

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001



ST. LOUIS COUNTY
MINNESOTA
Gordon D. McFaul
County Auditor

St. Louis County Minnesota

Comprehensive Annual Financial Report
for the Fiscal Year Ending
December 31, 2001



Gordon D. McFaul
County Auditor

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

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Reader's notes:



Saint Louis County

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Gordon D. McFaul
County Auditor

May 1, 2002

To: The Citizens of St. Louis County, Minnesota
The St. Louis County Board of Commissioners
All Other Interested Parties

The Comprehensive Annual Financial Report of St. Louis County is hereby submitted for the fiscal year ended December **31**, 2001. This report was prepared by the County Auditor's Accounting and Finance Division. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the County. This report conforms with the Governmental Accounting Standards Board (GASB) Statement 1 and subsequent statements and interpretations. The report consists of three main sections:

1. Introductory Section – including this transmittal letter from the County Auditor, the government's organizational chart, maps of the legislative and commissioner districts, and a list of principal officials.
2. Financial Section – including the combined financial statements by major fund category, combining financial statements by fund type, and individual fund and account group financial statements.
3. Statistical Section – includes data that depicts the financial history of the government, generally presented for the past ten years, along with information on overlapping governments, demographics, and miscellaneous information.

We believe the data presented is accurate in all material respects, that its presentation fairly sets forth the County's financial position and results of operations as measured by the financial activity of its various funds. We further believe that all disclosures necessary for the reader to gain maximum understanding of the County's financial affairs have been included.

All of the funds and account groups of the County are included in the financial report. The St. Louis County Housing and Redevelopment Authority (HRA) is included in the report as a blended component unit. The HRA Board is composed of the County Board members. The financial transactions of the HRA flow through the County's accounting system.

Copies of this report will be sent to elected officials, County management, bond rating agencies, nationally recognized municipal securities information repositories, financial institutions, governmental agencies, and others that have expressed an interest in St. Louis County's financial affairs.

Governmental Organization and Services

The St. Louis County Board of Commissioners consists of seven commissioners elected from the seven districts in the County. All commissioners serve overlapping four-year terms of office. Each member of the County Board serves on various committees. The major committees are Health and Social Services, Environment and Natural Resources, Public Works and Transportation, Finance and Budget, Central Management and Inter-Governmental, Public Safety, and Corrections. The Board appoints the County Administrator who is the chief administrative officer of the County and is responsible for the administration of Board policy and for the management of various County divisions and departments. The County Attorney, the County Auditor, and the Sheriff are elected officials; the Court Administrator is appointed by the Judiciary.

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

Economic Condition and Outlook

Located in Northern Minnesota, St. Louis County is the largest county east of the Mississippi, covering 7,092 square miles from Orr to Duluth and from Hibbing to Ely. St. Louis County is known for its spectacular natural beauty, including a national forest and a national park, the Boundary Waters Canoe Area, four state parks, and 500 lakes. This County is the home of 200,000 people scattered throughout the area in small mining towns, farm communities, and busy cities which serve as regional hubs. The major industries in the County are mining, wood and paper products, shipping and transportation, health care, and tourism.

Duluth is the County Seat of St. Louis County and is the largest city within the northern two-thirds of Minnesota, with its city limits encompassing 67 square miles of land and nearly 50 square miles of water. The major industries in Duluth are port trade, health care, tourism, and aviation.

The Iron Range, located in the northern portion of the County, includes the cities of Virginia, Hibbing, Ely, Tower, Chisholm, Babbitt, Eveleth, and others.

St. Louis County has museums, libraries, theaters, a waterfront boardwalk, and limitless recreation, including boating, fishing, skiing, scholastic sports, and arts presentations. Education is a top priority, with excellent public and private schools and opportunities for higher education at several public and private colleges.

The County has an abundant, high quality workforce and has diversified its economy in the last ten years. It offers governmental and educational services and has gained status as a regional retail center. Tourists and residents alike appreciate the low crime rate in the County, as well as the richness and abundance of the man-made and natural attractions.

St. Louis County has three large health care delivery systems: CareNorth Health System, St. Mary's/Duluth Clinic Health System (SMDC), and Fairview Range Regional Health services.

CareNorth Health System is a full-service network of independent health care providers. Formed in 1997, CareNorth's independent entities – Northstar Physicians, Northland Medical Associates, and St. Luke's Hospital and Regional Trauma Center – each provide a different level of health care for Duluth and Northeastern Minnesota.

SMDC was also formed in 1997 by combining the resources of the region's largest multi-specialty clinic, the Duluth Clinic, with those of the region's largest and most specialized hospital, St. Mary's Medical Center. SMDC serves Duluth, Northeastern Minnesota, Northwestern Wisconsin, and Upper Michigan.

The Fairview Range Regional Health Services is an umbrella health organization with three divisions which operate in the Iron Range areas: the Mesabi Clinic (Hibbing, Chisholm, Nashwauk, and Mountain Iron), University Medical Center-Mesabi, and HealthLine's home health care services. The University Medical Center-Mesabi Radiation Therapy Center allows northern Minnesotans access to state-of-the-art cancer care treatment, and serves patients within a 120-mile radius of Hibbing.

The County's population increased slightly between the 1990 census and the 2000 census. The 2000 census population was 200,528, an increase of 1.2%. The population density is a low 38 people per square mile. The December 2001 unemployment rate in St. Louis County was 4.7 percent. This was higher than the Minnesota rate of 3.7 percent, but lower than the national rate of 5.4 percent. The latest available figures indicate that the per capita income in the County has increased 45.7% over a nine-year period, ending in 2000 (the most current estimate available), when it reached \$26,768.

Although the taconite industry is experiencing difficulties, private sector growth has occurred over the past year and is expected to continue in 2002. A more detailed outlook is presented below. Except as otherwise noted, most information is based on the *Duluth News-Tribune*, the *Duluth Budgeteer News*, and the *Range View* publications.

Iron Range Economy:

The taconite industry, the mainstay of the Iron Range economy, has historically employed some 5,000 steelworkers, making the area very heavily dependent upon taconite production. It is estimated that Iron Range taconite plants pump more than \$2 billion into the state economy each year. In the year 2000, Iron Range taconite producers paid \$79,773,313 in taconite production taxes in addition to occupation, sales, and use taxes. This amount was distributed in 2001.

The year 2001 has been one of the Minnesota taconite industry's toughest years. Taconite pellet production in 2001 totaled approximately 31.2 million tons. This was the lowest production year since 1986 when only 25.4 million tons were produced.

Factors contributing to these low numbers and to a forecasted slowdown in 2002 include the following:

In January 2001, LTV Steel Mining Co. permanently closed. This put 1,400 people out of work and eliminated more than 7 million tons of taconite pellets produced annually.

Hibbing Taconite Co., Northshore Mining Co., and Minntac Mine either cut back production rates or temporarily idled plants.

EVTAC, in Eveleth, was forced to trim their labor force during 2001 due to the slowdown in the economy.

In 2001 a 7-cent reduction in the taconite production tax was implemented by the Minnesota State Legislature, and the tax has been frozen at \$2.10 per ton effective through the 2003 production year. It is predicted this reduction will save taconite producers millions of dollars. In addition, the expansion of two rebate programs, the Taconite Economic Development Fund and the Producer Grant Program, has reduced costs by another 14.7 cents per ton.

In March 2002, President Bush imposed a range of quotas and tariffs on foreign steel imports affecting the next three years. The temporary quotas imposed were up to 30 percent on most imported steel. This action was taken by the President to protect the domestic steel market from imports.

In addition to jobs in the taconite industry being lost, other Iron Range companies closed putting people out of work. It was announced in March 2002 that the financially troubled Kmart Corp. was closing its Big Kmart store in Hibbing as one of 283 stores nationwide to be closed. The store, which employed 80 people, has been an anchor in the Irongate Mall since the mall opened 23 years ago. Many of the remaining mall stores are dependent on Kmart for consumer traffic. The Fingerhut facility in Eveleth closed in January 2002, causing 365 jobs to be lost. A fire destroyed the Partridge River wood products plant in Hoyt Lakes March 1, 2001. The plant will not be rebuilt, resulting in the loss of 100 jobs.

The Iron Range relies on tourism for a portion of its economic support. Outdoor enthusiasts enjoy golfing, skiing, and hiking in the Superior National Forest, photographing fall vistas over the Laurentian Divide, hunting for prehistoric fossils, and watching bald eagles and snowy owls in the wild. Winter brings skiers, snowboarders, and snowmobilers to the area. More adventurous visitors love ice fishing in the winter months and they return in the summer for canoeing and camping in the Boundary Waters Canoe Areas. The hotel/motel industry has flourished on the Iron Range in recent years, as has the restaurant industry.

In recent years, smaller industries have helped stabilize the economy on the iron Range. Some of the success stories are described below:

Eveleth:

FAST Inc. is an Eveleth-based snowmobile researcher, developer, and manufacturer. They create high-tech machines to meet the demand for four-stroke snowmobiles that are more environmentally friendly. In fall 2002, they will begin manufacturing up to 75 of their 2003 Blade Venom model. The company began with three employees, but plans to have 50 employees by fall 2002.

Hoyt Lakes:

BelCorp, a Burnsville-based company, has constructed a 30,000 square-foot facility in Hoyt Lakes. BelCorp, a non-metal die-cutting company, will bring approximately 60 jobs to the Iron Range.

Virginia/Aurora:

BlueCross BlueShield (BCBS) has opened two Transaction Processing Unit facilities on the Iron Range to handle claims. The facilities are located in Virginia and Aurora. In January 2002, BCBS hired its first 31 employees, which was followed by 30 more employees in February. In all, 165 claims examiners will be hired to staff the facilities.

Virginia/Eveleth:

Sykes Enterprises, located in Progress Park, the new high-tech business park between Virginia and Eveleth, is a call center that provides technical support for people with Internet problems or questions. Sykes opened in June 2000, and their clients now include Internet providers nationwide. They have been growing steadily, and in January 2002 announced plans to hire about 65 more workers, bringing a total of 340 new jobs to the Iron Range.

Also in Progress Park, Entronix International, a Twin Cities based contract manufacturer and remanufacturer of electronic circuit boards, has expanded to the Iron Range. It is predicted they will bring 200 new jobs to the area.

Ely:

Irresistible Ink, a subsidiary of Hallmark cards and a producer of hand-written personalized mailings for its customers, started with 12 employees. Today, irresistible Ink has approximately 400 employees working in a new 7,000-square foot building in Ely.

Hibbing:

Reptron Manufacturing Services, providing test engineering, design engineering, design for manufacturing analysis, and process engineering services, recently created 50 new jobs in Hibbing, bringing total employment to approximately 630.

City of Duluth:

The City of Duluth is St. Louis County's seat and is the largest city in the northern two-thirds of Minnesota. Located at the western tip of Lake Superior, its 2000 census population was 86,918, an increase of 1.7 percent over the 1990 census. Duluth is the third-largest city in the state, behind Minneapolis and St. Paul. With its Wisconsin neighbor, the city of Superior, it shares the Great Lakes' largest port and the world's largest fresh water harbor.

The Port of Duluth-Superior had total cargo in 2001 of 36.5 million metric tons, as compared to 37.4 in 2000, a 2.4 percent decrease. This port is the number one ore loader nationally, and it is the number one grain loader on the U.S. Great Lakes.

Uniprise, a UnitedHealth Group company, opened a new 160,000-square-foot operations center in the industrial Technology Zone in April 2001. Uniprise had been operating in West Duluth with 660 employees. The new project involved a \$500,000 forgivable loan from the city which was tied to the company's commitment of growing to more than 1,000 employees. Uniprise provides a variety of health services and related support for large employers, health plans and other payers. Its customer base includes over 215 large organizations representing 6.3 million individuals.

In 2001, University of Minnesota Duluth (UMD) began construction on the new Weber Music Hall. The new \$9.2 million facility will provide state-of-the-art acoustics and performance space for the growing UMD Music Department, visiting artists, public concerts, and the 12,000 area high school music students who perform each year on campus. Designed by world famous architect Cesar Pelli, this on-campus facility will offer seating for up to 400 people. It is expected to be completed in the fall of 2002.

UMD received a \$7.5 million dollar private donation to be allocated for a new science building. Dependent upon the University acquiring \$22 million in state funding, construction of the Swenson Science Building will begin in 2002. The building could be ready for students by the fall of 2004.

In November 2001, Duluth hosted the Mayor's Economic Summit. The two day summit hosted more than 500 people and focused on brainstorming ideas to help push forward seven key areas of this region's economy. The key areas discussed were: aviation, education, health care, natural resources, technology, tourism, and transportation.

Cirrus Design Corp., a Duluth based airplane manufacturer, currently has 525 employees in Duluth, but expects that number to grow by a few hundred after a new 63,000 square foot manufacturing plant is completed.

CP Internet is a Duluth based Internet service provider. In February 2002, they closed a deal that added 13,000 homes and businesses to their current 25,000 customers. The city of Duluth provided a loan to CP Internet for this acquisition from the 1200 fund, a city sponsored non-profit, promoting economic development. In 2000, *Inc.* magazine named CP Internet the 100th fastest growing, privately held company in the country. CP Internet had 90 employees in June 2001, and has pledged to add 50 more employees to their Duluth location.

Metris Companies, a Minnetonka based direct marketer of consumer credit products and services, opened a Duluth operation center in September 2001 with 90 employees. The firm's goal for the future is to employ 200-300 people.

Major Initiatives for the Year:

The County's 2002 property tax levy was certified in 2001 at \$78,875,076, which represents an 8.93 percent increase over the 2001 property tax levy. The 2002 levy includes capital and operating expenses, as well as debt service on existing obligations, but does not include any provision for borrowing additional funds.

The estimated market value for property within the County for taxes payable 2001 was \$6,964,507,000, and increased to \$7,561,771,500 for payable 2002.

The County sold Capital Improvement Bonds in the amount of \$14,270,000 in May 2001. The bonds are being used to finance the following projects:

St. Louis County Heritage and Arts Center (Depot) Roof and Window Replacement – replace roof system and single pane windows.

Sheriff Rescue Squad and Emergency Operations Center – design and build an Emergency Operations Center, Emergency Rescue Squad, and Disaster Recovery Joint Use Facility at Pike Lake.

911 and Public Works Addition – construct a two-level addition to the Virginia 911 and Public Works facility, and construct an 800 sq. ft. radio equipment storage building adjacent to the new addition.

County and Minnesota Department of Transportation (MNDOT) Joint Use Facility at Pike Lake – construct a facility for vehicle maintenance and storage, and convert an existing facility to a sign shop and warm storage.

Court Administration Filing System – install a mechanical file storage system for Court Administration.

Hibbing Court House Improvements – upgrade Heating, Ventilation, Air Conditioning (**HVAC**) equipment, mechanical systems, and lighting, as well as asbestos abatement throughout the 1956 portion of the facility.

Duluth Courthouse HVAC and Electrical Upgrade (Phase 1) – upgrade the mechanical and electrical components of the Duluth Courthouse.

Virginia Courthouse Improvements – upgrade HVAC equipment, mechanical systems, and lighting.

Duluth Courts Remodeling – remodel court rooms in the Duluth Courthouse.

Purchase Mesabi Clinic facility in Hibbing, on June 25, 2001.

Plans were made to call two of the County's bond issues: the \$2,920,000 General Obligation Refunding Bonds, Series 1993A, with a remaining principal of \$1,375,000; and the \$5,535,000 General Obligation Solid Waste Bonds, Series 1993B, with a remaining principal of \$985,000. The bonds will be redeemed on June 1, 2002.

The Auditor's office is in the process of preparing for the implementation of the Governmental Accounting Standards Board (GASB) Statement 34 that established a new governmental reporting model for state and local governments. The result is the biggest change in the history of public-sector accounting and financial reporting. The County is required to implement Statement 34 for the year ending December 31, 2002. Key features of the new model will be:

Government-wide financial statements, which will show the County as a single, unified entity.

Management discussion and analysis, which will provide users with a simple narrative introduction, overview, and analysis of the basic financial statements.

Major funds, which will have individual fund data presented for each major fund of the County.

Capital assets, which will now include infrastructure (mainly roads and bridges), will be reported net of accumulated depreciation for all governmental funds.

In 2001, the County Assessor's office began constructing a data base for industrial and commercial property on Computer Aided Mass Appraisal (CAMA), with completion scheduled for later this year. The results of this new data base will be increased efficiency and better access to and storage of tax appraisal data for those properties. Prior to this, only residential property information was entered into the CAMA system.

The County Administrator has developed and implemented the County's first two year budget process for fiscal years 2002-2003. The two year budget will allow the County Board and department heads to concentrate on goals and objectives, as well as performance measurements. This process will improve financial management and long range and strategic planning. It will also reduce time spent on preparing budgets by County departments, as well as reducing staff time necessary for budget development. State statute requires the County Board to annually adopt a budget for the next fiscal year and adopt by resolution a levy of the tax proposed in the budget.

Major Initiatives for the Future:

In the year 2001, the Iron Range taconite industry distributed **\$14.8** million in taconite production tax to the General and the Road and Bridge Funds, and to homeowners in a legislatively defined area in the County in the form of a tax credit. The County is expected to receive approximately the same distribution in 2002, and again in 2003, due to the fact that a portion of the taconite production tax monies received over the past few years have been set aside and are now available to be used to fund current year production tax shortfalls.

Cities, towns, and school districts in the County received more than \$26 million in funding from the taconite production tax.

It appears that taconite revenues to the County will remain fairly constant for 2002 and 2003, even with the difficulties being experienced by the taconite companies with the closing of LTV Steel Mining and the reduced output forecast for other plants. The County will need to look at methods of replacing taconite monies with other revenue sources or through reductions in expenditures.

The East Range Economic Response Team was formed in early 2001 to address the overall economic issues of Northeast Minnesota and in particular, the closing of the LTV Steel Mining Company. It is committed to finding new employment opportunities for the skilled workers left unemployed at LTV. St. Louis County is a participant on the Team, which includes representatives from the State of Minnesota, a regional development agency, local government, unions, higher education, non-profit organizations, and public utilities. There are four active sub-committees: Marketing, Recruiting and Diversification Team; Facility Reuse Team; Community Response Team; and Worker Response Team.

In February 2002, the St. Louis County Board voted to close the Nopeming Care Center and consolidate its staff and operations at Chris Jensen Health and Rehabilitation Center in Duluth.

Since 1996 two task forces have been assembled to review options for the two County-owned nursing facilities, Nopeming Care Center and Chris Jensen Health and Rehabilitation Center in Duluth. The most recent task force considered five options for the homes, which have had a combined \$4,163,618 operating loss over the past 11 years. In addition, a recent study by an architectural firm determined that condition assessment and basic renovation at Nopeming Care Center would cost \$8 million, while major modernization of the facility would cost \$10.6 million. This compares to new construction costs of \$6.7 million for an 80 bed unit.

Plans are being made to create a secure ward at Chris Jensen Health and Rehabilitation Center for residents diagnosed with severe dementia. This will help accommodate for the loss of the dementia ward at Nopeming Care Center.

Financial Information

Financial management of St. Louis County is based on an accounting and financial reporting system that must provide accurate, timely, and relevant information. The assets of the County are protected from fraud, errors, and misuse through the institution of internal controls. Internal controls are designed to safeguard assets, as well as to insure that accounting data are accurate for the preparation of financial statements in conformity with generally accepted accounting principles, and to carry out the County's policies.

Single Audit - as a recipient of federal and state financial assistance, the County has established internal controls to ensure compliance with the regulations applicable to such assistance.

Budget Controls – St. Louis County incorporates budgetary controls which ensure that County Departments comply with the annual budget adopted by the Board of County Commissioners. County departmental budgets are sub-divided into agency budgets; agency budgets can be spent on any line item within that agency so long as the total agency budget is not overspent. However, no public aid assistance and/or personnel services budget authority may be used for operations; also, the budgeted number of personnel for each department may not be exceeded at any time.

Encumbrance accounting is used to determine availability of funds prior to incurring a specific obligation and to insure that proper policies and regulations have been followed. Encumbrances outstanding at year end are reported as reservations of fund balances. The Capital Project Funds are appropriated by project and the appropriation continues in effect until the purpose of the project has been either accomplished or abandoned. All other appropriations which are not expended or encumbered lapse at year-end.

As demonstrated by the statements and schedules included in the financial section of this report, St. Louis County continues to meet its responsibility for sound financial management.

General Fund – At December 31, 2001, the fund balance was **\$29.7 million**, of which:

\$3.1 million is legally reserved for specific purposes

\$26.6 million (equal to 15.2 percent of the County's current expenditures) is unreserved, of which:

\$18.3 million is designated for General Fund cash flow

\$.8 million is designated for cash flow – Medical Care Facilities

\$2.6 million is designated for vested sick leave (to fund the County's obligation to its employees who are eligible to retire)

\$1.7 million is designated for vesting sick leave (to fund part of the County's obligation to its employees who are expected to retire, but are not yet eligible to retire)

\$.4 million is designated for parking improvements

\$.5 million is designated for the construction of a fairground near Hibbing

\$1.5 million is designated for the 2002 budget

\$.4 million is designated for unrealized investment gains

\$4 million is undesignated and available for appropriation for future expenditures.

Special Revenue Funds – Includes Road and Bridge, Social Services, Forfeited Tax Sale, Forest Resources, and some smaller funds.

