

COMPREHENSIVE  
**ANNUAL FINANCIAL**  
*Report*'10



ST. LOUIS COUNTY SALLY PORT - DULUTH COURTHOUSE  
*photos by David Bednarski*



AMSOIL ARENA - DULUTH DECC EXPANSION  
*photos by David Bednarski*



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

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

### **St. Louis County Sally Port – Duluth Courthouse**

The new \$3.0 million Sally Port addition to the Courthouse in Duluth opened in October 2010. The Sheriff's Department transports prisoners by vans from the County Jails located miles from the Sally Port for court appearances. The 5,471 square foot sally port allows safe entry for prisoners into the courthouse, keeping them separate from public spaces.

The sally port can handle two prisoner vans at once. Prisoners are not allowed out of the vans and into the holding area until the garage doors are shut. The new courthouse addition was designed to match the architecture of the courthouse. The sally port also includes five holding cells, interview rooms for attorneys, probation officers and clients, and a secure elevator.

### **Amsoil Arena – Duluth Entertainment Convention Center (DECC) Expansion**

Work was completed on the \$80.0 million DECC expansion in late December 2010. The expansion includes: Amsoil Arena, a Skywalk expansion and a parking ramp. The arena will be home to the University of Minnesota Duluth (UMD) hockey teams. Capacity for hockey games is 6,764 (an increase of more than 1,600 seats) including 15 private suites, while up to 9,000 seats will be available for concerts. The arena also will accommodate conventions and trade shows. Amsoil, the Superior based producer of synthetic motor oil, will pay \$6.0 million over 20 years for the naming rights to the new arena.

The expansion was funded by the sale of 25-year bonds locally, with a grant from State of Minnesota bond proceeds covering 50.0% of the cost. Contributions from the DECC, UMD, and City of Duluth will pay the debt service on the bonds.

# **St. Louis County Minnesota**

Comprehensive Annual Financial Report  
for the Fiscal Year Ending  
December 31, 2010



**Donald Dicklich  
County Auditor**

"The Mission of St. Louis County is to provide to its people those services mandated and/or expected by its citizens so as to provide a good quality of life."

# **INTRODUCTORY SECTION**

ST. LOUIS COUNTY, MINNESOTA  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

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ST. LOUIS COUNTY, MINNESOTA  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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# Saint Louis County

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

**Donald Dicklich**

St. Louis County Auditor-Treasurer

June 17, 2011

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, 2010. 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. 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 §6.48. This requirement has been complied with and the Office of the State Auditor has issued an unqualified ("clean") opinion on the St. Louis County financial statements for the year ended December 31, 2010. The independent auditor's report is located in the front of the financial section of this report.

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

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

St. Louis County was established in 1856. Located in Northeastern Minnesota, St. Louis County is geographically the largest county east of the Mississippi River, covering 6,860 square miles from the Canadian border to Duluth. The County's 2010 census population is 200,226 residents while the 2000 census population was 200,471. The County has an average of 29 people per square mile living in small mining towns, farm communities, and busy cities. St. Louis County is empowered to levy a property tax on both real and personal property located within its boundaries.

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

*An Equal Opportunity Employer*

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

The County provides a full range of services contemplated by statute. These services include public safety, public works, 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 proper policies and regulations have been followed. 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 Board approval.

### ***Local economy***

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

The taconite industry continues to be the driving force of the regional economy. It supports roughly 10,000 jobs with an economic impact of \$3.1 billion annually. At one point in the first half of 2009, all six taconite plants on the Iron Range were idle. However, demand for iron ore rebounded in 2010 with total production of 35.1 million tons, more than double the output of 2009. If economic conditions continue to improve production could reach 39.0 million tons in 2011.

The Port of Duluth-Superior ranks among the top 20 ports in U.S. cargo tonnage. It has long been a full service hub for domestic and international trade. The port did bounce back in 2010 after shipping 31.2 million tons in 2009, the lowest tonnage shipped since the Great Depression. While 2010 tonnage did improve to 39.8 million tons, average tonnage for 2000 to 2008 was almost 45.0 million tons per year. In 2010, 991 ships visited the port which was 60 below average, but 165 vessels more than 2009.

Tourism industry revenues collected from Duluth hotel-motel and food and beverage taxes set a new high in 2010. Increases or decreases in these revenues can be loosely linked to how well the local economy is doing as a whole.

Mesabi Nugget, LLC a direct reduced iron facility, opened in January 2010 at a cost of \$300 million. The facility was built near the site of the former LTV Steel taconite plant near Hoyt Lakes which closed in early 2001. The production goal of 500,000 metric tons of iron nuggets per year was not met in 2010 due to startup glitches and a shut down for maintenance in November. The plant makes iron nuggets that are about 95 percent pure iron to feed electric arc furnaces and produce flat-rolled steel. Conventional taconite plants produce pellets with an iron content of about 65 percent.

Due to environmental hurdles, PolyMet Mining Corp announced it no longer plans to produce finished copper nickel at its site near Hoyt Lakes. The company had originally planned to produce copper metal, nickel-cobalt hydroxide and precious metal precipitate products. Now PolyMet plans to produce nickel-cobalt hydroxide, precious metal precipitate and high-grade copper concentrate instead of copper metal. The change will lower costs and reduce jobs from 400 to 360. It still plans to use the former LTV Steel taconite plant for processing crude ore. The project is still in the Environmental Impact Statement phase. PolyMet anticipates having needed permits by 2012.

In December 2010, the Duluth Entertainment Convention Center (DECC) opened the doors to its \$80.0 million expansion. The expansion includes the 6,764 seat Amsoil Arena, a skywalk expansion and a parking ramp. The DECC will be home to the University of Minnesota Duluth hockey program and also will accommodate conventions, concerts and trade shows.

Work began in November 2010 on a new \$65.0 million passenger terminal at the Duluth International Airport. The project is scheduled for completion in the fall of 2012.

For the past ten years, Allete, Inc. (Minnesota Power) has been the top property taxpayer in St. Louis County. Canadian National Railroad ranked a distant second to Minnesota Power in 2010.

White Community Hospital in Aurora is now officially part of Essentia Health. Essentia Health, headquartered in Duluth, MN, operates in four states and is a large healthcare system of physicians, clinics, hospitals, assisted living and long term care facilities. The hospital's 140 employees are now Essentia staff. The integrated facility continues to have its own board of directors, with local representation. As part of this transition, demolition of an abandoned portion of the hospital will make way for the construction of a new \$4.5 million addition. The new 13,172 square-foot addition will include a new laboratory, radiology suite, lobby, and registration area. Completion is projected for September 2011.

For each of the past ten years Essentia Health has been the number one ranked employer in the County by more than 2,000 employees. St. Louis County ranked second in 2010 with nearly 1,700 employees while Essentia Health had more than 5,400 employees.

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

At the end of each year, the County estimates the amount needed to pre-fund retiree health insurance premiums for all employees eligible for retirement at the end of the year by setting aside the value of sick leave balances those employees have accumulated. As of December 31, 2010, 100% of the estimated retiree obligation amount has been classified as committed fund balance (vested sick leave) in the General Fund and Special Revenue Funds.

The County also estimates the amount that would be paid for those employees who are not eligible to retire immediately, but probably will retire from the County. As of December 31, 2010, 100% of the estimated retiree obligation amount has been classified as committed fund balance (vesting sick leave) in the General Fund and Special Revenue Funds.

For many years, the County has recognized that it would be prudent to set aside monies to meet unexpected cash flow shortages, and began to set aside some of its fund balances for cash flow. The County Board's policy is to have the General Fund, the Road and Bridge Fund, and the Public Health and Human Services Fund (which are major operating funds supported in part by direct property tax levy) assign a portion of the 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, 2010, the policy was 89.3% accomplished for the General Fund, 100% for the Road and Bridge Fund, and 100%, for the Public Health and Human

Services Fund. These three funds had combined fund balance for cash flow of \$46.3 million at year-end, a decrease of almost \$.6 million compared to 2009.

Starting in 2007, any County-owned buildings with excess operating revenues over expenditures for the year had balances transferred to the Depreciation Reserve assigned fund balance in the Capital Projects Fund. At the end of 2010, the assigned fund balance totaled \$1.8 million. Those monies will be used to fund future capital improvements at County facilities.

Other financial planning for 2011 and beyond includes the following:

- The County's continued investment in the Geographic Information System (GIS) to improve services to the public.
- Assigned fund balance for "future unallotments" to help the County withstand local government aid cuts by the state in 2011. County Administration implemented budget reductions to all County department budgets starting in 2009 for this purpose.
- All county departments are held accountable for making progress in designated priority areas through the regular use of performance measures and outcomes.
- County management has set aside monies for specific purposes. These commitments and assignments of fund balance represent the County's intended future use of resources and reflect actual plans approved by the County Board.

### ***Major initiatives***

In 2010, the County received \$7.1 million in proceeds from the sale of Capital Improvement Bonds. The Virginia Courthouse will have building additions along with renovations and improvements to existing space. The courthouse will be brought up to current standards for space use, security, technology and building operating systems at an approximate cost of \$6.0 million. Most of the remaining proceeds will transition St. Louis County Emergency Communications to the statewide Interoperable Radio and Communication System, or, ARMER (Allied Radio Matrix for Emergency Response). Seventy-one Minnesota counties have committed to the ARMER system. The state will build and maintain 24 tower sites for the ARMER system throughout St. Louis County.

The County sold the old St. Louis County jail in 2010 for \$50,000, 16 years after it stopped housing prisoners. Jail Holding LLC, which purchased the jail, plans to refurbish the old jail for multiuse office space. With the sale, the County will save approximately \$20,000 in annual upkeep costs and hopefully the site will be added to the County's tax base.

In 2009, County Commissioners leased four acres of county land to the City of Duluth for a new \$18 million police station. The proposed station would be adjacent to the County's Public Safety Building on Rice Lake Road, which was built in 2007. Ground-breaking for the project occurred in early November 2010. The county-city cooperative venture will save tax dollars as the two agencies share costs for facilities, programs and staff whenever feasible.

Capital Improvement Bond proceeds issued in 2008 were used to build new facilities, maintain existing facilities, and purchase new equipment and vehicles. Some projects were completed in 2009 and the remaining projects were either completed in 2010 or are very near completion at year end. Projects completed in 2010 included a new Public Works Garage in Meadowlands and a Sally Port addition to the Courthouse in Duluth that provides secure entry to the courthouse for prisoners making court appearances.

St. Louis County is committed to continuing the review and reduction of non-mandated, non-core services when these services are available from others in the County. One example is the successful leasing of the Chris Jensen Health and Rehabilitation Center to Health Dimensions Group, Inc in late 2009.

**Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Louis County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2009.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents 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-two consecutive years. We believe our current report will conform to the Certificate of Achievement Program requirements, and are thus submitting it to the GFOA.

In addition, St. Louis County also received the GFOA's Distinguished Budget Presentation Award for its biennial budget document for the fiscal year beginning January 1, 2010. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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 and the Public Works Department for their dedication and cooperation during the preparation of this report. I am grateful to the County Board of Commissioners and to the Department of Administration for their leadership and support in formulating the financial activities of the County, without which the preparation of this report would not have been possible. Many other County departments extended assistance and cooperation to my office during this time and I thank them also.

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

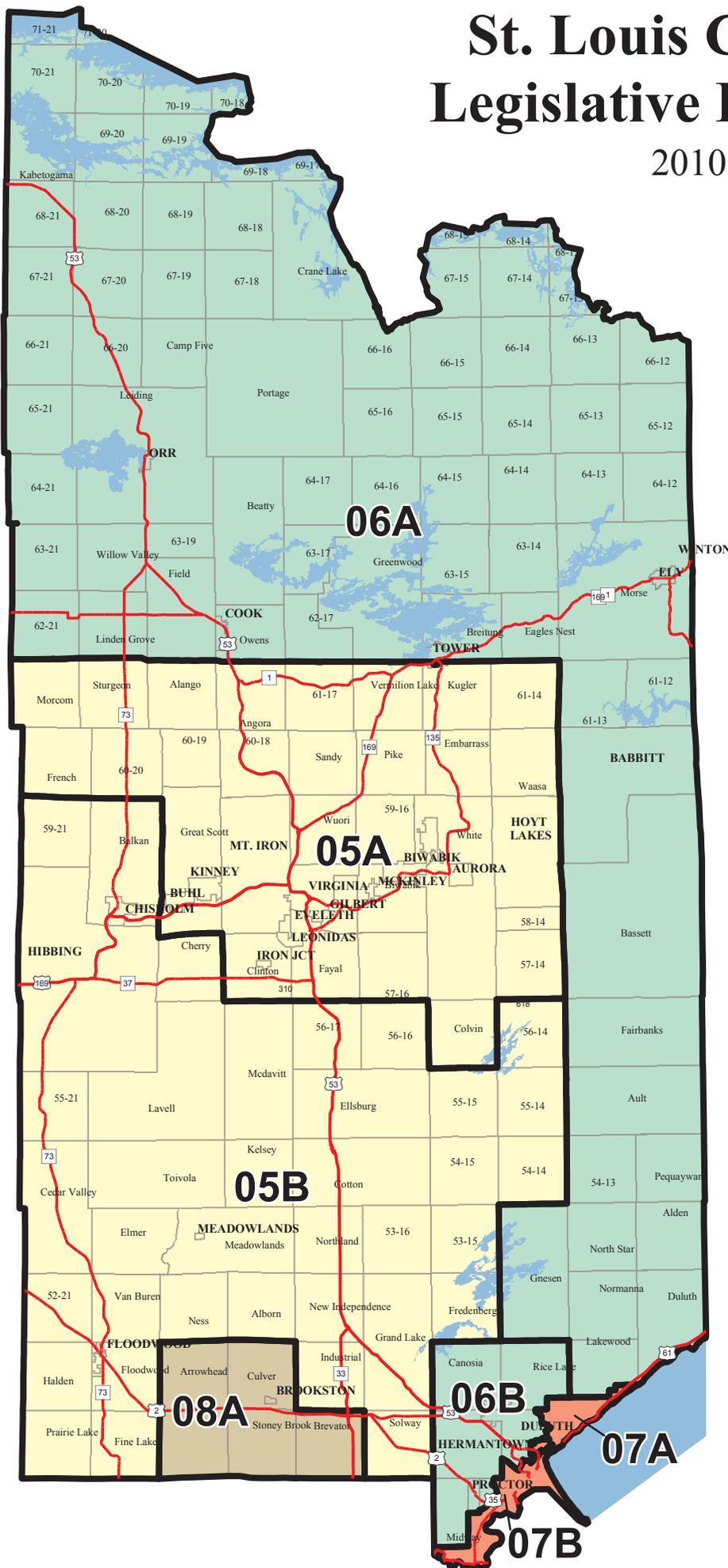
Sincerely,



**DONALD DICKLICH**  
County Auditor

# St. Louis County Legislative Districts

2010



## 2010 Minnesota Legislative Districts

Tom Rukavina (DFL) 05A  
477 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-0170

Anthony Sertich (DFL) 05B  
459 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-0172

David Dill (DFL) 06A  
571 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-2190

Mary Murphy (DFL) 06B  
343 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-2676

Thomas Huntley (DFL) 07A  
585 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-2228

Roger Reinert (DFL) 07B  
429 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-4246

Bill Hilty (DFL) 08A  
559 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-4308

## City of Duluth Precincts

District 6B: Prec. 11, 24-26,33  
District 7A: Prec. 1-10, 12-13, 15-17  
District 7B: Prec. 14, 18-23, 27-32, 34-36

## Legend

**05** House District Boundaries

## Senate District Areas

5	David J. Tomassoni	Room 317, Capitol (651)296-8017
6	Thomas M. Bakk	Room 226, Capitol (651)296-8881
7	Yvonne Prettnier Solon	Room G-9, Capitol (651)296-4188
8	Tony Lourey	Room 303, Capitol (651)296-0293

# Commissioner Districts

## St. Louis County



### St. Louis County Commissioners

#### 1st District

Dennis Fink  
100 N. 5th Avenue West Rm. #208  
Duluth, Mn 55802-1292  
(218) 726-2458

#### 2nd District

Steve O'Neil  
100 N. 5th Avenue West Rm. #208  
Duluth, Mn 55802-1292  
(218) 726-2359

#### 3rd District

Chris Dahlberg  
100 N. 5th Avenue West Rm. #208  
Duluth, Mn 55802-1292  
(218) 726-2562

#### 4th District

Mike Forsman  
118 S. 4th Avenue East  
Ely, Mn 55731  
(218) 365-8200

#### 5th District

Peg Sweeney  
100 N. 5th Avenue West Rm. #208  
Duluth, Mn 55802-1292  
(218) 726-2450

#### 6th District

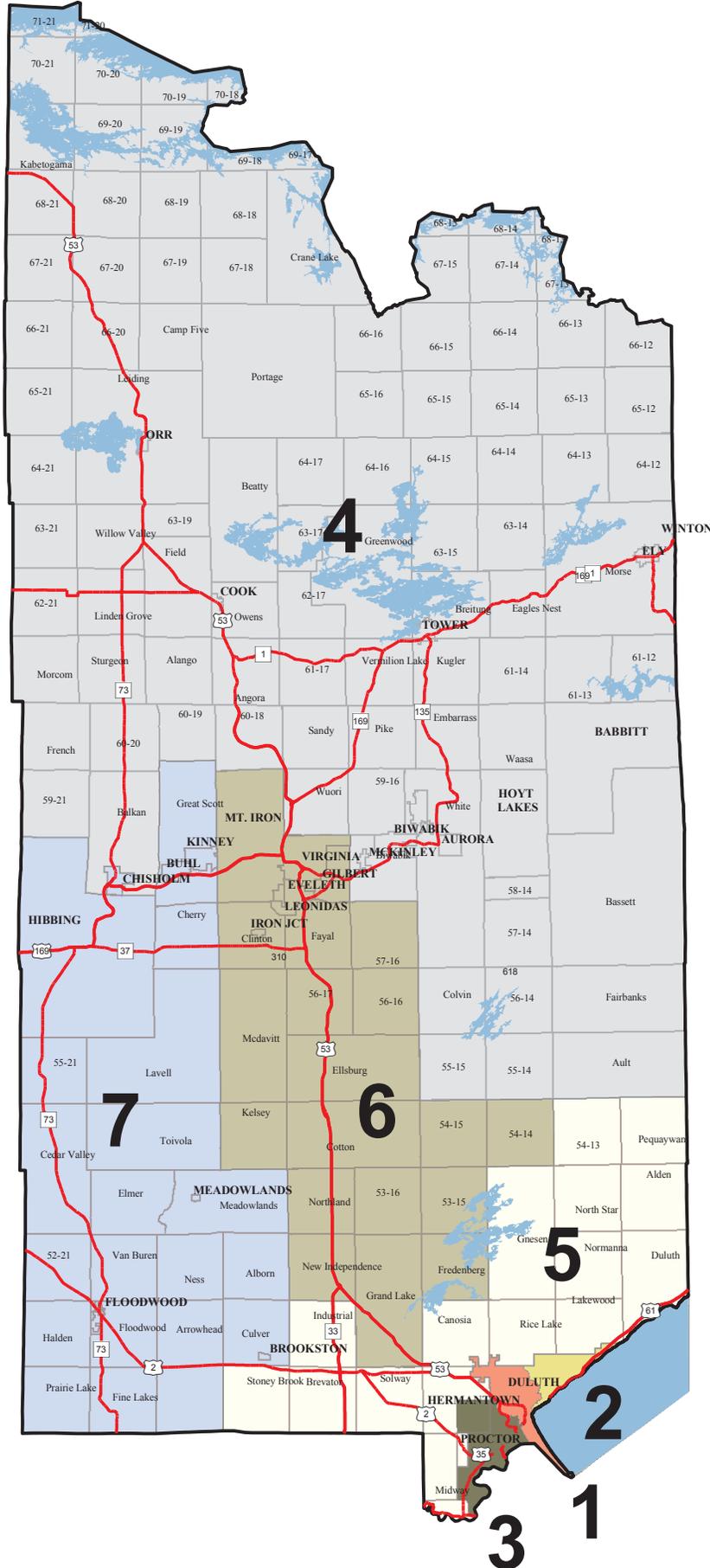
Keith Nelson  
St. Louis County Courthouse  
Virginia, Mn 55792  
(218) 749-7108

#### 7th District

Steve Raukar  
St. Louis County Courthouse  
Hibbing, Mn 55746  
(218) 262-0201

### City of Duluth Precincts

- District 1: Prec. 10-12, 15-22, 24-25
- District 2: Prec. 1-9, 13-14
- District 3: Prec. 23, 26-35  
(Incl. Prec 3, Hermantown)
- District 5: Prec. 36

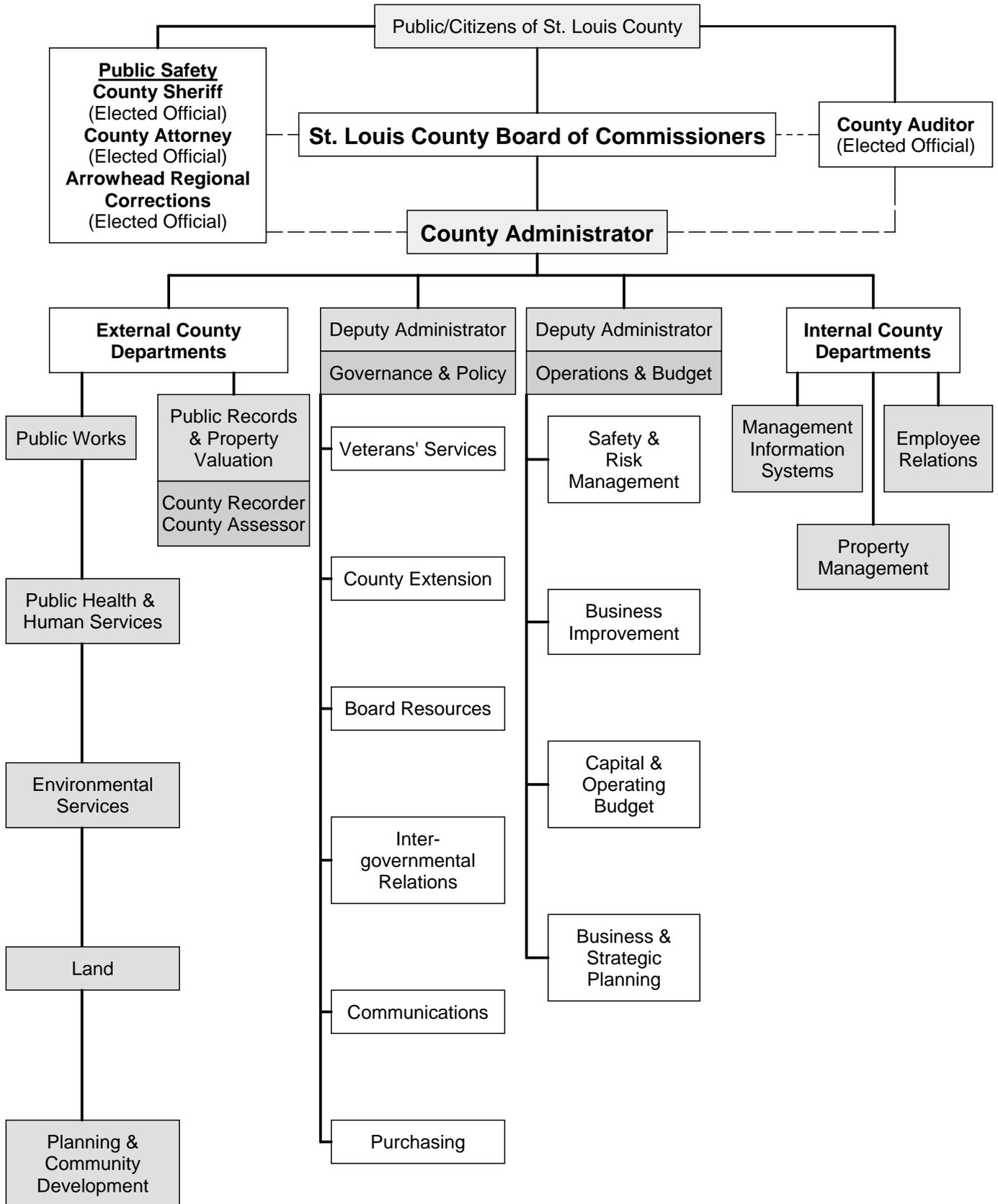


Prepared By:	<b>Planning &amp; Development</b> Planning, Research, & GIS Division (218) 725-5000 www.co.st-louis.mn.us
Team Credits:	Planning, Land, Public Works, 911
Source:	St. Louis County, DNR
Map Created:	3/23/2010
<b>Disclaimer</b>	This is a compilation of records as they appear in the Saint Louis County Offices affecting the area shown. This drawing is to be used only for reference purposes and the County is not responsible for any inaccuracies herein contained.
Copyright Saint Louis County All Rights Reserved	 St. Louis County MN

**St. Louis County  
Elected and Appointed Officials  
as of December 31, 2010**

<b>Office</b>	<b>Name</b>	<b>Term</b>
<b>Commissioners:</b>		
1st District	Dennis Fink	Jan. 2007 Jan. 2011
2nd District	Steve O'Neil	Jan. 2009 Jan. 2013
3rd District	Christopher Dahlberg	Jan. 2009 Jan. 2013
4th District	Mike Forsman	Jan. 2007 Jan. 2011
5th District	Peg Sweeney	Jan. 2009 Jan. 2013
6th District	Keith Nelson	Jan. 2007 Jan. 2011
7th District	Steve Raukar	Jan. 2007 Jan. 2011
<b>Elected Officers:</b>		
Attorney	Melanie Ford	Jan. 2007 Jan. 2011
Auditor	Donald Dicklich	Jan. 2007 Jan. 2011
Sheriff	Ross Litman	Jan. 2007 Jan. 2011
<b>Appointed Officers:</b>		
Administrator	Kevin Gray	
Assessor	David Sipila	
Employee Relations Director	Martha Watson	
Examiner of Titles	David W. Adams	
Land Commissioner	Robert Krepps	
Management Information Systems Director	Martin Buscombe	
Planning Director	Barbara Hayden	
Property Management Director	Tony Mancuso	
Public Health and Human Services Director	Ann Busche	
Public Works Director	Jim Foldesi	
Recorder	Mark Monacelli	
Environmental Services Director	Ted Troolin	

# Organizational Summary



# 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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# **FINANCIAL SECTION**



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-Mail)  
1-800-627-3529 (Relay Service)

### INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
St. Louis County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County, Minnesota, as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of St. Louis County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, during the year ended December 31, 2010, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, and Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.



Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, 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. In accordance with auditing standards generally accepted in the United States of America, we have applied certain limited procedures to the required supplementary information, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Louis County's basic financial statements as a whole. The introductory section, the supplementary data, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary data is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 17, 2011, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

  
REBECCA OTTO  
STATE AUDITOR

  
GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 17, 2011

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

UNAUDITED  
St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
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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, 2010. Please read it in conjunction with the accompanying transmittal letter and basic financial statements.

**FINANCIAL HIGHLIGHTS**

St. Louis County's total net assets increased by \$36.8 million to \$563.7 million, or 7.0%. Governmental activities increased by \$36.9 million to \$533.6 million, while the County's business-type activities decreased by \$.1 million to \$30.1 million.

The County's governmental funds reported a combined ending fund balance of \$145.8 million for 2010, an increase of \$13.5 million over 2009. Nonspendable and restricted fund balance were \$24.2 million of fund balance or 16.6%. These fund balances are not available for appropriation because of constraints placed on the use of these funds. The remaining fund balances of \$121.6 million or 83.4% are unrestricted and classified as either committed, assigned or unassigned.

In 2010, the General Fund reported a total fund balance of \$47.7 million, an increase of \$1.8 million over 2009. The increase was due to revenues exceeding expenditures by \$.2 million and having net transfers of \$1.6 million. The unrestricted fund balance of the general fund was equal to 50.1% of expenditures and 50.0% of revenues. State Auditor recommendations are for revenues to be at least 35-50% and to have at least five months of expenditures or 41.7% of unrestricted fund balances.

St. Louis County's total bonded debt increased by \$1.6 million to \$43.0 million in 2010. The County issued \$7.1 million of Capital Improvement Bonds in late 2010 and made payments of \$5.5 million on existing debt during the year. Previously, the County had issued debt in 2008 for \$11.4 million of Capital Improvement Bonds and \$3.6 million of Capital Equipment Notes.

All major governmental funds of the County reported actual expenditures less than their final 2010 expenditure budget. In addition the General Fund, Road and Bridge Fund, Public Health and Human Services Fund, and Forfeited Tax Sale Fund reported a combined \$10.7 million excess of actual revenues over actual expenditures for the year.

The County's only major business-type activity, Environmental Services, saw revenues increase slightly while expenditures decreased by more than \$1.1 million in 2010. As a result, the operating loss for the Environmental Service Fund decreased by \$1.7 million in 2010 to \$.5 million.

Several account balances were reclassified as of and for the year ended December 31, 2009, as previously reported. These reclassifications must be considered when comparing these financial statements with those of prior reports.

**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 Assets 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 assets and changes to net assets. Think of the County's net assets (the difference between assets and liabilities) as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets 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 25-27 of this report.

*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.

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Governmental funds: Most of the County's basic services are reported in governmental funds, which focuses 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 Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the financial statements.

The County maintains five 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, and the Capital Projects Fund. Data for the nonmajor governmental funds is combined into "other governmental funds." Individual data for each of the eight 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 29-41 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 Assets and the Statement of Activities. The County uses an enterprise fund (a component of proprietary funds) to report the activities the Environmental Services Fund, the only major fund, as well as three nonmajor enterprise funds. Data for the nonmajor funds is combined into "other enterprise funds." Individual data for each of the nonmajor enterprise funds is provided in the supplementary data. These funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information. The County uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the County's other programs and activities, such as the County's Telecommunication 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, for 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 Assets and Statement of Changes in Fiduciary Net Assets and are excluded from the government-wide financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used in proprietary funds. The fiduciary basic financial statements can be found on pages 49-50 of this report.

*Notes to the financial statements*. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53-90 of this report.

*Supplementary data*. The combining statements for nonmajor governmental funds and proprietary funds, internal service funds, fiduciary funds, and miscellaneous schedules are provided on page 93-125.

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**Government-wide Financial Analysis**

Net assets may, over time, be a useful indicator of a government's financial position. In the case of St. Louis County, assets exceeded liabilities for all activities by \$563.7 million.

By far the largest portion of the County's net assets is the investment in capital assets (71.8 percent), 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 Assets**  
 (in Millions)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
	Current and other assets	\$ 219.8	\$ 209.3	\$ 21.0	\$ 21.4	\$ 240.8
Capital assets	426.9	398.2	12.2	12.1	439.1	410.3
Total Assets	646.7	607.5	33.2	33.5	679.9	641.0
Long-term liabilities outstanding	90.4	89.1	2.5	2.7	92.9	91.8
Other liabilities	22.7	21.7	0.6	0.6	23.3	22.3
Total liabilities	113.1	110.8	3.1	3.3	116.2	114.1
Net assets:						
Invested in capital assets, net of debt	392.8	363.8	12.2	12.1	405.0	375.9
Restricted	21.8	20.8	2.0	1.8	23.8	22.6
Unrestricted	119.0	112.1	15.9	16.3	134.9	128.4
<b>Total Net Assets</b>	<b>\$ 533.6</b>	<b>\$ 496.7</b>	<b>\$ 30.1</b>	<b>\$ 30.2</b>	<b>\$ 563.7</b>	<b>\$ 526.9</b>

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

**Governmental Activities:**

In 2010, the total net assets of governmental activities increased by \$36.9 million to \$533.6 million. The total net assets for the years 2009 through 2006 were \$496.7 million, \$460.2 million, \$435.4 million, and \$409.2 million. St. Louis County is again able to report positive balances in all categories of net assets as it has since the government-wide financial statements were first prescribed for 2002.

Current and other assets increased by \$10.5 million in 2010 to \$219.8 million, compared to a \$2.5 million increase in 2009. The increase was due primarily to proceeds received by the Capital Projects Funds from General Obligation Bonds issued by the County for \$7.1 million. Less than one percent of the total proceeds had been spent at year end leaving the balance of the proceeds as either cash and cash equivalents or investments. In addition to bond proceeds, the Capital Projects Fund also received transfers totaling more than \$4.3 million from the General Fund and the Road and Bridge Fund. The transfer from the Road and Bridge Fund of \$4.1 million was to segregate 2009 fuel savings and 2010 operations savings for future equipment purchases.

Capital assets at year-end 2010 were \$426.9 compared with \$398.2 million for 2009, an increased by \$28.7 million. Capital assets were \$377.0 for 2008, \$363.6 for 2007 and \$336.7 for 2006. A detailed analysis of this increase is presented in Table 3 on page 23, under the heading Capital Assets and Debt Administration.

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Long-term liabilities outstanding increased by \$1.3 million in 2010 to \$90.4 million after decreasing by \$10.3 million in 2009. The primary reasons for the increase was the County issuing new debt during the year and claims payable for the County's three Insurance Funds rising. A detailed analysis of the decrease in outstanding debt is presented in Table 4 on page 24, under the heading Capital Assets and Debt Administration.

Other liabilities increased \$1.0 million in 2010 to \$22.7 million. Accounts payable, contracts payable and salaries payable increased a combined \$2.9 million while due to other governments and unearned revenue decreased a combined \$1.9 million. Contracts payable increased because of having larger construction projects open at the end of 2010. The increase in salaries payable was due to the year end accrual for 2010 including ten days while the 2009 accrual was for nine days. A large decrease in due to other governments was primarily the result of the Community Development Block Grant Fund owing monies to local cities and town for projects at the end of 2009 that were subsequently paid in 2010.

Invested in capital assets, net of related debt, increased by \$29.0 million to \$392.8 million. The increase was the result of net capital assets increasing by \$28.7 million, while the outstanding debt that is related to capital assets decreased by \$.3 million. Even though the County's total debt outstanding increased in 2010, the debt related to capital assets can actually decrease due to not having spent all the proceeds received from general obligation bonds or notes on capital projects by the end of the year.

Restricted net assets increased \$1.0 million to \$21.8 million. The largest increase relates to the appropriation of grants which were recognized as revenue when received. The unspent balance increases are restricted, \$.3 million for 911 communications and \$.4 million for emergency contingency purposes. The remaining \$.3 million increase in restricted net assets is for the Shoreline Sales Permanent Fund and is primarily due to an increase in investment valuation.

Unrestricted net assets comprise all remaining balances and increased \$6.9 million to \$119.0 million in 2010. The majority of the unrestricted net assets in the government wide statements, \$91.6 million, comprise fund balance in the governmental fund statements that is either committed by Board action for specific purposes, or assigned indicating County management's intent to use the funds for specific purposes.

**Business-type Activities:**

Total net assets of the County's business-type activities decreased by \$.1 million to \$30.1 million in 2010. At year end the County's business-type activities consisted of three funds, Environmental Services, Plat Book (previously an Internal Service Fund) and Chris Jensen Health and Rehabilitation Center (Chris Jensen) which is operated by Health Dimensions Group under a 2009 lease agreement with the County. Business-type activities were able to report positive balances in all categories of net assets for 2010.

Current and other assets decreased by \$.4 million to \$21.0 million in 2010. The Supervised Living Facilities Fund was discontinued as of January 1, 2010, and all of the \$.5 million in current assets that remained in 2010 was either spent or transferred out to close the fund. The Environmental Services Fund restricted assets increased by \$.1 million for post closure liability coverage.

Capital assets in 2010 were \$.1 million more for business-type activities than in 2009. Environmental Services had new purchases and realized a net of depreciation gain of \$.3 million while Chris Jensen's capital assets were changed only by \$.2 million of depreciation expense.

Long-term liabilities decreased to \$2.5 million in 2010, a decline of \$.2 million from 2009. This was the result of a decline in employee obligations (compensated absences payable) in the Environmental Services Fund, the only business-type activity with County employees.

Restricted net assets in the business-type activities is entirely for financial assurance in the Environmental Services Fund and increased by \$.2 million in 2010.

