



# COMPREHENSIVE Annual Financial Report

FOR THE  
FISCAL YEAR ENDED  
DECEMBER 31, 2007

St. Louis County  
Minnesota

Donald Dicklich  
County Auditor/Treasurer



*St. Louis County Public Safety Building,  
photo by Duane Delich*



*Ely Joint Public Works Facility,  
photo by Ben Thomas*

*UMD Labovitz School  
of Business and Economics,  
photo by Brett Groehler*



## **St. Louis County Public Safety Building**

The St. Louis County Sheriff's new Public Safety Building opened December 21, 2007, in Duluth. This \$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. Before they moved into the new building, the patrol and investigation units worked out of several facilities. The new building offers space that had been previously lacking, such as vehicle storage, processing and evidence rooms, interview rooms, and additional space for other law enforcement needs.

The other half of the new building is dedicated to emergency communications. All 911 calls for southern St. Louis County are answered at this new state-of-the-art dispatching center. The center also has the first 911 voice over internet protocol (VOIP) phone system in the State of Minnesota.

## **Ely Joint Public Works Facility**

St. Louis County, the City of Ely, and Lake County came together to build the new Ely Joint Public Works Facility. Construction of the \$7.7 million 71,000-square-foot building was completed in 2007. The facility houses mechanical shops, store rooms, warm equipment storage, office space, locker/lunch areas, conference rooms, a soil testing lab, records and plan storage, and an automated vehicle wash area.

The facility was constructed of durable, minimal maintenance materials to reduce long-term life cycle costs while minimizing up front costs. Built-in flexibility in design will accommodate expansion if needed in the future. Designed to be energy efficient, the facility uses shared support area to reduce operating and overhead costs.

## **UMD Labovitz School of Business and Economics**

The new \$23.0 million Labovitz School of Business and Economics will open for students fall semester of 2008. The 65,000-square-foot building will be approximately 1.5 times the size of the current business school. The structure will include state-of-the-art facilities to provide business education in a knowledge-based global economy. Plans call for the building to contain the latest in advanced technology with modern computer labs, facilities for distance learning and conferencing, and multipurpose classrooms.

The Labovitz School of Business and Economics will be a Leadership in Energy and Environment Design (LEED) certified "green building."

Text courtesy of UMD News.

# St. Louis County Minnesota

Comprehensive Annual Financial Report  
for the Fiscal Year Ending  
December 31, 2007



**Donald Dicklich**  
**County Auditor**

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

ST. LOUIS COUNTY, MINNESOTA  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

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# Saint Louis County

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

**Donald Dicklich**  
St. Louis County Auditor

June 25, 2008

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, 2007. 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 carry out 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 the St. Louis County financial statements for the year ended December 31, 2007. 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 the largest county east of the Mississippi River, covering 7,092 square miles from the Canadian border to Duluth. For the last three years, the County's population has remained at approximately 196,500 residents, with an average of 28 people per square mile who live 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.

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 insure that proper policies and regulations have been followed. Encumbrances outstanding at year-end are reported as reserves 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, wood and paper products, shipping, health care, education, and tourism.

Area loggers experienced a down year in 2007. A contraction in the national housing market, the idling of several northeastern mills, and high stumpage and fuel prices reduced the annual harvest and forced some loggers out of business. Loggers and truckers who harvest the timber needed to make lumber were hit the hardest. The state and some counties have allowed loggers to turn back high-priced contracts and put the stumpage back into the market at lower prices. Loggers providing timber for papermaking did better as the paper industry remained fairly stable. Recovery is not foreseen until late into 2008.

The Mesabi Nugget plant near the cities of Aurora and Hoyt Lakes is under construction. The plant is being built at the site of the former LTV Steel Mining Company site with plans to be operating by mid-2009. The plant is projected to produce a half-million tons of iron nuggets each year and create 100 permanent jobs. The iron nuggets created by a new production technology are almost pure iron compared to taconite pellets that are 60% iron. The technology will allow the iron to be used in electric arc furnace steelmaking, the largest and fastest growing portion of the steel industry.

Northeastern Minnesota taconite plants remain a mainstay of the Iron Range economy. Production at the plants is projected to increase to 38.5 million tons in 2008 or .5 million tons more than 2007. About 4,000 people work at Iron Range taconite mines while another 14,000 work in spinoff jobs dependent on the mines. The industry pumps about \$1.7 billion into the local, regional and state economies.

The Port of Duluth-Superior had its fourth consecutive year of growth. Tonnage for the 2007-08 shipping season was 47.9 million net tons compared to 47.1 million net tons for 2006-07. Twenty two more ocean ships called on the Port in 2007-08 than the year before. Grain is the

primary cargo for ocean ships. Forecasts are for increased tonnage for the coming season.

Cirrus Design Corp. has moved into the former Northwest Airlines maintenance base. In an agreement with the Duluth Economic Development Authority, Cirrus will lease the 189,000-square-foot building for 25 years with a renewal option. The move could bring as many as 200 new jobs to the area over the next six years. In 2007, Cirrus became the largest manufacturer of four-place piston-engine aircraft, beating out Cessna Aircraft Co. (the long time number one manufacturer of four-place piston-engine aircraft) by 36 airplanes.

Essentia Health, a partnership of the Benedictine Health System and the St. Mary's Duluth Clinic Health System (SMDC), provides quality integrated health care to people and communities throughout the United States. SMDC is the largest employer in St. Louis County. Headquartered in Duluth, Minnesota, Essentia Health is a not-for-profit organization with strengths in physician group practice, acute care delivery including a tertiary referral center, rural and critical access hospitals, as well as the complete continuum of long-term care. Essentia Health is considered a leader in the development and advancement of business and clinical models for regional health care delivery with facilities throughout Minnesota (including nine facilities in northeastern Minnesota), Idaho, Illinois, Kansas, Missouri, Montana, North Dakota, South Dakota, and Wisconsin.

During the past ten years the unreserved fund balance of the General Fund has risen from \$18.9 million to \$36.9 million. Unreserved fund balances as a percent of operating expenditures indicates the ability of the county to provide adequate funds until property tax revenue collections are available. An acceptable range for sound fiscal management would be to have an unreserved fund balance of at least five months of operating expenditures or 41.7%. In the past three years, the unreserved fund balance in the General Fund has been greater than 41.7% of operating expenditures after seven years of being less than 41.7%.

The largest property tax payer over the last ten years has been Minnesota Power. Minnesota Power ranked first in 1998, paying 7.4% of the County's total taxable net tax capacity value with the second ranked taxpayer paying 1.9%. In 2007, the gap has narrowed but Minnesota Power still ranks first by paying 2.7% of the total taxable net tax capacity value, while taxpayer number two is now paying .6%

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

In April of 2008 the St. Louis County Board approved a \$.3 million one-year contract with nonprofit Ecumen to manage the County's financially challenged Chris Jensen Health and Rehabilitation Center. The operating loss at the facility for 2007 was \$1.1 million and for 2006 it was \$1.2 million. Chris Jensen Health and Rehabilitation Center has had operating losses every year since 2001. Long-term skilled nursing facilities throughout the state and nationally are experiencing financial difficulties, as the service delivery model changes. By the end of the contract, it is believed that Ecumen will be able to give the County several suggestions for long-term changes to improve financial performance.

Revenues received from the State of Minnesota and from the mining companies (taconite production taxes) will continue to play an integral part in determining the County's annual budget. Although these revenues have been fairly stable the last couple of years, there is no guarantee they will remain unchanged into the future. Unfunded mandates passed down to the County from the state and federal governments are a major factor in property tax increases.

The County Board has made the County Administrator responsible for monitoring the results achieved by County funding (partial or full) of outside organizations, agencies, and special projects through the use of performance measures.

The County has continued to pump monies into the Planning Department for Geographic Information System (GIS) activities that will improve future services to the public. Transfers in excess of \$2.0 million to the Planning Department have come from the Recorder's Technology and Data Intergration Reserves, and the Forest Resources Fund.

Beginning in 2007, all increases in net assets from operation (the excess of revenues over expenditures) for each County-owned building were transferred into the Depreciation Reserve Fund in the Capital Projects Fund. These monies will then be used to fund capital improvements at County facilities.

The County, in 1995, recognizing that it would be prudent to set aside cash reserves to meet unexpected cash flow shortages, began to designate some of its fund balances for cash flow. A formal policy is in place to guide the designation of these funds. The County's goal for the General Fund, the Road and Bridge Special Revenue Fund, and the Public Health and Human Services Special Revenue Fund, which are major operating funds that are supported in part by direct property tax levy, is to designate a portion of the available fund balances equal to 5/12 of the certified levy for each fund, plus its share of the program aid paid to the County by the State of Minnesota. As of December 31, 2007, the goal was 88.3% accomplished for the General Fund, 69.4% accomplished for the Road and Bridge Fund, and 42.2% accomplished for the Public Health and Human Services Fund.

Recognizing the need to pre-fund retirees' health insurance premiums, which are set aside for the retired employees from their sick leave balances at retirement, the County began in 1994 to designate 1/9 per year of the amount estimated to be paid from the General Fund and Special Revenue Funds for those employees who are eligible to retire immediately. As of December 31, 2007, 100% of the estimated retiree obligations (vested sick leave) amount is designated.

In 2000, the County began to designate for the General Fund and Special Revenue Funds 1/9 per year of the amount estimated to be paid for those employees who are not eligible to retire immediately, but probably will retire from the County. As of December 31, 2007, 8/9 of the estimated vesting sick leave amount needed was designated.

The County also designates monies for other specified expenditures from its unreserved fund balance. Designations represent the County's intended future use of resources and they generally reflect actual plans approved by the County Board.

### ***Major initiatives***

In February 2008, the St. Louis County Board authorized a contract not to exceed \$40,000 with Health Research Institute for services designed to develop programs and methods to contain the health care costs of the County.

North East Minnesota Enforcement and Safety Information System (NEMESIS) received a Local Government Innovation Award at a ceremony that took place on April 21, 2008, at the Humphrey Institute in Minneapolis. NEMESIS was recognized because it is a functional model for public safety agency cooperation and exhibits an optimal use of technology in a shared environment. NEMESIS provides the technology and training for regional public safety agencies to track information regarding people, incidents, and cases throughout the criminal justice system.

A new 35,000-square-foot Public Safety Building opened December 21, 2007. The facility will house the Sheriff's departmental records, investigations, and patrol divisions; a crime and photo lab; the 911 communications center; situation rooms; a patrol room for deputies; indoor storage; interview rooms; and other attributes that previously were inferior or did not exist. Having these

The County Auditor's Accounting Section is changing the way it processes payments to vendors, providers, and other payment recipients. In an effort to decrease the cost of producing and mailing checks, vendors/providers will receive payments from St. Louis County through electronic fund transfers. Besides the cost savings to the County and its citizens, there will be several benefits for the vendor/provider. Electronic fund transfers will result in timely deposits, no checks to be lost or forged, and detailed invoice information e-mailed on the payment date.

### ***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, 2007.

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

In addition, St. Louis County also received the GFOA's Distinguished Budget Presentation Award for its biennial budget document for the fiscal year beginning January 1, 2006. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

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

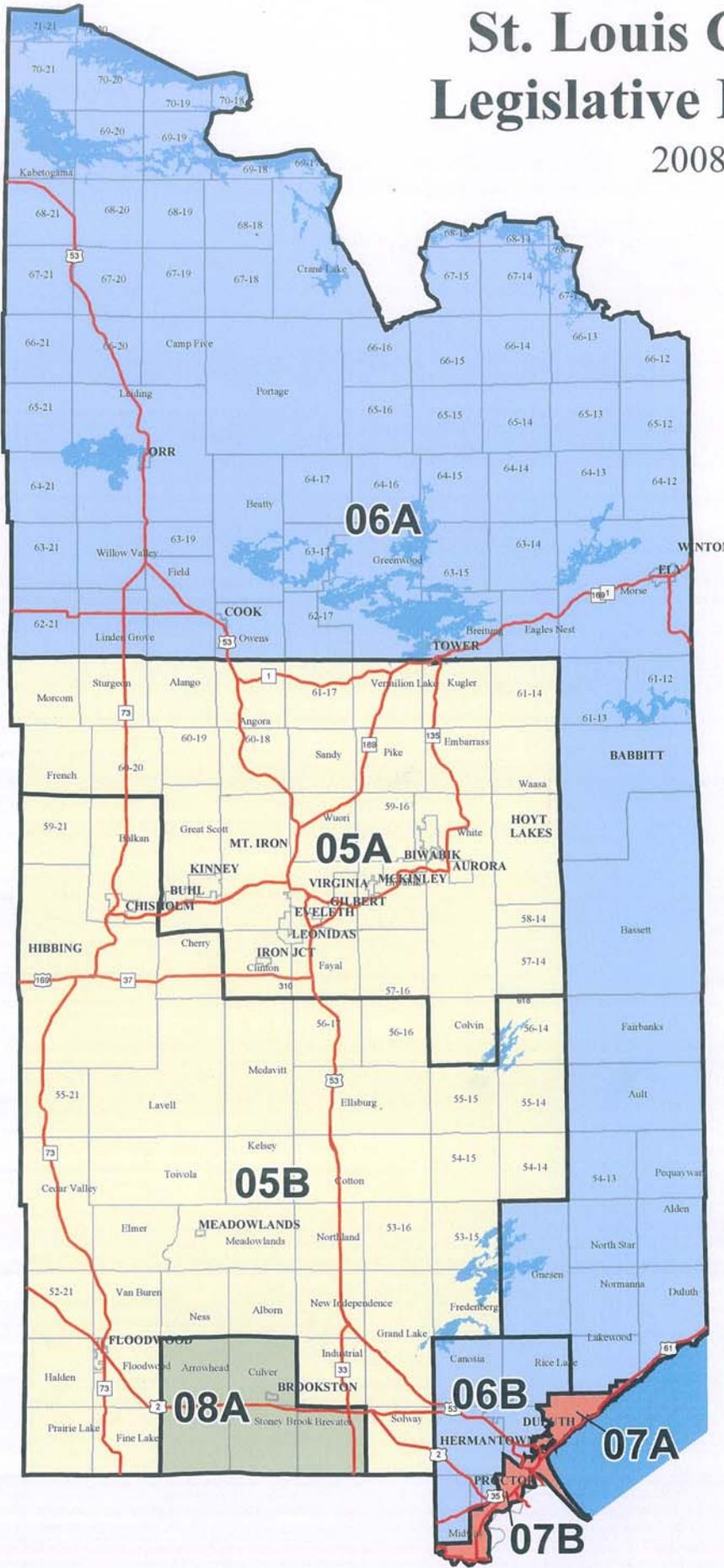
Sincerely,



**DONALD DICKLICH**  
County Auditor

# St. Louis County Legislative Districts

2008



## 2008 Minnesota Legislative Districts

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

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

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

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

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

**Mike Jaros (DFL) 07B**  
291 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-4246

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

## City of Duluth Precincts

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

## Legend

**05** House District Boundaries

## Senate District Areas

	05	David J. Tomassoni	Room 321, Capitol (651)296-8017
	06	Thomas M. Bakk	Room 301, Capitol (651)296-8881
	07	Yvonne Prettnr Solon	Room 303, Capitol (651)296-4188
	08	Becky Lourey	Room G-24, Capitol (651)296-0293

Source: <http://www.leg.state.mn.us/leg/>

# St. Louis County Commissioner Districts

2008

## St. Louis County Commissioners

### 1st District

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

### 2nd District

Steve O'Neil  
100 N. 5th Avenue West Rm. #208  
Duluth, Mn 55802-1292  
(218) 726-2450

### 3rd District

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

### 4th District

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

### 5th District

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

### 6th District

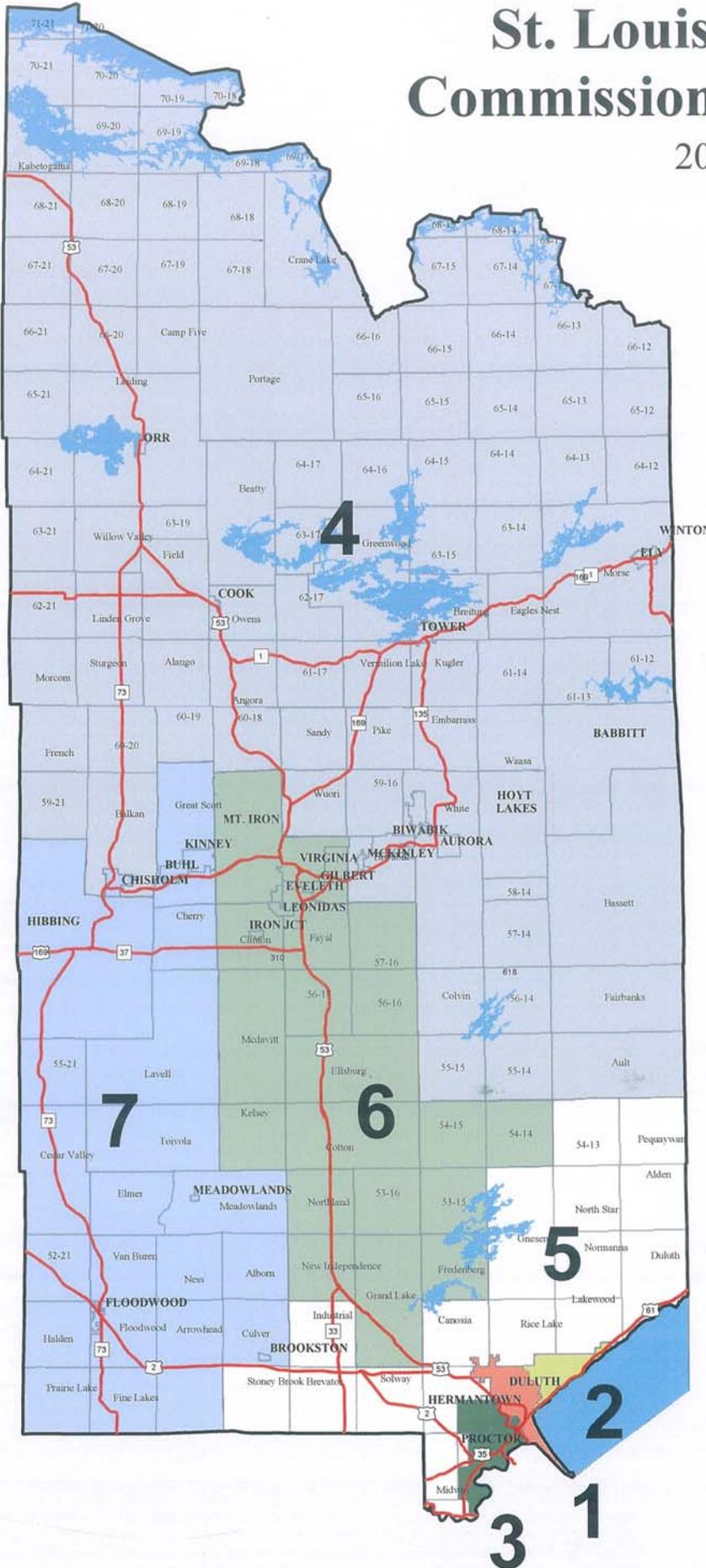
Keith Nelson  
St. Louis County Courthouse  
Virginia, Mn 55792  
(218) 749-7108

### 7th District

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

## City of Duluth Precincts

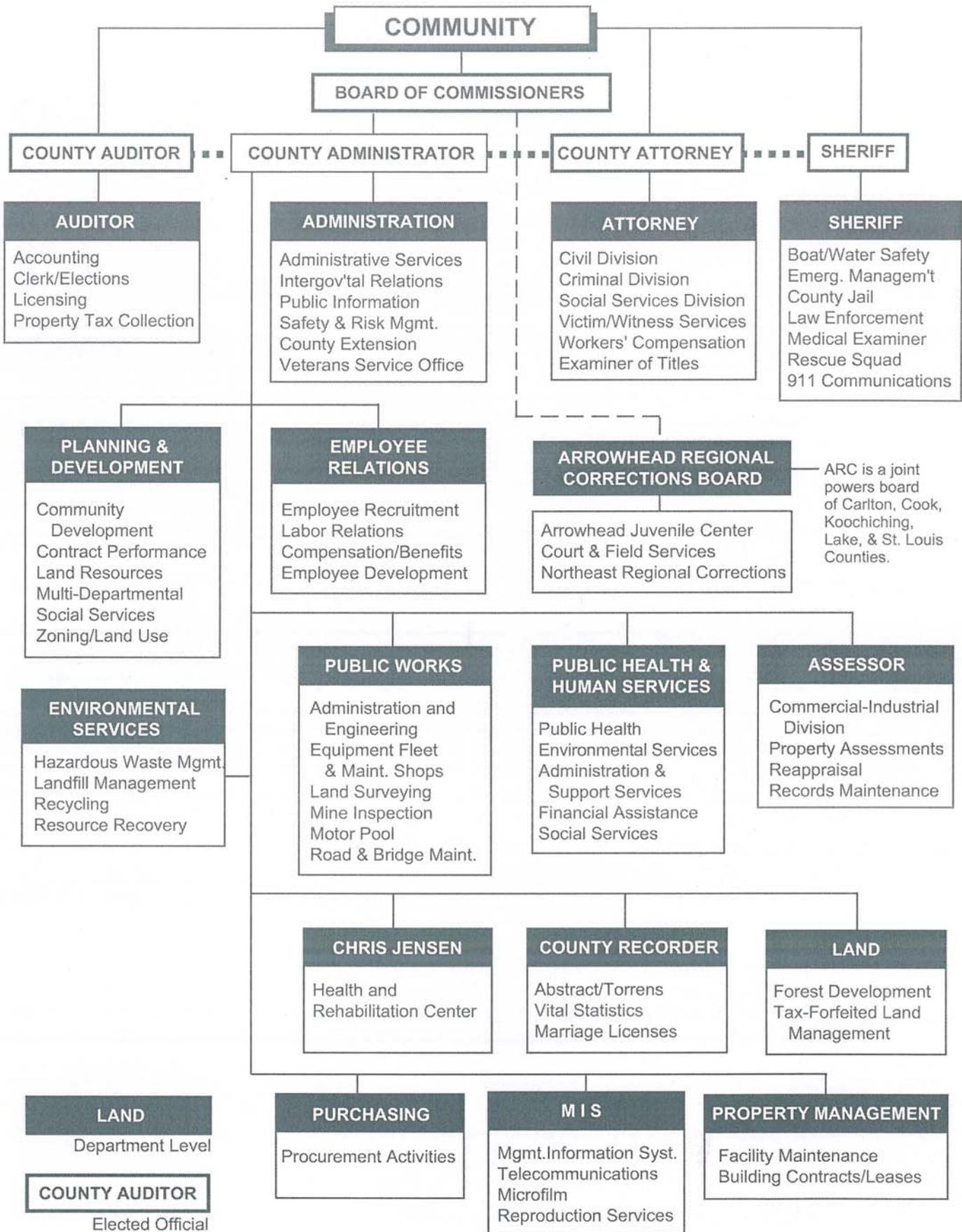
- District 1: Prec. 10-12, 15-22, 24-25
- District 2: Prec. 1-9, 13-14
- District 3: Prec. 23, 26-35  
(Incl. Prec 3, Hermantown)
- District 5: Prec. 36



**St. Louis County  
Elected and Appointed Officials  
as of December 31, 2007**

Office	Name	Term
<b>Commissioners:</b>		
1st District	Dennis Fink	Jan. 2007 Jan. 2011
2nd District	Stephen O'Neil	Jan. 2005 Jan. 2009
3rd District	William Kron	Jan. 2005 Jan. 2009
4th District	Michael Forsman	Jan. 2007 Jan. 2011
5th District	Margaret Sweeney	Jan. 2005 Jan. 2009
6th District	Keith Nelson	Jan. 2007 Jan. 2011
7th District	Stephen Raukar	Jan. 2007 Jan. 2011
<b>Elected Officers:</b>		
Attorney	Melanie Ford	Jan. 2007 Jan. 2011
Auditor	Donald Dicklich	Jan. 2007 Jan. 2011
Sheriff	Ross Litman	Jan. 2007 Jan. 2011
<b>Appointed Officers:</b>		
Administrator	Dana Frey	
Assessor	Melvin Hintz	
Civil Service Director	Open	
Examiner of Titles	David Adams	
Land Commissioner	Robert Krepps	
Management Information Systems Director	Martin Buscombe	
Planning Director	Barbara Hayden	
Property Management Director	Anthony Mancuso	
Public Health and Human Services Director	Ann Busche	
Public Works Director	Marcus Hall	
Purchasing Agent	Richard Florey	
Recorder	Mark Monacelli	
Solid Waste Director	Theodore Troolin	
Chris Jensen Health and Rehabilitation Center Director	Norma Brendle	

# St. Louis County Organizational Summary



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

St. Louis County  
Minnesota

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2006

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.



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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

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

### INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
St. Louis County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County, Minnesota, as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the financial statements, during the year ended December 31, 2007, the County adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.



The Management's Discussion and Analysis and the other required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise St. Louis County's basic financial statements. The combining and individual nonmajor fund financial statements and miscellaneous schedules listed in the table of contents as supplementary data are presented for purposes of additional analysis and are not a required part of the basic financial statements of St. Louis County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2008, 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 24, 2008

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
December 31, 2007

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, 2007. 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 \$25.3 million or 5.8%. Governmental activities increased by \$26.2 million to \$435.4 million, while the County's business-type activities decreased by \$.9 million to \$27.5 million.

The County's governmental funds reported a combined ending fund balance of \$117.6 million for 2007, a decrease of \$1.4 million from 2006. Reserved fund balance accounted for \$24.0 million of the total fund balance. When fund balance is reserved it is not available for appropriation. The remaining \$93.6 million is unreserved fund balance. The unreserved fund balance has \$69.9 million designated for specific uses and \$23.7 million that remains undesignated.

The General Fund reported revenues in excess of expenditures of \$3.8 million, an increase of \$.7 million over 2006. Net transfer added another \$.4 million, bringing the fund balance for the General Fund to \$44.3 million at year-end.

St. Louis County's total bonded debt decreased in 2007 by \$.7 million to \$45.3 million. Capital equipment notes totaling \$5.0 million were issued in 2007 with the majority of the proceeds used to purchase vehicles. Other recent issues of capital equipment notes were in years 2004, 2002, and 1999 for \$2.9 million, \$5.0 million, and \$4.0 million respectively.

Several account balances were reclassified as of and for the year ended December 31, 2006, 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 asked about 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 them. Think of the County's net assets--the difference between assets and liabilities--as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, such as changes in the County's property tax base and the condition of the County's roads in order to assess the overall health of the County.

The government-wide financial statements can be found on pages 25-27 of this report.

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

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

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison for the major governmental funds (except for the Capital Projects Fund) is provided to demonstrate compliance with the budget.

The basic financial statements for governmental funds can be found on pages 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 enterprise funds (a component of proprietary funds) to report the activities of two major funds: the Solid Waste Management Fund and the Chris Jensen Health and Rehabilitation Center Fund, as well as three nonmajor enterprise funds. Data for the nonmajor funds is combined into "other enterprise funds." Individual data for each of the nonmajor enterprise funds is provided in the supplementary data. These funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information. The County uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the County's other programs and activities, such as the County's Telecommunication Fund. The basic financial statements can be found on pages 43-47 of this report.

Fiduciary funds: The County is the trustee, or fiduciary, for certain amounts held for others. The County uses trust and agency funds to report its fiduciary activities. The County's fiduciary activities are reported in the Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets and are excluded from the government-wide financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used in proprietary funds. The 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 93-131.

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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 by \$462.9 million.

By far the largest portion of the County's net assets is the investment in capital assets (73.4 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		Business-type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 179.4	\$ 191.6	\$ 20.1	\$ 20.5	\$ 199.5	\$ 212.1
Capital assets	363.6	336.7	13.1	13.5	376.7	350.2
<b>Total Assets</b>	<b>543.0</b>	<b>528.3</b>	<b>33.2</b>	<b>34.0</b>	<b>576.2</b>	<b>562.3</b>
Long-term liabilities outstanding	88.9	90.2	4.6	4.5	93.5	94.7
Other liabilities	18.7	28.9	1.1	1.1	19.8	30.0
<b>Total liabilities</b>	<b>107.6</b>	<b>119.1</b>	<b>5.7</b>	<b>5.6</b>	<b>113.3</b>	<b>124.7</b>
Net assets:						
Invested in capital assets, net of debt	327.0	304.7	13.1	13.3	340.1	318.0
Restricted	29.3	36.4	1.5	1.5	30.8	37.9
Unrestricted	79.1	68.1	12.9	13.6	92.0	81.7
<b>Total Net Assets</b>	<b>\$ 435.4</b>	<b>\$ 409.2</b>	<b>\$ 27.5</b>	<b>\$ 28.4</b>	<b>\$ 462.9</b>	<b>\$ 437.6</b>

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

**Governmental Activities:**

The County's net assets increased by \$26.2 million, or 6.4%, from \$409.2 million in 2006 to \$435.4 million for 2007. St. Louis County is able to report positive balances in all three categories of net assets. The same held true for the prior four fiscal years.

Current and other assets decreased by \$12.2 million in 2007 due to prior years' bond proceeds (capital project investments decrease by \$9.0 million) being spent-down on numerous capital projects. The Forfeited Tax Sale Fund receivables decreased by \$8.8 million because the State of Minnesota allowed customer's (loggers) to turn back existing timber sale contracts for repurchase at a lower price. Cash and cash equivalents for all governmental funds had a minimal decrease of \$.4 million to \$105.1 million. Cash in the Forest Resources Fund decreased by \$3.7 million due to the County's decision to charge allowable expenditures of the Forfeited Tax Sale Fund to the Forest Resources Fund.

In 2007, capital assets increased by \$26.9 million compared to a \$22.1 million increase in 2006. A detailed analysis of this increase is presented in Table 4 on page 23, under the heading Capital Assets and Debt Administration.

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The County's long-term liabilities outstanding decreased by \$1.3 million to \$88.9 million in 2007, and by \$1.8 million to \$90.2 million in 2006. The decrease was due to reductions in bonds and notes payable and compensated absences. A detailed analysis of the decrease in outstanding debt is presented in Table 5 on page 24, under the heading Capital Assets and Debt Administration.

Other liabilities decreased by \$10.2 million in 2007 to \$18.7 million. Part of the reduction was caused by a \$5.9 million decrease in advances provided by the State of Minnesota for road construction. Also, accounts payable for all governmental funds decreased in 2007 by \$3.1 million. In 2007, the amount owed to other governments by the Forfeited Tax Sale Fund decreased by \$3.4 million because of lower timber sale contract prices.

Invested in capital assets, net of related debt, increased by \$22.3 million. This was the result of capital assets increasing by \$26.9 million, while the debt related to those assets increased by \$4.6 million.

In 2007, restricted net assets decreased \$7.1 million to \$29.3 million. A decrease in the special revenue funds of \$3.8 million was mainly attributable to an excess of expenditures over revenues in the Forest Resources Fund of \$3.7 million. The Capital Projects Fund saw restricted net assets decrease from \$3.7 million in 2006 to zero in 2007 because most of the bond proceeds were spent. Other restricted assets such as the law library, recorder's equipment, election equipment, communications, and environmental trust funds all experienced small changes from 2006 to 2007.

Unrestricted net assets are the sum of the fund balances in the governmental funds that are available for spending at the County's discretion. The County's unrestricted net assets were \$79.1 million at the end of 2007, an increase of \$11.0 million over 2006. Most unrestricted net assets are reported as designations in the fund statements. The largest designations for 2007 are for cash flow at \$35.6 million, an increase of \$1.7 million from 2006; retiree obligations, which increased \$.6 million to \$18.8 million; and vesting sick leave at \$9.1 million, an increase of \$.2 million.

**Business-type Activities:**

The County's total net assets for business-type activities decreased by \$.9 million to \$27.5 million. Most of the decrease, \$.8 million, was due to interfund loans from the General Fund to cover end-of-year cash deficits. The business-type activities did not need interfund loans from the General Fund in 2006; however, the Chris Jensen Health and Rehabilitation Center Fund did receive a permanent transfer from the General Fund of \$4.2 million. As with the governmental activities, St. Louis County was able to report positive balances in all three categories of net assets, and the same held true for the prior three fiscal years.

Current and other assets decreased \$.4 million to \$20.1 million. Cash and investments in the Solid Waste Management Fund increased by a combined \$1.0 million. Because of financial assurance requirements, restricted assets in the Solid Waste Management Fund increased by \$.2 million in 2007. Moreover, accounts receivable was decreased by over \$.5 million in the Chris Jensen Health and Rehabilitation Center Fund. Adjustments were made to reflect the consolidation of internal service fund activities related to enterprise funds.

In 2007, capital assets decreased \$.4 million to \$13.1 million. Business-type activities acquired only \$.6 million of new capital assets in 2007 after acquiring an even lower \$.3 million in 2006. Capital asset purchases for machinery and equipment and vehicles was \$.2 million each. Asset disposals and depreciation expenses totaling \$1.0 million for business-type activities more than offset the acquisition of new assets. A detailed analysis of this increase is presented in Table 4 on page 23, under the heading Capital Assets and Debt Administration.

The unrestricted net assets of business-type activities decreased by \$.7 million. The Solid Waste Management Funds' unrestricted net assets increased by \$.8 million. This was due to a reduction in invested in capital assets, net of debt as well as an excess of revenues over expenses for the year. The remaining business-type activities had a combined decrease in unrestricted net assets of \$1.7 million because of expenses in excess of revenues. The unrestricted net assets of business-type activities also increased because of the consolidation of internal service funds increase of \$.2 million over 2006.

