

COMPREHENSIVE ANNUAL FINANCIAL *Report* '17



HWY. 53 RELOCATION PROJECT AT VIRGINIA MN

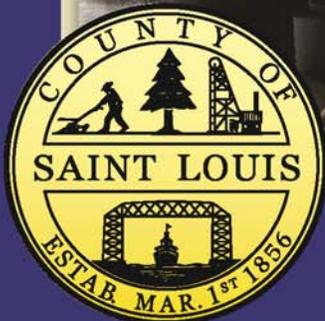
Photo by Dave Witt/Aero-Environmental Consulting and Kiewit Construction ©



COUNTY BRIDGE NO. 726 -
UNORGANIZED TOWNSHIP ROAD
8128 NORTH OF CHISHOLM
PHOTO BY CHRIS GRAHEK



COUNTY BRIDGE NO. 221 – COUNTY STATE AID HWY. 52
WEST OF COTTON PHOTO BY CHRIS GRAHEK



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

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

Highway 53 Relocation Project

The U.S. Highway 53 relocation project was completed in the fall of 2017. The existing highway between Eveleth and Virginia was moved to allow United Taconite access to large iron ore deposits that will help provide for the continued operation of the company. The new route takes Highway 53 across a new 1,100 foot long bridge spanning 250 feet above the abandoned and flooded Rouchleau mine pit.

County Bridge No. 726 – Unorganized Township Road & County Bridge No. 221 – County State Aid Highway 52

County Bridge No. 726 and County Bridge No. 221 were two of 18 bridges that were replaced in 2017. Both bridges were replaced because they were structurally deficient and had reached the end of their serviceable life. County Bridge No. 726 is located south of Side Lake and was funded with Town Bridge and Unorganized Township funds. County Bridge No. 221 is located in Kelsey Township and was funded from Transportation Sales Tax funds.

St. Louis County Minnesota

Comprehensive Annual Financial Report
for the Fiscal Year Ending
December 31, 2017



Donald Dicklich
County Auditor

"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, 2017

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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

Donald Dicklich

St. Louis County Auditor-Treasurer

June 26, 2018

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, 2017. This report was prepared by the County Auditor's Accounting and Finance Division. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the County.

Financial management of St. Louis County is based on an accounting and financial reporting system that must provide accurate, timely, and relevant information. The assets of the County are protected from fraud, errors, and misuse through the institution of internal controls. Internal controls are designed to safeguard assets, as well as to ensure that accounting data 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, 2017. 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 2017 census population was estimated at 200,000 residents while the 2008 census population was 196,864. The County has an average of 28 people per square mile living in small mining towns, farm communities, and busy cities. St. Louis County is empowered to levy a property tax on both real and personal property located within its boundaries.

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

An Equal Opportunity Employer

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

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

The St. Louis County Board of Commissioners is required by state law to annually adopt a budget for the next fiscal year for the General, Special Revenue, Debt Service, and Capital Projects Funds. The County incorporates budgetary controls which ensure that County departments comply with the annual budget. Encumbrance accounting is used to determine availability of funds prior to incurring a specific obligation and to ensure that policies and regulations have been followed. Encumbrances outstanding at year-end are reported as assignments of fund balances. County departments are comprised of one or more sub-departments (agencies). County departments can spend their agency level budgets on any line item within that agency as long as the total agency budget is not overspent. However, no public aid assistance and/or personal services budget authority may be used for any other purpose without 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 37.7 million metric tons in 2017, an increase of 29.7% compared to 2016. All of the taconite producers were in operation at the end of 2017.

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 (56%), coal (29%), grain (3%), and other (12%) in 2017. The Port of Duluth-Superior has averaged more than 35 million tons of cargo and nearly 900 vessel visits each year. The port reported 35.3 million tons of cargo with 838 ships that visited the port in 2017, compared to 30.1 million tons and 707 ships in 2016. 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.

Altec, a manufacturer that specializes in aerial lift trucks, plans on creating 100 new jobs and an \$8.5 million expansion at its Duluth facility. The Minnesota Investment Fund is providing Altec with a \$550,000 forgivable loan and the Duluth Seaway Port Authority is contributing \$3.5 million in the form of building upgrades. The state loan will be forgiven if Altec meets its hiring and investment goals. The company currently has about 230 employees.

The newly renovated historic NorShor Theatre is set to reopen in early 2018 and will become the home of the Duluth Playhouse. The Duluth theater, which first opened as the Orpheum Theater in 1910 will add another tourist attraction to the city's thriving arts and culture scene, which is a growing segment in terms of visitors to Duluth.

The number of aviation jobs in the Duluth area has grown 39 percent over the past decade. Cirrus Aircraft, an aircraft manufacturer with headquarters in Duluth, said that they will be hiring another 100 people in 2018 and that growth is just the beginning. AAR Duluth, a Duluth based maintenance facility, announced it has a new contract with Air Canada and also has plans of expanding in Duluth.

District Flats, a 72 unit apartment complex is being constructed across the street from the Miller Hill Mall. The \$14 million project is scheduled to be complete in June 2018. The complex was built close to AAR and Cirrus to help address the housing needs for their growing workforce.

ENDI apartments, a 143 unit apartment complex on London Road, overlooking Lake Superior, opened in early 2017. The \$38 million complex also addresses the housing shortage in Duluth. The complex includes retail space that has been filled with Caribou Coffee, Einstein Bagels, Papa Murphy's Pizza and Zen Eye Care.

The U.S. Highway 53 relocation project was completed in the fall of 2017. The existing highway between Eveleth and Virginia was moved to allow United Taconite access to large iron ore deposits that will help provide for the continued operation of the company. The new route takes Highway 53 across a new 1,100 foot long bridge spanning 250 feet above the abandoned and flooded Rouchleau mine pit.

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

BlueStone Commons, a mixed-use development just east of the University of Minnesota Duluth is constructing 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 open in 2018 and will be the largest phase with a 25,000 square foot retail building next to the residential tower.

Kenwood Village, a retail and apartment complex on Kenwood Avenue and Arrowhead Road in Duluth was completed in 2017. 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.

The Miller Hill corridor in Duluth and Hermantown has three new hotels. Hampton Inn & Suites constructed a 91 room hotel located behind the Texas Roadhouse and opened in 2017. Holiday Inn Express and Suites, which is being built on the old Cinema 8 site, opened in 2016 and is five stories tall with 80 rooms. LaQuinta Inn & Suites opened a \$10 million, 96 room, three story hotel on Maple Grove road with a Lake Superior inspired theme in 2015.

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, 2017, 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, 2017, 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, 2017, the policy was

97.4% accomplished for the General Fund, 65.5% for the Public Health and Human Service Fund, and 89.9%, for the Road and Bridge Fund. These three funds had combined fund balance allocated for cash flow of \$54.3 million at year-end, an increase of \$3.1 million from 2016.

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 2017, the Depreciation Reserve Fund had a balance of \$3.8 million. Those monies will be used to fund future capital improvements at County facilities.

Other financial planning for 2018 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 2016, 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 Board has approved issuing up to \$46 million in bonds to finance construction of a new Government Services Center (GSC) North facility in Virginia and a new Public Works Maintenance Facility in Cook. The initial \$28 million bond was issued in February 2018 to finance GSC North as well as initial costs for the Cook facility. The second bond issuance will take place in June 2018.

The GSC North Facility will serve 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 will replace the aging Northland Office Building. Ground breaking took place in May 2018, with a goal completion in Fall 2019. Approximately 180 employees will work in the building.

The Public Works Maintenance Facility in Cook comes following years of study, planning and negotiations. The project will include remodeling the existing Disability Specialist Building to be used for office space for Public Works, as well as several other county departments. Additionally the project will include constructing 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 is expected to be completed by late fall of 2019.

The AP Cook building remodel was completed in 2017. The building was transitioned from a former laundry facility to offices that now house three County departments and more than 30 employees. The building also provides record storage space for several departments.

St. Louis County, along with the cities of Duluth, Hermantown, Hibbing and Virginia launched Northland Alert, an emergency notification system. The system allows an emergency text message to be sent out to all cell phones within a designated area. The text message will provide details of the emergency situation and instructions on what actions should be taken. The messages would be sent out though the County's 911 Emergency Communication Center. The Federal Emergency Management Agency has authorized the County to use this service.

The County sells tax forfeited land to encourage development and increase the property tax base. In 2017, the County had three of its largest tax forfeited land auctions and sold 74 tax forfeited properties for a total of \$1.7 million. The County expects to offer three more tax forfeited land auctions in 2018.

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 Acknowledgements

The County received its second Government Finance Officers Association of the United States and Canada (GFOA) award for the 2016 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, 2016.

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

A Certificate of Achievement is valid for a period of one year. St. Louis County has received the Certificate for the last twenty-eight 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,

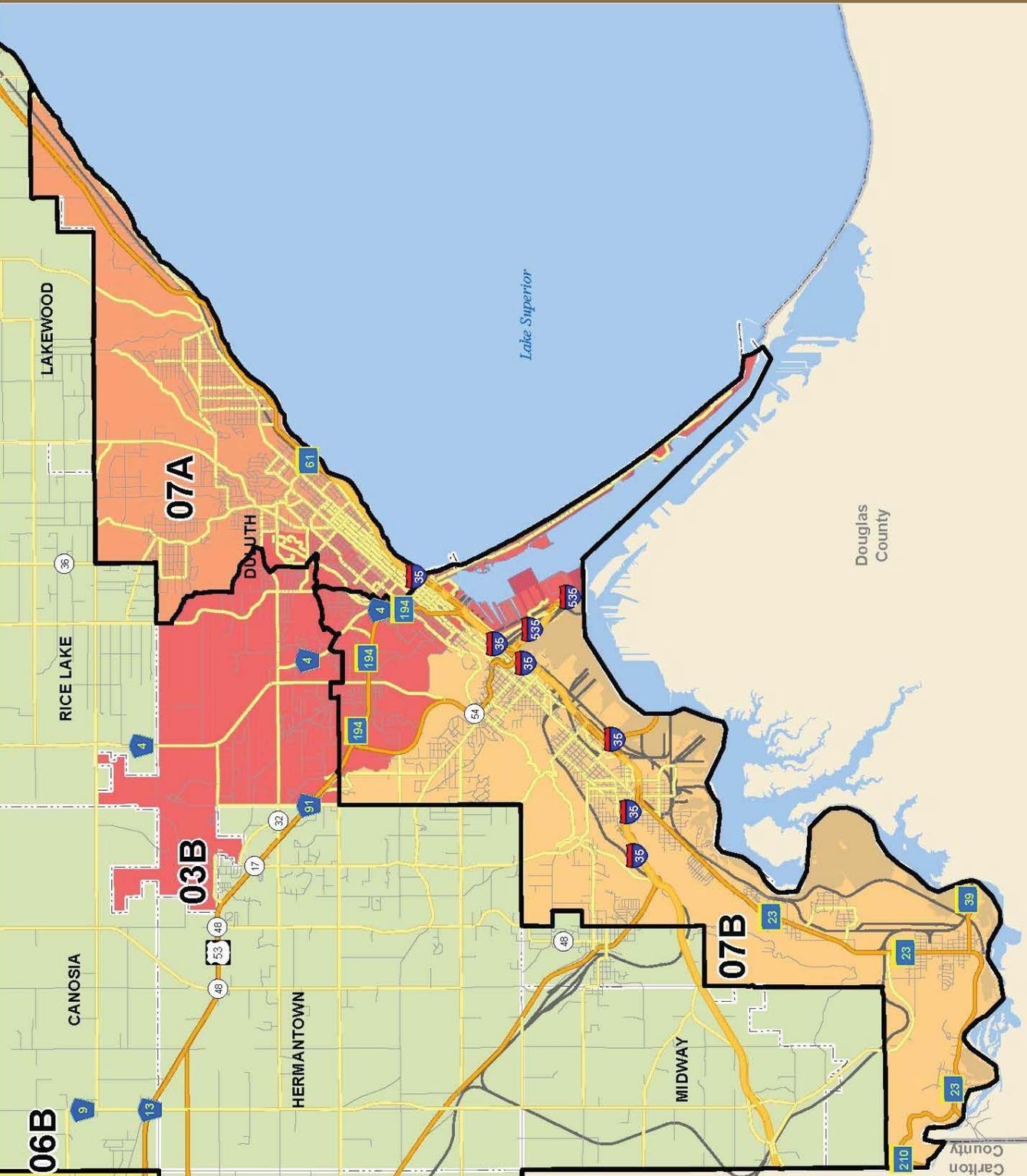


DONALD DICKLICH
County Auditor/Treasurer



Legislative & Commissioner Districts - Duluth

2017



Legislative Districts

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

Commissioner Districts

- 1**
 Frank Jewell
 Room 202
 100 N. 5th Ave. W.
 Duluth MN 55802
 (218) 726-2450
- 2**
 Patrick Boyle
 Room 202
 100 N. 5th Ave. W.
 Duluth MN 55802
 (218) 726-2359
- 3**
 Beth Olson
 Room 202
 100 N. 5th Ave. W.
 Duluth MN 55802
 (218) 726-2562
- 4**
 Pete Stauber
 Room 202
 100 N. 5th Ave. W.
 Duluth MN 55802
 (218) 726-2450

City of Duluth Precincts

- Commissioner**
 District 1: Prec. 10-12, 15-20, 22, 23
 District 2: Prec. 1-8, 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

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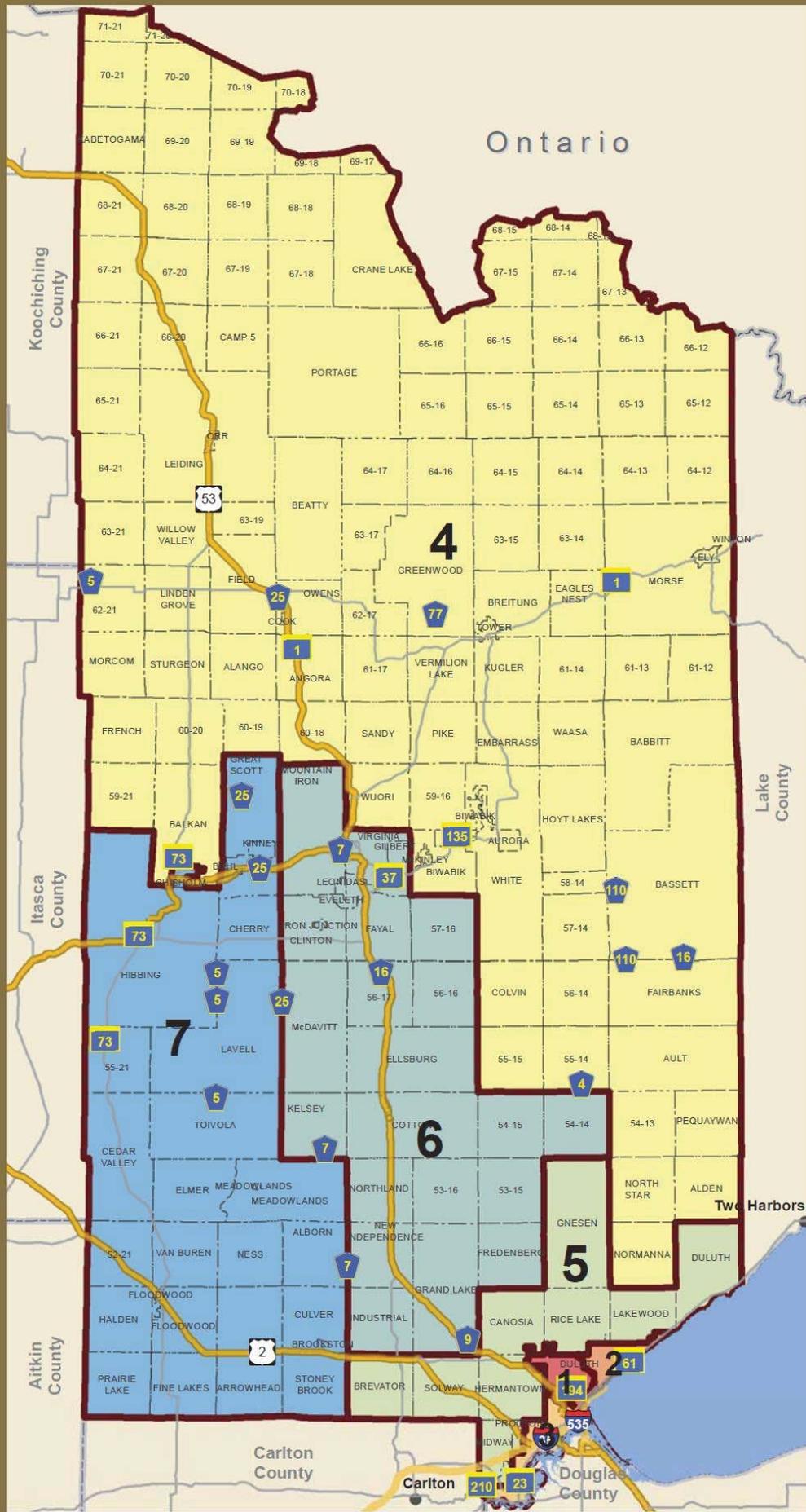
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Commissioner Districts 2017



Commissioners

- 1

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


- 2

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


- 3

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


- 4

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


- 5

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


- 6

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


- 7

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





Prepared By:
Auditor's Office
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Source: St. Louis County

Map Created: 1/10/2017

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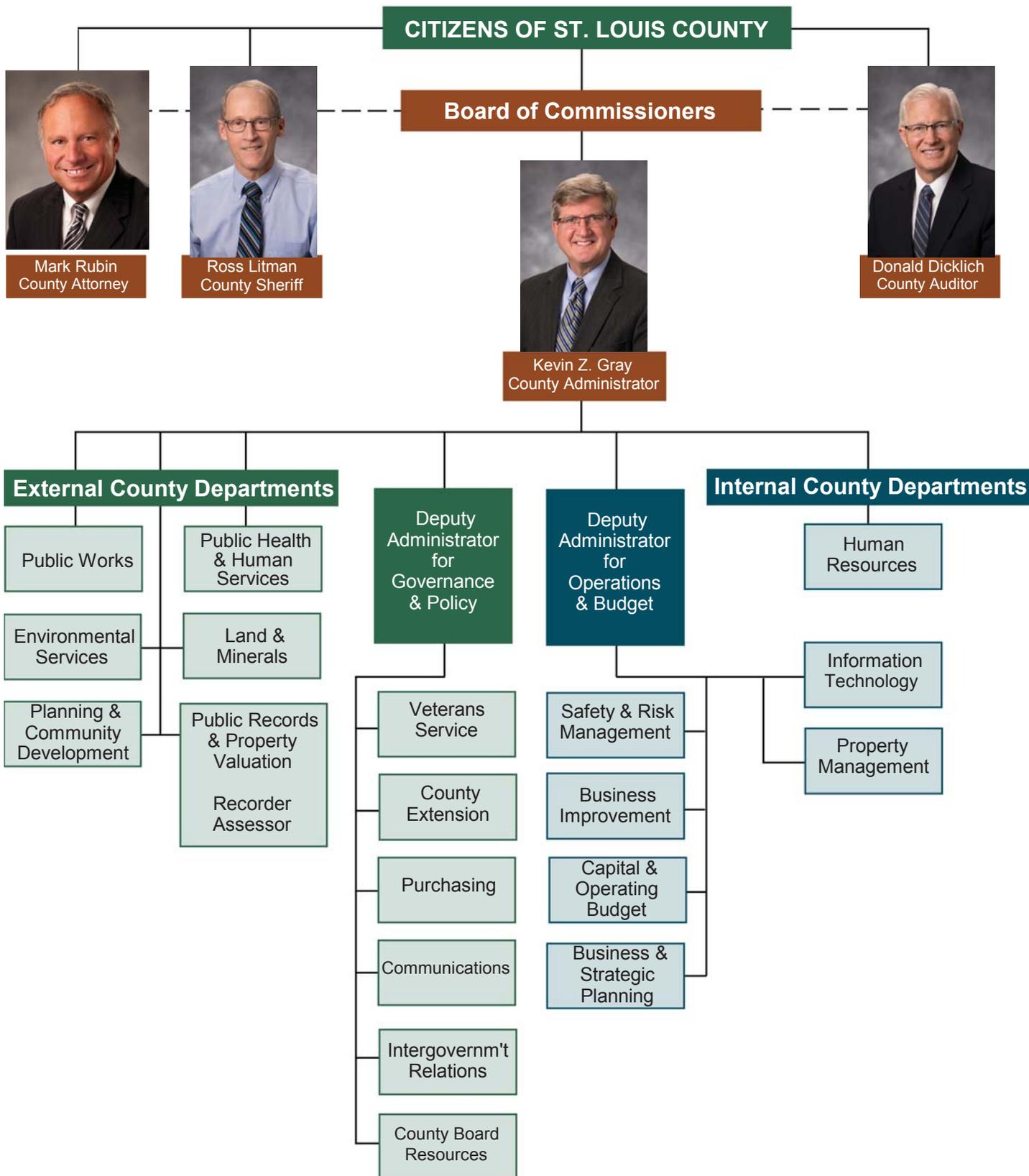
Disclaimer
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**St. Louis County
Elected and Appointed Officials
as of December 31, 2017**

Office	Name	Term
Commissioners:		
1st District	Frank Jewell	Jan. 2015 Jan. 2019
2nd District	Patrick Boyle	Jan. 2017 Jan. 2021
3rd District	Beth Olson	Jan. 2017 Jan. 2021
4th District	Tom Rukavina	Jan. 2015 Jan. 2019
5th District	Pete Stauber	Jan. 2017 Jan. 2021
6th District	Keith Nelson	Jan. 2015 Jan. 2019
7th District	Mike Jugovich	Jan. 2017 Jan. 2021
Elected Officials:		
Attorney	Mark Rubin	Jan. 2015 Jan. 2019
Auditor	Donald Dicklich	Jan. 2015 Jan. 2019
Sheriff	Ross Litman	Jan. 2015 Jan. 2019
Appointed Officers:		
Administrator	Kevin Gray	
Assessor	David Sipila	
Human Resources Director	James Gottschald	
Examiner of Titles	David W. Adams	
Land and Minerals Commissioner	Mark Weber	
Information Technology Director	Jeremy Craker	
Planning & Community Development Director	Barbara Hayden	
Property Management Director	Tony Mancuso	
Public Health and Human Services Director	Linnea Mirsch	
Public Works Director	Jim Foldesi	
Public Records & Property Valuation Director	Mark Monacelli	
Environmental Services Director	Mark St. Lawrence	

Saint Louis County Organization

Structure



January 2016



Government Finance Officers Association

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

Presented to

**St. Louis County
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

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, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2017, 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.

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.

Supplementary 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 statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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.

The combining 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.

Other Matters (Continued)

Supplementary Information (Continued)

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 22, 2018, 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 result 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 22, 2018

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2017

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, 2017. 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 \$48.0 million to \$782.9 million, or 6.53%. Governmental activities increased by \$44.4 million to \$760.2 million, while the County's business-type activities increased by \$3.6 million to \$22.7 million.

The County's governmental funds reported a combined ending fund balance of \$195.8 million for 2017, a decrease of \$29.8 million compared to 2016. The nonspendable and restricted combined fund balances were \$65.5 million of total fund balance or 33.4%. These fund balances are not available for appropriation because of constraints placed on their use. The remaining fund balances of \$130.3 million or 66.6% are unrestricted and classified as either committed, assigned, or unassigned.

In 2017, the General Fund reported a total fund balance of \$69.5 million, a decrease of \$1.0 million over 2016, which was planned and budgeted. The unassigned fund balance of the General Fund was equal to 35.8% of fund expenditures and 34.6% 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 \$14.3 million to \$116.9 million in 2017. The County paid down \$13.5 million of existing debt and did not issue any debt new in 2017. In the past ten years, the County has issued debt every year except 2009, 2011, 2012 and 2017.

All major governmental funds of the County reported actual expenditures less than the final 2017 expenditure budget. However, the General Fund, Road and Bridge Fund, Public Health and Human Services Fund, Forfeited Tax Sale Fund, Capital Projects Fund and Debt Service Funds reported a combined \$33.3 million excess of actual expenditures over actual revenue for the year. The Capital Projects Fund spent a large portion of bond proceeds and the Debt Service fund had a crossover refinancing become due in 2017, which is why the expenditures came in so much higher than revenue in those funds. The Public Health and Human Service Fund had expenditures exceeding revenue by \$2.5 million mainly due to planned use of existing fund balance reserves and higher than anticipated out of home placement costs.

The County's only major business-type activity, the Environmental Services Fund, had an operating income of \$2.8 million in 2017. With nonoperating revenues from taxes, grants, earnings on investments and sale of capital assets totaling \$0.5 million added to transfers in and out of \$0.3 million, the Environmental Services Fund net position increased by \$3.7 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 Debt Service Fund. Data for the nonmajor governmental funds is combined into "other governmental funds." Individual data for each of the six 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 agency funds to report its fiduciary activities. The County's fiduciary activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position and are excluded from the government-wide financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used in proprietary funds. The fiduciary basic financial statements can be found on pages 49-50 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53-98 of this report.

Supplementary data. A budgetary comparison for the Debt Service Fund, combining statements for nonmajor governmental funds, internal service funds, fiduciary funds, and miscellaneous schedules are provided on pages 99-148.

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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 \$782.9 million.

By far the largest portion of the County's net position is the investment in capital assets (86%), 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	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 274.7	\$ 290.9	\$ 17.4	\$ 17.4	\$ 292.1	\$ 308.3
Capital assets	774.3	713.7	9.7	6.9	784.0	720.6
Total Assets	<u>1,049.0</u>	<u>1,004.6</u>	<u>27.1</u>	<u>24.3</u>	<u>1,076.1</u>	<u>1,028.9</u>
Deferred pension outflows	40.5	72.0	0.5	1.1	41.0	73.1
Liabilities:						
Long-term liabilities outstanding	260.8	317.1	3.9	5.5	264.7	322.6
Other liabilities	30.0	26.2	0.7	0.6	30.7	26.8
Total liabilities	<u>290.8</u>	<u>343.3</u>	<u>4.6</u>	<u>6.1</u>	<u>295.4</u>	<u>349.4</u>
Deferred Inflows of Resources:						
Pension related items	36.1	17.5	0.3	0.2	36.4	17.7
Property taxes levied for subsequent years	2.4	-	-	-	2.4	-
	<u>38.5</u>	<u>17.5</u>	<u>0.3</u>	<u>0.2</u>	<u>38.8</u>	<u>17.7</u>
Net position:						
Net investment in capital assets	663.2	612.9	9.7	6.9	672.9	619.8
Restricted	65.5	89.9	3.3	2.1	68.8	92.0
Unrestricted	31.5	13.0	9.7	10.1	41.2	23.1
Total Net Position, as reported	<u>\$ 760.2</u>	<u>\$ 715.8</u>	<u>\$ 22.7</u>	<u>\$ 19.1</u>	<u>\$ 782.9</u>	<u>\$ 734.9</u>

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

Governmental Activities:

In 2017, the total net position of governmental activities increased by \$44.4 million to \$760.2 million. Total net position for the years 2016 back through 2010 were \$715.8 million, \$685.1 million, \$717.3 million, \$678.2 million, and \$626.2 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 \$16.2 million in 2017 to \$274.7 million. The main reason for the large decrease was due to spending \$24.7 of bond proceeds in the Capital Projects fund.

Capital assets at year-end 2017 were \$774.3 million, compared with \$713.7 million in 2016, an increase of \$60.6 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.

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Long-term liabilities outstanding decreased by \$56.3 million in 2017 to \$260.8 million. The main reason for the decrease is the County's net pension liability decreased \$42.3 million in 2017 for St. Louis County's portion of PERA's unfunded liability.

Other liabilities increased \$3.8 million in 2017 to \$30.0 million. Accounts payable increased \$5.5 million in 2017 while unearned revenue decreased by \$1.7 million. Both accounts payable and unearned revenue are mainly a result of timing differences.

Net Investment in Capital Assets increased by \$50.3 million to \$663.2 million. The increase was mainly the result of net capital assets increasing by \$60.6 million, while the outstanding debt related to capital assets decreased by \$10.3 million in 2017.

Restricted net position of the governmental activities decreased by \$24.4 million to \$65.5 million in 2017. This was mainly due to the restricted fund balance for highways and streets decreasing by \$21.1 million due the spending of bond proceeds that were issued for roads and bridges.

Business-type Activities:

Total net position of the County's business-type activities increased by \$3.6 million to \$22.7 million in 2017. At year-end, the County's business-type activities consisted of only two funds, Environmental Services and Plat Books. Business-type activities were able to report positive balances in all categories of net position for 2017.

Capital assets increased by \$2.8 million in 2017, to \$9.7 million. The depreciation expense in 2017 was \$(2.6) million, the decrease was due to a change in calculation from permitted capacity to ultimate capacity in accordance with GASB Statement 18. In 2017, they sold 1 vehicle, purchased 1 Trailer, completed transfer station road repair, and continued construction on a landfill gas collection building and diesel fuel system, which was their only construction in progress at year end.

Total liabilities for business-type activities decreased by \$1.5 million in 2017. This is mainly due to a decrease in closure and post-closure liabilities due to a change in calculation from permitted capacity to ultimate capacity in accordance with GASB Statement 18. The result reduced the liability by \$1.1 million in 2017. The GASB 68 Pension liability was reduced as well.

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 \$0.4 million in 2017 to \$9.7 million.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 55.6	\$ 55.5	\$ 6.8	\$ 6.9	\$ 62.4	\$ 62.4
Operating Grants and Contributions	70.1	60.6	0.3	0.3	70.4	60.9
Capital Grants and Contributions	24.2	24.9	-	-	24.2	24.9
<i>General revenues:</i>						
<i>Taxes:</i>						
Property taxes, levied for general purposes	130.2	121.1	-	0.1	130.2	121.2
Property taxes, levied for debt service	6.8	6.7	-	-	6.8	6.7
Transportation sales tax	14.6	14.1	-	-	14.6	14.1
State shared	18.3	18.8	-	-	18.3	18.8
Federal shared	1.7	0.3	-	-	1.7	0.3
Investment income	5.5	3.2	0.2	0.2	5.7	3.4
Sale of capital assets	0.1	(0.3)	-	-	0.1	(0.3)
Total revenues	<u>327.1</u>	<u>304.9</u>	<u>7.3</u>	<u>7.5</u>	<u>334.4</u>	<u>312.4</u>
Expenses						
<i>Program expenses:</i>						
General government	48.5	48.8	-	-	48.5	48.8
Public safety	57.3	58.4	-	-	57.3	58.4
Highways and streets	52.9	49.6	-	-	52.9	49.6
Health and sanitation	5.5	5.3	-	-	5.5	5.3
Human services	97.3	93.6	-	-	97.3	93.6
Culture and recreation	3.5	3.4	-	-	3.5	3.4
Conservation of natural resources	9.8	9.1	-	-	9.8	9.1
Economic development	3.8	3.1	-	-	3.8	3.1
Interest and other charges	3.8	3.1	-	-	3.8	3.1
Environmental services	-	-	4.0	8.5	4.0	8.5
Total expenses	<u>282.4</u>	<u>274.4</u>	<u>4.0</u>	<u>8.5</u>	<u>286.4</u>	<u>282.9</u>
Increase in net position before transfers	44.7	30.5	3.3	(1.0)	48.0	29.5
Transfers	(0.3)	0.2	0.3	(0.2)	-	-
Increase (decrease) in net position	<u>44.4</u>	<u>30.7</u>	<u>3.6</u>	<u>(1.2)</u>	<u>48.0</u>	<u>29.5</u>
Net position January 1	<u>715.8</u>	<u>685.1</u>	<u>19.1</u>	<u>20.3</u>	<u>734.9</u>	<u>705.4</u>
Net position December 31	<u>\$ 760.2</u>	<u>\$ 715.8</u>	<u>\$ 22.7</u>	<u>\$ 19.1</u>	<u>\$ 782.9</u>	<u>\$ 734.9</u>

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

Governmental Activities:

Program revenues are revenues derived directly by a program from sources other than County taxpayers. In 2017, program revenues increased by \$8.9 million to \$149.9 million. Operating grants and contributions increased \$9.5 million in 2017. Highways and streets increased \$7.0 million due to increased Federal and State Municipal Construction funds for Road and Bridge Projects. Human Service State and Federal revenue also increased \$2.8 million mainly due to increased funding for MnChoice assessments, which allows for anyone of any age with a disability to access the support services needed to stay in their homes.

General revenues are all revenues that are not considered to be program revenues. In 2017, general revenues increased by \$13.3 million to \$177.2 million. Tax revenues in 2017 increased by \$9.7 million mainly due to the 8.5% increase in the 2017 Property Tax Levy, which brought in an additional \$9.2 million. The Transportation Sales Tax revenue also came in \$0.5 million higher than 2016. Investment revenue increased \$2.3 million due to increased returns on equity market securities and increased MAGIC Fund earnings.

State shared revenues that are classified as general revenues, commonly referred to as local government aids, decreased by \$0.5 million to \$18.3 million in 2017. The decrease is a result of the County recording \$.3 million less in State of Minnesota contributions to the General PERA and \$.2 million less County Program Aid from the State of Minnesota.

Investment income for governmental activities was \$5.5 million for 2017, an increase of \$2.3 million from 2016. The increase is due to improved returns on equity market securities and MAGIC Fund earnings.

Expenses for governmental activities increased \$8.0 million in 2017, or 2.9%. Highways and streets had increased expenses of \$3.3 million mainly due to the increased funding for road and bridges from the Transportation Sales Tax and Bond Proceeds. Human Services increased \$3.7 million mainly due to increased costs for out of home placements and planned use of assigned fund balances.

