

**REPORT OF THE
STATE AUDITOR of MINNESOTA**

ST. LOUIS COUNTY
DULUTH, MINNESOTA

YEAR ENDED DECEMBER 31, 1986



ARNE H. CARLSON

State Auditor
St. Paul, Minnesota

REPORT OF THE STATE AUDITOR
ON THE
FINANCIAL AFFAIRS
OF
ST. LOUIS COUNTY
DULUTH, MINNESOTA
YEAR ENDED DECEMBER 31, 1986

ARNE H. CARLSON
State Auditor
Saint Paul, Minnesota

ST. LOUIS COUNTY
DULUTH, MINNESOTA

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ST. LOUIS COUNTY
DULUTH, MINNESOTA

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ST. LOUIS COUNTY
DULUTH, MINNESOTA

ORGANIZATION
AS OF DECEMBER 31, 1986

| Office | Name | Term of Office | |
|------------------------------|---------------------------|----------------|----------------|
| | | Start | Expires |
| Commissioners | | | |
| 1st District | Gary L. Doty | January 1985 | January 1989 |
| 2nd District | Marilyn Krueger | January 1983 | July 1987 |
| 3rd District | William J. Kron | January 1985 | January 1989 |
| 4th District | Herbert R. Lamma | January 1983 | January 1987 |
| 5th District | A. Lloyd Shannon | January 1985 | January 1989 |
| 6th District | Gary Cerkvenik | January 1983 | January 1987 |
| 7th District | Jerry Janezich | January 1985 | January 1989 |
| Officers | | | |
| Elected | | | |
| Attorney | Alan L. Mitchell | January 1983 | January 1987 |
| Auditor-Treasurer | Russell G. Petersen | January 1983 | January 1987 |
| District Court Judge | John T. Oswald | January 1985 | January 1987 |
| District Court Judge | Frank W. Donovan | January 1985 | January 1987 |
| District Court Judge | David E. Ackerson | January 1985 | January 1991 |
| District Court Judge | Galen C. Wilson | January 1981 | January 1987 |
| District Court Judge | Charles T. Barnes | January 1981 | January 1987 |
| District Court Judge | David S. Bouscher | January 1981 | January 1987 |
| District Court Judge | Mitchell A. Dubow | January 1981 | January 1987 |
| District Court Judge | Jack J. Litman | January 1984 | January 1990 |
| County Recorder | Clark A. Ilse | January 1983 | January 1987 |
| Probate - Juvenile Judge | Robert V. Campbell | January 1983 | January 1989 |
| Probate - Juvenile Judge | Gerald C. Martin | January 1979 | January 1987 |
| Sheriff | Ernie Grams | January 1983 | September 1986 |
| | Charles Berquist (acting) | September 1986 | January 1987 |
| Appointed | | | |
| Assessor | Scott Lindquist | January 1985 | December 1988 |
| Civil Service Director | Anthony J. Bruno, Jr. | | |
| Court Administrator | Joseph M. Lasky | | |
| Examiner of Titles | Robert C. Brown | | |
| Health Director | Dr. Harold Leppink | | Indefinite |
| Highway Engineer | Richard Hansen | September 1985 | January 1987 |
| Inspector of Mines | David Sandstrom | | |
| Land Commissioner | John J. Vogel | | |
| Medical Examiner | Dr. Donald W. Kundel | July 1986 | December 1986 |
| Planning and Zoning Director | John Jubala | | |
| Public Defender | Fred T. Friedman | | |
| Purchasing Agent | Chester Johnson | | |
| Surveyor | Norman B. Livgard | January 1983 | January 1987 |
| Veterans Service Officer | Richard Blakesley | | |
| Social Services Director | Robert C. Zeleznikar | | |

FINANCIAL SECTION



ARNE H. CARLSON
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR
SUITE 400
525 PARK STREET
SAINT PAUL 55103

296-2551

AUDITOR'S OPINION

The Honorable Lloyd Shannon, Chairperson
Board of County Commissioners
St. Louis County
Duluth, Minnesota 55802

We have examined the general purpose financial statements of St. Louis County, Minnesota, and its combining and individual fund financial statements, as of and for the year ended December 31, 1986, as listed in the table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements referred to above present fairly the financial position of St. Louis County at December 31, 1986, and the results of its operations and the changes in financial position of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the changes, with which we concur, in the accounting for employee deferred compensation and the classification of the Community Food Fund, and except for the change, with which we concur, in fund classification of the laundry facility activities, all described in Note 1D to the financial statements. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly the financial position of the individual funds of St. Louis County at December 31, 1986, and the results of operations of such funds and the changes in financial position of individual proprietary funds for the year then ended, in conformity with generally accepted accounting principles consistent with that of the preceding year after giving retroactive effect to the changes, with which we concur, in the accounting for employee deferred compensation and the classification of the Community Food Fund, and except for the change, with which we concur, in fund classification of the laundry facility activities, all described in Note 1D to the financial statements.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund financial statements. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of St. Louis County. The supporting information has been subjected to the auditing procedures applied in the examination of the general purpose, combining and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of the individual funds taken as a whole.



ARNE H. CARLSON
State Auditor

October 1, 1987

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1986

| <u>Assets and Other Debits</u> | <u>Governmental Fund Types</u> | | <u>Proprietary</u> |
|--|--------------------------------|----------------------------|----------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Enterprise</u> |
| Cash, pooled deposits, and investments | \$ 8,842,576 | \$ 8,802,727 | \$ 3,103,695 |
| Change funds | 18,070 | 25,225 | 1,000 |
| Departmental cash | 15,633 | 370 | - |
| Fund deposits and investments, at cost | - | 850,000 | - |
| Invested employee contributions | - | - | - |
| Receivables | | | |
| Taxes | | | |
| Unapportioned | 236,835 | 1,048,235 | 42,488 |
| Delinquent | 468,286 | 3,537,889 | 157,379 |
| Accounts | 3,019 | 571,391 | 1,591,802 |
| Accrued interest | 184,565 | 6,715 | - |
| Due from other funds | 500,100 | 97,736 | - |
| Due from other governments | 713,961 | 5,144,959 | 89,416 |
| Advance to other funds | - | - | - |
| Inventories, at cost | - | 8,355,496 | 166,663 |
| Prepaid expense | - | - | - |
| Restricted assets | | | |
| Improvement account - cash | - | - | 55,911 |
| Construction | | | |
| Cash, pooled deposits, and investments | - | - | 114,942 |
| Investments, at cost | - | - | - |
| Accrued interest receivable | - | - | 839 |
| Debt service | | | |
| Cash, pooled deposits, and investments | - | - | 444,259 |
| Fund deposits and investments, at cost | - | - | 400,000 |
| Accrued interest receivable | - | - | 5,901 |
| Fixed assets(net) | - | - | 8,401,257 |
| Amount to be provided for retirement of long-term debt | - | - | - |
| Amount to be provided for compensated absences | - | - | - |
| Total Assets and Other Debits | \$ 10,983,045 | \$ 28,440,743 | \$ 14,575,552 |

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

EXHIBIT 1

| Fund Types | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) | |
|---------------------|------------------------|-------------------------|------------------------------|--------------------------|-----------------------|
| | | General Fixed Assets | General Long-Term Debt | 1986 | 1985 |
| Internal Service | Trust and Agency | | | | |
| \$1,182,875 | \$ 7,153,479 | \$ - | \$ - | \$ 29,085,352 | \$ 27,614,070 |
| 3,025 | - | - | - | 47,320 | 52,320 |
| - | 32,578 | - | - | 48,581 | 418,638 |
| 2,221,214 | 2,409,710 | - | - | 5,480,924 | 2,095,028 |
| - | 8,839,726 | - | - | 8,839,726 | 6,909,265 |
| 2,475 | - | - | - | 1,330,033 | 458,106 |
| 8,687 | 85,809 | - | - | 4,258,050 | 3,412,791 |
| 31,146 | 1,428,782 | - | - | 3,626,140 | 3,683,016 |
| 24,288 | 14,756 | - | - | 230,324 | 257,155 |
| 519 | 1,435 | - | - | 599,790 | 1,017,865 |
| 48,544 | 128,322 | - | - | 6,125,202 | 6,884,872 |
| - | 17,114 | - | - | 17,114 | 17,114 |
| 182,808 | - | - | - | 8,704,967 | 6,515,695 |
| 2,415 | - | - | - | 2,415 | 56,286 |
| - | - | - | - | 55,911 | 53,069 |
| - | - | - | - | 114,942 | 984,043 |
| - | - | - | - | - | 1,155,575 |
| - | - | - | - | 839 | 82,396 |
| - | - | - | - | 444,259 | 32,829 |
| - | - | - | - | 400,000 | 418,533 |
| - | - | - | - | 5,901 | 13,254 |
| 1,531,495 | - | 51,375,080 | - | 61,307,832 | 57,114,622 |
| - | - | - | 833,296 | 833,296 | 1,171,159 |
| - | - | - | 4,163,734 | 4,163,734 | 4,063,650 |
| <u>\$5,239,491</u> | <u>\$20,111,711</u> | <u>\$ 51,375,080</u> | <u>\$ 4,997,030</u> | <u>\$ 135,722,652</u> | <u>\$ 124,481,351</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1986

| | Governmental Fund Types | | Proprietary |
|---|-------------------------|--------------------|--------------|
| | General | Special Revenue | Enterprise |
| <u>Liabilities and Fund Equity</u> | | | |
| Liabilities | | | |
| Cash deficit | \$ - | \$ 838,063 | \$ 45,401 |
| Accounts payable | 144,075 | 2,144,780 | 270,709 |
| Salaries payable | 538,525 | 1,017,728 | 343,349 |
| Accrued employee benefits | - | - | 524,219 |
| Employee benefits payable | - | - | 324,408 |
| Deferred compensation payable | - | - | - |
| Claims payable | - | - | - |
| Unapportioned taxes payable | - | - | - |
| Due to other funds | - | 219,024 | 2,349 |
| Due to other governments | 13,463 | 754,645 | - |
| Deferred revenue | 353,660 | 4,853,251 | 183,618 |
| Current portion long-term debt | - | - | 66,300 |
| Accrued interest payable | - | - | 80,000 |
| Current liabilities (payable from restricted assets) | | | |
| Accounts payable | - | - | - |
| Contract payable | - | - | 79,270 |
| Retainage payable | - | - | 20,428 |
| Accrued interest payable | - | - | 174,880 |
| Bonds payable | - | - | 325,000 |
| Advances from other funds | - | - | 17,114 |
| Food stamps issuable | - | 6,256,324 | - |
| Bonds payable (net) | - | - | 5,564,405 |
| Loans payable | - | - | 683,700 |
| Installment purchases | - | - | - |
| Long-term leases payable | - | - | - |
| Total Liabilities | \$ 1,049,723 | \$ 16,083,815 | \$ 8,705,150 |

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

EXHIBIT 1
(Continued)

| <u>Fund Types</u> | <u>Fiduciary Fund Type</u> | <u>Account Groups</u> | | <u>Totals (Memorandum Only)</u> | |
|---------------------|--------------------------------|---------------------------------|---------------------------------------|---------------------------------|----------------------|
| | | <u>General Fixed Assets</u> | <u>General Long-Term Debt</u> | <u>1986</u> | <u>1985</u> |
| Internal Service | Trust and Agency | | | | |
| \$ 182,726 | \$ - | \$ - | \$ - | \$ 1,066,190 | \$ - |
| 177,460 | 2,116,559 | - | - | 4,853,583 | 5,604,328 |
| 41,885 | 26,255 | - | - | 1,967,742 | 1,646,019 |
| 65,117 | 153,943 | - | 3,227,707 | 3,970,986 | 3,797,973 |
| 15,449 | - | - | 936,027 | 1,275,884 | 1,277,108 |
| - | 8,839,726 | - | - | 8,839,726 | 6,909,265 |
| 365,518 | - | - | - | 365,518 | 488,182 |
| - | 1,330,033 | - | - | 1,330,033 | 505,771 |
| - | 378,417 | - | - | 599,790 | 1,017,865 |
| 76,113 | 5,063,619 | - | - | 5,907,840 | 3,652,966 |
| 7,962 | 1,447,413 | - | - | 6,845,904 | 4,778,400 |
| - | - | - | - | 66,300 | - |
| - | - | - | - | 80,000 | - |
| - | - | - | - | - | 2,626 |
| - | - | - | - | 79,270 | 234,343 |
| - | - | - | - | 20,428 | 228,193 |
| - | - | - | - | 174,880 | 174,880 |
| - | - | - | - | 325,000 | - |
| - | - | - | - | 17,114 | 17,114 |
| - | - | - | - | 6,256,324 | 4,455,431 |
| - | - | - | - | 5,564,405 | 4,689,067 |
| - | - | - | - | 683,700 | - |
| 53,047 | - | - | - | 53,047 | 62,821 |
| - | - | - | 833,296 | 833,296 | 1,171,159 |
| <u>\$ 985,277</u> | <u>\$19,355,965</u> | <u>\$ -</u> | <u>\$ 4,997,030</u> | <u>\$ 51,176,960</u> | <u>\$ 40,713,511</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1986

| | Governmental Fund Types | | Proprietary |
|---|-------------------------|--------------------|-------------------|
| | General | Special Revenue | Enterprise |
| <u>Liabilities and Fund Equity</u> (Continued) | | | |
| Fund Equity | | | |
| Contributed capital | \$ - | \$ - | \$ 786,412 |
| Investment in general fixed assets | - | - | - |
| Retained earnings | | | |
| Reserved for improvement account | - | - | 55,911 |
| Reserved for debt service | - | - | 350,280 |
| Unreserved - undesignated | - | - | 4,677,799 |
| Fund balance | | | |
| Reserved for change funds | 18,070 | 23,125 | - |
| Reserved for noncurrent loans | 675,084 | - | - |
| Reserved for inventories | - | 2,099,172 | - |
| Reserved for advances to other funds | - | - | - |
| Reserved for encumbrances | 625,265 | 3,731,480 | - |
| Reserved for health and welfare | 747,811 | 1,025,224 | - |
| Reserved for assurance fund | - | - | - |
| Reserved for state deeds | - | - | - |
| Reserved for boat and water safety | 10,318 | - | - |
| Reserved for law library | 100,333 | - | - |
| Reserved for foster care insurance | - | 6,000 | - |
| Reserved for model employment program | - | 5,932 | - |
| Reserved for unorganized town roads | - | 214,015 | - |
| Reserved for data processing | 389,391 | - | - |
| Unreserved - Undesignated | 7,367,050 | 5,251,980 | - |
| Total Fund Equity | \$ 9,933,322 | \$ 12,356,928 | \$ 5,870,402 |
| Total Liabilities and Fund Equity | \$ 10,983,045 | \$ 28,440,743 | \$ 14,575,552 |

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

EXHIBIT 1

| <u>Fund Types</u> | <u>Fiduciary Fund Type</u> | <u>Account Groups</u> | | <u>Totals (Memorandum Only)</u> | |
|--------------------|--------------------------------|---------------------------------|---------------------------------------|---------------------------------|-----------------------|
| | | <u>General Fixed Assets</u> | <u>General Long-Term Debt</u> | <u>1986</u> | <u>1985</u> |
| \$1,875,910 | \$ - | \$ - | \$ - | \$ 2,662,322 | \$ 1,145,328 |
| - | - | 51,375,080 | - | 51,375,080 | 49,893,249 |
| - | - | - | - | 55,911 | 53,069 |
| - | - | - | - | 350,280 | 289,736 |
| 2,378,304 | - | - | - | 7,056,103 | 7,966,732 |
| - | - | - | - | 41,195 | 46,195 |
| - | - | - | - | 675,084 | 690,084 |
| - | - | - | - | 2,099,172 | 1,620,000 |
| - | 17,114 | - | - | 17,114 | 17,114 |
| - | 8,380 | - | - | 4,365,125 | 1,731,783 |
| - | 17,908 | - | - | 1,790,943 | 1,620,945 |
| - | 14,388 | - | - | 14,388 | 7,520 |
| - | 1,367 | - | - | 1,367 | 1,700 |
| - | - | - | - | 10,318 | - |
| - | - | - | - | 100,333 | 73,376 |
| - | - | - | - | 6,000 | 6,000 |
| - | - | - | - | 5,932 | 34,229 |
| - | - | - | - | 214,015 | 311,195 |
| - | - | - | - | 389,391 | 766,341 |
| - | 696,589 | - | - | 13,315,619 | 17,493,244 |
| <u>\$4,254,214</u> | <u>\$ 755,746</u> | <u>\$ 51,375,080</u> | <u>\$ -</u> | <u>\$ 84,545,692</u> | <u>\$ 83,767,840</u> |
| <u>\$5,239,491</u> | <u>\$20,111,711</u> | <u>\$ 51,375,080</u> | <u>\$ 4,997,030</u> | <u>\$ 135,722,652</u> | <u>\$ 124,481,351</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

EXHIBIT 2

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
YEAR ENDED DECEMBER 31, 1986

| | Governmental Fund Types | | Fiduciary | Totals (Memorandum Only) | |
|---|-------------------------|-----------------------|---------------------|--------------------------|-----------------------|
| | General | Special Revenue | Expendable Trust | | |
| | | | | 1986 | 1985 |
| Revenues | | | | | |
| Taxes | \$ 9,919,249 | \$ 36,421,619 | \$ - | \$ 46,340,868 | \$ 44,416,469 |
| Licenses and permits | 101,501 | 18,321 | - | 119,822 | 195,753 |
| Intergovernmental | 2,253,411 | 76,182,734 | 481,265 | 78,917,410 | 78,789,774 |
| Charges for services | 2,196,307 | 3,141,274 | 35,451 | 5,373,032 | 5,194,344 |
| Fines and forfeits | 515,278 | - | - | 515,278 | 499,124 |
| Gifts and contributions | - | - | - | - | 250,000 |
| Interest on investments | 2,053,132 | 50,883 | - | 2,104,015 | 2,762,244 |
| Miscellaneous | 197,732 | 3,348,773 | 1,725,437 | 5,271,942 | 5,120,395 |
| Total Revenues | \$ 17,236,610 | \$ 119,163,604 | \$ 2,242,153 | \$ 138,642,367 | \$ 137,228,103 |
| Expenditures | | | | | |
| Current | | | | | |
| General government | \$ 13,270,920 | \$ 980,378 | \$ - | \$ 14,251,298 | \$ 11,909,328 |
| Public safety | 6,303,569 | 2,359,517 | - | 8,663,086 | 7,703,990 |
| Highways and streets | - | 27,187,818 | - | 27,187,818 | 29,619,492 |
| Health | - | 3,052,508 | - | 3,052,508 | 3,025,133 |
| Welfare | - | 80,735,122 | - | 80,735,122 | 83,880,627 |
| Sanitation | - | 1,046,349 | - | 1,046,349 | 840,250 |
| Culture and recreation | 162,001 | 180,000 | - | 342,001 | 337,001 |
| Conservation of natural resources | 485,638 | 2,430,065 | 2,174,421 | 5,090,124 | 4,975,924 |
| Economic development | 64,950 | 122,640 | - | 187,590 | 155,572 |
| Miscellaneous | - | - | 222,381 | 222,381 | 3,225,587 |
| Total Expenditures | \$ 20,287,078 | \$ 118,094,397 | \$ 2,396,802 | \$ 140,778,277 | \$ 145,672,904 |
| Excess of Revenues Over (Under) Expenditures | \$ (3,050,468) | \$ 1,069,207 | \$ (154,649) | \$ (2,135,910) | \$ (8,444,801) |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

EXHIBIT 2
(Continued)

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
YEAR ENDED DECEMBER 31, 1986

| | <u>Governmental Fund Types</u> | | <u>Fiduciary</u> | <u>Totals (Memorandum Only)</u> | |
|---|--------------------------------|------------------------|-------------------------|---------------------------------|----------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Expendable Trust</u> | <u>1986</u> | <u>1985</u> |
| Other Financing Sources (Uses) | | | | | |
| Capital leases | \$ - | \$ 283,008 | \$ - | \$ 283,008 | 289,833 |
| Operating transfers in | 119,215 | 1,506,717 | 368,402 | 1,994,334 | \$ 1,931,780 |
| Operating transfers out | - | (1,625,932) | (368,402) | (1,994,334) | (1,918,894) |
| Total Other Financing Sources (Uses) | \$ 119,215 | \$ 163,793 | \$ - | \$ 283,008 | \$ 302,719 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | \$ (2,931,253) | \$ 1,233,000 | \$ (154,649) | \$ (1,852,902) | \$ (8,142,082) |
| Fund Balance - January 1 | 12,597,820 | 10,911,511 | 910,395 | 24,419,726 | 36,624,656 |
| Equity transfer in (out) | 266,755 | (266,755) | - | - | - |
| Increase (decrease) in reserved for inventories | - | 479,172 | - | 479,172 | (4,062,848) |
| Fund Balance - December 31 | \$ 9,933,322 | \$ 12,356,928 | \$ 755,746 | \$ 23,045,996 | \$ 24,419,726 |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND AND SPECIAL REVENUE FUND TYPE
YEAR ENDED DECEMBER 31, 1986

| | General Fund | | Variance Favorable (Unfavorable) |
|---|-----------------------|-----------------------|--|
| | Budget | Actual | |
| Revenues | | | |
| Taxes | \$ 8,978,995 | \$ 9,919,249 | \$ 940,254 |
| Licenses and permits | 138,000 | 101,501 | (36,499) |
| Intergovernmental | 1,262,227 | 2,253,411 | 991,184 |
| Charges for services | 1,412,000 | 2,196,307 | 784,307 |
| Fines and forfeits | 455,000 | 515,278 | 60,278 |
| Interest on investments | 1,800,000 | 2,053,132 | 253,132 |
| Miscellaneous | 52,060 | 197,732 | 145,672 |
| Total Revenues | <u>\$ 14,098,282</u> | <u>\$ 17,236,610</u> | <u>\$ 3,138,328</u> |
| Expenditures | | | |
| Current | | | |
| General government | \$ 13,601,234 | \$ 13,270,920 | \$ 330,314 |
| Public safety | 6,385,174 | 6,303,569 | 81,605 |
| Highways and streets | - | - | - |
| Health | - | - | - |
| Welfare | - | - | - |
| Sanitation | - | - | - |
| Culture and recreation | 162,001 | 162,001 | - |
| Conservation of natural resources | 487,550 | 485,638 | 1,912 |
| Economic development | 64,950 | 64,950 | - |
| Total Expenditures | <u>\$ 20,700,909</u> | <u>\$ 20,287,078</u> | <u>\$ 413,831</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ (6,602,627)</u> | <u>\$ (3,050,468)</u> | <u>\$ 3,552,159</u> |
| Other Financing Sources (Uses) | | | |
| Capital leases | \$ - | \$ - | \$ - |
| Operating transfers in | 119,215 | 119,215 | - |
| Operating transfers out | - | - | - |
| Total Other Financing Sources (Uses) | <u>\$ 119,215</u> | <u>\$ 119,215</u> | <u>\$ -</u> |

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

EXHIBIT 3

| Special Revenue Funds | | | Totals (Memorandum Only) | | |
|-----------------------|-----------------------|----------------------------------|--------------------------|-----------------------|----------------------------------|
| Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| \$ 36,847,313 | \$ 36,421,619 | \$ (425,694) | \$ 45,826,308 | \$ 46,340,868 | \$ 514,560 |
| 137,800 | 18,321 | (119,479) | 275,800 | 119,822 | (155,978) |
| 74,313,362 | 76,182,734 | 1,869,372 | 75,575,589 | 78,436,145 | 2,860,556 |
| 2,683,900 | 3,141,274 | 457,374 | 4,095,900 | 5,337,581 | 1,241,681 |
| - | - | - | 455,000 | 515,278 | 60,278 |
| - | 50,883 | 50,883 | 1,800,000 | 2,104,015 | 304,015 |
| <u>2,989,061</u> | <u>3,348,773</u> | <u>359,712</u> | <u>3,041,121</u> | <u>3,546,505</u> | <u>505,384</u> |
| <u>\$ 116,971,436</u> | <u>\$ 119,163,604</u> | <u>\$ 2,192,168</u> | <u>\$ 131,069,718</u> | <u>\$ 136,400,214</u> | <u>\$ 5,330,496</u> |
| \$ 998,859 | \$ 980,378 | \$ 18,481 | \$ 14,600,093 | \$ 14,251,298 | \$ 348,795 |
| 2,359,517 | 2,359,517 | - | 8,744,691 | 8,663,086 | 81,605 |
| 29,226,101 | 27,187,818 | 2,038,283 | 29,226,101 | 27,187,818 | 2,038,283 |
| 3,235,850 | 3,052,508 | 183,342 | 3,235,850 | 3,052,508 | 183,342 |
| 77,003,226 | 80,735,122 | (3,731,896) | 77,003,226 | 80,735,122 | (3,731,896) |
| 1,091,049 | 1,046,349 | 44,700 | 1,091,049 | 1,046,349 | 44,700 |
| 180,000 | 180,000 | - | 342,001 | 342,001 | - |
| 1,920,137 | 2,430,065 | (509,928) | 2,407,687 | 2,915,703 | (508,016) |
| <u>153,638</u> | <u>122,640</u> | <u>30,998</u> | <u>218,588</u> | <u>187,590</u> | <u>30,998</u> |
| <u>\$ 116,168,377</u> | <u>\$ 118,094,397</u> | <u>\$ (1,926,020)</u> | <u>\$ 136,869,286</u> | <u>\$ 138,381,475</u> | <u>\$ (1,512,189)</u> |
| \$ 803,059 | \$ 1,069,207 | \$ 266,148 | \$ (5,799,568) | \$ (1,981,261) | \$ 3,818,307 |
| \$ - | \$ 283,008 | \$ 283,008 | \$ - | \$ 283,008 | \$ 283,008 |
| 1,506,717 | 1,506,717 | - | 1,625,932 | 1,625,932 | - |
| <u>(1,429,863)</u> | <u>(1,625,932)</u> | <u>(196,069)</u> | <u>(1,429,863)</u> | <u>(1,625,932)</u> | <u>(196,069)</u> |
| <u>\$ 76,854</u> | <u>\$ 163,793</u> | <u>\$ 86,939</u> | <u>\$ 196,069</u> | <u>\$ 283,008</u> | <u>\$ 86,939</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND AND SPECIAL REVENUE FUND TYPE
YEAR ENDED DECEMBER 31, 1986

| | General Fund | | Variance Favorable (Unfavorable) |
|---|---------------------|---------------------|--|
| | Budget | Actual | |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | \$ (6,483,412) | \$ (2,931,253) | \$ 3,552,159 |
| Fund Balance - January 1 | 12,597,820 | 12,597,820 | - |
| Increase in reserved for inventories | - | - | - |
| Equity transfer in (out) | <u>266,755</u> | <u>266,755</u> | <u>-</u> |
| Fund Balance - December 31 | <u>\$ 6,381,163</u> | <u>\$ 9,933,322</u> | <u>\$ 3,552,159</u> |

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

EXHIBIT 3
(Continued)

| <u>Special Revenue Funds</u> | | | <u>Totals (Memorandum Only)</u> | | |
|------------------------------|----------------------|---|---------------------------------|----------------------|---|
| <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
| \$ 879,913 | \$ 1,233,000 | \$ 353,087 | \$ (5,603,499) | \$ (1,698,253) | \$ 3,905,246 |
| 10,911,511 | 10,911,511 | - | 23,509,331 | 23,509,331 | - |
| 479,172 | 479,172 | - | 479,172 | 479,172 | - |
| <u>(266,755)</u> | <u>(266,755)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 12,003,841</u> | <u>\$ 12,356,928</u> | <u>\$ 353,087</u> | <u>\$ 18,385,004</u> | <u>\$ 22,290,250</u> | <u>\$ 3,905,246</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

EXHIBIT 4

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
YEAR ENDED DECEMBER 31, 1986

| | Enterprise | Internal Service | Totals (Memorandum Only) | |
|---|-----------------------|---------------------|--------------------------|-----------------------|
| | | | 1986 | 1985 |
| Operating Revenues | | | | |
| Charges for services | \$ 13,056,867 | \$ 5,054,357 | \$ 18,111,224 | \$ 18,680,082 |
| Other | <u>247,253</u> | <u>15,163</u> | <u>262,416</u> | <u>303,421</u> |
| Total Operating Revenues | <u>\$ 13,304,120</u> | <u>\$ 5,069,520</u> | <u>\$ 18,373,640</u> | <u>\$ 18,983,503</u> |
| Operating Expenses | | | | |
| Personal services | \$ 11,037,090 | \$ 1,329,516 | \$ 12,366,606 | \$ 12,782,781 |
| Services and charges | 1,843,803 | 2,703,784 | 4,547,587 | 4,426,274 |
| Direct material | 1,224,957 | 999,848 | 2,224,805 | 2,445,797 |
| Depreciation | <u>236,294</u> | <u>183,973</u> | <u>420,267</u> | <u>381,962</u> |
| Total Operating Expenses | <u>\$ 14,342,144</u> | <u>\$ 5,217,121</u> | <u>\$ 19,559,265</u> | <u>\$ 20,036,814</u> |
| Operating income (loss) | <u>\$ (1,038,024)</u> | <u>\$ (147,601)</u> | <u>\$ (1,185,625)</u> | <u>\$ (1,053,311)</u> |
| Nonoperating Revenues (Expenses) | | | | |
| Taxes | \$ 1,697,850 | \$ 98,229 | \$ 1,796,079 | \$ 1,801,085 |
| Grants | 238,870 | - | 238,870 | 232,554 |
| Gain on sale of equipment | - | 5,387 | 5,387 | (10,958) |
| Interest on investments | 72,837 | 152,526 | 225,363 | 301,035 |
| Interest expense | (517,282) | - | (517,282) | (419,712) |
| Amortization | (11,757) | - | (11,757) | (11,002) |
| Other expense | (428) | - | (428) | (1,179) |
| Loss on disposal of fixed assets | <u>(667,268)</u> | <u>-</u> | <u>(667,268)</u> | <u>-</u> |
| Total Nonoperating Revenues (Expenses) | <u>\$ 812,822</u> | <u>\$ 256,142</u> | <u>\$ 1,068,964</u> | <u>\$ 1,891,823</u> |
| Income (loss) before operating transfers | <u>\$ (225,202)</u> | <u>\$ 108,541</u> | <u>\$ (116,661)</u> | <u>\$ 838,512</u> |
| Operating transfers in (out) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(12,886)</u> |
| Net Income (Loss) | <u>\$ (225,202)</u> | <u>\$ 108,541</u> | <u>\$ (116,661)</u> | <u>\$ 825,626</u> |
| Retained earnings - January 1 | 6,039,774 | 2,269,763 | 8,309,537 | 7,483,911 |
| Equity transfers in (out) | <u>(730,582)</u> | <u>-</u> | <u>(730,582)</u> | <u>-</u> |
| Retained earnings - December 31 | <u>\$ 5,083,990</u> | <u>\$ 2,378,304</u> | <u>\$ 7,462,294</u> | <u>\$ 8,309,537</u> |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

EXHIBIT 5

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES
YEAR ENDED DECEMBER 31, 1986

| | Enterprise | Internal Service | Totals (Memorandum Only) | |
|---|---------------------|---------------------|--------------------------|---------------------|
| | | | 1986 | 1985 |
| Sources of Working Capital | | | | |
| Operations | | | | |
| Net income (loss) | \$ (225,202) | \$ 108,541 | \$ (116,661) | \$ 825,626 |
| Items not requiring (providing) working capital | | | | |
| Increase in contributions | - | - | - | 4,915 |
| Depreciation | 236,294 | 183,973 | 420,267 | 381,962 |
| Amortization | 11,757 | - | 11,757 | 11,002 |
| Disposal of fixed assets | 709,427 | - | 709,427 | (15,002) |
| Working capital provided by operations | \$ 732,276 | \$ 292,514 | \$ 1,024,790 | \$ 1,208,503 |
| Increase in contributed capital | 786,412 | 730,582 | 1,516,994 | - |
| Increase in restricted liabilities | - | - | - | 327,638 |
| Increase in long-term liabilities | 1,929,526 | 16,233 | 1,945,759 | 37,562 |
| Transfer in of fixed assets | 535,209 | - | 535,209 | - |
| Decrease in restricted assets | 2,035,993 | - | 2,035,993 | 2,227,158 |
| Total Sources of Working Capital | \$ 6,019,416 | \$ 1,039,329 | \$ 7,058,745 | \$ 3,800,861 |
| Uses of Working Capital | | | | |
| Transfer of fixed assets | \$ - | \$ 535,209 | \$ 535,209 | \$ - |
| Acquisition of fixed assets | 3,739,024 | 102,048 | 3,841,072 | 2,643,671 |
| Increase in restricted assets | 318,146 | - | 318,146 | - |
| Decrease in restricted liabilities | 40,464 | - | 40,464 | 15,139 |
| Decrease in long-term liabilities | 330,024 | 16,386 | 346,410 | 56,508 |
| Transfer of retained earnings | 730,582 | - | 730,582 | - |
| Total Uses of Working Capital | \$ 5,158,240 | \$ 653,643 | \$ 5,811,883 | \$ 2,715,318 |
| Net Increase (Decrease) in Working Capital | \$ 861,176 | \$ 385,686 | \$ 1,246,862 | \$ 1,085,543 |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

EXHIBIT 5
(Continued)

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES
YEAR ENDED DECEMBER 31, 1986

| | Enterprise | Internal Service | Totals (Memorandum Only) | |
|--|----------------|---------------------|--------------------------|------------------|
| | | | 1986 | 1985 |
| Elements of Net Increase (Decrease) in Working Capital | | | | |
| Cash, pooled deposits and investments | \$ 688,795 | \$ 632,318 | \$ 1,321,113 | \$ 848,506 |
| Departmental cash | - | (19,252) | (19,252) | 19,252 |
| Fund deposits and investments | - | 241,186 | 241,186 | 638,797 |
| Taxes receivables | 55,212 | 2,789 | 58,001 | (15,819) |
| Accounts receivable | (74,292) | (605) | (74,897) | (19,637) |
| Accrued interest receivable | - | (17,006) | (17,006) | 10,507 |
| Due from other funds | (200) | (615,665) | (615,865) | (391) |
| Due from other governments | 4,012 | 38,262 | 42,274 | (50,038) |
| Inventories, at cost | (182,453) | 91,660 | (90,793) | (33,441) |
| Prepaid expenses | (1,901) | 819 | (1,082) | (614) |
| Accounts payable | 3,893 | (87,254) | (83,361) | 57,574 |
| Salaries payable | 45,918 | (21,497) | 24,421 | (20,642) |
| Accrued employee benefits | 59,030 | (42,973) | 16,057 | (20,055) |
| Claims payable | - | 122,664 | 122,664 | (179,532) |
| Due to other funds | 471,230 | 2,825 | 474,055 | (35,307) |
| Due to other governments | 10 | 46,236 | 46,246 | (121,861) |
| Accrued interest payable | (80,000) | - | (80,000) | - |
| Deferred revenue | (61,778) | 11,041 | (50,737) | 9,950 |
| Installment purchases | - | 138 | 138 | (1,706) |
| Current portion of long-term debt | (66,300) | - | (66,300) | - |
| Net Increase (Decrease) in Working Capital | \$ 861,176 | \$ 385,686 | \$ 1,246,862 | \$ 1,085,543 |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

1. Summary of Significant Accounting Policies

St. Louis County was established March 1, 1856, as an organized county having powers, duties and privileges granted counties by Minn. Stat. ch. 373 (1986). The County is governed by a seven-member Board of Commissioners elected from districts within the County. The Board is organized with a chairperson and vice-chairperson 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.

