taxes	\$ 40,813,214	\$ 40,813,214	\$ 42,572,078	\$ 1,758,864
Licenses and permits	50,000	50,000	61,051	11,051
Intergovernmental	39,923,448	41,271,829	46,018,714	4,746,885
Charges for services	839,381	6,528,596	5,426,835	(1,101,761)
Earnings on investments	-	51,375	51,375	-
Miscellaneous	946,691	1,021,691	861,542	(160,149)
Total Revenues	<u>82,572,734</u>	<u>89,736,705</u>	<u>94,991,595</u>	<u>5,254,890</u>
EXPENDITURES				
Highways and streets				
Administration				
Personnel services	4,393,420	3,364,357	4,132,010	(767,653)
Other operating	2,698,811	2,397,971	1,385,313	1,012,658
Capital outlay	113,933	1,007,515	965,297	42,218
Total administration	<u>7,206,164</u>	<u>6,769,843</u>	<u>6,482,620</u>	<u>287,223</u>
Road maintenance				
Personnel services	13,502,370	13,463,485	12,856,554	606,931
Other operating	2,669,922	3,909,084	3,037,706	871,378
Capital outlay	-	348,314	348,314	-
Total road maintenance	<u>16,172,292</u>	<u>17,720,883</u>	<u>16,242,574</u>	<u>1,478,309</u>
Road construction				
Personnel services	3,350,000	(80,737)	11,885	(92,622)
Other operating	48,849,789	(7,767,700)	136,842	(7,904,542)
Capital outlay	6,331	57,005,291	57,005,291	-
Total road construction	<u>52,206,120</u>	<u>49,156,854</u>	<u>57,154,018</u>	<u>(7,997,164)</u>
Equipment maintenance and shops				
Personnel services	4,260,432	4,348,117	4,321,495	26,622
Other operating	10,708,429	11,331,013	10,451,690	879,323
Total equipment maintenance and shops	<u>14,968,861</u>	<u>15,679,130</u>	<u>14,773,185</u>	<u>905,945</u>
Total Expenditures	<u>90,553,437</u>	<u>89,326,710</u>	<u>94,652,397</u>	<u>(5,325,687)</u>
Excess of Revenues Over (Under) Expenditures	(7,980,703)	409,995	339,198	(70,797)
OTHER FINANCING SOURCES (USES)				
Transfers in	340,000	638,507	638,507	-
Transfers (out)	(5,348,744)	(5,488,463)	(5,488,463)	-
Sale of capital assets	40,000	40,000	74,596	34,596
Total other financing sources (uses)	<u>(4,968,744)</u>	<u>(4,809,956)</u>	<u>(4,775,360)</u>	<u>34,596</u>
Net change in fund balances	(12,949,447)	(4,399,961)	(4,436,162)	(36,201)
Fund Balance - January 1	31,133,262	31,133,262	31,133,262	-
Increase (decrease) in inventories	-	-	925,645	925,645
Fund Balance - December 31	<u>\$ 18,183,815</u>	<u>\$ 26,733,301</u>	<u>\$ 27,622,745</u>	<u>\$ 889,444</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
PUBLIC HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Taxes	\$ 44,635,319	\$ 44,635,319	\$ 44,501,801	\$ (133,518)
Intergovernmental	56,352,569	58,177,767	55,452,357	(2,725,410)
Charges for services	3,812,809	4,766,853	5,022,200	255,347
Gifts and contributions	-	10,000	10,000	-
Miscellaneous	869,102	853,613	664,048	(189,565)
Total Revenues	105,669,799	108,443,552	105,650,406	(2,793,146)
EXPENDITURES				
Human services				
Administration				
Personnel services	6,737,886	6,551,346	6,552,208	(862)
Other operating	6,239,518	6,755,549	6,372,272	383,277
Total administration	12,977,404	13,306,895	12,924,480	382,415
Income maintenance				
Personnel services	14,114,899	13,536,110	13,196,119	339,991
Other operating	3,886,461	4,690,919	4,223,750	467,169
Total income maintenance	18,001,360	18,227,029	17,419,869	807,160
Social services				
Personnel services	29,546,191	30,561,189	30,453,259	107,930
Other operating	40,160,156	41,372,619	38,049,017	3,323,602
Total social services	69,706,347	71,933,808	68,502,276	3,431,532
Total human services	100,685,111	103,467,732	98,846,625	4,621,107
Health and sanitation				
Administration				
Personnel services	320,119	295,098	282,389	12,709
Other operating	134,329	164,328	171,228	(6,900)
Total administration	454,448	459,426	453,617	5,809
Nursing				
Personnel services	4,463,747	4,416,650	4,245,179	171,471
Other operating	663,402	774,799	634,049	140,750
Total nursing	5,127,149	5,191,449	4,879,228	312,221
Total health and sanitation	5,581,597	5,650,875	5,332,845	318,030
Total Expenditures	106,266,708	109,118,607	104,179,470	4,939,137
Excess of Revenues Over (Under) Expenditures	(596,909)	(675,055)	1,470,936	2,145,991
OTHER FINANCING SOURCES (USES)				
Transfers in	86,791	2,386,791	2,386,791	-
Transfers (out)	-	(153,382)	(153,382)	-
Total other financing sources (uses)	86,791	2,233,409	2,233,409	-
Net change in fund balances	(510,118)	1,558,354	3,704,345	2,145,991
Fund Balance - January 1	24,692,616	24,692,616	24,412,618	(279,998)
Restatement	-	-	279,998	279,998
Fund Balance - January 1 (restated)	24,692,616	24,692,616	24,692,616	-
Fund Balance - December 31	\$ 24,182,498	\$ 26,250,970	\$ 28,396,961	\$ 2,145,991

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FORFEITED TAX SALE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental	\$ 18,055	\$ 18,055	\$ 18,013	\$ (42)
Land and timber sales	7,696,564	7,678,564	7,467,688	(210,876)
Miscellaneous	63,529	63,529	57,441	(6,088)
Total Revenues	<u>7,778,148</u>	<u>7,760,148</u>	<u>7,543,142</u>	<u>(217,006)</u>
EXPENDITURES				
Current:				
Conservation of natural resources				
Personnel services	5,310,012	5,310,012	5,075,785	234,227
Other operating	1,599,585	1,487,988	1,212,112	275,876
Capital outlay	429,981	325,053	142,937	182,116
Total Expenditures	<u>7,339,578</u>	<u>7,123,053</u>	<u>6,430,834</u>	<u>692,219</u>
Excess of Revenues Over (Under) Expenditures	438,570	637,095	1,112,308	475,213
OTHER FINANCING SOURCES (USES)				
Transfers in	-	32,104	32,104	-
Transfers (out)	(600,000)	(848,629)	(313,260)	535,369
Sale of capital assets	-	18,000	21,465	3,465
Total other financing sources (uses)	<u>(600,000)</u>	<u>(798,525)</u>	<u>(259,691)</u>	<u>538,834</u>
Net change in fund balances	(161,430)	(161,430)	852,617	1,014,047
Fund Balance - January 1	755,122	755,122	1,607,739	852,617
Restatement	-	-	(852,617)	(852,617)
Fund Balance - January 1 (restated)	<u>755,122</u>	<u>755,122</u>	<u>755,122</u>	-
Fund Balance - December 31	<u>\$ 593,692</u>	<u>\$ 593,692</u>	<u>\$ 1,607,739</u>	<u>\$ 1,014,047</u>

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

PROPRIETARY FUNDS

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

Environmental Services - This fund is used to account for the management and operations of solid waste activities in St. Louis County outside of the Western Lake Superior Sanitary District.

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Plat Books	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 657,399	\$ 140,492	\$ 797,891	\$ 7,890,000
Investments	10,135,239	-	10,135,239	18,243,215
Accounts receivable (net)	85,928	-	85,928	823,632
Accrued interest receivable	22,118	-	22,118	51,207
Due from other governments	-	-	-	61,389
Inventories	-	15,507	15,507	35,674
Prepaid items	-	26,783	26,783	-
Total current assets	10,900,684	182,782	11,083,466	27,105,117
Noncurrent assets:				
Restricted assets				
Financial assurance				
Cash and cash equivalents	1,522,319	-	1,522,319	-
Investments	3,635,665	-	3,635,665	-
Accrued interest receivable	11,447	-	11,447	-
Health and sanitation				
Capital assets				
Land	277,966	-	277,966	25,500
Buildings and structures	7,397,245	-	7,397,245	2,759,175
Improvements other than buildings	10,955,402	-	10,955,402	-
Machinery and equipment	1,362,137	-	1,362,137	-
Vehicles	1,617,907	-	1,617,907	3,112,475
Less accumulated depreciation	(13,443,695)	-	(13,443,695)	(2,684,128)
Total capital assets, net	8,166,962	-	8,166,962	3,213,022
Total noncurrent assets	13,336,393	-	13,336,393	3,213,022
Total assets	24,237,077	182,782	24,419,859	30,318,139
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	113,324	-	113,324	-
Other postemployment benefits	11,198	-	11,198	-
Total deferred outflows of resources	124,522	-	124,522	-

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Plat Books	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	422,951	-	422,951	107,471
Accrued payroll	61,513	-	61,513	25,588
Compensated absences payable	158,403	-	158,403	77,134
Claims payable	-	-	-	3,369,345
Other postemployment obligations	15,085	-	15,085	-
Due to other governments	40,714	-	40,714	41,799
Unearned revenue	-	-	-	455,272
Advances from other funds	-	-	-	37,497
Total current liabilities	<u>698,666</u>	<u>-</u>	<u>698,666</u>	<u>4,114,106</u>
Noncurrent liabilities:				
Compensated absences payable	668,662	-	668,662	264,519
Claims payable	-	-	-	7,674,917
Other postemployment obligation	152,984	-	152,984	-
Advances from other funds	-	-	-	1,649,860
Closure and post-closure liabilities	1,321,394	-	1,321,394	-
Net pension liability	<u>1,487,241</u>	<u>-</u>	<u>1,487,241</u>	<u>-</u>
Total noncurrent liabilities	<u>3,630,281</u>	<u>-</u>	<u>3,630,281</u>	<u>9,589,296</u>
Total liabilities	<u>4,328,947</u>	<u>-</u>	<u>4,328,947</u>	<u>13,703,402</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	384,453	-	384,453	-
Other postemployment related items	<u>4,893</u>	<u>-</u>	<u>4,893</u>	<u>-</u>
Total deferred outflows of resources	<u>389,346</u>	<u>-</u>	<u>389,346</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	8,166,962	-	8,166,962	3,213,022
Restricted for financial assurance	3,848,037	-	3,848,037	-
Unrestricted	<u>7,628,307</u>	<u>182,782</u>	<u>7,811,089</u>	<u>13,401,715</u>
Total net position	<u>\$ 19,643,306</u>	<u>\$ 182,782</u>	<u>\$ 19,826,088</u>	<u>\$ 16,614,737</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(816,695)</u>	
Net position of business type activities			<u>\$ 19,009,393</u>	

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Plat Books	Total	
Operating Revenues				
Charges for services	\$ 6,303,454	\$ 6,008	\$ 6,309,462	\$ 41,331,523
Licenses and permits	7,095	-	7,095	-
Other	326,753	-	326,753	40,597
Total Operating Revenues	6,637,302	6,008	6,643,310	41,372,120
Operating Expenses				
Personnel services	2,468,587	-	2,468,587	1,041,276
Contractual services	4,311,300	-	4,311,300	6,684,427
Materials	304,121	6,747	310,868	504,919
Other postemployment benefits	(52,053)	-	(52,053)	-
Claims paid	-	-	-	34,044,830
Depreciation	625,860	-	625,860	344,020
Total Operating Expenses	7,657,815	6,747	7,664,562	42,619,472
Operating Income (Loss)	(1,020,513)	(739)	(1,021,252)	(1,247,352)
Nonoperating Revenues (Expenses)				
Taxes	12,662	-	12,662	-
Grants	464,192	-	464,192	753,131
Earnings on investments	481,150	-	481,150	652,224
Loss or gain on asset disposal	144	-	144	175,815
Special items	233,628	-	233,628	-
Total Nonoperating Revenues (Expenses)	1,191,776	-	1,191,776	1,581,170
Income (Loss) Before Transfers	171,263	(739)	170,524	333,818
Transfers in	-	-	-	4,200
Transfers out	(689,515)	-	(689,515)	(520,182)
Change in net position	(518,252)	(739)	(518,991)	(182,164)
Net position - January 1 - restated	20,161,558	183,521	20,345,079	16,796,901
Net position - December 31	\$ 19,643,306	\$ 182,782	\$ 19,826,088	\$ 16,614,737
Change in net position			\$ (518,991)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(56,973)	
Change in net position of business type activities			\$ (575,964)	

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Environmental Services	Plat Books	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 6,279,055	\$ 6,008	\$ 6,285,063	\$ -
Receipts from interfund services provided	-	-	-	41,526,969
Payments to suppliers	(4,828,355)	(14,450)	(4,842,805)	(6,908,977)
Payments to employees	(2,641,320)	-	(2,641,320)	(1,089,681)
Claims paid	-	-	-	(33,981,096)
Other receipts	333,848	-	333,848	2,507,189
Net cash provided (used) by operating activities	(856,772)	(8,442)	(865,214)	2,054,404
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from taxes	16,480	-	16,480	-
Proceeds from grants	464,192	-	464,192	753,131
Special Items	233,628	-	233,628	-
Transfers from other funds	-	-	-	4,200
Transfers to other funds	(689,515)	-	(689,515)	(520,182)
Net cash provided (used) by noncapital financing activities	24,785	-	24,785	237,149
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(389,508)	-	(389,508)	(538,049)
Proceeds from sale of capital assets	6,452	-	6,452	21,413
Proceeds from advance from other funds	-	-	-	(37,497)
Net cash provided (used) by capital and related financing activities	(383,056)	-	(383,056)	(554,133)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(2,863,717)	-	(2,863,717)	(9,720,762)
Sale of investments	2,243,535	-	2,243,535	7,490,171
Interest and dividends	337,043	-	337,043	474,892
Net cash provided by investing activities	(283,139)	-	(283,139)	(1,755,699)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,498,182)	(8,442)	(1,506,624)	(18,279)
Balances - January 1	3,677,900	148,934	3,826,834	7,908,279
Balances - December 31	<u>\$ 2,179,718</u>	<u>\$ 140,492</u>	<u>\$ 2,320,210</u>	<u>\$ 7,890,000</u>
Detail on Statement of Net Position				
Cash and cash equivalents				
Current	\$ 657,399	\$ 140,492	\$ 797,891	\$ 7,890,000
Restricted				
Financial assurance	1,522,319	-	1,522,319	-
Total	<u>\$ 2,179,718</u>	<u>\$ 140,492</u>	<u>\$ 2,320,210</u>	<u>\$ 7,890,000</u>

continued

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Environmental Services	Plat Books	Total	Governmental Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (1,020,513)	\$ (739)	\$ (1,021,252)	\$ (1,247,352)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	625,860	-	625,860	344,020
(Increase) Decrease Receivables, net	(24,399)	-	(24,399)	179,447
(Increase) Decrease Prepaid items	300	(14,391)	(14,091)	-
(Increase) Decrease Due from other governments	-	-	-	(61,389)
(Increase) Decrease Inventories	-	6,747	6,747	19,443
(Increase) Decrease Deferred pension outflows	165,312	-	165,312	-
Increase (Decrease) Net pension liability	(66,084)	-	(66,084)	-
Increase (Decrease) Deferred pension inflows	(94,428)	-	(94,428)	-
Increase (Decrease) Accounts payable	(87,509)	(59)	(87,568)	43,070
Increase (Decrease) Salaries payable	5,519	-	5,519	4,922
Increase (Decrease) Compensated absences payable	(130,999)	-	(130,999)	(53,327)
Increase (Decrease) Claims payable	-	-	-	2,821,434
Increase (Decrease) Due to other governments	(147,445)	-	(147,445)	(2,673)
Increase (Decrease) OPEB obligation	(52,053)	-	(52,053)	-
Increase (Decrease) Unearned revenue	-	-	-	6,809
Increase (Decrease) Closure payable	(30,333)	-	(30,333)	-
Total Adjustments	163,741	(7,703)	156,038	3,301,756
Net cash provided (used) by operating activities	\$ (856,772)	\$ (8,442)	\$ (865,214)	\$ 2,054,404
NON-CASH ACTIVITIES				
Change in fair value of investments	\$ (481,150)	\$ -	\$ (481,150)	\$ 167,672

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

FIDUCIARY FUNDS

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

Private purpose trust funds - are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

Social Welfare Fund - This fund is used to manage the day to day finances of St. Louis County citizens that are not able to manage their own finances.

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	Private - Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 220,517	\$ 10,811,831
Investments	-	5,946,098
Delinquent taxes receivable	-	3,920,577
Accounts receivable	-	199,047
Accrued interest receivable	-	47,362
Due from other governments	-	2,424,878
Total Assets	<u>220,517</u>	<u>23,349,793</u>
LIABILITIES		
Accounts payable	-	1,234,362
Accrued payroll	-	555,026
Unearned revenue	-	210,871
Due to other governments	-	6,141,058
Total Liabilities	<u>-</u>	<u>8,141,317</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - prepaid taxes	-	97,842
Total deferred inflows of resources	<u>-</u>	<u>97,842</u>
NET POSITION		
Restricted		
Held in trust for pool participants	-	3,954,517
Individuals, organizations, and other governments	220,517	5,352,750
Arrowhead Regional Corrections	-	6,089,347
Minneapolis-Duluth/Superior		
Passenger Rail Alliance	-	16,736
Community Health Board	-	88,210
Duluth Area Family Service		
Collaborative Fund	-	734,938
Local Collaborative Time Study Fund	-	547,538
Northern Counties Land Use Board		
Fund	-	86,704
Voyagers National Park Joint Venture	-	36,799
Unrestricted	<u>-</u>	<u>(1,796,905)</u>
Total net position	<u>\$ 220,517</u>	<u>\$ 15,110,634</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Private-Purpose Trust Fund	Custodial Funds
ADDITIONS		
Property tax collections for other governments	\$ -	\$ 190,040,397
License and fee collections for other governments	-	1,210
License and fee collections for State of MN	-	50,993,037
Contributions individuals	1,613,543	563,834
Estate recoveries	-	1,399,673
Taxes	-	37,768,729
Licenses and permits	-	3,000
Intergovernmental	-	34,619,882
Charges for services	-	4,882,713
Fines and forfeits	-	91,090
Earnings on investments	-	321,671
Gifts and contributions	-	90,411
Land and timber sales	-	38,572
Miscellaneous	-	324,901
Sale of capital assets	-	10,623
Total Additions	<u>1,613,543</u>	<u>321,149,743</u>
DEDUCTIONS		
Payment of property tax to other governments	-	229,948,774
Payment on behalf of individuals	1,588,707	-
Distributions to participants	-	1,332,971
Distribution of recoveries	-	1,267,820
Payment of fee, fines and license revenue to other	-	74,257
Payments to State of MN	-	50,993,037
Personnel services	-	23,461,887
Other operating	-	10,968,737
Capital outlay	-	2,536,934
Total Deductions	<u>1,588,707</u>	<u>320,584,417</u>
Changes in net position	24,836	565,326
Net position - January 1	-	-
Restatement	<u>195,681</u>	<u>14,545,308</u>
Net position - January 1 (restated)	<u>195,681</u>	<u>14,545,308</u>
Net position - December 31	<u>\$ 220,517</u>	<u>\$ 15,110,634</u>

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

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

The County reports the following major governmental funds:

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

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

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

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

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

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

The County reports the following major proprietary fund:

The Environmental Services Fund accounts for the activities of solid waste and recycling operations within the County, but outside the Western Lake Superior Sanitary District service area.

Additionally, the County reports the following fund types:

Nonmajor Special Revenue Funds account for the Housing and Redevelopment Authority activities, the Community Development Block Grant activities, the Northeast Minnesota Housing Consortium, the Septic Services, and the Forest Resources activities.

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

The Scholarship Permanent Fund is used to account for a scholarship program. State Statute 298.2215 allows the County to establish a scholarship program for high school students. This program is funded by iron ore royalties on tax forfeited minerals. These royalties will continue to accumulate and then the interest revenue will be used to fund the scholarships.

Enterprise Funds account for Plat Book activities.

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

Private Purpose Trust is used to account for the Social Welfare Fund, which is used to manage the day to day finances of St. Louis County citizens that are not able to manage their own finances.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

Custodial Funds account for resources held by the County in a purely custodial capacity and include the NEMESIS, State of Minnesota, Beer-Auctioneer Licenses, Taxes and Penalties, Arrowhead Regional Corrections, Regional Rail Authority, Minneapolis - Duluth/Superior Passenger Rail Alliance, Community Health Board, Duluth Area Family Service Collaborative, Local Collaborative Time Study, Northern Counties Land Use Board, Voyagers National Park Joint Venture, MN Regional Parks and Trails, Sheriff Forfeits/Evidence, Estate Recovery Fund, Jail Inmate/Kiosk, NEECB, Civil Fund, Taconite Relief and Taconite Production Tax.

The County's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as of and for the year ended December 31, 2019. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

D. Reconciliation of Government-Wide and Fund Financial Statements

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

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

	Total Governmental Funds	Long-term Assets Liabilities (1)	Internal Service Funds (2)	Reclassification and Elimination (3)	Statement of Net Position Total
ASSETS					
Cash and cash equivalents/pooled investments	\$ 163,660,460	\$ -	\$ 7,890,000	\$ -	\$ 171,550,460
Cash with fiscal agent	14,880,567	-	-	-	14,880,567
Investments	22,104,852	-	18,243,215	-	40,348,067
Delinquent taxes receivable	4,633,049	-	-	(4,633,049)	-
Accounts receivable (net)	13,689,403	-	823,632	(14,513,035)	-
Accrued interest receivable	1,297,970	-	51,207	(1,349,177)	-
Loans receivable	2,064,204	-	-	(2,064,204)	-
Interfund receivable	259,750	-	-	(259,750)	-
Due from other governments	18,972,930	-	61,389	(19,034,319)	-
Receivables (net)	-	-	-	41,853,534	41,853,534
Internal balances	-	-	816,695	-	816,695
Inventories	9,272,482	-	35,674	-	9,308,156
Prepaid items	152,691	-	-	-	152,691
Advances to other funds	1,687,357	-	-	(1,687,357)	-
Capital assets not being depreciated	-	5,873,130	25,500	-	5,898,630
Capital assets being depreciated, net	-	892,033,101	3,187,522	-	895,220,623
Total Assets	252,675,715	897,906,231	31,134,834	(1,687,357)	1,180,029,423
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	-	15,300,993	-	-	15,300,993
Other postemployment benefits	-	639,426	-	-	639,426
Total Deferred Outflows of Resources	-	15,940,419	-	-	15,940,419
LIABILITIES					
Accounts payable	6,945,897	-	107,471	17,906,455	24,959,823
Contracts payable	3,719,028	-	-	(3,719,028)	-
Salaries payable	4,946,273	-	25,588	(4,971,861)	-
Interfund payable	259,750	-	-	(259,750)	-
Bond interest payable	-	406,884	-	(406,884)	-
Due to other governments	3,566,042	4,941,091	41,799	(8,548,932)	-
Other postemployment benefits	-	8,724,917	-	-	8,724,917
Unearned revenue	3,920,156	-	455,272	-	4,375,428
Advance from other governments	167,767	-	-	-	167,767
Net pension liability	-	77,343,645	-	-	77,343,645
Due within one year	-	18,015,094	3,483,976	(37,497)	21,461,573
Due in more than one year	-	157,319,113	9,589,296	(1,649,860)	165,258,549
Total Liabilities	23,524,913	266,750,744	13,703,402	(1,687,357)	302,291,702
DEFERRED INFLOWS OF RESOURCES					
Taxes	4,133,028	(4,133,028)	-	-	-
Grants	4,285,935	(4,285,935)	-	-	-
Advanced allotment	3,508,961	-	-	-	3,508,961
Pension related items	-	31,260,104	-	-	31,260,104
Other postemployment benefit related items	-	279,426	-	-	279,426
Long-term receivables	12,352,728	(12,352,728)	-	-	-
Total Deferred Inflows of Resources	24,280,652	10,767,839	-	-	35,048,491
FUND BALANCE/NET POSITION					
Net investment in capital assets	-	770,969,958	3,213,022	-	774,182,980
Nonspendable	32,074,056	-	-	(32,074,056)	-
Restricted	34,653,996	(22,490,169)	-	32,074,056	44,237,883
Committed	31,724,068	-	-	(31,724,068)	-
Assigned	64,932,010	-	-	(64,932,010)	-
Unassigned	41,486,020	(112,151,722)	14,218,410	56,447,292	-
Unrestricted	-	-	-	40,208,786	40,208,786
Total Fund Balance/Net Position	204,870,150	636,328,067	17,431,432	-	858,629,649
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	\$ 252,675,715	\$ 913,846,650	\$ 31,134,834	\$ (1,687,357)	\$ 1,195,969,842

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Cost of capital assets	\$ 1,294,934,923
Accumulated depreciation	<u>(397,028,692)</u>
	<u>\$ 897,906,231</u>

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

Adjustment of unavailable revenue	<u>\$ (20,771,691)</u>
Adjustment of due to other governments	<u>\$ 4,941,091</u>

Long-term liabilities applicable to the County's government activities are not due and payable in the current period and accordingly are not reported in fund liabilities. All liabilities -- both those due within one year and those due in more than one year -- are reported in the statement of net position. Balances at December 31, 2019 were:

Bond interest payable	<u>\$ 406,884</u>		
	Due Within One Year	Due In More Than One Year	Total
Bonds and notes payable	\$ 9,709,509	\$ 134,746,782	\$ 144,456,291
Compensated absences	7,510,423	22,836,850	30,347,273
Claims payable	3,369,345	7,674,917	11,044,262
Other postemployment benefits	872,296	-	-
	<u>\$ 21,461,573</u>	<u>\$ 165,258,549</u>	<u>\$ 185,847,826</u>
Net pension liability		\$ 77,343,645	
Pension related items - deferred outflows		(15,300,993)	
Pension related items - deferred inflows		31,260,104	
		<u>\$ 93,302,756</u>	
Net other postemployment benefits liability		\$ 9,597,213	
Other postemployment benefit related items - deferred outflows		(639,426)	
Other postemployment benefit related items - deferred inflows		279,426	
		<u>\$ 9,237,213</u>	

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

Internal balance due from business-type activities	<u>\$ 816,695</u>
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ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

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

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

	Total Governmental Funds	Long-term Revenue, Expenses (1)	Long-Term Debt and Capital Related Items (2) & (4)	Internal Service Funds (3)	Revenue Reclass	Statement of Activities Totals
Revenues and Other Sources						
Taxes	\$ 164,061,559	\$ 19,796	\$ -	\$ -	\$ (164,081,355)	\$ -
Property taxes						
General purpose	-	-	-	-	141,312,854	141,312,854
Debt service	-	-	-	-	6,524,526	6,524,526
Transportation sales tax	-	-	-	-	16,243,975	16,243,975
Licenses and permits	573,355	-	-	-	(573,355)	-
Intergovernmental	125,770,305	-	-	-	(125,770,305)	-
State shared	-	(38,513)	-	-	19,579,165	19,540,652
Federal shared	-	-	-	-	3,532,870	3,532,870
Operating grants	-	(1,606,494)	-	-	68,484,960	66,878,466
Capital grants	-	(1,376,925)	-	-	26,566,012	25,189,087
Charges for services	33,290,094	124,478	-	-	20,884,797	54,299,369
Fines and forfeits	152,361	-	-	-	(152,361)	-
Earnings on						
investments	12,067,009	-	-	652,224	-	12,719,233
Gifts and contributions	23,589	-	-	-	(23,589)	-
Land and timber sales	8,125,688	1,104,133	(498,147)	-	(8,731,674)	-
Miscellaneous	3,593,204	203,316	-	-	(3,796,520)	-
Total	347,657,164	(1,570,209)	(498,147)	652,224	-	346,241,032
Expenditures/Expenses						
Current:						
General government	49,507,010	(757,308)	2,067,856	68,849	-	50,886,407
Public safety	54,840,421	385,995	2,100,356	461,335	-	57,788,107
Highways and streets	36,938,325	(1,156,633)	18,939,072	457,271	-	55,178,035
Health and sanitation	7,203,860	287,245	-	(60,219)	-	7,430,886
Human services	99,065,892	285,112	247,626	(609,640)	-	98,988,990
Culture and recreation	2,362,232	2,412	1,635,401	-	-	4,000,045
Conservation of						
natural resources	8,406,955	160,410	217,898	(56,163)	-	8,729,100
Economic development	3,327,670	8,318	24,768	-	-	3,360,756
Debt service:						
Principal	9,249,550	-	(9,249,550)	-	-	-
Interest and						
other charges	5,486,139	-	(871,721)	-	-	4,614,418
Capital outlay	93,433,882	-	(93,433,882)	-	-	-
Total	369,821,936	(784,449)	(78,322,176)	261,433	-	290,976,744
Other financing uses/changes						
in net position:						
Transfers in	17,959,567	-	-	4,200	-	17,963,767
Transfers out	(16,754,069)	-	-	(520,183)	-	(17,274,252)
Bond issued	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
Sale of capital assets	203,319	-	(203,319)	-	-	-
Increase in inventories	925,645	(925,645)	-	-	-	-
Total	2,334,462	(925,645)	(203,319)	(515,983)	-	689,515
Net change for the year	\$ (19,830,310)	\$ (1,711,405)	\$ 77,620,710	\$ (125,192)	\$ -	\$ 55,953,803

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Property taxes	\$ 19,796
Long-term receivables:	
Intergovernmental	(3,021,932)
Intra-general government function rent	(208,405)
Charges for services	332,883
Land & timber sales	1,104,133
	<u>\$ (1,773,525)</u>

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

Due to other governments	\$ 441,653
Intra-general government function rent	(208,405)
Increase in inventories	(925,645)
Compensated absences	(696,857)
Pensions	547,886
Other postemployment benefits	56,919
	<u>\$ (784,449)</u>

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

Capital outlay	\$ (93,433,882)
Net disposal of capital assets	498,146
Depreciation expense	25,232,977
Difference	<u>\$ (67,702,759)</u>

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

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

Principal payments made	\$ (9,249,550)
Bond interest payable	(67,710)
Bond premium amortization	(804,011)
	<u>\$ (10,121,271)</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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E. Budgetary Data

General Budget Policies

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

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

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

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

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

Budgets can be amended during the year by the County Board. Supplemental appropriations or budget reductions are reviewed by the County Administrator's office and submitted to the County Board for its review and approval. If approved, changes are implemented by the Auditor's Office as budget revisions. Supplemental appropriations could be required due to several factors, including the awarding of state and federal grants during the year and providing funding for unanticipated program requirements. Budget revisions were necessary during the year. The effect of these amendments was an increase in budgeted County funds of \$8,488,866.