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

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 40.7	\$ 47.9	\$ 22.6	\$ 23.1	\$ 63.3	\$ 71.0
Operating Grants and Contributions	38.0	40.7	0.5	0.5	38.5	41.2
Capital Grants and Contributions	17.6	13.4	-	-	17.6	13.4
<i>General Revenues:</i>						
Taxes:						
Property taxes, levied for gen. purposes	93.7	85.8	-	-	93.7	85.8
Property taxes, levied for debt service	6.0	5.6	0.2	0.2	6.2	5.8
State shared	25.6	25.7	-	-	25.6	25.7
Federal shared	1.2	1.2	-	-	1.2	1.2
Investment income	9.0	7.9	0.9	0.7	9.9	8.6
Miscellaneous	0.2	0.2	-	-	0.2	0.2
<b>Total revenues</b>	<b>232.0</b>	<b>228.4</b>	<b>24.2</b>	<b>24.5</b>	<b>256.2</b>	<b>252.9</b>
<b>Expenses</b>						
<i>Program expenses:</i>						
General government	31.8	30.7	-	-	31.8	30.7
Public safety	44.6	39.7	-	-	44.6	39.7
Highways and streets	41.6	37.6	-	-	41.6	37.6
Health and sanitation	6.1	6.8	-	-	6.1	6.8
Human services	68.3	65.7	-	-	68.3	65.7
Culture and recreation	1.4	1.6	-	-	1.4	1.6
Conservation of natural resources	6.5	8.4	-	-	6.5	8.4
Economic development	3.8	4.6	-	-	3.8	4.6
Interest on long-term debt	1.8	2.0	-	-	1.8	2.0
Solid Waste Management	-	-	6.8	6.2	6.8	6.2
Chris Jensen Health & Rehabilitation	-	-	14.9	15.0	14.9	15.0
Other Enterprise funds	-	-	3.3	3.2	3.3	3.2
<b>Total expenses</b>	<b>205.9</b>	<b>197.1</b>	<b>25.0</b>	<b>24.4</b>	<b>230.9</b>	<b>221.5</b>
Increase in net assets before transfers and special items	26.1	31.3	(0.8)	0.1	25.3	31.4
Transfers	0.1	(3.9)	(0.1)	3.9	-	-
<b>Increase (decrease) in net assets</b>	<b>26.2</b>	<b>27.4</b>	<b>(0.9)</b>	<b>4.0</b>	<b>25.3</b>	<b>31.4</b>
<b>Net assets January 1</b>	<b>409.2</b>	<b>381.8</b>	<b>28.4</b>	<b>24.4</b>	<b>437.6</b>	<b>406.2</b>
<b>Net assets December 31</b>	<b>\$ 435.4</b>	<b>\$ 409.2</b>	<b>\$ 27.5</b>	<b>\$ 28.4</b>	<b>\$ 462.9</b>	<b>\$ 437.6</b>

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

**Governmental Activities:**

Charges for services decreased by \$7.2 million to \$40.7 million in 2007. The largest decrease by far was land and timber sales at \$13.8 million. This decrease was caused by loggers being allowed to turn back higher priced timber sales contracts and repurchase at lower prices. The general government function had a \$4.4 million increase in charges for services due primarily to the property management agency (for the first time) charging rent to other county agencies occupying space in county buildings.

The County received \$2.7 million less from operating grants and contributions in 2007 than in 2006. Decreases in federal and state grants occurred in Highways and Streets, Health, Human Services, Culture and Recreation, Conservation of Natural Resources, and Economic Development. Capital grants to Highways and Streets for road construction increased from \$9.9 million in 2006 to \$16.6 million in 2007. General Government and Public Safety functions experienced a decrease in capital grants due to having received one-time monies in 2006 for voter registration equipment and homeland security activities.

Property tax collections were \$99.7 million in 2007, compared to \$91.4 million in 2006. This was the result of the 2007 County property tax levy being increased by \$7.6 million. Delinquent tax collections for prior years were in excess of \$2.0 million for 2007.

In 2007, interest earnings increased by \$1.1 million to \$9.0 million. The County's average yield on securities for 2005 was 2.97%; the average yield for 2006 was 4.41%; and the average yield for 2007 was 5.11%. However, it should be noted that the prime rate began falling in September 2007 and continues to do so. As a result, yields on new County investments began to fall at the same time, thereby affecting interest earnings. It continues to be the County's policy to hold investments to maturity, thus avoiding any market value losses or gains.

Expenses for governmental activities increased by \$8.7 million in 2007, after increasing by \$3.5 million in 2006. The only function that had a significant decrease in expenses was Conservation of Natural Resources, which declined by \$1.9 million due to the previously mentioned reduction in timber sale prices. Highway and Streets and Public Safety functions both had increases in expenses in excess of \$4.0 million. Increases occurred primarily due to health insurance premiums rising by 8.5%; employee salary settlements for 2007 ranged from 2% to 2.5%; the continued skyrocketing of fuel prices; and the cost of doing business in general as reflected by an ever-rising consumer price index.

**Business-type Activities:**

In 2007, charges for services for all business-type activities decreased by \$.5 million after decreasing by \$.3 million in 2006. As in 2006, only the Solid Waste Management Fund had an increase (\$.3 million) in charges for services while the Chris Jensen Health and Rehabilitation Center Fund and the three nonmajor enterprise funds had a combined decrease of \$.8 million..

Property taxes that were levied for the first time in 2003 are for repayment of General Obligation Nursing Home Revenue Bonds, Series 2002A. The proceeds were used to remodel a wing at Chris Jensen Health and Rehabilitation Center. The debt on these bonds will be retired in 2008.

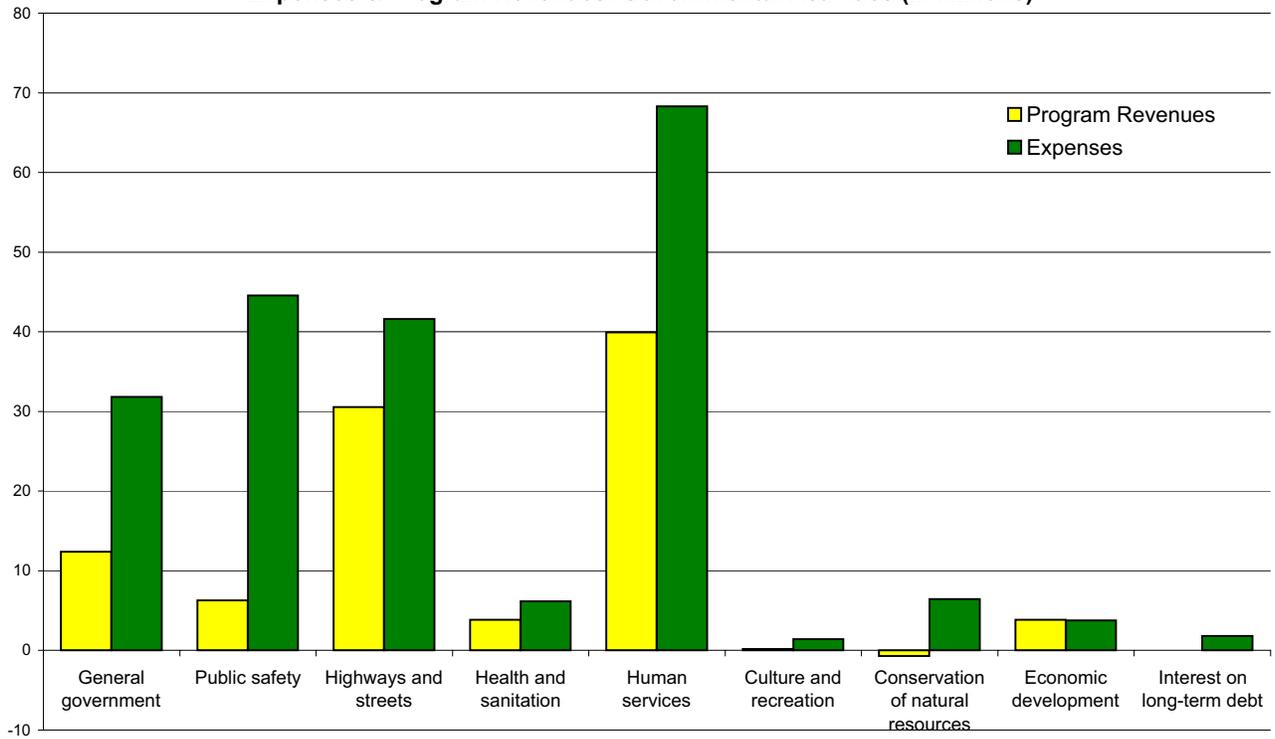
Investment income increased by \$.2 million in 2007 to \$.9 million. As mention previously for the governmental activities, yield on investments began to decline in late 2007, signaling a potential downtrend in earnings. The Solid Waste Management Fund is the only business-type activity that is allowed by the County Board to purchase investments.

Of the two business-type activities that are classified as major funds--the Solid Waste Management Fund and the Chris Jensen Health and Rehabilitation Center Fund--only the Solid Waste Management Fund reported an increase in net assets for the year. The increase was the result of its investment earnings and a SCORE recycling grant from the State of Minnesota for county use in waste reduction and recycling activities. As with the governmental activities, these business-type activities are impacted by ever-rising costs.

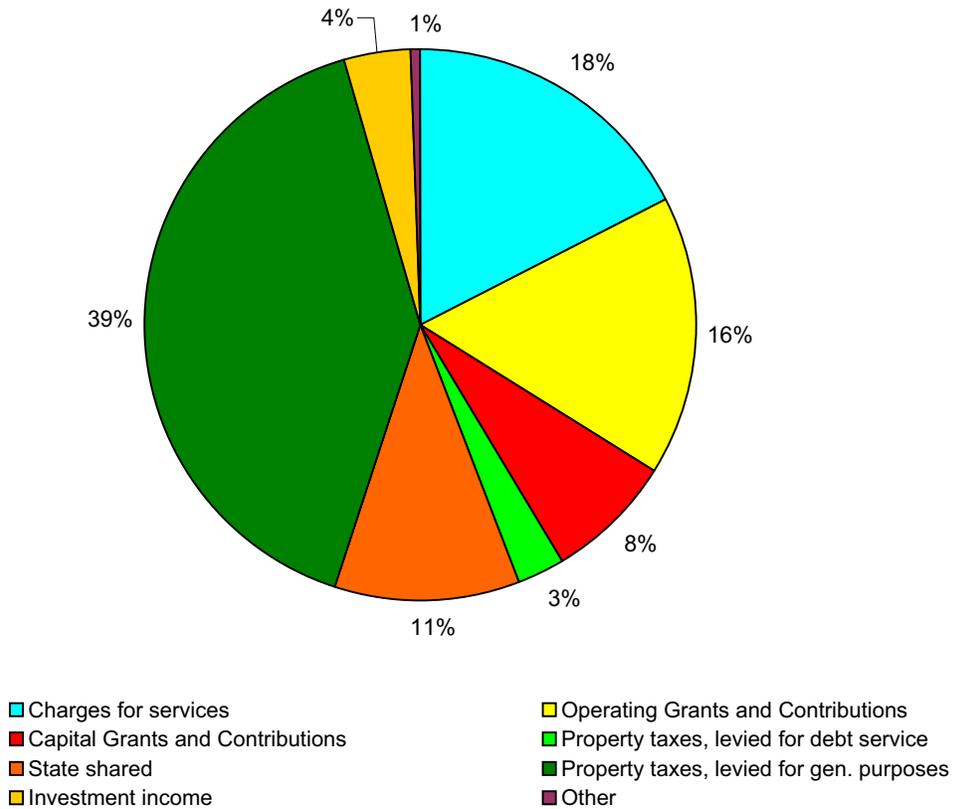
The Chris Jensen Health and Rehabilitation Center Fund had a transfer-in from the Capital Projects Fund of \$.1 million for capital equipment, while the Supervised Living Facilities Fund transferred \$.2 million to the Public Health and Human Services Fund. In 2006, there was a permanent transfer-in of \$4.2 million from the General Fund to cover the cash deficit at Chris Jensen Health and Rehabilitation Center Fund.

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**Expenses & Program Revenues: Governmental Activities (in Millions)**

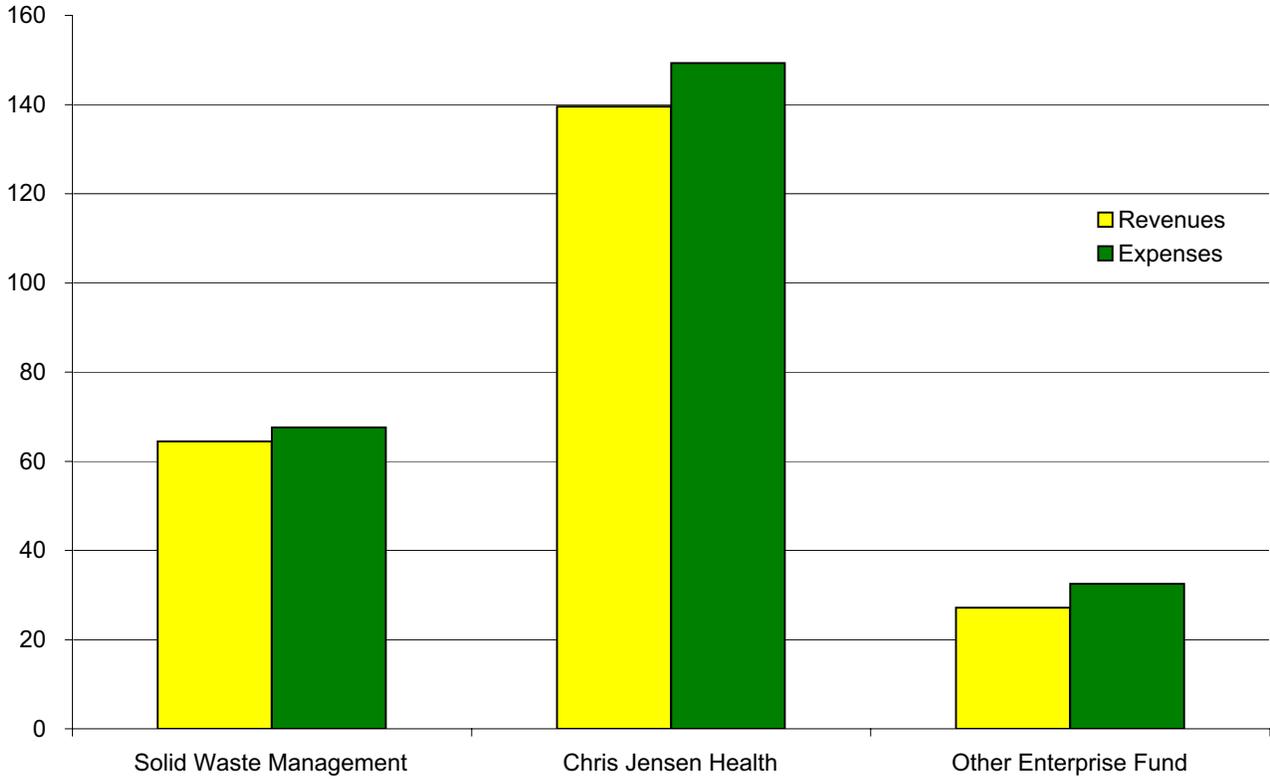


**Revenues by Source: Governmental Activities**

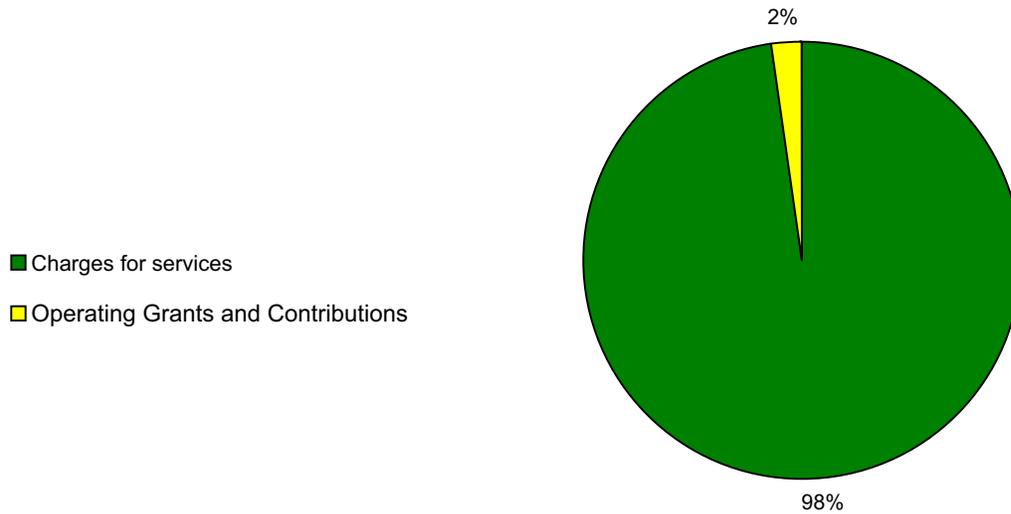


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**Expenses and Program Revenues: Business-type Activities (in Millions)**



**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. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of December 31, 2007, St. Louis County's governmental funds reported combined fund balances of \$117.6 million, compared with \$119.0 million in 2006, a decrease of \$1.4 million. The General Fund had the largest increase of \$4.2 million, while the largest decreases in fund balance were in the Capital Projects Fund at \$5.2 million and the Forest Resources Fund at \$3.7 million.

Unreserved fund balance in the governmental funds decreased by \$4.7 million to \$93.6 or 4.8% for 2007. Unreserved fund balance accounts for 80.0% of total fund balance, which is available for spending at the County's discretion. However, of the \$93.6 million, \$23.7 million is reported in funds established for specific purposes such as the Debt Service Fund and will be spent accordingly. The balance of the unreserved fund balance, \$69.9 million, was designated. Designations reflect the County's self-imposed limitations on otherwise expendable financial resources. Cash flow designations of \$35.6 million and compensated absences designations of \$27.9 million account for 90.9% of all designations. The remaining \$24.0 million of fund balance is reserved. Fund balance is reserved because it is either unavailable for spending or legally restricted. The largest reservation of fund balance at year-end was for the Environmental Trust Fund at \$ 6.5 million.

The General Fund is the chief operating fund of the County. At the end of 2007, the unreserved fund balance of the General Fund was \$36.9 million, compared to \$34.3 million in 2006. Unreserved fund balance represents 43.5% of total fund revenues, a 2.1% decrease from 2006. Unreserved fund balance represents 45.6% of total fund expenditures, a 2.0% decrease from 2006. The Office of the State Auditor recommends that counties maintain unreserved fund balance in their General Fund of approximately 35 to 50 percent of fund operating revenues, or no less than five months of operating expenditures (41.7%).

The fund balance of the County's General Fund increased \$4.2 million with revenues exceeding expenditures by \$3.8 million. Transfers-in and transfers-out netted in the General Fund to \$.4 million. The largest transfer-in was \$1.9 million from the Forfeited Tax Sale Fund's annual apportionment. The largest transfer-out was \$1.8 million for employee salary contract settlements. An irrevocable transfer from the General Fund to the Chris Jensen Health and Rehabilitation Center Fund was made to eliminate a deficit cash balance at year-end 2006. An interfund loan of \$.7 million was needed to eliminate the Chris Jensen Health and Rehabilitation Center Fund cash deficit at December 31, 2007.

The Road and Bridge Fund had a \$.9 million excess of expenditures over revenues for 2007. This was due to the use of fund balance in 2007 that was approved by the County Board. Road construction in 2007 increased by \$6.6 million to \$24.1 million.

The Public Health and Human Services Fund had revenues in excess of expenditure of \$.9 million in 2007.

In 2007, Capital Projects Fund spent \$14.1 million on various projects resulting in a fund balance decrease of \$5.2 million.

Pursuant to Minnesota Statute, the Forfeited Tax Sale Fund distributed \$5.0 million in net proceeds to county funds, cities, and towns in St. Louis County. The distribution was a decrease of \$1.9 million from 2006.

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

**General Fund Budgetary Highlights**

Budgets can be amended during the year by the County Board. Supplemental appropriations or budget reductions are reviewed by the County Administrator's office and submitted to the County Board for their review and approval.

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During the year, there was an \$8.8 million increase in appropriations between the original budget and final amended expenditure budget. The majority of the increases were amendments to the operating budget and the appropriation of additional grant monies.

The difference between the final amended revenue budget of \$80.4 million and the actual amounts was \$4.4 million. Earnings on investments and taxes were \$2.6 million and \$3.2 million over the final budget respectively, while intergovernmental revenues were under the final amended budget by \$1.7 million.

Actual expenditures were \$6.0 million under the final budget. This was due to various departments under-spending their operating and grant budgets. General Government and Public Safety functions were a combined \$5.8 million under their final budgets.

Due to rising interest rates for a majority of 2007, earnings on investments were \$6.7 million compared with \$5.6 million for 2006 and \$3.1 million for 2005.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At year-end, the County showed total capital assets to be \$376.7 million. Of that total, governmental activities accounted for \$363.6 million, and the remaining \$13.1 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 4.

**Table 4**  
**Capital Assets at Year-end**  
**(Net of Depreciation, in Millions)**

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Land	\$ 2.0	\$ 2.0	\$ 0.4	\$ 0.4	\$ 2.4	\$ 2.4
Buildings and structures	66.8	52.1	8.3	8.6	75.1	60.7
Improvements other than buildings	-	-	2.9	3.1	2.9	3.1
Machinery and equipment	4.4	4.9	1.0	0.9	5.4	5.8
Linens	-	-	0.1	0.2	0.1	0.2
Vehicles	16.5	15.1	0.4	0.3	16.9	15.4
Infrastructure	272.4	253.0	-	-	272.4	253.0
Construction in progress	1.5	9.6	-	-	1.5	9.6
<b>Totals</b>	<b>\$ 363.6</b>	<b>\$ 336.7</b>	<b>\$ 13.1</b>	<b>\$ 13.5</b>	<b>\$ 376.7</b>	<b>\$ 350.2</b>

Governmental capital assets show a net increase (including additions, deductions, and depreciation expense) of \$26.9 million, or 8.0%, over 2006. As shown in Table 4, asset categories building and structures, vehicles, and infrastructure had large increases in 2007 over 2006, while machinery and equipment and construction in progress had decreases and land did not change. Capital asset purchases totaled \$53.2 million while net disposals totaled \$16.1 million and depreciation expense was \$10.2 million. Business-type capital assets continued to decrease in 2007, decreasing \$4 million to \$13.1 million after decreasing by \$7.7 million in 2006. Once again, capital assets decreased because of depreciation expenses exceeding new capital asset purchases.

Infrastructure, which is the County's road and bridge system, had construction projects totaling \$24.1 million for 2007 compared with \$17.5 million in 2006 and \$19.4 million in 2005. Depreciation expense for existing infrastructure increased by \$.4 million to \$4.7 million in 2007. The useful life of roads dropped from 55 years to 54 years as the result of the annual review of the estimated life of infrastructure. Future depreciation will be adjusted prospectively.

Governmental capital assets had a \$14.7 million increase in buildings and structures that was mainly due to the completion of several projects during 2007. They included larger projects such as the Ely Joint Public Works Facility, Duluth Motor Pool Remodeling, Sheriff/911 Dispatch Operations Center, Hibbing Annex Remodeling, and numerous smaller projects.

Vehicle additions to the County's fleet in 2007 were \$4.2 million compared to \$3.4 million in 2006 for governmental activities. Proceeds from the sale of capital equipment notes paid for \$1.0 million of the additions to the fleet that included cars, pickups, graders, loaders, and one excavator that totaled 45 vehicles in all.

Construction in progress at the end of 2007 is minimal. The Northland Office Building Remodeling in Virginia was nearly completed at a cost of \$.7million.

Additional information on St. Louis County's capital assets can be found in the notes on page 71 and 72.

*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
December 31, 2007

**Debt Administration**

At year-end, the County had \$45.3 million of bonded debt outstanding that comprises the debt backed by the full faith and credit of the County. Some of the debt is also secured by specific revenue sources.

**Table 5**  
**Outstanding Debt, at Year-end**  
**(in Millions)**

	Governmental		Business-type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 44.7	\$ 45.3	\$ 0.1	\$ 0.2	\$ 44.8	\$ 45.5
Revenue bonds	0.5	0.5	-	-	0.5	0.5
<b>Total</b>	<b>\$ 45.2</b>	<b>\$ 45.8</b>	<b>\$ 0.1</b>	<b>\$ 0.2</b>	<b>\$ 45.3</b>	<b>\$ 46.0</b>

As shown, the County's total debt decreased \$.7 million in 2007 compared to a decrease of \$.5 million for 2006. The decrease for 2007 was the result of the County issuing new debt of \$5.0 million while paying off \$5.7 million in debt service payments on existing bonds and notes. The debt issued in 2007 was for Capital Equipment Notes Series 2007. Proceeds from the 2007 issue will be used primarily to purchase new vehicles for both the Sheriff's Department and the Road and Bridge Fund. The final debt service payment was made in 2007 for Capital Equipment Notes Series 2002C. The final debt service payment will be made in 2008 for Capital Equipment Notes Series 2004B.

Moody's Investors Service assigned an "Aa3" rating on the 2007 bonds. This rating is the same one given to the 2006 and 2005 bonds.

Additional information on St. Louis County's long-term debt can be found in the notes on page 74.

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

The average unemployment rate in St. Louis County for 2007 was 5.6%, an increase of .5% over 2006 and a full percent higher than the state's average unemployment rate of 4.6%. The national average unemployment rate for 2007 was also 4.6%.

Demand for taconite, iron, and steel continued to be relatively strong throughout 2007. Total production of taconite pellets and concentrates in 2007 was 38.0 million tons, representing a reduction of .9 million tons from 2006. The decline was caused by decreased production at three mines--one mine experienced reduced demand; at another mine it was problems with the tailings basin; and at still another mine it was caused by switching from one ore body to two ore bodies.

The 2008 budget year is the first in the biennial budget planning process. The State of Minnesota legislature has recently leveled the amount of County Program Aid St. Louis County receives each year. Since receiving \$12.7 million in 2005, the County has received \$11.5 million, \$11.6 million, and was allocated \$11.7 million for the years 2006 through 2008 respectively.

Health insurance premiums for 2006 were increased 12.5%. County and employee paid premiums have risen every year since 2003. The cumulative increase in premiums from 2003 to 2008 was 60.8%. The Medical/Dental Insurance Fund had a surplus for 2006 for the first time in four years but once again experienced a deficit in 2007 of \$.3 million. The net assets of the Medical/Dental Insurance Fund has decreased by \$6.1 million since the beginning of 2003 to year-end 2007.

Other factors impacting the 2008 budget will be settling salary contracts with most of the County's bargaining units for 2008 and the rising energy prices that may require budget realignments as well as finding ways to reduce energy consumption.

All of these factors were considered in preparing the County's budget for the 2008 fiscal year.

The County's 2008 budget was passed on December 11, 2007, at a meeting of the St. Louis County Board of Commissioners. The 2008 property tax levy of \$101.6 million is \$4.2 million, or 4.3% more than the 2007 levy.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

## ST. LOUIS COUNTY, MINNESOTA

## STATEMENT OF NET ASSETS

DECEMBER 31, 2007

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 105,111,839	\$ 856,859	\$ 105,968,698
Investments	27,904,077	15,746,601	43,650,678
Assets held by escrow agent	8,092,655	-	8,092,655
Receivables (net)	30,516,124	1,825,091	32,341,215
Internal balances	1,551,774	(1,551,774)	-
Inventories	5,789,520	90,698	5,880,218
Prepaid items	101,784	1,843	103,627
Excess OPEB contributions	402,516	-	402,516
Restricted assets	-	3,082,263	3,082,263
Capital assets not being depreciated	3,458,973	363,922	3,822,895
Capital assets being depreciated, net	360,119,714	12,805,554	372,925,268
Total assets	<u>543,048,976</u>	<u>33,221,057</u>	<u>576,270,033</u>
<b>LIABILITIES</b>			
Accounts payable	17,402,600	1,028,661	18,431,261
Unearned revenue	824,808	55,249	880,057
Liabilities payable from restricted assets	-	4,442	4,442
Advance from other governments	487,399	-	487,399
Noncurrent liabilities:			
Due within one year	15,491,057	677,215	16,168,272
Due in more than one year	73,408,894	3,958,661	77,367,555
Total liabilities	<u>107,614,758</u>	<u>5,724,228</u>	<u>113,338,986</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	326,996,032	13,059,476	340,055,508
Restricted			
Shoreline sales:			
Expendable	370,559	-	370,559
Nonexpendable	6,549,176	-	6,549,176
Special revenue	7,757,739	-	7,757,739
Debt service	9,985,121	41,152	10,026,273
Recorders equipment	1,070,433	-	1,070,433
Communications	593,917	-	593,917
Unorganized town roads	1,224,953	-	1,224,953
Financial assurance	-	1,469,493	1,469,493
Other purposes	1,789,139	-	1,789,139
Unrestricted	79,097,149	12,926,708	92,023,857
Total net assets	<u>\$ 435,434,218</u>	<u>\$ 27,496,829</u>	<u>\$ 462,931,047</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF ACTIVITIES**  
 FOR THE YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental Activities:				
General government	\$ 31,815,617	\$ 12,215,938	\$ 162,490	\$ -
Public safety	44,565,536	2,536,485	3,258,487	472,173
Highways and streets	41,594,052	2,962,882	10,939,345	16,633,674
Health and sanitation	6,151,830	1,395,939	2,434,089	-
Human services	68,325,769	22,486,494	17,425,428	-
Culture and recreation	1,415,848	-	176,109	-
Conservation of natural resources	6,452,175	(930,630)	249,025	-
Economic development	3,767,037	20,614	3,307,974	503,715
Interest on long-term debt	1,794,534	-	-	-
<b>Total governmental activities</b>	<u>205,882,398</u>	<u>40,687,722</u>	<u>37,952,947</u>	<u>17,609,562</u>
Business-type activities:				
Solid Waste Management	6,758,724	5,984,570	460,943	-
Chris Jensen Health and Rehabilitation Center	14,933,759	13,951,140	-	-
Community Food	1,300,616	1,094,673	-	-
Laundry	1,076,043	733,827	-	-
Supervised Living Facility	875,149	885,543	-	-
<b>Total business-type activities</b>	<u>24,944,291</u>	<u>22,649,753</u>	<u>460,943</u>	<u>-</u>
Total primary government	<u>\$ 230,826,689</u>	<u>\$ 63,337,475</u>	<u>\$ 38,413,890</u>	<u>\$ 17,609,562</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF ACTIVITIES**  
 FOR THE YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>			
Governmental Activities:			
General government	\$ (19,437,189)	\$ -	\$ (19,437,189)
Public safety	(38,298,391)	-	(38,298,391)
Highways and streets	(11,058,151)	-	(11,058,151)
Health and sanitation	(2,321,802)	-	(2,321,802)
Human services	(28,413,847)	-	(28,413,847)
Culture and recreation	(1,239,739)	-	(1,239,739)
Conservation of natural resources	(7,133,780)	-	(7,133,780)
Economic development	65,266	-	65,266
Interest on long-term debt	(1,794,534)	-	(1,794,534)
<b>Total governmental activities</b>	<b>(109,632,167)</b>	<b>-</b>	<b>(109,632,167)</b>
Business-type activities:			
Solid Waste Management	-	(313,211)	(313,211)
Chris Jensen Health and Rehabilitation Center	-	(982,619)	(982,619)
Community Food	-	(205,943)	(205,943)
Laundry	-	(342,216)	(342,216)
Supervised Living Facility	-	10,394	10,394
<b>Total business-type activities</b>	<b>-</b>	<b>(1,833,595)</b>	<b>(1,833,595)</b>
Total primary government	<b>\$ (109,632,167)</b>	<b>\$ (1,833,595)</b>	<b>\$ (111,465,762)</b>
General revenues:			
Taxes:			
Property taxes , levied for general purposes	93,731,489	-	93,731,489
Property taxes, levied for debt service	5,937,083	164,322	6,101,405
State shared not restricted to specific programs	25,594,606	-	25,594,606
Federal shared not restricted to specific programs	1,206,209	-	1,206,209
Investment earnings	9,000,989	899,876	9,900,865
Miscellaneous	233,916	461	234,377
Transfers	126,712	(126,712)	-
Total general revenues and transfers	135,831,004	937,947	136,768,951
Changes in net assets	26,198,837	(895,648)	25,303,189
Net assets - January 1	409,235,381	28,392,477	437,627,858
Net assets - December 31	<b>\$ 435,434,218</b>	<b>\$ 27,496,829</b>	<b>\$ 462,931,047</b>

## **GOVERNMENTAL FUNDS**

### **General Fund**

**General Fund** - This fund has been classified as a major fund and is used to account for all financial resources, except those required to be accounted for in another fund.

### **Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures. The following funds have been classified as major funds:

**Road and Bridge** - This fund is used to account for public works activity.

**Public Health and Human Services** - This fund is used to account for the operations and financial activities of the Public Health and Human Services Department.

**Forfeited Tax Sale** - This fund is used to account for the proceeds from the sale or rental of lands forfeited to the State of Minnesota pursuant to Minn. Stat. ch. 282. The distribution of the net proceeds, after deducting the expenses of the County for managing the tax forfeited lands is governed by Minn. Stat. 282.08. Title to the tax forfeited lands remains with the State until sold by the County.

### **Capital Projects Fund**

**Capital Projects Fund** - This fund has been classified as a major fund and is used to account for financial resources to be used for acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds.