Business-type Activities:

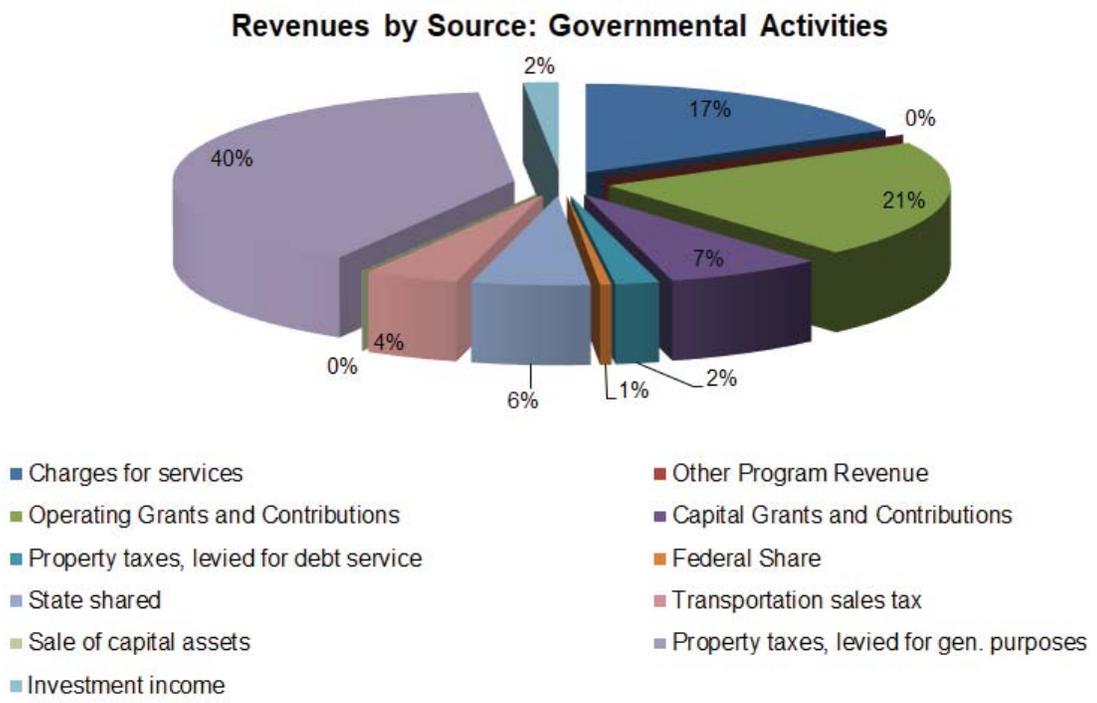
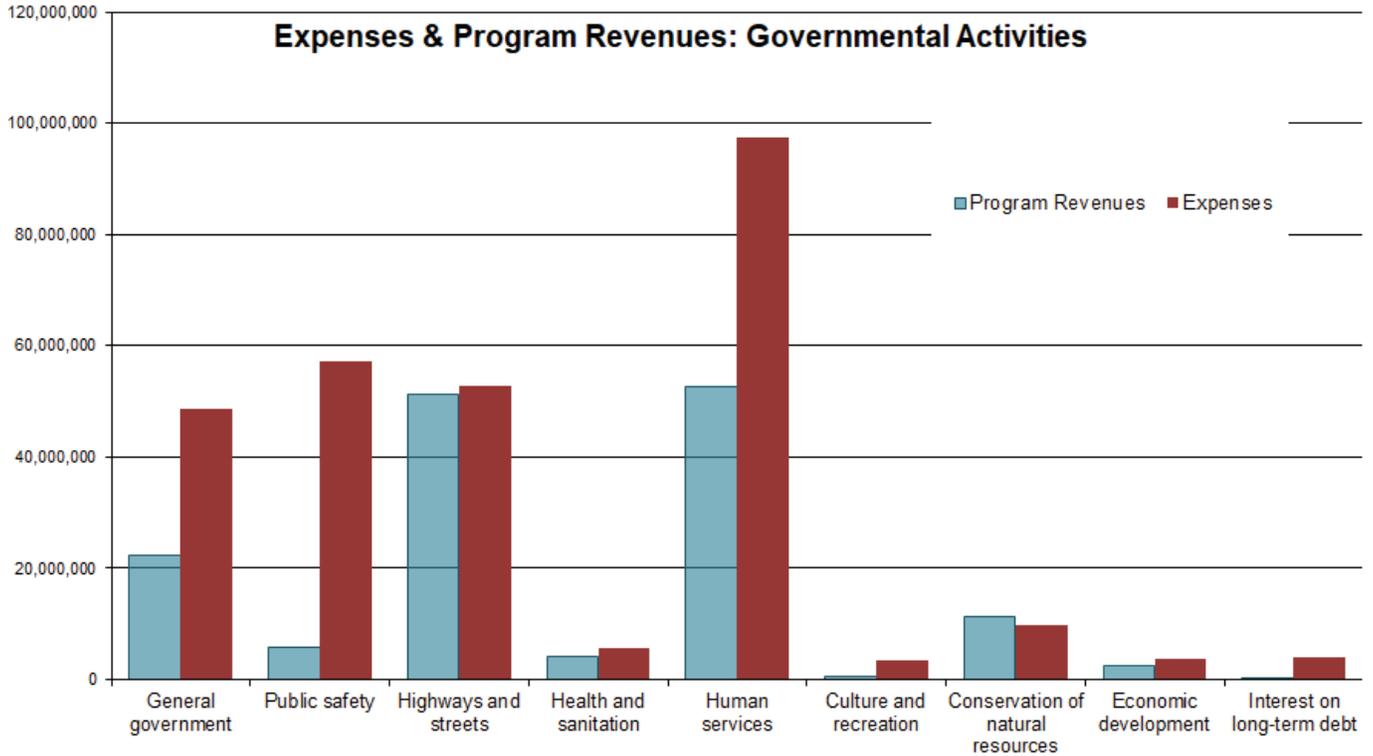
Program revenues for business-type activities decreased by \$0.1 million in 2017 to \$7.1 million. In 2016 the County received a one time revenue for road replacement that contributed to the decrease. However, operating revenues for services slightly increased in 2017 due to increased rates for special assessment fees, septic permitting and recycling.

General revenues for the business-type activities decreased by \$0.1 million in 2017 to \$0.2 million. Investment income for the Environmental Services Fund decreased.

Expenses for business-type activities were \$4.0 million in 2017, \$4.5 million less than 2016. In 2017, almost all expenses for business-type activities occurred in the Environmental Services Fund. Depreciation and Depletion expense decreased by \$4 million due to a calculation change from permitted to ultimate capacity in accordance with GASB Statement 18. Expenses slightly increased due to increased contract services for operating the landfill. Personal Services also increased due to increased medical insurance and payment of retired health insurance and decreased in salaries due to retirements and GASB pension expense.

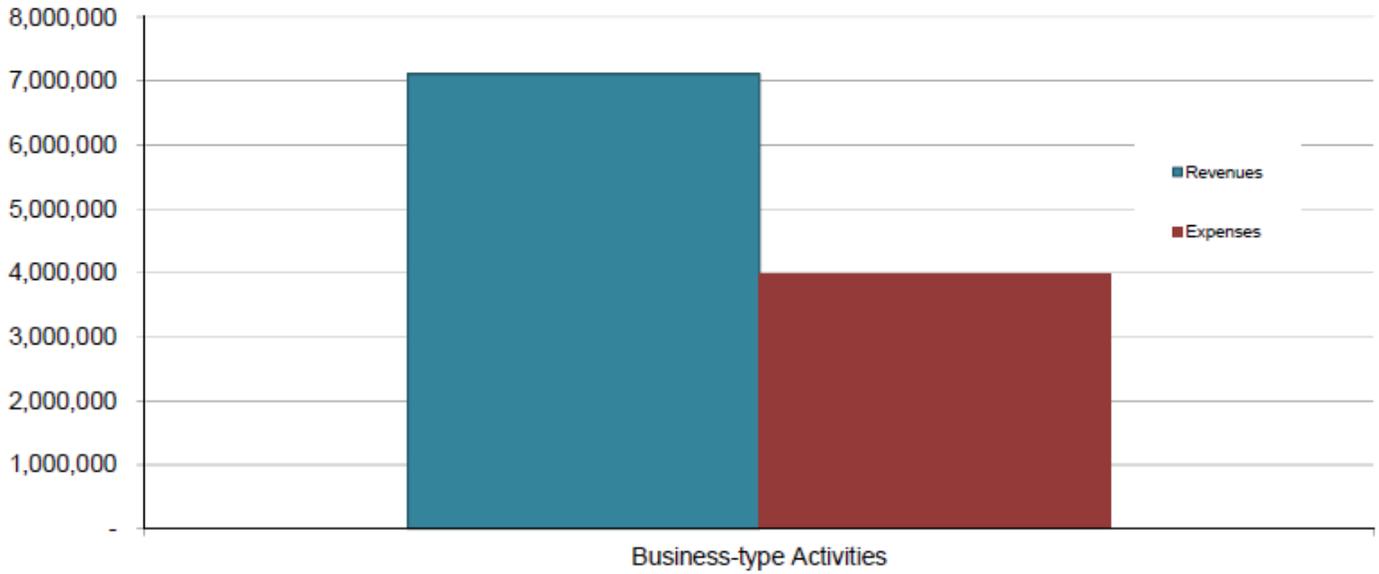
The Environmental Services Fund, had net transfers in of \$0.3 million. The Shoreline Sales Fund transferred in \$0.4 million to the Environmental Services Fund to offset expenditures of the On-Site Wastewater division. The Shoreline Sales Fund is statutorily authorized to annually use up to 5.5 % of the fund's market value for projects related to the improvement of natural resources.

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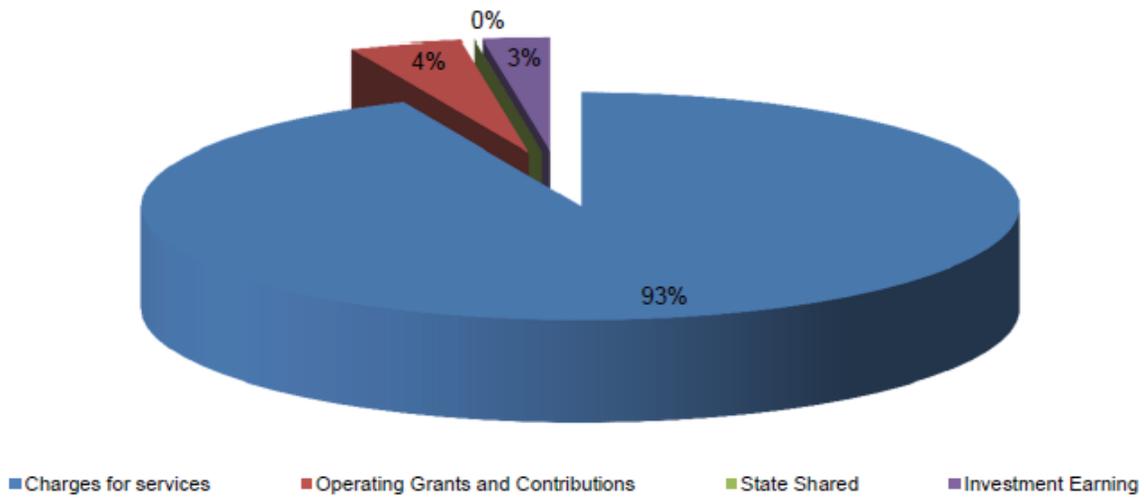


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Expenses and Program Revenues: Business-type Activities



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 \$195.8 million in 2017, compared with \$225.6 million as previously reported in 2016, a decrease of \$29.8 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 2017 of \$65.5 million, or 33.4% of total fund balance and unrestricted fund balance of \$130.3 million or 66.6% of total fund balance. Unrestricted fund balance was \$31.9 million committed, \$61.4 million assigned, and \$37.0 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 \$37.0 million in 2017, compared to \$37.2 million in 2016. Unassigned fund balance at the end of the year represented 34.6% of General Fund operating revenues and 35.8% 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 2017, the fund balance of the County's General Fund decreased \$1.0 million to \$69.5 million. Revenues exceeded expenditures by \$3.4 million, but other financing uses totaled \$4.4 million. The decrease was primarily due to a planned, budgeted use of fund balance.

The Road and Bridge Fund had an \$8.1 million excess of revenue over expenditures in 2017. This was mainly due to excess revenue over expenditures in the Transportation Sales Tax fund \$4.1million and in the Public Works operations fund \$2.4 million at year end 2017.

The Public Health and Human Services Fund had expenditures in excess of revenue of \$2.5 million in 2017. This was mainly due to planned use of fund balance and higher than anticipated out of home placement costs.

Pursuant to Minnesota Statutes, the Forfeited Tax Sale Fund distributed \$1.4 million in net proceeds to county funds, cities, towns and school districts in St. Louis County. The 2017 distribution was \$0.1 million lower than 2016, primarily due to higher costs and lower timber sales in 2017.

The Capital Projects Fund's fund balance decreased from \$45.1 million in 2016 to \$16.0 million in 2017. The decrease is due to spending of bond proceeds.

The Debt Service Fund's fund balance decreased \$5.0 million in 2017 mainly due to the crossover refinancing of the 2008B General Obligation bonds that happened in 2017.

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 \$10.1 million under the final budget. Expenditure budgets for personnel services (\$2.3 million), operating (\$6.6 million), and capital outlay (\$1.2 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.

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Actual revenues in total for 2017 came in \$0.1 million under the final budget. Taxes were \$0.3 million over budget due to higher than anticipated delinquent tax payments. This variances was offset in part by lower than anticipated intergovernmental revenues in grants and pass-through state snowmobile trail assistance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the County's capital assets totaled \$784.0 million. Of that total, governmental activities accounted for \$774.3 million, and the remaining \$9.7 million belonged to the business-type activities. These amounts represent a broad range of capital assets including land, buildings, machinery, roads, road maintenance equipment, and law enforcement equipment. Detail is presented immediately below in Table 3.

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

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 2.9	\$ 2.9	\$ 0.3	\$ 0.3	\$ 3.2	\$ 3.2
Buildings and structures	101.9	104.6	2.0	2.3	103.9	106.9
Improvements other than buildings	-	-	6.8	3.7	6.8	3.7
Machinery and equipment	3.5	3.8	0.1	0.2	3.6	4.0
Vehicles	26.4	22.3	0.3	0.3	26.7	22.6
Infrastructure	629.7	572.6	-	-	629.7	572.6
Intangibles	2.2	1.4	-	-	2.2	1.4
Work in progress	7.7	6.0	0.2	0.1	7.9	6.1
Totals	\$ 774.3	\$ 713.6	\$ 9.7	\$ 6.9	\$ 784.0	\$ 720.5

Capital assets for governmental activities increased (including additions, disposals, and depreciation expense) by \$60.6 million, or 8.5%, over 2016. Additions for 2017 totaled \$83.2 million, net disposals were \$2.3 million, and depreciation expense was \$22.3 million.

Total vehicles in 2017 increased by \$4.1 million to \$26.4 million. In 2017, the County purchased 38 automobiles, 25 emergency and road maintenance vehicles, 10 unlicensed vehicles, 13 recreational vehicles, and 5 trailers.

Buildings and structures decreased \$2.7 million to \$101.9 million in 2017. The primary reason for the decrease was depreciation expense.

Work in progress for governmental activities increased by \$1.7 million in 2017 to \$7.7 million. The main reasons for the change are \$5.0 million of additions to work in progress projects in 2017 and \$3.3 million of work in progress projects were completed in 2017.

Business-type activities had total net capital assets increase \$2.9 million from 2016. The Environmental Services Fund, the only enterprise fund with capital assets, had net capital assets at year-end of \$9.8 million. In 2017 they purchased 1 trailer, made improvements to Hibbing Road, continued construction on a landfill gas collection building and started construction of a diesel fuel system.

Additional information on St. Louis County's capital assets can be found in the notes on pages 72 and 73.

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2017

Debt Administration

At year-end, the County had \$116.9 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	
	2017	2016
General obligation bonds	\$ 116.9	\$ 131.2

The County debt decreased \$14.3 million to \$116.9 million in 2017, compared to an increase of \$34.5 million in 2016. In 2017, the County paid \$13.5 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 2016.

Additional information on St. Louis County's long-term debt can be found in the notes on pages 74-76.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The average unemployment rate for St. Louis County was 4.4% in 2017, while the average unemployment rate was 4.1% for the United States and 3.3% for the State of Minnesota, generally.

The County's 2018 budget was passed on December 19, 2017, at a meeting of the St. Louis County Board of Commissioners. The 2018 property tax levy was \$132.2 million, an increase of \$5.6 million compared to 2017.

In 2017 St. Louis County collected \$14.2 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 2017 was \$11.5 million, a decrease of \$0.2 million compared to 2016. 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 2018 budget included 1837 full time equivalent employees. Of the total \$397.7 million 2018 budget, \$183.3 million or 46%, was designated for personnel related costs.

All of these factors were considered in preparing the County's budget for the 2018 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, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 165,608,853	\$ 2,125,076	\$ 167,733,929
Cash with fiscal agent	15,118,593	-	15,118,593
Investments	36,253,179	11,469,028	47,722,207
Accounts receivable (net)	48,103,234	321,414	48,424,648
Internal balances	879,414	(879,414)	-
Inventories	8,378,035	36,570	8,414,605
Prepaid items	392,963	300	393,263
Restricted assets	-	4,345,546	4,345,546
Capital assets not being depreciated	11,547,901	454,570	12,002,471
Capital assets being depreciated, net	762,698,382	9,286,659	771,985,041
Total assets	<u>1,048,980,554</u>	<u>27,159,749</u>	<u>1,076,140,303</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	40,504,650	503,209	41,007,859
LIABILITIES			
Accounts payable	23,519,176	677,882	24,197,058
Unearned revenue	3,833,707	-	3,833,707
Advance from other governments	2,674,739	-	2,674,739
Noncurrent liabilities:			
Due within one year	18,830,631	184,094	19,014,725
Due in more than one year	137,822,578	1,796,309	139,618,887
Net pension liability	99,754,760	1,915,180	101,669,940
Other postemployment benefits obligation	4,419,906	-	4,419,906
Total liabilities	<u>290,855,497</u>	<u>4,573,465</u>	<u>295,428,962</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	36,085,031	341,000	36,426,031
Property taxes levied for subsequent years	2,382,329	17,303	2,399,632
Total deferred inflows of resources	<u>38,467,360</u>	<u>358,303</u>	<u>38,825,663</u>
NET POSITION			
Net investment in capital assets	663,198,830	9,741,229	672,940,059
Restricted			
General government	1,159,857	-	1,159,857
Public safety	1,073,512	-	1,073,512
Highways and streets	20,111,639	-	20,111,639
Health and sanitation	566,223	-	566,223
Conservation of natural resources	211,469	-	211,469
Economic development	1,746,382	-	1,746,382
Debt service	20,508,823	-	20,508,823
Shoreline sales:			
Expendable	984,584	-	984,584
Nonexpendable	19,119,023	-	19,119,023
Financial assurance	-	3,273,622	3,273,622
Unrestricted	31,482,005	9,716,339	41,198,344
Total net position	<u>\$ 760,162,347</u>	<u>\$ 22,731,190</u>	<u>\$ 782,893,537</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, 2017

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	\$ 48,530,937	\$ 20,498,364	\$ 1,734,856	\$ -	\$ (26,297,717)	\$ -	\$ (26,297,717)
Public safety	57,291,657	3,944,212	1,702,058	-	(51,645,387)	-	(51,645,387)
Highways and streets	52,877,191	6,785,054	20,191,659	24,182,578	(1,717,900)	-	(1,717,900)
Health and sanitation	5,470,905	663,118	3,354,718	-	(1,453,069)	-	(1,453,069)
Human services	97,303,366	12,812,171	39,938,587	-	(44,552,608)	-	(44,552,608)
Culture and recreation	3,486,461	-	393,136	-	(3,093,325)	-	(3,093,325)
Conservation of natural resources	9,844,470	10,867,757	344,017	-	1,367,304	-	1,367,304
Economic development	3,753,955	150	2,462,834	-	(1,290,971)	-	(1,290,971)
Interest and other charges	3,837,284	-	57	-	(3,837,227)	-	(3,837,227)
Total governmental activities	282,396,226	55,570,826	70,121,922	24,182,578	(132,520,900)	-	(132,520,900)
Business-type Activities:							
Environmental Services	3,956,187	6,795,857	302,361	-	-	3,142,031	3,142,031
Plat Books	38,500	17,805	-	-	-	(20,695)	(20,695)
Total business-type activities	3,994,687	6,813,662	302,361	-	-	3,121,336	3,121,336
Total primary government	\$ 286,390,913	\$ 62,384,488	\$ 70,424,283	\$ 24,182,578	(132,520,900)	3,121,336	(129,399,564)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					130,189,995	9,393	130,199,388
Property taxes, levied for debt service					6,790,164	-	6,790,164
Transportation sales tax					14,580,365	-	14,580,365
State shared not restricted to specific programs					18,325,839	695	18,326,534
Federal shared not restricted to specific programs					1,769,105	-	1,769,105
Investment earnings					5,515,189	180,632	5,695,821
Gain on disposal of capital assets					55,827	-	55,827
Transfers					(332,642)	332,642	-
Total general revenues and transfers					176,893,842	523,362	177,417,204
Changes in net position					44,372,942	3,644,698	48,017,640
Net position - January 1					715,789,405	19,086,492	734,875,897
Net position - December 31					\$ 760,162,347	\$ 22,731,190	\$ 782,893,537

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.

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.

ST. LOUIS COUNTY, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 71,904,849	\$ 30,193,350	\$ 22,577,085	\$ 1,006,264	\$ 17,107,739	\$ 5,414,510	\$ 9,191,265	\$ 157,395,062
Cash with fiscal agent	-	-	-	-	-	15,118,593	-	15,118,593
Investments	-	-	-	-	2,000,000	-	18,960,296	20,960,296
Delinquent taxes receivable	2,423,230	901,322	1,602,082	-	121,258	300,001	9,467	5,357,360
Accounts receivable (net)	142,686	363,157	308,708	10,885,559	2,588	-	4,988	11,707,686
Accrued interest receivable	700,511	-	-	149,391	10,640	-	-	860,542
Loans receivable	256,699	104,009	-	-	-	-	1,845,314	2,206,022
Interfund receivable	82,433	-	-	-	-	-	-	82,433
Due from other governments	1,949,510	17,923,831	6,877,177	-	-	-	562,189	27,312,707
Inventories	-	8,326,666	-	-	-	-	-	8,326,666
Prepaid items	389,541	-	3,422	-	-	-	-	392,963
Advances to other funds	-	-	-	-	1,762,351	-	-	1,762,351
Total Assets	77,849,459	57,812,335	31,368,474	12,041,214	21,004,576	20,833,104	30,573,519	251,482,681
LIABILITIES AND FUND BALANCES								
Accounts payable	1,909,794	967,563	2,985,256	113,277	3,707,472	-	296,203	9,979,565
Contracts payable	-	2,725,736	-	-	1,111,854	-	-	3,837,590
Salaries payable	1,603,544	427,074	817,964	79,410	-	-	4,575	2,932,567
Interfund payable	-	-	-	-	-	-	82,433	82,433
Due to other governments	354,539	414,768	940,845	11,587	-	-	268,144	1,989,883
Unearned revenue	882,086	2,220,282	241,076	15,000	-	-	-	3,358,444
Advance from other governments	-	2,674,739	-	-	-	-	-	2,674,739
Total Liabilities	4,749,963	9,430,162	4,985,141	219,274	4,819,326	-	651,355	24,855,221
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue								
Taxes	2,119,414	798,016	1,391,546	-	106,220	262,963	8,303	4,686,462
Property taxes levied in subsequent year	1,039,755	378,555	780,059	-	72,252	111,708	-	2,382,329
Grants	431,485	12,731,875	484,453	-	-	-	-	13,647,813
Long-term receivables	-	-	-	10,149,499	-	-	-	10,149,499
Total Deferred Inflows of Resources	3,590,654	13,908,446	2,656,058	10,149,499	178,472	374,671	8,303	30,866,103
FUND BALANCE								
Nonspendable								
Noncurrent loans	256,699	-	-	-	-	-	-	256,699
Inventories	-	8,326,666	-	-	-	-	-	8,326,666
Prepaid items	389,541	-	3,422	-	-	-	-	392,963
Environmental trust funds	-	-	-	-	-	-	19,119,023	19,119,023
Missing heirs	196,071	-	-	-	-	-	-	196,071
Restricted								
Unorganized town roads	-	166,528	-	-	-	-	-	166,528
Non-current loans	-	104,009	-	-	-	-	876,585	980,594
Transportation sales tax	-	8,943,454	-	-	-	-	-	8,943,454
Debt service	-	-	-	-	-	20,458,433	50,390	20,508,823
Health and sanitation	-	-	-	-	-	-	309,524	309,524
Improvement of natural resources	-	-	-	-	-	-	984,584	984,584
Economic development	869,797	-	-	-	-	-	-	869,797
Law library	403,594	-	-	-	-	-	-	403,594
Recorder's equipment	244,437	-	-	-	-	-	-	244,437
Communications	405,059	-	-	-	-	-	-	405,059
Extension service	211,469	-	-	-	-	-	-	211,469
Tax certificate assurance	198,110	-	-	-	-	-	-	198,110
Attorney forfeitures	229,770	-	-	-	-	-	-	229,770
Sheriff forfeitures	30,751	-	-	-	-	-	-	30,751
Sheriff fines	3,515	-	-	-	-	-	-	3,515
Data integration	113,276	-	-	-	-	-	-	113,276
Veterans' credit	-	-	-	15,000	-	-	-	15,000
Emergency contingency	5,942	-	-	23,969	-	-	-	29,911
Sheriff's contingency	823	-	-	-	-	-	-	823
Capital improvements	-	-	-	-	2,541,071	-	-	2,541,071
Committed								
Health and sanitation	-	-	-	-	-	-	1,317,902	1,317,902
Conservation of natural resources	-	-	-	-	-	-	5,879,778	5,879,778
Economic development	-	-	-	-	-	-	884,994	884,994
Retiree obligations	7,286,242	3,109,638	5,053,328	1,057,716	-	-	-	16,506,924
Vesting sick leave	3,996,811	929,041	1,640,671	422,592	-	-	-	6,989,115
Ditching	274,673	-	-	-	-	-	-	274,673

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

ST. LOUIS COUNTY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assigned								
Out of home placement	-	-	1,600,000	-	-	-	-	1,600,000
Major emergency road and bridge repair	-	500,000	-	-	-	-	-	500,000
Local road & bridge construction projects	-	716,047	-	-	-	-	-	716,047
Gas and diesel variability	-	962,947	-	-	-	-	-	962,947
State aid engineering	-	100,959	-	-	-	-	-	100,959
Salt Budget Carryforward	-	251,365	-	-	-	-	-	251,365
Depreciation reserve	-	-	-	-	3,818,991	-	-	3,818,991
Capital improvements	-	-	-	-	9,646,716	-	-	9,646,716
Parking	158,987	-	-	-	-	-	-	158,987
NEMESIS	848,814	-	-	-	-	-	-	848,814
Economic Development	1,082,671	-	-	-	-	-	-	1,082,671
General government	2,192,588	-	-	-	-	-	-	2,192,588
Culture & recreation	5,500	-	-	-	-	-	-	5,500
Public safety	1,220,282	-	-	-	-	-	-	1,220,282
Public safety innovation	874,865	-	-	-	-	-	-	874,865
Highways and streets	-	10,363,073	-	-	-	-	-	10,363,073
Health and sanitation	36,098	-	181	-	-	-	-	36,279
Information technology	7,892,280	-	380,665	-	-	-	-	8,272,945
GSC Remodel	-	-	562,420	-	-	-	-	562,420
Periodic Data Match	-	-	135,773	-	-	-	-	135,773
Prevention and Innovation	-	-	781,276	-	-	-	-	781,276
Human services	-	-	13,569,539	-	-	-	-	13,569,539
Conservation of natural resources	28,375	-	-	153,164	-	-	491,081	672,620
Planning & Zoning GIS	298,711	-	-	-	-	-	-	298,711
Mineral Management Program	340,000	-	-	-	-	-	-	340,000
Community & Economic Dev Blight Program	1,714,266	-	-	-	-	-	-	1,714,266
Elections	56,345	-	-	-	-	-	-	56,345
Camp Esquagama	115,000	-	-	-	-	-	-	115,000
Other Post Employment Benefits	500,000	-	-	-	-	-	-	500,000
Unassigned	37,027,480	-	-	-	-	-	-	37,027,480
Total Fund Balance	69,508,842	34,473,727	23,727,275	1,672,441	16,006,778	20,458,433	29,913,861	195,761,357
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 77,849,459	\$ 57,812,335	\$ 31,368,474	\$ 12,041,214	\$ 21,004,576	\$ 20,833,104	\$ 30,573,519	\$ 251,482,681

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, 2017

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

Total Fund balance - governmental funds (from above)	\$	195,761,357
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		771,321,104
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.		28,483,774
Other long-term assets reported as deferred inflows of resources.		(36,085,031)
Certain liabilities payable from other long term assets listed above are also not reported in the funds.		(4,120,041)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(248,066,001)
Other long-term liabilities reported as deferred outflows of resources.		40,504,650
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>12,362,535</u>
Net position of governmental activities	\$	<u><u>760,162,347</u></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, 2017

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	\$ 62,244,858	\$ 40,806,089	\$ 38,638,045	\$ -	\$ 2,756,541	\$ 6,790,164	\$ 785,975	\$ 152,021,672
Licenses and permits	295,331	42,910	-	-	-	-	-	338,241
Intergovernmental	18,086,991	40,351,717	54,674,561	31,876	201,194	315,431	2,852,956	116,514,726
Charges for services	22,122,242	4,032,771	4,083,033	-	-	-	-	30,238,046
Fines and forfeits	335,030	-	-	-	-	-	-	335,030
Earnings on investments	2,387,344	26,600	-	-	223,727	279,195	2,361,660	5,278,526
Gifts and contributions	25,385	-	-	-	-	-	-	25,385
Land and timber sales	-	-	-	7,986,493	-	-	1,208,000	9,194,493
Miscellaneous	1,393,515	2,639,732	913,751	34,077	14,982	238,670	57,602	5,292,329
Total Revenues	<u>106,890,696</u>	<u>87,899,819</u>	<u>98,309,390</u>	<u>8,052,446</u>	<u>3,196,444</u>	<u>7,623,460</u>	<u>7,266,193</u>	<u>319,238,448</u>
EXPENDITURES								
Current:								
General government	45,239,018	-	-	-	251,285	-	-	45,490,303
Public safety	51,111,195	-	-	-	74,033	-	-	51,185,228
Highways and streets	-	34,883,236	-	-	332,180	-	-	35,215,416
Health and sanitation	629,505	-	4,588,885	-	-	-	78,291	5,296,681
Human services	201,616	-	96,202,984	-	-	-	-	96,404,600
Culture and recreation	1,851,060	-	-	-	-	-	-	1,851,060
Conservation of natural resources	1,094,326	-	-	6,674,000	-	-	862,095	8,630,421
Economic development	1,057,108	-	-	-	-	-	2,654,661	3,711,769
Debt service:								
Principal	-	-	-	-	-	13,510,000	70,201	13,580,201
Interest and other charges	-	-	-	-	-	4,680,122	-	4,680,122
Capital outlay:								
General government	289,735	-	-	-	2,311,107	-	-	2,600,842
Public safety	2,010,491	-	-	-	852,711	-	-	2,863,202
Highways and streets	-	44,886,255	-	-	32,346,078	-	-	77,232,333
Conservation of natural resources	-	-	-	187,593	3,059	-	-	190,652
Total Expenditures	<u>103,484,054</u>	<u>79,769,491</u>	<u>100,791,869</u>	<u>6,861,593</u>	<u>36,170,453</u>	<u>18,190,122</u>	<u>3,665,248</u>	<u>348,932,830</u>
Excess (deficiency) of revenues over (under) expenditures	3,406,642	8,130,328	(2,482,479)	1,190,853	(32,974,009)	(10,566,662)	3,600,945	(29,694,382)
OTHER FINANCING SOURCES (USES)								
Transfers in	1,521,857	400,354	2,549,491	7,994	4,126,675	5,590,846	820,339	15,017,556
Transfers (out)	(6,004,921)	(6,398,791)	-	(1,107,259)	(234,726)	-	(1,471,361)	(15,217,058)
Sale of capital assets	79,938	90,073	-	18,535	-	-	-	188,546
Total other financing sources and uses	<u>(4,403,126)</u>	<u>(5,908,364)</u>	<u>2,549,491</u>	<u>(1,080,730)</u>	<u>3,891,949</u>	<u>5,590,846</u>	<u>(651,022)</u>	<u>(10,956)</u>
Net change in fund balances	(996,484)	2,221,964	67,012	110,123	(29,082,060)	(4,975,816)	2,949,923	(29,705,338)
Fund balances - January 1	70,505,326	32,385,648	23,660,263	1,562,318	45,088,838	25,434,249	26,963,938	225,600,580
Increase (decrease) in inventories	-	(133,885)	-	-	-	-	-	(133,885)
Fund balances - December 31	<u>\$ 69,508,842</u>	<u>\$ 34,473,727</u>	<u>\$ 23,727,275</u>	<u>\$ 1,672,441</u>	<u>\$ 16,006,778</u>	<u>\$ 20,458,433</u>	<u>\$ 29,913,861</u>	<u>\$ 195,761,357</u>