Procedure for Preparing the Annual Budget

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

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F. Restatements and Reclassifications

As of January 1, 2019, the County determined that the fund balance in the Forfeited Tax, Special Revenue Fund was overstated due to recording revenues for timber sales before the scale date of the timber. Prior to 2019, the timber revenue was recorded when the timber was contracted. Starting in 2019, the County determined that the scaled date was a better time to record the revenue due to the large time gaps between when a contract is signed and the timber being scaled.

	Forfeited Tax Fund		Governmental Activities
Fund Balance, December 31, 2018 as previously reported	\$ 1,607,739	Net Position, December 31, 2018 as previously reported	\$ 803,462,279
Affect of the change	(852,617)	Affect of the change	(852,617)
Fund Balance, December 31, 2018 as restated	<u>\$ 755,122</u>	Net Position, December 31, 2018 as restated	<u>\$ 802,609,662</u>

Several account balances were reclassified as of and for the year ended December 31, 2018, as previously reported. These reclassifications, which did not require a restatement of net position or fund balance, were required for comparability to the financial statements as of and for the year ended December 31, 2019. Although comparative statements for 2018 are not presented here, these reclassifications must be considered when comparing the financial statements of this report with those of prior reports.

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

Cash and Pooled Investments

Available cash balances from all funds are pooled and invested in accordance with Minnesota State Statutes. Cash balances and pooled investments are at fair value based on quoted market prices. The pool is not subject to regulatory oversight. Fair value amounts are determined at year end. The County has not provided or obtained any legally binding guarantees to support the value of the pool. Pursuant to Minn. Stat. §385.07, investment earnings on cash balances and pooled investments are credited to the General Fund. Other funds received investment earnings based on other statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings credited to the General Fund for 2019 were \$7,059,480. Each fund's share of the pool is shown on the financial statements as "Cash and Cash Equivalents." For proprietary fund-type statement of cash flows, all change funds and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

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

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

Property Taxes

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

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

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Inventories

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

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

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

Prepaid Items

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

Restricted Assets

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

Capital Assets

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

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

Depreciation has been provided over the estimated useful life using the straight-line method. For the purposes of depreciating infrastructure capital assets, all roads and bridges are considered a network. For the purposes of depreciating landfill capital assets, a waste mass survey or an additions survey will be performed annually. The estimated useful lives are:

Buildings and Improvements:	30-70 years
Improvements other than buildings:	10-20 years
Machinery and equipment:	3-15 years
Vehicles:	5-12 years
Infrastructure:	20-60 years
Intangibles:	2-5 years

Deferred Outflows/Inflows of Resources

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

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

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Compensated Absences

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

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

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

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

Unvested sick leave for all County funds in the amount of \$7,341,136 at December 31, 2019 is available to employees in the event of illness-related absences and is not reported in the financial statements.

Pension Plan

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

Conduit Debt

In 2014, St. Louis County's Housing and Redevelopment Authority (HRA) issued a \$3.3 million lease revenue note. The proceeds of the note were loaned to ABC of North Shore Community School Inc., a Minnesota nonprofit corporation, to construct and equip a 10,000 square foot addition to the existing kindergarten through sixth grade charter school. The loan payments are being made directly to North Shore Bank of Commerce by the nonprofit. The debt is secured by the property financed and is payable solely from pledged lease revenues. Neither St. Louis County nor the HRA are obligated in any manner for the repayment of the note. Accordingly, the debt is not reported as a liability in the accompanying financial statements. As of 12/31/19, the outstanding principal balance was \$2.3 million.

Closure and Postclosure Care Costs

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of the financial statement date. The \$1,321,394 for the open area reported on the Environmental Services Enterprise Fund statement of net position as landfill closure and postclosure liability at December 31, 2019, represents the following:

Postclosure liability	
This is the liability for post closure costs for the Regional Landfill.	\$563,402
It is based on the use of 47.86% of the existing open area.	
Closure liability	
This is the liability for closure cost for the Regional Landfill.	
It is based on the use of 47.86% of the existing open area.	\$757,992

The County will recognize the remaining \$1,439,619 in costs of closure and postclosure care of the open area as the remaining estimated capacity of the open area if the Regional Landfill is filled. The amounts are based on what it would cost to perform all closure and postclosure care in 2019. The County expects the open area to be closed in 2023 or later. Actual costs may differ due to inflation, deflation, changes in technology, or changes in applicable laws or regulations.

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The County is required by state and federal laws and regulations to make annual contributions to a restricted account to finance closure and postclosure care of the last cell that will be accepting waste. The County is in compliance with these requirements, and at December 31, 2019, restricted assets of \$5,169,431 are included in the amounts shown on the Environmental Services Enterprise Fund balance sheet as Restricted assets financial assurance - Cash and cash equivalents, Investments and Accrued interest receivable.

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

Long-Term Obligations

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

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

Classification of Net Position

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

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

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

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

Fund Equity

Fund balance is classified as:

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

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

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

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

Unassigned – amount remaining in the General Fund that has not been restricted, committed, or assigned or any negative residual amounts in other funds.

H. Federal Audit Requirements

The Single Audit Act Amendments of 1996 requires the County to have a single, independent audit of its financial operations, including compliance with certain provisions of federal law and regulations. This audit requirement was complied with for fiscal year ended December 31, 2019; the auditor's reports on compliance and internal accounting control will be issued separately.

ST. LOUIS COUNTY, MINNESOTA
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I. Use of Estimates

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

J. Special Items

The County was recording the septic compliance program in the Environmental Services Enterprise Fund. In 2019, the septic division was moved from Environmental Services to Planning. As part of this reorganization the County moved the septic compliance with the Septic Loan Special Revenue Fund and renamed the Fund to Septic Services Special Revenue Fund. The transfer of long term liabilities from Business Type to Governmental created the special item of \$233,628. Details of the amount are below.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Retiree Obligations	\$ 192,610	\$ (192,610)
Vacation Payable	41,018	(41,018)
	<u>\$ 233,628</u>	<u>\$ (233,628)</u>

K. Change in Accounting Principles

During the year ended December 31, 2019, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board Statement (GASB) No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by moving Permit to Carry, Canceled Checks and Employer/Employee Deductions into the General Fund from the Agency Funds. This change also moved NEECB and NEMESIS from the General Fund into the Custodial Funds. The County also moved the Human Service Conference Fund into the Public Health and Human Service Fund and moved the Social Welfare Fund from the Agency Funds to a Private Purpose Trust Fund. Beginning net position/fund balance has been restated to reflect this change.

	<u>General Fund</u>	<u>Public Health and Human Services Special Revenue Fund</u>
Fund Balance, December 31, 2018, as Previously Reported	\$ 71,965,013	\$ 24,412,618
Change in accounting principles	(213,814)	279,998
Fund Balance, December 31, 2018, as Restated	<u>\$ 71,751,199</u>	<u>\$ 24,692,616</u>

	<u>Social Welfare Private Purpose Trust Fund</u>	<u>Custodial Funds</u>	<u>Governmental Activities</u>
Net Position, December 31, 2018, as Previously Reported	\$ -	\$ -	\$ -
Change in accounting principles	195,681	14,545,308	66,184
Net Position, December 31, 2018, as Restated	<u>\$ 195,681</u>	<u>\$ 14,545,308</u>	<u>\$ 66,184</u>

ST. LOUIS COUNTY, MINNESOTA
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Note 2. Stewardship, Compliance and Accountability

The Regional Rail Authority (RRA) had a deficit fund balance at the end of 2019. Part of the reason for the deficit was that the RRA would not submit for reimbursement until the end of a trail project. They have since contracted with St. Louis County for additional accounting services and reimbursement requests are now being done quarterly. The State also had a change in management, which doesn't seem to allow for any changes in scope on a trail project. Because of this, the state will not approve some status reports. The project payments can only be made after the status reports are approved.

Note 3. Detailed Notes on all Funds and Accounts

A. Assets

Deposits and Investments

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

Governmental Activities:	
Current assets:	
Cash and pooled investments	\$ 171,550,460
Cash with fiscal agent	14,880,567
Investments	40,348,067
Business-type Activities:	
Current assets:	
Cash and pooled investments	798,119
Investments	10,135,011
Restricted assets:	
Financial Assurance	
Cash and pooled investments	1,522,319
Investments	3,635,665
Fiduciary Activities	
Current assets:	
Cash and cash equivalents	11,032,348
Investments	5,946,098
Total	<u>\$ 259,848,654</u>
Deposits	\$ 2,790,728
Cash on hand	66,760
Assets held in trust	1,026,511
Cash with fiscal agent	14,880,567
Investments	241,084,088
Total deposits, cash on hand, and investments	<u>\$ 259,848,654</u>

	Held for Individual Investment Accounts - Private Purpose Trust Fund	Held for All Other County Funds	Total
Cash and pooled investments	\$ 220,517	\$ 199,563,067	\$ 199,783,584
Investments	-	60,065,070	60,065,070
Total	<u>\$ 220,517</u>	<u>\$ 259,628,137</u>	<u>\$ 259,848,654</u>

ST. LOUIS COUNTY, MINNESOTA
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Deposits

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

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

Custodial Credit Risk--Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County deposit policy for custodial credit risk follows Minnesota Statutes regarding pledged collateral. The market value of collateral must equal 110% of the deposits not covered by insurance or surety bonds. As of December 31, 2019, the County's deposits were fully covered by insurance, surety bonds, and collateral, and were not exposed to custodial credit risk.

Investments

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

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

As of December 31, 2019, the County had the following investments and maturities:

	Investment Maturities in Years						
	Fair Value	Less than 1	1-2	2-3	3-4	4-5	More than 5
Negotiable CD's	\$ 39,814,189	\$ 8,179,000	\$ 5,457,000	\$ 6,452,000	\$ 11,538,000	\$ 7,449,189	\$ 739,000
MAGIC Portfolio	32,833,566	32,833,566	-	-	-	-	-
MAGIC TERM	30,332,723	30,332,723	-	-	-	-	-
Minnesota SBI	22,104,852	22,104,852	-	-	-	-	-
Municipal Bonds	18,201,635	1,413,024	1,363,287	2,309,353	6,051,149	2,752,637	4,312,185
FFCB	40,599,872	1,523,350	7,239,702	4,049,698	8,514,220	4,072,118	15,200,784
FHLB	37,360,658	8,999,091	9,327,523	6,314,040	4,971,215	7,748,789	-
FHLMC	7,844,245	1,734,976	1,539,879	4,569,390	-	-	-
FNMA	11,992,344	5,801,190	2,808,923	3,382,231	-	-	-
Total	\$ 241,084,084	\$ 112,921,772	\$ 27,736,314	\$ 27,076,712	\$ 31,074,584	\$ 22,022,733	\$ 20,251,969

ST. LOUIS COUNTY, MINNESOTA
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Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy requires that the desired weighted average maturity of the total portfolio shall be less than three years. All interest bearing deposits are included in the total portfolio. The County is in compliance with the policy.

Fair Value Reporting. GASB Statement 72 sets forth the framework for measuring the fair value of investments based on a hierarchy of valuation inputs.

Level 1: All securities are valued with the market approach by using quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2: All securities are valued with the market approach using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. The matrix pricing technique is used to value securities based on the securities' relationship to benchmark quoted prices. Inputs for Level 2 include:

- quoted prices for similar assets or liabilities in active markets,
- quoted prices for identical or similar assets or liabilities in inactive markets,
- inputs other than quoted prices that are observable for the asset or liability, and
- inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Securities within this hierarchy have unobservable inputs for the asset or liability. Unobservable inputs reflect the County's assumptions about the inputs that market participants would use in pricing an asset or liability.

Net Asset Value (NAV): The fair value of investments in entities that calculate a net asset value per share are determined using that NAV in lieu of the leveling methodology described above.

Cash and cash equivalents are not leveled under GASB Statement No. 72 nor reported at NAV.

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The County has the following recurring fair value measurements as of December 31, 2019

	December 31, 2019	Level 1	Fair Value Measurements Using: Level 2	Level 3
Investments by fair value level				
Negotiable certificates of deposit	\$ 39,814,189	\$ -	\$ 39,814,189	\$ -
Fixed income securities				
Federal farm credit bank	40,599,872	-	40,599,872	-
Federal home loan bank	37,360,658	-	37,360,658	-
Federal home loan mortgage corporation	7,844,245	-	7,844,245	-
Federal national mortgage association	11,992,344	-	11,992,344	-
Municipal issues	18,201,635	-	18,201,635	-
Total fixed income securities	115,998,754	-	115,998,754	-
Total investments by fair value level	<u>\$ 155,812,943</u>	<u>\$ -</u>	<u>\$ 155,812,943</u>	<u>\$ -</u>
Investments at amortized cost				
MAGIC portfolio	<u>\$ 32,833,566</u>			
Investments measured at the net asset value (NAV)				
MAGIC TERM	<u>\$ 30,332,723</u>			
Total investments	<u>\$ 218,979,232</u>			
Cash and cash equivalents	<u>3,883,999</u>			
Total investments and cash and cash equivalents	<u><u>\$ 222,863,231</u></u>			

MAGIC is a local government investment pool. The County invests in this pool for the purpose of the joint investment of the County's money with those of other counties to enhance the investment earnings accruing to each member. The MAGIC fund currently consists of the MAGIC Portfolio and the MAGIC Term Series.

MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request. The Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical.

MAGIC Term Series is valued at a net asset value (NAV). Shares are purchased to mature upon pre-determined maturity dates selected by the County at the time of purchase. Should the County need to redeem shares in a MAGIC Term Series prematurely they must provide notice at least 7 days prior to premature redemption date. The value of a premature redemption is equal to the original price for such share, plus dividends thereon, at the projected yield less such share's allocation of any losses incurred by the series, less a premature redemption penalty, if any.

The County also holds \$22,104,852 in the Internal Equity and Fixed Pools with the State Board of Investment, an external investment pool. The fair value of the investment is the fair value per share of the underlying portfolio. Pursuant to Minnesota Laws 2005, chapter 1, section 149, the County established an environmental trust fund and the amount that may be spent from the fund each calendar year may not exceed 5.5% of the market value of the fund on January 1st of the preceding calendar year. The proceeds can only be used for purposes related to the improvement of natural resources. The County invests in this pool due to the increased investment authority and historically high rate of return on investments.

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

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The County's exposure to credit risk as of December 31, 2019, is as follows:

Rating	Fair Value
S&P AAA	\$ 10,034,269
S&P AA+	97,954,069
S&P AA	2,617,968
Moodys Aaa	525,869
Moodys Aa1	688,275
Moodys Aa2	4,178,304
Total	<u>\$ 115,998,754</u>

Custodial Credit Risk-Investments. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As required by County policy, at December 31, 2019, all of the County's investments were held by a third party custodian and were not exposed to custodial credit risk.

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

Receivables

Receivables as of December 31, 2019 for the County's governmental and business-type activities are below. The County did not have any allowance for uncollectable accounts at year end as all receivable accounts are current.

	Total Receivable	Not expected to be collected within one year
Governmental Activities:		
Taxes	\$ 4,633,049	\$ -
Accounts receivable	14,513,035	12,352,728
Accrued interest receivable	1,349,177	-
Loans receivable	2,064,204	1,966,093
Interfund receivable	259,750	-
Due from other governments	19,034,319	-
Total Governmental Activities	<u>\$ 41,853,534</u>	<u>\$ 14,318,821</u>
Business Activities:		
Accounts Receivable	\$ 85,928	\$ -
Accrued interest receivable	33,565	-
Total Business Activities	<u>\$ 119,493</u>	<u>\$ -</u>

ST. LOUIS COUNTY, MINNESOTA
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Loans Receivable

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

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

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

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

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

Included in the Septic Services Special Revenue Fund are loans under the Minnesota Pollution Control Loan Program totaling \$678,127 at December 31, 2019. These are included in the committed for health and sanitation category of fund balance.

Two loans to the South St. Louis County Fair were consolidated into one loan in 2015. The loans were for the construction of a grandstand with lights and a concession. The new agreement restructured the loans to have lower annual payments and extended the payback period. The new agreement requires annual payments of \$13,500; \$8,500 from the Racing Association and \$5,000 from the Fair Association. The balance owed on these loans was \$185,360 at December, 31 2019. Of this amount, \$171,860 is included in the noncurrent loans category of fund balance and \$13,500 is included in the current portion.

The loan receivable from Gardenwood Resort \$28,267 and Retreat Golf Course \$10,026 is included in the non-spendable noncurrent loans category of fund balance. The purpose of the Minnesota Investment Fund (MIF) loan was to assist businesses that were impacted from the 2012 flood. The interest free, partially forgivable loan was approved by the St. Louis County Board on January 15, 2013. Half of the loan amount will be forgiven if the borrowers continue to own and operate their businesses for 10 years after the Initial Disbursement Date, which was September 12, 2013. The loan is accounted for in the General Fund, \$35,270 is included in the non-current portion and \$3,023 is included in the current portion.

The City of Ely owes for its share of costs associated with the Ely Joint Public Works Facility. One loan has a balance of \$14,125 with an interest rate of 3.9%. It requires payments of \$1,095 on May 1 and November 1 each year until 2027. The second loan has a balance of \$71,714 with an interest rate of 5%. It requires payments of \$5,792 on May 1 and November 1 each year until 2027. Both loans are included in the nonspendable portion of fund balance under noncurrent loans.

The loan receivable from City Center Housing Corporation is \$200,000 and is included in the non-spendable noncurrent loans category of fund balance. The purpose of the loan was to construct the Garfield Square Apartments to provide 50 units of supportive housing to homeless adults. The interest free 20 year forgivable loan was approved by the Housing and Redevelopment Board on May 23, 2017. The receivable will be written off after 20 years provided the Contractor has remained in conformance with the HRA agreement, and is accounted for in the Housing and Redevelopment Authority Special Revenue Fund.

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Lease with State of Minnesota

St. Louis County leases to the State of Minnesota approximately 31,867 useable square feet of space in the Pike Lake Joint Maintenance Facility. The total cost of the shared facility was \$5,948,604; depreciation to date is \$3,420,447 leaving a carrying value of \$2,528,157. The lease agreement between the State and the County expired on August 31, 2017. Option period 2 started on September 1, 2017 which is a 7 year extension to the lease agreement. The lease now expires on August 31, 2024. The State also pays 29.5% of the operating costs of the facility.

Restricted Assets

Business-type activities

Financial assurance for closure and post closure care	
Cash and cash equivalents	\$ 1,522,319
Investments	3,635,665
Accrued interest receivable	11,447
Total	<u>\$ 5,169,431</u>

ST. LOUIS COUNTY, MINNESOTA
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Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 2,942,064	\$ 261,174	\$ -	\$ -	\$ 3,203,238
Permanent right of way	941,770	117,341	-	-	1,059,111
Work in progress	23,686,248	24,402,567	(80,722)	(46,371,812)	1,636,281
Total capital assets, not being depreciated	27,570,082	24,781,082	(80,722)	(46,371,812)	5,898,630
Capital assets, being depreciated:					
Buildings and structures	170,334,292	4,143,956	(183,216)	46,023,412	220,318,444
Machinery and equipment	21,869,491	666,309	(496,789)	-	22,039,011
Vehicles	75,898,538	5,873,766	(1,987,322)	102,076	79,887,058
Infrastructure	907,235,900	58,687,559	-	-	965,923,459
Computer Software	6,374,356	350,875	-	-	6,725,231
Temporary right of way	40,240	-	-	-	40,240
Total capital assets being depreciated	1,181,752,817	69,722,465	(2,667,327)	46,125,488	1,294,933,443
Less accumulated depreciation for:					
Buildings and structures	(70,712,719)	(5,518,372)	-	-	(76,231,091)
Machinery and equipment	(18,778,129)	(1,010,674)	466,153	-	(19,322,650)
Vehicles	(46,869,398)	(4,404,611)	1,748,629	(95,769)	(49,621,149)
Infrastructure	(235,606,521)	(13,969,891)	-	-	(249,576,412)
Computer Software	(4,249,556)	(671,722)	-	-	(4,921,278)
Temporary right of way	(38,512)	(1,728)	-	-	(40,240)
Total accumulated depreciation	(376,254,835)	(25,576,998)	2,214,782	(95,769)	(399,712,820)
Total capital assets being depreciated, net	805,497,982	44,145,467	(452,545)	46,029,719	895,220,623
Governmental activities, capital assets, net	\$ 833,068,064	\$ 68,926,549	\$ (533,267)	\$ (342,093)	\$ 901,119,253

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Business-type activities:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 277,966	\$ -	\$ -	\$ -	\$ 277,966
Capital assets, being depreciated:					
Buildings and structures	7,397,245	-	-	-	7,397,245
Improvements other than buildings	10,955,402	-	-	-	10,955,402
Machinery and equipment	1,232,742	129,395	-	-	1,362,137
Vehicles	1,580,094	260,113	(120,224)	(102,076)	1,617,907
Total capital assets being depreciated	21,165,483	389,508	(120,224)	(102,076)	21,332,691
Less accumulated depreciation for:					
Buildings and structures	(5,444,902)	(279,041)	-	-	(5,723,943)
Improvements other than buildings	(5,229,204)	(222,652)	-	-	(5,451,856)
Machinery and equipment	(1,041,045)	(54,896)	-	-	(1,095,941)
Vehicles	(1,318,676)	(69,271)	120,224	95,768	(1,171,955)
Total accumulated depreciation	(13,033,827)	(625,860)	120,224	95,768	(13,443,695)
Total capital assets, being depreciated, net	8,131,656	(236,352)	-	(6,308)	7,888,996
Business-type activities, capital assets, net	<u>\$ 8,409,622</u>	<u>\$ (236,352)</u>	<u>\$ -</u>	<u>\$ (6,308)</u>	<u>\$ 8,166,962</u>

Depreciation:

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 2,067,856
Public safety	2,100,356
Highways	18,939,072
Human services	247,626
Culture and recreation	1,635,401
Conservation of natural resources	217,898
Economic development	24,768
Internal service funds	344,021
Total depreciation expenses - governmental activities	<u>\$ 25,576,998</u>

Business-type activities	
Environmental services	<u>\$ 625,860</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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B. Liabilities

Advance From Other Governments

The Minnesota Department of Transportation (MnDOT) advanced to the County funds to help cash flow and cover expense for road and bridge repairs related to the June 2012 Flood. Twelve million dollars of State Aid Disaster Funds were received shortly after the flood. Of this amount, \$5,400,000 has been returned to MnDOT and \$6,432,233 has been applied to road and bridge projects. The remaining \$167,767 is reported in advance from other governments.

Long-Term Debt

Long-term liability activity for the year ended December 31, 2019, which includes unamortized bond premiums of \$8,207,416 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One-Year</u>
GOVERNMENTAL ACTIVITIES					
<i>Bonds, notes, and tax lease obligations payable</i>					
General obligation debt					
Capital Improvement Bonds 2013A	\$ 17,820,071	\$ -	\$ (896,513)	\$ 16,923,558	\$ 931,513
Capital Equipment Notes 2013B	1,534,519	-	(752,140)	782,379	782,378
Crossover Refunding 2013C	2,281,337	-	(1,687,219)	594,118	594,118
Crossover Refunding 2013D	3,721,399	-	(472,009)	3,249,390	487,009
Capital Improvement Bonds 2014A	4,351,672	-	(349,445)	4,002,227	359,445
Crossover Refunding 2015B	4,738,938	-	(906,564)	3,832,374	926,564
Capital Improvement Bonds 2015C	34,576,014	-	(2,356,729)	32,219,285	2,466,729
Capital Improvement Bonds 2016A	23,150,821	-	(1,394,515)	21,756,306	1,459,515
Crossover Refunding 2016B	16,129,815	-	(62,334)	16,067,481	62,334
General Obligation 2018A	29,794,340	-	(1,081,243)	28,713,097	1,081,243
General Obligation 2018B	16,127,500	-	(45,299)	16,082,201	510,299
<i>Total bonds, notes and tax lease obligations payable</i>	<u>154,226,426</u>	<u>-</u>	<u>(10,004,010)</u>	<u>144,222,416</u>	<u>9,661,147</u>
<i>Other Liabilities</i>					
AgBMP Direct Borrowing	283,425	-	(49,550)	233,875	48,362
Compensated absences	31,097,457	13,497,018	(14,247,202)	30,347,273	7,510,423
Claims payable	8,222,828	43,652,129	(40,830,695)	11,044,262	3,369,345
Other postemployment benefits	8,864,890	732,323	-	9,597,213	872,296
<i>Total other liabilities</i>	<u>48,468,600</u>	<u>57,881,470</u>	<u>(55,127,447)</u>	<u>51,222,623</u>	<u>11,800,426</u>
Governmental activities long-term liabilities	<u>\$ 202,695,026</u>	<u>\$ 57,881,470</u>	<u>\$ (65,131,457)</u>	<u>\$ 195,445,039</u>	<u>\$ 21,461,573</u>
BUSINESS-TYPE ACTIVITIES					
<i>Other Liabilities</i>					
Compensated absences	\$ 958,064	\$ 139,869	\$ (270,868)	\$ 827,065	\$ 158,403
Other postemployment benefits	206,471	-	(38,402)	168,069	15,085
Closure and post-closure liabilities	1,351,727	-	(30,333)	1,321,394	-
Business-type activities long-term liabilities	<u>\$ 2,516,262</u>	<u>\$ 139,869</u>	<u>\$ (339,603)</u>	<u>\$ 2,316,528</u>	<u>\$ 173,488</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$11,385,915 of internal service funds compensated absences, and claims payable are included in the above amounts. Also, for the governmental activities, claims, and compensated absences are generally liquidated by the General Fund, Road and Bridge, Public Health and Human Services, and Forfeited Tax Sale Special Revenue funds.

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General obligation bonds and notes payable at December 31, 2019, consist of the following issues:

\$20,650,000 General Obligation Capital Improvement Bonds due in annual installments of \$800,000 to \$1,500,000 on December 1, 2015 through 2033; interest at 2.00 to 4.125 percent, including unamortized premium of \$533,095.	\$ 16,923,558
\$4,640,000 General Obligation Capital Equipment Notes due in annual installments of \$575,000 to \$730,000 on December 1, 2014 through 2020; interest at 3.00 to 5.00 percent, including unamortized premium of \$223,798.	782,379
\$8,895,000 General Obligation Capital Improvement Current and Crossover Refunding Bonds due in annual installments of \$505,000 to \$1,590,000 on December 1, 2014 through 2020; interest at 3.00 to 5.00 percent, including unamortized premium of \$380,775. \$6,135,000 of this issue was to refund the \$7,473,921 outstanding of the \$13,785,000 General Obligation Capital Improvement bonds, Series 2004, dated October 1, 2004. The net present value benefit of the refunding issue is \$503,213 and results in a reduction of \$560,624 in future debt service payments. This refunding occurred on December 1, 2013. The other \$2,760,000 was issued to crossover refund \$2,885,000 that was outstanding on December 1, 2014 for the \$6,115,000 General Obligation Capital Improvement bonds, Series 2005, dated November 22, 2005. The net present value benefit of this part of the refunding issue is \$139,058 and resulted in a reduction of \$159,116 in future debt service payments. This crossover refunding occurred on December 1, 2014.	594,118
\$5,495,000 General Obligation Capital Improvement Current Refunding Bonds due in annual installments of \$335,000 to \$555,000 on December 1, 2014 through 2025; interest at 3.00 to 5.00 percent, including unamortized premium of \$285,414. This bond was issued to refund the \$6,275,000 outstanding of the \$7,135,000 General Obligation Capital Improvement bonds, Series 2010, dated December 9, 2010. The net present value loss of the refunding issue is \$87,537 and results in an increase of \$89,581 in future debt service payments. These bonds were refunded by using the extraordinary call provision that was allowed if the Federal Government reduced the percentage of reimbursement on the Build America Bonds. The County Board chose to use this call provision to protect the County against future continued reductions, as included in draft legislation at the time of the decision to refund, in the Build America Bond reimbursement. Congress ultimately did pass and the president signed an extension of the sequestration of Build America Bonds in February 2014, which, if continued into the future, would have resulted in future present value losses to the County of \$428,396, had the Board chosen not to refund. The refunding occurred on October 15, 2014.	3,249,390
\$5,470,000 General Obligation Capital Improvement Bonds due in annual installments of \$295,000 to \$450,000 on December 1, 2015 through 2029; interest at 3.00 to 3.375 percent, including unamortized premium of \$155,560. The proceeds from this bond were used to pay for St. Louis County's portion of renovations at Arrowhead Regional Corrections, which is a Joint Venture.	4,002,227
\$5,355,000 General Obligation Capital Improvement Crossover Refunding Bonds due in annual installments of \$845,000 to \$950,000 on December 1, 2018 through 2023; interest at 2.00 to 3.00 percent, including unamortized premium of \$322,067. This bond was issued to crossover refund \$5,420,000 of the \$6,940,000 outstanding of the \$11,380,000 General Obligation Capital Improvement bonds, Series 2008, dated October 21, 2008. The net present value benefit of the refunding issue is \$446,837 and results in a reduction of \$444,522 in future debt service payments. The crossover refunding occurred on December 1, 2017.	3,832,374
\$38,415,000 General Obligation Capital Improvement Bonds due in annual installments of \$1,885,000 to \$3,235,000 on December 1, 2015 through 2030; interest at 3.00 to 5.0 percent, including unamortized premium of \$2,459,478.	32,219,285
\$23,315,000 General Obligation Capital Improvement Bonds due in annual installments of \$975,000 to \$1,940,000 on December 1, 2017 through 2031; interest at 2.00 to 5.0 percent, including unamortized premium of \$2,304,850.	21,756,306
\$15,200,000 General Obligation Capital Improvement Crossover Refunding Bonds due in annual installments of \$1,040,000 to \$1,450,000 on December 1, 2022 through 2033; interest at 2.00 to 5.00 percent, including unamortized premium of \$1,054,484. This bond was issued to refund the \$14,640,000 outstanding of the \$20,650,000 General Obligation Capital Improvement bonds, Series 2013, dated September 5, 2013. The net present value benefit of the refunding issue is \$708,554 and results in a reduction of \$798,687 in future debt service payments. The crossover will occur on December 1, 2021.	16,067,481
\$28,095,000 General Obligation Capital Improvement Bonds due in annual installments of \$1,000,000 to \$1,935,000 on December 1, 2019 through 2038; interest at 3.00 to 5.00 percent, including unamortized premium of \$1,760,273. The proceeds from this bond were used to finance the construction of a new Government Services Center building in Virginia, MN and finance the initial costs for a new Public Works Maintenance Facility in Cook, MN.	28,713,097
\$15,180,000 General Obligation Capital Improvement Bonds due in annual installments of \$465,000 to \$1,055,000 on December 1, 2020 through 2039; interest at 3.00 to 5.00 percent, including unamortized premium of \$960,600. The proceeds from this bond were used to finance the remaining costs of the new Public Works Maintenance Facility in Cook, MN.	16,082,201
Total General obligation bonds	<u>\$ 144,222,416</u>

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General obligation revenue notes payable at December 31, 2019, consist of the following issues:

\$50,000 1998 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide the initial funds for the septic system improvement loan program under the Agricultural Best Management Loan Program.	\$ 5,714
\$200,000 1998 General Obligation Revenue Notes payable to the Minnesota Department of Agriculture (Department) to provide the initial funds for the septic system improvement loan program under the Agricultural Best Management Loan Program.	45,902
\$200,000 2001 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program.	45,902
\$79,000 2004 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program.	18,132
\$118,420 2015 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program.	65,224
\$97,226 2016 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program.	53,001
The terms of the above described revenue notes require semi-annual repayments of \$25,195 to \$782 beginning April 1, 2009 through 2028.	
Total notes payable	<u>\$ 233,875</u>

The County's outstanding notes from direct borrowings relate to the Septic Services, Special Revenue Fund from the Minnesota Department of Agriculture. The County uses this money to fund a revolving loan program, which allows our citizens to get a low interest loan to replace and repair their septic systems. The loans to the County are interest free and require the County to make two payments per year. The County loans those funds out to our citizens with a three percent interest rate. The County uses that three percent to pay for the costs of administering the program and/or re-lending those funds out to other citizens. The note is primarily payable from the loan repayments from borrowers, but if necessary, all taxable property in the territory of the County is subject to ad valorem taxation without limitation as to rate or amount to pay the principal on the Note. The AgBMP may rescind all or part this agreement. part of any uncommitted allocation if the County fails to comply with Minn. Stat. These notes will be paid off in April of 2028, but can be paid off sooner if St. Louis County chose to do so.

