



Citizen's Guide to the Budget

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Mission Statement

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.

St. Louis County's Service Strategy

"Working Together, Serving People"

St. Louis County Characteristics

Located in Northeastern Minnesota at the tip of Lake Superior and bordering Canada to the north, St. Louis County is geographically the largest county in Minnesota and in the nation, east of the Mississippi River. It is the home of 200,226 people living in rural settings, mining towns, farm communities, and busy cities, with an average of 32 people per square mile. Our residents enjoy a unique quality of life in a county blessed with rich and diverse natural resources, parks and trails.

St. Louis County encompasses 7,092 total square miles. Of those miles, 6,226 square miles are land area and the remaining 866 square miles are water. As the "crow flies," it is the same distance to go from Duluth to St. Paul (136 miles) as from Duluth to the northwest corner of St. Louis County (135 miles).

In fact, St. Louis County is larger than the District of Columbia and some states including Rhode Island (1,045 square miles), Delaware (1,954 square miles) and Connecticut (4,845 square miles). Within the state, St. Louis County is larger than the combined land areas of the following counties: Anoka, Benton, Carver, Chisago, Dakota, Hennepin, Isanti, Le Sueur, Nicollet, Ramsey, Rice, Scott, Sherburne, Waseca, Washington and Wright.

County Organization and Budget Info

Minnesota is one of a minority of states whose form of government is state managed and county administered. This means that many government services are provided by the county, rather than the state. The 2012 St. Louis County operating budget is \$308,416,003 which allows the county to carry out its mission and deliver high quality yet efficient services to citizens in the areas of planning and zoning, land and minerals management, solid waste and recycling, public works, health, human services, criminal justice, community development and general government services. The County Board certified a property tax levy of \$110,018,889, which represents a 1.80% increase over 2011. Property taxes fund 36% of the county's overall budget. The 2012 St. Louis County budget includes 1,697 full-time equivalent employees. Of the total 2012 operating budget, \$149,588,823, or 49% of the total budget, is designated for personnel related costs.

Budget Objectives

The budget objectives allow St. Louis County to provide quality services in a cost-effective manner to keep the property tax rate among the lowest in the state. Objectives include:

Commitment to balance budget and position the county for future fiscal challenges

Continue to emphasize innovation, productivity and service to citizens

Sensitive to economic pressures facing citizens, businesses and our region

More budget information is available by visiting:
www.stlouiscountymn.gov/budget.

Commissioners' Priority Areas

Strong County Infrastructure

Health & Well-Being of County Citizens

Healthy Local Economy

Healthy, Viable Ecosystem

Effective, Efficient Government

More information on progress in each area is available at the Online Performance Data Gallery, visit:
www.stlouiscountymn.gov/performance.



Duluth Courthouse



Virginia Courthouse



Hibbing Courthouse

County Commissioners

- District 1 Frank Jewell
- District 2 Steve O'Neil
- District 3 Chris Dahlberg
- District 4 Mike Forsman
- District 5 Peg Sweeney
- District 6 Keith Nelson
- District 7 Steve Raukar

Kevin Z. Gray
County Administrator

Input & Changes in the 2012 Budget

Residential Survey Highlights & Impact of State Budget Decisions

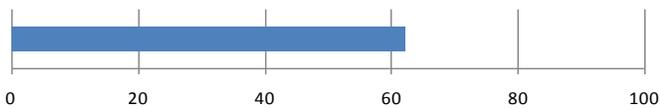
Highlights from the 2011 Residential Survey

Responsiveness to Citizen Concerns

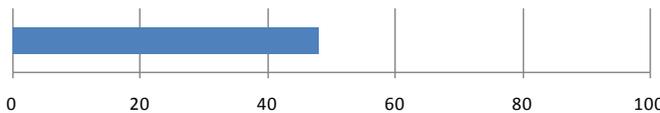
Understanding the needs of residents is important to St. Louis County and it has conducted regular, periodic surveys of residents' opinions as one method for gathering this information. In addition, residential feedback is invited at county board meetings and direct to county commissioners, county administration and other departments through a variety of formal and informal means.

Here are a few measures from the 2011 Residential Survey (based on a 100 point scale, where 0 = poor and 100 = excellent).

Quality of Life: Residents of St. Louis County gave high ratings to their quality of life.



Overall positive ratings of county services: with excellent ratings of 911 services, sheriff services and many other core government services.



General concerns: The county's survey captured concerns about contemporary issues including the economy and personal finances.

Significant feedback about roads and rural safety, tell us that we need to continue to work on the overall condition of our vast road system, but stressed the importance of snow and ice removal to our residents. Road safety and related investments remains a priority and thus residents prioritized investing in county road infrastructure (66, on a 100 point scale).

In addition, they valued maintaining programs and services for children & vulnerable adults as well as public safety. Respondents highly prioritized investments in current programs and services including:

- Protecting children and vulnerable adults from abuse and neglect (83, on a 100 pt scale);
- Provide timely access to health care (73, on a 100 pt scale);
- Promote healthy behaviors (51, on a 100 pt scale).

