

**SHERBURNE COUNTY SUMMARY FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017**

The purpose of this report is to provide a summary of financial information concerning Sherburne County for interested citizens. Questions about this report should be directed to Diane Arnold, County Auditor/Treasurer at (763) 765-4363.

A FULL AND COMPLETE COPY OF THE COUNTY FINANCIAL STATEMENT IS AVAILABLE ON OUR WEBSITE AT WWW.CO.SHERBURNE.MN.US OR UPON REQUEST BY CALLING DIANE ARNOLD, OR BY WRITING TO THE COUNTY AUDITOR/TREASURER AT 13880 BUSINESS CENTER DRIVE, SUITE 100, ELK RIVER, MN 55330.

COUNTY OFFICIALS	TITLE	PHONE NUMBER
Barbara Burandt	Commissioner District 1	(763) 765-3001 or 1-800-433-5229
Ewald Petersen	Commissioner District 2	(763) 765-3001 or 1-800-433-5229
Tim Dolan	Commissioner District 3	(763) 765-3001 or 1-800-433-5229
Felix Schmiesing	Commissioner District 4	(763) 765-3001 or 1-800-433-5229
Lisa A. Fobbe	Commissioner District 5	(763) 765-3001 or 1-800-433-5229
Steve Taylor	County Administrator	(763) 765-3001 or 1-800-433-5229
Kathleen Heaney	County Attorney	(763) 765-4725 or 1-800-433-5244
Diane Arnold	County Auditor/Treasurer	(763) 765-4351 or 1-800-438-0576
Michelle Ashe	County Recorder	(763) 765-4420 or 1-800-719-2826
Joel Brott	County Sheriff	(763) 765-4000 or 1-800-433-5245

A PROFILE OF SHERBURNE COUNTY

KEY INDICATOR	Total 2017	Total 2016	Percent Increase (Decrease)
Estimated Population	94,570	93,528	1.11%
Total Assessed Market Value of all Taxable Property	8,067,415,060	7,511,560,543	7.40%
Percent of Property Taxes Collected (including delinquent collections)	99.26%	99.08%	0.18%
Total General Revenues	53,499,164	51,518,261	3.85%
Total Program Revenues	52,471,674	50,174,298	4.58%
Total Expenses Governmental activities	82,161,838	82,815,165	-0.79%
Total Expenses Business-type activities	17,317,687	16,225,115	6.73%
Capital Assets - Governmental activities	220,691,448	187,532,209	17.68%
Capital Assets - Business-type activities	19,854,276	20,413,489	-2.74%
Total Outstanding Net Bonded Debt of the County	43,903,602	7,286,974	502.49%
Bond Rating on the Most Recent Bond Issue(s)	AA+	AA+	
Total Government-Wide Net Position			
Governmental activities	262,560,186	253,639,750	3.52%
Business-type activities	19,887,921	22,317,044	-10.88%
Total Number of Employees	676	657	2.89

ECONOMIC CONDITION AND OUTLOOK

Sherburne County continues to grow both from a population and a tax base perspective. The population increased 1.11% from the previous year of 93,528 to 94,570 making Sherburne County the 12th largest County in the State. The countywide residential values have increased approximately 6.7% for taxes payable in 2018 bringing the average residential value to \$203,500. New home permits are up 32% compared to the same period in 2016. The County has a number of solar farms that are being developed in 2017 and will be put on line in 2018. County staff continues to look for innovative solutions to control expenses and increase revenues while maintaining services to our residents.

A number of indicators contribute to continued growth and financial stability of the County. The following are some of what we feel to be key indicators.

