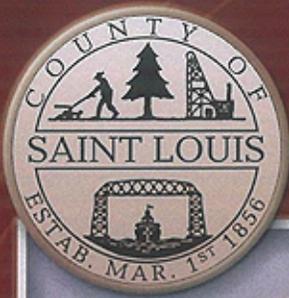


COMPREHENSIVE

# ANNUAL FINANCIAL

# Report '08



Mesabi Nugget - Hoyt Lakes, photo provided by Steel Dynamics

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

St. Louis County, Minnesota  
Donald Dicklich, County Auditor/Treasurer

### **Mesabi Nugget Plant**

Steel Dynamics of Indiana and Kobe Steel of Japan have partnered to construct and operate at Hoyt Lakes, Minnesota, the world's first iron nugget plant. Construction of the new plant started in 2007, required more than 500 workers, and is expected to begin production in November 2009. The plant will initially employ 40 people and is expected to reach an annual production capacity of 500,000 metric tons. The cover photo was taken May 22, 2009.

# St. Louis County Minnesota

Comprehensive Annual Financial Report  
for the Fiscal Year Ending  
December 31, 2008



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

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

# **INTRODUCTORY SECTION**

ST. LOUIS COUNTY, MINNESOTA  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

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*ST. LOUIS COUNTY, MINNESOTA*  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

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ST. LOUIS COUNTY, MINNESOTA  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

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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 24, 2009

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, 2008. 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, 2008. The independent auditor's report is located in the front of the financial section of this report.

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

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

St. Louis County was established in 1856. Located in Northeastern Minnesota, St. Louis County is geographically the largest county east of the Mississippi River, covering 7,092 square miles from the Canadian border to Duluth. The County's population has remained at approximately 196,500 residents for the past four years, and has an average of 28 people per square mile living in small mining towns, farm communities, and busy cities. St. Louis County is empowered to levy a property tax on both real and personal property located within its boundaries.

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

*An Equal Opportunity Employer*

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

The County provides a full range of services contemplated by statute. These services include public safety, public works, health, county attorney, cultural, and human services; maintenance of property records, vital statistics, issuance of various permits and licenses; and the administration of property tax assessment, collection, and distribution for local governments within the County.

The St. Louis County Board of Commissioners is required by state law to adopt an annual operating budget for the next fiscal year for the General, Special Revenue and Debt Service 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.

Duluth's tourism industry experienced a good year in 2008. Tourism taxes collected from hotels and restaurants were 3.4% more in 2008 than in 2007, which was also a good year. With the help of one-time events, the Duluth Entertainment Convention Center had a record year in 2008 despite major cancellations at the end of the year. There was, however, a noticeable decline in revenues for the second half of 2008, especially November and December. That decline has continued into 2009 as tourism tax collections for the first quarter of 2009 are down from the same quarter in 2008.

Northeastern Minnesota's taconite plants remain a mainstay of the Iron Range economy, accounting for more than a third of the region's economic production. Due to demand, production at the plants is expected to decrease to about 24.0 million tons in 2009, or 15.5 million tons less than 2008. The troubled plants have already or will soon resort to reduced work weeks, layoffs, and reducing or idling production for a period of time. In 2007, about 3,600 people were directly employed in iron ore mining, while all mining operations either directly or indirectly employed more than 11,600 people. The total economic impact of the iron ore industry has been estimated at over \$3.0 billion annually.

Located at the western tip of Lake Superior, the Port of Duluth-Superior had a 2.3 million cargo tonnage decline for 2008, after four consecutive years of growth. Tonnage for the 2008 navigation season was 45.6 million tons compared to 47.9 million tons for the 2007 navigation season. Less than half of the oceangoing ships called on the port in 2008 than in 2007. Coal was the primary cargo in 2008 and the only major cargo to show an increase over 2007. Iron ore cargo was 18.4 million tons, down 1.4 million tons. Forecasts for 2009 tend to hinge on the uncertainty of when and where the global economy will begin to recover, as well as having production at the taconite plants pickup.

Construction on the Mesabi Nugget plant at Hoyt Lakes began in 2007 and is proceeding on schedule to open later in 2009. The plant is being built at the former LTV Steel Mining Company site that closed in early 2001. The plant is projected to produce a half-million tons of iron nuggets yearly and to create 100 permanent jobs. The iron nuggets are produced by a new technology that promises to be both environmentally friendly and energy efficient. The almost pure iron (compared to taconite pellets that are 60% iron) will be used in electric arc furnace steelmaking, the largest and fastest growing portion of the steel industry.

Due to slumping airplane sales, Cirrus Design Corporation eliminated about 300 positions and placed another 100 workers on continuing furlough of indefinite duration over the six month period starting in September 2008. Annual airplane production declined nearly 23.0% from 2007 to 2008. Cirrus had moved into the 189,000-square-foot former Northwest Airlines maintenance building in early 2008. The move was expected to bring as many as 200 new jobs to the area over the next six years. In 2007, Cirrus had become the largest manufacturer of four-place piston-engine aircraft, beating out Cessna Aircraft Company (the long time number one manufacturer of four-place piston-engine aircraft).

Essentia Health, a partnership of the Benedictine Health System and St. Mary's Duluth Clinic Health System (SMDC), is a not-for-profit organization headquartered in Duluth. Essentia Health provides quality integrated health care to people and communities throughout the United States. SMDC is the largest employer in St. Louis County, employing more than 4,600 people.

St. Louis County's full-time equivalent (FTE) employees have declined by 13.5 % over the past ten years from a high of 2,292 FTE's in 1999 to a low of 1,982 FTE's in 2008. The 2008 figure is the only time during the ten year span that the number dipped below 2,000. Other than planned cutbacks by County officials, major factors contributing to the drop in full-time equivalent employees are the closing of a nursing home and the transfer of court employees to the State of Minnesota.

The net general bonded debt per capita for St. Louis County is \$233 per person, the highest it has been in the last ten years. The bonded debt outstanding has risen by \$24.4 million over the last ten years as the County invested in its infrastructure and equipment, often times taking advantage of favorable interest rates. In 2008, the County had net debt equal to 15.2% of the total debt limit allowed.

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

The County has continued to invest monies into Geographic Information System (GIS) activities to improve future services to the public. Transfers in excess of \$3.0 million to the Planning Department have come from the Recorder's Technology and Data Integration 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. At the end of 2008, the Depreciation Reserve Fund has a fund balance of \$1.1 million. Those monies will be used to fund future capital improvements at County facilities.

For 2009, the County Board has eliminated 78 positions from the budgets of various county departments. The County's full-time equivalent employees for 2009 will be 1,918. Through technology available in the County's payroll and reporting systems, forecasting future personnel budgets is now being done with less effort and more accuracy than in the past. This utilization of technology was implemented successfully in 2008 for the 2009 budget and is now fully operational for compiling the 2010 personnel budget and beyond.

In 2008, the Chris Jensen Health and Rehabilitation Center had an operating loss of \$.7 million and a cash deficit at year-end of \$1.0 million. 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. Institutional laundry services from a qualified local provider were started at the facility effective February 1, 2008. Laundry services had previously been handled in-house by county employees. In 2008, the St. Louis County Board approved a \$.3 million one-year contract with nonprofit Ecumen to manage the County's financially challenged facility through April 2009. That contract has been extended for at least another six months. The state legislature will be addressing during its 2009 sessions any future funding to care facilities in Minnesota.

The County Board has made the County Administrator responsible for holding county departments accountable for progress in designated priority areas through the regular monitoring of performance measures and outcomes.

The County, in 1995, recognizing that it would be prudent to set aside monies to meet unexpected cash flow shortages, began to designate some of its fund balances for cash flow. The County Board's policy is to have the General Fund, the Road and Bridge Fund, and the Public Health and Human Services Fund (which are major operating funds that are supported in part by direct property tax levy) designate a portion of their available fund balances equal to 5/12 of the certified levy for each fund, plus its share of program aid paid to the County by the State of Minnesota. As of December 31, 2008, the goal was 100% accomplished for the Road and Bridge Fund, 91.9% accomplished for the General Fund, and 61.8% accomplished for the Public Health and Human Services Fund. The combined designated cash flow of the three funds was \$44.7 million at year-end.

Recognizing the need to pre-fund retiree health insurance premiums, which are set aside for retiring 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, 2008, 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, 2008, 100% 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***

Foremost for 2009 and beyond will be balancing expenditure and revenue budgets. Expenditure budgets are influenced primarily by inflation, personnel costs, and state mandates. Revenue budgets are funded primarily by tax levies, charges for services, investment earnings, and various intergovernmental revenues, most notably local government aids. The County will continue to address future reductions to local government aids; the drastically declining investment earnings caused by the slumping economy; and state imposed levy limits. Going forward, the County will be challenged to maintain revenue levels that keep pace with expenditure demands during these difficult economic times.

In October 2008, Capital Improvement Bonds and Capital Equipment Notes were issued by the County. The total debt issue was \$15.0 million.

Capital Equipment Notes Series 2008A (\$3.4 million) were issued for expenditures in 2009 and 2010. The planned use of \$1.1 million of these proceeds will be expended in 2009 by the Road and Bridge Fund for the purchase of tandem dump trucks. The remainder of proceeds from the notes will be used in 2010 to purchase equipment and vehicles for the Road and Bridge Fund and the Sheriff's Department.

Capital Improvement Bonds Series 2008B (\$11.6 million) were issued for projects scheduled for completion in 2009 that include elevator upgrades at various county buildings; major HVAC upgrades, window replacement, retaining wall repair, and sally port construction at the Duluth Courthouse; communication equipment at the Public Safety Building; and the construction of a new Meadowlands Maintenance Facility.

### ***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 twenty 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, 2008. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

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

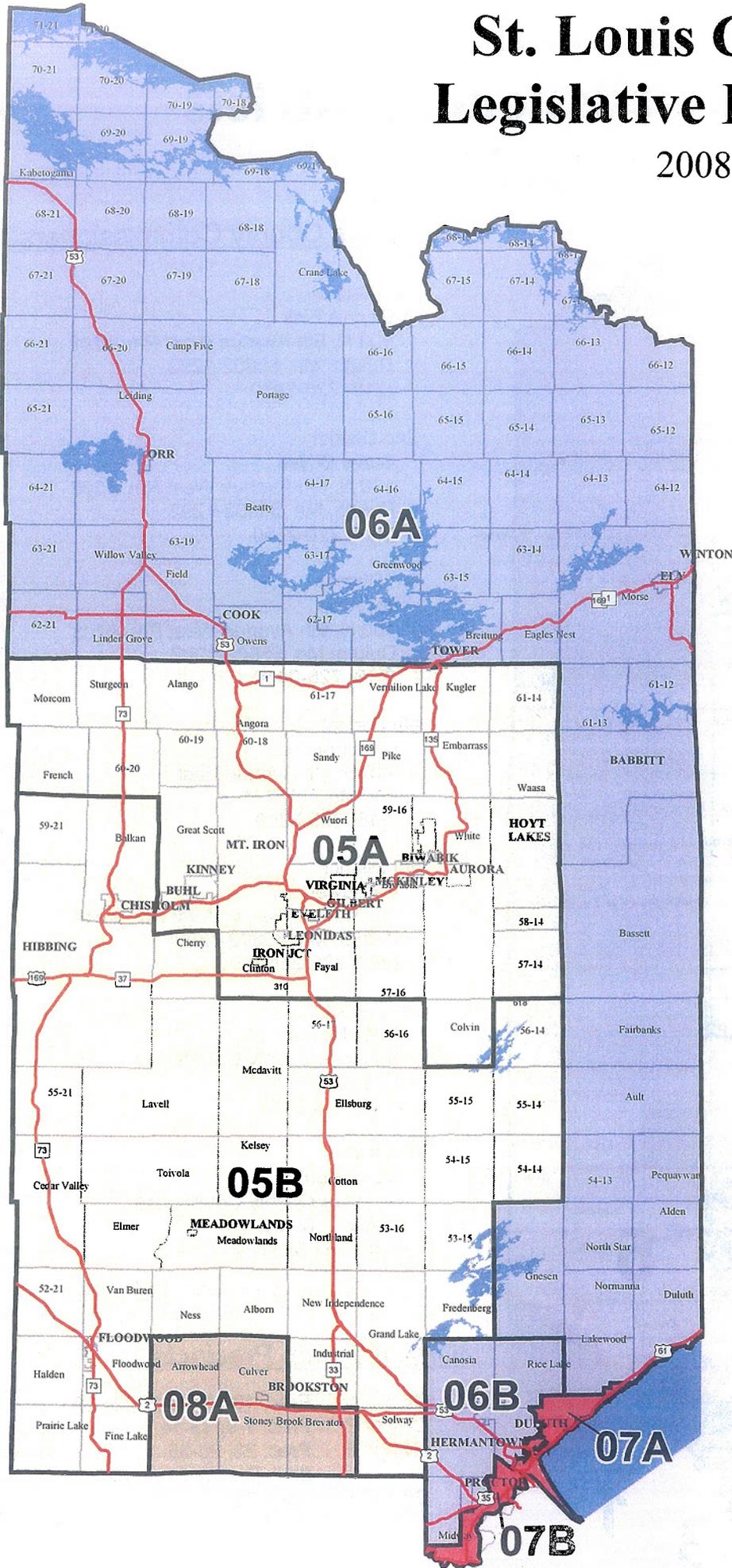
Sincerely,



**DONALD DICKLICH**  
County Auditor

# St. Louis County Legislative Districts

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

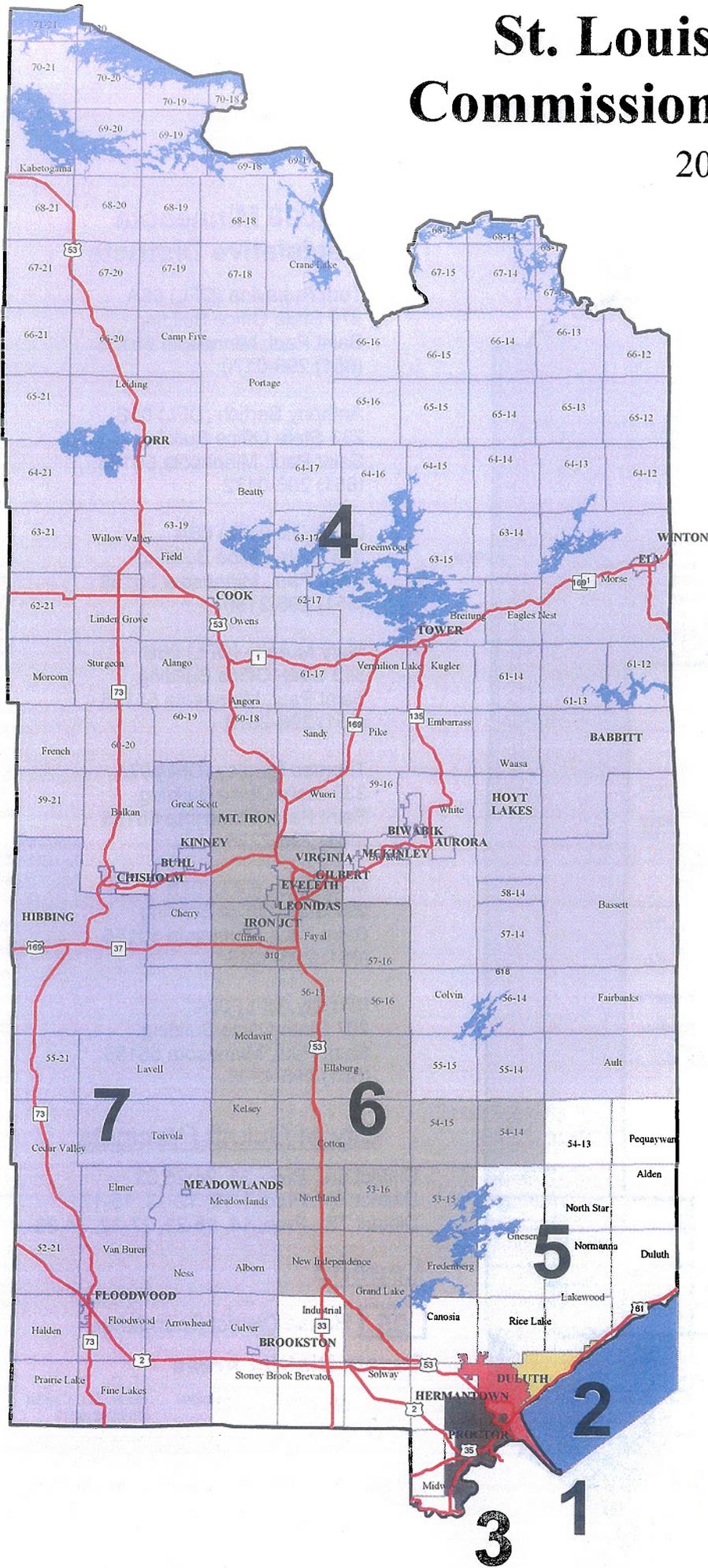
### Senate District Areas

	05	David J. Tomassoni	Room 321, Capitol (651)296-8017
	06	Thomas M. Bakk	Room 301, Capitol (651)296-8881
	07	Yvonne Prettner 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

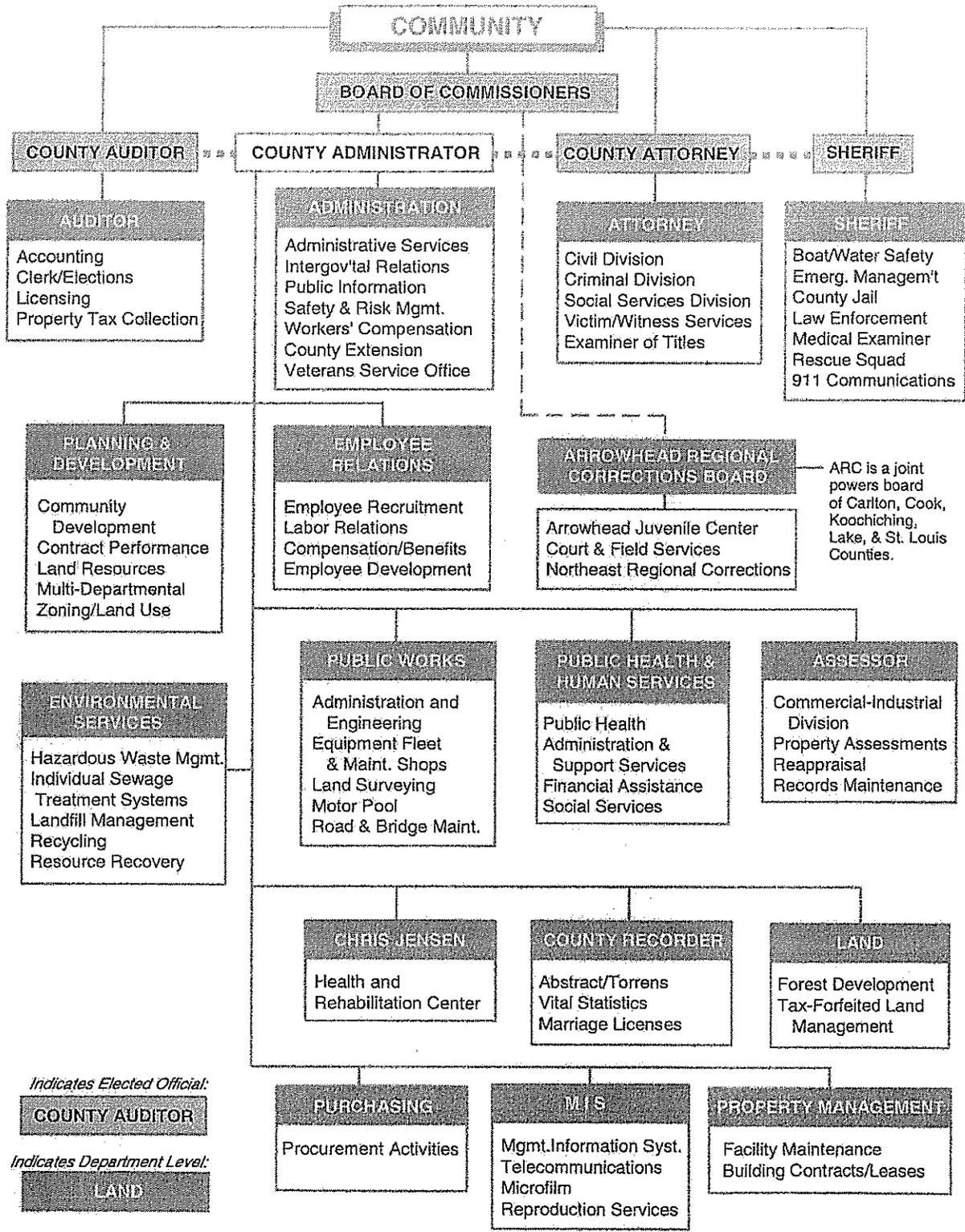
## City of Duluth Precincts

- 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, 2008**

<u>Office</u>	<u>Name</u>	<u>Term</u>
<b>Commissioners:</b>		
1st District	Dennis Fink	Jan. 2007 Jan. 2011
2nd District	Steve O'Neil	Jan. 2005 Jan. 2009
3rd District	William Kron	Jan. 2005 Jan. 2009
4th District	Mike Forsman	Jan. 2007 Jan. 2011
5th District	Peg Sweeney	Jan. 2005 Jan. 2009
6th District	Keith Nelson	Jan. 2007 Jan. 2011
7th District	Steve Raukar	Jan. 2007 Jan. 2011
<b>Elected Officers:</b>		
Attorney	Melanie Ford	Jan. 2007 Jan. 2011
Auditor	Donald Dicklich	Jan. 2007 Jan. 2011
Sheriff	Ross Litman	Jan. 2007 Jan. 2011
<b>Appointed Officers:</b>		
Administrator	Alan Mitchell	
Assessor	David Sipila	
Employee Relations Director	Martha Watson	
Examiner of Titles	David W. Adams	
Land Commissioner	Robert Krepps	
Management Information Systems Director	Martin Buscombe	
Planning Director	Barbara Hayden	
Property Management Director	Tony Mancuso	
Public Health and Human Services Director	Ann Busche	
Interim Public Works Director	Jim Foldesi	
Purchasing Director	Richard Florey	
Recorder	Mark Monacelli	
Environmental Services Director	Ted Troolin	
Chris Jensen Health and Rehabilitation Center Director	Pat Voelker	

# St. Louis County Organizational Summary



Revised 01/09

# 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, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. R.", is written above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enow", is written above the title "Executive Director".

Executive Director

FINANCIAL  
SECTION



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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

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

### INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
St. Louis County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County, Minnesota, as of and for the year ended December 31, 2008, 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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.

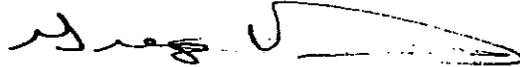


Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise St. Louis County's basic financial statements. The combining and individual nonmajor fund financial statements and miscellaneous schedules listed in the table of contents as supplementary data 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, 2009, 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, 2009

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
December 31, 2008

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, 2008. 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 \$25.6 million, or 5.6%. Governmental activities increased by \$24.8 million to \$460.2 million, while the County's business-type activities increased by \$.8 million to \$28.3 million.

The County's governmental funds reported a combined ending fund balance of \$135.1 million for 2008, an increase of \$17.5 million from 2007. Reserved fund balance accounted for \$23.0 million of the total fund balance. When fund balance is reserved it is not available for appropriation. The remaining \$112.1 million is unreserved fund balance. The unreserved fund balance has \$77.5 million designated for specific uses and \$34.6 million that remains undesignated.

In 2008, the General Fund reported expenditures in excess of revenues of \$.6 million and net transfers in of \$1.1 million. These two factors caused the fund balance of the General Fund to increase to \$44.8 million at year-end compared to \$44.3 million for 2007.

St. Louis County's total bonded debt increased in 2008 by \$9.0 million to \$54.3 million. In 2008, capital equipment notes totaling \$3.6 million were issued, and capital improvement bonds totaling \$11.4 million were issued. The County paid \$6.0 million toward existing debt during the year. These debt issuances will be used to purchase new vehicles and equipment, make building improvements, and construct a new Public Works Facility.

Several account balances were reclassified as of and for the year ended December 31, 2007, as previously reported. These reclassifications must be considered when comparing these financial statements with those of prior reports.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

*Government-wide financial statements.* One of the most important questions related to the County's finances is whether the County, as a whole, is better served as a result of this year's activities. The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes to net assets. Think of the County's net assets (the difference between assets and liabilities) as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, such as changes in the County's property tax base and the condition of the County's roads, in order to assess the overall health of the County.

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

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

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

The County maintains five individual major governmental funds. Information is provided separately for each major fund on the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The major funds are the General Fund, Road and Bridge Fund, Public Health and Human Services Fund, Forfeited Tax Sale Fund, and the Capital Projects Fund. Data for the nonmajor governmental funds is combined into "other governmental funds." Individual data for each of the 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, which are the Environmental Services 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 proprietary fund basic financial statements can be found on pages 43-47 of this report.

Fiduciary funds: The County is the trustee, or fiduciary, for certain amounts held for others. The County uses trust and agency funds to report its fiduciary activities. The County's fiduciary activities are reported in the Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets and are excluded from the government-wide financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used in proprietary funds. The fiduciary basic financial statements can be found on pages 49-50 of this report.

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

*Supplementary data*. The combining statements for nonmajor governmental funds and proprietary funds, internal service funds, fiduciary funds, and miscellaneous schedules are provided on page 93-131.

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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 \$488.5 million.

By far the largest portion of the County's net assets is the investment in capital assets (73.5 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			
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 206.8	\$ 179.4	\$ 20.8	\$ 20.1	\$ 227.6	\$ 199.5
Capital assets	377.0	363.6	13.1	13.1	390.1	376.7
Total Assets	583.8	543.0	33.9	33.2	617.7	576.2
Long-term liabilities outstanding	99.4	88.9	4.4	4.6	103.8	93.5
Other liabilities	24.2	18.7	1.2	1.1	25.4	19.8
Total liabilities	123.6	107.6	5.6	5.7	129.2	113.3
Net assets:						
Invested in capital assets, net of debt	346.0	327.0	13.1	13.1	359.1	340.1
Restricted	27.1	29.3	1.8	1.5	28.9	30.8
Unrestricted	87.1	79.1	13.4	12.9	100.5	92.0
<b>Total Net Assets</b>	<b>\$ 460.2</b>	<b>\$ 435.4</b>	<b>\$ 28.3</b>	<b>\$ 27.5</b>	<b>\$ 488.5</b>	<b>\$ 462.9</b>

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

**Governmental Activities:**

The total net assets for governmental activities increased by \$24.8 million to \$460.2 million in 2008. Six years ago total net assets were only \$322.9 million. St. Louis County is able to report positive balances in all three categories of net assets.

Current and other assets increased by \$27.4 million in 2008 after decreasing by \$12.2 million in 2007. Three factors contributed to increasing current and other assets. The Road and Bridge Fund received a \$2.0 million advance on its state aid payments for road construction and also received a \$2.0 million grant for construction on the Pike River Road, both to be expended in 2009. Another state payment of \$1.9 million was sent to the Public Health and Human Services Fund for targeted case management expenditures. This was unspent during the year and is scheduled for repayment to the state in 2009. In addition to holding the above cash, these two funds also had a combined excess of revenues over expenditures of \$6.4 million at the end of the year. The final and largest single factor causing the increase in current and other assets was \$15.0 million of debt proceeds in the Capital Projects Fund that were invested at year-end for spending in 2009.

In 2008, capital assets increased by \$13.4 million, compared to a \$26.9 million increase in 2007. A detailed analysis of this increase is presented in Table 3 on page 23, under the heading Capital Assets and Debt Administration.

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The County's long-term liabilities outstanding increased by \$10.5 million, or 11.9%, to \$99.4 million. The increase was caused by new debt issuance of \$15.0 million, less payments on existing debt plus a slight increase in compensated absences. A detailed analysis of the increase in outstanding debt is presented in Table 4 on page 24, under the heading Capital Assets and Debt Administration.

Other liabilities increased by \$5.4 million to \$24.2 million. This was largely the result of the previously mentioned increases to cash. The Road and Bridge Fund receipt of state aid monies of \$2.0 million is considered an advance from another government, while the \$2.0 million grant received for construction in 2009 on the Pike River Road is unearned revenue. Targeted case management funding of \$1.9 million received in early 2008 is classified as accounts payable at year-end as it will be paid back to the state in 2009.

Invested in capital assets, net of related debt, increased by \$19.0 million. This was the result of capital assets increasing by \$13.4 million, while the debt related to those assets decreased by \$5.6 million.

In 2008, restricted net assets decreased \$2.2 million to \$27.1 million. The Shoreline Sales Fund decreased \$1.5 million due to a loss in valuation of its investments when they were marked to market at the end of the year. This was caused by sharply declining rates of return on investment during the second half of 2008. Another cause for the decrease in restricted net assets can be attributed to an excess of expenditures over revenues in the Forest Resources Fund of \$1.2 million. Other restricted assets such as the unorganized town roads, tax certificate assurance, law library, recorder's equipment, and attorney forfeitures all experienced small increases from 2007 to 2008.

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 \$87.1 million at the end of 2008, an increase of \$8.0 million over 2007. Most unrestricted net assets are reported as designations in the fund statements. The largest designations for 2008 are for cash flow at \$44.7 million, an increase of \$9.1 million; retiree obligations, which increased \$1.5 million to \$20.3 million; and vesting sick leave at \$9.1 million, the same as 2007.

**Business-type Activities:**

The County's total net assets for business-type activities increased by \$.8 million to \$28.3 million. This was caused by total assets increasing by \$.7 million, while total liabilities decreased \$.1 million. Most of the increase was due to the General Fund making an irrevocable transfer to the Chris Jensen Health and Rehabilitation Center Fund in 2008 to eliminate its 2007 deficit cash. A similar irrevocable transfer was made in 2007 to eliminate the 2006 cash deficit. As with the governmental activities, the business-type activities were able to report positive balances in all three categories of net assets.

Current and other assets increased \$.7 million to \$20.8 million. Cash and investments for all business-type activities decreased by a combined \$.1 million. Because of financial assurance requirements, restricted assets in the Environmental Services Fund increased by \$.2 million in 2008 as it did in 2007. In addition, accounts receivable increased by over \$.5 million in the Chris Jensen Health and Rehabilitation Center Fund and by \$.2 million for all other business-type funds.

