

COMPREHENSIVE ANNUAL FINANCIAL *Report*'11



DULUTH INTERNATIONAL AIRPORT
photos by David Bednarski



ST. LOUIS COUNTY PUBLIC SAFETY BUILDING EXPANSION (DULUTH POLICE DEPT.)
photos by David Bednarski



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

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

Duluth International Airport

Work began in November 2010 on the new \$68.8 million passenger terminal at the Duluth International Airport (DLH). The project is scheduled for completion in the fall of 2012. The new terminal will bring the airport into compliance with post 9/11 Department of Homeland Security and FAA requirements.

The Leadership in Energy and Environmental Design (LEED) certified terminal will offer an enlarged passenger seating area with amenities, streamlined baggage and passenger screening, Americans with Disabilities Act compliant, and be energy efficient.

DLH is a key asset for economic development in the Region by supporting over 4400 aviation related jobs and generating \$1.3 billion in annual economic impact. DLH is also home to the 148th Fighter Wing, Cirrus Aircraft, Northstar Aerospace, Monaco Air Duluth and Lake Superior College's Minnesota Center for Advanced Aviation.

The DLH is the Region's largest airport with a 24-hour U.S. Customs and FAA control tower and two runways, including the second longest runway in Minnesota at 10,152 feet. Delta, United Express, and Allegiant Air all service the DLH to hundreds of domestic and international destinations.

The F4 aircraft displayed at the airport terminal entrance sign is "A Memorial to Those Who Serve" our nation, our state, and our community.

Public Safety Building

In March 2012, the City of Duluth Police Department moved into their new \$15 million, 68,000-square-foot Public Safety Building (lower right photo). The new police headquarters is connected to the St. Louis County Public Safety Building and is designed to incorporate current technology for communications and police security systems. The police department will be more accessible to the public with free and convenient parking near the front door.

St. Louis County's Public Safety Building (center left photo) opened December 21, 2007 at 2030 North Arlington Avenue, Duluth. The \$6.4 million, 35,000-square-foot structure houses the Sheriff's Law Enforcement Division (patrol and investigations), county-wide records, crime lab, and digital imaging services. Half of the building is dedicated to emergency communications. All 911 calls for St. Louis County are answered at this state-of-the-art dispatching center. The center was equipped with the first 911 voice over internet protocol (VOIP) phone system in the State of Minnesota.

The joint facility is a County-City cooperative venture that will save tax dollars as the two agencies share costs for facilities, programs, and staff whenever feasible. The new buildings provide the needed additional space for staff to best carry out their jobs. County and City staff will share five interview rooms and have records clerks working next to each other to enhance the sharing of information.

St. Louis County Minnesota

Comprehensive Annual Financial Report
for the Fiscal Year Ending
December 31, 2011



Donald Dicklich
County Auditor/Treasurer

"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, 2011

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ST. LOUIS COUNTY, MINNESOTA
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Saint Louis County

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

Donald Dicklich

St. Louis County Auditor-Treasurer

June 27, 2012

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, 2011. This report was prepared by the County Auditor's Accounting and Finance Division. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the County.

Financial management of St. Louis County is based on an accounting and financial reporting system that must provide accurate, timely, and relevant information. The assets of the County are protected from fraud, errors, and misuse through the institution of internal controls. Internal controls are designed to safeguard assets, as well as to insure that accounting data are accurate for the preparation of financial statements in conformity with generally accepted accounting principles, and to accomplish the County's policies.

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 St. Louis County financial statements for the year ended December 31, 2011. 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, excluding water surface, from the Canadian border to Duluth. The County's 2011 census population was 200,226 residents while the 2000 census population was 200,528. The County has an average of 32 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 Public Health and Human Services, Environment and Natural Resources, Public Works and Transportation, Finance and Budget, Central Management and Inter-Governmental and Public Safety and Corrections.

An Equal Opportunity Employer

The Board appoints a County Administrator who is the chief administrative officer of the County 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. Encumbrances outstanding at year-end are reported as assignments of fund balances. County departments are comprised of one or more sub-departments (agencies). County departments can spend their agency level budgets on any line item within that agency as long as the total agency budget is not overspent. However, no public aid assistance and/or personal services budget authority may be used for any other purpose without Board approval.

Local economy

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

The taconite industry continues to be the driving force of the Iron Range economy. The taconite industry supports roughly 10,000 jobs with an economic impact of \$3.1 billion annually. Taconite plants produced 38.9 million metric tons in 2011 compared to 35.1 million metric tons in 2010. Predictions for 2012 are for taconite production to increase to about 40.0 million metric tons. Mesabi Nugget, which turns concentrate into iron nuggets, will begin paying state production tax for the first time in 2012 after a two-year exemption during its startup. Taconite production tax proceeds are distributed to counties, cities, towns, and schools each year.

Mesabi Range Community and Technical College in Eveleth opened a new \$5.4 million technical shop. The shop is home to the college's largest degree program: Industrial Mechanical Technology. The shop was designed to allow students to learn the skills needed to meet the mining industry's changing needs.

Magnetation Inc is scheduled to begin processing leftover iron ore waste into iron ore concentrate by late 2012. The operation will be located at an old mine site near Chisholm and is expected to create more than 200 jobs. A second plant near Taconite, in neighboring Itasca County, is expected to start in June. Mesabi Nugget will turn the ore concentrate into iron nuggets at its Hoyt Lakes plant.

The Port of Duluth-Superior connects the heartland of the United States and Canada to the rest of the world, ranking among the top 20 ports in the U.S. in cargo tonnage. It is the largest cargo port on the Great Lakes, supporting more than 11,500 jobs. The Port of Duluth-Superior has averaged more than 41 million tons of cargo and nearly 1,100 vessel visits a year since 1990, however, the past three years have seen yearly tonnages fall below average. In 2009, 31.2 million tons were shipped, which was the lowest tonnage since the Great Depression. The 2010 tonnage did improve to 39.8 million tons. Tonnage for 2011 was 37.1 million tons. In 2011, 894 ships visited the port. Tourism tax revenues collected from Duluth hotels, motels, restaurants and bars set a new high in 2011 of \$8.2 million, which was better than expected. The City of Duluth had predicted that local tourism activity might experience a slight decline after a high in 2010 of \$7.8 million. Tourism tax increases or decreases have historically been an indicator as to how well the local economy is doing as a whole.

Cirrus Aircraft was sold to China Aviation Industry General Aircraft in early 2011. New ownership will provide Cirrus with a platform they can use to expand globally. The Cirrus operation in Duluth, with about 400 employees, is not expected to be negatively impacted by the sale. In early 2012, St. Louis County Commissioners agreed to resume the annual \$27,770 tax rebate (tax abatement) to Cirrus Aircraft as economic development assistance to an important employer. The arrangement calls for Cirrus to continue paying its full property taxes on its Duluth aircraft manufacturing plant and for the county to return the rebate to Cirrus each year through 2017. Cirrus, in turn, uses the money to help pay off part of its 2007 expansion that cost \$14 million.

The Duluth International Airport is expected to have its new \$65.0 million passenger terminal building completed by the fall of 2012. In 2011, the airport received a \$3.8 million grant from the Federal Aviation Administration Voluntary Airports Low Emissions (VALE) Program. The grant was for design and construction of a geothermal heating and cooling system in the new passenger terminal building and loading bridges.

St. Luke's hospital began construction on a new \$27.0 million medical office building that will have five 35,000-square-foot floors. Construction began in the spring of 2011 with completion slated for late 2012. The new expansion is located across the avenue from the hospital. The top floor will house more than 30 physicians while the other floors will be for parking and future space needs.

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

For each of the past ten years Essentia Health has been the number one ranked employer in the County with more than 5,093 employees. St. Louis County ranked second in 2011 with 1,697 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, 2011, 100% of the estimated retiree obligation amount has been classified as committed fund balance in the General Fund and Special Revenue Funds.

The County also estimates the amount needed to pre-fund health insurance premiums for those employees that are not eligible to retire immediately, but probably will retire from the County. As of December 31, 2011, 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 funds to meet future cash flow needs and began to assign some of its fund balances. The County Board's policy is to have the General Fund, the Road and Bridge Fund, and the Public Health and Human Services Fund assign a portion of their available fund balances equal to 5/12 of the certified levy for each fund, plus its share of program aid paid to the County by the State of Minnesota. As of December 31, 2011, the policy was 80.1% accomplished for the Road and Bridge Fund, 84.3% for the General Fund, and 100%, for the Public Health and Human Services Fund. These three funds had combined assigned fund balance for cash flow of \$45.7 million at year-end, a decrease of \$.6 million from 2010.

Starting in 2007, any County-owned buildings with operating revenues in excess of expenditures for the year had the remaining balance transferred into the Depreciation Reserve Fund in the Capital Projects Fund at year end. At the end of 2011, the Depreciation Reserve Fund had a fund balance of \$3.1 million. Those monies will be used to fund future capital improvements at County facilities.

Other financial planning for 2012 and beyond includes the following:

- The County's continued investment in the Geographic Information System (GIS) to improve services to the public.
- Ongoing "Wellness" classes, events, and activities. Due to the success the County has already experienced in creating a culture of wellness in the work place, Blue Cross and Blue Shield is giving the County a \$150,000 wellness grant to use as the County feels would best serve its population.
- Setting aside fund balance for "future unallotments" to help the County withstand local government aid cuts by the state in 2012. County Administration implemented 3% reductions to all County department budgets starting in 2009 for this purpose.
- The County Board directs the County Administrator to hold all county departments accountable for making progress in each department's designated priority areas by the regular use of performance measures and outcomes.
- The County Board has committed and assigned monies for specific purposes. These commitments and assignments of fund balance represent the County's intended future use of the County's resources.

Major initiatives

The City of Duluth Police Department will move into a new \$18 million police station in early 2012. The 68,000-square-foot station will connect to the County's Public Safety Building on Rice Lake Road, which was built in 2007. The public will have access to a large free parking lot and a customer service area that will direct them to the proper division of the city Police Department or County Sheriff's Office. The county-city cooperative venture will save tax dollars as the two agencies will share costs for facilities, programs and staff whenever feasible.

The County Board, in 2012, will honor county employees who exemplify customer service. The employees will be nominated by commissioners and department heads. Signs with "Customer Service" will be printed and handed out to all department heads and commissioners for placement on office walls "so we never forget what we're here for."

County departments leasing office space will relocate to buildings already owned by the county. In Virginia, the Recorder and Assessor offices have been moved out of leased space and into the county owned Northland Office Building. In Duluth, a major remodel of the Government Services Center (GSC) will allow the county to eliminate leased spaces used by Public Health and Human Services; Safety and Risk Management; and the Planning Department by moving them into the GSC by 2014.

The County Sheriff's Office consolidated two 911 emergency call centers into one, closing the Virginia office and reassigning those employees to the Duluth center. Consolidating the centers will reduce costs the county incurs for staffing, overtime, operations, maintenance, and equipment upgrades. No jobs will be lost nor any reduction in service as a result of the consolidation.

A new central client intake area on the first floor of the Government Services Center building was constructed. The new one-stop area replaces four different areas at which clients previously had to stop for initial contacts and referrals. This consolidation will improve client service, reduce security concerns, lower cleaning and maintenance costs, and reduce the building's overall utility bill.

The County Board scheduled "Listening Sessions" starting in 2012. These sessions are part of a new initiative to establish informational opportunities for commissioners to meet with county residents at various locations throughout the county at times that may be more convenient for public

participation than would a normal County Board meeting that is held during the day. The Listening Sessions will have no specific agendas, but rather, will be an open public forum providing opportunity for comment and dialogue between commissioners and citizens on any variety of topics.

Energy efficiency upgrades at the County Jail in Duluth were installed to cut energy costs. The upgrades include high-efficiency hot water boilers, a condensing boiler, and replacement of shower valves and installation of automatic shut-off systems. A new white roof to save energy in cooling also was installed.

The City of Proctor requested the transfer of ownership of approximately 80 acres of County fee land that was leased to the South St. Louis County Fair Association for many years. The County's Property Acquisition Committee approved this property transfer request and the County Board completed the transfer on December 15th, 2011.

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, 2010.

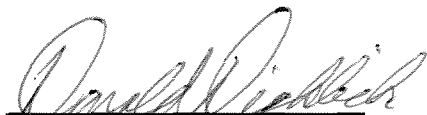
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. St. Louis County has received the Certificate for the last twenty-three consecutive years. We believe our current report will conform to the Certificate of Achievement Program requirements, and are thus submitting it to the GFOA.

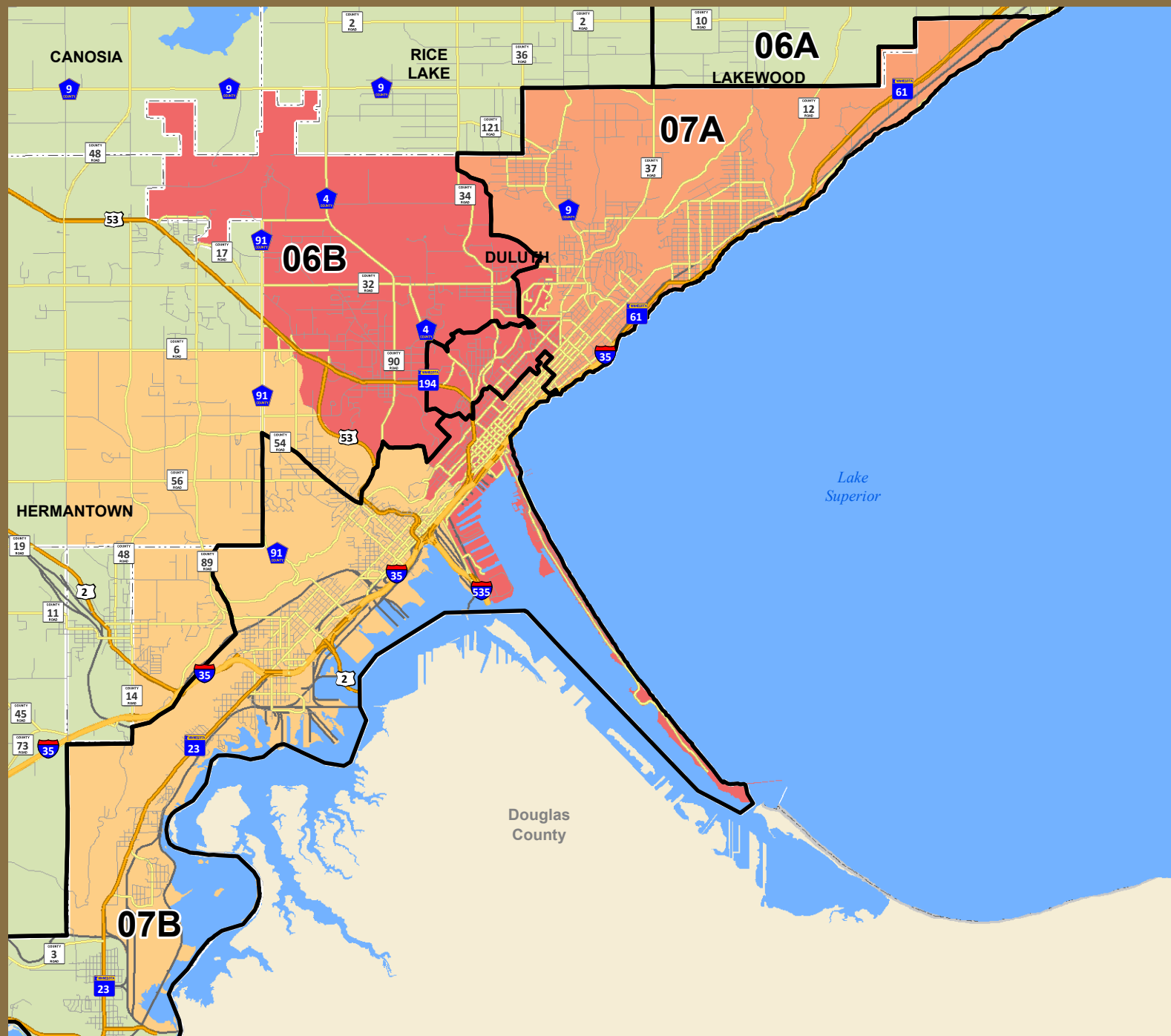
The preparation of the Comprehensive Annual Financial Report in accordance with the GASB 34 financial reporting model was made possible by the dedicated work of the employees of the Accounting and Finance Division. In addition, I would like to express my appreciation to the employees of the Public Health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

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

Sincerely,



DONALD DICKLICH
County Auditor/Treasurer

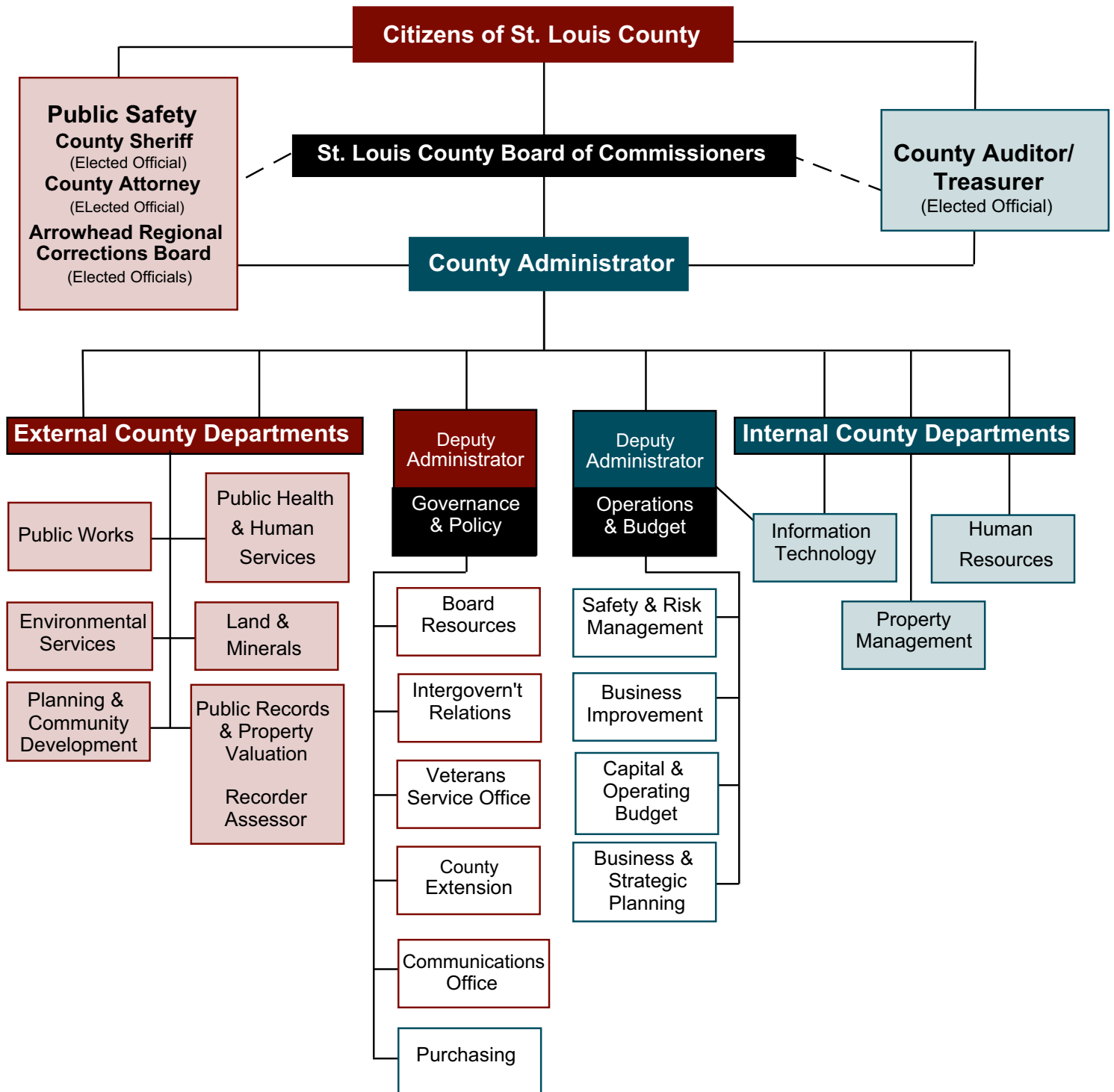


Disclaimer
This is a compilation of records as they appear in the Saint Louis County Offices affecting the area shown. This drawing is to be used only for reference purposes and the County is not responsible for any inaccuracies herein contained.

**St. Louis County
Elected and Appointed Officials
as of December 31, 2011**

Office	Name	Term
Commissioners:		
1st District	Frank Jewell	Jan. 2011 Jan. 2015
2nd District	Steve O'Neil	Jan. 2009 Jan. 2013
3rd District	Christopher Dahlberg	Jan. 2009 Jan. 2013
4th District	Mike Forsman	Jan. 2011 Jan. 2015
5th District	Peg Sweeney	Jan. 2009 Jan. 2013
6th District	Keith Nelson	Jan. 2011 Jan. 2015
7th District	Steve Raukar	Jan. 2011 Jan. 2015
Elected Officers:		
Attorney	Mark Rubin	Jan. 2011 Jan. 2015
Auditor	Donald Dicklich	Jan. 2011 Jan. 2015
Sheriff	Ross Litman	Jan. 2011 Jan. 2015
Appointed Officers:		
Administrator	Kevin Gray	
Assessor	David Sipila	
Human Resources		
Director	James Gottschald	
Examiner of Titles	David W. Adams	
Land and Minerals		
Commissioner	Robert Krepps	
Information Technology		
Director	Martin Buscombe	
Planning & Community		
Development Director	Barbara Hayden	
Property Management		
Director	Tony Mancuso	
Public Health and Human		
Services Director	Ann Busche	
Public Works Director	Jim Foldesi	
Public Records & Property		
Valuation Director	Mark Monacelli	
Environmental Services		
Director	Ted Troolin	

Saint Louis County Organizational Summary



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Saint Louis County
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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.



Linda C. Sandison

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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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, as of and for the year ended December 31, 2011, 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, 2011, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting

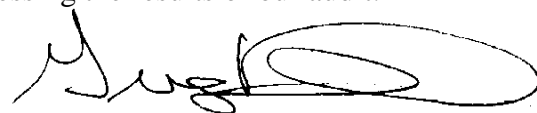
Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In accordance with auditing standards generally accepted in the United States of America, we have applied certain 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, 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 presented in all material respects in relation to the basic financial statements taken 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 our report dated June 27, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 27, 2012

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2011

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, 2011. 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 \$43.6 million to \$607.3 million, or 7.7%. Governmental activities increased by \$50.1 million to \$583.7 million, while the County's business-type activities decreased by \$6.5 million to \$23.6 million.

The County's governmental funds reported a combined ending fund balance of \$151.6 million for 2011, an increase of \$5.8 million over 2010. The nonspendable and restricted combined fund balances were \$24.4 million of total fund balance or 16.1%. These fund balances are not available for appropriation because of constraints placed on their use. The remaining fund balances of \$127.2 million or 83.9% are unrestricted and classified as either committed, assigned, or unassigned.

In 2011, the General Fund reported a total fund balance of \$56.8 million, an increase of \$9.1 million over 2010. The increase was primarily due to transfers in from three internal service funds and one enterprise fund totaling \$4.9 million. These 2010 proprietary funds were closed into the general fund at the beginning of 2011. The unrestricted fund balance of the General Fund was equal to 57.3% of fund expenditures and 54.7% of fund revenues. The State Auditor recommendations are for unrestricted fund balance to be at least 35-50% of revenues and at least five months of expenditures, or 41.7%.

St. Louis County's outstanding debt decreased by \$5.9 million to \$37.1 million in 2011. The County did not issue new debt in 2011 while making payments of \$5.9 million on existing debt during the year. In the past ten years, the County has issued debt every year except 2003, 2009, and 2011.

All major governmental funds of the County reported actual expenditures less than their final 2011 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 \$8.7 million excess of actual revenues over actual expenditures for the year. The Capital Projects Fund spent down 2010 bond proceeds in 2011 resulting in actual expenditures exceeding actual revenues by \$9.3 million.

The County's only major business-type activity, the Environmental Services Fund, had an operating loss of \$1.5 million in 2011. However, when nonoperating revenues from taxes, grants, and earnings on investments totaling \$.9 million are added to transfers in of \$.2 million, the Environmental Services Fund net assets decreased by \$.4 million for the year.

Several account balances were reclassified as of and for the year ended December 31, 2010, 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.

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

Governmental funds: Most of the County's basic services are reported in governmental funds, which 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 of the Environmental Services Fund, the only major fund, as well as two nonmajor enterprise funds. Data for the nonmajor fund is presented in "other enterprise funds." Individual data for the nonmajor enterprise fund 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 to the County's other programs and activities, such as the County Garage Fund. The proprietary fund basic financial statements can be found on pages 43-47 of this report.

Fiduciary funds: The County is the trustee, or fiduciary, of certain amounts held for others. The County uses trust and agency funds to report its fiduciary activities. The County's fiduciary activities are reported in the Statement of Fiduciary Net 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 \$607.3 million.

By far the largest portion of the County's net assets is the investment in capital assets (72.8 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 224.8	\$ 219.8	\$ 19.5	\$ 21.0	\$ 244.3	\$ 240.8
Capital assets	465.9	426.9	7.4	12.2	473.3	439.1
Total Assets	690.7	646.7	26.9	33.2	717.6	679.9
Long-term liabilities outstanding	82.5	90.4	2.7	2.5	85.2	92.9
Other liabilities	24.5	22.7	0.6	0.6	25.1	23.3
Total liabilities	107.0	113.1	3.3	3.1	110.3	116.2
Net assets:						
Invested in capital assets, net of debt	434.0	392.8	7.4	12.2	441.4	405.0
Restricted	21.5	21.8	1.9	2.0	23.4	23.8
Unrestricted	128.2	119.0	14.3	15.9	142.5	134.9
Total Net Assets	\$ 583.7	\$ 533.6	\$ 23.6	\$ 30.1	\$ 607.3	\$ 563.7

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

Governmental Activities:

In 2011, the total net assets of governmental activities increased by \$50.1 million to \$583.7 million. The total net assets for the years 2010 back through 2007 were \$533.6 million, \$496.7 million, \$460.2 million, and \$435.4 million, respectively. 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 in 2002.

Current and other assets increased by \$5.0 million in 2011 to \$224.8 million. The General Fund, by County Board action, acquired all the assets, liabilities, and fund balances of one enterprise fund and three internal service funds at the beginning of 2011. The total current assets transferred in by those four proprietary funds totaled more than \$5.2 million. During 2011 the Capital Projects Fund spent cash and investments received from bond proceeds in 2010 on capital projects throughout the county. As a result, the Capital Projects Fund was the only governmental fund that did not experience revenues in excess of expenditures for 2011.

Capital assets at year-end 2011 were \$465.9, compared with \$426.9 million for 2010, an increase of \$39.0 million. At the end of 2006 total capital assets were \$336.7 million. Significant capital outlays for infrastructure, such as roads, by the County each year are the driving force behind large annual increases in capital assets. A detailed analysis of this increase is presented in Table 3 on page 23, under the heading Capital Assets and Debt Administration.

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Long-term liabilities outstanding decreased by \$7.9 million in 2011 to \$82.5 million. The decreases were: debt outstanding \$5.9 million, compensated absences \$2.7 million, and claims payable (insurance funds) \$2.2 million. The only increase in long-term liabilities outstanding was \$2.9 million in additional monies to fund the OPEB obligation for retirees. 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 \$1.8 million in 2011 to \$24.5 million. Accounts payable, contracts payable, salaries payable, and due to other governments increased slightly more than \$.5 million combined, while unearned revenue decreased \$.7 million. The major increase in other liabilities was a \$2.0 million advance to the Road and Bridge Fund from the State of Minnesota. The advance was based on project mix and how the projects are funded. The Roads and Bridge Fund had more State Aid funded projects programmed than their regular 2011 State Aid allotment would allow, so the State of Minnesota let the County advance regular State Aid funds from their 2012 allotment to fund the projects.

Invested in capital assets, net of related debt, increased by \$41.2 million to \$434 million. The increase was the result of net capital assets increasing by \$39.0 million, while the outstanding debt that is related to capital assets decreased by \$2.2 million. The County's total debt outstanding decreased by \$5.9 in 2011. However, the debt related to the capital projects that has not spent all the proceeds received from general obligation bonds or notes by the end of the year are prorated to determine the debt outstanding.

Restricted net assets of the governmental funds decreased by only \$.3 million to \$21.5 million in 2011. The largest decrease was for unorganized town roads (\$.2 million). Fund balance in the Forest Resources Fund that is restricted for conservation of natural resources has the largest value of \$6.8 million. The distribution of restricted net assets is typically prescribed by Minnesota statute.

Unrestricted net assets that comprise the remaining fund balances increased \$9.2 million to \$128.2 million in 2011. The majority of the unrestricted net assets in the government wide statements are fund balances from governmental fund statements that are either committed by Board action for specific purposes, or assigned indicating County management's intent to use the funds for specific purposes.

Business-type Activities:

Total net assets of the County's business-type activities decreased by \$6.5 million to \$23.6 million in 2011. At year-end the County's business-type activities consisted of only two funds, Environmental Services and Plat Books. The Chris Jensen Health and Rehabilitation Center Fund (Chris Jensen) had all assets and liabilities transferred into the General Fund at the beginning of 2011. The County continues to lease the Chris Jensen Facility to Health Dimensions Group. Business-type activities were able to report positive balances in all categories of net assets for 2011.

Total assets decreased by \$6.3 million in 2011. The Chris Jensen transfer reduced current assets by \$1.5 million and capital assets (net) by \$4.7 million. The remaining \$.1 million reduction in total assets for business-type activities was due to the Environmental Services Fund having capital assets decrease by \$.1 million. The Environmental Services Fund had restricted assets increased by \$.1 million to \$3.6 million for post closure liability coverage.

Capital assets were \$4.8 million less at the end of 2011 than the end of 2010. Besides the transfer of Chris Jensen's capital assets (\$4.7 million) to the General Fund, the Environmental Services Fund had new purchases \$.6 million and depreciation expense of \$.7 million for a net decrease of \$.1 million in capital assets for the year.

Total liabilities for business-type activities increased by \$.2 million in 2011. This was due to the annual year-end calculation of employee obligations (compensated absences payable) for the Environmental Services Fund, the only business-type activity with County employees.

Invested in capital assets, net of debt, will mirror capital assets when there is not any associated debt outstanding on the capital assets. The business-type activity have not issued debt since 2002 for capital purchases.

Restricted net assets in the business-type activities are for financial assurance in the Environmental Services Fund and decreased by \$.1 million in 2011.

Unrestricted net assets decreased \$1.6 million for business-type activities primarily, once again, because Chris Jensen was transferred to the County's General Fund.