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

In accordance with generally accepted accounting principles, for financial reporting purposes, the County's financial statements include all account groups, departments, agencies, boards, commissions, and other organizations over which St. Louis County exercises oversight responsibility. Oversight responsibility includes such duties as appointment of governing body members, budget review, approval of property tax levies, outstanding debt secured by St. Louis County's full faith and credit or revenues, responsibility for funding deficits, and others.

As a result of applying generally accepted accounting principles, the following organizations have been excluded from the County's financial statements because the County is a source of funding only.

Excluded

Aid to Victims of Sexual Assault
Promotional Bureau
North and South St. Louis County Fairs (Proctor and Hibbing)
Arrowhead Library System
Ambulance
Historical Society
County Agent and County Extension Committee
Safety Council
North and South St. Louis County Soil Conservation Districts
Seaway Port Authority of Duluth
Community Fairs
Arrowhead Regional Development Commission
Solid Waste Authorities

ST. LOUIS COUNTY
DULUTH, MINNESOTA

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation - Fund Accounting

The accounts of St. Louis County are organized on the basis of funds and account groups, each of which is considered a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into five generic fund types and three broad fund categories. A description of the fund types and account groups used by the County follows.

Government Funds

The General Fund - is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

Proprietary Funds

Enterprise Funds - are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds - are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

1. Summary of Significant Accounting Policies

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Trust and Agency Funds - are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. These include Expendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

The General Fixed Assets Account Group - is used to account for the County's fixed assets other than those accounted for in proprietary funds. Public domain ("infrastructure") general fixed assets, consisting of certain improvements other than buildings, are not capitalized.

The General Long-Term Debt Account Group - is used to account for the County's long-term liabilities other than those accounted for in proprietary funds.

C. Basis of Accounting

Governmental, expendable trust, and agency funds are reported on the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue sources susceptible to accrual include property taxes, intergovernmental revenue, and investment earnings. Expenditures are recognized when the corresponding liabilities are incurred, except for principal and interest on general long-term debt, which are recognized when due, and accumulated vacation and sick leave, which are recognized when used.

Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred.

D. Accounting Changes

1. Deferred Compensation Agency Fund

The Deferred Compensation Agency Fund was established to account for

ST. LOUIS COUNTY
DULUTH, MINNESOTA

1. Summary of Significant Accounting Policies

D. Accounting Changes

1. Deferred Compensation Agency Fund (Continued)

the County employees' deferred compensation plans in accordance with the Governmental Accounting Standards Board Statement No. 2. The adjustments needed to establish this fund did not affect fund balance as the fund's assets were equally offset by a liability for monies owed to the employees. The January 1, 1986, assets and liabilities for agency funds were increased by \$6,909,265 as a result of this accounting change.

2. Community Food Internal Service Fund

The Community Food Fund was reclassified from an enterprise fund for the year ended December 31, 1985, to an internal service fund for the year ended December 31, 1986, to more accurately reflect the nature of the fund. Prior period amounts have been restated as a result of this reclassification.

3. Laundry Internal Service Fund

Effective January 1, 1986, the County Board authorized the transfer of the laundry facility activities from the Chris Jensen Nursing Home Enterprise Fund to a new internal service fund to better reflect the operations of the laundry facility. The amounts transferred include the following:

| | |
|-------------------------------------|-------------------|
| Current Assets | |
| Accounts receivable | \$ 49,573 |
| Inventories | <u>122,020</u> |
| Total Current Assets | \$ 171,593 |
| Fixed Assets | |
| Buildings | 573,223 |
| Equipment | 280,043 |
| Accumulated depreciation | <u>(318,057)</u> |
| Total Assets | \$ 706,802 |
| Current Liabilities | |
| Accounts payable | (23,480) |
| Accrued vacation payable | (32,740) |
| Cash from Chris Jensen Nursing Home | <u>80,000</u> |
| Residual Equity Transfer | <u>\$ 730,582</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

1. Summary of Significant Accounting Policies

D. Accounting Changes

3. Laundry Internal Service Fund (Continued)

No restatement of the financial statements for the year ended December 31, 1985, was made for the equity transfer of the laundry facility's operations because the laundry activity was not sufficiently segregated to present comparative financial statements.

E. Budgetary Data

General Budget Policies

The County Board adopts estimated revenue and expenditure budgets for the General and Special Revenue Funds.

The budget may be amended or modified at any time by the County Board. Comparisons of estimated revenue and expenditures to actual are presented in the financial statements for the General and Special Revenue Funds.

Encumbrances

Encumbrance accounting, under which commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the governmental funds. Encumbrances outstanding at year-end are reported as reserved fund balances since they do not constitute expenditures or liabilities.

Budget Basis of Accounting

Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles, except as indicated in Note 1F2 to the financial statements.

F. Assets, Liabilities, and Fund Equity Accounts

1. Assets

Investments

Fund and pooled (in lieu of cash) investments are stated at cost, which approximates market value.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

1. Summary of Significant Accounting Policies

F. Assets, Liabilities, and Fund Equity Accounts

1. Assets (Continued)

Advance to Other Funds

Noncurrent portions of long-term interfund loans receivable (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources." There are no current portions of long-term interfund loans receivable.

Inventories

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

Food stamp inventory is valued at the face value of the stamps. Food stamps are held by the County until they are issued to qualified individuals as prescribed by federal guidelines. The Social Services Special Revenue Fund food stamp inventory is offset by the liability "Food stamps issuable" to indicate that the County does not own the stamps but is only administering them for the federal government.

The Enterprise Fund inventories consist of expendable supplies held for consumption and are recorded as an expense when used. Internal Service Fund inventories consist of items for resale and are recorded as an expense when used or sold.

Long-Term Receivables

Noncurrent portions of long-term receivables due from other governments are equally offset by the fund balance reserved for noncurrent loans account to indicate that they should not be considered "available spendable resources," since they do not represent current assets.

Fixed Assets

All fixed assets other than donated fixed assets, are valued at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair value on the date donated.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

1. Summary of Significant Accounting Policies

F. Assets, Liabilities, and Fund Equity Accounts

1. Assets

Fixed Assets (Continued)

No depreciation has been provided on general fixed assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are:

| | |
|--------------|--------------------------|
| Buildings | 50 years |
| Improvements | 50 years |
| Equipment | Varies from 5 - 20 years |

2. Liabilities

Because the treatment of capital leases as an expenditure in governmental funds does not provide for an increase in appropriations for the current year, the budget and actual expenditure comparisons for the Special Revenue Funds for the year ended December 31, 1986, are reconciled on the following schedule.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

1. Summary of Significant Accounting Policies

F. Assets, Liabilities, and Fund Equity Accounts

2. Liabilities (Continued)

| | <u>Budgeted</u> | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| | <u>Expenditures</u> | <u>Expenditures</u> | <u>Capital Lease</u> | <u>Expenditures</u> | <u>Favorable</u> |
| | | | <u>Expenditures</u> | <u>Net of</u> | <u>(Unfavorable)</u> |
| | | | | <u>Capital Lease</u> | <u>Net of</u> |
| | | | | <u>Expenditures</u> | <u>Capital Lease</u> |
| | | | | | <u>Expenditures</u> |
| Special Revenue Funds | | | | | |
| County Grants and | | | | | |
| Subsidies | \$ 2,702,672 | \$ 2,671,674 | \$ - | \$ 2,671,674 | \$ 30,998 |
| Federal Fiscal | | | | | |
| Assistance | 1,847,057 | 2,090,619 | 283,008 | 1,807,611 | 39,446 |
| Land Investment | 1,920,137 | 2,430,065 | - | 2,430,065 | (509,928) |
| Public Health | 3,235,850 | 3,052,508 | - | 3,052,508 | 183,342 |
| Road and Bridge | 28,486,625 | 26,186,299 | - | 26,186,299 | 2,300,326 |
| Social Services | 76,884,987 | 80,616,883 | - | 80,616,883 | (3,731,896) |
| Solid Waste | | | | | |
| Authorities | 942,843 | 907,881 | - | 907,881 | 34,962 |
| Solid Waste | | | | | |
| Management | <u>148,206</u> | <u>138,468</u> | <u>-</u> | <u>138,468</u> | <u>9,738</u> |
| Total Special | | | | | |
| Revenue Funds | <u>\$ 116,168,377</u> | <u>\$ 118,094,397</u> | <u>\$ 283,008</u> | <u>\$ 117,811,389</u> | <u>\$ (1,643,012)</u> |

3. Fund Equity

Fund equity is divided into sections:

- The contributed capital account indicates permanent fund capital contributed to the Enterprise and Internal Service Funds.
- The account "Investment in general fixed assets" represents the County's equity in general fixed assets.
- The retained earnings accounts are subdivided:

Retained earnings reserved for improvement account indicates that portion of retained earnings which is legally set aside to be used for the replacement of fixed assets.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

1. Summary of Significant Accounting Policies

F. Assets, Liabilities, and Fund Equity Accounts

3. Fund Equity (Continued)

Retained earnings reserved for debt service account indicates that portion of retained earnings which is legally set aside to be used for the payment of general obligation bonds.

Retained earnings unreserved accounts indicate the accumulated earnings that may be available for expensing in future periods.

- Fund balance accounts are subdivided:

Reserved fund balance accounts indicate that portion of fund equity which has been legally segregated for specific purposes, or is not appropriate for expenditure.

Unreserved, undesignated fund balance accounts indicate that portion of fund equity which is available for budgeting and expending in future periods.

G. Revenues, Expenditures, and Expenses

1. Revenues

Property Taxes

Property taxes are recognized as revenue to the extent collected in the current period or soon enough thereafter to be used to pay liabilities of the current period.

Portions paid by the state in the form of tax credits are included in intergovernmental revenues. The property taxes receivable but not available are recorded as deferred revenue and will be recognized as revenue in the year that they become available.

Intergovernmental Revenues

Intergovernmental revenues are reported under the legal and contractual requirements of the individual programs. Generally, grant revenue is recognized when the corresponding expenditure is incurred. In certain programs, such as Federal Revenue Sharing, revenue is recognized when it is measurable and available.

State Aid Highway Allotments for highway maintenance and construction are recognized as revenue only after an expenditure has been recorded. The accounting for allotments is similar to grant accounting in that revenues equal expenditures.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

1. Summary of Significant Accounting Policies

G. Revenues and Expenditures, and Expenses

1. Revenues (Continued)

Other Revenues

Other revenues, such as licenses and permits, charges for services, fines and forfeitures, gifts and contributions, and miscellaneous revenues are recognized when received in cash because they generally are not measurable until received. Investment income is recognized when earned since it is measurable and available.

2. Expenditures

Expenditure recognition for governmental fund types includes only amounts represented by current liabilities. Since noncurrent liabilities do not affect net current assets, they are not recognized as governmental fund type liabilities. They are reported as liabilities in the General Long-Term Debt Account Group.

3. Expenses

Proprietary funds recognize expenses, including compensated absences, when the liabilities are incurred.

H. Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of the data.

I. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the County's financial position and operations. However, comparative data for each fund have not been presented since their inclusion could make the statements unduly complex and difficult to read.

Several account balances were reclassified as of and for the year ended December 31, 1985, as previously reported. These reclassifications, which did not require a restatement of fund balance or retained earnings, were required for comparability to the financial statements as of and for the year ended December 31, 1986, and must be considered when

ST. LOUIS COUNTY
DULUTH, MINNESOTA

1. Summary of Significant Accounting Policies

I. Comparative Data (Continued)

comparing the financial statements of this report with those of prior reports.

The transactions of the Refunding Agency Fund, the School District's Agency Fund, and a portion of the Cities and Town's Agency Fund were combined with the Taxes and Penalties Agency Fund for the year ended December 31, 1986, and the intrafund transactions were eliminated. These changes did not require a restatement of fund balance, but must be considered when comparing the financial statements of this report with those of prior reports.

J. Discontinued Operations

On July 25, 1986, the residents at Cook Home were transferred to the new addition made to the Chris Jensen unit and the operations at Cook Home were terminated. Subsequently, the Cook Home building was demolished and other equipment was disposed of resulting in a loss on disposal of fixed assets of \$667,268. The loss is identified as follows:

| | |
|----------------------------------|--------------------|
| Buildings | \$ 2,051,644 |
| Equipment | 207,462 |
| Accumulated depreciation | <u>(1,658,703)</u> |
| Book value of assets disposed | \$ 600,398 |
| Less auction proceeds | (42,055) |
| Demolition costs | <u>108,925</u> |
| Loss on disposal of fixed assets | <u>\$ 667,268</u> |

2. Stewardship, Compliance and Accountability

A. Excess of Expenditures Over Budget

The Land Investment and Social Services Special Revenue Funds had expenditures in excess of budgets for the year ended December 31, 1986.

| | <u>Expenditures</u> | <u>Budget</u> | <u>Excess</u> |
|-----------------|---------------------|---------------|---------------|
| Land Investment | \$ 2,430,065 | \$ 1,920,137 | \$ 509,928 |
| Social Services | 80,616,883 | 76,884,987 | 3,731,896 |

The excess of expenditures over budget in the Land Investment Fund occurred because the work readiness claims, a general assistance program, were accounted for in this fund.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

2. Stewardship, Compliance and Accountability

A. Excess of Expenditures Over Budget (Continued)

The excess in the Social Services Fund occurred because the general assistance claims for 1986 were higher than estimated and must be paid, whether or not monies have been appropriated.

B. Deficit Retained Earnings

The following funds had a deficit retained earnings at December 31, 1986:

| | | |
|---|----|---------|
| Babbitt Facility Enterprise Fund | \$ | 20,007 |
| Community Food Internal Service Fund | | 198,826 |
| Laundry Internal Service Fund | | 168,784 |
| Data Processing Equipment Internal Service Fund | | 3,769 |

The Babbitt Facility Enterprise Fund and the Data Processing Equipment Internal Service Fund retained earnings deficits will be eliminated through future charges for services. The Community Food and Laundry Internal Service Funds retained earnings deficits will be eliminated by a tax levy.

3. Detailed Notes on All Funds and Account Groups

A. Assets

Cash and Investments

Deposits

Minn. Stat. § 118.005 (1986) authorizes the County to deposit its cash and to invest in certificates of deposit in financial institutions designated by the County Board. At December 31, 1986, County deposits totaled \$30,214,215, of which \$604,505 was cash deposits and \$29,609,710 was invested in certificates of deposit. Minnesota Statutes require that all County deposits be covered by insurance, surety bond, or collateral.

Following is a summary of the deposits covered by insurance or collateral at December 31, 1986.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

A. Assets

Cash and Investments

Deposits (Continued)

| | Book | Bank |
|---|---------------|---------------|
| Covered Deposits | | |
| Insured, or collateralized with securities held by the County or its agent in the County's name | \$ 10,633,941 | \$ 10,633,941 |
| Collateralized with securities held by the pledging financial institutions agent in the County's name | 19,580,274 | 21,289,432 |
| Total Covered Deposits | \$ 30,214,215 | \$ 31,923,373 |
| Uncollateralized | - | - |
| Total | \$ 30,214,215 | \$ 31,923,373 |

Investments

Minn. Stat. § 475.66 (1986) authorizes the types of securities available to the County for investment. Three levels of credit risk for securities are defined by generally accepted accounting principles:

- (1) securities that are insured or registered, or for which the securities are held by the County or its agent in the County's name;
- (2) securities that are uninsured and unregistered and are held by the broker's or dealer's trust department or agent in the County's name;
- (3) securities that are uninsured and unregistered and are held by the broker or dealer, or by its trust department or agent, but not in the County's name.

Following is a summary of the cost values of the County's securities, categorized into the aforementioned levels of risk, along with the applicable market values of the securities, at December 31, 1986.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

A. Assets

Cash and Investments

Investments (Continued)

| | <u>Category</u> | | | <u>Total Cost</u> | <u>Market Value</u> |
|--|-------------------|---------------------|-------------|-----------------------|-------------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | | |
| Investments | | | | | |
| U.S. Government securities | <u>\$ 500,000</u> | <u>\$ 2,226,321</u> | <u>\$ -</u> | \$ 2,726,321 | \$ 2,866,558 |
| Add: Cash in Bank Certificates of deposits | | | | 604,505 | |
| Cash on hand | | | | 29,609,710 | |
| | | | | <u>1,574,662</u> | |
| Total Cash, Deposits and Investments | | | | <u>\$34,515,198</u> | |

Detail as shown on Combined Balance Sheet:

| | |
|--|----------------------|
| Cash, pooled deposits, and investments | \$ 29,085,352 |
| Fund deposits and investments | 5,480,924 |
| Restricted assets | |
| Improvement account - cash | 55,911 |
| Construction | |
| Cash, pooled deposits, and investments | 114,942 |
| Debt service | |
| Cash, pooled deposits, and investments | 444,259 |
| Fund deposits and investments | 400,000 |
| Cash deficits | <u>(1,066,190)</u> |
| Total | <u>\$ 34,515,198</u> |

Property Taxes and Special Assessments

The County levies and collects property taxes and special assessments for all governmental units within the County. Property tax collections and remittances to other governments and County funds are accounted for in agency funds.

Taxes and special assessments are billed to individual property owners within the County annually and, for the most part, are due and payable in January but may be paid in two equal installments on or before May 15 and October 15, without penalty.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

A. Assets

Property Taxes and Special Assessments (Continued)

The County is required by statute to distribute the collections to the various governments three times each year.

Due From Other Governments

The following amounts were due from other governments at December 31, 1986:

| | <u>State and Federal</u> | <u>Local - Other</u> | <u>Total</u> |
|--------------------------------|------------------------------|--------------------------|---------------------|
| General Fund | \$ 15,863 | \$ 698,098 | \$ 713,961 |
| Special Revenue Funds | | | |
| Federal Fiscal Assistance | \$ 55,756 | \$ - | \$ 55,756 |
| Land Investment | 84,714 | 2,340 | 87,054 |
| Public Health | 105,124 | 1,061 | 106,185 |
| Road and Bridge | 1,711,933 | 200,884 | 1,912,817 |
| Social Services | <u>2,977,977</u> | <u>5,170</u> | <u>2,983,147</u> |
| Total Special Revenue Funds | <u>\$ 4,935,504</u> | <u>\$ 209,455</u> | <u>\$ 5,144,959</u> |
| Enterprise Funds | | | |
| County Health Services | \$ - | \$ 37,801 | \$ 37,801 |
| Supervised Living Facilities | <u>-</u> | <u>51,615</u> | <u>51,615</u> |
| Total Enterprise Funds | <u>\$ -</u> | <u>\$ 89,416</u> | <u>\$ 89,416</u> |
| Internal Service Funds | | | |
| Community Food | \$ - | \$ 44,476 | \$ 44,476 |
| Supplies and Services | - | 2,217 | 2,217 |
| County Garage | <u>-</u> | <u>1,851</u> | <u>1,851</u> |
| Total Internal Service Funds | <u>\$ -</u> | <u>\$ 48,544</u> | <u>\$ 48,544</u> |
| Agency Funds | | | |
| State of Minnesota | \$ 53 | \$ - | \$ 53 |
| Arrowhead Regional Corrections | - | 26,835 | 26,835 |
| Community Health Services | - | 71,382 | 71,382 |
| Grants from Outside Sources | <u>30,052</u> | <u>-</u> | <u>30,052</u> |
| Total Agency Funds | <u>\$ 30,105</u> | <u>\$ 98,217</u> | <u>\$ 128,322</u> |
| Total | <u>\$ 4,981,472</u> | <u>\$ 1,143,730</u> | <u>\$ 6,125,202</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

A. Assets (Continued)

Proprietary Fund Type Fixed Assets

A summary of proprietary fund type property, plant and equipment at December 31, 1986, is as follows:

| | <u>Enterprise</u> | <u>Internal Service</u> |
|------------------------------------|---------------------|-----------------------------|
| Land | \$ 270,477 | \$ 25,500 |
| Buildings and structures | 9,701,123 | 1,355,623 |
| Equipment, furniture, and fixtures | 1,871,123 | 692,120 |
| Vehicles, and off road machinery | <u>-</u> | <u>681,201</u> |
| Total | \$ 11,842,723 | \$ 2,754,444 |
| Less accumulated depreciation | <u>(3,441,466)</u> | <u>(1,222,949)</u> |
| Net | <u>\$ 8,401,257</u> | <u>\$ 1,531,495</u> |

Summary of Changes in General Fixed Assets

| | Balance Jan. 1, 1986 | Additions | Deletions | Balance Dec. 31, 1986 |
|-----------------------------------|-------------------------|---------------------|-------------------|--------------------------|
| Land | \$ 1,029,163 | \$ 26,800 | \$ - | \$ 1,055,963 |
| Buildings and structures | 23,882,480 | 293,463 | 35,000 | 24,140,943 |
| Equipment, and furniture fixtures | 6,762,354 | 1,072,228 | 756,390 | 7,078,192 |
| Vehicles and off road machinery | <u>18,219,252</u> | <u>1,006,672</u> | <u>125,942</u> | <u>19,099,982</u> |
| Total | <u>\$ 49,893,249</u> | <u>\$ 2,399,163</u> | <u>\$ 917,332</u> | <u>\$ 51,375,080</u> |

B. Liabilities

Deferred Revenue

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

A. Liabilities

Deferred Revenue (Continued)

| | <u>Taxes</u> | <u>Grants</u> | <u>Accounts Receivable</u> | <u>Long-Term Receivables</u> | <u>Total</u> |
|---------------------------------|---------------------|---------------------|--------------------------------|----------------------------------|---------------------|
| General Fund | \$ 353,660 | \$ - | \$ - | \$ - | \$ 353,660 |
| Special Revenue Funds | | | | | |
| County Grants and Subsidies | \$ 221,626 | \$ - | \$ - | \$ - | \$ 221,626 |
| Emergency | 4,589 | - | - | - | 4,589 |
| Public Health | 126,053 | - | - | - | 126,053 |
| Road and Bridge | 519,989 | 1,295,657 | - | - | 1,815,646 |
| Social Services | 2,293,576 | 316,197 | - | - | 2,609,773 |
| Solid Waste Authorities | 65,715 | - | - | - | 65,715 |
| Solid Waste Management | 9,849 | - | - | - | 9,849 |
| Total Special Revenue Funds | <u>\$ 3,241,397</u> | <u>\$ 1,611,854</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,853,251</u> |
| Enterprise Funds | | | | | |
| Chris Jensen | \$ 84,494 | \$ - | \$ 22,117 | \$ - | \$ 106,611 |
| Nopeming | 60,419 | - | 13,388 | - | 73,807 |
| Supervised Living Facilities | - | - | 3,200 | - | 3,200 |
| Total Enterprise Funds | <u>\$ 144,913</u> | <u>\$ -</u> | <u>\$ 38,705</u> | <u>\$ -</u> | <u>\$ 183,618</u> |
| County Insurance | | | | | |
| Internal Service Fund | \$ 7,962 | \$ - | \$ - | \$ - | \$ 7,962 |
| Forfeited Tax Sale | | | | | |
| Trust Fund | \$ - | \$ - | \$ - | \$ 1,447,413 | \$ 1,447,413 |
| Total All Funds | <u>\$ 3,747,932</u> | <u>\$ 1,611,854</u> | <u>\$ 38,705</u> | <u>\$ 1,447,413</u> | <u>\$ 6,845,904</u> |

Retirement Plan

The County participates in a state-wide pension plan administered by the Public Employees Retirement Association. Substantially all county employees in the state are members of this plan, which requires contributions from both employees and employers. The County's

ST. LOUIS COUNTY
DULUTH, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities

Retirement Plan (Continued)

contributions for the year ended December 31, 1986 were \$2,859,185. This amount includes a provision for prior service costs.

The Public Employees Retirement Association is divided into two funds, the Public Employees Retirement Fund and the Public Employees Police and Fire Fund. The Association's annual report for the year ended June 30, 1986 (the most recent available) shows (in thousands):

| | Public Employees | Police and Fire |
|--|---------------------|--------------------|
| Reserves needed for retired members and beneficiaries | \$ 1,102,235 | \$ 107,892 |
| Reserves needed for active and deferred members | 1,822,771 | 339,850 |
| Total reserves needed | \$ 2,925,006 | \$ 447,742 |
| Assets (net) | 2,148,114 | 424,936 |
| Unfunded reserves | \$ 776,892 | \$ 22,806 |

The Public Employees Retirement Fund is 73 percent funded and the Police and Fire Fund is 95 percent funded. Because the Public Employees Retirement Association is a state-wide pension plan, statements reflecting each local government's share of the unfunded reserves are not available.

Other Employee Benefits

Deferred Compensation

The County has made available to all of its employees and officers, deferred compensation plans from six companies or agencies, as shown below.

All funds and assets, together with interest, accumulations, and increments thereon, remain an asset of the employer until the participating employee's equity in the funds is distributed in accordance with the deferred compensation agreement. The obligation of the employer is a contractual obligation only, and the employee shall have no preferred or specific interest by way of trust, escrow, annuity or otherwise, in and to the specific assets or funds.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities

Other Employee Benefits

Deferred Compensation (Continued)

Payroll deductions for deferred compensation for the year ended December 31, 1986, and the balance of remittances at December 31, 1986, to the plans were:

| | <u>Payroll Deductions</u> | <u>Balance of Remittances</u> |
|---|-------------------------------|-----------------------------------|
| Great West Life | \$1,140,650 | \$ 4,273,881 |
| IDS Life Insurance Company | 132,215 | 867,456 |
| Lincoln National Life Insurance Company | 341,296 | 3,522,240 |
| Lutheran Brotherhood | 55,610 | 133,119 |
| Minnesota Mutual Life - | | |
| Northwestern National Life | 910 | 2,557 |
| Minnesota State Retirement System | 12,204 | 40,473 |

Workers' Compensation Insurance

The County is self-insured for Workers' Compensation up to \$360,000 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 under Minn. Stat. Ch. 176 in excess of the \$360,000 retention limit.

Vacation and Sick Leave

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. Vacation leave accrual varies from 3.5 to nine hours per biweekly pay period. Sick leave accrual is from one to 5.25 hours per biweekly pay period.

Unused accumulated vacation and vested sick leave are paid to employees upon termination and are recognized as liabilities in the financial statements. Unvested sick leave of \$18,062,528 at December 31, 1986, is available to employees in the event of illness-related absences, is not paid to employees at termination, and is not reported in the financial statements.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities

Other Employee Benefits (Continued)

Long-Term Debt

The following is a schedule of the long-term debt transactions of the County for the year ended December 31, 1986.

Enterprise Funds bonds and loans payable:

| | Bonds Payable | | | Loans Payable from Babbitt Facility |
|--|-----------------|---------------------|--------------|---|
| | Chris Jensen | Babbitt Facility | Total | |
| Payable, January 1 | \$ 4,689,067 | \$ - | \$ 4,689,067 | \$ - |
| Debt issued (net of applicable discount and issue costs) | - | 1,188,581 | 1,188,581 | 750,000 |
| Amortization of discount and issue costs | 11,002 | 755 | 11,757 | - |
| Net change in leases payable | - | - | - | - |
| Net change in employee benefits | - | - | - | - |
| Payable, December 31 | \$ 4,700,069 | \$ 1,189,336 | \$ 5,889,405 | \$ 750,000 |

General long-term debt account group:

| | Accrued Employee Benefits | Employee Benefits Payable | Leases Payable |
|---------------------------------|---------------------------------|---------------------------------|-------------------|
| Payable, January 1 | \$ 3,064,695 | \$ 998,955 | \$1,171,159 |
| Net change in leases payable | - | - | (337,863) |
| Net change in employee benefits | 163,012 | (62,928) | - |
| Payable, December 31 | \$ 3,227,707 | \$ 936,027 | \$ 833,296 |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities

Long-Term Debt (Continued)

Bonds payable at December 31, 1986, consists of the following issues:

\$4,800,000 1984 General Obligation County Nursing Home Revenue Bonds due in annual installments of \$325,000 to \$700,000 on February 1, 1987, through 1996; interest at 7.5 to 9.5 percent (at December 31, 1986, the bond issue is net of the unamortized bond discount and issue costs of \$99,931) \$ 4,700,069

\$1,200,000 General Obligation Solid Waste Resource Revenue Bonds due in annual installments of \$90,000 to \$190,000 through June 1, 1996; interest at 10 percent payable semiannually (at December 31, 1986, the bond issue is net of the unamortized bond discount and issue costs of \$10,664) 1,189,336

Loans payable at December 31, 1986, consisted of the following:

\$500,000 Minnesota Energy and Economic Development Authority (MEEDA) loan payable in monthly installments of \$7,067 ending March 1, 1994; interest at five percent 500,000

\$250,000 Iron Range Resources and Rehabilitation Board (IRRRB) loan payable in annual installments of \$25,000 ending April 1, 1996; the obligation bears no interest 250,000

The MEEDA and IRRRB loans both constitute general obligation revenue liabilities of the County as provided for in Minn. Stat. § 400.101.

The annual requirements to service the debt outstanding as of December 31, 1986, including interest of \$3,275,094 and unamortized discounts of \$110,595 on the bonds, and interest of \$99,508 on the loans, are as follows:

ST. LOUIS COUNTY
DULUTH, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities

Long-Term Debt (Continued)

| <u>Year Ended December 31</u> | <u>Bonds Payable</u> | <u>Loans Payable</u> |
|-----------------------------------|----------------------|----------------------|
| 1987 | \$ 912,525 | \$ 88,603 |
| 1988 | 937,275 | 109,803 |
| 1989 | 929,462 | 109,803 |
| 1990 | 922,963 | 109,804 |
| 1991 | 941,088 | 109,803 |
| 1992-1996 | <u>4,631,781</u> | <u>321,692</u> |
| Total | <u>\$ 9,275,094</u> | <u>\$ 849,508</u> |

Operating and Capital Leases

Commitments under agreements for operating and capital leases which provide for minimum annual rental payments are:

| <u>Year</u> | <u>Operating</u> | <u>Capital</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 1987 | \$ 1,100,204 | \$ 471,000 | \$ 1,571,204 |
| 1988 | 1,101,775 | 316,315 | 1,418,090 |
| 1989 | 1,040,427 | 45,981 | 1,086,408 |
| 1990 | 1,035,097 | - | 1,035,097 |
| 1991 | <u>1,051,832</u> | <u>-</u> | <u>1,051,832</u> |
| Total | <u>\$ 5,329,335</u> | <u>\$ 833,296</u> | <u>\$ 6,162,631</u> |

1986 rent payments were \$1,189,367. Capital leases are shown at the discounted present value of lease payments.

The following is an analysis of the leased property under capital leases by major classes:

| <u>Classes of Property</u> | <u>Asset Balance December 31, 1986</u> |
|----------------------------|--|
| Highway equipment | \$ 1,734,225 |
| Office equipment | 663,286 |
| Copiers | <u>61,741</u> |
| Total | <u>\$ 2,459,252</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities (Continued)

Retired Employees Health Insurance Benefits

The County pays health insurance for qualified retired employees (employees who retired and are drawing pensions from the Public Employees Retirement Association, and, who had unused sick leave at the time of retirement). The health insurance is paid for a retired employee until the dollar value of his unused sick leave is exhausted. In 1986, the County's contribution was \$1,014,159.

