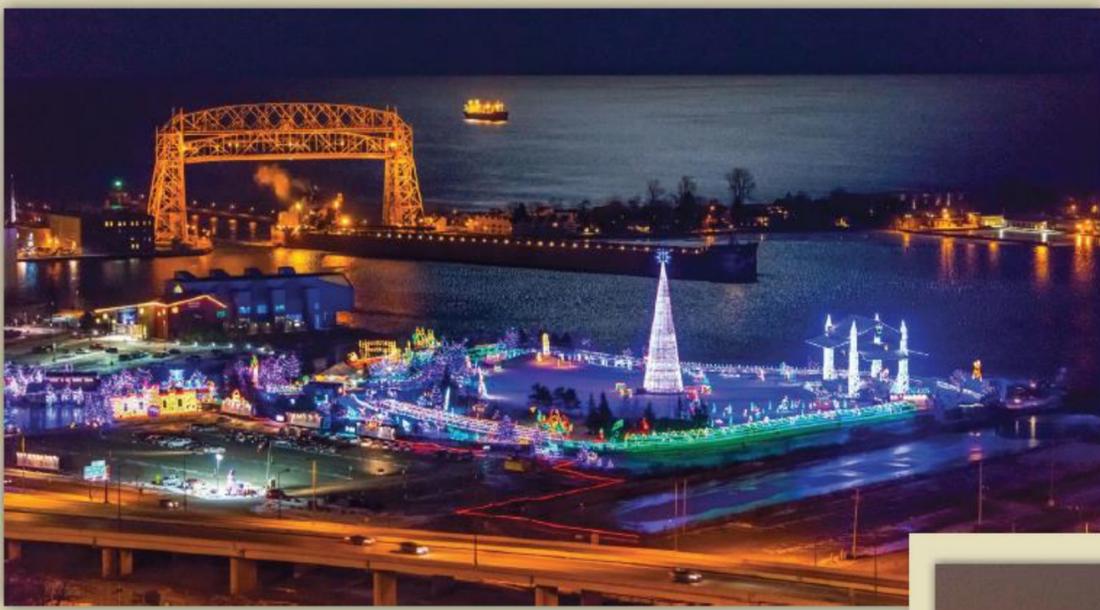


COMPREHENSIVE  
ANNUAL FINANCIAL  
*Report* '16



GIANTS RIDGE CHALET

*Photo by Dana Wheelock ©*



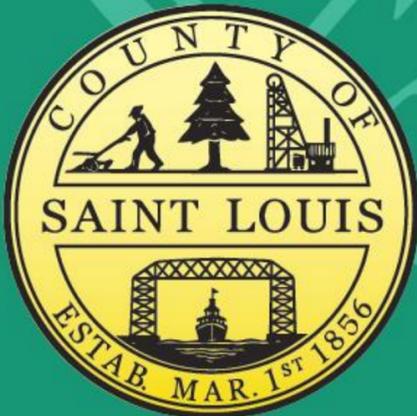
BENTLEYVILLE

*Photo by Dennis O'Hara*



PIER B RESORT

*Photo courtesy of Pier B Resort*



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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

### **Giants Ridge Chalet**

In October 2016, Giants Ridge unveiled its new 34,000 square foot chalet, which can now accommodate 360-400 people for weddings or other events. Giants Ridge is also adding new ski lifts, mountain bike trails, and a playground between The Lodge and the new chalet.

### **Bentleyville**

In 2001, Nathan Bentley first started decorating his home in Esko, Minnesota for the Christmas season. He continued to add to the lights and experiences at his home each year, and by 2007 he had more than 72,000 visitors that came to see his "Tour of Lights" named Bentleyville. In 2008, the City of Duluth asked if he would move Bentleyville to Bayfront Park where it has remained to this day bringing in over 200,000 visitors each year.

### **Pier B Resort**

Pier B Resort with 140 hotel rooms on downtown Duluth waterfront opened in June of 2016. The \$30 million, four-story marina hotel has a restaurant that seats 150 people, a lounge, and a banquet room that will accommodate at least 200 people. It also has its own marina with a sand beach, bridge to Bayfront Park, and many options for outdoor seating.

All of the above are examples of ongoing economic development in St. Louis County.

# St. Louis County Minnesota

Comprehensive Annual Financial Report  
for the Fiscal Year Ending  
December 31, 2016



**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, 2016

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Introductory Section</b>	
Table of Contents	i
Letter of Transmittal	1
Map - Legislative & Commissioner Districts - Duluth	6
Map - Commissioner Districts	7
Elected and Appointed Officials	8
Organizational Summary	9
Certificate of Achievement	10
<b>Financial Section</b>	
Independent Auditor's Report	11
Management's Discussion and Analysis	14
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	25
Statement of Activities	26
Fund Financial Statements	
Governmental Funds	
Balance Sheet	28
Statement of Revenues, Expenditures and Changes in Fund Balances	31
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
General Fund	33
Road and Bridge Special Revenue Fund	39
Public Health and Human Services Special Revenue Fund	40
Forfeited Tax Sale Special Revenue Fund	41
Proprietary Funds	
Statement of Net Position	43
Statement of Revenues, Expenses and Changes in Fund Net Position	45
Statement of Cash Flows	46
Fiduciary Funds	
Statement of Fiduciary Net Position	49
Statement of Changes in Fiduciary Net Position	50
Notes to the Financial Statements	51
<b>Required Supplementary Information</b>	
Schedule of Employer Contributions PERA General Employees Retirement Plan	97
Schedule of Proportionate Share of Net Pension Liability General Employees Retirement Plan	98
Schedule of Employer Contributions PERA Public Employees Police and Fire Plan	99
Schedule of Proportionate Share of Net Pension Liability Public Employees Police and Fire Plan	100
Schedule of Employer Contributions PERA Public Employees Correctional Plan	101
Schedule of Proportionate Share of Net Pension Liability Public Employees Correctional Plan	102
Schedule of Funding Progress OPEB	103
Schedule of Employer Contributions OPEB	103
<b>Supplementary Data</b>	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -Debt Service Fund	104
Nonmajor Governmental Funds:	
Combining Balance Sheet	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	109
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Housing and Redevelopment Authority Special Revenue Fund	112
Community Development Block Grant Special Revenue Fund	113
Northeast Minnesota Housing Consortium Special Revenue Fund	114
Septic Loan Special Revenue Fund	115
Forest Resources Special Revenue Fund	116
Internal Service Funds	
Combining Statement of Net Position	118
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	120
Combining Statement of Cash Flows	122
Fiduciary Funds	
Combining Statement of Fiduciary Net Position - Fiduciary Funds	127
Combining Statement of Changes in Fiduciary Net Position	128
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	129
Miscellaneous Schedules	
Schedule of Investments and Interest Earning Deposits	133
Schedule of Intergovernmental Revenue	134
Schedule of Expenditures of Federal Awards	142
Notes to the Schedule of Expenditures of Federal Awards	144

ST. LOUIS COUNTY, MINNESOTA  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

**TABLE OF CONTENTS**  
 Continued

	<b>Schedule</b>	<b>Page</b>
<b>Statistical Section</b>		
<b>Financial Trends</b>		
Net Position by Component	1	147
Changes in Net Position	2	149
Fund Balances - Governmental Funds	3	151
Changes in Fund Balances - Governmental Funds	4	153
<b>Revenue Capacity</b>		
Tax Capacity and Estimated Market Value of Property	5	155
Direct and Overlapping Property Tax Rates	6	157
Principal Property Tax Payers	7	159
Property Tax Levies and Collections	8	160
<b>Debt Capacity</b>		
Ratios of Outstanding Debt by Type	9	161
Ratios of General Bonded Debt Outstanding	10	163
Direct and Overlapping Governmental Activities Debt	11	164
Legal Debt Margin Information	12	165
<b>Demographic and Economic Information</b>		
Demographic and Economic Statistics	13	167
Principal Employers	14	168
<b>Operating Information</b>		
Full-time Equivalent County Government Employees by Function/Program	15	169
Operating Indicators by Function/Program	16	171
Capital Asset Statistics by Function/Program	17	173



# Saint Louis County

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

**Donald Dicklich**

St. Louis County Auditor-Treasurer

June 26, 2017

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, 2016. 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 the Office of the State Auditor has issued an unmodified ("clean") opinion on St. Louis County's financial statements for the year ended December 31, 2016. The Independent Auditor's Report is located in the front of the financial section of this report.

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

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

St. Louis County was established in 1856. Located in Northeastern Minnesota, St. Louis County is geographically the largest county east of the Mississippi River, covering 7,092 square miles, including water surface, from the Canadian border to Duluth. The County's 2016 census population was estimated at 200,949 residents while the 2007 census population was 196,420. 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. Taconite plants produced 29.1 million metric tons in 2016, a decrease of 11% compared to 2015. All of the taconite producers, except Keewatin Taconite, were in operation at the end of 2016. Those producers that operated throughout the year produced slightly more than they did in 2015.

The Port of Duluth-Superior connects the heartland of the United States and Canada to the rest of the world, ranking among the top 20 ports in the U.S. in cargo tonnage. It is the largest cargo port on the Great Lakes, with the principal cargoes being iron ore (49%), coal (34%), grain (6%), and other (12%) in 2016. The Port of Duluth-Superior has averaged more than 40 million tons of cargo and nearly 1,000 vessel visits a year since 1990. The port reported 30.1 million tons of cargo with 707 ships that visited the port in 2016, compared to 32.9 million tons and 757 ships in 2015.

Maurices, a women's clothing store that started with one store in downtown Duluth in 1931, has grown to a chain of about 985 women's clothing stores in the United States and Canada. The company built a 200,000 square foot, 11 story building in downtown Duluth in 2015. The majority of the new \$80 million building is devoted to Maurice's operations, but it also houses three other tenants. Minnesota Power Employees Credit Union, Blue Cross and Blue Shield of Minnesota, and the Pita Pit have all leased space in the new building. A public parking ramp with about 500 spaces is on floors 3 to 6 of the building, which is owned and operated by the City of Duluth, is a welcome addition to help with the lack of parking in downtown Duluth. The building is also connected to the public skywalk system that connects eastern downtown Duluth to the Radisson Hotel and the Duluth Public Library.

The U.S. Highway 53 relocation project is expected to be completed in the fall of 2017. The existing highway between Eveleth and Virginia is being moved to allow United Taconite access to large iron ore deposits that will help provide for the continued operation of the company. The construction is expected to cost \$156 million, with the total cost of the relocation estimated at \$236 million. The new route will take Highway 53 across a new 1,100 foot long bridge spanning 250 feet above the abandoned 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 constructed its second 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. A third BlueStone apartment building called BlueStone Vue, is in the planning stages and will possibly open by 2018. This development also includes many new shops such as Qdoba, Chilly Billy's, Starbucks, Sports Clips, and Tavern on the Hill. The next phase of shops will include Jimmy John's, Pearl Nails, and Members Cooperative Credit Union.

Kenwood Village, a retail and apartment complex is going up on Kenwood Avenue and Arrowhead Road in Duluth. On the two-acre site there will be 85 apartments and 14,600 square feet of retail space and restaurants. Kenwood village is hoping to attract professors, young professionals with families, and those eager for a walkable lifestyle. A grocery store, banking and more are within easy walks.

Louisiana-Pacific is bringing a \$400 million siding facility to Hoyt Lakes. In addition to the potential for hundreds of construction and permanent jobs, the 175,000 sq. ft. proposed production facility will create significant demand for wood products and be a positive impact for local loggers/timber industry.

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

Pier B Resort with 140 rooms on downtown Duluth waterfront opened in June of 2016. The \$30 million, four-story marina hotel has a restaurant that seats 150 people, a lounge, and a banquet room that will accommodate at least 200 people. It also has its own marina with a sand beach, bridge to Bayfront Park, and plenty of patios, decks, and outdoor seating.

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

Mills Fleet Farm built an 183,000 square-foot store in Hermantown, which opened in 2016. The Brainerd-based company, which offers a wide range of products, also added a 17,000 square-foot accessory building, lumberyard, three-bay car wash and a gas station with 16 pumps. Fleet Farm has 35 stores across Minnesota, Wisconsin, North Dakota, and Iowa.

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

At the end of each year, the County calculates the resources needed to pre-fund retiree health insurance premiums for all employees eligible for retirement at year end and sets aside the value of sick leave balances those employees have accumulated. As of December 31, 2016, 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, 2016, 100% of the estimated retiree obligation amount has been classified as committed

fund balance (vesting sick leave) in the General Fund and the Special Revenue Funds.

For many years, the County has recognized that it would be prudent to set aside funds to meet cash flow needs and began to assign some of its fund balances for that purpose. The County Board's policy is to have the General Fund, the Road and Bridge Fund, and the Public Health and Human Services Fund assign a portion of their available fund balances equal to 5/12 of the certified levy for each fund, plus its share of program aid paid to the County by the State of Minnesota. As of December 31, 2016, the policy was 96.5% accomplished for the General Fund, 67.7% for the Public Health and Human Service Fund, and 79.7%, for the Road and Bridge Fund. These three funds had combined fund balance allocated for cash flow of \$51.2 million at year-end, an increase of \$1.7 million from 2015.

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 2016, the Depreciation Reserve Fund had a balance of \$4.1 million. Those monies will be used to fund future capital improvements at County facilities.

Other financial planning for 2017 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 St. Louis County Board authorized a half percent transportation sales tax and a twenty dollar Motor Vehicle excise tax within the County in 2015. Both taxes are statutorily dedicated to road and bridge projects. The County collected \$13.8 million in sales tax and \$0.3 million from the Motor Vehicle Excise Tax in 2016. The County Board also approved the issuance of \$65 million in bonding to further accelerate the investment in the County's road and bridge infrastructure. Approximately \$5.3 million of Transportation Sales Tax revenue will be used annually to pay back the bonds. The remainder of the sales tax monies will be invested in "pay as you go" projects.

A new North Rescue Squad building was opened in 2016. The building was once a County Public Works building, but was renovated thanks to \$700,000 in state bonding money that was approved by the legislature in 2014, along with matching support from the County. The new space gives Rescue Squad volunteers a place to meet and train, and provides storage space for vehicles and equipment. In 2016, the volunteers donated 23,242 hours, responding to 437 calls.

St. Louis County has developed an E-Government Plan as part of its enterprise-wide business improvement/customer service initiatives. This system allows citizens to apply and pay online for permits, applications, licenses, and conferences. Four departments are currently using this software, which should make doing business with St. Louis County more timely and convenient for citizens.

St. Louis County was named Health Champion by the American Diabetes Association in 2016. The designation recognizes organizations that inspire and encourage well-being. In order to qualify an

organization must meet the three healthy living criteria. These areas include Nutrition and Weight Management, Physical Activity, and Organizational Well-being. The County is committed to encouraging the adoption of healthy habits that will benefit our staff, their families, and our productivity and morale overall, because that ultimately best serves our citizens.

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

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

The County received its first GFOA award for the 2015 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.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Louis County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2015.

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-seven 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 State Auditor's staff for their technical assistance during the audit and throughout the year. I acknowledge, too, the thorough and professional manner in which they conducted their audit.

Sincerely,

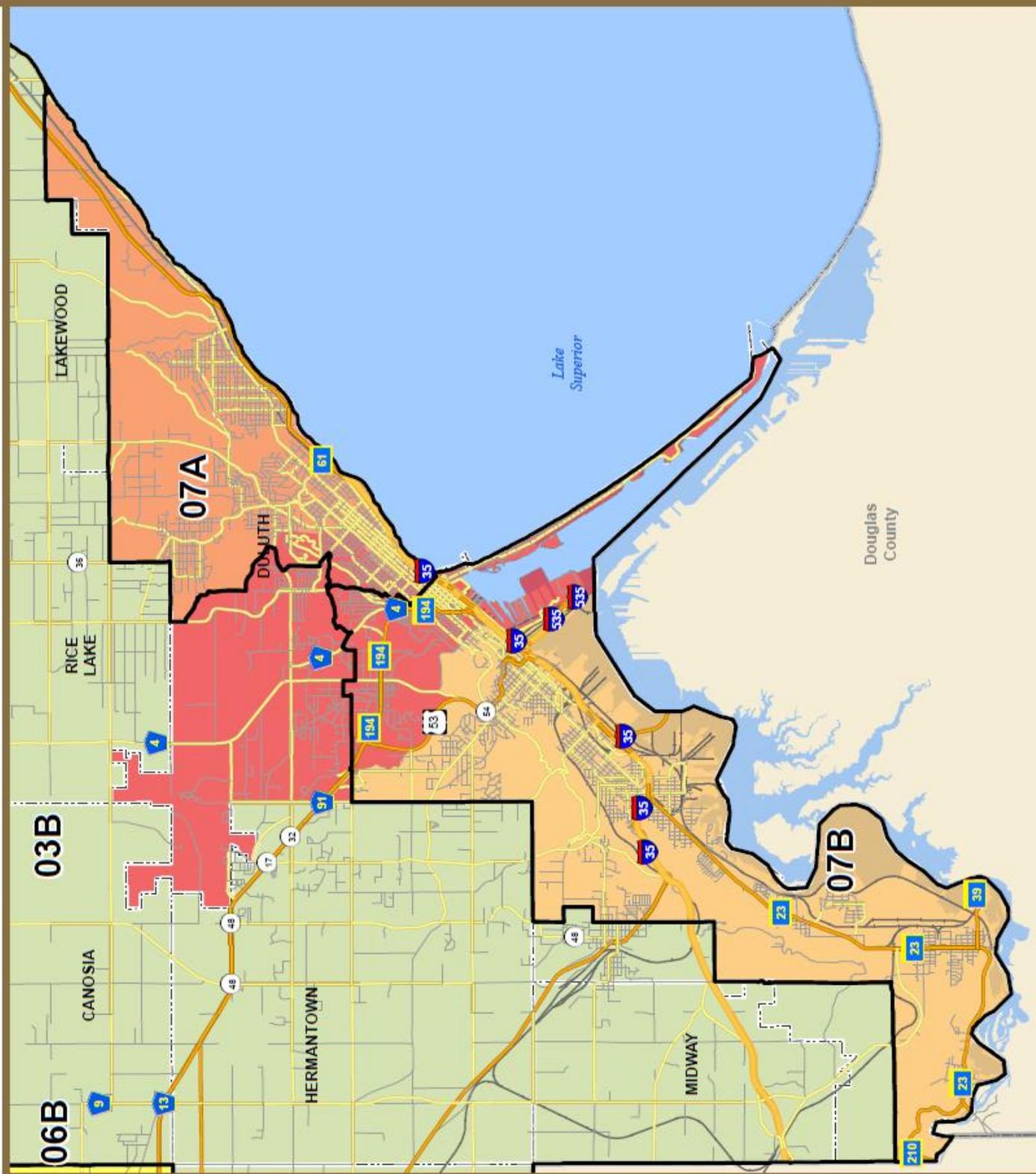


**DONALD DICKLICH**  
County Auditor/Treasurer



# Legislative & Commissioner Districts - Duluth

2016



## Legislative Districts

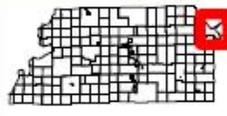
- District 3**  
Sen. Thomas Bakk (DFL)  
147 State Office Bldg  
St. Paul MN 55155  
(651) 296-8881
- District 7**  
Sen. Roger Reinert (DFL)  
149 State Office Bldg  
St. Paul MN 55155  
(651) 296-4188
- 7A**  
Rep. Mary Murphy (DFL)  
443 State Office Building  
St. Paul MN 55155  
(651) 296-2676
- 7B**  
Rep. Erik Simonson (DFL)  
428 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) 726-2460
- 2**  
Patrick Boyle  
Room 202  
100 N. 5th Ave. W.  
Duluth MN 55802  
(218) 726-2369
- 3**  
Chris Dahlberg  
Room 202  
100 N. 5th Ave. W.  
Duluth MN 55802  
(218) 726-2562
- 5**  
Pete Stauber  
Room 202  
100 N. 5th Ave. W.  
Duluth MN 55802  
(218) 726-2460

## City of Duluth Precincts

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



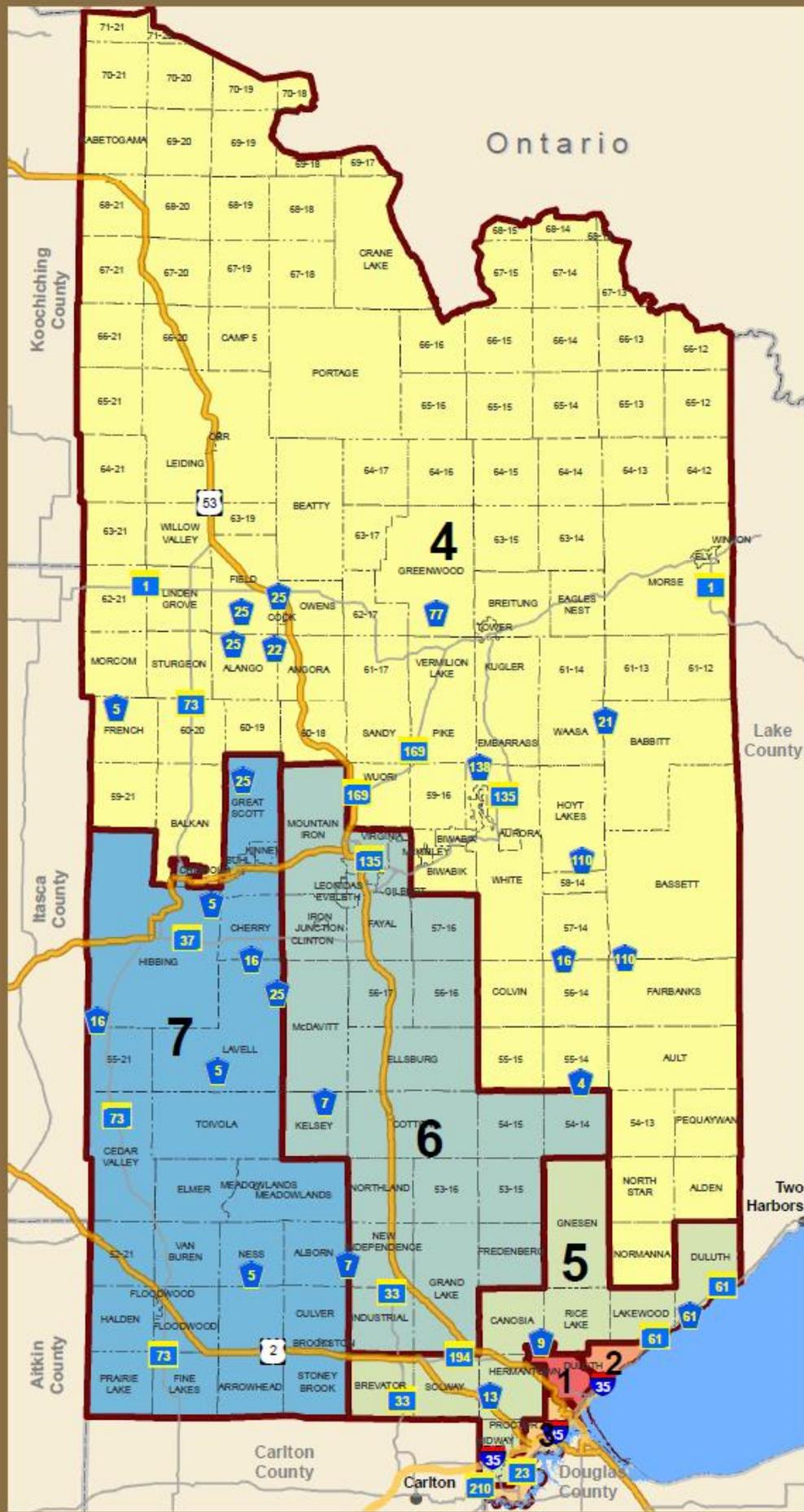
**Auditor's Office**  
100 N 6th Ave W, Rm 214  
(218) 726-2380  
www.stlouiscountymn.gov

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

**Disclaimer**  
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# Commissioner Districts 2016



## Commissioners

- 1

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


- 2

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


- 3

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


- 4

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


- 5

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


- 6

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


- 7

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





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

Source: St. Louis County

Map Created: 1/9/2016

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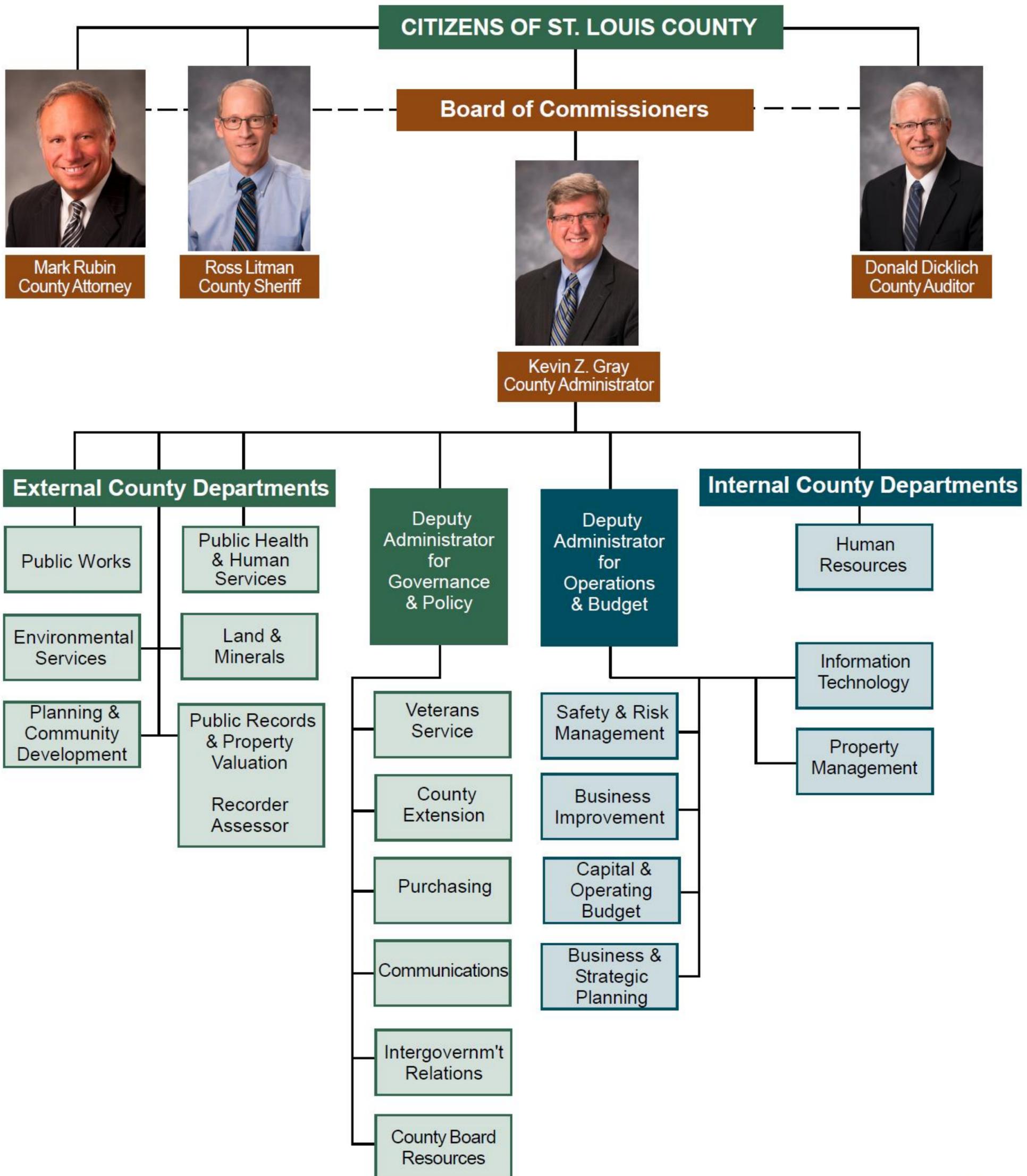
**St. Louis County  
Elected and Appointed Officials  
as of December 31, 2016**

---

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

Executive Director/CEO



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
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1-800-627-3529 (Relay Service)

### INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
St. Louis County  
Duluth, Minnesota

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County, Minnesota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons of the General Fund, Road and Bridge Special Revenue Fund, Public Health and Human Services Special Revenue Fund, and Forfeited Tax Sale Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2017, on our consideration of St. Louis County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Louis County's internal control over financial reporting and compliance.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 5, 2017

*UNAUDITED*  
*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
December 31, 2016

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, 2016. 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 \$29.4 million to \$734.9 million, or 4.17%. Governmental activities increased by \$30.6 million to \$715.8 million, while the County's business-type activities decreased by \$1.2 million to \$19.1 million.

The County's governmental funds reported a combined ending fund balance of \$225.6 million for 2016, an increase of \$16.6 million compared to 2015. The nonspendable and restricted combined fund balances were \$89.9 million of total fund balance or 39.9%. These fund balances are not available for appropriation because of constraints placed on their use. The remaining fund balances of \$135.7 million or 60.1% are unrestricted and classified as either committed, assigned, or unassigned.

In 2016, the General Fund reported a total fund balance of \$70.5 million, an increase of \$2.4 million over 2015. This increase is mainly due to departments under spending expenditure budgets. The unassigned fund balance of the General Fund was equal to 37.5% of fund expenditures and 35.9% 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 increased by \$34.5 million to \$131.6 million in 2016. The County issued \$25.7 million in new debt, refinanced \$16.3 million of existing debt and paid down \$6.9 million of existing debt in 2016. The \$25.7 million Capital Improvement Bond issued was for the acceleration of road and bridge projects with the County's transportation sales tax. In the past ten years, the County has issued debt every year except 2009, 2011, and 2012.

All major governmental funds of the County reported actual expenditures less than the final 2016 expenditure budget. However, the General Fund, Road and Bridge Fund, Public Health and Human Services, Forfeited Tax Sale Fund, and Capital Projects Fund reported a combined \$25.4 million excess of actual expenditures over actual revenue for the year. The Capital Projects Fund spent a large portion of bond proceeds in 2016, which is why the expenditures came in so much higher than revenue. The Public Health and Human Service Fund had expenditures exceeding revenue by \$6.3 million mainly due to planned use of existing fund balance reserves and higher than anticipated out of home placement costs.

The County's only major business-type activity, the Environmental Services Fund, had an operating loss of \$1.6 million in 2016. However, when nonoperating revenues from taxes, grants, earnings on investments and sale of capital assets totaling \$0.7 million are added to transfers in and out of \$0.2 million, the Environmental Services Fund net position decreased by only \$1.1 million for the year.

## **Overview of the Financial Statements**

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

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

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

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

*UNAUDITED*  
*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
December 31, 2016

*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 seven nonmajor governmental funds is provided in the supplementary data.

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

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

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

Fiduciary funds: The County is the trustee, or fiduciary, of certain amounts held for others. The County uses trust and 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 53-96 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 97-145.

UNAUDITED  
St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
December 31, 2016

**Government-wide Financial Analysis**

Net position may, over time, be a useful indicator of a government's financial condition. In the case of St. Louis County, assets exceeded liabilities for all activities by \$734.9 million.

By far the largest portion of the County's net position is the investment in capital assets (84%), 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	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 290.9	\$ 279.6	\$ 17.4	\$ 17.7	\$ 308.3	\$ 297.3
Capital assets	713.7	647.6	6.9	7.3	720.6	654.9
Total Assets	<u>1,004.6</u>	<u>927.2</u>	<u>24.3</u>	<u>25.0</u>	<u>1,028.9</u>	<u>952.2</u>
Deferred pension outflows	<u>72.0</u>	<u>12.1</u>	<u>1.1</u>	<u>0.2</u>	<u>73.1</u>	<u>12.3</u>
Liabilities:						
Long-term liabilities outstanding	317.1	217.5	5.5	4.4	322.6	221.9
Other liabilities	26.2	25.8	0.6	0.4	26.8	26.2
Total liabilities	<u>343.3</u>	<u>243.3</u>	<u>6.1</u>	<u>4.8</u>	<u>349.4</u>	<u>248.1</u>
Deferred pension inflows	<u>17.5</u>	<u>11.0</u>	<u>0.2</u>	<u>0.1</u>	<u>17.7</u>	<u>11.1</u>
Net position:						
Net investment in capital assets	612.9	583.8	6.9	7.3	619.8	591.1
Restricted	89.9	70.3	2.1	2.3	92.0	72.6
Unrestricted	13.0	31.0	10.1	10.7	23.1	41.8
<b>Total Net Position, as reported</b>	<b><u>\$ 715.8</u></b>	<b><u>\$ 685.1</u></b>	<b><u>\$ 19.1</u></b>	<b><u>\$ 20.3</u></b>	<b><u>\$ 734.9</u></b>	<b><u>\$ 705.5</u></b>

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

**Governmental Activities:**

In 2016, the total net position of governmental activities increased by \$30.7 million to \$715.8 million. Total net position for the years 2015 back through 2011 were \$685.1 million, \$717.3 million, \$678.2 million, \$626.2 million and \$583.7 million, respectively. St. Louis County is again able to report positive balances in all categories of net position as it has since the government-wide financial statements were first prescribed in 2002.

Current and other assets increased by \$11.3 million in 2016 to \$290.9 million. The main reason for the large increase was due to the \$27.2 million in unspent bond proceeds in the Capital Projects fund.

Capital assets at year-end 2016 were \$713.7 million, compared with \$647.7 million in 2015, an increase of \$66 million. Significant capital outlays for infrastructure, such as roads, by the County each year are the driving force behind large annual increases in capital assets. A detailed analysis of this increase is presented in Table 3 on page 23, under the heading Capital Assets and Debt Administration.

*UNAUDITED*  
*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
December 31, 2016

Long-term liabilities outstanding increased by \$99.6 million in 2016 to \$317.1 million. In 2016, the County issued \$25.7 million in new debt for County roads and bridges. The net pension liability also increased \$65.6 million in 2016 for St. Louis County's portion of PERA's unfunded liability. These are the main reasons for the increase.