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 36.2	\$ 33.1	\$ 6.2	\$ 6.1	\$ 42.4	\$ 39.2
Other Program revenues	11.6	13.4	-	-	11.6	13.4
Operating Grants and Contributions	52.5	49.1	0.5	0.5	53.0	49.6
Capital Grants and Contributions	23.1	22.8	-	-	23.1	22.8
<i>General revenues:</i>						
Taxes:						
Property taxes, levied for general purposes	105.8	104.7	0.2	0.4	106.0	105.1
Property taxes, levied for debt service	6.3	5.9	-	-	6.3	5.9
State shared	20.1	20.0	-	-	20.1	20.0
Federal shared	1.9	2.6	-	-	1.9	2.6
Investment income	3.3	1.0	0.2	0.1	3.5	1.1
Total revenues	260.8	252.6	7.1	7.1	267.9	259.7
Expenses						
<i>Program expenses:</i>						
General government	37.2	34.9	-	-	37.2	34.9
Public safety	46.3	46.5	-	-	46.3	46.5
Highways and streets	39.1	39.3	-	-	39.1	39.3
Health and sanitation	5.2	5.3	-	-	5.2	5.3
Human services	72.8	73.0	-	-	72.8	73.0
Culture and recreation	2.6	3.0	-	-	2.6	3.0
Conservation of natural resources	7.8	7.9	-	-	7.8	7.9
Economic development	4.0	3.6	-	-	4.0	3.6
Interest on long-term debt	1.6	1.6	-	-	1.6	1.6
Environmental services	-	-	7.7	6.5	7.7	6.5
Chris Jensen Health & Rehabilitation	-	-	-	1.2	-	1.2
Other Enterprise funds	-	-	-	0.1	-	0.1
Total expenses	216.6	215.1	7.7	7.8	224.3	222.9
Increase in net assets before transfers	44.2	37.5	(0.6)	(0.7)	43.6	36.8
Transfers	5.9	(0.6)	(5.9)	0.6	-	-
Increase (decrease) in net assets	50.1	36.9	(6.5)	(0.1)	43.6	36.8
Net assets January 1	533.6	496.7	30.1	30.2	563.7	526.9
Net assets December 31	\$ 583.7	\$ 533.6	\$ 23.6	\$ 30.1	\$ 607.3	\$ 563.7

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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 from sources other than County taxpayers. In 2011, program revenues increased by \$5.0 million to \$123.4 million. Charges for services for governmental activities increased by \$3.1 million. The general government program had charges for services increase by \$4.4 million primarily from adding two internal service funds (Telecommunications \$1.0 million and IT \$2.8 million) to the General Fund in 2011. Other program revenues decreased by \$1.8 million due to lower timber sales in the Land Department and a significant drop in miscellaneous revenues collected by highways and streets. The \$3.3 million increase in operating grants and contributions was the result of a receivables adjustment to the highway and streets program for State Aid payments to the County. Capital grants and contributions, which are almost entirely for highways and streets construction, increased by \$.4 million in 2011 to \$23.1 million.

General revenues are all revenues that are not considered to be program revenues. In 2011, general revenues increased by \$3.2 million to \$137.4 million. Property tax revenues in 2011 increased by 1.4% even though the County Board increased the annual levy for 2011 by \$.7%. Investment earnings are \$2.3 million greater than 2010 due primarily to the required market valuation of investments at year-end.

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 2011 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. Both disparity aid and the market value credit payments to the County were the same in 2011 as they were in 2010. Other significant local government aid that comes from the state is county program aid. In 2011 and 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 \$3.3 million for 2011, an increase of \$2.3 million over 2010. As mentioned, there was a \$1.3 million unrealized gain due the market valuation of investments as of December 31, 2011. It is the County's policy to hold investments to maturity thus making market valuation adjustment for gains or losses irrelevant. The County's annual weighted average yield for 2011 was (.92%), for 2010 (1.1%), for 2009 (2.1%), for 2008 (3.6%) and for 2007 (5.1%).

Expenses for governmental activities increased by \$1.5 million in 2011. All governmental activities actually held spending below 2010 levels, except for general government and economic development. The general government increase in expenses of \$2.3 million can again be attributed to adding the IT and Telecommunications Departments to the General Fund in 2011. The two new departments had expenses in excess of \$6.4 million for the year. Despite the rising cost associated with employee benefits and gas and diesel fuels, most County departments were able to spend less by carefully monitoring their budgets.

Business-type Activities:

Program revenues for business-type activities increased by \$.1 million in 2011 to \$6.7 million. Charges for services for the Environmental Services Fund increased by \$.2 million to \$6.2 million, while the Chris Jensen Fund decreased by \$.1 million to zero. The SCORE recycling grant received by the Environmental Services Fund each year from the State of Minnesota remained at \$.5 million in 2011.

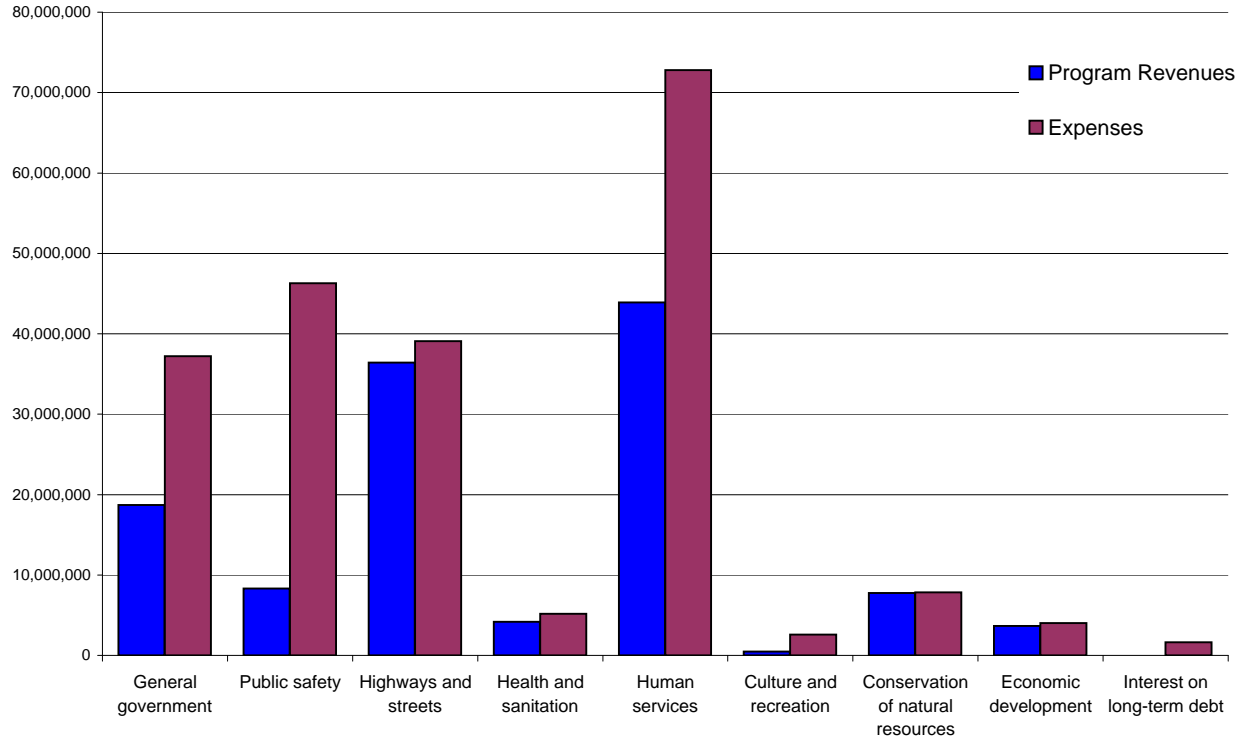
General revenues for the business-type activities decreased by \$.1 million in 2011. The County has been able to reduce the tax levy needed by the Environmental Services Fund for its On-Site Waste Water Division from \$.4 million in 2010 to \$.2 million in 2011. Investment income for the Environmental Services Fund increased by \$.1 million to \$.2 million in 2011. This was due to better yields on investments.

Expenses for business-type activities were \$7.7 million in 2011, \$.1 million less than 2010. In 2011, all expenses for business-type activities were made by the Environmental Services Fund. Expenses in 2010 were \$6.5 million by the Environmental Services Fund, \$1.2 million by the Chris Jensen Fund and \$.1 million by Plat Books Fund. The Environmental Services Fund expenses increased \$1.3 million in 2011 primarily from a large jump in depreciation expense.

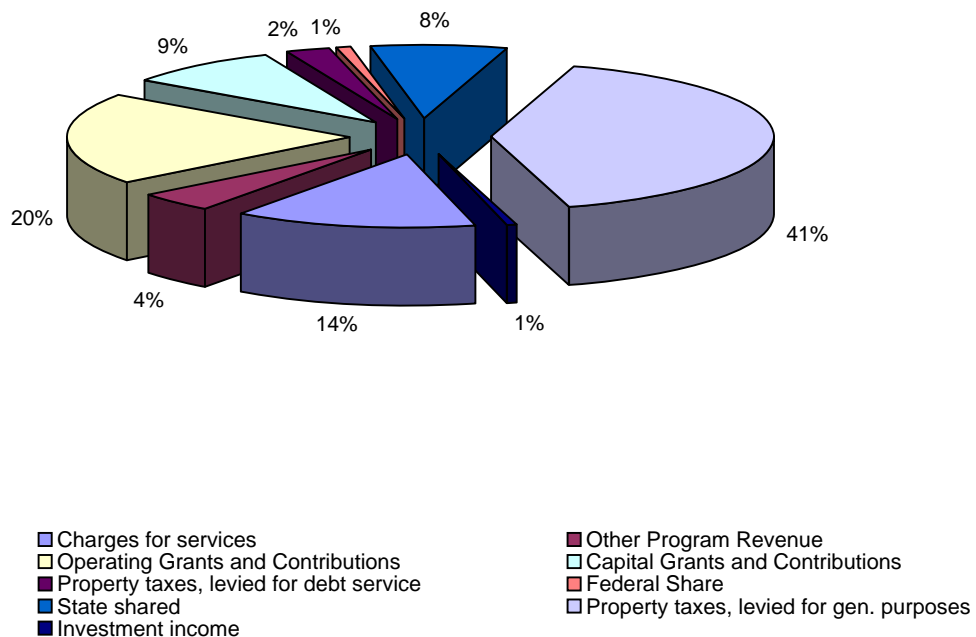
The business-type activities had net transfers out of \$5.9 million. The Chris Jensen Fund transferred out \$6.2 million to the General Fund, while the Environmental Services Fund had transfers in totaling \$.3 from the Property, Casualty, Liability Insurance Fund and the Shoreline Sales Fund. The County's General Fund did not make a transfer or loan to the Chris Jensen Fund in 2011 for the first time since 1999.

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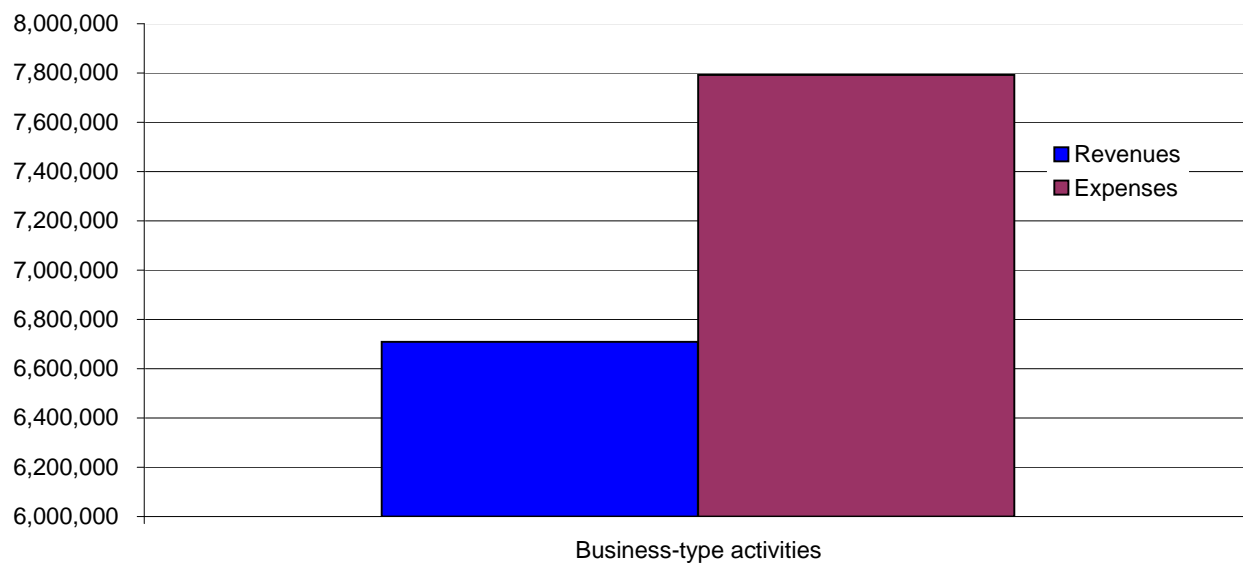
Expenses & Program Revenues: Governmental Activities



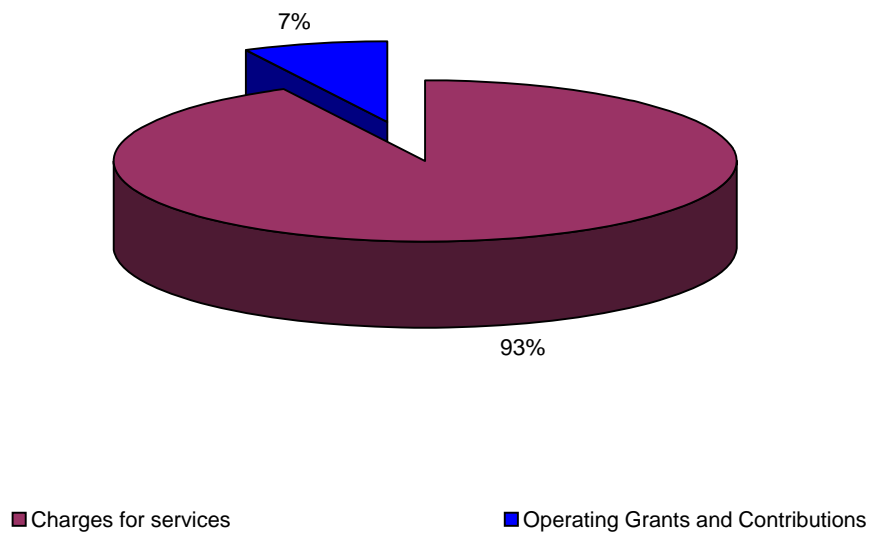
Revenues by Source: Governmental Activities



Expenses and Program Revenues: Business-type Activities



Revenues by Source: Business-type Activities



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Financial Analysis of the Government's Funds

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

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

St. Louis County's governmental funds reported combined fund balance of \$151.6 million in 2011, compared with \$145.8 million in 2010, an increase of \$5.8 million. Fund balances that are classified as restricted are either nonspendable or restricted and have specific (usually external) constraints placed on their use. Fund balances that are classified as unrestricted are either committed, assigned, or unassigned fund balances. Committed and assigned fund balances are fund balances for which the County has identified a specific purpose. Unassigned fund balances do not have a specific use identified, but generally support cash flows of the County.

Governmental funds reported restricted fund balance for 2011 of \$24.4 million, or 16.1% of total fund balance and unrestricted fund balance of \$127.2 million or 83.9% of total fund balance. Unrestricted fund balance was \$36.2 million committed, \$61.1 million assigned, and \$29.9 million unassigned. Committed fund balances are approved by the County Board. For example, the Board has decided, by resolution, to set aside monies to pay for retiree obligations. Assigned fund balances are amounts that are to be used for specific purposes, but are neither restricted or committed. Funds set aside for encumbrances are an example of assigned fund balance and totaled \$12.0 million at the end of 2011. Unassigned fund balance is fund balance that has not been reported in any other classification and is only used in the general fund unless there are deficit fund balances in other funds.

The General Fund is the chief operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. The unrestricted fund balance of the General Fund was \$50.9 million in 2011, compared to \$42.2 million in 2010. Unrestricted fund balance at the end of the year represented 54.7% of the General Funds operating revenues and 57.3% 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 2011, the fund balance of the County's General Fund increased \$9.1 million to \$56.8 million due to revenues exceeding expenditures by \$4.2 million and transfers in exceeding transfers out by \$4.9 million. Expenditures for operations were far less than anticipated in 2011 due to departments monitoring their spending. The County Board in 2011 approved closing three internal service funds and one enterprise fund into the General Fund.

The Road and Bridge Fund had a \$1.4 million excess of revenues over expenditures in 2011 due to spending less for materials such as road chemicals and fuels. In 2011, a transfer of \$.7 million was received by the Road and Bridge Fund from the County's Property, Casualty, Liability Insurance Fund as a repayment for excess charges on vehicle insurance in prior years.

The Public Health and Human Services Fund had revenues in excess of expenditures of \$2.5 million in 2011. This was the result of expenditures for 2011 being \$.4 million less than expenditures for 2010.

The Capital Projects Fund used fund balance of \$7.2 million and transfers in from other funds of \$2.1 million to finance various capital projects during 2011, causing an excess of expenditures over revenues of \$9.3 million for the year. Proceeds from prior year debt issues accounted for \$5.4 million of the fund balance that was used.

Pursuant to Minnesota statute, the Forfeited Tax Sale Fund distributed \$1.3 million in net proceeds to county funds, cities, and towns in St. Louis County. The distribution was \$2.0 million less than the 2010 distribution primarily because of a \$1.8 million decrease in timber sales for 2011.

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 and submitted to the County Board for its review and approval.

Actual expenditures ended the year \$8.1 million under the final budget. Expenditure budgets for personal services (\$2.1 million), professional services (\$3.0 million), software maintenance (\$.7 million), materials (\$.9), and capital outlay (\$.3) accounted for \$7.0 million of unspent budget.

Actual revenues for 2011 were \$.8 million more than the final budget. Earnings on investments were \$1.1 million over budget due the year end market valuation of the investments. This valuation resulted in an unrealized gain of \$1.3 million. This gain will never be realized since it is County policy to hold investments to maturity.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the County's capital assets totaled \$473.3 million. Of that total, governmental activities accounted for \$465.9 million, and the remaining \$7.4 million belonged to the business-type activities. These amounts represent a broad range of capital assets including land, buildings, machinery, roads, road maintenance equipment, and law enforcement equipment. Detail is presented immediately below in Table 3.

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

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 2.1	\$ 2.0	\$ 0.3	\$ 0.4	\$ 2.4	\$ 2.4
Buildings and structures	77.4	67.1	3.3	7.5	80.7	74.6
Improvements other than buildings	-	-	3.4	3.3	3.4	3.3
Machinery and equipment	5.3	5.1	0.1	0.7	5.4	5.8
Vehicles	18.0	18.0	0.2	0.2	18.2	18.2
Infrastructure	353.3	325.6	-	-	353.3	325.6
Intangibles	1.6	0.1	-	-	1.6	0.1
Work in progress	8.2	9.0	0.1	0.1	8.3	9.1
Totals	\$ 465.9	\$ 426.9	\$ 7.4	\$ 12.2	\$ 473.3	\$ 439.1

Capital assets for governmental activities increased (including additions, disposals, and depreciation expense) by \$39.0 million, or 9.1%, over 2010. Additions for 2011 totaled \$66.2 million, net disposals were \$14.9 million, and depreciation expense was \$12.3 million. The Chris Jensen Fund transferred \$4.7 million (net) capital assets into governmental activities capital assets at the beginning of 2011.

Land increased by \$.1 million as the result of Chris Jensen capital assets being transferred into governmental activities.

Buildings and structures increased by \$10.3 million primarily due to the completion of \$8.7 million of work in progress and the addition of Chris Jensen buildings and structures at a net value of \$3.9 million. Work in progress additions included: the GSC first floor remodeling and elevator upgrades (\$2.2 million), Duluth Courthouse HVAC upgrades and Sally Port project (\$6.5 million). These projects used \$7.0 million of proceeds from capital improvement bonds.

Machinery and equipment increased slightly as new purchases of \$2.3 million were nearly offset by disposals and depreciation expense.

Vehicle purchases for governmental activities in 2011 totaled \$2.8 million compared to \$4.1 million in 2010. Net additions for vehicles in 2011 were zero because disposals and depreciation expense also totaled \$2.8 million. Additions to the County's fleet included: 26 cars, SUV's and pickups; seven tandem trucks; two caterpillars; two wheel loaders; two air/ice boats; three snowmobiles; five all terrain vehicles; and one mobile command center.

Infrastructure, which is the County's road and bridge system, had new construction totaling \$27.7 million in 2011 compared with \$28.7 million in 2010, and \$23.0 million in 2009. In 2011, depreciation expense for infrastructure was \$5.2 million. The County's annual calculation of useful life for the road and bridge system resulted in an estimated useful life of 57 years, the same as 2010. In 2011, the County completed work on 29.2 miles of roads and bridges, or 23.9 miles of County State Aid Highways and 5.3 miles of County Roads. The County had 130.0 miles of road and bridge construction that was not finished at year-end.

Intangibles increased due to the implementation of the Electronic Document Management Software (EDMS) System by the Public Health and Human Services Department.

Work in progress for governmental activities at year-end included energy upgrades at the County Jail in Duluth, the Sheriff's Allied Radio Matrix for Emergency Response (ARMER) project, window replacement at the Duluth Courthouse, and additions and remodeling to the Virginia Courthouse.

Business-type activities had total net capital assets decrease by \$4.8 million from 2010. The Chris Jensen transfer to the General Fund accounted for \$4.7 million of the decrease. The Environmental Services Fund had net capital assets at year-end of \$7.4 million, new purchases of \$.6 million and depreciation expense of \$.7 million resulting in a net decrease to capital assets of \$.1 million for 2011. Phase VI construction at the Regional Landfill started in 2010 with pre-excavating work of \$.1 million, and is scheduled for completion during the summer of 2012.

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, 2011

Debt Administration

At year-end, the County had \$37.1 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	
	2011	2010
General obligation bonds	\$ 36.7	\$ 42.5
Revenue bonds	0.4	0.5
Total	\$ 37.1	\$ 43.0

County debt decreased \$5.9 million to \$37.1 million in 2011, the lowest amount of outstanding debt the County has had since 2003. The County's last debt issue was in 2010 for \$7.1 million in Build America Bonds (BAB). These bonds are being used to make improvements to the Virginia Courthouse and for law enforcement and administration building improvements including communication system infrastructure. In 2011, the County made the final payment on 2007 Capital Equipment Notes and is scheduled to make final payments in 2012 (2005 Law Enforcement Refunding Bonds) and 2013 (2008 Capital Equipment Notes) on more of its outstanding debt.

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 72-75.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The average unemployment rate for St. Louis County was 7.4% in 2011, while the average unemployment rate was 8.9% for the United States and 6.4% for the State of Minnesota.

Taconite Production Taxes provided revenues to County funds of \$10.9 million in 2011, compared to \$11.0 million in 2010. The estimate for 2012 is for the same \$10.9 million as 2011. Since the distribution to counties is based on a three year tonnage average, the County should not expect to receive any increases in Taconite Production Tax revenues until 2013 when the extremely low tonnage year of 2009 is eliminated from the three year average.

State lawmakers eliminated the homestead property tax credit for 2012, which reduced the value of property the county can collect money on. Owners of all properties will have to pay more to compensate for the loss of state reimbursement to the county for this property tax credit.

County Program Aid monies received from the State of Minnesota in 2009 were \$11.2 million. In 2010, Program Aid decreased by \$1.4 million to \$9.8 million, the same amount the County received in 2011 and expects to receive in 2012.

The County's overall personal service budget for 2012 will be slightly less than 2011. Employer paid health insurance premiums in 2012 will remain the same as 2011 after having increased every year since 2003. Employer paid pension contribution rates will also remain the same in 2012 as 2011. Entering 2012, salary contracts with all but one of the County's eleven bargaining units have been settled through 2011. Settlements resulting in wage increases for either 2012 or 2013 would have a significant budget impact on the County.

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

All of these factors were considered in preparing the County's budget for the 2012 fiscal year.

The County's 2012 budget was passed on December 13, 2011, at a meeting of the St. Louis County Board of Commissioners. The 2012 property tax levy increased \$1.9 million to \$110.0 million, or 1.8% more than the 2011, with the extra money going to pay for a gravel road improvement program and for increased costs of regional corrections.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of St. Louis County's finances and to demonstrate the County's accountability for the money it receives. If you have a question about this report or need information, contact the County Auditor's Office, 100 N. 5th Avenue W., Duluth, Minnesota 55802-1293.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

ST. LOUIS COUNTY, MINNESOTA

STATEMENT OF NET ASSETS

DECEMBER 31, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 147,674,231	\$ 968,687	\$ 148,642,918
Investments	34,543,018	15,384,547	49,927,565
Receivables (net)	32,706,517	128,749	32,835,266
Internal balances	637,837	(637,837)	-
Inventories	8,362,211	47,448	8,409,659
Prepaid items	458,520	-	458,520
Deferred charges	375,239	-	375,239
Restricted assets	-	3,620,694	3,620,694
Capital assets not being depreciated	10,638,996	343,266	10,982,262
Capital assets being depreciated, net	455,300,415	7,095,600	462,396,015
Total assets	690,696,984	26,951,154	717,648,138
LIABILITIES			
Accounts payable	19,086,270	646,965	19,733,235
Unearned revenue	3,405,204	-	3,405,204
Advance from other governments	1,967,720	-	1,967,720
Noncurrent liabilities:			
Due within one year	14,291,079	179,131	14,470,210
Due in more than one year	68,258,533	2,509,529	70,768,062
Total liabilities	107,008,806	3,335,625	110,344,431
NET ASSETS			
Invested in capital assets, net of related debt	433,944,576	7,438,866	441,383,442
Restricted			
General government	2,900,026	-	2,900,026
Public safety	1,967,788	-	1,967,788
Highways and streets	1,744,518	-	1,744,518
Conservation of natural resources	6,770,453	-	6,770,453
Economic development	825,909	-	825,909
Debt service	1,191,448	-	1,191,448
Shoreline sales:			
Expendable	356,964	-	356,964
Nonexpendable	5,765,009	-	5,765,009
Financial assurance	-	1,893,627	1,893,627
Unrestricted	128,221,487	14,283,036	142,504,523
Total net assets	\$ 583,688,178	\$ 23,615,529	\$ 607,303,707

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, 2011

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Other Program Revenues
Primary government			
Governmental Activities:			
General government	\$ 37,211,681	\$ 16,059,818	\$ 1,689,904
Public safety	46,282,905	3,679,753	524,082
Highways and streets	39,094,710	2,554,432	2,077,422
Health and sanitation	5,167,926	819,889	18,153
Human services	72,784,119	13,082,009	434,902
Culture and recreation	2,582,543	-	142,000
Conservation of natural resources	7,824,835	17,471	6,711,599
Economic development	4,037,357	-	350
Interest on long-term debt	1,612,315	-	-
Total governmental activities	216,598,391	36,213,372	11,598,412
Business-type activities:			
Environmental Services	7,680,693	6,198,634	-
Other Enterprise activities	8,526	11,726	-
Total business-type activities	7,689,219	6,210,360	-
Total primary government	\$ 224,287,610	\$ 42,423,732	\$ 11,598,412

General revenues:

Taxes:

Property taxes , levied for general purposes

Property taxes, levied for debt service

State shared not restricted to specific programs

Federal shared not restricted to specific programs

Investment earnings

Transfers

Total general revenues and transfers

Changes in net assets

Net assets - January 1

Net assets - December 31

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

		Net (Expense) Revenue and Changes in Net Assets		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-type Activities	Total
\$ 560,543	\$ 398,835	\$ (18,502,581)	\$ -	\$ (18,502,581)
3,398,687	726,417	(37,953,966)	-	(37,953,966)
9,820,851	21,976,255	(2,665,750)	-	(2,665,750)
3,342,654	-	(987,230)	-	(987,230)
30,363,919	-	(28,903,289)	-	(28,903,289)
345,845	-	(2,094,698)	-	(2,094,698)
1,034,615	-	(61,150)	-	(61,150)
3,643,943	-	(393,064)	-	(393,064)
-	-	(1,612,315)	-	(1,612,315)
52,511,057	23,101,507	(93,174,043)	-	(93,174,043)
498,219	-	-	(983,840)	(983,840)
-	-	-	3,200	3,200
498,219	-	-	(980,640)	(980,640)
<u>\$ 53,009,276</u>	<u>\$ 23,101,507</u>	<u>(93,174,043)</u>	<u>(980,640)</u>	<u>(94,154,683)</u>
		105,775,760	247,739	106,023,499
		6,315,569	-	6,315,569
		20,138,989	-	20,138,989
		1,848,440	-	1,848,440
		3,260,011	171,736	3,431,747
		5,875,831	(5,875,831)	-
		143,214,600	(5,456,356)	137,758,244
		50,040,557	(6,436,996)	43,603,561
		533,647,621	30,052,525	563,700,146
		<u>\$ 583,688,178</u>	<u>\$ 23,615,529</u>	<u>\$ 607,303,707</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 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, 2011

