

COMPREHENSIVE ANNUAL FINANCIAL *Report* '18



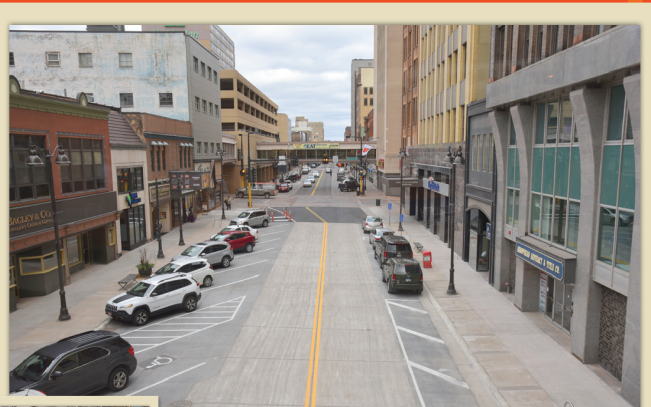
**GOVERNMENT SERVICES CENTER
– VIRGINIA MN**

PHOTOS BY BRANDON LARSON & CINDY PALM



HIGHWAY BUILDING – COOK MN

PHOTO BY TOM BRUNETTE-MCGOUGH



**SUPERIOR STREET RECONSTRUCTION
– DULUTH MN**

PHOTOS BY DAVID BEDNARSKI



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

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

Superior Street Reconstruction - Duluth MN

Downtown Duluth is undergoing the reconstruction of Superior Street. The reconstruction will be completed in three phases. Phase I of Superior Street was completed in 2018. This Phase included the western blocks.

Governmental Services Center - Virginia MN

The GSC North Facility will serve as a centralized hub for people in Virginia and surrounding areas to access county services delivered by more than 10 departments in one location. The two-story, 63,000 square foot building will replace the aging Northland Office Building. Ground breaking took place in May 2018, with a goal completion in Fall 2019. Approximately 180 employees will work in the building.

Highway Building - Cook MN

The Public Works Maintenance Facility in Cook will include remodeling the existing Disability Specialist Building to be used for office space for Public Works, as well as several other county departments. Additionally the project will include constructing three new buildings on the 60-acre site: an 82,000 square foot heated building for vehicle storage and mechanic space, a 16,500 square foot cold storage building, and a 16,500 square foot structure for salt and sand storage. The project is expected to be completed by late fall of 2019.

St. Louis County Minnesota

Comprehensive Annual Financial Report
for the Fiscal Year Ending
December 31, 2018



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, 2018

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ST. LOUIS COUNTY, MINNESOTA
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Saint Louis County

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

Nancy Nilsen
St. Louis County Auditor-Treasurer

June 26, 2019

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, 2018. This report was prepared by the County Auditor's Accounting and Finance Division. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the County.

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

St. Louis County is audited annually, as required by Minnesota Statutes §6.481. This requirement has been complied with and CliftonLarsonAllen LLP has issued an unmodified ("clean") opinion on St. Louis County's financial statements for the year ended December 31, 2018. The Independent Auditors' Report is located in the front of the financial section of this report.

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

Profile of the Government

St. Louis County was established in 1856. Located in Northeastern Minnesota, St. Louis County is geographically the largest county east of the Mississippi River, covering 7,092 square miles, including water surface, from the Canadian border to Duluth. The County's 2018 census population was estimated at 199,754 residents while the 2008 census population was 196,864. The County has an average of 28 people per square mile living in small mining towns, farm communities, and busy cities. St. Louis County is empowered to levy a property tax on both real and personal property located within its boundaries.

An Equal Opportunity Employer

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

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

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

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

Local economy

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

The mining industry continues to be a driving force of the region's economy. The taconite industry supports roughly 10,000 jobs with an economic impact of \$3.1 billion annually. Preliminary totals indicate that taconite plants produced 39.1 million metric tons in 2018, an increase of 3.6% compared to 2017. All of the taconite producers were in operation at the end of 2018.

The Port of Duluth-Superior connects the heartland of the United States and Canada to the rest of the world, ranking among the top 20 ports in the U.S. in cargo tonnage. It is by far the largest cargo port on the Great Lakes, with the principal cargoes being iron ore (60%), coal (26%), grain (3%), and other (11%) in 2018. The Port of Duluth-Superior has averaged more than 35 million tons of cargo and nearly 900 vessel visits each year. The port reported 35.9 million tons of cargo with 821 ships that visited the port in 2018, compared to 35.3 million tons and 841 ships in 2017. The port is ideally situated for moving cargo and logistics experts now rank it in the top 10 in North America for transporting wind turbine components.

Essentia Health is planning an \$800 million expansion for downtown Duluth called "Vision Northland". The new addition will span approximately two blocks and will include 800,000 square feet of new buildings and 114,000 square feet of remodeled facilities. The construction of the new facility will begin in November 2019 and is expected to open in 2022.

Essentia Health is also constructing a \$26 million community wellness center in Hermantown. The new 72,000 square foot building will include a variety of clinical services like physical therapy, sports medicine and preventative care options. While Essentia Health will have its name on the face of the building, most of the facility will be run by the YMCA. The center is expected to be completed in the summer of 2019.

Essentia Health also purchased the vacant Younker's space at the Miller Hill Mall for their Fitness and Therapy Center. Essentia plans to invest \$15 million in the purchase and remodel of the 145,000 square foot department store.

St. Luke's Hospital has announced plans for a \$300 million expansion in their downtown facilities as well. The plans include a second section of the main hospital called Building A to allow the facility to expand its out-patient space. The expansion includes a new ambulance garage that will be able to house six rigs and also a heated patient pick up and drop off center.

Plans have been revealed for a 15 story mixed-use tower that would be constructed at 331 E Superior Street in Downtown Duluth. The \$75 million building would be home to a mixture of apartments and retail space. The ground floor would house a 18,000 square feet of retail space that developers would like to see become a grocery store. Above that space would be 204 apartments with many of those units having unobstructed and pristine views of Lake Superior.

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

Minnesota based Twin Cities Hospitality (THC) LLC purchased Coates Plaza Hotel in Downtown Virginia and is rebranding it to a Quality Inn & Suites. THC is investing \$1.2 million into the hotel, which is located in the corridor of the downtown area, which will benefit the entire community. The renovations should be complete in early 2019.

ALDI grocery store opened new stores in Duluth and Virginia in 2018. In Virginia, the new ALDI is located in the Thunderbird Mall. In Duluth, it is located near the Miller Hill Mall. These two locations were opened as part of a \$3.4 billion investment to expand to 2,500 stores nationwide by the end of 2022.

Lamppa Manufacturing in Tower, MN is positioned for expansion. The company produces wood burning sauna stoves and cored wood burning warm air furnaces. In 2018, they received the 2020 mandated certificate from the Environmental Protection Agency. Lamppa is the only furnace maker in the nation to have the certification for new emission standards, which will be implemented into federal law in the year 2020. They are expanding operations to keep up with the new demands they have for their product.

American Airlines is coming to Duluth in early 2019 with two nonstop service flights to Chicago. Currently, Delta offers five daily nonstop flights to Minneapolis and United offers two daily flights to Chicago. American Airlines cited passenger growth in Duluth and the growing aviation infrastructure in the area as the primary reasons for moving into the Duluth market.

The number of aviation jobs in the Duluth area has grown 39 percent over the past decade. AAR, a global aerospace service company announced an expanded partnership with Lake Superior College (LSC) in 2018. The AAR Duluth facility is growing and needs to hire more employees. The new partnership expands the aviation maintenance technician (AMT) program at LSC to include job shadowing, mentoring opportunities, and \$15,000 in tuition reimbursements.

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

Duluth has taken steps to become a cruise ship destination in 2018. The city is investing in the equipment and infrastructure required by federal customs agency so it can accommodate ships from around the world. Early estimates are that each ship could generate \$100,000 of economic impact.

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

BlueStone Commons, a mixed-use development just east of the University of Minnesota Duluth constructed its third apartment building in 2018. The first building, called BlueStone Lofts, targeted college students. The second building, called BlueStone Flats, targets traditional multifamily market with studios and one and two bedroom apartments with more amenities and fewer units. The third BlueStone apartment building, called BlueStone Vue, opened in 2018 and was the largest phase with a 25,000 square foot retail building next to the residential tower.

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

Central Entrance in Duluth is getting a new Tru by Hilton hotel. The 4 story, 106 room hotel should be open in early 2020. The Miller Hill corridor has three new hotels that have opened in the past couple of years. Hotels continue to expand in Duluth to accommodate the growing tourism in the area.

Long-term financial planning

At the end of each year, the County calculates the resources needed to pre-fund retiree health insurance premiums for all employees eligible for retirement at year end and sets aside the value of sick leave balances those employees have accumulated. As of December 31, 2018, 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, 2018, 100% of the estimated retiree obligation amount has been classified as committed fund balance (vesting sick leave) in the General Fund and the Special Revenue Funds.

For many years, the County has recognized that it would be prudent to set aside funds to meet cash flow needs and assigns some of its fund balances for that purpose. The County Board's policy is to have the General Fund, the Road and Bridge Fund, and the Public Health and Human Services Fund assign a portion of their available fund balances equal to 5/12 of the certified levy for each fund, plus its share of program aid paid to the County by the State of Minnesota. As of December 31, 2018, the policy was 99.91% accomplished for the General Fund, 64.04% for the Public Health and Human Service Fund, and 42.90% for the Road and Bridge Fund. These three funds had combined fund balance allocated for cash flow of \$51.8 million at year-end, a decrease of \$2.5 million from 2017.

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 2018, the Depreciation Reserve Fund had a balance of \$0.8 million. Those monies will be used to fund future capital improvements at County facilities.

Other financial planning for 2019 and beyond includes the following:

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

Major initiatives

The County Board has approved issuing up to \$46 million in bonds to finance construction of a new Government Services Center (GSC) North facility in Virginia and a new Public Works Maintenance Facility in Cook. The initial \$29.9 million bond was issued in February 2018 to finance GSC North as well as initial costs for the Cook facility. The second bond issuance for \$16.1 took place in July 2018 to finance the remaining costs of the Cook facility.

The GSC North Facility will serve as a centralized hub for people in Virginia and surrounding areas to access county services delivered by more than 10 departments in one location. The two-story, 63,000 square foot building will replace the aging Northland Office Building. Ground breaking took place in May 2018, with a goal completion in Fall 2019. Approximately 180 employees will work in the building.

The Public Works Maintenance Facility in Cook will include remodeling the existing Disability Specialist Building to be used for office space for Public Works, as well as several other county departments. Additionally the project will include constructing three new buildings on the 60-acre site: an 82,000 square foot heated building for vehicle

storage and mechanic space, a 16,500 square foot cold storage building, and a 16,500 square foot structure for salt and sand storage. The project is expected to be completed by late fall of 2019.

St. Louis County sold another \$1.6 million in tax forfeited properties in 2018, down from \$1.7 million in 2017. The County continues to strive to get tax forfeited properties back onto the tax rolls. The County had three land sales in 2018 that included parcels that are not planned for management as a way to encourage development and increase the property tax base.

The County launched a new website in 2018 that was designed to improve search functionality to make it easier for people to find the information they need. The new site is mobile friendly and adapts to any screen size from smart phones to desktop monitors.

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

Awards and Acknowledgments

The County received its third Government Finance Officers Association of the United States and Canada (GFOA) award for the 2017 Popular Annual Financial Report (PAFR) which serves as a simplified, condensed version of the CAFR. This report is designed to be readily available and easily understandable to the general public and other interested parties without a background in public finance.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Louis County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2017.

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-nine consecutive years. We believe our current report will conform to the Certificate of Achievement Program requirements, and are thus submitting it to the GFOA.

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

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

Sincerely,

A handwritten signature in cursive script that reads "Nancy Nilson".

NANCY NILSEN
County Auditor/Treasurer



Legislative & Commissioner Districts - Duluth 2018



00 Legislative Districts

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

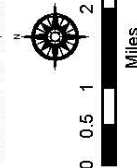
Commissioner Districts

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

City of Duluth Precincts

Commissioner
District 1: Prec. 10-12, 15-20, 22, 23
District 2: Prec. 1-8, 13, 14,
District 3: Prec. 21, 24-34

Legislative
District 3B: Prec. 11, 23
District 7A: Prec. 1-10, 12-15, 17
District 7B: Prec. 16, 18-22, 24-34

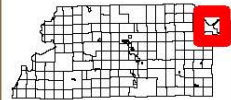


Auditor's Office
100 N 5th Ave W, Rm 214
(218) 726-2380
www.stlouiscountymn.gov

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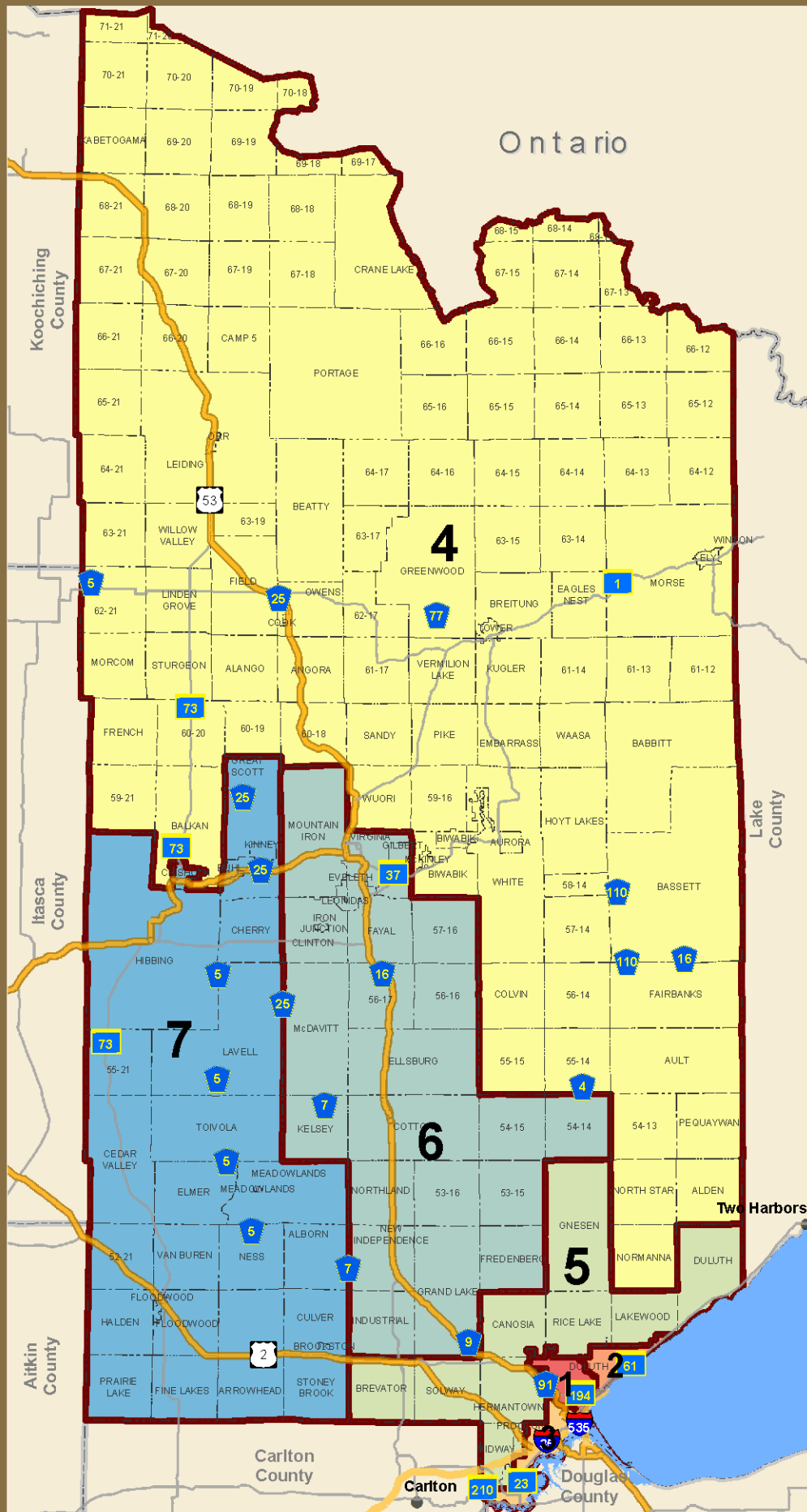
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Commissioner Districts 2018



Commissioners

1

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



2

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



3

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



4

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



5

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



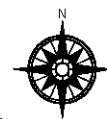
6

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



7

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



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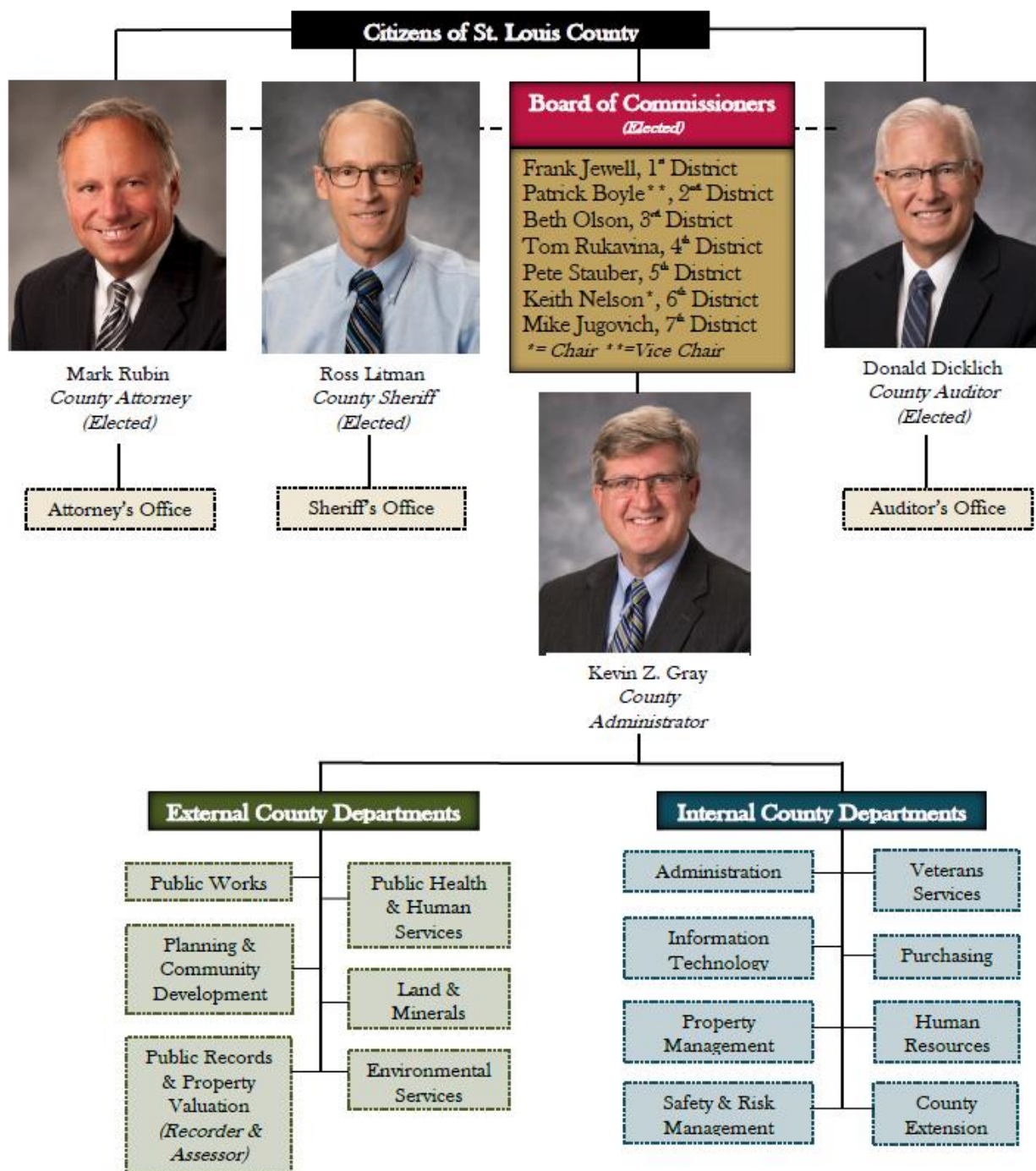
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**St. Louis County
Elected and Appointed Officials
as of December 31, 2018**

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





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, 2017

Christopher P. Morrill

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
St. Louis County
Duluth, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County, Minnesota (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund, Road and Bridge Fund Special Revenue Fund, Public Health and Human Services Special Revenue Fund, and Forfeited Tax Sale Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Change in Accounting Principle

During the year ended December 31, 2018, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of this standard, the County reported a restatement for a change in accounting principle (see Note 1). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Matters (continued)

Other Information (continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2019 on our consideration of St. Louis County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of St. Louis County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Louis County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
June 21, 2019

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2018

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, 2018. 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 \$45.4 million to \$823.1 million, or 5.8%. Governmental activities increased by \$48.3 million to \$803.5 million, while the County's business-type activities decreased by \$2.9 million to \$19.6 million.

The County's governmental funds reported a combined ending fund balance of \$225.5 million for 2018, an increase of \$29.7 million compared to 2017. The nonspendable and restricted combined fund balances were \$94.2 million of total fund balance or 41.8%. These fund balances are not available for appropriation because of constraints placed on their use. The remaining fund balances of \$131.3 million or 58.2% are unrestricted and classified as either committed, assigned, or unassigned.

In 2018, the General Fund reported a total fund balance of \$72.0 million, an increase of \$2.5 million over 2017. The unassigned fund balance of the General Fund was equal to 37.4% of fund expenditures and 35.2% 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 \$37.3 million to \$154.2 million in 2018. The County paid down \$8.7 million of existing debt and issued \$46 million in new debt 2018. The debt issuances in 2018 were to construct a new Government Service Center North in Virginia, MN and a new Public Works Maintenance Facility in Cook, MN. Both projects are expected to be completed in 2019. The County has issued debt every year in the past ten years except 2009, 2011, 2012 and 2017.

All major governmental funds of the County reported actual expenditures less than the final 2018 expenditure budget. However, the Public Health and Human Services Fund, Capital Projects Fund and Debt Service Fund reported a combined \$30.0 million excess of actual expenditures over actual revenue for the year. The Capital Projects Fund spent \$17.3 million of bond proceeds. The Debt Service fund used \$0.6 million of existing reserves to pay the first bond payment on 2018A issue and received a transfer in of \$5.3 million from Road and Bridge from the sales tax proceeds, which are used to pay the 2016A and 2015C transportation bond payments. The Public Health and Human Service Fund had expenditures exceeding revenue by \$0.7 million mainly due to planned use of existing fund balance reserves.

The County's only major business-type activity, the Environmental Services Fund, had an operating loss of \$4.0 million in 2018. With nonoperating revenues from taxes, grants, earnings on investments and sale of capital assets totaling \$0.5 million added to transfers in and out of \$0.4 million, the Environmental Services Fund net position decreased by \$3.0 million for the year.

Overview of the Financial Statements

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

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

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

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

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

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

The County maintains six individual major governmental funds. Information is provided separately for each major fund on the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The major funds are the General Fund, Road and Bridge Fund, Public Health and Human Services Fund, Forfeited Tax Sale Fund, Capital Projects Fund and the Debt Service Fund. Data for the nonmajor governmental funds is combined into "other governmental funds." Individual data for each of the 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 51-98 of this report.

Supplementary data. A budgetary comparison for the Debt Service Fund, combining statements for nonmajor governmental funds, internal service funds, fiduciary funds, and miscellaneous schedules are provided on pages 108-150.

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Government-wide Financial Analysis

Net position may, over time, be a useful indicator of a government's financial condition. In the case of St. Louis County, assets and deferred outflows exceeded liabilities and deferred inflows for all activities by \$823.1 million.

By far the largest portion of the County's net position is the investment in capital assets 89.3%, 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	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	301.9	\$ 274.7	\$ 16.2	\$ 17.4	\$ 318.1	\$ 292.1
Capital assets	833.1	774.3	8.4	9.7	841.5	784.0
Total Assets	1,135.0	1,049.0	24.6	27.1	1,159.6	1,076.1
Deferred pension outflows	26.3	40.5	0.3	0.5	26.6	41.0
Liabilities:						
Long-term liabilities outstanding	281.2	260.8	4.0	3.9	285.2	264.7
Other liabilities	35.8	30.0	0.8	0.7	36.6	30.7
Total liabilities	317.0	290.8	4.8	4.6	321.8	295.4
Deferred Inflows of Resources:						
Pension related items	40.5	36.1	0.5	0.3	41.0	36.4
Other post employment benefit obligation	0.3	-	-	-	0.3	-
Property taxes levied for subsequent years	-	2.4	-	-	-	2.4
	40.8	38.5	0.5	0.3	41.3	38.8
Net position:						
Net investment in capital assets	726.8	663.2	8.4	9.7	735.2	672.9
Restricted	54.1	65.5	3.4	3.3	57.5	68.8
Unrestricted	22.6	31.5	7.8	9.7	30.4	41.2
Total Net Position, as reported	\$ 803.5	\$ 760.2	\$ 19.6	\$ 22.7	\$ 823.1	\$ 782.9
Change in accounting principle *		(5.0)		(0.2)		(5.2)
Total Net Position, as restated		\$ 755.2		\$ 22.5		\$ 777.7

* This is the first year the County implemented the new other post employment accounting and financial reporting standard Statement 75. The County had to make a prior year change in accounting principle to record.

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

Governmental Activities:

In 2018, the total net position of governmental activities increased by \$48.3 million to \$803.5 million. Total net position for the years 2017 back through 2013 were \$760.2 million, \$715.8 million, \$685.1 million, \$717.3 million, and \$678.2 million respectively. St. Louis County is again able to report positive balances in all categories of net position as it has since the government-wide financial statements were first prescribed in 2002.

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Current and other assets increased by \$27.2 million in 2018 to \$301.9 million. The main reason for the large increase was due to the bond proceeds for the 2018A and 2018B bond issuances that were not spent at the end of 2018.

Capital assets at year-end 2018 were \$833.1 million, compared with \$774.3 million in 2017, an increase of \$58.8 million. Significant capital outlays for infrastructure, such as roads, by the County each year are the driving force behind large annual increases in capital assets. A detailed analysis of this increase is presented in Table 3 on page 23, under the heading Capital Assets and Debt Administration.

Long-term liabilities outstanding increased by \$20.4 million in 2018 to \$281.2 million. The main reason for the increase is due to the County issuing \$46 million in new debt, while the pension liability decreased \$21.3 million in 2018 for St. Louis County's portion of PERA's unfunded liability.

Other liabilities increased \$5.8 million in 2018 to \$35.8 million. Accounts payable increased \$5.9 million in 2018 while unearned revenue decreased by \$0.1 million. Both accounts payable and unearned revenue are mainly a result of timing differences.

Net Investment in Capital Assets increased by \$63.6 million to \$726.8 million. The increase was mainly the result of net capital assets increasing by \$58.8 million, while the outstanding debt related to capital assets decreased by \$(4.8) million in 2018.

Restricted net position of the governmental activities decreased by \$11.4 million to \$54.1 million in 2018. This was mainly due to the restricted fund balance for the 2016B crossover refinancing being moved from restricted to unrestricted in 2018.

Business-type Activities:

Total net position of the County's business-type activities decreased by \$2.9 million to \$19.6 million in 2018. At year-end, the County's business-type activities consisted of two funds, Environmental Services and Plat Books. Business-type activities were able to report positive balances in all categories of net position for 2018.

Capital assets decreased by \$1.3 million in 2018, to \$8.4 million. The depreciation expense in 2018 was \$1.5 million, the increase was due to landfill cell closure. In 2018, they sold 1 vehicle, purchased 1 Storage Trailer, 12 drop box containers and rolloff bins, a scissor lift, a landfill alternative daily cover machine and completed transfer station road repair, and finalized construction on a landfill gas collection building and diesel fuel system. There was no construction in progress at year end.

Total liabilities for business-type activities had a minimal increase for 2018. The majority of change resulted in Closure and post-closure liabilities and funds due to other governments increasing the liability by \$0.4 million in 2018. The GASB 68 Pension liability showed a decrease in liability of \$0.4 million.

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

Unrestricted net position for business-type activities decreased by \$1.9 million in 2018 to \$7.8 million. The majority of the decrease to net position was the result of a large landfill cell closure project for 2018.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 51.8	\$ 55.6	\$ 6.7	\$ 6.8	\$ 58.5	\$ 62.4
Operating Grants and Contributions	65.8	70.1	0.3	0.3	66.1	70.4
Capital Grants and Contributions	23.8	24.2	-	-	23.8	24.2
<i>General revenues:</i>						
Taxes:						
Property taxes, levied for general purposes	137.0	130.2	-	-	137.0	130.2
Property taxes, levied for debt service	6.1	6.8	-	-	6.1	6.8
Transportation sales tax	15.3	14.6	-	-	15.3	14.6
State shared	20.0	18.3	-	-	20.0	18.3
Federal shared	3.5	1.7	-	-	3.5	1.7
Investment income	4.1	5.5	0.2	0.2	4.3	5.7
Sale of capital assets	(0.1)	0.1	-	-	(0.1)	0.1
Total revenues	<u>327.3</u>	<u>327.1</u>	<u>7.2</u>	<u>7.3</u>	<u>334.5</u>	<u>334.4</u>
Expenses						
<i>Program expenses:</i>						
General government	48.7	48.5	-	-	48.7	48.5
Public safety	54.4	57.3	-	-	54.4	57.3
Highways and streets	50.5	52.9	-	-	50.5	52.9
Health and sanitation	6.0	5.5	-	-	6.0	5.5
Human services	98.7	97.3	-	-	98.7	97.3
Culture and recreation	3.7	3.5	-	-	3.7	3.5
Conservation of natural resources	9.1	9.8	-	-	9.1	9.8
Economic development	3.5	3.8	-	-	3.5	3.8
Interest and other charges	4.0	3.8	-	-	4.0	3.8
Environmental services	-	-	10.5	4.0	10.5	4.0
Total expenses	<u>278.6</u>	<u>282.4</u>	<u>10.5</u>	<u>4.0</u>	<u>289.1</u>	<u>286.4</u>
Increase in net position before transfers	48.7	44.7	(3.3)	3.3	45.4	48.0
Transfers	(0.4)	(0.3)	0.4	0.3	-	-
Increase (decrease) in net position	<u>48.3</u>	<u>44.4</u>	<u>(2.9)</u>	<u>3.6</u>	<u>45.4</u>	<u>48.0</u>
Net position January 1 - restated	<u>755.2</u>	<u>715.8</u>	<u>22.5</u>	<u>19.1</u>	<u>777.7</u>	<u>734.9</u>
Net position December 31	<u>\$ 803.5</u>	<u>\$ 760.2</u>	<u>\$ 19.6</u>	<u>\$ 22.7</u>	<u>\$ 823.1</u>	<u>\$ 782.9</u>

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

Governmental Activities:

Program revenues are revenues derived directly by a program from sources other than County taxpayers. In 2018, program revenue decreased by \$8.5 million to \$141.4 million. Operating grants and contributions decreased \$4.3 million in 2018. Highways and streets decreased \$5.8 million due to a decreased Federal and State Municipal Construction funds for Road and Bridge Projects. Human Service State and Federal revenue increased \$0.6 million mainly due to increased funding for MnChoice assessments, which allows for anyone of any age with a disability to access the support services needed to stay in their homes.

General revenues are all revenues that are not considered to be program revenues. In 2018, general revenues increased by \$8.7 million to \$185.9 million. Tax revenues in 2018 increased by \$6.7 million mainly due to the 4.3% increase in the 2018 Property Tax Levy, which brought in an additional \$6.0 million. The Transportation Sales Tax revenue also came in \$0.7 million higher than 2017. Federal shared also increased \$1.8 million due to an increases in the Federal PILT payment.

State shared revenues that are classified as general revenues, commonly referred to as local government aids, increased by \$1.7 million to \$20.0 million in 2018. The increase is mainly due to the County receiving \$0.7 million more in County Program aid and \$0.4 million more in mineral royalties in 2018.

Investment income for governmental activities was \$4.1 million for 2018, a decrease of \$1.4 million compared to 2017. The decrease is mainly due to the loss on the funds invested with the State Board of Investments in our Shoreline Sales, Permant Fund.

Expenses for governmental activities decreased \$3.8 million in 2018, or 1.4%. Highways and streets had decreased expenses of \$2.3 million mainly due to lower depreciation expense in 2018. Public safety also decreased \$2.9 million mainly due to lower pension expense for the Police and Fire and Corrections PERA plans.

Business-type Activities:

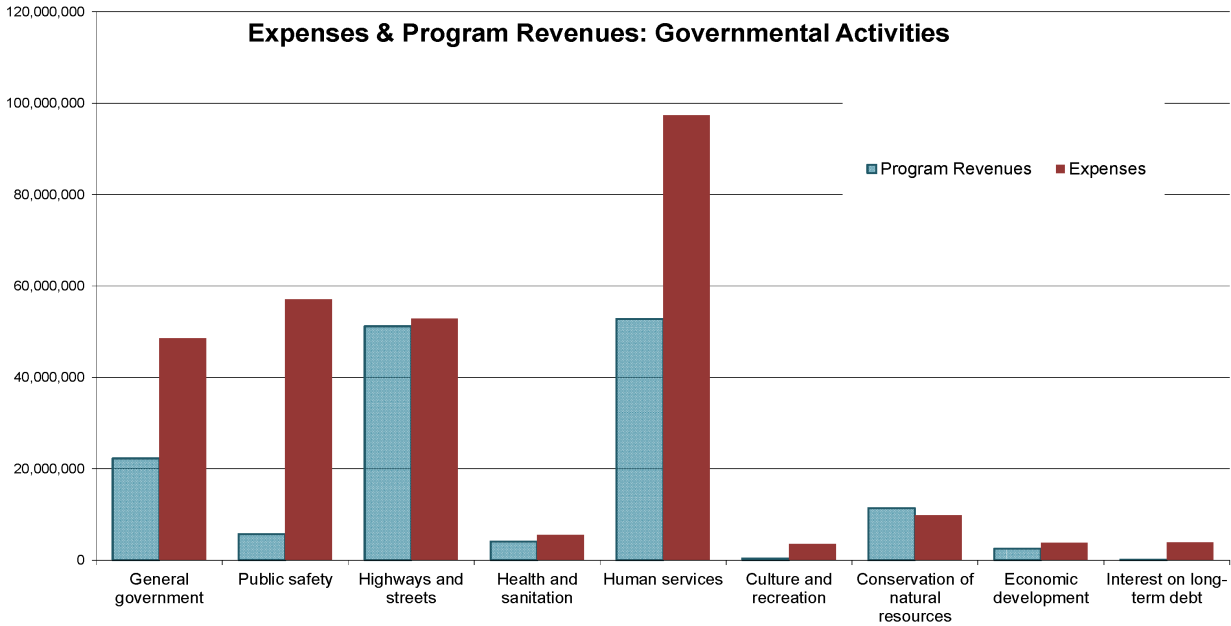
Program revenues for business-type activities decreased by \$0.1 million in 2018 to \$7.0 million. Operating Revenues mainly increased due to a Board adopted MSW rate transformation moving a portion of tip fee revenue to 919 fee revenue allowing revenues to be restricted for designated purposes in accordance with state statute 115.919a. Other operating revenues for Fees and Services slightly increased in 2018 due to increased rates for special assessment fees while septic permitting slightly decreased due to customer volume and recycling revenue decreased due to market demand and in part to a one time payment settlement in place of revenue to the contractor for 2018.