Other liabilities increased \$0.4 million in 2016 to \$26.2 million. Accounts payable increased \$0.1 million in 2016 while unearned revenue increased by \$0.3 million. Both accounts payable and unearned revenue are mainly a result of timing differences.

Net Investment in Capital Assets increased by \$29.1 million to \$612.9 million. The increase was mainly the result of net capital assets increasing by \$66 million, while the outstanding debt related to capital assets increased by \$36.9 million in 2016.

Restricted net position of the governmental funds increased by \$19.6 million to \$89.9 million in 2016. The restricted fund balance for unspent bond proceeds increased \$16.9 million due to the sale of the 2016 bonds in September 2016. The nonspendable portion of Shoreline sales also increased by \$4.8 million due to the sale of shoreline lease lots. Together they are the primary reasons for the increase. The distribution of restricted net position is typically prescribed by Minnesota statutes.

Unrestricted net position that comprise the remaining fund balances decreased \$18.0 million to \$13.0 million in 2016. The main reason is due to the increase in the County's outstanding debt which increased by \$34.5 million in 2016. The net pension liability increased by \$65.6 million for St. Louis County's portion of PERA's unfunded liability, while the capital assets increased by \$66 million mainly due to increases in infrastructure for Public Works, which offset each other. The majority of the unrestricted net position in the government-wide statements are fund balances from governmental fund statements that are either committed by Board action for specific purposes or assigned, indicating County management's intent to use the funds for specific purposes.

**Business-type Activities:**

Total net position of the County's business-type activities decreased by \$1.2 million to \$19.1 million in 2016. 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 2016.

Capital assets decreased by \$0.4 million in 2016, to \$6.9 million. The depreciation expense in 2016 was \$0.6 million, which was the main reason for the decrease. In 2016, they purchased 1 vehicle, 11 pieces of equipment, completed construction on a cold storage building, and started construction on a landfill gas collection building, which was their only construction in progress at year end.

Total liabilities for business-type activities increased by \$1.3 million in 2016. This is mainly due to GASB 68, which added \$1 million of pension liability to the Environmental Services Fund in 2016.

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 \$0.7 million in 2016 to \$10.1 million.

UNAUDITED  
St. Louis County, Minnesota  
Management's Discussion and Analysis  
December 31, 2016

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
<i>Program revenues:</i>						
Charges for services	\$ 55.5	\$ 54.5	\$ 6.9	\$ 6.4	\$ 62.4	\$ 60.9
Operating Grants and Contributions	60.6	56.1	0.3	0.4	60.9	56.5
Capital Grants and Contributions	24.9	23.7	-	-	24.9	23.7
<i>General revenues:</i>						
<i>Taxes:</i>						
Property taxes, levied for general purposes	121.1	120.9	0.1	0.2	121.2	121.1
Property taxes, levied for debt service	6.7	7.4	-	-	6.7	7.4
Transportation sales tax	14.1	11.0	-	-	14.1	11.0
State shared	18.8	18.3	-	-	18.8	18.3
Federal shared	0.3	0.2	-	-	0.3	0.2
Investment income	3.2	2.2	0.2	0.2	3.4	2.4
Sale of capital assets	(0.3)	0.1	-	-	(0.3)	0.1
Total revenues	<u>304.9</u>	<u>294.4</u>	<u>7.5</u>	<u>7.2</u>	<u>312.4</u>	<u>301.6</u>
<b>Expenses</b>						
<i>Program expenses:</i>						
General government	48.8	44.1	-	-	48.8	44.1
Public safety	58.4	51.3	-	-	58.4	51.3
Highways and streets	49.6	46.6	-	-	49.6	46.6
Health and sanitation	5.3	4.8	-	-	5.3	4.8
Human services	93.6	86.1	-	-	93.6	86.1
Culture and recreation	3.4	3.7	-	-	3.4	3.7
Conservation of natural resources	9.1	9.9	-	-	9.1	9.9
Economic development	3.1	3.2	-	-	3.1	3.2
Interest and other charges	3.1	2.4	-	-	3.1	2.4
Bond issuance costs	-	0.1	-	-	-	0.1
Environmental services	-	-	8.5	7.7	8.5	7.7
Total expenses	<u>274.4</u>	<u>252.2</u>	<u>8.5</u>	<u>7.7</u>	<u>282.9</u>	<u>259.9</u>
Increase in net position before transfers	30.5	42.2	(1.0)	(0.5)	29.5	41.7
Transfers	0.2	(0.2)	(0.2)	0.2	-	-
<b>Increase (decrease) in net position</b>	<u>30.7</u>	<u>42.0</u>	<u>(1.2)</u>	<u>(0.3)</u>	<u>29.5</u>	<u>41.7</u>
<b>Net position January 1</b>	685.1	643.1	20.3	20.6	705.4	663.7
<b>Net position December 31</b>	<u>\$ 715.8</u>	<u>\$ 685.1</u>	<u>\$ 19.1</u>	<u>\$ 20.3</u>	<u>\$ 734.9</u>	<u>\$ 705.4</u>

*UNAUDITED*  
*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
December 31, 2016

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 2016, program revenues increased by \$6.7 million to \$141.0 million. Operating grants and contributions increased \$4.5 million with the majority of the increase in Human Services. Human Service state revenue increased \$1.7 million for long-term services and support from the state due to the new state requirement for assessments and reassessment. The amount of state revenue received for this is determined by a time study. Human Services revenue also increased \$0.7 million due to recording the pass thru revenue for the Duluth Area Family Service Collaborative in the Public Health and Human Services Fund for the first time in 2016. Previously, the revenue was only recorded in an agency fund. More information on the Collaborative can be found on page 92. Highway and Streets also increased \$1.8 million, mostly due to increased Federal funding on road and bridge construction projects.

General revenues are all revenues that are not considered to be program revenues. In 2016, general revenues increased by \$3.8 million to \$163.9 million. Tax revenues in 2016 increased by \$2.6 million mainly due to the Transportation Sales Tax revenue coming in \$3.1 million higher than 2015, due to 2016 being the first full year of the tax. The Transportation Sales Tax went into effect in April 2015. Investment revenue increased \$1.0 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, increased by \$0.5 million to \$18.8 million in 2016. The increase is a result of the County recording \$0.4 million in State of Minnesota contributions to the General PERA plan as part of the GASB 68 entries in 2016. In 2015, the State of Minnesota did not contribute to the General PERA plan.

Investment income for governmental activities was \$3.2 million for 2016, an increase of \$1.0 million from 2015. The increase is due to improved returns on equity market securities and MAGIC Fund earnings.

Expenses for governmental activities increased \$22.2 million in 2016, or 8.8%. The main reason for the large increase is due to recording \$12.8 million of pension expense in 2016 due to the GASB 68 requirements compared to \$1.2 million in 2015. Highways and streets also had increased expenses of \$3.0 million mainly due to the increased funding for road and bridges from the Transportation Sales Tax. Human Services increased \$7.5 million mainly due to increased costs for out of home placements and planned use of assigned fund balances. The majority of the increase in Public Safety was due to the GASB 68 pension expense.

**Business-type Activities:**

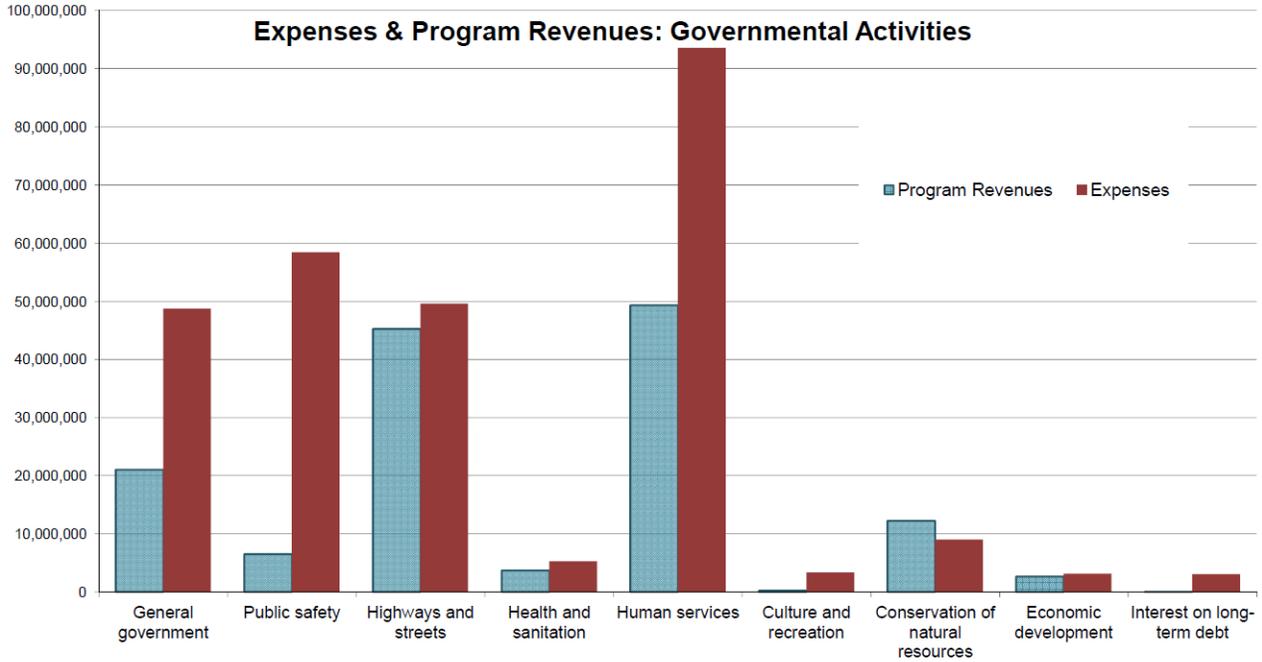
Program revenues for business-type activities increased by \$0.4 million in 2016 to \$7.2 million. The 2016 increase is mainly due to increased revenues from garbage disposed of at the regional landfill. The fee Environmental Services charges to cities for garbage collection, also increased due to higher estimated market value of commercial properties.

General revenues for the business-type activities decreased by \$0.1 million in 2016 to \$0.3 million. Investment income for the Environmental Services Fund stayed the same, while the levy decreased by \$0.1 million due to efforts by the County to take the On-Site Wastewater Division off of levy.

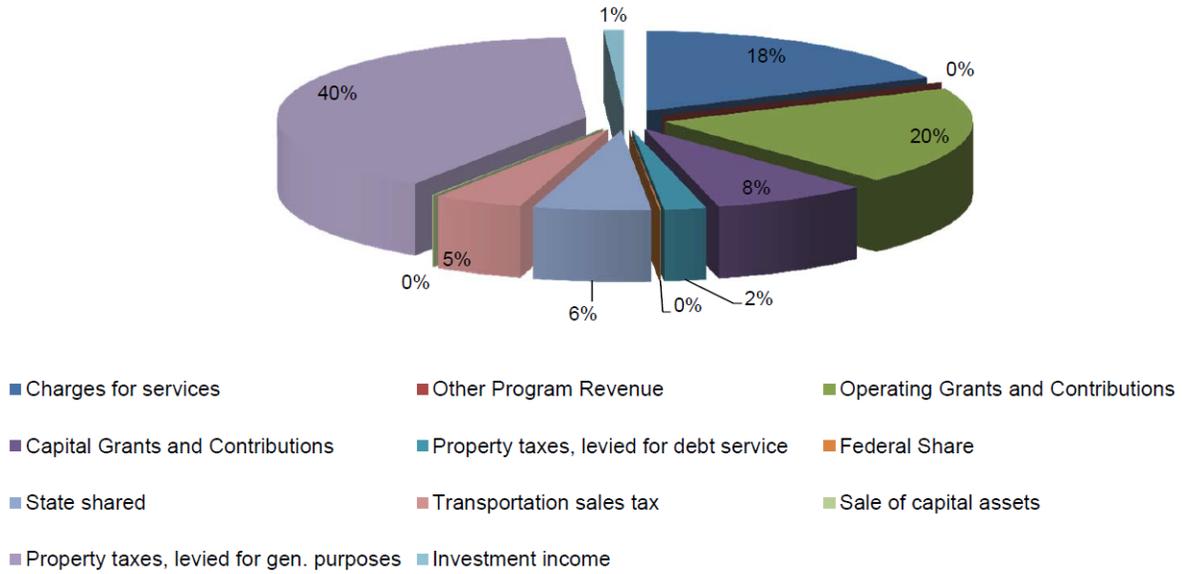
Expenses for business-type activities were \$8.5 million in 2016, \$0.8 million more than 2015. In 2016, almost all expenses for business-type activities occurred in the Environmental Services Fund. Expenses increased mainly due to increased costs for contractor to haul out recycling materials from the landfill. The Environmental Services Fund also had to make repairs to the Recycling Center buildings and equipment that contributed to the increase in expenses. Personal Services also increased due to GASB 68 pension reporting requirements and payment of retired health insurance.

The Environmental Services Fund, had net transfers out of \$0.2 million. The Environmental Services Fund transferred out \$0.4 million to the Septic Loan Special Revenue Fund to account for all septic loans in one fund. The Shoreline Sales Fund transferred in \$0.2 million to the Environmental Services Fund to offset expenditures of the 8th 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.

UNAUDITED  
 St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
 December 31, 2016

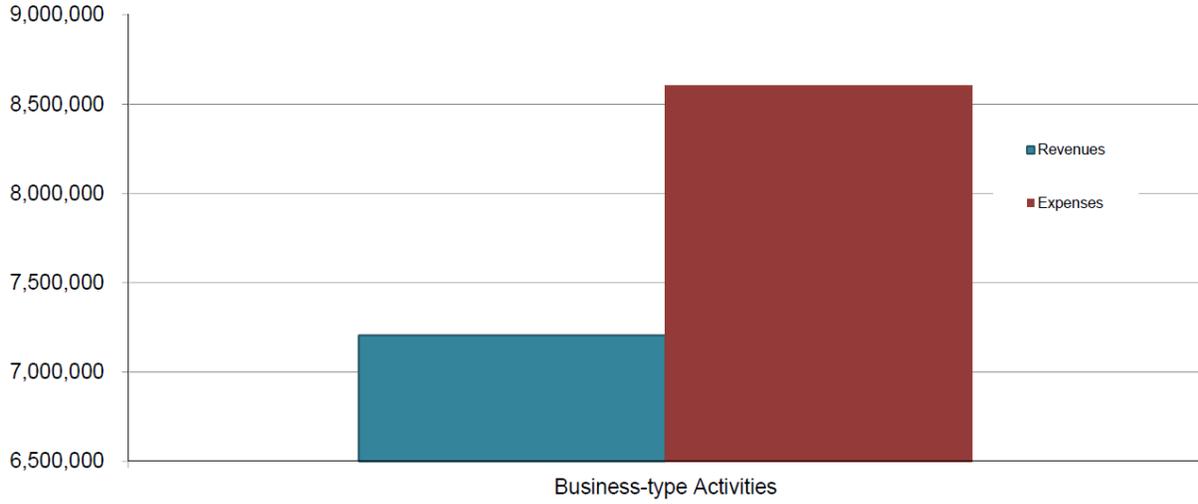


**Revenues by Source: Governmental Activities**

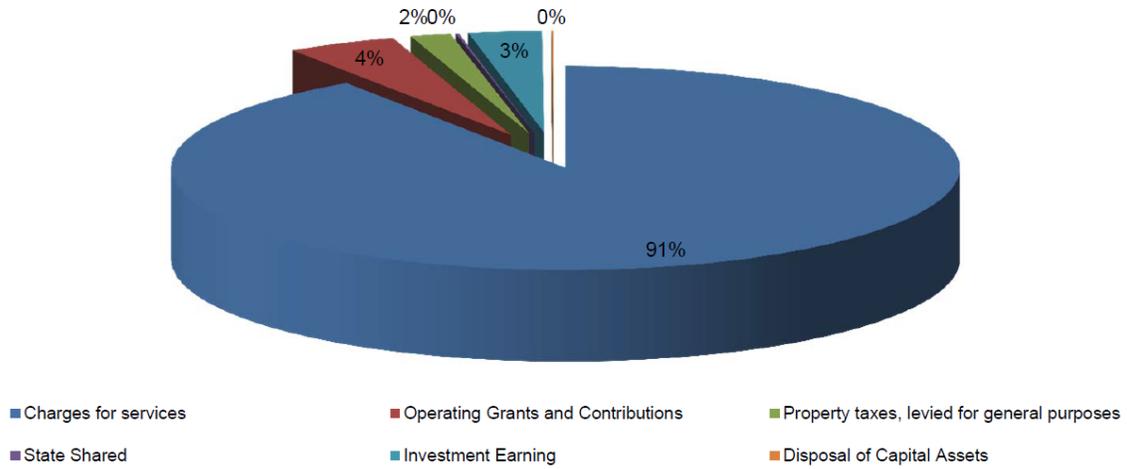


UNAUDITED  
 St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
 December 31, 2016

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



**Revenues by Source: Business-type Activities**



*UNAUDITED*  
*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
December 31, 2016

## **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 \$225.6 million in 2016, compared with \$209.0 million as previously reported in 2015, an increase of \$16.6 million. Fund balances that are classified as restricted are either nonspendable or restricted and have specific (usually external) constraints placed on their use. Fund balances that are classified as unrestricted are either committed, assigned, or unassigned fund balances. Committed and assigned fund balances are fund balances for which the County has identified a specific purpose. Unassigned fund balances do not have a specific use identified, but generally support cash flows of the County.

Governmental funds reported restricted fund balance for 2016 of \$89.9 million, or 39.9% of total fund balance and unrestricted fund balance of \$135.7 million or 60.1% of total fund balance. Unrestricted fund balance was \$30.9 million committed, \$67.6 million assigned, and \$37.2 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 \$37.2 million in 2016, compared to \$34.8 million in 2015. Unassigned fund balance at the end of the year represented 35.9% of General Fund operating revenues and 37.5% 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 2016, the fund balance of the County's General Fund increased \$2.4 million to \$70.5 million, because revenues exceeded expenditures by \$4.4 million. The increase was mainly due to under spending of departmental budgets as well as higher than anticipated revenues in several departmental budgets.

The Road and Bridge Fund had an \$5.2 million excess of revenue over expenditures in 2016. This was mainly due to \$5.0 million of unspent Transportation Sales Tax revenue at year end 2016.

The Public Health and Human Services Fund had expenditures in excess of revenues of \$6.3 million in 2016. This was mainly due to planned use of fund balance and higher than anticipated out of home placement costs.

The Capital Projects Fund's fund balance increased from \$43.6 million in 2015 to \$45.1 million in 2016. The increase is mainly due to the new bond proceeds for road and bridge projects.

Pursuant to Minnesota Statutes, the Forfeited Tax Sale Fund distributed \$1.5 million in net proceeds to county funds, cities, towns and school districts in St. Louis County. The 2015 distribution was \$0.9 million higher than 2016, primarily due to higher land and timber sales in 2015.

## **General Fund Budgetary Highlights**

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

Actual expenditures ended the year \$8.6 million under the final budget. Expenditure budgets for personnel services (\$1.1 million), operating (\$6.5 million), and capital outlay (\$1 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.

UNAUDITED  
St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
December 31, 2016

Actual revenues in total for 2016 came in \$0.5 million over the final budget. Taxes were \$0.6 million over budget due to higher than anticipated delinquent tax payments, and earnings on investments were \$0.2 million higher than budgeted. These variances were offset in part by lower than anticipated intergovernmental revenues in mineral rents and royalties, grants, and pass-through state snowmobile trail assistance.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At year-end, the County's capital assets totaled \$720.5 million. Of that total, governmental activities accounted for \$713.6 million, and the remaining \$6.9 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		Business-type		Totals	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land	\$ 2.9	\$ 2.7	\$ 0.3	\$ 0.3	\$ 3.2	\$ 3.0
Buildings and structures	104.6	80.5	2.3	2.4	106.9	82.9
Improvements other than buildings	-	-	3.7	4.0	3.7	4.0
Machinery and equipment	3.8	4.6	0.2	0.1	4.0	4.7
Vehicles	22.3	22.7	0.3	0.3	22.6	23.0
Infrastructure	572.6	508.1	-	-	572.6	508.1
Intangibles	1.4	1.3	-	-	1.4	1.3
Work in progress	6.0	27.7	0.1	0.2	6.1	27.9
<b>Totals</b>	<b>\$ 713.6</b>	<b>\$ 647.6</b>	<b>\$ 6.9</b>	<b>\$ 7.3</b>	<b>\$ 720.5</b>	<b>\$ 654.9</b>

Capital assets for governmental activities increased (including additions, disposals, and depreciation expense) by \$66.0 million, or 10.2%, over 2015. Additions for 2016 totaled \$86.4 million, net disposals were \$2.9 million, and depreciation expense was \$19.6 million.

Total vehicles in 2016 decreased by \$0.4 million to \$22.3 million. In 2016, the County purchased 51 automobiles, 8 emergency and road maintenance vehicles, 3 unlicensed vehicles, 16 recreational vehicles, and 4 trailers. The primary reason for the decrease was depreciation expense.

Buildings and structures increased \$24.1 million to \$104.6 million in 2016. The primary reason for the increase was major building projects that were completed in 2016.

Work in progress for governmental activities decreased by \$21.7 million in 2016 to \$6.0 million. The main reasons for the decrease are the large building projects that were completed in 2016 which included the Government Services Center Remodel, North Rescue Squad Building and the AP Cook Building Remodel.

Business-type activities had total net capital assets decrease \$0.4 million from 2015. The Environmental Services Fund, the only enterprise fund with capital assets, had net capital assets at year-end of \$6.9 million. In 2016 they purchased 1 vehicle, 11 pieces of equipment, completed construction on a cold storage building, and started construction on a landfill gas collection building, which was their only construction in progress at year end.

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

UNAUDITED  
St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
December 31, 2016

**Debt Administration**

At year-end, the County had \$131.6 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)**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
General obligation bonds	\$ 131.2	\$ 96.7
Revenue bonds	0.4	0.4
<b>Total</b>	<b>\$ 131.6</b>	<b>\$ 97.1</b>

County debt increased \$34.5 million to \$131.6 million in 2016, compared to an increase of \$41.3 million in 2015. In 2016, the County issued a \$25.7 million Capital Improvement Bond at a premium, refunded \$16.3 million at a premium and paid \$6.9 million on existing debt. The 2016 increase was the result of issuing \$25.7 million in new bonds for roads and bridges and the \$16.3 million in crossover refunding bonds, not having a call date until 2022. The County is using the new Transportation Sales Tax revenue to make the new bond payments on the \$25.7 million road and bridge bonds. The County refinanced the \$16.3 million of existing debt in 2016 to take advantage of lower interest rates.

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 5.6% in 2016, while the average unemployment rate was 4.7% for the United States and 4.0% for the State of Minnesota, generally.

The County's 2017 budget was passed on December 20, 2016, at a meeting of the St. Louis County Board of Commissioners. The 2017 property tax levy was \$126.6 million, an increase of \$10 million compared to 2015.

In 2016 St. Louis County collected \$13.8 million due to implementing a half percent Transportation Sales Tax and \$0.3 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 2016 was \$11.7 million, an increase of \$0.4 million compared to 2015. Due to the volatility of this revenue, the County is working to reduce its reliance on this aid. In years where the aid is fully funded, the amount in excess of the adopted budget will be directed to critical capital investments, reducing future borrowing costs or levy impacts.

Employees are key to the quality services provided by St. Louis County. The 2017 budget included 1825 full time equivalent employees. Of the total \$387.2 million 2017 budget, \$183.8 million or 47%, was designated for personnel related costs.

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

All of these factors were considered in preparing the County's budget for the 2017 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, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 158,291,735	\$ 1,572,411	\$ 159,864,146
Cash with fiscal agent	20,958,716	-	20,958,716
Investments	61,316,059	11,982,284	73,298,343
Accounts receivable (net)	40,435,582	484,027	40,919,609
Internal balances	870,753	(870,753)	-
Inventories	8,505,352	48,609	8,553,961
Prepaid items	628,715	300	629,015
Restricted assets	-	4,269,782	4,269,782
Capital assets not being depreciated	9,726,842	347,095	10,073,937
Capital assets being depreciated, net	703,949,621	6,521,372	710,470,993
Total assets	<u>1,004,683,375</u>	<u>24,355,127</u>	<u>1,029,038,502</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	71,959,868	1,075,879	73,035,747
<b>LIABILITIES</b>			
Accounts payable	18,039,666	591,294	18,630,960
Unearned revenue	5,498,266	-	5,498,266
Advance from other governments	2,674,739	-	2,674,739
Noncurrent liabilities:			
Due within one year	18,474,924	174,153	18,649,077
Due in more than one year	152,293,262	2,906,413	155,199,675
Net pension liability	142,056,675	2,460,210	144,516,885
Other postemployment benefits obligation	4,296,568	-	4,296,568
Total liabilities	<u>343,334,100</u>	<u>6,132,070</u>	<u>349,466,170</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	17,519,738	212,444	17,732,182
<b>NET POSITION</b>			
Net investment in capital assets	612,901,331	6,868,467	619,769,798
Restricted			
General government	1,217,501	-	1,217,501
Public safety	1,398,021	-	1,398,021
Highways and streets	41,240,505	-	41,240,505
Health and sanitation	1,459,331	-	1,459,331
Conservation of natural resources	269,084	-	269,084
Economic development	944,412	-	944,412
Debt service	25,484,639	-	25,484,639
Shoreline sales:			
Expendable	702,725	-	702,725
Nonexpendable	17,198,804	-	17,198,804
Financial assurance	-	2,129,155	2,129,155
Unrestricted	12,973,052	10,088,870	23,061,922
Total net position	<u>\$ 715,789,405</u>	<u>\$ 19,086,492</u>	<u>\$ 734,875,897</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, 2016

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
<b>Primary Government:</b>							
Governmental Activities:							
General government	\$ 48,748,275	\$ 19,561,024	\$ 1,474,635	\$ -	\$ (27,712,616)	\$ -	\$ (27,712,616)
Public safety	58,469,479	3,924,325	2,443,785	141,380	(51,959,989)	-	(51,959,989)
Highways and streets	49,617,143	7,200,966	13,242,174	24,787,091	(4,386,912)	-	(4,386,912)
Health and sanitation	5,284,406	446,229	3,263,602	-	(1,574,575)	-	(1,574,575)
Human services	93,601,510	12,242,341	37,066,633	-	(44,292,536)	-	(44,292,536)
Culture and recreation	3,369,858	-	262,553	-	(3,107,305)	-	(3,107,305)
Conservation of natural resources	9,060,539	12,072,268	165,031	-	3,176,760	-	3,176,760
Economic development	3,178,327	100	2,685,734	-	(492,493)	-	(492,493)
Interest and other charges	3,088,164	-	57	-	(3,088,107)	-	(3,088,107)
<b>Total governmental activities</b>	<b>274,417,701</b>	<b>55,447,253</b>	<b>60,604,204</b>	<b>24,928,471</b>	<b>(133,437,773)</b>	<b>-</b>	<b>(133,437,773)</b>
Business-type Activities:							
Environmental Services	8,523,576	6,836,219	341,904	-	-	(1,345,453)	(1,345,453)
Plat Books	80,812	28,350	-	-	-	(52,462)	(52,462)
<b>Total business-type activities</b>	<b>8,604,388</b>	<b>6,864,569</b>	<b>341,904</b>	<b>-</b>	<b>-</b>	<b>(1,397,915)</b>	<b>(1,397,915)</b>
<b>Total primary government</b>	<b>\$ 283,022,089</b>	<b>\$ 62,311,822</b>	<b>\$ 60,946,108</b>	<b>\$ 24,928,471</b>	<b>(133,437,773)</b>	<b>(1,397,915)</b>	<b>(134,835,688)</b>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					121,028,079	125,369	121,153,448
Property taxes, levied for debt service					6,733,511	-	6,733,511
Transportation sales tax					14,141,713	-	14,141,713
State shared not restricted to specific programs					18,761,512	9,582	18,771,094
Federal shared not restricted to specific programs					284,413	-	284,413
Investment earnings					3,247,704	227,602	3,475,306
Gain/(Loss) on disposal of capital assets					(321,918)	6,584	(315,334)
Transfers					204,619	(204,619)	-
Total general revenues and transfers					164,079,633	164,518	164,244,151
Changes in net position					30,641,860	(1,233,397)	29,408,463
Net position - January 1					685,147,545	20,319,889	705,467,434
Net position - December 31					<b>\$ 715,789,405</b>	<b>\$ 19,086,492</b>	<b>\$ 734,875,897</b>

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, 2016

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 71,872,658	\$ 29,058,273	\$ 22,155,941	\$ 653,683	\$ 15,971,608	\$ 4,433,994	\$ 8,122,125	\$ 152,268,282
Cash with fiscal agent	-	-	-	-	-	20,958,716	-	20,958,716
Investments	-	-	-	-	27,675,091	-	17,068,543	44,743,634
Delinquent taxes receivable	2,657,362	1,022,018	1,685,223	-	134,150	336,286	11,095	5,846,134
Accounts receivable (net)	150,325	224,825	323,805	9,711,784	-	-	3,204	10,413,943
Accrued interest receivable	679,388	-	-	105,903	88,667	-	-	873,958
Loans receivable	273,222	112,466	-	-	-	-	1,826,884	2,212,572
Interfund receivable	66,414	-	-	-	-	-	-	66,414
Due from other governments	1,169,316	11,091,742	6,597,968	-	705,713	-	336,390	19,901,129
Inventories	-	8,460,551	-	-	-	-	-	8,460,551
Prepaid items	628,065	-	650	-	-	-	-	628,715
Advances to other funds	-	-	-	-	1,799,847	-	-	1,799,847
<b>Total Assets</b>	<b>77,496,750</b>	<b>49,969,875</b>	<b>30,763,587</b>	<b>10,471,370</b>	<b>46,375,076</b>	<b>25,728,996</b>	<b>27,368,241</b>	<b>268,173,895</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Accounts payable	1,415,632	1,080,355	2,264,931	220,052	342,375	-	215,978	5,539,323
Contracts payable	-	2,764,905	-	-	826,663	-	-	3,591,568
Salaries payable	1,526,708	434,542	777,979	73,144	-	-	3,837	2,816,210
Interfund payable	-	-	-	-	-	-	66,414	66,414
Due to other governments	408,148	208,731	1,175,358	6,173	-	-	50,650	1,849,060
Unearned revenue	1,098,197	2,816,370	1,014,985	5,000	-	-	49,492	4,984,044
Advance from other governments	-	2,674,739	-	-	-	-	-	2,674,739
<b>Total Liabilities</b>	<b>4,448,685</b>	<b>9,979,642</b>	<b>5,233,253</b>	<b>304,369</b>	<b>1,169,038</b>	<b>-</b>	<b>386,371</b>	<b>21,521,358</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue								
Taxes	2,331,755	905,430	1,488,684	-	117,200	294,747	9,798	5,147,614
Grants	210,984	6,699,155	381,387	-	-	-	8,134	7,299,660
Long-term receivables	-	-	-	8,604,683	-	-	-	8,604,683
<b>Total Deferred Inflows of Resources</b>	<b>2,542,739</b>	<b>7,604,585</b>	<b>1,870,071</b>	<b>8,604,683</b>	<b>117,200</b>	<b>294,747</b>	<b>17,932</b>	<b>21,051,957</b>
<b>FUND BALANCE</b>								
Nonspendable								
Noncurrent loans	273,222	112,466	-	-	-	-	876,585	1,262,273
Inventories	-	8,460,551	-	-	-	-	-	8,460,551
Prepaid items	628,065	-	650	-	-	-	-	628,715
Environmental trust funds	-	-	-	-	-	-	17,198,804	17,198,804
Missing heirs	209,098	-	-	-	-	-	-	209,098
Restricted								
Unorganized town roads	-	432,172	-	-	-	-	-	432,172
Transportation sales tax	-	4,957,345	-	-	-	-	-	4,957,345
Debt service	-	-	-	-	-	25,434,249	50,390	25,484,639
Health and sanitation	-	-	-	-	-	-	309,524	309,524
Improvement of natural resources	-	-	-	-	-	-	702,725	702,725
Economic development	944,412	-	-	-	-	-	-	944,412
Law library	462,269	-	-	-	-	-	-	462,269
Recorder's equipment	53,363	-	-	-	-	-	-	53,363
Communications	556,208	-	-	-	-	-	-	556,208
Extension service	164,084	-	-	-	-	-	-	164,084
Tax certificate assurance	198,049	-	-	-	-	-	-	198,049
Attorney forfeitures	286,043	-	-	-	-	-	-	286,043
Sheriff forfeitures	88,256	-	-	-	-	-	-	88,256
Data integration	113,276	-	-	-	-	-	-	113,276
Veterans' credit	-	-	-	15,000	-	-	-	15,000
Emergency contingency	5,942	-	-	23,969	-	-	-	29,911
Sheriff's contingency	5,245	-	-	-	-	-	-	5,245
Capital improvements	-	-	-	-	27,248,060	-	-	27,248,060
Shoreline land	-	-	-	-	-	-	105,000	105,000
Committed								
Health and sanitation	-	-	-	-	-	-	1,249,894	1,249,894
Conservation of natural resources	-	-	-	-	-	-	4,628,026	4,628,026
Economic development	-	-	-	-	-	-	865,655	865,655
Retiree obligations	7,155,831	3,282,946	5,957,107	1,013,610	-	-	-	17,409,494
Vesting sick leave	3,750,847	996,357	1,387,071	364,401	-	-	-	6,498,676
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, 2016