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 56,643,146	\$ 30,138,860	\$ 31,831,339	\$ -	\$ 15,040,940	\$ 9,563,836	\$ 143,218,121
Investments	-	-	-	-	-	5,780,184	5,780,184
Delinquent taxes receivable	2,945,069	1,349,142	2,159,344	-	116,576	475,378	7,045,509
Accounts receivable (net)	935,908	20,724	634	9,916,207	3,779	12,616	10,889,868
Accrued interest receivable	375,954	-	-	143,867	-	-	519,821
Loans receivable	338,061	149,223	-	-	-	834,683	1,321,967
Interfund receivable	268,641	-	-	-	-	-	268,641
Due from other governments	2,766,620	3,713,781	5,271,838	-	31,575	426,846	12,210,660
Inventories	-	8,285,184	-	-	-	-	8,285,184
Prepaid items	216,648	-	96,726	-	-	-	313,374
Total Assets	64,490,047	43,656,914	39,359,881	10,060,074	15,192,870	17,093,543	189,853,329
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	1,680,972	701,438	2,226,474	79,999	2,746,569	374,200	7,809,652
Contracts payable	-	2,121,768	-	-	168,357	-	2,290,125
Salaries payable	2,061,010	677,611	1,246,266	136,188	-	6,729	4,127,804
Interfund payable	-	-	-	264,580	-	4,060	268,640
Due to other governments	367,035	71,754	481,883	14,333	10,530	104,366	1,049,901
Unearned revenue	169,399	2,029,743	253,005	-	-	-	2,452,147
Deferred revenue	3,376,404	3,586,948	2,327,024	8,380,772	114,894	442,558	18,228,600
Advance from Other Governments	-	1,967,720	-	-	-	-	1,967,720
Total Liabilities	7,654,820	11,156,982	6,534,652	8,875,872	3,040,350	931,913	38,194,589
Fund Balance							
Non Spendable							
Noncurrent loans	-	-	-	-	-	834,683	834,683
Inventories	-	8,285,184	-	-	-	-	8,285,184
Prepaid items	216,648	-	-	-	-	-	216,648
Environmental trust funds	-	-	-	-	-	5,765,009	5,765,009
Restricted							
Unorganized town roads	-	1,744,518	-	-	-	-	1,744,518
Debt service	-	-	-	-	-	1,189,360	1,189,360
Health and sanitation	-	-	-	-	-	49,534	49,534
Improvement of natural resources	-	-	-	-	-	356,964	356,964
Economic development	1,111,110	-	-	-	-	-	1,111,110
Law library	910,484	-	-	-	-	-	910,484
Recorder's equipment	1,203,313	-	-	-	-	-	1,203,313
Communications	1,195,406	-	-	-	-	-	1,195,406
Extension service	266,847	-	-	-	-	-	266,847
Missing heirs	196,311	-	-	-	-	-	196,311
Tax certificate assurance	196,348	-	-	-	-	-	196,348
Attorney forfeitures	376,878	-	-	-	-	-	376,878
Sheriff forfeitures	92,861	-	-	-	-	-	92,861
Sheriff fines	1,177	-	-	-	-	-	1,177
Election equipment	55,588	-	-	-	-	-	55,588
Data Integration	71,134	-	-	-	-	-	71,134
Veterans' credit	-	-	-	15,000	-	-	15,000
Emergency contingency	5,942	271,556	-	23,969	-	-	301,467
Committed							
Health and sanitation	-	-	-	-	-	111,555	111,555
Conservation of natural resources	-	-	-	-	-	6,755,453	6,755,453
Economic development	-	-	-	-	-	825,909	825,909
Retiree obligations	8,305,123	4,516,811	8,756,075	723,946	-	-	22,301,955
Vesting sick leave	2,949,485	741,786	1,605,756	344,104	-	-	5,641,131
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, 2011

	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	-	-	886,694	-	-	-	886,694
Chemical dependency	-	-	550,000	-	-	-	550,000
Major emergency road & bridge repair	-	228,444	-	-	-	-	228,444
Local road & bridge construction projects	-	4,394,988	-	-	-	-	4,394,988
Gas and diesel variability	-	962,947	-	-	-	-	962,947
State aid engineering	-	327,969	-	-	-	-	327,969
Depreciation reserve	-	-	-	-	3,132,206	-	3,132,206
Capital improvements	-	-	-	-	9,020,314	-	9,020,314
Parking	386,451	-	-	-	-	-	386,451
NEMESIS	170,209	-	-	-	-	-	170,209
General government	1,075,275	-	-	-	-	-	1,075,275
Public safety	3,815,781	-	-	-	-	-	3,815,781
Highways and streets	-	11,025,729	-	-	-	-	11,025,729
Health and sanitation	47,576	-	-	-	-	2,088	49,664
Information Technology	2,843,437	-	1,774,331	-	-	-	4,617,768
GSC Remodel	-	-	1,120,000	-	-	-	1,120,000
Prevention and Innovation	-	-	786,694	-	-	-	786,694
Telecommunications	851,386	-	-	-	-	-	851,386
Human services	-	-	17,345,679	-	-	-	17,345,679
Conservation of natural resources	-	-	-	77,183	-	271,075	348,258
Unassigned	29,938,027	-	-	-	-	-	29,938,027
Total Fund Balance	<u>56,835,227</u>	<u>32,499,932</u>	<u>32,825,229</u>	<u>1,184,202</u>	<u>12,152,520</u>	<u>16,161,630</u>	<u>151,658,740</u>
Total Liabilities and Fund Balance	<u>\$ 64,490,047</u>	<u>\$ 43,656,914</u>	<u>\$ 39,359,881</u>	<u>\$ 10,060,074</u>	<u>\$ 15,192,870</u>	<u>\$ 17,093,543</u>	<u>\$ 189,853,329</u>

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

Total Fund balance - governmental funds (from above)	\$ 151,658,740
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	464,899,560
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	18,228,600
Certain liabilities payable from other long term assets listed above are also deferred in the funds.	(3,352,309)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(71,690,058)
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>23,943,645</u>
Net assets of governmental activities	<u><u>\$ 583,688,178</u></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, 2011

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 48,795,527	\$ 25,295,135	\$ 29,225,532	\$ -	\$ 1,306,193	\$ 7,067,047	\$ 111,689,434
Licenses and permits	116,071	25,420	-	-	-	-	141,491
Intergovernmental	19,585,954	37,249,315	46,950,748	19,347	261,188	5,450,409	109,516,961
Charges for services	19,985,135	1,946,443	4,333,268	16	-	-	26,264,862
Fines and forfeits	223,409	-	-	-	-	-	223,409
Earnings on investments	2,664,170	-	-	-	11,212	235,302	2,910,684
Gifts and contributions	8,205	-	228	-	-	-	8,433
Land and timber sales	-	-	-	6,903,181	-	-	6,903,181
Miscellaneous	1,680,087	2,009,354	452,827	64,353	87,050	299,263	4,592,934
Total Revenues	93,058,558	66,525,667	80,962,603	6,986,897	1,665,643	13,052,021	262,251,389
EXPENDITURES							
Current:							
General government	36,574,941	-	-	-	200,536	-	36,775,477
Public safety	45,347,330	-	-	-	31,671	-	45,379,001
Highways and streets	-	31,797,411	-	-	276,355	-	32,073,766
Health and sanitation	782,456	-	4,540,550	-	-	27,890	5,350,896
Human services	557,199	-	73,894,291	-	-	-	74,451,490
Culture and recreation	1,845,470	-	-	-	-	737,073	2,582,543
Conservation of natural resources	968,047	-	-	6,100,604	-	795,811	7,864,462
Economic development	50,000	-	-	-	-	3,942,412	3,992,412
Debt service:							
Principal	-	-	-	-	-	5,944,670	5,944,670
Interest and other charges	-	-	-	-	-	1,597,362	1,597,362
Capital outlay:							
General government	1,172,048	-	-	-	5,047,077	-	6,219,125
Public safety	1,601,220	-	-	-	3,398,119	-	4,999,339
Highways and streets	-	33,303,766	-	-	1,975,931	-	35,279,697
Human services	-	-	17,007	-	-	-	17,007
Conservation of natural resources	-	-	-	297,697	-	-	297,697
Intergovernmental:							
Total Expenditures	88,898,711	65,101,177	78,451,848	6,398,301	10,929,689	13,045,218	262,824,944
Excess (deficiency) of revenues over (under) expenditures	4,159,847	1,424,490	2,510,755	588,596	(9,264,046)	6,803	(573,555)
OTHER FINANCING SOURCES (USES)							
Transfers in	6,372,736	709,242	36,923	122,799	2,087,325	192,722	9,521,747
Transfers (out)	(1,425,263)	-	(979,350)	(729,137)	(2,683)	(505,600)	(3,642,033)
Total other financing sources and uses	4,947,473	709,242	(942,427)	(606,338)	2,084,642	(312,878)	5,879,714
Net change in fund balances	9,107,320	2,133,732	1,568,328	(17,742)	(7,179,404)	(306,075)	5,306,159
Fund balances - January 1	47,727,907	29,796,490	31,256,901	1,201,944	19,331,924	16,467,705	145,782,871
Increase in inventories	-	569,710	-	-	-	-	569,710
Fund balances - December 31	\$ 56,835,227	\$ 32,499,932	\$ 32,825,229	\$ 1,184,202	\$ 12,152,520	\$ 16,161,630	\$ 151,658,740

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, 2011

Net change in fund balances--total governmental funds (from previous page)	\$ 5,306,159
Increase in inventories--total governmental funds (from previous page)	569,710
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.	(1,837,599)
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	106,300
Compensated absences	2,548,334
Transfer of long-term liabilities from internal service and enterprise funds	(1,552,511)
Bond interest payable	292
Debt issuance costs amortization	(70,316)
Bond premium amortization	55,071
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.	34,310,895
Changes in capital asset not resulting from capital outlay, such as contributions and transfers from Internal Service and Enterprise funds	5,196,665
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.	(697,024)
Expenditures reported in the governmental funds are not considered expenses in the Statement of Activities	
Intra-general government function rent	159,911
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.	5,944,670
Change in net assets of governmental activities	<u>\$ 50,040,557</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Taxes	\$ 47,876,659	\$ 48,267,692	\$ 48,795,527	\$ 527,835
Licenses and permits	116,650	116,650	116,071	(579)
Intergovernmental	19,877,757	20,003,718	19,585,954	(417,764)
Charges for services	19,791,257	20,398,702	19,985,135	(413,567)
Fines and forfeitures	181,000	193,767	223,409	29,642
Earnings on investments	1,535,000	1,535,000	2,664,170	1,129,170
Gifts and contributions	8,000	8,587	8,205	(382)
Miscellaneous	1,932,527	1,690,661	1,680,087	(10,574)
Total revenues	91,318,850	92,214,777	93,058,558	843,781
EXPENDITURES				
General government				
Commissioners				
Personnel services	948,336	948,336	935,337	(12,999)
Other operating	263,689	267,689	251,275	(16,414)
Total commissioners	1,212,025	1,216,025	1,186,612	(29,413)
Port authority				
Other operating	12,000	12,000	12,000	-
County administrator				
Personnel services	877,475	1,444,176	1,290,708	(153,468)
Other operating	2,146,722	2,491,583	787,459	(1,704,124)
Capital outlay	-	400,000	398,834	(1,166)
Total county administrator	3,024,197	4,335,759	2,477,001	(1,858,758)
Intergovernmental affairs				
Personnel services	130,317	130,460	130,460	-
Other operating	165,508	165,507	122,095	(43,412)
Total intergovernmental affairs	295,825	295,967	252,555	(43,412)
Labor relations				
Other operating	90,884	105,884	98,454	(7,430)
Planning and zoning				
Personnel services	1,259,055	1,117,179	1,036,671	(80,508)
Other operating	750,442	643,760	328,463	(315,297)
Capital outlay	-	459,040	459,040	-
Total planning and zoning	2,009,497	2,219,979	1,824,174	(395,805)
Commitment representation				
Personnel services	2,500	-	-	-
Other operating	70,560	160,402	160,402	-
Total commitment representation	73,060	160,402	160,402	-
Court administrator				
Other operating	1,034,871	1,035,371	1,035,280	(91)
Examiner of titles				
Personnel services	121,567	121,441	120,978	(463)
Other operating	15,186	15,312	15,312	-
Total examiner of titles	136,753	136,753	136,290	(463)
County attorney				
Personnel services	5,890,490	5,873,157	5,657,021	(216,136)
Other operating	846,111	835,144	773,833	(61,311)
Total county attorney	6,736,601	6,708,301	6,430,854	(277,447)
Subtotal	14,625,713	16,226,441	13,613,622	(2,612,819)

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, 2011

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
County auditor				
Personnel services	3,551,705	3,585,570	3,341,364	(244,206)
Other operating	1,669,584	1,669,584	866,429	(803,155)
Total county auditor	5,221,289	5,255,154	4,207,793	(1,047,361)
Telecommunications				
Personnel services	577,590	577,590	562,743	(14,847)
Other operating	1,087,584	1,220,523	1,188,863	(31,660)
Capital outlay	135,000	35,000	25,961	(9,039)
Total county assessor	1,800,174	1,833,113	1,777,567	(55,546)
Information Technology				
Personnel services	3,210,530	3,251,597	3,094,820	(156,777)
Other operating	1,580,474	1,711,353	1,349,665	(361,688)
Capital outlay	200,000	200,000	156,779	(43,221)
Total county assessor	4,991,004	5,162,950	4,601,264	(561,686)
County assessor				
Personnel services	1,602,503	1,645,247	1,645,247	-
Other operating	312,299	319,803	300,370	(19,433)
Total county assessor	1,914,802	1,965,050	1,945,617	(19,433)
Purchasing				
Personnel services	300,562	300,563	255,249	(45,314)
Other operating	28,321	28,321	16,044	(12,277)
Total purchasing	328,883	328,884	271,293	(57,591)
Microfilming				
Personnel services	125,011	126,346	126,346	-
Other operating	51,528	50,193	42,250	(7,943)
Total microfilming	176,539	176,539	168,596	(7,943)
Recorder				
Personnel services	1,868,139	1,825,394	1,703,802	(121,592)
Other operating	323,592	324,182	285,198	(38,984)
Capital outlay	35,000	21,411	12,973	(8,438)
Total recorder	2,226,731	2,170,987	2,001,973	(169,014)
Human Resources				
Personnel services	1,238,375	1,217,190	1,184,841	(32,349)
Other operating	335,751	340,174	269,004	(71,170)
Total civil service	1,574,126	1,557,364	1,453,845	(103,519)
Veteran's service				
Personnel services	722,217	712,217	683,627	(28,590)
Other operating	119,230	135,347	131,714	(3,633)
Total veteran's service	841,447	847,564	815,341	(32,223)
Employee training				
Personnel services	188,248	188,248	169,069	(19,179)
Other operating	195,986	191,564	146,007	(45,557)
Total employee training	384,234	379,812	315,076	(64,736)
Elections				
Other operating	93,219	46,907	36,041	(10,866)
Subtotal	19,552,448	19,724,324	17,594,406	(2,129,918)
				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, 2011

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual Amounts Budgetary Basis	
EXPENDITURES (CONTINUED)				
General government				
Property management				
Personnel services	3,632,304	3,678,166	3,645,130	(33,036)
Other operating	2,571,420	2,564,104	2,481,117	(82,987)
Capital outlay	90,582	145,732	118,461	(27,271)
Total courthouses	6,294,306	6,388,002	6,244,708	(143,294)
Missing heirs				
Other operating	-	33,605	33,605	-
Law library				
Personnel services	130,567	141,854	84,346	(57,508)
Other operating	166,743	182,781	176,302	(6,479)
Total law library	297,310	324,635	260,648	(63,987)
Total General Government	40,769,777	42,697,007	37,746,989	(4,950,018)
Public safety				
Arrowhead Regional Corrections				
Other operating	10,245,303	10,245,303	10,245,303	-
Sheriff				
Personnel services	10,713,926	10,703,549	10,061,728	(641,821)
Other operating	3,953,289	4,327,149	3,913,348	(413,801)
Capital outlay	1,268,934	1,474,164	1,365,527	(108,637)
Total sheriff	15,936,149	16,504,862	15,340,603	(1,164,259)
Boat and water safety				
Other operating	109,881	91,670	89,681	(1,989)
Capital outlay	76,011	75,806	66,797	(9,009)
Total boat and water safety	185,892	167,476	156,478	(10,998)
Medical examiner				
Other operating	520,400	520,400	506,223	(14,177)
Emergency management				
Personnel services	204,924	204,924	197,712	(7,212)
Other operating	1,314,927	95,466	93,187	(2,279)
Total emergency management	1,519,851	300,390	290,899	(9,491)
Rescue squad				
Other operating	187,229	187,229	131,374	(55,855)
Capital outlay	32,500	32,500	7,262	(25,238)
Total rescue squad	219,729	219,729	138,636	(81,093)
Law enforcement service				
Personnel services	1,090,813	1,058,130	964,868	(93,262)
Other operating	103,128	108,648	90,098	(18,550)
Total law enforcement service	1,193,941	1,166,778	1,054,966	(111,812)
Emergency communication				
Personnel services	3,345,007	3,765,757	3,752,738	(13,019)
Other operating	468,122	678,493	624,079	(54,414)
Capital outlay	-	172,858	131,958	(40,900)
Total emergency communication	3,813,129	4,617,108	4,508,775	(108,333)
Ambulance service				
Other operating	62,000	75,016	75,016	-
Subtotal	33,696,394	33,817,062	32,316,899	(1,500,163)
				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, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Public safety				
Radio maintenance				
Personnel services	444,484	463,738	463,738	-
Other operating	283,319	300,757	240,625	(60,132)
Capital outlay	-	3,618	2,585	(1,033)
Total radio maintenance	727,803	768,113	706,948	(61,165)
Jail prisoners				
Personnel services	6,697,187	6,623,134	6,494,325	(128,809)
Other operating	5,625,738	5,358,737	4,900,112	(458,625)
Capital outlay	35,000	35,000	-	(35,000)
Total jail prisoners	12,357,925	12,016,871	11,394,437	(622,434)
Jail building				
Personnel services	558,544	555,641	554,004	(1,637)
Other operating	444,465	444,465	442,047	(2,418)
Total jail building	1,003,009	1,000,106	996,051	(4,055)
Mine inspector				
Personnel services	234,682	234,682	234,205	(477)
Other operating	26,180	26,180	18,686	(7,494)
Total mine inspector	260,862	260,862	252,891	(7,971)
Volunteer fire department				
Other operating	25,000	443,803	430,645	(13,158)
Sheriff's NEMESIS system				
Other operating	439,214	586,803	546,159	(40,644)
Sheriff fines				
Other operating	70,000	70,000	22,967	(47,033)
Attorneys forfeitures				
Other operating	5,000	30,000	27,475	(2,525)
Sheriffs forfeitures				
Other operating	148,215	160,981	57,876	(103,105)
Enhanced 9-1-1				
Other operating	415,000	317,742	162,890	(154,852)
Capital outlay	-	57,258	27,091	(30,167)
Total enhanced 9-1-1	415,000	375,000	189,981	(185,019)
City/County antenna site				
Other operating	201,694	201,694	6,221	(195,473)
Total Public Safety	49,350,116	49,731,295	46,948,550	(2,782,745)
				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, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Health and sanitation				
Occupational safety				
Personnel services	346,293	346,293	327,499	(18,794)
Other operating	210,604	210,604	151,357	(59,247)
Total occupational safety	556,897	556,897	478,856	(78,041)
Namakan Basin				
Other operating	285,000	285,000	285,000	-
Midway Township Sewer				
Other operating	18,600	18,600	18,600	-
Total Health and sanitation	860,497	860,497	782,456	(78,041)
Human services				
Methamphetamine prevention				
Other operating	3,000	3,000	3,000	-
Emergency shelter program				
Personnel services	5,000	51,191	45,841	(5,350)
Other operating	649,712	571,924	508,358	(63,566)
Total emergency shelter program	654,712	623,115	554,199	(68,916)
Total Human services	657,712	626,115	557,199	(68,916)
Culture and recreation				
Hibbing Raceway				
Other operating	9,468	-	-	-
Tourism promotion				
Other operating	54,178	54,178	54,178	-
Depot				
Other operating	366,500	366,500	317,288	(49,212)
Arrowhead Library System				
Other operating	777,226	777,226	777,226	-
Historical Society				
Other operating	324,598	324,598	324,598	-
Community fairs				
Other operating	1,000	1,000	750	(250)
County fair - north				
Other operating	12,806	12,806	12,806	-
County fair - south				
Other operating	12,806	12,806	12,779	(27)
Trail assistance				
Other operating	-	500,000	345,845	(154,155)
Total Culture and Recreation	1,558,582	2,049,114	1,845,470	(203,644)

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, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Conservation of natural resources				
North Shore Management Board				
Other operating	2,500	2,500	2,500	-
Soil conservation - north				
Other operating	60,000	60,000	60,000	-
Soil conservation - south				
Other operating	60,000	60,000	60,000	-
County agent				
Personnel services	245,785	245,785	234,361	(11,424)
Other operating	423,045	426,695	417,196	(9,499)
Total county agent	668,830	672,480	651,557	(20,923)
Youth task force				
Personnel services	65,501	65,501	65,256	(245)
Other operating	132,988	129,925	128,734	(1,191)
Total youth task force	198,489	195,426	193,990	(1,436)
Total Conservation of Natural Resources	989,819	990,406	968,047	(22,359)
Economic development				
Revolving loans				
Other operating	50,000	50,000	50,000	-
Total Economic Development	50,000	50,000	50,000	-
Total Expenditures	94,236,503	97,004,434	88,898,711	(8,105,723)
Excess of revenues over (under) expenditures	(2,917,653)	(4,789,657)	4,159,847	8,949,504
OTHER FINANCING SOURCES (USES)				
Transfers in	1,526,844	6,395,453	6,372,736	(22,717)
Transfers (out)	(629,054)	(1,488,128)	(1,425,263)	62,865
Total other financing sources (uses)	897,790	4,907,325	4,947,473	40,148
Net change in fund balances	(2,019,863)	117,668	9,107,320	8,989,652
Fund Balance - January 1	47,727,907	47,727,907	47,727,907	-
Fund Balance - December 31	\$ 45,708,044	\$ 47,845,575	\$ 56,835,227	\$ 8,989,652

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Taxes	\$ 25,183,417	\$ 25,183,417	\$ 25,295,135	\$ 111,718
Licenses and permits	45,000	45,000	25,420	(19,580)
Intergovernmental	31,261,080	46,481,323	37,249,315	(9,232,008)
Charges for services	292,720	2,273,895	1,946,443	(327,452)
Miscellaneous	3,676,688	3,700,316	2,009,354	(1,690,962)
Total Revenues	60,458,905	77,683,951	66,525,667	(11,158,284)
EXPENDITURES				
Highways and streets				
Administration				
Personnel services	4,802,482	4,445,332	3,479,607	(965,725)
Other operating	1,884,025	1,812,831	1,164,771	(648,060)
Capital outlay	119,313	121,183	1,364,185	1,243,002
Total administration	6,805,820	6,379,346	6,008,563	(370,783)
Road maintenance				
Personnel services	10,983,064	11,723,578	10,825,738	(897,840)
Other operating	3,203,612	3,019,289	2,967,328	(51,961)
Capital outlay	-	-	441,068	441,068
Total road maintenance	14,186,676	14,742,867	14,234,134	(508,733)
Road construction				
Personnel services	-	-	-	-
Other operating	-	-	464,618	464,618
Capital outlay	37,894,953	42,384,672	31,498,513	(10,886,159)
Total road construction	37,894,953	42,384,672	31,963,131	(10,421,541)
Equipment maintenance and shops				
Personnel services	3,516,385	3,633,695	3,466,319	(167,376)
Other operating	10,453,165	10,866,845	9,429,030	(1,437,815)
Total equipment maintenance and shops	13,969,550	14,500,540	12,895,349	(1,605,191)
Total Expenditures	72,856,999	78,007,425	65,101,177	(12,906,248)
Excess of Revenues Over (Under) Expenditures	(12,398,094)	(323,474)	1,424,490	1,747,964
OTHER FINANCING SOURCES (USES)				
Transfers in	709,241	1,178,341	709,242	(469,099)
Total other financing sources (uses)	709,241	1,178,341	709,242	(469,099)
Net change in fund balances	(11,688,853)	854,867	2,133,732	1,278,865
Fund Balance - January 1	29,796,490	29,796,490	29,796,490	-
Increase in inventories	-	-	569,710	569,710
Fund Balance - December 31	\$ 18,107,637	\$ 30,651,357	\$ 32,499,932	\$ 1,848,575

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, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 29,176,812	\$ 29,176,812	\$ 29,225,532	\$ 48,720
Intergovernmental	44,432,573	45,484,093	46,950,748	1,466,655
Charges for services	3,858,350	3,858,350	4,333,268	474,918
Gifts and contributions	-	-	228	228
Miscellaneous	663,300	663,300	452,827	(210,473)
Total Revenues	78,131,035	79,182,555	80,962,603	1,780,048
EXPENDITURES				
Human services				
Administration				
Personnel services	6,227,891	6,420,572	6,077,468	(343,104)
Other operating	5,039,050	5,182,049	5,172,537	(9,512)
Total administration	11,266,941	11,602,621	11,250,005	(352,616)
Income maintenance				
Personnel services	11,639,151	11,161,216	10,800,913	(360,303)
Other operating	3,643,821	3,741,434	3,452,799	(288,635)
Capital outlay	-	17,008	17,007	(1)
Total income maintenance	15,282,972	14,919,658	14,270,719	(648,939)
Social services				
Personnel services	19,081,878	19,807,655	19,309,368	(498,287)
Other operating	28,499,640	29,477,284	29,081,206	(396,078)
Total social services	47,581,518	49,284,939	48,390,574	(894,365)
Total human services	74,131,431	75,807,218	73,911,298	(1,895,920)
Health and sanitation				
Administration				
Personnel services	575,330	737,944	570,278	(167,666)
Other operating	222,435	179,462	178,977	(485)
Total administration	797,765	917,406	749,255	(168,151)
Nursing				
Personnel services	3,491,400	3,479,390	3,437,095	(42,295)
Other operating	334,359	446,322	223,207	(223,115)
Total nursing	3,825,759	3,925,712	3,660,302	(265,410)
Environmental Health				
Personnel services	141,347	153,357	119,678	(33,679)
Other operating	27,000	27,000	11,315	(15,685)
Total environmental health	168,347	180,357	130,993	(49,364)
Total health and sanitation	4,791,871	5,023,475	4,540,550	(482,925)
Total Expenditures	78,923,302	80,830,693	78,451,848	(2,378,845)
Excess of Revenues Over (Under) Expenditures	(792,267)	(1,648,138)	2,510,755	4,158,893
OTHER FINANCING SOURCES (USES)				
Transfers in	11,923	36,923	36,923	-
Transfers out	-	(979,350)	(979,350)	-
Net change in fund balances	(780,344)	(2,590,565)	1,568,328	4,158,893
Fund Balance - January 1	31,256,901	31,256,901	31,256,901	-
Fund Balance - December 31	\$ 30,476,557	\$ 28,666,336	\$ 32,825,229	\$ 4,158,893

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, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 19,347	\$ 19,347
Charges for services	-	-	16	16
Land and timber sales	7,590,000	7,590,000	6,903,181	(686,819)
Miscellaneous	185,000	185,000	64,353	(120,647)
Total Revenues	7,775,000	7,775,000	6,986,897	(788,103)
EXPENDITURES				
Current:				
Conservation of natural resources				
Personnel services	4,587,250	4,587,250	4,314,431	(272,819)
Other operating	1,673,148	2,216,144	1,786,173	(429,971)
Capital outlay	393,764	378,764	297,697	(81,067)
Total conservation of natural resources	6,654,162	7,182,158	6,398,301	(783,857)
Total Expenditures	6,654,162	7,182,158	6,398,301	(783,857)
Excess of Revenues Over (Under) Expenditures	1,120,838	592,842	588,596	(4,246)
OTHER FINANCING SOURCES (USES)				
Transfers in	122,799	122,799	122,799	-
Transfers out	-	(729,137)	(729,137)	-
Total other financing sources (uses)	122,799	(606,338)	(606,338)	-
Net change in fund balances	1,243,637	(13,496)	(17,742)	(4,246)
Fund Balance - January 1	1,201,944	1,201,944	1,201,944	-
Fund Balance - December 31	\$ 2,445,581	\$ 1,188,448	\$ 1,184,202	\$ (4,246)

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, 2011

	Business-type Activities			
	Enterprise Funds			
	Environmental	Other		Governmental
	Services	Enterprise	Total	Activities-
		Funds		Internal
				Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 797,898	\$ 170,789	\$ 968,687	\$ 4,456,110
Investments	15,384,547	-	15,384,547	28,762,834
Delinquent taxes receivable	17,232	-	17,232	-
Accounts receivables (net)	67,863	39	67,902	505,634
Accrued interest receivable	41,875	-	41,875	213,058
Due from other governments	1,740	-	1,740	-
Inventories	-	47,448	47,448	77,027
Prepaid items	-	-	-	145,146
Total current assets	16,311,155	218,276	16,529,431	34,159,809
Noncurrent assets:				
Restricted assets				
Financial assurance				
Cash and cash equivalents	710,828	-	710,828	-
Investments	2,909,866	-	2,909,866	-
Capital assets				
Land	233,266	-	233,266	25,500
Buildings and structures	6,778,224	-	6,778,224	1,026,898
Improvements other than buildings	9,278,063	-	9,278,063	-
Machinery and equipment	793,712	-	793,712	79,214
Vehicles	1,168,900	-	1,168,900	2,320,983
Construction in progress	110,000	-	110,000	-
Less accumulated depreciation	(10,923,299)	-	(10,923,299)	(2,037,505)
Total capital assets, net	7,438,866	-	7,438,866	1,415,090
Total noncurrent assets	11,059,560	-	11,059,560	1,415,090
Total assets	27,370,715	218,276	27,588,991	35,574,899

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, 2011

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Environmental Services	Other Enterprise Funds	Total	
LIABILITIES				
Current liabilities				
Accounts payable	547,305	2,750	550,055	196,597
Contracts payable	2,100	-	2,100	-
Salaries payable	90,713	-	90,713	39,859
Compensated absences payable	179,131	-	179,131	76,045
Claims payable	-	-	-	3,040,244
Due to other governments	4,097	-	4,097	104,656
Unearned revenue	-	-	-	953,057
Total current liabilities	<u>823,346</u>	<u>2,750</u>	<u>826,096</u>	<u>4,410,458</u>
Noncurrent liabilities:				
Compensated absences payable	782,462	-	782,462	315,688
Claims payable	-	-	-	4,620,288
OPEB obligation	-	-	-	2,922,657
Closure and post-closure liabilities	<u>1,727,067</u>	<u>-</u>	<u>1,727,067</u>	<u>-</u>
Total noncurrent liabilities	<u>2,509,529</u>	<u>-</u>	<u>2,509,529</u>	<u>7,858,633</u>
Total liabilities	<u>3,332,875</u>	<u>2,750</u>	<u>3,335,625</u>	<u>12,269,091</u>
NET ASSETS				
Invested in capital assets,				
net of related debt	7,438,866	-	7,438,866	1,415,090
Restricted for financial assurance	1,893,627	-	1,893,627	-
Unrestricted	<u>14,705,347</u>	<u>215,526</u>	<u>14,920,873</u>	<u>21,890,718</u>
Total net assets	<u>\$ 24,037,840</u>	<u>\$ 215,526</u>	<u>\$ 24,253,366</u>	<u>\$ 23,305,808</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(637,837)</u>	
Net assets of business type activities			<u>\$ 23,615,529</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, 2011