Fund balance for all special revenue funds combined at December 31, 2001, was **\$33.7 million**, of which:

\$3.9 million is legally reserved for specific purposes

\$29.8 million is unreserved, of which:

\$14.0 million is designated for cash flow

\$4.3 million is designated for vested sick leave (to fund the County's obligation to its employees who are eligible to retire)

\$2.4 million is designated for vesting sick leave (to fund part of the County's obligation to its employees who are expected to retire, but are not yet eligible to retire)

\$ 2.1 million is designated for the 2002 budget

\$.8 million is designated for emergency contingency

\$6.2 million is undesignated and can be appropriated for future expenditures

The following schedule presents a summary of General and Special Revenue Funds' revenues as shown on Exhibit II for the fiscal year ended December 31, 2001, along with the dollar and percentage increases (decreases) in relation to the prior year's revenues:

<u>Revenues:</u>	<u>2001 Amount</u>	<u>% of Increase (Decrease)</u>	<u>Dollar Increase (Decrease)</u>
Taxes	\$ 80,175,601	9.08	\$6,677,585
Licenses and permits	158,961	6.56	9,793
Intergovernmental	92,736,463	(4.97)	(4,851,109)
Charges for service	8,320,094	5.43	429,197
Fines and forfeitures	1,770,230	6.32	105,308
Earnings on investments	4,063,205	(14.77)	(704,264)
Gifts and contributions	15,170	(37.99)	(7,138)
Land and Timber Sales	7,639,745	100.00	7,639,745
Miscellaneous	<u>\$ 2,739,060</u>	1.48	<u>\$ 40,131</u>
Total	<u>\$197,618,529</u>		<u>\$9,339,248</u>

Although other categories of revenue show larger percentages of increase or decrease over 2000, the most significant dollar change in revenue are the increase in the taxes and the decrease in the intergovernmental revenue categories. Explanations of the major dollar increases (decreases) are presented below:

1. Tax revenues increased \$6.7 million, with the increases as follows:

General Fund - property taxes	\$ 2.1 million
Road and Bridge Special Revenue Fund – property taxes	\$ 4.6 million

2. Earnings on investments decreased \$.7 million due mainly to declining interest rates, with the entire decrease occurring in the General Fund.
3. Intergovernmental revenues decreased \$4.9 million, with increases (decreases), as follows:

General Fund –	
State shared revenue	\$ (.3) million
State grants	\$.8 million
Federal grants	\$ (.2) million
Road and Bridge Special Revenue Fund –	
State shared revenue	\$ (9.8) million
State reimbursements for services	\$.2 million
State grants	\$ 2.7 million
Federal grants	\$.1 million
Other grants – local construction	\$.3 million
Social Services Special Revenue Fund –	
State reimbursements for services	\$.9 million
State grants	\$ 2.3 million
Federal grants	\$ (2.5) million
Community Development Block Grant Special Revenue Fund –	
Federal grant	\$.6 million

4. Land and timber sale revenues show a \$7.6 million increase, and is due entirely to reclassification of the Forfeited Tax Sale and Forest Resources Fund from a Trust Fund to a Special Revenue Fund.

The following schedule is a summary of General and Special Revenue Funds' expenditures as shown on Exhibit II for the fiscal year ended December 31, 2001. The dollar and percentage increase (decrease) is in relation to the prior year's expenditures.

<u>Expenditures:</u>	<u>2001 Amount</u>	<u>% of Increase {Decrease}</u>	<u>Dollar Increase {Decrease}</u>
General government	\$ 26,105,772	2.00	\$ 513,261
Public Safety	30,609,882	6.13	1,769,726
Highways and streets	43,377,799	(14.33)	(7,257,120)
Health'	6,601,871	9.01	545,734
Welfare	69,259,146	3.20	2,152,783
Culture and recreation	1,377,990	33.98	349,528
Conservation of natural resources	9,457,898	944.51	8,552,419
Economic development	4,672,426	13.85	568,508
Sanitation	<u>\$ 5,116</u>	44.03	<u>\$ 1,564</u>
Total	<u>\$191,467,900</u>		<u>\$7,196,403</u>

Note: Debt service of \$103,999 and \$328,897 and Intergovernmental of \$9,226,061 have been reclassified here as Health, Welfare, and Public Safety, respectively.

Explanations for the major dollar increases (decreases) are presented below:

1. General government expenditures increased \$0.5 million. The following General Fund departments or agencies within departments had increases (decreases) of more than \$100,000:

County Attorney	\$ 197,894
Court Auditor	\$ 207,605
County Assessor	\$ 101,643
County Recorder	\$ 159,238
Elections	\$(144,740)

Other increases (decreases) were less than \$100,000 and are not detailed here.

2. Public safety expenditures increased \$1.8 million. These General Fund departments or agencies within departments increased more than \$100,000 as follows:

Sheriff	\$568,399
Emergency communication	\$157,045
Jail Prisoners	\$464,255
Arrowhead Regional Corrections	\$217,895

Other increases (decreases) were less than \$100,000 and are not detailed here.

3. Expenditures for highways and streets decreased \$7.3 million , as follows:

Road and Bridge Special Revenue Fund – These activities had increases (decreases) in expenditures of more than \$100,000:

Administration	\$(154,914)
Road Maintenance	\$145,832
Road Construction	\$(7,280,252)
Equipment Maintenance and Shops	\$143,034

4. Welfare expenditures increased \$2.2 million. The Social Services Special Revenue Fund had these activities which increased (decreased) more than \$100,000:

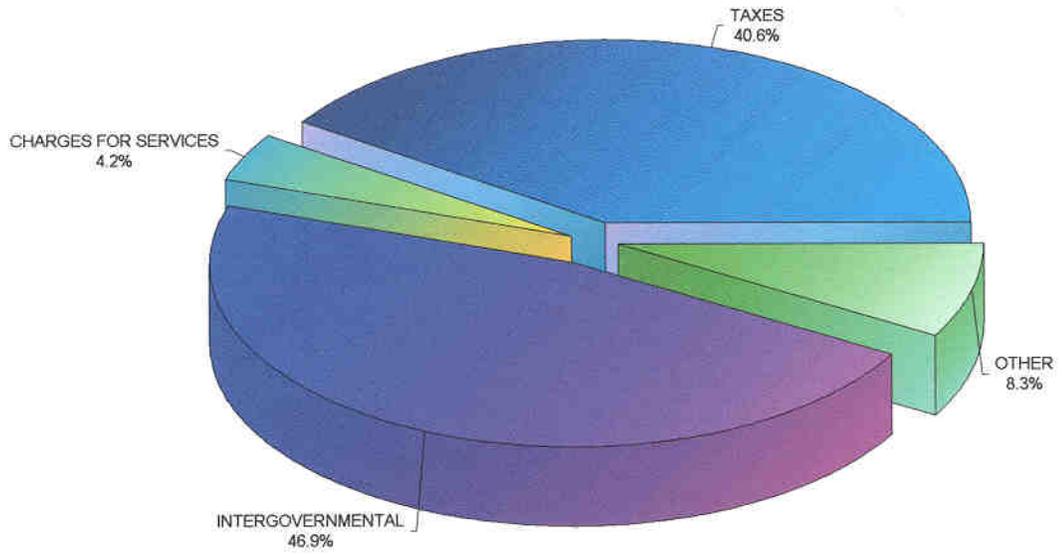
Administration	\$1,017,769
Income maintenance	\$(397,071)
Social Services	\$1,645,193

In the Welfare category of the General Fund, the Emergency Shelter Program and the Family Homelessness Prevention Program had a combined decrease in expenditures of \$69,754.

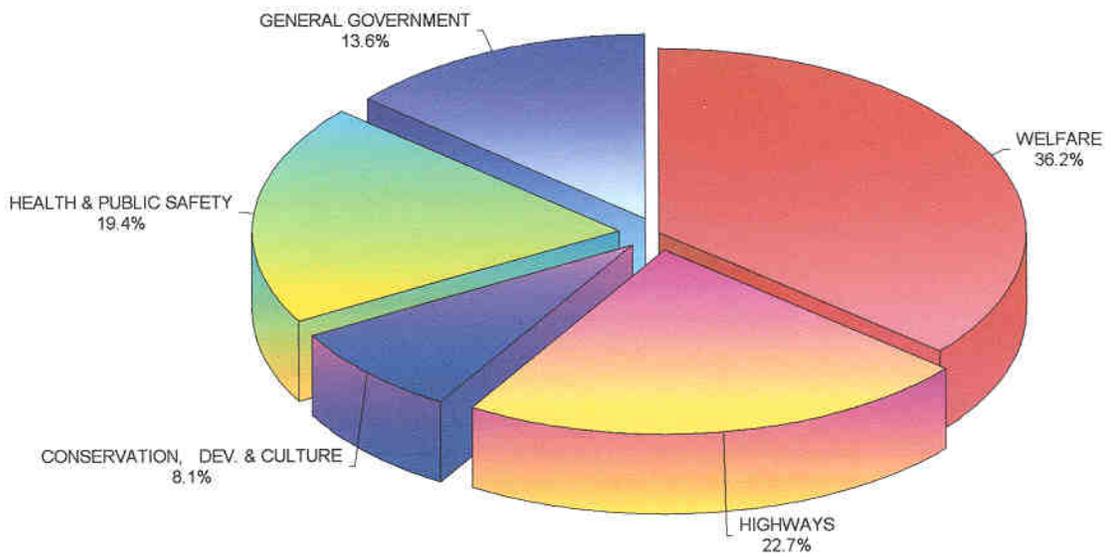
5. Conservation of natural resources increased by \$8.6 million due entirely to the reclassification of the Forfeited Tax Sale and Forest Resources Fund from a Trust Fund to a Special Revenue Fund.

Graphics for revenue and expenditures are shown on the following page.

2001 COUNTY REVENUES BY SOURCE
INCLUDES GENERAL & SPECIAL REVENUE FUNDS



2001 COUNTY SPENDING BY FUNCTION
INCLUDES GENERAL & SPECIAL REVENUE FUNDS



Cash Management – In 2001, the average investment yield was 5.34%. 100% of the County's funds were invested in U.S. government securities, government agency securities, commercial paper, bankers' acceptances, certificates of deposit, and overnight investments with the Minnesota Association of Governments Investing for Counties (MAGIC), a Minnesota joint powers investment trust.

The County, in 1995, recognizing that it would be prudent to set aside a cash reserve to meet unexpected cash flow shortages, began to designate some of its fund balances for cash flow. A formal policy is in place to guide the designation of these funds. The County's goal for the General Fund, the Road and Bridge Special Revenue Fund, and the Social Services Special Revenue Fund, which are the major operating funds that are supported in part by a direct property tax levy, is to designate a portion of the available fund balances equal to 5/12 of the certified levy for each fund, plus its proportional share of the homestead and agricultural aid paid to the County by the State of Minnesota. At December 31, 2001, the goal was 100% accomplished for the General Fund and the Road and Bridge Fund, and was 72% accomplished for the Social Services Fund.

Recognizing the need to pre-fund retirees' health insurance premiums which are set aside for the retired employees from their sick leave balances at retirement, the County began in 1994 to designate 1/9 per year of the amount estimated to be paid from the General Fund and Special Revenue Funds for those employees who are eligible to retire immediately. 100% of the estimated amount needed was funded December 31, 2001. In 2000 the County began to designate 1/9 per year of the amount estimated to be paid for those employees who are not eligible to retire immediately, but probably will retire from the County for the General Fund and Special Revenue Funds.

Enterprise Operations – These funds are meant to be self-supporting and earn their revenue through user charges.

The funds had a combined operating loss of \$63,107 in 2001. However, the funds showed a net income of \$1,630,579 when non-operating revenues (taxes, grants, earnings on investments, and operating transfers) are included. The separate funds show operating income (loss) and net income (loss) as follows:

	Operating Income (Loss)	Net Income (Loss)
Solid Waste Management	\$ (25,635)	\$1,252,082
Chris Jensen Nursing Home	173,784	453,793
Nopeming Nursing Home	(254,501)	(118,541)
Community Foods	(167,827)	(167,827)
Laundry	(82,319)	(82,319)
Supervised Living Facilities	<u>\$ 293,391</u>	<u>\$ 293,391</u>
Total Income (Loss)	<u>\$ (63,107)</u>	<u>\$ 1,630,579</u>

The Nopeming Care Center Fund experienced a net loss despite a transfer from the General Fund of \$135,282. This nursing home is scheduled to close in 2002.

The Community Food Fund net loss was from a planned use of working capital to fund expenditures.

The Laundry Fund had a net loss due to a slight shortfall in projected revenues compounded by higher than anticipated expenditures for personal services and depreciation.

Internal Service Funds – These funds are meant to be self-supporting and earn their revenue through user charges to other County departments.

The funds had a combined operating income in ~~\$102,645~~ or 2001. However, the funds showed a net income ~~of \$1,246,334~~ when non-operating revenues (taxes, grants, earnings on investments and operating transfers) are included. The separate funds show operating income (loss) and net income (loss) as follows:

	<u>Operating Income</u> <u>(Loss)</u>	<u>Net</u> <u>income (Loss)</u>
Printing	\$ (166,136)	\$ (166,136)
County Garage	172,789	201,935
Property, Casualty, Liability Insurance	107,430	336,658
Workers' Compensation Insurance	(2,458,726)	(2,186,864)
Medical/Dental Insurance	2,880,305	3,500,095
Management Information Systems	(373,367)	(379,704)
Telecommunications	(59,650)	(59,650)
Retired Employees' Health Insurance	<u>\$</u>	<u>\$</u>
Total Income (Loss)	<u>\$ 102,645</u>	<u>\$ 1,246,334</u>

The Printing Fund net loss was from a planned use of working capital to fund expenditures and higher than anticipated expenditures. Rates charged to departments will be examined during 2002.

The Workers' Compensation Insurance Fund experienced a net loss because of a very large increase in claims. This increase was due to claims outstanding at December 31, 2001 increasing by almost \$1.7 million over December 31, 2000 and the interest rate used to present value claims being reduced from 5.0% for 2000 to 1.8% for 2001.

The Management Information Systems net loss was due to a change in accounting estimate that increased the minimum value level for fixed assets from \$1,000 to \$5,000 effective January 1, 2001.

The Telecommunications Fund net loss was due to a change in accounting estimate that increased the minimum value level for fixed assets from \$1,000 to \$5,000 effective January 1, 2001.

Fiduciary Operations – The County collects and distributes all property taxes for the taxing authorities within the County, including cities, townships, and school districts. It is responsible for collecting numerous fees, fines, and payroll deductions and for disbursing those funds to third parties. The County participates in the Public Employees Retirement Association, a statewide pension plan, which is administered by the State of Minnesota. Contributions from both the employee and the County are forwarded to the State Office. All payments to retired employees are made by that Office.

Administration of Bonded Debt – As of December 31, 2001, St. Louis County had seven bond issues and three notes outstanding; the total outstanding principal balance as of that date was \$33,643,809 (including unamortized discount) as follows:

<u>Type of Issue</u>	<u>Outstanding Balance at December 31, 2001</u>
General Obligation Capital Equipment Bond	\$2,495,000
General Obligation Solid Waste Bond (2 separate issues)	\$2,360,000
Corrections, Jail and Law Enforcement Center Bonds (3 separate issues)	\$14,000,000
General Obligation Capital Improvement Bond	\$14,270,000
General Obligation Revenue Notes for the Septic Loan Program (4 issues)	\$518,809

Moody's Investors Service upgraded the rating on the County's general obligation unlimited tax pledge debt from A1 to **A2** in April, 2002. Under current State law, the County's General Obligation Bond issuance is limited to two percent of the market value of taxable property in the County. Market value in 2001 was \$6,964,507,000, which establishes a debt limit of \$139,290,140 for the County. The amount of general obligation debt applicable to the debt limit was \$31,868,713. This amount represents \$33,676,073 (net of unamortized discount), in principal outstanding, less \$576,166 in debt service funds and \$1,231,194 in restricted assets in applicable enterprise funds for payment of principal on debt.

Capital Improvements – Capital projects in 2001, in addition to the previously mentioned projects funded by Capital Improvement Bonds, included the construction of a Solid Waste transfer station in Hibbing, re-roofing of Road and Bridge garages, and numerous projects at the three County Courthouses.

Risk Management – the County's exposure is as follows:

Tort and Liability risk – The County purchases insurance on its major buildings and buys surety bonds to cover the risk of employee theft. The County bears the risk for other torts and liability, including no-fault auto insurance. The Property, Casualty, Liability Insurance Internal Service Fund at December 31, 2001, had a balance of \$5,219,903 in its retained earnings account. The fund liability includes claims for which the County Attorney's Office deems payment is "probable" but does not include \$769,100 for various cases which the County Attorney's Office deems payment to be "reasonably possible." The balances in retained earnings provides for any reasonably possible claims, as well as for any claims that have been incurred, but not reported.

Workers' Compensation risk – The County assumes all of the risk for single loss occurrences to \$1,320,000. The Workers' Compensation Reinsurance Association insures the County for claims above that amount. The Workers' Compensation Insurance Internal Service Fund at December 31, 2001, had a balance of \$358,537 in its retained earnings account. The fund liabilities include probable claims that will be paid, but do not include any amount for claims that are incurred but not reported.

Medical and Dental risk – The County assumes the risk for its share of medical and dental insurance coverage for its employees, except that it purchases stop-loss coverage for claims over \$200,000 and for transplant coverage. The Medical/Dental Insurance Internal Service Fund at December 31, 2001, had a balance of \$10,826,356 in its retained earnings account. The fund liabilities include a provision for claims incurred but not reported, but do not include a provision for catastrophic losses.

Unemployment Compensation Risk – The County assumes all risk for unemployment compensation and is billed on a reimbursement basis by the State of Minnesota for claims paid. The claims are paid from departmental budgets and are not reported in an Internal Service Fund. **No** liability is recorded for incurred but not reported claims.

Awards from Government Finance Officers Association

The Government Finance Officers Association of the United State and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Louis County for its comprehensive annual financial report for the fiscal year ended December 31, 2000.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of Achievement is valid for a period of one year. St. Louis County has received the Certificate for the last thirteen consecutive years. We believe our current report will conform to the Certificate of Achievement Program requirements and are thus submitting it to the GFOA.

Other Information

Independent Audit – St. Louis County is audited annually by the State of Minnesota, as required by state statutes. This requirement has been complied with and the Auditor's Report is included in this report.

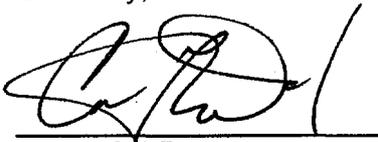
The Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* also establishes audit requirements for the County.

The State Auditor will issue management and compliance letters covering the review made as a part of the examination of St. Louis County's system of internal control and compliance with applicable legal provisions. Also reflected in these letters are the results of the County's single audit under provisions of the **U.S.** Office of Management and Budget Circular A-133.

Acknowledgements - I would like to express my appreciation to the employees of the Accounting and Financial Division staff, the Social Services Department, and the Public Works Department for their dedication and cooperation during the preparation of this report. I am grateful to the County Board of Commissioners and to the Department of Administration for their leadership and support in formulating the financial activities of the County, without which the preparation of this report would not have been possible. Many other County departments extended assistance and cooperation to my office during this time and I thank them also.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'G. D. McFaul', written over a horizontal line.

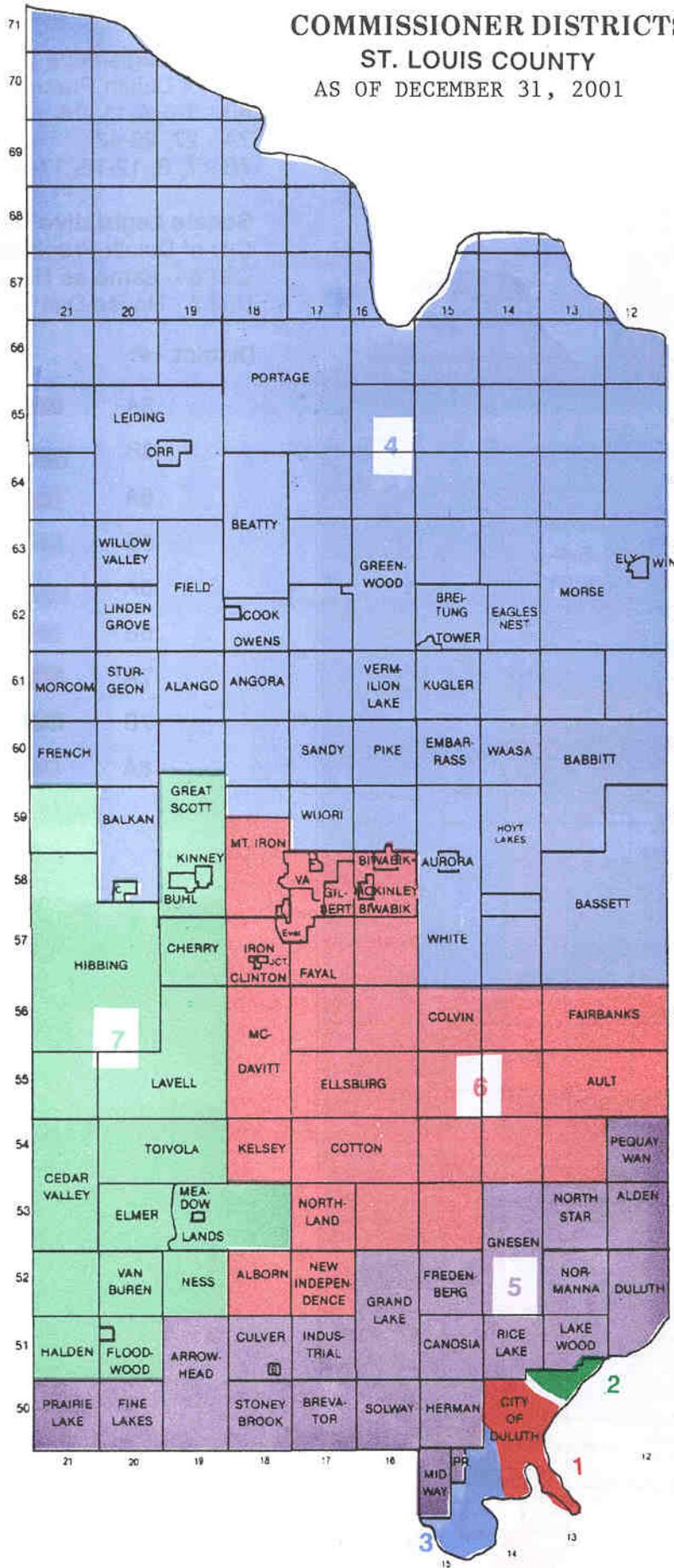
GORDON D. MCFAUL
County Auditor

COMMISSIONER DISTRICTS

ST. LOUIS COUNTY

AS OF DECEMBER 31, 2001

County Commissioner Dist
 City of Duluth Precincts
 1st Dist - 6, 7, 14, 18-27
 2nd Dist - 1-5, 8-13, 15-17
 3rd Dist - 28-42