ST. LOUIS COUNTY, MINNESOTA  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
DECEMBER 31, 2007

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 43,290,452	\$ 18,198,721	\$ 18,100,930	\$ -	\$ 7,733,326	\$ 10,789,527	\$ 98,112,956
Investments	-	-	-	-	28,407	6,583,426	6,611,833
Assets held by escrow agent	-	-	-	-	-	8,092,655	8,092,655
Delinquent taxes receivable	1,749,915	910,975	1,277,984	-	65,516	310,538	4,314,928
Accounts receivable (net)	329,683	53,745	32,060	10,744,740	1,076	5,569	11,166,873
Accrued interest receivable	1,081,661	-	-	-	-	-	1,081,661
Loans receivable	220,470	-	-	-	-	766,324	986,794
Leases receivable	65,000	-	-	-	-	-	65,000
Interfund receivable	1,245,567	-	-	-	-	-	1,245,567
Due from other governments	2,207,409	3,953,667	5,356,884	-	145,496	250,820	11,914,276
Inventories	-	5,639,342	-	-	-	-	5,639,342
Prepaid items	5,018	-	-	-	-	-	5,018
<b>Total Assets</b>	<b>50,195,175</b>	<b>28,756,450</b>	<b>24,767,858</b>	<b>10,744,740</b>	<b>7,973,821</b>	<b>26,798,859</b>	<b>149,236,903</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	1,442,605	2,472,796	1,563,482	23,791	241,066	82,136	5,825,876
Contracts payable	-	861,059	-	-	43,119	-	904,178
Salaries payable	1,916,985	446,545	804,794	77,196	-	6,074	3,251,594
Interfund payable	-	-	-	394,598	-	23,710	418,308
Due to other governments	366,772	172,151	1,774,097	24,300	77,562	206,310	2,621,192
Unearned revenue	116,761	8,000	115,782	-	-	-	240,543
Deferred revenue	2,070,605	3,033,162	3,001,977	9,297,540	196,961	254,874	17,855,119
Advance from other governments	-	487,399	-	-	-	-	487,399
<b>Total Liabilities</b>	<b>5,913,728</b>	<b>7,481,112</b>	<b>7,260,132</b>	<b>9,817,425</b>	<b>558,708</b>	<b>573,104</b>	<b>31,604,209</b>
Fund Balances:							
Reserved for:							
Noncurrent loans	-	-	-	-	-	766,324	766,324
Economic development	1,108,340	-	-	-	-	-	1,108,340
Future loans	-	-	-	-	-	113,167	113,167
Inventories	-	5,639,342	-	-	-	-	5,639,342
Encumbrances	2,278,469	1,319,439	61,102	27,140	-	520,879	4,207,029
Law library	605,074	-	-	-	-	-	605,074
Recorder's equipment	1,070,433	-	-	-	-	-	1,070,433
Election equipment	252,550	-	-	-	-	-	252,550
Communications	593,917	-	-	-	-	-	593,917
Extension service	296,018	-	-	-	-	-	296,018
Missing heirs	151,687	-	-	-	-	-	151,687
Motorplex	277,430	-	-	-	-	-	277,430
Ditching	275,000	-	-	-	-	-	275,000
Veterans' credit	-	-	-	15,000	-	-	15,000
Unorganized town roads	-	1,224,953	-	-	-	-	1,224,953
Environmental trust funds	-	-	-	-	-	6,549,176	6,549,176
Improvement of natural resources	-	-	-	-	-	370,559	370,559
Tax certificate assurance	194,855	-	-	-	-	-	194,855
Attorney forfeitures	174,300	-	-	-	-	-	174,300
Sheriff forfeitures	94,655	-	-	-	-	-	94,655
Sheriff fines	5,000	-	-	5,000	-	-	5,000
Prepaid items	5,018	-	-	-	-	-	5,018

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

ST. LOUIS COUNTY, MINNESOTA  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
DECEMBER 31, 2007

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
Unreserved:							
Designated for:							
Retiree obligations	6,747,785	3,684,055	8,012,991	337,077	-	-	18,781,908
Parking	839,949	-	-	-	-	-	839,949
Hibbing Raceway	72,623	-	-	-	-	-	72,623
Cash flow	22,578,611	6,873,224	6,178,417	-	-	-	35,630,252
Emergency contingency	5,942	550,616	-	23,969	-	-	580,527
Future appropriation	-	-	-	-	680,549	-	680,549
Northland office building	-	-	-	-	169,711	-	169,711
Planning and zoning GIS	1,516,884	-	-	-	-	-	1,516,884
Vesting sick leave	3,441,984	1,911,874	3,255,216	524,129	-	-	9,133,203
Depreciation reserve	-	-	-	-	763,506	-	763,506
2008 Budget	1,694,923	-	-	-	-	-	1,694,923
Hoyt Lakes-Ely Economic Development Corridor	-	71,835	-	-	-	-	71,835
Undesignated, reported in:							
Special revenue funds	-	-	-	-	-	7,757,739	7,757,739
Debt service fund	-	-	-	-	-	10,147,911	10,147,911
Capital projects fund	-	-	-	-	5,801,347	-	5,801,347
Total Fund Balance	<u>44,281,447</u>	<u>21,275,338</u>	<u>17,507,726</u>	<u>927,315</u>	<u>7,415,113</u>	<u>26,225,755</u>	<u>117,632,694</u>
Total Liabilities and Fund Balances	<u>\$ 50,195,175</u>	<u>\$ 28,756,450</u>	<u>\$ 24,767,858</u>	<u>\$ 10,744,740</u>	<u>\$ 7,973,821</u>	<u>\$ 26,798,859</u>	<u>\$ 149,236,903</u>

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

Total Fund balance - governmental funds (from above)	\$ 117,632,694
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	361,741,976
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	17,855,119
Certain liabilities payable from other long term assets listed above are also deferred in the funds.	(3,719,016)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(80,895,256)
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>22,818,701</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 435,434,218</u></b>

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, 2007

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 39,903,738	\$ 25,521,816	\$ 25,911,042	\$ -	\$ 1,542,256	\$ 6,618,867	\$ 99,497,719
Licenses and permits	124,046	33,825	-	-	-	-	157,871
Intergovernmental	21,024,829	28,656,465	43,802,525	16,079	621,443	4,300,538	98,421,879
Charges for services	15,237,001	1,653,570	3,777,405	-	-	-	20,667,976
Fines and forfeits	189,882	-	-	-	-	-	189,882
Earnings on investments	6,738,539	-	-	-	231,839	928,740	7,899,118
Gifts and contributions	11,771	-	10,118	-	-	-	21,889
Land and timber sales	-	-	-	7,230,255	-	-	7,230,255
Miscellaneous	1,557,287	1,275,487	519,300	189,629	103,331	234,090	3,879,124
Total Revenues	<u>84,787,093</u>	<u>57,141,163</u>	<u>74,020,390</u>	<u>7,435,963</u>	<u>2,498,869</u>	<u>12,082,235</u>	<u>237,965,713</u>
<b>EXPENDITURES</b>							
Current:							
General government	32,298,957	-	-	-	-	-	32,298,957
Public safety	43,236,476	-	-	-	-	-	43,236,476
Highways and streets	-	34,346,944	-	-	-	-	34,346,944
Health and sanitation	521,350	-	5,490,779	-	-	50,000	6,062,129
Human services	399,666	-	67,584,438	-	-	-	67,984,104
Culture and recreation	1,415,848	-	-	-	-	-	1,415,848
Conservation of natural resources	933,908	-	-	5,146,774	-	3,646,545	9,727,227
Economic development	332,069	-	-	-	-	3,374,251	3,706,320
Debt service:							
Principal	-	-	-	-	-	5,627,329	5,627,329
Interest and other charges	-	-	-	-	-	1,777,563	1,777,563
Capital outlay:							
General government	440,018	-	-	-	3,825,117	-	4,265,135
Public safety	1,422,126	-	-	-	4,808,564	-	6,230,690
Highways and streets	-	23,730,071	-	-	5,426,762	-	29,156,833
Conservation of natural resources	-	-	-	101,676	-	-	101,676
Total Expenditures	<u>81,000,418</u>	<u>58,077,015</u>	<u>73,075,217</u>	<u>5,248,450</u>	<u>14,060,443</u>	<u>14,475,688</u>	<u>245,937,231</u>
Excess (deficiency) of revenues over expenditures	<u>3,786,675</u>	<u>(935,852)</u>	<u>945,173</u>	<u>2,187,513</u>	<u>(11,561,574)</u>	<u>(2,393,453)</u>	<u>(7,971,518)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	3,271,091	858,441	1,428,303	-	1,437,908	109,983	7,105,726
Transfers (out)	(2,860,345)	(824,837)	-	(2,264,983)	(103,743)	(774,286)	(6,828,194)
Bonds issued	-	-	-	-	4,954,904	45,096	5,000,000
Premium proceeds	-	-	-	-	33,416	-	33,416
Total other financing sources and uses	<u>410,746</u>	<u>33,604</u>	<u>1,428,303</u>	<u>(2,264,983)</u>	<u>6,322,485</u>	<u>(619,207)</u>	<u>5,310,948</u>
Net change in fund balances	4,197,421	(902,248)	2,373,476	(77,470)	(5,239,089)	(3,012,660)	(2,660,570)
Fund balances - January 1	40,084,026	20,872,273	15,134,250	1,004,785	12,654,202	29,238,415	118,987,951
Decrease in reserved for inventories	-	1,305,313	-	-	-	-	1,305,313
Fund balances - December 31	<u>\$ 44,281,447</u>	<u>\$ 21,275,338</u>	<u>\$ 17,507,726</u>	<u>\$ 927,315</u>	<u>\$ 7,415,113</u>	<u>\$ 26,225,755</u>	<u>\$ 117,632,694</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2007

Net change in fund balances--total governmental funds (from previous page)	\$ (2,660,570)
Increase in reserved for inventories--total governmental funds (from previous page)	1,305,313
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.	(7,616,776)
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	3,344,015
Bond interest payable	(16,971)
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.	29,983,561
Changes in capital asset not resulting from capital outlay, such as contributions and other expense are not reflected in the funds.	(3,160,229)
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.	1,077,986
Expenditures reported in the governmental funds are not considered expenses in the Statement of Activities	2,765,530
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Assets.	1,176,978
Change in net assets of governmental activities	<u>\$ 26,198,837</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, 2007

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 37,326,242	\$ 37,326,242	\$ 39,903,738	\$ 2,577,496
Licenses and permits	122,650	122,650	124,046	1,396
Intergovernmental	17,945,712	22,675,483	21,024,829	(1,650,654)
Charges for services	15,006,276	15,348,482	15,237,001	(111,481)
Fines and forfeitures	3,500	167,646	189,882	22,236
Earnings on investments	3,500,000	3,500,905	6,738,539	3,237,634
Gifts and contributions	20,000	22,000	11,771	(10,229)
Miscellaneous	922,651	1,202,427	1,557,287	354,860
Total revenues	74,847,031	80,365,835	84,787,093	4,421,258
<b>EXPENDITURES</b>				
General government				
Commissioners				
Personnel services	806,315	812,435	812,435	-
Other operating	195,525	198,111	198,111	-
Total commissioners	1,001,840	1,010,546	1,010,546	-
County administrator				
Personnel services	945,226	902,568	728,860	(173,708)
Other operating	741,527	877,905	763,706	(114,199)
Total county administrator	1,686,753	1,780,473	1,492,566	(287,907)
Intergovernmental affairs				
Personnel services	119,658	119,658	118,022	(1,636)
Other operating	176,690	180,273	180,273	-
Total intergovernmental affairs	296,348	299,931	298,295	(1,636)
Labor relations				
Other operating	50,500	88,798	88,798	-
Planning and zoning				
Personnel services	1,174,050	1,216,382	1,216,382	-
Other operating	1,040,082	1,571,388	863,223	(708,165)
Total planning and zoning	2,214,132	2,787,770	2,079,605	(708,165)
Commitment representation				
Other operating	64,741	64,741	56,554	(8,187)
Court administrator				
Other operating	1,314,179	1,314,179	1,314,179	-
Examiner of titles				
Personnel services	111,474	111,474	110,445	(1,029)
Other operating	9,416	16,497	16,497	-
Total examiner of titles	120,890	127,971	126,942	(1,029)
County attorney				
Personnel services	5,972,569	6,021,883	5,372,702	(649,181)
Other operating	899,506	973,851	893,950	(79,901)
Capital outlay	83,310	9,965	-	(9,965)
Total county attorney	6,955,385	7,005,699	6,266,652	(739,047)
Subtotal	13,704,768	14,480,108	12,734,137	(1,745,971)

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, 2007

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
Law library				
Other operating	147,150	321,713	159,209	(162,504)
County auditor				
Personnel services	3,405,141	3,444,216	3,314,561	(129,655)
Other operating	1,137,793	1,204,046	1,050,343	(153,703)
Total county auditor	4,542,934	4,648,262	4,364,904	(283,358)
Data processing				
Other operating	1,370,049	1,370,049	1,370,049	-
County assessor				
Personnel services	1,729,722	1,729,722	1,623,803	(105,919)
Other operating	339,459	339,459	319,875	(19,584)
Total county assessor	2,069,181	2,069,181	1,943,678	(125,503)
Purchasing				
Personnel services	388,584	357,217	310,742	(46,475)
Other operating	131,727	131,727	115,551	(16,176)
Total purchasing	520,311	488,944	426,293	(62,651)
Microfilming				
Personnel services	202,067	202,067	201,714	(353)
Other operating	30,552	30,552	29,010	(1,542)
Total microfilming	232,619	232,619	230,724	(1,895)
Recorder				
Personnel services	1,791,646	1,795,518	1,729,709	(65,809)
Other operating	766,669	765,616	592,442	(173,174)
Capital outlay	28,000	18,100	18,100	-
Total recorder	2,586,315	2,579,234	2,340,251	(238,983)
Surveyor				
Personnel services	1,061,031	1,059,920	880,149	(179,771)
Other operating	92,078	96,378	89,338	(7,040)
Capital outlay	76,000	71,700	71,479	(221)
Total surveyor	1,229,109	1,227,998	1,040,966	(187,032)
Civil service				
Personnel services	999,653	1,071,027	1,071,027	-
Other operating	417,823	349,797	334,928	(14,869)
Capital outlay	6,000	2,652	-	(2,652)
Total civil service	1,423,476	1,423,476	1,405,955	(17,521)
Veteran's service				
Personnel services	564,768	631,371	631,370	(1)
Other operating	79,643	83,340	81,920	(1,420)
Total veteran's service	644,411	714,711	713,290	(1,421)
Port authority				
Other operating	35,585	35,585	35,585	-
Elections				
Other operating	65,115	335,454	111,564	(223,890)
Subtotal	14,866,255	15,447,226	14,142,468	(1,304,758)

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, 2007

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
General government				
Courthouses				
Personnel services	3,274,454	3,331,596	3,094,447	(237,149)
Other operating	2,300,719	2,365,365	2,190,890	(174,475)
Capital outlay	50,300	367,739	350,439	(17,300)
Total courthouses	5,625,473	6,064,700	5,635,776	(428,924)
Employee training				
Personnel services	76,727	118,271	114,001	(4,270)
Other operating	117,724	117,724	105,767	(11,957)
Total employee training	194,451	235,995	219,768	(16,227)
Missing heirs				
Other operating	-	40,905	6,826	(34,079)
Total General Government	34,390,947	36,268,934	32,738,975	(3,529,959)
Public safety				
Jail building				
Personnel services	438,626	443,159	443,159	-
Other operating	355,250	428,250	427,755	(495)
Total jail building	793,876	871,409	870,914	(495)
Sheriff				
Personnel services	9,069,954	9,945,950	9,945,922	(28)
Other operating	2,569,380	4,718,069	4,292,017	(426,052)
Capital outlay	561,786	2,193,282	916,283	(1,276,999)
Total sheriff	12,201,120	16,857,301	15,154,222	(1,703,079)
Boat and water safety				
Other operating	118,437	102,888	101,775	(1,113)
Capital outlay	26,298	42,205	16,164	(26,041)
Total boat and water safety	144,735	145,093	117,939	(27,154)
Medical examiner				
Other operating	454,400	474,350	474,304	(46)
Rescue squad				
Other operating	155,993	187,613	186,494	(1,119)
Capital outlay	110,699	101,279	101,279	-
Total rescue squad	266,692	288,892	287,773	(1,119)
Emergency management				
Personnel services	169,262	182,929	182,853	(76)
Other operating	35,903	85,723	39,479	(46,244)
Total emergency management	205,165	268,652	222,332	(46,320)
Radio maintenance				
Personnel services	378,426	412,726	412,635	(91)
Other operating	213,032	206,832	181,082	(25,750)
Total radio maintenance	591,458	619,558	593,717	(25,841)
Emergency communication				
Personnel services	2,953,615	3,010,014	3,010,014	-
Other operating	462,435	542,627	537,407	(5,220)
Total emergency communication	3,416,050	3,552,641	3,547,421	(5,220)
Subtotal	18,073,496	23,077,896	21,268,622	(1,809,274)

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, 2007

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
Public safety				
Jail prisoners				
Personnel services	5,438,501	5,438,615	5,432,182	(6,433)
Other operating	4,219,722	4,855,267	4,723,982	(131,285)
Capital outlay	27,015	28,015	26,036	(1,979)
Total jail prisoners	9,685,238	10,321,897	10,182,200	(139,697)
Mine inspector				
Personnel services	266,764	271,556	271,556	-
Other operating	27,214	23,534	23,534	-
Total mine inspector	293,978	295,090	295,090	-
Sheriff's NEMESIS system				
Other operating	182,075	301,711	273,101	(28,610)
Ambulance service				
Other operating	62,000	62,000	60,284	(1,716)
Law enforcement service				
Personnel services	786,350	786,350	700,114	(86,236)
Other operating	96,658	81,108	69,674	(11,434)
Total law enforcement service	883,008	867,458	769,788	(97,670)
Enhanced 9-1-1				
Other operating	-	265,000	251,379	(13,621)
Capital outlay	-	481,000	358,957	(122,043)
Total enhanced 9-1-1	-	746,000	610,336	(135,664)
City/County antenna site				
Other operating	-	8,685	7,578	(1,107)
Volunteer fire department				
Other operating	369,586	390,438	372,839	(17,599)
Attorneys forfeitures				
Other operating	-	32,856	2,444	(30,412)
Sheriffs forfeitures				
Other operating	-	97,490	92,122	(5,368)
Capital outlay	-	6,500	3,407	(3,093)
Total Sheriffs forfeitures	-	103,990	95,529	(8,461)
Sheriff fines				
Other operating	-	37,368	31,743	(5,625)
Arrowhead Regional Corrections				
Other operating	10,689,048	10,689,048	10,689,048	-
Total Public Safety	40,238,429	46,934,437	44,658,602	(2,275,835)

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, 2007

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
Health				
Occupational safety				
Personnel services	401,920	361,503	341,358	(20,145)
Other operating	188,439	188,439	179,992	(8,447)
Total occupational safety	590,359	549,942	521,350	(28,592)
Total Health	590,359	549,942	521,350	(28,592)
Human services				
Emergency shelter program				
Other operating	122,100	166,285	112,843	(53,442)
Heating assistance				
Other operating	92,000	92,000	92,000	-
Methamphetamine prevention				
Other operating	99,000	58,783	58,783	-
Family homelessness prevention and assistance program				
Personnel services	44,914	14,980	1,543	(13,437)
Other operating	184,775	142,715	134,497	(8,218)
Total family homelessness prevention and assistance program	229,689	157,695	136,040	(21,655)
Total Human services	542,789	474,763	399,666	(75,097)
Culture and recreation				
Memorial Day observance				
Other operating	900	900	850	(50)
Historical Society				
Other operating	253,186	253,186	253,186	-
Arrowhead Library System				
Other operating	704,510	704,510	704,510	-
Community fairs				
Other operating	493	493	369	(124)
Depot				
Other operating	188,000	189,000	188,235	(765)
Tourism promotion				
Other operating	54,177	54,177	54,177	-
Trail assistance				
Other operating	-	176,109	176,109	-
Veteran's Memorial Hall				
Other operating	38,412	38,412	38,412	-
Hibbing Raceway				
Other operating	12,000	12,000	-	(12,000)
Total Culture and Recreation	1,251,678	1,428,787	1,415,848	(12,939)
				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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (CONTINUED)</b>				
Conservation of natural resources				
County agent				
Personnel services	218,094	232,294	229,745	(2,549)
Other operating	368,563	400,400	373,129	(27,271)
Total county agent	<u>586,657</u>	<u>632,694</u>	<u>602,874</u>	<u>(29,820)</u>
Youth task force				
Personnel services	63,327	63,327	53,140	(10,187)
Other operating	136,754	152,447	133,482	(18,965)
Capital outlay	1,000	-	-	-
Total youth task force	<u>201,081</u>	<u>215,774</u>	<u>186,622</u>	<u>(29,152)</u>
County fair - north				
Other operating	12,806	12,806	12,806	-
County fair - south				
Other operating	12,806	12,806	12,806	-
Soil conservation - north				
Other operating	59,400	59,400	59,400	-
Soil conservation - south				
Other operating	59,400	59,400	59,400	-
Total Conservation of Natural Resources	<u>932,150</u>	<u>992,880</u>	<u>933,908</u>	<u>(58,972)</u>
Economic development				
Northspan				
Other operating	19,800	19,800	19,800	-
Revolving loans				
Other operating	262,269	312,269	312,269	-
Total Economic Development	<u>282,069</u>	<u>332,069</u>	<u>332,069</u>	<u>-</u>
Total Expenditures	<u>78,228,421</u>	<u>86,981,812</u>	<u>81,000,418</u>	<u>(5,981,394)</u>
Excess of revenues over (under) expenditures	<u>(3,381,390)</u>	<u>(6,615,977)</u>	<u>3,786,675</u>	<u>10,402,652</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,718,664	3,943,340	3,271,091	(672,249)
Transfers (out)	(789,378)	(1,640,933)	(2,860,345)	(1,219,412)
Total other financing sources (uses)	<u>2,929,286</u>	<u>2,302,407</u>	<u>410,746</u>	<u>(1,891,661)</u>
Net change in fund balances	(452,104)	(4,313,570)	4,197,421	8,510,991
Fund Balance - January 1	40,084,026	40,084,026	40,084,026	-
Fund Balance - December 31	<u>\$ 39,631,922</u>	<u>\$ 35,770,456</u>	<u>\$ 44,281,447</u>	<u>\$ 8,510,991</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 25,851,806	\$ 25,851,806	\$ 25,521,816	\$ (329,990)
Licenses and permits	21,000	21,000	33,825	12,825
Intergovernmental	48,159,152	52,666,180	28,656,465	(24,009,715)
Charges for services	180,000	437,992	1,653,570	1,215,578
Miscellaneous	2,278,439	2,411,375	1,275,487	(1,135,888)
Total Revenues	<u>76,490,397</u>	<u>81,388,353</u>	<u>57,141,163</u>	<u>(24,247,190)</u>
<b>EXPENDITURES</b>				
Current				
Administration				
Personnel services	4,828,692	4,963,455	4,218,772	(744,683)
Other operating	3,380,901	1,830,553	1,406,072	(424,481)
Capital outlay	95,000	55,883	55,783	(100)
Total administration	<u>8,304,593</u>	<u>6,849,891</u>	<u>5,680,627</u>	<u>(1,169,264)</u>
Road maintenance				
Personnel services	12,305,857	12,689,036	12,600,664	(88,372)
Other operating	3,765,242	4,281,130	4,027,112	(254,018)
Total road maintenance	<u>16,071,099</u>	<u>16,970,166</u>	<u>16,627,776</u>	<u>(342,390)</u>
Road construction				
Personnel services	-	1,836,949	2,232,979	396,030
Capital outlay	42,930,154	45,347,283	22,169,514	(23,177,769)
Total road construction	<u>42,930,154</u>	<u>47,184,232</u>	<u>24,402,493</u>	<u>(22,781,739)</u>
Equipment maintenance and shops				
Personnel services	3,534,401	3,620,391	3,560,807	(59,584)
Other operating	6,320,164	6,464,626	6,300,538	(164,088)
Capital outlay	1,814,386	1,883,460	1,504,774	(378,686)
Total equipment maintenance and shops	<u>11,668,951</u>	<u>11,968,477</u>	<u>11,366,119</u>	<u>(602,358)</u>
Total Expenditures	<u>78,974,797</u>	<u>82,972,766</u>	<u>58,077,015</u>	<u>(24,895,751)</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,484,400)</u>	<u>(1,584,413)</u>	<u>(935,852)</u>	<u>648,561</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	1,464,203	-	-	-
Transfers in	-	-	858,441	858,441
Transfers out	-	(825,838)	(824,837)	1,001
Total other financing sources (uses)	<u>1,464,203</u>	<u>(825,838)</u>	<u>33,604</u>	<u>859,442</u>
Net change in fund balances	(1,020,197)	(2,410,251)	(902,248)	1,508,003
Fund Balance - January 1	20,872,273	20,872,273	20,872,273	-
Decrease in reserved for inventories	-	-	1,305,313	1,305,313
Fund Balance - December 31	<u>\$ 19,852,076</u>	<u>\$ 18,462,022</u>	<u>\$ 21,275,338</u>	<u>\$ 2,813,316</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**PUBLIC HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 25,767,342	\$ 25,767,342	\$ 25,911,042	\$ 143,700
Intergovernmental	41,886,372	44,908,447	43,802,525	(1,105,922)
Charges for services	3,156,759	3,189,134	3,777,405	588,271
Gifts and contributions	2,000	2,000	10,118	8,118
Miscellaneous	664,250	664,250	519,300	(144,950)
Total Revenues	71,476,723	74,531,173	74,020,390	(510,783)
<b>EXPENDITURES</b>				
Human services				
Administration				
Personnel services	4,255,366	5,793,385	5,793,385	-
Other operating	4,041,062	4,252,182	4,128,891	(123,291)
Total administration	8,296,428	10,045,567	9,922,276	(123,291)
Income maintenance				
Personnel services	10,091,346	9,889,316	9,889,196	(120)
Other operating	3,262,932	3,371,762	3,085,073	(286,689)
Total income maintenance	13,354,278	13,261,078	12,974,269	(286,809)
Social services				
Personnel services	16,293,724	16,062,789	16,062,789	-
Other operating	27,218,357	29,294,888	28,625,104	(669,784)
Total social services	43,512,081	45,357,677	44,687,893	(669,784)
Health				
Administration				
Personnel services	750,798	847,762	819,412	(28,350)
Other operating	247,835	246,835	175,149	(71,686)
Total administration	998,633	1,094,597	994,561	(100,036)
Nursing				
Personnel services	3,258,334	2,789,806	2,789,617	(189)
Other operating	726,508	758,694	370,661	(388,033)
Total nursing	3,984,842	3,548,500	3,160,278	(388,222)
Environmental Health				
Personnel services	1,213,853	1,200,872	1,200,872	-
Other operating	317,401	336,637	135,068	(201,569)
Capital outlay	16,000	16,000	-	(16,000)
Total environmental health	1,547,254	1,553,509	1,335,940	(217,569)
Total Expenditures	71,693,516	74,860,928	73,075,217	(1,785,711)
Excess of Revenues Over (Under) Expenditures	(216,793)	(329,755)	945,173	1,274,928
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	200,000	230,455	1,428,303	1,197,848
Net change in fund balances	(16,793)	(99,300)	2,373,476	2,472,776
Fund Balance - January 1	15,134,250	15,134,250	15,134,250	-
Fund Balance - December 31	\$ 15,117,457	\$ 15,034,950	\$ 17,507,726	\$ 2,472,776

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 16,097	\$ 16,097	\$ 16,079	\$ (18)
Land and timber sales	10,000,000	10,000,000	7,230,255	(2,769,745)
Miscellaneous	225,000	225,000	189,629	(35,371)
Total Revenues	<u>10,241,097</u>	<u>10,241,097</u>	<u>7,435,963</u>	<u>(2,805,134)</u>
<b>EXPENDITURES</b>				
Current:				
Conservation of natural resources				
Personnel services	3,951,118	1,473,265	1,385,758	(87,507)
Other operating	3,714,235	3,723,427	3,761,016	37,589
Capital outlay	382,000	293,972	101,676	(192,296)
Total conservation of natural resources	<u>8,047,353</u>	<u>5,490,664</u>	<u>5,248,450</u>	<u>(242,214)</u>
Excess of Revenues Over (Under) Expenditures	2,193,744	4,750,433	2,187,513	(2,562,920)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(2,255,000)</u>	<u>(2,255,000)</u>	<u>(2,264,983)</u>	<u>(9,983)</u>
Net change in fund balances	(61,256)	2,495,433	(77,470)	(2,572,903)
Fund Balance - January 1	<u>1,004,785</u>	<u>1,004,785</u>	<u>1,004,785</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 943,529</u>	<u>\$ 3,500,218</u>	<u>\$ 927,315</u>	<u>\$ (2,572,903)</u>

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

## PROPRIETARY FUNDS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business, with the intent that cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The following funds have been classified as major funds:

**Solid Waste Management** - 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.

**Chris Jensen Health & Rehabilitation** - This fund is used to account for providing nursing home, health, and rehabilitation facilities for the public.