General revenues for the business-type activities had a minimal increase due to Investment Income for the Environmental Services Fund in 2018 of \$0.2 million.

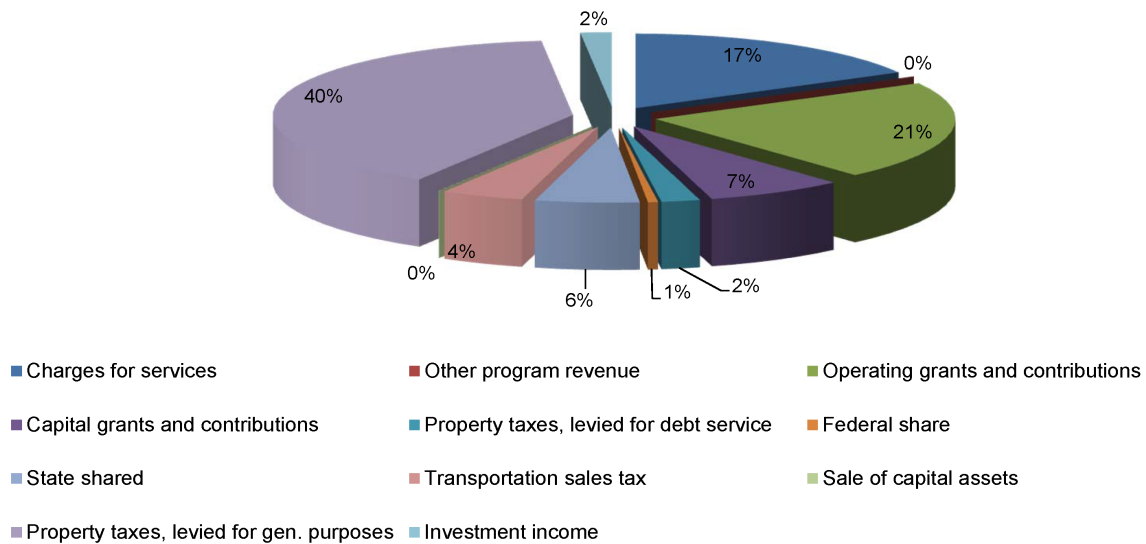
Expenses for business-type activities were \$10.5 million in 2018, \$6.5 million more than 2017. In 2018, almost all expenses for business-type activities occurred in the Environmental Services Fund. Depreciation and Depletion expense increased by \$4.2 million due to completion of a large cell closure project at the landfill and the 2017 closure and post closure change in calculation from Permitted to Ultimate Capacity in accordance with GASB Statement 18. Operating expenses slightly increased due to contract services for operating the landfill. Personal Services also increased due to increased medical insurance and payment of retired health insurance and decreased in salaries due to retirements and GASB pension expense.

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

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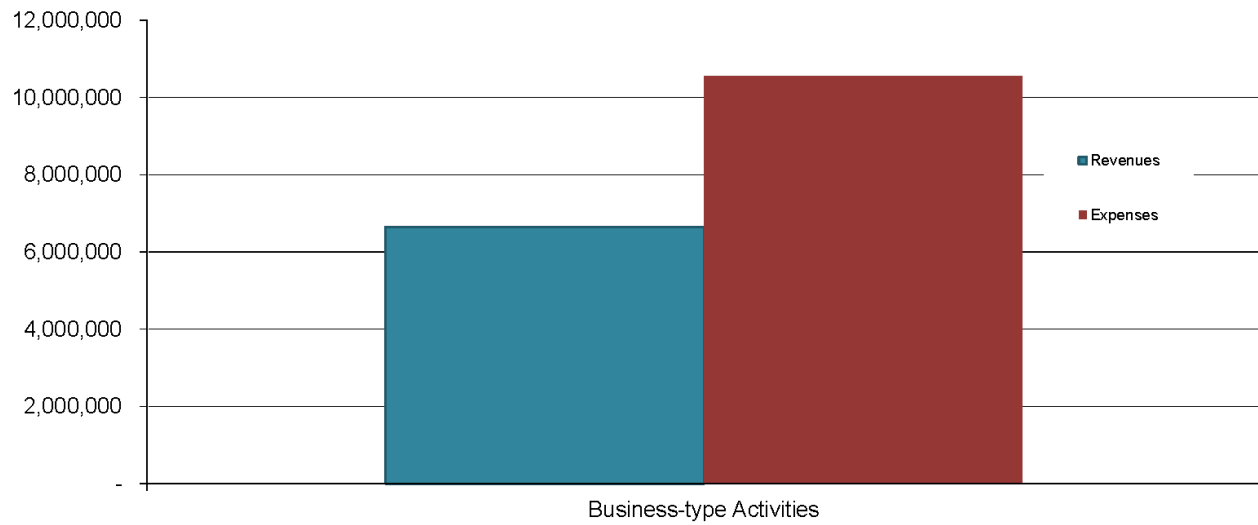


Revenues by Source: Governmental Activities

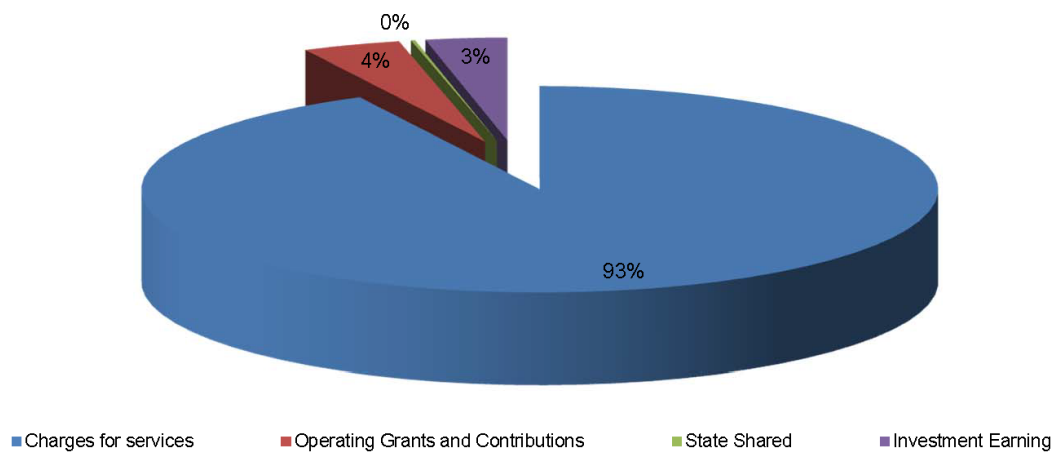


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Expenses and Program Revenues: Business-type Activities



Revenues by Source: Business-type Activities



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Financial Analysis of the Government's Funds

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

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

St. Louis County's governmental funds reported combined fund balance of \$225.5 million in 2018, compared with \$195.8 million as previously reported in 2017, an increase of \$29.7 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 2018 of \$53.8 million, or 23.8% of total fund balance and unrestricted fund balance of \$131.3 million or 58.2% of total fund balance. Unrestricted fund balance was \$32.3 million committed, \$58.8 million assigned, and \$40.2 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 \$40.2 million in 2018, compared to \$37.0 million in 2017. Unassigned fund balance at the end of the year represented 35.2% of General Fund operating revenues and 37.4% 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 2018, the fund balance of the County's General Fund increased by \$2.5 million to \$72.0 million. Revenues exceeded expenditures by \$6.7 million, but other financing uses totaled \$4.2 million. The increase was due to higher than anticipated revenues, especially federal PILT (payment in lieu of taxes) and investment earnings, as well as expense budget savings due to position vacancies and funds that were unspent but encumbered at year-end.

The Road and Bridge Fund had a \$5.9 million excess of revenue over expenditures in 2018. This was mainly due to excess revenue over expenditures in the State & Federal Project fund of \$3.7 million and in the Transportation Sales Tax fund of \$2.5 million.

The Public Health and Human Services Fund had expenditures in excess of revenue of \$0.7 million in 2018. This was mainly due to lower Intergovernmental Revenue than planned. Lower Intergovernmental Revenue was offset by higher Charges for Services than planned, and lower Operating Expenditures than planned.

Pursuant to Minnesota Statutes, the Forfeited Tax Sale Fund distributed \$1.0 million in net proceeds to county funds, cities, towns and school districts in St. Louis County. The 2018 distribution was \$0.4 million lower than 2017, primarily due to a large sale in 2017 to the Fond du Lac reservation.

The Capital Projects Fund's fund balance increased from \$16.0 million in 2017 to \$46.3 million in 2018. The increase is due to bond proceeds added to the Capital Projects Fund for the new Government Service Center North and the new Public Works Facility in Cook, MN.

The Debt Service Fund's fund balance decreased \$0.6 million in 2018 mainly due to using debt service reserves to make the 2018 interest payment on the 2018A bond issue.

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.

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St. Louis County, Minnesota
Management's Discussion and Analysis
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Actual expenditures ended the year \$9.2 million under the final budget. Expenditure budgets for personnel services (\$2.2 million), operating (\$6.7 million), and capital outlay (\$.3 million) accounted for the unspent budget. The main reason for the unspent personnel budget is due to the savings realized when positions are vacant before they are refilled. A large portion of the unspent operating and capital budgets was due to outstanding encumbrances at year end.

Actual revenues in total for 2018 came in \$2.3 million over the final budget. Intergovernmental revenues were \$1.4 million over budget due to higher than anticipated federal PILT (payment in lieu of taxes) and investment earnings were \$0.5 over budget due to rate increases.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the County's capital assets totaled \$841.5 million. Of that total, governmental activities accounted for \$833.1 million, and the remaining \$8.4 million belonged to the business-type activities. These amounts represent a broad range of capital assets including land, buildings, machinery, roads, road maintenance equipment, and law enforcement equipment. Detail is presented immediately below in Table 3.

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

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 2.9	\$ 2.9	\$ 0.3	\$ 0.3	\$ 3.2	\$ 3.2
Buildings and structures	99.6	101.9	2.0	2.0	101.6	103.9
Improvements other than buildings	-	-	5.7	6.8	5.7	6.8
Machinery and equipment	3.2	3.5	0.1	0.1	3.3	3.6
Vehicles	29.0	26.4	0.3	0.3	29.3	26.7
Infrastructure	671.6	629.7	-	-	671.6	629.7
Intangibles	3.1	2.2	-	-	3.1	2.2
Work in progress	23.7	7.7	-	0.2	23.7	7.9
Totals	\$ 833.1	\$ 774.3	\$ 8.4	\$ 9.7	\$ 841.5	\$ 784.0

Capital assets for governmental activities increased (including additions, disposals, and depreciation expense) by \$58.8 million, or 7.6%, over 2017. Additions for 2018 totaled \$80.0 million, net disposals were \$2.3 million, and depreciation expense was \$20.9 million.

Total vehicles in 2018 increased by \$2.6 million to \$29.0 million. In 2018, the County purchased 76 automobiles, 29 emergency and road maintenance vehicles, 20 unlicensed vehicles, 16 recreational vehicles, and 7 trailers.

Buildings and structures decreased \$(2.3) million to \$99.6 million in 2018. The primary reason for the decrease was depreciation expense.

Work in progress for governmental activities increased by \$16.0 million in 2018 to \$23.7 million. The main reasons for the change are \$19.6 million of additions to work in progress projects in 2018 and \$3.7 million of work in progress projects were completed in 2018.

Business-type activities had total net capital assets decrease \$1.3 million from 2017. The primary reason for the decrease was depreciation expense. The Environmental Services Fund, the only enterprise fund with capital assets, had net capital assets at year-end of \$8.4 million. In 2018 they purchased 12 roll-off containers, a scissor lift, an ADC machine, a trailer, made improvements to Hibbing Road, continued construction on a landfill gas collection building and started construction of a diesel fuel system. The landfill gas collection building and the diesel fuel system went in to service in 2018.

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

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2018

Debt Administration

At year-end, the County had \$154.2 million of outstanding bonded debt that is backed by the full faith and credit of the County. Some of the debt is also secured by specific revenue sources. There is no business-type activity bonded debt.

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

	Governmental Activities	
	2018	2017
General obligation bonds	<u>\$ 154.2</u>	<u>\$ 116.9</u>

The County debt increased by \$37.3 million to \$154.2 million in 2018, compared to a decrease of \$14.3 million in 2017. In 2018, the County paid \$8.7 million on existing debt and issued \$46 million in new debt.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The average unemployment rate for St. Louis County was 3.9% in 2018, the average unemployment rate was 3.9% for the United States and 2.9% for the State of Minnesota, generally.

The County's 2019 budget was passed on December 18, 2018, at a meeting of the St. Louis County Board of Commissioners. The 2019 property tax levy was \$136.7 million, an increase of \$4.5 million compared to 2018.

In 2018 St. Louis County collected \$14.9M million due to implementing a half percent Transportation Sales Tax and \$0.4 million from the Motor Vehicle Excise Tax. The County uses the sales tax revenue to repair roads in the poorest condition, replace critical bridge infrastructure, and accelerate safety projects identified in the County Highway Safety Plan.

County Program Aid received from the State of Minnesota in 2018 was \$12.3 million, an increase of \$0.8 million compared to 2017. Due to the volatility of this revenue in the past, the County is working to reduce its reliance on this aid. In years where the aid is fully funded, the amount in excess of the adopted budget will be directed to critical capital investments, reducing future borrowing costs or levy impacts.

Employees are key to the quality services provided by St. Louis County. The 2019 budget included 1,847 full time equivalent employees. Of the total \$394.7 million 2019 budget, \$191.7 million or 49%, was designated for personnel related costs.

All of these factors were considered in preparing the County's budget for the 2019 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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 170,157,638	\$ 2,106,153	\$ 172,263,791
Cash with fiscal agent	14,876,549	-	14,876,549
Investments	61,125,096	10,013,370	71,138,466
Accounts receivable (net)	46,192,143	100,719	46,292,862
Internal balances	759,722	(759,722)	-
Inventories	8,401,954	22,255	8,424,209
Prepaid items	397,795	12,693	410,488
Restricted assets	-	4,712,116	4,712,116
Capital assets not being depreciated	27,570,082	277,966	27,848,048
Capital assets being depreciated, net	805,497,981	8,131,657	813,629,638
Total assets	<u>1,134,978,960</u>	<u>24,617,207</u>	<u>1,159,596,167</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	26,271,703	278,637	26,550,340
LIABILITIES			
Accounts payable	29,430,620	754,673	30,185,293
Unearned revenue	3,684,535	-	3,684,535
Advance from other governments	2,674,739	-	2,674,739
Noncurrent liabilities:			
Due within one year	20,614,047	188,049	20,802,096
Due in more than one year	173,216,089	2,121,742	175,337,831
Net pension liability	78,501,568	1,553,325	80,054,893
Other postemployment benefits obligation	8,864,890	206,471	9,071,361
Total liabilities	<u>316,986,488</u>	<u>4,824,260</u>	<u>321,810,748</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	40,486,491	478,881	40,965,372
Other postemployment benefits obligation	315,405	7,346	322,751
Total deferred inflows of resources	<u>40,801,896</u>	<u>486,227</u>	<u>41,288,123</u>
NET POSITION			
Net investment in capital assets	726,772,187	8,409,623	735,181,810
Restricted			
General government	1,821,611	-	1,821,611
Public safety	867,329	-	867,329
Highways and streets	24,966,841	-	24,966,841
Health and sanitation	549,699	-	549,699
Human services	313,923	-	313,923
Conservation of natural resources	255,426	-	255,426
Economic development	1,875,177	-	1,875,177
Debt service	3,560,401	-	3,560,401
Permanent Funds:			
Expendable	1,392,765	-	1,392,765
Nonexpendable	18,480,143	-	18,480,143
Financial assurance	-	3,366,124	3,366,124
Unrestricted	22,606,777	7,809,610	30,416,387
Total net position	<u>\$ 803,462,279</u>	<u>\$ 19,585,357</u>	<u>\$ 823,047,636</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, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 48,592,813	\$ 20,717,724	\$ 1,653,963	\$ -	\$ (26,221,126)	\$ -	\$ (26,221,126)
Public safety	54,402,269	3,806,513	2,106,110	-	(48,489,646)	-	(48,489,646)
Highways and streets	50,535,861	4,732,541	14,374,421	23,799,966	(7,628,933)	-	(7,628,933)
Health and sanitation	6,000,673	636,845	3,749,856	-	(1,613,972)	-	(1,613,972)
Human services	98,710,007	12,477,933	40,505,514	-	(45,726,560)	-	(45,726,560)
Culture and recreation	3,691,776	-	387,590	-	(3,304,186)	-	(3,304,186)
Conservation of natural resources	9,065,610	9,406,596	306,275	-	647,261	-	647,261
Economic development	3,507,863	200	2,751,345	-	(756,318)	-	(756,318)
Interest and other charges	4,030,034	-	50	-	(4,029,984)	-	(4,029,984)
Total governmental activities	278,536,906	51,778,352	65,835,124	23,799,966	(137,123,464)	-	(137,123,464)
Business-type Activities:							
Environmental Services	10,544,963	6,640,627	286,987	-	-	(3,617,349)	(3,617,349)
Plat Books	14,316	8,468	-	-	-	(5,848)	(5,848)
Total business-type activities	10,559,279	6,649,095	286,987	-	-	(3,623,197)	(3,623,197)
Total primary government	\$ 289,096,185	\$ 58,427,447	\$ 66,122,111	\$ 23,799,966	(137,123,464)	(3,623,197)	(140,746,661)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					136,953,563	9,639	136,963,202
Property taxes, levied for debt service					6,076,005	-	6,076,005
Transportation sales tax					15,271,797	-	15,271,797
State shared not restricted to specific programs					20,023,431	11,874	20,035,305
Federal shared not restricted to specific programs					3,483,422	-	3,483,422
Investment earnings					4,117,270	238,154	4,355,424
Gain (Loss) on disposal of capital assets					(58,464)	2,213	(56,251)
Transfers					(435,081)	435,081	-
Total general revenues and transfers					185,431,943	696,961	186,128,904
Changes in net position					48,308,479	(2,926,236)	45,382,243
Net position - January 1 - restated					755,153,800	22,511,593	777,665,393
Net position - December 31					<u>\$ 803,462,279</u>	<u>\$ 19,585,357</u>	<u>\$ 823,047,636</u>

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, 2018

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 73,225,857	\$ 24,703,880	\$ 21,773,047	\$ 1,284,800	\$ 26,229,115	\$ 4,999,406	\$ 10,033,254	\$ 162,249,359
Cash with fiscal agent	-	-	-	-	-	14,876,549	-	14,876,549
Investments	-	-	-	-	27,000,000	-	18,280,143	45,280,143
Delinquent taxes receivable	2,122,855	749,230	1,464,320	-	126,538	240,435	7,600	4,710,978
Accounts receivable (net)	175,878	198,828	412,935	12,013,949	-	-	5,613	12,807,203
Accrued interest receivable	928,791	-	-	198,111	369,475	-	-	1,496,377
Loans receivable	240,176	95,140	-	-	-	-	1,843,584	2,178,900
Interfund receivable	22,759	-	-	-	-	-	-	22,759
Due from other governments	1,692,889	14,171,451	7,056,587	-	1,918	-	1,008,455	23,931,300
Inventories	-	8,346,837	-	-	-	-	-	8,346,837
Prepaid items	393,960	-	3,835	-	-	-	-	397,795
Advances to other funds	-	-	-	-	1,724,854	-	-	1,724,854
Total Assets	<u>78,803,165</u>	<u>48,265,366</u>	<u>30,710,724</u>	<u>13,496,860</u>	<u>55,451,900</u>	<u>20,116,390</u>	<u>31,178,649</u>	<u>278,023,054</u>
LIABILITIES AND FUND BALANCES								
Accounts payable	1,617,582	1,075,584	1,851,442	506,015	7,876,504	1,969	566,627	13,495,723
Contracts payable	-	3,208,851	-	-	1,118,880	-	-	4,327,731
Salaries payable	1,827,854	484,872	1,025,281	97,728	-	-	4,966	3,440,701
Interfund payable	-	-	-	-	-	-	22,759	22,759
Due to other governments	824,483	147,806	1,601,061	6,900	-	-	459,884	3,040,134
Unearned revenue	575,517	2,391,846	238,826	29,883	-	-	-	3,236,072
Advance from other governments	-	2,674,739	-	-	-	-	-	2,674,739
Total Liabilities	<u>4,845,436</u>	<u>9,983,698</u>	<u>4,716,610</u>	<u>640,526</u>	<u>8,995,384</u>	<u>1,969</u>	<u>1,054,236</u>	<u>30,237,859</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Taxes	1,854,925	663,647	1,267,573	-	108,352	212,154	6,583	4,113,234
Grants	137,791	6,484,759	313,923	-	-	-	-	6,936,473
Long-term receivables	-	-	-	11,248,595	-	-	-	11,248,595
Total Deferred Inflows of Resources	<u>1,992,716</u>	<u>7,148,406</u>	<u>1,581,496</u>	<u>11,248,595</u>	<u>108,352</u>	<u>212,154</u>	<u>6,583</u>	<u>22,298,302</u>
FUND BALANCE								
Nonspendable	-	-	-	-	-	-	-	-
Noncurrent loans	240,176	-	-	-	-	-	-	240,176
Inventories	-	8,346,837	-	-	-	-	-	8,346,837
Prepaid items	393,960	-	3,835	-	-	-	-	397,795
Environmental trust funds	-	-	-	-	-	-	18,280,143	18,280,143
Scholarships	-	-	-	-	-	-	200,000	200,000
Missing heirs	195,536	-	-	-	-	-	-	195,536
Restricted	-	-	-	-	-	-	-	-
Unorganized town roads	-	30,482	-	-	-	-	-	30,482
Non-current loans	-	95,140	-	-	-	-	876,585	971,725
Transportation sales tax	-	6,150,226	-	-	-	-	-	6,150,226
State aid projects	-	3,063,641	-	-	-	-	-	3,063,641
Debt service	-	-	-	-	-	19,902,267	50,390	19,952,657
Health and sanitation	-	-	-	-	-	-	309,523	309,523
Improvement of natural resources	-	-	-	-	-	-	1,392,765	1,392,765
Economic development	998,592	-	-	-	-	-	-	998,592
Law library	333,836	-	-	-	-	-	-	333,836
Recorder's equipment	225,056	-	-	-	-	-	-	225,056
Communications	286,435	-	-	-	-	-	-	286,435
Extension service	255,426	-	-	-	-	-	-	255,426
Tax certificate assurance	198,130	-	-	-	-	-	-	198,130
Attorney forfeitures	178,357	-	-	-	-	-	-	178,357
Sheriff forfeitures	56,429	-	-	-	-	-	-	56,429
Sheriff fines	6,109	-	-	-	-	-	-	6,109
Data integration	113,276	-	-	-	-	-	-	113,276
Veterans' credit	-	-	-	15,000	-	-	-	15,000
Emergency contingency	5,942	-	-	23,969	-	-	-	29,911
Sheriff's contingency	6,163	-	-	-	-	-	-	6,163
Capital improvements	-	-	-	-	31,962,787	-	-	31,962,787
Committed	-	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	1,503,195	1,503,195
Conservation of natural resources	-	-	-	-	-	-	6,427,291	6,427,291
Economic development	-	-	-	-	-	-	957,990	957,990
Retiree obligations	7,356,890	2,897,999	4,553,431	1,083,741	-	-	-	15,892,061
Vesting sick leave	3,902,960	917,004	1,994,691	394,938	-	-	-	7,209,593
National night out	928	-	-	-	-	-	-	928
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, 2018

	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	-	-	1,840,000	-	-	-	-	1,840,000
Major emergency road and bridge repair	-	500,000	-	-	-	-	-	500,000
Local road & bridge construction projects	-	830,709	-	-	-	-	-	830,709
Gas and diesel variability	-	962,947	-	-	-	-	-	962,947
State aid engineering	-	400,967	-	-	-	-	-	400,967
Salt budget carryforward	-	689,226	-	-	-	-	-	689,226
Depreciation reserve	-	-	-	-	846,517	-	-	846,517
Capital improvements	-	-	-	-	13,538,860	-	-	13,538,860
Parking	312,692	-	-	-	-	-	-	312,692
NEMESIS	306,919	-	-	-	-	-	-	306,919
Assigned Economic development	1,049,841	-	-	-	-	-	-	1,049,841
General government	2,143,812	-	-	-	-	-	-	2,143,812
Public safety	1,640,713	-	-	-	-	-	-	1,640,713
Public safety innovation	882,817	-	-	-	-	-	-	882,817
Highways and streets	-	6,248,084	-	-	-	-	-	6,248,084
Health and sanitation	154	-	181	-	-	-	-	335
Information technology	7,036,048	-	380,665	-	-	-	-	7,416,713
GSC remodel	-	-	538,910	-	-	-	-	538,910
Periodic data match	-	-	225,582	-	-	-	-	225,582
Prevention and Innovation	-	-	766,276	-	-	-	-	766,276
Human services	-	-	13,845,132	-	-	-	-	13,845,132
Conservation of natural resources	8,891	-	-	90,091	-	-	119,948	218,930
Planning and zoning GIS	389,693	-	-	-	-	-	-	389,693
Mineral management program	340,000	-	-	-	-	-	-	340,000
Health initiatives	-	-	263,915	-	-	-	-	263,915
Community and economic development dev blight prog	1,222,763	-	-	-	-	-	-	1,222,763
Elections	66,766	-	-	-	-	-	-	66,766
Camp esquagama	45,000	-	-	-	-	-	-	45,000
Other post employment benefits	1,300,000	-	-	-	-	-	-	1,300,000
Unassigned	40,190,030	-	-	-	-	-	-	40,190,030
Total Fund Balance	71,965,013	31,133,262	24,412,618	1,607,739	46,348,164	19,902,267	30,117,830	225,486,893
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 78,803,165	\$ 48,265,366	\$ 30,710,724	\$ 13,496,860	\$ 55,451,900	\$ 20,116,390	\$ 31,178,649	\$ 278,023,054

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

ST. LOUIS COUNTY, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

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

Total Fund balance - governmental funds (from above)	\$ 225,486,893
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	830,203,472
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.	22,298,302
Other long-term assets reported as deferred inflows of resources.	(40,801,896)
Certain liabilities payable from other long term assets listed above are also not reported in the funds.	(4,499,438)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(273,053,380)
Other long-term liabilities reported as deferred outflows of resources.	26,271,703
Internal Service Funds are used by management to charge the costs of certain activities such as insurances to individual funds.	
The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	<u>17,556,623</u>
Net position of governmental activities	<u>\$ 803,462,279</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	\$ 64,778,113	\$ 40,996,162	\$ 42,317,279	\$ -	\$ 3,915,970	\$ 6,076,005	\$ 791,068	\$ 158,874,597
Licenses and permits	304,476	53,945	-	-	-	-	-	358,421
Intergovernmental	21,489,012	46,273,874	55,275,619	17,898	365,023	269,736	3,361,853	127,053,015
Charges for services	22,742,526	3,671,894	4,368,612	-	60,936	-	-	30,843,968
Fines and forfeits	147,522	-	-	-	-	-	-	147,522
Earnings on investments	3,303,464	20,909	-	-	689,667	216,706	(422,894)	3,807,852
Gifts and contributions	14,441	-	-	-	-	-	-	14,441
Land and timber sales	-	-	-	7,549,849	-	-	623,500	8,173,349
Miscellaneous	1,427,269	1,065,677	960,002	82,265	7,315	126,057	20,401	3,688,986
Total Revenues	<u>114,206,823</u>	<u>92,082,461</u>	<u>102,921,512</u>	<u>7,650,012</u>	<u>5,038,911</u>	<u>6,688,504</u>	<u>4,373,928</u>	<u>332,962,151</u>
EXPENDITURES								
Current:								
General government	47,342,166	-	-	-	303,339	-	-	47,645,505
Public safety	53,774,789	-	-	-	88,120	-	-	53,862,909
Highways and streets	-	35,740,929	-	-	498,869	-	-	36,239,798
Health and sanitation	703,099	-	5,123,875	-	-	-	200,713	6,027,687
Human services	204,908	-	98,506,206	-	-	-	-	98,711,114
Culture and recreation	2,028,942	-	-	-	27,433	-	-	2,056,375
Conservation of natural resources	1,259,243	-	-	6,433,697	-	-	749,188	8,442,128
Economic development	677,003	-	-	-	-	-	2,798,635	3,475,638
Debt service:								
Principal	-	-	-	-	-	7,940,000	70,991	8,010,991
Interest and other charges	-	-	-	-	-	4,631,664	-	4,631,664
Capital outlay:								
General government	402,075	-	-	-	7,506,093	-	-	7,908,168
Public safety	1,158,154	-	-	-	3,198,051	-	-	4,356,205
Highways and streets	-	50,395,999	-	-	16,782,632	-	-	67,178,631
Health and Sanitation	-	-	-	-	9,800	-	-	9,800
Conservation of natural resources	-	-	-	309,858	13,982	-	-	323,840
Total Expenditures	<u>107,550,379</u>	<u>86,136,928</u>	<u>103,630,081</u>	<u>6,743,555</u>	<u>28,428,319</u>	<u>12,571,664</u>	<u>3,819,527</u>	<u>348,880,453</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,656,444</u>	<u>5,945,533</u>	<u>(708,569)</u>	<u>906,457</u>	<u>(23,389,408)</u>	<u>(5,883,160)</u>	<u>554,401</u>	<u>(15,918,302)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	1,467,318	403,360	1,429,237	111,566	7,991,588	5,326,994	1,462,846	18,192,909
Transfers (out)	(5,679,596)	(9,824,744)	(35,325)	(1,090,553)	(349,667)	-	(1,813,278)	(18,793,163)
Bonds issued	-	-	-	-	43,275,000	-	-	43,275,000
Premium on bonds issued	-	-	-	-	2,722,873	-	-	2,722,873
Sale of capital assets	12,005	115,215	-	7,828	91,000	-	-	226,048
Total other financing sources and uses	<u>(4,200,273)</u>	<u>(9,306,169)</u>	<u>1,393,912</u>	<u>(971,159)</u>	<u>53,730,794</u>	<u>5,326,994</u>	<u>(350,432)</u>	<u>45,623,667</u>
Net change in fund balances	2,456,171	(3,360,636)	685,343	(64,702)	30,341,386	(556,166)	203,969	29,705,365
Fund balances - January 1	69,508,842	34,473,727	23,727,275	1,672,441	16,006,778	20,458,433	29,913,861	195,761,357
Increase (decrease) in inventories	-	20,171	-	-	-	-	-	20,171
Fund balances - December 31	<u>\$ 71,965,013</u>	<u>\$ 31,133,262</u>	<u>\$ 24,412,618</u>	<u>\$ 1,607,739</u>	<u>\$ 46,348,164</u>	<u>\$ 19,902,267</u>	<u>\$ 30,117,830</u>	<u>\$ 225,486,893</u>

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

ST. LOUIS COUNTY, MINNESOTA
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances--total governmental funds (from previous page)	\$ 29,725,536
Increase (Decrease) in inventories--total governmental funds (from previous page)	20,171
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.	(6,277,528)
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	(379,397)
Compensated absences	9,571
Bond interest payable	(151,871)
Bond premium amortization	753,501
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.	58,882,368
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.	774,182
Expenditures reported in the governmental funds are not considered expenses in the Statement of Activities	
Intra-general government function rent	71,885
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	8,010,991
The County's proportionate share of the Other Post Employment Benefits	248,158
The County's proportionate share of the of the Public Employees Retirement Association of Minnesota	2,618,785
The issuance of long term debt provides current financial resources, but has not effect on net position	(45,997,873)
Change in net position of governmental activities	<u>\$ 48,308,479</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Taxes	\$ 64,290,754	\$ 64,222,768	\$ 64,778,113	\$ 555,345
Licenses and permits	302,074	302,074	304,476	2,402
Intergovernmental	20,022,564	20,058,005	21,489,012	1,431,007
Charges for services	22,799,320	22,992,407	22,742,526	(249,881)
Fines and forfeits	143,225	153,309	147,522	(5,787)
Earnings on investments	2,810,000	2,810,000	3,303,464	493,464
Gifts and contributions	15,850	19,150	14,441	(4,709)
Miscellaneous	1,250,769	1,348,864	1,427,269	78,405
Total revenues	111,634,556	111,906,577	114,206,823	2,300,246
EXPENDITURES				
General government				
Non-departmental				
Personnel services	-	207,568	207,568	-
Commissioners				
Personnel services	936,255	936,255	909,518	26,737
Other operating	291,604	291,604	209,499	82,105
Total commissioners	1,227,859	1,227,859	1,119,017	108,842
Port authority				
Other operating	12,000	12,000	12,000	-
County administrator				
Personnel services	2,033,754	2,033,754	1,109,395	924,359
Other operating	1,982,868	1,910,355	690,957	1,219,398
Total county administrator	4,016,622	3,944,109	1,800,352	2,143,757
Intergovernmental affairs				
Personnel services	140,762	143,141	143,141	-
Other operating	173,459	171,080	165,918	5,162
Total intergovernmental affairs	314,221	314,221	309,059	5,162
Labor relations				
Other operating	251,929	251,929	18,852	233,077
Planning and zoning				
Personnel services	1,523,530	1,615,771	1,577,759	38,012
Other operating	2,162,361	1,962,614	1,402,867	559,747
Total planning and zoning	3,685,891	3,578,385	2,980,626	597,759
Commitment representation				
Personnel services	2,500	2,500	-	2,500
Other operating	130,000	130,000	61,334	68,666
Total commitment representation	132,500	132,500	61,334	71,166
Court administrator				
Other operating	1,120,649	1,120,649	1,120,649	-
Examiner of titles				
Personnel services	125,747	125,786	125,786	-
Other operating	21,611	21,573	14,782	6,791
Total examiner of titles	147,358	147,359	140,568	6,791
County attorney				
Personnel services	7,656,907	7,532,307	7,298,932	233,375
Other operating	1,115,487	1,103,918	1,039,125	64,793
Total county attorney	8,772,394	8,636,225	8,338,057	298,168
Subtotal	19,681,423	19,572,804	16,108,082	3,464,722