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

Year Ending December 31	General Obligation		Direct Borrowing
	Principal	Interest	Principal
2020	\$ 9,661,147	\$ 4,882,603	\$ 48,362
2021	8,544,651	4,561,004	48,984
2022	9,949,651	4,201,153	29,624
2023	10,295,769	3,846,254	30,284
2024	9,693,087	3,423,128	30,960
2025-2029	51,342,508	11,710,653	45,661
2030-2034	31,858,435	4,612,202	-
2035-2039	12,877,168	1,216,903	-
Total:	\$ 144,222,416	\$ 38,453,900	\$ 233,875

ST. LOUIS COUNTY, MINNESOTA
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The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2019, of all governmental units which provide services within the County's borders, and which must be borne by properties in the County, is summarized below:

	<u>Outstanding</u>	<u>Percentage Applicable to the County</u>	<u>County Share of Debt</u>
Direct Debt			
St. Louis County	\$ 144,456,291	100.00 %	\$ 144,456,291
Overlapping Debt			
School Districts	129,665,000	45.91	59,527,782
Western Lake Superior Sanitary District	53,191,690	83.18	44,247,380
Underlying Debt			
Cities	166,216,640	100.00	166,216,640
School Districts	319,532,337	100.00	319,532,337
Towns	3,206,145	100.00	3,206,145
Crane Lake Water & Sanitary District	1,322,284	100.00	1,322,284
North Shore Sanitary District	9,679,168	100.00	9,679,168
Hibbing HRA	1,034,986	100.00	1,034,986
Cook Community Hospital	9,502,713	100.00	9,502,713
Ely HRA	3,840,000	100.00	3,840,000
Virginia HRA	2,005,000	100.00	2,005,000
Total	<u><u>\$ 843,652,254</u></u>		<u><u>\$ 764,570,726</u></u>

Lease Obligations

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

The following is a summary of the operating lease expense for 2019:

<u>Type of Property</u>	
Rental of office space and parking facilities	\$ 205,005
Hardware	440,803
Total rental expense	<u><u>\$ 645,808</u></u>

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2019:

<u>Year Ended December 31</u>	
2020	\$ 542,496
2021	536,028
2022	534,073
2023	495,448
2024	485,594
Total future minimum lease payments	<u><u>\$ 2,593,639</u></u>

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Construction Commitments

At December 31, 2019, the County had construction commitments as follows:

	Authorized Projects	Expended to Date	Commitments
South Impound Garage - Public Safety Campus	\$ 330,000	\$ 1,800	\$ -
Duluth Courthouse Assessors Office	592,975	576,673	54,750
Regional Behavioral Health Crisis Center	8,000,000	9,800	4,700
Land & Minerals Virginia Office	409,215	389,736	24,200
Sheriff Tactical Training Center	609,393	32,829	24,522
Total	<u>\$ 9,941,583</u>	<u>\$ 1,010,838</u>	<u>\$ 108,172</u>

Purchase Commitments/Encumbrances

At December 31, 2019, the County had purchase commitments represented by open encumbrances. These are included as part of assigned fund balance as follows:

Fund	Amount
General	\$ 4,230,339
Road and Bridge	3,061,911
Public Health and Human Services	598,327
Forfeited Tax Sale	131,384
Forest Resources	238,684
Total	<u>\$ 8,260,646</u>

ST. LOUIS COUNTY, MINNESOTA
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Risk Management

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

The Property, Casualty, Liability Insurance Fund covers claims and judgments against the County, including administrative expenses and expenses for third-party coverage. All risk, except fire and property damage to major structures is assumed. Maximum third-party coverage for property damage is limited to the estimated value of the property. No claims have exceeded coverage. Premiums are charged to other County funds on the historical basis and are reported as quasi-external transactions. The estimated liability at year end is based on a case-by-case evaluation by the County Attorney's Office and is consistent with the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County Attorney's Office estimated settlements to be zero at December 31, 2019, for various cases considered "probable" losses to the County. This amount is reflected in the financial statements.

The Workers' Compensation Insurance Fund covers workers' compensation claims up to \$2,000,000 per single loss occurrence. At that point, the County is covered for losses by the Workers' Compensation Reinsurance Association, an organization created by Minnesota statutes in 1979 to implement a mandatory program of reinsurance for workers' compensation liability risks in the State of Minnesota for losses occurring on or after October 1, 1979. The Association provides full indemnification for the County for claims arising under Minn. Stat. Chapter 176 (2002) in excess of the \$2,000,000 retention limit. The estimated liability for workers' compensation reported in the Fund is based on a case-by-case examination of claims filed through December 31, 2019, and is consistent with the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The nondiscounted value of the estimated liability for claims payable at the end of the year was \$10,955,711 and is present valued at 2.1617%.

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

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

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

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Changes in the funds' claims liability amounts during 2018 were:

	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
Beginning of fiscal year liability for claims	\$ 100,000	\$ 6,130,838	\$ 2,166,286
Current year claims and changes in estimates	365,888	2,570,305	35,515,398
Claim payments	(437,888)	(2,749,016)	(35,438,983)
Balance of claims payable at fiscal year end	<u>\$ 28,000</u>	<u>\$ 5,952,127</u>	<u>\$ 2,242,701</u>

Changes in the funds' claims liability amounts during 2019 were:

	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
Beginning of fiscal year liability for claims	\$ 28,000	\$ 5,952,127	\$ 2,242,701
Current year claims and changes in estimates	388,831	5,631,283	34,810,581
Claim payments	(416,831)	(3,093,983)	(34,498,447)
Balance of claims payable at fiscal year end	<u>\$ -</u>	<u>\$ 8,489,427</u>	<u>\$ 2,554,835</u>

During 2019, counties were notified by the Minnesota Department of Human Services (DHS) that DHS made errors in the calculation of Substance Use Disorder (SUD) for Institutes of Mental Disease (IMD) claims from January 2014 to June 2019. Based on these errors, DHS is requesting Minnesota counties repay \$8.8 million back to DHS. St. Louis County's share of the \$8.8 million is \$692,876. Minnesota counties have raised concerns over how the amount was calculated, the accuracy of the calculations, and whether DHS has the legal/statutory authority to require the counties to repay the amounts. The Association of Minnesota Counties (AMC) has recommended counties to not repay this amount until these concerns have been addressed and after the conclusion of the 2020 Minnesota Legislative Session in hopes this matter is resolved by other means. Therefore, this amount has not been booked as a payable.

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Pension Plans

Defined Benefit Pension Plans

Plan Description

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

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No St. Louis County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

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

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional facility and its inmates are covered by the Correctional Plan (accounted for in the Correctional Fund). For members hired after June 30, 2010, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years.

Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

Beginning January 1, 2019, General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

Beginning January 1, 2019, Police and Fire Plan benefit recipients will receive a 1.00 percent post-retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Beginning January 1, 2019, Correctional Plan benefit recipients will receive a post-retirement increase equal to 100 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 2.50 percent. If the Correctional Plan's funding status declines to 85 percent or below for two consecutive years or 80 percent for one year, the maximum will be lowered from 2.50 percent to 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Police and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service. For Correctional Plan members, the annuity accrual rate is 1.90 percent of average salary for each year of service.

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

Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2019. Police and Fire Plan members were required to contribute 11.30 percent of their annual covered salary in 2019. Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2019.

In 2019, the St. Louis County was required to contribute the following percentages of annual covered salary:

General Employees Plan – Coordinated Plan members 7.50%
Police and Fire Plan 16.95
Correctional Plan 8.75

The Police and Fire Plan member and employer contribution rates increased 0.50 percent and 0.75 percent, respectively, from 2018.

The St. Louis County's contributions for the year ended December 31, 2019, to the pension plans were:

General Employees Plan	\$6,792,150
Police and Fire Plan	1,540,019
Correctional Plan	374,426

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

Pension Costs

General Employees Plan

At December 31, 2019, the County reported a liability of \$69,491,186 for its proportionate share of the General Employees Retirement Plan's net pension liability. The County's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. In addition, the County recognized an additional \$161,744 as pension expense (and grant revenue) for its proportional share of the State of Minnesota's contribution of \$16 million to the General Employees Fund. At June 30, 2019, the County's proportion was 1.2569 percent. It was 1.2824 percent measured as of June 30, 2018. The County recognized pension expense of \$7,581,039 for its proportionate share of the General Employees Plan's pension expense.

The County also recognized \$2,159,740 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually.

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County's proportionate share of net pension liability	\$ 69,491,186
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>2,159,740</u>
Total	<u><u>\$ 71,650,926</u></u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,925,857	\$ -
Changes in actuarial assumptions	-	5,462,054
Difference between projected and actual investment earnings	-	7,043,750
Changes in proportion	498,451	2,568,992
Contributions paid to PERA subsequent to the measurement date	<u>3,403,591</u>	<u>-</u>
Total	<u><u>\$ 5,827,899</u></u>	<u><u>\$ 15,074,796</u></u>

The \$3,403,591 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2020	\$ (4,296,935)
2021	(6,677,664)
2022	(1,787,872)
2023	111,983

Police and Fire Plan

At December 31, 2019, the County reported a liability of \$9,060,819 for its proportionate share of the Public Employees Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportionate share was 0.8511 percent. It was 0.8051 percent measured as of June 30, 2018. The County increased by 0.0460 percent from its proportionate share measured as of June 30, 2018. The County also recognized pension expense of \$1,352,348 for its proportionate share of the Police and Fire Plan's pension expense.

The County also recognized \$114,898 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan. Legislation requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. In addition, the state will pay direct state aid of \$4.5 million on October 1, 2018, and October 1, 2019, and \$9 million by October 1 of each subsequent year until full funding is reached or July 1, 2048, whichever is earlier.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 384,713	\$ 1,379,154
Changes in actuarial assumptions	7,519,043	10,172,519
Difference between projected and actual investment earnings	-	1,887,154
Changes in proportion	762,352	160,399
Contributions paid to PERA subsequent to the measurement date	723,757	-
	<u>\$ 9,389,865</u>	<u>\$ 13,599,226</u>
Total		

The \$723,757 reported as deferred outflows of resources related to pensions resulting from St. Louis County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2020	\$ (557,174)
2021	(1,162,317)
2022	(3,455,079)
2023	114,830
2024	126,622

Correctional Plan

At December 31, 2019, the County reported a liability of \$278,881 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions from all of PERA's participating employers. At June 30, 2019, the County's proportionate share was 2.0143 percent. It was 2.0129 percent measured as of June 30, 2018. The County recognized pension expense of \$488,868 for its proportionate share of the Correctional Plan's pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 10,252	\$ 45,593
Changes in actuarial assumptions	-	2,475,971
Difference between projected and actual investment earnings	-	358,852
Changes in proportion	1,558	90,119
Contributions paid to PERA subsequent to the measurement date	184,743	-
	<u>\$ 196,553</u>	<u>\$ 2,970,535</u>
Total		

ST. LOUIS COUNTY, MINNESOTA
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The \$184,743 reported as deferred outflows of resources related to pensions resulting from St. Louis County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2020	\$ (1,533,839)
2021	(1,341,049)
2022	(86,540)
2023	2,703

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2019, was \$9,583,999.

Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50 percent per year
Active member payroll growth	3.25 percent per year
Investment rate of return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan, and 2.0 percent per year for the Correctional Plan. For Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Plan was dated June 30, 2015. The experience study for Police and Fire Plan was dated August 30, 2016. The experience study for the Correctional Plan actuary was dated February 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study. Inflation and investment assumptions for all plans were reviewed in the experience study report for the General Employees Plan dated June 27, 2019.

The long-term expected rate of return on pension plan investments is 7.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	35.50%	5.10%
International stocks	17.50%	5.30%
Bonds	20.00%	0.75%
Alternative assets	25.00%	5.90%
Cash	2.00%	0.00%
Total	100%	

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The following changes in actuarial assumptions occurred in 2019:

General Employees Fund

- The mortality projection scale was changed from MP-2017 to MP-2018.

Police and Fire Fund

- The mortality projection scale was changed from MP-2017 to MP-2018.

Correctional Fund

- The mortality projection scale was changed from MP-2017 to MP-2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2019, which remained consistent with 2018. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net positions of the General Employees Plan, the Police and Fire Plan, and the Correctional Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

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

	Proportionate Share of the					
	General Employees Fund		Police and Fire Fund		Correctional Fund	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 114,239,767	6.50%	\$ 19,805,267	6.50%	\$ 2,972,281
Current	7.50%	69,491,186	7.50%	9,060,819	7.50%	278,881
1% Increase	8.50%	32,542,336	8.50%	175	8.50%	(1,876,280)

Pension Plan Fiduciary Net Position

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

Defined Contribution Plan

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

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

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Total contributions made by the County during fiscal year 2019 were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 20,159	\$ 20,159
Percentage of covered payroll	5%	5%

Oher Postemployment Benefit Plan (OPEB)

Plan Description

St. Louis County operates a single employer, retiree benefit plan (the Plan) that provides health insurance benefits to eligible retired employees and their dependents. The County provides benefits for retirees as required by Minn. Stat. 471.61, sub 2b. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

The two employers participating in the single employer plan are St. Louis County and Arrowhead Regional Corrections. St. Louis County has 1,705 participants and Arrowhead Regional Corrections has 243. There are 1,764 active participants and 184 retired participants. There were no inactive employees that were entitled to but not yet receiving benefits. Benefits and eligibility provisions are established through negotiations between the County and various unions representing County employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report. St. Louis County's proportionate share of the OPEB Liability was 88.56% or \$9,765,282 as of December 31, 2019. The plan also recognized \$60,673 as an explicit subsidy from the State of Minnesota for disabled deputies. The explicit subsidy for disabled deputies was allocated to those groups with members receiving this benefit, which is currently only St. Louis County. No assets are accumulated in a trust for an Other Post Employment Benefits.

Contributions

The County does not have assets designated to pay for OPEB related costs. Contribution requirements are negotiated between the County and union representatives. The eligibility for, amount of, duration of, and County contributions to the cost of the benefits provided varies by contract and date of retirement. The County is funding this liability on a pay-as-you-go basis. For fiscal year ended 2019, the county contributed \$917,916 to the plan.

Actuarial Methods and Assumptions

The County's OPEB liability was measured as of December 31, 2019, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2019.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	2.5%
Health Care Trend Rates	6.6% decreasing to 4.0% over 55 years

Mortality Rates were based on the MP-2018 mortality table, which was the most recently published mortality improvement scale available as of the measurement date.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2019.

The discount rate used to measure the total OPEB liability was 2.7% The discount rate is based on the estimated yield of 20-Year Bond Buyer GO Index as of the end of December 2019.

Since the most recent valuation, the following changes have been made:

- Inflation was updated to 2.50% (from 2.75%);
- The salary increase assumption was updated to reflect the reduction in inflation;
- The medical trend rate assumption was updated to reflect the reduction in inflation;
- The mortality assumption was updated from the assumption used in the January 1, 2018 actuarial report to reflect mortality improvements using Scale MP-2018, the most recently published mortality improvement scale available as of the Measurement Date.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Changes in the Total OPEB Liability

Balance January 1, 2019	\$ 9,071,361
Changes for the year	
Service cost	493,695
Interest	372,366
Change in assumptions - discount rate	119,176
Differences between projected and actual experience	1,087
Change in Proportion and Differences between Employer Contributions and Proportionate Share	(4,095)
Recognition of Beginning Deferred (Inflows)	(59,447)
Benefit payments	(917,916)
Change in Allocation	1,139
Deferred Outflows	650,624
Change in Proportion and Differences between Employer Contributions and Proportionate Share	(22,155)
Deferred Inflows	59,447
Net Change	693,921
Balance December 31, 2019	<u>\$ 9,765,282</u>

Of the \$9,765,282 total OPEB liability, \$887,381 is due within one year.

The following presents the OPEB liability of the County, as well as what the County's OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease 1.7%	Discount Rate 2.7%	1% Increase 3.7%
OPEB Liability	\$ 10,349,006	\$ 9,765,282	\$ 9,199,369

The following presents the OPEB liability of the County, as well as what the County's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.6% decreasing to 3.0%) or 1% higher (7.6% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease 5.6% decreasing to 3.0%	Current Trend 6.6% decreasing to 4.0%	1% Increase 7.6% decreasing to 5.0%
Medical Trend Rate			
OPEB Liability	\$ 8,688,728	\$ 9,765,282	\$ 11,035,608

At December 31, 2019, the County reported its proportionate share of the OPEB's deferred outflow of resources and deferred inflows of resources.

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual experience in Total OPEB Liability	\$ 5,881	\$ 5,841
Change of Assumptions	644,743	256,323
Change in Proportion and Differences between Employer Contributions and Proportionate Share	-	22,155
Total	<u>\$ 650,624</u>	<u>\$ 284,319</u>

Year Ending December 31	Future Recognition
2020	\$ 60,816
2021	60,816
2022	60,816
2023	60,816
2024	95,884
Thereafter	49,312
Total	<u>\$ 388,460</u>

For the year ended December 31, 2019 the County recognized OPEB expense of \$922,782.

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

The composition of interfund transfers during the year ended December 31, 2019, is as follows:

Interfund Receivables/Payables (for deficit cash balances):

Receivable Fund	Payable Fund	Amount
General	Community Development Block Grant	<u>\$ 259,750</u>

Advances from/to other funds: (advance to pay for the Virginia motor pool building)

Receivable Fund	Payable Fund	Amount
Capital Projects funds	County Garage	<u>\$ 1,687,357</u>

Interfund Transfers:

Fund Transferred To	Fund Transferred From	Purpose	Amount
Major Funds			
General			
	Road and Bridge	Aerial imagery acquisition	\$ 30,000
	Shoreline Sales	Natural resource improvements, education	212,238
	Forest Resources	GIS project and aerial imagery acquisition	230,000
	Medical Dental Insurance	Health and wellness reimbursement	327,320
	Septic Services	Aerial imagery acquisition	30,000
	Capital projects	Operating expenditures, 911 division equipment, tower removal and disposal	190,910
	Forfeited Tax Sale Fund	Building project and blight program	72,066
Road and Bridge	General	Corner Certificate Program	340,000
	Forfeited Tax Sale	Entrance relocation, road inspections and repairs	119,966
	Forest Resources	Crushing, culverts, road maintenance	178,541
Public Health and Human Services	General	Team 25 Social Worker, cash flow, prevention and innovation	2,386,792
Forfeited Tax Sale	Road and Bridge	Equipment use	32,104
Capital Projects	Public Health and Human Services	Furniture purchases	153,382
	General	County Program Aid, excess rent revenues, repairs, general fund savings	5,495,093
	Forfeited Tax Sale	Office renovation, building addition	121,228
	Road and Bridge	Equipment purchase	107,615
	County Garage	Asset transfer, fuel island upgrade	192,862
Shoreline Sales	Forest Resources	Leased land sales	924,522
Nonmajor Funds			
Debt Service Fund	Road and Bridge	Bond payment	5,318,744
Septic Services	Shoreline Sales	Forgivable septic loans, natural resource improvements, accounting change	1,496,185
Internal Service Funds			
County Garage	Capital projects	Asset transfer	4,200
	Total		<u>\$ 17,963,768</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

C. Deferred Inflows

Advanced Allotments

The Minnesota Department of Transportation (MnDOT) has advanced to the County a portion of future years' regular construction allotment funds, in the amount of \$3,508,961, for the purpose of financing current County state-aid projects. Advanced allotment represents regular construction funds received from MnDOT that will be recognized as revenue in the year the allotment normally would have accrued. As a result, the County anticipates receiving approximately 78.6% of its normal construction allotment during 2020.

D. Fund Equity

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

	Future Year Budget	Encumbrances	Cash Flow	Future Unallotment	Total
Unassigned					
General	\$ 1,440,388	\$ -	\$ 35,576,635	\$ 4,468,997	\$ 41,486,020
Assigned					
Road and Bridge	-	3,061,911	-	-	3,061,911
Public Health and Human Services	-	127,516	15,810,560	-	15,938,076
Total	<u>\$ 1,440,388</u>	<u>\$ 3,189,427</u>	<u>\$ 51,387,195</u>	<u>\$ 4,468,997</u>	<u>\$ 60,486,007</u>

The cash flow maximum amount for each fund is calculated as 5/12 of the subsequent year's levy, plus the subsequent year county program aid. For the year ended December 31, 2019, the maximum amounts, actual amounts, and percentage funded are shown below. The future unallotment is calculated based on required departmental savings due to state unallotments.

	Maximum Amount	Cash Flow Actual Amount	Percentage Funded
General	\$ 37,137,139	\$ 35,576,635	95.80%
Road and Bridge	9,885,618	-	-%
Public Health and Human Services Fund	21,758,528	15,810,560	72.66%

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Note 4. Joint Ventures/Jointly Governed Organizations

Arrowhead Regional Corrections

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

Arrowhead Regional Corrections is financed through state grants and contributions from the participating counties. During 2018, (the most recent available), county contributions were in the following proportion:

Carlton County	10.15%
Cook County	1.90%
Koochiching County	3.03%
Lake County	3.28%
St. Louis County	81.64%
Total	<u>100.00%</u>

St. Louis County provided \$15,713,300 in funding during 2019. Separate financial information can be obtained from:

Arrowhead Regional Corrections
 320 W. 2nd St., Suite 303
 Duluth, Minnesota 55802

A summary of the financial information from Arrowhead Regional Corrections' Government-Wide Financial Statements for December 31, 2018 (the most recent available), was:

Total Assets	\$ 23,107,583
Deferred Outflows	3,509,799
Total Liabilities	14,717,920
Deferred Inflows	7,247,173
Total Net Position	4,652,289
Total Program and General Revenues	27,388,303
Total Expenses/Uses	26,039,249
Change in Net Position	1,349,054

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Community Health Services Board

Carlton, Cook, Lake, and St. Louis Counties entered into a joint powers agreement, operating the Carlton, Cook, Lake, and St. Louis County Community Health Services Board. This agreement is entered into under the authority CAF of the Community Health Services Act and is pursuant to the provisions of Minn. Stat. §471.59. The Community Health Services Board is composed of nine members. Carlton, Cook, and Lake County Boards of Commissioners, each appoints two members; the St. Louis County Board of Commissioners appoints three members. Financing is obtained through federal and state grants. St. Louis County provided no funding to this organization during 2019.

A summary of the financial information of the Community Health Services Board Government-Wide Financial Statements for December 31, 2018, (the most recent available) was:

Total Assets	\$ 1,582,949
Deferred Outflows	88,061
Total Liabilities	1,790,515
Deferred Inflows	128,448
Total Net Position	(247,953)
Total Program and	
General Revenues	5,981,640
Total Expenses	5,963,362
Change in Net Position	18,278

Separate financial information can be obtained from:

Carlton, Cook, Lake, and St. Louis Counties
Community Health Board
404 West Superior Street, Suite 250
Duluth, Minnesota 55802

Regional Railroad Authority

The St. Louis and Lake Counties Regional Railroad Authority was established under the Regional Railroad Authorities Act, Minn. Stat. §398A.03. It is governed by a Board composed of three members from the St. Louis County Board of Commissioners and two members from Lake County Board of Commissioners. St. Louis County is the fiscal agent for the Railroad Authority and all of its financial transactions are recorded in the Regional Railroad Authority Agency Fund. Financing is obtained through a tax levy, and federal, state and local grants or participation. St. Louis County provided no funding to this organization during 2019.

A summary of the financial information of the Regional Railroad Authority for the Government-Wide Financial Statements for December 31, 2018, (the most recent available) was:

Total Assets	\$ 30,203,353
Deferred Outflows	40,374
Total Liabilities	2,074,225
Deferred Inflows	91,298
Total Net Position	28,078,204
Total Revenues	4,905,603
Total Expenses	2,368,499
Change in Net Position	2,537,104

Separate financial information can be obtained from:

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

ST. LOUIS COUNTY, MINNESOTA
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Northeast Minnesota Office of Job Training

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

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

A summary of the financial information of Northeast Minnesota Office of Job Training's Government-Wide Statements for June 30, 2019, was:

Total Assets	\$ 2,718,753
Deferred Outflows	353,446
Total Liabilities	3,078,667
Deferred Inflows	409,627
Total Net Position	(416,095)
Total Revenues	4,997,177
Total Expenses	4,862,849
Change in Net Position	134,328

Separate financial information can be obtained from:

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

Northern Counties Land Use Coordinating Board

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

The joint powers are the Counties of Aitkin, Cook, Itasca, Koochiching, Lake, Lake of the Woods, Pennington, Roseau, and St. Louis. Three elected county commissioners from St. Louis County and two from each of the other counties comprise the membership of the Board. St. Louis County handles all of the financial transactions for this organization through its Northern Counties Land Use Board Agency Fund.

A summary of the financial information of Northern Counties Land Use Coordinating Board for the Financial Statements for December 31, 2019, was:

Total Assets	\$ 88,243
Total Liabilities	1,539
Total Net Position	86,704
Total Revenues	19,000
Total Expenses	13,520
Change in Net Position	5,480

Separate financial information can be obtained from:

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

ST. LOUIS COUNTY, MINNESOTA
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Minnesota Counties Information Systems (MCIS)

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

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

A summary of the financial information of Minnesota Counties Information System's funds for the Government-Wide Financial Statements for December 31, 2018, (the most recent available) was:

Total Assets	\$ 1,661,088
Total Deferred Outflows	139,263
Total Liabilities	1,116,836
Total Deferred Inflows	233,315
Total Net Position	450,200
Total Revenues	3,209,377
Total Expenses	2,996,663
Change in Net Position	212,714

Separate financial information can be obtained from:

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

Duluth Area Family Service Collaborative

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

Control of the Collaborative is vested in a Board of Directors. The County has two members on the Board. Financing is provided by state and federal grants, appropriations from the Collaborative members, and miscellaneous revenues. St. Louis County provided no funding to the Collaborative during 2019. St. Louis County is the fiscal agent for the Collaborative which is accounted for in the Duluth Area Family Service Collaborative Agency Fund. A summary of financial information of the Collaborative for the year ended December 31, 2019, is:

Total Assets	\$ 799,118
Total Liabilities	64,180
Total Net Position	734,938
Total Revenues	360,141
Total Expenses	410,904
Change in Net Position	(50,763)

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

ST. LOUIS COUNTY, MINNESOTA
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North Area Collective Local Collaborative

The North Area Collective Local Collaborative was established pursuant to Minn. Stat. §124D.23. The Collaborative includes St. Louis County, Arrowhead Regional Corrections, School District 2142 and School District 701. The purpose of the Collaborative is to improve the lives of families and children through efforts focused on prevention and early intervention. The Collaborative seeks to empower parents and families to solve their own problems through support, information, skill building, and advocacy.