Self-Insurance

The County Insurance Internal Service Fund, a self-insurance fund, was established for the payment of unemployment compensation claims, workers' compensation claims, and general liability claims and judgments. All risk, except fire and property damage to major structures and catastrophic workers' compensation claims, is assumed. Maximum third-party coverage for property damage is limited to the estimated value of the property. The self-insurance for workers' compensation covers up to \$360,000 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, under Minn. Stat. ch. 176, in excess of the \$360,000 retention limit.

The estimated liability for general liability matters and workers' compensation claims is based on a case-by-case evaluation by the County Attorney's office. Claims incurred but not reported have been considered when determining the claims liability. An actuary was not used in determining the liability. Interfund premiums are reported as quasi-external transactions.

In addition, the County Attorney's office estimated settlements to be \$561,862 for various cases considered reasonably possible losses to the County. This amount is not reflected in the financial statements.

C. Interfund Receivables and Payables

Individual interfund receivable and payable balances at December 31, 1986, are:

ST. LOUIS COUNTY
DULUTH, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

C. Interfund Receivables and Payables (Continued)

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|---|----------------------------------|-------------------------------|
| General Fund | \$ 500,100 | \$ - |
| Special Revenue Funds | | |
| Land Investment | \$ 40,499 | \$ - |
| Public Health | 55,764 | 720 |
| Road and Bridge | 753 | - |
| Social Services | 720 | 218,304 |
| <u>Total Special Revenue Funds</u> | <u>\$ 97,736</u> | <u>\$ 219,024</u> |
| Enterprise Funds | | |
| Chris Jensen | \$ - | \$ 2,000 |
| Nopeming | - | 349 |
| <u>Total Enterprise Funds</u> | <u>\$ -</u> | <u>\$ 2,349</u> |
| Internal Service Funds | | |
| County Garage | \$ 519 | \$ - |
| Agency Funds | | |
| Cities and Towns | \$ - | \$ 304,972 |
| Game and Fish License | - | 73,445 |
| Payroll Deductions | 1,435 | - |
| <u>Total Agency Funds</u> | <u>\$ 1,435</u> | <u>\$ 378,417</u> |
| <u>Total Interfund Receivables and Payables</u> | <u>\$ 599,790</u> | <u>\$ 599,790</u> |

D. Changes in Contributed Capital

| | Babbitt Facility Enterprise Fund | Internal Service Funds | | | |
|--|---|------------------------|---------------------------------|-------------------|---------------------|
| | | County Garage | Data Processing Equipment | Laundry | Total |
| Contributed Capital January 1, 1986 | \$ - | \$ 994,986 | \$ 150,342 | \$ - | \$ 1,145,328 |
| Additions | <u>786,412</u> | <u>-</u> | <u>-</u> | <u>730,582</u> | <u>730,582</u> |
| Contributed Capital December 31, 1986 | <u>\$ 786,412</u> | <u>\$ 994,986</u> | <u>\$ 150,342</u> | <u>\$ 730,582</u> | <u>\$ 1,875,910</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

4. Segments of Enterprise Activities

Six services provided by the County are financed by user charges - County Health Services, County Photography, Community Food, Chris Jensen, Nopeming, and Supervised Living Facilities. The key financial data for the year ended December 31, 1986, for the these six services are:

| | County Health Services | County Photography | Babbitt Facility | Chris Jensen | Nopeming | Supervised Living Facilities | Total Enterprise Funds |
|--|------------------------------|-----------------------|---------------------|-----------------|-------------|------------------------------------|------------------------------|
| Operating revenues | \$ 720 | \$ 1,223 | \$ 78,317 | \$6,829,992 | \$5,788,653 | \$ 605,215 | \$13,304,120 |
| Depreciation | 224 | - | - | 90,660 | 143,801 | 1,609 | 236,294 |
| Operating income (loss) | (241,622) | 463 | 78,317 | (579,145) | (234,927) | (61,110) | (1,038,024) |
| Nonoperating revenues taxes and grants | 238,870 | - | - | 981,676 | 716,174 | - | 1,936,720 |
| Net income (loss) | (2,752) | 463 | (20,007) | (623,043) | 481,247 | (61,110) | (225,202) |
| Property, plant, and equipment - net additions (deletions) | (1,039) | - | 1,866,048 | (1,387,786) | 39,465 | - | 516,688 |
| Net working capital | 55,685 | 23,604 | 458,089 | 1,069,915 | 2,061,267 | (32,062) | 3,636,498 |
| Total assets | 73,148 | 23,666 | 2,955,608 | 7,393,578 | 3,994,058 | 135,494 | 14,575,552 |
| Long-term liabilities payable from operat- ing revenues | - | 17,114 | 1,873,036 | 4,458,879 | 227,841 | 12,757 | 6,589,627 |
| Total equity | 59,019 | 6,490 | 766,405 | 1,729,487 | 3,280,781 | 28,220 | 5,870,402 |

5. Joint Ventures

Arrowhead Regional Corrections

The Arrowhead Regional Corrections system is governed by a nine-member board, composed of one member appointed from each of the participating counties' boards of commissioners, except for St. Louis County, which has two members from its board. In addition, a member is selected by the Tribal Council of the Minnesota Chippewa Tribe, and one member represents the Corrections Advisory Board established pursuant to the Community Corrections Act.

Arrowhead Regional Corrections is financed through state grants and contributions from the participating counties. During 1986, County contributions were in the following proportion:

ST. LOUIS COUNTY
DULUTH, MINNESOTA

5. Joint Ventures

Arrowhead Regional Corrections (Continued)

| | |
|--------------------|--------------|
| Aitkin County | 3.6% |
| Carlton County | 9.2% |
| Cook County | 1.4% |
| Koochiching County | 5.5% |
| Lake County | 3.2% |
| St. Louis County | <u>77.1%</u> |
| Total | 100.0% |

A summary of the financial information of Arrowhead Regional Corrections for the year ended December 31, 1986, excluding general fixed assets of \$2,605,671 and general long-term debt of \$336,852 was:

| | |
|--------------------|--------------|
| Total Assets | \$ 470,499 |
| Total Liabilities | \$ 199,755 |
| Total Fund Equity | \$ 270,744 |
| Total Revenues | \$ 5,694,092 |
| Total Expenditures | \$ 5,688,288 |

Community Health Services Board

Carlton, Cook, Lake and St. Louis Counties entered into a joint powers agreement, creating and 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 (1986).

The Community Health Services Board is composed of nine members. Carlton, Cook, and Lake County Boards of Commissioners each appoint two members; the St. Louis County Board of Commissioners appoints three members. Financing is obtained through state grants.

Northeast Minnesota Office of Job Training

The counties of Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis (excluding the City of Duluth) entered into a joint powers agreement pursuant to Minn. Stat. § 471.59 (1986) 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 a "service delivery area" and the Northeast Minnesota Office of Job Training is designated as the grant recipient and administrator for such service delivery area.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

5. Joint Ventures

Northeast Minnesota Office of Job Training (Continued)

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 for the fiscal year ended June 30, 1987, excluding general fixed assets of \$224,560 and general long-term debt of \$26,368, was:

| | |
|--------------------|--------------|
| Total Assets | \$ 841,590 |
| Total Liabilities | \$ 815,222 |
| Total Fund Equity | \$ 26,368 |
| Total Revenues | \$ 5,029,383 |
| Total Expenditures | \$ 5,003,015 |

6. Summary Disclosure of Significant Contingencies and Other Items

A. Claims and Ligitgation

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.

B. Departmental Trust Deposits

Departmental trust deposits include funds deposited with various County departments as required by statute or court orders. The following is a summary of these trust deposits which are not shown on the combined balance sheet at December 31, 1986.

| | |
|--|-------------------|
| County Court | \$ 31,836 |
| District Court | 35,278 |
| Arrowhead Regional Corrections (Probation) | 90,146 |
| Sheriff | 2,199 |
| Judge of Probate | 3,000 |
| Social Services | |
| Social Welfare | 523,561 |
| Welfare Support (IV-D) | 32,552 |
| Estate | 121,197 |
| Total | <u>\$ 839,769</u> |

C. Settlements Held by the Court for Minors

The Court Administrator, at December 31, 1986, held investments for individuals who have not reached the age of majority. These investments

ST. LOUIS COUNTY
DULUTH, MINNESOTA

6. Summary Disclosure of Significant Contingencies and Other Items

C. Settlements Held by the Court for Minors (Continued)

have a combined face value of \$5,369,821 and are not included in the County's financial statements.

7. Subsequent Events

Appointment of County Administrator

In February 1987, the County Board appointed Karl Nollenberger to the newly-created position of County Administrator.

Nollenberger was appointed to work at the direction of the County Board of Commissioners to perform the functions described in Minn. Stat. § 375A.06, subd. 4. Included are professional, technical, and problem-solving services related to organizational, financial, budgetary, economic planning and development, and labor and management functions. Nollenberger is to supervise and coordinate the development of county-wide policies, programs and planning for County-provided services, and facilitate interdepartmental relationships.

Issuance of Tax-Anticipation Certificates

On August 4, 1987, the County issued five million dollars in general obligation tax anticipation certificates of indebtedness. The maturity date of these certificates is December 31, 1987. The certificates were issued to finance a negative cash flow in the Social Services Special Revenue Fund. This negative cash flow occurs prior to the collection and distribution of the second-half payable 1987 real estate taxes. The interest rate on the certificates is 4.93 percent and they were purchased at a premium of \$50 over the five million dollar face amount. The purchaser is First Bank St. Paul.

Comparable Worth Study

A pay equity study for County positions was completed in 1987, in accordance with state law. A job evaluation system (originally developed by the U.S. Civil Service Commission) was chosen and a committee of nine County employees evaluated jobs through employee questionnaires. The committee's findings were sent to consultants at the University of Minnesota-Duluth and to Personnel Decisions, Inc. in Minneapolis, Minnesota. The consultants approved point values and a corresponding salary for each job class.

The results of the study will be sent to all employees, who have the right to appeal the job class value. When the appeal period ends and the job ratings are finalized, County officials will negotiate the new salaries with the appropriate bargaining units over the next three to four years. The cost to implement the pay equity system is estimated at \$275,000.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

7. Subsequent Events (Continued)

Sale of Mae Morrow Supervised Living Facility

On April 27, 1987, the St. Louis County Board accepted Arrowhead House Inc.'s high bid of \$130,000 for the Mae Morrow supervised living facility. The tentative date for the actual transfer of the facility to Arrowhead House, Inc. is July 1, 1987.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

ST. LOUIS COUNTY
DULUTH, MINNESOTA

GENERAL FUND

To account for all financial resources except those required to be accounted for in another fund.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement A-1

BALANCE SHEET
GENERAL FUND
DECEMBER 31, 1986
WITH COMPARATIVE AMOUNTS AT DECEMBER 31, 1985

| | <u>1986</u> | <u>1985</u> |
|---------------------------------------|----------------------|----------------------|
| <u>Assets</u> | | |
| Cash, pooled deposits and investments | \$ 8,842,576 | \$ 11,897,185 |
| Change funds | 18,070 | 18,070 |
| Departmental cash | 15,633 | 52,721 |
| Receivables | | |
| Taxes | | |
| Unapportioned | 236,835 | 93,000 |
| Delinquent | 468,286 | 353,468 |
| Accounts | 3,019 | 1,751 |
| Accrued interest | 184,565 | 214,290 |
| Due from other funds | 500,100 | 98,151 |
| Due from other governments | 713,961 | 748,343 |
| | <u>\$ 10,983,045</u> | <u>\$ 13,476,979</u> |
| <u>Liabilities and Fund Balance</u> | | |
| Liabilities | | |
| Accounts payable | \$ 144,075 | \$ 181,141 |
| Salaries payable | 538,525 | 407,035 |
| Due to other governments | 13,463 | 3,410 |
| Deferred revenue | 353,660 | 287,573 |
| | <u>\$ 1,049,723</u> | <u>\$ 879,159</u> |
| Fund Balance | | |
| Reserved for change funds | \$ 18,070 | \$ 18,070 |
| Reserved for health and welfare | 747,811 | 685,518 |
| Reserved for noncurrent loans | 675,084 | 690,084 |
| Reserved for encumbrances | 625,265 | 121,415 |
| Reserved for boat and water safety | 10,318 | - |
| Reserved for law library | 100,333 | 73,376 |
| Reserved for data processing | 389,391 | 766,341 |
| Unreserved - undesignated | 7,367,050 | 10,243,016 |
| | <u>\$ 9,933,322</u> | <u>\$ 12,597,820</u> |
| | <u>\$ 10,983,045</u> | <u>\$ 13,476,979</u> |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement A-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | | 1985 Actual |
|---------------------------------|----------------------|----------------------|--|----------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | |
| Revenues | | | | |
| Taxes | \$ 8,978,995 | \$ 9,919,249 | \$ 940,254 | \$ 10,207,138 |
| Licenses and permits | 138,000 | 101,501 | (36,499) | 101,412 |
| Intergovernmental | 1,262,227 | 2,253,411 | 991,184 | 1,675,344 |
| Charges for services | 1,412,000 | 2,196,307 | 784,307 | 1,872,656 |
| Fines and forfeits | 455,000 | 515,278 | 60,278 | 499,124 |
| Interest on investments | 1,800,000 | 2,053,132 | 253,132 | 2,715,599 |
| Miscellaneous | 52,060 | 197,732 | 145,672 | 232,917 |
| Total Revenues | \$ 14,098,282 | \$ 17,236,610 | \$ 3,138,328 | \$ 17,304,190 |
| Expenditures | | | | |
| General government | | | | |
| Commissioners | \$ 481,588 | \$ 477,573 | \$ 4,015 | \$ 459,347 |
| Public defenders | 819,931 | 801,196 | 18,735 | 803,361 |
| Court administrator | 3,697,800 | 3,546,922 | 150,878 | 3,565,137 |
| Examiner of titles | 89,998 | 89,128 | 870 | 86,912 |
| County attorney | 1,201,271 | 1,151,209 | 50,062 | 1,139,454 |
| Attorney's contingency | 7,500 | 7,246 | 254 | 7,199 |
| Law library | 59,680 | 59,680 | - | 48,972 |
| County auditor | 2,212,503 | 2,184,509 | 27,994 | 2,141,249 |
| Independent audit | 48,364 | 48,364 | - | 40,545 |
| Data processing | 1,227,669 | 1,208,423 | 19,246 | 552,557 |
| County assessor | 866,539 | 861,715 | 4,824 | 845,674 |
| Purchasing | 279,538 | 276,106 | 3,432 | 273,322 |
| Microfilming | 125,219 | 122,750 | 2,469 | 131,639 |
| Recorder | 481,579 | 481,659 | (80) | 456,735 |
| Surveyor | 358,272 | 340,022 | 18,250 | 337,411 |
| Civil service | 367,230 | 340,280 | 26,950 | 368,557 |
| Veterans' service | 331,287 | 330,129 | 1,158 | 353,995 |
| Port authority | 45,000 | 45,000 | - | 50,000 |
| Elections | 50,700 | 45,785 | 4,915 | 10,182 |
| Courthouses | 849,566 | 853,224 | (3,658) | 872,729 |
| Total general government | \$ 13,601,234 | \$ 13,270,920 | \$ 330,314 | \$ 12,544,977 |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement A-2
(Continued)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 |
|---|---------------------|---------------------|--|---------------------|
| | Budget | Actual | | Actual |
| Expenditures (Continued) | | | | |
| Public safety | | | | |
| Jail building | \$ 153,050 | \$ 146,281 | \$ 6,769 | \$ 120,299 |
| Sheriff | 3,857,862 | 3,859,985 | (2,123) | 3,866,640 |
| Boat and water safety | 78,644 | 69,019 | 9,625 | 91,173 |
| Medical examiner | 75,087 | 72,173 | 2,914 | 70,848 |
| Rescue squad | 12,750 | 11,243 | 1,507 | 21,500 |
| Emergency management | 489,668 | 434,252 | 55,416 | 68,482 |
| Ambulance service | 28,100 | 27,774 | 326 | 26,223 |
| Sheriff's radio | 1,586 | 1,586 | - | 191,128 |
| 911 system | 89,948 | 90,009 | (61) | 4,892 |
| Jail prisoners | 1,306,854 | 1,303,726 | 3,128 | 1,236,049 |
| Mine inspector | 157,495 | 155,239 | 2,256 | 142,240 |
| Safety council | 1,500 | 1,500 | - | 1,456 |
| Occupational safety | 132,630 | 130,782 | 1,848 | 124,162 |
| Total public safety | <u>\$ 6,385,174</u> | <u>\$ 6,303,569</u> | <u>\$ 81,605</u> | <u>\$ 5,965,092</u> |
| Culture and recreation | | | | |
| Memorial Day observance | \$ 1,500 | \$ 1,500 | \$ - | \$ 1,500 |
| Historical society | 160,501 | 160,501 | - | 155,501 |
| Total culture and recreation | <u>\$ 162,001</u> | <u>\$ 162,001</u> | <u>\$ -</u> | <u>\$ 157,001</u> |
| Conservation of natural resources | | | | |
| County agent | \$ 348,615 | \$ 348,597 | \$ 18 | \$ 332,262 |
| Extension committee | 3,000 | 2,208 | 792 | 2,946 |
| Community fairs | 1,400 | 1,400 | - | 1,400 |
| County fair - Hibbing | 17,200 | 17,200 | - | 19,000 |
| South county fair | 26,300 | 26,300 | - | 23,500 |
| Soil conservation - north | 27,035 | 27,035 | - | 31,035 |
| Soil conservation - south | 27,000 | 27,000 | - | 31,000 |
| Lakes and streams | 12,000 | 10,898 | 1,102 | 14,120 |
| Cleaning ditches | 25,000 | 25,000 | - | 7,762 |
| Total conservation of natural resources | <u>\$ 487,550</u> | <u>\$ 485,638</u> | <u>\$ 1,912</u> | <u>\$ 463,025</u> |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement A-2
(Continued)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 |
|---|----------------|----------------|--|----------------|
| | Budget | Actual | | Actual |
| Expenditures (Continued) | | | | |
| Economic development | | | | |
| Promotional bureau | \$ 64,950 | \$ 64,950 | \$ - | \$ 51,220 |
| Total Expenditures | \$ 20,700,909 | \$ 20,287,078 | \$ 413,831 | \$ 19,181,315 |
| Excess of Revenues Over (Under) Expenditures | \$ (6,602,627) | \$ (3,050,468) | \$ 3,552,159 | \$ (1,877,125) |
| Other Financing Sources (Uses) | | | | |
| Capital leases | \$ - | \$ - | \$ - | \$ 12,163 |
| Operating transfers in | 119,215 | 119,215 | - | 6,623 |
| Total Other Financing Sources (Uses) | \$ 119,215 | \$ 119,215 | \$ - | \$ 18,786 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | \$ (6,483,412) | \$ (2,931,253) | \$ 3,552,159 | \$ (1,858,339) |
| Fund Balance - January 1 | 12,597,820 | 12,597,820 | - | 14,456,159 |
| Equity transfer from Civil Defense Fund | 266,755 | 266,755 | - | - |
| Fund Balance - December 31 | \$ 6,381,163 | \$ 9,933,322 | \$ 3,552,159 | \$ 12,597,820 |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditures for specified purposes.

Civil Defense - to provide administration, identification and radio services for availability during emergency situations. This fund was closed into the General Fund as of January 1, 1986.

Communicable Diseases - to provide for certain functions of the County Health Department regarding communicable diseases. This fund was closed into the Public Health Special Revenue Fund as of January 1, 1986.

County Grants and Subsidies - to account for the County's share of operations in various organizations, including Arrowhead Regional Corrections, County Libraries and Arrowhead Regional Development Commission.

Emergency - to provide funds for an unanticipated emergency to be determined by the County Board.

Federal Fiscal Assistance - to account for Federal Revenue Sharing monies.

Land Investment - to accelerate and intensify the management of the County's peat and commercial forest lands; and, to utilize St. Louis County's reservoir of productive and talented people, who, due to economic conditions, cannot find work.

Public Health - to provide various health services to St. Louis County communities.

Road and Bridge - to account for public works activity.

Social Services - to account for the operations and financial activities of the Welfare Department.

Solid Waste Authorities - to provide funds to the various solid waste service areas in the county.

Solid Waste Management - to provide administration services for the various solid waste authorities in the county.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 1985

| | <u>County Grants and Subsidies</u> | <u>Emergency</u> | <u>Federal Fiscal Assistance</u> | <u>Land Investment</u> |
|--|--|------------------|--|----------------------------|
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ 98,729 | \$ 39,699 | \$ 37,574 | \$1,107,905 |
| Change fund | - | - | - | - |
| Departmental cash | - | - | 370 | - |
| Fund deposits and investments, at cost | - | - | 850,000 | - |
| Receivables | | | | |
| Taxes | | | | |
| Unapportioned | 71,449 | 2,306 | - | - |
| Delinquent | 241,271 | 5,101 | - | - |
| Accounts | 2,000 | - | 413 | 29,118 |
| Accrued interest | - | - | 6,715 | - |
| Due from other funds | - | - | - | 40,499 |
| Due from other governments | - | - | 55,756 | 87,054 |
| Inventories, at cost | - | - | - | - |
| Prepaid expense | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Assets | <u>\$ 413,449</u> | <u>\$ 47,106</u> | <u>\$ 950,828</u> | <u>\$1,264,576</u> |

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

Statement B-1

| <u>Public Health</u> | <u>Road and Bridge</u> | <u>Social Services</u> | <u>Solid Waste Authorities</u> | <u>Solid Waste Management</u> | <u>Totals</u> | |
|----------------------|------------------------|------------------------|--------------------------------|-------------------------------|----------------------|----------------------|
| | | | | | <u>1986</u> | <u>1985</u> |
| \$1,159,206 | \$ 5,569,429 | \$ - | \$ 560,142 | \$ 230,043 | \$ 8,802,727 | \$ 7,666,546 |
| 1,100 | 1,000 | 23,125 | - | - | 25,225 | 30,225 |
| - | - | - | - | - | 370 | 315,167 |
| - | - | - | - | - | 850,000 | - |
| 38,445 ✓ | 154,706 ✓ | 761,879 ✓ | 16,260 ✓ | 3,190 ✓ | 1,048,235 | 349,164 |
| 137,304 | 566,592 | 2,506,189 | 70,675 | 10,757 | 3,537,889 | 2,922,237 |
| 2,746 | 4,227 | 532,887 | - | - | 571,391 | 559,913 |
| - | - | - | - | - | 6,715 | - |
| 55,764 | 753 | 720 | - | - | 97,736 | 303,330 |
| 106,185 | 1,912,817 | 2,983,147 | - | - | 5,144,959 | 4,577,121 |
| - | 2,099,172 | 6,256,324 | - | - | 8,355,496 | 6,075,431 |
| - | - | - | - | - | - | 50,080 |
| <u>\$1,500,750</u> | <u>\$10,308,696</u> | <u>\$ 13,064,271</u> | <u>\$ 647,077</u> | <u>\$ 243,990</u> | <u>\$ 28,440,743</u> | <u>\$ 22,849,214</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 1985

| | <u>County Grants and Subsidies</u> | <u>Emergency</u> | <u>Federal Fiscal Assistance</u> | <u>Land Investment</u> |
|---|--|------------------|--|----------------------------|
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities | | | | |
| Cash deficit | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | 3,302 | - | 102,785 | 25,282 |
| Salaries payable | - | - | 10,796 | 33,986 |
| Due to other funds | - | - | - | - |
| Due to other governments | - | - | 1,942 | 293,271 |
| Deferred revenue | 221,626 | 4,589 | - | - |
| Food stamps issuable | - | - | - | - |
| Total Liabilities | <u>\$ 224,928</u> | <u>\$ 4,589</u> | <u>\$ 115,523</u> | <u>\$ 352,539</u> |
| Fund Balance | | | | |
| Reserved for change funds | \$ - | \$ - | \$ - | \$ - |
| Reserved for inventories | - | - | - | - |
| Reserved for encumbrances | - | - | 447,000 | 29,119 |
| Reserved for health and welfare | - | - | - | - |
| Reserved for foster care insurance | - | - | - | - |
| Reserved for model employment program | - | - | - | - |
| Reserved for unorganized town roads | - | - | - | - |
| Unreserved - undesignated | <u>188,521</u> | <u>42,517</u> | <u>388,305</u> | <u>882,918</u> |
| Total Fund Balance | <u>\$ 188,521</u> | <u>\$ 42,517</u> | <u>\$ 835,305</u> | <u>\$ 912,037</u> |
| Total Liabilities and Fund Balance | <u>\$ 413,449</u> | <u>\$ 47,106</u> | <u>\$ 950,828</u> | <u>\$1,264,576</u> |

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

Statement B-1
(Continued)

| <u>Public Health</u> | <u>Road and Bridge</u> | <u>Social Services</u> | <u>Solid Waste Authorities</u> | <u>Solid Waste Management</u> | <u>Totals</u> | |
|----------------------|------------------------|------------------------|--------------------------------|-------------------------------|----------------------|----------------------|
| | | | | | <u>1986</u> | <u>1985</u> |
| \$ - | \$ - | \$ 838,063 | \$ - | \$ - | \$ 838,063 | \$ - |
| 13,752 | 633,095 | 1,342,714 | 23,796 | 54 | 2,144,780 | 2,623,464 |
| 69,167 | 434,016 | 466,670 | - | 3,093 | 1,017,728 | 809,509 |
| 720 | - | 218,304 | - | - | 219,024 | 541,461 |
| - | 2,921 | 456,511 | - | - | 754,645 | 614,684 |
| 126,053 | 1,815,646 | 2,609,773 | 65,715 | 9,849 | 4,853,251 | 2,893,154 |
| - | - | 6,256,324 | - | - | 6,256,324 | 4,455,431 |
| <u>\$ 209,692</u> | <u>\$ 2,885,678</u> | <u>\$ 12,188,359</u> | <u>\$ 89,511</u> | <u>\$ 12,996</u> | <u>\$ 16,083,815</u> | <u>\$ 11,937,703</u> |
| \$ - | \$ - | \$ 23,125 | \$ - | \$ - | \$ 23,125 | \$ 28,125 |
| - | 2,099,172 | - | - | - | 2,099,172 | 1,620,000 |
| 1,650 | 2,787,882 | 453,889 | 6,590 | 5,350 | 3,731,480 | 1,598,656 |
| 108,388 | 461,745 | 444,892 | - | 10,199 | 1,025,224 | 935,427 |
| - | - | 6,000 | - | - | 6,000 | 6,000 |
| - | - | 5,932 | - | - | 5,932 | 34,229 |
| - | 214,015 | - | - | - | 214,015 | 311,195 |
| <u>1,181,020</u> | <u>1,860,204</u> | <u>(57,926)</u> | <u>550,976</u> | <u>215,445</u> | <u>5,251,980</u> | <u>6,377,879</u> |
| <u>\$1,291,058</u> | <u>\$ 7,423,018</u> | <u>\$ 875,912</u> | <u>\$ 557,566</u> | <u>\$ 230,994</u> | <u>\$ 12,356,928</u> | <u>\$ 10,911,511</u> |
| <u>\$1,500,750</u> | <u>\$10,308,696</u> | <u>\$ 13,064,271</u> | <u>\$ 647,077</u> | <u>\$ 243,990</u> | <u>\$ 28,440,743</u> | <u>\$ 22,849,214</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 1985

| | <u>Civil Defense</u> | <u>Communicable Diseases</u> | <u>County Grants and Subsidies</u> | <u>Emergency</u> | <u>Federal Fiscal Assistance</u> | <u>Land Investment</u> |
|---|--------------------------|----------------------------------|--|-------------------|--|----------------------------|
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ 2,040,428 | \$ 77,986 | \$ - | \$ - |
| Licenses and permits | - | - | - | - | 17,015 | - |
| Intergovernmental | - | - | 649,144 | 24,189 | 2,131,437 | 350,113 |
| Charges for services | - | - | - | - | 603 | - |
| Gifts and contributions | - | - | - | - | - | - |
| Interest on investments | - | - | - | - | 50,883 | - |
| Miscellaneous | - | - | 797 | 29 | 70,515 | 98,061 |
| Total Revenues | \$ - | \$ - | \$ 2,690,369 | \$ 102,204 | \$ 2,270,453 | \$ 448,174 |
| Expenditures | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ 980,378 | \$ - |
| Public safety | - | - | 2,359,517 | - | - | - |
| Highways and streets | - | - | - | - | 1,001,519 | - |
| Health | - | - | - | - | - | - |
| Welfare | - | - | 34,517 | - | 83,722 | - |
| Sanitation | - | - | - | - | - | - |
| Culture and recreation | - | - | 180,000 | - | - | - |
| Conservation of natural resources | - | - | - | - | - | 2,430,065 |
| Economic development | - | - | 97,640 | - | 25,000 | - |
| Total Expenditures | \$ - | \$ - | \$ 2,671,674 | \$ - | \$ 2,090,619 | \$ 2,430,065 |
| Excess of Revenues Over (Under) Expenditures | | | | | | |
| | \$ - | \$ - | \$ 18,695 | \$ 102,204 | \$ 179,834 | \$ (1,981,891) |

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

Statement B-2

| <u>Public Health</u> | <u>Road and Bridge</u> | <u>Social Services</u> | <u>Solid Waste Authorities</u> | <u>Solid Waste Management</u> | <u>Totals</u> | |
|----------------------|------------------------|------------------------|--------------------------------|-------------------------------|-----------------------|-----------------------|
| | | | | | <u>1986</u> | <u>1985</u> |
| \$ 1,145,793 | \$ 9,123,384 | \$ 23,228,490 | \$ 708,974 | \$ 96,564 | \$ 36,421,619 | \$ 34,209,331 |
| - | 1,306 | - | - | - | 18,321 | 94,341 |
| 1,125,790 | 15,937,047 | 55,685,767 | 228,933 | 50,314 | 76,182,734 | 76,539,291 |
| 731,194 | 275,207 | 2,134,270 | - | - | 3,141,274 | 3,314,715 |
| - | - | - | - | - | - | 250,000 |
| - | - | - | - | - | 50,883 | 46,645 |
| <u>24,410</u> | <u>173,298</u> | <u>2,969,613</u> | <u>774</u> | <u>11,276</u> | <u>3,348,773</u> | <u>3,398,065</u> |
| <u>\$ 3,027,187</u> | <u>\$ 25,510,242</u> | <u>\$ 84,018,140</u> | <u>\$ 938,681</u> | <u>\$ 158,154</u> | <u>\$ 119,163,604</u> | <u>\$ 117,852,388</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 980,378 | \$ 1,029,211 |
| - | - | - | - | - | 2,359,517 | 2,599,129 |
| - | 26,186,299 | - | - | - | 27,187,818 | 29,619,492 |
| 3,052,508 | - | - | - | - | 3,052,508 | 840,250 |
| - | - | 80,616,883 | - | - | 80,735,122 | 83,880,627 |
| - | - | - | 907,881 | 138,468 | 1,046,349 | 3,025,133 |
| - | - | - | - | - | 180,000 | 180,000 |
| - | - | - | - | - | 2,430,065 | 2,510,346 |
| - | - | - | - | - | 122,640 | 104,352 |
| <u>\$ 3,052,508</u> | <u>\$ 26,186,299</u> | <u>\$ 80,616,883</u> | <u>\$ 907,881</u> | <u>\$ 138,468</u> | <u>\$ 118,094,397</u> | <u>\$ 123,788,540</u> |
| <u>\$ (25,321)</u> | <u>\$ (676,057)</u> | <u>\$ 3,401,257</u> | <u>\$ 30,800</u> | <u>\$ 19,686</u> | <u>\$ 1,069,207</u> | <u>\$ (5,936,152)</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 1985

| | <u>Civil Defense</u> | <u>Communicable Diseases</u> | <u>County Grants and Subsidies</u> | <u>Emergency</u> | <u>Federal Fiscal Assistance</u> | <u>Land Investment</u> |
|---|--------------------------|----------------------------------|--|--------------------|--|----------------------------|
| Other Financing Sources (Uses) | | | | | | |
| Capital leases | \$ - | \$ - | \$ - | \$ - | \$ 283,008 | \$ - |
| Operating transfers in | - | - | - | - | - | 1,306,717 |
| Operating transfers out | - | - | - | (86,715) | (700,648) | - |
| Total Other Financing Sources (Uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (86,715)</u> | <u>\$ (417,640)</u> | <u>\$ 1,306,717</u> |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | \$ - | \$ - | \$ 18,695 | \$ 15,489 | \$ (237,806) | \$ (675,174) |
| Fund Balance - January 1 | 266,755 | 29,394 | 169,826 | 27,028 | 1,073,111 | 1,587,211 |
| Increase (decrease) in reserve for inventories | - | - | - | - | - | - |
| Equity transfer to Public Health Fund | - | (29,394) | - | - | - | - |
| Equity transfer to General Fund | (266,755) | - | - | - | - | - |
| Equity transfer from Communicable Diseases Fund | - | - | - | - | - | - |
| Fund Balance - December 31 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 188,521</u> | <u>\$ 42,517</u> | <u>\$ 835,305</u> | <u>\$ 912,037</u> |

