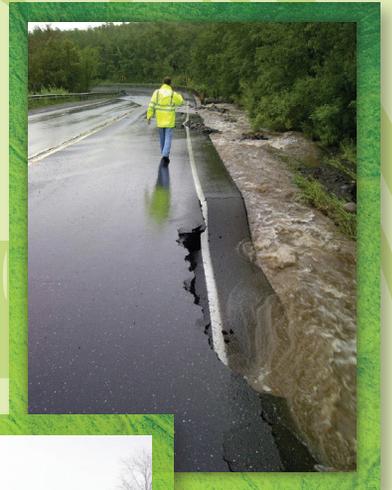
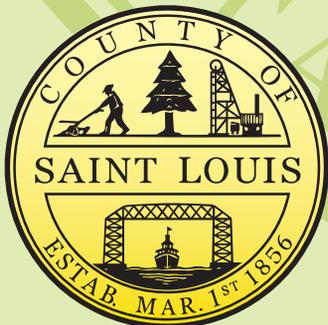


COMPREHENSIVE
ANNUAL FINANCIAL
Report '13



HAINES ROAD RECONSTRUCTION – POST 2012 FLOOD



Photos by St. Louis County Public Works Dept. and Auditor's Office

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

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

Haines Road Reconstruction – Post 2012 Flood

Haines Road, one of the roads severely damaged by the June 2012 flood, was reopened on October 29th, 2013 after being closed for 16 months. The twisting, turning section of the road was considered scenic, but not safe and is used by approximately 7,000 vehicles every day. Innovative designs techniques were needed throughout the project due to the steep terrain, as engineers worked to safely accommodate the needs of motorists, pedestrians, and bikers. The \$12 million project was the largest single road construction project ever for St. Louis County.

The Minnesota County Engineer's Association (MCEA) chose the rebuilding of Haines Road as the 2013 Project of the Year. The honor is given to a project that best demonstrates design innovation, noteworthy accomplishments under adverse conditions, community involvement and environmental and historical considerations.

St. Louis County Minnesota

Comprehensive Annual Financial Report
for the Fiscal Year Ending
December 31, 2013



Donald Dicklich
County Auditor

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

ST. LOUIS COUNTY, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

TABLE OF CONTENTS

	Page
Introductory Section	
Table of Contents.....	i
Letter of Transmittal.....	1
Map - Legislative & Commissioner Districts - Duluth.....	6
Map - Commissioner Districts.....	7
Elected and Appointed Officials.....	8
Organizational Summary.....	9
Certificate of Achievement.....	10
 Financial Section	
Independent Auditor's Report.....	11
Management's Discussion and Analysis.....	14
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position.....	25
Statement of Activities.....	26
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	29
Statement of Revenues, Expenditures and Changes in Fund Balances.....	31
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
General Fund.....	33
Road and Bridge Special Revenue Fund.....	39
Public Health and Human Services Special Revenue Fund.....	40
Forfeited Tax Sale Special Revenue Fund.....	41
Proprietary Funds	
Statement of Net Position.....	43
Statement of Revenues, Expenses and Changes in Fund Net Position.....	45
Statement of Cash Flows.....	46
Fiduciary Funds	
Statement of Fiduciary Net Position.....	49
Statement of Changes in Fiduciary Net Position.....	50
Notes to the Financial Statements.....	51
Required Supplementary Information	
Schedule of Funding Progress.....	91
Schedule of Employer Contributions.....	91
Supplementary Data	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	93
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	96
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Housing and Redevelopment Authority Special Revenue Fund.....	99
Community Development Block Grant Special Revenue Fund.....	100
Northeast Minnesota Housing Consortium Special Revenue Fund.....	101
Septic Loan Special Revenue Fund.....	102
Forest Resources Special Revenue Fund.....	103
Northern Lights Express Special Revenue Fund.....	104
Debt Service Fund.....	105
Internal Service Funds	
Combining Statement of Net Position.....	107
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	109
Combining Statement of Cash Flows.....	111
Fiduciary Funds	
Combining Statement of Fiduciary Net Position - Agency Funds.....	116
Combining Statement of Changes in Fiduciary Net Position.....	117
Combining Statement of Changes in Assets and Liabilities - All Agency Funds.....	118
Miscellaneous Schedules	
Schedule of Investments and Interest Earning Deposits.....	122
Schedule of Intergovernmental Revenue.....	123
Schedule of Expenditures of Federal Awards.....	131
Notes to the Schedule of Expenditures of Federal Awards.....	133

ST. LOUIS COUNTY, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

TABLE OF CONTENTS
 Continued

Statistical Section	Schedule	Page
Financial Trends		
Net Position by Component.....	1	136
Changes in Net Position.....	2	138
Fund Balances - Governmental Funds.....	3	140
Changes in Fund Balances - Governmental Funds.....	4	142
Revenue Capacity		
Tax Capacity and Estimated Market Value of Property.....	5	144
Direct and Overlapping Property Tax Rates.....	6	146
Principal Property Tax Payers.....	7	148
Property Tax Levies and Collections.....	8	149
Debt Capacity		
Ratios of Outstanding Debt by Type.....	9	150
Ratios of General Bonded Debt Outstanding.....	10	152
Direct and Overlapping Governmental Activities Debt.....	11	153
Legal Debt Margin Information.....	12	154
Demographic and Economic Information		
Demographic and Economic Statistics.....	13	156
Principal Employers.....	14	157
Operating Information		
Full-time Equivalent County Government Employees by Function/Program.....	15	158
Operating Indicators by Function/Program.....	16	160
Capital Asset Statistics by Function/Program.....	17	162



Saint Louis County

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

Donald Dicklich

St. Louis County Auditor-Treasurer

June 26, 2014

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, 2013. 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 ensure that accounting data are accurate for the preparation of financial statements in conformity with generally accepted accounting principles, and to accomplish the County's policies.

St. Louis County is audited annually, as required by Minnesota Statutes §6.48. This requirement has been complied with and the Office of the State Auditor has issued an unmodified ("clean") opinion on St. Louis County financial statements for the year ended December 31, 2013. 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, including water surface, from the Canadian border to Duluth. The County's 2013 census population was estimated at 200,319 residents while the 2003 census population was 198,858. The County 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. Major committees are Public Health and Human Services, Environment and Natural Resources, Public Works and Transportation, Finance and Budget, Central Management and Inter-Governmental and Public Safety and Corrections.

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

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

The St. Louis County Board of Commissioners is required by state law to annually adopt a budget for the next fiscal year for the General, Special Revenue, Debt Service, and Capital Projects Funds. The County incorporates budgetary controls which ensure that County departments comply with the annual budget. Encumbrance accounting is used to determine availability of funds prior to incurring a specific obligation and to ensure that policies and regulations have been followed. Encumbrances outstanding at year-end are reported as assignments of fund balances. County departments are comprised of one or more sub-departments (agencies). County departments can spend their agency level budgets on any line item within that agency as long as the total agency budget is not overspent. However, no public aid assistance and/or personal services budget authority may be used for any other purpose without Board approval.

Local economy

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

The mining industry continues to be a driving force of the region's economy. The taconite industry supports roughly 10,000 jobs with an economic impact of \$3.1 billion annually. Taconite plants produced 38.9 million metric tons in 2013 compared to 39.6 million metric tons in 2012. The majority of the drop was due to production cuts at Northshore Mining, which stopped two production lines for most of the year after losing a customer. Northshore Mining restarted the two idled lines in January. Predictions for 2014 are that all the mines will be running at capacity and some new mines will expand their production to higher levels. Taconite mining operations are levied a production tax in lieu of ad valorem property tax. Taconite production tax proceeds are distributed to counties, cities, towns, and schools each year.

The Port of Duluth-Superior connects the heartland of the United States and Canada to the rest of the world, ranking among the top 20 ports in the U.S. in cargo tonnage. It is the largest cargo port on the Great Lakes, with the principal cargoes being Iron Ore (40%), Coal (40%), Grain (5-10%), and Other (5-10%). The Port of Duluth-Superior has averaged more than 40 million tons of cargo and nearly 1,000 vessel visits a year since 1990. In 2013 the port set a record for the earliest arrival of a "Saltie" when the Federal Hunter arrived on March 30th. The port reported 36.7 million tons of cargo with 879 ships that visited the port in 2013, compared to 36.6 million tons and 914 ships in 2012. The Port also was awarded a \$10 Million TIGER (Transportation Investment Generating Economic Recovery) Grant from the U.S. Department of Transportation in 2013, which will be used to rebuild and expand the port's general cargo dock.

Maurices, a women's clothing store, started with one store in downtown Duluth in 1931, has grown to a chain of about 900 women's clothing stores in the United States and Canada. The company, which has always been headquartered in downtown Duluth, has outgrown its current space and is now in the process of building a new 11 story structure to be called "Maurices Headquarters" at Fourth Avenue West and Superior Street in downtown Duluth. The company currently employs 426 staff downtown, and the new building will allow space for the company to grow and house up to 600 staff. The project is targeted for completion in December 2015.

Delta Airlines will add 107 jobs to its current workforce of 418 on the Iron Range through a major renovation of its 40,000 square foot reservation center in Chisholm. The Iron Range Center is one of the highest performing offices in the Delta Reservations system. The Chisholm center will become the flagship model for other Delta Customer Engagements Centers.

PolyMet Mining Corp. is a publicly traded company focused on developing a copper-nickel and precious metals mining operation on the Iron Range. The company is hoping to mine the Duluth Complex, a well-known geological formation near the eastern end of the historic Mesabi Iron Range, which contains the world's third-largest accumulation of nickel and the world's second-largest accumulation of copper and platinum group metals. In December 2013, PolyMet released a 2,200 page Environmental Impact Statement (EIS). If the project moves forward, it should bring 360 full time jobs, along with 600 indirect jobs and 2 million hours of construction work, all of which could lead to a \$550 million economic impact annually.

AAR Aircraft Services brought heavy aircraft maintenance back to the long-vacated Northwest Airlines maintenance base in Duluth in 2012 with hopes of adding 225 jobs within the next three years. Within ten months, the company hired 276 workers with plans to hire more. The Duluth facility services Air Canada Airbus jets. The company was having a hard time finding enough skilled workers, so it has partnered with Lake Superior College to provide the required education and training to meet the need.

Lake Superior College (LSC) is seeing such a demand for skilled manufacturing workers it is expanding its campus to downtown Duluth. Beginning in June 2014 all the manufacturing classes will be moved from the current 3,000 square-foot space at the college to the new 33,700 square foot campus in the former Harcourt Brace Javonovich building in downtown Duluth. LSC expects to double its enrollment with this new campus and triple its capacity.

Spirit Mountain ski hill is also poised to receive \$3.4 million in the state bonding bill which will be used to install a system that would enable Spirit Mountain to disconnect from the city water system for snow making operations and directly draw water from St. Louis Bay on the St. Louis River basin. The new water infrastructure will enable Spirit Mountain to open earlier and extend its season, while relieving demand on the city water system.

Long-term financial planning

At the end of each year, the County calculates the resources needed to pre-fund retiree health insurance premiums for all employees eligible for retirement at the end of the year, by setting aside the value of sick leave balances those employees have accumulated. As of December 31, 2013, 100% of the estimated retiree obligation amount has been classified as committed fund balance in the General Fund and Special Revenue Funds.

The County also calculates the resources needed to pre-fund health insurance premiums for those employees that are not eligible to retire immediately, but probably will retire from the County. As of December 31, 2013, 100% of the estimated retiree obligation amount has been classified as committed fund balance (vesting sick leave) in the General Fund and Special Revenue Funds.

For many years the County has recognized that it would be prudent to set aside funds to meet cash flow needs and began to assign some of its fund balances for that purpose. The County Board's policy is to have the General Fund, the Road and Bridge Fund, and the Public Health and Human Services Fund assign a portion of their available fund balances equal to 5/12 of the certified levy for each fund, plus its share of program aid paid to the County by the State of Minnesota. As of December 31, 2013, the policy was 88.1% accomplished for the General Fund, 100% for the Public Health and Human Service Fund, and 75.3%, for the Road and Bridge Fund. These three funds had combined fund balance allocated for cash flow of \$47.4 million at year-end, an increase of \$4.6 million from 2012.

Starting in 2007, any County-owned buildings with operating revenues in excess of expenditures for the year had the remaining balance transferred into a Depreciation Reserve Fund in the Capital Projects Fund at year end. At the end of 2013, the Depreciation Reserve Fund had a balance of \$2.5 million. Those monies will be used to fund future capital improvements at County facilities.

Other financial planning for 2014 and beyond includes the following:

- The County's commitment to core services and balancing the budget to position the County for future fiscal challenges.
- The County Board directs the County Administrator to hold all county departments accountable for making progress in each department's designated priority areas by the regular use of performance measures and outcomes.
- The County Board has committed and assigned monies for specific purposes. These commitments and assignments of fund balance represent the County's intended future use of the County's resources.
- In 2013, the County attained an AA+ rating from Standard and Poor's. This new rating is just one step below the highest possible rating of AAA. The new rating makes the debt offerings of the County more attractive to investors and lowers the cost of borrowing. This rating was attained by the County having sound financial policies, strong management, and a broad and diverse economy.

Major initiatives

In 2013, the St. Louis County Board eliminated fees charged to cities and townships that use County Assessors for evaluating and assigning property values. Duluth, Hibbing and more than a dozen townships have recently moved to the county system. Elimination of the fees is expected to encourage the last few cities and townships to use the County for property assessments. This investment will cost the county about \$1.3 million in lost revenue, but will help ensure that property valuations are consistent. This is in keeping with the recommendations of a Blue Ribbon Review Panel that studied assessment practices. The collaborative effort also helps eliminate duplication of services and creates work process efficiencies.

The Board continued its long term facilities strategy of eliminating outside leases and rents and consolidating all county services into county-owned buildings with the major renovation of the Government Service Center Building (GSC) that started in 2013. The building's infrastructure and HVAC systems were outdated, worn and inefficient. The current layout and configuration of the office space within the GSC building also was inefficient. Renovation will allow for more available space within the building, so more County offices can locate there and will make it easier for citizens to find and use services. In 2013, the County also moved the Safety and Risk Management Division from leased space in downtown Duluth to the County-owned Public Safety Campus.

St. Louis County has developed an E-Government Plan as part of its enterprise-wide business improvement/customer service initiatives. It has been working with a vendor to begin to make available permits, applications, citizen requests and payment processing services through the county website. This software will make doing business with St. Louis County more timely and convenient for citizens.

The County Board approved the sale of Chris Jensen Health and Rehabilitation Center and surrounding land for \$2.3 million in November 2013. The purchaser is Health Dimensions Group (HDG), which has been under contract to lease and operate the facility for the County since 2009. The County had been subsidizing the nursing home \$1.2 million per year prior to the transition to HDG in 2009.

In September 2013, the board approved a new motor pool building in Virginia. The new building will be located between the county's courthouse and the Northland Office Building where most employees in Virginia work. This new location will save considerable time for workers who use a county vehicle as part of their job and will be more convenient for sheriff's vehicles that need maintenance work. Once the new motor pool is complete the old building will become the home of the Sheriff's Volunteer Rescue Squad, which currently has no dedicated space for vehicles and operations in the northern part of the county.

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, 2012.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which 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-four consecutive years. We believe our current report will conform to the Certificate of Achievement Program requirements, and are thus submitting it to the GFOA.

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

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

Sincerely,

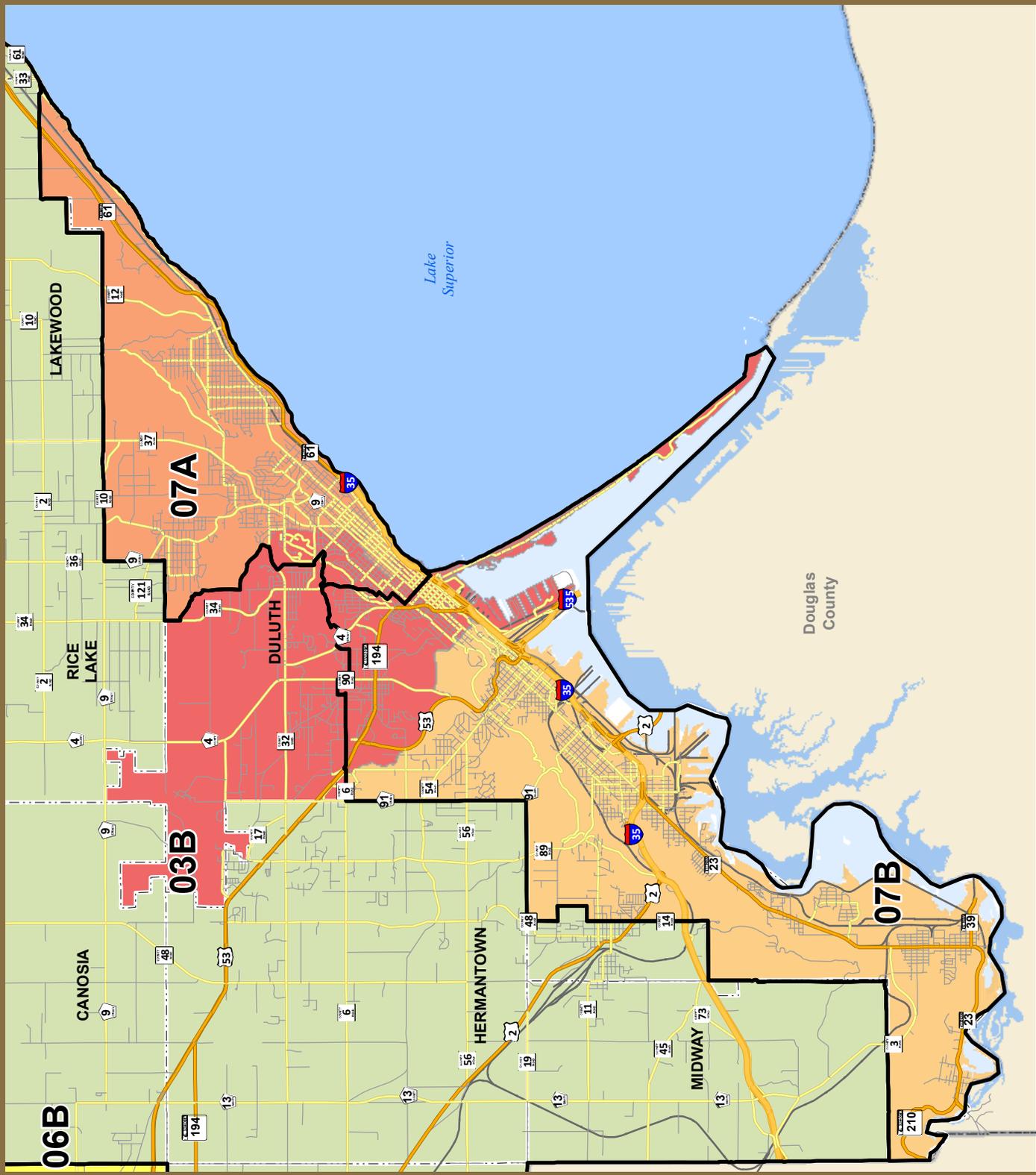


DONALD DICKLICH
County Auditor/Treasurer



Legislative & Commissioner Districts - Duluth

2013



Legislative Districts

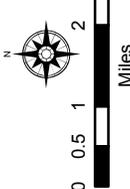
- District 3**
Sen. Thomas Bakk (DFL)
147 State Office Bldg
St. Paul MN 55155
(651) 296-8881
- District 7**
Sen. Roger Reinert (DFL)
149 State Office Bldg
St. Paul MN 55155
(651) 296-4188
- 3B**
Rep. Mary Murphy (DFL)
443 State Office Building
St. Paul MN 55155
(651) 296-2676
- 7A**
Rep. Thomas Huntley (DFL)
351 State Office Bldg
St. Paul MN 55155
(651) 296-2228
- 7B**
Rep. Erik Simonson (DFL)
429 State Office Bldg
St. Paul MN 55155
(651) 296-4246

Commissioner Districts

- 1**
Frank Jewell
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2450
- 3**
Chris Dahlberg
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2562
- 2**
Steven O'Neil
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2359
- 5**
Pete Stauber
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2450

City of Duluth Precincts

- Commissioner**
District 1: Prec. 10-12, 15-20, 22, 23
District 2: Prec. 1-9, 13, 14,
District 3: Prec. 21, 24-34
- Legislative**
District 3B: Prec. 11, 23
District 7A: Prec. 1-10, 12-15, 17
District 7B: Prec. 16, 18-22, 24-34

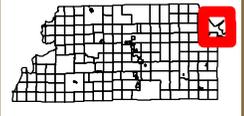


Auditor's Office
100 N 5th Ave W, Rm 214
(218) 726-2380
www.stlouiscountymn.gov

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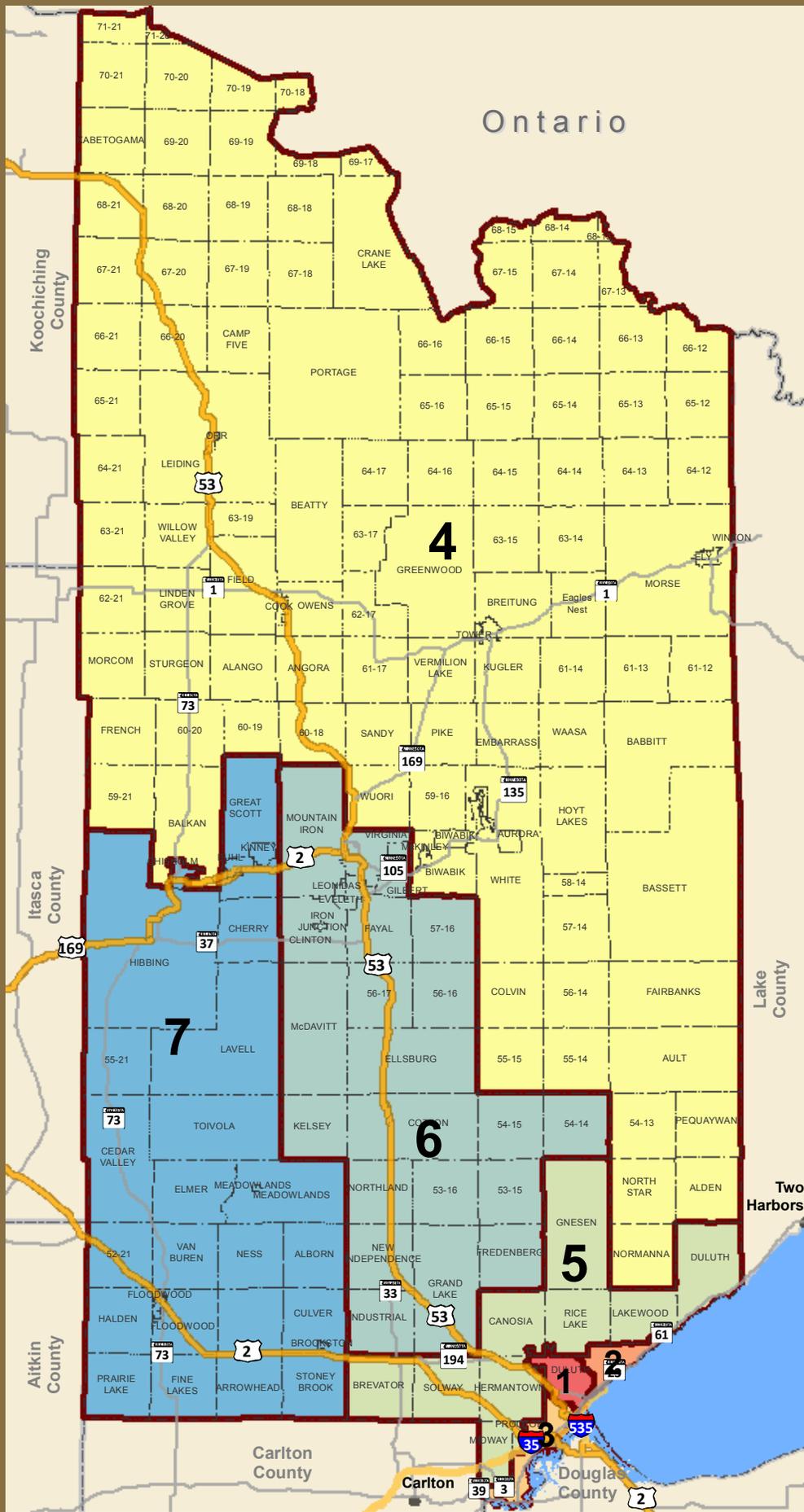
Disclaimer
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Commissioner Districts 2013



Commissioners

1 Frank Jewell
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2450
Term Ends: 12/31/2014



2 Steve O'Neil
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2359
Term Ends: 12/31/2016



3 Chris Dahlberg
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2562
Term Ends: 12/31/2016



4 Mike Forsman
SLC Service Center
320 Miners Dr. E.
Ely MN 55731
(218) 365-8200
Term Ends: 12/31/2014



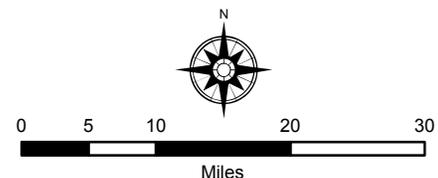
5 Pete Stauber
Room 202
100 N. 5th Ave. W.
Duluth MN 55802
(218) 726-2450
Term Ends: 12/31/2016



6 Keith Nelson
Virginia Courthouse
300 S. 5th Ave.
Virginia MN 55792
(218) 749-7108
Term Ends: 12/31/2014



7 Steve Raukar
Hibbing Courthouse
1810 12th Ave. E.
Hibbing MN 55746
(218) 262-0201
Term Ends: 12/31/2014

Prepared By:
Auditor's Office
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www.stlouiscountymn.gov

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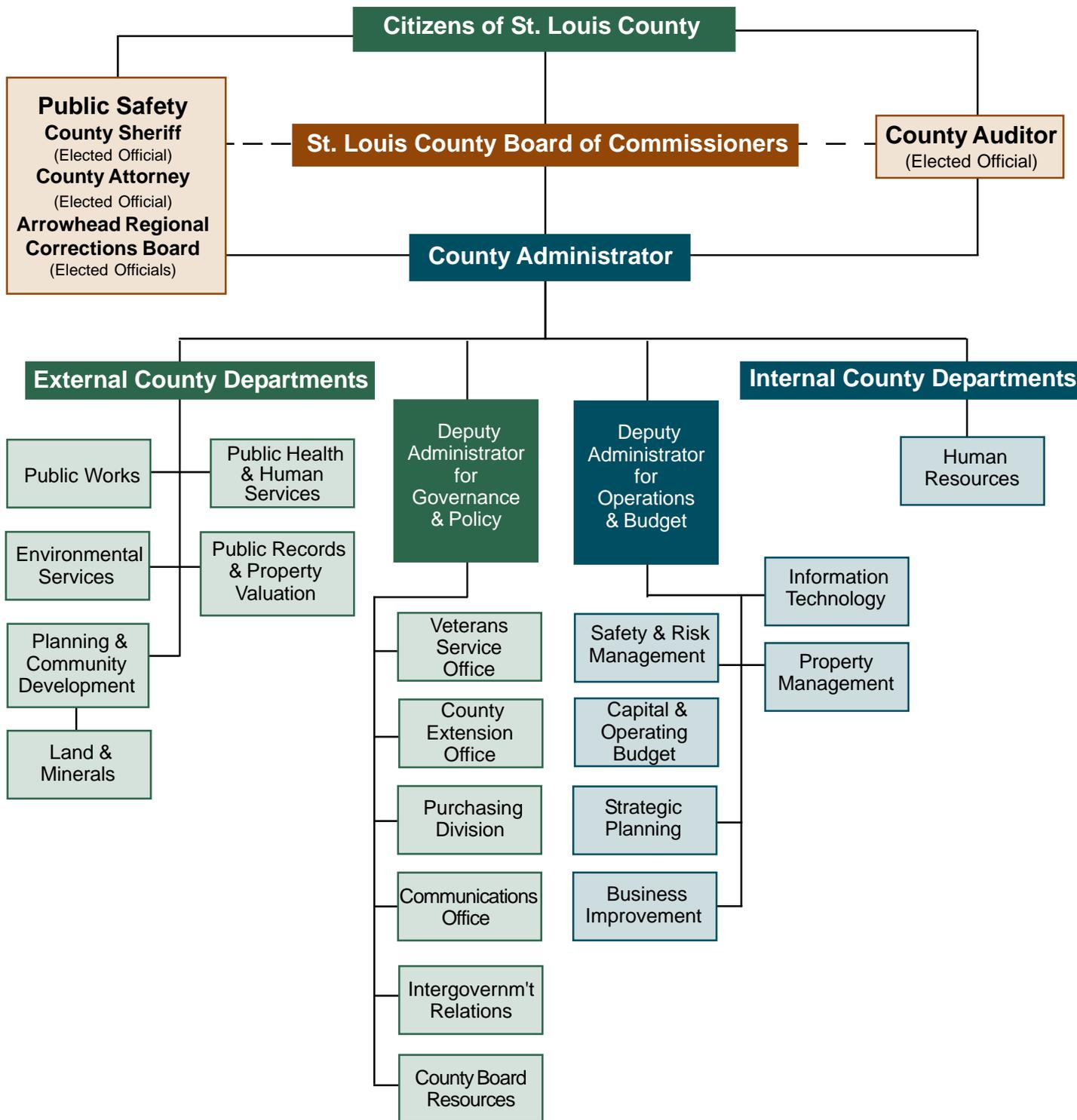
Disclaimer
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**St. Louis County
Elected and Appointed Officials
as of December 31, 2013**

Office	Name	Term
Commissioners:		
1st District	Frank Jewell	Jan. 2011 Jan. 2015
2nd District	Patrick Boyle *	Jan. 2014 Jan. 2017
3rd District	Christopher Dahlberg	Jan. 2013 Jan. 2017
4th District	Mike Forsman	Jan. 2011 Jan. 2015
5th District	Pete Stauber	Jan. 2013 Jan. 2017
6th District	Keith Nelson	Jan. 2011 Jan. 2015
7th District	Steve Raukar	Jan. 2011 Jan. 2015
Elected Officers:		
Attorney	Mark Rubin	Jan. 2011 Jan. 2015
Auditor	Donald Dicklich	Jan. 2011 Jan. 2015
Sheriff	Ross Litman	Jan. 2011 Jan. 2015
Appointed Officers:		
Administrator	Kevin Gray	
Assessor	David Sipila	
Human Resources Director	James Gottschald	
Examiner of Titles	David W. Adams	
Land and Minerals Commissioner	Mark Weber	
Information Technology Director	Martin Buscombe	
Planning & Community Development Director	Barbara Hayden	
Property Management Director	Tony Mancuso	
Public Health and Human Services Director	Ann Busche	
Public Works Director	Jim Foldesi	
Public Records & Property Valuation Director	Mark Monacelli	
Environmental Services Director	Ted Troolin	

*Steve O'Neil passed away in 2013. The County Board appointed Angie Miller to fill his seat until Patrick Boyle was elected in a special election in January 2014.

Saint Louis County Organization





Government Finance Officers Association

**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, 2012

Executive Director/CEO



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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons of the General Fund, Road and Bridge Special Revenue Fund, Public Health and Human Services Special Revenue Fund, and the Forfeited Tax Sale Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1.A. to the financial statements, in 2013 the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Louis County's basic financial statements. The introductory section, supplementary data, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary data is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, 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, and 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* in considering St. Louis County's internal control over financial reporting and compliance.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 26, 2014

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2013

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, 2013. Please read it in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

St. Louis County's total net position increased by \$50.8 million to \$700.1 million, or 7.3%. Governmental activities increased by \$51.4 million to \$677.6 million, while the County's business-type activities decreased by \$.6 million to \$22.5 million.

The County's governmental funds reported a combined ending fund balance of \$175.4 million for 2013, an increase of \$29.3 million compared to 2012. The nonspendable and restricted combined fund balances were \$26.5 million of total fund balance or 15.1%. These fund balances are not available for appropriation because of constraints placed on their use. The remaining fund balances of \$148.9 million or 84.9% are unrestricted and classified as either committed, assigned, or unassigned.

In 2013, the General Fund reported a total fund balance of \$61.4 million, an increase of \$.8 million over 2012. This increase is mainly due to departments underspending expenditure budgets. The unrestricted fund balance of the General Fund was equal to 59.9% of fund expenditures and 57.4% of fund revenues. The State Auditor recommendations are for unrestricted fund balance to be at least 35-50% of revenues and at least five months of expenditures, or 41.7%.

St. Louis County's outstanding debt increased by \$25 million to \$57.4 million in 2013. The County issued \$25.3 million in new debt and refinanced \$14.4 million of existing debt in 2013. Of the new debt issued, \$20.7 million was a Capital Improvement Bond for the renovation of the Government Services Center and \$4.6 million was a Capital Equipment Note for the Public Works and the Sheriff's Departments equipment needs. In the past ten years, the County has issued debt every year except 2009, 2011, and 2012.

All major governmental funds of the County reported actual expenditures less than the final 2013 expenditure budget. In addition, the General Fund, Road and Bridge Fund, Forfeited Tax Sale Fund, and Capital Projects Fund reported a combined \$28.3 million excess of actual revenues over actual expenditures for the year. The Capital Projects Fund received \$25.3 million in bond proceeds in 2013 which is why the revenues came in so much higher than expenditures. The Public Health and Human Service Fund had expenditures exceeding revenue by \$2.1 million mainly due to planned use of existing fund balance reserves.

The County's only major business-type activity, the Environmental Services Fund, had an operating loss of \$1.9 million in 2013. However, when nonoperating revenues from taxes, grants, and earnings on investments totaling \$1 million are added to transfers in and out and capital contributions of \$.2 million, the Environmental Services Fund net position decreased by \$.7 million for the year.

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 Position 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 position and changes to net position. Think of the County's net position (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 position 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.

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2013

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

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

The County maintains five individual major governmental funds. Information is provided separately for each major fund on the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The major funds are the General Fund, Road and Bridge Fund, Public Health and Human Services Fund, Forfeited Tax Sale Fund, and the Capital Projects Fund. Data for the nonmajor governmental funds is combined into "other governmental funds." Individual data for each of the eight nonmajor governmental funds is provided in the supplementary data.

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

The basic financial statements for governmental funds can be found on pages 29-41 of this report.

Proprietary funds: When the County charges customers for the services it provides, whether to outside customers or to other units of the County, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The County uses an enterprise fund (a component of proprietary funds) to report the activities of the Environmental Services Fund, the only major fund, as well as one nonmajor enterprise fund. The County uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services to the County's other programs and activities, such as the County Garage Fund. The proprietary fund basic financial statements can be found on pages 43-47 of this report.

Fiduciary funds: The County is the trustee, or fiduciary, of certain amounts held for others. The County uses trust and agency funds to report its fiduciary activities. The County's fiduciary activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position 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, internal service funds, fiduciary funds, and miscellaneous schedules are provided on pages 93-121.

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2013

Government-wide Financial Analysis

Net position may, over time, be a useful indicator of a government's financial condition. In the case of St. Louis County, assets exceeded liabilities for all activities by \$700.1 million.

By far the largest portion of the County's net position is the investment in capital assets (75.8 percent), which reflects St. Louis County's investment in capital assets less any related debt used to acquire those assets that is still outstanding. Because the County uses these capital assets to provide services to citizens, they are not available for future spending. Although investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
St. Louis County's Net Position
(in Millions)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 255.6	\$ 228.4	\$ 18.0	\$ 18.0	\$ 273.6	\$ 246.4
Capital assets	552.6	508.2	8.3	8.7	560.9	516.9
Total Assets	808.2	736.6	26.3	26.7	834.5	763.3
Long-term liabilities outstanding	101.1	78.5	2.9	2.9	104.0	81.4
Other liabilities	29.5	31.9	0.9	0.7	30.4	32.6
Total liabilities	130.6	110.4	3.8	3.6	134.4	114.0
Net position:						
Net investment in capital assets	522.0	476.3	8.3	8.7	530.3	485.0
Restricted	19.0	21.0	2.1	2.0	21.1	23.0
Unrestricted	136.6	128.9	12.1	12.4	148.7	141.3
Total Net Position	\$ 677.6	\$ 626.2	\$ 22.5	\$ 23.1	\$ 700.1	\$ 649.3

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

Governmental Activities:

In 2013, the total net position of governmental activities increased by \$51.4 million to \$677.6 million. Total net position for the years 2012 back through 2009 were \$626.2, \$583.7 million, \$533.6 million, and \$496.7 million, respectively. St. Louis County is again able to report positive balances in all categories of net position as it has since the government-wide financial statements were first prescribed in 2002.