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, 2017

Net change in fund balances--total governmental funds (from previous page)	\$	(29,705,338)
Increase (Decrease) in inventories--total governmental funds (from previous page)		(133,885)
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.		7,395,653
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		(678,168)
Compensated absences		120,584
Bond interest payable		91,861
Bond premium amortization		750,976
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.		60,732,613
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.		(99,123)
Expenditures reported in the governmental funds are not considered expenses in the Statement of Activities		
Intra-general government function rent		36,164
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		13,580,201
The County's proportionate share of the of the Public Employees Retirement Association of Minnesota		(7,718,596)
Change in net position of governmental activities	<u>\$</u>	<u>44,372,942</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 61,390,692	\$ 61,966,769	\$ 62,244,858	\$ 278,089
Licenses and permits	274,274	274,274	295,331	21,057
Intergovernmental	18,121,582	18,473,275	18,086,991	(386,284)
Charges for services	22,177,486	22,324,669	22,122,242	(202,427)
Fines and forfeits	145,225	237,584	335,030	97,446
Earnings on investments	2,406,500	2,411,500	2,387,344	(24,156)
Gifts and contributions	17,100	18,600	25,385	6,785
Miscellaneous	1,309,190	1,279,552	1,393,515	113,963
Total revenues	<u>105,842,049</u>	<u>106,986,223</u>	<u>106,890,696</u>	<u>(95,527)</u>
EXPENDITURES				
General government				
Commissioners				
Personnel services	929,620	1,011,875	1,011,875	-
Other operating	289,148	294,348	236,250	58,098
Capital outlay	1,904	1,904	-	1,904
Total commissioners	<u>1,220,672</u>	<u>1,308,127</u>	<u>1,248,125</u>	<u>60,002</u>
Aid to other agencies				
Other operating	-	150,000	150,000	-
Port authority				
Other operating	12,000	12,000	12,000	-
County administrator				
Personnel services	1,879,172	1,788,417	799,188	989,229
Other operating	2,180,171	2,179,559	470,430	1,709,129
Total county administrator	<u>4,059,343</u>	<u>3,967,976</u>	<u>1,269,618</u>	<u>2,698,358</u>
Intergovernmental affairs				
Personnel services	137,351	138,982	138,093	889
Other operating	171,598	169,967	165,747	4,220
Total intergovernmental affairs	<u>308,949</u>	<u>308,949</u>	<u>303,840</u>	<u>5,109</u>
Labor relations				
Other operating	133,912	133,912	45,507	88,405
Planning and zoning				
Personnel services	1,408,102	1,438,363	1,435,281	3,082
Other operating	1,432,690	1,784,789	1,358,477	426,312
Total planning and zoning	<u>2,840,792</u>	<u>3,223,152</u>	<u>2,793,758</u>	<u>429,394</u>
Commitment representation				
Personnel services	2,500	2,500	-	2,500
Other operating	91,560	91,560	53,364	38,196
Total commitment representation	<u>94,060</u>	<u>94,060</u>	<u>53,364</u>	<u>40,696</u>
Court administrator				
Other operating	1,089,846	1,089,846	1,089,846	-
Examiner of titles				
Personnel services	119,363	119,363	116,373	2,990
Other operating	21,561	21,561	14,888	6,673
Total examiner of titles	<u>140,924</u>	<u>140,924</u>	<u>131,261</u>	<u>9,663</u>
County attorney				
Personnel services	7,380,016	7,381,814	7,188,926	192,888
Other operating	939,759	939,759	881,060	58,699
Total county attorney	<u>8,319,775</u>	<u>8,321,573</u>	<u>8,069,986</u>	<u>251,587</u>
Subtotal	<u>18,220,273</u>	<u>18,750,519</u>	<u>15,167,305</u>	<u>3,583,214</u>

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (CONTINUED)				
General government (continued)				
County auditor				
Personnel services	4,195,504	4,263,425	4,042,460	220,965
Other operating	1,743,338	1,743,338	1,000,947	742,391
Capital outlay	221,093	221,093	54,124	166,969
Total county auditor	<u>6,159,935</u>	<u>6,227,856</u>	<u>5,097,531</u>	<u>1,130,325</u>
Telecommunications				
Personnel services	482,292	-	-	-
Other operating	1,174,403	-	-	-
Capital outlay	120,397	-	-	-
Total telecommunications	<u>1,777,092</u>	<u>-</u>	<u>-</u>	<u>-</u>
Information Technology				
Personnel services	4,143,704	4,696,116	4,313,119	382,997
Other operating	2,597,590	4,154,853	3,369,644	785,209
Capital outlay	708,660	759,057	198,925	560,132
Total information technology	<u>7,449,954</u>	<u>9,610,026</u>	<u>7,881,688</u>	<u>1,728,338</u>
County assessor				
Personnel services	3,178,742	3,190,344	3,156,841	33,503
Other operating	841,765	766,691	728,820	37,871
Capital outlay	-	8,340	8,340	-
Total county assessor	<u>4,020,507</u>	<u>3,965,375</u>	<u>3,894,001</u>	<u>71,374</u>
Purchasing				
Personnel services	350,309	350,309	349,842	467
Other operating	30,202	30,202	25,845	4,357
Total purchasing	<u>380,511</u>	<u>380,511</u>	<u>375,687</u>	<u>4,824</u>
Microfilming				
Personnel services	147,230	147,230	145,798	1,432
Other operating	56,665	56,665	42,600	14,065
Total microfilming	<u>203,895</u>	<u>203,895</u>	<u>188,398</u>	<u>15,497</u>
Recorder				
Personnel services	1,885,266	1,908,584	1,908,584	-
Other operating	583,048	583,048	350,431	232,617
Capital outlay	5,000	5,000	-	5,000
Total recorder	<u>2,473,314</u>	<u>2,496,632</u>	<u>2,259,015</u>	<u>237,617</u>
Human Resources				
Personnel services	1,452,778	1,443,642	1,424,238	19,404
Other operating	326,268	356,354	288,869	67,485
Capital outlay	-	9,136	9,136	-
Total human resources	<u>1,779,046</u>	<u>1,809,132</u>	<u>1,722,243</u>	<u>86,889</u>
Veteran's service				
Personnel services	666,066	663,541	646,295	17,246
Other operating	135,683	149,508	149,208	300
Total veteran's service	<u>801,749</u>	<u>813,049</u>	<u>795,503</u>	<u>17,546</u>
Employee training				
Personnel services	236,679	236,679	229,115	7,564
Other operating	382,838	352,753	264,220	88,533
Total employee training	<u>619,517</u>	<u>589,432</u>	<u>493,335</u>	<u>96,097</u>
Elections				
Other operating	96,555	96,555	52,122	44,433
Subtotal	<u>25,762,075</u>	<u>26,192,463</u>	<u>22,759,523</u>	<u>3,432,940</u>

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (CONTINUED)				
General government (continued)				
Property management				
Personnel services	4,261,919	4,218,759	4,165,185	53,574
Other operating	3,473,139	3,617,328	3,394,724	222,604
Capital outlay	19,210	19,210	19,210	-
Total property management	<u>7,754,268</u>	<u>7,855,297</u>	<u>7,579,119</u>	<u>276,178</u>
Missing heirs				
Other operating	-	14,015	14,015	-
Health Care Reform				
Other operating	22,026	22,026	8,791	13,235
Total General Government	<u>51,758,642</u>	<u>52,834,320</u>	<u>45,528,753</u>	<u>7,305,567</u>
Public safety				
Arrowhead Regional Corrections				
Other operating	14,606,903	14,606,903	14,540,371	66,532
Sheriff				
Personnel services	12,468,727	13,014,797	12,913,048	101,749
Other operating	3,517,456	3,182,059	2,797,456	384,603
Capital outlay	778,586	708,586	643,300	65,286
Total sheriff	<u>16,764,769</u>	<u>16,905,442</u>	<u>16,353,804</u>	<u>551,638</u>
Boat and water safety				
Personnel services	50,511	6,880	6,880	-
Other operating	95,156	98,587	94,993	3,594
Capital outlay	-	21,951	21,951	-
Total boat and water safety	<u>145,667</u>	<u>127,418</u>	<u>123,824</u>	<u>3,594</u>
Medical examiner				
Other operating	615,220	615,220	600,300	14,920
Emergency management				
Personnel services	127,337	183,617	178,087	5,530
Other operating	53,851	320,310	258,328	61,982
Total emergency management	<u>181,188</u>	<u>503,927</u>	<u>436,415</u>	<u>67,512</u>
Rescue squad				
Other operating	261,975	248,515	241,307	7,208
Capital outlay	51,360	81,960	67,524	14,436
Total rescue squad	<u>313,335</u>	<u>330,475</u>	<u>308,831</u>	<u>21,644</u>
Law enforcement service				
Personnel services	664,867	661,684	552,772	108,912
Other operating	33,968	38,754	30,366	8,388
Total law enforcement service	<u>698,835</u>	<u>700,438</u>	<u>583,138</u>	<u>117,300</u>
Emergency communication				
Personnel services	3,769,634	3,904,630	3,875,882	28,748
Other operating	454,417	279,883	240,787	39,096
Capital outlay	-	218,076	218,076	-
Total emergency communication	<u>4,224,051</u>	<u>4,402,589</u>	<u>4,334,745</u>	<u>67,844</u>
Ambulance service				
Other operating	101,000	101,000	92,311	8,689
Subtotal	<u>37,650,968</u>	<u>38,293,412</u>	<u>37,373,739</u>	<u>919,673</u>

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (CONTINUED)				
Public safety (continued)				
Radio maintenance				
Personnel services	474,284	410,342	393,930	16,412
Other operating	462,108	479,749	354,536	125,213
Capital outlay	97,007	97,007	24,807	72,200
Total radio maintenance	<u>1,033,399</u>	<u>987,098</u>	<u>773,273</u>	<u>213,825</u>
Jail prisoners				
Personnel services	6,602,485	6,706,257	6,706,257	-
Other operating	4,712,410	4,423,507	3,977,992	445,515
Capital outlay	140,000	20,983	-	20,983
Total jail prisoners	<u>11,454,895</u>	<u>11,150,747</u>	<u>10,684,249</u>	<u>466,498</u>
Jail building				
Personnel services	520,948	521,286	521,286	-
Other operating	517,687	462,036	462,036	-
Capital outlay	-	7,664	7,664	-
Total jail building	<u>1,038,635</u>	<u>990,986</u>	<u>990,986</u>	<u>-</u>
Mine inspector				
Personnel services	237,025	237,025	205,781	31,244
Other operating	57,626	57,626	50,855	6,771
Total mine inspector	<u>294,651</u>	<u>294,651</u>	<u>256,636</u>	<u>38,015</u>
Volunteer fire department				
Other operating	17,000	597,293	569,860	27,433
Sheriff's NEMESIS system				
Personnel services	72,776	66,963	66,963	-
Other operating	741,540	744,435	700,004	44,431
Capital outlay	-	13,233	13,233	-
Total sheriff's NEMESIS system	<u>814,316</u>	<u>824,631</u>	<u>780,200</u>	<u>44,431</u>
Sheriff fines				
Other operating	30,000	17,386	14,472	2,914
Attorneys forfeitures				
Personnel services	16,883	17,022	17,022	-
Other operating	125,000	137,361	116,098	21,263
Total Attorneys forfeitures	<u>141,883</u>	<u>154,383</u>	<u>133,120</u>	<u>21,263</u>
Sheriff's forfeitures				
Other operating	94,906	143,170	101,934	41,236
Capital outlay	33,075	33,095	33,094	1
Total Sheriff's forfeitures	<u>127,981</u>	<u>176,265</u>	<u>135,028</u>	<u>41,237</u>
Enhanced 9-1-1				
Other operating	247,010	236,696	117,056	119,640
Capital outlay	984,000	1,260,483	976,917	283,566
Total enhanced 9-1-1	<u>1,231,010</u>	<u>1,497,179</u>	<u>1,093,973</u>	<u>403,206</u>
Law library				
Other operating	302,906	302,906	286,368	16,538
City/County antenna site				
Other operating	6,200	6,400	6,351	49
Capital outlay	3,925	3,925	3,925	-
Total City/County antenna site	<u>10,125</u>	<u>10,325</u>	<u>10,276</u>	<u>49</u>
Sheriff's contingent fund				
Other operating	15,000	19,506	19,506	-
Total Public Safety	<u>54,162,769</u>	<u>55,316,768</u>	<u>53,121,686</u>	<u>2,195,082</u>

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (CONTINUED)				
Health and sanitation				
Occupational safety				
Personnel services	383,609	390,886	390,886	-
Other operating	282,555	275,279	220,019	55,260
Total occupational safety	<u>666,164</u>	<u>666,165</u>	<u>610,905</u>	<u>55,260</u>
Midway Township Sewer				
Other operating	18,600	18,600	18,600	-
Total Health and Sanitation	<u>684,764</u>	<u>684,765</u>	<u>629,505</u>	<u>55,260</u>
Human services				
Emergency shelter program				
Personnel services	21,000	11,660	11,660	-
Other operating	343,176	189,956	189,956	-
Total emergency shelter program	<u>364,176</u>	<u>201,616</u>	<u>201,616</u>	<u>-</u>
Total Human Services	<u>364,176</u>	<u>201,616</u>	<u>201,616</u>	<u>-</u>
Culture and recreation				
Tourism promotion				
Other operating	169,208	169,820	169,493	327
Depot				
Other operating	164,800	196,329	190,829	5,500
Capital outlay	30,000	-	-	-
Total depot	<u>194,800</u>	<u>196,329</u>	<u>190,829</u>	<u>5,500</u>
Arrowhead Library System				
Other operating	699,503	699,503	699,503	-
Historical Society				
Other operating	346,998	346,998	346,998	-
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	393,125	106,875
Youth activities program				
Other operating	25,000	25,000	25,000	-
Total Culture and Recreation	<u>1,961,871</u>	<u>1,964,012</u>	<u>1,851,060</u>	<u>112,952</u>

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
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	289,304	289,304	256,648	32,656
Other operating	397,795	397,888	371,213	26,675
Total county agent	687,099	687,192	627,861	59,331
Youth task force				
Personnel services	188,336	188,336	185,730	2,606
Other operating	173,401	181,208	158,235	22,973
Total youth task force	361,737	369,544	343,965	25,579
Total Conservation of Natural Resources	1,171,336	1,179,236	1,094,326	84,910
Economic development				
Revolving loans				
Other operating	727,047	1,399,547	1,057,108	342,439
Total Expenditures	110,830,605	113,580,264	103,484,054	10,096,210
Excess of revenues over (under) expenditures	(4,988,556)	(6,594,041)	3,406,642	10,000,683
OTHER FINANCING SOURCES (USES)				
Transfers in	1,546,844	1,521,856	1,521,857	1
Transfers (out)	(2,344,714)	(6,004,921)	(6,004,921)	-
Sale of capital assets	-	51,400	79,938	28,538
Total other financing sources (uses)	(797,870)	(4,431,665)	(4,403,126)	28,539
Net change in fund balances	(5,786,426)	(11,025,706)	(996,484)	10,029,222
Fund balances - January 1	70,505,326	70,505,326	70,505,326	-
Fund balances - December 31	<u>\$ 64,718,900</u>	<u>\$ 59,479,620</u>	<u>\$ 69,508,842</u>	<u>\$ 10,029,222</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, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 40,692,817	\$ 40,692,817	\$ 40,806,089	\$ 113,272
Licenses and permits	45,000	45,000	42,910	(2,090)
Intergovernmental	41,489,794	42,475,839	40,351,717	(2,124,122)
Charges for services	819,142	2,348,113	4,032,771	1,684,658
Earnings on investments	-	26,600	26,600	-
Miscellaneous	1,087,693	1,671,696	2,639,732	968,036
Total Revenues	<u>84,134,446</u>	<u>87,260,065</u>	<u>87,899,819</u>	<u>639,754</u>
EXPENDITURES				
Highways and streets				
Administration				
Personnel services	3,705,158	2,891,373	2,891,373	-
Other operating	2,428,363	2,290,355	1,553,130	737,225
Capital outlay	120,951	1,676,171	1,639,341	36,830
Total administration	<u>6,254,472</u>	<u>6,857,899</u>	<u>6,083,844</u>	<u>774,055</u>
Road maintenance				
Personnel services	13,424,089	13,427,505	13,150,751	276,754
Other operating	3,286,265	2,628,996	1,790,468	838,528
Capital outlay	-	705,627	705,627	-
Total road maintenance	<u>16,710,354</u>	<u>16,762,128</u>	<u>15,646,846</u>	<u>1,115,282</u>
Road construction				
Personnel services	3,350,000	169,937	-	169,937
Other operating	61,154,308	14,993,553	1,925,923	13,067,630
Capital outlay	4,119	42,541,287	42,541,287	-
Total road construction	<u>64,508,427</u>	<u>57,704,777</u>	<u>44,467,210</u>	<u>13,237,567</u>
Equipment maintenance and shops				
Personnel services	4,093,954	4,161,384	4,025,309	136,075
Other operating	11,153,651	10,379,861	9,546,282	833,579
Total equipment maintenance and shops	<u>15,247,605</u>	<u>14,541,245</u>	<u>13,571,591</u>	<u>969,654</u>
Total Expenditures	<u>102,720,858</u>	<u>95,866,049</u>	<u>79,769,491</u>	<u>16,096,558</u>
Excess of Revenues Over (Under) Expenditures	(18,586,412)	(8,605,984)	8,130,328	16,736,312
OTHER FINANCING SOURCES (USES)				
Transfers in	340,000	400,354	400,354	-
Transfers (out)	(5,868,731)	(6,398,791)	(6,398,791)	-
Sale of capital assets	-	25,499	90,073	64,574
Total other financing sources (uses)	<u>(5,528,731)</u>	<u>(5,972,938)</u>	<u>(5,908,364)</u>	<u>64,574</u>
Net change in fund balances	(24,115,143)	(14,578,922)	2,221,964	16,800,886
Fund Balance - January 1	32,385,648	32,385,648	32,385,648	-
Increase (decrease) in inventories	-	-	(133,885)	(133,885)
Fund Balance - December 31	<u>\$ 8,270,505</u>	<u>\$ 17,806,726</u>	<u>\$ 34,473,727</u>	<u>\$ 16,667,001</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, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 38,629,087	\$ 38,629,087	\$ 38,638,045	\$ 8,958
Intergovernmental	53,611,846	56,132,943	54,674,561	(1,458,382)
Charges for services	3,277,453	3,277,453	4,083,033	805,580
Miscellaneous	727,900	744,638	913,751	169,113
Total Revenues	<u>96,246,286</u>	<u>98,784,121</u>	<u>98,309,390</u>	<u>(474,731)</u>
EXPENDITURES				
Human services				
Administration				
Personnel services	6,225,499	6,117,700	6,117,700	-
Other operating	7,167,920	6,748,036	6,265,930	482,106
Total administration	<u>13,393,419</u>	<u>12,865,736</u>	<u>12,383,630</u>	<u>482,106</u>
Income maintenance				
Personnel services	13,469,779	12,154,533	12,154,533	-
Other operating	3,765,129	3,869,627	3,463,855	405,772
Total income maintenance	<u>17,234,908</u>	<u>16,024,160</u>	<u>15,618,388</u>	<u>405,772</u>
Social services				
Personnel services	26,951,616	28,191,646	28,191,647	(1)
Other operating	34,889,973	40,268,201	40,009,319	258,882
Total social services	<u>61,841,589</u>	<u>68,459,847</u>	<u>68,200,966</u>	<u>258,881</u>
Total human services	<u>92,469,916</u>	<u>97,349,743</u>	<u>96,202,984</u>	<u>1,146,759</u>
Health and sanitation				
Administration				
Personnel services	280,623	311,354	309,991	1,363
Other operating	139,529	141,824	141,824	-
Total administration	<u>420,152</u>	<u>453,178</u>	<u>451,815</u>	<u>1,363</u>
Nursing				
Personnel services	3,961,981	3,675,120	3,670,412	4,708
Other operating	556,606	565,266	466,658	98,608
Total nursing	<u>4,518,587</u>	<u>4,240,386</u>	<u>4,137,070</u>	<u>103,316</u>
Total health and sanitation	<u>4,938,739</u>	<u>4,693,564</u>	<u>4,588,885</u>	<u>104,679</u>
Total Expenditures	<u>97,408,655</u>	<u>102,043,307</u>	<u>100,791,869</u>	<u>1,251,438</u>
Excess of Revenues Over (Under) Expenditures	(1,162,369)	(3,259,186)	(2,482,479)	776,707
OTHER FINANCING SOURCES (USES)				
Transfers in	141,852	2,549,491	2,549,491	-
Total other financing sources (uses)	<u>141,852</u>	<u>2,549,491</u>	<u>2,549,491</u>	<u>-</u>
Net change in fund balances	(1,020,517)	(709,695)	67,012	776,707
Fund Balance - January 1	<u>23,660,263</u>	<u>23,660,263</u>	<u>23,660,263</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 22,639,746</u>	<u>\$ 22,950,568</u>	<u>\$ 23,727,275</u>	<u>\$ 776,707</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FORFEITED TAX SALE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 19,039	\$ 19,039	\$ 31,876	\$ 12,837
Land and timber sales	7,710,000	7,710,000	7,986,493	276,493
Miscellaneous	53,000	48,000	34,077	(13,923)
Total Revenues	<u>7,782,039</u>	<u>7,777,039</u>	<u>8,052,446</u>	<u>275,407</u>
EXPENDITURES				
Current:				
Conservation of natural resources				
Personnel services	5,346,516	5,346,516	4,683,797	662,719
Other operating	2,087,687	2,646,933	1,990,203	656,730
Capital outlay	383,842	402,057	187,593	214,464
Total Expenditures	<u>7,818,045</u>	<u>8,395,506</u>	<u>6,861,593</u>	<u>1,533,913</u>
Excess of Revenues Over (Under) Expenditures	(36,006)	(618,467)	1,190,853	1,809,320
OTHER FINANCING SOURCES (USES)				
Transfers in	-	7,994	7,994	-
Transfers (out)	(600,000)	(1,107,259)	(1,107,259)	-
Sale of capital assets	-	15,000	18,535	3,535
Total other financing sources (uses)	<u>(600,000)</u>	<u>(1,084,265)</u>	<u>(1,080,730)</u>	<u>3,535</u>
Net change in fund balances	(636,006)	(1,702,732)	110,123	1,812,855
Fund Balance - January 1	<u>1,562,318</u>	<u>1,562,318</u>	<u>1,562,318</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 926,312</u>	<u>\$ (140,414)</u>	<u>\$ 1,672,441</u>	<u>\$ 1,812,855</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. It also includes environmental oversight activities such as ground water quality and septic system compliance throughout the County.

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Plat Books	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,972,504	\$ 152,572	\$ 2,125,076	\$ 8,213,791
Investments	11,469,028	-	11,469,028	15,292,883
Delinquent taxes receivable	6,621	-	6,621	-
Accounts receivable (net)	271,981	227	272,208	509,608
Accrued interest receivable	30,461	-	30,461	57,771
Due from other governments	-	-	-	9,105
Inventories	-	36,570	36,570	51,369
Prepaid items	300	-	300	-
Total current assets	<u>13,750,895</u>	<u>189,369</u>	<u>13,940,264</u>	<u>24,134,527</u>
Noncurrent assets:				
Restricted assets				
Financial assurance				
Cash and cash equivalents	932,342	-	932,342	-
Investments	3,413,204	-	3,413,204	-
Accrued interest receivable	12,124	-	12,124	-
Health and sanitation				
Capital assets				
Land	277,966	-	277,966	25,500
Buildings and structures	7,181,402	-	7,181,402	2,575,959
Improvements other than buildings	10,917,754	-	10,917,754	-
Machinery and equipment	1,106,882	-	1,106,882	57,081
Vehicles	1,590,946	-	1,590,946	2,600,945
Construction in progress	176,604	-	176,604	-
Less accumulated depreciation	<u>(11,510,325)</u>	<u>-</u>	<u>(11,510,325)</u>	<u>(2,334,306)</u>
Total capital assets, net	<u>9,741,229</u>	<u>-</u>	<u>9,741,229</u>	<u>2,925,179</u>
Total noncurrent assets	<u>14,098,899</u>	<u>-</u>	<u>14,098,899</u>	<u>2,925,179</u>
Total assets	<u>27,849,794</u>	<u>189,369</u>	<u>28,039,163</u>	<u>27,059,706</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	503,209	-	503,209	-
Total deferred outflows of resources	<u>503,209</u>	<u>-</u>	<u>503,209</u>	<u>-</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Plat Books	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	594,017	-	594,017	169,673
Salaries payable	49,746	-	49,746	15,627
Compensated absences payable	184,094	-	184,094	51,715
Claims payable	-	-	-	2,993,462
Due to other governments	34,119	-	34,119	69,074
Unearned revenue	-	-	-	475,263
Advances from other funds	-	-	-	37,497
Total current liabilities	<u>861,976</u>	<u>-</u>	<u>861,976</u>	<u>3,812,311</u>
Noncurrent liabilities:				
Compensated absences payable	712,261	-	712,261	215,852
Claims payable	-	-	-	5,403,662
OPEB obligation	-	-	-	4,419,906
Advances from other funds	-	-	-	1,724,854
Closure and post-closure liabilities	1,084,048	-	1,084,048	-
Pension	1,915,180	-	1,915,180	-
Total noncurrent liabilities	<u>3,711,489</u>	<u>-</u>	<u>3,711,489</u>	<u>11,764,274</u>
Total liabilities	<u>4,573,465</u>	<u>-</u>	<u>4,573,465</u>	<u>15,576,585</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	341,000	-	341,000	-
Property taxes levied for subsequent years	17,303	-	17,303	-
Total deferred outflows of resources	<u>358,303</u>	<u>-</u>	<u>358,303</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	9,741,229	-	9,741,229	2,925,179
Restricted for financial assurance	3,273,622	-	3,273,622	-
Unrestricted	10,406,384	189,369	10,595,753	8,557,942
Total net position	<u>\$ 23,421,235</u>	<u>\$ 189,369</u>	<u>\$ 23,610,604</u>	<u>\$ 11,483,121</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(879,414)</u>	
Net position of business type activities			<u>\$ 22,731,190</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, 2017

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Plat Books	Total	
Operating Revenues				
Charges for services	\$ 6,317,205	\$ 17,805	\$ 6,335,010	\$ 37,539,793
Licenses and permits	6,276	-	6,276	-
Other	470,591	-	470,591	113,031
Total Operating Revenues	6,794,072	17,805	6,811,877	37,652,824
Operating Expenses				
Personal services	3,227,184	-	3,227,184	1,061,721
Contractual services	3,074,969	-	3,074,969	4,629,498
Materials	258,664	38,500	297,164	363,026
OPEB expense	-	-	-	123,338
Claims paid	-	-	-	31,291,784
Depreciation	(2,615,611)	-	(2,615,611)	317,568
Total Operating Expenses	3,945,206	38,500	3,983,706	37,786,935
Operating Income (Loss)	2,848,866	(20,695)	2,828,171	(134,111)
Nonoperating Revenues (Expenses)				
Taxes	9,393	-	9,393	-
Grants	303,056	-	303,056	6,061
Earnings on investments	180,632	-	180,632	236,663
Loss or gain on asset disposal	(535)	-	(535)	(83,259)
Total Nonoperating Revenues (Expenses)	492,546	-	492,546	159,465
Income (Loss) Before Transfers	3,341,412	(20,695)	3,320,717	25,354
Transfers in	362,156	-	362,156	205,000
Transfers out	(29,514)	-	(29,514)	(338,138)
Change in net position	3,674,054	(20,695)	3,653,359	(107,784)
Net position - January 1	19,747,181	210,064	19,957,245	11,590,905
Net position - December 31	\$ 23,421,235	\$ 189,369	\$ 23,610,604	\$ 11,483,121
Change in net position			\$ 3,653,359	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(8,661)	
Change in net position of business type activities			\$ 3,644,698	

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, 2017

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Environmental Services	Plat Books	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 6,448,366	\$ 17,805	\$ 6,466,171	\$ -
Receipts from interfund services provided	-	511	511	38,010,149
Payments to suppliers	(4,314,929)	(26,462)	(4,341,391)	(3,708,910)
Payments to employees	(3,103,268)	-	(3,103,268)	(1,140,725)
Claims paid	-	-	-	(32,232,436)
Other receipts	494,170	-	494,170	164,558
Net cash provided (used) by operating activities	<u>(475,661)</u>	<u>(8,146)</u>	<u>(483,807)</u>	<u>1,092,636</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from taxes	13,800	-	13,800	-
Proceeds from grants	303,056	-	303,056	-
Transfers from other funds	362,156	-	362,156	205,000
Transfers to other funds	(29,514)	-	(29,514)	(338,138)
Operating grants	-	-	-	1,200
Net cash provided (used) by noncapital financing activities	<u>649,498</u>	<u>-</u>	<u>649,498</u>	<u>(131,938)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(259,471)	-	(259,471)	(267,195)
Proceeds from sale of capital assets	1,785	-	1,785	29,161
Proceeds from advance from other funds	-	-	-	(37,497)
Net cash provided (used) by capital and related financing activities	<u>(257,686)</u>	<u>-</u>	<u>(257,686)</u>	<u>(275,531)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(1,983,708)	-	(1,983,708)	(3,775,586)
Sale of investments	2,438,010	-	2,438,010	4,966,691
Interest and dividends	301,617	-	301,617	314,066
Net cash provided by investing activities	<u>755,919</u>	<u>-</u>	<u>755,919</u>	<u>1,505,171</u>
Net Increase (Decrease) in Cash and Cash Equivalents	672,070	(8,146)	663,924	2,190,338
Balances - January 1	<u>2,232,774</u>	<u>160,718</u>	<u>2,393,492</u>	<u>6,023,453</u>
Balances - December 31	<u>\$ 2,904,844</u>	<u>\$ 152,572</u>	<u>\$ 3,057,416</u>	<u>\$ 8,213,791</u>
Detail on Statement of Net Position				
Cash and cash equivalents				
Current	\$ 1,972,504	\$ 152,572	\$ 2,125,076	\$ 8,213,791
Restricted				
Financial assurance	932,342	-	932,342	-
Total	<u>\$ 2,904,846</u>	<u>\$ 152,572</u>	<u>\$ 3,057,418</u>	<u>\$ 8,213,791</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, 2017

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Environmental Services	Plat Books	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 2,848,866	\$ (20,695)	\$ 2,828,171	\$ (134,111)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	(2,615,611)	-	(2,615,611)	317,568
(Increase) Decrease Receivables, net	131,162	511	131,673	514,455
(Increase) Loans Receivable	-	-	-	-
(Increase) Decrease Due from other governments	-	-	-	41,526
(Increase) Decrease Inventories	-	12,038	12,038	(6,568)
(Increase) Decrease Unavailable revenue	17,304	-	17,304	-
(Increase) Decrease Deferred pension outflows	247,487	-	247,487	-
Increase (Decrease) Net pension liability	(545,030)	-	(545,030)	-
Increase (Decrease) Deferred pension inflows	453,740	-	453,740	-
Increase (Decrease) Accounts payable	95,396	-	95,396	(63,597)
Increase (Decrease) Salaries payable	(820)	-	(820)	(3,601)
Increase (Decrease) Contracts payable	-	-	-	-
Increase (Decrease) Compensated absences payable	(31,461)	-	(31,461)	74,082
Increase (Decrease) Claims payable	-	-	-	262,703
Increase (Decrease) Due to other governments	(7,989)	-	(7,989)	939
Increase (Decrease) OPEB obligation	-	-	-	123,338
Increase (Decrease) Unearned revenue	-	-	-	(34,098)
Increase (Decrease) Closure payable	(1,068,703)	-	(1,068,703)	-
Total Adjustments	<u>(3,324,525)</u>	<u>12,549</u>	<u>(3,311,976)</u>	<u>1,226,747</u>
Net cash provided (used) by operating activities	<u>\$ (475,659)</u>	<u>\$ (8,146)</u>	<u>\$ (483,805)</u>	<u>\$ 1,092,636</u>
NON-CASH ACTIVITIES				
Change in fair value of investments	\$ 94,451	\$ -	\$ 94,451	\$ (88,437)

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

FIDUCIARY FUNDS

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

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

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017

	Investment Trusts	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 1,371,105	\$ 15,254,559
Investments	5,000,000	2,142,380
Delinquent taxes receivable	-	64,590
Accounts receivable	-	95,790
Accrued interest receivable	36,521	9,995
Due from other governments	-	4,801,893
Total Assets	6,407,626	22,369,207
 LIABILITIES		
Accounts payable	-	4,317,128
Contracts payable	-	65,014
Salaries payable	-	308,419
Due to other governments	671,272	17,678,646
Total Liabilities	671,272	22,369,207
 NET POSITION		
Held in trust for pool participants and other purposes	\$ 5,736,354	\$ -

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, 2017

	Investment Trusts
ADDITIONS	
Taconite taxes	\$ 35,608,358
Earnings on investments	96,938
Total Additions	35,705,296
DEDUCTIONS	
Distributions to participants	35,561,046
Changes in net position	144,250
Net position - January 1	5,592,104
Net position - December 31	\$ 5,736,354

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

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Note 1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

ST. LOUIS COUNTY, MINNESOTA
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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.

Pensions. 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. Investments are reported at fair value.

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

Enterprise Funds account for Plat Book activities.

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

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

ST. LOUIS COUNTY, MINNESOTA
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Agency Funds account for resources held by the County in a purely custodial capacity and include the State of Minnesota, Beer-Auctioneer Licenses, Taxes and Penalties, Payroll Deductions, Human Services Conference, Canceled Check, Arrowhead Regional Corrections, Permit to Carry Firearms, Minneapolis - Duluth/Superior Passenger Rail Alliance, Civil Funds, Community Health Services, Duluth Area Family Service Collaborative, Local Collaborative Time Study, Regional Railroad Authority, Northern Counties Land Use Board, Voyagers National Joint Venture, Sheriff Forfeits/Evidence, Recorder's Deposit Fund, MN Regional Parks and Trails, Social Welfare Fund, Estate Recovery Fund and Jail Inmate/Kiosk..