In 2008, capital assets remained at \$13.1 million. Business-type activities acquired only \$.7 million of new capital assets in 2008 after acquiring \$.6 million in 2007 and .3 million in 2006. Capital asset purchases were for landfill construction (\$.6 million) and machinery and equipment (\$.1 million). Depreciation expenses also totaled \$.7 million for business-type activities causing capital assets to remain unchanged for the year. A detailed analysis of this increase is presented in Table 3 on page 23, under the heading Capital Assets and Debt Administration.

For business-type activities, total net assets increased by \$.8 million in 2008. Capital assets, net of related debt, stayed the same as 2007. These funds did not have any debt related to capital assets at the end of the year. Restricted net assets increased by \$.3 million due to an increase in the financial assurance requirement for the Environmental Services Fund. Most of the \$.5 million increase to unrestricted net assets was related to the consolidation of internal service funds.

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

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 39.3	\$ 40.7	\$ 22.6	\$ 22.6	\$ 61.9	\$ 63.3
Operating Grants and Contributions	50.4	38.0	0.5	0.5	50.9	38.5
Capital Grants and Contributions	16.4	17.6	-	-	16.4	17.6
<i>General Revenues:</i>						
Taxes:						
Property taxes, levied for gen. purposes	97.5	93.7	1.0	-	98.5	93.7
Property taxes, levied for debt service	5.9	6.0	0.1	0.2	6.0	6.2
State shared	22.8	25.6	-	-	22.8	25.6
Federal shared	1.7	1.2	-	-	1.7	1.2
Investment income	4.3	9.0	0.7	0.9	5.0	9.9
Miscellaneous	0.3	0.2	-	-	0.3	0.2
<b>Total revenues</b>	<b>238.6</b>	<b>232.0</b>	<b>24.9</b>	<b>24.2</b>	<b>263.5</b>	<b>256.2</b>
<b>Expenses</b>						
<i>Program expenses:</i>						
General government	30.8	31.8	-	-	30.8	31.8
Public safety	46.2	44.6	-	-	46.2	44.6
Highways and streets	41.9	41.6	-	-	41.9	41.6
Health and sanitation	5.0	6.1	-	-	5.0	6.1
Human services	71.5	68.3	-	-	71.5	68.3
Culture and recreation	2.2	1.4	-	-	2.2	1.4
Conservation of natural resources	9.9	6.5	-	-	9.9	6.5
Economic development	4.0	3.8	-	-	4.0	3.8
Interest on long-term debt	1.9	1.8	-	-	1.9	1.8
Environmental services	-	-	7.6	6.8	7.6	6.8
Chris Jensen Health & Rehabilitation	-	-	14.8	16.0	14.8	16.0
Other Enterprise funds	-	-	2.1	2.2	2.1	2.2
<b>Total expenses</b>	<b>213.4</b>	<b>205.9</b>	<b>24.5</b>	<b>25.0</b>	<b>237.9</b>	<b>230.9</b>
Increase in net assets before transfers and special items	25.2	26.1	0.4	(0.8)	25.6	25.3
Transfers	(0.4)	0.1	0.4	(0.1)	-	-
<b>Increase (decrease) in net assets</b>	<b>24.8</b>	<b>26.2</b>	<b>0.8</b>	<b>(0.9)</b>	<b>25.6</b>	<b>25.3</b>
<b>Net assets January 1</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>
<b>Net assets December 31</b>	<b>\$ 460.2</b>	<b>\$ 435.4</b>	<b>\$ 28.3</b>	<b>\$ 27.5</b>	<b>\$ 488.5</b>	<b>\$ 462.9</b>

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

**Governmental Activities:**

Charges for services continued to decrease from \$40.7 million in 2007 to \$39.3 million in 2008, a total decrease of \$1.4 million. State reimbursement for services, previously classified as charges for services, was changed to operating grants and contributions by the state in 2008. This reclassification caused a \$12.4 million reduction in charges for services for the human services function. The largest increase to charges for service was for land and timber sales which increased by \$10.4 million in 2008 after suffering a \$13.8 million decrease in 2007 due to loggers being allowed to turn back higher priced timber sales contracts and repurchase at lower prices.

The County received \$12.4 million more from operating grants and contributions in 2008 than in 2007. Federal and state grants for the human services function increased by \$15.7 million with a great deal of the increase resulting from reclassifying state reimbursement for services. Capital grants to Highways and Streets for road construction decreased from \$16.6 million in 2007 to \$16.4 million in 2008. The Public Safety and Economic Development functions, which received a combined \$1.0 million in capital grants for 2007, did not receive any capital grants in 2008.

Property tax collections were \$103.4 million in 2008, compared to \$99.7 million in 2007, an increase of \$3.7 million. The 2008 County property tax levy for governmental funds increased by \$3.6 million. Tax collections for debt service decreased from \$6.0 million in 2007 to \$5.9 million in 2008.

In 2007, interest earnings increased by \$1.1 million to \$9.0 million. In 2008, interest earning decreased by \$4.7 million to \$4.3 million. The County's average yield on securities for 2006 was 4.41%; the average yield for 2007 was 5.11%; and the average yield for 2008 was 3.63%. The yield on investments began declining during the third quarter of 2007 and that trend has continued into 2009. It is the County's policy to hold investments to maturity, thus avoiding any market value losses or gains.

Expenses for governmental activities increased by \$7.5 million in 2008, after increasing by \$8.7 million in 2007. The only functions that had significant decreases in expenses were general government and health and sanitation. Conservation of natural resources increased by \$3.4 million and human services by \$3.2 million. Decreases in expenses were generally the result of under spending personal services and expenditure budgets. Increases occurred primarily from health insurance premiums rising by 12.5%; employee salary settlements for 2008 of 2.0%; and the cost of doing business in general as reflected by an ever-rising consumer price index.

**Business-type Activities:**

In 2008, charges for services for all business-type activities remained the same as 2007 at \$22.6 million. The Chris Jensen Health and Rehabilitation Center Fund had charges for service increased by \$.3 million to \$14.3 million, while the three other business-type activities had a combined decrease of \$.3 million.

Property taxes that were levied for the first time in 2003 are for repayment of General Obligation Nursing Home Revenue Bonds, Series 2002A. That debt was retired in 2008. For the first time in 2008, property taxes were levied for operations in a business-type fund. The Environmental Services Fund and the Chris Jensen Health and Rehabilitation Center Fund had combined tax collections of \$1.0 million.

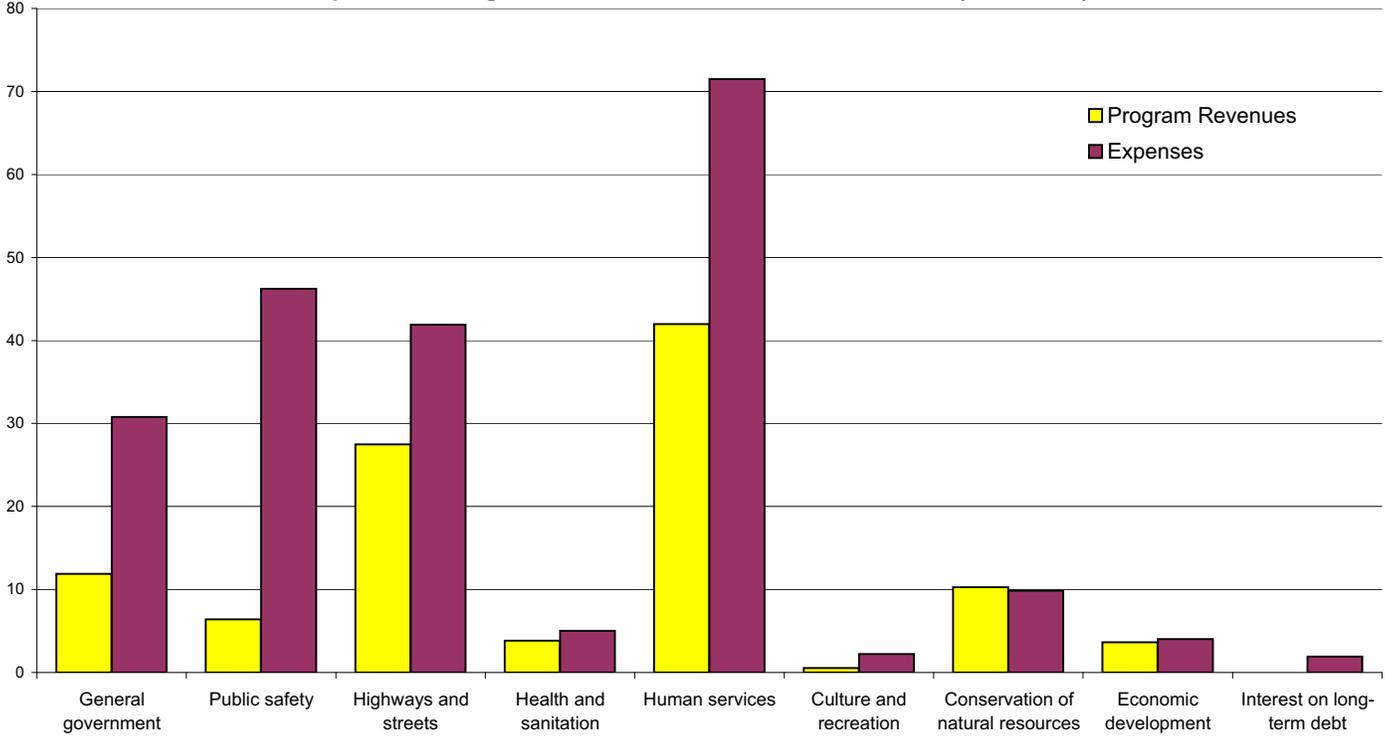
Investment income decreased by \$.2 million in 2008 to \$.7 million. The yield on investments for business-type activities also had begun to decline in late 2007, signaling a potential loss in earnings. The Environmental Services Fund is the only business-type activity that is allowed by the County Board to purchase investments.

Both of the two business-type activities that are classified as major funds were able to report an increase in net assets for the year because of nonoperating revenues and transfers. The Environmental Services Fund had nonoperating revenues from investment earnings, taxes, and a SCORE recycling grant from the State of Minnesota for county use in waste reduction and recycling activities. The Chris Jensen Health and Rehabilitation Center Fund had nonoperating revenues from taxes and also net transfers of \$.8 million. As with the governmental activities, these business-type activities are impacted by rising personnel costs.

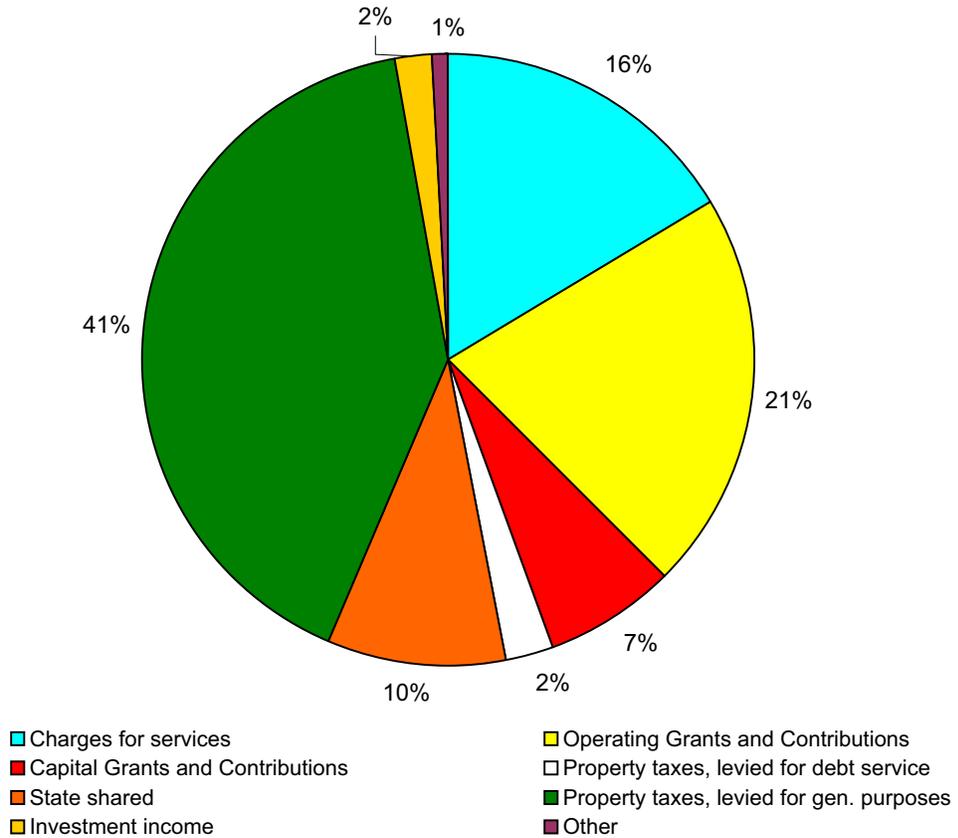
In 2008, there was a permanent transfer-in of \$1.1 million from the General Fund to cover the 2007 cash deficit at Chris Jensen Health and Rehabilitation Center Fund. The Chris Jensen Health and Rehabilitation Fund also had a transfer-out of \$.3 million to the Capital Projects Fund of excess grant revenues.

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

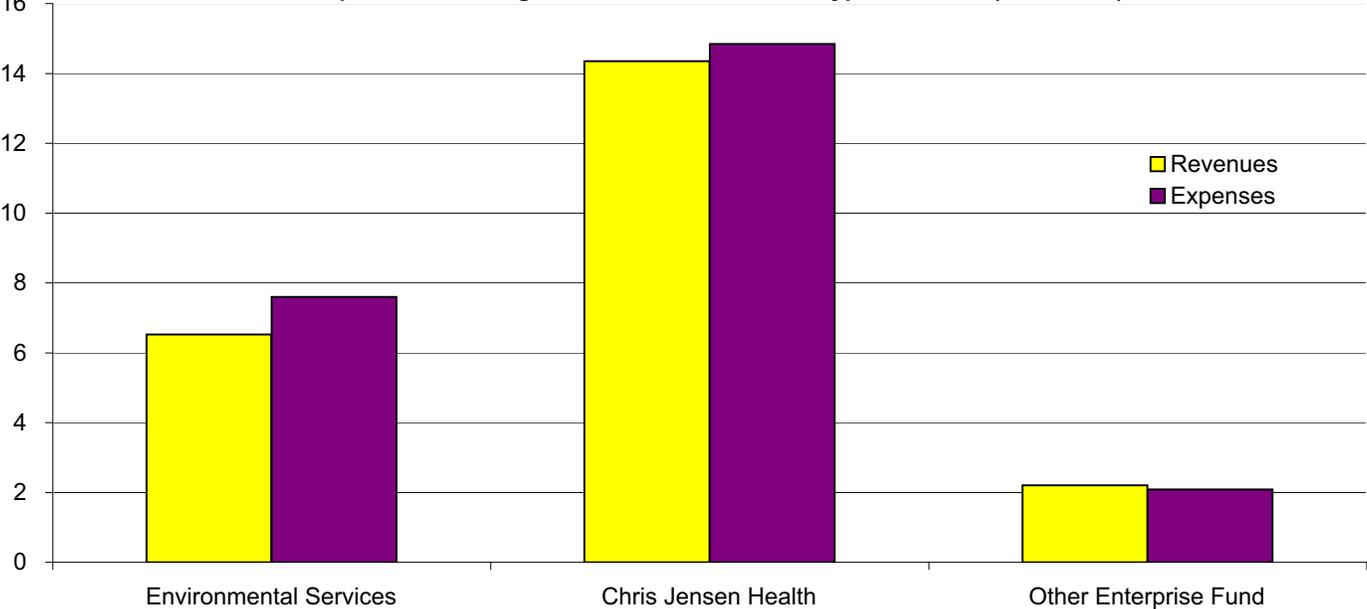


**Revenues by Source: Governmental Activities**

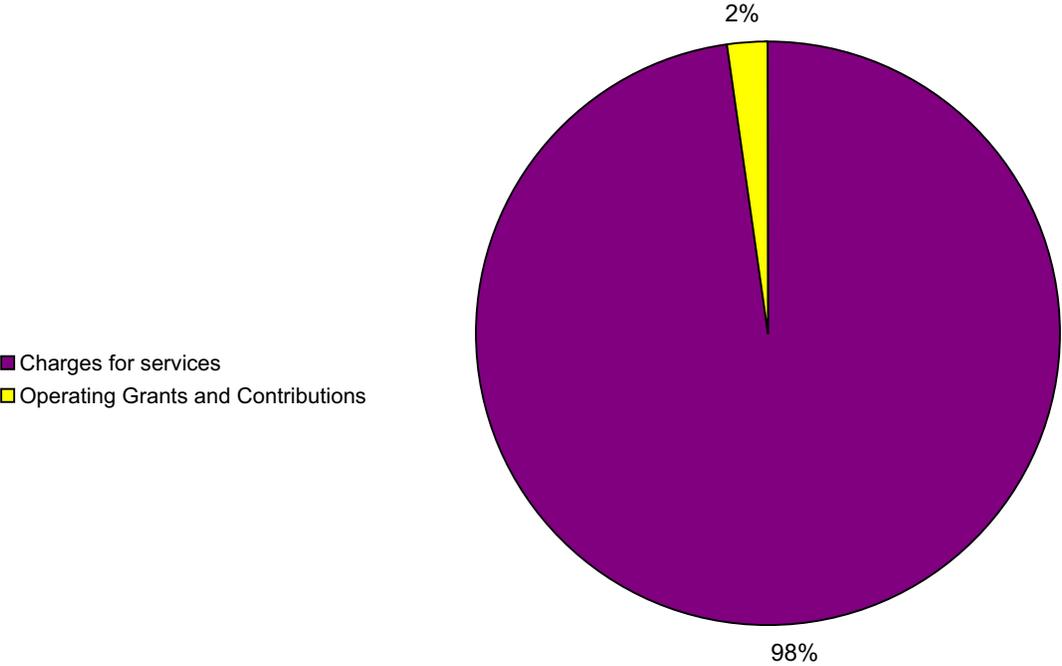


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**Expenses and Program Revenues: Business-type Activities (in Millions)**



**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.

St. Louis County's governmental funds reported combined fund balances of \$135.1 million, compared with \$117.6 million in 2007, an increase of \$17.5 million. The largest increase of fund balance was in the Capital Projects Fund (\$11.6 million), Road and Bridge Fund (\$4.5 million), and the Public Health and Human Services Fund (\$3.8 million). The largest decrease in fund balance was in the Permanent Fund (\$1.5 million). All major funds experienced increases in fund balances.

The unreserved fund balance for governmental funds increased by \$18.5 million to \$112.1 million, or 19.7% in 2008. This unreserved fund balance accounts for 83.0% of total fund balance and is available for spending at the County's discretion. However, unreserved fund balance reported in funds established for specific purposes, such as the Capital Projects Fund and the Debt Service Fund, will be spent accordingly. Designations of unreserved fund balance reflects the County's self-imposed limitations on otherwise expendable financial resources. Cash flow designation of \$44.7 million and compensated absences designation of \$29.4 million account for 66.1% of all unreserved fund balance. The remaining \$23.0 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 \$ 7.4 million for inventories.

The General Fund is the chief operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. At the end of 2008, the unreserved fund balance of the General Fund was \$38.5 million, compared to \$36.9 million in 2007. Unreserved fund balance at the end of the year represented 46.9% of total fund revenues and 46.6% of total fund expenditures. 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%).

In 2008, the fund balance of the County's General Fund increased \$.5 million. Expenditures exceeded revenues by \$.6 million due largely to budgeting for the use of fund balance and a reduction in final state paid county program aid payments for the year. Transfers into the General Fund exceeded transfers out by \$1.1 million. Transfers-in included monies from the Forfeited Tax Sale Fund's (\$1.8) annual apportionment. Transfers-out included an irrevocable transfer to the Chris Jensen Health and Rehabilitation Center Fund (\$.7 million) to eliminate a deficit cash balance at year-end 2007. An interfund loan by the General Fund of \$1.0 million was needed to eliminate the Chris Jensen Health and Rehabilitation Center Fund cash deficit at December 31, 2008.

The Road and Bridge Fund had a \$2.6 million excess of revenues over expenditures for 2008. This was mainly due to underspending the expenditure budget, especially expenditures for the personnel services and other operating categories.

The Public Health and Human Services Fund had revenues in excess of expenditures of \$3.8 million in 2008 compared to \$.9 million for 2007. Again this was due to being under budget (in all expenditures categories) by a total of \$3.9 million.

In 2008, the Capital Projects Fund received \$15.1 million in proceeds from the sale of bonds and notes. At year end, only \$.3 million had been spent.

Pursuant to Minnesota Statute, the Forfeited Tax Sale Fund distributed \$3.4 million in net proceeds to county funds, cities, and towns in St. Louis County. The distribution was for \$5.0 million in 2007 and \$6.9 million from 2006. This trend is the result of a slumping timber industry.

**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.

During the year, there was a \$2.4 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.

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The General Fund actual revenues for 2008 were \$.6 million less than the final revenues budget. The key factor here was the state cutting the final County Program Aid payments to help correct its own budget problems. Program Aid for St. Louis County's General Fund was reduced by \$1.7 million.

Actual expenditures were \$5.6 million under the final budget. This was due to various departments under-spending their operating and grant budgets.

Fund balance of \$5.6 was used to balance the shortfall between the final revenue and expenditure budget in the General Fund during the year. Final actual revenues and transfers (net) exceeded expenditures by \$.5 million.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At year-end, the County showed total capital assets to be \$390.1 million. Of that total, governmental activities accounted for \$377.0 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 3.

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

	Governmental		Business-type		Totals	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Land	\$ 2.0	\$ 2.0	\$ 0.4	\$ 0.4	\$ 2.4	\$ 2.4
Buildings and structures	66.4	66.8	8.0	8.3	74.4	75.1
Improvements other than buildings	-	-	3.3	2.9	3.3	2.9
Machinery and equipment	4.9	4.4	1.0	1.0	5.9	5.4
Linens	-	-	0.1	0.1	0.1	0.1
Vehicles	17.0	16.5	0.3	0.4	17.3	16.9
Infrastructure	284.2	272.4	-	-	284.2	272.4
Construction in progress	2.5	1.5	-	-	2.5	1.5
<b>Totals</b>	<b>\$ 377.0</b>	<b>\$ 363.6</b>	<b>\$ 13.1</b>	<b>\$ 13.1</b>	<b>\$ 390.1</b>	<b>\$ 376.7</b>

Governmental capital assets show a net increase (including additions, deductions, and depreciation expense) of \$13.4 million, or 3.7%, over 2007. Capital asset purchases totaled \$26.2 million while net disposals totaled \$1.9 million and depreciation expense was \$10.9 million. As shown in Table 4, capital asset categories machinery and equipment and vehicles each increased by only \$.5 million, while infrastructure had the largest net increase in 2008 of \$11.8 million. The buildings and structures category had a \$.4 million decrease in net value or .6 %. In 2008, business-type capital assets remained at \$13.1 million, the same as it was in 2007. Additions to business-type capital assets of \$.7 million for 2008 were offset by depreciation expense of the same amount. Business-type capital assets decreased by \$.4 million in 2007 and \$.7 million in 2006.

Infrastructure, which is the County's road and bridge system, had construction projects totaling \$16.8 million for 2008, compared with \$24.1 million in 2007, and \$17.5 million in 2006. Depreciation expense for existing infrastructure increased by \$.3 million to \$5.0 million in 2008. The useful life of roads remained at 54 years after completing the annual review of the estimated life of infrastructure. Future depreciation will be adjusted prospectively.

The governmental capital assets decrease in buildings and structures was due primarily to the completion of several projects in 2007. The value of new buildings and structures was \$1.9 million, while depreciation expense was \$2.5 million. Proceeds for Capital Improvement Bonds totaling \$11.4 million were received in late 2008. More than \$11.0 million in proceeds remained at year end. Work on various projects is slated to begin in early 2009, with completion for most scheduled for the fall of 2009. Projects include a Meadowlands Maintenance Facility, Duluth Courthouse Sally Port, upgrades to the Duluth Courthouse HVAC, and upgrades to various County elevators.

Vehicle additions to the County's fleet in 2008 totaled \$3.4 million, compared to \$4.2 million in 2007 for governmental activities. Purchases of new machinery and equipment were \$1.6 million in 2008, compared to \$1.4 million in 2007.

Construction in progress at year-end consisted mainly of finishing projects from 2005 bond proceeds and starting projects from 2008 bond proceeds.

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, 2008

**Debt Administration**

At year-end, the County had \$54.3 million of outstanding bonded debt that is backed by the full faith and credit of the County. Some of the debt is also secured by specific revenue sources.

**Table 4**  
**Outstanding Debt, at Year-end**  
(in Millions)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
	General obligation bonds	\$ 53.8	\$ 44.7	\$ -	\$ 0.1	\$ 53.8
Revenue bonds	0.5	0.5	-	-	0.5	0.5
<b>Total</b>	<b>\$ 54.3</b>	<b>\$ 45.2</b>	<b>\$ -</b>	<b>\$ 0.1</b>	<b>\$ 54.3</b>	<b>\$ 45.3</b>

County debt increased \$9.0 million in 2008, compared to a decrease of \$.7 million for 2007. The 2008 increase was the result of issuing \$15.0 million in new debt while paying down \$6.0 million on existing bonds and notes. Debt issued in 2008 was for Capital Equipment Notes Series 2008A and Capital Improvement Bonds Series 2008B. The Capital Equipment Notes issue of \$3.6 million will be used to purchase new vehicles and equipment for the Sheriff's Department and the Road and Bridge Fund. Proceeds of \$11.4 million from the issue of Capital Improvement Bonds will be used for upgrades at County buildings, a new Public Works Facility in Meadowlands, and communication equipment. Final debt service payments were made in 2008 on the HRA Jail Refunding Bonds Series 2002B, Capital Equipment Notes Series 2004B, and Nursing Home Revenue Bonds Series 2002A.

Moody's Investors Service assigned an "Aa3" rating on all bonds and notes issued since 2005.

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 2008 was 6.4%, an increase of .8% over 2007 and a full percent higher than the state's average unemployment rate of 5.4%. The national average unemployment rate for 2008 was 5.8%.

Demand for taconite, iron, and steel continued to be relatively strong throughout 2008. Total production of taconite pellets and concentrates in 2008 was 39.2 million tons, representing an increase of 1.2 million tons over 2007. The increase was due primarily to higher demand for pellets in the early part of the year. Production in 2009 is expected to drop dramatically.

The St. Louis County 2009 budget year is the second year in the biennial budget planning process. The County budget takes into account the \$12.7 million in County Program Aid the State of Minnesota has approved for 2009. Since receiving \$12.7 million in 2005, the County has received \$11.5 million, \$11.6 million, and \$9.6 million for the years 2006 through 2008 respectively. The County's final 2008 payment was cut by \$2.1 million from an original allotment of \$11.7 million. Cuts to the 2009 Program Aid are always a possibility.

County health insurance premiums for 2009 were increased 8.0%. Employer and employee paid premiums have risen every year since 2003. In 2008, for the first time, most employees assumed responsibility for paying a portion of their monthly single health insurance premium. The Medical/Dental Insurance Fund had a surplus for 2008 of \$1.9 million, thereby increasing the net assets of the Medical/Dental Insurance Fund to \$8.8 million. The last time the net assets for the fund were higher was for year-ended December 31, 2003, at \$9.5 million.

Other factors impacting the 2009 budget include negotiating salary contracts with all County bargaining units. Although the 2009 Public Works budget contains reasonable estimates for gasoline and diesel, it remains vulnerable to ever-changing prices. And for the first time in years, the 2009 budget for the Land Department does not estimate revenue in excess of expenses; by law, excess Land Department revenues are apportioned to County funds, schools, cities, and towns.

All of these factors were considered in preparing the County's budget for the 2009 fiscal year.