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Other Enterprise Funds	Total	
Operating Revenues				
Charges for services	\$ 5,503,303	\$ 11,726	\$ 5,515,029	\$ 35,824,348
Licenses and permits	7,708	-	7,708	-
Other	687,623	-	687,623	585,629
Total Operating Revenues	6,198,634	11,726	6,210,360	36,409,977
Operating Expenses				
Personal services	2,770,928	-	2,770,928	1,072,731
Contractual services	4,086,690	-	4,086,690	3,617,251
Materials	240,081	8,526	248,607	697,627
OPEB expense	-	-	-	569,820
Claims Paid	-	-	-	27,541,681
Depreciation	634,188	-	634,188	258,997
Total Operating Expenses	7,731,887	8,526	7,740,413	33,758,107
Operating Income (Loss)	(1,533,253)	3,200	(1,530,053)	2,651,870
Nonoperating Revenues (Expenses)				
Taxes	247,739	-	247,739	-
Grants	498,219	-	498,219	-
Earnings on investments	171,736	-	171,736	349,327
Loss or gain on asset disposal	-	-	-	1,010
Total Nonoperating Revenues (Expenses)	917,694	-	917,694	350,337
Income (Loss) Before Transfers	(615,559)	3,200	(612,359)	3,002,207
Transfers in	260,274	-	260,274	347,442
Transfers out	-	(6,136,105)	(6,136,105)	(3,995,479)
Total Transfers	260,274	(6,136,105)	(5,875,831)	(3,648,037)
Change in net assets	(355,285)	(6,132,905)	(6,488,190)	(645,830)
Net assets - January 1	24,393,125	6,348,431	30,741,556	23,951,638
Net assets - December 31	\$ 24,037,840	\$ 215,526	\$ 24,253,366	\$ 23,305,808
Change in net assets			\$ (6,488,190)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			51,194	
Change in net assets of business type activities			\$ (6,436,996)	

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, 2011

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Environmental Services	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 5,504,285	\$ 11,726	\$ 5,516,011	\$ 301,939
Receipts from interfund services provided	-	313	313	35,663,954
Payments to suppliers	(3,977,809)	(42,067)	(4,019,876)	(3,958,701)
Payments to employees	(2,828,846)	-	(2,828,846)	(1,165,644)
Claims paid	-	-	-	(27,807,627)
Other receipts (payments)	687,623	-	687,623	587,042
Net cash provided (used) by operating activities	(614,747)	(30,028)	(644,775)	3,620,963
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from taxes	248,046	-	248,046	-
Proceeds from grants	488,288	-	488,288	-
Transfers from other funds	260,274	-	260,274	146,019
Transfers to other funds	-	(334,325)	(334,325)	(5,017,295)
Net cash provided (used) by noncapital financing activities	996,608	(334,325)	662,283	(4,871,276)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(602,699)	-	(602,699)	(405,861)
Proceeds from sale of capital assets	-	-	-	2,544
Net cash provided (used) by capital and related financing activities	(602,699)	-	(602,699)	(403,317)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(12,614,495)	-	(12,614,495)	(15,804,615)
Sale of investments	12,511,715	-	12,511,715	13,417,254
Interest and dividends	142,264	-	142,264	251,578
Net cash provided by investing activities	39,484	-	39,484	(2,135,783)
Net Increase (Decrease) in Cash and Cash Equivalents	(181,354)	(364,353)	(545,707)	(3,789,413)
Balances - January 1	1,690,080	535,142	2,225,222	8,245,523
Balances - December 31	<u>\$ 1,508,726</u>	<u>\$ 170,789</u>	<u>\$ 1,679,515</u>	<u>\$ 4,456,110</u>
Detail on Statement of Net Assets				
Cash and cash equivalents				
Current	\$ 797,898	\$ 170,789	\$ 968,687	\$ 4,456,110
Restricted				
Financial assurance	710,828	-	710,828	-
Total	<u>\$ 1,508,726</u>	<u>\$ 170,789</u>	<u>\$ 1,679,515</u>	<u>\$ 4,456,110</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, 2011

	Business-type Activities			
	Enterprise Funds			
	Environmental	Other		Governmental
	Services	Enterprise		Activities -
		Funds	Total	Internal
				Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (1,533,253)	\$ 3,200	\$ (1,530,053)	\$ 2,651,870
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	634,188	-	634,188	258,997
(Increase) Decrease Receivables, net	(4,987)	313	(4,674)	199,016
(Increase) Decrease Due from other governments	(1,739)	-	(1,739)	407
(Increase) Decrease Inventories	-	(36,291)	(36,291)	-
(Increase) Decrease Prepaid Items	-	-	-	(45,658)
Increase (Decrease) Accounts payable	134,477	2,750	137,227	(6,609)
Increase (Decrease) Salaries payable	1,525	-	1,525	(5,153)
Increase (Decrease) Compensated absences payable	(59,443)	-	(59,443)	(152,580)
Increase (Decrease) Claims payable	-	-	-	178,562
Increase (Decrease) Due to other governments	(25,959)	-	(25,959)	28,174
Increase (Decrease) OPEB obligation	-	-	-	569,820
Increase (Decrease) Unearned revenue	-	-	-	(55,883)
Increase (Decrease) Closure and post closure	240,444	-	240,444	-
Total Adjustments	918,506	(33,228)	885,278	969,093
Net cash provided (used) by operating activities	\$ (614,747)	\$ (30,028)	\$ (644,775)	\$ 3,620,963
NON-CASH ACTIVITIES				
Change in fair market value of investments	44,444	-	-	62,121

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, 2011

	Investment Trusts	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 10,556,794
Investments	15,041,916	2,722,596
Delinquent taxes receivable	-	90,842
Accounts receivable	-	152,942
Due from other governments	-	4,378,933
Inventories	-	104,882
Prepaid items	-	3,758
Total Assets	<u>15,041,916</u>	<u>18,010,747</u>
LIABILITIES		
Accounts payable	-	1,306,513
Salaries payable	-	508,964
Due to other governments	346,405	16,195,270
Total Liabilities	<u>346,405</u>	<u>18,010,747</u>
NET ASSETS		
Held in trust for pool participants and other purposes	<u>\$ 14,695,511</u>	<u>\$ -</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Investment Trusts</u>
ADDITIONS	
Taconite taxes	\$ 31,850,391
Earnings on investments	<u>81,145</u>
Total Additions	<u>31,931,536</u>
DEDUCTIONS	
Distributions to participants	<u>31,851,463</u>
Total Deductions	<u>31,851,463</u>
Changes in net assets	80,073
Net assets - January 1	<u>14,615,438</u>
Net assets - December 31	<u><u>\$ 14,695,511</u></u>

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, 2011

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ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1. Summary of Significant Accounting Policies

The financial reporting policies of St. Louis County conform to generally accepted accounting principles. The following is a summary of significant policies.

A. Financial Reporting Entity

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

As a result of applying 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 are not included within program revenues, and are reported as general revenues.

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

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

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

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 accounted for in another fund.

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

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

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

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, and Plat Book activities. The Chris Jensen Health and Rehabilitation Services Fund was closed effective January 1, 2011.

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 Printing, Management Information Systems, and Telecommunications Funds were closed effective January 1, 2011.

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, 2011

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, 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, 2011

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
ASSETS					
Cash and cash equivalents	\$ 143,218,121	\$ -	\$ 4,456,110	\$ -	\$ 147,674,231
Investments	5,780,184	-	28,762,834	-	34,543,018
Delinquent taxes receivable	7,045,509	-	-	(7,045,509)	-
Accounts receivable (net)	10,889,868	-	505,634	(11,395,502)	-
Accrued interest receivable	519,821	-	213,058	(732,879)	-
Loans receivable	1,321,967	-	-	(1,321,967)	-
Interfund receivable	268,641	-	-	(268,641)	-
Due from other governments	12,210,660	-	-	(12,210,660)	-
Receivables (net)	-	-	-	32,706,517	32,706,517
Internal balances	-	-	637,837	-	637,837
Inventories	8,285,184	-	77,027	-	8,362,211
Prepaid items	313,374	-	145,146	-	458,520
Deferred charges	-	375,239	-	-	375,239
Capital assets not being depreciated	-	10,613,496	25,500	-	10,638,996
Capital assets being depreciated, net	-	453,910,825	1,389,590	-	455,300,415
Total Assets	189,853,329	464,899,560	36,212,736	(268,641)	690,696,984
LIABILITIES					
Accounts payable	7,809,652	-	196,597	11,080,021	19,086,270
Contracts payable	2,290,125	-	-	(2,290,125)	-
Salaries payable	4,127,804	-	39,859	(4,167,663)	-
Bond interest payable	-	115,368	-	(115,368)	-
Interfund payable	268,640	-	-	(268,640)	-
Due to other governments	1,049,901	3,352,309	104,656	(4,506,866)	-
Unearned revenue	2,452,147	-	953,057	-	3,405,204
Deferred revenue	18,228,600	(18,228,600)	-	-	-
Advance from Other Governments	1,967,720	-	-	-	1,967,720
Due within one year	-	11,174,790	3,116,289	-	14,291,079
Due in more than one year	-	60,399,900	7,858,633	-	68,258,533
Total Liabilities	38,194,589	56,813,767	12,269,091	(268,641)	107,008,806
FUND BALANCE/NET ASSETS					
Invested in capital assets, net of related debt	-	432,529,486	1,415,090	-	433,944,576
Nonspendable	15,101,524	-	-	(15,101,524)	-
Restricted	9,334,300	-	-	12,187,815	21,522,115
Committed	36,188,433	-	-	(36,188,433)	-
Assigned	61,096,456	-	-	(61,096,456)	-
Unassigned	29,938,027	(24,443,693)	22,528,555	(28,022,889)	-
Unrestricted	-	-	-	128,221,487	128,221,487
Total Fund Balance/Net Assets	151,658,740	408,085,793	23,943,645	-	583,688,178
Total Liabilities and Fund Balance/Net Assets	\$ 189,853,329	\$ 464,899,560	\$ 36,212,736	\$ (268,641)	\$ 690,696,984

ST. LOUIS COUNTY, MINNESOTA
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(1) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in the governmental funds. However, the statement of net 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	\$ 375,239
Cost of capital assets	731,620,116
Accumulated depreciation	(267,095,795)
	<u>\$ 464,899,560</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>\$ (18,228,600)</u>
Adjustment of due to other governments	<u>\$ 3,352,309</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, 2011 were:

Bond interest payable	<u>\$ 115,368</u>		
	Due Within One Year	Due In More Than One Year	Total
Bonds and notes payable	\$ 4,741,383	\$ 32,405,943	\$ 37,147,326
Compensated absences	6,350,907	27,993,957	34,344,864
Capital leases payable	82,500	-	82,500
	<u>\$ 11,174,790</u>	<u>\$ 60,399,900</u>	<u>\$ 71,574,690</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>\$ 637,837</u>
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(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
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Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities

The "net change in fund balances" for governmental funds differs from the "change in net 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.

	Total Governmental Funds	Long-term Revenue, Expenses (1)	Long-Term Debt and Capital Related Items (2) & (4)	Internal Service Funds (3)	Revenue Reclass	Statement of Activities Totals
Revenues and Other Sources						
Taxes	\$ 111,689,434	\$ 401,895	\$ -	\$ -	\$ (112,091,329)	\$ -
Property taxes						
General purpose	-	-	-	-	105,775,760	105,775,760
Debt service	-	-	-	-	6,315,569	6,315,569
Licenses and permits	141,491	-	-	-	(141,491)	-
Intergovernmental	109,516,961	-	-	-	(109,516,961)	-
State shared	-	-	-	-	20,138,989	20,138,989
Federal shared	-	-	-	-	1,848,440	1,848,440
Operating grants	-	(1,335,921)	-	-	53,846,978	52,511,057
Capital grants	-	(1,014,526)	-	-	24,116,033	23,101,507
Charges for services	26,264,862	381,989	-	-	9,566,521	36,213,372
Fines and forfeits	223,409	-	-	-	(223,409)	-
Earnings on investments	2,910,684	-	-	349,327	-	3,260,011
Gifts and contributions	8,433	-	-	-	(8,433)	-
Land and timber sales	6,903,181	(265,750)	-	-	(6,637,431)	-
Miscellaneous	4,592,934	(5,286)	-	-	(4,587,648)	-
Other program revenue	-	-	-	-	11,598,412	11,598,412
Total	262,251,389	(1,837,599)	-	349,327	-	260,763,117
Expenditures/Expenses						
Current:						
General government	36,775,477	(1,130,163)	2,148,008	(581,641)	-	37,211,681
Public safety	45,379,001	(474,124)	1,857,129	(479,101)	-	46,282,905
Highways and streets	32,073,766	(455,713)	7,954,659	(478,002)	-	39,094,710
Health and sanitation	5,350,896	(75,188)	449	(108,231)	-	5,167,926
Human services	74,451,490	(1,128,570)	295,482	(834,283)	-	72,784,119
Culture and recreation	2,582,543	-	-	-	-	2,582,543
Conservation of natural resources	7,864,462	(140,673)	221,474	(120,428)	-	7,824,835
Economic development	3,992,412	20,176	24,769	-	-	4,037,357
Debt service:						
Principal	5,944,670	-	(5,944,670)	-	-	-
Interest and other charges	1,597,362	-	14,953	-	-	1,612,315
Capital Outlay	46,812,865	-	(46,812,865)	-	-	-
Total	262,824,944	(3,384,255)	(40,240,612)	(2,601,686)	-	216,598,391
Other financing uses/changes in net assets:						
Transfers in	9,521,747	-	5,196,665	347,442	(9,190,023)	5,875,831
Transfers out	(3,642,033)	(1,552,511)	-	(3,995,479)	9,190,023	-
Increase in inventories	569,710	(569,710)	-	-	-	-
Total	6,449,424	(2,122,221)	5,196,665	(3,648,037)	-	5,875,831
Net change for the year	\$ 5,875,869	\$ (575,565)	\$ 45,437,277	\$ (697,024)	\$ -	\$ 50,040,557

ST. LOUIS COUNTY, MINNESOTA
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(1) Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available revenues" in the governmental funds. Similarly, receivables for certain aids and grant revenues not available for expenditure are deferred. 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 are eliminated.

Property taxes	\$ 401,895
Long-term receivables:	
Intergovernmental	(2,510,358)
Intra-general government function rent	159,911
Charges for services	381,989
Land & timber sales	(265,750)
Miscellaneous	(5,286)
	<u>\$ (1,837,599)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Changes in long-term liabilities (compensated absences and capital leases) also result in an expense in the statement of activities. In addition, intra-general government function expenses are eliminated.

Due to other governments	\$ (106,300)
Intra-general government function rent	(159,911)
Increase in inventories	(569,710)
Compensated absences	(2,548,334)
	<u>\$ (3,384,255)</u>
Transfer of long-term liabilities from internal service and enterprise funds	<u>\$ 1,552,511</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	\$ (46,812,865)
Net disposal of capital assets	425,495
Depreciation expense	12,076,475
Transfer of long-term liabilities from internal service and enterprise funds	(5,196,665)
Difference	<u>\$ (39,507,560)</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. In addition, some financing expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Principal payments made	\$ (5,944,670)
Bond interest payable	(292)
Debt issuance costs amortization	70,316
Bond premium amortization	(55,071)
	<u>\$ (5,929,717)</u>

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

General Budget Policies

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

The County is also required to adopt a budget for the Capital Projects Fund. An appropriation for expenditures from the capital project fund continues in force until the purpose for which it was made has been accomplished or abandoned. The purpose of a capital expenditure appropriation is abandoned if three years pass without a disbursement from or encumbrance of the appropriation or at the discretion of the County Administrator. These budget periods are not consistent with the method of financial reporting; therefore, 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 Projects Fund, lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. Amounts in funds unexpended at the end of the fiscal year may be carried over from one fiscal year to the next in accordance with generally accepted accounting principles.

Budgets can be amended during the year by the County Board. Supplemental appropriations or budget reductions are reviewed by the County Administrator's office and submitted to the County Board for its review and approval. If approved, changes are implemented by the Auditor's Office as budget revisions. Supplemental appropriations could be required due to several factors, including the awarding of state and federal grants during the year and providing funding for unanticipated program requirements. Budget revisions were necessary during the year. The effect of these amendments was an increase in budgeted County funds of \$13,660,664.

Procedure for Preparing the Annual Budget

1. Early each year, the County Administrator meets with budget staff to discuss preparations for next year's budget. A basic budget strategy is developed at that time, based on guidelines and policies established by the County Board.
2. Budget training is conducted and a budget manual is provided which outlines the County Administrator's basic guidelines for preparing the budget proposal.
3. Departments submit preliminary estimates of requested appropriations and anticipated revenues by early June. These figures are used to determine the amount of tax levy required to meet departmental requests, and the amount of budget adjustments that the County Administrator needs to make during the preliminary budget meetings in order to meet goals established by the County Board.
4. Preliminary budget meetings are held by the County Administrator with each department. These meetings begin about mid-June and last until about mid-July.
5. The County Administrator's budget recommendation is delivered to the County Board prior to September 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 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.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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F. Reclassifications

Several account balances were reclassified as of and for the year ended December 31, 2010, 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, 2011. Although comparative statements for 2010 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 2011 were \$2,664,170. 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 across taxable property based on the value of the property on the assessment date. At the time taxes are spread they become a lien on property as of the assessment date, although they do not become due and payable until the subsequent January 1. For the most part, taxpayers are allowed to pay the taxes in two equal installments on or before May 15 and October 15 without penalty. Revenues are accrued and recognized in the year collectible, net of delinquencies. Taxes which remain unpaid at December 31 are delinquent. Collections within 60 days after year-end are recognized as revenue and the balance offset by deferred revenue.

ST. LOUIS COUNTY, MINNESOTA
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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.

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

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

ST. LOUIS COUNTY, MINNESOTA
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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 available at retirement to be used for payment of employee's health and dental costs during their retirement. The vested sick leave and unvested sick leave likely to become vested (vesting sick leave) are estimated using the vesting method prescribed by GASB Statement No. 16. Both vested and vesting amounts are recognized in the government-wide and proprietary fund financial statements as liabilities, but not in the governmental funds.

Unvested sick leave for all County funds in the amount of \$7,036,054 at December 31, 2011 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 \$1,727,067 for the open area reported on the Environmental Services Enterprise Fund statement of net assets as landfill closure and postclosure liability at December 31, 2011, represents the following:

Postclosure liability

This is the liability for post closure costs for the Regional Landfill.	\$974,226
It is based on the use of 67.22% 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 67.22% of the existing open area.	\$752,841

The County will recognize the remaining \$759,349 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 2012. 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, 2011, restricted assets of \$3,620,694 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.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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*. 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, 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 \$61,096,456 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, 2011; 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.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Note 2. 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	\$ 147,674,231
Investments	34,543,018
Business-type Activities	
Current assets:	
Cash and cash equivalents	968,687
Investments	15,384,547
Restricted assets:	
Financial Assurance	
Cash and cash equivalents	710,827
Investments	2,909,867
Fiduciary Activities	
Current assets:	
Cash and cash equivalents	10,556,794
Investments	17,764,512
Total	<u>230,512,483</u>
Deposits	85,640,958
Cash on hand	67,180
Investments	144,804,345
Total deposits, cash on hand, and investments	<u>\$ 230,512,483</u>

(Amounts in Dollars)

	Held for Individual Investment Accounts - Investment Trust Funds	Held for All Other County Funds	Total
Cash and cash equivalents	-	159,910,539	159,910,539
Investments	15,041,916	55,560,028	70,601,944
Total	<u>15,041,916</u>	<u>215,470,567</u>	<u>230,512,483</u>

ST. LOUIS COUNTY, MINNESOTA
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Deposits

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

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

Custodial Credit Risk--Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County deposit policy for custodial credit risk follows Minnesota Statutes regarding pledged collateral. The market value of collateral must equal 110% of the deposits not covered by insurance or surety bonds. As of December 31, 2011, 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, 2011, 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	\$ 32,772,000	\$ 11,314,000	\$ 9,450,000	\$ 6,796,000	\$ 3,541,000	\$ 1,671,000	\$ -
CD's	11,565,462	7,565,462	1,500,000	1,000,000	1,500,000	-	-
Minnesota SBI	5,780,184	5,780,184	-	-	-	-	-
FHLB	58,281,065	29,670,629	1,598,496	1,797,750	12,808,578	9,004,720	3,400,892
FFCB	36,405,634	3,044,790	4,999,450	9,305,244	2,420,004	5,011,750	11,624,396
Total	\$ 144,804,345	\$ 57,375,065	\$ 17,547,946	\$ 18,898,994	\$ 20,269,582	\$ 15,687,470	\$ 15,025,288

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

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, 2011, is as follows:

<u>Rating</u>	<u>Fair Value</u>
S&P AA+	\$ 94,686,699

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, 2011, 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.

ST. LOUIS COUNTY, MINNESOTA
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Receivables

Receivables as of December 31, 2011 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
Governmental Activities		
Taxes	\$ 7,045,509	\$ -
Accounts receivable	11,395,502	8,236,905
Accrued interest receivable	732,879	-
Loans receivable	1,321,967	108,528
Due from other governments	12,210,660	-
Total Governmental Activities:	<u>\$ 32,706,517</u>	<u>\$ 8,345,433</u>
Business Activities		
Taxes	\$ 17,232	\$ -
Accounts Receivable	67,902	-
Accrued interest receivable	41,875	-
Due from other governments	1,740	-
Total Business Activities:	<u>\$ 128,749</u>	<u>\$ -</u>

Loans Receivable

The loan receivable from Meadowlands Affordable Housing Limited Partnership is \$107,143 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. In 2010 the Housing and Redevelopment Authority Board passed a resolution to defer principal and interest payments until December 3, 2023 at which time the loan and accrued interest will be forgiven, provided the Meadowland Affordable Housing Partnership has maintained Meadowlands Manor as affordable rental housing in conformance with the note. The receivable is being written off over the remaining loan life using the straight-line method, 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 \$727,540 at December 31, 2011. 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 \$145,061 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 \$178,000 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 also began paying \$7,000 annually to retire the debt.

The Dirt Floor Arena Committee owes \$15,000 for improvements at the South St. Louis County fairgrounds. This is an interest free loan which requires repayment of \$5,000 annually. The loan is 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 \$25,299 with an interest rate of 3.9%. It requires payments of \$1,095 on May 1 and November 1 each year until 2027. The second loan has a balance of \$123,924 with an interest rate of 5%. It requires payments of \$5,792 on May 1 and November 1 each year until 2027. Both loans are 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 \$1,850,677, leaving a carrying value of \$4,097,927. The State pays rent of \$14,077 per month through August 2012. The remaining future rentals for 2012 are \$112,615. 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.

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

Year Ending December 31	
2012	\$ 51,667
2013	61,667
2014	58,333
Total	<u>\$ 171,667</u>

Restricted Assets

Business-type activities

Financial assurance for closure and post closure care

Cash and cash equivalents	\$ 710,828
Investments	2,909,866
Total	<u>\$ 3,620,694</u>

ST. LOUIS COUNTY, MINNESOTA
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Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,998,671	\$ 130,656	\$ -	\$ 2,129,327
Permanent right of way	66,428	204,024	-	270,452
Work in progress	9,039,731	9,742,876	(10,543,390)	8,239,217
Total capital assets, not being depreciated	11,104,830	10,077,556	(10,543,390)	10,638,996
Capital assets, being depreciated:				
Buildings and structures	109,037,694	16,420,278	(1,302,035)	124,155,937
Machinery and equipment	19,023,799	2,303,663	(215,997)	21,111,465
Vehicles	49,979,768	2,848,586	(921,697)	51,906,657
Infrastructure	492,654,321	32,972,920	-	525,627,241
Computer Software	-	1,611,712	-	1,611,712
Temporary right of way	13,700	7,000	-	20,700
Total capital assets being depreciated	670,709,282	56,164,159	(2,439,729)	724,433,712
Less accumulated depreciation for:				
Buildings and structures	(41,898,850)	(5,757,632)	864,799	(46,791,683)
Machinery and equipment	(13,892,934)	(2,179,133)	215,997	(15,856,070)
Vehicles	(31,987,587)	(2,726,422)	823,783	(33,890,226)
Infrastructure	(167,101,296)	(5,194,539)	-	(172,295,835)
Computer Software	-	(295,481)	-	(295,481)
Temporary right of way	(285)	(3,717)	-	(4,002)
Total accumulated depreciation	(254,880,952)	(16,156,924)	1,904,579	(269,133,297)
Total capital assets being depreciated, net	415,828,330	40,007,235	(535,150)	455,300,415
Governmental activities, capital assets, net	\$ 426,933,160	\$ 50,084,791	\$ (11,078,540)	\$ 465,939,411
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 363,922	\$ -	\$ (130,656)	\$ 233,266
Construction in progress	110,000	-	-	110,000
Total capital assets, not being depreciated	473,922	-	(130,656)	343,266
Capital assets, being depreciated:				
Buildings and structures	13,688,787	-	(6,910,563)	6,778,224
Improvements other than buildings	8,871,230	419,968	(13,135)	9,278,063
Machinery and equipment	2,091,417	99,477	(1,397,182)	793,712
Vehicles	1,157,460	85,354	(73,914)	1,168,900
Total capital assets being depreciated	25,808,894	604,799	(8,394,794)	18,018,899
Less accumulated depreciation for:				
Buildings and structures	(6,151,702)	(283,619)	2,963,183	(3,472,138)
Improvements other than buildings	(5,607,170)	(276,981)	-	(5,884,151)
Machinery and equipment	(1,389,256)	(26,851)	796,053	(620,054)
Vehicles	(962,435)	(46,737)	62,216	(946,956)
Total accumulated depreciation	(14,110,563)	(634,188)	3,821,452	(10,923,299)
Total capital assets, being depreciated, net	11,698,331	(29,389)	(4,573,342)	7,095,600
Business-type activities, capital assets, net	\$ 12,172,253	\$ (29,389)	\$ (4,703,998)	\$ 7,438,866

ST. LOUIS COUNTY, MINNESOTA
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Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 1,750,875
Public safety	1,830,736
Highways	7,961,925
Health and sanitation	449
Human Services	295,482
Conservation of natural resources	212,239
Economic development	24,769
Internal Service Funds	258,997
Total depreciation expenses - governmental activities	<u>\$ 12,335,472</u>
Business-type activities	
Environmental Services	\$ 634,188

Total increases in accumulated depreciation for governmental activities include transfers of accumulated depreciation from funds closed in 2011. Transferred accumulated depreciation must be excluded when comparing increases in accumulated depreciation to total depreciation expenses for governmental activities.

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				
	State Shared	Grants	Taxes	Long-Term Receivables	Total
Governmental Activities:					
General Fund	\$ 31,229	\$ 397,519	\$ 2,609,594	\$ 338,062	\$ 3,376,404
Special Revenue Funds:					
Road and Bridge	872,787	1,354,681	1,210,257	149,223	3,586,948
Public Health and Human Services	1,991	395,077	1,929,956	-	2,327,024
Forfeited Tax Sale	-	-	-	8,380,772	8,380,772
Housing and Redevelopment Authority	-	-	12,875	-	12,875
Forest Resources	-	18,250	-	-	18,250
Northern Lights Express	-	-	-	-	-
Debt Service Fund	-	-	411,433	-	411,433
Capital Projects Fund	-	8,603	106,291	-	114,894
Total	<u>\$ 906,007</u>	<u>\$ 2,174,130</u>	<u>\$ 6,280,406</u>	<u>\$ 8,868,057</u>	<u>\$ 18,228,600</u>

Advance From Other Governments

The Minnesota Department of Transportation (MnDOT) has advanced to the County a portion of future years' regular construction allotment funds for the purpose of financing current County state-aid projects. The balance of \$1,967,720 reported in the financial statements as Advance from other governments represents funds received from MnDOT that will be recognized as revenue in the year the allotment normally would have accrued. As a result, the County anticipates receiving approximately 86% of its normal construction allotment during 2012.

ST. LOUIS COUNTY, MINNESOTA
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Long-Term Debt

Long-term liability activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One-Year
GOVERNMENTAL ACTIVITIES					
<i>Bonds, notes, and tax lease obligations payable</i>					
General obligation debt					
Capital Improvement Bonds 2004A	\$ 9,250,177	\$ -	\$ (870,628)	\$ 8,379,549	\$ 905,628
Capital Improvement Bonds 2005A	4,461,499	-	(373,390)	4,088,109	388,109
LEC Refunding Bonds 2005B	959,602	-	(470,661)	488,941	488,941
Capital Improvement					
Crossover Bonds 2006A	6,888,737	-	(1,053,237)	5,835,500	1,088,237
Capital Equipment Notes 2007	1,349,177	-	(1,349,177)	-	-
Capital Equipment Notes 2008	2,259,940	-	(725,265)	1,534,675	755,265
Capital Improvement Bonds 2008	10,295,045	-	(617,713)	9,677,332	642,713
Capital Improvement Bonds 2010A	7,067,818	67,182	(430,000)	6,705,000	430,000
General obligation revenue notes	470,890	-	(32,670)	438,220	42,490
<i>Total bonds, notes and tax lease obligations payable</i>	43,002,885	67,182	(5,922,741)	37,147,326	4,741,383
<i>Other Liabilities</i>					
Compensated absences	37,437,510	8,707,060	(11,407,973)	34,736,597	6,426,952
Claims payable	7,481,970	29,923,106	(29,744,544)	7,660,532	3,040,244
Capital leases payable	159,500	-	(77,000)	82,500	82,500
Other post employment benefits obligation	2,352,837	569,820	-	2,922,657	-
<i>Total other liabilities</i>	47,431,817	39,199,986	(41,229,517)	45,402,286	9,549,696
Governmental activities long-term liabilities	\$ 90,434,702	\$ 39,267,168	\$ (47,152,258)	\$ 82,549,612	\$ 14,291,079
BUSINESS-TYPE ACTIVITIES					
<i>Other Liabilities</i>					
Compensated absences	\$ 1,021,036	\$ 190,434	\$ (249,877)	\$ 961,593	\$ 179,131
Closure and post-closure liabilities	1,486,623	240,444	-	1,727,067	-
<i>Total other liabilities</i>	2,507,659	430,878	(249,877)	2,688,660	179,131
Business-type activities long term liabilities	\$ 2,507,659	\$ 430,878	\$ (249,877)	\$ 2,688,660	\$ 179,131

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 \$10,974,922 of internal service funds compensated absences, claims payable, and other post employment benefit obligations are included in the above amounts. Also, for the governmental activities, claims, capital leases, and compensated absences are generally liquidated by the General Fund, Road and Bridge, Public Health and Human Services, and Forfeited Tax Sale Special Revenue funds.