Key Economic Indicators	Amounts	Characteristics
2017 Population	94,570	Up 6.86% from the 2010 census of 88,499
2017 Taxable Market Value	\$8,067,415,060	Down 5.95% from 2008 Taxable Market Value
2017 New Construction	\$92,951,033	Compared to 2008 New Construction of \$318,292,800
2017 Tax Parcels	41,021	Down 1.67% from Pay 2008 Tax Parcels
2017 Business-Type Parcels	1,360	Up 5.5% from Pay 2008 Business-Type Parcels

Due to its relatively dense population outside of and yet in close proximity to the Twin Cities metropolitan area, it is attractive to businesses that need affordable land and labor costs to expand their operations. Businesses are continuing to choose Sherburne County because of the growing population, access to major highways and to the railroad. Commuter rail service continues to provide ridership via the Northstar Corridor rail line which began operation in November of 2009 linking Big Lake to downtown Minneapolis, with stops in Elk River, Anoka, Ramsey, Coon Rapids, Fridley and Target Field. Ridership on the train in 2016 was at 711,167 compared to 793,796 in 2017 an 11.62% increase. People from the St. Cloud area can catch the commuter coach, the "Northstar Link" including a stop in Becker, to the Big Lake station to catch the Northstar train to Minneapolis. This form of transportation has been a great service for Sherburne County residents to utilize in today's economy.

LONG-TERM FINANCIAL PLANNING

The County Board annually sets goals to establish key priorities. The budget process includes direction to department heads to document savings to be achieved during the year as a way to address any anticipated revenue shortages from the State. The County Board encourages Department Heads to continue to look for ways to re-engineer work processes and services, and/or find alternate methods of cost reduction or revenue enhancement. The County annually updates the Five-Year Capital Improvement Plan prepared by the Administration department with inputs from all County departments. 2017 goals for the County Board are to remain proactive in Economic Development by working towards the goals established in the County's Three-Year Strategic Plan and Economic Development Strategic Plan. The County Board approved the expansion of the Government Center in 2016. This project includes the construction of the Courts Wing that will house the court administration offices, Judge's chambers, and both the Community Correction and County Attorney offices. The project will also remodel a majority of the existing Government Center square footage to better utilize the existing space. Plans for completion are February 2019. The County is continuing to improve communications with the public with a rollout of a new website design coming out the summer of 2018 that will be more intuitive for the public to utilize, and will feature significantly more resident self-service options. Another means of communication is by a County Facebook page that announcements and updates are posted for the public that was established in 2017.

MAJOR INITIATIVES Public Works Department- In 2017 purchased new tandem plow trucks with an estimated cost of \$500,000 which replaced 20 year old trucks from 1996 and 1997 as part of the established replacement program and purchased off from the MN State contract listing. The department completed roughly 36 miles of road upgrades and overlays to the sum of over \$14M. Multiple corridor studies kicked off, along with the update of our county-wide Long Range Transportation Plan.

Parks - Our County Parks saw a number of improvements to the natural landscape, specifically the removal of invasive species in Bridgeview and Oak Savanna. Road improvements by our maintenance staff to the lower road of Island View park was completed. And Grams Park saw the start of the improved trails and boardwalks throughout the park. This project will be completed by early summer of 2018. The Great Northern Trail corridor experienced tree and brush clearing in preparation for the construction of a multiuse trail around 2020.

Planning and Zoning Department with County board approval partnered with the MN Department of Agriculture through their AgMBP program to offer 10 year low interest loans to cover the cost of upgrading a non-compliant septic system. Residents pay back the loan through special assessments on their property tax which is them paid back to the Department of Agriculture through the tax settlement each year. This offer a way to bring non-compliance systems into compliance that may not have any alternate funding options. So far in 2017 the County had had 17 applications that have been approved for this program.

Economic Development- In 2016, Sherburne County implemented a Revolving Loan Fund Program to provide gap financing to area businesses. Since that time the County Board allocated \$500,000 to the program and it led to \$7,540,475 in project costs to create 63 new full time and 24 part time jobs. The RLF program has been so successful that the County Board has begun budgeting for an additional \$50,000 to be added to the fund annually.

The County has also partnered with Palmer Wireless to apply for several Border to Border Broadband grants through the Minnesota Department of Employment and Economic Development. Since 2014, Palmer Wireless was awarded four grants totaling \$532,983. These grants have led to improved fiber connectivity to 62 under-served businesses and 3 community institutions throughout Sherburne County.

The County is also partnering with several of our neighboring cities to participate in a Regional Rail Impact study and a Regional Transportation study to determine future infrastructure and funding needs. These studies were partially funded through grants from the Initiative Foundation and BNSF.