The County's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as of and for the year ended December 31, 2017. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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D. Reconciliation of Government-Wide and Fund Financial Statements

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

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

	Total Governmental Funds	Long-term Assets Liabilities (1)	Internal Service Funds (2)	Reclassification and Elimination (3)	Statement of Net Position Total
ASSETS					
Cash and cash equivalents/pooled investments	\$ 157,395,062	\$ -	\$ 8,213,791	\$ -	\$ 165,608,853
Cash with fiscal agent	15,118,593	-	-	-	15,118,593
Investments	20,960,296	-	15,292,883	-	36,253,179
Delinquent taxes receivable	5,357,360	-	-	(5,357,360)	-
Accounts receivable (net)	11,707,686	-	509,608	(12,217,294)	-
Accrued interest receivable	860,542	-	57,771	(918,313)	-
Loans receivable	2,206,022	-	-	(2,206,022)	-
Interfund receivable	82,433	-	-	(82,433)	-
Due from other governments	27,312,707	-	9,105	(27,321,812)	-
Receivables (net)	-	-	-	48,103,234	48,103,234
Internal balances	-	-	879,414	-	879,414
Inventories	8,326,666	-	51,369	-	8,378,035
Prepaid items	392,963	-	-	-	392,963
Advances to other funds	1,762,351	-	-	(1,762,351)	-
Capital assets not being depreciated	-	11,522,401	25,500	-	11,547,901
Capital assets being depreciated, net	-	759,798,703	2,899,679	-	762,698,382
Total Assets	<u>251,482,681</u>	<u>771,321,104</u>	<u>27,939,120</u>	<u>(1,762,351)</u>	<u>1,048,980,554</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	-	40,504,650	-	-	40,504,650
LIABILITIES					
Accounts payable	9,979,565	-	169,673	13,369,938	23,519,176
Contracts payable	3,837,590	-	-	(3,837,590)	-
Salaries payable	2,932,567	-	15,627	(2,948,194)	-
Interfund payable	82,433	-	-	(82,433)	-
Bond interest payable	-	322,723	-	(322,723)	-
Due to other governments	1,989,883	4,120,041	69,074	(6,178,998)	-
Unearned revenue	3,358,444	-	475,263	-	3,833,707
Advance from other governments	2,674,739	-	-	-	2,674,739
Net pension liability	-	99,754,760	-	-	99,754,760
Other postemployment benefits obligation	-	-	4,419,906	-	4,419,906
Due within one year	-	15,785,454	3,082,674	(37,497)	18,830,631
Due in more than one year	-	132,203,064	7,344,368	(1,724,854)	137,822,578
Total Liabilities	<u>24,855,221</u>	<u>252,186,042</u>	<u>15,576,585</u>	<u>(1,762,351)</u>	<u>290,855,497</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes	4,686,462	(4,686,462)	-	-	-
Grants	13,647,813	(13,647,813)	-	-	-
Property taxes levied in subsequent year	2,382,329	-	-	-	2,382,329
Pension related items	-	36,085,031	-	-	36,085,031
Long-term receivables	10,149,499	(10,149,499)	-	-	-
Total Deferred Inflows of Resources	<u>30,866,103</u>	<u>7,601,257</u>	<u>-</u>	<u>-</u>	<u>38,467,360</u>
FUND BALANCE/NET POSITION					
Net investment in capital assets	-	660,273,651	2,925,179	-	663,198,830
Nonspendable	28,291,422	-	-	(28,291,422)	-
Restricted	37,190,090	-	-	28,291,422	65,481,512
Committed	31,853,386	-	-	(31,853,386)	-
Assigned	61,398,979	-	-	(61,398,979)	-
Unassigned	37,027,480	(108,235,196)	9,437,356	61,770,360	-
Unrestricted	-	-	-	31,482,005	31,482,005
Total Fund Balance/Net Position	<u>195,761,357</u>	<u>552,038,455</u>	<u>12,362,535</u>	<u>-</u>	<u>760,162,347</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	<u>\$ 251,482,681</u>	<u>\$ 811,825,754</u>	<u>\$ 27,939,120</u>	<u>\$ (1,762,351)</u>	<u>\$ 1,089,485,204</u>

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

Cost of capital assets	\$ 1,126,374,945
Accumulated depreciation	<u>(355,053,841)</u>
	<u>\$ 771,321,104</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>\$ (28,483,774)</u>
Adjustment of due to other governments	<u>\$ 4,120,041</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, 2017 were:

Bond interest payable	<u>\$ 322,723</u>
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	Due Within One Year	Due In More Than One Year	Total
Bonds and notes payable	\$ 8,694,115	\$ 108,582,355	\$ 117,276,470
Compensated absences	7,091,339	23,620,709	30,712,048
	<u>\$ 15,785,454</u>	<u>\$ 132,203,064</u>	<u>\$ 147,988,518</u>

Net Pension Liability	\$ 99,754,760
Pension Related Items - Deferred Outflows	(40,504,650)
Pension Related Items - Deferred Inflows	36,085,031
	<u>\$ 95,335,141</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>\$ 879,414</u>
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(3) Reclassifications are used primarily to condense various receivables and payables into single totals, Receivables, net and Accounts payable.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

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	152,021,673	(461,149)	-	-	(151,560,524)	-
Property taxes						
General purpose	-	-	-	-	130,189,995	130,189,995
Debt service	-	-	-	-	6,790,164	6,790,164
Transportation sales tax	-	-	-	-	14,580,365	14,580,365
Licenses and permits	338,241	-	-	-	(338,241)	-
Intergovernmental	116,514,726	-	-	-	(116,514,726)	-
State shared	-	102,886	-	-	18,222,953	18,325,839
Federal shared	-	-	-	-	1,769,105	1,769,105
Operating grants	-	5,916,972	-	-	64,204,950	70,121,922
Capital grants	-	278,296	-	-	23,904,282	24,182,578
Charges for services	30,238,046	67,819	-	-	25,264,961	55,570,826
Fines and forfeits	335,030	-	-	-	(335,030)	-
Earnings on						
investments	5,278,526	-	-	236,663	-	5,515,189
Gifts and contributions	25,385	-	-	-	(25,385)	-
Land and timber sales	9,194,493	1,544,816	-	-	(10,739,309)	-
Miscellaneous	5,292,329	121,231	-	-	(5,413,560)	-
Total	319,238,449	7,570,871	-	236,663	-	327,045,983
Expenditures/Expenses						
Current:						
General government	45,490,303	1,315,872	2,001,804	(277,042)	-	48,530,937
Public safety	51,185,228	4,071,354	1,761,514	273,561	-	57,291,657
Highways and streets	35,215,416	829,957	16,151,330	680,488	-	52,877,191
Health and sanitation	5,296,681	214,337	187	(40,300)	-	5,470,905
Human services	96,404,600	1,105,589	248,404	(455,227)	-	97,303,366
Culture and recreation	1,851,060	-	1,635,401	-	-	3,486,461
Conservation of						
natural resources	8,630,421	994,592	198,290	21,167	-	9,844,470
Economic development	3,711,769	17,418	24,768	-	-	3,753,955
Debt service:						
Principal	13,580,201	-	(13,580,201)	-	-	-
Interest and						
other charges	4,680,122	-	(842,838)	-	-	3,837,284
Capital Outlay	82,887,029	-	(82,887,029)	-	-	-
Total	348,932,830	8,549,119	(75,288,370)	202,647	-	282,396,226
Other financing uses/changes in net position:						
Transfers in	15,017,556	-	-	204,998	-	15,222,554
Transfers out	(15,217,058)	-	-	(338,138)	-	(15,555,196)
Sale of capital assets	188,546	-	(132,719)	-	-	55,827
Decrease in inventories	(133,885)	133,885	-	-	-	-
Total	(144,841)	133,885	(132,719)	(133,140)	-	(276,815)
Net change for the year	(29,839,222)	(844,363)	75,155,651	(99,124)	-	44,372,942

(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.

ST. LOUIS COUNTY, MINNESOTA
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Property taxes	\$ (461,149)
Long-term receivables:	
Intergovernmental	6,463,637
Intra-general government function rent	36,164
Charges for services	59,305
Land & timber sales	1,544,816
Miscellaneous	<u>(60,352)</u>
	<u>\$ 7,582,421</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	\$ 678,168
Intra-general government function rent	36,164
Increase in inventories	133,885
Compensated absences	(120,584)
Pensions	7,718,596
	<u>\$ 8,446,229</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	\$ (82,887,029)
Net disposal of capital assets	132,718
Depreciation expense	22,021,698
Difference	<u>\$ (60,732,613)</u>

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

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

Principal payments made	\$ (13,580,201)
Bond interest payable	(91,861)
Bond premium amortization	(750,976)
	<u>\$ (14,423,038)</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 \$19,864,084.

Procedure for Preparing the Annual Budget

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

F. Reclassifications

Several account balances were reclassified as of and for the year ended December 31, 2016, 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, 2017. Although comparative statements for 2016 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 2017 were \$2,387,344. Each fund's share of the pool is shown on the financial statements as "Cash and Cash Equivalents." For proprietary fund-type statement of cash flows, all change funds and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

St. Louis County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission. Investment in the pool is measured at net asset value per share provided by MAGIC. 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.

Inventories

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

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

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

Prepaid items

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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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. The estimated useful lives are:

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

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

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

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

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

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

Unvested sick leave for all County funds in the amount of \$7,975,675 at December 31, 2017 is available to employees in the event of illness-related absences and is not reported in the financial statements.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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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 12/31/17, the outstanding principal balance was \$2.7 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 \$1,084,048 for the open area reported on the Environmental Services Enterprise Fund statement of net position as landfill closure and postclosure liability at December 31, 2017, represents the following:

Postclosure liability	
This is the liability for post closure costs for the Regional Landfill.	\$466,965
It is based on the use of 41.35% 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 41.35% of the existing open area.	\$617,083

The County will recognize the remaining \$1,537,337 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 2017. The County expects the open area to be closed in 2023 or later. Actual costs may differ due to inflation, deflation, changes in technology, or changes in applicable laws or regulations.

The County is required by state and federal laws and regulations to make annual contributions to a restricted account to finance closure and postclosure care of the last cell that will be accepting waste. The County is in compliance with these requirements, and at December 31, 2017, restricted assets of \$4,357,670 are included in the amounts shown on the Environmental Services Enterprise Fund balance sheet as Restricted assets financial assurance - Cash and cash equivalents, Investments and Accrued interest receivable.

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017; the auditor's reports on compliance and internal accounting control will be issued separately.

I. Use of Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets, 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.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Note 2. Detailed Notes on all Funds and Accounts

A. Assets

Deposits and Investments

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

Governmental Activities:

Current assets:

Cash and pooled investments	\$ 165,608,853
Cash with fiscal agent	15,118,593
Investments	36,253,179

Business-type Activities:

Current assets:

Cash and pooled investments	2,125,076
Investments	11,469,028

Restricted assets:

Financial Assurance	
Cash and pooled investments	932,342
Investments	3,413,204

Fiduciary Activities

Current assets:

Cash and cash equivalents	16,625,664
Investments	7,142,380
Total	\$ 258,688,319

Deposits	\$ 3,909,136
Cash on hand	65,157
Assets held in trust	858,899
Cash with fiscal agent	15,118,593
Investments	238,736,534
Total deposits, cash on hand, and investments	\$ 258,688,319

(Amounts in Dollars)

	Held for Individual Investment Accounts - Investment Trust Funds	Held for All Other County Funds	Total
Cash and pooled investments	1,371,105	199,039,423	200,410,528
Investments	5,000,000	53,277,791	58,277,791
Total	6,371,105	252,317,214	258,688,319

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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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, 2017, 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, 2017, the County had the following investments and maturities:

	Fair Value	Investment Maturities in Years					
		Less than 1	1-2	2-3	3-4	4-5	More than 5
Negotiable CD's	\$ 31,033,751	\$ 4,280,000	\$ 5,654,751	\$ 7,199,000	\$ 4,965,000	\$ 6,452,000	\$ 2,483,000
MAGIC Portfolio	35,726,701	35,726,701	-	-	-	-	-
MAGIC TERM	21,970,722	21,970,722	-	-	-	-	-
Minnesota SBI	18,960,296	18,960,296	-	-	-	-	-
Municipal Bonds	13,668,413	1,153,771	832,570	1,418,858	1,392,603	2,267,763	6,602,848
FFCB	20,459,800	-	1,571,794	1,550,235	7,209,372	4,000,932	6,127,467
FHLB	58,982,516	15,336,629	8,194,327	9,017,005	9,355,048	6,326,306	10,753,201
FHLMC	15,352,768	1,798,452	5,770,513	1,723,507	6,060,296	-	-
FNMA	22,581,567	6,885,328	3,882,758	5,743,592	2,761,748	3,308,141	-
Total	\$ 238,736,534	\$ 106,111,899	\$ 25,906,713	\$ 26,652,197	\$ 31,744,067	\$ 22,355,142	\$ 25,966,516

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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The County has the following recurring fair value measurements as of December 31, 2017

	December 31, 2017	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
Investments by fair value level				
Negotiable Certificates of Deposit	\$ 31,033,751	\$ -	\$ 31,033,751	\$ -
Fixed Income Securities				
Federal Farm Credit Bank	20,459,800	-	20,459,800	-
Federal Home Loan Bank	58,982,516	-	58,982,516	-
Federal Home Loan Mortgage Corporation	15,352,768	-	15,352,768	-
Federal National Mortgage Association	22,581,567	-	22,581,567	-
Municipal Issues	13,668,413	-	13,668,413	-
Total Fixed Income Securities	131,045,064	-	131,045,064	-
Total investments by fair value level	\$ 162,078,815	\$ -	\$ 162,078,815	\$ -
Investments at Amortized Cost				
MAGIC Portfolio	\$ 35,726,701			
Investments measured at the net asset value (NAV)				
MAGIC TERM	\$ 21,970,722			
Total investments	\$ 219,776,238			
Cash and cash equivalents	\$ 3,974,293			
Total investments and cash and cash equivalents	\$ 223,750,531			

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 \$18,960,296 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.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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The County's exposure to credit risk as of December 31, 2017, is as follows:

Rating	Fair Value
S&P AAA	\$ 1,993,642
S&P AA+	123,465,736
S&P AA	1,498,039
Moodys Aaa	293,805
Moodys Aa1	671,708
Moodys Aa2	3,122,134
Total	\$ 131,045,064

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, 2017, 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, 2017 for the County's governmental and business-type activities, including applicable allowances for uncollectible accounts are:

	Total Receivable	Not expected to be collected within one year
Governmental Activities		
Taxes	\$ 5,357,360	\$ -
Accounts receivable	12,217,294	10,149,499
Accrued interest receivable	918,313	-
Loans receivable	2,206,022	2,078,852
Interfund receivable	82,433	-
Due from other governments	27,321,812	-
Total Governmental Activities	\$ 48,103,234	\$ 12,228,351
Business Activities		
Taxes	\$ 6,621	\$ -
Accounts Receivable	272,208	-
Accrued interest receivable	42,585	-
Total Business Activities	\$ 321,414	\$ -

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Loans Receivable

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

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

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

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

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

Included in the Septic Loan Special Revenue Fund are loans under the Minnesota Pollution Control Loan Program totaling \$968,729 at December 31, 2017. 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 \$212,360 at December, 31 2017 and is included in the noncurrent loans category of fund balance.

The loan receivable from Gardenwood Resort \$32,729 and Retreat Golf Course \$11,610 is included in the non-spendable noncurrent loans category of fund balance. The purpose of the Minnesota Investment Fund (MIF) loan was to assist businesses that were impacted from the 2012 flood. The interest free, partially forgivable loan was approved by the St. Louis County Board on January 15, 2013. Half of the loan amount will be forgiven if the borrowers continue to own and operate their businesses for 10 years after the Initial Disbursement Date, which was September 12, 2013. The loan is accounted for in the General Fund.

The City of Ely owes for its share of costs associated with the Ely Joint Public Works Facility. One loan has a balance of \$17,250 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 \$86,759 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 non-spendable portion of fund balance under noncurrent loans.

ST. LOUIS COUNTY, MINNESOTA
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Lease Receivable

St. Louis County leases to the State of Minnesota approximately 33,162 useable square feet of space in the Pike Lake Joint Maintenance Facility. The total cost of the shared facility was \$5,948,604; depreciation to date is \$3,040,397 leaving a carrying value of \$2,908,207. The lease agreement between the State and the County expired on August 31, 2017. Option period 2 was set to start on September 1, 2017 which is a 7 year extension to the lease agreement but no notice of intent to exercise said option was received by the County. Therefore the lease is currently running without an executed agreement. 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	\$ 932,342
Investments	3,413,204
Accrued interest receivable	12,124
Total	<u>\$ 4,357,670</u>

ST. LOUIS COUNTY, MINNESOTA
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Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 2,895,651	\$ -	\$ -	\$ -	\$ 2,895,651
Permanent right of way	793,673	148,097	-	-	941,770
Work in progress	6,037,518	4,977,819	-	(3,304,857)	7,710,480
Total capital assets, not being depreciated	<u>9,726,842</u>	<u>5,125,916</u>	<u>-</u>	<u>(3,304,857)</u>	<u>11,547,901</u>
Capital assets, being depreciated:					
Buildings and structures	165,702,234	170,396	(34,820)	1,901,256	167,739,066
Machinery and equipment	20,622,182	658,066	(122,078)	152,507	21,310,677
Vehicles	65,385,989	7,943,233	(2,166,497)	-	71,162,725
Infrastructure	785,674,262	69,256,617	-	-	854,930,879
Computer Software	3,651,848	-	-	1,251,094	4,902,942
Temporary right of way	40,240	-	-	-	40,240
Total capital assets being depreciated	<u>1,041,076,755</u>	<u>78,028,312</u>	<u>(2,323,395)</u>	<u>3,304,857</u>	<u>1,120,086,529</u>
Less accumulated depreciation for:					
Buildings and structures	(61,137,792)	(4,764,611)	29,885	-	(65,872,518)
Machinery and equipment	(16,821,671)	(1,143,033)	120,197	-	(17,844,507)
Vehicles	(43,048,111)	(3,628,435)	1,928,172	-	(44,748,374)
Infrastructure	(213,037,973)	(12,184,419)	-	-	(225,222,392)
Computer Software	(3,049,641)	(614,088)	-	-	(3,663,729)
Temporary right of way	(31,946)	(4,681)	-	-	(36,627)
Total accumulated depreciation	<u>(337,127,134)</u>	<u>(22,339,267)</u>	<u>2,078,254</u>	<u>-</u>	<u>(357,388,147)</u>
Total capital assets being depreciated, net	<u>703,949,621</u>	<u>55,689,045</u>	<u>(245,141)</u>	<u>3,304,857</u>	<u>762,698,382</u>
Governmental activities, capital assets, net	<u>\$ 713,676,463</u>	<u>\$ 60,814,961</u>	<u>\$ (245,141)</u>	<u>\$ -</u>	<u>\$ 774,246,283</u>

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
Construction in progress	69,129	107,475	-	-	176,604
Total capital assets, not being depreciated	<u>347,095</u>	<u>107,475</u>	<u>-</u>	<u>-</u>	<u>454,570</u>
Capital assets, being depreciated:					
Buildings and structures	7,181,402	-	-	-	7,181,402
Improvements other than buildings	10,850,695	67,059	-	-	10,917,754
Machinery and equipment	1,106,882	-	-	-	1,106,882
Vehicles	1,529,206	84,937	(23,197)	-	1,590,946
Total capital assets being depreciated	<u>20,668,185</u>	<u>151,996</u>	<u>(23,197)</u>	<u>-</u>	<u>20,796,984</u>
Less accumulated depreciation for:					
Buildings and structures	(4,876,687)	(282,523)	-	-	(5,159,210)
Improvements other than buildings	(7,109,764)	3,025,544	-	-	(4,084,220)
Machinery and equipment	(927,208)	(61,170)	-	-	(988,378)
Vehicles	(1,233,154)	(66,240)	20,877	-	(1,278,517)
Total accumulated depreciation	<u>(14,146,813)</u>	<u>2,615,611</u>	<u>20,877</u>	<u>-</u>	<u>(11,510,325)</u>
Total capital assets, being depreciated, net	<u>6,521,372</u>	<u>2,767,607</u>	<u>(2,320)</u>	<u>-</u>	<u>9,286,659</u>
Business-type activities, capital assets, net	<u>\$ 6,868,467</u>	<u>\$ 2,875,082</u>	<u>\$ (2,320)</u>	<u>\$ -</u>	<u>\$ 9,741,229</u>

Depreciation:

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 2,001,804
Public safety	1,761,514
Highways	16,151,330
Health and sanitation	187
Human Services	248,404
Culture and recreation	1,635,401
Conservation of natural resources	198,290
Economic development	24,768
Internal Service Funds	317,568
Total depreciation expenses - governmental activities	<u>\$ 22,339,266</u>
Business-type activities	
Environmental Services	<u>\$ (2,615,611)</u>

ST. LOUIS COUNTY, MINNESOTA
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B. Liabilities

Advance From Other Governments

The Minnesota Department of Transportation (MnDOT) also advanced to the County funds to help cash flow and cover expense for road and bridge repairs related to the June 2012 Flood. Twelve million dollars of State Aid Disaster Funds were received shortly after the flood. Of this amount, \$3,500,000 has been returned to MnDOT and \$5,825,261 has been applied to road and bridge projects. The remaining \$2,674,739 is reported in advance from other governments.

Long-Term Debt

Long-term liability activity for the year ended December 31, 2017, which includes unamortized bond premiums of \$7,042,054 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 2008B	\$ 6,213,767	\$ -	\$ (6,213,767)	\$ -	\$ -
Capital Improvement Bonds 2013A	19,568,097	-	(866,513)	18,701,584	881,513
Capital Equipment Notes 2013B	3,003,799	-	(727,140)	2,276,659	742,140
Capital Improvement Current & Crossover Refunding 2013C	5,520,775	-	(1,597,219)	3,923,556	1,642,219
Capital Improvement Crossover Refunding 2013D	4,635,417	-	(452,009)	4,183,408	462,009
Capital Improvement Bonds 2014A	5,025,562	-	(334,445)	4,691,117	339,445
Capital Improvement Crossover Refunding 2015A	674,741	-	(674,741)	-	-
Capital Improvement Crossover Refunding 2015B	5,677,066	-	(46,564)	5,630,502	891,564
Capital Improvement Bonds 2015C	38,989,472	-	(2,156,729)	36,832,743	2,256,729
Capital Improvement Bonds 2016A	25,619,851	-	(1,129,515)	24,490,336	1,339,515
Capital Improvement Crossover Refunding 2016B	16,254,483	-	(62,334)	16,192,149	62,334
Total bonds, notes and tax lease obligations payable	<u>131,183,030</u>	<u>-</u>	<u>(14,260,976)</u>	<u>116,922,054</u>	<u>8,617,468</u>
<i>Other Liabilities</i>					
General obligation revenue notes	424,617	-	(70,201)	354,416	76,647
Compensated absences	31,026,118	13,543,453	(13,589,956)	30,979,615	7,143,054
Claims payable	8,134,421	32,880,365	(32,617,662)	8,397,124	2,993,462
Other post employment benefits obligation	4,296,568	123,338	-	4,419,906	-
Total other liabilities	<u>43,881,724</u>	<u>46,547,156</u>	<u>(46,277,819)</u>	<u>44,151,061</u>	<u>10,213,163</u>
Governmental activities long-term liabilities	<u>\$ 175,064,754</u>	<u>\$ 46,547,156</u>	<u>\$ (60,538,795)</u>	<u>\$ 161,073,115</u>	<u>\$ 18,830,631</u>
BUSINESS-TYPE ACTIVITIES					
<i>Other Liabilities</i>					
Compensated absences	\$ 927,816	\$ 320,971	\$ (352,432)	\$ 896,355	\$ 184,094
Closure and post-closure liabilities	2,152,750	-	(1,068,702)	1,084,048	-
Business-type activities long-term liabilities	<u>\$ 3,080,566</u>	<u>\$ 320,971</u>	<u>\$ (1,421,134)</u>	<u>\$ 1,980,403</u>	<u>\$ 184,094</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$13,084,597 of internal service funds compensated absences, claims payable, and other post employment benefit obligations (OPEB) 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. The County has not created a trust for any OPEB obligations.

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General obligation bonds and notes payable at December 31, 2017, 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.	\$ 18,701,584
\$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.	2,276,659
\$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.	3,923,556
\$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.	4,183,408
\$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.	4,691,117
\$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 will occur on December 1, 2017.	5,630,502
\$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.	36,832,743
\$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.	24,490,336
\$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.	16,192,149
Total General obligation bonds	\$ 116,922,054

ST. LOUIS COUNTY, MINNESOTA
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General obligation revenue notes payable at December 31, 2017, 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.	\$ 8,660
\$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.	69,560
\$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.	69,560
\$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.	27,477
\$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.	98,842
\$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.	80,317
The terms of the above described revenue notes require semi-annual repayments of \$25,195 to \$4,191 beginning April 1, 2009 through 2026.	
Total notes payable	<u>\$ 354,416</u>

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

Year Ending December 31	<u>General Obligation</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 8,617,468	\$ 3,872,673
2019	8,877,468	3,612,722
2020	8,069,605	3,248,172
2021	6,898,109	2,979,823
2022	8,243,109	2,685,972
2023-2027	40,340,388	8,891,212
2028-2032	32,839,879	2,918,814
2033	3,036,028	105,375
Total:	<u>\$ 116,922,054</u>	<u>\$ 28,314,763</u>

The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2017, 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	\$ 117,276,470	100.00 %	\$ 117,276,470
Overlapping Debt			
School Districts	147,261,000	46.30	68,175,619
Western Lake Superior Sanitary District	45,002,796	83.04	37,368,592
Underlying Debt			
Cities	169,397,628	100.00	169,397,628
School Districts	249,232,759	100.00	249,232,759
Towns	3,041,214	100.00	3,041,214
Crane Lake Water & Sanitary District	1,376,460	100.00	1,376,460
Duluth HRA	173,375	100.00	173,375
North Shore Sanitary District	9,703,066	100.00	9,703,066
Hibbing HRA	410,842	100.00	410,842
Cook Community Hospital	10,628,558	100.00	10,628,558
Ely HRA	3,975,000	100.00	3,975,000
Virginia HRA	2,090,000	100.00	2,090,000
Total	<u>\$ 759,569,168</u>		<u>\$ 672,849,583</u>

ST. LOUIS COUNTY, MINNESOTA
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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 2017:

<u>Type of Property</u>	
Rental of office space and parking facilities	\$ 237,390
Hardware	529,073
Auto	<u>1,971</u>
Total rental expense	<u>\$ 768,434</u>

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2017:

<u>Year Ended December 31</u>	
2018	\$ 645,946
2019	603,593
2020	588,801
2021	586,416
2022	<u>584,039</u>
Total future minimum lease payments	<u>\$ 3,008,795</u>

Construction Commitments

At December 31, 2017, the County had construction commitments as follows:

	<u>Authorized Projects</u>	<u>Expended to Date</u>	<u>Commitments</u>
Virginia GSC	\$ 17,000,000	\$ 1,163,335	\$ 217,459
AEOA - RMH Clinic	29,765,354	80,721	-
Cook Public Works Facility	12,000,000	2,835,626	182,759
Public Safety Campus Barn	600,000	81,072	570,653
Total	<u>\$ 59,365,354</u>	<u>\$ 4,160,754</u>	<u>\$ 970,871</u>

Purchase Commitments/Encumbrances

At December 31, 2017, the County had purchase commitments represented by open encumbrances. These are included as part of assigned fund balance as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 3,443,394
Road and Bridge	2,229,403
Public Health and Human Services	411,993
Forfeited Tax Sale	153,164
Forest Resources	491,081
Total	<u>\$ 6,729,035</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 \$100,000 at December 31, 2017, 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, 2017, and is consistent with the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The nondiscounted value of the estimated liability for claims payable at the end of the year was \$6,130,839 and is present valued at 1.8543%.

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

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

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Changes in the funds' claims liability amounts during 2016 were:

	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
Beginning of fiscal year liability for claims	\$ -	\$ 5,803,311	\$ 2,010,820
Current year claims and changes in estimates	359,204	1,054,953	32,666,161
Claim payments	(359,204)	(889,826)	(32,510,997)
Balance of claims payable at fiscal year end	<u>\$ -</u>	<u>\$ 5,968,438</u>	<u>\$ 2,165,984</u>

Changes in the funds' claims liability amounts during 2017 were:

	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
Beginning of fiscal year liability for claims	\$ -	\$ 5,968,438	\$ 2,165,984
Current year claims and changes in estimates	1,346,282	988,775	30,303,009
Claim payments	(1,246,282)	(826,375)	(30,302,707)
Balance of claims payable at fiscal year end	<u>\$ 100,000</u>	<u>\$ 6,130,838</u>	<u>\$ 2,166,286</u>

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 Public Employees Police and Fire Plan, and the Local Government Correctional Service Retirement Plan (the Public Employees 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.

General Employees Retirement 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 Retirement Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

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

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

ST. LOUIS COUNTY, MINNESOTA
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Benefits Provided

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

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

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Plan Coordinated and Basic 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 Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Public Employees Police and Fire Plan members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Plan members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For General Employees Retirement 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 Public Employees Police and Fire Plan and Public Employees 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 Retirement Plan Basic members, Coordinated members, and Minneapolis Employees Retirement Fund members were required to contribute 9.10 percent, 6.50 percent, and 9.75 percent, respectively, of their annual covered salary in 2017. Public Employees Police and Fire Plan members were required to contribute 10.80 percent of their annual covered salary in 2017. Public Employees Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2017.

In 2017, the County was required to contribute the following percentages of annual covered payroll:

General Employees Retirement Plan	
Basic Plan Members	11.78%
Coordinated Plan Members	7.50%
Minneapolis Employees Retirement Fund members	9.75%
Public Employees Police and Fire Plan	16.20%
Public Employees Correctional Plan	8.75%

The employee and employer contribution rates did not change from the previous year.

The County's contributions for the year ended December 31, 2017, to the pension plans were:

General Employees Retirement Plan	\$6,330,708
Public Employees Police and Fire Plan	1,335,354
Public Employees Correctional Plan	356,670

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

ST. LOUIS COUNTY, MINNESOTA
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Pension Costs

General Employees Retirement Plan

At December 31, 2017, the County reported a liability of \$84,733,957 for its proportionate share of the General Employees Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the County's proportion was 1.3273 percent. It was 1.2923 percent measured as of June 30, 2016. The County recognized pension expense of \$10,947,522 for its proportionate share of the General Employees Retirement Plan's pension expense.

The County also recognized \$30,770 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 Retirement Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$6 million to the General Employees Retirement Plan each year, starting September 15, 2015, through September 15, 2031.

County's proportionate share of net pension liability	\$ 84,733,957
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>30,770</u>
Total	<u><u>\$ 84,764,727</u></u>

The County reported its proportionate share of the General Employees Retirement 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	\$ 2,792,576	\$ 5,333,095
Changes in actuarial assumptions	13,696,713	8,494,587
Difference between projected and actual investment earnings	225,820	-
Changes in proportion	2,188,508	2,716,380
Contributions paid to PERA subsequent to the measurement date	<u>3,172,435</u>	<u>-</u>
Total	<u><u>\$ 22,076,052</u></u>	<u><u>\$ 16,544,062</u></u>

A total of \$3,172,436 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, 2018. 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
2018	\$ 1,953,554
2019	4,999,607
2020	(996,811)
2021	(3,596,796)

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Pension Costs

Public Employees Police and Fire Plan

At December 31, 2017, the County reported a liability of \$10,922,462 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, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the County's proportion was 0.809 percent. It was 0.798 percent measured as of June 30, 2016. The County recognized pension expense of \$2,775,540 for its proportionate share of the Public Employees Police and Fire Plan's pension expense.

The County also recognized \$72,810 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Fund. Legislation requires the State of Minnesota to contribute \$9 million to the Public Employees Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded.

The County reported its proportionate share of the Public Employees Police and Fire 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	\$ 251,410	\$ 2,893,563
Changes in actuarial assumptions	14,099,862	15,507,188
Difference between projected and actual investment earnings	112,723	-
Changes in proportion	367,874	296,107
Contributions paid to PERA subsequent to the measurement date	636,399	-
Total	\$ 15,468,268	\$ 18,696,858

A total of \$636,399 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, 2018. 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
2018	\$ 118,267
2019	118,267
2020	(282,622)
2021	(841,320)
2022	(2,977,581)

ST. LOUIS COUNTY, MINNESOTA
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Pension Costs

Public Employees Correctional Plan

At December 31, 2017, the County reported a liability of \$6,013,521 for its proportionate share of the Public Employees Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the County's proportion was 2.11 percent. It was 2.11 percent measured as of June 30, 2016. The County recognized pension expense of \$2,278,042 for its proportionate share of the Public Employees Correctional Plan's pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,030	\$ 96,088
Changes in actuarial assumptions	3,274,002	1,046,777
Difference between projected and actual investment earnings	-	40,926
Changes in proportion	4,638	1,320
Contributions paid to PERA subsequent to the measurement date	180,869	-
Total	\$ 3,463,539	\$ 1,185,111

A total of \$180,869 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, 2018. 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
2018	\$ 1,296,269
2019	1,338,036
2020	(369,346)
2021	(167,400)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2017, was \$16,001,104.

ST. LOUIS COUNTY, MINNESOTA
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Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the 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 disabled members were based on RP 2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be one percent per year for the General Employees Plan through 2044 and Police and Fire Plan through 2064 and then 2.5 percent thereafter for both plans, and 2.5 percent for all years for the Correctional Plan.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The most recent five-year experience study for Police and Fire Plan was completed in 2016. Experience studies have not been prepared for the Correctional Plan, but assumptions are reviewed annually.

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

Police and Fire Fund

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent 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.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- 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 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

Correctional Fund

- 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 percent for vested and non-vested, deferred members. The CSA has been changed to 35 percent for vested members and 1 percent for non-vested members.
- The Single Discount Rate was changed from 5.31 percent per annum to 5.96 percent per annum.

ST. LOUIS COUNTY, MINNESOTA
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The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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	39%	5.10%
International stocks	19%	5.30%
Bonds	20%	0.75%
Alternative assets	20%	5.90%
Cash	<u>2%</u>	0%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. 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.

