



## Table of Contents

- 1 County Characteristics  
1 Budget Objectives & Priority Areas
- 2 Economic Challenges & Budget Strategies
- 3 Overview of 2011 budget
- 4 2011 Adopted Revenues & Expenditures

### Mission Statement

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

### St. Louis County's Service Strategy

"Working Together, Serving People"

### St. Louis County Characteristics

Located in Northeastern Minnesota at the tip of Lake Superior, St. Louis County is geographically the largest county east of the Mississippi River. It is the home of 200,500 people living in small mining towns, farm communities, and busy cities, with an average of 32 people per square mile.

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

St. Louis County is larger than the District of Columbia (61 square miles) and some states including Rhode Island (1,045 square miles), Delaware (1,954 square miles) and Connecticut (4,845 square miles). Within the state, St. Louis County is larger than the combined land areas of the following counties: Anoka, Benton, Carver, Chisago, Dakota, Hennepin, Isanti, Le Sueur, Nicollet, Ramsey, Rice, Scott, Sherburne, Waseca, Washington and Wright.

### County Organization and Information

Minnesota is one of a minority of states whose form of government is state managed and county administered. This means that many government services are provided by the county, rather than the state. The 2011 St. Louis County adopted operating budget is \$304,077,827 which allows the county to carry out high quality yet efficient services to citizens in the areas of planning and zoning, land management, solid waste, public works, public health, human services, criminal justice, economic development and general government services. The County Board certified a maximum preliminary levy of \$108,073,565 in September, which represents a 0.60% increase over 2010. The 2011 adopted St. Louis County budget includes 1,697.4 full-time equivalent employees. Of the total 2011 adopted operating budget, \$152,859,781, or 50% of the total budget, is designated for personnel related costs.

### Budget Objectives

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

**Accountability:** Maintain fiscal discipline and budgetary sustainability

**Transparency:** Improve allocation of resources in accord with Board priorities

**Continuation of Services:** Improve efficiency of expenditures and focus on core services

More budget information is available by visiting:  
[www.stlouiscounty.org/budget](http://www.stlouiscounty.org/budget).

### Commissioners' Priority Areas

Strong County Infrastructure

Health & Well-Being of County Citizens

Healthy Local Economy

Healthy, Viable Ecosystem

Effective, Efficient Government

More information on progress in each area is available at the Online Performance Data gallery, visit:  
[www.stlouiscounty.org/performance](http://www.stlouiscounty.org/performance).



Duluth Courthouse



Virginia Courthouse



Hibbing Courthouse

### County Commissioners

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

Kevin Z. Gray  
County Administrator

# Challenging Economic Context

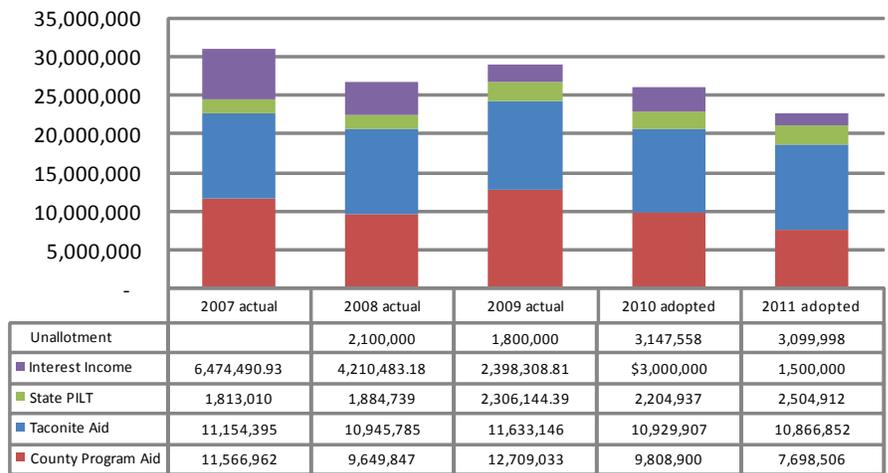
## 2011 Budget Constraints

### Continued State Aid Reductions

The economy impacts St. Louis County and our taxpayers in many ways. As the county is experiencing reduced state aid, fees and other revenue, there is also an increased demand for our services from those who are experiencing difficulty due to current conditions.

State payments to counties are not keeping pace with inflation. Specific aid payments to counties that directly offset property taxes (see chart) continue to decline.