	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	-	-	1,608,914	-	-	-	-	1,608,914
Major emergency road and bridge repair	-	500,000	-	-	-	-	-	500,000
Local road & bridge construction projects	-	1,650,479	-	-	-	-	-	1,650,479
Gas and diesel variability	-	962,947	-	-	-	-	-	962,947
State aid engineering	-	270,896	-	-	-	-	-	270,896
Depreciation reserve	-	-	-	-	4,121,091	-	-	4,121,091
Capital improvements	-	-	-	-	13,719,687	-	-	13,719,687
Parking	257,175	-	-	-	-	-	-	257,175
NEMESIS	612,418	-	-	-	-	-	-	612,418
Economic Development	1,133,400	-	-	-	-	-	-	1,133,400
General government	2,215,649	-	-	-	-	-	-	2,215,649
Public safety	1,320,176	-	-	-	-	-	-	1,320,176
Public safety innovation	1,690,949	-	-	-	-	-	-	1,690,949
Highways and streets	-	10,759,489	-	-	-	-	-	10,759,489
Information technology	7,162,667	-	317,684	-	-	-	-	7,480,351
GSC Remodel	-	-	562,421	-	-	-	-	562,421
Prevention and Innovation	-	-	16,276	-	-	-	-	16,276
Telecommunications	557,655	-	-	-	-	-	-	557,655
Human services	21,573	-	13,810,140	-	-	-	-	13,831,713
Conservation of natural resources	15,442	-	-	145,338	-	-	977,421	1,138,201
Planning & Zoning GIS	370,804	-	-	-	-	-	-	370,804
Mineral Management Program	340,000	-	-	-	-	-	-	340,000
Community & Economic Dev Blight Program	2,441,875	-	-	-	-	-	-	2,441,875
Unassigned	37,196,660	-	-	-	-	-	(86)	37,196,574
<b>Total Fund Balance</b>	<u>70,505,326</u>	<u>32,385,648</u>	<u>23,660,263</u>	<u>1,562,318</u>	<u>45,088,838</u>	<u>25,434,249</u>	<u>26,963,938</u>	<u>225,600,580</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 77,496,750</u>	<u>\$ 49,969,875</u>	<u>\$ 30,763,587</u>	<u>\$ 10,471,370</u>	<u>\$ 46,375,076</u>	<u>\$ 25,728,996</u>	<u>\$ 27,368,241</u>	<u>\$ 268,173,895</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
DECEMBER 31, 2016

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

Total Fund balance - governmental funds (from above)	\$	225,600,580
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		710,588,491
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.		21,051,957
Other long-term assets reported as deferred inflows of resources.		(17,519,738)
Certain liabilities payable from other long term assets listed above are also not reported in the funds.		(3,441,873)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(304,911,538)
Other long-term liabilities reported as deferred outflows of resources.		71,959,868
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>12,461,658</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>715,789,405</u></b>

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, 2016

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Taxes	\$ 59,641,102	\$ 40,543,340	\$ 31,887,791	\$ -	\$ 2,749,192	\$ 6,733,511	\$ 783,945	\$ 142,338,881
Licenses and permits	269,274	49,336	-	-	-	-	-	318,610
Intergovernmental	18,471,509	39,595,435	51,916,199	18,000	926,801	340,466	2,947,881	114,216,291
Charges for services	21,389,515	4,928,505	3,693,270	-	-	-	-	30,011,290
Fines and forfeits	161,375	-	-	-	-	-	-	161,375
Earnings on investments	2,237,797	29,742	-	-	230,776	(530,794)	987,710	2,955,231
Gifts and contributions	13,139	-	-	-	-	-	-	13,139
Land and timber sales	-	-	-	7,560,300	-	-	3,987,200	11,547,500
Miscellaneous	1,377,526	2,023,185	522,467	116,483	5,000	294,976	171,608	4,511,245
<b>Total Revenues</b>	<b>103,561,237</b>	<b>87,169,543</b>	<b>88,019,727</b>	<b>7,694,783</b>	<b>3,911,769</b>	<b>6,838,159</b>	<b>8,878,344</b>	<b>306,073,562</b>
<b>EXPENDITURES</b>								
Current:								
General government	44,441,840	-	-	-	196,225	-	-	44,638,065
Public safety	49,324,505	-	-	-	36,414	-	-	49,360,919
Highways and streets	-	32,868,139	-	-	353,861	-	-	33,222,000
Health and sanitation	621,602	-	4,312,090	-	-	-	43,903	4,977,595
Human services	261,004	-	89,590,298	-	-	-	-	89,851,302
Culture and recreation	1,704,407	-	-	-	7,650	-	-	1,712,057
Conservation of natural resources	1,006,323	-	-	6,023,139	-	-	1,251,953	8,281,415
Economic development	466,114	-	-	-	-	-	2,666,637	3,132,751
Debt service:								
Principal	-	-	-	-	-	6,850,000	50,390	6,900,390
Interest and other charges	-	-	-	-	-	3,547,549	-	3,547,549
Capital outlay:								
General government	465,395	-	-	-	2,946,311	-	-	3,411,706
Public safety	840,917	-	-	-	837,799	-	-	1,678,716
Highways and streets	-	49,052,388	-	-	31,105,274	-	-	80,157,662
Human services	-	-	406,074	-	-	-	-	406,074
Conservation of natural resources	-	-	-	117,818	16,500	-	-	134,318
Culture and recreation	60,128	-	-	-	-	-	-	60,128
<b>Total Expenditures</b>	<b>99,192,235</b>	<b>81,920,527</b>	<b>94,308,462</b>	<b>6,140,957</b>	<b>35,500,034</b>	<b>10,397,549</b>	<b>4,012,883</b>	<b>331,472,647</b>
Excess (deficiency) of revenues over (under) expenditures	4,369,002	5,249,016	(6,288,735)	1,553,826	(31,588,265)	(3,559,390)	4,865,461	(25,399,085)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	2,137,215	393,954	1,661,309	-	8,074,378	4,164,371	5,193,909	21,625,136
Transfers (out)	(4,236,686)	(9,374,943)	(46,070)	(1,531,558)	(711,124)	-	(5,202,107)	(21,102,488)
Bonds issued	-	-	-	-	23,315,000	-	-	23,315,000
Premium on bonds issued	-	-	-	-	2,356,356	-	-	2,356,356
Refunding bonds issued	-	-	-	-	-	15,200,000	-	15,200,000
Premium on refunding bonds issued	-	-	-	-	-	1,075,261	-	1,075,261
Loan proceeds	-	-	-	-	-	-	96,227	96,227
Sale of capital assets	114,160	18,272	-	21,341	-	-	-	153,773
<b>Total other financing sources and uses</b>	<b>(1,985,311)</b>	<b>(8,962,717)</b>	<b>1,615,239</b>	<b>(1,510,217)</b>	<b>33,034,610</b>	<b>20,439,632</b>	<b>88,029</b>	<b>42,719,265</b>
<b>Net change in fund balances</b>	<b>2,383,691</b>	<b>(3,713,701)</b>	<b>(4,673,496)</b>	<b>43,609</b>	<b>1,446,345</b>	<b>16,880,242</b>	<b>4,953,490</b>	<b>17,320,180</b>
Fund balances - January 1	68,121,635	36,784,873	28,333,759	1,518,709	43,642,493	8,554,007	22,010,448	208,965,924
Increase in inventories	-	(685,524)	-	-	-	-	-	(685,524)
<b>Fund balances - December 31</b>	<b>\$ 70,505,326</b>	<b>\$ 32,385,648</b>	<b>\$ 23,660,263</b>	<b>\$ 1,562,318</b>	<b>\$ 45,088,838</b>	<b>\$ 25,434,249</b>	<b>\$ 26,963,938</b>	<b>\$ 225,600,580</b>

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**  
**GOVERNMENTAL FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2016

Net change in fund balances--total governmental funds (from previous page)	\$	17,320,180
Increase in inventories--total governmental funds (from previous page)		(685,524)
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.		(1,765,980)
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		(81,817)
Compensated absences		501,580
Bond interest payable		(135,947)
Bond premium amortization		595,333
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.		66,109,176
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.		(3,805,029)
Expenditures reported in the governmental funds are not considered expenses in the Statement of Activities		
Intra-general government function rent		52,970
Repayment of bond principal and redemption of refunding bonds is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position		6,900,390
The County's proportionate share of the of the Public Employees Retirement Association of Minnesota		(12,320,627)
Loan proceeds part of long term debt provides current financial resources, but has not effect on net position.		(96,227)
The issuance of long term debt provides current financial resources, but has no effect on net position.		<u>(41,946,618)</u>
Change in net position of governmental activities	\$	<u>30,641,860</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 58,464,966	\$ 59,041,253	\$ 59,641,102	\$ 599,849
Licenses and permits	276,000	276,000	269,274	(6,726)
Intergovernmental	19,781,921	18,999,618	18,471,509	(528,109)
Charges for services	21,109,188	21,177,076	21,389,515	212,439
Fines and forfeits	159,250	159,250	161,375	2,125
Earnings on investments	2,004,270	2,004,270	2,237,797	233,527
Gifts and contributions	19,250	19,250	13,139	(6,111)
Miscellaneous	1,352,807	1,422,200	1,377,526	(44,674)
Total revenues	<u>103,167,652</u>	<u>103,098,917</u>	<u>103,561,237</u>	<u>462,320</u>
<b>EXPENDITURES</b>				
General government				
Commissioners				
Personnel services	952,228	952,228	921,544	30,684
Other operating	265,727	265,727	239,074	26,653
Capital outlay	1,904	1,904	-	1,904
Total commissioners	<u>1,219,859</u>	<u>1,219,859</u>	<u>1,160,618</u>	<u>59,241</u>
Port authority				
Other operating	12,000	12,000	12,000	-
County administrator				
Personnel services	1,115,318	1,115,318	998,882	116,436
Other operating	1,845,488	1,734,807	444,155	1,290,652
Total county administrator	<u>2,960,806</u>	<u>2,850,125</u>	<u>1,443,037</u>	<u>1,407,088</u>
Intergovernmental affairs				
Personnel services	133,278	135,563	135,563	-
Other operating	194,864	192,579	161,848	30,731
Total intergovernmental affairs	<u>328,142</u>	<u>328,142</u>	<u>297,411</u>	<u>30,731</u>
Labor relations				
Other operating	104,018	104,018	45,385	58,633
Planning and zoning				
Personnel services	1,563,440	1,544,843	1,375,666	169,177
Other operating	2,202,139	1,596,399	1,320,705	275,694
Total planning and zoning	<u>3,765,579</u>	<u>3,141,242</u>	<u>2,696,371</u>	<u>444,871</u>
Commitment representation				
Other operating	94,060	119,826	119,826	-
Total commitment representation	<u>94,060</u>	<u>119,826</u>	<u>119,826</u>	<u>-</u>
Court administrator				
Other operating	1,136,011	1,136,011	1,136,011	-
Examiner of titles				
Personnel services	231,317	233,128	233,128	-
Other operating	21,368	21,368	20,204	1,164
Total examiner of titles	<u>252,685</u>	<u>254,496</u>	<u>253,332</u>	<u>1,164</u>
County attorney				
Personnel services	7,008,176	7,064,588	7,064,588	-
Other operating	987,796	931,384	870,225	61,159
Total county attorney	<u>7,995,972</u>	<u>7,995,972</u>	<u>7,934,813</u>	<u>61,159</u>
Subtotal	<u>17,869,132</u>	<u>17,161,691</u>	<u>15,098,804</u>	<u>2,062,887</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (CONTINUED)</b>				
County auditor				
Personnel services	4,077,162	4,079,788	3,950,176	129,612
Other operating	2,130,973	1,683,211	992,065	691,146
Capital outlay	-	431,009	15,745	415,264
Total county auditor	<u>6,208,135</u>	<u>6,194,008</u>	<u>4,957,986</u>	<u>1,236,022</u>
Telecommunications				
Personnel services	505,654	505,654	496,708	8,946
Other operating	951,306	1,096,188	845,148	251,040
Capital outlay	211,348	66,465	-	66,465
Total telecommunications	<u>1,668,308</u>	<u>1,668,307</u>	<u>1,341,856</u>	<u>326,451</u>
Information Technology				
Personnel services	3,944,770	3,944,770	3,805,915	138,855
Other operating	2,317,407	2,695,854	2,219,235	476,619
Capital outlay	800,000	582,290	299,563	282,727
Total information technology	<u>7,062,177</u>	<u>7,222,914</u>	<u>6,324,713</u>	<u>898,201</u>
County assessor				
Personnel services	2,990,897	3,013,421	3,013,421	-
Other operating	704,673	708,227	701,236	6,991
Total county assessor	<u>3,695,570</u>	<u>3,721,648</u>	<u>3,714,657</u>	<u>6,991</u>
Purchasing				
Personnel services	335,329	335,329	316,595	18,734
Other operating	35,985	35,985	33,002	2,983
Total purchasing	<u>371,314</u>	<u>371,314</u>	<u>349,597</u>	<u>21,717</u>
Microfilming				
Personnel services	139,605	143,525	143,525	-
Other operating	52,664	52,664	43,737	8,927
Total microfilming	<u>192,269</u>	<u>196,189</u>	<u>187,262</u>	<u>8,927</u>
Recorder				
Personnel services	1,945,144	1,901,887	1,843,058	58,829
Other operating	423,615	391,602	365,132	26,470
Capital outlay	5,000	7,499	7,499	-
Total recorder	<u>2,373,759</u>	<u>2,300,988</u>	<u>2,215,689</u>	<u>85,299</u>
Human Resources				
Personnel services	1,400,744	1,394,649	1,306,598	88,051
Other operating	348,134	324,944	299,046	25,898
Capital outlay	-	4,800	4,800	-
Total human resources	<u>1,748,878</u>	<u>1,724,393</u>	<u>1,610,444</u>	<u>113,949</u>
Veteran's service				
Personnel services	625,619	615,619	597,327	18,292
Other operating	129,298	139,774	132,687	7,087
Total veteran's service	<u>754,917</u>	<u>755,393</u>	<u>730,014</u>	<u>25,379</u>
Employee training				
Personnel services	224,473	225,768	219,920	5,848
Other operating	354,747	377,936	251,586	126,350
Total employee training	<u>579,220</u>	<u>603,704</u>	<u>471,506</u>	<u>132,198</u>
Elections				
Other operating	258,043	274,796	274,796	-
Total elections	<u>258,043</u>	<u>274,796</u>	<u>274,796</u>	<u>-</u>
Subtotal	<u>24,912,590</u>	<u>25,033,654</u>	<u>22,178,520</u>	<u>2,855,134</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (CONTINUED)</b>				
General government				
Property management				
Personnel services	4,035,137	4,042,626	3,971,282	71,344
Other operating	3,474,953	3,735,323	3,512,148	223,175
Capital outlay	2,128	156,998	137,788	19,210
Total property management	<u>7,512,218</u>	<u>7,934,947</u>	<u>7,621,218</u>	<u>313,729</u>
Missing heirs				
Other operating	-	412	412	-
Health Care Reform				
Other operating	22,858	22,858	8,281	14,577
Total General Government	<u>50,316,798</u>	<u>50,153,562</u>	<u>44,907,235</u>	<u>5,246,327</u>
Public safety				
Arrowhead Regional Corrections				
Other operating	13,946,809	14,014,200	13,925,747	88,453
Sheriff				
Personnel services	11,450,957	11,904,953	11,867,092	37,861
Other operating	3,464,568	3,363,986	2,790,280	573,706
Capital outlay	569,806	779,192	688,304	90,888
Total sheriff	<u>15,485,331</u>	<u>16,048,131</u>	<u>15,345,676</u>	<u>702,455</u>
Boat and water safety				
Personnel services	14,549	9,420	9,420	-
Other operating	114,974	112,493	104,364	8,129
Capital outlay	20,000	32,599	32,560	39
Total boat and water safety	<u>149,523</u>	<u>154,512</u>	<u>146,344</u>	<u>8,168</u>
Medical examiner				
Other operating	675,220	675,220	590,075	85,145
Emergency management				
Personnel services	56,278	127,074	127,074	-
Other operating	49,969	62,402	50,408	11,994
Total emergency management	<u>106,247</u>	<u>189,476</u>	<u>177,482</u>	<u>11,994</u>
Rescue squad				
Other operating	236,311	236,311	234,986	1,325
Capital outlay	9,862	49,029	5,000	44,029
Total rescue squad	<u>246,173</u>	<u>285,340</u>	<u>239,986</u>	<u>45,354</u>
Law enforcement service				
Personnel services	651,754	649,623	620,712	28,911
Other operating	34,717	36,848	35,537	1,311
Total law enforcement service	<u>686,471</u>	<u>686,471</u>	<u>656,249</u>	<u>30,222</u>
Emergency communication				
Personnel services	3,636,587	3,460,653	3,460,653	-
Other operating	400,245	242,468	229,850	12,618
Total emergency communication	<u>4,036,832</u>	<u>3,703,121</u>	<u>3,690,503</u>	<u>12,618</u>
Ambulance service				
Other operating	99,000	99,461	99,436	25
Subtotal	<u>35,431,606</u>	<u>35,855,932</u>	<u>34,871,498</u>	<u>984,434</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (CONTINUED)</b>				
Public safety				
Radio maintenance				
Personnel services	648,301	523,975	523,975	-
Other operating	432,469	456,918	343,041	113,877
Capital outlay	39,899	39,899	17,892	22,007
Total radio maintenance	<u>1,120,669</u>	<u>1,020,792</u>	<u>884,908</u>	<u>135,884</u>
Jail prisoners				
Personnel services	6,434,014	6,504,486	6,504,486	-
Other operating	5,177,259	5,178,580	4,519,753	658,827
Capital outlay	72,743	71,343	52,153	19,190
Total jail prisoners	<u>11,684,016</u>	<u>11,754,409</u>	<u>11,076,392</u>	<u>678,017</u>
Jail building				
Personnel services	528,236	526,710	485,436	41,274
Other operating	517,357	463,692	463,692	-
Total jail building	<u>1,045,593</u>	<u>990,402</u>	<u>949,128</u>	<u>41,274</u>
Mine inspector				
Personnel services	269,958	269,958	245,812	24,146
Other operating	58,852	58,852	51,143	7,709
Total mine inspector	<u>328,810</u>	<u>328,810</u>	<u>296,955</u>	<u>31,855</u>
Volunteer fire department				
Other operating	-	596,447	569,004	27,443
Sheriff's NEMESIS system				
Personnel services	140,555	136,811	80,676	56,135
Other operating	683,080	691,570	616,893	74,677
Total sheriff's NEMESIS system	<u>823,635</u>	<u>828,381</u>	<u>697,569</u>	<u>130,812</u>
Sheriff fines				
Other operating	33,402	33,402	22,503	10,899
Attorneys forfeitures				
Personnel services	15,678	16,085	16,085	-
Other operating	38,000	85,188	80,491	4,697
Total Attorneys forfeitures	<u>53,678</u>	<u>101,273</u>	<u>96,576</u>	<u>4,697</u>
Sheriff's forfeitures				
Other operating	122,996	166,145	94,151	71,994
Capital outlay	2,000	72,000	30,008	41,992
Total Sheriff's forfeitures	<u>124,996</u>	<u>238,145</u>	<u>124,159</u>	<u>113,986</u>
Enhanced 9-1-1				
Other operating	312,383	432,869	248,494	184,375
Capital outlay	150,000	-	-	-
Total enhanced 9-1-1	<u>462,383</u>	<u>432,869</u>	<u>248,494</u>	<u>184,375</u>
Law library				
Other operating	312,599	312,599	299,722	12,877
Total law library	<u>312,599</u>	<u>312,599</u>	<u>299,722</u>	<u>12,877</u>
City/County antenna site				
Other operating	6,200	10,275	7,081	3,194
Capital outlay	-	18,925	15,000	3,925
Total City/County antenna site	<u>6,200</u>	<u>29,200</u>	<u>22,081</u>	<u>7,119</u>
Sheriff's contingent fund				
Other operating	15,000	15,000	6,433	8,567
Total Public Safety	<u>51,442,587</u>	<u>52,537,661</u>	<u>50,165,422</u>	<u>2,372,239</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (CONTINUED)</b>				
Health and sanitation				
Occupational safety				
Personnel services	363,941	364,659	364,659	-
Other operating	287,212	286,495	238,343	48,152
Total occupational safety	<u>651,153</u>	<u>651,154</u>	<u>603,002</u>	<u>48,152</u>
Midway Township Sewer				
Other operating	18,600	18,600	18,600	-
Total Health and Sanitation	<u>669,753</u>	<u>669,754</u>	<u>621,602</u>	<u>48,152</u>
Human services				
Emergency shelter program				
Personnel services	22,675	11,425	11,425	-
Other operating	426,038	327,975	249,579	78,396
Total emergency shelter program	<u>448,713</u>	<u>339,400</u>	<u>261,004</u>	<u>78,396</u>
Total Human Services	<u>448,713</u>	<u>339,400</u>	<u>261,004</u>	<u>78,396</u>
Culture and recreation				
Tourism promotion				
Other operating	179,073	178,860	178,752	108
Capital outlay	-	60,128	60,128	-
Total tourism promotion	<u>179,073</u>	<u>238,988</u>	<u>238,880</u>	<u>108</u>
Depot				
Other operating	164,500	194,500	194,500	-
Capital outlay	30,000	-	-	-
Total depot	<u>194,500</u>	<u>194,500</u>	<u>194,500</u>	<u>-</u>
Arrowhead Library System				
Other operating	699,504	699,504	699,504	-
Historical Society				
Other operating	317,998	317,998	317,998	-
Community fairs				
Other operating	750	750	500	250
County fair - north				
Other operating	12,806	12,806	12,806	-
County fair - south				
Other operating	12,806	12,806	12,806	-
Trail assistance				
Other operating	500,000	500,000	262,541	237,459
Youth activities program				
Other operating	-	25,000	25,000	-
Total Culture and Recreation	<u>1,917,437</u>	<u>2,002,352</u>	<u>1,764,535</u>	<u>237,817</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, 2016

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES (CONTINUED)</b>				
Conservation of natural resources				
North Shore Management Board				
Other operating	2,500	2,500	2,500	-
Soil conservation - north				
Other operating	40,000	40,000	40,000	-
Soil conservation - south				
Other operating	40,000	40,000	40,000	-
County agent				
Personnel services	261,004	264,985	264,985	-
Other operating	372,540	377,057	365,228	11,829
Total county agent	633,544	642,042	630,213	11,829
Youth task force				
Personnel services	132,685	132,124	132,124	-
Other operating	168,842	165,178	161,486	3,692
Total youth task force	301,527	297,302	293,610	3,692
Total Conservation of Natural Resources	1,017,571	1,021,844	1,006,323	15,521
Economic development				
Revolving loans				
Other operating	637,887	1,048,659	466,114	582,545
Total Expenditures	106,450,746	107,773,232	99,192,235	8,580,997
Excess of revenues over (under) expenditures	(3,283,094)	(4,674,315)	4,369,002	9,043,317
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,216,629	2,135,307	2,137,215	1,908
Transfers (out)	(2,353,211)	(4,275,624)	(4,236,686)	38,938
Sale of capital assets	-	113,015	114,160	1,145
Total other financing sources (uses)	(1,136,582)	(2,027,302)	(1,985,311)	41,991
Net change in fund balances	(4,419,676)	(6,701,617)	2,383,691	9,085,308
Fund balances - January 1	68,121,635	68,121,635	68,121,635	-
Fund balances - December 31	\$ 63,701,959	\$ 61,420,018	\$ 70,505,326	\$ 9,085,308

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, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 36,784,201	\$ 40,784,201	\$ 40,543,340	\$ (240,861)
Licenses and permits	45,000	45,000	49,336	4,336
Intergovernmental	46,342,825	47,222,588	39,595,435	(7,627,153)
Charges for services	810,685	6,102,682	4,928,505	(1,174,177)
Earnings on investments	-	29,742	29,742	-
Miscellaneous	1,070,151	2,806,006	2,023,185	(782,821)
Total Revenues	<u>85,052,862</u>	<u>96,990,219</u>	<u>87,169,543</u>	<u>(9,820,676)</u>
<b>EXPENDITURES</b>				
Highways and streets				
Administration				
Personnel services	3,781,198	3,180,848	3,180,848	-
Other operating	2,115,976	2,389,712	1,526,943	862,769
Capital outlay	118,053	1,149,698	1,124,596	25,102
Total administration	<u>6,015,227</u>	<u>6,720,258</u>	<u>5,832,387</u>	<u>887,871</u>
Road maintenance				
Personnel services	13,001,850	12,261,490	12,261,490	-
Other operating	2,943,393	2,568,638	2,420,700	147,938
Capital outlay	-	1,329,470	1,329,470	-
Total road maintenance	<u>15,945,243</u>	<u>16,159,598</u>	<u>16,011,660</u>	<u>147,938</u>
Road construction				
Personnel services	3,219,675	(56,318)	(395,353)	339,035
Other operating	62,267,385	24,775,859	486,354	24,289,505
Capital outlay	31,408	46,602,664	46,574,776	27,888
Total road construction	<u>65,518,468</u>	<u>71,322,205</u>	<u>46,665,777</u>	<u>24,656,428</u>
Equipment maintenance and shops				
Personnel services	3,977,568	4,102,137	4,102,137	-
Other operating	10,927,246	9,940,328	9,285,020	655,308
Capital outlay	-	23,546	23,546	-
Total equipment maintenance and shops	<u>14,904,814</u>	<u>14,066,011</u>	<u>13,410,703</u>	<u>655,308</u>
Total Expenditures	<u>102,383,752</u>	<u>108,268,072</u>	<u>81,920,527</u>	<u>26,347,545</u>
Excess of Revenues Over (Under) Expenditures	(17,330,890)	(11,277,853)	5,249,016	16,526,869
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	340,000	393,954	393,954	-
Transfers (out)	(3,615,429)	(9,374,943)	(9,374,943)	-
Sale of capital assets	-	-	18,272	18,272
Total other financing sources (uses)	<u>(3,275,429)</u>	<u>(8,980,989)</u>	<u>(8,962,717)</u>	<u>18,272</u>
Net change in fund balances	(20,606,319)	(20,258,842)	(3,713,701)	16,545,141
Fund Balance - January 1	36,784,873	36,784,873	36,784,873	-
Increase in inventories	-	-	(685,524)	(685,524)
Fund Balance - December 31	<u>\$ 16,178,554</u>	<u>\$ 16,526,031</u>	<u>\$ 32,385,648</u>	<u>\$ 15,859,617</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, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 31,732,105	\$ 31,732,105	\$ 31,887,791	\$ 155,686
Intergovernmental	49,295,966	52,272,568	51,916,199	(356,369)
Charges for services	3,890,493	3,890,493	3,693,270	(197,223)
Miscellaneous	701,300	701,300	522,467	(178,833)
Total Revenues	<u>85,619,864</u>	<u>88,596,466</u>	<u>88,019,727</u>	<u>(576,739)</u>
<b>EXPENDITURES</b>				
Human services				
Administration				
Personnel services	5,894,401	5,999,419	5,992,997	6,422
Other operating	6,210,490	6,497,920	5,983,897	514,023
Capital outlay	-	290,606	284,256	6,350
Total administration	<u>12,104,891</u>	<u>12,787,945</u>	<u>12,261,150</u>	<u>526,795</u>
Income maintenance				
Personnel services	12,763,125	11,569,927	11,565,383	4,544
Other operating	3,711,837	3,992,875	3,940,796	52,079
Capital outlay	-	121,818	121,818	-
Total income maintenance	<u>16,474,962</u>	<u>15,684,620</u>	<u>15,627,997</u>	<u>56,623</u>
Social services				
Personnel services	23,929,385	24,658,009	24,392,899	265,110
Other operating	31,491,753	37,849,905	37,714,326	135,579
Total social services	<u>55,421,138</u>	<u>62,507,914</u>	<u>62,107,225</u>	<u>400,689</u>
Total human services	<u>84,000,991</u>	<u>90,980,479</u>	<u>89,996,372</u>	<u>984,107</u>
Health and sanitation				
Administration				
Personnel services	236,178	352,475	337,475	15,000
Other operating	170,071	247,909	247,906	3
Total administration	<u>406,249</u>	<u>600,384</u>	<u>585,381</u>	<u>15,003</u>
Nursing				
Personnel services	3,599,819	3,593,601	3,274,362	319,239
Other operating	466,187	545,163	452,347	92,816
Total nursing	<u>4,066,006</u>	<u>4,138,764</u>	<u>3,726,709</u>	<u>412,055</u>
Total health and sanitation	<u>4,472,255</u>	<u>4,739,148</u>	<u>4,312,090</u>	<u>427,058</u>
Total Expenditures	<u>88,473,246</u>	<u>95,719,627</u>	<u>94,308,462</u>	<u>1,411,165</u>
Excess of Revenues Over (Under) Expenditures	(2,853,382)	(7,123,161)	(6,288,735)	834,426
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,608,914	1,661,309	52,395
Transfers (out)	-	(46,070)	(46,070)	-
Total other financing sources (uses)	<u>-</u>	<u>1,562,844</u>	<u>1,615,239</u>	<u>52,395</u>
Net change in fund balances	(2,853,382)	(5,560,317)	(4,673,496)	886,821
Fund Balance - January 1	<u>28,333,759</u>	<u>28,333,759</u>	<u>28,333,759</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 25,480,377</u>	<u>\$ 22,773,442</u>	<u>\$ 23,660,263</u>	<u>\$ 886,821</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 19,039	\$ 19,039	\$ 18,000	\$ (1,039)
Land and timber sales	7,410,000	7,387,366	7,560,300	172,934
Miscellaneous	63,000	64,293	116,483	52,190
Total Revenues	<u>7,492,039</u>	<u>7,470,698</u>	<u>7,694,783</u>	<u>224,085</u>
<b>EXPENDITURES</b>				
Current:				
Conservation of natural resources				
Personnel services	5,001,538	5,001,538	4,311,846	689,692
Other operating	1,889,129	2,464,277	1,711,293	752,984
Capital outlay	242,000	248,404	117,818	130,586
Total Expenditures	<u>7,132,667</u>	<u>7,714,219</u>	<u>6,140,957</u>	<u>1,573,262</u>
Excess of Revenues Over (Under) Expenditures	359,372	(243,521)	1,553,826	1,797,347
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(600,000)	(1,531,558)	(1,531,558)	-
Sale of capital assets	-	21,341	21,341	-
Total other financing sources (uses)	<u>(600,000)</u>	<u>(1,510,217)</u>	<u>(1,510,217)</u>	<u>-</u>
Net change in fund balances	(240,628)	(1,753,738)	43,609	1,797,347
Fund Balance - January 1	1,518,709	1,518,709	1,518,709	-
Fund Balance - December 31	<u>\$ 1,278,081</u>	<u>\$ (235,029)</u>	<u>\$ 1,562,318</u>	<u>\$ 1,797,347</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, 2016

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Plat Books	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,411,693	\$ 160,718	\$ 1,572,411	\$ 6,023,453
Investments	11,982,284	-	11,982,284	16,572,425
Delinquent taxes receivable	11,028	-	11,028	-
Accounts receivable (net)	403,143	737	403,880	1,024,064
Accrued interest receivable	56,995	-	56,995	46,737
Due from other governments	-	-	-	50,631
Inventories	-	48,609	48,609	44,801
Prepaid items	300	-	300	-
Total current assets	13,865,443	210,064	14,075,507	23,762,111
Noncurrent assets:				
Restricted assets				
Financial assurance				
Cash and cash equivalents	821,081	-	821,081	-
Investments	3,448,701	-	3,448,701	-
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	2,924,459
Improvements other than buildings	10,850,695	-	10,850,695	-
Machinery and equipment	1,106,882	-	1,106,882	57,081
Vehicles	1,529,206	-	1,529,206	2,569,319
Construction in progress	69,129	-	69,129	-
Less accumulated depreciation	(14,146,813)	-	(14,146,813)	(2,488,387)
Total capital assets, net	6,868,467	-	6,868,467	3,087,972
Total noncurrent assets	11,150,373	-	11,150,373	3,087,972
Total assets	25,015,816	210,064	25,225,880	26,850,083
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	1,075,879	-	1,075,879	-
Total deferred outflows of resources	1,075,879	-	1,075,879	-

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, 2016

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Plat Books	Total	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	498,620	-	498,620	233,270
Salaries payable	50,566	-	50,566	19,228
Compensated absences payable	174,153	-	174,153	50,068
Claims payable	-	-	-	2,727,124
Due to other governments	42,108	-	42,108	68,136
Unearned revenue	-	-	-	514,222
Advances from other funds	-	-	-	37,497
Total current liabilities	765,447	-	765,447	3,649,545
Noncurrent liabilities:				
Compensated absences payable	753,663	-	753,663	143,416
Claims payable	-	-	-	5,407,298
OPEB obligation	-	-	-	4,296,568
Advances from other funds	-	-	-	1,762,351
Closure and post-closure liabilities	2,152,750	-	2,152,750	-
Pension	2,460,210	-	2,460,210	-
Total noncurrent liabilities	5,366,623	-	5,366,623	11,609,633
Total liabilities	6,132,070	-	6,132,070	15,259,178
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	212,444	-	212,444	-
Total deferred outflows of resources	212,444	-	212,444	-
<b>NET POSITION</b>				
Net investment in capital assets	6,868,467	-	6,868,467	3,087,972
Restricted for financial assurance	2,129,155	-	2,129,155	-
Unrestricted	10,749,559	210,064	10,959,623	8,502,933
Total net position	\$ 19,747,181	\$ 210,064	\$ 19,957,245	\$ 11,590,905
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(870,753)	
Net position of business type activities			\$ 19,086,492	