Current and other assets increased by \$27.2 million in 2013 to \$255.6 million. The main reason for the large increase was due to \$25.3 million in bond proceeds received in September 2013 and at year end only \$2.8 million of those proceeds were spent.

Capital assets at year-end 2013 were \$552.6, compared with \$508.2 million for 2012, an increase of \$44.4 million. Significant capital outlays for infrastructure, such as roads, by the County each year are the driving force behind large annual increases in capital assets. A detailed analysis of this increase is presented in Table 3 on page 23, under the heading Capital Assets and Debt Administration.

Long-term liabilities outstanding increased by \$22.6 million in 2013 to \$101.1 million. The main reason for the large increase is due to \$25.3 in new debt the County issued in September 2013 for renovation of the Government Services Center building and various equipment needs.

Other liabilities decreased \$2.4 million in 2013 to \$29.5 million. Accounts payable increased \$1.2 million, while Advance from other governments decreased \$4.5 million. The County was advanced funds in 2012 for a major flood that affected the County. As the County uses those funds they are booked as revenue and the advance will continue to decline until all the repair work is complete.

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2013

Net Investment in Capital Assets increased by \$45.7 million to \$522.0 million. The increase was the result of net capital assets increasing by \$44.5 million, while the outstanding debt related to capital assets was \$2.9 million. The County's total debt outstanding increased by \$25.0 million in 2013, however, the debt related to the capital projects that have not spent all the proceeds received from general obligation bonds or notes by the end of the year are prorated to determine the debt outstanding.

Restricted net position of the governmental funds decreased by \$2.0 million to \$19.0 million in 2013. The fund balance restricted for conservation of natural resources decreased by \$1.3 due to lower outstanding encumbrances at the end of 2013. The fund balance restricted for unorganized town roads decreased by \$1.3 million due to planned use of fund balance for construction projects. The distribution of restricted net position is typically prescribed by Minnesota statute.

Unrestricted net position that comprise the remaining fund balances increased \$7.7 million to \$136.6 million in 2013. The majority of the unrestricted net position in the government-wide statements are fund balances from governmental fund statements that are either committed by Board action for specific purposes or assigned, indicating County management's intent to use the funds for specific purposes.

Business-type Activities:

Total net position of the County's business-type activities decreased by \$.6 million to \$22.5 million in 2013. At year-end the County's business-type activities consisted of only two funds, Environmental Services and Plat Books. Business-type activities were able to report positive balances in all categories of net position for 2013.

Capital assets decreased by \$.4 million in 2013, to \$8.3 million. The depreciation expense in 2013 was \$.7 million, which was the main reason for the decrease. Current year additions included a truck, several canisters, and the completion of the 30 foot by 30 foot addition to the Regional Landfill Household Hazardous Waste Facility to provide adequate working space for storage and processing to meet the requirements of the Minnesota Pollution Control Agency.

Total liabilities for business-type activities increased by \$.2 million in 2013. This was mainly due to an increase in accounts payable and unearned revenue in 2013. Other changes include a small decrease in the vested and vesting sick leave, which was offset by a small increase in the closure and post closure landfill liabilities.

Net investment in capital assets will mirror capital assets when there is not any associated debt outstanding on the capital assets. The business-type activities have not issued debt since 2002 for capital purchases.

Unrestricted net position decreased \$.3 million for business-type activities primarily due to the Enterprise funds both having net expenditures exceed revenues in 2013.

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2013

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 47.5	\$ 48.4	\$ 6.3	\$ 6.4	\$ 53.8	\$ 54.8
Operating Grants and Contributions	65.6	66.8	0.6	0.6	66.2	67.4
Capital Grants and Contributions	27.8	27.0	-	-	27.8	27.0
<i>General revenues:</i>						
Taxes:						
Property taxes, levied for general purposes	119.2	115.3	0.3	0.2	119.5	115.5
Property taxes, levied for debt service	5.0	5.3	-	-	5.0	5.3
State shared	15.9	16.9	-	-	15.9	16.9
Federal shared	1.7	1.9	-	-	1.7	1.9
Investment income	1.2	2.1	0.1	0.1	1.3	2.2
Total revenues	<u>283.9</u>	<u>283.7</u>	<u>7.3</u>	<u>7.3</u>	<u>291.2</u>	<u>291.0</u>
Expenses						
<i>Program expenses:</i>						
General government	42.1	40.1	-	-	42.1	40.1
Public safety	47.0	53.1	-	-	47.0	53.1
Highways and streets	48.1	52.6	-	-	48.1	52.6
Health and sanitation	4.8	4.6	-	-	4.8	4.6
Human services	75.2	75.9	-	-	75.2	75.9
Culture and recreation	2.5	2.0	-	-	2.5	2.0
Conservation of natural resources	8.2	8.0	-	-	8.2	8.0
Economic development	3.1	3.1	-	-	3.1	3.1
Interest on long-term debt	1.2	1.6	-	-	1.2	1.6
Bond issuance costs	0.1	-	-	-	0.1	-
Environmental services	-	-	8.1	8.0	8.1	8.0
Total expenses	<u>232.3</u>	<u>241.0</u>	<u>8.1</u>	<u>8.0</u>	<u>240.4</u>	<u>249.0</u>
Increase in net position before transfers	51.6	42.7	(0.8)	(0.7)	50.8	42.0
Transfers	(0.2)	(0.2)	0.2	0.2	-	-
Increase (decrease) in net position	<u>51.4</u>	<u>42.5</u>	<u>(0.6)</u>	<u>(0.5)</u>	<u>50.8</u>	<u>42.0</u>
Net position January 1	<u>626.2</u>	<u>583.7</u>	<u>23.1</u>	<u>23.6</u>	<u>649.3</u>	<u>607.3</u>
Net position December 31	<u>\$ 677.6</u>	<u>\$ 626.2</u>	<u>\$ 22.5</u>	<u>\$ 23.1</u>	<u>\$ 700.1</u>	<u>\$ 649.3</u>

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2013

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

Governmental Activities:

Program revenues are revenues derived directly by a program from sources other than County taxpayers. In 2013, program revenues decreased by \$1.3 million to \$140.9 million. Operating grants and contributions decreased \$1.2 million mainly due to less State and Federal funding in 2013 compared to 2012. The 2012 amount was higher than normal due to a massive flood in June 2012 for which the County continues to receive aid to repair the damage. Capital grants and contributions, which are almost entirely for highways and street construction, increased by \$.8 million in 2013 to \$27.8 million. Charges for services also decreased by \$.9 million mainly due to decreased revenue received by the Assessor's office, now that the County provides assessment services to many jurisdictions for no fee.

General revenues are all revenues that are not considered to be program revenues. In 2013, general revenues increased by \$1.5 million to \$143 million. Property tax revenues in 2013 increased by \$3.6 million or 2.9% even though the County Board only increased the annual levy for 2013 by 1.5%. This increase is higher than the increase in levy due to delinquent property taxes that were collected in 2013.

State shared revenues that are classified as general revenues, commonly referred to as local government aids, decreased by \$1 million to \$15.9 million in 2013. The decrease is a result of the County receiving \$.9 million less in County Program Aid in 2013. Total County Program Aid was \$8.9 million in 2013, compared to \$9.8 million in 2011 and 2012. All other aid revenues remained at the same level as 2012, including \$5.5 million in disparity aid.

Investment income for governmental activities was \$1.2 million for 2013, a decrease of \$.9 million from 2012. The decline is due to the required market valuation of investments at year-end. The County's Policy is to hold investments to maturity so the unrealized loss that resulted from the 2013 valuation will not be realized.

Expenses for governmental activities decreased \$8.7 million in 2013, or 3.7%. Highways and streets decreased \$4.5 million mainly due to lower costs in 2013 for the rebuilding after the June 2012 flood. Public safety also decreased by \$6.1 million due to the completion of the FCC-mandated shift to narrow band radio frequencies, Allied Radio Matrix for Emergency Response (ARMER). General government increased by \$2.0 million mainly due to the major renovation of the Government Services Center.

Business-type Activities:

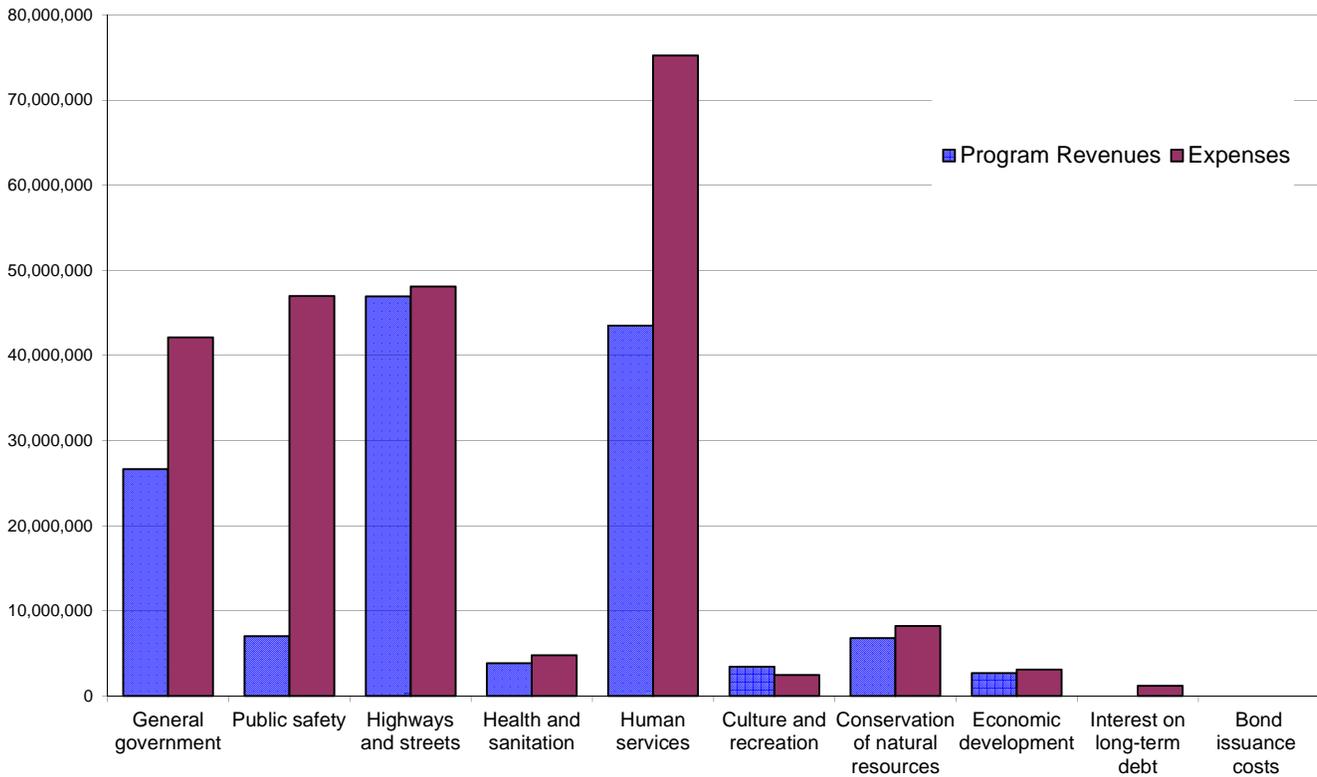
Program revenues for business-type activities decreased by \$.1 million in 2013 to \$6.9 million. The decrease is mainly due to lower revenues collected by the Plat Book Enterprise fund. This fund publishes a new Plat Book every few years and revenues are generally the highest in the first year after publication.

General revenues for the business-type activities increased by \$.1 million in 2013 to \$.3 million. The County has a tax levy in the Environmental Services Fund for its On-Site Waste Water Division. Investment income for the Environmental Services Fund remained \$.1 million in 2013, which is the same amount as 2012. This was due to interest rates remaining the same.

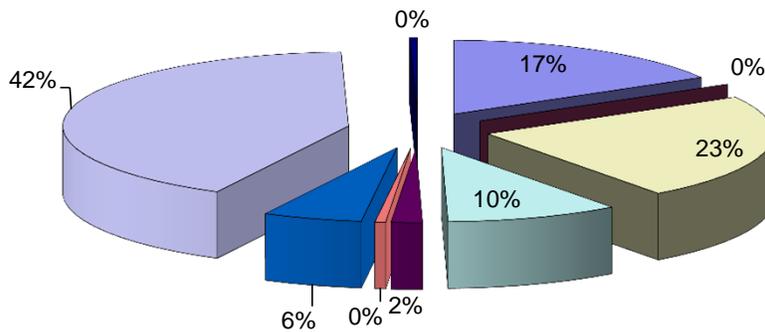
Expenses for business-type activities were \$8.1 million in 2013, \$.1 million more than 2012. In 2013, almost all expenses for business-type activities occurred in the Environmental Services Fund. The Environmental Services Fund expense increase was due primarily to an increase in personnel expense as a result of union contract settlements.

The business-type activities, the Environmental Services Fund, had net transfers in of \$.2 million. The main transfer came from the Shoreline Sales Fund, which transferred funds for the On-Site Waste Water Division. The Shoreline Sales Fund is allowed to annually use 5.5 percent of the fund balance for projects related to the improvement of natural resources.

Expenses & Program Revenues: Governmental Activities

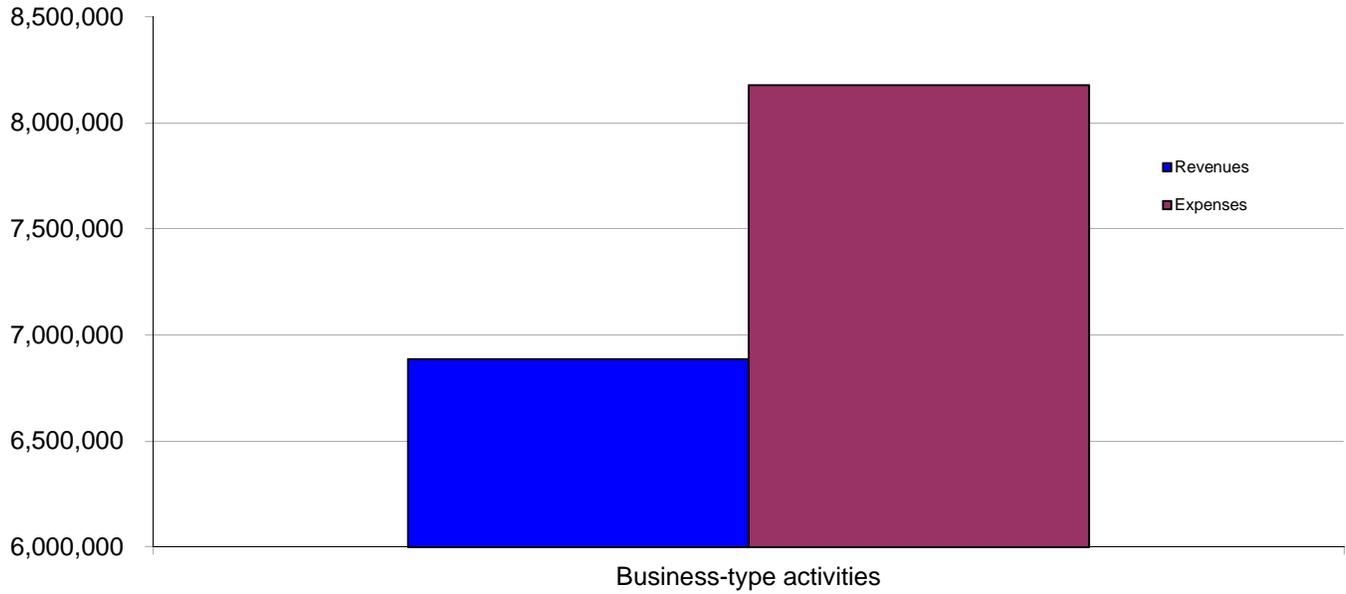


Revenues by Source: Governmental Activities

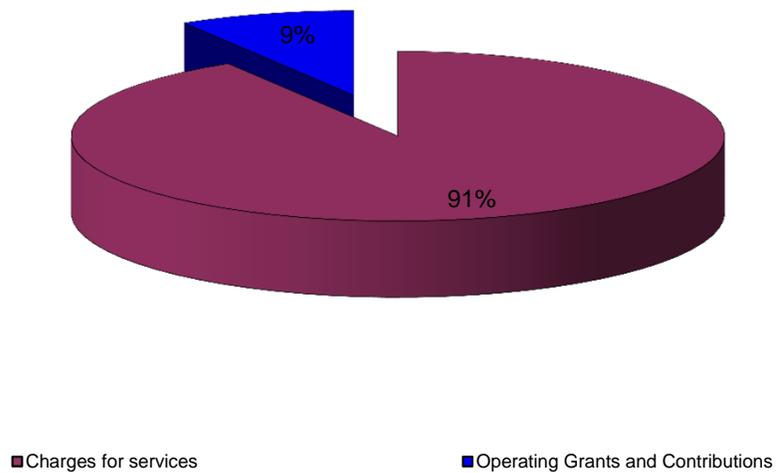


- Charges for services
- Other Program Revenue
- Operating Grants and Contributions
- Capital Grants and Contributions
- Property taxes, levied for debt service
- Federal Share
- State shared
- Property taxes, levied for gen. purposes
- Investment income

Expenses and Program Revenues: Business-type Activities



Revenues by Source: Business-type Activities



UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2013

Financial Analysis of the Government's Funds

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

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

St. Louis County's governmental funds reported combined fund balance of \$175.4 million in 2013, compared with \$146.1 million in 2012, an increase of \$29.3 million. Fund balances that are classified as restricted are either nonspendable or restricted and have specific (usually external) constraints placed on their use. Fund balances that are classified as unrestricted are either committed, assigned, or unassigned fund balances. Committed and assigned fund balances are fund balances for which the County has identified a specific purpose. Unassigned fund balances do not have a specific use identified, but generally support cash flows of the County.

Governmental funds reported restricted fund balance for 2013 of \$49.9 million, or 28.5% of total fund balance and unrestricted fund balance of \$125.5 million or 71.5% of total fund balance. Unrestricted fund balance was \$33.3 million committed, \$58.9 million assigned, and \$33.2 million unassigned. Committed fund balances are approved by the County Board. For example, the Board has decided, by resolution, to set aside monies to pay for retiree obligations. Assigned fund balances are amounts that are to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is fund balance that has not been reported in any other classification and is only used in the general fund unless there are deficit fund balances in other funds.

The General Fund is the chief operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. The unrestricted fund balance of the General Fund was \$55.8 million in 2013, compared to \$54.8 million in 2012. Unrestricted fund balance at the end of the year represented 57.4% of General Fund operating revenues and 59.9% of operating expenditures. The Office of the State Auditor recommends that counties maintain unrestricted fund balance in the General Fund of approximately 35 to 50 percent of operating revenues, or no less than five months of operating expenditures (41.7%).

In 2013, the fund balance of the County's General Fund increased \$.8 million to \$61.4 million, because revenues exceeded expenditures by \$.8 million. The excess revenues came from delinquent tax payments made in 2013.

The Road and Bridge Fund had an \$.3 million excess of revenue over expenditures in 2013. Revenue was up in 2013 due to an increase in Intergovernmental revenue. In June 2012, the County experienced a major flood that affected a large number of roads and bridges within the County. By the end of 2013, \$26.6 million had been spent on Flood repairs and \$23 million of that amount had been reimbursed to the County by the State and Federal governments.

The Public Health and Human Services Fund had expenditures in excess of revenues of \$1.2 million in 2013. This was due to planned use of fund balance in 2013. Some of the planned uses included \$.7 million for the Government Services Center Remodel, \$.2 million for the expansion of Medical Assistance due to changes made for health care reform, and \$.2 million for chemical dependency maintenance of effort.

The Capital Projects fund balance increased in 2013 to \$32.3 million. The large increase was due to two bonding projects that totaled \$25.3 million. The bonds were issued to do a major renovation of the Government Services Center and to purchase equipment for Public Works and the Sheriff.

Pursuant to Minnesota statute, the Forfeited Tax Sale Fund distributed \$1.1 million in net proceeds to county funds, cities, towns and school districts in St. Louis County. The distribution was \$1 million more than the 2012 distribution primarily due to the increase in land and timber sales for 2013.

General Fund Budgetary Highlights

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

Actual expenditures ended the year \$11.2 million under the final budget. Expenditure budgets for personnel services (\$1.7 million), operating (\$7.4 million), and capital outlay (\$2.1 million) accounted for the unspent budget. The main reason for the unspent personnel budget is due to the savings realized when positions are vacant before they are refilled. The majority of the unspent operating and capital budgets was due to outstanding encumbrances at year end.

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2013

Actual revenues in total for 2013 came in \$.1 million under the final budget. Taxes came in \$1.5 million over budget mainly due to DNR PILT coming in higher than budgeted and higher than anticipated delinquent tax payments. Earnings on investments came in \$1.0 million under budget due to the year end market valuation of investments. This valuation resulted in an unrealized loss of \$1.2 million. This loss will not be realized since it is the County policy to hold investments to maturity.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the County's capital assets totaled \$560.9 million. Of that total, governmental activities accounted for \$552.6 million, and the remaining \$8.3 million belonged to the business-type activities. These amounts represent a broad range of capital assets including land, buildings, machinery, roads, road maintenance equipment, and law enforcement equipment. Detail is presented immediately below in Table 3.

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

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 2.5	\$ 2.1	\$ 0.3	\$ 0.3	\$ 2.8	\$ 2.4
Buildings and structures	83.6	77.8	3.0	3.0	\$ 86.6	80.8
Improvements other than buildings	-	-	4.5	4.7	\$ 4.5	4.7
Machinery and equipment	4.6	4.9	0.2	0.2	\$ 4.8	5.1
Vehicles	17.8	17.5	0.3	0.4	\$ 18.1	17.9
Infrastructure	430.3	389.3	-	-	\$ 430.3	389.3
Intangibles	2.5	3.2	-	-	\$ 2.5	3.2
Work in progress	11.3	13.4	-	0.1	\$ 11.3	13.5
Totals	\$ 552.6	\$ 508.2	\$ 8.3	\$ 8.7	\$ 560.9	\$ 516.9

Capital assets for governmental activities increased (including additions, disposals, and depreciation expense) by \$44.4 million, or 8.1%, over 2012. Additions for 2013 totaled \$59.4 million, net disposals were \$.2 million, and depreciation expense was \$14.7 million.

Vehicle purchases for governmental activities in 2013 were \$3.0 million compared to \$2.3 million in 2012. Total vehicles in 2013 increased by \$.3 million to \$17.8 million. The 2013 additions to the County's fleet included: 24 cars, 4 suburban's, 2 vans; 26 pickup trucks; 3 tandem dump trucks; 8 plows; 1 box sand spreader; 2 rescue vehicles; 1 snowmobile; 5 all terrain vehicles; 2 equipment attachments; 1 track excavator, 1 fork lift, 1 front end loader, 1 tractor mower, 1 watercraft, 1 flatbed trailer, and 1 utility trailer.

Buildings and structures increased \$5.8 million to \$83.6 million in 2013. The primary reason for the increase was completion of the \$6.7 million Virginia Courthouse Remodel that moved from a Work in progress to Buildings and structures in 2013.

Work in progress for governmental activities decreased by \$2.1 million in 2013. The main reason for the decrease was the completion of the \$6.7 million Virginia Courthouse Remodel. Some larger projects at year-end included the Government Services Center Remodel, Virginia Motor Pool Relocation, and the AP Cook Building Remodel.

Business-type activities had total net capital assets decrease \$.4 million from 2012. The Environmental Services Fund, the only enterprise fund with capital assets, had net capital assets at year-end of \$8.3 million, new purchases of \$.2 million and depreciation expense of \$.6 million. Some of the current year additions were 7 drop box containers, a scale, and a truck.

Additional information on St. Louis County's capital assets can be found in the notes on page 70 and 71.

UNAUDITED
St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2013

Debt Administration

At year-end, the County had \$57.4 million of outstanding bonded debt that is backed by the full faith and credit of the County. Some of the debt also is secured by specific revenue sources. There is no business-type activity bonded debt.

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

	Governmental Activities	
	2013	2012
General obligation bonds	\$ 57.0	\$ 32.0
Revenue bonds	0.4	0.4
Total	\$ 57.4	\$ 32.4

County debt increased \$25 million to \$57.4 million in 2013, compared to a decrease of \$4.7 million in 2012. The 2013 increase was the result of issuing \$25.3 million in new bonds in September of 2013. The new bonds consisted of a \$20.7 million Capital Improvement Bond for renovation of the Government Services Building and a \$4.6 million Capital Equipment Note for Public Works and Sheriff's Equipment. The County also refinanced \$14.4 million of existing debt at the same time to take advantage of lower interest rates.

Moody's Investors Service assigned an "Aa2" rating to the bonds issued in 2013.

Additional information on St. Louis County's long-term debt can be found in the notes on pages 72-74.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The average unemployment rate for St. Louis County was 6.0% in 2013, while the average unemployment rate was 7.4% for the United States and 4.7% for the State of Minnesota.

The County's 2014 budget was passed on December 17, 2013, at a meeting of the St. Louis County Board of Commissioners. The 2014 property tax levy increased \$1.7 million to \$113.3 million, or 1.5% more than 2013. It is the fifth consecutive year the Board has held the levy increase below the rate of inflation. A key highlight of the 2014 budget is the investment in assessment services. Beginning in 2014, the county will offer assessment services at no charge to cities and townships that choose to contract with the county. By absorbing these costs, the county is saving local units of government an estimated \$2.5 million

In 2014, St. Louis County and other local governments will begin to benefit from a state sales tax exemption. This policy change is estimated to save St. Louis County \$1.4 million in 2014. Savings from this exemption will help fund the additional assessment services the County will be providing to cities and townships mentioned above.

At the end of 2013, the County issued a \$20.7 million bond to renovate the Government Services Center, which is a county service hub in Duluth. The 1.5% increase in the 2014 levy is mainly due to the increase in debt service costs for this project.

County Program Aid received from the State of Minnesota in 2012 was \$9.8 million. In 2013 this aid dropped to \$8.8 million and in 2014 it is expected to increase to \$11 million. Due to the volatility of this revenue the County is working to reduce its reliance on this aid. In years where the aid is fully funded, the additional amount will be directed to critical capital investments, reducing future borrowing costs or levy impacts.

Employees are key to the quality services provided by St. Louis County. The 2014 budget included 1742 full time equivalent employees. Of the total \$319.5 million 2014 budget, \$157.9 million or 49%, was designated for personnel related costs.

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

All of these factors were considered in preparing the County's budget for the 2014 fiscal year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 136,096,200	\$ 1,374,072	\$ 137,470,272
Cash with fiscal agent	2,990,008	-	2,990,008
Investments	60,391,160	13,072,697	73,463,857
Receivables (net)	46,232,974	203,108	46,436,082
Internal balances	628,250	(628,250)	-
Inventories	8,870,272	46,393	8,916,665
Prepaid items	422,579	-	422,579
Restricted assets	-	3,897,692	3,897,692
Capital assets not being depreciated	14,259,603	277,966	14,537,569
Capital assets being depreciated, net	538,397,633	8,022,868	546,420,501
Total assets	<u>808,288,679</u>	<u>26,266,546</u>	<u>834,555,225</u>
LIABILITIES			
Accounts payable	21,045,083	804,771	21,849,854
Unearned revenue	5,320,421	82,622	5,403,043
Advance from other governments	3,183,242	-	3,183,242
Noncurrent liabilities:			
Due within one year	13,197,369	195,481	13,392,850
Due in more than one year	87,909,357	2,730,094	90,639,451
Total liabilities	<u>130,655,472</u>	<u>3,812,968</u>	<u>134,468,440</u>
NET POSITION			
Net investment in capital assets	522,018,741	8,300,834	530,319,575
Restricted			
General government	1,963,800	-	1,963,800
Public safety	1,939,338	-	1,939,338
Highways and streets	489,809	-	489,809
Conservation of natural resources	5,020,308	-	5,020,308
Economic development	1,142,955	-	1,142,955
Debt service	1,233,657	-	1,233,657
Shoreline sales:			
Expendable	356,025	-	356,025
Nonexpendable	6,874,917	-	6,874,917
Health and sanitation	-	54,750	54,750
Financial assurance	-	1,986,666	1,986,666
Unrestricted	136,593,657	12,111,328	148,704,985
Total net position	<u>\$ 677,633,207</u>	<u>\$ 22,453,578</u>	<u>\$ 700,086,785</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, 2013

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental Activities:			
General government	\$ 42,135,549	\$ 19,316,681	\$ 7,342,900
Public safety	46,974,978	4,245,110	2,577,198
Highways and streets	48,091,104	3,708,564	15,622,924
Health and sanitation	4,786,016	859,257	3,009,308
Human services	75,225,112	13,083,377	30,418,954
Culture and recreation	2,482,810	(4,000)	3,447,971
Conservation of natural resources	8,225,572	6,312,179	511,731
Economic development	3,100,381	3,150	2,690,853
Interest on long-term debt	1,203,827	-	-
Bond issuance costs	148,166	-	-
Total governmental activities	<u>232,373,515</u>	<u>47,524,318</u>	<u>65,621,839</u>
Business-type activities:			
Environmental Services	8,130,015	6,233,859	594,766
Plat Books	48,195	26,843	-
Total business-type activities	<u>8,178,210</u>	<u>6,260,702</u>	<u>594,766</u>
Total primary government	<u>\$ 240,551,725</u>	<u>\$ 53,785,020</u>	<u>\$ 66,216,605</u>

General revenues:

Taxes:

Property taxes , levied for general purposes

Property taxes, levied for debt service

State shared not restricted to specific programs

Federal shared not restricted to specific programs

Investment earnings

Transfers

Total general revenues and transfers

Changes in net position

Net position - January 1

Net position - December 31

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

**Net (Expense) Revenue and
Changes in Net Position**

Capital Grants and Contributions	Primary Government		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (15,475,968)	\$ -	\$ (15,475,968)
194,253	(39,958,417)	-	(39,958,417)
27,633,656	(1,125,960)	-	(1,125,960)
-	(917,451)	-	(917,451)
-	(31,722,781)	-	(31,722,781)
-	961,161	-	961,161
-	(1,401,662)	-	(1,401,662)
-	(406,378)	-	(406,378)
-	(1,203,827)	-	(1,203,827)
-	(148,166)	-	(148,166)
<u>27,827,909</u>	<u>(91,399,449)</u>	<u>-</u>	<u>(91,399,449)</u>
30,700	-	(1,270,690)	(1,270,690)
-	-	(21,352)	(21,352)
<u>30,700</u>	<u>-</u>	<u>(1,292,042)</u>	<u>(1,292,042)</u>
<u>\$ 27,858,609</u>	<u>(91,399,449)</u>	<u>(1,292,042)</u>	<u>(92,691,491)</u>
	119,179,161	305,413	119,484,574
	5,001,699	-	5,001,699
	15,941,883	-	15,941,883
	1,731,840	-	1,731,840
	1,240,530	93,248	1,333,778
	(241,624)	241,624	-
	<u>142,853,489</u>	<u>640,285</u>	<u>143,493,774</u>
	51,454,040	(651,757)	50,802,283
	626,179,167	23,105,335	649,284,502
	<u>\$ 677,633,207</u>	<u>\$ 22,453,578</u>	<u>\$ 700,086,785</u>

GOVERNMENTAL FUNDS

General Fund

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

Special Revenue Funds

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

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

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

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

Capital Projects Fund

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

ST. LOUIS COUNTY, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 61,512,944	\$ 22,507,307	\$ 30,727,127	\$ 607,311	\$ 6,823,335	\$ 9,175,229	\$ 131,353,253
Cash with fiscal agent	-	-	-	-	-	2,990,008	2,990,008
Investments	-	-	-	-	25,333,110	6,808,692	32,141,802
Delinquent taxes receivable	3,213,147	1,341,429	2,170,345	-	155,875	413,730	7,294,526
Accounts receivable (net)	291,467	54,988	298,278	9,035,201	-	9,852	9,689,786
Accrued interest receivable	596,676	-	-	113,465	29,053	-	739,194
Loans receivable	282,926	135,557	-	-	-	743,914	1,162,397
Interfund receivable	80,884	-	-	-	-	-	80,884
Due from other governments	2,869,124	14,249,150	6,730,780	112,170	52,338	729,310	24,742,872
Inventories	-	8,808,036	-	-	-	-	8,808,036
Prepaid items	339,823	-	-	-	-	-	339,823
Advances to other funds	-	-	-	-	1,630,000	-	1,630,000
Total Assets	69,186,991	47,096,467	39,926,530	9,868,147	34,023,711	20,870,735	220,972,581
LIABILITIES AND FUND BALANCES							
Accounts payable	1,359,664	754,522	1,441,390	132,423	1,519,919	271,913	5,479,831
Contracts payable	1,613	3,344,156	-	-	103,482	-	3,449,251
Salaries payable	2,546,937	875,413	1,581,473	159,143	-	8,482	5,171,448
Interfund payable	-	-	-	-	-	80,884	80,884
Due to other governments	598,986	56,783	468,929	28,684	8	130,000	1,283,390
Unearned revenue	190,138	4,107,579	328,129	-	54,700	-	4,680,546
Advance from other governments	-	3,183,242	-	-	-	-	3,183,242
Total Liabilities	4,697,338	12,321,695	3,819,921	320,250	1,678,109	491,279	23,328,592
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue							
Taxes	2,814,276	1,192,127	1,927,788	-	136,903	372,572	6,443,666
Grants	232,393	6,851,322	527,794	112,170	-	-	7,723,679
Long-term receivables	-	-	-	8,110,217	-	-	8,110,217
Total Deferred Inflows of Resources	3,046,669	8,043,449	2,455,582	8,222,387	136,903	372,572	22,277,562
FUND BALANCE							
Non Spendable							
Noncurrent loans	282,926	-	-	-	-	-	282,926
Inventories	-	8,808,036	-	-	-	-	8,808,036
Prepaid items	339,823	-	-	-	-	-	339,823
Environmental trust funds	-	-	-	-	-	6,874,917	6,874,917
Restricted							
Unorganized town roads	-	489,809	-	-	-	-	489,809
Debt service	-	-	-	-	-	4,223,665	4,223,665
Health and sanitation	-	-	-	-	-	54,870	54,870
Improvement of natural resources	-	-	-	-	-	356,025	356,025
Economic development	1,100,812	-	-	-	-	-	1,100,812
Law library	733,390	-	-	-	-	-	733,390
Recorder's equipment	468,065	-	-	-	-	-	468,065
Communications	1,326,216	-	-	-	-	-	1,326,216
Extension service	261,258	-	-	-	-	-	261,258
Missing heirs	190,658	-	-	-	-	-	190,658
Tax certificate assurance	197,153	-	-	-	-	-	197,153
Attorney forfeitures	385,827	-	-	-	-	-	385,827
Sheriff forfeitures	187,946	-	-	-	-	-	187,946
Sheriff fines	4,952	-	-	-	-	-	4,952
Data Integration	113,276	-	-	-	-	-	113,276
Veterans' credit	-	-	-	15,000	-	-	15,000
Emergency contingency	5,942	-	-	23,969	-	-	29,911
Sheriff's contingency	4,486	-	-	-	-	-	4,486
Capital improvements	-	-	-	-	23,446,323	-	23,446,323
Committed							
Health and sanitation	-	-	-	-	-	763,475	763,475
Conservation of natural resources	-	-	-	-	-	5,005,308	5,005,308
Economic development	-	-	-	-	-	1,142,955	1,142,955
Retiree obligations	7,256,934	3,928,763	7,443,243	872,365	-	-	19,501,305
Vesting sick leave	3,568,824	948,624	1,748,495	312,205	-	-	6,578,148
Ditching	275,000	-	-	-	-	-	275,000
Motorplex	27,430	-	-	-	-	-	27,430