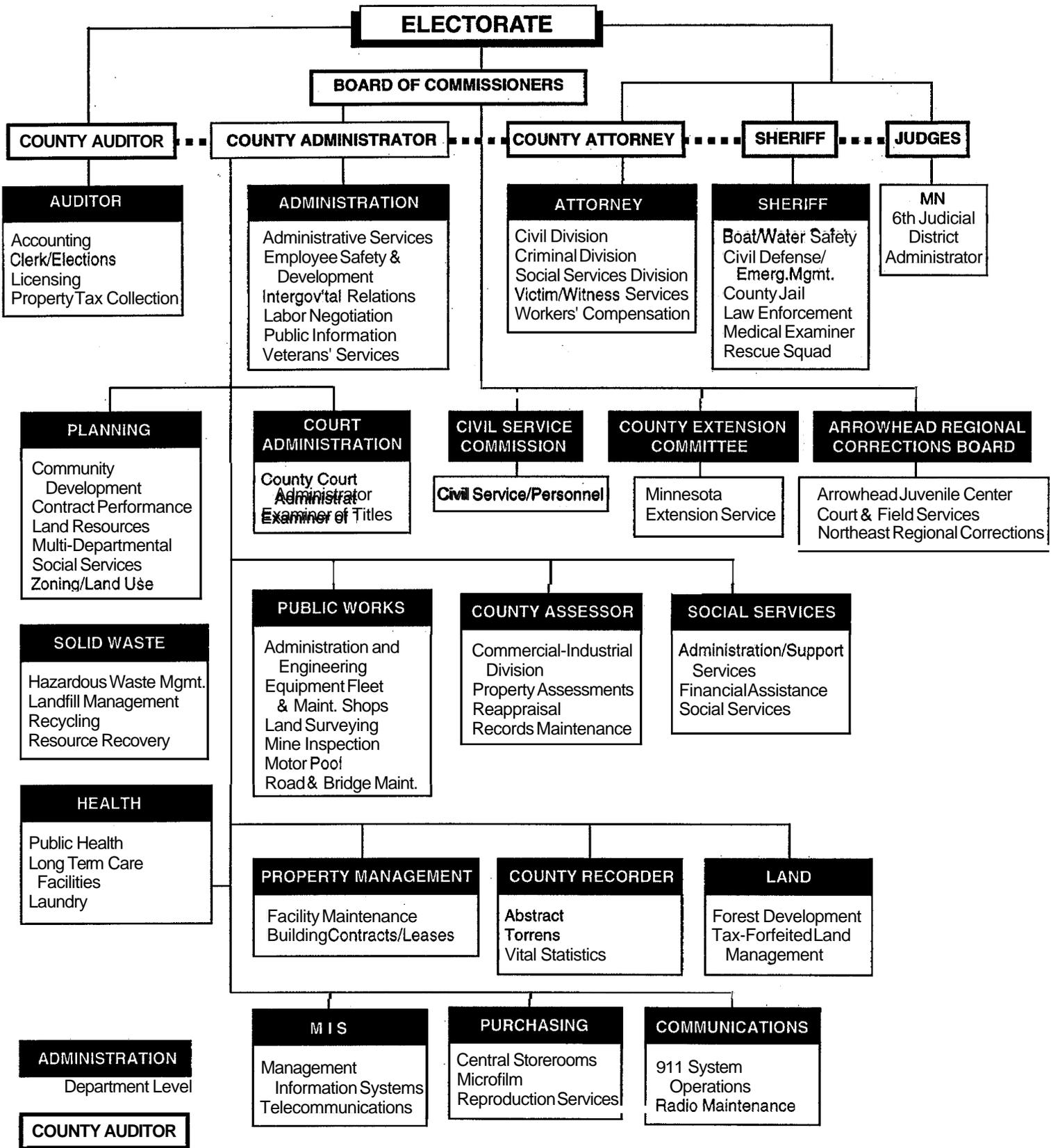
District #:

- 1 ■
- 2 ■
- 3 ■
- 4 ■
- 5 ■
- 6 ■
- 7 ■

St. Louis County
Elected and Appointed Officials
as of December 31,2001

Office	Name	Term
Commissioners:		
1st District	Dennis Fink	Jan. 1997 Jan. 2005
2nd District	Joanne Fay	Jan. 1999 Jan. 2003
3rd District	William Kron	Jan. 1997 Jan. 2005
4th District	Mike Forsman	Jan. 1999 Jan. 2003
5th District	Peg Sweeney	Jan. 1997 Jan. 2005
6th District	Paul Plesha	Mar. 2001 Jan. 2003
7th District	Steve Raukar	Jan. 1997 Jan. 2005
Elected Officers:		
Attorney	Alan L. Mitchell	Jan. 1999 Jan. 2003
Auditor	Gordon D. McFaul	Jan. 1999 Jan. 2003
Sheriff	Rick Wahlberg	Jan. 1999 Jan. 2003
Judges:		
District Court	David E. Ackerson	Jan. 1997 Jan. 2003
District Court	Terry M. Aronson	Feb. 2002 Jan. 2003
District Court	James Florey	Jan. 1999 Jan. 2007
District Court	Terry C. Hallenbeck	Jan. 1997 Jan. 2003
District Court	Robert E. Macaulay	Jan. 1997 Jan. 2003
District Court	Gerald C. Martin	Jan. 7999 Jan. 2005
District Court	Mark A. Munger	Jan. 1999 Jan. 2005
District Court	John T. Oswald	Jan. 1999 Jan. 2005
District Court	Gary J. Pagliaccetti	Jan. 1997 Jan. 2003
District Court	Carol Person	Jan. 1997 Jan. 2003
District Court	Jeffry S. Rantaia	Jan. 1995 Jan. 2007
District Court	Ken Sandvik	Jan. 1999 Jan. 2005
District Court	David P. Sullivan	Jan. 1999 Jan. 2005
District Court	Heather Sweetland	Jan. 1999 Jan. 2005
District Court	Dale Wolf	Jan. 1997 Jan. 2003
Appointed Officers:		
Administrator	David Twa	
Assessor	Mary Durward	
Civil Service Director	Anthony Bruno, Jr.	
Court Administrator	Susan Byrnes	
Emergency Communications Director	Paul Kent	
Examiner of Titles	David W. Adams	
Land Commissioner	David Epperly	
Management Information Systems Director	Martin Buscombe	
Planning Director	Barbara Hayden	
Property Management Director	Tony Mancuso	
Public Health and Long-Term Care Director	To Be Appointed	
Public Works Director	Richard Hansen	
Purchasing Agent	Richard Florey	
Recorder	Mark Monacelli	
Social Services Director	To Be Appointed	
Solid Waste Director	Theodore Troolin	
Interim Officers:		
Social Services Director	Ann Busche	

St. Louis County Organizational Summary



Elected Official

Revised 2/01

Certificate of Achievement for Excellence in Financial Reporting

Presented to

St. Louis County,
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Timothy Druwe
President

Jeffrey L. Eason
Executive Director



STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

SUITE 400
525 PARK STREET
SAINT PAUL, MN 55103-2139

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

JUDITH H. DUTCHER
STATE AUDITOR

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
St. Louis County

We have audited the general purpose financial statements of St. Louis County, Minnesota, as of and for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of St. Louis County as of December 31, 2001, and the results of its operations, the cash flows of its proprietary fund types and expendable trust fund, and the changes in net assets of its investment trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and account group financial statements, supplementary schedules, and statistical data listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of St. Louis County. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with **Government Auditing Standards**, we have also issued a report dated May 1, 2002, on our consideration of St. Louis County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be read in conjunction with this report in considering the results of our audit.



JUDITH H. DUTCHER
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

May 1, 2002

General Purpose Financial Statements

Combined Balance Sheet - All Fund Types and Account Groups
(Exhibit I)

Combined Statement of Revenues, Expenditures, and Changes in Fund
Balances - All Governmental Fund Types and Expendable Trust Fund
(Exhibit II)

Combined Statement of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual - Budgetary Basis - General,
Special Revenue, and Debt Service Fund Types
(Exhibit III)

Combined Statement of Revenues, Expenses, and Changes in Retained
Earnings - All Proprietary Fund Types and Non-expendable Trust Fund
(Exhibit IV)

Combined Statement of Cash Flows - All Proprietary Fund Types and
Non-expendable Trust Fund
(Exhibit V)

Combined Statement of Changes in Net Assets-
All Investment Trust Funds
(Exhibit VI)

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**ST. LOUIS COUNTY, MINNESOTA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2001**

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	
Assets and Other Debits										
Cash and cash equivalents	\$ 29,554,156	\$ 28,858,144	\$ 540,225	\$ 1,952,487	\$ 6,712,645	\$ 12,393,744	\$ 16,612,656	\$ -	\$ -	\$ 96,624,057
Assets held by escrow agent	60,913	-	-	-	-	-	-	-	-	60,913
Investments	-	-	-	8,415,232	7,798,283	18,027,423	26,234,574	-	-	60,475,512
Receivables										
Taxes										
Delinquent	1,545,591	1,930,909	141,278	38,369			28,751	-	-	3,684,898
Accounts (net of allowance for uncollectibles)	367,245	14,044,516			3,224,729	209,708	115,258	-	-	17,981,456
Accrued interest	708,663			70,022	81,780	295,881	281,064	-	-	7,438,210
Loans	638,387	342,971						-	-	981,358
Interfund receivable	776,569							-	-	776,569
Due from other governments	1,071,538	11,329,518			46,081	52	1,451,355	-	-	13,898,524
Inventories		1,741,243			157,666	205,990		-	-	2,104,899
Prepaid items					56,739	38,739		-	-	95,478
Restricted assets										
Debt service										
Cash and cash equivalents	-				1,240,354		-	-	-	1,240,354
Receivables										
Taxes										
Delinquent	-				39,104		-	-	-	39,104
Financial assurance										
Cash and cash equivalents	-				134,492	-	-	-	-	134,492
Investments	-				2,109,101	-	-	-	-	2,109,101
Receivables										
Accrued interest	-				35,931		-	-	-	35,931
Fixed assets (net)	-				46,593,257	2,033,054	-	113,748,714		132,375,025
Amount available in general fund	-								4,315,503	4,315,503
Amount available in special revenue funds	-								6,969,965	6,969,965
Amount available in debt service funds	-								576,166	576,166
Amount to be provided for retirement of long-term debt	-								32,292,273	32,291,273
Amount to be provided for compensated absences									19,332,090	19,332,090
Total Assets and Other Debits	\$ 34,723,042	\$ 58,247,301	\$ 681,503	\$ 10,476,110	\$ 38,230,162	\$ 33,204,591	\$ 44,724,458	\$ 113,748,714	\$ 63,484,997	\$ 397,520,878

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

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	Long-Term Debt	
Liabilities, Equity and Other Credits										
Liabilities										
Accounts payable	\$ 751,099	\$ 4,481,354	\$ -	\$ 1,480,910	\$ 1,061,212	\$ 436,562	\$ 811,946	\$ -	\$ -	\$ 9,023,083
Contracts payable		714,198		239,996						954,194
Salaries payable	750,800	1,847,729	-		932,579	130,913	679,389			5,341,410
Compensated absences payable	310,269	464,287	-		75,033	2,594,085				3,443,674
Claims payable			-			3,207,705				3,207,705
Interfund payable		681,848	-			94,721				776,569
Due to other governments	362,006	1,577,526			8,133	45,707	9,162,577			11,155,949
Deferred revenue	1,873,496	14,774,035	105,337	31,355	97,020	375,845				17,257,088
Capital leases payable	-				-	10,470				10,470
Payable from restricted assets										
Accrued interest payable	-	-	-	-	9,493	-	-	-	-	9,493
Deferred revenue	-	-	-	-	38,771	-	-	-	-	38,771
Bonds payable	-	-	-	-	915,000	-	-	-	-	915,000
Compensated absences payable - long term	-	-	-	-	2,069,696	1,105,296	-	-	30,295,133	33,470,125
Land purchase payable	-	-	-	-	-	-	-	-	322,425	322,425
Claims payable - long term	-	-	-	-	-	4,199,867	-	-	-	4,199,867
Capital leases payable - long term	-	-	-	-	-	25,302	-	-	583,630	1,608,932
General obligation bonds payable	-	-	-	-	-	-	-	-	1,255,000	1,255,000
General obligation revenue bonds payable	-	-	-	-	1,412,736	-	-	-	-	1,412,736
General obligation revenue notes payable	-	-	-	-	-	-	-	-	518,809	518,809
Tax lease obligations payable	-	-	-	-	-	-	-	-	12,745,000	12,745,000
General obligation capital equipment notes payable	-	-	-	-	-	-	-	-	2,495,000	2,495,000
General obligation capital improvement bonds payable	-	-	-	-	-	-	-	-	14,270,000	14,270,000
Customer deposits	-	-	-	-	8,500	-	-	-	-	8,500
Closure and post-closure liabilities	-	-	-	-	803,743	-	-	-	-	803,743
Total Liabilities	\$ 5,047,670	\$ 24,540,977	\$ 105,337	\$ 1,752,261	\$ 7,431,916	\$ 12,226,473	\$ 10,653,912	\$ -	\$ 63,484,997	\$ 125,243,543

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

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	
Liabilities, Equity and Other Credits (continued)										
Equity and Other Credits										
Contributed capital	\$ -	\$ -	\$ -	\$ -	\$ 3,918,448	\$ 2,119,509	\$ -	\$ -	\$ -	\$ 6,037,957
Investment in general fixed assets	-	-	-	-	-	-	-	113,748,714	-	113,748,714
Retained earnings										
Reserved for improvements	-	-	-	-	67,519	-	-	-	-	67,519
Reserved for capital acquisition	-	-	-	-	56,739	-	-	-	-	56,739
Reserved for closure and post-closure	-	-	-	-	2,279,524	-	-	-	-	2,279,524
Unreserved	-	-	-	-	24,476,016	18,858,609	-	-	-	43,334,625
Fund Balance										
Reserved for change funds	34,000	16,050	-	-	-	-	-	-	-	50,050
Reserved for noncurrent loans	465,084	342,971	-	-	-	-	-	-	-	808,055
Reserved for future loans	-	301,352	-	-	-	-	-	-	-	301,352
Reserved for conference fund	-	18,512	-	-	-	-	-	-	-	18,512
Reserved for economic development	455,818	-	-	-	-	-	-	-	-	455,818
Reserved for inventories	-	1,741,243	-	-	-	-	-	-	-	1,741,243
Reserved for encumbrances	456,451	387,491	-	-	-	-	-	-	-	843,942
Reserved for debt service	-	322,425	-	-	-	-	-	-	-	322,425
Reserved for recorder's equipment	90,932	-	-	-	-	-	-	-	-	90,932
Reserved for escrow cash	60,913	-	-	-	-	-	-	-	-	60,913
Reserved for foster care insurance	-	6,000	-	-	-	-	-	-	-	6,000
Reserved for veterans' credit	-	15,000	-	-	-	-	-	-	-	15,000
Reserved for senior citizens' transportation	-	4,704	-	-	-	-	-	-	-	4,704
Reserved for unorganized town roads	-	767,715	-	-	-	-	-	-	-	767,715
Reserved for communications	552,112	-	-	-	-	-	-	-	-	552,112
Reserved for extension service	204,989	-	-	-	-	-	-	-	-	204,989
Reserved for missing heirs	204,956	-	-	-	-	-	-	-	-	204,956
Reserved for soil erosion	1,800	-	-	-	-	-	-	-	-	1,800
Reserved for exchange of land	22,798	-	-	-	-	-	-	-	-	22,798
Reserved for tax certificate assurance	193,542	-	-	-	-	-	-	-	-	193,542
Reserved for attorney forfeitures	249,563	-	-	-	-	-	-	-	-	249,563
Reserved for sheriff forfeitures	112,305	-	-	-	-	-	-	-	-	112,305
Reserved for sheriff fines	3,848	-	-	-	-	-	-	-	-	3,848
Reserved for assets held in trust for participants	-	-	-	-	-	-	31,870,230	-	-	31,870,230
Unreserved										
Designated for parking	348,917	-	-	-	-	-	-	-	-	348,917
Designated for Hibbing Fairgrounds	523,536	-	-	-	-	-	-	-	-	523,536
Designated for Hibbing Raceway	15,957	-	-	-	-	-	-	-	-	15,957
Designated for vested sick leave	2,628,232	4,275,131	-	-	-	-	-	-	-	6,903,363
Designated for vesting sick leave	1,687,271	2,372,409	-	-	-	-	-	-	-	4,059,680
Designated for cash flow	18,264,626	14,072,490	-	-	-	-	-	-	-	32,337,116
Designated for emergency contingency	5,942	774,584	-	-	-	-	-	-	-	780,526
Designated for cash flow - Medical Care Facilities	735,875	-	-	-	-	-	-	-	-	735,875
Designated for 2002 budget	1,546,446	2,119,544	-	-	-	-	-	-	-	3,665,990
Designated for unrealized investment gains	420,867	-	-	-	-	-	-	-	-	420,867
Undesignated	388,592	6,168,703	576,166	8,723,849	-	-	2,200,316	-	-	18,057,626
Total Equity and Other Credits	\$ 29,675,372	\$ 33,706,324	\$ 576,166	\$ 8,723,849	\$ 30,798,246	\$ 20,978,118	\$ 34,070,546	\$ 113,748,714	\$ 63,484,997	\$ 272,277,335
Total Liabilities, Equity, and Other Credits	\$ 34,723,042	\$ 58,247,301	\$ 681,503	\$ 10,476,110	\$ 38,230,262	\$ 33,204,591	\$ 44,724,458	\$ 113,748,714	\$ 63,484,997	\$ 397,520,878

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

ST. LOUIS COUNTY, MINNESOTA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types				Fiduciary	Total
	General	Special Revenue	Debt Service	Capital Projects	Fund Types Expendable Trust	(Memorandum Only)
Revenues						
Taxes	\$ 38,808,442	\$ 41,367,159	\$ 2,981,197	\$ 581,861	\$	\$ 83,738,659
Licenses and permits	135,230	23,731				158,961
Intergovernmental	16,564,835	76,171,628	291,097	302,767		93,330,327
Charges for services	6,099,737	2,220,357			-	8,320,094
Fines and forfeits	1,770,230					1,770,230
Earnings on investments	4,053,126	10,079	9,854	326,641	3,585	4,403,285
Gifts and contributions	15,170					15,170
Land and timber sales		7,639,745				7,639,745
Miscellaneous	975,983	1,763,077	248,696	104,801	186,009	3,278,566
Total Revenues	\$ 68,422,753	\$ 129,195,776	\$ 3,530,844	\$ 1,316,070	\$ 189,594	\$ 202,655,037
Expenditures						
Current						
General government	\$ 26,049,479	\$	\$	\$ -	\$ 203,730	\$ 26,253,209
Public safety	20,656,775	-		-		20,656,775
Highways and streets		41,692,425	-	-		41,692,425
Health	6,490,938		-	-		6,490,938
Welfare	320,638	68,598,008	-	-		68,918,646
Culture and recreation	1,253,810		-	-		1,253,810
Conservation of natural resources	977,592	8,480,306	-	-		9,457,898
Economic development	20,000	4,652,426	-	-		4,672,426
Sanitation	-	5,116				5,116
Total Current	\$ 55,769,232	\$ 123,428,281	\$	\$	\$ 203,730	\$ 179,401,243
Capital outlay						
General government	\$ 56,293	\$ -	\$	\$ 2,488,280	\$	\$ 2,544,573
Public safety	727,046			1,695,848		2,422,894
Highways and streets		1,685,374		3,384,712		5,070,086
Health	6,934			-		6,934
Welfare	-	11,603		-		11,603
Culture and recreation	124,180			-		124,180
Total Capital Outlay	\$ 914,453	\$ 1,696,977	\$	\$ 7,568,840	\$	\$ 1,180,270
Debt service						
Principal	\$ 97,380	\$ 307,718	\$ 2,857,900	\$	\$	\$ 3,262,998
Interest and fiscal charges	6,619	21,179	1,333,672	114,160		1,475,630
Total Debt Service	\$ 103,999	\$ 328,897	\$ 4,191,572	\$ 114,160	\$	\$ 4,738,628
Intergovernmental						
Public safety	\$ 9,226,061	\$ -	\$	\$	\$	\$ 9,226,061
Total Expenditures	\$ 66,013,745	\$ 125,454,155	\$ 4,191,572	\$ 7,683,000	\$ 203,730	\$ 203,546,202
Excess of Revenues Over (Under) Expenditures	\$ 2,409,008	\$ 3,741,621	\$ (660,728)	\$ (6,366,930)	\$ (14,136)	\$ (891,165)
Other Financing Sources (Uses)						
Loan proceeds	\$	\$ 273,875	\$	\$ -	\$ -	\$ 273,875
Bond proceeds			370,428	13,899,572	-	14,270,000
Operating transfers in		352,425	339,982	-	-	692,407
Operating transfers out	(545,221)	(239,171)				(784,392)
Total Other Financing Sources (Uses)	\$ (545,221)	\$ 387,129	\$ 710,410	\$ 13,899,572	\$ -	\$ 14,451,890
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 1,863,787	\$ 4,128,750	\$ 49,682	\$ 7,532,642	\$ (14,136)	\$ 13,560,725
Fund Balance - January 1	28,911,273	30,765,640	526,484	1,191,207	100,511	61,495,115
Equity transfer out	(1,099,688)	(1,135,951)		-	-	(2,235,639)
Increase (decrease) in reserved for inventories		(52,115)		-	-	(52,115)
Fund Balance - December 31	\$ 29,675,372	\$ 33,706,324	\$ 576,166	\$ 8,723,849	\$ 86,375	\$ 72,768,086

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

ST. LOUIS COUNTY, MINNESOTA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-BUDGETARY BASIS
 GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUND TYPES
 YEAR ENDED DECEMBER 31, 2001