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, 2016

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Environmental Services</b>	<b>Plat Books</b>	<b>Total</b>	
Operating Revenues				
Charges for services	\$ 6,248,463	\$ 28,350	\$ 6,276,813	\$ 34,143,971
Licenses and permits	9,259	-	9,259	-
Other	578,496	-	578,496	452,297
Total Operating Revenues	<u>6,836,218</u>	<u>28,350</u>	<u>6,864,568</u>	<u>34,596,268</u>
Operating Expenses				
Personal services	3,230,719	-	3,230,719	1,053,620
Contractual services	4,285,574	-	4,285,574	3,325,646
Materials	287,430	80,812	368,242	343,240
OPEB expense	-	-	-	(311,635)
Claims paid	-	-	-	33,721,114
Depreciation	646,117	-	646,117	324,684
Total Operating Expenses	<u>8,449,840</u>	<u>80,812</u>	<u>8,530,652</u>	<u>38,456,669</u>
Operating Income (Loss)	<u>(1,613,622)</u>	<u>(52,462)</u>	<u>(1,666,084)</u>	<u>(3,860,401)</u>
Nonoperating Revenues (Expenses)				
Taxes	125,369	-	125,369	-
Grants	351,487	-	351,487	3,613
Earnings on investments	227,602	-	227,602	292,473
Loss or gain on asset disposal	6,584	-	6,584	3,579
Total Nonoperating Revenues (Expenses)	<u>711,042</u>	<u>-</u>	<u>711,042</u>	<u>299,665</u>
Income (Loss) Before Transfers	(902,580)	(52,462)	(955,042)	(3,560,736)
Transfers in	227,425	-	227,425	-
Transfers out	(432,044)	-	(432,044)	(318,029)
Change in net position	(1,107,199)	(52,462)	(1,159,661)	(3,878,765)
Net position - January 1	<u>20,854,380</u>	<u>262,526</u>	<u>21,116,906</u>	<u>15,469,670</u>
Net position - December 31	<u>\$ 19,747,181</u>	<u>\$ 210,064</u>	<u>\$ 19,957,245</u>	<u>\$ 11,590,905</u>
Change in net position			\$ (1,159,661)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(73,736)</u>	
Change in net position of business type activities			<u>\$ (1,233,397)</u>	

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

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>Business-Type Activities</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Enterprise Funds</b>			
	<b>Environmental Services</b>	<b>Plat Books</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 6,252,697	\$ 28,350	\$ 6,281,047	\$ -
Receipts from interfund services provided	-	(412)	(412)	33,908,376
Payments to suppliers	(4,262,499)	(99,099)	(4,361,598)	(3,457,490)
Payments to employees	(3,012,014)	-	(3,012,014)	(1,126,230)
Claims paid	-	-	-	(33,626,247)
Other receipts	587,755	-	587,755	713,684
Net cash provided (used) by operating activities	(434,061)	(71,161)	(505,222)	(3,587,907)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds from taxes	129,895	-	129,895	-
Proceeds from grants	351,487	-	351,487	-
Transfers from other funds	227,425	-	227,425	-
Transfers to other funds	(432,044)	-	(432,044)	(318,029)
Net cash provided (used) by noncapital financing activities	276,763	-	276,763	(318,029)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(210,288)	-	(210,288)	(262,804)
Proceeds from sale of capital assets	4,676	-	4,676	46,324
Proceeds from advance from other funds	-	-	-	(37,497)
Net cash provided (used) by capital and related financing activities	(205,612)	-	(205,612)	(253,977)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(4,534,212)	-	(4,534,212)	(3,086,069)
Sale of investments	4,847,626	-	4,847,626	9,265,328
Interest and dividends	236,845	-	236,845	305,187
Net cash provided by investing activities	550,259	-	550,259	6,484,446
Net Increase (Decrease) in Cash and Cash Equivalents	187,349	(71,161)	116,188	2,324,533
Balances - January 1	2,045,425	231,879	2,277,304	3,698,920
Balances - December 31	\$ 2,232,774	\$ 160,718	\$ 2,393,492	\$ 6,023,453
<b>Detail on Statement of Net Position</b>				
Cash and cash equivalents				
Current	\$ 1,411,693	\$ 160,718	\$ 1,572,411	\$ 6,023,453
Restricted				
Financial assurance	821,081	-	821,081	-
Total	\$ 2,232,774	\$ 160,718	\$ 2,393,492	\$ 6,023,453

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, 2016

	<b>Business-type Activities</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Enterprise Funds</b>			
	<b>Environmental Services</b>	<b>Plat Books</b>	<b>Total</b>	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (1,613,622)	\$ (52,462)	\$ (1,666,084)	\$ (3,860,401)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	646,117	-	646,117	324,684
(Increase) Decrease Receivables, net	(313,491)	(411)	(313,902)	77,743
(Increase) Loans Receivable	307,622	-	307,622	-
(Increase) Decrease Due from other governments	10,103	-	10,103	(26,230)
(Increase) Decrease Inventories	-	(18,287)	(18,287)	(3,335)
(Increase) Decrease Prepaid Items	(300)	-	(300)	88,421
(Increase) Decrease Deferred Pension Outflows	(868,860)	-	(868,860)	-
Increase (Decrease) Net Pension Liability	967,644	-	967,644	-
Increase (Decrease) Deferred Pension Inflows	114,391	-	114,391	-
Increase (Decrease) Accounts payable	160,877	-	160,877	(136,348)
Increase (Decrease) Salaries payable	10,654	-	10,654	5,304
Increase (Decrease) Contracts payable	-	-	-	-
Increase (Decrease) Compensated absences payable	(5,124)	-	(5,124)	(16,645)
Increase (Decrease) Claims payable	-	-	-	320,290
Increase (Decrease) Due to other governments	7,995	-	7,995	(24,034)
Increase (Decrease) OPEB obligation	-	-	-	(311,635)
Increase (Decrease) Unearned revenue	-	-	-	(25,720)
Increase (Decrease) Closure Payable	141,933	-	141,933	-
Total Adjustments	<u>1,179,561</u>	<u>(18,698)</u>	<u>1,160,863</u>	<u>272,495</u>
Net cash provided (used) by operating activities	<u>\$ (434,061)</u>	<u>\$ (71,160)</u>	<u>\$ (505,221)</u>	<u>\$ (3,587,906)</u>
<b>NON-CASH ACTIVITIES</b>				
Change in fair value of investments	14,777	-	14,777	33,379

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, 2016

	<b>Investment Trusts</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 529,129	\$ 14,561,299
Investments	5,500,000	2,074,270
Delinquent taxes receivable	-	72,245
Accounts receivable	-	92,099
Accrued interest receivable	29,830	6,510
Due from other governments	-	6,296,504
Prepaid items	-	3,685
Total Assets	6,058,959	23,106,612
 <b>LIABILITIES</b>		
Accounts payable	-	2,917,672
Salaries payable	-	298,876
Due to other governments	466,855	19,890,064
Total Liabilities	466,855	23,106,612
 <b>NET POSITION</b>		
Held in trust for pool participants and other purposes	\$ 5,592,104	\$ -

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, 2016

	<b>Investment Trusts</b>
<b>ADDITIONS</b>	
Taconite taxes	\$ 38,950,440
Earnings on investments	<u>57,023</u>
Total Additions	<u>39,007,463</u>
<b>DEDUCTIONS</b>	
Distributions to participants	<u>37,128,225</u>
Changes in net position	1,879,238
Net position - January 1	<u>3,712,866</u>
Net position - December 31	<u><u>\$ 5,592,104</u></u>

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

**Guide to the Notes**

	<b>Page</b>
<b>Note 1. Summary of Significant Accounting Policies</b>	
A. Financial Reporting Entity	53
B. Government-Wide and Fund Financial Statements	53
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	53
D. Reconciliation of Government-Wide and Fund Financial Statements	56
Explanation of Differences Between Governmental Funds Balance Sheet and Statement of Net Position	56
Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities	58
E. Budgetary Data	60
General Budget Policies	60
Procedure for Preparing the Annual Budget	60
F. Reclassifications	61
G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity	61
Cash and Pooled Investments	61
Property Taxes	61
Inventories	61
Prepaid items	61
Restricted Assets	62
Capital Assets	62
Deferred Outflows/Inflows of Resources	62
Compensated Absences	62
Pension Plan	63
Conduit Debt	63
Closure and Postclosure Care Costs	63
Long-Term Obligations	64
Classification of Net Position	64
Fund Equity	64
H. Federal Audit Requirements	64
I. Use of Estimates	64
<b>Note 2. Detailed Notes on all Funds and Accounts</b>	
A. Assets	65
Deposits and Investments	66
Deposits	66
Investments	66
Receivables	69
Loans Receivable	70
Lease Receivable	71
Lease to Chris Jensen, LLC	71
Restricted Assets	71
Capital Assets	72
Governmental Activities	72
Business-type Activities	73
Depreciation	73

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

**Guide to the Notes**

B. Liabilities		74
Advance From Other Governments		74
Long-Term Debt		74
Lease Obligations		77
Construction Commitments		77
Purchase Commitments/Encumbrances		77
Risk Management		79
Retirement Plan		79
Plan Description		79
Benefits Provided		80
Contributions		80
Pension Costs General Employee Retirement Plan		81
Pension Costs Public Employees Police and Fire Plan		82
Pension Costs Public Employees Correctional Plan		83
Actuarial Assumptions		84
Discount Rate		84
Change in Actuarial Assumptions		85
Pension Liability Sensitivity		85
Pension Plan Fiduciary Net Position		86
Defined Contribution Plan		86
Interfund Receivables, Payables, Advances and Transfers		87
C. Fund Equity		88

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

Arrowhead Regional Corrections	89
Community Health Services Board	89
Regional Railroad Authority	90
Northeast Minnesota Office of Job Training	90
Northern Counties Land Use Coordinating Board	91
Minnesota Counties Information Systems (MCIS)	91
Duluth Area Family Service Collaborative	92
Minneapolis - Duluth/Superior Passenger Rail Alliance	92
Northeast Minnesota Regional Radio Board	93
City/County Communication Antenna Site	93
Voyageurs National Park Water Basin Joint County Sewer Project	93

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

Claims and Litigation	94
Abatements	94
Pollution Remediation	94
Other Post Employment Benefits	94
Plan Description and Funding Policy	94
Annual OPEB Costs and Net OPEB Obligation	95
Funding Status and Funding Progress	95
Actuarial Methods and Assumptions	95
St. Louis County Heritage and Arts Center (Depot)	96
Northwoods Townhomes Project	96
Tax Forfeited Land Management	96

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

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

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

**A. Financial Reporting Entity**

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

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

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

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

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

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

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

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

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

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

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

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

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

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

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

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

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

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

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

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

The 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, the Forest Resources activities, and the Northern Lights Express grant 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*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

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 and Recorder's Deposit Fund.

The County's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as of and for the year ended December 31, 2016. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

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

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

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

	Total Governmental Funds	Long-term Assets Liabilities (1)	Internal Service Funds (2)	Reclassification and Elimination (3)	Statement of Net Position Total
<b>ASSETS</b>					
Cash and cash equivalents/pooled investments	\$ 152,268,282	\$ -	\$ 6,023,453	\$ -	\$ 158,291,735
Cash with fiscal agent	20,958,716	-	-	-	20,958,716
Investments	44,743,634	-	16,572,425	-	61,316,059
Delinquent taxes receivable	5,846,134	-	-	(5,846,134)	-
Accounts receivable (net)	10,413,943	-	1,024,064	(11,438,007)	-
Accrued interest receivable	873,958	-	46,737	(920,695)	-
Loans receivable	2,212,572	-	-	(2,212,572)	-
Interfund receivable	66,414	-	-	(66,414)	-
Due from other governments	19,901,129	-	50,631	(19,951,760)	-
Receivables (net)	-	-	-	40,435,582	40,435,582
Internal balances	-	-	870,753	-	870,753
Inventories	8,460,551	-	44,801	-	8,505,352
Prepaid items	628,715	-	-	-	628,715
Advances to other funds	1,799,847	(1,799,847)	-	-	-
Capital assets not being depreciated	-	9,701,342	25,500	-	9,726,842
Capital assets being depreciated, net	-	700,887,149	3,062,472	-	703,949,621
Total Assets	<u>268,173,895</u>	<u>708,788,644</u>	<u>27,720,836</u>	<u>-</u>	<u>1,004,683,375</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related items	-	71,959,868	-	-	71,959,868
<b>LIABILITIES</b>					
Accounts payable	5,539,323	-	233,270	12,267,073	18,039,666
Contracts payable	3,591,568	-	-	(3,591,568)	-
Salaries payable	2,816,210	-	19,228	(2,835,438)	-
Interfund payable	66,414	-	-	(66,414)	-
Bond interest payable	-	414,584	-	(414,584)	-
Due to other governments	1,849,060	3,441,873	68,136	(5,359,069)	-
Unearned revenue	4,984,044	-	514,222	-	5,498,266
Advance from other governments	2,674,739	-	-	-	2,674,739
Net pension liability	-	142,056,675	-	-	142,056,675
Other postemployment benefits obligation	-	-	4,296,568	-	4,296,568
Due within one year	-	15,660,235	2,814,689	-	18,474,924
Due in more than one year	-	144,980,197	7,313,065	-	152,293,262
Total Liabilities	<u>21,521,358</u>	<u>306,553,564</u>	<u>15,259,178</u>	<u>-</u>	<u>343,334,100</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes	5,147,614	(5,147,614)	-	-	-
Grants	7,299,660	(7,299,660)	-	-	-
Pension related items	-	17,519,738	-	-	17,519,738
Long-term receivables	8,604,683	(8,604,683)	-	-	-
Total Deferred Inflows of Resources	<u>21,051,957</u>	<u>(3,532,219)</u>	<u>-</u>	<u>-</u>	<u>17,519,738</u>
<b>FUND BALANCE/NET POSITION</b>					
Net investment in capital assets	-	609,813,359	3,087,972	-	612,901,331
Nonspendable	27,759,441	-	-	(27,759,441)	-
Restricted	62,155,581	-	-	27,759,441	89,915,022
Committed	30,926,418	-	-	(30,926,418)	-
Assigned	67,562,566	-	-	(67,562,566)	-
Unassigned	37,196,574	(132,086,192)	9,373,686	85,515,932	-
Unrestricted	-	-	-	12,973,052	12,973,052
Total Fund Balance/Net Position	<u>225,600,580</u>	<u>477,727,167</u>	<u>12,461,658</u>	<u>-</u>	<u>715,789,405</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	<u>\$ 268,173,895</u>	<u>\$ 780,748,512</u>	<u>\$ 27,720,836</u>	<u>\$ -</u>	<u>\$ 1,076,643,243</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

(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	\$ 1,045,227,240
Accumulated depreciation	<u>(334,638,749)</u>
	<u>\$ 710,588,491</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>\$ (21,051,957)</u>
Adjustment of due to other governments	<u>\$ 3,441,873</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, 2016 were:

Bond interest payable	<u>\$ 414,584</u>
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	Due Within One Year	Due In More Than One Year	Total
Bonds and notes payable	\$ 8,895,122	\$ 122,712,525	\$ 131,607,647
Compensated absences	6,802,609	24,030,023	30,832,632
	<u>\$ 15,697,731</u>	<u>\$ 146,742,548</u>	<u>\$ 162,440,279</u>

Pension related items	<u>\$ 142,056,675</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>\$ 870,753</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, 2016

**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	142,338,881	(435,578)	-	-	(141,903,303)	-
Property taxes						
General purpose	-	-	-	-	121,028,079	121,028,079
Debt service	-	-	-	-	6,733,511	6,733,511
Transportation sales tax	-	-	-	-	14,141,713	14,141,713
Licenses and permits	318,610	-	-	-	(318,610)	-
Intergovernmental	114,216,291	-	-	-	(114,216,291)	-
State shared	-	470,863	-	-	18,290,649	18,761,512
Federal shared	-	(1,502,850)	-	-	1,787,263	284,413
Operating grants	-	(1,598,059)	-	-	62,202,263	60,604,204
Capital grants	-	1,371,010	-	-	23,557,461	24,928,471
Charges for services	30,011,290	301,859	-	-	25,134,104	55,447,253
Fines and forfeits	161,375	-	-	-	(161,375)	-
Earnings on						
investments	2,955,231	-	-	292,473	-	3,247,704
Gifts and contributions	13,139	-	-	-	(13,139)	-
Land and timber sales	11,547,500	204,542	-	-	(11,752,042)	-
Miscellaneous	4,511,245	(962)	-	-	(4,510,283)	-
Total	<u>306,073,562</u>	<u>(1,189,175)</u>	<u>-</u>	<u>292,473</u>	<u>-</u>	<u>305,176,860</u>
Expenditures/Expenses						
Current:						
General government	44,638,065	1,681,908	1,577,861	850,442	-	48,748,276
Public safety	49,360,919	6,613,663	1,872,959	621,938	-	58,469,479
Highways and streets	33,222,000	1,718,018	13,896,863	780,262	-	49,617,143
Health and sanitation	4,977,595	194,359	448	112,004	-	5,284,406
Human services	89,851,302	2,457,498	37,281	1,255,429	-	93,601,510
Culture and recreation	1,712,057	-	1,657,801	-	-	3,369,858
Conservation of						
natural resources	8,281,415	423,968	195,758	159,398	-	9,060,539
Economic development	3,132,751	20,808	24,768	-	-	3,178,327
Debt service:						
Principal	6,900,390	-	(6,900,390)	-	-	-
Interest and						
other charges	3,547,549	-	(459,386)	-	-	3,088,163
Capital Outlay	85,848,604	-	(85,848,604)	-	-	-
Total	<u>331,472,647</u>	<u>13,110,222</u>	<u>(73,944,641)</u>	<u>3,779,473</u>	<u>-</u>	<u>274,417,701</u>
Other financing uses/changes in net position:						
Transfers in	21,625,136	-	-	-	-	21,625,136
Transfers out	(21,102,488)	-	-	(318,029)	-	(21,420,517)
Bonds issued	23,315,000	-	(23,315,000)	-	-	-
Loan proceeds	96,227	-	(96,227)	-	-	-
Refunding bonds issued	15,200,000	-	(15,200,000)	-	-	-
Premium on bonds issued	2,356,356	-	(2,356,356)	-	-	-
Sale of capital assets	153,773	-	(475,691)	-	-	(321,918)
Premium on refunding bonds	1,075,261	-	(1,075,261)	-	-	-
Increase in inventories	(685,524)	685,524	-	-	-	-
Total	<u>42,033,741</u>	<u>685,524</u>	<u>(42,518,535)</u>	<u>(318,029)</u>	<u>-</u>	<u>(117,299)</u>
Net change for the year	<u><u>16,634,656</u></u>	<u><u>(13,613,873)</u></u>	<u><u>31,426,106</u></u>	<u><u>(3,805,029)</u></u>	<u><u>-</u></u>	<u><u>30,641,860</u></u>

(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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

statement of activities is the change in deferred inflows of resources. In addition, intra-general government function rent charges are eliminated.

Property taxes	\$	(435,578)
Long-term receivables:		
Intergovernmental		(1,312,006)
Intra-general government function rent		52,970
Charges for services		301,859
Land & timber sales		204,542
Miscellaneous		(962)
	<u>\$</u>	<u>(1,189,175)</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	\$	81,817
Intra-general government function rent		52,970
Increase in inventories		685,524
Compensated absences		(501,580)
Pensions		12,791,491
	<u>\$</u>	<u>13,110,222</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	\$	(85,848,605)
Net disposal of capital assets		475,691
Depreciation expense		19,263,738
Difference	<u>\$</u>	<u>(66,109,176)</u>

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

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

Principal payments made	\$	(6,900,390)
Bonds Issued		23,315,000
Premium on bonds issued		2,356,356
Refunding bonds issued		15,200,000
Premium on refunding bonds issued		1,075,261
Loan Proceeds		96,227
Bond interest payable		135,947
Bond premium amortization		(595,333)
	<u>\$</u>	<u>34,683,068</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

**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 \$27,588,289.

**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, 2016

**F. Reclassifications**

Several account balances were reclassified as of and for the year ended December 31, 2015, 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, 2016. Although comparative statements for 2015 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 2016 were \$2,237,797. 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 of December 20, the Board certifies to the County Auditor the final property tax levy, which generally cannot exceed the proposed levy.

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

**Inventories**

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

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

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

**Prepaid items**

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

**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 \$7,276,420 at December 31, 2016 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**  
DECEMBER 31, 2016

**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 12/31/16, the outstanding principal balance was \$2.9 million.

**Closure and Postclosure Care Costs**

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of the financial statement date. The \$2,152,750 for the open area reported on the Environmental Services Enterprise Fund statement of net position as landfill closure and postclosure liability at December 31, 2016, represents the following:

Postclosure liability	
This is the liability for post closure costs for the Regional Landfill.	\$1,204,494
It is based on the use of 85.30% 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 85.30% of the existing open area.	\$948,255

The County will recognize the remaining \$370,981 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 2016. 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, 2016, restricted assets of \$4,281,906 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, 2016

**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, 2016; 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, 2016

**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	158,291,735
Cash with fiscal agent	20,958,716
Investments	61,316,059
Business-type Activities:	
Current assets:	
Cash and pooled investments	1,572,411
Investments	11,982,284
Restricted assets:	
Financial Assurance	
Cash and pooled investments	821,081
Investments	3,448,701
Fiduciary Activities	
Current assets:	
Cash and cash equivalents	15,090,428
Investments	7,574,270
Total	<u>281,055,685</u>
Deposits	12,054,115
Cash on hand	69,379
Cash with fiscal agent	20,958,716
Investments	247,973,475
Total deposits, cash on hand, and investments	<u>281,055,685</u>

**(Amounts in Dollars)**

	Held for Individual Investment Accounts - Investment Trust Funds	Held for All Other County Funds	Total
Cash and pooled investments	529,129	196,205,242	196,734,371
Investments	5,500,000	78,821,314	84,321,314
Total	<u>6,029,129</u>	<u>275,026,556</u>	<u>281,055,685</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

**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, 2016, 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, 2016, 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	\$ 35,960,047	\$ 13,357,000	\$ 3,542,000	\$ 5,652,000	\$ 6,705,000	\$ 3,971,000	\$ 2,733,047
MAGIC TERM	34,556,773	34,556,773	-	-	-	-	-
MAGIC Portfolio	26,042,595	26,042,595	-	-	-	-	-
Minnesota SBI	17,068,543	17,068,543	-	-	-	-	-
Municipal Bonds	9,741,711	500,030	1,172,521	843,785	1,439,416	1,421,764	4,364,195
FFCB	15,597,184	-	495,325	1,116,636	1,573,425	7,232,359	5,179,439
FHLB	60,015,035	8,029,753	16,996,608	6,743,749	9,137,678	9,447,204	9,660,043
FHLMC	21,238,836	5,761,270	1,797,660	5,856,655	1,728,762	6,094,489	-
FNMA	27,752,751	5,090,515	6,889,640	3,919,035	5,777,261	2,778,237	3,298,063
<b>Total</b>	<b>\$ 247,973,475</b>	<b>\$ 110,406,479</b>	<b>\$ 30,893,754</b>	<b>\$ 24,131,860</b>	<b>\$ 26,361,542</b>	<b>\$ 30,945,053</b>	<b>\$ 25,234,787</b>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

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

*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, and, therefore, are included at the bottom of the table below to reconcile the note to the face of the financial statements.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

The County has the following recurring fair value measurements as of December 31, 2016

Investments by fair value level	December 31, 2016	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
Negotiable Certificates of Deposit	\$ 35,960,047	\$ -	\$ 35,960,047	\$ -
Fixed Income Securities				
Federal Farm Credit Bank	15,597,184	-	15,597,184	-
Federal Home Loan Bank	60,015,035	-	60,015,035	-
Federal Home Loan Mortgage Corporation	21,238,836	-	21,238,836	-
Federal National Mortgage Association	27,752,751	-	27,752,751	-
Municipal Issues	9,741,711	-	9,741,711	-
Total Fixed Income Securities	<u>134,345,517</u>	<u>-</u>	<u>134,345,517</u>	<u>-</u>
Total investments by fair value level	<u>\$ 170,305,564</u>	<u>\$ -</u>	<u>\$ 170,305,564</u>	<u>\$ -</u>
Investment measured at the net asset value (NAV)				
MAGIC Portfolio	\$ 26,042,595			
MAGIC TERM	<u>34,556,773</u>			
Total investments measured at the NAV	<u>60,599,368</u>			
Total investments measured at fair value and NAV	<u>\$ 230,904,932</u>			

MAGIC is a local government investment pool which is quoted at a net asset value (NAV). 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.

Shares of MAGIC Term Series 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 \$17,068,543 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**  
 DECEMBER 31, 2016

The County's exposure to credit risk as of December 31, 2016, is as follows:

Rating	Fair Value
S&P AAA	\$ 940,898
S&P AA+	126,372,299
S&P AA	1,523,176
Moodys Aa1	674,657
Moodys Aa2	4,834,487
Total	\$ 134,345,517

*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, 2016, 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, 2016 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
<b>Governmental Activities</b>		
Taxes	\$ 5,846,134	\$ -
Accounts receivable	11,438,007	8,604,683
Accrued interest receivable	920,695	-
Loans receivable	2,212,572	2,087,246
Interfund receivable	66,414	-
Due from other governments	19,951,760	-
Total Governmental Activities	\$ 40,435,582	\$ 10,691,929
<b>Business Activities</b>		
Taxes	\$ 11,028	\$ -
Accounts Receivable	403,880	-
Accrued interest receivable	69,119	-
Total Business Activities	\$ 484,027	\$ -

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

**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 \$950,300 at December 31, 2016. 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 \$225,860 at December, 31 2016 and is included in the noncurrent loans category of fund balance.

The loan receivable from Gardenwood Resort \$34,960 and Retreat Golf Course \$12,402 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 \$18,724 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 \$93,742 with an interest rate of 5%. It requires payments of \$5,792 on May 1 and November 1 each year until 2027. Both loans are included in the nonspendable portion of fund balance under noncurrent loans.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

**Lease Receivable**

St. Louis County leases to the State of Minnesota approximately 33,162 useable square feet of space in the Pike Lake Joint Maintenance Facility. The total cost of the shared facility was \$5,948,604; depreciation to date is \$2,842,111 leaving a carrying value of \$3,106,493. The State pays rent of \$14,077 per month through August 2017. The monthly rent is accounted for in the Debt Service Fund and is used to retire the outstanding bonds. The State also pays 29.5% of the operating costs of the facility.

The minimum future rentals are \$112,615 for 2017.

**Lease to Chris Jensen, LLC**

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

The County also received from Chris Jensen, LLC pro rated collections of the certified accounts receivable as of November 1, 2009. The County received all the funds from the original agreement, but Chris Jensen, LLC received more than the previously agreed upon amount, so they repaid the County a final payment of \$71,296 over the last three years. They made payments of \$23,765 each December, the final payment was received in December 2016.

**Restricted Assets**

Business-type activities

Financial assurance for closure and post closure care	
Cash and cash equivalents	\$ 821,081
Investments	3,448,701
Accrued interest receivable	12,124
Total	<u>\$ 4,281,906</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

**Capital Assets**

Capital asset activity for the year ended December 31, 2016 was as follows:

**Governmental Activities:**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:					
Land	\$ 2,729,898	\$ 165,753	\$ -	\$ -	\$ 2,895,651
Permanent right of way	596,018	197,655	-	-	793,673
Work in progress	27,687,929	6,909,139	-	(28,559,550)	6,037,518
Total capital assets, not being depreciated	<u>31,013,845</u>	<u>7,272,547</u>	<u>-</u>	<u>(28,559,550)</u>	<u>9,726,842</u>
Capital assets, being depreciated:					
Buildings and structures	137,657,057	279,967	(509,112)	28,274,322	165,702,234
Machinery and equipment	20,982,466	631,560	(991,844)	-	20,622,182
Vehicles	63,593,058	3,162,536	(1,350,524)	(19,081)	65,385,989
Infrastructure	710,909,462	74,774,800	(10,000)	-	785,674,262
Computer Software	3,366,620	285,228	-	-	3,651,848
Temporary right of way	40,240	-	-	-	40,240
Total capital assets being depreciated	<u>936,548,903</u>	<u>79,134,091</u>	<u>(2,861,480)</u>	<u>28,255,241</u>	<u>1,041,076,755</u>
Less accumulated depreciation for:					
Buildings and structures	(57,119,549)	(4,209,291)	191,048	-	(61,137,792)
Machinery and equipment	(16,384,097)	(1,374,237)	936,663	-	(16,821,671)
Vehicles	(40,915,055)	(3,357,468)	1,207,239	17,173	(43,048,111)
Infrastructure	(202,779,430)	(10,258,543)	-	-	(213,037,973)
Computer Software	(2,667,043)	(382,598)	-	-	(3,049,641)
Temporary right of way	(25,659)	(6,287)	-	-	(31,946)
Total accumulated depreciation	<u>(319,890,833)</u>	<u>(19,588,424)</u>	<u>2,334,950</u>	<u>17,173</u>	<u>(337,127,134)</u>
Total capital assets being depreciated, net	<u>616,658,070</u>	<u>59,545,667</u>	<u>(526,530)</u>	<u>28,272,414</u>	<u>703,949,621</u>
Governmental activities, capital assets, net	<u>\$ 647,671,915</u>	<u>\$ 66,818,214</u>	<u>\$ (526,530)</u>	<u>\$ (287,136)</u>	<u>\$ 713,676,463</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

**Business-type activities:**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:					
Land	\$ 277,966	\$ -	\$ -	\$ -	\$ 277,966
Construction in progress	182,000	69,129	(182,000)	-	69,129
Total capital assets, not being depreciated	<u>459,966</u>	<u>69,129</u>	<u>(182,000)</u>	<u>-</u>	<u>347,095</u>
Capital assets, being depreciated:					
Buildings and structures	6,999,402	182,000	-	-	7,181,402
Improvements other than buildings	10,850,695	-	-	-	10,850,695
Machinery and equipment	998,932	107,950	-	-	1,106,882
Vehicles	1,543,192	33,209	(66,276)	19,081	1,529,206
Total capital assets being depreciated	<u>20,392,221</u>	<u>323,159</u>	<u>(66,276)</u>	<u>19,081</u>	<u>20,668,185</u>
Less accumulated depreciation for:					
Buildings and structures	(4,598,714)	(277,973)	-	-	(4,876,687)
Improvements other than buildings	(6,879,403)	(230,361)	-	-	(7,109,764)
Machinery and equipment	(857,715)	(69,493)	-	-	(927,208)
Vehicles	(1,213,967)	(68,290)	66,276	(17,173)	(1,233,154)
Total accumulated depreciation	<u>(13,549,799)</u>	<u>(646,117)</u>	<u>66,276</u>	<u>(17,173)</u>	<u>(14,146,813)</u>
Total capital assets, being depreciated, net	<u>6,842,422</u>	<u>(322,958)</u>	<u>-</u>	<u>1,908</u>	<u>6,521,372</u>
Business-type activities, capital assets, net	<u>\$ 7,302,388</u>	<u>\$ (253,829)</u>	<u>\$ (182,000)</u>	<u>\$ 1,908</u>	<u>\$ 6,868,467</u>

Depreciation:

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 1,577,861
Public safety	1,872,959
Highways	13,896,863
Health and sanitation	448
Human Services	37,281
Culture and recreation	1,657,801
Conservation of natural resources	195,758
Economic development	24,768
Internal Service Funds	324,685
Total depreciation expenses - governmental activities	<u>\$ 19,588,424</u>
Business-type activities	
Environmental Services	<u>\$ 646,117</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

**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, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One-Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
<b><i>Bonds, notes, and tax lease obligations payable</i></b>					
General obligation debt					
Capital Improvement Bonds 2008B	\$ 6,961,480	\$ -	\$ (747,713)	\$ 6,213,767	\$ 777,713
Capital Improvement Bonds 2013A	20,414,610	-	(846,513)	19,568,097	866,513
Capital Equipment Notes 2013B	3,715,939	-	(712,140)	3,003,799	727,140
Capital Improvement Current & Crossover Refunding 2013C	7,077,994	-	(1,557,219)	5,520,775	1,597,219
Capital Improvement Crossover Refunding 2013D	5,082,426	-	(447,009)	4,635,417	452,009
Capital Improvement Bonds 2014A	5,350,007	-	(324,445)	5,025,562	334,445
Capital Improvement Crossover Refunding 2015A	1,304,459	-	(629,718)	674,741	674,741
Capital Improvement Crossover Refunding 2015B	5,723,630	-	(46,564)	5,677,066	46,564
Capital Improvement Bonds 2015C	41,051,200	-	(2,061,728)	38,989,472	2,156,729
Capital Improvement Bonds 2016A	-	25,671,356	(51,505)	25,619,851	1,129,515
Capital Improvement Crossover Refunding 2016B	-	16,275,261	(20,778)	16,254,483	62,334
General obligation revenue notes	378,780	96,227	(50,390)	424,617	70,201
<b><i>Total bonds, notes and tax lease obligations payable</i></b>	<u>97,060,525</u>	<u>42,042,844</u>	<u>(7,495,722)</u>	<u>131,607,647</u>	<u>8,895,123</u>
<b><i>Other Liabilities</i></b>					
Compensated absences	31,544,342	12,311,474	(12,829,698)	31,026,118	6,852,677
Claims payable	7,814,132	34,400,552	(34,080,263)	8,134,421	2,727,124
Other post employment benefits obligation	4,608,203	-	(311,635)	4,296,568	-
<b><i>Total other liabilities</i></b>	<u>43,966,677</u>	<u>46,712,026</u>	<u>(47,221,596)</u>	<u>43,457,107</u>	<u>9,579,801</u>
<b>Governmental activities</b>					
<b>long-term liabilities</b>	<u>\$ 141,027,202</u>	<u>\$ 88,754,870</u>	<u>\$ (54,717,318)</u>	<u>\$ 175,064,754</u>	<u>\$ 18,474,924</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b><i>Other Liabilities</i></b>					
Compensated absences	\$ 932,940	\$ 323,545	\$ (328,669)	\$ 927,816	\$ 174,153
Closure and post-closure liabilities	2,010,817	141,933	-	2,152,750	-
<b>Business-type activities long-term liabilities</b>	<u>\$ 2,943,757</u>	<u>\$ 465,478</u>	<u>\$ (328,669)</u>	<u>\$ 3,080,566</u>	<u>\$ 174,153</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$12,624,474 of internal service funds compensated absences, claims payable, and other post employment benefit obligations are included in the above amounts. Also, for the governmental activities, claims, capital leases, and compensated absences are generally liquidated by the General Fund, Road and Bridge, Public Health and Human Services, and Forfeited Tax Sale Special Revenue funds.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

**General obligation bonds and notes payable at December 31, 2016, consist of the following issues:**

\$11,380,000 General Obligation Capital Improvement Bonds due in annual installments of \$525,000 to \$1,010,000 on December 1, 2009 through 2023; interest at 3.50 to 5.00 percent, including unamortized premium of \$18,767.	6,213,767
\$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.	19,568,097
\$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.	3,003,799
\$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.	5,520,775
\$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.	4,635,417
\$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.	5,025,562
\$2,360,000 General Obligation Capital Improvement Current Refunding Bonds due in annual installments of \$570,000 to \$1,170,000 on December 1, 2015 through 2017; interest at 5 percent, including unamortized premium of \$54,741. This bond was issued to refund the \$2,445,000 outstanding of the \$7,845,000 General Obligation Capital Improvement bonds, Series 2006, dated March 28, 2006. The net present value benefit of the refunding issue is \$45,525 and results in a reduction of \$45,358 in future debt service payments.	674,741
\$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.	5,677,066
\$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.	38,989,472
\$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.	25,619,851
\$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.	16,254,483
Total General obligation bonds	131,183,030

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

**General obligation revenue notes payable at December 31, 2016, 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.	10,375
\$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.	83,338
\$200,000 2001 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program.	83,338
\$79,000 2004 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program.	32,919
\$118,420 2015 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program.	118,420
\$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.	96,227
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>424,617</u>
Total General obligation bonds and notes payable	<u><u>131,607,647</u></u>

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

Year Ending December 31	General Obligation	
	Principal	Interest
2017	8,895,123	4,680,121
2018	9,501,828	4,126,008
2019	9,769,901	3,831,039
2020	9,000,858	3,428,690
2021	7,869,989	3,119,861
2022-2026	42,653,277	10,494,736
2027-2031	37,931,796	3,947,949
2032-2033	5,984,875	305,525
<b>Total:</b>	<b><u>\$ 131,607,647</u></b>	<b><u>\$ 33,933,929</u></b>

The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2016, of all governmental units which provide services within the County's borders, and which must be borne by properties in the County, is summarized below:

	(Amounts in Dollars)		
	Outstanding	Percentage Applicable to the County	County Share of Debt
<b>Direct Debt</b>			
St. Louis County	131,607,647	100.00	131,607,647
<b>Overlapping Debt</b>			
School Districts	151,293,003	44.90	67,928,941
Western Lake Superior Sanitary District	49,985,389	82.94	41,458,244
<b>Underlying Debt</b>			
Cities	126,184,382	100.00	126,184,382
School Districts	392,044,738	100.00	392,044,738
Towns	2,789,960	100.00	2,789,960
Crane Lake Water & Sanitary District	1,402,609	100.00	1,402,609
Duluth HRA	173,375	100.00	173,375
North Shore Sanitary District	7,145,893	100.00	7,145,893
Hibbing HRA	349,680	100.00	349,680
<b>Total</b>	<b><u>862,976,676</u></b>		<b><u>771,085,469</u></b>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

**Lease Obligations**

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

The following is a summary of the operating lease expense for 2016:

<u>Type of Property</u>	
Rental of office space and parking facilities	\$ 262,506
Data processing software	51,784
Hardware	530,189
Auto	<u>3,613</u>
<b>Total rental expense</b>	<b><u>\$ 848,092</u></b>

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2016:

<u>Year Ended December 31</u>	
2017	\$ 643,189
2018	621,576
2019	606,199
2020	606,804
2021	<u>604,419</u>
<b>Total future minimum lease payments</b>	<b><u>\$ 3,082,187</u></b>

**Construction Commitments**

At December 31, 2016, the County had construction commitments as follows:

(Amounts in Dollars)

	<u>Authorized Projects</u>	<u>Expended to Date</u>	<u>Commitments</u>
Virginia GSC	17,000,000	280,954	484,623
AEOA - RMH Clinic	29,765,354	80,721	-
Cook Public Works Facility	12,000,000	2,405,293	613,624
Survey Storage Building	<u>202,600</u>	<u>201,800</u>	<u>800</u>
<b>Total</b>	<b><u>58,967,954</u></b>	<b><u>2,968,768</u></b>	<b><u>1,099,047</u></b>

**Purchase Commitments/Encumbrances**

At December 31, 2016, 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	\$ 3,709,370
Road and Bridge	2,668,701
Public Health and Human Services	509,163
Forfeited Tax Sale	145,131
Forest Resources	898,433
<b>Total</b>	<b><u>\$ 7,930,798</u></b>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

**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 \$66,400 at December 31, 2016, for various cases considered "reasonably possible" losses to the County. This amount is not reflected in the financial statements.