State Aid Reductions 2007-2011



In addition, the State's Maintenance of Effort (MOE) requirements, which demand specific funding levels in various program areas, primarily in human services, have not been adjusted to reflect the current financial reality. To address this concern, counties are working together to present other options to the State that focus on desired outcomes, rather than the specific methods for achieving these outcomes.

### Overview of Budget Strategies

#### Board Direction for the 2011 Budget:

- Be sensitive to the economy and its impact on our citizens and taxpayers
- Continue the Board's commitment to avoid layoffs and work pro-actively on the budget
- Continue the commitment to provide core county services throughout the county

**Business and Organizational Efficiencies:** The 2011 proposed budget incorporates continued reductions in internal cost categories that result in savings to taxpayers. These internal cost categories include Property Management, Information Technology, and our self-insured insurance programs. In addition, during 2010 new programs and efforts were launched to capture additional operational efficiencies, including the Land Records Portal.

**Location and Service Delivery:** 2010 saw improvements in county facilities as part of our ongoing commitment to provide core services throughout the county. For example, the new Ely Government Service Center opened in October, the new Meadowlands Public Works building, co-location of staff in consolidated offices, and continued work on the Joint Law Enforcement Center in Duluth (with the City of Duluth Police Department). In addition, planning is underway for the renovations and addition to the St. Louis County Courthouse in Virginia, funded through the bond issued in November.

**Revenue Maximization:** Throughout the development of the 2011 budget, significant time was spent on analyzing outside funding sources and alternative revenue sources. A 2011 Fee Schedule, with some modifications and minimal increases, was adopted in November and is incorporated into the 2011 budget. Review of alternative revenue sources will continue in 2011.

**Deferral and One-time Monies:** The county monitors the assets, liabilities, and equity balances of its various funds. During 2010, management continued this review. In some cases, charges to funds were reduced resulting in a cost savings and a reduction in the 2011 levy. A capital equipment note was considered early on with the capital improvement bond (issued in November) but was deferred due to budget constraints. In addition, significant savings from the 2010 budget helped the county deal with the unanticipated May unallotment (\$2.4 million) as well as assist with 2011 budget balancing.

**Core Services and Service Levels:** The county continued its review of core services and service levels and incorporated some small changes in the 2011 budget. Business Planning efforts underway this year will assist with future discussions and decisions.

More budget information is available on the web:

[www.stlouiscounty.org/budget](http://www.stlouiscounty.org/budget)

# The County's Budget

Adopted 2011 Budget

## Where do our property tax dollars go?



## About the Budget Process

The Budget process provides the County Board and its management staff an opportunity to annually re-examine the services provided within the County. It is a lengthy comprehensive process that begins early each year.

### **January – March:**

Initial budget instructions released following initial meetings with the Board Chair, Chair of Finance and County Administration.

### **April-May:**

Departments develop & submit baseline budgets for mandated services and recommend strategies to deal with budget challenges.

### **June-August:**

Administration works through multiple iterations of Department budgets and develops a budget recommendation with guidance from County Commissioners.

### **September:**

County Commissioners certify the maximum levy that they will set in December at the September 14th Board Meeting. By establishing a maximum levy and preliminary budget in September, the County Board has opportunities for final refinements based on public input.

### **October-November:**

Additional board workshops for budget revisions are held, as needed.

### **December:**

Public budget meetings are scheduled for December 2 at the County Courthouse in Virginia and December 9 at the County Courthouse in Duluth.

County Commissioners approve the 2011 Operating and Capital Budget by resolution at the December 14th Board Meeting.