	General Fund			Special Revenue Funds			Debt Service Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues									
Taxes	\$ 37,648,055	\$ 38,808,442	\$ 1,160,387	\$ 39,496,010	\$ 41,367,159	\$ 1,871,149	\$ 2,958,712	\$ 2,981,197	\$ 22,485
Licenses and permits	124,070	135,230	11,160	18,000	23,731	5,731	-	-	-
Intergovernmental	17,109,498	16,564,835	(544,663)	82,395,854	76,171,628	(6,224,226)	291,097	291,097	-
Charges for services	5,843,952	6,099,737	255,785	1,827,050	2,220,357	393,307	-	-	-
Fines and forfeits	1,625,909	1,770,230	144,321	-	-	-	-	-	-
Earnings on investments	2,810,789	4,053,126	1,242,337	100,084	10,079	(90,005)	9,854	9,854	-
Gifts and contributions	36,686	15,170	(21,516)	-	-	-	-	-	-
Land and timber sales	-	-	-	5,925,000	7,639,745	1,714,745	-	-	-
Miscellaneous	664,631	975,983	311,352	-	1,763,077	(17,883)	248,696	248,696	-
Total Revenues	\$ 65,863,590	\$ 68,422,753	\$ 2,559,163	\$ 131,580,968	\$ 129,195,776	\$ (2,347,182)	\$ 3,508,359	\$ 3,530,844	\$ 22,485
Expenditures									
General government	\$ 27,478,399	\$ 26,137,117	\$ 1,341,282	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Publicsafety	22,044,964	21,400,471	644,493	-	-	-	-	-	-
Highways and streets	-	-	-	47,411,505	43,373,761	4,037,744	-	-	-
Health	8,115,650	6,745,718	1,369,932	-	-	-	-	-	-
Sanitation	-	-	-	100,004	5,116	94,888	-	-	-
Welfare	398,675	320,638	78,037	68,830,554	68,828,034	2,520	-	-	-
Culture and recreation	1,385,416	1,377,989	7,427	-	-	-	-	-	-
Conservation of natural resources	1,072,491	989,670	82,821	9,350,559	8,356,799	993,760	-	-	-
Economic development	20,000	20,000	-	8,664,789	4,652,426	4,012,363	-	-	-
Debt service	-	-	-	-	-	-	4,191,170	4,191,572	(402)
Intergovernmental	9,226,061	9,226,061	-	-	-	-	-	-	-
Total Expenditures	\$ 69,741,656	\$ 66,217,664	\$ 3,523,992	\$ 134,357,411	\$ 125,216,136	\$ 9,141,275	\$ 4,191,170	\$ 4,191,572	\$ (402)
Excess of Revenues Over (Under) Expenditures	\$ (3,878,066)	\$ 2,205,089	\$ 6,083,155	\$ (2,814,453)	\$ 3,979,640	\$ 6,794,093	\$ (682,811)	\$ (660,728)	\$ 22,083
Other Financing Sources (Uses)									
Loan proceeds	\$ -	\$ -	\$ -	\$ -	\$ 273,875	\$ 273,875	\$ -	\$ -	\$ -
Bond Proceeds	-	-	-	-	-	-	370,428	370,428	-
Operating transfers in	-	-	-	30,000	352,425	322,425	339,982	339,982	-
Operating transfers out	(545,396)	(545,221)	175	-	(35,171)	829	-	-	-
Total Other Financing Sources (Uses)	\$ (545,396)	\$ (545,221)	\$ 175	\$ (210,000)	\$ (237,129)	\$ 597,129	\$ 710,410	\$ 710,410	\$ -
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (4,423,462)	\$ 1,659,868	\$ 6,083,330	\$ (3,024,453)	\$ 4,366,769	\$ 7,391,222	\$ 27,599	\$ 49,682	\$ 22,083
Adjustments-Note 1		203,919	203,919		(238,019)	(238,019)			
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses as Adjusted	\$ (4,423,462)	\$ 1,863,787	\$ 6,287,249	\$ (3,024,453)	\$ 4,128,750	\$ 7,153,203	\$ 27,599	\$ 49,682	\$ 22,083
Fund Balance - January 1	28,911,273	28,911,273	-	30,765,640	30,765,640	-	526,484	526,484	-
Equity transfer in (out)	(1,099,688)	(1,099,688)	-	(1,135,951)	(1,135,951)	-	-	-	-
Increase (decrease) in reserved for inventories	-	-	-	-	(52,115)	(52,115)	-	-	-
Fund Balance - December 31	\$ 23,388,123	\$ 29,675,372	\$ 6,287,249	\$ 26,605,236	\$ 33,706,324	\$ 7,101,088	\$ 554,083	\$ 576,166	\$ 22,083

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

ST. LOUIS COUNTY, MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

ALL PROPRIETARY TYPE FUNDS AND NONEXPENDABLE TRUST FUND

YEAR ENDED DECEMBER 31, 2001

	Enterprise	Internal Service	Nonexpendable Trust	Total (Memorandum Only)
operating Revenues				
Charges for services	\$ 30,542,681	\$ 33,774,383	\$ -	\$ 64,317,064
Licenses and permits	2,750	-		2,750
Land sales			2,782,795	2,782,795
Other	429,785	1,823,639		2,253,424
Total Operating Revenues	\$ 30,975,216	\$ 35,598,022	\$ 2,782,795	\$ 69,356,033
Operating Expenses				
Personal services	\$ 18,686,441	\$ 3,272,238	\$ -	\$ 21,958,679
Contractual services	8,721,513	29,289,170	346,429	38,357,112
Materials	2,699,227	1,439,870	-	4,139,097
Depreciation	931,142	1,494,099	-	2,425,241
Total Operating Expenses	\$ 31,038,323	\$ 35,495,377	\$ 346,429	\$ 66,880,129
Operating Income (Loss)	\$ (63,107)	\$ 102,645	\$ 2,436,366	\$ 2,475,904
Nonoperating Revenues (Expenses)				
Taxes	\$ 15,085	\$ -	\$ -	\$ 15,085
Grants	539,424		-	539,424
Earnings on investments	889,412	1,120,880	-	2,010,292
Interest expense	(150,869)	-		(150,869)
Amortization of bond discount	(13,776)	-		(13,776)
Loss or gain on asset disposal		22,809		22,809
Total Nonoperating Revenues (Expenses)	\$ 1,279,276	\$ 1,143,689	\$ -	\$ 2,422,965
Income (Loss) Before Operating Transfers	\$ 1,216,169	\$ 1,246,334	\$ 2,436,366	\$ 4,898,869
Operating Transfers In	414,410		-	414,410
Operating Transfers Out			(322,425)	(322,425)
Net Income (Loss)	\$ 1,630,579	\$ 1,246,334	\$ 2,113,941	\$ 4,990,854
Retained Earnings - January 1	25,249,219	17,612,275	-	42,861,494
Retained Earnings - December 31	<u>\$ 26,879,798</u>	<u>\$ 18,858,609</u>	<u>\$ 2,113,941</u>	<u>\$ 47,852,348</u>

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

ST. LOUIS COUNTY, MINNESOTA
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
YEAR ENDED DECEMBER 31, 2001

	Enterprise	Internal Service	Nonexpendable Trust	Total (Memorandum Only)
Cash Flows From Operating Activities				
Operating Income (Loss)	\$ (63,107)	\$ 102,645	\$ 2,436,366	\$ 2,475,904
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities				
Depreciation	931,142	1,494,099	-	2,425,241
Changes in Assets and Liabilities				
(Increase) Decrease in accounts receivable	(423,251)	(6,706)		(429,957)
(Increase) Decrease in loans receivable	16,100			16,100
(Increase) Decrease in due from other governments	(41)	9,981		9,940
(increase) Decrease in inventories	(14,470)	(70,876)		(85,346)
(Increase) Decrease in prepaid items	6,090			6,090
Increase (Decrease) in accounts payable	4,407	53,653	26,866	84,926
Increase (Decrease) in salaries payable	196,161	4,490		200,651
Increase (Decrease) in compensated absences payable	(72,316)	2,326,450		2,254,134
Increase (Decrease) in claims payable		2,613,843		2,613,843
Increase (Decrease) in due to other funds	(323)			(323)
Increase (Decrease) in interfund payable		94,721		94,721
Increase (Decrease) in due to other governments	(16,472)	(40,385)	-	(56,857)
increase (Decrease) in deferred revenue	9,091	(189,752)	-	(180,661)
Increase (Decrease) in customer deposits	500		-	500
increase (Decrease) in closure and post-closure liabilities	(280,898)	-	-	(280,898)
Net Cash Provided by Operating Activities	<u>\$ 292,613</u>	<u>\$ 6,392,163</u>	<u>\$ 2,463,232</u>	<u>\$ 9,148,008</u>
Cash Flows From Noncapital Financing Activities				
Proceeds from taxes	\$ 114,330	\$ -	\$ -	\$ 114,330
Proceeds from grants	539,424			539,424
Payment of interfund transfers			(322,425)	(322,425)
Proceeds from interfund transfers	414,410			414,410
Net Cash Provided by Noncapital Financing Activities	<u>\$ 1,068,164</u>	<u>\$ -</u>	<u>\$ (322,425)</u>	<u>\$ 745,739</u>
Cash Flows From Capital and Related Financing Activities				
Acquisition of capital assets	\$ (981,388)	\$ (550,666)	\$ -	\$ (1,532,054)
Principal paid on bonds	(870,000)			(870,000)
Interest paid on bonds	(154,228)			(154,228)
Payments of capital leases		(11,494)		(11,494)
Disposal of capital assets	19,237	29,146		48,383
Net Cash Provided by Capital and Related Financing Activities	<u>\$ (1,986,379)</u>	<u>\$ (533,014)</u>	<u>\$ -</u>	<u>\$ (2,519,393)</u>
Cash Flows From Investing Activities				
Purchase of investments	\$ (13,865,244)	\$ (58,778,920)	\$ -	\$ (72,644,164)
Sale of investments	18,633,640	59,134,455		77,768,095
Earnings on investments	951,049	1,025,825		1,976,874
Net Cash Provided by Investing Activities	<u>\$ 5,719,445</u>	<u>\$ 1,381,360</u>	<u>\$ -</u>	<u>\$ 7,100,805</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 5,093,843</u>	<u>\$ 7,240,509</u>	<u>\$ 2,140,807</u>	<u>\$ 14,475,159</u>
Cash and Cash Equivalents - January 1	<u>2,993,648</u>	<u>5,153,235</u>		<u>8,146,883</u>
Cash and Cash Equivalents - December 31	<u>\$ 8,087,491</u>	<u>\$ 12,393,744</u>	<u>\$ 2,140,807</u>	<u>\$ 22,622,042</u>

Non-Cash Activities

The Solid Waste Management Enterprise Fund, and the Property, Casualty, Liability Insurance, the Workers' Compensation Insurance, and the Medical/Dental Insurance Internal Service Funds had changes in fair value of investments which did not affect cash and cash equivalents of \$46,014, \$2,712, and \$10,918, and \$(5,331), respectively.

The Management Information Systems Internal Service Fund disposed of fixed assets during the year with a book value of \$6,337.

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

**ST. LOUIS COUNTY, MINNESOTA
 COMBINED STATEMENT OF CHANGES IN NET ASSETS
 ALL INVESTMENT TRUST FUNDS
 YEAR ENDED DECEMBER 31, 2001**

	<u>Total</u>
Additions	
Taconite taxes	\$ 35,935,770
Earnings on investments	<u>2,347,604</u>
Total additions	<u>\$ 38,283,374</u>
 Deductions	
Distributions to participants	<u>\$ 37,311,423</u>
Net Increase (Decrease) in Net Assets	\$ 971,951
Net Assets Held in Trust for Participants- January 1	<u>30,898,279</u>
Net Assets Held in Trust for Participants- December 31	<u><u>\$ 31,870,230</u></u>

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

Reader's notes:

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

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Note 1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

St. Louis County was established March 1, 1856, as an organized county having powers, duties, and privileges granted counties by Minn. Stat. Ch. 373 (2000). The County is governed by a seven-member Board of Commissioners elected from districts within the County. A County Administrator is appointed by the County Board. The board is organized with a chair and vice-chair elected at the annual meeting in January of each year. The County Auditor, elected on a county-wide basis, serves as the Clerk of the Board of Commissioners but has no voting privileges.

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

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

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

the County Board, on certain areas within the County to help support the activities of the Authority.

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

B. 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.

The various funds are grouped, in the financial statements in this report, into seven generic fund types, three broad fund categories, and two account groups. A description of the fund types and account groups used by the County is:

Governmental Funds

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

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

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of long-term debt principal, interest, and related costs.

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Capital Projects Fund - The Building Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

Proprietary Funds

Enterprise 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 - 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.

Fiduciary Funds

Trust and Agency 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, and/or other funds. These include Expendable Trust, Non-Expendable Trust, Investment Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Non-Expendable Trust Funds are accounted for in essentially the same manner as Proprietary Funds. Investment Trust Funds account for investment pool assets held by the County for legally separate entities that are not part of the County's financial reporting entity.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for the County's fixed assets, other than those accounted for in the proprietary funds. General fixed assets of a public domain or an "infrastructure" nature are not capitalized.

General Long-Term Debt Account Group - The General Long-Term Debt Account Group is used to account for the County's long-term debt that is backed by the County's full faith and credit, other than that accounted for in the proprietary funds.

C. Measurement Focus

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund and expendable trust funds are accounted for on a spending or "current financial resources flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources."

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, including

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roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

Purchased fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used, however, to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund revenues represented by noncurrent receivables is deferred until they become current receivables.

Special reporting treatments are also applied to governmental fund inventories to indicate that they do not represent "available spendable resources," even though they are a component of net current assets. Such amounts are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds, non-expendable trust funds, and investment trust funds are reported using a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets.

Depreciation has been provided over the estimated useful life using the straight-line method. The estimated useful lives are:

Building and structures	50 years
Improvements other than buildings	10 - 20 years
Machinery and equipment	5 - 20 years
Vehicles	5 - 7 years

D. Basis of Accounting

Basis of accounting refers to the time at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental and expendable trust and agency funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available, "susceptible to accrual." Available means collectible within the current period or soon enough thereafter to pay current liabilities.

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Ad valorem property tax revenue is recognized in the period for which the taxes are levied, to the extent they are collected within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Intergovernmental revenues (grants, subsidies, and shared revenues) are essentially one of two types of these revenues. In government mandated non-exchange transactions, revenues are recognized when eligibility and time requirements are met, usually when the corresponding expenditure is incurred. In voluntary non-exchange transactions, revenues are recognized in the year to which they apply according to the statute or contract. Intergovernmental revenues received but not earned are recorded as deferred revenue.

Other revenues accrued are investment earnings and charges for services.

Licenses, fines, penalties, and miscellaneous revenues are generally recognized when received.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service, and other long-term obligations which are recognized when paid. The current portions of compensated absences are recognized as fund liabilities. Non-current earned but unpaid vacation, vested sick leave, and unvested sick leave likely to become vested, are shown in the General Long-Term Debt Account Group.

Proprietary funds, non-expendable trust funds, and investment trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses, including compensated absences, are recognized when they are incurred. Pursuant to Governmental Accounting Standards Board Statement No. 20, the County has

elected not to apply accounting standards issued after November 30, 1989, by the Financial Accounting Standards Board.

E. Budgetary Data

General Budget Policies

The County is required by Minn. Stat. Ch. 383C (2000), to adopt an annual budget for the General, Special Revenue, and Debt Service Funds. These budgets are prepared on the modified accrual basis of accounting plus encumbrances.

The County is also required to adopt a budget for the Capital Projects Funds. An appropriation for expenditures from the capital project funds continues in force until the purpose for which it was made has been accomplished or abandoned. The purpose of a capital expenditure appropriation is abandoned if three years pass without a disbursement from or encumbrance of the appropriation or at the discretion of the County Administrator. These budget periods are not consistent with the method of financial reporting; therefore, comparisons between the results of operations and budgets in these funds are not relevant and are not presented. The County Board has established the legal level of control for County departments to be at the agency level. County departments are comprised of one or more sub-departments (agencies). Each department can spend its agency level budgets on any line item within that agency so long as the total agency budget is not overspent. However, no public aid assistance and/or personal services budget authority may be used for any other purpose without Board approval.

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

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

Budgets can be amended during the year by the County Board. Supplemental appropriations or budget reductions are reviewed by the County Administrator's office and submitted to the County Board for their review and approval. If approved, they are implemented by the Auditor's Office as budget revisions. Supplemental appropriations could be required because of several factors, including the awarding of state and federal grants during the year and the providing for funding for unanticipated program requirements. Budget revisions were necessary during the year. The effect of these amendments was an increase in budgeted County funds of \$26,565,936.

Procedure for Preparing the Annual Budget

1. Early each year, the County Administrator meets with budget staff to discuss preparations for next year's budget.

A basic budget strategy is developed at that time, based on guidelines and policies established by the County Board.

2. Budget request forms are sent out to each department. Included is a memo from the County Administrator highlighting basic guidelines for preparing budget requests.
3. All departments submit preliminary estimates of their requested appropriations and anticipated revenues by the end of May. These figures are used to determine the amount of tax levy that would be required to meet

departmental requests, and the amount of budget adjustments that the County Administrator will need to make during the preliminary budget hearings in order to meet goals established by the County Board.

4. Preliminary budget hearings are held by the County Administrator with each department. These hearings begin about mid-June and last until about mid-July.
5. The County Administrator's recommended budget is given to the County Board prior to September 15. The County Board will certify by resolution to the County Auditor a maximum proposed property tax levy by September 15th, which will be used to comply with the Truth-in-Taxation provisions of state law.
6. The County Board holds formal public hearings on the proposed budget, and adopts by resolution the final budget and tax levy on or before December 28.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, capital reserves, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and provide authority for the carryover of appropriations to the subsequent year in order to complete these transactions.

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Budget Basis of Accounting

Budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except that encumbrances are treated as budgeted expenditures in the year in which the commitment to purchase is incurred. Budget to actual comparisons in this report are on this budgetary basis.

Reconciliation of Budget Basis to GAAP Basis

Adjustments necessary to convert actual expenditures reported on the budgetary basis on Exhibit III to the **GAAP** basis as reported on Exhibit II are:

	(Amounts in Dollars)				
	Reserved for Encumbrances 12-31-01	Expenditures in 2001 from 2000 Encumbrances	Total Exhibit III Adjustment	Exhibit III Expenditures	Exhibit II Expenditures
General Fund	(456,451)	252,532	(203,919)	66,217,664	66,013,745
Special Revenue					
Road and Bridge	(372,889)	376,927	4,038	43,373,761	43,377,799
Social Services	(1,677)	112,151	110,474	68,828,034	68,938,508
Babbitt Facility				25,276	25,276
Housing and Redevelopment Authority		-		264,779	264,779
Community Development Block Grant				3,817,635	3,817,635
Northeast Minnesota Housing Consortium				544,736	544,736
Septic Loan				5,116	5,116
Forfeited Tax Sale	(12,925)	6,173	(6,752)	7,964,537	7,957,785
Forest Resources		130,259	130,259	392,262	522,521
Total Special Revenue Fund	(387,491)	625,510	238,019	125,216,136	125,454,155

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F. Accounting Changes

Fund Reclassifications

As of January 1, 2001, the County determined that certain trust funds should be classified as special revenue funds. The beginning fund balance amounts were reclassified to reflect these changes.

	(Amounts in Dollars)		
	Fund Balance January 1, 2001 As Previously Reported	Reclassification	Fund Balance January 1, 2001 As Reclassified
Special Revenue Funds			
Road and Bridge	14,930,559	-	14,930,559
Social Services	10,705,406	-	10,705,406
Babbitt Facility	263,047	-	263,047
Housing & Redevelopment Authority	585,868		585,868
Septic Loan	248,111		248,111
Forfeited Tax Sale		366,341	366,341
Forest Resources		3,666,308	3,666,308
Total Enterprise Funds	26,732,991	4,032,649	30,765,640
Trust Funds			
Forfeited Tax Sale	366,341	(366,341)	
Forest Resources	3,666,308	(3,666,308)	
Patients' Escrow	100,511	-	100,511
Taconite Relief	28,909,634	-	28,909,634
Taconite Production Tax	1,988,645	-	1,988,645
Total Trust Funds	35,031,439	(4,032,649)	30,998,790

St. Louis County, Minnesota
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Account Reclassifications

Several account balances were reclassified as of and for the year ended December 31, 2000, as previously reported. These reclassifications which did not require a restatement of fund balance and retained earnings, were required for comparability to the financial statements as of and for the year ended December 31, 2001. Although comparative statements for 2000 are not presented here, these reclassifications must be considered when comparing the financial statements of this report with those of prior reports.

G. Assets, Liabilities, and Equity Accounts

Assets

Cash and Cash Equivalents

Available cash balances from all funds are pooled and invested in accordance with Minnesota State Statutes. Cash balances and pooled investments are at fair value based on quoted market prices. The pool is not subject to regulatory oversight. Fair value amounts are determined at year end. The County has not provided or obtained any legally binding guarantees to support the value of the pool. Pursuant to Minn. Stat. § 385.07, investment earnings on cash balances and pooled investments are credited to the General Fund. Pooled investment earnings for 2001 were \$4,053,126. Each fund's share of the pool is shown on the financial statements as "Cash and Cash Equivalents." For proprietary fund-type statement of cash flows, all change funds and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, are considered to be cash equivalents.

Property Taxes

In September of each year the County Board certifies a proposed property tax levy to the

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

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

Inventories

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

The enterprise funds' inventories consist of expendable supplies held for consumption **and** are recorded as an expense when used. Internal service funds' inventories consist of items for resale and consumption and are recorded as an expense when sold or used. Inventories are priced at the lower of cost or

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market on a first-in, first-out basis.

Liabilities

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Long-term liabilities of all proprietary funds are accounted for in the respective funds.

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 3.75 to 10.25 hours per biweekly pay period. Sick leave accrual is from 3.5 to 5.75 hours per biweekly pay period.

Unused accumulated vacation is paid to employees at termination. The proprietary funds recognize all of this vacation as a liability. The current portion of unused vacation is recognized as a fund liability in the governmental funds; the non-current unused vacation is recognized in the General Long-Term Debt Account Group.

Vested sick leave is paid to employees at retirement or is used for the payment of employees' health insurance coverage during their retirement. The vested sick leave and unvested sick leave likely to become vested (vesting sick leave) are estimated using the termination payment method prescribed by GASB-16. Proprietary funds recognize both vested and vesting amounts as liabilities. Governmental funds recognize these amounts in the General Long-Term Debt Account Group. Fund balance in the governmental funds is designated for the entire amount of the funds' vested sick leave liability and a portion of the funds' vesting sick leave liability.

Unvested sick leave for all County funds in the amount of \$10,263,323 (total accumulated sick leave less estimated amounts of vested and vesting sick leave) at

December 31, 2001 is available to employees in the event of illness-related absences and is not reported in the financial statements.

In accordance with Governmental Accounting Standards Board's Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs, the County has accrued liabilities for closure and postclosure costs associated with future closing of its Regional Landfill.

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of the balance sheet date. The \$803,743 for the open area reported on the Solid Waste Management Enterprise Fund Balance Sheet as landfill closure and postclosure liability at December 31, 2001, represents the following:

Postclosure liability	\$285,039
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This is the liability for postclosure costs for the Regional Landfill. It is based on the use of 60.67% of the existing open area.

Closure liability	\$518,704
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This is the liability for closure costs for the Regional Landfill. It is based on the use of 60.67% of the existing open area.

The County will recognize the remaining \$521,107 in costs of closure and postclosure care of the open area as the remaining estimated capacity of the open area of the Regional Landfill is filled. The amounts are

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based on what it would cost to perform all closure and postclosure care in 2002. The County expects the open area to be closed in 2002 or later. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a restricted account to finance closure and postclosure care of the last cell that will be accepting waste. The County is in compliance with these requirements, and at December 31, 2001, restricted assets of \$2,279,524 are included in the amounts shown on the Solid Waste Management Enterprise Fund balance sheet as Financial Assurance Restricted Assets - Cash and cash equivalents, Investments, and Accrued interest.

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

Equity

Equity is divided into sections:

Contributed Capital accounts indicate permanent fund capital contributed to the Proprietary Funds.

Investment in General Fixed Assets account represents the County's equity in general fixed assets.

Retained Earnings accounts are subdivided:

Reserved Retained Earnings accounts indicate that portion of fund equity which has been legally segregated for specific purposes.

Unreserved Retained Earnings 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 available for appropriation.