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

Statement B-2
(Continued)

| Public Health | Road and Bridge | Social Services | Solid Waste Authorities | Solid Waste Management | Totals | |
|---------------------|---------------------|---------------------|-------------------------|------------------------|----------------------|----------------------|
| | | | | | 1986 | 1985 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 283,008 | \$ 277,670 |
| 200,000 | - | - | - | - | 1,506,717 | 1,467,234 |
| - | - | (838,569) | - | - | (1,625,932) | (1,744,408) |
| <u>\$ 200,000</u> | <u>\$ -</u> | <u>\$ (838,569)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 163,793</u> | <u>\$ 496</u> |
| | | | | | | |
| \$ 174,679 | \$ (676,057) | \$ 2,562,688 | \$ 30,800 | \$ 19,686 | \$ 1,233,000 | \$ (5,935,656) |
| 1,086,985 | 7,619,903 | (1,686,776) | 526,766 | 211,308 | 10,911,511 | 20,910,015 |
| - | 479,172 | - | - | - | 479,172 | (4,062,848) |
| - | - | - | - | - | (29,394) | - |
| - | - | - | - | - | (266,755) | - |
| <u>29,394</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>29,394</u> | <u>-</u> |
| | | | | | | |
| <u>\$ 1,291,058</u> | <u>\$ 7,423,018</u> | <u>\$ 875,912</u> | <u>\$ 557,566</u> | <u>\$ 230,994</u> | <u>\$ 12,356,928</u> | <u>\$ 10,911,511</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement B-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CIVIL DEFENSE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 |
|---|-----------|-----------|--|------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 55,510 |
| Intergovernmental | - | - | - | 83,536 |
| Charges for services | - | - | - | 108,639 |
| Miscellaneous | - | - | - | 2,929 |
| Total Revenues | \$ - | \$ - | \$ - | \$ 250,614 |
| Expenditures | | | | |
| Public safety | | | | |
| Administration | \$ - | \$ - | \$ - | \$ 128,578 |
| Local radio net | - | - | - | 111,034 |
| Total Expenditures | \$ - | \$ - | \$ - | \$ 239,612 |
| Excess of Revenues Over (Under) Expenditures | \$ - | \$ - | \$ - | \$ 11,002 |
| Fund Balance - January 1 | 266,755 | 266,755 | - | 255,753 |
| Equity transfer to general fund | (266,755) | (266,755) | - | - |
| Fund Balance - December 31 | \$ - | \$ - | \$ - | \$ 266,755 |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement B-4

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNICABLE DISEASES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 |
|---|----------|----------|--|-----------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 62,958 |
| Intergovernmental | - | - | - | 20,629 |
| Miscellaneous | - | - | - | 15 |
| Total Revenues | \$ - | \$ - | \$ - | \$ 83,602 |
| Expenditures | | | | |
| Health | - | - | - | 74,524 |
| Excess of Revenues Over (Under) Expenditures | \$ - | \$ - | \$ - | \$ 9,078 |
| Fund Balance - January 1 | 29,394 | 29,394 | - | 20,316 |
| Equity transfer to Public Health Fund | (29,394) | (29,394) | - | - |
| Fund Balance - December 31 | \$ - | \$ - | \$ - | \$ 29,394 |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement B-5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COUNTY GRANTS AND SUBSIDIES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 |
|---|---------------------|---------------------|--|---------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Taxes | \$ 2,085,495 | \$ 2,040,428 | \$ (45,067) | \$ 2,020,234 |
| Intergovernmental | 617,177 | 649,144 | 31,967 | 653,520 |
| Miscellaneous | - | 797 | 797 | 543 |
| Total Revenues | <u>\$ 2,702,672</u> | <u>\$ 2,690,369</u> | <u>\$ (12,303)</u> | <u>\$ 2,674,297</u> |
| Expenditures | | | | |
| Public safety | | | | |
| Arrowhead Regional Corrections | \$ 2,359,517 | \$ 2,359,517 | \$ - | \$ 2,359,517 |
| Welfare | | | | |
| Aid to victims of sexual assault | 34,517 | 34,517 | - | 38,352 |
| Culture and recreation | | | | |
| Arrowhead Library System | 180,000 | 180,000 | - | 180,000 |
| Economic development | | | | |
| Arrowhead Regional Development Commission | 128,638 | 97,640 | 30,998 | 104,352 |
| Total Expenditures | <u>\$ 2,702,672</u> | <u>\$ 2,671,674</u> | <u>\$ 30,998</u> | <u>\$ 2,682,221</u> |
| Excess of Revenues Over (Under) Expenditures | \$ - | \$ 18,695 | \$ 18,695 | \$ (7,924) |
| Fund Balance - January 1 | <u>169,826</u> | <u>169,826</u> | - | <u>177,750</u> |
| Fund Balance - December 31 | <u>\$ 169,826</u> | <u>\$ 188,521</u> | <u>\$ 18,695</u> | <u>\$ 169,826</u> |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement B-6

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EMERGENCY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | | 1985 Actual |
|--|------------|------------|--|----------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | |
| Revenues | | | | |
| Taxes | \$ 74,534 | \$ 77,986 | \$ 3,452 | \$ 11,919 |
| Intergovernmental | 25,466 | 24,189 | (1,277) | 4,011 |
| Miscellaneous | - | 29 | 29 | 3 |
| Total Revenues | \$ 100,000 | \$ 102,204 | \$ 2,204 | \$ 15,944 |
| Other Financing Sources (Uses) | | | | |
| Operating transfers out | (100,000) | (86,715) | 13,285 | (10,623) |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | \$ - | \$ 15,489 | \$ 15,489 | \$ 5,321 |
| Fund Balance - January 1 | 27,028 | 27,028 | - | 21,707 |
| Fund Balance - December 31 | \$ 27,028 | \$ 42,517 | \$ 15,489 | \$ 27,028 |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement B-7

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FEDERAL FISCAL ASSISTANCE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 |
|---|---------------------|---------------------|--|---------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ 17,015 | \$ 17,015 | \$ 19,260 |
| Intergovernmental | 3,053,052 | 2,131,437 | (921,615) | 3,110,915 |
| Charges for services | - | 603 | 603 | 767 |
| Interest on investments | - | 50,883 | 50,883 | 46,645 |
| Miscellaneous | - | 70,515 | 70,515 | 68,184 |
| Total Revenues | \$ 3,053,052 | \$ 2,270,453 | \$ (782,599) | \$ 3,245,771 |
| Expenditures | | | | |
| General government | | | | |
| Administration | \$ 32,000 | \$ 35,463 | \$ (3,463) | \$ 24,508 |
| Planning and zoning | 407,126 | 404,737 | 2,389 | 437,825 |
| Courthouses | 498,980 | 496,324 | 2,656 | 526,227 |
| Legislative research | 60,753 | 43,854 | 16,899 | 40,651 |
| Total general government | \$ 998,859 | \$ 980,378 | \$ 18,481 | \$ 1,029,211 |
| Highways and streets | | | | |
| Capital outlay | \$ 739,476 | \$ 1,001,519 | \$ (262,043) | \$ 1,657,860 |
| Welfare | | | | |
| Other services and charges | \$ 83,722 | \$ 83,722 | \$ - | \$ 80,000 |
| Economic development | | | | |
| Other services and charges | \$ 25,000 | \$ 25,000 | \$ - | \$ - |
| Total Expenditures | \$ 1,847,057 | \$ 2,090,619 | \$ (243,562) | \$ 2,767,071 |
| Excess of Revenues Over (Under) Expenditures | \$ 1,205,995 | \$ 179,834 | \$ (1,026,161) | \$ 478,700 |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement B-7
(Continued)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FEDERAL FISCAL ASSISTANCE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 |
|---|---------------------|-------------------|--|---------------------|
| | Budget | Actual | | Actual |
| Other Financing Sources (Uses) | | | | |
| Capital leases | \$ - | \$ 283,008 | \$ 283,008 | \$ 277,670 |
| Operating transfers in | - | - | - | 4,000 |
| Operating transfers out | (700,648) | (700,648) | - | (983,785) |
| Total Other Financing Sources (Uses) | \$ (700,648) | \$ (417,640) | \$ 283,008 | \$ (702,115) |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | \$ 505,347 | \$ (237,806) | \$ (743,153) | \$ (223,415) |
| Fund Balance - January 1 | <u>1,073,111</u> | <u>1,073,111</u> | - | <u>1,296,526</u> |
| Fund Balance - December 31 | <u>\$ 1,578,458</u> | <u>\$ 835,305</u> | <u>\$ (743,153)</u> | <u>\$ 1,073,111</u> |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement B-8

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAND INVESTMENT SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 |
|---|---------------------|---------------------|--|---------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Intergovernmental | \$ 350,113 | \$ 350,113 | \$ - | \$ 921,969 |
| Charges for services | - | - | - | 67,010 |
| Gifts and contributions | - | - | - | 250,000 |
| Miscellaneous | 98,061 | 98,061 | - | - |
| Total Revenues | <u>\$ 448,174</u> | <u>\$ 448,174</u> | <u>\$ -</u> | <u>\$ 1,238,979</u> |
| Expenditures | | | | |
| Conservation of natural resources | | | | |
| Personal services | | \$ 1,065,756 | | 1,489,901 |
| Other services and charges | | 1,248,992 | | 585,452 |
| Supplies | | 55,529 | | 264,369 |
| Capital outlay | | 59,788 | | 170,624 |
| Total Expenditures | <u>\$ 1,920,137</u> | <u>\$ 2,430,065</u> | <u>\$ (509,928)</u> | <u>\$ 2,510,346</u> |
| Excess of Revenues Over (Under) Expenditures | \$ (1,471,963) | \$ (1,981,891) | \$ (509,928) | \$ (1,271,367) |
| Other Financing Sources (Uses) | | | | |
| Operating transfers in | <u>1,306,717</u> | <u>1,306,717</u> | <u>-</u> | <u>1,250,348</u> |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | \$ (165,246) | \$ (675,174) | \$ (509,928) | \$ (21,019) |
| Fund Balance - January 1 | <u>1,587,211</u> | <u>1,587,211</u> | <u>-</u> | <u>1,608,230</u> |
| Fund Balance - December 31 | <u>\$ 1,421,965</u> | <u>\$ 912,037</u> | <u>\$ (509,928)</u> | <u>\$ 1,587,211</u> |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement B-9

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PUBLIC HEALTH SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 |
|--|---------------------|---------------------|--|---------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Taxes | \$ 1,154,055 | \$ 1,145,793 | \$ (8,262) | \$ 1,129,011 |
| Licenses and permits | 137,800 | - | (137,800) | 73,506 |
| Intergovernmental | 1,087,811 | 1,125,790 | 37,979 | 1,467,806 |
| Charges for services | 589,900 | 731,194 | 141,294 | 402,779 |
| Miscellaneous | 56,000 | 24,410 | (31,590) | 13,579 |
| Total Revenues | \$ 3,025,566 | \$ 3,027,187 | \$ 1,621 | \$ 3,086,681 |
| Expenditures | | | | |
| Health | | | | |
| Administration | \$ 816,391 | \$ 784,372 | \$ 32,019 | \$ 759,836 |
| Nursing | 1,292,618 | 1,208,773 | 83,845 | 1,157,953 |
| Environmental health | 745,175 | 688,642 | 56,533 | 673,790 |
| Health education | 381,666 | 370,721 | 10,945 | 359,030 |
| Total Expenditures | \$ 3,235,850 | \$ 3,052,508 | \$ 183,342 | \$ 2,950,609 |
| Excess of Revenues Over (Under) Expenditures | \$ (210,284) | \$ (25,321) | \$ 184,963 | \$ 136,072 |
| Other Financing Sources (Uses) | | | | |
| Operating transfers in | 200,000 | 200,000 | - | - |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | \$ (10,284) | \$ 174,679 | \$ 184,963 | \$ 136,072 |
| Fund Balance - January 1 | 1,086,985 | 1,086,985 | - | 950,913 |
| Equity transfer from Communicable Diseases Fund | 29,394 | 29,394 | - | - |
| Fund Balance - December 31 | \$ 1,106,095 | \$ 1,291,058 | \$ 184,963 | \$ 1,086,985 |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement B-10

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ROAD AND BRIDGE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 |
|---|-----------------------|----------------------|--|-----------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Taxes | \$ 9,196,525 | \$ 9,123,384 | \$ (73,141) | \$ 10,109,652 |
| Licenses and permits | - | 1,306 | 1,306 | 1,575 |
| Intergovernmental | 16,430,365 | 15,937,047 | (493,318) | 14,460,600 |
| Charges for services | 325,000 | 275,207 | (49,793) | 379,945 |
| Miscellaneous | - | 173,298 | 173,298 | 114,522 |
| Total Revenues | \$ 25,951,890 | \$ 25,510,242 | \$ (441,648) | \$ 25,066,354 |
| Expenditures | | | | |
| Highways and streets | | | | |
| Administration | \$ 3,985,502 | \$ 3,984,286 | \$ 1,216 | \$ 3,985,758 |
| Maintenance | 8,707,224 | 8,246,198 | 461,026 | 8,720,501 |
| Construction | 10,644,669 | 9,299,231 | 1,345,438 | 10,134,055 |
| Equipment maintenance and shops | 5,036,230 | 4,505,294 | 530,936 | 5,107,996 |
| Other | 113,000 | 151,290 | (38,290) | 13,322 |
| Total Expenditures | \$ 28,486,625 | \$ 26,186,299 | \$ 2,300,326 | \$ 27,961,632 |
| Excess of Revenues Over (Under) Expenditures | \$ (2,534,735) | \$ (676,057) | \$ 1,858,678 | \$ (2,895,278) |
| Fund Balance - January 1 | 7,619,903 | 7,619,903 | - | 10,512,669 |
| Increase (decrease) in reserve for inventories | 479,172 | 479,172 | - | 2,512 |
| Fund Balance - December 31 | \$ 5,564,340 | \$ 7,423,018 | \$ 1,858,678 | \$ 7,619,903 |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement B-11

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOCIAL SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 |
|--|----------------------|----------------------|--|----------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Taxes | \$ 23,508,565 | \$ 23,228,490 | \$ (280,075) | \$ 20,129,051 |
| Intergovernmental | 52,505,124 | 55,685,767 | 3,180,643 | 55,565,022 |
| Charges for services | 1,769,000 | 2,134,270 | 365,270 | 2,355,575 |
| Miscellaneous | 2,835,000 | 2,969,613 | 134,613 | 3,197,052 |
| Total Revenues | \$ 80,617,689 | \$ 84,018,140 | \$ 3,400,451 | \$ 81,246,700 |
| Expenditures | | | | |
| Welfare | | | | |
| Administration | \$ 520,589 | \$ 143,046 | \$ 377,543 | \$ 397,743 |
| Staff development | - | 8,631 | (8,631) | - |
| Income maintenance | | | | |
| Child support and collections | 1,677,721 | 1,700,019 | (22,298) | 1,685,604 |
| Food stamps | 1,288,738 | 1,409,733 | (120,995) | 1,200,788 |
| EPSDT | 131,401 | 131,401 | - | 204,816 |
| General assistance | 4,632,991 | 5,868,362 | (1,235,371) | 9,404,810 |
| Work readiness | 3,270,639 | 3,999,966 | (729,327) | 807,617 |
| General assistance - medical | 1,148,262 | 1,268,158 | (119,896) | 1,065,639 |
| Minnesota supplemental aid | 2,356,546 | 2,340,674 | 15,872 | 2,069,981 |
| Aid to families with dependent children | 27,740,960 | 29,774,243 | (2,033,283) | 28,812,088 |
| AFDC emergency assistance | 230,000 | 243,236 | (13,236) | 261,283 |
| Medical assistance | 5,270,783 | 4,968,081 | 302,702 | 5,004,584 |
| Social services | | | | |
| Provided | 474,154 | 489,260 | (15,106) | - |
| Permanency planning | 1,720,159 | 1,720,159 | - | - |
| Alternative care | 1,002,735 | 1,002,735 | - | 1,001,642 |
| Waivered services | 253,625 | 253,625 | - | 57,453 |
| Retired senior volunteer program | 83,356 | 100,069 | (16,713) | 91,745 |
| Work incentive | 387,548 | 363,931 | 23,617 | 369,760 |
| Title III care givers | 25,000 | 11,137 | 13,863 | 12,000 |
| CSSA | 4,084,000 | 3,883,216 | 200,784 | 4,084,141 |
| Day care | 127,351 | 58,082 | 69,269 | - |
| Child care food program | 140,000 | 146,622 | (6,622) | 75,211 |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement B-11
(Continued)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOCIAL SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 |
|---|----------------------|----------------------|--|-----------------------|
| | Budget | Actual | | Actual |
| Expenditures | | | | |
| Welfare | | | | |
| Social services (Continued) | | | | |
| Title XX | 7,534,576 | 7,534,576 | - | 11,418,248 |
| Crisis shelter | 49,651 | 20,026 | 29,625 | - |
| School breakfast/lunch program | - | 25,140 | (25,140) | 13,640 |
| Residential treatment | 372,837 | 329,580 | 43,257 | 345,672 |
| Senior centers | 620,939 | 620,436 | 503 | 849,778 |
| IV-E foster care | 1,649,700 | 1,685,073 | (35,373) | 1,754,724 |
| Refugee assistance | 117,000 | 215,318 | (98,318) | 211,671 |
| Child welfare | 2,149,300 | 1,933,241 | 216,059 | 2,788,238 |
| Health assessment | - | 9,116 | (9,116) | 20,032 |
| Purchased | 3,951,094 | 4,283,222 | (332,128) | 4,802,539 |
| Sliding fee child care | 319,000 | 393,532 | (74,532) | 198,865 |
| Semi-independent living | 222,000 | 368,154 | (146,154) | 338,081 |
| Home delivered meals | 200,424 | 200,424 | - | 189,740 |
| Detoxification services | 770,843 | 770,843 | - | 869,045 |
| Program grants | 1,343,557 | 1,365,349 | (21,792) | 2,435,047 |
| Rule 14 | 259,565 | 259,565 | - | 292,474 |
| Mental health block grant | 117,029 | 72,206 | 44,823 | 31,232 |
| Rule 12 | 504,017 | 504,017 | - | 505,612 |
| Indian children | 25,143 | 30,480 | (5,337) | 30,480 |
| Outpatient drug abuse | 55,945 | 55,945 | - | 50,033 |
| Model employment | 55,809 | 56,254 | (445) | 10,219 |
| Total Expenditures | <u>\$ 76,884,987</u> | <u>\$ 80,616,883</u> | <u>\$ (3,731,896)</u> | <u>\$ 83,762,275</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 3,732,702</u> | <u>\$ 3,401,257</u> | <u>\$ (331,445)</u> | <u>\$ (2,515,575)</u> |
| Other Financing Sources (Uses) | | | | |
| Operating transfers in | \$ - | \$ - | \$ - | \$ 212,886 |
| Operating transfers out | <u>(629,215)</u> | <u>(838,569)</u> | <u>(209,354)</u> | <u>(750,000)</u> |
| Total Other Financing Sources (Uses) | <u>\$ (629,215)</u> | <u>\$ (838,569)</u> | <u>\$ (209,354)</u> | <u>\$ (537,114)</u> |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement B-11
(Continued)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOCIAL SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 Actual |
|---|---------------------|-------------------|--|-----------------------|
| | Budget | Actual | | |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | \$ 3,103,487 | \$ 2,562,688 | \$ (540,799) | \$ (3,052,689) |
| Fund Balance - January 1 | (1,686,776) | (1,686,776) | - | 5,431,273 |
| Increase (decrease) in food stamps inventory | - | - | - | (4,065,360) |
| Fund Balance - December 31 | <u>\$ 1,416,711</u> | <u>\$ 875,912</u> | <u>\$ (540,799)</u> | <u>\$ (1,686,776)</u> |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement B-12

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOLID WASTE AUTHORITIES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 |
|---|-------------------|-------------------|--|-------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Taxes | \$ 733,296 | \$ 708,974 | \$ (24,322) | \$ 599,433 |
| Intergovernmental | 213,331 | 228,933 | 15,602 | 201,366 |
| Miscellaneous | - | 774 | 774 | 402 |
| Total Revenues | \$ 946,627 | \$ 938,681 | \$ (7,946) | \$ 801,201 |
| Expenditures | | | | |
| Sanitation | | | | |
| Orr service area | \$ 43,960 | \$ 52,502 | \$ (8,542) | \$ 29,647 |
| Brookston service area | 30,905 | 39,376 | (8,471) | 39,109 |
| Cotton service area | 45,000 | 50,760 | (5,760) | 29,196 |
| Floodwood service area | 40,000 | 47,255 | (7,255) | 27,818 |
| Cook service area | 50,000 | 58,014 | (8,014) | 41,413 |
| Hibbing landfill | 268,940 | 223,967 | 44,973 | 176,094 |
| Portage service area | 24,000 | 28,698 | (4,698) | 19,889 |
| East Mesaba service area | 36,687 | 32,758 | 3,929 | 32,004 |
| Aurora service area | 9,440 | 7,382 | 2,058 | 9,000 |
| Vermillion Dam service area | 45,275 | 36,609 | 8,666 | 23,105 |
| Voyageurs service area | 45,820 | 33,863 | 11,957 | 46,652 |
| Hibbing service area | 87,486 | 74,850 | 12,636 | 71,450 |
| Vermillion service area | 54,330 | 63,173 | (8,843) | 42,524 |
| Northwoods service area | 141,000 | 142,404 | (1,404) | 90,944 |
| Ordinance update | 20,000 | 16,270 | 3,730 | 39,955 |
| Total Expenditures | \$ 942,843 | \$ 907,881 | \$ 34,962 | \$ 718,800 |
| Excess of Revenues Over (Under) Expenditures | \$ 3,784 | \$ 30,800 | \$ 27,016 | \$ 82,401 |
| Fund Balance - January 1 | 526,766 | 526,766 | - | 444,365 |
| Fund Balance - December 31 | \$ 530,550 | \$ 557,566 | \$ 27,016 | \$ 526,766 |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement B-13

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOLID WASTE MANAGEMENT SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1985

| | 1986 | | Variance Favorable (Unfavorable) | 1985 |
|---|-------------------|-------------------|--|-------------------|
| | Budget | Actual | | Actual |
| Revenues | | | | |
| Taxes | \$ 94,843 | \$ 96,564 | \$ 1,721 | \$ 91,563 |
| Intergovernmental | 30,923 | 50,314 | 19,391 | 49,906 |
| Miscellaneous | - | 11,276 | 11,276 | 776 |
| Total Revenues | <u>\$ 125,766</u> | <u>\$ 158,154</u> | <u>\$ 32,388</u> | <u>\$ 142,245</u> |
| Expenditures | | | | |
| Sanitation | | | | |
| Personal services | \$ 111,232 | \$ 110,181 | \$ 1,051 | \$ 108,603 |
| Other services and charges | 11,574 | 26,934 | (15,360) | 12,032 |
| Supplies | 25,400 | 1,353 | 24,047 | 815 |
| Total Expenditures | <u>\$ 148,206</u> | <u>\$ 138,468</u> | <u>\$ 9,738</u> | <u>\$ 121,450</u> |
| Excess of Revenues Over (Under) Expenditures | \$ (22,440) | \$ 19,686 | \$ 42,126 | \$ 20,795 |
| Fund Balance - January 1 | <u>211,308</u> | <u>211,308</u> | <u>-</u> | <u>190,513</u> |
| Fund Balance - December 31 | <u>\$ 188,868</u> | <u>\$ 230,994</u> | <u>\$ 42,126</u> | <u>\$ 211,308</u> |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

ENTERPRISE FUNDS

To account for operations that are financed and operated in a manner similar to private business, with the intent that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

County Health Services - to provide health care services for the Home Care and Women, Infants and Children (WIC) programs.

County Photography - to provide maps and photos to the general public, county departments and other governmental units.

Babbitt Facility - to provide a facility and equipment for lease to Rubber Research Elastomerics for the purpose of converting waste tires into a product.

Chris Jensen - to provide nursing home facilities for the public.

Nopeming - to provide nursing home facilities for the public.

Supervised Living Facilities - to provide living facilities that require a level of supervision greater than that of a board and lodging facility, but less than a board and care facility.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 1985

| | <u>County Health Services</u> | <u>County Photography</u> |
|---------------------------------------|---------------------------------------|-------------------------------|
| <u>Assets</u> | | |
| Current assets | | |
| Cash, pooled deposits and investments | \$ 32,013 | \$ 23,666 |
| Change funds | - | - |
| Receivables | | |
| Taxes | | |
| Unapportioned | - | - |
| Delinquent | - | - |
| Accounts | - | - |
| Due from other funds | - | - |
| Due from other governments | 37,801 | - |
| Inventories | - | - |
| Prepaid expense | - | - |
| | <hr/> | <hr/> |
| Total current assets | \$ 69,814 | \$ 23,666 |
| Restricted assets | | |
| Improvement account - cash | \$ - | \$ - |
| Construction | | |
| Cash, pooled deposits and investments | - | - |
| Investments, at cost | - | - |
| Accrued interest receivable | - | - |
| Debt service | | |
| Cash, pooled deposits and investments | - | - |
| Investments, at cost | - | - |
| Accrued interest receivable | - | - |
| | <hr/> | <hr/> |
| Total restricted assets | \$ - | \$ - |

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

Statement C-1

| <u>Babbitt Facility</u> | <u>Chris Jensen</u> | <u>Nopeming</u> | <u>Supervised Living Facilities</u> | <u>Totals</u> | |
|-----------------------------|---------------------|---------------------|---|---------------------|--------------------------|
| | | | | <u>1986</u> | <u>1985 Restated</u> |
| \$ 774,256 | \$ 544,375 | \$ 1,729,385 | \$ - | \$ 3,103,695 | \$ 2,369,499 |
| - | 500 | 500 | - | 1,000 | 1,000 |
| - | 24,660 | 17,828 | - | 42,488 | 15,055 |
| - | 91,736 | 65,643 | - | 157,379 | 129,600 |
| - | 938,116 | 642,846 | 10,840 | 1,591,802 | 1,666,094 |
| - | - | - | - | - | 200 |
| - | - | - | 51,615 | 89,416 | 85,404 |
| - | 76,162 | 90,501 | - | 166,663 | 349,116 |
| - | - | - | - | - | 1,901 |
| <u>\$ 774,256</u> | <u>\$ 1,675,549</u> | <u>\$ 2,546,703</u> | <u>\$ 62,455</u> | <u>\$ 5,152,443</u> | <u>\$ 4,617,869</u> |
| \$ - | \$ - | \$ 55,911 | \$ - | \$ 55,911 | \$ 53,069 |
| - | 114,942 | - | - | 114,942 | 984,043 |
| - | - | - | - | - | 1,155,575 |
| - | 839 | - | - | 839 | 82,396 |
| 315,304 | 128,955 | - | - | 444,259 | 32,829 |
| - | 400,000 | - | - | 400,000 | 418,533 |
| - | 5,901 | - | - | 5,901 | 13,254 |
| <u>\$ 315,304</u> | <u>\$ 650,637</u> | <u>\$ 55,911</u> | <u>\$ -</u> | <u>\$ 1,021,852</u> | <u>\$ 2,739,699</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 1985

| | <u>County Health Services</u> | <u>County Photography</u> |
|------------------------------------|---------------------------------------|-------------------------------|
| <u>Assets (Continued)</u> | | |
| Fixed Assets | | |
| Land | \$ - | \$ - |
| Buildings and structures | - | - |
| Equipment, furniture, and fixtures | 10,045 | - |
| Construction-in-progress | - | - |
| | <hr/> | <hr/> |
| Total fixed assets | \$ 10,045 | \$ - |
| Less accumulated depreciation | <u>(6,711)</u> | <u>-</u> |
| Net fixed assets | <u>\$ 3,334</u> | <u>\$ -</u> |
| Total Assets | <u>\$ 73,148</u> | <u>\$ 23,666</u> |

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

Statement C-1
(Continued)

| Babbitt Facility | Chris Jensen | Nopeming | Supervised Living Facilities | Totals | |
|---------------------|---------------------|---------------------|------------------------------------|----------------------|----------------------|
| | | | | 1986 | 1985 Restated |
| \$ 5,635 | \$ 130,656 | \$ 132,086 | \$ 2,100 | \$ 270,477 | \$ 264,842 |
| 1,100,220 | 5,101,965 | 3,310,976 | 187,962 | 9,701,123 | 7,176,516 |
| 760,193 | 408,543 | 684,721 | 7,621 | 1,871,123 | 1,278,245 |
| - | - | - | - | - | 2,606,432 |
| <u>\$ 1,866,048</u> | <u>\$ 5,641,164</u> | <u>\$ 4,127,783</u> | <u>\$ 197,683</u> | <u>\$ 11,842,723</u> | <u>\$ 11,326,035</u> |
| - | (573,772) | (2,736,339) | (124,644) | (3,441,466) | (5,182,872) |
| <u>\$ 1,866,048</u> | <u>\$ 5,067,392</u> | <u>\$ 1,391,444</u> | <u>\$ 73,039</u> | <u>\$ 8,401,257</u> | <u>\$ 6,143,163</u> |
| <u>\$ 2,955,608</u> | <u>\$ 7,393,578</u> | <u>\$ 3,994,058</u> | <u>\$ 135,494</u> | <u>\$ 14,575,552</u> | <u>\$ 13,500,731</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 1985

| | <u>County Health Services</u> | <u>County Photography</u> |
|--|---------------------------------------|-------------------------------|
| <u>Liabilities and Fund Equity</u> | | |
| Liabilities | | |
| Current liabilities (payable from current assets) | | |
| Cash deficit | \$ - | \$ - |
| Accounts payable | 90 | 62 |
| Salaries payable | 5,166 | - |
| Accrued employee benefits | 8,873 | - |
| Due to other funds | - | - |
| Due to other governments | - | - |
| Deferred revenue | - | - |
| Current portion long-term debt | - | - |
| Accrued interest payable | - | - |
| | - | - |
| Total current liabilities (payable from current assets) | \$ 14,129 | \$ 62 |
| Current liabilities (payable from restricted assets) | | |
| Accounts payable | \$ - | \$ - |
| Contracts payable | - | - |
| Retainage on contracts | - | - |
| Accrued interest payable | - | - |
| Bonds payable | - | - |
| | - | - |
| Total current liabilities (payable from restricted assets) | \$ - | \$ - |
| Long-term liabilities | | |
| Employee benefits payable | \$ - | \$ - |
| Advance from other funds | - | 17,114 |
| Bonds payable (net) | - | - |
| Loans payable | - | - |
| | - | - |
| Total long-term liabilities | \$ - | \$ 17,114 |
| Total Liabilities | \$ 14,129 | \$ 17,176 |

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

Statement C-1
(Continued)

| Babbitt Facility | Chris Jensen | Nopeming | Supervised Living Facilities | Totals | |
|---------------------|---------------------|-------------------|------------------------------------|---------------------|---------------------|
| | | | | 1986 | 1985 Restated |
| \$ - | \$ - | \$ - | \$ 45,401 | \$ 45,401 | \$ - |
| 169,867 | 61,142 | 36,528 | 3,020 | 270,709 | 274,602 |
| - | 169,866 | 153,613 | 14,704 | 343,349 | 389,267 |
| - | 266,015 | 221,139 | 28,192 | 524,219 | 583,249 |
| - | 2,000 | 349 | - | 2,349 | 473,579 |
| - | - | - | - | - | 10 |
| - | 106,611 | 73,807 | 3,200 | 183,618 | 121,840 |
| 66,300 | - | - | - | 66,300 | - |
| 80,000 | - | - | - | 80,000 | - |
| <u>\$ 316,167</u> | <u>\$ 605,634</u> | <u>\$ 485,436</u> | <u>\$ 94,517</u> | <u>\$ 1,515,945</u> | <u>\$ 1,842,547</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,626 |
| - | 79,270 | - | - | 79,270 | 234,343 |
| - | 20,428 | - | - | 20,428 | 228,193 |
| - | 174,880 | - | - | 174,880 | 174,880 |
| - | 325,000 | - | - | 325,000 | - |
| <u>\$ -</u> | <u>\$ 599,578</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 599,578</u> | <u>\$ 640,042</u> |
| \$ - | \$ 83,810 | \$ 227,841 | \$ 12,757 | \$ 324,408 | \$ 272,187 |
| - | - | - | - | 17,114 | 17,114 |
| 1,189,336 | 4,375,069 | - | - | 5,564,405 | 4,689,067 |
| 683,700 | - | - | - | 683,700 | - |
| <u>\$ 1,873,036</u> | <u>\$ 4,458,879</u> | <u>\$ 227,841</u> | <u>\$ 12,757</u> | <u>\$ 6,589,627</u> | <u>\$ 4,978,368</u> |
| <u>\$ 2,189,203</u> | <u>\$ 5,664,091</u> | <u>\$ 713,277</u> | <u>\$ 107,274</u> | <u>\$ 8,705,150</u> | <u>\$ 7,460,957</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 1985

| | <u>County Health Services</u> | <u>County Photography</u> |
|------------------------------------|---------------------------------------|-------------------------------|
| <u>Liabilities and Fund Equity</u> | | |
| (Continued) | | |
| Fund Equity | | |
| Contributed capital | \$ - | \$ - |
| Retained earnings | | |
| Reserved for improvement account | \$ - | \$ - |
| Reserved for debt service account | - | - |
| Unreserved - undesignated | <u>59,019</u> | <u>6,490</u> |
| Total retained earnings | \$ <u>59,019</u> | \$ <u>6,490</u> |
| Total Fund Equity | \$ <u>59,019</u> | \$ <u>6,490</u> |
| Total Liabilities and Fund Equity | <u>\$ 73,148</u> | <u>\$ 23,666</u> |