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
DECEMBER 31, 2007

	Business-type Activities				Governmental Activities- Internal Service Funds
	Enterprise Funds				
	Solid Waste Management	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds	Total	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 253,722	\$ -	\$ 603,137	\$ 856,859	\$ 6,998,883
Investments	15,746,601	-	-	15,746,601	21,292,244
Accounts receivables (net)	50,374	1,342,220	117,202	1,509,796	706,872
Accrued interest receivable	161,903	-	-	161,903	266,710
Due from other funds	-	709	-	709	-
Due from other governments	-	-	152,683	152,683	13,010
Inventories	-	48,285	42,413	90,698	150,178
Prepaid items	-	795	1,048	1,843	96,766
Excess OPEB contributions	-	-	-	-	402,516
Restricted assets					
Debt service					
Cash and cash equivalents	-	38,720	-	38,720	-
Taxes receivable	-	5,068	-	5,068	-
Due from other governments	-	3	-	3	-
Deferred charges - issuance costs	-	1,803	-	1,803	-
Total current assets	<u>16,212,600</u>	<u>1,437,603</u>	<u>916,483</u>	<u>18,566,686</u>	<u>29,927,179</u>
Noncurrent assets:					
Restricted assets					
Financial assurance					
Cash and cash equivalents	804,996	-	-	804,996	-
Investments	2,153,020	-	-	2,153,020	-
Accrued interest receivable	78,653	-	-	78,653	-
Capital assets					
Land	233,266	130,656	-	363,922	25,500
Buildings and structures	6,504,525	5,915,358	1,022,205	13,442,088	834,236
Improvements other than buildings	8,269,488	26,385	-	8,295,873	-
Machinery and equipment	994,066	1,427,527	357,368	2,778,961	6,112,682
Linens	-	36,927	100,374	137,301	-
Vehicles	1,042,250	58,975	45,709	1,146,934	2,008,398
Less accumulated depreciation	<u>(9,361,655)</u>	<u>(2,770,727)</u>	<u>(863,221)</u>	<u>(12,995,603)</u>	<u>(7,144,105)</u>
Total capital assets, net	<u>7,681,940</u>	<u>4,825,101</u>	<u>662,435</u>	<u>13,169,476</u>	<u>1,836,711</u>
Total noncurrent assets	<u>10,718,609</u>	<u>4,825,101</u>	<u>662,435</u>	<u>16,206,145</u>	<u>1,836,711</u>
Total assets	<u>26,931,209</u>	<u>6,262,704</u>	<u>1,578,918</u>	<u>34,772,831</u>	<u>31,763,890</u>

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

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
DECEMBER 31, 2007

	<b>Business-type Activities</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Enterprise Funds</b>				
	<b>Solid Waste Management</b>	<b>Chris Jensen Health and Rehabilitation Center</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	309,032	204,174	109,798	623,004	663,533
Salaries payable	41,588	276,104	51,419	369,111	93,513
Compensated absences payable	140,500	321,770	104,945	567,215	495,663
Interfund payable	-	614,387	212,872	827,259	-
Claims payable	-	-	-	-	2,981,243
Due to other governments	22,736	11,537	2,273	36,546	160,908
Unearned revenue	-	55,249	-	55,249	584,265
Accrued interest payable - restricted	-	298	-	298	-
Unearned revenue - restricted	-	4,144	-	4,144	-
Revenue bonds payable - restricted	-	110,000	-	110,000	-
Total current liabilities	<u>513,856</u>	<u>1,597,663</u>	<u>481,307</u>	<u>2,592,826</u>	<u>4,979,125</u>
Noncurrent liabilities:					
Compensated absences payable	497,611	1,360,845	532,929	2,391,385	1,550,912
Claims payable	-	-	-	-	3,139,667
Customer deposits	100	-	-	100	-
Closure and post-closure liabilities	1,567,176	-	-	1,567,176	-
Total noncurrent liabilities	<u>2,064,887</u>	<u>1,360,845</u>	<u>532,929</u>	<u>3,958,661</u>	<u>4,690,579</u>
Total Liabilities	<u>2,578,743</u>	<u>2,958,508</u>	<u>1,014,236</u>	<u>6,551,487</u>	<u>9,669,704</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	7,681,940	4,715,101	662,435	13,059,476	1,836,711
Restricted for debt service	-	41,152	-	41,152	-
Restricted for financial assurance	1,469,493	-	-	1,469,493	-
Unrestricted	15,201,033	(1,452,057)	(97,753)	13,651,223	20,257,475
Total net assets	<u>\$ 24,352,466</u>	<u>\$ 3,304,196</u>	<u>\$ 564,682</u>	<u>\$ 28,221,344</u>	<u>\$ 22,094,186</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(724,515)</u>	
Net assets of business type activities				<u>\$ 27,496,829</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, 2007

	Business-type Activities				Governmental Activities- Internal Service Funds
	Enterprise Funds				
	Solid Waste Management	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds	Total	
Operating Revenues					
Charges for services	\$ 5,414,388	\$ 13,928,038	\$ 2,705,470	\$ 22,047,896	\$ 39,224,354
Licenses and permits	7,000	-	-	7,000	-
Other	563,182	23,102	8,573	594,857	1,316,533
Total Operating Revenues	<u>5,984,570</u>	<u>13,951,140</u>	<u>2,714,043</u>	<u>22,649,753</u>	<u>40,540,887</u>
Operating Expenses					
Personal services	2,185,548	10,962,221	2,038,937	15,186,706	4,317,542
Contractual services	3,649,699	2,761,332	654,354	7,065,385	32,302,598
Materials	193,049	1,162,298	552,814	1,908,161	2,063,374
OPEB expense	-	-	-	-	1,114,889
Depreciation	733,371	192,423	11,527	937,321	438,155
Total Operating Expenses	<u>6,761,667</u>	<u>15,078,274</u>	<u>3,257,632</u>	<u>25,097,573</u>	<u>40,236,558</u>
Operating Income (Loss)	<u>(777,097)</u>	<u>(1,127,134)</u>	<u>(543,589)</u>	<u>(2,447,820)</u>	<u>304,329</u>
Nonoperating Revenues (Expenses)					
Taxes	460	163,862	-	164,322	-
Grants	460,943	-	-	460,943	-
Earnings on investments	899,876	-	-	899,876	1,101,871
Interest expense	-	(6,463)	-	(6,463)	-
Amortization of bond issuance costs	-	(2,703)	-	(2,703)	-
Loss or gain on asset disposal	-	-	461	461	(14,946)
Total Nonoperating Revenues (Expenses)	<u>1,361,279</u>	<u>154,696</u>	<u>461</u>	<u>1,516,436</u>	<u>1,086,925</u>
Income (Loss) Before Transfers	584,182	(972,438)	(543,128)	(931,384)	1,391,254
Transfer in	-	103,743	-	103,743	-
Transfer out	-	-	(230,455)	(230,455)	(150,820)
Total Transfers	<u>-</u>	<u>103,743</u>	<u>(230,455)</u>	<u>(126,712)</u>	<u>(150,820)</u>
Change in net assets	584,182	(868,695)	(773,583)	(1,058,096)	1,240,434
Total net assets - January 1	<u>23,768,284</u>	<u>4,172,891</u>	<u>1,338,265</u>	<u>29,279,440</u>	<u>20,853,752</u>
Total net assets - December 31	<u>\$ 24,352,466</u>	<u>\$ 3,304,196</u>	<u>\$ 564,682</u>	<u>\$ 28,221,344</u>	<u>\$ 22,094,186</u>
Change in net assets				\$ (1,058,096)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				162,448	
Change in net assets of business type activities				<u>\$ (895,648)</u>	

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

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities				Governmental Activities - Internal Service Funds
	Enterprise Funds				
	Solid Waste Management	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 5,423,036	\$ 14,392,290	\$ 2,745,306	\$ 22,560,632	\$ 297,543
Receipts from interfund services provided	-	-	-	-	38,913,394
Payments to suppliers	(3,822,311)	(3,910,736)	(1,103,620)	(8,836,667)	(5,180,986)
Payments to employees	(2,127,455)	(11,069,261)	(2,011,248)	(15,207,964)	(4,806,175)
Claims paid	-	-	-	-	(30,316,619)
Other receipts (payments)	713,415	33,119	9,807	756,341	1,248,289
Net cash provided (used) by operating activities	<u>186,685</u>	<u>(554,588)</u>	<u>(359,755)</u>	<u>(727,658)</u>	<u>155,446</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Proceeds from taxes	472	163,825	-	164,297	-
Proceeds from grants	460,943	-	-	460,943	-
Transfer to other funds	-	-	(230,455)	(230,455)	(150,820)
Proceeds from interfund transfer	-	103,743	-	103,743	-
Proceeds from interfund loan	-	614,387	212,872	827,259	-
Net cash provided (used) by noncapital financing activities	<u>461,415</u>	<u>881,955</u>	<u>(17,583)</u>	<u>1,325,787</u>	<u>(150,820)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(449,352)	(210,100)	(25,560)	(685,012)	(524,803)
Disposal of capital assets	-	-	125,566	125,566	-
Principal paid on capital debt	-	(105,000)	-	(105,000)	-
Interest paid on capital debt	-	(6,725)	-	(6,725)	-
Net cash provided (used) by capital and related financing activities	<u>(449,352)</u>	<u>(321,825)</u>	<u>100,006</u>	<u>(671,171)</u>	<u>(524,803)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(29,638,918)	-	-	(29,638,918)	(55,541,525)
Sale of investments	28,004,722	-	-	28,004,722	54,603,586
Interest and dividends	916,885	-	-	916,885	1,094,768
Net cash provided by investing activities	<u>(717,311)</u>	<u>-</u>	<u>-</u>	<u>(717,311)</u>	<u>156,829</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(518,563)	5,542	(277,332)	(790,353)	(363,348)
Balances - January 1	<u>1,577,281</u>	<u>33,178</u>	<u>880,469</u>	<u>2,490,928</u>	<u>7,362,231</u>
Balances - December 31	<u>\$ 1,058,718</u>	<u>\$ 38,720</u>	<u>\$ 603,137</u>	<u>\$ 1,700,575</u>	<u>\$ 6,998,883</u>
<b>Detail on Statement of Net Assets</b>					
Cash and cash equivalents					
Current	\$ 253,722	\$ -	\$ 603,137	\$ 856,859	\$ 6,998,883
Restricted					
Debt service	-	38,720	-	38,720	-
Noncurrent					
Restricted					
Financial assurance	804,996	-	-	804,996	-
Total	<u>\$ 1,058,718</u>	<u>\$ 38,720</u>	<u>\$ 603,137</u>	<u>\$ 1,700,575</u>	<u>\$ 6,998,883</u>

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities				Governmental Activities - Internal Service Funds
	Enterprise Funds				
	Solid Waste Management	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds	Total	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (777,097)	\$ (1,127,134)	\$ (543,589)	\$ (2,447,820)	\$ 304,329
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	733,371	192,423	11,527	937,321	438,155
(Increase) Decrease Receivables, net	1,648	464,252	9,384	475,284	(2,096)
(Increase) Decrease Due from other funds	-	(709)	-	(709)	-
(Increase) Decrease Due from other governments	-	(3)	30,452	30,449	36,044
(Increase) Decrease Inventories	-	15,965	16,313	32,278	44,682
(Increase) Decrease Prepaid Items	200	(795)	45,262	44,667	(52,766)
(Increase) Decrease Excess OPEB contributions	-	-	-	-	(402,516)
Increase (Decrease) Accounts payable	20,237	(2,276)	41,973	59,934	49,043
Increase (Decrease) Salaries payable	(24,693)	(24,717)	(19,219)	(68,629)	(25,418)
Increase (Decrease) Due to other funds	-	(808)	-	(808)	-
Increase (Decrease) Compensated absences payable	82,786	(82,323)	46,908	47,371	(304,801)
Increase (Decrease) Claims payable	-	-	-	-	155,235
Increase (Decrease) Due to other governments	22,736	11,537	1,234	35,507	18,146
Increase (Decrease) Unearned revenue	-	-	-	-	(102,591)
Increase (Decrease) Closure and post closure	127,497	-	-	127,497	-
Total Adjustments	963,782	572,546	183,834	1,720,162	(148,883)
Net cash provided by operating activities	<u>\$ 186,685</u>	<u>\$ (554,588)</u>	<u>\$ (359,755)</u>	<u>\$ (727,658)</u>	<u>\$ 155,446</u>
<b>NON-CASH ACTIVITIES</b>					
Change in fair market value of investments	\$ 54,896	\$ -	\$ -	\$ 54,896	\$ -
Gain on disposal of asset	-	-	461	461	-

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

## FIDUCIARY FUNDS

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

**Private-purpose trust funds** - The **Patients' Escrow** fund is used to account for the deposit and subsequent return of nursing home residents' trust funds deposited with the County Auditor. The County acts only as the custodian of these funds and ownership rests with the nursing home patients.

**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, 2007

	<u>Private-Purpose Trust Fund</u>	<u>Investment Trusts</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 20,373	\$ 1,143,793	\$ 11,446,861
Investments	77,780	24,177,661	1,864,440
Delinquent taxes receivable	-	-	51,706
Accounts receivable	-	-	24,609
Accrued interest receivable	1,015	850,943	67,311
Due from other governments	-	-	2,884,245
Total Assets	<u>99,168</u>	<u>26,172,397</u>	<u>16,339,172</u>
<b>LIABILITIES</b>			
Accounts payable	-	-	1,133,509
Salaries payable	-	-	383,346
Due to other funds	709	-	-
Due to other governments	-	508,131	14,822,317
Total Liabilities	<u>709</u>	<u>508,131</u>	<u>16,339,172</u>
<b>NET ASSETS</b>			
Held in trust for pool participants and other purposes	<u>\$ 98,459</u>	<u>\$ 25,664,266</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, 2007

	<b>Private-Purpose Trust Fund</b>	<b>Investment Trusts</b>
<b>ADDITIONS</b>		
Taconite taxes	\$ -	\$ 34,587,399
Earnings on investments	2,050	1,592,027
Miscellaneous	147,542	-
Total Additions	149,592	36,179,426
<b>DEDUCTIONS</b>		
Refunds of contributions	105,393	-
Distributions to participants	-	42,358,496
Total Deductions	105,393	42,358,496
Changes in net assets	44,199	(6,179,070)
Net assets - January 1	54,260	31,843,336
Net assets - December 31	\$ 98,459	\$ 25,664,266

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2007

**Guide to the Notes**

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**Note 1. Summary of Significant Accounting Policies**

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

**A. Financial Reporting Entity**

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

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

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

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

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

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements. The exception is interfund rent which is considered an interfund service provided and used. It is eliminated within the general government function only. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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. Subject to the availability criterion, state-aid highway allotments for maintenance and construction are recognized as revenue in the year of allotment. Availability for state-aid allotments is within 90 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and other long-term obligations, are recorded only when payment is due.

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

**The County reports the following major governmental funds:**

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

The Road and Bridge Special Revenue Fund accounts for the proceeds of revenue sources restricted to expenditures related to public works activities.

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

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

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

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

The Solid Waste Management Fund accounts for the activities of solid waste operations within the County, but outside the Western Lake Superior Sanitary District service area.

The Chris Jensen Health and Rehabilitation Center Fund accounts for the activities of the Center, a nursing home, and a health and rehabilitation facility for the public.

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

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

The 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 Community Food Service activities, Laundry services, and Supervised Living Facilities services to other government agencies and various County departments.

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.

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The Patients' Escrow Private Purpose Trust Fund is used to account for resources legally held for nursing home residents.

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.

Agency Funds account for resources held by the County in a purely custodial capacity and include the State of Minnesota, Beer-Auctioneer Licenses, Taxes and Penalties, Payroll Deductions, Series EE Savings Bond, Canceled Check, High Voltage Credit, Arrowhead Regional Corrections, Permit to Carry Firearms, 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.

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

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

The "total fund balances" of the County's governmental funds differs 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.

	<b>Total Governmental Funds</b>	<b>Long-term Assets Liabilities (1)</b>	<b>Internal Service Funds (2)</b>	<b>Reclassification and Elimination (3)</b>	<b>Statement of Net Assets Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 98,112,956	\$ -	\$ 6,998,883	\$ -	\$ 105,111,839
Investments	6,611,833	-	21,292,244	-	27,904,077
Assets held by escrow agent	8,092,655	-	-	-	8,092,655
Delinquent taxes receivable	4,314,928	-	-	(4,314,928)	-
Accounts receivable (net)	11,166,873	-	706,872	(11,873,745)	-
Accrued interest receivable	1,081,661	-	266,710	(1,348,371)	-
Loans receivable	986,794	-	-	(986,794)	-
Leases receivable	65,000	-	-	(65,000)	-
Interfund receivable	1,245,567	-	-	(1,245,567)	-
Due from other governments	11,914,276	-	13,010	(11,927,286)	-
Receivables (net)	-	-	-	30,516,124	30,516,124
Internal balances	-	-	724,515	827,259	1,551,774
Inventories	5,639,342	-	150,178	-	5,789,520
Prepaid items	5,018	-	96,766	-	101,784
Excess OPEB contributions	-	-	402,516	-	402,516
Capital assets not being depreciated	-	3,433,473	25,500	-	3,458,973
Capital assets being depreciated, net	-	358,308,503	1,811,211	-	360,119,714
Total Assets	<u>149,236,903</u>	<u>361,741,976</u>	<u>32,488,405</u>	<u>(418,308)</u>	<u>543,048,976</u>
<b>LIABILITIES</b>					
Accounts payable	5,825,876	-	663,533	10,913,191	17,402,600
Contracts payable	904,178	-	-	(904,178)	-
Salaries payable	3,251,594	-	93,513	(3,345,107)	-
Bond interest payable	-	162,790	-	(162,790)	-
Interfund payable	418,308	-	-	(418,308)	-
Due to other governments	2,621,192	3,719,016	160,908	(6,501,116)	-
Unearned revenue	240,543	-	584,265	-	824,808
Deferred revenue	17,855,119	(17,855,119)	-	-	-
Advance from other governments	487,399	-	-	-	487,399
Noncurrent liabilities					
Due within one year	-	12,014,151	3,476,906	-	15,491,057
Due in more than one year	-	68,718,315	4,690,579	-	73,408,894
Total Liabilities	<u>31,604,209</u>	<u>66,759,153</u>	<u>9,669,704</u>	<u>(418,308)</u>	<u>107,614,758</u>
<b>FUND BALANCE/NET ASSETS</b>					
Invested in capital assets, net of related debt	-	325,159,321	1,836,711	-	326,996,032
Restricted					
Reserved	23,989,827	-	-	(12,391,650)	11,598,177
Special revenue funds	7,757,739	-	-	-	7,757,739
Debt service fund	10,147,911	-	-	(162,790)	9,985,121
Capital projects fund	5,801,347	-	-	(5,801,347)	-
Unrestricted					
Designated	69,935,870	-	-	9,161,279	79,097,149
Undesignated	-	(30,176,498)	20,981,990	9,194,508	-
Total unrestricted	<u>69,935,870</u>	<u>(30,176,498)</u>	<u>20,981,990</u>	<u>18,355,787</u>	<u>79,097,149</u>
Total Fund Balance/Net Assets	<u>117,632,694</u>	<u>294,982,823</u>	<u>22,818,701</u>	<u>-</u>	<u>435,434,218</u>
Total Liabilities and Fund Balance/Net Assets	<u>\$ 149,236,903</u>	<u>\$ 361,741,976</u>	<u>\$ 32,488,405</u>	<u>\$ (418,308)</u>	<u>\$ 543,048,976</u>

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

Cost of capital assets	\$ 586,280,414
Accumulated depreciation	<u>(224,538,438)</u>
	<u>\$ 361,741,976</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>\$ 17,855,119</u>
Adjustment of due to other governments	<u>\$ 3,719,016</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, 2007 were:

Bond interest payable	<u>\$ 162,790</u>	
	Due Within	Due In More
	One Year	Than One Year
Bonds and notes payable	<u>\$ 5,861,065</u>	<u>\$ 39,316,989</u>
Gravel pit purchase	65,000	-
Compensated absences	6,023,186	29,101,026
Capital leases payable	<u>64,900</u>	<u>300,300</u>
	<u>\$ 12,014,151</u>	<u>\$ 68,718,315</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>\$ 1,551,774</u>
--	---------------------

(3) Reclassifications are used primarily to condense various receivables and payables into single totals, Receivables, net and Accounts payable and to reclassify fund balance accounts that are not available for appropriation to proper net assets account. Eliminations are to offset interfund receivables and payables.

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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)	Capital Related Items (2)	Internal Service Funds (3)	Long-term Debt Transactions (4)	Statement of Activities Totals
<b>Revenues and Other Sources</b>						
Taxes	\$ 99,497,719	\$ 170,853	\$ -	\$ -	\$ -	\$ 99,668,572
Licenses and permits	157,871	-	-	-	-	157,871
Intergovernmental	98,421,879	3,375,053	503,715	-	-	102,300,647
Charges for services	20,667,976	(2,765,530)	-	-	-	17,902,446
Fines and forfeits	189,882	-	-	-	-	189,882
Earnings on investments	7,899,118	-	-	1,101,871	-	9,000,989
Gifts and contributions	21,889	-	-	-	-	21,889
Land and timber sales	7,230,255	(8,360,038)	-	-	-	(1,129,783)
Miscellaneous	3,879,124	(37,114)	-	-	-	3,842,010
Other sources:						
Bonds issued	5,000,000	-	-	-	(5,000,000)	-
Premium proceeds	33,416	-	-	-	(33,416)	-
<b>Total</b>	<b>242,999,129</b>	<b>(7,616,776)</b>	<b>503,715</b>	<b>1,101,871</b>	<b>(5,033,416)</b>	<b>231,954,523</b>
<b>Expenditures/Expenses</b>						
<b>Current:</b>						
General government	32,298,957	(2,765,530)	2,768,002	57,630	(543,442)	31,815,617
Public safety	43,236,476	-	1,174,113	(93,331)	248,278	44,565,536
Highways and streets	34,346,944	(1,305,313)	9,130,880	(290,568)	(287,891)	41,594,052
Health and sanitation	6,062,129	-	29,959	36,280	23,462	6,151,830
Human services	67,984,104	-	120,381	190,468	30,816	68,325,769
Culture and recreation	1,415,848	-	-	-	-	1,415,848
Conservation of natural resources	9,727,227	(3,344,015)	207,638	(29,187)	(109,488)	6,452,175
Economic developmer	3,706,320	-	3,744	1,773	55,200	3,767,037
Debt service:						
Principal	5,627,329	-	-	-	(5,627,329)	-
Interest and other charges	1,777,563	16,971	-	-	-	1,794,534
Capital outlay	39,754,334	-	(39,754,334)	-	-	-
<b>Total</b>	<b>245,937,231</b>	<b>(7,397,887)</b>	<b>(26,319,617)</b>	<b>(126,935)</b>	<b>(6,210,394)</b>	<b>205,882,398</b>
<b>Other financing uses/changes in net assets:</b>						
Transfers in	(7,105,726)	-	-	-	-	(7,105,726)
Transfers out	6,828,194	-	-	150,820	-	6,979,014
Increase in inventories	(1,305,313)	1,305,313	-	-	-	-
<b>Total</b>	<b>(1,582,845)</b>	<b>1,305,313</b>	<b>-</b>	<b>150,820</b>	<b>-</b>	<b>(126,712)</b>
<b>Net change for the year</b>	<b>\$ (1,355,257)</b>	<b>\$ (1,524,202)</b>	<b>\$ 26,823,332</b>	<b>\$ 1,077,986</b>	<b>\$ 1,176,978</b>	<b>\$ 26,198,837</b>

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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, certain aids and grant revenues not currently available at year-end are not reported as revenue in the governmental funds. In addition, intra-general government function rent charges and expenses are eliminated.

Property taxes	\$ 170,853
Long-term receivables:	
Intergovernmental	3,375,053
Land & timber sales	(8,360,038)
General fund	(37,114)
Intra-general government function rent	(2,765,530)
	\$ (7,616,776)

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	\$ (3,344,015)
Bond interest payable	\$ 16,971

(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. Changes to capital assets not resulting from capital outlay, such as contributions from the State and other governments for road construction projects, work in progress and retirements, are reported as contributions or additional expense.

Capital outlay	\$ (39,754,334)
Depreciation expense	9,770,773
Difference	\$ (29,983,561)
Contributions	\$ 7,620,828
Additional expense	(10,781,057)
	\$ (3,160,229)

(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) Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the County as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. The County's bonded debt was reduced when principal payments were made to bond holders. Changes in long-term liabilities (compensated absences and capital leases) also result in an expense in the statement of activities.

Principal payments made	\$ (5,627,329)
Compensated absences	(439,480)
Gravel pit purchase	(65,000)
Other	(78,585)
	\$ (6,210,394)

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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 Project Fund, lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. Amounts in funds unexpended at the end of the fiscal year may be carried over from one fiscal year to the next in accordance with generally accepted accounting principles.

Budgets can be amended during the year by the County Board. Supplemental appropriations or budget reductions are reviewed by the County Administrator's office and submitted to the County Board for their review and approval. If approved, they are implemented by the Auditor's Office as budget revisions. Supplemental appropriations could be required because of several factors, including the awarding of state and federal grants during the year and providing funding for unanticipated program requirements. Budget revisions were necessary during the year. The effect of these amendments was an increase in budgeted County funds of: \$13,621,292.

**Procedure for Preparing the Annual Budget**

1. Early each year, the County Administrator meets with budget staff to discuss preparations for next year's budget. A basic budget strategy is developed at that time, based on guidelines and policies established by the County Board.
2. Budget training is conducted and a budget manual is provided which outlines the County Administrator's basic guidelines for preparing the budget proposal.
3. All departments submit preliminary estimates of their requested appropriations and anticipated revenues by early June. These figures are used to determine the amount of tax levy that would be required to meet departmental requests, and the amount of budget adjustments that the County Administrator will need to make during the preliminary budget hearings in order to meet goals established by the County Board.
4. Preliminary budget hearings are held by the County Administrator with each department. These hearings begin about mid-June and last until about mid-July.
5. The County Administrator's recommended budget is given to the County Board prior to September 15. The County Board will certify by resolution to the County Auditor a maximum proposed property tax levy by September 15th, which will be used to comply with the Truth in Taxation provisions of state law.
6. The County Board holds formal public hearings on the proposed budget and adopts by resolution the final budget and tax levy on or before December 28.

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**F. Reclassifications**

Several account balances were reclassified as of and for the year ended December 31, 2006, 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, 2007. Although comparative statements for 2006 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 Net Assets or 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 2007 were \$6,738,539. 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.

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

**Property Taxes**

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

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

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**Inventories**

Road and Bridge Special Revenue Fund inventories consist of expendable supplies held for consumption and are valued at cost using the moving average method. Inventoried items are recorded as expenditures at the time that they are purchased. The reported inventories are offset by a reserve of fund balance to indicate that they do not constitute available spendable resources.

The enterprise funds inventories consist of expendable supplies held for consumption and are recorded as an expense when used. Internal service funds' inventories consist of items for resale and consumption and are recorded as an expense when sold or used. Inventories are priced at the lower of cost or market on a first-in, first-out basis, or the moving average method.

**Restricted Assets**

Certain proceeds of the Chris Jensen Health and Rehabilitation Center Fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. Also, certain resources are restricted for financial assurance within the Solid Waste Management 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, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 in excess of two years. 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:	54 years

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**Compensated Absences**

Under the County's personnel policies and union contracts, County employees are granted vacation and sick leave in varying amounts based on length of service and bargaining agreement. Vacation leave accrual varies from 2.00 to 9.50 hours per biweekly pay period. Sick leave accrual varies from 2.00 to 5.75 hours per biweekly pay period.

Unused accumulated vacation is paid to employees at termination. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements.

Vested sick leave is paid to employees at retirement or is used for the payment of employee's health insurance coverage during their retirement. The vested sick leave and unvested sick leave likely to become vested (vesting sick leave) are estimated using the vesting method prescribed by GASB Statement No. 16. Both vested and vesting amounts are recognized in the government-wide and proprietary fund financial statements as liabilities, but not in the governmental funds.

Unvested sick leave for all County funds in the amount of \$6,743,213 (total accumulated sick leave less estimated amounts of vested and vesting sick leave) at December 31, 2007 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 \$1,567,176 for the open area reported on the Solid Waste Management Enterprise Fund statement of net assets as landfill closure and postclosure liability at December 31, 2007, represents the following:

Postclosure liability

This is the liability for post closure costs for the Regional Landfill.	\$862,437
It is based on the use of 72.39% 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 72.39% of the existing open area.	\$704,739

The County will recognize the remaining \$597,688 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 2008. The County expects the open area to be closed in 2010 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, 2007, restricted assets of \$3,036,669 are included in the amounts shown on the Solid Waste Management Enterprise Fund balance sheet as Restricted Assets Financial Assurance - Cash and cash equivalents, Investments, and Accrued interest receivable.

Financial assurance fund contributions necessary to accumulate these funds will be generated from service fees and tipping fees on solid waste, as well as from funds generated from the Greater Minnesota Landfill Cleanup fee. This fee is \$2.00 per cubic yard on solid waste deposited at the landfill.

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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 the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Net Assets**

The government-wide statement of net assets reports \$30,851,682 of restricted net assets, of which \$21,868,990 is restricted by enabling legislation.

**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, 2007; 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.

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

**Deficit Net Asset Balance**

The Community Food Enterprise Fund had a deficit net asset balance of \$216,490 as of December 31, 2007. In 2008, rates were increased to address this issue.

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

**A. Assets**

**Deposits and Investments**

Reconciliation of the County's total deposits, cash on hand, and investments to the basic financial statements follows:

Governmental Activities:		
Current assets:		
Cash and cash equivalents		\$ 105,111,839
Investments		27,904,077
Business-type Activities:		
Current assets:		
Cash and cash equivalents		856,859
Investments		15,746,601
Restricted assets:		
Debt Service		
Cash and cash equivalents		38,720
Financial Assurance		
Cash and cash equivalents		804,996
Investments		2,153,020
Fiduciary Activities		
Current assets:		
Cash and cash equivalents		12,611,027
Investments		26,119,881
Total		<u>191,347,020</u>
Deposits		119,784,012
Cash on hand		922,304
Investments		70,640,704
Total deposits, cash on hand, and investments		<u>\$ 191,347,020</u>

(Amounts in Dollars)

	Held for External Investment Pool Participants Investment Trust Funds	Held for Internal Investment Pool Participants All Other County Funds	Total
Cash and cash equivalents	1,143,793	118,279,648	119,423,441
Investments	24,177,661	47,745,918	71,923,579
Total	<u>25,321,454</u>	<u>166,025,566</u>	<u>191,347,020</u>

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**Deposits**

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

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

*Custodial Credit Risk--Deposits.* Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk and 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, 2007, 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 of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond 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, 2007, the County had the following investments and maturities:

	Fair Value	Investment Maturities in Years			
		Less than 1	1-2	2-3	More than 3
Brokered CD's	\$ 4,778,065	\$ 3,923,000	\$ 855,065	\$ -	\$ -
Commercial paper	6,163,026	6,163,026	-	-	-
Minnesota State Board of Investment	6,583,426	6,583,426	-	-	-
FFCB	5,024,354	-	1,000,286	2,013,125	2,010,943
FHLB	27,690,270	7,500,000	3,520,025	7,046,327	9,623,918
FHLMC	992,490	-	992,490	-	-
FNMA	19,409,073	15,875,230	1,507,243	-	2,026,600
<b>Total</b>	<b>\$ 70,640,704</b>	<b>\$ 40,044,682</b>	<b>\$ 7,875,109</b>	<b>\$ 9,059,452</b>	<b>\$ 13,661,461</b>

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*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy requires at least 40% of total investments to have terms of one year or less. Investment maturities for long term pooled investments are limited as follows:

Maturity	Maximum Investment
One to two years	90%
Two to three years	95%
Less than four years	100%

*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. 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, 2007, is as follows:

Rating	Fair Value
S&P A-1+	\$ 4,265,602
S&P A-1	1,897,424
S&P AAA	53,116,187
Total	\$ 59,279,213

*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 does not have a policy regarding investment custodial risk. At December 31, 2007, 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 requires that investments with one issuer be less than 5% of total investments. U.S. Government securities, mutual funds, and external investment pools are exempt from this restriction.

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**Cash and Cash Equivalents**

The following is a reconciliation of the carrying amount of the cash and cash equivalents account and the equity in the pool by fund:

	(Amounts in Dollars)	
	Equity in Pool	Advances
Governmental Activities:		
General Fund	44,536,019	
Special Revenue Funds:		
Road and Bridge	18,198,721	
Public Health and Human Services	18,100,930	
Forfeited Tax Sale	-	(394,598)
Housing and Redevelopment Authority	721,866	
Community Development Block Grant	-	(23,710)
Northeast Minnesota Housing Consortium	12,303	
Septic Loan	137,735	
Forest Resources	7,579,854	
Debt Service Fund	2,001,460	
Capital Projects Fund	7,733,326	
Permanent Fund	336,309	
Internal Service Funds	6,998,883	
Total Equity	106,357,406	
Less: Advances	(1,245,567)	
Total Governmental Activities	105,111,839	
Business Activities:		
Solid Waste Management	1,058,718	
Chris Jensen Health & Rehabilitation	38,720	(614,387)
Community Food	-	(124,968)
Laundry	-	(87,904)
Supervised Living Facilities	603,137	
Total Business Activities	1,700,575	
Fiduciary Activities:		
Private-Purpose Trust Fund	20,373	
Investment Trust Funds	1,143,793	
Agency Funds	11,446,861	
Total Fiduciary Activities	12,611,027	
Total	119,423,441	(1,245,567)

ST. LOUIS COUNTY, MINNESOTA  
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**Receivables**

Receivables as of December 31, 2007 for the County's governmental and business-type activities, including applicable allowances for uncollectible accounts are:

	Total Receivable	Not expected to be collected within one year
<b>Governmental Activities</b>		
Taxes	\$ 4,314,928	\$ -
Accounts Receivable	11,873,745	8,418,495
Accrued interest receivable	1,348,371	-
Loans receivable	986,794	917,662
Leases receivable	65,000	48,500
Due from other governments	11,927,286	145,455
<b>Total Governmental Activities</b>	<b>\$ 30,516,124</b>	<b>\$ 9,530,112</b>
<b>Business Activities</b>		
Accounts Receivable	\$ 1,509,796	\$ -
Accrued interest receivable	161,903	-
Due from other funds	709	-
Due from other governments	152,683	-
<b>Total Business Activities</b>	<b>\$ 1,825,091</b>	<b>\$ -</b>

**Loans Receivable**

The long-term loan receivable from Meadowlands Affordable Housing Limited Partnership is \$125,000 and is equally offset by a reserve for noncurrent loans. The purpose of the loan was the construction of a 12-unit affordable housing project. Each year until 2009, interest of 2.33% accrues and is added to the principal. In December 2009 and annually thereafter, interest on the balance of the loan (principal and accrued interest to date) will be due. The balance of the loan is due December 3, 2023. The receivable is valued at its discounted amount and is accounted for in the Housing and Redevelopment Authority Special Revenue Fund.

Included in the Septic Loan Special Revenue Fund are loans under the Minnesota Pollution Control Loan Program.

Loans outstanding at December 31, 2007, including interest \$ 641,324

The long-term loan receivable from the South St. Louis County Fair Association is \$220,470 and is equally offset by deferred revenue. The receivable arises from the County financing the construction of new grandstands and racetrack lighting and all costs related to these activities. The interest free loan was approved by the County Board on December 17, 2002. The repayment schedule calls for annual payments in the amount of \$20,000 beginning in 2004 and every year thereafter until it is paid to the County in full. The Lakehead Racing Association made payments in the amount of \$7,500 on May 15 and October 15 in 2004, the County will withhold \$5,000 from the South St. Louis County Fair Association annual allocation, and the Fair Association pays \$1 per seat charge to retire the debt.

**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 \$1,057,530, leaving a carrying value of \$4,891,074. The State pays rent of \$14,077 per month through August 2012. The monthly rent is accounted for in the Debt Service Fund and is used to retire the outstanding bonds. The State also pays 29.5% of the operating costs of the facility.