Unreserved Designated Fund Balance accounts indicate that portion of fund equity that the County has tentatively set aside for future use.

Unreserved Undesignated Fund Balance accounts indicate that portion of fund equity which is available for budgeting and expending in future periods.

H. Total Columns on Combined Statements

Total columns on 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, or cash flows, 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. Federal Audit Requirements

The Single Audit Act Amendments of 1996 requires the County to have a single, independent audit of its financial operations, including compliance with certain provisions of federal law and regulations. This audit requirement was complied with for fiscal year ended December 31, 2001; the auditor's reports on compliance and internal accounting control will be issued separately.

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J. Use of Estimates

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

Note 2. Detailed Notes on all Funds and Account Groups

A. Assets

Deposits

Minn. Stat. §§ 118A.02 and 118A.04 (2000) authorize the County to deposit its cash and to invest in certificates of deposit in financial institutions designated by the County Board. At December 31, 2001, County deposits totaled \$25,200,956, of which \$195,391 were cash deposits and \$25,005,565 was invested in certificates of deposit.

Following is a summary of the deposits covered by insurance or collateral at December 31, 2001:

	(Amounts in Dollars)	
	Bank Balances	Carrying Amounts
Covered Deposits		
Insured or collateralized with securities held by the County or its agent in the County's name	23,521,687	23,521,994
Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name	1,678,962	1,678,962
Uncollateralized	-	
Total Deposits	25,200,649	25,200,956

Investments

Minn. Stat. Ch. 118A (2000) authorizes the following:

Safekeeping Options and Requirements:

Investments may be held in safekeeping with:

1. any federal reserve bank;
2. any bank authorized under the laws of the United States or any state to exercise corporate trust powers, including but not limited to, the bank from which the investment is purchased;

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3. a primary reporting dealer in United States government securities to the Federal Reserve Bank of New York; or
4. a securities broker-dealer having its principal executive office in Minnesota, licensed under Chapter 80A, or an affiliate of it, and regulated by the Securities and Exchange Commission; provided that the government entity's ownership of all securities is evidenced by written acknowledgments identifying the securities by the names of the issuers, maturity dates, interest rates, CUSIP number, or other distinguishing marks.
4. time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of United States banks;
5. repurchase agreements consisting of collateral allowable in section 118A.04 and reverse repurchase agreements with (a) a financial institution qualified as a "depository" of public funds of the government entity, (b) any other financial institution which is a member of the Federal Reserve System and whose combined capital and surplus equals or exceeds \$10,000,000, (c) a primary reporting dealer in United States government securities to the Federal Reserve Bank of New York; or (d) a securities broker-dealer licensed pursuant to Chapter 80A, or an affiliate of it, and regulated by the Securities and Exchange Commission and maintaining a combined capital and surplus of \$40,000,000 or more, exclusive of subordinated debt;

Type of securities available to the County for investment:

1. governmental bonds, notes, bills, mortgages (excluding high-risk mortgage-backed securities), and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress;
2. any security which is (a) a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, (b) a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service, or (c) a general obligation of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency;
3. commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less;
6. agreements or contracts for (a) shares of a Minnesota joint powers investment trust whose investments are restricted to securities described in subdivision 2 and section 118A.04, (b) units of a short-term investment fund established and administered pursuant to regulation 9 of the Office of the Comptroller of the Currency, in which investments are restricted to securities described in this section and section 118A.04; (c) shares of an investment company which is registered under the Federal Investment Company Act of 1940 and which holds itself out as a money market fund meeting the conditions of rule 2a-7 of the Securities and Exchange Commission and is rated in one of the two highest rating categories for money market funds by at least one nationally recognized statistical rating organization; or (d) shares of an investment company which is registered under the Federal Investment Company Act of 1940, and whose shares are registered under the Federal Securities

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Act of 1933, as long as the investment company's fund receives the highest credit rating and is rated in one of the two highest risk rating categories by at least one nationally recognized statistical rating organization and is invested in financial instruments with a final maturity no longer than 13 months;

7. agreements or contracts for guaranteed investment contracts if they are issued or guaranteed by United States commercial banks, domestic branches of foreign banks, United States insurance companies, or their Canadian subsidiaries with the credit quality of the issuer's or guarantor's short and long term unsecured debt rated in one of the two highest categories by a nationally recognized rating agency, and with the provision that should the issuer's or guarantor's credit quality be downgraded below "A", the government entity must have withdrawal rights;

8. general obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7, 469.178, subdivision 5, or 475.61, subdivision 6.

Funds held in a debt service fund may **also** be used to purchase any obligation, whether general or special, of an issue which is payable from the fund, at such price, which may include a premium, as shall be agreed to by the holder, or may be used to redeem any obligation of such an issue prior to maturity in accordance with its terms. The securities representing any such investment may be sold by the governmental entity at any time, but the money so received remains part **of** the fund until used for the purpose for which the fund was created.

Three levels of custodial 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 counter party's trust department or agent in the County's name; and

(3) securities that are uninsured and unregistered and are held by the counter party, or by its trust department or agent, but not in the County's name.

The County has a formal investment policy which provides guidelines which meet statutory requirements and which in some instances may be more restrictive.

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Following is a summary of the County's securities, categorized into the aforementioned levels of risk, at December 31, 2001.

(Amounts in Dollars)				
	(1)	Category (2)	(3)	Fair Value
Investments				
U.S. Government securities		67,247,645	60,913	67,308,558
Bankers Acceptances		469,749		469,749
Commercial Paper		29,170,460		29,170,460
Add:				
Minnesota Association of Counties (MAGIC) Fund (valued at \$1 per share) *				37,120,442
Deposits				25,200,956
Cash on Hand				1,374,264
Total				<u>160,644,429</u>

Detail as shown on Combined Balance Sheet:

Current Assets:			
Cash and cash equivalents			96,624,057
Assets held by escrow agent			60,913
Investments			60,475,512
Restricted Assets:			
Debt Service			
Cash and cash equivalents			1,240,354
Financial Assurance:			
Cash and cash equivalents			134,492
Investments			2,109,101
Total			<u>160,644,429</u>

(Amounts in Dollars)			
	Held for External Investment Pool Participants - investment Trust Funds	Held for Internal Investment Pool Participants - All Other County Funds	Total
Cash and cash equivalents	5,404,714	92,594,189	97,998,903
Assets held by escrow agent		60,913	60,913
Investments	26,184,574	36,400,039	62,584,613
Total	<u>31,589,288</u>	<u>129,055,141</u>	<u>160,644,429</u>

* Separate audited financial information for MAGIC may be obtained from:

Minnesota Association of Governments Investing for Counties Fund
c/o Association of Minnesota Counties
125 Charles Avenue, St. Paul, MN 55103

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

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

	(Amounts in Dollars)	
	Equity in Pool	Advances
General Fund	30,330,725	
Special Revenue Funds		
Road & Bridge	12,340,645	
Social Services	10,264,687	
Housing and Redevelopment Authority	474,931	
Community Development Block Grant		(119,786)
Northeast Minnesota Housing Consortium		(38,981)
Septic Loan	297,877	
Forfeited Tax Sale	50	(523,081)
Forest Resources	5,479,954	
Debt Service Funds	540,225	
Capital Projects Fund	1,952,487	
Enterprise Funds	8,087,491	
Internal Service Funds		
Printing	194,214	
County Garage	756,047	
Property, Casualty, Liability Insurance	963,619	
Workers' Compensation Insurance		(94,721)
Medical/Dental Insurance	4,972,370	
Management Information Systems	2,203,852	
Telecommunications	738,279	
Retired Employees' Health Insurance	2,565,363	
Trust Funds	7,581,179	
Agency Funds	9,031,477	
Total Equity	98,775,472	
Less: Advances	(776,569)	
Total	97,998,903	(776,569)

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

Loans Receivable

The long-term loan receivable from the St. Louis County Heritage and Arts Center is \$465,084 and is equally offset by a fund balance reserved for noncurrent loans account to indicate that it should not be considered "available spendable resources," since it does not represent current assets. The interest free loan for the construction of a performing arts center is accounted for in the General Fund. The repayment schedule calls for \$15,000 annual payments.

The long-term receivable from Improvement Limited Partnership is \$49,984 and is equally offset by deferred revenue. The loan was renegotiated as of October 1, 1999, and is valued at its discounted amount. New terms call for monthly payments of \$750 for three years, with a balloon payment of \$46,635 due October 1, 2002. The interest rate is 9.5 percent over ten years. The receivable arises from a State of Minnesota grant and loan to St. Louis County for the purpose of remodeling the Regency Kahler Hotel in Hibbing, now known as the Hibbing Park Hotel. The loan is accounted for in the General Fund and payments are up-to-date through December 2001. Under the renegotiated terms, the State was repaid in full. All payments received by the County will be retained and used for economic development.

The second long-term receivable from Improvement Limited Partnership is \$71,886 and is equally offset by a fund balance reserved for economic development. The loan was renegotiated as of October 1, 1999, and is valued at its discounted amount. New terms call for monthly payments of \$1,079 for three years, with a balloon payment of \$67,069 due October 1, 2002. The interest rate is 9.5 percent over ten years. The purpose of the loan is to fund remodeling of the Regency Kahler Hotel in Hibbing, now known as the Hibbing Park Hotel. The loan is accounted for in the General Fund and payments are up-to-date through December

2001. The repayment to the County will be used for economic development.

The long-term loan receivable from Schott Powers Systems, Inc. is \$47,108 plus accrued interest of \$275 and is equally offset by deferred revenue. The receivable arises from a State of Minnesota loan to St. Louis County. The purpose of the loan is to fund equipment purchases, resulting in increased manufacturing capacity and additional jobs for the low to moderate income population. The loan was renegotiated as of December 7, 2000. New terms called for payments of \$5,290 for the first six months of 2001, with subsequent monthly payments of \$2,161 through June 1, 2004. The loan was again renegotiated effective November 1, 2001. New terms require monthly payments of \$1,532 through October 1, 2004. The loan bears interest at seven percent and is valued at its discounted amount. It is accounted for in the General Fund and the payments are up-to-date through December 2001. All payments made by Schott Power Systems, Inc. must be repaid by the County to the State.

The long-term loan receivable from the Town of Camp 5 is \$3,922 plus accrued interest of \$128 and is equally offset by deferred revenue. The interest rate is 6.5 percent over five years. The purpose of the loan was to give this new township start-up money until it is able to establish its first tax levy. The repayment schedule calls for nine semi-annual payments of \$565 beginning July 1, 2001 through July 1, 2005. It is accounted for in the General Fund.

St. Louis County, Minnesota
Notes to the Financial Statements
December 31.2001

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

The County has entered into an agreement with the Minnesota Department of Agriculture to administer the Agricultural Best Management Loan Program. This program was established to make loans to individuals to implement projects that prevent or mitigate non-point source water pollution. It is accounted for in the Septic Loan Special Revenue Fund. Also included in the Septic Loan Special Revenue Fund are loans under the Minnesota Pollution Control Loan Program. The following information is presented to comply with the agreement for the Agricultural Best Management Loan Program.

	Agricultural Best Management Loan Program	Minnesota Pollution Control Loan Program	Total
Loans made during year	\$21,000	\$73,875	\$94,875
Number of loans made	3	4	7
Payments made on loans	38,211	2,142	40,353
Loans outstanding at December 31, 2001, including interest	128,238	89,733	217,971
Loan amounts past due	-	-	-

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

Due From Other Governments

The following amounts were due from other governments at December 31, 2001:

	(Amounts in Dollars)			Total
	Federal	State	Local- Other	
General Fund	10,652	754,141	306,725	1,071,518
Special Revenue Funds				
Road and Bridge	165,928		70,175	5,102,189
Social Services	932,219	4,866,086		5,776,365
Community Development Block Grant	370,335			370,335
Northeast Minnesota Housing Consortium	66,102			66,102
Forfeited Tax Sale		14,527		14,527
Total Special Revenue Funds	1,534,584	9,724,759	70,175	11,329,518
Enterprise Fund				
Solid Waste Management	-	-	46,081	46,081
Internal Service Funds				
Telecommunications			52	52
Agency Funds				
State of Minnesota		15,244		15,244
Arrowhead Regional Corrections	81,689	672,242	204,689	958,620
Community Health Services	118,326			118,326
Regional Railroad Authority		356,283	2,882	359,165
Total Agency Funds	200,015	1,043,769	207,571	1,451,355
Total	1,745,251	11,522,669	630,604	13,898,524

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

Proprietary Fund Fixed Assets

A summary of proprietary fund fixed assets at December 31, 2001, is:

	(Amounts in Dollars)	
	Enterprise	Internal Service
Land	496,008	25,500
Buildings and structures	16,007,386	778,730
Improvements other than buildings	7,003,150	-
Machinery and equipment	2,204,751	5,195,246
Linens	254,940	-
Vehicles	545,504	1,700,537
Construction in progress	620,370	-
Total	27,132,109	7,700,013
Less accumulated depreciation	(10,538,852)	(5,666,959)
Net Fixed Assets	16,593,257	2,033,054

Summary of Changes in General Fixed Assets

	(Amounts in Dollars)				
	Balance 1-1-01	Additions	Retirements	Assets Reclassified	Balance 12-31-01
Land	1,542,072	-	(36,303)	(5,998)	1,499,771
Buildings and structures	59,567,030	134,045	(1,298,789)	375,086	58,777,372
Machinery and equipment	16,216,628	524,913	(7,038,272)	(2,969)	9,700,300
Vehicles	38,944,056	1,969,831	(2,755,948)	8,967	38,166,906
Construction-in-progress	81,799	5,897,652		(375,086)	5,604,365
Total	116,351,585	8,526,441	(11,129,312)	-	113,748,714

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

B. Liabilities

Deferred Revenue

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

	(Amounts in Dollars)				
	Taxes	Aids and Grants	Accounts Receivable	Long-Term Receivables	Total
General Fund	<u>1,167,828</u>	<u>430,251</u>		<u>275,417</u>	<u>1,873,496</u>
Special Revenue Funds					
Road and Bridge	629,985	767,940			1,397,925
Social Services	897,121	144,867	-		1,041,988
Housing and Redevelopment Authority	8,037	-			8,037
Community Development Block Grant			1,101		1,101
Forfeited Tax Sale		7,380		12,218,236	12,225,616
Forest Resources		<u>99,368</u>			<u>99,368</u>
Total Special Revenue Funds	<u>1,535,143</u>	<u>1,019,555</u>	<u>1,101</u>	<u>12,218,236</u>	<u>14,774,035</u>
Debt Service Funds					
Jail Bond	61,846	-			61,846
AJC Construction Bond	5,506	-			5,506
Law Enforcement Bond	14,460	-			14,460
Hibbing Public Works Bond	2,881	-			2,881
Capital Equipment Note	<u>20,644</u>				<u>20,644</u>
Total Debt Service Funds	<u>105,337</u>				<u>105,337</u>
Capital Projects Fund					
Buildings	<u>31,355</u>	-			<u>31,355</u>
Enterprise Funds					
Solid Waste Management	38,771	3,428			42,199
Chris Jensen		19,980	11,238		31,218
Nopeming		13,920	44,009		57,929
Community Foods	-	1,638			1,638
Laundry	-	1,641			1,641
Supervised Living Facilities	-	<u>1,166</u>			<u>1,166</u>
Total Enterprise Funds	<u>38,771</u>	<u>41,773</u>	<u>55,247</u>		<u>135,791</u>
Internal Service Funds					
Printing		573			573
County Garage		891			891
Medical/ Dental Insurance Management Information Systems			367,740		367,740
Telecommunications		5,913			5,913
		<u>728</u>			<u>728</u>
Total Internal Service Funds	-	<u>8,105</u>	<u>367,740</u>		<u>375,845</u>
Total All Funds	<u>2,878,434</u>	<u>1,499,684</u>	<u>424,088</u>	<u>12,493,653</u>	<u>17,295,859</u>

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

Fund Long-Term Debt

The following is a schedule of the fund long-term debt transactions of the County for the year ended December 31, 2001:

(Amounts in Dollars)	
<u>Bonds Payable</u>	
<u>Solid Waste Management Enterprise Fund</u>	
Payable, January 1	3,183,960
Payment on Principal	(870,000)
Amortization of discount	13,776
	2,327,736

(Amounts in Dollars)

Bonds payable at December 31, 2001, consist of the following issues:

\$5,535,000 1993 General Obligation Solid Waste bonds due in annual installments of \$480,000 to \$740,000 on December 1, 1994, through 1998; interest at 3 to 4.3 percent, and annual installments of \$415,000 to \$505,000 on December 1, 1999, through 2003; interest at 4.5 to 5 percent (at December 31, 2001, the bonds issue is net of the unamortized bond discount of \$15,009). This bond was issued to finance the construction of a regional landfill.

969,991

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

\$2,920,000 1993 Full Crossover Advance Refunding of 1989 \$3,510,000 General Obligation Solid Waste bonds and 1989 \$1,310,000 General Obligation Solid Waste bonds. The amount refunded produced resources for escrow that were sufficient to pay the new debt's interest until the December 1, 1997, crossover date when the amount held in escrow was used to retire the old debt. Annual installments of \$360,000 to \$480,000 on December 1, 1998, through 2004; interest at 4.0 to 4.8 percent resulted in a net savings of \$205,467 or an economic (present value) gain of \$144,533 over the life of the refunding issue (at December 31, 2001, the bond issue is net of the unamortized bond discount of \$17,255). The original bonds were issued to finance landfill closures and transfer station construction and to construct transfer stations, respectively.

1,357,745

The annual requirements to service the debt outstanding as of December 31, 2001, including interest of \$206,870 and unamortized discounts of \$32,264 on the bonds, are as follows:

<u>Year Ended December 31</u>	<u>Bonds Payable</u>
2002	\$1,028,920
2003	1,034,910
2004	503,040
	<u>\$2,566,870</u>

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

General Long-Term Debt

The following is a summary of changes in the County's General Long-Term Debt Account Group for the year ended December 31, 2001. All of these obligations except compensated absences, the land purchase, capital leases and general obligation revenue notes will be repaid through tax levies in the debt service funds. General obligation revenue notes payable will be paid from loan repayments to the County from borrowers of the funds for which the notes payable were issued to the State. Compensated absences, the land purchase, and capital leases will be paid from levies and other revenue generated by the benefiting funds.

	(Amounts in Dollars)			
	Balance 1-1-01	Additions	Deletions	Balance 12-31-01
General obligation bonds payable	2,030,000	-	775,000	1,255,000
General obligation revenue notes payable	244,055	274,754	-	518,809
Tax lease obligations payable	14,020,000	-	1,275,000	12,745,000
General obligation capital equipment notes payable	3,260,000	-	765,000	2,495,000
General obligation capital improvement bonds payable	-	14,270,000	-	14,270,000
Total Bonded Debt	19,554,055	14,544,754	2,815,000	31,283,809
Compensated absences payable	28,774,696	1,520,437	-	30,295,133
Land purchase payable	429,900	-	107,475	322,425
Capital leases payable	2,052,626	-	468,996	1,583,630
Total General Long-Term Debt	50,811,277	16,065,191	3,391,471	63,484,997

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

(Amounts in Dollars)

General obligation bonds payable at December 31, 2001, consist of the following issues:

\$1,580,000 1995 General Obligation Bond due in annual installments of \$50,000 to \$175,000 on December 1, 1997, through 2010; interest at 4.0% to 5.20%. This bond was sold to finance the County's portion of a remodeling project at Arrowhead Juvenile Center, which is operated by Arrowhead Regional Corrections, a joint powers board of which the County is a member. 1,255,000

General obligation revenue notes payable at December 31, 2001, consist of the following issues:

\$50,000 1998 General Obligation Revenue Note Payable to the Minnesota Department of Agriculture (Department) to provide the initial funds for the septic system improvement loan program under the Agricultural Best Management Loan Program. The terms require repayment to the Department after ten years an amount equal to the principal repaid to date by the individual borrowers, plus interest on idle funds. After year ten, principal amounts plus interest on idle funds must be repaid semi-annually. 26,934

\$200,000 1998 General Obligation Revenue Note payable to the Minnesota Department of Agriculture (Department) to provide the initial funds for the septic system improvement loan program under the Agricultural Best Management Loan Program. The terms require repayment to the Department after ten years an amount equal to the principal repaid to date **by the** individual borrowers. After year ten, principal amounts must be repaid semi-annually. 200,000

\$340,000 2000 General Obligation Revenue Note Payable to the Minnesota Pollution Control Agency to provide low interest loans to citizens and entities of the County for Best Management Practices, including improvements to individual sewage systems. The terms require semi-annual repayments beginning June 15, 2002. 91,875

\$200,000 2001 General Obligation Revenue Note Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program. The terms require repayment to the Department, after ten years, an amount equal to the principal repaid to date by the borrowers. After year ten, principal amounts must be paid semi-annually. 200,000

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

(Amounts in Dollars)

Tax lease obligations payable at December 31, 2001, consist of the following issues:

<p>\$14,635,000 Jail Revenue Bonds (St. Louis County Unlimited Tax Lease Obligations) of the Housing and Redevelopment Authority of St. Louis County, Minnesota due in annual installments of \$770,000 to \$1,420,000 on December 1, 1995, through 2008; interest at 4.7 to 4.75 percent. The bonds are special obligations of the HRA. Under a lease agreement with the HRA, the County is obligated to make payments of basic rent sufficient to pay the principal and interest on the bonds when due.</p>	8,535,000
<p>\$5,275,000 Law Enforcement Facilities Revenue Bonds (St. Louis County Unlimited Tax Lease Obligation) of the Housing and Redevelopment Authority of St. Louis County, Minnesota due in annual installments of \$250,000 to \$490,000 on December 1, 1998, through 2012; interest at 4.875 to 5.1 percent. The bonds are special obligations of the HRA. Under a lease agreement with the HRA, the County is obligated to make payments of basic rent sufficient to pay the principal and interest on the bonds when due.</p>	4,210,000
<p>General obligation capital equipment notes payable at December 31, 2001, consist of the following issues:</p>	
<p>\$4,000,000 General Obligation Capital Equipment Notes due in annual installments of \$740,000 to \$870,000 on December 1, 2000, through 2004; interest at 4.15 to 4.35 percent. This bond was issued to finance capital equipment purchases.</p>	2,495,000
<p>\$14,270,000 General Obligation Capital Improvement Bonds due in annual installments of \$705,000 to \$1,280,000 on December 1, 2002, through 2016; interest at 3.5 to 5.0 percent.</p>	14,270,000

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

The annual requirements to service the bonded debt outstanding as of December 31, 2001, including interest of \$9,661,615 are as follows:

(Amounts in Dollars)