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General obligation bonds and notes payable at December 31, 2011, consist of the following issues:

\$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 \$44,549. This bond was issued to finance capital improvements.	\$ 8,379,549
\$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 \$3,109. This bond was issued to finance capital improvements	4,088,109
\$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 \$18,941. 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.	488,941
\$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 \$40,500. 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.	5,835,500
\$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 \$19,675.	1,534,675
\$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 \$32,332.	9,677,332
\$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. 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.	6,705,000

General obligation revenue notes payable at December 31, 2011, consist of the following issues:

\$50,000 1998 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide the initial funds for the septic system improvement loan program under the Agricultural Best Management Loan Program.	21,653
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ST. LOUIS COUNTY, MINNESOTA
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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.	173,932
\$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.	173,932
\$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.	68,703
The terms of the above described revenue notes require semi-annual repayments of \$20,700 to \$7,900 beginning April 1, 2009 through 2024.	
	<u>\$ 37,147,326</u>

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

Year Ending 12/31/11	General Obligation	
	Principal	Interest
2012	\$ 4,741,383	\$ 1,384,409
2013	4,373,478	1,221,890
2014	3,724,068	1,074,217
2015	3,861,968	947,693
2016	4,011,283	811,947
2017-2021	12,296,244	2,265,841
2022-2025	4,138,902	387,383
Total:	\$ 37,147,326	\$ 8,093,380

ST. LOUIS COUNTY, MINNESOTA
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The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2011, 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
Direct Debt			
St. Louis County	37,147,326	100.00	37,147,326
Overlapping Debt			
School Districts	144,478,114	60.95	88,055,284
Western Lake Superior Sanitary District	48,954,112	83.97	41,105,283
Underlying Debt			
Cities	177,802,715	100.00	177,802,715
School Districts	143,227,621	100.00	143,227,621
Towns	3,000,187	100.00	3,000,187
Virginia Housing and Redevelopment Authority	4,995,000	100.00	4,995,000
Duluth/North Shore Sanitary District	7,616,511	100.00	7,616,511
Total	567,221,586		502,949,927

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 2011:

Type of Property	
Rental of office space and parking facilities	\$ 663,663
Data processing software	19,186
Hardware	562,336
Total rental expense	\$ 1,245,185

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2011:

Year Ended	
2012	\$ 1,251,697
2013	1,252,361
2014	1,253,566
2015	1,254,310
2016	1,256,164
Total future minimum lease payments	\$ 6,268,098

ST. LOUIS COUNTY, MINNESOTA
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Capital Lease

The capital lease of the County at December 31, 2011 is shown below:

<u>Type of Property</u>	Governmental Activities
Maintenance facility	\$ 908,924
Less: accumulated depreciation	(398,917)
Carrying value	<u>\$ 510,007</u>

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, 2011:

Year Ending	Governmental Activities
2012	\$ 85,141
Less: Amount representing interest	(2,641)
Present value of future minimum lease	<u>\$ 82,500</u>

Construction Commitments

At December 31, 2011, the County had construction commitments as follows:

	(Amounts in Dollars)			
	Authorized Projects	Expended to Date	Commitments	Required Further Financing
Public safety building	494,348	500,166	-	5,818
Duluth courthouse elevator upgrades	42,200	42,200	-	-
GSC elevator upgrades	520,371	520,371	-	-
Duluth courthouse retaining wall	135,087	135,087	-	-
Duluth courthouse HVAC upgrades	2,759,156	2,758,005	1,151	-
Duluth courthouse window replacement	1,499,845	1,021,567	478,278	-
Duluth courthouse sally port	3,725,686	3,723,393	2,293	-
Meadowlands maintenance facility	2,385,282	2,385,282	-	-
Virginia courthouse remodel	5,924,970	1,084,358	4,840,386	-
ARMER	821,231	821,231	-	-
Total	<u>18,308,176</u>	<u>12,991,660</u>	<u>5,322,108</u>	<u>5,818</u>

Purchase Commitments

At December 31, 2011, the County had purchase commitments represented by open encumbrances. These are included as part of assigned fund balance as follows:

Fund	Amount
General	\$ 1,705,904
Road and Bridge	2,961,632
Public Health and Human Services	132,096
Forfeited Tax Sale	77,183
Forest Resources	271,075
Total	<u>\$ 5,147,890</u>

ST. LOUIS COUNTY, MINNESOTA
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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 \$58,000 at December 31, 2011, 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, 2011, and is consistent with the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The nondiscounted value of the estimated liability for claims payable at the end of the year was \$5,718,636 and is present valued at 1.08%.

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

The Medical/Dental Insurance Fund covers medical and dental expenses incurred by County employees, dependents, and retirees, including cost of claims management by a third party administrator and cost of an insurance consultant. Premiums include a provision for stop-loss insurance and administrative expenses and are based on anticipated claims and available net 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 statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

ST. LOUIS COUNTY, MINNESOTA
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Changes in the funds' claims liability amounts during 2010 were:

	(Amounts in Dollars)		
	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
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	128,874	5,290,859	2,062,237

Changes in the funds' claims liability amounts during 2011 were:

	(Amounts in Dollars)		
	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
Beginning of fiscal year liability for claims	128,874	5,290,859	2,062,237
Current year claims and changes in estimates	444,508	1,142,889	26,398,792
Claim payments	(342,382)	(1,326,900)	(26,138,345)
Balance of claims payable at fiscal year end	231,000	5,106,848	2,322,684

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 dependent 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; 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 6.25 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.6 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 2011:

General Employees Retirement Fund	
Basic Plan Members	11.78%
Coordinated Plan Members	7.25%
Public Employees Police and Fire Fund	14.40%
Public Employees Correctional Fund	8.75%

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The County's contributions for the years ending December 31, 2011, 2010, and 2009, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	2011	2010	2009
General Employees Retirement Fund	\$ 5,896,106	\$ 5,781,585	\$ 5,968,992
Public Employees Police and Fire Fund	1,120,180	1,100,152	1,101,657
Public Employees Correctional Employees Fund	582,497	566,521	547,683

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, 2011, were:

	Employee	Employer
Contribution amount	\$ 14,003	\$ 14,003
Percentage of covered payroll	5.00%	5.00%

Required contribution rates were 5.0 percent.

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Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2011, is as follows:

Interfund Receivables/Payables (for deficit cash balances):

Receivable Fund	Payable Fund	Amount
General	Forfeited Tax Sale Fund	\$ 264,580
	Northeast Minnesota Housing Consortium	4,061
	Total	<u>\$ 268,641</u>

Interfund Transfers:

Fund Transferred To	Fund Transferred From	Purpose	Amount
Major Funds			
General	Forfeited Tax Sale Fund	Land sale apportionment	\$ 477,710
	Forest Resources	GIS project	200,000
	Shoreline Sales	Natural resource improvements	138,600
	Chris Jensen	Close fund	1,432,107
	Printing	Close fund	73,274
	County Garage	Purchase of vehicles	102,500
	Property Casualty Liability	Insurance premium rebate	278,131
	Medical Dental Insurance	Health & wellness reimbursement	186,888
	Management Information Systems	Close fund	2,515,827
	Telecommunications	Close fund	853,262
Road and Bridge	Property Casualty Liability	Insurance premium rebate	709,242
Public Health and Human Service	General	Volunteer attorney program	25,000
	Property Casualty Liability	Insurance premium rebate	11,923
Forfeited Tax Sale Fund	Property Casualty Liability	Insurance premium rebate	122,799
Capital Projects	General	Excess rent revenues	1,107,975
	Public Health and Human Service	Client intake construction	979,350
Environmental Services	Forfeited Tax Sale Fund	Land sale apportionment	62,857
	Shoreline Sales	Natural resource improvements	167,000
	Property Casualty Liability	Insurance premium rebate	30,417
Nonmajor Funds			
Debt Service Fund	Capital Projects	remaining 2008A funds	2,683
Forest Resources	Forfeited Tax Sale Fund	Land sale apportionment	188,570
	Property Casualty Liability	Insurance premium rebate	1,469
Printing	General	Close fund	177,851
	Governmental Activities	Close fund	96,846
County Garage	Property Casualty Liability	Insurance premium rebate	146,019
Management Information Systems	Governmental Activities	Close fund	855,727
Telecommunications	Governmental Activities	Close fund	107,271
Government-wide			
Governmental Activities	Chris Jensen	Close fund	4,703,998
	Total		<u>\$ 15,755,296</u>

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 encumbrances, 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.

	Encumbrances	Cash Flow	Future Unallotment	Non - Designated	Total
Unassigned					
General Fund	\$ -	\$ 23,492,977	\$ 6,445,050	\$ -	\$ 29,938,027
Assigned					
Road and Bridge Fund	2,961,632	7,314,097	750,000	-	11,025,729
Public Health and Human Services	132,096	14,932,842	1,463,714	817,027	17,345,679
Conservation of Natural Resources	348,258	-	-	-	348,258
Total	\$ 3,441,986	\$ 45,739,916	\$ 8,658,764	\$ 817,027	\$ 58,657,693

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, 2011, the maximum amounts, actual amounts, and percentage funded are shown below. The future unallotment is calculated based on required departmental savings due to state unallotments.

	Cash Flow		
	Maximum Amount	Actual Amount	Percentage Funded
General Fund	\$ 27,858,414	\$ 23,492,977	84.30%
Road and Bridge Fund	9,131,132	7,314,097	80.10
Public Health and Human Services	14,932,842	14,932,842	100.00

Note 3. Joint Ventures/Jointly Governed Organizations

Arrowhead Regional Corrections

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

Arrowhead Regional Corrections is financed through state grants and contributions from the participating counties. During 2010, (the most recent available), county contributions were in the following proportion:

Carlton County	9.36%
Cook County	1.49%
Koochiching County	1.59%
Lake County	1.50%
St. Louis County	86.06%
Total	<u>100.00%</u>

St. Louis County provided \$10,245,303 in funding during 2011. 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, 2010 (the most recent available), was:

Total Assets	\$ 12,823,585
Total Liabilities	5,758,723
Total Net Assets	7,064,862
Total Program and General Revenues	20,089,338
Total Expenses/Uses	21,388,600
Change in Net Assets	(1,299,262)

ST. LOUIS COUNTY, MINNESOTA
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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 2011.

A summary of the financial information of the Community Health Services Board Government-Wide Financial Statements for December 31, 2010, (the most recent available) was:

Total Assets	\$ 2,411,822
Total Liabilities	2,206,290
Total Net Assets	205,532
Total Program and General Revenues	6,644,986
Total Expenses	6,597,385
Change in Net Assets	47,601

Separate financial information can be obtained from:

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

Regional Railroad Authority

The St. Louis and Lake Counties Regional Railroad Authority was established under the Regional Railroad Authorities Act, Minn. Stat. §398A.03. It is governed by a Board composed of three members from the St. Louis County Board of Commissioners and two members from Lake County Board of Commissioners. St. Louis County is the fiscal agent for the Railroad Authority and all of its financial transactions are recorded in the Regional Railroad Authority Agency Fund. Financing is obtained through a tax levy, and federal, state and local grants or participation. St. Louis County provided no funding to this organization during 2011.

A summary of the financial information of the Regional Railroad Authority for the Government-Wide Financial Statement for December 31, 2010, (the most recent available) was:

Total Assets	\$ 13,278,199
Total Liabilities	229,480
Total Net Assets	13,048,719
Total Revenues	3,930,393
Total Expenses	1,464,463
Change in Net Assets	2,465,930

Separate financial information can be obtained from:

St. Louis & Lake Counties Regional Railroad Authority
111 Station 44 Rd
Eveleth, MN 55734

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Northeast Minnesota Office of Job Training

The Counties of Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis entered into joint powers agreement pursuant to Minn. Stat. §471.59 for the purpose of developing and implementing a private and public job training program. The United States Congress through the Job Training Partnership Act of 1982 authorized states to establish "service delivery areas" to provide programs to achieve full employment through the use of grants. The counties identified above are defined as such "service delivery area" and the Northeast Minnesota Office of Job Training is designated as the grant recipient and administrator for such service delivery area. The County is not a funding mechanism for this organization.

The governing body is composed of seven members, one from the board of commissioners of each of the participating counties.

A summary of the financial information of Northeast Minnesota Office of Job Training's Government-Wide Statements for June 30, 2011, was:

Total Assets	\$ 3,057,757
Total Liabilities	1,682,354
Total Net Assets	1,375,403
Total Revenues	7,948,201
Total Expenses	7,939,583
Change in Net Assets	8,618

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 \$3,000 during 2011.

A summary of the financial information of Northern Counties Land Use Coordinating Board for the Financial Statements for December 31, 2011, was:

Total Assets	\$ 117,632
Total Liabilities	991
Total Fund Balance	116,641
Total Revenues	17,500
Total Expenditures	8,183
Change in Fund Balance	9,317

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
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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, 2010, (the most recent available) was:

Total Assets	\$ 1,527,727
Total Liabilities	349,605
Total Net Assets	1,178,122
Total Revenues	2,984,785
Total Expenses	2,591,311
Change in Net Assets	393,474

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 2011. 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, 2011, 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.

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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, 2011, is:

Total Assets	\$	6,000
Total Liabilities		6,000
Total Net Assets		-
Total Revenues		285,000
Total Expenditures		285,000
Change in Net Assets		-

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, 2010 (the most recent available) was:

Total Assets	\$	633,629
Total Liabilities		310,769
Total Net Assets		322,860
Total Revenues		408,000
Total Expenditures		374,571
Change in Net Assets		33,429

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
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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 2011.

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 4. Summary of Significant Contingencies and Other Items

Claims and Litigation

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

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, 2011 as it would need to be determined through the legal system.

ST. LOUIS COUNTY, MINNESOTA
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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 2011, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 2,104,380
Interest on net OPEB obligation	103,525
Adjustments to ARC	<u>(142,752)</u>
Annual OPEB Cost	2,065,153
Contributions during the year	<u>(1,495,333)</u>
Increase in net OPEB obligation	569,820
Net OPEB obligation - beginning of the year	2,352,837
Net OPEB obligation - end of year	<u>\$ 2,922,657</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 2009, 2010, and 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
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
12/31/2011	2,065,153	1,495,333	72.41	2,922,657

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

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, 2011, H.U.D. owed the County \$42,439 under this agreement.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

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

On March 29, 2012 St. Louis County extended its lease with the State of Minnesota to provide space in the Pike Lake Joint Maintenance Facility. The lease will be extended from September 1, 2012 and continue through August 31, 2017

Between June 19th and 20th, 2012, St. Louis County endured a storm that affected more than 3,000 square miles of the County and more than half of its highway system. About 670 miles of paved county roads and 760 miles of gravel roads were affected. Preliminary cost estimates for the repairing roads, culverts and bridges may be over 27 million dollars. The County is meeting with FEMA (Federal Emergency Management Agency), FHWA (Federal Highway Administration), and the State of Minnesota to discuss what emergency aid will be made available to the County.

Required
Supplementary
Data

St. Louis County, Minnesota
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFIT PLAN
Year ended December 31, 2011

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, 2011

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
2011	1,495,333	2,065,153	72.41

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, 2011

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
ASSETS			
Cash and cash equivalents	\$ 824,564	\$ 43,246	\$ -
Investments	-	-	-
Delinquent taxes receivable	14,400	-	-
Accounts receivable (net)	-	3,217	458
Loans receivable	107,143	-	-
Due from other governments	-	197,252	134,934
Total Assets	<u>946,107</u>	<u>243,715</u>	<u>135,392</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	180	135,057	128,895
Salaries payable	-	4,292	2,437
Interfund payable	-	-	4,060
Due to other governments	-	104,366	-
Deferred revenue	12,875	-	-
Total Liabilities	<u>13,055</u>	<u>243,715</u>	<u>135,392</u>
Fund Balances:			
Non-spendable:			
Noncurrent loans	107,143	-	-
Environmental trust funds	-	-	-
Restricted:			
Debt service	-	-	-
Health and sanitation	-	-	-
Improvement of natural resources	-	-	-
Committed:			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	825,909	-	-
Assigned:			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Total Fund Balance	<u>933,052</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 946,107</u>	<u>\$ 243,715</u>	<u>\$ 135,392</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

Special Revenue Funds (continued)

	Septic Loan	Forest Resources	Northern Lights Express	Total
ASSETS				
Cash and cash equivalents	\$ 210,826	\$ 7,046,086	\$ -	\$ 8,124,722
Investments	-	-	-	-
Delinquent taxes receivable	-	-	-	14,400
Accounts receivable (net)	8,941	-	-	12,616
Loans receivable	727,540	-	-	834,683
Due from other governments	-	18,250	76,410	426,846
Total Assets	947,307	7,064,336	76,410	9,413,267
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	14,100	19,558	76,410	374,200
Salaries payable	-	-	-	6,729
Interfund payable	-	-	-	4,060
Due to other governments	-	-	-	104,366
Deferred revenue	-	18,250	-	31,125
Total Liabilities	14,100	37,808	76,410	520,480
Fund Balances:				
Non-spendable:				
Noncurrent loans	727,540	-	-	834,683
Environmental trust funds	-	-	-	-
Restricted:				
Debt service	42,490	-	-	42,490
Health and sanitation	49,534	-	-	49,534
Improvement of natural resources	-	-	-	-
Committed:				
Health and sanitation	111,555	-	-	111,555
Conservation of natural resources	-	6,755,453	-	6,755,453
Economic development	-	-	-	825,909
Assigned:				
Health and sanitation	2,088	-	-	2,088
Conservation of natural resources	-	271,075	-	271,075
Total Fund Balance	933,207	7,026,528	-	8,892,787
Total Liabilities and Fund Balance	\$ 947,307	\$ 7,064,336	\$ 76,410	\$ 9,413,267

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Debt Service Fund	Permanent Fund Shoreline Sales	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,097,325	\$ 341,789	\$ 9,563,836
Investments	-	5,780,184	5,780,184
Delinquent taxes receivable	460,978	-	475,378
Accounts receivable (net)	-	-	12,616
Loans receivable	-	-	834,683
Due from other governments	-	-	426,846
Total Assets	<u>1,558,303</u>	<u>6,121,973</u>	<u>17,093,543</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	-	-	374,200
Salaries payable	-	-	6,729
Interfund payable	-	-	4,060
Due to other governments	-	-	104,366
Deferred revenue	411,433	-	442,558
Total Liabilities	<u>411,433</u>	<u>-</u>	<u>931,913</u>
Fund Balances:			
Non-spendable:			
Noncurrent loans	-	-	834,683
Environmental trust funds	-	5,765,009	5,765,009
Restricted:			
Debt service	1,146,870	-	1,189,360
Health and sanitation	-	-	49,534
Improvement of natural resources	-	356,964	356,964
Committed:			
Health and sanitation	-	-	111,555
Conservation of natural resources	-	-	6,755,453
Economic development	-	-	825,909
Assigned:			
Health and sanitation	-	-	2,088
Conservation of natural resources	-	-	271,075
Total Fund Balance	<u>1,146,870</u>	<u>6,121,973</u>	<u>16,161,630</u>
Total Liabilities and Fund Balance	<u>\$ 1,558,303</u>	<u>\$ 6,121,973</u>	<u>\$ 17,093,543</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
REVENUES			
Taxes	\$ 194,469	\$ -	\$ -
Intergovernmental	3,931	2,874,419	836,365
Earnings on investments	-	-	-
Miscellaneous	-	-	350
Total Revenues	198,400	2,874,419	836,715
EXPENDITURES			
Current:			
Health and sanitation	-	-	-
Culture and recreation	-	-	-
Conservation of natural resources	-	-	-
Economic development	231,278	2,874,419	836,715
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	231,278	2,874,419	836,715
Excess (deficiency) of revenues over expenditures	(32,878)	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	(32,878)	-	-
Fund Balance - January 1	965,930	-	-
Fund Balance - December 31	\$ 933,052	\$ -	\$ -

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

Special Revenue Funds (continued)

	Septic Loan	Forest Resources	Northern Lights Express	Total
REVENUES				
Taxes	\$ -	\$ 557,008	\$ -	\$ 751,477
Intergovernmental	-	289,545	737,073	4,741,333
Earnings on investments	20,417	-	-	20,417
Miscellaneous	-	-	-	350
Total Revenues	<u>20,417</u>	<u>846,553</u>	<u>737,073</u>	<u>5,513,577</u>
EXPENDITURES				
Current:				
Health and sanitation	27,890	-	-	27,890
Culture and recreation	-	-	737,073	737,073
Conservation of natural resources	-	795,811	-	795,811
Economic development	-	-	-	3,942,412
Debt service:				
Principal	32,670	-	-	32,670
Interest and other charges	102	-	-	102
Total expenditures	<u>60,662</u>	<u>795,811</u>	<u>737,073</u>	<u>5,535,958</u>
Excess (deficiency) of revenues over expenditures	<u>(40,245)</u>	<u>50,742</u>	<u>-</u>	<u>(22,381)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	190,039	-	190,039
Transfers out	-	(200,000)	-	(200,000)
Total other financing sources and uses	<u>-</u>	<u>(9,961)</u>	<u>-</u>	<u>(9,961)</u>
Net change in fund balances	(40,245)	40,781	-	(32,342)
Fund Balance - January 1	<u>973,452</u>	<u>6,985,747</u>	<u>-</u>	<u>8,925,129</u>
Fund Balance - December 31	<u>\$ 933,207</u>	<u>\$ 7,026,528</u>	<u>\$ -</u>	<u>\$ 8,892,787</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

		Permanent Fund	
	Debt Service Fund	Shoreline Sales	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 6,315,570	\$ -	\$ 7,067,047
Intergovernmental	709,076	-	5,450,409
Earnings on investments	-	214,885	235,302
Miscellaneous	298,913	-	299,263
Total Revenues	<u>7,323,559</u>	<u>214,885</u>	<u>13,052,021</u>
EXPENDITURES			
Current:			
Health and sanitation	-	-	27,890
Culture and recreation	-	-	737,073
Conservation of natural resources	-	-	795,811
Economic development	-	-	3,942,412
Debt service:			
Principal	5,912,000	-	5,944,670
Interest and other charges	1,597,260	-	1,597,362
Total expenditures	<u>7,509,260</u>	<u>-</u>	<u>13,045,218</u>
Excess (deficiency) of revenues over expenditures	<u>(185,701)</u>	<u>214,885</u>	<u>6,803</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,683	-	192,722
Transfers out	-	(305,600)	(505,600)
Total other financing sources and uses	<u>2,683</u>	<u>(305,600)</u>	<u>(312,878)</u>
Net change in fund balances	(183,018)	(90,715)	(306,075)
Fund Balance - January 1	<u>1,329,888</u>	<u>6,212,688</u>	<u>16,467,705</u>
Fund Balance - December 31	<u>\$ 1,146,870</u>	<u>\$ 6,121,973</u>	<u>\$ 16,161,630</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Taxes	\$ 204,824	\$ 202,612	\$ 194,469	\$ (8,143)
Intergovernmental	-	-	3,931	3,931
Miscellaneous	-	2,212	-	(2,212)
Total Revenues	204,824	204,824	198,400	(6,424)
EXPENDITURES				
Economic development				
Personnel services	-	40,000	18,175	(21,825)
Other operating	368,549	328,549	213,103	(115,446)
Total Expenditures	368,549	368,549	231,278	(137,271)
Excess of Revenues Over (Under) Expenditures	(163,725)	(163,725)	(32,878)	130,847
Fund Balance - January 1	965,930	965,930	965,930	-
Fund Balance - December 31	<u>\$ 802,205</u>	<u>\$ 802,205</u>	<u>\$ 933,052</u>	<u>\$ 130,847</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
REVENUES				
Intergovernmental	<u>\$ 4,356,564</u>	<u>\$ 3,627,249</u>	<u>\$ 2,874,419</u>	<u>\$ (752,830)</u>
 EXPENDITURES				
Economic development				
Personal services	499,456	499,456	265,614	(233,842)
Other operating	<u>3,857,108</u>	<u>3,127,793</u>	<u>2,608,805</u>	<u>(518,988)</u>
Total Expenditures	<u>4,356,564</u>	<u>3,627,249</u>	<u>2,874,419</u>	<u>(752,830)</u>
 Excess of Revenues Over (Under) Expenditures	-	-	-	-
 Fund Balance - January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balance - December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NORTHEAST MINNESOTA HOUSING CONSORTIUM SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,060,000	\$ 1,622,570	\$ 836,365	\$ (786,205)
Miscellaneous	-	-	350	350
Total Revenues	<u>1,060,000</u>	<u>1,622,570</u>	<u>836,715</u>	<u>(785,855)</u>
 EXPENDITURES				
Economic development				
Personal services	100,391	100,391	69,482	(30,909)
Other operating	<u>959,609</u>	<u>1,522,179</u>	<u>767,233</u>	<u>(754,946)</u>
Total Expenditures	<u>1,060,000</u>	<u>1,622,570</u>	<u>836,715</u>	<u>(785,855)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Earnings on investments	\$ 9,600	\$ 9,600	\$ 20,417	\$ 10,817
Miscellaneous	-	121,272	-	(121,272)
Total Revenues	9,600	130,872	20,417	(110,455)
EXPENDITURES				
Health and sanitation				
Other operating	9,600	134,385	27,890	(106,495)
Debt service				
Principal	22,490	47,724	32,670	(15,054)
Interest and other charges	-	102	102	-
Total Expenditures	32,090	182,211	60,662	(121,549)
Excess of Revenues Over (Under) Expenditures	(22,490)	(51,339)	(40,245)	11,094
Fund Balance - January 1	962,905	962,905	973,452	10,547
Fund Balance - December 31	<u>\$ 940,415</u>	<u>\$ 911,566</u>	<u>\$ 933,207</u>	<u>\$ 21,641</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget Over (Under)</u>
REVENUES				
Taxes	\$ 557,636	\$ 557,636	\$ 557,008	\$ (628)
Intergovernmental	242,525	260,775	289,545	28,770
Total Revenues	<u>800,161</u>	<u>818,411</u>	<u>846,553</u>	<u>28,142</u>
EXPENDITURES				
Conservation of natural resources				
Other operating	2,120,596	2,138,846	795,811	(1,343,035)
Total Conservation of Natural Resources	<u>2,120,596</u>	<u>2,138,846</u>	<u>795,811</u>	<u>(1,343,035)</u>
Total Expenditures	<u>2,120,596</u>	<u>2,138,846</u>	<u>795,811</u>	<u>(1,343,035)</u>
Excess of Revenues Over (Under) Expenditures	(1,320,435)	(1,320,435)	50,742	1,371,177
OTHER FINANCING SOURCES (USES)				
Transfers in	1,469	190,039	190,039	-
Transfers out	(200,000)	(200,000)	(200,000)	-
Total other financing sources and uses	<u>(198,531)</u>	<u>(9,961)</u>	<u>(9,961)</u>	<u>-</u>
Net change in fund balances	(1,518,966)	(1,330,396)	40,781	1,371,177
Fund Balance - January 1	<u>6,985,747</u>	<u>6,985,747</u>	<u>6,985,747</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 5,466,781</u>	<u>\$ 5,655,351</u>	<u>\$ 7,026,528</u>	<u>\$ 1,371,177</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Intergovernmental	\$ -	\$ 737,073	\$ 737,073	\$ -
EXPENDITURES				
Culture and recreation				
Other operating	-	737,073	737,073	-
Total Expenditures	-	737,073	737,073	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	\$ -	\$ -	\$ -	\$ -

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Taxes	\$ 6,313,117	\$ 6,313,117	\$ 6,315,570	\$ 2,453
Intergovernmental	855,073	855,073	709,076	(145,997)
Miscellaneous	-	-	298,913	298,913
Total Revenues	<u>7,168,190</u>	<u>7,168,190</u>	<u>7,323,559</u>	<u>155,369</u>
EXPENDITURES				
Debt service				
Principal	5,912,000	5,912,000	5,912,000	-
Interest and fiscal charges	1,596,600	1,597,260	1,597,260	-
Total Expenditures	<u>7,508,600</u>	<u>7,509,260</u>	<u>7,509,260</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(340,410)	(341,070)	(185,701)	155,369
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,683	2,683
Net change in fund balances	(340,410)	(341,070)	(183,018)	158,052
Fund Balance - January 1	<u>1,329,888</u>	<u>1,329,888</u>	<u>1,329,888</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 989,478</u>	<u>\$ 988,818</u>	<u>\$ 1,146,870</u>	<u>\$ 158,052</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. It was closed into the General Fund effective January 1, 2011

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

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2011

	Plat Books	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 170,789	\$ 170,789
Accounts receivable (net)	39	39
Inventories	47,448	47,448
Total current assets	<u>218,276</u>	<u>218,276</u>
Capital assets:		
Total assets	<u>218,276</u>	<u>218,276</u>
LIABILITIES		
Current liabilities:		
Accounts payable	2,750	2,750
Total current liabilities	<u>2,750</u>	<u>2,750</u>
Total liabilities	<u>2,750</u>	<u>2,750</u>
NET ASSETS		
Unrestricted	215,526	215,526
Total net assets	<u>\$ 215,526</u>	<u>\$ 215,526</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, 2011

	Chris Jensen Health and Rehabilitation Center	Plat Books	Total
Operating Revenues			
Charges for services	\$ -	\$ 11,726	\$ 11,726
Total Operating Revenues	<u>-</u>	<u>11,726</u>	<u>11,726</u>
Operating Expenses			
Materials	-	8,526	8,526
Total Operating Expenses	<u>-</u>	<u>8,526</u>	<u>8,526</u>
Operating Income (Loss)	<u>-</u>	<u>3,200</u>	<u>3,200</u>
Non operating Revenues (Expenses)			
Income (Loss) Before Transfers	-	3,200	3,200
Transfers out	(6,136,105)	-	(6,136,105)
Total Transfers	<u>(6,136,105)</u>	<u>-</u>	<u>(6,136,105)</u>
Change in net assets	(6,136,105)	3,200	(6,132,905)
Net assets - January 1	<u>6,136,105</u>	<u>212,326</u>	<u>6,348,431</u>
Net assets - December 31	<u>\$ -</u>	<u>\$ 215,526</u>	<u>\$ 215,526</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Chris Jensen Health and Rehabilitation Center	Plat Books	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ -	\$ 11,726	\$ 11,726
Receipts from interfund services provided	-	313	313
Payments to suppliers	-	(42,067)	(42,067)
Net cash provided (used) by operating activities	-	(30,028)	(30,028)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(334,325)	-	(334,325)
Net cash provided (used) by noncapital financing activities	(334,325)	-	(334,325)
Net Increase (Decrease) in Cash and Cash Equivalents	(334,325)	(30,028)	(364,353)
Balances - January 1	334,325	200,817	535,142
Balances - December 31	\$ -	\$ 170,789	\$ 170,789
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ -	\$ 3,200	\$ 3,200
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
(Increase) Decrease Receivables, net	-	313	313
(Increase) Decrease Inventories	-	(36,291)	(36,291)
Increase (Decrease) Accounts payable	-	2,750	2,750
Total Adjustments	-	(33,228)	(33,228)
Net cash provided (used) by operating activities	\$ -	\$ (30,028)	\$ (30,028)

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. It was closed into the General Fund effective January 1, 2011

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. It was closed to the General Fund effective January 1, 2011

Telecommunications - This fund is used to account for the County communications system. It was closed to the General Fund effective January 1, 2011