Unassigned net assets decreased \$.4 million for business-type activities again primarily because the Supervised Living Facility Fund was closed.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
<i>Program revenues:</i>						
Charges for services	\$ 46.5	\$ 42.1	\$ 6.1	\$ 17.5	\$ 52.6	\$ 59.6
Operating Grants and Contributions	49.1	54.4	0.5	0.5	49.6	54.9
Capital Grants and Contributions	22.8	16.4	-	-	22.8	16.4
<i>General revenues:</i>						
Taxes:						
Property taxes, levied for general purposes	104.7	104.3	0.4	1.1	105.1	105.4
Property taxes, levied for debt service	5.9	5.9	-	-	5.9	5.9
State shared	20.0	24.1	-	-	20.0	24.1
Federal shared	2.6	2.8	-	-	2.6	2.8
Investment income	1.0	4.3	0.1	0.4	1.1	4.7
Total revenues	<u>252.6</u>	<u>254.3</u>	<u>7.1</u>	<u>19.5</u>	<u>259.7</u>	<u>273.8</u>
<b>Expenses</b>						
<i>Program expenses:</i>						
General government	34.9	36.0	-	-	34.9	36.0
Public safety	46.5	47.0	-	-	46.5	47.0
Highways and streets	39.3	39.0	-	-	39.3	39.0
Health and sanitation	5.3	4.8	-	-	5.3	4.8
Human services	73.0	72.4	-	-	73.0	72.4
Culture and recreation	3.0	1.9	-	-	3.0	1.9
Conservation of natural resources	7.9	6.9	-	-	7.9	6.9
Economic development	3.6	4.5	-	-	3.6	4.5
Interest on long-term debt	1.6	2.2	-	-	1.6	2.2
Environmental services	-	-	6.5	7.7	6.5	7.7
Chris Jensen Health & Rehabilitation	-	-	1.2	12.4	1.2	12.4
Other Enterprise funds	-	-	0.1	0.6	0.1	0.6
Total expenses	<u>215.1</u>	<u>214.7</u>	<u>7.8</u>	<u>20.7</u>	<u>222.9</u>	<u>235.4</u>
Increase in net assets before transfers	37.5	39.6	(0.7)	(1.2)	36.8	38.4
Transfers	(0.6)	(3.1)	0.6	3.1	-	-
<b>Increase (decrease) in net assets</b>	<u>36.9</u>	<u>36.5</u>	<u>(0.1)</u>	<u>1.9</u>	<u>36.8</u>	<u>38.4</u>
<b>Net assets January 1</b>	<u>496.7</u>	<u>460.2</u>	<u>30.2</u>	<u>28.3</u>	<u>526.9</u>	<u>488.5</u>
<b>Net assets December 31</b>	<u><b>\$ 533.6</b></u>	<u><b>\$ 496.7</b></u>	<u><b>\$ 30.1</b></u>	<u><b>\$ 30.2</b></u>	<u><b>\$ 563.7</b></u>	<u><b>\$ 526.9</b></u>

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

**Governmental Activities:**

Program revenues are revenues derived directly by a program and are from sources other than County taxpayers. In 2010, program revenues increased by \$5.5 million over 2009. Charges for services increased significantly in highways and streets (\$3.3 million) and conservation of natural resources (\$1.9 million), while the general fund dropped by \$1.9 million. Operating grants and contributions decreased \$5.3 million to \$49.1 million due primarily to the highway and streets program. Capital grants and contributions for highways and streets totaled \$22.8 million in 2010, compared with \$16.4 million in 2009. The increase in construction was because the County contracted for 12 State Aid projects in 2010 but only did three in 2009.

General revenues are all revenues that are not considered to be program revenues. In 2010, general revenues decreased by \$7.2 million to \$134.2 million. Property tax revenues in 2010 for both general purposes and for debt service each increased by less than .1%. Although the County Board increased the annual levy for 2010 by \$1.4 million over 2009, revenues did not reflect the levy increase. The debt service portion of the levy increased by less than \$.1 million in 2010.

State shared revenues that are classified as general revenues are commonly referred to as "local government aids". Two of the local government aids received in 2010 from the State of Minnesota, disparity aid (\$5.4 million) and market value credit (\$4.3 million), are used to reduce the amount of property taxes levied on County taxpayers. While disparity aid increased \$.1 million, the market value credit payments to the County were \$2.8 million less in 2010 than 2009. The other significant local government aid that comes from the state is county program aid. In 2010 the County received program aid of \$9.8 million compared to \$11.2 million in 2009, and \$9.6 million in 2008.

Investment income for governmental activities was \$1.0 million for 2010 a decrease of \$3.3 million from 2009. One cause for the decrease was that average yield on securities continued to decrease in 2010, a trend that began in 2008. The County's annual weighted average yield was 5.1% for 2007, 3.6% for 2008, 2.1% for 2009, and 1.1% for 2010. Another cause for the large decrease in investment income is the accounting requirement to value all investments at their market value as of the end of the year. This created an unrealized loss of over \$1.1 million for 2010. It is the County's policy to hold investments to maturity, thus avoiding any actual market value losses or gains.

Expenses for governmental activities increased by only \$.4 million in 2010, compared to \$1.3 million in 2009, \$7.5 million in 2008, and \$8.7 million in 2007. The only program that had a significant increases in expenses was culture and recreation. The \$1.2 million increase in culture and recreation was due entirely to state and federal grant monies that were spent on the Northern Lights Express passenger train project between Duluth and Minneapolis. Other governmental activities actually held spending below 2009 levels or had modest increases for 2010. Most increases in expenses in 2010 can be attributed to employee benefits and the rising cost of gas and diesel fuels.

**Business-type Activities:**

Program revenues for business-type activities decreased by \$11.4 million in 2010 to \$6.6 million. This decline was the result of the previously mentioned leasing of the Chris Jensen operation in 2009. Charges for services dropped by more than \$11.3 million in 2010 for Chris Jensen and another \$.6 for the Supervised Living Facility Fund which was closed effective January 1, 2010. The Environment Services Fund had an increase in charges for service in 2010 of \$.5 million. The SCORE recycling grant received by the Environmental Services Fund from the state each year remained at \$.5 million in 2010.

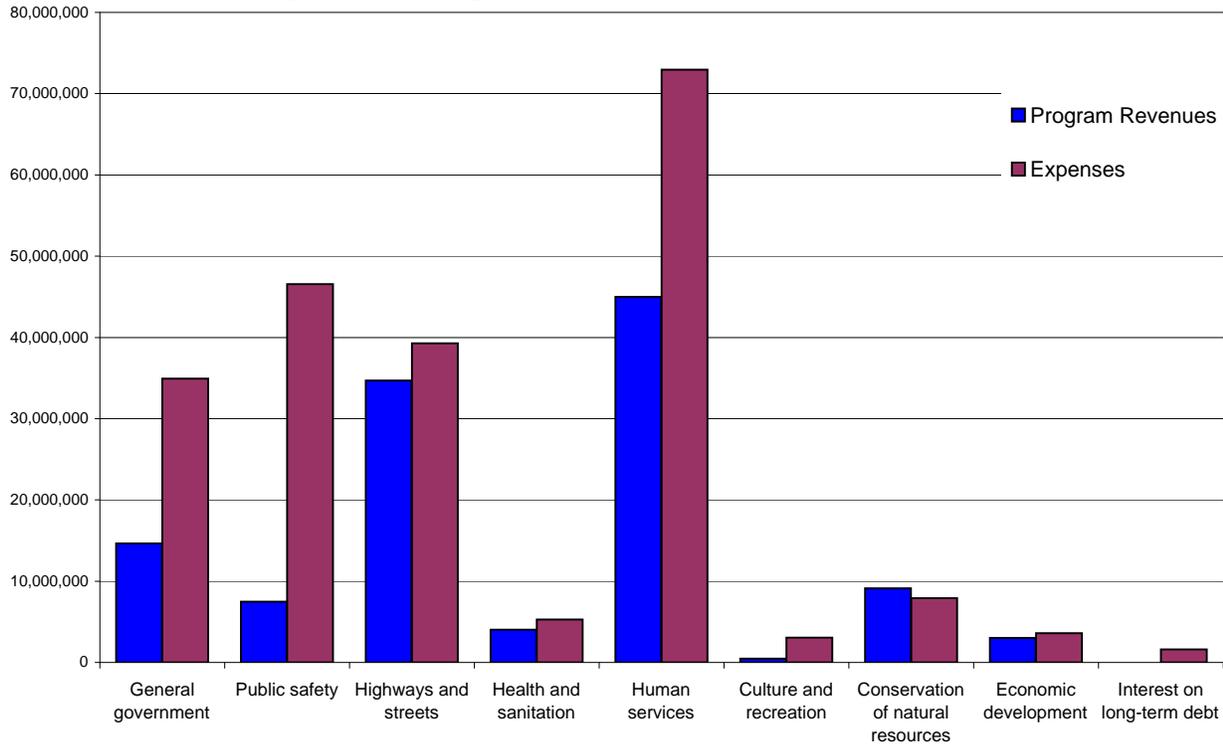
General revenues decreased in 2010 by \$1.0 million. The decrease of \$.7 million in property taxes once again was mainly due to the leasing of Chris Jensen. After 2009 the County no longer needed to subsidize Chris Jensen with a tax levy and was also able to reduce the tax levy needed by the Environmental Services Fund. Investment income for the Environmental Services Fund decreased \$.3 million to \$.1 million because of poor yield on investments.

Expenses for business-type activities declined by \$12.9 million in 2010 because of the Chris Jensen operation lease and the Environmental Services Fund spending \$1.2 million less in 2010 than in 2009.

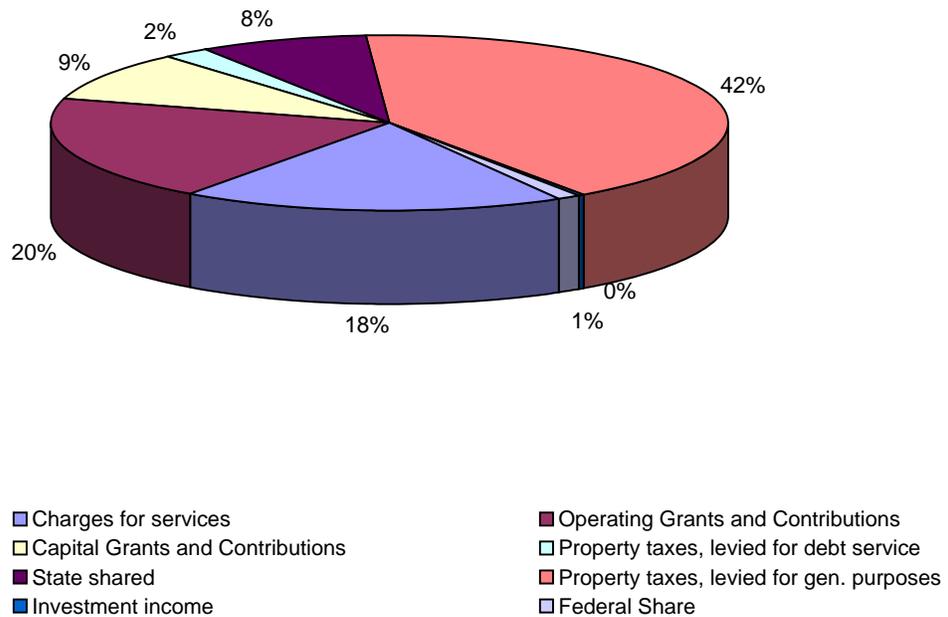
In 2009, the County's General Fund transferred \$2.8 million to the Chris Jensen Fund. In 2010 the transfer was \$.6 million.

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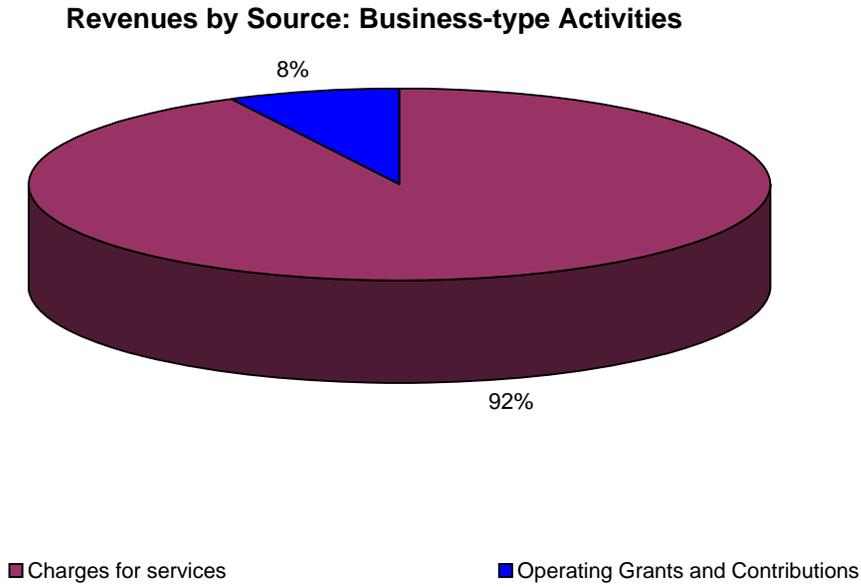
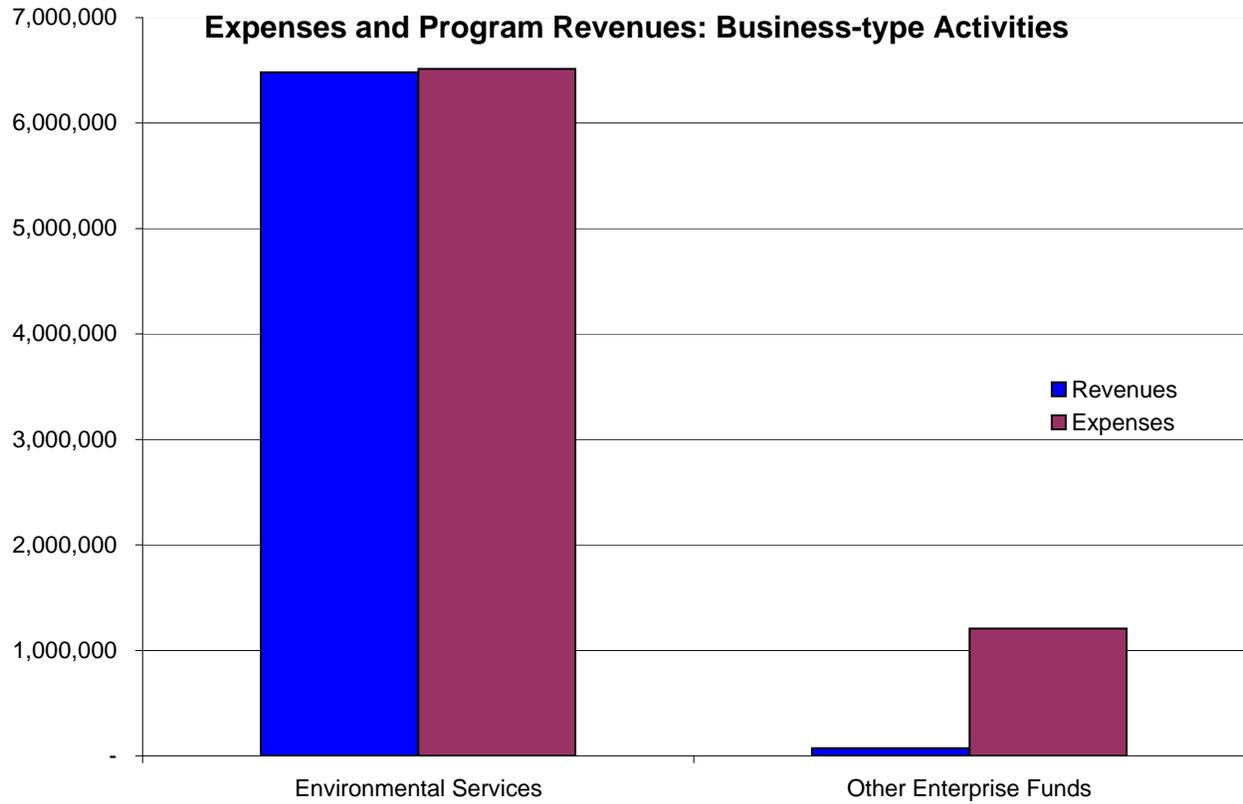
**Expenses & Program Revenues: Governmental Activities**



**Revenues by Source: Governmental Activities**



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**Financial Analysis of the Government's Funds**

As noted earlier, St. Louis County uses fund accounting to ensure and 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 balances of \$145.8 million in 2010, compared with \$132.3 million in 2009, an increase of \$13.5 million. Nonspendable and restricted fund balances have specific (usually external) constraints placed on their use. Unrestricted fund balance consists of fund balances (committed and assigned) for which the County has identified a specific purpose for its use and unassigned fund balance that does not have a specific use identified.

Governmental funds reported unrestricted fund balance for 2010 of \$121.6 million or 83.4% of total fund balance. Unrestricted fund balances are 26.1% committed, 37.5% assigned, and 19.8% unassigned. Committed fund balance is approved by the County Board, the Board decided (by resolution) to set aside monies to pay for retiree obligations. Assigned fund balances are amounts to be used for specific purposes but are neither restricted or committed. Funds set aside for anticipated future unallotments of state aid is one type of assigned fund balance and totals \$8.6 million at year end. 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. At the end of 2010, the unrestricted fund balance of the General Fund was \$42.2 million, compared to \$40.8 million in 2009. Unrestricted fund balance at the end of the year represented 50.0% of general fund operating revenues and 50.1% of operating expenditures. The Office of the State Auditor recommends that counties maintain unrestricted fund balance in their General Fund of approximately 35 to 50 percent of operating revenues, or no less than five months of operating expenditures (41.7%).

In 2010, the fund balance of the County's General Fund increased \$1.8 million to \$47.7 million. General Fund revenues exceeded expenditures by only \$.2 million. However, transfers in exceeded transfers out by \$1.6 million. All but \$.2 million of the \$2.4 million transferred into the General Fund resulted from the 2010 Land Apportionment. Expenditures for public safety made up over half of the General Funds total expenditures in 2010 as was the case in 2009.

The Road and Bridge Fund had a \$5.4 million excess of revenues over expenditures for 2010 as the result of cost saving on operating supplies such as gas and diesel fuels. In 2010, this fund transferred \$4.1 million into a capital projects fund for equipment purchases exclusively for the Road and Bridge Fund.

The Public Health and Human Services Fund had revenues in excess of expenditures of \$3.2 million in 2010. This was the result of holding the line on spending for operating items while keeping personal service expenditures in line with 2009.

The Capital Projects Fund spent 2008 bond proceeds on various capital projects during the year that resulted in an excess of expenditures over revenues of \$4.8 million. Additional bond proceeds were received in 2010 for future capital projects.

Pursuant to Minnesota Statute, the Forfeited Tax Sale Fund distributed \$3.3 million in net proceeds to county funds, cities, and towns in St. Louis County. The distribution was \$2.1 million for 2009, \$3.4 million in 2008 and \$5.0 million in 2007.

**Proprietary Funds:** St. Louis County proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**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's office and submitted to the County Board for their review and approval.

Actual expenditures ended the year \$4.5 million under the final budget. Expenditure budgets for personal services, professional services and software maintenance were underspent by \$3.1 million while other budgets were underspent or overspent by smaller amounts.

Actual revenues for 2010 were \$3.2 million less than the final budget. Earnings on investments were \$3.0 million under budget due to continued low interest rates and an accounting requirement to record all investments at their market value as of the last day of the year. This resulted in an unrealized loss of nearly \$1.2 million to be charged to earnings on investments.

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At year-end, the County's capital assets totaled \$439.1 million. Of that total, governmental activities accounted for \$426.9 million, and the remaining \$12.2 million belonged to the business-type activities. These amounts represent a broad range of capital assets including land, buildings, machinery, roads, road maintenance equipment, and law enforcement equipment. Detail is presented immediately below in Table 3.

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

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 2.0	\$ 2.0	\$ 0.4	\$ 0.4	\$ 2.4	\$ 2.4
Buildings and structures	67.1	65.0	7.5	7.6	74.6	72.6
Improvements other than buildings	-	-	3.3	2.9	3.3	2.9
Machinery and equipment	5.1	5.4	0.7	0.8	5.8	6.2
Vehicles	18.0	16.8	0.2	0.2	18.2	17.0
Infrastructure	325.6	302.1	-	-	325.6	302.1
Intangibles	0.1	-	-	-	0.1	-
Work in progress	9.0	6.9	0.1	0.2	9.1	7.1
<b>Totals</b>	<b>\$ 426.9</b>	<b>\$ 398.2</b>	<b>\$ 12.2</b>	<b>\$ 12.1</b>	<b>\$ 439.1</b>	<b>\$ 410.3</b>

Governmental activities increased (including additions, deductions, and depreciation expense) by \$28.7 million, or 7.2%, over 2009. Additions for 2010 totaled \$44 million, net disposals were \$3.6 million, and depreciation expense was \$11.7 million. The largest part of this increase came from infrastructure which had a net increase of \$23.5 million.

Infrastructure, which is the County's road and bridge system, had new construction totaling \$28.7 million in 2010 compared to \$23.0 million in 2009, and \$16.8 million in 2008. In 2010, infrastructure had depreciation expense of \$5.2 million. The useful life of the road and bridge system increased to 57 years in 2010 due to the County's annual calculation of the estimated useful life of infrastructure. In 2010, the County completed work on 33.9 miles which include 30.8 miles of County State Highways and 3.1 miles of County Roads. The County was not able to finish all work on 4.1 miles of bridges, 22.8 miles of county roads, .25 miles of unorganized township roads, and 173.4 miles of County State Highways.

The increase of \$2.1 million for buildings and structures was the result of additions of \$4.6 million and depreciation expense of \$2.5 million. Additions included: the new Meadowlands Maintenance Facility; Virginia Courthouse Annex remodeling; Duluth Courthouse Retaining Wall and Phase II HVAC remodeling; Hibbing Courthouse second floor remodeling; a new cold storage building in Ely; and numerous upgrades to security, fire alarms and elevator's. These projects were primarily funded by capital improvement bond proceeds and local property tax dollars.

Vehicle purchases for governmental activities in 2010 were \$4.1 million compared to \$2.6 million in the prior year. Additions to the County's fleet included; 44 cars, SUV's and pickups; 10 tandem trucks; two caterpillars; nine motor graders; one patrol boat; and nine all terrain vehicles.

Work in progress for governmental activities at year end consisted of putting finishing touches to the Duluth Courthouse sally port, continuing the upgrade to the Duluth Courthouse HVAC system and completing upgrades to various County elevators.

Business-type activities had total net capital assets of \$12.2 million in 2010, an increase of \$.1 million over 2009. Capital asset additions were \$.3 million for the year, with net disposals of \$.2 million. The Environmental Services Fund completed an upgrade to the Leachate Spray Irrigation System at the Virginia Regional Landfill in 2010 that had been started in 2009 at a cost of \$.2 million. Construction on Phase VI at the Regional Landfill began in 2010 with initial spending of \$.1 million; completion is scheduled for 2011.

Additional information on St. Louis County's capital assets can be found in the notes on page 70 and 71.

UNAUDITED  
 St. Louis County, Minnesota  
**Management's Discussion and Analysis**  
 December 31, 2010

**Debt Administration**

At year-end, the County had \$43.0 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	
	2010	2009
General obligation bonds	\$ 42.5	\$ 40.9
Revenue bonds	0.5	0.5
<b>Total</b>	<b>\$ 43.0</b>	<b>\$ 41.4</b>

County debt increased \$1.6 million in 2010 to \$43.0 million, compared to a decrease of \$12.9 million for 2009. The 2010 increase was the result of issuing \$7.1 million in Build America Bonds (BAB) late in 2010. Part of this bond issue will be used for the Virginia Courthouse and will comprise energy upgrades and enhancements including window replacement, HVAC and mechanical infrastructure improvements, remodeling within the existing courthouse; and construction of an addition for law enforcement and probation. The rest of the bond will be used for law enforcement and administration building improvements including communication system infrastructure.

Moody's Investors Service assigned an "Aa2" rating to the bonds issued in 2010.

Additional information on St. Louis County's long-term debt can be found in the notes on page 73-75.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The 2010 average unemployment rate in St. Louis County was 7.6%, a decrease of .5% compared to 2009. The average unemployment rate for United States was 9.6% in 2010 while the State of Minnesota was much lower at 7.3%.

The taconite industry also provides revenue to the County via the Taconite Production Tax. In 2010 St. Louis County received approximately \$11.0 million from this revenue source and is expected to receive \$10.9 million from this revenue source in 2011. The distribution of Taconite Production Tax proceeds to counties is based on a three year tonnage average. The tonnage average in 2008 was 39.2 million, in 2009 it was 17.1 million, and 2010 was 35.1 million. Per Minn Stat. §298.28 Subd .5 the County receives 26.05 cents per taxable ton; 10.525 cents per taxable ton must be deposited in the county road and bridge fund. If the taconite industry continues at its current levels the County should see an increase in this revenue source in 2013, when 2009 is excluded from the three year average.

Another revenue is the County Program Aid monies from the State of Minnesota. This revenue source has continued to be cut each year since 2009. In 2009 the County received \$11.1 million from this revenue source, in 2010 it decreased \$1.3 million down to \$9.8 million, and in 2011 the County is expecting to receive \$7.7 million.

The County's personal service budgets for 2011 account for over 75% of the County's combined personal services and operating budgets. Therefore potential cost containment measures usually start by looking at the personal service budgets of County departments. Employer paid health insurance premiums will increase in 2011 by 2.5 % as they have increased every year since 2003. Employees with single health insurance coverage began paying a portion of their premium for the first time in 2008 and will continue to do so at least into 2011. Pension contributions paid by the County for the Coordinated Plan have gone from 5.53.% in 2005 to 7.25% in 2011. The Coordinated Plan includes over 85% of the County's employees. Entering 2011, negotiations with the County's eleven bargaining units for years 2010 and 2011 remain unsettled for all but three of the units. Settlements resulting in wage increases for either 2010 or 2011 would have a significant budget impact on the County.

The normal cost of living increases coupled with a volatile global economy will severely challenge governmental units trying to control costs. Rising gas and diesel costs will impact everything the County buys and drives in 2011.

All of these factors were considered in preparing the County's budget for the 2011 fiscal year.

During the 2008 legislative session, Laws of Minnesota 2008, Chapter 366, Article 3 was enacted imposing levy limits beginning with Property Taxes Payable 2009 and ending with Property Taxes Payable 2011. The County's 2011 budget was passed on December 10, 2010, at a meeting of the St. Louis County Board of Commissioners. The 2011 property tax levy of \$108.1 million is \$.7 million, or .7% more than the 2010 levy.

**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 show 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.

# BASIC FINANCIAL STATEMENTS

# Government-wide Financial Statements

ST. LOUIS COUNTY, MINNESOTA

STATEMENT OF NET ASSETS

DECEMBER 31, 2010

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 131,508,521	\$ 1,630,953	\$ 133,139,474
Investments	44,642,466	15,244,360	59,886,826
Receivables (net)	34,384,602	1,337,539	35,722,141
Internal balances	689,031	(689,031)	-
Inventories	7,965,607	11,157	7,976,764
Prepaid items	246,889	-	246,889
Deferred charges	378,373	-	378,373
Restricted assets	-	3,497,098	3,497,098
Capital assets not being depreciated	11,104,830	473,922	11,578,752
Capital assets being depreciated, net	415,828,330	11,698,331	427,526,661
Total assets	<u>646,748,649</u>	<u>33,204,329</u>	<u>679,952,978</u>
<b>LIABILITIES</b>			
Accounts payable	18,564,855	634,214	19,199,069
Unearned revenue	4,101,471	9,931	4,111,402
Noncurrent liabilities:			
Due within one year	15,554,653	181,282	15,735,935
Due in more than one year	74,880,049	2,326,377	77,206,426
Total liabilities	<u>113,101,028</u>	<u>3,151,804</u>	<u>116,252,832</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	392,758,196	12,172,253	404,930,449
Restricted			
General government	2,902,525		2,902,525
Public safety	1,878,179		1,878,179
Highways and streets	1,976,083		1,976,083
Conservation of natural resources	6,662,817		6,662,817
Economic development	840,930		840,930
Debt service	1,362,748		1,362,748
Shoreline sales:			
Expendable	322,687		322,687
Nonexpendable	5,890,001		5,890,001
Financial assurance		2,010,475	2,010,475
Unrestricted	119,053,455	15,869,797	134,923,252
Total net assets	<u>\$ 533,647,621</u>	<u>\$ 30,052,525</u>	<u>\$ 563,700,146</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF ACTIVITIES**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental Activities:				
General government	\$ 34,923,640	\$ 13,268,257	\$ 1,378,866	\$ -
Public safety	46,550,865	3,908,406	3,460,545	98,000
Highways and streets	39,287,999	6,430,144	5,510,436	22,747,507
Health and sanitation	5,277,745	672,376	3,369,672	-
Human services	72,962,372	14,329,286	30,644,223	-
Culture and recreation	3,052,386	122,000	348,086	-
Conservation of natural resources	7,909,680	7,775,116	1,345,373	-
Economic development	3,608,417	18,295	3,011,030	-
Interest on long-term debt	1,586,786	-	-	-
<b>Total governmental activities</b>	<u>215,159,890</u>	<u>46,523,880</u>	<u>49,068,231</u>	<u>22,845,507</u>
Business-type activities:				
Environmental Services	6,501,817	5,986,389	495,045	-
Other Enterprise activities	1,312,236	71,991	-	-
<b>Total business-type activities</b>	<u>7,814,053</u>	<u>6,058,380</u>	<u>495,045</u>	<u>-</u>
Total primary government	<u>\$ 222,973,943</u>	<u>\$ 52,582,260</u>	<u>\$ 49,563,276</u>	<u>\$ 22,845,507</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF ACTIVITIES**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>			
Governmental Activities:			
General government	\$ (20,276,517)	\$ -	\$ (20,276,517)
Public safety	(39,083,914)	-	(39,083,914)
Highways and streets	(4,599,912)	-	(4,599,912)
Health and sanitation	(1,235,697)	-	(1,235,697)
Human services	(27,988,863)	-	(27,988,863)
Culture and recreation	(2,582,300)	-	(2,582,300)
Conservation of natural resources	1,210,809	-	1,210,809
Economic development	(579,092)	-	(579,092)
Interest on long-term debt	(1,586,786)	-	(1,586,786)
<b>Total governmental activities</b>	<u>(96,722,272)</u>	<u>-</u>	<u>(96,722,272)</u>
Business-type activities:			
Environmental Services	-	(20,383)	(20,383)
Other Enterprise Funds	-	(1,240,245)	(1,240,245)
<b>Total business-type activities</b>	<u>-</u>	<u>(1,260,628)</u>	<u>(1,260,628)</u>
Total primary government	<u>(96,722,272)</u>	<u>(1,260,628)</u>	<u>(97,982,900)</u>
General revenues:			
Taxes:			
Property taxes , levied for general purposes	104,647,533	403,116	105,050,649
Property taxes, levied for debt service	5,912,874	-	5,912,874
State shared not restricted to specific programs	20,032,790	-	20,032,790
Federal shared not restricted to specific programs	2,618,909	-	2,618,909
Investment earnings	1,011,023	121,729	1,132,752
Transfers	(601,424)	601,424	-
Total general revenues and transfers	<u>133,621,705</u>	<u>1,126,269</u>	<u>134,747,974</u>
Changes in net assets	36,899,433	(134,359)	36,765,074
Net assets - January 1	496,748,188	30,186,884	526,935,072
Net assets - December 31	<u>\$ 533,647,621</u>	<u>\$ 30,052,525</u>	<u>\$ 563,700,146</u>

# Fund Financial Statements

# Governmental Funds

## **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 required to be 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.