The County's 2009 budget was passed on December 2, 2008, at a meeting of the St. Louis County Board of Commissioners. The 2009 property tax levy of \$106.0 million is \$4.4 million, or 4.4% more than the 2008 levy.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

# BASIC FINANCIAL STATEMENTS

# Government-wide Financial Statements

## ST. LOUIS COUNTY, MINNESOTA

## STATEMENT OF NET ASSETS

DECEMBER 31, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 113,970,431	\$ 1,672,318	\$ 115,642,749
Investments	43,597,552	14,847,885	58,445,437
Assets held by escrow agent	8,082,920	-	8,082,920
Receivables (net)	31,397,675	2,563,739	33,961,414
Internal balances	1,622,729	(1,622,729)	-
Inventories	7,619,866	80,997	7,700,863
Prepaid items	95,470	7,493	102,963
Deferred charges	467,114	-	467,114
Restricted assets	-	3,275,827	3,275,827
Capital assets not being depreciated	4,541,530	363,922	4,905,452
Capital assets being depreciated, net	372,450,712	12,717,412	385,168,124
Total assets	<u>583,845,999</u>	<u>33,906,864</u>	<u>617,752,863</u>
<b>LIABILITIES</b>			
Accounts payable	18,689,840	1,119,851	19,809,691
Unearned revenue	3,471,903	57,930	3,529,833
Liabilities payable from restricted assets	-	4,882	4,882
Advance from other governments	1,995,830	-	1,995,830
Noncurrent liabilities:			
Due within one year	14,851,968	563,736	15,415,704
Due in more than one year	84,639,944	3,888,907	88,528,851
Total liabilities	<u>123,649,485</u>	<u>5,635,306</u>	<u>129,284,791</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	345,956,633	13,081,334	359,037,967
Restricted			
Shoreline sales:			
Expendable	380,585	-	380,585
Nonexpendable	5,038,607	-	5,038,607
Special revenue	6,834,234	-	6,834,234
Debt service	9,541,857	45,123	9,586,980
Recorders equipment	1,198,215	-	1,198,215
Communications	567,773	-	567,773
Unorganized town roads	1,694,591	-	1,694,591
Financial assurance	-	1,736,794	1,736,794
Other purposes	1,895,507	-	1,895,507
Unrestricted	87,088,512	13,408,307	100,496,819
Total net assets	<u>\$ 460,196,514</u>	<u>\$ 28,271,558</u>	<u>\$ 488,468,072</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, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental Activities:				
General government	\$ 30,790,310	\$ 11,482,301	\$ 401,673	\$ -
Public safety	46,231,906	2,963,073	3,439,748	-
Highways and streets	41,898,297	3,017,569	8,080,147	16,393,845
Health and sanitation	5,019,721	1,428,622	2,394,482	-
Human services	71,497,759	10,499,136	31,481,033	-
Culture and recreation	2,217,578	-	545,457	-
Conservation of natural resources	9,841,091	9,886,026	395,387	-
Economic development	4,012,705	20,599	3,635,041	-
Interest on long-term debt	1,912,118	-	-	-
<b>Total governmental activities</b>	<u>213,421,485</u>	<u>39,297,326</u>	<u>50,372,968</u>	<u>16,393,845</u>
Business-type activities:				
Environmental Services	7,600,096	6,042,288	481,473	-
Chris Jensen Health and Rehabilitation Center	14,840,837	14,349,753	-	-
Community Food	1,187,915	1,301,781	-	-
Supervised Living Facility	902,043	900,600	-	-
<b>Total business-type activities</b>	<u>24,530,891</u>	<u>22,594,422</u>	<u>481,473</u>	<u>-</u>
Total primary government	<u>\$ 237,952,376</u>	<u>\$ 61,891,748</u>	<u>\$ 50,854,441</u>	<u>\$ 16,393,845</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, 2008

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	\$ (18,906,336)	\$ -	\$ (18,906,336)
Public safety	(39,829,085)	-	(39,829,085)
Highways and streets	(14,406,736)	-	(14,406,736)
Health and sanitation	(1,196,617)	-	(1,196,617)
Human services	(29,517,590)	-	(29,517,590)
Culture and recreation	(1,672,121)	-	(1,672,121)
Conservation of natural resources	440,322	-	440,322
Economic development	(357,065)	-	(357,065)
Interest on long-term debt	(1,912,118)	-	(1,912,118)
<b>Total governmental activities</b>	<b>(107,357,346)</b>	<b>-</b>	<b>(107,357,346)</b>
Business-type activities:			
Environmental Services	-	(1,076,335)	(1,076,335)
Chris Jensen Health and Rehabilitation Center	-	(491,084)	(491,084)
Community Food	-	113,866	113,866
Supervised Living Facility	-	(1,443)	(1,443)
<b>Total business-type activities</b>	<b>-</b>	<b>(1,454,996)</b>	<b>(1,454,996)</b>
Total primary government	<b>\$ (107,357,346)</b>	<b>\$ (1,454,996)</b>	<b>\$ (108,812,342)</b>
General revenues:			
Taxes:			
Property taxes , levied for general purposes	97,474,934	1,009,304	98,484,238
Property taxes, levied for debt service	5,888,289	119,271	6,007,560
State shared not restricted to specific programs	22,839,111	-	22,839,111
Federal shared not restricted to specific programs	1,697,018	-	1,697,018
Investment earnings	4,316,482	706,045	5,022,527
Miscellaneous	298,913	-	298,913
Transfers	(395,105)	395,105	-
Total general revenues and transfers	132,119,642	2,229,725	134,349,367
Changes in net assets	24,762,296	774,729	25,537,025
Net assets - January 1	435,434,218	27,496,829	462,931,047
Net assets - December 31	<b>\$ 460,196,514</b>	<b>\$ 28,271,558</b>	<b>\$ 488,468,072</b>

Governmental  
Funds

## **GOVERNMENTAL FUNDS**

### **General Fund**

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

### **Special Revenue Funds**

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

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

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

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

### **Capital Projects Fund**

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

## ST. LOUIS COUNTY, MINNESOTA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
DECEMBER 31, 2008

	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	\$ 45,113,954	\$ 23,559,600	\$ 21,947,008	\$ 345,535	\$ 5,723,693	\$ 9,227,266	\$ 105,917,056
Investments	-	-	-	-	13,986,000	4,925,181	18,911,181
Assets held by escrow agent	-	-	-	-	-	8,082,920	8,082,920
Delinquent taxes receivable	1,917,459	1,029,171	1,484,121	-	81,864	342,071	4,854,686
Accounts receivable (net)	307,453	51,191	44,290	11,989,764	-	8,449	12,401,147
Accrued interest receivable	846,718	-	-	-	86,406	-	933,124
Loans receivable	199,871	167,439	-	-	-	861,803	1,229,113
Leases receivable	48,500	-	-	-	-	-	48,500
Interfund receivable	1,191,347	-	-	-	-	-	1,191,347
Due from other governments	975,905	4,390,987	5,252,775	18	30,493	277,714	10,927,892
Inventories	-	7,353,047	-	-	-	-	7,353,047
Prepaid items	5,701	-	-	-	-	-	5,701
<b>Total Assets</b>	<b>50,606,908</b>	<b>36,551,435</b>	<b>28,728,194</b>	<b>12,335,317</b>	<b>19,908,456</b>	<b>23,725,404</b>	<b>171,855,714</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	1,307,934	1,516,627	1,562,608	113,564	738,397	57,421	5,296,551
Contracts payable	-	535,783	-	-	46,052	-	581,835
Salaries payable	1,925,152	803,997	1,049,393	111,858	-	8,401	3,898,801
Interfund payable	-	-	-	-	-	1,898	1,898
Due to other governments	476,985	86,815	2,720,583	58,624	-	225,303	3,568,310
Unearned revenue	264,434	2,000,000	190,748	-	-	-	2,455,182
Deferred revenue	1,862,699	3,830,805	1,923,536	10,955,137	66,625	287,349	18,926,151
Advance from other governments	-	1,995,830	-	-	-	-	1,995,830
<b>Total Liabilities</b>	<b>5,837,204</b>	<b>10,769,857</b>	<b>7,446,868</b>	<b>11,239,183</b>	<b>851,074</b>	<b>580,372</b>	<b>36,724,558</b>
Fund Balances:							
Reserved for:							
Noncurrent loans	-	-	-	-	-	861,803	861,803
Economic development	1,094,289	-	-	-	-	-	1,094,289
Future loans	-	-	-	-	-	31,124	31,124
Inventories	-	7,353,047	-	-	-	-	7,353,047
Encumbrances	946,474	1,080,836	21,866	39,218	-	264,640	2,353,034
Law library	805,243	-	-	-	-	-	805,243
Recorder's equipment	1,198,215	-	-	-	-	-	1,198,215
Election equipment	88,414	-	-	-	-	-	88,414
Communications	567,773	-	-	-	-	-	567,773
Extension service	293,824	-	-	-	-	-	293,824
Missing heirs	162,302	-	-	-	-	-	162,302
Motorplex	277,430	-	-	-	-	-	277,430
Ditching	275,000	-	-	-	-	-	275,000
Veterans' credit	-	-	-	15,000	-	-	15,000
Unorganized town roads	-	1,694,591	-	-	-	-	1,694,591
Environmental trust funds	-	-	-	-	-	5,038,607	5,038,607
Improvement of natural resources	-	-	-	-	-	380,585	380,585
Tax certificate assurance	195,131	-	-	-	-	-	195,131
Attorney forfeitures	241,594	-	-	-	-	-	241,594
Sheriff forfeitures	88,999	-	-	-	-	-	88,999
Sheriff fines	5,000	-	-	-	-	-	5,000
Prepaid items	5,701	-	-	-	-	-	5,701

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

ST. LOUIS COUNTY, MINNESOTA  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
DECEMBER 31, 2008

	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	7,021,916	3,926,838	8,858,206	471,073	-	-	20,278,033
Parking	767,889	-	-	-	-	-	767,889
Hibbing Raceway	73,843	-	-	-	-	-	73,843
Cash flow	25,983,807	9,461,494	9,277,973	-	-	-	44,723,274
Emergency contingency	5,942	392,326	-	23,969	-	-	422,237
Future appropriation	-	-	-	-	121,386	-	121,386
Northland office building	-	-	-	-	64,150	-	64,150
Planning and zoning GIS	918,987	-	-	-	-	-	918,987
Vesting sick leave	3,751,931	1,660,393	3,123,281	546,874	-	-	9,082,479
Depreciation reserve	-	-	-	-	1,064,942	-	1,064,942
Undesignated, reported in:							
Road and bridge fund	-	212,053	-	-	-	-	212,053
Special revenue funds	-	-	-	-	-	6,834,234	6,834,234
Debt service fund	-	-	-	-	-	9,734,039	9,734,039
Capital projects fund	-	-	-	-	17,806,904	-	17,806,904
Total Fund Balance	<u>44,769,704</u>	<u>25,781,578</u>	<u>21,281,326</u>	<u>1,096,134</u>	<u>19,057,382</u>	<u>23,145,032</u>	<u>135,131,156</u>
Total Liabilities and Fund Balances	<u>\$ 50,606,908</u>	<u>\$ 36,551,435</u>	<u>\$ 28,728,194</u>	<u>\$ 12,335,317</u>	<u>\$ 19,908,456</u>	<u>\$ 23,725,404</u>	<u>\$ 171,855,714</u>

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

Total Fund balance - governmental funds (from above)	\$ 135,131,156
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	375,065,532
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	18,926,151
Certain liabilities payable from other long term assets listed above are also deferred in the funds.	(4,382,055)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(89,984,976)
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>25,440,706</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 460,196,514</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, 2008

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 40,960,979	\$ 26,009,430	\$ 27,586,499	\$ -	\$ 1,691,754	\$ 6,605,072	\$ 102,853,734
Licenses and permits	121,040	38,664	-	-	-	-	159,704
Intergovernmental	19,579,568	26,307,065	47,428,061	16,597	1,592,700	4,597,536	99,521,527
Charges for services	15,344,866	1,028,775	4,097,110	-	-	-	20,470,751
Fines and forfeits	200,291	-	-	-	-	-	200,291
Earnings on investments	4,303,020	-	-	-	141,215	(985,059)	3,459,176
Gifts and contributions	10,003	-	1,718	-	-	-	11,721
Land and timber sales	-	-	-	7,656,960	-	-	7,656,960
Miscellaneous	1,624,767	1,805,730	659,297	547,293	229,623	312,423	5,179,133
Total Revenues	<u>82,144,534</u>	<u>55,189,664</u>	<u>79,772,685</u>	<u>8,220,850</u>	<u>3,655,292</u>	<u>10,529,972</u>	<u>239,512,997</u>
<b>EXPENDITURES</b>							
Current:							
General government	32,931,097	-	-	-	313,536	-	33,244,633
Public safety	44,609,607	-	-	-	450,714	-	45,060,321
Highways and streets	-	35,004,510	-	-	1,230,424	-	36,234,934
Health and sanitation	543,360	-	4,725,639	-	-	-	5,268,999
Human services	226,987	-	71,273,446	-	-	-	71,500,433
Culture and recreation	2,167,578	-	-	-	-	50,000	2,217,578
Conservation of natural resources	951,777	-	-	6,165,478	-	1,810,236	8,927,491
Economic development	263,200	-	-	-	-	3,690,472	3,953,672
Debt service:							
Principal	-	-	-	-	-	5,857,261	5,857,261
Interest and other charges	-	-	-	-	-	1,882,726	1,882,726
Bond issuance costs	-	-	-	-	151,518	-	151,518
Capital outlay:							
General government	111,440	-	-	-	2,072,214	-	2,183,654
Public safety	946,230	-	-	-	689,487	-	1,635,717
Highways and streets	-	17,558,808	-	-	2,769,435	-	20,328,243
Conservation of natural resources	-	-	-	119,053	-	-	119,053
Total Expenditures	<u>82,751,276</u>	<u>52,563,318</u>	<u>75,999,085</u>	<u>6,284,531</u>	<u>7,677,328</u>	<u>13,290,695</u>	<u>238,566,233</u>
Excess (deficiency) of revenues over expenditures	<u>(606,742)</u>	<u>2,626,346</u>	<u>3,773,600</u>	<u>1,936,319</u>	<u>(4,022,036)</u>	<u>(2,760,723)</u>	<u>946,764</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	2,267,494	166,189	-	-	611,201	100,000	3,144,884
Transfers (out)	(1,172,495)	-	-	(1,767,500)	-	(420,000)	(3,359,995)
Bonds issued	-	-	-	-	14,960,000	-	14,960,000
Premium proceeds	-	-	-	-	93,104	-	93,104
Total other financing sources and uses	<u>1,094,999</u>	<u>166,189</u>	<u>-</u>	<u>(1,767,500)</u>	<u>15,664,305</u>	<u>(320,000)</u>	<u>14,837,993</u>
Net change in fund balances	488,257	2,792,535	3,773,600	168,819	11,642,269	(3,080,723)	15,784,757
Fund balances - January 1	44,281,447	21,275,338	17,507,726	927,315	7,415,113	26,225,755	117,632,694
Increase in reserved for inventories	-	1,713,705	-	-	-	-	1,713,705
Fund balances - December 31	<u>\$ 44,769,704</u>	<u>\$ 25,781,578</u>	<u>\$ 21,281,326</u>	<u>\$ 1,096,134</u>	<u>\$ 19,057,382</u>	<u>\$ 23,145,032</u>	<u>\$ 135,131,156</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, 2008

Net change in fund balances--total governmental funds (from previous page)	\$ 15,784,757
Increase in reserved for inventories--total governmental funds (from previous page)	1,713,705
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues reported in the governmental funds are not considered revenues in the Statement of Activities.	(1,791,417)
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	(663,039)
Bond interest payable	(29,392)
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.	13,323,556
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.	2,622,005
Expenditures reported in the governmental funds are not considered expenses in the Statement of Activities	
Intra-general government function rent	2,862,449
Deferred charges	467,114
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Assets.	(9,527,442)
Change in net assets of governmental activities	\$ 24,762,296

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, 2008

	<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	\$ 40,035,332	\$ 40,402,699	\$ 40,960,979	\$ 558,280
Licenses and permits	122,650	122,650	121,040	(1,610)
Intergovernmental	18,888,613	21,254,921	19,579,568	(1,675,353)
Charges for services	15,333,610	15,424,366	15,344,866	(79,500)
Fines and forfeitures	146,000	165,000	200,291	35,291
Earnings on investments	4,022,000	4,022,000	4,303,020	281,020
Gifts and contributions	94,394	119,394	10,003	(109,391)
Miscellaneous	1,053,977	1,228,675	1,624,767	396,092
Total revenues	<u>79,696,576</u>	<u>82,739,705</u>	<u>82,144,534</u>	<u>(595,171)</u>
<b>EXPENDITURES</b>				
General government				
Commissioners				
Personnel services	973,180	973,180	971,909	(1,271)
Other operating	204,982	204,982	201,937	(3,045)
Total commissioners	<u>1,178,162</u>	<u>1,178,162</u>	<u>1,173,846</u>	<u>(4,316)</u>
Port authority				
Other operating	35,585	35,585	35,585	-
County administrator				
Personnel services	1,275,120	1,256,648	712,762	(543,886)
Other operating	1,030,985	998,248	543,314	(454,934)
Total county administrator	<u>2,306,105</u>	<u>2,254,896</u>	<u>1,256,076</u>	<u>(998,820)</u>
Intergovernmental affairs				
Personnel services	124,581	132,008	132,008	-
Other operating	202,290	225,046	225,046	-
Total intergovernmental affairs	<u>326,871</u>	<u>357,054</u>	<u>357,054</u>	<u>-</u>
Labor relations				
Other operating	85,500	85,500	82,430	(3,070)
Planning and zoning				
Personnel services	1,347,855	1,347,855	1,174,097	(173,758)
Other operating	863,583	1,378,540	1,229,588	(148,952)
Total planning and zoning	<u>2,211,438</u>	<u>2,726,395</u>	<u>2,403,685</u>	<u>(322,710)</u>
Commitment representation				
Other operating	67,825	67,825	62,315	(5,510)
Court administrator				
Other operating	1,374,022	1,374,022	1,374,022	-
Examiner of titles				
Personnel services	176,307	176,307	116,283	(60,024)
Other operating	24,036	24,036	23,149	(887)
Total examiner of titles	<u>200,343</u>	<u>200,343</u>	<u>139,432</u>	<u>(60,911)</u>
County attorney				
Personnel services	5,648,421	5,708,461	5,477,063	(231,398)
Other operating	1,154,204	1,154,204	830,828	(323,376)
Capital outlay	42,807	42,807	-	(42,807)
Total county attorney	<u>6,845,432</u>	<u>6,905,472</u>	<u>6,307,891</u>	<u>(597,581)</u>
Subtotal	<u>14,631,283</u>	<u>15,185,254</u>	<u>13,192,336</u>	<u>(1,992,918)</u>

continued

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<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>				
County auditor				
Personnel services	3,566,211	3,565,178	3,331,993	(233,185)
Other operating	1,779,127	1,778,251	1,372,899	(405,352)
Total county auditor	<u>5,345,338</u>	<u>5,343,429</u>	<u>4,704,892</u>	<u>(638,537)</u>
County assessor				
Personnel services	1,823,176	1,823,176	1,642,564	(180,612)
Other operating	442,762	442,762	431,646	(11,116)
Total county assessor	<u>2,265,938</u>	<u>2,265,938</u>	<u>2,074,210</u>	<u>(191,728)</u>
Purchasing				
Personnel services	399,953	400,191	318,498	(81,693)
Other operating	133,521	133,521	98,785	(34,736)
Total purchasing	<u>533,474</u>	<u>533,712</u>	<u>417,283</u>	<u>(116,429)</u>
Microfilming				
Personnel services	211,684	213,721	213,721	-
Other operating	51,219	57,182	50,767	(6,415)
Total microfilming	<u>262,903</u>	<u>270,903</u>	<u>264,488</u>	<u>(6,415)</u>
Recorder				
Personnel services	1,882,104	1,882,104	1,879,031	(3,073)
Other operating	857,159	845,249	634,547	(210,702)
Capital outlay	15,000	26,910	21,910	(5,000)
Total recorder	<u>2,754,263</u>	<u>2,754,263</u>	<u>2,535,488</u>	<u>(218,775)</u>
Surveyor				
Personnel services	895,930	905,255	812,990	(92,265)
Other operating	129,875	116,450	93,100	(23,350)
Capital outlay	91,233	95,333	89,530	(5,803)
Total surveyor	<u>1,117,038</u>	<u>1,117,038</u>	<u>995,620</u>	<u>(121,418)</u>
Employee relations				
Personnel services	1,198,649	1,174,374	1,092,586	(81,788)
Other operating	516,215	465,922	424,573	(41,349)
Capital outlay	5,332	-	-	-
Total civil service	<u>1,720,196</u>	<u>1,640,296</u>	<u>1,517,159</u>	<u>(123,137)</u>
Veteran's service				
Personnel services	597,652	622,388	596,498	(25,890)
Other operating	111,958	127,878	127,752	(126)
Total veteran's service	<u>709,610</u>	<u>750,266</u>	<u>724,250</u>	<u>(26,016)</u>
Employee training				
Personnel services	100,313	123,519	121,755	(1,764)
Other operating	65,974	77,877	48,206	(29,671)
Total employee training	<u>166,287</u>	<u>201,396</u>	<u>169,961</u>	<u>(31,435)</u>
Elections				
Other operating	542,050	457,482	393,771	(63,711)
Subtotal	<u>15,417,097</u>	<u>15,334,723</u>	<u>13,797,122</u>	<u>(1,537,601)</u>

continued

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (CONTINUED)</b>				
General government				
Property management				
Personnel services	3,482,837	3,454,775	3,375,386	(79,389)
Other operating	2,473,930	2,590,055	2,500,438	(89,617)
Capital outlay	22,200	-	-	-
Total courthouses	<u>5,978,967</u>	<u>6,044,830</u>	<u>5,875,824</u>	<u>(169,006)</u>
Law library				
Other operating	169,764	194,764	177,255	(17,509)
Total General Government	<u>36,197,111</u>	<u>36,759,571</u>	<u>33,042,537</u>	<u>(3,717,034)</u>
Public safety				
Arrowhead Regional Corrections				
Other operating	10,709,730	10,709,730	10,709,730	-
Sheriff				
Personnel services	10,541,915	10,392,549	9,966,587	(425,962)
Other operating	3,171,747	4,910,134	4,628,868	(281,266)
Capital outlay	1,771,167	530,924	401,313	(129,611)
Total sheriff	<u>15,484,829</u>	<u>15,833,607</u>	<u>14,996,768</u>	<u>(836,839)</u>
Boat and water safety				
Other operating	138,109	86,048	85,456	(592)
Capital outlay	43,342	56,972	52,514	(4,458)
Total boat and water safety	<u>181,451</u>	<u>143,020</u>	<u>137,970</u>	<u>(5,050)</u>
Medical examiner				
Other operating	454,400	500,175	499,763	(412)
Emergency management				
Personnel services	191,177	193,777	193,741	(36)
Other operating	72,636	82,011	59,819	(22,192)
Total emergency management	<u>263,813</u>	<u>275,788</u>	<u>253,560</u>	<u>(22,228)</u>
Rescue squad				
Other operating	168,532	168,532	167,488	(1,044)
Capital outlay	62,302	62,302	42,376	(19,926)
Total rescue squad	<u>230,834</u>	<u>230,834</u>	<u>209,864</u>	<u>(20,970)</u>
Law enforcement service				
Personnel services	854,604	854,604	768,204	(86,400)
Other operating	95,311	95,311	80,609	(14,702)
Total law enforcement service	<u>949,915</u>	<u>949,915</u>	<u>848,813</u>	<u>(101,102)</u>
Emergency communication				
Personnel services	3,142,800	3,400,700	3,400,700	-
Other operating	487,977	516,492	516,492	-
Total emergency communication	<u>3,630,777</u>	<u>3,917,192</u>	<u>3,917,192</u>	<u>-</u>
Ambulance service				
Other operating	63,822	63,822	63,822	-
Subtotal	<u>31,969,571</u>	<u>32,624,083</u>	<u>31,637,482</u>	<u>(986,601)</u>

continued

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2008

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
Public safety				
Radio maintenance				
Personnel services	396,456	412,856	412,784	(72)
Other operating	213,673	197,473	178,993	(18,480)
Capital outlay	29,820	14,020	3,864	(10,156)
Total radio maintenance	639,949	624,349	595,641	(28,708)
Jail prisoners				
Personnel services	6,000,963	6,001,269	5,761,947	(239,322)
Other operating	5,184,950	4,829,469	4,532,477	(296,992)
Capital outlay	20,802	20,802	16,309	(4,493)
Total jail prisoners	11,206,715	10,851,540	10,310,733	(540,807)
Jail building				
Personnel services	455,656	487,469	487,469	-
Other operating	340,500	455,600	450,421	(5,179)
Total jail building	796,156	943,069	937,890	(5,179)
Mine inspector				
Personnel services	278,527	279,702	279,702	-
Other operating	32,164	30,988	29,538	(1,450)
Total mine inspector	310,691	310,690	309,240	(1,450)
Volunteer fire department				
Other operating	-	379,969	379,969	-
Sheriff's NEMESIS system				
Other operating	210,875	770,127	769,626	(501)
Sheriff fines				
Other operating	75,625	75,625	36,603	(39,022)
Attorneys forfeitures				
Other operating	-	21,507	11,930	(9,577)
Sheriffs forfeitures				
Other operating	118,000	118,000	60,838	(57,162)
Enhanced 9-1-1				
Other operating	369,907	57,455	57,631	176
Capital outlay	117,420	446,872	429,854	(17,018)
Total enhanced 9-1-1	487,327	504,327	487,485	(16,842)
City/County antenna site				
Other operating	20,500	20,500	18,400	(2,100)
Total Public Safety	45,835,409	47,243,786	45,555,837	(1,687,949)

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, 2008

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
Health				
Occupational safety				
Personnel services	392,958	369,751	340,453	(29,298)
Other operating	235,987	228,710	202,907	(25,803)
Total occupational safety	628,945	598,461	543,360	(55,101)
Total Health	628,945	598,461	543,360	(55,101)
Human services				
Heating assistance				
Other operating	92,000	92,000	92,000	-
Methamphetamine prevention				
Other operating	55,217	55,217	15,000	(40,217)
Family homelessness prevention and assistance program				
Personnel services	1,536	1,536	60	(1,476)
Other operating	261,865	-	-	-
Total family homelessness prevention and assistance program	263,401	1,536	60	(1,476)
Emergency shelter program				
Other operating	116,000	161,181	119,927	(41,254)
Total Human services	526,618	309,934	226,987	(82,947)
Culture and recreation				
Duluth Airshow				
Other operating	15,000	15,000	15,000	-
Hibbing Raceway				
Other operating	12,000	13,442	10,780	(2,662)
Veteran's Memorial Hall				
Other operating	48,412	48,412	48,412	-
Tourism promotion				
Other operating	54,178	54,178	54,178	-
Depot				
Other operating	244,900	328,565	328,564	(1)
Arrowhead Library System				
Other operating	782,389	782,389	782,389	-
Historical Society				
Other operating	256,686	256,686	256,686	-
Community fairs				
Other operating	1,000	1,000	500	(500)
County fair - north				
Other operating	12,806	12,806	12,806	-
County fair - south				
Other operating	12,806	12,806	12,806	-
Trail assistance				
Other operating	-	645,457	645,457	-
Total Culture and Recreation	1,440,177	2,170,741	2,167,578	(3,163)

continued

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (CONTINUED)</b>				
Conservation of natural resources				
North Shore Management Board				
Other operating	2,500	2,500	-	(2,500)
Soil conservation - north				
Other operating	60,000	60,000	60,000	-
Soil conservation - south				
Other operating	60,000	60,000	60,000	-
County agent				
Personnel services	234,822	234,822	234,442	(380)
Other operating	460,886	427,297	406,193	(21,104)
Total county agent	695,708	662,119	640,635	(21,484)
Youth task force				
Personnel services	63,114	63,114	62,172	(942)
Other operating	134,323	134,567	128,970	(5,597)
Total youth task force	197,437	197,681	191,142	(6,539)
Total Conservation of Natural Resources	1,015,645	982,300	951,777	(30,523)
Economic development				
Center for Ecoindustrial Development				
Other operating	5,000	5,000	-	(5,000)
Northspan				
Other operating	19,800	19,800	13,200	(6,600)
Revolving loans				
Other operating	250,000	250,000	250,000	-
Total Economic Development	274,800	274,800	263,200	(11,600)
Total Expenditures	85,918,705	88,339,593	82,751,276	(5,588,317)
Excess of revenues over (under) expenditures	(6,222,129)	(5,599,888)	(606,742)	4,993,146
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,007,295	3,187,289	2,267,494	(919,795)
Transfers (out)	(919,795)	(2,092,290)	(1,172,495)	919,795
Total other financing sources (uses)	2,087,500	1,094,999	1,094,999	-
Net change in fund balances	(4,134,629)	(4,504,889)	488,257	4,993,146
Fund Balance - January 1	44,281,447	44,281,447	44,281,447	-
Fund Balance - December 31	<u>\$ 40,146,818</u>	<u>\$ 39,776,558</u>	<u>\$ 44,769,704</u>	<u>\$ 4,993,146</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, 2008

	<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	\$ 25,832,935	\$ 25,832,935	\$ 26,009,430	\$ 176,495
Licenses and permits	28,000	28,000	38,664	10,664
Intergovernmental	37,838,320	59,356,545	26,307,065	(33,049,480)
Charges for services	349,814	789,088	1,028,775	239,687
Miscellaneous	3,843,925	1,910,600	1,805,730	(104,870)
Total Revenues	<u>67,892,994</u>	<u>87,917,168</u>	<u>55,189,664</u>	<u>(32,727,504)</u>
<b>EXPENDITURES</b>				
Current				
Administration				
Personnel services	4,685,703	4,760,380	3,734,917	(1,025,463)
Other operating	3,694,684	1,855,506	1,584,186	(271,320)
Capital outlay	95,000	84,330	73,939	(10,391)
Total administration	<u>8,475,387</u>	<u>6,700,216</u>	<u>5,393,042</u>	<u>(1,307,174)</u>
Road maintenance				
Personnel services	12,952,847	13,052,376	13,052,376	-
Other operating	3,475,523	2,998,085	1,556,964	(1,441,121)
Total road maintenance	<u>16,428,370</u>	<u>16,050,461</u>	<u>14,609,340</u>	<u>(1,441,121)</u>
Road construction				
Personnel services	-	2,542,152	2,542,152	-
Other operating	-	66,016	66,016	-
Capital outlay	32,539,436	52,247,441	16,826,270	(35,421,171)
Total road construction	<u>32,539,436</u>	<u>54,855,609</u>	<u>19,434,438</u>	<u>(35,421,171)</u>
Equipment maintenance and shops				
Personnel services	3,616,578	3,654,423	3,654,423	-
Other operating	8,432,755	9,697,183	8,813,486	(883,697)
Capital outlay	944,861	903,781	658,589	(245,192)
Total equipment maintenance and shops	<u>12,994,194</u>	<u>14,255,387</u>	<u>13,126,498</u>	<u>(1,128,889)</u>
Total Expenditures	<u>70,437,387</u>	<u>91,861,673</u>	<u>52,563,318</u>	<u>(39,298,355)</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,544,393)</u>	<u>(3,944,505)</u>	<u>2,626,346</u>	<u>6,570,851</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	148,675	166,189	17,514
Net change in fund balances	<u>(2,544,393)</u>	<u>(3,795,830)</u>	<u>2,792,535</u>	<u>6,588,365</u>
Fund Balance - January 1	21,275,338	21,275,338	21,275,338	-
Decrease in reserved for inventories	-	-	1,713,705	1,713,705
Fund Balance - December 31	<u>\$ 18,730,945</u>	<u>\$ 17,479,508</u>	<u>\$ 25,781,578</u>	<u>\$ 8,302,070</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, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 26,791,649	\$ 26,336,212	\$ 27,586,499	\$ 1,250,287
Intergovernmental	47,124,545	47,876,150	47,428,061	(448,089)
Charges for services	4,208,680	4,014,682	4,097,110	82,428
Gifts and contributions	-	-	1,718	1,718
Miscellaneous	547,886	663,186	659,297	(3,889)
Total Revenues	<u>78,672,760</u>	<u>78,890,230</u>	<u>79,772,685</u>	<u>882,455</u>
<b>EXPENDITURES</b>				
Human services				
Administration				
Personnel services	6,008,609	6,135,836	5,856,918	(278,918)
Other operating	4,385,342	4,630,533	4,459,463	(171,070)
Total administration	<u>10,393,951</u>	<u>10,766,369</u>	<u>10,316,381</u>	<u>(449,988)</u>
Income maintenance				
Personnel services	10,538,500	10,745,467	10,183,670	(561,797)
Other operating	3,337,848	3,532,518	3,182,664	(349,854)
Total income maintenance	<u>13,876,348</u>	<u>14,277,985</u>	<u>13,366,334</u>	<u>(911,651)</u>
Social services				
Personnel services	17,858,753	18,548,499	17,787,284	(761,215)
Other operating	30,153,372	30,506,131	29,803,447	(702,684)
Total social services	<u>48,012,125</u>	<u>49,054,630</u>	<u>47,590,731</u>	<u>(1,463,899)</u>
Health				
Administration				
Personnel services	962,101	859,588	561,571	(298,017)
Other operating	230,048	221,965	144,238	(77,727)
Total administration	<u>1,192,149</u>	<u>1,081,553</u>	<u>705,809</u>	<u>(375,744)</u>
Nursing				
Personnel services	3,192,749	3,199,314	2,820,021	(379,293)
Other operating	504,411	553,911	375,487	(178,424)
Total nursing	<u>3,697,160</u>	<u>3,753,225</u>	<u>3,195,508</u>	<u>(557,717)</u>
Environmental Health				
Personnel services	1,360,137	826,947	754,953	(71,994)
Other operating	185,992	128,934	69,369	(59,565)
Capital outlay	16,000	16,000	-	(16,000)
Total environmental health	<u>1,562,129</u>	<u>971,881</u>	<u>824,322</u>	<u>(147,559)</u>
Total Expenditures	<u>78,733,862</u>	<u>79,905,643</u>	<u>75,999,085</u>	<u>(3,906,558)</u>
Excess of Revenues Over (Under) Expenditures	(61,102)	(1,015,413)	3,773,600	4,789,013
Fund Balance - January 1	<u>17,507,726</u>	<u>17,507,726</u>	<u>17,507,726</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 17,446,624</u>	<u>\$ 16,492,313</u>	<u>\$ 21,281,326</u>	<u>\$ 4,789,013</u>

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

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FORFEITED TAX SALE SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<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	\$ 16,597	\$ 500
Land and timber sales	9,875,000	9,875,000	7,656,960	(2,218,040)
Miscellaneous	225,000	225,000	547,293	322,293
Total Revenues	<u>10,116,097</u>	<u>10,116,097</u>	<u>8,220,850</u>	<u>(1,895,247)</u>
<b>EXPENDITURES</b>				
Current:				
Conservation of natural resources				
Personnel services	4,480,763	4,480,763	3,409,822	(1,070,941)
Other operating	3,280,067	3,280,067	2,755,656	(524,411)
Capital outlay	287,000	287,000	119,053	(167,947)
Total conservation of natural resources	<u>8,047,830</u>	<u>8,047,830</u>	<u>6,284,531</u>	<u>(1,763,299)</u>
Excess of Revenues Over (Under) Expenditures	2,068,267	2,068,267	1,936,319	(131,948)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(2,095,407)</u>	<u>(2,095,407)</u>	<u>(1,767,500)</u>	<u>327,907</u>
Net change in fund balances	(27,140)	(27,140)	168,819	195,959
Fund Balance - January 1	<u>927,315</u>	<u>927,315</u>	<u>927,315</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 900,175</u>	<u>\$ 900,175</u>	<u>\$ 1,096,134</u>	<u>\$ 195,959</u>

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

Proprietary

Funds

## PROPRIETARY FUNDS

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

**Environmental Services** - This fund is used to account for the management and operations of solid waste activities in St. Louis County outside of the Western Lake Superior Sanitary District area.