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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
General government (continued)				
County auditor				
Personnel services	4,433,149	4,406,790	4,305,774	101,016
Other operating	1,591,427	1,591,427	1,021,532	569,895
Capital outlay	167,273	167,273	55,620	111,653
Total county auditor	6,191,849	6,165,490	5,382,926	782,564
Information Technology				
Personnel services	5,064,325	5,064,325	4,670,470	393,855
Other operating	3,859,537	4,627,328	3,441,070	1,186,258
Capital outlay	446,346	401,747	346,455	55,292
Total information technology	9,370,208	10,093,400	8,457,995	1,635,405
County assessor				
Personnel services	3,550,268	3,550,268	3,458,597	91,671
Other operating	838,956	838,956	731,180	107,776
Total county assessor	4,389,224	4,389,224	4,189,777	199,447
Purchasing				
Personnel services	378,029	378,029	356,581	21,448
Other operating	32,149	32,149	22,178	9,971
Total purchasing	410,178	410,178	378,759	31,419
Microfilming				
Personnel services	151,435	151,435	151,008	427
Other operating	58,083	58,083	46,196	11,887
Total microfilming	209,518	209,518	197,204	12,314
Recorder				
Personnel services	2,033,052	2,036,580	1,910,240	126,340
Other operating	527,879	527,879	434,063	93,816
Capital outlay	5,000	5,000	-	5,000
Total recorder	2,565,931	2,569,459	2,344,303	225,156
Human Resources				
Personnel services	1,461,807	1,461,807	1,404,341	57,466
Other operating	373,040	373,040	299,621	73,419
Total human resources	1,834,847	1,834,847	1,703,962	130,885
Veteran's service				
Personnel services	667,411	684,391	684,391	-
Other operating	135,885	120,918	118,388	2,530
Total veteran's service	803,296	805,309	802,779	2,530
Employee training				
Personnel services	310,043	310,043	298,019	12,024
Other operating	349,112	349,112	283,221	65,891
Total employee training	659,155	659,155	581,240	77,915
Elections				
Personnel services	-	26,425	26,425	-
Other operating	351,140	379,850	311,909	67,941
Total elections	351,140	406,275	338,334	67,941
Subtotal	26,785,346	27,542,855	24,377,279	3,165,576
				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, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
EXPENDITURES (CONTINUED)				
General government (continued)				
Property management				
Personnel services	4,120,219	4,015,965	4,014,655	1,310
Other operating	3,344,871	3,386,424	3,232,808	153,616
Capital outlay	5,600	-	-	-
Total property management	7,470,690	7,402,389	7,247,463	154,926
Missing heirs				
Other operating	-	2,600	2,600	-
Health Care Reform				
Other operating	22,026	22,026	8,817	13,209
Total General Government	53,959,485	54,542,674	47,744,241	6,798,433
Public safety				
Arrowhead Regional Corrections				
Other operating	15,472,734	15,472,734	15,437,219	35,515
Sheriff				
Personnel services	12,983,739	13,686,674	13,685,844	830
Other operating	3,311,151	3,810,327	2,931,634	878,693
Capital outlay	591,126	719,460	695,864	23,596
Total sheriff	16,886,016	18,216,461	17,313,342	903,119
Boat and water safety				
Personnel services	10,000	5,490	5,490	-
Other operating	106,418	102,141	102,141	-
Capital outlay	83,576	58,812	58,812	-
Total boat and water safety	199,994	166,443	166,443	-
Medical examiner				
Other operating	619,232	619,232	600,670	18,562
Emergency management				
Personnel services	174,672	178,746	174,041	4,705
Other operating	434,620	446,101	419,783	26,318
Total emergency management	609,292	624,847	593,824	31,023
Rescue squad				
Other operating	261,762	246,242	246,183	59
Capital outlay	26,457	59,323	59,323	-
Total rescue squad	288,219	305,565	305,506	59
Law enforcement service				
Personnel services	587,131	587,131	473,622	113,509
Other operating	28,693	28,693	25,072	3,621
Total law enforcement service	615,824	615,824	498,694	117,130
Emergency communication				
Personnel services	3,848,226	3,932,748	3,932,746	2
Other operating	477,221	284,869	284,869	-
Total emergency communication	4,325,447	4,217,617	4,217,615	2
Ambulance service				
Other operating	104,000	90,460	90,460	-
Subtotal	39,120,758	40,329,183	39,223,773	1,105,410
				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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Public safety (continued)				
Radio maintenance				
Personnel services	515,122	464,705	464,705	-
Other operating	513,071	477,386	396,626	80,760
Capital outlay	97,001	-	-	-
Total radio maintenance	1,125,194	942,091	861,331	80,760
Jail prisoners				
Personnel services	6,963,534	6,923,085	6,923,085	-
Other operating	4,594,606	4,542,451	4,007,642	534,809
Capital outlay	25,000	-	-	-
Total jail prisoners	11,583,140	11,465,536	10,930,727	534,809
Jail building				
Personnel services	565,595	582,903	582,903	-
Other operating	506,250	459,413	453,517	5,896
Capital outlay	-	10,995	10,995	-
Total jail building	1,071,845	1,053,311	1,047,415	5,896
Mine inspector				
Personnel services	230,407	230,407	225,406	5,001
Other operating	59,179	59,179	51,962	7,217
Total mine inspector	289,586	289,586	277,368	12,218
Volunteer fire department				
Other operating	617,709	617,709	580,709	37,000
Sheriff's NEMESIS system				
Personnel services	74,555	74,555	74,555	-
Other operating	530,864	807,586	793,632	13,954
Total sheriff's NEMESIS system	605,419	882,141	868,187	13,954
Sheriff fines				
Other operating	15,000	15,000	12,842	2,158
Attorneys forfeitures				
Personnel services	18,013	18,013	17,640	373
Other operating	126,000	146,000	116,164	29,836
Total Attorneys forfeitures	144,013	164,013	133,804	30,209
Sheriff's forfeitures				
Other operating	90,985	122,347	80,523	41,824
Capital outlay	2,000	78,094	74,504	3,590
Total Sheriff's forfeitures	92,985	200,441	155,027	45,414
Enhanced 9-1-1				
Other operating	162,700	335,781	263,738	72,043
Capital outlay	307,943	307,943	258,656	49,287
Total enhanced 9-1-1	470,643	643,724	522,394	121,330
Law library				
Other operating	308,814	308,814	289,880	18,934
City/County antenna site				
Other operating	6,200	6,200	4,742	1,458
Sheriff's contingent fund				
Other operating	15,000	24,744	24,744	-
Total Public Safety	55,466,306	56,942,493	54,932,943	2,009,550

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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Health and sanitation				
Occupational safety				
Personnel services	404,879	428,298	422,087	6,211
Other operating	298,684	275,265	262,412	12,853
Total occupational safety	703,563	703,563	684,499	19,064
Midway Township Sewer				
Other operating	18,600	18,600	18,600	-
Total Health and Sanitation	722,163	722,163	703,099	19,064
Human services				
Emergency shelter program				
Personnel services	10,500	19,000	19,000	-
Other operating	284,367	223,171	185,908	37,263
Total emergency shelter program	294,867	242,171	204,908	37,263
Total Human Services	294,867	242,171	204,908	37,263
Culture and recreation				
Tourism promotion				
Other operating	199,208	289,935	280,969	8,966
Depot				
Other operating	190,300	210,800	210,587	213
Capital outlay	30,000	30,000	-	30,000
Total depot	220,300	240,800	210,587	30,213
Arrowhead Library System				
Other operating	699,503	699,503	699,503	-
Historical Society				
Other operating	406,998	406,998	406,998	-
Community fairs				
Other operating	750	750	500	250
County fair - north				
Other operating	12,806	12,806	12,806	-
County fair - south				
Other operating	12,806	12,806	5,000	7,806
Trail assistance				
Other operating	500,000	575,000	387,579	187,421
Youth activities program				
Other operating	25,000	25,000	25,000	-
Total Culture and Recreation	2,077,371	2,263,598	2,028,942	234,656
				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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Conservation of natural resources				
North Shore Management Board				
Other operating	2,500	2,500	2,500	-
Soil conservation - north				
Other operating	60,000	60,000	60,000	-
Soil conservation - south				
Other operating	60,000	60,000	60,000	-
County agent				
Personnel services	271,210	271,210	267,761	3,449
Other operating	398,038	394,889	375,084	19,805
Total county agent	669,248	666,099	642,845	23,254
Youth task force				
Personnel services	288,668	288,668	251,563	37,105
Other operating	258,816	266,465	242,335	24,130
Total youth task force	547,484	555,133	493,898	61,235
Total Conservation of Natural Resources	1,339,232	1,343,732	1,259,243	84,489
Economic development				
Revolving loans				
Other operating	692,332	692,332	677,003	15,329
Total Economic development	692,332	692,332	677,003	15,329
Total Expenditures	114,551,756	116,749,163	107,550,379	9,198,784
Excess of revenues over (under) expenditures	(2,917,200)	(4,842,586)	6,656,444	11,499,030
OTHER FINANCING SOURCES (USES)				
Transfers in	1,356,320	1,467,318	1,467,318	-
Transfers (out)	(2,860,287)	(5,690,157)	(5,679,596)	10,561
Sale of capital assets	51,400	51,400	12,005	(39,395)
Total other financing sources (uses)	(1,452,567)	(4,171,439)	(4,200,273)	(28,834)
Net change in fund balances	(4,369,767)	(9,014,025)	2,456,171	11,470,196
Fund balances - January 1	69,508,842	69,508,842	69,508,842	-
Fund balances - December 31	\$ 65,139,075	\$ 60,494,817	\$ 71,965,013	\$ 11,470,196

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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 40,166,161	\$ 40,166,161	\$ 40,996,162	\$ 830,001
Licenses and permits	50,000	50,000	53,945	3,945
Intergovernmental	42,120,421	42,893,020	46,273,874	3,380,854
Charges for services	838,258	4,328,638	3,671,894	(656,744)
Earnings on investments	-	20,909	20,909	-
Miscellaneous	948,257	974,270	1,065,677	91,407
Total Revenues	84,123,097	88,432,998	92,082,461	3,649,463
EXPENDITURES				
Highways and streets				
Administration				
Personnel services	4,274,204	4,133,751	4,133,751	-
Other operating	2,642,724	2,221,572	1,369,004	852,568
Capital outlay	127,355	884,904	884,788	116
Total administration	7,044,283	7,240,227	6,387,543	852,684
Road maintenance				
Personnel services	13,173,624	12,738,411	12,633,746	104,665
Other operating	2,758,040	2,787,381	2,515,527	271,854
Capital outlay	-	140,012	140,012	-
Total road maintenance	15,931,664	15,665,804	15,289,285	376,519
Road construction				
Personnel services	3,350,000	508,658	470,101	38,557
Other operating	58,340,843	9,695,835	671,234	9,024,601
Capital outlay	6,441	49,371,199	49,371,199	-
Total road construction	61,697,284	59,575,692	50,512,534	9,063,158
Equipment maintenance and shops				
Personnel services	4,121,523	4,406,171	4,380,026	26,145
Other operating	10,169,922	10,139,330	9,567,540	571,790
Total equipment maintenance and shops	14,291,445	14,545,501	13,947,566	597,935
Total Expenditures	98,964,676	97,027,224	86,136,928	10,890,296
Excess of Revenues Over (Under) Expenditures	(14,841,579)	(8,594,226)	5,945,533	14,539,759
OTHER FINANCING SOURCES (USES)				
Transfers in	340,000	403,360	403,360	-
Transfers (out)	(5,356,508)	(9,824,744)	(9,824,744)	-
Sale of capital assets	40,000	40,000	115,215	75,215
Total other financing sources (uses)	(4,976,508)	(9,381,384)	(9,306,169)	75,215
Net change in fund balances	(19,818,087)	(17,975,610)	(3,360,636)	14,614,974
Fund Balance - January 1	34,473,727	34,473,727	34,473,727	-
Increase (decrease) in inventories	-	-	20,171	20,171
Fund Balance - December 31	\$ 14,655,640	\$ 16,498,117	\$ 31,133,262	\$ 14,635,145

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Taxes	\$ 42,387,188	\$ 42,387,188	\$ 42,317,279	\$ (69,909)
Intergovernmental	58,945,228	58,232,890	55,275,619	(2,957,271)
Charges for services	3,424,800	3,686,238	4,368,612	682,374
Miscellaneous	1,100,678	1,104,241	960,002	(144,239)
Total Revenues	105,857,894	105,410,557	102,921,512	(2,489,045)
EXPENDITURES				
Human services				
Administration				
Personnel services	6,523,044	6,504,732	6,504,730	2
Other operating	7,201,625	6,799,531	6,474,413	325,118
Total administration	13,724,669	13,304,263	12,979,143	325,120
Income maintenance				
Personnel services	13,589,767	12,645,910	12,645,908	2
Other operating	4,949,150	4,938,058	4,366,376	571,682
Total income maintenance	18,538,917	17,583,968	17,012,284	571,684
Social services				
Personnel services	28,496,019	28,960,520	28,796,725	163,795
Other operating	40,678,803	41,235,720	39,718,054	1,517,666
Total social services	69,174,822	70,196,240	68,514,779	1,681,461
Total human services	101,438,408	101,084,471	98,506,206	2,578,265
Health and sanitation				
Administration				
Personnel services	434,240	187,778	187,748	30
Other operating	144,690	152,598	145,725	6,873
Total administration	578,930	340,376	333,473	6,903
Nursing				
Personnel services	3,850,920	4,379,087	4,289,977	89,110
Other operating	568,499	585,375	500,425	84,950
Total nursing	4,419,419	4,964,462	4,790,402	174,060
Total health and sanitation	4,998,349	5,304,838	5,123,875	180,963
Total Expenditures	106,436,757	106,389,309	103,630,081	2,759,228
Excess of Revenues Over				
(Under) Expenditures	(578,863)	(978,752)	(708,569)	270,183
OTHER FINANCING SOURCES (USES)				
Transfers in	349,799	1,439,799	1,429,237	(10,562)
Transfers (out)	-	(35,325)	(35,325)	-
Total other financing sources (uses)	349,799	1,404,474	1,393,912	(10,562)
Net change in fund balances	(229,064)	425,722	685,343	259,621
Fund Balance - January 1	23,727,275	23,727,275	23,727,275	-
Fund Balance - December 31	\$ 23,498,211	\$ 24,152,997	\$ 24,412,618	\$ 259,621

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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 18,000	\$ 18,000	\$ 17,898	\$ (102)
Land and timber sales	7,710,000	7,710,000	7,549,849	(160,151)
Miscellaneous	55,000	55,000	82,265	27,265
Total Revenues	<u>7,783,000</u>	<u>7,783,000</u>	<u>7,650,012</u>	<u>(132,988)</u>
EXPENDITURES				
Current:				
Conservation of natural resources				
Personnel services	5,317,188	5,361,692	4,859,282	502,410
Other operating	2,135,503	2,403,392	1,574,415	828,977
Capital outlay	367,880	403,611	309,858	93,753
Total Expenditures	<u>7,820,571</u>	<u>8,168,695</u>	<u>6,743,555</u>	<u>1,425,140</u>
Excess of Revenues Over (Under) Expenditures	(37,571)	(385,695)	906,457	1,292,152
OTHER FINANCING SOURCES (USES)				
Transfers in	-	80,234	111,566	31,332
Transfers (out)	(600,000)	(1,090,553)	(1,090,553)	-
Sale of capital assets	-	-	7,828	7,828
Total other financing sources (uses)	<u>(600,000)</u>	<u>(1,010,319)</u>	<u>(971,159)</u>	<u>39,160</u>
Net change in fund balances	(637,571)	(1,396,014)	(64,702)	1,331,312
Fund Balance - January 1	<u>1,672,441</u>	<u>1,672,441</u>	<u>1,672,441</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,034,870</u>	<u>\$ 276,427</u>	<u>\$ 1,607,739</u>	<u>\$ 1,331,312</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, 2018

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Plat Books	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,957,219	\$ 148,934	\$ 2,106,153	\$ 7,908,279
Investments	10,013,370	-	10,013,370	15,844,953
Delinquent taxes receivable	3,818	-	3,818	-
Accounts receivable (net)	61,529	-	61,529	1,003,081
Accrued interest receivable	29,637	-	29,637	41,545
Inventories	-	22,255	22,255	55,117
Prepaid items	300	12,393	12,693	-
Total current assets	12,065,873	183,582	12,249,455	24,852,975
Noncurrent assets:				
Restricted assets				
Financial assurance				
Cash and cash equivalents	1,720,681	-	1,720,681	-
Investments	2,991,435	-	2,991,435	-
Accrued interest receivable	5,735	-	5,735	-
Health and sanitation				
Capital assets				
Land	277,966	-	277,966	25,500
Buildings and structures	7,397,245	-	7,397,245	2,575,959
Improvements other than buildings	10,955,402	-	10,955,402	-
Machinery and equipment	1,232,742	-	1,232,742	-
Vehicles	1,580,094	-	1,580,094	2,738,191
Less accumulated depreciation	(13,033,826)	-	(13,033,826)	(2,475,059)
Total capital assets, net	8,409,623	-	8,409,623	2,864,591
Total noncurrent assets	13,127,474	-	13,127,474	2,864,591
Total assets	25,193,347	183,582	25,376,929	27,717,566
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	278,637	-	278,637	-
Total deferred outflows of resources	278,637	-	278,637	-

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, 2018

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Plat Books	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	510,460	61	510,521	64,401
Salaries payable	55,994	-	55,994	20,666
Compensated absences payable	188,049	-	188,049	84,471
Claims payable	-	-	-	3,000,316
Due to other governments	188,158	-	188,158	44,473
Unearned revenue	-	-	-	448,463
Advances from other funds	-	-	-	37,497
Total current liabilities	942,661	61	942,722	3,700,287
Noncurrent liabilities:				
Compensated absences payable	770,015	-	770,015	310,509
Claims payable	-	-	-	5,222,512
Other post employment obligation	206,471	-	206,471	-
Advances from other funds	-	-	-	1,687,357
Closure and post-closure liabilities	1,351,727	-	1,351,727	-
Net pension liability	1,553,325	-	1,553,325	-
Total noncurrent liabilities	3,881,538	-	3,881,538	7,220,378
Total liabilities	4,824,199	61	4,824,260	10,920,665
DEFERRED INFLOWS OF RESOURCES				
Pension related items	478,881	-	478,881	-
Other post employment related items	7,346	-	7,346	-
Total deferred outflows of resources	486,227	-	486,227	-
NET POSITION				
Net investment in capital assets	8,409,623	-	8,409,623	2,864,591
Restricted for financial assurance	3,366,124	-	3,366,124	-
Unrestricted	8,385,811	183,521	8,569,332	13,932,310
Total net position	\$ 20,161,558	\$ 183,521	\$ 20,345,079	\$ 16,796,901
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(759,722)	
Net position of business type activities			\$ 19,585,357	

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, 2018

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Plat Books	Total	
Operating Revenues				
Charges for services	\$ 6,499,529	\$ 8,468	\$ 6,507,997	\$ 39,525,436
Licenses and permits	6,155	-	6,155	-
Other	134,943	-	134,943	1,105,610
Total Operating Revenues	<u>6,640,627</u>	<u>8,468</u>	<u>6,649,095</u>	<u>40,631,046</u>
Operating Expenses				
Personal services	3,197,317	-	3,197,317	1,075,189
Contractual services	5,570,848	-	5,570,848	3,517,950
Materials	359,024	14,316	373,340	391,824
Other post employment benefits	(5,780)	-	(5,780)	-
Claims paid	-	-	-	34,932,446
Depreciation	1,543,246	-	1,543,246	297,452
Total Operating Expenses	<u>10,664,655</u>	<u>14,316</u>	<u>10,678,971</u>	<u>40,214,861</u>
Operating Income (Loss)	<u>(4,024,028)</u>	<u>(5,848)</u>	<u>(4,029,876)</u>	<u>416,185</u>
Nonoperating Revenues (Expenses)				
Taxes	9,639	-	9,639	-
Grants	298,861	-	298,861	-
Earnings on investments	238,154	-	238,154	309,418
Loss or gain on asset disposal	2,213	-	2,213	3,098
Total Nonoperating Revenues (Expenses)	<u>548,867</u>	<u>-</u>	<u>548,867</u>	<u>312,516</u>
Income (Loss) Before Transfers	<u>(3,475,161)</u>	<u>(5,848)</u>	<u>(3,481,009)</u>	<u>728,701</u>
Transfers in	464,595	-	464,595	500,000
Transfers out	<u>(29,514)</u>	<u>-</u>	<u>(29,514)</u>	<u>(334,827)</u>
Change in net position	<u>(3,040,080)</u>	<u>(5,848)</u>	<u>(3,045,928)</u>	<u>893,874</u>
Net position - January 1 - restated	<u>23,201,638</u>	<u>189,369</u>	<u>23,391,007</u>	<u>15,903,027</u>
Net position - December 31	<u>\$ 20,161,558</u>	<u>\$ 183,521</u>	<u>\$ 20,345,079</u>	<u>\$ 16,796,901</u>
Change in net position			\$ (3,045,928)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>119,692</u>	
Change in net position of business type activities			<u>\$ (2,926,236)</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, 2018

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Environmental Services	Plat Books	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 6,709,980	\$ 8,468	\$ 6,718,448	\$ -
Receipts from interfund services provided	-	226	226	39,005,163
Payments to suppliers	(5,585,931)	(12,332)	(5,598,263)	(3,702,255)
Payments to employees	(3,134,542)	-	(3,134,542)	(1,073,066)
Claims paid	-	-	-	(35,317,451)
Other receipts	123,795	-	123,795	1,114,614
Net cash provided (used) by operating activities	(1,886,698)	(3,638)	(1,890,336)	27,005
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from taxes	12,442	-	12,442	-
Proceeds from grants	298,861	-	298,861	-
Transfers from other funds	464,595	-	464,595	500,000
Transfers to other funds	(29,514)	-	(29,514)	(329,178)
Net cash provided (used) by noncapital financing activities	746,384	-	746,384	170,822
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(211,639)	-	(211,639)	(260,367)
Proceeds from sale of capital assets	2,213	-	2,213	20,951
Proceeds from advance from other funds	-	-	-	(37,497)
Net cash provided (used) by capital and related financing activities	(209,426)	-	(209,426)	(276,913)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(3,984,190)	-	(3,984,190)	(4,993,207)
Sale of investments	5,838,961	-	5,838,961	4,343,232
Interest and dividends	268,023	-	268,023	423,549
Net cash provided by investing activities	2,122,794	-	2,122,794	(226,426)
Net Increase (Decrease) in Cash and Cash Equivalents	773,054	(3,638)	769,416	(305,512)
Balances - January 1 - Restated	2,904,846	152,572	3,057,418	8,213,791
Balances - December 31	<u>\$ 3,677,900</u>	<u>\$ 148,934</u>	<u>\$ 3,826,834</u>	<u>\$ 7,908,279</u>
Detail on Statement of Net Position				
Cash and cash equivalents				
Current	\$ 1,957,219	\$ 148,934	\$ 2,106,153	\$ 7,908,279
Restricted				
Financial assurance	1,720,681	-	1,720,681	-
Total	<u>\$ 3,677,900</u>	<u>\$ 148,934</u>	<u>\$ 3,826,834</u>	<u>\$ 7,908,279</u>

continued

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Environmental Services	Plat Books	Total	Governmental Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (4,024,028)	\$ (5,848)	\$ (4,029,876)	\$ 416,185
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,543,246	-	1,543,246	297,452
(Increase) Decrease Receivables, net	210,451	226	210,677	(493,473)
(Increase) Decrease Prepaid items	-	(12,393)	(12,393)	-
(Increase) Decrease Due from other governments	-	-	-	9,105
(Increase) Decrease Inventories	-	14,316	14,316	(3,748)
(Increase) Decrease Deferred pension outflows	224,572	-	224,572	-
Increase (Decrease) Net pension liability	(361,855)	-	(361,855)	-
Increase (Decrease) Deferred pension inflows	137,881	-	137,881	-
Increase (Decrease) Accounts payable	(83,557)	61	(83,496)	(105,272)
Increase (Decrease) Salaries payable	6,248	-	6,248	5,041
Increase (Decrease) Compensated absences payable	61,709	-	61,709	127,413
Increase (Decrease) Claims payable	-	-	-	(174,296)
Increase (Decrease) Due to other governments	154,038	-	154,038	(24,602)
Increase (Decrease) OPEB obligation	(5,780)	-	(5,780)	-
Increase (Decrease) Unearned revenue	(17,303)	-	(17,303)	(26,800)
Increase (Decrease) Closure payable	267,680	-	267,680	-
Total Adjustments	2,137,330	2,210	2,139,540	(389,180)
Net cash provided (used) by operating activities	<u>\$ (1,886,698)</u>	<u>\$ (3,638)</u>	<u>\$ (1,890,336)</u>	<u>\$ 27,005</u>
NON-CASH ACTIVITIES				
Change in fair value of investments	\$ (238,154)	\$ -	\$ (238,154)	\$ (97,905)

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, 2018

	<u>Investment Trusts</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 418,827	\$ 13,765,070
Investments	2,500,000	2,093,879
Delinquent taxes receivable	-	57,685
Accounts receivable	-	200,309
Accrued interest receivable	15,057	13,750
Due from other governments	-	2,788,818
Prepaid items	-	81
Total Assets	<u>2,933,884</u>	<u>18,919,592</u>
LIABILITIES		
Accounts payable	-	5,542,682
Salaries payable	-	381,707
Due to other governments	435,945	12,120,026
Assets held in trust	-	875,177
Total Liabilities	<u>435,945</u>	<u>18,919,592</u>
NET POSITION		
Held in trust for pool participants and other purposes	<u>\$ 2,497,939</u>	<u>\$ -</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Investment Trusts</u>
ADDITIONS	
Taconite taxes	\$ 34,461,561
Earnings on investments	<u>170,410</u>
Total Additions	<u>34,631,971</u>
DEDUCTIONS	
Distributions to participants	<u>37,870,386</u>
Changes in net position	(3,238,415)
Net position - January 1	<u>5,736,354</u>
Net position - December 31	<u><u>\$ 2,497,939</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, 2018

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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ST. LOUIS COUNTY, MINNESOTA
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Note 1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

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

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

Enterprise Funds account for Plat Book activities.

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

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.

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

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Health Services, Duluth Area Family Service Collaborative, Local Collaborative Time Study, Regional Railroad Authority, Northern Counties Land Use Board, Voyagers National Joint Venture, Sheriff Forfeits/Evidence, Recorder's Deposit Fund, MN Regional Parks and Trails, Social Welfare Fund, Estate Recovery Fund and Jail Inmate/Kiosk.

The County's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as of and for the year ended December 31, 2018. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

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

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

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

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

	Total Governmental Funds	Long-term Assets Liabilities (1)	Internal Service Funds (2)	Reclassification and Elimination (3)	Statement of Net Position Total
ASSETS					
Cash and cash equivalents/pooled investments	\$ 162,249,359	\$ -	\$ 7,908,279	\$ -	\$ 170,157,638
Cash with fiscal agent	14,876,549	-	-	-	14,876,549
Investments	45,280,143	-	15,844,953	-	61,125,096
Delinquent taxes receivable	4,710,978	-	-	(4,710,978)	-
Accounts receivable (net)	12,807,203	-	1,003,081	(13,810,284)	-
Accrued interest receivable	1,496,377	-	41,545	(1,537,922)	-
Loans receivable	2,178,900	-	-	(2,178,900)	-
Interfund receivable	22,759	-	-	(22,759)	-
Due from other governments	23,931,300	-	-	(23,931,300)	-
Receivables (net)	-	-	-	46,192,143	46,192,143
Internal balances	-	-	759,722	-	759,722
Inventories	8,346,837	-	55,117	-	8,401,954
Prepaid items	397,795	-	-	-	397,795
Advances to other funds	1,724,854	-	-	(1,724,854)	-
Capital assets not being depreciated	-	27,544,582	25,500	-	27,570,082
Capital assets being depreciated, net	-	802,658,890	2,839,091	-	805,497,981
Total Assets	<u>278,023,054</u>	<u>830,203,472</u>	<u>28,477,288</u>	<u>(1,724,854)</u>	<u>1,134,978,960</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	-	26,271,703	-	-	26,271,703
LIABILITIES					
Accounts payable	13,495,723	-	64,401	15,870,496	29,430,620
Contracts payable	4,327,731	-	-	(4,327,731)	-
Salaries payable	3,440,701	-	20,666	(3,461,367)	-
Interfund payable	22,759	-	-	(22,759)	-
Bond interest payable	-	474,594	-	(474,594)	-
Due to other governments	3,040,134	4,499,438	44,473	(7,584,045)	-
Other post employment benefits	-	8,864,890	-	-	8,864,890
Unearned revenue	3,236,072	-	448,463	-	3,684,535
Advance from other governments	2,674,739	-	-	-	2,674,739
Net pension liability	-	78,501,568	-	-	78,501,568
Due within one year	-	17,529,260	3,122,284	(37,497)	20,614,047
Due in more than one year	-	167,683,068	7,220,378	(1,687,357)	173,216,089
Total Liabilities	<u>30,237,859</u>	<u>277,552,818</u>	<u>10,920,665</u>	<u>(1,724,854)</u>	<u>316,986,488</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes	4,113,234	(4,113,234)	-	-	-
Grants	6,936,473	(6,936,473)	-	-	-
Pension related items	-	40,486,491	-	-	40,486,491
Other post employment benefit related items	-	315,405	-	-	315,405
Long-term receivables	11,248,595	(11,248,595)	-	-	-
Total Deferred Inflows of Resources	<u>22,298,302</u>	<u>18,503,594</u>	<u>-</u>	<u>-</u>	<u>40,801,896</u>
FUND BALANCE/NET POSITION					
Net investment in capital assets	-	723,907,596	2,864,591	-	726,772,187
Nonspendable	27,660,487	-	-	(27,660,487)	-
Restricted	66,536,526	(40,113,698)	-	27,660,487	54,083,315
Committed	32,265,731	-	-	(32,265,731)	-
Assigned	58,834,119	-	-	(58,834,119)	-
Unassigned	40,190,030	(123,375,135)	14,692,032	68,493,073	-
Unrestricted	-	-	-	22,606,777	22,606,777
Total Fund Balance/Net Position	<u>225,486,893</u>	<u>560,418,763</u>	<u>17,556,623</u>	<u>-</u>	<u>803,462,279</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	<u>\$ 278,023,054</u>	<u>\$ 856,475,175</u>	<u>\$ 28,477,288</u>	<u>\$ (1,724,854)</u>	<u>\$ 1,161,250,663</u>

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

Cost of capital assets	\$ 1,203,983,248
Accumulated depreciation	<u>(373,779,776)</u>
	<u>\$ 830,203,472</u>

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

Adjustment of unavailable revenue	<u>\$ (22,298,302)</u>
Adjustment of due to other governments	<u>\$ 4,499,438</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, 2018 were:

Bond interest payable	<u>\$ 474,594</u>
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	Due Within One Year	Due In More Than One Year	Total
Bonds and notes payable	\$ 10,053,560	\$ 144,456,291	\$ 154,509,851
Compensated absences	7,560,171	23,537,286	31,097,457
Claims payable	\$ 3,000,316	\$ 5,222,512	\$ 8,222,828
	<u>\$ 20,614,047</u>	<u>\$ 173,216,089</u>	<u>\$ 193,830,136</u>

Net Pension liability	\$ 78,501,568
Pension Related Items - Deferred Outflows	(26,271,703)
Pension Related Items - Deferred Inflows	40,486,491
	<u>\$ 92,716,356</u>

Net Other post employment benefits liability	\$ 8,864,890
Other Post employment benefit related items - Deferred Inflows	315,405
	<u>\$ 9,180,295</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>\$ 759,722</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
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Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities

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

	Total Governmental Funds	Long-term Revenue, Expenses (1)	Long-Term Debt and Capital Related Items (2) & (4)	Internal Service Funds (3)	Revenue Reclass	Statement of Activities Totals
Revenues and Other Sources						
Taxes	\$ 158,874,597	\$ (573,232)	\$ -	\$ -	\$ (158,301,365)	\$ -
Property taxes						
General purpose	-	-	-	-	136,953,563	136,953,563
Debt service	-	-	-	-	6,076,005	6,076,005
Transportation sales tax	-	-	-	-	15,271,797	15,271,797
Licenses and permits	358,421	-	-	-	(358,421)	-
Intergovernmental	127,053,015	-	-	-	(127,053,015)	-
State shared	-	324,721	-	-	19,698,710	20,023,431
Federal shared	-	-	-	-	3,483,422	3,483,422
Operating grants	-	7,151	-	-	65,827,973	65,835,124
Capital grants	-	(6,545,049)	-	-	30,345,015	23,799,966
Charges for services	30,843,968	(245,326)	-	-	21,179,710	51,778,352
Fines and forfeits	147,522	-	-	-	(147,522)	-
Earnings on						
investments	3,807,852	-	-	309,418	-	4,117,270
Gifts and contributions	14,441	-	-	-	(14,441)	-
Land and timber sales	8,173,349	1,099,096	-	-	(9,272,445)	-
Miscellaneous	3,688,986	-	-	-	(3,688,986)	-
Total	332,962,151	(5,932,639)	-	309,418	-	327,338,930
Expenditures/Expenses						
Current:						
General government	47,645,505	(635,552)	1,691,035	(108,175)	-	48,592,813
Public safety	53,862,909	(1,192,957)	1,968,013	(235,696)	-	54,402,269
Highways and streets	36,239,798	(407,786)	14,842,674	(138,825)	-	50,535,861
Health and sanitation	6,027,687	(63,855)	-	36,841	-	6,000,673
Human services	98,711,114	(365,944)	247,626	117,211	-	98,710,007
Culture and recreation	2,056,375	-	1,635,401	-	-	3,691,776
Conservation of						
natural resources	8,442,128	402,731	200,247	20,504	-	9,065,610
Economic development	3,475,638	(1,092)	24,768	8,549	-	3,507,863
Debt service:						
Principal	8,010,991	-	(8,010,991)	-	-	-
Interest and						
other charges	4,631,664	-	(601,630)	-	-	4,030,034
Capital Outlay	79,776,644	-	(79,776,644)	-	-	-
Total	348,880,453	(2,264,455)	(67,779,501)	(299,591)	-	278,536,906
Other financing uses/changes						
in net position:						
Transfers in	18,192,909	-	-	500,000	-	18,692,909
Transfers out	(18,793,163)	-	-	(334,827)	-	(19,127,990)
Bond issued	43,275,000	-	(43,275,000)	-	-	-
Premium on bonds issued	2,722,873	-	(2,722,873)	-	-	-
Sale of capital assets	226,048	-	(284,512)	-	-	(58,464)
Decrease in inventories	20,171	(20,171)	-	-	-	-
Total	45,643,838	(20,171)	(46,282,385)	165,173	-	(493,545)
Net change for the year	\$ 29,725,536	\$ (3,688,355)	\$ 21,497,116	\$ 774,182	\$ -	\$ 48,308,479

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

Property taxes	\$ (573,232)
Long-term receivables:	
Intergovernmental	(6,213,177)
Intra-general government function rent	(71,885)
Charges for services	(173,441)
Land & timber sales	1,099,096
	<u>\$ (5,932,639)</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	\$ 379,397
Intra-general government function rent	(71,885)
Increase in inventories	(20,171)
Compensated absences	(9,571)
Pensions	(2,294,066)
Other post employment benefits	(248,159)
	<u>\$ (2,264,455)</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	\$ (79,776,644)
Net disposal of capital assets	284,512
Depreciation expense	20,609,764
Difference	<u>\$ (58,882,368)</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	\$ (8,010,991)
Bond interest payable	151,871
Bond premium amortization	(753,501)
Bonds issued	43,275,000
Premium on bonds issued	2,722,873
	<u>\$ 37,385,252</u>

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

General Budget Policies

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

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

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

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

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

Budgets can be amended during the year by the County Board. Supplemental appropriations or budget reductions are reviewed by the County Administrator's office and submitted to the County Board for its review and approval. If approved, changes are implemented by the Auditor's Office as budget revisions. Supplemental appropriations could be required due to several factors, including the awarding of state and federal grants during the year and providing funding for unanticipated program requirements. Budget revisions were necessary during the year. The effect of these amendments was an increase in budgeted County funds of \$9,949,266.