Year Ended December 31	General Obligation Bonds	General Obligation Revenue Notes	Tax Lease Obligations	General Obligation Capital Equipment Notes	General Obligation Capital Improvement Bonds	Total Debt Service
2002	160,495	17,363	1,951,868	903,135	1,356,912	4,389,773
2003	166,095	34,726	1,957,717	903,950	1,357,238	4,419,726
2004	171,200	34,727	1,960,205	907,845	1,360,958	4,434,935
2005	175,740	21,782	1,964,329	-	1,358,657	3,520,508
2006	179,695	-	1,974,855	-	1,355,083	3,509,633
2007 - 2012	740,685	426,934	6,020,803	-	13,482,427	20,670,849
	<u>1,593,910</u>	<u>535,532</u>	<u>15,829,777</u>	<u>2,714,930</u>	<u>20,271,275</u>	<u>40,945,424</u>

(Amounts in Dollars)

Land purchase payable at December 31, 2001, consists of the following:

\$429,900 payable to Lake County for the purchase of a 45 percent undivided interest in the Knife River Marina for the intention of a land exchange with the State of Minnesota payable in annual installments of \$107,475 in 2001 through 2004; the obligation bears no interest. 322,425

The annual requirements to service the land purchase payable as of December 31, 2001, are as follows:

Year Ended December 31	(Amounts in Dollars)
2002	107,475
2003	107,475
2004	107,475
	<u>322,425</u>

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2001, of all governmental units which provide services within the County's boundaries, and which must be borne by properties in the County, is summarized below:

	(Amounts in Dollars)		
	Outstanding	Percentage Applicable to the County	County Share of Debt
Direct Debt			
St. Louis County	33,676,073	100.00	33,676,073
Overlapping Debt			
School Districts	19,480,000	44.92	8,750,376
Western Lake Superior Sanitary District	55,913,442	81.17	45,384,941
Underlying Debt			
Cities	121,042,609	100.00	121,042,609
School Districts	111,970,061	100.00	111,970,061
Towns	2,410,487	100.00	2,410,487
Duluth Entertainment and Convention Center	6,490,000	100.00	6,490,000
Virginia Housing and Redevelopment Authority	1,665,000	100.00	1,665,000
Total	352,647,672		331,389,547

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

Lease Obligations

Operating Leases

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

The following is a summary of the operating lease expense for 2001:

Type of Property	Amount
Rental of office space and parking facilities	\$ 1,553,664
Data processing software	639,608
Vehicles	12,263
Total rental expense	\$2,205,535

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2001:

Year Ended	Amount
2002	\$ 2,253,278
2003	2,255,726
2004	2,258,180
2005	2,260,643
2006	2,263,173
Total future minimum lease payments	\$ 11,291,000

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

Capital Leases

Capitalized leases of the County at December 31, 2001, consist of office equipment and office space as shown below:

(Amounts in Dollars)			
Type of Property	General Fixed Assets	Management Information System Internal Service Fund	Total
Office equipment	16,875	55,752	172,627
Office space	4,371,071	-	4,371,071
Maintenance facility	1,337,796	-	1,337,796
Less: Accumulated depreciation	-	(17,655)	(17,655)
Carrying value	5,825,742	38,097	5,863,839

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at December 31, 2001:

(Amounts in Dollars)			
December 31	General Long-Term Debt	Management Information System Internal Service Fund	Total
2002	560,642	10,470	571,112
2003	567,304	10,470	577,774
2004	88,044	10,470	98,514
2006	85,902	4,362	90,264
2006	85,813	-	85,813
2007 - 2012	511,875	-	511,875
Total minimum lease payments	1,899,580	35,772	1,935,352
Less: Amount representing interest	315,950	-	315,950
Present value of future minimum lease payments	1,583,630	35,772	1,619,402

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

Construction Commitments

At December 31, 2001, the County had construction commitments as follows:

(Amounts in Dollars)

	Authorized Projects	Expended to Date	Commitments	Required Further Financing
Sheriff Rescue Squad & EOC facility	1,000,000	778,229	221,771	-
Virginia 911 & Public Works Addition	1,500,000	917,619	582,381	-
County-MNDOT joint use facility	5,500,000	3,335,092	2,164,908	1,750,000
Court Administration filing system	95,000	38	94,962	-
Hibbing Courthouse improvements	600,000	9,385	590,615	-
Duluth Courthouse HVAC & electrical	2,800,000	490,733	2,309,267	-
Virginia Courthouse improvements	150,000	1,602	148,398	-
Duluth courts remodeling	555,000	70,866	484,134	-
Solid Waste transfer station	1,259,645	620,370	639,275	-
Public Works Floodwood garage	48,485	38	48,447	-
Total	13,508,130	6,223,972	7,284,158	1,750,000

Contingent Liabilities

\$2,710,000 1995 State of Minnesota Duluth Airport Lease Revenue Bonds (St. Louis County Secured) Series 1995 E dated May 1, 1995, and due in annual installments of \$285,000 to \$405,000 on August 1, 1997, through August 1, 2004; interest at 4.9% to 5.6%. Under the terms of a lease agreement between the Duluth Economic Development Authority, lessor, and Northwest Airlines, Inc., a Minnesota Corporation, lessee, the lessee agrees to pay to the lessor when due all scheduled principal and interest on the bonds, except capitalized interest. The bonds are further secured by a mortgage lien on and security interest in the project and by a security interest in additional collateral pledged by the airlines; all of this additional security is subject to a variety of prior claims. The Trustee is also holding a reserve of \$60,913 remitted by St. Louis County. The reserve is to be used only in case of default in the payment of lease payments by the Airlines. The cash interest earned on the deposit is remitted to the County each year and the deposit is to be returned to the County when the bonds are defeased. The principal remaining on the issue at December 31, 2001, is \$1,150,000 and all payments

have been made timely. The Trustee is holding in the Bond Redemption Account approximately \$1.3 million in unspent construction funds which will be used to retire the debt. The bonds are not callable.

\$1,899,920 County General Obligation Reserve Fund Demand Note to Trustee. In order to establish the statutory reserve required for the 1995 State of Minnesota Duluth Airport Lease Revenue Bonds Series 1995 C, dated May 1, 1995, the County executed a General Obligation Reserve Fund Demand Note payable to the Trustee of the Series C Bonds for \$1,899,920. The payment is to be made by the County only in case of a default on a lease agreement between the Duluth Economic Development Agency and Northwest Airlines, Inc., a Minnesota Corporation. The County collateralized the Note with a pledge of its future state aids. In the event that the anticipated annual state aid payments to the County should decrease to a level below \$1,899,920 the County is obligated to pledge substitute collateral in a form that is acceptable to the State of Minnesota. The Note will expire when the bonds are defeased, which according to the debt service schedule, will occur in the year 2014.

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

However, a large balloon payment is due in that year and if the issue is refunded, the note will be continued until the refunding issue is defeased.

Risk Management

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

The Property, Casualty, Liability Insurance Fund covers claims and judgments against the County, including administrative expenses and expenses for third-party coverage. All risk, except fire and property damage to major structures is assumed. Maximum third-party coverage for property damage is limited to the estimated value of the property. No claims have exceeded coverage. Premiums are charged to other County funds on the historical basis and are reported as quasi-external transactions. The estimated liability at year end is based on a case-by-case evaluation by the County Attorney's Office and is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County Attorney's Office estimated settlements to be \$769,100 at December 31, 2001, for various cases considered reasonably possible losses to the County. This amount is not reflected in the financial statements.

The Workers' Compensation Insurance Fund

covers workers' compensation claims up to \$1,320,000 per single loss occurrence. At that point the County is covered for losses by the Workers' Compensation Reinsurance Association, an organization created by Minnesota statutes in 1979 to implement a mandatory program of reinsurance for workers' compensation liability risks in the State of Minnesota for losses occurring on or after October 1, 1979. The Association provides full indemnification for the County for claims arising under Minn. Stat. Chapter 176 (2000) in excess of the \$1,320,000 retention limit. The County has increased that limit to \$1,400,000 for 2002. The estimated liability for workers' compensation reported in the Fund is based on a case-by-case examination of claims filed through December 31, 2001, and is consistent with the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimated liability for claims payable at year end is present valued at 1.8%. The activities of the Fund are supported by premiums from County funds which have personnel; the premiums are based on historical costs and are reported as quasi-external transactions. A portion of the premiums is for the administrative costs and reinsurance costs which are paid from the Fund; a portion of the premiums is for the provision for expected future catastrophic losses.

The Medical/ Dental Insurance Fund covers medical and dental expenses incurred by the County employees, dependents, and retirees, including the costs of claims management by a third party administrator and the cost of an insurance consultant. Premiums include a provision for stop-loss insurance and administrative expenses and are based on anticipated claims and available retained earnings. The County carries individual-specific stop loss insurance for claims that

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

exceed \$200,000 per year per employee contract. All County funds with personnel are charged for the County's share of premiums for employees and these charges are reported as quasi-external transactions.

Employees contribute a share of the premiums from payroll deductions; premiums for retirees are paid for in part by other County funds and in part by the retirees themselves. The liability at year end is an actuarial calculation by the third party administrator; it includes a reasonable

provision for incurred but not reported claims and is consistent with the provisions of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability **has** been incurred at the date of the financial statements and the amount of the **loss** can be reasonably estimated.

Changes in the funds' claims liability amounts during 2000 were:

	(Amounts in Dollars)		
	Property, Casualty, Liability Insurance Fund	Workers' Compensation Insurance Fund	Medical/Dental Insurance Fund
Beginning of fiscal year liability for claims	152,090	5,135,999	2,223,072
Restatement of beginning balance		(2,654,657)	
Current year claims and changes in estimates	224,729	1,773,708	14,139,652
Claim payments	(232,496)	(1,727,581)	(14,240,787)
Balance of claims payable at fiscal year end	144,323	2,527,469	2,121,937

Changes in the funds' claims liability amounts during 2001 were:

	(Amounts in Dollars)		
	Property, Casualty, Liability Insurance Fund	Workers' Compensation Insurance Fund	Medical/Dental Insurance Fund
Beginning of fiscal year liability for claims	144,323	2,527,469	2,121,937
Current year claims and changes in estimates	525,910	4,008,012	16,859,355
Claim payments	268,675	1,542,135	16,968,624
Balance of claims payable at fiscal year end	401,558	4,993,346	2,012,668

St. Louis County, Minnesota
Notes to the Financial Statements
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Retirement Plan

Plan Description

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

Public Employees Retirement Fund members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are members of the Local Government Correctional Service Retirement Fund.

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

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a

level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. For a Coordinated Plan member the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For the Public Employees Police and Fire Fund members, the annuity accrual rate is 3 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for Local Government Correctional Service Retirement Fund members.

For all Public Employees Police and Fire Fund members, Local Government Correctional Service Retirement Fund members and Public Employees Retirement Fund members whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A normal annuity is a lifetime annuity that ceases upon the death of the retiree; no survivor annuity is payable. Also available are various types of joint and survivor annuity options that will reduce the monthly normal annuity amount, because the annuity is payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

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

The PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Local Government Correctional Service Retirement Fund. That report may be obtained by writing to PERA, 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-1855, or by calling (651) 296-7460 or 1-800-652-9026.

Funding Policy

Minn. Stat. ch. 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 8.75 and 4.75 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 6.2 percent of their annual covered salary. Local Government Correctional Service Retirement Fund members are required to contribute 5.83 percent of their annual covered salary.

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

Public Employees Retirement Fund	
Basic Plan Members	11.43%
Coordinated Plan Members	5.18%
Public Employees Police and Fire Fund	9.30%
Local Government Correctional Service Retirement Fund	8.75%

The County's contributions for the years ending December 31, 2001, 2000, and 1999, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Local Government Correctional Service Retirement Fund were:

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Local Government Correctional Service Retirement Fund
2001	\$4,414,620	\$620,855	\$345,447
2000	4,240,957	591,803	311,630
1999	4,154,678	694,761	227,524

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

Member and employer contribution rates for Basic and Coordinated Plan members will increase by 0.35 percent effective January 2002.

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

Interfund Assets/Liabilities

Interfund Receivable/Payable

Receivable Fund	Payable Fund	Amount
General	Special Revenue -	
	Community Development Block Grant	\$ 119,786
	Northeast Minnesota Housing Consortium	38,981
	Forfeited Tax Sale	523,081
	Internal Service -	
	Workers' Compensation Insurance	94,721
	Total	\$ 776,569

Transfers Between Funds

Operating Transfers Out	Operating Transfers in	Debit	Credit
General		\$ 545,221	\$
	Special Revenue -		
	Forest Resources		30,000
	Debt Service -		
	Babbitt Facility Refunding		100,811
	Enterprise -		
	Chris Jensen		279,128
	Nopemung		135,282
Special Revenue -			
Babbitt Facility		239,171	
	Debt Service -		
	Babbitt Facility Refunding		239,171
Trust -			
Shoreline Sales		322,425	
	Special Revenue -		
	Forest Resources		322,425
	Total	\$ 1,106,817	\$ 1,106,817

Residual Equity Transfer Out	Residual Equity Transfer In	Debit	Credit
General		\$ 1,099,688	\$
Special Revenue -			
Road and Bridge		288,663	
Social Services		786,859	
Forfeited Tax Sale		60,429	
	Internal Service -		
	Retired Employees' Health Insurance		2,235,639
	Total	\$ 2,235,639	\$2,235,639

The Retired Employees Health Insurance Internal Service Fund shows this amount as an increase in the liability account – compensated absences payable. This does not show as a residual equity transfer in, because it was established as compensated absences payable.

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

C. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The following funds had expenditures in excess of budget:

	Expenditures	Budget	Excess
Babbitt Facility Special Revenue Fund	\$25,276	\$ -	\$25,276
Hibbing Public Works Bond Debt Service Fund	\$80,743	\$80,341	\$ 402

Note 3. Segments of Enterprise Activities

Six services provided by the County are financed by user charges. These services are:

Solid Waste Management - Solid Waste Management includes the operations of the County's landfills, transfer stations and recycling centers, as well as the capital financing for these projects.

Chris Jensen - Chris Jensen is a nursing home and rehabilitation facility for the public.

Nopeming - Nopeming is a nursing home facility for the public.

Community Foods - Community foods includes the operation of providing meals for participants in various programs administered by the Social Services Department.

Laundry - Laundry includes operations of a laundry facility serving various County departments and other agencies.

Supervised Living Facilities - Supervised Living Facilities include the operation to enable elderly and/or handicapped individuals to maintain a degree of independence.

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

The key financial data for the year ended December 31, 2001, for these ~~six~~ services are:

	(Amounts in Dollars)						
	Solid Waste Management	Chris Jensen	Nopeming	Community Foods	Laundry	Supervised Living Facilities	Total Enterprise Funds
Operating revenues	4,856,333	13,570,195	9,323,413	1,184,019	1,161,041	880,215	30,975,216
Depreciation expense	429,818	217,503	236,839		46,082	900	931,142
Operating income (loss)	(25,635)	173,784	(254,501)	(167,827)	(82,319)	293,391	(63,107)
Taxes	13,526	881	678				15,085
Grants	539,424			-	-		539,424
Operating transfers in		279,128	135,282				414,410
Net income (loss)	1,252,082	453,793	(118,541)	(167,827)	(82,319)	293,391	1,630,579
Fixed asset additions	879,125	102,263					981,388
Fixed asset deletions	554,397	320,144	393,089		83,122	4,797	1,355,549
Net working capital	13,235,461	1,005,712	451,898	340,246	255,154	615,475	15,903,946
Total assets	26,441,978	6,058,128	3,527,202	408,926	1,139,103	654,825	38,230,162
Long-term liabilities							
Payable from operating revenues	1,629,409	764,211	465,602	142,426	299,239	190,045	3,490,932
Payable from other sources	803,743						803,743
Total equity	22,454,264	4,437,487	2,498,185	197,820	778,760	431,730	30,798,246

St. Louis County, Minnesota
Notes to the Financial Statements
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Note 4. Joint Ventures

Arrowhead Regional Corrections

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

Arrowhead Regional Corrections is financed through state grants and contributions from the participating counties. During 2000, (the most recent available), county contributions were in the following proportion:

Carlton County	10.30%
Cook County	1.19%
Koochiching County	2.40%
Lake County	2.63%
St. Louis County	83.48%
	<hr/>
Total	<u>100.00%</u>

St. Louis County provided \$9,226,061 in funding during 2001. Separate financial information can be obtained from:

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

A summary of the financial information of Arrowhead Regional Corrections for the year ended December 31, 2000, (the most recent available), excluding general fixed assets of

\$9,564,792, and general long-term debt of \$2,939,502 was:

Total Assets	\$3,108,207
Total Liabilities	1,083,900
Total Fund Equity	2,024,307
Total Revenues	16,873,498
Total Expenditures	16,551,312
Increase (decrease) in Fund Balance	322,186

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. 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 federal and state grants. St. Louis County provided no funding to this organization during 2001.

A summary of the financial information of the Community Health Services Board for December 31, 2000, (the most recent available) excluding general fixed assets of \$13,776, and general long-term debt of \$6,846, is:

Total Assets	\$ 219,769
Total Liabilities	176,556
Total Fund Equity	43,213
Total Revenues	2,246,777
Total Expenditures	2,248,248
Increase (decrease) in Fund Balance	(1,471)

St. Louis County, Minnesota
Notes to the Financial Statements
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Separate financial information can be obtained from:

Carlton Cook, Lake, and St. Louis Counties
 Community Health Board
 325 South Lake Avenue
 Duluth, Minnesota 55802

Regional Railroad Authority

The St. Louis and Lake Counties Regional Railroad Authority was established under the Regional Railroad Authorities Act, Minn. Stat. § 398A.03. It is governed by a Board composed of three members from the St. Louis County Board of Commissioners and two members from the Lake County Board of Commissioners. St. Louis County is the fiscal agent for the Railroad Authority and all of its financial transactions are recorded in the County Regional Railroad Authority Agency Fund. Financing is obtained through a tax levy, and federal, state and local grants or participation. St. Louis County provided no funding to this organization during 2001.

A summary of the financial information of the Regional Railroad Authority for the year ended December 31, 2000, (the most recent available) excluding general fixed assets of \$1,673,618, and general long-term debt of \$376, is:

Total Assets	\$ 966,359
Total Liabilities	125,271
Total Fund Equity	841,088
Total Revenues	1,115,031
Total Expenditures	1,116,079
Increase (decrease) in Fund Balance	(1,048)

Separate financial information can be obtained from:

St. Louis & Lake Counties Regional Railroad Authority
 Northland Office Center
 307 South First Street, Room 113
 Virginia, Minnesota 55792

Northeast Minnesota Office of Job Training

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

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

A summary of the financial information of Northeast Minnesota Office of Job Training's funds for the fiscal year ended June 30, 2001, excluding general fixed assets of \$541,991 and general long-term debt of \$522,201 was:

Total Assets	\$1,581,187
Total Liabilities	384,259
Total Fund Equity	1,196,928
Total Revenues	6,656,875
Total Expenditures/ Expenses	6,804,703
Increase (decrease) in Fund Balance	(147,828)

Separate financial information can be obtained from:

Northeast Minnesota Office of Job Training
 820 North Ninth Street, Suite 200
 Virginia, Minnesota 55792

St. Louis County, Minnesota
Notes to the Financial Statements
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Northern Counties Land Use Board

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

The joint powers are the Counties of Cook, Itasca, Koochiching, Lake, Lake of the Woods, and St. Louis. Three elected county commissioners from St. Louis County and two from each of the other counties comprise the membership of the Board. St. Louis County handles all of the financial transactions for this organization through its Northern Counties Land Use Board Agency Fund. St. Louis County provided \$3,750 in funding during 2001. A summary of the financial information of Northern Counties Land Use Board for the fiscal year ended December 31, 2000, (the most recent available) is:

Total Assets	\$ 13,585
Total Liabilities	1,995
Total Fund Equity	11,590
Total Revenues	37,362
Total Expenditures	49,963
Increase (decrease) in Fund Balance	(12,601)

Separate financial information can be obtained from:

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

Minnesota Counties Information Systems

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

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

A summary of the financial information of Minnesota Counties Information System's funds for the fiscal year ended December 31, 2000, excluding general fixed assets of \$370,081 and general long-term debt of \$96,699 was:

Total Assets	\$493,071
Total Liabilities	102,267
Total Fund Equity	390,804
Total Revenues	1,650,535
Total Expenditures	1,439,017
Increase (decrease) in Fund Balance	211,518

Separate financial information can be obtained from:

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

Dufuth Area Family Service Collaborative

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

Control of the Collaborative is vested in a Board of Directors. The County has one member on the Board. Financing is provided by state and federal grants, appropriations from the Collaborative members, and miscellaneous revenues. St. Louis County

St. Louis County, Minnesota
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provided no funding to the Collaborative during 2001. St. Louis County is the fiscal agent for the Collaborative which is accounted for in the Duluth Area Family Service Collaborative Agency Fund. A summary of financial information of the Collaborative for the year ended December 31, 2001, is:

Total Assets	\$40,712
Total Liabilities	-
Total Fund Equity	40,712
Total Revenues	-
Total Expenditures	9,131
Increase (decrease) in Fund Balance	(9,131)

Total Assets	\$ 116,237
Total Liabilities	-
Total Fund Equity	116,237
Total Revenues	183,922
Total Expenditures	118,410
Increase (decrease) in Fund Balance	65,512

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

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

Northern St. Louis County Family Service Collaborative

The Northern St. Louis County Family Service Collaborative was established pursuant to Minn. Stat. § 124D.23. The Collaborative includes St. Louis County and Independent School District No. 2142. The purpose of the Collaborative is to improve the lives of families and children through efforts focused on prevention and early intervention. The Collaborative seeks to empower parents and families to solve their own problems through support, information, skill building, and advocacy.

Control of the Collaborative is vested in a Board of Directors. Financing is provided by state and federal grants, appropriations from the Collaborative members, and miscellaneous revenues. St. Louis County provided no funding to the Collaborative during 2001. St. Louis County is the fiscal agent for the Collaborative which is accounted for in the Northern St. Louis County Family Service Collaborative Agency Fund. A summary of financial information of the Collaborative for the year ended December 31, 2001, is:

St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

Note 5. Summary of Significant Contingencies and Other Items

Claims and Litigation

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

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

Management Agreement

The County has a management contract with the St. Louis County Heritage and Arts Center which allows the Center to occupy a County-owned building known as the Depot; the Center is also authorized by the County to allocate space to non-profit organizations. The Center does not pay a fee to the County, but does pay for part of the annual utilities and part of the building insurance, as well as other maintenance and ordinary repairs. A similar management contract has been in existence since 1973.

In the 1970's, both the County and the Center spent funds for construction of a Performing Arts Center which became part of the Depot. Both entities have spent additional funds since that time for remodeling and capital repairs to other areas of the Depot. It is anticipated that this dual funding arrangement will continue for years to come.