Resident feedback was an important part of the budget development process and influenced prioritizing funding for a new Gravel Road Improvement Program that will improve the condition of county roads as well as maintaining funding for social service programs and corrections.

Impact of State Budget Decisions

Continued State Budget Challenges

State Aid Unallotments: Unallotment of state aids following pattern of last 4 years (over \$12 million not including Human Service reductions).

Cost Shares: Increased required county cost shares in 2012 and beyond for state programs such as Chemical Dependency and Sex Offender Treatment.

State program reductions: specifically in health and human service programs which impact local service providers and clients we jointly serve.

Homestead Market Value Program Changes

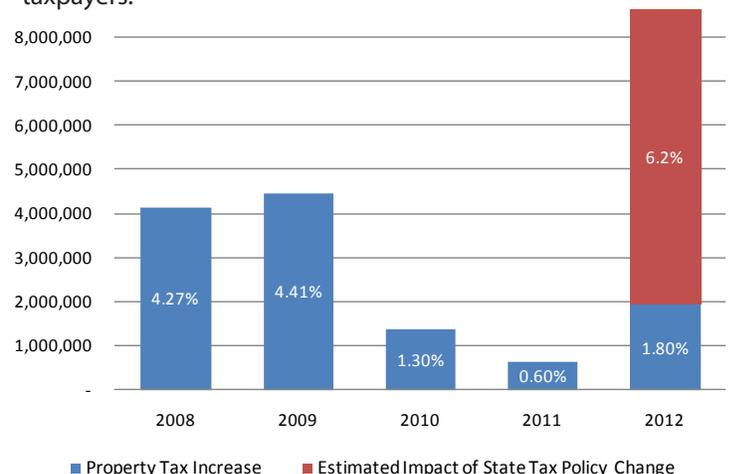
Beyond cuts, shifts and program reductions, the 2011 Legislative Session saw a dramatic departure at the state tax policy level with the elimination of the Homestead Credit Program. It was replaced with a new "Homestead Market Value Exclusion" - a tax policy change that affects all property types.

Property tax law is complex. This program change will result in increased taxes to all property owners, because:

- State money is no longer reducing property taxes.
- The reduction in the taxable value of homestead property increases tax rates.

- The reduction in taxable property value shifts the burdens of who pays to all property tax payers.
- The exclusion provides less benefit to most properties than did the Homestead Credit Program.

The impact of this State change will vary by property. However, the State House Research Department estimated the average impact for a property owner in St. Louis County would be a 6.2% increase in taxes for 2012, a bigger increase to Greater Minnesota county residents than to metro county property taxpayers.



More budget information is available on the web:
www.stlouiscountymn.gov/budget

The County's Budget

Adopted 2012 Budget

Where do our property tax dollars go?

St. Louis County plays an important role in creating a great quality of life.



St. Louis County is committed to excellent stewardship of taxpayer resources.

Property tax dollars support 36% of the County's \$308 million budget.

These funds are invested in efficient services to ensure public safety, strong county infrastructure and care for the most vulnerable.

Key Investments in the 2012 Budget

Gravel Road Investment Program (GRIP)

St. Louis County maintains 1600 miles of gravel roads. The 2012 Budget includes a 0.5% levy investment (approximately \$500,000) in this program.



GRIP will target more funds to gravel roads for treatments that will reduce maintenance requirements and increase the level of service to the public.

Public Safety

Continued commitment to public safety through a five county partnership, Arrowhead Regional Corrections, providing community corrections services to Cook, Lake, Carlton, Koochiching, and St. Louis Counties. In addition the 2012 budget includes savings from the consolidation of one regional 911 emergency call center which has been operational since November 2011. Additional savings are anticipated with the opening of the Joint Public Safety

Building (shared with the Duluth Police Department) and improved Sheriff, County Attorney and Probation work space in the Virginia Courthouse project, currently underway.

Capital Investments

The 2012 Budget includes funding for key capital investments to continue financing our infrastructure, equipment and technology needs. In addition, St. Louis County conducts a rigorous Capital Improvement Plan process where these capital investments are detailed and prioritized. For more information visit www.stlouiscountymn.gov/budget.

St. Louis County maintains an excellent credit rating. Moody's Investors Service assigned an "Aa2" rating to the bonds issued in 2010.

Budget Summary

Despite challenging times, St. Louis County is working to balance reduced government aid, while maintaining programs that meet the needs of residents, continuing aggressive investment in county infrastructure and facilities, and taking a long-term approach to financial stability.