Procedure for Preparing the Annual Budget

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

ST. LOUIS COUNTY, MINNESOTA
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F. Reclassifications

Several account balances were reclassified as of and for the year ended December 31, 2017, 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, 2018. Although comparative statements for 2017 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 2018 were \$3,303,464. Each fund's share of the pool is shown on the financial statements as "Cash and Cash Equivalents." For proprietary fund-type statement of cash flows, all change funds and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

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

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

Property Taxes

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

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

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
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Restricted Assets

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

Capital Assets

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

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

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

Buildings and Improvements:	30-70 years
Improvements other than buildings:	10-20 years
Machinery and equipment:	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, other post employment benefit related items 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: delinquent 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 \$8,293,325 at December 31, 2018 is available to employees in the event of illness-related absences and is not reported in the financial statements.

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

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

Conduit Debt

In 2014, St. Louis County's Housing and Redevelopment Authority (HRA) issued a \$3.3 million lease revenue note. The proceeds of the note were loaned to ABC of North Shore Community School Inc., a Minnesota nonprofit corporation, to construct and equip a 10,000 square foot addition to the existing kindergarten through sixth grade charter school. The loan payments are being made directly to North Shore Bank of Commerce by the nonprofit. The debt is secured by the property financed and is payable solely from pledged lease revenues. Neither St. Louis County nor the HRA are obligated in any manner for the repayment of the note. Accordingly, the debt is not reported as a liability in the accompanying financial statements. As of 12/31/18, the outstanding principal balance was \$2.5 million.

Closure and Postclosure Care Costs

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of the financial statement date. The \$1,351,727 for the open area reported on the Environmental Services Enterprise Fund statement of net position as landfill closure and postclosure liability at December 31, 2018, represents the following:

Postclosure liability	
This is the liability for post closure costs for the Regional Landfill.	\$801,602
It is based on the use of 47.54% of the existing open area.	
Closure liability	
This is the liability for closure cost for the Regional Landfill.	
It is based on the use of 47.54% of the existing open area.	\$550,125

The County will recognize the remaining \$1,491,334 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 2018. 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, 2018, restricted assets of \$4,717,851 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
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Long-Term Obligations

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

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

Classification of Net Position

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

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

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

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

Fund Equity

Fund balance is classified as:

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

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

Committed – amounts to be used for specific purposes as determined by formal County Board resolution. The Fund Balance policy is also established annually by board resolution. Committed fund balances are used before assigned or unassigned fund balances when an eligible expenditure is incurred. Formal Board action 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, 2018; 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
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J. Change in Accounting Principles

During the year ended December 31, 2018, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This pronouncement requires the restatement of the December 31, 2017 net position of the governmental, business-type activities, enterprise and internal service funds as follows:

	Governmental Activities	Internal Service Fund Medical/Dental Insurance
Net Position, December 31, 2017, as Previously Reported	\$ 760,162,347	\$ 2,750,885
Affect of Application of GASB 75	(5,008,547)	4,419,906
Net Position, December 31, 2017, as Restated	<u>\$ 755,153,800</u>	<u>\$ 7,170,791</u>

	Business-Type Activities	Enterprise Fund Enviromental Services
Net Position, December 31, 2017, as Previously Reported	\$ 22,731,190	\$ 23,421,235
Affect of Application of GASB 75	(219,597)	(219,597)
Net Position, December 31, 2017, as Restated	<u>\$ 22,511,593</u>	<u>\$ 23,201,638</u>

ST. LOUIS COUNTY, MINNESOTA
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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	\$ 170,157,638
Cash with fiscal agent	14,876,549
Investments	61,125,096

Business-type Activities:

Current assets:

Cash and pooled investments	2,106,153
Investments	10,013,370

Restricted assets:

Financial Assurance	
Cash and pooled investments	1,720,681
Investments	2,991,435

Fiduciary Activities

Current assets:

Cash and cash equivalents	14,183,897
Investments	4,593,879
Total	<u>\$ 281,768,698</u>

Deposits	\$ 2,947,027
Cash on hand	70,557
Assets held in trust	875,177
Cash with fiscal agent	14,876,549
Investments	262,999,388
Total deposits, cash on hand, and investments	<u>\$ 281,768,698</u>

	Held for Individual Investment Accounts - Investment Trust Funds	Held for All Other County Funds	Total
Cash and pooled investments	\$ 418,827	\$ 202,626,092	\$ 203,044,919
Investments	2,500,000	76,223,779	78,723,779
Total	<u>\$ 2,918,827</u>	<u>\$ 278,849,871</u>	<u>\$ 281,768,698</u>

ST. LOUIS COUNTY, MINNESOTA
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Deposits

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

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

Custodial Credit Risk--Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County deposit policy for custodial credit risk follows Minnesota Statutes regarding pledged collateral. The market value of collateral must equal 110% of the deposits not covered by insurance or surety bonds. As of December 31, 2018, 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, 2018, 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	\$ 37,638,081	\$ 6,627,000	\$ 7,199,000	\$ 5,457,081	\$ 6,452,000	\$ 10,669,000	\$ 1,234,000
MAGIC Portfolio	39,901,527	39,901,527	-	-	-	-	-
MAGIC TERM	44,629,129	44,629,129	-	-	-	-	-
Minnesota SBI	18,280,143	18,280,143	-	-	-	-	-
Municipal Bonds	15,181,734	829,697	1,402,091	1,360,500	2,252,580	5,890,329	3,446,537
FFCB	32,628,242	3,477,331	1,519,585	7,124,091	3,936,804	8,205,911	8,364,520
FHLB	45,681,090	9,193,675	8,922,369	9,202,475	6,174,141	4,820,883	7,367,547
FHLMC	13,435,796	5,735,997	1,710,902	5,988,897	-	-	-
FNMA	15,623,646	3,879,350	5,713,240	2,749,498	3,281,558	-	-
Total	\$ 262,999,388	\$ 132,553,849	\$ 26,467,187	\$ 31,882,542	\$ 22,097,083	\$ 29,586,123	\$ 20,412,604

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

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

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

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

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

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

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

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

ST. LOUIS COUNTY, MINNESOTA
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The County has the following recurring fair value measurements as of December 31, 2018

	December 31, 2018	Level 1	Fair Value Measurements Using: Level 2	Level 3
Investments by fair value level				
Negotiable Certificates of Deposit	\$ 37,638,081	\$ -	\$ 37,638,081	\$ -
Fixed Income Securities				
Federal Farm Credit Bank	32,628,242	-	32,628,242	-
Federal Home Loan Bank	45,681,090	-	45,681,090	-
Federal Home Loan Mortgage Corporation	13,435,796	-	13,435,796	-
Federal National Mortgage Association	15,623,646	-	15,623,646	-
Municipal Issues	15,181,734	-	15,181,734	-
Total Fixed Income Securities	122,550,508	-	122,550,508	-
Total investments by fair value level	\$ 160,188,589	\$ -	\$ 160,188,589	\$ -
Investments at Amortized Cost				
MAGIC Portfolio	\$ 39,901,527			
Investments measured at the net asset value (NAV)				
MAGIC TERM	\$ 44,629,129			
Total investments	\$ 244,719,245			
Cash and cash equivalents	\$ 3,892,761			
Total investments and cash and cash equivalents	\$ 248,612,006			

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

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

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

The County also holds \$18,280,143 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
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The County's exposure to credit risk as of December 31, 2018, is as follows:

Rating	Fair Value
S&P AAA	\$ 5,947,950
S&P AA+	110,945,261
S&P AA	654,548
Moodys Aaa	289,634
Moodys Aa1	668,996
Moodys Aa2	4,044,119
Total	<u>\$ 122,550,508</u>

Custodial Credit Risk-Investments. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As required by County policy, at December 31, 2018, 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, 2018 for the County's governmental and business-type activities are below. The County did not have any allowance for uncollectable accounts at year end as all receivable accounts are current.

	Total Receivable	Not expected to be collected within one year
Governmental Activities		
Taxes	\$ 4,710,978	\$ -
Accounts receivable	13,810,284	11,248,595
Accrued interest receivable	1,537,922	-
Loans receivable	2,178,900	2,071,903
Interfund receivable	22,759	-
Due from other governments	23,931,300	-
Total Governmental Activities	<u>\$ 46,192,143</u>	<u>\$ 13,320,498</u>
Business Activities		
Taxes	\$ 3,818	\$ -
Accounts Receivable	61,529	-
Accrued interest receivable	35,372	-
Total Business Activities	<u>\$ 100,719</u>	<u>\$ -</u>

ST. LOUIS COUNTY, MINNESOTA
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Loans Receivable

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

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

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

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

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

Included in the Septic Loan Special Revenue Fund are loans under the Minnesota Pollution Control Loan Program totaling \$766,999 at December 31, 2018. 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 \$198,860 at December, 31 2018. Of this amount, \$185,360 is included in the noncurrent loans category of fund balance and \$13,500 is included in the current portion.

The loan receivable from Gardenwood Resort \$30,498 and Retreat Golf Course \$10,818 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, \$38,293 is included in the non-current portion and \$3,023 is included in the current portion.

The City of Ely owes for its share of costs associated with the Ely Joint Public Works Facility. One loan has a balance of \$15,717 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 \$79,422 with an interest rate of 5%. It requires payments of \$5,792 on May 1 and November 1 each year until 2027. Both loans are included in the nonspendable portion of fund balance under noncurrent loans.

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

ST. LOUIS COUNTY, MINNESOTA
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Lease with State of Minnesota

St. Louis County leases to the State of Minnesota approximately 33,162 useable square feet of space in the Pike Lake Joint Maintenance Facility. The total cost of the shared facility was \$5,948,604; depreciation to date is \$3,238,684 leaving a carrying value of \$2,709,920. The lease agreement between the State and the County expired on August 31, 2017. Option period 2 was set to start on September 1, 2017 which is a 7 year extension to the lease agreement but no notice of intent to exercise said option was received by the County. Therefore the lease is currently running without an executed agreement. The State also pays 29.5% of the operating costs of the facility.

Restricted Assets

Business-type activities

Financial assurance for closure and post closure care

Cash and cash equivalents	\$ 1,720,681
Investments	2,991,435
Accrued interest receivable	5,735
Total	<u>\$ 4,717,851</u>

ST. LOUIS COUNTY, MINNESOTA
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Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 2,895,651	\$ 46,413	\$ -	\$ -	\$ 2,942,064
Permanent right of way	941,770	-	-	-	941,770
Work in progress	7,710,480	19,639,755	-	(3,663,987)	23,686,248
Total capital assets, not being depreciated	11,547,901	19,686,168	-	(3,663,987)	27,570,082
Capital assets, being depreciated:					
Buildings and structures	167,739,066	143,997	-	2,451,229	170,334,292
Machinery and equipment	21,310,677	691,889	(133,075)	-	21,869,491
Vehicles	71,162,725	6,945,632	(2,209,819)	-	75,898,538
Infrastructure	854,930,879	52,305,021	-	-	907,235,900
Computer Software	4,902,942	258,656	-	1,212,758	6,374,356
Temporary right of way	40,240	-	-	-	40,240
Total capital assets being depreciated	1,120,086,529	60,345,195	(2,342,894)	3,663,987	1,181,752,817
Less accumulated depreciation for:					
Buildings and structures	(65,872,518)	(4,840,201)	-	-	(70,712,719)
Machinery and equipment	(17,844,507)	(1,047,367)	113,745	-	(18,778,129)
Vehicles	(44,748,374)	(4,047,806)	1,926,782	-	(46,869,398)
Infrastructure	(225,222,392)	(10,384,129)	-	-	(235,606,521)
Computer Software	(3,663,729)	(585,827)	-	-	(4,249,556)
Temporary right of way	(36,627)	(1,885)	-	-	(38,512)
Total accumulated depreciation	(357,388,147)	(20,907,215)	2,040,527	-	(376,254,835)
Total capital assets being depreciated, net	762,698,382	39,437,980	(302,367)	3,663,987	805,497,982
Governmental activities, capital assets, net	<u>\$ 774,246,283</u>	<u>\$ 59,124,148</u>	<u>\$ (302,367)</u>	<u>\$ -</u>	<u>\$ 833,068,064</u>

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 277,966	\$ -	\$ -	\$ -	\$ 277,966
Construction in progress	176,604	39,239	-	(215,843)	-
Total capital assets, not being depreciated	<u>454,570</u>	<u>39,239</u>	<u>-</u>	<u>(215,843)</u>	<u>277,966</u>
Capital assets, being depreciated:					
Buildings and structures	7,181,402	-	-	215,843	7,397,245
Improvements other than buildings	10,917,754	37,648	-	-	10,955,402
Machinery and equipment	1,106,882	125,860	-	-	1,232,742
Vehicles	1,590,946	8,892	(19,744)	-	1,580,094
Total capital assets being depreciated	<u>20,796,984</u>	<u>172,400</u>	<u>(19,744)</u>	<u>215,843</u>	<u>21,165,483</u>
Less accumulated depreciation for:					
Buildings and structures	(5,159,210)	(285,692)	-	-	(5,444,902)
Improvements other than buildings	(4,084,220)	(1,144,984)	-	-	(5,229,204)
Machinery and equipment	(988,378)	(52,667)	-	-	(1,041,045)
Vehicles	(1,278,517)	(59,903)	19,744	-	(1,318,676)
Total accumulated depreciation	<u>(11,510,325)</u>	<u>(1,543,246)</u>	<u>19,744</u>	<u>-</u>	<u>(13,033,827)</u>
Total capital assets, being depreciated, net	<u>9,286,659</u>	<u>(1,370,846)</u>	<u>-</u>	<u>215,843</u>	<u>8,131,656</u>
Business-type activities, capital assets, net	<u>\$ 9,741,229</u>	<u>\$ (1,331,607)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,409,622</u>

Depreciation:

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 1,691,034
Public safety	1,968,013
Highways	14,842,674
Human Services	247,626
Culture and recreation	1,635,401
Conservation of natural resources	200,247
Economic development	24,768
Internal Service Funds	297,452
Total depreciation expenses - governmental activities	<u>\$ 20,907,215</u>
Business-type activities	
Environmental Services	<u>\$ 1,543,246</u>

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

Advance From Other Governments

The Minnesota Department of Transportation (MnDOT) 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, 2018, which includes unamortized bond premiums of \$9,011,426 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One-Year</u>
GOVERNMENTAL ACTIVITIES					
<i>Bonds, notes, and tax lease obligations payable</i>					
General obligation debt					
Capital Improvement Bonds 2013A	\$ 18,701,584	\$ -	\$ (881,513)	\$ 17,820,071	\$ 896,513
Capital Equipment Notes 2013B	2,276,659	-	(742,140)	1,534,519	752,140
Crossover Refunding 2013C	3,923,556	-	(1,642,219)	2,281,337	1,687,219
Crossover Refunding 2013D	4,183,408	-	(462,009)	3,721,399	472,009
Capital Improvement Bonds 2014A	4,691,117	-	(339,445)	4,351,672	349,445
Crossover Refunding 2015B	5,630,502	-	(891,564)	4,738,938	906,564
Capital Improvement Bonds 2015C	36,832,743	-	(2,256,729)	34,576,014	2,356,729
Capital Improvement Bonds 2016A	24,490,336	-	(1,339,515)	23,150,821	1,394,515
Crossover Refunding 2016B	16,192,149	-	(62,334)	16,129,815	62,334
General Obligation 2018A	-	29,855,273	(60,933)	29,794,340	1,081,243
General Obligation 2018B	-	16,142,600	(15,100)	16,127,500	45,299
<i>Total bonds, notes and tax lease obligations payable</i>	<u>116,922,054</u>	<u>45,997,873</u>	<u>(8,693,501)</u>	<u>154,226,426</u>	<u>10,004,010</u>
<i>Other Liabilities</i>					
General obligation revenue notes	354,416	-	(70,991)	283,425	49,550
Compensated absences	30,979,615	13,914,363	(13,796,521)	31,097,457	7,560,171
Claims payable	8,397,124	38,277,295	(38,451,591)	8,222,828	3,000,316
<i>Total other liabilities</i>	<u>39,731,155</u>	<u>52,191,658</u>	<u>(52,319,103)</u>	<u>39,603,710</u>	<u>10,610,037</u>
Governmental activities long-term liabilities	<u>\$ 156,653,209</u>	<u>\$ 98,189,531</u>	<u>\$ (61,012,604)</u>	<u>\$ 193,830,136</u>	<u>\$ 20,614,047</u>
BUSINESS-TYPE ACTIVITIES					
<i>Other Liabilities</i>					
Compensated absences	\$ 896,355	\$ 392,993	\$ (331,284)	\$ 958,064	\$ 188,049
Closure and post-closure liabilities	1,084,048	267,679	-	1,351,727	-
Business-type activities long-term liabilities	<u>\$ 1,980,403</u>	<u>\$ 660,672</u>	<u>\$ (331,284)</u>	<u>\$ 2,309,791</u>	<u>\$ 188,049</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, \$8,617,808 of internal service funds compensated absences, and claims payable are included in the above amounts. Also, for the governmental activities, claims, and compensated absences are generally liquidated by the General Fund, Road and Bridge, Public Health and Human Services, and Forfeited Tax Sale Special Revenue funds.

ST. LOUIS COUNTY, MINNESOTA
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General obligation bonds and notes payable at December 31, 2018, consist of the following issues:

\$20,650,000 General Obligation Capital Improvement Bonds due in annual installments of \$800,000 to \$1,500,000 on December 1, 2015 through 2033; interest at 2.00 to 4.125 percent, including unamortized premium of \$533,095.	\$ 17,820,071
\$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.	1,534,519
\$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.	2,281,337
\$5,495,000 General Obligation Capital Improvement Current Refunding Bonds due in annual installments of \$335,000 to \$555,000 on December 1, 2014 through 2025; interest at 3.00 to 5.00 percent, including unamortized premium of \$285,414. This bond was issued to refund the \$6,275,000 outstanding of the \$7,135,000 General Obligation Capital Improvement bonds, Series 2010, dated December 9, 2010. The net present value loss of the refunding issue is \$87,537 and results in an increase of \$89,581 in future debt service payments. These bonds were refunded by using the extraordinary call provision that was allowed if the Federal Government reduced the percentage of reimbursement on the Build America Bonds. The County Board chose to use this call provision to protect the County against future continued reductions, as included in draft legislation at the time of the decision to refund, in the Build America Bond reimbursement. Congress ultimately did pass and the president signed an extension of the sequestration of Build America Bonds in February 2014, which, if continued into the future, would have resulted in future present value losses to the County of \$428,396, had the Board chosen not to refund. The refunding occurred on October 15, 2014.	3,721,399
\$5,470,000 General Obligation Capital Improvement Bonds due in annual installments of \$295,000 to \$450,000 on December 1, 2015 through 2029; interest at 3.00 to 3.375 percent, including unamortized premium of \$155,560. The proceeds from this bond were used to pay for St. Louis County's portion of renovations at Arrowhead Regional Corrections, which is a Joint Venture.	4,351,672
\$5,355,000 General Obligation Capital Improvement Crossover Refunding Bonds due in annual installments of \$845,000 to \$950,000 on December 1, 2018 through 2023; interest at 2.00 to 3.00 percent, including unamortized premium of \$322,067. This bond was issued to crossover refund \$5,420,000 of the \$6,940,000 outstanding of the \$11,380,000 General Obligation Capital Improvement bonds, Series 2008, dated October 21, 2008. The net present value benefit of the refunding issue is \$446,837 and results in a reduction of \$444,522 in future debt service payments. The crossover refunding occurred on December 1, 2017.	4,738,938
\$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.	34,576,014
\$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.	23,150,821
\$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.	16,129,815
\$28,095,000 General Obligation Capital Improvement Bonds due in annual installments of \$1,000,000 to \$1,935,000 on December 1, 2019 through 2038; interest at 3.00 to 5.00 percent, including unamortized premium of \$1,760,273. The proceeds from this bond were used to finance the construction of a new Government Services Center building in Virginia, MN and finance the initial costs for a new Public Works Maintenance Facility in Cook, MN.	29,794,340
\$15,180,000 General Obligation Capital Improvement Bonds due in annual installments of \$465,000 to \$1,055,000 on December 1, 2020 through 2039; interest at 3.00 to 5.00 percent, including unamortized premium of \$960,600. The proceeds from this bond were used to finance the remaining costs of the new Public Works Maintenance Facility in Cook, MN.	16,127,500
Total General obligation bonds	<u>\$ 154,226,426</u>

ST. LOUIS COUNTY, MINNESOTA
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General obligation revenue notes payable at December 31, 2018, 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.	\$ 6,925
\$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.	55,627
\$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.	55,627
\$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.	21,973
\$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.	79,043
\$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.	64,230
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	\$ 283,425
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Governmental Activities General Obligation Long-Term Debt to Maturity is as follows:

Year Ending December 31	General Obligation	
	Principal	Interest
2019	\$ 10,040,010	\$ 5,486,138
2020	9,661,147	4,882,603
2021	8,544,651	4,561,004
2022	9,949,651	4,201,153
2023	10,295,769	3,846,254
2024-2028	50,258,962	13,419,860
2029-2033	39,938,526	5,799,166
2034-2038	14,402,710	1,706,935
2039	1,171,000	36,925
Total:	\$ 154,262,426	\$ 43,940,038

The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2018, 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:

	Outstanding	Percentage Applicable to the County	County Share of Debt
Direct Debt			
St. Louis County	\$ 154,509,851	100.00 %	\$ 154,509,851
Overlapping Debt			
School Districts	136,286,000	89.05	121,368,439
Western Lake Superior Sanitary District	46,691,525	83.22	38,854,646
Underlying Debt			
Cities	171,905,169	100.00	171,905,169
School Districts	198,772,336	100.00	198,772,336
Towns	3,019,048	100.00	3,019,048
Crane Lake Water & Sanitary District	1,349,689	100.00	1,349,689
North Shore Sanitary District	9,689,205	100.00	9,689,205
Hibbing HRA	410,842	100.00	410,842
Cook Community Hospital	10,071,398	100.00	10,071,398
Virginia HRA	2,050,000	100.00	2,050,000
Total	\$ 734,755,063		\$ 712,000,623

ST. LOUIS COUNTY, MINNESOTA
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Lease Obligations

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

The following is a summary of the operating lease expense for 2018:

<u>Type of Property</u>	
Rental of office space and parking facilities	\$ 209,110
Hardware	511,185
Total rental expense	<u>\$ 720,295</u>

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2018:

<u>Year Ended December 31</u>	
2019	\$ 620,321
2020	606,274
2021	603,885
2022	601,930
2023	<u>563,572</u>
Total future minimum lease payments	<u>\$ 2,995,982</u>

Construction Commitments

At December 31, 2018, the County had construction commitments as follows:

	<u>Authorized Projects</u>	<u>Expended to Date</u>	<u>Commitments</u>
Virginia GSC	\$ 23,000,000	\$ 8,459,216	\$ 12,697,966
AEOA - RMH Clinic	29,765,354	80,721	-
Cook Public Works Facility	23,000,000	11,303,731	13,708,353
South Impound Garage	470,000	1,800	31,432
Regional Behavioral Health Crisis Center	5,000,000	9,800	4,700
Total	<u>\$ 81,235,354</u>	<u>\$ 19,855,268</u>	<u>\$ 26,442,451</u>

Purchase Commitments/Encumbrances

At December 31, 2018, 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	\$ 4,118,929
Road and Bridge	2,271,870
Public Health and Human Services	1,229,381
Forfeited Tax Sale	90,884
Forest Resources	<u>119,948</u>
Total	<u>\$ 7,831,012</u>

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

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

The Property, Casualty, Liability Insurance Fund covers claims and judgments against the County, including administrative expenses and expenses for third-party coverage. All risk, except fire and property damage to major structures is assumed. Maximum third-party coverage for property damage is limited to the estimated value of the property. No claims have exceeded coverage. Premiums are charged to other County funds on the historical basis and are reported as quasi-external transactions. The estimated liability at year end is based on a case-by-case evaluation by the County Attorney's Office and is consistent with the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County Attorney's Office estimated settlements to be \$28,000 at December 31, 2018, for various cases considered "probable" losses to the County. This amount is reflected in the financial statements.

The Workers' Compensation Insurance Fund covers workers' compensation claims up to \$2,000,000 per single loss occurrence. At that point, the County is covered for losses by the Workers' Compensation Reinsurance Association, an organization created by Minnesota statutes in 1979 to implement a mandatory program of reinsurance for workers' compensation liability risks in the State of Minnesota for losses occurring on or after October 1, 1979. The Association provides full indemnification for the County for claims arising under Minn. Stat. Chapter 176 (2002) in excess of the \$2,000,000 retention limit. The estimated liability for workers' compensation reported in the Fund is based on a case-by-case examination of claims filed through December 31, 2018, 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 \$7,387,100 and is present valued at 2.1254%.

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

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

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

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

Pension Plans

Defined Benefit Pension Plans

Plan Description

St. Louis County participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan

All full-time and certain part-time employees of the County are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

3. Local Government Correctional Plan

The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

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General Employees Plan Benefits

General Employees Plan 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 PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. For 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.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

Police and Fire Plan Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

Correctional Plan Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. The annuity accrual rate is 1.9 percent of average salary for each year of service in that plan. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the Correctional Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2018 and the County was required to contribute 7.50 percent for Coordinated Plan members. St. Louis County's contributions to the General Employees Fund for the year ended December 31, 2018, were \$6,569,776. The County's contributions were equal to the required contributions as set by state statute.

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Police and Fire Fund Contributions

Plan members were required to contribute 10.8 percent of their annual covered salary and the County was required to contribute 16.20 percent of pay for members in fiscal year 2018. St. Louis County's contributions to the Police and Fire Fund for the year ended December 31, 2018, were \$1,404,026. The County's contributions were equal to the required contributions as set by state statute.

Correctional Fund Contributions

Plan members were required to contribute 5.83 percent of their annual covered salary and the County was required to contribute 8.75 percent of pay for plan members in fiscal year 2018. St. Louis County's contributions to the Correctional Fund for the year ended December 31, 2018, were \$365,124. The County's contributions were equal to the required contributions as set by state statute.

Pension Costs

General Employees Fund Pension Costs

At December 31, 2018, the County reported a liability of \$71,142,294 for its proportionate share of the General Employees Retirement Plan's net pension liability. The County's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$2,333,479. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. St. Louis County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers.

At June 30, 2018, St. Louis County's proportionate share was 1.2824 percent which was a decrease of 0.0449 percent from its proportionate share measured as of June 30, 2017.

County's proportionate share of net pension liability	\$ 71,142,294
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>2,333,479</u>
Total	<u><u>\$ 73,475,773</u></u>

For the year ended December 31, 2018, the County recognized pension expense of \$(11,426,859) for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$544,163 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2018, the County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,883,022	\$ 2,074,914
Changes in actuarial assumptions	6,795,893	7,993,597
Difference between projected and actual investment earnings	-	7,269,615
Changes in proportion	1,015,477	2,454,306
Contributions paid to PERA subsequent to the measurement date	<u>3,281,680</u>	<u>-</u>
Total	<u><u>\$ 12,976,072</u></u>	<u><u>\$ 19,792,432</u></u>

\$3,281,680 reported as deferred outflows of resources related to pensions resulting from St. Louis County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31,

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2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2019	\$ 1,887,648
2020	(4,040,912)
2021	(6,459,914)
2022	(1,484,862)

Police and Fire Fund Pension Costs

At December 31, 2018, the County reported a liability of \$8,581,537 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers.

At June 30, 2018, the County's proportionate share was 0.8051 percent which was a decrease of 0.0039 percent from its proportionate share measured as of June 30, 2017. The County also recognized \$72,459 for the year ended December 31, 2018, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

For the year ended December 31, 2018, the County recognized pension expense of \$894,231 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2018, the County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 345,883	\$ 2,105,268
Changes in actuarial assumptions	10,668,984	12,633,145
Difference between projected and actual investment earnings	-	1,797,428
Changes in proportion	121,184	263,026
Contributions paid to PERA subsequent to the measurement date	671,710	-
Total	<u>\$ 11,807,761</u>	<u>\$ 16,798,867</u>

\$671,710 reported as deferred outflows of resources related to pensions resulting from St. Louis County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. 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
2019	\$ (280,563)
2020	(679,026)
2021	(1,247,765)
2022	(3,415,394)
2023	(40,068)

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Correctional Plan Pension Costs

At December 31, 2018, the County reported a liability of \$331,062 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. St. Louis County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers.

At June 30, 2018, the County's proportionate share was 2.0129 percent which was a decrease of 0.0971 percent from its proportionate share measured as of June 30, 2017.

For the year ended December 31, 2018, the County recognized pension expense of \$(430,731) for its proportionate share of the Correctional Plan's pension expense.

At December 31, 2018, the County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 17,291	\$ 35,388
Changes in actuarial assumptions	1,561,668	3,827,856
Difference between projected and actual investment earnings	-	375,651
Changes in proportion	1,274	135,178
Contributions paid to PERA subsequent to the measurement date	186,274	-
Total	<u>\$ 1,766,507</u>	<u>\$ 4,374,073</u>

\$186,274 reported as deferred outflows of resources related to pensions resulting from St. Louis County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. 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
2019	\$ 114,082
2020	(1,515,634)
2021	(1,322,980)
2022	(69,308)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2018, was \$(10,346,737).

Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

	General Employees Retirement Plan	Public Employees Police and Fire Plan	Public Employees Correctional Plan
Inflation	2.50 percent per year	2.50 percent per year	2.00 percent per year
Active member payroll growth	3.25 percent per year	3.25 percent per year	3.50 percent per year
Investment rate of return	7.50 percent	7.50 percent	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disability rates for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for

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the General Employees Plan, 1.0 percent per year for the Police and Fire Plan, and 2.0 percent per year for the Correctional Plan

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for Police and Fire Plan was completed in 2016. The five-year experience study for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Police and Fire Fund

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

Correctional Fund

- The Single Discount Rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	36%	5.10%
International stocks	17%	5.30%
Bonds	20%	0.75%
Alternative assets	25%	5.90%
Cash	2%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Pension Liability Sensitivity

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

Proportionate Share of the						
	General Employees Fund		Police and Fire Fund		Correctional Fund	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 115,615,336	6.50%	18,399,353	6.50%	2,833,318
Current	7.50%	71,142,294	7.50%	8,581,537	7.50%	331,062
1% Increase	8.50%	34,431,068	8.50%	462,610	8.50%	(1,670,667)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Defined Contribution Plan

The seven County Commissioners of St. Louis County are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution 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. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the County during fiscal year 2018 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
21,634	21,634	5%	5%	5%

Other Postemployment Benefit Plan (OPEB)

Plan Description

The County operates a multiple employer, retiree benefit plan (the Plan) that provides health and dental insurance to eligible employees and their spouses through the County's health insurance plan. The two employers are the County and Arrowhead Regional Corrections. St. Louis County has 1,705 participants and Arrowhead Regional Corrections has 243. There are 1,764 active participants and 184 retired participants. Benefits and eligibility provisions are established through negotiations between the County and various unions representing County employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report. St. Louis County's proportionate share of the Net OPEB Liability was 87.95% or \$9,071,361 as of December 31, 2018. The plan also recognized \$55,988 as an explicit subsidy from the State of Minnesota for disabled deputies. The explicit subsidy for disabled deputies was allocated to those groups with members receiving this benefit, which is currently only St. Louis County.

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Contributions

The County does not have assets designated to pay for OPEB related costs. Contribution requirements are negotiated between the County and union representatives. The eligibility for, amount of, duration of, and County contributions to the cost of the benefits provided varies by contract and date of retirement. The County is funding this liability on a pay-as-you-go basis. For fiscal year ended 2018, the county contributed \$1,066,390 to the plan.

Actuarial Methods and Assumptions

The County's OPEB liability was measured as of December 31, 2018, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2018.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	2.5%
Health Care Trend Rates	6.6% decreasing to 4.0% over 56 years

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2018 to December 31, 2018.

The discount rate used to measure the total OPEB liability was 4.1%. The discount rate is based on the estimated yield of 20-Year Bond Buyer GO Index as of the end of December 2018.