The Center has informed the County that it will carry and depreciate as leasehold

improvements any capital expenditures that it has made from funds which did not come from the County. The county carries as a General Fixed Asset, the original cost of the building and the subsequent capital improvements that it has financed.

Should the management agreement with the Center be terminated at some point, the County will add the Center's capital expenditures for the building to the carrying value of the asset.

Further information regarding the Center's leasehold improvements can be obtained from:

St. Louis County Heritage and Arts Center
 506 West Michigan Street
 Duluth, Minnesota 55802

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, 2001:

courts	\$405,925
Sheriff	57,042
Social Services	
Social Welfare	1,249,040
SSI Dedicated	14,499
Estate	324,156
Total	\$2,050,662

Settlements Held By the Court for Minors

The Court Administrator, at December 31, 2001, held investments for individuals who have not reached the age of majority. These investments have a combined face value of \$5,810,110 and are not included in the County's financial statements.

St. Louis County, Minnesota
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Conduit Debt

On May 1, 1992, the St. Louis County Housing and Redevelopment Authority (HRA), a blended component unit of St. Louis County, issued \$540,000 in Fire Hall Lease Certificates of Participation to finance the construction of a fire hall in the Town of Rice Lake, Minnesota. The St. Louis County HRA holds title to the land; the Township makes rental payments equal to debt service on the Certificates to Western National Bank of Duluth, as escrow agent, pursuant to a lease purchase agreement for the project, with the St. Louis County HRA as Lessor and the Township as Lessee. The Certificates mature on May 1, 1993, through May 1, 2007, and bear interest of 4.50% to 7.00%. The County has no obligation for debt service on Certificates, which do not constitute a pledge of the full faith and credit or taxing power of the County. The principal balance outstanding for the debt is \$280,000.

Financial Condition

The County has two Enterprise Funds that function as Medicare Care Facilities. They are the Chris Jensen Health and Rehabilitation Center and the Nopeming Care Center. For the last three years the combined operating loss at the facilities was \$824,367. Chris Jensen Health and Rehabilitation Center had operating income of \$173,784 while Nopeming Care Center had an operating loss of \$254,501 for the year ended December 31, 2001.

Operating transfers from the St. Louis County General Fund for the last three years have provided the facilities with \$964,125 in cash. Chris Jensen Health and Rehabilitation Center received \$279,128 for 2001 and \$284,401 for 2000, while the Nopeming Care Center needed \$135,282 in 2001 and another \$279,950 in 1999, while repaying \$14,637 in 2000. These transfers were needed to finance daily operations of the Centers.

In August 2001 the County Board directed the County Administrator to develop a plan to address the long term care needs of St. Louis County.

Subsequent Events

On February 26, 2002, the St. Louis County Board voted to close the Nopeming Care Center pursuant to Minnesota Statutes. The closure process is projected to be completed by the end of the year. Chris Jensen Health and Rehabilitation Center will establish a special care unit and insure that any Nopeming Care Center dementia unit resident who wishes to transfer to that unit be allowed to do so.

On March 26, 2002 the County Board passed a resolution authorizing the redemption of \$1,375,000 in General Obligation Refunding Bonds, Series 1993A, original issue of \$2,920,000 and the redemption of \$985,000 in General Obligation Solid Waste bonds, Series 1993B, original issue of \$5,535,000. The bonds have been called for redemption and prepayment on June 1, 2002.

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St. Louis County, Minnesota
Notes to the Financial Statements
December 31, 2001

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Reader's notes:

General Fund

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund.

ST. LOUIS COUNTY, MINNESOTA
BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2001

Assets	
Cash and cash equivalents	\$ 29,554,156
Assets held by escrow agent	60,913
Receivables	
Taxes	
Delinquent	1,545,591
Accounts	367,245
Accrued interest	708,663
Loans	638,387
Interfund receivable	776,569
Due from other governments	1,071,518
	<u>1,071,518</u>
Total Assets	<u>\$ 34,723,042</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 751,099
Salaries payable	1,750,800
Compensated absences payable	310,269
Due to other governments	362,006
Deferred revenue	1,873,496
	<u>1,873,496</u>
Total Liabilities	<u>\$ 5,047,670</u>
Fund Balance	
Reserved for change funds	\$ 34,000
Reserved for noncurrent loans	465,084
Reserved for economic development	455,818
Reserved for encumbrances	456,451
Reserved for recorder's equipment	90,932
Reserved for escrow cash	60,913
Reserved for communications	552,112
Reserved for extension service	204,989
Reserved for missing heirs	204,956
Reserved for soil erosion	1,800
Reserved for exchange of land	22,798
Reserved for tax certificate assurance	193,542
Reserved for attorney forfeitures	249,563
Reserved for sheriff forfeitures	112,305
Reserved for sheriff fines	3,848
Unreserved	
Designated for parking	348,917
Designated for Hibbing Fairgrounds	523,536
Designated for Hibbing Raceway	15,957
Designated for vested sick leave	2,628,232
Designated for vesting sick leave	1,687,271
Designated for cash flow	18,264,626
Designated for emergency contingency	5,942
Designated for cash flow - Medical Care Facilities	735,875
Designated for 2002 budget	1,546,446
Designated for unrealized investment gains	420,867
Undesignated	388,592
	<u>388,592</u>
Total Fund Balance	<u>\$ 29,675,372</u>
Total Liabilities and Fund Balance	<u>\$ 34,723,042</u>

ST. LOUIS COUNTY, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GENERAL FUND

YEAR ENDED DECEMBER 31, 2001

Revenues		
Taxes	\$	38,808,442
Licenses and permits		135,230
Intergovernmental		16,564,835
Charges for services		6,099,737
Fines and forfeits		1,770,230
Earnings on investments		4,053,126
Gifts and contributions		15,170
Miscellaneous		975,983
Total Revenues	\$	<u>68,422,753</u>
Expenditures		
Current		
General government	\$	26,049,479
Public safety		20,656,775
Health		6,490,938
Welfare		320,638
Culture and recreation		1,253,810
Conservation of natural resources		977,592
Economic development		20,000
Total Current	\$	<u>55,769,232</u>
Capital outlay		
General government	\$	56,293
Public safety		727,046
Health		6,934
Culture and recreation		124,180
Total Capital Outlay	\$	<u>914,453</u>
Debt service		
Principal	\$	97,380
Interest and fiscal charges		6,619
Total Debt Service	\$	<u>103,999</u>
Intergovernmental		
Public safety	\$	9,226,061
Total Expenditures	\$	<u>66,013,745</u>
Excess of Revenues Over (Under) Expenditures	\$	<u>2,409,008</u>
Other Financing Sources (Uses)		
Operating transfers out		<u>(545,221)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$	1,863,787
Fund Balance - January 1		28,911,273
Equity transfer out		<u>(1,099,688)</u>
Fund Balance - December 31	\$	<u><u>29,675,372</u></u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2001

	Original Budget	Final Budget	Actual			Variance Favorable (Unfavorable)
			Current Expenditures	Encumbrances	Total	
Revenues						
Taxes	\$ 32,943,430	\$ 37,648,055			\$ 38,808,442	\$ 1,160,387
Licenses and permits	128,570	124,070			135,230	11,160
Intergovernmental	18,670,722	17,109,498			16,564,835	(544,663)
Charges for services	6,017,019	5,843,952			6,099,737	255,785
Fines and forfeitures	1,630,909	1,625,909			1,770,230	144,321
Earnings on investments	2,800,000	2,810,789			4,053,126	1,242,337
Gifts and contributions	-	36,686			15,170	(21,516)
Miscellaneous	488,600	664,631			975,983	311,352
Total Revenues	\$ 62,679,250	\$ 65,863,590			\$ 68,422,753	\$ 2,559,163
Expenditures						
General government						
Commissioners						
Personnel services	\$ 680,064	\$ 625,647	\$ 608,956	\$ -	\$ 608,956	\$ 16,691
Other operating	111,026	173,827	173,077		173,077	750
Total commissioners	\$ 791,090	\$ 799,474	\$ 782,033	\$ -	\$ 782,033	\$ 17,441
County administrator						
Personnel services	\$ 193,087	\$ 252,471	\$ 245,519	\$ -	\$ 245,519	\$ 6,952
Other operating	181,968	137,319	99,528	681	100,209	37,110
Capital outlay	4,500					
Total county administrator	\$ 379,555	\$ 389,790	\$ 345,047	\$ 681	\$ 345,728	\$ 44,062
Intergovernmental affairs						
Personnel services	\$ 105,392	\$ 108,902	\$ 104,295	\$ -	\$ 104,295	\$ 4,607
Other operating	171,143	188,800	162,862	13,500	176,362	12,438
Total intergovernmental affairs	\$ 276,535	\$ 297,702	\$ 267,157	\$ 13,500	\$ 280,657	\$ 17,045
Planning and research						
Personnel services	\$ 228,667	\$ 234,390	\$ 171,156	\$ -	\$ 171,156	\$ 63,234
Other operating	94,918	102,227	79,124		79,124	23,103
Capital outlay	3,500					
Total planning and research	\$ 327,085	\$ 336,617	\$ 250,280	\$ -	\$ 250,280	\$ 86,337
Labor relations						
Other operating	\$ 45,760	\$ 45,760	\$ 29,521	\$ -	\$ 29,521	\$ 16,239
Planning and zoning						
Personnel services	\$ 757,279	\$ 813,680	\$ 808,367	\$ -	\$ 808,367	\$ 5,313
Other operating	364,206	454,187	366,668	5,770	372,438	81,749
Capital outlay	67,426	60,426				60,426
Total planning and zoning	\$ 1,188,911	\$ 1,328,293	\$ 1,175,035	\$ 5,770	\$ 1,180,805	\$ 147,488
Public defenders						
Other operating	\$ 60,438	\$ 60,438	\$ 51,456	\$ -	\$ 51,456	\$ 8,982
Court administrator						
Personnel services	\$ 4,109,744	\$ 4,199,661	\$ 4,080,422	\$ -	\$ 4,080,422	\$ 119,239
Other operating	815,035	702,928	702,036	662	702,698	230
Capital outlay	36,500	21,500				21,500
Total court administrator	\$ 4,961,279	\$ 4,924,089	\$ 4,782,458	\$ 662	\$ 4,783,120	\$ 140,969
Examiner of titles						
Personnel services	\$ 133,623	\$ 137,611	\$ 137,585	\$ -	\$ 137,585	\$ 26
Other operating	12,558	7,835	7,815		7,815	20
Total examiner of titles	\$ 146,181	\$ 145,446	\$ 145,400	\$ -	\$ 145,400	\$ 46
County attorney						
Personnel services	\$ 2,678,631	\$ 2,863,061	\$ 2,833,646	\$ -	\$ 2,833,646	\$ 29,415
Other operating	478,254	356,541	129,501	18,067	147,568	208,973
Capital outlay	88,900	88,900				88,900
Total county attorney	\$ 3,245,785	\$ 3,308,502	\$ 2,963,147	\$ 18,067	\$ 2,981,214	\$ 327,288
Subtotal	\$ 11,422,619	\$ 11,636,111	\$ 10,791,534	\$ 38,680	\$ 10,830,214	\$ 805,897

(continued)

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2001

Expenditures (Continued)	Original Budget	Final Budget	Actual			Variance Favorable (Unfavorable)
			Current Expenditures	Encumbrances	Total	
General government						
Law library						
Other operating	\$ -	\$ 118,645	\$ 117,296	\$ 1,349	\$ 118,645	\$
County auditor						
Personnel services	\$ 2,989,257	\$ 3,068,277	\$ 3,058,403	\$ -	\$ 3,058,403	\$ 9,874
Other operating	847,146	836,710	735,138	21,377	756,515	80,195
Capital outlay	9,000	18,000				18,000
Debt service						
Principal		6,208	6,208		6,208	
Interest and fiscal charges		422	422		422	
Total county auditor	\$ 3,845,403	\$ 3,929,617	\$ 3,800,171	\$ 21,377	\$ 3,821,548	\$ 108,069
Data processing						
Other operating	\$ 1,622,635	\$ 1,622,635	\$ 1,622,635	\$ -	\$ 1,622,635	\$
County assessor						
Personnel services	\$ 1,637,917	\$ 1,674,638	\$ 1,672,608	\$ -	\$ 1,672,608	\$ 2,030
Other operating	313,064	301,541	288,444	4,453	292,897	8,644
Total county assessor	\$ 1,950,981	\$ 1,976,179	\$ 1,961,052	\$ 4,453	\$ 1,965,505	\$ 10,674
Purchasing						
Personnel services	\$ 440,524	\$ 396,969	\$ 387,224	\$ -	\$ 387,224	\$ 9,745
Other operating	144,267	127,983	84,187	5,411	89,598	38,385
Debt service						
Principal		3,292	3,292		3,292	
Interest and fiscal charges		224	224		224	
Total purchasing	\$ 584,791	\$ 528,468	\$ 474,927	\$ 5,411	\$ 480,338	\$ 48,130
Microfilming						
Personnel services	\$ 161,468	\$ 168,214	\$ 168,142	\$ -	\$ 168,142	\$ 72
Other operating	30,966	26,371	23,952		23,952	2,419
Total microfilming	\$ 192,434	\$ 194,585	\$ 192,094	\$ -	\$ 192,094	\$ 2,491
Recorder						
Personnel services	\$ 1,175,175	\$ 1,201,006	\$ 1,182,365	\$ -	\$ 1,182,365	\$ 18,641
Other operating	274,911	329,757	318,907	781	319,688	10,069
Capital outlay	42,000	12,000	7,800		7,800	4,200
Total recorder	\$ 1,492,086	\$ 1,542,763	\$ 1,509,072	\$ 781	\$ 1,509,853	\$ 32,910
Surveyor						
Personnel services	\$ 750,565	\$ 768,164	\$ 718,654	\$ -	\$ 718,654	\$ 49,510
Other operating	112,472	104,866	71,599	32,277	103,876	990
Capital outlay	40,000	33,650	11,620		11,620	22,030
Total surveyor	\$ 903,037	\$ 906,680	\$ 801,873	\$ 32,277	\$ 834,150	\$ 72,530
Civil service						
Personnel services	\$ 893,177	\$ 950,338	\$ 949,967	\$ -	\$ 949,967	\$ 371
Other operating	329,655	327,564	289,461	545	290,006	37,558
Capital outlay	28,530	16,530			16,530	16,530
Total civil service	\$ 1,251,362	\$ 1,294,432	\$ 1,239,428	\$ 545	\$ 1,239,973	\$ 54,459
Veteran's service						
Personnel services	\$ 512,504	\$ 524,232	\$ 517,086	\$ -	\$ 517,086	\$ 7,146
Other operating	83,197	87,409	51,082		51,082	36,327
Capital outlay	8,000					
Total veteran's service	\$ 603,701	\$ 611,641	\$ 568,168	\$ -	\$ 568,168	\$ 43,473
Port authority						
Other operating	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$
Elections						
Other operating	\$ 36,000	\$ 36,000	\$ 25,921	\$ -	\$ 25,921	\$ 10,079
Capital outlay	6,000	6,000				6,000
Total elections	\$ 42,000	\$ 42,000	\$ 25,921	\$ -	\$ 25,921	\$ 16,079
Subtotal	\$ 12,538,430	\$ 12,817,645	\$ 12,362,637	\$ 66,193	\$ 12,428,830	\$ 388,815

(continued)

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2001

Schedule 3
 (Continued)

Expenditures (Continued)	Original Budget	Final Budget	Actual			Variance Favorable (Unfavorable)
			Current Expenditures	Encumbrances	Total	
General government						
Courthouses						
Personnel services	\$ 1,792,977	\$ 1,905,866	\$ 1,905,866	\$ -	\$ 1,905,866	\$ -
Other operating	847,171	738,246	722,838	2,560	725,398	12,848
Total courthouses	\$ 2,640,148	\$ 2,644,112	\$ 2,628,704	5 2,560	\$ 2,631,264	\$ 12,848
Employee training						
Personnel services	\$ 106,934	\$ 108,154	\$ 92,291	\$ -	\$ 92,291	\$ 15,863
Other operating	156,576	155,945	40,222		40,222	115,723
Total employee training	\$ 263,510	5 264,099	\$ 132,513	\$ -	\$ 132,513	\$ 231,586
Parking ramp						
Personnel services	\$ 3,650	\$ 4,614	\$ 4,614	\$ -	\$ 4,614	\$ -
Other operating	70,115	74,546	72,410		72,410	2,136
Capital outlay		31,424	31,424		31,424	
Total parking ramp	\$ 73,765	\$ 110,584	\$ 108,448	\$ -	\$ 108,448	\$ 2,136
Missing heirs						
Other operating	\$ -	\$ 348	\$ 348	\$ -	\$ 348	\$ -
Town aid						
Other operating	\$ 5,500	\$ 5,500	\$ 5,500	\$ -	\$ 5,500	\$ -
Total General Government	\$ 26,943,972	\$ 27,478,399	\$ 26,029,684	\$ 107,433	\$ 26,137,117	\$ 1,341,282
Public safety						
Jail building						
Personnel services	\$ 291,592	\$ 294,279	\$ 293,896	\$ -	\$ 293,896	\$ 383
Other operating	301,715	308,384	308,384		308,384	
Capital outlay	175					
Total jail building	\$ 593,482	\$ 602,663	\$ 602,280	\$ -	\$ 602,280	\$ 383
Sheriff						
Personnel services	\$ 6,714,296	\$ 7,081,968	\$ 7,065,540	\$ -	\$ 7,065,540	\$ 16,428
Other operating	1,765,823	2,540,363	2,020,617	47,125	2,067,742	472,621
Capital outlay	418,200	617,737	572,113		572,113	45,624
Total sheriff	\$ 8,898,319	\$ 10,240,068	\$ 9,658,270	\$ 47,125	\$ 9,705,395	\$ 534,673
Boat and water safety						
Other operating	\$ 109,770	\$ 83,405	\$ 66,050	\$ 5,109	\$ 71,159	\$ 12,246
Capital outlay	15,000	49,200	19,926	28,585	48,511	689
Total boat and water safety	\$ 124,770	\$ 132,605	\$ 85,976	\$ 33,694	\$ 119,670	\$ 12,935
Medical examiner						
Other operating	\$ 292,000	\$ 334,270	\$ 334,093	\$ -	\$ 334,093	\$ 177
Rescue squad						
Other operating	\$ 75,380	\$ 96,614	\$ 96,444	\$ -	\$ 96,444	\$ 170
Capital outlay	38,000	31,716	31,716		31,716	
Total rescue squad	\$ 113,380	\$ 128,330	\$ 128,160	\$ -	\$ 128,160	\$ 170
Emergency management						
Personnel services	\$ 149,849	\$ 182,150	\$ 182,081	\$ -	\$ 182,081	\$ 69
Other operating	16,935	13,866	13,641		13,641	225
Capital outlay	2,000					
Total emergency management	\$ 168,784	\$ 196,016	\$ 195,722	\$ -	\$ 195,722	\$ 294
Radio maintenance						
Personnel services	\$ 284,717	\$ 303,664	\$ 303,581	\$ -	\$ 303,581	\$ 83
Other operating	140,360	145,531	135,379	9,093	144,472	1,059
Capital outlay	85,000	97,100	4,420	92,648	97,068	32
Total radio maintenance	\$ 510,077	\$ 546,295	\$ 443,380	\$ 101,741	\$ 545,121	\$ 1,174
Emergency communication						
Personnel services	\$ 1,936,578	\$ 2,325,265	\$ 2,325,214	\$ -	\$ 2,325,214	\$ 51
Other operating	234,854	217,575	217,244	331	217,575	
Total emergency communication	\$ 2,171,432	\$ 2,542,840	\$ 2,542,458	\$ 331	\$ 2,542,789	\$ 51
Subtotal	\$ 12,872,244	\$ 14,723,087	\$ 13,990,339	\$ 182,891	\$ 14,173,230	\$ 549,857

(continued)

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2001

	Original Budget	Final Budget	Actual			Variance Favorable (Unfavorable)
			Current Expenditures	Encumbrances	Total	
Expenditures (Continued)						
Public safety						
Jail prisoners						
Personnel services	\$ 3,873,906	\$ 4,050,642	\$ 4,050,632	\$ -	\$ 4,050,632	\$ 10
Other operating	1,422,263	1,470,743	1,447,813	11,584	1,459,397	11,346
Capital outlay	35,500	118,049	33,364	84,657	118,021	28
Total jail prisoners	\$ 5,331,669	\$ 5,639,434	\$ 5,531,809	\$ 96,241	\$ 5,628,050	\$ 11,384
Mine inspector						
Personnel services	\$ 219,370	\$ 223,871	\$ 200,111	\$ -	\$ 200,171	\$ 23,760
Other operating	36,776	35,053	19,224		19,224	15,829
Total mine inspector	\$ 256,146	\$ 258,924	\$ 219,335	\$ -	\$ 219,335	\$ 39,589
Risk management						
Other operating	\$ 2,517	\$ -	\$ -	\$ -	\$ -	\$ -
Ambulance service						
Other operating	\$ 54,590	\$ 53,331	\$ 53,260	\$ -	\$ 53,260	\$ 71
Law enforcement service						
Personnel services	\$ 603,943	\$ 603,943	\$ 578,212	\$ 1,558	\$ 579,770	\$ 24,173
Other operating	117,584	121,667	102,249		102,249	19,418
Capital outlay	27,000				-	
Total law enforcement service	\$ 748,527	\$ 725,610	\$ 680,461	\$ 1,558	\$ 682,019	\$ 43,591
Enhanced 9-1-1						
Other operating	\$ -	\$ 81,049	\$ 79,384	\$ 1,665	\$ 81,049	\$ -
Capital outlay		18,445		18,445	18,445	
Total law enhanced 9-1-1	\$ -	\$ 99,494	\$ 79,384	\$ 20,110	\$ 99,494	\$ -
City/County antenna site						
Other operating	\$ -	\$ 10,342	\$ 10,342	\$ -	\$ 10,342	\$ -
Volunteer fire department						
Other operating	\$ -	\$ 348,656	\$ 348,655	\$ -	\$ 348,655	\$ 1
Attorneys forfeitures						
Other operating	\$ -	\$ 15,143	\$ 15,143	\$ -	\$ 15,143	\$ -
Sheriffs forfeitures						
Other operating	\$ -	\$ 116,379	\$ 112,521	\$ 3,858	\$ 116,379	\$ -
Capital outlay		16,931	16,931		16,931	
Total sheriff forfeitures	\$ -	\$ 133,310	\$ 129,452	\$ 3,858	\$ 133,310	\$ -
Sheriff fines						
Other operating	\$ -	\$ 37,633	\$ 11,142	\$ 26,491	\$ 37,633	\$ -
Total sheriff fines	\$ -	\$ 37,633	\$ 11,142	\$ 26,491	\$ 37,633	\$ -
Total Public Safety	\$ 19,265,693	\$ 22,044,964	\$ 21,069,322	\$ 331,149	\$ 21,400,471	\$ 644,493
Health						
Administration						
Personnel services	\$ 883,088	\$ 899,944	\$ 899,937	\$ -	\$ 899,937	\$ 7
Other operating	875,633	845,105	831,427	2,191	833,618	11,487
Capital outlay	14,000	24,704				24,704
Debt service		70,829	70,829		70,829	
Principal		70,829	70,829		70,829	
Interest and fiscal charges		4,814	4,814		4,814	
Total administration	\$ 1,772,721	\$ 1,845,396	\$ 1,807,007	\$ 2,191	\$ 1,809,198	\$ 36,198
Nursing						
Personnel services	\$ 3,625,195	\$ 3,695,686	\$ 3,514,511	\$ -	\$ 3,514,511	\$ 181,175
Other operating	720,748	1,451,893	596,278	10,251	606,529	845,364
Capital outlay	3,500	7,000	6,934		6,934	66
Total nursing	\$ 4,349,443	\$ 5,154,579	\$ 4,117,723	\$ 10,251	\$ 4,127,974	\$ 1,026,605
Environmental health						
Personnel services	\$ -	\$ 564,896	\$ 336,606	\$ -	\$ 336,606	\$ 228,290
Other operating	9,544	51,800	46,617	5,000	51,617	183
Total environmental health	\$ 9,544	\$ 616,696	\$ 383,223	\$ 5,000	\$ 388,223	\$ 228,473
Subtotal	\$ 6,131,708	\$ 7,616,671	\$ 6,307,953	\$ 17,442	\$ 6,325,395	\$ 1,291,276