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

Statement C-1
(Continued)

| <u>Babbitt Facility</u> | <u>Chris Jensen</u> | <u>Nopeming</u> | <u>Supervised Living Facilities</u> | <u>Totals</u> | |
|-----------------------------|---------------------|---------------------|---|----------------------|--------------------------|
| | | | | <u>1986</u> | <u>1985 Restated</u> |
| \$ 786,412 | \$ - | \$ - | \$ - | \$ 786,412 | \$ - |
| \$ - | \$ - | \$ 55,911 | \$ - | \$ 55,911 | \$ 53,069 |
| 315,304 | 34,976 | - | - | 350,280 | 289,736 |
| <u>(335,311)</u> | <u>1,694,511</u> | <u>3,224,870</u> | <u>28,220</u> | <u>4,677,799</u> | <u>5,696,969</u> |
| \$ (20,007) | \$ 1,729,487 | \$ 3,280,781 | \$ 28,220 | \$ 5,083,990 | \$ 6,039,774 |
| \$ 766,405 | \$ 1,729,487 | \$ 3,280,781 | \$ 28,220 | \$ 5,870,402 | \$ 6,039,774 |
| <u>\$ 2,955,608</u> | <u>\$ 7,393,578</u> | <u>\$ 3,994,058</u> | <u>\$ 135,494</u> | <u>\$ 14,575,552</u> | <u>\$ 13,500,731</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ALL ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 1985

| | <u>County Health Services</u> | <u>County Photography</u> |
|--|---------------------------------------|-------------------------------|
| Operating Revenues | | |
| Charges for services | \$ - | \$ 1,223 |
| Other | 720 | - |
| | <u>720</u> | <u>-</u> |
| Total Operating Revenues | <u>\$ 720</u> | <u>\$ 1,223</u> |
| Operating Expenses | | |
| Personal services | \$ 196,911 | \$ - |
| Services and charges | 43,072 | 760 |
| Direct material | 2,135 | - |
| Depreciation | 224 | - |
| | <u>242,342</u> | <u>760</u> |
| Total Operating Expenses | <u>\$ 242,342</u> | <u>\$ 760</u> |
| Operating income (loss) | <u>\$(241,622)</u> | <u>\$ 463</u> |
| Nonoperating Revenues (Expenses) | | |
| Taxes | \$ - | \$ - |
| Grants | 238,870 | - |
| Interest on investments | - | - |
| Interest expense | - | - |
| Amortization | - | - |
| Other expense | - | - |
| Loss on disposal of fixed assets | - | - |
| | <u>238,870</u> | <u>-</u> |
| Total Nonoperating Revenues (Expenses) | <u>\$ 238,870</u> | <u>\$ -</u> |
| Income (loss) before operating transfers | <u>\$ (2,752)</u> | <u>\$ 463</u> |
| Operating transfers out | <u>-</u> | <u>-</u> |
| Net Income (Loss) | <u>\$ (2,752)</u> | <u>\$ 463</u> |
| Retained earnings - January 1 | 61,771 | 6,027 |
| Equity transfers out | <u>-</u> | <u>-</u> |
| Retained earnings - December 31 | <u>\$ 59,019</u> | <u>\$ 6,490</u> |

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

Statement C-2

| Babbitt Facility | Chris Jensen | Nopeming | Supervised Living Facilities | Totals | |
|---------------------|---------------------|---------------------|------------------------------------|-----------------------|----------------------|
| | | | | 1986 | 1985 Restated |
| \$ - | \$ 6,739,335 | \$ 5,771,094 | \$ 545,215 | \$ 13,056,867 | \$ 14,412,576 |
| <u>78,317</u> | <u>90,657</u> | <u>17,559</u> | <u>60,000</u> | <u>247,253</u> | <u>301,277</u> |
| <u>\$ 78,317</u> | <u>\$ 6,829,992</u> | <u>\$ 5,788,653</u> | <u>\$ 605,215</u> | <u>\$ 13,304,120</u> | <u>\$ 14,713,853</u> |
| \$ - | \$ 5,655,924 | \$ 4,683,666 | \$ 500,589 | \$ 11,037,090 | \$ 12,078,225 |
| - | 978,624 | 673,859 | 147,488 | 1,843,803 | 1,758,832 |
| - | 683,929 | 522,254 | 16,639 | 1,224,957 | 1,478,763 |
| <u>-</u> | <u>90,660</u> | <u>143,801</u> | <u>1,609</u> | <u>236,294</u> | <u>243,247</u> |
| <u>\$ -</u> | <u>\$ 7,409,137</u> | <u>\$ 6,023,580</u> | <u>\$ 666,325</u> | <u>\$ 14,342,144</u> | <u>\$ 15,559,067</u> |
| <u>\$ 78,317</u> | <u>\$ (579,145)</u> | <u>\$ (234,927)</u> | <u>\$ (61,110)</u> | <u>\$ (1,038,024)</u> | <u>\$ (845,214)</u> |
| \$ - | \$ 981,676 | \$ 716,174 | \$ - | \$ 1,697,850 | \$ 1,699,466 |
| - | - | - | - | 238,870 | 232,554 |
| - | 72,837 | - | - | 72,837 | 206,519 |
| (97,569) | (419,713) | - | - | (517,282) | (419,712) |
| (755) | (11,002) | - | - | (11,757) | (11,002) |
| - | (428) | - | - | (428) | (1,179) |
| <u>-</u> | <u>(667,268)</u> | <u>-</u> | <u>-</u> | <u>(667,268)</u> | <u>-</u> |
| <u>\$ (98,324)</u> | <u>\$ (43,898)</u> | <u>\$ 716,174</u> | <u>\$ -</u> | <u>\$ 812,822</u> | <u>\$ 1,706,646</u> |
| \$ (20,007) | \$ (623,043) | \$ 481,247 | \$ (61,110) | \$ (225,202) | \$ 861,432 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(12,886)</u> |
| <u>\$ (20,007)</u> | <u>\$ (623,043)</u> | <u>\$ 481,247</u> | <u>\$ (61,110)</u> | <u>\$ (225,202)</u> | <u>\$ 848,546</u> |
| - | 3,083,112 | 2,799,534 | 89,330 | 6,039,774 | 5,191,228 |
| <u>-</u> | <u>(730,582)</u> | <u>-</u> | <u>-</u> | <u>(730,582)</u> | <u>-</u> |
| <u>\$ (20,007)</u> | <u>\$ 1,729,487</u> | <u>\$ 3,280,781</u> | <u>\$ 28,220</u> | <u>\$ 5,083,990</u> | <u>\$ 6,039,774</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 1985

| | <u>County Health Services</u> | <u>County Photography</u> |
|--|---------------------------------------|-------------------------------|
| Sources of Working Capital | | |
| Operations | | |
| Net income (loss) | \$ (2,752) | \$ 463 |
| Items not requiring working capital | | |
| Depreciation | 224 | - |
| Amortization | - | - |
| Sale or disposition of fixed assets | <u>104</u> | <u>-</u> |
| Working capital provided by operations | \$ (2,424) | \$ 463 |
| Contributed capital | - | - |
| Decrease in restricted assets | - | - |
| Transfer in of fixed assets | - | - |
| Increase in restricted liabilities | - | - |
| Increase in long-term liabilities | <u>-</u> | <u>-</u> |
| Total Sources of Working Capital | <u>\$ (2,424)</u> | <u>\$ 463</u> |
| Uses of Working Capital | | |
| Increase in restricted assets | \$ - | \$ - |
| Acquisition of fixed assets | - | - |
| Decrease in restricted liabilities | - | - |
| Decrease in long-term liabilities | - | - |
| Transfer of retained earnings | <u>-</u> | <u>-</u> |
| Total Uses of Working Capital | <u>\$ -</u> | <u>\$ -</u> |
| Net Increase (Decrease) in Working Capital | <u>\$ (2,424)</u> | <u>\$ 463</u> |

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

Statement C-3

| <u>Babbitt Facility</u> | <u>Chris Jensen</u> | <u>Nopeming</u> | <u>Supervised Living Facilities</u> | <u>Totals</u> | |
|-----------------------------|---------------------|-------------------|---|---------------------|--------------------------|
| | | | | <u>1986</u> | <u>1985 Restated</u> |
| \$ (20,007) | \$ (623,043) | \$ 481,247 | \$ (61,110) | \$ (225,202) | \$ 848,546 |
| - | 90,660 | 143,801 | 1,609 | 236,294 | 243,247 |
| 755 | 11,002 | - | - | 11,757 | 11,002 |
| - | 709,323 | - | - | 709,427 | 54,311 |
| <u>1,872,281</u> | <u>-</u> | <u>54,658</u> | <u>2,587</u> | <u>1,929,526</u> | <u>9,434</u> |
| \$ 2,639,441 | \$ 2,759,144 | \$ 679,706 | \$ (56,914) | \$ 6,019,416 | \$ 3,721,336 |
| \$ 315,304 | \$ - | \$ 2,842 | \$ - | \$ 318,146 | \$ - |
| 1,866,048 | 1,833,511 | 39,465 | - | 3,739,024 | 2,525,285 |
| - | 40,464 | - | - | 40,464 | 15,139 |
| - | 330,024 | - | - | 330,024 | 52,536 |
| - | 730,582 | - | - | 730,582 | - |
| <u>\$ 2,181,352</u> | <u>\$ 2,934,581</u> | <u>\$ 42,307</u> | <u>\$ -</u> | <u>\$ 5,158,240</u> | <u>\$ 2,592,960</u> |
| <u>\$ 458,089</u> | <u>\$ (175,437)</u> | <u>\$ 637,399</u> | <u>\$ (56,914)</u> | <u>\$ 861,176</u> | <u>\$ 1,128,376</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 1985

| | <u>County Health Services</u> | <u>County Photography</u> |
|--|---------------------------------------|-------------------------------|
| Elements of Net Increase (Decrease) in Working Capital | | |
| Cash pooled deposits and investments | \$ (39,648) | \$ 525 |
| Taxes receivable | - | - |
| Accounts receivable | (34,739) | - |
| Due from other funds | - | - |
| Due from other governments | 2,464 | - |
| Inventories, at cost | - | - |
| Prepaid expenses | (1,901) | - |
| Accounts payable | 440 | (62) |
| Salaries payable | (913) | - |
| Accrued employee benefits | (428) | - |
| Due to other funds | 72,291 | - |
| Due to other governments | 10 | - |
| Deferred revenue | - | - |
| Current portion of long-term debt | - | - |
| Accrued interest payable | - | - |
| | <hr/> | <hr/> |
| Net Increase (Decrease) in Working Capital | <u>\$ (2,424)</u> | <u>\$ 463</u> |

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

Statement C-3
(Continued)

| <u>Babbitt Facility</u> | <u>Chris Jensen</u> | <u>Nopeming</u> | <u>Supervised Living Facilities</u> | <u>Totals</u> | |
|-----------------------------|---------------------|-------------------|---|-------------------|--------------------------|
| | | | | <u>1986</u> | <u>1985 Restated</u> |
| \$ 774,256 | \$ (436,543) | \$ 477,707 | \$ (87,502) | \$ 688,795 | \$ 1,157,214 |
| - | 31,186 | 24,026 | - | 55,212 | (15,224) |
| - | (23,928) | (24,385) | 8,760 | (74,292) | 194,581 |
| - | (200) | - | - | (200) | (123,970) |
| - | - | - | 1,548 | 4,012 | 11,205 |
| - | (175,556) | (6,897) | - | (182,453) | (32,105) |
| - | - | - | - | (1,901) | - |
| (169,867) | 77,685 | 74,313 | 21,384 | 3,893 | 10,524 |
| - | 50,818 | (4,803) | 816 | 45,918 | (15,691) |
| - | 57,615 | 4,248 | (2,405) | 59,030 | (22,566) |
| - | 278,142 | 117,112 | 3,685 | 471,230 | (45,570) |
| - | - | - | - | 10 | 488 |
| - | (34,656) | (23,922) | (3,200) | (61,778) | 9,490 |
| (66,300) | - | - | - | (66,300) | - |
| (80,000) | - | - | - | (80,000) | - |
| <u>\$ 458,089</u> | <u>\$ (175,437)</u> | <u>\$ 637,399</u> | <u>\$ (56,914)</u> | <u>\$ 861,176</u> | <u>\$ 1,128,376</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

INTERNAL SERVICE FUNDS

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

Community Food - to provide meals for participants in various programs administered by the Social Services Department.

Laundry - to provide for the costs of operating a laundry facility used by County departments and other agencies.

Supplies and Services - to provide County departments with office supplies and materials, printing, postage, and telephone service.

County Garage - to provide for the costs of operating a maintenance facility for automotive equipment and a fleet of vehicles for use by County departments.

County Insurance - to provide for the payment of unemployment compensation claims, workers' compensation claims, and payment of self-insured claims for auto, fire, and theft.

Data Processing Equipment - to provide County departments with peripheral equipment for computer operations.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 1985

| | <u>Community Food</u> | <u>Laundry</u> | <u>Supplies and Services</u> |
|---|---------------------------|-------------------|----------------------------------|
| <u>Assets</u> | | | |
| Current assets | | | |
| Cash, pooled deposits and investments | \$ - | \$ - | \$ 111,673 |
| Change funds | 25 | - | 3,000 |
| Departmental cash | - | - | - |
| Fund deposits and investments, at cost | - | - | - |
| Receivables | | | |
| Taxes | | | |
| Unapportioned | - | - | - |
| Delinquent | - | - | - |
| Accounts | - | 28,812 | 120 |
| Accrued interest | - | - | - |
| Due from other funds | - | - | - |
| Due from other governments | 44,476 | - | 2,217 |
| Inventories | - | 110,398 | 37,533 |
| Prepaid expense | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total current assets | \$ 44,501 | \$ 139,210 | \$ 154,543 |
| Fixed assets | | | |
| Land | \$ - | \$ - | \$ - |
| Buildings and structures | - | 576,893 | - |
| Equipment, furniture, and fixtures | - | 290,503 | 143,389 |
| Vehicles and off-road machinery | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total fixed assets | \$ - | \$ 867,396 | \$ 143,389 |
| Accumulated depreciation | <u> </u> | <u>(354,283)</u> | <u>(57,013)</u> |
| Net fixed assets | \$ - | \$ 513,113 | \$ 86,376 |
| Total Assets | <u>\$ 44,501</u> | <u>\$ 652,323</u> | <u>\$ 240,919</u> |

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

Statement D-1

| <u>County Garage</u> | <u>County Insurance</u> | <u>Data Processing Equipment</u> | Totals | |
|--------------------------|-----------------------------|--|--------------|------------------|
| | | | 1986 | 1985 Restated |
| \$ 198,893 | \$ 853,935 | \$ 18,374 | \$ 1,182,875 | \$ 367,832 |
| - | - | - | 3,025 | 3,025 |
| - | - | - | - | 19,252 |
| - | 2,221,214 | - | 2,221,214 | 1,980,028 |
| - | 2,475 | - | 2,475 | 887 |
| - | 8,687 | - | 8,687 | 7,486 |
| - | 2,214 | - | 31,146 | 31,751 |
| - | 24,288 | - | 24,288 | 41,294 |
| 519 | - | - | 519 | 616,184 |
| 1,851 | - | - | 48,544 | 10,282 |
| 34,877 | - | - | 182,808 | 91,148 |
| 2,415 | - | - | 2,415 | 1,596 |
| \$ 238,555 | \$ 3,112,813 | \$ 18,374 | \$ 3,707,996 | \$ 3,170,765 |
| \$ 25,500 | \$ - | \$ - | \$ 25,500 | \$ 25,500 |
| 778,730 | - | - | 1,355,623 | 778,730 |
| 66,506 | - | 191,722 | 692,120 | 328,295 |
| 681,201 | - | - | 681,201 | 711,716 |
| \$ 1,551,937 | \$ - | \$ 191,722 | \$ 2,754,444 | \$ 1,844,241 |
| (748,830) | - | (62,823) | (1,222,949) | (766,031) |
| \$ 803,107 | \$ - | \$ 128,899 | \$ 1,531,495 | \$ 1,078,210 |
| \$ 1,041,662 | \$ 3,112,813 | \$ 147,273 | \$ 5,239,491 | \$ 4,248,975 |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 1985

| | <u>Community Food</u> | <u>Laundry</u> | <u>Supplies and Services</u> |
|--|---------------------------|-------------------|----------------------------------|
| <u>Liabilities and Fund Equity</u> | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Cash deficit | \$ 165,393 | \$ 17,333 | \$ - |
| Accounts payable | 21,588 | 6,227 | 30,513 |
| Salaries payable | 12,576 | 19,891 | 2,614 |
| Accrued employee benefits | 13,343 | 40,324 | 2,950 |
| Claims payable | - | - | - |
| Due to other funds | - | - | - |
| Due to other governments | 14,978 | - | - |
| Deferred revenue | - | - | - |
| Current portion of installment purchases | - | - | 16,386 |
| Total current liabilities | <u>\$ 227,878</u> | <u>\$ 83,775</u> | <u>\$ 52,463</u> |
| Long-term liabilities | | | |
| Employee benefits | \$ 15,449 | \$ - | \$ - |
| Installment purchases | - | 6,750 | 29,911 |
| Total long-term liabilities | <u>\$ 15,449</u> | <u>\$ 6,750</u> | <u>\$ 29,911</u> |
| Total Liabilities | <u>\$ 243,327</u> | <u>\$ 90,525</u> | <u>\$ 82,374</u> |
| Fund Equity | | | |
| Contributed capital | \$ - | \$ 730,582 | \$ - |
| Retained earnings | | | |
| Unreserved-undesignated | <u>(198,826)</u> | <u>(168,784)</u> | <u>158,545</u> |
| Total Fund Equity | <u>\$ (198,826)</u> | <u>\$ 561,798</u> | <u>\$ 158,545</u> |
| Total Liabilities and Fund Equity | <u>\$ 44,501</u> | <u>\$ 652,323</u> | <u>\$ 240,919</u> |

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

Statement D-1
(Continued)

| <u>County Garage</u> | <u>County Insurance</u> | <u>Data Processing Equipment</u> | <u>Totals</u> | |
|--------------------------|-----------------------------|--|---------------------|--------------------------|
| | | | <u>1986</u> | <u>1985 Restated</u> |
| \$ - | \$ - | \$ - | \$ 182,726 | \$ - |
| 2,833 | 115,599 | 700 | 177,460 | 90,206 |
| 6,804 | - | - | 41,885 | 20,388 |
| 8,500 | - | - | 65,117 | 22,144 |
| - | 365,518 | - | 365,518 | 488,182 |
| - | - | - | - | 2,825 |
| - | 61,135 | - | 76,113 | 122,349 |
| - | 7,962 | - | 7,962 | 19,003 |
| - | - | - | 16,386 | 16,524 |
| <u>\$ 18,137</u> | <u>\$ 550,214</u> | <u>\$ 700</u> | <u>\$ 933,167</u> | <u>\$ 781,621</u> |
| \$ - | \$ - | \$ - | \$ 15,449 | \$ 5,966 |
| - | - | - | 36,661 | 46,297 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 52,110</u> | <u>\$ 52,263</u> |
| <u>\$ 18,137</u> | <u>\$ 550,214</u> | <u>\$ 700</u> | <u>\$ 985,277</u> | <u>\$ 833,884</u> |
| \$ 994,986 | \$ - | \$ 150,342 | \$ 1,875,910 | \$ 1,145,328 |
| 28,539 | 2,562,599 | (3,769) | 2,378,304 | 2,269,763 |
| <u>\$ 1,023,525</u> | <u>\$ 2,562,599</u> | <u>\$ 146,573</u> | <u>\$ 4,254,214</u> | <u>\$ 3,415,091</u> |
| <u>\$ 1,041,662</u> | <u>\$ 3,112,813</u> | <u>\$ 147,273</u> | <u>\$ 5,239,491</u> | <u>\$ 4,248,975</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ALL INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 1985

| | <u>Community Food</u> | <u>Laundry</u> | <u>Supplies and Services</u> |
|---|---------------------------|---------------------|----------------------------------|
| Operating Revenues | | | |
| Charges for services | \$ 756,939 | \$ 788,003 | \$ 1,031,661 |
| Other | <u>13,212</u> | <u>947</u> | <u>15</u> |
| Total Operating Revenues | <u>\$ 770,151</u> | <u>\$ 788,950</u> | <u>\$ 1,031,676</u> |
| Operating Expenses | | | |
| Personal services | \$ 414,194 | \$ 589,627 | \$ 93,285 |
| Services and charges | 82,675 | 151,596 | 722,524 |
| Direct material | 349,812 | 180,285 | 183,568 |
| Depreciation | <u>-</u> | <u>36,226</u> | <u>12,538</u> |
| Total Operating Expenses | <u>\$ 846,681</u> | <u>\$ 957,734</u> | <u>\$ 1,011,915</u> |
| Operating income (loss) | <u>\$ (76,530)</u> | <u>\$ (168,784)</u> | <u>\$ 19,761</u> |
| Nonoperating Revenues (Expenses) | | | |
| Taxes | \$ - | \$ - | \$ - |
| Gain (loss) on sale or disposition of fixed assets | - | - | - |
| Interest on investments | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Nonoperating Revenues (Expenses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net Income (Loss) | <u>\$ (76,530)</u> | <u>\$ (168,784)</u> | <u>\$ 19,761</u> |
| Retained earnings - January 1 | <u>(122,296)</u> | <u>-</u> | <u>138,784</u> |
| Retained earnings - December 31 | <u>\$ (198,826)</u> | <u>\$ (168,784)</u> | <u>\$ 158,545</u> |

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

Statement D-2

| <u>County Garage</u> | <u>County Insurance</u> | <u>Data Processing Equipment</u> | <u>Totals</u> | |
|--|-----------------------------|--|---|---|
| | | | <u>1986</u> | <u>1985 Restated</u> |
| \$ 783,600 989 | \$ 1,657,931 - | \$ 36,223 - | \$ 5,054,357 15,163 | \$ 4,267,506 2,144 |
| <u>\$ 784,589</u> | <u>\$ 1,657,931</u> | <u>\$ 36,223</u> | <u>\$ 5,069,520</u> | <u>\$ 4,269,650</u> |
| \$ 232,410 200,876 283,905 97,797 | \$ - 1,546,113 - - | \$ - - 2,278 37,412 | \$ 1,329,516 2,703,784 999,848 183,973 | \$ 704,556 2,667,442 967,034 138,715 |
| <u>\$ 814,988</u> | <u>\$ 1,546,113</u> | <u>\$ 39,690</u> | <u>\$ 5,217,121</u> | <u>\$ 4,477,747</u> |
| <u>\$ (30,399)</u> | <u>\$ 111,818</u> | <u>\$ (3,467)</u> | <u>\$ (147,601)</u> | <u>\$ (208,097)</u> |
| \$ - 5,387 - | \$ 98,229 - 152,526 | \$ - - - | \$ 98,229 5,387 152,526 | \$ 101,619 (10,958) 94,516 |
| <u>\$ 5,387</u> | <u>\$ 250,755</u> | <u>\$ -</u> | <u>\$ 256,142</u> | <u>\$ 185,177</u> |
| \$ (25,012) 53,551 | \$ 362,573 2,200,026 | \$ (3,467) (302) | \$ 108,541 2,269,763 | \$ (22,920) 2,292,683 |
| <u>\$ 28,539</u> | <u>\$ 2,562,599</u> | <u>\$ (3,769)</u> | <u>\$ 2,378,304</u> | <u>\$ 2,269,763</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 1985

| | <u>Community Food</u> | <u>Laundry</u> | <u>Supplies and Services</u> |
|--|---------------------------|-------------------|----------------------------------|
| Sources of Working Capital | | | |
| Operations | | | |
| Net income (loss) | \$ (76,530) | \$ (168,784) | \$ 19,761 |
| Items not requiring (providing) working capital | | | |
| Depreciation | <u>-</u> | <u>36,226</u> | <u>12,538</u> |
| Working capital provided by operations | \$ (76,530) | \$ (132,558) | \$ 32,299 |
| Disposal of fixed assets | - | - | - |
| Increase in long-term liabilities | 9,483 | 6,750 | - |
| Increase in contributed capital | <u>-</u> | <u>730,582</u> | <u>-</u> |
| Total Sources of Working Capital | <u>\$ (67,047)</u> | <u>\$ 604,774</u> | <u>\$ 32,299</u> |
| Uses of Working Capital | | | |
| Transfer of fixed assets | \$ - | \$ 535,209 | \$ - |
| Acquisition of fixed assets | - | 14,130 | 1,095 |
| Decrease in long-term liabilities | <u>-</u> | <u>-</u> | <u>16,386</u> |
| Total Uses of Working Capital | <u>\$ -</u> | <u>\$ 549,339</u> | <u>\$ 17,481</u> |
| Net Increase (Decrease) in Working Capital | <u>\$ (67,047)</u> | <u>\$ 55,435</u> | <u>\$ 14,818</u> |

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

Statement D-3

| <u>County Garage</u> | <u>County Insurance</u> | <u>Data Processing Equipment</u> | <u>Totals</u> | |
|--------------------------|-----------------------------|--|----------------|--------------------------|
| | | | <u>1986</u> | <u>1985 Restated</u> |
| \$ (25,012) | \$ 362,573 | \$ (3,467) | \$ 108,541 | \$ (22,920) |
| <u>97,797</u> | <u>-</u> | <u>37,412</u> | <u>183,973</u> | <u>138,715</u> |
| \$ 72,785 | \$ 362,573 | \$ 33,945 | \$ 292,514 | \$ 115,795 |
| - | - | - | - | (69,313) |
| - | - | - | 16,233 | 28,128 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>730,582</u> | <u>4,915</u> |
| \$ 72,785 | \$ 362,573 | \$ 33,945 | \$ 1,039,329 | \$ 79,525 |
| \$ - | \$ - | \$ - | \$ 535,209 | \$ - |
| 13,000 | - | 73,823 | 102,048 | 118,386 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>16,386</u> | <u>3,972</u> |
| \$ 13,000 | \$ - | \$ 73,823 | \$ 653,643 | \$ 122,358 |
| \$ 59,785 | \$ 362,573 | \$ (39,878) | \$ 385,686 | \$ (42,833) |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 1985

| | <u>Community Food</u> | <u>Laundry</u> | <u>Supplies and Services</u> |
|---|---------------------------|-------------------|----------------------------------|
| Elements of Net Increase (Decrease) in Working Capital | | | |
| Cash, pooled deposits and investments | \$ 12,607 | \$ (17,333) | \$ 104,912 |
| Departmental cash | - | - | - |
| Fund deposits and investments, at cost | - | - | - |
| Taxes receivables | - | - | - |
| Accounts receivable | (30,311) | 28,812 | (1,011) |
| Accrued interest receivable | - | - | - |
| Due from other funds | (105,155) | - | (70,883) |
| Due from other governments | 44,476 | - | (1,984) |
| Inventories | - | 110,398 | (12,182) |
| Prepaid expense | - | - | (288) |
| Accounts payable | 4,815 | (6,227) | (2,572) |
| Salaries payable | (208) | (19,891) | (434) |
| Accrued employee benefits | (1,987) | (40,324) | (928) |
| Claims payable | - | - | - |
| Due to other funds | X 2,825 | - | - |
| Due to other governments | 5,891 | - | 50 |
| Deferred revenue | - | - | - |
| Installment purchases | - | - | 138 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net Increase (Decrease) in Working Capital | <u>\$ (67,047)</u> | <u>\$ 55,435</u> | <u>\$ 14,818</u> |

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

Statement D-3
(Continued)

| <u>County Garage</u> | <u>County Insurance</u> | <u>Data Processing Equipment</u> | <u>Totals</u> | |
|--------------------------|-----------------------------|--|-------------------|--------------------------|
| | | | <u>1986</u> | <u>1985 Restated</u> |
| \$ 108,798 | \$ 462,512 | \$ (39,178) | \$ 632,318 | \$ (308,708) |
| - | (19,252) | - | (19,252) | 19,252 |
| - | 241,186 | - | 241,186 | 638,797 |
| - | 2,789 | - | 2,789 | (595) |
| (309) | 2,214 | - | (605) | (214,218) |
| - | (17,006) | - | (17,006) | 10,507 |
| (40,565) | (399,062) | - | (615,665) | 123,579 |
| (4,230) | - | - | 38,262 | (61,243) |
| (6,556) | - | - | 91,660 | (1,336) |
| 1,107 | - | - | 819 | (614) |
| 2,238 | (84,808) | (700) | (87,254) | 47,050 |
| (964) | - | - | (21,497) | (4,951) |
| 266 | - | - | (42,973) | 2,511 |
| - | 122,664 | - | 122,664 | (179,532) |
| - | - | - | 2,825* | 10,263 |
| - | 40,295 | - | 46,236 | (122,349) |
| - | 11,041 | - | 11,041 | 460 |
| - | - | - | 138 | (1,706) |
| <u>\$ 59,785</u> | <u>\$ 362,573</u> | <u>\$ (39,878)</u> | <u>\$ 385,686</u> | <u>\$ (42,833)</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

To account for assets held by St. Louis County in a trustee capacity or as an agent for individuals, private organizations, and other governmental units.

Expendable Trust Funds

Missing Heirs Fund is used to account for the receipt of unclaimed legacies deposited with the County pursuant to Minn. Stat. § 524.3-914. The principal and any interest earned on its subsequent investment may be claimed by the heirs by procuring a court order from the Probate (County) Court prior to the principal escheating to the General Fund pursuant to an opinion of the Attorney General.

Private Redemption Fund was used to account for the redemption of tax title certificates. The purchase of tax title certificates by individuals was discontinued by the State a number of years ago and only an unclaimed balance remains in this fund.

Exchange of Land Fund is used to account for the difference in value of lands exchanged by the County. Financing is provided by the difference in the proceeds of lands exchanged by the County.

Tax Certificate Assurance Fund is used to account for one-quarter of all tax certificate search fees collected by the County Auditor, pursuant to Minn. Laws 1955, Ch. 633. These funds are to be invested and used only to pay claims for damages caused by a mistake of the County Auditor or his deputy in issuing a tax certificate.

Forfeited Tax Sale 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.

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

Patients' Escrow Fund is used to account for the deposit and subsequent return of nursing home residents' trust funds deposited with the County Auditor pursuant to Minn. Stat. § 376.59, and limited to a maximum deposit of \$500. The County only acts as the custodian of these funds and ownership rests with the nursing home patients.

Agency Funds

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Agency Funds (Continued)

Beer-Auctioneer Licenses Fund is used to account for the funds collected on issuing non-intoxicating beer and auctioneer licenses by the County and the payments to township governments for beer licenses and the payments to the State of Minnesota for auctioneer licenses.

Cities and Towns Fund is used to account for the collection and payment of funds due to organized and unorganized townships and cities.

Game and Fish License Fund is used to account for the collection of game and fish fees collected pursuant to Minn. Stat. Ch. 97A and the payment to the State, County and sub-agents for their respective share.

Recorders Fee Escrow Fund is used to account for Deed Fees from forfeited land sales. The County Recorder bills this fund as the transfers of properties are recorded.

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

Payroll Deductions Fund is used to accumulate funds from payroll deductions and the County's employer contribution on these deductions from other County funds. Payment, by a single check, is made to the state and federal government for tax deductions, and to any other organizations for other deductions not covered in another agency fund.

Series EE Savings Bond Fund is used to account for the purchase of U.S. Savings Bonds, Series EE by County employees through payroll deductions. Individual employees' payroll deductions accumulate in this fund until sufficient funds are accumulated to purchase the requested U.S. Savings Bond, Series EE. The County only acts as custodian of these funds and ownership rests with the employees from whom payroll deductions were made.

Medical Insurance Fund is used to account for the accumulation of funds from County operating funds and individuals to pay insurance premiums for employees under the County group health insurance plan.

Canceled Check 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 possible unclaimed funds.

Agency Miscellaneous Fund is used to account for the collection of miscellaneous monies that may not be recurring and are not accounted for elsewhere.

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Agency Funds (Continued)

Deferred Compensation Fund is used to account for the accumulation of funds from County employees and officers participating in deferred compensation plans.

Railroad Authority Fund is used to provide (in conjunction with Lake County, Minnesota) for the operations of a scenic tourist excursion railway throughout northern Minnesota, and for future freight traffic along the north shore of Lake Superior.

Arrowhead Regional Corrections Fund is used to account for the funds collected for and used by the Arrowhead Regional Corrections operation which contracts with St. Louis County for accounting services.

Community Health Services Fund is used to account for the transactions related to the Community Health Services Board.