More budget information is available on the web:
www.stlouiscountymn.gov/budget

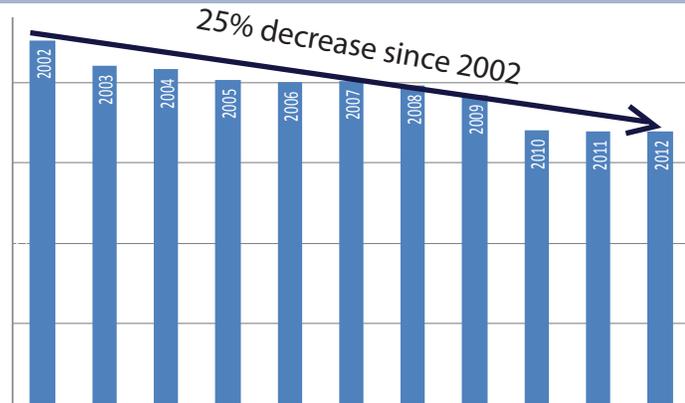
The County's Budget

Adopted 2012 Budget (continued)

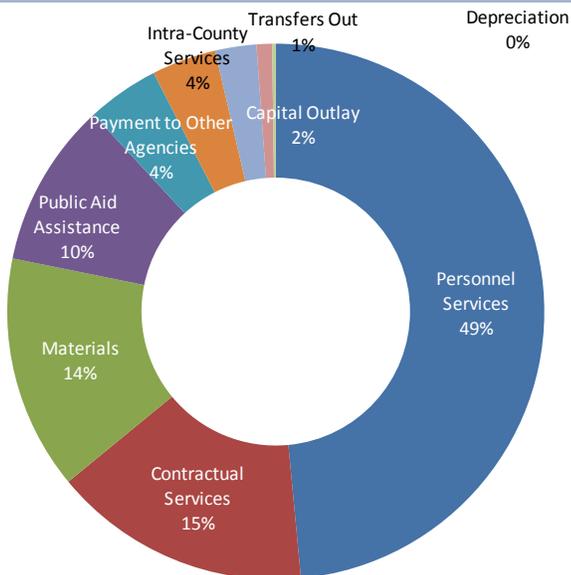
Personnel History

Employees are key to the quality services provided by St. Louis County. As employee-related expenses make up 49% of the overall budget, it is important to review positions as they become vacant. This has resulted in a steady decrease in the overall number of employees over the last decade.

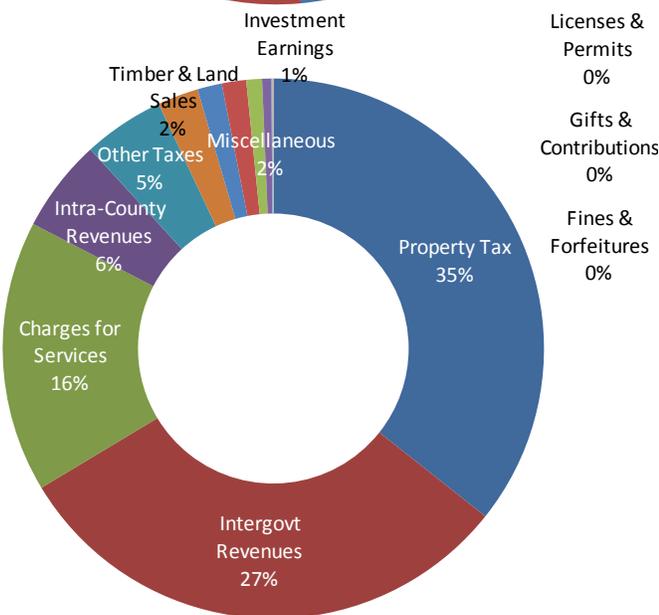
Note: the significant decline from 2009 to 2010 was due to the decision to lease the operations of the Chris Jensen Health & Rehabilitation Center. Although no longer county employees, the majority of those working at Chris Jensen were offered and retained their positions with the new provider.



Primary Government Sources of Revenue & Functional Expenses



Activity	2012 Adopted Expenses
Personnel Services	\$149,588,823 (48.5%)
Materials	47,941,384 (15.5%)
Contractual Services	43,595,286 (14.1%)
Public Aid Assistance	30,713,434 (10.0%)
Payment to Other Agencies	13,408,296 (4.3%)
Intra-County Services	11,968,575 (3.9%)
Capital Outlay	7,648,389 (2.5%)
Transfers Out	2,894,689 (0.9%)
Depreciation	654,627 (0.2%)
Loss/Gain Asset Disposal	2,651 (0.0%)
TOTAL	\$308,416,003



Source	2012 Adopted Revenue
Property Taxes	\$110,018,889 (35.7%)
Intergovernmental Revenues	94,702,718 (30.7%)
Charges for Services	50,124,920 (16.3%)
Intra-County Revenues	17,147,103 (5.6%)
Other Taxes	14,947,421 (4.8%)
Timber and Land Sales	7,540,000 (2.4%)
Working Capital	4,511,305 (1.5%)
Miscellaneous	4,486,208 (1.5%)
Transfers In	2,894,689 (0.9%)
Investment Earnings	1,692,500 (0.5%)
Fines and Forfeitures	176,750 (0.1%)
Licenses and Permits	166,500 (0.1%)
Gifts and Contributions	(0.0%)
TOTAL	\$308,416,003

More budget information is available on the web:

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