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

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

Changes in the OPEB Liability

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

	1% Decrease 3.1%	Discount Rate 4.1%	1% Increase 5.1%
OPEB Liability	\$ 9,624,233	\$ 9,071,361	\$ 8,545,278

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

	1% Decrease 5.6% decreasing to 3.0%	Current Trend 6.6% decreasing to 4.0%	1% Increase 7.6% decreasing to 5.0%
Medical Trend Rate			
OPEB Liability	\$ 8,213,206	\$ 9,071,361	\$ 10,072,176

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At December 31, 2018, the County reported its proportionate share of the OPEB's deferred outflow of resources and deferred inflows of resources.

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual experience in Total OPEB Liability	\$ -	\$ 7,190
Change of Assumptions	-	315,560
Total	<u>\$ -</u>	<u>\$ 322,750</u>

Year Ending December 31	Future Recognition
2019	\$ (59,657)
2020	(59,657)
2021	(59,657)
2022	(59,657)
2023	(59,657)
Thereafter	(24,465)
Total	<u>\$ (322,750)</u>

For the year ended December 31, 2018 the County recognized OPEB expense of \$812,451.

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Interfund Receivables, Payables, Advances and Transfers

The composition of interfund transfers during the year ended December 31, 2018, is as follows:

Interfund Receivables/Payables (for deficit cash balances):

Receivable Fund	Payable Fund	Amount
General	Northeast Minnesota Housing Consortium	\$ 22,759

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
Capital Projects funds	County Garage	\$ 1,724,854

Interfund Transfers:

Fund Transferred To	Fund Transferred From	Purpose	Amount
Major Funds			
General	Forfeited Tax Sale	Land sale apportionment and blight program	\$ 591,688
	Public Health and Human Services	Furniture and card readers	35,325
	Capital Projects	Operating projects, Camp Esquagama expenses	78,335
	Forest Resources	GIS project and aerial imagery acquisition	229,514
	Shoreline Sales	Natural resource improvements	138,600
	Medical Dental Insurance	Health & wellness reimbursement	329,178
	Environmental Services	Aerial imagery acquisition	29,514
	Road and Bridge	Aerial imagery acquisition	29,514
	County Garage	Asset transfer	5,649
Road and Bridge	General	Corner Certificate Program	340,000
	Forfeited Tax Sale	Land sale apportionment, salvage chipping sale proceeds	19,644
	Forest Resources	Maintenance work, culvert reimbursements	43,716
Public Health and Human Services	General	Opioid crisis grant match, Team 25 social worker, Duluth Police Department embedded social worker, prevention and innovation, cash flow	1,189,237
	Capital Projects	Reclassification of 2017 general fund savings	240,000
Forfeited Tax Sale	Road and Bridge	Equipment use reimbursement	80,234
	Capital Projects	Asset transfers	31,332
Capital Projects	General	Excess rent revenues, general fund savings, road & bridge equipment, county program aid	3,393,358
	Road and Bridge	Equipment purchases	4,388,003
	Forfeited Tax Sale	Land sale apportionment	191,688
	Forest Resources	Maintenance work reimbursement	18,540
Debt Service	Road and Bridge	Bond payment	5,326,994
Environmental Services	Shoreline Sales	Natural resource improvements	464,595
Nonmajor Funds			
Northeast Minnesota Housing Consortium	Housing and Redevelopment Authority	Department of Housing and Urban Development finding	58,673
Forest Resources	Forfeited Tax Sale	Land apportionment	287,533
Septic Loan	Shoreline Sales	Forgivable septic loans, MN Clear Water Legacy Grant match	240,000
Shoreline Sales	Forest Resources	Leased land sales	876,640
Internal Service Funds			
Property, Casualty, Liability	General	General fund savings	250,000
Workers Compensation	General	General fund savings	250,000
	Total		\$ 19,157,504

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C. Fund Equity

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

	Future Year Budget	Encumbrances	Cash Flow	Future Unallotment	Total
Unassigned					
General	\$ 1,621,831	\$ -	\$ 34,439,202	\$ 4,128,997	\$ 40,190,030
Assigned					
Road and Bridge	-	2,271,870	3,976,214	-	6,248,084
Public Health and Human Services	-	485,668	13,359,645	-	13,845,313
Total	<u>\$ 1,621,831</u>	<u>\$ 2,757,538</u>	<u>\$ 51,775,061</u>	<u>\$ 4,128,997</u>	<u>\$ 60,283,427</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, 2018, the maximum amounts, actual amounts, and percentage funded are shown below. The future unallotment is calculated based on required departmental savings due to state unallotments.

	Cash Flow		
	Maximum Amount	Actual Amount	Percentage Funded
General	\$ 34,470,503	\$ 34,439,202	99.91%
Road and Bridge	9,269,364	3,976,214	42.90%
Public Health and Human Services Fund	20,861,972	13,359,645	64.04%

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Note 3. Joint Ventures/Jointly Governed Organizations

Arrowhead Regional Corrections

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

Arrowhead Regional Corrections is financed through state grants and contributions from the participating counties. During 2017, (the most recent available), county contributions were in the following proportion:

Carlton County	10.31%
Cook County	1.84%
Koochiching County	2.73%
Lake County	2.86%
St. Louis County	82.26%
Total	<u>100.00%</u>

St. Louis County provided \$15,483,713 in funding during 2018. Separate financial information can be obtained from:

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

A summary of the financial information from Arrowhead Regional Corrections' Government-Wide Financial Statements for December 31, 2017 (the most recent available), was:

Total Assets	\$ 22,694,730
Deferred Outflows	6,215,164
Total Liabilities	21,334,510
Deferred Inflows	3,064,447
Total Net Position	4,510,937
Total Program and	
General Revenues	26,385,250
Total Expenses/Uses	28,641,698
Change in Net Position	(2,256,448)

Community Health Services Board

Carlton, Cook, Lake, and St. Louis Counties entered into a joint powers agreement, operating the Carlton, Cook, Lake, and St. Louis County Community Health Services Board. This agreement is entered into under the authority CAF of the Community Health Services Act and is pursuant to the provisions of Minn. Stat. §471.59. The Community Health Services Board is composed of nine members. Carlton, Cook, and Lake County Boards of Commissioners, each appoints two members; the St. Louis County Board of Commissioners appoints three members. Financing is obtained through federal and state grants. St. Louis County provided no funding to this organization during 2018.

A summary of the financial information of the Community Health Services Board Government-Wide Financial Statements for December 31, 2017, (the most recent available) was:

Total Assets	\$ 1,524,307
Deferred Outflows	143,008
Total Liabilities	1,842,354
Deferred Inflows	91,192
Total Net Position	(266,231)
Total Program and	
General Revenues	5,846,010
Total Expenses	5,883,773
Change in Net Position	(37,763)

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Separate financial information can be obtained from:

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

Regional Railroad Authority

The St. Louis and Lake Counties Regional Railroad Authority was established under the Regional Railroad Authorities Act, Minn. Stat. §398A.03. It is governed by a Board composed of three members from the St. Louis County Board of Commissioners and two members from Lake County Board of Commissioners. St. Louis County is the fiscal agent for the Railroad Authority and all of its financial transactions are recorded in the Regional Railroad Authority Agency Fund. Financing is obtained through a tax levy, and federal, state and local grants or participation. St. Louis County provided no funding to this organization during 2018.

A summary of the financial information of the Regional Railroad Authority for the Government-Wide Financial Statements for December 31, 2017, (the most recent available) was:

Total Assets	\$ 27,107,943
Deferred Outflows	73,436
Total Liabilities	1,580,028
Deferred Inflows	60,251
Total Net Position	25,541,100
Total Revenues	5,898,975
Total Expenses	2,202,378
Change in Net Position	3,696,597

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, 2018, was:

Total Assets	\$ 2,877,672
Deferred Outflows	525,101
Total Liabilities	3,467,406
Deferred Inflows	485,790
Total Net Position	(550,423)
Total Revenues	4,977,183
Total Expenses	4,972,176
Change in Net Position	5,007

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
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Northern Counties Land Use Coordinating Board

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

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

A summary of the financial information of Northern Counties Land Use Coordinating Board for the Financial Statements for December 31, 2018, was:

Total Assets	\$	83,943
Total Liabilities		2,719
Total Net Position		81,224
Total Revenues		19,000
Total Expenses		16,080
Change in Net Position		2,920

Separate financial information can be obtained from:

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

Minnesota Counties Information Systems (MCIS)

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

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

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

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

Separate financial information can be obtained from:

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

ST. LOUIS COUNTY, MINNESOTA
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Duluth Area Family Service Collaborative

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

Control of the Collaborative is vested in a Board of Directors. The County has two members on the Board. Financing is provided by state and federal grants, appropriations from the Collaborative members, and miscellaneous revenues. St. Louis County provided no funding to the Collaborative during 2018. 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, 2018, is:

Total Assets	\$ 884,381
Total Liabilities	98,680
Total Net Position	785,701
Total Revenues	328,388
Total Expenses	211,329
Change in Net Position	117,059

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

North Area Collective Local Collaborative

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

Control of the Collaborative is vested in a Board of Directors. The County has two members on the Board. Financing is provided by state and federal grants, appropriations from the Collaborative members, and miscellaneous revenues. St. Louis County provided no funding to the Collaborative during 2018. 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, 2018, is:

Total Assets	\$ 483,225
Total Liabilities	6,432
Total Net Position	476,793
Total Revenue	321,213
Total Expenses	296,065
Change in Net Position	25,148

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, 2018 (the most recent available) was:

Total Assets	\$ 13,898
Total Liabilities	5,413
Total Net Position	8,485
Total Revenues	71,415
Total Expenses	68,153
Change in Net Position	3,262

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

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

Northeast Minnesota Regional Radio Board

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

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

St. Louis County is the fiscal agent for the Northeast Minnesota Regional Radio Board. Funding is provided by grants and contributions from participating members. St. Louis County provided \$1,841 funding to this organization in 2018.

City/County Communication Antenna Site

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

Voyageurs National Park Water Basin Joint County Sewer Project

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

The governing body is comprised of four members, two County commissioners appointed by the St. Louis County Board and two County commissioners appointed by the Koochiching County Board. St. Louis County contributed \$27,000 to the Voyageurs National Park Water Basin for the year ended December 31, 2018. Separate financial information can be obtained from the St. Louis County Courthouse, 100 North 5th Ave West, Duluth, Minnesota 55802.

Non-Emergency Medical Transportation Project

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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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 2018, the County abated \$273,701 in property taxes under this program.

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
City of Duluth (Miller Hill Flats Workforce Housing) - Assist in the need in providing housing in the Miller Hill area with the construction of 72 rental units	43.31%	\$ 2,562
P & H Mine Pro (Joy Global) - Assist in lease of property for the construction of a new facility	1.99%	10,000
City of Hermantown (Mills Fleet Farm) - assist the City with completing public infrastructure improvements related the the Hermantown Marketplace project. Project included the construction of a new Mills Fleet Farm retail store.	36.22%	215,425
AAR Aircraft - Assist in the expansion and lease of a building for operation of a commercial aviation services business.	24.44%	45,714
		<u>\$ 273,701</u>

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

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

The City of Hermantown (Mills Fleet Farm) was approved for a tax abatement to assist the City with certain public infrastructure improvements, a traffic signal system, sidewalks and Hermantown Marketplace design street lights. The City required that Mills pay for these improvements at a cost of which meets or exceeds \$500,000 and the City would then reimburse Mills for those infrastructure improvements. The agreement commences with real estate taxes payable in the year 2017 with the County remitting all Tax Abatement Financing (TAF) proceeds, until the total amount of TAF Proceeds received by the City equals the amount of \$500,000. Mills Fleet Farm will pay assessed property taxes as due on May 15 and October 15 of each year and will receive the abatement as a rebate no later than thirty days after receipt thereof by the County. The abatement amount paid will be

ST. LOUIS COUNTY, MINNESOTA
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determined by the actual amount of the County tax portion on line 6 of the tax statements each year. The City is obligated to certify that infrastructure improvements costing at least \$500,000 have been completed and paid by Mills.

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

Tax Abatements

The County has multiple pay-as-you-go tax increment financing districts with local businesses pursuant to Minn. Statute 469.174-.1794. Of the \$4.4 million of tax abatements paid in 2018, \$2.9 million was to promote redevelopment and economic development and \$1.5 was to promote housing. The County is currently collecting tax increments that are paid through the property tax collection processes. The requirement for businesses to receive the excess tax increments from the County is to perform improvements on owned property. The increment taxes are based on the increase of the property value after the improvements are made.

Purpose	Name	City	Percentage of Increment Collected to be Returned	Decertification Date	Excess Increment Paid During 2018
Redevelopment	TIF District 26	Ely	100%	12/31/2021	\$ 59,761
Redevelopment	TIF District 50	Hibbing	100%	12/31/2021	67,403
Housing	TIF District 51	Hibbing	100%	12/31/2021	13,190
Redevelopment	TIF District 52	Biwabik	100%	12/31/2022	9,509
Housing	TIF District 53	Duluth	100%	12/31/2020	60,212
Housing	TIF District 57	Duluth	100%	12/31/2021	46,141
Redevelopment	TIF District 65	Ely	100%	12/31/2026	48,878
Housing	TIF District 71	Buhl	100%	12/31/2023	23,122
Housing	TIF District 73	Orr	100%	12/31/2024	6,069
Redevelopment	TIF District 79	Duluth	100%	12/31/2026	483,264
Redevelopment	TIF District 82	Hibbing	100%	12/31/2026	20,220
Redevelopment	TIF District 84	Duluth	100%	12/31/2027	54,320
Redevelopment	TIF District 87	Chisholm	100%	12/31/2030	10,833
Housing	TIF District 90	Duluth	100%	12/31/2030	801,500
Housing	TIF District 91	Duluth	100%	12/31/2030	37,851
Housing	TIF District 92	Duluth	100%	12/31/2031	214,328
Housing	TIF District 93	Tower	100%	12/31/2031	26,847
Housing	TIF District 94	Duluth	100%	12/31/2033	50,042
Housing	TIF District 95	Duluth	100%	12/31/2032	29,151
Housing	TIF District 96	Duluth	100%	12/31/2033	74,143
Redevelopment	TIF District 97	Duluth	100%	12/31/2034	179,817
Housing	TIF District 98	Duluth	100%	12/31/2034	18,775
Redevelopment	TIF District 99	Mountain Iron	100%	12/31/2021	70,833
Redevelopment	TIF District 100	Virginia	100%	12/31/2035	10
Housing	TIF District 102	Duluth	100%	12/31/2038	17,531
Redevelopment	TIF District 103	Hibbing	100%	12/31/2041	65,742
Redevelopment	TIF District 104	Duluth	100%	12/31/2040	357,615
Redevelopment	TIF District 105	Duluth	100%	12/31/2042	603,808
Housing	TIF District 106	Duluth	100%	12/31/2041	52,463
Redevelopment	TIF District 107	Hermantown	100%	12/31/2041	141,555
Redevelopment	TIF District 108	Duluth	100%	12/31/2042	419,869
Redevelopment	TIF District 109	Duluth	100%	12/31/2043	197,838
Redevelopment	TIF District 110	Duluth	100%	12/31/2043	141,221
Economic Development	TIF District 111	Mountain Iron	100%	12/31/2026	15,834
					<u>\$ 4,419,695</u>

ST. LOUIS COUNTY, MINNESOTA
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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, 2018 as it would need to be determined through the legal system.

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 the County Board has authorized an extension of this contract until December 31, 2018.

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

Northwoods Townhomes Project

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

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

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

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

Tax Forfeited Land Management

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

St. Louis County, Minnesota
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
LAST TEN YEARS *

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

* 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	1,370,427	106,298,778	80,184,222	130.86%	68.91%
June 30, 2017	1.3273%	84,733,957	1,065,410	85,799,367	85,503,518	99.10%	75.90%
June 30, 2018	1.2824%	71,142,294	2,333,479	73,475,773	86,140,403	82.59%	79.53%

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

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

St. Louis County, Minnesota
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERA EMPLOYEES POLICE AND FIRE RETIREMENT PLAN
LAST TEN YEARS *

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

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

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

St. Louis County, Minnesota
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT PLAN
LAST TEN YEARS *

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

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

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

St. Louis County, Minnesota
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERA CORRECTIONAL EMPLOYEES RETIREMENT PLAN
LAST TEN YEARS *

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

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

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

St. Louis County, Minnesota
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA CORRECTIONAL EMPLOYEES RETIREMENT PLAN
LAST TEN YEARS *

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

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

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

ST. LOUIS COUNTY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S
OTHER POST EMPLOYMENT BENEFITS
LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

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

* 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, 2018

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

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

General Employees Fund

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

2017

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

2016

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

Police and Fire Fund

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064 and 2.5% per year, thereafter, to 1.0% for all years, with no trigger.

2017

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

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

2016

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

Correctional Fund

2018

- The Single Discount Rate was changed from 5.96% per annum to 7.50% per annum.
- The morality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50% per year to 2.00% per year.

2017

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

2016

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.31%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Other Postemployment Benefits

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

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

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,058,614	\$ 6,058,614	\$ 6,076,005	\$ 17,391
Intergovernmental	269,661	269,661	269,736	75
Earnings on investments	-	-	216,706	216,706
Miscellaneous	-	-	126,057	126,057
Total Revenues	<u>6,328,275</u>	<u>6,328,275</u>	<u>6,688,504</u>	<u>360,229</u>
EXPENDITURES				
Principal	7,940,000	7,940,000	7,940,000	-
Interest and other charges	3,872,673	4,631,664	4,631,664	-
Total Expenditures	<u>11,812,673</u>	<u>12,571,664</u>	<u>12,571,664</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(5,484,398)	(6,243,389)	(5,883,160)	360,229
OTHER FINANCING SOURCES (USES)				
Transfers in	5,326,994	5,326,994	5,326,994	-
Total other financing sources (uses)	<u>5,326,994</u>	<u>5,326,994</u>	<u>5,326,994</u>	<u>-</u>
Net change in fund balances	(157,404)	(916,395)	(556,166)	360,229
Fund Balance - January 1	<u>20,458,433</u>	<u>20,458,433</u>	<u>20,458,433</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 20,301,029</u>	<u>\$ 19,542,038</u>	<u>\$ 19,902,267</u>	<u>\$ 360,229</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.

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

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
ASSETS			
Cash and cash equivalents	\$ 756,973	\$ 9,586	\$ -
Investments	-	-	-
Delinquent taxes receivable	7,600	-	-
Accounts receivable (net)	-	-	-
Loans receivable	1,076,585	-	-
Due from other governments	-	720,486	187,969
Total Assets	<u>1,841,158</u>	<u>730,072</u>	<u>187,969</u>
LIABILITIES			
Accounts payable	-	265,268	165,210
Salaries payable	-	4,966	-
Interfund payable	-	-	22,759
Due to other governments	-	459,838	-
Total Liabilities	<u>-</u>	<u>730,072</u>	<u>187,969</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	<u>6,583</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Environmental trust funds	-	-	-
Scholarships	-	-	-
Restricted			
Non-current loans	876,585	-	-
Debt service	-	-	-
Health and sanitation	-	-	-
Improvement of natural resources	-	-	-
Committed			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	957,990	-	-
Assigned			
Conservation of natural resources	-	-	-
Total Fund Balance	<u>1,834,575</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,841,158</u>	<u>\$ 730,072</u>	<u>\$ 187,969</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Special Revenue Funds (continued)		
	Septic Loan	Forest Resources	Total
ASSETS			
Cash and cash equivalents	\$ 1,025,460	\$ 6,648,470	\$ 8,440,489
Investments	-	-	-
Delinquent taxes receivable	-	-	7,600
Accounts receivable (net)	5,613	-	5,613
Loans receivable	766,999	-	1,843,584
Due from other governments	100,000	-	1,008,455
Total Assets	<u>1,898,072</u>	<u>6,648,470</u>	<u>11,305,741</u>
LIABILITIES			
Accounts payable	34,964	101,185	566,627
Salaries payable	-	-	4,966
Interfund payable	-	-	22,759
Due to other governments	-	46	459,884
Total Liabilities	<u>34,964</u>	<u>101,231</u>	<u>1,054,236</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	-	-	6,583
FUND BALANCES			
Nonspendable			
Environmental trust funds	-	-	-
Scholarships	-	-	-
Restricted			
Non-current loans	-	-	876,585
Debt service	50,390	-	50,390
Health and sanitation	309,523	-	309,523
Improvement of natural resources	-	-	-
Committed			
Health and sanitation	1,503,195	-	1,503,195
Conservation of natural resources	-	6,427,291	6,427,291
Economic development	-	-	957,990
Assigned			
Conservation of natural resources	-	119,948	119,948
Total Fund Balance	<u>1,863,108</u>	<u>6,547,239</u>	<u>10,244,922</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,898,072</u>	<u>\$ 6,648,470</u>	<u>\$ 11,305,741</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Permanent Fund		
	Shoreline Sales	Scholarship Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,392,765	\$ 200,000	\$ 10,033,254
Investments	18,280,143	-	18,280,143
Delinquent taxes receivable	-	-	7,600
Accounts receivable (net)	-	-	5,613
Loans receivable	-	-	1,843,584
Due from other governments	-	-	1,008,455
Total Assets	<u>19,672,908</u>	<u>200,000</u>	<u>31,178,649</u>
LIABILITIES			
Accounts payable	-	-	566,627
Salaries payable	-	-	4,966
Interfund payable	-	-	22,759
Due to other governments	-	-	459,884
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,054,236</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	<u>-</u>	<u>-</u>	<u>6,583</u>
FUND BALANCES			
Nonspendable			
Environmental trust funds	18,280,143	-	18,280,143
Scholarships	-	200,000	200,000
Restricted			
Non-current loans	-	-	876,585
Debt service	-	-	50,390
Health and sanitation	-	-	309,523
Improvement of natural resources	1,392,765	-	1,392,765
Committed			
Health and sanitation	-	-	1,503,195
Conservation of natural resources	-	-	6,427,291
Economic development	-	-	957,990
Assigned			
Conservation of natural resources	<u>-</u>	<u>-</u>	<u>119,948</u>
Total Fund Balance	<u>19,672,908</u>	<u>200,000</u>	<u>30,117,830</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 19,672,908</u>	<u>\$ 200,000</u>	<u>\$ 31,178,649</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
REVENUES			
Taxes	\$ 218,590	\$ -	\$ -
Intergovernmental	418	1,973,133	679,290
Earnings on investments	-	-	-
Land and timber sales	-	-	-
Miscellaneous	-	-	200
Total Revenues	<u>219,008</u>	<u>1,973,133</u>	<u>679,490</u>
EXPENDITURES			
Current:			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	87,339	1,973,133	738,163
Debt service:			
Principal	-	-	-
Total expenditures	<u>87,339</u>	<u>1,973,133</u>	<u>738,163</u>
Excess (deficiency) of revenues over expenditures	<u>131,669</u>	<u>-</u>	<u>(58,673)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	58,673
Transfers (out)	(58,673)	-	-
Total other financing sources and uses	<u>(58,673)</u>	<u>-</u>	<u>58,673</u>
Net change in fund balances	72,996	-	-
Fund Balance - January 1	<u>1,761,579</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 1,834,575</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue Funds (continued)		
	Septic Loan	Forest Resources	Total
REVENUES			
Taxes	\$ -	\$ 572,478	\$ 791,068
Intergovernmental	202,746	306,266	3,161,853
Earnings on investments	14,250	-	14,250
Land and timber sales	-	623,500	623,500
Miscellaneous	-	20,201	20,401
Total Revenues	216,996	1,522,445	4,611,072
EXPENDITURES			
Current:			
Health and sanitation	200,713	-	200,713
Conservation of natural resources	-	722,188	722,188
Economic development	-	-	2,798,635
Debt service:			
Principal	70,991	-	70,991
Total expenditures	271,704	722,188	3,792,527
Excess (deficiency) of revenues over expenditures	(54,708)	800,257	818,545
OTHER FINANCING SOURCES (USES)			
Transfers in	240,000	287,533	586,206
Transfers (out)	-	(911,410)	(970,083)
Total other financing sources and uses	240,000	(623,877)	(383,877)
Net change in fund balances	185,292	176,380	434,668
Fund Balance - January 1	1,677,816	6,370,859	9,810,254
Fund Balance - December 31	\$ 1,863,108	\$ 6,547,239	\$ 10,244,922

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Permanent Fund		
	Shoreline Sales	Scholarship Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ -	\$ -	\$ 791,068
Intergovernmental	-	200,000	3,361,853
Earnings on investments	(437,144)	-	(422,894)
Land and timber sales	-	-	623,500
Miscellaneous	-	-	20,401
Total Revenues	<u>(437,144)</u>	<u>200,000</u>	<u>4,373,928</u>
EXPENDITURES			
Current:			
Health and sanitation	-	-	200,713
Conservation of natural resources	27,000	-	749,188
Economic development	-	-	2,798,635
Debt service:			
Principal	-	-	70,991
Total expenditures	<u>27,000</u>	<u>-</u>	<u>3,819,527</u>
Excess (deficiency) of revenues over expenditures	<u>(464,144)</u>	<u>200,000</u>	<u>554,401</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	876,640	-	1,462,846
Transfers (out)	<u>(843,195)</u>	<u>-</u>	<u>(1,813,278)</u>
Total other financing sources and uses	<u>33,445</u>	<u>-</u>	<u>(350,432)</u>
Net change in fund balances	(430,699)	200,000	203,969
Fund Balance - January 1	<u>20,103,607</u>	<u>-</u>	<u>29,913,861</u>
Fund Balance - December 31	<u>\$ 19,672,908</u>	<u>\$ 200,000</u>	<u>\$ 30,117,830</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOUSING AND REDEVELOPMENT AUTHORITY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 217,376	\$ 216,962	\$ 218,590	\$ 1,628
Intergovernmental	-	414	418	4
Total Revenues	217,376	217,376	219,008	1,632
EXPENDITURES				
Economic development				
Personal services	140,000	140,000	50,000	90,000
Other operating	277,376	418,703	37,339	381,364
Total Expenditures	417,376	558,703	87,339	471,364
Excess of Revenues Over (Under) Expenditures	(200,000)	(341,327)	131,669	472,996
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(58,673)	(58,673)	-
Excess of Revenues Over (Under) Expenditures	(200,000)	(400,000)	72,996	472,996
Fund Balance - January 1	1,761,579	1,761,579	1,761,579	-
Fund Balance - December 31	\$ 1,561,579	\$ 1,361,579	\$ 1,834,575	\$ 472,996

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Intergovernmental	\$ 2,161,853	\$ 1,973,133	\$ 1,973,133	\$ -
Total Revenues	<u>2,161,853</u>	<u>1,973,133</u>	<u>1,973,133</u>	<u>-</u>
EXPENDITURES				
Economic development				
Personal services	503,257	297,539	297,539	-
Other operating	<u>1,658,596</u>	<u>1,675,594</u>	<u>1,675,594</u>	<u>-</u>
Total Expenditures	<u>2,161,853</u>	<u>1,973,133</u>	<u>1,973,133</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NORTHEAST MINNESOTA HOUSING CONSORTIUM SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,061,943	\$ 679,290	\$ 679,290	\$ -
Miscellaneous	400	200	200	-
Total Revenues	1,062,343	679,490	679,490	-
EXPENDITURES				
Economic development				
Personal services	63,927	59,527	59,527	-
Other operating	998,416	678,636	678,636	-
Total Expenditures	1,062,343	738,163	738,163	-
Excess of Revenues Over (Under) Expenditures	-	(58,673)	(58,673)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	58,673	58,673	-
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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 46,127	\$ 208,330	\$ 202,746	\$ (5,584)
Earnings on investments	23,400	23,400	14,250	(9,150)
Total Revenues	69,527	231,730	216,996	(14,734)
EXPENDITURES				
Health and sanitation				
Other operating	389,585	715,683	200,713	514,970
Debt service				
Principal	75,000	75,000	70,991	4,009
Total Expenditures	464,585	790,683	271,704	518,979
Excess of Revenues Over (Under) Expenditures	(395,058)	(558,953)	(54,708)	504,245
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	240,000	240,000	-
Loan Proceeds	66,600	66,600	-	(66,600)
Total Other Financing Sources (Uses)	216,600	306,600	240,000	(66,600)
Excess of Revenues Over (Under) Expenditures	(178,458)	(252,353)	185,292	437,645
Fund Balance - January 1	1,677,816	1,677,816	1,677,816	-
Fund Balance - December 31	\$ 1,499,358	\$ 1,425,463	\$ 1,863,108	\$ 437,645

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Taxes	\$ 573,956	\$ 573,956	\$ 572,478	\$ (1,478)
Intergovernmental	100,266	249,025	306,266	57,241
Land and timber sales	-	623,500	623,500	-
Miscellaneous	-	20,201	20,201	-
Total Revenues	674,222	1,466,682	1,522,445	55,763
EXPENDITURES				
Conservation of natural resources				
Other operating	1,873,588	1,984,154	722,188	1,261,966
Total Expenditures	1,873,588	1,984,154	722,188	1,261,966
Excess of Revenues Over (Under) Expenditures	(1,199,366)	(517,472)	800,257	1,317,729
OTHER FINANCING SOURCES (USES)				
Transfers in	-	287,533	287,533	-
Transfers out	(229,514)	(911,410)	(911,410)	-
Total Other Financing Sources (Uses)	(229,514)	(623,877)	(623,877)	-
Excess of Revenues Over (Under) Expenditures	(1,428,880)	(1,141,349)	176,380	1,317,729
Fund Balance - January 1	6,370,859	6,370,859	6,370,859	-
Fund Balance - December 31	\$ 4,941,979	\$ 5,229,510	\$ 6,547,239	\$ 1,317,729

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, 2018

	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,666,747	\$ 682,431	\$ 2,772,610
Investments	-	1,986,848	8,387,690
Accounts receivable (net)	12	4,172	-
Accrued interest receivable	-	4,109	21,154
Inventories	55,117	-	-
Total current assets	<u>1,721,876</u>	<u>2,677,560</u>	<u>11,181,454</u>
Noncurrent assets:			
Capital assets:			
Land	25,500	-	-
Buildings and structures	2,575,959	-	-
Vehicles	2,738,191	-	-
Less accumulated depreciation	<u>(2,475,059)</u>	<u>-</u>	<u>-</u>
Total capital asset (net)	<u>2,864,591</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>2,864,591</u>	<u>-</u>	<u>-</u>
Total assets	<u>4,586,467</u>	<u>2,677,560</u>	<u>11,181,454</u>
LIABILITIES			
Current liabilities:			
Accounts payable	37,462	619	11,683
Salaries payable	9,876	1,705	9,085
Compensated absences payable	35,114	-	-
Claims payable	-	-	757,615
Due to other governments	1,868	-	42,605
Unearned revenue	-	-	-
Advances from other funds	37,497	-	-
Total current liabilities	<u>121,817</u>	<u>2,324</u>	<u>820,988</u>
Noncurrent liabilities:			
Noncurrent compensated absences	120,765	-	-
Noncurrent claims payable	-	28,000	5,194,512
Noncurrent advances from other funds	1,687,357	-	-
Total non-current liabilities	<u>1,808,122</u>	<u>28,000</u>	<u>5,194,512</u>
Total liabilities	<u>1,929,939</u>	<u>30,324</u>	<u>6,015,500</u>
NET POSITION			
Net investment in capital assets	2,864,591	-	-
Unrestricted	(208,063)	2,647,236	5,165,954
Total net position	<u>\$ 2,656,528</u>	<u>\$ 2,647,236</u>	<u>\$ 5,165,954</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2018

	Medical/ Dental Insurance	Retired Employees' Health Insurance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,544,313	\$ 242,178	\$ 7,908,279
Investments	5,470,415	-	15,844,953
Accounts receivable (net)	998,897	-	1,003,081
Accrued interest receivable	16,282	-	41,545
Inventories	-	-	55,117
Total current assets	<u>9,029,907</u>	<u>242,178</u>	<u>24,852,975</u>
Noncurrent assets:			
Capital assets:			
Land	-	-	25,500
Buildings and structures	-	-	2,575,959
Vehicles	-	-	2,738,191
Less accumulated depreciation	-	-	(2,475,059)
Total capital asset (net)	<u>-</u>	<u>-</u>	<u>2,864,591</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>2,864,591</u>
Total assets	<u>9,029,907</u>	<u>242,178</u>	<u>27,717,566</u>
LIABILITIES			
Current liabilities:			
Accounts payable	11,560	3,077	64,401
Salaries payable	-	-	20,666
Compensated absences payable	-	49,357	84,471
Claims payable	2,242,701	-	3,000,316
Due to other governments	-	-	44,473
Unearned revenue	448,463	-	448,463
Advances from other funds	-	-	37,497
Total current liabilities	<u>2,702,724</u>	<u>52,434</u>	<u>3,700,287</u>
Noncurrent liabilities:			
Noncurrent compensated absences	-	189,744	310,509
Noncurrent claims payable	-	-	5,222,512
Noncurrent advances from other funds	-	-	1,687,357
Total non-current liabilities	<u>-</u>	<u>189,744</u>	<u>7,220,378</u>
Total liabilities	<u>2,702,724</u>	<u>242,178</u>	<u>10,920,665</u>
NET POSITION			
Net investment in capital assets	-	-	2,864,591
Unrestricted	6,327,183	-	13,932,310
Total net position	<u>\$ 6,327,183</u>	<u>\$ -</u>	<u>\$ 16,796,901</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, 2018

	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
Operating Revenues			
Charges for services	\$ 1,635,347	\$ 273,106	\$ 2,646,504
Other	<u>4,759</u>	<u>13,550</u>	<u>1,087,301</u>
Total Operating Revenues	<u>1,640,106</u>	<u>286,656</u>	<u>3,733,805</u>
Operating Expenses			
Personal services	598,040	94,783	382,366
Contractual services	262,867	365,888	1,199,909
Materials	379,697	100	12,027
Claims paid	-	-	976,003
Depreciation	<u>297,452</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>1,538,056</u>	<u>460,771</u>	<u>2,570,305</u>
Operating Income (Loss)	<u>102,050</u>	<u>(174,115)</u>	<u>1,163,500</u>
Nonoperating revenues (expenses)			
Earnings on investments	-	33,601	114,997
Loss or gain on asset disposal	<u>3,098</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>3,098</u>	<u>33,601</u>	<u>114,997</u>
Income (Loss) Before Transfers	105,148	(140,514)	1,278,497
Transfers in	-	250,000	250,000
Transfers (out)	<u>(5,649)</u>	<u>-</u>	<u>-</u>
Change in net position	99,499	109,486	1,528,497
Net position - January 1 - restated	<u>2,557,029</u>	<u>2,537,750</u>	<u>3,637,457</u>
Net position - December 31	<u><u>\$ 2,656,528</u></u>	<u><u>\$ 2,647,236</u></u>	<u><u>\$ 5,165,954</u></u>