**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, 2008

	Business-type Activities				Governmental Activities- Internal Service Funds
	Enterprise Funds				
	Environmental Services	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds	Total	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 1,319,055	\$ -	\$ 353,263	\$ 1,672,318	\$ 8,053,375
Investments	14,847,885	-	-	14,847,885	24,686,371
Delinquent taxes receivable	-	13,406	-	13,406	-
Accounts receivables (net)	32,320	1,862,636	187,681	2,082,637	686,740
Accrued interest receivable	227,523	-	-	227,523	266,887
Due from other governments	-	14	240,159	240,173	49,586
Inventories	-	72,300	8,697	80,997	266,819
Prepaid items	-	-	7,493	7,493	89,769
Restricted assets					
Debt service					
Cash and cash equivalents	-	44,184	-	44,184	-
Delinquent taxes receivable	-	5,821	-	5,821	-
Total current assets	<u>16,426,783</u>	<u>1,998,361</u>	<u>797,293</u>	<u>19,222,437</u>	<u>34,099,547</u>
Noncurrent assets:					
Restricted assets					
Financial assurance					
Cash and cash equivalents	898,436	-	-	898,436	-
Investments	2,234,365	-	-	2,234,365	-
Accrued interest receivable	93,021	-	-	93,021	-
Capital assets					
Land	233,266	130,656	-	363,922	25,500
Buildings and structures	6,538,475	6,937,563	-	13,476,038	845,198
Improvements other than buildings	8,858,095	26,385	-	8,884,480	-
Machinery and equipment	994,066	1,787,541	9,000	2,790,607	3,381,435
Linens	-	135,396	-	135,396	-
Vehicles	1,067,153	98,184	-	1,165,337	2,017,338
Less accumulated depreciation	<u>(9,924,032)</u>	<u>(3,801,414)</u>	<u>(9,000)</u>	<u>(13,734,446)</u>	<u>(4,342,761)</u>
Total capital assets, net	<u>7,767,023</u>	<u>5,314,311</u>	<u>-</u>	<u>13,081,334</u>	<u>1,926,710</u>
Total noncurrent assets	<u>10,992,845</u>	<u>5,314,311</u>	<u>-</u>	<u>16,307,156</u>	<u>1,926,710</u>
Total assets	<u>27,419,628</u>	<u>7,312,672</u>	<u>797,293</u>	<u>35,529,593</u>	<u>36,026,257</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, 2008

	Business-type Activities				Governmental Activities - Internal Service Funds
	Enterprise Funds				
	Environmental Services	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds	Total	
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	386,119	179,302	24,310	589,731	511,829
Salaries payable	82,747	348,627	54,880	486,254	145,213
Compensated absences payable	187,128	320,554	56,054	563,736	441,276
Interfund payable	-	1,041,301	148,148	1,189,449	-
Claims payable	-	-	-	-	2,938,501
Due to other funds	-	488	-	488	-
Due to other governments	39,430	2,940	1,008	43,378	113,064
Unearned revenue	-	57,930	-	57,930	1,016,721
Unearned revenue - restricted	-	4,882	-	4,882	-
Total current liabilities	<u>695,424</u>	<u>1,956,024</u>	<u>284,400</u>	<u>2,935,848</u>	<u>5,166,604</u>
Noncurrent liabilities:					
Compensated absences payable	837,222	1,301,274	261,283	2,399,779	1,593,686
Claims payable	-	-	-	-	3,611,444
OPEB obligation	-	-	-	-	647,097
Customer deposits	100	-	-	100	-
Closure and post-closure liabilities	1,489,028	-	-	1,489,028	-
Total noncurrent liabilities	<u>2,326,350</u>	<u>1,301,274</u>	<u>261,283</u>	<u>3,888,907</u>	<u>5,852,227</u>
Total Liabilities	<u>3,021,774</u>	<u>3,257,298</u>	<u>545,683</u>	<u>6,824,755</u>	<u>11,018,831</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	7,767,023	5,314,311	-	13,081,334	1,926,710
Restricted for debt service	-	45,123	-	45,123	-
Restricted for financial assurance	1,736,794	-	-	1,736,794	-
Unrestricted	14,894,037	(1,304,060)	251,610	13,841,587	23,080,716
Total net assets	<u>\$ 24,397,854</u>	<u>\$ 4,055,374</u>	<u>\$ 251,610</u>	<u>\$ 28,704,838</u>	<u>\$ 25,007,426</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(433,280)</u>	
Net assets of business type activities				<u>\$ 28,271,558</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, 2008

	Business-type Activities Enterprise Funds				Governmental Activities- Internal Service Funds
	Environmental Services	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds	Total	
Operating Revenues					
Charges for services	\$ 5,151,453	\$ 14,247,087	\$ 2,192,766	\$ 21,591,306	\$ 42,389,581
Licenses and permits	5,566	-	-	5,566	-
Other	885,269	102,666	9,615	997,550	1,247,294
Total Operating Revenues	<u>6,042,288</u>	<u>14,349,753</u>	<u>2,202,381</u>	<u>22,594,422</u>	<u>43,636,875</u>
Operating Expenses					
Personal services	3,206,740	10,582,508	1,386,482	15,175,730	4,564,176
Contractual services	3,648,367	3,157,060	276,843	7,082,270	33,220,123
Materials	222,587	1,139,635	451,481	1,813,703	2,097,581
OPEB expense	-	-	-	-	1,049,613
Depreciation	562,377	182,066	900	745,343	421,759
Total Operating Expenses	<u>7,640,071</u>	<u>15,061,269</u>	<u>2,115,706</u>	<u>24,817,046</u>	<u>41,353,252</u>
Operating Income (Loss)	<u>(1,597,783)</u>	<u>(711,516)</u>	<u>86,675</u>	<u>(2,222,624)</u>	<u>2,283,623</u>
Nonoperating Revenues (Expenses)					
Taxes	455,653	672,922	-	1,128,575	-
Grants	481,473	-	-	481,473	-
Earnings on investments	706,045	-	-	706,045	857,306
Interest expense	-	(3,277)	-	(3,277)	-
Amortization of bond issuance costs	-	(1,803)	-	(1,803)	-
Loss or gain on asset disposal	-	-	-	-	(47,695)
Total Nonoperating Revenues (Expenses)	<u>1,643,171</u>	<u>667,842</u>	<u>-</u>	<u>2,311,013</u>	<u>809,611</u>
Income (Loss) Before Transfers	45,388	(43,674)	86,675	88,389	3,093,234
Transfer in	-	1,102,038	-	1,102,038	-
Transfer out	-	(307,186)	(399,747)	(706,933)	(179,994)
Total Transfers	<u>-</u>	<u>794,852</u>	<u>(399,747)</u>	<u>395,105</u>	<u>(179,994)</u>
Change in net assets	45,388	751,178	(313,072)	483,494	2,913,240
Total net assets - January 1	<u>24,352,466</u>	<u>3,304,196</u>	<u>564,682</u>	<u>28,221,344</u>	<u>22,094,186</u>
Total net assets - December 31	<u>\$ 24,397,854</u>	<u>\$ 4,055,374</u>	<u>\$ 251,610</u>	<u>\$ 28,704,838</u>	<u>\$ 25,007,426</u>
Change in net assets				\$ 483,494	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>291,235</u>	
Change in net assets of business type activities				<u>\$ 774,729</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, 2008

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Environmental Services	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 5,169,507	\$ 13,757,914	\$ 1,996,824	\$ 20,924,245	\$ 268,485
Receipts from interfund services provided	-	-	-	-	42,537,108
Payments to suppliers	(3,793,867)	(4,389,775)	(739,648)	(8,923,290)	(5,326,903)
Payments to employees	(2,779,342)	(10,734,007)	(1,540,324)	(15,053,673)	(4,773,581)
Claims paid	-	-	-	-	(29,573,622)
Other receipts (payments)	829,381	93,525	10,094	933,000	1,199,450
Net cash provided (used) by operating activities	<u>(574,321)</u>	<u>(1,272,343)</u>	<u>(273,054)</u>	<u>(2,119,718)</u>	<u>4,330,937</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Proceeds from taxes	455,653	668,913	-	1,124,566	-
Proceeds from grants	481,473	-	-	481,473	-
Transfer to other funds	-	(307,186)	-	(307,186)	(179,994)
Proceeds from interfund transfer	-	1,041,301	-	1,041,301	-
Proceeds from interfund loan	-	-	148,148	148,148	-
Repayment of interfund loan	-	-	(124,968)	(124,968)	-
Net cash provided (used) by noncapital financing activities	<u>937,126</u>	<u>1,403,028</u>	<u>23,180</u>	<u>2,363,334</u>	<u>(179,994)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(647,460)	(11,646)	-	(659,106)	(559,453)
Principal paid on capital debt	-	(110,000)	-	(110,000)	-
Interest paid on capital debt	-	(3,575)	-	(3,575)	-
Net cash provided (used) by capital and related financing activities	<u>(647,460)</u>	<u>(125,221)</u>	<u>-</u>	<u>(772,681)</u>	<u>(559,453)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(19,082,249)	-	-	(19,082,249)	(42,575,371)
Sale of investments	19,844,724	-	-	19,844,724	39,114,309
Interest and dividends	680,953	-	-	680,953	924,064
Net cash provided by investing activities	<u>1,443,428</u>	<u>-</u>	<u>-</u>	<u>1,443,428</u>	<u>(2,536,998)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,158,773	5,464	(249,874)	914,363	1,054,492
Balances - January 1	<u>1,058,718</u>	<u>38,720</u>	<u>603,137</u>	<u>1,700,575</u>	<u>6,998,883</u>
Balances - December 31	<u>\$ 2,217,491</u>	<u>\$ 44,184</u>	<u>\$ 353,263</u>	<u>\$ 2,614,938</u>	<u>\$ 8,053,375</u>
<b>Detail on Statement of Net Assets</b>					
Cash and cash equivalents					
Current	\$ 1,319,055	\$ -	\$ 353,263	\$ 1,672,318	\$ 8,053,375
Restricted					
Debt service	-	44,184	-	44,184	-
Noncurrent					
Restricted					
Financial assurance	898,436	-	-	898,436	-
Total	<u>\$ 2,217,491</u>	<u>\$ 44,184</u>	<u>\$ 353,263</u>	<u>\$ 2,614,938</u>	<u>\$ 8,053,375</u>

continued

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities				Governmental Activities - Internal Service Funds
	Enterprise Funds				
	Environmental Services	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)	\$ (1,597,783)	\$ (711,516)	\$ 86,675	\$ (2,222,624)	\$ 2,283,623
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	562,377	182,066	900	745,343	421,759
(Increase) Decrease Receivables, net	18,054	(489,173)	(183,800)	(654,919)	20,132
(Increase) Decrease Due from other funds	-	709	-	709	-
(Increase) Decrease Due from other governments	-	3	(12,143)	(12,140)	(36,576)
(Increase) Decrease Inventories	-	3,841	7,765	11,606	(116,641)
(Increase) Decrease Prepaid Items	-	795	(6,445)	(5,650)	6,997
(Increase) Decrease Excess OPEB contributions	-	-	-	-	402,516
Increase (Decrease) Accounts payable	77,087	(97,716)	(12,644)	(33,273)	(151,706)
Increase (Decrease) Salaries payable	41,159	62,402	13,582	117,143	51,700
Increase (Decrease) Due to other funds	-	488	-	488	-
Increase (Decrease) Compensated absences payable	386,239	(213,901)	(167,423)	4,915	(11,611)
Increase (Decrease) Claims payable	-	-	-	-	429,035
Increase (Decrease) Due to other governments	16,694	(10,341)	479	6,832	(47,844)
Increase (Decrease) OPEB obligation	-	-	-	-	647,097
Increase (Decrease) Unearned revenue	-	-	-	-	432,456
Increase (Decrease) Closure and post closure	(78,148)	-	-	(78,148)	-
Total Adjustments	<u>1,023,462</u>	<u>(560,827)</u>	<u>(359,729)</u>	<u>102,906</u>	<u>2,047,314</u>
Net cash provided by operating activities	<u>\$ (574,321)</u>	<u>\$ (1,272,343)</u>	<u>\$ (273,054)</u>	<u>\$ (2,119,718)</u>	<u>\$ 4,330,937</u>
<b>NON-CASH ACTIVITIES</b>					
Net asset transfer from Laundry Fund	\$ -	\$ 399,747	\$ -	\$ 399,747	\$ -
Net asset transfer to Chris Jensen	-	-	(399,747)	(399,747)	-

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

Fiduciary

Funds

## FIDUCIARY FUNDS

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

**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, 2008

	<u>Private-Purpose Trust Fund</u>	<u>Investment Trusts</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,558	\$ 613,691	\$ 12,053,496
Investments	35,902	22,700,000	2,268,018
Delinquent taxes receivable	-	-	664,198
Accounts receivable	-	-	41,667
Accrued interest receivable	377	307,553	39,856
Due from other funds	488	-	-
Due from other governments	-	-	2,058,571
Prepaid items	-	-	2,441
Total Assets	<u>51,325</u>	<u>23,621,244</u>	<u>17,128,247</u>
<b>LIABILITIES</b>			
Accounts payable	-	-	1,110,396
Salaries payable	-	-	650,278
Due to other governments	-	562,753	15,367,573
Total Liabilities	<u>-</u>	<u>562,753</u>	<u>17,128,247</u>
<b>NET ASSETS</b>			
Held in trust for pool participants and other purposes	<u>\$ 51,325</u>	<u>\$ 23,058,491</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, 2008

	<b>Private-Purpose Trust Fund</b>	<b>Investment Trusts</b>
<b>ADDITIONS</b>		
Taconite taxes	\$ -	\$ 36,354,666
Earnings on investments	1,820	1,031,774
Miscellaneous	166,596	-
Total Additions	168,416	37,386,440
<b>DEDUCTIONS</b>		
Refunds of contributions	215,550	-
Distributions to participants	-	39,992,215
Total Deductions	215,550	39,992,215
Changes in net assets	(47,134)	(2,605,775)
Net assets - January 1	98,459	25,664,266
Net assets - December 31	\$ 51,325	\$ 23,058,491

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

Notes to the  
Financial Statement

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2008

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ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2008

**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.

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2008

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

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. The Laundry Enterprise Fund was closed effective January 1, 2008.

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.

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2008

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, 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.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2008

**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	\$ 105,917,056	\$ -	\$ 8,053,375	\$ -	\$ 113,970,431
Investments	18,911,181	-	24,686,371	-	43,597,552
Assets held by escrow agent	8,082,920	-	-	-	8,082,920
Delinquent taxes receivable	4,854,686	-	-	(4,854,686)	-
Accounts receivable (net)	12,401,147	-	686,740	(13,087,887)	-
Accrued interest receivable	933,124	-	266,887	(1,200,011)	-
Loans receivable	1,229,113	-	-	(1,229,113)	-
Leases receivable	48,500	-	-	(48,500)	-
Interfund receivable	1,191,347	-	-	(1,191,347)	-
Due from other governments	10,927,892	-	49,586	(10,977,478)	-
Receivables (net)	-	-	-	31,397,675	31,397,675
Internal balances	-	-	433,280	1,189,449	1,622,729
Inventories	7,353,047	-	266,819	-	7,619,866
Prepaid items	5,701	-	89,769	-	95,470
Deferred charges	-	467,114	-	-	467,114
Capital assets not being depreciated	-	4,516,030	25,500	-	4,541,530
Capital assets being depreciated, net	-	370,549,502	1,901,210	-	372,450,712
Total Assets	<u>171,855,714</u>	<u>375,532,646</u>	<u>36,459,537</u>	<u>(1,898)</u>	<u>583,845,999</u>
<b>LIABILITIES</b>					
Accounts payable	5,296,551	-	511,829	12,881,460	18,689,840
Contracts payable	581,835	-	-	(581,835)	-
Salaries payable	3,898,801	-	145,213	(4,044,014)	-
Bond interest payable	-	192,182	-	(192,182)	-
Interfund payable	1,898	-	-	(1,898)	-
Due to other governments	3,568,310	4,382,055	113,064	(8,063,429)	-
Unearned revenue	2,455,182	-	1,016,721	-	3,471,903
Deferred revenue	18,926,151	(18,926,151)	-	-	-
Advance from other governments	1,995,830	-	-	-	1,995,830
Noncurrent liabilities					
Due within one year	-	11,472,191	3,379,777	-	14,851,968
Due in more than one year	-	78,787,717	5,852,227	-	84,639,944
Total Liabilities	<u>36,724,558</u>	<u>75,907,994</u>	<u>11,018,831</u>	<u>(1,898)</u>	<u>123,649,485</u>
<b>FUND BALANCE/NET ASSETS</b>					
Invested in capital assets, net of related debt	-	344,029,923	1,926,710	-	345,956,633
Restricted					
Reserved	23,026,706	-	-	(12,251,428)	10,775,278
Special revenue funds	6,834,234	-	-	-	6,834,234
Debt service fund	9,734,039	-	-	(192,182)	9,541,857
Capital projects fund	17,806,904	-	-	(17,806,904)	-
Unrestricted					
Designated	77,517,220	-	-	9,359,239	86,876,459
Undesignated	212,053	(44,405,271)	23,513,996	20,891,275	212,053
Total unrestricted	<u>77,729,273</u>	<u>(44,405,271)</u>	<u>23,513,996</u>	<u>30,250,514</u>	<u>87,088,512</u>
Total Fund Balance/Net Assets	<u>135,131,156</u>	<u>299,624,652</u>	<u>25,440,706</u>	<u>-</u>	<u>460,196,514</u>
Total Liabilities and Fund Balance/Net Assets	<u>\$ 171,855,714</u>	<u>\$ 375,532,646</u>	<u>\$ 36,459,537</u>	<u>\$ (1,898)</u>	<u>\$ 583,845,999</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2008

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

Adjustment for deferred charges	\$ 467,114
Cost of capital assets	607,063,116
Accumulated depreciation	(231,997,584)
	\$ 375,532,646

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	\$ 18,926,151
Adjustment of due to other governments	\$ 4,382,055

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, 2008 were:

Bond interest payable	\$ 192,182	
	Due Within One Year	Due In More Than One Year
Bonds and notes payable	\$ 5,164,946	\$ 49,195,105
Compensated absences	6,239,045	29,360,512
Capital leases payable	68,200	232,100
	\$ 11,472,191	\$ 78,787,717

(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	\$ 1,622,729
--	--------------

(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.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2008

**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	\$ 102,853,734	\$ 509,489	\$ -	\$ -	\$ -	\$ 103,363,223
Licenses and permits	159,704	-	-	-	-	159,704
Intergovernmental	99,521,527	(1,058,955)	-	-	-	98,462,572
Charges for services	20,470,751	(2,862,449)	-	-	-	17,608,302
Fines and forfeits	200,291	-	-	-	-	200,291
Earnings on investments	3,459,176	-	-	857,306	-	4,316,482
Gifts and contributions	11,721	-	-	-	-	11,721
Land and timber sales	7,656,960	1,657,597	-	-	-	9,314,557
Miscellaneous	5,179,133	(37,099)	-	-	-	5,142,034
Other sources:						
Bonds issued	14,960,000	-	-	-	(14,960,000)	-
Premium proceeds	93,104	-	-	-	(93,104)	-
<b>Total</b>	<b>254,566,101</b>	<b>(1,791,417)</b>	<b>-</b>	<b>857,306</b>	<b>(15,053,104)</b>	<b>238,578,886</b>
<b>Expenditures/Expenses</b>						
<b>Current:</b>						
General government	33,244,633	(3,155,021)	1,215,128	(374,190)	(140,240)	30,790,310
Public safety	45,060,321	(23,024)	1,501,808	(609,834)	302,635	46,231,906
Highways and streets	36,234,934	(1,713,705)	8,000,481	(293,338)	(330,075)	41,898,297
Health and sanitation	5,268,999	-	3,529	(75,765)	(177,042)	5,019,721
Human services	71,500,433	-	-	(534,614)	531,940	71,497,759
Culture and recreation	2,217,578	-	-	-	-	2,217,578
Conservation of natural resources	8,927,491	663,039	195,717	(55,272)	110,116	9,841,091
Economic development	3,953,672	-	26,448	(1,680)	34,265	4,012,705
Debt service:						
Principal	5,857,261	-	-	-	(5,857,261)	-
Interest and other charges	1,882,726	29,392	-	-	-	1,912,118
Bond issuance costs	151,518	(151,518)	-	-	-	-
Capital outlay	24,266,667	-	(24,266,667)	-	-	-
<b>Total</b>	<b>238,566,233</b>	<b>(4,350,837)</b>	<b>(13,323,556)</b>	<b>(1,944,693)</b>	<b>(5,525,662)</b>	<b>213,421,485</b>
<b>Other financing uses/changes in net assets:</b>						
Transfers in	(3,144,884)	-	-	-	-	(3,144,884)
Transfers out	3,359,995	-	-	179,994	-	3,539,989
Increase in inventories	(1,713,705)	1,713,705	-	-	-	-
<b>Total</b>	<b>(1,498,594)</b>	<b>1,713,705</b>	<b>-</b>	<b>179,994</b>	<b>-</b>	<b>395,105</b>
<b>Net change for the year</b>	<b>\$ 17,498,462</b>	<b>\$ 845,715</b>	<b>\$ 13,323,556</b>	<b>\$ 2,622,005</b>	<b>\$ (9,527,442)</b>	<b>\$ 24,762,296</b>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2008

(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	\$ 509,489
Long-term receivables:	
Intergovernmental	(1,058,955)
Intra-general government function rent	(2,862,449)
Land & timber sales	1,657,597
General fund	(37,099)
	\$ (1,791,417)

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	\$ 663,039
Bond interest payable	\$ 29,392

(2) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ (24,266,667)
Depreciation expense	10,943,111
Difference	\$ (13,323,556)

(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	\$ (5,857,261)
Compensated absences	475,345
Gravel pit purchase	(65,000)
Other	(78,746)
	\$ (5,525,662)

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2008

**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: \$22,631,644.

**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, 2007, 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, 2008. Although comparative statements for 2007 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 2008 were \$4,303,020. Each fund's share of the pool is shown on the financial statements as "Cash and Cash Equivalents." For proprietary fund-type statement of cash flows, all change funds and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

St. Louis County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares. Information relating to the MAGIC Fund can be obtained from Client Services Group, Minnesota Association of Governments Investing for Counties c/o PFM Asset Management LLC, P.O. Box 11760, Harrisburg, Pennsylvania, 17108-11760.

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

**Property Taxes**

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

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

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**Inventories**

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

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 Environmental Services Fund. When an expense is incurred for which both restricted and unrestricted net assets are available, restricted resources are applied first.

**Capital Assets**

Capital assets, which include property, plant, equipment, 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 \$6,755,359 (total accumulated sick leave less estimated amounts of vested and vesting sick leave) at December 31, 2008 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 \$1,489,028 for the open area reported on the Environmental Services Enterprise Fund statement of net assets as landfill closure and postclosure liability at December 31, 2008, represents the following:

Postclosure liability

This is the liability for post closure costs for the Regional Landfill.	\$824,382
It is based on the use of 61.85% 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 61.85% of the existing open area.	\$664,646

The County will recognize the remaining \$810,024 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 2009. The County expects the open area to be closed in 2011 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, 2008, restricted assets of \$3,225,822 are included in the amounts shown on the Environmental Services 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 \$28,933,286 of restricted net assets, of which \$20,404,461 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, 2008; 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 \$114,251 as of December 31, 2008. The fund was closed effective January 1, 2009.