Control of the Collaborative is vested in a Board of Directors. The County has two members on the Board. Financing is provided by state and federal grants, appropriations from the Collaborative members, and miscellaneous revenues. St. Louis County provided no funding to the Collaborative during 2019. St. Louis County is the fiscal agent for the Collaborative which is accounted for in the Duluth Area Family Service Collaborative Agency Fund. A summary of financial information of the Collaborative for the year ended December 31, 2019, is:

Total Assets	\$ 552,158
Total Liabilities	4,620
Total Net Position	547,538
Total Revenue	353,981
Total Expenses	283,236
Change in Net Position	70,745

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

Minneapolis-Duluth/Superior Passenger Rail Alliance

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

A summary of the financial information of the Minneapolis - Duluth/Superior Passenger Rail Alliance for the Government-Wide Financial Statement for December 31, 2018 (the most recent available) was:

Total Assets	\$ -
Total Liabilities	8,459
Total Net Position	(8,459)
Total Revenues	68,950
Total Expenses	85,894
Change in Net Position	(16,944)

Separate financial information can be obtained from:

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

ST. LOUIS COUNTY, MINNESOTA
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Northeast Minnesota Emergency Communications Board (NEECB)

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

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

St. Louis County is the fiscal agent for the Northeast Minnesota Emergency Communications Board. Funding is provided by grants and contributions from participating members. St. Louis County provided \$1,779 in funding to this organization in 2019.

Northeastern Minnesota Enforcement & Safety Information System (NEMESIS)

The Northeast Minnesota Enforcement & Safety Information System Board was established under State of Minnesota laws and includes the following law enforcement agencies; Duluth Police Department; Hermantown Police Department; Proctor Police Department; University of Minnesota Duluth Campus Police and St. Louis County. These partners came together to create a shared criminal justice information system on a region-wide basis.

In 2002 the partners formalized a charter agreement governing participation in NEMESIS. Subscriber fees and agreements were approved. Bylaws were established to determine organization and procedures governing NEMESIS.

St. Louis County is the fiscal agent for the Northeastern Minnesota Enforcement & Safety Information System. Funding is provided by membership fees from participating members. St. Louis County provided \$148,473 in funding to this organization in 2019.

City/County Communication Antenna Site

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

Voyageurs National Park Water Basin Joint County Sewer Project

On September 12, 2009, the County entered into a joint powers agreement pursuant to Minnesota Statute, 471.59 with Koochiching County for the purpose of providing an environmentally sensitive and responsible solution to the problem of non-compliant and failing septic systems on certain properties located within the project area. The County extended this agreement on June 2, 2015. This agreement will govern the application for, solicitation and administration of funds received for the purpose of planning, grant writing, engineering, conservation, environmental studies, and the development, management and construction of wastewater treatment for property within the project area.

The governing body is comprised of four members, two County commissioners appointed by the St. Louis County Board and two County commissioners appointed by the Koochiching County Board. St. Louis County contributed \$27,000 to the Voyageurs National Park Water Basin for the year ended December 31, 2019. Separate financial information can be obtained from the St. Louis County Courthouse, 100 North 5th Ave West, Duluth, Minnesota 55802.

Non-Emergency Medical Transportation Project

In October 2018, the County entered into a joint powers agreement with Aitkin, Carlton, and Lake Counties for the purpose of developing and implementing policies, structures, and procedures and to promote efficiency and economy of services for providing non-emergency medical transportation to eligible participants within the multi county area. The agreement governs the terms and conditions through which the parties will cooperatively manage the services for covered participants. Additionally, the agreement governs the shared cost of administration and Business Services Support staff, such costs include the administrative expense associated with authorized rides based upon the rate provided in the contract the vendor and Support Staff within the Public Health and Human Service Department.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2019

Note 5. Summary of Significant Contingencies and Other Items

Claims and Litigation

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

Abatements

Tax Abatement is available as a financing tool for housing and economic development activities in St. Louis County that was adopted by the County Board on March 12, 2002, Resolution 187. It is to be used for projects that result in the creation of quality jobs and the attraction, retention and expansion of business or housing options within the County. St. Louis County works in partnership with local jurisdictions using tax abatement as a financing tool for housing and economic development. Tax abatement is allowed under Minnesota Statute 469.1812 to 469.1815.

In 2019, the County abated \$292,165 in property taxes under this program.

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
City of Duluth (Miller Hill Flats Workforce Housing) - Assist in the need in providing housing in the Miller Hill area with the construction of 72 rental units	5.29%	\$ 15,452
City of Duluth (Capstone Apartments) - Assist in the need in providing housing in the Miller Hill area with the construction of 80 rental units	2.17%	6,345
P & H Mine Pro (Joy Global) - Assist in lease of property for the construction of a new facility	3.42%	10,000
City of Hermantown (Mills Fleet Farm) - assist the City with completing public infrastructure improvements related the the Hermantown Marketplace project. Project included the construction of the Sewer Trunkline.	73.47%	214,654
AAR Aircraft - Assist in the expansion and lease of a building for operation of a commercial aviation services business.	15.65%	45,714
		<u>\$ 292,165</u>

The City of Duluth (Miller Hill Flats II Apartments) was approved for a tax abatement to assist the City in reimbursing Miller Hill Flats II Apartments with eligible costs associated with site development and construction of a 72 Unit Apartment Building named Miller Hill Flats. This will fulfill a housing need in the Miller Hill area. The agreement commences with real estate taxes payable in the year 2018 with the County remitting all Tax Abatement Financing (TAF) proceeds, until the total amount of TAF proceeds received by the City equals \$250,000. Miller Hill Flats II Apartments, Inc. will pay assessed property taxes as due on May 15 and October 15 of each year and will receive a rebate no later than thirty days after receipt thereof by the County. The abatement amount paid will be determined by the actual amount of the County tax portion on line 6 of the tax statement each year. The City is obligated to certify that eligible development costs of at least \$250,000 have been paid by Miller Hill Flats.

The City of Duluth (Capstone Apartments) was approved for a tax abatement to assist the City in reimbursing Capstone LLC with eligible costs associated with site development and construction of an 80 Unit Apartment Building named Miller Capstone Apartments. This will fulfill a housing need in the Miller Hill area. The agreement commences with real estate taxes payable in the year 2019 with the County remitting all Tax Abatement Financing (TAF) proceeds, until the total amount of TAF proceeds received by the City equals \$250,000. Capstone LLC. will pay assessed property taxes as due on May 15 and October 15 of each year and will receive a rebate no later than thirty days after receipt thereof by the County. The abatement amount paid will be determined by the actual amount of the County tax portion on line 6 of the tax statement each year. The City is obligated to certify that eligible development costs of at least \$250,000 have been paid by Capstone LLC.

ST. LOUIS COUNTY, MINNESOTA
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P & H MinePro (Joy Global) was approved for a ten year tax abatement to assist in the lease of property for the construction of an equipment fabrication, maintenance and rebuild facility, with warehouse and office space, outside storage and parking. The agreement runs from 2014-2023 and will abate \$100,000 over the ten year period, \$10,000 per year. P & H will pay assessed property taxes as due on May 15 and October 15 of each year and will receive the abatement as a rebate each year. P & H is obligated to add 12 full time jobs at the new property within five years after the benefit date and maintain the development property for 22 years after the benefit date or maturity, whichever is sooner.

The City of Hermantown (Mills Fleet Farm) was approved for a tax abatement to assist the City with certain public infrastructure improvements, a traffic signal system, sidewalks and Hermantown Marketplace design street lights in 2017 for \$500,000. The final balance of this abatement was paid in 2019 and extended to include the construction of the Sewer Trunkline with an additional abatement of \$860,000. County administration determined that the mechanics and administration efforts involved in committing the abatement from future projects would be cumbersome and has instead proposed that tax abatement from Mills Properties, Inc., Fleet Farm project simply be extended to provide assistance to help the City pay the cost of the Sewer Trunkline. The agreement commences with real estate taxes payable in the year 2019 with the County remitting all Tax Abatement Financing (TAF) proceeds, until the total amount of TAF Proceeds received by the City equals the amount of \$860,000. Mills Fleet Farm will pay assessed property taxes as due on May 15 and October 15 of each year and the City will receive the abatement as a rebate no later than thirty days after receipt thereof by the County. The abatement amount paid will be determined by the actual amount of the County tax portion on line 6 of the tax statements each year. The City is obligated to certify that TAF eligible costs of at least \$860,000 have been paid or are contractually obligated to be paid by the City.

AAR Aircraft was approved for a seven year abatement to assist in the expansion of their aircraft maintenance and repair operations in their leased property in Duluth. The agreement runs from 2017-2023 and will abate \$320,000 over the seven year period, \$45,714 per year. AAR Aircraft will pay assessed property taxes as due on May 15 and October 15 of each year and will receive the abatement as a rebate each year. AAR is obligated to maintain 192 FTE's at prevailing wages throughout the agreement period and continue business operation at the facility for at least five years after the tax abatement benefit date or until the termination date of the tax abatement agreement, whichever is later.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

Tax Abatements

The County has multiple pay-as-you-go tax increment financing districts with local businesses pursuant to Minn. Statute 469.174-.1794. Of the \$4.5 million of tax abatements paid in 2019, \$2.8 million was to promote redevelopment and economic development and \$1.7 was to promote housing. The County is currently collecting tax increments that are paid through the property tax collection processes. The requirement for businesses to receive the excess tax increments from the County is to perform improvements on owned property. The increment taxes are based on the increase of the property value after the improvements are made.

Purpose	Name	City	Percentage of Increment Collected to be Returned	Decertification Date	Excess Increment Paid During 2019
Redevelopment	TIF District 26	Ely	100%	12/31/2021	\$ 62,567
Housing	TIF District 51	Hibbing	100%	12/31/2021	13,379
Redevelopment	TIF District 52	Biwabik	100%	12/31/2022	8,451
Housing	TIF District 53	Duluth	100%	12/31/2020	78,861
Housing	TIF District 57	Duluth	100%	12/31/2021	46,480
Redevelopment	TIF District 65	Ely	100%	12/31/2026	43,743
Housing	TIF District 71	Buhl	100%	12/31/2023	20,551
Housing	TIF District 73	Orr	100%	12/31/2024	6,069
Redevelopment	TIF District 79	Duluth	100%	12/31/2026	492,126
Redevelopment	TIF District 84	Duluth	100%	12/31/2027	54,553
Redevelopment	TIF District 87	Chisholm	100%	12/31/2030	11,518
Housing	TIF District 90	Duluth	100%	12/31/2030	945,592
Housing	TIF District 91	Duluth	100%	12/31/2030	37,771
Housing	TIF District 92	Duluth	100%	12/31/2031	225,833
Housing	TIF District 93	Tower	100%	12/31/2031	31,854
Housing	TIF District 94	Duluth	100%	12/31/2033	50,042
Housing	TIF District 95	Duluth	100%	12/31/2032	29,128
Housing	TIF District 96	Duluth	100%	12/31/2033	79,678
Redevelopment	TIF District 97	Duluth	100%	12/31/2034	184,875
Housing	TIF District 98	Duluth	100%	12/31/2034	19,076
Redevelopment	TIF District 99	Mountain Iron	100%	12/31/2021	68,870
Housing	TIF District 102	Duluth	100%	12/31/2038	17,531
Redevelopment	TIF District 103	Hibbing	100%	12/31/2041	62,468
Redevelopment	TIF District 104	Duluth	100%	12/31/2040	403,951
Redevelopment	TIF District 105	Duluth	100%	12/31/2042	611,901
Housing	TIF District 106	Duluth	100%	12/31/2041	52,464
Redevelopment	TIF District 107	Hermantown	100%	12/31/2041	142,024
Redevelopment	TIF District 108	Duluth	100%	12/31/2042	182,518
Redevelopment	TIF District 109	Duluth	100%	12/31/2043	288,165
Redevelopment	TIF District 110	Duluth	100%	12/31/2043	168,009
Economic Development	TIF District 111	Mountain Iron	100%	12/31/2026	16,025
					<u>\$ 4,456,073</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

Pollution Remediation

Governmental Accounting Standards Board (GASB) Statement 49 establishes standards for accounting and financial reporting for pollution remediation obligations and is effective for periods beginning after December 15, 2007. The Environmental Services Fund management believes the County could be responsible for at least some types of third party impacts related to the Closed Landfill Program operated by the Minnesota Pollution Control Agency. Any liability is unknown at December 31, 2019 as it would need to be determined through the legal system.

St. Louis County Heritage and Arts Center (Depot)

The County had an agreement with Oneida Reality Company for strategic leadership of the St. Louis County Heritage and Arts Center (Depot) as a tourist attraction, and center for the arts, heritage and cultural organizations. This contract began on July 1, 2012, and the County Board had authorized an extension of this contract until June 20, 2019.

The County Board authorized an extension of this agreement through December 31, 2019 whereby only a portion of the services were to be provided for the remainder of the year. The County hired a full-time Director position to take over the strategic leadership, management, marketing and operations of the Depot.

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

Northwoods Townhomes Project

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

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

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

In 2016, the project was refinanced for \$4,020,000 with a new bond issue 2016A, which included 2008 bonds that were issued by the City HRA, but not secured by the general obligations of St. Louis County and the 2006 Bond issue. The term of the refunding bonds are 25 years with a final maturity of 2041. Principal and interest on the Refunding Bonds will be paid from rental payments from the Project. Payment of the Refunding Bonds will be additionally secured by the general obligation of St. Louis County and, pursuant to the Amended and Restated Joint Powers Agreement; the County will be indemnified by up to \$3 million plus accrued interest by the City of Ely.

Tax Forfeited Land Management

The County manages approximately 917,000 acres of state-owned tax-forfeited land. This land generates revenues primarily from recreational land leases and land and timber sales. Land management costs, including forestry costs such as site preparation, seedlings, tree planting and logging roads, are accounted for as current operating expenditures. Revenues in excess of expenditures are distributed to the County and cities, towns, and school districts within the County in compliance with state statute.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

Subsequent Event

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

During the period from January 1, 2020 through June 16, 2020 both domestic and international equity markets have experienced significant declines. These losses are not reflected in the financial statements as of and for the year ended December 31, 2019 as these events occurred subsequent to year end and are still developing.

ST. LOUIS COUNTY, MINNESOTA.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
LAST TEN YEARS *

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	\$ 6,155,196	\$ 6,155,196	-	\$ 82,069,352	7.50%
December 31, 2016	6,067,130	6,067,130	-	80,895,144	7.50%
December 31, 2017	6,330,708	6,330,708	-	84,409,604	7.50%
December 31, 2018	6,569,775	6,569,775	-	87,596,964	7.50%
December 31, 2019	6,792,150	6,792,150	-	90,561,827	7.50%

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
St. Louis County's year end is December 31.

*The notes to the RSI are an integral part of this schedule.

ST. LOUIS COUNTY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
LAST TEN YEARS*

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with St. Louis County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a+b)	Covered Payroll (c)	Employer Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	1.3218%	\$ 68,502,536	N/A	\$ 68,502,536	\$ 77,673,884	88.19%	78.19%
June 30, 2016	1.2923%	104,928,351	1,370,427	106,298,778	80,184,222	132.57%	68.91%
June 30, 2017	1.3273%	84,733,957	1,065,410	85,799,367	85,503,518	100.35%	75.90%
June 30, 2018	1.2824%	71,142,294	2,333,479	73,475,773	86,140,403	85.30%	79.53%
June 30, 2019	1.2569%	69,491,186	2,159,740	71,650,926	88,936,532	80.56%	80.23%

N/A = Not available

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.

*The notes to the RSI are an integral part of this schedule.

ST. LOUIS COUNTY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERA EMPLOYEES POLICE AND FIRE RETIREMENT PLAN
LAST TEN YEARS *

Fiscal Year Ending		Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	\$	1,261,852	\$ 1,261,852	\$ -	7,789,214	16.20%
December 31, 2016		1,253,227	1,253,227	-	7,735,969	16.20%
December 31, 2017		1,335,354	1,335,354	-	8,242,926	16.20%
December 31, 2018		1,404,026	1,404,026	-	8,666,823	16.20%
December 31, 2019		1,540,019	1,540,019	-	9,085,660	16.95%

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
St. Louis County's year end is December 31.

*The notes to the RSI are an integral part of this schedule.

ST. LOUIS COUNTY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT PLAN
LAST TEN YEARS *

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	0.8100%	\$ 9,130,596	\$ 7,416,153	123.12%	86.61%
June 30, 2016	0.7980%	31,880,409	7,690,378	414.55%	63.88%
June 30, 2017	0.8090%	10,922,462	8,300,001	131.60%	85.43%
June 30, 2018	0.8050%	8,581,537	8,448,857	101.57%	88.84%
June 30, 2019	0.8510%	9,060,819	8,962,066	101.10%	89.26%

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

*The notes to the RSI are an integral part of this schedule.

ST. LOUIS COUNTY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERA CORRECTIONAL EMPLOYEES RETIREMENT PLAN
LAST TEN YEARS *

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015 \$	350,413	\$ 350,413	\$ -	4,004,724	8.75%
December 31, 2016	355,713	355,713	-	4,065,289	8.75%
December 31, 2017	356,670	356,670	-	4,076,233	8.75%
December 31, 2018	365,124	365,124	-	4,172,847	8.75%
December 31, 2019	374,426	374,426	-	4,279,159	8.75%

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
St. Louis County's year end is December 31.

*The notes to the RSI are an integral part of this schedule.

ST. LOUIS COUNTY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA CORRECTIONAL EMPLOYEES RETIREMENT PLAN
LAST TEN YEARS *

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	2.05% \$	316,930 \$	3,682,667	8.61%	96.95%
June 30, 2016	2.11%	7,708,125	3,984,683	193.44%	58.16%
June 30, 2017	2.11%	6,013,521	4,222,769	142.41%	67.89%
June 30, 2018	2.01%	331,062	4,111,077	8.05%	97.64%
June 30, 2019	2.01%	278,881	4,296,655	6.49%	98.17%

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.

*The notes to the RSI are an integral part of this schedule.

ST. LOUIS COUNTY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S
OTHER POSTEMPLOYMENT BENEFITS
LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2019

Fiscal Year Ending	Employer's Proportion (Percentage) of the OPEB Liability (Asset)	Employer's Proportionate Share (Amount) of the OPEB Liability (Asset) (a)	Covered Employee Payroll (b)	Employer Proportionate Share of the OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
December 31, 2018	87.95%	\$ 9,071,361	\$ 96,989,030	9.4%	0%
December 31, 2019	88.56%	9,765,282	100,099,354	9.8%	0%

Note: The County implemented GASB Statement No. 75 in fiscal year 2018, and above table will be expanded to ten years of information as the information becomes available. No assets are accumulated in a trust.

* This schedule is intended to show information for ten years. Additionally years will be displayed as they become available.

* The notes to the RSI are an integral part of this schedule.

ST. LOUIS COUNTY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2019

	2018	2019
Total OPEB Liability		
Service Cost	\$ 539,833	\$ 493,695
Interest	332,276	372,366
Change in assumptions - discount rate	(58,329)	119,176
Differences between projected and actual experience	(1,329)	1,087
Change in Proportion and Differences between Employer Contributions and Proportionate Share	-	(4,095)
Recognition of Beginning Deferred (Inflows)	-	(59,447)
Benefit payments	(1,066,390)	(917,916)
Change in Allocation	-	1,139
New Deferred Outflows (Inflows) Outflows	(322,750)	650,624
Change in Proportion and Differences between Employer Contributions and Proportionate Share	-	(22,155)
Recognition of Beginning Deferred Outflows (Inflows)	-	59,447
Net change in total OPEB liability	\$ (576,689)	\$ 693,921
Total OPEB Liability - Beginning	\$ 9,648,050	\$ 9,071,361
Total OPEB Liability - Ending	\$ 9,071,361	\$ 9,765,282
Covered employee payroll	\$ 96,989,030	\$ 100,099,354
Total OPEB liability (asset) as a percentage of covered employee payroll	9.4%	9.8%

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

General Employees Fund

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21 million in calendar years 2017 and 2018 and returns to \$31 million through calendar year 2031. The State's required contribution is \$16 million in PERA's fiscal years 2018 and 2019 and returns to \$6 million annually through calendar year 2031.

2016

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25%. Payroll growth was reduced from 3.5% to 3.25%. Inflation was reduced from 2.75% to 2.50%.

Police and Fire Fund

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- Post-retirement benefit increases changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019
CONTINUED

- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.8 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA load has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- The assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65% to 60%.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% inflation.

Correctional Fund

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The Single Discount Rate was changed from 5.96% per annum to 7.50% per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50% per year to 2.00% per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was charged to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019
CONTINUED

Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (continued)

- Post-retirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85 percent for two consecutive years, or 80 percent for one year, the maximum increase will be lowered to 1.50 percent.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested, deferred members. The CSA load has been changed to 35% for vested members and 1% for non-vested members.
- The Single Discount Rate was changed from 5.31% per annum to 5.96% per annum.

2016

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.31%.
- The assumed payroll growth, and inflation were decreased by 0.25%. Payroll growth was reduced from 3.5% to 3.25%. Inflation was reduced from 2.75% to 2.5%.

Other Postemployment Benefits

2019

- Inflation was updated to 2.50% (from 2.75%);
- The salary increase assumption was updated to reflect the reduction in inflation;
- The medical trend rate assumption was updated to reflect the reduction in inflation;
- The mortality assumption was updated from the assumption used in the January 1, 2018 actuarial report to reflect mortality improvements using Scale MP-2018, the most recently published mortality improvement scale available as of the Measurement Date.

2018

- Inflation was updated to 2.50% (from 2.75%);
- The salary increase assumption was updated to reflect the reduction in inflation;
- The medical trend rate assumption was updated to reflect the reduction in inflation;
- The mortality assumption was updated from the assumption used in the January 1, 2018 actuarial report to reflect mortality improvements using Scale MP-2018, the most recently published mortality improvement scale available as of the Measurement Date.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

Debt Service Fund

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

Permanent Fund

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

Scholarship Fund - This fund is used to account for a scholarship program. State Statute 298.2215 allows the County to establish a scholarship program for high school students. This program is funded by iron ore royalties on tax forfeited minerals. These royalties will continue to accumulate and then the interest revenue will be used to fund the scholarships.

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
ASSETS			
Cash and cash equivalents	\$ 908,556	\$ 16,720	\$ 12,708
Cash with fiscal agent	-	-	-
Delinquent taxes receivable	7,442	-	-
Accounts receivable (net)	-	-	-
Loans receivable	1,076,585	-	-
Due from other governments	-	563,528	28,053
Total Assets	<u>1,992,583</u>	<u>580,248</u>	<u>40,761</u>
LIABILITIES			
Accounts payable	-	178,763	40,761
Accrued payroll	-	9,135	-
Interfund payable	-	259,750	-
Due to other governments	-	132,600	-
Unearned revenue	-	-	-
Total Liabilities	<u>-</u>	<u>580,248</u>	<u>40,761</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	<u>6,626</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Scholarships	-	-	-
Restricted			
Health and sanitation	-	-	-
Debt service	-	-	-
Non-current loans	876,585	-	-
Committed			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	1,109,372	-	-
Retiree obligations	-	-	-
Assigned			
Conservation of natural resources	-	-	-
Total Fund Balance	<u>1,985,957</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,992,583</u>	<u>\$ 580,248</u>	<u>\$ 40,761</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Special Revenue Funds		
	Septic Services	Forest Resources	Total
ASSETS			
Cash and cash equivalents	\$ 1,874,482	\$ 5,892,321	\$ 8,704,787
Cash with fiscal agent	-	-	-
Delinquent taxes receivable	-	-	7,442
Accounts receivable (net)	148	-	148
Loans receivable	678,127	-	1,754,712
Due from other governments	8,504	-	600,085
Total Assets	<u>2,561,261</u>	<u>5,892,321</u>	<u>11,067,174</u>
LIABILITIES			
Accounts payable	32,160	-	251,684
Accrued payroll	16,097	143	25,375
Interfund payable	-	-	259,750
Due to other governments	2,186	-	134,786
Unearned revenue	20,000	-	20,000
Total Liabilities	<u>70,443</u>	<u>143</u>	<u>691,595</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	-	-	6,626
FUND BALANCES			
Nonspendable			
Scholarships	-	-	-
Restricted			
Health and sanitation	172,149	-	172,149
Debt service	48,362	-	48,362
Non-current loans	-	-	876,585
Committed			
Health and sanitation	2,136,509	-	2,136,509
Conservation of natural resources	-	5,772,230	5,772,230
Economic development	-	-	1,109,372
Retiree obligations	133,798	-	133,798
Assigned			
Conservation of natural resources	-	119,948	119,948
Total Fund Balance	<u>2,490,818</u>	<u>5,892,178</u>	<u>10,368,953</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,561,261</u>	<u>\$ 5,892,321</u>	<u>\$ 11,067,174</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Debt Service Fund	Scholarship Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,023,379	\$ 200,000	\$ 11,928,166
Cash with fiscal agent	14,880,567	-	14,880,567
Delinquent taxes receivable	233,486	-	240,928
Accounts receivable (net)	-	-	148
Loans receivable	-	-	1,754,712
Due from other governments	-	-	600,085
Total Assets	<u>18,137,432</u>	<u>200,000</u>	<u>29,404,606</u>
LIABILITIES			
Accounts payable	-	-	251,684
Accrued payroll	-	-	25,375
Interfund payable	-	-	259,750
Due to other governments	-	-	134,786
Unearned revenue	-	-	20,000
Total Liabilities	<u>-</u>	<u>-</u>	<u>691,595</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	<u>208,891</u>	<u>-</u>	<u>215,517</u>
FUND BALANCES			
Nonspendable			
Scholarships	-	200,000	200,000
Restricted			
Health and sanitation	-	-	172,149
Debt service	17,928,541	-	17,976,903
Non-current loans	-	-	876,585
Committed			
Health and sanitation	-	-	2,136,509
Conservation of natural resources	-	-	5,772,230
Economic development	-	-	1,109,372
Retiree obligations	-	-	133,798
Assigned			
Conservation of natural resources	-	-	119,948
Total Fund Balance	<u>17,928,541</u>	<u>200,000</u>	<u>28,497,494</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 18,137,432</u>	<u>\$ 200,000</u>	<u>\$ 29,404,606</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
REVENUES			
Taxes	\$ 216,142	\$ -	\$ -
Intergovernmental	413	2,048,866	306,030
Charges for services	-	-	-
Earnings on investments	-	-	-
Land and timber sales	-	-	-
Miscellaneous	-	50	100
Total Revenues	<u>216,555</u>	<u>2,048,916</u>	<u>306,130</u>
EXPENDITURES			
Current:			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	65,173	2,048,916	306,130
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay:			
Conservation of natural resources	-	-	-
Total expenditures	<u>65,173</u>	<u>2,048,916</u>	<u>306,130</u>
Excess (deficiency) of revenues over expenditures	<u>151,382</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	151,382	-	-
Fund Balance - January 1	<u>1,834,575</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,985,957</u>	<u>\$ -</u>	<u>\$ -</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds		
	Septic Services	Forest Resources	Total
REVENUES			
Taxes	\$ -	\$ 571,876	\$ 788,018
Intergovernmental	70,872	308,195	2,734,376
Charges for services	255,856	-	255,856
Earnings on investments	13,962	-	13,962
Land and timber sales	-	658,000	658,000
Miscellaneous	-	39,568	39,718
Total Revenues	340,690	1,577,639	4,489,930
EXPENDITURES			
Current:			
Health and sanitation	1,129,615	-	1,129,615
Conservation of natural resources	-	717,387	717,387
Economic development	-	-	2,420,219
Debt service:			
Principal	49,550	-	49,550
Interest and other charges	-	-	-
Capital outlay:			
Conservation of natural resources	-	182,250	182,250
Total expenditures	1,179,165	899,637	4,499,021
Excess (deficiency) of revenues over expenditures	(838,475)	678,002	(9,091)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,496,185	-	1,496,185
Transfers (out)	(30,000)	(1,333,063)	(1,363,063)
Total other financing sources and (uses)	1,466,185	(1,333,063)	133,122
Net change in fund balances	627,710	(655,061)	124,031
Fund Balance - January 1	1,863,108	6,547,239	10,244,922
Fund Balance - December 31	\$ 2,490,818	\$ 5,892,178	\$ 10,368,953