ST. LOUIS COUNTY, MINNESOTA
**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS**
FOR THE YEAR ENDED DECEMBER 31, 2018

	Medical/ Dental Insurance	Retired Employees Health Insurance	Total
Operating Revenues			
Charges for services	\$ 34,840,148	\$ 130,331	\$ 39,525,436
Other	-	-	1,105,610
Total Operating Revenues	<u>34,840,148</u>	<u>130,331</u>	<u>40,631,046</u>
Operating Expenses			
Personal services	-	-	1,075,189
Contractual services	1,558,955	130,331	3,517,950
Materials	-	-	391,824
Claims paid	33,956,443	-	34,932,446
Depreciation	-	-	297,452
Total Operating Expenses	<u>35,515,398</u>	<u>130,331</u>	<u>40,214,861</u>
Operating Income (Loss)	<u>(675,250)</u>	<u>-</u>	<u>416,185</u>
Nonoperating revenues (expenses)			
Earnings on investments	160,820	-	309,418
Loss or gain on asset disposal	-	-	3,098
Total Nonoperating Revenues (Expenses)	<u>160,820</u>	<u>-</u>	<u>312,516</u>
Income (Loss) Before Transfers	(514,430)	-	728,701
Transfers in	-	-	500,000
Transfers (out)	<u>(329,178)</u>	<u>-</u>	<u>(334,827)</u>
Change in net position	(843,608)	-	893,874
Net position - January 1 - restated	<u>7,170,791</u>	<u>-</u>	<u>15,903,027</u>
Net position - December 31	<u><u>\$ 6,327,183</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,796,901</u></u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
CASH FLOWS FROM			
OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 1,636,092	\$ 270,294	\$ 2,646,504
Payments to suppliers	(632,309)	(155,231)	(1,264,458)
Payments to employees	(544,094)	(94,385)	(380,989)
Claims paid	-	(282,709)	(1,154,714)
Other receipts (payments)	4,759	13,449	1,096,406
Net cash provided (used) by operating activities	464,448	(248,582)	942,749
CASH FLOWS FROM			
NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	250,000	250,000
Transfers to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	-	250,000	250,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(260,367)	-	-
Proceeds from the sale of capital assets	20,951	-	-
Proceeds from advance from other fund	(37,497)	-	-
Net cash provided (used) by capital and related financing activities	(276,913)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(249,000)	(2,744,437)
Sale of investments	-	497,000	2,063,792
Interest and dividends	-	36,363	195,125
Net cash provided (used) by investing activities	-	284,363	(485,520)
Net Increase (Decrease) in Cash and Cash Equivalents	187,535	285,781	707,229
Balances - January 1	1,479,212	396,650	2,065,381
Balances - December 31	<u>\$ 1,666,747</u>	<u>\$ 682,431</u>	<u>\$ 2,772,610</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 102,050	\$ (174,115)	\$ 1,163,500
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	297,452	-	-
(Increase) Decrease Receivables	745	(2,812)	-
(Increase) Decrease Due from other governments	-	-	9,105
(Increase) Decrease Inventories	(3,748)	-	-
Increase (Decrease) Accounts payable	12,135	(53)	(26,052)
Increase (Decrease) Salaries payable	3,266	398	1,377
Increase (Decrease) Compensated absences payable	50,680	-	-
Increase (Decrease) Claims payable	-	(72,000)	(178,711)
Increase (Decrease) Due to other governments	1,868	-	(26,470)
Increase (Decrease) Unearned revenue	-	-	-
Total Adjustments	362,398	(74,467)	(220,751)
Net cash provided (used) by operating activities	<u>\$ 464,448</u>	<u>\$ (248,582)</u>	<u>\$ 942,749</u>
NON-CASH ACTIVITIES			
Change in fair market value of investments	-	(2,472)	(62,600)

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Medical/ Dental Insurance	Retired Employees' Health Insurance	Total
CASH FLOWS FROM			
OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 34,321,942	\$ 130,331	\$ 39,005,163
Payments to suppliers	(1,653,334)	3,077	(3,702,255)
Payments to employees	-	(53,598)	(1,073,066)
Claims paid	(33,880,028)	-	(35,317,451)
Other receipts (payments)	-	-	1,114,614
Net cash provided (used) by operating activities	(1,211,420)	79,810	27,005
CASH FLOWS FROM			
NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	500,000
Transfers to other funds	(329,178)	-	(329,178)
Net cash provided (used) by noncapital financing activities	(329,178)	-	170,822
CASH FLOWS FROM CAPITAL AND			
RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	-	(260,367)
Proceeds from the sale of capital assets	-	-	20,951
Proceeds from advance from other fund	-	-	(37,497)
Net cash provided (used) by capital and related financing activities	-	-	(276,913)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(1,999,770)	-	(4,993,207)
Sale of investments	1,782,440	-	4,343,232
Interest and dividends	192,061	-	423,549
Net cash provided (used) by investing activities	(25,269)	-	(226,426)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,565,867)	79,810	(305,512)
Balances - January 1	4,110,180	162,368	8,213,791
Balances - December 31	<u>\$ 2,544,313</u>	<u>\$ 242,178</u>	<u>\$ 7,908,279</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (675,250)	\$ -	\$ 416,185
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	-	-	297,452
(Increase) Decrease Receivables	(491,406)	-	(493,473)
(Increase) Decrease Due from other governments	-	-	9,105
(Increase) Decrease Inventories	-	-	(3,748)
Increase (Decrease) Accounts payable	(94,379)	3,077	(105,272)
Increase (Decrease) Salaries payable	-	-	5,041
Increase (Decrease) Compensated absences payable	-	76,733	127,413
Increase (Decrease) Claims payable	76,415	-	(174,296)
Increase (Decrease) Due to other governments	-	-	(24,602)
Increase (Decrease) Unearned revenue	(26,800)	-	(26,800)
Total Adjustments	(536,170)	79,810	(389,180)
Net cash provided (used) by operating activities	<u>\$ (1,211,420)</u>	<u>\$ 79,810</u>	<u>\$ 27,005</u>
NON-CASH ACTIVITIES			
Change in fair market value of investments	(32,833)	-	(97,905)

FIDUCIARY FUNDS

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

Investment Trust Funds

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

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

AGENCY FUNDS

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

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

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

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

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

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

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

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

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

AGENCY FUNDS

Continued

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

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

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

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

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

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

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

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

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

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

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

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

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

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018

	<u>Investment Trust Funds</u>		
	<u>Taconite Relief</u>	<u>Taconite Production Tax</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 89,192	\$ 329,635	\$ 418,827
Investments	2,500,000	-	2,500,000
Accrued interest receivable	15,057	-	15,057
Total Assets	<u>2,604,249</u>	<u>329,635</u>	<u>2,933,884</u>
 LIABILITIES			
Due to other governments	<u>106,310</u>	<u>329,635</u>	<u>435,945</u>
 NET POSITION			
Held in trust for pool participants and other purposes	<u>\$ 2,497,939</u>	<u>\$ -</u>	<u>\$ 2,497,939</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Investment Trust Fund		
	Taconite Relief	Taconite Production Tax	Total
ADDITIONS			
Taconite taxes	\$ 11,064,355	\$ 23,397,206	\$ 34,461,561
Earnings on investments	126,910	43,500	170,410
Total Additions	11,191,265	23,440,706	34,631,971
DEDUCTIONS			
Distributions to participants	14,429,680	23,440,706	37,870,386
Changes in net position	(3,238,415)	-	(3,238,415)
Net position - January 1	5,736,354	-	5,736,354
Net position - December 31	<u>\$ 2,497,939</u>	<u>\$ -</u>	<u>\$ 2,497,939</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Balance January 1	Additions	Deductions	Balance December 31
STATE OF MINNESOTA FUND				
ASSETS				
Cash and cash equivalents	\$ 887,730	\$ 48,431,888	\$ 46,849,510	\$ 2,470,108
Accounts receivable	115	2,084,051	2,007,361	76,805
Due from other governments	74,646	-	74,646	-
Total Assets	<u>\$ 962,491</u>	<u>\$ 50,515,939</u>	<u>\$ 48,931,517</u>	<u>\$ 2,546,913</u>
LIABILITIES				
Accounts payable	\$ 202	\$ 1,106,342	\$ 1,016,026	\$ 90,518
Due to other governments	962,289	46,701,076	45,206,970	2,456,395
Total Liabilities	<u>\$ 962,491</u>	<u>\$ 47,807,418</u>	<u>\$ 46,222,996</u>	<u>\$ 2,546,913</u>
BEER-AUCTIONEER LICENSES FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 1,325</u>	<u>\$ 1,330</u>	<u>\$ 1,325</u>	<u>\$ 1,330</u>
LIABILITIES				
Accounts payable	\$ -	\$ 2,655	\$ 1,325	\$ 1,330
Due to other governments	1,325	1,330	2,655	-
Total Liabilities	<u>\$ 1,325</u>	<u>\$ 3,985</u>	<u>\$ 3,980</u>	<u>\$ 1,330</u>
TAXES AND PENALTIES FUND				
ASSETS				
Cash and cash equivalents	\$ 4,882,861	\$ 467,373,212	\$ 470,235,329	\$ 2,020,744
Accounts receivable	-	35	35	-
Due from other governments	1	-	-	1
Total Assets	<u>\$ 4,882,862</u>	<u>\$ 467,373,247</u>	<u>\$ 470,235,364</u>	<u>\$ 2,020,745</u>
LIABILITIES				
Accounts payable	\$ 14,231	\$ 160,054,479	\$ 158,379,440	\$ 1,689,270
Due to other governments	4,868,631	160,757,300	165,294,456	331,475
Total Liabilities	<u>\$ 4,882,862</u>	<u>\$ 320,811,779</u>	<u>\$ 323,673,896</u>	<u>\$ 2,020,745</u>
PAYROLL DEDUCTIONS FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 2,299,175</u>	<u>\$ 56,866,936</u>	<u>\$ 58,070,445</u>	<u>\$ 1,095,666</u>
LIABILITIES				
Accounts payable	\$ 2,299,175	\$ 57,235,002	\$ 58,438,676	\$ 1,095,501
Due to other governments	-	165	-	165
Total Liabilities	<u>\$ 2,299,175</u>	<u>\$ 57,235,167</u>	<u>\$ 58,438,676</u>	<u>\$ 1,095,666</u>
HUMAN SERVICE CONFERENCE FUND				
ASSETS				
Cash and cash equivalents	\$ 237,811	\$ 343,012	\$ 301,054	\$ 279,769
Accounts receivable	1,810	120	1,700	230
Total Assets	<u>\$ 239,621</u>	<u>\$ 343,132</u>	<u>\$ 302,754</u>	<u>\$ 279,999</u>
LIABILITIES				
Accounts payable	\$ 386	\$ 138,535	\$ 138,921	\$ -
Due to other governments	239,235	94,624	53,860	279,999
Total Liabilities	<u>\$ 239,621</u>	<u>\$ 233,159</u>	<u>\$ 192,781</u>	<u>\$ 279,999</u>
CANCELED CHECK FUND				
ASSETS				
Cash and cash equivalents	\$ 1,006	\$ 19,262	\$ 19,309	\$ 959
Accounts receivable	251	-	-	251
Total Assets	<u>\$ 1,257</u>	<u>\$ 19,262</u>	<u>\$ 19,309</u>	<u>\$ 1,210</u>
LIABILITIES				
Due to other governments	<u>\$ 1,257</u>	<u>\$ 95</u>	<u>\$ 142</u>	<u>\$ 1,210</u>

continued

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Balance January 1	Additions	Deductions	Balance December 31
ARROWHEAD REGIONAL				
CORRECTIONS FUND *				
ASSETS				
Cash and cash equivalents	\$ 3,047,007	\$ 30,471,366	\$ 29,564,924	\$ 3,953,449
Investments	2,142,380	1,100,879	1,149,380	2,093,879
Accounts receivable	71,976	4,147,582	4,144,835	74,723
Accrued interest receivable	9,995	141,013	137,258	13,750
Due from other governments	391,882	425,420	406,832	410,470
Total Assets	<u>\$ 5,663,240</u>	<u>\$ 36,286,260</u>	<u>\$ 35,403,229</u>	<u>\$ 6,546,271</u>
LIABILITIES				
Accounts payable	\$ 439,341	\$ 4,114,800	\$ 4,246,212	\$ 307,929
Contracts payable	65,014	-	65,014	-
Salaries payable	295,966	1,348,975	1,280,963	363,978
Due to other governments	4,862,919	6,748,461	5,737,016	5,874,364
Total Liabilities	<u>\$ 5,663,240</u>	<u>\$ 12,212,236</u>	<u>\$ 11,329,205</u>	<u>\$ 6,546,271</u>
PERMIT TO CARRY FIREARMS FUND				
ASSETS				
Cash and cash equivalents	\$ 323,112	\$ 252,626	\$ 214,407	\$ 361,331
Accounts receivable	860	360	860	360
Total Assets	<u>\$ 323,972</u>	<u>\$ 252,986</u>	<u>\$ 215,267</u>	<u>\$ 361,691</u>
LIABILITIES				
Accounts payable	\$ 42	\$ 40,547	\$ 34,814	\$ 5,775
Due to other governments	323,930	242,831	210,845	355,916
Total Liabilities	<u>\$ 323,972</u>	<u>\$ 283,378</u>	<u>\$ 245,659</u>	<u>\$ 361,691</u>
MINNEAPOLIS-DULUTH/SUPERIOR				
PASSENGER RAIL ALLIANCE FUND				
ASSETS				
Cash and cash equivalents	\$ 9,413	\$ 82,777	\$ 92,190	\$ -
Accounts receivable	4,485	-	4,485	-
Total Assets	<u>\$ 13,898</u>	<u>\$ 82,777</u>	<u>\$ 96,675</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 5,413	\$ 55,894	\$ 58,802	\$ 2,505
Due to other governments	8,485	43,229	54,219	(2,505)
Total Liabilities	<u>\$ 13,898</u>	<u>\$ 99,123</u>	<u>\$ 113,021</u>	<u>\$ -</u>
CIVIL FUND				
ASSETS				
Cash and cash equivalents	\$ 389,984	\$ 1,971,416	\$ 2,230,798	\$ 130,602
Accounts receivable	354	476	354	476
Total Assets	<u>\$ 390,338</u>	<u>\$ 1,971,892</u>	<u>\$ 2,231,152</u>	<u>\$ 131,078</u>
LIABILITIES				
Accounts payable	\$ 110,009	\$ 2,169,972	\$ 2,223,723	\$ 56,258
Due to other governments	280,329	205,223	410,732	74,820
Total Liabilities	<u>\$ 390,338</u>	<u>\$ 2,375,195</u>	<u>\$ 2,634,455</u>	<u>\$ 131,078</u>

continued

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Balance January 1	Additions	Deductions	Balance December 31
COMMUNITY HEALTH SERVICES FUND *				
ASSETS				
Cash and cash equivalents	\$ -	\$ 7,005,255	\$ 7,005,255	\$ -
Accounts receivable	1,754	-	1,754	-
Prepaid items	-	193	112	81
Due from other governments	1,522,552	1,611,719	1,576,739	1,557,532
Total Assets	<u>\$ 1,524,306</u>	<u>\$ 8,617,167</u>	<u>\$ 8,583,860</u>	<u>\$ 1,557,613</u>
LIABILITIES				
Accounts payable	\$ 59,899	\$ 2,422,198	\$ 2,089,712	\$ 392,385
Salaries payable	7,942	27,368	23,182	12,128
Due to other governments	1,456,465	2,088,446	2,391,811	1,153,100
Total Liabilities	<u>\$ 1,524,306</u>	<u>\$ 4,538,012</u>	<u>\$ 4,504,705</u>	<u>\$ 1,557,613</u>
DULUTH AREA FAMILY SERVICE COLLABORATIVE FUND				
ASSETS				
Cash and cash equivalents	\$ 634,531	\$ 329,751	\$ 170,795	\$ 793,487
Due from other governments	84,532	90,894	84,532	90,894
Total Assets	<u>\$ 719,063</u>	<u>\$ 420,645</u>	<u>\$ 255,327</u>	<u>\$ 884,381</u>
LIABILITIES				
Accounts payable	\$ 40,000	\$ 211,026	\$ 152,346	\$ 98,680
Due to other governments	679,063	364,575	257,937	785,701
Total Liabilities	<u>\$ 719,063</u>	<u>\$ 575,601</u>	<u>\$ 410,283</u>	<u>\$ 884,381</u>
LOCAL COLLABORATIVE TIME STUDY FUND				
ASSETS				
Cash and cash equivalents	\$ 376,062	\$ 322,576	\$ 306,307	\$ 392,331
Due from other governments	84,532	90,894	84,532	90,894
Total Assets	<u>\$ 460,594</u>	<u>\$ 413,470</u>	<u>\$ 390,839</u>	<u>\$ 483,225</u>
LIABILITIES				
Accounts payable	\$ 5,110	\$ 292,180	\$ 290,858	\$ 6,432
Due to other governments	455,484	180,235	158,926	476,793
Total Liabilities	<u>\$ 460,594</u>	<u>\$ 472,415</u>	<u>\$ 449,784</u>	<u>\$ 483,225</u>
REGIONAL RAILROAD AUTHORITY FUND *				
ASSETS				
Cash and cash equivalents	\$ 915,899	\$ 3,329,863	\$ 3,170,482	\$ 1,075,280
Delinquent taxes receivable	64,590	57,685	64,590	57,685
Accounts receivable	4,600	47,464	4,600	47,464
Due from other governments	2,643,748	582,638	2,647,137	579,249
Total Assets	<u>\$ 3,628,837</u>	<u>\$ 4,017,650</u>	<u>\$ 5,886,809</u>	<u>\$ 1,759,678</u>
LIABILITIES				
Accounts payable	\$ 384,799	\$ 4,116,166	\$ 2,773,776	\$ 1,727,189
Salaries payable	4,511	5,601	4,511	5,601
Due to other governments	3,239,527	2,433,603	5,646,242	26,888
Total Liabilities	<u>\$ 3,628,837</u>	<u>\$ 6,555,370</u>	<u>\$ 8,424,529</u>	<u>\$ 1,759,678</u>

continued

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>continued Balance December 31</u>
NORTHERN COUNTIES				
LAND USE BOARD FUND				
ASSETS				
Cash and cash equivalents	\$ 86,499	\$ 19,145	\$ 21,701	\$ 83,943
LIABILITIES				
Accounts payable	\$ 8,195	\$ 16,223	\$ 21,699	\$ 2,719
Due to other governments	78,304	19,229	16,309	81,224
Total Liabilities	\$ 86,499	\$ 35,452	\$ 38,008	\$ 83,943
VOYAGERS NATIONAL JOINT VENTURE				
ASSETS				
Cash and cash equivalents	\$ 40,242	\$ 53,062	\$ 57,875	\$ 35,429
LIABILITIES				
Accounts payable	\$ 10,441	\$ 56,579	\$ 57,875	\$ 9,145
Due to other governments	29,801	9,145	12,662	26,284
Total Liabilities	\$ 40,242	\$ 65,724	\$ 70,537	\$ 35,429
SHERIFF FORFEITS/EVIDENCE				
ASSETS				
Cash and cash equivalents	\$ 152,021	\$ 81,597	\$ 162,114	\$ 71,504
Accounts receivable	9,585	-	9,585	-
Total Assets	\$ 161,606	\$ 81,597	\$ 171,699	\$ 71,504
LIABILITIES				
Accounts payable	\$ 45,105	\$ 44,967	\$ 85,713	\$ 4,359
Due to other governments	116,501	85,977	135,333	67,145
Total Liabilities	\$ 161,606	\$ 130,944	\$ 221,046	\$ 71,504
RECORDER'S DEPOSIT FUND				
ASSETS				
Cash and cash equivalents	\$ 34,624	\$ 256,418	\$ 240,573	\$ 50,469
LIABILITIES				
Accounts payable	\$ -	\$ 156	\$ 156	\$ -
Due to other governments	34,624	73,705	57,860	50,469
Total Liabilities	\$ 34,624	\$ 73,861	\$ 58,016	\$ 50,469
MN REGIONAL PARKS AND TRAILS				
ASSETS				
Cash and cash equivalents	\$ 76,358	\$ 290,621	\$ 293,487	\$ 73,492
Due from other governments	-	59,778	-	59,778
Total Assets	\$ 76,358	\$ 350,399	\$ 293,487	\$ 133,270
LIABILITIES				
Accounts payable	\$ -	\$ 336,199	\$ 283,512	\$ 52,687
Due to other governments	76,358	269,482	265,257	80,583
Total Liabilities	\$ 76,358	\$ 605,681	\$ 548,769	\$ 133,270

continued

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

				continued
	Balance January 1	Additions	Deductions	Balance December 31
SOCIAL WELFARE FUND				
ASSETS				
Cash and cash equivalents	\$ 196,156	\$ -	\$ 475	\$ 195,681
LIABILITIES				
Assets held in trust	\$ 196,156	\$ -	\$ 475	\$ 195,681
ESTATE RECOVERY FUND				
ASSETS				
Cash and cash equivalents	\$ 494,861	\$ 400	\$ -	\$ 495,261
LIABILITIES				
Assets held in trust	\$ 494,861	\$ 400	\$ -	\$ 495,261
JAIL INMATE/KIOSK				
ASSETS				
Cash and cash equivalents	\$ 167,882	\$ 595,451	\$ 579,098	\$ 184,235
LIABILITIES				
Assets held in trust	\$ 167,882	\$ 595,451	\$ 579,098	\$ 184,235
TOTALS FOR ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 15,254,559	\$ 618,097,964	\$ 619,587,453	\$ 13,765,070
Investments	2,142,380	1,100,879	1,149,380	2,093,879
Delinquent taxes receivable	64,590	57,685	64,590	57,685
Accounts receivable	95,790	6,280,088	6,175,569	200,309
Accrued interest receivable	9,995	141,013	137,258	13,750
Due from other governments	4,801,893	2,861,343	4,874,418	2,788,818
Prepaid items	-	193	112	81
Total Assets	\$ 22,369,207	\$ 628,539,165	\$ 631,988,780	\$ 18,919,592
LIABILITIES				
Accounts payable	\$ 3,422,348	\$ 232,413,920	\$ 230,293,586	\$ 5,542,682
Contracts payable	65,014	-	65,014	-
Salaries payable	308,419	1,381,944	1,308,656	381,707
Due to other governments	17,714,527	220,318,731	225,913,232	12,120,026
Assets held in trust	858,899	595,851	579,573	875,177
Total Liabilities	\$ 22,369,207	\$ 454,710,446	\$ 458,160,061	\$ 18,919,592

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS
DECEMBER 31, 2018

	Interest Rates	Par Value	Market
Pooled Investments and Deposits			
Certificates of Deposit	1.15% - 3.55%	\$ 28,163,027	\$ 28,163,108
MAGIC Portfolio	Varies	39,901,527	39,901,527
MAGIC TERM	2.11% - 2.48%	12,777,250	12,777,250
Municipal Bonds	1.75% - 5.00%	15,200,000	15,181,734
FFCB	0.875% - 5.15%	24,337,000	24,378,472
FHLB	1.00% - 5.625%	42,680,000	42,836,885
FHLMC	1.25% - 3.75%	10,810,000	10,753,453
FNMA	1.33% - 2.125%	13,450,000	13,230,206
Total Pooled Investments and Deposits		\$ 187,318,804	\$ 187,222,635
Capital Projects			
MAGIC TERM	2.31% - 2.51%	\$ 27,000,000	\$ 27,000,000
Shoreland Sales Permanent Fund			
MN Board of Investments	Varies	\$ 18,280,143	\$ 18,280,143
Environmental Services Enterprise Fund			
Certificates of deposit	1.55% - 3.35%	\$ 5,223,000	\$ 5,223,000
FFCB	1.77% - 5.05%	3,534,000	3,504,604
FHLB	1.375% - 2.03%	1,860,000	1,841,675
FHLMC	1.75% - 2.00%	1,450,000	1,436,306
FNMA	1.875%	1,000,000	999,220
Total Environmental Services Enterprise Fund		\$ 13,067,000	\$ 13,004,805
Property, Casualty, Liability Insurance			
Internal Service Fund			
Certificates of deposit	1.25% - 3.10%	\$ 1,243,000	\$ 1,243,000
FFCB	1.77%	250,000	245,433
FHLMC	1.75%	500,000	498,415
Total Property, Casualty, Liability Insurance		\$ 1,993,000	\$ 1,986,848
Worker's Compensation Insurance			
Internal Service Fund			
Certificates of Deposit	1.50% - 3.05%	\$ 2,728,000	\$ 2,728,000
MAGIC TERM	2.77%	1,000,000	1,000,000
FFCB	1.77% - 5.05%	3,549,000	3,517,068
FHLMC	1.75%	750,000	747,622
FNMA	2.00%	400,000	395,000
Total Workers' Compensation Insurance		\$ 8,427,000	\$ 8,387,690
Medical/Dental Insurance			
Internal Service Fund			
Certificates of Deposit	2.10% - 2.20%	\$ 1,986,000	\$ 1,986,000
MAGIC TERM	2.77%	500,000	500,000
FFCB	2.33% - 2.35%	1,000,000	982,665
FHLB	1.75% - 3.375%	1,000,000	1,002,530
FNMA	1.875%	1,000,000	999,220
Total Medical/Dental Insurance		\$ 5,486,000	\$ 5,470,415
Taconite Relief Trust Fund			
MAGIC TERM	2.47%	\$ 2,500,000	\$ 2,500,000
Arrowhead Regional Corrections Agency Fund			
Certificates of deposit	1.45% - 3.05%	\$ 1,242,000	\$ 1,242,000
MAGIC TERM	2.45%	851,879	851,879
Total Arrowhead Regional Corrections Agency Fund		\$ 2,093,879	\$ 2,093,879
Total Investments and deposits		\$ 266,165,826	\$ 265,946,415

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018

		Special Revenue Funds				
	General Fund	Road and Bridge	Public Health and Human Services	Other	Debt Service Funds	
Appropriations and Shared Revenue						
State						
Department of Natural Resources						
Mineral rents & royalties	\$ 915,893	\$ -	\$ -	\$ -	\$ -	
Department of Public Safety						
Enhanced 911 program grant	326,232	-	-	-	-	
Department of Revenue						
County program aid	9,697,425	1,054,170	1,460,671	-	-	
Disparity aid	2,428,831	798,442	1,839,412	-	263,279	
Local performance aid	25,000	-	-	-	-	
ICWA aid	-	-	535,341	-	-	
Market value credit	59,778	21,566	44,577	414	6,380	
PERA aid	442,898	90,092	195,935	18,980	-	
Police aid	896,110	-	-	-	-	
State fire aid	9,323	-	-	-	-	
Department of Transportation						
30 percent rental income	225	77	165	1	27	
Engineering	-	2,764,413	-	-	-	
LRIP/RRSA state bond	-	559,980	-	-	-	
MN FD 29 bridge bond	-	1,253,203	-	-	-	
Municipal construction	-	3,728,246	-	-	-	
Municipal maintenance	-	1,762,021	-	-	-	
Regular construction	-	18,828,801	-	-	-	
Regular maintenance	-	10,534,008	-	-	-	
State aid for consulting	-	436,443	-	-	-	
State park	-	406,306	-	-	-	
Town bridge	-	659,435	-	-	-	
Unorganized town road and bridge aid	-	164,028	-	-	-	
Total Appropriations and Shared Revenue	\$ 14,801,715	\$ 43,061,231	\$ 4,076,101	\$ 19,395	\$ 269,686	
Reimbursement for Services						
State						
Department of Human Services						
Alternative care 180 day	\$ -	\$ -	\$ 108,240	\$ -	\$ -	
Case management for community alternative care	-	-	4,233	-	-	
Child welfare targeted case mgmt	-	-	2,207,549	-	-	
Community alternatives for disabled individuals waived services	-	-	1,081,301	-	-	
Elderly waived services	-	-	75,043	-	-	
Medical Assistance MCH home visits	-	-	26,311	-	-	
Medical assistance-transportation	-	-	165,413	-	-	
Medical assistance - ACT	-	-	1,071,467	-	-	
Medical assistance - CEHI	-	-	485,983	-	-	
Medical assistance - Rule 5	-	-	857,779	-	-	
Developmental disabilities waived services	-	-	719,761	-	-	
MH targeted case management	-	-	725,282	-	-	
Relocation waived services	-	-	412	-	-	
Traumatic brain injury	-	-	65,297	-	-	
VADD targeted case management	-	-	103,822	-	-	
Total Reimbursement for Services Revenue	\$ -	\$ -	\$ 7,697,893	\$ -	\$ -	

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018

	Capital Projects Fund	Permanent Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Appropriations and Shared Revenue					
State					
Department of Natural Resources					
Mineral rents & royalties	\$ -	\$ 200,000	\$ -	\$ -	\$ 1,115,893
Department of Public Safety					
Enhanced 911 program grant	-	-	-	-	326,232
Department of Revenue					
County program aid	69,885	-	-	-	12,282,151
Disparity aid	170,352	-	-	-	5,500,316
Local performance aid	-	-	-	-	25,000
ICWA aid	-	-	-	-	535,341
Market value credit	4,128	-	-	-	136,843
PERA aid	-	-	-	3,662	751,567
Police aid	-	-	-	-	896,110
State fire aid	-	-	-	-	9,323
Department of Transportation					
30 percent rental income	13	-	-	-	508
Engineering	-	-	-	-	2,764,413
LRIP/RRSA state bond	-	-	-	-	559,980
MN FD 29 bridge bond	-	-	-	-	1,253,203
Municipal construction	-	-	-	-	3,728,246
Municipal maintenance	-	-	-	-	1,762,021
Regular construction	-	-	-	-	18,828,801
Regular maintenance	-	-	-	-	10,534,008
State aid for consulting	-	-	-	-	436,443
State park	-	-	-	-	406,306
Town bridge	-	-	-	-	659,435
Unorganized town road and bridge aid	-	-	-	-	164,028
Total Appropriations and Shared Revenue	\$ 244,378	\$ 200,000	\$ -	\$ 3,662	\$ 62,676,168
Reimbursement for Services					
State					
Department of Human Services					
Alternative care 180 day	\$ -	\$ -	\$ -	\$ -	\$ 108,240
Case management for community alternative care	-	-	-	-	4,233
Child welfare targeted case mgmt	-	-	-	-	2,207,549
Community alternatives for disabled individuals waived services	-	-	-	-	1,081,301
Elderly waived services	-	-	-	-	75,043
Medical Assistance MCH home visits	-	-	-	-	26,311
Medical assistance-transportation	-	-	-	-	165,413
Medical assistance - ACT	-	-	-	-	1,071,467
Medical assistance - CEHI	-	-	-	-	485,983
Medical assistance - Rule 5	-	-	-	-	857,779
Developmental disabilities waived services	-	-	-	-	719,761
MH targeted case management	-	-	-	-	725,282
Relocation waived services	-	-	-	-	412
Traumatic brain injury	-	-	-	-	65,297
VADD targeted case management	-	-	-	-	103,822
Total Reimbursement for Services Revenue	\$ -	\$ -	\$ -	\$ -	\$ 7,697,893

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Special Revenue Funds			Debt Service Funds
		Road and Bridge	Public Health and Human Services	Other	
Grants					
State Grants					
Board of water & soil resources	\$ -	\$ 102,500	\$ -	\$ -	\$ -
Natural resources block grant	94,684	-	-	150,000	-
Department of Environmental Assistance					
SCORE recycling grant	-	-	-	-	-
Department of Finance					
6/12 Storm-state flood bond	-	(1,340)	-	-	-
Department of Health					
Evidence based home visiting	-	-	74,579	-	-
Local public health grant	-	-	852,531	-	-
Department of Housing Finance					
Family homelessness prevention	-	-	347,708	-	-
Landlord mitigation	-	-	8,927	-	-
Department of Human Services					
Adult integrated fund	-	-	2,396,763	-	-
Alternative care	-	-	108,239	-	-
Alternative response	-	-	48,009	-	-
Alternative to corporate foster care	-	-	137,375	-	-
Autism respite grant	-	-	135,533	-	-
Case management CAC state	-	-	4,233	-	-
Child care basic sliding fee	-	-	36,117	-	-
Child protection - GTFCP	-	-	751,382	-	-
Child support health ins bonus	-	-	59,829	-	-
Child support incentives	-	-	86,695	-	-
Children's mental health	-	-	129,341	-	-
Community alternatives for disabled individual waived services	-	-	1,081,009	-	-
Community living infrastructure	-	-	5,080	-	-
Community social services act block grant	-	-	2,930,016	-	-
Consolidated chemical dependency fund admin	-	-	139,574	-	-
Consumer directed	-	-	20,547	-	-
Cost effective health insurance	-	-	772,036	-	-
Child and teen checkups	-	-	260,714	-	-
Day training & habilitation	-	-	8,110	-	-
DD family support	-	-	58,243	-	-
Early hearing detection & intervention	-	-	6,025	-	-
Elderly waived services	-	-	70,749	-	-
Essential community service	-	-	5,222	-	-
SNAP employment and training	-	-	2,458	-	-
Forgotten child	-	-	1,050	-	-
Fraud prevention incentives	-	-	90,051	-	-
Homeless outreach	-	-	854,463	-	-
Housing support SPMI	-	-	209,391	-	-
LTSS	-	-	3,067,855	-	-
Medical assistance-MCH home visits	-	-	24,511	-	-
Medical assistance ACT	-	-	1,092,502	-	-
Medical assistance transportation	-	-	165,712	-	-
Developmental disabilities waived services	-	-	719,672	-	-
MN family investment project burial	-	-	4,280	-	-
MN family investment project child care	-	-	28,930	-	-
MN family investment project employment services	-	-	417,324	-	-
Northstar foster care	-	-	1,005,518	-	-
Parent support outreach program	-	-	111,593	-	-
Periodic data match	-	-	89,809	-	-
Relocation waived services	-	-	412	-	-
Semi-independent living skills	-	-	370,261	-	-
State bonding grant	-	-	-	-	-
Statewide health improvement - SHIP	-	-	26,982	-	-
Traumatic brain injury	-	-	65,289	-	-
Workers compensation	-	-	-	-	-