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, 2011

	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 690,845	\$ 630,167	\$ 493,133
Investments	-	5,106,566	6,882,795
Accounts receivable	2,252	1,908	886
Accrued interest receivable	-	16,312	48,650
Inventories	77,027	-	-
Prepaid items	-	-	-
Total current assets	<u>770,124</u>	<u>5,754,953</u>	<u>7,425,464</u>
Noncurrent assets:			
Capital assets:			
Land	25,500	-	-
Buildings and structures	1,026,898	-	-
Machinery and equipment	79,214	-	-
Vehicles	2,320,983	-	-
Less accumulated depreciation	<u>(2,037,505)</u>	<u>-</u>	<u>-</u>
Total capital asset (net)	<u>1,415,090</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>1,415,090</u>	<u>-</u>	<u>-</u>
Total assets	<u>2,185,214</u>	<u>5,754,953</u>	<u>7,425,464</u>
LIABILITIES			
Current liabilities:			
Accounts payable	27,342	-	151,394
Salaries payable	13,929	2,326	23,604
Compensated absences payable	33,612	-	-
Claims payable	-	-	717,560
Due to other governments	1,331	-	103,325
Unearned revenue	-	-	-
Total current liabilities	<u>76,214</u>	<u>2,326</u>	<u>995,883</u>
Noncurrent liabilities:			
Compensated absences payable	81,602	-	-
Claims payable	-	231,000	4,389,288
OPEB obligation	-	-	-
Total non-current liabilities	<u>81,602</u>	<u>231,000</u>	<u>4,389,288</u>
Total liabilities	<u>157,816</u>	<u>233,326</u>	<u>5,385,171</u>
NET ASSETS			
Invested in capital assets	1,415,090	-	-
Unrestricted	612,308	5,521,627	2,040,293
Total net assets	<u>\$ 2,027,398</u>	<u>\$ 5,521,627</u>	<u>\$ 2,040,293</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2011

	<u>Medical/ Dental Insurance</u>	<u>Retired Employees' Health Insurance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,362,392	\$ 279,573	\$ 4,456,110
Investments	16,773,473	-	28,762,834
Accounts receivable	500,588	-	505,634
Accrued interest receivable	148,096	-	213,058
Inventories	-	-	77,027
Prepaid items	145,146	-	145,146
Total current assets	<u>19,929,695</u>	<u>279,573</u>	<u>34,159,809</u>
Capital assets:			
Land	-	-	25,500
Buildings and structures	-	-	1,026,898
Machinery and equipment	-	-	79,214
Vehicles	-	-	2,320,983
Less accumulated depreciation	-	-	(2,037,505)
Total capital asset (net)	<u>-</u>	<u>-</u>	<u>1,415,090</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>1,415,090</u>
Total assets	<u>19,929,695</u>	<u>279,573</u>	<u>35,574,899</u>
LIABILITIES			
Current liabilities:			
Accounts payable	14,807	3,054	196,597
Salaries payable	-	-	39,859
Compensated absences payable	-	42,433	76,045
Claims payable	2,322,684	-	3,040,244
Due to other governments	-	-	104,656
Unearned revenue	953,057	-	953,057
Total current liabilities	<u>3,290,548</u>	<u>45,487</u>	<u>4,410,458</u>
Noncurrent liabilities:			
Compensated absences payable	-	234,086	315,688
Claims payable	-	-	4,620,288
OPEB obligation	2,922,657	-	2,922,657
Total non-current liabilities	<u>2,922,657</u>	<u>234,086</u>	<u>7,858,633</u>
Total liabilities	<u>6,213,205</u>	<u>279,573</u>	<u>12,269,091</u>
NET ASSETS			
Invested in capital assets	-	-	1,415,090
Unrestricted	13,716,490	-	21,890,718
Total net assets	<u>\$ 13,716,490</u>	<u>\$ -</u>	<u>\$ 23,305,808</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, 2011

	<u>Printing</u>	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
Operating Revenues				
Charges for services	\$ -	\$ 1,579,968	\$ 301,939	\$ 2,631,478
Other	-	4,133	11,399	570,097
Total Operating Revenues	-	1,584,101	313,338	3,201,575
Operating Expenses				
Personal services	-	490,031	75,704	506,996
Contractual services	-	261,345	435,158	1,345,161
Materials	-	688,277	9,350	-
OPEB expense	-	-	-	-
Claims Paid	-	-	-	1,142,889
Depreciation	-	258,997	-	-
Total Operating Expenses	-	1,698,650	520,212	2,995,046
Operating Income (Loss)	-	(114,549)	(206,874)	206,529
Nonoperating revenues (expenses)				
Earnings on investments	-	-	47,452	74,654
Loss or gain on asset disposal	-	1,010	-	-
Total Nonoperating Revenues (Expenses)	-	1,010	47,452	74,654
Income (Loss) Before Transfers	-	(113,539)	(159,422)	281,183
Transfers in	201,423	146,019	-	-
Transfers (out)	-	(102,500)	(1,300,000)	-
Total Transfers	201,423	43,519	(1,300,000)	-
Change in net assets	201,423	(70,020)	(1,459,422)	281,183
Net assets - January 1	(201,423)	2,097,418	6,981,049	1,759,110
Net assets - December 31	\$ -	\$ 2,027,398	\$ 5,521,627	\$ 2,040,293

ST. LOUIS COUNTY, MINNESOTA
**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS**
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Medical/ Dental Insurance	Management Information Systems	Telecommu- nications	Retired Employees' Health Insurance	Total
Operating Revenues					
Charges for services	\$ 31,120,703	\$ -	\$ -	\$ 190,260	\$ 35,824,348
Other	-	-	-	-	585,629
Total Operating Revenues	<u>31,120,703</u>	<u>-</u>	<u>-</u>	<u>190,260</u>	<u>36,409,977</u>
Operating Expenses					
Personal services	-	-	-	-	1,072,731
Contractual services	1,385,327	-	-	190,260	3,617,251
Materials	-	-	-	-	697,627
OPEB expense	569,820	-	-	-	569,820
Claims Paid	26,398,792	-	-	-	27,541,681
Depreciation	-	-	-	-	258,997
Total Operating Expenses	<u>28,353,939</u>	<u>-</u>	<u>-</u>	<u>190,260</u>	<u>33,758,107</u>
Operating Income (Loss)	<u>2,766,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,651,870</u>
Nonoperating revenues (expenses)					
Earnings on investments	227,221	-	-	-	349,327
Loss or gain on asset disposal	-	-	-	-	1,010
Total Nonoperating Revenues (Expenses)	<u>227,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,337</u>
Income (Loss) Before Transfers	2,993,985	-	-	-	3,002,207
Transfers in	-	-	-	-	347,442
Transfers (out)	<u>(186,888)</u>	<u>(1,660,100)</u>	<u>(745,991)</u>	<u>-</u>	<u>(3,995,479)</u>
Total Transfers	<u>(186,888)</u>	<u>(1,660,100)</u>	<u>(745,991)</u>	<u>-</u>	<u>(3,648,037)</u>
Change in net assets	2,807,097	(1,660,100)	(745,991)	-	(645,830)
Net assets - January 1	<u>10,909,393</u>	<u>1,660,100</u>	<u>745,991</u>	<u>-</u>	<u>23,951,638</u>
Net assets - December 31	<u>\$ 13,716,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,305,808</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance	Medical/ Dental Insurance
CASH FLOWS FROM				
OPERATING ACTIVITIES				
Receipts from customers	\$ -	\$ 301,939	\$ -	\$ -
Receipts from interfund services provided	1,577,716	-	2,631,478	31,264,500
Payments to suppliers	(951,808)	(443)	(1,331,832)	(1,422,592)
Payments to employees	(579,930)	(75,703)	(510,011)	-
Claims paid	-	(342,382)	(1,326,900)	(26,138,345)
Other receipts (payments)	4,133	11,257	571,652	-
Net cash provided (used) by operating activities	50,111	(105,332)	34,387	3,703,563
CASH FLOWS FROM				
NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	146,019	-	-	-
Transfers to other funds	(102,500)	(1,300,000)	-	(186,888)
Net cash provided (used) by noncapital financing activities	43,519	(1,300,000)	-	(186,888)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(405,861)	-	-	-
Proceeds from the sale of capital assets	2,544	-	-	-
Net cash provided (used) by capital and related financing activities	(403,317)	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	(5,813,522)	(2,256,672)	(7,734,421)
Sale of investments	-	7,151,254	1,941,000	4,325,000
Interest and dividends	-	80,753	68,476	102,349
Net cash provided (used) by investing activities	-	1,418,485	(247,196)	(3,307,072)
Net Increase (Decrease) in Cash and Cash Equivalents	(309,687)	13,153	(212,809)	209,603
Balances - January 1	1,000,532	617,014	705,942	2,152,789
Balances - December 31	\$ 690,845	\$ 630,167	\$ 493,133	\$ 2,362,392
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (114,549)	\$ (206,874)	\$ 206,529	\$ 2,766,764
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	258,997	-	-	-
(Increase) Decrease Receivables, net	-	(142)	(254)	199,412
(Increase) Decrease Due from other governments	(2,252)	-	1,809	850
(Increase) Decrease Prepaid items	(7,977)	-	-	(37,681)
Increase (Decrease) Accounts payable	6,167	(443)	(15,803)	416
Increase (Decrease) Salaries payable	(2,139)	1	(3,015)	-
Increase (Decrease) Compensated absences payable	(87,760)	-	-	-
Increase (Decrease) Claims payable	-	102,126	(184,011)	260,447
Increase (Decrease) Due to other governments	(376)	-	29,132	(582)
Increase (Decrease) OPEB obligation	-	-	-	569,820
Increase (Decrease) Unearned revenue	-	-	-	(55,883)
Total Adjustments	164,660	101,542	(172,142)	936,799
Net cash provided (used) by operating activities	\$ 50,111	\$ (105,332)	\$ 34,387	\$ 3,703,563
NON-CASH ACTIVITIES				
Change in fair market value of investments	-	912	6,143	55,066

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Management Information Systems	Telecommu- nications	Retired Employees' Health Insurance	Total
CASH FLOWS FROM				
OPERATING ACTIVITIES				
Receipts from customers	\$ -	\$ -	\$ -	\$ 301,939
Receipts from interfund services provided	-	-	190,260	35,663,954
Payments to suppliers	-	-	(252,026)	(3,958,701)
Payments to employees	-	-	-	(1,165,644)
Claims paid	-	-	-	(27,807,627)
Other receipts (payments)	-	-	-	587,042
Net cash provided (used) by operating activities	-	-	(61,766)	3,620,963
CASH FLOWS FROM				
NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	-	146,019
Transfers to other funds	(2,561,405)	(866,502)	-	(5,017,295)
Net cash provided (used) by noncapital financing activities	(2,561,405)	(866,502)	-	(4,871,276)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	-	-	(405,861)
Proceeds from the sale of capital assets	-	-	-	2,544
Net cash provided (used) by capital and related financing activities	-	-	-	(403,317)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	-	(15,804,615)
Sale of investments	-	-	-	13,417,254
Interest and dividends	-	-	-	251,578
Net cash provided (used) by investing activities	-	-	-	(2,135,783)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,561,405)	(866,502)	(61,766)	(3,789,413)
Balances - January 1	2,561,405	866,502	341,339	8,245,523
Balances - December 31	\$ -	\$ -	\$ 279,573	\$ 4,456,110
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ -	\$ -	\$ -	\$ 2,651,870
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	-	-	-	258,997
(Increase) Decrease Receivables, net	-	-	-	199,016
(Increase) Decrease Due from other governments	-	-	-	407
(Increase) Decrease Prepaid items	-	-	-	(45,658)
Increase (Decrease) Accounts payable	-	-	3,054	(6,609)
Increase (Decrease) Salaries payable	-	-	-	(5,153)
Increase (Decrease) Compensated absences payable	-	-	(64,820)	(152,580)
Increase (Decrease) Claims payable	-	-	-	178,562
Increase (Decrease) Due to other governments	-	-	-	28,174
Increase (Decrease) OPEB obligation	-	-	-	569,820
Increase (Decrease) Unearned revenue	-	-	-	(55,883)
Total Adjustments	-	-	(61,766)	969,093
Net cash provided (used) by operating activities	\$ -	\$ -	\$ (61,766)	\$ 3,620,963
NON-CASH ACTIVITIES				
Change in fair market value of investments	-	-	-	62,121

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.

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, 2011

	<u>Investment Trust Funds</u>		
	<u>Taconite Relief</u>	<u>Taconite Production Tax</u>	<u>Total</u>
ASSETS			
Investments	<u>\$ 14,695,511</u>	<u>\$ 346,405</u>	<u>\$ 15,041,916</u>
Total Assets	<u>14,695,511</u>	<u>346,405</u>	<u>15,041,916</u>
LIABILITIES			
Due to other governments	<u>-</u>	<u>346,405</u>	<u>346,405</u>
Total Liabilities	<u>-</u>	<u>346,405</u>	<u>346,405</u>
NET ASSETS			
Held in trust for pool participants and other purposes	<u>\$ 14,695,511</u>	<u>\$ -</u>	<u>\$ 14,695,511</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Investment Trust Funds		
	Taconite Relief	Taconite Production Tax	Total
ADDITIONS			
Taconite taxes	\$ 11,907,670	\$ 19,942,721	\$ 31,850,391
Earnings on investments	78,181	2,964	81,145
Total Additions	<u>11,985,851</u>	<u>19,945,685</u>	<u>31,931,536</u>
DEDUCTIONS			
Distribution to participants	<u>11,905,778</u>	<u>19,945,685</u>	<u>31,851,463</u>
Changes in net assets	80,073	-	80,073
Net assets - January 1	<u>14,615,438</u>	<u>-</u>	<u>14,615,438</u>
Net assets - December 31	<u><u>\$ 14,695,511</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,695,511</u></u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Balance January 1	Additions	Deductions	Balance December 31
STATE OF MINNESOTA FUND				
ASSETS				
Cash and cash equivalents	\$ 618,906	\$ 16,951,031	\$ 16,897,775	\$ 672,162
Accounts receivable	11,134	18,394	16,196	13,332
Due from other governments	8,327	2,815,242	2,678,174	145,395
Total Assets	<u>\$ 638,367</u>	<u>\$ 19,784,667</u>	<u>\$ 19,592,145</u>	<u>\$ 830,889</u>
LIABILITIES				
Due to other governments	<u>\$ 638,367</u>	<u>\$ 14,878,024</u>	<u>\$ 14,685,502</u>	<u>\$ 830,889</u>
BEER-AUCTIONEER LICENSES FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 2,215</u>	<u>\$ 2,165</u>	<u>\$ -</u>	<u>\$ 4,380</u>
LIABILITIES				
Due to other governments	<u>\$ 2,215</u>	<u>\$ 10,925</u>	<u>\$ 8,760</u>	<u>\$ 4,380</u>
TAXES AND PENALTIES FUND				
ASSETS				
Cash and cash equivalents	\$ 4,034,203	\$ 391,726,089	\$ 392,594,774	\$ 3,165,518
Due from other governments	318,555	2,905,716	916,401	2,307,870
Total Assets	<u>\$ 4,352,758</u>	<u>\$ 394,631,805</u>	<u>\$ 393,511,175</u>	<u>\$ 5,473,388</u>
LIABILITIES				
Due to other governments	<u>\$ 4,352,758</u>	<u>\$ 275,629,441</u>	<u>\$ 274,508,811</u>	<u>\$ 5,473,388</u>
PAYROLL DEDUCTIONS FUND				
ASSETS				
Cash and cash equivalents	\$ 680,381	\$ 48,694,176	\$ 48,660,906	\$ 713,651
Accounts receivable	-	16	-	16
Total Assets	<u>\$ 680,381</u>	<u>\$ 48,694,192</u>	<u>\$ 48,660,906</u>	<u>\$ 713,667</u>
LIABILITIES				
Accounts payable	<u>\$ 680,381</u>	<u>\$ 49,483,550</u>	<u>\$ 49,450,264</u>	<u>\$ 713,667</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Balance January 1	Additions	Deductions	Balance December 31
CANCELED CHECK FUND				
ASSETS				
Cash and cash equivalents	\$ 5,102	\$ 18,177	\$ 22,080	\$ 1,199
Accounts receivable	514	-	514	-
Total Assets	<u>\$ 5,616</u>	<u>\$ 18,177</u>	<u>\$ 22,594</u>	<u>\$ 1,199</u>
LIABILITIES				
Accounts payable	<u>\$ 5,616</u>	<u>\$ 22,080</u>	<u>\$ 26,497</u>	<u>\$ 1,199</u>
ARROWHEAD REGIONAL CORRECTIONS FUND				
ASSETS				
Cash and cash equivalents	\$ 3,051,289	\$ 20,551,017	\$ 22,261,381	\$ 1,340,925
Investments	2,716,012	6,584	-	2,722,596
Accounts receivable	43,850	1,079,822	1,029,150	94,522
Due from other governments	1,059,131	1,028,238	1,091,396	995,973
Inventories	-	104,882	-	104,882
Total Assets	<u>\$ 6,870,282</u>	<u>\$ 22,770,543</u>	<u>\$ 24,381,927</u>	<u>\$ 5,258,898</u>
LIABILITIES				
Accounts payable	\$ 254,254	\$ 3,849,178	\$ 3,910,352	\$ 193,080
Salaries payable	504,815	1,890,705	1,902,553	492,967
Due to other governments	6,111,213	2,609,114	4,147,476	4,572,851
Total Liabilities	<u>\$ 6,870,282</u>	<u>\$ 8,348,997</u>	<u>\$ 9,960,381</u>	<u>\$ 5,258,898</u>
PERMIT TO CARRY FIREARMS FUND				
ASSETS				
Cash and cash equivalents	\$ 261,201	\$ 125,525	\$ 251,466	\$ 135,260
Accounts receivable	1,260	3,335	1,260	3,335
Total Assets	<u>\$ 262,461</u>	<u>\$ 128,860</u>	<u>\$ 252,726</u>	<u>\$ 138,595</u>
LIABILITIES				
Accounts payable	\$ 500	\$ 32,632	\$ 23,385	\$ 9,747
Due to other governments	261,961	3,286	136,399	128,848
Total Liabilities	<u>\$ 262,461</u>	<u>\$ 35,918</u>	<u>\$ 159,784</u>	<u>\$ 138,595</u>
MINNEAPOLIS-DULUTH/SUPERIOR PASSENGER RAIL ALLIANCE FUND				
ASSETS				
Cash and cash equivalents	\$ 578,474	\$ 1,025,818	\$ 1,137,047	\$ 467,245
Account receivable	-	1,001,501	992,634	8,867
Due from other governments	120,991	105,543	120,991	105,543
Total Assets	<u>\$ 699,465</u>	<u>\$ 1,131,361</u>	<u>\$ 1,258,038</u>	<u>\$ 581,655</u>
LIABILITIES				
Accounts payable	\$ 305,036	\$ 982,881	\$ 1,108,529	\$ 179,388
Due to other governments	394,429	91,864	84,026	402,267
Total Liabilities	<u>\$ 699,465</u>	<u>\$ 1,074,745</u>	<u>\$ 1,192,555</u>	<u>\$ 581,655</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Balance January 1	Additions	Deductions	Balance December 31
COMMUNITY HEALTH SERVICES FUND				
ASSETS				
Cash and cash equivalents	\$ 1,991,869	\$ 4,934,697	\$ 6,410,076	\$ 516,490
Accounts receivable	192	6,102	5,917	377
Due from other governments	416,441	791,595	540,078	667,958
Prepaid items	3,320	3,758	3,320	3,758
Total Assets	<u>\$ 2,411,822</u>	<u>\$ 5,736,152</u>	<u>\$ 6,959,391</u>	<u>\$ 1,188,583</u>
LIABILITIES				
Accounts payable	\$ 284,149	\$ 3,349,872	\$ 3,536,945	\$ 97,076
Salaries payable	9,898	17,492	19,580	7,810
Due to other governments	2,117,775	1,552,257	2,586,335	1,083,697
Total Liabilities	<u>\$ 2,411,822</u>	<u>\$ 4,919,621</u>	<u>\$ 6,142,860</u>	<u>\$ 1,188,583</u>
DULUTH AREA FAMILY SERVICE COLLABORATIVE FUND				
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>
LOCAL COLLABORATIVE TIME STUDY FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 762,494</u>	<u>\$ 833,100</u>	<u>\$ 708,896</u>	<u>\$ 886,698</u>
LIABILITIES				
Accounts payable	\$ 60,638	\$ 637,399	\$ 695,518	\$ 2,519
Due to other governments	701,856	306,701	124,378	884,179
Total Liabilities	<u>\$ 762,494</u>	<u>\$ 944,100</u>	<u>\$ 819,896</u>	<u>\$ 886,698</u>
REGIONAL RAILROAD AUTHORITY FUND				
ASSETS				
Cash and cash equivalents	\$ 1,304,764	\$ 2,267,411	\$ 1,539,124	\$ 2,033,051
Delinquent taxes receivable	84,479	90,842	84,479	90,842
Accounts receivable	29,238	73,689	76,264	26,663
Due from other governments	570,945	316,348	731,099	156,194
Total Assets	<u>\$ 1,989,426</u>	<u>\$ 2,748,290</u>	<u>\$ 2,430,966</u>	<u>\$ 2,306,750</u>
LIABILITIES				
Accounts payable	\$ 104,492	\$ 1,407,370	\$ 1,403,016	\$ 108,846
Salaries payable	8,135	17,460	17,408	8,187
Due to other governments	1,876,799	1,258,690	945,772	2,189,717
Total Liabilities	<u>\$ 1,989,426</u>	<u>\$ 2,683,520</u>	<u>\$ 2,366,196</u>	<u>\$ 2,306,750</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
NORTHERN COUNTIES				
LAND USE BOARD FUND				
ASSETS				
Cash and cash equivalents	\$ 108,124	\$ 17,500	\$ 7,992	\$ 117,632
LIABILITIES				
Accounts payable	\$ 800	\$ 8,238	\$ 8,047	\$ 991
Due to other governments	107,324	9,317	-	116,641
Total Liabilities	<u>\$ 108,124</u>	<u>\$ 17,555</u>	<u>\$ 8,047</u>	<u>\$ 117,632</u>
AGENCY MISCELLANEOUS FUND				
ASSETS				
Cash and cash equivalents	\$ 365,760	\$ 474,916	\$ 396,927	\$ 443,749
Accounts receivable	1,465	5,830	1,465	5,830
Total Assets	<u>\$ 367,225</u>	<u>\$ 480,746</u>	<u>\$ 398,392</u>	<u>\$ 449,579</u>
LIABILITIES				
Due to other governments	<u>\$ 367,225</u>	<u>\$ 353,790</u>	<u>\$ 271,436</u>	<u>\$ 367,225</u>
TOTALS FOR ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 13,823,616	\$ 487,621,622	\$ 490,888,444	\$ 10,556,794
Investments	2,716,012	6,584	-	2,722,596
Delinquent taxes receivable	84,479	90,842	84,479	90,842
Accounts receivable	87,653	2,188,689	2,123,400	152,942
Due from other governments	2,494,390	7,962,682	6,078,139	4,378,933
Inventories	-	104,882	-	104,882
Prepaid items	3,320	3,758	3,320	3,758
Total Assets	<u>\$ 19,209,470</u>	<u>\$ 497,979,059</u>	<u>\$ 499,177,782</u>	<u>\$ 18,010,747</u>
LIABILITIES				
Accounts payable	\$ 1,695,866	\$ 59,773,200	\$ 60,162,553	\$ 1,306,513
Salaries payable	522,848	1,925,657	1,939,541	508,964
Due to other governments	16,990,756	296,703,409	297,498,895	16,195,270
Total Liabilities	<u>\$ 19,209,470</u>	<u>\$ 358,402,266</u>	<u>\$ 359,600,989</u>	<u>\$ 18,010,747</u>

Miscellaneous Schedules

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS
DECEMBER 31, 2011

	Interest Rates	Par Value	Market
Pooled Investments			
Money market savings account	2.65%	\$ 170,247	\$ 170,247
Savings accounts	0.05% - 0.15%	25,116,867	25,116,867
Certificates of deposit	0.297% - 4.00%	19,125,628	19,125,628
MAGIC	Varies	19,217,106	19,217,106
FFCB	0.47% - 5.20%	33,795,000	34,005,562
FHLB	0.30% - 3.00%	56,200,000	56,279,745
Total Pooled Investments		\$ 153,624,848	\$ 153,915,155
Capital Projects			
MAGIC	Varies	\$ 5,928,206	\$ 5,928,206
Shoreland Sales Permanent Fund			
MN Board of Investments	Varies	\$ 5,780,184	\$ 5,780,184
Environmental Services Enterprise Fund			
Savings account	0.15%	\$ 7,309,339	\$ 7,309,339
Certificates of deposit	0.38% - 1.85%	9,985,034	9,985,034
FHLB	2.00%	1,000,000	1,000,040
Total Environmental Services Enterprise Fund		\$ 18,294,373	\$ 18,294,413
Property, Casualty, Liability Insurance			
Internal Service Fund			
Savings accounts	0.15%	\$ 1,434,766	\$ 1,434,766
Certificates of deposit	0.38% - 1.65%	3,671,800	3,671,800
Total Property, Casualty, Liability Insurance Internal Service Fund		\$ 5,106,566	\$ 5,106,566
Worker's Compensation Insurance			
Internal Service Fund			
Savings account	0.15%	\$ 2,338,497	\$ 2,338,497
Certificates of deposit	0.65% - 2.70%	2,943,000	2,943,000
FFCB	1.75%	600,000	600,018
FHLB	3.00%	1,000,000	1,001,280
Total Workers' Compensation Insurance Internal Service Fund		\$ 6,881,497	\$ 6,882,795
Medical/Dental Insurance			
Internal Service Fund			
Savings account	0.15%	\$ 6,361,419	\$ 6,361,419
Certificates of deposit	0.55% - 3.25%	8,612,000	8,612,000
FHLB	1.75%	1,800,000	1,800,053
Total Medical/Dental Insurance Internal Service Fund		\$ 16,773,419	\$ 16,773,472
Patients' Escrow Trust Fund			
Taconite Relief Trust Fund			
Savings account	0.15%	\$ 15,041,916	\$ 15,041,916
Arrowhead Regional Corrections Agency Fund			
Savings accounts	0.15%	\$ 2,722,596	\$ 2,722,596
Total Investments		\$ 230,153,605	\$ 230,445,303

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2011

		Special Revenue Funds			Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
Shared revenue					
State					
Department of Natural Resources					
Mineral rents & royalties	\$ 120,596	\$ -	\$ -	\$ -	\$ -
Department of Public Safety	-				
Enhanced 911 program grant	346,806	-	-	-	-
Department of Revenue					
County program aid	7,270,423	998,595	1,479,692	-	-
Disparity aid	2,338,887	993,838	1,643,628		355,751
Market value credit	1,873,300	797,495	1,307,235	3,927	282,941
PERA Aid	184,312	92,858	183,976	20,353	-
Police Aid	690,713	-	-	-	-
State fire aid	11,842	-	-	-	-
Department of Transportation					
30 percent rental income	79	31	56	-	12
Engineering	-	2,031,130	-	-	-
MN FD 29 bridge bond	-	1,376,443	-	-	-
Municipal construction	-	211,506	-	-	-
Municipal maintenance	-	983,459	-	-	-
Regular construction	-	11,847,854	-	-	-
Regular maintenance	-	9,428,455	-	-	-
Right of way / utility reimbursement	-	77,223	-	-	-
State aid for consulting	-	119,254	-	-	-
Town bridge	-	249,183	-	-	-
Unorganized town road and bridge aid	-	120,901	-	-	-
Total Shared Revenue	\$ 12,836,958	\$ 29,328,225	\$ 4,614,587	\$ 24,280	\$ 638,704
Reimbursement for Services					
State					
Department of Human Services					
Case management for					
community alternative care	\$ -	\$ -	\$ 2,831	\$ -	\$ -
Child welfare targeted case mgmt	-	-	4,121,968	-	-
Children's therapeutic support services	-	-	5,221	-	-
Community alternatives for disabled					
individuals waived services	-	-	503,963	-	-
Elderly waived services	-	-	94,778	-	-
LTCC waived services	-	-	122,834	-	-
Medical assistance - ACT	-	-	1,541,360	-	-
Medical assistance - CEHI	-	-	355,173	-	-
Medical assistance - Rule 5	-	-	490,673	-	-
Mentally retarded waived services	-	-	745,297	-	-
MH targeted case management	-	-	1,247,751	-	-
MN family investment project burial	-	-	3,994	-	-
Other medical services - Fed	-	-	845	-	-
Personal care assistance	-	-	114,075	-	-
Relocation waived services	-	-	4,845	-	-
State 911	-	-	644	-	-
Traumatic brain injury	-	-	67,844	-	-
VADD targeted case management	-	-	122,874	-	-
Other					
Prisoner transport	19,551	-	-	-	-
Total State	\$ 19,551	\$ -	\$ 9,546,970	\$ -	\$ -
Federal					
Build America Bonds Interest	\$ -	\$ -	\$ -	\$ -	\$ 70,328
Early Retiree Reinsurance Program	-	-	-	-	-
Total Federal	\$ -	\$ -	\$ -	\$ -	\$ 70,328
Local					
Itasca County - Public safety					
interoperable communications	\$ 25,000	\$ -	\$ -	\$ -	\$ -
City of Duluth - Safe and Sober	16,882	-	-	-	-
Total Local	\$ 41,882	\$ -	\$ -	\$ -	\$ -
Total Reimbursement for Services Revenue					
	\$ 61,433	\$ -	\$ 9,546,970	\$ -	\$ 70,328

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Shared revenue				
State				
Department of Natural Resources				
Mineral rents & royalties	\$ -	\$ -	\$ -	\$ 120,596
Department of Public Safety				
Enhanced 911 program grant	-	-	-	346,806
Department of Revenue				
County program aid	60,189	-	-	9,808,899
Disparity aid	72,862	-	-	5,404,966
Market value credit	57,949	-	-	4,322,847
PERA Aid	-	14,371	-	495,870
Police Aid	-	-	-	690,713
State fire aid	-	-	-	11,842
Department of Transportation				
30 percent rental income	2	-	-	180
Engineering	-	-	-	2,031,130
MN FD 29 bridge bond	-	-	-	1,376,443
Municipal construction	-	-	-	211,506
Municipal maintenance	-	-	-	983,459
Regular construction	-	-	-	11,847,854
Regular maintenance	-	-	-	9,428,455
Right of way / utility reimbursement	-	-	-	77,223
State aid for consulting	-	-	-	119,254
Town bridge	-	-	-	249,183
Unorganized town road and bridge aid	-	-	-	120,901
Total Shared Revenue	\$ 191,002	\$ 14,371	\$ -	\$ 47,648,127
Reimbursement for Services				
State				
Department of Human Services				
Case management for				
community alternative care	\$ -	\$ -	\$ -	\$ 2,831
Child welfare targeted case mgmt	-	-	-	4,121,968
Children's therapeutic support services	-	-	-	5,221
Community alternatives for disabled				
individuals waived services	-	-	-	503,963
Elderly waived services	-	-	-	94,778
LTCC waived services	-	-	-	122,834
Medical assistance - ACT	-	-	-	1,541,360
Medical assistance - CEHI	-	-	-	355,173
Medical assistance - Rule 5	-	-	-	490,673
Mentally retarded waived services	-	-	-	745,297
MH targeted case management	-	-	-	1,247,751
MN family investment project burial	-	-	-	3,994
Other medical services - Fed	-	-	-	845
Personal care assistance	-	-	-	114,075
Relocation waived services	-	-	-	4,845
State 911	-	-	-	644
Traumatic brain injury	-	-	-	67,844
VADD targeted case management	-	-	-	122,874
Other				
Prisoner transport	-	-	-	19,551
Total State	\$ -	\$ -	\$ -	\$ 9,566,521
Federal				
Build America Bonds Interest	\$ -	\$ -	\$ -	\$ 70,328
Early Retiree Reinsurance Program	-	-	1,003,656	1,003,656
Total Federal	\$ -	\$ -	\$ 1,003,656	\$ 1,073,984
Local				
Itasca County - Public safety				
interoperable communications	\$ -	\$ -	\$ -	\$ 25,000
City of Duluth - Safe and Sober	-	-	-	16,882
Total Local	\$ -	\$ -	\$ -	\$ 41,882
Total Reimbursement for Services Revenue	\$ -	\$ -	\$ 1,003,656	\$ 10,682,387