The minimum future rentals are:

Year Ending December 31	
2008	168,919
2009	168,919
2010	168,919
2011	168,919
2012	112,615
Total	<b>\$ 788,291</b>

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**Due From Other Governments**

The following amounts were due from other governments at December 31, 2007:

	(Amounts in Dollars)			
	Federal	State	Local/Other	Total
Governmental Activities:				
General Fund	\$ 228,168	\$ 1,658,042	\$ 321,199	\$ 2,207,409
Special Revenue Funds				
Road and Bridge	613,622	2,587,449	752,596	3,953,667
Public Health and Human Services	1,369,200	3,912,774	74,910	5,356,884
Community Development Block Grant	169,233	-	-	169,233
Northeast Minnesota Housing Consortium	81,432	-	-	81,432
Total Special Revenue Funds	<u>2,233,487</u>	<u>6,500,223</u>	<u>827,506</u>	<u>9,561,216</u>
Debt Service Fund	-	155	-	155
Capital Projects Fund	-	50,041	95,455	145,496
Internal Service Funds	-	10,496	2,514	13,010
Total Governmental Activities	<u>2,461,655</u>	<u>8,218,957</u>	<u>1,246,674</u>	<u>11,927,286</u>
Business-type Activities:				
Enterprise Funds	-	152,683	-	152,683
Fiduciary Activities:				
Agency Funds	-	2,603,756	280,489	2,884,245
Total	<u>\$ 2,461,655</u>	<u>\$ 10,975,396</u>	<u>\$ 1,527,163</u>	<u>\$ 14,964,214</u>

**Restricted Assets**

Business-type activities

Debt service

Cash and cash equivalents	\$ 38,720
Delinquent taxes receivable	5,068
Due from other governments	3
Deferred charges - issuance costs	1,803

Financial assurance

Cash and cash equivalents	804,996
Investments	2,153,020
Accrued interest receivable	78,653

Total	<u>\$ 3,082,263</u>
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ST. LOUIS COUNTY, MINNESOTA  
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**Capital Assets**

Capital asset activity for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,998,671	\$ -	\$ -	\$ 1,998,671
Construction in progress	9,622,168	6,744,012	(14,905,878)	1,460,302
Total capital assets, not being depreciated	<u>11,620,839</u>	<u>6,744,012</u>	<u>(14,905,878)</u>	<u>3,458,973</u>
Capital assets, being depreciated:				
Buildings and structures	84,733,845	16,680,144	-	101,413,989
Machinery and equipment	18,477,856	1,447,654	(1,008,935)	18,916,575
Vehicles	44,224,579	4,269,668	(1,135,725)	47,358,522
Infrastructure	400,069,155	24,044,016	-	424,113,171
Total capital assets being depreciated	<u>547,505,435</u>	<u>46,441,482</u>	<u>(2,144,660)</u>	<u>591,802,257</u>
Less accumulated depreciation for:				
Buildings and structures	(32,630,663)	(1,984,258)	-	(34,614,921)
Machinery and equipment	(13,579,604)	(935,723)	16,816	(14,498,511)
Vehicles	(29,148,604)	(2,628,317)	952,190	(30,824,731)
Infrastructure	(147,083,750)	(4,660,630)	-	(151,744,380)
Total accumulated depreciation	<u>(222,442,621)</u>	<u>(10,208,928)</u>	<u>969,006</u>	<u>(231,682,543)</u>
Total capital assets, being depreciated, net	<u>325,062,814</u>	<u>36,232,554</u>	<u>(1,175,654)</u>	<u>360,119,714</u>
Governmental activities, capital assets, net	<u>\$ 336,683,653</u>	<u>\$ 42,976,566</u>	<u>\$ (16,081,532)</u>	<u>\$ 363,578,687</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 363,922	\$ -	\$ -	\$ 363,922
Capital assets, being depreciated:				
Buildings and structures	13,347,691	94,397	-	13,442,088
Improvements other than buildings	8,135,816	160,057	-	8,295,873
Machinery and equipment	2,619,473	236,435	(76,947)	2,778,961
Linens	236,202	-	(98,901)	137,301
Vehicles	951,826	195,108	-	1,146,934
Total capital assets being depreciated	<u>25,291,008</u>	<u>685,997</u>	<u>(175,848)</u>	<u>25,801,157</u>
Less accumulated depreciation for:				
Buildings and structures	(4,739,687)	(362,781)	-	(5,102,468)
Improvements other than buildings	(5,042,015)	(334,040)	-	(5,376,055)
Machinery and equipment	(1,632,283)	(131,698)	49,758	(1,714,223)
Vehicles	(694,055)	(108,802)	-	(802,857)
Total accumulated depreciation	<u>(12,108,040)</u>	<u>(937,321)</u>	<u>49,758</u>	<u>(12,995,603)</u>
Total capital assets, being depreciated, net	<u>13,182,968</u>	<u>(251,324)</u>	<u>(126,090)</u>	<u>12,805,554</u>
Business-type activities, capital assets, net	<u>\$ 13,546,890</u>	<u>\$ (251,324)</u>	<u>\$ (126,090)</u>	<u>\$ 13,169,476</u>

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Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ (996,908)
Public safety	(1,074,803)
Highways	(7,342,802)
Health and sanitation	(29,959)
Human services	(120,381)
Conservation of natural resources	(202,176)
Economic development	(3,744)
Internal Service Funds	(438,155)
Total depreciation expenses - governmental activities	<u>\$ (10,208,928)</u>
Business-type activities	
Solid Waste Management	\$ (733,371)
Chris Jensen Health and Rehabilitation Center	(192,423)
Other Enterprise Funds	(11,527)
Total depreciation expenses - business-type activities	<u>\$ (937,321)</u>

**B. Liabilities**

**Deferred Revenue**

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

	Fund Financial Statements				
	Accounts Receivable	Aid and Grants	Taxes	Long-Term Receivables	Total
Governmental Activities:					
General Fund	\$ 13,424	\$ 442,685	\$ 1,445,787	\$ 285,470	\$ 2,187,366
Special Revenue Funds:					
Road and Bridge	8,000	1,368,777	743,544	920,841	3,041,162
Public Health and Human Services	188,231	1,887,468	1,042,060	-	3,117,759
Forfeited Tax Sale	-	-	-	9,297,540	9,297,540
Housing and Redevelopment Authority	-	-	8,646	-	8,646
Debt Service Fund	-	-	246,228	-	246,228
Capital Projects Fund	-	-	51,506	145,455	196,961
Internal Service Funds	584,265	-	-	-	584,265
Total Governmental Activities	<u>793,920</u>	<u>3,698,930</u>	<u>3,537,771</u>	<u>10,649,306</u>	<u>18,679,927</u>
Business-type Activities:					
Enterprise Funds	55,249	-	4,144	-	59,393
Total	<u>\$ 849,169</u>	<u>\$ 3,698,930</u>	<u>\$ 3,541,915</u>	<u>\$ 10,649,306</u>	<u>\$ 18,739,320</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Statement of Net Assets			
	Accounts Receivable	Aid and Grants	Total
Governmental Activities:			
General Fund	\$ 13,424	\$ 103,337	\$ 116,761
Special Revenue Funds			
Road & Bridge	8,000	-	8,000
Public Health and Human Services	-	115,782	115,782
Internal Service Funds	584,265	-	584,265
Total Governmental Activities	605,689	219,119	824,808
Business-type Activities:			
Enterprise Funds	55,249	-	55,249
Total	\$ 660,938	\$ 219,119	\$ 880,057

**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 \$487,399 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 96% of its normal construction allotment during 2008.

ST. LOUIS COUNTY, MINNESOTA  
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**Long-Term Debt**

Long-term liability activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One-Year
<b>GOVERNMENTAL ACTIVITIES</b>					
<b><i>Bonds, notes, and tax lease obligations payable</i></b>					
General obligation debt					
Capital Improvement Bonds 2001	\$ 10,465,000	\$ -	\$ (855,000)	\$ 9,610,000	\$ 890,000
Jail Refunding Bond 2002B	2,716,429	-	(1,334,224)	1,382,205	1,382,205
Capital Equipment Notes 2002C	1,058,641	-	(1,058,641)	-	-
Capital Improvement Bonds 2004A	12,472,689	-	(770,628)	11,702,061	790,628
Capital Equipment Notes 2004B	1,501,911	-	(741,215)	760,696	760,696
Refunding Bonds 2004C	664,447	-	(157,412)	507,035	162,412
Capital Improvement Bonds 2005A	5,830,059	-	(323,390)	5,506,669	338,390
LEC Refunding Bonds 2005B	2,612,246	-	(385,661)	2,226,585	400,661
Capital Improvement Crossover Bonds 2006A	7,926,685	-	(8,237)	7,918,448	8,237
Capital Equipment notes 2007	-	5,033,416	(4,177)	5,029,239	1,123,354
General obligation revenue notes	541,945	-	(6,829)	535,116	4,482
<b><i>Total bonds, notes and tax lease obligations payable</i></b>	<u>45,790,052</u>	<u>5,033,416</u>	<u>(5,645,414)</u>	<u>45,178,054</u>	<u>5,861,065</u>
Other Liabilities					
Gravel pit purchase	130,000	-	(65,000)	65,000	65,000
Compensated absences	37,915,068	8,771,093	(9,515,374)	37,170,787	6,518,849
Claims payable	5,965,675	28,930,065	(28,774,830)	6,120,910	2,981,243
Capital leases payable	425,700	-	(60,500)	365,200	64,900
<b><i>Total other liabilities</i></b>	<u>44,436,443</u>	<u>37,701,158</u>	<u>(38,415,704)</u>	<u>43,721,897</u>	<u>9,629,992</u>
<b>Governmental activities long-term liabilities</b>	<u>\$ 90,226,495</u>	<u>\$ 42,734,574</u>	<u>\$ (44,061,118)</u>	<u>\$ 88,899,951</u>	<u>\$ 15,491,057</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b><i>Bonds Payable</i></b>					
General obligation debt					
2002 Jensen - payable from restricted assets	\$ 215,000	\$ -	\$ (105,000)	\$ 110,000	\$ 110,000
Other Liabilities					
Compensated absences	2,911,229	935,441	(888,070)	2,958,600	567,215
Customer deposits	100	-	-	100	-
Closure and post-closure liabilities	1,439,679	127,497	-	1,567,176	-
<b><i>Total other liabilities</i></b>	<u>4,351,008</u>	<u>1,062,938</u>	<u>(888,070)</u>	<u>4,525,876</u>	<u>567,215</u>
<b>Business-type activities long term liabilities</b>	<u>\$ 4,566,008</u>	<u>\$ 1,062,938</u>	<u>\$ (993,070)</u>	<u>\$ 4,635,876</u>	<u>\$ 677,215</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$8,167,485 of internal service funds compensated absences, and claims payable are included in the above amounts. Also, for the governmental activities, claims, capital leases, and compensated absences are generally liquidated by the major funds.

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(Amounts in Dollars)

*General obligation bonds and notes payable at December 31, 2007, consist of the following issues:*

<p>\$14,270,000 General Obligation Capital Improvement Bonds due in annual installments of \$705,000 to \$1,280,000 on December 1, 2002, through 2016; interest at 3.5 to 5.0 percent. This bond was issued to finance capital improvements.</p>	9,610,000
<p>\$7,415,000 General Obligation Jail Refunding Bonds due in annual installments of \$1,085,000 to \$1,360,000 on December 1, 2003, through 2008; interest at 3.00 to 3.25 percent, including unamortized premium of \$22,205. This bond was issued to refund the Jail Revenue Bonds Series 1993A.</p>	1,382,205
<p>\$13,785,000 General Obligation Capital Improvement Bonds due in annual installments of \$640,000 to \$1,215,000 on December 1, 2005, through 2019; interest at 3.00 to 4.00 percent, including unamortized premium of \$67,061. This bond was issued to finance capital improvements.</p>	11,702,061
<p>\$2,900,000 General Obligation Capital Equipment Note due in annual installments of \$695,000 to \$755,000 on December 1, 2005, through 2008; interest at 2.00 to 3.00 percent, including unamortized premium of \$5,696. This bond was issued to finance capital equipment purchases.</p>	760,696
<p>\$960,000 General Obligation Refunding Bonds due in annual installments of \$20,000 to \$170,000 on December 1, 2004, through 2010; interest at 2.00 to 3.50 percent, including unamortized premium of \$7,035. This bond was issued to refund the AJC GO Bonds Series 1995.</p>	507,035
<p>\$6,115,000 General Obligation Capital Improvement Bonds due in annual installments of \$430,000 to \$535,000 on December 1, 2006, through 2020; interest at 3.7 to 3.9 percent, including unamortized premium of \$16,669. This bond was issued to finance capital improvements</p>	5,506,669
<p>\$2,840,000 General Obligation Refunding bonds due in annual installments of \$350,000 to \$470,000 on December 1, 2006, through 2012; interest at 4.00 to 5.00 percent, including unamortized premium of \$101,585. This bond was issued to refund the Law Enforcement Facilities Revenue Bonds. The transaction results in a difference in the cash flow requirements of \$137,085. The net present value benefit of the refunding issue is \$120,560 and results in a reduction of \$137,085 in future debt service payments.</p>	2,226,585
<p>\$7,845,000 General Obligation Capital Improvement Crossover Refunding Bonds due in annual installments of \$1,005,000 to \$1,245,000 on December 1, 2010 through 2016; interest at 3.75 percent, including unamortized premium of \$73,448. 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 will occur December 1, 2009.</p>	7,918,448
<p>\$5,000,000 General Obligation Capital Equipment Note due in annual installments of \$1,115,000 to \$1,345,000 on December 1, 2008, through 2011; interest at 4.00 percent, including unamortized premium of \$29,239. This bond was issued to finance capital equipment purchases.</p>	5,029,239

*General obligation revenue notes payable at December 31, 2007, consist of the following issues:*

<p>\$50,000 1998 General Obligation Revenue Note 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. The terms require repayment to the Department after ten years an amount equal to the principal repaid to date by the individual borrowers, plus interest on idle funds must be repaid semi-annually. After year ten, principal amounts plus interest on idle funds must be repaid semi-annually.</p>	27,833
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ST. LOUIS COUNTY, MINNESOTA  
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\$200,000 1998 General Obligation Revenue Note 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. The terms require repayment to the Department, an amount equal to the principal repaid to date by the individual borrowers, plus interest on idle funds must be repaid semi-annually. After year ten, principal amounts plus interest on idle funds must be repaid semi-annually.	200,000
\$340,000 2000 General Obligation Revenue Note Payable to the Minnesota Pollution Control Agency to provide low interest loans to citizens and entities of the County for Best Management Practices, including improvements to individual sewage systems. The terms require semi-annual repayments beginning June 15, 2002.	28,283
\$200,000 2001 General Obligation Revenue Note Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program. The terms require repayment to the Department, after ten years an amount equal to the principal repaid to date by the individual borrowers. After year ten, principal amounts must be repaid semi-annually.	200,000
\$79,000 2004 General Obligation Revenue Note Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program. The terms require repayment to the Department, after ten years an amount equal to the principal repaid to date by the individual borrowers, plus interest on idle funds must be repaid semi-annually. After year ten, principal amounts plus interest on idle funds must be repaid semi-annually.	79,000

**Fund Long-Term Debt**

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

Year Ending 12/31/07	General Obligation	
	Principal	Interest
2008	\$ 5,861,065	\$ 1,864,573
2009	3,971,888	1,566,049
2010	5,130,636	1,410,841
2011	5,154,341	1,210,201
2012	3,973,259	1,000,151
2013-2017	17,011,504	2,671,301
2018-2022	4,059,561	263,885
2023-2024	15,800	-
<b>Total:</b>	<b>\$ 45,178,054</b>	<b>\$ 9,987,001</b>

Business Type Activities Debt Service to maturity are as follows:

Year Ending 12/31/07	Principal	Interest
2008	\$ 110,000	\$ 3,575

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*Business-type activities bonds payable at December 31, 2007 consist of the following issue:*

\$600,000 2002 General Obligation Nursing Home revenue bonds due in annual installments of \$85,000 to \$110,000 on December 1, 2003, through 2008; interest at 3 to 3.25 percent. This bond was issued to finance remodeling at the Chris Jensen Health and Rehabilitation Center. 110,000

*Gravel pit purchase payable at December 31, 2007, consists of the following:*

\$325,000 payable to an individual for the purchase of a gravel pit payable in annual installments of \$65,000 in 2005 through 2008; interest at 7 percent. 65,000

The annual requirements to service the gravel pit purchase payable as of December 31, 2007, are as follows:

Year Ending	Principal	Interest
12/31/07		
2008	\$ 65,000	\$ 4,550

The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2007, 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	County Share of Debt
		Applicable to the County	
<b>Direct Debt</b>			
St. Louis County	45,288,054	100.00	45,288,054
<b>Overlapping Debt</b>			
School Districts	64,435,000	23.32	15,025,120
Western Lake Superior Sanitary District	59,410,747	82.97	49,293,097
<b>Underlying Debt</b>			
Cities	131,532,886	100.00	131,532,886
School Districts	90,748,033	100.00	90,748,033
Towns	2,224,739	100.00	2,224,739
Duluth Entertainment and Convention Center	2,910,000	100.00	2,910,000
Virginia Housing and Redevelopment Authority	5,840,000	100.00	5,840,000
<b>Total</b>	<b>402,389,459</b>		<b>342,861,929</b>

ST. LOUIS COUNTY, MINNESOTA  
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**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 2007:

<b>Type of Property</b>	<b>Amount</b>
Rental of office space and parking facilities	\$ 563,492
Data processing software	40,715
Hardware	557,568
<b>Total rental expense</b>	<b>\$ 1,161,775</b>

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2007:

<b>Year Ended</b>	<b>Amount</b>
2008	\$ 1,173,465
2009	1,150,546
2010	1,150,546
2011	1,150,546
2012	1,150,546
<b>Total future minimum lease payments</b>	<b>\$ 5,775,649</b>

**Capital Lease**

The capital lease of the County at December 31, 2007 is shown below:

<b>Type of Property</b>	<b>Governmental Activities</b>
Maintenance facility	\$ 908,924
Less: accumulated depreciation	277,727
Carrying value	<b>\$ 631,197</b>

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at December 31, 2007:

<b>Year Ending</b>	<b>Governmental Activities</b>
2008	\$ 86,099
2009	85,237
2010	85,131
2011	84,744
2012	85,140
Total future minimum lease payments	426,351
Less: Amount representing interest	(61,151)
Present value of future minimum lease	<b>\$ 365,200</b>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Construction Commitments**

At December 31, 2007, the County had construction commitments as follows:

	(Amounts in Dollars)			
	Authorized Projects	Expended to Date	Commitments	Required Further Financing
Ely Joint Public Works Facility	7,720,991	7,677,110	45,929	2,048
Duluth Courthouse HVAC Replacement Phase 3	250,000	21,735	228,265	2,500,000
New Sheriff/911 Dispatch Operations Center	5,348,601	5,328,377	20,224	-
Law Enforcement Equipment	1,165,000	733,950	431,050	-
Northland Office Building	679,000	661,900	17,100	-
Virginia Public Works HVAC	334,807	18,537	316,270	-
Virginia Courthouse Annex	32,590	24,180	8,410	389,000
<b>Total</b>	<b>15,530,989</b>	<b>14,465,789</b>	<b>1,067,248</b>	<b>2,891,048</b>

**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 \$310,100 at December 31, 2007, 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 \$1,600,000 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 \$1,600,000 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, 2007, 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 estimated liability for claims payable at the end of the year is present valued at 4.58%

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

The Medical/Dental Insurance Fund covers medical and dental expenses incurred by the County employees, dependents, and retirees, including the costs of claims management by a third party administrator and the cost of an insurance consultant. Premiums include a provision for stop-loss insurance and administrative expenses and are based on anticipated claims and available net assets. The County carries individual-specific stop loss insurance for claims that exceed \$750,000 per year per employee contract. All County funds with personnel are charged for the County's share of premiums for employees and these charges are reported as quasi-external transactions.

Employees contribute a share of the premiums from payroll deductions; premiums for retirees are paid for in part by other County funds and in part by the retirees themselves. The liability at year end is an actuarial calculation by the third party administrator; it includes a reasonable provision for incurred but not reported claims and is consistent with the provision of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial 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.

Changes in the funds' claims liability amounts during 2006 were:

	(Amounts in Dollars)		
	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
Beginning of fiscal year liability for claims	106,655	4,858,100	2,095,509
Current year claims and changes in estimates	243,585	1,256,224	23,449,759
Claim payments	(212,093)	(2,405,802)	(23,426,262)
Balance of claims payable at fiscal year end	<b>138,147</b>	<b>3,708,522</b>	<b>2,119,006</b>

Changes in the funds' claims liability amounts during 2007 were:

	(Amounts in Dollars)		
	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
Beginning of fiscal year liability for claims	138,147	3,708,522	2,119,006
Current year claims and changes in estimates	221,173	1,938,059	26,770,833
Claim payments	(257,070)	(1,818,752)	(26,699,008)
Balance of claims payable at fiscal year end	<b>102,250</b>	<b>3,827,829</b>	<b>2,190,831</b>

*ST. LOUIS COUNTY, MINNESOTA*  
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**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 Public 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.

Public 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. 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.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for 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 the 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. 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.

The 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.com](http://www.mnpera.com), by writing to PERA, 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. Minn. Stat. ch. 353 sets the rates for employer and employee contributions. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 and 5.75 percent, respectively, of their annual covered salary in 2007. Contribution rates in the Coordinated Plan increased in 2008 to 6.0 percent. Public Employees Police and Fire Fund members were required to contribute 7.8 percent of their annual covered salary in 2007. That rate increased to 8.6 percent in 2008. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

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The County is required to contribute the following percentages of annual covered payroll in 2007 and 2008:

	<u>2007</u>	<u>2008</u>
Public Employees Retirement Fund		
Basic Plan Members	11.78%	11.78%
Coordinated Plan Members	6.25%	6.50%
Public Employees Police and Fire Fund	11.70%	12.90%
Public Employees Correctional Fund	8.75%	8.75%

The County's contributions for the years ending December 31, 2007, 2006, and 2005, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Public Employees Retirement Fund	\$ 5,652,641	\$ 5,344,719	\$ 4,726,529
Public Employees Police and Fire Fund	878,714	772,649	641,903
Public Employees Correctional Employees Fund	474,597	456,820	412,535

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

**Defined Contribution Plan**

Four 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 in accordance with Minn. Stat. ch. 353D. 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. Minn. Stat. § 353D.03 specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the 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, 2007, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$13,254	\$13,254
Percentage of covered payroll	5.00%	5.00%

Required contribution rates were 5.0 percent.

**Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of December 31, 2007, is as follows:

***Due From/To Other Funds (for resident personal needs):***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Chris Jensen Health and Rehabilitation		
Enterprise Fund	Patients' Escrow Private Purpose Trust Fund	<u>\$ 709</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Interfund Receivables/Payables (for deficit cash balances):**

Receivable Fund	Payable Fund	Amount
General	Forfeited Tax Sales Fund	\$ 394,598
	Community Development Block Grant Fund	23,710
	Chris Jensen Health and Rehabilitation Fund	614,387
	Community Food Fund	124,968
	Laundry Fund	87,904
	Total	<u>\$ 1,245,567</u>

**Interfund Transfers:**

Major fund	Major				Total Transfers In Major
	General	Road and Bridge	Forfeited Tax Sale	Capital Projects	
General	\$ -	\$ 190,985	\$ 2,255,000	\$ -	\$ 2,445,985
Road and Bridge	858,441	-	-	-	858,441
Public Health and Human Services	1,197,848	-	-	-	1,197,848
Capital Projects	804,056	633,852	-	-	1,437,908
Chris Jensen Health and Rehabilitation	-	-	-	103,743	103,743
Nonmajor governmental fund					
Forest Resources	-	-	9,983	-	9,983
Septic Loan	-	-	-	-	-
Total Transfers Out	<u>\$ 2,860,345</u>	<u>\$ 824,837</u>	<u>\$ 2,264,983</u>	<u>\$ 103,743</u>	<u>\$ 6,053,908</u>

Major fund	Nonmajor				Total Transfers In
	Forest Resources	Shoreline Sales	Supervised Living	Management Information Systems	
General	\$ 555,486	\$ 118,800	\$ -	\$ 150,820	\$ 3,271,091
Road and Bridge	-	-	-	-	858,441
Public Health and Human Services	-	-	230,455	-	1,428,303
Capital Projects	-	-	-	-	1,437,908
Chris Jensen Health and Rehabilitation	-	-	-	-	103,743
Nonmajor governmental fund					
Forest Resources	-	-	-	-	9,983
Septic Loan	-	100,000	-	-	100,000
Total Transfers Out	<u>\$ 555,486</u>	<u>\$ 218,800</u>	<u>\$ 230,455</u>	<u>\$ 150,820</u>	<u>\$ 7,209,469</u>

The transfers from the General Fund were for union contract settlements, Cirrus Drive construction, Proctor Fairground construction, and excess rent revenues from Property Management.

The transfer from the Road and Bridge Fund was for the Ely maintenance facility construction.

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

The transfer from the Capital Projects Fund was capital assets.

The transfers from the Forest Resources fund were for various economic development projects.

The transfers from the Shoreline Sales Permanent Fund were for Soil and Water Conservation Districts and Septic Loan Funds.

The transfer from the Supervised Living Facilities fund was to supplement operations.

ST. LOUIS COUNTY, MINNESOTA  
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**Note 4. Joint Ventures**

**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 2006, (the most recent available), county contributions were in the following proportion:

Carlton County	9.38%
Cook County	1.44%
Koochiching County	1.96%
Lake County	2.19%
St. Louis County	85.03%
Total	100.00%

St. Louis County provided \$10,689,048 in funding during 2007. Separate financial information can be obtained from:

Arrowhead Regional Corrections  
 Room 319 St. Louis County Courthouse  
 Duluth, Minnesota 55802

A summary of the financial information from Arrowhead Regional Corrections' Government-Wide Financial Statements for December 31, 2006 (the most recent available), was:

Total Assets	\$ 12,013,685
Total Liabilities	5,550,953
Total Net Assets	6,462,732
Total Program and General Revenues	19,396,875
Total Expenses/Uses	19,207,216
Change in Net Assets	189,659

**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 2007.

A summary of the financial information of the Community Health Services Board Government-Wide Financial Statements for December 31, 2006, (the most recent available) was:

Total Assets	\$ 719,509
Total Liabilities	588,242
Total Net Assets	131,267
Total Revenues	3,469,420
Total Expenses	3,451,323
Change in Net Assets	18,097

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

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**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 County 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 2007.

A summary of the financial information of the Regional Railroad Authority for the Government-Wide Financial Statement for December 31, 2006, (the most recent available) was:

Total Assets	\$ 8,288,987
Total Liabilities	122,346
Total Net Assets	8,166,641
Total Revenues	1,543,817
Total Expenses	1,164,835
Change in Net Assets	378,982

Separate financial information can be obtained from:

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

**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 area" to provide programs to achieve full employment through the use of grants. The counties identified above are defined as such "service delivery areas" 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, 2007, was:

Total Assets	\$ 2,992,962
Total Liabilities	1,487,634
Total Net Assets	1,505,328
Total Program and General Revenues	5,373,069
Total Expenses/Uses	5,435,301
Change in Net Assets	62,232

Separate financial information can be obtained from:

Northeast Minnesota Office of Job Training  
820 North Ninth Street, Suite 210  
Virginia, Minnesota 55792

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**Northern Counties Land Use Board**

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

The joint powers are the Counties of Aitkin, Cook, Itasca, Koochiching, Lake, Lake of the Woods, 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 no funding during 2007.

A summary of the financial information of Northern Counties Land Use Board for the Government-Wide Financial Statements for December 31, 2006, (the most recent available) was:

Total Assets	\$	75,537
Total Liabilities		20,061
Total Net Assets		55,476
Total Revenues		23,750
Total Expenses		7,780
Change in Net Assets		15,970

Separate financial information can be obtained from:

Northern Counties Land Use Board  
Room 607 Government Services Center  
320 West Second Street  
Duluth, Minnesota 55802

**Minnesota Counties Information Systems (MCIS)**

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

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

A summary of the financial information of Minnesota Counties Information System's funds for the Government-Wide Financial Statements for December 31, 2006, (the most recent available) was:

Total Assets	\$	785,330
Total Liabilities		202,814
Total Net Assets		582,516
Total Revenues		2,387,269
Total Expenses		2,195,143
Change in Net Assets		192,126

Separate financial information can be obtained from:

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Duluth Area Family Service Collaborative**

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

Control of the Collaborative is vested in a Board of Directors. The County has 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 2006. 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, 2007, is:

Total Assets	\$	58,834
Total Liabilities		-
Total Fund Equity		58,834
Total Revenues/Sources		-
Total Expenses/Uses		-
Increase (decrease) in Fund Balance		-

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

**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.

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

**Claims and Litigation**

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

Participation in the Medicaid reimbursement program requires field audits of the Chris Jensen Health and Rehabilitation Center Enterprise Fund nursing home records, and review of its compliance with applicable rules and regulations by the Minnesota Department of Human Services at least once every four years. Based on the results of these audits, current year revenues paid by the State may be adjusted accordingly.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Termination Offers and Benefits**

In December, 1995, the County Board approved an early retirement incentive plan for the Sheriff's Department employees who meet the following criteria:

The employee has completed 25 years of service with the County

The employee is at least age 50.

The employee qualifies for retirement under the Police and Fire Fund of the Minnesota Public Employees Retirement Association.

The employee retires effective December 18, 1995, through April 1, 1996.

The plan offers the eligible retiree continuing County paid single low option health insurance coverage until the employee reaches age 65.

In February, 2002, the County Board authorized County management to develop a plan for early retirement incentives for Nopeming employees not transferred to other County departments. The plan applies to employees who meet the following criteria:

The employee is at least age 55 and combined age and years of covered PERA service is equal to 85 or more.

The employee retires effective September 13, 2002 through November 1, 2002.

The plan offers the eligible retiree continuing County paid single medical and dental insurance coverage until the employee reaches age 65 or Medicare eligibility, whichever comes first.

In October, 2003, the County Board approved an early retirement incentive plan for employees and elected officials who meet the following criteria:

The employee is at least age 55, has a minimum of five years of service with the County, and a combined age and years of covered PERA service equal to 85 or more.

The employee retires effective November 1, 2003, through March 31, 2004.

The plan offers the eligible retiree continuing County paid single low option health insurance coverage for four years or until the employee reaches age 65 or Medicare eligibility, whichever comes first.

As of December 31, 2007, 49 employees took advantage of the incentive plans; the County paid \$264,306 for these benefits during 2007. The County holds \$61,750 of net assets in the Retired Employees' Health Insurance Internal Service Fund for future payments under these termination benefit plans. This approximates the discounted present value of expected future payments.

**Other Post Employment Benefits**

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2007

**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, 2006 there were approximately 230 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".

**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 2007, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 1,114,889
Interest on net OPEB obligation	-
Adjustments to ARC	-
Annual OPEB Cost	1,114,889
Contributions during the year	(1,517,405)
Increase in excess OPEB contributions	402,516
Excess OPEB contributions - beginning of the year	-
Excess OPEB contributions - end of year	\$ 402,516

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the excess OPEB contributions for 2007 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Excess OPEB Contributions
12/31/2007	\$1,114,889	\$1,517,405	136.10%	\$402,516

**Funding Status and Funding Progress**

The actuarial accrued liability for benefits as December 31, 2007 is \$11.9 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 \$89.2 million. The ratio of the unfunded actuarially accrued liabilities (UAAL) to covered payroll is 13.4%.

**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.

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2007

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, 2006 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 9.38% initially, reduced 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, 2007, H.U.D. owes the County \$59,256 under this agreement.

**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 approximately 900,000 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 April 22, 2008, the County Board passed a resolution to make the interfund loan at December 31, 2007, to the Chris Jensen Health and Rehabilitation Enterprise Fund a permanent transfer.