In the Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2061. Beginning in fiscal year ended June 30, 2062, when projected benefit payments exceed the fund's projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 3.56% based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.96% for the Correctional Fund was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50% applied to all years of projected benefits through the point of asset depletion and 3.56% after.

ST. LOUIS COUNTY, MINNESOTA
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Pension Liability Sensitivity

The following presents the [entity's] proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the [entity'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 Retirement Plan		Public Employees Police and Fire Plan		Public Employees Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 131,428,662	6.50%	20,570,184	4.96%	9,909,531
Current	7.50%	84,733,957	7.50%	10,922,462	5.96%	6,013,521
1% Increase	8.50%	46,505,858	8.50%	2,957,736	6.96%	2,972,631

Pension Plan Fiduciary Net Position

Detailed information about each 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.

Defined Contribution Plan

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

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

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2017, were:

	Employee	Employer
Contribution amount	\$ 20,834	\$ 20,834
Percentage of covered payroll	5%	5%

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Interfund Receivables, Payables, Advances and Transfers

The composition of interfund transfers during the year ended December 31, 2017, is as follows:

Interfund Receivables/Payables (for deficit cash balances):

Receivable Fund	Payable Fund	Amount
General	Community Development Block Grant	\$ 44,122
General	Northeast Minnesota Housing Consortium	38,311
		<u>\$ 82,433</u>

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
Capital Projects funds	County Garage	<u>\$ 1,762,351</u>

Interfund Transfers:

Fund Transferred To	Fund Transferred From	Purpose	Amount
Major Funds			
General			
	Forfeited Tax Sale	Land sale apportionment and blight program	\$ 538,945
	Capital Projects	Operating projects, unspent GSC project funds, asset transfer	229,726
	Forest Resources	GIS project and aerial imagery acquisition	229,514
	Shoreline Sales	Natural resource improvements	138,600
	Medical Dental Insurance	Health & wellness reimbursement	326,042
	Environmental Services	Aerial imagery acquisition	29,514
	Road and Bridge	Aerial imagery acquisition	29,514
Road and Bridge	General	Corner Certificate Program	340,000
	Forfeited Tax Sale	Land sale apportionment	32,617
	Forest Resources	Maintenance work reimbursement	27,736
Public Health and Human Services	General	Opioid crisis grant match, Team 25 social worker, Duluth Police Department embedded social worker, out of home placements, safety and innovation	2,549,491
Forfeited Tax Sale	Road and Bridge	Asset use reimbursement	7,994
Capital Projects	General	Excess rent revenues, general fund savings, north & south impound lot projects, county program aid	2,915,431
	Road and Bridge	Equipment purchases, state emergency funds	770,437
	Forfeited Tax Sale	Land sale apportionment	394,723
	Property Casualty Liability	Building damage	12,096
	Forest Resources	Maintenance work reimbursement	33,989
Debt Service	Road and Bridge	Bond payment	5,590,846
Environmental Services	Shoreline Sales	Natural resource improvements	362,156
Nonmajor Funds			
Forest Resources	Forfeited Tax Sale	Land apportionment	140,973
Septic Loan	Shoreline Sales	Forgivable septic loans	150,000
Shoreline Sales	Forest Resources	Leased land sales	529,366
Internal Service Funds			
Property, Casualty, Liability	General	General fund savings	200,000
County Garage	Capital Projects	Asset transfer	5,000
	Total		<u><u>\$ 15,584,710</u></u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

C. Fund Equity

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

	<u>Future Year Budget</u>	<u>Encumbrances</u>	<u>Cash Flow</u>	<u>Future Unallotment</u>	<u>Total</u>
Unassigned					
General	\$ 1,570,243	\$ -	\$ 33,100,758	\$ 2,356,479	\$ 37,027,480
Assigned					
Road and Bridge	-	2,229,403	8,133,670	-	10,363,073
Public Health and Human Services	114,113	411,993	13,043,614	-	13,569,720
Total	<u>\$ 1,684,356</u>	<u>\$ 2,641,396</u>	<u>\$ 54,278,042</u>	<u>\$ 2,356,479</u>	<u>\$ 60,960,273</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, 2017, 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.

	<u>Maximum Amount</u>	<u>Cash Flow Actual Amount</u>	<u>Percentage Funded</u>
General	\$ 33,976,955	\$ 33,100,758	97.42%
Road and Bridge	9,052,627	8,133,670	89.85%
Public Health and Human Services Fund	19,917,726	13,043,614	65.49%

ST. LOUIS COUNTY, MINNESOTA
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Note 3. Joint Ventures/Jointly Governed Organizations

Arrowhead Regional Corrections

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

Arrowhead Regional Corrections is financed through state grants and contributions from the participating counties. During 2016, (the most recent available), county contributions were in the following proportion:

Carlton County	9.60%
Cook County	1.72%
Koochiching County	2.61%
Lake County	2.66%
St. Louis County	83.41%
Total	100.00%

St. Louis County provided \$14,540,371 in funding during 2017. 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, 2016 (the most recent available), was:

Total Assets	\$ 22,069,731
Deferred Outflows	11,082,865
Total Liabilities	24,888,540
Deferred Inflows	1,496,671
Total Net Position	6,767,385
Total Program and General Revenues	25,251,040
Total Expenses/Uses	27,813,611
Change in Net Position	(2,562,571)

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 CA 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 2017.

A summary of the financial information of the Community Health Services Board Government-Wide Financial Statements for December 31, 2016, (the most recent available) was:

Total Assets	\$ 1,146,719
Deferred Outflows	242,036
Total Liabilities	1,536,453
Deferred Inflows	80,770
Total Net Position	(228,468)
Total Program and General Revenues	5,486,382
Total Expenses	5,527,027
Change in Net Position	(40,645)

ST. LOUIS COUNTY, MINNESOTA
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Separate financial information can be obtained from:

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

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 2017.

A summary of the financial information of the Regional Railroad Authority for the Government-Wide Financial Statements for December 31, 2016, (the most recent available) was:

Total Assets	\$	28,304,529
Deferred Outflows		153,128
Total Liabilities		6,584,460
Deferred Inflows		28,694
Total Net Position		21,844,503
Total Revenues		5,550,692
Total Expenses		2,026,592
Change in Net Position		3,524,100

Separate financial information can be obtained from:

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

Northeast Minnesota Office of Job Training

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

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

A summary of the financial information of Northeast Minnesota Office of Job Training's Government-Wide Statements for June 30, 2017, was:

Total Assets	\$	2,770,570
Deferred Outflows		938,409
Total Liabilities		3917827
Deferred Inflows		346,582
Total Net Position		(555,430)
Total Revenues		4,847,094
Total Expenses		5,005,491
Change in Net Position		(158,397)

Separate financial information can be obtained from:

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

ST. LOUIS COUNTY, MINNESOTA
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Northern Counties Land Use Coordinating Board

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

The joint powers are the Counties of Aitkin, Cook, 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, 2017, was:

Total Assets	\$	86,499
Total Liabilities		8,195
Total Net Position		78,304
Total Revenues		10,000
Total Expenses		68,262
Change in Net Position		(58,262)

Separate financial information can be obtained from:

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

Minnesota Counties Information Systems (MCIS)

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

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

A summary of the financial information of Minnesota Counties Information System's funds for the Government-Wide Financial Statements for December 31, 2016, (the most recent available) was:

Total Assets	\$	1,462,592
Total Deferred Outflows		436,639
Total Liabilities		1,567,252
Total Deferred Inflows		101,358
Total Net Position		230,621
Total Revenues		3,306,715
Total Expenses		4,014,096
Change in Net Position		(707,381)

Separate financial information can be obtained from:

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Duluth Area Family Service Collaborative

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

Control of the Collaborative is vested in a Board of Directors. The County has one member on the Board. Financing is provided by state and federal grants, appropriations from the Collaborative members, and miscellaneous revenues. St. Louis County provided no funding to the Collaborative during 2017. 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, 2016, is:

Total Assets	\$	719,064
Total Liabilities		50,422
Total Net Position		668,642
Total Revenues		330,892
Total Expenses		252,687
Change in Net Position		78,205

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

Minneapolis-Duluth/Superior Passenger Rail Alliance

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

A summary of the financial information of the Minneapolis - Duluth/Superior Passenger Rail Alliance for the Government-Wide Financial Statement for December 31, 2016 (the most recent available) was:

Total Assets	\$	17,500
Total Liabilities		12,277
Total Net Position		5,223
Total Revenues		72,375
Total Expenses		182,019
Change in Net Position		(109,644)

Separate financial information can be obtained from:

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

ST. LOUIS COUNTY, MINNESOTA
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Northeast Minnesota Regional Radio Board

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

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

St. Louis County is the fiscal agent for the Northeast Minnesota Regional Radio Board. Funding is provided by grants and contributions from participating members. St. Louis County provided \$1,859 funding to this organization in 2017.

City/County Communication Antenna Site

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

Voyageurs National Park Water Basin Joint County Sewer Project

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

The governing body is comprised of four members, two County commissioners appointed by the St. Louis County Board and two County commissioners appointed by the Koochiching County Board. St. Louis County contributed \$26,500 to the Voyageurs National Park Water Basin for the year ended December 31, 2017. Separate financial information can be obtained from the St. Louis County Courthouse, 100 North 5th Ave West, Duluth, Minnesota 55802.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Note 4. Summary of Significant Contingencies and Other Items

Claims and Litigation

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

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 2017 the County abated \$ 185,659 in property taxes under this program.

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Cirrus - Assist an airplane manufacturer with the correction of soil contamination on site for facility expansion in Duluth	6.91%	\$ 27,770
P & H Mine Pro (Joy Global) - Assist in lease of property for the construction of a new facility	2.00%	\$ 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 a new Mills Fleet Farm retail store.	36.44%	\$ 102,174
AAR Aircraft - Assist in the expansion and lease of a building for operation of a commercial aviation services business.	9.55%	\$ 45,714
		\$ 185,659

Cirrus was approved for a ten year tax abatement to assist with contaminated soil and site preparation costs on a \$14 million expansion of its Duluth Facility. The agreement runs from 2008-2017 and will abate \$277,700 over the ten year period, \$27,770 per year. Cirrus 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. If employment payroll numbers at the Duluth facility drop below the 300 employees prior to 2022, all abatement funds plus interest would need to be repaid by Cirrus. Cirrus agrees to continue its operation within the jurisdiction of the County for at least five years after the final payment of tax abatement.

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. The City required that Mills pay for these improvements at a cost of which meets or exceeds \$500,000 and the City would then reimburse Mills for those infrastructure improvements. The agreement commences with real estate taxes payable in the year 2017 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 \$500,000. Mills Fleet Farm will pay assessed property taxes as due on May 15 and October 15 of each year and 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 infrastructure improvements costing at least \$500,000 have been completed and paid by Mills.

ST. LOUIS COUNTY, MINNESOTA
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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.

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 \$2.8 million of tax abatements paid in 2017, \$1.5 million was to promote redevelopment and \$1.3 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 preform 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 2017
Redevelopment	TIF District 26	Ely	100%	12/31/2021	\$ 63,287
Redevelopment	TIF District 50	Hibbing	100%	12/31/2021	66,283
Housing	TIF District 51	Hibbing	100%	12/31/2021	12,932
Redevelopment	TIF District 52	Biwabik	100%	12/31/2022	9,746
Housing	TIF District 53	Duluth	100%	12/31/2020	45,364
Housing	TIF District 57	Duluth	100%	12/31/2021	45,666
Redevelopment	TIF District 65	Ely	100%	12/31/2026	43,293
Housing	TIF District 71	Buhl	100%	12/31/2023	19,646
Housing	TIF District 73	Orr	100%	12/31/2024	6,069
Redevelopment	TIF District 79	Duluth	100%	12/31/2026	308,222
Redevelopment	TIF District 82	Hibbing	100%	12/31/2026	19,821
Redevelopment	TIF District 84	Duluth	100%	12/31/2027	53,798
Redevelopment	TIF District 87	Chisholm	100%	12/31/2030	10,398
Housing	TIF District 90	Duluth	100%	12/31/2030	687,624
Housing	TIF District 91	Duluth	100%	12/31/2030	37,851
Housing	TIF District 92	Duluth	100%	12/31/2031	151,602
Housing	TIF District 93	Tower	100%	12/31/2031	5,008
Housing	TIF District 94	Duluth	100%	12/31/2033	50,042
Housing	TIF District 95	Duluth	100%	12/31/2032	29,151
Housing	TIF District 96	Duluth	100%	12/31/2033	74,144
Redevelopment	TIF District 97	Duluth	100%	12/31/2034	145,809
Housing	TIF District 98	Duluth	100%	12/31/2034	18,316
Redevelopment	TIF District 99	Mountain Iron	100%	12/31/2021	71,579
Redevelopment	TIF District 100	Virginia	100%	12/31/2035	10
Housing	TIF District 102	Duluth	100%	12/31/2038	17,548
Redevelopment	TIF District 103	Hibbing	100%	12/31/2041	59,681
Redevelopment	TIF District 104	Duluth	100%	12/31/2040	277,151
Redevelopment	TIF District 105	Duluth	100%	12/31/2042	349,379
Housing	TIF District 106	Duluth	100%	12/31/2041	52,695
Redevelopment	TIF District 107	Hermantown	100%	12/31/2041	38,331
Redevelopment	TIF District 108	Duluth	100%	12/31/2042	79,413
					\$ 2,849,859

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

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, 2017 as it would need to be determined through the legal system.

Other Post Employment Benefits

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

Plan Description and Funding Policy

The County provides health insurance benefits for certain retired employees under a single-employer self-insured plan. The County provides benefits for retirees as required by Minnesota Statute §471.61 subdivision 2b. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of January 1, 2016 there were approximately 213 retirees receiving health benefits from the County's health plan. The cost of other post-employment benefits is funded on the "pay as you-go method".

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

Annual OPEB Costs and Net OPEB Obligation

The County's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. In 2014, St. Louis County's OPEB included employees of Arrowhead Regional Corrections for the first time. The following table shows the components of the County's annual OPEB cost for 2017, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 1,526,017
Interest on net OPEB obligation	189,049
Adjustments to ARC	<u>(260,682)</u>
Annual OPEB Cost	1,454,384
Contributions during the year	<u>(1,331,046)</u>
Increase in net OPEB obligation	123,338
Net OPEB obligation - beginning of the year	4,296,568
Net OPEB obligation - end of year	<u>\$ 4,419,906</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the excess OPEB contributions or net OPEB obligation for 2015, 2016, and 2017 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	1,533,700	1,221,859	79.67%	4,608,203
12/31/2016	1,451,779	1,763,414	121.47%	4,296,568
12/31/2017	1,454,384	1,331,046	91.52%	4,419,906

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Funding Status and Funding Progress

The actuarial accrued liability for benefits as of January 1, 2016 is \$15 million. The County currently has no assets that have been irrevocably deposited in a trust for future health benefits, thus the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) is \$109 million. The ratio of the unfunded actuarially accrued liabilities (UAAL) to covered payroll is 14.20%.

Actuarial Methods and Assumptions

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

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

In the January 1, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.40% discount rate, which is based on the estimated long-term investment yield on the general assets of the County. The annual medical trend rate is 7.30% initially, decreased incrementally to an ultimate rate of 5.00% after 15 years. Retiree participation rate and spousal election assumptions were updated for recently observed data. Annual premium and medical claims trends as well as potential costs associated with Health Care Reform were also used. The unfunded accrued actuarial liability is being amortized as a level dollar amount over an open 30-year period.

St. Louis County Heritage and Arts Center (Depot)

The County has an agreement with Oneida Realty Company for strategic leadership of the St. Louis County Heritage and Arts Center (Depot) as a tourist attraction, and center for the arts, heritage and cultural organizations. This contract began on July 1, 2012, and the County Board has authorized an extension of this contract until December 31, 2018.

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

Northwoods Townhomes Project

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

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

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

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

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

Subsequent Events

The St. Louis County Board issued \$29.9 million in March of 2018 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.

St. Louis County, Minnesota
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ST. LOUIS COUNTY'S 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%

* 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 Employee 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	408,625	105,336,976	80,184,222	130.86%	68.91%
June 30, 2017	1.3273%	84,733,957	30,770	84,764,727	85,503,518	99.10%	75.90%

* 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 ST. LOUIS COUNTY'S CONTRIBUTIONS
PERA 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%

* 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 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 Employee 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%

* 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 ST. LOUIS COUNTY'S 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%

* 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 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- Employee 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%

* 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
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017:

General Employees Retirement Plan

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Correctional Plan

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

St. Louis County, Minnesota
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFIT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2012	\$ -	\$ 20,035,809	\$ 20,035,809	-	\$ 85,062,112	23.55 %
1/1/2014	-	14,993,075	14,993,075	-	99,314,634	15.10
1/1/2016	-	15,431,867	15,431,867	-	108,644,904	14.20

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFIT PLAN
DECEMBER 31, 2017

Year Ended December 31	Employer Contributions	Annual Required Contribution	Percentage Contributed
2015	\$ 1,221,859	\$ 1,533,700	79.67 %
2016	1,763,414	1,451,779	121.47
2017	1,331,046	1,454,384	91.52

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 6,768,466	\$ 6,768,466	\$ 6,790,164	\$ 21,698
Intergovernmental	315,032	315,032	315,431	399
Earnings on investments	-	-	279,195	279,195
Miscellaneous	-	-	238,670	238,670
Total Revenues	<u>7,083,498</u>	<u>7,083,498</u>	<u>7,623,460</u>	<u>539,962</u>
EXPENDITURES				
Principal	8,090,000	13,510,000	13,510,000	-
Interest and other charges	4,680,122	4,680,122	4,680,122	-
Total Expenditures	<u>12,770,122</u>	<u>18,190,122</u>	<u>18,190,122</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(5,686,624)	(11,106,624)	(10,566,662)	539,962
OTHER FINANCING SOURCES (USES)				
Transfers in	5,590,846	5,590,846	5,590,846	-
Total other financing sources (uses)	<u>5,590,846</u>	<u>5,590,846</u>	<u>5,590,846</u>	<u>-</u>
Net change in fund balances	(95,778)	(5,515,778)	(4,975,816)	539,962
Fund Balance - January 1	<u>25,434,249</u>	<u>25,434,249</u>	<u>25,434,249</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 25,338,471</u>	<u>\$ 19,918,471</u>	<u>\$ 20,458,433</u>	<u>\$ 539,962</u>

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

Permanent Fund

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

Shoreline Sales - This fund is used to account for proceeds from the sale of land, including interest, under Minn. Laws 1999 Ch. 180. The principal from the sale of land may not be expended while up to 5 1/2% of the 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
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
ASSETS			
Cash and cash equivalents	\$ 883,830	\$ -	\$ -
Investments	-	-	-
Delinquent taxes receivable	9,467	-	-
Accounts receivable (net)	-	-	4,598
Loans receivable	876,585	-	-
Due from other governments	-	443,030	94,808
Total Assets	<u>1,769,882</u>	<u>443,030</u>	<u>99,406</u>
LIABILITIES			
Accounts payable	-	126,333	61,095
Salaries payable	-	4,575	-
Interfund payable	-	44,122	38,311
Due to other governments	-	268,000	-
Total Liabilities	<u>-</u>	<u>443,030</u>	<u>99,406</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	<u>8,303</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Environmental trust funds	-	-	-
Restricted			
Non-current loans	876,585	-	-
Debt service	-	-	-
Health and sanitation	-	-	-
Improvement of natural resources	-	-	-
Committed			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	884,994	-	-
Assigned			
Conservation of natural resources	-	-	-
Total Fund Balance	<u>1,761,579</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,769,882</u>	<u>\$ 443,030</u>	<u>\$ 99,406</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

Special Revenue Funds (continued)

	Septic Loan	Forest Resources	Total
ASSETS			
Cash and cash equivalents	\$ 710,168	\$ 6,453,956	\$ 8,047,954
Investments	-	-	-
Delinquent taxes receivable	-	-	9,467
Accounts receivable (net)	390	-	4,988
Loans receivable	968,729	-	1,845,314
Due from other governments	-	24,351	562,189
Total Assets	<u>1,679,287</u>	<u>6,478,307</u>	<u>10,469,912</u>
LIABILITIES			
Accounts payable	1,471	107,304	296,203
Salaries payable	-	-	4,575
Interfund payable	-	-	82,433
Due to other governments	-	144	268,144
Total Liabilities	<u>1,471</u>	<u>107,448</u>	<u>651,355</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	-	-	8,303
FUND BALANCES			
Nonspendable			
Environmental trust funds	-	-	-
Restricted			
Non-current loans	-	-	876,585
Debt service	50,390	-	50,390
Health and sanitation	309,524	-	309,524
Improvement of natural resources	-	-	-
Committed			
Health and sanitation	1,317,902	-	1,317,902
Conservation of natural resources	-	5,879,778	5,879,778
Economic development	-	-	884,994
Assigned			
Conservation of natural resources	-	491,081	491,081
Total Fund Balance	<u>1,677,816</u>	<u>6,370,859</u>	<u>9,810,254</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,679,287</u>	<u>\$ 6,478,307</u>	<u>\$ 10,469,912</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Permanent Fund		Total Nonmajor Governmental Funds
	Shoreline Sales		
ASSETS			
Cash and cash equivalents	\$ 1,143,311	\$	9,191,265
Investments	18,960,296		18,960,296
Delinquent taxes receivable	-		9,467
Accounts receivable (net)	-		4,988
Loans receivable	-		1,845,314
Due from other governments	-		562,189
Total Assets	20,103,607		30,573,519
LIABILITIES			
Accounts payable	-		296,203
Salaries payable	-		4,575
Interfund payable	-		82,433
Due to other governments	-		268,144
Total Liabilities	-		651,355
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	-		8,303
FUND BALANCES			
Nonspendable			
Environmental trust funds	19,119,023		19,119,023
Restricted			
Non-current loans	-		876,585
Debt service	-		50,390
Health and sanitation	-		309,524
Improvement of natural resources	984,584		984,584
Committed			
Health and sanitation	-		1,317,902
Conservation of natural resources	-		5,879,778
Economic development	-		884,994
Assigned			
Conservation of natural resources	-		491,081
Total Fund Balance	20,103,607		29,913,861
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 20,103,607	\$	30,573,519

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
REVENUES			
Taxes	\$ 213,704	\$ -	\$ -
Intergovernmental	430	2,086,971	372,831
Earnings on investments	-	-	-
Land and timber sales	-	-	-
Miscellaneous	-	-	150
Total Revenues	<u>214,134</u>	<u>2,086,971</u>	<u>372,981</u>
EXPENDITURES			
Current:			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	194,795	2,086,885	372,981
Debt service:			
Principal	-	-	-
Total expenditures	<u>194,795</u>	<u>2,086,885</u>	<u>372,981</u>
Excess (deficiency) of revenues over expenditures	<u>19,339</u>	<u>86</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	19,339	86	-
Fund Balance - January 1	<u>1,742,240</u>	<u>(86)</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 1,761,579</u></u>	<u><u>\$ -</u></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, 2017

Special Revenue Funds (continued)

	<u>Septic Loan</u>	<u>Forest Resources</u>	<u>Total</u>
REVENUES			
Taxes	\$ -	\$ 572,271	\$ 785,975
Intergovernmental	54,808	337,916	2,852,956
Earnings on investments	11,692	-	11,692
Land and timber sales	-	1,208,000	1,208,000
Miscellaneous	-	57,452	57,602
Total Revenues	<u>66,500</u>	<u>2,175,639</u>	<u>4,916,225</u>
EXPENDITURES			
Current:			
Health and sanitation	78,291	-	78,291
Conservation of natural resources	-	835,595	835,595
Economic development	-	-	2,654,661
Debt service:			
Principal	70,201	-	70,201
Total expenditures	<u>148,492</u>	<u>835,595</u>	<u>3,638,748</u>
Excess (deficiency) of revenues over expenditures	<u>(81,992)</u>	<u>1,340,044</u>	<u>1,277,477</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	150,000	140,973	290,973
Transfers (out)	-	(820,605)	(820,605)
Total other financing sources and uses	<u>150,000</u>	<u>(679,632)</u>	<u>(529,632)</u>
Net change in fund balances	68,008	660,412	747,845
Fund Balance - January 1	<u>1,609,808</u>	<u>5,710,447</u>	<u>9,062,409</u>
Fund Balance - December 31	<u>\$ 1,677,816</u>	<u>\$ 6,370,859</u>	<u>\$ 9,810,254</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Permanent Fund		Total Nonmajor Governmental Funds
	<u>Shoreline Sales</u>		<u>Funds</u>
REVENUES			
Taxes	\$ -	\$	785,975
Intergovernmental	-		2,852,956
Earnings on investments	2,349,968		2,361,660
Land and timber sales	-		1,208,000
Miscellaneous	-		57,602
Total Revenues	<u>2,349,968</u>		<u>7,266,193</u>
EXPENDITURES			
Current:			
Health and sanitation	-		78,291
Conservation of natural resources	26,500		862,095
Economic development	-		2,654,661
Debt service:			
Principal	-		70,201
Total expenditures	<u>26,500</u>		<u>3,665,248</u>
Excess (deficiency) of revenues over expenditures	<u>2,323,468</u>		<u>3,600,945</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	529,366		820,339
Transfers (out)	<u>(650,756)</u>		<u>(1,471,361)</u>
Total other financing sources and uses	<u>(121,390)</u>		<u>(651,022)</u>
Net change in fund balances	2,202,078		2,949,923
Fund Balance - January 1	<u>17,901,529</u>		<u>26,963,938</u>
Fund Balance - December 31	<u>\$ 20,103,607</u>	\$	<u>29,913,861</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 212,074	\$ 211,649	\$ 213,704	\$ 2,055
Intergovernmental	-	425	430	5
Total Revenues	<u>212,074</u>	<u>212,074</u>	<u>214,134</u>	<u>2,060</u>
EXPENDITURES				
Economic development				
Personal services	140,000	140,000	23,745	116,255
Other operating	<u>328,096</u>	<u>428,096</u>	<u>171,050</u>	<u>257,046</u>
Total Expenditures	<u>468,096</u>	<u>568,096</u>	<u>194,795</u>	<u>373,301</u>
Excess of Revenues Over (Under) Expenditures	(256,022)	(356,022)	19,339	375,361
Fund Balance - January 1	<u>1,742,240</u>	<u>1,742,240</u>	<u>1,742,240</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,486,218</u>	<u>\$ 1,386,218</u>	<u>\$ 1,761,579</u>	<u>\$ 375,361</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 2,358,771	\$ 2,086,885	\$ 2,086,971	\$ 86
Total Revenues	<u>2,358,771</u>	<u>2,086,885</u>	<u>2,086,971</u>	<u>86</u>
EXPENDITURES				
Economic development				
Personal services	738,794	270,221	270,221	-
Other operating	<u>1,619,977</u>	<u>1,816,664</u>	<u>1,816,664</u>	<u>-</u>
Total Expenditures	<u>2,358,771</u>	<u>2,086,885</u>	<u>2,086,885</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	-	-	86	86
Fund Balance - January 1	<u>(86)</u>	<u>(86)</u>	<u>(86)</u>	<u>-</u>
Fund Balance - December 31	<u>\$ (86)</u>	<u>\$ (86)</u>	<u>\$ -</u>	<u>\$ 86</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, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 929,864	\$ 372,831	\$ 372,831	\$ -
Miscellaneous	500	150	150	-
Total Revenues	930,364	372,981	372,981	-
EXPENDITURES				
Economic development				
Personal services	50,325	29,825	29,825	-
Other operating	880,039	343,156	343,156	-
Total Expenditures	930,364	372,981	372,981	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	\$ -	\$ -	\$ -	\$ -

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEPTIC LOAN SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 248,288	\$ 256,969	\$ 54,808	\$ (202,161)
Earnings on investments	22,200	22,200	11,692	(10,508)
Total Revenues	<u>270,488</u>	<u>279,169</u>	<u>66,500</u>	<u>(212,669)</u>
EXPENDITURES				
Health and sanitation				
Other operating	461,214	485,020	78,291	406,729
Debt service				
Principal	71,000	71,000	70,201	799
Total Expenditures	<u>532,214</u>	<u>556,020</u>	<u>148,492</u>	<u>407,528</u>
Excess of Revenues Over (Under) Expenditures	(261,726)	(276,851)	(81,992)	194,859
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	150,000	-
Loan Proceeds	62,800	62,800	-	(62,800)
Total Other Financing Sources (Uses)	<u>212,800</u>	<u>212,800</u>	<u>150,000</u>	<u>(62,800)</u>
Excess of Revenues Over (Under) Expenditures	(48,926)	(64,051)	68,008	132,059
Fund Balance - January 1	<u>1,609,808</u>	<u>1,609,808</u>	<u>1,609,808</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,560,882</u>	<u>\$ 1,545,757</u>	<u>\$ 1,677,816</u>	<u>\$ 132,059</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOREST RESOURCES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 570,000	\$ 570,000	\$ 572,271	\$ 2,271
Intergovernmental	238,215	386,975	337,916	(49,059)
Land and timber sales	-	1,202,962	1,208,000	5,038
Miscellaneous	-	112,970	57,452	(55,518)
Total Revenues	808,215	2,272,907	2,175,639	(97,268)
EXPENDITURES				
Conservation of natural resources				
Other operating	2,402,234	3,303,649	835,595	2,468,054
Total Expenditures	2,402,234	3,303,649	835,595	2,468,054
Excess of Revenues Over (Under) Expenditures	(1,594,019)	(1,030,742)	1,340,044	2,370,786
OTHER FINANCING SOURCES (USES)				
Transfers in	-	140,973	140,973	-
Transfers out	(229,514)	(820,605)	(820,605)	-
Total Other Financing Sources (Uses)	(229,514)	(679,632)	(679,632)	-
Excess of Revenues Over (Under) Expenditures	(1,823,533)	(1,710,374)	660,412	2,370,786
Fund Balance - January 1	5,710,447	5,710,447	5,710,447	-
Fund Balance - December 31	\$ 3,886,914	\$ 4,000,073	\$ 6,370,859	\$ 2,370,786

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2017

	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,479,212	\$ 396,650	\$ 2,065,381
Investments	-	2,237,320	7,769,645
Accounts receivable (net)	757	1,360	-
Accrued interest receivable	-	4,399	38,682
Due from other governments	-	-	9,105
Inventories	51,369	-	-
Total current assets	<u>1,531,338</u>	<u>2,639,729</u>	<u>9,882,813</u>
Noncurrent assets:			
Capital assets:			
Land	25,500	-	-
Buildings and structures	2,575,959	-	-
Machinery and equipment	57,081	-	-
Vehicles	2,600,945	-	-
Less accumulated depreciation	<u>(2,334,306)</u>	<u>-</u>	<u>-</u>
Total capital asset (net)	<u>2,925,179</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>2,925,179</u>	<u>-</u>	<u>-</u>
Total assets	<u>4,456,517</u>	<u>2,639,729</u>	<u>9,882,813</u>
LIABILITIES			
Current liabilities:			
Accounts payable	25,326	672	37,736
Salaries payable	6,612	1,307	7,708
Compensated absences payable	27,882	-	-
Claims payable	-	-	827,176
Due to other governments	-	-	69,074
Unearned revenue	-	-	-
Advances from other funds	37,497	-	-
Total current liabilities	<u>97,317</u>	<u>1,979</u>	<u>941,694</u>
Noncurrent liabilities:			
Noncurrent compensated absences	77,317	-	-
Noncurrent claims payable	-	100,000	5,303,662
OPEB obligation	-	-	-
Noncurrent advances from other funds	1,724,854	-	-
Total non-current liabilities	<u>1,802,171</u>	<u>100,000</u>	<u>5,303,662</u>
Total liabilities	<u>1,899,488</u>	<u>101,979</u>	<u>6,245,356</u>
NET POSITION			
Net investment in capital assets	2,925,179	-	-
Unrestricted	(368,150)	2,537,750	3,637,457
Total net position	<u>\$ 2,557,029</u>	<u>\$ 2,537,750</u>	<u>\$ 3,637,457</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2017

	Medical/ Dental Insurance	Retired Employees' Health Insurance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,110,180	\$ 162,368	\$ 8,213,791
Investments	5,285,918	-	15,292,883
Accounts receivable (net)	507,491	-	509,608
Accrued interest receivable	14,690	-	57,771
Due from other governments	-	-	9,105
Inventories	-	-	51,369
Total current assets	<u>9,918,279</u>	<u>162,368</u>	<u>24,134,527</u>
Noncurrent assets:			
Capital assets:			
Land	-	-	25,500
Buildings and structures	-	-	2,575,959
Machinery and equipment	-	-	57,081
Vehicles	-	-	2,600,945
Less accumulated depreciation	-	-	(2,334,306)
Total capital asset (net)	<u>-</u>	<u>-</u>	<u>2,925,179</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>2,925,179</u>
Total assets	<u>9,918,279</u>	<u>162,368</u>	<u>27,059,706</u>
LIABILITIES			
Current liabilities:			
Accounts payable	105,939	-	169,673
Salaries payable	-	-	15,627
Compensated absences payable	-	23,833	51,715
Claims payable	2,166,286	-	2,993,462
Due to other governments	-	-	69,074
Unearned revenue	475,263	-	475,263
Advances from other funds	-	-	37,497
Total current liabilities	<u>2,747,488</u>	<u>23,833</u>	<u>3,812,311</u>
Noncurrent liabilities:			
Noncurrent compensated absences	-	138,535	215,852
Noncurrent claims payable	-	-	5,403,662
OPEB obligation	4,419,906	-	4,419,906
Noncurrent advances from other funds	-	-	1,724,854
Total non-current liabilities	<u>4,419,906</u>	<u>138,535</u>	<u>11,764,274</u>
Total liabilities	<u>7,167,394</u>	<u>162,368</u>	<u>15,576,585</u>
NET POSITION			
Net investment in capital assets	-	-	2,925,179
Unrestricted	2,750,885	-	8,557,942
Total net position	<u>\$ 2,750,885</u>	<u>\$ -</u>	<u>\$ 11,483,121</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, 2017