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Debt Service Fund	Scholarship Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 6,524,526	\$ -	\$ 7,312,544
Intergovernmental	280,318	-	3,014,694
Charges for services	-	-	255,856
Earnings on investments	462,768	-	476,730
Land and timber sales	-	-	658,000
Miscellaneous	126,057	-	165,775
Total Revenues	<u>7,393,669</u>	<u>-</u>	<u>11,883,599</u>
EXPENDITURES			
Current:			
Health and sanitation	-	-	1,129,615
Conservation of natural resources	-	-	717,387
Economic development	-	-	2,420,219
Debt service:			
Principal	9,200,000	-	9,249,550
Interest and other charges	5,486,139	-	5,486,139
Capital outlay:			
Conservation of natural resources	-	-	182,250
Total expenditures	<u>14,686,139</u>	<u>-</u>	<u>19,185,160</u>
Excess (deficiency) of revenues over expenditures	<u>(7,292,470)</u>	<u>-</u>	<u>(7,301,561)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,318,744	-	6,814,929
Transfers (out)	-	-	(1,363,063)
Total other financing sources and (uses)	<u>5,318,744</u>	<u>-</u>	<u>5,451,866</u>
Net change in fund balances	(1,973,726)	-	(1,849,695)
Fund Balance - January 1	<u>19,902,267</u>	<u>200,000</u>	<u>30,347,189</u>
Fund Balance - December 31	<u>\$ 17,928,541</u>	<u>\$ 200,000</u>	<u>\$ 28,497,494</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOUSING AND REDEVELOPMENT AUTHORITY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 217,376	\$ 217,376	\$ 216,142	\$ (1,234)
Intergovernmental	-	-	413	413
Total Revenues	<u>217,376</u>	<u>217,376</u>	<u>216,555</u>	<u>(821)</u>
EXPENDITURES				
Economic development				
Personnel services	140,000	140,000	26,000	114,000
Other operating	<u>277,376</u>	<u>277,376</u>	<u>39,173</u>	<u>238,203</u>
Total Expenditures	<u>417,376</u>	<u>417,376</u>	<u>65,173</u>	<u>352,203</u>
Excess of Revenues Over (Under) Expenditures	(200,000)	(200,000)	151,382	351,382
Fund Balance - January 1	<u>1,834,575</u>	<u>1,834,575</u>	<u>1,834,575</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 1,634,575</u></u>	<u><u>\$ 1,634,575</u></u>	<u><u>\$ 1,985,957</u></u>	<u><u>\$ 351,382</u></u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,907,820	\$ 2,047,842	\$ 2,048,866	\$ 1,024
Miscellaneous	-	50	50	-
Total Revenues	2,907,820	2,047,892	2,048,916	1,024
EXPENDITURES				
Economic development				
Personnel services	494,885	315,734	316,758	(1,024)
Other operating	2,416,893	1,732,158	1,732,158	-
Total Expenditures	2,911,778	2,047,892	2,048,916	(1,024)
Excess of Revenues Over (Under) Expenditures	(3,958)	-	-	-
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	<u>\$ (3,958)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NORTHEAST MINNESOTA HOUSING CONSORTIUM SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,050,118	\$ 306,030	\$ 306,030	\$ -
Miscellaneous	200	100	100	-
Total Revenues	<u>1,050,318</u>	<u>306,130</u>	<u>306,130</u>	<u>-</u>
EXPENDITURES				
Economic development				
Personnel services	29,400	28,653	28,653	-
Other operating	<u>1,020,918</u>	<u>277,477</u>	<u>277,477</u>	<u>-</u>
Total Expenditures	<u>1,050,318</u>	<u>306,130</u>	<u>306,130</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEPTIC SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 25	\$ 25	\$ -	\$ (25)
Intergovernmental	210,558	70,610	70,872	262
Charges for services	270,000	270,000	255,856	(14,144)
Earnings on investments	23,400	23,400	13,962	(9,438)
Total Revenues	503,983	364,035	340,690	(23,345)
EXPENDITURES				
Health and Sanitation				
Personnel services	803,316	843,816	856,198	(12,382)
Other operating	1,451,392	557,833	273,417	284,416
Principal	55,000	55,000	49,550	5,450
Total Expenditures	2,309,708	1,456,649	1,179,165	277,484
Excess of Revenues Over (Under) Expenditures	(1,805,725)	(1,092,614)	(838,475)	254,139
OTHER FINANCING SOURCES (USES)				
Transfers in	806,670	1,496,185	1,496,185	-
Transfers (out)	(30,000)	(30,000)	(30,000)	-
Loan Proceeds	46,600	46,600	-	(46,600)
Total Other Financing Sources (Uses)	823,270	1,512,785	1,466,185	(46,600)
Excess of Revenues Over (Under) Expenditures	(982,455)	420,171	627,710	207,539
Fund Balance - January 1	1,863,108	1,863,108	1,863,108	-
Fund Balance - December 31	\$ 880,653	\$ 2,283,279	\$ 2,490,818	\$ 207,539

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOREST RESOURCES SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 572,270	\$ 572,270	\$ 571,876	\$ (394)
Intergovernmental	150,000	150,000	308,195	158,195
Land and timber sales	-	933,799	658,000	(275,799)
Miscellaneous	-	-	39,568	39,568
Total Revenues	722,270	1,656,069	1,577,639	(78,430)
EXPENDITURES				
Conservation of natural resources				
Other operating	1,361,796	1,270,282	717,387	552,895
Capital outlay	160,000	182,250	182,250	-
Total Expenditures	1,521,796	1,452,532	899,637	552,895
Excess of Revenues Over (Under) Expenditures	(799,526)	203,537	678,002	474,465
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(330,000)	(1,333,063)	(1,333,063)	-
Total Other Financing Sources (Uses)	(330,000)	(1,333,063)	(1,333,063)	-
Excess of Revenues Over (Under) Expenditures	(1,129,526)	(1,129,526)	(655,061)	474,465
Fund Balance - January 1	6,547,239	6,547,239	6,547,239	-
Fund Balance - December 31	\$ 5,417,713	\$ 5,417,713	\$ 5,892,178	\$ 474,465

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,527,274	\$ 6,527,274	\$ 6,524,526	\$ (2,748)
Intergovernmental	280,414	280,414	280,318	(96)
Earnings on investments	-	-	462,768	462,768
Miscellaneous	-	-	126,057	126,057
Total Revenues	<u>6,807,688</u>	<u>6,807,688</u>	<u>7,393,669</u>	<u>585,981</u>
EXPENDITURES				
Debt service				
Principal	9,200,000	9,200,000	9,200,000	-
Interest and other charges	5,027,389	5,486,139	5,486,139	-
Total Expenditures	<u>14,227,389</u>	<u>14,686,139</u>	<u>14,686,139</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(7,419,701)	(7,878,451)	(7,292,470)	585,981
OTHER FINANCING SOURCES (USES)				
Transfers in	5,318,744	5,318,744	5,318,744	-
Total other financing sources (uses)	<u>5,318,744</u>	<u>5,318,744</u>	<u>5,318,744</u>	<u>-</u>
Net change in fund balances	(2,100,957)	(2,559,707)	(1,973,726)	585,981
Fund Balance - January 1	<u>19,902,267</u>	<u>19,902,267</u>	<u>19,902,267</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 17,801,310</u>	<u>\$ 17,342,560</u>	<u>\$ 17,928,541</u>	<u>\$ 585,981</u>

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2019

	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,272,820	\$ 583,953	\$ 1,786,823
Investments	-	1,992,303	9,743,735
Accounts receivable (net)	22	100	9,190
Accrued interest receivable	-	3,478	32,560
Due from other governments	-	-	61,389
Inventories	35,674	-	-
Total current assets	<u>1,308,516</u>	<u>2,579,834</u>	<u>11,633,697</u>
Noncurrent assets:			
Capital assets:			
Land	25,500	-	-
Buildings and structures	2,759,175	-	-
Vehicles	3,112,475	-	-
Less accumulated depreciation	<u>(2,684,128)</u>	<u>-</u>	<u>-</u>
Total capital asset (net)	<u>3,213,022</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>3,213,022</u>	<u>-</u>	<u>-</u>
Total assets	<u>4,521,538</u>	<u>2,579,834</u>	<u>11,633,697</u>
LIABILITIES			
Current liabilities:			
Accounts payable	16,175	3,692	8,315
Accrued payroll	13,826	2,347	9,415
Compensated absences payable	37,204	-	-
Claims payable	-	-	814,510
Due to other governments	980	-	40,819
Unearned revenue	-	-	-
Advances from other funds	<u>37,497</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>105,682</u>	<u>6,039</u>	<u>873,059</u>
Noncurrent liabilities:			
Noncurrent compensated absences	123,898	-	-
Noncurrent claims payable	-	-	7,674,917
Noncurrent advances from other funds	<u>1,649,860</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>1,773,758</u>	<u>-</u>	<u>7,674,917</u>
Total liabilities	<u>1,879,440</u>	<u>6,039</u>	<u>8,547,976</u>
NET POSITION			
Net investment in capital assets	3,213,022	-	-
Unrestricted	<u>(570,924)</u>	<u>2,573,795</u>	<u>3,085,721</u>
Total net position	<u>\$ 2,642,098</u>	<u>\$ 2,573,795</u>	<u>\$ 3,085,721</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2019

	Medical/ Dental Insurance	Retired Employees' Health Insurance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,078,599	\$ 167,805	\$ 7,890,000
Investments	6,507,177	-	18,243,215
Accounts receivable (net)	800,077	14,243	823,632
Accrued interest receivable	15,169	-	51,207
Due from other governments	-	-	61,389
Inventories	-	-	35,674
Total current assets	<u>11,401,022</u>	<u>182,048</u>	<u>27,105,117</u>
Noncurrent assets:			
Capital assets:			
Land	-	-	25,500
Buildings and structures	-	-	2,759,175
Vehicles	-	-	3,112,475
Less accumulated depreciation	-	-	(2,684,128)
Total capital asset (net)	<u>-</u>	<u>-</u>	<u>3,213,022</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,213,022</u>
Total assets	<u>11,401,022</u>	<u>182,048</u>	<u>30,318,139</u>
LIABILITIES			
Current liabilities:			
Accounts payable	77,792	1,497	107,471
Accrued payroll	-	-	25,588
Compensated absences payable	-	39,930	77,134
Claims payable	2,554,835	-	3,369,345
Due to other governments	-	-	41,799
Unearned revenue	455,272	-	455,272
Advances from other funds	-	-	37,497
Total current liabilities	<u>3,087,899</u>	<u>41,427</u>	<u>4,114,106</u>
Noncurrent liabilities:			
Noncurrent compensated absences	-	140,621	264,519
Noncurrent claims payable	-	-	7,674,917
Noncurrent advances from other funds	-	-	1,649,860
Total non-current liabilities	<u>-</u>	<u>140,621</u>	<u>9,589,296</u>
Total liabilities	<u>3,087,899</u>	<u>182,048</u>	<u>13,703,402</u>
NET POSITION			
Net investment in capital assets	-	-	3,213,022
Unrestricted	8,313,123	-	13,401,715
Total net position	<u>\$ 8,313,123</u>	<u>\$ -</u>	<u>\$ 16,614,737</u>

ST. LOUIS COUNTY, MINNESOTA
**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS**
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
Operating Revenues			
Charges for services	\$ 1,685,771	\$ 348,196	\$ 2,598,374
Other	<u>3,140</u>	<u>19,893</u>	<u>17,564</u>
Total Operating Revenues	<u>1,688,911</u>	<u>368,089</u>	<u>2,615,938</u>
Operating Expenses			
Personnel services	613,117	96,283	331,876
Contractual services	257,412	388,831	4,127,044
Materials	477,816	129	4,060
Claims paid	-	-	1,168,303
Depreciation	<u>344,020</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>1,692,365</u>	<u>485,243</u>	<u>5,631,283</u>
Operating Income (Loss)	<u>(3,454)</u>	<u>(117,154)</u>	<u>(3,015,345)</u>
Nonoperating revenues (expenses)			
Grants	1,871	343	600,917
Earnings on investments	-	43,370	334,195
Loss or gain on asset disposal	<u>175,815</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>177,686</u>	<u>43,713</u>	<u>935,112</u>
Income (Loss) Before Transfers	174,232	(73,441)	(2,080,233)
Transfers in	4,200	-	-
Transfers (out)	<u>(192,862)</u>	<u>-</u>	<u>-</u>
Change in net position	(14,430)	(73,441)	(2,080,233)
Net position - January 1	<u>2,656,528</u>	<u>2,647,236</u>	<u>5,165,954</u>
Net position - December 31	<u><u>\$ 2,642,098</u></u>	<u><u>\$ 2,573,795</u></u>	<u><u>\$ 3,085,721</u></u>

ST. LOUIS COUNTY, MINNESOTA
**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS**
FOR THE YEAR ENDED DECEMBER 31, 2019

	Medical/ Dental Insurance	Retired Employees Health Insurance	Total
Operating Revenues			
Charges for services	\$ 36,699,182	\$ -	\$ 41,331,523
Other	-	-	40,597
Total Operating Revenues	<u>36,699,182</u>	<u>-</u>	<u>41,372,120</u>
Operating Expenses			
Personnel services	-	-	1,041,276
Contractual services	1,911,140	-	6,684,427
Materials	22,914	-	504,919
Claims paid	32,876,527	-	34,044,830
Depreciation	-	-	344,020
Total Operating Expenses	<u>34,810,581</u>	<u>-</u>	<u>42,619,472</u>
Operating Income (Loss)	<u>1,888,601</u>	<u>-</u>	<u>(1,247,352)</u>
Nonoperating revenues (expenses)			
Grants	150,000	-	753,131
Earnings on investments	274,659	-	652,224
Loss or gain on asset disposal	-	-	175,815
Total Nonoperating Revenues (Expenses)	<u>424,659</u>	<u>-</u>	<u>1,581,170</u>
Income (Loss) Before Transfers	2,313,260	-	333,818
Transfers in	-	-	4,200
Transfers (out)	<u>(327,320)</u>	<u>-</u>	<u>(520,182)</u>
Change in net position	1,985,940	-	(182,164)
Net position - January 1	<u>6,327,183</u>	<u>-</u>	<u>16,796,901</u>
Net position - December 31	<u><u>\$ 8,313,123</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,614,737</u></u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
CASH FLOWS FROM			
OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 1,685,760	\$ 352,268	\$ 2,598,374
Payments to suppliers	(737,959)	(165,358)	(4,136,258)
Payments to employees	(603,944)	(95,641)	(331,546)
Claims paid	-	(248,400)	(1,168,303)
Other receipts (payments)	3,140	19,764	2,484,285
Net cash provided (used) by operating activities	346,997	(137,367)	(553,448)
CASH FLOWS FROM			
NONCAPITAL FINANCING ACTIVITIES			
Proceeds from grants	1,871	343	600,917
Transfers from other funds	4,200	-	-
Transfers to other funds	(192,862)	-	-
Net cash provided (used) by noncapital financing activities	(186,791)	343	600,917
CASH FLOWS FROM CAPITAL AND			
RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(538,049)	-	-
Proceeds from the sale of capital assets	21,413	-	-
Proceeds from advance from other fund	(37,497)	-	-
Net cash provided (used) by capital and related financing activities	(554,133)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(489,024)	(5,490,843)
Sale of investments	-	489,295	4,240,978
Interest and dividends	-	38,275	216,609
Net cash provided (used) by investing activities	-	38,546	(1,033,256)
Net Increase (Decrease) in Cash and Cash Equivalents	(393,927)	(98,478)	(985,787)
Balances - January 1	1,666,747	682,431	2,772,610
Balances - December 31	<u>\$ 1,272,820</u>	<u>\$ 583,953</u>	<u>\$ 1,786,823</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (3,454)	\$ (117,154)	\$ (3,015,345)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	344,020	-	-
(Increase) Decrease Receivables	(11)	4,072	(9,190)
(Increase) Decrease Due from other governments	-	-	(61,389)
(Increase) Decrease Inventories	19,443	-	-
Increase (Decrease) Accounts payable	(21,287)	3,073	(3,368)
Increase (Decrease) Salaries payable	3,950	642	330
Increase (Decrease) Compensated absences payable	5,223	-	-
Increase (Decrease) Claims payable	-	(28,000)	2,537,300
Increase (Decrease) Due to other governments	(887)	-	(1,786)
Increase (Decrease) Unearned revenue	-	-	-
Total Adjustments	350,451	(20,213)	2,461,897
Net cash provided (used) by operating activities	<u>\$ 346,997</u>	<u>\$ (137,367)</u>	<u>\$ (553,448)</u>
NON-CASH ACTIVITIES			
Change in fair market value of investments	-	5,727	106,180

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Medical/ Dental Insurance	Retired Employees' Health Insurance	Total
CASH FLOWS FROM			
OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 36,904,810	\$ (14,243)	\$ 41,526,969
Payments to suppliers	(1,867,822)	(1,580)	(6,908,977)
Payments to employees	-	(58,550)	(1,089,681)
Claims paid	(32,564,393)	-	(33,981,096)
Other receipts (payments)	-	-	2,507,189
Net cash provided (used) by operating activities	<u>2,472,595</u>	<u>(74,373)</u>	<u>2,054,404</u>
CASH FLOWS FROM			
NONCAPITAL FINANCING ACTIVITIES			
Proceeds from grants	150,000	-	753,131
Transfers from other funds	-	-	4,200
Transfers to other funds	(327,320)	-	(520,182)
Net cash provided (used) by noncapital financing activities	<u>(177,320)</u>	<u>-</u>	<u>237,149</u>
CASH FLOWS FROM CAPITAL AND			
RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	-	(538,049)
Proceeds from the sale of capital assets	-	-	21,413
Proceeds from advance from other fund	-	-	(37,497)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(554,133)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(3,740,895)	-	(9,720,762)
Sale of investments	2,759,898	-	7,490,171
Interest and dividends	220,008	-	474,892
Net cash provided (used) by investing activities	<u>(760,989)</u>	<u>-</u>	<u>(1,755,699)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,534,286	(74,373)	(18,279)
Balances - January 1	<u>2,544,313</u>	<u>242,178</u>	<u>7,908,279</u>
Balances - December 31	<u><u>\$ 4,078,599</u></u>	<u><u>\$ 167,805</u></u>	<u><u>\$ 7,890,000</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,888,601	\$ -	\$ (1,247,352)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	-	-	344,020
(Increase) Decrease Receivables	198,819	(14,243)	179,447
(Increase) Decrease Due from other governments	-	-	(61,389)
(Increase) Decrease Inventories	-	-	19,443
Increase (Decrease) Accounts payable	66,232	(1,580)	43,070
Increase (Decrease) Salaries payable	-	-	4,922
Increase (Decrease) Compensated absences payable	-	(58,550)	(53,327)
Increase (Decrease) Claims payable	312,134	-	2,821,434
Increase (Decrease) Due to other governments	-	-	(2,673)
Increase (Decrease) Unearned revenue	6,809	-	6,809
Total Adjustments	<u>583,994</u>	<u>(74,373)</u>	<u>3,301,756</u>
Net cash provided (used) by operating activities	<u><u>\$ 2,472,595</u></u>	<u><u>\$ (74,373)</u></u>	<u><u>\$ 2,054,404</u></u>
NON-CASH ACTIVITIES			
Change in fair market value of investments	55,765	-	167,672

FIDUCIARY FUNDS

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

CUSTODIAL FUNDS

Northeastern Minnesota Enforcement & Safety Information System (NEMESIS) - This fund is used to account for transactions related to the Northeast Minnesota Enforcement & Safety Information Systems operation for which the County is the fiscal agent.

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

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

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

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

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

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

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

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

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

CUSTODIAL FUNDS

continued

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

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

MN Regional Parks and Trails - This fund is used to account for the financial transactions of the Greater Minnesota Regional Parks and Trails Commission for which the County is the fiscal agent.

Sheriff Forfeits/Evidence - This fund is used to account for the financial transactions related criminal matters awaiting judgment.

Estate Recovery Fund - This fund is to account for funds that are recovered from estates for clients that are on Medical Assistance.

Jail Inmate/Kiosk - This fund is used to account for the funds that belong to the inmates at the Jail.

Northeast Minnesota Emergency Communications Board (NEECB) - This fund is used to account for the financial transactions of the Northeast Minnesota Emergency Communications Board, which the County is the fiscal agent.

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

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

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

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2019

	NEMESIS	State of Minnesota	Beer- Auctioneer Licenses Fund	Taxes and Penalties Fund
ASSETS				
Cash and cash equivalents	\$ 509,517	\$ 1,061,892	\$ 1,210	\$ 1,774,857
Investments	-	-	-	-
Delinquent taxes receivable	-	-	-	3,864,671
Accounts receivable	13,954	6	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	3,715	223,711	-	118,557
Total Assets	<u>\$ 527,186</u>	<u>\$ 1,285,609</u>	<u>\$ 1,210</u>	<u>\$ 5,758,085</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	2,296	32,060	-	-
Unearned revenue	-	-	-	-
Due to other governments	8,640	1,253,549	1,210	1,795,572
Total Liabilities	<u>\$ 10,936</u>	<u>\$ 1,285,609</u>	<u>\$ 1,210</u>	<u>\$ 1,795,572</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - prepaid taxes	\$ -	\$ -	\$ -	\$ 97,842
NET POSITION				
Restricted for:				
Held in trust for pool participants	\$ -	\$ -	\$ -	\$ -
Individuals, organizations, and other governments	516,250	-	-	3,864,671
Arrowhead Regional Corrections	-	-	-	-
Minneapolis-Duluth/Superior Passenger Rail Alliance	-	-	-	-
Community Health Board	-	-	-	-
Duluth Area Family Service Collaborative Fund	-	-	-	-
Local Collaborative Time Study Fund	-	-	-	-
Northern Counties Land Use Board Fund	-	-	-	-
Voyagers National Park Joint Venture	-	-	-	-
Unrestricted	-	-	-	-
Total Net Position	<u>516,250</u>	<u>-</u>	<u>-</u>	<u>3,864,671</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 527,186</u>	<u>\$ 1,285,609</u>	<u>\$ 1,210</u>	<u>\$ 5,758,085</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2019

	Arrowhead Regional Corrections Fund	Regional Rail Authority	Minneapolis- Duluth/ Superior Passenger Rail Alliance	Community Health Board
ASSETS				
Cash and cash equivalents	\$ 4,676,013	\$ -	\$ 21,827	\$ -
Investments	2,146,098	-	-	-
Delinquent taxes receivable	-	55,906	-	-
Accounts receivable	61,097	19,462	-	869
Accrued interest receivable	13,830	-	-	-
Due from other governments	163,270	24,833	-	1,676,315
Total Assets	<u>\$ 7,060,308</u>	<u>\$ 100,201</u>	<u>\$ 21,827</u>	<u>\$ 1,677,184</u>
LIABILITIES				
Accounts payable	\$ 348,169	\$ 420,362	\$ 5,091	\$ 24,594
Accrued payroll	499,218	7,895	-	13,557
Unearned revenue	154	1,485	-	120,497
Due to other governments	123,420	1,467,364	-	1,430,326
Total Liabilities	<u>\$ 970,961</u>	<u>\$ 1,897,106</u>	<u>\$ 5,091</u>	<u>\$ 1,588,974</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - prepaid taxes	\$ -	\$ -	\$ -	\$ -
NET POSITION				
Restricted for:				
Held in trust for pool participants	\$ -	\$ -	\$ -	\$ -
Individuals, organizations, and other governments	-	-	-	-
Arrowhead Regional Corrections	6,089,347	-	-	-
Minneapolis-Duluth/Superior Passenger Rail Alliance	-	-	16,736	-
Community Health Board	-	-	-	88,210
Duluth Area Family Service Collaborative Fund	-	-	-	-
Local Collaborative Time Study Fund	-	-	-	-
Northern Counties Land Use Board Fund	-	-	-	-
Voyagers National Park Joint Venture	-	-	-	-
Unrestricted	-	(1,796,905)	-	-
Total Net Position	<u>6,089,347</u>	<u>(1,796,905)</u>	<u>16,736</u>	<u>88,210</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 7,060,308</u>	<u>\$ 100,201</u>	<u>\$ 21,827</u>	<u>\$ 1,677,184</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2019

	Duluth Area Family Service Collaborative Fund	Local Collaborative Time Study Fund	Northern Counties Land Use Board Fund	Voyagers National Park Joint Venture
ASSETS				
Cash and cash equivalents	\$ 720,121	\$ 473,161	\$ 88,243	\$ 45,891
Investments	-	-	-	-
Delinquent taxes receivable	-	-	-	-
Accounts receivable	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	78,997	78,997	-	-
	<u>78,997</u>	<u>78,997</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 799,118</u>	<u>\$ 552,158</u>	<u>\$ 88,243</u>	<u>\$ 45,891</u>
LIABILITIES				
Accounts payable	\$ 64,180	\$ 4,620	\$ 1,539	\$ 9,092
Accrued payroll	-	-	-	-
Unearned revenue	-	-	-	-
Due to other governments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 64,180</u>	<u>\$ 4,620</u>	<u>\$ 1,539</u>	<u>\$ 9,092</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - prepaid taxes	\$ -	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted for:				
Held in trust for pool participants	\$ -	\$ -	\$ -	\$ -
Individuals, organizations, and other governments	-	-	-	-
Arrowhead Regional Corrections	-	-	-	-
Minneapolis-Duluth/Superior Passenger Rail Alliance	-	-	-	-
Community Health Board	-	-	-	-
Duluth Area Family Service Collaborative Fund	734,938	-	-	-
Local Collaborative Time Study Fund	-	547,538	-	-
Northern Counties Land Use Board Fund	-	-	86,704	-
Voyagers National Park Joint Venture	-	-	-	36,799
Unrestricted	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>734,938</u>	<u>547,538</u>	<u>86,704</u>	<u>36,799</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 799,118</u>	<u>\$ 552,158</u>	<u>\$ 88,243</u>	<u>\$ 45,891</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2019

	MN Regional Parks and Trails	Sheriff Forfeits/ Evidence	Estate Recovery Fund	Jail Inmate/Kiosk
ASSETS				
Cash and cash equivalents	\$ 60,563	\$ 70,863	\$ 627,114	\$ 178,881
Investments	-	-	-	-
Delinquent taxes receivable	-	-	-	-
Accounts receivable	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	56,483	-	-	-
Total Assets	<u>\$ 117,046</u>	<u>\$ 70,863</u>	<u>\$ 627,114</u>	<u>\$ 178,881</u>
LIABILITIES				
Accounts payable	\$ 28,311	\$ 7,306	-	-
Accrued payroll	-	-	-	-
Unearned revenue	88,735	-	-	-
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 117,046</u>	<u>\$ 7,306</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - prepaid taxes	\$ -	\$ -	-	-
NET POSITION				
Restricted for:				
Held in trust for pool participants	\$ -	\$ -	\$ -	\$ -
Individuals, organizations, and other governments	-	63,557	627,114	178,881
Arrowhead Regional Corrections	-	-	-	-
Minneapolis-Duluth/Superior Passenger Rail Alliance	-	-	-	-
Community Health Board	-	-	-	-
Duluth Area Family Service Collaborative Fund	-	-	-	-
Local Collaborative Time Study Fund	-	-	-	-
Northern Counties Land Use Board Fund	-	-	-	-
Voyagers National Park Joint Venture	-	-	-	-
Unrestricted	-	-	-	-
Total Net Position	<u>-</u>	<u>63,557</u>	<u>627,114</u>	<u>178,881</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 117,046</u>	<u>\$ 70,863</u>	<u>\$ 627,114</u>	<u>\$ 178,881</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2019

	<u>NEECB</u>	<u>Civil Fund</u>	<u>Taconite Relief</u>	<u>Taconite Production Tax</u>
ASSETS				
Cash and cash equivalents	\$ 13,557	\$ 312,159	\$ 122,699	\$ 53,263
Investments	-	-	3,800,000	-
Delinquent taxes receivable	-	-	-	-
Accounts receivable	-	103,659	-	-
Accrued interest receivable	-	-	33,532	-
Due from other governments	-	-	-	-
Total Assets	<u>\$ 13,557</u>	<u>\$ 415,818</u>	<u>\$ 3,956,231</u>	<u>\$ 53,263</u>
LIABILITIES				
Accounts payable	\$ -	\$ 321,098	\$ -	\$ -
Accrued payroll	-	-	-	-
Unearned revenue	-	-	-	-
Due to other governments	-	6,000	1,714	53,263
Total Liabilities	<u>\$ -</u>	<u>\$ 327,098</u>	<u>\$ 1,714</u>	<u>\$ 53,263</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - prepaid taxes	\$ -	\$ -	\$ -	\$ -
NET POSITION				
Restricted for:				
Held in trust for pool participants	\$ -	\$ -	\$ 3,954,517	\$ -
Individuals, organizations, and other governments	13,557	88,720	-	-
Arrowhead Regional Corrections	-	-	-	-
Minneapolis-Duluth/Superior Passenger Rail Alliance	-	-	-	-
Community Health Board	-	-	-	-
Duluth Area Family Service Collaborative Fund	-	-	-	-
Local Collaborative Time Study Fund	-	-	-	-
Northern Counties Land Use Board Fund	-	-	-	-
Voyagers National Park Joint Venture	-	-	-	-
Unrestricted	-	-	-	-
Total Net Position	<u>13,557</u>	<u>88,720</u>	<u>3,954,517</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 13,557</u>	<u>\$ 415,818</u>	<u>\$ 3,956,231</u>	<u>\$ 53,263</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2019