ST. LOUIS COUNTY, MINNESOTA  
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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		\$ 113,970,431
Investments		43,597,552
Business-type Activities:		
Current assets:		
Cash and cash equivalents		1,672,318
Investments		14,847,885
Restricted assets:		
Debt Service		
Cash and cash equivalents		44,184
Financial Assurance		
Cash and cash equivalents		898,436
Investments		2,234,365
Fiduciary Activities		
Current assets:		
Cash and cash equivalents		12,681,745
Investments		25,003,920
Total		<u>214,950,836</u>
Deposits		135,880,390
Cash on hand		844,082
Investments		78,226,364
Total deposits, cash on hand, and investments		<u>\$ 214,950,836</u>

(Amounts in Dollars)

	<u>Held for Individual Investment Accounts - Investment Trust Funds</u>	<u>Held for All Other County Funds</u>	<u>Total</u>
Cash and cash equivalents	613,691	128,653,423	129,267,114
Investments	22,700,000	62,983,722	85,683,722
Total	<u>23,313,691</u>	<u>191,637,145</u>	<u>214,950,836</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, 2008, 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, 2008, 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	\$ 48,672,000	\$ 37,251,000	\$ 10,275,000	\$ 860,000	\$ 286,000
Minnesota State Board of Investment	4,925,181	4,925,181	-	-	-
FHLB	8,569,375	-	-	4,523,750	4,045,625
FHLMC	13,255,402	-	-	5,231,433	8,023,969
FFCB	798,468	-	-	-	798,468
FNMA	2,005,938	-	-	-	2,005,938
<b>Total</b>	<b>\$ 78,226,364</b>	<b>\$ 42,176,181</b>	<b>\$ 10,275,000</b>	<b>\$ 10,615,183</b>	<b>\$ 15,160,000</b>

ST. LOUIS COUNTY, MINNESOTA  
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*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy requires at least 40% of total investments to have terms of one year or less. 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, 2008, is as follows:

Rating	Fair Value
S&P AAA	24,629,183

*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, 2008, 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 30% 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:

	<u>(Amounts in Dollars)</u>	
	<u>Equity in Pool</u>	<u>Advances</u>
Governmental Activities:		
General Fund	46,305,301	
Special Revenue Funds:		
Road and Bridge	23,559,600	
Public Health and Human Services	21,947,008	
Forfeited Tax Sale	345,535	
Housing and Redevelopment Authority	858,686	
Community Development Block Grant	-	(148)
Northeast Minnesota Housing Consortium	-	(1,750)
Septic Loan	151,081	
Forest Resources	6,125,077	
Debt Service Fund	1,598,411	
Capital Projects Fund	5,723,693	
Permanent Fund	494,011	
Internal Service Funds	8,053,375	
Total Equity	<u>115,161,778</u>	
Less: Advances		<u>(1,898)</u>
Total Governmental Activities	<u>115,159,880</u>	
Business Activities:		
Environmental Services	2,217,491	
Chris Jensen Health & Rehabilitation	44,184	(1,041,301)
Community Food	60	(148,148)
Supervised Living Facilities	353,203	
Total Equity	<u>2,614,938</u>	
Less: Advances		<u>(1,189,449)</u>
Total Business Activities	<u>1,425,489</u>	
Fiduciary Activities:		
Private-Purpose Trust Fund	14,558	
Investment Trust Funds	613,691	
Agency Funds	12,053,496	
Total Fiduciary Activities	<u>12,681,745</u>	
Total	<u>129,267,114</u>	<u>(1,191,347)</u>

ST. LOUIS COUNTY, MINNESOTA  
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**Receivables**

Receivables as of December 31, 2008 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	\$ 4,854,686	\$ -
Accounts receivable	13,087,887	5,094,462
Accrued interest receivable	1,200,011	-
Loans receivable	1,229,113	1,129,045
Leases receivable	48,500	32,000
Due from other governments	10,977,478	-
Total Governmental Activities	\$ 31,397,675	\$ 6,255,507
<b>Business Activities</b>		
Taxes	\$ 13,406	\$ -
Accounts Receivable	2,082,637	-
Accrued interest receivable	227,523	-
Due from other governments	240,173	-
Total Business Activities	\$ 2,563,739	\$ -

**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, 2008, including interest \$ 736,803

The long-term loan receivable from the South St. Louis County Fair Association is \$199,871 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 \$1,255,816, leaving a carrying value of \$4,692,788. 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	
2009	\$ 168,919
2010	168,919
2011	168,919
2012	112,615
Total	\$ 619,372

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**Due From Other Governments**

The following amounts were due from other governments at December 31, 2008:

	(Amounts in Dollars)			
	Federal	State	Local/Other	Total
Governmental Activities:				
General Fund	\$ 10,447	\$ 898,470	\$ 66,988	\$ 975,905
Special Revenue Funds				
Road and Bridge	1,733,684	2,134,419	522,884	4,390,987
Public Health and Human Services	1,397,045	3,852,652	3,078	5,252,775
Forfeited Tax Sale	-	18	-	18
Community Development Block Grant	173,463	-	-	173,463
Northeast Minnesota Housing Consortium	104,210	-	-	104,210
Total Special Revenue Funds	3,408,402	5,987,089	525,962	9,921,453
Debt Service Fund	-	41	-	41
Capital Projects Fund	-	-	30,493	30,493
Internal Service Funds	-	42,486	7,100	49,586
Total Governmental Activities	3,418,849	6,928,086	630,543	10,977,478
Business-type Activities:				
Enterprise Funds	-	189,072	51,101	240,173
Fiduciary Activities:				
Agency Funds	-	1,911,028	147,543	2,058,571
Total	\$ 3,418,849	\$ 9,028,186	\$ 829,187	\$ 13,276,222

**Restricted Assets**

Business-type activities

Debt service

Cash and cash equivalents	\$ 44,184
Delinquent taxes receivable	5,821

Financial assurance

Cash and cash equivalents	898,436
Investments	2,234,365
Accrued interest receivable	93,021

Total	<u>\$ 3,275,827</u>
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ST. LOUIS COUNTY, MINNESOTA  
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**Capital Assets**

Capital asset activity for the year ended December 31, 2008 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,998,671	\$ -	\$ -	\$ 1,998,671
Construction in progress	1,460,302	2,501,388	(1,418,831)	2,542,859
Total capital assets, not being depreciated	<u>3,458,973</u>	<u>2,501,388</u>	<u>(1,418,831)</u>	<u>4,541,530</u>
Capital assets, being depreciated:				
Buildings and structures	101,413,989	1,929,628	-	103,343,617
Machinery and equipment	18,916,575	1,556,034	(3,216,629)	17,255,980
Vehicles	47,358,522	3,431,631	(3,538,134)	47,252,019
Infrastructure	424,113,171	16,826,270	-	440,939,441
Total capital assets being depreciated	<u>591,802,257</u>	<u>23,743,563</u>	<u>(6,754,763)</u>	<u>608,791,057</u>
Less accumulated depreciation for:				
Buildings and structures	(34,614,921)	(2,366,587)	-	(36,981,508)
Machinery and equipment	(14,498,511)	(1,070,703)	3,183,551	(12,385,663)
Vehicles	(30,824,731)	(2,526,080)	3,114,889	(30,235,922)
Infrastructure	(151,744,380)	(4,992,872)	-	(156,737,252)
Total accumulated depreciation	<u>(231,682,543)</u>	<u>(10,956,242)</u>	<u>6,298,440</u>	<u>(236,340,345)</u>
Total capital assets, being depreciated, net	<u>360,119,714</u>	<u>12,787,321</u>	<u>(456,323)</u>	<u>372,450,712</u>
Governmental activities, capital assets, net	<u>\$ 363,578,687</u>	<u>\$ 15,288,709</u>	<u>\$ (1,875,154)</u>	<u>\$ 376,992,242</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 363,922	\$ -	\$ -	\$ 363,922
Capital assets, being depreciated:				
Buildings and structures	13,442,088	33,950	-	13,476,038
Improvements other than buildings	8,295,873	588,607	-	8,884,480
Machinery and equipment	2,778,961	11,646	-	2,790,607
Linens	137,301	-	(1,905)	135,396
Vehicles	1,146,934	24,903	(6,500)	1,165,337
Total capital assets being depreciated	<u>25,801,157</u>	<u>659,106</u>	<u>(8,405)</u>	<u>26,451,858</u>
Less accumulated depreciation for:				
Buildings and structures	(5,102,468)	(353,714)	-	(5,456,182)
Improvements other than buildings	(5,376,055)	(178,430)	-	(5,554,485)
Machinery and equipment	(1,714,223)	(126,696)	-	(1,840,919)
Vehicles	(802,857)	(86,503)	6,500	(882,860)
Total accumulated depreciation	<u>(12,995,603)</u>	<u>(745,343)</u>	<u>6,500</u>	<u>(13,734,446)</u>
Total capital assets, being depreciated, net	<u>12,805,554</u>	<u>(86,237)</u>	<u>(1,905)</u>	<u>12,717,412</u>
Business-type activities, capital assets, net	<u>\$ 13,169,476</u>	<u>\$ (86,237)</u>	<u>\$ (1,905)</u>	<u>\$ 13,081,334</u>

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

Governmental activities	
General government	\$ (1,213,192)
Public safety	(1,385,030)
Highways	(7,710,567)
Health and sanitation	(3,529)
Conservation of natural resources	(195,717)
Economic development	(26,448)
Internal Service Funds	(421,759)
Total depreciation expenses - governmental activities	<u>\$ (10,956,242)</u>

Business-type activities	
Environmental Services	\$ (562,377)
Chris Jensen Health and Rehabilitation Center	(182,066)
Other Enterprise Funds	(900)
Total depreciation expenses - business-type activities	<u>\$ (745,343)</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	\$ 12,959	\$ 262,132	\$ 1,603,671	\$ 248,371	\$ 2,127,133
Special Revenue Funds:					
Road and Bridge	-	4,550,211	858,155	422,439	5,830,805
Public Health and Human Services	-	882,824	1,231,460	-	2,114,284
Forfeited Tax Sale	-	-	-	10,955,137	10,955,137
Housing and Redevelopment Authority	-	-	8,770	-	8,770
Debt Service Fund	-	-	278,579	-	278,579
Capital Projects Fund	-	-	66,625	-	66,625
Internal Service Funds	1,016,721	-	-	-	1,016,721
Total Governmental Activities	<u>1,029,680</u>	<u>5,695,167</u>	<u>4,047,260</u>	<u>11,625,947</u>	<u>22,398,054</u>
Business-type Activities:					
Enterprise Funds	48,518	-	14,294	-	62,812
Total	<u>\$ 1,078,198</u>	<u>\$ 5,695,167</u>	<u>\$ 4,061,554</u>	<u>\$ 11,625,947</u>	<u>\$ 22,460,866</u>

ST. LOUIS COUNTY, MINNESOTA  
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Statement of Net Assets			
	Accounts Receivable	Aid and Grants	Total
Governmental Activities:			
General Fund	\$ 12,959	\$ 251,475	\$ 264,434
Special Revenue Funds			
Road & Bridge	-	2,000,000	2,000,000
Public Health and Human Services	-	190,748	190,748
Internal Service Funds	1,016,721	-	1,016,721
Total Governmental Activities	1,029,680	2,442,223	3,471,903
Business-type Activities:			
Enterprise Funds	57,930	-	57,930
Total	\$ 1,087,610	\$ 2,442,223	\$ 3,529,833

**Advance From Other Governments**

The Minnesota Department of Transportation (MnDOT) has advanced to the County a portion of future years' regular construction allotment funds for the purpose of financing current County state-aid projects. The balance of \$1,995,830 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 82% of its normal construction allotment during 2009.

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**Long-Term Debt**

Long-term liability activity for the year ended December 31, 2008 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	\$ 9,610,000	\$ -	\$ (890,000)	\$ 8,720,000	\$ 925,000
Jail Refunding Bond 2002B	1,382,205	-	(1,382,205)	-	-
Capital Improvement Bonds 2004A	11,702,061	-	(790,628)	10,911,433	815,628
Capital Equipment Notes 2004B	760,696	-	(760,696)	-	-
Refunding Bonds 2004C	507,035	-	(162,412)	344,623	172,412
Capital Improvement Bonds 2005A	5,506,669	-	(338,390)	5,168,279	348,390
LEC Refunding Bonds 2005B Capital Improvement	2,226,585	-	(400,661)	1,825,924	420,661
Crossover Bonds 2006A	7,918,448	-	(8,237)	7,910,211	8,237
Capital Equipment Notes 2007	5,029,239	-	(1,123,354)	3,905,885	1,253,354
Capital Equipment Notes 2008	-	3,632,181	(1,711)	3,630,470	666,859
Capital Improvement Bonds 2008	-	11,420,923	(452)	11,420,471	527,713
General obligation revenue notes	535,116	-	(12,361)	522,755	26,692
<b><i>Total bonds, notes and tax lease obligations payable</i></b>	<b>45,178,054</b>	<b>15,053,104</b>	<b>(5,871,107)</b>	<b>54,360,051</b>	<b>5,164,946</b>
Other Liabilities					
Gravel pit purchase	65,000	-	(65,000)	-	-
Compensated absences	37,170,787	10,012,552	(9,548,820)	37,634,519	6,680,321
Claims payable	6,120,910	30,002,657	(29,573,622)	6,549,945	2,938,501
Capital leases payable	365,200	-	(64,900)	300,300	68,200
Other post employment benefits obligation	(402,516)	1,729,664	(680,051)	647,097	-
<b><i>Total other liabilities</i></b>	<b>43,319,381</b>	<b>41,744,873</b>	<b>(39,932,393)</b>	<b>45,131,861</b>	<b>9,687,022</b>
<b>Governmental activities long-term liabilities</b>	<b>\$ 88,497,435</b>	<b>\$ 56,797,977</b>	<b>\$ (45,803,500)</b>	<b>\$ 99,491,912</b>	<b>\$ 14,851,968</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b><i>Bonds Payable</i></b>					
General obligation debt					
2002 Jensen - payable from restricted assets	\$ 110,000	\$ -	\$ (110,000)	\$ -	\$ -
Other Liabilities					
Compensated absences	2,958,600	877,141	(872,226)	2,963,515	563,736
Customer deposits	100	-	-	100	-
Closure and post-closure liabilities	1,567,176	-	(78,148)	1,489,028	-
<b><i>Total other liabilities</i></b>	<b>4,525,876</b>	<b>877,141</b>	<b>(950,374)</b>	<b>4,452,643</b>	<b>563,736</b>
<b>Business-type activities long term liabilities</b>	<b>\$ 4,635,876</b>	<b>\$ 877,141</b>	<b>\$ (1,060,374)</b>	<b>\$ 4,452,643</b>	<b>\$ 563,736</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$8,584,907 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 General Fund and Road and Bridge, Public Health and Human Services, and the Forfeited Tax Sale Special Revenue funds.

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(Amounts in Dollars)

*General obligation bonds and notes payable at December 31, 2008, 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>	8,720,000
<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 \$61,433. This bond was issued to finance capital improvements.</p>	10,911,433
<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 \$4,623. This bond was issued to refund the AJC GO Bonds Series 1995.</p>	344,623
<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 \$13,279. This bond was issued to finance capital improvements</p>	5,168,279
<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 \$80,924. 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>	1,825,924
<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 \$65,211. 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>	7,910,211
<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 \$20,885. This bond was issued to finance capital equipment purchases.</p>	3,905,885
<p>\$3,580,000 General Obligation Capital Equipment Note due in annual installments of \$665,000 to \$770,000 on December 1, 2009 through 2013; interest at 3.50 percent, including unamortized premium of \$50,470.</p>	3,630,470
<p>\$11,380,000 General Obligation Capital Improvement Bonds due in annual installments of \$525,000 to \$1,010,000 on December 1, 2009 through 2023; interest at 3.50 to 5.00 percent, including unamortized premium of \$40,471.</p>	11,420,471

*General obligation revenue notes payable at December 31, 2008, 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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<p>\$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.</p>	200,000
<p>\$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.</p>	15,922
<p>\$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.</p>	200,000
<p>\$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.</p>	79,000

**Fund Long-Term Debt**

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

Year Ending 12/31/08	General Obligation	
	Principal	Interest
2009	\$ 5,163,352	\$ 2,239,160
2010	6,432,070	1,975,357
2011	6,495,744	1,729,597
2012	5,369,630	1,473,029
2013	5,051,790	1,261,995
2014-2018	18,844,781	3,555,636
2019-2023	6,994,784	795,675
2024	7,900	-
<b>Total:</b>	<b>\$ 54,360,051</b>	<b>\$ 13,030,449</b>

ST. LOUIS COUNTY, MINNESOTA  
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The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2008, of all governmental units which provide services within the County's borders, and which must be borne by properties in the County, is summarized below:

	(Amounts in Dollars)		
	Outstanding	Percentage Applicable to the County	County Share of Debt
<b>Direct Debt</b>			
St. Louis County	54,360,051	100.00	54,360,051
<b>Overlapping Debt</b>			
School Districts	78,780,000	19.82	15,613,332
Western Lake Superior Sanitary District	57,792,052	83.46	48,232,900
<b>Underlying Debt</b>			
Cities	172,496,947	100.00	172,496,947
School Districts	128,400,024	100.00	128,400,024
Towns	2,325,938	100.00	2,325,938
Duluth Entertainment and Convention Center	2,225,000	100.00	2,225,000
Virginia Housing and Redevelopment Authority	5,640,000	100.00	5,640,000
Duluth/North Shore Sanitary District	8,813,453	100.00	8,813,453
<b>Total</b>	<b>510,833,465</b>		<b>438,107,645</b>

**Lease Obligations**

**Operating Leases**

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

The following is a summary of the operating lease expense for 2008:

Type of Property	
Rental of office space and parking facilities	\$ 560,096
Data processing software	17,764
Hardware	580,401
<b>Total rental expense</b>	<b>\$ 1,158,261</b>

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2008:

Year Ended	
2009	\$ 1,150,465
2010	1,150,465
2011	1,150,465
2012	1,150,465
2013	1,150,465
<b>Total future minimum lease payments</b>	<b>\$ 5,752,325</b>

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**Capital Lease**

The capital lease of the County at December 31, 2008 is shown below:

<u>Type of Property</u>	<b>Governmental Activities</b>
Maintenance facility	\$ 908,924
Less: accumulated depreciation	(308,024)
Carrying value	<b><u>\$ 600,900</u></b>

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at December 31, 2008:

<b>Year Ending</b>	<b>Governmental Activities</b>
2009	\$ 85,237
2010	85,131
2011	84,744
2012	85,141
Total future minimum lease payments	340,253
Less: Amount representing interest	(39,953)
Present value of future minimum lease	<b><u>\$ 300,300</u></b>

**Construction Commitments**

At December 31, 2008, the County had construction commitments as follows:

	<b>(Amounts in Dollars)</b>			<b>Required Further Financing</b>
	<b>Authorized Projects</b>	<b>Expended to Date</b>	<b>Commitments</b>	
Chris Jensen Boiler Replacements	663,314	632,820	30,494	-
Virginia Courthouse Annex Remodeling	386,684	362,796	23,888	-
Duluth Courthouse HVAC Upgrades	253,005	197,765	55,240	-
Law Enforcement Equipment	1,164,044	1,145,690	18,354	-
GSC Elevator Upgrades	300,000	948	11,104	-
Duluth Courthouse Retaining Wall	175,000	894	113	-
Duluth Courthouse Window Replacement	850,000	1,137	-	-
Duluth Courthouse Sally Port	3,000,000	128,593	-	-
Meadowlands Maintenance Facility	2,500,000	72,216	71,473	-
Total	<b><u>9,292,047</u></b>	<b><u>2,542,859</u></b>	<b><u>210,666</u></b>	-

ST. LOUIS COUNTY, MINNESOTA  
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**Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains three internal service funds to account for and finance its purchased insurance and uninsured risks of loss. In none of the past three years did the County have a loss exceeding coverage for purchased insurance. Insurance coverage has not significantly changed from the prior year.

The Property, Casualty, Liability Insurance Fund covers claims and judgments against the County, including administrative expenses and expenses for third-party coverage. All risk, except fire and property damage to major structures is assumed. Maximum third-party coverage for property damage is limited to the estimated value of the property. No claims have exceeded coverage. Premiums are charged to other County funds on the historical basis and are reported as quasi-external transactions. The estimated liability at year end is based on a case-by-case evaluation by the County Attorney's Office and is consistent with the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County Attorney's Office estimated settlements to be \$322,092 at December 31, 2008, 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 \$1,640,000 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 \$1,640,000 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, 2008, 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 present valued at 2.94%

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.

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

	(Amounts in Dollars)		
	<b>Property, Casualty, &amp; Liability Insurance Fd</b>	<b>Workers' Compensation Insurance Fund</b>	<b>Medical/ Dental Insurance Fund</b>
Beginning of fiscal year liability for claims	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)
	<b>102,250</b>	<b>3,827,829</b>	<b>2,190,831</b>

Changes in the funds' claims liability amounts during 2008 were:

	(Amounts in Dollars)		
	<b>Property, Casualty, &amp; Liability Insurance Fd</b>	<b>Workers' Compensation Insurance Fund</b>	<b>Medical/ Dental Insurance Fund</b>
Beginning of fiscal year liability for claims	102,250	3,827,829	2,190,831
Current year claims and changes in estimates	140,468	2,551,787	25,498,339
Claim payments	(199,439)	(1,982,210)	(25,579,910)
	<b>43,279</b>	<b>4,397,406</b>	<b>2,109,260</b>

**Retirement Plan**

**Plan Description**

All full-time and certain part-time employees of St. Louis County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the 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.

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PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute 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. Normal retirement age is 55 for Public Employees Police and Fire Fund members and Employees Correctional Fund members, and either 65 or 66 (depending on date hired) for Public Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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 9.1 and 6.0 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members were required to contribute 8.6 percent of their annual covered salary in 2008. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2008 and 2009:

	<u>2008</u>	<u>2009</u>
Public Employees Retirement Fund		
Basic Plan Members	11.78%	11.78%
Coordinated Plan Members	6.50%	6.75%
Public Employees Police and Fire Fund	12.90%	14.10%
Public Employees Correctional Fund	8.75%	8.75%

ST. LOUIS COUNTY, MINNESOTA  
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The County's contributions for the years ending December 31, 2008, 2007, and 2006, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Public Employees Retirement Fund	\$ 5,919,839	\$ 5,652,641	\$ 5,344,719
Public Employees Police and Fire Fund	986,555	878,714	772,649
Public Employees Correctional Employees Fund	590,399	474,597	456,820

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

**Defined Contribution Plan**

Five 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 plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate and is the authority for amending plan provisions. An eligible elected official who decides to participate contributes 5.0 percent of salary, which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2008, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$15,338	\$15,338
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, 2008, is as follows:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Patients' Escrow Private Purpose Trust Fund	Chris Jensen Health and Rehabilitation Enterprise Fund	\$ 488

ST. LOUIS COUNTY, MINNESOTA  
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**Interfund Receivables/Payables (for deficit cash balances):**

Receivable Fund	Payable Fund	Amount
General	Community Development Block Grant Fund	\$ 148
	Northeast Minnesota Housing Consortium Fund	1,750
	Chris Jensen Health and Rehabilitation Fund	1,041,301
	Community Food Fund	148,148
	Total	<u>\$ 1,191,347</u>

**Interfund Transfers:**

Major fund	Major			Total Transfers In Major
	General	Forfeited Tax Sale	Chris Jensen Health and Rehabilitation	
General	\$ -	\$ 1,767,500	\$ -	\$ 1,767,500
Road and Bridge	166,189	-	-	166,189
Capital Projects	304,015	-	307,186	611,201
Chris Jensen Health and Rehabilitation	702,291	-	-	702,291
Total Transfers Out	<u>\$ 1,172,495</u>	<u>\$ 1,767,500</u>	<u>\$ 307,186</u>	<u>\$ 3,247,181</u>

Major fund	Nonmajor					Total Transfers In
	Forest Resources	Shoreline Sales	Laundry	County Garage	Management Information Systems	
General	\$ 200,000	\$ 120,000	\$ -	\$ 94,994	\$ 85,000	\$ 2,267,494
Road and Bridge	-	-	-	-	-	166,189
Capital Projects	-	-	-	-	-	611,201
Chris Jensen Health and Rehabilitation	-	-	399,747	-	-	1,102,038
Nonmajor governmental fund						
Forest Resources	-	-	-	-	-	-
Septic Loan	-	100,000	-	-	-	100,000
Total Transfers Out	<u>\$ 200,000</u>	<u>\$ 220,000</u>	<u>\$ 399,747</u>	<u>\$ 94,994</u>	<u>\$ 85,000</u>	<u>\$ 4,246,922</u>

The transfers from the General Fund were for Cirrus Drive construction, Chris Jensen lifts, Proctor Fairground construction, and excess rent revenues from Property Management.

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 Chris Jensen Health and Rehabilitation Fund was for capital assets.

The transfer from the Forest Resources Fund was 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 Laundry Fund was to close the fund into the Chris Jensen Health and Rehabilitation Fund.

The transfer from the County Garage Fund was for decreased insurance premiums.

The transfer from the Management Information Systems Fund was for the NEMESIS jail management system.

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 2007, (the most recent available), county contributions were in the following proportion:

Carlton County	9.53%
Cook County	1.52%
Koochiching County	2.75%
Lake County	2.28%
St. Louis County	<u>83.92%</u>
Total	<u><u>100.00%</u></u>

St. Louis County provided \$10,709,730 in funding during 2008. 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, 2007 (the most recent available), was:

Total Assets	\$ 12,819,588
Total Liabilities	5,417,642
Total Net Assets	7,401,946
Total Program and General Revenues	21,415,725
Total Expenses/Uses	20,476,511
Change in Net Assets	939,214

**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 2008.

A summary of the financial information of the Community Health Services Board Government-Wide Financial Statements for December 31, 2007, (the most recent available) was:

Total Assets	\$ 1,311,645
Total Liabilities	1,154,632
Total Net Assets	157,013
Total Revenues	3,742,318
Total Expenses	3,716,572
Change in Net Assets	25,746

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

ST. LOUIS COUNTY, MINNESOTA  
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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 \$50,000 to this organization during 2008.

A summary of the financial information of the Regional Railroad Authority for the Government-Wide Financial Statement for December 31, 2007, (the most recent available) was:

Total Assets	\$ 8,553,115
Total Liabilities	119,445
Total Net Assets	8,433,670
Total Revenues	1,725,402
Total Expenses	1,456,917
Change in Net Assets	268,485

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, 2008, was:

Total Assets	\$ 2,697,187
Total Liabilities	1,317,583
Total Net Assets	1,379,604
Total Program and General Revenues	5,034,686
Total Expenses/Uses	5,160,410
Change in Net Assets	(125,724)

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 Coordinating Board**

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

The joint powers are the Counties of Aitkin, Cook, Koochiching, Lake, Lake of the Woods, Marshall, Pennington, Roseau, and St. Louis. Three elected county commissioners from St. Louis County and two from each of the other counties comprise the membership of the Board. St. Louis County handles all of the financial transactions for this organization through its Northern Counties Land Use Board Agency Fund. St. Louis County provided \$7,500 during 2008.

A summary of the financial information of Northern Counties Land Use Coordinating 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 Coordinating Board  
St. Louis County Courthouse  
100 N 5th Ave West #214  
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 2008. 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, 2008, 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. The \$100,000 member participation is included as a long term receivable in the General Fund.

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

**Claims and Litigation**

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

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.

**Pollution Remediation**

Governmental Accounting Standards Board (GASB) Statement 49 establishes standards for accounting and financial reporting for pollution remediation obligations and is effective for periods beginning after December 15, 2007. The Environmental Services Fund management believes the County could be responsible for at least some types of third party impacts related to the Closed Landfill Program operated by the Minnesota Pollution Control Agency. Any liability is unknown at December 31, 2008 as it would need to be determined through the legal system.

ST. LOUIS COUNTY, MINNESOTA  
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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
- 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, 2008, 49 employees took advantage of the incentive plans; the County paid \$59,109 for these benefits during 2008. The County holds \$2,641 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*.

**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, 2008 there were approximately 365 retirees receiving health benefits from the County's health plan. The cost of other post-employment benefits is funded on the "pay as you-go method" .

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2008

**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 2008, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 1,722,953
Interest on net OPEB obligation	(17,711)
Adjustments to ARC	24,422
Annual OPEB Cost	1,729,664
Contributions during the year	(680,051)
Decrease in excess OPEB contributions	1,049,613
Excess OPEB contributions - beginning of the year	402,516
Net OPEB obligation - end of year	\$ 647,097

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the excess OPEB contributions or net OPEB obligation for 2007 and 2008 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	(Excess OPEB Contributions) / Net OPEB Obligation
12/31/2007	\$ 1,114,889	\$ 1,517,405	136.10%	\$ (402,516)
12/31/2008	1,729,664	680,051	39.32	647,097

**Funding Status and Funding Progress**

The actuarial accrued liability for benefits as of January 1, 2008 is \$20 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 \$94.2 million. The ratio of the unfunded actuarially accrued liabilities (UAAL) to covered payroll is 21.23%.

**Actuarial Methods and Assumptions**

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

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

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2008

In the January 1, 2008 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 8.00% 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, 2008, H.U.D. owes the County \$77,455 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 28, 2009, the County Board passed a resolution to make the interfund loan of \$1,041,301 at December 31, 2008, to the Chris Jensen Health and Rehabilitation Enterprise Fund a permanent transfer.

Required  
Supplementary  
Data

St. Louis County, Minnesota  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST EMPLOYMENT BENEFIT PLAN**  
Year ended December 31, 2008

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

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POST EMPLOYMENT BENEFIT PLAN**  
December 31, 2008

Year Ended December 31	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2007	\$ 1,517,405	\$ 1,114,889	136.10%
2008	680,051	1,729,664	39.32

Supplementary

Data

# Nonmajor Governmental Funds

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

**Housing and Redevelopment Authority** - This fund is used to provide funds for housing and economic development.

**Community Development Block Grant** - This fund is used to account for the Federal Grant of the same name.

**Northeast Minnesota Housing Consortium** - This fund includes Cook, Itasca, Koochiching, Lake, and St. Louis Counties and the City of Duluth. It is not an entity separate from St. Louis County. It is used to account for the federal HOME grant with the purpose of developing affordable housing initiatives.

**Septic Loan** - This fund is used to account for the Minnesota Pollution Control Loan Program.

**Forest Resources** - This fund is used to account for the collection and disbursement of proceeds from the sale of tax-forfeited properties.