	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
Operating Revenues			
Charges for services	\$ 1,663,778	\$ 3,361	\$ 2,629,304
Other	5,530	25,185	82,316
Total Operating Revenues	<u>1,669,308</u>	<u>28,546</u>	<u>2,711,620</u>
Operating Expenses			
Personal services	607,214	89,043	365,464
Contractual services	267,078	1,345,878	1,521,911
Materials	352,843	404	9,779
OPEB expense	-	-	-
Claims paid	-	-	988,775
Depreciation	317,568	-	-
Total Operating Expenses	<u>1,544,703</u>	<u>1,435,325</u>	<u>2,885,929</u>
Operating Income (Loss)	<u>124,605</u>	<u>(1,406,779)</u>	<u>(174,309)</u>
Nonoperating revenues (expenses)			
Grants	6,061	-	-
Earnings on investments	-	43,053	110,575
Loss or gain on asset disposal	(83,259)	-	-
Total Nonoperating Revenues (Expenses)	<u>(77,198)</u>	<u>43,053</u>	<u>110,575</u>
Income (Loss) Before Transfers	47,407	(1,363,726)	(63,734)
Transfers in	5,000	200,000	-
Transfers (out)	-	(12,096)	-
Change in net position	52,407	(1,175,822)	(63,734)
Net position - January 1	<u>2,504,622</u>	<u>3,713,572</u>	<u>3,701,191</u>
Net position - December 31	<u>\$ 2,557,029</u>	<u>\$ 2,537,750</u>	<u>\$ 3,637,457</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, 2017

	<u>Medical/ Dental Insurance</u>	<u>Retired Employees Health Insurance</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 33,093,865	\$ 149,485	\$ 37,539,793
Other	-	-	113,031
Total Operating Revenues	<u>33,093,865</u>	<u>149,485</u>	<u>37,652,824</u>
Operating Expenses			
Personal services	-	-	1,061,721
Contractual services	1,345,146	149,485	4,629,498
Materials	-	-	363,026
OPEB expense	123,338	-	123,338
Claims paid	30,303,009	-	31,291,784
Depreciation	-	-	317,568
Total Operating Expenses	<u>31,771,493</u>	<u>149,485</u>	<u>37,786,935</u>
Operating Income (Loss)	<u>1,322,372</u>	<u>-</u>	<u>(134,111)</u>
Nonoperating revenues (expenses)			
Grants	-	-	6,061
Earnings on investments	83,035	-	236,663
Loss or gain on asset disposal	-	-	(83,259)
Total Nonoperating Revenues (Expenses)	<u>83,035</u>	<u>-</u>	<u>159,465</u>
Income (Loss) Before Transfers	1,405,407	-	25,354
Transfers in	-	-	205,000
Transfers (out)	<u>(326,042)</u>	<u>-</u>	<u>(338,138)</u>
Change in net position	1,079,365	-	(107,784)
Net position - January 1	<u>1,671,520</u>	<u>-</u>	<u>11,590,905</u>
Net position - December 31	<u>\$ 2,750,885</u>	<u>\$ -</u>	<u>\$ 11,483,121</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 1,664,296	\$ 2,427	\$ 2,629,303
Payments to suppliers	(622,206)	(146,770)	(1,504,144)
Payments to employees	(592,389)	(89,011)	(368,014)
Claims paid	-	(1,103,356)	(826,374)
Other receipts (payments)	5,530	25,186	133,842
Net cash provided (used) by operating activities	<u>455,231</u>	<u>(1,311,524)</u>	<u>64,613</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	5,000	200,000	-
Transfers to other funds	-	(12,096)	-
Operating grants	1,200	-	-
Net cash provided (used) by noncapital financing activities	<u>6,200</u>	<u>187,904</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(267,195)	-	-
Proceeds from the sale of capital assets	29,161	-	-
Proceeds from advance from other fund	(37,497)	-	-
Net cash provided (used) by capital and related financing activities	<u>(275,531)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	-	(1,290,288)
Sale of investments	-	1,221,000	1,218,485
Interest and dividends	-	52,389	136,599
Net cash provided (used) by investing activities	<u>-</u>	<u>1,273,389</u>	<u>64,796</u>
Net Increase (Decrease) in Cash and Cash Equivalents	185,900	149,769	129,409
Balances - January 1	<u>1,293,312</u>	<u>246,881</u>	<u>1,935,972</u>
Balances - December 31	<u>\$ 1,479,212</u>	<u>\$ 396,650</u>	<u>\$ 2,065,381</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 124,605	\$ (1,406,779)	\$ (174,309)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	317,568	-	-
(Increase) Decrease Receivables	518	(934)	10,000
(Increase) Decrease Due from other governments	-	-	41,526
(Increase) Decrease Inventories	(6,568)	-	-
Increase (Decrease) Accounts payable	4,283	(3,843)	26,607
Increase (Decrease) Salaries payable	(1,083)	32	(2,550)
Increase (Decrease) Compensated absences payable	15,908	-	-
Increase (Decrease) Claims payable	-	100,000	162,400
Increase (Decrease) Due to other governments	-	-	939
Increase (Decrease) OPEB obligation	-	-	-
Increase (Decrease) Unearned revenue	-	-	-
Total Adjustments	<u>330,626</u>	<u>95,255</u>	<u>238,922</u>
Net cash provided (used) by operating activities	<u>\$ 455,231</u>	<u>\$ (1,311,524)</u>	<u>\$ 64,613</u>
NON-CASH ACTIVITIES			
Change in fair market value of investments	-	(5,171)	(39,094)

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Medical/ Dental Insurance	Retired Employees' Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 33,564,638	\$ 149,485	\$ 38,010,149
Payments to suppliers	(1,435,790)	-	(3,708,910)
Payments to employees	-	(91,311)	(1,140,725)
Claims paid	(30,302,706)	-	(32,232,436)
Other receipts (payments)	-	-	164,558
Net cash provided (used) by operating activities	<u>1,826,142</u>	<u>58,174</u>	<u>1,092,636</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	205,000
Transfers to other funds	(326,042)	-	(338,138)
Operating grants	-	-	1,200
Net cash provided (used) by noncapital financing activities	<u>(326,042)</u>	<u>-</u>	<u>(131,938)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	-	(267,195)
Proceeds from the sale of capital assets	-	-	29,161
Proceeds from advance from other fund	-	-	(37,497)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(275,531)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(2,485,298)	-	(3,775,586)
Sale of investments	2,527,206	-	4,966,691
Interest and dividends	125,078	-	314,066
Net cash provided (used) by investing activities	<u>166,986</u>	<u>-</u>	<u>1,505,171</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,667,086	58,174	2,190,338
Balances - January 1	<u>2,443,094</u>	<u>104,194</u>	<u>6,023,453</u>
Balances - December 31	<u>\$ 4,110,180</u>	<u>\$ 162,368</u>	<u>\$ 8,213,791</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,322,372	\$ -	\$ (134,111)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	-	-	317,568
(Increase) Decrease Receivables	504,871	-	514,455
(Increase) Decrease Due from other governments	-	-	41,526
(Increase) Decrease Inventories	-	-	(6,568)
Increase (Decrease) Accounts payable	(90,644)	-	(63,597)
Increase (Decrease) Salaries payable	-	-	(3,601)
Increase (Decrease) Compensated absences payable	-	58,174	74,082
Increase (Decrease) Claims payable	303	-	262,703
Increase (Decrease) Due to other governments	-	-	939
Increase (Decrease) OPEB obligation	123,338	-	123,338
Increase (Decrease) Unearned revenue	(34,098)	-	(34,098)
Total Adjustments	<u>503,770</u>	<u>58,174</u>	<u>1,226,747</u>
Net cash provided (used) by operating activities	<u>\$ 1,826,142</u>	<u>\$ 58,174</u>	<u>\$ 1,092,636</u>
NON-CASH ACTIVITIES			
Change in fair market value of investments	(44,172)	-	(88,437)

FIDUCIARY FUNDS

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

Investment Trust Funds

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

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

AGENCY FUNDS

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

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

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

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

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

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

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

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

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

AGENCY FUNDS **Continued**

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

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

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

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

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

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

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

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

Recorder's Deposit Account - This fund is used to account for monies deposited with the Recorder's office from businesses that utilize the Recorder's office services on a regular basis. The Recorder uses these funds to pay for those businesses transactions.

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.

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.

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.

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017

	Investment Trust Funds		
	Taconite Relief	Taconite Production Tax	Total
ASSETS			
Cash and cash equivalents	\$ 809,758	\$ 561,347	\$ 1,371,105
Investments	5,000,000	-	5,000,000
Accrued interest receivable	36,521	-	36,521
Total Assets	5,846,279	561,347	6,407,626
 LIABILITIES			
Due to other governments	109,925	561,347	671,272
 NET POSITION			
Held in trust for pool participants and other purposes	\$ 5,736,354	\$ -	\$ 5,736,354

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Investment Trust Fund		
	Taconite Relief	Taconite Production Tax	Total
ADDITIONS			
Taconite taxes	\$ 11,296,703	\$ 24,311,655	\$ 35,608,358
Earnings on investments	74,848	22,090	96,938
Total Additions	11,371,551	24,333,745	35,705,296
DEDUCTIONS			
Distributions to participants	11,227,301	24,333,745	35,561,046
Changes in net position	144,250	-	144,250
Net position - January 1	5,592,104	-	5,592,104
Net position - December 31	\$ 5,736,354	\$ -	\$ 5,736,354

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance January 1	Additions	Deductions	Balance December 31
STATE OF MINNESOTA FUND				
ASSETS				
Cash and cash equivalents	\$ 950,603	\$ 55,023,482	\$ 55,086,355	\$ 887,730
Accounts receivable	6	787	678	115
Due from other governments	75,576	2,421,176	2,422,106	74,646
Total Assets	<u>\$ 1,026,185</u>	<u>\$ 57,445,445</u>	<u>\$ 57,509,139</u>	<u>\$ 962,491</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 202	\$ -	\$ 202
Due to other governments	1,026,185	57,445,243	57,509,139	962,289
Total Liabilities	<u>\$ 1,026,185</u>	<u>\$ 57,445,445</u>	<u>\$ 57,509,139</u>	<u>\$ 962,491</u>
BEER-AUCTIONEER LICENSES FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 1,400</u>	<u>\$ 1,325</u>	<u>\$ 1,400</u>	<u>\$ 1,325</u>
LIABILITIES				
Due to other governments	<u>\$ 1,400</u>	<u>\$ 1,325</u>	<u>\$ 1,400</u>	<u>\$ 1,325</u>
TAXES AND PENALTIES FUND				
ASSETS				
Cash and cash equivalents	\$ 2,375,322	\$ 457,441,409	\$ 454,933,870	\$ 4,882,861
Due from other governments	501	45	545	1
Total Assets	<u>\$ 2,375,823</u>	<u>\$ 457,441,454</u>	<u>\$ 454,934,415</u>	<u>\$ 4,882,862</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 14,231	\$ -	\$ 14,231
Due to other governments	2,375,823	457,427,223	454,934,415	4,868,631
Total Liabilities	<u>\$ 2,375,823</u>	<u>\$ 457,441,454</u>	<u>\$ 454,934,415</u>	<u>\$ 4,882,862</u>
PAYROLL DEDUCTIONS FUND				
ASSETS				
Cash and cash equivalents	\$ 2,157,062	\$ 57,987,040	\$ 57,844,927	\$ 2,299,175
Accounts receivable	119	-	119	-
Total Assets	<u>\$ 2,157,181</u>	<u>\$ 57,987,040</u>	<u>\$ 57,845,046</u>	<u>\$ 2,299,175</u>
LIABILITIES				
Accounts payable	<u>\$ 2,157,181</u>	<u>\$ 57,987,040</u>	<u>\$ 57,845,046</u>	<u>\$ 2,299,175</u>
HUMAN SERVICE CONFERENCE FUND				
ASSETS				
Cash and cash equivalents	\$ 188,856	\$ 369,605	\$ 320,650	\$ 237,811
Accounts receivable	2,735	2,420	3,345	1,810
Total Assets	<u>\$ 191,591</u>	<u>\$ 372,025</u>	<u>\$ 323,995</u>	<u>\$ 239,621</u>
LIABILITIES				
Accounts payable	\$ 135	\$ 130,901	\$ 130,650	\$ 386
Due to other governments	191,456	241,124	193,345	239,235
Total Liabilities	<u>\$ 191,591</u>	<u>\$ 372,025</u>	<u>\$ 323,995</u>	<u>\$ 239,621</u>
CANCELED CHECK FUND				
ASSETS				
Cash and cash equivalents	\$ 1,334	\$ 27,479	\$ 27,807	\$ 1,006
Accounts receivable	251	-	-	251
Total Assets	<u>\$ 1,585</u>	<u>\$ 27,479</u>	<u>\$ 27,807</u>	<u>\$ 1,257</u>
LIABILITIES				
Accounts payable	<u>\$ 1,585</u>	<u>\$ 27,479</u>	<u>\$ 27,807</u>	<u>\$ 1,257</u>

continued

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance January 1	Additions	Deductions	Balance December 31
ARROWHEAD REGIONAL CORRECTIONS FUND				
ASSETS				
Cash and cash equivalents	\$ 3,433,517	\$ 29,120,004	\$ 29,506,514	\$ 3,047,007
Investments	2,074,270	1,760,650	1,692,540	2,142,380
Accounts receivable	68,767	3,503,564	3,500,355	71,976
Accrued interest receivable	6,510	83,571	80,086	9,995
Due from other governments	386,493	406,832	401,443	391,882
Total Assets	<u>\$ 5,969,557</u>	<u>\$ 34,874,621</u>	<u>\$ 35,180,938</u>	<u>\$ 5,663,240</u>
LIABILITIES				
Accounts payable	\$ 444,398	\$ 5,107,814	\$ 5,112,871	\$ 439,341
Contracts payable	-	65,014	-	65,014
Salaries payable	284,772	1,832,903	1,821,709	295,966
Due to other governments	5,240,387	27,868,890	28,246,358	4,862,919
Total Liabilities	<u>\$ 5,969,557</u>	<u>\$ 34,874,621</u>	<u>\$ 35,180,938</u>	<u>\$ 5,663,240</u>
PERMIT TO CARRY FIREARMS FUND				
ASSETS				
Cash and cash equivalents	\$ 383,704	\$ 207,271	\$ 267,863	\$ 323,112
Accounts receivable	1,395	860	1,395	860
Total Assets	<u>\$ 385,099</u>	<u>\$ 208,131</u>	<u>\$ 269,258</u>	<u>\$ 323,972</u>
LIABILITIES				
Accounts payable	\$ -	\$ 90,436	\$ 90,394	\$ 42
Due to other governments	385,099	117,695	178,864	323,930
Total Liabilities	<u>\$ 385,099</u>	<u>\$ 208,131</u>	<u>\$ 269,258</u>	<u>\$ 323,972</u>
MINNEAPOLIS-DULUTH/SUPERIOR PASSENGER RAIL ALLIANCE FUND				
ASSETS				
Cash and cash equivalents	\$ 7,750	\$ 106,680	\$ 105,017	\$ 9,413
Accounts Receivable	9,750	4,485	9,750	4,485
Total Assets	<u>17,500</u>	<u>111,165</u>	<u>114,767</u>	<u>13,898</u>
LIABILITIES				
Accounts payable	\$ 12,277	\$ 62,154	\$ 69,018	\$ 5,413
Due to other governments	5,223	49,011	45,749	8,485
Total Liabilities	<u>\$ 17,500</u>	<u>\$ 111,165</u>	<u>\$ 114,767</u>	<u>\$ 13,898</u>
CIVIL FUNDS				
ASSETS				
Cash and cash equivalents	\$ 22,834	\$ 2,069,059	\$ 1,701,909	\$ 389,984
Accounts receivable	-	354	-	354
Total Assets	<u>\$ 22,834</u>	<u>\$ 2,069,413</u>	<u>\$ 1,701,909</u>	<u>\$ 390,338</u>
LIABILITIES				
Accounts payable	\$ 3,187	\$ 1,640,593	\$ 1,533,771	\$ 110,009
Due to other governments	19,647	428,820	168,138	280,329
Total Liabilities	<u>\$ 22,834</u>	<u>\$ 2,069,413</u>	<u>\$ 1,701,909</u>	<u>\$ 390,338</u>

continued

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance January 1	Additions	Deductions	Balance December 31
COMMUNITY HEALTH SERVICES FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 6,447,998	\$ 6,447,998	\$ -
Accounts receivable	-	1,754	-	1,754
Due from other governments	1,154,558	1,530,391	1,162,397	1,522,552
Total Assets	<u>\$ 1,154,558</u>	<u>\$ 7,980,143</u>	<u>\$ 7,610,395</u>	<u>\$ 1,524,306</u>
LIABILITIES				
Accounts payable	\$ 41,862	\$ 2,427,354	\$ 2,409,317	\$ 59,899
Salaries payable	8,452	37,866	38,376	7,942
Due to other governments	1,104,244	5,514,923	5,162,702	1,456,465
Total Liabilities	<u>\$ 1,154,558</u>	<u>\$ 7,980,143</u>	<u>\$ 7,610,395</u>	<u>\$ 1,524,306</u>
DULUTH AREA FAMILY SERVICE COLLABORATIVE FUND				
ASSETS				
Cash and cash equivalents	\$ 490,012	\$ 347,966	\$ 203,447	\$ 634,531
Due from other governments	100,425	84,532	100,425	84,532
Total Assets	<u>\$ 590,437</u>	<u>\$ 432,498</u>	<u>\$ 303,872</u>	<u>\$ 719,063</u>
LIABILITIES				
Accounts payable	\$ -	\$ 229,266	\$ 189,266	\$ 40,000
Due to other governments	590,437	203,232	114,606	679,063
Total Liabilities	<u>\$ 590,437</u>	<u>\$ 432,498</u>	<u>\$ 303,872</u>	<u>\$ 719,063</u>
LOCAL COLLABORATIVE TIME STUDY FUND				
ASSETS				
Cash and cash equivalents	\$ 341,448	\$ 360,230	\$ 325,616	\$ 376,062
Due from other governments	100,425	84,532	100,425	84,532
Total Assets	<u>\$ 441,873</u>	<u>\$ 444,762</u>	<u>\$ 426,041</u>	<u>\$ 460,594</u>
LIABILITIES				
Accounts payable	\$ -	\$ 324,908	\$ 319,798	\$ 5,110
Due to other governments	441,873	119,854	106,243	455,484
Total Liabilities	<u>\$ 441,873</u>	<u>\$ 444,762</u>	<u>\$ 426,041</u>	<u>\$ 460,594</u>
REGIONAL RAILROAD AUTHORITY FUND				
ASSETS				
Cash and cash equivalents	\$ 3,873,475	\$ 9,887,782	\$ 12,845,358	\$ 915,899
Delinquent taxes receivable	72,245	188,979	196,634	64,590
Accounts receivable	6,885	4,600	6,885	4,600
Due from other governments	4,478,526	2,643,748	4,478,526	2,643,748
Prepaid items	3,685	-	3,685	-
Total Assets	<u>\$ 8,434,816</u>	<u>\$ 12,725,109</u>	<u>\$ 17,531,088</u>	<u>\$ 3,628,837</u>
LIABILITIES				
Accounts payable	\$ 195,393	\$ 12,713,822	\$ 12,524,416	\$ 384,799
Salaries payable	5,652	4,511	5,652	4,511
Due to other governments	8,233,771	6,776	5,001,020	3,239,527
Total Liabilities	<u>\$ 8,434,816</u>	<u>\$ 12,725,109</u>	<u>\$ 17,531,088</u>	<u>\$ 3,628,837</u>

continued

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance January 1	Additions	Deductions	Balance December 31
NORTHERN COUNTIES				
LAND USE BOARD FUND				
ASSETS				
Cash and cash equivalents	\$ 137,779	\$ 9,999	\$ 61,279	\$ 86,499
LIABILITIES				
Accounts payable	\$ -	\$ 9,999	\$ 1,804	\$ 8,195
Due to other governments	137,779	-	59,475	78,304
Total Liabilities	\$ 137,779	\$ 9,999	\$ 61,279	\$ 86,499
VOYAGERS NATIONAL JOINT VENTURE				
ASSETS				
Cash and cash equivalents	\$ 44,873	\$ 53,692	\$ 58,323	\$ 40,242
LIABILITIES				
Accounts payable	\$ 17,470	\$ 51,294	\$ 58,323	\$ 10,441
Due to other governments	27,403	2,398	-	29,801
Total Liabilities	\$ 44,873	\$ 53,692	\$ 58,323	\$ 40,242
SHERIFF FORFEITS/EVIDENCE				
ASSETS				
Cash and cash equivalents	\$ 107,296	\$ 126,288	\$ 81,563	\$ 152,021
Accounts receivable	2,191	9,583	2,189	9,585
Total Assets	\$ 109,487	\$ 135,871	\$ 83,752	\$ 161,606
LIABILITIES				
Accounts payable	\$ 150	\$ 73,332	\$ 28,377	\$ 45,105
Due to other governments	109,337	62,539	55,375	116,501
Total Liabilities	\$ 109,487	\$ 135,871	\$ 83,752	\$ 161,606
RECORDER'S DEPOSIT FUND				
ASSETS				
Cash and cash equivalents	\$ 44,034	\$ 228,925	\$ 238,335	\$ 34,624
LIABILITIES				
Accounts payable	\$ 44,034	\$ 228,925	\$ 238,335	\$ 34,624
MN REGIONAL PARKS AND TRAILS				
ASSETS				
Cash and cash equivalents	\$ -	\$ 201,566	\$ 125,208	\$ 76,358
LIABILITIES				
Due to other governments	\$ -	\$ 201,566	\$ 125,208	\$ 76,358
SOCIAL WELFARE FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 6,195,516	\$ 5,999,360	\$ 196,156
LIABILITIES				
Accounts payable	\$ -	\$ 6,195,516	\$ 5,999,360	\$ 196,156

continued

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
ESTATE RECOVERY FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,448,601	\$ 1,953,740	\$ 494,861
LIABILITIES				
Accounts Payable	\$ -	\$ 2,448,601	\$ 1,953,740	\$ 494,861
JAIL INMATE/KIOSK				
ASSETS				
Cash and cash equivalents	\$ -	\$ 817,461	\$ 649,579	\$ 167,882
LIABILITIES				
Accounts Payable	\$ -	\$ 817,461	\$ 649,579	\$ 167,882
TOTALS FOR ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 14,561,299	\$ 629,479,378	\$ 628,786,118	\$ 15,254,559
Investments	2,074,270	1,760,650	1,692,540	2,142,380
Delinquent taxes receivable	72,245	188,979	196,634	64,590
Accounts receivable	92,099	3,528,407	3,524,716	95,790
Accrued interest receivable	6,510	83,571	80,086	9,995
Due from other governments	6,296,504	7,171,256	8,665,867	4,801,893
Prepaid items	3,685	-	3,685	-
Total Assets	<u>\$ 23,106,612</u>	<u>642,212,241</u>	<u>642,949,646</u>	<u>22,369,207</u>
LIABILITIES				
Accounts payable	\$ 2,917,672	\$ 90,581,328	\$ 89,181,872	\$ 4,317,128
Contracts payable	-	65,014	-	65,014
Salaries payable	298,876	1,875,280	1,865,737	308,419
Due to other governments	19,890,064	549,690,619	551,902,037	17,678,646
Total Liabilities	<u>\$ 23,106,612</u>	<u>\$ 642,212,241</u>	<u>\$ 642,949,646</u>	<u>\$ 22,369,207</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS
DECEMBER 31, 2017

	Interest Rates	Par Value	Market
Pooled Investments and Deposits			
Savings Accounts	0.03%	\$ 10,010	\$ 10,010
Certificates of Deposit	1.00% - 2.65%	23,001,125	23,003,876
MAGIC Portfolio	Varies	35,726,701	35,726,701
MAGIC TERM	1.10% - 1.39%	14,056,342	14,056,342
Municipal Bonds	1.30% - 5.00%	13,555,000	13,668,413
FFCB	1.25% - 5.15%	13,759,000	14,091,932
FHLB	1.00% - 5.625%	51,245,000	52,066,270
FHLMC	0.875% - 3.75%	12,110,000	12,159,592
FNMA	0.875% - 2.125%	19,750,000	19,584,743
Total Pooled Investments and Deposits		\$ 183,213,178	\$ 184,367,879
Capital Projects			
MAGIC TERM	1.33%	\$ 2,000,000	\$ 2,000,000
Shoreland Sales Permanent Fund			
MN Board of Investments	Varies	\$ 18,960,296	\$ 18,960,296
Environmental Services Enterprise Fund			
Certificates of deposit	1.00% - 2.05%	\$ 3,788,000	\$ 3,788,000
FFCB	1.77% - 5.05%	2,534,000	2,548,324
FHLB	1.25% - 2.75%	5,610,000	5,600,634
FHLMC	0.875% - 2.00%	1,950,000	1,945,014
FNMA	1.875%	1,000,000	1,000,260
Total Environmental Services Enterprise Fund		\$ 14,882,000	\$ 14,882,232
Property, Casualty, Liability Insurance			
Internal Service Fund			
Certificates of deposit	0.75% - 2.15%	\$ 1,491,000	\$ 1,491,000
FFCB	1.77%	250,000	247,055
FHLMC	1.75%	500,000	499,265
Total Property, Casualty, Liability Insurance			
Internal Service Fund		\$ 2,241,000	\$ 2,237,320
Worker's Compensation Insurance			
Internal Service Fund			
Certificates of Deposit	1.15% - 2.15%	\$ 2,952,000	\$ 2,952,000
FFCB	1.77% - 5.05%	3,049,000	3,072,443
FHLMC	1.75%	750,000	748,898
FNMA	0.875% - 2.00%	1,000,000	996,304
Total Workers' Compensation Insurance			
Internal Service Fund		\$ 7,751,000	\$ 7,769,645
Medical/Dental Insurance			
Internal Service Fund			
Certificates of Deposit	1.00% - 2.20%	\$ 2,470,000	\$ 2,470,000
FFCB	2.35%	500,000	500,045
FHLB	1.25% - 3.375%	1,300,000	1,315,613
FNMA	1.875%	1,000,000	1,000,260
Total Medical/Dental Insurance			
Internal Service Fund		\$ 5,270,000	\$ 5,285,918
Taconite Relief Trust Fund			
MAGIC TERM	1.24%	\$ 5,000,000	\$ 5,000,000
Arrowhead Regional Corrections Agency Fund			
Certificates of deposit	1.20% - 2.00%	\$ 1,228,000	\$ 1,228,000
MAGIC TERM	1.27%	914,380	914,380
Total Arrowhead Regional Corrections Agency Fund		\$ 2,142,380	\$ 2,142,380
Total Investments and deposits		\$ 241,459,854	\$ 242,645,670

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
Appropriations and Shared Revenue					
State					
Department of Natural Resources					
Mineral rents & royalties	\$ 639,410	\$ -	\$ -	\$ -	\$ -
Department of Public Safety					
Enhanced 911 program grant	326,232	-	-	-	-
Department of Revenue					
County program aid	9,126,151	978,765	1,335,764	-	-
Disparity aid	2,454,188	857,974	1,753,960	-	307,794
Local Performance Aid	25,000	-	-	-	-
Market value credit	61,065	23,370	43,048	426	7,554
PERA aid	163,618	90,378	194,517	18,768	-
Police aid	839,030	-	-	-	-
State fire aid	21,216	-	-	-	-
Department of Transportation					
30 percent rental income	194	70	127	1	25
Engineering	-	1,895,021	-	-	-
MN FD 29 bridge bond	-	364,069	-	-	-
Municipal construction	-	3,029,669	-	-	-
Municipal maintenance	-	1,570,725	-	-	-
Regular construction	-	6,635,165	-	-	-
Regular maintenance	-	10,142,361	-	-	-
State aid for consulting	-	58,707	-	-	-
State park	-	378,931	-	-	-
Town bridge	-	915,427	-	-	-
Unorganized town road and bridge aid	-	140,106	-	-	-
Total Appropriations and Shared Revenue	\$ 13,656,104	\$ 27,080,738	\$ 3,327,416	\$ 19,195	\$ 315,373
Reimbursement for Services					
State					
Department of Human Services					
Alternative care 180 day	\$ -	\$ -	\$ 112,955	\$ -	\$ -
Case management for community alternative care	-	-	7,659	-	-
Child welfare targeted case mgmt	-	-	2,938,019	-	-
Community alternatives for disabled individuals wa	-	-	992,093	-	-
Elderly waived services	-	-	74,450	-	-
Medical assistance-child & teen checkups	-	-	215,938	-	-
Medical Assistance MCH Home Visits	-	-	18,392	-	-
Medical assistance-transportation	-	-	126,680	-	-
Medical assistance - ACT	-	-	1,137,030	-	-
Medical assistance - CEHI	-	-	375,128	-	-
Medical assistance - Rule 5	-	-	815,123	-	-
Developmental disabilities waived services	-	-	709,972	-	-
MH targeted case management	-	-	724,623	-	-
Relocation waived services	-	-	1,592	-	-
State 911	2,500	-	-	-	-
Traumatic brain injury	-	-	74,978	-	-
VADD targeted case management	-	-	86,304	-	-
Total Reimbursement for Services Revenue	\$ 2,500	\$ -	\$ 8,410,936	\$ -	\$ -

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Appropriations and Shared Revenue				
State				
Department of Natural Resources				
Mineral rents & royalties	\$ -	\$ -	\$ -	\$ 639,410
Department of Public Safety				
Enhanced 911 program grant	-	-	-	326,232
Department of Revenue				
County program aid	67,613	-	-	11,508,293
Disparity aid	124,970	-	-	5,498,886
Local Performance Aid	-	-	-	25,000
Market value credit	3,068	-	-	138,531
PERA aid	-	-	3,774	471,055
Police aid	-	-	-	839,030
State fire aid	-	-	-	21,216
Department of Transportation				
30 percent rental income	10	-	-	427
Engineering	-	-	-	1,895,021
MN FD 29 bridge bond	-	-	-	364,069
Municipal construction	-	-	-	3,029,669
Municipal maintenance	-	-	-	1,570,725
Regular construction	-	-	-	6,635,165
Regular maintenance	-	-	-	10,142,361
State aid for consulting	-	-	-	58,707
State park	-	-	-	378,931
Town bridge	-	-	-	915,427
Unorganized town road and bridge aid	-	-	-	140,106
Total Appropriations and Shared Revenue	\$ 195,661	\$ -	\$ 3,774	\$ 44,598,261
Reimbursement for Services				
State				
Department of Human Services				
Alternative care 180 day	\$ -	\$ -	\$ -	\$ 112,955
Case management for community alternative care	-	-	-	7,659
Child welfare targeted case mgmt	-	-	-	2,938,019
Community alternatives for disabled individuals wa	-	-	-	992,093
Elderly waived services	-	-	-	74,450
Medical assistance-child & teen checkups	-	-	-	215,938
Medical Assistance MCH Home Visits	-	-	-	18,392
Medical assistance-transportation	-	-	-	126,680
Medical assistance - ACT	-	-	-	1,137,030
Medical assistance - CEHI	-	-	-	375,128
Medical assistance - Rule 5	-	-	-	815,123
Developmental disabilities waived services	-	-	-	709,972
MH targeted case management	-	-	-	724,623
Relocation waived services	-	-	-	1,592
State 911	-	-	-	2,500
Traumatic brain injury	-	-	-	74,978
VADD targeted case management	-	-	-	86,304
Total Reimbursement for Services Revenue	\$ -	\$ -	\$ -	\$ 8,413,436

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
Grants					
State Grants					
Board of Water & Soil Resources					
Board of Water & Soil Resources	\$ -	\$ 102,500	\$ -	\$ -	\$ -
Natural resources block grant	224,276	-	-	-	-
Department of Environmental Assistance					
SCORE recycling grant	-	-	-	-	-
Department of Health					
Evidence Based Home Visiting	-	-	65,551	-	-
Local public health grant	-	-	861,413	-	-
Department of Housing Finance					
Family homelessness prevention	-	-	350,586	-	-
FHPAP Tech & Capacity Grant	-	-	14,000	-	-
Department of Human Services					
Adult integrated fund	-	-	2,440,879	-	-
Alternative care	-	-	112,693	-	-
Alternative response	-	-	8,806	-	-
Autism respite grant	-	-	247,600	-	-
Case management CAC state	-	-	7,659	-	-
Child care basic sliding fee	-	-	37,477	-	-
Child protection - GTFCP	-	-	1,412,504	-	-
Child support health ins bonus	-	-	87,127	-	-
Child support incentives	-	-	41,123	-	-
Children's mental health	-	-	136,026	-	-
Community alternatives for disabled individual wai	-	-	991,911	-	-
Community Social Services Act block grant	-	-	3,002,699	-	-
Consolidated chemical dependency fund admin	-	-	178,877	-	-
Consumer directed	-	-	15,866	-	-
Cost effective health insurance	-	-	584,069	-	-
Child and teen checkups	-	-	215,938	-	-
Day Training & Habilitation	-	-	7,299	-	-
DD family support	-	-	68,157	-	-
Early Hearing Detection & Intervention	-	-	7,325	-	-
Elderly waived services	-	-	74,450	-	-
Essential Community Service	-	-	4,001	-	-
SNAP Employment and Training	-	-	2,056	-	-
Food Support Bonus	-	-	49,112	-	-
Forgotten child	-	-	2,342	-	-
Fraud prevention incentives	-	-	112,949	-	-
Homeless outreach	-	-	1,098,579	-	-
LTSS	-	-	3,383,828	-	-
Medical assistance-MCH home visits	-	-	18,860	-	-
Medical assistance ACT	-	-	1,057,725	-	-
Medical assistance transportation	-	-	126,071	-	-
Developmental disabilities waived services	-	-	709,837	-	-
MN family investment project burial	-	-	3,050	-	-
MN family investment project child care	-	-	25,289	-	-
MN family investment project employment services	-	-	451,696	-	-
Northstar Foster Care	-	-	1,087,982	-	-
Parent support outreach program	-	-	60,771	-	-
Periodic data match	-	-	135,773	-	-
Relocation waived services	-	-	1,591	-	-
Semi-independent living skills	-	-	290,414	-	-
Statewide health improvement - SHIP	-	-	65,711	-	-
Transitions to Community	-	-	4,525	-	-
Traumatic brain injury	-	-	74,960	-	-
Workers Compensation	-	-	-	-	-