	<u>Total</u>
ASSETS	
Cash and cash equivalents	\$ 10,811,831
Investments	5,946,098
Delinquent taxes receivable	3,920,577
Accounts receivable	199,047
Accrued interest receivable	47,362
Due from other governments	<u>2,424,878</u>
Total Assets	<u><u>\$ 23,349,793</u></u>
LIABILITIES	
Accounts payable	\$ 1,234,362
Accrued payroll	555,026
Unearned revenue	210,871
Due to other governments	<u>6,141,058</u>
Total Liabilities	<u><u>\$ 8,141,317</u></u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - prepaid taxes	<u>\$ 97,842</u>
NET POSITION	
Restricted for:	
Held in trust for pool participants	\$ 3,954,517
Individuals, organizations, and other governments	5,352,750
Arrowhead Regional Corrections	6,089,347
Minneapolis-Duluth/Superior Passenger Rail Alliance	16,736
Community Health Board	88,210
Duluth Area Family Service Collaborative Fund	734,938
Local Collaborative Time Study Fund	547,538
Northern Counties Land Use Board Fund	86,704
Voyagers National Park Joint Venture	36,799
Unrestricted	<u>(1,796,905)</u>
Total Net Position	<u>15,110,634</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 23,349,793</u></u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	NEMESIS	State of Minnesota	Beer- Auctioneer Licenses Fund	Taxes and Penalties Fund
ADDITIONS				
Property tax collections for other governments	\$ -	\$ -	\$ -	\$ 190,040,397
License and fee collections for other governments	-	-	1,210	-
License and fee collections for State of MN	-	50,993,037	-	-
Contributions individuals	-	-	-	-
Estate recoveries	-	-	-	-
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	348	-	-	-
Charges for services	404,955	1,804,595	-	-
Fines and forfeits	-	-	-	-
Earnings on investments	-	-	-	-
Gifts and contributions	-	-	-	-
Land and timber sales	-	-	-	-
Miscellaneous	20,575	-	-	-
Sale of capital assets	-	-	-	-
Total Additions	<u>425,878</u>	<u>52,797,632</u>	<u>1,210</u>	<u>190,040,397</u>
DEDUCTIONS				
Payment of property tax to other governments	174	-	-	190,277,111
Distributions to participants	-	-	-	-
Distribution of recoveries	-	-	-	-
Payment of fee, fines and license revenue to other	-	-	1,210	-
Payments to State of MN	-	50,993,037	-	-
Personnel services	85,772	1,772,741	-	-
Other operating	386,161	-	-	-
Capital outlay	-	-	-	-
Total Deductions	<u>472,107</u>	<u>52,765,778</u>	<u>1,210</u>	<u>190,277,111</u>
Changes in net position	(46,229)	31,854	-	(236,714)
Net position - January 1	-	-	-	-
Restatement	<u>562,479</u>	<u>(31,854)</u>	<u>-</u>	<u>4,101,385</u>
Net position - January 1 (restated)	<u>562,479</u>	<u>(31,854)</u>	<u>-</u>	<u>4,101,385</u>
Net position - December 31	<u>\$ 516,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,864,671</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Arrowhead Regional Corrections Fund	Regional Rail Authority	Minneapolis- Duluth/ Superior Passenger Rail Alliance	Community Health Board
ADDITIONS				
Property tax collections for other governments	\$ -	\$ -	\$ -	\$ -
License and fee collections for other governments	-	-	-	-
License and fee collections for State of MN	-	-	-	-
Contributions individuals	-	-	-	-
Estate recoveries	-	-	-	-
Taxes	-	1,545,385	-	-
Licenses and permits	-	3,000	-	-
Intergovernmental	26,081,814	1,809,742	-	5,497,884
Charges for services	953,862	3,120	-	-
Fines and forfeits	-	-	-	-
Earnings on investments	104,181	-	-	-
Gifts and contributions	-	-	90,411	-
Land and timber sales	38,572	-	-	-
Miscellaneous	166,290	96,036	-	39,765
Sale of capital assets	10,623	-	-	-
Total Additions	<u>27,355,342</u>	<u>3,457,283</u>	<u>90,411</u>	<u>5,537,649</u>
DEDUCTIONS				
Payment of property tax to other governments	-	460	-	4,690,728
Distributions to participants	-	-	-	89,819
Distribution of recoveries	-	-	-	-
Payment of fee, fines and license revenue to other	-	-	-	-
Payments to State of MN	-	-	-	-
Personnel services	20,750,123	339,155	24,300	487,797
Other operating	5,786,439	2,226,078	40,916	285,819
Capital outlay	366,447	2,170,487	-	-
Total Deductions	<u>26,903,009</u>	<u>4,736,180</u>	<u>65,216</u>	<u>5,554,163</u>
Changes in net position	452,333	(1,278,897)	25,195	(16,514)
Net position - January 1	-	-	-	-
Restatement	<u>5,637,014</u>	<u>(518,008)</u>	<u>(8,459)</u>	<u>104,724</u>
Net position - January 1 (restated)	<u>5,637,014</u>	<u>(518,008)</u>	<u>(8,459)</u>	<u>104,724</u>
Net position - December 31	<u>\$ 6,089,347</u>	<u>\$ (1,796,905)</u>	<u>\$ 16,736</u>	<u>\$ 88,210</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Duluth Area Family Service Collaborative Fund	Local Collaborative Time Study Fund	Northern Counties Land Use Board Fund	Voyagers National Park Joint Venture
ADDITIONS				
Property tax collections for other governments	\$ -	\$ -	\$ -	\$ -
License and fee collections for other governments	-	-	-	-
License and fee collections for State of MN	-	-	-	-
Contributions individuals	-	-	-	-
Estate recoveries	-	-	-	-
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	344,269	344,269	19,000	59,438
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Earnings on investments	15,873	9,713	-	-
Gifts and contributions	-	-	-	-
Land and timber sales	-	-	-	-
Miscellaneous	-	-	-	-
Sale of capital assets	-	-	-	-
Total Additions	<u>360,142</u>	<u>353,982</u>	<u>19,000</u>	<u>59,438</u>
DEDUCTIONS				
Payment of property tax to other governments	-	-	-	-
Distributions to participants	396,187	265,978	-	-
Distribution of recoveries	-	-	-	-
Payment of fee, fines and license revenue to other	-	-	-	-
Payments to State of MN	-	-	-	-
Personnel services	-	-	-	-
Other operating	14,718	17,259	13,520	48,923
Capital outlay	-	-	-	-
Total Deductions	<u>410,905</u>	<u>283,237</u>	<u>13,520</u>	<u>48,923</u>
Changes in net position	(50,763)	70,745	5,480	10,515
Net position - January 1	-	-	-	-
Restatement	<u>785,701</u>	<u>476,793</u>	<u>81,224</u>	<u>26,284</u>
Net position - January 1 (restated)	<u>785,701</u>	<u>476,793</u>	<u>81,224</u>	<u>26,284</u>
Net position - December 31	<u>\$ 734,938</u>	<u>\$ 547,538</u>	<u>\$ 86,704</u>	<u>\$ 36,799</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	MN Regional Parks and Trails	Sheriff Forfeits/ Evidence	Estate Recovery Fund	Jail Inmate/Kiosk
ADDITIONS				
Property tax collections for other governments	\$ -	\$ -	\$ -	\$ -
License and fee collections for other governments	-	-	-	-
License and fee collections for State of MN	-	-	-	-
Contributions individuals	-	-	-	563,834
Estate recoveries	-	-	1,399,673	-
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	419,477	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	91,090	-	-
Earnings on investments	-	-	-	-
Gifts and contributions	-	-	-	-
Land and timber sales	-	-	-	-
Miscellaneous	-	-	-	-
Sale of capital assets	-	-	-	-
Total Additions	419,477	91,090	1,399,673	563,834
DEDUCTIONS				
Payment of property tax to other governments	-	21,631	-	-
Distributions to participants	-	-	-	569,188
Distribution of recoveries	-	-	1,267,820	-
Payment of fee, fines and license revenue to other	-	73,047	-	-
Payments to State of MN	-	-	-	-
Personnel services	-	-	-	-
Other operating	419,477	-	-	-
Capital outlay	-	-	-	-
Total Deductions	419,477	94,678	1,267,820	569,188
Changes in net position	-	(3,588)	131,853	(5,354)
Net position - January 1	-	-	-	-
Restatement	-	67,145	495,261	184,235
Net position - January 1 (restated)	-	67,145	495,261	184,235
Net position - December 31	\$ -	\$ 63,557	\$ 627,114	\$ 178,881

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	NEECB	Civil Fund	Taconite Relief	Taconite Production Tax
ADDITIONS				
Property tax collections for other governments	\$ -	\$ -	\$ -	\$ -
License and fee collections for other governments	-	-	-	-
License and fee collections for State of MN	-	-	-	-
Contributions individuals	-	-	-	-
Estate recoveries	-	-	-	-
Taxes	-	-	12,576,381	23,646,963
Licenses and permits	-	-	-	-
Intergovernmental	43,641	-	-	-
Charges for services	6,484	1,709,697	-	-
Fines and forfeits	-	-	-	-
Earnings on investments	-	-	138,646	53,258
Gifts and contributions	-	-	-	-
Land and timber sales	-	-	-	-
Miscellaneous	2,235	-	-	-
Sale of capital assets	-	-	-	-
Total Additions	<u>52,360</u>	<u>1,709,697</u>	<u>12,715,027</u>	<u>23,700,221</u>
DEDUCTIONS				
Payment of property tax to other governments	-	-	11,258,449	23,700,221
Distributions to participants	11,799	-	-	-
Distribution of recoveries	-	-	-	-
Payment of fee, fines and license revenue to other	-	-	-	-
Payments to State of MN	-	-	-	-
Personnel services	1,999	-	-	-
Other operating	33,630	1,695,797	-	-
Capital outlay	-	-	-	-
Total Deductions	<u>47,428</u>	<u>1,695,797</u>	<u>11,258,449</u>	<u>23,700,221</u>
Changes in net position	4,932	13,900	1,456,578	-
Net position - January 1	-	-	-	-
Restatement	<u>8,625</u>	<u>74,820</u>	<u>2,497,939</u>	<u>-</u>
Net position - January 1 (restated)	<u>8,625</u>	<u>74,820</u>	<u>2,497,939</u>	<u>-</u>
Net position - December 31	<u>\$ 13,557</u>	<u>\$ 88,720</u>	<u>\$ 3,954,517</u>	<u>\$ -</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Total</u>
ADDITIONS	
Property tax collections for other governments	\$ 190,040,397
License and fee collections for other governments	1,210
License and fee collections for State of MN	50,993,037
Contributions individuals	563,834
Estate recoveries	1,399,673
Taxes	37,768,729
Licenses and permits	3,000
Intergovernmental	34,619,882
Charges for services	4,882,713
Fines and forfeits	91,090
Earnings on investments	321,671
Gifts and contributions	90,411
Land and timber sales	38,572
Miscellaneous	324,901
Sale of capital assets	10,623
Total Additions	<u>321,149,743</u>
DEDUCTIONS	
Payment of property tax to other governments	229,948,774
Distributions to participants	1,332,971
Distribution of recoveries	1,267,820
Payment of fee, fines and license revenue to other	74,257
Payments to State of MN	50,993,037
Personnel services	23,461,887
Other operating	10,968,737
Capital outlay	2,536,934
Total Deductions	<u>320,584,417</u>
Changes in net position	565,326
Net position - January 1	-
Restatement	<u>14,545,308</u>
Net position - January 1 (restated)	<u>14,545,308</u>
Net position - December 31	<u><u>\$ 15,110,634</u></u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS
DECEMBER 31, 2019

	Interest Rates	Par Value	Market
Pooled Investments and Deposits			
Certificates of Deposit	1.40% - 3.55%	\$ 26,321,728	\$ 26,321,917
MAGIC Portfolio	Varies	32,833,566	32,833,566
MAGIC TERM	2.15% - 2.60%	23,128,625	23,128,625
Municipal Bonds	1.75% - 5.00%	17,790,000	18,201,635
FFCB	1.70% - 5.70%	28,561,000	29,847,863
FHLB	1.375% - 5.625%	33,930,000	34,995,592
FHLMC	1.65% - 2.375%	6,810,000	6,888,933
FNMA	1.50% - 2.125%	11,550,000	11,591,612
Total Pooled Investments and Deposits		\$ 180,924,919	\$ 183,809,743
Shoreland Sales Permanent Fund			
MN Board of Investments	Varies	\$ 22,104,852	\$ 22,104,852
Environmental Services Enterprise Fund			
Certificates of deposit	1.55% - 3.35%	\$ 7,093,000	\$ 7,093,000
FFCB	1.77% - 5.05%	4,284,000	4,362,006
FHLB	1.75% - 2.03%	1,360,000	1,360,586
FHLMC	2.00%	950,000	955,312
Total Environmental Services Enterprise Fund		\$ 13,687,000	\$ 13,770,904
Property, Casualty, Liability Insurance			
Internal Service Fund			
Certificates of deposit	1.50% - 3.10%	\$ 1,492,000	\$ 1,492,000
FFCB	1.77% - 1.82%	500,000	500,303
Total Property, Casualty, Liability Insurance		\$ 1,992,000	\$ 1,992,303
Worker's Compensation Insurance			
Internal Service Fund			
Certificates of Deposit	1.50% - 3.05%	\$ 3,477,000	\$ 3,477,000
MAGIC TERM	1.87% - 2.42%	1,500,000	1,500,000
FFCB	1.77% - 5.05%	4,299,000	4,366,003
FNMA	2.00%	400,000	400,732
Total Workers' Compensation Insurance		\$ 9,676,000	\$ 9,743,735
Medical/Dental Insurance			
Internal Service Fund			
Certificates of Deposit	2.10% - 2.85%	\$ 2,979,000	\$ 2,979,000
MAGIC TERM	1.87%	1,000,000	1,000,000
FFCB	1.82% - 2.35%	1,500,000	1,523,697
FHLB	1.75% - 3.375%	1,000,000	1,004,480
Total Medical/Dental Insurance		\$ 6,479,000	\$ 6,507,177
Taconite Relief Trust Fund			
MAGIC TERM	1.94% - 2.46%	\$ 3,800,000	\$ 3,800,000
Arrowhead Regional Corrections Agency Fund			
Certificates of deposit	1.45% - 3.05%	\$ 1,242,000	\$ 1,242,000
MAGIC TERM	2.34%	904,098	904,098
Total Arrowhead Regional Corrections Agency Fund		\$ 2,146,098	\$ 2,146,098
Total Investments and deposits		\$ 240,809,869	\$ 243,874,812

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019

		Special Revenue Funds				
	General Fund	Road and Bridge	Public Health and Human Services	Other	Debt Service Funds	
Appropriations and Shared Revenue						
State						
Department of Natural Resources						
Mineral rents & royalties	\$ 1,059,181	\$ -	\$ -	\$ -	\$ -	
Department of Public Safety						
Enhanced 911 program grant	326,232	-	-	-	-	
Department of Revenue						
County program aid	9,638,130	1,085,989	1,495,757	-	-	
Disparity aid	2,396,229	790,326	1,868,522	-	273,679	
Local performance aid	25,000	-	-	-	-	
ICWA aid	-	-	518,875	-	-	
Market value credit	60,385	21,898	46,356	409	6,555	
PERA aid	472,253	88,041	201,048	21,634	-	
Police aid	953,355	-	-	-	-	
State fire aid	31,342	-	-	-	-	
Department of Transportation						
30 percent rental income	286	94	218	1	31	
Engineering	-	2,298,820	-	-	-	
LRIP/RRSA state bond	-	615,343	-	-	-	
MN FD 29 bridge bond	-	548,191	-	-	-	
Municipal construction	-	2,561,333	-	-	-	
Municipal maintenance	-	1,772,442	-	-	-	
Regular construction	-	13,302,753	-	-	-	
Regular maintenance	-	10,561,876	-	-	-	
State aid disaster relief	-	606,973	-	-	-	
State aid for consulting	-	671,930	-	-	-	
Town bridge	-	2,004,957	-	-	-	
Unorganized town road and bridge aid	-	162,864	-	-	-	
Total Appropriations and Shared Revenue	\$ 14,962,393	\$ 37,093,830	\$ 4,130,776	\$ 22,044	\$ 280,265	
Reimbursement for Services						
State						
Department of Human Services						
Alternative care 180 day	\$ -	\$ -	\$ 97,422	\$ -	\$ -	
Child welfare targeted case mgmt	-	-	2,419,523	-	-	
Community alternatives for disabled individuals waived services	-	-	1,098,695	-	-	
Elderly waived services	-	-	40,891	-	-	
Medical Assistance MCH home visits	-	-	30,782	-	-	
Medical assistance-transportation	-	-	21,548	-	-	
Medical assistance - ACT	-	-	1,011,934	-	-	
Medical assistance - CEHI	-	-	629,650	-	-	
Medical assistance - Rule 5	-	-	686,843	-	-	
Developmental disabilities waived services	-	-	715,093	-	-	
MH targeted case management	-	-	685,903	-	-	
Relocation waived services	-	-	707	-	-	
Traumatic brain injury	-	-	61,848	-	-	
VADD targeted case management	-	-	106,454	-	-	
Total Reimbursement for Services Revenue	\$ -	\$ -	\$ 7,607,293	\$ -	\$ -	

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Appropriations and Shared Revenue				
State				
Department of Natural Resources				
Mineral rents & royalties	\$ -	\$ -	\$ -	\$ 1,059,181
Department of Public Safety				
Enhanced 911 program grant	-	-	-	326,232
Department of Revenue				
County program aid	-	-	-	12,219,876
Disparity aid	169,547	-	-	5,498,303
Local performance aid	-	-	-	25,000
ICWA aid	-	-	-	518,875
Market value credit	4,206	-	-	139,809
PERA aid	-	-	3,468	786,444
Police aid	-	-	-	953,355
State fire aid	-	-	-	31,342
Department of Transportation				
30 percent rental income	20	-	-	650
Engineering	-	-	-	2,298,820
LRIP/RRSA state bond	-	-	-	615,343
MN FD 29 bridge bond	-	-	-	548,191
Municipal construction	-	-	-	2,561,333
Municipal maintenance	-	-	-	1,772,442
Regular construction	-	-	-	13,302,753
Regular maintenance	-	-	-	10,561,876
State aid disaster relief	-	-	-	606,973
State aid for consulting	-	-	-	671,930
Town bridge	-	-	-	2,004,957
Unorganized town road and bridge aid	-	-	-	162,864
Total Appropriations and Shared Revenue	\$ 173,773	\$ -	\$ 3,468	\$ 56,666,549
Reimbursement for Services				
State				
Department of Human Services				
Alternative care 180 day	\$ -	\$ -	\$ -	\$ 97,422
Child welfare targeted case mgmt	-	-	-	2,419,523
Community alternatives for disabled individuals waived services	-	-	-	1,098,695
Elderly waived services	-	-	-	40,891
Medical Assistance MCH home visits	-	-	-	30,782
Medical assistance-transportation	-	-	-	21,548
Medical assistance - ACT	-	-	-	1,011,934
Medical assistance - CEHI	-	-	-	629,650
Medical assistance - Rule 5	-	-	-	686,843
Developmental disabilities waived services	-	-	-	715,093
MH targeted case management	-	-	-	685,903
Relocation waived services	-	-	-	707
Traumatic brain injury	-	-	-	61,848
VADD targeted case management	-	-	-	106,454
Total Reimbursement for Services Revenue	\$ -	\$ -	\$ -	\$ 7,607,293

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Special Revenue Funds			Debt Service Funds
		Road and Bridge	Public Health and Human Services	Other	
Grants					
State Grants					
Board of Water & Soil Resources					
Natural resources block grant	\$ 112,690	\$ -	\$ -	\$ -	\$ -
Department of Environmental Assistance					
SCORE recycling grant	-	-	-	-	-
Department of Health					
Evidence based home visiting	-	-	327,037	-	-
Local public health grant	-	-	856,176	-	-
Department of Housing Finance					
Family homelessness prevention	-	-	381,149	-	-
Landlord mitigation	-	-	34,002	-	-
Department of Human Services					
Adult integrated fund	-	-	2,484,995	-	-
Alternative care	-	-	97,422	-	-
Alternative response	-	-	44,683	-	-
Alternative to corporate foster care	-	-	55,164	-	-
Child care basic sliding fee	-	-	35,945	-	-
Child protection - GTFCP	-	-	967,420	-	-
Child support health ins bonus	-	-	43,804	-	-
Child support incentives	-	-	65,054	-	-
Children's mental health	-	-	146,591	-	-
CMH respite care	-	-	69,608	-	-
Community alternatives for disabled individual waived services	-	-	1,098,695	-	-
Community social services act block grant	-	-	2,984,768	-	-
Consolidated chemical dependency fund admin	-	-	178,383	-	-
Consumer directed	-	-	34,280	-	-
Cost effective health insurance	-	-	903,855	-	-
Child and teen checkups	-	-	258,210	-	-
Day training & habilitation	-	-	8,921	-	-
DD family support	-	-	75,896	-	-
Early hearing detection & intervention	-	-	4,650	-	-
Elderly waived services	-	-	45,184	-	-
Essential community service	-	-	4,208	-	-
SNAP employment and training	-	-	671	-	-
Fraud prevention incentives	-	-	158,572	-	-
Homeless outreach	-	-	854,463	-	-
Housing support services	-	-	253,289	-	-
Housing support SPMI	-	-	192,396	-	-
LTSS	-	-	2,853,909	-	-
Medical assistance-MCH home visits	-	-	30,187	-	-
Medical assistance ACT	-	-	1,024,942	-	-
Medical assistance transportation	-	-	21,548	-	-
Developmental disabilities waived services	-	-	715,093	-	-
MN family investment project burial	-	-	3,320	-	-
MN family investment project child care	-	-	27,446	-	-
MN family investment project employment services	-	-	542,113	-	-
MN VASA	-	-	38,238	-	-
Northstar foster care	-	-	1,158,325	-	-
Parent support outreach program	-	-	61,500	-	-
Periodic data match	-	-	88,255	-	-
Relocation waived services	-	-	707	-	-
Semi-independent living skills	-	-	377,044	-	-
Statewide health improvement - SHIP	-	-	73,412	-	-
Traumatic brain injury	-	-	61,848	-	-
Workers compensation	-	-	-	-	-

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants				
State Grants				
Board of Water & Soil Resources				
Natural resources block grant	\$ -	\$ 18,600	\$ -	\$ 131,290
Department of Environmental Assistance				
SCORE recycling grant	-	270,277	-	270,277
Department of Health				
Evidence based home visiting	-	-	-	327,037
Local public health grant	-	-	-	856,176
Department of Housing Finance				
Family homelessness prevention	-	-	-	381,149
Landlord mitigation	-	-	-	34,002
Department of Human Services				
Adult integrated fund	-	-	-	2,484,995
Alternative care	-	-	-	97,422
Alternative response	-	-	-	44,683
Alternative to corporate foster care	-	-	-	55,164
Child care basic sliding fee	-	-	-	35,945
Child protection - GTFCP	-	-	-	967,420
Child support health ins bonus	-	-	-	43,804
Child support incentives	-	-	-	65,054
Children's mental health	-	-	-	146,591
CMH respite care	-	-	-	69,608
Community alternatives for disabled individual waived services	-	-	-	1,098,695
Community social services act block grant	-	-	-	2,984,768
Consolidated chemical dependency fund admin	-	-	-	178,383
Consumer directed	-	-	-	34,280
Cost effective health insurance	-	-	-	903,855
Child and teen checkups	-	-	-	258,210
Day training & habilitation	-	-	-	8,921
DD family support	-	-	-	75,896
Early hearing detection & intervention	-	-	-	4,650
Elderly waived services	-	-	-	45,184
Essential community service	-	-	-	4,208
SNAP employment and training	-	-	-	671
Fraud prevention incentives	-	-	-	158,572
Homeless outreach	-	-	-	854,463
Housing support services	-	-	-	253,289
Housing support SPMI	-	-	-	192,396
LTSS	-	-	-	2,853,909
Medical assistance-MCH home visits	-	-	-	30,187
Medical assistance ACT	-	-	-	1,024,942
Medical assistance transportation	-	-	-	21,548
Developmental disabilities waived services	-	-	-	715,093
MN family investment project burial	-	-	-	3,320
MN family investment project child care	-	-	-	27,446
MN family investment project employment services	-	-	-	542,113
MN VASA	-	-	-	38,238
Northstar foster care	-	-	-	1,158,325
Parent support outreach program	-	-	-	61,500
Periodic data match	-	-	-	88,255
Relocation waived services	-	-	-	707
Semi-independent living skills	-	-	-	377,044
Statewide health improvement - SHIP	-	-	-	73,412
Traumatic brain injury	-	-	-	61,848
Workers compensation	-	-	599,663	599,663

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds				
	General Fund	Road and Bridge	Public Health and Human Services	Other	Debt Service Funds
Grants (continued)					
State grants (continued)					
Department of Natural Resources					
Aquatic invasive species prevention	\$ 691,358	\$ -	\$ -	\$ -	\$ -
Boat and water safety	106,970	-	-	-	-
State forest road access	-	-	-	308,153	-
Off highway ATV	38,083	-	-	-	-
Snowmobile safety	15,381	-	-	-	-
State trail assistance	276,738	-	-	-	-
Board of Peace Officer Standards and Training					
Training reimbursement	101,406	-	-	-	-
Department of Public Safety					
Bullet proof vests	16,904	-	-	-	-
MNLARS license center	137,674	-	-	-	-
MN state patrol forfeit	4,002	-	-	-	-
Office of Justice program grants	34,602	-	-	-	-
Public assistance disaster fund	-	298,092	-	42	-
Department of Transportation					
Northeast Minnesota rail initiative	-	846,813	-	-	-
MN PERA					
MN contributions to PERA	-	-	-	-	-
MN Pollution Control Agency					
Ash River community sewer	-	-	-	68,382	-
Env Assistance Recycle Program	-	-	-	-	-
MN Public Facilities Authority					
Sand Lake grant sewer project	-	-	-	-	-
Secretary of State					
Voting equipment grant	2,290	-	-	-	-
Veterans Affairs					
Enhancement	27,646	-	-	-	-
Total State Grants	\$ 1,565,744	\$ 1,144,905	\$ 19,743,378	\$ 376,577	\$ -
Federal Grants					
Department of Agriculture					
10.557 Women, infants, and children (through Community Health Board)	\$ -	\$ -	\$ 628,993	\$ -	\$ -
10.561 Supplemental nutrition and assistance progr	56,783	-	1,620,884	-	-
10.561 SNAP employment and training	-	-	74,336	-	-
10.572 Federal WIC	-	-	611	-	-
10.665 National forest land	1,512,525	-	-	-	-
10.665 National forest land - roads & schools	-	411,071	-	-	-
10.665 National forest title III	83,328	-	-	-	-
Department of Education					
84.181 Follow along program	-	-	2,672	-	-
Department of Health & Human Services					
93.069 Public health emergency preparedness	-	-	101,423	-	-
93.070 MDH asthma HV	-	-	8,964	-	-
93.251 Universal newborn hearing screening	-	-	2,775	-	-
93.314 Early hearing detection intervention	-	-	450	-	-
93.556 Fed IVB 2 PSOP	-	-	2,364	-	-
93.556 Title 4B fam response	-	-	72,817	-	-
93.556 Title IV-B alternative response	-	-	64,271	-	-
93.558 MN family investment project employment services	-	-	2,889,833	-	-
93.558 Temporary assistance to needy families admin	19,686	-	565,887	-	-
93.558 Temporary assistance to needy families home visiting	-	-	375,267	-	-
93.563 Child support	70,740	-	3,359,188	-	-
93.563 Title IV-D incentives	-	-	439,083	-	-
93.590 Federal PSOP child's trust	-	-	47,308	-	-
93.590 Relationships first	-	-	20,000	-	-
93.596 Child care basic sliding fee	-	-	43,933	-	-
93.596 MN family investment project child care	-	-	28,566	-	-
93.645 Fed IVB 1 PSOP	-	-	7,095	-	-
93.645 Title 4B fam response	-	-	47,993	-	-
93.658 Foster care	22,752	-	36,363	-	-
93.658 IV-E foster care social service time study	-	-	1,106,568	-	-
93.658 Title IV-E cost of care	-	-	1,718,146	-	-
93.658 Title IV-E foster care case management	-	-	65,317	-	-
93.667 Title XX block grant	-	-	1,612,028	-	-
93.674 Support for emancipation and living functionally	-	-	38,722	-	-
93.778 Child teen checkups	-	-	258,210	-	-
93.778 LTSS	-	-	3,432,781	-	-
93.778 MA Trans Admin - MTM	-	-	107,916	-	-
93.778 Medical assistance	136,184	-	3,083,565	-	-
93.778 Medical assistance - Rule 25	-	-	1,009,988	-	-
93.778 Medical assistance incentives	-	-	26,283	-	-
93.788 Response to Opioid	-	-	115,069	-	-
93.870 MIECHV	-	-	239,071	-	-
93.917 Ryan White park	-	-	37,355	-	-
93.959 Substance use disorder	-	-	185,609	-	-
93.994 Fed maternal & child health	-	-	316,486	-	-

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants (continued)				
State grants (continued)				
Department of Natural Resources				
Aquatic invasive species prevention	\$ -	\$ -	\$ -	\$ 691,358
Boat and water safety	-	-	-	106,970
State forest road access	-	-	-	308,153
Off highway ATV	-	-	-	38,083
Snowmobile safety	-	-	-	15,381
State trail assistance	-	-	-	276,738
Board of Peace Officer Standards and Training				
Training reimbursement	-	-	-	101,406
Department of Public Safety				
Bullet proof vests	-	-	-	16,904
MNLARS license center	-	-	-	137,674
MN state patrol forfeit	-	-	-	4,002
Office of Justice program grants	-	-	-	34,602
Public assistance disaster fund	-	-	-	298,134
Department of Transportation				
Northeast Minnesota rail initiative	-	-	-	846,813
MN PERA				
MN contributions to PERA	-	3,457	-	3,457
MN Pollution Control Agency				
Ash River community sewer	-	-	-	68,382
Env Assistance Recycle Program	-	111,858	-	111,858
MN Public Facilities Authority				
Sand Lake grant sewer project	-	60,000	-	60,000
Secretary of State				
Voting equipment grant	-	-	-	2,290
Veterans Affairs				
Enhancement	-	-	-	27,646
Total State Grants	\$ -	\$ 464,192	\$ 599,663	\$ 23,894,459
Federal Grants				
Department of Agriculture				
10.557 Women, infants, and children (through Community Health Board)	\$ -	\$ -	\$ -	\$ 628,993
10.561 Supplemental nutrition and assistance progr	-	-	-	1,677,667
10.561 SNAP employment and training	-	-	-	74,336
10.572 Federal WIC	-	-	-	611
10.665 National forest land	-	-	-	1,512,525
10.665 National forest land - roads & schools	-	-	-	411,071
10.665 National forest title III	-	-	-	83,328
Department of Education				
84.181 Follow along program	-	-	-	2,672
Department of Health & Human Services				
93.069 Public health emergency preparedness	-	-	-	101,423
93.070 MDH asthma HV	-	-	-	8,964
93.251 Universal newborn hearing screening	-	-	-	2,775
93.314 Early hearing detection intervention	-	-	-	450
93.556 Fed IVB 2 PSOP	-	-	-	2,364
93.556 Title 4B fam response	-	-	-	72,817
93.556 Title IV-B alternative response	-	-	-	64,271
93.558 MN family investment project employment services	-	-	-	2,889,833
93.558 Temporary assistance to needy families admin	-	-	-	585,573
93.558 Temporary assistance to needy families home visiting	-	-	-	375,267
93.563 Child support	-	-	-	3,429,928
93.563 Title IV-D incentives	-	-	-	439,083
93.590 Federal PSOP child's trust	-	-	-	47,308
93.590 Relationships first	-	-	-	20,000
93.596 Child care basic sliding fee	-	-	-	43,933
93.596 MN family investment project child care	-	-	-	28,566
93.645 Fed IVB 1 PSOP	-	-	-	7,095
93.645 Title 4B fam response	-	-	-	47,993
93.658 Foster care	-	-	-	59,115
93.658 IV-E foster care social service time study	-	-	-	1,106,568
93.658 Title IV-E cost of care	-	-	-	1,718,146
93.658 Title IV-E foster care case management	-	-	-	65,317
93.667 Title XX block grant	-	-	-	1,612,028
93.674 Support for emancipation and living functionally	-	-	-	38,722
93.778 Child teen checkups	-	-	-	258,210
93.778 LTSS	-	-	-	3,432,781
93.778 MA Trans Admin - MTM	-	-	-	107,916
93.778 Medical assistance	-	-	-	3,219,749
93.778 Medical assistance - Rule 25	-	-	-	1,009,988
93.778 Medical assistance incentives	-	-	-	26,283
93.788 Response to Opioid	-	-	-	115,069
93.870 MIECHV	-	-	-	239,071
93.917 Ryan White park	-	-	-	37,355
93.959 Substance use disorder	-	-	-	185,609
93.994 Fed maternal & child health	-	-	-	316,486