## ST. LOUIS COUNTY, MINNESOTA

## BALANCE SHEET

## GOVERNMENTAL FUNDS

DECEMBER 31, 2010

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 46,771,635	\$ 27,541,220	\$ 29,950,643	\$ -	\$ 9,613,965	\$ 9,385,535	\$ 123,262,998
Investments	-	-	-	-	11,824,742	6,490,261	18,315,003
Delinquent taxes receivable	2,718,734	1,314,931	2,050,669	-	125,631	447,565	6,657,530
Accounts receivable (net)	290,873	11,473	31,549	10,319,921	1,342	15,783	10,670,941
Accrued interest receivable	376,845	-	-	-	-	-	376,845
Loans receivable	373,673	155,585	-	-	-	848,878	1,378,136
Interfund receivable	847,532	-	-	-	-	-	847,532
Due from other governments	3,064,871	5,070,889	5,850,952	10,005	1,446	417,099	14,415,262
Inventories	-	7,715,474	-	-	-	-	7,715,474
Prepaid items	57,180	-	-	3,125	-	-	60,305
<b>Total Assets</b>	<b>54,501,343</b>	<b>41,809,572</b>	<b>37,883,813</b>	<b>10,333,051</b>	<b>21,567,126</b>	<b>17,605,121</b>	<b>183,700,026</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	1,073,446	2,139,835	1,669,966	103,342	1,979,809	164,494	7,130,892
Contracts payable	27,157	924,804	-	-	144,014	-	1,095,975
Salaries payable	1,966,288	636,089	1,239,442	137,918	-	6,722	3,986,459
Interfund payable	-	-	-	232,550	-	370,332	602,882
Due to other governments	403,797	67,487	1,498,213	10,775	1,062	120,797	2,102,131
Unearned revenue	262,970	2,767,911	61,650	-	-	-	3,092,531
Deferred revenue	3,039,778	5,476,956	2,157,641	8,646,522	110,317	475,071	19,906,285
<b>Total Liabilities</b>	<b>6,773,436</b>	<b>12,013,082</b>	<b>6,626,912</b>	<b>9,131,107</b>	<b>2,235,202</b>	<b>1,137,416</b>	<b>37,917,155</b>
<b>Fund Balance</b>							
<b>Non Spendable</b>							
Noncurrent loans	-	-	-	-	-	848,878	848,878
Inventories	-	7,715,474	-	-	-	-	7,715,474
Prepaid items	57,180	-	-	-	-	-	57,180
Environmental trust funds	-	-	-	-	-	5,890,001	5,890,001
<b>Restricted</b>							
Unorganized town roads	-	1,976,083	-	-	-	-	1,976,083
Debt service	-	-	-	-	-	1,362,748	1,362,748
Health and sanitation	-	-	-	-	-	118,969	118,969
Improvement of natural resources	-	-	-	-	-	322,687	322,687
Economic development	1,096,998	-	-	-	-	-	1,096,998
Law library	898,892	-	-	-	-	-	898,892
Recorder's equipment	1,211,291	-	-	-	-	-	1,211,291
Communications	1,054,925	-	-	-	-	-	1,054,925
Extension service	288,939	-	-	-	-	-	288,939
Missing heirs	218,016	-	-	-	-	-	218,016
Tax certificate assurance	195,911	-	-	-	-	-	195,911
Attorney forfeitures	340,561	-	-	-	-	-	340,561
Sheriff forfeitures	59,536	-	-	-	-	-	59,536
Sheriff fines	920	-	-	-	-	-	920
Election equipment	55,562	-	-	-	-	-	55,562
Data Intergration	33,914	-	-	-	-	-	33,914
Veterans' credit	-	-	-	15,000	-	-	15,000
Emergency contingency	5,942	392,326	-	23,969	-	-	422,237
<b>Committed</b>							
Health and sanitation	-	-	-	-	-	97,745	97,745
Conservation of natural resources	-	-	-	-	-	6,647,817	6,647,817
Economic development	-	-	-	-	-	840,930	840,930
Retiree obligations	7,952,847	4,321,583	9,301,389	599,390	-	-	22,175,209
Vesting sick leave	3,259,538	880,502	2,186,148	482,658	-	-	6,808,846
Central office intake	-	-	979,350	-	-	-	979,350
Ditching	275,000	-	-	-	-	-	275,000
Motorplex	277,430	-	-	-	-	-	277,430

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

ST. LOUIS COUNTY, MINNESOTA  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
DECEMBER 31, 2010

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assigned							
Out of home placement	-	-	700,000	-	-	-	700,000
Chemical dependency	-	-	400,000	-	-	-	400,000
Gas and diesel variability	-	962,947	-	-	-	-	962,947
Technology improvements	-	-	1,274,331	-	-	-	1,274,331
State aid engineering	-	340,262	-	-	-	-	340,262
Northland office building	-	-	-	-	2,027	-	2,027
Depreciation reserve	-	-	-	-	1,831,912	-	1,831,912
Capital improvements	-	-	-	-	17,497,985	-	17,497,985
Parking	267,638	-	-	-	-	-	267,638
Hibbing raceway	79,157	-	-	-	-	-	79,157
Planning and zoning GIS	18,274	-	-	-	-	-	18,274
NEMESIS	28,334	-	-	-	-	-	28,334
General government	755,863	-	-	-	-	-	755,863
Public safety	305,618	-	-	-	-	-	305,618
Highways and streets	-	13,207,313	-	-	-	-	13,207,313
Health and sanitation	11,882	-	-	-	-	-	11,882
Human services	-	-	16,415,683	-	-	-	16,415,683
Culture and recreation	33,520	-	-	-	-	-	33,520
Conservation of natural resources	-	-	-	80,927	-	337,930	418,857
Economic development	50,000	-	-	-	-	-	50,000
Unassigned	28,894,219	-	-	-	-	-	28,894,219
<b>Total Fund Balance</b>	<u>47,727,907</u>	<u>29,796,490</u>	<u>31,256,901</u>	<u>1,201,944</u>	<u>19,331,924</u>	<u>16,467,705</u>	<u>145,782,871</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 54,501,343</u>	<u>\$ 41,809,572</u>	<u>\$ 37,883,813</u>	<u>\$ 10,333,051</u>	<u>\$ 21,567,126</u>	<u>\$ 17,605,121</u>	<u>\$ 183,700,026</u>

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

Total Fund balance - governmental funds (from above)	\$ 145,782,871
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	425,016,762
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	19,906,285
Certain liabilities payable from other long term assets listed above are also deferred in the funds.	(3,458,609)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(78,240,357)
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 Assets.	<u>24,640,669</u>
<b>Net assets of governmental activities</b>	<u>\$ 533,647,621</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, 2010

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 46,517,455	\$ 25,495,781	\$ 29,322,156	\$ -	\$ 1,885,281	\$ 6,659,269	\$ 109,879,942
Licenses and permits	116,069	46,294	-	-	-	-	162,363
Intergovernmental	20,771,450	34,651,282	47,844,896	18,383	245,759	4,836,440	108,368,210
Charges for services	15,178,966	3,544,539	4,226,844	-	40,046	-	22,990,395
Fines and forfeits	191,041	-	-	-	-	-	191,041
Earnings on investments	39,879	-	-	-	30,048	656,912	726,839
Gifts and contributions	18,824	-	1,190	-	-	-	20,014
Land and timber sales	-	-	-	8,677,995	-	-	8,677,995
Miscellaneous	1,626,210	2,531,560	586,889	88,965	91,078	334,430	5,259,132
Total Revenues	<u>84,459,894</u>	<u>66,269,456</u>	<u>81,981,975</u>	<u>8,785,343</u>	<u>2,292,212</u>	<u>12,487,051</u>	<u>256,275,931</u>
<b>EXPENDITURES</b>							
Current:							
General government	33,044,449	-	-	-	454,369	-	33,498,818
Public safety	44,521,727	-	-	-	35,470	-	44,557,197
Highways and streets	-	31,948,892	-	-	118,981	-	32,067,873
Health and sanitation	667,864	-	4,579,238	-	-	11,600	5,258,702
Human services	540,586	-	72,654,613	-	-	-	73,195,199
Culture and recreation	1,814,085	-	-	-	-	1,238,301	3,052,386
Conservation of natural resources	975,747	-	-	6,665,281	-	790,278	8,431,306
Economic development	369,800	-	-	-	-	3,262,066	3,631,866
Debt service:							
Principal	-	-	-	-	-	5,478,358	5,478,358
Interest and other charges	-	-	-	-	-	1,603,635	1,603,635
Capital outlay:							
General government	1,357,402	-	-	-	1,674,792	-	3,032,194
Public safety	929,219	-	-	-	1,624,500	-	2,553,719
Highways and streets	-	28,888,210	-	-	3,223,969	-	32,112,179
Human services	-	-	1,594,705	-	-	-	1,594,705
Conservation of natural resources	-	-	-	207,069	-	26,267	233,336
Total Expenditures	<u>84,220,879</u>	<u>60,837,102</u>	<u>78,828,556</u>	<u>6,872,350</u>	<u>7,132,081</u>	<u>12,410,505</u>	<u>250,301,473</u>
Excess (deficiency) of revenues over (under) expenditures	<u>239,015</u>	<u>5,432,354</u>	<u>3,153,419</u>	<u>1,912,993</u>	<u>(4,839,869)</u>	<u>76,546</u>	<u>5,974,458</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	2,433,695	315,638	5,509	56,743	4,314,497	788,211	7,914,293
Transfers (out)	(864,940)	(4,361,328)	-	(1,863,826)	-	(485,600)	(7,575,694)
Bonds issued	-	-	-	-	7,123,697	11,303	7,135,000
Total other financing sources and uses	<u>1,568,755</u>	<u>(4,045,690)</u>	<u>5,509</u>	<u>(1,807,083)</u>	<u>11,438,194</u>	<u>313,914</u>	<u>7,473,599</u>
Net change in fund balances	1,807,770	1,386,664	3,158,928	105,910	6,598,325	390,460	13,448,057
Fund balances - January 1	45,920,137	28,426,237	28,097,973	1,096,034	12,733,599	16,077,245	132,351,225
Decrease in inventories	-	(16,411)	-	-	-	-	(16,411)
Fund balances - December 31	<u>\$ 47,727,907</u>	<u>\$ 29,796,490</u>	<u>\$ 31,256,901</u>	<u>\$ 1,201,944</u>	<u>\$ 19,331,924</u>	<u>\$ 16,467,705</u>	<u>\$ 145,782,871</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**  
**GOVERNMENTAL FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

Net change in fund balances--total governmental funds (from previous page)	\$ 13,448,057
Decrease in inventories--total governmental funds (from previous page)	(16,411)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues reported in the governmental funds are not considered revenues in the Statement of Activities.	(3,899,368)
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	431,862
Bond interest payable	16,849
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.	28,601,208
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.	(624,586)
Expenditures reported in the governmental funds are not considered expenses in the Statement of Activities	
Intra-general government function rent	(290,577)
Deferred charges	(17,925)
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 Assets.	6,385,324
Issuance of bonds is reported as an other financing source in the governmental funds, but issuance increases long-term liabilities in the Statement of Net Assets.	(7,135,000)
Change in net assets of governmental activities	\$ 36,899,433

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 45,817,785	\$ 46,229,014	\$ 46,517,455	\$ 288,441
Licenses and permits	121,150	121,150	116,069	(5,081)
Intergovernmental	21,190,912	20,678,933	20,771,450	92,517
Charges for services	15,600,453	15,680,698	15,178,966	(501,732)
Fines and forfeitures	241,000	241,000	191,041	(49,959)
Earnings on investments	3,035,000	3,035,000	39,879	(2,995,121)
Gifts and contributions	11,000	13,505	18,824	5,319
Miscellaneous	1,499,220	1,690,392	1,626,210	(64,182)
Total revenues	<u>87,516,520</u>	<u>87,689,692</u>	<u>84,459,894</u>	<u>(3,229,798)</u>
<b>EXPENDITURES</b>				
General government				
Commissioners				
Personnel services	870,571	896,790	896,790	-
Other operating	240,753	228,789	226,260	(2,529)
Total commissioners	<u>1,111,324</u>	<u>1,125,579</u>	<u>1,123,050</u>	<u>(2,529)</u>
Port authority				
Other operating	35,585	35,585	35,585	-
County administrator				
Personnel services	1,740,126	1,030,081	892,033	(138,048)
Other operating	1,814,488	828,902	675,084	(153,818)
Total county administrator	<u>3,554,614</u>	<u>1,858,983</u>	<u>1,567,117</u>	<u>(291,866)</u>
Intergovernmental affairs				
Personnel services	129,898	129,898	120,683	(9,215)
Other operating	130,936	135,936	93,940	(41,996)
Total intergovernmental affairs	<u>260,834</u>	<u>265,834</u>	<u>214,623</u>	<u>(51,211)</u>
Labor relations				
Other operating	100,468	100,468	97,560	(2,908)
Planning and zoning				
Personnel services	1,189,643	1,306,272	1,135,018	(171,254)
Other operating	888,410	1,096,428	1,031,315	(65,113)
Capital outlay	-	484,997	656,222	171,225
Total planning and zoning	<u>2,078,053</u>	<u>2,887,697</u>	<u>2,822,555</u>	<u>(65,142)</u>
Commitment representation				
Personnel services	2,500	-	-	-
Other operating	70,560	73,386	73,386	-
Total commitment representation	<u>73,060</u>	<u>73,386</u>	<u>73,386</u>	<u>-</u>
Court administrator				
Personnel services	28,973	28,973	28,973	-
Other operating	1,040,595	1,041,095	1,040,629	(466)
Total court administrator	<u>1,069,568</u>	<u>1,070,068</u>	<u>1,069,602</u>	<u>(466)</u>
Examiner of titles				
Personnel services	121,167	121,167	120,827	(340)
Other operating	20,000	20,000	19,934	(66)
Total examiner of titles	<u>141,167</u>	<u>141,167</u>	<u>140,761</u>	<u>(406)</u>
County attorney				
Personnel services	5,868,838	5,872,838	5,810,968	(61,870)
Other operating	1,063,043	1,152,654	984,633	(168,021)
Capital outlay	15,000	15,000	-	(15,000)
Total county attorney	<u>6,946,881</u>	<u>7,040,492</u>	<u>6,795,601</u>	<u>(244,891)</u>
Subtotal	<u>15,371,554</u>	<u>14,599,259</u>	<u>13,939,840</u>	<u>(659,419)</u>

continued

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, 2010

<b>EXPENDITURES (CONTINUED)</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
County auditor				
Personnel services	3,615,609	3,384,672	3,362,000	(22,672)
Other operating	1,786,155	1,786,155	1,200,171	(585,984)
Total county auditor	5,401,764	5,170,827	4,562,171	(608,656)
County assessor				
Personnel services	1,921,795	1,712,815	1,680,946	(31,869)
Other operating	414,772	414,772	400,843	(13,929)
Total county assessor	2,336,567	2,127,587	2,081,789	(45,798)
Purchasing				
Personnel services	384,274	353,043	333,258	(19,785)
Other operating	106,824	106,824	67,001	(39,823)
Total purchasing	491,098	459,867	400,259	(59,608)
Microfilming				
Personnel services	121,069	122,119	122,119	-
Other operating	55,097	60,358	54,192	(6,166)
Total microfilming	176,166	182,477	176,311	(6,166)
Recorder				
Personnel services	1,831,481	1,831,481	1,760,789	(70,692)
Other operating	649,387	623,472	546,546	(76,926)
Capital outlay	5,000	166,915	127,706	(39,209)
Total recorder	2,485,868	2,621,868	2,435,041	(186,827)
Surveyor				
Personnel services	838,756	845,450	845,450	-
Other operating	102,759	96,065	68,342	(27,723)
Capital outlay	24,313	24,313	18,757	(5,556)
Total surveyor	965,828	965,828	932,549	(33,279)
Employee relations				
Personnel services	1,275,402	1,267,402	1,193,294	(74,108)
Other operating	467,869	443,648	367,900	(75,748)
Total civil service	1,743,271	1,711,050	1,561,194	(149,856)
Veteran's service				
Personnel services	682,921	634,530	634,530	-
Other operating	136,930	138,957	136,429	(2,528)
Total veteran's service	819,851	773,487	770,959	(2,528)
Employee training				
Personnel services	149,536	151,690	142,673	(9,017)
Other operating	200,961	185,176	153,877	(31,299)
Total employee training	350,497	336,866	296,550	(40,316)
Elections				
Personnel services	20,000	20,419	20,419	-
Other operating	456,803	400,822	278,629	(122,193)
Total elections	476,803	421,241	299,048	(122,193)
Subtotal	15,247,713	14,771,098	13,515,871	(1,255,227)

continued

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, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
General government				
Property management				
Personnel services	3,745,125	3,738,348	3,717,929	(20,419)
Other operating	2,312,799	2,448,044	2,429,388	(18,656)
Capital outlay	-	570,299	554,718	(15,581)
Total courthouses	<u>6,057,924</u>	<u>6,756,691</u>	<u>6,702,035</u>	<u>(54,656)</u>
Law library				
Personnel services	71,622	81,742	81,742	-
Other operating	186,951	176,831	162,363	(14,468)
Total law library	<u>258,573</u>	<u>258,573</u>	<u>244,105</u>	<u>(14,468)</u>
Total General Government	<u>36,935,764</u>	<u>36,385,621</u>	<u>34,401,851</u>	<u>(1,983,770)</u>
Public safety				
Prevention of Animal Cruelty				
Other operating	100,000	100,000	55,635	(44,365)
Arrowhead Regional Corrections				
Other operating	10,261,619	10,261,619	10,261,619	-
Sheriff				
Personnel services	10,310,949	9,943,655	9,808,625	(135,030)
Other operating	5,295,118	3,758,300	3,476,548	(281,752)
Capital outlay	98,000	853,247	845,271	(7,976)
Total sheriff	<u>15,704,067</u>	<u>14,555,202</u>	<u>14,130,444</u>	<u>(424,758)</u>
Boat and water safety				
Other operating	142,515	69,240	64,374	(4,866)
Capital outlay	17,300	37,480	32,287	(5,193)
Total boat and water safety	<u>159,815</u>	<u>106,720</u>	<u>96,661</u>	<u>(10,059)</u>
Medical examiner				
Other operating	495,100	505,760	505,756	(4)
Emergency management				
Personnel services	202,563	202,063	196,819	(5,244)
Other operating	51,216	363,821	363,586	(235)
Total emergency management	<u>253,779</u>	<u>565,884</u>	<u>560,405</u>	<u>(5,479)</u>
Rescue squad				
Other operating	166,703	160,621	132,534	(28,087)
Capital outlay	36,017	36,017	32,219	(3,798)
Total rescue squad	<u>202,720</u>	<u>196,638</u>	<u>164,753</u>	<u>(31,885)</u>
Law enforcement service				
Personnel services	941,468	1,004,555	880,480	(124,075)
Other operating	96,726	110,332	91,121	(19,211)
Total law enforcement service	<u>1,038,194</u>	<u>1,114,887</u>	<u>971,601</u>	<u>(143,286)</u>
Emergency communication				
Personnel services	3,275,652	3,679,152	3,676,586	(2,566)
Other operating	652,631	632,806	606,442	(26,364)
Total emergency communication	<u>3,928,283</u>	<u>4,311,958</u>	<u>4,283,028</u>	<u>(28,930)</u>
Ambulance service				
Other operating	62,000	66,825	66,825	-
Subtotal	<u>32,205,577</u>	<u>31,785,493</u>	<u>31,096,727</u>	<u>(688,766)</u>

continued

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (CONTINUED)</b>				
Public safety				
Radio maintenance				
Personnel services	450,471	450,471	412,270	(38,201)
Other operating	227,046	200,471	159,092	(41,379)
Total radio maintenance	<u>677,517</u>	<u>650,942</u>	<u>571,362</u>	<u>(79,580)</u>
Jail prisoners				
Personnel services	6,511,493	6,512,723	6,411,011	(101,712)
Other operating	5,500,265	5,149,029	4,718,461	(430,568)
Capital outlay	5,000	5,000	-	(5,000)
Total jail prisoners	<u>12,016,758</u>	<u>11,666,752</u>	<u>11,129,472</u>	<u>(537,280)</u>
Jail building				
Personnel services	532,249	542,752	542,752	-
Other operating	458,553	428,483	428,483	-
Total jail building	<u>990,802</u>	<u>971,235</u>	<u>971,235</u>	<u>-</u>
Mine inspector				
Personnel services	316,922	291,639	285,972	(5,667)
Other operating	30,163	30,163	24,086	(6,077)
Total mine inspector	<u>347,085</u>	<u>321,802</u>	<u>310,058</u>	<u>(11,744)</u>
Volunteer fire department				
Other operating	25,000	436,229	433,285	(2,944)
Sheriff's NEMESIS system				
Other operating	602,246	749,702	697,677	(52,025)
Sheriff fines				
Other operating	70,000	70,000	28,742	(41,258)
Attorneys forfeitures				
Other operating	15,000	53,042	37,526	(15,516)
Sheriffs forfeitures				
Other operating	161,414	147,785	81,979	(65,806)
Capital outlay	-	7,029	7,029	-
Total sheriffs forfeitures	<u>161,414</u>	<u>154,814</u>	<u>89,008</u>	<u>(65,806)</u>
Enhanced 9-1-1				
Other operating	415,000	402,587	67,383	(335,204)
Capital outlay	-	12,413	12,413	-
Total enhanced 9-1-1	<u>415,000</u>	<u>415,000</u>	<u>79,796</u>	<u>(335,204)</u>
City/County antenna site				
Other operating	201,694	201,694	6,058	(195,636)
Total Public Safety	<u>47,728,093</u>	<u>47,476,705</u>	<u>45,450,946</u>	<u>(2,025,759)</u>

continued

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (CONTINUED)</b>				
Health and sanitation				
Occupational safety				
Personnel services	335,422	337,582	337,582	-
Other operating	233,774	201,289	174,262	(27,027)
Total occupational safety	<u>569,196</u>	<u>538,871</u>	<u>511,844</u>	<u>(27,027)</u>
Namakan Basin				
Other operating	-	137,420	137,420	-
Midway Township Sewer				
Other operating	18,600	18,600	18,600	-
Total Health and sanitation	<u>587,796</u>	<u>694,891</u>	<u>667,864</u>	<u>(27,027)</u>
Human services				
Methamphetamine prevention				
Other operating	28,000	28,000	28,000	-
Emergency shelter program				
Personnel services	-	11,246	11,246	-
Other operating	1,086,600	565,596	501,340	(64,256)
Total emergency shelter program	<u>1,086,600</u>	<u>576,842</u>	<u>512,586</u>	<u>(64,256)</u>
Total Human services	<u>1,114,600</u>	<u>604,842</u>	<u>540,586</u>	<u>(64,256)</u>
Culture and recreation				
Duluth Airshow				
Other operating	10,000	10,000	10,000	-
Hibbing Raceway				
Other operating	14,661	14,661	5,087	(9,574)
Veteran's Memorial Hall				
Other operating	56,912	56,912	56,912	-
Tourism promotion				
Other operating	54,178	54,178	54,178	-
Depot				
Other operating	366,500	346,501	322,449	(24,052)
Arrowhead Library System				
Other operating	789,411	789,411	789,411	-
Historical Society				
Other operating	267,686	267,686	267,686	-
Community fairs				
Other operating	1,000	1,000	500	(500)
County fair - north				
Other operating	12,806	12,806	12,806	-
County fair - south				
Other operating	12,806	12,806	12,806	-
Trail assistance				
Other operating	-	550,000	282,250	(267,750)
Total Culture and Recreation	<u>1,585,960</u>	<u>2,115,961</u>	<u>1,814,085</u>	<u>(301,876)</u>

continued

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (CONTINUED)</b>				
Conservation of natural resources				
North Shore Management Board				
Other operating	2,500	2,500	2,500	-
Soil conservation - north				
Other operating	60,000	60,000	60,000	-
Soil conservation - south				
Other operating	60,000	60,000	60,000	-
County agent				
Personnel services	245,903	247,102	247,102	-
Other operating	418,292	421,435	406,981	(14,454)
Total county agent	664,195	668,537	654,083	(14,454)
Youth task force				
Personnel services	65,211	63,333	63,333	-
Other operating	130,175	137,366	135,831	(1,535)
Total youth task force	195,386	200,699	199,164	(1,535)
Total Conservation of Natural Resources	982,081	991,736	975,747	(15,989)
Economic development				
Northspan				
Other operating	19,800	19,800	19,800	-
Revolving loans				
Other operating	-	400,000	350,000	(50,000)
Total Economic Development	19,800	419,800	369,800	(50,000)
Total Expenditures	88,954,094	88,689,556	84,220,879	(4,468,677)
Excess of revenues over (under) expenditures	(1,437,574)	(999,864)	239,015	1,238,879
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,221,028	2,017,826	2,433,695	415,869
Transfers (out)	(1,004,885)	(985,965)	(864,940)	121,025
Total other financing sources (uses)	216,143	1,031,861	1,568,755	536,894
Net change in fund balances	(1,221,431)	31,997	1,807,770	1,775,773
Fund Balance - January 1	45,920,137	45,920,137	45,920,137	-
Fund Balance - December 31	<u>\$ 44,698,706</u>	<u>\$ 45,952,134</u>	<u>\$ 47,727,907</u>	<u>\$ 1,775,773</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**  
**ROAD AND BRIDGE SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 25,242,893	\$ 25,410,891	\$ 25,495,781	\$ 84,890
Licenses and permits	34,000	34,000	46,294	12,294
Intergovernmental	49,803,562	49,342,891	34,651,282	(14,691,609)
Charges for services	1,067,700	6,837,951	3,544,539	(3,293,412)
Miscellaneous	4,369,965	4,659,990	2,531,560	(2,128,430)
Total Revenues	<u>80,518,120</u>	<u>86,285,723</u>	<u>66,269,456</u>	<u>(20,016,267)</u>
<b>EXPENDITURES</b>				
Highways and streets				
Administration				
Personnel services	4,225,327	3,986,051	2,776,709	(1,209,342)
Other operating	1,789,614	1,808,300	1,363,874	(444,426)
Capital outlay	95,000	86,500	860,123	773,623
Total administration	<u>6,109,941</u>	<u>5,880,851</u>	<u>5,000,706</u>	<u>(880,145)</u>
Road maintenance				
Personnel services	11,343,468	11,578,358	11,377,071	(201,287)
Other operating	2,160,869	2,378,987	2,130,470	(248,517)
Capital outlay	-	-	131,729	131,729
Total road maintenance	<u>13,504,337</u>	<u>13,957,345</u>	<u>13,639,270</u>	<u>(318,075)</u>
Road construction				
Personnel services	-	-	358,659	358,659
Other operating	-	-	2,150,178	2,150,178
Capital outlay	54,028,784	57,443,866	27,896,358	(29,547,508)
Total road construction	<u>54,028,784</u>	<u>57,443,866</u>	<u>30,405,195</u>	<u>(27,038,671)</u>
Equipment maintenance and shops				
Personnel services	4,041,547	3,645,931	3,489,073	(156,858)
Other operating	10,529,287	10,811,790	8,302,858	(2,508,932)
Total equipment maintenance and shops	<u>14,570,834</u>	<u>14,457,721</u>	<u>11,791,931</u>	<u>(2,665,790)</u>
Total Expenditures	<u>88,213,896</u>	<u>91,739,783</u>	<u>60,837,102</u>	<u>(30,902,681)</u>
Excess of Revenues Over (Under) Expenditures	<u>(7,695,776)</u>	<u>(5,454,060)</u>	<u>5,432,354</u>	<u>10,886,414</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	315,638	315,638	315,638	-
Transfers (out)	-	(4,361,328)	(4,361,328)	-
Total other financing sources (uses)	<u>315,638</u>	<u>(4,045,690)</u>	<u>(4,045,690)</u>	<u>-</u>
Net change in fund balances	(7,380,138)	(9,499,750)	1,386,664	10,886,414
Fund Balance - January 1	28,426,237	28,426,237	28,426,237	-
Decrease in reserved for inventories	-	-	(16,411)	(16,411)
Fund Balance - December 31	<u>\$ 21,046,099</u>	<u>\$ 18,926,487</u>	<u>\$ 29,796,490</u>	<u>\$ 10,870,003</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**PUBLIC HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 29,471,042	\$ 29,471,042	\$ 29,322,156	\$ (148,886)
Intergovernmental	43,879,962	45,942,900	47,844,896	1,901,996
Charges for services	4,509,160	3,800,660	4,226,844	426,184
Gifts and contributions	-	-	1,190	1,190
Miscellaneous	664,050	704,050	586,889	(117,161)
Total Revenues	<u>78,524,214</u>	<u>79,918,652</u>	<u>81,981,975</u>	<u>2,063,323</u>
<b>EXPENDITURES</b>				
Human services				
Administration				
Personnel services	6,113,266	6,407,764	6,159,589	(248,175)
Other operating	4,395,868	4,618,733	4,534,703	(84,030)
Total administration	<u>10,509,134</u>	<u>11,026,497</u>	<u>10,694,292</u>	<u>(332,205)</u>
Income maintenance				
Personnel services	11,661,884	10,697,090	10,322,518	(374,572)
Other operating	5,119,016	3,439,295	2,984,586	(454,709)
Capital outlay	-	1,594,705	1,594,705	-
Total income maintenance	<u>16,780,900</u>	<u>15,731,090</u>	<u>14,901,809</u>	<u>(829,281)</u>
Social services				
Personnel services	18,604,076	19,351,866	18,956,989	(394,877)
Other operating	29,236,104	30,629,507	29,696,228	(933,279)
Total social services	<u>47,840,180</u>	<u>49,981,373</u>	<u>48,653,217</u>	<u>(1,328,156)</u>
Total human services	<u>75,130,214</u>	<u>76,738,960</u>	<u>74,249,318</u>	<u>(2,489,642)</u>
Health and sanitation				
Administration				
Personnel services	634,238	685,004	629,335	(55,669)
Other operating	98,612	123,961	104,160	(19,801)
Total administration	<u>732,850</u>	<u>808,965</u>	<u>733,495</u>	<u>(75,470)</u>
Nursing				
Personnel services	3,498,954	3,651,501	3,398,310	(253,191)
Other operating	436,954	607,964	322,640	(285,324)
Total nursing	<u>3,935,908</u>	<u>4,259,465</u>	<u>3,720,950</u>	<u>(538,515)</u>
Environmental Health				
Personnel services	119,506	117,678	93,100	(24,578)
Other operating	55,222	55,222	31,693	(23,529)
Total environmental health	<u>174,728</u>	<u>172,900</u>	<u>124,793</u>	<u>(48,107)</u>
Total health and sanitation	<u>4,843,486</u>	<u>5,241,330</u>	<u>4,579,238</u>	<u>(662,092)</u>
Total Expenditures	<u>79,973,700</u>	<u>81,980,290</u>	<u>78,828,556</u>	<u>(3,151,734)</u>
Excess of Revenues Over (Under) Expenditures	(1,449,486)	(2,061,638)	3,153,419	5,215,057
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,509	5,509	5,509	-
Net change in fund balances	(1,443,977)	(2,056,129)	3,158,928	5,215,057
Fund Balance - January 1	28,097,973	28,097,973	28,097,973	-
Fund Balance - December 31	<u>\$ 26,653,996</u>	<u>\$ 26,041,844</u>	<u>\$ 31,256,901</u>	<u>\$ 5,215,057</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FORFEITED TAX SALE SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 18,383	\$ 18,383
Land and timber sales	7,160,000	7,160,000	8,677,995	1,517,995
Miscellaneous	190,000	190,000	88,965	(101,035)
Total Revenues	<u>7,350,000</u>	<u>7,350,000</u>	<u>8,785,343</u>	<u>1,435,343</u>
<b>EXPENDITURES</b>				
Conservation of natural resources				
Personnel services	4,612,043	4,450,684	4,135,696	(314,988)
Other operating	1,550,117	2,939,268	2,529,585	(409,683)
Capital outlay	228,000	256,406	207,069	(49,337)
Total Expenditures	<u>6,390,160</u>	<u>7,646,358</u>	<u>6,872,350</u>	<u>(774,008)</u>
Excess of Revenues Over (Under) Expenditures	959,840	(296,358)	1,912,993	2,209,351
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	56,743	56,743	56,743	-
Transfers out	-	(1,863,826)	(1,863,826)	-
Total other financing sources (uses)	<u>56,743</u>	<u>(1,807,083)</u>	<u>(1,807,083)</u>	<u>-</u>
Net change in fund balances	1,016,583	(2,103,441)	105,910	2,209,351
Fund Balance - January 1	<u>1,096,034</u>	<u>1,096,034</u>	<u>1,096,034</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 2,112,617</u>	<u>\$ (1,007,407)</u>	<u>\$ 1,201,944</u>	<u>\$ 2,209,351</u>

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

Proprietary

Funds

## 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 area.

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
DECEMBER 31, 2010

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Environmental Services	Other Enterprise Funds	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,095,811	\$ 535,142	\$ 1,630,953	\$ 8,245,523
Investments	15,244,360	-	15,244,360	26,327,463
Delinquent taxes receivable	17,539	10,741	28,280	-
Accounts receivables (net)	62,876	1,189,535	1,252,411	703,344
Accrued interest receivable	56,847	-	56,847	163,319
Due from other governments	1	-	1	19,225
Inventories	-	11,157	11,157	250,133
Prepaid items	-	-	-	186,584
Total current assets	<u>16,477,434</u>	<u>1,746,575</u>	<u>18,224,009</u>	<u>35,895,591</u>
Noncurrent assets:				
Restricted assets				
Financial assurance				
Cash and cash equivalents	594,269	-	594,269	-
Investments	2,902,829	-	2,902,829	-
Capital assets				
Land	233,266	130,656	363,922	25,500
Buildings and structures	6,778,224	6,910,563	13,688,787	854,977
Improvements other than buildings	8,858,095	13,135	8,871,230	-
Machinery and equipment	694,235	1,397,182	2,091,417	2,815,640
Vehicles	1,083,546	73,914	1,157,460	2,106,516
Construction in progress	110,000	-	110,000	216,305
Less accumulated depreciation	<u>(10,289,111)</u>	<u>(3,821,452)</u>	<u>(14,110,563)</u>	<u>(4,102,540)</u>
Total capital assets, net	<u>7,468,255</u>	<u>4,703,998</u>	<u>12,172,253</u>	<u>1,916,398</u>
Total noncurrent assets	<u>10,965,353</u>	<u>4,703,998</u>	<u>15,669,351</u>	<u>1,916,398</u>
Total assets	<u>27,442,787</u>	<u>6,450,573</u>	<u>33,893,360</u>	<u>37,811,989</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
DECEMBER 31, 2010

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Environmental Services	Other Enterprise Funds	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	412,828	102,142	514,970	251,835
Contracts payable	-	-	-	153,971
Salaries payable	89,188	-	89,188	166,891
Compensated absences payable	181,282	-	181,282	328,507
Claims payable	-	-	-	2,912,013
Due to other governments	30,056	-	30,056	102,432
Interfund payable	-	-	-	244,650
Unearned revenue	9,931	-	9,931	1,008,940
Total current liabilities	<u>723,285</u>	<u>102,142</u>	<u>825,427</u>	<u>5,169,239</u>
Noncurrent liabilities:				
Compensated absences payable	839,754	-	839,754	1,768,318
Claims payable	-	-	-	4,569,957
OPEB obligation	-	-	-	2,352,837
Closure and post-closure liabilities	1,486,623	-	1,486,623	-
Total noncurrent liabilities	<u>2,326,377</u>	<u>-</u>	<u>2,326,377</u>	<u>8,691,112</u>
Total liabilities	<u>3,049,662</u>	<u>102,142</u>	<u>3,151,804</u>	<u>13,860,351</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	7,468,255	4,703,998	12,172,253	1,916,398
Restricted for financial assurance	2,010,475	-	2,010,475	-
Unrestricted	14,914,395	1,644,433	16,558,828	22,035,240
Total net assets	<u>\$ 24,393,125</u>	<u>\$ 6,348,431</u>	<u>\$ 30,741,556</u>	<u>\$ 23,951,638</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(689,031)</u>	
Net assets of business type activities			<u>\$ 30,052,525</u>	

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Environmental Services	Other Enterprise Funds	Total	
Operating Revenues				
Charges for services	\$ 5,316,571	\$ 21,956	\$ 5,338,527	\$ 40,484,004
Licenses and permits	9,211	-	9,211	-
Other	660,607	50,035	710,642	826,528
Total Operating Revenues	<u>5,986,389</u>	<u>71,991</u>	<u>6,058,380</u>	<u>41,310,532</u>
Operating Expenses				
Personal services	2,767,433	760,912	3,528,345	4,722,358
Contractual services	3,556,206	112,148	3,668,354	33,049,653
Materials	217,039	162,923	379,962	842,252
OPEB expense	-	-	-	810,655
Claims Paid	-	-	-	1,484,770
Depreciation	(25,288)	169,988	144,700	464,902
Total Operating Expenses	<u>6,515,390</u>	<u>1,205,971</u>	<u>7,721,361</u>	<u>41,374,590</u>
Operating Income (Loss)	<u>(529,001)</u>	<u>(1,133,980)</u>	<u>(1,662,981)</u>	<u>(64,058)</u>
Nonoperating Revenues (Expenses)				
Taxes	383,080	20,036	403,116	-
Grants	495,045	-	495,045	-
Earnings on investments	121,729	-	121,729	284,184
Loss or gain on asset disposal	-	-	-	2,619
Total Nonoperating Revenues (Expenses)	<u>999,854</u>	<u>20,036</u>	<u>1,019,890</u>	<u>286,803</u>
Income (Loss) Before Transfers	470,853	(1,113,944)	(643,091)	222,745
Transfers in	161,055	856,237	1,017,292	67,472
Transfers out	-	(415,868)	(415,868)	(1,007,495)
Total Transfers	<u>161,055</u>	<u>440,369</u>	<u>601,424</u>	<u>(940,023)</u>
Change in net assets	631,908	(673,575)	(41,667)	(717,278)
Net assets - January 1	<u>23,761,217</u>	<u>7,022,006</u>	<u>30,783,223</u>	<u>24,668,916</u>
Net assets - December 31	<u>\$ 24,393,125</u>	<u>\$ 6,348,431</u>	<u>\$ 30,741,556</u>	<u>\$ 23,951,638</u>
Change in net assets			\$ (41,667)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(92,692)</u>	
Change in net assets of business type activities			<u>\$ (134,359)</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, 2010

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Environmental Services	Other Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 5,308,147	\$ 438,476	\$ 5,746,623	\$ 163,843
Receipts from interfund services provided	-	-	-	40,225,125
Payments to suppliers	(3,755,506)	(205,008)	(3,960,514)	(5,599,774)
Payments to employees	(2,871,423)	(819,335)	(3,690,758)	(5,022,336)
Claims paid	-	-	-	(30,090,667)
Other receipts (payments)	588,991	34,330	623,321	867,033
Net cash provided (used) by operating activities	<u>(729,791)</u>	<u>(551,537)</u>	<u>(1,281,328)</u>	<u>543,224</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds from taxes	381,425	31,198	412,623	-
Proceeds from grants	504,976	-	504,976	-
Proceeds from interfund loan	-	-	-	244,650
Transfers from other funds	161,055	856,237	1,017,292	67,472
Transfers to other funds	-	(415,868)	(415,868)	(1,007,495)
Net cash provided (used) by noncapital financing activities	<u>1,047,456</u>	<u>471,567</u>	<u>1,519,023</u>	<u>(695,373)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(190,429)	-	(190,429)	(439,270)
Proceeds from sale of capital assets	-	-	-	32,896
Net cash provided (used) by capital and related financing activities	<u>(190,429)</u>	<u>-</u>	<u>(190,429)</u>	<u>(406,374)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(24,778,585)	-	(24,778,585)	(42,860,540)
Sale of investments	24,608,801	-	24,608,801	43,935,320
Interest and dividends	261,401	-	261,401	371,025
Net cash provided by investing activities	<u>91,617</u>	<u>-</u>	<u>91,617</u>	<u>1,445,805</u>
Net Increase (Decrease) in Cash and Cash Equivalents	218,853	(79,970)	138,883	887,282
Balances - January 1	<u>1,471,227</u>	<u>615,112</u>	<u>2,086,339</u>	<u>7,358,241</u>
Balances - December 31	<u>\$ 1,690,080</u>	<u>\$ 535,142</u>	<u>\$ 2,225,222</u>	<u>\$ 8,245,523</u>
<b>Detail on Statement of Net Assets</b>				
Cash and cash equivalents				
Current	\$ 1,095,811	\$ 535,142	\$ 1,630,953	\$ 8,245,523
Restricted				
Financial assurance	594,269	-	594,269	-
Total	<u>\$ 1,690,080</u>	<u>\$ 535,142</u>	<u>\$ 2,225,222</u>	<u>\$ 8,245,523</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, 2010

	Business-type Activities			
	Enterprise Funds			Governmental Activities - Internal Service Funds
	Environmental Services	Other Enterprise Funds	Total	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (529,001)	\$ (1,133,980)	\$ (1,662,981)	\$ (64,058)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	(25,288)	169,988	144,700	464,902
(Increase) Decrease Receivables, net	(8,427)	477,114	468,687	(98,623)
(Increase) Decrease Due from other governments	3	4	7	53,744
(Increase) Decrease Inventories	-	(11,157)	(11,157)	(117,503)
(Increase) Decrease Prepaid Items	-	-	-	(51,417)
Increase (Decrease) Accounts payable	17,739	20,626	38,365	(282,261)
Increase (Decrease) Salaries payable	5,428	-	5,428	30,088
Increase (Decrease) Compensated absences payable	(109,418)	(58,423)	(167,841)	(136,881)
Increase (Decrease) Claims payable	-	-	-	(47,243)
Increase (Decrease) Due to other governments	(8,572)	(15,709)	(24,281)	(18,271)
Increase (Decrease) OPEB obligation	-	-	-	810,655
Increase (Decrease) Unearned revenue	-	-	-	92
Increase (Decrease) Customer deposits	(100)	-	(100)	-
Increase (Decrease) Closure and post closure	(72,155)	-	(72,155)	-
Total Adjustments	(200,790)	582,443	381,653	607,282
Net cash provided (used) by operating activities	<u>\$ (729,791)</u>	<u>\$ (551,537)</u>	<u>\$ (1,281,328)</u>	<u>\$ 543,224</u>
<b>NON-CASH ACTIVITIES</b>				
Contracts payable incurred for construction of capital assets	\$ -	\$ -	\$ -	\$ 153,971
Change in fair market value of investments	44,404	-	-	(61,241)
Disposal of fully depreciated capital assets	36,560	-	-	-

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

Fiduciary

Funds

## 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 ASSETS**  
**FIDUCIARY FUNDS**  
DECEMBER 31, 2010

	<b>Investment Trusts</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 425,842	\$ 13,823,616
Investments	14,533,730	2,716,012
Delinquent taxes receivable	-	84,479
Accounts receivable	-	87,653
Accrued interest receivable	81,708	-
Due from other governments	-	2,494,390
Prepaid items	-	3,320
Total Assets	15,041,280	19,209,470
<b>LIABILITIES</b>		
Accounts payable	-	1,695,866
Salaries payable	-	522,848
Due to other governments	425,842	16,990,756
Total Liabilities	425,842	19,209,470
<b>NET ASSETS</b>		
Held in trust for pool participants and other purposes	\$ 14,615,438	\$ -

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>Investment Trusts</b>
<b>ADDITIONS</b>	
Taconite taxes	\$ 32,585,351
Earnings on investments	336,360
Total Additions	32,921,711
 <b>DEDUCTIONS</b>	
Distributions to participants	40,352,219
Total Deductions	40,352,219
Changes in net assets	(7,430,508)
Net assets - January 1	22,045,946
Net assets - December 31	\$ 14,615,438

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

Notes to the  
Financial Statement

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2010

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*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2010

**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. 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 the Governmental Accounting Standards Board (GASB) Statement 14 criteria for determining the reporting entity, the following organization has been included in the County's financial statements:

**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 assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements. The 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 the 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 and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2010

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. 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 required to be 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.