Grants from Outside Sources Fund is used to account for all funds provided by federal or state grants and the matching local share of the authorized expenditures.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING BALANCE SHEET
ALL EXPENDABLE TRUST AND AGENCY FUNDS
DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 1985

| | Missing Heirs | Private Redemption | Exchange of Land | Expendable Tax Certificate Assurance |
|---|------------------|-----------------------|---------------------|---|
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments ¹⁰⁰² | \$ 70,004 | \$ 414 | \$ 22,798 | \$ 61,547 |
| Departmental cash | - | - | - | 117 |
| Fund deposits and investments, at cost ¹⁰⁹⁷ | - | - | - | - |
| Invested employer contribution ¹⁰⁹⁹ | - | - | - | - |
| Receivables | | | | |
| Taxes | | | | |
| Delinquent | - | - | - | - |
| Accounts | - | - | - | - |
| Accrued interest | - | - | - | - |
| Due from other funds | - | - | - | - |
| Due from other governments | - | - | - | - |
| Advance to other funds | - | - | - | - |
| Prepaid expense | - | - | - | - |
| | \$ 70,004 | \$ 414 | \$ 22,798 | \$ 61,664 |
| Total Assets | | | | |

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

Statement E-1

Trust

| <u>Forfeited Tax Sale</u> | <u>Forest Resources</u> | <u>Patients' Escrow</u> | <u>All Agency Funds</u> | <u>Totals</u> | |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------|----------------------|
| | | | | <u>1986</u> | <u>1985</u> |
| \$ 144,116 | \$ 388,937 | \$ - | \$ 6,465,663 | \$ 7,153,479 | \$ 5,354,581 |
| - | - | 32,270 | 191 | 32,578 | 31,498 |
| - | - | 115,000 | 2,294,710 | 2,409,710 | 115,000 |
| - | - | - | 8,839,726 | 8,839,726 | 6,909,265 |
| - | - | - | 85,809 | 85,809 | - |
| 1,407,514 | - | - | 21,268 | 1,428,782 | 1,423,507 |
| - | - | 1,445 | 13,311 | 14,756 | 1,571 |
| - | - | - | 1,435 | 1,435 | - |
| - | - | - | 128,322 | 128,322 | 1,363,722 |
| 17,114 | - | - | - | 17,114 | 17,114 |
| - | - | - | - | - | 2,709 |
| <u>\$ 1,568,744</u> | <u>\$ 388,937</u> | <u>\$ 148,715</u> | <u>\$17,850,435</u> | <u>\$ 20,111,711</u> | <u>\$ 15,218,967</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING BALANCE SHEET
ALL EXPENDABLE TRUST AND AGENCY FUNDS
DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 1985

| | Missing Heirs | Private Redemption | Exchange of Land | Expendable Tax Certificate Assurance |
|--|------------------|-----------------------|---------------------|---|
| <u>Liabilities and Fund Balance</u> | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Salaries payable | - | - | - | - |
| Accrued employee benefits | - | - | - | - |
| Deferred compensation payable | - | - | - | - |
| Unapportioned taxes payable | - | - | - | - |
| Due to other funds | - | - | - | - |
| Due to other governments | - | - | - | - |
| Deferred revenue | - | - | - | - |
| | \$ - | \$ - | \$ - | \$ - |
| Total Liabilities | \$ - | \$ - | \$ - | \$ - |
| Fund Balance | | | | |
| Reserved for health and welfare | \$ - | \$ - | \$ - | \$ - |
| Reserved for encumbrances | - | - | - | - |
| Reserved for advance to other funds | - | - | - | - |
| Reserved for assurance fund | - | - | - | - |
| Reserved for state deeds | - | - | - | - |
| Unreserved - undesignated | 70,004 | 414 | 22,798 | 61,664 |
| | \$ 70,004 | \$ 414 | \$ 22,798 | \$ 61,664 |
| Total Fund Balance | \$ 70,004 | \$ 414 | \$ 22,798 | \$ 61,664 |
| Total Liabilities and Fund Balance | \$ 70,004 | \$ 414 | \$ 22,798 | \$ 61,664 |

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

Statement E-1
(Continued)

| <u>Trust</u> | | | | <u>Totals</u> | |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------|----------------------|
| <u>Forfeited Tax Sale</u> | <u>Forest Resources</u> | <u>Patients' Escrow</u> | <u>All Agency Funds</u> | <u>1986</u> | <u>1985</u> |
| \$ 30,462 | \$ 1,376 | \$ - | \$ 2,084,721 | \$ 2,116,559 | \$ 2,376,488 |
| 26,255 | - | - | - | 26,255 | 19,820 |
| - | - | - | 153,943 | 153,943 | 127,885 |
| - | - | - | 8,839,726 | 8,839,726 | 6,909,265 |
| - | - | - | 1,330,033 | 1,330,033 | 505,771 |
| - | - | - | 378,417 | 378,417 | - |
| 24 | - | - | 5,063,595 | 5,063,619 | 2,912,513 |
| <u>1,447,413</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,447,413</u> | <u>1,456,830</u> |
| <u>\$ 1,504,154</u> | <u>\$ 1,376</u> | <u>\$ -</u> | <u>\$17,850,435</u> | <u>\$ 19,355,965</u> | <u>\$ 14,308,572</u> |
| \$ 17,908 | \$ - | \$ - | \$ - | \$ 17,908 | \$ - |
| 8,380 | - | - | - | 8,380 | 11,712 |
| 17,114 | - | - | - | 17,114 | 17,114 |
| 14,388 | - | - | - | 14,388 | 7,520 |
| 1,367 | - | - | - | 1,367 | 1,700 |
| <u>5,433</u> | <u>387,561</u> | <u>148,715</u> | <u>-</u> | <u>696,589</u> | <u>872,349</u> |
| <u>\$ 64,590</u> | <u>\$ 387,561</u> | <u>\$ 148,715</u> | <u>\$ -</u> | <u>\$ 755,746</u> | <u>\$ 910,395</u> |
| <u>\$ 1,568,744</u> | <u>\$ 388,937</u> | <u>\$ 148,715</u> | <u>\$17,850,435</u> | <u>\$ 20,111,711</u> | <u>\$ 15,218,967</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL EXPENDABLE TRUST FUNDS
YEAR ENDED DECEMBER 31, 1986
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 1985

| | <u>Missing Heirs</u> | <u>Private Redemption</u> | <u>Exchange of Land</u> |
|---|--------------------------|-------------------------------|-----------------------------|
| Revenues | | | |
| Intergovernmental | \$ - | \$ - | \$ - |
| Charges for services | - | - | - |
| Miscellaneous | - | - | - |
| Total Revenues | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Expenditures | | | |
| Conservation of natural resources | \$ - | \$ - | \$ - |
| Miscellaneous | 1,854 | - | - |
| Total Expenditures | <u>\$ 1,854</u> | <u>\$ -</u> | <u>\$ -</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ (1,854)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Other Financing Sources (Uses) | | | |
| Operating transfers in | \$ - | \$ - | \$ - |
| Operating transfers out | - | - | - |
| Total Other Financing Sources (Uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | <u>\$ (1,854)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Fund Balance - January 1 | <u>71,858</u> | <u>414</u> | <u>22,798</u> |
| Fund Balance - December 31 | <u>\$ 70,004</u> | <u>\$ 414</u> | <u>\$ 22,798</u> |

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

Expendable Trust

| Tax Certificate Assurance | Forfeited Tax Sale | Forest Resources | Patients' Escrow | Totals | |
|---------------------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| | | | | 1986 | 1985 |
| \$ - | \$ - | \$ 481,265 | \$ - | \$ 481,265 | \$ 475,139 |
| 9,451 | - | 26,000 | - | 35,451 | 6,973 |
| - | 1,503,264 | 1,000 | 221,173 | 1,725,437 | 1,489,413 |
| <u>\$ 9,451</u> | <u>\$ 1,503,264</u> | <u>\$ 508,265</u> | <u>\$ 221,173</u> | <u>\$ 2,242,153</u> | <u>\$ 1,971,525</u> |
| \$ - | \$ 1,844,357 | \$ 330,064 | \$ - | \$ 2,174,421 | \$ 2,058,597 |
| - | - | - | 220,527 | 222,381 | 261,015 |
| <u>\$ -</u> | <u>\$ 1,844,357</u> | <u>\$ 330,064</u> | <u>\$ 220,527</u> | <u>\$ 2,396,802</u> | <u>\$ 2,319,612</u> |
| <u>\$ 9,451</u> | <u>\$ (341,093)</u> | <u>\$ 178,201</u> | <u>\$ 646</u> | <u>\$ (154,649)</u> | <u>\$ (348,087)</u> |
| \$ - | \$ 368,402 | \$ - | \$ - | \$ 368,402 | \$ 174,486 |
| - | - | (368,402) | - | (368,402) | (174,486) |
| <u>\$ -</u> | <u>\$ 368,402</u> | <u>\$ (368,402)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 9,451 | \$ 27,309 | \$ (190,201) | \$ 646 | \$ (154,649) | \$ (348,087) |
| 52,213 | 37,281 | 577,762 | 148,069 | 910,395 | 1,258,482 |
| <u>\$ 61,664</u> | <u>\$ 64,590</u> | <u>\$ 387,561</u> | <u>\$ 148,715</u> | <u>\$ 755,746</u> | <u>\$ 910,395</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement E-3

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 1986

| | <u>Balance January 1</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance December 31</u> |
|--|------------------------------|----------------------|----------------------|--------------------------------|
| <u>STATE OF MINNESOTA</u> | | | | |
| <u>FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ 136,930 | \$ 37,340,705 | \$ 37,239,639 | \$ 237,996 |
| Departmental cash | - | 191 | - | 191 |
| Fund deposits and investments | - | 2,294,710 | - | 2,294,710 |
| Accrued interest receivable | - | 13,311 | - | 13,311 |
| Due from other governments | 556 | 53 | 556 | 53 |
| Total Assets | \$ 137,486 | \$ 39,648,970 | \$ 37,240,195 | \$ 2,546,261 |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 5,780 | \$ - | \$ 5,780 | \$ - |
| Due to other governments | 131,706 | 39,648,970 | 37,234,415 | 2,546,261 |
| Total Liabilities | \$ 137,486 | \$ 39,648,970 | \$ 37,240,195 | \$ 2,546,261 |
| <u>BEER-AUCTIONEER</u> | | | | |
| <u>LICENSES FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ 63 | \$ 3,275 | \$ 3,338 | \$ - |
| <u>Liabilities</u> | | | | |
| Due to other governments | \$ 63 | \$ 3,275 | \$ 3,338 | \$ - |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement E-3
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 1986

| | <u>Balance January 1</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance December 31</u> |
|--|------------------------------|---------------------|---------------------|--------------------------------|
| <u>CITIES AND TOWNS FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ 14,056 | \$ 1,650,915 | \$ 1,252,359 | \$ 412,612 |
| Due from other governments | <u>74,453</u> | <u>-</u> | <u>74,453</u> | <u>-</u> |
| Total Assets | <u>\$ 88,509</u> | <u>\$ 1,650,915</u> | <u>\$ 1,326,812</u> | <u>\$ 412,612</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 627 | \$ 465,935 | \$ 464,627 | \$ 1,935 |
| Accrued employee benefits | 9,879 | 16,746 | 9,879 | 16,746 |
| Due to other funds | - | 304,972 | - | 304,972 |
| Due to other governments | <u>78,003</u> | <u>863,262</u> | <u>852,306</u> | <u>88,959</u> |
| Total Liabilities | <u>\$ 88,509</u> | <u>\$ 1,650,915</u> | <u>\$ 1,326,812</u> | <u>\$ 412,612</u> |
| <u>GAME AND FISH LICENSE FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | <u>\$ 240,836</u> | <u>\$ 2,141,588</u> | <u>\$ 1,969,638</u> | <u>\$ 412,786</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 11,195 | \$ 195,773 | \$ 206,968 | \$ - |
| Due to other funds | - | 73,445 | - | 73,445 |
| Due to other governments | <u>229,641</u> | <u>1,872,370</u> | <u>1,762,670</u> | <u>339,341</u> |
| Total Liabilities | <u>\$ 240,836</u> | <u>\$ 2,141,588</u> | <u>\$ 1,969,638</u> | <u>\$ 412,786</u> |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement E-3
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 1986

| | <u>Balance January 1</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance December 31</u> |
|--|------------------------------|----------------------|----------------------|--------------------------------|
| <u>RECORDERS FEE ESCROW FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ 50 | \$ 2,390 | \$ 2,440 | \$ - |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 50 | \$ 2,390 | \$ 2,440 | \$ - |
| <u>TAXES AND PENALTIES FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ 1,523,153 | \$ 95,860,417 | \$ 94,527,547 | \$ 2,856,023 |
| Receivables | | | | |
| Taxes | | | | |
| Delinquent | - | 85,809 | - | 85,809 |
| Accounts | - | 21,191 | - | 21,191 |
| Due from other governments | <u>1,275,881</u> | <u>-</u> | <u>1,275,881</u> | <u>-</u> |
| Total Assets | <u>\$ 2,799,034</u> | <u>\$ 95,967,417</u> | <u>\$ 95,803,428</u> | <u>\$ 2,963,023</u> |
| <u>Liabilities</u> | | | | |
| Unapportioned taxes payable | \$ 505,771 | \$ 1,330,033 | \$ 505,771 | \$ 1,330,033 |
| Due to other governments | <u>2,293,263</u> | <u>94,637,384</u> | <u>95,297,657</u> | <u>1,632,990</u> |
| Total Liabilities | <u>\$ 2,799,034</u> | <u>\$ 95,967,417</u> | <u>\$ 95,803,428</u> | <u>\$ 2,963,023</u> |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement E-3
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 1986

| | <u>Balance</u> <u>January 1</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>December 31</u> |
|--|------------------------------------|----------------------|----------------------|--------------------------------------|
| <u>PAYROLL DEDUCTIONS</u> | | | | |
| <u>FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ 258,118 | \$ 34,282,843 | \$ 34,252,045 | \$ 288,916 |
| Due from other funds | - | 1,435 | - | 1,435 |
| Total Assets | <u>\$ 258,118</u> | <u>\$ 34,284,278</u> | <u>\$ 34,252,045</u> | <u>\$ 290,351</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 256,824 | \$ 11,998,528 | \$ 12,172,209 | \$ 83,143 |
| Due to other governments | 1,294 | 22,285,750 | 22,079,836 | 207,208 |
| Total Liabilities | <u>\$ 258,118</u> | <u>\$ 34,284,278</u> | <u>\$ 34,252,045</u> | <u>\$ 290,351</u> |
| <u>SERIES EE SAVINGS BOND</u> | | | | |
| <u>FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ 2,587 | \$ 116,977 | \$ 116,657 | \$ 2,907 |
| <u>Liabilities</u> | | | | |
| Due to other governments | <u>\$ 2,587</u> | <u>\$ 116,977</u> | <u>\$ 116,657</u> | <u>\$ 2,907</u> |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement E-3
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 1986

| | <u>Balance January 1</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance December 31</u> |
|--|------------------------------|------------------|-------------------|--------------------------------|
| <u>MEDICAL INSURANCE FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ 1,958,788 | \$ 5,600,715 | \$ 5,665,677 | \$ 1,893,826 |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 1,958,788 | \$ 5,600,715 | \$ 5,665,677 | \$ 1,893,826 |
| <u>CANCELED CHECK FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ 16,942 | \$ 2,353 | \$ 5,729 | \$ 13,566 |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 16,942 | \$ 2,353 | \$ 5,729 | \$ 13,566 |
| <u>AGENCY MISCELLANEOUS FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ - | \$ 93,743 | \$ 93,743 | \$ - |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ - | \$ 93,743 | \$ 93,743 | \$ - |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement E-3
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 1986

| | <u>Balance</u> <u>January 1</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>December 31</u> |
|---------------------------------------|------------------------------------|------------------|-------------------|--------------------------------------|
| <u>HIGH VOLTAGE CREDIT FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ 18,853 | \$ 92,896 | \$ 18,853 | \$ 92,896 |
| <u>Liabilities</u> | | | | |
| Due to other governments | \$ 18,853 | \$ 92,896 | \$ 18,853 | \$ 92,896 |
| <u>DEFERRED COMPENSATION FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Invested employee contributions | \$ 6,909,265 | \$ 1,930,461 | \$ - | \$ 8,839,726 |
| <u>Liabilities</u> | | | | |
| Deferred compensation payable | \$ 6,909,265 | \$ 1,930,461 | \$ - | \$ 8,839,726 |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement E-3
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 1986

| | <u>Balance January 1</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance December 31</u> |
|--|------------------------------|---------------------|---------------------|--------------------------------|
| <u>RAILROAD AUTHORITY FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ - | \$ 73,000 | \$ 53,062 | \$ 19,938 |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ - | \$ 73,000 | \$ 53,062 | \$ 19,938 |
| <u>ARROWHEAD REGIONAL CORRECTIONS FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ 267,769 | \$ 5,786,093 | \$ 5,812,182 | \$ 241,680 |
| Accounts receivable | 118 | 77 | 118 | 77 |
| Due from other governments | 2,520 | 26,835 | 2,520 | 26,835 |
| Total Assets | <u>\$ 270,407</u> | <u>\$ 5,813,005</u> | <u>\$ 5,814,820</u> | <u>\$ 268,592</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 84,381 | \$ 5,608,802 | \$ 5,628,116 | \$ 65,067 |
| Accrued employee benefits | 115,352 | 134,009 | 115,352 | 134,009 |
| Due to other governments | 70,674 | 70,194 | 71,352 | 69,516 |
| Total Liabilities | <u>\$ 270,407</u> | <u>\$ 5,813,005</u> | <u>\$ 5,814,820</u> | <u>\$ 268,592</u> |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement E-3
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 1986

| | <u>Balance</u> <u>January 1</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>December 31</u> |
|--|------------------------------------|---------------------|---------------------|--------------------------------------|
| <u>COMMUNITY HEALTH</u> | | | | |
| <u>SERVICES FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ 86,702 | \$ 951,233 | \$ 1,021,065 | \$ 16,870 |
| Due from other governments | - | 71,382 | - | 71,382 |
| Total Assets | <u>\$ 86,702</u> | <u>\$ 1,022,615</u> | <u>\$ 1,021,065</u> | <u>\$ 88,252</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 311 | \$ 145,325 | \$ 144,089 | \$ 1,547 |
| Accrued employee benefits | 2,654 | 3,188 | 2,654 | 3,188 |
| Due to other governments | 83,737 | 874,102 | 874,322 | 83,517 |
| Total Liabilities | <u>\$ 86,702</u> | <u>\$ 1,022,615</u> | <u>\$ 1,021,065</u> | <u>\$ 88,252</u> |
| <u>GRANTS FROM OUTSIDE</u> | | | | |
| <u>SOURCES FUND</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ (157) | \$ 50,348 | \$ 74,544 | \$ (24,353) |
| Due from other governments | 10,312 | 30,052 | 10,312 | 30,052 |
| Total Assets | <u>\$ 10,155</u> | <u>\$ 80,400</u> | <u>\$ 84,856</u> | <u>\$ 5,699</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | <u>\$ 10,155</u> | <u>\$ 80,400</u> | <u>\$ 84,856</u> | <u>\$ 5,699</u> |

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

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Statement E-3
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 1986

| | <u>Balance January 1</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance December 31</u> |
|--|------------------------------|-----------------------|-----------------------|--------------------------------|
| <u>ALL AGENCY FUNDS</u> | | | | |
| <u>Assets</u> | | | | |
| Cash, pooled deposits and investments | \$ 4,524,690 | \$ 184,049,491 | \$ 182,108,518 | \$ 6,465,663 |
| Departmental cash | - | 191 | - | 191 |
| Fund deposits and investments | - | 2,294,710 | - | 2,294,710 |
| Invested employee contribution | 6,909,265 | 1,930,461 | - | 8,839,726 |
| Receivables | | | | |
| Taxes | | | | |
| Delinquent | - | 85,809 | - | 85,809 |
| Accounts | 118 | 21,268 | 118 | 21,268 |
| Accrued interest | - | 13,311 | - | 13,311 |
| Due from other funds | - | 1,435 | - | 1,435 |
| Due from other governments | <u>1,363,722</u> | <u>128,322</u> | <u>1,363,722</u> | <u>128,322</u> |
| Total Assets | <u>\$ 12,797,795</u> | <u>\$ 188,524,998</u> | <u>\$ 183,472,358</u> | <u>\$ 17,850,435</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 2,345,053 | \$ 24,266,964 | \$ 24,527,296 | \$ 2,084,721 |
| Accrued employee benefits | 127,885 | 153,943 | 127,885 | 153,943 |
| Unapportioned taxes payable | 505,771 | 1,330,033 | 505,771 | 1,330,033 |
| Deferred compensation payable | 6,909,265 | 1,930,461 | - | 8,839,726 |
| Due to other funds | - | 378,417 | - | 378,417 |
| Due to other governments | <u>2,909,821</u> | <u>160,465,180</u> | <u>158,311,406</u> | <u>5,063,595</u> |
| Total Liabilities | <u>\$ 12,797,795</u> | <u>\$ 188,524,998</u> | <u>\$ 183,472,358</u> | <u>\$ 17,850,435</u> |

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

SUPPORTING SCHEDULES

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Schedule 1

SCHEDULE OF INVESTMENTS
DECEMBER 31, 1986

| | <u>Interest Rates</u> | <u>Par Value</u> | <u>Cost</u> |
|--|-----------------------|----------------------|----------------------|
| Pooled Investments | | | |
| Certificates of deposit | 5.50%-6.00% | \$ 24,950,000 | \$ 24,950,000 |
| U.S. Treasury Bills | 6.594% | <u>1,505,107</u> | <u>1,505,107</u> |
| Total Pooled Investments | | <u>\$ 26,455,107</u> | <u>\$ 26,455,107</u> |
| Fund Investments | | | |
| Federal Fiscal Assistance Special Revenue Fund Certificates of deposit | 5.27%-5.45% | <u>\$ 850,000</u> | <u>\$ 850,000</u> |
| Chris Jensen Enterprise Fund Certificates of deposit | 5.75%-6.35% | <u>\$ 400,000</u> | <u>\$ 400,000</u> |
| County Insurance Internal Service Fund | | | |
| Certificates of deposit | 5.29%-6.35% | \$ 1,000,000 | \$ 1,000,000 |
| U.S. Treasury Bills | 5.436%-7.057% | 330,000 | 327,174 |
| U.S. Treasury Notes | 6.557%-10.86% | <u>890,000</u> | <u>894,040</u> |
| Total Internal Service Fund | | <u>\$ 2,220,000</u> | <u>\$ 2,221,214</u> |
| Patients' Escrow Expendable Trust Fund | | | |
| Certificates of deposit | 5.60%-10.25% | <u>\$ 115,000</u> | <u>\$ 115,000</u> |
| State of Minnesota Agency Fund Certificates of deposit | 5.27%-6.50% | <u>\$ 2,294,710</u> | <u>\$ 2,294,710</u> |
| Total Fund Investments | | <u>\$ 5,879,710</u> | <u>\$ 5,880,924</u> |
| Total | | <u>\$ 32,334,817</u> | <u>\$ 32,336,031</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Schedule 2

TAXABLE VALUATIONS, TAX RATES, LEVIES, AND PERCENTAGE OF COLLECTIONS

| | Taxes Payable in Year | | | | | |
|-------------------------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| | 1985 | | 1986 | | 1987 | |
| | Amount | Tax Rate in Mills | Amount | Tax Rate in Mills | Amount | Tax Rate in Mills |
| Taxable Valuations | | | | | | |
| Real property | \$ 721,768,312 | | \$ 707,023,852 | | \$ 695,450,062 | |
| Personal property | <u>48,518,479</u> | | <u>48,331,651</u> | | <u>49,562,153</u> | |
| Total Taxable Valuations | <u>\$ 770,286,791</u> | | <u>\$ 755,355,503</u> | | <u>\$ 745,012,215</u> | |
| Tax Levy for County Purposes | | | | | | |
| General fund | \$ 4,521,583 | 5.87 | \$ 4,607,669 | 6.10 | \$ 8,291,868 | 11.13 |
| Road and bridge | 7,256,102 | 9.42 | 5,952,201 | 7.88 | 10,042,621 | 13.48 |
| Social services | 27,083,284 | 35.16 | 30,969,576 | 41.00 | 27,952,460 | 37.52 |
| Arrowhead Regional | | | | | | |
| Corrections | 2,357,078 | 3.06 | 2,356,709 | 3.12 | 2,600,056 | 3.49 |
| Land management | - | - | - | - | 469,351 | .63 |
| Aid to victims of | | | | | | |
| sexual assault | 38,514 | .05 | 37,768 | .05 | 37,250 | .05 |
| Emergency | 15,406 | .02 | 105,750 | .14 | 96,850 | .13 |
| Public health | 1,517,465 | 1.97 | 1,518,265 | 2.01 | 752,452 | 1.01 |
| Communicable diseases | 84,732 | .11 | - | - | - | - |
| Solid waste management | 123,245 | .16 | 128,410 | .17 | 22,350 | .03 |
| County insurance | 100,137 | .13 | 98,196 | .13 | 59,600 | .08 |
| Medical care facilities | <u>1,694,631</u> | <u>2.20</u> | <u>1,684,442</u> | <u>2.23</u> | <u>1,683,704</u> | <u>2.26</u> |
| Total County-wide Levies | <u>\$ 44,792,177</u> | <u>58.15</u> | <u>\$ 47,458,986</u> | <u>62.83</u> | <u>\$ 52,008,562</u> | <u>69.81</u> |
| *Civil defense | \$ 72,864 | .29 | \$ *** | *** | \$ *** | *** |
| **Solid waste service area | 804,670 | .08 to 10.00 | 913,021 | .06 to 10.00 | 1,298,448 | .07 to 10.00 |
| *Library | <u>180,136</u> | .62 | <u>179,797</u> | .63 | <u>179,592</u> | .64 |
| Total Regional Levies | <u>\$ 1,057,670</u> | | <u>\$ 1,092,818</u> | | <u>\$ 1,478,040</u> | |

*Levied on regions within the County.

**Varying amounts are levied on regions within the County.

***Included in General Fund levy.

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Schedule 2
(Continued)

TAXABLE VALUATIONS, TAX RATES, LEVIES, AND PERCENTAGE OF COLLECTIONS

| | Taxes Payable in Year | | | | | |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 1985 | | 1986 | | 1987 | |
| | Amount | Tax Rate in Mills | Amount | Tax Rate in Mills | Amount | Tax Rate in Mills |
| Total Levy for County Purposes | \$ 45,849,847 | | \$ 48,551,804 | | \$ 53,486,602 | |
| Less: Tax credits payable by State | <u>13,140,619</u> | | <u>14,348,657</u> | | <u>15,571,629</u> | |
| Net Levy for County Purposes | <u>\$ 32,709,228</u> | | <u>\$ 34,203,147</u> | | <u>\$ 37,914,973</u> | |
| Taxable Valuations - Light and Power | | | | | | |
| Assessed at 43% | \$ 6,012,191 | | \$ 5,818,347 | | \$ 6,046,975 | |
| Assessed at 5% | <u>186,105</u> | | <u>188,315</u> | | <u>204,955</u> | |
| Total Taxable Valuations - Light and Power | <u>\$ 6,198,296</u> | | <u>\$ 6,006,662</u> | | <u>\$ 6,251,930</u> | |
| Light and Power Tax Levies (distributed pursuant to Minn. Stat. § 273.43, as amended) | | | | | | |
| Assessed at 43% | \$ 924,434 | 153.76 | \$ 928,957 | 159.66 | \$ 1,021,697 | 168.96 |
| Assessed at | <u>28,616</u> | 153.76 | <u>30,066</u> | 159.66 | <u>34,629</u> | 168.96 |
| Total Light and Power Tax Levies | <u>\$ 953,050</u> | | <u>\$ 959,023</u> | | <u>\$ 1,056,326</u> | |
| Special Assessments Liens and assessments | <u>\$ 1,125,244</u> | | <u>\$ 1,059,909</u> | | <u>\$ 1,109,324</u> | |
| Percentage of tax collections for all purposes | 93.24% | | 96.0% | | | |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>General Fund</u> | <u>County Grants and Subsidies</u> | <u>Emergency</u> | <u>Federal Fiscal Assistance</u> |
|------------------------------------|-------------------------|--|------------------|--|
| Shared revenue | | | | |
| State | | | | |
| 30 percent rental income | \$ 266 | \$ 146 | \$ 6 | \$ - |
| Homestead credit - real estate | 1,107,197 | 618,386 | 24,024 | - |
| Homestead credit - mobile home | 7,366 | 4,114 | 159 | - |
| Police aid | 304,972 | - | - | - |
| Railroad refund | 37,387 | 26,498 | - | - |
| County road and bridge aid | - | - | - | - |
| Highway users tax | - | - | - | - |
| Township bridge bond | - | - | - | - |
| Local government aid | 2,931 | - | - | - |
| Other intergovernmental revenue | 589,699 | - | - | - |
| Total Shared Revenue | <u>\$ 2,049,818</u> | <u>\$ 649,144</u> | <u>\$ 24,189</u> | <u>\$ -</u> |

| <u>Special Revenue Funds</u> | | | | | |
|------------------------------|----------------------|------------------------|------------------------|--------------------------------|-------------------------------|
| <u>Land Investment</u> | <u>Public Health</u> | <u>Road and Bridge</u> | <u>Social Services</u> | <u>Solid Waste Authorities</u> | <u>Solid Waste Management</u> |
| \$ - | \$ 88 | \$ 344 | \$ 1,787 | \$ 3 | \$ 7 |
| - | 365,086 | 1,453,513 | 7,440,631 | 227,418 | 30,214 |
| - | 2,429 | 9,632 | 49,495 | 1,512 | 201 |
| - | - | - | - | - | - |
| - | 17,385 | 82,578 | - | - | 1,168 |
| - | - | 2,276,524 | - | - | - |
| - | - | 9,916,985 | - | - | - |
| - | - | 2,810 | - | - | - |
| - | - | - | - | - | - |
| <u>15,400</u> | <u>-</u> | <u>26,377</u> | <u>281,663</u> | <u>-</u> | <u>18,724</u> |
| <u>\$ 15,400</u> | <u>\$ 384,988</u> | <u>\$ 13,768,763</u> | <u>\$ 7,773,576</u> | <u>\$ 228,933</u> | <u>\$ 50,314</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

SCHEDULE OF INTERGOVERNMENTAL REVNEUE
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>County Health Services Enterprise Fund</u> |
|------------------------------------|---|
| Shared revenue | |
| State | |
| 30 percent rental income | \$ - |
| Homestead credit - real estate | - |
| Homestead credit - mobile home | - |
| Police aid | - |
| Railroad refund | - |
| County road and bridge aid | - |
| Highway users tax | - |
| Township bridge bond | - |
| Local government aid | - |
| Other intergovernmental revenue | - |
| | <hr/> |
| Total Shared Revenue | \$ - |
| | <hr/> |

Schedule 3
(Continued)

| Forest Resources Trust Fund | Agency Funds | | Total |
|-----------------------------------|---------------------------------|-----------------------------------|----------------------|
| | Community Health Services | Grants From Outside Sources | |
| \$ - | \$ - | \$ - | \$ 2,647 |
| - | - | - | 11,266,469 |
| - | - | - | 74,908 |
| - | - | - | 304,972 |
| - | - | - | 165,016 |
| - | - | - | 2,276,524 |
| - | - | - | 9,916,985 |
| - | - | - | 2,810 |
| - | - | - | 2,931 |
| - | - | - | 931,863 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 24,945,125</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>General Fund</u> | <u>County Grants and Subsidies</u> | <u>Emergency</u> | <u>Federal Fiscal Assistance</u> |
|--|-------------------------|--|------------------|--|
| Grants | | | | |
| State | | | | |
| Food stamp administration | \$ - | \$ - | \$ - | \$ - |
| Permanency planning | - | - | - | - |
| Foster care IV-E | - | - | - | - |
| Child support administration | - | - | - | - |
| MR waived services | - | - | - | - |
| Alternative care waived services | - | - | - | - |
| EPSDT - purchased | - | - | - | - |
| Medical assistance | - | - | - | - |
| Aid to families with dependent children | - | - | - | - |
| Aid to families with dependent children - emergency assistance | - | - | - | - |
| Local taxes in lieu of program receipts | - | - | - | - |
| Retired senior volunteers program | - | - | - | - |
| Community health services | - | - | - | - |
| Community social services act | - | - | - | - |
| Family planning | - | - | - | - |
| General assistance | - | - | - | - |
| General assistance - medical | - | - | - | - |
| HTLV III | - | - | - | - |
| Minnesota supplemental aid | - | - | - | - |
| Natural resources No. 1 grant | - | - | - | - |
| Natural resources No. 2 grant | - | - | - | - |
| Natural resources boat and water | 81,095 | - | - | - |
| Non-smoking and health | - | - | - | - |
| Rule 12 care grant | - | - | - | - |
| Rule 14 special needs grant | - | - | - | - |
| Rule 20 semi-independent living | - | - | - | - |
| Work readiness | - | - | - | - |
| Payments in lieu of taxes | - | - | - | - |
| Other state | - | - | - | - |
| Total State | \$ 81,095 | \$ - | \$ - | \$ - |

| Special Revenue Funds | | | | | |
|------------------------|----------------------|------------------------|------------------------|--------------------------------|-------------------------------|
| <u>Land Investment</u> | <u>Public Health</u> | <u>Road and Bridge</u> | <u>Social Services</u> | <u>Solid Waste Authorities</u> | <u>Solid Waste Management</u> |
| \$ - | \$ - | \$ - | \$ 36,768 | \$ - | \$ - |
| - | - | - | 286,092 | - | - |
| - | - | - | 14,710 | - | - |
| - | - | - | 23,198 | - | - |
| - | - | - | 106,345 | - | - |
| - | - | - | 735,544 | - | - |
| - | - | - | 36,329 | - | - |
| - | - | - | 82,610 | - | - |
| - | - | - | 8,883,584 | - | - |
| - | - | - | 12,111 | - | - |
| - | - | - | 1,191,536 | - | - |
| - | - | - | 9,860 | - | - |
| - | 568,723 | - | - | - | - |
| - | - | - | 3,883,216 | - | - |
| - | 36,071 | - | - | - | - |
| - | - | - | 3,407,185 | - | - |
| - | - | - | 85,107 | - | - |
| - | 4,662 | - | - | - | - |
| - | - | - | 1,828,274 | - | - |
| 125,000 | - | - | - | - | - |
| 125,000 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 4,638 | - | - | - | - |
| - | - | - | 504,015 | - | - |
| - | - | - | 259,565 | - | - |
| - | - | - | 237,402 | - | - |
| 84,713 | - | - | 3,366,054 | - | - |
| - | - | - | - | - | - |
| - | - | - | 552,268 | - | - |
| <u>\$ 334,713</u> | <u>\$ 614,094</u> | <u>\$ -</u> | <u>\$ 25,541,773</u> | <u>\$ -</u> | <u>\$ -</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