*The Workers' Compensation Insurance Fund* covers workers' compensation claims up to \$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, 2016, and is consistent with the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The nondiscounted value of the estimated liability for claims payable at the end of the year was \$5,968,438 and is present valued at 1.6410%.

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

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

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

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

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

Changes in the funds' claims liability amounts during 2016 were:

	(Amounts in Dollars)		
	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>

**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  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

**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 2016. Public Employees Police and Fire Plan members were required to contribute 10.80 percent of their annual covered salary in 2016. Public Employees Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2016.

In 2016, 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, 2016, to the pension plans were:

General Employees Retirement Plan	\$6,067,130
Public Employees Police and Fire Plan	1,253,227
Public Employees Correctional Plan	355,713

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

**Pension Costs**

General Employees Retirement Plan

At December 31, 2016, the County reported a liability of \$104,928,351 for its proportionate share of the General Employees Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 1.2923 percent. It was 1.3218 percent measured as of June 30, 2015. The County recognized pension expense of \$13,126,867 for its proportionate share of the General Employees Retirement Plan's pension expense.

The County also recognized \$408,625 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	\$ 104,928,351
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>408,625</u>
<b>Total</b>	<u><u>\$ 105,336,976</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	\$ -	\$ 8,575,258
Changes in actuarial assumptions	20,545,069	
Difference between projected and actual investment earnings	20,024,399	-
Changes in proportion	58,303	4,994,578
Contributions paid to PERA subsequent to the measurement	<u>3,254,491</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 43,882,262</u></u>	<u><u>\$ 13,569,836</u></u>

A total of \$3,254,491 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, 2017. 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
2017	\$ 6,740,562
2018	6,740,562
2019	9,786,615
2020	3,790,196

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

**Pension Costs**

Public Employees Police and Fire Plan

At December 31, 2016, the County reported a liability of \$31,880,409 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, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 0.798 percent. It was 0.810 percent measured as of June 30, 2015. The County recognized pension expense of \$5,385,422 for its proportionate share of the Public Employees Police and Fire Plan's pension expense.

The County also recognized \$71,820 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	\$ -	\$ 3,691,579
Changes in actuarial assumptions	17,624,828	-
Difference between projected and actual investment earnings	4,905,072	-
Changes in proportion	-	387,234
Contributions paid to PERA subsequent to the measurement	645,645	-
Total	\$ 23,175,545	\$ 4,078,813

A total of \$645,645 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, 2017. 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
2017	\$ 3,962,312
2018	3,962,312
2019	3,962,312
2020	3,561,424
2021	3,002,727

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

**Pension Costs**

Public Employees Correctional Plan

At December 31, 2016, the County reported a liability of \$7,708,125 for its proportionate share of the Public Employees Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 2.11 percent. It was 2.05 percent measured as of June 30, 2015. The County recognized pension expense of \$2,178,029 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	\$ 6,045	\$ 80,893
Changes in actuarial assumptions	4,911,004	
Difference between projected and actual investment earnings	860,242	-
Changes in proportion	6,957	2,641
Contributions paid to PERA subsequent to the measurement	193,691	-
Total	\$ 5,977,939	\$ 83,534

A total of \$193,691 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, 2017. 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
2017	\$ 1,831,141
2018	1,831,141
2019	1,872,907
2020	165,525

**Total Pension Expense**

The total pension expense for all plans recognized by the County for the year ended December 31, 2016, was \$20,690,318.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

**Actuarial Assumptions**

The total pension liability in the June 30, 2016, 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 disabilitants in the General Employees Retirement Plan were based on RP-2014 tables, while mortality rates for Public Employees Police and Fire Plan and Public Employees Correctional Plan were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Plan and the Public Employees Police and Fire Plan, cost of living benefit increases for retirees are assumed to be 1.0 percent. Cost of living benefit increases for retirees are assumed to be 2.5 percent for the Public Employees Correctional Plan.

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Plan was for the period 2008 through 2015. The experience study for the Public Employees Police and Fire Plan was for the period 2004 through 2009. The experience study for the Public Employees Correctional Plan was for the period 2006 through 2011.

On August 16, 2016, an updated experience study was done for PERA's Public Employees Police and Fire Plan for the period 2011 through 2015, which would result in a larger pension liability. However, PERA will implement the changes in assumptions for its June 30, 2017, estimate of pension liability.

The long-term expected rate of return on pension plan investments is 7.5 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent in 2016, a reduction of the 7.90 percent used in 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Retirement Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In the Public Employees Police and Fire Plan and the Public Employees Correctional Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056, and June 30, 2058, respectively. Beginning in fiscal years ended June 30, 2057, for the Police and Fire Plan and June 30, 2059, for the Public Employees Correctional Plan, when projected benefit payments exceed the Plans' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85 percent 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 5.60 percent for the Public Employees Police and Fire Plan and 5.31 percent for the Public Employees Correctional Plan was determined that produced approximately the same present value of the projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50 percent applied to all years of projected benefits through the point of asset depletion and 2.85 percent thereafter.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

**Changes in Actuarial Assumptions**

The following changes in actuarial assumptions occurred in 2016:

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.

**Pension Liability Sensitivity**

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

	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%	\$ 149,029,354	4.60%	44,830,930	4.31%	11,606,055
Current	7.50%	104,928,351	5.60%	31,880,409	5.31%	7,708,125
1% Increase	8.50%	68,601,125	6.60%	21,561,816	6.31%	4,665,041

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

**Pension Plan Fiduciary Net Position**

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

**Defined Contribution Plan**

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

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

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2016, were:

	Employee		Employer	
Contribution amount	\$	17,847	\$	17,847
Percentage of covered payroll		5%		5%

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

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

The composition of interfund transfers during the year ended December 31, 2016, is as follows:

Interfund Receivables/Payables (for deficit cash balances):

Receivable Fund	Payable Fund	Amount
General	Community Development Block Grant	\$ 66,414

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
Capital Projects funds	County Garage	\$ 1,799,847

**Interfund Transfers:**

Fund Transferred To	Fund Transferred From	Purpose	Amount
Major Funds General	Forfeited Tax Sale	Land sale apportionment and blight program	\$ 1,326,293
	Public Health and Human Services	WIC office remodel and furniture in GSC	46,070
	Capital Projects	Operating projects	53,181
	Forest Resources	GIS project and aerial imagery acquisition	229,514
	Shoreline Sales	Natural resource improvements	98,600
	Medical Dental Insurance	Health & wellness reimbursement	318,029
	Environmental Services	Interfund asset sale and aerial imagery acquisition	36,014
	Road and Bridge	Aerial imagery acquisition	29,514
Road and Bridge	General	Corner Certificate Program	340,000
	Forfeited Tax Sale	Land apportionment	53,954
Public Health and Human Services	General	Out of home placements and Team 25 Social Worker	1,661,309
Capital Projects	General	Excess rent revenues, AP Cook project, Rescue Squad building construction, various other capital projects	2,235,378
	Road and Bridge	Equipment purchases and Cook Public Works facility	5,839,000
Debt Service	Capital Projects	Repay debt service	657,942
	Road and Bridge	Interest payment	3,506,429
Environmental Services	Shoreline Sales	Natural resource improvements	227,425
Nonmajor Funds Forest Resources	Forfeited Tax Sale	Land apportionment	151,311
Septic Loan	Environmental Services	Creation of special revenue fund	396,030
	Housing and Redevelopment Authority	Deferred septic loan program	150,000
Shoreline Sales	Forest Resources	Leased land sales	4,496,568
	Total		<u>\$ 21,852,561</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

**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	\$ 2,973,284	\$ -	\$ 31,526,897	\$ 2,696,479	\$ 37,196,660
Assigned					
Road and Bridge	-	2,668,701	7,340,788	750,000	10,759,489
Public Health and Human Services	1,013,787	509,162	12,287,191	-	13,810,140
Total	<u>\$ 3,987,071</u>	<u>\$ 3,177,863</u>	<u>\$ 51,154,876</u>	<u>\$ 3,446,479</u>	<u>\$ 61,766,289</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, 2016, 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>Cash Flow</u>		
	<u>Maximum Amount</u>	<u>Actual Amount</u>	<u>Percentage Funded</u>
General	\$ 32,659,487	\$ 31,526,897	96.53%
Road and Bridge	9,205,927	7,340,788	79.74%
Public Health and Human Services Fund	18,154,601	12,287,191	67.68%

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

**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 2015, (the most recent available), county contributions were in the following proportion:

Carlton County	10.63%
Cook County	1.18%
Koochiching County	1.80%
Lake County	2.28%
St. Louis County	84.11%
Total	100.00%

St. Louis County provided \$13,925,747 in funding during 2016. Separate financial information can be obtained from:

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

A summary of the financial information from Arrowhead Regional Corrections' Government-Wide Financial Statements for December 31, 2015 (the most recent available), was:

Total Assets	\$ 21,596,039
Deferred Outflows	1,517,984
Total Liabilities	12,837,552
Deferred Inflows	946,515
Total Net Position	9,329,956
Total Program and General Revenues	25,019,339
Total Expenses/Uses	23,962,201
Change in Net Position	1,057,138

**Community Health Services Board**

Carlton, Cook, Lake, and St. Louis Counties entered into a joint powers agreement, operating the Carlton, Cook, Lake, and St. Louis County Community Health Services Board. This agreement is entered into under the authority of the Community Health Services Act and is pursuant to the provisions of Minn. Stat. §471.59. The Community Health Services Board is composed of nine members. Carlton, Cook, and Lake County Boards of Commissioners, each appoints two members; the St. Louis County Board of Commissioners appoints three members. Financing is obtained through federal and state grants. St. Louis County provided no funding to this organization during 2016.

A summary of the financial information of the Community Health Services Board Government-Wide Financial Statements for December 31, 2015, (the most recent available) was:

Total Assets	\$ 1,276,218
Deferred Outflows	39,891
Total Liabilities	1,427,190
Deferred Inflows	76,742
Total Net Position	(187,823)
Total Program and General Revenues	5,457,035
Total Expenses	5,419,880
Change in Net Position	37,155

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

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 2016.

A summary of the financial information of the Regional Railroad Authority for the Government-Wide Financial Statements for December 31, 2015, (the most recent available) was:

Total Assets	\$	18,836,754
Deferred Outflows		27,879
Total Liabilities		531,039
Deferred Inflows		13,191
Total Net Position		18,320,403
Total Revenues		2,819,616
Total Expenses		1,714,549
Change in Net Position		1,105,067

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, 2016, was:

Total Assets	\$	2,735,809
Deferred Outflows		232,734
Total Liabilities		2,939,336
Deferred Inflows		426,240
Total Net Position		(397,033)
Total Revenues		4,883,014
Total Expenses		4,928,413
Change in Net Position		(45,399)

Separate financial information can be obtained from:

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

**Northern Counties Land Use Coordinating Board**

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

The joint powers are the Counties of Aitkin, Cook, Koochiching, Lake, Lake of the Woods, Pennington, Roseau, and St. Louis. Three elected county commissioners from St. Louis County and two from each of the other counties comprise the membership of the Board. St. Louis County handles all of the financial transactions for this organization through its Northern Counties Land Use Board Agency Fund. St. Louis County did not provide any funding during 2016.

A summary of the financial information of Northern Counties Land Use Coordinating Board for the Financial Statements for December 31, 2016, was:

Total Assets	\$	137,779
Total Liabilities		1,213
Total Net Position		136,566
Total Revenues		24,000
Total Expenses		11,892
Change in Net Position		12,108

Separate financial information can be obtained from:

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

**Minnesota Counties Information Systems (MCIS)**

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

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

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

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

Separate financial information can be obtained from:

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

**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 2016. 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	\$	590,437
Total Liabilities		-
Total Net Position		590,437
Total Revenues		328,906
Total Expenses		196,447
Change in Net Position		132,459

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

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

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

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

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

Separate financial information can be obtained from:

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

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

**Northeast Minnesota Regional Radio Board**

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

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

Itasca County is the fiscal agent for the Northeast Minnesota Regional Radio Board. Funding is provided by grants and contributions from participating members. St. Louis County provided no funding to this organization in 2016.

St. Louis County will be fiscal agent starting 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, 2016. 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 \$20,000 to the Voyageurs National Park Water Basin for the year ended December 31, 2016. 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, 2016

**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 2016 the County abated \$37,770 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 and airplane manufacturer with the correction of soil contamination on site for facility expansion in Duluth	6.48%	\$ 27,770
P&H Mine Pro (Joy Global) - Assist in lease of property for the construction of a new facility.	2.09%	10,000
Total		<u>\$ 37,770</u>

- 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, \$27,700 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 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 a 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 date, whichever is sooner.

**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, 2016 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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2016

(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 2016, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 1,528,608
Interest on net OPEB obligation	202,761
Adjustments to ARC	(279,590)
Annual OPEB Cost	<u>1,451,779</u>
Contributions during the year	(1,763,414)
Increase in net OPEB obligation	(311,635)
Net OPEB obligation - beginning of the year	4,608,203
Net OPEB obligation - end of year	4,296,568

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 2014, 2015, and 2016 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	1,510,373	1,451,867	96.13%	4,296,362
12/31/2015	1,533,700	1,221,859	79.67%	4,608,203
12/31/2016	1,451,779	1,763,414	121.47%	4,296,568

**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.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

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

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

**Northwoods Townhomes Project**

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

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

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

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

**Tax Forfeited Land Management**

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

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

<b>Fiscal Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Contributions in Relation to the Statutorily Required Contributions (b)</b>	<b>Contribution Deficiency (Excess) (a-b)</b>	<b>Covered Payroll (c)</b>	<b>Contributions as a Percentage of Covered Payroll (b/c)</b>
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%

\* 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%

\* 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 \***

<b>Fiscal Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Contributions in Relation to the Statutorily Required Contributions (b)</b>	<b>Contribution Deficiency (Excess) (a-b)</b>	<b>Covered Payroll (c)</b>	<b>Contributions as a Percentage of Covered Payroll (b/c)</b>
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%

\* 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**

<b>Fiscal Year Ending</b>	<b>Employer's Proportion (Percentage) of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (b)</b>	<b>Employer Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
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%

\* 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%

\* 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%

\* 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, 2016**

**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, 2016:

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, 2016**

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, 2016**

Year Ended December 31	Employer Contributions	Annual Required Contribution	Percentage Contributed
2014	\$ 1,451,867	\$ 1,510,373	96.13 %
2015	1,221,859	1,533,700	79.67
2016	1,763,414	1,451,779	121.47

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 6,705,781	\$ 6,705,781	\$ 6,733,511	\$ 27,730
Intergovernmental	340,284	340,284	340,466	182
Earnings on investments	-	-	(530,794)	(530,794)
Miscellaneous	-	-	294,976	294,976
Total Revenues	<u>7,046,065</u>	<u>7,046,065</u>	<u>6,838,159</u>	<u>(207,906)</u>
<b>EXPENDITURES</b>				
Principal	6,850,000	6,850,000	6,850,000	-
Interest and other charges	3,334,795	3,547,549	3,547,549	-
Total Expenditures	<u>10,184,795</u>	<u>10,397,549</u>	<u>10,397,549</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(3,138,730)	(3,351,484)	(3,559,390)	(207,906)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,506,429	4,164,371	4,164,371	-
Refunding bonds issued	-	15,200,000	15,200,000	-
Premium on refunding bonds issued	-	1,075,261	1,075,261	-
Total other financing sources (uses)	<u>3,506,429</u>	<u>20,439,632</u>	<u>20,439,632</u>	<u>-</u>
Net change in fund balances	367,699	17,088,148	16,880,242	(207,906)
Fund Balance - January 1	<u>8,554,007</u>	<u>8,554,007</u>	<u>8,554,007</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 8,921,706</u>	<u>\$ 25,642,155</u>	<u>\$ 25,434,249</u>	<u>\$ (207,906)</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, 2016

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
<b>ASSETS</b>			
Cash and cash equivalents	\$ 864,358	\$ -	\$ -
Investments	-	-	-
Delinquent taxes receivable	11,095	-	-
Accounts receivable (net)	-	-	-
Loans receivable	876,585	-	-
Due from other governments	-	273,713	54,629
Total Assets	<u>1,752,038</u>	<u>273,713</u>	<u>54,629</u>
<b>LIABILITIES</b>			
Accounts payable	-	104,483	53,466
Salaries payable	-	3,837	-
Interfund payable	-	66,414	-
Due to other governments	-	50,000	650
Unearned revenue	-	48,979	513
Total Liabilities	<u>-</u>	<u>273,713</u>	<u>54,629</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue			
Taxes	9,798	-	-
Grants	-	86	-
Total Deferred Inflows of Resources	<u>9,798</u>	<u>86</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable			
Noncurrent loans	876,585	-	-
Environmental trust funds	-	-	-
Restricted			
Debt service	-	-	-
Health and sanitation	-	-	-
Improvement of natural resources	-	-	-
Shoreline land	-	-	-
Committed			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	865,655	-	-
Assigned			
Conservation of natural resources	-	-	-
Unassigned	-	(86)	-
Total Fund Balance	<u>1,742,240</u>	<u>(86)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,752,038</u>	<u>\$ 273,713</u>	<u>\$ 54,629</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
DECEMBER 31, 2016

**Special Revenue Funds (continued)**

	<b>Septic Loan</b>	<b>Forest Resources</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 699,365	\$ 5,725,416	\$ 7,289,139
Investments	-	-	-
Delinquent taxes receivable	-	-	11,095
Accounts receivable (net)	3,204	-	3,204
Loans receivable	950,299	-	1,826,884
Due from other governments	-	8,048	336,390
Total Assets	<u>1,652,868</u>	<u>5,733,464</u>	<u>9,466,712</u>
<b>LIABILITIES</b>			
Accounts payable	43,060	14,969	215,978
Salaries payable	-	-	3,837
Interfund payable	-	-	66,414
Due to other governments	-	-	50,650
Unearned revenue	-	-	49,492
Total Liabilities	<u>43,060</u>	<u>14,969</u>	<u>386,371</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue			
Taxes	-	-	9,798
Grants	-	8,048	8,134
Total Deferred Inflows of Resources	<u>-</u>	<u>8,048</u>	<u>17,932</u>
<b>FUND BALANCES</b>			
Nonspendable			
Noncurrent loans	-	-	876,585
Environmental trust funds	-	-	-
Restricted			
Debt service	50,390	-	50,390
Health and sanitation	309,524	-	309,524
Improvement of natural resources	-	-	-
Shoreline land	-	105,000	105,000
Committed			
Health and sanitation	1,249,894	-	1,249,894
Conservation of natural resources	-	4,628,026	4,628,026
Economic development	-	-	865,655
Assigned			
Conservation of natural resources	-	977,421	977,421
Unassigned	-	-	(86)
Total Fund Balance	<u>1,609,808</u>	<u>5,710,447</u>	<u>9,062,409</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,652,868</u>	<u>\$ 5,733,464</u>	<u>\$ 9,466,712</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
DECEMBER 31, 2016

	Permanent Fund	
	Shoreline Sales	Total Nonmajor Governmental Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 832,986	\$ 8,122,125
Investments	17,068,543	17,068,543
Delinquent taxes receivable	-	11,095
Accounts receivable (net)	-	3,204
Loans receivable	-	1,826,884
Due from other governments	-	336,390
Total Assets	17,901,529	27,368,241
<b>LIABILITIES</b>		
Accounts payable	-	215,978
Salaries payable	-	3,837
Interfund payable	-	66,414
Due to other governments	-	50,650
Unearned revenue	-	49,492
Total Liabilities	-	386,371
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue		
Taxes	-	9,798
Grants	-	8,134
Total Deferred Inflows of Resources	-	17,932
<b>FUND BALANCES</b>		
Nonspendable		
Noncurrent loans	-	876,585
Environmental trust funds	17,198,804	17,198,804
Restricted		
Debt service	-	50,390
Health and sanitation	-	309,524
Improvement of natural resources	702,725	702,725
Shoreline land	-	105,000
Committed		
Health and sanitation	-	1,249,894
Conservation of natural resources	-	4,628,026
Economic development	-	865,655
Assigned		
Conservation of natural resources	-	977,421
Unassigned	-	(86)
Total Fund Balance	17,901,529	26,963,938
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 17,901,529	\$ 27,368,241

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Special Revenue Funds</b>		
	<b>Housing and Redevelopment Authority</b>	<b>Community Development Block Grant</b>	<b>Northeast Minnesota Housing Consortium</b>
<b>REVENUES</b>			
Taxes	\$ 209,989	\$ -	\$ -
Intergovernmental	441	2,169,583	463,723
Earnings on investments	-	-	-
Land and timber sales	-	-	-
Miscellaneous	-	-	100
Total Revenues	<u>210,430</u>	<u>2,169,583</u>	<u>463,823</u>
<b>EXPENDITURES</b>			
Current:			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	33,145	2,169,669	463,823
Debt service:			
Principal	-	-	-
Total expenditures	<u>33,145</u>	<u>2,169,669</u>	<u>463,823</u>
Excess (deficiency) of revenues over expenditures	<u>177,285</u>	<u>(86)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers (out)	(150,000)	-	-
Loan proceeds	-	-	-
Total other financing sources and uses	<u>(150,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	27,285	(86)	-
Fund Balance - January 1	<u>1,714,955</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,742,240</u>	<u>\$ (86)</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, 2016**

**Special Revenue Funds (continued)**

	<b>Septic Loan</b>	<b>Forest Resources</b>	<b>Total</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ 573,956	\$ 783,945
Intergovernmental	156,892	157,242	2,947,881
Earnings on investments	13,549	-	13,549
Land and timber sales	-	3,987,200	3,987,200
Miscellaneous	-	171,508	171,608
Total Revenues	<u>170,441</u>	<u>4,889,906</u>	<u>7,904,183</u>
<b>EXPENDITURES</b>			
Current:			
Health and sanitation	43,903	-	43,903
Conservation of natural resources	-	1,231,953	1,231,953
Economic development	-	-	2,666,637
Debt service:			
Principal	50,390	-	50,390
Total expenditures	<u>94,293</u>	<u>1,231,953</u>	<u>3,992,883</u>
Excess (deficiency) of revenues over expenditures	<u>76,148</u>	<u>3,657,953</u>	<u>3,911,300</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	546,030	151,311	697,341
Transfers (out)	-	(4,726,082)	(4,876,082)
Loan proceeds	96,227	-	96,227
Total other financing sources and uses	<u>642,257</u>	<u>(4,574,771)</u>	<u>(4,082,514)</u>
Net change in fund balances	718,405	(916,818)	(171,214)
Fund Balance - January 1	<u>891,403</u>	<u>6,627,265</u>	<u>9,233,623</u>
Fund Balance - December 31	<u>\$ 1,609,808</u>	<u>\$ 5,710,447</u>	<u>\$ 9,062,409</u>

**ST. LOUIS COUNTY, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016**

	Permanent Fund		Total Nonmajor Governmental Funds
	Shoreline Sales		Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes	\$ -	\$	783,945
Intergovernmental	-		2,947,881
Earnings on investments	974,161		987,710
Land and timber sales	-		3,987,200
Miscellaneous	-		171,608
Total Revenues	974,161		8,878,344
<b>EXPENDITURES</b>			
Current:			
Health and sanitation	-		43,903
Conservation of natural resources	20,000		1,251,953
Economic development	-		2,666,637
Debt service:			
Principal	-		50,390
Total expenditures	20,000		4,012,883
Excess (deficiency) of revenues over expenditures	954,161		4,865,461
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,496,568		5,193,909
Transfers (out)	(326,025)		(5,202,107)
Loan proceeds	-		96,227
Total other financing sources and uses	4,170,543		88,029
Net change in fund balances	5,124,704		4,953,490
Fund Balance - January 1	12,776,825		22,010,448
Fund Balance - December 31	\$ 17,901,529	\$	26,963,938

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 211,031	\$ 210,595	\$ 209,989	\$ (606)
Intergovernmental	-	435	441	6
Total Revenues	<u>211,031</u>	<u>211,030</u>	<u>210,430</u>	<u>(600)</u>
<b>EXPENDITURES</b>				
Economic development				
Personal services	140,000	140,000	15,000	125,000
Other operating	<u>227,052</u>	<u>227,052</u>	<u>18,145</u>	<u>208,907</u>
Total Expenditures	<u>367,052</u>	<u>367,052</u>	<u>33,145</u>	<u>333,907</u>
Excess of Revenues Over (Under) Expenditures	(156,021)	(156,022)	177,285	333,307
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	<u>(150,000)</u>	<u>(150,000)</u>	-
Excess of Revenues Over (Under) Expenditures	(156,021)	(306,022)	27,285	333,307
Fund Balance - January 1	<u>1,714,955</u>	<u>1,714,955</u>	<u>1,714,955</u>	-
Fund Balance - December 31	<u>\$ 1,558,934</u>	<u>\$ 1,408,933</u>	<u>\$ 1,742,240</u>	<u>\$ 333,307</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 3,063,520	\$ 2,208,666	\$ 2,169,583	\$ (39,083)
Total Revenues	<u>3,063,520</u>	<u>2,208,666</u>	<u>2,169,583</u>	<u>(39,083)</u>
<b>EXPENDITURES</b>				
Economic development				
Personal services	471,741	244,295	244,295	-
Other operating	<u>2,591,779</u>	<u>1,964,371</u>	<u>1,925,374</u>	<u>38,997</u>
Total Expenditures	<u>3,063,520</u>	<u>2,208,666</u>	<u>2,169,669</u>	<u>38,997</u>
Excess of Revenues Over (Under) Expenditures	-	-	(86)	(86)
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (86)</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, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 823,885	\$ 463,723	\$ 463,723	\$ -
Miscellaneous	400	100	100	-
Total Revenues	824,285	463,823	463,823	-
<b>EXPENDITURES</b>				
Economic development				
Personal services	30,400	-	-	-
Other operating	793,885	463,823	463,823	-
Total Expenditures	824,285	463,823	463,823	-
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, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 156,892	\$ 156,892	\$ -
Earnings on investments	18,300	18,300	13,549	(4,751)
Total Revenues	18,300	175,192	170,441	(4,751)
<b>EXPENDITURES</b>				
Health and sanitation				
Other operating	14,000	143,902	43,903	99,999
Debt service				
Principal	50,390	50,390	50,390	-
Total Expenditures	64,390	194,292	94,293	99,999
Excess of Revenues Over (Under) Expenditures	(46,090)	(19,100)	76,148	95,248
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	546,030	546,030	-
Loan Proceeds	-	100,000	96,227	(3,773)
Total Other Financing Sources (Uses)	-	646,030	642,257	(3,773)
Excess of Revenues Over (Under) Expenditures	(46,090)	626,930	718,405	91,475
Fund Balance - January 1	891,403	891,403	891,403	-
Fund Balance - December 31	\$ 845,313	\$ 1,518,333	\$ 1,609,808	\$ 91,475

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, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 570,000	\$ 570,000	\$ 573,956	\$ 3,956
Intergovernmental	290,616	160,695	157,242	(3,453)
Land and timber sales	-	4,496,568	3,987,200	(509,368)
Miscellaneous	-	250,000	171,508	(78,492)
Total Revenues	860,616	5,477,263	4,889,906	(587,357)
<b>EXPENDITURES</b>				
Conservation of natural resources				
Other operating	2,455,433	2,545,999	1,231,953	1,314,046
Total Expenditures	2,455,433	2,545,999	1,231,953	1,314,046
Excess of Revenues Over (Under) Expenditures	(1,594,817)	2,931,264	3,657,953	726,689
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	151,311	151,311	-
Transfers out	(200,000)	(4,726,082)	(4,726,082)	-
Total Other Financing Sources (Uses)	(200,000)	(4,574,771)	(4,574,771)	-
Excess of Revenues Over (Under) Expenditures	(1,794,817)	(1,643,507)	(916,818)	726,689
Fund Balance - January 1	6,627,265	6,627,265	6,627,265	-
Fund Balance - December 31	\$ 4,832,448	\$ 4,983,758	\$ 5,710,447	\$ 726,689

## 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, 2016

	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,293,312	\$ 246,881	\$ 1,935,972
Investments	-	3,463,490	7,736,937
Accounts receivable (net)	1,274	427	10,000
Accrued interest receivable	-	8,564	25,612
Due from other governments	-	-	50,631
Inventories	44,801	-	-
Total current assets	<u>1,339,387</u>	<u>3,719,362</u>	<u>9,759,152</u>
Noncurrent assets:			
Capital assets:			
Land	25,500	-	-
Buildings and structures	2,924,459	-	-
Machinery and equipment	57,081	-	-
Vehicles	2,569,319	-	-
Less accumulated depreciation	<u>(2,488,387)</u>	<u>-</u>	<u>-</u>
Total capital asset (net)	<u>3,087,972</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>3,087,972</u>	<u>-</u>	<u>-</u>
Total assets	<u>4,427,359</u>	<u>3,719,362</u>	<u>9,759,152</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	21,043	4,515	11,129
Salaries payable	7,695	1,275	10,258
Compensated absences payable	28,856	-	-
Claims payable	-	-	561,140
Due to other governments	-	-	68,136
Unearned revenue	4,861	-	-
Advances from other funds	37,497	-	-
Total current liabilities	<u>99,952</u>	<u>5,790</u>	<u>650,663</u>
Noncurrent liabilities:			
Noncurrent compensated absences	60,434	-	-
Noncurrent claims payable	-	-	5,407,298
OPEB obligation	-	-	-
Noncurrent advances from other funds	1,762,351	-	-
Total non-current liabilities	<u>1,822,785</u>	<u>-</u>	<u>5,407,298</u>
Total liabilities	<u>1,922,737</u>	<u>5,790</u>	<u>6,057,961</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,087,972	-	-
Unrestricted	(583,350)	3,713,572	3,701,191
Total net position	<u>\$ 2,504,622</u>	<u>\$ 3,713,572</u>	<u>\$ 3,701,191</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
DECEMBER 31, 2016