### 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, 2008

	<b>Special Revenue Funds</b>		
	<b>Housing and Redevelopment Authority</b>	<b>Community Development Block Grant</b>	<b>Northeast Minnesota Housing Consortium</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 858,686	\$ -	\$ -
Investments	-	-	-
Assets held by escrow agent	-	-	-
Delinquent taxes receivable	10,394	-	-
Accounts receivable (net)	-	-	-
Loans receivable	125,000	-	-
Due from other governments	-	173,463	104,210
Total Assets	994,080	173,463	104,210
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	-	47,922	1,538
Salaries payable	-	6,507	1,894
Interfund payable	-	148	1,750
Due to other governments	-	118,886	99,028
Deferred revenue	8,770	-	-
Total Liabilities	8,770	173,463	104,210
Fund Balances:			
Reserved for:			
Noncurrent loans	125,000	-	-
Future loans	-	-	-
Encumbrances	-	-	-
Environmental trust funds	-	-	-
Improvement of natural resources	-	-	-
Unreserved:			
Undesignated	860,310	-	-
Total Fund Balance	985,310	-	-
Total Liabilities and Fund Balance	\$ 994,080	\$ 173,463	\$ 104,210

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
DECEMBER 31, 2008

**Special Revenue Funds (continued)**

	<b>Septic Loan</b>	<b>Forest Resources</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 151,081	\$ 6,125,077	\$ 7,134,844
Investments	-	-	-
Assets held by escrow agent	-	-	-
Delinquent taxes receivable	-	-	10,394
Accounts receivable (net)	8,449	-	8,449
Loans receivable	736,803	-	861,803
Due from other governments	-	-	277,673
Total Assets	896,333	6,125,077	8,293,163
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	-	7,530	56,990
Salaries payable	-	-	8,401
Interfund payable	-	-	1,898
Due to other governments	-	7,389	225,303
Deferred revenue	-	-	8,770
Total Liabilities	-	14,919	301,362
Fund Balances:			
Reserved for:			
Noncurrent loans	736,803	-	861,803
Future loans	31,124	-	31,124
Encumbrances	-	264,640	264,640
Environmental trust funds	-	-	-
Improvement of natural resources	-	-	-
Unreserved:			
Undesignated	128,406	5,845,518	6,834,234
Total Fund Balance	896,333	6,110,158	7,991,801
Total Liabilities and Fund Balance	\$ 896,333	\$ 6,125,077	\$ 8,293,163

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
DECEMBER 31, 2008

	Debt Service Fund	Permanent Fund  Shoreline Sales	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,598,411	\$ 494,011	\$ 9,227,266
Investments	-	4,925,181	4,925,181
Assets held by escrow agent	8,082,920	-	8,082,920
Delinquent taxes receivable	331,677	-	342,071
Accounts receivable (net)	-	-	8,449
Loans receivable	-	-	861,803
Due from other governments	41	-	277,714
Total Assets	10,013,049	5,419,192	23,725,404
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	431	-	57,421
Salaries payable	-	-	8,401
Interfund payable	-	-	1,898
Due to other governments	-	-	225,303
Deferred revenue	278,579	-	287,349
Total Liabilities	279,010	-	580,372
Fund Balances:			
Reserved for:			
Noncurrent loans	-	-	861,803
Future loans	-	-	31,124
Encumbrances	-	-	264,640
Environmental trust funds	-	5,038,607	5,038,607
Improvement of natural resources	-	380,585	380,585
Unreserved:			
Undesignated	9,734,039	-	16,568,273
Total Fund Balance	9,734,039	5,419,192	23,145,032
Total Liabilities and Fund Balance	\$ 10,013,049	\$ 5,419,192	\$ 23,725,404

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
<b>REVENUES</b>			
Taxes	\$ 179,702	\$ -	\$ -
Intergovernmental	12,581	2,629,008	1,006,033
Earnings on investments	-	-	-
Miscellaneous	-	-	-
Total Revenues	192,283	2,629,008	1,006,033
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	-	-	-
Conservation of natural resources	-	-	-
Economic development	55,431	2,629,008	1,006,033
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	55,431	2,629,008	1,006,033
Excess (deficiency) of revenues over expenditures	136,852	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	136,852	-	-
Fund Balance - January 1	848,458	-	-
Fund Balance - December 31	\$ 985,310	\$ -	\$ -

*ST. LOUIS COUNTY, MINNESOTA*  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2008

**Special Revenue Funds (continued)**

	<b>Septic Loan</b>	<b>Forest Resources</b>	<b>Total</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ 537,081	\$ 716,783
Intergovernmental	-	108,280	3,755,902
Earnings on investments	24,531	-	24,531
Miscellaneous	-	10	10
Total Revenues	<u>24,531</u>	<u>645,371</u>	<u>4,497,226</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	-	50,000	50,000
Conservation of natural resources	-	1,810,236	1,810,236
Economic development	-	-	3,690,472
Debt service:			
Principal	12,361	-	12,361
Interest and other charges	465	-	465
Total expenditures	<u>12,826</u>	<u>1,860,236</u>	<u>5,563,534</u>
Excess (deficiency) of revenues over expenditures	<u>11,705</u>	<u>(1,214,865)</u>	<u>(1,066,308)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	100,000	-	100,000
Transfers out	-	(200,000)	(200,000)
Total other financing sources and uses	<u>100,000</u>	<u>(200,000)</u>	<u>(100,000)</u>
Net change in fund balances	111,705	(1,414,865)	(1,166,308)
Fund Balance - January 1	<u>784,628</u>	<u>7,525,023</u>	<u>9,158,109</u>
Fund Balance - December 31	<u>\$ 896,333</u>	<u>\$ 6,110,158</u>	<u>\$ 7,991,801</u>

*ST. LOUIS COUNTY, MINNESOTA*  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<b>Debt Service Fund</b>	<b>Permanent Fund  Shoreline Sales</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Taxes	\$ 5,888,289	\$ -	\$ 6,605,072
Intergovernmental	841,634	-	4,597,536
Earnings on investments	284,453	(1,294,043)	(985,059)
Miscellaneous	298,913	13,500	312,423
Total Revenues	<u>7,313,289</u>	<u>(1,280,543)</u>	<u>10,529,972</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	-	-	50,000
Conservation of natural resources	-	-	1,810,236
Economic development	-	-	3,690,472
Debt service:			
Principal	5,844,900	-	5,857,261
Interest and other charges	1,882,261	-	1,882,726
Total expenditures	<u>7,727,161</u>	<u>-</u>	<u>13,290,695</u>
Excess (deficiency) of revenues over expenditures	<u>(413,872)</u>	<u>(1,280,543)</u>	<u>(2,760,723)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	100,000
Transfers out	-	(220,000)	(420,000)
Total other financing sources and uses	<u>-</u>	<u>(220,000)</u>	<u>(320,000)</u>
Net change in fund balances	(413,872)	(1,500,543)	(3,080,723)
Fund Balance - January 1	<u>10,147,911</u>	<u>6,919,735</u>	<u>26,225,755</u>
Fund Balance - December 31	<u>\$ 9,734,039</u>	<u>\$ 5,419,192</u>	<u>\$ 23,145,032</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 179,919	\$ 179,919	\$ 179,702	\$ (217)
Intergovernmental	12,581	12,581	12,581	-
Total Revenues	<u>192,500</u>	<u>192,500</u>	<u>192,283</u>	<u>(217)</u>
<b>EXPENDITURES</b>				
Economic development				
Personnel services	76,527	-	-	-
Other operating	<u>239,550</u>	<u>239,550</u>	<u>55,431</u>	<u>(184,119)</u>
Total Expenditures	<u>316,077</u>	<u>239,550</u>	<u>55,431</u>	<u>(184,119)</u>
Excess of Revenues Over (Under) Expenditures	(123,577)	(47,050)	136,852	183,902
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>-</u>	<u>(76,527)</u>	<u>-</u>	<u>76,527</u>
	<u>-</u>	<u>(76,527)</u>	<u>-</u>	<u>76,527</u>
Net change in fund balances	(123,577)	(123,577)	136,852	260,429
Fund Balance - January 1	<u>848,458</u>	<u>848,458</u>	<u>848,458</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 724,881</u>	<u>\$ 724,881</u>	<u>\$ 985,310</u>	<u>\$ 260,429</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<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	\$ 5,352,159	\$ 2,675,063	\$ 2,629,008	\$ (46,055)
<b>EXPENDITURES</b>				
Economic development				
Personal services	380,847	341,081	341,081	-
Other operating	4,971,312	2,333,982	2,287,927	(46,055)
Total Expenditures	5,352,159	2,675,063	2,629,008	(46,055)
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, 2008

	<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	\$ 1,900,000	\$ 929,506	\$ 1,006,033	\$ 76,527
<b>EXPENDITURES</b>				
Economic development				
Personal services	-	80,613	80,613	-
Other operating	1,900,000	925,420	925,420	-
Total Expenditures	<u>1,900,000</u>	<u>1,006,033</u>	<u>1,006,033</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	-	(76,527)	-	76,527
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	76,527	-	(76,527)
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SEPTIC LOAN SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<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	\$ -	\$ 24,531	\$ 24,531	\$ -
<b>EXPENDITURES</b>				
Health and sanitation				
Debt Service				
Principal	-	12,361	12,361	-
Interest and other charges	-	465	465	-
Total Expenditures	-	12,826	12,826	-
Excess of Revenues Over (Under) Expenditures	-	11,705	11,705	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	100,000	100,000	-
Net change in fund balances	-	111,705	111,705	-
Fund Balance - January 1	784,628	784,628	784,628	-
Fund Balance - December 31	<u>\$ 784,628</u>	<u>\$ 896,333</u>	<u>\$ 896,333</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, 2008

	<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	\$ 537,081	\$ (43,166)
Intergovernmental	100,000	100,000	108,280	8,280
Miscellaneous	-	-	10	10
Total Revenues	<u>680,247</u>	<u>680,247</u>	<u>645,371</u>	<u>(34,876)</u>
<b>EXPENDITURES</b>				
Culture and recreation				
Other operating	50,000	50,000	50,000	-
Conservation of natural resources				
Personal services	-	717,823	717,823	-
Other operating	<u>3,255,479</u>	<u>2,537,656</u>	<u>1,092,413</u>	<u>(1,445,243)</u>
Total Conservation of Natural Resources	<u>3,255,479</u>	<u>3,255,479</u>	<u>1,810,236</u>	<u>(1,445,243)</u>
Total Expenditures	<u>3,305,479</u>	<u>3,305,479</u>	<u>1,860,236</u>	<u>(1,445,243)</u>
Excess of Revenues Over (Under) Expenditures	(2,625,232)	(2,625,232)	(1,214,865)	1,410,367
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	327,907	327,907	-	(327,907)
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Total other financing sources and uses	<u>127,907</u>	<u>127,907</u>	<u>(200,000)</u>	<u>(327,907)</u>
Net change in fund balances	(2,497,325)	(2,497,325)	(1,414,865)	1,082,460
Fund Balance - January 1	<u>7,525,023</u>	<u>7,525,023</u>	<u>7,525,023</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 5,027,698</u>	<u>\$ 5,027,698</u>	<u>\$ 6,110,158</u>	<u>\$ 1,082,460</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 5,887,349	\$ 5,887,349	\$ 5,888,289	\$ 940
Intergovernmental	841,634	841,634	841,634	-
Earnings on investments	294,188	294,188	284,453	(9,735)
Miscellaneous	142,051	142,051	298,913	156,862
Total Revenues	<u>7,165,222</u>	<u>7,165,222</u>	<u>7,313,289</u>	<u>148,067</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	5,844,900	5,844,900	5,844,900	-
Interest and fiscal charges	1,885,229	1,885,660	1,882,261	(3,399)
Total Expenditures	<u>7,730,129</u>	<u>7,730,560</u>	<u>7,727,161</u>	<u>(3,399)</u>
Excess of Revenues Over (Under) Expenditures	(564,907)	(565,338)	(413,872)	151,466
Fund Balance - January 1	<u>10,147,911</u>	<u>10,147,911</u>	<u>10,147,911</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 9,583,004</u>	<u>\$ 9,582,573</u>	<u>\$ 9,734,039</u>	<u>\$ 151,466</u>

# Nonmajor Enterprise Funds

## 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 was used to account for the costs of operating a laundry facility used by County departments and other agencies. It was closed effective January 1, 2008.

**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, 2008

	<u>Community Food</u>	<u>Supervised Living Facilities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 60	\$ 353,203	\$ 353,263
Accounts receivable (net)	49,064	138,617	187,681
Due from other governments	124,397	115,762	240,159
Inventories	8,697	-	8,697
Prepaid items	7,493	-	7,493
Total current assets	<u>189,711</u>	<u>607,582</u>	<u>797,293</u>
Capital assets:			
Machinery and equipment	-	9,000	9,000
Less accumulated depreciation	-	<u>(9,000)</u>	<u>(9,000)</u>
Total capital asset (net)	-	-	-
Total assets	<u>189,711</u>	<u>607,582</u>	<u>797,293</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	23,032	1,278	24,310
Salaries payable	27,524	27,356	54,880
Compensated absences payable	20,652	35,402	56,054
Interfund payable	148,148	-	148,148
Due to other governments	1,008	-	1,008
Total current liabilities	<u>220,364</u>	<u>64,036</u>	<u>284,400</u>
Noncurrent liabilities:			
Compensated absences payable	<u>83,598</u>	<u>177,685</u>	<u>261,283</u>
Total liabilities	<u>303,962</u>	<u>241,721</u>	<u>545,683</u>
<b>NET ASSETS</b>			
Unrestricted	<u>(114,251)</u>	<u>365,861</u>	<u>251,610</u>
Total net assets	<u>\$ (114,251)</u>	<u>\$ 365,861</u>	<u>\$ 251,610</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, 2008

	<b>Community Food</b>	<b>Laundry</b>	<b>Supervised Living Facilities</b>	<b>Total</b>
Operating Revenues				
Charges for services	\$ 1,296,323	\$ -	\$ 896,443	\$ 2,192,766
Other	5,458	-	4,157	9,615
Total Operating Revenues	<u>1,301,781</u>	<u>-</u>	<u>900,600</u>	<u>2,202,381</u>
Operating Expenses				
Personal services	612,534	-	773,948	1,386,482
Contractual services	152,783	-	124,060	276,843
Materials	434,225	-	17,256	451,481
Depreciation	-	-	900	900
Total Operating Expenses	<u>1,199,542</u>	<u>-</u>	<u>916,164</u>	<u>2,115,706</u>
Operating Income (Loss)	102,239	-	(15,564)	86,675
Transfer out	<u>-</u>	<u>(399,747)</u>	<u>-</u>	<u>(399,747)</u>
Changes in net assets	102,239	(399,747)	(15,564)	(313,072)
Net assets - January 1	<u>(216,490)</u>	<u>399,747</u>	<u>381,425</u>	<u>564,682</u>
Net assets - December 31	<u>\$ (114,251)</u>	<u>\$ -</u>	<u>\$ 365,861</u>	<u>\$ 251,610</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Community Food	Laundry	Supervised Living Facilities	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 1,271,827	\$ -	\$ 724,997	\$ 1,996,824
Payments to suppliers	(597,995)	-	(141,653)	(739,648)
Payments to employees	(702,996)	-	(837,328)	(1,540,324)
Other receipts (payments)	6,044	-	4,050	10,094
Net cash provided (used) by operating activities	<u>(23,120)</u>	<u>-</u>	<u>(249,934)</u>	<u>(273,054)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds from interfund loan	148,148	-	-	148,148
Repayment of interfund loan	(124,968)	-	-	(124,968)
Net cash provided (used) by noncapital financing activities	<u>23,180</u>	<u>-</u>	<u>-</u>	<u>23,180</u>
Net Increase (Decrease) in Cash and Cash Equivalents	60	-	(249,934)	(249,874)
Balances - January 1	<u>-</u>	<u>-</u>	<u>603,137</u>	<u>603,137</u>
Balances - December 31	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 353,203</u>	<u>\$ 353,263</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 102,239	\$ -	\$ (15,564)	\$ 86,675
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	-	-	900	900
(Increase) Decrease Receivables, net	(48,305)	-	(135,495)	(183,800)
(Increase) Decrease Due from other governments	23,809	-	(35,952)	(12,143)
(Increase) Decrease Inventories	7,765	-	-	7,765
(Increase) Decrease Prepaid items	(6,445)	-	-	(6,445)
Increase (Decrease) Accounts payable	(12,307)	-	(337)	(12,644)
Increase (Decrease) Salaries payable	7,713	-	5,869	13,582
Increase (Decrease) Compensated absences payable	(98,175)	-	(69,248)	(167,423)
Increase (Decrease) Due to other governments	586	-	(107)	479
Total Adjustments	<u>(125,359)</u>	<u>-</u>	<u>(234,370)</u>	<u>(359,729)</u>
Net cash provided by operating activities	<u>\$ (23,120)</u>	<u>\$ -</u>	<u>\$ (249,934)</u>	<u>\$ (273,054)</u>
<b>Non-Cash Activities</b>				
Transfer of net assets to the Chris Jensen Enterprise Fund to close Laundry Fund	\$ -	\$ (399,747)	\$ -	\$ (399,747)

# Internal Service Funds

# Internal Service Funds

## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
DECEMBER 31, 2008

	<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	\$ 253,737	\$ 840,502	\$ 537,945	\$ 576,426
Investments	-	-	7,925,930	6,623,441
Accounts receivable	2,070	4,179	-	-
Accrued interest receivable	-	-	104,837	74,308
Due from other governments	26,764	-	-	-
Inventories	206,376	43,733	-	-
Prepaid items	-	-	-	-
Total current assets	<u>488,947</u>	<u>888,414</u>	<u>8,568,712</u>	<u>7,274,175</u>
Capital assets:				
Land	-	25,500	-	-
Buildings and structures	-	778,730	-	-
Machinery and equipment	46,895	79,214	-	-
Vehicles	-	2,017,338	-	-
Less accumulated depreciation	<u>(27,226)</u>	<u>(1,667,234)</u>	<u>-</u>	<u>-</u>
Total capital asset (net)	<u>19,669</u>	<u>1,233,548</u>	<u>-</u>	<u>-</u>
Total assets	<u>508,616</u>	<u>2,121,962</u>	<u>8,568,712</u>	<u>7,274,175</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	144,067	16,404	1,804	84,221
Salaries payable	3,494	14,619	-	20,339
Compensated absences payable	8,089	41,222	-	-
Claims payable	-	-	-	829,241
Due to other governments	-	2,750	-	79,213
Unearned revenue	-	-	-	-
Total current liabilities	<u>155,650</u>	<u>74,995</u>	<u>1,804</u>	<u>1,013,014</u>
Noncurrent liabilities:				
Compensated absences payable	73,773	135,179	-	-
Claims payable	-	-	43,279	3,568,165
OPEB obligation	-	-	-	-
Total non-current liabilities	<u>73,773</u>	<u>135,179</u>	<u>43,279</u>	<u>3,568,165</u>
Total liabilities	<u>229,423</u>	<u>210,174</u>	<u>45,083</u>	<u>4,581,179</u>
<b>NET ASSETS</b>				
Invested in capital assets	19,669	1,233,548	-	-
Unrestricted	<u>259,524</u>	<u>678,240</u>	<u>8,523,629</u>	<u>2,692,996</u>
Total net assets	<u>\$ 279,193</u>	<u>\$ 1,911,788</u>	<u>\$ 8,523,629</u>	<u>\$ 2,692,996</u>

*ST. LOUIS COUNTY, MINNESOTA*  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
DECEMBER 31, 2008

	<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	\$ 1,626,514	\$ 2,615,984	\$ 1,026,929	\$ 575,338	\$ 8,053,375
Investments	10,137,000	-	-	-	24,686,371
Accounts receivable	680,491	-	-	-	686,740
Accrued interest receivable	87,742	-	-	-	266,887
Due from other governments	-	22,822	-	-	49,586
Inventories	-	6,281	10,429	-	266,819
Prepaid items	89,769	-	-	-	89,769
Total current assets	<u>12,621,516</u>	<u>2,645,087</u>	<u>1,037,358</u>	<u>575,338</u>	<u>34,099,547</u>
Capital assets:					
Land	-	-	-	-	25,500
Buildings and structures	-	66,468	-	-	845,198
Machinery and equipment	-	1,649,255	1,606,071	-	3,381,435
Vehicles	-	-	-	-	2,017,338
Less accumulated depreciation	-	(1,242,561)	(1,405,740)	-	(4,342,761)
Total capital asset (net)	<u>-</u>	<u>473,162</u>	<u>200,331</u>	<u>-</u>	<u>1,926,710</u>
Total assets	<u>12,621,516</u>	<u>3,118,249</u>	<u>1,237,689</u>	<u>575,338</u>	<u>36,026,257</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	-	184,208	81,125	-	511,829
Salaries payable	-	92,670	14,091	-	145,213
Compensated absences payable	-	155,989	22,279	213,697	441,276
Claims payable	2,109,260	-	-	-	2,938,501
Due to other governments	-	-	31,101	-	113,064
Unearned revenue	1,016,721	-	-	-	1,016,721
Total current liabilities	<u>3,125,981</u>	<u>432,867</u>	<u>148,596</u>	<u>213,697</u>	<u>5,166,604</u>
Noncurrent liabilities:					
Compensated absences payable	-	910,385	112,708	361,641	1,593,686
Claims payable	-	-	-	-	3,611,444
OPEB obligation	647,097	-	-	-	647,097
Total non-current liabilities	<u>647,097</u>	<u>910,385</u>	<u>112,708</u>	<u>361,641</u>	<u>5,852,227</u>
Total liabilities	<u>3,773,078</u>	<u>1,343,252</u>	<u>261,304</u>	<u>575,338</u>	<u>11,018,831</u>
<b>NET ASSETS</b>					
Invested in capital assets	-	473,162	200,331	-	1,926,710
Unrestricted	8,848,438	1,301,835	776,054	-	23,080,716
Total net assets	<u>\$ 8,848,438</u>	<u>\$ 1,774,997</u>	<u>\$ 976,385</u>	<u>\$ -</u>	<u>\$ 25,007,426</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, 2008

	<u>Printing</u>	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
Operating Revenues:				
Charges for services	\$ 1,515,772	\$ 2,143,752	\$ -	\$ 3,029,478
Other	620	26,971	23,098	529,845
Total Operating Revenues	<u>1,516,392</u>	<u>2,170,723</u>	<u>23,098</u>	<u>3,559,323</u>
Operating Expenses:				
Personal services	139,264	517,665	-	506,498
Contractual services	1,049,824	143,955	200,434	2,772,338
Materials	481,086	937,126	-	-
OPEB expense	-	-	-	-
Depreciation	1,062	214,156	-	-
Total Operating Expenses	<u>1,671,236</u>	<u>1,812,902</u>	<u>200,434</u>	<u>3,278,836</u>
Operating Income (Loss)	<u>(154,844)</u>	<u>357,821</u>	<u>(177,336)</u>	<u>280,487</u>
Nonoperating revenues (expenses):				
Earnings on investments	-	-	337,182	218,270
Loss or gain on asset disposal	<u>(33,078)</u>	<u>(14,617)</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(33,078)</u>	<u>(14,617)</u>	<u>337,182</u>	<u>218,270</u>
Income (Loss) Before Transfers	(187,922)	343,204	159,846	498,757
Transfer out	<u>-</u>	<u>(94,994)</u>	<u>-</u>	<u>-</u>
Changes in net assets	(187,922)	248,210	159,846	498,757
Total net assets - January 1	<u>467,115</u>	<u>1,663,578</u>	<u>8,363,783</u>	<u>2,194,239</u>
Total net assets - December 31	<u>\$ 279,193</u>	<u>\$ 1,911,788</u>	<u>\$ 8,523,629</u>	<u>\$ 2,692,996</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, 2008

	<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	\$ 29,702,414	\$ 4,382,440	\$ 1,366,231	\$ 249,494	\$ 42,389,581
Other	-	664,272	2,488	-	1,247,294
Total Operating Revenues	<u>29,702,414</u>	<u>5,046,712</u>	<u>1,368,719</u>	<u>249,494</u>	<u>43,636,875</u>
Operating Expenses:					
Personal services	-	2,981,763	418,986	-	4,564,176
Contractual services	27,036,882	1,061,700	705,496	249,494	33,220,123
Materials	-	518,463	160,906	-	2,097,581
OPEB expense	1,049,613	-	-	-	1,049,613
Depreciation	-	141,655	64,886	-	421,759
Total Operating Expenses	<u>28,086,495</u>	<u>4,703,581</u>	<u>1,350,274</u>	<u>249,494</u>	<u>41,353,252</u>
Operating Income (Loss)	<u>1,615,919</u>	<u>343,131</u>	<u>18,445</u>	<u>-</u>	<u>2,283,623</u>
Nonoperating revenues (expenses):					
Earnings on investments	301,854	-	-	-	857,306
Loss or gain on asset disposal	-	-	-	-	(47,695)
Total Nonoperating Revenues (Expenses)	<u>301,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>809,611</u>
Income (Loss) Before Transfers	1,917,773	343,131	18,445	-	3,093,234
Transfer out	-	(85,000)	-	-	(179,994)
Changes in net assets	1,917,773	258,131	18,445	-	2,913,240
Total net assets - January 1	<u>6,930,665</u>	<u>1,516,866</u>	<u>957,940</u>	<u>-</u>	<u>22,094,186</u>
Total net assets - December 31	<u>\$ 8,848,438</u>	<u>\$ 1,774,997</u>	<u>\$ 976,385</u>	<u>\$ -</u>	<u>\$ 25,007,426</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Printing</u>	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
<b>CASH FLOWS FROM</b>				
<b>OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 138,713	\$ -	\$ -	\$ -
Receipts from interfund services provided	1,358,698	2,143,019	-	3,029,801
Payments to suppliers	(1,679,686)	(1,073,839)	1,804	(1,673)
Payments to employees	(132,208)	(498,805)	-	(500,791)
Claims paid	-	-	(259,405)	(2,202,761)
Other receipts (payments)	620	28,415	23,098	480,806
Net cash provided (used) by operating activities	<u>(313,863)</u>	<u>598,790</u>	<u>(234,503)</u>	<u>805,382</u>
<b>CASH FLOWS FROM</b>				
<b>NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer to the General Fund	-	(94,994)	-	-
<b>CASH FLOWS FROM CAPITAL AND</b>				
<b>RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	-	(216,123)	-	-
<b>CASH FLOWS FROM</b>				
<b>INVESTING ACTIVITIES</b>				
Purchase of investments	-	-	(7,925,930)	(11,399,441)
Sale of investments	-	-	7,826,641	10,536,635
Interest and dividends	-	-	383,586	219,969
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>284,297</u>	<u>(642,837)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(313,863)	287,673	49,794	162,545
Balances - January 1	567,600	552,829	488,151	413,881
Balances - December 31	<u>\$ 253,737</u>	<u>\$ 840,502</u>	<u>\$ 537,945</u>	<u>\$ 576,426</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (154,844)	\$ 357,821	\$ (177,336)	\$ 280,487
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,062	214,156	-	-
(Increase) Decrease Receivables, net	8,167	(781)	-	323
(Increase) Decrease Due from other governments	(26,528)	48	-	-
(Increase) Decrease Inventories	(145,957)	17,949	-	-
(Increase) Decrease Prepaid items	-	-	-	-
(Increase) Decrease Excess OPEB contributions	-	-	-	-
Increase (Decrease) Accounts payable	(2,819)	(10,707)	1,804	(1,673)
Increase (Decrease) Salaries payable	968	4,300	-	5,707
Increase (Decrease) Compensated absences payable	6,088	14,560	-	-
Increase (Decrease) Claims payable	-	-	(58,971)	569,577
Increase (Decrease) Due to other governments	-	1,444	-	(49,039)
Increase (Decrease) OPEB obligation	-	-	-	-
Increase (Decrease) Unearned revenue	-	-	-	-
Total Adjustments	<u>(159,019)</u>	<u>240,969</u>	<u>(57,167)</u>	<u>524,895</u>
Net cash provided by operating activities	<u>\$ (313,863)</u>	<u>\$ 598,790</u>	<u>\$ (234,503)</u>	<u>\$ 805,382</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2008

	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	\$ -	\$ 129,772	\$ -	\$ -	\$ 268,485
Receipts from interfund services provided	30,146,703	4,243,162	1,366,231	249,494	42,537,108
Payments to suppliers	-	(1,764,299)	(809,210)	-	(5,326,903)
Payments to employees	-	(2,919,951)	(396,885)	(324,941)	(4,773,581)
Claims paid	(27,111,456)	-	-	-	(29,573,622)
Other receipts (payments)	-	664,086	2,425	-	1,199,450
Net cash provided (used) by operating activities	<u>3,035,247</u>	<u>352,770</u>	<u>162,561</u>	<u>(75,447)</u>	<u>4,330,937</u>
<b>CASH FLOWS FROM</b>					
<b>NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer to the General Fund	-	(85,000)	-	-	(179,994)
<b>CASH FLOWS FROM CAPITAL AND</b>					
<b>RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	-	(273,669)	(69,661)	-	(559,453)
<b>CASH FLOWS FROM</b>					
<b>INVESTING ACTIVITIES</b>					
Purchase of investments	(23,250,000)	-	-	-	(42,575,371)
Sale of investments	20,751,033	-	-	-	39,114,309
Interest and dividends	320,509	-	-	-	924,064
Net cash provided by investing activities	<u>(2,178,458)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,536,998)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	856,789	(5,899)	92,900	(75,447)	1,054,492
Balances - January 1	769,725	2,621,883	934,029	650,785	6,998,883
Balances - December 31	<u>\$ 1,626,514</u>	<u>\$ 2,615,984</u>	<u>\$ 1,026,929</u>	<u>\$ 575,338</u>	<u>\$ 8,053,375</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 1,615,919	\$ 343,131	\$ 18,445	\$ -	\$ 2,283,623
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	-	141,655	64,886	-	421,759
(Increase) Decrease Receivables, net	11,741	682	-	-	20,132
(Increase) Decrease Due from other governments	92	(10,188)	-	-	(36,576)
(Increase) Decrease Inventories	-	6,246	5,121	-	(116,641)
(Increase) Decrease Prepaid items	6,997	-	-	-	6,997
(Increase) Decrease Excess OPEB contributions	402,516	-	-	-	402,516
Increase (Decrease) Accounts payable	-	(190,382)	52,071	-	(151,706)
Increase (Decrease) Salaries payable	-	34,209	6,516	-	51,700
Increase (Decrease) Compensated absences payable	-	27,603	15,585	(75,447)	(11,611)
Increase (Decrease) Claims payable	(81,571)	-	-	-	429,035
Increase (Decrease) Due to other governments	-	(186)	(63)	-	(47,844)
Increase (Decrease) OPEB obligation	647,097	-	-	-	647,097
Increase (Decrease) Unearned revenue	432,456	-	-	-	432,456
Total Adjustments	<u>1,419,328</u>	<u>9,639</u>	<u>144,116</u>	<u>(75,447)</u>	<u>2,047,314</u>
Net cash provided by operating activities	<u>\$ 3,035,247</u>	<u>\$ 352,770</u>	<u>\$ 162,561</u>	<u>\$ (75,447)</u>	<u>\$ 4,330,937</u>

# Fiduciary Funds

## **FIDUCIARY FUNDS**

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

### **Investment Trust Funds**

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

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

## AGENCY FUNDS

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

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

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

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

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

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

## **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, 2008

	<b>Investment Trust Funds</b>		
	<b>Taconite Relief</b>	<b>Taconite Production Tax</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 50,938	\$ 562,753	\$ 613,691
Investments	22,700,000	-	22,700,000
Accrued interest receivable	307,553	-	307,553
Total Assets	23,058,491	562,753	23,621,244
<b>LIABILITIES</b>			
Due to other governments	-	562,753	562,753
Total Liabilities	-	562,753	562,753
<b>NET ASSETS</b>			
Held in trust for pool participants and other purposes	\$ 23,058,491	\$ -	\$ 23,058,491

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<b>Investment Trust Funds</b>		
	<b>Taconite Relief</b>	<b>Taconite Production Tax</b>	<b>Total</b>
<b>ADDITIONS</b>			
Taconite taxes	\$ 16,347,135	\$ 20,007,531	\$ 36,354,666
Earnings on investments	991,561	40,213	1,031,774
Total Additions	17,338,696	20,047,744	37,386,440
<b>DEDUCTIONS</b>			
Distribution to participants	19,944,471	20,047,744	39,992,215
Changes in net assets	(2,605,775)	-	(2,605,775)
Net assets - January 1	25,664,266	-	25,664,266
Net assets - December 31	\$ 23,058,491	\$ -	\$ 23,058,491