Health and Human Services- The six service units in HHS moved to a paperless system for work and documentation. This is expected to allow staff to re-purpose at least 5 hours a week into client-related task that allow more time for case management.

administrator's office, the county attorney's office, the county auditor/treasurer's office, the county assessor's office, the court administrator's office, the county recorder's office, the planning and zoning office, the veteran's service office and other general service offices.

The **Public Safety** activities include expenditures for corrections activities, the operation of the sheriff's office, homeland security, boat and water and county jail.

The **Highway and Streets** activities include expenditures for public works department construction and maintenance programs.

The **Sanitation** activities include expenditures for county solid waste collection and disposal programs including county sponsored recycling programs.

The **Human Service** activities include the administration of all federal, state and county human services programs, including child support collections activities, social service programs such as chemically dependency treatment programs and child protection services.

The **Health** activities include expenditures for the county public health department, including inoculation programs, home health aid services and programs to protect public and private drinking water systems.

The **Culture and Recreation** activities include expenditures for county libraries, county parks, recreation programs, including the development and maintenance of all county park facilities.

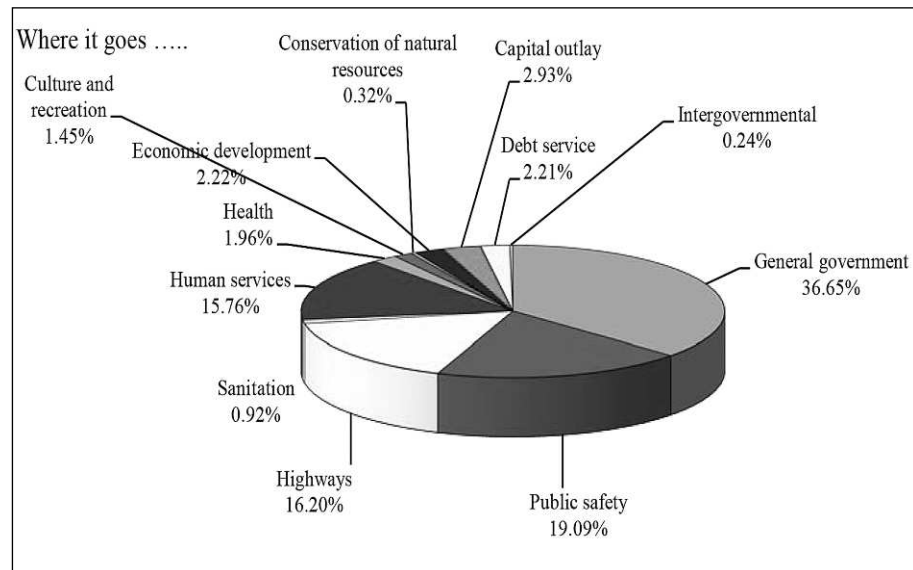
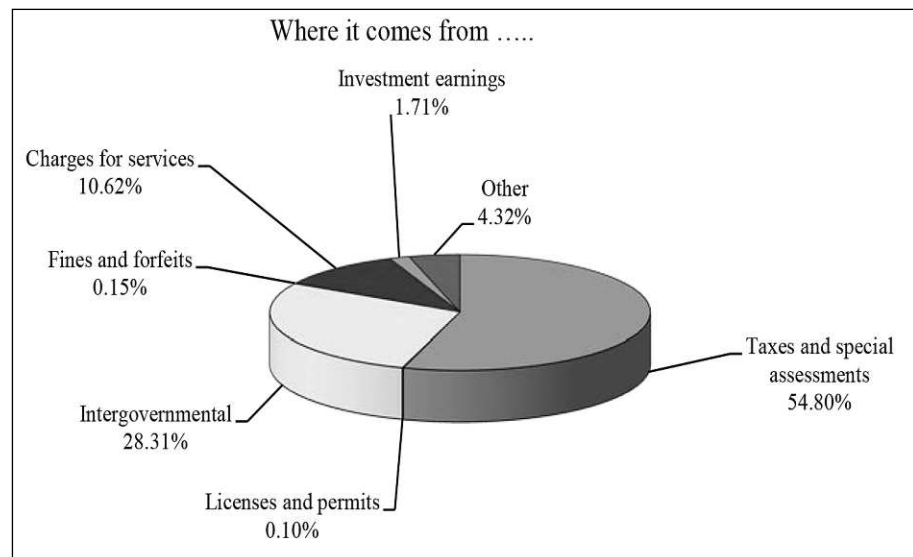
The **Conservation of Natural Resources** activities include expenditures relating to soil and water conservation and county extension office.