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Special Revenue Funds			Debt Service Funds
		Road and Bridge	Public Health and Human Services	Other	
Grants (continued)					
Federal Grants (continued)					
Department of Homeland Security					
97.012 Boating safety financial assurance	\$ 35,851	\$ -	\$ -	\$ -	\$ -
97.036 FEMA public assistance	-	800,897	-	-	-
97.067 Homeland security grant	169,064	-	-	-	-
Department of Housing & Urban Development					
14.218 CDBG federal grant	-	-	-	1,957,658	-
14.231 Emergency shelter grant	164,818	-	-	-	-
14.238 Shelter plus care	54,449	-	-	-	-
14.239 Home federal grant	-	-	-	246,433	-
14.267 CoC planning-mckinney vento	-	-	94,974	-	-
Department of Interior					
15.226 Payment in lieu of taxes	2,020,810	369	359	3	53
Department of Justice					
16.738 Law enforcement block grant	6,623	-	-	-	-
16.575 Crime Victim Assistance	95,903	-	-	-	-
Department of Transportation					
20.205 Highway planning and construction	-	6,567,642	-	-	-
20.600 Safe & sober	6,029	-	-	-	-
20.608 Toward zero deaths under the influence	38,478	-	-	-	-
20.616 Toward zero deaths seat belt & distracted	3,725	-	-	-	-
Total Federal Grants	\$ 4,497,748	\$ 7,779,979	\$ 23,889,523	\$ 2,204,094	\$ 53
Other Grants					
Local					
AIK CHB MIIC grant	\$ -	\$ -	\$ 51,230	\$ -	\$ -
Blue cross & blue shield	-	-	-	-	-
Carlton county	337	-	-	-	-
EIP credit co, LLC	26,442	-	-	-	-
Essentia farm to school	-	-	30,157	-	-
Miscellaneous	-	-	-	-	-
MN power	-	-	-	-	-
Total Other Grants	\$ 26,779	\$ -	\$ 81,387	\$ -	\$ -
In-kind Match	\$ -	\$ -	\$ -	\$ 149,674	\$ -
Total Intergovernmental Revenue	\$ 21,052,664	\$ 46,018,714	\$ 55,452,357	\$ 2,752,389	\$ 280,318

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants (continued)				
Federal Grants (continued)				
Department of Homeland Security				
97.012 Boating safety financial assurance	\$ -	\$ -	\$ -	\$ 35,851
97.036 FEMA public assistance	-	-	-	800,897
97.067 Homeland security grant	-	-	-	169,064
Department of Housing & Urban Development				
14.218 CDBG federal grant	-	-	-	1,957,658
14.231 Emergency shelter grant	-	-	-	164,818
14.238 Shelter plus care	-	-	-	54,449
14.239 Home federal grant	-	-	-	246,433
14.267 CoC planning-mckinney vento	-	-	-	94,974
Department of Interior				
15.226 Payment in lieu of taxes	33	-	-	2,021,627
Department of Justice				
16.738 Law enforcement block grant	-	-	-	6,623
16.575 Crime Victim Assistance	-	-	-	95,903
Department of Transportation				
20.205 Highway planning and construction	-	-	-	6,567,642
20.600 Safe & sober	-	-	-	6,029
20.608 Toward zero deaths under the influence	-	-	-	38,478
20.616 Toward zero deaths seat belt & distracted	-	-	-	3,725
Total Federal Grants	\$ 33	\$ -	\$ -	\$ 38,371,430
Other Grants				
Local				
AIK CHB MIIC grant	\$ -	\$ -	\$ -	\$ 51,230
Blue cross & blue shield	-	-	150,000	150,000
Carlton county	-	-	-	337
EIP credit co, LLC	-	-	-	26,442
Essentia farm to school	-	-	-	30,157
Miscellaneous	3,028	-	-	3,028
MN power	37,029	-	-	37,029
Total Other Grants	\$ 40,057	\$ -	\$ 150,000	\$ 298,223
In-kind Match	\$ -	\$ -	\$ -	\$ 149,674
Total Intergovernmental Revenue	\$ 213,863	\$ 464,192	\$ 753,131	\$ 126,987,628

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

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Direct				
Cooperative Forestry Assistance	10.664		\$ 190,554	\$ -
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board				
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	12-700-00061	630,138	-
Passed Through Minnesota Department of Human Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			
(Part of SNAP Cluster)				
Supplemental Nutrition Assistance Program Administrative Cost Reimbursements		1-2MN101S2514	1,677,667	-
Supplemental Nutrition Assistance Program Employment & Training		192MN127Q7503	73,665	-
Administration		192MN101S2520	671	-
Support				
(Total Supplemental Nutrition Assistance Program Employment & Training \$74,336)				
(Total State Administrative Matching Grants for Supplemental Nutrition Assistance				
Program 10.561 \$1,752,003)				
WIC Farmers' Market Nutrition Program (FMNP)	10.572	158448FMNP2019FNLPMPT	611	-
Passed Through Minnesota Department of Management and Budget				
Schools and Roads - Grants to States (Part of Forest Service Schools and Roads Cluster)	10.665			
Thye Blatnik PILT		P.L. 114-10	1,512,525	-
Title III		P.L. 110-343 & P.L. 112-141	83,328	-
Title I		P.L. 113-40	411,071	-
(Total Schools and Roads - Grants to States 10.665 \$2,006,924)				
Total U.S. Department of Agriculture			\$ 4,580,230	\$ -
U.S. Department of Commerce				
Passed Through Minnesota Department of Public Safety				
State and Local Implementation Grant Program	11.549	A-SLIGP-2017-NEECB-003	\$ (3,358)	-
U.S. Department of Housing and Urban Development				
Direct				
Community Development Block Grants/Entitlement Grants (Part of CDBG - Entitlement Grants Cluster)	14.218		\$ 2,047,735	\$ 1,660,928
Emergency Solutions Grant Program	14.231		164,818	160,759
Shelter Plus Care	14.238		54,449	-
Home Investment Partnerships Program	14.239		306,029	244,700
Continuum of Care Program	14.267		104,054	-
Total U.S. Department of Housing and Urban Development			\$ 2,677,085	\$ 2,066,387
U.S. Department of the Interior				
Direct				
Payments in Lieu of Taxes	15.226		\$ 2,021,627	\$ -
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety				
Crime Victim Assistance	16.575	A-CVS-2020-STLOUICO-129	\$ 95,903	\$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	23519	6,623	-
Total U.S. Department of Justice			\$ 102,526	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction (Part of Highway Planning and Construction Cluster)	20.205	99969	\$ 6,441,196	\$ -
Passed Through Minnesota Department of Natural Resources				
Highway Planning and Construction Cluster				
Passed Through City of Duluth				
Highway Safety Cluster				
State and Community Highway Safety	20.600	A-ENFRC19-2019-DULUTHPD-037	6,029	-
National Priority Safety Programs	20.616	A-ENFRC19-2019-DULUTHPD-037	3,725	-
(Total Highway Safety Cluster \$9,754)				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC19-2019-DULUTHPD-037	38,478	-
Total U.S. Department of Transportation			\$ 6,489,428	\$ -
U.S. Department of Education				
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board				
Special Education-Grants for Infants and Families	84.181	12-700-0061	\$ 2,672	\$ -

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

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (Continued)

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board				
Public Health Emergency Preparedness	93.069	12-700-00061	\$ 100,986	\$ -
Environmental Public Health and Emergency Response	93.070	12-700-00061	8,933	-
Universal Newborn Hearing Screening	93.251	12-700-00061	2,775	-
Immunization Cooperative Agreements	93.268	NH23IP922628	3,264	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	12-700-00061	450	-
Temporary Assistance for Needy Families (Part of TANF Cluster)	93.558	12-700-00061	375,874	-
(Total Temporary Assistance for Needy Families 93.558 \$3,851,280)				
Medical Assistance Program (Part of Medicaid Cluster)				
Child & Teen Checkups Administrative Services	93.778	12-700-0061	258,210	-
(Total Medical Assistance 93.778 \$8,060,510)				
Maternal, Infant and Early Childhood Home Visiting Grant Program (Part of MIECHV Cluster)	93.870	12-700-0061	256,235	-
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00061	316,857	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	G-1801MNFPS	154,668	-
Temporary Assistance for Needy Families (Part of TANF Cluster)	93.558			
Minnesota Family Investment Program		1901MFTANF	2,889,833	-
Program Administrative Cost Reimbursements		1901MNTANF	585,573	-
(Total Temporary Assistance for Needy Families 93.558 \$3,851,280)				
Child Support Enforcement	93.563			
Title IV-D County-Wide Indirect Aid - Income Maintenance		1904MNCSES	70,740	-
Title IV-D Child Support Administration Aid and Federal Incentives		1904MNCES	3,798,271	-
(Total Child Support Enforcement 93.563 \$3,869,011)				
Community-Based Child Abuse Prevention Grants	93.590	G-1801MNBCAP	83,080	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Part of the CCDF Cluster)	93.596	G1901MNCDDF	72,499	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1801MNCWSS	57,454	-
Foster Care Title IV-E	93.658	1901MNFOS	2,958,038	-
Social Services Block Grant	93.667	G-1901MNSOSR	1,612,028	-
Child Abuse and Neglect State Grants	93.669	G-1901MNNCAN	17,548	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-1901MNCILP	43,700	-
Medical Assistance Program (Part of Medicaid Cluster)	93.778			
Medical Assistance		1905MN5ADM	7,776,017	-
Federal Incentive Payments		1905MN5MAP	26,283	-
(Total Medical Assistance Program 93.778 \$ 8,060,510)				
Opioid STR	93.788	128,960	95,784	-
HIV Care Formula Grants	93.917	2 X08HA31246-03-00	42,539	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3B08TI010027-16S1	180,427	-
Total U.S. Department of Health and Human Services			\$ 21,788,066	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012			
Boating & Water Safety (1-12)		123228	\$ 22,625	\$ -
Boating & Water Safety Sub Grant		140766	13,226	-
(Total Boating Safety Financial Assistance 97.012 \$35,851)				
Passed Through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	137-99137-01	(296,715)	-
Emergency Management Performance Grants	97.042	A-EMPG-2019-STLOUICO-076	78,927	-
Homeland Security Grant Program	97.067			
Operation Stonegarden		A-OSGP-2018-STLOUISCO-0009	81,673	-
State Homeland Security Program (SHP)		A-2017-OET-014-001-StLouis	58,845	-
(Total Homeland Security Grant Program 97.067 \$198,625)				
Total U.S. Department of Homeland Security			\$ (41,419)	\$ -
Total Federal Awards			\$ 37,616,857	\$ 2,066,387

Clusters of programs are groupings of closely related programs that share common compliance requirements.

Total expenditures by cluster are:

Supplemental Nutritional Assistance Program (SNAP) Cluster	\$ 1,752,003
Forest Service Schools and Roads Cluster	2,006,924
CDBG-Entitlement Grants Cluster	2,047,735
Highway Planning and Construction Cluster	6,441,196
Highway Safety Cluster	9,754
Temporary Assistance for Needy Families (TANF) Cluster	3,851,280
Child Care and Development Fund (CCDF) Cluster	72,499
Medicaid Cluster	8,060,510
Maternal, Infant and Early Childhood Home Visiting (MIECHV) Cluster	256,235

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Reporting Entity

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

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of St. Louis County under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of St. Louis County, it is not intended to and does not present the financial position, changes in net position, or cash flows of St. Louis County.

Summary of Significant Accounting Policies

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Reconciliation of Intergovernmental Revenue	Federal CFDA Number	Amount
Federal grant revenue per Schedule of Intergovernmental Revenue		\$ 38,371,430
Unavailable Revenue in 2019 - grants received more than 60 days after year-end		
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	80,684
Cooperative Forestry Assistance	10.664	196,016
Continuum of Care Program	14.267	14,337
Highway Planning and Construction (Regular)	20.205	170,315
Public Health Emergency Preparedness	93.069	2,142
Immunization Cooperative Agreements	93.268	3,264
Promoting Safe and Stable Families	93.556	49,718
Temporary Assistance for Needy Families (TANF)	93.558	607
Community-Based Child Abuse Prevention Grants	93.590	15,772
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2,366
Foster Care Title IV-E	93.658	8,892
Child Abuse and Neglect State Grants	93.669	17,548
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	20,462
Medical Assistance Program	93.778	5,583
Opioid STR	93.788	1,000
Maternal, Infant and Early Childhood Home Visiting Grant Program (MIECHV)	93.870	17,164
Maternal and Child Health Services Block Grant to the States	93.994	370
HIV Care Formula Grants	93.917	5,184
Block Grants for Prevention and Treatment of Substance Abuse	93.959	13,420
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	947,548
Emergency Management Performance Grants	97.042	78,927
Unavailable in 2018 recognized as revenue in 2019		
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	(79,539)
Cooperative Forestry Assistance	10.664	(5,463)
State and Local Implementation Grant Program	11.549	(3,358)
Continuum of Care Program	14.267	(5,256)
Highway Planning and Construction (Regular)	20.205	(296,761)
Public Health Emergency Preparedness	93.069	(2,579)
Environmental Public Health and Emergency Response	93.070	(30)
Promoting Safe and Stable Families	93.556	(34,502)
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	(15,484)
Opioid STR	93.788	(20,286)
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(18,603)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2,045,160)
Homeland Security Grant Program	97.067	(28,545)
Program Income		
Community Development Block Grants/Entitlement Grants	14.218	90,077
Home Investment Partnerships Program	14.239	59,597
Total expenditures per Schedule of Expenditures of Federal Awards		<u>\$ 37,616,857</u>

Statistical Section

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

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Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	161
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Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	169
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Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	175
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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	180
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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	182
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule 1

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities					
Invested in capital assets, net	\$ 392,758,196	\$ 433,944,576	\$ 476,247,100	\$ 522,018,741	\$ 556,683,649
Restricted	21,835,970	21,522,115	21,033,269	19,020,809	26,589,973
Unrestricted	119,053,455	128,221,487	128,898,798	136,593,657	134,070,739
Total governmental activities net position	<u>\$ 533,647,621</u>	<u>\$ 583,688,178</u>	<u>\$ 626,179,167</u>	<u>\$ 677,633,207</u>	<u>\$ 717,344,361</u>
Business-type activities					
Invested in capital assets, net	\$ 12,172,253	\$ 7,438,866	\$ 8,714,173	\$ 8,300,834	\$ 7,672,802
Restricted	2,010,475	1,893,627	1,981,320	2,041,416	2,331,286
Unrestricted	15,869,797	14,283,036	12,409,842	12,111,328	11,941,099
Total business-type activities net position	<u>\$ 30,052,525</u>	<u>\$ 23,615,529</u>	<u>\$ 23,105,335</u>	<u>\$ 22,453,578</u>	<u>\$ 21,945,187</u>
Primary government					
Invested in capital assets, net	\$ 404,930,449	\$ 441,383,442	\$ 484,961,273	\$ 530,319,575	\$ 564,356,451
Restricted	23,846,445	23,415,742	23,014,589	21,062,225	28,921,259
Unrestricted	134,923,252	142,504,523	141,308,640	148,704,985	146,011,838
Total primary government net position	<u>\$ 563,700,146</u>	<u>\$ 607,303,707</u>	<u>\$ 649,284,502</u>	<u>\$ 700,086,785</u>	<u>\$ 739,289,548</u>

Schedule 1

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

Fiscal Year				
2015	2016	2017	2018	2019
\$ 583,821,271	\$ 612,901,331	\$ 663,198,830	\$ 726,772,187	\$ 774,182,980
70,308,890	89,915,022	65,481,512	54,083,315	44,237,883
31,017,384	12,973,052	31,482,005	22,606,777	40,208,786
<u>\$ 685,147,545</u>	<u>\$ 715,789,405</u>	<u>\$ 760,162,347</u>	<u>\$ 803,462,279</u>	<u>\$ 858,629,649</u>
\$ 7,302,389	\$ 6,868,467	\$ 9,741,229	\$ 8,409,623	\$ 8,166,962
2,254,051	2,129,155	3,273,622	3,366,124	3,848,037
10,763,449	10,088,870	9,716,339	7,809,610	6,994,394
<u>\$ 20,319,889</u>	<u>\$ 19,086,492</u>	<u>\$ 22,731,190</u>	<u>\$ 19,585,357</u>	<u>\$ 19,009,393</u>
\$ 591,123,660	\$ 619,769,798	\$ 672,940,059	\$ 735,181,810	\$ 782,349,942
72,562,941	92,044,177	68,755,134	57,449,439	48,085,920
41,780,833	23,061,922	41,198,344	30,416,387	47,203,180
<u>\$ 705,467,434</u>	<u>\$ 734,875,897</u>	<u>\$ 782,893,537</u>	<u>\$ 823,047,636</u>	<u>\$ 877,639,042</u>

Schedule 2

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

	2010	2011	2012	2013
Expenses				
Governmental activities				
General government	\$ 34,923,640	\$ 37,211,681	\$ 40,057,174	\$ 42,135,549
Public safety	46,550,865	46,282,905	53,050,539	46,974,978
Highways and streets	39,287,999	39,094,710	52,605,339	48,091,104
Health and sanitation	5,277,745	5,167,926	4,579,000	4,786,016
Human services	72,962,372	72,784,119	75,901,001	75,225,112
Culture and recreation	3,052,386	2,582,543	2,042,815	2,482,810
Conservation of natural resources	7,909,680	7,824,835	7,958,287	8,225,572
Economic development	3,608,417	4,037,357	3,132,056	3,100,381
Interest and other charges	1,586,786	1,612,315	1,699,853	1,203,827
Bond issuance costs	-	-	-	148,166
Total governmental activities expenses	215,159,890	216,598,391	241,026,064	232,373,515
Business-type activities				
Environmental services	6,501,817	7,783,082	7,995,131	8,130,015
Other Enterprise Funds	1,312,236	8,526	49,899	48,195
Total business-type activities expenses	7,814,053	7,791,608	8,045,030	8,178,210
Total primary government expenses	\$ 222,973,943	\$ 224,389,999	\$ 249,071,094	\$ 240,551,725
Program Revenues				
Governmental activities:				
Charges for services and other program revenues:				
General government	\$ 13,268,257	\$ 17,749,722	\$ 18,416,982	\$ 19,316,681
Public safety	3,908,406	4,203,835	4,268,919	4,245,110
Highways and streets	6,430,144	4,631,854	4,195,936	3,708,564
Health and sanitation	672,376	838,042	882,484	859,257
Human services	14,329,286	13,516,911	14,265,463	13,083,377
Culture and recreation	122,000	142,000	56,439	(4,000)
Conservation of natural resources	7,775,116	6,729,070	6,300,430	6,312,179
Economic development	18,295	350	400	3,150
Operating grants and contributions	49,068,231	52,511,057	66,758,879	65,621,839
Capital grants and contributions	22,845,507	23,101,507	27,019,539	27,827,909
Total governmental activities program revenues	118,437,618	123,424,348	142,165,471	140,974,066
Business-type activities:				
Charges for services:				
Environmental services	5,986,389	6,198,634	6,303,257	6,233,859
Other Enterprise Funds	71,991	11,726	102,410	26,843
Operating grants and contributions	495,045	498,219	564,809	594,766
Capital grants and contributions	-	-	-	30,700
Total business-type activities program revenues	6,553,425	6,708,579	6,970,476	6,886,168
Total primary government program revenues	\$ 124,991,043	\$ 130,132,927	\$ 149,135,947	\$ 147,860,234
Net (Expense)/Revenue				
Governmental activities	\$ (96,722,272)	\$ (93,174,043)	\$ (98,860,593)	\$ (91,399,449)
Business-type activities	(1,260,628)	(980,640)	(1,074,554)	(1,292,042)
Total primary government net expense	\$ (97,982,900)	\$ (94,154,683)	\$ (99,935,147)	\$ (92,691,491)
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	\$ 104,647,533	\$ 105,775,760	\$ 115,310,996	\$ 119,179,161
Property taxes, levied for debt service	5,912,874	6,315,569	5,319,270	5,001,699
Transportation sales tax	-	-	-	-
State shared	20,032,790	20,138,989	16,949,124	15,941,883
Federal shared	2,618,909	1,848,440	1,853,339	1,731,840
Investment earnings	1,011,023	3,260,011	2,129,116	1,240,530
Special Items - capital asset adjustments	-	-	-	-
Transfers	(601,424)	5,875,831	(210,263)	(241,624)
Total governmental activities	133,621,705	143,214,600	141,351,582	142,853,489
Business-type activities				
Taxes				
Property taxes, levied for general purposes	403,116	247,739	216,972	305,413
State Shared	-	-	-	-
Investment earnings	121,729	171,736	137,125	93,248
Special Items	-	-	-	-
Transfers	601,424	(5,875,831)	210,263	241,624
Total business-type activities	1,126,269	(5,456,356)	564,360	640,285
Total primary government	\$ 134,747,974	\$ 137,758,244	\$ 141,915,942	\$ 143,493,774
Changes in Net Position				
Governmental activities	\$ 36,899,433	\$ 50,040,557	\$ 42,490,989	\$ 51,454,040
Business-type activities	(134,359)	(6,436,996)	(510,194)	(651,757)
Total primary government	\$ 36,765,074	\$ 43,603,561	\$ 41,980,795	\$ 50,802,283

Schedule 2

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

2014	2015	2016	2017	2018	2019
\$ 49,666,414	\$ 44,082,239	\$ 48,748,275	\$ 48,530,937	\$ 48,592,813	\$ 50,886,407
54,501,618	51,350,879	58,469,479	57,291,657	54,402,269	57,788,107
49,163,367	46,584,379	49,617,143	52,877,191	50,535,861	55,178,035
4,795,994	4,827,603	5,284,406	5,470,905	6,000,673	7,430,886
79,419,419	86,145,675	93,601,510	97,303,366	98,710,007	98,988,990
2,177,850	3,720,156	3,369,858	3,486,461	3,691,776	4,000,045
9,087,657	9,873,312	9,060,539	9,844,470	9,065,610	8,729,100
2,879,553	3,237,323	3,178,327	3,753,955	3,507,863	3,360,756
2,181,891	2,438,806	3,088,164	3,837,284	4,030,034	4,614,418
-	117,120	-	-	-	-
253,873,763	252,377,492	274,417,701	282,396,226	278,536,906	290,976,744
7,972,128	7,741,835	8,523,576	3,956,187	10,544,963	7,721,096
10,064	9,024	80,812	38,500	14,316	6,747
7,982,192	7,750,859	8,604,388	3,994,687	10,559,279	7,727,843
\$ 261,855,955	\$ 260,128,351	\$ 283,022,089	\$ 286,390,913	\$ 289,096,185	\$ 298,704,587
\$ 18,259,101	\$ 18,766,951	\$ 19,561,024	\$ 20,498,364	\$ 20,717,724	\$ 20,800,732
4,686,528	3,473,117	3,924,325	3,944,212	3,806,513	3,561,191
3,480,798	2,655,678	7,200,966	6,785,054	4,732,541	6,656,841
561,034	590,322	446,229	663,118	636,845	912,121
12,747,627	13,142,738	12,242,341	12,812,171	12,477,933	12,656,120
-	-	-	-	-	342,164
7,641,654	15,819,498	12,072,268	10,867,757	9,406,596	9,370,050
918,752	43,343	100	150	200	150
72,374,834	56,139,010	60,604,204	70,121,922	65,835,124	66,878,466
19,725,748	23,658,301	24,928,471	24,182,578	23,799,966	25,189,087
140,396,076	134,288,958	140,979,928	149,875,326	141,413,442	146,366,922
6,096,029	6,394,661	6,836,219	6,795,857	6,640,627	6,648,058
19,146	15,783	28,350	17,805	8,468	6,008
407,990	372,087	341,904	302,361	286,987	460,735
-	-	-	-	-	-
6,523,165	6,782,531	7,206,473	7,116,023	6,936,082	7,114,801
\$ 146,919,241	\$ 141,071,489	\$ 148,186,401	\$ 156,991,349	\$ 148,349,524	\$ 153,481,723
\$ (113,477,687)	\$ (118,088,534)	\$ (133,437,773)	\$ (132,520,900)	\$ (137,123,464)	\$ (144,609,822)
(1,459,027)	(968,328)	(1,397,915)	3,121,336	(3,623,197)	(613,042)
\$ (114,936,714)	\$ (119,056,862)	\$ (134,835,688)	\$ (129,399,564)	\$ (140,746,661)	\$ (145,222,864)
\$ 121,198,926	\$ 120,866,397	\$ 121,028,079	\$ 130,189,995	\$ 136,953,563	\$ 141,312,854
6,154,941	7,379,545	6,733,511	6,790,164	6,076,005	6,524,526
-	11,085,356	14,141,713	14,580,365	15,271,797	16,243,975
18,091,331	18,323,388	18,761,512	18,325,839	20,023,431	19,540,652
1,755,887	261,575	284,413	1,769,105	3,483,422	3,532,870
3,367,682	2,208,804	3,247,704	5,515,189	4,117,270	12,719,233
2,512,402	175,501	(321,918)	55,827	-	-
(429,628)	(224,784)	204,619	(332,642)	(435,081)	689,515
152,651,541	160,075,782	164,079,633	176,893,842	185,490,407	200,563,625
247,871	246,261	125,369	9,393	9,639	-
-	-	9,582	695	11,874	11,815
273,137	197,440	227,602	180,632	238,154	481,150
-	-	6,584	-	-	233,628
429,628	224,784	(204,619)	332,642	435,081	(689,515)
950,636	668,485	164,518	523,362	694,748	37,078
\$ 153,602,177	\$ 160,744,267	\$ 164,244,151	\$ 177,417,204	\$ 186,185,155	\$ 200,600,703
\$ 39,173,854	\$ 41,987,248	\$ 30,641,860	\$ 44,372,942	\$ 48,308,479	\$ 55,953,803
(508,391)	(299,843)	(1,233,397)	3,644,698	(2,926,236)	(575,964)
\$ 38,665,463	\$ 41,687,405	\$ 29,408,463	\$ 48,017,640	\$ 45,382,243	\$ 55,377,839

Schedule 3

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Nonspendable	\$ 57,180	\$ 216,648	\$ 579,845	\$ 622,749
Restricted	5,461,407	5,683,399	5,254,603	4,979,981
Committed	11,764,815	11,807,038	11,396,647	11,128,188
Assigned	7,995,336	9,190,115	10,827,022	11,461,139
Unassigned	22,449,169	29,938,027	32,583,721	33,250,927
Total general fund	<u>\$ 47,727,907</u>	<u>\$ 56,835,227</u>	<u>\$ 60,641,838</u>	<u>\$ 61,442,984</u>
All Other Governmental Funds				
Nonspendable	\$ 14,454,353	\$ 14,884,876	\$ 15,387,618	\$ 15,682,953
Restricted	4,211,782	3,650,901	3,380,146	28,609,661
Committed	26,337,512	24,381,395	25,031,803	22,165,433
Assigned	53,051,317	51,906,341	41,606,201	47,465,396
Unassigned	-	-	-	-
Total all other government funds	<u>\$ 98,054,964</u>	<u>\$ 94,823,513</u>	<u>\$ 85,405,768</u>	<u>\$ 113,923,443</u>

Schedule 3

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

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 882,776	\$ 558,932	\$ 1,110,385	\$ 842,311	\$ 829,672	\$ 496,722
5,600,518	5,610,702	2,877,147	2,716,543	2,663,751	3,499,400
11,198,786	11,175,193	11,181,351	11,557,726	11,535,451	11,435,806
13,297,528	15,989,811	18,139,783	17,364,782	16,746,109	16,334,445
35,349,694	34,786,997	37,196,660	37,027,480	40,190,030	41,486,020
<u>\$ 66,329,302</u>	<u>\$ 68,121,635</u>	<u>\$ 70,505,326</u>	<u>\$ 69,508,842</u>	<u>\$ 71,965,013</u>	<u>\$ 73,252,393</u>
\$ 17,415,185	\$ 22,533,116	\$ 26,649,056	\$ 27,449,111	\$ 26,630,815	\$ 31,577,334
9,299,382	47,685,253	59,278,434	34,473,547	63,872,775	31,154,596
21,046,801	20,121,586	19,745,067	20,295,660	20,730,280	20,288,262
53,105,776	50,504,334	49,422,783	44,034,197	40,370,377	48,597,565
-	-	(86)	-	-	-
<u>\$ 100,867,144</u>	<u>\$ 140,844,289</u>	<u>\$ 155,095,254</u>	<u>\$ 126,252,515</u>	<u>\$ 151,604,247</u>	<u>\$ 131,617,757</u>