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>STATE OF MINNESOTA FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 86,540	\$ 19,281,242	\$ 18,912,756	\$ 455,026
Due from other governments	441,751	136,783	441,751	136,783
Total Assets	<u>\$ 528,291</u>	<u>\$ 19,418,025</u>	<u>\$ 19,354,507</u>	<u>\$ 591,809</u>
LIABILITIES				
Salaries payable	\$ 79,611	\$ -	\$ 79,611	\$ -
Due to other governments	448,680	19,418,025	19,274,896	591,809
Total Liabilities	<u>\$ 528,291</u>	<u>\$ 19,418,025</u>	<u>\$ 19,354,507</u>	<u>\$ 591,809</u>
 <b>BEER-AUCTIONEER LICENSES FUND</b>				
ASSETS				
Cash and cash equivalents	<u>\$ 2,498</u>	<u>\$ 2,510</u>	<u>\$ 2,498</u>	<u>\$ 2,510</u>
LIABILITIES				
Due to other governments	<u>\$ 2,498</u>	<u>\$ 2,510</u>	<u>\$ 2,498</u>	<u>\$ 2,510</u>
 <b>TAXES AND PENALTIES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 4,605,983	\$ 294,578,751	\$ 296,056,853	\$ 3,127,881
Delinquent taxes receivable	-	602,440	-	602,440
Due from other governments	126,691	376,677	126,691	376,677
Total Assets	<u>\$ 4,732,674</u>	<u>\$ 295,557,868</u>	<u>\$ 296,183,544</u>	<u>\$ 4,106,998</u>
LIABILITIES				
Due to other governments	<u>\$ 4,732,674</u>	<u>\$ 295,557,868</u>	<u>\$ 296,183,544</u>	<u>\$ 4,106,998</u>
 <b>PAYROLL DEDUCTIONS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 714,536	\$ 52,394,221	\$ 52,385,755	\$ 723,002
Accounts receivable	48	26	48	26
	<u>\$ 714,584</u>	<u>\$ 52,394,247</u>	<u>\$ 52,385,803</u>	<u>\$ 723,028</u>
LIABILITIES				
Accounts payable	\$ 696,581	\$ 21,185,982	\$ 21,182,810	\$ 699,753
Due to other governments	18,003	31,208,265	31,202,993	23,275
Total Liabilities	<u>\$ 714,584</u>	<u>\$ 52,394,247</u>	<u>\$ 52,385,803</u>	<u>\$ 723,028</u>
 <b>SERIES EE SAVINGS BOND FUND</b>				
ASSETS				
Cash and cash equivalents	<u>\$ 1,596</u>	<u>\$ 81,779</u>	<u>\$ 81,917</u>	<u>\$ 1,458</u>
LIABILITIES				
Due to other governments	<u>\$ 1,596</u>	<u>\$ 81,779</u>	<u>\$ 81,917</u>	<u>\$ 1,458</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<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	\$ 12,149	\$ 771	\$ 10,698	\$ 2,222
LIABILITIES				
Accounts payable	\$ 12,149	\$ 771	\$ 10,698	\$ 2,222
<b>ARROWHEAD REGIONAL CORRECTIONS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 2,571,145	\$ 24,453,905	\$ 23,357,464	\$ 3,667,586
Investments	1,864,440	2,268,018	1,864,440	2,268,018
Accounts receivable	22,701	33,886	22,701	33,886
Accrued interest receivable	67,311	39,856	67,311	39,856
Due from other governments	1,631,115	1,074,361	1,631,115	1,074,361
Total Assets	<u>\$ 6,156,712</u>	<u>\$ 27,870,026</u>	<u>\$ 26,943,031</u>	<u>\$ 7,083,707</u>
LIABILITIES				
Accounts payable	\$ 307,274	\$ 3,739,755	\$ 3,785,561	\$ 261,468
Salaries payable	295,381	639,363	295,381	639,363
Due to other governments	5,554,057	23,490,908	22,862,089	6,182,876
Total Liabilities	<u>\$ 6,156,712</u>	<u>\$ 27,870,026</u>	<u>\$ 26,943,031</u>	<u>\$ 7,083,707</u>
<b>PERMIT TO CARRY FIREARMS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 145,720	\$ 158,827	\$ 114,318	\$ 190,229
Accounts receivable	1,740	6,195	1,740	6,195
	<u>\$ 147,460</u>	<u>\$ 165,022</u>	<u>\$ 116,058</u>	<u>\$ 196,424</u>
LIABILITIES				
Accounts payable	\$ -	\$ 59,681	\$ 36,700	\$ 22,981
Due to other governments	147,460	105,341	79,358	173,443
	<u>\$ 147,460</u>	<u>\$ 165,022</u>	<u>\$ 116,058</u>	<u>\$ 196,424</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<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	\$ 809,395	\$ 3,870,108	\$ 4,237,554	\$ 441,949
Due from other governments	354,974	416,145	354,974	416,145
Total Assets	<u>\$ 1,164,369</u>	<u>\$ 4,286,253</u>	<u>\$ 4,592,528</u>	<u>\$ 858,094</u>
LIABILITIES				
Accounts payable	\$ 21,990	\$ 969,205	\$ 937,696	\$ 53,499
Salaries payable	4,317	5,467	4,317	5,467
Due to other governments	1,138,062	3,311,581	3,650,515	799,128
Total Liabilities	<u>\$ 1,164,369</u>	<u>\$ 4,286,253</u>	<u>\$ 4,592,528</u>	<u>\$ 858,094</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>\$ 1,041,362</u>	<u>\$ 395,154</u>	<u>\$ 630,558</u>	<u>\$ 805,958</u>
LIABILITIES				
Accounts payable	\$ -	\$ 221	\$ -	\$ 221
Due to other governments	1,041,362	394,933	630,558	805,737
Total Liabilities	<u>\$ 1,041,362</u>	<u>\$ 395,154</u>	<u>\$ 630,558</u>	<u>\$ 805,958</u>
<b>REGIONAL RAILROAD AUTHORITY FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 1,212,802	\$ 2,683,879	\$ 1,835,678	\$ 2,061,003
Delinquent taxes receivable	51,706	61,758	51,706	61,758
Accounts receivable	120	350	120	350
Due from other governments	329,714	54,605	329,714	54,605
Prepaid items	-	2,441	-	2,441
Total Assets	<u>\$ 1,594,342</u>	<u>\$ 2,803,033</u>	<u>\$ 2,217,218</u>	<u>\$ 2,180,157</u>
LIABILITIES				
Accounts payable	\$ 93,978	\$ 1,148,409	\$ 1,173,186	\$ 69,201
Salaries payable	4,037	5,448	4,037	5,448
Due to other governments	1,496,327	1,649,176	1,039,995	2,105,508
Total Liabilities	<u>\$ 1,594,342</u>	<u>\$ 2,803,033</u>	<u>\$ 2,217,218</u>	<u>\$ 2,180,157</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<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	\$ 64,872	\$ 63,508	\$ 41,359	\$ 87,021
LIABILITIES				
Accounts payable	\$ 1,537	\$ 1,051	\$ 1,537	\$ 1,051
Due to other governments	63,335	62,457	39,822	85,970
	<u>\$ 64,872</u>	<u>\$ 63,508</u>	<u>\$ 41,359</u>	<u>\$ 87,021</u>
<b>AGENCY MISCELLANEOUS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 119,429	\$ 1,348,842	\$ 1,039,454	\$ 428,817
Accounts receivable	-	1,210	-	1,210
	<u>\$ 119,429</u>	<u>\$ 1,350,052</u>	<u>\$ 1,039,454</u>	<u>\$ 430,027</u>
LIABILITIES				
Due to other governments	\$ 119,429	\$ 1,350,052	\$ 1,039,454	\$ 430,027
<b>TOTALS FOR ALL AGENCY FUNDS</b>				
ASSETS				
Cash and cash equivalents	\$ 11,446,861	\$ 399,313,497	\$ 398,706,862	\$ 12,053,496
Investments	1,864,440	2,268,018	1,864,440	2,268,018
Delinquent taxes receivable	51,706	664,198	51,706	664,198
Accounts receivable	24,609	41,667	24,609	41,667
Accrued interest receivable	67,311	39,856	67,311	39,856
Due from other governments	2,884,245	2,058,571	2,884,245	2,058,571
Prepaid items	-	2,441	-	2,441
Total Assets	<u>\$ 16,339,172</u>	<u>\$ 404,388,248</u>	<u>\$ 403,599,173</u>	<u>\$ 17,128,247</u>
LIABILITIES				
Accounts payable	\$ 1,133,509	\$ 27,105,075	\$ 27,128,188	\$ 1,110,396
Salaries payable	383,346	650,278	383,346	650,278
Due to other governments	14,822,317	376,632,895	376,087,639	15,367,573
Total Liabilities	<u>\$ 16,339,172</u>	<u>\$ 404,388,248</u>	<u>\$ 403,599,173</u>	<u>\$ 17,128,247</u>

# Miscellaneous Schedules

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS**  
 DECEMBER 31, 2008

	<u>Interest Rates</u>	<u>Par Value</u>	<u>Market</u>
<b>Pooled Investments</b>			
Money market savings account	4.00%	\$ 154,153	\$ 154,153
Certificates of Deposit	0.99% - 4.79%	91,362,651	91,362,651
MAGIC	varies	12,277,045	12,277,045
FHLB	3.00% - 4.25%	8,501,875	8,569,375
FHLMC	2.00% - 4.50%	13,213,000	13,255,402
FFCB	4.65%	765,000	798,468
FNMA	4.00% - 4.12%	2,000,000	2,005,938
<b>Total Pooled Investments</b>		<u>\$ 128,273,724</u>	<u>\$ 128,423,032</u>
<b>Capital Projects</b>			
Certificates of Deposit	2.74% - 3.39%	\$ 13,986,000	\$ 13,986,000
<b>Shoreland Sales Permanent Fund</b>			
MN Board of Investments	Varies	\$ 4,925,181	\$ 4,925,181
<b>Environmental Services Enterprise Fund</b>			
Certificates of Deposit	1.70% - 4.21%	\$ 17,082,250	\$ 17,082,250
<b>Property, Casualty, Liability Insurance</b>			
<b>Internal Service Fund</b>			
Certificates of Deposit	1.25% - 4.47%	\$ 7,925,930	\$ 7,925,930
<b>Worker's Compensation Insurance</b>			
<b>Internal Service Fund</b>			
Certificates of Deposit	1.79% - 4.10%	\$ 6,623,441	\$ 6,623,441
<b>Medical/Dental Insurance</b>			
<b>Internal Service Fund</b>			
Certificates of Deposit	1.60% - 4.01%	\$ 10,137,000	\$ 10,137,000
<b>Patients' Escrow Trust Fund</b>			
Certificates of Deposit	1.25% - 3.27%	\$ 35,902	\$ 35,902
<b>Taconite Relief Investment Trust Fund</b>			
Certificates of Deposit	2.92% - 3.59%	\$ 22,700,000	\$ 22,700,000
<b>Arrowhead Regional Corrections Agency Fund</b>			
Certificates of Deposit	1.79% - 3.25%	\$ 2,268,018	\$ 2,268,018
<b>Total Investments</b>		<u>\$ 213,957,446</u>	<u>\$ 214,106,754</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Special Revenue Funds			
	General Fund	Road and Bridge	Public Health and Human Services	Other
<b>Shared revenue</b>				
<b>State</b>				
Department of Natural Resources				
Mineral rents and royalties	\$ 100,799	\$ -	\$ -	\$ -
State acquired	72	40	59	1
Department of Public Safety				
Enhanced 911 program grant	346,806	-	-	-
Department of Revenue				
County program aid	7,846,237	709,511	1,051,334	-
Disparity aid	2,034,674	1,146,396	1,695,421	-
Market value credit	2,811,693	1,579,077	2,316,162	12,577
PERA aid	126,385	92,464	171,208	16,597
Police aid	525,601	-	-	-
State fire aid	12,602	-	-	-
Department of Transportation				
30 percent rental income	645	503	548	-
Engineering	-	1,769,752	-	-
LRIP/RRSA state bond	-	297,000	-	-
MN FD 29 bridge bond	-	707	-	-
Municipal construction	-	118,281	-	-
Municipal maintenance	-	428,190	-	-
Regular construction	-	9,321,667	-	-
Regular maintenance	-	7,221,105	-	-
State aid for consulting	-	25,018	-	-
Unorganized town road and bridge aid	-	17,213	-	-
<b>Total Shared Revenue</b>	<b>\$ 13,805,514</b>	<b>\$ 22,726,924</b>	<b>\$ 5,234,732</b>	<b>\$ 29,175</b>
<b>Reimbursement for Services</b>				
<b>State</b>				
Department of Human Services				
Adult mental health rehabilitative services	\$ -	\$ -	\$ 28,068	\$ -
Child welfare targeted case management	-	-	2,612,369	-
Childrens therapeutic support services	-	-	121	-
Community alternatives for disabled individuals				
waivered services	-	-	577,440	-
Crisis stabilization	-	-	269,876	-
Elderly waived services	-	-	94,664	-
Food stamps	-	-	25,125	-
LTCC waived services	-	-	25,619	-
MH targeted case management	-	-	989,275	-
Medical assistance - ACT	-	-	1,208,898	-
Medical assistance - CEHI	-	-	289,439	-
Medical assistance - Rule 5	-	-	311,152	-
Mentally retarded waived services	-	-	570,113	-
Relocation waived services	-	-	5,723	-
Traumatic brain injury	-	-	76,304	-
VADD targeted case management	-	-	87,165	-
Iron Range Resources				
Construction	-	-	-	-
<b>Total Reimbursement for Services Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,171,351</b>	<b>\$ -</b>
<b>Grants</b>				
<b>State grants</b>				
Board of Water and Soil Resources				
Natural resources block grant	\$ 132,025	\$ -	\$ -	\$ -
Department of Environmental Assistance				
SCORE recycling grant	-	-	-	-
Department of Health				
Local public health grant	-	-	804,886	-
<b>Subtotal</b>	<b>\$ 132,025</b>	<b>\$ -</b>	<b>\$ 804,886</b>	<b>\$ -</b>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Debt Service Funds	Buildings Capital Projects Fund	Environmental Services Enterprise Fund	Total
<b>Shared revenue</b>				
<b>State</b>				
Department of Natural Resources				
Mineral rents and royalties	\$ -	\$ -	\$ -	\$ 100,799
State acquired	12	4	-	188
Department of Public Safety				
Enhanced 911 program grant	-	-	-	346,806
Department of Revenue				
County program aid	-	42,765	-	9,649,847
Disparity aid	355,623	102,415	-	5,334,529
Market value credit	485,828	139,913	-	7,345,250
PERA aid	-	-	-	406,654
Police aid	-	-	-	525,601
State fire aid	-	-	-	12,602
Department of Transportation				
30 percent rental income	115	33	-	1,844
Engineering	-	-	-	1,769,752
LRIP/RRSA state bond	-	-	-	297,000
MN FD 29 bridge bond	-	-	-	707
Municipal construction	-	-	-	118,281
Municipal maintenance	-	-	-	428,190
Regular construction	-	-	-	9,321,667
Regular maintenance	-	-	-	7,221,105
State aid for consulting	-	-	-	25,018
Unorganized town road and bridge aid	-	-	-	17,213
<b>Total Shared Revenue</b>	<b>\$ 841,578</b>	<b>\$ 285,130</b>	<b>\$ -</b>	<b>\$ 42,923,053</b>
<b>Reimbursement for Services</b>				
<b>State</b>				
Department of Human Services				
Adult mental health rehabilitative services	\$ -	\$ -	\$ -	\$ 28,068
Child welfare targeted case management	-	-	-	2,612,369
Childrens therapeutic support services	-	-	-	121
Community alternatives for disabled individuals				
waivered services	-	-	-	577,440
Crisis stabilization	-	-	-	269,876
Elderly waived services	-	-	-	94,664
Food stamps	-	-	-	25,125
LTCC waived services	-	-	-	25,619
MH targeted case management	-	-	-	989,275
Medical assistance - ACT	-	-	-	1,208,898
Medical assistance - CEHI	-	-	-	289,439
Medical assistance - Rule 5	-	-	-	311,152
Mentally retarded waived services	-	-	-	570,113
Relocation waived services	-	-	-	5,723
Traumatic brain injury	-	-	-	76,304
VADD targeted case management	-	-	-	87,165
Iron Range Resources				
Construction	-	1,157,554	-	1,157,554
<b>Total Reimbursement for Services Revenue</b>	<b>\$ -</b>	<b>\$ 1,157,554</b>	<b>\$ -</b>	<b>\$ 8,328,905</b>
<b>Grants</b>				
<b>State grants</b>				
Board of Water and Soil Resources				
Natural resources block grant	\$ -	\$ -	\$ -	\$ 132,025
Department of Environmental Assistance				
SCORE recycling grant	-	-	481,473	481,473
Department of Health				
Local public health grant	-	-	-	804,886
Subtotal	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 481,473</b>	<b>\$ 1,418,384</b>

continued

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Special Revenue Funds			
	General Fund	Road and Bridge	Public Health and Human Services	Other
<b>Grants (continued)</b>				
<b>State grants (continued)</b>				
Department of Human Services				
Adult integrated fund	\$ -	\$ -	\$ 3,108,364	\$ -
Adult mental health rehabilitative services	-	-	28,068	-
Alternative care 180 day	-	-	363,393	-
Alternative response	-	-	18,110	-
Chemical dependency	-	-	145,178	-
Child care basic sliding fee	-	-	50,422	-
Child care resource and referral	-	-	41,081	-
Child support incentives	-	-	594,081	-
Children and Community Social Services Act block grant	-	-	3,769,242	-
Children's mental health	-	-	487,747	-
Children's therapeutic support services	-	-	121	-
Community alternatives for disabled individuals waivered services	-	-	577,440	-
Consolidated chemical dependency fund admin	-	-	100,049	-
Cost effective health insurance	-	-	291,068	-
Crisis stabilization	-	-	269,877	-
DD family support	-	-	153,293	-
Elderly waived services	-	-	94,664	-
Food stamps	-	-	656	-
Forgotten children	-	-	300	-
Fraud prevention incentives	-	-	124,792	-
Home Delivered Meals	-	-	14,759	-
Homeless Outreach	-	-	736,009	-
LTCC waived services	-	-	25,619	-
MN family investment project burial	-	-	6,120	-
MN family investment project child care	-	-	45,018	-
MN family investment project employment services	-	-	213,462	-
Medical assistance - ACT	-	-	1,208,898	-
Medical assistance incentives	-	-	190,786	-
Medical assistance transportation	-	-	387,125	-
Medical assistance	-	-	246,146	-
Mentally retarded waived services	-	-	570,113	-
Relative custody	-	-	784,222	-
Relocation waived services	-	-	5,723	-
Semi-independent living skills	-	-	361,606	-
Special medical assistance	24,344	-	-	-
Traumatic brain injury	-	-	76,305	-
Department of Minnesota Housing Finance				
Family homelessness prevention and assistance program	-	-	448,881	-
Department of Natural Resources				
Boat and water safety	119,719	-	-	-
Forest road access	-	-	-	108,280
Off highway ATV	44,220	-	-	-
Snowmobile safety	25,153	-	-	-
State trail assistance	545,457	-	-	-
Department of Post Board Training				
Training reimbursement	40,454	-	-	-
Department of Public Safety				
Bullet proof vests	4,656	-	-	-
Drug abuse resistance	110,000	-	-	-
Marijuana eradication	2,434	-	-	-
Office of justice program grants	55,309	-	-	-
Minnesota Historical Society				
Depot upgrade	-	-	-	-
Veterans Affairs				
VSO Computer Grant	893	-	-	-
University of Minnesota				
Enhancement	34,613	-	-	-
<b>Total State Grants</b>	\$ 1,139,277	\$ -	\$ 16,343,624	\$ 108,280

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Debt Service Funds</u>	<u>Buildings Capital Projects Fund</u>	<u>Environmental Services Enterprise Fund</u>	<u>Total</u>
<b>Grants (continued)</b>				
<b>State grants (continued)</b>				
Department of Human Services				
Adult integrated fund	\$ -	\$ -	\$ -	\$ 3,108,364
Adult mental health rehabilitative services	-	-	-	28,068
Alternative care 180 day	-	-	-	363,393
Alternative response	-	-	-	18,110
Chemical dependency	-	-	-	145,178
Child care basic sliding fee	-	-	-	50,422
Child care resource and referral	-	-	-	41,081
Child support incentives	-	-	-	594,081
Children and Community Social Services Act block grant	-	-	-	3,769,242
Children's mental health	-	-	-	487,747
Children's therapeutic support services	-	-	-	121
Community alternatives for disabled individuals waivered services	-	-	-	577,440
Consolidated chemical dependency fund admin	-	-	-	100,049
Cost effective health insurance	-	-	-	291,068
Crisis stabilization	-	-	-	269,877
DD family support	-	-	-	153,293
Elderly waived services	-	-	-	94,664
Food stamps	-	-	-	656
Forgotten children	-	-	-	300
Fraud prevention incentives	-	-	-	124,792
Home Delivered Meals	-	-	-	14,759
Homeless Outreach	-	-	-	736,009
LTCC waived services	-	-	-	25,619
MN family investment project burial	-	-	-	6,120
MN family investment project child care	-	-	-	45,018
MN family investment project employment services	-	-	-	213,462
Medical assistance - ACT	-	-	-	1,208,898
Medical assistance incentives	-	-	-	190,786
Medical assistance transportation	-	-	-	387,125
Medical assistance	-	-	-	246,146
Mentally retarded waived services	-	-	-	570,113
Relative custody	-	-	-	784,222
Relocation waived services	-	-	-	5,723
Semi-independent living skills	-	-	-	361,606
Special medical assistance	-	-	-	24,344
Traumatic brain injury	-	-	-	76,305
Department of Minnesota Housing Finance				
Family homelessness prevention and assistance program	-	-	-	448,881
Department of Natural Resources				
Boat and water safety	-	-	-	119,719
Forest road access	-	-	-	108,280
Off highway ATV	-	-	-	44,220
Snowmobile safety	-	-	-	25,153
State trail assistance	-	-	-	545,457
Department of Post Board Training				
Training reimbursement	-	-	-	40,454
Department of Public Safety				
Bullet proof vests	-	-	-	4,656
Drug abuse resistance	-	-	-	110,000
Marijuana eradication	-	-	-	2,434
Office of justice program grants	-	-	-	55,309
Minnesota Historical Society				
Depot upgrade	-	100,000	-	100,000
Veterans Affairs				
VSO Computer Grant	-	-	-	893
University of Minnesota Enhancement	-	-	-	34,613
<b>Total State Grants</b>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 481,473</u>	<u>\$ 18,172,654</u>

continued

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Special Revenue Funds			
	General Fund	Road and Bridge	Public Health and Human Services	Other
<b>Grants (continued)</b>				
<b>Federal grants</b>				
Department of Agriculture				
Food stamps	\$ 52,418	\$ -	\$ 1,742,786	\$ -
Forestry assistance	11,526	-	-	-
National forest land	510,021	-	-	-
National forest land - roads and schools	-	376,061	-	-
Women, infants and children (through Community Health Board)	-	-	592,311	-
Department of Commerce				
Coastal zone management administration awards	-	-	-	-
Department of Health & Human Services				
Adult integrated fund	-	-	64,160	-
Alternative response	-	-	330,714	-
Chaffee foster care independence program	-	-	35,545	-
Child care basic sliding fee	-	-	117,976	-
Child care resource and referral	-	-	70,986	-
Child support	65,192	-	3,284,163	-
DD screening	-	-	20,078	-
Foster care	5,845	-	649,620	-
Health preparedness	-	-	302,712	-
Home delivered meals	-	-	106,994	-
Immunization practice improvement reimb	-	-	6,800	-
MN family investment project child care	-	-	80,668	-
MN family investment project employment services	-	-	4,433,846	-
Maternal and child health (through Community Health Board)	-	-	263,870	-
Medical assistance	105,454	-	3,465,838	-
Medical assistance - transportation	-	-	387,125	-
Mental health block grant	-	-	81,572	-
Northeast MN obesity prevention program	-	-	3,107	-
Temporary aid for needy families	12,914	-	780,192	-
Title XX block grant	-	-	1,801,389	-
Department of Housing and Urban Development				
Community development block grants	-	-	-	2,629,008
Emergency shelter grant	119,927	-	-	-
Home investment in affordable housing	-	-	-	1,006,033
Department of Interior				
Payment in lieu of taxes	1,186,442	213	267	3
Department of Justice				
Bullet proof vests	2,467	-	-	-
COPS grant	215,745	-	-	-
Edward Byrne Memorial justice assistance grant program	17,306	-	-	-
Safe haven grant	-	-	50,635	-
Department of Transportation				
Alcohol traffic safety and drunk driving-Operation Nightcap	2,765	-	-	-
Highway planning and construction	-	3,203,867	-	-
Recreational trails program	100,000	-	-	-
State and community highway safety	10,644	-	-	-
Department of Homeland Security				
Boating safety financial assistance	15,000	-	-	-
Emergency management	76,161	-	-	-
Homeland security grant	2,099,951	-	-	-
Port security grant	24,999	-	-	-
<b>Total Federal grants</b>	<u>\$ 4,634,777</u>	<u>\$ 3,580,141</u>	<u>\$ 18,673,354</u>	<u>\$ 3,635,044</u>
<b>Other grants</b>				
Local				
Greater Minnesota housing	\$ -	\$ -	\$ 5,000	\$ -
<b>Total Other grants</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ -</u>
<b>Total Grants</b>	<u>\$ 5,774,054</u>	<u>\$ 3,580,141</u>	<u>\$ 35,021,978</u>	<u>\$ 3,743,324</u>
<b>Total Intergovernmental Revenue</b>	<u>\$ 19,579,568</u>	<u>\$ 26,307,065</u>	<u>\$ 47,428,061</u>	<u>\$ 3,772,499</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Debt Service Funds	Buildings Capital Projects Fund	Environmental Services Enterprise Fund	Total
<b>Grants (continued)</b>				
<b>Federal grants</b>				
Department of Agriculture				
Food stamps	\$ -	\$ -	\$ -	\$ 1,795,204
Forestry assistance	-	-	-	11,526
National forest land	-	-	-	510,021
National forest land - roads and schools	-	-	-	376,061
Women, infants and children (through Community Health Board)	-	-	-	592,311
Department of Commerce				
Coastal zone management administration awards	-	50,000	-	50,000
Department of Health & Human Services				
Adult integrated fund	-	-	-	64,160
Alternative response	-	-	-	330,714
Chaffee foster care independence program	-	-	-	35,545
Child care basic sliding fee	-	-	-	117,976
Child care resource and referral	-	-	-	70,986
Child support	-	-	-	3,349,355
DD screening	-	-	-	20,078
Foster care	-	-	-	655,465
Health preparedness	-	-	-	302,712
Home delivered meals	-	-	-	106,994
Immunization practice improvement reimb	-	-	-	6,800
MN family investment project child care	-	-	-	80,668
MN family investment project employment services	-	-	-	4,433,846
Maternal and child health (through Community Health Board)	-	-	-	263,870
Medical assistance	-	-	-	3,571,292
Medical assistance - transportation	-	-	-	387,125
Mental health block grant	-	-	-	81,572
Northeast MN obesity prevention program	-	-	-	3,107
Temporary aid for needy families	-	-	-	793,106
Title XX block grant	-	-	-	1,801,389
Department of Housing and Urban Development				
Community development block grants	-	-	-	2,629,008
Emergency shelter grant	-	-	-	119,927
Home investment in affordable housing	-	-	-	1,006,033
Department of Interior				
Payment in lieu of taxes	56	16	-	1,186,997
Department of Justice				
Bullet proof vests	-	-	-	2,467
COPS grant	-	-	-	215,745
Edward Byrne Memorial justice assistance grant program	-	-	-	17,306
Safe haven grant	-	-	-	50,635
Department of Transportation				
Alcohol traffic safety and drunk driving-Operation Nightcap	-	-	-	2,765
Highway planning and construction	-	-	-	3,203,867
Recreational trails program	-	-	-	100,000
State and community highway safety	-	-	-	10,644
Department of Homeland Security				
Boating safety financial assistance	-	-	-	15,000
Emergency management	-	-	-	76,161
Homeland security grant	-	-	-	2,099,951
Port security grant	-	-	-	24,999
<b>Total Federal grants</b>	<u>\$ 56</u>	<u>\$ 50,016</u>	<u>\$ -</u>	<u>\$ 30,573,388</u>
<b>Other grants</b>				
Local				
Greater Minnesota housing	\$ -	\$ -	\$ -	\$ 5,000
<b>Total Other grants</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>
<b>Total Grants</b>	<u>\$ 56</u>	<u>\$ 150,016</u>	<u>\$ 481,473</u>	<u>\$ 48,751,042</u>
<b>Total Intergovernmental Revenue</b>	<u>\$ 841,634</u>	<u>\$ 1,592,700</u>	<u>\$ 481,473</u>	<u>\$ 100,003,000</u>

# Statistical Section

# Statistical Section

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	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 Seven Fiscal Years**  
 (accrual basis of accounting)

	<u>2002</u>	<u>2003</u>
Governmental activities		
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>
Total governmental activities net assets	<u>\$ 322,924,519</u>	<u>\$ 342,483,177</u>
Business-type activities		
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>
Total business-type activities net assets	<u>\$ 27,256,568</u>	<u>\$ 25,826,036</u>
Primary government		
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>
Total primary government net assets	<u>\$ 350,181,087</u>	<u>\$ 368,309,213</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 Seven Fiscal Years**  
 (accrual basis of accounting)

<b>Fiscal Year</b>				
<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
\$ 281,959,954	\$ 284,598,787	\$ 304,712,967	\$ 326,996,032	\$ 345,956,633
39,106,761	26,905,894	36,452,547	29,341,037	27,151,369
46,821,225	77,188,234	68,069,867	79,097,149	87,088,512
<u>\$ 367,887,940</u>	<u>\$ 388,692,915</u>	<u>\$ 409,235,381</u>	<u>\$ 435,434,218</u>	<u>\$ 460,196,514</u>
\$ 14,390,848	\$ 14,201,467	\$ 13,331,890	\$ 13,059,476	\$ 13,081,334
1,695,220	1,354,381	1,432,450	1,510,645	1,781,917
9,447,853	8,846,260	13,628,137	12,926,708	13,408,307
<u>\$ 25,533,921</u>	<u>\$ 24,402,108</u>	<u>\$ 28,392,477</u>	<u>\$ 27,496,829</u>	<u>\$ 28,271,558</u>
\$ 296,350,802	\$ 298,800,254	\$ 318,044,857	\$ 340,055,508	\$ 359,037,967
40,801,981	28,260,275	37,884,997	30,851,682	28,933,286
56,269,078	86,034,494	81,698,004	92,023,857	100,496,819
<u>\$ 393,421,861</u>	<u>\$ 413,095,023</u>	<u>\$ 437,627,858</u>	<u>\$ 462,931,047</u>	<u>\$ 488,468,072</u>