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

ST. LOUIS COUNTY, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assigned							
Out of home placement	-	-	886,694	-	-	-	886,694
Chemical dependency	-	-	150,000	-	-	-	150,000
Major emergency road & bridge repair	-	500,000	-	-	-	-	500,000
Local road & bridge construction projects	-	1,561,668	-	-	-	-	1,561,668
Gas and diesel variability	-	962,947	-	-	-	-	962,947
State aid engineering	-	59,202	-	-	-	-	59,202
Depreciation reserve	-	-	-	-	2,541,145	-	2,541,145
Capital improvements	-	-	-	-	6,221,231	-	6,221,231
Parking	618,920	-	-	-	-	-	618,920
NEMESIS	514,677	-	-	-	-	-	514,677
General government	2,124,398	-	-	-	-	-	2,124,398
Public safety	1,749,622	-	-	-	-	-	1,749,622
Public safety Innovation	591,255	-	-	-	-	-	591,255
Highways and streets	-	9,336,717	-	-	-	-	9,336,717
Health and sanitation	54,900	-	-	-	-	-	54,900
Information Technology	3,696,426	-	3,326,630	-	-	-	7,023,056
GSC Remodel	-	-	1,337,450	-	-	-	1,337,450
Prevention and Innovation	-	-	1,241,697	-	-	-	1,241,697
Telecommunications	904,477	-	-	-	-	-	904,477
Human services	-	-	16,163,140	-	-	-	16,163,140
Conservation of natural resources	3,524	-	-	101,971	-	1,585,669	1,691,164
Hibbing Raceway	12,000	-	-	-	-	-	12,000
Planning & Zoning GIS	368,183	-	-	-	-	-	368,183
Mineral Management Program	300,000	-	-	-	-	-	300,000
MA Expansion	-	-	1,353,678	-	-	-	1,353,678
Ely joint use facility loan	-	135,557	-	-	-	-	135,557
Community & Economic Dev Blight Progr	109,116	-	-	-	-	-	109,116
Culture and Recreation	413,641	-	-	-	-	-	413,641
Unassigned	33,250,927	-	-	-	-	-	33,250,927
Total Fund Balance	<u>61,442,984</u>	<u>26,731,323</u>	<u>33,651,027</u>	<u>1,325,510</u>	<u>32,208,699</u>	<u>20,006,884</u>	<u>175,366,427</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 69,186,991</u>	<u>\$ 47,096,467</u>	<u>\$ 39,926,530</u>	<u>\$ 9,868,147</u>	<u>\$ 34,023,711</u>	<u>\$ 20,870,735</u>	<u>\$ 220,972,581</u>

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

Total Fund balance - governmental funds (from above)	\$ 175,366,427
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	550,506,294
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.	22,277,562
Certain liabilities payable from other long term assets listed above are also not reported in the funds.	(3,244,087)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(90,044,077)
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 Position.	<u>22,771,088</u>
Net position of governmental activities	<u>\$ 677,633,207</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Road and Bridge	Public Health and Human Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 57,377,551	\$ 27,411,432	\$ 30,724,591	\$ -	\$ 2,409,895	\$ 5,785,909	\$ 123,709,378
Licenses and permits	112,089	37,355	-	-	-	-	149,444
Intergovernmental	16,306,920	56,621,738	43,123,937	19,458	285,715	3,152,022	119,509,790
Charges for services	21,722,390	1,563,489	4,709,846	-	37,199	-	28,032,924
Fines and forfeits	162,624	-	-	-	-	-	162,624
Earnings on investments	(64,162)	-	-	-	31,401	1,080,276	1,047,515
Gifts and contributions	7,865	-	80	-	-	-	7,945
Land and timber sales	-	-	-	6,925,052	-	-	6,925,052
Miscellaneous	1,588,059	2,059,166	678,290	47,795	43,707	299,563	4,716,580
Total Revenues	<u>97,213,336</u>	<u>87,693,180</u>	<u>79,236,744</u>	<u>6,992,305</u>	<u>2,807,917</u>	<u>10,317,770</u>	<u>284,261,252</u>
EXPENDITURES							
Current:							
General government	39,180,456	-	-	-	954,581	-	40,135,037
Public safety	47,240,274	-	-	-	28,159	-	47,268,433
Highways and streets	-	38,817,807	-	-	321,786	-	39,139,593
Health and sanitation	538,023	-	4,560,758	-	-	13,045	5,111,826
Human services	204,400	-	75,871,493	-	-	-	76,075,893
Culture and recreation	2,452,302	-	-	-	-	30,508	2,482,810
Conservation of natural resources	920,812	-	-	6,270,736	-	1,143,818	8,335,366
Economic development	556,049	-	-	-	-	2,465,926	3,021,975
Debt service:							
Principal	-	-	-	-	-	16,697,490	16,697,490
Interest and other charges	-	-	-	-	-	1,196,565	1,196,565
Bond issuance costs	-	-	-	-	-	148,166	148,166
Capital outlay:							
General government	333,905	-	-	-	4,115,081	-	4,448,986
Public safety	1,700,505	-	-	-	229,873	-	1,930,378
Highways and streets	-	48,624,812	-	-	1,575,388	-	50,200,200
Conservation of natural resources	-	-	-	125,907	-	-	125,907
Total Expenditures	<u>93,126,726</u>	<u>87,442,619</u>	<u>80,432,251</u>	<u>6,396,643</u>	<u>7,224,868</u>	<u>21,695,518</u>	<u>296,318,625</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,086,610</u>	<u>250,561</u>	<u>(1,195,507)</u>	<u>595,662</u>	<u>(4,416,951)</u>	<u>(11,377,748)</u>	<u>(12,057,373)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	762,320	416,339	7,485	44,450	5,029,385	109,116	6,369,095
Transfers (out)	(4,047,784)	(76,223)	(886,209)	(567,401)	(171,217)	(612,158)	(6,360,992)
Bonds issued	-	-	-	-	25,290,000	-	25,290,000
Premium on bonds issued	-	-	-	-	1,045,018	-	1,045,018
Refunding bonds issued	-	-	-	-	-	14,390,000	14,390,000
Premium on refunding bonds issued	-	-	-	-	-	1,086,183	1,086,183
Total other financing sources and uses	<u>(3,285,464)</u>	<u>340,116</u>	<u>(878,724)</u>	<u>(522,951)</u>	<u>31,193,186</u>	<u>14,973,141</u>	<u>41,819,304</u>
Net change in fund balances	801,146	590,677	(2,074,231)	72,711	26,776,235	3,595,393	29,761,931
Fund balances - January 1	60,641,838	26,583,756	35,725,258	1,252,799	5,432,464	16,411,491	146,047,606
Increase in inventories	-	(443,110)	-	-	-	-	(443,110)
Fund balances - December 31	<u>\$ 61,442,984</u>	<u>\$ 26,731,323</u>	<u>\$ 33,651,027</u>	<u>\$ 1,325,510</u>	<u>\$ 32,208,699</u>	<u>\$ 20,006,884</u>	<u>\$ 175,366,427</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, 2013

Net change in fund balances--total governmental funds (from previous page)	\$ 29,761,931
Increase in inventories--total governmental funds (from previous page)	(443,110)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Unavailable revenues reported in the governmental funds are considered revenues in the Statement of Activities.	(385,088)
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	274,556
Compensated absences	1,636,087
Bond interest payable	(121,013)
Bond premium amortization	113,751
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.	43,589,413
Internal service funds are used by management to charge the costs of certain activities, such as insurance and printing to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	1,915,126
Expenditures reported in the governmental funds are not considered expenses in the Statement of Activities	
Intra-general government function rent	226,098
Repayment of bond principal and redemption of refunding bonds is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position	16,697,490
Repayment of bond principal and redemption of refunding bonds is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position	(41,811,201)
Change in net position of governmental activities	<u>\$ 51,454,040</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 55,337,576	\$ 55,868,903	\$ 57,377,551	\$ 1,508,648
Licenses and permits	116,000	116,468	112,089	(4,379)
Intergovernmental	15,377,586	16,843,789	16,306,920	(536,869)
Charges for services	21,794,577	21,821,689	21,722,390	(99,299)
Fines and forfeitures	179,250	179,250	162,624	(16,626)
Earnings on investments	1,025,050	1,025,050	(64,162)	(1,089,212)
Gifts and contributions	8,300	8,300	7,865	(435)
Miscellaneous	1,339,674	1,457,246	1,588,059	130,813
Total revenues	95,178,013	97,320,695	97,213,336	(107,359)
EXPENDITURES				
General government				
Commissioners				
Personnel services	993,966	993,966	969,089	(24,877)
Other operating	258,941	285,971	272,711	(13,260)
Capital outlay	27,000	24,970	-	(24,970)
Total commissioners	1,279,907	1,304,907	1,241,800	(63,107)
Port authority				
Other operating	12,000	12,000	12,000	-
County administrator				
Personnel services	1,398,159	1,395,694	1,272,272	(123,422)
Other operating	2,862,272	2,299,684	325,511	(1,974,173)
Capital outlay	578,900	578,900	(248,100)	(827,000)
Total county administrator	4,839,331	4,274,278	1,349,683	(2,924,595)
Intergovernmental affairs				
Personnel services	133,391	135,857	135,857	-
Other operating	164,775	164,775	145,149	(19,626)
Total intergovernmental affairs	298,166	300,632	281,006	(19,626)
Labor relations				
Other operating	130,000	130,000	97,120	(32,880)
Planning and zoning				
Personnel services	1,412,688	1,384,508	1,265,121	(119,387)
Other operating	818,418	818,924	415,561	(403,363)
Total planning and zoning	2,231,106	2,203,432	1,680,682	(522,750)
Commitment representation				
Personnel services	2,500	2,500	-	(2,500)
Other operating	100,560	100,560	74,073	(26,487)
Total commitment representation	103,060	103,060	74,073	(28,987)
Court administrator				
Other operating	1,111,153	1,111,153	1,110,653	(500)
Examiner of titles				
Personnel services	124,185	124,685	124,685	-
Other operating	17,461	16,999	16,999	-
Total examiner of titles	141,646	141,684	141,684	-
County attorney				
Personnel services	6,398,245	6,398,245	6,373,490	(24,755)
Other operating	973,363	976,103	893,322	(82,781)
Total county attorney	7,371,608	7,374,348	7,266,812	(107,536)
Subtotal	17,517,977	16,955,494	13,255,513	(3,699,981)

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, 2013

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
County auditor				
Personnel services	3,664,209	3,692,986	3,248,280	(444,706)
Other operating	2,329,678	2,329,678	1,078,357	(1,251,321)
Total county auditor	5,993,887	6,022,664	4,326,637	(1,696,027)
Telecommunications				
Personnel services	624,382	624,382	592,418	(31,964)
Other operating	1,001,105	986,105	872,935	(113,170)
Capital outlay	135,000	120,000	-	(120,000)
Total telecommunications	1,760,487	1,730,487	1,465,353	(265,134)
Information Technology				
Personnel services	3,267,705	3,321,847	3,288,441	(33,406)
Other operating	1,688,461	1,759,598	1,499,988	(259,610)
Capital outlay	514,000	472,863	457,356	(15,507)
Total information technology	5,470,166	5,554,308	5,245,785	(308,523)
County assessor				
Personnel services	2,536,473	2,536,943	2,408,773	(128,170)
Other operating	374,654	450,301	448,558	(1,743)
Total county assessor	2,911,127	2,987,244	2,857,331	(129,913)
Purchasing				
Personnel services	294,935	294,935	247,004	(47,931)
Other operating	31,943	31,943	26,154	(5,789)
Total purchasing	326,878	326,878	273,158	(53,720)
Microfilming				
Personnel services	131,955	135,267	135,267	-
Other operating	54,114	50,768	40,842	(9,926)
Total microfilming	186,069	186,035	176,109	(9,926)
Recorder				
Personnel services	1,868,817	1,872,531	1,771,094	(101,437)
Other operating	431,776	422,082	393,411	(28,671)
Capital outlay	10,000	9,836	-	(9,836)
Total recorder	2,310,593	2,304,449	2,164,505	(139,944)
Human Resources				
Personnel services	1,274,355	1,273,175	1,220,112	(53,063)
Other operating	331,232	299,364	266,719	(32,645)
Total human resources	1,605,587	1,572,539	1,486,831	(85,708)
Veteran's service				
Personnel services	706,337	706,337	684,122	(22,215)
Other operating	133,839	150,869	137,001	(13,868)
Total veteran's service	840,176	857,206	821,123	(36,083)
Employee training				
Personnel services	221,583	223,070	209,743	(13,327)
Other operating	235,558	267,427	203,403	(64,024)
Total employee training	457,141	490,497	413,146	(77,351)
Elections				
Other operating	82,519	115,785	59,526	(56,259)
Total elections	82,519	115,785	59,526	(56,259)
Subtotal	21,944,630	22,148,092	19,289,504	(2,858,588)

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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
General government				
Property management				
Personnel services	3,787,826	3,711,248	3,668,104	(43,144)
Other operating	3,203,278	3,078,900	2,929,963	(148,937)
Capital outlay	95,400	124,649	124,649	-
Total property management	<u>7,086,504</u>	<u>6,914,797</u>	<u>6,722,716</u>	<u>(192,081)</u>
Missing heirs				
Other operating	-	3,330	3,330	-
Health Care Reform				
Other operating	-	3,513	3,513	-
Law library				
Personnel services	91,067	23,489	23,476	(13)
Other operating	156,006	230,709	216,309	(14,400)
Total law library	<u>247,073</u>	<u>254,198</u>	<u>239,785</u>	<u>(14,413)</u>
Total General Government	<u>46,796,184</u>	<u>46,279,424</u>	<u>39,514,361</u>	<u>(6,765,063)</u>
Public safety				
Arrowhead Regional Corrections				
Other operating	<u>12,249,715</u>	<u>13,008,853</u>	<u>13,008,853</u>	<u>-</u>
Sheriff				
Personnel services	10,627,313	10,588,858	10,458,246	(130,612)
Other operating	3,017,733	3,344,445	2,957,260	(387,185)
Capital outlay	758,826	650,549	644,577	(5,972)
Total sheriff	<u>14,403,872</u>	<u>14,583,852</u>	<u>14,060,083</u>	<u>(523,769)</u>
Boat and water safety				
Personnel services	-	306	306	-
Other operating	78,123	82,950	81,117	(1,833)
Capital outlay	19,892	52,869	53,891	1,022
Total boat and water safety	<u>98,015</u>	<u>136,125</u>	<u>135,314</u>	<u>(811)</u>
Medical examiner				
Other operating	<u>530,800</u>	<u>613,196</u>	<u>610,999</u>	<u>(2,197)</u>
Emergency management				
Personnel services	251,641	327,533	251,018	(76,515)
Other operating	48,291	76,791	65,805	(10,986)
Total emergency management	<u>299,932</u>	<u>404,324</u>	<u>316,823</u>	<u>(87,501)</u>
Rescue squad				
Other operating	187,962	156,837	148,911	(7,926)
Capital outlay	58,681	58,684	3	(58,681)
Total rescue squad	<u>246,643</u>	<u>215,521</u>	<u>148,914</u>	<u>(66,607)</u>
Law enforcement service				
Personnel services	1,016,686	1,016,686	929,852	(86,834)
Other operating	103,555	103,555	73,152	(30,403)
Total law enforcement service	<u>1,120,241</u>	<u>1,120,241</u>	<u>1,003,004</u>	<u>(117,237)</u>
Emergency communication				
Personnel services	3,411,654	3,581,012	3,523,864	(57,148)
Other operating	433,933	577,394	547,617	(29,777)
Capital outlay	18,750	-	-	-
Total emergency communication	<u>3,864,337</u>	<u>4,158,406</u>	<u>4,071,481</u>	<u>(86,925)</u>
Ambulance service				
Other operating	<u>80,000</u>	<u>90,952</u>	<u>90,459</u>	<u>(493)</u>
Subtotal	<u>32,893,555</u>	<u>34,331,470</u>	<u>33,445,930</u>	<u>(885,540)</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Public safety				
Radio maintenance				
Personnel services	516,153	530,181	530,181	-
Other operating	692,036	968,087	711,655	(256,432)
Capital outlay	1,235,065	1,619,633	682,465	(937,168)
Total radio maintenance	<u>2,443,254</u>	<u>3,117,901</u>	<u>1,924,301</u>	<u>(1,193,600)</u>
Jail prisoners				
Personnel services	6,291,226	6,580,315	6,580,315	-
Other operating	5,410,696	5,087,068	4,172,420	(914,648)
Capital outlay	90,000	95,000	94,414	(586)
Total jail prisoners	<u>11,791,922</u>	<u>11,762,383</u>	<u>10,847,149</u>	<u>(915,234)</u>
Jail building				
Personnel services	535,844	539,380	539,380	-
Other operating	491,588	486,240	486,240	-
Capital outlay	-	31,140	31,140	-
Total jail building	<u>1,027,432</u>	<u>1,056,760</u>	<u>1,056,760</u>	<u>-</u>
Mine inspector				
Personnel services	275,075	250,415	178,392	(72,023)
Other operating	26,180	50,840	46,436	(4,404)
Total mine inspector	<u>301,255</u>	<u>301,255</u>	<u>224,828</u>	<u>(76,427)</u>
Volunteer fire department				
Other operating	-	538,103	512,802	(25,301)
Sheriff's NEMESIS system				
Other operating	537,261	565,341	451,885	(113,456)
Sheriff fines				
Other operating	53,011	53,011	19,376	(33,635)
Attorneys forfeitures				
Personnel services	13,894	13,894	13,894	-
Other operating	35,000	35,583	25,049	(10,534)
Total Attorneys forfeitures	<u>48,894</u>	<u>49,477</u>	<u>38,943</u>	<u>(10,534)</u>
Sheriffs forfeitures				
Other operating	118,000	148,000	61,651	(86,349)
Capital outlay	-	43,475	35,942	(7,533)
Total Sheriff forfeitures	<u>118,000</u>	<u>191,475</u>	<u>97,593</u>	<u>(93,882)</u>
Enhanced 9-1-1				
Other operating	378,949	138,949	130,114	(8,835)
Capital outlay	-	200,000	158,072	(41,928)
Total enhanced 9-1-1	<u>378,949</u>	<u>338,949</u>	<u>288,186</u>	<u>(50,763)</u>
City/County antenna site				
Other operating	201,694	201,694	5,996	(195,698)
Sheriff's contingent fund				
Other operating	-	27,030	27,030	-
Total Public Safety	<u>49,795,227</u>	<u>52,534,849</u>	<u>48,940,779</u>	<u>(3,594,070)</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Health and sanitation				
Occupational safety				
Personnel services	374,440	374,440	334,474	(39,966)
Other operating	241,791	241,791	184,949	(56,842)
Total occupational safety	616,231	616,231	519,423	(96,808)
Midway Township Sewer				
Other operating	18,600	18,600	18,600	-
Total Health and Sanitation	634,831	634,831	538,023	(96,808)
Human services				
Emergency shelter program				
Personnel services	15,000	10,812	10,812	-
Other operating	160,000	193,588	193,588	-
Total emergency shelter program	175,000	204,400	204,400	-
Total Human Services	175,000	204,400	204,400	-
Culture and recreation				
Tourism promotion				
Other operating	115,000	1,364,730	951,089	(413,641)
Depot				
Other operating	164,500	166,930	164,930	(2,000)
Arrowhead Library System				
Other operating	699,504	699,504	699,504	-
Historical Society				
Other operating	317,998	317,998	317,998	-
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	500,000	500,000	292,669	(207,331)
Total Culture and Recreation	1,823,614	3,075,774	2,452,302	(623,472)

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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Conservation of natural resources				
North Shore Management Board				
Other operating	2,500	2,500	2,500	-
Soil conservation - north				
Other operating	50,000	50,000	50,000	-
Soil conservation - south				
Other operating	50,000	50,000	50,000	-
County agent				
Personnel services	247,633	274,518	270,025	(4,493)
Other operating	358,989	357,598	334,926	(22,672)
Total county agent	606,622	632,116	604,951	(27,165)
Youth task force				
Personnel services	104,847	104,847	83,225	(21,622)
Other operating	138,231	141,622	130,136	(11,486)
Total youth task force	243,078	246,469	213,361	(33,108)
Total Conservation of Natural Resources	952,200	981,085	920,812	(60,273)
Economic development				
Revolving loans				
Other operating	50,000	606,049	556,049	(50,000)
Total Economic Development	50,000	606,049	556,049	(50,000)
Total Expenditures	100,227,056	104,316,412	93,126,726	(11,189,686)
Excess of revenues over (under) expenditures	(5,049,043)	(6,995,717)	4,086,610	11,082,327
OTHER FINANCING SOURCES (USES)				
Transfers in	595,327	762,320	762,320	-
Transfers (out)	(569,404)	(4,047,784)	(4,047,784)	-
Total other financing sources (uses)	25,923	(3,285,464)	(3,285,464)	-
Net change in fund balances	(5,023,120)	(10,281,181)	801,146	11,082,327
Fund Balance - January 1	60,641,838	60,641,838	60,641,838	-
Fund Balance - December 31	\$ 55,618,718	\$ 50,360,657	\$ 61,442,984	\$ 11,082,327

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 27,529,115	\$ 27,529,115	\$ 27,411,432	\$ (117,683)
Licenses and permits	30,000	30,000	37,355	7,355
Intergovernmental	71,468,003	60,507,180	56,621,738	(3,885,442)
Charges for services	227,455	1,307,774	1,563,489	255,715
Miscellaneous	1,881,161	2,000,393	2,059,166	58,773
Total Revenues	<u>101,135,734</u>	<u>91,374,462</u>	<u>87,693,180</u>	<u>(3,681,282)</u>
EXPENDITURES				
Highways and streets				
Administration				
Personnel services	4,420,440	4,323,424	3,634,385	(689,039)
Other operating	2,135,832	2,154,787	1,252,219	(902,568)
Capital outlay	133,126	147,493	909,761	762,268
Total administration	<u>6,689,398</u>	<u>6,625,704</u>	<u>5,796,365</u>	<u>(829,339)</u>
Road maintenance				
Personnel services	12,098,989	12,831,766	11,710,327	(1,121,439)
Other operating	2,939,392	3,166,143	2,995,049	(171,094)
Capital outlay	-	-	1,074,577	1,074,577
Total road maintenance	<u>15,038,381</u>	<u>15,997,909</u>	<u>15,779,953</u>	<u>(217,956)</u>
Road construction				
Personnel services	-	240,632	145,430	(95,202)
Other operating	33,867,852	15,879,708	3,866,456	(12,013,252)
Capital outlay	40,183,247	43,210,743	46,940,474	3,729,731
Total road construction	<u>74,051,099</u>	<u>59,331,083</u>	<u>50,952,360</u>	<u>(8,378,723)</u>
Equipment maintenance and shops				
Personnel services	3,765,889	3,834,616	3,798,754	(35,862)
Other operating	11,193,775	11,812,834	11,115,187	(697,647)
Total equipment maintenance and shops	<u>14,959,664</u>	<u>15,647,450</u>	<u>14,913,941</u>	<u>(733,509)</u>
Total Expenditures	<u>110,738,542</u>	<u>97,602,146</u>	<u>87,442,619</u>	<u>(10,159,527)</u>
Excess of Revenues Over (Under) Expenditures	<u>(9,602,808)</u>	<u>(6,227,684)</u>	<u>250,561</u>	<u>6,478,245</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	(76,223)	(76,223)	-
Transfers in	330,000	416,339	416,339	-
Total other financing sources (uses)	<u>330,000</u>	<u>340,116</u>	<u>340,116</u>	<u>-</u>
Net change in fund balances	(9,272,808)	(5,887,568)	590,677	6,478,245
Fund Balance - January 1	26,583,756	26,583,756	26,583,756	-
Increase in inventories	-	-	(443,110)	(443,110)
Fund Balance - December 31	<u>\$ 17,310,948</u>	<u>\$ 20,696,188</u>	<u>\$ 26,731,323</u>	<u>\$ 6,035,135</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 30,690,597	\$ 30,690,597	\$ 30,724,591	\$ 33,994
Intergovernmental	43,929,898	44,596,578	43,123,937	(1,472,641)
Charges for services	4,281,808	4,496,808	4,709,846	213,038
Gifts and contributions	-	-	80	80
Miscellaneous	408,900	405,900	678,290	272,390
Total Revenues	<u>79,311,203</u>	<u>80,189,883</u>	<u>79,236,744</u>	<u>(953,139)</u>
EXPENDITURES				
Human services				
Administration				
Personnel services	5,885,906	6,229,124	6,229,124	-
Other operating	<u>5,692,013</u>	<u>5,449,700</u>	<u>5,348,165</u>	<u>(101,535)</u>
Total administration	<u>11,577,919</u>	<u>11,678,824</u>	<u>11,577,289</u>	<u>(101,535)</u>
Income maintenance				
Personnel services	11,726,818	11,002,123	11,001,895	(228)
Other operating	<u>3,455,061</u>	<u>3,564,340</u>	<u>3,367,918</u>	<u>(196,422)</u>
Total income maintenance	<u>15,181,879</u>	<u>14,566,463</u>	<u>14,369,813</u>	<u>(196,650)</u>
Social services				
Personnel services	19,536,888	20,487,370	20,414,771	(72,599)
Other operating	<u>28,938,512</u>	<u>29,709,622</u>	<u>29,509,620</u>	<u>(200,002)</u>
Total social services	<u>48,475,400</u>	<u>50,196,992</u>	<u>49,924,391</u>	<u>(272,601)</u>
Total human services	<u>75,235,198</u>	<u>76,442,279</u>	<u>75,871,493</u>	<u>(570,786)</u>
Health and sanitation				
Administration				
Personnel services	288,113	281,949	277,628	(4,321)
Other operating	<u>192,443</u>	<u>193,968</u>	<u>178,709</u>	<u>(15,259)</u>
Total administration	<u>480,556</u>	<u>475,917</u>	<u>456,337</u>	<u>(19,580)</u>
Nursing				
Personnel services	3,631,225	4,131,587	3,860,141	(271,446)
Other operating	<u>355,625</u>	<u>425,598</u>	<u>244,280</u>	<u>(181,318)</u>
Total nursing	<u>3,986,850</u>	<u>4,557,185</u>	<u>4,104,421</u>	<u>(452,764)</u>
Total health and sanitation	<u>4,467,406</u>	<u>5,033,102</u>	<u>4,560,758</u>	<u>(472,344)</u>
Total Expenditures	<u>79,702,604</u>	<u>81,475,381</u>	<u>80,432,251</u>	<u>(1,043,130)</u>
Excess of Revenues Over (Under) Expenditures	(391,401)	(1,285,498)	(1,195,507)	89,991
OTHER FINANCING SOURCES (USES)				
Transfers in	-	7,485	7,485	-
Transfers out	-	<u>(886,209)</u>	<u>(886,209)</u>	-
Total other financing sources and uses	<u>-</u>	<u>(878,724)</u>	<u>(878,724)</u>	<u>-</u>
Net change in fund balances	(391,401)	(2,164,222)	(2,074,231)	89,991
Fund Balance - January 1	<u>35,725,258</u>	<u>35,725,258</u>	<u>35,725,258</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 35,333,857</u>	<u>\$ 33,561,036</u>	<u>\$ 33,651,027</u>	<u>\$ 89,991</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 416,981	\$ 82,424	\$ 19,458	\$ (62,966)
Land and timber sales	7,705,000	7,705,000	6,925,052	(779,948)
Miscellaneous	60,000	60,000	47,795	(12,205)
Total Revenues	<u>8,181,981</u>	<u>7,847,424</u>	<u>6,992,305</u>	<u>(855,119)</u>
EXPENDITURES				
Current:				
Conservation of natural resources				
Personnel services	4,707,597	4,707,597	4,368,733	(338,864)
Other operating	2,156,403	2,394,750	1,902,003	(492,747)
Capital outlay	<u>219,000</u>	<u>214,300</u>	<u>125,907</u>	<u>(88,393)</u>
Total Expenditures	<u>7,083,000</u>	<u>7,316,647</u>	<u>6,396,643</u>	<u>(920,004)</u>
Excess of Revenues Over (Under) Expenditures	1,098,981	530,777	595,662	64,885
OTHER FINANCING SOURCES (USES)				
Transfers in	-	44,450	44,450	-
Transfers out	-	(567,401)	(567,401)	-
Total other financing sources (uses)	<u>-</u>	<u>(522,951)</u>	<u>(522,951)</u>	<u>-</u>
Net change in fund balances	1,098,981	7,826	72,711	64,885
Fund Balance - January 1	<u>1,252,799</u>	<u>1,252,799</u>	<u>1,252,799</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 2,351,780</u>	<u>\$ 1,260,625</u>	<u>\$ 1,325,510</u>	<u>\$ 64,885</u>

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

PROPRIETARY FUNDS

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

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

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Environmental Services	Plat Books	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,165,932	\$ 208,140	\$ 1,374,072	\$ 4,742,947
Investments	13,072,697	-	13,072,697	28,249,358
Delinquent taxes receivable	18,590	-	18,590	-
Accounts receivables (net)	120,719	309	121,028	686,998
Accrued interest receivable	63,490	-	63,490	206,285
Due from other governments	-	-	-	32
Inventories	-	46,393	46,393	62,236
Prepaid items	-	-	-	82,756
Total current assets	<u>14,441,428</u>	<u>254,842</u>	<u>14,696,270</u>	<u>34,030,612</u>
Noncurrent assets:				
Restricted assets				
Financial assurance				
Cash and cash equivalents	772,624	-	772,624	-
Investments	3,058,811	-	3,058,811	-
Accrued interest receivable	11,507	-	11,507	-
Health and sanitation				
Cash and cash equivalents	54,750	-	54,750	-
Capital assets				
Land	277,966	-	277,966	25,500
Buildings and structures	6,999,402	-	6,999,402	1,026,898
Improvements other than buildings	10,850,695	-	10,850,695	-
Machinery and equipment	973,948	-	973,948	79,214
Vehicles	1,401,163	-	1,401,163	2,339,540
Construction in progress	-	-	-	901,579
Less accumulated depreciation	(12,202,340)	-	(12,202,340)	(2,221,789)
Total capital assets, net	<u>8,300,834</u>	<u>-</u>	<u>8,300,834</u>	<u>2,150,942</u>
Total noncurrent assets	<u>3,897,692</u>	<u>-</u>	<u>3,897,692</u>	<u>2,150,942</u>
Total assets	<u>26,639,954</u>	<u>254,842</u>	<u>26,894,796</u>	<u>36,181,554</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Environmental Services	Plat Books	Total	
LIABILITIES				
Current liabilities				
Accounts payable	646,903	8,157	655,060	278,753
Contracts payable	-	-	-	37,590
Salaries payable	107,237	-	107,237	34,193
Compensated absences payable	195,481	-	195,481	86,084
Claims payable	-	-	-	2,540,115
Due to other governments	42,474	-	42,474	132,821
Unearned revenue	82,622	-	82,622	639,875
Total current liabilities	<u>1,074,717</u>	<u>8,157</u>	<u>1,082,874</u>	<u>3,749,431</u>
Noncurrent liabilities:				
Compensated absences payable	873,818	-	873,818	143,188
Claims payable	-	-	-	4,792,141
OPEB obligation	-	-	-	3,723,956
Advances from other funds	-	-	-	1,630,000
Closure and post-closure liabilities	1,856,276	-	1,856,276	-
Total noncurrent liabilities	<u>2,730,094</u>	<u>-</u>	<u>2,730,094</u>	<u>10,289,285</u>
Total liabilities	<u>3,804,811</u>	<u>8,157</u>	<u>3,812,968</u>	<u>14,038,716</u>
NET POSITION				
Net investment in capital assets	8,300,834	-	8,300,834	2,150,942
Restricted for health and sanitation	54,750	-	54,750	-
Restricted for financial assurance	1,986,666	-	1,986,666	-
Unrestricted	12,492,893	246,685	12,739,578	19,991,896
Total net position	<u>\$ 22,835,143</u>	<u>\$ 246,685</u>	<u>\$ 23,081,828</u>	<u>\$ 22,142,838</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(628,250)</u>	
Net position of business type activities			<u>\$ 22,453,578</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 POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Environmental Services	Plat Books	Total	
	<u> </u>	<u> </u>	<u> </u>	
Operating Revenues				
Charges for services	\$ 5,669,333	\$ 26,843	\$ 5,696,176	\$ 34,567,955
Licenses and permits	5,816	-	5,816	-
Other	557,234	-	557,234	523,889
Total Operating Revenues	<u>6,232,383</u>	<u>26,843</u>	<u>6,259,226</u>	<u>35,091,844</u>
Operating Expenses				
Personal services	2,858,341	-	2,858,341	889,582
Contractual services	4,347,006	-	4,347,006	3,421,248
Materials	321,342	48,195	369,537	687,215
OPEB expense	-	-	-	349,331
Claims Paid	-	-	-	27,485,163
Depreciation	647,589	-	647,589	250,043
Total Operating Expenses	<u>8,174,278</u>	<u>48,195</u>	<u>8,222,473</u>	<u>33,082,582</u>
Operating Income (Loss)	<u>(1,941,895)</u>	<u>(21,352)</u>	<u>(1,963,247)</u>	<u>2,009,262</u>
Nonoperating Revenues (Expenses)				
Taxes	305,413	-	305,413	-
Grants	594,766	-	594,766	-
Earnings on investments	93,248	-	93,248	193,015
Loss or gain on asset disposal	1,476	-	1,476	6,839
Total Nonoperating Revenues (Expenses)	<u>994,903</u>	<u>-</u>	<u>994,903</u>	<u>199,854</u>
Income (Loss) Before Transfers	(946,992)	(21,352)	(968,344)	2,209,116
Capital contributions	30,700	-	30,700	-
Transfers in	249,109	-	249,109	-
Transfers out	<u>(7,485)</u>	<u>-</u>	<u>(7,485)</u>	<u>(249,727)</u>
Change in net position	(674,668)	(21,352)	(696,020)	1,959,389
Net position - January 1	<u>23,509,811</u>	<u>268,037</u>	<u>23,777,848</u>	<u>20,183,449</u>
Net position - December 31	<u>\$ 22,835,143</u>	<u>\$ 246,685</u>	<u>\$ 23,081,828</u>	<u>\$ 22,142,838</u>
Change in net position			\$ (696,020)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>44,263</u>	
Change in net position of business type activities			<u>\$ (651,757)</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, 2013