St. Louis County, Minnesota  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST EMPLOYMENT BENEFIT PLAN**  
Year ended December 31, 2007

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. This is the first actuarial valuation performed as the 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%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POST EMPLOYMENT BENEFIT PLAN**  
December 31, 2007

Year Ended December 31	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2007	\$ 1,517,405	\$1,114,889	136.10%

## 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.

### 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, 2007

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
<b>ASSETS</b>			
Cash and cash equivalents	\$ 721,866	\$ -	\$ 12,303
Investments	-	-	-
Assets held by escrow agent	-	-	-
Delinquent taxes receivable	10,238	-	-
Accounts receivable (net)	-	-	-
Loans receivable	125,000	-	-
Due from other governments	-	169,233	81,432
Total Assets	857,104	169,233	93,735
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	-	21,857	49,337
Salaries payable	-	4,669	1,405
Interfund payable	-	23,710	-
Due to other governments	-	118,997	42,993
Deferred revenue	8,646	-	-
Total Liabilities	8,646	169,233	93,735
Fund Balances:			
Reserved for:			
Noncurrent loans	125,000	-	-
Future loans	-	-	-
Encumbrances	-	-	-
Environmental trust funds	-	-	-
Improvement of natural resources	-	-	-
Unreserved:			
Undesignated	723,458	-	-
Total Fund Balance	848,458	-	-
Total Liabilities and Fund Balance	\$ 857,104	\$ 169,233	\$ 93,735

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
DECEMBER 31, 2007

**Special Revenue Funds (continued)**

	<b>Septic Loan</b>	<b>Forest Resources</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 137,735	\$ 7,579,854	\$ 8,451,758
Investments	-	-	-
Assets held by escrow agent	-	-	-
Delinquent taxes receivable	-	-	10,238
Accounts receivable (net)	5,569	-	5,569
Loans receivable	641,324	-	766,324
Due from other governments	-	-	250,665
Total Assets	784,628	7,579,854	9,484,554
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	-	10,511	81,705
Salaries payable	-	-	6,074
Interfund payable	-	-	23,710
Due to other governments	-	44,320	206,310
Deferred revenue	-	-	8,646
Total Liabilities	-	54,831	326,445
Fund Balances:			
Reserved for:			
Noncurrent loans	641,324	-	766,324
Future loans	113,167	-	113,167
Encumbrances	-	520,879	520,879
Environmental trust funds	-	-	-
Improvement of natural resources	-	-	-
Unreserved:			
Undesignated	30,137	7,004,144	7,757,739
Total Fund Balance	784,628	7,525,023	9,158,109
Total Liabilities and Fund Balance	\$ 784,628	\$ 7,579,854	\$ 9,484,554

*ST. LOUIS COUNTY, MINNESOTA*  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
DECEMBER 31, 2007

	Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds
		Shoreline Sales	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,001,460	\$ 336,309	\$ 10,789,527
Investments	-	6,583,426	6,583,426
Assets held by escrow agent	8,092,655	-	8,092,655
Delinquent taxes receivable	300,300	-	310,538
Accounts receivable (net)	-	-	5,569
Loans receivable	-	-	766,324
Due from other governments	155	-	250,820
Total Assets	<u>10,394,570</u>	<u>6,919,735</u>	<u>26,798,859</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	431	-	82,136
Salaries payable	-	-	6,074
Interfund payable	-	-	23,710
Due to other governments	-	-	206,310
Deferred revenue	246,228	-	254,874
Total Liabilities	<u>246,659</u>	<u>-</u>	<u>573,104</u>
Fund Balances:			
Reserved for:			
Noncurrent loans	-	-	766,324
Future loans	-	-	113,167
Encumbrances	-	-	520,879
Environmental trust funds	-	6,549,176	6,549,176
Improvement of natural resources	-	370,559	370,559
Unreserved:			
Undesignated	10,147,911	-	17,905,650
Total Fund Balance	<u>10,147,911</u>	<u>6,919,735</u>	<u>26,225,755</u>
Total Liabilities and Fund Balance	<u>\$ 10,394,570</u>	<u>\$ 6,919,735</u>	<u>\$ 26,798,859</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
<b>REVENUES</b>			
Taxes	\$ 174,499	\$ -	\$ -
Intergovernmental	13,395	2,601,039	706,935
Earnings on investments	-	-	-
Miscellaneous	-	-	-
Total Revenues	187,894	2,601,039	706,935
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	-	-	-
Conservation of natural resources	-	-	-
Economic development	66,277	2,601,039	706,935
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	66,277	2,601,039	706,935
Excess (deficiency) of revenues over expenditures	121,617	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Bonds Issued	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	121,617	-	-
Fund Balance - January 1	726,841	-	-
Fund Balance - December 31	\$ 848,458	\$ -	\$ -

*ST. LOUIS COUNTY, MINNESOTA*  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2007

**Special Revenue Funds (continued)**

	<b>Septic Loan</b>	<b>Forest Resources</b>	<b>Total</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ 507,285	\$ 681,784
Intergovernmental	-	51,359	3,372,728
Earnings on investments	14,175	-	14,175
Miscellaneous	-	174	174
Total Revenues	<u>14,175</u>	<u>558,818</u>	<u>4,068,861</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	-	50,000	50,000
Conservation of natural resources	-	3,646,258	3,646,258
Economic development	-	-	3,374,251
Debt service:			
Principal	6,829	-	6,829
Interest and other charges	982	-	982
Total expenditures	<u>7,811</u>	<u>3,696,258</u>	<u>7,078,320</u>
Excess (deficiency) of revenues over expenditures	<u>6,364</u>	<u>(3,137,440)</u>	<u>(3,009,459)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	100,000	9,983	109,983
Transfers out	-	(555,486)	(555,486)
Bonds Issued	-	-	-
Total other financing sources and uses	<u>100,000</u>	<u>(545,503)</u>	<u>(445,503)</u>
Net change in fund balances	106,364	(3,682,943)	(3,454,962)
Fund Balance - January 1	<u>678,264</u>	<u>11,207,966</u>	<u>12,613,071</u>
Fund Balance - December 31	<u>\$ 784,628</u>	<u>\$ 7,525,023</u>	<u>\$ 9,158,109</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Debt Service Fund	Permanent Fund  Shoreline Sales	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 5,937,083	\$ -	\$ 6,618,867
Intergovernmental	927,810	-	4,300,538
Earnings on investments	513,170	401,395	928,740
Miscellaneous	233,916	-	234,090
Total Revenues	<u>7,611,979</u>	<u>401,395</u>	<u>12,082,235</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	-	-	50,000
Conservation of natural resources	-	287	3,646,545
Economic development	-	-	3,374,251
Debt service:			
Principal	5,620,500	-	5,627,329
Interest and other charges	1,776,581	-	1,777,563
Total expenditures	<u>7,397,081</u>	<u>287</u>	<u>14,475,688</u>
Excess (deficiency) of revenues over expenditures	<u>214,898</u>	<u>401,108</u>	<u>(2,393,453)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	109,983
Transfers out	-	(218,800)	(774,286)
Bonds Issued	45,096	-	45,096
Total other financing sources and uses	<u>45,096</u>	<u>(218,800)</u>	<u>(619,207)</u>
Net change in fund balances	259,994	182,308	(3,012,660)
Fund Balance - January 1	<u>9,887,917</u>	<u>6,737,427</u>	<u>29,238,415</u>
Fund Balance - December 31	<u>\$ 10,147,911</u>	<u>\$ 6,919,735</u>	<u>\$ 26,225,755</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, 2007

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 182,450	\$ 182,450	\$ 174,499	\$ (7,951)
Intergovernmental	-	-	13,395	13,395
Total Revenues	182,450	182,450	187,894	5,444
 <b>EXPENDITURES</b>				
Economic development				
Personnel services	211,794	93,207	11,799	(81,408)
Other operating	238,250	238,250	54,478	(183,772)
Total Expenditures	450,044	331,457	66,277	(265,180)
Excess of Revenues Over (Under) Expenditures	(267,594)	(149,007)	121,617	270,624
Fund Balance - January 1	726,841	726,841	726,841	-
Fund Balance - December 31	\$ 459,247	\$ 577,834	\$ 848,458	\$ 270,624

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 5,748,071	\$ 2,761,286	\$ 2,601,039	\$ (160,247)
<b>EXPENDITURES</b>				
Economic development				
Other operating	5,748,071	2,761,286	2,601,039	(160,247)
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**  
**NORTHEAST MINNESOTA HOUSING CONSORTIUM SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 1,958,066	\$ 776,477	\$ 706,935	\$ (69,542)
<b>EXPENDITURES</b>				
Economic development				
Personal services	-	74,343	74,343	-
Other operating	1,958,066	702,134	632,592	(69,542)
Total Expenditures	1,958,066	776,477	706,935	(69,542)
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	\$ -	\$ -	\$ -	\$ -

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SEPTIC LOAN SPECIAL REVENUE FUND**  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Earnings on investments	\$ -	\$ 14,175	\$ 14,175	\$ -
<b>EXPENDITURES</b>				
Health and sanitation				
Debt Service				
Principal	-	6,829	6,829	-
Interest and other charges	-	982	982	-
Total Expenditures	-	7,811	7,811	-
Excess of Revenues Over (Under) Expenditures	-	6,364	6,364	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	100,000	100,000	-
Net change in fund balances	-	106,364	106,364	-
Fund Balance - January 1	678,264	678,264	678,264	-
Fund Balance - December 31	<u>\$ 678,264</u>	<u>\$ 784,628</u>	<u>\$ 784,628</u>	<u>\$ -</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 580,247	\$ 580,247	\$ 507,285	\$ (72,962)
Intergovernmental	100,000	100,000	51,359	(48,641)
Miscellaneous	-	-	174	174
Total Revenues	<u>680,247</u>	<u>680,247</u>	<u>558,818</u>	<u>(121,429)</u>
<b>EXPENDITURES</b>				
Culture and recreation				
Other operating	50,000	50,000	50,000	-
Conservation of natural resources				
Personal services	-	2,483,706	2,483,706	-
Other operating	<u>2,912,233</u>	<u>2,993,567</u>	<u>1,162,552</u>	<u>(1,831,015)</u>
Total Conservation of Natural Resources	<u>2,912,233</u>	<u>5,477,273</u>	<u>3,646,258</u>	<u>(1,831,015)</u>
Total Expenditures	<u>2,962,233</u>	<u>5,527,273</u>	<u>3,696,258</u>	<u>(1,831,015)</u>
Excess of Revenues Over (Under) Expenditures	(2,281,986)	(4,847,026)	(3,137,440)	1,709,586
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	9,983	9,983
Transfers out	<u>(555,486)</u>	<u>(555,486)</u>	<u>(555,486)</u>	<u>-</u>
Total other financing sources and uses	<u>(555,486)</u>	<u>(555,486)</u>	<u>(545,503)</u>	<u>9,983</u>
Net change in fund balances	(2,837,472)	(5,402,512)	(3,682,943)	1,719,569
Fund Balance - January 1	<u>11,207,966</u>	<u>11,207,966</u>	<u>11,207,966</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 8,370,494</u>	<u>\$ 5,805,454</u>	<u>\$ 7,525,023</u>	<u>\$ 1,719,569</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 5,917,724	\$ 5,917,724	\$ 5,937,083	\$ 19,359
Intergovernmental	927,810	927,810	927,810	-
Earnings on investments	-	294,188	513,170	218,982
Miscellaneous	518,453	473,357	233,916	(239,441)
Total Revenues	7,363,987	7,613,079	7,611,979	(1,100)
<b>EXPENDITURES</b>				
Debt service				
Principal	5,620,500	5,620,500	5,620,500	-
Interest and fiscal charges	1,576,127	1,872,054	1,776,581	(95,473)
Total Expenditures	7,196,627	7,492,554	7,397,081	(95,473)
Excess of Revenues Over (Under) Expenditures	167,360	120,525	214,898	94,373
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds Issued	-	45,096	45,096	-
Net change in fund balances	167,360	165,621	259,994	94,373
Fund Balance - January 1	9,887,917	9,887,917	9,887,917	-
Fund Balance - December 31	\$ 10,055,277	\$ 10,053,538	\$ 10,147,911	\$ 94,373

## NONMAJOR ENTERPRISE FUNDS

**Community Foods** - This fund is used to account for providing meals and for participants in various programs administered by the Social Services Department and other agencies.

**Laundry** - This fund is used to account for the costs of operating a laundry facility used by County departments and other agencies.

**Supervised Living Facilities** - This fund is used to account for services that enable elderly and/or handicapped individuals to maintain a degree of independence.

*ST. LOUIS COUNTY, MINNESOTA*  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
DECEMBER 31, 2007

	<u>Community Food</u>	<u>Laundry</u>	<u>Supervised Living Facilities</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 603,137	\$ 603,137
Accounts receivable (net)	76,092	37,988	3,122	117,202
Due from other governments	72,873	-	79,810	152,683
Inventories	16,462	25,951	-	42,413
Prepaid items	1,048	-	-	1,048
Total current assets	<u>166,475</u>	<u>63,939</u>	<u>686,069</u>	<u>916,483</u>
Capital assets:				
Buildings and structures	-	1,022,205	-	1,022,205
Machinery and equipment	-	348,368	9,000	357,368
Linens	-	100,374	-	100,374
Vehicles	-	45,709	-	45,709
Less accumulated depreciation	-	<u>(855,121)</u>	<u>(8,100)</u>	<u>(863,221)</u>
Total capital asset (net)	<u>-</u>	<u>661,535</u>	<u>900</u>	<u>662,435</u>
Total assets	<u>166,475</u>	<u>725,474</u>	<u>686,969</u>	<u>1,578,918</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	35,339	72,844	1,615	109,798
Salaries payable	19,811	10,121	21,487	51,419
Compensated absences payable	33,291	34,670	36,984	104,945
Interfund payable	124,968	87,904	-	212,872
Due to other governments	422	1,744	107	2,273
Total current liabilities	<u>213,831</u>	<u>207,283</u>	<u>60,193</u>	<u>481,307</u>
Noncurrent liabilities:				
Compensated absences payable	169,134	118,444	245,351	532,929
Total liabilities	<u>382,965</u>	<u>325,727</u>	<u>305,544</u>	<u>1,014,236</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	661,535	900	662,435
Unrestricted	<u>(216,490)</u>	<u>(261,788)</u>	<u>380,525</u>	<u>(97,753)</u>
Total net assets	<u>\$ (216,490)</u>	<u>\$ 399,747</u>	<u>\$ 381,425</u>	<u>\$ 564,682</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, 2007

	<b>Community Food</b>	<b>Laundry</b>	<b>Supervised Living Facilities</b>	<b>Total</b>
Operating Revenues				
Charges for services	\$ 1,091,650	\$ 731,749	\$ 882,071	\$ 2,705,470
Other	3,023	2,078	3,472	8,573
Total Operating Revenues	<u>1,094,673</u>	<u>733,827</u>	<u>885,543</u>	<u>2,714,043</u>
Operating Expenses				
Personal services	704,774	624,237	709,926	2,038,937
Contractual services	229,687	276,798	147,869	654,354
Materials	360,025	182,302	10,487	552,814
Depreciation	-	10,627	900	11,527
Total Operating Expenses	<u>1,294,486</u>	<u>1,093,964</u>	<u>869,182</u>	<u>3,257,632</u>
Operating Income (Loss)	(199,813)	(360,137)	16,361	(543,589)
Non-operating Revenues (Expenses)				
Loss or gain on asset disposal	461	-	-	461
Income (Loss) Before Transfers	(199,352)	(360,137)	16,361	(543,128)
Transfer out	-	-	(230,455)	(230,455)
Changes in net assets	(199,352)	(360,137)	(214,094)	(773,583)
Net assets - January 1	<u>(17,138)</u>	<u>759,884</u>	<u>595,519</u>	<u>1,338,265</u>
Net assets - December 31	<u>\$ (216,490)</u>	<u>\$ 399,747</u>	<u>\$ 381,425</u>	<u>\$ 564,682</u>

*ST. LOUIS COUNTY, MINNESOTA*  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<b>Community</b>		<b>Supervised</b>	
	<b>Food</b>	<b>Laundry</b>	<b>Living</b>	<b>Total</b>
	<b>Food</b>	<b>Laundry</b>	<b>Facilities</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 1,058,015	\$ 729,276	\$ 958,015	\$ 2,745,306
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(549,544)	(396,463)	(157,613)	(1,103,620)
Payments to employees	(682,169)	(615,700)	(713,379)	(2,011,248)
Other receipts (payments)	3,445	2,890	3,472	9,807
Net cash provided (used) by operating activities	<u>(170,253)</u>	<u>(279,997)</u>	<u>90,495</u>	<u>(359,755)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer to Public Health and Human Services Fund	-	-	(230,455)	(230,455)
Proceeds from interfund loan	124,968	87,904	-	212,872
Net cash provided (used) by noncapital financing activities	<u>124,968</u>	<u>87,904</u>	<u>(230,455)</u>	<u>(17,583)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets	-	(25,560)	-	(25,560)
Disposal of capital assets	27,650	97,916	-	125,566
Net cash provided (used) by capital and related financing activities	<u>27,650</u>	<u>72,356</u>	<u>-</u>	<u>100,006</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(17,635)</u>	<u>(119,737)</u>	<u>(139,960)</u>	<u>(277,332)</u>
Balances - January 1	<u>17,635</u>	<u>119,737</u>	<u>743,097</u>	<u>880,469</u>
Balances - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 603,137</u>	<u>\$ 603,137</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (199,813)	\$ (360,137)	\$ 16,361	\$ (543,589)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	-	10,627	900	11,527
(Increase) Decrease Receivables, net	16,538	(2,473)	(4,681)	9,384
(Increase) Decrease Due from other governments	(50,173)	-	80,625	30,452
(Increase) Decrease Inventories	176	16,137	-	16,313
(Increase) Decrease Prepaid items	45,262	-	-	45,262
Increase (Decrease) Accounts payable	(5,270)	46,500	743	41,973
Increase (Decrease) Salaries payable	(6,469)	(6,870)	(5,880)	(19,219)
Increase (Decrease) Compensated absences payable	29,074	15,407	2,427	46,908
Increase (Decrease) Due to other governments	422	812	-	1,234
Total Adjustments	<u>29,560</u>	<u>80,140</u>	<u>74,134</u>	<u>183,834</u>
Net cash provided by operating activities	<u>\$ (170,253)</u>	<u>\$ (279,997)</u>	<u>\$ 90,495</u>	<u>\$ (359,755)</u>
<b>Non-Cash Activities</b>				
Gain on disposal of asset	\$ 461	\$ -	\$ -	\$ 461

## INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for operations that are financed and operated in a manner similar to private business, with the intent that cost (expenses, including depreciation) of providing goods or services by specific departments within St. Louis County to other departments or agencies of St. Louis County or to other governments on a continuing basis be financed or recovered primarily through user charges.

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

**County Garage** - This fund is used to account for the costs of operating a maintenance facility for automotive equipment and a fleet of vehicles for use by County departments.

**Property, Casualty, Liability Insurance** - This fund is used to account for coverage of claims and judgments against the County.

**Workers' Compensation Insurance** - This fund is used to account for coverage of workers' compensation claims incurred by County employees.

**Medical/Dental Insurance** - This fund is used to account for coverage of medical and dental expenses incurred by County employees, dependents, and retirees.

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

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

**Retired Employees' Health Insurance** - This fund is used to account for retirees insurance expenses paid by the retirees applicable sick leave balance at retirement.

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
DECEMBER 31, 2007

	<u>Printing</u>	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 567,600	\$ 552,829	\$ 488,151	\$ 413,881
Investments	-	-	7,826,641	5,799,278
Accounts receivable	10,237	3,398	-	323
Accrued interest receivable	-	-	151,241	37,364
Due from other governments	236	48	-	-
Inventories	60,419	61,682	-	-
Prepaid items	-	-	-	-
Excess OPEB contributions	-	-	-	-
Total current assets	<u>638,492</u>	<u>617,957</u>	<u>8,466,033</u>	<u>6,250,846</u>
Capital assets:				
Land	-	25,500	-	-
Buildings and structures	-	778,730	-	-
Machinery and equipment	323,600	79,214	-	-
Vehicles	-	2,008,398	-	-
Less accumulated depreciation	(269,791)	(1,645,644)	-	-
Total capital asset (net)	<u>53,809</u>	<u>1,246,198</u>	<u>-</u>	<u>-</u>
Total assets	<u>692,301</u>	<u>1,864,155</u>	<u>8,466,033</u>	<u>6,250,846</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	146,886	27,109	-	85,894
Salaries payable	2,526	10,319	-	14,632
Compensated absences payable	6,256	38,187	-	-
Claims payable	-	-	-	790,412
Due to other governments	-	1,306	-	128,252
Unearned revenue	-	-	-	-
Total current liabilities	<u>155,668</u>	<u>76,921</u>	<u>-</u>	<u>1,019,190</u>
Noncurrent liabilities:				
Compensated absences payable	69,518	123,656	-	-
Claims payable	-	-	102,250	3,037,417
Total non-current liabilities	<u>69,518</u>	<u>123,656</u>	<u>102,250</u>	<u>3,037,417</u>
Total liabilities	<u>225,186</u>	<u>200,577</u>	<u>102,250</u>	<u>4,056,607</u>
<b>NET ASSETS</b>				
Invested in capital assets	53,809	1,246,198	-	-
Unrestricted	413,306	417,380	8,363,783	2,194,239
Total net assets	<u>\$ 467,115</u>	<u>\$ 1,663,578</u>	<u>\$ 8,363,783</u>	<u>\$ 2,194,239</u>

*ST. LOUIS COUNTY, MINNESOTA*  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
DECEMBER 31, 2007

	<u>Medical/ Dental Insurance</u>	<u>Management Information Systems</u>	<u>Telecommu- nications</u>	<u>Retired Employees' Health Insurance</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 769,725	\$ 2,621,883	\$ 934,029	\$ 650,785	\$ 6,998,883
Investments	7,666,325	-	-	-	21,292,244
Accounts receivable	692,232	682	-	-	706,872
Accrued interest receivable	78,105	-	-	-	266,710
Due from other governments	92	12,634	-	-	13,010
Inventories	-	12,527	15,550	-	150,178
Prepaid items	96,766	-	-	-	96,766
Excess OPEB contributions	402,516	-	-	-	402,516
Total current assets	<u>9,705,761</u>	<u>2,647,726</u>	<u>949,579</u>	<u>650,785</u>	<u>29,927,179</u>
Capital assets:					
Land	-	-	-	-	25,500
Buildings and structures	-	55,506	-	-	834,236
Machinery and equipment	-	2,933,428	2,776,440	-	6,112,682
Vehicles	-	-	-	-	2,008,398
Less accumulated depreciation	-	(2,647,786)	(2,580,884)	-	(7,144,105)
Total capital asset (net)	<u>-</u>	<u>341,148</u>	<u>195,556</u>	<u>-</u>	<u>1,836,711</u>
Total assets	<u>9,705,761</u>	<u>2,988,874</u>	<u>1,145,135</u>	<u>650,785</u>	<u>31,763,890</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	-	374,590	29,054	-	663,533
Salaries payable	-	58,461	7,575	-	93,513
Compensated absences payable	-	145,409	20,694	285,117	495,663
Claims payable	2,190,831	-	-	-	2,981,243
Due to other governments	-	186	31,164	-	160,908
Unearned revenue	584,265	-	-	-	584,265
Total current liabilities	<u>2,775,096</u>	<u>578,646</u>	<u>88,487</u>	<u>285,117</u>	<u>4,979,125</u>
Noncurrent liabilities:					
Compensated absences payable	-	893,362	98,708	365,668	1,550,912
Claims payable	-	-	-	-	3,139,667
Total non-current liabilities	<u>-</u>	<u>893,362</u>	<u>98,708</u>	<u>365,668</u>	<u>4,690,579</u>
Total liabilities	<u>2,775,096</u>	<u>1,472,008</u>	<u>187,195</u>	<u>650,785</u>	<u>9,669,704</u>
<b>NET ASSETS</b>					
Invested in capital assets	-	341,148	195,556	-	1,836,711
Unrestricted	6,930,665	1,175,718	762,384	-	20,257,475
Total net assets	<u>\$ 6,930,665</u>	<u>\$ 1,516,866</u>	<u>\$ 957,940</u>	<u>\$ -</u>	<u>\$ 22,094,186</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, 2007

	<u>Printing</u>	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
Operating Revenues:				
Charges for services	\$ 1,718,630	\$ 2,033,873	\$ 523,807	\$ 2,903,365
Other	314	15,759	11,685	523,682
Total Operating Revenues	<u>1,718,944</u>	<u>2,049,632</u>	<u>535,492</u>	<u>3,427,047</u>
Operating Expenses:				
Personal services	150,539	535,304	-	481,306
Contractual services	983,275	342,921	257,538	2,236,409
Materials	589,816	850,309	-	-
OPEB expense	-	-	-	-
Depreciation	2,816	223,352	-	-
Total Operating Expenses	<u>1,726,446</u>	<u>1,951,886</u>	<u>257,538</u>	<u>2,717,715</u>
Operating Income (Loss)	<u>(7,502)</u>	<u>97,746</u>	<u>277,954</u>	<u>709,332</u>
Nonoperating revenues (expenses):				
Earnings on investments	-	-	387,220	272,499
Loss or gain on asset disposal	-	(14,946)	-	-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(14,946)</u>	<u>387,220</u>	<u>272,499</u>
Income (Loss) Before Transfers	<u>(7,502)</u>	<u>82,800</u>	<u>665,174</u>	<u>981,831</u>
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	<u>(7,502)</u>	<u>82,800</u>	<u>665,174</u>	<u>981,831</u>
Total net assets - January 1	<u>474,617</u>	<u>1,580,778</u>	<u>7,698,609</u>	<u>1,212,408</u>
Total net assets - December 31	<u>\$ 467,115</u>	<u>\$ 1,663,578</u>	<u>\$ 8,363,783</u>	<u>\$ 2,194,239</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, 2007

	<u>Medical/ Dental Insurance</u>	<u>Management Information Systems</u>	<u>Telecommu- nications</u>	<u>Retired Employees' Health Insurance</u>	<u>Total</u>
Operating Revenues:					
Charges for services	\$ 26,712,480	\$ 4,055,428	\$ 1,118,357	\$ 158,414	\$ 39,224,354
Other	-	762,596	2,497	-	1,316,533
Total Operating Revenues	<u>26,712,480</u>	<u>4,818,024</u>	<u>1,120,854</u>	<u>158,414</u>	<u>40,540,887</u>
Operating Expenses:					
Personal services	-	2,764,536	385,857	-	4,317,542
Contractual services	26,363,736	1,282,811	677,494	158,414	32,302,598
Materials	-	444,419	178,830	-	2,063,374
OPEB expense	1,114,889	-	-	-	1,114,889
Depreciation	-	144,667	67,320	-	438,155
Total Operating Expenses	<u>27,478,625</u>	<u>4,636,433</u>	<u>1,309,501</u>	<u>158,414</u>	<u>40,236,558</u>
Operating Income (Loss)	<u>(766,145)</u>	<u>181,591</u>	<u>(188,647)</u>	<u>-</u>	<u>304,329</u>
Nonoperating revenues (expenses):					
Earnings on investments	442,152	-	-	-	1,101,871
Loss or gain on asset disposal	-	-	-	-	(14,946)
Total Nonoperating Revenues (Expenses)	<u>442,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,086,925</u>
Income (Loss) Before Transfers	(323,993)	181,591	(188,647)	-	1,391,254
Transfer out	-	(150,820)	-	-	(150,820)
Changes in net assets	(323,993)	30,771	(188,647)	-	1,240,434
Total net assets - January 1	<u>7,254,658</u>	<u>1,486,095</u>	<u>1,146,587</u>	<u>-</u>	<u>20,853,752</u>
Total net assets - December 31	<u>\$ 6,930,665</u>	<u>\$ 1,516,866</u>	<u>\$ 957,940</u>	<u>\$ -</u>	<u>\$ 22,094,186</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Printing	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 211,153	\$ -	\$ -	\$ -
Receipts from interfund services provided	1,521,104	2,032,416	525,968	2,903,042
Payments to suppliers	(1,339,722)	(1,232,990)	-	(32,738)
Payments to employees	(149,084)	(482,013)	-	(466,674)
Claims paid	-	-	(293,435)	(2,117,102)
Other receipts (payments)	314	17,065	11,685	540,336
Net cash provided (used) by operating activities	<u>243,765</u>	<u>334,478</u>	<u>244,218</u>	<u>826,864</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer to the General Fund	-	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	-	(330,668)	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	-	-	(13,798,855)	(11,482,998)
Sale of investments	-	-	13,131,424	10,230,418
Interest and dividends	-	-	358,971	296,619
Net cash provided by investing activities	-	-	(308,460)	(955,961)
Net Increase (Decrease) in Cash and Cash Equivalents	243,765	3,810	(64,242)	(129,097)
Balances - January 1	323,835	549,019	552,393	542,978
Balances - December 31	<u>\$ 567,600</u>	<u>\$ 552,829</u>	<u>\$ 488,151</u>	<u>\$ 413,881</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (7,502)	\$ 97,746	\$ 277,954	\$ 709,332
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,816	223,352	-	-
(Increase) Decrease Receivables, net	13,863	(1,433)	2,161	(323)
(Increase) Decrease Due from other governments	(236)	(24)	-	-
(Increase) Decrease Inventories	59,334	(24,165)	-	-
(Increase) Decrease Prepaid items	44,000	-	-	-
(Increase) Decrease Excess OPEB contributions	-	-	-	-
Increase (Decrease) Accounts payable	130,035	(15,595)	-	(32,738)
Increase (Decrease) Salaries payable	(1,224)	(2,571)	-	14,632
Increase (Decrease) Compensated absences payable	2,679	55,862	-	-
Increase (Decrease) Claims payable	-	-	(35,897)	119,307
Increase (Decrease) Due to other governments	-	1,306	-	16,654
Increase (Decrease) Unearned Revenue	-	-	-	-
Total Adjustments	<u>251,267</u>	<u>236,732</u>	<u>(33,736)</u>	<u>117,532</u>
Net cash provided by operating activities	<u>\$ 243,765</u>	<u>\$ 334,478</u>	<u>\$ 244,218</u>	<u>\$ 826,864</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Medical/ Dental Insurance	Management Information Systems	Telecommu- nications	Retired Employees' Health Insurance	Total
<b>CASH FLOWS FROM</b>					
<b>OPERATING ACTIVITIES</b>					
Receipts from customers	\$ -	\$ 83,893	\$ 2,497	\$ -	\$ 297,543
Receipts from interfund services provided	26,592,565	4,061,528	1,118,357	158,414	38,913,394
Payments to suppliers	-	(1,719,275)	(856,261)	-	(5,180,986)
Payments to employees	-	(2,743,002)	(373,224)	(592,178)	(4,806,175)
Claims paid	(27,906,082)	-	-	-	(30,316,619)
Other receipts (payments)	-	678,889	-	-	1,248,289
Net cash provided (used) by operating activities	<u>(1,313,517)</u>	<u>362,033</u>	<u>(108,631)</u>	<u>(433,764)</u>	<u>155,446</u>
<b>CASH FLOWS FROM</b>					
<b>NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer to the General Fund	-	(150,820)	-	-	(150,820)
<b>CASH FLOWS FROM CAPITAL AND</b>					
<b>RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	-	(79,713)	(114,422)	-	(524,803)
<b>CASH FLOWS FROM</b>					
<b>INVESTING ACTIVITIES</b>					
Purchase of investments	(30,259,672)	-	-	-	(55,541,525)
Sale of investments	31,241,744	-	-	-	54,603,586
Interest and dividends	439,178	-	-	-	1,094,768
Net cash provided by investing activities	<u>1,421,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,829</u>
Net Increase (Decrease) in Cash and Cash Equivalents	107,733	131,500	(223,053)	(433,764)	(363,348)
Balances - January 1	661,992	2,490,383	1,157,082	1,084,549	7,362,231
Balances - December 31	<u>\$ 769,725</u>	<u>\$ 2,621,883</u>	<u>\$ 934,029</u>	<u>\$ 650,785</u>	<u>\$ 6,998,883</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (766,145)	\$ 181,591	\$ (188,647)	\$ -	\$ 304,329
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	-	144,667	67,320	-	438,155
(Increase) Decrease Receivables, net	(17,232)	868	-	-	(2,096)
(Increase) Decrease Due from other governments	(92)	5,232	31,164	-	36,044
(Increase) Decrease Inventories	-	(2,937)	12,450	-	44,682
(Increase) Decrease Prepaid items	(96,766)	-	-	-	(52,766)
(Increase) Decrease Excess OPEB contributions	(402,516)	-	-	-	(402,516)
Increase (Decrease) Accounts payable	-	10,892	(43,551)	-	49,043
Increase (Decrease) Salaries payable	-	(32,563)	(3,692)	-	(25,418)
Increase (Decrease) Compensated absences payable	-	54,097	16,325	(433,764)	(304,801)
Increase (Decrease) Claims payable	71,825	-	-	-	155,235
Increase (Decrease) Due to other governments	-	186	-	-	18,146
Increase (Decrease) Unearned Revenue	(102,591)	-	-	-	(102,591)
Total Adjustments	<u>(547,372)</u>	<u>180,442</u>	<u>80,016</u>	<u>(433,764)</u>	<u>(148,883)</u>
Net cash provided by operating activities	<u>\$ (1,313,517)</u>	<u>\$ 362,033</u>	<u>\$ (108,631)</u>	<u>\$ (433,764)</u>	<u>\$ 155,446</u>

## **FIDUCIARY FUNDS**

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

### **Investment Trust Funds**

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

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

## AGENCY FUNDS

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

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

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

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

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

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

**High Voltage Credit** - This fund is used to account for the collection of power line property tax credit which is then distributed to property owners, with any excess going to the School Fund pursuant to Minn. Stat. 273.42.