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018

	Capital Projects Fund	Permanent Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants					
State Grants					
Board of water & soil resources	\$ -	\$ -	\$ -	\$ -	\$ 102,500
Natural resources block grant	-	-	18,600	-	263,284
Department of Environmental Assistance					
SCORE recycling grant	-	-	268,387	-	268,387
Department of Finance					
6/12 Storm-state flood bond	-	-	-	-	(1,340)
Department of Health					
Evidence based home visiting	-	-	-	-	74,579
Local public health grant	-	-	-	-	852,531
Department of Housing Finance					
Family homelessness prevention	-	-	-	-	347,708
Landlord mitigation	-	-	-	-	8,927
Department of Human Services					
Adult integrated fund	-	-	-	-	2,396,763
Alternative care	-	-	-	-	108,239
Alternative response	-	-	-	-	48,009
Alternative to corporate foster care	-	-	-	-	137,375
Autism respite grant	-	-	-	-	135,533
Case management CAC state	-	-	-	-	4,233
Child care basic sliding fee	-	-	-	-	36,117
Child protection - GTFCP	-	-	-	-	751,382
Child support health ins bonus	-	-	-	-	59,829
Child support incentives	-	-	-	-	86,695
Children's mental health	-	-	-	-	129,341
Community alternatives for disabled individual waived services	-	-	-	-	1,081,009
Community living infrastructure	-	-	-	-	5,080
Community social services act block grant	-	-	-	-	2,930,016
Consolidated chemical dependency fund admin	-	-	-	-	139,574
Consumer directed	-	-	-	-	20,547
Cost effective health insurance	-	-	-	-	772,036
Child and teen checkups	-	-	-	-	260,714
Day training & habilitation	-	-	-	-	8,110
DD family support	-	-	-	-	58,243
Early hearing detection & intervention	-	-	-	-	6,025
Elderly waived services	-	-	-	-	70,749
Essential community service	-	-	-	-	5,222
SNAP employment and training	-	-	-	-	2,458
Forgotten child	-	-	-	-	1,050
Fraud prevention incentives	-	-	-	-	90,051
Homeless outreach	-	-	-	-	854,463
Housing support SPMI	-	-	-	-	209,391
LTSS	-	-	-	-	3,067,855
Medical assistance-MCH home visits	-	-	-	-	24,511
Medical assistance ACT	-	-	-	-	1,092,502
Medical assistance transportation	-	-	-	-	165,712
Developmental disabilities waived services	-	-	-	-	719,672
MN family investment project burial	-	-	-	-	4,280
MN family investment project child care	-	-	-	-	28,930
MN family investment project employment services	-	-	-	-	417,324
Northstar foster care	-	-	-	-	1,005,518
Parent support outreach program	-	-	-	-	111,593
Periodic data match	-	-	-	-	89,809
Relocation waived services	-	-	-	-	412
Semi-independent living skills	-	-	-	-	370,261
State bonding grant	80,721	-	-	-	80,721
Statewide health improvement - SHIP	-	-	-	-	26,982
Traumatic brain injury	-	-	-	-	65,289
Workers compensation	-	-	-	1,079,364	1,079,364

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Special Revenue Funds			Debt Service Funds
		Road and Bridge	Public Health and Human Services	Other	
Grants (continued)					
State grants (continued)					
Department of Natural Resources					
Aquatic invasive species prevention	\$ 1,008,628	\$ -	\$ -	\$ -	\$ -
Boat and water safety	106,211	-	-	-	-
State forest road access	-	-	-	306,266	-
Off highway ATV	38,083	-	-	-	-
Snowmobile safety	15,381	-	-	-	-
State trail assistance	312,579	-	-	-	-
Board of Peace Officer Standards and Training					
Training reimbursement	96,657	-	-	-	-
Department of Public Safety					
Bullet proof vests	8,559	-	-	-	-
Emergency communication network	140,295	-	-	-	-
MN state patrol forfeit	84	-	-	-	-
Office of Justice program grants	18,966	-	-	-	-
Public assistance disaster fund	-	38,408	-	-	-
Department of Transportation					
Northeast Minnesota rail initiative	-	392	-	-	-
Iron Range Resources					
DIRRR ash trail store	-	-	-	20,000	-
Blight removal	100,000	-	-	-	-
MN PERA					
MN contributions to PERA	-	-	-	-	-
MN Pollution Control Agency					
Septic treatment systems	-	-	-	32,746	-
Secretary of State					
Voting equipment grant	28,710	-	-	-	-
Veterans Affairs					
Enhancement	12,171	-	-	-	-
Total State Grants	\$ 1,981,008	\$ 139,960	\$ 18,882,649	\$ 509,012	\$ -
Federal Grants					
Department of Agriculture					
10.557 Women, infants, and children (through Community Health Board)	\$ -	\$ -	\$ 656,393	\$ -	\$ -
10.561 Supplemental nutrition and assistance program	58,361	-	1,788,071	-	-
10.561 SNAP employment and training	-	-	161,350	-	-
10.572 Federal WIC	-	-	618	-	-
10.664 Cooperative forestry assist	32,603	-	-	-	-
10.665 National forest land	1,506,075	-	-	-	-
10.665 National forest land - roads & schools	-	89,234	-	-	-
10.665 National forest title III	30,512	-	-	-	-
Department of Education					
84.181A Follow along program	-	-	2,263	-	-
Department of Health & Human Services					
93.069 Public health emergency preparedness	-	-	127,874	-	-
93.070 MDH asthma HV	-	-	18,778	-	-
93.251 Universal newborn hearing screening	-	-	725	-	-
93.314 EHDI	-	-	750	-	-
93.556 Fed IVB 2 PSOP	-	-	4,291	-	-
93.556 Title 4B fam response	-	-	78,237	-	-
93.556 Title IV-B alternative response	-	-	85,694	-	-
93.558 MN family investment project employment services	-	-	2,939,572	-	-
93.558 Temporary assistance to needy families admin	18,511	-	568,514	-	-
93.558 Temporary assistance to needy families home visiting	-	-	363,023	-	-
93.563 Child support	69,088	-	3,369,417	-	-
93.563 Title IV-D incentives	-	-	595,218	-	-
93.590 Federal PSOP child's trust	-	-	85,840	-	-
93.596 Child care basic sliding fee	-	-	44,145	-	-
93.596 MN family investment project child care	-	-	30,110	-	-
93.645 Fed IVB 1 PSOP	-	-	12,877	-	-
93.645 Title 4B fam response	-	-	51,565	-	-
93.658 Foster care	16,432	-	48,247	-	-
93.658 IV-E foster care social service time study	-	-	871,295	-	-
93.658 Title IV-E cost of care	-	-	1,960,981	-	-
93.658 Title IV-E foster care case management	-	-	89,071	-	-
93.667 Title XX block grant	-	-	1,570,551	-	-
93.674 Support for emancipation and living functionally	-	-	43,535	-	-
93.757 Community wellness grant	-	-	191,827	-	-
93.778 Child teen checkups	-	-	260,714	-	-
93.778 LTSS	-	-	3,638,963	-	-
93.778 Medical assistance	123,124	-	2,744,791	-	-
93.778 Medical assistance - Rule 25	-	-	918,775	-	-
93.778 Medical assistance incentives	-	-	35,897	-	-
93.788 Response to Opioid	-	-	402,790	-	-
93.870 MIECHV	-	-	266,165	-	-
93.959 Substance use disorder	-	-	200,363	-	-
93.994 Fed maternal & child care	-	-	254,820	-	-

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018

	Capital Projects Fund	Permanent Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants (continued)					
State grants (continued)					
Department of Natural Resources					
Aquatic invasive species prevention	\$ -	\$ -	\$ -	\$ -	\$ 1,008,628
Boat and water safety	-	-	-	-	106,211
State forest road access	-	-	-	-	306,266
Off highway ATV	-	-	-	-	38,083
Snowmobile safety	-	-	-	-	15,381
State trail assistance	-	-	-	-	312,579
Board of Peace Officer Standards and Training					
Training reimbursement	-	-	-	-	96,657
Department of Public Safety					
Bullet proof vests	-	-	-	-	8,559
Emergency communication network	-	-	-	-	140,295
MN state patrol forfeit	-	-	-	-	84
Office of Justice program grants	-	-	-	-	18,966
Public assistance disaster fund	-	-	-	-	38,408
Department of Transportation					
Northeast Minnesota rail initiative	-	-	-	-	392
Iron Range Resources					
DIRRR ash trail store	-	-	-	-	20,000
Blight removal	-	-	-	-	100,000
MN PERA					
MN contributions to PERA	-	-	11,874	-	11,874
MN Pollution Control Agency					
Septic treatment systems	-	-	-	-	32,746
Secretary of State					
Voting equipment grant	-	-	-	-	28,710
Veterans Affairs					
Enhancement	-	-	-	-	12,171
Total State Grants	\$ 80,721	\$ -	\$ 298,861	\$ 1,079,364	\$ 22,971,575
Federal Grants					
Department of Agriculture					
10.557 Women, infants, and children (through Community Health Board)	\$ -	\$ -	\$ -	\$ -	\$ 656,393
10.561 Supplemental nutrition and assistance program	-	-	-	-	1,846,432
10.561 SNAP employment and training	-	-	-	-	161,350
10.572 Federal WIC	-	-	-	-	618
10.664 Cooperative forestry assist	-	-	-	-	32,603
10.665 National forest land	-	-	-	-	1,506,075
10.665 National forest land - roads & schools	-	-	-	-	89,234
10.665 National forest title III	-	-	-	-	30,512
Department of Education					
84.181A Follow along program	-	-	-	-	2,263
Department of Health & Human Services					
93.069 Public health emergency preparedness	-	-	-	-	127,874
93.070 MDH asthma HV	-	-	-	-	18,778
93.251 Universal newborn hearing screening	-	-	-	-	725
93.314 EHDl	-	-	-	-	750
93.556 Fed IVB 2 PSOP	-	-	-	-	4,291
93.556 Title 4B fam response	-	-	-	-	78,237
93.556 Title IV-B alternative response	-	-	-	-	85,694
93.558 MN family investment project employment services	-	-	-	-	2,939,572
93.558 Temporary assistance to needy families admin	-	-	-	-	587,025
93.558 Temporary assistance to needy families home visiting	-	-	-	-	363,023
93.563 Child support	-	-	-	-	3,438,505
93.563 Title IV-D incentives	-	-	-	-	595,218
93.590 Federal PSOP child's trust	-	-	-	-	85,840
93.596 Child care basic sliding fee	-	-	-	-	44,145
93.596 MN family investment project child care	-	-	-	-	30,110
93.645 Fed IVB 1 PSOP	-	-	-	-	12,877
93.645 Title 4B fam response	-	-	-	-	51,565
93.658 Foster care	-	-	-	-	64,679
93.658 IV-E foster care social service time study	-	-	-	-	871,295
93.658 Title IV-E cost of care	-	-	-	-	1,960,981
93.658 Title IV-E foster care case management	-	-	-	-	89,071
93.667 Title XX block grant	-	-	-	-	1,570,551
93.674 Support for emancipation and living functionally	-	-	-	-	43,535
93.757 Community wellness grant	-	-	-	-	191,827
93.778 Child teen checkups	-	-	-	-	260,714
93.778 LTSS	-	-	-	-	3,638,963
93.778 Medical assistance	-	-	-	-	2,867,915
93.778 Medical assistance - Rule 25	-	-	-	-	918,775
93.778 Medical assistance incentives	-	-	-	-	35,897
93.788 Response to Opioid	-	-	-	-	402,790
93.870 MIECHV	-	-	-	-	266,165
93.959 Substance use disorder	-	-	-	-	200,363
93.994 Fed maternal & child care	-	-	-	-	254,820

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Special Revenue Funds			Debt Service Funds
		Road and Bridge	Public Health and Human Services	Other	
Grants (continued)					
Federal Grants (continued)					
Department of Homeland Security					
97.012 Boating safety financial assurance	\$ 28,867	\$ -	\$ -	\$ -	\$ -
97.036 FEMA public assistance	-	110,729	-	-	-
97.042 Homeland security grant	158,172	-	-	-	-
97.067 Emergency management	204,621	-	-	-	-
97.067 Homeland security grant	68,437	-	-	-	-
Department of Housing & Urban Development					
14.218 CDBG federal grant	-	-	-	1,970,371	-
14.231 Emergency shelter grant	172,389	-	-	-	-
14.238 Shelter plus care	32,519	-	-	-	-
14.239 Home federal grant	-	-	-	620,380	-
14.267 CoC planning-mckinney vento	-	-	85,966	-	-
Department of Interior					
15.226 Payment in lieu of taxes	1,977,813	369	349	3	50
Department of Justice					
Victims of crime act	73,068	-	-	-	-
Department of Natural Resources					
20.219 Trail assistance grant	75,000	-	-	-	-
Department of Transportation					
20.205 Highway planning and construction	-	2,872,351	-	-	-
20.600 Safe & sober	5,089	-	-	-	-
20.608 Toward zero deaths under the influence	37,074	-	-	-	-
20.616 Toward zero deaths seat belt & distracted	3,189	-	-	-	-
Total Federal Grants	<u>\$ 4,690,944</u>	<u>\$ 3,072,683</u>	<u>\$ 24,570,425</u>	<u>\$ 2,590,754</u>	<u>\$ 50</u>
Other Grants					
Local					
AIK CHB MIIC grant	\$ -	\$ -	\$ 48,551	\$ -	\$ -
EIP credit co, LLC	8,473	-	-	-	-
Miscellaneous	-	-	-	-	-
MN power	-	-	-	-	-
Total Other Grants	<u>\$ 8,473</u>	<u>\$ -</u>	<u>\$ 48,551</u>	<u>\$ -</u>	<u>\$ -</u>
Other Federal					
Department of Justice					
United states marshals	\$ 6,872	\$ -	\$ -	\$ -	\$ -
Total Other Federal Grants	<u>\$ 6,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
In-kind Match	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,590</u>	<u>\$ -</u>
Total Intergovernmental Revenue	<u>\$ 21,489,012</u>	<u>\$ 46,273,874</u>	<u>\$ 55,275,619</u>	<u>\$ 3,179,751</u>	<u>\$ 269,736</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Capital Projects Fund	Permanent Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants (continued)					
Federal Grants (continued)					
Department of Homeland Security					
97.012 Boating safety financial assurance	\$ -	\$ -	\$ -	\$ -	\$ 28,867
97.036 FEMA public assistance	-	-	-	-	110,729
97.042 Homeland security grant	-	-	-	-	158,172
97.067 Emergency management	-	-	-	-	204,621
97.067 Homeland security grant	-	-	-	-	68,437
Department of Housing & Urban Development					
14.218 CDBG federal grant	-	-	-	-	1,970,371
14.231 Emergency shelter grant	-	-	-	-	172,389
14.238 Shelter plus care	-	-	-	-	32,519
14.239 Home federal grant	-	-	-	-	620,380
14.267 CoC planning-mckinney vento	-	-	-	-	85,966
Department of Interior					
15.226 Payment in lieu of taxes	32	-	-	-	1,978,616
Department of Justice					
Victims of crime act	-	-	-	-	73,068
Department of Natural Resources					
20.219 Trail assistance grant	-	-	-	-	75,000
Department of Transportation					
20.205 Highway planning and construction	-	-	-	-	2,872,351
20.600 Safe & sober	-	-	-	-	5,089
20.608 Toward zero deaths under the influence	-	-	-	-	37,074
20.616 Toward zero deaths seat belt & distracted	-	-	-	-	3,189
Total Federal Grants	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,924,888</u>
Other Grants					
Local					
AIK CHB MIIC grant	\$ -	\$ -	\$ -	\$ -	\$ 48,551
EIP credit co, LLC	-	-	-	-	8,473
Miscellaneous	1,918	-	-	-	1,918
MN power	37,974	-	-	-	37,974
Total Other Grants	<u>\$ 39,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,916</u>
Other Federal					
Department of Justice					
United states marshals	\$ -	\$ -	\$ -	\$ -	\$ 6,872
Total Other Federal Grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,872</u>
In-kind Match	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,590</u>
Total Intergovernmental Revenue	<u>\$ 365,023</u>	<u>\$ 200,000</u>	<u>\$ 298,861</u>	<u>\$ 1,083,026</u>	<u>\$ 128,434,902</u>

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

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Direct				
Cooperative Forestry Assistance	10.664		\$ 36,065	\$ -
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	12-700-00061	714,776	-
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561			
Supplemental Nutrition Assistance Program Administrative Cost Reimbursements		182MN101S2514	1,846,432	-
Supplemental Nutrition Assistance Program Employment & Training Administration		182MN127Q7503	104,311	-
Support		182MN101S2520	57,039	-
(Total Supplemental Nutrition Assistance Program Employment & Training \$161,350)				
(Total State Administrative Matching Grants for Supplemental Nutrition Assistance Program 10.561 \$2,007,782)				
WIC Farmers' Market Nutrition Program (FMNP)	10.572	143407FMNP2018FNLPMPT	618	-
Passed Through Minnesota Department of Management and Budget Schools and Roads - Grants to States (Part of Forest Service Schools and Roads Cluster)	10.665			
Thye Blatnik PILT		P.L. 114-10	1,506,075	-
Title III		P.L. 110-343 & P.L. 112-141	30,512	-
Title I		P.L. 113-40	89,234	-
(Total Schools and Roads - Grants to States 10.665 \$1,625,821)				
Total U.S. Department of Agriculture			\$ 4,385,062	\$ -
U.S. Department of Housing and Urban Development				
Direct				
Community Development Block Grants/Entitlement Grants (Part of CDBG - Entitlement Grants Cluster)	14.218		\$ 1,972,051	\$ 1,458,876
Emergency Solutions Grant Program	14.231		172,389	151,209
Shelter Plus Care	14.238		32,519	-
Home Investment Partnerships Program	14.239		679,290	590,159
Continuum of Care Program	14.267		51,758	-
Total U.S. Department of Housing and Urban Development			\$ 2,908,007	\$ 2,200,244
U.S. Department of the Interior				
Direct				
Payments in Lieu of Taxes	15.226		\$ 1,978,616	\$ -
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	A-CVSP-2018-STLOUISCO-00020	\$ 73,068	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction (Part of Highway Planning and Construction Cluster)	20.205	99969	\$ 2,774,066	\$ -
Passed Through Minnesota Department of Natural Resources Highway Planning and Construction Cluster Recreational Trails Program (Part of Highway Planning and Construction Cluster)	20.219	0024-17-2C	75,000	-
(Total Highway Planning and Construction Cluster \$2,849,066)				
Passed Through City of Duluth Highway Safety Cluster				
State and Community Highway Safety	20.600	A-ENFRC17-2017-DULUTHPD-014	5,089	-
National Priority Safety Programs	20.616	A-ENFRC17-2017-DULUTHPD-014	3,189	-
(Total Highway Safety Cluster \$8,278)				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC17-2017-DULUTHPD-014	37,074	-
Total U.S. Department of Transportation			\$ 2,894,418	\$ -
U.S. Department of Education				
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board Special Education-Grants for Infants and Families	84.181	12-700-0061	\$ 2,263	\$ -

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, 2018
(Continued)

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board				
Public Health Emergency Preparedness	93.069	12-700-00061	\$ 130,454	\$ -
Environmental Public Health and Emergency Response	93.070	12-700-00061	18,808	-
Universal Newborn Hearing Screening	93.251	12-700-00061	725	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	12-700-00061	750	-
Temporary Assistance for Needy Families (Part of TANF Cluster)	93.558	12-700-00061	361,022	-
(Total Temporary Assistance for Needy Families 93.558 \$3,887,619)				
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PHHF)	93.757	12-700-00061	174,473	-
Medical Assistance Program (Part of Medicaid Cluster)				
Child & Teen Checkups Administrative Services	93.778	12-700-0061	260,714	-
(Total Medical Assistance 93.778 \$7,722,264)				
Maternal, Infant and Early Childhood Home Visiting Grant Program (Part of MIECHV Cluster)	93.870	12-700-0061	266,165	-
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00061	254,820	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	G-1701MNFPS	163,689	-
Temporary Assistance for Needy Families (Part of TANF Cluster)	93.558			
Minnesota Family Investment Program		1801MFTANF	2,939,572	-
Program Administrative Cost Reimbursements		1801MNTANF	587,025	-
(Total Temporary Assistance for Needy Families 93.558 \$3,887,619)				
Child Support Enforcement	93.563			
Title IV-D County-Wide Indirect Aid - Income Maintenance		1804MNCSES	69,088	-
Title IV-D Child Support Administration Aid and Federal Incentives		1804MNCES	3,841,635	-
(Total Child Support Enforcement 93.563 \$3,910,723)				
Community-Based Child Abuse Prevention Grants	93.590	G-1702MNFPRG	65,583	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund				
(Part of the CCDF Cluster)	93.596	G1801MNCDDF	74,255	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1701MNCWSS	61,454	-
Foster Care Title IV-E	93.658	1801MNFOS	2,986,026	-
Social Services Block Grant	93.667	G-1801MNSOSR	1,570,551	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-1801MNCILP	43,400	-
Medical Assistance Program (Part of Medicaid Cluster)	93.778			
Medical Assistance		1805MN5ADM	7,425,653	-
Federal Incentive Payments		1805MN5MAP	35,897	-
(Total Medical Assistance Program 93.778 \$ 7,722,264)				
Opioid STR	93.788	128,960	347,299	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3B08T1010027-16S1	218,965	-
Total U.S. Department of Health and Human Services			\$ 21,898,023	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012			
Boating & Water Safety (1-12)		123228	\$ 22,625	\$ -
Boating & Water Safety Sub Grant		101358	6,242	-
(Total Boating Safety Financial Assistance 97.012 \$28,867)				
Passed Through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	137-99137-01	554,669	-
Emergency Management Performance Grants	97.042	A-EPMG-2017-STLOUICO-075	78,810	-
Homeland Security Grant Program	97.067			
Operation Stonegarden		A-OSGP-2016-STLOUISCO-0007	89,043	-
State Homeland Security Program (SHP)		A-DECN-SHP-2016-NEECB2-003	109,582	-
(Total Homeland Security Grant Program 97.067 \$198,625)				
Total U.S. Department of Homeland Security			\$ 860,971	\$ -
Total Federal Awards			\$ 35,000,428	\$ 2,200,244

Clusters of programs are groupings of closely related programs that share common compliance requirements.

Total expenditures by cluster are:

Supplemental Nutritional Assistance Program (SNAP) Cluster	\$ 2,007,782
Forest Service Schools and Roads Cluster	1,625,821
CDBG-Entitlement Grants Cluster	1,972,051
Highway Planning and Construction Cluster	2,849,066
Highway Safety Cluster	8,278
Temporary Assistance for Needy Families (TANF) Cluster	3,887,619
Child Care and Development Fund (CCDF) Cluster	74,255
Medicaid Cluster	7,722,264
Maternal, Infant and Early Childhood Home Visiting (MIECHV) Cluster	266,165

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, 2018**

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, 2018. 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, 2018

Reconciliation of Intergovernmental Revenue	Federal CFDA Number	Amount
Federal grant revenue per Schedule of Intergovernmental Revenue		\$ 34,924,888
Unavailable Revenue in 2018 - grants received more than 60 days after year-end		
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	79,539
Cooperative Forestry Assistance	10.664	5,463
State and Local Implementation Grant Program	11.549	3,358
Continuum of Care Program	14.267	5,256
Highway Planning and Construction (Regular)	20.205	296,760
Public Health Emergency Preparedness	93.069	2,579
Environmental Public Health and Emergency Response	93.070	30
Promoting Safe and Stable Families	93.556	34,502
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	15,484
Opioid STR	93.788	20,286
Block Grants for Prevention and Treatment of Substance Abuse	93.959	18,603
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2,045,160
Homeland Security Grant Program	97.067	28,545
Unavailable in 2017 recognized as revenue in 2018		
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	(21,155)
Cooperative Forestry Assistance	10.664	(2,000)
State and Local Implementation Grant Program	11.549	(3,358)
Continuum of Care Program	14.267	(39,465)
Highway Planning and Construction (Regular)	20.205	(395,046)
Promoting Safe and Stable Families	93.556	(39,036)
Temporary Assistance for Needy Families (TANF)	93.558	(2,001)
Child Support Enforcement	93.563	(123,000)
Community-Based Child Abuse Prevention Grants	93.590	(20,257)
Stephanie Tubbs Jones Child Welfare Services Program	93.645	(2,988)
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	(15,619)
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PHHF)	93.757	(17,354)
Opioid STR	93.788	(75,776)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(1,601,220)
Emergency Management Performance Grants	97.042	(79,362)
Homeland Security Grant Program	97.067	(102,978)
Program Income		
Community Development Block Grants/Entitlement Grants	14.218	1,680
Home Investment Partnerships Program	14.239	58,910
Total expenditures per Schedule of Expenditures of Federal Awards		\$ 35,000,428

Statistical Section

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

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Revenue Capacity	
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These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	160
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Debt Capacity	
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	171
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Operating Information	
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule 1

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

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities					
Invested in capital assets, net	\$ 363,819,364	\$ 392,758,196	\$ 433,944,576	\$ 476,247,100	\$ 522,018,741
Restricted	20,822,222	21,835,970	21,522,115	21,033,269	19,020,809
Unrestricted	112,106,602	119,053,455	128,221,487	128,898,798	136,593,657
Total governmental activities net position	<u>\$ 496,748,188</u>	<u>\$ 533,647,621</u>	<u>\$ 583,688,178</u>	<u>\$ 626,179,167</u>	<u>\$ 677,633,207</u>
Business-type activities					
Invested in capital assets, net	\$ 12,126,524	\$ 12,172,253	\$ 7,438,866	\$ 8,714,173	\$ 8,300,834
Restricted	1,790,325	2,010,475	1,893,627	1,981,320	2,041,416
Unrestricted	16,270,035	15,869,797	14,283,036	12,409,842	12,111,328
Total business-type activities net position	<u>\$ 30,186,884</u>	<u>\$ 30,052,525</u>	<u>\$ 23,615,529</u>	<u>\$ 23,105,335</u>	<u>\$ 22,453,578</u>
Primary government					
Invested in capital assets, net	\$ 375,945,888	\$ 404,930,449	\$ 441,383,442	\$ 484,961,273	\$ 530,319,575
Restricted	22,612,547	23,846,445	23,415,742	23,014,589	21,062,225
Unrestricted	128,376,637	134,923,252	142,504,523	141,308,640	148,704,985
Total primary government net position	<u>\$ 526,935,072</u>	<u>\$ 563,700,146</u>	<u>\$ 607,303,707</u>	<u>\$ 649,284,502</u>	<u>\$ 700,086,785</u>

Schedule 1

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

Fiscal Year				
2014	2015	2016	2017	2018
\$ 556,683,649	\$ 583,821,271	\$ 612,901,331	\$ 663,198,830	\$ 726,772,187
26,589,973	70,308,890	89,915,022	65,481,512	54,083,315
134,070,739	31,017,384	12,973,052	31,482,005	22,606,777
<u>\$ 717,344,361</u>	<u>\$ 685,147,545</u>	<u>\$ 715,789,405</u>	<u>\$ 760,162,347</u>	<u>\$ 803,462,279</u>
\$ 7,672,802	\$ 7,302,389	\$ 6,868,467	\$ 9,741,229	\$ 8,409,623
2,331,286	2,254,051	2,129,155	3,273,622	3,366,124
11,941,099	10,763,449	10,088,870	9,716,339	7,809,610
<u>\$ 21,945,187</u>	<u>\$ 20,319,889</u>	<u>\$ 19,086,492</u>	<u>\$ 22,731,190</u>	<u>\$ 19,585,357</u>
\$ 564,356,451	\$ 591,123,660	\$ 619,769,798	\$ 672,940,059	\$ 735,181,810
28,921,259	72,562,941	92,044,177	68,755,134	57,449,439
146,011,838	41,780,833	23,061,922	41,198,344	30,416,387
<u>\$ 739,289,548</u>	<u>\$ 705,467,434</u>	<u>\$ 734,875,897</u>	<u>\$ 782,893,537</u>	<u>\$ 823,047,636</u>

Schedule 2

ST. LOUIS COUNTY, MINNESOTA

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

	2009	2010	2011	2012
Expenses				
Governmental activities				
General government	\$ 35,989,696	\$ 34,923,640	\$ 37,211,681	\$ 40,057,174
Public safety	46,993,281	46,550,865	46,282,905	53,050,539
Highways and streets	38,988,375	39,287,999	39,094,710	52,605,339
Health and sanitation	4,816,622	5,277,745	5,167,926	4,579,000
Human services	72,399,548	72,962,372	72,784,119	75,901,001
Culture and recreation	1,863,936	3,052,386	2,582,543	2,042,815
Conservation of natural resources	6,960,833	7,909,680	7,824,835	7,958,287
Economic development	4,464,249	3,608,417	4,037,357	3,132,056
Interest and other charges	2,197,175	1,586,786	1,612,315	1,699,853
Bond issuance costs	-	-	-	-
Total governmental activities expenses	<u>214,673,715</u>	<u>215,159,890</u>	<u>216,598,391</u>	<u>241,026,064</u>
Business-type activities				
Environmental services	7,655,438	6,501,817	7,783,082	7,995,131
Chris Jensen Health and Rehabilitation Center	12,421,108	-	-	-
Other Enterprise Funds	571,964	1,312,236	8,526	49,899
Total business-type activities expenses	<u>20,648,510</u>	<u>7,814,053</u>	<u>7,791,608</u>	<u>8,045,030</u>
Total primary government expenses	<u>\$ 235,322,225</u>	<u>\$ 222,973,943</u>	<u>\$ 224,389,999</u>	<u>\$ 249,071,094</u>
Program Revenues				
Governmental activities:				
Charges for services and other program revenues:				
General government	\$ 15,151,024	\$ 13,268,257	\$ 17,749,722	\$ 18,416,982
Public safety	2,712,253	3,908,406	4,203,835	4,268,919
Highways and streets	3,096,066	6,430,144	4,631,854	4,195,936
Health and sanitation	350,133	672,376	838,042	882,484
Human services	14,756,252	14,329,286	13,516,911	14,265,463
Culture and recreation	-	122,000	142,000	56,439
Conservation of natural resources	6,014,724	7,775,116	6,729,070	6,300,430
Economic development	22,403	18,295	350	400
Operating grants and contributions	54,379,254	49,068,231	52,511,057	66,758,879
Capital grants and contributions	16,410,218	22,845,507	23,101,507	27,019,539
Total governmental activities program revenues	<u>112,892,327</u>	<u>118,437,618</u>	<u>123,424,348</u>	<u>142,165,471</u>
Business-type activities:				
Charges for services:				
Environmental services	5,428,774	5,986,389	6,198,634	6,303,257
Chris Jensen Health and Rehabilitation Center	11,386,268	-	-	-
Other Enterprise Funds	685,307	71,991	11,726	102,410
Operating grants and contributions	481,833	495,045	498,219	564,809
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>17,982,182</u>	<u>6,553,425</u>	<u>6,708,579</u>	<u>6,970,476</u>
Total primary government program revenues	<u>\$ 130,874,509</u>	<u>\$ 124,991,043</u>	<u>\$ 130,132,927</u>	<u>\$ 149,135,947</u>
Net (Expense)/Revenue				
Governmental activities	\$ (101,781,388)	\$ (96,722,272)	\$ (93,174,043)	\$ (98,860,593)
Business-type activities	(2,666,328)	(1,260,628)	(980,640)	(1,074,554)
Total primary government net expense	<u>\$ (104,447,716)</u>	<u>\$ (97,982,900)</u>	<u>\$ (94,154,683)</u>	<u>\$ (99,935,147)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	\$ 104,321,529	\$ 104,647,533	\$ 105,775,760	\$ 115,310,996
Property taxes, levied for debt service	5,888,439	5,912,874	6,315,569	5,319,270
Transportation sales tax	-	-	-	-
State shared	24,129,399	20,032,790	20,138,989	16,949,124
Federal shared	2,835,929	2,618,909	1,848,440	1,853,339
Investment earnings	4,250,285	1,011,023	3,260,011	2,129,116
Special Items - capital asset adjustments	-	-	-	-
Transfers	(3,092,519)	(601,424)	5,875,831	(210,263)
Total governmental activities	<u>138,333,062</u>	<u>133,621,705</u>	<u>143,214,600</u>	<u>141,351,582</u>
Business-type activities				
Taxes				
Property taxes, levied for general purposes	1,087,379	403,116	247,739	216,972
State Shared	-	-	-	-
Investment earnings	401,756	121,729	171,736	137,125
Special Items - capital asset adjustments	-	-	-	-
Transfers	3,092,519	601,424	(5,875,831)	210,263
Total business-type activities	<u>4,581,654</u>	<u>1,126,269</u>	<u>(5,456,356)</u>	<u>564,360</u>
Total primary government	<u>\$ 142,914,716</u>	<u>\$ 134,747,974</u>	<u>\$ 137,758,244</u>	<u>\$ 141,915,942</u>
Changes in Net Position				
Governmental activities	\$ 36,551,674	\$ 36,899,433	\$ 50,040,557	\$ 42,490,989
Business-type activities	1,915,326	(134,359)	(6,436,996)	(510,194)
Total primary government	<u>\$ 38,467,000</u>	<u>\$ 36,765,074</u>	<u>\$ 43,603,561</u>	<u>\$ 41,980,795</u>