SCHEDULE OF INTERGOVERNMENTAL REVNEUE
FOR THE YEAR ENDED DECEMBER 31, 1986

| | County Health Services Enterprise Fund |
|--|--|
| Grants | |
| State | |
| Food stamp administration | \$ - |
| Permanency planning | - |
| Foster care IV-E | - |
| Child support administration | - |
| MR waived services | - |
| Alternative care waived services | - |
| EPSDT - purchased | - |
| Medical assistance | - |
| Aid to families with dependent children | - |
| Aid to families with dependent children - emergency assistance | - |
| Local taxes in lieu of program receipts | - |
| Retired senior volunteers program | - |
| Community health services | - |
| Community social services act | - |
| Family planning | - |
| General assistance | - |
| General assistance - medical | - |
| HTLV III | - |
| Minnesota supplemental aid | - |
| Natural resources No. 1 grant | - |
| Natural resources No. 2 grant | - |
| Natural resources boat and water | - |
| Non-smoking and health | - |
| Rule 12 care grant | - |
| Rule 14 special needs grant | - |
| Rule 20 semi-independent living | - |
| Work readiness | - |
| Payments in lieu of taxes | - |
| Other state | - |
| | <hr/> |
| Total State | \$ - |

Schedule 3
(Continued)

| Forest Resources Trust Fund | Agency Funds | | Total |
|-----------------------------------|---------------------------------|-----------------------------------|----------------------|
| | Community Health Services | Grants From Outside Sources | |
| \$ - | \$ - | \$ - | \$ 36,768 |
| - | - | - | 286,092 |
| - | - | - | 14,710 |
| - | - | - | 23,198 |
| - | - | - | 106,345 |
| - | - | - | 735,544 |
| - | - | - | 36,329 |
| - | - | - | 82,610 |
| - | - | - | 8,883,584 |
| - | - | - | 12,111 |
| - | - | - | 1,191,536 |
| - | - | - | 9,860 |
| - | - | - | 568,723 |
| - | - | - | 3,883,216 |
| - | - | - | 36,071 |
| - | - | - | 3,407,185 |
| - | - | - | 85,107 |
| - | - | - | 4,662 |
| - | - | - | 1,828,274 |
| - | - | - | 125,000 |
| - | - | - | 125,000 |
| - | - | - | 81,095 |
| - | - | - | 4,638 |
| - | - | - | 504,015 |
| - | - | - | 259,565 |
| - | - | - | 237,402 |
| - | - | - | 3,450,767 |
| 328,265 | - | - | 328,265 |
| - | - | - | 552,268 |
| <u>\$ 328,265</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 26,899,940</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 1986

| | General Fund | County Grants and Subsidies | Emergency | Federal Fiscal Assistance |
|--|-----------------|-----------------------------------|-----------|---------------------------------|
| Grants (Continued) | | | | |
| Federal | | | | |
| Model employment program | \$ - | \$ - | \$ - | \$ - |
| Food stamp administration | 4,358* | - | - | - |
| School breakfast/national school lunch (USDA) | - | - | - | - |
| Women, infants, and children program | - | - | - | - |
| Child care food program | - | - | - | - |
| BWCA forest intensification fund | - | - | - | - |
| Health assessment | - | - | - | - |
| St. Louis County care givers | - | - | - | - |
| Home delivered meals | - | - | - | - |
| IV-B Indian children | - | - | - | - |
| Work incentive program | - | - | - | - |
| Foster care IV-E | - | - | - | - |
| Social services title II block grant | - | - | - | - |
| Child support enforcement | 10,343* | - | - | - |
| MR waived services | - | - | - | - |
| Alternative care waived services | - | - | - | - |
| EPSDT administration | 1,723* | - | - | - |
| Medical assistance | 30,237* | - | - | - |
| Aid to families with dependent children | 2,977* | - | - | - |
| Aid to families with dependent children - emergency assistance | - | - | - | - |
| Staff development | - | - | - | - |
| Refugee assistance | 177* | - | - | - |

* Represents \$49,835 federal indirect cost allocation (OMB Circular A-87).

Schedule 3
(Continued)

| Special Revenue Funds | | | | | |
|----------------------------|--------------------------|----------------------------|----------------------------|------------------------------------|---------------------------------------|
| <u>Land Investment</u> | <u>Public Health</u> | <u>Road and Bridge</u> | <u>Social Services</u> | <u>Solid Waste Authorities</u> | <u>Solid Waste Management</u> |
| \$ - | \$ - | \$ - | \$ 845 | \$ - | \$ - |
| - | - | - | 582,996 | - | - |
| - | - | - | 10,140 | - | - |
| - | 69,402 | - | - | - | - |
| - | - | - | 69,086 | - | - |
| - | - | - | - | - | - |
| - | - | - | 786 | - | - |
| - | - | - | 6,039 | - | - |
| - | - | - | 113,638 | - | - |
| - | - | - | 88,115 | - | - |
| - | - | - | 78,331 | - | - |
| - | - | - | 741,066 | - | - |
| - | - | - | 3,307,760 | - | - |
| - | - | - | 1,580,939 | - | - |
| - | - | - | 135,461 | - | - |
| - | - | - | 141,923 | - | - |
| - | - | - | 88,839 | - | - |
| - | - | - | 655,308 | - | - |
| - | - | - | 14,202,424 | - | - |
| - | - | - | 121,112 | - | - |
| - | - | - | 4,317 | - | - |
| - | - | - | 215,318 | - | - |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

SCHEDULE OF INTERGOVERNMENTAL REVNEUE
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>County Health Services Enterprise Fund</u> |
|--|---|
| Grants (Continued) | |
| Federal | |
| Model employment program | \$ - |
| Food stamp administration | - |
| School breakfast/national school lunch (USDA) | - |
| Women, infants, and children program | 238,870 |
| Child care food program | - |
| BWCA forest intensification fund | - |
| Health assessment | - |
| St. Louis County care givers | - |
| Home delivered meals | - |
| IV-B Indian children | - |
| Work incentive program | - |
| Foster care IV-E | - |
| Social services title II block grant | - |
| Child support enforcement | - |
| MR waived services | - |
| Alternative care waived services | - |
| EPSDT administration | - |
| Medical assistance | - |
| Aid to families with dependent children | - |
| Aid to families with dependent children - emergency assistance | - |
| Staff development | - |
| Refugee assistance | - |

Schedule 3
(Continued)

| <u>Forest Resources Trust Fund</u> | <u>Agency Funds</u> | | <u>Total</u> |
|--|--|--|--------------|
| | <u>Community Health Services</u> | <u>Grants From Outside Sources</u> | |
| \$ - | \$ - | \$ - | \$ 845 |
| - | - | - | 587,354 |
| - | - | - | 10,140 |
| - | - | - | 308,272 |
| - | - | - | 69,086 |
| - | - | - | 153,000 |
| - | - | - | 786 |
| - | - | - | 6,039 |
| - | - | - | 113,638 |
| - | - | - | 88,115 |
| - | - | - | 78,331 |
| - | - | - | 741,066 |
| - | - | - | 3,307,760 |
| - | - | - | 1,591,282 |
| - | - | - | 135,461 |
| - | - | - | 141,923 |
| - | - | - | 90,562 |
| - | - | - | 685,545 |
| - | - | - | 14,205,421 |
| - | - | - | 121,112 |
| - | - | - | 4,317 |
| - | - | - | 215,495 |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>General Fund</u> | <u>County Grants and Subsidies</u> | <u>Emergency</u> | <u>Federal Fiscal Assistance</u> |
|---|-------------------------|--|------------------|--|
| Grants | | | | |
| Federal (Continued) | | | | |
| Hypertension special project | - | - | - | - |
| Jail treatment program | - | - | - | - |
| Outpatient drug abuse program | - | - | - | - |
| Mental health services block grant | - | - | - | - |
| Mental health special population grant | - | - | - | - |
| Maternal and child health program | - | - | - | - |
| Public lands highway funds | - | - | - | - |
| Federal revenue sharing | - | - | - | 2,131,437 |
| Retired senior volunteer program | - | - | - | - |
| Emergency management assistance | 72,663 | - | - | - |
| Construction | - | - | - | - |
| Total Federal | <u>\$ 122,498</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$2,131,437</u> |
| Local | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total Grants | <u>\$ 203,593</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$2,131,437</u> |
| Total Intergovernmental Revenue | <u>\$ 2,253,411</u> | <u>\$ 649,144</u> | <u>\$ 24,189</u> | <u>\$2,131,437</u> |

**Audited with the State single audit by the Legislative Auditor.

Special Revenue Funds

| <u>Land Investment</u> | <u>Public Health</u> | <u>Road and Bridge</u> | <u>Social Services</u> | <u>Solid Waste Authorities</u> | <u>Solid Waste Management</u> |
|------------------------|----------------------|------------------------|------------------------|--------------------------------|-------------------------------|
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 68,647 | - | - |
| - | - | - | 61,206 | - | - |
| - | - | - | 11,000 | - | - |
| - | 57,306 | - | - | - | - |
| - | - | 2,962 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 46,270 | - | - |
| - | - | - | - | - | - |
| - | - | 2,165,322** | - | - | - |
| <u>\$ -</u> | <u>\$ 126,708</u> | <u>\$ 2,168,284</u> | <u>\$ 22,331,566</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 38,852</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ 334,713</u> | <u>\$ 740,802</u> | <u>\$ 2,168,284</u> | <u>\$ 47,912,191</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ 350,113</u> | <u>\$ 1,125,790</u> | <u>\$ 15,937,047</u> | <u>\$ 55,685,767</u> | <u>\$ 228,933</u> | <u>\$ 50,314</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>County Health Services Enterprise Fund</u> |
|---|---|
| Grants | |
| Federal (Continued) | |
| Hypertension special project | - |
| Jail treatment program | - |
| Outpatient drug abuse program | - |
| Mental health services block grant | - |
| Mental health special population grant | - |
| Maternal and child health program | - |
| Public lands highway funds | - |
| Federal revenue sharing | - |
| Retired senior volunteer program | - |
| Emergency management assistance | - |
| Construction | - |
| Total Federal | <u>\$ 238,870</u> |
| Local | <u>\$ -</u> |
| Total Grants | <u>\$ 238,870</u> |
| Total Intergovernmental Revenue | <u>\$ 238,870</u> |

Schedule 3
(Continued)

| <u>Forest Resources Trust Fund</u> | <u>Agency Funds</u> | | <u>Total</u> |
|--|--|--|----------------------|
| | <u>Community Health Services</u> | <u>Grants From Outside Sources</u> | |
| - | 11,808 | - | 11,808 |
| - | - | 11,665 | 11,665 |
| - | - | - | 68,647 |
| - | - | - | 61,206 |
| - | - | - | 11,000 |
| - | - | 39,737 | 97,043 |
| - | - | - | 2,962 |
| - | - | - | 2,131,437 |
| - | - | - | 46,270 |
| - | - | - | 72,663 |
| - | - | - | 2,165,322 |
| <u>\$ 153,000</u> | <u>\$ 11,808</u> | <u>\$ 51,402</u> | <u>\$ 27,335,573</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 38,852</u> |
| <u>\$ 481,265</u> | <u>\$ 11,808</u> | <u>\$ 51,402</u> | <u>\$ 54,274,365</u> |
| <u>\$ 481,265</u> | <u>\$ 11,808</u> | <u>\$ 51,402</u> | <u>\$ 79,219,490</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Schedule 4

SCHEDULE OF FEDERAL GRANT INFORMATION
YEAR ENDED DECEMBER 31, 1986

| <u>Federal Funding Source</u> | <u>Administering Agency</u> | <u>Federal Domestic Assistance #</u> | <u>Grant Name</u> | <u>Grant Number</u> |
|--|--|--------------------------------------|--|---------------------|
| Department of Agriculture (Agriculture) | None | 10.063 | Model Employment Program | - |
| Agriculture | Minnesota Department of Human Services (MDHS) | 10.551 | Food Stamp Administration | - |
| Agriculture | Minnesota Department of Education (MDOE) | 10.553/5 | School Breakfast/National School Lunch | 8-709-302 |
| Agriculture | Minnesota Department of Health (MDOH) | 10.557 | Women, Infants, and Children Program | - |
| Agriculture | MDOE | 10.558 | Child Care Food Program | 8-709-502-1 |
| Agriculture | Minnesota Department of Natural Resources | 10.669 | BWCA Forest Intensification Fund | 37662 |
| Agriculture | Minnesota Department of Natural Resources | 10.669 | BWCA Forest Intensification Fund | 43914 |
| Department of Health and Human Services (DHHS) | Arrowhead Regional Development Commission (ARDC) | 13.633 | Health Assessment | 303-90 |
| DHHS | ARDC | 13.633 | St. Louis County Care Givers | 303-120 |
| DHHS | ARDC | 13.635 | Home Delivered Meals | 303-C2-03 |
| DHHS | MDHS | 13.645 | IV-B Indian Children | - |
| DHHS | MDHS | 13.645 | Permanency Planning | - |
| DHHS | MDHS | 13.646 | Work Incentive Program | - |
| DHHS | MDHS | 13.658 | IV-E Foster Care | - |
| DHHS | MDHS | 13.667 | Social Services Block Grant Title XX | - |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Schedule 4
(Continued)

SCHEDULE OF FEDERAL GRANT INFORMATION
YEAR ENDED DECEMBER 31, 1986

| <u>Federal Funding Source</u> | <u>Administering Agency</u> | <u>Federal Domestic Assistance #</u> | <u>Grant Name</u> | <u>Grant Number</u> |
|--|--|--|--|-------------------------|
| DHHS | MDHS | 13.679 | Child Support Enforcement | - |
| DHHS | MDHS | 13.714 | MR Waivered Services | - |
| DHHS | MDHS | 13.714 | Alternative Care - Waivered Services | - |
| DHHS | MDHS | 13.714 | EPSDT - Administration | - |
| DHHS | MDHS | 13.714 | Medical Assistance | - |
| DHHS | MDHS | 13.808 | Aid to Families with Dependent Children (AFDC) | - |
| DHHS | MDHS | 13.808 | AFDC - Emergency Assistance | - |
| DHHS | MDHS | 13.810 | Staff Development | - |
| DHHS | MDHS | 13.814 | Refugee Assistance | - |
| DHHS | MDOH | 13.991 | Hypertension | 83373 |
| DHHS | MDHS | 13.992 | Jail Treatment Program | 92664 |
| DHHS | MDHS | 13.992 | Jail Treatment Program | 95632 |
| DHHS | MDHS | 13.992 | Outpatient Drug Abuse Program | 91974 |
| DHHS | MDHS | 13.992 | Outpatient Drug Abuse Program | 99066 |
| DHHS | MDHS | 13.992 | Mental Health Services Block Grant | - |
| DHHS | MDHS | 13.992 | Mental Health Special Population Grant | - |
| DHHS | MDOH | 13.994 | Maternal and Child Health Program | - |
| Department of Housing and Urban Development | Minnesota Department of Energy and Economic Development | 14.219 | St. Louis River Valley Housing Rehabilitation Project | 16010301384 |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

Schedule 4
(Continued)

SCHEDULE OF FEDERAL GRANT INFORMATION
YEAR ENDED DECEMBER 31, 1986

| <u>Federal Funding Source</u> | <u>Administering Agency</u> | <u>Federal Domestic Assistance #</u> | <u>Grant Name</u> | <u>Grant Number</u> |
|--|---|--|----------------------------------|-------------------------|
| Department of Transportation | Minnesota Department of Transportation | 20.205 | Public Lands Highway Funds | - |
| Department of the Treasury | None | 21.300 | Federal Revenue Sharing | 24-1-069-069 |
| Action | None | 72.002 | Retired Senior Volunteer Program | 440-5754 |
| Federal Emergency Management Agency | Minnesota Department of Public Safety | 83.503 | Emergency Management Assistance | 38170 |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINED SCHEDULE OF FEDERAL GRANT ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>Total Department of Agriculture (Schedule 6)</u> | <u>Total Department of Health and Human Services (Schedule 7)</u> | <u>Department of Housing and Urban Development CFDA # 14.219^f</u> |
|--|---|---|--|
| Revenues | | | |
| Federal | | | |
| Direct | \$ 845 | \$ - | \$ - |
| Flow-through | 540,498 | 19,118,876 | 164,392 |
| Administrative reimbursement | <u>587,354</u> | <u>2,669,346</u> | <u>-</u> |
| Total Federal | <u>\$ 1,128,697</u> | <u>\$ 21,788,222</u> | <u>\$ 164,392</u> |
| State | | | |
| Program reimbursement | \$ - | \$ 10,073,652 | \$ - |
| Administrative reimbursement | 36,768 | 106,871 | - |
| Local taxes in lieu of program receipts | <u>-</u> | <u>1,191,536</u> | <u>-</u> |
| Total State | <u>\$ 36,768</u> | <u>\$ 11,372,059</u> | <u>\$ -</u> |
| Local | | | |
| County | \$ 982,285 | \$ 14,030,566 | \$ - |
| Program receipts | 20,123 | 3,031,448 | - |
| In-kind contributions | <u>23,428</u> | <u>-</u> | <u>-</u> |
| Total Local | <u>\$ 1,025,836</u> | <u>\$ 17,062,014</u> | <u>\$ -</u> |
| Total Revenues | <u>\$ 2,191,301</u> | <u>\$ 50,222,295</u> | <u>\$ 164,392</u> |
| Expenditures | | | |
| General government | \$ 4,358 | \$ 45,477 | \$ - |
| Public safety | - | - | - |
| Highways and streets | - | - | - |
| Health | 308,744 | 141,199 | - |
| Welfare | 1,637,749 | 49,993,721 | - |
| Culture and recreation | 228,474 | - | - |
| Economic development | - | - | 164,392 |
| In-kind contributions | <u>23,428</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>\$ 2,202,753</u> | <u>\$ 50,180,397</u> | <u>\$ 164,392</u> |

^fThe activity of this grant is not included in the County's Financial statements.

Schedule 5

| <u>Department of Transportation CFDA # 20.205</u> | <u>Department of Treasury CFDA # 21.300</u> | <u>Action CFDA # 72.002</u> | <u>Federal Emergency Management CFDA # 83.503</u> | <u>Total</u> |
|---|---|---------------------------------|---|---------------|
| \$ - | \$ 2,131,437 | \$ 46,270 | \$ - | \$ 2,178,552 |
| 2,962 | - | - | 72,663 | 19,899,391 |
| - | - | - | - | 3,256,700 |
| 2,962 | 2,131,437 | 46,270 | 72,663 | 25,334,643 |
| \$ - | \$ - | \$ 9,860 | \$ - | \$ 10,083,512 |
| - | - | - | - | 143,639 |
| - | - | - | - | 1,191,536 |
| - | - | 9,860 | - | 11,418,687 |
| \$ - | \$ 88,133 | \$ 43,939 | \$ 88,034 | \$ 15,232,957 |
| - | 50,883 | - | - | 3,102,454 |
| - | - | - | - | 23,428 |
| - | 139,016 | 43,939 | 88,034 | 18,358,839 |
| 2,962 | 2,270,453 | 100,069 | 160,697 | 55,112,169 |
| \$ - | \$ 980,378 | \$ - | \$ - | \$ 1,030,213 |
| - | - | - | 143,728 | 143,728 |
| - | 1,001,519 | - | - | 1,001,519 |
| - | - | - | - | 449,943 |
| - | 83,722 | 100,069 | - | 51,815,261 |
| - | - | - | - | 228,474 |
| - | 25,000 | - | - | 189,392 |
| - | - | - | - | 23,428 |
| - | 2,090,619 | 100,069 | 143,728 | 54,881,958 |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINED SCHEDULE OF FEDERAL GRANT ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>Total Department of Agriculture (Schedule 6)</u> | <u>Total Department of Health and Human Services (Schedule 7)</u> | <u>Department of Housing and Urban Development CFDA # 14.219^f</u> |
|---|---|---|--|
| Excess of Revenues Over (Under) Expenditures | \$ (11,452) | \$ 41,898 | \$ - |
| Other Financing Sources (Uses) | | | |
| Capital leases | \$ - | \$ - | \$ - |
| Operating transfers out | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | \$ (11,452) | \$ 41,898 | \$ - |
| Unobligated Funds - January 1 | <u>11,452</u> | <u>(41,898)</u> | <u>-</u> |
| Unobligated Funds - December 31 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

^fThe activity of this grant is not included in the County's Financial statements.

Schedule 5
(Continued)

| <u>Department of Transportation CFDA # 20.205</u> | <u>Department of Treasury CFDA # 21.300</u> | <u>Action CFDA # 72.002</u> | <u>Federal Emergency Management CFDA # 83.503</u> | <u>Total</u> |
|---|---|---------------------------------|---|--------------|
| \$ 2,962 | \$ 179,834 | \$ - | \$ 16,969 | \$ 230,211 |
| \$ - | \$ 283,008 | \$ - | \$ - | \$ 283,008 |
| - | (700,648) | - | - | (700,648) |
| \$ - | \$ (417,640) | \$ - | \$ - | \$ (417,640) |
| \$ 2,962 | \$ (237,806) | \$ - | \$ 16,969 | \$ (187,429) |
| (2,962) | 1,073,111 | - | (16,969) | 1,022,734 |
| \$ - | \$ 835,305 | \$ - | \$ - | \$ 835,305 |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING SCHEDULE OF FEDERAL GRANT ACTIVITY
DEPARTMENT OF AGRICULTURE
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>CFDA # 10.063</u> | <u>CFDA # 10.551</u> |
|---|--------------------------|--------------------------|
| Revenues | | |
| Federal | | |
| Direct | \$ 845 | \$ - |
| Flow-through | - | - |
| Administrative reimbursement | - | 587,354 |
| Total Federal | <u>\$ 845</u> | <u>\$ 587,354</u> |
| State | | |
| Administrative reimbursement | \$ - | \$ 36,768 |
| Local | | |
| County | \$ 35,286 | \$ 789,969 |
| Program receipts | 20,123 | - |
| In-kind contributions | - | - |
| Total Local | <u>\$ 55,409</u> | <u>\$ 789,969</u> |
| Total Revenues | <u>\$ 56,254</u> | <u>\$ 1,414,091</u> |
| Expenditures | | |
| General government | \$ - | \$ 4,358 |
| Health | - | - |
| Welfare | 56,254 | 1,409,733 |
| Culture and recreation | - | - |
| In-kind contributions | - | - |
| Total Expenditures | <u>\$ 56,254</u> | <u>\$ 1,414,091</u> |
| Excess of Revenues Over (Under) Expenditures | \$ - | \$ - |
| Unobligated Funds - January 1 | - | - |
| Unobligated Funds - December 31 | <u>\$ -</u> | <u>\$ -</u> |

Schedule 6

| <u>CFDA # 10.553/5</u> | <u>CFDA # 10.557</u> | <u>CFDA # 10.558</u> | <u>CFDA # 10.669</u> | <u>Total</u> |
|----------------------------|--------------------------|--------------------------|--------------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 845 |
| 10,140 | 308,272 | 69,086 | 153,000 | 540,498 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>587,354</u> |
| <u>\$ 10,140</u> | <u>\$ 308,272</u> | <u>\$ 69,086</u> | <u>\$ 153,000</u> | <u>\$ 1,128,697</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 36,768 |
| \$ 15,000 | \$ 472 | \$ 77,536 | \$ 64,022 | \$ 982,285 |
| - | - | - | - | 20,123 |
| <u>-</u> | <u>23,428</u> | <u>-</u> | <u>-</u> | <u>23,428</u> |
| <u>\$ 15,000</u> | <u>\$ 23,900</u> | <u>\$ 77,536</u> | <u>\$ 64,022</u> | <u>\$ 1,025,836</u> |
| <u>\$ 25,140</u> | <u>\$ 332,172</u> | <u>\$ 146,622</u> | <u>\$ 217,022</u> | <u>\$ 2,191,301</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 4,358 |
| - | 308,744 | - | - | 308,744 |
| 25,140 | - | 146,622 | - | 1,637,749 |
| - | - | - | 228,474 | 228,474 |
| <u>-</u> | <u>23,428</u> | <u>-</u> | <u>-</u> | <u>23,428</u> |
| <u>\$ 25,140</u> | <u>\$ 332,172</u> | <u>\$ 146,622</u> | <u>\$ 228,474</u> | <u>\$ 2,202,753</u> |
| \$ - | \$ - | \$ - | \$ (11,452) | \$ (11,452) |
| - | - | - | 11,452 | 11,452 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING SCHEDULE OF FEDERAL GRANT ACTIVITY
DEPARTMENT OF HEALTH AND HUMAN SERVICES
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>CFDA #</u> <u>13.633^a</u> | <u>CFDA #</u> <u>13.635</u> | <u>CFDA #</u> <u>13.645^b</u> | <u>CFDA #</u> <u>13.646</u> | <u>CFDA #</u> <u>13.658</u> | <u>CFDA #</u> <u>13.667</u> |
|---|--|--------------------------------|--|--------------------------------|--------------------------------|--------------------------------|
| Federal | | | | | | |
| Flow-through | \$ 6,825 | \$ 113,638 | \$ 88,115 | \$ 78,331 | \$ 608,820 | \$ 3,307,760 |
| Administrative reimbursement | - | - | - | - | 132,246 | - |
| Total Federal | \$ 6,825 | \$ 113,638 | \$ 88,115 | \$ 78,331 | \$ 741,066 | \$ 3,307,760 |
| State | | | | | | |
| Program reimbursement | \$ - | \$ - | \$ 286,092 | \$ - | \$ 14,710 | \$ - |
| Administrative reimbursement | - | - | - | - | - | - |
| Local taxes in lieu of program receipts | - | - | - | - | - | - |
| Total State | \$ - | \$ - | \$ 286,092 | \$ - | \$ 14,710 | \$ - |
| Local | | | | | | |
| County | \$ 6,229 | \$ 102,798 | \$ 1,345,952 | \$ 337,822 | \$ 821,300 | \$ 4,226,816 |
| Program receipts | - | - | - | - | 107,997 | - |
| Total Local | \$ 6,229 | \$ 102,798 | \$ 1,345,952 | \$ 337,822 | \$ 929,297 | \$ 4,226,816 |
| Total Revenues | \$ 13,054 | \$ 216,436 | \$ 1,720,159 | \$ 416,153 | \$ 1,685,073 | \$ 7,534,576 |
| Expenditures | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Health | - | - | - | - | - | - |
| Welfare | 20,253 | 200,424 | 1,750,639 | 363,931 | 1,685,073 | 7,534,576 |
| Total Expenditures | \$ 20,253 | \$ 200,424 | \$ 1,750,639 | \$ 363,931 | \$ 1,685,073 | \$ 7,534,576 |

^aConsists of federal revenue for Health Assessment of \$786 and St. Louis County Care Givers of \$6,039.

^bConsists of federal revenue for IV-B Indian Children of \$0 and Permanency Planning of \$88,115.

^cConsists of federal revenue for MR Waivered Services of \$135,461, Alternative Care-Waivered Services of \$141,934, EPSDT-Administration of \$90,562 and Medical Assistance of \$685,545.

^dConsists of federal revenue for AFDC of \$14,205,421 and AFDC-Emergency Assistance of \$121,112.

^eConsists of federal revenue for Jail Treatment Program of \$11,665, Outpatient Drug Abuse Program of \$68,647, Mental Health Services Block Grant of \$61,206, and Mental Health Special Population Grant of \$11,000.

Schedule 7

| <u>CFDA #</u> <u>13.679</u> | <u>CFDA #</u> <u>13.714^c</u> | <u>CFDA #</u> <u>13.808^d</u> | <u>CFDA #</u> <u>13.810</u> | <u>CFDA #</u> <u>13.814</u> | <u>CFDA #</u> <u>13.991</u> | <u>CFDA #</u> <u>13.992^e</u> | <u>CFDA #</u> <u>13.994</u> | <u>Total</u> |
|--------------------------------|--|--|--------------------------------|--------------------------------|--------------------------------|--|--------------------------------|----------------------|
| \$ 456,262 | \$ 334,483 | \$ 13,657,907 | \$ - | \$ 205,366 | \$ 11,808 | \$ 152,518 | \$ 97,043 | \$ 19,118,876 |
| <u>1,135,020</u> | <u>719,008</u> | <u>668,626</u> | <u>4,317</u> | <u>10,129</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,669,346</u> |
| <u>\$ 1,591,282</u> | <u>\$ 1,053,491</u> | <u>\$ 14,326,533</u> | <u>\$ 4,317</u> | <u>\$ 215,495</u> | <u>\$ 11,808</u> | <u>\$ 152,518</u> | <u>\$ 97,043</u> | <u>\$ 21,788,222</u> |
| \$ - | \$ 913,459 | \$ 8,859,391 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,073,652 |
| 23,198 | 47,369 | 36,304 | - | - | - | - | - | 106,871 |
| <u>-</u> | <u>-</u> | <u>1,191,536</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,191,536</u> |
| <u>\$ 23,198</u> | <u>\$ 960,828</u> | <u>\$ 10,087,231</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,372,059</u> |
| \$ 94,588 | \$ 4,326,068 | \$ 2,731,970 | \$ 4,314 | \$ - | \$ - | \$ 361 | \$ 32,348 | \$ 14,030,566 |
| <u>1,294</u> | <u>47,415</u> | <u>2,874,742</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,031,449</u> |
| <u>\$ 95,882</u> | <u>\$ 4,373,483</u> | <u>\$ 5,606,712</u> | <u>\$ 4,314</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 361</u> | <u>\$ 32,348</u> | <u>\$ 17,062,014</u> |
| <u>\$ 1,710,362</u> | <u>\$ 6,387,802</u> | <u>\$ 30,020,476</u> | <u>\$ 8,631</u> | <u>\$ 215,495</u> | <u>\$ 11,808</u> | <u>\$ 152,879</u> | <u>\$ 129,391</u> | <u>\$ 50,222,295</u> |
| \$ 10,343 | \$ 31,960 | \$ 2,997 | \$ - | \$ 177 | \$ - | \$ - | \$ - | \$ 45,477 |
| - | - | - | - | - | 11,808 | - | 129,391 | 141,199 |
| <u>1,700,019</u> | <u>6,355,842</u> | <u>30,017,479</u> | <u>8,631</u> | <u>215,318</u> | <u>-</u> | <u>141,536</u> | <u>-</u> | <u>49,993,721</u> |
| <u>\$ 1,710,362</u> | <u>\$ 6,387,802</u> | <u>\$ 30,020,476</u> | <u>\$ 8,631</u> | <u>\$ 215,495</u> | <u>\$ 11,808</u> | <u>\$ 141,536</u> | <u>\$ 129,391</u> | <u>\$ 50,180,397</u> |

ST. LOUIS COUNTY
DULUTH, MINNESOTA

COMBINING SCHEDULE OF FEDERAL GRANT ACTIVITY
DEPARTMENT OF HEALTH AND HUMAN SERVICES
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>CFDA #</u> <u>13.633^a</u> | <u>CFDA #</u> <u>13.635</u> | <u>CFDA #</u> <u>13.645^b</u> | <u>CFDA #</u> <u>13.646</u> | <u>CFDA #</u> <u>13.658</u> | <u>CFDA #</u> <u>13.667</u> |
|--|--|--------------------------------|--|--------------------------------|--------------------------------|--------------------------------|
| Excess of Revenues Over (Under) Expenditures | \$ (7,199) | \$ 16,012 | \$ (30,480) | \$ 52,222 | \$ - | \$ - |
| Unobligated Funds - January 1 | <u>7,199</u> | <u>(16,012)</u> | <u>30,480</u> | <u>(52,222)</u> | <u>-</u> | <u>-</u> |
| Unobligated Funds - December 31 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

^aConsists of federal revenue for Health Assessment of \$786 and St. Louis County Care Givers of \$6,039.

^bConsists of federal revenue for IV-B Indian Children of \$0 and Permanency Planning of \$88,115.

^cConsists of federal revenue for MR Waivered Services of \$135,461, Alternative Care-Waivered Services of \$141,934, EPSDT-Administration of \$90,562 and Medical Assistance of \$685,545.

^dConsists of federal revenue for AFDC of \$14,205,421 and AFDC-Emergency Assistance of \$121,112.