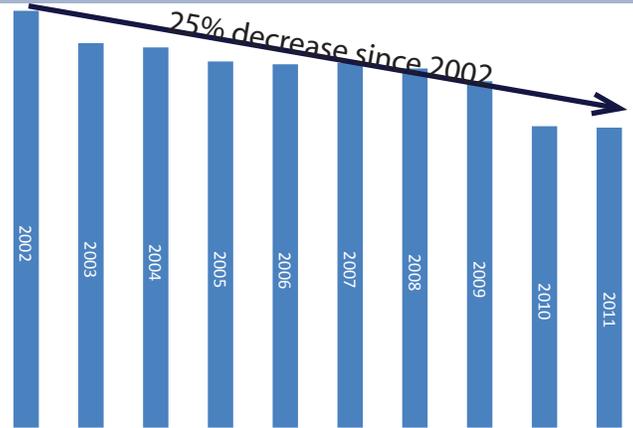
# The County's Budget

## Adopted 2011 Budget (continued)

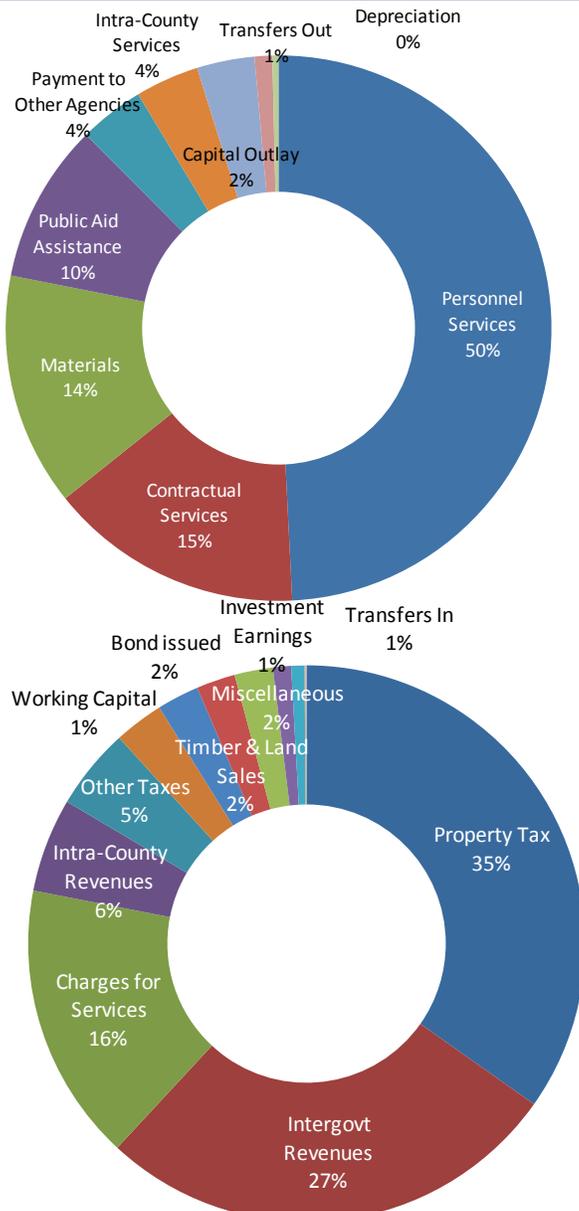
### Personnel History

Employees are key to the services provided by St. Louis County. As employee-related expenses make up 50% of the overall budget, it is important to review positions as they become vacant. This has resulted in a steady decrease in the overall number of employees over the last nine years.

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



### Primary Government Sources of Revenue & Functional Expenses



| Activity                  | 2011 Adopted Expenses |
|---------------------------|-----------------------|
| Personnel Services        | 152,859,781 (50.3%)   |
| Contractual Services      | 45,858,091 (15.1%)    |
| Materials                 | 42,930,285 (14.1%)    |
| Public Aid Assistance     | 29,559,055 (9.7%)     |
| Payment to Other Agencies | 11,970,367 (3.9%)     |
| Intra-County Services     | 11,862,957 (3.9%)     |
| Capital Outlay            | 4,593,985 (1.5%)      |
| Operating Transfers Out   | 3,311,562 (1.1%)      |
| Depreciation              | 1,128,878 (0.4%)      |
| Loss/Gain Asset Disposal  | 2,866 (0.0%)          |
| <b>TOTAL</b>              | <b>\$304,077,827</b>  |

| Source                     | 2011 Adopted Revenue |
|----------------------------|----------------------|
| Property Taxes             | 108,073,565 (35.5%)  |
| Intergovernmental Revenues | 84,417,054 (27.8%)   |
| Charges for Services       | 50,215,872 (16.5%)   |
| Intra-County Revenues      | 17,088,153 (5.6%)    |
| Other Taxes                | 14,730,450 (4.8%)    |
| Timber and Land Sales      | 7,590,000 (2.5%)     |
| Bond Issued                | 7,003,915 (2.3%)     |
| Miscellaneous              | 6,924,884 (2.3%)     |
| Transfers In               | 3,311,562 (1.1%)     |
| Investment Earnings        | 2,407,587 (0.8%)     |
| Working Capital            | 1,959,459 (0.6%)     |
| Fines and Forfeitures      | 181,000 (0.1%)       |
| Licenses and Perm          | 166,326 (0.1%)       |
| Gifts and Contributions    | 8,000 (0.0%)         |
| <b>TOTAL</b>               | <b>\$304,077,827</b> |

More budget information is available on the web:

[www.stlouiscountry.org/budget](http://www.stlouiscountry.org/budget)