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Road and Bridge	Public Health and Human Services	Other	Debt Service Funds
Grants					
State Grants					
Board of Water & Soil Resources					
Natural resources block grant	\$ 9,274	\$ -	\$ -	\$ -	\$ -
Department of Environmental Assistance					
SCORE recycling grant	-	-	-	-	-
Department of Employment and Economic					
Development Redevelopment grant program	94,243	-	-	-	-
Voyageurs National Park-Septic	285,000	-	-	-	-
Department of Health					
Local public health grant	-	-	791,407	-	-
Department of Human Services					
Adult integrated fund	-	-	2,758,984	-	-
Alternative care	-	-	271,915	-	-
Alternative response	-	-	11,635	-	-
Case management CAC state	-	-	2,608	-	-
Chemical dependency	-	-	55,221	-	-
Child care basic sliding fee	-	-	72,116	-	-
Child care resource and referral	-	-	8,629	-	-
Child support health ins bonus	-	-	189,991	-	-
Child support incentives	-	-	120,773	-	-
Child teen checkups	-	-	210,309	-	-
Children's mental health	-	-	240,189	-	-
Community alternatives for disabled					
individuals waived services	-	-	425,949	-	-
Community Social Services Act block grant	-	-	2,953,020	-	-
Consolidated chemical dependency fund admin	-	-	125,151	-	-
Consumer directed	-	-	15,301	-	-
Cost effective health insurance	-	-	355,639	-	-
DD family support	-	-	138,512	-	-
DD Screening State	-	-	44,699	-	-
Elderly waived services	-	-	83,585	-	-
Eliminating health disparities initiative	-	-	4,080	-	-
Family homelessness prevention	-	-	161,939	-	-
Forgotten child	-	-	1,430	-	-
Fraud prevention incentives	-	-	139,107	-	-
Homeless outreach	-	-	730,236	-	-
LTCC waived services	-	-	108,306	-	-
Medical assistance - ACT	-	-	1,377,759	-	-
Medical assistance transportation	-	-	277,438	-	-
Mentally retarded waived services	-	-	531,890	-	-
MN Choices	-	-	32,496	-	-
MN family investment project child care	-	-	48,577	-	-
MN family investment project employment services	-	-	536,351	-	-
Other medical services	-	-	252	-	-
Personal care assistance	-	-	102,380	-	-
Relative custody	-	-	938,170	-	-
Relocation waived services	-	-	3,417	-	-
Semi-independent living skills	-	-	356,774	-	-
Statewide health improvement - SHIP	-	-	67,814	-	-
Traumatic brain injury	-	-	57,470	-	-
Department of Natural Resources					
Boat and water safety	124,992	-	-	-	-
Forest road access	-	-	-	150,604	-
Off highway ATV	45,197	-	-	-	-
Snowmobile safety	19,075	-	-	-	-
State trail assistance	345,845	-	-	-	-
Department of Post Board Training					
Training reimbursement	38,251	-	-	-	-
Department of Public Safety					
Bullet proof vests	9,413	-	-	-	-
Office of justice program grants	90,465	-	-	-	-
Marijuana eradication	1,815	-	-	-	-
Department of Transportation					
Northern Lights Express	-	-	-	363,840	-
Iron Range Resources & Rehabilitation Board					
Biomass fiber grant	976	-	-	-	-
Veterans Affairs					
Enhancement	6,030	-	-	-	-

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants				
State Grants				
Board of Water & Soil Resources				
Natural resources block grant	\$ -	\$ 9,931	\$ -	\$ 19,205
Department of Environmental Assistance				
SCORE recycling grant	-	488,288	-	488,288
Department of Employment and Economic				
Development Redevelopment grant program	-	-	-	94,243
Voyageurs National Park-Septic	-	-	-	285,000
Department of Health				
Local public health grant	-	-	-	791,407
Department of Human Services				
Adult integrated fund	-	-	-	2,758,984
Alternative care	-	-	-	271,915
Alternative response	-	-	-	11,635
Case management CAC state	-	-	-	2,608
Chemical dependency	-	-	-	55,221
Child care basic sliding fee	-	-	-	72,116
Child care resource and referral	-	-	-	8,629
Child support health ins bonus	-	-	-	189,991
Child support incentives	-	-	-	120,773
Child teen checkups	-	-	-	210,309
Children's mental health	-	-	-	240,189
Community alternatives for disabled				
individuals waived services	-	-	-	425,949
Community Social Services Act block grant	-	-	-	2,953,020
Consolidated chemical dependency fund admin	-	-	-	125,151
Consumer directed	-	-	-	15,301
Cost effective health insurance	-	-	-	355,639
DD family support	-	-	-	138,512
DD Screening State	-	-	-	44,699
Elderly waived services	-	-	-	83,585
Eliminating health disparities initiative	-	-	-	4,080
Family homelessness prevention	-	-	-	161,939
Forgotten child	-	-	-	1,430
Fraud prevention incentives	-	-	-	139,107
Homeless outreach	-	-	-	730,236
LTCC waived services	-	-	-	108,306
Medical assistance - ACT	-	-	-	1,377,759
Medical assistance transportation	-	-	-	277,438
Mentally retarded waived services	-	-	-	531,890
MN Choices	-	-	-	32,496
MN family investment project child care	-	-	-	48,577
MN family investment project employment services	-	-	-	536,351
Other medical services	-	-	-	252
Personal care assistance	-	-	-	102,380
Relative custody	-	-	-	938,170
Relocation waived services	-	-	-	3,417
Semi-independent living skills	-	-	-	356,774
Statewide health improvement - SHIP	-	-	-	67,814
Traumatic brain injury	-	-	-	57,470
Department of Natural Resources				
Boat and water safety	-	-	-	124,992
Forest road access	-	-	-	150,604
Off highway ATV	-	-	-	45,197
Snowmobile safety	-	-	-	19,075
State trail assistance	-	-	-	345,845
Department of Post Board Training				
Training reimbursement	-	-	-	38,251
Department of Public Safety				
Bullet proof vests	-	-	-	9,413
Office of justice program grants	-	-	-	90,465
Marijuana eradication	-	-	-	1,815
Department of Transportation				
Northern Lights Express	-	-	-	363,840
Iron Range Resources & Rehabilitation Board				
Biomass fiber grant	-	-	-	976
Veterans Affairs				
Enhancement	-	-	-	6,030

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Road and Bridge	Public Health and Human Services	Other	Debt Service Funds
Grants (continued)					
State grants (continued)					
Veterans Support Organization	7,024	-	-	-	-
Trial Courts					
E-charging reimbursement	74,500	-	-	-	-
Total State Grants	\$ 1,152,100	\$ -	\$ 14,351,519	\$ 514,444	\$ -
Federal Grants					
Department of Agriculture					
Food stamps	\$ 72,699	\$ -	\$ 1,506,240	\$ -	\$ -
National forest land	1,612,500	-	-	-	-
National forest land - roads & schools	-	292,001	-	-	-
National forest title III	146,915	-	-	-	-
Wildland Fire Management	-	-	-	138,941	-
Women, infants, and children (through Community Health Board)	-	-	781,877	-	-
Department of Commerce					
Coastal zone management and administration awards	24,500	-	-	-	-
Department of Defense					
Northeastern MN Environmental Infrastructure - ARRA	-	680,644	-	-	-
Department of Energy					
Energy efficiency and conservation block grant	407,853	-	-	-	-
Facility cost share - ARRA	-	-	-	-	-
Department of Health & Human Services					
Adult integrated fund	-	-	69,215	-	-
Child care basic sliding fee	-	-	117,161	-	-
Child care resource and referral	-	-	8,492	-	-
Child support	92,800	-	2,959,773	-	-
Child teen checkups	-	-	210,309	-	-
DD screening	-	-	49,491	-	-
Fed Maternal & Child Care	-	-	252,269	-	-
Foster care	16,175	-	10,969	-	-
Foster care reimbursement	-	-	15,021	-	-
Health preparedness	-	-	143,887	-	-
IV-E foster care social service time study & state social service information system	-	-	299,203	-	-
Medical assistance	174,429	-	2,307,969	-	-
Medical assistance incentives	-	-	123,502	-	-
Medical assistance - Rule 25	-	-	1,727,648	-	-
Medical assistance transportation	-	-	277,438	-	-
Mental health block grant	-	-	25,016	-	-
MN family investment project child care	-	-	45,271	-	-
MN family investment project employment services	-	-	3,054,028	-	-
MN family investment project supported work	-	-	40,122	-	-
Public health emergency preparedness	-	-	90,429	-	-
Support for emancipation and living functionally	-	-	50,000	-	-
Temporary assistance to needy families admin	12,993	-	363,487	-	-
Temporary assistance to needy families home visiting	-	-	343,551	-	-
Title IV-B Alternative Response	-	-	280,388	-	-
Title IV-D incentives	-	-	564,916	-	-
Title IV-E foster care case management	-	-	82,091	-	-
Title IV-E cost of care	-	-	728,954	-	-
Title XX block grant	-	-	1,785,485	-	-
Department of Housing & Urban Development					
CDBG federal grant	-	-	-	2,791,387	-
Emergency Shelter Grant	102,369	-	-	-	-
Home federal grant	-	-	-	799,981	-
Homeless prevention HPRR	451,830	-	-	-	-
Department of Interior					
Payment in lieu of taxes	235,561	122	202	3	44
Department of Justice					
Alcohol Compliance	3,060	-	-	-	-
Bullet proof vests	9,779	-	-	-	-
COPS grant	278,497	-	-	-	-
Law enforcement assistance	22,297	-	-	-	-
Law enforcement block grant	43,628	-	-	-	-
Safe haven grant	-	-	123,268	-	-
Department of Transportation					
Highway planning and construction	-	6,948,323	-	-	-
NLX grant	-	-	-	373,233	-
Safe & Sober	42,821	-	-	-	-
Safety belt performance grant	34,078	-	-	-	-

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants (continued)				
State grants (continued)				
Veterans Support Organization	-	-	-	7,024
Trial Courts				
E-charging reimbursement	-	-	-	74,500
Total State Grants	\$ -	\$ 498,219	\$ -	\$ 16,516,282
Federal Grants				
Department of Agriculture				
Food stamps	\$ -	\$ -	\$ -	\$ 1,578,939
National forest land	-	-	-	1,612,500
National forest land - roads & schools	-	-	-	292,001
National forest title III	-	-	-	146,915
Wildland Fire Management	-	-	-	138,941
Women, infants, and children (through Community Health Board)	-	-	-	781,877
Department of Commerce				
Coastal zone management and administration awards	-	-	-	24,500
Department of Defense				
Northeastern MN Environmental Infrastructure - ARRA	-	-	-	680,644
Department of Energy				
Energy efficiency and conservation block grant	-	-	-	407,853
Facility cost share - ARRA	66,397	-	-	66,397
Department of Health & Human Services				
Adult integrated fund	-	-	-	69,215
Child care basic sliding fee	-	-	-	117,161
Child care resource and referral	-	-	-	8,492
Child support	-	-	-	3,052,573
Child teen checkups	-	-	-	210,309
DD screening	-	-	-	49,491
Fed Maternal & Child Care	-	-	-	252,269
Foster care	-	-	-	27,144
Foster care reimbursement	-	-	-	15,021
Health preparedness	-	-	-	143,887
IV-E foster care social service time study & state social service information system	-	-	-	299,203
Medical assistance	-	-	-	2,482,398
Medical assistance incentives	-	-	-	123,502
Medical assistance - Rule 25	-	-	-	1,727,648
Medical assistance transportation	-	-	-	277,438
Mental health block grant	-	-	-	25,016
MN family investment project child care	-	-	-	45,271
MN family investment project employment services	-	-	-	3,054,028
MN family investment project supported work	-	-	-	40,122
Public health emergency preparedness	-	-	-	90,429
Support for emancipation and living functionally	-	-	-	50,000
Temporary assistance to needy families admin	-	-	-	376,480
Temporary assistance to needy families home visiting	-	-	-	343,551
Title IV-B Alternative Response	-	-	-	280,388
Title IV-D incentives	-	-	-	564,916
Title IV-E foster care case management	-	-	-	82,091
Title IV-E cost of care	-	-	-	728,954
Title XX block grant	-	-	-	1,785,485
Department of Housing & Urban Development				
CDBG federal grant	-	-	-	2,791,387
Emergency Shelter Grant	-	-	-	102,369
Home federal grant	-	-	-	799,981
Homeless prevention HPRR	-	-	-	451,830
Department of Interior				
Payment in lieu of taxes	9	-	-	235,941
Department of Justice				
Alcohol Compliance	-	-	-	3,060
Bullet proof vests	-	-	-	9,779
COPS grant	-	-	-	278,497
Law enforcement assistance	-	-	-	22,297
Law enforcement block grant	-	-	-	43,628
Safe haven grant	-	-	-	123,268
Department of Transportation				
Highway planning and construction	-	-	-	6,948,323
NLX grant	-	-	-	373,233
Safe & Sober	-	-	-	42,821
Safety belt performance grant	-	-	-	34,078

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Road and Bridge	Public Health and Human Services	Other	Debt Service Funds
Grants (continued)					
Federal Grants (continued)					
Department of Homeland Security					
Boating safety financial assurance	29,540	-	-	-	-
Hazard mitigation grant	64,475	-	-	-	-
Homeland security grant	1,137,425	-	-	-	-
Port security grant	493,025	-	-	-	-
Total Federal grants	<u>\$ 5,509,249</u>	<u>\$ 7,921,090</u>	<u>\$ 18,437,672</u>	<u>\$ 4,103,545</u>	<u>\$ 44</u>
Other Grants					
Local					
American Bar Association	\$ 12,919	\$ -	\$ -	\$ -	\$ -
Arrowhead Regional Arts Council	4,550	-	-	-	-
Canosia	8,745	-	-	-	-
MN Power	-	-	-	-	-
Total Other grants	<u>\$ 26,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Grants	<u>\$ 6,687,563</u>	<u>\$ 7,921,090</u>	<u>\$ 32,789,191</u>	<u>\$ 4,617,989</u>	<u>\$ 44</u>
In-kind Match	\$ -	\$ -	\$ -	\$ 118,411	\$ -
Total Intergovernmental Revenue	<u>\$ 19,585,954</u>	<u>\$ 37,249,315</u>	<u>\$ 46,950,748</u>	<u>\$ 4,760,680</u>	<u>\$ 709,076</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants (continued)				
Federal Grants (continued)				
Department of Homeland Security				
Boating safety financial assurance	-	-	-	29,540
Hazard mitigation grant	-	-	-	64,475
Homeland security grant	-	-	-	1,137,425
Port security grant	-	-	-	493,025
Total Federal grants	<u>\$ 66,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,038,006</u>
Other Grants				
Local				
American Bar Association	\$ -	\$ -	\$ -	\$ 12,919
Arrowhead Regional Arts Council	-	-	-	4,550
Canosia	-	-	-	8,745
MN Power	3,780	-	-	3,780
Total Other grants	<u>\$ 3,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,994</u>
Total Grants	<u>\$ 70,186</u>	<u>\$ 498,219</u>	<u>\$ -</u>	<u>\$ 52,584,282</u>
In-kind Match	\$ -	\$ -	\$ -	\$ 118,411
Total Intergovernmental Revenue	<u>\$ 261,188</u>	<u>\$ 512,590</u>	<u>\$ 1,003,656</u>	<u>\$ 111,033,207</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Direct		
Cooperative Forestry Assistance	10.664	\$ 18,250
Wildland Fire Management - ARRA	10.688	127,716
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	779,098
Passed Through Minnesota Department of Human Services		
Supplemental Nutritional Assistance Program (SNAP) Cluster		
State Administrative Matching Grants for SNAP	10.561	1,578,939
Passed Through Minnesota Department of Finance		
Schools and Roads - Grants to States	10.665	2,051,416
Total Department of Agriculture		4,555,419
U.S. Department of Defense		
Direct		
Northeastern Minnesota Environmental Infrastructure (Section 569) - ARRA	12.120	680,644
U.S. Department of Housing and Urban Development		
Direct		
Community Development Block Grants (CDBG)/Entitlement Grants Cluster		
CDBG/Entitlement Grants	14.218	2,791,387
Emergency Shelter Grants Program	14.231	102,369
Home Investment Partnerships Program	14.239	799,981
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.257	451,830
Total Department of Housing and Urban Development		4,145,567
U.S. Department of the Interior		
Direct		
Payments in Lieu of Taxes	15.226	235,942

continued

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

U.S. Department of Justice

Direct		
Supervised Visitation, Safe Haven for Children	16.527	\$ 130,337
Bullet Proof Vest Partnership Program	16.607	9,779
Public Safety Partnership and Community Policing Grants	16.710	349,826
Passed Through Minnesota Institute of Public Health		
Enforcing Underage Drinking Laws	16.727	3,060
Passed Through City of Chisholm		
Public Safety Partnership and Community Policing Grants	16.710	89,128
Passed Through City of Duluth		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17,500
Total Department of Justice		599,630

U.S. Department of Transportation

Passed Through Minnesota Department of Transportation		
Highway Planning and Construction Cluster		
Highway Planning and Construction	20.205	6,539,653
Highway Planning and Construction - ARRA	20.205	406,298
Capital Assistance to States - Intercity Passenger Rail Service	20.317	340,316
Passed Through Minnesota Department of Public Safety		
Highway Safety Cluster		
State and Community Highway Safety	20.600	11,900
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	30,921
Seat Belt Performance Grants	20.609	34,078
Total Department of Transportation		7,363,166

U.S. Department of Energy

Direct		
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	81.128	398,834
Passed Through Minnesota Department of Commerce		
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	81.128	75,000
Total U.S. Department of Energy		473,834

continued

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

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	\$ 90,254
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	120,455
Temporary Assistance for Needy Families	93.558	343,551
Medical Assistance Program	93.778	148,111
Maternal and Child Health Services Block Grant to the States	93.994	252,269

Passed Through Minnesota Department of Human Services		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	69,215
Promoting Safe and Stable Families	93.556	280,388
Temporary Assistance for Needy Families	93.558	3,408,627
Child Support Enforcement Cluster		
Child Support Enforcement	93.563	3,617,489
Child Care and Development Cluster		
Child Care and Development Block Grant	93.575	49,471
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	101,686
Foster Care Title IV-E Cluster		
Foster Care Title IV-E	93.658	1,132,779
Foster Care Title IV-E -ARRA	93.658	15,021
Social Services Block Grant	93.667	1,785,485
Chafee Foster Care Independence Program	93.674	50,000
Emergency Contingency Fund for Temporary Assistance for Needy Families - ARRA	93.714	40,122
Medical Assistance Program	93.778	4,760,068
Block Grants for Community Mental Health Services	93.958	25,016

Total Department of Health and Human Services		16,290,007
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U.S. Department of Homeland Security

Passed Through Minnesota Department of Natural Resources		
Boating Safety	97.012	29,540
Passed Through Minnesota Department of Public Safety		
Hazard Mitigation Grant	97.039	55,789
Pre-Disaster Mitigation	97.047	328
Port Security	97.056	726,417
Homeland Security Grant Program	97.067	1,077,858

Total Department of National Homeland Security		1,889,932
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Total Federal Awards	\$	36,234,141
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ST. LOUIS COUNTY, MINNESOTA
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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, 2011. 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

CFDA Number	Program Name		Amount Provided to Subrecipients
14.218	Community Development Block Grant/Entitlement Grants	\$	2,479,001
14.239	HOME Investment Partnerships Program		<u>754,210</u>
	Total	\$	<u><u>3,233,211</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, 2011

Clusters

Clusters of program are groupings of closely related programs that share common compliance requirements. Total expenditures by cluster are:

Highway Planning and Construction Cluster	\$ 6,945,951
Highway Safety Cluster	76,899
Child Care and Development Cluster	151,157
Foster Care Title IV-E Cluster	1,147,800
Temporary assistance for Needy Families Cluster	3,792,300

Reconciliation of intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 36,038,006
Grants received more than 60 days after year-end, deferred in 2011	
Cooperative Forestry Assistance	18,255
Special Supplemental Nutrition Program for Women, Infants and Children	21,994
Supervised Visitation, Safe Haven for Children	7,069
Public Safety Partnership and Community Policing Grants	138,160
Highway Planning and Construction	418,643
Highway Planning and Construction - ARRA	18,103
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	8,603
Medical Assistance Program	117,029
Hazard Mitigation Grant	4,000
Pre-Disaster Mitigation	328
Port Security	233,391
Homeland Security Grant Program	3,301
Deferred in 2010 recognized as revenue in 2011	
Wildland Fire Management - ARRA	(11,225)
Special Supplemental Nutrition Program for Women, Infants and Children	(24,773)
Coastal Zone Management Administration Awards	(24,500)
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/	
Grants To Units of Local Governments - ARRA	(26,128)
Highway Planning and Construction	(399,090)
Highway Planning and Construction - ARRA	(40,028)
Capital Assistance to States - Intercity Passenger Rail Service	(32,918)
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	(62,869)
	<hr/>
Total Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 36,234,141</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 conveys about the County's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	141
Revenue Capacity	
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	149
Debt Capacity	
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
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	161
Operating Information	
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 Ten Fiscal Years (accrual basis of accounting)

	2002	2003	2004	2005
Governmental activities				
Invested in capital assets, net				
of related debt	\$ 243,544,232	\$ 254,742,638	\$ 281,959,954	\$ 284,598,787
Nonspendable	9,282,422	9,405,683	9,719,871	10,383,580
Restricted	5,149,863	6,689,483	7,599,515	11,741,281
Committed	25,397,318	28,197,176	32,233,796	37,299,888
Assigned	18,185,067	20,103,877	36,374,804	36,170,547
Unassigned	21,365,617	23,344,320	-	8,498,832
Total governmental activities net assets	<u>\$ 322,924,519</u>	<u>\$ 342,483,177</u>	<u>\$ 367,887,940</u>	<u>\$ 388,692,915</u>
Business-type activities				
Invested in capital assets, net				
of related debt	\$ 14,469,618	\$ 13,926,745	\$ 14,390,848	\$ 14,201,467
Restricted	1,546,884	1,380,436	1,695,220	1,354,381
Unassigned	11,240,066	10,518,855	9,447,853	8,846,260
Total business-type activities net assets	<u>\$ 27,256,568</u>	<u>\$ 25,826,036</u>	<u>\$ 25,533,921</u>	<u>\$ 24,402,108</u>
Primary government				
Invested in capital assets, net				
of related debt	\$ 258,013,850	\$ 268,669,383	\$ 296,350,802	\$ 298,800,254
Restricted	22,965,041	36,443,868	40,801,981	28,260,275
Unrestricted	69,202,196	63,195,962	56,269,078	86,034,494
Total primary government net assets	<u>\$ 350,181,087</u>	<u>\$ 368,309,213</u>	<u>\$ 393,421,861</u>	<u>\$ 413,095,023</u>

Schedule 1

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

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 304,712,967	\$ 326,996,032	\$ 345,956,633	\$ 363,819,364	\$ 392,758,196	\$ 433,944,576
11,440,234	12,959,860	13,259,158	14,277,008	14,511,533	15,101,524
17,141,949	17,029,083	17,146,766	9,514,784	9,673,189	9,334,300
40,236,489	36,266,978	36,618,770	39,318,193	38,102,327	36,188,433
27,311,780	27,103,239	42,122,655	45,706,882	61,046,653	61,096,456
8,391,962	15,079,026	5,092,532	24,111,957	17,555,723	28,022,889
<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>	<u>\$ 583,688,178</u>
\$ 13,331,890	\$ 13,059,476	\$ 13,081,334	\$ 12,126,524	\$ 12,172,253	\$ 7,438,866
1,432,450	3,077,821	1,781,917	1,790,325	2,010,475	1,893,627
<u>13,628,137</u>	<u>11,359,532</u>	<u>13,408,307</u>	<u>16,270,035</u>	<u>15,869,797</u>	<u>14,283,036</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>	<u>\$ 23,615,529</u>
\$ 318,044,857	\$ 340,055,508	\$ 359,037,967	\$ 375,945,888	\$ 404,930,449	\$ 441,383,442
37,884,997	32,418,858	28,933,286	22,612,547	23,846,445	23,415,742
<u>81,698,004</u>	<u>90,456,681</u>	<u>100,496,819</u>	<u>128,376,637</u>	<u>134,923,252</u>	<u>142,504,523</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>	<u>\$ 607,303,707</u>

Schedule 2

ST. LOUIS COUNTY, MINNESOTA

Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

	2002	2003	2004	2005	2006
Expenses					
Governmental activities					
General government	\$ 30,120,215	\$ 33,163,387	\$ 30,524,381	\$ 29,100,780	\$ 30,763,681
Public safety	32,573,217	32,616,921	32,556,130	36,138,644	41,611,706
Highways and streets	40,810,535	46,286,039	44,489,431	46,721,613	35,704,013
Health and sanitation	6,489,683	6,561,149	6,493,633	6,148,241	6,824,984
Human services	71,896,032	69,908,477	62,014,749	61,265,538	65,667,980
Culture and recreation	1,204,686	1,116,401	1,727,935	1,314,472	1,601,310
Conservation of natural resources	6,727,307	5,752,492	6,736,966	6,941,801	8,374,838
Economic development	3,612,842	3,998,107	3,579,409	4,318,448	4,602,756
Interest on long-term debt	1,598,511	1,320,624	1,265,887	1,696,061	1,996,722
Total governmental activities expenses	195,033,028	200,723,597	189,388,521	193,645,598	197,147,990
Business-type activities					
Environmental services	5,806,246	5,909,965	5,883,928	6,247,826	6,226,992
Chris Jensen Health and Rehabilitation Center	13,376,137	15,214,467	15,695,780	15,283,241	14,946,088
Other Enterprise Funds	10,085,695	3,387,444	3,240,342	3,081,251	3,222,799
Total business-type activities expenses	29,268,078	24,511,876	24,820,050	24,612,318	24,395,879
Total primary government expenses	\$ 224,301,106	\$ 225,235,473	\$ 214,208,571	\$ 218,257,916	\$ 221,543,869
Program Revenues					
Governmental activities:					
Charges for services and other program revenues:					
General government	\$ 6,599,322	\$ 7,902,502	\$ 7,824,624	\$ 8,132,846	\$ 7,841,220
Public safety	1,793,500	1,671,199	2,202,944	1,887,999	1,999,799
Highways and streets	2,072,733	2,111,520	3,121,653	1,613,892	2,226,187
Health and sanitation	1,672,737	1,392,001	1,692,543	1,911,070	1,679,313
Human services	17,473,829	16,873,401	16,283,231	19,394,617	21,066,096
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	13,052,500
Economic development	81,082	-	41,795	27,004	20,967
Operating grants and contributions	42,190,233	43,115,156	36,553,108	40,133,061	40,729,196
Capital grants and contributions	-	4,387,127	26,934,552	9,860,471	13,356,070
Total governmental activities program revenues	80,711,900	87,095,051	105,065,687	97,674,003	101,971,348
Business-type activities:					
Charges for services:					
Environmental services	5,176,566	5,099,943	5,441,373	5,557,064	5,712,990
Chris Jensen Health and Rehabilitation Center	11,019,604	13,666,733	13,814,668	14,644,607	14,347,019
Other Enterprise Funds	8,545,922	3,541,385	3,190,043	3,167,878	3,091,419
Operating grants and contributions	506,416	417,607	455,258	474,575	461,436
Total business-type activities program revenues	25,248,508	22,725,668	22,901,342	23,844,124	23,612,864
Total primary government program revenues	\$ 105,960,408	\$ 109,820,719	\$ 127,967,029	\$ 121,518,127	\$ 125,584,212
Net (Expense)/Revenue					
Governmental activities	\$ (114,321,128)	\$ (113,628,546)	\$ (84,322,834)	\$ (95,971,595)	\$ (95,176,642)
Business-type activities	(4,019,570)	(1,786,208)	(1,918,708)	(768,194)	(783,015)
Total primary government net expense	\$ (118,340,698)	\$ (115,414,754)	\$ (86,241,542)	\$ (96,739,789)	\$ (95,959,657)
General Revenues and Other Changes in Net Assets					
Governmental activities					
Taxes					
Property taxes, levied for general purposes	\$ 76,723,143	\$ 76,975,884	\$ 81,653,199	\$ 80,830,475	\$ 85,847,071
Property taxes, levied for debt service	3,904,705	4,741,101	4,675,978	5,518,701	5,605,148
State shared	41,721,817	43,418,625	19,359,587	27,435,818	25,698,357
Federal shared	475,482	626,757	510,000	1,186,130	1,195,773
Investment earnings	3,574,769	1,806,307	1,805,371	4,127,976	7,939,433
Contributions to Permanent Fund	3,281,915	365,163	302,857	107,310	-
Miscellaneous	275,798	158,186	219,662	168,919	169,017
Special Items - capital asset adjustments	6,180,236	-	-	(1,003,816)	-
Transfers	(2,414,056)	-	(394,000)	-	(3,871,044)
Total governmental activities	133,723,809	128,092,023	108,132,654	118,371,513	122,583,755
Business-type activities					
Taxes					
Property taxes, levied for general purposes	-	-	-	-	-
Property taxes, levied for debt service	10,951	118,458	119,525	194,310	169,525
Investment earnings	485,097	237,218	147,299	407,840	732,815
Miscellaneous	(2,324,520)	-	-	-	-
Transfers	2,414,056	-	394,000	-	3,871,044
Total business-type activities	585,584	355,676	660,824	602,150	4,773,384
Total primary government	\$ 134,309,393	\$ 128,447,699	\$ 108,793,478	\$ 118,973,663	\$ 127,357,139
Changes in Net Assets					
Governmental activities	\$ 19,402,681	\$ 14,463,477	\$ 23,809,820	\$ 22,399,918	\$ 27,407,113
Business-type activities	(3,433,986)	(1,430,532)	(1,257,884)	(166,044)	3,990,369
Total primary government	\$ 15,968,695	\$ 13,032,945	\$ 22,551,936	\$ 22,233,874	\$ 31,397,482