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Capital Projects Fund</u>	<u>Environmental Services Enterprise Fund</u>	<u>Internal Service Funds</u>	<u>Total</u>
Grants				
State Grants				
Board of Water & Soil Resources				
Board of Water & Soil Resources	\$ -	\$ -	\$ -	\$ 102,500
Natural resources block grant	-	27,600	-	251,876
Department of Environmental Assistance				
SCORE recycling grant	-	274,761	-	274,761
Department of Health				
Evidence Based Home Visiting	-	-	-	65,551
Local public health grant	-	-	-	861,413
Department of Housing Finance				
Family homelessness prevention	-	-	-	350,586
FHPAP Tech & Capacity Grant	-	-	-	14,000
Department of Human Services				
Adult integrated fund	-	-	-	2,440,879
Alternative care	-	-	-	112,693
Alternative response	-	-	-	8,806
Autism respite grant	-	-	-	247,600
Case management CAC state	-	-	-	7,659
Child care basic sliding fee	-	-	-	37,477
Child protection - GTFCP	-	-	-	1,412,504
Child support health ins bonus	-	-	-	87,127
Child support incentives	-	-	-	41,123
Children's mental health	-	-	-	136,026
Community alternatives for disabled individual wai	-	-	-	991,911
Community Social Services Act block grant	-	-	-	3,002,699
Consolidated chemical dependency fund admin	-	-	-	178,877
Consumer directed	-	-	-	15,866
Cost effective health insurance	-	-	-	584,069
Child and teen checkups	-	-	-	215,938
Day Training & Habilitation	-	-	-	7,299
DD family support	-	-	-	68,157
Early Hearing Detection & Intervention	-	-	-	7,325
Elderly waived services	-	-	-	74,450
Essential Community Service	-	-	-	4,001
SNAP Employment and Training	-	-	-	2,056
Food Support Bonus	-	-	-	49,112
Forgotten child	-	-	-	2,342
Fraud prevention incentives	-	-	-	112,949
Homeless outreach	-	-	-	1,098,579
LTSS	-	-	-	3,383,828
Medical assistance-MCH home visits	-	-	-	18,860
Medical assistance ACT	-	-	-	1,057,725
Medical assistance transportation	-	-	-	126,071
Developmental disabilities waived services	-	-	-	709,837
MN family investment project burial	-	-	-	3,050
MN family investment project child care	-	-	-	25,289
MN family investment project employment services	-	-	-	451,696
Northstar Foster Care	-	-	-	1,087,982
Parent support outreach program	-	-	-	60,771
Periodic data match	-	-	-	135,773
Relocation waived services	-	-	-	1,591
Semi-independent living skills	-	-	-	290,414
Statewide health improvement - SHIP	-	-	-	65,711
Transitions to Community	-	-	-	4,525
Traumatic brain injury	-	-	-	74,960
Workers Compensation	-	-	80,811	80,811

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
Grants (continued)					
State grants (continued)					
Department of Natural Resources					
Aquatic Invasive Species Prevention	928,340	-	-	-	-
Boat and water safety	89,361	-	-	-	-
State Forest Road Access	-	-	-	329,868	-
Off highway ATV	43,086	-	-	-	-
Snowmobile safety	33,656	-	-	-	-
State trail assistance	393,125	-	-	-	-
Board of Peace Officer Standards and Training					
Training reimbursement	33,382	-	-	-	-
Department of Public Safety					
Bullet proof vests	7,726	-	-	-	-
Emergency Communication Network	26,682	-	-	-	-
Public Assistance Disaster Fund	4,116	695,053	-	22,189	-
Department of Transportation					
Northeast Minnesota Rail Initiative	-	381,043	-	-	-
MN Contributions to PERA	-	-	-	-	-
MN Pollution Control Agency					
Electric Vehicle Pilot Project	-	-	-	-	-
Septic Treatment Systems	-	-	-	54,808	-
Veterans Affairs					
Enhancement	19,824	-	-	-	-
Total State Grants	\$ 1,803,574	\$ 1,178,596	\$ 19,737,157	\$ 406,865	\$ -
Federal Grants					
Department of Agriculture					
10.557 Women, infants, and children (through Commu	\$ -	\$ -	\$ 628,980	\$ -	\$ -
10.561 Supplemental nutrition and assistance progr	73,184	-	1,706,423	-	-
10.561 SNAP employment and training	-	-	181,005	-	-
10.665 National forest land	1,501,238	-	-	-	-
10.665 National forest land - roads & schools	-	87,802	-	-	-
10.665 National forest title III	8,581	-	-	-	-
Department of Commerce					
11.419 Coastal zone management and administration	-	11,416	-	-	-
Department of Education					
84.181A Follow along program	-	-	1,934	-	-
Department of Health & Human Services					
93.069 Public health emergency preparedness	-	-	85,070	-	-
93.070 MDH Asthma HV	-	-	18,759	-	-
93.150 Adult integrated fund	-	-	29,774	-	-
93.251 Universal Newborn Hearing Screening	-	-	450	-	-
93.283 Early hearing detection intervention	-	-	750	-	-
93.505 Maternal, Infant, and Early Childhood Home	-	-	141,648	-	-
93.556 Fed IVB 2 PSOP	-	-	13,617	-	-
93.556 Title 4B Fam Response	-	-	14,351	-	-
93.556 Title IV-B Alternative Response	-	-	108,283	-	-
93.558 MN family investment project employment ser	-	-	3,023,709	-	-
93.558 Temporary assistance to needy families admi	20,538	-	496,565	-	-
93.558 Temporary assistance to needy families home	-	-	453,483	-	-
93.563 Child support	81,332	-	3,183,464	-	-
93.563 Title IV-D incentives	-	-	375,663	-	-
93.575 BSF CC Admin	-	-	45,806	-	-
93.575 MFSIP CC Admin	-	-	26,317	-	-
93.590 Federal PSOP Child's Trust	-	-	84,149	-	-
93.645 Fed IVB 1 PSOP	-	-	17,698	-	-
93.645 Title 4B Fam Response	-	-	9,459	-	-
93.658 Foster care	17,100	-	42,888	-	-
93.658 IV-E foster care social service time study	-	-	868,027	-	-
93.658 Title IV-E cost of care	-	-	1,798,770	-	-
93.658 Title IV-E foster care case management	-	-	165,762	-	-
93.667 Title XX block grant	-	-	1,613,802	-	-
93.674 Support for emancipation and living functio	-	-	46,323	-	-
93.757 Community wellness grant	-	-	173,695	-	-
93.778 LTSS	-	-	3,654,174	-	-
93.778 Medical assistance	131,671	-	2,349,809	-	-
93.778 Medical assistance - Rule 25	-	-	1,102,581	-	-
93.778 Medical assistance incentives	-	-	52,276	-	-
93.788 Response to Opioid	-	-	176,489	-	-
93.994 Fed Maternal & Child Care	-	-	250,060	-	-

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants (continued)				
State grants (continued)				
Department of Natural Resources				
Aquatic Invasive Species Prevention	-	-	-	928,340
Boat and water safety	-	-	-	89,361
State Forest Road Access	-	-	-	329,868
Off highway ATV	-	-	-	43,086
Snowmobile safety	-	-	-	33,656
State trail assistance	-	-	-	393,125
Board of Peace Officer Standards and Training				
Training reimbursement	-	-	-	33,382
Department of Public Safety				
Bullet proof vests	-	-	-	7,726
Emergency Communication Network	-	-	-	26,682
Public Assistance Disaster Fund	-	-	-	721,358
Department of Transportation				
Northeast Minnesota Rail Initiative	-	-	-	381,043
MN Contributions to PERA	-	695	-	695
MN Pollution Control Agency				
Electric Vehicle Pilot Project	-	-	6,061	6,061
Septic Treatment Systems	-	-	-	54,808
Veterans Affairs				
Enhancement	-	-	-	19,824
Total State Grants	\$ -	\$ 303,056	\$ 86,872	\$ 23,516,120
Federal Grants				
Department of Agriculture				
10.557 Women, infants, and children (through Commu	\$ -	\$ -	\$ -	\$ 628,980
10.561 Supplemental nutrition and assistance progr	-	-	-	1,779,607
10.561 SNAP employment and training	-	-	-	181,005
10.665 National forest land	-	-	-	1,501,238
10.665 National forest land - roads & schools	-	-	-	87,802
10.665 National forest title III	-	-	-	8,581
Department of Commerce				
11.419 Coastal zone management and administration	-	-	-	11,416
Department of Education				
84.181A Follow along program	-	-	-	1,934
Department of Health & Human Services				
93.069 Public health emergency preparedness	-	-	-	85,070
93.070 MDH Asthma HV	-	-	-	18,759
93.150 Adult integrated fund	-	-	-	29,774
93.251 Universal Newborn Hearing Screening	-	-	-	450
93.283 Early hearing detection intervention	-	-	-	750
93.505 Maternal, Infant, and Early Childhood Home	-	-	-	141,648
93.556 Fed IVB 2 PSOP	-	-	-	13,617
93.556 Title 4B Fam Response	-	-	-	14,351
93.556 Title IV-B Alternative Response	-	-	-	108,283
93.558 MN family investment project employment ser	-	-	-	3,023,709
93.558 Temporary assistance to needy families admi	-	-	-	517,103
93.558 Temporary assistance to needy families home	-	-	-	453,483
93.563 Child support	-	-	-	3,264,796
93.563 Title IV-D incentives	-	-	-	375,663
93.575 BSF CC Admin	-	-	-	45,806
93.575 MFSIP CC Admin	-	-	-	26,317
93.590 Federal PSOP Child's Trust	-	-	-	84,149
93.645 Fed IVB 1 PSOP	-	-	-	17,698
93.645 Title 4B Fam Response	-	-	-	9,459
93.658 Foster care	-	-	-	59,988
93.658 IV-E foster care social service time study	-	-	-	868,027
93.658 Title IV-E cost of care	-	-	-	1,798,770
93.658 Title IV-E foster care case management	-	-	-	165,762
93.667 Title XX block grant	-	-	-	1,613,802
93.674 Support for emancipation and living functio	-	-	-	46,323
93.757 Community wellness grant	-	-	-	173,695
93.778 LTSS	-	-	-	3,654,174
93.778 Medical assistance	-	-	-	2,481,480
93.778 Medical assistance - Rule 25	-	-	-	1,102,581
93.778 Medical assistance incentives	-	-	-	52,276
93.788 Response to Opioid	-	-	-	176,489
93.994 Fed Maternal & Child Care	-	-	-	250,060

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
Grants (continued)					
Federal Grants (continued)					
Department of Homeland Security					
97.012 Boating safety financial assurance	22,577	-	-	-	-
97.036 FEMA Public Assistance	-	68,963	-	-	-
97.042 Homeland Security Grant	22,276	-	-	-	-
97.067 Emergency Management	4,781	-	-	-	-
97.067 Homeland security grant	82,676	-	-	-	-
Department of Housing & Urban Development					
14.218 CDBG federal grant	-	-	-	2,014,021	-
14.231 Emergency shelter grant	170,377	-	-	-	-
14.238 Shelter Plus Care	48,110	-	-	-	-
14.239 Home federal grant	-	-	-	308,279	-
14.267 CoC Planning-McKinney Vento	-	-	93,780	-	-
Department of Interior					
15.226 Payment in lieu of taxes	268,328	378	326	3	58
Department of Justice					
Victims of crime act	1,797	-	-	-	-
Department of Transportation					
20.205 Highway planning and construction	-	11,921,650	-	-	-
20.600 Safe & Sober	4,566	-	-	-	-
20.608 Toward Zero Deaths Under the Influence	38,771	-	-	-	-
20.616 Toward Zero Deaths Seat Belt & Distracted	1,196	-	-	-	-
Total Federal Grants	\$ 2,499,099	\$ 12,090,209	\$ 23,036,119	\$ 2,322,303	\$ 58
Other Grants					
Local					
Accountable Community Health	-	-	20,772	-	-
AIK CHB MIIC Grant	-	-	88,641	-	-
Arrowhead Regional Arts Council	5,000	-	-	-	-
Bois Forte Reservation	200	-	-	-	-
EIP Credit Co, LLC	20,758	-	-	-	-
LP Collaborative Grant	-	-	28,546	-	-
MN Amateur Sports Commission	150,000	-	-	-	-
MN Dept of Trade and Econ Dev Revolving Loan (passed through Buhl)	(53,352)	-	-	-	-
MN Power	-	2,174	-	-	-
MW (MEDICA) Collaborative	-	-	22,474	-	-
Northland Thrive Project	-	-	2,500	-	-
Total Other Grants	\$ 122,606	\$ 2,174	\$ 162,933	\$ -	\$ -
Other Federal					
Department of Justice					
United States Marshals	3,108	-	-	-	-
Total Other Federal Grants	3,108	-	-	-	-
In-kind Match	-	-	-	136,469	-
Total Intergovernmental Revenue	\$ 18,086,991	\$ 40,351,717	\$ 54,674,561	\$ 2,884,832	\$ 315,431

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2017

	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	-	-	-	22,577
97.036 FEMA Public Assistance	-	-	-	68,963
97.042 Homeland Security Grant	-	-	-	22,276
97.067 Emergency Management	-	-	-	4,781
97.067 Homeland security grant	-	-	-	82,676
Department of Housing & Urban Development				
14.218 CDBG federal grant	-	-	-	2,014,021
14.231 Emergency shelter grant	-	-	-	170,377
14.238 Shelter Plus Care	-	-	-	48,110
14.239 Home federal grant	-	-	-	308,279
14.267 CoC Planning-McKinney Vento	-	-	-	93,780
Department of Interior				
15.226 Payment in lieu of taxes	24	-	-	269,117
Department of Justice				
Victims of crime act	-	-	-	1,797
Department of Transportation				
20.205 Highway planning and construction	-	-	-	11,921,650
20.600 Safe & Sober	-	-	-	4,566
20.608 Toward Zero Deaths Under the Influence	-	-	-	38,771
20.616 Toward Zero Deaths Seat Belt & Distracted	-	-	-	1,196
Total Federal Grants	\$ 24	\$ -	\$ -	\$ 39,947,812
Other Grants				
Local				
Accountable Community Health	-	-	-	20,772
AIK CHB MIIC Grant	-	-	-	88,641
Arrowhead Regional Arts Council	-	-	-	5,000
Bois Forte Reservation	-	-	-	200
EIP Credit Co, LLC	-	-	-	20,758
LP Collaborative Grant	-	-	-	28,546
MN Amateur Sports Commission	-	-	-	150,000
MN Dept of Trade and Econ Dev Revolving Loan (passed through Buhl)	-	-	-	(53,352)
MN Power	5,509	-	-	7,683
MW (MEDICA) Collaborative	-	-	-	22,474
Northland Thrive Project	-	-	-	2,500
Total Other Grants	\$ 5,509	\$ -	\$ -	\$ 293,222
Other Federal				
Department of Justice				
United States Marshals	-	-	-	3,108
Total Other Federal Grants	-	-	-	3,108
In-kind Match	-	-	-	136,469
Total Intergovernmental Revenue	\$ 201,194	\$ 303,056	\$ 90,646	\$ 116,908,428

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, 2017

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		\$ 2,000	\$ -
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board Special Supplemental Nutrition Program for Women, Infants and Children	10.557	12-700-00061	637,836	-
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561			
Supplemental Nutrition Assistance Program Administrative Cost Reimbursements		172MN101S2514	1,779,607	-
Supplemental Nutrition Assistance Program Employment & Training Administration		172MN127Q7503	134,521	-
Support		172MN101S2520	12,043	-
(Total Supplemental Nutrition Assistance Program Employment & Training \$146,564)				
(Total State Administrative Matching Grants for Supplemental Nutrition Assistance Program 10.561 \$1,926,171)				
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	1,501,238	-
Title III		P.L. 110-343 & P.L. 112-141	8,581	-
Title I		P.L. 113-40	87,802	-
(Total Schools and Roads - Grants to States 10.665 \$1,597,621)				
Total U.S. Department of Agriculture			\$ 4,163,628	\$ -
U.S. Department of Commerce				
Passed Through Minnesota Department of Natural Resources Coastal Zone Management Administration Awards	11.419	15-306-07	11,416	-
Passed Through Minnesota Department of Public Safety State and Local Implementation Grant Program	11.549	A-SLIGP-2017-NEECB-003	3,358	-
Total U.S. Department of Commerce			\$ 14,774	\$ -
U.S. Department of Housing and Urban Development				
Direct				
Community Development Block Grants/Entitlement Grants (Part of CDBG - Entitlement Grants Cluster)	14.218		\$ 2,085,852	\$ 1,633,555
Emergency Solutions Grant Program	14.231		170,376	158,716
Shelter Plus Care	14.238		31,240	-
Home Investment Partnerships Program	14.239		372,831	328,341
Continuum of Care Program	14.267		133,245	-
Total U.S. Department of Housing and Urban Development			\$ 2,793,544	\$ 2,120,612
U.S. Department of the Interior				
Direct				
Payments in Lieu of Taxes	15.226		\$ 269,117	\$ -
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575		\$ 1,797	\$ -
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	\$ 12,110,880	\$ -
Passed Through City of Duluth Highway Safety Cluster				
State and Community Highway Safety	20.600	A-ENFRC17-2017-DULUTHPD-014	4,566	-
National Priority Safety Programs	20.616	A-ENFRC17-2017-DULUTHPD-014	1,196	-
(Total Highway Safety Cluster \$5,762)				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC17-2017-DULUTHPD-014	38,771	-
Total U.S. Department of Transportation			\$ 12,155,413	\$ -
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	\$ 1,934	\$ -

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, 2017
(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	\$ 84,327	\$ -
Environmental Public Health and Emergency Response	93.070	12-700-00061	18,759	-
Universal Newborn Hearing Screening	93.251	12-700-00061	450	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	12-700-00061	750	-
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program (Part of Maternal, Infant, and Early Childhood Home Visiting Cluster)	93.505	12-700-00061	141,165	-
Temporary Assistance for Needy Families (Part of TANF Cluster) (Total Temporary Assistance for Needy Families 93.558 \$3,993,815)	93.558	12-700-00061	453,003	-
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PHHF)	93.757	12-700-00061	189,684	-
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00061	250,060	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	G-1601MNFPS	167,056	-
Temporary Assistance for Needy Families (Part of TANF Cluster) Minnesota Family Investment Program Program Administrative Cost Reimbursements (Total Temporary Assistance for Needy Families 93.558 \$3,993,815)	93.558	1601MFTANF 1601MNTANF	3,023,709 517,103	- -
Child Support Enforcement	93.563	1704MNCSES 1704MNCES	81,332 3,682,128	- -
Title IV-D County-Wide Indirect Aid - Income Maintenance				
Title IV-D Child Support Administration Aid and Federal Incentives (Total Child Support Enforcement 93.563 \$3,763,460)				
Child Care and Development Block Grant (Part of CCDF Cluster)	93.575	G1701MNCDF	72,123	-
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFPRG	104,406	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	30,145	-
Foster Care Title IV-E	93.658	1701MNFOS	2,892,547	-
Social Services Block Grant	93.667	G-1701MNSOSR	1,613,802	-
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	43,400	-
Medical Assistance Program (Part of Medicaid Cluster) Medical Assistance Federal Incentive Payments (Total Medical Assistance Program 93.778 \$ 7,290,511)	93.778	05-1705MN5ADM 05-1705MN5MAP	7,238,235 52,276	- -
State Targeted Response to the Opioid Crisis Grants	93.788	128960	252,265	-
Total U.S. Department of Health and Human Services			\$ 20,908,725	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	123228	22,577	
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	A-EPMG-2017-STLOUICO-075	79,362	-
Homeland Security Grant Program Operation Stonegarden State Homeland Security Program (SHP) (Total Homeland Security Grant Program 97.067 \$165,994)	97.067	A-OSGP-2016-STLOUISCO-0007 A-DECN-SHP-2016-NEECB2-003	66,174 99,820	- -
Total U.S. Department of Homeland Security			\$ 267,933	\$ -
Total Federal Awards			\$ 40,576,865	\$ 2,120,612

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, 2017**

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, 2017. 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. 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, 2017**

Reconciliation of Intergovernmental Revenue	Federal CFDA Number	Amount
Federal grant revenue per Schedule of Intergovernmental Revenue		\$ 39,947,812
Unavailable Revenue in 2017 - grants received more than 60 days after year-end		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	21,155
Cooperative Forestry Assistance	10.664	2,000
State and Local Implementation Grant Program	11.549	3,358
Continuum of Care Program	14.267	39,465
Highway Planning and Construction (Regular)	20.205	395,046
Promoting Safe and Stable Families	93.556	39,036
Temporary Assistance for Needy Families (TANF)	93.558	2,001
Child Support Enforcement	93.563	123,000
Community-Based Child Abuse Prevention Grants	93.590	20,257
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2,988
Chafee Foster Care Independence Program	93.674	15,619
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PHHF)	93.757	17,354
State Targeted Response to the Opioid Crisis Grants	93.788	75,776
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1,601,220
Emergency Management Performance Grants	97.042	79,362
Homeland Security Grant Program	97.067	102,978
Unavailable in 2016 recognized as revenue in 2017		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	(12,299)
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	(34,441)
Community Development Block Grants/Entitlement Grants	14.218	(86)
Shelter Plus Care	14.238	(16,870)
Highway Planning and Construction (Regular)	20.205	(205,816)
Public Health Emergency Preparedness	93.069	(743)
Projects for Assistance in Transition from Homelessness (PATH)	93.150	(29,774)
Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Program	93.505	(483)
Promoting Safe and Stable Families	93.556	(8,231)
Temporary Assistance for Needy Families (TANF)	93.558	(2,480)
Chafee Foster Care Independence Program	93.674	(18,542)
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PHHF)	93.757	(1,365)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(1,670,183)
Emergency Management Performance Grants	97.042	(22,276)
Homeland Security Grant Program	97.067	(24,442)
Program Income		
Community Development Block Grants/Entitlement Grants	14.218	71,917
Home Investment Partnerships Program	14.239	64,552
Total expenditures per Schedule of Expenditures of Federal Awards		<u>\$ 40,576,865</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.	150
Revenue Capacity	
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	158
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.	164
Demographic and Economic Information	
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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.	172

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				
	2008	2009	2010	2011	2012
Governmental activities					
Invested in capital assets, net	\$ 345,956,633	\$ 363,819,364	\$ 392,758,196	\$ 433,944,576	\$ 476,247,100
Restricted	27,151,369	20,822,222	21,835,970	21,522,115	21,033,269
Unrestricted	87,088,512	112,106,602	119,053,455	128,221,487	128,898,798
Total governmental activities net position	\$ 460,196,514	\$ 496,748,188	\$ 533,647,621	\$ 583,688,178	\$ 626,179,167
Business-type activities					
Invested in capital assets, net	\$ 13,081,334	\$ 12,126,524	\$ 12,172,253	\$ 7,438,866	\$ 8,714,173
Restricted	1,781,917	1,790,325	2,010,475	1,893,627	1,981,320
Unrestricted	13,408,307	16,270,035	15,869,797	14,283,036	12,409,842
Total business-type activities net position	\$ 28,271,558	\$ 30,186,884	\$ 30,052,525	\$ 23,615,529	\$ 23,105,335
Primary government					
Invested in capital assets, net	\$ 359,037,967	\$ 375,945,888	\$ 404,930,449	\$ 441,383,442	\$ 484,961,273
Restricted	28,933,286	22,612,547	23,846,445	23,415,742	23,014,589
Unrestricted	100,496,819	128,376,637	134,923,252	142,504,523	141,308,640
Total primary government net position	\$ 488,468,072	\$ 526,935,072	\$ 563,700,146	\$ 607,303,707	\$ 649,284,502

Schedule 1

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

		Fiscal Year							
		2013	2014	2015	2016	2017			
\$	522,018,741	\$	556,683,649	\$	583,821,271	\$	612,901,331	\$	663,198,830
	19,020,809		26,589,973		70,308,890		89,915,022		65,481,512
	136,593,657		134,070,739		31,017,384		12,973,052		31,482,005
\$	677,633,207	\$	717,344,361	\$	685,147,545	\$	715,789,405	\$	760,162,347
\$	8,300,834	\$	7,672,802	\$	7,302,389	\$	6,868,467	\$	9,741,229
	2,041,416		2,331,286		2,254,051		2,129,155		3,273,622
	12,111,328		11,941,099		10,763,449		10,088,870		9,716,339
\$	22,453,578	\$	21,945,187	\$	20,319,889	\$	19,086,492	\$	22,731,190
\$	530,319,575	\$	564,356,451	\$	591,123,660	\$	619,769,798	\$	672,940,059
	21,062,225		28,921,259		72,562,941		92,044,177		68,755,134
	148,704,985		146,011,838		41,780,833		23,061,922		41,198,344
\$	700,086,785	\$	739,289,548	\$	705,467,434	\$	734,875,897	\$	782,893,537

Schedule 2

ST. LOUIS COUNTY, MINNESOTA

**Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses				
Governmental activities				
General government	\$ 30,790,310	\$ 35,989,696	\$ 34,923,640	\$ 37,211,681
Public safety	46,231,906	46,993,281	46,550,865	46,282,905
Highways and streets	41,898,297	38,988,375	39,287,999	39,094,710
Health and sanitation	5,019,721	4,816,622	5,277,745	5,167,926
Human services	71,497,759	72,399,548	72,962,372	72,784,119
Culture and recreation	2,217,578	1,863,936	3,052,386	2,582,543
Conservation of natural resources	9,841,091	6,960,833	7,909,680	7,824,835
Economic development	4,012,705	4,464,249	3,608,417	4,037,357
Interest and other charges	1,912,118	2,197,175	1,586,786	1,612,315
Bond issuance costs	-	-	-	-
Total governmental activities expenses	<u>213,421,485</u>	<u>214,673,715</u>	<u>215,159,890</u>	<u>216,598,391</u>
Business-type activities				
Environmental services	7,600,096	7,655,438	6,501,817	7,783,082
Chris Jensen Health and Rehabilitation Center	14,840,837	12,421,108	-	-
Other Enterprise Funds	2,089,958	571,964	1,312,236	8,526
Total business-type activities expenses	<u>24,530,891</u>	<u>20,648,510</u>	<u>7,814,053</u>	<u>7,791,608</u>
Total primary government expenses	<u>\$ 237,952,376</u>	<u>\$ 235,322,225</u>	<u>\$ 222,973,943</u>	<u>\$ 224,389,999</u>
Program Revenues				
Governmental activities:				
Charges for services and other program revenues:				
General government	\$ 11,482,301	\$ 15,151,024	\$ 13,268,257	\$ 17,749,722
Public safety	2,963,073	2,712,253	3,908,406	4,203,835
Highways and streets	3,004,798	3,096,066	6,430,144	4,631,854
Health and sanitation	1,428,622	350,133	672,376	838,042
Human services	10,991,429	14,756,252	14,329,286	13,516,911
Culture and recreation	-	-	122,000	142,000
Conservation of natural resources	9,886,026	6,014,724	7,775,116	6,729,070
Economic development	20,599	22,403	18,295	350
Operating grants and contributions	49,880,675	54,379,254	49,068,231	52,511,057
Capital grants and contributions	15,284,247	16,410,218	22,845,507	23,101,507
Total governmental activities program revenues	<u>104,941,770</u>	<u>112,892,327</u>	<u>118,437,618</u>	<u>123,424,348</u>
Business-type activities:				
Charges for services:				
Environmental services	6,042,288	5,428,774	5,986,389	6,198,634
Chris Jensen Health and Rehabilitation Center	14,349,753	11,386,268	-	-
Other Enterprise Funds	2,202,381	685,307	71,991	11,726
Operating grants and contributions	481,473	481,833	495,045	498,219
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>23,075,895</u>	<u>17,982,182</u>	<u>6,553,425</u>	<u>6,708,579</u>
Total primary government program revenues	<u>\$ 128,017,665</u>	<u>\$ 130,874,509</u>	<u>\$ 124,991,043</u>	<u>\$ 130,132,927</u>
Net (Expense)/Revenue				
Governmental activities	\$ (108,479,715)	\$ (101,781,388)	\$ (96,722,272)	\$ (93,174,043)
Business-type activities	(1,454,996)	(2,666,328)	(1,260,628)	(980,640)
Total primary government net expense	<u>\$ (109,934,711)</u>	<u>\$ (104,447,716)</u>	<u>\$ (97,982,900)</u>	<u>\$ (94,154,683)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	\$ 97,474,934	\$ 104,321,529	\$ 104,647,533	\$ 105,775,760
Property taxes, levied for debt service	5,888,289	5,888,439	5,912,874	6,315,569
Transportation sales tax	-	-	-	-
State shared	22,839,111	24,129,399	20,032,790	20,138,989
Federal shared	1,697,018	2,835,929	2,618,909	1,848,440
Investment earnings	4,316,482	4,250,285	1,011,023	3,260,011
Miscellaneous	298,913	-	-	-
Special Items - capital asset adjustments	-	-	-	-
Transfers	(395,105)	(3,092,519)	(601,424)	5,875,831
Total governmental activities	<u>132,119,642</u>	<u>138,333,062</u>	<u>133,621,705</u>	<u>143,214,600</u>
Business-type activities				
Taxes				
Property taxes, levied for general purposes	1,009,304	1,087,379	403,116	247,739
Property taxes, levied for debt service	119,271	-	-	-
State Shared	-	-	-	-
Investment earnings	706,045	401,756	121,729	171,736
Miscellaneous	-	-	-	-
Special Items - capital asset adjustments	-	-	-	-
Transfers	395,105	3,092,519	601,424	(5,875,831)
Total business-type activities	<u>2,229,725</u>	<u>4,581,654</u>	<u>1,126,269</u>	<u>(5,456,356)</u>
Total primary government	<u>\$ 134,349,367</u>	<u>\$ 142,914,716</u>	<u>\$ 134,747,974</u>	<u>\$ 137,758,244</u>
Changes in Net Position				
Governmental activities	\$ 23,639,927	\$ 36,551,674	\$ 36,899,433	\$ 50,040,557
Business-type activities	774,729	1,915,326	(134,359)	(6,436,996)
Total primary government	<u>\$ 24,414,656</u>	<u>\$ 38,467,000</u>	<u>\$ 36,765,074</u>	<u>\$ 43,603,561</u>

Schedule 2

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

	2012	2013	2014	2015	2016	2017
\$	40,057,174	\$ 42,135,549	\$ 49,666,414	\$ 44,082,239	\$ 48,748,275	\$ 48,530,937
	53,050,539	46,974,978	54,501,618	51,350,879	58,469,479	57,291,657
	52,605,339	48,091,104	49,163,367	46,584,379	49,617,143	52,877,191
	4,579,000	4,786,016	4,795,994	4,827,603	5,284,406	5,470,905
	75,901,001	75,225,112	79,419,419	86,145,675	93,601,510	97,303,366
	2,042,815	2,482,810	2,177,850	3,720,156	3,369,858	3,486,461
	7,958,287	8,225,572	9,087,657	9,873,312	9,060,539	9,844,470
	3,132,056	3,100,381	2,879,553	3,237,323	3,178,327	3,753,955
	1,699,853	1,203,827	2,181,891	2,438,806	3,088,164	3,837,284
	-	148,166	-	117,120	-	-
	<u>241,026,064</u>	<u>232,373,515</u>	<u>253,873,763</u>	<u>252,377,492</u>	<u>274,417,701</u>	<u>282,396,226</u>
	7,995,131	8,130,015	7,972,128	7,741,835	8,523,576	3,956,187
	-	-	-	-	-	-
	49,899	48,195	10,064	9,024	80,812	38,500
	<u>8,045,030</u>	<u>8,178,210</u>	<u>7,982,192</u>	<u>7,750,859</u>	<u>8,604,388</u>	<u>3,994,687</u>
\$	<u>249,071,094</u>	<u>240,551,725</u>	<u>261,855,955</u>	<u>260,128,351</u>	<u>283,022,089</u>	<u>286,390,913</u>
\$	18,416,982	\$ 19,316,681	\$ 18,259,101	\$ 18,766,951	\$ 19,561,024	\$ 20,498,364
	4,268,919	4,245,110	4,686,528	3,473,117	3,924,325	3,944,212
	4,195,936	3,708,564	3,480,798	2,655,678	7,200,966	6,785,054
	882,484	859,257	561,034	590,322	446,229	663,118
	14,265,463	13,083,377	12,747,627	13,142,738	12,242,341	12,812,171
	56,439	(4,000)	-	-	-	-
	6,300,430	6,312,179	7,641,654	15,819,498	12,072,268	10,867,757
	400	3,150	918,752	43,343	100	150
	66,758,879	65,621,839	72,374,834	56,139,010	60,604,204	70,121,922
	27,019,539	27,827,909	19,725,748	23,658,301	24,928,471	24,182,578
	<u>142,165,471</u>	<u>140,974,066</u>	<u>140,396,076</u>	<u>134,288,958</u>	<u>140,979,928</u>	<u>149,875,326</u>
	6,303,257	6,233,859	6,096,029	6,394,661	6,836,219	6,795,857
	-	-	-	-	-	-
	102,410	26,843	19,146	15,783	28,350	17,805
	564,809	594,766	407,990	372,087	341,904	302,361
	-	30,700	-	-	-	-
	<u>6,970,476</u>	<u>6,886,168</u>	<u>6,523,165</u>	<u>6,782,531</u>	<u>7,206,473</u>	<u>7,116,023</u>
\$	<u>149,135,947</u>	<u>147,860,234</u>	<u>146,919,241</u>	<u>141,071,489</u>	<u>148,186,401</u>	<u>156,991,349</u>
\$	(98,860,593)	\$ (91,399,449)	\$ (113,477,687)	\$ (118,088,534)	\$ (133,437,773)	\$ (132,520,900)
	(1,074,554)	(1,292,042)	(1,459,027)	(968,328)	(1,397,915)	3,121,336
\$	<u>(99,935,147)</u>	<u>(92,691,491)</u>	<u>(114,936,714)</u>	<u>(119,056,862)</u>	<u>(134,835,688)</u>	<u>(129,399,564)</u>
\$	115,310,996	\$ 119,179,161	\$ 121,198,926	\$ 120,866,397	\$ 121,028,079	\$ 130,189,995
	5,319,270	5,001,699	6,154,941	7,379,545	6,733,511	6,790,164
	-	-	-	11,085,356	14,141,713	14,580,365
	16,949,124	15,941,883	18,091,331	18,323,388	18,761,512	18,325,839
	1,853,339	1,731,840	1,755,887	261,575	284,413	1,769,105
	2,129,116	1,240,530	3,367,682	2,208,804	3,247,704	5,515,189
	-	-	-	-	-	-
	-	-	2,512,402	175,501	(321,918)	55,827
	(210,263)	(241,624)	(429,628)	(224,784)	204,619	(332,642)
	<u>141,351,582</u>	<u>142,853,489</u>	<u>152,651,541</u>	<u>160,075,782</u>	<u>164,079,633</u>	<u>176,893,842</u>
	216,972	305,413	247,871	246,261	125,369	9,393
	-	-	-	-	-	-
	-	-	-	-	9,582	695
	137,125	93,248	273,137	197,440	227,602	180,632
	-	-	-	-	-	-
	-	-	-	-	6,584	-
	<u>210,263</u>	<u>241,624</u>	<u>429,628</u>	<u>224,784</u>	<u>(204,619)</u>	<u>332,642</u>
	564,360	640,285	950,636	668,485	164,518	523,362
\$	<u>141,915,942</u>	<u>143,493,774</u>	<u>153,602,177</u>	<u>160,744,267</u>	<u>164,244,151</u>	<u>177,417,204</u>
\$	42,490,989	\$ 51,454,040	\$ 39,173,854	\$ 41,987,248	\$ 30,641,860	\$ 44,372,942
	(510,194)	(651,757)	(508,391)	(299,843)	(1,233,397)	3,644,698
\$	<u>41,980,795</u>	<u>50,802,283</u>	<u>38,665,463</u>	<u>41,687,405</u>	<u>29,408,463</u>	<u>48,017,640</u>