	Business-type Activities Enterprise Funds			Governmental
				Activities -
	Environmental Services	Plat Books	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 5,785,909	\$ 26,843	\$ 5,812,752	\$ -
Receipts from interfund services provided	-	(150)	(150)	34,141,269
Payments to suppliers	(4,475,069)	(27,661)	(4,502,730)	(3,798,625)
Payments to employees	(2,890,621)	-	(2,890,621)	(944,127)
Claims paid	-	-	-	(28,757,745)
Other receipts (payments)	563,050	-	563,050	446,591
Net cash provided (used) by operating activities	<u>(1,016,731)</u>	<u>(968)</u>	<u>(1,017,699)</u>	<u>1,087,363</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from taxes	302,905	-	302,905	-
Proceeds from grants	616,400	-	616,400	-
Transfers from other funds	249,109	-	249,109	-
Transfers to other funds	(7,485)	-	(7,485)	(249,727)
Net cash provided (used) by noncapital financing activities	<u>1,160,929</u>	<u>-</u>	<u>1,160,929</u>	<u>(249,727)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(202,072)	-	(202,072)	(1,036,910)
Proceeds from sale of capital assets	-	-	-	20,786
Proceeds from advance from other funds	-	-	-	1,630,000
Net cash provided (used) by capital and related financing activities	<u>(202,072)</u>	<u>-</u>	<u>(202,072)</u>	<u>613,876</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(9,757,916)	-	(9,757,916)	(19,220,226)
Sale of investments	9,965,340	-	9,965,340	18,770,850
Interest and dividends	141,534	-	141,534	359,696
Net cash provided by investing activities	<u>348,958</u>	<u>-</u>	<u>348,958</u>	<u>(89,680)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	291,084	(968)	290,116	1,361,832
Balances - January 1	<u>1,702,222</u>	<u>209,108</u>	<u>1,911,330</u>	<u>3,381,115</u>
Balances - December 31	<u>\$ 1,993,306</u>	<u>\$ 208,140</u>	<u>\$ 2,201,446</u>	<u>\$ 4,742,947</u>
Detail on Statement of Net Position				
Cash and cash equivalents				
Current	\$ 1,165,932	\$ 208,140	\$ 1,374,072	\$ 4,742,947
Restricted				
Financial assurance	772,624	-	772,624	-
Health and sanitation	54,750	-	54,750	-
Total	<u>\$ 1,993,306</u>	<u>\$ 208,140</u>	<u>\$ 2,201,446</u>	<u>\$ 4,742,947</u>

continued

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Environmental Services	Plat Books	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (1,941,895)	\$ (21,352)	\$ (1,963,247)	\$ 2,009,262
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	647,589	-	647,589	250,043
(Increase) Decrease Receivables, net	13,692	(150)	13,542	(168,169)
(Increase) Decrease Due from other governments	102,884	-	102,884	2,579
(Increase) Decrease Inventories	-	12,377	12,377	15,052
(Increase) Decrease Prepaid Items	-	-	-	101,685
Increase (Decrease) Accounts payable	137,049	8,157	145,206	(56,769)
Increase (Decrease) Salaries payable	(11,310)	-	(11,310)	(2,000)
Increase (Decrease) Compensated absences payable	(20,970)	-	(20,970)	(115,978)
Increase (Decrease) Claims payable	-	-	-	(1,011,679)
Increase (Decrease) Due to other governments	4,759	-	4,759	52,409
Increase (Decrease) OPEB obligation	-	-	-	349,331
Increase (Decrease) Unearned revenue	-	-	-	(338,403)
Increase (Decrease) Closure Payable	51,471	-	51,471	-
Total Adjustments	925,164	20,384	945,548	(921,899)
Net cash provided (used) by operating activities	\$ (1,016,731)	\$ (968)	\$ (1,017,699)	\$ 1,087,363
NON-CASH ACTIVITIES				
Change in fair value of investments	(51,697)	-	(51,697)	30,189
Contribution of land	30,700	-	30,700	-

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

FIDUCIARY FUNDS

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

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 POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

	<u>Investment Trusts</u>	<u>Agency Funds</u>	
ASSETS			
Cash and cash equivalents	\$ -	\$ 10,299,109	
Investments	6,638,620	2,265,631	
Delinquent taxes receivable	-	92,370	
Accounts Receivable		169,101	
Accrued interest receivable	-	1,830	
Due from other governments	-	4,289,762	
Prepaid items	-	10,301	
Total Assets	6,638,620	17,128,104	
LIABILITIES			
Accounts payable	-	1,643,850	
Salaries payable	-	868,037	
Due to other governments	372,896	14,616,217	
Total Liabilities	372,896	17,128,104	
NET POSITION			
Held in trust for pool participants and other purposes	\$ 6,265,724	\$ -	

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Investment Trusts
ADDITIONS	
Taconite taxes	\$ 38,750,204
Earnings on investments	24,941
Total Additions	38,775,145
DEDUCTIONS	
Distributions to participants	48,493,575
Total Deductions	48,493,575
Changes in net position	(9,718,430)
Net position - January 1	15,984,154
Net position - December 31	\$ 6,265,724

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Guide to the Notes

	Page
Note 1. Summary of Significant Accounting Policies	
A. Financial Reporting Entity.....	53
B. Government-Wide and Fund Financial Statements.....	53
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation.....	53
D. Reconciliation of Government-Wide and Fund Financial Statements.....	56
Explanation of Differences Between Governmental Funds Balance Sheet and Statement of Net Position.....	56
Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities....	58
E. Budgetary Data.....	60
General Budget Policies.....	60
Procedure for Preparing the Annual Budget.....	60
F. Reclassifications.....	61
G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity.....	61
Cash and Cash Equivalents.....	61
Property Taxes.....	61
Inventories.....	62
Restricted Assets.....	62
Capital Assets.....	62
Deferred Outflows/Inflows of Resources.....	62
Compensated Absences.....	63
Closure and Postclosure Care Costs.....	63
Long-Term Obligations.....	64
Fund Equity.....	64
H. Federal Audit Requirements.....	64
I. Use of Estimates.....	64
 Note 2. Detailed Notes on all Fund Accounts	
A. Assets.....	65
Deposits and Investments.....	65
Deposits.....	66
Investments.....	66
Receivables.....	68
Loans Receivable.....	68
Lease Receivable.....	69
Lease to Chris Jensen, LLC.....	69
Restricted Assets.....	69
Capital Assets.....	70
Governmental Activities.....	70
Business-type Activities.....	71
Depreciation.....	71

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Guide to the Notes

	Page
B. Liabilities.....	72
Advance From Other Governments.....	72
Long-Term Debt.....	72
Lease Obligations.....	75
Construction Commitments.....	76
Purchase Commitments.....	76
Risk Management.....	77
Retirement Plan.....	78
Plan Description.....	78
Funding Policy.....	79
Defined Contribution Plan.....	80
Interfund Receivables, Payables, Advances and Transfers.....	81
C. Fund Equity.....	82

Note 3. Joint Ventures/Jointly Governed Organizations

Arrowhead Regional Corrections.....	83
Community Health Services Board.....	83
Regional Railroad Authority.....	84
Northeast Minnesota Office of Job Training.....	84
Northern Counties Land Use Coordinating Board.....	85
Minnesota Counties Information Systems (MCIS).....	85
Duluth Area Family Service Collaborative.....	86
Minneapolis - Duluth/Superior Passenger Rail Alliance.....	86
Northeast Minnesota Regional Radio Board.....	87
City/County Communication Antenna Site.....	87
Minnesota Community Capital Fund.....	87

Note 4. Summary of Significant Contingencies and Other Items

Claims and Litigation.....	88
Pollution Remediation.....	88
Other Post Employment Benefits.....	88
Plan Description and Funding Policy.....	88
Annual OPEB Costs and Net OPEB Obligation.....	89
Funding Status and Funding Progress.....	89
Actuarial Methods and Assumptions.....	89
St. Louis County Heritage and Arts Center (Depot).....	90
Northwoods Townhomes Project.....	90
Tax Forfeited Land Management.....	90
Subsequent Event.....	90

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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.

Under Governmental Accounting Standards Board (GASB) Statement 14 criteria for determining the reporting entity, the following organization had previously been included in the County's financial statements as a blended component unit. In 2013 St. Louis County Implemented GASB Statement No. 61 The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34 which modified the reporting requirements for component units in an entity's financial statements. Its implementation had no effect on the reporting of the component unit.

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 position and the statement of activities) report information on all nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule include 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. Another 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 direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes are not included within program revenues, and are reported as general revenues.

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

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

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and other long-term obligations, are recorded only when payment is due.

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

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long term debt.

The Shoreline Sales Permanent Fund is used to report resources that are legally restricted to the extent that only 5-1/2 percent of the market value of the fund on January 1 of the preceding calendar year may be used to support the County's programs.

Enterprise Funds account for Plat Book activities.

Internal Service Funds account for County Garage (fleet management) services, Property, Casualty, Liability Insurance coverage, Workers' Compensation Insurance coverage, Medical/Dental Insurance coverage and Retired Employees' Health Insurance coverage provided to other departments or agencies of the County or to other governments, on a cost reimbursement basis.

Investment Trust Funds account for individual investment accounts provided to another legally separate entity, the State of Minnesota, for Taconite Relief under Minn. Stat. §298.015 and Taconite Production Tax under Minn. Stat. §298.24.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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, Human Service Conference, Canceled Check, Arrowhead Regional Corrections, Permit to Carry Firearms, Minneapolis - Duluth/Superior Passenger Rail Alliance, Community Health Services, Duluth Area Family Service Collaborative, Local Collaborative Time Study, Regional Railroad Authority, Northern Counties Land Use Board, and Agency Miscellaneous funds.

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2013. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

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, 2013

D. Reconciliation of Government-Wide and Fund Financial Statements

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

The "total fund balances" of the County's governmental funds differ from "net position" of governmental activities reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

	Total Governmental Funds	Long-term Assets Liabilities (1)	Internal Service Funds (2)	Reclassification and Elimination (3)	Statement of Net Position Total
ASSETS					
Cash and cash equivalents	\$ 131,353,253	\$ -	\$ 4,742,947	\$ -	136,096,200
Cash with fiscal agent	2,990,008				2,990,008
Investments	32,141,802	-	28,249,358	-	60,391,160
Delinquent taxes receivable	7,294,526	-	-	(7,294,526)	-
Accounts receivable (net)	9,689,786	-	686,998	(10,376,784)	-
Accrued interest receivable	739,194	-	206,285	(945,479)	-
Loans receivable	1,162,397	-	-	(1,162,397)	-
Interfund receivable	80,884	-	-	(80,884)	-
Due from other governments	24,742,872	-	32	(24,742,904)	-
Receivables (net)	-	-	-	46,232,974	46,232,974
Internal balances	-	-	628,250	-	628,250
Inventories	8,808,036	-	62,236	-	8,870,272
Prepaid items	339,823	-	82,756	-	422,579
Advances to other funds	1,630,000	-	-	(1,630,000)	-
Capital assets not being depreciated	-	13,332,524	927,079	-	14,259,603
Capital assets being depreciated, net	-	537,173,770	1,223,863	-	538,397,633
Total Assets	<u>220,972,581</u>	<u>550,506,294</u>	<u>36,809,804</u>	<u>-</u>	<u>808,288,679</u>
LIABILITIES					
Accounts payable	5,479,831	-	278,753	15,286,499	21,045,083
Contracts payable	3,449,251	-	37,590	(3,486,841)	-
Salaries payable	5,171,448	-	34,193	(5,205,641)	-
Interfund payable	80,884	-	-	(80,884)	-
Bond interest payable	-	222,835	-	(222,835)	-
Due to other governments	1,283,390	3,244,087	132,821	(4,660,298)	-
Unearned revenue	4,680,546	-	639,875	-	5,320,421
Advance from other governments	3,183,242	-	-	-	3,183,242
Advance from other funds	-	-	1,630,000	(1,630,000)	-
Due within one year	-	10,571,170	2,626,199	-	13,197,369
Due in more than one year	-	79,250,072	8,659,285	-	87,909,357
Total Liabilities	<u>23,328,592</u>	<u>93,288,164</u>	<u>14,038,716</u>	<u>-</u>	<u>130,655,472</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes	6,443,666	(6,443,666)	-	-	-
Grants	7,723,679	(7,723,679)	-	-	-
Long-term receivables	8,110,217	(8,110,217)	-	-	-
Total Deferred Inflows of Resources	<u>22,277,562</u>	<u>(22,277,562)</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE/NET POSITION					
Net investment in capital assets	-	519,867,799	2,150,942	-	522,018,741
Nonspendable	16,305,702	-	-	(16,305,702)	-
Restricted	33,589,642	-	-	(14,568,833)	19,020,809
Committed	33,293,621	-	-	(33,293,621)	-
Assigned	58,926,535	-	-	(58,926,535)	-
Unassigned	33,250,927	(40,372,107)	20,620,146	(13,498,966)	-
Unrestricted	-	-	-	136,593,657	136,593,657
Total Fund Balance/Net Position	<u>175,366,427</u>	<u>479,495,692</u>	<u>22,771,088</u>	<u>-</u>	<u>677,633,207</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/ Net Position	<u>\$ 220,972,581</u>	<u>\$ 550,506,294</u>	<u>\$ 36,809,804</u>	<u>\$ -</u>	<u>\$ 808,288,679</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

(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 position includes those capital assets among the assets of the County as a whole.

Cost of capital assets	\$ 842,754,007
Accumulated depreciation	<u>(292,247,713)</u>
	<u>\$ 550,506,294</u>

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenue in the governmental funds, and thus are not included in fund balance. Also, there are liabilities related to some of these deferred inflows of resources that are not included in fund balance.

Adjustment of unavailable revenue	<u>\$ (22,277,562)</u>
Adjustment of due to other governments	<u>\$ 3,244,087</u>

Long-term liabilities applicable to the County's government activities are not due and payable in the current period and accordingly are not reported in fund liabilities. All liabilities -- both those due within one year and those due in more than one year -- are reported in the statement of net position. Balances at December 31, 2013 were:

Bond interest payable	<u>\$ 222,835</u>		
	Due Within One Year	Due In More Than One Year	Total
Bonds and notes payable	\$ 4,341,321	\$ 53,064,582	\$ 57,405,903
Compensated absences	6,229,849	26,185,490	32,415,339
	<u>\$ 10,571,170</u>	<u>\$ 79,250,072</u>	<u>\$ 89,821,242</u>

(2) Internal service funds are used by management to charge the cost of certain activities, such as insurance and motor pool charges, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The amount chargeable to the business-type activities is shown as an internal balance. The internal balance is due from business-type activities.

Internal balance due from business-type activities	<u>\$ 628,250</u>
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(3) Reclassifications are used primarily to condense various receivables and payables into single totals, Receivables, net and Accounts payable.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 position" for governmental activities reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds.

	Total Governmental Funds	Long-term Revenue, Expenses (1)	Long-Term Debt and Capital Related Items (2) & (4)	Internal Service Funds (3)	Revenue Reclass	Statement of Activities Totals
Revenues and Other Sources						
Taxes	\$ 123,709,378	\$ 471,482	\$ -	\$ -	\$ (124,180,860)	-
Property taxes						
General purpose	-	-	-	-	119,179,161	119,179,161
Debt service	-	-	-	-	5,001,699	5,001,699
Licenses and permits	149,444	-	-	-	(149,444)	-
Intergovernmental	119,509,790	-	-	-	(119,509,790)	-
State shared	-	-	-	-	15,941,883	15,941,883
Federal shared	-	-	-	-	1,731,840	1,731,840
Operating grants	-	516,832	-	-	65,105,007	65,621,839
Capital grants	-	(407,338)	-	-	28,235,247	27,827,909
Charges for services	28,032,924	(254,560)	-	-	19,745,954	47,524,318
Fines and forfeits	162,624	-	-	-	(162,624)	-
Earnings on investments	1,047,515	-	-	193,015	-	1,240,530
Gifts and contributions	7,945	-	-	-	(7,945)	-
Land and timber sales	6,925,052	(686,388)	-	-	(6,238,664)	-
Miscellaneous	4,716,580	(25,116)	-	-	(4,691,464)	-
Total	284,261,252	(385,088)	-	193,015	-	284,069,179
Expenditures/Expenses						
Current:						
General government	40,135,037	(104,620)	2,562,396	(457,264)	-	42,135,549
Public safety	47,268,433	(30,494)	125,675	(388,636)	-	46,974,978
Highways and streets	39,139,593	(292,312)	9,842,436	(598,613)	-	48,091,104
Health and sanitation	5,111,826	(297,131)	448	(29,127)	-	4,786,016
Human services	76,075,893	(757,316)	328,767	(422,232)	-	75,225,112
Culture and recreation	2,482,810	-	-	-	-	2,482,810
Conservation of natural resources	8,335,366	(265,396)	231,568	(75,966)	-	8,225,572
Economic development	3,021,975	53,638	24,768	-	-	3,100,381
Debt service:						
Principal	2,987,490	-	(2,987,490)	-	-	-
Interest and other charges	1,196,565	-	7,262	-	-	1,203,827
Bond issuance costs	148,166	-	-	-	-	148,166
Capital Outlay	56,705,471	-	(56,705,471)	-	-	-
Total	282,608,625	(1,693,631)	(46,569,641)	(1,971,838)	-	232,373,515
Other financing uses/changes in net position:						
Transfers in	6,369,095	-	-	-	-	6,369,095
Transfers out	(6,360,992)	-	-	(249,727)	-	(6,610,719)
Payment to refund debt	(13,710,000)	-	13,710,000	-	-	-
Bonds issued	25,290,000	-	(25,290,000)	-	-	-
Premium on bonds issued	1,045,018	-	(1,045,018)	-	-	-
Refunding bonds issued	14,390,000	-	(14,390,000)	-	-	-
Premium on refunding bonds issued	1,086,183	-	(1,086,183)	-	-	-
Increase in inventories	(443,110)	443,110	-	-	-	-
Total	27,666,194	443,110	(28,101,201)	(249,727)	-	(241,624)
Net change for the year	\$ 29,318,821	\$ 1,751,653	\$ 18,468,440	\$ 1,915,126	\$ -	\$ 51,454,040

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

(1) Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available revenues" in the governmental funds. Similarly, receivables for certain aids and grant revenues not available for expenditure are deferred inflows of resources. The adjustment to revenue between the governmental fund statements and the statement of activities is the change in deferred inflows of resources. In addition, intra-general government function rent charges are eliminated.

Property taxes	\$ 471,482
Long-term receivables:	
Intergovernmental	109,494
Intra-general government function rent	226,098
Charges for services	(480,658)
Land & timber sales	(686,388)
Miscellaneous	(25,116)
	\$ (385,088)

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

Due to other governments	\$ (274,556)
Intra-general government function rent	(226,098)
Increase in inventories	443,110
Compensated absences	(1,636,087)
	\$ (1,693,631)

(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 position decreases by the amount of depreciation expense charged for the year.

Capital outlay	\$ (56,705,471)
Value of donated asset	(1,551,090)
Net disposal of capital assets	160,572
Depreciation expense	14,506,576
Difference	\$ (43,589,413)

(3) Internal service funds are used by management to charge the costs of certain activities, such as insurance and printing, to individual funds. The adjustments for internal service funds "close" those funds by debiting or crediting additional amounts to participating governmental and business-type activities to completely cover the internal service funds' income or loss for the year.

(4) Issuance of bonds is reported as an other financing source in governmental funds and, thus, has the effect of increasing fund balance because current financial resources are available. For the County as a whole, however, the principal payments increase the liabilities in the statement of net position and do not result in available funds. The County's bonded debt was reduced when principal payments were made to bond holders. In addition, some financing expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Principal payments made	\$ (2,987,490)
Payment to refund debt	\$ (13,710,000)
Bonds Issued	25,290,000
Premium on bonds issued	1,045,018
Refunding bonds issued	14,390,000
Premium on refunding bonds issued	1,086,183
Bond interest payable	121,013
Bond premium amortization	(113,751)
	\$ 25,120,973

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

E. Budgetary Data

General Budget Policies

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

The County is also required to adopt a budget for the Capital Projects Fund. An appropriation for expenditures from the capital project fund continues in force until the purpose for which it was made has been accomplished or abandoned. The purpose of a capital expenditure appropriation is abandoned if three years pass without a disbursement from or encumbrance of the appropriation or at the discretion of the County Administrator. These budget periods are not consistent with the method of financial reporting; therefore, comparisons between the results of operations and budgets in this fund is not relevant and is not presented.

The County Board has established the legal level of control for County departments to be at the agency level. County departments are comprised of one or more sub-departments (agencies). Each department (Sheriff) can spend its agency level budgets (Jail, Sheriff Patrol, Boat and Water Safety and others) on any line item within that agency so long as the total agency budget is not overspent. However, no public aid assistance and/or personal services budget authority may be used for any other purpose without Board approval. The budgetary comparisons included in the Governmental Funds subsection of this report demonstrate compliance with the legal level of budgetary control.

The County Board also authorizes Department Heads to add and delete positions within their personnel complement so long as the total full-time equivalent personnel complement does not exceed the total number of authorized positions approved by the County Board.

All transfers of appropriations between departments require the approval of the County Board. Each appropriation, except an appropriation within the Capital Projects Fund, lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. Amounts in funds unexpended at the end of the fiscal year may be carried over from one fiscal year to the next in accordance with generally accepted accounting principles.

Budgets can be amended during the year by the County Board. Supplemental appropriations or budget reductions are reviewed by the County Administrator's office and submitted to the County Board for its review and approval. If approved, changes are implemented by the Auditor's Office as budget revisions. Supplemental appropriations could be required due to several factors, including the awarding of state and federal grants during the year and providing funding for unanticipated program requirements. Budget revisions were necessary during the year. The effect of these amendments was an increase in budgeted County funds of \$10,698,116.

Procedure for Preparing the Annual Budget

1. Early each year, the County Administrator meets with budget staff to discuss preparations for next year's budget. A basic budget strategy is developed at that time, based on guidelines and policies established by the County Board.
2. Budget training is conducted and a budget manual is provided which outlines the County Administrator's basic guidelines for preparing the budget proposal.
3. Departments submit preliminary estimates of requested appropriations and anticipated revenues by early June. These figures are used to determine the amount of tax levy required to meet departmental requests, and the amount of budget adjustments that the County Administrator needs to make during the preliminary budget meetings in order to meet goals established by the County Board.
4. Preliminary budget meetings are held by the County Administrator with each department. These meetings begin about mid-June and last until about mid-July.
5. The County Administrator's budget recommendation is delivered to the County Board prior to September 30. The County Board will certify by resolution to the County Auditor a maximum proposed property tax levy by September 30th, which will be used to comply with Truth in Taxation provisions of state law.
6. The County Board holds formal public meetings on the proposed budget and adopts by resolution the final budget and tax levy on or before December 28.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

F. Reclassifications

Several account balances were reclassified as of and for the year ended December 31, 2012, as previously reported. These reclassifications, which did not require a restatement of net position or fund balance, were required for comparability to the financial statements as of and for the year ended December 31, 2013. Although comparative statements for 2012 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, Deferred Outflows/Inflows of Resources, and Net Position 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 debited to the General Fund for 2013 were \$64,162. 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. Investment in the pool is measured at the net asset value per share provided by the pool. Information relating to the MAGIC Fund can be obtained from Client Services Group, Minnesota Association of Governments Investing for Counties c/o PFM Asset Management LLC, P.O. Box 11760, Harrisburg, Pennsylvania, 17108-11760.

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

Property Taxes

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

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 fund balance classified as non-spendable to indicate that they do not constitute available spendable resources.

Plat Book Enterprise Fund inventories consist of items for resale and consumption and are recorded as an expense when sold or used. Inventories are priced at cost on a first-in, first-out basis.

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

Restricted Assets

Certain resources are restricted for financial assurance within the Environmental Services Fund. When an expense is incurred for which both restricted and unrestricted net position is available, restricted resources are applied first.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks, and similar items), and intangibles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life of two or more years. The capitalization threshold for computer software, including internally generated software is \$250,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Major outlays for capital assets and improvements are capitalized as projects are constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Depreciation has been provided over the estimated useful life using the straight-line method. For the purposes of depreciating infrastructure capital assets, all roads and bridges are considered a network. The estimated useful lives are:

Buildings and Improvements:	30-70 years
Improvements other than buildings:	10-20 years
Machinery and equipment:	5-10 years
Vehicles:	5-7 years
Infrastructure:	60 years
Intangibles:	2-5 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. Currently, the County has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, intergovernmental grants, and long-term receivables. These amounts are recognized as an inflow of resources in the period that the amounts become available.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Compensated Absences

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

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

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

Unvested sick leave for all County funds in the amount of \$6,493,072 at December 31, 2013 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 \$1,856,276 for the open area reported on the Environmental Services Enterprise Fund statement of net position as landfill closure and postclosure liability at December 31, 2013, represents the following:

Postclosure liability	
This is the liability for post closure costs for the Regional Landfill.	\$1,026,649
It is based on the use of 74.69% 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 74.69% of the existing open area.	\$829,627

The County will recognize the remaining \$570,633 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 2013. The County expects the open area to be closed in 2023 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, 2013, restricted assets of \$3,842,942 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.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 position. Bond premiums and discounts 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.

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.

Classification of Net Position

Net position in the government-wide financial statements is classified in the following categories:

Net investment in capital assets - the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position - the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulation of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - the amount of net position that does not meet the definition of restricted or net investment in capital assets.

Fund Equity

Fund balance is classified as:

Nonspendable – amounts that cannot be spent because they are not in spendable form (non-current loans, inventories and prepaid items), or that cannot be legally spent (principal portion of the Shoreline Sales Permanent Fund).

Restricted – amounts to be used for specific purposes as determined by enabling legislation or imposed by grantors or debt covenants; used before unrestricted fund balance when an expenditure is incurred for which both restricted and unrestricted fund balance is available.

Committed – amounts to be used for specific purposes as determined by formal County Board resolution. The Fund Balance policy is also established annually by board resolution. Committed fund balances are used before assigned or unassigned fund balances when an eligible expenditure is incurred.

Assigned – amounts intended to be used for certain purposes as determined by the County Board, or by the Administrator and Auditor acting together. The Fund Balance policy is established annually by board resolution. Assigned fund balance is used when an expenditure is incurred for which both assigned and unassigned fund balance is available.

Unassigned – amount remaining in the General Fund that has not been restricted, committed, or assigned.

H. Federal Audit Requirements

The Single Audit Act Amendments of 1996 requires the County to have a single, independent audit of its financial operations, including compliance with certain provisions of federal law and regulations. This audit requirement was complied with for fiscal year ended December 31, 2013; the auditor's reports on compliance and internal accounting control will be issued separately.

I. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Note 2. Detailed Notes on all Funds and Account Groups

A. Assets

Deposits and Investments

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

Governmental Activities:		
Current assets:		
Cash and cash equivalents	\$	136,096,200
Investments		60,391,160
Business-type Activities:		
Current assets:		
Cash and cash equivalents		1,374,072
Investments		13,072,697
Restricted assets:		
Financial Assurance		
Cash and cash equivalents		772,624
Investments		3,058,811
Health and sanitation		
Cash and cash equivalents		54,750
Fiduciary Activities		
Current assets:		
Cash and cash equivalents		10,299,109
Investments		8,904,251
Total		<u>234,023,674</u>
Deposits		49,707,731
Cash on hand		67,911
Investments		184,248,032
Total deposits, cash on hand, and investments		<u>\$ 234,023,674</u>

(Amounts in Dollars)

	Held for Individual Investment Accounts - Investment Trust Funds	Held for All Other County Funds	Total
Cash and cash equivalents	-	148,596,755	148,596,755
Investments	6,638,620	78,788,299	85,426,919
Total	<u>6,638,620</u>	<u>227,385,054</u>	<u>234,023,674</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Deposits

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

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

Custodial Credit Risk--Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County deposit policy for custodial credit risk follows Minnesota Statutes regarding pledged collateral. The market value of collateral must equal 110% of the deposits not covered by insurance or surety bonds. As of December 31, 2013, the County's deposits were fully covered by insurance, surety bonds, and collateral, and were not exposed to custodial credit risk.

Investments

Minn. Stat. §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts

As of December 31, 2013, the County had the following investments and maturities:

	Fair Value	Investment Maturities in Years					
		Less than 1	1-2	2-3	3-4	4-5	More than 5
Brokered CD's	\$ 68,935,000	\$ 29,323,000	\$ 10,478,000	\$ 12,486,000	\$ 12,786,000	\$ 3,369,000	\$ 493,000
CD's	6,556,894	1,060,087	1,712,059	-	2,429,361	1,355,387	-
Minnesota SBI	6,808,692	6,808,692	-	-	-	-	-
Municipal Bonds	3,885,226	-	305,385	1,587,398	492,505	667,031	832,907
FFCB	16,666,536	-	5,062,240	-	-	521,411	11,082,885
FHLB	34,463,362	9,103,646	3,904,516	3,405,676	5,231,642	12,817,882	-
FHLMC	12,879,300	-	1,302,626	7,038,700	2,789,472	1,748,502	-
FNMA	34,053,022	10,053,900	2,318,172	8,626,111	2,561,403	6,103,764	4,389,672
Total	\$ 184,248,032	\$ 56,349,325	\$ 25,082,998	\$ 33,143,885	\$ 26,290,383	\$ 26,582,977	\$ 16,798,464

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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

Credit Risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Except for the Shoreline Sales Permanent Fund, authorized under Minn. Stat §373.475, which invests in the unrated Minnesota State Board of Investment, it is the County's policy to invest only in securities that meet the ratings requirements set by state statute.

The County's exposure to credit risk as of December 31, 2013, is as follows:

Rating	Fair Value
S&P AAA	\$ 248,953
S&P AA+	99,952,498
S&P AA	332,699
Moodys Aa2	<u>1,413,296</u>
Total	<u>\$101,947,446</u>

Custodial Credit Risk-Investments. 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. As required by County policy, at December 31, 2013, all of the County's investments were held by a third party custodian and were not exposed to custodial credit risk.

Concentration of Credit Risk. The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. County policy states that in no case will investments in any one financial institution exceed 50% of the County's total portfolio. U.S. government securities, mutual funds, and external investment pools are exempt from this restriction.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Receivables

Receivables as of December 31, 2013 for the County's governmental and business-type activities, including applicable allowances for uncollectible accounts are:

	Total Receivable	Not expected to be collected within one year
Governmental Activities		
Taxes	\$ 7,294,526	\$ -
Accounts receivable	10,376,784	8,669,903
Accrued interest receivable	945,479	-
Loans receivable	1,162,397	1,046,117
Interfund receivable	80,884	-
Due from other governments	24,742,904	-
Advances to other funds	1,630,000	1,630,000
	\$ 46,232,974	\$ 11,346,020
Total Governmental Activities		
Business Activities		
Taxes	\$ 18,590	\$ -
Accounts Receivable	121,028	-
Accrued interest receivable	63,490	-
Due from other governments	-	-
	\$ 203,108	\$ -
Total Business Activities		

Loans Receivable

The loan receivable from Meadowlands Affordable Housing Limited Partnership is \$89,285 and is included in the committed for economic development category of fund balance. The purpose of the loan was the construction of a 12-unit affordable housing project. In 2010 the Housing and Redevelopment Authority Board passed a resolution to defer principal and interest payments until December 3, 2023 at which time the loan and accrued interest will be forgiven, provided the Meadowland Affordable Housing Partnership has maintained Meadowlands Manor as affordable rental housing in conformance with the note. The receivable is being written off over the remaining loan life using the straight-line method, and is accounted for in the Housing and Redevelopment Authority Special Revenue Fund.

Included in the Septic Loan Special Revenue Fund are loans under the Minnesota Pollution Control Loan Program totaling \$654,629 at December 31, 2013. These are included in the committed for health and sanitation category of fund balance.

The long-term loan receivable from the South St. Louis County Fair Association is \$123,926 and is included in the nonspendable noncurrent loans category of fund balance. The receivable arises from the County financing the construction of new grandstands and racetrack lighting. The interest free loan was approved by the County Board on December 17, 2002. Repayment comprises the County withholding \$5,000 from the South St. Louis County Fair Association annual allocation and the Fair Association paying \$1 per seat surcharge to retire the debt.

Loans receivable includes \$154,000 for a concession and multipurpose building at the South St. Louis County fairgrounds. The loan is included in the nonspendable noncurrent loans category of fund balance. Repayment began in 2009 and calls for \$5,000 due from the Lakehead Racing Association annually. Beginning November 1, 2011, the St. Louis County Fair Association also began paying \$7,000 annually to retire the debt.

The Dirt Floor Arena Committee owes \$5,000 for improvements at the South St. Louis County fairgrounds. This is an interest free loan which requires repayment of \$5,000 annually. The loan is included in the nonspendable noncurrent loans category of fund balance.

The City of Ely owes for its share of costs associated with the Ely Joint Public Works Facility. One loan has a balance of \$22,820 with an interest rate of 3.9%. It requires payments of \$1,095 on May 1 and November 1 each year until 2027. The second loan has a balance of \$112,737 with an interest rate of 5%. It requires payments of \$5,792 on May 1 and November 1 each year until 2027. Both loans are included in the assigned for highways and streets category of fund balance.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

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 \$2,247,250 leaving a carrying value of \$3,701,354. The State pays rent of \$14,077 per month through August 2017. 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	
2014	168,919
2015	168,919
2016	168,919
2017	112,615
Total	<u>\$ 619,372</u>

Lease to Chris Jensen, LLC

On November 1, 2009 St. Louis County entered into an agreement with Chris Jensen, LLC, a Minnesota limited liability company for the lease of approximately 398,941 square feet located at 2501 Rice Lake Road, Duluth, Minnesota, the site of the Chris Jensen Health and Rehabilitation Center. The initial lease will be for five years ending on October 31, 2014. The lease may be extended for three separate renewal terms of five years each. The lease specifies rent payments to St. Louis County of \$4,167 monthly through October 15, 2012, then increasing to \$5,000 effective November 15, 2012, and increasing again on November 15, 2013 to \$5,833 per month.

The County will also receive from Chris Jensen, LLC pro rated collections of the certified accounts receivable as of November 1, 2009. This will continue until September 2013. A capital expenditure/operating account was established during 2009 for scheduled deposits by the County that totaled \$500,000 at April 1, 2010. The deposits will be used by Chris Jensen, LLC in accordance with the lease agreement.

Chris Jensen Health and Rehabilitation Center Enterprise Fund employees are no longer employed by St. Louis County. Many of these former County employees have been retained by Chris Jensen, LLC to staff the nursing home.

As of year end the County was in negotiations to sell this space to Chris Jensen, LLC, see subsequent event note.

The minimum future rentals are:

Year Ending December 31	
2014	\$ 58,333

Restricted Assets

Business-type activities

Financial assurance for closure and post closure care

Cash and cash equivalents	\$ 772,624
Investments	3,058,811
Accrued interest receivable	11,507

Health and sanitation

Cash and cash equivalents	54,750
Total	<u>\$ 3,897,692</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

Governmental Activities:

	Beginning				Ending
	Balance	Increases	Decreases	Transfers	Balance
Capital assets, not being depreciated:					
Land	\$ 2,129,327	\$ 341,100	\$ -	\$ -	2,470,427
Permanent right of way	449,280	74,000	-	-	523,280
Work in progress	13,454,645	5,913,925	(37,613)	(8,065,061)	11,265,896
Total capital assets, not being depreciated	<u>16,033,252</u>	<u>6,329,025</u>	<u>(37,613)</u>	<u>(8,065,061)</u>	<u>14,259,603</u>
Capital assets, being depreciated:					
Buildings and structures	127,600,557	924,758	(66,468)	8,065,061	136,523,908
Machinery and equipment	21,892,465	1,092,612	(1,464,777)	-	21,520,300
Vehicles	53,064,271	3,036,949	(873,617)	-	55,227,603
Infrastructure	568,208,871	47,993,230	-	-	616,202,101
Computer Software	3,366,620	-	-	-	3,366,620
Temporary right of way	26,600	-	-	-	26,600
Total capital assets being depreciated	<u>774,159,384</u>	<u>53,047,549</u>	<u>(2,404,862)</u>	<u>8,065,061</u>	<u>832,867,132</u>
Less accumulated depreciation for:					
Buildings and structures	(49,823,502)	(3,162,589)	59,178	-	(52,926,913)
Machinery and equipment	(17,008,354)	(1,308,821)	1,409,645	-	(16,907,530)
Vehicles	(35,569,572)	(2,599,276)	753,620	-	(37,415,228)
Infrastructure	(178,875,774)	(7,004,501)	-	-	(185,880,275)
Computer Software	(647,071)	(673,324)	-	-	(1,320,395)
Temporary right of way	(11,050)	(8,108)	-	-	(19,158)
Total accumulated depreciation	<u>(281,935,323)</u>	<u>(14,756,619)</u>	<u>2,222,443</u>	<u>-</u>	<u>(294,469,499)</u>
Total capital assets being depreciated, net	<u>492,224,061</u>	<u>38,290,930</u>	<u>(182,419)</u>	<u>8,065,061</u>	<u>538,397,633</u>
Governmental activities, capital assets, net	<u>\$ 508,257,313</u>	<u>\$ 44,619,955</u>	<u>\$ (220,032)</u>	<u>\$ -</u>	<u>\$ 552,657,236</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Business-type activities:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 233,266	\$ 44,700	\$ -	\$ -	277,966
Construction in progress	145,254	45,224	-	(190,478)	-
Total capital assets, not being depreciated	<u>378,520</u>	<u>89,924</u>	<u>-</u>	<u>(190,478)</u>	<u>277,966</u>
Capital assets, being depreciated:					
Buildings and structures	6,778,225	30,699	-	190,478	6,999,402
Improvements other than buildings	10,850,695	-	-	-	10,850,695
Machinery and equipment	886,409	87,539	-	-	973,948
Vehicles	1,406,628	26,088	(31,553)	-	1,401,163
Total capital assets being depreciated	<u>19,921,957</u>	<u>144,326</u>	<u>(31,553)</u>	<u>190,478</u>	<u>20,225,208</u>
Less accumulated depreciation for:					
Buildings and structures	(3,753,118)	(278,369)	-	-	(4,031,487)
Improvements other than buildings	(6,140,917)	(249,581)	-	-	(6,390,498)
Machinery and equipment	(660,633)	(60,209)	-	-	(720,842)
Vehicles	(1,031,636)	(59,430)	31,553	-	(1,059,513)
Total accumulated depreciation	<u>(11,586,304)</u>	<u>(647,589)</u>	<u>31,553</u>	<u>-</u>	<u>(12,202,340)</u>
Total capital assets, being depreciated, net	<u>8,335,653</u>	<u>(503,263)</u>	<u>-</u>	<u>190,478</u>	<u>8,022,868</u>
Business-type activities, capital assets, net	<u>\$ 8,714,173</u>	<u>\$ (413,339)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,300,834</u>

Depreciation:

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	2,462,402
Public safety	1,646,920
Highways	9,817,304
Health and sanitation	448
Human Services	328,767
Conservation of natural resources	225,967
Economic development	24,768
Internal Service Funds	250,043
Total depreciation expenses - governmental activities	<u>\$ 14,756,619</u>
Business-type activities	
Environmental Services	\$ 647,589

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

B. Liabilities

Advance From Other Governments

The Minnesota Department of Transportation (MnDOT) also advanced to the County funds to help cash flow and cover expense for road and bridge repairs related to the June 2012 Flood. \$12,000,000 of State Aid Disaster Funds were received shortly after the flood. Of this amount, \$3,000,000 has been returned to MnDOT and \$5,816,758 has been applied to road and bridge projects. The remaining \$3,183,242 is reported in advance from other governments.