	Medical/ Dental Insurance	Retired Employees' Health Insurance	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,443,094	\$ 104,194	\$ 6,023,453
Investments	5,371,998	-	16,572,425
Accounts receivable (net)	1,012,363	-	1,024,064
Accrued interest receivable	12,561	-	46,737
Due from other governments	-	-	50,631
Inventories	-	-	44,801
Total current assets	<u>8,840,016</u>	<u>104,194</u>	<u>23,762,111</u>
Noncurrent assets:			
Capital assets:			
Land	-	-	25,500
Buildings and structures	-	-	2,924,459
Machinery and equipment	-	-	57,081
Vehicles	-	-	2,569,319
Less accumulated depreciation	-	-	(2,488,387)
Total capital asset (net)	<u>-</u>	<u>-</u>	<u>3,087,972</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,087,972</u>
Total assets	<u>8,840,016</u>	<u>104,194</u>	<u>26,850,083</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	196,583	-	233,270
Salaries payable	-	-	19,228
Compensated absences payable	-	21,212	50,068
Claims payable	2,165,984	-	2,727,124
Due to other governments	-	-	68,136
Unearned revenue	509,361	-	514,222
Advances from other funds	-	-	37,497
Total current liabilities	<u>2,871,928</u>	<u>21,212</u>	<u>3,649,545</u>
Noncurrent liabilities:			
Noncurrent compensated absences	-	82,982	143,416
Noncurrent claims payable	-	-	5,407,298
OPEB obligation	4,296,568	-	4,296,568
Noncurrent advances from other funds	-	-	1,762,351
Total non-current liabilities	<u>4,296,568</u>	<u>82,982</u>	<u>11,609,633</u>
Total liabilities	<u>7,168,496</u>	<u>104,194</u>	<u>15,259,178</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	-	3,087,972
Unrestricted	1,671,520	-	8,502,933
Total net position	<u>\$ 1,671,520</u>	<u>\$ -</u>	<u>\$ 11,590,905</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, 2016

	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
Operating Revenues			
Charges for services	\$ 1,606,635	\$ 145,116	\$ 2,514,754
Other	4,093	7,646	440,558
Total Operating Revenues	<u>1,610,728</u>	<u>152,762</u>	<u>2,955,312</u>
Operating Expenses			
Personal services	565,267	85,253	403,100
Contractual services	261,991	359,148	1,198,774
Materials	338,403	56	4,781
OPEB expense	-	-	-
Claims paid	-	-	1,054,953
Depreciation	324,684	-	-
Total Operating Expenses	<u>1,490,345</u>	<u>444,457</u>	<u>2,661,608</u>
Operating Income (Loss)	<u>120,383</u>	<u>(291,695)</u>	<u>293,704</u>
Nonoperating revenues (expenses)			
Grants	3,613	-	-
Earnings on investments	-	51,838	131,502
Loss or gain on asset disposal	3,261	318	-
Total Nonoperating Revenues (Expenses)	<u>6,874</u>	<u>52,156</u>	<u>131,502</u>
Income (Loss) Before Transfers	127,257	(239,539)	425,206
Transfers (out)	-	-	-
Change in net position	127,257	(239,539)	425,206
Net position - January 1	<u>2,377,365</u>	<u>3,953,111</u>	<u>3,275,985</u>
Net position - December 31	<u>\$ 2,504,622</u>	<u>\$ 3,713,572</u>	<u>\$ 3,701,191</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, 2016

	<u>Medical/ Dental Insurance</u>	<u>Retired Employees Health Insurance</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 29,816,198	\$ 61,268	\$ 34,143,971
Other	-	-	452,297
Total Operating Revenues	<u>29,816,198</u>	<u>61,268</u>	<u>34,596,268</u>
Operating Expenses			
Personal services	-	-	1,053,620
Contractual services	1,444,465	61,268	3,325,646
Materials	-	-	343,240
OPEB expense	(311,635)	-	(311,635)
Claims paid	32,666,161	-	33,721,114
Depreciation	-	-	324,684
Total Operating Expenses	<u>33,798,991</u>	<u>61,268</u>	<u>38,456,669</u>
Operating Income (Loss)	<u>(3,982,793)</u>	-	<u>(3,860,401)</u>
Nonoperating revenues (expenses)			
Grants	-	-	3,613
Earnings on investments	109,133	-	292,473
Loss or gain on asset disposal	-	-	3,579
Total Nonoperating Revenues (Expenses)	<u>109,133</u>	<u>-</u>	<u>299,665</u>
Income (Loss) Before Transfers	(3,873,660)	-	(3,560,736)
Transfers (out)	<u>(318,029)</u>	-	<u>(318,029)</u>
Change in net position	(4,191,689)	-	(3,878,765)
Net position - January 1	<u>5,863,209</u>	<u>-</u>	<u>15,469,670</u>
Net position - December 31	<u>\$ 1,671,520</u>	<u>\$ -</u>	<u>\$ 11,590,905</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>County Garage</b>	<b>Property, Casualty, Liability Insurance</b>	<b>Workers' Compensation Insurance</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interfund services provided	\$ 1,605,436	\$ 144,689	\$ 2,514,754
Payments to suppliers	(584,077)	(134,465)	(1,396,666)
Payments to employees	(547,218)	(84,980)	(399,737)
Claims paid	-	(225,423)	(889,827)
Other receipts (payments)	4,093	7,646	701,945
Net cash provided (used) by operating activities	478,234	(292,533)	530,469
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Operating grants	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(262,804)	-	-
Proceeds from the sale of capital assets	46,006	318	-
Proceeds from advance from other fund	(37,497)	-	-
Net cash provided (used) by capital and related financing activities	(254,295)	318	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	-	(746,619)	(2,339,450)
Sale of investments	-	727,000	2,891,169
Interest and dividends	-	66,945	148,052
Net cash provided (used) by investing activities	-	47,326	699,771
Net Increase (Decrease) in Cash and Cash Equivalents	223,939	(244,889)	1,230,240
Balances - January 1	1,069,373	491,770	705,732
Balances - December 31	\$ 1,293,312	\$ 246,881	\$ 1,935,972
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 120,383	\$ (291,695)	\$ 293,704
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	324,685	-	-
(Increase) Decrease Receivables	(1,199)	(427)	287,617
(Increase) Decrease Due from other governments	-	-	(26,230)
(Increase) Decrease Inventories	(3,335)	-	-
(Increase) Decrease Prepaid items	-	-	-
Increase (Decrease) Accounts payable	19,651	(684)	(169,077)
Increase (Decrease) Contracts payable	-	-	-
Increase (Decrease) Salaries payable	1,667	273	3,363
Increase (Decrease) Compensated absences payable	16,382	-	-
Increase (Decrease) Claims payable	-	-	165,126
Increase (Decrease) Due to other governments	-	-	(24,034)
Increase (Decrease) OPEB obligation	-	-	-
Increase (Decrease) Unearned revenue	-	-	-
Total Adjustments	357,851	(838)	236,765
Net cash provided (used) by operating activities	\$ 478,234	\$ (292,533)	\$ 530,469
<b>NON-CASH ACTIVITIES</b>			
Change in fair market value of investments	-	632	(89)

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Medical/ Dental Insurance	Retired Employees' Health Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interfund services provided	\$ 29,582,229	\$ 61,268	\$ 33,908,376
Payments to suppliers	(1,342,282)	-	(3,457,490)
Payments to employees	-	(94,295)	(1,126,230)
Claims paid	(32,510,997)	-	(33,626,247)
Other receipts (payments)	-	-	713,684
Net cash provided (used) by operating activities	<u>(4,271,050)</u>	<u>(33,027)</u>	<u>(3,587,907)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(318,029)	-	(318,029)
Operating grants	-	-	-
Net cash provided (used) by noncapital financing activities	<u>(318,029)</u>	<u>-</u>	<u>(318,029)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	-	-	(262,804)
Proceeds from the sale of capital assets	-	-	46,324
Proceeds from advance from other fund	-	-	(37,497)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(253,977)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	-	-	(3,086,069)
Sale of investments	5,647,159	-	9,265,328
Interest and dividends	90,190	-	305,187
Net cash provided (used) by investing activities	<u>5,737,349</u>	<u>-</u>	<u>6,484,446</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,148,270	(33,027)	2,324,533
Balances - January 1	<u>1,294,824</u>	<u>137,221</u>	<u>3,698,920</u>
Balances - December 31	<u>\$ 2,443,094</u>	<u>\$ 104,194</u>	<u>\$ 6,023,453</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (3,982,793)	\$ -	\$ (3,860,401)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	-	-	324,684
(Increase) Decrease Receivables	(208,249)	-	77,742
(Increase) Decrease Due from other governments	-	-	(26,230)
(Increase) Decrease Inventories	-	-	(3,335)
(Increase) Decrease Prepaid items	88,421	-	88,421
Increase (Decrease) Accounts payable	13,762	-	(136,348)
Increase (Decrease) Contracts payable	-	-	-
Increase (Decrease) Salaries payable	-	-	5,304
Increase (Decrease) Compensated absences payable	-	(33,027)	(16,645)
Increase (Decrease) Claims payable	155,164	-	320,290
Increase (Decrease) Due to other governments	-	-	(24,034)
Increase (Decrease) OPEB obligation	(311,635)	-	(311,635)
Increase (Decrease) Unearned revenue	(25,720)	-	(25,720)
Total Adjustments	<u>(288,257)</u>	<u>(33,027)</u>	<u>272,494</u>
Net cash provided (used) by operating activities	<u>\$ (4,271,050)</u>	<u>\$ (33,027)</u>	<u>\$ (3,587,907)</u>
<b>NON-CASH ACTIVITIES</b>			
Change in fair market value of investments	32,836	-	33,379

## 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.

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
DECEMBER 31, 2016

	<b>Investment Trust Funds</b>		
	<b>Taconite Relief</b>	<b>Taconite Production Tax</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 176,499	\$ 352,630	\$ 529,129
Investments	5,500,000	-	5,500,000
Accrued interest receivable	29,830	-	29,830
Total Assets	5,706,329	352,630	6,058,959
<b>LIABILITIES</b>			
Due to other governments	114,225	352,630	466,855
<b>NET POSITION</b>			
Held in trust for pool participants and other purposes	\$ 5,592,104	\$ -	\$ 5,592,104

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>Investment Trust Fund</b>		
	<b>Taconite Relief</b>	<b>Taconite Production Tax</b>	<b>Total</b>
<b>ADDITIONS</b>			
Taconite taxes	\$ 13,063,708	\$ 25,886,732	\$ 38,950,440
Earnings on investments	47,366	9,657	57,023
Total Additions	13,111,074	25,896,389	39,007,463
<b>DEDUCTIONS</b>			
Distributions to participants	11,231,773	25,896,452	37,128,225
Changes in net position	1,879,301	(63)	1,879,238
Net position - January 1	3,712,803	63	3,712,866
Net position - December 31	\$ 5,592,104	\$ -	\$ 5,592,104

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance January 1	Additions	Deductions	Balance December 31
<b>STATE OF MINNESOTA FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 993,918	\$ 48,280,330	\$ 48,323,645	\$ 950,603
Accounts receivable	6,926	701	7,621	6
Due from other governments	72,598	2,458,563	2,455,585	75,576
Total Assets	<u>\$ 1,073,442</u>	<u>\$ 50,739,594</u>	<u>\$ 50,786,851</u>	<u>\$ 1,026,185</u>
LIABILITIES				
Due to other governments	<u>\$ 1,073,442</u>	<u>\$ 50,739,594</u>	<u>\$ 50,786,851</u>	<u>\$ 1,026,185</u>
<b>BEER-AUCTIONEER LICENSES FUND</b>				
ASSETS				
Cash and cash equivalents	<u>\$ 1,663</u>	<u>\$ 1,400</u>	<u>\$ 1,663</u>	<u>\$ 1,400</u>
LIABILITIES				
Due to other governments	<u>\$ 1,663</u>	<u>\$ 1,400</u>	<u>\$ 1,663</u>	<u>\$ 1,400</u>
<b>TAXES AND PENALTIES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 3,082,385	\$ 434,921,532	\$ 435,628,595	\$ 2,375,322
Due from other governments	790	1,331	1,620	501
Total Assets	<u>\$ 3,083,175</u>	<u>\$ 434,922,863</u>	<u>\$ 435,630,215</u>	<u>\$ 2,375,823</u>
LIABILITIES				
Due to other governments	<u>\$ 3,083,175</u>	<u>\$ 434,922,863</u>	<u>\$ 435,630,215</u>	<u>\$ 2,375,823</u>
<b>PAYROLL DEDUCTIONS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 2,082,010	\$ 54,894,644	\$ 54,819,592	\$ 2,157,062
Accounts receivable	-	119	-	119
Total Assets	<u>\$ 2,082,010</u>	<u>\$ 54,894,763</u>	<u>\$ 54,819,592</u>	<u>\$ 2,157,181</u>
LIABILITIES				
Accounts payable	<u>\$ 2,082,010</u>	<u>\$ 54,894,763</u>	<u>\$ 54,819,592</u>	<u>\$ 2,157,181</u>
<b>HUMAN SERVICE CONFERENCE FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 186,928	\$ 171,140	\$ 169,212	\$ 188,856
Accounts receivable	5,405	16,080	18,750	2,735
Total Assets	<u>\$ 192,333</u>	<u>\$ 187,220</u>	<u>\$ 187,962</u>	<u>\$ 191,591</u>
LIABILITIES				
Accounts payable	\$ 127	\$ 163,633	\$ 163,625	\$ 135
Due to other governments	192,206	23,587	24,337	191,456
Total Liabilities	<u>\$ 192,333</u>	<u>\$ 187,220</u>	<u>\$ 187,962</u>	<u>\$ 191,591</u>
<b>CANCELED CHECK FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 578	\$ 12,627	\$ 11,871	\$ 1,334
Accounts receivable	251	-	-	251
Total Assets	<u>\$ 829</u>	<u>\$ 12,627</u>	<u>\$ 11,871</u>	<u>\$ 1,585</u>
LIABILITIES				
Accounts payable	<u>\$ 829</u>	<u>\$ 12,627</u>	<u>\$ 11,871</u>	<u>\$ 1,585</u>

continued

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance January 1	Additions	Deductions	Balance December 31
<b>ARROWHEAD REGIONAL CORRECTIONS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 2,220,658	\$ 29,054,332	\$ 27,841,473	\$ 3,433,517
Investments	1,986,096	1,601,483	1,513,309	2,074,270
Accounts receivable	61,563	4,262,259	4,255,055	68,767
Accrued interest receivable	3,394	59,621	56,505	6,510
Due from other governments	1,272,918	438,838	1,325,263	386,493
Total Assets	<u>\$ 5,544,629</u>	<u>\$ 35,416,533</u>	<u>\$ 34,991,605</u>	<u>\$ 5,969,557</u>
LIABILITIES				
Accounts payable	\$ 325,396	\$ 4,346,845	\$ 4,227,843	\$ 444,398
Contracts payable	22,493	-	22,493	-
Salaries payable	224,313	1,768,453	1,707,994	284,772
Due to other governments	4,972,427	29,301,235	29,033,275	5,240,387
Total Liabilities	<u>\$ 5,544,629</u>	<u>\$ 35,416,533</u>	<u>\$ 34,991,605</u>	<u>\$ 5,969,557</u>
<b>PERMIT TO CARRY FIREARMS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 340,401	\$ 332,965	\$ 289,662	\$ 383,704
Accounts receivable	9,180	1,395	9,180	1,395
Total Assets	<u>\$ 349,581</u>	<u>\$ 334,360</u>	<u>\$ 298,842</u>	<u>\$ 385,099</u>
LIABILITIES				
Accounts payable	\$ 2,957	\$ 93,492	\$ 96,449	\$ -
Due to other governments	346,624	240,868	202,393	385,099
Total Liabilities	<u>\$ 349,581</u>	<u>\$ 334,360</u>	<u>\$ 298,842</u>	<u>\$ 385,099</u>
<b>MINNEAPOLIS-DULUTH/SUPERIOR PASSENGER RAIL ALLIANCE FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 126,563	\$ 62,625	\$ 181,438	\$ 7,750
Accounts Receivable	-	9,750	-	9,750
Total Assets	<u>126,563</u>	<u>72,375</u>	<u>181,438</u>	<u>17,500</u>
LIABILITIES				
Accounts payable	\$ 11,696	\$ 72,375	\$ 71,794	\$ 12,277
Due to other governments	114,867	-	109,644	5,223
Total Liabilities	<u>\$ 126,563</u>	<u>\$ 72,375</u>	<u>\$ 181,438</u>	<u>\$ 17,500</u>
<b>CIVIL FUNDS</b>				
ASSETS				
Cash and cash equivalents	\$ 108,896	\$ 2,462,132	\$ 2,548,194	\$ 22,834
Accounts receivable	854	-	854	-
Total Assets	<u>\$ 109,750</u>	<u>\$ 2,462,132</u>	<u>\$ 2,549,048</u>	<u>\$ 22,834</u>
LIABILITIES				
Accounts payable	\$ 64,551	\$ 2,282,832	\$ 2,344,196	\$ 3,187
Due to other governments	45,199	179,300	204,852	19,647
Total Liabilities	<u>\$ 109,750</u>	<u>\$ 2,462,132</u>	<u>\$ 2,549,048</u>	<u>\$ 22,834</u>

continued

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance January 1	Additions	Deductions	Balance December 31
<b>COMMUNITY HEALTH SERVICES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 6,178,405	\$ 6,178,405	\$ -
Accounts receivable	1,503	-	1,503	-
Due from other governments	1,274,715	1,191,518	1,311,675	1,154,558
Total Assets	<u>\$ 1,276,218</u>	<u>\$ 7,369,923</u>	<u>\$ 7,491,583</u>	<u>\$ 1,154,558</u>
LIABILITIES				
Accounts payable	\$ 55,259	\$ 2,280,430	\$ 2,293,827	\$ 41,862
Salaries payable	6,925	37,201	35,674	8,452
Due to other governments	1,214,034	5,052,292	5,162,082	1,104,244
Total Liabilities	<u>\$ 1,276,218</u>	<u>\$ 7,369,923</u>	<u>\$ 7,491,583</u>	<u>\$ 1,154,558</u>
<b>DULUTH AREA FAMILY SERVICE COLLABORATIVE FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 388,928	\$ 306,428	\$ 205,344	\$ 490,012
Due from other governments	76,522	100,425	76,522	100,425
Total Assets	<u>\$ 465,450</u>	<u>\$ 406,853</u>	<u>\$ 281,866</u>	<u>\$ 590,437</u>
LIABILITIES				
Accounts payable	\$ 433	\$ 7,039	\$ 7,472	\$ -
Due to other governments	465,017	399,814	274,394	590,437
Total Liabilities	<u>\$ 465,450</u>	<u>\$ 406,853</u>	<u>\$ 281,866</u>	<u>\$ 590,437</u>
<b>LOCAL COLLABORATIVE TIME STUDY FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 369,488	\$ 734,628	\$ 762,668	\$ 341,448
Due from other governments	76,522	176,946	153,043	100,425
Total Assets	<u>\$ 446,010</u>	<u>\$ 911,574</u>	<u>\$ 915,711</u>	<u>\$ 441,873</u>
LIABILITIES				
Accounts payable	\$ -	\$ 529,281	\$ 529,281	\$ -
Due to other governments	446,010	382,293	386,430	441,873
Total Liabilities	<u>\$ 446,010</u>	<u>\$ 911,574</u>	<u>\$ 915,711</u>	<u>\$ 441,873</u>
<b>REGIONAL RAILROAD AUTHORITY FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 560,778	\$ 12,184,601	\$ 8,871,904	\$ 3,873,475
Delinquent taxes receivable	79,586	196,634	203,975	72,245
Accounts receivable	145,774	10,096	148,985	6,885
Due from other governments	1,406,167	4,478,526	1,406,167	4,478,526
Prepaid items	674	3,685	674	3,685
Total Assets	<u>\$ 2,192,979</u>	<u>\$ 16,873,542</u>	<u>\$ 10,631,705</u>	<u>\$ 8,434,816</u>
LIABILITIES				
Accounts payable	\$ 114,926	\$ 8,334,789	\$ 8,254,322	\$ 195,393
Salaries payable	4,369	8,465	7,182	5,652
Due to other governments	2,073,684	8,530,288	2,370,201	8,233,771
Total Liabilities	<u>\$ 2,192,979</u>	<u>\$ 16,873,542</u>	<u>\$ 10,631,705</u>	<u>\$ 8,434,816</u>

continued

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance January 1	Additions	Deductions	Balance December 31
<b>NORTHERN COUNTIES</b>				
<b>LAND USE BOARD FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 126,910	\$ 24,000	\$ 13,131	\$ 137,779
LIABILITIES				
Accounts payable	\$ 2,452	\$ 10,679	\$ 13,131	\$ -
Due to other governments	124,458	13,321	-	137,779
Total Liabilities	<u>\$ 126,910</u>	<u>\$ 24,000</u>	<u>\$ 13,131</u>	<u>\$ 137,779</u>
<b>VOYAGERS NATIONAL JOINT JENTURE</b>				
ASSETS				
Cash and cash equivalents	\$ 46,334	\$ 48,186	\$ 49,647	\$ 44,873
LIABILITIES				
Accounts payable	\$ 5,575	\$ 48,186	\$ 36,291	\$ 17,470
Due to other governments	40,759	-	13,356	27,403
Total Liabilities	<u>\$ 46,334</u>	<u>\$ 48,186</u>	<u>\$ 49,647</u>	<u>\$ 44,873</u>
<b>SHERIFF FORFEITS/EVIDENCE</b>				
ASSETS				
Cash and cash equivalents	\$ 133,233	\$ 100,923	\$ 126,860	\$ 107,296
Accounts receivable	-	2,191	-	2,191
Total Assets	<u>\$ 133,233</u>	<u>\$ 103,114</u>	<u>\$ 126,860</u>	<u>\$ 109,487</u>
LIABILITIES				
Accounts payable	\$ -	\$ 42,021	\$ 41,871	\$ 150
Due to other governments	133,233	61,093	84,989	109,337
Total Liabilities	<u>\$ 133,233</u>	<u>\$ 103,114</u>	<u>\$ 126,860</u>	<u>\$ 109,487</u>
<b>RECORDER'S DEPOSIT FUND</b>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 298,021	\$ 253,987	\$ 44,034
LIABILITIES				
Accounts payable	\$ -	\$ 298,021	\$ 253,987	\$ 44,034
<b>TOTALS FOR ALL AGENCY FUNDS</b>				
ASSETS				
Cash and cash equivalents	\$ 10,769,671	\$ 590,068,919	\$ 586,277,291	\$ 14,561,299
Investments	1,986,096	1,601,483	1,513,309	2,074,270
Delinquent taxes receivable	79,586	196,634	203,975	72,245
Accounts receivable	231,456	4,302,591	4,441,948	92,099
Accrued interest receivable	3,394	59,621	56,505	6,510
Due from other governments	4,180,232	8,846,147	6,729,875	6,296,504
Prepaid items	674	3,685	674	3,685
Total Assets	<u>\$ 17,251,109</u>	<u>\$ 605,079,080</u>	<u>\$ 599,223,577</u>	<u>\$ 23,106,612</u>
LIABILITIES				
Accounts payable	\$ 2,666,211	\$ 73,417,013	\$ 73,165,552	\$ 2,917,672
Contracts payable	22,493	-	22,493	-
Salaries payable	235,607	1,814,119	1,750,850	298,876
Due to other governments	14,326,798	529,847,948	524,284,682	19,890,064
Total Liabilities	<u>\$ 17,251,109</u>	<u>\$ 605,079,080</u>	<u>\$ 599,223,577</u>	<u>\$ 23,106,612</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS**  
 DECEMBER 31, 2016

	Interest Rates	Par Value	Market
<b>Pooled Investments and Deposits</b>			
Savings Accounts	0.15%	\$ 10,005	\$ 10,005
Certificates of Deposit	0.70% - 2.65%	34,408,110	34,408,157
MAGIC Portfolio	Varies	26,042,595	26,042,595
MAGIC TERM	0.92% - 1.00%	3,029,742	3,029,742
Municipal Bonds	1.00% - 5.00%	9,570,000	9,741,711
FFCB	1.25% - 5.15%	10,734,000	10,995,780
FHLB	1.00% - 5.625%	50,245,000	51,226,332
FHLMC	0.50% - 5.00%	17,065,000	17,223,761
FNMA	0.875% - 2.125%	23,140,000	23,028,194
<b>Total Pooled Investments and Deposits</b>		<b>\$ 174,244,452</b>	<b>\$ 175,706,277</b>
<b>Capital Projects</b>			
Certificates of Deposit	0.85% - 0.95%	\$ 745,000	\$ 745,000
MAGIC TERM	1.08% - 1.12%	25,429,761	25,429,761
FHLB	0.81%	1,500,000	1,500,330
<b>Total Capital Projects</b>		<b>\$ 27,674,761</b>	<b>\$ 27,675,091</b>
<b>Shoreland Sales Permanent Fund</b>			
MN Board of Investments	Varies	\$ 17,068,543	\$ 17,068,543
<b>Environmental Services Enterprise Fund</b>			
Certificates of deposit	0.70% - 1.80%	3,750,000	3,750,000
FFCB	1.77% - 5.05%	2,034,000	2,063,369
FHLB	1.25% - 2.75%	5,610,000	5,653,461
FHLMC	0.875% - 2.00%	1,950,000	1,952,524
FNMA	0.875% - 1.875%	2,000,000	2,011,630
<b>Total Environmental Services Enterprise Fund</b>		<b>\$ 15,344,000</b>	<b>\$ 15,430,984</b>
<b>Property, Casualty, Liability Insurance</b>			
<b>Internal Service Fund</b>			
Certificates of deposit	0.75% - 2.15%	\$ 2,712,000	\$ 2,712,000
FFCB	1.77%	250,000	246,780
FHLMC	1.75%	500,000	504,710
<b>Total Property, Casualty, Liability Insurance</b>		<b>\$ 3,462,000</b>	<b>\$ 3,463,490</b>
<b>Worker's Compensation Insurance</b>			
<b>Internal Service Fund</b>			
Certificates of Deposit	1.00% - 1.90%	\$ 3,187,000	\$ 3,187,000
FFCB	1.77% - 5.05%	2,249,000	2,291,255
FHLMC	1.00% - 1.75%	1,250,000	1,257,550
FNMA	0.875% - 2.00%	1,000,000	1,001,132
<b>Total Workers' Compensation Insurance</b>		<b>\$ 7,686,000</b>	<b>\$ 7,736,937</b>
<b>Medical/Dental Insurance</b>			
<b>Internal Service Fund</b>			
Certificates of Deposit	0.75% - 1.20%	\$ 1,725,000	\$ 1,725,000
FHLB	1.25% - 3.375%	1,600,000	1,634,912
FHLMC	1.00%	300,000	300,291
FNMA	0.875% - 1.875%	1,700,000	1,711,795
<b>Total Medical/Dental Insurance</b>		<b>\$ 5,325,000</b>	<b>\$ 5,371,998</b>
<b>Taconite Relief Trust Fund</b>			
MAGIC TERM	0.98%	\$ 5,500,000	\$ 5,500,000
<b>Arrowhead Regional Corrections Agency Fund</b>			
Certificates of deposit	0.60% - 1.95%	1,477,000	1,477,000
MAGIC TERM	1.00%	597,270	597,270
<b>Total Arrowhead Regional Corrections Agency Fund</b>		<b>\$ 2,074,270</b>	<b>\$ 2,074,270</b>
<b>Total Investments and deposits</b>		<b>\$ 258,379,026</b>	<b>\$ 260,027,590</b>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
<b>Appropriations and Shared Revenue</b>					
<b>State</b>					
Department of Natural Resources					
Mineral rents & royalties	\$ 550,883	\$ -	\$ -	\$ -	\$ -
Department of Public Safety					
Enhanced 911 program grant	326,232	-	-	-	-
Department of Revenue					
County program aid	9,398,489	901,457	1,335,757	-	-
Disparity aid	2,526,834	931,924	1,572,233	-	332,557
Local performance aid	25,000	-	-	-	-
Market value credit	60,376	24,380	36,996	437	7,825
PERA aid	165,809	93,501	187,543	19,281	-
Police aid	790,360	-	-	-	-
State fire aid	20,160	-	-	-	-
Department of Transportation					
30 percent rental income	190	70	114	1	27
Engineering	-	2,116,632	-	-	-
LRIP/RRSA state bond	-	697,034	-	-	-
MN FD 29 bridge bond	-	63,720	-	-	-
Municipal maintenance	-	1,058,045	-	-	-
Regular construction	-	12,415,709	-	-	-
Regular maintenance	-	10,645,992	-	-	-
State aid disaster relief	-	1,728	-	-	-
State aid for consulting	-	166,405	-	-	-
State park	-	393,415	-	-	-
Town bridge	-	947,728	-	-	-
Unorganized town road and bridge aid	-	143,036	-	-	-
<b>Total Appropriations and Shared Revenue</b>	<b>\$ 13,864,333</b>	<b>\$ 30,600,776</b>	<b>\$ 3,132,643</b>	<b>\$ 19,719</b>	<b>\$ 340,409</b>
<b>Reimbursement for Services</b>					
<b>State</b>					
Department of Human Services					
Alternative care 180 day	\$ -	\$ -	\$ 103,676	\$ -	\$ -
Case management for community alternative care	-	-	5,816	-	-
Child welfare targeted case mgmt	-	-	2,846,256	-	-
Community alternatives for disabled individuals waived services	-	-	825,324	-	-
Elderly waived services	-	-	76,571	-	-
Medical assistance child and teen checkups	-	-	189,652	-	-
Medical assistance transportation	-	-	132,766	-	-
Medical assistance - ACT	-	-	1,183,339	-	-
Medical assistance - CEHI	-	-	587,700	-	-
Medical assistance - rule 5	-	-	704,950	-	-
Developmental disabilities waived services	-	-	740,539	-	-
MH targeted case management	-	-	828,243	-	-
Relocation waived services	-	-	660	-	-
Traumatic brain injury	-	-	83,302	-	-
VADD targeted case management	-	-	69,863	-	-
<b>Total Reimbursement for Services Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,378,657</b>	<b>\$ -</b>	<b>\$ -</b>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
<b>Appropriations and Shared Revenue</b>				
<b>State</b>				
Department of Natural Resources				
Mineral rents & royalties	\$ -	\$ -	\$ -	\$ 550,883
Department of Public Safety				
Enhanced 911 program grant	-	-	-	326,232
Department of Revenue				
County program aid	67,611	-	-	11,703,314
Disparity aid	135,741	5,412	-	5,504,701
Local performance aid	-	-	-	25,000
Market value credit	3,194	127	-	133,335
PERA aid	-	11,652	3,669	481,455
Police aid	-	-	-	790,360
State fire aid	-	-	-	20,160
Department of Transportation				
30 percent rental income	10	1	-	413
Engineering	-	-	-	2,116,632
LRIP/RRSA state bond	-	-	-	697,034
MN FD 29 bridge bond	-	-	-	63,720
Municipal maintenance	-	-	-	1,058,045
Regular construction	-	-	-	12,415,709
Regular maintenance	-	-	-	10,645,992
State aid disaster relief	-	-	-	1,728
State aid for consulting	-	-	-	166,405
State park	-	-	-	393,415
Town bridge	-	-	-	947,728
Unorganized town road and bridge aid	-	-	-	143,036
<b>Total Appropriations and Shared Revenue</b>	<b>\$ 206,556</b>	<b>\$ 17,192</b>	<b>\$ 3,669</b>	<b>\$ 48,185,297</b>
<b>Reimbursement for Services</b>				
<b>State</b>				
Department of Human Services				
Alternative care 180 day	\$ -	\$ -	\$ -	\$ 103,676
Case management for community alternative care	-	-	-	5,816
Child welfare targeted case mgmt	-	-	-	2,846,256
Community alternatives for disabled individuals waived services	-	-	-	825,324
Elderly waived services	-	-	-	76,571
Medical assistance child and teen checkups	-	-	-	189,652
Medical assistance transportation	-	-	-	132,766
Medical assistance - ACT	-	-	-	1,183,339
Medical assistance - CEHI	-	-	-	587,700
Medical assistance - rule 5	-	-	-	704,950
Developmental disabilities waived services	-	-	-	740,539
MH targeted case management	-	-	-	828,243
Relocation waived services	-	-	-	660
Traumatic brain injury	-	-	-	83,302
VADD targeted case management	-	-	-	69,863
<b>Total Reimbursement for Services Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,378,657</b>

continued

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
<b>Grants</b>					
<b>State Grants</b>					
Board of Water & Soil Resources					
Natural resources block grant	\$ 292,907	\$ -	\$ -	\$ 100,000	\$ -
Department of Environmental Assistance					
SCORE recycling grant	-	-	-	-	-
Department of Finance					
6/12 storm-state flood bond	-	692,337	-	-	-
Department of Health					
Local public health grant	-	-	865,535	-	-
Department of Human Services					
Adult integrated fund	-	-	2,500,430	-	-
Alternative care	-	-	103,676	-	-
Alternative response	-	-	8,828	-	-
Autism respite grant	-	-	8,801	-	-
Case management CAC state	-	-	5,816	-	-
Child care basic sliding fee	-	-	44,264	-	-
Child protection - GTFCP	-	-	799,161	-	-
Child support health insurance bonus	-	-	154,423	-	-
Child support incentives	-	-	89,978	-	-
Children's mental health	-	-	174,114	-	-
Community alternatives for disabled individuals waived services	-	-	825,186	-	-
Vulnerable Children and Adults Act block grant	-	-	3,006,029	-	-
Consolidated chemical dependency fund admin	-	-	142,577	-	-
Consumer directed	-	-	16,286	-	-
Cost effective health insurance	-	-	696,884	-	-
Child and teen checkups	-	-	189,652	-	-
Day training & habilitation	-	-	5,272	-	-
DD family support	-	-	72,920	-	-
Early hearing detection & intervention	-	-	9,350	-	-
Elderly waived services	-	-	76,568	-	-
Essential community service	-	-	4,686	-	-
Family homelessness prevention	-	-	419,746	-	-
SNAP employment and training	-	-	1,845	-	-
Forgotten child	-	-	1,689	-	-
Fraud prevention incentives	-	-	149,307	-	-
Homeless outreach	-	-	854,463	-	-
LTSS waived services	-	-	2,660,303	-	-
Medical assistance - ACT	-	-	1,007,720	-	-
Medical assistance transportation	-	-	133,590	-	-
Developmental disabilities waived services	-	-	740,397	-	-
MN family investment project burial	-	-	12,585	-	-
MN family investment project child care	-	-	23,763	-	-
MN family investment project employment services	-	-	850,283	-	-
Northstar foster care	-	-	1,190,235	-	-
Parent support outreach program	-	-	73,286	-	-
Relocation waived services	-	-	660	-	-
Semi-independent living skills	-	-	318,223	-	-
Statewide health improvement - SHIP	-	-	89,721	-	-
Traumatic brain injury	-	-	83,286	-	-
Workers compensation	-	-	-	-	-