The Public Health and Human Services Special Revenue Fund accounts for the operations and financial activities of the Public Health and Human Services Department.

The Forfeited Tax Sale Special Revenue Fund accounts for the proceeds from the sale or lease of lands forfeited to the State of Minnesota.

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

**The County reports the following major proprietary fund:**

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

**Additionally, the County reports the following fund types:**

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

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

The Shoreline Sales Permanent Fund is used to report resources that are legally restricted to the extent that only 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 program.

Enterprise Funds account for Chris Jensen Health and Rehabilitation Services, Plat Book activities, and Supervised Living Facilities services to other government agencies and various County departments. The Supervised Living Facilities Enterprise Fund was closed effective January 1, 2010.

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

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

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2010

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, Series EE Savings Bond, Canceled Check, Arrowhead Regional Corrections, Permit to Carry Firearms, Minneapolis - Duluth/Superior Passenger Rail Alliance, Community Health Services, Duluth Area Family Service Collaborative, Local Collaborative Time Study, Regional Railroad Authority, Northern Counties Land Use Board, and Agency Miscellaneous funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2010

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

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

The "total fund balances" of the County's governmental funds differ from "net assets" of governmental activities reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets 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 Assets Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 123,262,998	\$ -	\$ 8,245,523	\$ -	\$ 131,508,521
Investments	18,315,003	-	26,327,463	-	44,642,466
Delinquent taxes receivable	6,657,530	-	-	(6,657,530)	-
Accounts receivable (net)	10,670,941	-	703,344	(11,374,285)	-
Accrued interest receivable	376,845	-	163,319	(540,164)	-
Loans receivable	1,378,136	-	-	(1,378,136)	-
Interfund receivable	847,532	-	-	(847,532)	-
Due from other governments	14,415,262	-	19,225	(14,434,487)	-
Receivables (net)	-	-	-	34,384,602	34,384,602
Internal balances	-	-	689,031	-	689,031
Inventories	7,715,474	-	250,133	-	7,965,607
Prepaid items	60,305	-	186,584	-	246,889
Deferred charges	-	378,373	-	-	378,373
Capital assets not being depreciated	-	10,863,025	241,805	-	11,104,830
Capital assets being depreciated, net	-	414,153,737	1,674,593	-	415,828,330
Total Assets	<u>183,700,026</u>	<u>425,395,135</u>	<u>38,501,020</u>	<u>(847,532)</u>	<u>646,748,649</u>
<b>LIABILITIES</b>					
Accounts payable	7,130,892	-	251,835	11,182,128	18,564,855
Contracts payable	1,095,975	-	153,971	(1,249,946)	-
Salaries payable	3,986,459	-	166,891	(4,153,350)	-
Bond interest payable	-	115,660	-	(115,660)	-
Interfund payable	602,882	-	244,650	(847,532)	-
Due to other governments	2,102,131	3,458,609	102,432	(5,663,172)	-
Unearned revenue	3,092,531	-	1,008,940	-	4,101,471
Deferred revenue	19,906,285	(19,906,285)	-	-	-
Noncurrent liabilities					
Due within one year	-	12,314,133	3,240,520	-	15,554,653
Due in more than one year	-	66,188,937	8,691,112	-	74,880,049
Total Liabilities	<u>37,917,155</u>	<u>62,171,054</u>	<u>13,860,351</u>	<u>(847,532)</u>	<u>113,101,028</u>
<b>FUND BALANCE/NET ASSETS</b>					
Invested in capital assets, net of related debt	-	390,841,798	1,916,398	-	392,758,196
Nonspendable	14,511,533	-	-	(14,511,533)	-
Restricted	9,673,189	-	-	12,162,781	21,835,970
Committed	38,102,327	-	-	(38,102,327)	-
Assigned	54,601,603	-	-	(54,601,603)	-
Unassigned	28,894,219	(27,617,717)	22,724,271	(24,000,773)	-
Unrestricted	-	-	-	119,053,455	119,053,455
Total Fund Balance/Net Assets	<u>145,782,871</u>	<u>363,224,081</u>	<u>24,640,669</u>	<u>-</u>	<u>533,647,621</u>
Total Liabilities and Fund Balance/Net Assets	<u>\$ 183,700,026</u>	<u>\$ 425,395,135</u>	<u>\$ 38,501,020</u>	<u>\$ (847,532)</u>	<u>\$ 646,748,649</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2010

(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 assets includes those capital assets among the assets of the County as a whole. Deferred charges are related to long-term liabilities and are expended in the governmental funds but included in the governmental activities net assets.

Adjustment for deferred charges	\$ 378,373
Cost of capital assets	675,795,174
Accumulated depreciation	<u>(250,778,412)</u>
	<u>\$ 425,395,135</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 deferred revenue in the governmental funds, and thus are not included in fund balance. Also, there are liabilities related to some of these deferred assets that are not included in fund balance.

Adjustment of deferred revenue	<u>\$ (19,906,285)</u>
Adjustment of due to other governments	<u>\$ 3,458,609</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 assets. Balances at December 31, 2010 were:

Bond interest payable	<u>\$ 115,660</u>	
	Due Within One Year	Due In More Than One Year
Bonds and notes payable	\$ 5,911,416	\$ 37,091,469
Compensated absences	6,325,717	29,014,968
Capital leases payable	77,000	82,500
	<u>\$ 12,314,133</u>	<u>\$ 66,188,937</u>

(2) Internal service funds are used by management to charge the cost of certain activities, such as insurance and printing, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 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>\$ 689,031</u>
--	-------------------

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2010

**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 assets" 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.

	<b>Total Governmental Funds</b>	<b>Long-term Revenue, Expenses (1)</b>	<b>Capital Related Items (2)</b>	<b>Internal Service Funds (3)</b>	<b>Long-term Debt Transactions (4)</b>	<b>Statement of Activities Totals</b>
<b>Revenues and Other Sources</b>						
Taxes	\$ 109,879,942	\$ 680,465	\$ -	\$ -	\$ -	\$ 110,560,407
Licenses and permits	162,363	-	-	-	-	162,363
Intergovernmental	108,368,210	(3,687,100)	-	-	-	104,681,110
Charges for services	22,990,395	290,577	-	-	-	23,280,972
Fines and forfeits	191,041	-	-	-	-	191,041
Earnings on investments	726,839	-	-	284,184	-	1,011,023
Gifts and contributions	20,014	-	-	-	-	20,014
Land and timber sales	8,677,995	(1,079,655)	-	-	-	7,598,340
Miscellaneous	5,259,132	(103,655)	-	-	-	5,155,477
Other sources:						
Bonds issued	7,135,000	-	-	-	(7,135,000)	-
<b>Total</b>	<b>263,410,931</b>	<b>(3,899,368)</b>	<b>-</b>	<b>284,184</b>	<b>(7,135,000)</b>	<b>252,660,747</b>
<b>Expenditures/Expenses</b>						
<b>Current:</b>						
General government	33,498,818	301,132	1,312,295	65,779	(254,384)	34,923,640
Public safety	44,557,197	7,370	1,778,360	87,451	120,487	46,550,865
Highways and streets	32,067,873	16,411	7,602,792	31,880	(430,957)	39,287,999
Health and sanitation	5,258,702	-	448	(27,433)	46,028	5,277,745
Human services	73,195,199	-	-	(173,833)	(58,994)	72,962,372
Culture and recreation	3,052,386	-	-	-	-	3,052,386
Conservation of natural resources	8,431,306	(431,862)	206,122	(15,772)	(280,114)	7,909,680
Economic development	3,631,866	-	24,908	675	(49,032)	3,608,417
Debt service:						
Principal	5,478,358	-	-	-	(5,478,358)	-
Interest and other charges	1,603,635	(16,849)	-	-	-	1,586,786
Capital outlay	39,526,133	-	(39,526,133)	-	-	-
<b>Total</b>	<b>250,301,473</b>	<b>(123,798)</b>	<b>(28,601,208)</b>	<b>(31,253)</b>	<b>(6,385,324)</b>	<b>215,159,890</b>
<b>Other financing uses/changes</b>						
<b>in net assets:</b>						
Transfers in	7,914,293	-	-	67,472	-	7,981,765
Transfers out	(7,575,694)	-	-	(1,007,495)	-	(8,583,189)
Increase in inventories	(16,411)	16,411	-	-	-	-
<b>Total</b>	<b>322,188</b>	<b>16,411</b>	<b>-</b>	<b>(940,023)</b>	<b>-</b>	<b>(601,424)</b>
<b>Net change for the year</b>	<b>\$ 13,431,646</b>	<b>\$ (3,759,159)</b>	<b>\$ 28,601,208</b>	<b>\$ (624,586)</b>	<b>\$ (749,676)</b>	<b>\$ 36,899,433</b>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2010

(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. The adjustment to revenue between the governmental fund statements and the statement of activities is the change in revenue deferred as unavailable. In addition, intra-general government function rent charges and expenses are eliminated.

Property taxes	\$ 680,465
Long-term receivables:	
Intergovernmental	(3,687,100)
Intra-general government function rent	290,577
Land & timber sales	(1,079,655)
General fund	<u>(103,655)</u>
	<u>\$ (3,899,368)</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.

Due to other governments	<u>\$ (431,862)</u>
Bond interest payable	<u>\$ (16,849)</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 assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ (39,526,133)
Net disposal of capital assets	(313,863)
Depreciation expense	<u>11,238,788</u>
Difference	<u>\$ (28,601,208)</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 assets and do not result in available funds. The County's bonded debt was reduced when principal payments were made to bond holders. Changes in long-term liabilities (compensated absences and capital leases) also result in an expense in the statement of activities.

Principal payments made	\$ 5,478,358
Compensated absences	778,325
Bonds issued	(7,135,000)
Discount on bonds issued	67,182
Bond premium amortization	<u>61,459</u>
	<u>\$ (749,676)</u>

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2010

**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, comparisons between the results of operations and budgets 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 Project 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 their review and approval. If approved, they are implemented by the Auditor's Office as budget revisions. Supplemental appropriations could be required because of 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 \$10,870,249.

**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. All departments submit preliminary estimates of their requested appropriations and anticipated revenues by early June. These figures are used to determine the amount of tax levy that would be required to meet departmental requests, and the amount of budget adjustments that the County Administrator will need to make during the preliminary budget hearings in order to meet goals established by the County Board.
4. Preliminary budget hearings are held by the County Administrator with each department. These hearings begin about mid-June and last until about mid-July.
5. The County Administrator's recommended budget is given to the County Board prior to September 15. The County Board will certify by resolution to the County Auditor a maximum proposed property tax levy by September 15th, which will be used to comply with the Truth in Taxation provisions of state law.
6. The County Board holds formal public hearings on the proposed budget and adopts by resolution the final budget and tax levy on or before December 28.

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**F. Reclassifications**

Several account balances were reclassified as of and for the year ended December 31, 2009, as previously reported. These reclassifications, which did not require a restatement of net assets or fund balance, were required for comparability to the financial statements as of and for the year ended December 31, 2010. Although comparative statements for 2009 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, and Equity**

**Cash and Cash Equivalents**

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 2010 were \$39,879. 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, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares. Information relating to the MAGIC Fund can be obtained from Client Services Group, Minnesota Association of Governments Investing for Counties c/o PFM Asset Management LLC, P.O. Box 11760, Harrisburg, Pennsylvania, 17108-11760.

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

**Property Taxes**

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

The tax levy is spread on all taxable property based on the value of the property on the assessment date. At the time the taxes are spread they become a lien on the 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 offset by deferred revenue.

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**Inventories**

Road and Bridge Special Revenue Fund inventories consist of expendable supplies held for consumption and are valued at cost using the moving average method. Inventoried items are recorded as expenditures at the time that they are purchased. The reported inventories are offset by a reserve of fund balance 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.

Internal service funds' 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.

**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 assets are 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 estimated fair market value at the date of donation.

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

Depreciation has been provided over the estimated useful life using the straight-line method. For the purposes of depreciating infrastructure capital assets, all roads and bridges are considered a network. The estimated useful lives are:

Buildings and Improvements:	30-70 years
Improvements other than buildings:	10-20 years
Machinery and equipment:	5-10 years
Vehicles:	5-7 years
Infrastructure:	57 years
Intangibles:	2-5 years

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**Compensated Absences**

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 9.50 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 paid to employees at retirement or is used for the payment of employee's health insurance coverage 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 \$6,343,151 at December 31, 2010 is available to employees in the event of illness-related absences and is not reported in the financial statements.

**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 \$1,486,623 for the open area reported on the Environmental Services Enterprise Fund statement of net assets as landfill closure and postclosure liability at December 31, 2010, represents the following:

Postclosure liability

This is the liability for post closure costs for the Regional Landfill.	\$783,893
It is based on the use of 63.14% 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 63.14% of the existing open area.	\$702,730

The County will recognize the remaining \$770,898 in costs of closure and postclosure care of the open area as the remaining estimated capacity of the open area of the Regional Landfill is filled. The amounts are based on what it would cost to perform all closure and postclosure care in 2011. The County expects the open area to be closed in 2013 or later. Actual costs may be higher due to inflation, changes in technology, or changes in 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, 2010, restricted assets of \$3,497,098 are included in the amounts shown on the Environmental Services Enterprise Fund balance sheet as Restricted assets financial assurance - Cash and cash equivalents and Investments.

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.

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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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

**Fund Equity**

In 2010, the County early implemented the requirements of Statement No. 54 of the Governmental Accounting Standards Board, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement requires retroactive restatement of fund balance for the reclassifications made to conform to this statement. Total fund balance did not change. Fund balance is now 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 action. Board action established committed amounts for Retiree obligations, Vesting sick leave, Central office intake, Ditching, and Motorplex. In addition, the Septic Loan and Forest Resources Special Revenue Funds and the Shoreline Sales Permanent Fund interest portion of fund balance are committed for Health and sanitation, Conservation of natural resources, and Economic development, respectively. Committed fund balances are used before assigned or unassigned fund balances when an eligible expenditure is incurred.

**Assigned** – amounts intended to be used for certain purposes as determined by the County Board, or by the Administrator and Auditor acting together. Assigned fund balance totals \$54,601,603 and includes assignments for Capital improvements, Highways and streets, Human services, Future unallotments, and several other identified projects. 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.

**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, 2010; 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 and liabilities 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.

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**Note 2. Stewardship, Compliance and Accountability**

**Deficit Net Asset Balance**

The Printing Internal Service Fund had a deficit net asset balance of \$201,423 as of December 31, 2010. This fund was closed into the General Fund effective January 1, 2011.

**Note 3. Detailed Notes on all Funds and Account Groups**

**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 cash equivalents		\$ 131,508,521
Investments		44,642,466
Business-type Activities		
Current assets:		
Cash and cash equivalents		1,630,953
Investments		15,244,360
Restricted assets		
Financial Assurance		
Cash and cash equivalents		594,269
Investments		2,902,829
Fiduciary Activities:		
Current assets:		
Cash and cash equivalents		14,249,458
Investments		17,249,742
Total		<u>228,022,598</u>
Deposits		106,186,913
Cash on hand		1,293,622
Investments		120,542,063
Total deposits, cash on hand, and investments		<u>\$ 228,022,598</u>

(Amounts in Dollars)

	Held for Individual Investment Accounts - Investment Trust Funds	Held for All Other County Funds	Total
Cash and cash equivalents	425,842	147,557,359	147,983,201
Investments	14,533,730	65,505,667	80,039,397
Total	<u>14,959,572</u>	<u>213,063,026</u>	<u>228,022,598</u>

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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, 2010, 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, 2010, 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
Brokered CD's	27,021,000	9,695,000	7,246,000	6,764,000	1,702,000	1,614,000	-
Minnesota SBI	6,490,261	6,490,261	-	-	-	-	-
FHLB	54,539,715	6,567,186	9,736,335	1,297,179	8,157,649	24,006,966	4,774,400
FHLMC	1,005,050	-	-	-	-	-	1,005,050
FFCB	31,235,124	1,448,741	6,077,553	7,252,094	9,229,165	1,114,283	6,113,288
FNMA	250,913	-	-	-	250,913	-	-
<b>Total</b>	<b>120,542,063</b>	<b>24,201,188</b>	<b>23,059,888</b>	<b>15,313,273</b>	<b>19,339,727</b>	<b>26,735,249</b>	<b>11,892,738</b>

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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 at least 40% of total investments to have terms of one year or less. Given the current economy and low interest rates available on most short term investments, the County chose to hold over 39% of the funds available for investment in money market and MAGIC accounts rather than purchase short term investments to achieve compliance with its investment policy. The desired weighted average maturity of the portfolio shall be less than three years. Maturity is laddered to minimize investment interest rate risk.

*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.

The County's exposure to credit risk as of December 31, 2010, is as follows:

<u>Rating</u>	<u>Fair Value</u>
S&P AAA	\$ 87,030,802

*Custodial Credit Risk.* 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. The County policy regarding investment custodial risk requires that all investments be insured, collateralized, or covered by a surety bond. At December 31, 2010, none of the County's investments were subject 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.

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**Receivables**

Receivables as of December 31, 2010 for the County's governmental and business-type activities, including applicable allowances for uncollectible accounts are:

	Total Receivable	Not expected to be collected within one year
<b>Governmental Activities:</b>		
Taxes	\$ 6,657,530	\$ -
Accounts receivable	11,374,285	8,719,907
Accrued interest receivable	540,164	-
Loans receivable	1,378,136	1,261,360
Due from other governments	14,434,487	-
Total Governmental Activities:	\$ 34,384,602	\$ 9,981,267
<b>Business Activities:</b>		
Taxes	\$ 28,280	\$ -
Accounts Receivable	1,252,411	697,111
Accrued interest receivable	56,847	-
Due from other governments	1	-
Total Business Activities:	\$ 1,337,539	\$ 697,111

**Loans Receivable**

The loan receivable from Meadowlands Affordable Housing Limited Partnership is \$125,000 and is included in the nonspendable noncurrent loans category of fund balance. The purpose of the loan was the construction of a 12-unit affordable housing project. Each year until 2009, interest of 2.33% accrued and was added to the principal. The loan agreement is currently being renegotiated. New terms are not yet available. The receivable is valued at its discounted amount 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 \$723,878 at December 31, 2010. These are included in the nonspendable noncurrent loans category of fund balance.

The long-term loan receivable from the South St. Louis County Fair Association is \$159,173 and is equally offset by deferred revenue. The receivable arises from the County financing the construction of new grandstands and racetrack lighting. The interest free loan was approved by the County Board on December 17, 2002. Repayment comprises the County withholding \$5,000 from the South St. Louis County Fair Association annual allocation and the Fair Association paying \$1 per seat surcharge to retire the debt.

Loans receivable includes \$190,000 for a concession and multipurpose building at the South St. Louis County fairgrounds. The loan is equally offset by deferred revenue. Repayment began in 2009 and calls for \$5,000 due from the Lakehead Racing Association annually. Beginning November 1, 2011, the St. Louis County Fair Association will also pay \$7,000 annually to retire the debt.

Independent School District 704 and the Dirt Floor Arena Committee owe \$4,500 and \$20,000, respectively for improvements at the South St. Louis County fairgrounds. These are interest free loans which require repayment of \$500 and \$5,000 each annually. The loans are equally offset by deferred revenue.

The City of Ely owes for its share of costs associated with the Ely Joint Public Works Facility. One loan has a balance of \$26,468 with an interest rate of 3.9%. It requires payments of \$1,095 on May and November 1 each year until 2027. The second loan has a balance of \$129,117 with an interest rate of 5%. It requires payments of \$5,792 on May and November 1 each year until 2027. Both loans are equally offset by deferred revenue.

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**Lease Receivable**

St. Louis County leases to the State of Minnesota approximately 33,162 useable square feet of space in the Pike Lake Joint Maintenance Facility. The total cost of the shared facility was \$5,948,604; depreciation to date is \$1,652,390, leaving a carrying value of \$4,296,214. The State pays rent of \$14,077 per month through August 2012. The monthly rent is accounted for in the Debt Service Fund and is used to retire the outstanding bonds. The State also pays 29.5% of the operating costs of the facility.

The minimum future rentals are

<u>Year Ending December 31</u>	
2011	\$ 168,919
2012	112,615
Total	<u>\$ 281,534</u>

**Lease to Chris Jensen, LLC**

On November 1, 2009 St. Louis County entered into an agreement with Chris Jensen, LLC, a Minnesota limited liability company for the lease of approximately 398,941 square feet located at 2501 Rice Lake Road, Duluth, Minnesota, the site of the Chris Jensen Health and Rehabilitation Center. The initial lease will be for five years ending on October 31, 2014. The lease may be extended for three separate renewal terms of five years each. The lease specifies rent payments to St. Louis County of \$4,167 monthly through October 15, 2012, then increasing to \$5,000 effective November 15, 2012, and increasing again on November 15, 2013 to \$5,833 per month.

The County will also receive from Chris Jensen, LLC pro rated collections of the certified accounts receivable as of November 1, 2009. This will continue until September 2013. A capital expenditure/operating account was established during 2009 for scheduled deposits by the County that totaled \$500,000 at April 1, 2010. The deposits will be used by Chris Jensen, LLC in accordance with the lease agreement.

Chris Jensen Health and Rehabilitation Center Enterprise Fund employees are no longer employed by St. Louis County. Many of these former County employees have been retained by Chris Jensen, LLC to staff the nursing home.

The minimum future rentals are

<u>Year Ending December 31</u>	
2011	\$ 50,000
2012	51,667
2013	61,667
2014	58,333
Total	<u>\$ 221,667</u>

**Restricted Assets**

Business-type activities

Financial assurance for closure and post closure care

Cash and cash equivalents	\$ 594,269
Investments	2,902,829
Total	<u>\$ 3,497,098</u>

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**Capital Assets**

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,998,671	\$ -	\$ -	\$ 1,998,671
Permanent right of way	-	66,428	-	66,428
Work in progress	6,886,153	5,419,755	(3,266,177)	9,039,731
Total capital assets, not being depreciated	<u>8,884,824</u>	<u>5,486,183</u>	<u>(3,266,177)</u>	<u>11,104,830</u>
Capital assets, being depreciated:				
Buildings and structures	104,388,619	4,649,075	-	109,037,694
Machinery and equipment	18,068,790	1,084,777	(129,768)	19,023,799
Vehicles	48,450,832	4,063,605	(2,534,669)	49,979,768
Infrastructure	463,932,110	28,722,211	-	492,654,321
Temporary right of way	-	13,700	-	13,700
Total capital assets being depreciated	<u>634,840,351</u>	<u>38,533,368</u>	<u>(2,664,437)</u>	<u>670,709,282</u>
Less accumulated depreciation for:				
Buildings and structures	(39,414,868)	(2,483,982)	-	(41,898,850)
Machinery and equipment	(12,672,941)	(1,349,761)	129,768	(13,892,934)
Vehicles	(31,589,243)	(2,582,599)	2,184,255	(31,987,587)
Infrastructure	(161,814,233)	(5,287,063)	-	(167,101,296)
Temporary right of way	-	(285)	-	(285)
Total accumulated depreciation	<u>(245,491,285)</u>	<u>(11,703,690)</u>	<u>2,314,023</u>	<u>(254,880,952)</u>
Total capital assets being depreciated, net	<u>389,349,066</u>	<u>26,829,678</u>	<u>(350,414)</u>	<u>415,828,330</u>
Governmental activities, capital assets, net	<u>\$ 398,233,890</u>	<u>\$ 32,315,861</u>	<u>\$ (3,616,591)</u>	<u>\$ 426,933,160</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 363,922	\$ -	\$ -	\$ 363,922
Construction in progress	157,500	143,700	(191,200)	110,000
Total capital assets, not being depreciated	<u>521,422</u>	<u>143,700</u>	<u>(191,200)</u>	<u>473,922</u>
Capital assets, being depreciated:				
Buildings and structures	13,464,227	224,560	-	13,688,787
Improvements other than buildings	8,871,230	-	-	8,871,230
Machinery and equipment	2,078,048	13,369	-	2,091,417
Vehicles	1,194,020	-	(36,560)	1,157,460
Total capital assets being depreciated	<u>25,607,525</u>	<u>237,929</u>	<u>(36,560)</u>	<u>25,808,894</u>
Less accumulated depreciation for:				
Buildings and structures	(5,785,491)	(366,211)	-	(6,151,702)
Improvements other than buildings	(5,980,129)	372,959	-	(5,607,170)
Machinery and equipment	(1,292,508)	(96,748)	-	(1,389,256)
Vehicles	(944,295)	(54,700)	36,560	(962,435)
Total accumulated depreciation	<u>(14,002,423)</u>	<u>(144,700)</u>	<u>36,560</u>	<u>(14,110,563)</u>
Total capital assets, being depreciated, net	<u>11,605,102</u>	<u>93,229</u>	<u>-</u>	<u>11,698,331</u>
Business-type activities, capital assets, net	<u>\$ 12,126,524</u>	<u>\$ 236,929</u>	<u>\$ (191,200)</u>	<u>\$ 12,172,253</u>

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Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ (1,312,295)
Public safety	(1,758,549)
Highways	(7,942,329)
Health and sanitation	(448)
Conservation of natural resources	(200,259)
Economic development	(24,908)
Internal Service Funds	(464,902)
Total depreciation expenses - governmental activities	<u>\$ (11,703,690)</u>

Business-type activities	
Environmental Services (credit due to expanded capacity of the Regional Landfill)	\$ 25,288
Chris Jensen Health and Rehabilitation Center	(169,988)
Total depreciation expenses - business-type activities	<u>\$ (144,700)</u>

**B. Liabilities**

**Deferred Revenue**

Deferred revenue consists of taxes that are not collected soon enough after year-end to pay liabilities of the current year, state and federal grants and aids received but not yet earned, credit accounts receivable balances, and long-term receivables.

Fund Financial Statements					
	Accounts Receivable	Aid and Grants	Taxes	Long-Term Receivables	Total
Governmental Activities:					
General Fund	\$ 58,042	\$ 482,726	\$ 2,388,307	\$ 373,673	\$ 3,302,748
Special Revenue Funds:					
Road and Bridge	-	6,919,970	1,169,312	155,585	8,244,867
Public Health and Human Services	-	406,726	1,812,565	-	2,219,291
Forfeited Tax Sale	-	-	-	8,646,522	8,646,522
Housing and Redevelopment Authority	-	-	12,539	-	12,539
Forest Resources	-	11,225	-	-	11,225
Northern Lights Express	-	65,836	-	-	65,836
Debt Service Fund	-	-	385,471	-	385,471
Capital Projects Fund	-	-	110,317	-	110,317
Internal Service Funds	1,008,940	-	-	-	1,008,940
Total	<u>\$ 1,066,982</u>	<u>\$ 7,886,483</u>	<u>\$ 5,878,511</u>	<u>\$ 9,175,780</u>	<u>\$ 24,007,756</u>

Statement of Net Assets			
	Accounts Receivable	Aid and Grants	Total
Governmental Activities:			
General Fund	\$ 15,666	\$ 247,304	\$ 262,970
Special Revenue Funds:			
Road and Bridge	-	2,767,911	2,767,911
Public Health and Human Services	-	61,650	61,650
Internal Service Funds	1,008,940	-	1,008,940
Total	<u>\$ 1,024,606</u>	<u>\$ 3,076,865</u>	<u>\$ 4,101,471</u>

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**Long-Term Debt**

Long-term liability activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One-Year
<b>GOVERNMENTAL ACTIVITIES</b>					
<b><i>Bonds, notes, and tax lease obligations payable</i></b>					
General obligation debt					
Capital Improvement Bonds 2004A	\$ 10,095,805	\$ -	\$ (845,628)	\$ 9,250,177	\$ 870,628
Refunding Bonds 2004C	172,211	-	(172,211)	-	-
Capital Improvement Bonds 2005A	4,819,889	-	(358,390)	4,461,499	373,390
LEC Refunding Bonds 2005B	1,405,263	-	(445,661)	959,602	470,661
Capital Improvemen					
Crossover Bonds 2006A	7,901,974	-	(1,013,237)	6,888,737	1,053,237
Capital Equipment Notes 2007	2,652,531	-	(1,303,354)	1,349,177	1,349,177
Capital Equipment Notes 2008	2,965,205	-	(705,265)	2,259,940	725,265
Capital Improvement Bonds 2008	10,892,758	-	(597,713)	10,295,045	617,713
Capital Improvement Bonds 2010A	-	7,067,818	-	7,067,818	425,521
General obligation revenue notes	496,648	-	(25,758)	470,890	25,824
<b><i>Total bonds, notes and tax lease obligations payable</i></b>	<b>41,402,284</b>	<b>7,067,818</b>	<b>(5,467,217)</b>	<b>43,002,885</b>	<b>5,911,416</b>
<b><i>Other Liabilities</i></b>					
Compensated absences	38,352,716	9,602,862	(10,518,068)	37,437,510	6,654,224
Claims payable	7,529,213	30,043,424	(30,090,667)	7,481,970	2,912,013
Capital leases payable	232,100	-	(72,600)	159,500	77,000
Other post employment benefits obligation	1,542,182	810,655	-	2,352,837	-
<b><i>Total other liabilities</i></b>	<b>47,656,211</b>	<b>40,456,941</b>	<b>(40,681,335)</b>	<b>47,431,817</b>	<b>9,643,237</b>
<b>Governmental activities long-term liabilities</b>	<b>\$ 89,058,495</b>	<b>\$ 47,524,759</b>	<b>\$ (46,148,552)</b>	<b>\$ 90,434,702</b>	<b>\$ 15,554,653</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b><i>Other Liabilities</i></b>					
Compensated absences	1,188,877	107,070	(274,911)	1,021,036	181,282
Customer deposits	100	-	(100)	-	-
Closure and post-closure liabilities	1,558,778	-	(72,155)	1,486,623	-
<b>Business-type activities long term liabilities</b>	<b>\$ 2,747,755</b>	<b>\$ 107,070</b>	<b>\$ (347,166)</b>	<b>\$ 2,507,659</b>	<b>\$ 181,282</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$11,931,632 of internal service funds compensated absences, claims payable, and other post employment benefit obligations are included in the above amounts. Also, for the governmental activities, claims, capital leases, and compensated absences are generally liquidated by the General Fund and Road and Bridge, Public Health and Human Services, and the Forfeited Tax Sale Special Revenue funds.