Schedule 3

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund				
Nonspendable	\$ 5,701	\$ 5,401	\$ 57,180	\$ 216,648
Restricted	4,746,726	5,120,775	5,461,407	5,683,399
Committed	11,326,277	12,474,039	11,764,815	11,807,038
Assigned	2,707,193	4,785,564	7,995,336	9,190,115
Unassigned	<u>25,983,807</u>	<u>23,534,358</u>	<u>22,449,169</u>	<u>29,938,027</u>
Total general fund	<u>\$ 44,769,704</u>	<u>\$ 45,920,137</u>	<u>\$ 47,727,907</u>	<u>\$ 56,835,227</u>
All Other Governmental Funds				
Nonspendable	\$ 13,253,457	\$ 14,271,607	\$ 14,454,353	\$ 14,884,876
Restricted	12,400,040	4,394,009	4,211,782	3,650,901
Committed	25,292,493	26,844,154	26,337,512	24,381,395
Assigned	39,415,462	40,921,318	53,051,317	51,906,341
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other government funds	<u>\$ 90,361,452</u>	<u>\$ 86,431,088</u>	<u>\$ 98,054,964</u>	<u>\$ 94,823,513</u>

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

Schedule 3

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

2012	2013	2014	2015	2016	2017
\$ 579,845	\$ 622,749	\$ 882,776	\$ 558,932	\$ 1,110,385	\$ 842,311
5,254,603	4,979,981	5,600,518	5,610,702	2,877,147	2,716,543
11,396,647	11,128,188	11,198,786	11,175,193	11,181,351	11,557,726
10,827,022	11,461,139	13,297,528	15,989,811	18,139,783	17,364,782
32,583,721	33,250,927	35,349,694	34,786,997	37,196,660	37,027,480
<u>\$ 60,641,838</u>	<u>\$ 61,442,984</u>	<u>\$ 66,329,302</u>	<u>\$ 68,121,635</u>	<u>\$ 70,505,326</u>	<u>\$ 69,508,842</u>
\$ 15,387,618	\$ 15,682,953	\$ 17,415,185	\$ 22,533,116	\$ 26,649,056	\$ 27,449,111
3,380,146	28,609,661	9,299,382	47,685,253	59,278,434	34,473,547
25,031,803	22,165,433	21,046,801	20,121,586	19,745,067	20,295,660
41,606,201	47,465,396	53,105,776	50,504,334	49,422,783	44,034,197
-	-	-	-	(86)	-
<u>\$ 85,405,768</u>	<u>\$ 113,923,443</u>	<u>\$ 100,867,144</u>	<u>\$ 140,844,289</u>	<u>\$ 155,095,254</u>	<u>\$ 126,252,515</u>

Schedule 4

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues				
Taxes	\$ 102,853,734	\$ 109,059,182	\$ 109,879,942	\$ 111,689,434
Licenses	159,704	164,724	162,363	141,491
Intergovernmental	99,521,527	103,392,997	108,368,210	109,516,961
Charges for services	20,470,751	20,567,474	22,990,395	26,264,862
Fines and forfeits	200,291	129,810	191,041	223,409
Earnings on investments	3,459,176	3,661,413	726,839	2,910,684
Gifts and contributions	11,721	8,830	20,014	8,433
Land and timber sales	7,656,960	6,939,323	8,677,995	6,903,181
Miscellaneous	5,179,133	4,577,267	5,259,132	4,592,934
Total revenues	<u>239,512,997</u>	<u>248,501,020</u>	<u>256,275,931</u>	<u>262,251,389</u>
Expenditures				
General government	33,244,633	34,418,680	33,498,818	36,775,477
Public safety	45,060,321	45,292,287	44,557,197	45,379,001
Highways and streets	36,234,934	31,514,275	32,067,873	32,073,766
Health and sanitation	5,268,999	4,903,147	5,258,702	5,350,896
Human services	71,500,433	72,775,244	73,195,199	74,451,490
Culture and recreation	2,217,578	1,863,936	3,052,386	2,582,543
Conservation of natural resources	8,927,491	7,199,476	8,431,306	7,864,462
Economic development	3,953,672	4,431,255	3,631,866	3,992,412
Debt service:				
Principal	5,857,261	5,166,374	5,478,358	5,944,670
Interest and other charges	1,882,726	2,256,848	1,603,635	1,597,362
Bond issuance costs	151,518	-	-	-
Capital outlay	24,266,667	32,247,888	39,526,133	46,812,865
Total Expenditures	<u>238,566,233</u>	<u>242,069,410</u>	<u>250,301,473</u>	<u>262,824,944</u>
Excess of revenues over (under) expenditures	<u>946,764</u>	<u>6,431,610</u>	<u>5,974,458</u>	<u>(573,555)</u>
Other Financing Sources (Uses)				
Transfers in	3,144,884	4,299,401	7,914,293	9,521,747
Transfers (out)	(3,359,995)	(6,094,780)	(7,575,694)	(3,642,033)
Bonds issued	14,960,000	-	7,135,000	-
Premium on bonds issued	-	-	-	-
Sale of capital assets	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on refunding bonds issued	-	-	-	-
Refunding bonds redeemed	-	(7,795,000)	-	-
Bond premium proceeds	93,104	-	-	-
Bond proceeds remitted to joint venture	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>14,837,993</u>	<u>(9,590,379)</u>	<u>7,473,599</u>	<u>5,879,714</u>
Net change in fund balances	<u>\$ 15,784,757</u>	<u>\$ (3,158,769)</u>	<u>\$ 13,448,057</u>	<u>\$ 5,306,159</u>
Debt service as a percentage of noncapital expenditures	3.7%	3.5%	3.4%	3.5%

Schedule 4

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

2012	2013	2014	2015	2016	2017
\$ 120,938,486	\$ 123,709,378	\$ 127,734,734	\$ 139,810,906	\$ 142,338,881	\$ 152,021,672
167,889	149,444	311,378	326,097	318,610	338,241
117,323,896	119,509,790	119,682,121	106,462,164	114,216,291	116,514,726
27,602,297	28,032,924	27,189,262	26,646,992	30,011,290	30,238,046
276,085	162,624	137,528	148,358	161,375	335,030
1,840,869	1,047,515	2,994,443	1,925,007	2,955,231	5,278,526
8,231	7,945	8,982	50,647	13,139	25,385
5,790,449	6,925,052	8,007,234	14,517,143	11,547,500	9,194,493
5,393,940	4,716,580	4,554,843	3,850,754	4,511,245	5,292,329
<u>279,342,142</u>	<u>284,261,252</u>	<u>290,620,525</u>	<u>293,738,068</u>	<u>306,073,562</u>	<u>319,238,448</u>
37,907,421	40,135,037	41,551,894	41,574,289	44,638,065	45,490,303
51,101,699	47,268,433	46,673,255	48,638,872	49,360,919	51,185,228
43,267,909	39,139,593	38,392,604	32,215,419	33,222,000	35,215,416
4,733,399	5,111,826	4,946,831	4,679,163	4,977,595	5,296,681
75,180,107	76,075,893	79,113,396	84,131,293	89,851,302	96,404,600
2,042,815	2,482,810	2,177,850	2,038,795	1,712,057	1,851,060
7,410,014	8,335,366	8,793,370	9,059,619	8,281,415	8,630,421
3,103,683	3,021,975	2,851,579	3,200,199	3,132,751	3,711,769
4,774,990	16,697,490	6,997,490	7,895,390	6,900,390	13,580,201
1,387,050	1,196,565	2,492,340	2,744,737	3,547,549	4,680,122
-	148,166	-	117,120	-	-
56,209,840	56,705,471	67,260,570	65,226,586	85,848,604	82,887,029
<u>287,118,927</u>	<u>296,318,625</u>	<u>301,251,179</u>	<u>301,521,482</u>	<u>331,472,647</u>	<u>348,932,830</u>
(7,776,785)	(12,057,373)	(10,630,654)	(7,783,414)	(25,399,085)	(29,694,382)
3,813,281	6,369,095	8,724,703	16,395,871	21,625,136	15,017,556
(2,613,593)	(6,360,992)	(10,293,379)	(16,343,554)	(21,102,488)	(15,217,058)
-	25,290,000	5,470,000	38,415,000	23,315,000	-
-	1,045,018	213,897	2,724,564	2,356,356	-
-	-	2,512,402	175,501	153,773	188,546
-	14,390,000	-	7,715,000	15,200,000	-
-	1,086,183	-	562,801	1,075,261	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(5,253,000)	-	-	-
-	-	-	118,420	96,227	-
<u>1,199,688</u>	<u>41,819,304</u>	<u>1,374,623</u>	<u>49,763,603</u>	<u>42,719,265</u>	<u>(10,956)</u>
\$ (6,577,097)	\$ 29,761,931	\$ (9,256,031)	\$ 41,980,189	\$ 17,320,180	\$ (29,705,338)
2.7%	7.5%	4.1%	4.6%	4.3%	6.9%

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
2008	\$ 88,278,899	\$ 5,281,584	\$ 30,324,855	\$ 17,581,634	\$ 18,027,031
2009	91,495,498	6,137,972	32,728,653	19,820,598	21,194,393
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

Source: St. Louis County Auditor

Schedule 5

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

<u>Personal Property</u>	<u>Total Net Tax Capacity</u>	<u>% Change Total Net Tax Capacity by Property Type</u>	<u>Total County Tax Rate Per \$100 of Taxable Net Tax Capacity</u>	<u>Estimated Market Value</u>	<u>Total Net Tax Capacity as a Percentage of Estimated Market Value</u>
\$ 5,101,937	\$ 164,595,940	9.86%	60.6374	\$ 15,656,473,206	1.05%
5,167,540	176,544,654	7.26%	59.0881	16,394,187,200	1.08%
5,234,011	181,845,832	3.00%	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%

Schedule 6

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

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

Fiscal Year Ended December 31,	General Levy	Debt Service Levy	Regional Library Levy	County-wide Enterprise Fund	Total
2008	55.7728	4.3974	0.4671	-	60.6373
2009	54.4004	3.6860	0.4402	0.5615	59.0881
2010	52.3204	3.7153	0.4068	0.1270	56.5695
2011	53.8690	2.8940	0.3639	0.1127	57.2396
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

Source: St. Louis County Auditor

Schedule 6

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

Overlapping Rates

Independent School District #94	Independent School District #381	Independent School District #698	Independent School District #707	Independent School District #2142
25.6842	14.9967	36.0645	63.7894	2.1496
24.5607	14.9797	41.9039	69.7323	2.5395
33.2021	17.1819	44.5120	51.1666	16.6308
29.6546	18.8364	39.6476	55.4932	17.3332
32.9031	21.2286	30.5928	59.2648	22.0098
31.6372	16.7696	31.6496	61.9301	23.1185
32.0031	17.1192	31.5870	61.8386	21.8874
32.7964	17.1909	18.2077	59.5846	21.4226
48.5922	16.3179	15.9902	58.5575	19.5075
44.9540	15.6292	9.9411	67.0244	15.9546

Schedule 7

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

Taxpayer	2017			2008		
	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)	\$ 6,631,235	1	3.61%	\$ 3,658,438	1	2.22%
Wisconsin Central LTD (1)	4,077,635	2	2.22%			
Enbridge Energy LTD Partnership	3,676,902	3	2.00%	511,706	8	0.31%
Miller Hill Mall Co	1,022,659	4	0.56%	827,834	4	0.50%
Burlington No/Santa Fe Railway Co	926,190	5	0.50%			
American Transmission Co LLC	866,561	6	0.44%			
Duluth Clinic	801,538	7	0.36%	585,719	5	0.36%
Great River Energy	663,869	8	0.36%			
Menard, Inc.	512,820	9	0.28%			
Northern States Power Co	582,988	10	0.32%	436,418	10	0.27%
DMIR Railway				1,067,877	2	0.65%
Duluth Winnipeg & Pacific RR (2)				1,028,157	3	0.62%
IRET Properties				569,620	6	0.35%
Great Lakes Gas Transmission Co				563,370	7	0.34%
Stora Enso North America Corp				444,276	9	0.27%
	<u>\$ 19,762,397</u>		<u>10.65%</u>	<u>\$ 9,693,415</u>		<u>5.89%</u>

Source: St. Louis County Auditor

Notes:

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

(2) Duluth Missabe & Iron Range RR (DMIR), Duluth Winnipeg & Pacific RR, and Enbridge 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
2008	\$ 84,523,919	\$ 81,790,285	96.77%	\$ 2,319,236	\$ 84,109,521	99.51%
2009	89,183,812	85,745,073	96.14%	2,824,496	88,569,569	99.31%
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%	2,414,390	99,835,549	99.31%
2013	101,954,370	98,871,857	96.98%	2,520,799	101,392,656	99.45%
2014	103,801,552	101,096,787	97.39%	1,774,655	102,871,442	99.10%
2015	107,057,125	104,921,850	98.01%	1,394,984	106,316,834	99.31%
2016	107,174,826	105,252,952	98.21%	974,529	106,227,481	99.12%
2017	116,925,963	114,907,543	98.27%	-	114,907,543	98.27%

Notes:

- (1) - Excludes tax credits and certain state aids.
- (2) - Includes some small amounts that are not a part of the certified levy.
- (3) - Amounts are adjusted annually until the applicable year is dropped from the records, after 7 years.

Source: St. Louis County Auditor - Tax Levy Status Report

Schedule 9

ST. LOUIS COUNTY, MINNESOTA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds	General Obligation Revenue Notes	Tax Lease Obligations	Capital Leases
2008	\$ 53,837,296	\$ 522,755	\$ -	\$ 300,300
2009	40,905,636	496,648	-	232,100
2010	42,531,995	470,890	-	159,500
2011	36,709,106	438,220	-	82,500
2012	32,010,213	395,730	-	-
2013	57,052,663	353,240	-	-
2014	55,533,284	310,750	-	-
2015	96,681,745	378,780	-	-
2016	131,183,030	424,617	-	-
2017	116,922,054	354,416	-	-

Schedule 9

ST. LOUIS COUNTY, MINNESOTA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Business Activities		Total Primary Government	Percentage of Personal Income	Per Capita
General Obligation Bonds				
\$	-	\$ 54,660,351	0.76%	\$ 278
	-	41,634,384	0.58%	211
	-	43,162,385	0.59%	220
	-	37,229,826	0.49%	186
	-	32,405,943	0.40%	162
	-	57,405,903	0.69%	287
	-	55,844,034	0.67%	278
	-	97,060,525	1.13%	483
	-	131,607,647	1.53%	657
		117,276,470	Not Available	586

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 Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Estimated Market Value	Per Capita
	General Obligation Bonds	General Obligation Revenue Notes	Less: Amounts Available in Debt Service Fund (1)			
2008	\$ 53,837,296	\$ 522,755	\$ 9,734,039	\$ 45,971,701	0.29%	\$ 227
2009	40,905,636	496,648	1,556,513	40,641,588	0.25%	201
2010	42,531,995	470,890	1,329,888	42,641,945	0.26%	212
2011	36,709,106	438,220	1,146,870	36,862,801	0.22%	180
2012	32,010,213	395,730	1,091,624	29,192,014	0.20%	156
2013	57,052,663	353,240	4,181,175	53,224,728	0.35%	266
2014	55,533,284	310,750	1,658,107	54,185,927	0.35%	270
2015	96,681,745	378,780	8,554,007	88,506,518	0.57%	440
2016	131,183,030	424,617	25,434,249	106,173,398	0.64%	530
2017	116,922,054	354,416	20,458,433	96,818,037	0.57%	484

Sources:

- (1) This is the amount restricted for debt service payments - This column was changed to reflect debt service fund balance starting in 2013.
 See Schedule 5 for Estimated Market Values
 See Schedule 13 for population data.

Schedule 11

ST. LOUIS COUNTY, MINNESOTA
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable*</u>	<u>Share of Debt</u>
Direct Debt			
St. Louis County	\$ 117,276,470	100.00%	\$ 117,276,470
Overlapping Debt			
School District #94	60,850,000	5.26%	3,202,654
School District #381	24,905,000	17.51%	4,361,889
School District #698	2,550,000	95.90%	2,445,385
School District #707	191,000	43.95%	83,947
School District #2142	58,765,000	98.84%	58,081,744
Western Lake Superior Sanitary District	45,002,796	83.04%	<u>37,368,592</u>
Subtotal, overlapping debt			<u>105,544,211</u>
Total Direct and Overlapping Debt			<u>\$ 222,820,681</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Market value of taxable property	\$ 14,676,662,476	\$ 15,750,647,100	\$ 16,204,768,400	\$ 16,151,981,500
Debt limit (2% of market value)	-	-	-	-
Debt limit (3% of market value) *	440,299,874	472,519,413	486,143,052	484,559,445
Debt applicable to limit:				
General obligation bonds	54,360,051	41,402,284	43,002,885	37,147,326
Less: Amount set aside for repayment of general obligation debt	<u>(9,734,039)</u>	<u>(1,556,513)</u>	<u>(1,329,888)</u>	<u>(1,146,870)</u>
Total net debt applicable to limit	44,626,012	39,845,771	41,672,997	36,000,456
Legal debt margin	<u>\$ 395,673,862</u>	<u>\$ 432,673,642</u>	<u>\$ 444,470,055</u>	<u>\$ 448,558,989</u>
Total net debt applicable to the limit as a percentage of the debt limit	10.14%	8.43%	8.57%	7.43%

Source: St. Louis County Auditor - Abstract of Tax Lists

* Debt limit is set by MN Statute 475.53

Schedule 12

**ST. LOUIS COUNTY, MINNESOTA
Legal Debt Margin Information
Last Ten Fiscal Years**

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 14,545,032,989	\$ 14,297,999,600	\$ 14,488,302,620	\$ 14,740,006,310	\$ 15,285,072,934	\$ 15,744,495,775
-	-	-	-	-	-
436,350,990	428,939,988	434,649,079	442,200,189	458,552,188	472,334,873
32,405,943	57,405,903	55,844,034	97,060,525	131,607,647	116,922,054
(1,091,624)	(4,181,175)	(1,658,107)	(8,554,007)	(25,434,249)	(20,458,433)
31,314,319	53,224,728	54,185,927	88,506,518	106,173,398	96,463,621
<u>\$ 405,036,671</u>	<u>\$ 375,715,260</u>	<u>\$ 380,463,152</u>	<u>\$ 353,693,671</u>	<u>\$ 352,378,790</u>	<u>\$ 375,871,252</u>
7.18%	12.41%	12.47%	20.02%	23.15%	20.42%

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>
2008	196,864	\$ 7,187,399	\$ 36,454	104,916	25,347	6.4%
2009	197,767	7,215,588	36,485	106,613	25,506	9.3%
2010	196,623	7,265,519	36,302	106,167	25,167	7.6%
2011	200,226	7,621,547	38,059	106,564	25,150	6.6%
2012	200,255	8,007,980	39,976	103,634	25,100	6.6%
2013	200,319	8,324,927	41,513	103,495	25,176	6.0%
2014	200,540	8,344,103	41,523	104,067	25,072	4.3%
2015	200,949	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	Not Available	Not Available	101,991	25,382	4.4%

Sources:

- (1) - US Department of Commerce, Bureau of Economic Analysis (<http://www.bea.gov/index.htm> - Available March '17)
- (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 2017
- (4) - US Bureau of Census (factfinder2.census.gov)

Schedule 14

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
St. Mary's/Duluth Clinic Health System (Essentia Health)	6,130	1	6.01%	4,638	1	4.42%
St. Luke's Hospital	2,051	2	2.01%	1,585	5	1.51%
Miner's Inc.	1,990	3	1.95%			
St. Louis County	1,837	4	1.80%	1,982	2	1.89%
University of Minnesota Duluth	1,658	5	1.63%	1,700	3	1.62%
Duluth Public Schools	1,426	6	1.40%	1,426	6	1.36%
Minnesota Taconite (US Steel)	1,332	7	1.31%	1,280	8	1.22%
Allete	1,314	8	1.29%	1,400	7	1.33%
Duluth Air National Guard Base	1,068	9	1.05%	1,068	9	1.02%
Cirrus Aircraft	1,000	10	0.98%			
Uniprise (United Health Care)				1,634	4	1.56%
City of Duluth				850	10	0.81%
Total	19,806		19.42%	17,563		16.74%

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			
	2008	2009	2010	2011
General government	427.30	416.10	398.90	397.90
Public safety	278.60	275.60	276.60	279.10
Highways and streets	321.00	301.00	316.00	316.00
Health and sanitation	91.25	64.10	65.40	65.40
Human services	520.80	523.80	520.50	519.50
Conservation of natural resources	69.00	69.00	68.00	68.00
Environmental services	42.00	52.00	52.00	51.00
Chris Jensen	190.40	-	-	-
Other Enterprise Funds	41.97	-	-	-
Total	1,982.32	1,701.60	1,697.40	1,696.90

Notes:

Internal Service Funds are included with the general government function.
 The Chris Jensen Health and Rehabilitation Center was leased in 2009
 and the employees transferred to the lessor.
 The Community Foods Enterprise Fund was closed in 2009.
 The Supervised Living Facilities Enterprise Fund was closed in 2010.

Source: St. Louis County Operating and Capital Budget

Schedule 15

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

Full-time Equivalent Employees					
2012	2013	2014	2015	2016	2017
406.60	415.60	417.40	420.40	422.90	428.90
281.10	281.10	277.10	276.10	284.10	283.10
319.00	319.00	319.00	312.00	312.00	312.00
58.40	60.40	58.15	64.30	62.95	60.15
530.50	544.50	565.75	585.50	622.35	631.15
68.00	70.00	70.15	70.15	71.15	72.15
51.00	51.00	51.00	51.00	50.00	50.00
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,714.60</u>	<u>1,741.60</u>	<u>1,758.55</u>	<u>1,779.45</u>	<u>1,825.45</u>	<u>1,837.45</u>

Schedule 16

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

Function/Program	Fiscal Year			
	2008	2009	2010	2011
General Government				
Auditor's Office				
Checks Issued	30,519	19,406	17,162	15,962
Motor Vehicle Driver's License	18,785	18,335	18,470	18,755
Motor Vehicle Passports	6,048	7,323	6,203	4,707
Motor Vehicle Transactions	50,363	48,747	51,436	53,959
Planning - Building Permits Issued				
Single Family Dwelling	209	165	165	152
Other	593	474	477	457
Public Safety				
Sheriff's Department				
Arrests	1,245	2,118	3,014	2,711
Traffic Citations	2,603	1,629	2,169	2,643
Mines				
Mine Investigations and Inspections (1)	749	754	676	567
Highways and Streets				
Road and Bridge				
Miles of Overlay	0.61	2.00	0.25	3.05
Miles of Mill Overlay	-	-	4.02	-
Miles of Reclaim Overlay	20.36	29.52	17.15	21.62
Miles of Mill Reclaim Overlay	6.24	8.23	12.90	4.12
Miles of Construction	6.01	1.18	7.23	11.43
Miles of Bridge Constructed	0.06	-	-	-
Tons of Crushing	345,100	310,182	257,009	304,288
Miles of Crack Seal	73.68	63.63	-	124.90
Miles of Chip Seal (2)	-	-	-	-
Miles of Micro Seal (2)	-	-	-	-
Health and Human Services				
Health				
Public Health Home Visits	5,560	4,228	4,493	5,840
Public Health Nursing Service Screenings	2,037	2,517	2,328	2,278
Human Services				
Unduplicated Children in Out of Home Placement	770	787	793	735
Financial Assistance Cases	20,823	22,405	23,016	24,068
Child Support Cases	11,600	11,549	11,758	11,900
Persons Receiving DD (prev MR/RC) Waivered Services	681	701	736	745
Purchased Social Services (2)	\$ 125,497,474	\$ 129,795,521	\$ 134,200,110	\$ 133,734,173
Social Services Administrative costs (3)	\$ 23,791,246	\$ 26,572,518	\$ 26,735,885	\$ 26,751,337
Conservation of Natural Resources				
Land				
Total Acres of Tax Forfeit Lands	892,938	892,726	892,642	893,003
Contracts Sold	128	123	118	123
Closed Sales	97	97	127	134
Acres Harvested	6,885	7,452	9,843	10,650
Average Size of Sale (Acres)	71	77	78	79
Harvest Volume (Cords)	146,355	158,248	214,308	231,159
Cords Per Sale	1,509	1,631	1,687	1,725
Value	\$ 5,091,656	\$ 4,043,085	\$ 5,014,940	\$ 5,137,017
Average Value Per Sale	\$ 52,491	\$ 41,681	\$ 39,488	\$ 38,336
Average Value Per Cord	\$ 35	\$ 26	\$ 23	\$ 22
Average Value Per Cut Acre	\$ 740	\$ 543	\$ 509	\$ 482
Volume Per Cut Acre (Cords)	21	21	22	22
Value Per Tax Forfeit Acre	\$ 6	\$ 5	\$ 6	\$ 6
Environmental Services				
Tons of Municipal Solid Waste Landfilled	54,265	50,312	49,784	51,346
Tons of Industrial Waste Landfilled	6,219	2,794	8,963	12,304
Tons of Demolition Collected	5,888	5,640	6,016	6,990
Chris Jensen (4)				
Licensed Beds (5)	189	189	-	-
Capacity - Resident Days	69,174	68,985	-	-
Occupancy - Resident Days	63,581	49,517	-	-
Occupancy Percentage Rate	91.91%	86.18%	0.00%	0.00%
RUGS (6)	1.06	1.09	-	-
Medicare Resident Days	5,277	3,814	-	-
Medicaid Resident Days	36,350	32,095	-	-
Other Resident Days	21,954	13,608	-	-

Notes:

- (1) Beginning in 2012, Mine Inspector is reporting the number of mine investigations and inspections, rather than mine visits and inspections.
- (2) Chip Seal and Micro Seal are new programs beginning in 2014.
- (3) Purchased Social Services are payments made by DHS or Health and Human Services for St. Louis County residents
- (4) Includes children's services, child care, chemical dependency, mental health, developmental disabilities, adult services
- (5) Effective November 1, 2009, the Chris Jensen Health and Rehabilitation Center was leased to Health Dimensions Group, Inc.Jensen, LLC (HDG), DBA Chris Jensen, LLC
- (6) Chris Jensen was licensed for 247 beds until March 31, 1996. At that time, Chris Jensen delicensed 12 beds. Chris Jensen delicensed 15 beds and "laid away" 15 beds beginning July 1, 2003, pursuant to closure of Nopeming Nursing Home and creation of a secure Alzheimer's unit. The current number of licensed beds is 220, but with the "laid away" beds, the count of 205 beds is the beds used to determine occupancy.
- (7) Case mix was the means of categorizing the residents care level and determining the reimbursement rate through September 30, 2002. Beginning October 1, 2002, the state switched to the "RUG" (Resource Utilization Grouper) method for determining care level and reimbursement.

Source: Individual County Departments

Schedule 16

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

Fiscal Year						
2012	2013	2014	2015	2016	2017	
15,862	15,930	15,817	15,913	15,351	14,063	
19,621	15,180	17,707	18,313	19,200	18,269	
5,629	4,707	5,817	7,368	8,254	9,286	
52,944	38,180	52,705	55,911	61,921	61,124	
121	129	144	168	172	137	
508	528	504	566	651	731	
2,253	2,047	1,701	1,545	1,282	2,067	
2,396	2,253	1,855	1,691	1,708	995	
436	428	521	414	392	428	
-	-	-	-	4.00	-	
-	-	-	30.20	2.00	34.10	
34.20	11.20	24.80	34.00	30.00	30.20	
22.30	21.70	11.60	29.20	16.00	10.80	
21.70	5.00	1.50	0.50	2.00	2.80	
-	2.27	1.00	0.35	0.40	1.30	
291,296	209,965	245,000	198,000	167,000	235,350	
148.40	106.10	182.00	165.80	64.00	-	
-	-	27.00	98.00	124.00	145.60	
-	-	26.40	18.80	-	-	
6,472	7,476	6,283	7,098	5,042	5,472	
1,830	1,566	2,170	2,487	2,229	2,698	
780	869	963	1,047	1,166	1,272	
23,895	23,877	31,555	38,357	24,377	36,970	
11,917	11,871	11,600	11,644	11,194	10,213	
754	778	766	736	754	783	
\$ 136,101,330	\$ 136,201,198	\$ 143,054,192	\$ 155,482,267	\$ 163,240,897	\$ unavailable	
\$ 25,993,636	\$ 29,750,944	\$ 29,368,786	\$ 32,782,197	\$ 33,789,536	\$ 38,931,385	
893,040	893,193	893,049	893,158	890,449	890,768	
126	120	104	95	117	105	
111	109	108	108	83	112	
10,783	8,325	10,056	9,429	7,034	9,001	
97	76	93	87	85	80	
215,749	159,777	207,439	207,700	150,824	193,101	
1,944	1,466	1,921	1,923	1,817	1,724	
\$ 4,766,023	\$ 3,480,550	\$ 4,598,436	\$ 5,303,873	\$ 3,871,488	\$ 4,862,475	
\$ 42,937	\$ 31,932	\$ 42,578	\$ 49,110	\$ 46,644	\$ 43,415	
\$ 22	\$ 22	\$ 22	\$ 26	\$ 26	\$ 25	
\$ 442	\$ 418	\$ 457	\$ 563	\$ 550	\$ 540	
\$ 20	\$ 19	\$ 21	\$ 22	\$ 21	\$ 21	
\$ 5	\$ 4	\$ 5	\$ 6	\$ 4	\$ 5	
52,007	51,573	51,320	51,785	51,128	52,028	
12,675	14,647	1,466	1,370	3,029	1,460	
8,791	9,153	9,561	7,832	8,091	5,813	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	

Schedule 17

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Courthouses	3	3	3	3	3	3	3	3	3	3
Motor Pool Vehicles	126	126	127	138	131	135	142	148	137	136
Office Buildings	1	1	1	1	2	2	3	3	3	3
Parking Ramp	2	2	2	2	2	2	2	2	2	2
Public Safety										
Vehicles	122	121	143	147	166	172	166	184	187	186
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
Highways and Streets										
Vehicles	225	220	221	218	220	231	227	249	263	261
Miles of County Road	1,582	1,588	1,573	1,576	1,600	1,594	1,266	1,263	1,247	1,247
Miles of County State Aid Road	1,383	1,385	1,385	1,392	1,392	1,392	1,389	1,387	1,384	1,384
Number of Bridges	597	597	596	594	594	601	596	598	598	598
Garages and Storage Buildings	84	84	86	88	90	91	91	91	91	93
Graders, Loaders and Heavy Trucks	396	378	376	383	380	376	374	385	381	413
Health and Sanitation										
Nursing Homes	1	1	1	1	1	1	-	-	-	-
Demolition Landfill	1	1	1	1	1	1	1	1	1	1
Regional Landfill	1	1	1	1	1	1	1	1	1	1
Recyclables Processing Facility	1	1	1	1	1	1	1	1	1	1
Transfer Station	5	5	5	5	5	5	5	5	5	5
Laundry Facility	1	-	-	-	-	-	-	-	-	-
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	57	45	46	46	47	49	48	47	48	44
Offices and Garages	8	8	8	8	8	8	8	8	8	8
Graders, Loaders and Heavy Trucks	13	11	12	13	13	13	13	13	13	13

Sources:
St. Louis County Auditor
Individual County Departments