Long-Term Debt

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One-Year
GOVERNMENTAL ACTIVITIES					
<i>Bonds, notes, and tax lease obligations payable</i>					
General obligation debt					
Capital Improvement Bonds 2004A	\$ 7,473,921	\$ -	\$ (7,473,921)	\$ -	\$ -
Capital Improvement Bonds 2005A	3,700,000	-	(400,000)	3,300,000	415,000
Capital Improvement					
Crossover Bonds 2006A	4,747,263	-	(1,123,237)	3,624,026	1,163,237
Capital Equipment Notes 2008A	779,410	-	(779,410)	-	-
Capital Improvement Bonds 2008B	9,034,619	-	(662,713)	8,371,906	692,713
Capital Improvement Bonds 2010A	6,275,000	-	(6,275,000)	-	-
Capital Improvement Bonds 2013A	-	21,285,514	(7,878)	21,277,636	31,513
Capital Equipment Notes 2013B	-	5,049,504	(14,285)	5,035,219	632,140
Capital Improvement Current & Crossover Refunding 2013C	-	9,591,737	(24,305)	9,567,432	997,219
Capital Improvement Crossover Refunding 2013D	-	5,884,446	(8,002)	5,876,444	367,009
General obligation revenue notes	395,730	-	(42,490)	353,240	42,490
<i>Total bonds, notes and tax lease obligations payable</i>	<u>32,405,943</u>	<u>41,811,201</u>	<u>(16,811,241)</u>	<u>57,405,903</u>	<u>4,341,321</u>
<i>Other Liabilities</i>					
Compensated absences	34,396,674	11,798,032	(13,550,095)	32,644,611	6,315,933
Claims payable	8,343,936	27,293,935	(28,305,615)	7,332,256	2,540,115
Other post employment benefits obligation	3,374,625	349,331	-	3,723,956	-
<i>Total other liabilities</i>	<u>46,115,235</u>	<u>39,441,298</u>	<u>(41,855,710)</u>	<u>43,700,823</u>	<u>8,856,048</u>
Governmental activities long-term liabilities	<u>\$ 78,521,178</u>	<u>\$ 81,252,499</u>	<u>\$ (58,666,951)</u>	<u>\$ 101,106,726</u>	<u>\$ 13,197,369</u>
BUSINESS-TYPE ACTIVITIES					
<i>Other Liabilities</i>					
Compensated absences	\$ 1,090,269	\$ 342,136	\$ (363,106)	\$ 1,069,299	\$ 195,481
Closure and post-closure liabilities	1,804,804	51,472	-	1,856,276	-
<i>Total other liabilities</i>	<u>2,895,073</u>	<u>393,608</u>	<u>(363,106)</u>	<u>2,925,575</u>	<u>195,481</u>
Business-type activities long- term liabilities	<u>\$ 2,895,073</u>	<u>\$ 393,608</u>	<u>\$ (363,106)</u>	<u>\$ 2,925,575</u>	<u>\$ 195,481</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$11,285,484 of internal service funds compensated absences, claims payable, and other post employment benefit obligations are included in the above amounts. Also, for the governmental activities, claims, capital leases, and compensated absences are generally liquidated by the General Fund, Road and Bridge, Public Health and Human Services, and Forfeited Tax Sale Special Revenue funds.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

General obligation bonds and notes payable at December 31, 2013, consist of the following issues:

\$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. This bond was issued to finance capital improvements	3,300,000
\$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 \$24,026. This bond was issued to crossover refund \$7,795,000 of the \$10,465,000 outstanding of the \$14,270,000 General Obligation Capital Improvement bonds, Series 2001, dated May 1, 2001. The net present value benefit of the refunding issue is \$276,208 and results in a reduction of \$359,585 in future debt service payments. The crossover refunding occurred December 1, 2009.	3,624,026
\$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 \$26,609.	8,371,906
\$20,650,000 General Obligation Capital Improvement Bonds due in annual installments of \$800,000 to \$1,500,000 on December 1, 2015 through 2033; interest at 2.00 to 4.125 percent, including unamortized premium of \$627,636.	21,277,636
\$4,640,000 General Obligation Capital Equipment Notes due in annual installments of \$575,000 to \$730,000 on December 1, 2014 through 2020; interest at 3.00 to 5.00 percent, including unamortized premium of \$395,219.	5,035,219
\$8,895,000 General Obligation Capital Improvement Current and Crossover Refunding Bonds due in annual installments of \$505,000 to \$1,590,000 on December 1, 2014 through 2020; interest at 3.00 to 5.00 percent, including unamortized premium of \$672,432. \$6,135,000 of this issue was to refund the \$7,473,921 outstanding of the \$13,785,000 General Obligation Capital Improvement bonds, Series 2004, dated October 1, 2004. The net present value benefit of the refunding issue is \$503,213 and results in a reduction of \$560,624 in future debt service payments. This refunding occurred on December 1, 2013. The other \$2,760,000 was issued to crossover refund \$2,885,000 that will be outstanding on December 1, 2014 for the \$6,115,000 General Obligation Capital Improvement bonds, Series 2005, dated November 22, 2005. The net present value benefit of this part of the refunding issue is \$139,058 and will result in a reduction of \$159,116 in future debt service payments. This crossover refunding will occur on December 1, 2014.	9,567,432
\$5,495,000 General Obligation Capital Improvement Current Refunding Bonds due in annual installments of \$335,000 to \$555,000 on December 1, 2014 through 2025; interest at 3.00 to 5.00 percent, including unamortized premium of \$381,444. This bond was issued to refund the \$6,275,000 outstanding of the \$7,135,000 General Obligation Capital Improvement bonds, Series 2010, dated December 9, 2010. The net present value loss of the refunding issue \$87,537 and results in an increase of \$89,581 in future debt service payments. These bonds were refunded by using the extraordinary call provision that was allowed if the Federal Government reduced the percentage of reimbursement on the Build America Bonds. The County Board chose to use this call provision to protect the County against future continued reductions, as included in draft legislation at the time of the decision to refund, in the Build America Bond reimbursement. Congress ultimately did pass and the president signed an extension of the sequestration of BABs in February 2014, which, if continued into the future, would result in future present value losses to the County of \$428,396, had the Board chosen not to refund. The refunding will occur on October 15, 2014.	5,876,444
General obligation revenue notes payable at December 31, 2013, consist of the following issues:	
\$50,000 1998 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide the initial funds for the septic system improvement loan program under the Agricultural Best Management Loan Program.	17,454
\$200,000 1998 General Obligation Revenue Notes payable to the Minnesota Department of Agriculture (Department) to provide the initial funds for the septic system improvement loan program under the Agricultural Best Management Loan Program.	140,203
\$200,000 2001 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program.	140,203
\$79,000 2004 General Obligation Revenue Notes Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program.	55,380
The terms of the above described revenue notes require semi-annual repayments of \$20,700 to \$7,900 beginning April 1, 2009 through 2024.	\$ 57,405,903

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

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

Year Ending	General Obligation	
	Principal	Interest
12/31		
2014	4,341,322	2,343,771
2015	5,844,222	1,872,937
2016	6,063,537	1,670,627
2017	4,940,984	1,510,365
2018	5,075,984	1,392,465
2019-2023	17,043,098	4,549,275
2024-2028	7,006,817	2,182,425
2029-2033	7,089,939	874,930
Total:	\$ 57,405,903	\$ 16,396,795

The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2013, of all governmental units which provide services within the County's borders, and which must be borne by properties in the County, is summarized below:

	(Amounts in Dollars)		
	Outstanding	Percentage Applicable to the County	County Share of Debt
Direct Debt			
St. Louis County	57,405,903	100.00	57,405,903
Overlapping Debt			
School Districts	126,447,056	60.94	77,058,875
Western Lake Superior Sanitary District	51,184,030	82.97	42,469,446
Underlying Debt			
Cities	185,668,568	100.00	185,668,568
School Districts	132,093,338	100.00	132,093,338
Towns	7,560,510	100.00	7,560,510
Virginia Housing and Redevelopment Authority	4,525,000	100.00	4,525,000
Duluth/North Shore Sanitary District	7,233,511	100.00	7,233,511
Total	572,117,916		514,015,151

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Lease Obligations

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 2013:

<u>Type of Property</u>	
Rental of office space and parking facilities	\$ 439,962
Data processing software	36,101
Hardware	565,215
Total rental expense	<u>\$ 1,041,278</u>

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2013:

<u>Year Ended</u>	
2014	\$ 1,061,324
2015	1,001,108
2016	761,317
2017	762,947
2018	764,867
Total future minimum lease payments	<u>\$ 4,351,563</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Construction Commitments

At December 31, 2013, the County had construction commitments as follows:

(Amounts in Dollars)

	Authorized Projects	Expended to Date	Commitments
GSC Remodel	20,650,000	2,829,584	16,435,503
AP Cook Building	2,668,229	668,932	38,586
Virginia Motor Pool Building	2,000,000	910,940	950,452
Total	25,318,229	4,409,456	17,424,541

Purchase Commitments

At December 31, 2013, the County had purchase commitments represented by open encumbrances. These are included as part of assigned fund balance as follows:

Fund	Amount
General	\$ 4,248,721
Road and Bridge	1,606,683
Public Health and Human Services	52,108
Forfeited Tax Sale	95,881
Forest Resources	1,585,669
Total	\$ 7,589,062

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 \$747,500 at December 31, 2013, 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 \$1,880,000 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 \$1,880,000 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, 2013, and is consistent with the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The nondiscounted value of the estimated liability for claims payable at the end of the year was \$5,626,627 and is present valued at 0.8499%.

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

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

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Changes in the funds' claims liability amounts during 2012 were:

	(Amounts in Dollars)		
	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
Beginning of fiscal year liability for claims	231,000	5,106,847	2,322,684
Current year claims and changes in estimates	408,134	1,560,174	29,070,888
Claim payments	(319,134)	(1,155,903)	(28,880,755)
Balance of claims payable at fiscal year end	320,000	5,511,118	2,512,817

Changes in the funds' claims liability amounts during 2013 were:

	(Amounts in Dollars)		
	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
Beginning of fiscal year liability for claims	320,000	5,511,118	2,512,817
Current year claims and changes in estimates	260,903	1,026,176	26,458,987
Claim payments	(300,903)	(1,428,550)	(27,028,292)
Balance of claims payable at fiscal year end	280,000	5,108,744	1,943,512

Retirement Plan

Plan Description

All full-time and certain part-time employees of St. Louis County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Local Government Correctional Service Retirement Fund (the Public Employees Correctional Fund), which are cost sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356.

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailer/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the Public Employees Correctional Fund. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years. Members eligible for membership before July 1, 2010, are fully vested after three years of service.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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. Defined retirement benefits are based on a member's average yearly salary for the five highest-paid consecutive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for General Employees Retirement Fund Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For all Public Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and Public Employees Correctional Fund members, and either 65 or 66 (depending on date hired) for Public Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.60 percent. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2013:

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

The County's contributions for the years ending December 31, 2013, 2012, and 2011, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	2013	2012	2011
General Employees Retirement Fund	\$ 6,063,152	\$ 5,983,560	\$ 5,896,106
Public Employees Police and Fire Fund	1,077,616	1,093,847	1,120,180
Public Employees Correctional Employees Fund	636,601	610,006	582,497

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. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the State Legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 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, 2013, were:

	Employee	Employer
Contribution amount	\$ 13,811	\$ 13,811
Percentage of covered payroll	5.00%	5.00%

Required contribution rates were 5.0 percent.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Interfund Receivables, Payables, Advances and Transfers

The composition of interfund transfers during the year ended December 31, 2013, is as follows:

Interfund Receivables/Payables (for deficit cash balances):

Receivable Fund	Payable Fund	Amount
General	Community Development Block Grant	\$ 70,297
	Northeast Minnesota Housing Consortium	10,587
		<u>\$ 80,884</u>

Interfund Transfers:

Fund Transferred To	Fund Transferred From	Purpose	Amount
Major Funds			
General	Forfeited Tax Sale	Land sale apportionment	\$ 109,115
	Capital Projects	Operating projects	84,878
	Forest Resources	GIS project	200,000
	Shoreline Sales	Natural resource improvements	118,600
	Medical Dental Insurance	Health & wellness reimbursement	249,727
Road and Bridge	General	Corner Certificate Program	330,000
	Capital Projects	Equipment rental overage	86,339
Public Health and Human Service	Environmental Services	Intra-county rent error	7,485
Forfeited Tax Sale Fund	Forest Resources	Remediation of tax forfeited structure	44,450
Capital Projects	General	Virginia Motor Pool, Extension and Safety & Risk Management offices, security investments, unplanned Depot capital projects, Law Library move, excess rent revenues	3,717,783
	Road and Bridge	Virginia Motor Pool	76,223
	Public Health and Human Services	Virginia Motor Pool and GSC furniture	886,209
Environmental Services	Forfeited Tax Sale	Land sale apportionment	349,170
	Shoreline Sales	Natural resource improvements	193,109
	Housing and Redevelopment Authority	Deferred septic loan program	56,000
Nonmajor Funds			
Forest Resources	Forfeited Tax Sale	Land sale apportionment	109,116
	Total		<u>\$ 6,618,204</u>

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
County Garage	Capital Projects funds	<u>\$ 1,630,000</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

C. Fund Equity

The County Board authorized the County Auditor to establish portions of fund balance for encumbrances, cash flow, future year budgets and future unallotment purposes. These amounts are included in the General Fund unassigned fund balance, the Road and Bridge Special Revenue Fund assigned for highways and streets, and the Public Health and Human Services Special Revenue Fund assigned for public health and human services.

	Future Year Budget	Encumbrances	Cash Flow	Future Unallotment	Total
Unassigned					
General	\$ 2,404,164	\$ -	\$ 26,000,762	\$ 4,846,001	\$ 33,250,927
Assigned					
Road and Bridge	69,102	1,606,683	6,910,932	750,000	9,336,717
Public Health and Human Services	321,184	52,108	14,549,780	1,240,068	16,163,140
Total	<u>\$ 2,794,450</u>	<u>\$ 1,658,791</u>	<u>\$ 47,461,474</u>	<u>\$ 6,836,069</u>	<u>\$ 58,750,784</u>

The cash flow maximum amount for each fund is calculated as 5/12 of the subsequent year's levy, plus the subsequent year county program aid. For the year ended December 31, 2013, the maximum amounts, actual amounts, and percentage funded are shown below. The future unallotment is calculated based on required departmental savings due to state unallotments.

	Cash Flow		
	Maximum Amount	Actual Amount	Percentage Funded
General Fund	\$ 29,500,553	\$ 26,000,762	88.14%
Road and Bridge Fund	9,181,727	6,910,932	75.27%
Public Health and Human Services	14,549,780	14,549,780	100.00%

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3. Joint Ventures/Jointly Governed Organizations

Arrowhead Regional Corrections

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

Arrowhead Regional Corrections is financed through state grants and contributions from the participating counties. During 2012, (the most recent available), county contributions were in the following proportion:

Carlton County	8.63%
Cook County	1.63%
Koochiching County	1.45%
Lake County	2.44%
St. Louis County	85.85%
Total	<u>100.00%</u>

St. Louis County provided \$13,008,853 in funding during 2013. Separate financial information can be obtained from:

Arrowhead Regional Corrections
211 West Second St. Suite 450
Duluth, Minnesota 55802

A summary of the financial information from Arrowhead Regional Corrections' Government-Wide Financial Statements for December 31, 2012 (the most recent available), was:

Total Assets	\$ 12,206,883
Total Liabilities	5,982,417
Total Net Position	6,224,466
Total Program and General Revenues	21,983,212
Total Expenses/Uses	21,862,294
Change in Net Position	120,918

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 2013.

A summary of the financial information of the Community Health Services Board Government-Wide Financial Statements for December 31, 2012, (the most recent available) was:

Total Assets	\$ 1,069,874
Total Liabilities	834,118
Total Net Position	235,756
Total Program and General Revenues	4,748,262
Total Expenses	4,760,579
Change in Net Position	(12,317)

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
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Regional Railroad Authority

The St. Louis and Lake Counties Regional Railroad Authority was established under the Regional Railroad Authorities Act, Minn. Stat. §398A.03. It is governed by a Board composed of three members from the St. Louis County Board of Commissioners and two members from Lake County Board of Commissioners. St. Louis County is the fiscal agent for the Railroad Authority and all of its financial transactions are recorded in the Regional Railroad Authority Agency Fund. Financing is obtained through a tax levy, and federal, state and local grants or participation. St. Louis County provided no funding to this organization during 2013.

A summary of the financial information of the Regional Railroad Authority for the Government-Wide Financial Statement for December 31, 2012, (the most recent available) was:

Total Assets	\$ 15,550,136
Total Liabilities	357,048
Total Net Position	15,193,088
Total Revenues	2,675,848
Total Expenses	1,943,090
Change in Net Position	732,758

Separate financial information can be obtained from:

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

Northeast Minnesota Office of Job Training

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

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

A summary of the financial information of Northeast Minnesota Office of Job Training's Government-Wide Statements for June 30, 2013, was:

Total Assets	\$ 3,027,506
Total Liabilities	1,530,113
Total Net Position	1,497,393
Total Revenues	4,848,404
Total Expenses	4,789,795
Change in Net Position	58,609

Separate financial information can be obtained from:

Northeast Minnesota Office of Job Training
820 North Ninth Street, Suite 240, P.O. Box 1028
Virginia, Minnesota 55792

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Northern Counties Land Use Coordinating Board

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

The joint powers are the Counties of Aitkin, Cook, Koochiching, Lake, Lake of the Woods, Pennington, Roseau, and St. Louis. Three elected county commissioners from St. Louis County and two from each of the other counties comprise the membership of the Board. St. Louis County handles all of the financial transactions for this organization through its Northern Counties Land Use Board Agency Fund. St. Louis County provided \$3,000 during 2013.

A summary of the financial information of Northern Counties Land Use Coordinating Board for the Financial Statements for December 31, 2013, was:

Total Assets	\$	130,396
Total Liabilities		-
Total Net Position		130,396
Total Revenues		17,000
Total Expenditures		13,041
Change in Net Position		3,959

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, 2012, (the most recent available) was:

Total Assets	\$	1,237,771
Total Liabilities		309,519
Total Net Position		928,252
Total Revenues		2,646,781
Total Expenses		2,896,651
Change in Net Position		(249,870)

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
DECEMBER 31, 2013

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 2013. 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, 2013, is:

Total Assets	\$	58,834
Total Liabilities		-
Total Net Position		58,834
Total Revenues		-
Total Expenditures		-
Change in Net Position		-

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

Minneapolis-Duluth/Superior Passenger Rail Alliance

The St. Louis and Lake County Regional Railroad Authority (a jointly governed organization) entered into a joint powers agreement with the Regional Rail Authorities of Hennepin County, Isanti County, Pine County, the cities of Duluth and Minneapolis, and Douglas County, Wisconsin to establish the Minneapolis-Duluth/Superior Passenger Rail Alliance. The Alliance's purpose is to collaboratively discuss the development of rail transportation between the Twin Cities Metropolitan and Twin Ports areas. The governing Board comprises one elected official from each party to the agreement. Each party contributes funds consistent with the annual budget and cost sharing formula. The St. Louis and Lake County Regional Railroad Authority serves as the fiscal agent.

A summary of the financial information of the Minneapolis - Duluth/Superior Passenger Rail Alliance for the Government-Wide Financial Statement for December 31, 2012 (the most recent available) was:

Total Assets	\$	479,372
Total Liabilities		13,018
Total Net Position		466,354
Total Revenues		316,493
Total Expenditures		273,080
Change in Net Position		43,413

Separate financial information can be obtained from:

St. Louis and Lake County Regional Railroad Authority
111 Station 44 Rd
Eveleth, MN 55734

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Northeast Minnesota Regional Radio Board

The Northeast Minnesota Regional Radio Board was established through a joint powers agreement, pursuant to Minn. Stat. § 471.59 and 403.39, to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) and to enhance and improve interoperable public safety communications. The joint powers are the Counties of Aitkin, Carlton, Cass, Cook, Crow Wing, Itasca, Kanabec, Koochiching, Lake, Pine, and St. Louis and the Cities of Duluth, Hibbing, International Falls, and Virginia.

Control of Northeast Minnesota Regional Radio Board is vested in a Board of Directors composed of one county commissioner from each of the member counties and one city councilor from each of the member cities. In addition, there is one member from the Northeast Minnesota Regional Advisory Committee, one member from the Northeast Minnesota Regional Radio System User Committee, and one member from the Northeast Minnesota Owners and Operators Committee who are also voting members of the board.

Itasca County is the fiscal agent for the Northeast Minnesota Regional Radio Board. Funding is provided by grants and contributions from participating members. St. Louis County provided no funding to this organization in 2013.

City/County Communication Antenna Site

St. Louis County and the City of Duluth entered into a joint powers agreement under Minn. Stat. §471.59 for the purpose of managing a jointly owned communications tower and support building at 7, Observation Road, Duluth, Minnesota. Designated contacts for the County and City are the Communications Director and the Chief of Police, respectively. The agreement specifies certain maintenance responsibilities for each party. Revenues comprise annual assessments to the County and City, plus charges for third party use of the antenna site. St. Louis County is the fiscal agent for the financial activity. It is accounted for in the General Fund. This agreement will continue until terminated by either party.

Minnesota Community Capital Fund

The County is a Class A member of the Minnesota Community Capital Fund (MCCF). The MCCF was established to address unmet development financing needs of communities and economic development organizations throughout Greater Minnesota by pooling local revolving loan fund resources and providing professional management services to support local efforts. The MCCF is designed to provide its members with greater flexibility and the capacity to originate multiple loans that are much larger than would be possible with limited local resources. The \$100,000 member participation is included as a receivable in the General Fund. The MCCF will be dissolved effective April 30, 2014, and the membership participation will be returned to the County.

Note 4. Summary of Significant Contingencies and Other Items

Claims and Litigation

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

Pollution Remediation

Governmental Accounting Standards Board (GASB) Statement 49 establishes standards for accounting and financial reporting for pollution remediation obligations and is effective for periods beginning after December 15, 2007. The Environmental Services Fund management believes the County could be responsible for at least some types of third party impacts related to the Closed Landfill Program operated by the Minnesota Pollution Control Agency. Any liability is unknown at December 31, 2013 as it would need to be determined through the legal system.

Other Post Employment Benefits

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

Plan Description and Funding Policy

The County provides health insurance benefits for certain retired employees under a single-employer self-insured plan. The County provides benefits for retirees as required by Minnesota Statute §471.61 subdivision 2b. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of January 1, 2012 there were approximately 219 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, 2013

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 2013, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 1,955,859
Interest on net OPEB obligation	148,484
Adjustments to ARC	<u>(204,746)</u>
Annual OPEB Cost	1,899,597
Contributions during the year	<u>(1,550,266)</u>
Increase in net OPEB obligation	349,331
Net OPEB obligation - beginning of the year	<u>3,374,625</u>
Net OPEB obligation - end of year	<u><u>\$ 3,723,956</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the excess OPEB contributions or net OPEB obligation for 2011, 2012, and 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2011	2,065,153	1,495,333	72.41	2,922,657
12/31/2012	1,864,045	1,412,077	75.75	3,374,625
12/31/2013	1,899,597	1,550,266	81.61	3,723,956

Funding Status and Funding Progress

The actuarial accrued liability for benefits as of January 1, 2012 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 \$85 million. The ratio of the unfunded actuarially accrued liabilities (UAAL) to covered payroll is 23.55%.

Actuarial Methods and Assumptions

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

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

In the January 1, 2012 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. The annual healthcare cost trend rate is 0.00% initially, increased incrementally to an ultimate rate of 5.00% after twenty years. The unfunded accrued actuarial liability is being amortized as a level dollar amount over an open 30-year period.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

St. Louis County Heritage and Arts Center (Depot)

The County has an agreement with Oneida Realty Company for strategic leadership of the St. Louis County Heritage and Arts Center (Depot) as a tourist attraction, and center for the arts, heritage and cultural organizations. This contract began on July 1, 2012 and terminates on June 30, 2017.

Per this agreement, Oneida will be responsible for the strategic management, operations, marketing and facilities management of the Depot. The County will on an annual basis approve funding for the Depot-Oneida Contract as part of its annual budget. No amount of funding is guaranteed under this Agreement. In light of the uncertainty and possible variability of funding from the County, this contract will be updated annually by November 1st for the subsequent year for the sole purpose of determining what, if any, funding will come from the County as approved by the County Board budget for said subsequent year. If the parties are unable to reach mutual agreement on funding from the County for services for the subsequent year, either party may terminate this contract with a six month written notice.

Northwoods Townhomes Project

During 2006, the St. Louis County Housing and Redevelopment Authority (the County HRA), the City of Ely Housing and Redevelopment Authority (the City HRA), the City of Ely (the City), and St. Louis County (the County) entered into an agreement to finance the costs of acquisition, construction and equipping of a multifamily rental housing project for the elderly consisting of 26 single story townhouse units located in the City of Ely, Minnesota. The County HRA irrevocably appointed the City HRA as its agent in connection with the project.

The City HRA issued \$3,800,000 of revenue bonds for the project payable with rents collected for the units. The County pledged its full faith and credit and taxing powers to the payment of the debt service on the revenue bonds should the cash flow projection of net revenues (as prepared by the City HRA) not equal at least 105 percent of the scheduled debt service payments for the next calendar year. If the County is required to make debt service payments as described above, the City pledges its general obligation to indemnify the County for the debt payments made up to a maximum of \$3,000,000. The City HRA agrees to repay the County to the extent the County is not indemnified by the City.

The project will be jointly owned by the County HRA and the City HRA. The City HRA will manage the project including construction, operation and maintenance. If the County HRA and the City HRA mutually agree to offer the project for sale, the County HRA is entitled to 20 percent of the net sale proceeds.

Tax Forfeited Land Management

The County manages over 890,000 acres of state-owned tax-forfeited land. This land generates revenues primarily from recreational land leases and land and timber sales. Land management costs, including forestry costs such as site preparation, seedlings, tree planting and logging roads, are accounted for as current operating expenditures. Revenues in excess of expenditures are distributed to the County and cities, towns, and school districts within the County according to state statute.

Subsequent Event

The St. Louis County Board issued a \$5.47 million dollar Capital Improvement Bond on January 6, 2014 for the Northeast Regional Corrections Center Project, the good faith deposit was received on 11/14/2013 in the amount of \$54,700.

The St. Louis County Board sold the Chris Jensen Health and Rehabilitation Center to the current lessee for \$2.3 million on April 1, 2014.

St. Louis County, Minnesota
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFIT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2013

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.

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)
1/1/2008	\$ -	\$ 20,002,896	\$ 20,002,896	0.00%	\$ 94,230,038	21.23%
1/1/2010	-	22,541,450	22,541,450	0.00	82,955,992	27.17
1/1/2012	-	20,035,809	20,035,809	0.00	85,062,112	23.55

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFIT PLAN
DECEMBER 31, 2013

Year Ended December 31	Employer Contributions	Annual OPEB Cost	Percentage Contributed
2011	\$ 1,495,333	\$ 2,065,153	72.41%
2012	1,412,077	1,864,045	75.75
2013	1,550,266	1,899,597	81.61

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

Northern Lights Express - This fund is used to account for a grant from the State of Minnesota passed through St. Louis County to the Minneapolis - Duluth/Superior Passenger Rail Alliance for the purpose of an environmental and preliminary engineering study.

Debt Service Fund

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of long term-debt principal, interest, and related costs.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the counties programs.

Shoreline Sales - This fund is used to account for proceeds from the sale of land, including interest, under Minn. Laws 1999 Ch. 180. The principal from the sale of land may not be expended while any interest earnings may be spent by the County Board only for the purpose related to the improvement of natural resources.

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
ASSETS			
Cash and cash equivalents	\$ 1,053,135	\$ 227	\$ -
Cash with fiscal agent	-	-	-
Investments	-	-	-
Delinquent taxes receivable	14,544	-	-
Accounts receivable (net)	-	-	-
Loans receivable	89,285	-	-
Due from other governments	-	378,517	79,647
Total Assets	1,156,964	378,744	79,647
LIABILITIES			
Accounts payable	1,118	172,965	66,060
Salaries payable	-	5,482	3,000
Interfund payable	-	70,297	10,587
Due to other governments	-	130,000	-
Total Liabilities	1,118	378,744	79,647
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	12,891	-	-
Total Deferred Inflows of Resources	12,891	-	-
FUND BALANCES			
Non-spendable:			
Environmental trust funds	-	-	-
Restricted:			
Debt service	-	-	-
Health and sanitation	-	-	-
Improvement of natural resources	-	-	-
Committed:			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	1,142,955	-	-
Assigned:			
Conservation of natural resources	-	-	-
Total Fund Balance	1,142,955	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 1,156,964	\$ 378,744	\$ 79,647

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013

Special Revenue Funds (continued)

	Septic Loan	Forest Resources	Northern Lights Express	Total
ASSETS				
Cash and cash equivalents	\$ 214,084	\$ 6,333,871	\$ -	\$ 7,601,317
Cash with fiscal agent	-	-	-	-
Investments	-	-	-	-
Delinquent taxes receivable	-	-	-	14,544
Accounts receivable (net)	9,852	-	-	9,852
Loans receivable	654,629	-	-	743,914
Due from other governments	-	271,146	-	729,310
Total Assets	<u>878,565</u>	<u>6,605,017</u>	<u>-</u>	<u>9,098,937</u>
LIABILITIES				
Accounts payable	17,730	14,040	-	271,913
Salaries payable	-	-	-	8,482
Interfund payable	-	-	-	80,884
Due to other governments	-	-	-	130,000
Total Liabilities	<u>17,730</u>	<u>14,040</u>	<u>-</u>	<u>491,279</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Taxes	-	-	-	12,891
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,891</u>
FUND BALANCES				
Non-spendable:				
Environmental trust funds	-	-	-	-
Restricted:				
Debt service	42,490	-	-	42,490
Health and sanitation	54,870	-	-	54,870
Improvement of natural resources	-	-	-	-
Committed:				
Health and sanitation	763,475	-	-	763,475
Conservation of natural resources	-	5,005,308	-	5,005,308
Economic development	-	-	-	1,142,955
Assigned:				
Conservation of natural resources	-	1,585,669	-	1,585,669
Total Fund Balance	<u>860,835</u>	<u>6,590,977</u>	<u>-</u>	<u>8,594,767</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 878,565</u>	<u>\$ 6,605,017</u>	<u>\$ -</u>	<u>\$ 9,098,937</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	<u>Debt Service Fund</u>	<u>Permanent Fund Shoreline Sales</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,151,662	\$ 422,250	\$ 9,175,229
Cash with fiscal agent	2,990,008	-	2,990,008
Investments	-	6,808,692	6,808,692
Delinquent taxes receivable	399,186	-	413,730
Accounts receivable (net)	-	-	9,852
Loans receivable	-	-	743,914
Due from other governments	-	-	729,310
Total Assets	<u>4,540,856</u>	<u>7,230,942</u>	<u>20,870,735</u>
LIABILITIES			
Accounts payable	-	-	271,913
Salaries payable	-	-	8,482
Interfund payable	-	-	80,884
Due to other governments	-	-	130,000
Total Liabilities	<u>-</u>	<u>-</u>	<u>491,279</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	359,681	-	372,572
Total Deferred Inflows of Resources	<u>359,681</u>	<u>-</u>	<u>372,572</u>
FUND BALANCES			
Non-spendable:			
Environmental trust funds	-	6,874,917	6,874,917
Restricted:			
Debt service	4,181,175	-	4,223,665
Health and sanitation	-	-	54,870
Improvement of natural resources	-	356,025	356,025
Committed:			
Health and sanitation	-	-	763,475
Conservation of natural resources	-	-	5,005,308
Economic development	-	-	1,142,955
Assigned:			
Conservation of natural resources	-	-	1,585,669
Total Fund Balance	<u>4,181,175</u>	<u>7,230,942</u>	<u>20,006,884</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 4,540,856</u>	<u>\$ 7,230,942</u>	<u>\$ 20,870,735</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
REVENUES			
Taxes	\$ 210,878	\$ -	\$ -
Intergovernmental	355	1,706,877	675,480
Earnings on investments	-	-	-
Miscellaneous	-	-	650
Total Revenues	211,233	1,706,877	676,130
EXPENDITURES			
Current:			
Health and sanitation	-	-	-
Culture and recreation	-	-	-
Conservation of natural resources	-	-	-
Economic development	82,919	1,706,877	676,130
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Bond issuance costs	-	-	-
Total expenditures	82,919	1,706,877	676,130
Excess (deficiency) of revenues over expenditures	128,314	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(56,000)	-	-
Refunding bonds issued	-	-	-
Premium on refunding bonds issued	-	-	-
Total other financing sources and uses	(56,000)	-	-
Net change in fund balances	72,314	-	-
Fund Balance - January 1	1,070,641	-	-
Fund Balance - December 31	\$ 1,142,955	\$ -	\$ -

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

Special Revenue Funds (continued)