The **Economic Development** activities include expenditures for economic development activities including expenditures for economic development programs.

Capital Outlay expenditures include all expenditures for the construction of county facilities or the purchase of buildings or major equipment by the county.

Debt Service includes all expenditures for the repayment of bonds issued by the county, including the payment of principal, interest and other fiscal charges associated with the bonds.

Sherburne County's 2017 Governmental Fund's Finances



**SHERBURNE COUNTY
ELK RIVER, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Governmental Activities	Primary Government Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$126,249,177	\$8,770,338	\$135,019,515
Interest receivable	362,943	-	362,943
Taxes receivable, net	763,403	-	763,403
Property tax collected for subsequent periods	1,024,548	-	1,024,548
Special assessments receivable, net	-	-	-
Due within one year	64,917	-	64,917
Due in more than one year	205,298	-	205,298
Accounts receivable, net	1,073,049	-	1,073,049
Loans receivable, net	-	-	-
Due within one year	650,588	-	650,588
Due in more than one year	1,121,110	-	1,121,110
Due from other governments	7,484,130	1,574,527	9,058,657
Inventories	650,440	-	650,440
Prepaid items	573,629	6,592	580,221
Capital assets not being depreciated:			
Land	15,973,608	-	15,973,608
Construction in progress	27,200,317	-	27,200,317
Capital assets, net of accumulated depreciation:			
Buildings, net	26,429,413	19,842,720	46,272,133
Improvements, net	794,238	11,556	805,794
Equipment, net	7,101,548	-	7,101,548
Infrastructure, net	143,192,324	-	143,192,324
Total assets	\$360,914,680	\$30,205,733	\$391,120,413
DEFERRED OUTFLOWS OF RESOURCES	\$18,933,072	\$8,097,302	\$27,030,374
LIABILITIES			
Accounts payable	\$1,174,168	\$78,520	\$1,252,688
Salaries and benefits payable	886,739	189,760	1,076,499
Contracts payable	3,685,803	-	3,685,803
Due to other governments	170,853	80,998	251,851
Interest payable	731,462	-	731,462
Unearned revenue	769,948	-	769,948
Long-term liabilities:			
Due within one year	-	-	-
General obligation bonds payable	2,190,000	-	2,190,000
Loans payable	8,521	8,521	17,042
Compensated absences	354,431	63,646	418,077
Long-term liabilities:			
Due in more than one year	-	-	-
General obligation bonds payable	45,635,131	-	45,635,131
Net OPEB payable	3,168,377	805,320	3,973,697
Net pension liability	35,832,409	10,572,182	46,404,591
Loans payable	172,618	-	172,618
Compensated absences	4,708,872	845,585	5,554,457
Total liabilities	\$99,489,332	\$12,636,011	\$112,125,343
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	\$16,773,686	\$5,779,103	\$22,552,789
Prepaid taxes	1,024,548	-	1,024,548
Total deferred inflows	\$17,798,234	\$5,779,103	\$23,577,337
NET POSITION			
Net investment in capital assets	\$197,664,404	\$19,854,276	\$217,518,680
Restricted:			
County attorney programs	100,258	-	100,258
Debt service	437,041	-	437,041
Ditches	274,449	-	274,449
Education	42,162	-	42,162
Gravel tax	987,190	-	987,190
Highway allotments	5,299,466	-	5,299,466
Law library	411,067	-	411,067
Parks dedication	465,377	-	465,377
Recorder programs	1,245,764	-	1,245,764
Regional rail	4,885,291	-	4,885,291
Sheriff programs	1,351,656	-	1,351,656
Solid waste	38,406,163	-	38,406,163
Unrestricted	10,989,898	33,645	11,023,543
Total net position	\$262,560,186	\$19,887,921	\$282,448,107

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