Schedule 4

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

	2010	2011	2012	2013
Revenues				
Taxes	\$ 109,879,942	\$ 111,689,434	\$ 120,938,486	\$ 123,709,378
Licenses	162,363	141,491	167,889	149,444
Intergovernmental	108,368,210	109,516,961	117,323,896	119,509,790
Charges for services	22,990,395	26,264,862	27,602,297	28,032,924
Fines and forfeits	191,041	223,409	276,085	162,624
Earnings on investments	726,839	2,910,684	1,840,869	1,047,515
Gifts and contributions	20,014	8,433	8,231	7,945
Land and timber sales	8,677,995	6,903,181	5,790,449	6,925,052
Miscellaneous	5,259,132	4,592,934	5,393,940	4,716,580
Total revenues	<u>256,275,931</u>	<u>262,251,389</u>	<u>279,342,142</u>	<u>284,261,252</u>
Expenditures				
General government	33,498,818	36,775,477	37,907,421	40,135,037
Public safety	44,557,197	45,379,001	51,101,699	47,268,433
Highways and streets	32,067,873	32,073,766	43,267,909	39,139,593
Health and sanitation	5,258,702	5,350,896	4,733,399	5,111,826
Human services	73,195,199	74,451,490	75,180,107	76,075,893
Culture and recreation	3,052,386	2,582,543	2,042,815	2,482,810
Conservation of natural resources	8,431,306	7,864,462	7,410,014	8,335,366
Economic development	3,631,866	3,992,412	3,103,683	3,021,975
Debt service:				
Principal	5,478,358	5,944,670	4,774,990	16,697,490
Interest and other charges	1,603,635	1,597,362	1,387,050	1,196,565
Bond issuance costs	-	-	-	148,166
Capital outlay	39,526,133	46,812,865	56,209,840	56,705,471
Total Expenditures	<u>250,301,473</u>	<u>262,824,944</u>	<u>287,118,927</u>	<u>296,318,625</u>
Excess of revenues over (under) expenditures	<u>5,974,458</u>	<u>(573,555)</u>	<u>(7,776,785)</u>	<u>(12,057,373)</u>
Other Financing Sources (Uses)				
Transfers in	7,914,293	9,521,747	3,813,281	6,369,095
Transfers (out)	(7,575,694)	(3,642,033)	(2,613,593)	(6,360,992)
Bonds issued	7,135,000	-	-	25,290,000
Premium on bonds issued	-	-	-	1,045,018
Sale of capital assets	-	-	-	-
Refunding bonds issued	-	-	-	14,390,000
Premium on refunding bonds issued	-	-	-	1,086,183
Refunding bonds redeemed	-	-	-	-
Bond premium proceeds	-	-	-	-
Bond proceeds remitted to joint venture	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>7,473,599</u>	<u>5,879,714</u>	<u>1,199,688</u>	<u>41,819,304</u>
Net change in fund balances	<u>\$ 13,448,057</u>	<u>\$ 5,306,159</u>	<u>\$ (6,577,097)</u>	<u>\$ 29,761,931</u>
Debt service as a percentage of noncapital expenditures	3.4%	3.5%	2.7%	7.5%

Schedule 4

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

2014	2015	2016	2017	2018	2019
\$ 127,734,734	\$ 139,810,906	\$ 142,338,881	\$ 152,021,672	\$ 158,874,597	\$ 164,061,559
311,378	326,097	318,610	338,241	358,421	573,355
119,682,121	106,462,164	114,216,291	116,514,726	127,053,015	125,770,305
27,189,262	26,646,992	30,011,290	30,238,046	30,843,968	33,290,094
137,528	148,358	161,375	335,030	147,522	152,361
2,994,443	1,925,007	2,955,231	5,278,526	3,807,852	12,067,009
8,982	50,647	13,139	25,385	14,441	23,589
8,007,234	14,517,143	11,547,500	9,194,493	8,173,349	8,125,688
4,554,843	3,850,754	4,511,245	5,292,329	3,688,986	3,593,204
<u>290,620,525</u>	<u>293,738,068</u>	<u>306,073,562</u>	<u>319,238,448</u>	<u>332,962,151</u>	<u>347,657,164</u>
41,551,894	41,574,289	44,638,065	45,490,303	47,645,505	49,507,010
46,673,255	48,638,872	49,360,919	51,185,228	53,862,909	54,840,421
38,392,604	32,215,419	33,222,000	35,215,416	36,239,798	36,938,325
4,946,831	4,679,163	4,977,595	5,296,681	6,027,687	7,203,860
79,113,396	84,131,293	89,851,302	96,404,600	98,711,114	99,065,892
2,177,850	2,038,795	1,712,057	1,851,060	2,056,375	2,362,232
8,793,370	9,059,619	8,281,415	8,630,421	8,442,128	8,406,955
2,851,579	3,200,199	3,132,751	3,711,769	3,475,638	3,327,670
6,997,490	7,895,390	6,900,390	13,580,201	8,010,991	9,249,550
2,492,340	2,744,737	3,547,549	4,680,122	4,631,664	5,486,139
-	117,120	-	-	-	-
<u>67,260,570</u>	<u>65,226,586</u>	<u>85,848,604</u>	<u>82,887,029</u>	<u>79,766,844</u>	<u>93,433,882</u>
<u>301,251,179</u>	<u>301,521,482</u>	<u>331,472,647</u>	<u>348,932,830</u>	<u>348,870,653</u>	<u>369,821,936</u>
<u>(10,630,654)</u>	<u>(7,783,414)</u>	<u>(25,399,085)</u>	<u>(29,694,382)</u>	<u>(15,908,502)</u>	<u>(22,164,772)</u>
8,724,703	16,395,871	21,625,136	15,017,556	18,192,909	17,959,567
(10,293,379)	(16,343,554)	(21,102,488)	(15,217,058)	(18,793,163)	(16,754,069)
5,470,000	38,415,000	23,315,000	-	-	-
213,897	2,724,564	2,356,356	-	-	-
2,512,402	175,501	153,773	1,885,426	226,048	203,319
-	7,715,000	15,200,000	-	-	-
-	562,801	1,075,261	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(5,253,000)	-	-	-	-	-
-	118,420	96,227	-	-	-
<u>1,374,623</u>	<u>49,763,603</u>	<u>42,719,265</u>	<u>1,685,924</u>	<u>(374,206)</u>	<u>1,408,817</u>
<u>\$ (9,256,031)</u>	<u>\$ 41,980,189</u>	<u>\$ 17,320,180</u>	<u>\$ (28,008,458)</u>	<u>\$ (16,282,708)</u>	<u>\$ (20,755,955)</u>
4.1%	4.6%	4.3%	6.9%	4.7%	5.3%

Schedule 5

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

Fiscal Year Ended December 31	Residential Homestead Property	Agricultural Property	Commercial/ Industrial Property	Non- Homestead Residential Property	Commercial/ Residential Seasonal/ Recreational Property
2010	\$ 89,946,389	\$ 12,642,970	\$ 33,980,909	\$ 20,180,082	\$ 19,861,471
2011	88,190,046	12,588,904	34,569,003	20,234,189	19,872,050
2012	73,421,338	11,850,610	34,880,766	20,752,566	18,023,850
2013	70,918,143	11,427,969	34,814,496	21,123,597	17,798,832
2014	71,253,746	11,093,889	36,265,115	21,648,430	18,020,695
2015	72,779,293	10,748,933	37,252,089	22,465,566	17,976,741
2016	75,207,097	10,858,284	39,855,900	23,288,542	18,608,696
2017	77,080,947	10,710,635	42,304,419	23,923,168	18,945,131
2018	80,625,753	10,734,163	45,568,082	24,924,824	19,183,150
2019	84,267,800	10,679,881	47,474,875	26,622,365	19,842,055

Source: St. Louis County Auditor-Treasurer

Schedule 5

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

Personal Property	Total Net Tax Capacity	% Change Total Net Tax Capacity by Property Type	Total County Tax Rate Per \$100 of Taxable Net Tax Capacity	Estimated Market Value	Total Net Tax Capacity as a Percentage of Estimated Market Value
\$ 5,234,011	\$ 181,845,832	3.01%	56.5695	\$ 16,354,068,600	1.11%
5,701,302	181,155,494	(0.38)%	57.2397	16,232,269,700	1.12%
7,548,436	166,477,566	(8.10)%	63.4004	15,973,891,989	1.04%
8,070,660	164,153,697	(1.40)%	65.0111	15,713,273,500	1.04%
8,980,291	167,262,166	1.89%	64.7031	15,889,008,120	1.05%
9,549,180	170,771,802	2.10%	65.3717	16,139,306,610	1.06%
10,216,656	178,035,175	4.25%	62.3352	16,672,379,734	1.07%
10,803,542	183,767,842	3.22%	66.1160	17,086,794,412	1.08%
11,291,604	192,327,576	4.66%	66.2917	17,726,359,612	1.08%
11,163,705	200,050,681	4.02%	66.1105	18,381,365,862	1.09%

Schedule 6

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

Fiscal Year Ended December 31	County Direct Tax Rates Per \$100 of Taxable Net Tax Capacity				
	General Levy	Debt Service Levy	Regional Library Levy	County-wide Enterprise Fund	Total
2010	52.3204	3.7153	0.4068	0.1270	56.5695
2011	53.8690	2.8940	0.3639	0.1127	57.2396
2012	59.6669	3.2055	0.4031	0.1249	63.4004
2013	61.3764	3.0504	0.4072	0.1770	65.0110
2014	59.8998	4.2861	0.3881	0.1292	64.7032
2015	60.9660	3.9493	0.3921	0.0643	65.3717
2016	58.5015	3.4891	0.3446	-	62.3352
2017	62.6008	3.1653	0.3499	-	66.1160
2018	62.6523	3.3003	0.3391	-	66.2917
2019	62.6727	3.1200	0.3177	-	66.1104

Source: St. Louis County Auditor-Treasurer

Schedule 6

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

Overlapping Rates

Independent School District #94	Independent School District #381	Independent School District #698	Independent School District #707	Independent School District #2142
33.2021	17.1819	44.5120	51.1666	16.6308
29.6546	18.8364	39.6476	55.4932	17.3332
32.9031	21.2286	30.5928	59.2648	22.0098
31.6372	16.7696	31.6496	61.9301	23.1185
32.0031	17.1192	31.5870	61.8386	21.8874
32.7964	17.1909	18.2077	59.5846	21.4226
48.5922	16.3179	15.9902	58.5575	19.5075
44.9540	15.6292	9.9411	67.0244	15.9546
45.7260	15.6506	11.9812	33.9998	15.0488
47.0104	15.2169	11.7908	31.8529	14.2325

Schedule 7

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

Taxpayer	2019			2010		
	Net Tax Capacity Value	Rank	Percentage of Total Taxable Net Tax Capacity Value	Taxable Tax Capacity	Rank	Percentage of Total Taxable Net Tax Capacity Value
Allete, Inc. (Minnesota Power)	\$ 7,770,435	1	3.88%	\$ 3,375,372	1	1.86%
DMIR Railway	5,749,929	2	2.87%	1,557,306	2	0.86%
Enbridge Energy LTD Partnership	3,681,378	3	1.84%			
Miller Hill Mall Co	1,024,359	4	0.51%	841,676	4	0.46%
Burlington No/Santa Fe Railway Co	1,018,038	5	0.51%			
American Transmission Co LLC	947,971	6	0.47%	581,672	8	0.32%
Duluth Clinic	746,606	7	0.37%	773,741	5	0.43%
Northern States Power Co	613,574	8	0.31%			
Great River Energy	545,430	9	0.27%			
Duluth Real Estate LLC	477,286	10	0.24%			
Duluth Winnipeg & Pacific RR (2)				1,150,047	3	0.63%
Potlatch				737,125	6	0.41%
IRET Properties				643,916	7	0.35%
Cliffs Mining Services				562,581	9	0.31%
Great Lakes Gas Transmission Co				557,915	10	0.31%
	<u>\$ 22,575,006</u>		<u>11.27%</u>	<u>\$ 10,781,351</u>		<u>5.94%</u>

Source: St. Louis County Auditor-Treasurer

Notes:

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

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

Schedule 8

ST. LOUIS COUNTY, MINNESOTA
Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (3)	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 91,311,279	\$ 88,034,513	96.41%	\$ 2,718,004	\$ 90,752,517	99.39%
2011	92,048,735	88,767,523	96.44%	2,515,263	91,282,786	99.17%
2012	100,525,458	97,421,159	96.91%	2,487,367	99,908,526	99.39%
2013	101,954,370	98,871,857	96.98%	2,625,969	101,497,826	99.55%
2014	103,801,552	101,096,787	97.39%	1,958,064	103,054,851	99.28%
2015	107,057,125	104,921,850	98.01%	1,671,887	106,593,737	99.57%
2016	107,174,826	105,252,952	98.21%	1,257,427	106,510,379	99.38%
2017	116,925,963	114,907,543	98.27%	893,782	115,801,325	99.04%
2018	122,620,325	120,532,562	98.30%	833,375	121,365,937	98.98%
2019	127,201,123	125,105,026	98.35%	-	125,105,026	98.35%

Notes:

- (1) - Excludes tax credits and certain state aids.
- (2) - Includes some small amounts that are not a part of the certified levy.
- (3) - Amounts are adjusted annually until the applicable year is dropped from the records, after 7 years.

Source: St. Louis County Auditor - Tax Levy Status Report

Schedule 9

ST. LOUIS COUNTY, MINNESOTA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	General Obligation Revenue Notes	Capital Leases			
2010	\$ 42,531,995	\$ 470,890	\$ 159,500	\$ 43,162,385	0.59%	220
2011	36,709,106	438,220	82,500	37,229,826	0.49%	186
2012	32,010,213	395,730	-	32,405,943	0.40%	162
2013	57,052,663	353,240	-	57,405,903	0.69%	287
2014	55,533,284	310,750	-	55,844,034	0.67%	278
2015	96,681,745	378,780	-	97,060,525	1.13%	483
2016	131,183,030	424,617	-	131,607,647	1.53%	657
2017	116,922,054	354,416	-	117,276,470	1.32%	586
2018	154,226,426	283,425	-	154,509,851	1.63%	774
2019	144,222,416	233,875	-	144,456,291	Not Available	726

Source:

See Schedule 13 for population and personal income data.

Schedule 10

ST. LOUIS COUNTY, MINNESOTA Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Obligation Revenue Notes	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Estimated Market Value	Per Capita
		General Obligation Bonds	Less: Amounts Available in Debt Service Fund (1)				
2010	\$ 470,890	\$ 42,531,995	\$ 1,329,888	\$	41,202,107	0.26%	210
2011	438,220	36,709,106	1,146,870		35,562,236	0.22%	178
2012	395,730	32,010,213	1,091,624		30,918,589	0.20%	154
2013	353,240	57,052,663	4,181,175		52,871,488	0.35%	264
2014	310,750	55,533,284	1,658,107		53,875,177	0.35%	269
2015	378,780	96,681,745	8,554,007		88,127,738	0.56%	439
2016	424,617	131,183,030	25,434,249		105,748,781	0.63%	528
2017	354,416	116,922,054	20,458,433		96,463,621	0.56%	482
2018	283,425	154,226,426	3,560,401		150,666,025	0.76%	672
2019	233,875	144,222,416	1,711,430		142,510,986	0.78%	716

Sources:

(1) This is the amount restricted for debt service payments - This column was changed to reflect debt service fund balance starting in 2013 and then in 2018 it was changed to reflect the fund balance less any refunding debt balances.

See Schedule 5 for Estimated Market Values

See Schedule 13 for population data.

Schedule 11

ST. LOUIS COUNTY, MINNESOTA
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable*</u>	<u>Share of Debt</u>
Direct Debt			
St. Louis County	\$ 144,456,291	100.00%	\$ 144,456,291
Overlapping Debt			
School District #94	60,590,000	4.83%	2,929,436
School District #381	14,215,000	17.89%	2,543,169
School District #698	1,785,000	95.61%	1,706,722
School District #707	160,000	45.07%	72,114
School District #2142	52,915,000	98.79%	52,276,340
Western Lake Superior Sanitary District	53,191,690	83.18%	44,247,380
Subtotal, overlapping debt			<u>103,775,161</u>
Total Direct and Overlapping Debt			<u><u>\$ 248,231,452</u></u>

*Applicable percentages were estimated by determining the portion of the governmental unit's net tax capacity that is within the county's boundaries and dividing it by each unit's total net tax capacity.

Schedule 12

**ST. LOUIS COUNTY, MINNESOTA
Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Market value of taxable property	\$ 16,204,768,400	\$ 16,151,981,500	\$ 14,545,032,989	\$ 14,297,999,600	\$ 14,488,302,620
Debt limit (2% of market value)	-	-	-	-	-
Debt limit (3% of market value) *	486,143,052	484,559,445	436,350,990	428,939,988	434,649,079
Debt applicable to limit:					
General obligation bonds	43,002,885	37,147,326	32,405,943	57,405,903	55,844,034
Less: Amount set aside for repayment of general obligation debt	<u>(1,329,888)</u>	<u>(1,146,870)</u>	<u>(1,091,624)</u>	<u>(4,181,175)</u>	<u>(1,658,107)</u>
Total net debt applicable to limit	41,672,997	36,000,456	31,314,319	53,224,728	54,185,927
Legal debt margin	<u>\$ 444,470,055</u>	<u>\$ 448,558,989</u>	<u>\$ 405,036,671</u>	<u>\$ 375,715,260</u>	<u>\$ 380,463,152</u>
Total net debt applicable to the limit as a percentage of the debt limit	8.57%	7.43%	7.18%	12.41%	12.47%

Source: St. Louis County Auditor - Abstract of Tax Lists

* Debt limit is set by MN Statute 475.53

Schedule 12

ST. LOUIS COUNTY, MINNESOTA
Legal Debt Margin Information
Last Ten Fiscal Years

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 14,740,006,310	\$ 15,285,072,934	\$ 15,744,495,775	\$ 16,397,142,021	\$ 17,058,467,275
-	-	-	-	-
442,200,189	458,552,188	472,334,873	491,914,261	511,754,018
97,060,525	131,607,647	116,922,054	144,222,416	144,222,416
<u>(8,554,007)</u>	<u>(25,434,249)</u>	<u>(20,458,433)</u>	<u>(17,928,541)</u>	<u>(17,928,541)</u>
88,506,518	106,173,398	96,463,621	126,293,875	126,293,875
<u>\$ 353,693,671</u>	<u>\$ 352,378,790</u>	<u>\$ 375,871,252</u>	<u>\$ 365,620,386</u>	<u>\$ 385,460,143</u>
20.02%	23.15%	20.42%	25.67%	24.68%

Schedule 13

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

<u>Year</u>	<u>Population (4)</u>	<u>Personal Income (thousands of dollars) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Annual Average Labor Force (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (2)</u>
2010	196,623	\$ 7,265,519	\$ 36,302	106,167	25,167	7.6%
2011	200,226	7,621,547	38,059	106,564	25,150	6.6%
2012	200,255	8,007,980	39,976	103,634	25,100	6.6%
2013	200,319	8,324,927	41,513	103,495	25,176	6.0%
2014	200,540	8,344,103	41,523	104,067	25,072	4.3%
2015	200,949	8,579,520	42,805	102,274	25,010	5.7%
2016	200,431	8,624,380	43,126	101,056	25,059	5.6%
2017	200,000	8,911,235	44,556	101,991	25,382	4.4%
2018	199,745	9,471,691	47,417	103,382	25,382	3.9%
2019	199,070	Not Available	Not Available	103,243	24,978	4.3%

Sources:

- (1) - US Department of Commerce, Bureau of Economic Analysis (<http://www.bea.gov/index.htm> - Available March '19)
- (2) - Minnesota Department of Employment and Economic Development (<http://mn.gov/deed/data/data-tools/laus/>)
- (3) - Minnesota Department of Education (<http://education.state.mn.us/MDE/Welcomw/index.html>) - December 2018
- (4) - US Bureau of Census (factfinder2.census.gov)

Schedule 14

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

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
St. Mary's/Duluth Clinic Health System (Essentia Health)	6,569	1	6.36%	5,448	1	5.13%
St. Luke's Hospital	2,348	2	2.27%	1,554	5	1.46%
Miner's Inc.	1,990	3	1.93%			
St. Louis County	1,868	4	1.81%	1,698	2	1.88%
Minnesota Taconite (US Steel)	1,790	5	1.73%	1,200	8	1.13%
University of Minnesota Duluth	1,648	6	1.60%	1,617	4	1.52%
Duluth Public Schools	1,426	7	1.38%	1,426	6	1.34%
Allete	1,314	8	1.27%	1,419	7	1.34%
Duluth Air National Guard Base	1,068	9	1.03%	1,068	9	1.01%
Cirrus Aircraft	1,000	10	0.97%			
Uniprise (United Health Care)				1,634	3	1.54%
City of Duluth				850	10	0.80%
Total	21,021		20.35%	17,914		17.15%

Sources:

Northland Connection (<http://www.northlandconnection.com/industries.php>)
Schedule 15 - St Louis County
St. Mary's/Duluth Clinic Health System (email)
University of Minnesota Duluth (http://www.oir.umn.edu/hr/employee_count/report)

Schedule 15

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

<u>Function/Program</u>	Full-time Equivalent Employees			
	2010	2011	2012	2013
General government	398.90	397.90	406.60	415.60
Public safety	276.60	279.10	281.10	281.10
Highways and streets	316.00	316.00	319.00	319.00
Health and sanitation	74.40	73.40	66.40	67.90
Human services	520.50	519.50	530.50	544.50
Conservation of natural resources	68.00	68.00	68.00	70.00
Culture and recreation	-	-	-	-
Environmental services	43.00	43.00	43.00	43.50
Total	1,697.40	1,696.90	1,714.60	1,741.60

Notes:

Internal Service Funds are included with the general government function.

ISTS (Individual Sewage Treatment Systems) became a special revenue fund in 2018; the employees have been moved from Environmental Services to Health and sanitation for all years.

Source: St. Louis County Operating and Capital Budget

Schedule 15

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

Full-time Equivalent Employees					
2014	2015	2016	2017	2018	2019
417.40	420.40	422.90	428.90	438.90	440.90
277.10	276.10	284.10	283.10	282.10	285.10
319.00	312.00	312.00	312.00	312.00	312.00
66.15	72.80	71.20	68.65	70.85	70.50
565.75	585.50	622.35	631.15	630.10	645.60
70.15	70.15	71.15	72.15	72.15	72.15
-	-	-	-	-	1.00
43.00	42.50	41.75	41.50	41.05	41.00
<u>1,758.55</u>	<u>1,779.45</u>	<u>1,825.45</u>	<u>1,837.45</u>	<u>1,847.15</u>	<u>1,868.25</u>

Schedule 16

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

Function/Program	Fiscal Year			
	2010	2011	2012	2013
General Government				
Auditor's Office				
Checks Issued	17,162	15,962	15,862	15,930
Motor Vehicle Driver's License	18,470	18,755	19,621	15,180
Motor Vehicle Passports	6,203	4,707	5,629	4,707
Motor Vehicle Transactions	51,436	53,959	52,944	38,180
Planning - Building Permits Issued				
Single Family Dwelling	165	152	121	129
Other	477	457	508	528
Public Safety				
Sheriff's Department				
Arrests	3,014	2,711	2,253	2,047
Traffic Citations	2,169	2,643	2,396	2,253
Mines				
Mine Investigations and Inspections (1)	676	567	436	428
Highways and Streets				
Road and Bridge				
Miles of Overlay	0.25	3.05	-	-
Miles of Mill Overlay	4.02	-	-	-
Miles of Reclaim Overlay	17.15	21.62	34.20	11.20
Miles of Mill Reclaim Overlay	12.90	4.12	22.30	21.70
Miles of Construction	7.23	11.43	21.70	5.00
Miles of Bridge Constructed	-	-	-	2.27
Tons of Crushing	257,009	304,288	291,296	209,965
Miles of Crack Seal	-	124.90	148.40	106.10
Miles of Chip Seal (2)	-	-	-	-
Miles of Micro Seal (2)	-	-	-	-
Health and Human Services				
Health				
Public Health Home Visits	4,493	5,840	6,472	7,476
Public Health Nursing Clients Served	2,328	2,278	1,830	1,566
Human Services				
Unduplicated Children in Out of Home Placement	793	735	780	869
Financial Assistance Cases	23,016	24,068	23,895	23,877
Child Support Cases	11,758	11,900	11,917	11,871
Persons Receiving DD (prev MR/RC) Waivered Services	736	745	754	778
Purchased Social Services (3)	\$ 134,200,110	\$ 133,734,173	\$ 136,101,330	\$ 136,201,198
Social Services Administrative costs (4)	\$ 26,735,885	\$ 26,751,337	\$ 25,993,636	\$ 29,750,944
Conservation of Natural Resources				
Land				
Total Acres of Tax Forfeit Lands	892,642	893,003	893,040	893,193
Contracts Sold	118	123	126	120
Closed Sales	127	134	111	109
Acres Harvested	9,843	10,650	10,783	8,325
Average Size of Sale (Acres)	78	79	97	76
Harvest Volume (Cords)	214,308	231,159	215,749	159,777
Cords Per Sale	1,687	1,725	1,944	1,466
Value	\$ 5,014,940	\$ 5,137,017	\$ 4,766,023	\$ 3,480,550
Average Value Per Sale	\$ 39,488	\$ 38,336	\$ 42,937	\$ 31,932
Average Value Per Cord	\$ 23	\$ 22	\$ 22	\$ 22
Average Value Per Cut Acre	\$ 509	\$ 482	\$ 442	\$ 418
Volume Per Cut Acre (Cords)	22	22	20	19
Value Per Tax Forfeit Acre	\$ 6	\$ 6	\$ 5	\$ 4
Environmental Services				
Tons of Municipal Solid Waste Landfilled	49,784	51,346	52,007	51,573
Tons of Industrial Waste Landfilled	8,963	12,304	12,675	14,647
Tons of Demolition Collected	6,016	6,990	8,791	9,153

Notes:

- (1) Beginning in 2012, Mine Inspector is reporting the number of mine investigations and inspections, rather than mine visits and inspections.
- (2) Chip Seal and Micro Seal are new programs beginning in 2014.
- (3) Purchased Social Services are payments made by DHS or Health and Human Services for St. Louis County residents
- (4) Includes children's services, child care, chemical dependency, mental health, developmental disabilities, adult services

Source: Individual County Departments

Schedule 16

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

		Fiscal Year			
2014	2015	2016	2017	2018	2019
15,817	15,913	15,351	14,063	13,425	12,363
17,707	18,313	19,200	18,269	18,704	21,673
5,817	7,368	8,254	9,286	8,183	8,158
52,705	55,911	61,921	61,124	64,745	66,172
144	168	172	137	184	182
504	566	651	731	1,082	1,284
1,701	1,545	1,282	2,067	907	955
1,855	1,691	1,708	995	1,747	1,425
521	414	392	428	465	389
-	-	4.00	-	4.30	0.70
-	30.20	2.00	34.10	15.50	7.90
24.80	34.00	30.00	30.20	77.50	22.40
11.60	29.20	16.00	10.80	-	23.20
1.50	0.50	2.00	2.80	0.50	2.30
1.00	0.35	0.40	1.30	0.13	1.80
245,000	198,000	167,000	235,350	245,000	216,627
182.00	165.80	64.00	-	-	191.70
27.00	98.00	124.00	145.60	85.60	103.60
26.40	18.80	-	-	-	-
6,283	7,098	5,042	5,472	5,975	5,482
2,170	2,487	2,229	2,698	3,994	3,361
963	1,047	1,166	1,271	1,257	1,082
31,555	38,357	24,377	36,970	34,578	33,151
11,600	11,644	11,194	10,213	9,539	9,615
766	736	754	783	758	747
\$ 143,054,192	\$ 155,482,267	\$ 163,240,897	\$ 171,802,698	\$ 173,910,551	unavailable
\$ 29,368,786	\$ 32,782,197	\$ 33,789,536	\$ 38,931,385	\$ 41,111,142	\$ 42,498,791
893,049	893,158	890,449	890,768	888,936	888,592
104	95	117	105	95	91
108	108	83	112	109	99
10,056	9,429	7,034	9,001	9,045	7,898
93	87	85	80	83	80
207,439	207,700	150,824	193,101	192,260	166,539
1,921	1,923	1,817	1,724	1,764	1,682
\$ 4,598,436	\$ 5,303,873	\$ 3,871,488	\$ 4,862,475	\$ 4,407,835	\$ 4,174,369
\$ 42,578	\$ 49,110	\$ 46,644	\$ 43,415	\$ 40,439	\$ 42,165
\$ 22	\$ 26	\$ 26	\$ 25	\$ 23	\$ 25
\$ 457	\$ 563	\$ 550	\$ 540	\$ 487	\$ 529
21	22	21	21	21	21
\$ 5	\$ 6	\$ 4	\$ 5	\$ 5	\$ 5
51,320	51,785	51,128	52,028	51,824	52,605
1,466	1,370	3,029	1,460	1,573	734
9,561	7,832	8,091	5,813	4,824	3,997

Schedule 17

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Courthouses	3	3	3	3	3	3	3	3	3	3
Motor Pool Vehicles	127	138	131	135	142	148	137	136	139	150
Office Buildings	1	1	2	2	3	3	3	3	3	3
Parking Ramp	2	2	2	2	2	2	2	2	2	2
Public Safety										
Vehicles	143	147	166	172	166	184	187	186	207	204
Jail and Lockup Facilities	3	3	3	3	3	3	3	3	3	3
Emergency Operations Center	1	1	1	1	1	1	1	1	1	1
Rescue Squad Buildings					2	2	3	3	5	5
Highways and Streets										
Vehicles	221	218	220	231	227	249	263	261	239	238
Miles of County Road	1,573	1,576	1,600	1,594	1,266	1,263	1,247	1,247	1,248	1,247
Miles of County State Aid Road	1,385	1,392	1,392	1,392	1,389	1,387	1,384	1,384	1,384	1,384
Number of Bridges	596	594	594	601	596	598	598	598	595	596
Garages and Storage Buildings	86	88	90	91	91	91	91	93	93	94
Graders, Loaders and Heavy Trucks	376	383	380	376	374	385	381	413	429	465
Health and Sanitation										
Nursing Homes	1	1	1	1	-	-	-	-	-	-
Demolition Landfill	1	1	1	1	1	1	1	1	1	1
Regional Landfill	1	1	1	1	1	1	1	1	1	1
Recyclables Processing Facility	1	1	1	1	1	1	1	1	1	1
Transfer Station	5	5	5	5	5	5	5	5	5	5
Human Services										
Office Buildings	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
Heritage and Arts Center	1	1	1	1	1	1	1	1	1	1
Conservation of Natural Resources										
Vehicles	46	46	47	49	48	47	48	44	45	48
Offices and Garages	8	8	8	8	8	8	8	8	8	8
Graders, Loaders and Heavy Trucks	12	13	13	13	13	13	13	13	14	15

Sources:

St. Louis County Auditor-Treasurer
Individual County Departments