	Septic Loan	Forest Resources	Northern Lights Express	Total
REVENUES				
Taxes	\$ -	\$ 573,332	\$ -	\$ 784,210
Intergovernmental	-	418,935	30,508	2,832,155
Earnings on investments	18,186	-	-	18,186
Miscellaneous	-	-	-	650
Total Revenues	<u>18,186</u>	<u>992,267</u>	<u>30,508</u>	<u>3,635,201</u>
EXPENDITURES				
Current:				
Health and sanitation	13,045	-	-	13,045
Culture and recreation	-	-	30,508	30,508
Conservation of natural resources	-	1,143,818	-	1,143,818
Economic development	-	-	-	2,465,926
Debt service:				
Principal	42,490	-	-	42,490
Interest and other charges	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>55,535</u>	<u>1,143,818</u>	<u>30,508</u>	<u>3,695,787</u>
Excess (deficiency) of revenues over expenditures	<u>(37,349)</u>	<u>(151,551)</u>	<u>-</u>	<u>(60,586)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	109,116	-	109,116
Transfers out	-	(244,450)	-	(300,450)
Refunding bonds issued	-	-	-	-
Premium on refunding bonds issued	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>(135,334)</u>	<u>-</u>	<u>(191,334)</u>
Net change in fund balances	(37,349)	(286,885)	-	(251,920)
Fund Balance - January 1	<u>898,184</u>	<u>6,877,862</u>	<u>-</u>	<u>8,846,687</u>
Fund Balance - December 31	<u>\$ 860,835</u>	<u>\$ 6,590,977</u>	<u>\$ -</u>	<u>\$ 8,594,767</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Debt Service Fund	Permanent Fund Shoreline Sales	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 5,001,699	\$ -	\$ 5,785,909
Intergovernmental	319,867	-	3,152,022
Earnings on investments	(7,380)	1,069,470	1,080,276
Miscellaneous	298,913	-	299,563
Total Revenues	<u>5,613,099</u>	<u>1,069,470</u>	<u>10,317,770</u>
EXPENDITURES			
Current:			
Health and sanitation	-	-	13,045
Culture and recreation	-	-	30,508
Conservation of natural resources	-	-	1,143,818
Economic development	-	-	2,465,926
Debt service:			
Principal	16,655,000	-	16,697,490
Interest and other charges	1,196,565	-	1,196,565
Bond issuance costs	148,166	-	148,166
Total expenditures	<u>17,999,731</u>	<u>-</u>	<u>21,695,518</u>
Excess (deficiency) of revenues over expenditures	<u>(12,386,632)</u>	<u>1,069,470</u>	<u>(11,377,748)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	109,116
Transfers out	-	(311,708)	(612,158)
Refunding bonds issued	14,390,000	-	14,390,000
Premium on refunding bonds issued	1,086,183	-	1,086,183
Total other financing sources and uses	<u>15,476,183</u>	<u>(311,708)</u>	<u>14,973,141</u>
Net change in fund balances	3,089,551	757,762	3,595,393
Fund Balance - January 1	<u>1,091,624</u>	<u>6,473,180</u>	<u>16,411,491</u>
Fund Balance - December 31	<u>\$ 4,181,175</u>	<u>\$ 7,230,942</u>	<u>\$ 20,006,884</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 208,829	\$ 208,829	\$ 210,878	\$ 2,049
Intergovernmental	172	172	355	183
Total Revenues	<u>209,001</u>	<u>209,001</u>	<u>211,233</u>	<u>2,232</u>
EXPENDITURES				
Economic development				
Personnel services	140,000	140,000	15,257	(124,743)
Other operating	<u>238,257</u>	<u>238,257</u>	<u>67,662</u>	<u>(170,595)</u>
Total Expenditures	<u>378,257</u>	<u>378,257</u>	<u>82,919</u>	<u>(295,338)</u>
Excess of Revenues Over (Under) Expenditures	(169,256)	(169,256)	128,314	297,570
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(56,000)</u>	<u>(56,000)</u>	<u>-</u>
Net change in fund balances	(169,256)	(225,256)	72,314	297,570
Fund Balance - January 1	<u>1,070,641</u>	<u>1,070,641</u>	<u>1,070,641</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 901,385</u>	<u>\$ 845,385</u>	<u>\$ 1,142,955</u>	<u>\$ 297,570</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,940,653	\$ 1,706,877	\$ 1,706,877	\$ -
EXPENDITURES				
Economic development				
Personal services	416,235	177,623	177,623	-
Other operating	1,524,418	1,529,254	1,529,254	-
Total Expenditures	1,940,653	1,706,877	1,706,877	-
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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,387,808	\$ 675,480	\$ 675,480	\$ -
Miscellaneous	-	650	650	-
Total Revenues	<u>1,387,808</u>	<u>676,130</u>	<u>676,130</u>	<u>-</u>
EXPENDITURES				
Economic development				
Personal services	101,951	71,479	71,479	-
Other operating	<u>1,285,857</u>	<u>604,651</u>	<u>604,651</u>	<u>-</u>
Total Expenditures	<u>1,387,808</u>	<u>676,130</u>	<u>676,130</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEPTIC LOAN SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Earnings on investments	\$ 20,000	\$ 20,000	\$ 18,186	\$ (1,814)
Miscellaneous	80,000	80,000	-	(80,000)
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>18,186</u>	<u>(81,814)</u>
EXPENDITURES				
Health and sanitation				
Other operating	126,132	126,132	13,045	(113,087)
Debt service				
Principal	42,490	42,490	42,490	-
Total Expenditures	<u>168,622</u>	<u>168,622</u>	<u>55,535</u>	<u>(113,087)</u>
Excess of Revenues Over (Under) Expenditures	(68,622)	(68,622)	(37,349)	31,273
Fund Balance - January 1	<u>898,184</u>	<u>898,184</u>	<u>898,184</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 829,562</u>	<u>\$ 829,562</u>	<u>\$ 860,835</u>	<u>\$ 31,273</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 557,009	\$ 557,009	\$ 573,332	\$ 16,323
Intergovernmental	280,150	371,781	418,935	47,154
Total Revenues	837,159	928,790	992,267	63,477
EXPENDITURES				
Conservation of natural resources				
Other operating	2,412,727	3,254,358	1,143,818	(2,110,540)
Total Expenditures	2,412,727	3,254,358	1,143,818	(2,110,540)
Excess of Revenues Over (Under) Expenditures	(1,575,568)	(2,325,568)	(151,551)	2,174,017
OTHER FINANCING SOURCES (USES)				
Transfers in	-	109,116	109,116	-
Transfers out	(200,000)	(244,450)	(244,450)	-
Total other financing sources and uses	(200,000)	(135,334)	(135,334)	-
Net change in fund balances	(1,775,568)	(2,460,902)	(286,885)	2,174,017
Fund Balance - January 1	6,877,862	6,877,862	6,877,862	-
Fund Balance - December 31	\$ 5,102,294	\$ 4,416,960	\$ 6,590,977	\$ 2,174,017

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NORTHERN LIGHTS EXPRESS SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 30,508	\$ 30,508	\$ 30,508	\$ -
EXPENDITURES				
Culture and recreation				
Other operating	30,508	30,508	30,508	-
Total Expenditures	30,508	30,508	30,508	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
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
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 4,974,029	\$ 4,974,029	\$ 5,001,699	\$ 27,670
Intergovernmental	334,987	334,987	319,867	(15,120)
Earnings on investments	-	-	(7,380)	(7,380)
Miscellaneous	-	-	298,913	298,913
Total Revenues	<u>5,309,016</u>	<u>5,309,016</u>	<u>5,613,099</u>	<u>304,083</u>
EXPENDITURES				
Debt service				
Principal	4,305,000	15,935,000	16,655,000	720,000
Interest and fiscal charges	1,221,890	1,221,890	1,196,565	(25,325)
Bond issuance costs	-	1,103,891	148,166	(955,725)
Total Expenditures	<u>5,526,890</u>	<u>18,260,781</u>	<u>17,999,731</u>	<u>(261,050)</u>
Excess of Revenues Over (Under) Expenditures	(217,874)	(12,951,765)	(12,386,632)	565,133
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	11,647,708	14,390,000	2,742,292
Premium on refunding bonds issued	-	1,086,183	1,086,183	-
Total other financing sources (uses)	<u>-</u>	<u>12,733,891</u>	<u>15,476,183</u>	<u>2,742,292</u>
Net change in fund balances	(217,874)	(217,874)	3,089,551	3,307,425
Fund Balance - January 1	<u>1,091,624</u>	<u>1,091,624</u>	<u>1,091,624</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 873,750</u>	<u>\$ 873,750</u>	<u>\$ 4,181,175</u>	<u>\$ 3,307,425</u>

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.

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.

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 POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2013

	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,660,616	\$ 535,216	\$ 708,371
Investments	-	4,009,650	6,945,786
Accounts receivable	3,300	867	86,971
Accrued interest receivable	-	24,833	27,087
Due from other governments	32	-	-
Inventories	62,236	-	-
Prepaid items	-	-	-
Total current assets	<u>1,726,184</u>	<u>4,570,566</u>	<u>7,768,215</u>
Noncurrent assets:			
Capital assets:			
Land	25,500	-	-
Buildings and structures	1,026,898	-	-
Machinery and equipment	79,214	-	-
Vehicles	2,339,540	-	-
Construction in progress	901,579	-	-
Less accumulated depreciation	<u>(2,221,789)</u>	<u>-</u>	<u>-</u>
Total capital asset (net)	<u>2,150,942</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>2,150,942</u>	<u>-</u>	<u>-</u>
Total assets	<u>3,877,126</u>	<u>4,570,566</u>	<u>7,768,215</u>
LIABILITIES			
Current liabilities:			
Accounts payable	94,009	7,063	172,650
Contracts payable	37,590	-	-
Salaries payable	16,697	3,254	14,242
Compensated absences payable	31,204	-	-
Claims payable	-	-	596,603
Due to other governments	1,064	-	131,748
Unearned revenue	-	-	-
Total current liabilities	<u>180,564</u>	<u>10,317</u>	<u>915,243</u>
Noncurrent liabilities:			
Compensated absences payable	34,581	-	-
Claims payable	-	280,000	4,512,141
OPEB obligation	-	-	-
Advances from other funds	1,630,000	-	-
Total non-current liabilities	<u>1,664,581</u>	<u>280,000</u>	<u>4,512,141</u>
Total liabilities	<u>1,845,145</u>	<u>290,317</u>	<u>5,427,384</u>
NET POSITION			
Net investment in capital assets	2,150,942	-	-
Unrestricted	(118,961)	4,280,249	2,340,831
Total net position	<u>\$ 2,031,981</u>	<u>\$ 4,280,249</u>	<u>\$ 2,340,831</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2013

	<u>Medical/ Dental Insurance</u>	<u>Retired Employees' Health Insurance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,675,079	\$ 163,665	\$ 4,742,947
Investments	17,293,922	-	28,249,358
Accounts receivable	595,860	-	686,998
Accrued interest receivable	154,365	-	206,285
Due from other governments	-	-	32
Inventories	-	-	62,236
Prepaid items	82,756	-	82,756
Total current assets	<u>19,801,982</u>	<u>163,665</u>	<u>34,030,612</u>
Capital assets:			
Land	-	-	25,500
Buildings and structures	-	-	1,026,898
Machinery and equipment	-	-	79,214
Vehicles	-	-	2,339,540
Construction in progress	-	-	901,579
Less accumulated depreciation	-	-	(2,221,789)
Total capital asset (net)	<u>-</u>	<u>-</u>	<u>2,150,942</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>2,150,942</u>
Total assets	<u>19,801,982</u>	<u>163,665</u>	<u>36,181,554</u>
LIABILITIES			
Current liabilities:			
Accounts payable	4,853	178	278,753
Contracts payable	-	-	37,590
Salaries payable	-	-	34,193
Compensated absences payable	-	54,880	86,084
Claims payable	1,943,512	-	2,540,115
Due to other governments	9	-	132,821
Unearned revenue	639,875	-	639,875
Total current liabilities	<u>2,588,249</u>	<u>55,058</u>	<u>3,749,431</u>
Noncurrent liabilities:			
Compensated absences payable	-	108,607	143,188
Claims payable	-	-	4,792,141
OPEB obligation	3,723,956	-	3,723,956
Advances from other funds	-	-	1,630,000
Total non-current liabilities	<u>3,723,956</u>	<u>108,607</u>	<u>10,289,285</u>
Total liabilities	<u>6,312,205</u>	<u>163,665</u>	<u>14,038,716</u>
NET POSITION			
Net investment in capital assets	-	-	2,150,942
Unrestricted	13,489,777	-	19,991,896
Total net position	<u>\$ 13,489,777</u>	<u>\$ -</u>	<u>\$ 22,142,838</u>

ST. LOUIS COUNTY, MINNESOTA
**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS**
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
Operating Revenues			
Charges for services	\$ 1,682,025	\$ 460,975	\$ 2,837,589
Other	4,003	39,237	480,649
Total Operating Revenues	<u>1,686,028</u>	<u>500,212</u>	<u>3,318,238</u>
Operating Expenses			
Personal services	478,595	80,222	330,765
Contractual services	394,506	260,903	1,097,388
Materials	687,215	-	-
OPEB expense	-	-	-
Claims Paid	-	-	1,026,176
Depreciation	250,043	-	-
Total Operating Expenses	<u>1,810,359</u>	<u>341,125</u>	<u>2,454,329</u>
Operating Income (Loss)	<u>(124,331)</u>	<u>159,087</u>	<u>863,909</u>
Nonoperating revenues (expenses)			
Earnings on investments	-	34,633	47,678
Loss or gain on asset disposal	6,839	-	-
Total Nonoperating Revenues (Expenses)	<u>6,839</u>	<u>34,633</u>	<u>47,678</u>
Income (Loss) Before Transfers	(117,492)	193,720	911,587
Transfers (out)	-	-	-
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(117,492)	193,720	911,587
Net position - January 1	<u>2,149,473</u>	<u>4,086,529</u>	<u>1,429,244</u>
Net position - December 31	<u>\$ 2,031,981</u>	<u>\$ 4,280,249</u>	<u>\$ 2,340,831</u>

ST. LOUIS COUNTY, MINNESOTA
**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Medical/ Dental Insurance	Retired Employees' Health Insurance	Total
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues			
Charges for services	\$ 29,384,750	\$ 202,616	\$ 34,567,955
Other	-	-	523,889
Total Operating Revenues	<u>29,384,750</u>	<u>202,616</u>	<u>35,091,844</u>
 Operating Expenses			
Personal services	-	-	889,582
Contractual services	1,465,835	202,616	3,421,248
Materials	-	-	687,215
OPEB expense	349,331	-	349,331
Claims Paid	26,458,987	-	27,485,163
Depreciation	-	-	250,043
Total Operating Expenses	<u>28,274,153</u>	<u>202,616</u>	<u>33,082,582</u>
 Operating Income (Loss)	<u>1,110,597</u>	<u>-</u>	<u>2,009,262</u>
 Nonoperating revenues (expenses)			
Earnings on investments	110,704	-	193,015
Loss or gain on asset disposal	-	-	6,839
 Total Nonoperating Revenues (Expenses)	<u>110,704</u>	<u>-</u>	<u>199,854</u>
 Income (Loss) Before Transfers	1,221,301	-	2,209,116
 Transfers (out)	<u>(249,727)</u>	<u>-</u>	<u>(249,727)</u>
Total Transfers	<u>(249,727)</u>	<u>-</u>	<u>(249,727)</u>
 Change in net position	971,574	-	1,959,389
 Net position - January 1	<u>12,518,203</u>	<u>-</u>	<u>20,183,449</u>
 Net position - December 31	<u>\$ 13,489,777</u>	<u>\$ -</u>	<u>\$ 22,142,838</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
CASH FLOWS FROM			
OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 1,689,414	\$ 460,975	\$ 2,837,589
Payments to suppliers	(1,042,771)	(35,342)	(1,076,791)
Payments to employees	(532,923)	(80,161)	(331,043)
Claims paid	-	(300,903)	(1,428,550)
Other receipts (payments)	4,003	38,370	404,218
Net cash provided (used) by operating activities	<u>117,723</u>	<u>82,939</u>	<u>405,423</u>
CASH FLOWS FROM			
NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND			
RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(1,036,910)	-	-
Proceeds from the sale of capital assets	20,786	-	-
Proceeds from advance from other fund	1,630,000	-	-
Net cash provided (used) by capital and related financing activities	<u>613,876</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(2,393,076)	(4,495,700)
Sale of investments	-	2,285,000	4,187,000
Interest and dividends	-	30,490	88,442
Net cash provided (used) by investing activities	<u>-</u>	<u>(77,586)</u>	<u>(220,258)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	731,599	5,353	185,165
Balances - January 1	<u>929,017</u>	<u>529,863</u>	<u>523,206</u>
Balances - December 31	<u>\$ 1,660,616</u>	<u>\$ 535,216</u>	<u>\$ 708,371</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (124,331)	\$ 159,087	\$ 863,909
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	250,043	-	-
(Increase) Decrease Receivables	4,810	(867)	(76,431)
(Increase) Decrease Due from other governments	2,579	-	-
(Increase) Decrease Inventories	15,052	-	-
(Increase) Decrease Prepaid items	-	-	-
Increase (Decrease) Accounts payable	24,011	(35,342)	(31,916)
Increase (Decrease) Salaries payable	(1,783)	61	(278)
Increase (Decrease) Compensated absences payable	(52,545)	-	-
Increase (Decrease) Claims payable	-	(40,000)	(402,374)
Increase (Decrease) Due to other governments	(113)	-	52,513
Increase (Decrease) OPEB obligation	-	-	-
Increase (Decrease) Unearned revenue	-	-	-
Total Adjustments	<u>242,054</u>	<u>(76,148)</u>	<u>(458,486)</u>
Net cash provided (used) by operating activities	<u>\$ 117,723</u>	<u>\$ 82,939</u>	<u>\$ 405,423</u>
NON-CASH ACTIVITIES			
Change in fair market value of investments	-	-	13,632

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Medical/ Dental Insurance	Retired Employees' Health Insurance	Total
CASH FLOWS FROM			
OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 28,950,675	\$ 202,616	\$ 34,141,269
Payments to suppliers	(1,376,061)	(267,660)	(3,798,625)
Payments to employees	-	-	(944,127)
Claims paid	(27,028,292)	-	(28,757,745)
Other receipts (payments)	-	-	446,591
Net cash provided (used) by operating activities	<u>546,322</u>	<u>(65,044)</u>	<u>1,087,363</u>
CASH FLOWS FROM			
NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(249,727)	-	(249,727)
Net cash provided (used) by noncapital financing activities	<u>(249,727)</u>	<u>-</u>	<u>(249,727)</u>
CASH FLOWS FROM CAPITAL AND			
RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	-	(1,036,910)
Proceeds from the sale of capital assets	-	-	20,786
Proceeds from advance from other fund	-	-	1,630,000
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>613,876</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(12,331,450)	-	(19,220,226)
Sale of investments	12,298,850	-	18,770,850
Interest and dividends	240,764	-	359,696
Net cash provided (used) by investing activities	<u>208,164</u>	<u>-</u>	<u>(89,680)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	504,759	(65,044)	1,361,832
Balances - January 1	<u>1,170,320</u>	<u>228,709</u>	<u>3,381,115</u>
Balances - December 31	<u>\$ 1,675,079</u>	<u>\$ 163,665</u>	<u>\$ 4,742,947</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,110,597	\$ -	\$ 2,009,262
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	-	-	250,043
(Increase) Decrease Receivables	(95,681)	-	(168,169)
(Increase) Decrease Due from other governments	-	-	2,579
(Increase) Decrease Inventories	-	-	15,052
(Increase) Decrease Prepaid items	101,685	-	101,685
Increase (Decrease) Accounts payable	(11,911)	(1,611)	(56,769)
Increase (Decrease) Salaries payable	-	-	(2,000)
Increase (Decrease) Compensated absences payable	-	(63,433)	(115,978)
Increase (Decrease) Claims payable	(569,305)	-	(1,011,679)
Increase (Decrease) Due to other governments	9	-	52,409
Increase (Decrease) OPEB obligation	349,331	-	349,331
Increase (Decrease) Unearned revenue	(338,403)	-	(338,403)
Total Adjustments	<u>(564,275)</u>	<u>(65,044)</u>	<u>(921,899)</u>
Net cash provided (used) by operating activities	<u>\$ 546,322</u>	<u>\$ (65,044)</u>	<u>\$ 1,087,363</u>
NON-CASH ACTIVITIES			
Change in fair market value of investments	79,550	-	93,182

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.

Human Service Conference - This fund is used to account for the annual Human Service conference hosted by the Public Health and Human Service Department each year.

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

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

AGENCY FUNDS Continued

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

Minneapolis - Duluth/Superior Passenger Rail Alliance - This fund is used to account for the financial transactions of the Minneapolis - Duluth/Superior Passenger Rail Alliance for which the Regional Railroad Authority is the fiscal agent.

Community Health Services - This fund is used to account for the transactions related to the Community Health Services Board.

Duluth Area Family Services Collaborative - This fund is used to account for the financial transactions of the Duluth Area Family Services Collaborative for which 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 which 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 which 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 POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

	Investment Trust Funds		
	Taconite Relief	Taconite Production Tax	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	6,265,724	372,896	6,638,620
Accrued interest receivable	-	-	-
Total Assets	6,265,724	372,896	6,638,620
LIABILITIES			
Due to other governments	-	372,896	372,896
Total Liabilities	-	372,896	372,896
NET POSITION			
Held in trust for pool participants and other purposes	\$ 6,265,724	\$ -	\$ 6,265,724

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Investment Trust Funds		
	Taconite Relief	Taconite Production Tax	Total
ADDITIONS			
Taconite taxes	\$ 16,493,071	\$ 22,257,133	\$ 38,750,204
Earnings on investments	22,995	1,946	24,941
Total Additions	16,516,066	22,259,079	38,775,145
DEDUCTIONS			
Distribution to participants	26,234,496	22,259,079	48,493,575
Total deductions	26,234,496	22,259,079	48,493,575
Changes in net position	(9,718,430)	-	(9,718,430)
Net position - January 1	15,984,154	-	15,984,154
Net position - December 31	\$ 6,265,724	\$ -	\$ 6,265,724

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance January 1	Additions	Deductions	Balance December 31
STATE OF MINNESOTA FUND				
ASSETS				
Cash and cash equivalents	\$ 711,788	\$ 43,609,122	\$ 43,774,236	\$ 546,674
Accounts receivable	13,744	510	14,254	-
Due from other governments	101,277	85,060	101,277	85,060
Total Assets	<u>\$ 826,809</u>	<u>\$ 43,694,692</u>	<u>\$ 43,889,767</u>	<u>\$ 631,734</u>
LIABILITIES				
Due to other governments	<u>\$ 826,809</u>	<u>\$ 43,694,692</u>	<u>\$ 43,889,767</u>	<u>\$ 631,734</u>
BEER-AUCTIONEER LICENSES FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 2,145</u>	<u>\$ 2,025</u>	<u>\$ 2,145</u>	<u>\$ 2,025</u>
LIABILITIES				
Due to other governments	<u>\$ 2,145</u>	<u>\$ 2,025</u>	<u>\$ 2,145</u>	<u>\$ 2,025</u>
TAXES AND PENALTIES FUND				
ASSETS				
Cash and cash equivalents	\$ 1,838,929	\$ 538,746,234	\$ 538,511,238	\$ 2,073,925
Due from other governments	274,386	266,726	274,386	266,726
Total Assets	<u>\$ 2,113,315</u>	<u>\$ 539,012,960</u>	<u>\$ 538,785,624</u>	<u>\$ 2,340,651</u>
LIABILITIES				
Due to other governments	<u>\$ 2,113,315</u>	<u>\$ 539,012,960</u>	<u>\$ 538,785,624</u>	<u>\$ 2,340,651</u>
PAYROLL DEDUCTIONS FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 693,741</u>	<u>\$ 52,603,671</u>	<u>\$ 52,532,713</u>	<u>\$ 764,699</u>
LIABILITIES				
Accounts payable	<u>\$ 693,741</u>	<u>\$ 52,603,671</u>	<u>\$ 52,532,713</u>	<u>\$ 764,699</u>
HUMAN SERVICE CONFERENCE FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 234,642	\$ 110,278	\$ 124,364
Accounts receivable	-	2,035	1,510	525
Total Assets	<u>\$ -</u>	<u>\$ 236,677</u>	<u>\$ 111,788</u>	<u>\$ 124,889</u>
LIABILITIES				
Accounts payable	\$ -	\$ 122,671	\$ 108,590	\$ 14,081
Due to other governments	-	114,006	3,198	110,808
Total Liabilities	<u>\$ -</u>	<u>\$ 236,677</u>	<u>\$ 111,788</u>	<u>\$ 124,889</u>
CANCELED CHECK FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 1,374</u>	<u>\$ 72,095</u>	<u>\$ 72,035</u>	<u>\$ 1,434</u>
LIABILITIES				
Accounts payable	<u>\$ 1,374</u>	<u>\$ 72,095</u>	<u>\$ 72,035</u>	<u>\$ 1,434</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
ARROWHEAD REGIONAL CORRECTIONS FUND				
ASSETS				
Cash and cash equivalents	\$ 1,996,963	\$ 25,306,284	\$ 24,785,162	\$ 2,518,085
Investments	2,726,694	1,229,624	1,690,687	2,265,631
Accounts receivable	48,529	2,687,084	2,579,632	155,981
Accrued interest receivable	-	9,739	7,909	1,830
Due from other governments	1,861,636	1,791,767	1,934,012	1,719,391
Prepaid items	-	10,301	-	10,301
Total Assets	<u>\$ 6,633,822</u>	<u>\$ 31,034,799</u>	<u>\$ 30,997,402</u>	<u>\$ 6,671,219</u>
LIABILITIES				
Accounts payable	\$ 282,831	\$ 5,188,759	\$ 4,953,459	\$ 518,131
Salaries payable	673,843	1,888,433	1,724,897	837,379
Due to other governments	5,677,148	23,957,607	24,319,046	5,315,709
Total Liabilities	<u>\$ 6,633,822</u>	<u>\$ 31,034,799</u>	<u>\$ 30,997,402</u>	<u>\$ 6,671,219</u>
PERMIT TO CARRY FIREARMS FUND				
ASSETS				
Cash and cash equivalents	\$ 178,408	\$ 312,585	\$ 225,254	\$ 265,739
Accounts receivable	7,615	4,960	7,615	4,960
Total Assets	<u>\$ 186,023</u>	<u>\$ 317,545</u>	<u>\$ 232,869</u>	<u>\$ 270,699</u>
LIABILITIES				
Accounts payable	\$ 473	\$ 133,601	\$ 134,042	\$ 32
Due to other governments	185,550	183,944	98,827	270,667
Total Liabilities	<u>\$ 186,023</u>	<u>\$ 317,545</u>	<u>\$ 232,869</u>	<u>\$ 270,699</u>
MINNEAPOLIS-DULUTH/SUPERIOR PASSENGER RAIL ALLIANCE FUND				
ASSETS				
Cash and cash equivalents	\$ 443,218	\$ 210,484	\$ 284,194	\$ 369,508
Due from other governments	12,154	-	12,154	-
Total Assets	<u>\$ 455,372</u>	<u>\$ 210,484</u>	<u>\$ 296,348</u>	<u>\$ 369,508</u>
LIABILITIES				
Accounts payable	\$ 13,018	\$ 183,967	\$ 191,194	\$ 5,791
Due to other governments	442,354	26,517	105,154	363,717
Total Liabilities	<u>\$ 455,372</u>	<u>\$ 210,484</u>	<u>\$ 296,348</u>	<u>\$ 369,508</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
COMMUNITY HEALTH SERVICES FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 5,938,244	\$ 5,938,244	\$ -
Due from other governments	1,069,874	1,462,697	1,069,874	1,462,697
Total Assets	<u>\$ 1,069,874</u>	<u>\$ 7,400,941</u>	<u>\$ 7,008,118</u>	<u>\$ 1,462,697</u>
LIABILITIES				
Accounts payable	\$ 86,103	\$ 2,539,579	\$ 2,518,755	\$ 106,927
Salaries payable	14,727	42,200	36,348	20,579
Due to other governments	969,044	4,819,162	4,453,015	1,335,191
Total Liabilities	<u>\$ 1,069,874</u>	<u>\$ 7,400,941</u>	<u>\$ 7,008,118</u>	<u>\$ 1,462,697</u>
DULUTH AREA FAMILY SERVICE COLLABORATIVE FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 58,834</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 58,835</u>
LIABILITIES				
Due to other governments	<u>\$ 58,834</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 58,835</u>
LOCAL COLLABORATIVE TIME STUDY FUND				
ASSETS				
Cash and cash equivalents	\$ 830,431	\$ 843,661	\$ 870,213	\$ 803,879
Due from other governments	222,051	-	222,051	-
Total Assets	<u>\$ 1,052,482</u>	<u>\$ 843,661</u>	<u>\$ 1,092,264</u>	<u>\$ 803,879</u>
LIABILITIES				
Accounts payable	\$ 4,840	\$ 843,661	\$ 848,501	\$ -
Due to other governments	1,047,642	-	243,763	803,879
Total Liabilities	<u>\$ 1,052,482</u>	<u>\$ 843,661</u>	<u>\$ 1,092,264</u>	<u>\$ 803,879</u>
REGIONAL RAILROAD AUTHORITY FUND				
ASSETS				
Cash and cash equivalents	\$ 2,425,133	\$ 2,925,973	\$ 3,153,494	\$ 2,197,612
Delinquent taxes receivable	90,795	92,370	90,795	92,370
Accounts receivable	16,123	7,635	16,123	7,635
Due from other governments	230,200	1,199,898	674,210	755,888
Total Assets	<u>\$ 2,762,251</u>	<u>\$ 4,225,876</u>	<u>\$ 3,934,622</u>	<u>\$ 3,053,505</u>
LIABILITIES				
Accounts payable	\$ 200,502	\$ 2,077,772	\$ 2,045,519	\$ 232,755
Contracts payable	-	6,540	-	6,540
Salaries payable	9,040	19,131	18,092	10,079
Due to other governments	2,552,709	2,122,433	1,871,011	2,804,131
Total Liabilities	<u>\$ 2,762,251</u>	<u>\$ 4,225,876</u>	<u>\$ 3,934,622</u>	<u>\$ 3,053,505</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
NORTHERN COUNTIES				
LAND USE BOARD FUND				
ASSETS				
Cash and cash equivalents	\$ 127,231	\$ 19,000	\$ 15,835	\$ 130,396
LIABILITIES				
Accounts payable	\$ 794	\$ 15,041	\$ 15,835	\$ -
Due to other governments	126,437	3,959	-	130,396
Total Liabilities	<u>\$ 127,231</u>	<u>\$ 19,000</u>	<u>\$ 15,835</u>	<u>\$ 130,396</u>
AGENCY MISCELLANEOUS FUND				
ASSETS				
Cash and cash equivalents	\$ 400,677	\$ 124,652	\$ 83,395	\$ 441,934
LIABILITIES				
Accounts payable	\$ 2,605	\$ 7,349	\$ 9,954	\$ -
Due to other governments	398,072	117,303	73,441	441,934
	<u>\$ 400,677</u>	<u>\$ 124,652</u>	<u>\$ 83,395</u>	<u>\$ 441,934</u>
TOTALS FOR ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 9,708,872	\$ 670,948,673	\$ 670,358,436	\$ 10,299,109
Investments	2,726,694	1,229,624	1,690,687	2,265,631
Delinquent taxes receivable	90,795	92,370	90,795	92,370
Accounts receivable	86,011	2,702,224	2,619,134	169,101
Accrued interest receivable	-	9,739	7,909	1,830
Due from other governments	3,771,578	4,806,148	4,287,964	4,289,762
Prepaid items	-	10,301	-	10,301
Total Assets	<u>\$ 16,383,950</u>	<u>\$ 679,799,079</u>	<u>\$ 679,054,925</u>	<u>\$ 17,128,104</u>
LIABILITIES				
Accounts payable	\$ 1,286,281	\$ 63,788,166	\$ 63,430,597	\$ 1,643,850
Contracts payable	-	6,540	-	6,540
Salaries payable	697,610	1,949,764	1,779,337	868,037
Due to other governments	14,400,059	614,054,609	613,844,991	14,609,677
Total Liabilities	<u>\$ 16,383,950</u>	<u>\$ 679,799,079</u>	<u>\$ 679,054,925</u>	<u>\$ 17,128,104</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS
DECEMBER 31, 2013

	<u>Interest Rates</u>	<u>Par Value</u>	<u>Market</u>
Pooled Investments			
Savings accounts	0.15%	8,012,678	8,012,678
Certificates of deposit	0.20% - 3.10%	48,628,894	48,628,894
MAGIC	Varies	14,080,791	14,080,791
Municipal Bonds	0.70% - 3.00%	3,915,000	3,885,226
FFCB	1.59% - 4.55%	12,869,000	12,654,656
FHLB	0.26% - 3.75%	22,475,000	22,542,727
FHLMC	0.50% - 2.00%	9,600,000	9,604,133
FNMA	0.50% - 2.25%	29,399,000	29,116,005
Total Pooled Investments		<u>\$ 148,980,363</u>	<u>\$ 148,525,110</u>
Capital Projects			
Savings Accounts	0.15%	\$ 13,659,448	\$ 13,659,448
Certificates of Deposit	0.35% - 0.45%	747,000	747,000
FFCB	0.55%	4,000,000	4,011,880
FHLB	0.25% - 0.26%	5,100,000	5,101,539
FNMA	3.50%	1,744,000	1,816,977
Total Capital Projects		<u>\$ 25,250,448</u>	<u>\$ 25,336,844</u>
Shoreland Sales Permanent Fund			
MN Board of Investments	Varies	\$ 6,808,692	\$ 6,808,692
Environmental Services Enterprise Fund			
Savings account	0.15%	\$ 1,456,245	\$ 1,456,245
Certificates of deposit	0.25% - 1.85%	9,441,000	9,441,000
FHLB	1.25%-2.75%	3,750,000	3,749,148
FHLMC	0.875%-1.25%	1,500,000	1,485,115
Total Environmental Services Enterprise Fund		<u>\$ 16,147,245</u>	<u>\$ 16,131,508</u>
Property, Casualty, Liability Insurance			
Internal Service Fund			
Savings accounts	0.15%	\$ 587,650	\$ 587,650
Certificates of deposit	0.25% - 1.65%	3,422,000	3,422,000
Total Property, Casualty, Liability Insurance		<u>\$ 4,009,650</u>	<u>\$ 4,009,650</u>
Worker's Compensation Insurance			
Internal Service Fund			
Savings Account	0.15%	\$ 692,499	\$ 692,499
Certificates of Deposit	0.25 - 2.00%	3,380,000	3,380,000
FHLB	0.26%	1,000,000	1,000,260
FHLMC	1.00%	500,000	494,145
FNMA	0.75% - 0.875%	1,400,000	1,378,882
Total Workers' Compensation Insurance		<u>\$ 6,972,499</u>	<u>\$ 6,945,786</u>
Medical/Dental Insurance			
Internal Service Fund			
Savings Account	0.15%	\$ 3,541,169	\$ 3,541,169
Certificates of Deposit	0.30% - 3.25%	8,646,000	8,646,000
FHLB	0.26% - 2.00%	2,050,000	2,069,688
FHLMC	1.00% - 1.25%	1,300,000	1,295,907
FNMA	0.875%	1,800,000	1,741,158
Total Medical/Dental Insurance		<u>\$ 17,337,169</u>	<u>\$ 17,293,922</u>
Taconite Relief Trust Fund			
Savings Account	0.15%	\$ 6,638,620	\$ 6,638,620
Arrowhead Regional Corrections Agency Fund			
Savings accounts	0.15%	\$ 1,038,631	\$ 1,038,631
Certificates of deposit	0.25% - 1.20%	1,227,000	1,227,000
Total Property, Casualty, Liability Insurance		<u>\$ 2,265,631</u>	<u>\$ 2,265,631</u>
Total Investments		<u>\$ 234,410,317</u>	<u>\$ 233,955,763</u>