## **AGENCY FUNDS Continued**

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

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

**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, 2007

	<b>Investment Trust Funds</b>		
	<b>Taconite Relief</b>	<b>Taconite Production Tax</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 635,662	\$ 508,131	\$ 1,143,793
Investments	24,177,661	-	24,177,661
Accrued interest receivable	850,943	-	850,943
Total Assets	25,664,266	508,131	26,172,397
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Due to other governments	-	508,131	508,131
Total Liabilities	-	508,131	508,131
<b>NET ASSETS</b>			
Held in trust for pool participants and other purposes	\$ 25,664,266	\$ -	\$ 25,664,266

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<b>Investment Trust Funds</b>		
	<b>Taconite Relief</b>	<b>Taconite Production Tax</b>	<b>Total</b>
<b>ADDITIONS</b>			
Taconite taxes	\$ 14,830,469	\$ 19,756,930	\$ 34,587,399
Earnings on investments	1,502,462	89,565	1,592,027
Total Additions	16,332,931	19,846,495	36,179,426
<b>DEDUCTIONS</b>			
Distribution to participants	22,512,001	19,846,495	42,358,496
Changes in net assets	(6,179,070)	-	(6,179,070)
Net assets - January 1	31,843,336	-	31,843,336
Net assets - December 31	\$ 25,664,266	\$ -	\$ 25,664,266

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Balance January 1	Additions	Deductions	Balance December 31
<b>STATE OF MINNESOTA FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 354,155	\$ 20,459,077	\$ 20,726,692	\$ 86,540
Due from other governments	254,399	441,751	254,399	441,751
Total Assets	<u>\$ 608,554</u>	<u>\$ 20,900,828</u>	<u>\$ 20,981,091</u>	<u>\$ 528,291</u>
LIABILITIES				
Salaries payable	\$ 63,229	\$ 79,611	\$ 63,229	\$ 79,611
Due to other governments	545,325	20,821,217	20,917,862	448,680
Total Liabilities	<u>\$ 608,554</u>	<u>\$ 20,900,828</u>	<u>\$ 20,981,091</u>	<u>\$ 528,291</u>
<b>BEER-AUCTIONEER LICENSES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 2,731	\$ 2,613	\$ 2,846	\$ 2,498
LIABILITIES				
Due to other governments	\$ 2,731	\$ 2,613	\$ 2,846	\$ 2,498
<b>TAXES AND PENALTIES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 4,458,239	\$ 281,858,400	\$ 281,710,656	\$ 4,605,983
Due from other governments	142,594	126,691	142,594	126,691
Total Assets	<u>\$ 4,600,833</u>	<u>\$ 281,985,091</u>	<u>\$ 281,853,250</u>	<u>\$ 4,732,674</u>
LIABILITIES				
Due to other governments	\$ 4,600,833	\$ 281,985,091	\$ 281,853,250	\$ 4,732,674
<b>PAYROLL DEDUCTIONS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 1,852,724	\$ 49,553,597	\$ 50,691,785	\$ 714,536
Accounts Receivable	-	48	-	48
Total Assets	<u>\$ 1,852,724</u>	<u>\$ 49,553,645</u>	<u>\$ 50,691,785</u>	<u>\$ 714,584</u>
LIABILITIES				
Accounts payable	\$ 1,852,724	\$ 49,535,642	\$ 50,691,785	\$ 696,581
Due to other governments	-	18,003	-	18,003
Total Liabilities	<u>\$ 1,852,724</u>	<u>\$ 49,553,645</u>	<u>\$ 50,691,785</u>	<u>\$ 714,584</u>
<b>SERIES EE SAVINGS BOND FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 1,898	\$ 94,210	\$ 94,512	\$ 1,596
LIABILITIES				
Due to other governments	\$ 1,898	\$ 94,210	\$ 94,512	\$ 1,596

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>CANCELED CHECK FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 51,212	\$ 3,264	\$ 42,327	\$ 12,149
LIABILITIES				
Accounts payable	\$ 51,212	\$ 3,264	\$ 42,327	\$ 12,149
<b>HIGH VOLTAGE CREDIT FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 46,736	\$ 49,180	\$ 95,916	\$ -
LIABILITIES				
Due to other governments	\$ 46,736	\$ 49,180	\$ 95,916	\$ -
<b>ARROWHEAD REGIONAL CORRECTIONS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 3,120,414	\$ 21,821,335	\$ 22,370,604	\$ 2,571,145
Investments	1,400,039	464,401	-	1,864,440
Accounts receivable	59,881	22,701	59,881	22,701
Accrued interest receivable	-	67,311	-	67,311
Due from other governments	1,104,256	1,631,115	1,104,256	1,631,115
Total Assets	<u>\$ 5,684,590</u>	<u>\$ 24,006,863</u>	<u>\$ 23,534,741</u>	<u>\$ 6,156,712</u>
LIABILITIES				
Accounts payable	\$ 227,127	\$ 3,275,938	\$ 3,195,791	\$ 307,274
Salaries payable	551,117	295,381	551,117	295,381
Due to other governments	4,906,346	20,435,544	19,787,833	5,554,057
Total Liabilities	<u>\$ 5,684,590</u>	<u>\$ 24,006,863</u>	<u>\$ 23,534,741</u>	<u>\$ 6,156,712</u>
<b>PERMIT TO CARRY FIREARMS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 109,502	\$ 74,667	\$ 38,449	\$ 145,720
Accounts Receivable	-	1,740	-	1,740
	<u>\$ 109,502</u>	<u>\$ 76,407</u>	<u>\$ 38,449</u>	<u>\$ 147,460</u>
LIABILITIES				
Due to other governments	<u>\$ 109,502</u>	<u>\$ 76,407</u>	<u>\$ 38,449</u>	<u>\$ 147,460</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>COMMUNITY HEALTH SERVICES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 358,821	\$ 3,555,943	\$ 3,105,369	\$ 809,395
Due from other governments	200,315	354,974	200,315	354,974
Total Assets	<u>\$ 559,136</u>	<u>\$ 3,910,917</u>	<u>\$ 3,305,684</u>	<u>\$ 1,164,369</u>
LIABILITIES				
Accounts payable	\$ -	\$ 21,990	\$ -	\$ 21,990
Salaries payable	3,645	4,317	3,645	4,317
Due to other governments	555,491	3,884,610	3,302,039	1,138,062
Total Liabilities	<u>\$ 559,136</u>	<u>\$ 3,910,917</u>	<u>\$ 3,305,684</u>	<u>\$ 1,164,369</u>
<b>DULUTH AREA FAMILY SERVICE COLLABORATIVE FUND</b>				
ASSETS				
Cash and cash equivalents	<u>\$ 58,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,834</u>
LIABILITIES				
Due to other governments	<u>\$ 58,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,834</u>
<b>LOCAL COLLABORATIVE TIME STUDY FUND</b>				
ASSETS				
Cash and cash equivalents	<u>\$ 1,312,827</u>	<u>\$ 439,147</u>	<u>\$ 710,612</u>	<u>\$ 1,041,362</u>
LIABILITIES				
Accounts payable	\$ 27,196	\$ -	\$ 27,196	\$ -
Due to other governments	1,285,631	439,147	683,416	1,041,362
Total Liabilities	<u>\$ 1,312,827</u>	<u>\$ 439,147</u>	<u>\$ 710,612</u>	<u>\$ 1,041,362</u>
<b>REGIONAL RAILROAD AUTHORITY FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 877,316	\$ 1,741,660	\$ 1,406,174	\$ 1,212,802
Delinquent taxes receivable	44,051	51,706	44,051	51,706
Accounts receivable	-	120	-	120
Due from other governments	146,520	329,714	146,520	329,714
Total Assets	<u>\$ 1,067,887</u>	<u>\$ 2,123,200</u>	<u>\$ 1,596,745</u>	<u>\$ 1,594,342</u>
LIABILITIES				
Accounts payable	\$ 100,303	\$ 1,132,553	\$ 1,138,878	\$ 93,978
Salaries payable	2,782	4,037	2,782	4,037
Due to other governments	964,802	986,610	455,085	1,496,327
Total Liabilities	<u>\$ 1,067,887</u>	<u>\$ 2,123,200</u>	<u>\$ 1,596,745</u>	<u>\$ 1,594,342</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>NORTHERN COUNTIES</b>				
<b>LAND USE BOARD FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 75,537	\$ 1,538	\$ 12,203	\$ 64,872
LIABILITIES				
Accounts Payable	\$ -	\$ 1,537	\$ -	\$ 1,537
Due to other governments	75,537	1	12,203	63,335
	<u>\$ 75,537</u>	<u>\$ 1,538</u>	<u>\$ 12,203</u>	<u>\$ 64,872</u>
<b>AGENCY MISCELLANEOUS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 2,443	\$ 207,470	\$ 90,484	\$ 119,429
LIABILITIES				
Due to other governments	\$ 2,443	\$ 207,470	\$ 90,484	\$ 119,429
<b>TOTALS FOR ALL AGENCY FUNDS</b>				
ASSETS				
Cash and cash equivalents	\$ 12,683,389	\$ 379,862,101	\$ 381,098,629	\$ 11,446,861
Investments	1,400,039	464,401	-	1,864,440
Delinquent taxes receivable	44,051	51,706	44,051	51,706
Accounts receivable	59,881	24,609	59,881	24,609
Accrued interest receivable	-	67,311	-	67,311
Due from other governments	1,848,084	2,884,245	1,848,084	2,884,245
Total Assets	<u>\$ 16,035,444</u>	<u>\$ 383,354,373</u>	<u>\$ 383,050,645</u>	<u>\$ 16,339,172</u>
LIABILITIES				
Accounts payable	\$ 2,258,562	\$ 53,970,924	\$ 55,095,977	\$ 1,133,509
Salaries payable	620,773	383,346	620,773	383,346
Due to other governments	13,156,109	329,000,103	327,333,895	14,822,317
Total Liabilities	<u>\$ 16,035,444</u>	<u>\$ 383,354,373</u>	<u>\$ 383,050,645</u>	<u>\$ 16,339,172</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS**  
 DECEMBER 31, 2007

	<u>Interest Rates</u>	<u>Par Value</u>	<u>Market</u>
<b>Pooled Investments</b>			
Money market savings account	4.00%	\$ 148,122	\$ 148,122
Certificates of Deposit	4.10% - 5.36%	67,677,037	67,677,102
MAGIC	varies	5,554,721	5,554,721
FFCB	4.50% - 5.10%	5,000,000	5,024,354
FHLB	4.00% - 5.20%	20,600,000	20,687,765
FNMA	4.71% - 5.15%	19,500,000	19,409,073
<b>Total Pooled Investments</b>		<u>\$ 118,479,880</u>	<u>\$ 118,501,137</u>
<b>Capital Projects</b>			
MAGIC	Varies	\$ 28,407	\$ 28,407
<b>Shoreland Sales Permanent Fund</b>			
MN Board of Investments	Varies	\$ 6,583,426	\$ 6,583,426
<b>Solid Waste Management Enterprise Fund</b>			
Certificates of Deposit	4.25% - 5.30%	\$ 10,001,252	\$ 10,001,252
Commercial Paper	5.22%	1,900,000	1,897,424
FHLB	4.00% - 4.35%	6,000,000	6,000,945
<b>Total Solid Waste Management Enterprise Fund</b>		<u>\$ 17,901,252</u>	<u>\$ 17,899,621</u>
<b>Property, Casualty, Liability Insurance</b>			
<b>Internal Service Fund</b>			
Certificates of Deposit	4.10% - 5.30%	\$ 7,826,641	\$ 7,826,641
<b>Worker's Compensation Insurance</b>			
<b>Internal Service Fund</b>			
Certificates of Deposit	4.19% - 5.20%	\$ 4,200,000	\$ 4,200,000
Commercial Paper	5.21%	1,600,000	1,599,278
<b>Total Workers' Compensation Insurance Internal Service Fund</b>		<u>\$ 5,800,000</u>	<u>\$ 5,799,278</u>
<b>Medical/Dental Insurance</b>			
<b>Internal Service Fund</b>			
Certificates of Deposit	4.28% - 5.30%	\$ 5,000,000	\$ 5,000,000
Commercial Paper	4.24% - 5.20%	2,700,000	2,666,325
<b>Total Medical/Dental Insurance Internal Service Fund</b>		<u>\$ 7,700,000</u>	<u>\$ 7,666,325</u>
<b>Patients' Escrow Trust Fund</b>			
Certificates of Deposit	3.90% - 5.02%	\$ 77,780	\$ 77,780
<b>Taconite Relief Investment Trust Fund</b>			
Certificate of Deposit	4.34% - 5.30%	\$ 22,183,611	\$ 22,183,611
FHLB	5.00%	1,000,000	1,001,560
FHLMC	3.00%	1,000,000	992,490
<b>Total Taconite Relief Investment Trust Fund</b>		<u>\$ 24,183,611</u>	<u>\$ 24,177,661</u>
<b>Arrowhead Regional Corrections Agency Fund</b>			
Certificate of deposit	4.11% - 5.12%	\$ 1,864,440	\$ 1,864,440
<b>Total Investments</b>		<u>\$ 190,445,437</u>	<u>\$ 190,424,716</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Special Revenue Funds			
	General Fund	Road and Bridge	Social Services	Other
<b>Shared revenue</b>				
<b>State</b>				
Department of Natural Resources				
Mineral rents and royalties	\$ 383,206	\$ -	\$ -	\$ -
State acquired	12	6	9	-
Department of Public Safety				
Enhanced 911 program grant	346,806	-	-	-
Department of Revenue				
County program aid	9,372,866	863,121	1,278,951	-
Disparity aid	2,093,850	1,184,437	1,667,520	-
Market value credit	3,023,863	1,706,256	2,382,441	13,382
PERA aid	122,289	93,265	168,223	16,079
Police aid	691,544	-	-	-
State fire aid	20,852	-	-	-
Department of Transportation				
30 percent rental income	1,237	718	1,011	-
Engineering	-	2,178,647	-	-
MN FD 29 bridge bond	-	7,107	-	-
Municipal construction	-	944,123	-	-
Municipal maintenance	-	490,203	-	-
Regular construction	-	9,409,985	-	-
Regular maintenance	-	7,454,132	-	-
State park	-	211,821	-	-
Town bridge	-	150,730	-	-
Unorganized town road and bridge aid	-	14,543	-	-
<b>Total Shared Revenue</b>	<b>\$ 16,056,525</b>	<b>\$ 24,709,094</b>	<b>\$ 5,498,155</b>	<b>\$ 29,461</b>
<b>Reimbursement for Services</b>				
<b>State</b>				
Department of Human Services				
Child support	\$ 126,644	\$ -	\$ 3,608,117	\$ -
Child welfare targeted case management	-	-	2,731,557	-
Child welfare targeted case management - Rebate	-	-	143,678	-
Children's therapeutic support services	-	-	556	-
Community alternatives for disabled individuals waivered services	-	-	1,042,604	-
Crisis stabilization	-	-	42,002	-
Elderly waivered services	-	-	644,208	-
Food stamps	57,608	-	1,566,401	-
Foster care	6,404	-	279,034	-
LTCC waivered services	-	-	1,532	-
MN family investment project burial	-	-	3,650	-
Medical assistance	118,866	-	6,901,978	-
Mentally ill case management waivered services	-	-	737,350	-
Mentally ill case management waivered services - rebate	-	-	62,987	-
Mentally retarded waivered services	-	-	1,163,007	-
Refugee	35	-	805	-
Relocation waivered services	-	-	23,677	-
Traumatic brain injury	-	-	160,920	-
Temporary aid for needy families	63,927	-	348,538	-
VADD targeted case management	-	-	118,714	-
VADD targeted case management - rebate	-	-	4,413	-
<b>Total Reimbursement for Services Revenue</b>	<b>\$ 373,484</b>	<b>\$ -</b>	<b>\$ 19,585,728</b>	<b>\$ -</b>
<b>Grants</b>				
<b>State grants</b>				
Board of Water and Soil Resources				
Natural resources block grant	\$ 128,241	\$ -	\$ -	\$ -
Department of Environmental Assistance				
SCORE recycling grant	-	-	-	-
Department of Health				
Health Preparedness Pandemic Flu grant	-	-	47,649	-
Local public health grant	-	-	606,387	-
Subtotal	<b>\$ 128,241</b>	<b>\$ -</b>	<b>\$ 654,036</b>	<b>\$ -</b>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Debt Service Funds	Buildings Capital Projects Fund	Solid Waste Management Enterprise Fund	Total
<b>Shared revenue</b>				
<b>State</b>				
Department of Natural Resources				
Mineral rents and royalties	\$ -	\$ -	\$ -	\$ 383,206
State acquisition	3	-	-	30
Department of Public Safety				
Enhanced 911 program grant	-	-	-	346,806
Department of Revenue				
County program aid	-	52,024	-	11,566,962
Disparity aid	381,821	99,721	-	5,427,349
Market value credit	545,520	142,475	-	7,813,937
PERA aid	-	-	-	399,856
Police aid	-	-	-	691,544
State fire aid	-	-	-	20,852
Department of Transportation				
30 percent rental income	240	60	-	3,266
Engineering	-	-	-	2,178,647
MN FD 29 bridge bond	-	-	-	7,107
Municipal construction	-	-	-	944,123
Municipal maintenance	-	-	-	490,203
Regular construction	-	-	-	9,409,985
Regular maintenance	-	-	-	7,454,132
State park	-	-	-	211,821
Town bridge	-	-	-	150,730
Unorganized town road and bridge aid	-	-	-	14,543
<b>Total Shared Revenue</b>	<b>\$ 927,584</b>	<b>\$ 294,280</b>	<b>\$ -</b>	<b>\$ 47,515,099</b>
<b>Reimbursement for Services</b>				
<b>State</b>				
Department of Human Services				
Child support	\$ -	\$ -	\$ -	\$ 3,734,761
Child welfare targeted case management	-	-	-	2,731,557
Child welfare targeted case management - Rebate	-	-	-	143,678
Children's therapeutic support services	-	-	-	556
Community alternatives for disabled individuals waivered services	-	-	-	1,042,604
Crisis stabilization	-	-	-	42,002
Elderly waived services	-	-	-	644,208
Food stamps	-	-	-	1,624,009
Foster care	-	-	-	285,438
LTCC waived services	-	-	-	1,532
MN family investment project burial	-	-	-	3,650
Medical assistance	-	-	-	7,020,844
Mentally ill case management waived services	-	-	-	737,350
Mentally ill case management waived services - rebate	-	-	-	62,987
Mentally retarded waived services	-	-	-	1,163,007
Refugee	-	-	-	840
Relocation waived services	-	-	-	23,677
Traumatic brain injury	-	-	-	160,920
Temporary aid for needy families	-	-	-	412,465
VADD targeted case management	-	-	-	118,714
VADD targeted case management	-	-	-	4,413
<b>Total Reimbursement for Services Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,959,212</b>
<b>Grants</b>				
<b>State grants</b>				
Board of Water and Soil Resources				
Natural resources block grant	\$ -	\$ -	\$ -	\$ 128,241
Department of Environmental Assistance				
SCORE recycling grant	-	-	460,943	460,943
Department of Health				
Health Preparedness Pandemic Flu grant	-	-	-	47,649
Local public health grant	-	-	-	606,387
Subtotal	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 460,943</b>	<b>\$ 1,243,220</b>

Special Revenue Funds

	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other</u>
<b>Grants (continued)</b>				
<b>State grants (continued)</b>				
Department of Human Services				
Adult integrated fund	\$ -	\$ -	\$ 3,167,346	\$ -
Alternative Response	-	-	263,610	-
Chemical dependency	-	-	163,876	-
Child care resource and referral	-	-	6,753	-
Child support incentives	-	-	204,596	-
Children's mental health	-	-	329,475	-
Children and Community Services Act block grant	-	-	3,831,207	-
Consolidated chemical dependency fund admin	-	-	98,814	-
Cost effective health insurance	-	-	15,700	-
Food stamps	-	-	2,326	-
Forgotten children	-	-	1,423	-
Fraud prevention incentives	-	-	117,519	-
Home Delivered Meals	-	-	14,398	-
Homeless Outreach	-	-	749,500	-
Medical assistance	-	-	734,098	-
Mentally retarded family subsidy	-	-	142,826	-
MN family investment project employment services	-	-	144,800	-
MN family investment project child care	-	-	93,776	-
Relative custody	-	-	400,851	-
Semi-independent living skills	-	-	387,743	-
Special medical assistance	24,375	-	-	-
Department of Minnesota Housing Finance				
Family homelessness prevention and assistance program	136,036	-	207,369	-
Department of Natural Resources				
Boat and water safety	151,231	-	-	-
Forest road access	-	-	-	51,359
State trail assistance	176,109	-	-	-
Department of Post Board Training				
Training reimbursement	40,198	-	-	-
Department of Public Safety				
Bullet proof vests	2,825	-	-	-
Influenza Pandemic grant	14,212	-	-	-
Office of justice program grants	16,189	-	-	-
Iron Range Resources and Rehabilitation Board				
Biomass	12,064	-	-	-
Veterans Affairs				
VSO Computer Grant	2,079	-	-	-
<b>Total State Grants</b>	<u>\$ 703,559</u>	<u>\$ -</u>	<u>\$ 11,732,042</u>	<u>\$ 51,359</u>

**Grants (continued)**

**Federal grants**

Department of Agriculture				
Food stamps	\$ -	\$ -	\$ 120,976	\$ -
National forest land	510,000	-	-	-
National forest land - roads and schools	-	124,990	-	-
Women, infants and children (through Community Health Board)	-	-	567,859	-
Department of Commerce				
Coastal zone management administration awards	61,374	-	-	-
Department of Health & Human Services				
Adult integrated fund	-	-	65,658	-
Bioterrorism	-	-	123,205	-
Child care	-	-	56,564	-
Child care resource and referral	-	-	106,736	-
Children's mental health	-	-	46,071	-
Foster care	-	-	412,086	-
Home delivered meals	-	-	95,728	-

	Debt Service Funds	Buildings Capital Projects Fund	Solid Waste Management Enterprise Fund	Total
<b>Grants (continued)</b>				
<b>State grants (continued)</b>				
Department of Human Services				
Adult integrated fund	\$ -	\$ -	\$ -	\$ 3,167,346
Alternative Response	-	-	-	263,610
Chemical dependency	-	-	-	163,876
Child care resource and referral	-	-	-	6,753
Child support incentives	-	-	-	204,596
Children's mental health	-	-	-	329,475
Children and Community Services Act block grant	-	-	-	3,831,207
Consolidated chemical dependency fund admin	-	-	-	98,814
Cost effective health insurance	-	-	-	15,700
Food stamps	-	-	-	2,326
Forgotten children	-	-	-	1,423
Fraud prevention incentives	-	-	-	117,519
Home Delivered Meals	-	-	-	14,398
Homeless Outreach	-	-	-	749,500
Medical assistance	-	-	-	734,098
Mentally retarded family subsidy	-	-	-	142,826
MN family investment project employment services	-	-	-	144,800
MN family investment project child care	-	-	-	93,776
Relative custody	-	-	-	400,851
Semi-independent living skills	-	-	-	387,743
Special medical assistance	-	-	-	24,375
Department of Minnesota Housing Finance				
Family homelessness prevention and assistance program	-	-	-	343,405
Department of Natural Resources				
Boat and water safety	-	-	-	151,231
Forest road access	-	-	-	51,359
State trail assistance	-	-	-	176,109
Department of Post Board Training				
Training reimbursement	-	-	-	40,198
Department of Public Safety				
Bullet proof vests	-	-	-	2,825
Influenza Pandemic grant	-	-	-	14,212
Office of justice program grants	-	-	-	16,189
Iron Range Resources and Rehabilitation Board				
Biomass	-	-	-	12,064
Veterans Affairs				
VSO Computer Grant	-	-	-	2,079
<b>Total State Grants</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 460,943</b>	<b>\$ 12,947,903</b>

**Grants (continued)**

**Federal grants**

Department of Agriculture				
Food stamps	\$ -	\$ -	\$ -	\$ 120,976
National forest land	-	-	-	510,000
National forest land - roads and schools	-	-	-	124,990
Women, infants and children (through Community Health Board)	-	-	-	567,859
Department of Commerce				
Coastal zone management administration awards	-	-	-	61,374
Department of Health & Human Services				
Adult integrated fund	-	-	-	65,658
Bioterrorism	-	-	-	123,205
Child care	-	-	-	56,564
Child care resource and referral	-	-	-	106,736
Children's mental health	-	-	-	46,071
Foster care	-	-	-	412,086
Home delivered meals	-	-	-	95,728

Special Revenue Funds

	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other</u>
<b>Grants (continued)</b>				
<b>Federal grants (continued)</b>				
Maternal and child health (through Community Health Board)	\$ -	\$ -	\$ 231,221	\$ -
MN family investment project child care	-	-	86,821	-
MN family investment project employment services	-	-	2,799,695	-
Chaffee Foster Care Independence Program	-	-	11,573	-
Temporary aid for needy families	-	-	169,370	-
Title XX block grant	-	-	1,817,656	-
Title IV-B Alternative response	-	-	247,487	-
Department of Housing and Urban Development				
Community development block grants	-	-	-	2,601,039
Emergency shelter grant	112,843	-	-	-
Home investment in affordable housing	-	-	-	706,935
Department of Interior				
Payment in lieu of taxes	695,123	798	969	13
Department of Justice				
Bullet proof vests	1,057	-	-	-
COPS grant	716,177	-	-	-
Edward Byrne Memorial formula grant program	5,000	-	-	-
Edward Byrne Memorial justice assistance grant program	109,801	-	-	-
Department of Transportation				
Alcohol traffic safety and drunk driving-Operation Nightcap	893	-	-	-
Highway planning and construction	2,968	3,821,583	-	-
State and community highway safety	18,960	-	-	-
Department of Homeland Security				
Boating safety financial assistance	39,524	-	-	-
Emergency management	46,299	-	-	-
Homeland security grant	1,571,242	-	-	-
<b>Total Federal grants</b>	<u>\$ 3,891,261</u>	<u>\$ 3,947,371</u>	<u>\$ 6,959,675</u>	<u>\$ 3,307,987</u>
<b>Other grants</b>				
Community Health Board				
Community health services	\$ -	\$ -	\$ 6,887	\$ -
Local				
Family response	\$ -	\$ -	\$ 20,038	\$ -
Other	-	-	-	-
<b>Total Other grants</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,925</u>	<u>\$ -</u>
<b>Total Grants</b>	<u>\$ 4,594,820</u>	<u>\$ 3,947,371</u>	<u>\$ 18,718,642</u>	<u>\$ 3,359,346</u>
<b>Total Intergovernmental Revenue</b>	<u>\$ 21,024,829</u>	<u>\$ 28,656,465</u>	<u>\$ 43,802,525</u>	<u>\$ 3,388,807</u>

	Debt Service Funds	Buildings Capital Projects Fund	Solid Waste Management Enterprise Fund	Total
<b>Grants (continued)</b>				
<b>Federal grants (continued)</b>				
Maternal and child health (through Community Health Board)	\$ -	\$ -	\$ -	\$ 231,221
MN family investment project child care	-	-	-	86,821
MN family investment project employment services	-	-	-	2,799,695
Chaffee Foster Care Independence Program	-	-	-	11,573
Temporary aid for needy families	-	-	-	169,370
Title XX block grant	-	-	-	1,817,656
Title IV-B Alternative response	-	-	-	247,487
Department of Housing and Urban Development				
Community development block grants	-	-	-	2,601,039
Emergency shelter grant	-	-	-	112,843
Home investment in affordable housing	-	-	-	706,935
Department of Interior				
Payment in lieu of taxes	226	49	-	697,178
Department of Justice				
Bullet proof vests	-	-	-	1,057
Cops grant	-	-	-	716,177
Edward Byrne Memorial formula grant program	-	-	-	5,000
Edward Byrne Memorial justice assistance grant program	-	-	-	109,801
Department of Transportation				
Alcohol traffic safety and drunk driving-Operation Nightcap	-	-	-	893
Highway planning and construction	-	276,368	-	4,100,919
State and community highway safety	-	-	-	18,960
Department of Homeland Security				
Boating safety financial assistance	-	-	-	39,524
Emergency management	-	-	-	46,299
Homeland security grant	-	-	-	1,571,242
<b>Total Federal grants</b>	<b>\$ 226</b>	<b>\$ 276,417</b>	<b>\$ -</b>	<b>\$ 18,382,937</b>
<b>Other grants</b>				
Community Health Board				
Community health services	\$ -	\$ -	\$ -	\$ 6,887
Local				
Family response	\$ -	\$ -	\$ -	\$ 20,038
Other	-	50,746	-	50,746
<b>Total Other grants</b>	<b>\$ -</b>	<b>\$ 50,746</b>	<b>\$ -</b>	<b>\$ 77,671</b>
<b>Total Grants</b>	<b>\$ 226</b>	<b>\$ 327,163</b>	<b>\$ 460,943</b>	<b>\$ 31,408,511</b>
<b>Total Intergovernmental Revenue</b>	<b>\$ 927,810</b>	<b>\$ 621,443</b>	<b>\$ 460,943</b>	<b>\$ 98,882,822</b>

# Statistical Section

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	133
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	141
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	147
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	153
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	155

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year.

**Schedule 1**

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

	<u>2002</u>	<u>2003</u>
<b>Governmental activities</b>		
Invested in capital assets, net of related debt	\$ 243,544,232	\$ 254,742,638
Restricted	21,418,157	35,063,432
Unrestricted	<u>57,962,130</u>	<u>52,677,107</u>
<b>Total governmental activities net assets</b>	<u><u>\$ 322,924,519</u></u>	<u><u>\$ 342,483,177</u></u>
<b>Business-type activities</b>		
Invested in capital assets, net of related debt	\$ 14,469,618	\$ 13,926,745
Restricted	1,546,884	1,380,436
Unrestricted	<u>11,240,066</u>	<u>10,518,855</u>
<b>Total business-type activities net assets</b>	<u><u>\$ 27,256,568</u></u>	<u><u>\$ 25,826,036</u></u>
<b>Primary government</b>		
Invested in capital assets, net of related debt	\$ 258,013,850	\$ 268,669,383
Restricted	22,965,041	36,443,868
Unrestricted	<u>69,202,196</u>	<u>63,195,962</u>
<b>Total primary government net assets</b>	<u><u>\$ 350,181,087</u></u>	<u><u>\$ 368,309,213</u></u>

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

**Schedule 1**

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

<b>Fiscal Year</b>			
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 281,959,954	\$ 284,598,787	\$ 304,712,967	\$ 326,996,032
39,106,761	26,905,894	36,452,547	29,341,037
46,821,225	77,188,234	68,069,867	79,097,149
<u>\$ 367,887,940</u>	<u>\$ 388,692,915</u>	<u>\$ 409,235,381</u>	<u>\$ 435,434,218</u>
\$ 14,390,848	\$ 14,201,467	\$ 13,331,890	\$ 13,059,476
1,695,220	1,354,381	1,432,450	1,510,645
9,447,853	8,846,260	13,628,137	12,926,708
<u>\$ 25,533,921</u>	<u>\$ 24,402,108</u>	<u>\$ 28,392,477</u>	<u>\$ 27,496,829</u>
\$ 296,350,802	\$ 298,800,254	\$ 318,044,857	\$ 340,055,508
40,801,981	28,260,275	37,884,997	30,851,682
56,269,078	86,034,494	81,698,004	92,023,857
<u>\$ 393,421,861</u>	<u>\$ 413,095,023</u>	<u>\$ 437,627,858</u>	<u>\$ 462,931,047</u>

**Schedule 2**

ST. LOUIS COUNTY, MINNESOTA

**Changes in Net Assets**

**Last Six Fiscal Years**

(accrual basis of accounting)

	<u>2002</u>	<u>2003</u>
<b>Expenses</b>		
Governmental activities		
General government	\$ 30,120,215	\$ 33,163,387
Public safety	32,573,217	32,616,921
Highways and streets	40,810,535	46,286,039
Health and sanitation	6,489,683	6,561,149
Human services	71,896,032	69,908,477
Culture and recreation	1,204,686	1,116,401
Conservation of natural resources	6,727,307	5,752,492
Economic development	3,612,842	3,998,107
Interest on long-term debt	1,598,511	1,320,624
Total governmental activities expenses	<u>195,033,028</u>	<u>200,723,597</u>
Business-type activities		
Solid Waste Management	5,806,246	5,909,965
Chris Jensen Health and Rehabilitation Center	13,376,137	15,214,467
Other Enterprise Funds	10,085,695	3,387,444
Total business-type activities expenses	<u>29,268,078</u>	<u>24,511,876</u>
Total primary government expenses	<u>\$ 224,301,106</u>	<u>\$ 225,235,473</u>
<b>Program Revenues</b>		
Governmental activities:		
Charges for services:		
General government	\$ 6,599,322	\$ 7,902,502
Public safety	1,793,500	1,671,199
Highways and streets	2,072,733	2,111,520
Health and sanitation	1,672,737	1,392,001
Human services	17,473,829	16,873,401
Culture and recreation	12,000	12,000
Conservation of natural resources	8,816,464	9,630,145
Economic development	81,082	-
Operating grants and contributions	42,190,233	43,115,156
Capital grants and contributions	-	4,387,127
Total governmental activities program revenues	<u>80,711,900</u>	<u>87,095,051</u>
Business-type activities:		
Charges for services:		
Solid Waste Management	5,176,566	5,099,943
Chris Jensen Health and Rehabilitation Center	11,019,604	13,666,733
Other Enterprise Funds	8,545,922	3,541,385
Operating grants and contributions	506,416	417,607
Total business-type activities program revenues	<u>25,248,508</u>	<u>22,725,668</u>
Total primary government program revenues	<u>\$ 105,960,408</u>	<u>\$ 109,820,719</u>
<b>Net (Expense)/Revenue</b>		
Governmental activities	\$ (114,321,128)	\$ (113,628,546)
Business-type activities	(4,019,570)	(1,786,208)
Total primary government net expense	<u>\$ (118,340,698)</u>	<u>\$ (115,414,754)</u>
<b>General Revenues and Other Changes in Net Assets</b>		
Governmental activities		
Taxes		
Property taxes, levied for general purposes	\$ 76,723,143	\$ 76,975,884
Property taxes, levied for debt service	3,904,705	4,741,101
State shared	41,721,817	43,418,625
Federal shared	475,482	626,757
Investment earnings	3,574,769	1,806,307
Contributions to Permanent Fund	3,281,915	365,163
Miscellaneous	275,798	158,186
Special Items - capital asset adjustments	6,180,236	-
Transfers	(2,414,056)	-
Total governmental activities	<u>133,723,809</u>	<u>128,092,023</u>
Business-type activities		
Taxes		
Property taxes, levied for debt service	10,951	118,458
Investment earnings	485,097	237,218
Miscellaneous	-	-
Special Items - capital asset adjustments	(2,324,520)	-
Transfers	2,414,056	-
Total business-type activities	<u>585,584</u>	<u>355,676</u>
Total primary government	<u>\$ 134,309,393</u>	<u>\$ 128,447,699</u>
<b>Changes in Net Assets</b>		
Governmental activities	\$ 19,402,681	\$ 14,463,477
Business-type activities	(3,433,986)	(1,430,532)
Total primary government	<u>\$ 15,968,695</u>	<u>\$ 13,032,945</u>

Note: GASB 34 was implemented for the year ended December 31, 2002.

Prior year information is not available.