Unaudited

Schedule 2

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

2013	2014	2015	2016	2017	2018
\$ 42,135,549	\$ 49,666,414	\$ 44,082,239	\$ 48,748,275	\$ 48,530,937	\$ 48,592,813
46,974,978	54,501,618	51,350,879	58,469,479	57,291,657	54,402,269
48,091,104	49,163,367	46,584,379	49,617,143	52,877,191	50,535,861
4,786,016	4,795,994	4,827,603	5,284,406	5,470,905	6,000,673
75,225,112	79,419,419	86,145,675	93,601,510	97,303,366	98,710,007
2,482,810	2,177,850	3,720,156	3,369,858	3,486,461	3,691,776
8,225,572	9,087,657	9,873,312	9,060,539	9,844,470	9,065,610
3,100,381	2,879,553	3,237,323	3,178,327	3,753,955	3,507,863
1,203,827	2,181,891	2,438,806	3,088,164	3,837,284	4,030,034
148,166	-	117,120	-	-	-
232,373,515	253,873,763	252,377,492	274,417,701	282,396,226	278,536,906
8,130,015	7,972,128	7,741,835	8,523,576	3,956,187	10,544,963
-	-	-	-	-	-
48,195	10,064	9,024	80,812	38,500	14,316
8,178,210	7,982,192	7,750,859	8,604,388	3,994,687	10,559,279
\$ 240,551,725	\$ 261,855,955	\$ 260,128,351	\$ 283,022,089	\$ 286,390,913	\$ 289,096,185
\$ 19,316,681	\$ 18,259,101	\$ 18,766,951	\$ 19,561,024	\$ 20,498,364	\$ 20,717,724
4,245,110	4,686,528	3,473,117	3,924,325	3,944,212	3,806,513
3,708,564	3,480,798	2,655,678	7,200,966	6,785,054	4,732,541
859,257	561,034	590,322	446,229	663,118	636,845
13,083,377	12,747,627	13,142,738	12,242,341	12,812,171	12,477,933
(4,000)	-	-	-	-	-
6,312,179	7,641,654	15,819,498	12,072,268	10,867,757	9,406,596
3,150	918,752	43,343	100	150	200
65,621,839	72,374,834	56,139,010	60,604,204	70,121,922	65,835,124
27,827,909	19,725,748	23,658,301	24,928,471	24,182,578	23,799,966
140,974,066	140,396,076	134,288,958	140,979,928	149,875,326	141,413,442
6,233,859	6,096,029	6,394,661	6,836,219	6,795,857	6,640,627
-	-	-	-	-	-
26,843	19,146	15,783	28,350	17,805	8,468
594,766	407,990	372,087	341,904	302,361	286,987
30,700	-	-	-	-	-
6,886,168	6,523,165	6,782,531	7,206,473	7,116,023	6,936,082
\$ 147,860,234	\$ 146,919,241	\$ 141,071,489	\$ 148,186,401	\$ 156,991,349	\$ 148,349,524
\$ (91,399,449)	\$ (113,477,687)	\$ (118,088,534)	\$ (133,437,773)	\$ (132,520,900)	\$ (137,123,464)
(1,292,042)	(1,459,027)	(968,328)	(1,397,915)	3,121,336	(3,623,197)
\$ (92,691,491)	\$ (114,936,714)	\$ (119,056,862)	\$ (134,835,688)	\$ (129,399,564)	\$ (140,746,661)
\$ 119,179,161	\$ 121,198,926	\$ 120,866,397	\$ 121,028,079	\$ 130,189,995	\$ 136,953,563
5,001,699	6,154,941	7,379,545	6,733,511	6,790,164	6,076,005
-	-	11,085,356	14,141,713	14,580,365	15,271,797
15,941,883	18,091,331	18,323,388	18,761,512	18,325,839	20,023,431
1,731,840	1,755,887	261,575	284,413	1,769,105	3,483,422
1,240,530	3,367,682	2,208,804	3,247,704	5,515,189	4,117,270
-	2,512,402	175,501	(321,918)	55,827	(58,464)
(241,624)	(429,628)	(224,784)	204,619	(332,642)	(435,081)
142,853,489	152,651,541	160,075,782	164,079,633	176,893,842	185,431,943
305,413	247,871	246,261	125,369	9,393	9,639
-	-	-	9,582	695	11,874
93,248	273,137	197,440	227,602	180,632	238,154
-	-	-	6,584	-	2,213
241,624	429,628	224,784	(204,619)	332,642	435,081
640,285	950,636	668,485	164,518	523,362	696,961
\$ 143,493,774	\$ 153,602,177	\$ 160,744,267	\$ 164,244,151	\$ 177,417,204	\$ 186,128,904
\$ 51,454,040	\$ 39,173,854	\$ 41,987,248	\$ 30,641,860	\$ 44,372,942	\$ 48,308,479
(651,757)	(508,391)	(299,843)	(1,233,397)	3,644,698	(2,926,236)
\$ 50,802,283	\$ 38,665,463	\$ 41,687,405	\$ 29,408,463	\$ 48,017,640	\$ 45,382,243

Schedule 3

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Nonspendable	\$ 5,401	\$ 57,180	\$ 216,648	\$ 579,845
Restricted	5,120,775	5,461,407	5,683,399	5,254,603
Committed	12,474,039	11,764,815	11,807,038	11,396,647
Assigned	4,785,564	7,995,336	9,190,115	10,827,022
Unassigned	<u>23,534,358</u>	<u>22,449,169</u>	<u>29,938,027</u>	<u>32,583,721</u>
Total general fund	<u>\$ 45,920,137</u>	<u>\$ 47,727,907</u>	<u>\$ 56,835,227</u>	<u>\$ 60,641,838</u>
All Other Governmental Funds				
Nonspendable	\$ 14,271,607	\$ 14,454,353	\$ 14,884,876	\$ 15,387,618
Restricted	4,394,009	4,211,782	3,650,901	3,380,146
Committed	26,844,154	26,337,512	24,381,395	25,031,803
Assigned	40,921,318	53,051,317	51,906,341	41,606,201
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other government funds	<u>\$ 86,431,088</u>	<u>\$ 98,054,964</u>	<u>\$ 94,823,513</u>	<u>\$ 85,405,768</u>

Schedule 3

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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 622,749	\$ 882,776	\$ 558,932	\$ 1,110,385	\$ 842,311	\$ 829,672
4,979,981	5,600,518	5,610,702	2,877,147	2,716,543	2,663,751
11,128,188	11,198,786	11,175,193	11,181,351	11,557,726	11,535,451
11,461,139	13,297,528	15,989,811	18,139,783	17,364,782	16,746,109
33,250,927	35,349,694	34,786,997	37,196,660	37,027,480	40,190,030
<u>\$ 61,442,984</u>	<u>\$ 66,329,302</u>	<u>\$ 68,121,635</u>	<u>\$ 70,505,326</u>	<u>\$ 69,508,842</u>	<u>\$ 71,965,013</u>
\$ 15,682,953	\$ 17,415,185	\$ 22,533,116	\$ 26,649,056	\$ 27,449,111	\$ 26,830,815
28,609,661	9,299,382	47,685,253	59,278,434	34,473,547	63,872,775
22,165,433	21,046,801	20,121,586	19,745,067	20,295,660	20,730,280
47,465,396	53,105,776	50,504,334	49,422,783	44,034,197	42,088,010
-	-	-	(86)	-	-
<u>\$ 113,923,443</u>	<u>\$ 100,867,144</u>	<u>\$ 140,844,289</u>	<u>\$ 155,095,254</u>	<u>\$ 126,252,515</u>	<u>\$ 153,521,880</u>

Schedule 4

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

	2009	2010	2011	2012
Revenues				
Taxes	\$ 109,059,182	\$ 109,879,942	\$ 111,689,434	\$ 120,938,486
Licenses	164,724	162,363	141,491	167,889
Intergovernmental	103,392,997	108,368,210	109,516,961	117,323,896
Charges for services	20,567,474	22,990,395	26,264,862	27,602,297
Fines and forfeits	129,810	191,041	223,409	276,085
Earnings on investments	3,661,413	726,839	2,910,684	1,840,869
Gifts and contributions	8,830	20,014	8,433	8,231
Land and timber sales	6,939,323	8,677,995	6,903,181	5,790,449
Miscellaneous	4,577,267	5,259,132	4,592,934	5,393,940
Total revenues	<u>248,501,020</u>	<u>256,275,931</u>	<u>262,251,389</u>	<u>279,342,142</u>
Expenditures				
General government	34,418,680	33,498,818	36,775,477	37,907,421
Public safety	45,292,287	44,557,197	45,379,001	51,101,699
Highways and streets	31,514,275	32,067,873	32,073,766	43,267,909
Health and sanitation	4,903,147	5,258,702	5,350,896	4,733,399
Human services	72,775,244	73,195,199	74,451,490	75,180,107
Culture and recreation	1,863,936	3,052,386	2,582,543	2,042,815
Conservation of natural resources	7,199,476	8,431,306	7,864,462	7,410,014
Economic development	4,431,255	3,631,866	3,992,412	3,103,683
Debt service:				
Principal	5,166,374	5,478,358	5,944,670	4,774,990
Interest and other charges	2,256,848	1,603,635	1,597,362	1,387,050
Bond issuance costs	-	-	-	-
Capital outlay	32,247,888	39,526,133	46,812,865	56,209,840
Total Expenditures	<u>242,069,410</u>	<u>250,301,473</u>	<u>262,824,944</u>	<u>287,118,927</u>
Excess of revenues over (under) expenditures	<u>6,431,610</u>	<u>5,974,458</u>	<u>(573,555)</u>	<u>(7,776,785)</u>
Other Financing Sources (Uses)				
Transfers in	4,299,401	7,914,293	9,521,747	3,813,281
Transfers (out)	(6,094,780)	(7,575,694)	(3,642,033)	(2,613,593)
Bonds issued	-	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	-	-	-	-
Bond proceeds remitted to joint venture	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>(9,590,379)</u>	<u>7,473,599</u>	<u>5,879,714</u>	<u>1,199,688</u>
Net change in fund balances	<u>\$ (3,158,769)</u>	<u>\$ 13,448,057</u>	<u>\$ 5,306,159</u>	<u>\$ (6,577,097)</u>
Debt service as a percentage of noncapital expenditures	3.5%	3.4%	3.5%	2.7%

Schedule 4

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

2013	2014	2015	2016	2017	2018
\$ 123,709,378	\$ 127,734,734	\$ 139,810,906	\$ 142,338,881	\$ 152,021,672	\$ 158,874,597
149,444	311,378	326,097	318,610	338,241	358,421
119,509,790	119,682,121	106,462,164	114,216,291	116,514,726	127,053,015
28,032,924	27,189,262	26,646,992	30,011,290	30,238,046	30,843,968
162,624	137,528	148,358	161,375	335,030	147,522
1,047,515	2,994,443	1,925,007	2,955,231	5,278,526	3,807,852
7,945	8,982	50,647	13,139	25,385	14,441
6,925,052	8,007,234	14,517,143	11,547,500	9,194,493	8,173,349
4,716,580	4,554,843	3,850,754	4,511,245	5,292,329	3,688,986
<u>284,261,252</u>	<u>290,620,525</u>	<u>293,738,068</u>	<u>306,073,562</u>	<u>319,238,448</u>	<u>332,962,151</u>
40,135,037	41,551,894	41,574,289	44,638,065	45,490,303	47,645,505
47,268,433	46,673,255	48,638,872	49,360,919	51,185,228	53,862,909
39,139,593	38,392,604	32,215,419	33,222,000	35,215,416	36,239,798
5,111,826	4,946,831	4,679,163	4,977,595	5,296,681	6,027,687
76,075,893	79,113,396	84,131,293	89,851,302	96,404,600	98,711,114
2,482,810	2,177,850	2,038,795	1,712,057	1,851,060	2,056,375
8,335,366	8,793,370	9,059,619	8,281,415	8,630,421	8,442,128
3,021,975	2,851,579	3,200,199	3,132,751	3,711,769	3,475,638
16,697,490	6,997,490	7,895,390	6,900,390	13,580,201	8,010,991
1,196,565	2,492,340	2,744,737	3,547,549	4,680,122	4,631,664
148,166	-	117,120	-	-	-
56,705,471	67,260,570	65,226,586	85,848,604	82,887,029	79,776,644
<u>296,318,625</u>	<u>301,251,179</u>	<u>301,521,482</u>	<u>331,472,647</u>	<u>348,932,830</u>	<u>348,880,453</u>
<u>(12,057,373)</u>	<u>(10,630,654)</u>	<u>(7,783,414)</u>	<u>(25,399,085)</u>	<u>(29,694,382)</u>	<u>(15,918,302)</u>
6,369,095	8,724,703	16,395,871	21,625,136	15,017,556	18,192,909
(6,360,992)	(10,293,379)	(16,343,554)	(21,102,488)	(15,217,058)	(18,793,163)
25,290,000	5,470,000	38,415,000	23,315,000	-	43,275,000
1,045,018	213,897	2,724,564	2,356,356	-	2,722,873
-	2,512,402	175,501	153,773	188,546	226,048
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>41,819,304</u>	<u>1,374,623</u>	<u>49,763,603</u>	<u>42,719,265</u>	<u>(10,956)</u>	<u>45,623,667</u>
<u>\$ 29,761,931</u>	<u>\$ (9,256,031)</u>	<u>\$ 41,980,189</u>	<u>\$ 17,320,180</u>	<u>\$ (29,705,338)</u>	<u>\$ 29,705,365</u>
7.5%	4.1%	4.6%	4.3%	6.9%	4.7%

Schedule 5

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

Fiscal Year Ended December 31	Residential Homestead Property	Agricultural Property	Commercial/ Industrial Property	Non- Homestead Residential Property	Commercial/ Residential Seasonal/ Recreational Property
2009	\$ 91,495,498	\$ 6,137,972	\$ 32,728,653	\$ 19,820,598	\$ 21,194,393
2010	89,946,389	12,642,970	33,980,909	20,180,082	19,861,471
2011	88,190,046	12,588,904	34,569,003	20,234,189	19,872,050
2012	73,421,338	11,850,610	34,880,766	20,752,566	18,023,850
2013	70,918,143	11,427,969	34,814,496	21,123,597	17,798,832
2014	71,253,746	11,093,889	36,265,115	21,648,430	18,020,695
2015	72,779,293	10,748,933	37,252,089	22,465,566	17,976,741
2016	75,207,097	10,858,284	39,855,900	23,288,542	18,608,696
2017	77,080,947	10,710,635	42,304,419	23,923,168	18,945,131
2018	80,625,753	10,734,163	45,568,082	24,924,824	19,183,150

Source: St. Louis County Auditor

Schedule 5

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

Personal Property	Total Net Tax Capacity	% Change Total Net Tax Capacity by Property Type	Total County Tax Rate Per \$100 of Taxable Net Tax Capacity	Estimated Market Value	Total Net Tax Capacity as a Percentage of Estimated Market Value
\$ 5,167,540	\$ 176,544,654	7.26%	59.0881	\$ 16,394,187,200	1.08%
5,234,011	181,845,832	3.00%	56.5695	16,354,068,600	1.11%
5,701,302	181,155,494	(0.38)%	57.2397	16,232,269,700	1.12%
7,548,436	166,477,566	(8.10)%	63.4004	15,973,891,989	1.04%
8,070,660	164,153,697	(1.40)%	65.0111	15,713,273,500	1.04%
8,980,291	167,262,166	1.89%	64.7031	15,889,008,120	1.05%
9,549,180	170,771,802	2.10%	65.3717	16,139,306,610	1.06%
10,216,656	178,035,175	4.25%	62.3352	16,672,379,734	1.07%
10,803,542	183,767,842	3.22%	66.1160	17,086,794,412	1.08%
11,291,604	192,327,576	4.66%	66.2917	17,726,359,612	1.08%

Schedule 6

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

County Direct Tax Rates Per \$100 of Taxable Net Tax Capacity					
Fiscal Year Ended December 31,	General Levy	Debt Service Levy	Regional Library Levy	County-wide Enterprise Fund	Total
2009	54.4004	3.6860	0.4402	0.5615	59.0881
2010	52.3204	3.7153	0.4068	0.1270	56.5695
2011	53.8690	2.8940	0.3639	0.1127	57.2396
2012	59.6669	3.2055	0.4031	0.1249	63.4004
2013	61.3764	3.0504	0.4072	0.1770	65.0110
2014	59.8998	4.2861	0.3881	0.1292	64.7032
2015	60.9660	3.9493	0.3921	0.0643	65.3717
2016	58.5015	3.4891	0.3446	-	62.3352
2017	62.6008	3.1653	0.3499	-	66.1160
2018	62.6523	3.3003	0.3391	-	66.2917

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
24.5607	14.9797	41.9039	69.7323	2.5395
33.2021	17.1819	44.5120	51.1666	16.6308
29.6546	18.8364	39.6476	55.4932	17.3332
32.9031	21.2286	30.5928	59.2648	22.0098
31.6372	16.7696	31.6496	61.9301	23.1185
32.0031	17.1192	31.5870	61.8386	21.8874
32.7964	17.1909	18.2077	59.5846	21.4226
48.5922	16.3179	15.9902	58.5575	19.5075
44.9540	15.6292	9.9411	67.0244	15.9546
45.7260	15.6506	11.9812	33.9998	15.0488

Schedule 7

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

Taxpayer	2018			2009		
	Net Tax Capacity Value	Rank	Percentage of Total Taxable Net Tax Capacity Value	Taxable Tax Capacity	Rank	Percentage of Total Taxable Net Tax Capacity Value
Allete, Inc. (Minnesota Power)	\$ 7,456,924	1	3.88%	\$ 3,658,438	1	2.07%
DMIR Railway	5,176,121	2	2.69%	1,067,877	2	0.60%
Enbridge Energy LTD Partnership	3,812,063	3	1.98%	511,706	8	0.29%
Miller Hill Mall Co	1,024,359	4	0.53%	827,834	4	0.47%
Burlington No/Santa Fe Railway Co	1,032,044	5	0.54%			
American Transmission Co LLC	900,649	6	0.47%			
Duluth Clinic	747,192	7	0.39%	585,719	5	0.33%
Great River Energy	658,587	8	0.34%			
Menard, Inc.	518,933	9	0.27%			
Northern States Power Co	622,226	10	0.32%	436,418	10	0.25%
Duluth Winnipeg & Pacific RR (2)				1,028,157	3	0.58%
IRET Properties				569,620	6	0.32%
Great Lakes Gas Transmission Co				563,370	7	0.32%
Stora Enso North America Corp				444,276	9	0.25%
	<u>\$ 21,949,098</u>		<u>11.41%</u>	<u>\$ 9,693,415</u>		<u>5.48%</u>

Source: St. Louis County Auditor

Notes:

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

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

Schedule 8

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

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (3)	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 89,183,812	\$ 85,745,073	96.14%	\$ 2,824,496	\$ 88,569,569	99.31%
2010	91,311,279	88,034,513	96.41%	2,718,004	90,752,517	99.39%
2011	92,048,735	88,767,523	96.44%	2,515,263	91,282,786	99.17%
2012	100,525,458	97,421,159	96.91%	2,487,367	99,908,526	99.39%
2013	101,954,370	98,871,857	96.98%	2,609,996	101,481,853	99.54%
2014	103,801,552	101,096,787	97.39%	1,941,682	103,038,469	99.26%
2015	107,057,125	104,921,850	98.01%	1,588,180	106,510,030	99.49%
2016	107,174,826	105,252,952	98.21%	1,181,982	106,434,934	99.31%
2017	116,925,963	114,907,543	98.27%	795,860	115,703,403	98.95%
2018	122,620,325	120,532,562	98.30%	-	120,532,562	98.30%

Notes:

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

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

Schedule 9

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

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	General Obligation Revenue Notes	Capital Leases			
2009	\$ 40,905,636	\$ 496,648	\$ 232,100	\$ 41,634,384	0.58%	\$ 211
2010	42,531,995	470,890	159,500	43,162,385	0.59%	220
2011	36,709,106	438,220	82,500	37,229,826	0.49%	186
2012	32,010,213	395,730	-	32,405,943	0.40%	162
2013	57,052,663	353,240	-	57,405,903	0.69%	287
2014	55,533,284	310,750	-	55,844,034	0.67%	278
2015	96,681,745	378,780	-	97,060,525	1.13%	483
2016	131,183,030	424,617	-	131,607,647	1.53%	657
2017	116,922,054	354,416	-	117,276,470	1.32%	586
2018	154,226,426	283,425	-	154,509,851	Not Available	774

Source:

See Schedule 13 for population and personal income data.

Schedule 10

ST. LOUIS COUNTY, MINNESOTA
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Revenue Notes	General Bonded Debt Outstanding			Percentage of Estimated Market Value	Per Capita
		General Obligation Bonds	Less: Amounts Available in Debt Service Fund (1)	Net General Bonded Debt Outstanding		
2009	\$ 496,648	\$ 40,905,636	\$ 1,556,513	\$ 39,349,123	0.24%	\$ 199
2010	470,890	42,531,995	1,329,888	41,202,107	0.26%	210
2011	438,220	36,709,106	1,146,870	35,562,236	0.22%	178
2012	395,730	32,010,213	1,091,624	30,918,589	0.20%	154
2013	353,240	57,052,663	4,181,175	52,871,488	0.35%	264
2014	310,750	55,533,284	1,658,107	53,875,177	0.35%	269
2015	378,780	96,681,745	8,554,007	88,127,738	0.56%	439
2016	424,617	131,183,030	25,434,249	105,748,781	0.63%	528
2017	354,416	116,922,054	20,458,433	96,463,621	0.56%	482
2018	283,425	154,226,426	19,902,267	134,324,159	0.76%	672

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, 2018

Governmental Unit	Debt Outstanding	Percentage Applicable*	Share of Debt
Direct Debt			
St. Louis County	\$ 154,509,851	100.00%	\$ 154,509,851
Overlapping Debt			
School District #94	63,450,000	100.00%	63,450,000
School District #381	17,170,000	18.10%	3,107,848
School District #698	2,310,000	95.74%	2,211,640
School District #707	176,000	43.18%	75,998
School District #2142	53,180,000	98.76%	52,522,954
Western Lake Superior Sanitary District	46,691,525	83.22%	38,854,646
Subtotal, overlapping debt			<u>160,223,086</u>
Total Direct and Overlapping Debt			<u><u>\$ 314,732,937</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Market value of taxable property	\$ 15,750,647,100	\$ 16,204,768,400	\$ 16,151,981,500	\$ 14,545,032,989	\$ 14,297,999,600
Debt limit (2% of market value)	-	-	-	-	-
Debt limit (3% of market value) *	472,519,413	486,143,052	484,559,445	436,350,990	428,939,988
Debt applicable to limit:					
General obligation bonds	41,402,284	43,002,885	37,147,326	32,405,943	57,405,903
Less: Amount set aside for repayment of general obligation debt	<u>(1,556,513)</u>	<u>(1,329,888)</u>	<u>(1,146,870)</u>	<u>(1,091,624)</u>	<u>(4,181,175)</u>
Total net debt applicable to limit	39,845,771	41,672,997	36,000,456	31,314,319	53,224,728
Legal debt margin	<u>\$ 432,673,642</u>	<u>\$ 444,470,055</u>	<u>\$ 448,558,989</u>	<u>\$ 405,036,671</u>	<u>\$ 375,715,260</u>
Total net debt applicable to the limit as a percentage of the debt limit	8.43%	8.57%	7.43%	7.18%	12.41%

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 14,488,302,620	\$ 14,740,006,310	\$ 15,285,072,934	\$ 15,744,495,775	\$ 16,397,142,021
-	-	-	-	-
434,649,079	442,200,189	458,552,188	472,334,873	491,914,261
55,844,034	97,060,525	131,607,647	116,922,054	154,226,426
<u>(1,658,107)</u>	<u>(8,554,007)</u>	<u>(25,434,249)</u>	<u>(20,458,433)</u>	<u>(19,902,267)</u>
54,185,927	88,506,518	106,173,398	96,463,621	134,324,159
<u>\$ 380,463,152</u>	<u>\$ 353,693,671</u>	<u>\$ 352,378,790</u>	<u>\$ 375,871,252</u>	<u>\$ 357,590,102</u>
12.47%	20.02%	23.15%	20.42%	27.31%

Schedule 13

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

Year	Population (4)	Personal Income (thousands of dollars) (1)	Per Capita Personal Income (1)	Annual Average Labor Force (2)	School Enrollment (3)	Unemployment Rate (2)
2009	197,767	\$ 7,215,588	\$ 36,485	106,613	25,506	9.3%
2010	196,623	7,265,519	36,302	106,167	25,167	7.6%
2011	200,226	7,621,547	38,059	106,564	25,150	6.6%
2012	200,255	8,007,980	39,976	103,634	25,100	6.6%
2013	200,319	8,324,927	41,513	103,495	25,176	6.0%
2014	200,540	8,344,103	41,523	104,067	25,072	4.3%
2015	200,949	8,579,520	42,805	102,274	25,010	5.7%
2016	200,431	8,624,380	43,126	101,056	25,059	5.6%
2017	200,000	8,911,235	44,556	101,991	25,382	4.4%
2018	199,754	Not Available	Not Available	103,382	25,382	3.9%

Sources:

- (1) - US Department of Commerce, Bureau of Economic Analysis (<http://www.bea.gov/index.htm> - Available March '19)
- (2) - Minnesota Department of Employment and Economic Development (<http://mn.gov/deed/data/data-tools/laus/>)
- (3) - Minnesota Department of Education (<http://education.state.mn.us/MDE/Welcomw/index.html>) - December 2018
- (4) - US Bureau of Census (factfinder2.census.gov)

Schedule 14

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
St. Mary's/Duluth Clinic Health System (Essentia Health)	5,962	1	5.88%	5,086	1	4.77%
St. Luke's Hospital	2,348	2	2.32%	1,585	4	1.49%
Miner's Inc.	1,990	3	1.96%	1,088	9	1.02%
St. Louis County	1,847	4	1.82%	1,702	2	1.60%
University of Minnesota Duluth	1,661	5	1.64%	1,559	5	1.46%
Duluth Public Schools	1,426	6	1.41%	1,426	6	1.34%
Minnesota Taconite (US Steel)	1,390	7	1.37%	1,280	7	1.20%
Allete	1,314	8	1.30%	1,245	8	1.17%
Duluth Air National Guard Base	1,068	9	1.05%	1,068	10	1.00%
Cirrus Aircraft	1,000	10	0.99%			
Uniprise (United Health Care)				1,634	3	1.53%
Total	20,006		19.74%	17,673		16.58%

Sources:

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

Schedule 15

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

<u>Function/Program</u>	Full-time Equivalent Employees			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government	416.10	398.90	397.90	406.60
Public safety	275.60	276.60	279.10	281.10
Highways and streets	301.00	316.00	316.00	319.00
Health and sanitation	73.10	74.40	73.40	66.40
Human services	523.80	520.50	519.50	530.50
Conservation of natural resources	69.00	68.00	68.00	68.00
Environmental services	43.00	43.00	43.00	43.00
Total	<u>1,701.60</u>	<u>1,697.40</u>	<u>1,696.90</u>	<u>1,714.60</u>

Notes:

Internal Service Funds are included with the general government function.

ISTS (Individual Sewage Treatment Systems) became a special revenue fund in 2018; the employees have been moved from Environmental Services to Health and sanitation for all years.

Source: St. Louis County Operating and Capital Budget

Schedule 15

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

Full-time Equivalent Employees					
2013	2014	2015	2016	2017	2018
415.60	417.40	420.40	422.90	428.90	438.90
281.10	277.10	276.10	284.10	283.10	282.10
319.00	319.00	312.00	312.00	312.00	312.00
67.90	66.15	72.80	71.20	68.65	70.85
544.50	565.75	585.50	622.35	631.15	630.10
70.00	70.15	70.15	71.15	72.15	72.15
43.50	43.00	42.50	41.75	41.50	41.05
<u>1,741.60</u>	<u>1,758.55</u>	<u>1,779.45</u>	<u>1,825.45</u>	<u>1,837.45</u>	<u>1,847.15</u>

Schedule 16

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

Function/Program	Fiscal Year			
	2009	2010	2011	2012
General Government				
Auditor's Office				
Checks Issued	19,406	17,162	15,962	15,862
Motor Vehicle Driver's License	18,335	18,470	18,755	19,621
Motor Vehicle Passports	7,323	6,203	4,707	5,629
Motor Vehicle Transactions	48,747	51,436	53,959	52,944
Planning - Building Permits Issued				
Single Family Dwelling	165	165	152	121
Other	474	477	457	508
Public Safety				
Sheriff's Department				
Arrests	2,118	3,014	2,711	2,253
Traffic Citations	1,629	2,169	2,643	2,396
Mines				
Mine Investigations and Inspections (1)	754	676	567	436
Highways and Streets				
Road and Bridge				
Miles of Overlay	2.00	0.25	3.05	-
Miles of Mill Overlay	-	4.02	-	-
Miles of Reclaim Overlay	29.52	17.15	21.62	34.20
Miles of Mill Reclaim Overlay	8.23	12.90	4.12	22.30
Miles of Construction	1.18	7.23	11.43	21.70
Miles of Bridge Constructed	-	-	-	-
Tons of Crushing	310,182	257,009	304,288	291,296
Miles of Crack Seal	63.63	-	124.90	148.40
Miles of Chip Seal (2)	-	-	-	-
Miles of Micro Seal (2)	-	-	-	-
Health and Human Services				
Health				
Public Health Home Visits	4,228	4,493	5,840	6,472
Public Health Nursing Clients Served	2,517	2,328	2,278	1,830
Human Services				
Unduplicated Children in Out of Home Placement	787	793	735	780
Financial Assistance Cases	22,405	23,016	24,068	23,895
Child Support Cases	11,549	11,758	11,900	11,917
Persons Receiving DD (prev MR/RC) Waivered Services	701	736	745	754
Purchased Social Services (3)	\$ 129,795,521	\$ 134,200,110	\$ 133,734,173	\$ 136,101,330
Social Services Administrative costs (4)	\$ 26,572,518	\$ 26,735,885	\$ 26,751,337	\$ 25,993,636
Conservation of Natural Resources				
Land				
Total Acres of Tax Forfeit Lands	892,726	892,642	893,003	893,040
Contracts Sold	123	118	123	126
Closed Sales	97	127	134	111
Acres Harvested	7,452	9,843	10,650	10,783
Average Size of Sale (Acres)	77	78	79	97
Harvest Volume (Cords)	158,248	214,308	231,159	215,749
Cords Per Sale	1,631	1,687	1,725	1,944
Value	\$ 4,043,085	\$ 5,014,940	\$ 5,137,017	\$ 4,766,023
Average Value Per Sale	\$ 41,681	\$ 39,488	\$ 38,336	\$ 42,937
Average Value Per Cord	\$ 26	\$ 23	\$ 22	\$ 22
Average Value Per Cut Acre	\$ 543	\$ 509	\$ 482	\$ 442
Volume Per Cut Acre (Cords)	21	22	22	20
Value Per Tax Forfeit Acre	\$ 5	\$ 6	\$ 6	\$ 5
Environmental Services				
Tons of Municipal Solid Waste Landfilled	50,312	49,784	51,346	52,007
Tons of Industrial Waste Landfilled	2,794	8,963	12,304	12,675
Tons of Demolition Collected	5,640	6,016	6,990	8,791
Chris Jensen (5)				
Licensed Beds (6)	189	-	-	-
Capacity - Resident Days	68,985	-	-	-
Occupancy - Resident Days	49,517	-	-	-
Occupancy Percentage Rate	86.18%	0.00%	0.00%	0.00%
RUGS (7)	1.09	-	-	-
Medicare Resident Days	3,814	-	-	-
Medicaid Resident Days	32,095	-	-	-
Other Resident Days	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			
2013	2014	2015	2016	2017	2018
15,930	15,817	15,913	15,351	14,063	13,425
15,180	17,707	18,313	19,200	18,269	18,704
4,707	5,817	7,368	8,254	9,286	8,183
38,180	52,705	55,911	61,921	61,124	64,745
129	144	168	172	137	184
528	504	566	651	731	1,082
2,047	1,701	1,545	1,282	2,067	907
2,253	1,855	1,691	1,708	995	1,747
428	521	414	392	428	465
-	-	-	4.00	-	4.30
-	-	30.20	2.00	34.10	15.50
11.20	24.80	34.00	30.00	30.20	77.50
21.70	11.60	29.20	16.00	10.80	-
5.00	1.50	0.50	2.00	2.80	0.50
2.27	1.00	0.35	0.40	1.30	0.13
209,965	245,000	198,000	167,000	235,350	245,000
106.10	182.00	165.80	64.00	-	-
-	27.00	98.00	124.00	145.60	85.60
-	26.40	18.80	-	-	-
7,476	6,283	7,098	5,042	5,472	5,975
1,566	2,170	2,487	2,229	2,698	3,994
869	963	1,047	1,166	1,272	1,260
23,877	31,555	38,357	24,377	36,970	34,578
11,871	11,600	11,644	11,194	10,213	9,539
778	766	736	754	783	758
\$ 136,201,198	\$ 143,054,192	\$ 155,482,267	\$ 163,240,897	\$ 171,802,698	unavailable
\$ 29,750,944	\$ 29,368,786	\$ 32,782,197	\$ 33,789,536	\$ 38,931,385	\$ 41,111,142
893,193	893,049	893,158	890,449	890,768	888,936
120	104	95	117	105	95
109	108	108	83	112	114
8,325	10,056	9,429	7,034	9,001	9,480
76	93	87	85	80	83
159,777	207,439	207,700	150,824	193,101	193,330
1,466	1,921	1,923	1,817	1,724	1,696
\$ 3,480,550	\$ 4,598,436	\$ 5,303,873	\$ 3,871,488	\$ 4,862,475	\$ 4,500,620
\$ 31,932	\$ 42,578	\$ 49,110	\$ 46,644	\$ 43,415	\$ 39,479
\$ 22	\$ 22	\$ 26	\$ 26	\$ 25	\$ 23
\$ 418	\$ 457	\$ 563	\$ 550	\$ 540	\$ 475
\$ 19	\$ 21	\$ 22	\$ 21	\$ 21	\$ 20
\$ 4	\$ 5	\$ 6	\$ 4	\$ 5	\$ 5
51,573	51,320	51,785	51,128	52,028	51,824
14,647	1,466	1,370	3,029	1,460	2,215
9,153	9,561	7,832	8,091	5,813	3,011
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

Schedule 17

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Courthouses	3	3	3	3	3	3	3	3	3	3
Motor Pool Vehicles	126	127	138	131	135	142	148	137	136	139
Office Buildings	1	1	1	2	2	3	3	3	3	3
Parking Ramp	2	2	2	2	2	2	2	2	2	2
Public Safety										
Vehicles	121	143	147	166	172	166	184	187	186	207
Jail and Lockup Facilities	3	3	3	3	3	3	3	3	3	3
Emergency Operations Center	1	1	1	1	1	1	1	1	1	1
Rescue Squad Buildings						2	2	3	3	5
Highways and Streets										
Vehicles	220	221	218	220	231	227	249	263	261	239
Miles of County Road	1,588	1,573	1,576	1,600	1,594	1,266	1,263	1,247	1,247	1,248
Miles of County State Aid Road	1,385	1,385	1,392	1,392	1,392	1,389	1,387	1,384	1,384	1,384
Number of Bridges	597	596	594	594	601	596	598	598	598	595
Garages and Storage Buildings	84	86	88	90	91	91	91	91	93	93
Graders, Loaders and Heavy Trucks	378	376	383	380	376	374	385	381	413	429
Health and Sanitation										
Nursing Homes	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
Human Services										
Office Buildings	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
Heritage and Arts Center	1	1	1	1	1	1	1	1	1	1
Conservation of Natural Resources										
Vehicles	45	46	46	47	49	48	47	48	44	45
Offices and Garages	8	8	8	8	8	8	8	8	8	8
Graders, Loaders and Heavy Trucks	11	12	13	13	13	13	13	13	13	14

Sources:

St. Louis County Auditor
Individual County Departments