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*General obligation bonds and notes payable at December 31, 2010, consist of the following issues:*

<p>\$13,785,000 General Obligation Capital Improvement Bonds due in annual installments of \$640,000 to \$1,215,000 on December 1, 2005, through 2019; interest at 3.00 to 4.00 percent, including unamortized premium of \$50,177. This bond was issued to finance capital improvements.</p>	\$ 9,250,177
<p>\$6,115,000 General Obligation Capital Improvement Bonds due in annual installments of \$430,000 to \$535,000 on December 1, 2006, through 2020; interest at 3.7 to 3.9 percent, including unamortized premium of \$6,499. This bond was issued to finance capital improvements</p>	4,461,499
<p>\$2,840,000 General Obligation Refunding Bonds due in annual installments of \$350,000 to \$470,000 on December 1, 2006, through 2012; interest at 4.00 to 5.00 percent, including unamortized premium of \$39,602. This bond was issued to refund the Law Enforcement Facilities Revenue Bonds. The transaction results in a difference in the cash flow requirements of \$137,085. The net present value benefit of the refunding issue is \$120,560 and results in a reduction of \$137,085 in future debt service payments.</p>	959,602
<p>\$7,845,000 General Obligation Capital Improvement Crossover Refunding Bonds due in annual installments of \$1,005,000 to \$1,245,000 on December 1, 2010 through 2016; interest at 3.75 percent, including unamortized premium of \$48,737. This bond was issued to crossover refund \$7,795,000 of the \$10,465,000 outstanding of the \$14,270,000 General Obligation Capital Improvement bonds, Series 2001, dated May 1, 2001. The net present value benefit of the refunding issue is \$276,208 and results in a reduction of \$359,585 in future debt service payments. The crossover refunding occurred December 1, 2009.</p>	6,888,737
<p>\$5,000,000 General Obligation Capital Equipment Notes due in annual installments of \$1,115,000 to \$1,345,000 on December 1, 2008, through 2011; interest at 4.00 percent, including unamortized premium of \$4,177. This bond was issued to finance capital equipment purchases.</p>	1,349,177
<p>\$3,580,000 General Obligation Capital Equipment Notes due in annual installments of \$665,000 to \$770,000 on December 1, 2009 through 2013; interest at 3.50 percent, including unamortized premium of \$29,940.</p>	2,259,940
<p>\$11,380,000 General Obligation Capital Improvement Bonds due in annual installments of \$525,000 to \$1,010,000 on December 1, 2009 through 2023; interest at 3.50 to 5.00 percent, including unamortized premium of \$35,045.</p>	10,295,045
<p>\$7,135,000 General Obligation Capital Improvement Bonds due in annual installments of \$430,000 to \$555,000 on December 1, 2011 through 2025; interest at 0.7 to 4.65 percent, excluding unamortized discount of \$67,182. This bond was issued to finance capital improvements. They are Build America Bonds with a federal credit amount through December 1, 2025 of \$738,289.</p>	7,067,818
<i>General obligation revenue notes payable at December 31, 2010, consist of the following issues:</i>	
<p>\$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.</p>	22,765

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\$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.	182,858
\$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.	182,858
\$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.	72,229
The terms of the above described revenue notes require semi-annual repayments of \$20,700 to \$7,900 beginning April 1, 2009 through 2024.	
\$340,000 2000 General Obligation Revenue Note Payable to the Minnesota Pollution Control Agency to provide low interest loans to citizens and entities of the County for Best Management Practices, including improvements to individual sewage systems. The terms require semi-annual repayments beginning June 15, 2002.	10,180
	\$ 43,002,885

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

Year Ending 12/31/10	General Obligation	
	Principal	Interest
2011	\$ 5,911,416	\$ 1,589,043
2012	4,740,305	1,384,529
2013	4,372,444	1,221,941
2014	3,719,589	1,074,217
2015	3,857,489	947,693
2016-2020	14,834,519	2,826,250
2021-2025	5,567,123	638,921
<b>Total:</b>	<b>\$ 43,002,885</b>	<b>\$ 9,682,594</b>

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The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2010, of all governmental units which provide services within the County's borders, and which must be borne by properties in the County, is summarized below:

	(Amounts in Dollars)		
	Outstanding	Percentage Applicable to the County	County Share of Debt
<b>Direct Debt</b>			
St. Louis County	43,002,885	100.00	43,002,885
<b>Overlapping Debt</b>			
School Districts	151,570,000	60.56	91,791,010
Western Lake Superior Sanitary District	50,721,537	84.22	42,716,087
<b>Underlying Debt</b>			
Cities	186,031,665	100.00	186,031,665
School Districts	124,376,489	100.00	124,376,489
Towns	2,823,967	100.00	2,823,967
Duluth Entertainment and Convention Center	775,000	100.00	775,000
Virginia Housing and Redevelopment Authority	5,220,000	100.00	5,220,000
Duluth/North Shore Sanitary District	7,992,511	100.00	7,992,511
<b>Total</b>	<b>572,514,054</b>		<b>504,729,614</b>

**Lease Obligations**

**Operating Leases**

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

The following is a summary of the operating lease expense for 2010:

Type of Property	
Rental of office space and parking facilities	\$ 568,085
Data processing software	9,993
Hardware	600,100
<b>Total rental expense</b>	<b>\$ 1,178,178</b>

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2010:

Year Ended	
2011	\$ 1,225,495
2012	1,226,373
2013	1,227,516
2014	1,228,781
2015	1,229,985
<b>Total future minimum lease payments</b>	<b>\$ 6,138,150</b>

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**Capital Lease**

The capital lease of the County at December 31, 2010 is shown below:

<u>Type of Property</u>	<b>Governmental Activities</b>
Maintenance facility	\$ 908,924
Less: accumulated depreciation	(368,319)
Carrying value	<b><u>\$ 540,605</u></b>

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at December 31, 2010:

<b>Year Ending</b>	<b>Governmental Activities</b>
2011	\$ 84,744
2012	85,141
Total future minimum lease payments	169,885
Less: Amount representing interest	(10,385)
Present value of future minimum lease	<b><u>\$ 159,500</u></b>

**Construction Commitments**

At December 31, 2010, the County had construction commitments as follows:

	<b>(Amounts in Dollars)</b>			
	<b>Authorized Projects</b>	<b>Expended to Date</b>	<b>Commitments</b>	<b>Required Further Financing</b>
Duluth courthouse HVAC upgrades	2,929,958	2,502,161	316,658	-
Public safety building	481,000	79,500	729	-
Duluth courthouse elevator upgrades	43,784	42,200	1,584	-
GSC elevator upgrades	543,035	514,276	24,724	-
Duluth courthouse retaining wall	135,087	135,087	-	-
Duluth courthouse window replacement	450,000	33,484	29	-
Duluth courthouse sally port	3,239,904	3,145,282	94,070	-
Meadowlands maintenance facility	2,385,282	2,385,282	-	-
Virginia courthouse remodel	5,924,970	8,506	-	-
ARMER	1,077,756	-	-	-
Total	<b><u>17,210,776</u></b>	<b><u>8,845,778</u></b>	<b><u>437,794</u></b>	<b><u>-</u></b>

**Purchase Commitments**

At December 31, 2010, the County had purchase commitments represented by open encumbrances. These are included as part of assigned fund balance as follows:

<u>Fund</u>	<b>Amount</b>
General	\$ 1,154,705
Road and Bridge	2,388,588
Public Health and Human Services	126,776
Forfeited Tax Sale	77,958
Forest Resources	337,930
Total	<b><u>\$ 4,085,957</u></b>

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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 \$142,300 at December 31, 2010, for various cases considered "reasonably possible" losses to the County. This amount is not reflected in the financial statements.

*The Workers' Compensation Insurance Fund* covers workers' compensation claims up to \$1,800,000 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. State. Chapter 176 (2002) in excess of the \$1,800,000 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, 2010, 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 statement and the amount of the loss can be reasonably estimated. The nondiscounted value of the estimated liability for claims payable at the end of the year was \$6,025,607 and is present valued at 1.34%.

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 premiums is for the administrative costs and reinsurance costs which are paid from the Fund; a portion of the premiums is for the provision for expected future catastrophic losses.

*The Medical/Dental Insurance Fund* covers medical and dental expenses incurred by the County employees, dependents, and retirees, including the costs of claims management by a third party administrator and the 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 assets. 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 statement indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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Changes in the funds' claims liability amounts during 2009 were:

	<b>(Amounts in Dollars)</b>		
	<b>Property, Casualty, &amp; Liability Insurance Fd</b>	<b>Workers' Compensation Insurance Fund</b>	<b>Medical/ Dental Insurance Fund</b>
Beginning of fiscal year liability for claims	43,279	4,397,406	2,109,260
Current year claims and changes in estimates	159,316	3,895,693	28,722,476
Claim payments	(121,315)	(2,882,582)	(28,794,320)
Balance of claims payable at fiscal year end	<b>81,280</b>	<b>5,410,517</b>	<b>2,037,416</b>

Changes in the funds' claims liability amounts during 2010 were:

	<b>(Amounts in Dollars)</b>		
	<b>Property, Casualty, &amp; Liability Insurance Fd</b>	<b>Workers' Compensation Insurance Fund</b>	<b>Medical/ Dental Insurance Fund</b>
Beginning of fiscal year liability for claims	81,280	5,410,517	2,037,416
Current year claims and changes in estimates	176,650	1,484,770	28,382,004
Claim payments	(129,056)	(1,604,428)	(28,357,183)
Balance of claims payable at fiscal year end	<b>128,874</b>	<b>5,290,859</b>	<b>2,062,237</b>

**Retirement Plan**

**Plan Description**

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

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailer/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the Public Employees Correctional Fund. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years. Members eligible for membership before July 1, 2010, are fully vested after three years of service.

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PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute. Defined retirement benefits are based on a member's average yearly salary for the five highest-paid consecutive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for General Employees Retirement Fund Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For all Public Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and Employees Correctional Fund members, and either 65 or 66 (depending on date hired) for Public Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

**Funding Policy**

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.1 and 6.0 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.4 percent. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2010:

General Employees Retirement Fund	
Basic Plan Members	11.78%
Coordinated Plan Members	7.00%
Public Employees Police and Fire Fund	14.10%
Public Employees Correctional Fund	8.75%

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The County's contributions for the years ending December 31, 2010, 2009, and 2008, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	2010	2009	2008
General Employees Retirement Fund	\$ 5,781,585	\$ 5,968,992	\$ 5,919,839
Public Employees Police and Fire Fund	1,100,152	1,101,657	986,555
Public Employees Correctional Employees Fund	566,521	547,683	590,399

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

**Defined Contribution Plan**

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.0 percent of salary, which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2010, were:

	Employee	Employer
Contribution amount	\$ 19,993	\$ 19,993
Percentage of covered payroll	5.00%	5.00%

Required contribution rates were 5.0 percent.

**Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of December 31, 2010, is as follows:

***Interfund Receivables/Payables (for deficit cash balances):***

Receivable Fund	Payable Fund	Amount
General	Forfeited Tax Sale Fund	\$ 232,550
	Community Development Block Grant Fund	92,759
	Shoreline Sales Fund	277,573
	Printing Fund	244,650
	Total	<u>\$ 847,532</u>

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**Interfund Transfers:**

	Major			Nonmajor	
	General	Road and Bridge	Forfeited Tax Sale	Forest Resources	Shoreline Sales
Major fund					
General	\$ -	\$ 262,011	\$ 1,076,294	\$ 200,000	\$ 138,600
Capital Projects	215,180	4,099,317	-	-	-
Environmental Services	-	-	-	-	147,000
Nonmajor governmental fund					
Forest Resources	-	-	787,532	-	-
Chris Jensen Health and Rehabilitation	649,760	-	-	-	-
<b>Total Transfers Out</b>	<b>\$ 864,940</b>	<b>\$ 4,361,328</b>	<b>\$ 1,863,826</b>	<b>\$ 200,000</b>	<b>\$ 285,600</b>

	Nonmajor					Total Transfers In
	Supervised Living Facilities	Printing	County Garage	Property Casualty Liability	Medical/Dental Insurance	
Major fund						
General	\$ 415,868	\$ -	\$ 20,000	\$ 137,733	\$ 183,189	\$ 2,433,695
Road and Bridge	-	-	-	315,638	-	315,638
Public Health and Human Services	-	-	-	5,509	-	5,509
Forfeited Tax Sale	-	-	-	56,743	-	56,743
Capital Projects	-	-	-	-	-	4,314,497
Environmental Services	-	-	-	14,055	-	161,055
Nonmajor fund						
Forest Resources	-	-	-	679	-	788,211
Chris Jensen Health and Rehabilitation	-	-	-	-	-	649,760
Plat Books	-	206,477	-	-	-	206,477
County Garage	-	-	-	67,472	-	67,472
<b>Total Transfers Out</b>	<b>\$ 415,868</b>	<b>\$ 206,477</b>	<b>\$ 20,000</b>	<b>\$ 597,829</b>	<b>\$ 183,189</b>	<b>\$ 8,999,057</b>

The transfers from the General Fund were for excess rent revenues from Property Management and the Chris Jensen lease agreement.

The transfers from the Road and Bridge Fund were to return excess funding to the General Fund and segregate 2009 fuel savings and 2010 operation savings for future equipment purchases.

The transfers from the Forfeited Tax Sale Fund were to apportion that fund's net proceeds for the year as prescribed by law.

The transfer from the Forest Resources fund was for the GIS project.

The transfers from the Shoreline Sales Permanent Fund were for Soil and Water Conservation Districts, the Midway Township sewer project, and the Onsite Wastewater program.

The transfer from the Supervised Living Facilities Fund was to close operations into the General Fund.

The transfer from the Printing Fund was to establish a new enterprise fund for plat book activities.

The transfer from the County Garage Fund was for the purchase of a vehicle.

The transfers from the Property Casualty Liability Fund were for insurance premium rebates.

The transfer from the Medical Dental Fund was to reimburse Employee Relations and Health Education Wellness costs.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**C. Fund Equity**

The County Board authorized the County Auditor to establish portions of fund balance for cash flow 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. 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, 2010, the maximum amounts, actual amounts, and percentage funded are shown below. The future unallotment is calculated based on required departmental savings due to the state unallotments.

	Future Unallotment	Cash Flow		
		Maximum Amount	Actual Amount	Percentage Funded
General Fund	\$ 6,445,050	\$ 25,146,725	\$ 22,449,169	89.30%
Road and Bridge Fund	750,000	9,045,748	9,045,748	100.00
Public Health and Human Services Fund	1,463,713	14,825,194	14,825,194	100.00

**Note 4. Joint Ventures/Jointly Governed Organizations**

**Arrowhead Regional Corrections**

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

Arrowhead Regional Corrections is financed through state grants and contributions from the participating counties. During 2009, (the most recent available), county contributions were in the following proportion:

Carlton County	10.75%
Cook County	1.55%
Koochiching County	1.93%
Lake County	1.38%
St. Louis County	84.39%
Total	100.00%

St. Louis County provided \$10,261,619 in funding during 2010. Separate financial information can be obtained from

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

A summary of the financial information from Arrowhead Regional Corrections' Government-Wide Financial Statements for December 31, 2009 (the most recent available), was:

Total Assets	\$ 13,994,960
Total Liabilities	5,630,836
Total Net Assets	8,364,124
Total Program and General Revenues	21,377,065
Total Expenses/Uses	20,956,591
Change in Net Assets	420,474

**Community Health Services Board**

Carlton, Cook, Lake, and St. Louis Counties entered into a joint powers agreement, operating the Carlton, Cook, Lake, and St. Louis County Community Health Services Board. This agreement is entered into under the authority of the Community Health Services Act and is pursuant to the provisions of Minn. Stat. §471.59. The Community Health Services Board is composed of nine members. Carlton, Cook, and Lake County Boards of Commissioners, each appoints two members; the St. Louis County Board of Commissioners appoints three members. Financing is obtained through federal and state grants. St. Louis County provided no funding to this organization during 2010.

ST. LOUIS COUNTY, MINNESOTA  
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A summary of the financial information of the Community Health Services Board Government-Wide Financial Statements for December 31, 2009, (the most recent available) was:

Total Assets	\$ 1,139,568
Total Liabilities	981,637
Total Net Assets	157,931
Total Revenues	4,242,424
Total Expenses	4,209,848
Change in Net Assets	32,576

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 \$50,000 to this organization during 2010.

A summary of the financial information of the Regional Railroad Authority for the Government-Wide Financial Statement for December 31, 2009, (the most recent available) was:

Total Assets	\$ 10,749,546
Total Liabilities	324,707
Total Net Assets	10,424,839
Total Revenues	2,533,952
Total Expenses	1,441,373
Change in Net Assets	1,092,579

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.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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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, 2010, was:

Total Assets	\$ 3,505,892
Total Liabilities	2,139,107
Total Net Assets	1,366,785
Total Revenues	7,896,886
Total Expenses	7,918,774
Change in Net Assets	(21,888)

Separate financial information can be obtained from:

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

**Northern Counties Land Use Coordinating Board**

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

The joint powers are the Counties of Aitkin, Cook, Koochiching, Lake, Lake of the Woods, Pennington, Roseau, and St. Louis. Three elected county commissioners from St. Louis County and two from each of the other counties comprise the membership of the Board. St. Louis County handles all of the financial transactions for this organization through its Northern Counties Land Use Board Agency Fund. St. Louis County provided \$3,750 during 2010.

A summary of the financial information of Northern Counties Land Use Coordinating Board for the Financial Statements for December 31, 2010, was:

Total Assets	\$ 108,124
Total Liabilities	800
Total Fund Balance	107,324
Total Revenues	21,250
Total Expenditures	9,419
Change in Fund Balance	11,831

Separate financial information can be obtained from:

Northern Counties Land Use Coordinating Board  
St. Louis County Courthouse  
100 N 5th Ave West #214  
Duluth, Minnesota 55802

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Minnesota Counties Information Systems (MCIS)**

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

MCIS is governed by 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, 2008, (the most recent available) was:

Total Assets	\$ 1,007,784
Total Liabilities	256,583
Total Net Assets	751,201
Total Revenues	2,534,122
Total Expenses	2,365,437
Change in Net Assets	168,685

Separate financial information can be obtained from:

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

**Duluth Area Family Service Collaborative**

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

Control of the Collaborative is vested in a Board of Directors. The County has one member on the Board. Financing is provided by state and federal grants, appropriations from the Collaborative members, and miscellaneous revenues. St. Louis County provided no funding to the Collaborative during 2010. 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, 2010, is:

Total Assets	\$ 58,834
Total Liabilities	-
Total Net Assets	58,834
Total Revenues	-
Total Expenditures	-
Change in Net Assets	-

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

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Namakan Basin Sewer System Initiative**

St. Louis County, Kabetogama Township, and the Crane Lake Water and Sanitary District entered into a joint powers agreement pursuant to Minn. Stat. §471.59 for the purpose of providing an environmentally sensitive and responsible solution to the problem of non-compliant and failing septic systems in the Namakan Basin area. The governing board is composed of five members, two County Commissioners, one member from the unorganized area of Ash River appointed by the County Board, one member appointed by the Kabetogama Township and one member appointed by the Crane Lake Water and Sanitary District.

The initial planning funds of up to \$100,000 were provided by the St. Louis County Environmental Trust Fund with a matching amount from the Iron Range Resources Board. A summary of financial information of the organization for the year ended December 31, 2010, is:

Total Assets	\$	-
Total Liabilities		-
Total Net Assets		-
Total Revenues		68,710
Total Expenditures		137,420
Change in Net Assets		(68,710)

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 Anoka County, 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, 2009 (the most recent available) was:

Total Assets	\$	621,121
Total Liabilities		331,690
Total Net Assets		289,431
Total Revenues		777,209
Total Expenditures		774,282
Change in Net Assets		2,927

Separate financial information can be obtained from:

St. Louis and Lake County Regional Railroad Authority  
 801 SW Hwy 169 Suite #4  
 Chisholm, Minnesota 55719

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Northeast Minnesota Regional Radio Board**

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

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

Itasca County is the fiscal agent for the Northeast Minnesota Regional Radio Board. Funding is provided by grants and contributions from participating members. St. Louis County contributed \$1,177 in funding in 2010.

**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.

**Minnesota Community Capital Fund**

The County is a Class A member of the Minnesota Community Capital Fund (MCCF). The MCCF was established to address unmet development financing needs of communities and economic development organizations throughout Greater Minnesota by pooling local revolving loan fund resources and providing professional management services to support local efforts. The MCCF is designed to provide its members with greater flexibility and the capacity to originate multiple loans that are much larger than would be possible with limited local resources. The \$100,000 member participation is included as a long term receivable in the General Fund.

**Note 5. Summary of Significant Contingencies and Other Items**

**Claims and Litigation**

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

**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, 2010 as it would need to be determined through the legal system.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Other Post Employment Benefits**

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

**Plan Description and Funding Policy**

The County provides health insurance benefits for certain retired employees under a single-employer self-insured plan. The County provides benefits for retirees as required by Minnesota Statute §471.61 subdivision 2b. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of January 1, 2010 there were approximately 288 retirees receiving health benefits from the County's health plan. The cost of other post-employment benefits is funded on the "pay as you-go method".

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

**Annual OPEB Costs and Net OPEB Obligation**

The County's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for 2010, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 2,044,220
Interest on net OPEB obligation	67,856
Adjustments to ARC	(93,568)
Annual OPEB Cost	<u>2,018,508</u>
Contributions during the year	<u>(1,207,853)</u>
Increase in net OPEB obligation	810,655
Net OPEB obligation - beginning of the year	<u>1,542,182</u>
Net OPEB obligation - end of year	<u><u>\$ 2,352,837</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the excess OPEB contributions or net OPEB obligation for 2008, 2009, and 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$ 1,729,664	\$ 680,051	39.32%	\$ 647,097
12/31/2009	1,743,979	848,894	48.68	1,542,182
12/31/2010	2,018,508	1,207,853	59.84	2,352,837

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2010

**Funding Status and Funding Progress**

The actuarial accrued liability for benefits as of January 1, 2010 is \$22.5 million. The County currently has no assets that have been irrevocably deposited in a trust for future health benefits, thus the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) is \$83 million. The ratio of the unfunded actuarially accrued liabilities (UAAL) to covered payroll is 27.17%.

**Actuarial Methods and Assumptions**

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

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

In the January 1, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.40% discount rate, which is based on the estimated long-term investment yield on the general assets of the County using an underlying long-term inflation assumption of 3%. The annual healthcare cost trend rate is 1.19% initially, increased incrementally to an ultimate rate of 5.00% after twenty years. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open 30-year period.

**Management Agreement**

The County has a management contract with Historic Union Depot, Inc. (H.U.D.) which requires H.U.D. to manage the Depot for the ultimate benefit of the public; to carry out a program of cultural, recreational, social or similar community services and artistic activities.

The County is required to provide H.U.D. with a statement of actual operating costs within 60 days of year end. If actual operating costs exceed the annual payments from H.U.D., the County Board's annual contribution, and any rental income received by the County towards annual operating expenses, the H.U.D. is responsible to pay this additional amount to the County within 30 days of notice by the County. If actual operating costs are less than the annual payments from H.U.D., the County Board's annual contribution, and any rental income received by the County towards annual operating expenses, the County will adjust the H.U.D. annual payment for the following year. As of December 31, 2010, H.U.D. owed the County \$25,151 under this agreement.

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2010

**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.

**Tax Forfeited Land Management**

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

**Subsequent Event**

Effective January 1, 2011, the Chris Jensen Health and Rehabilitation Center Enterprise Fund, the Printing Internal Service Fund, the Management Information Systems Internal Service Fund, and the Telecommunications Internal Service Fund were closed into the General Fund.

Required  
Supplementary  
Data

St. Louis County, Minnesota  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST EMPLOYMENT BENEFIT PLAN**  
Year ended December 31, 2010

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2006	\$ -	\$ 11,924,204	\$ 11,924,204	0.00%	\$ 89,215,752	13.37%
1/1/2008	-	20,002,896	20,002,896	0.00	94,230,038	21.23
1/1/2010	-	22,541,450	22,541,450	0.00	82,955,992	27.17

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POST EMPLOYMENT BENEFIT PLAN**  
December 31, 2010

Year Ended December 31	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2008	\$ 680,051	\$ 1,729,664	39.32%
2009	848,894	1,743,979	48.68
2010	1,207,853	2,018,508	59.84

Supplementary

Data

# Nonmajor Governmental Funds

## 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.

**Northern Lights Express** - This fund is used to account for a grant from the State of Minnesota passed through St. Louis County to the Minneapolis - Duluth/Superior Passenger Rail Alliance for the purpose of an environmental and preliminary engineering study

### Debt Service Fund

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

### Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the counties 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 any interest earnings may be spent by the County Board only for the purpose related to the improvement of natural resources.

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
DECEMBER 31, 2010

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
<b>ASSETS</b>			
Cash and cash equivalents	\$ 839,389	\$ -	\$ 28,033
Investments	-	-	-
Delinquent taxes receivable	14,080	-	-
Accounts receivable (net)	-	-	-
Loans receivable	125,000	-	-
Due from other governments	-	223,995	60,871
Total Assets	978,469	223,995	88,904
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	-	90,121	2,500
Salaries payable	-	4,284	2,438
Interfund payable	-	92,759	-
Due to other governments	-	36,831	83,966
Deferred revenue	12,539	-	-
Total Liabilities	12,539	223,995	88,904
Fund Balances:			
Non-spendable:			
Noncurrent loans	125,000	-	-
Environmental trust funds	-	-	-
Restricted:			
Debt service	-	-	-
Health and sanitation	-	-	-
Improvement of natural resources	-	-	-
Committed:			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	840,930	-	-
Assigned:			
Conservation of natural resources	-	-	-
Total Fund Balance	965,930	-	-
Total Liabilities and Fund Balance	\$ 978,469	\$ 223,995	\$ 88,904

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
DECEMBER 31, 2010

**Special Revenue Funds (continued)**

	<b>Septic Loan</b>	<b>Forest Resources</b>	<b>Northern Lights Express</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 244,365	\$ 6,991,891	\$ -	\$ 8,103,678
Investments	-	-	-	-
Delinquent taxes receivable	-	-	-	14,080
Accounts receivable (net)	15,783	-	-	15,783
Loans receivable	723,878	-	-	848,878
Due from other governments	-	11,225	120,991	417,082
Total Assets	<u>984,026</u>	<u>7,003,116</u>	<u>120,991</u>	<u>9,399,501</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	10,574	6,144	55,155	164,494
Salaries payable	-	-	-	6,722
Interfund payable	-	-	-	92,759
Due to other governments	-	-	-	120,797
Deferred revenue	-	11,225	65,836	89,600
Total Liabilities	<u>10,574</u>	<u>17,369</u>	<u>120,991</u>	<u>474,372</u>
Fund Balances:				
Non-spendable:				
Noncurrent loans	723,878	-	-	848,878
Environmental trust funds	-	-	-	-
Restricted:				
Debt service	32,860	-	-	32,860
Health and sanitation	118,969	-	-	118,969
Improvement of natural resources	-	-	-	-
Committed:				
Health and sanitation	97,745	-	-	97,745
Conservation of natural resources	-	6,647,817	-	6,647,817
Economic development	-	-	-	840,930
Assigned:				
Conservation of natural resources	-	337,930	-	337,930
Total Fund Balance	<u>973,452</u>	<u>6,985,747</u>	<u>-</u>	<u>8,925,129</u>
Total Liabilities and Fund Balance	<u>\$ 984,026</u>	<u>\$ 7,003,116</u>	<u>\$ 120,991</u>	<u>\$ 9,399,501</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
DECEMBER 31, 2010

	<u>Debt Service Fund</u>	<u>Permanent Fund  Shoreline Sales</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,281,857	\$ -	\$ 9,385,535
Investments	-	6,490,261	6,490,261
Delinquent taxes receivable	433,485	-	447,565
Accounts receivable (net)	-	-	15,783
Loans receivable	-	-	848,878
Due from other governments	17	-	417,099
Total Assets	<u>1,715,359</u>	<u>6,490,261</u>	<u>17,605,121</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	-	-	164,494
Salaries payable	-	-	6,722
Interfund payable	-	277,573	370,332
Due to other governments	-	-	120,797
Deferred revenue	385,471	-	475,071
Total Liabilities	<u>385,471</u>	<u>277,573</u>	<u>1,137,416</u>
Fund Balances:			
Non-spendable:			
Noncurrent loans	-	-	848,878
Environmental trust funds	-	5,890,001	5,890,001
Restricted:			
Debt service	1,329,888	-	1,362,748
Health and sanitation	-	-	118,969
Improvement of natural resources	-	322,687	322,687
Committed:			
Health and sanitation	-	-	97,745
Conservation of natural resources	-	-	6,647,817
Economic development	-	-	840,930
Assigned:			
Conservation of natural resources	-	-	337,930
Total Fund Balance	<u>1,329,888</u>	<u>6,212,688</u>	<u>16,467,705</u>
Total Liabilities and Fund Balance	<u>\$ 1,715,359</u>	<u>\$ 6,490,261</u>	<u>\$ 17,605,121</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>Special Revenue Funds</b>		
	<b>Housing and Redevelopment Authority</b>	<b>Community Development Block Grant</b>	<b>Northeast Minnesota Housing Consortium</b>
<b>REVENUES</b>			
Taxes	\$ 189,334	\$ -	\$ -
Intergovernmental	11,172	2,359,079	533,295
Earnings on investments	-	-	-
Miscellaneous	-	-	-
Total Revenues	200,506	2,359,079	533,295
<b>EXPENDITURES</b>			
Current:			
Health and sanitation	-	-	-
Culture and recreation	-	-	-
Conservation of natural resources	-	-	-
Economic development	369,692	2,359,079	533,295
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay:			
Conservation of natural resources	-	-	-
Total expenditures	369,692	2,359,079	533,295
Excess (deficiency) of revenues over expenditures	(169,186)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Bonds issued	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	(169,186)	-	-
Fund Balance - January 1	1,135,116	-	-
Fund Balance - December 31	\$ 965,930	\$ -	\$ -

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

**Special Revenue Funds (continued)**

	<b>Septic Loan</b>	<b>Forest Resources</b>	<b>Northern Lights Express</b>	<b>Total</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ 557,061	\$ -	\$ 746,395
Intergovernmental	-	155,268	1,171,360	4,230,174
Earnings on investments	25,669	-	-	25,669
Miscellaneous	-	35,517	-	35,517
Total Revenues	<u>25,669</u>	<u>747,846</u>	<u>1,171,360</u>	<u>5,037,755</u>
<b>EXPENDITURES</b>				
Current:				
Health and sanitation	11,600	-	-	11,600
Culture and recreation	-	66,941	1,171,360	1,238,301
Conservation of natural resources	-	790,278	-	790,278
Economic development	-	-	-	3,262,066
Debt service:				
Principal	25,758	-	-	25,758
Interest and other charges	254	-	-	254
Capital outlay:				
Conservation of natural resources	-	26,267	-	26,267
Total expenditures	<u>37,612</u>	<u>883,486</u>	<u>1,171,360</u>	<u>5,354,524</u>
Excess (deficiency) of revenues over expenditures	<u>(11,943)</u>	<u>(135,640)</u>	<u>-</u>	<u>(316,769)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	788,211	-	788,211
Transfers out	-	(200,000)	-	(200,000)
Bonds issued	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>588,211</u>	<u>-</u>	<u>588,211</u>
Net change in fund balances	(11,943)	452,571	-	271,442
Fund Balance - January 1	<u>985,395</u>	<u>6,533,176</u>	<u>-</u>	<u>8,653,687</u>
Fund Balance - December 31	<u>\$ 973,452</u>	<u>\$ 6,985,747</u>	<u>\$ -</u>	<u>\$ 8,925,129</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Debt Service Fund	Permanent Fund  Shoreline Sales	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 5,912,874	\$ -	\$ 6,659,269
Intergovernmental	606,266	-	4,836,440
Earnings on investments	-	631,243	656,912
Miscellaneous	298,913	-	334,430
Total Revenues	<u>6,818,053</u>	<u>631,243</u>	<u>12,487,051</u>
<b>EXPENDITURES</b>			
Current:			
Health and sanitation	-	-	11,600
Culture and recreation	-	-	1,238,301
Conservation of natural resources	-	-	790,278
Economic development	-	-	3,262,066
Debt service:			
Principal	5,452,600	-	5,478,358
Interest and other charges	1,603,381	-	1,603,635
Capital outlay:			
Conservation of natural resources	-	-	26,267
Total expenditures	<u>7,055,981</u>	<u>-</u>	<u>12,410,505</u>
Excess (deficiency) of revenues over expenditures	<u>(237,928)</u>	<u>631,243</u>	<u>76,546</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	788,211
Transfers out	-	(285,600)	(485,600)
Bonds issued	11,303	-	11,303
Total other financing sources and uses	<u>11,303</u>	<u>(285,600)</u>	<u>313,914</u>
Net change in fund balances	(226,625)	345,643	390,460
Fund Balance - January 1	<u>1,556,513</u>	<u>5,867,045</u>	<u>16,077,245</u>
Fund Balance - December 31	<u>\$ 1,329,888</u>	<u>\$ 6,212,688</u>	<u>\$ 16,467,705</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, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 191,023	\$ 191,023	\$ 189,334	\$ (1,689)
Intergovernmental	11,172	11,172	11,172	-
Total Revenues	<u>202,195</u>	<u>202,195</u>	<u>200,506</u>	<u>(1,689)</u>
 <b>EXPENDITURES</b>				
Economic development				
Personnel services	174,290	174,290	24,533	(149,757)
Other operating	<u>274,804</u>	<u>574,804</u>	<u>345,159</u>	<u>(229,645)</u>
Total Expenditures	<u>449,094</u>	<u>749,094</u>	<u>369,692</u>	<u>(379,402)</u>
Excess of Revenues Over (Under) Expenditures	(246,899)	(546,899)	(169,186)	377,713
Fund Balance - January 1	<u>1,135,116</u>	<u>1,135,116</u>	<u>1,135,116</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 888,217</u>	<u>\$ 588,217</u>	<u>\$ 965,930</u>	<u>\$ 377,713</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 5,600,663	\$ 2,440,263	\$ 2,359,079	\$ (81,184)
<b>EXPENDITURES</b>				
Economic development				
Personal services	446,908	303,360	303,360	-
Other operating	5,153,755	2,136,903	2,055,719	(81,184)
Total Expenditures	<u>5,600,663</u>	<u>2,440,263</u>	<u>2,359,079</u>	<u>(81,184)</u>
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**NORTHEAST MINNESOTA HOUSING CONSORTIUM SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 1,880,000	\$ 1,543,972	\$ 533,295	\$ (1,010,677)
<b>EXPENDITURES</b>				
Economic development				
Personal services	81,899	81,899	79,951	(1,948)
Other operating	1,798,101	1,462,073	453,344	(1,008,729)
Total Expenditures	<u>1,880,000</u>	<u>1,543,972</u>	<u>533,295</u>	<u>(1,010,677)</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>

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Earnings on investments	\$ 9,600	\$ 9,600	\$ 25,669	\$ 16,069
Miscellaneous	-	109,870	-	(109,870)
Total Revenues	<u>9,600</u>	<u>119,470</u>	<u>25,669</u>	<u>(93,801)</u>
<b>EXPENDITURES</b>				
Health and sanitation				
Other operating	9,600	64,909	11,600	(53,309)
Debt service				
Principal	22,490	76,797	25,758	(51,039)
Interest and other charges	-	254	254	-
Total Expenditures	<u>32,090</u>	<u>141,960</u>	<u>37,612</u>	<u>(104,348)</u>
Excess of Revenues Over (Under) Expenditures	(22,490)	(22,490)	(11,943)	10,547
Fund Balance - January 1	<u>985,395</u>	<u>985,395</u>	<u>985,395</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 962,905</u>	<u>\$ 962,905</u>	<u>\$ 973,452</u>	<u>\$ 10,547</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOREST RESOURCES SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 540,000	\$ 540,000	\$ 557,061	\$ 17,061
Intergovernmental	100,000	137,475	155,268	17,793
Miscellaneous	-	-	35,517	35,517
Total Revenues	<u>640,000</u>	<u>677,475</u>	<u>747,846</u>	<u>70,371</u>
<b>EXPENDITURES</b>				
Culture and recreation				
Other operating	50,000	66,941	66,941	-
Conservation of natural resources				
Other operating	1,496,203	1,506,677	790,278	(716,399)
Capital outlay	-	27,000	26,267	(733)
Total Conservation of Natural Resources	<u>1,496,203</u>	<u>1,533,677</u>	<u>816,545</u>	<u>(717,132)</u>
Total Expenditures	<u>1,546,203</u>	<u>1,600,618</u>	<u>883,486</u>	<u>(717,132)</u>
Excess of Revenues Over (Under) Expenditures	(906,203)	(923,143)	(135,640)	787,503
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	679	788,211	788,211	-
Transfers out	(200,000)	(200,000)	(200,000)	-
Total other financing sources and uses	<u>(199,321)</u>	<u>588,211</u>	<u>588,211</u>	<u>-</u>
Net change in fund balances	(1,105,524)	(334,932)	452,571	787,503
Fund Balance - January 1	<u>6,533,176</u>	<u>6,533,176</u>	<u>6,533,176</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 5,427,652</u>	<u>\$ 6,198,244</u>	<u>\$ 6,985,747</u>	<u>\$ 787,503</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**NORTHERN LIGHTS EXPRESS SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 1,171,360	\$ 1,171,360	\$ -
<b>EXPENDITURES</b>				
Culture and recreation				
Other operating	-	1,171,360	1,171,360	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 5,945,291	\$ 5,945,291	\$ 5,912,874	\$ (32,417)
Intergovernmental	753,914	606,236	606,266	30
Miscellaneous	-	-	298,913	298,913
Total Revenues	<u>6,699,205</u>	<u>6,551,527</u>	<u>6,818,053</u>	<u>266,526</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	5,452,600	5,452,600	5,452,600	-
Interest and fiscal charges	1,602,721	1,603,381	1,603,381	-
Total Expenditures	<u>7,055,321</u>	<u>7,055,981</u>	<u>7,055,981</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(356,116)	(504,454)	(237,928)	266,526
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds Issued	-	-	11,303	11,303
Net change in fund balances	(356,116)	(504,454)	(226,625)	277,829
Fund Balance - January 1	<u>1,556,513</u>	<u>1,556,513</u>	<u>1,556,513</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,200,397</u>	<u>\$ 1,052,059</u>	<u>\$ 1,329,888</u>	<u>\$ 277,829</u>

# Nonmajor Enterprise Funds

## NONMAJOR ENTERPRISE FUNDS

**Chris Jensen Health and Rehabilitation Center** - This fund is used to account for providing nursing home, health, and rehabilitation facilities for the public. The operation was leased to Health Dimensions Group effective November 1, 2009.

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

**Supervised Living Facilities** - This fund is used to account for services that enable elderly and/or handicapped individuals to maintain a degree of independence. It was closed effective January 1, 2010.