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
<b>Grants</b>				
<b>State Grants</b>				
Board of Water & Soil Resources				
Natural resources block grant	\$ -	\$ 64,659	\$ -	\$ 457,566
Department of Environmental Assistance				
SCORE recycling grant	-	277,245	-	277,245
Department of Finance				
6/12 storm-state flood bond	-	-	-	692,337
Department of Health				
Local public health grant	-	-	-	865,535
Department of Human Services				
Adult integrated fund	-	-	-	2,500,430
Alternative care	-	-	-	103,676
Alternative response	-	-	-	8,828
Autism respite grant	-	-	-	8,801
Case management CAC state	-	-	-	5,816
Child care basic sliding fee	-	-	-	44,264
Child protection - GTFCP	-	-	-	799,161
Child support health insurance bonus	-	-	-	154,423
Child support incentives	-	-	-	89,978
Children's mental health	-	-	-	174,114
Community alternatives for disabled individuals waived services	-	-	-	825,186
Vulnerable Childrens and Adults Act block grant	-	-	-	3,006,029
Consolidated chemical dependency fund admin	-	-	-	142,577
Consumer directed	-	-	-	16,286
Cost effective health insurance	-	-	-	696,884
Child and teen checkups	-	-	-	189,652
Day training & habilitation	-	-	-	5,272
DD family support	-	-	-	72,920
Early hearing detection & intervention	-	-	-	9,350
Elderly waived services	-	-	-	76,568
Essential community service	-	-	-	4,686
Family homelessness prevention	-	-	-	419,746
SNAP employment and training	-	-	-	1,845
Forgotten child	-	-	-	1,689
Fraud prevention incentives	-	-	-	149,307
Homeless outreach	-	-	-	854,463
LTSS waived services	-	-	-	2,660,303
Medical assistance - ACT	-	-	-	1,007,720
Medical assistance transportation	-	-	-	133,590
Developmental disabilities waived services	-	-	-	740,397
MN family investment project burial	-	-	-	12,585
MN family investment project child care	-	-	-	23,763
MN family investment project employment services	-	-	-	850,283
Northstar foster care	-	-	-	1,190,235
Parent support outreach program	-	-	-	73,286
Relocation waived services	-	-	-	660
Semi-independent living skills	-	-	-	318,223
Statewide health improvement - SHIP	-	-	-	89,721
Traumatic brain injury	-	-	-	83,286
Workers compensation	-	-	330,196	330,196

continued

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
<b>Grants (continued)</b>					
<b>State grants (continued)</b>					
Department of Natural Resources					
Aquatic invasive species prevention	869,939	-	-	-	-
Boat and water safety	91,601	-	-	-	-
Forest road access	-	-	-	154,576	-
Off highway ATV	84,747	-	-	-	-
State trail assistance	262,541	-	-	-	-
Board of Peace Officer Standards and Training					
Training reimbursement	29,703	-	-	-	-
Department of Public Safety					
Bullet proof vests	13,540	-	-	-	-
Office of Justice program grants	116,430	-	-	-	-
Public assistance disaster fund	28	-	-	-	-
State bond funds	-	-	-	-	-
Department of Transportation					
Northeast Minnesota rail initiative	-	75,000	-	-	-
MN PERA					
MN contributions to PERA	-	-	-	-	-
MN Pollution Control Agency					
Electric vehicle pilot project	-	-	-	-	-
Septic treatment systems	-	-	-	56,892	-
Veterans Affairs					
Enhancement	4,608	-	-	-	-
<b>Total State Grants</b>	<b>\$ 1,766,044</b>	<b>\$ 767,337</b>	<b>\$ 18,411,538</b>	<b>\$ 311,468</b>	<b>\$ -</b>
<b>Federal Grants</b>					
Department of Agriculture					
10.557 Women, infants, and children (through Community Health Board)	-	-	594,046	-	-
10.561 Supplemental nutrition and assistance program	90,742	-	1,824,249	-	-
10.561 SNAP employment and training	-	-	162,927	-	-
10.664 Cooperative forestry assist	-	-	-	2,400	-
10.665 National forest land - roads & schools	-	245,487	-	-	-
10.665 National forest title III	1,502,850	-	-	-	-
Department of Commerce					
11.419 Coastal zone management and administration awards	-	20,891	-	-	-
Department of Education					
84.181A Follow along program	-	-	1,933	-	-
Department of Health & Human Services					
93.069 Public health emergency preparedness	-	-	86,859	-	-
93.150 Adult integrated fund	-	-	29,775	-	-
93.251 Universal newborn hearing screening	-	-	3,800	-	-
93.283 Early hearing detection intervention	-	-	750	-	-
93.505 Maternal, infant, and early childhood home visiting	-	-	225,451	-	-
93.556 Title 4B fam response	-	-	31,907	-	-
93.556 Title IV-B alternative response	-	-	46,899	-	-
93.558 MN family investment project employment services	-	-	2,988,455	-	-
93.558 Temporary assistance to needy families admin	22,400	-	468,456	-	-
93.558 Temporary assistance to needy families home visiting	-	-	396,772	-	-
93.563 Child support	95,744	-	2,844,928	-	-
93.563 Title IV-D incentives	-	-	642,819	-	-
93.575 BSF CC admin	-	-	54,100	-	-
93.575 MFIP CC admin	-	-	24,731	-	-
93.590 Federal PSOP child's trust	-	-	120,850	-	-
93.645 Title 4B fam response	-	-	5,456	-	-
93.658 Foster care	19,450	-	34,641	-	-
93.658 IV-E foster care social service time study & state social service information system	-	-	943,606	-	-
93.658 Title IV-E cost of care	-	-	1,479,120	-	-
93.658 Title IV-E foster care case management	-	-	102,629	-	-
93.667 Title XX block grant	-	-	1,610,753	-	-
93.674 Support for emancipation and living functionally	-	-	23,769	-	-
93.757 Community wellness grant	-	-	59,265	-	-
93.778 LTSS	-	-	2,660,303	-	-
93.778 Medical assistance	138,407	-	2,655,531	-	-
93.778 Medical assistance - rule 25	-	-	1,261,806	-	-
93.778 Medical assistance incentives	-	-	92,654	-	-
93.994 Fed maternal & child health services block grant	-	-	269,448	-	-

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
<b>Grants (continued)</b>				
<b>State grants (continued)</b>				
Department of Natural Resources				
Aquatic invasive species prevention	-	-	-	869,939
Boat and water safety	-	-	-	91,601
Forest road access	-	-	-	154,576
Off highway ATV	-	-	-	84,747
State trail assistance	-	-	-	262,541
Board of Peace Officer Standards and Training				
Training reimbursement	-	-	-	29,703
Department of Public Safety				
Bullet proof vests	-	-	-	13,540
Office of Justice program grants	-	-	-	116,430
Public assistance disaster fund	-	-	-	28
State bond funds	700,000	-	-	700,000
Department of Transportation				
Northeast Minnesota rail initiative	-	-	-	75,000
MN PERA				
MN contributions to PERA	-	9,582	-	9,582
MN Pollution Control Agency				
Electric vehicle pilot project	-	-	3,613	3,613
Septic treatment systems	-	-	-	56,892
Veterans Affairs				
Enhancement	-	-	-	4,608
<b>Total State Grants</b>	<b>\$ 700,000</b>	<b>\$ 351,486</b>	<b>\$ 333,809</b>	<b>\$ 22,641,682</b>
<b>Federal Grants</b>				
Department of Agriculture				
10.557 Women, infants, and children (through Community Health Board)	\$ -	\$ -	\$ -	\$ 594,046
10.561 Supplemental nutrition and assistance program	-	-	-	1,914,991
10.561 SNAP employment and training	-	-	-	162,927
10.664 Cooperative forestry assist	-	-	-	2,400
10.665 National forest land - roads & schools	-	-	-	245,487
10.665 National forest title III	-	-	-	1,502,850
Department of Commerce				
11.419 Coastal zone management and administration awards	-	-	-	20,891
Department of Education				
84.181A Follow along program	-	-	-	1,933
Department of Health & Human Services				
93.069 Public health emergency preparedness	-	-	-	86,859
93.150 Adult integrated fund	-	-	-	29,775
93.251 Universal newborn hearing screening	-	-	-	3,800
93.283 Early hearing detection intervention	-	-	-	750
93.505 Maternal, infant, and early childhood home visiting	-	-	-	225,451
93.556 Title 4B fam response	-	-	-	31,907
93.556 Title IV-B alternative response	-	-	-	46,899
93.558 MN family investment project employment services	-	-	-	2,988,455
93.558 Temporary assistance to needy families admin	-	-	-	490,856
93.558 Temporary assistance to needy families home visiting	-	-	-	396,772
93.563 Child support	-	-	-	2,940,672
93.563 Title IV-D incentives	-	-	-	642,819
93.575 BSF CC admin	-	-	-	54,100
93.575 MFIP CC admin	-	-	-	24,731
93.590 Federal PSOP child's trust	-	-	-	120,850
93.645 Title 4B fam response	-	-	-	5,456
93.658 Foster care	-	-	-	54,091
93.658 IV-E foster care social service time study & state social service information system	-	-	-	943,606
93.658 Title IV-E cost of care	-	-	-	1,479,120
93.658 Title IV-E foster care case management	-	-	-	102,629
93.667 Title XX block grant	-	-	-	1,610,753
93.674 Support for emancipation and living functionally	-	-	-	23,769
93.757 Community wellness grant	-	-	-	59,265
93.778 LTSS	-	-	-	2,660,303
93.778 Medical assistance	-	-	-	2,793,938
93.778 Medical assistance - rule 25	-	-	-	1,261,806
93.778 Medical assistance incentives	-	-	-	92,654
93.994 Fed maternal & child health services block grant	-	-	-	269,448

continued

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
<b>Grants (continued)</b>					
<b>Federal Grants (continued)</b>					
Department of Homeland Security					
97.012 Boating safety financial assurance	47,475	-	-	-	-
97.036 FEMA public assistance	201	-	-	-	-
97.042 Emergency management performance grant	50,345	-	-	-	-
97.056 Port security grant	141,380	-	-	-	-
97.067 Homeland security grant	60,147	-	-	-	-
Department of Housing & Urban Development					
14.218 CDBG federal grant	-	-	-	2,162,566	-
14.231 Emergency shelter grant	209,957	-	-	-	-
14.238 Shelter plus care	34,177	-	-	-	-
14.239 Home federal grant	-	-	-	358,231	-
14.267 CoC planning-McKinney Vento	-	-	31,127	-	-
Department of Interior					
15.226 Payment in lieu of taxes	284,857	377	272	3	57
Department of Justice					
16.527 Safe haven grant	-	-	89,305	-	-
Department of Transportation					
20.205 Emergency relief federally owned roads	-	(1,728)	-	-	-
20.205 Highway planning and construction	-	7,956,580	-	-	-
20.600 Safe & sober	4,384	-	-	-	-
20.608 Toward zero deaths under the influence	30,376	-	-	-	-
20.616 Toward zero deaths seat belt & distracted	818	-	-	-	-
<b>Total Federal grants</b>	<u>\$ 2,733,710</u>	<u>\$ 8,221,607</u>	<u>\$ 21,869,392</u>	<u>\$ 2,523,200</u>	<u>\$ 57</u>
<b>Other Grants</b>					
Local					
Accountable Community Health	\$ -	\$ -	\$ 112,549	\$ -	\$ -
AIK CHB MIIC grant	-	-	11,421	-	-
Blue Cross & Blue Shield	-	-	-	-	-
Carlton county	37,000	-	-	-	-
EIP Credit Co, LLC	12,007	-	-	-	-
City of Buhl	53,352	-	-	-	-
Miscellaneous	-	-	-	-	-
MN Power	-	5,713	-	-	-
<b>Total Other grants</b>	<u>\$ 102,359</u>	<u>\$ 5,713</u>	<u>\$ 123,970</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Grants</b>	<u>\$ 4,602,113</u>	<u>\$ 8,994,657</u>	<u>\$ 40,404,900</u>	<u>\$ 2,834,668</u>	<u>\$ 57</u>
<b>Other Federal</b>					
Department of Justice					
United States Marshals	\$ 5,064	\$ -	\$ -	\$ -	\$ -
<b>In-kind Match</b>	-	-	-	111,495	-
<b>Total Intergovernmental Revenue</b>	<u>\$ 18,471,510</u>	<u>\$ 39,595,433</u>	<u>\$ 51,916,200</u>	<u>\$ 2,965,882</u>	<u>\$ 340,466</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
<b>Grants (continued)</b>				
<b>Federal Grants (continued)</b>				
Department of Homeland Security				
97.012 Boating safety financial assurance	-	-	-	47,475
97.036 FEMA public assistance	-	-	-	201
97.042 Emergency management performance grant	-	-	-	50,345
97.056 Port security grant	-	-	-	141,380
97.067 Homeland security grant	-	-	-	60,147
Department of Housing & Urban Development				
14.218 CDBG federal grant	-	-	-	2,162,566
14.231 Emergency shelter grant	-	-	-	209,957
14.238 Shelter plus care	-	-	-	34,177
14.239 Home federal grant	-	-	-	358,231
14.267 CoC planning-McKinney Vento	-	-	-	31,127
Department of Interior				
15.226 Payment in lieu of taxes	24	1	-	285,591
Department of Justice				
16.527 Safe haven grant	-	-	-	89,305
Department of Transportation				
20.205 Emergency relief federally owned roads	-	-	-	(1,728)
20.205 Highway planning and construction	-	-	-	7,956,580
20.600 Safe & sober	-	-	-	4,384
20.608 Toward zero deaths under the influence	-	-	-	30,376
20.616 Toward zero deaths seat belt & distracted	-	-	-	818
<b>Total Federal grants</b>	<b>\$ 24</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 35,347,991</b>
<b>Other Grants</b>				
Local				
Accountable Community Health	\$ -	\$ -	\$ -	\$ 112,549
AIK CHB MIIIC grant	-	-	-	11,421
Blue Cross & Blue Shield	-	-	13,872	13,872
Carlton county	-	-	-	37,000
EIP Credit Co, LLC	-	-	-	12,007
City of Buhl	-	-	-	53,352
Miscellaneous	17,706	-	-	17,706
MN Power	2,515	-	-	8,228
<b>Total Other grants</b>	<b>\$ 20,221</b>	<b>\$ -</b>	<b>\$ 13,872</b>	<b>\$ 266,135</b>
<b>Total Grants</b>	<b>\$ 720,245</b>	<b>\$ 351,487</b>	<b>\$ 347,681</b>	<b>\$ 58,255,808</b>
<b>Other Federal</b>				
Department of Justice				
United States Marshals	\$ -	\$ -	\$ -	\$ 5,064
<b>In-kind Match</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,495</b>
<b>Total Intergovernmental Revenue</b>	<b>\$ 926,801</b>	<b>\$ 368,679</b>	<b>\$ 351,350</b>	<b>\$ 114,936,321</b>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Direct				
Cooperative Forestry Assistance	10.664		\$ 2,400	\$ -
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	12-700-00054	560,623	-
Passed Through Minnesota Department of Human Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			
Supplemental Nutrition Assistance Program Administrative Cost Reimbursements		16162MN101S2514	1,914,991	-
Supplemental Nutrition Assistance Program Employment & Training		16162MN127Q7503	180,644	-
(Total State Administrative Matching Grants for Supplemental Nutrition Assistance Program 10.561 \$2,095,635)				
Passed Through Minnesota Department of Management and Budget				
Schools and Roads - Grants to States	10.665	P.L. 113-40	245,487	-
<b>Total U.S. Department of Agriculture</b>			<b>\$ 2,904,145</b>	<b>\$ -</b>
<b>U.S. Department of Commerce</b>				
Passed Through Minnesota Department of Natural Resources				
Coastal Zone Management Administration Awards	11.419			
Phases II & III		14-306-10	\$ 7,029	\$ -
Phase IV		15-306-07	13,862	-
(Total Coastal Zone Management Administration Awards 11.419 \$20,891)				
<b>Total U.S. Department of Commerce</b>			<b>\$ 20,891</b>	<b>\$ -</b>
<b>U.S. Department of Housing and Urban Development</b>				
Direct				
Community Development Block Grants/Entitlement Grants	14.218		\$ 2,168,655	\$ 1,857,443
Emergency Solutions Grant Program	14.231		209,957	197,317
Shelter Plus Care	14.238		51,047	-
Home Investment Partnerships Program	14.239		463,723	449,933
Continuum of Care Program	14.267		31,127	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 2,924,509</b>	<b>\$ 2,504,693</b>
<b>U.S. Department of the Interior</b>				
Direct				
Payments in Lieu of Taxes	15.226		\$ 285,591	\$ -
<b>U.S. Department of Justice</b>				
Direct				
Supervised Visitation, Safe Havens for Children	16.527		\$ 89,305	\$ -
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction	20.205	99969	\$ 7,693,730	\$ -
Passed Through City of Duluth				
Highway Safety Cluster				
State and Community Highway Safety	20.600			
October 1, 2014 - September 30, 2015		A-ENFRC15-2015-DULUTHPD-0004	573	-
October 1, 2015 - September 30, 2016		A-ENFRC16-2016-DULUTHPD-0003	3,811	-
(Total State and Community Highway Safety 20.600 \$4,384)				
National Priority Safety Programs	20.616	A-ENFRC16-2016-DULUTHPD-0003	818	-
(Total Highway Safety Cluster \$5,202)				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC16-2016-DULUTHPD-0003	30,376	-
<b>Total U.S. Department of Transportation</b>			<b>\$ 7,729,308</b>	<b>\$ -</b>
<b>U.S. Department of Education</b>				
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board				
Special Education-Grants for Infants and Families	84.181	12-700-0061	\$ 1,933	\$ -

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, 2016**  
(Continued)

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

Passed Through Carlton, Cook, Lake and St. Louis Community Health Board					
Public Health Emergency Preparedness	93.069	6 NU90TP000529-05-03	\$ 87,602	\$ -	-
Universal Newborn Hearing Screening	93.251	12-700-00061	3,800	-	-
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	93.505	12-700-00061	224,827	-	-
Temporary Assistance for Needy Families	93.558	2015G996115	397,732	-	-
(Total Temporary Assistance for Needy Families 93.558 \$3,856,218)					
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PHHF)	93.757	1U58DP005452-01	60,630	-	-
Maternal and Child Health Services Block Grant to the States	93.994	B04MC29349	269,448	-	-
Passed Through Minnesota Department of Human Services					
Projects for Assistance in Transition from Homelessness (PATH)	93.150	SM016024-15	59,549	-	-
Promoting Safe and Stable Families	93.556	G-1601MNFPS5	87,037	-	-
Temporary Assistance for Needy Families	93.558				
Minnesota Family Investment Program		1601MFTANF	2,967,630	-	-
Program Administrative Cost Reimbursements		1601MNTANF	490,856	-	-
(Total Temporary Assistance for Needy Families 93.558 \$3,856,218)					
Child Support Enforcement	93.563				
Title IV-D County-Wide Indirect Aid - Income Maintenance		1604MNCSES	95,744	-	-
Title IV-D Child Support Administration Aid and Federal Incentives		1604MNCEST	3,360,247	-	-
(Total Child Support Enforcement 93.563 \$3,455,991)					
Child Care and Development Block Grant	93.575	G1601MNCDDF	78,831	-	-
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFRRPG	120,850	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	5,456	-	-
Foster Care Title IV-E	93.658	1601MNF0ST	2,579,446	-	-
Social Services Block Grant	93.667	16-01MNSOSR	1,610,753	-	-
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	42,311	-	-
Medical Assistance Program	93.778				
Medical Assistance		05-1605MNSADM	6,716,047	-	-
Federal Incentive Payments		05-1605MNSMAP	92,654	-	-
(Total Medical Assistance Program 93.778 \$ 6,808,701)					
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 19,352,200</b>	<b>\$ -</b>	<b>-</b>
<b>U.S. Department of Homeland Security</b>					
Direct					
Port Security Grant Program	97.056		\$ 141,380	\$ -	-
Passed Through Minnesota Department of Natural Resources					
Boating Safety Financial Assistance	97.012				
Boat & Water Safety (1-12)		108896	22,625	-	-
Boat & Water Safety Sub Grant		101358	24,850	-	-
(Total Boating Safety Financial Assistance 97.012 \$47,475)					
Passed Through Minnesota Department of Public Safety					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	137-99137-01	201	-	-
Emergency Management Performance Grants	97.042	A-EMPG-206-STLOUICO-076	72,621	-	-
Homeland Security Grant Program	97.067	A-OSGP-2015-STLOUISCO-0007	83,463	-	-
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 345,140</b>	<b>\$ -</b>	<b>-</b>
<b>Total Federal Awards</b>			<b>\$ 33,653,022</b>	<b>\$ 2,504,693</b>	<b>-</b>

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, 2016**

**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, 2016. 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, 2016**

<b>Reconciliation of Intergovernmental Revenue</b>	<b>Federal CFDA Number</b>	<b>Amount</b>
Federal grant revenue per Schedule of Intergovernmental Revenue		\$ 35,347,991
Unavailable Revenue in 2016 - grants received more than 60 days after year-end		
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
Unavailable in 2015 recognized as revenue in 2016		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	(45,723)
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	(16,724)
Schools and Roads - Grants to States	10.665	(1,502,850)
Highway Planning and Construction (Regular)	20.205	(466,938)
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	(1,107)
Temporary Assistance for Needy Families (TANF)	93.558	(22,344)
Child Support Enforcement	93.563	(127,500)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(1,670,183)
Homeland Security Grant Program	97.067	(1,126)
Program Income		
Community Development Block Grants/Entitlement Grants	14.218	6,003
Home Investment Partnerships Program	14.239	105,492
Total expenditures per Schedule of Expenditures of Federal Awards		<u>\$ 33,653,022</u>

## Statistical Section

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	147
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	155
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	161
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	167
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	169

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				
	2007	2008	2009	2010	2011
<b>Governmental activities</b>					
Invested in capital assets, net	\$ 326,996,032	\$ 345,956,633	\$ 363,819,364	\$ 392,758,196	\$ 433,944,576
Restricted	29,341,037	27,151,369	20,822,222	21,835,970	21,522,115
Unrestricted	79,097,149	87,088,512	112,106,602	119,053,455	128,221,487
Total governmental activities net position	<u>\$ 435,434,218</u>	<u>\$ 460,196,514</u>	<u>\$ 496,748,188</u>	<u>\$ 533,647,621</u>	<u>\$ 583,688,178</u>
<b>Business-type activities</b>					
Invested in capital assets, net	\$ 13,059,476	\$ 13,081,334	\$ 12,126,524	\$ 12,172,253	\$ 7,438,866
Restricted	3,077,821	1,781,917	1,790,325	2,010,475	1,893,627
Unrestricted	11,359,532	13,408,307	16,270,035	15,869,797	14,283,036
Total business-type activities net position	<u>\$ 27,496,829</u>	<u>\$ 28,271,558</u>	<u>\$ 30,186,884</u>	<u>\$ 30,052,525</u>	<u>\$ 23,615,529</u>
<b>Primary government</b>					
Invested in capital assets, net	\$ 340,055,508	\$ 359,037,967	\$ 375,945,888	\$ 404,930,449	\$ 441,383,442
Restricted	32,418,858	28,933,286	22,612,547	23,846,445	23,415,742
Unrestricted	90,456,681	100,496,819	128,376,637	134,923,252	142,504,523
Total primary government net position	<u>\$ 462,931,047</u>	<u>\$ 488,468,072</u>	<u>\$ 526,935,072</u>	<u>\$ 563,700,146</u>	<u>\$ 607,303,707</u>

**Schedule 1**

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

		<b>Fiscal Year</b>							
		<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>			
\$	476,247,100	\$	522,018,741	\$	556,683,649	\$	583,821,271	\$	612,901,331
	21,033,269		19,020,809		26,589,973		70,308,890		89,915,022
	128,898,798		136,593,657		134,070,739		31,017,384		12,973,052
<b>\$</b>	<b>626,179,167</b>	<b>\$</b>	<b>677,633,207</b>	<b>\$</b>	<b>717,344,361</b>	<b>\$</b>	<b>685,147,545</b>	<b>\$</b>	<b>715,789,405</b>
\$	8,714,173	\$	8,300,834	\$	7,672,802	\$	7,302,389	\$	6,868,467
	1,981,320		2,041,416		2,331,286		2,254,051		2,129,155
	12,409,842		12,111,328		11,941,099		10,763,449		10,088,870
<b>\$</b>	<b>23,105,335</b>	<b>\$</b>	<b>22,453,578</b>	<b>\$</b>	<b>21,945,187</b>	<b>\$</b>	<b>20,319,889</b>	<b>\$</b>	<b>19,086,492</b>
\$	484,961,273	\$	530,319,575	\$	564,356,451	\$	591,123,660	\$	619,769,798
	23,014,589		21,062,225		28,921,259		72,562,941		92,044,177
	141,308,640		148,704,985		146,011,838		41,780,833		23,061,922
<b>\$</b>	<b>649,284,502</b>	<b>\$</b>	<b>700,086,785</b>	<b>\$</b>	<b>739,289,548</b>	<b>\$</b>	<b>705,467,434</b>	<b>\$</b>	<b>734,875,897</b>

**Schedule 2**

**ST. LOUIS COUNTY, MINNESOTA**

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>				
Governmental activities				
General government	\$ 31,815,617	\$ 30,790,310	\$ 35,989,696	\$ 34,923,640
Public safety	44,565,536	46,231,906	46,993,281	46,550,865
Highways and streets	41,594,052	41,898,297	38,988,375	39,287,999
Health and sanitation	6,151,830	5,019,721	4,816,622	5,277,745
Human services	68,325,769	71,497,759	72,399,548	72,962,372
Culture and recreation	1,415,848	2,217,578	1,863,936	3,052,386
Conservation of natural resources	6,452,175	9,841,091	6,960,833	7,909,680
Economic development	3,767,037	4,012,705	4,464,249	3,608,417
Interest and other charges	1,794,534	1,912,118	2,197,175	1,586,786
Bond issuance costs	-	-	-	-
Total governmental activities expenses	<u>205,882,398</u>	<u>213,421,485</u>	<u>214,673,715</u>	<u>215,159,890</u>
Business-type activities				
Environmental services	6,758,724	7,600,096	7,655,438	6,501,817
Chris Jensen Health and Rehabilitation Center	14,933,759	14,840,837	12,421,108	-
Other Enterprise Funds	3,251,808	2,089,958	571,964	1,312,236
Total business-type activities expenses	<u>24,944,291</u>	<u>24,530,891</u>	<u>20,648,510</u>	<u>7,814,053</u>
Total primary government expenses	<u>\$ 230,826,689</u>	<u>\$ 237,952,376</u>	<u>\$ 235,322,225</u>	<u>\$ 222,973,943</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services and other program revenues:				
General government	\$ 12,215,938	\$ 11,482,301	\$ 15,151,024	\$ 13,268,257
Public safety	2,536,485	2,963,073	2,712,253	3,908,406
Highways and streets	2,962,882	3,004,798	3,096,066	6,430,144
Health and sanitation	1,395,939	1,428,622	350,133	672,376
Human services	22,486,494	10,991,429	14,756,252	14,329,286
Culture and recreation	-	-	-	122,000
Conservation of natural resources	(930,630)	9,886,026	6,014,724	7,775,116
Economic development	20,614	20,599	22,403	18,295
Operating grants and contributions	37,952,947	49,880,675	54,379,254	49,068,231
Capital grants and contributions	17,609,562	15,284,247	16,410,218	22,845,507
Total governmental activities program revenues	<u>96,250,231</u>	<u>104,941,770</u>	<u>112,892,327</u>	<u>118,437,618</u>
Business-type activities:				
Charges for services:				
Environmental services	5,984,570	6,042,288	5,428,774	5,986,389
Chris Jensen Health and Rehabilitation Center	13,951,140	14,349,753	11,386,268	-
Other Enterprise Funds	2,714,043	2,202,381	685,307	71,991
Operating grants and contributions	460,943	481,473	481,833	495,045
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>23,110,696</u>	<u>23,075,895</u>	<u>17,982,182</u>	<u>6,553,425</u>
Total primary government program revenues	<u>\$ 119,360,927</u>	<u>\$ 128,017,665</u>	<u>\$ 130,874,509</u>	<u>\$ 124,991,043</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (109,632,167)	\$ (108,479,715)	\$ (101,781,388)	\$ (96,722,272)
Business-type activities	(1,833,595)	(1,454,996)	(2,666,328)	(1,260,628)
Total primary government net expense	<u>\$ (111,465,762)</u>	<u>\$ (109,934,711)</u>	<u>\$ (104,447,716)</u>	<u>\$ (97,982,900)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	\$ 93,731,489	\$ 97,474,934	\$ 104,321,529	\$ 104,647,533
Property taxes, levied for debt service	5,937,083	5,888,289	5,888,439	5,912,874
Transportation sales tax	-	-	-	-
State shared	25,594,606	22,839,111	24,129,399	20,032,790
Federal shared	1,206,209	1,697,018	2,835,929	2,618,909
Investment earnings	9,000,989	4,316,482	4,250,285	1,011,023
Miscellaneous	233,916	298,913	-	-
Special Items - capital asset adjustments	-	-	-	-
Transfers	126,712	(395,105)	(3,092,519)	(601,424)
Total governmental activities	<u>135,831,004</u>	<u>132,119,642</u>	<u>138,333,062</u>	<u>133,621,705</u>
Business-type activities				
Taxes				
Property taxes, levied for general purposes	-	1,009,304	1,087,379	403,116
Property taxes, levied for debt service	164,322	119,271	-	-
State Shared	-	-	-	-
Investment earnings	899,876	706,045	401,756	121,729
Miscellaneous	461	-	-	-
Special Items - capital asset adjustments	-	-	-	-
Transfers	(126,712)	395,105	3,092,519	601,424
Total business-type activities	<u>937,947</u>	<u>2,229,725</u>	<u>4,581,654</u>	<u>1,226,269</u>
Total primary government	<u>\$ 136,768,951</u>	<u>\$ 134,349,367</u>	<u>\$ 142,914,716</u>	<u>\$ 134,747,974</u>
<b>Changes in Net Position</b>				
Governmental activities	\$ 26,198,837	\$ 23,639,927	\$ 36,551,674	\$ 36,899,433
Business-type activities	(895,648)	774,729	1,915,326	(134,359)
Total primary government	<u>\$ 25,303,189</u>	<u>\$ 24,414,656</u>	<u>\$ 38,467,000</u>	<u>\$ 36,765,074</u>