**Schedule 2**

*ST. LOUIS COUNTY, MINNESOTA*

**Changes in Net Assets  
Last Seven Fiscal Years**

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

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**

<b>Fiscal Year</b>	<b>Last Seven Fiscal Years</b>		
<b>2005</b>	<del>(2006)</del>	<del>(2007)</del>	<b>2008</b>
	<small>(on a basis of accounting)</small>		
\$ 29,100,780	\$ 30,763,681	\$ 31,815,617	\$ 30,790,310
36,138,644	41,611,706	44,565,536	46,231,906
46,721,613	35,704,013	41,594,052	41,898,297
6,148,241	6,824,984	6,151,830	5,019,721
61,265,538	65,667,980	68,325,769	71,497,759
1,314,472	1,601,310	1,415,848	2,217,578
6,941,801	8,374,838	6,452,175	9,841,091
4,318,448	4,602,756	3,767,037	4,012,705
1,696,061	1,996,722	1,794,534	1,912,118
<u>193,645,598</u>	<u>197,147,990</u>	<u>205,882,398</u>	<u>213,421,485</u>
6,247,826	6,226,992	6,758,724	7,600,096
15,283,241	14,946,088	14,933,759	14,840,837
3,081,251	3,222,799	3,251,808	2,089,958
<u>24,612,318</u>	<u>24,395,879</u>	<u>24,944,291</u>	<u>24,530,891</u>
<u>\$ 218,257,916</u>	<u>\$ 221,543,869</u>	<u>\$ 230,826,689</u>	<u>\$ 237,952,376</u>
\$ 8,132,846	\$ 7,841,220	\$ 12,215,938	\$ 11,482,301
1,887,999	1,999,799	2,536,485	2,963,073
1,613,892	2,226,187	2,962,882	3,017,569
1,911,070	1,679,313	1,395,939	1,428,622
19,394,617	21,066,096	22,486,494	10,499,136
-	-	-	-
14,713,043	13,052,500	(930,630)	9,886,026
27,004	20,967	20,614	20,599
40,133,061	40,729,196	37,952,947	50,372,968
9,860,471	13,356,070	17,609,562	16,393,845
<u>97,674,003</u>	<u>101,971,348</u>	<u>96,250,231</u>	<u>106,064,139</u>
5,557,064	5,712,990	5,984,570	6,042,288
14,644,607	14,347,019	13,951,140	14,349,753
3,167,878	3,091,419	2,714,043	2,202,381
474,575	461,436	460,943	481,473
<u>23,844,124</u>	<u>23,612,864</u>	<u>23,110,696</u>	<u>23,075,895</u>
<u>\$ 121,518,127</u>	<u>\$ 125,584,212</u>	<u>\$ 119,360,927</u>	<u>\$ 129,140,034</u>
\$ (95,971,595)	\$ (95,176,642)	\$ (109,632,167)	\$ (107,357,346)
(768,194)	(783,015)	(1,833,595)	(1,454,996)
<u>(96,739,789)</u>	<u>(95,959,657)</u>	<u>(111,465,762)</u>	<u>(108,812,342)</u>
\$ 80,830,475	\$ 85,847,071	\$ 93,731,489	\$ 97,474,934
5,518,701	5,605,148	5,937,083	5,888,289
27,435,818	25,698,357	25,594,606	22,839,111
1,186,130	1,195,773	1,206,209	1,697,018
4,127,976	7,939,433	9,000,989	4,316,482
107,310	-	-	-
168,919	169,017	233,916	298,913
(1,003,816)	-	-	-
-	(3,871,044)	126,712	(395,105)
<u>118,371,513</u>	<u>122,583,755</u>	<u>135,831,004</u>	<u>132,119,642</u>
194,310	169,525	164,322	1,009,304
407,840	732,815	899,876	119,271
-	-	461	706,045
-	-	-	-
-	3,871,044	(126,712)	395,105
<u>602,150</u>	<u>4,773,384</u>	<u>937,947</u>	<u>2,229,725</u>
<u>\$ 118,973,663</u>	<u>\$ 127,357,139</u>	<u>\$ 136,768,951</u>	<u>\$ 134,349,367</u>
\$ 22,399,918	\$ 27,407,113	\$ 26,198,837	\$ 24,762,296
(166,044)	3,990,369	(895,648)	774,729
<u>22,233,874</u>	<u>31,397,482</u>	<u>25,303,189</u>	<u>25,537,025</u>

Unaudited

### Schedule 3

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund				
Reserved	\$ 3,878,474	\$ 4,382,632	\$ 3,109,111	\$ 3,427,822
Unreserved	<u>21,206,438</u>	<u>24,528,641</u>	<u>26,566,261</u>	<u>26,005,574</u>
Total general fund	<u>\$ 25,084,912</u>	<u>\$ 28,911,273</u>	<u>\$ 29,675,372</u>	<u>\$ 29,433,396</u>
All Other Governmental Funds				
Reserved	\$ 6,227,799	\$ 4,396,818	\$ 3,923,463	\$ 13,675,950
Unreserved, reported in:				
Special revenue funds	20,224,550	22,336,173	29,782,861	29,916,085
Capital projects funds	1,308,718	1,191,207	8,723,849	3,398,760
Debt service funds	<u>674,677</u>	<u>526,484</u>	<u>576,166</u>	<u>886,715</u>
Total all other government funds	<u>\$ 28,435,744</u>	<u>\$ 28,450,682</u>	<u>\$ 43,006,339</u>	<u>\$ 47,877,510</u>

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

### Schedule 3

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

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 4,359,705	\$ 5,149,919	\$ 5,309,045	\$ 5,813,912	\$ 7,382,746	\$ 6,245,389
<u>25,148,993</u>	<u>26,747,457</u>	<u>33,761,123</u>	<u>34,270,114</u>	<u>36,898,701</u>	<u>38,524,315</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>	<u>\$ 44,769,704</u>
\$ 13,163,407	\$ 14,005,286	\$ 14,525,061	\$ 14,832,107	\$ 16,607,081	\$ 16,781,317
35,179,919	41,382,779	42,349,756	41,529,699	39,181,142	44,788,714
1,721,331	14,998,627	17,650,526	12,654,202	7,415,113	19,057,382
<u>1,339,311</u>	<u>1,643,499</u>	<u>4,820,996</u>	<u>9,887,917</u>	<u>10,147,911</u>	<u>9,734,039</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>	<u>\$ 90,361,452</u>

**Schedule 4**

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>Revenues</b>				
Taxes	\$ 74,838,716	\$ 76,677,130	\$ 83,738,659	\$ 80,580,107
Licenses	160,899	149,168	158,961	156,541
Intergovernmental	87,620,831	98,031,076	93,330,327	99,966,871
Charges for services	8,191,021	7,890,897	8,320,094	9,906,530
Fines and forfeits	1,518,384	1,664,922	1,770,230	1,660,585
Earnings on investments	4,288,873	4,767,469	4,399,700	2,772,496
Gifts and contributions	16,019	22,308	15,170	8,368
Land and timber sales	-	-	7,639,745	12,238,312
Miscellaneous	2,374,200	2,782,276	3,092,557	2,632,945
Total revenues	<u>179,008,943</u>	<u>191,985,246</u>	<u>202,465,443</u>	<u>209,922,755</u>
<b>Expenditures</b>				
General government	24,135,233	26,019,233	26,049,479	29,062,448
Public safety	26,193,885	28,119,831	29,882,836	31,465,939
Highways and streets	39,047,314	48,565,287	41,692,425	26,942,419
Health and sanitation	5,778,632	5,887,119	6,496,054	6,443,495
Human services	65,468,999	66,575,230	68,918,646	71,463,828
Culture and recreation	1,494,552	1,028,462	1,253,810	1,197,054
Conservation of natural resources	782,214	892,776	9,457,898	6,517,680
Economic development	4,169,249	4,095,954	4,672,426	3,608,162
Capital outlay	4,380,477	3,528,135	10,180,270	29,173,329
Debt service:				
Principal	1,683,327	2,505,142	3,262,998	10,897,692
Interest and other charges	1,048,423	1,140,917	1,475,630	1,554,057
Bond issuance costs	-	-	-	-
Total Expenditures	<u>174,182,305</u>	<u>188,358,086</u>	<u>203,342,472</u>	<u>218,326,103</u>
Excess of revenues over (under) expenditures	<u>4,826,638</u>	<u>3,627,160</u>	<u>(877,029)</u>	<u>(8,403,348)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	342,771	129,569	692,407	12,849,724
Transfers out	(622,721)	(399,333)	(784,392)	(15,263,780)
Sale of capital assets	-	-	-	-
Bonds issued	4,000,000	-	14,270,000	12,415,000
Refunding bonds issued	-	-	-	-
Refunding bonds redeemed	-	-	-	-
Bond premium proceeds	-	-	-	171,268
Capital leases	14,046	-	-	-
Loan proceeds	7,000	18,000	273,875	27,000
Total other financing sources (uses)	<u>3,741,096</u>	<u>(251,764)</u>	<u>14,451,890</u>	<u>10,199,212</u>
Net change in fund balances	<u>\$ 8,567,734</u>	<u>\$ 3,375,396</u>	<u>\$ 13,574,861</u>	<u>\$ 1,795,864</u>

Debt service as a percentage  
of noncapital expenditures

1.6%                      2.0%                      2.5%                      6.6%

Unaudited

**Schedule 4**

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

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 81,545,253	\$ 86,425,663	\$ 86,468,064	\$ 90,929,063	\$ 99,497,719	\$ 102,853,734
155,927	150,938	149,306	156,606	157,871	159,704
99,134,331	105,419,772	95,226,136	98,882,892	98,421,879	99,521,527
10,527,851	10,586,660	10,082,260	12,029,779	20,667,976	20,470,751
1,592,818	1,622,789	967,127	201,088	189,882	200,291
1,500,489	1,534,185	3,633,796	7,011,940	7,899,118	3,459,176
12,045	70,271	169,154	12,457	21,889	11,721
9,549,773	10,187,185	10,293,444	11,753,426	7,230,255	7,656,960
3,702,711	5,018,805	4,511,866	4,312,043	3,879,124	5,179,133
<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>	<u>239,512,997</u>
30,378,167	32,537,856	29,017,182	29,573,303	32,298,957	33,244,633
32,071,790	31,936,239	34,963,469	40,881,994	43,236,476	45,060,321
29,871,734	27,507,107	33,458,062	32,083,124	34,346,944	36,234,934
6,393,032	6,422,388	6,328,366	6,547,383	6,062,129	5,268,999
68,312,144	60,857,463	60,302,517	66,254,073	67,984,104	71,500,433
1,401,759	1,668,794	1,253,974	1,539,447	1,415,848	2,217,578
5,935,528	6,117,557	6,708,815	7,317,595	9,727,227	8,927,491
3,996,222	3,545,611	4,323,387	4,641,791	3,706,320	3,953,672
20,512,869	38,511,561	24,670,343	29,426,501	39,754,334	24,266,667
4,172,049	5,342,989	4,878,581	5,428,091	5,627,329	5,857,261
1,388,281	1,218,003	1,704,141	1,987,288	1,777,563	1,882,726
-	-	-	-	-	151,518
<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>238,566,233</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>	<u>946,764</u>
3,961,400	3,774,887	4,064,829	6,675,213	7,105,726	3,144,884
(3,403,400)	(4,168,887)	(4,064,829)	(10,546,257)	(6,828,194)	(3,359,995)
-	-	899,565	-	-	-
-	17,645,000	6,115,000	7,845,000	5,000,000	14,960,000
-	-	2,840,000	-	-	-
-	-	-	(2,940,000)	-	-
-	126,120	168,361	87,863	33,416	93,104
-	-	-	-	-	-
38,535	79,000	-	-	-	-
<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>14,837,993</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>	<u>\$ 15,784,757</u>

3.0%

3.7%

3.6%

3.8%

3.6%

3.7%

Unaudited

**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>
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
2008	88,278,899	5,281,584	30,324,855	17,581,634

**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>
7,569,240	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%
18,027,031	159,494,003	60.6374	15,385,764,706	1.04%

**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
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
2008	55.7728	4.3974	0.4671	-	60.6374

**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**

<b>Overlapping Rates</b>			
<b>Independent School District #94</b>	<b>Independent School District #381</b>	<b>Independent School District #698</b>	<b>Independent School District #2142</b>
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
25.6842	14.9967	36.0645	2.1496

## Schedule 7

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

Taxpayer	2008			1999		
	Net Tax Capacity Value	Rank	Percentage of Total Taxable Net Tax Capacity Value	Net Tax Capacity Value	Rank	Percentage of Total Taxable Net Tax Capacity Value
Minnesota Power	\$ 3,658,438	1	2.29%	\$ 5,421,588	1	6.13%
Duluth Missabe & Iron Range RR	1,067,877	2	0.67%	1,127,790	4	1.28%
Duluth Winnipeg & Pacific RR	1,028,157	3	0.64%	938,314	6	1.06%
Miller Hill Mall Co	827,834	4	0.52%	709,564	8	0.80%
Duluth Clinic	585,719	5	0.37%			
IRET Properties	569,620	6	0.36%			
Great Lakes Gas Transmission Co	563,370	7	0.35%	1,128,019	3	1.28%
Enbridge Energy LTD Partnership	511,706	8	0.32%			
Stora Enso North America Corp	444,276	9	0.28%			
Northern States Power Co	436,418	10	0.27%	967,883	5	1.09%
Consolidated Papers, Inc.				1,662,654	2	1.88%
BN & SF RR				511,489	10	0.58%
United Power Association				665,296	9	0.75%
Square Butte Electric Coop				788,604	7	0.89%
	\$ 9,693,415		6.08%	\$ 13,921,201		15.74%

Source: St. Louis County Auditor

## Schedule 8

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

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (3)	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
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%	1,228,593	60,398,215	99.55%
2003	62,241,475	60,638,733	97.42%	1,344,585	61,983,318	99.59%
2004	67,080,535	65,115,787	97.07%	1,492,884	66,608,671	99.30%
2005	67,615,098	65,797,651	97.31%	1,235,301	67,032,952	99.14%
2006	72,228,139	69,947,539	96.84%	1,639,955	71,587,494	99.11%
2007	79,958,970	77,398,024	96.80%	1,459,767	78,857,791	98.62%
2008	84,523,919	81,790,285	96.77%	-	81,790,285	96.77%

**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>
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	-
2008	53,837,296	522,755	-

**Source:**

See Schedule 13 for population and personal income data.

**Schedule 9**

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

<b>Capital Leases</b>	<b>Business Activities General Obligation Bonds</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
\$ 2,505,603	\$ 4,000,184	\$ 28,115,687	0.56%	\$ 141
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%	175
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%	237
365,200	110,000	45,653,254	0.67%	232
300,300	-	54,660,351	Not Available	278

**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			
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
2008	53,837,296	522,755	-	8,475,600	45,884,451	0.30%	233

**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, 2008**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable*</u>	<u>Share of Debt</u>
<b>Direct Debt</b>			
St. Louis County	\$ 54,360,051	100.00%	\$ 54,360,051
<b>Overlapping Debt</b>			
School District #94	30,720,000	5.35%	1,644,817
School District #381	40,130,000	15.62%	6,269,586
School District #698	7,930,000	97.09%	7,698,929
Western Lake Superior Sanitary District	57,792,052	83.46%	<u>48,232,900</u>
<b>Subtotal, overlapping debt</b>			<u>63,846,232</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 118,206,283</u></u>

\*Applicable percentages were estimated by determining the portion of the governmental unit's net tax capacity that is within the county's boundaries and dividing it by each unit's total net tax capacity.

## Schedule 12

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Market value of taxable property	\$ 6,090,275,600	\$ 6,445,493,100	\$ 6,964,507,000	\$ 7,561,771,500
Debt limit (2% of market value) (3% after 2007)	121,805,512	128,909,862	139,290,140	151,235,430
Debt applicable to limit:				
General obligation bonds	25,610,084	22,738,015	33,611,545	34,059,066
Less: Amount set aside for repayment of general obligation debt	<u>(685,582)</u>	<u>(1,736,508)</u>	<u>(1,807,360)</u>	<u>(886,715)</u>
Total net debt applicable to limit	24,924,502	21,001,507	31,804,185	33,172,351
Legal debt margin	<u>\$ 96,881,010</u>	<u>\$ 107,908,355</u>	<u>\$ 107,485,955</u>	<u>\$ 118,063,079</u>
Total net debt applicable to the limit as a percentage of the debt limit	20.46%	16.29%	22.83%	21.93%

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					
2003	2004	2005	2006	2007	2008
\$ 8,315,406,800	\$ 9,405,452,818	\$ 10,797,377,000	\$ 12,149,201,810	\$ 13,344,940,438	\$ 14,676,662,476
166,308,136	188,109,056	215,947,540	242,984,036	266,898,809	440,299,874
29,969,624	42,406,540	46,560,761	46,005,052	45,288,054	54,360,051
(1,339,311)	(1,643,499)	(4,820,996)	(9,887,917)	(10,147,911)	(9,734,039)
28,630,313	40,763,041	41,739,765	36,117,135	35,140,143	44,626,012
<u>\$ 137,677,823</u>	<u>\$ 147,346,015</u>	<u>\$ 174,207,775</u>	<u>\$ 206,866,901</u>	<u>\$ 231,758,666</u>	<u>\$ 395,673,862</u>
17.22%	21.67%	19.33%	14.86%	13.17%	10.14%

## Schedule 13

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

<u>Year</u>	<u>Population (4)</u>	<u>Personal Income (thousands of dollars) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Annual Average Labor Force (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (2)</u>
1999	200,164	\$ 4,976,627	\$ 24,863	104,278	31,117	4.0%
2000	200,471	5,260,420	26,240	103,309	30,313	4.3%
2001	200,827	5,356,256	26,671	104,153	29,388	5.8%
2002	199,691	5,606,880	28,078	104,034	28,776	5.7%
2003	198,858	5,779,960	29,066	104,343	28,245	6.2%
2004	197,739	6,048,448	30,588	103,641	27,523	5.7%
2005	196,552	6,099,660	31,033	102,632	26,659	5.0%
2006	196,218	6,416,221	32,699	102,648	26,278	5.1%
2007	196,420	6,810,737	34,674	103,507	25,860	5.6%
2008	196,864	Not Available	Not Available	104,916	25,347	6.4%

**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 Eight Years Ago

Employer	2008			2000 (Most Historical Data Available)		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
St. Mary's/Duluth Clinic Health System	4,638	1	4.80%	5,196	1	5.00%
St. Louis County	1,982	2	1.89%	2,254	3	2.17%
University of Minnesota Duluth	1,700	3	1.62%	1,391	6	1.34%
Uniprise (United Health Care)	1,634	4	1.56%			
St. Luke's Hospital	1,585	5	1.51%	1,275	9	1.23%
Duluth Public Schools	1,426	6	1.36%	1,508	5	1.45%
Allete	1,400	7	1.33%	1,278	8	1.23%
United States Steel (USX)	1,280	8	1.22%	1,650	4	1.59%
Duluth Air National Guard Base	1,068	9	1.02%			
City of Duluth	850	10	0.81%			
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>17,563</b>		<b>17.12%</b>	<b>20,025</b>		<b>19.28%</b>

**Sources:**

St. Mary's/Duluth Clinic Health System  
 Northland Connection ([www.northlandconnection.com/industries/eading.php](http://www.northlandconnection.com/industries/eading.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**

<b><u>Function/Program</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>
General government	489.00	488.50	489.50	490.78
Public safety	255.40	256.40	258.40	261.40
Highways and streets	342.00	343.00	343.00	343.00
Health and sanitation	105.25	105.25	104.65	104.65
Human services	532.10	523.20	524.70	526.70
Conservation of natural resources	63.60	63.60	64.40	64.40
Solid Waste Management	40.00	40.00	40.00	40.00
Chris Jensen	225.76	214.39	208.00	215.15
Nopeming	181.54	163.28	154.45	160.84
Other Enterprise Funds	<u>57.18</u>	<u>57.18</u>	<u>57.18</u>	<u>56.78</u>
<b>Total</b>	<b><u>2,291.83</u></b>	<b><u>2,254.80</u></b>	<b><u>2,244.28</u></b>	<b><u>2,263.70</u></b>

**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>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
503.48	500.70	410.20	414.70	424.20	427.30
261.40	261.40	274.70	277.70	276.70	278.60
343.00	323.00	323.00	323.00	323.00	321.00
103.25	100.25	99.25	100.25	90.75	91.25
523.20	504.75	511.80	509.80	509.80	520.80
64.40	63.00	64.00	64.00	64.00	69.00
40.00	40.00	40.00	40.00	40.00	42.00
209.90	231.70	246.40	226.10	234.65	190.40
-	-	-	-	-	-
56.78	55.78	45.78	45.78	46.78	41.97
<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>	<u>1,982.32</u>

## Schedule 16

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

Function/Program	1999	2000	2001	2002
<b>General Government</b>				
Auditor's Office				
Checks Issued	80,411	78,221	77,755	80,172
Motor Vehicle Driver's License	13,691	16,849	17,573	17,822
Motor Vehicle Passports				
Motor Vehicle Transactions	118,774	104,687	83,918	70,655
Planning - Building Permits Issued				
Single Family Dwelling		Data is unavailable prior to 2002		
Other		Data is unavailable prior to 2002		
				271
				674
<b>Public Safety</b>				
Sheriff's Department				
Parking Tickets Issued	9	12	12	2
Arrests	1,439	1,460	1,545	1,503
Traffic Citations	3,287	3,202	2,675	3,023
<b>Highways and Streets</b>				
Road and Bridge				
Miles of Overlay	21.47	43.19	25.44	31.14
Miles of Mill Overlay				
Miles of Reclaim Overlay				
Miles of Mill Reclaim Overlay				
Miles of Construction	37.74	14.80	2.20	18.85
Miles of Bridge Constructed		0.10	0.44	0.54
Tons of Crushing	450,100	488,500	283,000	543,500
Miles of Crack Seal	73.86	67.47	83.50	86.38
Miles of Guard Rail Constructed	1.20	1.48		1.17
<b>Health and Sanitation</b>				
Mines				
Mine Visits and Inspections	708	684	573	501
<b>Human Services</b>				
Social Services				
Public Health Home Visits	9,835	8,993	7,490	9,440
Food Beverage and Lodging Inspections	1,361	602	1,197	984
Public Health Nursing Service Screenings	3,345	3,386	3,477	2,714
Unduplicated Children in Out of Home Placement	1,081	900	880	910
Financial Assistance Cases	14,450	14,609	15,282	16,254
Child Support Cases	10,080	10,108	10,570	10,512
Persons Receiving DD (prev MR/RC) Waivered Services	343	371	586	657
Purchased Social Services (1)	\$ 71,849,995	\$ 72,513,963	\$ 83,100,917	\$ 101,747,952
Social Services Administrative costs (2)	\$ 21,161,154	\$ 20,476,811	\$ 20,569,552	\$ 21,627,497
<b>Conservation of Natural Resources</b>				
Land				
Total Acres of Tax Forfeit Lands	899,158	898,306	898,161	897,655
Contracts Sold	144	140	115	138
Closed Sales	122	136	118	127
Acres Harvested	7,315	7,950	7,767	8,482
Average Size of Sale (Acres)	60	58	66	67
Harvest Volume (Cords)	149,636	166,577	189,028	199,728
Cords Per Sale	1,227	1,225	1,602	1,573
Value	\$ 3,528,054	\$ 3,440,905	\$ 4,008,217	\$ 4,919,064
Average Value Per Sale	28,918	25,301	33,968	38,733
Average Value Per Cord	\$ 24	\$ 21	\$ 21	\$ 25
Average Value Per Cut Acre	\$ 482	\$ 433	\$ 516	\$ 580
Volume Per Cut Acre (Cords)	20	21	24	24
Value Per Tax Forfeit Acre	\$ 4	\$ 4	\$ 4	\$ 5
<b>Solid Waste Management</b>				
Tons of Municipal Solid Waste Landfilled	46,298	47,569	50,840	50,388
Tons of Municipal Solid Waste Processed	800			
Tons of Industrial Waste Landfilled	12,107	11,701	8,239	10,163
Tons of Ash Landfilled	4,542	5,424	5,506	8,789
Tons of Recycling Problem Materials	42,672	43,173	49,180	50,348
Tons of Demolition Landfilled	3,731	5,272	6,240	5,708
<b>Chris Jensen</b>				
Licensed Beds (3)	235	235	235	235
Capacity - Resident Days	85,775	86,010	85,775	85,775
Occupancy - Resident Days	81,144	81,398	78,572	66,827
Occupancy Percentage Rate	94.60%	94.64%	91.60%	77.91%
Case Mix (4)	2.59	2.72	2.80	2.85
RUGS (4)				
Medicare Resident Days	10,609	11,466	13,412	5,458
Medicaid Resident Days	55,494	55,003	51,582	51,746
Other Resident Days	15,041	14,929	13,578	9,623

**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 Grouper) 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**

Fiscal Year	2003	2004	2005	2006	2007	2008
	63,649	42,916	39,814	40,225	38,483	30,519
	16,148	16,576	17,294	17,642	17,543	18,785
	1,053	2,737	4,658	6,951	8,207	6,048
	56,915	47,418	48,854	49,247	49,908	50,363
	349	409	337	312	265	209
	731	714	795	739	659	593
	2	8	3	-	14	5
	1,416	1,422	1,929	1,651	1,383	1,245
	2,840	2,660	2,815	3,151	2,040	2,598
	0.50	1.78	7.19	1.62	0.75	0.61
	8.18		2.19			
				18.84	17.60	20.36
				4.32		6.24
	11.60	21.97	7.08	13.25	10.80	6.01
				0.02	0.01	0.06
	258,000	418,428	372,600	386,200	398,500	345,100
			59.70	47.24	19.03	73.68
	1.07		1.39	0.51	1.63	1.74
	531	520	534	675	722	749
	10,237	9,440	8,740	7,145	6,798	5,560
	1,236	1,322	1,451	1,383	1,266	1,238
	2,609	2,582	2,339	3,501	2,262	2,037
	744	649	712	702	725	770
	17,447	17,970	18,500	18,750	19,169	20,823
	10,779	11,032	11,200	11,000	11,455	11,600
	686	714	707	702	677	681
\$	109,586,274	\$ 110,962,782	\$ 113,170,010	\$ 119,215,990	\$ 125,925,606	\$ unavailable
\$	21,688,702	\$ 20,758,769	\$ 22,366,144	\$ 20,733,845	\$ 22,068,291	\$ 23,791,246
	898,092	897,196	895,193	894,682	893,623	892,938
	109	118	114	118	204	128
	147	124	118	100	72	97
	9,784	9,527	10,593	7,828	6,073	6,885
	67	77	90	78	84	71
	224,682	207,410	232,627	174,294	117,711	146,355
	1,528	1,673	1,971	1,743	1,635	1,509
\$	6,025,985	\$ 6,219,835	\$ 8,165,974	\$ 6,661,905	\$ 4,728,720	\$ 5,091,656
	40,993	50,160	69,203	66,619	65,677	52,491
\$	27	\$ 30	\$ 35	\$ 38	\$ 40	\$ 35
\$	616	\$ 653	\$ 771	\$ 851	\$ 779	\$ 740
	23	22	22	22	19	21
\$	7	\$ 7	\$ 9	\$ 7	\$ 5	\$ 6
	52,322	54,560	53,066	54,039	54,006	54,265
	13,554	17,970	8,621	9,362	7,359	6,219
	10,036	9,953	9,784	10,246	13,226	47
	54,723	55,000	55,652	56,605	60,495	60,941
	5,579	4,570	4,844	4,715	6,395	5,888
	235/205	205	205	205	205	189
	80,850	75,030	74,825	74,825	74,825	69,174
	72,634	72,405	72,214	71,734	68,626	63,581
	89.84%	96.50%	96.51%	95.87%	91.72%	91.91%
	1.14	1.18	1.17	1.10	1.06	1.06
	10,039	7,967	9,470	6,941	6,237	5,277
	53,788	53,884	48,873	46,478	43,212	36,350
	8,807	10,554	13,871	18,315	19,177	21,954

## Schedule 17

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

Function/Program	As of December 31									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Courthouses	3	3	3	3	3	3	3	3	3	3
Motor Pool Vehicles	113	113	115	115	113	115	109	117	126	126
Parking Ramp	1	1	1	1	1	1	1	1	1	1
Public Safety										
Vehicles	109	114	117	119	124	120	123	121	121	122
Jail and Lockup Facilities	3	3	3	3	3	3	3	3	3	3
Emergency Operations Center	-	-	-	1	1	1	1	1	1	1
Highways and Streets										
Vehicles	215	219	220	219	218	218	210	214	242	225
Miles of County Road	1,619	1,619	1,619	1,619	1,598	1,578	1,578	1,583	1,578	1,582
Miles of County State Aid Road	1,577	1,577	1,577	1,577	1,386	1,385	1,385	1,385	1,385	1,383
Number of Bridges	599	599	604	604	605	605	605	604	598	597
Garages and Storage Buildings	61	64	57	82	86	86	86	86	88	84
Graders, Loaders and Heavy Trucks	403	408	401	397	398	397	394	400	417	396
Health and Sanitation										
Nursing Homes	2	2	2	1	1	1	1	1	1	1
Demolition Landfill	1	1	1	1	1	1	1	1	1	1
Regional Landfill	1	1	1	1	1	1	1	1	1	1
Recyclables Processing Facility	2	2	1	1	1	1	1	1	1	1
Transfer Station	5	5	5	5	5	5	5	5	5	5
Laundry Facility	1	1	1	1	1	1	1	1	1	1
Human Services										
Office Buildings	1	1	1	2	2	2	2	2	2	2
Culture and Recreation										
Heritage and Arts Center	1	1	1	1	1	1	1	1	1	1
Conservation of Natural Resources										
Vehicles	52	52	49	50	49	50	51	50	52	57
Offices and Garages	8	8	8	8	8	8	8	8	8	8
Graders, Loaders and Heavy Trucks	10	10	9	10	11	11	11	14	13	13

**Sources:**

St. Louis County Auditor  
Individual County Departments