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
DECEMBER 31, 2010

	<b>Chris Jensen Health and Rehabilitation Center</b>	<b>Plat Books</b>	<b>Total</b>
	<u>Center</u>	<u>Books</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 334,325	\$ 200,817	\$ 535,142
Delinquent taxes receivable	10,741	-	10,741
Accounts receivable (net)	1,189,183	352	1,189,535
Inventories	-	11,157	11,157
Total current assets	<u>1,534,249</u>	<u>212,326</u>	<u>1,746,575</u>
Capital assets:			
Land	130,656	-	130,656
Buildings and structures	6,910,563	-	6,910,563
Improvements other than buildings	13,135	-	13,135
Machinery and equipment	1,397,182	-	1,397,182
Vehicles	73,914	-	73,914
Less accumulated depreciation	<u>(3,821,452)</u>	<u>-</u>	<u>(3,821,452)</u>
Total capital asset (net)	<u>4,703,998</u>	<u>-</u>	<u>4,703,998</u>
Total assets	<u>6,238,247</u>	<u>212,326</u>	<u>6,450,573</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	<u>102,142</u>	<u>-</u>	<u>102,142</u>
Total liabilities	<u>102,142</u>	<u>-</u>	<u>102,142</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	4,703,998	-	4,703,998
Unrestricted	1,432,107	212,326	1,644,433
Total net assets	<u>\$ 6,136,105</u>	<u>\$ 212,326</u>	<u>\$ 6,348,431</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>Chris Jensen Health and Rehabilitation Center</b>	<b>Plat Books</b>	<b>Supervised Living Facilities</b>	<b>Total</b>
Operating Revenues				
Charges for services	\$ -	\$ 21,956	\$ -	\$ 21,956
Other	50,035	-	-	50,035
Total Operating Revenues	<u>50,035</u>	<u>21,956</u>	<u>-</u>	<u>71,991</u>
Operating Expenses				
Personal services	760,912	-	-	760,912
Contractual services	51,554	-	60,594	112,148
Materials	146,816	16,107	-	162,923
Depreciation	169,988	-	-	169,988
Total Operating Expenses	<u>1,129,270</u>	<u>16,107</u>	<u>60,594</u>	<u>1,205,971</u>
Operating Income (Loss)	(1,079,235)	5,849	(60,594)	(1,133,980)
Non operating Revenues (Expenses)				
Taxes	20,036	-	-	20,036
Income (Loss) Before Transfers	(1,059,199)	5,849	(60,594)	(1,113,944)
Transfers in	649,760	206,477	-	856,237
Transfers out	-	-	(415,868)	(415,868)
Total Transfers	<u>649,760</u>	<u>206,477</u>	<u>(415,868)</u>	<u>440,369</u>
Change in net assets	(409,439)	212,326	(476,462)	(673,575)
Net assets - January 1	<u>6,545,544</u>	<u>-</u>	<u>476,462</u>	<u>7,022,006</u>
Net assets - December 31	<u>\$ 6,136,105</u>	<u>\$ 212,326</u>	<u>\$ -</u>	<u>\$ 6,348,431</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Chris Jensen Health and Rehabilitation Center	Plat Books	Supervised Living Facilities	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 297,000	\$ 21,604	\$ 119,872	\$ 438,476
Payments to suppliers	(158,628)	(27,264)	(19,116)	(205,008)
Payments to employees	(819,335)	-	-	(819,335)
Other receipts (payments)	34,330	-	-	34,330
Net cash provided (used) by operating activities	<u>(646,633)</u>	<u>(5,660)</u>	<u>100,756</u>	<u>(551,537)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds from taxes	31,198	-	-	31,198
Transfers from other funds	649,760	206,477	-	856,237
Transfers to other funds	-	-	(415,868)	(415,868)
Net cash provided (used) by noncapital financing activities	<u>680,958</u>	<u>206,477</u>	<u>(415,868)</u>	<u>471,567</u>
Net Increase (Decrease) in Cash and Cash Equivalents	34,325	200,817	(315,112)	(79,970)
Balances - January 1	<u>300,000</u>	<u>-</u>	<u>315,112</u>	<u>615,112</u>
Balances - December 31	<u>\$ 334,325</u>	<u>\$ 200,817</u>	<u>\$ -</u>	<u>\$ 535,142</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (1,079,235)	\$ 5,849	\$ (60,594)	\$ (1,133,980)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	169,988	-	-	169,988
(Increase) Decrease Receivables, net	297,000	(352)	180,466	477,114
(Increase) Decrease Due from other governments	4	-	-	4
(Increase) Decrease Inventories	-	(11,157)	-	(11,157)
Increase (Decrease) Accounts payable	39,742	-	(19,116)	20,626
Increase (Decrease) Compensated absences payable	(58,423)	-	-	(58,423)
Increase (Decrease) Due to other governments	(15,709)	-	-	(15,709)
Total Adjustments	<u>432,602</u>	<u>(11,509)</u>	<u>161,350</u>	<u>582,443</u>
Net cash provided (used) by operating activities	<u>\$ (646,633)</u>	<u>\$ (5,660)</u>	<u>\$ 100,756</u>	<u>\$ (551,537)</u>

# Internal Service Funds

## 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.

**Printing** - This fund is used to account for providing office supplies, materials, printing, and postage to County departments.

**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.

**Management Information Systems** - This fund is used to account for computer services and programming services to County departments.

**Telecommunications** - This fund is used to account for the County communications system.

**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 ASSETS**  
**INTERNAL SERVICE FUNDS**  
DECEMBER 31, 2010

	<u>Printing</u>	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 1,000,532	\$ 617,014	\$ 705,942
Investments	-	-	6,445,211	6,573,266
Accounts receivable	116	-	1,766	632
Accrued interest receivable	-	-	48,700	36,329
Due from other governments	8,906	-	-	1,809
Inventories	139,296	69,050	-	-
Prepaid items	-	-	-	-
Total current assets	<u>148,318</u>	<u>1,069,582</u>	<u>7,112,691</u>	<u>7,317,978</u>
Noncurrent assets:				
Capital assets:				
Land	-	25,500	-	-
Buildings and structures	-	788,509	-	-
Machinery and equipment	35,505	79,214	-	-
Vehicles	-	2,106,516	-	-
Construction in progress	-	216,305	-	-
Less accumulated depreciation	<u>(18,781)</u>	<u>(1,792,313)</u>	<u>-</u>	<u>-</u>
Total capital asset (net)	<u>16,724</u>	<u>1,423,731</u>	<u>-</u>	<u>-</u>
Total assets	<u>165,042</u>	<u>2,493,313</u>	<u>7,112,691</u>	<u>7,317,978</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	3,531	21,175	443	167,197
Contracts payable	-	153,971	-	-
Salaries payable	4,714	16,068	2,325	26,619
Compensated absences payable	12,672	43,942	-	-
Claims payable	-	-	-	849,776
Due to other governments	-	1,707	-	74,193
Interfund payable	244,650	-	-	-
Unearned revenue	-	-	-	-
Total current liabilities	<u>265,567</u>	<u>236,863</u>	<u>2,768</u>	<u>1,117,785</u>
Noncurrent liabilities:				
Compensated absences payable	100,898	159,032	-	-
Claims payable	-	-	128,874	4,441,083
OPEB obligation	-	-	-	-
Total non-current liabilities	<u>100,898</u>	<u>159,032</u>	<u>128,874</u>	<u>4,441,083</u>
Total liabilities	<u>366,465</u>	<u>395,895</u>	<u>131,642</u>	<u>5,558,868</u>
<b>NET ASSETS</b>				
Invested in capital assets	16,724	1,423,731	-	-
Unrestricted	<u>(218,147)</u>	<u>673,687</u>	<u>6,981,049</u>	<u>1,759,110</u>
Total net assets	<u>\$ (201,423)</u>	<u>\$ 2,097,418</u>	<u>\$ 6,981,049</u>	<u>\$ 1,759,110</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
DECEMBER 31, 2010

	<u>Medical/ Dental Insurance</u>	<u>Management Information Systems</u>	<u>Telecommu- nications</u>	<u>Retired Employees' Health Insurance</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,152,789	\$ 2,561,405	\$ 866,502	\$ 341,339	\$ 8,245,523
Investments	13,308,986	-	-	-	26,327,463
Accounts receivable	700,000	828	2	-	703,344
Accrued interest receivable	78,290	-	-	-	163,319
Due from other governments	850	3,008	4,652	-	19,225
Inventories	-	2,148	39,639	-	250,133
Prepaid items	107,465	79,119	-	-	186,584
Total current assets	<u>16,348,380</u>	<u>2,646,508</u>	<u>910,795</u>	<u>341,339</u>	<u>35,895,591</u>
Capital assets:					
Land	-	-	-	-	25,500
Buildings and structures	-	66,468	-	-	854,977
Machinery and equipment	-	1,168,429	1,532,492	-	2,815,640
Vehicles	-	-	-	-	2,106,516
Construction in progress	-	-	-	-	216,305
Less accumulated depreciation	-	(845,866)	(1,445,580)	-	(4,102,540)
Total capital asset (net)	<u>-</u>	<u>389,031</u>	<u>86,912</u>	<u>-</u>	<u>1,916,398</u>
Total assets	<u>16,348,380</u>	<u>3,035,539</u>	<u>997,707</u>	<u>341,339</u>	<u>37,811,989</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	14,391	27,812	17,286	-	251,835
Contracts payable	-	-	-	-	153,971
Salaries payable	-	102,836	14,329	-	166,891
Compensated absences payable	-	188,999	28,768	54,126	328,507
Claims payable	2,062,237	-	-	-	2,912,013
Due to other governments	582	33	25,917	-	102,432
Interfund payable	-	-	-	-	244,650
Unearned revenue	1,008,940	-	-	-	1,008,940
Total current liabilities	<u>3,086,150</u>	<u>319,680</u>	<u>86,300</u>	<u>54,126</u>	<u>5,169,239</u>
Noncurrent liabilities:					
Compensated absences payable	-	1,055,759	165,416	287,213	1,768,318
Claims payable	-	-	-	-	4,569,957
OPEB obligation	2,352,837	-	-	-	2,352,837
Total non-current liabilities	<u>2,352,837</u>	<u>1,055,759</u>	<u>165,416</u>	<u>287,213</u>	<u>8,691,112</u>
Total liabilities	<u>5,438,987</u>	<u>1,375,439</u>	<u>251,716</u>	<u>341,339</u>	<u>13,860,351</u>
<b>NET ASSETS</b>					
Invested in capital assets	-	389,031	86,912	-	1,916,398
Unrestricted	10,909,393	1,271,069	659,079	-	22,035,240
Total net assets	<u>\$ 10,909,393</u>	<u>\$ 1,660,100</u>	<u>\$ 745,991</u>	<u>\$ -</u>	<u>\$ 23,951,638</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Printing</u>	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
Operating Revenues				
Charges for services	\$ 1,012,410	\$ 1,396,224	\$ -	\$ 2,727,641
Other	<u>743</u>	<u>3,656</u>	<u>15,868</u>	<u>544,752</u>
Total Operating Revenues	<u>1,013,153</u>	<u>1,399,880</u>	<u>15,868</u>	<u>3,272,393</u>
Operating Expenses				
Personal services	133,585	528,214	96,615	445,314
Contractual services	936,192	214,092	176,650	1,724,463
Materials	10,634	558,626	-	-
OPEB expense	-	-	-	-
Claims Paid	-	-	-	1,484,770
Depreciation	<u>903</u>	<u>249,752</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>1,081,314</u>	<u>1,550,684</u>	<u>273,265</u>	<u>3,654,547</u>
Operating Income (Loss)	<u>(68,161)</u>	<u>(150,804)</u>	<u>(257,397)</u>	<u>(382,154)</u>
Nonoperating revenues (expenses)				
Earnings on investments	-	-	80,714	95,914
Loss or gain on asset disposal	<u>-</u>	<u>2,619</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>2,619</u>	<u>80,714</u>	<u>95,914</u>
Income (Loss) Before Transfers	(68,161)	(148,185)	(176,683)	(286,240)
Transfers in	-	67,472	-	-
Transfers (out)	<u>(206,477)</u>	<u>(20,000)</u>	<u>(597,829)</u>	<u>-</u>
Total Transfers	<u>(206,477)</u>	<u>47,472</u>	<u>(597,829)</u>	<u>-</u>
Change in net assets	(274,638)	(100,713)	(774,512)	(286,240)
Net assets - January 1	<u>73,215</u>	<u>2,198,131</u>	<u>7,755,561</u>	<u>2,045,350</u>
Net assets - December 31	<u>\$ (201,423)</u>	<u>\$ 2,097,418</u>	<u>\$ 6,981,049</u>	<u>\$ 1,759,110</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>Medical/ Dental Insurance</b>	<b>Management Information Systems</b>	<b>Telecommu- nications</b>	<b>Retired Employees' Health Insurance</b>	<b>Total</b>
Operating Revenues					
Charges for services	\$ 30,037,511	\$ 3,755,741	\$ 1,361,292	\$ 193,185	\$ 40,484,004
Other	-	259,026	2,483	-	826,528
Total Operating Revenues	<u>30,037,511</u>	<u>4,014,767</u>	<u>1,363,775</u>	<u>193,185</u>	<u>41,310,532</u>
Operating Expenses					
Personal services	-	2,994,773	523,857	-	4,722,358
Contractual services	28,409,706	832,876	562,489	193,185	33,049,653
Materials	-	24,477	248,515	-	842,252
OPEB expense	810,655	-	-	-	810,655
Claims Paid	-	-	-	-	1,484,770
Depreciation	-	164,477	49,770	-	464,902
Total Operating Expenses	<u>29,220,361</u>	<u>4,016,603</u>	<u>1,384,631</u>	<u>193,185</u>	<u>41,374,590</u>
Operating Income (Loss)	<u>817,150</u>	<u>(1,836)</u>	<u>(20,856)</u>	<u>-</u>	<u>(64,058)</u>
Nonoperating revenues (expenses)					
Earnings on investments	107,556	-	-	-	284,184
Loss or gain on asset disposal	-	-	-	-	2,619
Total Nonoperating Revenues (Expenses)	<u>107,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,803</u>
Income (Loss) Before Transfers	924,706	(1,836)	(20,856)	-	222,745
Transfers in	-	-	-	-	67,472
Transfers (out)	(183,189)	-	-	-	(1,007,495)
Total Transfers	<u>(183,189)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(940,023)</u>
Change in net assets	741,517	(1,836)	(20,856)	-	(717,278)
Net assets - January 1	<u>10,167,876</u>	<u>1,661,936</u>	<u>766,847</u>	<u>-</u>	<u>24,668,916</u>
Net assets - December 31	<u>\$ 10,909,393</u>	<u>\$ 1,660,100</u>	<u>\$ 745,991</u>	<u>\$ -</u>	<u>\$ 23,951,638</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Printing	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
<b>CASH FLOWS FROM</b>				
<b>OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 64,188	\$ -	\$ -	\$ -
Receipts from interfund services provided	952,036	1,396,224	-	2,727,641
Payments to suppliers	(1,076,186)	(773,978)	(2,810)	(1,919,861)
Payments to employees	(132,928)	(515,202)	(94,290)	(438,837)
Claims paid	-	-	(129,056)	(1,604,428)
Other receipts (payments)	743	3,656	15,106	586,669
Net cash provided (used) by operating activities	<u>(192,147)</u>	<u>110,700</u>	<u>(211,050)</u>	<u>(648,816)</u>
<b>CASH FLOWS FROM</b>				
<b>NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds from interfund loan	244,650	-	-	-
Transfers from other funds	-	67,472	-	-
Transfers to other funds	(206,477)	(20,000)	(597,829)	-
Net cash provided (used) by noncapital financing activities	<u>38,173</u>	<u>47,472</u>	<u>(597,829)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	-	(307,131)	-	-
Proceeds from the sale of capital assets	-	32,896	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(274,235)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	-	-	(8,172,464)	(12,838,541)
Sale of investments	-	-	9,016,020	13,263,662
Interest and dividends	-	-	94,691	100,669
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>938,247</u>	<u>525,790</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(153,974)	(116,063)	129,368	(123,026)
Balances - January 1	<u>153,974</u>	<u>1,116,595</u>	<u>487,646</u>	<u>828,968</u>
Balances - December 31	<u>\$ -</u>	<u>\$ 1,000,532</u>	<u>\$ 617,014</u>	<u>\$ 705,942</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (68,161)	\$ (150,804)	\$ (257,397)	\$ (382,154)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	903	249,752	-	-
(Increase) Decrease Receivables, net	1,473	-	(762)	466
(Increase) Decrease Due from other governments	2,341	-	-	41,451
(Increase) Decrease Inventories	(98,090)	(8,799)	-	-
(Increase) Decrease Prepaid items	-	-	-	-
Increase (Decrease) Accounts payable	(31,270)	7,450	(2,810)	(186,782)
Increase (Decrease) Salaries payable	588	3,663	2,325	6,477
Increase (Decrease) Compensated absences payable	69	9,349	-	-
Increase (Decrease) Claims payable	-	-	47,594	(119,658)
Increase (Decrease) Due to other governments	-	89	-	(8,616)
Increase (Decrease) OPEB obligation	-	-	-	-
Increase (Decrease) Unearned revenue	-	-	-	-
Total Adjustments	<u>(123,986)</u>	<u>261,504</u>	<u>46,347</u>	<u>(266,662)</u>
Net cash provided (used) by operating activities	<u>\$ (192,147)</u>	<u>\$ 110,700</u>	<u>\$ (211,050)</u>	<u>\$ (648,816)</u>
<b>NON-CASH ACTIVITIES</b>				
Contracts payable incurred for construction of capital assets	\$ -	\$ 153,971	\$ -	\$ -
Change in fair market value of investments	-	-	913	(7,591)

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Medical/ Dental Insurance	Management Information Systems	Telecommu- nications	Retired Employees' Health Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ -	\$ 47,940	\$ 51,715	\$ -	\$ 163,843
Receipts from interfund services provided	29,937,048	3,711,948	1,307,043	193,185	40,225,125
Payments to suppliers	14,082	(986,549)	(854,472)	-	(5,599,774)
Payments to employees	-	(2,954,707)	(510,534)	(375,838)	(5,022,336)
Claims paid	(28,357,183)	-	-	-	(30,090,667)
Other receipts (payments)	-	258,376	2,483	-	867,033
Net cash provided (used) by operating activities	<u>1,593,947</u>	<u>77,008</u>	<u>(3,765)</u>	<u>(182,653)</u>	<u>543,224</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Proceeds from interfund loan	-	-	-	-	244,650
Transfers from other funds	-	-	-	-	67,472
Transfers to other funds	(183,189)	-	-	-	(1,007,495)
Net cash provided (used) by noncapital financing activities	<u>(183,189)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(695,373)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	-	(132,139)	-	-	(439,270)
Proceeds from the sale of capital assets	-	-	-	-	32,896
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(132,139)</u>	<u>-</u>	<u>-</u>	<u>(406,374)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(21,849,535)	-	-	-	(42,860,540)
Sale of investments	21,655,638	-	-	-	43,935,320
Interest and dividends	175,665	-	-	-	371,025
Net cash provided (used) by investing activities	<u>(18,232)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,445,805</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,392,526	(55,131)	(3,765)	(182,653)	887,282
Balances - January 1	<u>760,263</u>	<u>2,616,536</u>	<u>870,267</u>	<u>523,992</u>	<u>7,358,241</u>
Balances - December 31	<u>\$ 2,152,789</u>	<u>\$ 2,561,405</u>	<u>\$ 866,502</u>	<u>\$ 341,339</u>	<u>\$ 8,245,523</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 817,150	\$ (1,836)	\$ (20,856)	\$ -	\$ (64,058)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	-	164,477	49,770	-	464,902
(Increase) Decrease Receivables, net	(99,332)	(595)	127	-	(98,623)
(Increase) Decrease Due from other governments	(170)	4,742	5,380	-	53,744
(Increase) Decrease Inventories	-	1,447	(12,061)	-	(117,503)
(Increase) Decrease Prepaid items	27,702	(79,119)	-	-	(51,417)
Increase (Decrease) Accounts payable	14,082	(51,524)	(31,407)	-	(282,261)
Increase (Decrease) Salaries payable	-	17,174	(139)	-	30,088
Increase (Decrease) Compensated absences payable	-	22,892	13,462	(182,653)	(136,881)
Increase (Decrease) Claims payable	24,821	-	-	-	(47,243)
Increase (Decrease) Due to other governments	(1,053)	(650)	(8,041)	-	(18,271)
Increase (Decrease) OPEB obligation	810,655	-	-	-	810,655
Increase (Decrease) Unearned revenue	92	-	-	-	92
Total Adjustments	<u>776,797</u>	<u>78,844</u>	<u>17,091</u>	<u>(182,653)</u>	<u>607,282</u>
Net cash provided (used) by operating activities	<u>\$ 1,593,947</u>	<u>\$ 77,008</u>	<u>\$ (3,765)</u>	<u>\$ (182,653)</u>	<u>\$ 543,224</u>
<b>NON-CASH ACTIVITIES</b>					
Contracts payable incurred for construction of capital assets	\$ -	\$ -	\$ -	\$ -	\$ 153,971
Change in fair market value of investments	(54,563)	-	-	-	(61,241)

# Fiduciary Funds

## **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.

**Series EE Savings Bond** - This fund is used to account for the purchase of U.S. Savings Bonds, Series EE, by County employees through payroll deductions. Individual employees' payroll deductions accumulate in this fund until sufficient funds are available to purchase the requested U.S. Savings Bond, Series EE.

**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.

## **AGENCY FUNDS Continued**

**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 whom the Regional Railroad Authority is the fiscal agent.

**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 whom 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 whom 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 whom the County is the fiscal agent.

**Agency Miscellaneous** - This fund is used to account for the activities not accounted for in another agency fund.

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
DECEMBER 31, 2010

	<b>Investment Trust Funds</b>		
	<b>Taconite Relief</b>	<b>Taconite Production Tax</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 425,842	\$ 425,842
Investments	14,533,730	-	14,533,730
Accrued interest receivable	81,708	-	81,708
Total Assets	14,615,438	425,842	15,041,280
<b>LIABILITIES</b>			
Due to other governments	-	425,842	425,842
Total Liabilities	-	425,842	425,842
<b>NET ASSETS</b>			
Held in trust for pool participants and other purposes	\$ 14,615,438	\$ -	\$ 14,615,438

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>Investment Trust Funds</b>		
	<b>Taconite Relief</b>	<b>Taconite Production Tax</b>	<b>Total</b>
<b>ADDITIONS</b>			
Taconite taxes	\$ 12,531,071	\$ 20,054,280	\$ 32,585,351
Earnings on investments	331,916	4,444	336,360
Total Additions	12,862,987	20,058,724	32,921,711
<b>DEDUCTIONS</b>			
Distribution to participants	20,293,495	20,058,724	40,352,219
Changes in net assets	(7,430,508)	-	(7,430,508)
Net assets - January 1	22,045,946	-	22,045,946
Net assets - December 31	\$ 14,615,438	\$ -	\$ 14,615,438

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>STATE OF MINNESOTA FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 275,796	\$ 18,028,132	\$ 17,685,022	\$ 618,906
Accounts receivable	-	11,134	-	11,134
Due from other governments	288,796	8,327	288,796	8,327
Total Assets	<u>\$ 564,592</u>	<u>\$ 18,047,593</u>	<u>\$ 17,973,818</u>	<u>\$ 638,367</u>
LIABILITIES				
Due to other governments	<u>\$ 564,592</u>	<u>\$ 18,047,593</u>	<u>\$ 17,973,818</u>	<u>\$ 638,367</u>
<b>BEER-AUCTIONEER LICENSES FUND</b>				
ASSETS				
Cash and cash equivalents	<u>\$ 2,215</u>	<u>\$ 2,215</u>	<u>\$ 2,215</u>	<u>\$ 2,215</u>
LIABILITIES				
Due to other governments	<u>\$ 2,215</u>	<u>\$ 2,215</u>	<u>\$ 2,215</u>	<u>\$ 2,215</u>
<b>TAXES AND PENALTIES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 3,336,288	\$ 340,680,672	\$ 339,982,757	\$ 4,034,203
Due from other governments	339,040	318,555	339,040	318,555
Total Assets	<u>\$ 3,675,328</u>	<u>\$ 340,999,227</u>	<u>\$ 340,321,797</u>	<u>\$ 4,352,758</u>
LIABILITIES				
Due to other governments	<u>\$ 3,675,328</u>	<u>\$ 340,999,227</u>	<u>\$ 340,321,797</u>	<u>\$ 4,352,758</u>
<b>PAYROLL DEDUCTIONS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 704,631	\$ 48,753,410	\$ 48,777,660	\$ 680,381
Accounts receivable	21	-	21	-
Total Assets	<u>\$ 704,652</u>	<u>\$ 48,753,410</u>	<u>\$ 48,777,681</u>	<u>\$ 680,381</u>
LIABILITIES				
Accounts payable	\$ 687,647	\$ 22,468,153	\$ 22,475,419	\$ 680,381
Due to other governments	17,005	26,285,257	26,302,262	-
Total Liabilities	<u>\$ 704,652</u>	<u>\$ 48,753,410</u>	<u>\$ 48,777,681</u>	<u>\$ 680,381</u>
<b>SERIES EE SAVINGS BOND FUND</b>				
ASSETS				
Cash and cash equivalents	<u>\$ 1,746</u>	<u>\$ 22,142</u>	<u>\$ 23,888</u>	<u>\$ -</u>
LIABILITIES				
Due to other governments	<u>\$ 1,746</u>	<u>\$ 22,142</u>	<u>\$ 23,888</u>	<u>\$ -</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>CANCELED CHECK FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 17,592	\$ 15,875	\$ 28,365	\$ 5,102
Accounts receivable	-	514	-	514
Total Assets	<u>\$ 17,592</u>	<u>\$ 16,389</u>	<u>\$ 28,365</u>	<u>\$ 5,616</u>
LIABILITIES				
Accounts payable	<u>\$ 17,592</u>	<u>\$ 16,389</u>	<u>\$ 28,365</u>	<u>\$ 5,616</u>
 <b>ARROWHEAD REGIONAL CORRECTIONS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 4,275,116	\$ 23,702,198	\$ 24,926,025	\$ 3,051,289
Investments	2,657,977	2,716,012	2,657,977	2,716,012
Accounts receivable	18,575	43,850	18,575	43,850
Accrued interest receivable	33,441	-	33,441	-
Due from other governments	1,059,138	1,059,131	1,059,138	1,059,131
Total Assets	<u>\$ 8,044,247</u>	<u>\$ 27,521,191</u>	<u>\$ 28,695,156</u>	<u>\$ 6,870,282</u>
LIABILITIES				
Accounts payable	\$ 245,788	\$ 3,366,603	\$ 3,358,137	\$ 254,254
Salaries payable	447,159	504,815	447,159	504,815
Due to other governments	7,351,300	23,649,773	24,889,860	6,111,213
Total Liabilities	<u>\$ 8,044,247</u>	<u>\$ 27,521,191</u>	<u>\$ 28,695,156</u>	<u>\$ 6,870,282</u>
 <b>PERMIT TO CARRY FIREARMS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 155,979	\$ 125,780	\$ 20,558	\$ 261,201
Accounts receivable	3,620	1,260	3,620	1,260
Total Assets	<u>\$ 159,599</u>	<u>\$ 127,040</u>	<u>\$ 24,178</u>	<u>\$ 262,461</u>
LIABILITIES				
Accounts payable	\$ -	\$ 500	\$ -	\$ 500
Due to other governments	159,599	126,540	24,178	261,961
Total Liabilities	<u>\$ 159,599</u>	<u>\$ 127,040</u>	<u>\$ 24,178</u>	<u>\$ 262,461</u>
 <b>MINNEAPOLIS-DULUTH/SUPERIOR PASSENGER RAIL ALLIANCE FUND</b>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,218,263	\$ 1,639,789	\$ 578,474
Due from other governments	-	120,991	-	120,991
Total Assets	<u>\$ -</u>	<u>\$ 2,339,254</u>	<u>\$ 1,639,789</u>	<u>\$ 699,465</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,790,599	\$ 1,485,563	\$ 305,036
Due to other governments	-	548,655	154,226	394,429
Total Liabilities	<u>\$ -</u>	<u>\$ 2,339,254</u>	<u>\$ 1,639,789</u>	<u>\$ 699,465</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>COMMUNITY HEALTH SERVICES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 705,090	\$ 7,728,625	\$ 6,441,846	\$ 1,991,869
Accounts receivable	35,000	192	35,000	192
Due from other governments	397,520	416,441	397,520	416,441
Prepaid items	1,958	3,320	1,958	3,320
Total Assets	<u>\$ 1,139,568</u>	<u>\$ 8,148,578</u>	<u>\$ 6,876,324</u>	<u>\$ 2,411,822</u>
LIABILITIES				
Accounts payable	\$ 68,230	\$ 4,104,607	\$ 3,888,688	\$ 284,149
Salaries payable	6,451	9,898	6,451	9,898
Due to other governments	1,064,887	4,034,073	2,981,185	2,117,775
Total Liabilities	<u>\$ 1,139,568</u>	<u>\$ 8,148,578</u>	<u>\$ 6,876,324</u>	<u>\$ 2,411,822</u>
<b>DULUTH AREA FAMILY SERVICE COLLABORATIVE FUND</b>				
ASSETS				
Cash and cash equivalents	<u>\$ 58,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,834</u>
LIABILITIES				
Due to other governments	<u>\$ 58,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,834</u>
<b>LOCAL COLLABORATIVE TIME STUDY FUND</b>				
ASSETS				
Cash and cash equivalents	<u>\$ 898,500</u>	<u>\$ 620,605</u>	<u>\$ 756,611</u>	<u>\$ 762,494</u>
LIABILITIES				
Accounts payable	\$ 59,367	\$ 60,638	\$ 59,367	\$ 60,638
Due to other governments	839,133	559,967	697,244	701,856
Total Liabilities	<u>\$ 898,500</u>	<u>\$ 620,605</u>	<u>\$ 756,611</u>	<u>\$ 762,494</u>
<b>REGIONAL RAILROAD AUTHORITY FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 2,401,378	\$ 2,226,086	\$ 3,322,700	\$ 1,304,764
Delinquent taxes receivable	77,213	84,479	77,213	84,479
Accounts receivable	57,096	29,238	57,096	29,238
Due from other governments	185,512	570,945	185,512	570,945
Total Assets	<u>\$ 2,721,199</u>	<u>\$ 2,910,748</u>	<u>\$ 3,642,521</u>	<u>\$ 1,989,426</u>
LIABILITIES				
Accounts payable	\$ 530,993	\$ 2,271,054	\$ 2,697,555	\$ 104,492
Salaries payable	6,272	8,135	6,272	8,135
Due to other governments	2,183,934	631,559	938,694	1,876,799
Total Liabilities	<u>\$ 2,721,199</u>	<u>\$ 2,910,748</u>	<u>\$ 3,642,521</u>	<u>\$ 1,989,426</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>NORTHERN COUNTIES</b>				
<b>LAND USE BOARD FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 96,428	\$ 21,250	\$ 9,554	\$ 108,124
LIABILITIES				
Accounts payable	\$ 936	\$ 800	\$ 936	\$ 800
Due to other governments	95,492	20,450	8,618	107,324
Total Liabilities	<u>\$ 96,428</u>	<u>\$ 21,250</u>	<u>\$ 9,554</u>	<u>\$ 108,124</u>
<b>AGENCY MISCELLANEOUS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 343,256	\$ 417,876	\$ 395,372	\$ 365,760
Accounts receivable	3,305	1,465	3,305	1,465
Total Assets	<u>\$ 346,561</u>	<u>\$ 419,341</u>	<u>\$ 398,677</u>	<u>\$ 367,225</u>
LIABILITIES				
Due to other governments	<u>\$ 346,561</u>	<u>\$ 419,341</u>	<u>\$ 398,677</u>	<u>\$ 367,225</u>
<b>TOTALS FOR ALL AGENCY FUNDS</b>				
ASSETS				
Cash and cash equivalents	\$ 13,272,849	\$ 444,563,129	\$ 444,012,362	\$ 13,823,616
Investments	2,657,977	2,716,012	2,657,977	2,716,012
Delinquent taxes receivable	77,213	84,479	77,213	84,479
Accounts receivable	117,617	87,653	117,617	87,653
Accrued interest receivable	33,441	-	33,441	-
Due from other governments	2,270,006	2,494,390	2,270,006	2,494,390
Prepaid items	1,958	3,320	1,958	3,320
Total Assets	<u>\$ 18,431,061</u>	<u>\$ 449,948,983</u>	<u>\$ 449,170,574</u>	<u>\$ 19,209,470</u>
LIABILITIES				
Accounts payable	\$ 1,610,553	\$ 34,079,343	\$ 33,994,030	\$ 1,695,866
Salaries payable	459,882	522,848	459,882	522,848
Due to other governments	16,360,626	415,346,792	414,716,662	16,990,756
Total Liabilities	<u>\$ 18,431,061</u>	<u>\$ 449,948,983</u>	<u>\$ 449,170,574</u>	<u>\$ 19,209,470</u>