ST. LOUIS COUNTY, MINNESOTA

SCHEDULE OF INTERGOVERNMENTAL REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
Shared revenue					
State					
Department of Natural Resources					
Mineral rents & royalties	\$ 1,152,788	\$ -	\$ -	\$ -	\$ -
Department of Public Safety					
Enhanced 911 program grant	326,232	-	-	-	-
Department of Revenue					
County program aid	6,563,201	901,458	1,335,757	-	-
Disparity aid	2,546,225	983,526	1,597,598	-	259,318
Local Performance Aid	25,000	-	-	-	-
Market value credit	48,611	19,675	29,978	351	4,866
PERA Aid	167,939	96,618	181,073	20,487	-
Police Aid	758,227	-	-	-	-
State fire aid	6,776	-	-	-	-
Department of Transportation					
30 percent rental income	236	94	155	-	27
Engineering	-	2,164,181	-	-	-
MN FD 29 bridge bond	-	2,868,051	-	-	-
Municipal construction	-	2,089,817	-	-	-
Municipal maintenance	-	725,603	-	-	-
Regular construction	-	11,921,055	-	-	-
Regular maintenance	-	9,568,909	-	-	-
Right of way / utility reimbursement	-	237,268	-	-	-
State Aid Disaster Relief	-	2,414,500	-	-	-
State Aid for Consulting	-	28,900	-	-	-
State Park	-	1,381,700	-	-	-
Unorganized town road and bridge aid	-	130,089	-	-	-
Total Shared Revenue	<u>\$ 11,595,235</u>	<u>\$ 35,531,444</u>	<u>\$ 3,144,561</u>	<u>\$ 20,838</u>	<u>\$ 264,211</u>
Reimbursement for Services					
State					
Department of Human Services					
Case management for community alternative care	\$ -	\$ -	\$ 2,668	\$ -	\$ -
Child welfare targeted case mgmt	-	-	4,023,297	-	-
Children's therapeutic support services	-	-	140	-	-
Community alternatives for disabled individuals waived services	-	-	485,976	-	-
Elderly waived services	-	-	53,319	-	-
LTCC waived services	-	-	105,859	-	-
Medical assistance - ACT	-	-	1,321,854	-	-
Medical assistance - CEHI	-	-	401,417	-	-
Medical assistance - Rule 5	-	-	513,057	-	-
Mentally retarded waived services	-	-	627,615	-	-
MH targeted case management	-	-	741,628	-	-
Personal care assistance	-	-	95,044	-	-
Relocation waived services	-	-	7,876	-	-
Traumatic brain injury	-	-	53,759	-	-
VADD targeted case management	-	-	61,706	-	-
Other					
Prisoner transport	601	-	-	-	-
Total Reimbursement for Services Revenue	<u>\$ 601</u>	<u>\$ -</u>	<u>\$ 8,495,215</u>	<u>\$ -</u>	<u>\$ -</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Shared revenue				
State				
Department of Natural Resources				
Mineral rents & royalties	\$ -	\$ -	\$ -	\$ 1,152,788
Department of Public Safety				
Enhanced 911 program grant	-	-	-	326,232
Department of Revenue				
County program aid	54,334	-	-	8,854,750
Disparity aid	124,954	-	-	5,511,621
Local Performance Aid	-	-	-	25,000
Market value credit	2,345	-	-	105,826
PERA Aid	-	-	3,958	470,075
Police Aid	-	-	-	758,227
State fire aid	-	-	-	6,776
Department of Transportation				
30 percent rental income	15	-	-	527
Engineering	-	-	-	2,164,181
MN FD 29 bridge bond	-	-	-	2,868,051
Municipal construction	-	-	-	2,089,817
Municipal maintenance	-	-	-	725,603
Regular construction	-	-	-	11,921,055
Regular maintenance	-	-	-	9,568,909
Right of way / utility reimbursement	-	-	-	237,268
State Aid Disaster Relief	-	-	-	2,414,500
State Aid for Consulting	-	-	-	28,900
State Park	-	-	-	1,381,700
Unorganized town road and bridge aid	-	-	-	130,089
Total Shared Revenue	\$ 181,648	\$ -	\$ 3,958	\$ 50,741,895
Reimbursement for Services				
State				
Department of Human Services				
Case management for community alternative care	\$ -	\$ -	\$ -	\$ 2,668
Child welfare targeted case mgmt	-	-	-	4,023,297
Children's therapeutic support services	-	-	-	140
Community alternatives for disabled individuals waived services	-	-	-	485,976
Elderly waived services	-	-	-	53,319
LTCC waived services	-	-	-	105,859
Medical assistance - ACT	-	-	-	1,321,854
Medical assistance - CEHI	-	-	-	401,417
Medical assistance - Rule 5	-	-	-	513,057
Mentally retarded waived services	-	-	-	627,615
MH targeted case management	-	-	-	741,628
Personal care assistance	-	-	-	95,044
Relocation waived services	-	-	-	7,876
Traumatic brain injury	-	-	-	53,759
VADD targeted case management	-	-	-	61,706
Other				
Prisoner transport	-	-	-	601
Total Reimbursement for Services Revenue	\$ -	\$ -	\$ -	\$ 8,495,816

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
Grants					
State Grants					
Board of Water & Soil Resources					
Natural resources block grant	\$ 93,826	\$ -	\$ -	\$ -	\$ -
Department of Employment and Economic Development					
Minnesota Investment Funds Disaster Recovery Financing	306,049	-	-	-	-
Department of Environmental Assistance					
SCORE recycling grant	-	-	-	-	-
Department of Finance					
6/12 Storm-State Flood Bond	-	4,953,085	-	-	-
Department of Health					
Local public health grant	-	-	790,964	-	-
Department of Human Services					
Adoption and foster care recruitment grant	-	-	14,899	-	-
Adult integrated fund	-	-	2,691,900	-	-
Alternative care	-	-	271,345	-	-
Alternative response	-	-	50,903	-	-
Case management CAC state	-	-	2,668	-	-
Child care basic sliding fee	-	-	57,747	-	-
Child support health insurance bonus	-	-	217,397	-	-
Child support incentives	-	-	64,901	-	-
Children's mental health	-	-	275,046	-	-
Community alternatives for disabled individuals waived services	-	-	498,292	-	-
Vulnerable Children and Adults Act grant	-	-	2,769,927	-	-
Consolidated chemical dependency fund admin	-	-	131,645	-	-
Consumer directed	-	-	8,498	-	-
Cost effective health insurance	-	-	497,097	-	-
CTC MA	-	-	163,628	-	-
CTSS	-	-	140	-	-
DD family support	-	-	72,471	-	-
DD Screening State	-	-	30,849	-	-
Early Hearing Detection & Intervention	-	-	16,600	-	-
Elderly waived services	-	-	54,976	-	-
Family homelessness prevention	-	-	372,239	-	-
Food Support Bonus	-	-	29,407	-	-
Forgotten child	-	-	2,029	-	-
Fraud prevention incentives	-	-	143,666	-	-
Homeless outreach	-	-	724,463	-	-
LTCC waived services	-	-	110,914	-	-
Medical assistance - ACT	-	-	1,330,041	-	-
Medical assistance transportation	-	-	119,031	-	-
Mentally retarded waived services	-	-	644,463	-	-
MN family investment project burial	-	-	6,491	-	-
MN family investment project child care	-	-	14,771	-	-
MN family investment project employment services	-	-	540,536	-	-
Other medical services	-	-	114	-	-
Parent support outreach program	-	-	43,147	-	-
Personal care assistance	-	-	95,042	-	-
Relative custody	-	-	907,288	-	-
Relocation waived services	-	-	7,793	-	-
Semi-independent living skills	-	-	310,673	-	-
Statewide health improvement - SHIP	-	-	84,040	-	-
Traumatic brain injury	-	-	50,951	-	-
Department of Natural Resources					
Boat and water safety	87,562	-	-	-	-
Forest road access	-	-	-	147,154	-
Off highway ATV	45,485	-	-	-	-
Outdoor Heritage Fund	-	68,000	-	-	-
Snowmobile safety	13,144	-	-	-	-
State trail assistance	292,669	-	-	-	-
Department of Post Board Training					
Training reimbursement	34,517	-	-	-	-

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants				
State Grants				
Board of Water & Soil Resources				
Natural resources block grant	\$ -	\$ 86,783	\$ -	\$ 180,609
Department of Employment and Economic Development				
Minnesota Investment Funds Disaster Recovery Financing	-	-	-	306,049
Department of Environmental Assistance				
SCORE recycling grant	-	488,231	-	488,231
Department of Finance				
6/12 Storm-State Flood Bond	-	-	-	4,953,085
Department of Health				
Local public health grant	-	-	-	790,964
Department of Human Services				
Adoption and foster care recruitment grant	-	-	-	14,899
Adult integrated fund	-	-	-	2,691,900
Alternative care	-	-	-	271,345
Alternative response	-	-	-	50,903
Case management CAC state	-	-	-	2,668
Child care basic sliding fee	-	-	-	57,747
Child support health insurance bonus	-	-	-	217,397
Child support incentives	-	-	-	64,901
Children's mental health	-	-	-	275,046
Community alternatives for disabled individuals waived services	-	-	-	498,292
Vulnerable Children and Adults Act grant	-	-	-	2,769,927
Consolidated chemical dependency fund admin	-	-	-	131,645
Consumer directed	-	-	-	8,498
Cost effective health insurance	-	-	-	497,097
CTC MA	-	-	-	163,628
CTSS	-	-	-	140
DD family support	-	-	-	72,471
DD Screening State	-	-	-	30,849
Early Hearing Detection & Intervention	-	-	-	16,600
Elderly waived services	-	-	-	54,976
Family homelessness prevention	-	-	-	372,239
Food Support Bonus	-	-	-	29,407
Forgotten child	-	-	-	2,029
Fraud prevention incentives	-	-	-	143,666
Homeless outreach	-	-	-	724,463
LTCC waived services	-	-	-	110,914
Medical assistance - ACT	-	-	-	1,330,041
Medical assistance transportation	-	-	-	119,031
Mentally retarded waived services	-	-	-	644,463
MN family investment project burial	-	-	-	6,491
MN family investment project child care	-	-	-	14,771
MN family investment project employment services	-	-	-	540,536
Other medical services	-	-	-	114
Parent support outreach program	-	-	-	43,147
Personal care assistance	-	-	-	95,042
Relative custody	-	-	-	907,288
Relocation waived services	-	-	-	7,793
Semi-independent living skills	-	-	-	310,673
Statewide health improvement - SHIP	-	-	-	84,040
Traumatic brain injury	-	-	-	50,951
Department of Natural Resources				
Boat and water safety	-	-	-	87,562
Forest road access	-	-	-	147,154
Off highway ATV	-	-	-	45,485
Outdoor Heritage Fund	-	-	-	68,000
Snowmobile safety	-	-	-	13,144
State trail assistance	-	-	-	292,669
Department of Post Board Training				
Training reimbursement	-	-	-	34,517

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
Grants (continued)					
State grants (continued)					
Department of Public Safety					
Bullet proof vests	9,380	-	-	-	-
Emergency Comm Networks Div	843,176	-	-	-	-
Office of Justice program grants	100,475	-	-	-	-
Public Assistance Disaster Fund	-	547,884	-	-	-
Victim emergency fund	204	-	-	-	-
Veterans Affairs					
County Veterans Service Officers Community Outreach Enhancement	2,273	-	-	-	-
	19,377	-	-	-	-
Total State Grants	\$ 1,848,137	\$ 5,568,969	\$ 14,218,992	\$ 147,154	\$ -
Federal Grants					
Department of Agriculture					
10.557 Women, infants, and children (through Community Health Bc	-	\$ -	\$ 742,006	\$ -	\$ -
10.561 Food stamps	43,541	-	1,582,593	-	-
10.664 Cooperative Forestry Assist	-	-	-	271,781	-
10.665 National forest land	1,496,400	-	-	-	-
10.665 National forest land - roads & schools	-	265,937	-	-	-
10.665 National forest title III	3,212	-	-	-	-
Department of Health & Human Services					
93.150 Adult integrated fund	-	-	69,112	-	-
93.251 Universal Newborn Hearing Screening	-	-	1,600	-	-
93.283 Early hearing detection intervention	-	-	1,075	-	-
93.283 Health preparedness	-	-	127,034	-	-
93.505 Maternal, Infant, and Early Childhood Home Visiting	-	-	162,500	-	-
93.531 CTG	-	-	37,954	-	-
93.556 Title 4B Fam Response	-	-	78,716	-	-
93.556 Title IV-B Alternative Response	-	-	108,694	-	-
93.558 MN family investment project employment services	-	-	2,572,099	-	-
93.558 Temporary assistance to needy families admin	9,985	-	371,916	-	-
93.558 Temporary assistance to needy families home visiting	-	-	343,551	-	-
93.563 Child support	87,672	-	3,020,646	-	-
93.563 Title IV-D incentives	-	-	512,550	-	-
93.566 Refugee Admin Aid	18	-	655	-	-
93.575 BSF CC Admin	-	-	47,145	-	-
93.575 MFSIP CC Admin	-	-	22,024	-	-
93.575 Child care basic sliding fee	-	-	34,140	-	-
93.575 MN family investment project child care	-	-	15,949	-	-
93.645 Title 4B Fam Response	-	-	49,620	-	-
93.658 Foster care	7,254	-	26,381	-	-
93.658 IV-E foster care social service time study & state social servi	-	-	221,089	-	-
93.658 Title IV-E cost of care	-	-	963,099	-	-
93.658 Title IV-E foster care case management	-	-	78,844	-	-
93.667 Title XX block grant	-	-	1,600,564	-	-
93.674 Support for emancipation and living functionally	-	-	42,311	-	-
93.778 Child teen checkups	-	-	163,627	-	-
93.778 DD screening	-	-	30,849	-	-
93.778 Medical assistance	110,165	-	2,555,239	-	-
93.778 Medical assistance - Rule 25	-	-	1,125,219	-	-
93.778 Medical assistance incentives	-	-	130,438	-	-
93.778 Medical assistance transportation	-	-	119,043	-	-
93.994 Fed Maternal & Child Care	-	-	250,813	-	-
Department of Homeland Security					
97.012 Boating safety financial assurance	28,863	-	-	-	-
97.036 FEMA Public Assistance	-	1,554,866	-	-	-
97.042 Homeland Security Grant	148,696	-	-	-	-
97.047 FEMA Wildfr Haz Mit Planning	20,385	-	-	-	-

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants (continued)				
State grants (continued)				
Department of Public Safety				
Bullet proof vests	-	-	-	9,380
Emergency Comm Networks Div	-	-	-	843,176
Office of Justice program grants	-	-	-	100,475
Public Assistance Disaster Fund	-	-	-	547,884
Victim emergency fund	-	-	-	204
Veterans Affairs				
County Veterans Service Officers Community Outreach	-	-	-	2,273
Enhancement	-	-	-	19,377
Total State Grants	<u>\$ -</u>	<u>\$ 575,014</u>	<u>\$ -</u>	<u>\$ 22,358,266</u>
Federal Grants				
Department of Agriculture				
10.557 Women, infants, and children (through Community Health Bo	-	\$ -	\$ -	\$ 742,006
10.561 Food stamps	-	-	-	1,626,134
10.664 Cooperative Forestry Assist	-	-	-	271,781
10.665 National forest land	-	-	-	1,496,400
10.665 National forest land - roads & schools	-	-	-	265,937
10.665 National forest title III	-	-	-	3,212
Department of Health & Human Services				
93.150 Adult integrated fund	-	-	-	69,112
93.251 Universal Newborn Hearing Screening	-	-	-	1,600
93.283 Early hearing detection intervention	-	-	-	1,075
93.283 Health preparedness	-	-	-	127,034
93.505 Maternal, Infant, and Early Childhood Home Visiting	-	-	-	162,500
93.531 CTG	-	-	-	37,954
93.556 Title 4B Fam Response	-	-	-	78,716
93.556 Title IV-B Alternative Response	-	-	-	108,694
93.558 MN family investment project employment services	-	-	-	2,572,099
93.558 Temporary assistance to needy families admin	-	-	-	381,901
93.558 Temporary assistance to needy families home visiting	-	-	-	343,551
93.563 Child support	-	-	-	3,108,318
93.563 Title IV-D incentives	-	-	-	512,550
93.566 Refugee Admin Aid	-	-	-	673
93.575 BSF CC Admin	-	-	-	47,145
93.575 MFSIP CC Admin	-	-	-	22,024
93.575 Child care basic sliding fee	-	-	-	34,140
93.575 MN family investment project child care	-	-	-	15,949
93.645 Title 4B Fam Response	-	-	-	49,620
93.658 Foster care	-	-	-	33,635
93.658 IV-E foster care social service time study & state social servic	-	-	-	221,089
93.658 Title IV-E cost of care	-	-	-	963,099
93.658 Title IV-E foster care case management	-	-	-	78,844
93.667 Title XX block grant	-	-	-	1,600,564
93.674 Support for emancipation and living functionally	-	-	-	42,311
93.778 Child teen checkups	-	-	-	163,627
93.778 DD screening	-	-	-	30,849
93.778 Medical assistance	-	-	-	2,665,404
93.778 Medical assistance - Rule 25	-	-	-	1,125,219
93.778 Medical assistance incentives	-	-	-	130,438
93.778 Medical assistance transportation	-	-	-	119,043
93.994 Fed Maternal & Child Care	-	-	-	250,813
Department of Homeland Security				
97.012 Boating safety financial assurance	-	-	-	28,863
97.036 FEMA Public Assistance	-	-	-	1,554,866
97.042 Homeland Security Grant	-	-	-	148,696
97.047 FEMA Wildfr Haz Mit Planning	-	-	-	20,385

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenue Funds				Debt Service Funds
	General Fund	Road and Bridge	Public Health and Human Services	Other	
Grants (continued)					
Federal Grants (continued)					
97.055 Homeland Sec IO Emer Comm	58,502	-	-	-	-
97.056 Port security grant	194,253	-	-	-	-
97.067 Homeland security grant	124,944	-	-	-	-
97.078 Buffer Zone Protection	36,733	-	-	-	-
Department of Housing & Urban Development					
14.218 CDBG federal grant	-	-	-	1,626,222	-
14.231 Emergency shelter grant	184,713	-	-	-	-
14.238 Shelter Plus Care	20,187	-	-	-	-
14.239 Home federal grant	-	-	-	614,405	-
Department of Interior					
15.226 Payment in lieu of taxes	235,104	111	180	2	29
Department of Justice					
16.004 Marijuana eradication	181	-	-	-	-
16.527 Safe haven grant	-	-	55,894	-	-
16.607 Bullet proof vests	2,054	-	-	-	-
16.710 Law enforcement assistance	6,171	-	-	-	-
Department of Transportation					
20.205 Emergency Relief Federally Owned Roads	-	4,731,423	-	-	-
20.205 Highway planning and construction	-	8,968,988	-	-	-
20.317 NLX grant	-	-	-	30,508	-
Total Federal grants	<u>\$ 2,819,033</u>	<u>\$ 15,521,325</u>	<u>\$ 17,265,169</u>	<u>\$ 2,542,918</u>	<u>\$ 29</u>
Other Grants					
Local					
American Bar Association	\$ 3,350	\$ -	\$ -	\$ -	\$ -
Blue Cross & Blue Shield	-	-	-	-	-
Koochiching County	-	-	-	-	-
Miscellaneous	-	-	-	-	-
MN Power	39,456	-	-	-	-
Total Other grants	<u>\$ 42,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Grants	<u>\$ 4,709,976</u>	<u>\$ 21,090,294</u>	<u>\$ 31,484,161</u>	<u>\$ 2,690,072</u>	<u>\$ 29</u>
Other Federal					
Department of Justice					
United States Marshals	\$ 1,108	\$ -	\$ -	\$ -	\$ -
Department of Health and Human Services					
Early Retiree Reinsurance Program	-	-	-	-	-
Department of Treasury					
Build America Bonds Interest	-	-	-	-	55,627
Total Other Federal	<u>\$ 1,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,627</u>
In-kind Match	-	-	-	140,703	-
Total Intergovernmental Revenue	<u>\$ 16,306,920</u>	<u>\$ 56,621,738</u>	<u>\$ 43,123,937</u>	<u>\$ 2,851,613</u>	<u>\$ 319,867</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Capital Projects Fund	Environmental Services Enterprise Fund	Internal Service Funds	Total
Grants (continued)				
Federal Grants (continued)				
97.055 Homeland Sec IO Emer Comm	-	-	-	58,502
97.056 Port security grant	-	-	-	194,253
97.067 Homeland security grant	-	-	-	124,944
97.078 Buffer Zone Protection	-	-	-	36,733
Department of Housing & Urban Development				
14.218 CDBG federal grant	-	-	-	1,626,222
14.231 Emergency shelter grant	-	-	-	184,713
14.238 Shelter Plus Care	-	-	-	20,187
14.239 Home federal grant	-	-	-	614,405
Department of Interior				
15.226 Payment in lieu of taxes	14	2	-	235,442
Department of Justice				
16.004 Marijuana eradication	-	-	-	181
16.527 Safe haven grant	-	-	-	55,894
16.607 Bullet proof vests	-	-	-	2,054
16.710 Law enforcement assistance	-	-	-	6,171
Department of Transportation				
20.205 Emergency Relief Federally Owned Roads	-	-	-	4,731,423
20.205 Highway planning and construction	-	-	-	8,968,988
20.317 NLX grant	-	-	-	30,508
Total Federal grants	\$ 14	\$ 2	\$ -	\$ 38,148,490
Other Grants				
Local				
American Bar Association	\$ -	\$ -	\$ -	\$ 3,350
Blue Cross & Blue Shield	-	-	21,238	21,238
Koochiching County	-	19,750	-	19,750
Miscellaneous	44,713	-	-	44,713
MN Power	59,340	-	-	98,796
Total Other grants	\$ 104,053	\$ 19,750	\$ 21,238	\$ 187,847
Total Grants	\$ 104,067	\$ 594,766	\$ 21,238	\$ 60,694,603
Other Federal				
Department of Justice				
United States Marshals	\$ -	\$ -	\$ -	\$ 1,108
Department of Health and Human Services				
Early Retiree Reinsurance Program	-	-	416,205	416,205
Department of Treasury				
Build America Bonds Interest	-	-	-	55,627
Total Other Federal	\$ -	\$ -	\$ 416,205	\$ 472,940
In-kind Match	-	-	-	140,703
Total Intergovernmental Revenue	\$ 285,715	\$ 594,766	\$ 441,401	\$ 120,545,957

ST. LOUIS COUNTY, MINNESOTA
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Direct		
Cooperative Forestry Assistance	10.664	\$ 271,781
Passed Through Carlton, Cook, Lake and St. Louis Community Health Board		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	797,369
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	1,626,134
Passed Through Minnesota Department of Finance		
Schools and Roads - Grants to States	10.665	<u>1,765,549</u>
Total Department of Agriculture		\$ <u>4,460,833</u>
U.S. Department of Housing and Urban Development		
Direct		
Community Development Block Grants ~ Entitlement Grants	14.218	\$ 1,626,221
Emergency Solutions Grant Program	14.231	184,713
Shelter Plus Care	14.238	19,687
Home Investment Partnerships Program	14.239	<u>614,405</u>
Total Department of Housing and Urban Development		\$ <u>2,445,026</u>
U.S. Department of the Interior		
Direct		
Payments in Lieu of Taxes	15.226	<u>\$ 235,442</u>
U.S. Department of Justice		
Direct		
Supervised Visitation, Safe Havens for Children	16.527	\$ 55,894
Bulletproof Vest Partnership Program	16.607	2,054
Passed Through Minnesota Department of Public Safety		
Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	16.004	181
Passed Through City of Virginia		
Public Safety Partnership and Community Policing Grants	16.710	<u>4,704</u>
Total Department of Justice		\$ <u>62,833</u>
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	\$ 13,510,768
Capital Assistance to States - Intercity Passenger Rail Service	20.317	<u>30,508</u>
Total Department of Transportation		\$ <u>13,541,276</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

U.S. Department of Health and Human Services

Passed Through Carlton, Cook, Lake and St. Louis Community Health Board			
Universal Newborn Hearing Screening	93.251	\$	1,600
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		127,239
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505		153,964
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Prevention and Public Health Funds	93.531		37,954
Temporary Assistance for Needy Families	93.558		343,551
(Total Temporary Assistance for Needy Families 93.558 \$3,297,551)			
Medical Assistance Program	93.778		163,628
(Total Medical Assistance 93.778 \$4,493,209)			
Maternal and Child Health Services Block Grant to the States	93.994		250,813
 Passed Through Minnesota Department of Human Services			
Projects for Assistance in Transition from Homelessness (PATH)	93.150		69,112
Promoting Safe and Stable Families	93.556		187,410
Temporary Assistance for Needy Families	93.558		2,954,000
(Total Temporary Assistance for Needy Families 93.558 \$3,297,551)			
Child Support Enforcement	93.563		3,620,867
Refugee and Entrant Assistance - State Administered Programs	93.566		673
Child Care and Development Fund Cluster			
Child Care and Development Block Grant	93.575		61,836
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		54,699
Stephanie Tubbs Jones Child Welfare Services Program	93.645		49,620
Foster Care Title IV-E	93.658		1,374,596
Social Services Block Grant	93.667		1,600,564
Chafee Foster Care Independence Program	93.674		42,311
Medical Assistance Program	93.778		4,329,581
(Total Medical Assistance 93.778 \$4,493,209)			
 Total Department of Health and Human Services		\$	<u>15,424,018</u>

U.S. Department of Homeland Security

Passed Through Minnesota Department of Natural Resources			
Boating Safety Financial Assistance	97.012	\$	28,863
 Passed Through Minnesota Department of Public Safety			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		1,167,786
Emergency Management Performance Grants	97.042		70,579
Pre-Disaster Mitigation	97.047		20,385
Interoperable Emergency Communications	97.055		54,032
Port Security Grant Program	97.056		194,253
Homeland Security Grant Program	97.067		138,601
Buffer Zone Protection Program (BZPP)	97.078		36,733
 Total Department of Homeland Security		\$	<u>1,711,232</u>
 Total Federal Awards		\$	<u><u>37,880,660</u></u>

ST. LOUIS COUNTY, MINNESOTA
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2013**

Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by St. Louis County. The County's reporting entity is defined in Note 1 to the financial statements.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of St. Louis County under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of St. Louis County, it is not intended to and does not present the financial position, changes in net position, or cash flows of St. Louis County.

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

Subrecipients

CFDA Number	Program Name	Amount Provided to Subrecipients
14.218	Community Development Block Grant/Entitlement Grants	\$ 1,414,025
14.239	HOME Investment Partnerships Program	<u>533,504</u>
	Total	<u>\$ 1,947,529</u>

Clusters

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

Child Care and Development Fund Cluster	\$116,535
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ST. LOUIS COUNTY, MINNESOTA
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Reconciliation of Intergovernmental Revenue	Federal CFDA Number	Amount
Federal grant revenue per Schedule of Intergovernmental Revenue		\$ 38,148,490
Unavailable Revenue in 2013 - grants received more than 60 days after year-end		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	81,900
Highway Planning and Construction (Regular)	20.205	713,160
Highway Planning and Construction (Disaster)	20.205	146,168
Maternal, Infant and Early Childhood Home Visiting	93.505	1,745
Child Care and Development Block Grant (Basic Sliding Fee)	93.575	3,123
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Basic Sliding Fee)	93.596	2,261
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Minnesota Family Investment Project)	93.596	2,349
Foster Care Title IV-E (SSTS Administration)	93.658	87,674
Medical Assistance Program (SSTS Administration)	93.778	256,602
Medical Assistance Program (Transportation)	93.778	5,543
Disaster Grants - Public Assistance (Forest Roads)	97.036	84,127
Disaster Grants - Public Assistance (Regular)	97.036	1,165,464
Homeland Security Grant Program	97.067	6,706
Homeland Security Grant Program	97.067	2,664
Homeland Security Grant Program	97.067	4,288
Unavailable in 2012 recognized as revenue in 2013		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	(26,537)
Shelter Plus Care	14.238	(500)
Public Safety Partnership and Community Policing Grants -Methamphetamine Grant	16.710	(1,467)
Highway Planning and Construction (Regular)	20.205	(846,725)
Highway Planning and Construction (Disaster)	20.205	(202,248)
Maternal, Infant and Early Childhood Home Visiting	93.505	(10,281)
Medical Assistance Program (Transportation)	93.778	(3,517)
Foster Care Title IV-E (SSTS Administration)	93.658	(5,485)
Foster Care Title IV-E (Administration)	93.658	(4,260)
Child Care and Development Block Grant (Basic Sliding Fee)	93.575	(6,883)
Child Care and Development Block Grant (Minnesota Family Investment Project)	93.575	(3,573)
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	(870)
Disaster Grants - Public Assistance (Forest Roads)	97.036	(1,599,259)
Disaster Grants - Public Assistance (Regular)	97.036	(37,412)
Emergency Management Performance Grant	97.042	(78,117)
Interoperable Emergency Communications	97.055	(4,470)
Total Expenditures Per Schedule of Expenditures of Federal Awards		<u>\$ 37,880,660</u>

Statistical Section

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

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	136
Revenue Capacity	
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	144
Debt Capacity	
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	150
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	156
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	158

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

Schedule 1

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

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Invested in capital assets, net	\$ 281,959,954	\$ 284,598,787	\$ 304,712,967	\$ 326,996,032
Restricted	39,106,761	26,905,894	36,452,547	29,341,037
Unrestricted	<u>46,821,225</u>	<u>77,188,234</u>	<u>68,069,867</u>	<u>79,097,149</u>
Total governmental activities net position	<u>\$ 367,887,940</u>	<u>\$ 388,692,915</u>	<u>\$ 409,235,381</u>	<u>\$ 435,434,218</u>
Business-type activities				
Invested in capital assets, net	\$ 14,390,848	\$ 14,201,467	\$ 13,331,890	\$ 13,059,476
Restricted	1,695,220	1,354,381	1,432,450	3,077,821
Unrestricted	<u>9,447,853</u>	<u>8,846,260</u>	<u>13,628,137</u>	<u>11,359,532</u>
Total business-type activities net position	<u>\$ 25,533,921</u>	<u>\$ 24,402,108</u>	<u>\$ 28,392,477</u>	<u>\$ 27,496,829</u>
Primary government				
Invested in capital assets, net	\$ 296,350,802	\$ 298,800,254	\$ 318,044,857	\$ 340,055,508
Restricted	40,801,981	28,260,275	37,884,997	32,418,858
Unrestricted	<u>56,269,078</u>	<u>86,034,494</u>	<u>81,698,004</u>	<u>90,456,681</u>
Total primary government net position	<u>\$ 393,421,861</u>	<u>\$ 413,095,023</u>	<u>\$ 437,627,858</u>	<u>\$ 462,931,047</u>

Schedule 1

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 345,956,633	\$ 363,819,364	\$ 392,758,196	\$ 433,944,576	\$ 476,247,100	\$ 522,018,741
27,151,369	20,822,222	21,835,970	21,522,115	21,033,269	19,020,809
87,088,512	112,106,602	119,053,455	128,221,487	128,898,798	136,593,657
<u>\$ 460,196,514</u>	<u>\$ 496,748,188</u>	<u>\$ 533,647,621</u>	<u>\$ 583,688,178</u>	<u>\$ 626,179,167</u>	<u>\$ 677,633,207</u>
\$ 13,081,334	\$ 12,126,524	\$ 12,172,253	\$ 7,438,866	\$ 8,714,173	\$ 8,300,834
1,781,917	1,790,325	2,010,475	1,893,627	1,981,320	2,041,416
13,408,307	16,270,035	15,869,797	14,283,036	12,409,842	12,111,328
<u>\$ 28,271,558</u>	<u>\$ 30,186,884</u>	<u>\$ 30,052,525</u>	<u>\$ 23,615,529</u>	<u>\$ 23,105,335</u>	<u>\$ 22,453,578</u>
\$ 359,037,967	\$ 375,945,888	\$ 404,930,449	\$ 441,383,442	\$ 484,961,273	\$ 530,319,575
28,933,286	22,612,547	23,846,445	23,415,742	23,014,589	21,062,225
100,496,819	128,376,637	134,923,252	142,504,523	141,308,640	148,704,985
<u>\$ 488,468,072</u>	<u>\$ 526,935,072</u>	<u>\$ 563,700,146</u>	<u>\$ 607,303,707</u>	<u>\$ 649,284,502</u>	<u>\$ 700,086,785</u>

Schedule 2

ST. LOUIS COUNTY, MINNESOTA

**Changes in Net Position
Last Ten Fiscal Years**

(accrual basis of accounting)

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

Unaudited

Schedule 2

ST. LOUIS COUNTY, MINNESOTA
Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)

	2008	2009	2010	2011	2012	2013
\$	30,790,310	\$ 35,989,696	\$ 34,923,640	\$ 37,211,681	\$ 40,057,174	\$ 42,135,549
	46,231,906	46,993,281	46,550,865	46,282,905	53,050,539	46,974,978
	41,898,297	38,988,375	39,287,999	39,094,710	52,605,339	48,091,104
	5,019,721	4,816,622	5,277,745	5,167,926	4,579,000	4,786,016
	71,497,759	72,399,548	72,962,372	72,784,119	75,901,001	75,225,112
	2,217,578	1,863,936	3,052,386	2,582,543	2,042,815	2,482,810
	9,841,091	6,960,833	7,909,680	7,824,835	7,958,287	8,225,572
	4,012,705	4,464,249	3,608,417	4,037,357	3,132,056	3,100,381
	1,912,118	2,197,175	1,586,786	1,612,315	1,699,853	1,203,827
	-	-	-	-	-	148,166
	<u>213,421,485</u>	<u>214,673,715</u>	<u>215,159,890</u>	<u>216,598,391</u>	<u>241,026,064</u>	<u>232,373,515</u>
	7,600,096	7,655,438	6,501,817	7,783,082	7,995,131	8,130,015
	14,840,837	12,421,108	-	-	-	-
	2,089,958	571,964	1,312,236	8,526	49,899	48,195
	<u>24,530,891</u>	<u>20,648,510</u>	<u>7,814,053</u>	<u>7,791,608</u>	<u>8,045,030</u>	<u>8,178,210</u>
\$	<u>\$ 237,952,376</u>	<u>\$ 235,322,225</u>	<u>\$ 222,973,943</u>	<u>\$ 224,389,999</u>	<u>\$ 249,071,094</u>	<u>\$ 240,551,725</u>
\$	11,482,301	\$ 15,151,024	\$ 13,268,257	\$ 17,749,722	\$ 18,416,982	\$ 19,316,681
	2,963,073	2,712,253	3,908,406	4,203,835	4,268,919	4,245,110
	3,004,798	3,096,066	6,430,144	4,631,854	4,195,936	3,708,564
	1,428,622	350,133	672,376	838,042	882,484	859,257
	10,991,429	14,756,252	14,329,286	13,516,911	14,265,463	13,083,377
	-	-	122,000	142,000	56,439	(4,000)
	9,886,026	6,014,724	7,775,116	6,729,070	6,300,430	6,312,179
	20,599	22,403	18,295	350	400	3,150
	49,880,675	54,379,254	49,068,231	52,511,057	66,758,879	65,621,839
	15,284,247	16,410,218	22,845,507	23,101,507	27,019,539	27,827,909
	<u>104,941,770</u>	<u>112,892,327</u>	<u>118,437,618</u>	<u>123,424,348</u>	<u>142,165,471</u>	<u>140,974,066</u>
	6,042,288	5,428,774	5,986,389	6,198,634	6,303,257	6,233,859
	14,349,753	11,386,268	-	-	-	-
	2,202,381	685,307	71,991	11,726	102,410	26,843
	481,473	481,833	495,045	498,219	564,809	594,766
	-	-	-	-	-	30,700
	<u>23,075,895</u>	<u>17,982,182</u>	<u>6,553,425</u>	<u>6,708,579</u>	<u>6,970,476</u>	<u>6,886,168</u>
\$	<u>\$ 128,017,665</u>	<u>\$ 130,874,509</u>	<u>\$ 124,991,043</u>	<u>\$ 130,132,927</u>	<u>\$ 149,135,947</u>	<u>\$ 147,860,234</u>
\$	(108,479,715)	\$ (101,781,388)	\$ (96,722,272)	\$ (93,174,043)	\$ (98,860,593)	\$ (91,399,449)
	(1,454,996)	(2,666,328)	(1,260,628)	(980,640)	(1,074,554)	(1,292,042)
\$	<u>\$ (109,934,711)</u>	<u>\$ (104,447,716)</u>	<u>\$ (97,982,900)</u>	<u>\$ (94,154,683)</u>	<u>\$ (99,935,147)</u>	<u>\$ (92,691,491)</u>
\$	97,474,934	\$ 104,321,529	\$ 104,647,533	\$ 105,775,760	\$ 115,310,996	\$ 119,179,161
	5,888,289	5,888,439	5,912,874	6,315,569	5,319,270	5,001,699
	22,839,111	24,129,399	20,032,790	20,138,989	16,949,124	15,941,883
	1,697,018	2,835,929	2,618,909	1,848,440	1,853,339	1,731,840
	4,316,482	4,250,285	1,011,023	3,260,011	2,129,116	1,240,530
	-	-	-	-	-	-
	298,913	-	-	-	-	-
	(395,105)	(3,092,519)	(601,424)	5,875,831	(210,263)	(241,624)
	<u>132,119,642</u>	<u>138,333,062</u>	<u>133,621,705</u>	<u>143,214,600</u>	<u>141,351,582</u>	<u>142,853,489</u>
	1,009,304	1,087,379	403,116	247,739	216,972	305,413
	119,271	-	-	-	-	-
	706,045	401,756	121,729	171,736	137,125	93,248
	-	-	-	-	-	-
	395,105	3,092,519	601,424	(5,875,831)	210,263	241,624
	<u>2,229,725</u>	<u>4,581,654</u>	<u>1,126,269</u>	<u>(5,456,356)</u>	<u>564,360</u>	<u>640,285</u>
\$	<u>\$ 134,349,367</u>	<u>\$ 142,914,716</u>	<u>\$ 134,747,974</u>	<u>\$ 137,758,244</u>	<u>\$ 141,915,942</u>	<u>\$ 143,493,774</u>
\$	23,639,927	\$ 36,551,674	\$ 36,899,433	\$ 50,040,557	\$ 42,490,989	\$ 51,454,040
	774,729	1,915,326	(134,359)	(6,436,996)	(510,194)	(651,757)
\$	<u>\$ 24,414,656</u>	<u>\$ 38,467,000</u>	<u>\$ 36,765,074</u>	<u>\$ 43,603,561</u>	<u>\$ 41,980,795</u>	<u>\$ 50,802,283</u>