Unaudited

**Schedule 2**

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

	2011	2012	2013	2014	2015	2016
\$	37,211,681	\$ 40,057,174	\$ 42,135,549	\$ 49,666,414	\$ 44,082,239	\$ 48,748,275
	46,282,905	53,050,539	46,974,978	54,501,618	51,350,879	58,469,479
	39,094,710	52,605,339	48,091,104	49,163,367	46,584,379	49,617,143
	5,167,926	4,579,000	4,786,016	4,795,994	4,827,603	5,284,406
	72,784,119	75,901,001	75,225,112	79,419,419	86,145,675	93,601,510
	2,582,543	2,042,815	2,482,810	2,177,850	3,720,156	3,369,858
	7,824,835	7,958,287	8,225,572	9,087,657	9,873,312	9,060,539
	4,037,357	3,132,056	3,100,381	2,879,553	3,237,323	3,178,327
	1,612,315	1,699,853	1,203,827	2,181,891	2,438,806	3,088,164
	-	-	148,166	-	117,120	-
	<u>216,598,391</u>	<u>241,026,064</u>	<u>232,373,515</u>	<u>253,873,763</u>	<u>252,377,492</u>	<u>274,417,701</u>
	7,783,082	7,995,131	8,130,015	7,972,128	7,741,835	8,523,576
	-	-	-	-	-	-
	8,526	49,899	48,195	10,064	9,024	80,812
	<u>7,791,608</u>	<u>8,045,030</u>	<u>8,178,210</u>	<u>7,982,192</u>	<u>7,750,859</u>	<u>8,604,388</u>
\$	<u>224,389,999</u>	<u>249,071,094</u>	<u>240,551,725</u>	<u>261,855,955</u>	<u>260,128,351</u>	<u>283,022,089</u>
\$	17,749,722	\$ 18,416,982	\$ 19,316,681	\$ 18,259,101	\$ 18,766,951	\$ 19,561,024
	4,203,835	4,268,919	4,245,110	4,686,528	3,473,117	3,924,325
	4,631,854	4,195,936	3,708,564	3,480,798	2,655,678	7,200,966
	838,042	882,484	859,257	561,034	590,322	446,229
	13,516,911	14,265,463	13,083,377	12,747,627	13,142,738	12,242,341
	142,000	56,439	(4,000)	-	-	-
	6,729,070	6,300,430	6,312,179	7,641,654	15,819,498	12,072,268
	350	400	3,150	918,752	43,343	100
	52,511,057	66,758,879	65,621,839	72,374,834	56,139,010	60,604,204
	23,101,507	27,019,539	27,827,909	19,725,748	23,658,301	24,928,471
	<u>123,424,348</u>	<u>142,165,471</u>	<u>140,974,066</u>	<u>140,396,076</u>	<u>134,288,958</u>	<u>140,979,928</u>
	6,198,634	6,303,257	6,233,859	6,096,029	6,394,661	6,836,219
	-	-	-	-	-	-
	11,726	102,410	26,843	19,146	15,783	28,350
	498,219	564,809	594,766	407,990	372,087	341,904
	-	-	30,700	-	-	-
	<u>6,708,579</u>	<u>6,970,476</u>	<u>6,886,168</u>	<u>6,523,165</u>	<u>6,782,531</u>	<u>7,206,473</u>
\$	<u>130,132,927</u>	<u>149,135,947</u>	<u>147,860,234</u>	<u>146,919,241</u>	<u>141,071,489</u>	<u>148,186,401</u>
\$	(93,174,043)	\$ (98,860,593)	\$ (91,399,449)	\$ (113,477,687)	\$ (118,088,534)	\$ (133,437,773)
	(980,640)	(1,074,554)	(1,292,042)	(1,459,027)	(968,328)	(1,397,915)
\$	<u>(94,154,683)</u>	<u>(99,935,147)</u>	<u>(92,691,491)</u>	<u>(114,936,714)</u>	<u>(119,056,862)</u>	<u>(134,835,688)</u>
\$	105,775,760	\$ 115,310,996	\$ 119,179,161	\$ 121,198,926	\$ 120,866,397	\$ 121,028,079
	6,315,569	5,319,270	5,001,699	6,154,941	7,379,545	6,733,511
	-	-	-	-	11,085,356	14,141,713
	20,138,989	16,949,124	15,941,883	18,091,331	18,323,388	18,761,512
	1,848,440	1,853,339	1,731,840	1,755,887	261,575	284,413
	3,260,011	2,129,116	1,240,530	3,367,682	2,208,804	3,247,704
	-	-	-	-	-	-
	-	-	-	2,512,402	175,501	(321,918)
	5,875,831	(210,263)	(241,624)	(429,628)	(224,784)	204,619
	<u>143,214,600</u>	<u>141,351,582</u>	<u>142,853,489</u>	<u>152,651,541</u>	<u>160,075,782</u>	<u>164,079,633</u>
	247,739	216,972	305,413	247,871	246,261	125,369
	-	-	-	-	-	-
	-	-	-	-	-	9,582
	171,736	137,125	93,248	273,137	197,440	227,602
	-	-	-	-	-	-
	-	-	-	-	-	6,584
	(5,875,831)	210,263	241,624	429,628	224,784	(204,619)
	<u>(5,456,356)</u>	<u>564,360</u>	<u>640,285</u>	<u>950,636</u>	<u>668,485</u>	<u>164,518</u>
\$	<u>137,758,244</u>	<u>141,915,942</u>	<u>143,493,774</u>	<u>153,602,177</u>	<u>160,744,267</u>	<u>164,244,151</u>
\$	50,040,557	\$ 42,490,989	\$ 51,454,040	\$ 39,173,854	\$ 41,987,248	\$ 30,641,860
	(6,436,996)	(510,194)	(651,757)	(508,391)	(299,843)	(1,233,397)
\$	<u>43,603,561</u>	<u>41,980,795</u>	<u>50,802,283</u>	<u>38,665,463</u>	<u>41,687,405</u>	<u>29,408,463</u>

**Schedule 3**

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Nonspendable	\$ 5,018	\$ 5,701	\$ 5,401	\$ 57,180
Restricted	4,552,771	4,746,726	5,120,775	5,461,407
Committed	10,742,199	11,326,277	12,474,039	11,764,815
Assigned	4,707,925	2,707,193	4,785,564	7,995,336
Unassigned	<u>24,273,534</u>	<u>25,983,807</u>	<u>23,534,358</u>	<u>22,449,169</u>
Total general fund	<u>\$ 44,281,447</u>	<u>\$ 44,769,704</u>	<u>\$ 45,920,137</u>	<u>\$ 47,727,907</u>
All Other Governmental Funds				
Nonspendable	\$ 12,954,842	\$ 13,253,457	\$ 14,271,607	\$ 14,454,353
Restricted	12,476,312	12,400,040	4,394,009	4,211,782
Committed	25,524,779	25,292,493	26,844,154	26,337,512
Assigned	22,395,314	39,415,462	40,921,318	53,051,317
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other government funds	<u>\$ 73,351,247</u>	<u>\$ 90,361,452</u>	<u>\$ 86,431,088</u>	<u>\$ 98,054,964</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)

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 216,648	\$ 579,845	\$ 622,749	\$ 882,776	\$ 558,932	\$ 1,110,385
5,683,399	5,254,603	4,979,981	5,600,518	5,610,702	2,877,147
11,807,038	11,396,647	11,128,188	11,198,786	11,175,193	11,181,351
9,190,115	10,827,022	11,461,139	13,297,528	15,989,811	18,139,783
29,938,027	32,583,721	33,250,927	35,349,694	34,786,997	37,196,660
<u>\$ 56,835,227</u>	<u>\$ 60,641,838</u>	<u>\$ 61,442,984</u>	<u>\$ 66,329,302</u>	<u>\$ 68,121,635</u>	<u>\$ 70,505,326</u>
\$ 14,884,876	\$ 15,387,618	\$ 15,682,953	\$ 17,415,185	\$ 22,533,116	\$ 26,649,056
3,650,901	3,380,146	28,609,661	9,299,382	47,685,253	59,278,434
24,381,395	25,031,803	22,165,433	21,046,801	20,121,586	19,745,067
51,906,341	41,606,201	47,465,396	53,105,776	50,504,334	49,422,783
-	-	-	-	-	(86)
<u>\$ 94,823,513</u>	<u>\$ 85,405,768</u>	<u>\$ 113,923,443</u>	<u>\$ 100,867,144</u>	<u>\$ 140,844,289</u>	<u>\$ 155,095,254</u>

**Schedule 4**

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Revenues</b>				
Taxes	\$ 99,497,719	\$ 102,853,734	\$ 109,059,182	\$ 109,879,942
Licenses	157,871	159,704	164,724	162,363
Intergovernmental	98,421,879	99,521,527	103,392,997	108,368,210
Charges for services	20,667,976	20,470,751	20,567,474	22,990,395
Fines and forfeits	189,882	200,291	129,810	191,041
Earnings on investments	7,899,118	3,459,176	3,661,413	726,839
Gifts and contributions	21,889	11,721	8,830	20,014
Land and timber sales	7,230,255	7,656,960	6,939,323	8,677,995
Miscellaneous	3,879,124	5,179,133	4,577,267	5,259,132
Total revenues	<u>237,965,713</u>	<u>239,512,997</u>	<u>248,501,020</u>	<u>256,275,931</u>
<b>Expenditures</b>				
General government	32,298,957	33,244,633	34,418,680	33,498,818
Public safety	43,236,476	45,060,321	45,292,287	44,557,197
Highways and streets	34,346,944	36,234,934	31,514,275	32,067,873
Health and sanitation	6,062,129	5,268,999	4,903,147	5,258,702
Human services	67,984,104	71,500,433	72,775,244	73,195,199
Culture and recreation	1,415,848	2,217,578	1,863,936	3,052,386
Conservation of natural resources	9,727,227	8,927,491	7,199,476	8,431,306
Economic development	3,706,320	3,953,672	4,431,255	3,631,866
Debt service:				
Principal	5,627,329	5,857,261	5,166,374	5,478,358
Interest and other charges	1,777,563	1,882,726	2,256,848	1,603,635
Bond issuance costs	-	151,518	-	-
Capital outlay	39,754,334	24,266,667	32,247,888	39,526,133
Total Expenditures	<u>245,937,231</u>	<u>238,566,233</u>	<u>242,069,410</u>	<u>250,301,473</u>
Excess of revenues over (under) expenditures	<u>(7,971,518)</u>	<u>946,764</u>	<u>6,431,610</u>	<u>5,974,458</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	7,105,726	3,144,884	4,299,401	7,914,293
Transfers (out)	(6,828,194)	(3,359,995)	(6,094,780)	(7,575,694)
Bonds issued	5,000,000	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	33,416	93,104	-	-
Bond proceeds remitted to joint venture	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>5,310,948</u>	<u>14,837,993</u>	<u>(9,590,379)</u>	<u>7,473,599</u>
Net change in fund balances	<u>\$ (2,660,570)</u>	<u>\$ 15,784,757</u>	<u>\$ (3,158,769)</u>	<u>\$ 13,448,057</u>
Debt service as a percentage of noncapital expenditures	3.6%	3.7%	3.5%	3.4%

**Schedule 4**

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

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 111,689,434	\$ 120,938,486	\$ 123,709,378	\$ 127,734,734	\$ 139,810,906	\$ 142,338,881
141,491	167,889	149,444	311,378	326,097	318,610
109,516,961	117,323,896	119,509,790	119,682,121	106,462,164	114,216,291
26,264,862	27,602,297	28,032,924	27,189,262	26,646,992	30,011,290
223,409	276,085	162,624	137,528	148,358	161,375
2,910,684	1,840,869	1,047,515	2,994,443	1,925,007	2,955,231
8,433	8,231	7,945	8,982	50,647	13,139
6,903,181	5,790,449	6,925,052	8,007,234	14,517,143	11,547,500
4,592,934	5,393,940	4,716,580	4,554,843	3,850,754	4,511,245
<u>262,251,389</u>	<u>279,342,142</u>	<u>284,261,252</u>	<u>290,620,525</u>	<u>293,738,068</u>	<u>306,073,562</u>
36,775,477	37,907,421	40,135,037	41,551,894	41,574,289	44,638,065
45,379,001	51,101,699	47,268,433	46,673,255	48,638,872	49,360,919
32,073,766	43,267,909	39,139,593	38,392,604	32,215,419	33,222,000
5,350,896	4,733,399	5,111,826	4,946,831	4,679,163	4,977,595
74,451,490	75,180,107	76,075,893	79,113,396	84,131,293	89,851,302
2,582,543	2,042,815	2,482,810	2,177,850	2,038,795	1,712,057
7,864,462	7,410,014	8,335,366	8,793,370	9,059,619	8,281,415
3,992,412	3,103,683	3,021,975	2,851,579	3,200,199	3,132,751
5,944,670	4,774,990	16,697,490	6,997,490	7,895,390	6,900,390
1,597,362	1,387,050	1,196,565	2,492,340	2,744,737	3,547,549
-	-	148,166	-	117,120	-
46,812,865	56,209,840	56,705,471	67,260,570	65,226,586	85,848,604
<u>262,824,944</u>	<u>287,118,927</u>	<u>296,318,625</u>	<u>301,251,179</u>	<u>301,521,482</u>	<u>331,472,647</u>
<u>(573,555)</u>	<u>(7,776,785)</u>	<u>(12,057,373)</u>	<u>(10,630,654)</u>	<u>(7,783,414)</u>	<u>(25,399,085)</u>
9,521,747	3,813,281	6,369,095	8,724,703	16,395,871	21,625,136
(3,642,033)	(2,613,593)	(6,360,992)	(10,293,379)	(16,343,554)	(21,102,488)
-	-	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
-	-	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>5,879,714</u>	<u>1,199,688</u>	<u>41,819,304</u>	<u>1,374,623</u>	<u>49,763,603</u>	<u>42,719,265</u>
<u>\$ 5,306,159</u>	<u>\$ (6,577,097)</u>	<u>\$ 29,761,931</u>	<u>\$ (9,256,031)</u>	<u>\$ 41,980,189</u>	<u>\$ 17,320,180</u>
3.5%	2.7%	7.5%	4.1%	4.6%	4.3%

Schedule 5

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

<b>Fiscal Year Ended December 31</b>	<b>Residential Homestead Property</b>	<b>Agricultural Property</b>	<b>Commercial/ Industrial Property</b>	<b>Non- Homestead Residential Property</b>	<b>Commercial/ Residential Seasonal/ Recreational Property</b>
2007	82,111,286	4,450,065	28,255,420	15,098,605	15,077,180
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	19,869,574
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

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>
4,829,351	149,821,907	9.62%	64.4337	14,493,770,706	1.03%
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%

Schedule 6

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

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

<b>Fiscal Year Ended December 31,</b>	<b>General Levy</b>	<b>Debt Service Levy</b>	<b>Regional Library Levy</b>	<b>County-wide Enterprise Fund</b>	<b>Total</b>
2007	59.3618	4.6059	0.4660	-	64.4337
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

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
27.3069	15.4269	53.7009	77.3882	2.7818
25.6842	14.9967	36.0645	63.7894	2.1496
24.5607	14.9797	41.9039	69.7323	2.5395
33.2021	17.1819	44.5120	51.1666	16.6308
29.6546	18.8364	39.6476	55.4932	17.3332
32.9031	21.2286	30.5928	59.2648	22.0098
31.6372	16.7696	31.6496	61.9301	23.1185
32.0031	17.1192	31.5870	61.8386	21.8874
32.7964	17.1909	18.2077	59.5846	21.4226
48.5922	16.3179	15.9902	58.5575	19.5075

**Schedule 7**

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

<b>Taxpayer</b>	<b>2016</b>			<b>2007</b>		
	<b>Net Tax Capacity Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Net Tax Capacity Value</b>	<b>Taxable Tax Capacity</b>	<b>Rank</b>	<b>Percentage of Total Taxable Net Tax Capacity Value</b>
Allete, Inc. (Minnesota Power)	\$ 6,072,809	1	3.41%	\$ 3,602,605	1	2.40%
Wisconsin Central LTD (1)	4,219,189	2	2.37%			
Enbridge Energy LTD Partnership	3,124,049	3	1.75%	400,015	8	0.27%
Miller Hill Mall Co	1,026,527	4	0.58%	823,212	2	0.55%
Burlington No/Santa Fe Railway Co	814,448	5	0.45%			
American Transmission Co LLC	813,324	6	0.44%			
Duluth Clinic	778,410	7	0.35%	486,488	7	0.32%
Great River Energy	631,851	8	0.35%			
Menard, Inc.	619,718	9	0.35%			
Northern States Power Co	567,824	10	0.32%	455,030	10	0.30%
Duluth Winnipeg & Pacific RR (2)				678,643	3	0.45%
DMIR Railway				618,618	4	0.40%
IRET Properties				576,530	5	0.38%
Great Lakes Gas Transmission Co				524,874	6	0.35%
Consolidated Papers, Inc.				446,378	9	0.30%
	<u>\$ 18,668,149</u>		<u>10.37%</u>	<u>\$ 8,612,393</u>		<u>5.72%</u>

**Source:** St. Louis County Auditor

**Notes:**

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

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

**Schedule 8**

*ST. LOUIS COUNTY, MINNESOTA*  
**Property Tax Levies and Collections**  
 Last Ten Fiscal Years

<b>Fiscal Year Ended December 31</b>	<b>Taxes Levied for the Fiscal Year (1)</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years (3)</b>	<b>Total Collections to Date</b>	
		<b>Amount (2)</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2007	79,958,970	77,398,024	96.80%	2,195,507	79,593,531	99.54%
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%	2,450,888	91,218,411	99.10%
2012	100,525,458	97,421,159	96.91%	2,327,392	99,748,551	99.23%
2013	101,954,370	98,871,857	96.98%	2,341,392	101,213,249	99.27%
2014	103,801,552	101,096,787	97.39%	1,643,432	102,740,219	98.98%
2015	107,057,125	104,921,850	98.01%	1,184,596	106,106,446	99.11%
2016	107,174,826	105,252,952	98.21%	-	105,252,952	98.21%

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**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			
	<b>General Obligation Bonds</b>	<b>General Obligation Revenue Notes</b>	<b>Tax Lease Obligations</b>	<b>Capital Leases</b>
2007	44,642,938	535,116	-	365,200
2008	53,837,296	522,755	-	300,300
2009	40,905,636	496,648	-	232,100
2010	42,531,995	470,890	-	159,500
2011	36,709,106	438,220	-	82,500
2012	32,010,213	395,730	-	-
2013	57,052,663	353,240	-	-
2014	55,533,284	310,750	-	-
2015	96,681,745	378,780	-	-
2016	131,607,647	424,617	-	-

**Source:**

See Schedule 13 for population and personal income data.

**Schedule 9**

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

<b>Business Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
<b>General Obligation Bonds</b>			
110,000	45,653,254	0.66%	232
-	54,660,351	0.76%	278
-	41,634,384	0.58%	211
-	43,162,385	0.59%	220
-	37,229,826	0.49%	186
-	32,405,943	0.40%	162
-	57,405,903	0.69%	287
-	55,844,034	0.67%	278
-	97,060,525	1.13%	483
-	132,032,264	Not Available	659

**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)			
2007	44,642,938	535,116	10,147,911	36,369,517	0.25%	178
2008	53,837,296	522,755	9,734,039	45,971,701	0.29%	227
2009	40,905,636	496,648	1,556,513	40,641,588	0.25%	201
2010	42,531,995	470,890	1,329,888	42,641,945	0.26%	212
2011	36,709,106	438,220	1,146,870	36,862,801	0.23%	180
2012	32,010,213	395,730	1,091,624	29,192,014	0.20%	156
2013	57,052,663	353,240	4,181,175	53,224,728	0.35%	266
2014	55,533,284	310,750	1,658,107	54,185,927	0.35%	270
2015	96,681,745	378,780	8,554,007	88,506,518	0.57%	440
2016	131,183,030	424,617	25,434,249	106,173,398	0.64%	530

**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, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable*</u>	<u>Share of Debt</u>
<b>Direct Debt</b>			
St. Louis County	\$ 131,607,647	100.00%	\$ 131,607,647
<b>Overlapping Debt</b>			
School District #94	62,850,000	5.24%	3,296,478
School District #381	27,525,000	16.76%	4,613,630
School District #698	3,030,000	95.56%	2,895,529
School District #707	205,000	48.94%	100,334
School District #2142	57,683,003	98.86%	57,022,970
Western Lake Superior Sanitary District	49,985,389	82.94%	<u>41,458,244</u>
<b>Subtotal, overlapping debt</b>			<u>109,387,185</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 240,994,832</u></u>

\*Applicable percentages were estimated by determining the portion of the governmental unit's net tax capacity that is within the county's boundaries and dividing it by each unit's total net tax capacity.

**Schedule 12**

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Market value of taxable property	\$ 13,344,940,438	\$ 14,676,662,476	\$ 15,750,647,100	\$ 16,204,768,400
Debt limit (2% of market value)	266,898,809	-	-	-
Debt limit (3% of market value) *	-	440,299,874	472,519,413	486,143,052
Debt applicable to limit:				
General obligation bonds	45,288,054	54,360,051	41,402,284	43,002,885
Less: Amount set aside for repayment of general obligation debt	<u>(10,147,911)</u>	<u>(9,734,039)</u>	<u>(1,556,513)</u>	<u>(1,329,888)</u>
Total net debt applicable to limit	35,140,143	44,626,012	39,845,771	41,672,997
Legal debt margin	<u>\$ 231,758,666</u>	<u>\$ 395,673,862</u>	<u>\$ 432,673,642</u>	<u>\$ 444,470,055</u>
Total net debt applicable to the limit as a percentage of the debt limit	13.17%	10.14%	8.43%	8.57%

**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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 16,151,981,500	\$ 14,545,032,989	\$ 14,297,999,600	\$ 14,488,302,620	\$ 14,740,006,310	\$ 15,285,072,934
-	-	-	-	-	-
484,559,445	436,350,990	428,939,988	434,649,079	442,200,189	458,552,188
37,147,326	32,405,943	57,405,903	55,844,034	97,060,525	131,607,647
(1,146,870)	(1,091,624)	(4,181,175)	(1,658,107)	(8,554,007)	(25,434,249)
36,000,456	31,314,319	53,224,728	54,185,927	88,506,518	106,173,398
<u>\$ 448,558,989</u>	<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>
7.43%	7.18%	12.41%	12.47%	20.02%	23.15%

**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>
2007	196,420	6,930,479	35,277	103,507	25,860	5.6%
2008	196,864	7,187,399	36,454	104,916	25,347	6.4%
2009	197,767	7,215,588	36,485	106,613	25,506	9.3%
2010	196,623	7,265,519	36,302	106,167	25,167	7.6%
2011	200,226	7,621,547	38,059	106,564	25,150	6.6%
2012	200,255	8,007,980	39,976	103,634	25,100	6.6%
2013	200,319	8,324,927	41,513	103,495	25,176	6.0%
2014	200,540	8,344,103	41,523	104,067	25,072	4.3%
2015	200,949	8,579,520	42,805	102,274	25,010	5.7%
2016	200,431	Not Available	Not Available	101,056	25,059	5.6%

**Sources:**

- (1) - US Department of Commerce, Bureau of Economic Analysis (<http://www.bea.gov/index.htm> - Available March '16)
- (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 2016
- (4) - US Bureau of Census ([factfinder2.census.gov](http://factfinder2.census.gov))

**Schedule 14**

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

<b>Employer</b>	<b>2016</b>			<b>2007</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
St. Mary's/Duluth Clinic Health System (Essentia Health)	6,230	1	6.16%	4,693	1	4.51%
St. Luke's Hospital	1,934	2	1.91%	1,657	3	1.59%
St. Louis County	1,825	3	1.81%	1,640	4	1.58%
University of Minnesota Duluth	1,669	4	1.65%	1,700	2	1.63%
Duluth Public Schools	1,426	5	1.41%	1,426	6	1.37%
Minnesota Taconite (US Steel)	1,390	6	1.38%	1,500	5	1.44%
Uniprise (United Health Care)	1,368	7	1.35%	1,087	9	1.04%
Allete	1,322	8	1.31%	1,400	7	1.34%
Duluth Air National Guard Base	1,068	9	1.06%	1,028	10	0.99%
Fond Du Lac Reservation	879	10	0.87%			
Minntac				1,200	8	1.15%
<b>Total</b>	<b>19,111</b>		<b>18.91%</b>	<b>17,331</b>		<b>16.65%</b>

**Sources:**

Northland Connection (<http://www.northlandconnection.com/industries.php>)  
 Schedule 15 - St Louis County  
 St. Mary's/Duluth Clinic Health System (email)  
 University of Minnesota Duluth ([http://www.oir.umn.edu/hr/employee\\_count/report](http://www.oir.umn.edu/hr/employee_count/report))

**Schedule 15**

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

<b><u>Function/Program</u></b>	<b>Full-time Equivalent Employees</b>			
	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
General government	424.20	427.30	416.10	398.90
Public safety	276.70	278.60	275.60	276.60
Highways and streets	323.00	321.00	301.00	316.00
Health and sanitation	90.75	91.25	64.10	65.40
Human services	509.80	520.80	523.80	520.50
Conservation of natural resources	64.00	69.00	69.00	68.00
Environmental services	40.00	42.00	52.00	52.00
Chris Jensen	234.65	190.40	-	-
Other Enterprise Funds	46.78	41.97	-	-
<b>Total</b>	<b><u>2,009.88</u></b>	<b><u>1,982.32</u></b>	<b><u>1,701.60</u></b>	<b><u>1,697.40</u></b>

**Notes:**

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

**Source:** St. Louis County Operating and Capital Budget

Schedule 15

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

<b>Full-time Equivalent Employees</b>					
<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
397.90	406.60	415.60	417.40	420.40	422.90
279.10	281.10	281.10	277.10	276.10	284.10
316.00	319.00	319.00	319.00	312.00	312.00
65.40	58.40	60.40	58.15	64.30	62.95
519.50	530.50	544.50	565.75	585.50	622.35
68.00	68.00	70.00	70.15	70.15	71.15
51.00	51.00	51.00	51.00	51.00	50.00
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,696.90</u>	<u>1,714.60</u>	<u>1,741.60</u>	<u>1,758.55</u>	<u>1,779.45</u>	<u>1,825.45</u>

**Schedule 16**

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

Function/Program	Fiscal Year			
	2007	2008	2009	2010
<b>General Government</b>				
Auditor's Office				
Checks Issued	38,483	30,519	19,406	17,162
Motor Vehicle Driver's License	17,543	18,785	18,335	18,470
Motor Vehicle Passports	8,207	6,048	7,323	6,203
Motor Vehicle Transactions	49,908	50,363	48,747	51,436
Planning - Building Permits Issued				
Single Family Dwelling	265	209	165	165
Other	659	593	474	477
<b>Public Safety</b>				
Sheriff's Department				
Arrests	1,383	1,245	2,118	3,014
Traffic Citations	2,054	2,603	1,629	2,169
Mines				
Mine Investigations and Inspections (1)	722	749	754	676
<b>Highways and Streets</b>				
Road and Bridge				
Miles of Overlay	0.75	0.61	2.00	0.25
Miles of Mill Overlay	-	-	-	4.02
Miles of Reclaim Overlay	17.60	20.36	29.52	17.15
Miles of Mill Reclaim Overlay	-	6.24	8.23	12.90
Miles of Construction	10.80	6.01	1.18	7.23
Miles of Bridge Constructed	0.01	0.06	-	-
Tons of Crushing	398,500	345,100	310,182	257,009
Miles of Crack Seal	19.03	73.68	63.63	-
Miles of Chip Seal (2)	-	-	-	-
Miles of Micro Seal (2)	-	-	-	-
<b>Health and Human Services</b>				
Health				
Public Health Home Visits	6,798	5,560	4,228	4,493
Public Health Nursing Service Screenings	2,262	2,037	2,517	2,328
Human Services				
Unduplicated Children in Out of Home Placement	725	770	787	793
Financial Assistance Cases	19,169	20,823	22,405	23,016
Child Support Cases	11,455	11,600	11,549	11,758
Persons Receiving DD (prev MR/RC) Waivered Services	677	681	701	736
Purchased Social Services (2)	\$ 125,925,606	\$ 125,497,474	\$ 129,795,521	\$ 134,200,110
Social Services Administrative costs (3)	\$ 22,068,291	\$ 23,791,246	\$ 26,572,518	\$ 26,735,885
<b>Conservation of Natural Resources</b>				
Land				
Total Acres of Tax Forfeit Lands	893,623	892,938	892,726	892,642
Contracts Sold	204	128	123	118
Closed Sales	72	97	97	127
Acres Harvested	6,073	6,885	7,452	9,843
Average Size of Sale (Acres)	84	71	77	78
Harvest Volume (Cords)	117,711	146,355	158,248	214,308
Cords Per Sale	1,635	1,509	1,631	1,687
Value	\$ 4,728,720	\$ 5,091,656	\$ 4,043,085	\$ 5,014,940
Average Value Per Sale	\$ 65,677	\$ 52,491	\$ 41,681	\$ 39,488
Average Value Per Cord	\$ 40	\$ 35	\$ 26	\$ 23
Average Value Per Cut Acre	\$ 779	\$ 740	\$ 543	\$ 509
Volume Per Cut Acre (Cords)	19	21	21	22
Value Per Tax Forfeit Acre	\$ 5	\$ 6	\$ 5	\$ 6
Environmental Services				
Tons of Municipal Solid Waste Landfilled	54,006	54,265	50,312	49,784
Tons of Industrial Waste Landfilled	7,359	6,219	2,794	8,963
Tons of Demolition Collected	6,395	5,888	5,640	6,016
Chris Jensen (4)				
Licensed Beds (5)	205	189	189	-
Capacity - Resident Days	74,825	69,174	68,985	-
Occupancy - Resident Days	68,626	63,581	49,517	-
Occupancy Percentage Rate	91.72%	91.91%	86.18%	0.00%
RUGS (6)	1.06	1.06	1.09	-
Medicare Resident Days	6,237	5,277	3,814	-
Medicaid Resident Days	43,212	36,350	32,095	-
Other Resident Days	19,177	21,954	13,608	-

Notes:

- (1) Beginning in 2012, Mine Inspector is reporting the number of mine investigations and inspections, rather than mine visits and inspections.
- (2) Chip Seal and Micro Seal are new programs beginning in 2014.
- (3) Purchased Social Services are payments made by DHS or Health and Human Services for St. Louis County residents
- (4) Includes children's services, child care, chemical dependency, mental health, developmental disabilities, adult services
- (5) Effective November 1, 2009, the Chris Jensen Health and Rehabilitation Center was leased to Health Dimensions Group, Inc.Jensen, LLC (HDG), DBA Chris Jensen, LLC
- (6) Chris Jensen was licensed for 247 beds until March 31, 1996. At that time, Chris Jensen delicensed 12 beds. Chris Jensen delicensed 15 beds and "laid away" 15 beds beginning July 1, 2003, pursuant to closure of Nopeming Nursing Home and creation of a secure Alzheimer's unit. The current number of licensed beds is 220, but with the "laid away" beds, the count of 205 beds is the beds used to determine occupancy.
- (7) Case mix was the means of categorizing the residents care level and determining the reimbursement rate through September 30, 2002. Beginning October 1, 2002, the state switched to the "RUG" (Resource Utilization 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						
2011	2012	2013	2014	2015	2016	
15,962	15,862	15,930	15,817	15,913	15,351	
18,755	19,621	15,180	17,707	18,313	19,200	
4,707	5,629	4,707	5,817	7,368	8,254	
53,959	52,944	38,180	52,705	55,911	61,921	
152	121	129	144	168	172	
457	508	528	504	566	651	
2,711	2,253	2,047	1,701	1,545	1,282	
2,643	2,396	2,253	1,855	1,691	1,708	
567	436	428	521	414	392	
3.05	-	-	-	-	4.00	
-	-	-	-	30.20	2.00	
21.62	34.20	11.20	24.80	34.00	30.00	
4.12	22.30	21.70	11.60	29.20	16.00	
11.43	21.70	5.00	1.50	0.50	2.00	
-	-	2.27	1.00	0.35	0.40	
304,288	291,296	209,965	245,000	198,000	167,000	
124.90	148.40	106.10	182.00	165.80	64.00	
-	-	-	27.00	98.00	124.00	
-	-	-	26.40	18.80	-	
5,840	6,472	7,476	6,283	7,098	5,042	
2,278	1,830	1,566	2,170	2,487	2,229	
735	780	869	963	1,047	1,166	
24,068	23,895	23,877	31,555	38,357	24,377	
11,900	11,917	11,871	11,600	11,644	11,194	
745	754	778	766	736	754	
\$ 133,734,173	\$ 136,101,330	\$ 136,201,198	\$ 143,054,192	\$ 155,482,267	unavailable	
\$ 26,751,337	\$ 25,993,636	\$ 29,750,944	\$ 29,368,786	\$ 32,782,197	\$ 33,789,536	
893,003	893,040	893,193	893,049	893,158	890,449	
123	126	120	104	95	117	
134	111	109	108	108	83	
10,650	10,783	8,325	10,056	9,429	7,034	
79	97	76	93	87	85	
231,159	215,749	159,777	207,439	207,700	150,824	
1,725	1,944	1,466	1,921	1,923	1,817	
\$ 5,137,017	\$ 4,766,023	\$ 3,480,550	\$ 4,598,436	\$ 5,303,873	\$ 3,871,488	
\$ 38,336	\$ 42,937	\$ 31,932	\$ 42,578	\$ 49,110	\$ 46,644	
\$ 22	\$ 22	\$ 22	\$ 22	\$ 26	\$ 26	
\$ 482	\$ 442	\$ 418	\$ 457	\$ 563	\$ 550	
\$ 22	\$ 20	\$ 19	\$ 21	\$ 22	\$ 21	
\$ 6	\$ 5	\$ 4	\$ 5	\$ 6	\$ 4	
51,346	52,007	51,573	51,320	51,785	51,128	
12,304	12,675	14,647	1,466	1,370	3,029	
6,990	8,791	9,153	9,561	7,832	8,091	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	

**Schedule 17**

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

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>General Government</b>										
Courthouses	3	3	3	3	3	3	3	3	3	3
Motor Pool Vehicles	126	126	126	127	138	131	135	142	148	137
Office Buildings	1	1	1	1	1	2	2	3	3	3
Parking Ramp	2	2	2	2	2	2	2	2	2	2
<b>Public Safety</b>										
Vehicles	121	122	121	143	147	166	172	166	184	187
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
<b>Highways and Streets</b>										
Vehicles	242	225	220	221	218	220	231	227	249	263
Miles of County Road	1,578	1,582	1,588	1,573	1,576	1,600	1,594	1,266	1,263	1,247
Miles of County State Aid Road	1,385	1,383	1,385	1,385	1,392	1,392	1,392	1,389	1,387	1,384
Number of Bridges	598	597	597	596	594	594	601	596	598	598
Garages and Storage Buildings	88	84	84	86	88	90	91	91	91	91
Graders, Loaders and Heavy Trucks	417	396	378	376	383	380	376	374	385	381
<b>Health and Sanitation</b>										
Nursing Homes	1	1	1	1	1	1	1	-	-	-
Demolition Landfill	1	1	1	1	1	1	1	1	1	1
Regional Landfill	1	1	1	1	1	1	1	1	1	1
Recyclables Processing Facility	1	1	1	1	1	1	1	1	1	1
Transfer Station	5	5	5	5	5	5	5	5	5	5
Laundry Facility	1	1	-	-	-	-	-	-	-	-
<b>Human Services</b>										
Office Buildings	2	2	2	2	2	2	2	2	2	2
<b>Culture and Recreation</b>										
Heritage and Arts Center	1	1	1	1	1	1	1	1	1	1
<b>Conservation of Natural Resources</b>										
Vehicles	52	57	45	46	46	47	49	48	47	48
Offices and Garages	8	8	8	8	8	8	8	8	8	8
Graders, Loaders and Heavy Trucks	13	13	11	12	13	13	13	13	13	13

Sources:

St. Louis County Auditor  
Individual County Departments