# Miscellaneous Schedules

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS**  
 DECEMBER 31, 2010

	<u>Interest Rates</u>	<u>Par Value</u>	<u>Market</u>
<b>Pooled Investments</b>			
Money market savings account	2.65%	\$ 165,809	\$ 165,809
Savings accounts	0.20% - 0.30%	29,404,576	29,404,576
Certificates of deposit	0.297% - 4.00%	15,898,511	15,898,511
MAGIC	Varies	19,149,419	19,149,419
FFCB	1.00% - 5.20%	31,470,238	31,235,124
FHLB	0.45% - 5.75%	50,736,428	49,831,090
FHLMC	2.00%	998,225	1,005,050
<b>Total Pooled Investments</b>		<u>\$ 147,823,206</u>	<u>\$ 146,689,579</u>
<b>Capital Projects</b>			
Savings accounts	0.20% - 0.30%	\$ 4,818,645	\$ 4,818,645
MAGIC	Varies	7,006,097	7,006,097
<b>Total Capital Projects</b>		<u>\$ 11,824,742</u>	<u>\$ 11,824,742</u>
<b>Shoreland Sales Permanent Fund</b>			
MN Board of Investments	Varies	\$ 6,490,261	\$ 6,490,261
<b>Environmental Services Enterprise Fund</b>			
Savings account	0.30%	\$ 9,887,753	\$ 9,887,753
Certificates of deposit	0.60% - 1.88%	6,903,840	6,903,840
FHLB	1.875% - 2.00%	1,400,000	1,355,596
<b>Total Environmental Services Enterprise Fund</b>		<u>\$ 18,191,593</u>	<u>\$ 18,147,189</u>
<b>Property, Casualty, Liability Insurance</b>			
<b>Internal Service Fund</b>			
Savings accounts	0.30%	\$ 1,757,756	\$ 1,757,756
Certificates of deposit	0.90% - 2.03%	4,436,542	4,436,542
FNMA	1.60%	250,000	250,913
<b>Total Property, Casualty, Liability Insurance</b>			
<b>Internal Service Fund</b>		<u>\$ 6,444,298</u>	<u>\$ 6,445,211</u>
<b>Worker's Compensation Insurance</b>			
<b>Internal Service Fund</b>			
Savings account	0.30%	\$ 2,232,675	\$ 2,232,675
Certificates of deposit	0.65% - 2.70%	2,733,000	2,733,000
FHLB	2.00% - 3.00%	1,600,000	1,607,591
<b>Total Workers' Compensation Insurance</b>			
<b>Internal Service Fund</b>		<u>\$ 6,565,675</u>	<u>\$ 6,573,266</u>
<b>Medical/Dental Insurance</b>			
<b>Internal Service Fund</b>			
Savings account	0.30%	3,878,548	3,878,548
Certificates of deposit	0.65% - 3.25%	\$ 7,685,000	\$ 7,685,000
FHLB	2.00%	1,800,000	1,745,438
<b>Total Medical/Dental Insurance</b>		<u>\$ 13,363,548</u>	<u>\$ 13,308,986</u>
<b>Internal Service Fund</b>			
<b>Taconite Relief Trust Fund</b>			
Savings account	0.30%	\$ 7,432,630	\$ 7,432,630
Certificates of deposit	0.50% - 1.70%	7,101,100	7,101,100
<b>Total Taconite Relief Investment Trust Fund</b>		<u>\$ 14,533,730</u>	<u>\$ 14,533,730</u>
<b>Arrowhead Regional Corrections Agency Fund</b>			
Savings accounts	0.30%	\$ 2,716,012	\$ 2,716,012
<b>Total Investments</b>		<u>\$ 227,953,065</u>	<u>\$ 226,728,976</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Special Revenue Funds</u>			
	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Public Health and Human Services</u>	<u>Other</u>
<b>Shared revenue</b>				
<b>State</b>				
Department of Natural Resources				
Mineral rents and royalties	\$ 99,848	\$ -	\$ -	\$ -
Department of Public Safety				
Enhanced 911 program grant	346,806	-	-	-
Department of Revenue				
County program aid	8,147,824	653,439	968,251	-
Disparity aid	2,253,811	1,022,735	1,673,982	-
Market value credit	1,743,141	848,199	1,338,467	11,172
PERA aid	139,768	89,958	180,007	19,727
Police aid	619,645	-	-	-
State fire aid	22,056	-	-	-
Department of Transportation				
30 percent rental income	196	91	148	-
Engineering	-	2,280,120	-	-
MN FD 29 bridge bond	-	362,650	-	-
Municipal construction	-	1,630,233	-	-
Municipal maintenance	-	541,337	-	-
Regular construction	-	12,486,849	-	-
Regular maintenance	-	7,927,297	-	-
Right of way / utility reimbursement	-	184,573	-	-
State aid for surveying	-	9,978	-	-
State park	-	18,404	-	-
Town bridge	-	67,203	-	-
Unorganized town road and bridge aid	-	117,658	-	-
<b>Total Shared Revenue</b>	<b>\$ 13,373,095</b>	<b>\$ 28,240,724</b>	<b>\$ 4,160,855</b>	<b>\$ 30,899</b>
<b>Reimbursement for Services</b>				
<b>State</b>				
Department of Human Services				
Child welfare targeted case management	\$ -	\$ -	\$ 4,471,103	\$ -
Child welfare targeted case management - rebate	-	-	209,378	-
Childrens therapeutic support services	-	-	1,833	-
Community alternatives for disabled individuals				
waivered services	-	-	568,403	-
Elderly waived services	-	-	107,618	-
LTCC waived services	-	-	96,844	-
MH targeted case management	-	-	1,031,465	-
MH targeted case management - rebate	-	-	58,707	-
Medical assistance - ACT	-	-	1,978,166	-
Medical assistance - CEHI	-	-	346,362	-
Medical assistance - Rule 5	-	-	365,061	-
Mentally retarded waived services	-	-	714,542	-
Relocation waived services	-	-	10,166	-
Traumatic brain injury	-	-	65,490	-
VADD targeted case management	-	-	105,460	-
VADD targeted case management - rebate	-	-	5,089	-
<b>Total Reimbursement for Services Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,135,687</b>	<b>\$ -</b>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	<u>Environmental Services Enterprise Fund</u>	<u>Total</u>
<b>Shared revenue</b>				
<b>State</b>				
Department of Natural Resources				
Mineral rents and royalties	\$ -	\$ -	\$ -	\$ 99,848
Department of Public Safety				
Enhanced 911 program grant	-	-	-	346,806
Department of Revenue				
County program aid	-	39,386	-	9,808,900
Disparity aid	337,606	107,534	-	5,395,668
Market value credit	268,630	88,829	-	4,298,438
PERA aid	-	-	-	429,460
Police aid	-	-	-	619,645
State fire aid	-	-	-	22,056
Department of Transportation				
30 percent rental income	30	10	-	475
Engineering	-	-	-	2,280,120
MN FD 29 bridge bond	-	-	-	362,650
Municipal construction	-	-	-	1,630,233
Municipal maintenance	-	-	-	541,337
Regular construction	-	-	-	12,486,849
Regular maintenance	-	-	-	7,927,297
Right of way / utility reimbursement	-	-	-	184,573
State aid for surveying	-	-	-	9,978
State park	-	-	-	18,404
Town bridge	-	-	-	67,203
Unorganized town road and bridge aid	-	-	-	117,658
<b>Total Shared Revenue</b>	<b>\$ 606,266</b>	<b>\$ 235,759</b>	<b>\$ -</b>	<b>\$ 46,647,598</b>
<b>Reimbursement for Services</b>				
<b>State</b>				
Department of Human Services				
Child welfare targeted case management	\$ -	\$ -	\$ -	\$ 4,471,103
Child welfare targeted case management - rebate	-	-	-	209,378
Childrens therapeutic support services	-	-	-	1,833
Community alternatives for disabled individuals waivered services	-	-	-	568,403
Elderly waived services	-	-	-	107,618
LTCC waived services	-	-	-	96,844
MH targeted case management	-	-	-	1,031,465
MH targeted case management - rebate	-	-	-	58,707
Medical assistance - ACT	-	-	-	1,978,166
Medical assistance - CEHI	-	-	-	346,362
Medical assistance - Rule 5	-	-	-	365,061
Mentally retarded waived services	-	-	-	714,542
Relocation waived services	-	-	-	10,166
Traumatic brain injury	-	-	-	65,490
VADD targeted case management	-	-	-	105,460
VADD targeted case management - rebate	-	-	-	5,089
<b>Total Reimbursement for Services Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,135,687</b>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Special Revenue Funds</u>			
	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Public Health and Human Services</u>	<u>Other</u>
<b>Grants</b>				
<b>State grants</b>				
Board of Water and Soil Resources				
Natural resources block grant	\$ 168,172	\$ -	\$ -	\$ -
Department of Environmental Assistance				
SCORE recycling grant	-	-	-	-
Department of Employment and Economic Development				
Redevelopment grant program	594,464	-	-	-
Department of Health				
Eliminating Health Disparities Initiative	-	-	1,700	-
Local public health grant	-	-	791,628	-
Department of Human Services				
Adult integrated fund	-	-	2,782,361	-
Alternative care 180 day	-	-	254,202	-
Alternative response	-	-	134,011	-
Chemical dependency	-	-	98,568	-
Child care basic sliding fee	-	-	60,730	-
Child care resource and referral	-	-	341	-
Child support incentives	-	-	123,850	-
Child teen checkups	-	-	196,056	-
Children's mental health	-	-	182,875	-
Children's therapeutic support services	-	-	1,144	-
Community alternatives for disabled individuals				
waivered services	-	-	354,556	-
Community Social Services Act block grant	-	-	2,728,862	-
Consolidated chemical dependency	-	-	160,328	-
Consumer directed	-	-	5,673	-
Cost effective health insurance	-	-	352,127	-
DD family support	-	-	141,259	-
Elderly waived services	-	-	67,130	-
Fraud prevention incentives	-	-	134,235	-
Homeless outreach	-	-	1,119,440	-
LTCC waived services	-	-	61,897	-
MN family investment project child care	-	-	44,245	-
MN family investment project employment services	-	-	370,266	-
Medical assistance	-	-	1,201,034	-
Medical assistance transportation	-	-	342,882	-
Mentally retarded waived services	-	-	529,857	-
Relative custody	-	-	853,535	-
Relocation waived services	-	-	6,342	-
Semi-independent living skills	-	-	371,855	-
Statewide health improvement - SHIP	-	-	56,775	-
Traumatic brain injury	-	-	40,851	-
Department of Natural Resources				
Boat and water safety	92,690	-	-	-
Forest road access	-	-	-	129,018
Off highway ATV	33,338	-	-	-
Snowmobile safety	19,075	-	-	-
State trail assistance	282,250	-	-	-
Department of Post Board Training				
Training reimbursement	35,850	-	-	-

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

Grants	Debt Service Funds	Capital Projects Fund	Environmental Services Enterprise Fund	Total
<b>State grants</b>				
Board of Water and Soil Resources				
Natural resources block grant	\$ -	\$ -	\$ 11,431	\$ 179,603
Department of Environmental Assistance				
SCORE recycling grant	-	-	483,614	483,614
Department of Employment and Economic Development				
Redevelopment grant program	-	-	-	594,464
Department of Health				
Breast Cancer grant	-	-	-	1,700
Local public health grant	-	-	-	791,628
Department of Human Services				
Adult integrated fund	-	-	-	2,782,361
Alternative care 180 day	-	-	-	254,202
Alternative response	-	-	-	134,011
Chemical dependency	-	-	-	98,568
Child care basic sliding fee	-	-	-	60,730
Child care resource and referral	-	-	-	341
Child support incentives	-	-	-	123,850
Child teen checkups	-	-	-	196,056
Children's mental health	-	-	-	182,875
Children's therapeutic support services	-	-	-	1,144
Community alternatives for disabled individuals waivered services	-	-	-	354,556
Community Social Services Act block grant	-	-	-	2,728,862
Consolidated chemical dependency	-	-	-	160,328
Consumer directed	-	-	-	5,673
Cost effective health insurance	-	-	-	352,127
DD family support	-	-	-	141,259
Elderly waivered services	-	-	-	67,130
Fraud prevention incentives	-	-	-	134,235
Homeless outreach	-	-	-	1,119,440
LTCC waivered services	-	-	-	61,897
MN family investment project child care	-	-	-	44,245
MN family investment project employment services	-	-	-	370,266
Medical assistance	-	-	-	1,201,034
Medical assistance transportation	-	-	-	342,882
Mentally retarded waivered services	-	-	-	529,857
Relative custody	-	-	-	853,535
Relocation waivered services	-	-	-	6,342
Semi-independent living skills	-	-	-	371,855
Statewide health improvement - SHIP	-	-	-	56,775
Traumatic brain injury	-	-	-	40,851
Department of Natural Resources				
Boat and water safety	-	-	-	92,690
Forest road access	-	-	-	129,018
Off highway ATV	-	-	-	33,338
Snowmobile safety	-	-	-	19,075
State trail assistance	-	-	-	282,250
Department of Post Board Training				
Training reimbursement	-	-	-	35,850

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Special Revenue Funds</u>			
	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Public Health and Human Services</u>	<u>Other</u>
<b>Grants (continued)</b>				
<b>State grants (continued)</b>				
Department of Public Safety				
Adapter program	\$ 61,000	\$ -	\$ -	\$ -
Bullet proof vests	7,214	-	-	-
E-charging reimbursement	8,500	-	-	-
Juvenile Detention Alternative Initiative (JDAI)	42,776	-	-	-
Marijuana eradication	2,006	-	-	-
Office of Justice program grants	112,874	-	-	-
State 911	4,866	-	-	-
Victim emergency fund	1,000	-	-	-
Department of Transportation				
Northern Light Express	-	-	-	642,013
Iron Range Resources and Rehabilitation Board				
Namakan Basin	68,710	-	-	-
Veterans Affairs				
Enhancement	43,725	-	-	-
<b>Total State Grants</b>	<u>\$ 1,578,510</u>	<u>\$ -</u>	<u>\$ 13,570,615</u>	<u>\$ 771,031</u>
<b>Federal Grants</b>				
Department of Agriculture				
Food stamps	\$ 90,246	\$ -	\$ 1,918,525	\$ -
National forest land	1,612,500	-	-	-
National forest land - roads and schools	-	318,253	-	-
Women, infants and children (through Community Health Board)	-	-	833,734	-
Wildfire management	-	-	-	26,250
Department of Commerce				
Coastal zone management administration awards	14,978	-	-	-
Public safety interoperable communications	8,721	-	-	-
Department of Defense				
Northeastern MN Environmental Infrastructure	-	104,650	-	-
Department of Health & Human Services				
Adult integrated fund	-	-	68,619	-
Child care basic sliding fee	-	-	107,029	-
Child care resource and referral	-	-	152,262	-
Child support	110,432	-	3,759,263	-
Child teen checkups	-	-	196,057	-
Foster care	16,113	-	1,052,016	-
Health preparedness	-	-	139,232	-
Immunization practice improvement	-	-	1,500	-
MN family investment project child care	-	-	52,571	-
MN family investment project employment services	-	-	3,668,563	-
Maternal and child health	-	-	250,813	-
Medical assistance	180,241	-	4,227,507	-
Medical assistance - transportation	-	-	342,883	-
Mental health block grant	-	-	92,148	-
Public health emergency preparedness	-	-	93,259	-
State childrens insurance program	-	-	1,845	-
Support for emancipation and living functionally	-	-	50,000	-
Temporary aid for needy families	19,296	-	771,062	-
Title XX block grant	-	-	1,791,109	-
Title IV-B Alternative response	-	-	174,226	-

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	<u>Environmental Services Enterprise Fund</u>	<u>Total</u>
<b>Grants (continued)</b>				
<b>State grants (continued)</b>				
Department of Public Safety				
Adapter program	\$ -	\$ -	\$ -	\$ 61,000
Bullet proof vests	-	-	-	7,214
E-charging reimbursement	-	-	-	8,500
Juvenile Detention Alternative Initiative (JDAI)	-	-	-	42,776
Marijuana eradication	-	-	-	2,006
Office of Justice program grants	-	-	-	112,874
State 911	-	-	-	4,866
Victim emergency fund	-	-	-	1,000
Department of Transportation				
Northern Light Express	-	-	-	642,013
Iron Range Resources and Rehabilitation Board				
Namakan Basin	-	-	-	68,710
Veterans Affairs				
Enhancement	-	-	-	43,725
<b>Total State Grants</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495,045</u>	<u>\$ 16,415,201</u>
<b>Federal Grants</b>				
Department of Agriculture				
Food stamps	\$ -	\$ -	\$ -	\$ 2,008,771
National forest land	-	-	-	1,612,500
National forest land - roads and schools	-	-	-	318,253
Women, infants and children (through Community Health Board)	-	-	-	833,734
Wildfire management	-	-	-	26,250
Department of Commerce				
Coastal zone management administration awards	-	-	-	14,978
Public safety interoperable communications	-	-	-	8,721
Department of Defense				
Northeastern MN Environmental Infrastructure	-	-	-	104,650
Department of Health & Human Services				
Adult integrated fund	-	-	-	68,619
Child care basic sliding fee	-	-	-	107,029
Child care resource and referral	-	-	-	152,262
Child support	-	-	-	3,869,695
Child teen checkups	-	-	-	196,057
Foster care	-	-	-	1,068,129
Health preparedness	-	-	-	139,232
Immunization practice improvement	-	-	-	1,500
MN family investment project child care	-	-	-	52,571
MN family investment project employment services	-	-	-	3,668,563
Maternal and child health	-	-	-	250,813
Medical assistance	-	-	-	4,407,748
Medical assistance - transportation	-	-	-	342,883
Mental health block grant	-	-	-	92,148
Public health emergency preparedness	-	-	-	93,259
State childrens insurance program	-	-	-	1,845
Support for emancipation and living functionally	-	-	-	50,000
Temporary aid for needy families	-	-	-	790,358
Title XX block grant	-	-	-	1,791,109
Title IV-B Alternative response	-	-	-	174,226

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Special Revenue Funds</u>			
	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Public Health and Human Services</u>	<u>Other</u>
<b>Grants (continued)</b>				
<b>Federal Grants (continued)</b>				
Department of Housing and Urban Development				
Community development block grants	-	-	-	2,357,837
Emergency shelter grant	82,698	-	-	-
Home investment in affordable housing	-	-	-	533,193
Homeless prevention	429,887	-	-	-
Department of Interior				
Payment in lieu of taxes	1,006,409	-	-	-
Department of Justice				
Bullet proof vests	7,232	-	-	-
COPS grant	144,825	-	-	-
Enforce underage drinking laws program	1,650	-	-	-
Juvenile accountability block grant	32,483	-	-	-
Juvenile assistance grant	30,592	-	-	-
Law enforcement assistance	79,715	-	-	-
Law enforcement block grant	2,690	-	-	-
Marijuana eradication	2,230	-	-	-
Safe haven grant	-	-	233,516	-
Department of Transportation				
Capital assistance to states - intercity passenger rail service	-	-	-	529,347
Safety belt performance grant	31,933	-	-	-
Highway planning and construction	-	5,987,655	-	-
Safe and sober	189,369	-	-	-
Department of Energy				
Energy efficiency and conservation block grant	59,947	-	-	-
Department of Homeland Security				
Boating safety financial assistance	45,125	-	-	-
Emergency management	81,734	-	-	-
Homeland security grant	901,731	-	-	-
Hazard mitigation grant	292,270	-	-	-
Port security grant	217,280	-	-	-
<b>Total Federal grants</b>	<b>\$ 5,692,327</b>	<b>\$ 6,410,558</b>	<b>\$ 19,977,739</b>	<b>\$ 3,446,627</b>
<b>Other grants</b>				
MN Department of Trade and Economic Development				
Revolving Loan (passed through City of Buhl)	\$ 120,000	\$ -	\$ -	\$ -
Veterans Support Organization	939	-	-	-
Local				
NMSDP Green Roof	-	-	-	-
Canosia	4,525	-	-	-
Prisoner Transport	2,054	-	-	-
<b>Total Other grants</b>	<b>\$ 127,518</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Grants</b>	<b>\$ 7,398,355</b>	<b>\$ 6,410,558</b>	<b>\$ 33,548,354</b>	<b>\$ 4,217,658</b>
<b>Total Intergovernmental Revenue</b>	<b>\$ 20,771,450</b>	<b>\$ 34,651,282</b>	<b>\$ 47,844,896</b>	<b>\$ 4,248,557</b>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	<u>Environmental Services Enterprise Fund</u>	<u>Total</u>
<b>Grants (continued)</b>				
<b>Federal Grants (continued)</b>				
Department of Housing and Urban Development				
Community development block grants	-	-	-	2,357,837
Emergency shelter grant	-	-	-	82,698
Home investment in affordable housing	-	-	-	533,193
Homeless prevention	-	-	-	429,887
Department of Interior				
Payment in lieu of taxes	-	-	-	1,006,409
Department of Justice				
Bullet proof vests	-	-	-	7,232
COPS grant	-	-	-	144,825
Enforce underage drinking laws program	-	-	-	1,650
Juvenile accountability block grant	-	-	-	32,483
Juvenile assistance grant	-	-	-	30,592
Law enforcement assistance	-	-	-	79,715
Law enforcement block grant	-	-	-	2,690
Marijuana eradication	-	-	-	2,230
Safe haven grant	-	-	-	233,516
Department of Transportation				
Capital assistance to states - intercity passenger rail service	-	-	-	529,347
Safety belt performance grant	-	-	-	31,933
Highway planning and construction	-	-	-	5,987,655
Safe and sober	-	-	-	189,369
Department of Energy				
Energy efficiency and conservation block grant	-	-	-	59,947
Department of Homeland Security				
Boating safety financial assistance	-	-	-	45,125
Emergency management	-	-	-	81,734
Homeland security grant	-	-	-	901,731
Hazard mitigation grant	-	-	-	292,270
Port security grant	-	-	-	217,280
<b>Total Federal grants</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,527,251</u>
<b>Other grants</b>				
MN Department of Trade and Economic Development				
Revolving Loan (passed through City of Buhl)	\$ -	\$ -	\$ -	\$ 120,000
Veterans Support Organization	-	-	-	939
Local				
NMSDP Green Roof	-	10,000	-	10,000
Canosia	-	-	-	4,525
Prisoner Transport	-	-	-	2,054
<b>Total Other grants</b>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 137,518</u>
<b>Total Grants</b>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 495,045</u>	<u>\$ 52,079,970</u>
<b>Total Intergovernmental Revenue</b>	<u>\$ 606,266</u>	<u>\$ 245,759</u>	<u>\$ 495,045</u>	<u>\$ 108,863,255</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
<b>U.S. Department of Agriculture</b>		
Direct		
Wildland Fire Management - ARRA	10.688	\$ 37,475
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	793,509
Passed Through Minnesota Department of Human Services		
Supplemental Nutritional Assistance Program (SNAP) Cluster		
State Administrative Matching Grants for SNAP	10.561	1,943,782
State Administrative Matching Grants for SNAP - ARRA	10.561	61,738
Passed Through Minnesota Department of Finance		
Schools and Roads - Grants to States	10.665	<u>1,930,753</u>
<b>Total Department of Agriculture</b>		<b><u>4,767,257</u></b>
<b>U.S. Department of Commerce</b>		
Passed Through Minnesota Department of Natural Resources		
Coastal Zone Management Administration Awards	11.419	39,691
Passed Through Itasca County		
Public Safety Interoperable Communication Grant Program	11.555	<u>8,721</u>
		<b><u>48,412</u></b>
<b>U.S. Department of Defense</b>		
Direct		
Northeastern Minnesota Environmental Infrastructure (Section 569) - ARRA	12.120	<u>104,650</u>
<b>U.S. Department of Housing and Urban Development</b>		
Direct		
Community Development Block Grants (CDBG)/Entitlement Grants Cluster		
CDBG/Entitlement Grants	14.218	1,807,174
CDBG/Entitlement Grants - ARRA	14.253	550,663
Emergency Shelter Grants Program	14.231	82,698
Home Investment Partnerships Program	14.239	533,193
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.257	<u>429,887</u>
<b>Total Department of Housing and Urban Development</b>		<b><u>3,403,615</u></b>
<b>U.S. Department of the Interior</b>		
Direct		
Payments in Lieu of Taxes	15.226	<u>1,006,409</u>
		continued

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2010**

**U.S. Department of Justice**

Direct		
Supervised Visitation, Safe Haven for Children	16.527	233,516
Bullet Proof Vest Partnership Program	16.607	7,232
Public Safety Partnership and Community Policing Grants	16.710	168,920
Passed Through Minnesota Department of Public Safety		
Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	16.004	2,230
Juvenile Accountability Block Grants	16.523	32,483
Enforcing Underage Drinking Laws	16.727	1,650
Passed Through City of Chisholm		
Public Safety Partnership and Community Policing Grants	16.710	79,715
Passed Through City of Duluth		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2,690
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants To Units of Local Governments - ARRA	16.804	56,720

**Total Department of Justice**

**585,156**

**U.S. Department of Transportation**

Passed Through Minnesota Department of Transportation		
Highway Planning and Construction Cluster		
Highway Planning and Construction	20.205	5,237,517
Highway Planning and Construction - ARRA	20.205	750,138
Capital Assistance to States - Intercity Passenger Rail Service	20.317	529,347
Passed Through Minnesota Department of Public Safety		
Highway Safety Cluster		
State and Community Highway Safety	20.600	64,425
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	124,943
Seat Belt Performance Grants	20.609	31,933

**Total Department of Transportation**

**6,738,303**

**U.S. Department of Energy**

Direct		
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	81.128	48,966

**U.S. Elections Assistance Commission**

Passed Through Minnesota Secretary of State		
Help America Vote Act Requirements Payments	90.401	19,106

continued

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2010**

**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	87,283
Immunization Grants	93.268	1,500
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	162,664
Temporary Assistance for Needy Families	93.558	343,551
Medical Assistance Program	93.778	593,182
Maternal and Child Health Services Block Grant to the States	93.994	250,813

Passed Through Minnesota Department of Human Services		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	68,619
Promoting Safe and Stable Families	93.556	151,434
Temporary Assistance for Needy Families	93.558	4,137,251
Child Support Enforcement Cluster		
Child Support Enforcement	93.563	3,468,431
Child Support Enforcement - ARRA	93.563	270,164
Child Care and Development Cluster		
Child Care and Development Block Grant	93.575	157,520
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	174,110
Child Welfare Services - State Grants	93.645	22,792
Foster Care Title IV-E Cluster		
Foster Care Title IV-E	93.658	1,072,742
Social Services Block Grant	93.667	1,791,109
Chafee Foster Care Independence Program	93.674	50,000
Childrens Health Insurance Program	93.767	1,845
Medical Assistance Program	93.778	4,390,013
Block Grants for Community Mental Health Services	93.958	92,148

<b>Total Department of Health and Human Services</b>		<b>17,287,171</b>
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**U.S. Department of Homeland Security**

Direct		
Port Security Grant Program	97.056	119,280
Port Security Grant Program - ARRA	97.116	98,000
Passed Through Minnesota Department of Natural Resources		
Boating Safety Financial Assistance	97.012	45,125
Passed Through Minnesota Department of Public Safety		
Hazard Mitigation Grant	97.039	304,956
Emergency Management Performance Grant	97.042	81,734
Homeland Security Grant Program	97.067	941,889

<b>Total Department of National Homeland Security</b>		<b>1,590,984</b>
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<b>Total Federal Awards</b>		<b>\$ 35,600,029</b>
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ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2010**

**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, 2010. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 assets, 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 the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

**Subrecipients**

Of the expenditures presented in the schedule, St. Louis County provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
14.218	Community Development Block Grant/Entitlement Grants	\$ 374,136
14.239	HOME Investment Partnerships Program	<u>324,412</u>
	Total	\$ <u><u>698,548</u></u>

**American Recovery and Reinvestment Act**

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**Reconciliation of intergovernmental Revenue**

Federal grant revenue per Schedule of Intergovernmental Revenue	\$	35,527,251
Grants received more than 60 days after year-end, deferred in 2010		
Wildland Fire Management - ARRA		11,225
Special Supplemental Nutrition Program for Women, Infants and Children		24,773
Coastal Zone Management Administration Awards		24,713
Public Safety Partnership and Community Policing Grants		24,095
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants To Units of Local Governments - ARRA		26,128
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA		9,019
Public Health Emergency Preparedness		175
Centers for Disease Control and Prevention - Investigations and Technical Assistance		23,432
Medical Assistance Program		79,636
Temporary Assistance for Needy Families		21,881
Child Care and Development Block Grant		5,258
Child Care Mandatory and Matching Funds of the Child Care and Development Fund		14,510
Foster Care Title IV-E		4,613
Hazard Mitigation Grant		12,686
Homeland Security Grant Program		64,649
Deferred in 2009 recognized as revenue in 2010		
Special Supplemental Nutrition Program for Women, Infants and Children		(64,999)
State Administrative Matching Grants for SNAP		(3,251)
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA		(20,000)
Public Health Emergency Preparedness		(6,151)
Medical Assistance Program		(43,129)
Child Support Enforcement		(131,100)
Homeland Security Grant Program		(24,491)
Grants received previously recognized as revenue carried over several years		
Help America Vote Act Requirements Payments		19,106
		<hr/>
Total Expenditures Per Schedule of Expenditures of Federal Awards	\$	<u>35,600,029</u>

# **STATISTICAL SECTION**

# 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 says about the County's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	141
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	149
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	155
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	161
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	163

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 Assets by Component**  
**Last Nine Fiscal Years**  
 (accrual basis of accounting)

	<u>2002 (1)</u>	<u>2003</u>	<u>2004</u>
<b>Governmental activities</b>			
Invested in capital assets, net of related debt	\$ 243,544,232	\$ 254,742,638	\$ 281,959,954
Nonspendable	9,282,422	9,405,683	9,719,871
Restricted	5,149,863	6,689,483	7,599,515
Committed	25,397,318	28,197,176	32,233,796
Assigned	18,185,067	20,103,877	36,374,804
Unassigned	21,365,617	23,344,320	-
<b>Total governmental activities net assets</b>	<u><u>\$ 322,924,519</u></u>	<u><u>\$ 342,483,177</u></u>	<u><u>\$ 367,887,940</u></u>
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	\$ 14,469,618	\$ 13,926,745	\$ 14,390,848
Restricted	1,546,884	1,380,436	1,695,220
Unassigned	11,240,066	10,518,855	9,447,853
<b>Total business-type activities net assets</b>	<u><u>\$ 27,256,568</u></u>	<u><u>\$ 25,826,036</u></u>	<u><u>\$ 25,533,921</u></u>
<b>Primary government</b>			
Invested in capital assets, net of related debt	\$ 258,013,850	\$ 268,669,383	\$ 296,350,802
Restricted	22,965,041	36,443,868	40,801,981
Unrestricted	69,202,196	63,195,962	56,269,078
<b>Total primary government net assets</b>	<u><u>\$ 350,181,087</u></u>	<u><u>\$ 368,309,213</u></u>	<u><u>\$ 393,421,861</u></u>

**Notes:**

(1) GASB 34 was implemented for the year ended December 31, 2002. Prior year information is not available

**Schedule 1**

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

<b>Fiscal Year</b>						
<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	
\$ 284,598,787	\$ 304,712,967	\$ 326,996,032	\$ 345,956,633	\$ 363,819,364	\$ 392,758,196	
10,383,580	11,440,234	12,959,860	13,259,158	14,277,008	14,511,533	
11,741,281	17,141,949	17,029,083	17,146,766	9,514,784	9,673,189	
37,299,888	40,236,489	36,266,978	36,618,770	39,318,193	38,102,327	
36,170,547	27,311,780	27,103,239	42,122,655	45,706,882	61,046,653	
8,498,832	8,391,962	15,079,026	5,092,532	24,111,957	17,555,723	
<u>\$ 388,692,915</u>	<u>\$ 409,235,381</u>	<u>\$ 435,434,218</u>	<u>\$ 460,196,514</u>	<u>\$ 496,748,188</u>	<u>\$ 533,647,621</u>	
\$ 14,201,467	\$ 13,331,890	\$ 13,059,476	\$ 13,081,334	\$ 12,126,524	\$ 12,172,253	
1,354,381	1,432,450	3,077,821	1,781,917	1,790,325	2,010,475	
8,846,260	13,628,137	11,359,532	13,408,307	16,270,035	15,869,797	
<u>\$ 24,402,108</u>	<u>\$ 28,392,477</u>	<u>\$ 27,496,829</u>	<u>\$ 28,271,558</u>	<u>\$ 30,186,884</u>	<u>\$ 30,052,525</u>	
\$ 298,800,254	\$ 318,044,857	\$ 340,055,508	\$ 359,037,967	\$ 375,945,888	\$ 404,930,449	
28,260,275	37,884,997	32,418,858	28,933,286	22,612,547	23,846,445	
86,034,494	81,698,004	90,456,681	100,496,819	128,376,637	134,923,252	
<u>\$ 413,095,023</u>	<u>\$ 437,627,858</u>	<u>\$ 462,931,047</u>	<u>\$ 488,468,072</u>	<u>\$ 526,935,072</u>	<u>\$ 563,700,146</u>	

**Schedule 2**

**ST. LOUIS COUNTY, MINNESOTA**

**Changes in Net Assets**

**Last Nine Fiscal Years**

(accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Expenses</b>				
<b>Governmental activities</b>				
General government	\$ 30,120,215	\$ 33,163,387	\$ 30,524,381	\$ 29,100,780
Public safety	32,573,217	32,616,921	32,556,130	36,138,644
Highways and streets	40,810,535	46,286,039	44,489,431	46,721,613
Health and sanitation	6,489,683	6,561,149	6,493,633	6,148,241
Human services	71,896,032	69,908,477	62,014,749	61,265,538
Culture and recreation	1,204,686	1,116,401	1,727,935	1,314,472
Conservation of natural resources	6,727,307	5,752,492	6,736,966	6,941,801
Economic development	3,612,842	3,998,107	3,579,409	4,318,448
Interest on long-term debt	1,598,511	1,320,624	1,265,887	1,696,061
Total governmental activities expenses	<u>195,033,028</u>	<u>200,723,597</u>	<u>189,388,521</u>	<u>193,645,598</u>
<b>Business-type activities</b>				
Environmental services	5,806,246	5,909,965	5,883,928	6,247,826
Chris Jensen Health and Rehabilitation Center	13,376,137	15,214,467	15,695,780	15,283,241
Other Enterprise Funds	10,085,695	3,387,444	3,240,342	3,081,251
Total business-type activities expenses	<u>29,268,078</u>	<u>24,511,876</u>	<u>24,820,050</u>	<u>24,612,318</u>
Total primary government expenses	<u>\$ 224,301,106</u>	<u>\$ 225,235,473</u>	<u>\$ 214,208,571</u>	<u>\$ 218,257,916</u>
<b>Program Revenues</b>				
<b>Governmental activities:</b>				
Charges for services:				
General government	\$ 6,599,322	\$ 7,902,502	\$ 7,824,624	\$ 8,132,846
Public safety	1,793,500	1,671,199	2,202,944	1,887,999
Highways and streets	2,072,733	2,111,520	3,121,653	1,613,892
Health and sanitation	1,672,737	1,392,001	1,692,543	1,911,070
Human services	17,473,829	16,873,401	16,283,231	19,394,617
Culture and recreation	12,000	12,000	12,000	-
Conservation of natural resources	8,816,464	9,630,145	10,399,237	14,713,043
Economic development	81,082	-	41,795	27,004
Operating grants and contributions	42,190,233	43,115,156	36,553,108	40,133,061
Capital grants and contributions	-	4,387,127	26,934,552	9,860,471
Total governmental activities program revenues	<u>80,711,900</u>	<u>87,095,051</u>	<u>105,065,687</u>	<u>97,674,003</u>
<b>Business-type activities:</b>				
Charges for services:				
Environmental services	5,176,566	5,099,943	5,441,373	5,557,064
Chris Jensen Health and Rehabilitation Center	11,019,604	13,666,733	13,814,668	14,644,607
Other Enterprise Funds	8,545,922	3,541,385	3,190,043	3,167,878
Operating grants and contributions	506,416	417,607	455,258	474,575
Total business-type activities program revenues	<u>25,248,508</u>	<u>22,725,668</u>	<u>22,901,342</u>	<u>23,844,124</u>
Total primary government program revenues	<u>\$ 105,960,408</u>	<u>\$ 109,820,719</u>	<u>\$ 127,967,029</u>	<u>\$ 121,518,127</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (114,321,128)	\$ (113,628,546)	\$ (84,322,834)	\$ (95,971,595)
Business-type activities	(4,019,570)	(1,786,208)	(1,918,708)	(768,194)
Total primary government net expense	<u>\$ (118,340,698)</u>	<u>\$ (115,414,754)</u>	<u>\$ (86,241,542)</u>	<u>\$ (96,739,789)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
<b>Governmental activities</b>				
Taxes				
Property taxes, levied for general purposes	\$ 76,723,143	\$ 76,975,884	\$ 81,653,199	\$ 80,830,475
Property taxes, levied for debt service	3,904,705	4,741,101	4,675,978	5,518,701
State shared	41,721,817	43,418,625	19,359,587	27,435,818
Federal shared	475,482	626,757	510,000	1,186,130
Investment earnings	3,574,769	1,806,307	1,805,371	4,127,976
Contributions to Permanent Fund	3,281,915	365,163	302,857	107,310
Miscellaneous	275,798	158,186	219,662	168,919
Special Items - capital asset adjustments	6,180,236	-	-	(1,003,816)
Transfers	(2,414,056)	-	(394,000)	-
Total governmental activities	<u>133,723,809</u>	<u>128,092,023</u>	<u>108,132,654</u>	<u>118,371,513</u>
<b>Business-type activities</b>				
Taxes				
Property taxes, levied for general purposes	-	-	-	-
Property taxes, levied for debt service	10,951	118,458	119,525	194,310
Investment earnings	485,097	237,218	147,299	407,840
Miscellaneous	(2,324,520)	-	-	-
Transfers	2,414,056	-	394,000	-
Total business-type activities	<u>585,584</u>	<u>355,676</u>	<u>660,824</u>	<u>602,150</u>
Total primary government	<u>\$ 134,309,393</u>	<u>\$ 128,447,699</u>	<u>\$ 108,793,478</u>	<u>\$ 118,973,663</u>
<b>Changes in Net Assets</b>				
Governmental activities	\$ 19,402,681	\$ 14,463,477	\$ 23,809,820	\$ 22,399,918
Business-type activities	(3,433,986)	(1,430,532)	(1,257,884)	(166,044)
Total primary government	<u>\$ 15,968,695</u>	<u>\$ 13,032,945</u>	<u>\$ 22,551,936</u>	<u>\$ 22,233,874</u>