Unaudited

**Schedule 2**

*ST. LOUIS COUNTY, MINNESOTA*

**Changes in Net Assets**

**Last Six Fiscal Years**

(accrual basis of accounting)

<b>Fiscal Year</b>			
<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
\$ 30,524,381	\$ 29,100,780	\$ 30,763,681	\$ 31,815,617
32,556,130	36,138,644	41,611,706	44,565,536
44,489,431	46,721,613	35,704,013	41,594,052
6,493,633	6,148,241	6,824,984	6,151,830
62,014,749	61,265,538	65,667,980	68,325,769
1,727,935	1,314,472	1,601,310	1,415,848
6,736,966	6,941,801	8,374,838	6,452,175
3,579,409	4,318,448	4,602,756	3,767,037
1,265,887	1,696,061	1,996,722	1,794,534
<u>189,388,521</u>	<u>193,645,598</u>	<u>197,147,990</u>	<u>205,882,398</u>
5,883,928	6,247,826	6,226,992	6,758,724
15,695,780	15,283,241	14,946,088	14,933,759
<u>3,240,342</u>	<u>3,081,251</u>	<u>3,222,799</u>	<u>3,251,808</u>
<u>24,820,050</u>	<u>24,612,318</u>	<u>24,395,879</u>	<u>24,944,291</u>
<u>\$ 214,208,571</u>	<u>\$ 218,257,916</u>	<u>\$ 221,543,869</u>	<u>\$ 230,826,689</u>
\$ 7,824,624	\$ 8,132,846	\$ 7,841,220	\$ 12,215,938
2,202,944	1,887,999	1,999,799	2,536,485
3,121,653	1,613,892	2,226,187	2,962,882
1,692,543	1,911,070	1,679,313	1,395,939
16,283,231	19,394,617	21,066,096	22,486,494
12,000	-	-	-
10,399,237	14,713,043	13,052,500	(930,630)
41,795	27,004	20,967	20,614
36,553,108	40,133,061	40,729,196	37,952,947
26,934,552	9,860,471	13,356,070	17,609,562
<u>105,065,687</u>	<u>97,674,003</u>	<u>101,971,348</u>	<u>96,250,231</u>
5,441,373	5,557,064	5,712,990	5,984,570
13,814,668	14,644,607	14,347,019	13,951,140
3,190,043	3,167,878	3,091,419	2,714,043
455,258	474,575	461,436	460,943
<u>22,901,342</u>	<u>23,844,124</u>	<u>23,612,864</u>	<u>23,110,696</u>
<u>\$ 127,967,029</u>	<u>\$ 121,518,127</u>	<u>\$ 125,584,212</u>	<u>\$ 119,360,927</u>
\$ (84,322,834)	\$ (95,971,595)	\$ (95,176,642)	\$ (109,632,167)
(1,918,708)	(768,194)	(783,015)	(1,833,595)
<u>\$(86,241,542)</u>	<u>\$(96,739,789)</u>	<u>\$(95,959,657)</u>	<u>\$(111,465,762)</u>
\$ 81,653,199	\$ 80,830,475	\$ 85,847,071	\$ 93,731,489
4,675,978	5,518,701	5,605,148	5,937,083
19,359,587	27,435,818	25,698,357	25,594,606
510,000	1,186,130	1,195,773	1,206,209
1,805,371	4,127,976	7,939,433	9,000,989
302,857	107,310	-	-
219,662	168,919	169,017	233,916
-	(1,003,816)	-	-
(394,000)	-	(3,871,044)	126,712
<u>108,132,654</u>	<u>118,371,513</u>	<u>122,583,755</u>	<u>135,831,004</u>
119,525	194,310	169,525	164,322
147,299	407,840	732,815	899,876
-	-	-	461
-	-	-	-
394,000	-	3,871,044	(126,712)
<u>660,824</u>	<u>602,150</u>	<u>4,773,384</u>	<u>937,947</u>
<u>\$ 108,793,478</u>	<u>\$ 118,973,663</u>	<u>\$ 127,357,139</u>	<u>\$ 136,768,951</u>
\$ 23,809,820	\$ 22,399,918	\$ 27,407,113	\$ 26,198,837
(1,257,884)	(166,044)	3,990,369	(895,648)
<u>\$ 22,551,936</u>	<u>\$ 22,233,874</u>	<u>\$ 31,397,482</u>	<u>\$ 25,303,189</u>

**Schedule 3**

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund				
Reserved	\$ 2,917,597	\$ 3,878,474	\$ 4,382,632	\$ 3,109,111
Unreserved	18,917,839	21,206,438	24,528,641	26,566,261
Total general fund	<u>\$ 21,835,436</u>	<u>\$ 25,084,912</u>	<u>\$ 28,911,273</u>	<u>\$ 29,675,372</u>
All Other Governmental Funds				
Reserved	\$ 4,892,360	\$ 6,227,799	\$ 4,396,818	\$ 3,923,463
Unreserved, reported in:				
Special revenue funds	15,881,312	20,224,550	22,336,173	29,782,861
Capital projects funds	1,519,642	1,308,718	1,191,207	8,723,849
Debt service funds	571,671	674,677	526,484	576,166
Total all other government funds	<u>\$ 22,864,985</u>	<u>\$ 28,435,744</u>	<u>\$ 28,450,682</u>	<u>\$ 43,006,339</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)

<b>Fiscal Year</b>					
<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
\$ 3,427,822	\$ 4,359,705	\$ 5,149,919	\$ 5,309,045	\$ 5,813,912	\$ 7,382,746
26,005,574	25,148,993	26,747,457	33,761,123	34,270,114	36,898,701
<u>\$ 29,433,396</u>	<u>\$ 29,508,698</u>	<u>\$ 31,897,376</u>	<u>\$ 39,070,168</u>	<u>\$ 40,084,026</u>	<u>\$ 44,281,447</u>
\$ 13,675,950	\$ 13,163,407	\$ 14,005,286	\$ 14,525,061	\$ 14,832,107	\$ 16,607,081
29,916,085	35,179,919	41,382,779	42,349,756	41,529,699	39,181,142
3,398,760	1,721,331	14,998,627	17,650,526	12,654,202	7,415,113
886,715	1,339,311	1,643,499	4,820,996	9,887,917	10,147,911
<u>\$ 47,877,510</u>	<u>\$ 51,403,968</u>	<u>\$ 72,030,191</u>	<u>\$ 79,346,339</u>	<u>\$ 78,903,925</u>	<u>\$ 73,351,247</u>

**Schedule 4**

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>Revenues</b>				
Taxes	\$ 70,018,231	\$ 74,838,716	\$ 76,677,130	\$ 83,738,659
Licenses	155,517	160,899	149,168	158,961
Intergovernmental	81,410,649	87,620,831	98,031,076	93,330,327
Charges for services	8,064,994	8,191,021	7,890,897	8,320,094
Fines and forfeits	1,304,540	1,518,384	1,664,922	1,770,230
Earnings on investments	3,641,214	4,288,873	4,767,469	4,399,700
Gifts and contributions	27,318	16,019	22,308	15,170
Land and timber sales	-	-	-	7,639,745
Miscellaneous	2,955,113	2,374,200	2,782,276	3,092,557
Total revenues	<u>167,577,576</u>	<u>179,008,943</u>	<u>191,985,246</u>	<u>202,465,443</u>
<b>Expenditures</b>				
General government	22,286,171	24,135,233	26,019,233	26,049,479
Public safety	24,096,550	26,193,885	28,119,831	29,882,836
Highways and streets	35,568,624	39,047,314	48,565,287	41,692,425
Health and sanitation	5,586,413	5,778,632	5,887,119	6,496,054
Human services	62,057,460	65,468,999	66,575,230	68,918,646
Culture and recreation	865,786	1,494,552	1,028,462	1,253,810
Conservation of natural resources	776,181	782,214	892,776	9,457,898
Economic development	3,662,411	4,169,249	4,095,954	4,672,426
Capital outlay	6,208,048	4,380,477	3,528,135	10,180,270
Debt service:				
Principal	1,621,314	1,683,327	2,505,142	3,262,998
Interest and other charges	1,093,168	1,048,423	1,140,917	1,475,630
Total Expenditures	<u>163,822,126</u>	<u>174,182,305</u>	<u>188,358,086</u>	<u>203,342,472</u>
Excess of revenues over (under) expenditures	<u>3,755,450</u>	<u>4,826,638</u>	<u>3,627,160</u>	<u>(877,029)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,408,390	342,771	129,569	692,407
Transfers out	(1,408,390)	(622,721)	(399,333)	(784,392)
Sale of capital assets	-	-	-	-
Bonds issued	-	4,000,000	-	14,270,000
Refunding bonds issued	-	-	-	-
Refunding bonds redeemed	-	-	-	-
Bond premium proceeds	-	-	-	-
Capital leases	96,156	14,046	-	-
Loan proceeds	328,685	7,000	18,000	273,875
Total other financing sources (uses)	<u>424,841</u>	<u>3,741,096</u>	<u>(251,764)</u>	<u>14,451,890</u>
Net change in fund balances	<u>\$ 4,180,291</u>	<u>\$ 8,567,734</u>	<u>\$ 3,375,396</u>	<u>\$ 13,574,861</u>

Debt service as a percentage  
of noncapital expenditures

1.7%      1.6%      2.0%      2.5%

Unaudited

**Schedule 4**

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

<b>Fiscal Year</b>						
<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	
\$ 80,580,107	\$ 81,545,253	\$ 86,425,663	\$ 86,468,064	\$ 90,929,063	\$ 99,497,719	
156,541	155,927	150,938	149,306	156,606	157,871	
99,966,871	99,134,331	105,419,772	95,226,136	98,882,892	98,421,879	
9,906,530	10,527,851	10,586,660	10,082,260	12,029,779	20,667,976	
1,660,585	1,592,818	1,622,789	967,127	201,088	189,882	
2,772,496	1,500,489	1,534,185	3,633,796	7,011,940	7,899,118	
8,368	12,045	70,271	169,154	12,457	21,889	
12,238,312	9,549,773	10,187,185	10,293,444	11,753,426	7,230,255	
2,632,945	3,702,711	5,018,805	4,511,866	4,312,043	3,879,124	
<u>209,922,755</u>	<u>207,721,198</u>	<u>221,016,268</u>	<u>211,501,153</u>	<u>225,289,294</u>	<u>237,965,713</u>	
29,062,448	30,378,167	32,537,856	29,017,182	29,573,303	32,298,957	
31,465,939	32,071,790	31,936,239	34,963,469	40,881,994	43,236,476	
26,942,419	29,871,734	27,507,107	33,458,062	32,083,124	34,346,944	
6,443,495	6,393,032	6,422,388	6,328,366	6,547,383	6,062,129	
71,463,828	68,312,144	60,857,463	60,302,517	66,254,073	67,984,104	
1,197,054	1,401,759	1,668,794	1,253,974	1,539,447	1,415,848	
6,517,680	5,935,528	6,117,557	6,708,815	7,317,595	9,727,227	
3,608,162	3,996,222	3,545,611	4,323,387	4,641,791	3,706,320	
29,173,329	20,512,869	38,511,561	24,670,343	29,426,501	39,754,334	
10,897,692	4,172,049	5,342,989	4,878,581	5,428,091	5,627,329	
1,554,057	1,388,281	1,218,003	1,704,141	1,987,288	1,777,563	
<u>218,326,103</u>	<u>204,433,575</u>	<u>215,665,568</u>	<u>207,608,837</u>	<u>225,680,590</u>	<u>245,937,231</u>	
<u>(8,403,348)</u>	<u>3,287,623</u>	<u>5,350,700</u>	<u>3,892,316</u>	<u>(391,296)</u>	<u>(7,971,518)</u>	
12,849,724	3,961,400	3,774,887	4,064,829	6,675,213	7,105,726	
(15,263,780)	(3,403,400)	(4,168,887)	(4,064,829)	(10,546,257)	(6,828,194)	
-	-	-	899,565	-	-	
12,415,000	-	17,645,000	6,115,000	7,845,000	5,000,000	
-	-	-	2,840,000	-	-	
-	-	-	-	(2,940,000)	-	
171,268	-	126,120	168,361	87,863	33,416	
-	-	-	-	-	-	
27,000	38,535	79,000	-	-	-	
<u>10,199,212</u>	<u>596,535</u>	<u>17,456,120</u>	<u>10,022,926</u>	<u>1,121,819</u>	<u>5,310,948</u>	
<u>\$ 1,795,864</u>	<u>\$ 3,884,158</u>	<u>\$ 22,806,820</u>	<u>\$ 13,915,242</u>	<u>\$ 730,523</u>	<u>\$ (2,660,570)</u>	

6.6%

3.0%

3.7%  
Unaudited  
140

3.6%

3.8%

3.6%

**Schedule 5**

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

<b>Fiscal Year Ended December 31</b>	<b>Residential Homestead Property</b>	<b>Agricultural Property</b>	<b>Commercial/ Industrial Property</b>	<b>Non- Homestead Residential Property</b>
1998	\$ 41,711,398	\$ 1,657,960	\$ 30,391,504	\$ 8,742,371
1999	43,602,238	1,744,884	28,468,649	7,040,314
2000	46,212,338	1,929,531	28,959,891	7,164,288
2001	51,067,099	2,168,793	30,172,888	7,901,761
2002	48,461,383	2,032,882	19,263,426	7,330,852
2003	53,637,838	2,457,744	19,753,640	7,423,407
2004	59,887,536	2,793,361	22,854,952	8,739,194
2005	68,144,773	3,250,079	25,640,672	11,016,672
2006	76,328,481	3,743,709	26,490,558	13,064,657
2007	82,111,286	4,450,065	28,255,420	15,098,605

**Source:** St. Louis County Auditor

**Schedule 5**

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

<b>Commercial/ Residential Seasonal/ Recreational Property</b>	<b>Total Net Tax Capacity by Property Type</b>	<b>Total County Tax Rate Per \$100 of Taxable Net Tax Capacity</b>	<b>Estimated Market Value</b>	<b>Total Net Tax Capacity as a Percentage of Estimated Market Value</b>
\$ 7,577,330	\$ 90,080,563	63.8193	\$ 5,754,726,300	1.57%
7,569,240	88,425,325	67.8846	6,140,638,100	1.44%
7,087,965	91,354,013	69.5235	6,588,401,200	1.39%
7,848,648	99,159,189	67.8693	7,323,117,800	1.35%
6,848,552	83,937,095	89.0068	8,145,767,000	1.03%
7,907,779	91,180,408	83.4794	9,092,489,400	1.00%
9,099,194	103,374,237	79.0219	10,411,976,900	0.99%
10,757,806	118,810,002	68.9902	11,926,897,700	1.00%
12,590,714	132,218,119	64.6911	13,086,585,200	1.01%
15,077,180	144,992,556	64.4337	14,237,164,906	1.02%

**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	Regional Solid Waste Debt Service Levy	Total
1998	59.7082	2.2595	0.3379	1.5137	63.8193
1999	64.0266	2.2912	0.3803	1.1865	67.8846
2000	65.1481	2.9546	0.3866	1.0341	69.5235
2001	64.4464	3.0459	0.3770	-	67.8693
2002	83.2145	5.2787	0.5135	-	89.0068
2003	77.1046	5.9133	0.4615	-	83.4794
2004	73.3240	5.2636	0.4343	-	79.0219
2005	63.1792	5.3789	0.4321	-	68.9902
2006	59.4039	4.8450	0.4422	-	64.6911
2007	59.3618	4.6059	0.4660	-	64.4337

**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**

<b>Independent School District #94</b>	<b>Independent School District #381</b>	<b>Independent School District #698</b>	<b>Independent School District #2142</b>
45.6374	40.8047	60.9664	34.2993
50.1784	42.7203	64.3897	34.2581
45.0645	36.9052	52.4279	33.6357
38.5729	32.7404	68.2504	32.8102
33.3146	33.1304	30.2049	9.4238
31.8687	27.0203	60.1461	4.1740
32.0967	22.5780	42.5884	2.3800
30.6592	19.1340	41.4278	3.8191
27.9647	17.0543	45.5389	3.1519
27.3069	15.4269	53.7009	2.7818

**Schedule 7**

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

<u>Taxpayer</u>	<u>2007</u>			<u>1998</u>		
	<u>Net Tax Capacity Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Net Tax Capacity Value</u>	<u>Net Tax Capacity Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Net Tax Capacity Value</u>
Minnesota Power	\$ 3,602,605	1	2.48%	\$ 6,558,008	1	7.28%
Miller Hill Mall Co	823,212	2	0.57%	758,704	8	0.84%
Duluth Winnipeg & Pacific RR	678,643	3	0.47%	890,182	6	0.99%
Duluth Missabe & Iron Range RR	618,618	4	0.43%	864,034	10	0.96%
IRET Properties	576,530	5	0.40%			
Great Lakes Gas Transmission Co	524,874	6	0.36%	1,327,858	3	1.47%
Duluth Clinic	486,488	7	0.34%	720,263	9	0.80%
Enbridge Energy LTD Partnership	400,015	8	0.28%			
Consolidated Papers, Inc.	446,378	9	0.31%			
Northern States Power Co	455,030	10	0.31%	1,087,676	4	1.21%
Lake Superior Paper Ltd				1,716,426	2	1.91%
United Power Association				752,032	7	0.83%
Square Butte Electric Coop				901,318	5	1.00%
	<u>\$ 8,612,393</u>		<u>5.94%</u>	<u>\$ 15,576,501</u>		<u>17.29%</u>

**Source:** St. Louis County Auditor

**Schedule 8**

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

<b>Fiscal Year Ended December 31</b>	<b>Taxes Levied for the Fiscal Year (1)</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years (3)</b>	<b>Total Collections to Date</b>	
		<b>Amount (2)</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
1998	\$ 53,797,862	\$ 51,803,156	96.29%	\$ 1,871,820	\$ 53,674,976	99.77%
1999	55,265,072	53,599,933	96.99%	1,420,948	55,020,881	99.56%
2000	58,510,889	56,746,094	96.98%	1,413,100	58,159,194	99.40%
2001	61,998,393	60,233,499	97.15%	1,469,425	61,702,924	99.52%
2002	60,673,939	59,169,622	97.52%	1,206,262	60,375,884	99.51%
2003	62,241,475	60,638,733	97.42%	1,319,177	61,957,910	99.54%
2004	67,080,535	65,115,787	97.07%	1,429,764	66,545,551	99.20%
2005	67,615,098	65,797,651	97.31%	1,114,418	66,912,069	98.96%
2006	72,228,139	69,947,539	96.84%	1,451,665	71,399,204	98.85%
2007	79,958,970	77,398,024	96.80%	-	77,398,024	96.80%

**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**

<b>Fiscal Year</b>	<b>Governmental Activities</b>		
	<b>General Obligation Bonds</b>	<b>General Obligation Revenue Notes</b>	<b>Tax Lease Obligations</b>
1998	\$ 2,250,000	\$ 217,900	\$ 16,400,000
1999	6,150,000	224,900	15,235,000
2000	5,290,000	244,055	14,020,000
2001	18,020,000	518,809	12,745,000
2002	28,997,862	546,204	3,915,000
2003	25,264,664	584,960	3,605,000
2004	38,154,023	552,517	3,280,000
2005	42,752,926	547,836	2,940,000
2006	45,248,107	541,945	-
2007	44,642,938	535,116	-

**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**

<u>Capital Leases</u>	<u>Business Activities General Obligation Bonds</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ 3,374,096	\$ 5,562,403	\$ 27,804,399	0.58%	\$ 140
2,505,603	4,000,184	28,115,687	0.56%	140
2,052,626	3,183,960	24,790,641	0.47%	124
1,583,630	2,327,736	35,195,175	0.66%	175
791,287	600,000	34,850,353	0.62%	174
604,459	515,000	30,574,083	0.53%	154
541,162	420,000	42,947,702	0.71%	217
482,900	320,000	47,043,662	0.77%	239
425,700	215,000	46,430,752	0.72%	236
365,200	110,000	45,653,254	Not Available	232

**Schedule 10**

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

Fiscal Year	General Bonded Debt Outstanding				Net 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			
1998	\$ 2,250,000	\$ 217,900	\$ 16,400,000	\$ 165,077	\$ 18,702,824	0.32%	\$ 94
1999	6,150,000	224,900	15,235,000	172,597	21,437,304	0.35%	107
2000	5,290,000	244,055	14,020,000	96,154	19,457,901	0.30%	97
2001	18,020,000	518,809	12,745,000	-	31,283,809	0.43%	156
2002	28,997,862	546,204	3,915,000	190,032	33,269,035	0.41%	167
2003	25,264,664	584,960	3,605,000	463,144	28,991,480	0.32%	146
2004	38,154,023	552,517	3,280,000	695,711	41,290,829	0.40%	209
2005	42,752,926	547,836	2,940,000	4,039,132	42,201,631	0.35%	215
2006	45,248,107	541,945	-	8,662,484	37,127,569	0.28%	189
2007	44,642,938	535,116	-	8,808,538	36,369,517	0.26%	185

**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, 2007**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable*</u>	<u>Share of Debt</u>
<b>Direct Debt</b>			
St. Louis County	\$ 45,288,054	100.00%	\$ 45,288,054
<b>Overlapping Debt</b>			
School District #94	22,405,000	5.05%	1,131,453
School District #381	33,610,000	17.09%	5,743,949
School District #698	8,420,000	96.79%	8,149,718
Western Lake Superior Sanitary District	59,410,747	82.97%	<u>49,293,097</u>
<b>Subtotal, overlapping debt</b>			<u>64,318,217</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 109,606,271</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>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Market value of taxable property	\$ 5,741,577,330	\$ 6,090,275,600	\$ 6,445,493,100	\$ 6,964,507,000
Debt limit (2% of market value)	114,831,547	121,805,512	128,909,862	139,290,140
Debt applicable to limit:				
General obligation bonds	24,430,303	25,610,084	22,738,015	33,611,545
Less: Amount set aside for repayment of general obligation debt	<u>(701,076)</u>	<u>(685,582)</u>	<u>(1,736,508)</u>	<u>(1,807,360)</u>
Total net debt applicable to limit	23,729,227	24,924,502	21,001,507	31,804,185
Legal debt margin	<u>\$ 91,102,320</u>	<u>\$ 96,881,010</u>	<u>\$ 107,908,355</u>	<u>\$ 107,485,955</u>
 Total net debt applicable to the limit as a percentage of the debt limit	 20.66%	 20.46%	 16.29%	 22.83%

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

## Schedule 12

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

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 7,561,771,500	\$ 8,315,406,800	\$ 9,405,452,818	\$ 10,797,377,000	\$ 12,149,201,810	\$ 13,344,940,438
151,235,430	166,308,136	188,109,056	215,947,540	242,984,036	266,898,809
34,059,066	29,969,624	42,406,540	46,560,761	46,005,052	45,288,054
(886,715)	(1,339,311)	(1,643,499)	(4,820,996)	(9,887,917)	(10,147,911)
33,172,351	28,630,313	40,763,041	41,739,765	36,117,135	35,140,143
\$ 118,063,079	\$ 137,677,823	\$ 147,346,015	\$ 174,207,775	\$ 206,866,901	\$ 231,758,666
21.93%	17.22%	21.67%	19.33%	14.86%	13.17%

**Schedule 13**

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

<b>Year</b>	<b>Population (4)</b>	<b>Personal Income (thousands of dollars) (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Annual Average Labor Force (2)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (2)</b>
1998	199,160	\$ 4,799,238	24,097	104,549	31,928	4.1%
1999	200,164	4,976,627	24,863	104,278	31,117	4.0%
2000	200,479	5,260,420	26,239	103,309	30,313	4.3%
2001	200,856	5,356,256	26,667	104,153	29,388	5.8%
2002	199,760	5,606,880	28,068	104,343	28,776	5.7%
2003	198,952	5,779,960	29,052	104,343	28,245	6.2%
2004	197,869	6,048,448	30,568	103,641	27,523	5.7%
2005	196,710	6,121,913	31,122	102,632	26,659	5.0%
2006	196,414	6,482,453	33,004	102,648	26,278	5.1%
2007	196,694	Not Available	Not Available	104,102	25,860	5.6%

**Sources:**

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

**Schedule 14**

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

<b>Employer</b>	<b>2007</b>			<b>2000 (Most Historical Data Available)</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
St. Mary's/Duluth Clinic Health System	4,693	1	4.51%	5,196	1	5.00%
University of Minnesota Duluth	1,700	2	1.63%	1,391	6	1.34%
St. Luke's Hospital	1,657	3	1.59%	1,275	9	1.23%
St. Louis County	1,640	4	1.58%	2,254	3	2.17%
United States Steel (USX)	1,500	5	1.44%	1,650	4	1.59%
Duluth Public Schools	1,426	6	1.37%	1,508	5	1.45%
Allete	1,400	7	1.34%	1,278	8	1.23%
Minntac	1,200	8	1.15%			
Uniprise (United Health Care)	1,087	9	1.04%			
Duluth Air National Guard Base	1,028	10	0.99%			
Benedictine Healthcare System				3,139	2	3.02%
LTV Steel Mining				1,390	7	1.34%
Northwest Airlines				944	10	0.91%
<b>Total</b>	<b>17,331</b>		<b>16.65%</b>	<b>20,025</b>		<b>19.28%</b>

**Sources:**

- Northland Connection ([www.northlandconnection.com/industries/leading.php](http://www.northlandconnection.com/industries/leading.php))
- University of Minnesota Duluth ([www.irr.umn.edu/plandata/pd](http://www.irr.umn.edu/plandata/pd))
- US Department of Education ([nces.ed.gov/ccd/bat/](http://nces.ed.gov/ccd/bat/))

## Schedule 15

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

<u>Function/Program</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General government	484.40	489.00	488.50	489.50
Public safety	251.40	255.40	256.40	258.40
Highways and streets	342.00	342.00	343.00	343.00
Health and sanitation	105.25	105.25	105.25	104.65
Human services	531.70	532.10	523.20	524.70
Conservation of natural resources	61.60	63.60	63.60	64.40
Solid Waste Management	40.00	40.00	40.00	40.00
Chris Jensen	230.85	225.76	214.39	208.00
Nopeming	205.03	181.54	163.28	154.45
Other Enterprise Funds	<u>57.18</u>	<u>57.18</u>	<u>57.18</u>	<u>57.18</u>
Total	<u><u>2,309.41</u></u>	<u><u>2,291.83</u></u>	<u><u>2,254.80</u></u>	<u><u>2,244.28</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).

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

**Schedule 15**

*ST. LOUIS COUNTY, MINNESOTA*

**Full-time Equivalent County Government Employees by Function/Program  
Last Ten Fiscal Years**

<b>Full-time Equivalent Employees</b>					
<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
490.78	503.48	500.70	410.20	414.70	424.20
261.40	261.40	261.40	274.70	277.70	276.70
343.00	343.00	323.00	323.00	323.00	323.00
104.65	103.25	100.25	99.25	100.25	90.75
526.70	523.20	504.75	511.80	509.80	509.80
64.40	64.40	63.00	64.00	64.00	64.00
40.00	40.00	40.00	40.00	40.00	40.00
215.15	209.90	231.70	246.40	226.10	234.65
160.84	-	-	-	-	-
56.78	56.78	55.78	45.78	45.78	46.78
<u>2,263.70</u>	<u>2,105.41</u>	<u>2,080.58</u>	<u>2,015.13</u>	<u>2,001.33</u>	<u>2,009.88</u>

**Schedule 16**

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

<b>Function/Program</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>General Government</b>				
Auditor's Office				
Checks Issued	79,569	80,411	78,221	77,755
Motor Vehicle Driver's License	11,210	13,691	16,849	17,573
Motor Vehicle Passports				
Motor Vehicle Transactions	106,403	118,774	104,687	83,918
Planning - Building Permits Issued				
Single Family Dwelling		Data is unavailable prior to 2002		
Other		Data is unavailable prior to 2002		
<b>Public Safety</b>				
Sheriff's Department				
Parking Tickets Issued	6	9	12	12
Arrests	1,640	1,439	1,460	1,545
Traffic Citations	3,400	3,287	3,202	2,675
<b>Highways and Streets</b>				
Road and Bridge				
Miles of Overlay	25.14	21.47	43.19	25.44
Miles of Mill Overlay				
Miles of Reclaim Overlay				
Miles of Mill Reclaim Overlay				
Miles of Construction	36.18	37.74	14.80	2.20
Miles of Bridge Constructed	0.18		0.10	0.44
Tons of Crushing	417,000	450,100	488,500	283,000
Miles of Crack Seal	82.68	73.86	67.47	83.50
Miles of Guard Rail Constructed	2.83	1.20	1.48	
<b>Health and Sanitation</b>				
Mines				
Mine Visits and Inspections	650	708	684	573
<b>Human Services</b>				
Social Services				
Public Health Home Visits	8,705	9,835	8,993	7,490
Food Beverage and Lodging Inspections	1,170	1,361	602	1,197
Public Health Nursing Service Screenings	3,303	3,345	3,386	3,477
Unduplicated Children in Out of Home Placement	1,182	1,081	900	880
Financial Assistance Cases	14,520	14,450	14,609	15,282
Child Support Cases	10,363	10,080	10,108	10,570
Persons Receiving MR/RC Waivered Services	330	343	371	586
Purchased Social Services (1)	\$ 56,502,703	\$ 71,849,995	\$ 72,513,963	\$ 83,100,917
Social Services Administrative costs (2)	\$ 18,324,181	\$ 21,161,154	\$ 20,476,811	\$ 20,569,552
<b>Conservation of Natural Resources</b>				
Land				
Total Acres of Tax Forfeit Lands	907,054	899,158	898,306	898,161
Contracts Sold	122	144	140	115
Closed Sales	140	122	136	118
Acres Harvested	8,005	7,315	7,950	7,767
Average Size of Sale (Acres)	57	60	58	66
Harvest Volume (Cords)	177,791	149,636	166,577	189,028
Cords Per Sale	1,270	1,227	1,225	1,602
Value	\$ 3,907,308	\$ 3,528,054	\$ 3,440,905	\$ 4,008,217
Average Value Per Sale	27,909	28,918	25,301	33,968
Average Value Per Cord	\$ 22	\$ 24	\$ 21	\$ 21
Average Value Per Cut Acre	\$ 488	\$ 482	\$ 433	\$ 516
Volume Per Cut Acre (Cords)	22	20	21	24
Value Per Tax Forfeit Acre	\$ 4	\$ 4	\$ 4	\$ 4
<b>Solid Waste Management</b>				
Tons of Municipal Solid Waste Landfilled	44,109	46,298	47,569	50,840
Tons of Municipal Solid Waste Processed	1,600	800		
Tons of Industrial Waste Landfilled	11,719	12,107	11,701	8,239
Tons of Ash Landfilled	5,103	4,542	5,424	5,506
Tons of Recycling Problem Materials	41,425	42,672	43,173	49,180
Tons of Demolition Landfilled	3,885	3,731	5,272	6,240
<b>Chris Jensen</b>				
Licensed Beds (3)	235	235	235	235
Capacity - Resident Days	85,775	85,775	86,010	85,775
Occupancy - Resident Days	82,028	81,144	81,398	78,572
Occupancy Percentage Rate	95.63%	94.60%	94.64%	91.60%
Case Mix (4)	2.71	2.59	2.72	2.80
RUGS (4)				
Medicare Resident Days	13,677	10,609	11,466	13,412
Medicaid Resident Days	53,985	55,494	55,003	51,582
Other Resident Days	14,366	15,041	14,929	13,578

**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) 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**

<b>Fiscal Year</b>						
<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	
80,172	63,649	42,916	39,814	40,225	38,483	
17,822	16,148	16,576	17,294	17,642	17,543	
	1,053	2,737	4,658	6,951	8,207	
70,655	56,915	47,418	48,854	49,247	49,908	
271	349	409	337	312	265	
674	731	714	795	739	659	
2	2	8	3	-	14	
1,503	1,416	1,422	1,929	1,651	1,383	
3,023	2,840	2,660	2,815	3,151	2,040	
31.14	0.50	1.78	7.19	1.62	0.75	
	8.18		2.19			
				18.84	17.60	
18.85	11.60	21.97	7.08	13.25	10.80	
0.54				0.02	0.01	
543,500	258,000	418,428	372,600	386,200	398,500	
86.38			59.70	47.24	19.03	
1.17	1.07		1.39	0.51	1.63	
501	531	520	534	675	722	
9,440	10,237	9,440	8,740	7,145	6,798	
984	1,236	1,322	1,451	1,383	1,266	
2,714	2,609	2,582	2,339	3,501	2,262	
910	744	649	712	702	725	
16,254	17,447	17,970	18,500	18,750	19,169	
10,512	10,779	11,032	11,200	11,000	11,455	
657	686	714	707	702	677	
\$ 101,747,952	\$ 109,586,274	\$ 110,962,782	\$ 113,170,010	\$ 119,215,990	\$ unavailable	
\$ 21,627,497	\$ 21,688,702	\$ 20,758,769	\$ 22,366,144	\$ 20,733,845	\$ 22,068,291	
897,655	898,092	897,196	895,193	894,682	893,623	
138	109	118	114	118	204	
127	147	124	118	100	72	
8,482	9,784	9,527	10,593	7,828	6,073	
67	67	77	90	78	84	
199,728	224,682	207,410	232,627	174,294	117,711	
1,573	1,528	1,673	1,971	1,743	1,635	
\$ 4,919,064	\$ 6,025,985	\$ 6,219,835	\$ 8,165,974	\$ 6,661,905	\$ 4,728,720	
38,733	40,993	50,160	69,203	66,619	23,180	
\$ 25	\$ 27	\$ 30	\$ 35	\$ 38	\$ 40	
\$ 580	\$ 616	\$ 653	\$ 771	\$ 851	\$ 779	
24	23	22	22	22	19	
\$ 5	\$ 7	\$ 7	\$ 9	\$ 7	\$ 5	
50,388	52,322	54,560	53,066	54,039	54,006	
10,163	13,554	17,970	8,621	9,362	7,359	
8,789	10,036	9,953	9,784	10,246	13,226	
50,348	54,723	55,000	55,652	56,605	60,495	
5,708	5,579	4,570	4,844	4,715	6,395	
235	235/205	205	205	205	205	
85,775	80,850	75,030	74,825	74,825	74,825	
66,827	72,634	72,405	72,214	71,734	68,626	
77.91%	89.84%	96.50%	96.51%	95.87%	91.72%	
2.85						
	1.14	1.18	1.17	1.10	1.06	
5,458	10,039	7,967	9,470	6,941	6,237	
51,746	53,788	53,884	48,873	46,478	43,212	
9,623	8,807	10,554	13,871	18,315	19,177	

**Schedule 17**

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

Function/Program	As of December 31									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Courthouses	3	3	3	3	3	3	3	3	3	3
Motor Pool Vehicles	117	113	113	115	115	113	115	109	117	126
Parking Ramp	1	1	1	1	1	1	1	1	1	1
Public Safety										
Vehicles	106	109	114	117	119	124	120	123	121	121
Jail and Lockup Facilities	3	3	3	3	3	3	3	3	3	3
Emergency Operations Center	-	-	-	-	1	1	1	1	1	1
Highways and Streets										
Vehicles	222	215	219	220	219	218	218	210	214	242
Miles of County Road	1,619	1,619	1,619	1,619	1,619	1,598	1,578	1,578	1,583	1,578
Miles of County State Aid Road	1,577	1,577	1,577	1,577	1,577	1,386	1,385	1,385	1,385	1,385
Number of Bridges	599	599	599	604	604	605	605	605	604	598
Garages and Storage Buildings	61	61	64	57	82	86	86	86	86	88
Graders, Loaders and Heavy Trucks	405	403	408	401	397	398	397	394	400	417
Health and Sanitation										
Nursing Homes	2	2	2	2	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	2	2	1	1	1	1	1	1	1
Transfer Station	5	5	5	5	5	5	5	5	5	5
Laundry Facility	1	1	1	1	1	1	1	1	1	1
Human Services										
Office Buildings	1	1	1	1	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	52	52	49	50	49	50	51	50	52
Offices and Garages	7	8	8	8	8	8	8	8	8	8
Graders, Loaders and Heavy Trucks	10	10	10	9	10	11	11	11	14	13

**Sources:**

St. Louis County Auditor  
 Individual County Departments