Unaudited

Schedule 3

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Nonspendable	\$ 8,250	\$ -	\$ 97,813	\$ 5,018
Restricted	3,624,022	4,736,411	4,752,904	4,552,771
Committed	9,684,509	10,118,815	10,406,664	10,742,199
Assigned	2,177,735	1,393,731	1,969,146	4,707,925
Unassigned	<u>16,402,860</u>	<u>22,821,211</u>	<u>22,857,499</u>	<u>24,273,534</u>
Total general fund	<u>\$ 31,897,376</u>	<u>\$ 39,070,168</u>	<u>\$ 40,084,026</u>	<u>\$ 44,281,447</u>
All Other Governmental Funds				
Nonspendable	\$ 9,711,621	\$ 10,383,580	\$ 11,342,421	\$ 12,954,842
Restricted	3,975,493	7,004,870	12,389,045	12,476,312
Committed	22,549,287	27,181,073	29,829,825	25,524,779
Assigned	<u>36,035,013</u>	<u>34,776,816</u>	<u>25,342,634</u>	<u>22,395,314</u>
Total all other government funds	<u>\$ 72,271,414</u>	<u>\$ 79,346,339</u>	<u>\$ 78,903,925</u>	<u>\$ 73,351,247</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
 (accrual basis of accounting)

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 5,701	\$ 5,401	\$ 57,180	\$ 216,648	\$ 579,845	\$ 622,749
4,746,726	5,120,775	5,461,407	5,683,399	5,254,603	4,979,981
11,326,277	12,474,039	11,764,815	11,807,038	11,396,647	11,128,188
2,707,193	4,785,564	7,995,336	9,190,115	10,827,022	11,461,139
<u>25,983,807</u>	<u>23,534,358</u>	<u>22,449,169</u>	<u>29,938,027</u>	<u>32,583,721</u>	<u>33,250,927</u>
<u>\$ 44,769,704</u>	<u>\$ 45,920,137</u>	<u>\$ 47,727,907</u>	<u>\$ 56,835,227</u>	<u>\$ 60,641,838</u>	<u>\$ 61,442,984</u>
\$ 13,253,457	\$ 14,271,607	\$ 14,454,353	\$ 14,884,876	\$ 15,387,618	\$ 15,682,953
12,400,040	4,394,009	4,211,782	3,650,901	3,380,146	28,609,661
25,292,493	26,844,154	26,337,512	24,381,395	25,031,803	22,165,433
39,415,462	40,921,318	53,051,317	51,906,341	41,606,201	47,465,396
<u>\$ 90,361,452</u>	<u>\$ 86,431,088</u>	<u>\$ 98,054,964</u>	<u>\$ 94,823,513</u>	<u>\$ 85,405,768</u>	<u>\$ 113,923,443</u>

Schedule 4

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues				
Taxes	\$ 86,425,663	\$ 86,468,064	\$ 90,929,063	\$ 99,497,719
Licenses	150,938	149,306	156,606	157,871
Intergovernmental	105,419,772	95,226,136	98,882,892	98,421,879
Charges for services	10,586,660	10,082,260	12,029,779	20,667,976
Fines and forfeits	1,622,789	967,127	201,088	189,882
Earnings on investments	1,534,185	3,633,796	7,011,940	7,899,118
Gifts and contributions	70,271	169,154	12,457	21,889
Land and timber sales	10,187,185	10,293,444	11,753,426	7,230,255
Miscellaneous	5,018,805	4,511,866	4,312,043	3,879,124
Total revenues	<u>221,016,268</u>	<u>211,501,153</u>	<u>225,289,294</u>	<u>237,965,713</u>
Expenditures				
General government	32,537,856	29,017,182	29,573,303	32,298,957
Public safety	31,936,239	34,963,469	40,881,994	43,236,476
Highways and streets	27,507,107	33,458,062	32,083,124	34,346,944
Health and sanitation	6,422,388	6,328,366	6,547,383	6,062,129
Human services	60,857,463	60,302,517	66,254,073	67,984,104
Culture and recreation	1,668,794	1,253,974	1,539,447	1,415,848
Conservation of natural resources	6,117,557	6,708,815	7,317,595	9,727,227
Economic development	3,545,611	4,323,387	4,641,791	3,706,320
Capital outlay	38,511,561	24,670,343	29,426,501	39,754,334
Debt service:				
Principal	5,342,989	4,878,581	5,428,091	5,627,329
Interest and other charges	1,218,003	1,704,141	1,987,288	1,777,563
Bond issuance costs	-	-	-	-
Total Expenditures	<u>215,665,568</u>	<u>207,608,837</u>	<u>225,680,590</u>	<u>245,937,231</u>
Excess of revenues over (under) expenditures	<u>5,350,700</u>	<u>3,892,316</u>	<u>(391,296)</u>	<u>(7,971,518)</u>
Other Financing Sources (Uses)				
Transfers in	3,774,887	4,064,829	6,675,213	7,105,726
Transfers out	(4,168,887)	(4,064,829)	(10,546,257)	(6,828,194)
Sale of capital assets	-	899,565	-	-
Bonds issued	17,645,000	6,115,000	7,845,000	5,000,000
Premium on bonds issued	-	-	-	-
Refunding bonds issued	-	2,840,000	-	-
Premium on refunding bonds issued	-	-	-	-
Refunding bonds redeemed	-	-	(2,940,000)	-
Bond premium proceeds	126,120	168,361	87,863	33,416
Loan proceeds	79,000	-	-	-
Total other financing sources (uses)	<u>17,456,120</u>	<u>10,022,926</u>	<u>1,121,819</u>	<u>5,310,948</u>
Net change in fund balances	<u>\$ 22,806,820</u>	<u>\$ 13,915,242</u>	<u>\$ 730,523</u>	<u>\$ (2,660,570)</u>
Debt service as a percentage of noncapital expenditures	3.7%	3.6%	3.8%	3.6%

Unaudited

Schedule 4

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

2008	2009	2010	2011	2012	2013
\$ 102,853,734	\$ 109,059,182	\$ 109,879,942	\$ 111,689,434	\$ 120,938,486	\$ 123,709,378
159,704	164,724	162,363	141,491	167,889	149,444
99,521,527	103,392,997	108,368,210	109,516,961	117,323,896	119,509,790
20,470,751	20,567,474	22,990,395	26,264,862	27,602,297	28,032,924
200,291	129,810	191,041	223,409	276,085	162,624
3,459,176	3,661,413	726,839	2,910,684	1,840,869	1,047,515
11,721	8,830	20,014	8,433	8,231	7,945
7,656,960	6,939,323	8,677,995	6,903,181	5,790,449	6,925,052
5,179,133	4,577,267	5,259,132	4,592,934	5,393,940	4,716,580
<u>239,512,997</u>	<u>248,501,020</u>	<u>256,275,931</u>	<u>262,251,389</u>	<u>279,342,142</u>	<u>284,261,252</u>
33,244,633	34,418,680	33,498,818	36,775,477	37,907,421	40,135,037
45,060,321	45,292,287	44,557,197	45,379,001	51,101,699	47,268,433
36,234,934	31,514,275	32,067,873	32,073,766	43,267,909	39,139,593
5,268,999	4,903,147	5,258,702	5,350,896	4,733,399	5,111,826
71,500,433	72,775,244	73,195,199	74,451,490	75,180,107	76,075,893
2,217,578	1,863,936	3,052,386	2,582,543	2,042,815	2,482,810
8,927,491	7,199,476	8,431,306	7,864,462	7,410,014	8,335,366
3,953,672	4,431,255	3,631,866	3,992,412	3,103,683	3,021,975
24,266,667	32,247,888	39,526,133	46,812,865	56,209,840	56,705,471
5,857,261	5,166,374	5,478,358	5,944,670	4,774,990	16,697,490
1,882,726	2,256,848	1,603,635	1,597,362	1,387,050	1,196,565
151,518	-	-	-	-	148,166
<u>238,566,233</u>	<u>242,069,410</u>	<u>250,301,473</u>	<u>262,824,944</u>	<u>287,118,927</u>	<u>296,318,625</u>
946,764	6,431,610	5,974,458	(573,555)	(7,776,785)	(12,057,373)
3,144,884	4,299,401	7,914,293	9,521,747	3,813,281	6,369,095
(3,359,995)	(6,094,780)	(7,575,694)	(3,642,033)	(2,613,593)	(6,360,992)
-	-	-	-	-	-
14,960,000	-	7,135,000	-	-	25,290,000
-	-	-	-	-	1,045,018
-	-	-	-	-	14,390,000
-	-	-	-	-	1,086,183
-	(7,795,000)	-	-	-	-
93,104	-	-	-	-	-
-	-	-	-	-	-
<u>14,837,993</u>	<u>(9,590,379)</u>	<u>7,473,599</u>	<u>5,879,714</u>	<u>1,199,688</u>	<u>41,819,304</u>
<u>\$ 15,784,757</u>	<u>\$ (3,158,769)</u>	<u>\$ 13,448,057</u>	<u>\$ 5,306,159</u>	<u>\$ (6,577,097)</u>	<u>\$ 29,761,931</u>
3.7%	3.5%	3.4%	3.5%	2.7%	7.5%

Schedule 5

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

<u>Fiscal Year Ended December 31</u>	<u>Residential Homestead Property</u>	<u>Agricultural Property</u>	<u>Commercial/ Industrial Property</u>	<u>Non- Homestead Residential Property</u>
2004	59,887,536	2,793,361	22,854,952	8,739,194
2005	68,144,773	3,250,079	25,640,672	11,016,672
2006	76,328,481	3,743,709	26,490,558	13,064,657
2007	82,111,286	4,450,065	28,255,420	15,098,605
2008	88,278,899	5,281,584	30,324,855	17,581,634
2009	91,495,498	6,137,972	32,728,653	19,820,598
2010	89,946,389	12,642,970	33,980,909	20,180,082
2011	88,190,046	12,588,904	34,569,003	20,234,189
2012	73,421,338	11,850,610	34,880,766	20,752,566
2013	70,918,143	11,427,969	34,814,496	21,123,597

Source: St. Louis County Auditor

Notes: Large decrease for Residential Homestead Property attributed to the homestead market value exclusion lowering the actual taxable market value, and therefore the Net Tax Capacity of that classification, as well as possible revaluing of property

Schedule 5

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

Commercial/ Residential Seasonal/ Recreational Property	Total Net Tax Capacity	Total County Tax Rate Per \$100 of Taxable Net Tax Capacity	Estimated Market Value	Total Net Tax Capacity as a Percentage of Estimated Market Value
9,099,194	103,374,237	79.0219	10,411,976,900	0.99%
10,757,806	118,810,002	68.9902	11,926,897,700	1.00%
12,590,714	132,218,119	64.6911	13,086,585,200	1.01%
15,077,180	144,992,556	64.4337	14,237,164,906	1.02%
18,027,031	159,494,003	60.6374	15,385,764,706	1.04%
21,194,393	171,377,114	59.0881	16,118,391,100	1.06%
19,869,574	176,619,924	56.5695	16,071,520,900	1.10%
19,872,050	175,454,192	57.2397	15,925,753,100	1.10%
18,023,850	158,929,130	63.4004	15,570,004,789	1.02%
17,798,832	156,083,037	65.0111	15,280,714,500	1.02%

Schedule 6

ST. LOUIS COUNTY, MINNESOTA
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years

Fiscal Year Ended December 31,	County Direct Tax Rates Per \$100 of Taxable Net Tax Capacity				
	General Levy	Debt Service Levy	Regional Library Levy	County-wide Enterprise Fund	Total
2004	73.3240	5.2636	0.4343	-	79.0219
2005	63.1792	5.3789	0.4321	-	68.9902
2006	59.4039	4.8450	0.4422	-	64.6911
2007	59.3618	4.6059	0.4660	-	64.4337
2008	55.7728	4.3974	0.4671	-	60.6374
2009	54.4004	3.6860	0.4402	0.5615	59.0881
2010	52.3204	3.7153	0.4068	0.1270	56.5695
2011	53.8690	2.8940	0.3639	0.1127	57.2397
2012	59.6669	3.2055	0.4031	0.1249	63.4004
2013	61.3764	3.0504	0.4072	0.1770	65.0111

Source: St. Louis County Auditor

Schedule 6

ST. LOUIS COUNTY, MINNESOTA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Overlapping Rates

<u>Independent School District #94</u>	<u>Independent School District #381</u>	<u>Independent School District #698</u>	<u>Independent School District #2142</u>
32.0967	22.5780	42.5884	2.3800
30.6592	19.1340	41.4278	3.8191
27.9647	17.0543	45.5389	3.1519
27.3069	15.4269	53.7009	2.7818
25.6842	14.9967	36.0645	2.1496
24.5607	14.9797	41.9039	2.5395
33.2021	17.1819	44.5120	16.6308
29.6546	18.8364	39.6476	17.3332
32.9031	21.2286	30.5928	22.0098
31.6372	16.7696	31.6496	23.1185

Schedule 7

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

Taxpayer	2013			2004		
	Net Tax Capacity Value	Rank	Percentage of Total Taxable Net Tax Capacity Value	Taxable Tax Capacity	Rank	Percentage of Total Taxable Net Tax Capacity Value
Allete, Inc.	\$ 4,994,334	1	3.20%	\$ 5,920,078	1	5.73%
Wisconsin Central LTD (1)	2,675,475	2	1.71%			
Enbridge Energy LTD Partnership (2)	2,229,704	3	1.43%	986,286	4	0.95%
Miller Hill Mall Co	808,668	4	0.52%			
Duluth Clinic	700,066	5	0.45%	816,715	8	0.79%
American Transmission Co LLC	695,848	6	0.45%			
Cliffs Mining Services	644,565	7	0.41%			
Great River Energy	638,757	8	0.41%			
Burlington No/Santa Fe Railway Co	593,808	9	0.38%			
IRET Properties	574,184	10	0.37%	674,012	10	0.65%
American Transmission Co LLC			0.00%			
Miller Hill Mall Co			0.00%			
Burlington No/Santa Fe Railway Co			0.00%			
DMIR Railway (2)				861,656	6	0.83%
Duluth Winnipeg & Pacific RR (2)				831,176	7	0.80%
Consolidated Papers, Inc.				1,533,967	2	1.48%
Great Lakes Gas Transmission Co				903,462	5	0.87%
Northern States Power Co				752,088	9	0.73%
Trinity Court				1,125,307	3	1.09%
	<u>\$ 14,555,409</u>		<u>9.33%</u>	<u>\$ 14,404,747</u>		<u>13.93%</u>

Source: St. Louis County Auditor

Notes:

(1) Wisconsin Central LTD is a consolidated Payor previously reported separately:

(2) Duluth Missabe & Iron Range RR (DMIR), Duluth Winnipeg & Pacific RR, and Enbridge has had a number of utility personal property leases that have gone up millions of dollars each year since 2010

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
2003	62,241,475	60,638,733	97.42%	1,371,801	62,010,534	99.63%
2004	67,080,535	65,115,787	97.07%	1,548,941	66,664,728	99.38%
2005	67,615,098	65,797,651	97.31%	1,377,891	67,175,542	99.35%
2006	72,228,139	69,947,539	96.84%	1,894,897	71,842,436	99.47%
2007	79,958,970	77,398,024	96.80%	2,051,837	79,449,861	99.36%
2008	84,523,919	81,790,285	96.77%	1,979,054	83,769,339	99.11%
2009	89,183,812	85,745,073	96.14%	2,177,536	87,922,609	98.59%
2010	91,311,279	88,034,513	96.41%	1,727,766	89,762,279	98.30%
2011	92,048,735	88,767,523	96.44%	-	88,767,523	96.44%
2012	100,525,458	97,421,159	96.91%	-	97,421,159	96.91%
2013	101,954,370	98,871,857	96.98%	-	98,871,857	96.98%

Notes:

- (1) - Excludes tax credits and certain state aids.
- (2) - Includes some small amounts that are not a part of the certified levy.
- (3) - Amounts are adjusted annually until the applicable year is dropped from the records, after 7 years.

Source: St. Louis County Auditor - Tax Levy Status Report

Schedule 9

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

Fiscal Year	Governmental Activities			
	General Obligation Bonds	General Obligation Revenue Notes	Tax Lease Obligations	Capital Leases
2004	38,154,023	552,517	3,280,000	541,162
2005	42,752,926	547,836	2,940,000	482,900
2006	45,248,107	541,945	-	425,700
2007	44,642,938	535,116	-	365,200
2008	53,837,296	522,755	-	300,300
2009	40,905,636	496,648	-	232,100
2010	42,531,995	470,890	-	159,500
2011	36,709,106	438,220	-	82,500
2012	32,010,213	395,730	-	-
2013	57,052,663	353,240	-	-

Source:

See Schedule 13 for population and personal income data.

Schedule 9

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

Business Activities	Total Primary Government	Percentage of Personal Income	Per Capita
General Obligation Bonds			
420,000	42,947,702	0.69%	217
320,000	47,043,662	0.75%	239
215,000	46,430,752	0.70%	237
110,000	45,653,254	0.66%	232
-	54,660,351	0.76%	278
-	41,634,384	0.58%	211
-	43,162,385	0.59%	220
-	37,229,826	0.49%	186
-	32,405,943	0.40%	162
-	57,405,903	Not Available	287

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	Less: Amounts Available in Debt Service Fund (1)			
2004	38,154,023	552,517	3,280,000	1,643,499	41,290,829	0.39%	204
2005	42,752,926	547,836	2,940,000	4,820,996	42,201,631	0.35%	211
2006	45,248,107	541,945	-	9,887,917	37,127,569	0.27%	183
2007	44,642,938	535,116	-	10,147,911	36,369,517	0.25%	178
2008	53,837,296	522,755	-	9,734,039	45,971,701	0.29%	227
2009	40,905,636	496,648	-	1,556,513	40,641,588	0.25%	201
2010	42,531,995	470,890	-	1,329,888	42,641,945	0.26%	212
2011	36,709,106	438,220	-	1,146,870	36,862,801	0.23%	180
2012	32,010,213	395,730	-	1,091,624	29,192,014	0.20%	156
2013	57,052,663	353,240	-	4,181,175	53,224,728	0.35%	266

Sources:

(1) This is the amount restricted for debt service payments - This column was changed to reflect debt service fund balance starting in 2013.
 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, 2013

Governmental Unit	Debt Outstanding	Percentage Applicable*	Share of Debt
Direct Debt			
St. Louis County	\$ 57,405,903	100.00%	\$ 57,405,903
Overlapping Debt			
School District #94	22,815,000	4.88%	1,112,628
School District #381	31,515,000	15.83%	4,987,258
School District #698	5,189,056	95.37%	4,948,787
School District #707	243,000	51.06%	124,080
School District #2142	66,685,000	98.80%	65,886,122
Western Lake Superior Sanitary District	51,184,030	82.97%	42,469,446
Subtotal, overlapping debt			<u>119,528,321</u>
Total Direct and Overlapping Debt			<u>\$ 176,934,224</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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Market value of taxable property	\$ 9,405,452,818	\$ 10,797,377,000	\$ 12,149,201,810	\$ 13,344,940,438
Debt limit (2% of market value)	188,109,056	215,947,540	242,984,036	266,898,809
Debt limit (3% of market value)	-	-	-	-
Debt applicable to limit:				
General obligation bonds	42,406,540	46,560,761	46,005,052	45,288,054
Less: Amount set aside for repayment of general obligation debt	<u>(1,643,499)</u>	<u>(4,820,996)</u>	<u>(9,887,917)</u>	<u>(10,147,911)</u>
Total net debt applicable to limit	40,763,041	41,739,765	36,117,135	35,140,143
Legal debt margin	<u>\$ 147,346,015</u>	<u>\$ 174,207,775</u>	<u>\$ 206,866,901</u>	<u>\$ 231,758,666</u>
Total net debt applicable to the limit as a percentage of the debt limit	21.67%	19.33%	14.86%	13.17%

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

Schedule 12

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

2008	2009	2010	2011	2012	2013
\$ 14,676,662,476	\$ 15,750,647,100	\$ 16,204,768,400	\$ 16,151,981,500	\$ 14,545,032,989	\$ 14,297,999,600
-	-	-	-	-	-
440,299,874	472,519,413	486,143,052	484,559,445	436,350,990	428,939,988
54,360,051	41,402,284	43,002,885	37,147,326	32,405,943	57,405,903
(9,734,039)	(1,556,513)	(1,329,888)	(1,146,870)	(1,091,624)	(4,181,175)
44,626,012	39,845,771	41,672,997	36,000,456	31,314,319	53,224,728
<u>\$ 395,673,862</u>	<u>\$ 432,673,642</u>	<u>\$ 444,470,055</u>	<u>\$ 448,558,989</u>	<u>\$ 405,036,671</u>	<u>\$ 375,715,260</u>
10.14%	8.43%	8.57%	7.43%	7.18%	12.41%

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>
2004	197,739	6,191,364	31,309	103,641	27,523	5.8%
2005	196,552	6,236,876	31,731	102,632	26,659	5.1%
2006	196,218	6,595,176	33,622	102,648	26,278	5.1%
2007	196,420	6,930,479	35,277	103,507	25,860	5.6%
2008	196,864	7,187,399	36,454	104,916	25,347	6.4%
2009	197,767	7,215,588	36,485	106,613	25,506	9.3%
2010	196,623	7,265,519	36,302	106,167	25,167	7.6%
2011	200,226	7,621,547	38,059	106,564	25,150	6.6%
2012	200,255	8,007,980	39,976	103,634	25,100	6.6%
2013	200,319	Not Available	Not Available	103,495	25,176	6.0%

Sources:

- (1) - US Department of Commerce, Bureau of Economic Analysis (<http://www.bea.gov/regional/index.htm> - Available April '13)
- (2) - Minnesota Department of Employment and Economic Development (<http://www.positivelyminnesota.com/apps/lmi/laus/>)
- (3) - Minnesota Department of Education (<http://w20.education.state.mn.us/MDEAnalytics/Data.jsp>) - December 2013
- (4) - US Bureau of Census (factfinder2.census.gov)

Schedule 14

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

Employer	2013			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
St. Mary's/Duluth Clinic Health System (Essentia Health)	5,904	1	5.70%	4,665	1	4.55%
St. Louis County	1,742	2	1.68%	2,126	3	2.07%
University of Minnesota Duluth	1,694	3	1.64%	1,700	4	1.66%
St. Luke's Hospital	1,554	4	1.50%	1,592	5	1.55%
Minnesota Taconite (US Steel)	1,500	5	1.45%	1,500	6	1.46%
Duluth Public Schools	1,426	6	1.38%	1,426	7	1.39%
Allete	1,419	7	1.37%	1,400	8	1.36%
Uniprise (United Health Care)	1,368	8	1.32%	-		
Duluth Air National Guard Base	1,068	9	1.03%	-		
City of Duluth	850	10	0.82%	-		
Benedictine Healthcare System				3,593	2	3.50%
Canadian National Railway				1,100	10	1.07%
Minntac				1,189	9	1.16%
Total	18,525		17.89%	20,291		19.77%

Sources:

- Northland Connection (<http://www.northlandconnection.com/industries.php>)
- Schedule 15 - St Louis County
- St. Mary's/Duluth Clinic Health System (email)
- University of Minnesota Duluth (http://www.oir.umn.edu/static/hrdata/Employee_Head_Counts_2005_2012.pdf)

Schedule 15

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

<u>Function/Program</u>	<u>Full-time Equivalent Employees</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government	500.70	410.20	414.70	424.20
Public safety	261.40	274.70	277.70	276.70
Highways and streets	323.00	323.00	323.00	323.00
Health and sanitation	100.25	99.25	100.25	90.75
Human services	504.75	511.80	509.80	509.80
Conservation of natural resources	63.00	64.00	64.00	64.00
Environmental services	40.00	40.00	40.00	40.00
Chris Jensen	231.70	246.40	226.10	234.65
Other Enterprise Funds	<u>55.78</u>	<u>45.78</u>	<u>45.78</u>	<u>46.78</u>
Total	<u>2,080.58</u>	<u>2,015.13</u>	<u>2,001.33</u>	<u>2,009.88</u>

Notes:

Internal Service Funds are included with the general government function.
 The Nopeming Nursing Home was closed in 2003.
 In 2005, The State of MN took over the Courts (previously included in the general government function).
 The Chris Jensen Health and Rehabilitation Center was leased in 2009 and the employees transferred to the lessor.
 The Community Foods Enterprise Fund was closed in 2009.
 The Supervised Living Facilities Enterprise Fund was closed in 2010.

Source: St. Louis County Operating and Capital Budget

Schedule 15

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

Full-time Equivalent Employees					
2008	2009	2010	2011	2012	2013
427.30	416.10	398.90	397.90	406.60	415.60
278.60	275.60	276.60	279.10	281.10	281.10
321.00	301.00	316.00	316.00	319.00	319.00
91.25	64.10	65.40	65.40	58.40	60.40
520.80	523.80	520.50	519.50	530.50	544.50
69.00	69.00	68.00	68.00	68.00	70.00
42.00	52.00	52.00	51.00	51.00	51.00
190.40	-	-	-	-	-
41.97	-	-	-	-	-
<u>1,982.32</u>	<u>1,701.60</u>	<u>1,697.40</u>	<u>1,696.90</u>	<u>1,714.60</u>	<u>1,741.60</u>

Schedule 16

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

Function/Program	Fiscal Year			
	2004	2005	2006	2007
General Government				
Auditor's Office				
Checks Issued	42,916	39,814	40,225	38,483
Motor Vehicle Driver's License	16,576	17,294	17,642	17,543
Motor Vehicle Passports	2,737	4,658	6,951	8,207
Motor Vehicle Transactions	47,418	48,854	49,247	49,908
Planning - Building Permits Issued				
Single Family Dwelling	409	337	312	265
Other	714	795	739	659
Public Safety				
Sheriff's Department				
Arrests	1,422	1,929	1,651	1,383
Traffic Citations	2,668	2,818	3,151	2,054
Mines				
Mine Investigations and Inspections (1)	520	534	675	722
Highways and Streets				
Road and Bridge				
Miles of Overlay	1.78	7.19	1.62	0.75
Miles of Mill Overlay	-	2	-	-
Miles of Reclaim Overlay	-	-	19	17.60
Miles of Mill Reclaim Overlay	-	-	4	-
Miles of Construction	21.97	7.08	13.25	10.80
Miles of Bridge Constructed	-	-	0.02	0.01
Tons of Crushing	418,428.00	372,600.00	386,200.00	398,500.00
Miles of Crack Seal		60	47	19
Health and Human Services				
Health				
Public Health Home Visits	9,440	8,740	7,145	6,798
Public Health Nursing Service Screenings	2,582	2,339	3,501	2,262
Human Services				
Unduplicated Children in Out of Home Placement	649	712	702	725
Financial Assistance Cases	17,970	18,500	18,750	19,169
Child Support Cases	11,032	11,200	11,000	11,455
Persons Receiving DD (prev MR/RC) Waivered Services	714	707	702	677
Purchased Social Services (2)	\$ 110,962,782	\$ 113,170,010	\$ 119,215,990	\$ 125,925,606
Social Services Administrative costs (3)	\$ 20,758,769	\$ 22,366,144	\$ 20,733,845	\$ 22,068,291
Conservation of Natural Resources				
Land				
Total Acres of Tax Forfeit Lands	897,196	895,193	894,682	893,623
Contracts Sold	118	114	118	204
Closed Sales	124	118	100	72
Acres Harvested	9,527	10,593	7,828	6,073
Average Size of Sale (Acres)	77	90	78	84
Harvest Volume (Cords)	207,410	232,627	174,294	117,711
Cords Per Sale	1,673	1,971	1,743	1,635
Value	\$ 6,219,835	\$ 8,165,974	\$ 6,661,905	\$ 4,728,720
Average Value Per Sale	\$ 50,160	\$ 69,203	\$ 66,619	\$ 65,677
Average Value Per Cord	\$ 30	\$ 35	\$ 38	\$ 40
Average Value Per Cut Acre	\$ 653	\$ 771	\$ 851	\$ 779
Volume Per Cut Acre (Cords)	22	22	22	19
Value Per Tax Forfeit Acre	\$ 7	\$ 9	\$ 7	\$ 5
Environmental Services				
Tons of Municipal Solid Waste Landfilled	54,560	53,066	54,039	54,006
Tons of Industrial Waste Landfilled	17,970	8,621	9,362	7,359
Tons of Demolition Collected	4,570	4,844	4,715	6,395
Chris Jensen (4)				
Licensed Beds (5)	205	205	205	205
Capacity - Resident Days	75,030	74,825	74,825	74,825
Occupancy - Resident Days	72,405	72,214	71,734	68,626
Occupancy Percentage Rate	96.50%	96.51%	95.87%	91.72%
RUGS (6)	1.18	1.17	1.10	1.06
Medicare Resident Days	7,967	9,470	6,941	6,237
Medicaid Resident Days	53,884	48,873	46,478	43,212
Other Resident Days	10,554	13,871	18,315	19,177

Notes:

- (1) Beginning in 2012, Mine Inspector is reporting the number of mine investigations and inspections, rather than mine visits and inspections.
- (2) Purchased Social Services are payments made by DHS or Health and Human Services for St. Louis County residents
- (3) Includes children's services, child care, chemical dependency, mental health, developmental disabilities, adult services
- (4) Effective November 1, 2009, the Chris Jensen Health and Rehabilitation Center was leased to Health Dimensions Group, Inc./Jensen, LLC (HDG), DBA Chris Jensen, LLC
- (5) 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.
- (6) Beginning October 1, 2002, the state switched to the "RUG" (Resource Utilization Grouper) method for determining care level and reimbursement.

Schedule 16

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

		Fiscal Year				
2008	2009	2010	2011	2012	2013	
30,519	19,406	17,162	15,962	15,862	15,930	
18,785	18,335	18,470	18,755	19,621	15,180	
6,048	7,323	6,203	4,707	5,629	4,707	
50,363	48,747	51,436	53,959	52,944	38,180	
209	165	165	152	121	129	
593	474	477	457	508	528	
1,245	2,118	3,014	2,711	2,253	2,047	
2,603	1,629	2,169	2,643	2,396	2,253	
749	754	676	567	436	428	
0.61	2.00	0.25	3.05	-	-	
-	-	4.02	-	-	-	
20	29.52	17.15	21.62	34.20	11.20	
6	8.23	12.90	4.12	22.30	21.70	
6.01	1.18	7.23	11.43	21.70	5.00	
0.06	-	-	-	-	2.27	
345,100.00	310,182.00	257,009.00	304,288.00	291,296.00	209,965	
74	64	-	125	148	106.10	
5,560	4,228	4,493	5,840	6,472	7,476	
2,037	2,517	2,328	2,278	1,830	1,566	
770	787	793	735	780	869	
20,823	22,405	23,016	24,068	23,895	23,877	
11,600	11,549	11,758	11,900	11,917	11,871	
681	701	736	745	754	778	
\$ 125,497,474	\$ 129,795,521	\$ 134,200,110	\$ 133,734,173	unavailable	unavailable	
\$ 23,791,246	\$ 26,572,518	\$ 26,735,885	\$ 26,751,337	\$ 25,993,636	\$ 29,750,944	
892,938	892,726	892,642	893,003	893,040	893,193	
128	123	118	123	126	119	
97	97	127	134	111	108	
6,885	7,452	9,843	10,650	10,783	8,228	
71	77	78	79	97	76	
146,355	158,248	214,308	231,159	215,749	157,618	
1,509	1,631	1,687	1,725	1,944	1,459	
\$ 5,091,656	\$ 4,043,085	\$ 5,014,940	\$ 5,137,017	4,766,023	3,405,448	
\$ 52,491	\$ 41,681	\$ 39,488	\$ 38,336	42,937	31,532	
\$ 35	\$ 26	\$ 23	\$ 22	22	22	
\$ 740	\$ 543	\$ 509	\$ 482	442	414	
21	21	22	22	20	19	
\$ 6	\$ 5	\$ 6	\$ 6	5	4	
54,265	50,312	49,784	51,346	52,007	51,573	
6,219	2,794	8,963	12,304	12,675	14,647	
5,888	5,640	6,016	6,990	8,791	9,153	
189	189	-	-	-	-	
69,174	68,985	-	-	-	-	
63,581	49,517	-	-	-	-	
91.91%	86.18%	0.00%	0.00%	0.00%	0.00%	
1.06	1.09	-	-	-	-	
5,277	3,814	-	-	-	-	
36,350	32,095	-	-	-	-	
21,954	13,608	-	-	-	-	

Schedule 17

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Courthouses	3	3	3	3	3	3	3	3	3	3
Motor Pool Vehicles	115	109	117	126	126	126	127	138	131	135
Office Buildings	1	1	1	1	1	1	1	1	2	2
Parking Ramp	2	2	2	2	2	2	2	2	2	2
Public Safety										
Vehicles	120	123	121	121	122	121	143	147	166	172
Jail and Lockup Facilities	3	3	3	3	3	3	3	3	3	3
Emergency Operations Center	1	1	1	1	1	1	1	1	1	1
Highways and Streets										
Vehicles	218	210	214	242	225	220	221	218	220	231
Miles of County Road	1,578	1,578	1,583	1,578	1,582	1,588	1,573	1,576	1,600	1,594
Miles of County State Aid Road	1,385	1,385	1,385	1,385	1,383	1,385	1,385	1,392	1,392	1,392
Number of Bridges	605	605	604	598	597	597	596	594	594	601
Garages and Storage Buildings	86	86	86	88	84	84	86	88	90	91
Graders, Loaders and Heavy Trucks	397	394	400	417	396	378	376	383	380	376
Health and Sanitation										
Nursing Homes	1	1	1	1	1	1	1	1	1	1
Demolition Landfill	1	1	1	1	1	1	1	1	1	1
Regional Landfill	1	1	1	1	1	1	1	1	1	1
Recyclables Processing Facility	1	1	1	1	1	1	1	1	1	1
Transfer Station	5	5	5	5	5	5	5	5	5	5
Laundry Facility	1	1	1	1	1	-	-	-	-	-
Human Services										
Office Buildings	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
Heritage and Arts Center	1	1	1	1	1	1	1	1	1	1
Conservation of Natural Resources										
Vehicles	50	51	50	52	57	45	46	46	47	49
Offices and Garages	8	8	8	8	8	8	8	8	8	8
Graders, Loaders and Heavy Trucks	11	11	14	13	13	11	12	13	13	13

Sources:
St. Louis County Auditor
Individual County Departments