**Note:** GASB 34 was implemented for the year ended December 31, 2002. Prior year information is not available.

Schedule 2

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

Fiscal Year									
2006		2007		2008		2009		2010	
\$	30,763,681	\$	31,815,617	\$	30,790,310	\$	35,989,696	\$	34,923,640
	41,611,706		44,565,536		46,231,906		46,993,281		46,550,865
	35,704,013		41,594,052		41,898,297		38,988,375		39,287,999
	6,824,984		6,151,830		5,019,721		4,816,622		5,277,745
	65,667,980		68,325,769		71,497,759		72,399,548		72,962,372
	1,601,310		1,415,848		2,217,578		1,863,936		3,052,386
	8,374,838		6,452,175		9,841,091		6,960,833		7,909,680
	4,602,756		3,767,037		4,012,705		4,464,249		3,608,417
	1,996,722		1,794,534		1,912,118		2,197,175		1,586,786
	197,147,990		205,882,398		213,421,485		214,673,715		215,159,890
	6,226,992		6,758,724		7,600,096		7,655,438		6,501,817
	14,946,088		14,933,759		14,840,837		12,421,108		-
	3,222,799		3,251,808		2,089,958		571,964		1,312,236
	24,395,879		24,944,291		24,530,891		20,648,510		7,814,053
\$	221,543,869	\$	230,826,689	\$	237,952,376	\$	235,322,225	\$	222,973,943
\$	7,841,220	\$	12,215,938	\$	11,482,301	\$	15,151,024	\$	13,268,257
	1,999,799		2,536,485		2,963,073		2,712,253		3,908,406
	2,226,187		2,962,882		3,004,798		3,096,066		6,430,144
	1,679,313		1,395,939		1,428,622		350,133		672,376
	21,066,096		22,486,494		10,991,429		14,756,252		14,329,286
	-		-		-		-		122,000
	13,052,500		(930,630)		9,886,026		6,014,724		7,775,116
	20,967		20,614		20,599		22,403		18,295
	40,729,196		37,952,947		49,880,675		54,379,254		49,068,231
	13,356,070		17,609,562		15,284,247		16,410,218		22,845,507
	101,971,348		96,250,231		104,941,770		112,892,327		118,437,618
	5,712,990		5,984,570		6,042,288		5,428,774		5,986,389
	14,347,019		13,951,140		14,349,753		11,386,268		-
	3,091,419		2,714,043		2,202,381		685,307		71,991
	461,436		460,943		481,473		481,833		495,045
	23,612,864		23,110,696		23,075,895		17,982,182		6,553,425
\$	125,584,212	\$	119,360,927	\$	128,017,665	\$	130,874,509	\$	124,991,043
\$	(95,176,642)	\$	(109,632,167)	\$	(108,479,715)	\$	(101,781,388)	\$	(96,722,272)
	(783,015)		(1,833,595)		(1,454,996)		(2,666,328)		(1,260,628)
\$	(95,959,657)	\$	(111,465,762)	\$	(109,934,711)	\$	(104,447,716)	\$	(97,982,900)
\$	85,847,071	\$	93,731,489	\$	97,474,934	\$	104,321,529	\$	104,647,533
	5,605,148		5,937,083		5,888,289		5,888,439		5,912,874
	25,698,357		25,594,606		22,839,111		24,129,399		20,032,790
	1,195,773		1,206,209		1,697,018		2,835,929		2,618,909
	7,939,433		9,000,989		4,316,482		4,250,285		1,011,023
	-		-		-		-		-
	169,017		233,916		298,913		-		-
	-		-		-		-		-
	(3,871,044)		126,712		(395,105)		(3,092,519)		(601,424)
	122,583,755		135,831,004		132,119,642		138,333,062		133,621,705
	-		-		1,009,304		1,087,379		403,116
	169,525		164,322		119,271		-		-
	732,815		899,876		706,045		401,756		121,729
	-		461		-		-		-
	3,871,044		(126,712)		395,105		3,092,519		601,424
	4,773,384		937,947		2,229,725		4,581,654		1,126,269
\$	127,357,139	\$	136,768,951	\$	134,349,367	\$	142,914,716	\$	134,747,974
\$	27,407,113	\$	26,198,837	\$	23,639,927	\$	36,551,674	\$	36,899,433
	3,990,369		(895,648)		774,729		1,915,326		(134,359)
\$	31,397,482	\$	25,303,189	\$	24,414,656	\$	38,467,000	\$	36,765,074

**Schedule 3**

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund				
Nonspendable	\$ 465,084	\$ 435,084	\$ 431,334	\$ 8,250
Restricted	2,134,920	2,226,691	2,919,507	3,624,022
Committed	4,315,503	6,575,548	7,859,211	9,684,509
Assigned	2,105,334	899,837	1,782,202	2,177,735
Unassigned	<u>20,654,531</u>	<u>19,296,236</u>	<u>16,516,444</u>	<u>16,402,860</u>
Total general fund	<u>\$ 29,675,372</u>	<u>\$ 29,433,396</u>	<u>\$ 29,508,698</u>	<u>\$ 31,897,376</u>
All Other Governmental Funds				
Nonspendable	\$ 4,198,155	\$ 8,847,338	\$ 8,974,349	\$ 9,711,621
Restricted	2,765,579	2,923,172	3,769,976	3,975,493
Committed	12,076,959	18,821,770	20,337,965	22,549,287
Assigned	<u>26,079,587</u>	<u>17,285,230</u>	<u>18,321,675</u>	<u>36,035,013</u>
Total all other government funds	<u>\$ 45,120,280</u>	<u>\$ 47,877,510</u>	<u>\$ 51,403,965</u>	<u>\$ 72,271,414</u>

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

**Schedule 3**

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	-	\$ 97,813	\$ 5,018	\$ 5,701	\$ 5,401	\$ 57,180
	4,736,411	4,752,904	4,552,771	4,746,726	5,120,775	5,461,407
	10,118,815	10,406,664	10,742,199	11,326,277	12,474,039	11,764,815
	1,393,731	1,969,146	4,707,925	2,707,193	4,785,564	7,995,336
	22,821,211	22,857,499	24,273,534	25,983,807	23,534,358	22,449,169
\$	<u>39,070,168</u>	<u>40,084,026</u>	<u>44,281,447</u>	<u>44,769,704</u>	<u>45,920,137</u>	<u>47,727,907</u>
\$	10,383,580	\$ 11,342,421	\$ 12,954,842	\$ 13,253,457	\$ 14,271,607	\$ 14,454,353
	7,004,870	12,389,045	12,476,312	12,400,040	4,394,009	4,211,782
	27,181,073	29,829,825	25,524,779	25,292,493	26,844,154	26,337,512
	34,776,816	25,342,634	22,395,314	39,415,462	40,921,318	53,051,317
\$	<u>79,346,339</u>	<u>78,903,925</u>	<u>73,351,247</u>	<u>90,361,452</u>	<u>86,431,088</u>	<u>98,054,964</u>

**Schedule 4**

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Revenues</b>				
Taxes	\$ 83,738,659	\$ 80,580,107	\$ 81,545,253	\$ 86,425,663
Licenses	158,961	156,541	155,927	150,938
Intergovernmental	93,330,327	99,966,871	99,134,331	105,419,772
Charges for services	8,320,094	9,906,530	10,527,851	10,586,660
Fines and forfeits	1,770,230	1,660,585	1,592,818	1,622,789
Earnings on investments	4,399,700	2,772,496	1,500,489	1,534,185
Gifts and contributions	15,170	8,368	12,045	70,271
Land and timber sales	7,639,745	12,238,312	9,549,773	10,187,185
Miscellaneous	3,092,557	2,632,945	3,702,711	5,018,805
Total revenues	<u>202,465,443</u>	<u>209,922,755</u>	<u>207,721,198</u>	<u>221,016,268</u>
<b>Expenditures</b>				
General government	26,049,479	29,062,448	30,378,167	32,537,856
Public safety	29,882,836	31,465,939	32,071,790	31,936,239
Highways and streets	41,692,425	26,942,419	29,871,734	27,507,107
Health and sanitation	6,496,054	6,443,495	6,393,032	6,422,388
Human services	68,918,646	71,463,828	68,312,144	60,857,463
Culture and recreation	1,253,810	1,197,054	1,401,759	1,668,794
Conservation of natural resources	9,457,898	6,517,680	5,935,528	6,117,557
Economic development	4,672,426	3,608,162	3,996,222	3,545,611
Capital outlay	10,180,270	29,173,329	20,512,869	38,511,561
Debt service:				
Principal	3,262,998	10,897,692	4,172,049	5,342,989
Interest and other charges	1,475,630	1,554,057	1,388,281	1,218,003
Bond issuance costs	-	-	-	-
Total Expenditures	<u>203,342,472</u>	<u>218,326,103</u>	<u>204,433,575</u>	<u>215,665,568</u>
Excess of revenues over (under) expenditures	<u>(877,029)</u>	<u>(8,403,348)</u>	<u>3,287,623</u>	<u>5,350,700</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	692,407	12,849,724	3,961,400	3,774,887
Transfers out	(784,392)	(15,263,780)	(3,403,400)	(4,168,887)
Sale of capital assets	-	-	-	-
Bonds issued	14,270,000	12,415,000	-	17,645,000
Refunding bonds issued	-	-	-	-
Refunding bonds redeemed	-	-	-	-
Bond premium proceeds	-	171,268	-	126,120
Loan proceeds	273,875	27,000	38,535	79,000
Total other financing sources (uses)	<u>14,451,890</u>	<u>10,199,212</u>	<u>596,535</u>	<u>17,456,120</u>
Net change in fund balances	<u>\$ 13,574,861</u>	<u>\$ 1,795,864</u>	<u>\$ 3,884,158</u>	<u>\$ 22,806,820</u>
Debt service as a percentage of noncapital expenditures	2.5%	6.6%	3.0%	3.7%

**Schedule 4**

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

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 86,468,064	\$ 90,929,063	\$ 99,497,719	\$ 102,853,734	109,059,182	109,879,942
149,306	156,606	157,871	159,704	164,724	162,363
95,226,136	98,882,892	98,421,879	99,521,527	103,392,997	108,368,210
10,082,260	12,029,779	20,667,976	20,470,751	20,567,474	22,990,395
967,127	201,088	189,882	200,291	129,810	191,041
3,633,796	7,011,940	7,899,118	3,459,176	3,661,413	726,839
169,154	12,457	21,889	11,721	8,830	20,014
10,293,444	11,753,426	7,230,255	7,656,960	6,939,323	8,677,995
4,511,866	4,312,043	3,879,124	5,179,133	4,577,267	5,259,132
<u>211,501,153</u>	<u>225,289,294</u>	<u>237,965,713</u>	<u>239,512,997</u>	<u>248,501,020</u>	<u>256,275,931</u>
29,017,182	29,573,303	32,298,957	33,244,633	34,418,680	33,498,818
34,963,469	40,881,994	43,236,476	45,060,321	45,292,287	44,557,197
33,458,062	32,083,124	34,346,944	36,234,934	31,514,275	32,067,873
6,328,366	6,547,383	6,062,129	5,268,999	4,903,147	5,258,702
60,302,517	66,254,073	67,984,104	71,500,433	72,775,244	73,195,199
1,253,974	1,539,447	1,415,848	2,217,578	1,863,936	3,052,386
6,708,815	7,317,595	9,727,227	8,927,491	7,199,476	8,431,306
4,323,387	4,641,791	3,706,320	3,953,672	4,431,255	3,631,866
24,670,343	29,426,501	39,754,334	24,266,667	32,247,888	39,526,133
4,878,581	5,428,091	5,627,329	5,857,261	5,166,374	5,478,358
1,704,141	1,987,288	1,777,563	1,882,726	2,256,848	1,603,635
-	-	-	151,518	-	-
<u>207,608,837</u>	<u>225,680,590</u>	<u>245,937,231</u>	<u>238,566,233</u>	<u>242,069,410</u>	<u>250,301,473</u>
3,892,316	(391,296)	(7,971,518)	946,764	6,431,610	5,974,458
4,064,829	6,675,213	7,105,726	3,144,884	4,299,401	7,914,293
(4,064,829)	(10,546,257)	(6,828,194)	(3,359,995)	(6,094,780)	(7,575,694)
899,565	-	-	-	-	-
6,115,000	7,845,000	5,000,000	14,960,000	-	7,135,000
2,840,000	-	-	-	-	-
-	(2,940,000)	-	-	(7,795,000)	-
168,361	87,863	33,416	93,104	-	-
-	-	-	-	-	-
<u>10,022,926</u>	<u>1,121,819</u>	<u>5,310,948</u>	<u>14,837,993</u>	<u>(9,590,379)</u>	<u>7,473,599</u>
<u>\$ 13,915,242</u>	<u>\$ 730,523</u>	<u>\$ (2,660,570)</u>	<u>\$ 15,784,757</u>	<u>\$ (3,158,769)</u>	<u>13,448,057</u>

3.6%

3.8%

3.6%  
Unaudited

3.7%

3.5%

3.4%

## Schedule 5

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

<u>Fiscal Year Ended December 31</u>	<u>Residential Homestead Property</u>	<u>Agricultural Property</u>	<u>Commercial/ Industrial Property</u>	<u>Non- Homestead Residential Property</u>
2001	51,067,099	2,168,793	30,172,888	7,901,761
2002	48,461,383	2,032,882	19,263,426	7,330,852
2003	53,637,838	2,457,744	19,753,640	7,423,407
2004	59,887,536	2,793,361	22,854,952	8,739,194
2005	68,144,773	3,250,079	25,640,672	11,016,672
2006	76,328,481	3,743,709	26,490,558	13,064,657
2007	82,111,286	4,450,065	28,255,420	15,098,605
2008	88,278,899	5,281,584	30,324,855	17,581,634
2009	91,495,498	6,137,972	32,728,653	19,820,598
2010	89,946,389	12,642,970	33,980,909	20,180,082

**Source:** St. Louis County Auditor

**Schedule 5**

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

<b>Commercial/ Residential/ Seasonal/ Recreational Property</b>	<b>Total Net Tax Capacity</b>	<b>Total County Tax Rate Per \$100 of Taxable Net Tax Capacity</b>	<b>Estimated Market Value</b>	<b>Total Net Tax Capacity as a Percentage of Estimated Market Value</b>
7,848,648	99,159,189	67.8693	7,323,117,800	1.35%
6,848,552	83,937,095	89.0068	8,145,767,000	1.03%
7,907,779	91,180,408	83.4794	9,092,489,400	1.00%
9,099,194	103,374,237	79.0219	10,411,976,900	0.99%
10,757,806	118,810,002	68.9902	11,926,897,700	1.00%
12,590,714	132,218,119	64.6911	13,086,585,200	1.01%
15,077,180	144,992,556	64.4337	14,237,164,906	1.02%
18,027,031	159,494,003	60.6374	15,385,764,706	1.04%
21,194,393	171,377,114	55.9641	16,118,391,100	1.06%
19,869,574	176,619,924	56.6542	15,926,158,700	1.11%

**Schedule 6**

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

Fiscal Year Ended December 31,	County Direct Tax Rates Per \$100 of Taxable Net Tax Capacity				
	General Levy	Debt Service Levy	Regional Library Levy	County-wide Enterprise Fund	Total
2001	64.4464	3.0459	0.3770	-	67.8693
2002	83.2145	5.2787	0.5135	-	89.0068
2003	77.1046	5.9133	0.4615	-	83.4794
2004	73.3240	5.2636	0.4343	-	79.0219
2005	63.1792	5.3789	0.4321	-	68.9902
2006	59.4039	4.8450	0.4422	-	64.6911
2007	59.3618	4.6059	0.4660	-	64.4337
2008	55.7728	4.3974	0.4671	-	60.6374
2009	51.5243	3.4912	0.4169	0.5318	55.9641
2010	52.3988	3.7208	0.4074	0.1272	56.6542

**Note:** For 2002, the State assumed school levy responsibilities.

**Source:** St. Louis County Auditor

Schedule 6

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

<u>Overlapping Rates</u>			
<u>Independent School District #94</u>	<u>Independent School District #381</u>	<u>Independent School District #698</u>	<u>Independent School District #2142</u>
38.5729	32.7404	68.2504	32.8102
33.3146	33.1304	30.2049	9.4238
31.8687	27.0203	60.1461	4.1740
32.0967	22.5780	42.5884	2.3800
30.6592	19.1340	41.4278	3.8191
27.9647	17.0543	45.5389	3.1519
27.3069	15.4269	53.7009	2.7818
25.6842	14.9967	36.0645	2.1496
24.5607	14.9797	41.9039	2.5395
33.2021	17.1819	44.5120	16.6308

**Schedule 7**

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

<b>Taxpayer</b>	<b>2010</b>			<b>2001</b>		
	<b>Net Tax Capacity Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Net Tax Capacity Value</b>	<b>Taxable Tax Capacity</b>	<b>Rank</b>	<b>Percentage of Total Taxable Net Tax Capacity Value</b>
Minnesota Power	\$ 3,375,372	1	1.91%	\$ 6,237,762	1	6.29%
Duluth Missabe & Iron Range RR	1,557,306	2	0.88%	1,483,848	3	1.50%
Duluth Winnipeg & Pacific RR	1,150,047	3	0.65%	840,340	7	0.85%
Miller Hill Mall Co	841,676	4	0.48%	902,426	6	0.91%
Duluth Clinic	773,741	5	0.44%			
Potlatch	737,125	6	0.42%			
IRET Properties	643,916	7	0.36%			
American Transmission Co, LLC	581,672	8	0.33%			
Cliffs Mining Services	562,581	9	0.32%			
Great Lakes Gas Transmission Co	557,915	10	0.32%	971,975	4	0.98%
Northern States Power Co				940,689	5	0.95%
Consolidated Papers, Inc.				1,834,974	2	1.85%
USX Corp				685,330	8	0.69%
Burlington Northern / Santa Fe				634,693	9	0.64%
Square Butte Electric Coop				627,528	10	0.63%
	<b>\$ 10,781,351</b>		<b>6.08%</b>	<b>\$ 15,159,565</b>		<b>15.28%</b>

**Source:** St. Louis County Auditor

**Schedule 8**

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

<b>Fiscal Year Ended December 31</b>	<b>Taxes Levied for the Fiscal Year (1)</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years (3)</b>	<b>Total Collections to Date</b>	
		<b>Amount (2)</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2001	61,998,393	60,233,499	97.15%	1,469,425	61,702,924	99.52%
2002	60,673,939	59,169,622	97.52%	1,228,593	60,398,215	99.55%
2003	62,241,475	60,638,733	97.42%	1,371,801	62,010,534	99.63%
2004	67,080,535	65,115,787	97.07%	1,548,941	66,664,728	99.38%
2005	67,615,098	65,797,651	97.31%	1,327,607	67,125,258	99.28%
2006	72,228,139	69,947,539	96.84%	1,746,128	71,693,667	99.26%
2007	79,958,970	77,398,024	96.80%	1,910,519	79,308,543	99.19%
2008	84,523,919	81,790,285	96.77%	1,770,268	83,560,553	98.86%
2009	89,183,812	85,745,073	96.14%	1,829,970	87,575,043	98.20%
2010	91,311,279	88,034,513	96.41%	-	88,034,513	96.41%

**Notes:**

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

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

## Schedule 9

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

Fiscal Year	Governmental Activities		
	General Obligation Bonds	General Obligation Revenue Notes	Tax Lease Obligations
2001	18,020,000	518,809	12,745,000
2002	28,997,862	546,204	3,915,000
2003	25,264,664	584,960	3,605,000
2004	38,154,023	552,517	3,280,000
2005	42,752,926	547,836	2,940,000
2006	45,248,107	541,945	-
2007	44,642,938	535,116	-
2008	53,837,296	522,755	-
2009	40,905,636	496,648	-
2010	42,531,995	470,890	-

**Source:**

See Schedule 13 for population and personal income data.

**Schedule 9**

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

<b>Capital Leases</b>	<b>Business Activities General Obligation Bonds</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
1,583,630	2,327,736	35,195,175	0.65%	175
791,287	600,000	34,850,353	0.60%	175
604,459	515,000	30,574,083	0.51%	154
541,162	420,000	42,947,702	0.69%	217
482,900	320,000	47,043,662	0.75%	239
425,700	215,000	46,430,752	0.70%	237
365,200	110,000	45,653,254	0.66%	232
300,300	-	54,660,351	0.76%	278
232,100	-	41,634,384	0.58%	211
159,500	-	43,162,385	Not Available	220

**Schedule 10**

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

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>				<b>Net General Bonded Debt Outstanding</b>	<b>Percentage of Estimated Market Value</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>General Obligation Revenue Notes</b>	<b>Tax Lease Obligations</b>	<b>Restricted for Principal Payments</b>			
2001	18,020,000	518,809	12,745,000	-	31,283,809	0.43%	156
2002	28,997,862	546,204	3,915,000	190,032	33,269,035	0.41%	167
2003	25,264,664	584,960	3,605,000	463,144	28,991,480	0.32%	146
2004	38,154,023	552,517	3,280,000	695,711	41,290,829	0.40%	209
2005	42,752,926	547,836	2,940,000	4,039,132	42,201,631	0.35%	215
2006	45,248,107	541,945	-	8,662,484	37,127,569	0.28%	189
2007	44,642,938	535,116	-	8,808,538	36,369,517	0.26%	185
2008	53,837,296	522,755	-	8,388,350	45,971,701	0.30%	234
2009	40,905,636	496,648	-	760,696	40,641,588	0.25%	206
2010	42,531,995	470,890	-	363,067	42,639,818	0.27%	217

**Sources:**

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, 2010**

Governmental Unit	Debt Outstanding	Percentage Applicable*	Share of Debt
<b>Direct Debt</b>			
St. Louis County	\$ 43,002,885	100.00%	\$ 43,002,885
<b>Overlapping Debt</b>			
School District #94	27,450,000	5.21%	1,429,633
School District #381	38,180,000	14.57%	5,563,336
School District #698	6,865,000	97.18%	6,671,561
School District #707	275,000	49.41%	135,882
School District #2142	78,800,000	98.97%	77,990,598
Western Lake Superior Sanitary District	50,721,537	84.22%	<u>42,716,087</u>
<b>Subtotal, overlapping debt</b>			<u>134,507,097</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 177,509,982</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Market value of taxable property	\$ 6,964,507,000	\$ 7,561,771,500	\$ 8,315,406,800	\$ 9,405,452,818
Debt limit (2% of market value)	139,290,140	151,235,430	166,308,136	188,109,056
Debt limit (3% of market value)	-	-	-	-
Debt applicable to limit:				
General obligation bonds	33,611,545	34,059,066	29,969,624	42,406,540
Less: Amount set aside for repayment of general obligation debt	<u>(1,807,360)</u>	<u>(886,715)</u>	<u>(1,339,311)</u>	<u>(1,643,499)</u>
Total net debt applicable to limit	31,804,185	33,172,351	28,630,313	40,763,041
Legal debt margin	<u>\$ 107,485,955</u>	<u>\$ 118,063,079</u>	<u>\$ 137,677,823</u>	<u>\$ 147,346,015</u>
Total net debt applicable to the limit as a percentage of the debt limit	22.83%	21.93%	17.22%	21.67%

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

**Schedule 12**

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

<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
\$ 10,797,377,000	\$ 12,149,201,810	\$ 13,344,940,438	\$ 14,676,662,476	\$ 15,750,647,100	\$ 16,204,768,400
215,947,540	242,984,036	266,898,809	-	-	-
-	-	-	440,299,874	472,519,413	486,143,052
46,560,761	46,005,052	45,288,054	54,360,051	41,402,284	43,002,885
<u>(4,820,996)</u>	<u>(9,887,917)</u>	<u>(10,147,911)</u>	<u>(9,734,039)</u>	<u>(1,556,513)</u>	<u>(1,329,888)</u>
41,739,765	36,117,135	35,140,143	44,626,012	39,845,771	41,672,997
<u>\$ 174,207,775</u>	<u>\$ 206,866,901</u>	<u>\$ 231,758,666</u>	<u>\$ 395,673,862</u>	<u>\$ 432,673,642</u>	<u>\$ 444,470,055</u>
19.33%	14.86%	13.17%	10.14%	8.43%	8.57%

**Schedule 13**

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

<u>Year</u>	<u>Population (4)</u>	<u>Personal Income (thousands of dollars) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Annual Average Labor Force (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (2)</u>
2001	200,827	5,446,383	27,116	104,153	29,388	5.8%
2002	199,691	5,793,275	29,007	104,034	28,776	5.7%
2003	198,858	5,937,663	29,855	104,343	28,245	6.2%
2004	197,739	6,191,364	31,309	103,641	27,523	5.7%
2005	196,552	6,236,876	31,731	102,632	26,659	5.0%
2006	196,218	6,595,176	33,622	102,648	26,278	5.1%
2007	196,420	6,930,479	35,277	103,507	25,860	5.6%
2008	196,864	7,187,399	36,454	104,916	25,347	6.4%
2009	197,767	7,215,588	36,485	106,613	25,506	8.1%
2010	196,623	Not Available	Not Available	106,167	25,167	7.6%

**Sources:**

- (1) - US Department of Commerce, Bureau of Economic Analysis (<http://www.bea.gov/regional/reis/>)
- (2) - Minnesota Department of Employment and Economic Development (<http://www.positivelyminnesota.com>)
- (3) - Minnesota Department of Education (<http://education.state.mn.us>)
- (4) - US Bureau of Census ([factfinder.census.gov](http://factfinder.census.gov))

**Schedule 14**

*ST. LOUIS COUNTY, MINNESOTA*  
**Principal Employers**  
**Current Year and Eleven Years Ago**  
**(Ten Years Ago Information Is Unavailable)**

<b>Employer</b>	<b>2010</b>			<b>2000</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
St. Mary's/Duluth Clinic Health System (Essentia Health)	5,448	1	5.13%	5,196	1	5.00%
St. Louis County	1,698	2	1.88%	2,254	3	2.17%
Uniprise (United Health Care)	1,634	3	1.54%			
University of Minnesota Duluth	1,617	4	1.52%	1,391	6	1.34%
St. Luke's Hospital	1,554	5	1.46%	1,275	9	1.23%
Duluth Public Schools	1,426	6	1.34%	1,508	5	1.45%
Allete	1,419	7	1.34%	1,278	8	1.23%
Minnesota Taconite (US Steel)	1,200	8	1.13%	1,650	4	1.59%
Duluth Air National Guard Base	1,068	9	1.01%			
City of Duluth	850	10	0.80%			
Benedictine Healthcare System				3,139	2	3.02%
LTV Steel Mining				1,390	7	1.34%
Northwest Airlines				944	10	0.91%
<b>Total</b>	<b>17,914</b>		<b>17.15%</b>	<b>20,025</b>		<b>19.28%</b>

**Sources:**

- Northland Connection ([www.northlandconnection.com/industries/eading.php](http://www.northlandconnection.com/industries/eading.php))
- St. Louis County Operating and Capital Budget
- St. Mary's/Duluth Clinic Health System
- University of Minnesota Duluth ([http://www.irr.umn.edu/hrdata/Employee\\_Head\\_Counts\\_2005\\_2009.pdf](http://www.irr.umn.edu/hrdata/Employee_Head_Counts_2005_2009.pdf))

**Schedule 15**

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

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General government	489.50	490.78	503.48	500.70
Public safety	258.40	261.40	261.40	261.40
Highways and streets	343.00	343.00	343.00	323.00
Health and sanitation	104.65	104.65	103.25	100.25
Human services	524.70	526.70	523.20	504.75
Conservation of natural resources	64.40	64.40	64.40	63.00
Environmental services	40.00	40.00	40.00	40.00
Chris Jensen	208.00	215.15	209.90	231.70
Nopeming	154.45	160.84	-	-
Other Enterprise Funds	<u>57.18</u>	<u>56.78</u>	<u>56.78</u>	<u>55.78</u>
Total	<u>2,244.28</u>	<u>2,263.70</u>	<u>2,105.41</u>	<u>2,080.58</u>

**Notes:**

Internal Service Funds are included with the general government function.

The Nopeming Nursing Home was closed in 2003.

In 2005, The State of MN took over the Courts (previously included in the general government function).

The Chris Jensen Health and Rehabilitation Center was leased in 2009 and the employees transferred to the lessor.

The Community Foods Enterprise Fund was closed in 2009.

The Supervised Living Facilities Enterprise Fund was closed in 2010.

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

**Schedule 15**

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

<b>Full-time Equivalent Employees</b>					
<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
410.20	414.70	424.20	427.30	416.10	398.90
274.70	277.70	276.70	278.60	275.60	276.60
323.00	323.00	323.00	321.00	301.00	316.00
99.25	100.25	90.75	91.25	64.10	65.40
511.80	509.80	509.80	520.80	523.80	520.50
64.00	64.00	64.00	69.00	69.00	68.00
40.00	40.00	40.00	42.00	52.00	52.00
246.40	226.10	234.65	190.40	-	-
-	-	-	-	-	-
45.78	45.78	46.78	41.97	-	-
<u>2,015.13</u>	<u>2,001.33</u>	<u>2,009.88</u>	<u>1,982.32</u>	<u>1,701.60</u>	<u>1,697.40</u>

**Schedule 16**

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

Function/Program	Fiscal Year			
	2001	2002	2003	2004
<b>General Government</b>				
Auditor's Office				
Checks Issued	77,755	80,172	63,649	42,916
Motor Vehicle Driver's License	17,573	17,822	16,148	16,576
Motor Vehicle Passports			1,053	2,737
Motor Vehicle Transactions	83,918	70,655	56,915	47,418
Planning - Building Permits Issued				
Single Family Dwelling			349	409
Other		674	731	714
<b>Public Safety</b>				
Sheriff's Department				
Parking Tickets Issued	12	2	2	8
Arrests	1,545	1,503	1,416	1,422
Traffic Citations	2,675	3,023	2,840	2,660
Mines				
Mine Visits and Inspections	573	501	531	520
<b>Highways and Streets</b>				
Road and Bridge				
Miles of Overlay	25.44	31.14	0.50	1.78
Miles of Mill Overlay			8.18	
Miles of Reclaim Overlay				
Miles of Mill Reclaim Overlay				
Miles of Construction	2.20	18.85	11.60	21.97
Tons of Crushing	283,000	543,500	258,000	418,428
Miles of Crack Seal	83.50	86.38		
Miles of Guard Rail Constructed		1.17	1.07	
<b>Health and Human Services</b>				
Health				
Public Health Home Visits	7,490	9,440	10,237	9,440
Food Beverage and Lodging Inspections	1,197	984	1,236	1,322
Public Health Nursing Service Screenings	3,477	2,714	2,609	2,582
Human Services				
Unduplicated Children in Out of Home Placement	880	910	744	649
Financial Assistance Cases	15,282	16,254	17,447	17,970
Child Support Cases	10,570	10,512	10,779	11,032
Persons Receiving DD (prev MR/RC) Waivered Services	586	657	686	714
Purchased Social Services (1)	\$ 83,100,917	\$ 101,747,952	\$ 109,586,274	\$ 110,962,782
Social Services Administrative costs (2)	\$ 20,569,552	\$ 21,627,497	\$ 21,688,702	\$ 20,758,769
<b>Conservation of Natural Resources</b>				
Land				
Total Acres of Tax Forfeit Lands	898,161	897,655	898,092	897,196
Contracts Sold	115	138	109	118
Closed Sales	118	127	147	124
Acres Harvested	7,767	8,482	9,784	9,527
Average Size of Sale (Acres)	66	67	67	77
Harvest Volume (Cords)	189,028	199,728	224,682	207,410
Cords Per Sale	1,602	1,573	1,528	1,673
Value	\$ 4,008,217	\$ 4,919,064	\$ 6,025,985	\$ 6,219,835
Average Value Per Sale	\$ 33,968	\$ 38,733	\$ 40,993	\$ 50,160
Average Value Per Cord	\$ 21	\$ 25	\$ 27	\$ 30
Average Value Per Cut Acre	\$ 516	\$ 580	\$ 616	\$ 653
Volume Per Cut Acre (Cords)	24	24	23	22
Value Per Tax Forfeit Acre	\$ 4	\$ 5	\$ 7	\$ 7
<b>Environmental Services</b>				
Tons of Municipal Solid Waste Landfilled	50,840	50,388	52,322	54,560
Tons of Industrial Waste Landfilled	8,239	10,163	13,554	17,970
Tons of Ash Landfilled	5,506	8,789	10,036	9,953
Tons of Recycling Problem Materials	49,180	50,348	54,723	55,000
Tons of Demolition Landfilled	6,240	5,708	5,579	4,570
<b>Chris Jensen (3)</b>				
Licensed Beds (4)	235	235	235/205	205
Capacity - Resident Days	85,775	85,775	80,850	75,030
Occupancy - Resident Days	78,572	66,827	72,634	72,405
Occupancy Percentage Rate	91.60%	77.91%	89.84%	96.50%
Case Mix (5)	2.80	2.85	-	-
RUGS (5)	-	-	1.14	1.18
Medicare Resident Days	13,412	5,458	10,039	7,967
Medicaid Resident Days	51,582	51,746	53,788	53,884
Other Resident Days	13,578	9,623	8,807	10,554

**Notes:**

- (1) Purchased Social Services are payments made by DHS or Health and Human Services for St. Louis County residents
- (2) Includes children's services, child care, chemical dependency, mental health, developmental disabilities, adult services
- (3) 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.

**Source:** Individual County Departments

**Schedule 16**

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

	2005	2006	2007	2008	2009	2010
	39,814	40,225	38,483	30,519	19,406	17,162
	17,294	17,642	17,543	18,785	18,335	18,470
	4,658	6,951	8,207	6,048	7,323	6,203
	48,854	49,247	49,908	50,363	48,747	51,436
	337	312	265	209	165	165
	795	739	659	593	474	477
	3	-	14	5	2	-
	1,929	1,651	1,383	1,245	2,118	3,014
	2,815	3,151	2,040	2,598	1,627	2,169
	534	675	722	749	754	676
	7.19	1.62	0.75	0.61	2.00	0.25
	2.19				-	4.02
		18.84	17.60	20.36	29.52	17.15
		4.32		6.24	8.23	12.90
	7.08	13.25	10.80	6.01	1.18	7.23
	372,600	386,200	398,500	345,100	310,182	257,009
	59.70	47.24	19.03	73.68	63.63	-
	1.39	0.51	1.63	1.74	1.63	0.22
	8,740	7,145	6,798	5,560	4,228	4,493
	1,451	1,383	1,266	1,238	-	-
	2,339	3,501	2,262	2,037	2,517	2,328
	712	702	725	770	787	793
	18,500	18,750	19,169	20,823	22,405	23,016
	11,200	11,000	11,455	11,600	11,549	11,758
	707	702	677	681	701	736
\$	113,170,010	\$ 119,215,990	\$ 125,925,606	\$ 125,497,474	\$ 129,795,521	\$ unavailable
\$	22,366,144	\$ 20,733,845	\$ 22,068,291	\$ 23,791,246	\$ 26,572,518	\$ 26,735,885
	895,193	894,682	893,623	892,938	892,726	892,642
	114	118	204	128	123	118
	118	100	72	97	97	127
	10,593	7,828	6,073	6,885	7,452	9,843
	90	78	84	71	77	78
	232,627	174,294	117,711	146,355	158,248	214,308
	1,971	1,743	1,635	1,509	1,631	1,687
\$	8,165,974	\$ 6,661,905	\$ 4,728,720	\$ 5,091,656	\$ 4,043,085	\$ 5,014,940
\$	69,203	\$ 66,619	\$ 65,677	\$ 52,491	\$ 41,681	\$ 39,488
\$	35	\$ 38	\$ 40	\$ 35	\$ 26	\$ 23
\$	771	\$ 851	\$ 779	\$ 740	\$ 543	\$ 509
	22	22	19	21	21	22
\$	9	\$ 7	\$ 5	\$ 6	\$ 5	\$ 6
	53,066	54,039	54,006	54,265	50,312	49,784
	8,621	9,362	7,359	6,219	2,794	8,963
	9,784	10,246	13,226	47	-	-
	55,652	56,605	60,495	60,941	unavailable	unavailable
	4,844	4,715	6,395	5,888	5,640	6,016
	205	205	205	189	189	-
	74,825	74,825	74,825	69,174	68,985	-
	72,214	71,734	68,626	63,581	49,517	-
	96.51%	95.87%	91.72%	91.91%	86.18%	0.00%
	-	-	-	-	-	-
	1.17	1.10	1.06	1.06	1.09	-
	9,470	6,941	6,237	5,277	3,814	-
	48,873	46,478	43,212	36,350	32,095	-
	13,871	18,315	19,177	21,954	13,608	-

**Notes (cont.):**

- (4) 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.
- (5) 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 "RUG" (Resource Utilization Grouper) method for determining care level and reimbursement.

**Schedule 17**

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

Function/Program	As of December 31									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Courthouses	3	3	3	3	3	3	3	3	3	3
Motor Pool Vehicles	115	115	113	115	109	117	126	126	126	127
Parking Ramp	1	1	1	1	1	1	1	1	1	1
Public Safety										
Vehicles	117	119	124	120	123	121	121	122	121	143
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
Highways and Streets										
Vehicles	220	219	218	218	210	214	242	225	220	221
Miles of County Road	1,619	1,619	1,598	1,578	1,578	1,583	1,578	1,582	1,588	1,573
Miles of County State Aid Road	1,577	1,577	1,386	1,385	1,385	1,385	1,385	1,383	1,385	1,385
Number of Bridges	604	604	605	605	605	604	598	597	597	596
Garages and Storage Buildings	57	82	86	86	86	86	88	84	84	86
Graders, Loaders and Heavy Trucks	401	397	398	397	394	400	417	396	378	376
Health and Sanitation										
Nursing Homes	2	1	1	1	1	1	1	1	1	1
Demolition Landfill	1	1	1	1	1	1	1	1	1	1
Regional Landfill	1	1	1	1	1	1	1	1	1	1
Recyclables Processing Facility	1	1	1	1	1	1	1	1	1	1
Transfer Station	5	5	5	5	5	5	5	5	5	5
Laundry Facility	1	1	1	1	1	1	1	1	-	-
Human Services										
Office Buildings	1	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	49	50	49	50	51	50	52	57	45	46
Offices and Garages	8	8	8	8	8	8	8	8	8	8
Graders, Loaders and Heavy Trucks	9	10	11	11	11	14	13	13	11	12

**Sources:**

St. Louis County Auditor  
 Individual County Departments