Schedule 2

ST. LOUIS COUNTY, MINNESOTA

Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

	2007	2008	2009	2010	2011
\$	31,815,617	\$ 30,790,310	\$ 35,989,696	\$ 34,923,640	\$ 37,211,681
	44,565,536	46,231,906	46,993,281	46,550,865	46,282,905
	41,594,052	41,898,297	38,988,375	39,287,999	39,094,710
	6,151,830	5,019,721	4,816,622	5,277,745	5,167,926
	68,325,769	71,497,759	72,399,548	72,962,372	72,784,119
	1,415,848	2,217,578	1,863,936	3,052,386	2,582,543
	6,452,175	9,841,091	6,960,833	7,909,680	7,824,835
	3,767,037	4,012,705	4,464,249	3,608,417	4,037,357
	1,794,534	1,912,118	2,197,175	1,586,786	1,612,315
	<u>205,882,398</u>	<u>213,421,485</u>	<u>214,673,715</u>	<u>215,159,890</u>	<u>216,598,391</u>
	6,758,724	7,600,096	7,655,438	6,501,817	7,783,082
	14,933,759	14,840,837	12,421,108	-	-
	3,251,808	2,089,958	571,964	1,312,236	8,526
	<u>24,944,291</u>	<u>24,530,891</u>	<u>20,648,510</u>	<u>7,814,053</u>	<u>7,791,608</u>
\$	<u>230,826,689</u>	<u>237,952,376</u>	<u>235,322,225</u>	<u>222,973,943</u>	<u>224,389,999</u>
\$	12,215,938	\$ 11,482,301	\$ 15,151,024	\$ 13,268,257	\$ 17,749,722
	2,536,485	2,963,073	2,712,253	3,908,406	4,203,835
	2,962,882	3,004,798	3,096,066	6,430,144	4,631,854
	1,395,939	1,428,622	350,133	672,376	838,042
	22,486,494	10,991,429	14,756,252	14,329,286	13,516,911
	-	-	-	122,000	142,000
	(930,630)	9,886,026	6,014,724	7,775,116	6,729,070
	20,614	20,599	22,403	18,295	350
	37,952,947	49,880,675	54,379,254	49,068,231	52,511,057
	<u>17,609,562</u>	<u>15,284,247</u>	<u>16,410,218</u>	<u>22,845,507</u>	<u>23,101,507</u>
	<u>96,250,231</u>	<u>104,941,770</u>	<u>112,892,327</u>	<u>118,437,618</u>	<u>123,424,348</u>
	5,984,570	6,042,288	5,428,774	5,986,389	6,198,634
	13,951,140	14,349,753	11,386,268	-	-
	2,714,043	2,202,381	685,307	71,991	11,726
	<u>460,943</u>	<u>481,473</u>	<u>481,833</u>	<u>495,045</u>	<u>498,219</u>
	23,110,696	23,075,895	17,982,182	6,553,425	6,708,579
\$	<u>119,360,927</u>	<u>128,017,665</u>	<u>130,874,509</u>	<u>124,991,043</u>	<u>130,132,927</u>
\$	(109,632,167)	\$ (108,479,715)	\$ (101,781,388)	\$ (96,722,272)	\$ (93,174,043)
	(1,833,595)	(1,454,996)	(2,666,328)	(1,260,628)	(980,640)
\$	<u>(111,465,762)</u>	<u>(109,934,711)</u>	<u>(104,447,716)</u>	<u>(97,982,900)</u>	<u>(94,154,683)</u>
\$	93,731,489	\$ 97,474,934	\$ 104,321,529	\$ 104,647,533	\$ 105,775,760
	5,937,083	5,888,289	5,888,439	5,912,874	6,315,569
	25,594,606	22,839,111	24,129,399	20,032,790	20,138,989
	1,206,209	1,697,018	2,835,929	2,618,909	1,848,440
	9,000,989	4,316,482	4,250,285	1,011,023	3,260,011
	-	-	-	-	-
	233,916	298,913	-	-	-
	-	-	-	-	-
	<u>126,712</u>	<u>(395,105)</u>	<u>(3,092,519)</u>	<u>(601,424)</u>	<u>5,875,831</u>
	<u>135,831,004</u>	<u>132,119,642</u>	<u>138,333,062</u>	<u>133,621,705</u>	<u>143,214,600</u>
	-	1,009,304	1,087,379	403,116	247,739
	164,322	119,271	-	-	-
	899,876	706,045	401,756	121,729	171,736
	461	-	-	-	-
	<u>(126,712)</u>	<u>395,105</u>	<u>3,092,519</u>	<u>601,424</u>	<u>(5,875,831)</u>
	<u>937,947</u>	<u>2,229,725</u>	<u>4,581,654</u>	<u>1,126,269</u>	<u>(5,456,356)</u>
\$	<u>136,768,951</u>	<u>134,349,367</u>	<u>142,914,716</u>	<u>134,747,974</u>	<u>137,758,244</u>
\$	26,198,837	\$ 23,639,927	\$ 36,551,674	\$ 36,899,433	\$ 50,040,557
	(895,648)	774,729	1,915,326	(134,359)	(6,436,996)
\$	<u>25,303,189</u>	<u>24,414,656</u>	<u>38,467,000</u>	<u>36,765,074</u>	<u>43,603,561</u>

Schedule 3

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund				
Nonspendable	\$ 435,084	\$ 431,334	\$ 8,250	\$ -
Restricted	2,226,691	2,919,507	3,624,022	4,736,411
Committed	6,575,548	7,859,211	9,684,509	10,118,815
Assigned	899,837	1,782,202	2,177,735	1,393,731
Unassigned	19,296,236	16,516,444	16,402,860	22,821,211
Total general fund	<u>\$ 29,433,396</u>	<u>\$ 29,508,698</u>	<u>\$ 31,897,376</u>	<u>\$ 39,070,168</u>
All Other Governmental Funds				
Nonspendable	\$ 8,847,338	\$ 8,974,349	\$ 9,711,621	\$ 10,383,580
Restricted	2,923,172	3,769,976	3,975,493	7,004,870
Committed	18,821,770	20,337,965	22,549,287	27,181,073
Assigned	17,285,230	18,321,675	36,035,013	34,776,816
Total all other government funds	<u>\$ 47,877,510</u>	<u>\$ 51,403,965</u>	<u>\$ 72,271,414</u>	<u>\$ 79,346,339</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 97,813	\$ 5,018	\$ 5,701	\$ 5,401	\$ 57,180	\$ 216,648
4,752,904	4,552,771	4,746,726	5,120,775	5,461,407	5,683,399
10,406,664	10,742,199	11,326,277	12,474,039	11,764,815	11,807,038
1,969,146	4,707,925	2,707,193	4,785,564	7,995,336	9,190,115
22,857,499	24,273,534	25,983,807	23,534,358	22,449,169	29,938,027
<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>	<u>\$ 56,835,227</u>
\$ 11,342,421	\$ 12,954,842	\$ 13,253,457	\$ 14,271,607	\$ 14,454,353	\$ 14,884,876
12,389,045	12,476,312	12,400,040	4,394,009	4,211,782	3,650,901
29,829,825	25,524,779	25,292,493	26,844,154	26,337,512	24,381,395
25,342,634	22,395,314	39,415,462	40,921,318	53,051,317	51,906,341
<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>	<u>\$ 94,823,513</u>

Schedule 4

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues				
Taxes	\$ 80,580,107	\$ 81,545,253	\$ 86,425,663	\$ 86,468,064
Licenses	156,541	155,927	150,938	149,306
Intergovernmental	99,966,871	99,134,331	105,419,772	95,226,136
Charges for services	9,906,530	10,527,851	10,586,660	10,082,260
Fines and forfeits	1,660,585	1,592,818	1,622,789	967,127
Earnings on investments	2,772,496	1,500,489	1,534,185	3,633,796
Gifts and contributions	8,368	12,045	70,271	169,154
Land and timber sales	12,238,312	9,549,773	10,187,185	10,293,444
Miscellaneous	2,632,945	3,702,711	5,018,805	4,511,866
Total revenues	<u>209,922,755</u>	<u>207,721,198</u>	<u>221,016,268</u>	<u>211,501,153</u>
Expenditures				
General government	29,062,448	30,378,167	32,537,856	29,017,182
Public safety	31,465,939	32,071,790	31,936,239	34,963,469
Highways and streets	26,942,419	29,871,734	27,507,107	33,458,062
Health and sanitation	6,443,495	6,393,032	6,422,388	6,328,366
Human services	71,463,828	68,312,144	60,857,463	60,302,517
Culture and recreation	1,197,054	1,401,759	1,668,794	1,253,974
Conservation of natural resources	6,517,680	5,935,528	6,117,557	6,708,815
Economic development	3,608,162	3,996,222	3,545,611	4,323,387
Capital outlay	29,173,329	20,512,869	38,511,561	24,670,343
Debt service:				
Principal	10,897,692	4,172,049	5,342,989	4,878,581
Interest and other charges	1,554,057	1,388,281	1,218,003	1,704,141
Bond issuance costs	-	-	-	-
Total Expenditures	<u>218,326,103</u>	<u>204,433,575</u>	<u>215,665,568</u>	<u>207,608,837</u>
Excess of revenues over (under) expenditures	<u>(8,403,348)</u>	<u>3,287,623</u>	<u>5,350,700</u>	<u>3,892,316</u>
Other Financing Sources (Uses)				
Transfers in	12,849,724	3,961,400	3,774,887	4,064,829
Transfers out	(15,263,780)	(3,403,400)	(4,168,887)	(4,064,829)
Sale of capital assets	-	-	-	899,565
Bonds issued	12,415,000	-	17,645,000	6,115,000
Refunding bonds issued	-	-	-	2,840,000
Refunding bonds redeemed	-	-	-	-
Bond premium proceeds	171,268	-	126,120	168,361
Loan proceeds	27,000	38,535	79,000	-
Total other financing sources (uses)	<u>10,199,212</u>	<u>596,535</u>	<u>17,456,120</u>	<u>10,022,926</u>
Net change in fund balances	<u>\$ 1,795,864</u>	<u>\$ 3,884,158</u>	<u>\$ 22,806,820</u>	<u>\$ 13,915,242</u>
Debt service as a percentage of noncapital expenditures	6.6%	3.0%	3.7%	3.6%

Schedule 4

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

2006	2007	2008	2009	2010	2011
\$ 90,929,063	\$ 99,497,719	\$ 102,853,734	\$ 109,059,182	\$ 109,879,942	\$ 111,689,434
156,606	157,871	159,704	164,724	162,363	141,491
98,882,892	98,421,879	99,521,527	103,392,997	108,368,210	109,516,961
12,029,779	20,667,976	20,470,751	20,567,474	22,990,395	26,264,862
201,088	189,882	200,291	129,810	191,041	223,409
7,011,940	7,899,118	3,459,176	3,661,413	726,839	2,910,684
12,457	21,889	11,721	8,830	20,014	8,433
11,753,426	7,230,255	7,656,960	6,939,323	8,677,995	6,903,181
4,312,043	3,879,124	5,179,133	4,577,267	5,259,132	4,592,934
225,289,294	237,965,713	239,512,997	248,501,020	256,275,931	262,251,389
29,573,303	32,298,957	33,244,633	34,418,680	33,498,818	36,775,477
40,881,994	43,236,476	45,060,321	45,292,287	44,557,197	45,379,001
32,083,124	34,346,944	36,234,934	31,514,275	32,067,873	32,073,766
6,547,383	6,062,129	5,268,999	4,903,147	5,258,702	5,350,896
66,254,073	67,984,104	71,500,433	72,775,244	73,195,199	74,451,490
1,539,447	1,415,848	2,217,578	1,863,936	3,052,386	2,582,543
7,317,595	9,727,227	8,927,491	7,199,476	8,431,306	7,864,462
4,641,791	3,706,320	3,953,672	4,431,255	3,631,866	3,992,412
29,426,501	39,754,334	24,266,667	32,247,888	39,526,133	46,812,865
5,428,091	5,627,329	5,857,261	5,166,374	5,478,358	5,944,670
1,987,288	1,777,563	1,882,726	2,256,848	1,603,635	1,597,362
-	-	151,518	-	-	-
225,680,590	245,937,231	238,566,233	242,069,410	250,301,473	262,824,944
(391,296)	(7,971,518)	946,764	6,431,610	5,974,458	(573,555)
6,675,213	7,105,726	3,144,884	4,299,401	7,914,293	9,521,747
(10,546,257)	(6,828,194)	(3,359,995)	(6,094,780)	(7,575,694)	(3,642,033)
-	-	-	-	-	-
7,845,000	5,000,000	14,960,000	-	7,135,000	-
-	-	-	-	-	-
(2,940,000)	-	-	(7,795,000)	-	-
87,863	33,416	93,104	-	-	-
-	-	-	-	-	-
1,121,819	5,310,948	14,837,993	(9,590,379)	7,473,599	5,879,714
\$ 730,523	\$ (2,660,570)	\$ 15,784,757	\$ (3,158,769)	\$ 13,448,057	\$ 5,306,159

3.8%

3.6%

3.7%
Unaudited
148

3.5%

3.4%

3.5%

Schedule 5

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

Fiscal Year Ended December 31	Residential Homestead Property	Agricultural Property	Commercial/ Industrial Property	Non- Homestead Residential Property
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
2011	88,190,046	12,588,904	34,569,003	20,234,189

Source: St. Louis County Auditor

Schedule 5

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

Commercial/ Residential/ Seasonal/ Recreational Property	Total Net Tax Capacity	Total County Tax Rate Per \$100 of Taxable Net Tax Capacity	Estimated Market Value	Total Net Tax Capacity as a Percentage of Estimated Market Value
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	59.0881	16,118,391,100	1.06%
19,869,574	176,619,924	56.5695	16,071,520,900	1.10%
19,872,050	175,454,192	57.2397	15,925,753,100	1.10%

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
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	54.4004	3.6860	0.4402	0.5615	59.0881
2010	52.3204	3.7153	0.4068	0.1270	56.5695
2011	53.8690	2.8940	0.3639	0.1127	57.2397

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

Overlapping Rates			
Independent School District #94	Independent School District #381	Independent School District #698	Independent School District #2142
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
29.6546	18.8364	39.6476	17.3332

Schedule 7

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

Taxpayer	2011			2002		
	Net Tax Capacity Value	Rank	Percentage of Total Taxable Net Tax Capacity Value	Taxable Tax Capacity	Rank	Percentage of Total Taxable Net Tax Capacity Value
Allete, Inc.	\$ 3,658,438	1	2.09%	\$ 6,238,768	1	7.43%
Duluth Missabe & Iron Range RR (Canadian National)	1,067,877	2	0.61%	1,483,848	3	1.77%
Duluth Winnipeg & Pacific RR (Canadian National)	1,028,157	3	0.59%	840,434	7	1.00%
Miller Hill Mall Co (Simon Property Group, Inc.)	827,834	4	0.47%	902,426	6	1.08%
Duluth Clinic (Essentia)	585,719	5	0.33%			
IRET Properties	569,620	6	0.32%			
Great Lakes Gas Transmission Co	563,370	7	0.32%	971,975	4	1.16%
Potlatch	524,829	8	0.30%			
Enbridge Energy LTD Partnership	511,706	9	0.29%			
Stora Enso North America Corp	444,276	10	0.25%			
Northern States Power Co				940,689	5	1.12%
Consolidated Papers, Inc.				1,834,974	2	2.19%
USX Corp (U.S. Steel)				713,995	8	0.85%
Burlington Northern / Santa Fe				634,693	9	0.76%
Square Butte Electric Coop				627,528	10	0.75%
	\$ 9,781,826		5.56%	\$ 15,189,330		18.10%

Source: St. Louis County Auditor

Schedule 8

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

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (3)	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
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%	1,377,891	67,175,542	99.35%
2006	72,228,139	69,947,539	96.84%	1,894,897	71,842,436	99.47%
2007	79,958,970	77,398,024	96.80%	2,051,837	79,449,861	99.36%
2008	84,523,919	81,790,285	96.77%	1,979,054	83,769,339	99.11%
2009	89,183,812	85,745,073	96.14%	2,177,536	87,922,609	98.59%
2010	91,311,279	88,034,513	96.41%	1,727,766	89,762,279	98.30%
2011	92,048,735	88,767,523	96.44%	-	88,767,523	96.44%

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
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	-
2011	36,709,106	438,220	-

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

	Business Activities			
Capital Leases	General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
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	0.59%	220
82,500	-	37,229,826	Not Available	186

Schedule 10

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

Fiscal Year	General Bonded Debt Outstanding					Percentage of Estimated Market Value	Per Capita
	General Obligation Bonds	General Obligation Revenue Notes	Tax Lease Obligations	Restricted for Principal Payments	Net General Bonded Debt Outstanding		
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	-	360,940	42,641,945	0.27%	217
2011	36,709,106	438,220	-	284,525	36,862,801	0.23%	184

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, 2011

Governmental Unit	Debt Outstanding	Percentage Applicable*	Share of Debt
Direct Debt			
St. Louis County	\$ 37,147,326	100.00%	\$ 37,147,326
Overlapping Debt			
School District #94	25,955,000	5.23%	1,357,466
School District #381	36,165,000	14.96%	5,411,010
School District #698	6,543,114	97.49%	6,378,810
School District #707	265,000	51.63%	136,811
School District #2142	75,550,000	98.97%	74,771,186
Western Lake Superior Sanitary District	48,954,112	83.97%	41,105,283
Subtotal, overlapping debt			<u>129,160,568</u>
Total Direct and Overlapping Debt			<u><u>\$ 166,307,894</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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Market value of taxable property	\$ 7,561,771,500	\$ 8,315,406,800	\$ 9,405,452,818	\$ 10,797,377,000
Debt limit (2% of market value)	151,235,430	166,308,136	188,109,056	215,947,540
Debt limit (3% of market value)	-	-	-	-
Debt applicable to limit:				
General obligation bonds	34,059,066	29,969,624	42,406,540	46,560,761
Less: Amount set aside for repayment of general obligation debt	<u>(886,715)</u>	<u>(1,339,311)</u>	<u>(1,643,499)</u>	<u>(4,820,996)</u>
Total net debt applicable to limit	33,172,351	28,630,313	40,763,041	41,739,765
Legal debt margin	<u>\$ 118,063,079</u>	<u>\$ 137,677,823</u>	<u>\$ 147,346,015</u>	<u>\$ 174,207,775</u>
Total net debt applicable to the limit as a percentage of the debt limit	21.93%	17.22%	21.67%	19.33%

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

Schedule 12

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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 12,149,201,810	\$ 13,344,940,438	\$ 14,676,662,476	\$ 15,750,647,100	\$ 16,204,768,400	\$ 16,151,981,500
242,984,036	266,898,809	-	-	-	-
-	-	440,299,874	472,519,413	486,143,052	484,559,445
46,005,052	45,288,054	54,360,051	41,402,284	43,002,885	37,147,326
<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>	<u>(1,146,870)</u>
36,117,135	35,140,143	44,626,012	39,845,771	41,672,997	36,000,456
<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>	<u>\$ 448,558,989</u>
14.86%	13.17%	10.14%	8.43%	8.57%	7.43%

Schedule 13

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

Year	Population (4)	Personal Income (thousands of dollars) (1)	Per Capita Personal Income (1)	Annual Average Labor Force (2)	School Enrollment (3)	Unemployment Rate (2)
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	7,265,519	36,302	106,167	25,167	7.6%
2011	200,226	Not Available	Not Available	106,564	25,150	6.6%

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 (<http://www.census.gov/popest/data/index.html> --- <http://factfinder.census.gov>)

Schedule 14

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

Employer	2011			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
St. Mary's/Duluth Clinic Health System (Essentia Health)	5,093	1	4.78%	4,665	1	4.55%
St. Louis County	1,697	2	1.84%	2,126	3	2.07%
University of Minnesota Duluth	1,626	3	1.53%	1,700	4	1.66%
St. Luke's Hospital	1,602	4	1.50%	1,592	5	1.55%
Duluth Public Schools	1,426	5	1.34%	1,426	7	1.39%
Allete	1,419	6	1.33%	1,400	8	1.36%
Uniprise (United Health Care)	1,362	7	1.28%			
Minnesota Taconite (US Steel)	1,169	8	1.10%	1,500	6	1.46%
Duluth Air National Guard Base	1,068	9	1.00%			
City of Duluth	850	10	0.80%			
Benedictine Healthcare System				3,593	2	3.50%
Canadian National Railway				1,100	10	1.07%
Minntac				1,189	9	1.16%
Total	17,312		16.49%	20,291		19.77%

Sources:

Northland Connection (www.northlandconnection.com/industries/leading.php)
St. Mary's/Duluth Clinic Health System
University of Minnesota Duluth (http://www.irr.umn.edu/hrdata/Employee_Head_Counts_2005_2011.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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General government	490.78	503.48	500.70	410.20
Public safety	261.40	261.40	261.40	274.70
Highways and streets	343.00	343.00	323.00	323.00
Health and sanitation	104.65	103.25	100.25	99.25
Human services	526.70	523.20	504.75	511.80
Conservation of natural resources	64.40	64.40	63.00	64.00
Environmental services	40.00	40.00	40.00	40.00
Chris Jensen	215.15	209.90	231.70	246.40
Nopeming	160.84	-	-	-
Other Enterprise Funds	<u>56.78</u>	<u>56.78</u>	<u>55.78</u>	<u>45.78</u>
Total	<u><u>2,263.70</u></u>	<u><u>2,105.41</u></u>	<u><u>2,080.58</u></u>	<u><u>2,015.13</u></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

Full-time Equivalent Employees					
2006	2007	2008	2009	2010	2011
414.70	424.20	427.30	416.10	398.90	397.90
277.70	276.70	278.60	275.60	276.60	279.10
323.00	323.00	321.00	301.00	316.00	316.00
100.25	90.75	91.25	64.10	65.40	65.40
509.80	509.80	520.80	523.80	520.50	519.50
64.00	64.00	69.00	69.00	68.00	68.00
40.00	40.00	42.00	52.00	52.00	51.00
226.10	234.65	190.40	-	-	-
-	-	-	-	-	-
45.78	46.78	41.97	-	-	-
<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>	<u>1,696.90</u>

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Schedule 16

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

Function/Program	Fiscal Year			
	2002	2003	2004	2005
General Government				
Auditor's Office				
Checks Issued	80,172	63,649	42,916	39,814
Motor Vehicle Driver's License	17,822	16,148	16,576	17,294
Motor Vehicle Passports		1,053	2,737	4,658
Motor Vehicle Transactions	70,655	56,915	47,418	48,854
Planning - Building Permits Issued				
Single Family Dwelling	271	349	409	337
Other	674	731	714	795
Public Safety				
Sheriff's Department				
Arrests	1,503	1,416	1,422	1,929
Traffic Citations	3,025	2,842	2,668	2,818
Mines				
Mine Visits and Inspections	501	531	520	534
Highways and Streets				
Road and Bridge				
Miles of Overlay	31.14	0.50	1.78	7.19
Miles of Mill Overlay		8		2
Miles of Reclaim Overlay				
Miles of Mill Reclaim Overlay				
Miles of Construction	18.85	11.60	21.97	7.08
Tons of Crushing	543,500	258,000	418,428	372,600
Miles of Crack Seal	86.38			59.70
Miles of Guard Rail Constructed	1.17	1.07	-	1.39
Health and Human Services				
Health				
Public Health Home Visits	9,440	10,237	9,440	8,740
Public Health Nursing Service Screenings	2,714	2,609	2,582	2,339
Human Services				
Unduplicated Children in Out of Home Placement	910	744	649	712
Financial Assistance Cases	16,254	17,447	17,970	18,500
Child Support Cases	10,512	10,779	11,032	11,200
Persons Receiving DD (prev MR/RC) Waivered Services	657	686	714	707
Purchased Social Services (1)	\$ 101,747,952	\$ 109,586,274	\$ 110,962,782	\$ 113,170,010
Social Services Administrative costs (2)	\$ 21,627,497	\$ 21,688,702	\$ 20,758,769	\$ 22,366,144
Conservation of Natural Resources				
Land				
Total Acres of Tax Forfeit Lands	897,655	898,092	897,196	895,193
Contracts Sold	138	109	118	114
Closed Sales	127	147	124	118
Acres Harvested	8,482	9,784	9,527	10,593
Average Size of Sale (Acres)	67	67	77	90
Harvest Volume (Cords)	199,728	224,682	207,410	232,627
Cords Per Sale	1,573	1,528	1,673	1,971
Value	\$ 4,919,064	\$ 6,025,985	\$ 6,219,835	\$ 8,165,974
Average Value Per Sale	\$ 38,733	\$ 40,993	\$ 50,160	\$ 69,203
Average Value Per Cord	\$ 25	\$ 27	\$ 30	\$ 35
Average Value Per Cut Acre	\$ 580	\$ 616	\$ 653	\$ 771
Volume Per Cut Acre (Cords)	24	23	22	22
Value Per Tax Forfeit Acre	\$ 5	\$ 7	\$ 7	\$ 9
Environmental Services				
Tons of Municipal Solid Waste Landfilled	50,388	52,322	54,560	53,066
Tons of Industrial Waste Landfilled	10,163	13,554	17,970	8,621
Tons of Demolition Collected	5,708	5,579	4,570	4,844
Chris Jensen				
Licensed Beds (3)	235	235/205	205	205
Capacity - Resident Days	85,775	80,850	75,030	74,825
Occupancy - Resident Days	66,827	72,634	72,405	72,214
Occupancy Percentage Rate	77.91%	89.84%	96.50%	96.51%
Case Mix (4)	2.85			
RUGS (4)		1.14	1.18	1.17
Medicare Resident Days	5,458	10,039	7,967	9,470
Medicaid Resident Days	51,746	53,788	53,884	48,873
Other Resident Days	9,623	8,807	10,554	13,871

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

Source: Individual County Departments

Schedule 16

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

2006	2007	2008	2009	2010	2011
40,225	38,483	30,519	19,406	17,162	15,962
17,642	17,543	18,785	18,335	18,470	18,755
6,951	8,207	6,048	7,323	6,203	4,707
49,247	49,908	50,363	48,747	51,436	53,959
312	265	209	165	165	152
739	659	593	474	477	457
1,651	1,383	1,245	2,118	3,014	2,711
3,151	2,054	2,603	1,629	2,169	2,643
675	722	749	754	676	567
1.62	0.75	0.61	2.00	0.25	3.05
18.84	17.60	20.36	-	4.02	-
4.32		6.24	29.52	17.15	21.62
13.25	10.80		8.23	12.90	4.12
386,200	398,500	6.01	1.18	7.23	11.43
47.24	19.03	345,100	310,182	257,009	304,288
0.51	1.63	73.68	63.63	-	124.90
		1.74	1.63	0.22	-
7,145	6,798	5,560	4,228	4,493	5,840
3,501	2,262	2,037	2,517	2,328	2,278
702	725	770	787	793	735
18,750	19,169	20,823	22,405	23,016	24,068
11,000	11,455	11,600	11,549	11,758	11,900
702	677	681	701	736	745
\$ 119,215,990	\$ 125,925,606	\$ 125,497,474	\$ 129,795,521	\$ 134,200,110	\$ unavailable
\$ 20,733,845	\$ 22,068,291	\$ 23,791,246	\$ 26,572,518	\$ 26,735,885	\$ 26,751,337
894,682	893,623	892,938	892,726	892,642	893,003
118	204	128	123	118	123
100	72	97	97	127	134
7,828	6,073	6,885	7,452	9,843	10,650
78	84	71	77	78	79
174,294	117,711	146,355	158,248	214,308	231,159
1,743	1,635	1,509	1,631	1,687	1,725
\$ 6,661,905	\$ 4,728,720	\$ 5,091,656	\$ 4,043,085	\$ 5,014,940	\$ 5,137,017
\$ 66,619	\$ 65,677	\$ 52,491	\$ 41,681	\$ 39,488	\$ 38,336
\$ 38	\$ 40	\$ 35	\$ 26	\$ 23	\$ 22
\$ 851	\$ 779	\$ 740	\$ 543	\$ 509	\$ 482
22	19	21	21	22	22
\$ 7	\$ 5	\$ 6	\$ 5	\$ 6	\$ 6
54,039	54,006	54,265	50,312	49,784	51,346
9,362	7,359	6,219	2,794	8,963	12,304
4,715	6,395	5,888	5,640	6,016	6,990
205	205	189	189	-	-
74,825	74,825	69,174	68,985	-	-
71,734	68,626	63,581	49,517	-	-
95.87%	91.72%	91.91%	86.18%	0.00%	0.00%
1.10	1.06	1.06	1.09	-	-
6,941	6,237	5,277	3,814	-	-
46,478	43,212	36,350	32,095	-	-
18,315	19,177	21,954	13,608	-	-

Schedule 17

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

Function/Program	As of December 31									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Courthouses	3	3	3	3	3	3	3	3	3	3
Motor Pool Vehicles	115	113	115	109	117	126	126	126	127	138
Parking Ramp	1	1	1	1	1	1	1	1	1	2
Public Safety										
Vehicles	119	124	120	123	121	121	122	121	143	147
Jail and Lockup Facilities	3	3	3	3	3	3	3	3	3	3
Emergency Operations Center	1	1	1	1	1	1	1	1	1	1
Highways and Streets										
Vehicles	219	218	218	210	214	242	225	220	221	218
Miles of County Road	1,619	1,598	1,578	1,578	1,583	1,578	1,582	1,588	1,573	1,576
Miles of County State Aid Road	1,577	1,386	1,385	1,385	1,385	1,385	1,383	1,385	1,385	1,392
Number of Bridges	604	605	605	605	604	598	597	597	596	594
Garages and Storage Buildings	82	86	86	86	86	88	84	84	86	88
Graders, Loaders and Heavy Trucks	397	398	397	394	400	417	396	378	376	383
Health and Sanitation										
Nursing Homes	1	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	-	-	-
Human Services										
Office Buildings	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
Heritage and Arts Center	1	1	1	1	1	1	1	1	1	1
Conservation of Natural Resources										
Vehicles	50	49	50	51	50	52	57	45	46	46
Offices and Garages	8	8	8	8	8	8	8	8	8	8
Graders, Loaders and Heavy Trucks	10	11	11	11	14	13	13	11	12	13

Sources:

St. Louis County Auditor
Individual County Departments