^eConsists of federal revenue for Jail Treatment Program of \$11,665, Outpatient Drug Abuse Program of \$68,647, Mental Health Services Block Grant of \$61,206, and Mental Health Special Population Grant of \$11,000.

Schedule 7
(Continued)

| <u>CFDA #</u> 13.679 | <u>CFDA #</u> 13.714 ^c | <u>CFDA #</u> 13.808 ^d | <u>CFDA #</u> 13.810 | <u>CFDA #</u> 13.814 | <u>CFDA #</u> 13.991 | <u>CFDA #</u> 13.992 ^e | <u>CFDA #</u> 13.994 | <u>Total</u> |
|-------------------------|--------------------------------------|--------------------------------------|-------------------------|-------------------------|-------------------------|--------------------------------------|-------------------------|--------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 11,343 | \$ - | \$ 41,898 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(11,343)</u> | <u>-</u> | <u>(41,898)</u> |
| <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

MANAGEMENT LETTER



STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR
SUITE 400
525 PARK STREET
SAINT PAUL 55103

ARNE H. CARLSON
STATE AUDITOR

296-2551

February 19, 1988

The Honorable Lloyd Shannon, Chairman
Board of County Commissioners
St. Louis County
Duluth, Minnesota 55802

We have examined the financial statements of St. Louis County as of and for the year ended December 31, 1986, and have issued our report thereon dated October 1, 1987. This letter resulting from part of that examination is organized into sections on internal accounting control, management practices, previously reported items resolved, and other items for consideration.

INTERNAL ACCOUNTING CONTROL

As part of our examination, we made a study and evaluation of the system of internal accounting control of St. Louis County to the extent we considered necessary to evaluate the system, as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office's Standards for Audit of Governmental Organizations, Programs, Activities, and Functions. For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

- Receipts/revenues
- Disbursements/expenditures and expenses
- Payroll
- Cash management
- Taxes

Our study included all of the control categories listed above. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on St. Louis County's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of St. Louis County is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, management must make estimates and judgments that assess the expected benefits and related costs of control procedures. The objectives of a system are to provide reasonable, but not absolute, assurance that:

- assets are safeguarded against loss from unauthorized use or disposition,
- transactions are executed in accordance with management's authorization, and
- transactions are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation, made for the limited purpose described above will not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of St. Louis County taken as a whole or on any of the categories identified. However, our study and evaluation disclosed the following conditions that we believe result in more than a relatively low risk that material errors or irregularities may occur and not be detected within a timely period. Material errors and irregularities are those amounts that would materially affect the financial statements.

PREVIOUSLY REPORTED ITEMS--NOT RESOLVED

Purchase Orders

The original purchase order is sent to the vendor before the encumbrance officer has received a copy and has determined that funds are available to make the purchase. This could allow goods to be delivered or services to be performed without funds being available to pay for them.

We recommend that the Purchasing Department hold the original purchase order until a copy has been approved by the encumbrance officer.

Client's Response: Effective November 1, 1987 we shall commence holding the issuance of Purchase Orders for high cost items until funds have been encumbered.

Social Welfare Fund

The Social Welfare Fund clerk receives all checks pertaining to the Social Welfare Fund from the mail room. The clerk then alphabetizes the checks by group, which is necessary because of the way the computer program works, prepares batch totals for each group, and takes the checks to the cashier for receipt. The clerk uses the checks to enter the information into the computer and returns the checks to the cashier for microfilming and deposit. These procedures may take a few days.

We recommend the Social Services Department review and revise the computer program for the Social Welfare Fund so that incoming check information can be entered directly by the cashier without physically grouping and alphabetizing the checks. This would be similar to the receipting method used for support and collections, and would allow faster depositing of funds.

Client's Response: The current procedure will be reviewed to see where improvements can be made to speed up the process and if the entering could possibly be done in the cashier's area. The most cumbersome part of the current procedure is the alphabetizing of the checks, but once this is done, the entering takes very little time. Also at the present time, part of the fund has not been computerized.

ITEMS ARISING THIS YEAR

County Recorder's Office

Our review of the County Recorder's Office disclosed:

1. Payments for abstract and Torrens documents accepted by the Recorder's Office are not receipted until it is determined that the document can be recorded. This can take from a few hours to several days.
2. Payments for chattel documents accepted are not receipted.
3. The accounting clerk controls all aspects of the attorneys' deposit account including receipting, depositing, disbursing, maintaining records, and reconciling the bank account.

We recommend the County Recorder develop office procedures which would strengthen controls over receipts.

1. The clerks should write a receipt for all payments accepted by the office. If the document can be recorded it should be assigned a number and recorded in the reception record. If it cannot be recorded, it should be listed on a permanent record which would include all pertinent document information--receipt number, amount, date accepted, status, and date processed.
2. The accounting clerk should continue to deposit daily all monies receipted and reconcile to the reception record and outstanding documents record.
3. Any required refunds should be made by check through the Auditor's office or, if volume requires, through a separate refund account.
4. Computer capabilities should be considered for use with these recommended procedures.

Client's Response: This is more complex than it would first appear. The Recorder's procedures are long-established and reasonably efficient. While suggestions for improvement are always welcome, hasty implementation of them may cause unexpected and possibly serious problems.

Although is it not likely that the issue will be resolved entirely to the satisfaction of the Auditor this year, the department is taking steps towards compliance. The above-mentioned computer system will allow for types of reporting that are not presently done. The abstract section already maintains a record of those unrecorded documents which are returned. The issue of receipts in the chattel section is easily resolved.

The County Recorder is not rejecting the Auditor's suggestions out of hand. But one must understand that, in the midst of considerable change already occurring in the department, it is important to minimize the turmoil that additional changes may cause to a system that already works rather well.

Community Food Internal Service Fund

Our review of the Community Food Internal Service Fund disclosed that a physical count was not taken of the food and supplies inventory at either kitchen for the year ended December 31, 1986. Inventory records are not maintained.

We recommend that the County establish good internal controls over the food and supplies inventory. Controls should include perpetual inventory records, use reports, waste reports and weekly physical inventory counts.

Client's Response: Will take an annual inventory. Will work with Food Service Supervisor to develop system of inventory controls without increasing costs.

Game and Fish Fees

Collections made by the Game and Fish Agent at the County Auditor's office are not deposited daily with the cashier. Significant amounts of cash and checks accumulate before monies are deposited with the cashier.

We recommend that the Game and Fish Agent deposit all monies received daily with the cashier. This procedure would then be the same as the requirements for depositing fees collected by other County departments.

Client's Response: These are now deposited daily.

* * * * *

The above conditions were considered in determining the nature, timing, and extent of the audit tests applied in our examination of the 1986 financial statements, and this report does not affect our opinion on the financial statements dated October 1, 1987.

MANAGEMENT PRACTICES

As part of our financial statement examination, we also reviewed certain management practices. Our review was not a detailed study of every system, procedure, and transaction. Accordingly, the items presented here may not be all-inclusive of areas where improvement may be needed.

PREVIOUSLY REPORTED ITEMS--NOT RESOLVED

Road and Bridge Fund Inventory

The Road and Bridge Special Revenue Fund inventory for the year ended December 31, 1986, was not completed in a timely manner. Pre-printed inventory sheets are not used; the inventory is retyped each year. The delay affects the preparation of the annual report to the Minnesota Department of Transportation which is used to determine funding.

We recommend the Highway Engineer consider using computer capabilities to accelerate inventory counting and summarizing procedures.

Client's Response: This item is the top priority on our Road and Bridge automation priority list. Initial phases of a computerized inventory system have been started and will be completed during 1988, barring unforeseen difficulties. This is one of many areas of computerized automation being started within the Highway Department which will be implemented as time and finances permit.

Fixed Asset Deletions

When deletions were made from the Social Services' fixed asset records, the assets were completely deleted from the system. The deletion column of the "change of position" report was blank. There was no audit trail for these changes.

We recommend that fixed asset record keeping procedures be changed so that there is an adequate audit trail for deletions from the fixed asset records.

Client's Response: The added and deleted items will be coded and entered into the system for the year 1987, so that they will show on the Change of Position report.

Code of Conduct

The County Board adopted a conflict of interest resolution in December 1986. The County's internal control is dependent on all members of management being alert for situations which may conflict with law or County policy.

We recommend that the County consider expanding the resolution to include a formal code of conduct policy and that it be communicated to all County personnel. A code of conduct should consider the following broad topics:

- Conflicts of interest;
- Devotion of time and ability to the business of the County;
- Safeguarding confidential information;
- Acceptance of gifts and gratuities;
- Safeguarding County property.

We believe that department heads should sign an annual confirmation that they have read the County's policy and that they are not aware of any violations of such policy. Such confirmations could be filed with the County Auditor.

Client's Response: We will consider the recommendation in 1988.

ITEMS ARISING THIS YEAR

Retired Employees Medical Insurance

For the year ended December 31, 1986, the County paid \$1,349,252 for retired employee medical insurance coverage. Of this amount, \$954,755 was financed from the health and welfare reserve accounts and \$335,093 was recovered from self-paying retirees. The remaining \$59,404 was not recovered.

We recommend the County review premiums charged for retired employees to ascertain that actual costs are fully funded by the health and welfare reserve accounts or through payments from the self-paying retirees.

Client's Response: This matter is under review by County Management and is being discussed with the various bargaining units.

Food Service Operations

The Community Food Internal Service Fund is used to account for the food service operation related to the preparation of meals for such programs as day care, detoxification, board and lodging, home delivered meals, and the City of Duluth senior dinners program. In 1986, the cost for each noon and evening meal was set at \$2.80. Board and lodging meals were billed to the Duluth Housing and Redevelopment Authority (HRA) at \$1.30 each, which is the maximum the HRA would reimburse through its grant. The \$1.50 per meal difference plus the \$2.80 per meal for all other meals served was billed to and paid by the Social Services Fund. The Social Services Fund then billed the City of Duluth for senior dinners service at \$1.94 each, as specified in the contract. Even with reimbursement of \$2.80 per meal from the Social Services Fund, the Community Food Internal Service Fund has operated with a deficit cash and retained earnings, as shown below:

| | <u>Cash</u> | <u>Retained Earnings</u> |
|-------------------|--------------|--------------------------|
| December 31, 1986 | \$ (165,393) | \$ (198,826) |
| December 31, 1985 | \$ (178,000) | \$ (122,296) |
| December 31, 1984 | \$ (190,458) | \$ (101,592) |

We recommend the County review the food service operation accounting and subsidizing procedures to determine if the intent of the Board is being achieved.

Client's Response: Commencing in January, 1988 the Community Foods Service Fund will charge the City direct for its share of meals. The senior centers will be responsible for the difference.

A county tax levy was made in 1987 to cover the cash deficit and a close review of this operation is being made to determine its continued viability.

Employees' Vacation and Sick Leave Records

The County is currently maintaining two sets of records for the accumulation of its employees' vacation and sick leave hours. One set, which is the official record for the County, is maintained manually by the County's Civil Service Department, and the other set is maintained within the County's computerized payroll system.

We recommend the Civil Service Department use the computerized payroll records to maintain and adjust individual employee vacation and sick leave records. Manual records could then be discontinued to eliminate duplicate record keeping.

Client's Response: We are in the process of obtaining a computerized personnel system which will enable us to stop maintaining manual records. Similar manual records were discarded years ago in the Social Services Personnel Office at the time of computerization.

Social Services Special Revenue Fund Financial Statements

The revenues as reported on the County's prepared financial statements did not agree with the Local Government Financial System (LGFS)-computerized accounting records. This was caused by entries made to the various fund equity accounts during the year which should have been made to a revenue or expenditure account.

We recommend that the LGFS accounting records be used to prepare the financial statements of the Social Services Special Revenue Fund. Any differences should be reconciled and the proper entries made to correct the LGFS accounting records.

Client's Response: A procedure has been installed that will alert us to any adjusting entry that has been made to Fund Balance, rather than to a revenue or expenditure account and proper action will be taken.

Laundry Internal Service Fund Receivables

The receivable and corresponding revenue are not recognized in the financial records of the County when billings for laundry services are prepared.

We recommend the County recognize both the receivable and revenue in the financial records when the billings are prepared.

Client's Response: As of April, 1987 a micro computer driven billing system has been installed which creates the invoices to all outside vendors, journal vouchers the internal billing, and recognizes both the receivable and revenue within the month the service was performed.

PREVIOUSLY REPORTED ITEMS RESOLVED

The following items included in the previous management letter dated February 17, 1987, have been implemented or otherwise resolved.

| <u>Recommendation</u> | <u>Resolution</u> |
|---|---|
| The Hibbing Court receipts should be deposited into the contingent fund checking account at least weekly. | This recommendation has been implemented. |
| The Estate and Guardianship Funds bank statements should be sent directly to the person who reconciles the account. | This recommendation has been implemented. |

| <u>Recommendation</u> | <u>Resolution</u> |
|--|--|
| The Social Services Department should review the receipting procedures for checks pertaining to Support and Collections. | Social Services has reviewed the receipting procedures and considers them adequate. |
| All revenue and expenditure transactions should be carefully reviewed for appropriateness, with necessary adjustments made to the general ledger accounts. | This recommendation has been implemented. |
| Social Service accounts receivable should be accrued based on when the service is provided rather than when it is billed. | This recommendation has been implemented. |
| Social Service intrafund receivables and charges should be eliminated by journal entry. | For 1987, a separate fund was established to account for the treatment center activities. |
| The Road and Bridge Department should review all contracts at year-end to ensure all payables have been recorded. | This recommendation has been implemented. |
| The Social Services Department should consider reducing the \$10,000 Special Contingent Fund balances at Duluth and Virginia. | Duluth contingent fund balance has been reduced to \$5,000 and Virginia's balance was considered necessary for its intended use. |
| Journal vouchers should be reviewed to ascertain that they contain sufficient detail and explanation. | This recommendation has been implemented. |

OTHER ITEMS FOR CONSIDERATION

Departmental Internal Accounting Controls

We would like to also point out that due to the limited number of office personnel within the various County departments, the proper segregation of the accounting functions that is necessary to ensure adequate internal accounting control is not possible. Although this is not unusual in small departmental situations, management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an internal control point of view.

We are available throughout the year to assist you in implementing any of our suggestions.

We would like to thank the St. Louis County staff for their excellent cooperation and assistance during the audit.



ARNE H. CARLSON
State Auditor

AUDITOR'S COMMENTS ON COMPLIANCE



STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR
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525 PARK STREET
SAINT PAUL 55103

ARNE H. CARLSON
STATE AUDITOR

296-2551

February 19, 1988

The Honorable Lloyd Shannon, Chairman
Board of County Commissioners
St. Louis County
Duluth, Minnesota 55802

We have examined the financial statements of St. Louis County as of and for the year ended December 31, 1986, and have issued our opinion thereon dated October 1, 1987. This letter resulting from part of that examination is organized into sections on internal control systems for federal financial assistance programs, compliance--both for federal financial assistance programs and legal provisions, and previously reported items resolved.

Our examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; the provisions of OMB Circular A-128, Audits of State and Local Governments; and the provisions of the Minnesota Legal Compliance Audit Guide for Local Government, as promulgated by the Legal Compliance Task Force pursuant to Minn. Stat. § 6.65. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

INTERNAL CONTROL SYSTEMS--FEDERAL FINANCIAL ASSISTANCE PROGRAMS

As part of our examination of St. Louis County, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering federal financial assistance programs. For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs in the following categories:

Internal Accounting Controls

Receipts/revenues
Disbursements/expenditures and expenses
Property taxes
Payroll

Administrative Controls

Federal grant eligibility
Cash management
Political activity
Civil rights
Federal financial reports
Davis-Bacon Act

The management of St. Louis County is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling that responsibility, management must make estimates and judgments that assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to federal financial assistance programs:

- resource use is consistent with laws, regulations, and policies;
- resources are safeguarded against waste, loss, and misuse; and
- reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all of the applicable control categories listed above. During the year ended December 31, 1986, St. Louis County expended 88 percent of its total federal financial assistance under major federal financial assistance programs. With respect to internal control systems used in administering major federal financial assistance programs, our study and evaluation included:

- considering the types of errors and irregularities that could occur,
- determining the internal control procedures that should prevent or detect such errors and irregularities,
- determining whether the necessary procedures are prescribed and are being followed satisfactorily, and
- evaluating any weaknesses.

With respect to the internal control systems used solely in administering the nonmajor federal financial assistance programs of St. Louis County, our study and evaluation was limited to a preliminary review of the systems to obtain an understanding of the control environment and the flow of transactions through the accounting system. Our study and evaluation of the internal control systems used solely in administering the nonmajor federal financial assistance programs of St. Louis County did not extend beyond this preliminary review phase.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of St. Louis County. Accordingly, we do not express an opinion on the internal control systems used in administering the federal financial assistance programs of St. Louis County. Further, we do not express an opinion on the internal control systems used in administering the major federal financial assistance programs of St. Louis County.

Also, our examination, made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the internal control systems used solely in administering nonmajor federal financial assistance programs. However, our study and evaluation and our examination disclosed no condition that we believed to be a material weakness in relation to a federal financial assistance program of St. Louis County.

COMPLIANCE

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The management of St. Louis County is responsible for compliance with laws and regulations. In connection with our examination, we selected and tested transactions and records from each major federal financial assistance program and certain nonmajor federal financial assistance programs. The purpose of our testing of transactions and records from those federal financial assistance programs was to obtain reasonable assurance that St. Louis County had, in all material respects, administered major programs, and executed the tested nonmajor program transactions, in compliance with laws and regulations, including those pertaining to financial reports and claims for advances and reimbursements, noncompliance with which we believe could have a material effect on the allowability of program expenditures.

Our testing of transactions and records selected from major federal financial assistance programs disclosed instances of noncompliance with those laws and regulations. All instances of noncompliance that we found and the programs to which they relate are identified in this letter.

In our opinion, subject to the effect of the ultimate resolution of those instances of noncompliance referred to in the preceding paragraph, for the year ended December 31, 1986, St. Louis County administered each of its major federal financial assistance programs in compliance, in all material respects, with laws and regulations, including those pertaining to financial reports and claims for advances and reimbursements, noncompliance with which we believe could have a material effect on the allowability of program expenditures.

The results of our testing of transactions and records selected from nonmajor federal financial assistance programs indicate that for the transactions and records tested, the County complied with the laws and regulations referred to above, except as noted in this letter. Our testing was more limited than would be necessary to express an opinion on whether St. Louis County administered those programs in compliance in all material respects with those laws and regulations, noncompliance with which we believe could have a material effect on the allowability of program expenditures; however, with respect to the transactions and records that were not tested by us, nothing came to our attention to indicate that St. Louis County had not complied with laws and regulations other than those laws and regulations for which we noted violations in our testing referred to above.

PREVIOUSLY REPORTED ITEMS--NOT RESOLVED

Indirect Cost Allocation Plan

The Social Services Fund receives reimbursement from the federal government for indirect administrative costs to the public aid programs. Many cost centers of the indirect cost allocation plan have been approved by the cognizant agency, the Department of Health and Human Services. Those approved are:

- Administrative Support Services
- Building Maintenance
- Executive and Board
- Systems
- Personnel
- Office Management - Duluth
- Office Management - Range
- General Ledger Accounting
- Disbursements
- Accounts Receivable
- Planning and Contract Services
- Staff Development

The Unclassified and the Audits and Budgets cost centers have not received final approval.

Because federal administrative reimbursements received by St. Louis County are based on the above plan, which, for the most part is approved, no determination was made of any possible questioned costs.

Client's Response: A time analogy was submitted on April 26, 1985 for the Audits and Budgets cost center.

Total unclassified cost center expenses have been deleted from reimbursement since January, 1984.

Cost Allocation Plan

Costs are allocated to the various programs based on full-time equivalent employees. According to the approved cost allocation plan, costs should be allocated based on the number of employees.

Building maintenance costs were allocated to Staff Development and Food Stamps cost centers. These cost centers were not approved in the cost allocation plan.

The Planning and Contract Services Director and the Nursing Home Director are included with the executive and board cost centers. The cost allocation plan makes no mention of these directors.

We recommend that the Federal Department of Health and Human Services, Division of Cost Allocation, be notified of the actual allocation process being used, the additional cost centers, and the additional directors being allocated in the Executive and Board cost centers. The County should obtain approval for all such changes to the cost allocation plan.

Client's Response: Costs have always been allocated on a full-time equivalent basis. Terminology was corrected with the revised plan effective January 1, 1987.

Building Maintenance costs have always been allocated to both Food Stamps and Staff Development. The Staff Development cost center was added to the revised plan effective January 1, 1987.

Planning and Contract Services (first quarter 1983) and Nursing Home (second quarter 1984) Directors have been assigned to the executive cost center since the last amended plan was submitted. The Planning and Contract Services Director was added with the revised plan effective January 1, 1987.

Grantor Financial Reports

Revenues and expenditures for various grants, as reported on the grantor financial status reports, did not agree with the County's computerized general ledger - Local Government Financial System (LGFS) - accounting records. This happened because records other than the LGFS-generated reports were maintained and used to complete the grantor reports. The grants which did not agree for the year ended December 31, 1986, were:

CFDA # 10.557 Women, Infants and Children Program
CFDA # 13.635 Home Delivered Meals Program
CFDA # 13.814 Refugee Assistance
CFDA # 13.994 Maternal and Child Health Program

We recommend that the LGFS accounting records be used to complete any and all required grantor reports. If additional accounting records are needed, these records should be reconciled to the LGFS reports.

Client's Response: The Auditor's Office and the Health Department have set up procedures to assure that grant reporting will be done from the LGFS records for the WIC and MCH programs.

In the future, LGFS reports will be prepared so that Home Delivered Meals expenditures can also be clearly and separately identified. If any additional records are required, they will be reconciled to the LGFS records.

Grant Revenue and Expenditure Accounting

Some LGFS codes are used to account for several different and distinct grants. This procedure makes it difficult to use the LGFS records to complete the grantor financial reports and also to prepare the grant schedules for the annual financial statements. The grants which were not distinctly identified included:

CFDA # 13.714 Alternative Care-Waivered Services
CFDA # 13.714 MR Waivered Services

We recommend that separate and distinct LGFS revenue and expenditure codes be established and used to account for each different grant.

Client's Response: We are currently using separate and distinct revenue and object codes to account for the Waivered Services (Alternative Care and MR) in 1987. In 1988 separate Organization Codes will be used to account for these grants.

Social Services Block Grant Title XX CFDA# 13.667

The client-prepared schedule of grant activity for the Title XX Block Grant included expenditures which also showed in other grant schedules. The grants and amounts included in Title XX, were:

| | | | |
|-----------------|--|----|-----------|
| CFDA # 10.553/5 | School Breakfast/National School Lunch | \$ | 3,798 |
| CFDA # 10.558 | Child Care Food Program | | 146,622 |
| CFDA # 13.645 | Permanency Planning | | 1,425,006 |
| CFDA # 13.814 | Refugee Assistance | | 9,952 |

The necessary adjustments were made to the grant activity schedule for Title XX for the year ended December 31, 1986.

We recommend that the grant activity schedule for the Social Services Title XX Block Grant be carefully prepared to exclude any expenditures properly charged to other federal grants.

Client's Response: Any expenditures charged to other federal programs, and required match amounts, will be excluded from the Title XX Block Grant Schedule to the extent that such expenditures are reimbursed. Expenditures that are required to be reported, even if ineligible for reimbursement, (such as Permanency Planning expenditures) will not be excluded from the Title XX Block Grant Schedule if the exclusion would result in a loss of federal revenue.

ITEMS ARISING THIS YEAR

State Administration Reimbursement

Our review of procedures pertaining to the state administration reimbursements indicated that revenues are not credited to the programs specified on the remittance advices from the state. This makes it difficult to prepare the grant schedules because revenues in specific account codes do not agree with state remittance advices.

We recommend that revenues be credited to the programs indicated by the state remittance advices.

Client's Response: State Administrative aid will be assigned revenue codes and recorded as received from the State.

Social Services Block Grant Title XX CFDA # 13.667

Social Service personnel complete and submit to the state quarterly, Form DPW-1619, Title XX Purchase of Service Report. The expenditures reported on DPW-1619 are all accounted for in agency S49. Title XX expenditures, reported on the Federal Reimbursement Summary (cost allocation plan), are recorded in agencies S11, S41, S42, S44, and S45. The expenditures reported on these two forms are inconsistent and mutually exclusive.

We recommend Social Services specifically identify expenditures funded by the Title XX Block Grant and accurately and consistently report the information to the state.

Client's Response: All Title XX expenditures will be reported on the Federal Reimbursement Summary (cost allocation plan) only.

Indirect Cost Allocation Plan Reporting

Our review of the Social Services cost allocation plan documentation disclosed the following items:

1. The Federal Reimbursement Summary for the quarter ended September 30, 1986, included EPSDT purchased expenditures of \$38,317, but the supporting documentation showed expenditures of only \$30,317. The difference of \$8,000 is considered a questioned cost.
2. The A400 computer report, modified by Social Services Detail Listing of Encumbrances vs. Expenses by Accounting Distribution, is the basis for the cost allocation plan expenditures. The report excludes any expenditures paid on purchase orders issued in the prior year even though they are properly chargeable to the current year. For the year ended December 31, 1986, in the agency tested, expenditures were underreported by \$54,971, resulting in unrequested federal administrative aid of \$36,638.

We recommend:

1. The Federal Reimbursement Summary be carefully reviewed and compared to supporting documentation before it is submitted for reimbursement, and that the questioned cost of \$8,000 be resolved.
2. The programming for the A400 report be reviewed and revised to accurately reflect all expenditures properly chargeable to the cost allocation plan each quarter. Also, Social Services should determine the full amount of any unrequested administrative aid that can be requested in the future.

Client's Response:

The error in the report for the quarter ended September 30, 1986 resulted from poor print quality on computer generated reports. New equipment should prevent recurrence. The \$8,000 questioned cost will be removed on the report for the quarter ended September 30, 1987, in accordance with advice from the State of Minnesota.

Changes in programming of the A-400 will be implemented so that all expenditures incurred during a quarter will be reported that quarter. Previous years' reported expenditures will be compared to A-611 balances to recover previously unreported costs.

LEGAL COMPLIANCE

The management of St. Louis County is responsible for the County's compliance with laws and regulations. In connection with our examination, we selected and tested transactions and records to determine the County's compliance with laws and regulations, noncompliance with which could have a material effect on the general purpose financial statements of the County.

The results of our tests indicate that for the items tested St. Louis County complied with those laws and regulations, noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to our attention that caused us to believe that for the transactions not tested, St. Louis County was not in compliance with laws and regulations, noncompliance with which could have a material effect on the general purpose financial statements.

The Minnesota Legal Compliance Audit Guide for Local Government covers five main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, and claims and disbursements. Our examination included all of the listed categories. The results of our tests indicate that for the items tested, St. Louis County complied with the material terms and conditions of applicable legal provisions, except as described in this letter. Further, for the items not tested based on our examination, nothing came to our attention to indicate that St. Louis County had not complied with such legal provisions.

We also reviewed for compliance with other statutes, bylaws, administrative rules, and state grant regulations and contracts that we deemed necessary. This review did not include all possible regulatory provisions which may be applicable, and was not intended to provide assurance of full compliance with all regulatory provisions. However, we noted the following instances of noncompliance with the provisions reviewed.

PREVIOUSLY REPORTED ITEMS--NOT RESOLVED

Fund Cash Deficits

The Social Services Special Revenue Fund, Supervised Living Facilities Enterprise Fund, and Community Food and Laundry Internal Service Funds had negative cash balances at December 31, 1986. When disbursements are made from a fund with a cash deficit, it, in effect, uses cash from other funds to make the payment. Minn. Stat. § 385.04 states in part "...every warrant shall be paid only from the cash on hand in the fund from which it may be properly payable."

We recommend the County ensure there is sufficient cash in a fund before disbursements are made. This could be done by making temporary transfers from another fund with adequate cash, as permitted by Minn. Stat. § 385.32.

Client's Response: We will consider this recommendation for implementation in 1988.

ITEMS ARISING THIS YEAR

Collateral to Secure Deposits

Our review of collateral pledged to secure deposits disclosed:

1. Three cases where collateral pledged was less than "A" rated.
2. Five cases where the collateral was not rated.
3. Two banks that did not supply collateral rating information.

We recommend that St. Louis County require all depository banks to supply rating information periodically and that the County reject any collateral with a less than "A" rating.

Client's Response: We have accepted collateral in the form of unrated municipal bonds. These unrated municipals are still general obligations of the municipality, and due to the levying power of the municipality they are hardly high risk items. In fact, we could not even buy our own TAN since it is not rated. However, we have notified the depositories that we will accept only "A" rated collateral from here on. All of the current collateral is "A" rated.

County Recorder's Attorneys' Deposit Account

The County Recorder's office, through the attorneys' deposit account, has extended credit to attorneys in excess of the amounts deposited by them.

Minn. Stat. § 386.78 states, "the county recorder in each county shall accept security deposits to guarantee payment of charges. Any person desiring to make such deposits may deposit any amount desired with the county recorder who shall deposit this in a security fund with the county treasurer. The county treasurer may invest said funds and the income therefrom shall be deposited in the general fund of the county. The county recorder shall extend credit to any person who has made such deposit up to the amount of the deposit. . . ."

We recommend the County Recorder establish procedures to closely monitor the attorneys' deposit accounts. This could be done easily with the use of a computerized software program.

Client's Response: Very likely this will be resolved as suggested by use of a computerized software program. The department will be going on-line very soon after the first of the next year. Any one of a number of programs will allow the department to monitor these accounts adequately.

Budget Procedures

For the year ended December 31, 1986, the County Board authorized the appropriation of \$300,000 from the Medical Insurance Agency Fund for use as a reduction of expenditures in the General Fund. This was not a refund of excess premiums charged in prior years, because other funds contributing to the Medical Insurance Fund received no funding. The amount transferred to the General Fund was \$133,845.

Minn. Stat. § 383C.015 states in part: ". . . except that the county board may by a five-sevenths vote, transfer an unexpended and unappropriated balance to the credit of any item to any other item within the same fund or transfer the same to new or additional items within the same fund, but it shall not transfer between funds. . ."

We recommend the County comply with Minn. Stat. § 383C.015. If excess premiums are to be refunded, the budget should indicate this and refunds should be equitable to all funds paying into the Medical Insurance Agency Fund.

Client's Response: We will follow this recommendation in the future.

ITEMS ARISING THIS YEAR

Depository Collateral

Minn. Stat. § 118.01, subd. 1 requires financial institutions to pledge collateral to secure public deposits. Collateral which is acceptable under the statutes includes notes secured by first mortgages. These mortgages must not have any past due interest on them and must be on improved real estate which is free from delinquent taxes. The property must be located in the same county as the depository or in an immediately adjoining county.

St. Louis County has accepted notes secured by first mortgages as collateral; however, the County has no established procedures to monitor the mortgages to determine whether there is any past due interest or delinquent taxes attached to them, or whether the mortgages are on property located in the County or in an adjoining county.

We recommend that St. Louis County establish the following procedures to monitor these mortgages:

- Require the financial institution to send the County a listing of all mortgages pledged on a periodic basis. This listing should include a description of the property and the market value of the mortgage.
- Require the financial institution to obtain the County's approval for any changes to the mortgages pledged.
- Establish procedures to test whether the mortgages have any past due interest attached and whether the property owners are delinquent on their taxes.
- Establish procedures to test whether the property is located in the same county as the depository or in an adjoining county.

Client's Response: We have notified the depositories that we will require the parcel code on each pledged mortgage. The list of mortgages must be updated quarterly, and our approval will be necessary for changes to collateral (as is our policy currently).

These procedures will set the stage for the monitoring of tax delinquencies, interest payments, and property locations. The time to actually do the monitoring and the inspection of the banks' mortgage records is another matter.

Certainly, in lieu of all of this, we can refuse mortgage collateral and perhaps this is the way the County Board will wish to proceed. We believe, however, that the statute providing for mortgage collateral was instituted for the purpose of allowing local savings and loans to bid for County dollars.

PREVIOUSLY REPORTED ITEMS RESOLVED

The following items included in the previous compliance letter dated February 17, 1987, have been implemented or otherwise resolved.

| <u>Recommendation</u> | <u>Resolution</u> |
|--|--|
| Federal administration reimbursements should be credited to the programs indicated by the State remittance advices. | Federal administration reimbursements were credited to the proper revenue accounts. |
| All documentation supporting each quarterly indirect cost allocation should be prepared and kept on file for audit review. | The indirect cost allocation documentation requested was available for audit review. |
| The financial status report for the Health Assessment Grant for the year ended June 30, 1986, should be revised and resubmitted. | A revised form was submitted. |
| The County should obtain additional collateral during high deposit periods. | This recommendation has been implemented. |
| Fees collected by the Duluth Sheriff's Office should be kept intact and promptly remitted to the County Auditor/Treasurer. | All fees receipted each month are deposited the same month. |
| Old Social Welfare individual account balances should be investigated and properly reported in compliance with Minn. Stat. § 345.41. | This recommendation has been implemented. |

* * * * *

This report is intended solely for the use of the management of St. Louis County, the cognizant agency, and other federal agencies; it should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

We are available throughout the year to assist you in implementing any of our suggestions.

We would like to express our appreciation to the County Board and the staff of St. Louis County for their cooperation and assistance during this audit.



ARNE H. CARLSON
State Auditor