(continued)

**ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2001**

Expenditures (Continued)	Original Budget	Final Budget	Actual			Variance Favorable (Unfavorable)
			Current Expenditures	Encumbrances	Total	
Health						
Assessment & Evaluation						
Personnel services	\$ 550,015	\$ -	\$ -	\$ -	\$ -	\$ -
Other operating	33,455					
Capital outlay	8,200					
Total assessment & evaluation	<u>\$ 591,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Duluth Community Health Center						
Other operating	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ 20,000	\$ -
Center for American Indian Resources						
Other operating	\$ 29,250	\$ 29,250	\$ -	\$ -	\$ -	\$ 29,250
Cotton Landfill/Dump Clean-up						
Other operating	\$ -	\$ 226,112	\$ 183,780	\$ -	\$ 183,780	\$ 42,332
Occupational safety						
Personnel services	\$ 152,134	\$ 190,311	\$ 190,293	\$ -	\$ 190,293	\$ 18
Other operating	49,837	33,306	25,507	743	26,250	7,056
Capital outlay	3,500					
Total occupational safety	<u>\$ 205,471</u>	<u>\$ 223,617</u>	<u>\$ 215,800</u>	<u>\$ 743</u>	<u>\$ 216,543</u>	<u>\$ 7,074</u>
Total Health	<u>\$ 6,978,099</u>	<u>\$ 8,115,650</u>	<u>\$ 6,727,533</u>	<u>\$ 18,185</u>	<u>\$ 6,745,718</u>	<u>\$ 1,369,932</u>
Welfare						
School lunch						
Other operating	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	\$ 2,000	\$ -
Emergency shelter program						
Other operating	\$ 110,000	\$ 144,904	\$ 92,317	\$ -	\$ 92,317	\$ 52,587
Veterans' travel						
Other operating	\$ 2,400	\$ -	\$ -	\$ -	\$ -	\$ -
Community Service Contingency						
Other operating	\$ 50,000	\$ 35,750	\$ 27,500	\$ -	\$ 27,500	\$ 8,250
Family homelessness prevention and assistance program						
Personnel services	\$ -	\$ 8,000	\$ 6,654	\$ -	\$ 6,654	\$ 1,346
Other operating	225,000	208,021	192,167		192,167	15,854
Total family homelessness prevention and assistance program	<u>225,000</u>	<u>216,021</u>	<u>198,821</u>	<u>\$ -</u>	<u>198,821</u>	<u>17,200</u>
Total Welfare	<u>\$ 389,400</u>	<u>\$ 398,675</u>	<u>\$ 320,638</u>	<u>\$ -</u>	<u>\$ 320,638</u>	<u>\$ 78,037</u>
Culture and recreation						
Memorial Day observance						
Other operating	\$ 3,000	\$ 3,000	\$ 2,898	\$ -	\$ 2,898	\$ 102
Historical Society						
Other operating	\$ 249,468	\$ 249,468	\$ 249,468	\$ -	\$ 249,468	\$ -
Arrowhead Library System						
Other operating	\$ 402,167	\$ 402,167	\$ 402,167	\$ -	\$ 402,167	\$ -
Community fairs						
Other operating	\$ 1,120	\$ 1,120	\$ 800	\$ -	\$ 800	\$ 320
Depot						
Other operating	\$ 149,500	\$ 152,930	\$ 152,929	\$ -	\$ 152,929	\$ 1
Tourism promotion						
Other operating	\$ 64,781	\$ 64,781	\$ 64,781	\$ -	\$ 64,781	\$ -
Trail assistance						
Other operating	\$ -	\$ 321,547	\$ 321,547	\$ -	\$ 321,547	\$ -
Proctor Area Sports Arena						
Other operating	\$ -	\$ 24,058	\$ 24,058	\$ -	\$ 24,058	\$ -
4-H Club						
Other operating	\$ -	\$ 40	\$ 40	\$ -	\$ 40	\$ -
Capital outlay		120,657	120,656		120,656	1
Total 4-H Club	<u>\$ -</u>	<u>\$ 120,697</u>	<u>\$ 120,696</u>	<u>\$ -</u>	<u>\$ 120,696</u>	<u>\$ 1</u>
Veteran's Memorial Hall						
Other operating	\$ -	\$ 33,648	\$ 33,648	\$ -	\$ 33,648	\$ -
Hibbing Raceway						
Other operating	\$ -	\$ 7,000	\$ 1,473	\$ -	\$ 1,473	\$ 5,527
Capital outlay		5,000	3,524		3,524	1,476
Total Hibbing Raceway	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ 4,997</u>	<u>\$ -</u>	<u>\$ 4,997</u>	<u>\$ 7,003</u>
Total Culture and Recreation	<u>\$ 870,036</u>	<u>\$ 1,385,416</u>	<u>\$ 1,377,989</u>	<u>\$ -</u>	<u>\$ 1,377,989</u>	<u>\$ 7,427</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2001

Expenditures (Continued)	Original Budget	Final Budget	Actual			Variance Favorable (Unfavorable)
			Current Expenditures	Encumbrances	Total	
Conservation of natural resources						
County agent						
Personnel services	\$ 237,901	\$ 235,901	\$ 215,020	\$ -	\$ 215,020	\$ 20,881
Other operating	427,542	435,847	406,654		406,654	29,193
Capital outlay	19,000	12,263	12,263		12,263	
Debt service						
Principal		17,051	17,051		17,051	
Interest and fiscal charges		1,159	1,159		1,159	
Total county agent	\$ 684,443	\$ 702,221	\$ 652,147	\$ -	\$ 652,147	\$ 50,074
Youth task force						
Personnel services	\$ -	\$ 10,000	\$ 9,807	\$ -	\$ 9,807	\$ 193
Other operating	210,670	204,670	177,116		177,116	27,554
Capital outlay	9,000	5,000				5,000
Total youth task force	\$ 219,670	\$ 219,670	\$ 186,923	\$ -	\$ 186,923	\$ 32,747
County fair - north						
Other operating	\$ 15,300	\$ 15,300	\$ 15,300	\$ -	\$ 15,300	\$ -
County fair - south						
Other operating	\$ 15,300	\$ 15,300	\$ 15,300	\$ -	\$ 15,300	\$ -
Soil conservation- north						
Other operating	\$ 60,000	\$ 60,000	\$ 60,000	\$ -	\$ 60,000	\$ -
Soil conservation- south						
Other operating	\$ 60,000	\$ 60,000	\$ 60,000	\$ -	\$ 60,000	\$ -
Northern Co. Land Use Bd						
Other Operating	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ -
Total Conservation of Natural Resources	\$ 1,062,213	\$ 1,072,491	\$ 989,670	\$ -	\$ 989,670	\$ 82,821
Economic development						
Northspan						
Other operating	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ 20,000	\$ -
Total Economic Development	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ 20,000	\$ -
Intergovernmental						
Public Safety (ARC)						
Other operating	\$ 9,021,372	\$ 9,226,061	\$ 9,226,061	\$ -	\$ 9,226,061	\$ -
Total Intergovernmental	\$ 9,021,372	\$ 9,226,061	\$ 9,226,061	\$ -	\$ 9,226,061	\$ -
Total Expenditures	\$ 64,550,785	\$ 69,741,656	\$ 65,760,897	\$ 456,767	\$ 66,217,664	\$ 3,523,992
Excess of Revenues Over (Under) Expenditures	\$ (1,871,535)	\$ (3,878,066)			\$ 2,205,089	\$ 6,083,155
Other Financing Sources (Uses)						
Operating transfers out		(545,396)			(545,221)	\$ 175
Total Other Financing Sources (Uses)	\$	\$ (545,396)			\$ (545,221)	175
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (1,871,535)	\$ (4,423,462)			\$ 1,659,868	\$ 6,083,330
Adjustments- Note 1					203,919	203,919
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses as Adjusted	\$ (1,871,535)	\$ (4,423,462)			\$ 1,863,787	\$ 6,287,249
Fund Balance-January 1	28,911,273	28,911,273			28,911,273	
Equity transfer out	(1,099,688)	(1,099,688)			(1,099,688)	
Fund Balance - December 31	\$ 25,940,050	\$ 23,388,123			\$ 29,675,372	\$ 6,287,249

Reader's notes:

Special Revenue Funds

Special Revenue Funds are used 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.

Road and Bridge

The Road and Bridge Fund is used to account for public works activity.

Social Services

The Social Services Fund is used to account for the operations and financial activities of the Social Services Department.

Babbitt Facility

The Babbitt Facility Fund is used to account for the cost of maintaining plant and equipment of the County-owned facility following its abandonment by occupant.

Housing and Redevelopment Authority

The Housing and Redevelopment Authority Fund is used to provide funds for housing and economic development.

Community Development Block Grant

The Community Development Block Grant Fund is used to account for the Federal Grant of the same name.

Northeast Minnesota Housing Consortium

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

Septic Loan

The Septic Loan Fund is used to account for the Agricultural Best Management Loan Program.

Forfeited Tax Sale Fund

The 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 (2000). 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 (2000). Title to the tax forfeited lands remains with the State until sold by the County.

Forest Resources Fund

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

**ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 2001**

	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Housing and Redevelopment Authority</u>
Assets			
Cash and cash equivalents	\$ 12,340,645	\$ 10,264,687	\$ 474,931
Receivables —			
Taxes			
Delinquent	793,716	1,127,165	10,028
Accounts (net of allowance for uncollectibles)	74,273	501,795	
Loans	-		125,000
Due from other governments	5,102,189	5,776,365	-
Inventories	1,741,243		
Total Assets	<u>\$ 20,052,066</u>	<u>\$ 17,670,012</u>	<u>\$ 609,959</u>
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 1,777,162	\$ 2,533,244	\$ 56
Contracts payable	704,743		9,455
Salaries payable	740,825	992,197	539
Compensated absences payable	152,211	288,802	-
Interfund payable	-		-
Due to other governments	47,122	1,231,473	-
Deferred revenue	1,397,925	1,041,988	8,037
Total Liabilities	<u>\$ 4,819,988</u>	<u>\$ 6,087,704</u>	<u>\$ 18,087</u>
Fund Balance			
Reserved for change funds	\$ 1,000	\$ 15,000	\$ -
Reserved for noncurrent loans			125,000
Reserved for future loans	-	-	
Reserved for conference fund		1,512	
Reserved for inventories	1,741,243		
Reserved for encumbrances	372,889	1,677	
Reserved for debt service			
Reserved for foster care insurance	-	6,000	
Reserved for veteran's credit	-		
Reserved for senior citizens transportation		4,704	
Reserved for unorganized town roads	767,715		
Unreserved			
Designated for vested sick leave	1,463,803	2,685,794	-
Designated for vesting sick leave	874,992	1,340,087	-
Designated for cash flow	7,266,463	6,806,027	-
Designated for emergency contingency	750,615	-	-
Designated for 2002 budget	1,415,037	704,507	-
Undesignated	578,321	-	466,872
Total Fund Balance	<u>\$ 15,232,078</u>	<u>\$ 11,582,308</u>	<u>\$ 591,872</u>
Total Liabilities and Fund Balance	<u>\$ 20,052,066</u>	<u>\$ 17,670,012</u>	<u>\$ 609,959</u>

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 2001

	Community Development Block Grant	Northeast Minnesota Housing Consortium	Septic Loan
Assets			
Cash and cash equivalents	\$	\$	\$ 297,877
Receivables			
Taxes			
Delinquent	-		
Accounts (net of allowance for uncollectibles)		-	7,108
Loans			217,971
Due from other governments	370,335	66,102	-
Inventories		-	-
Total Assets	\$ 370,335	\$ 66,102	\$ 522,956
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 17,353	\$ 5,592	\$
Contracts payable	-		
Salaries payable			
Compensated absences payable			-
Interfund payable	119,786	38,981	-
Due to other governments	232,095	21,529	-
Deferred revenue	1,101		-
Total Liabilities	\$ 370,335	\$ 66,102	\$ -
Fund Balance			
Reserved for change funds	\$ -	\$ -	\$
Reserved for noncurrent loans	-	-	217,971
Reserved for future loans	-	-	30,352
Reserved for conference fund	-	-	
Reserved for inventories	-	-	
Reserved for encumbrances	-	-	
Reserved for debt service	-	-	
Reserved for foster care insurance	-	-	
Reserved for veteran's credit	-	-	
Reserved for senior citizens transportation	-	-	
Reserved for unorganized town roads	-	-	
Unreserved			
Designated for vested sick leave	-	-	
Designated for vesting sick leave	-	-	
Designated for cash flow	-	-	
Designated for emergency contingency	-	-	
Designated for 2002 budget	-	-	
Undesignated	-	-	3,633
Total Fund Balance	\$ -	\$ -	\$ 522,956
Total Liabilities and Fund Balance	\$ 370,335	\$ 66,102	\$ 522,956

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 2001

	<u>Forfeited Tax Sale</u>	<u>Forest Resources</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 50	\$ 5,479,954	\$ 28,858,144
Receivables			
Taxes			
Delinquent	-	-	1,930,909
Accounts (net of allowance for uncollectibles)	13,461,340	-	14,044,516
Loans			342,971
Due from other governments	14,527	-	11,329,518
Inventories		-	1,741,243
Total Assets	<u>\$ 13,475,917</u>	<u>\$ 5,479,954</u>	<u>\$ 58,247,301</u>
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 117,947	\$ 30,000	\$ 4,481,354
Contracts payable			714,198
Salaries payable	114,168		1,847,729
Compensated absences payable	23,274	-	464,287
Interfund payable	523,081		681,848
Due to other governments	45,307		1,577,526
Deferred revenue	12,225,616	99,368	14,774,035
Total Liabilities	<u>\$ 13,049,393</u>	<u>\$ 129,368</u>	<u>\$ 24,540,977</u>
Fund Balance			
Reserved for change funds	\$ 50	\$	\$ 16,050
Reserved for noncurrent loans			342,971
Reserved for future loans			301,352
Reserved for conference fund			18,512
Reserved for inventories			1,741,243
Reserved for encumbrances	12,925		387,491
Reserved for debt service		322,425	322,425
Reserved for foster care insurance			6,000
Reserved for veteran's credit	15,000		15,000
Reserved for senior citizens transportation	-		4,704
Reserved for unorganized town roads	-		767,715
Unreserved			
Designated for vested sick leave	125,534	-	4,275,131
Designated for vesting sick leave	157,330	-	2,372,409
Designated for cash flow	-		14,072,490
Designated for emergency contingency	23,969		774,584
Designated for 2002 budget	-	-	2,119,544
Undesignated	91,716	5,028,161	6,168,703
Total Fund Balance	<u>\$ 426,524</u>	<u>\$ 5,350,586</u>	<u>\$ 33,706,324</u>
Total Liabilities and Fund Balance	<u>\$ 13,475,917</u>	<u>\$ 5,479,954</u>	<u>\$ 58,247,301</u>

ST. LOUIS COUNTY, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL SPECIAL REVENUE FUNDS
 YEAR ENDED DECEMBER 31, 2001

	Road and Bridge	Social Services	Babbitt Facility
Revenues			
Taxes	\$ 20,320,380	5	\$
Licenses and permits	23,731		-
Intergovernmental	22,598,417	48,982,066	-
Charges for services	298,710	1,916,497	-
Earnings on investments			-
Land and timber sales	-	-	-
Miscellaneous	778,858	617,119	1,400
Total Revenues	<u>\$ 44,020,096</u>	<u>\$ 70,602,269</u>	<u>\$ 1,400</u>
Expenditures			
Current			
Highways and streets	\$ 41,692,425	\$	\$
Welfare	-	68,598,008	-
Conservation of natural resources		-	-
Economic development			25,276
Sanitation			
Total Current	<u>\$ 41,692,425</u>	<u>\$ 68,598,008</u>	<u>\$ 25,276</u>
Capital outlay			
Highway and streets	\$ 1,685,374	\$	\$
Welfare	-	11,603	-
Total Capital Outlay	<u>\$ 1,685,374</u>	<u>\$ 11,603</u>	<u>\$</u>
Debt service			
Principal	\$	\$ 307,718	\$
Interest and fiscal charges		21,179	-
Total Debt Service	<u>\$</u>	<u>\$ 328,897</u>	<u>\$</u>
Total Expenditures	<u>\$ 43,377,799</u>	<u>\$ 68,938,508</u>	<u>\$ 25,276</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 642,297</u>	<u>\$ 1,663,761</u>	<u>\$ (23,876)</u>
Other Financing Sources (Uses)			
Loan proceeds	\$	\$ -	\$
Operating transfers in		-	-
Operating transfers out		-	(239,171)
Total Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>5 (239,171)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 642,297</u>	<u>\$ 1,663,761</u>	<u>\$ (263,047)</u>
Fund Balance - January 1	14,930,559	10,705,406	263,047
Equity transfer out	(288,663)	(786,859)	-
Increase (decrease) in reserved for inventories	<u>(52,115)</u>		
Fund Balance - December 31	<u>\$ 15,232,078</u>	<u>\$ 11,582,308</u>	<u>\$</u>

(continued)

ST. LOUIS COUNTY, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL SPECIAL REVENUE FUNDS
 YEAR ENDED DECEMBER 31, 2001

	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
Revenues			
Taxes	\$ 165,900	\$ -	\$ -
Licenses and permits			
Intergovernmental	97,283	3,813,642	513,498
Charges for services			
Earnings on investments	-	3,993	-
Land and timber sales	-	-	-
Miscellaneous	7,600	-	31,238
Total Revenues	\$ 270,783	\$ 3,817,635	\$ 544,736
Expenditures			
Current			
Highways and streets	\$ -	\$ -	\$ -
Welfare			
Conservation of natural resources			
Economic development	264,779	3,817,635	544,736
Sanitation			
Total Current	\$ 264,779	\$ 3,817,635	\$ 544,736
Capital outlay			
Highway and streets	\$ -	\$ -	\$ -
Welfare	-	-	-
Total Capital Outlay	\$ -	\$ -	\$ -
Debt service			
Principal	\$ -	\$ -	\$ -
Interest and fiscal charges	-	-	-
Total Debt Service	\$ -	\$ -	\$ -
Total Expenditures	\$ 264,779	\$ 3,817,635	\$ 544,736
Excess of Revenues Over (Under) Expenditures	\$ 6,004	\$ -	\$ -
Other Financing Sources (Uses)			
Loan proceeds	\$ -	\$ -	\$ -
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 6,004	\$ -	\$ -
Fund Balance - January 1	585,868		-
Equity transfer out		-	-
Increase (decrease) in reserved for inventories	-		
Fund Balance - December 31	\$ 591,872	\$ -	\$ -

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2001

	Septic Loan	Forfeited Tax Sale	Forest Resources Fund	Total
Revenues				
Taxes	\$ -	\$ -	\$ 1,794,292	\$ 41,367,159
Licenses and permits				23,731
Intergovernmental		119,180	47,542	76,171,628
Charges for services		5,150		2,220,357
Earnings on investments	6,086		-	10,079
Land and timber sales		7,639,745		7,639,745
Miscellaneous		314,322	12,540	1,763,077
Total Revenues	\$ 6,086	\$ 8,078,397	\$ 1,854,374	\$ 129,195,776
Expenditures				
Current				
Highways and streets	\$ -	\$ -	\$ -	\$ 41,692,425
Welfare				68,598,008
Conservation of natural resources		7,957,785	522,521	8,480,306
Economic development				4,652,426
Sanitation	5,116			5,116
Total Current	\$ 5,116	\$ 7,957,785	\$ 522,521	\$ 123,428,281
Capital outlay				
Highway and streets	\$ -	\$ -	\$ -	\$ 1,685,374
Welfare				1,603
Total Capital Outlay	\$ -	\$ -	\$ -	\$ 1,696,977
Debt service				
Principal	\$ -	\$ -	\$ -	\$ 307,718
Interest and fiscal charges				21,179
Total Debt Service	\$ -	\$ -	\$ -	\$ 328,897
Total Expenditures	\$ 5,116	\$ 7,957,785	\$ 522,521	\$ 125,454,155
Excess of Revenues Over (Under) Expenditures	\$ 970	\$ 120,612	\$ 1,331,853	\$ 3,747,621
Other Financing Sources (Uses)				
Loan proceeds	\$ 273,875	\$ -	\$ -	\$ 273,875
Operating transfers in			352,425	352,425
Operating transfers out				(239,171)
Total Other Financing Sources (Uses)	\$ 273,875	\$ -	\$ 352,425	\$ 387,129
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 274,845	\$ 120,612	\$ 1,684,278	\$ 4,128,750
Fund Balance - January 1	248,111	366,341	3,666,308	30,765,640
Equity transfer out		(60,429)		(1,135,951)
Increase (decrease) in reserved for inventories	-		-	(52,115)
Fund Balance - December 31	<u>522,956</u>	<u>\$ 426,524</u>	<u>\$ 5,350,586</u>	<u>\$ 33,706,324</u>

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL-BUDGETARY BASIS
 ROAD AND BRIDGE SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2001

	Original Budget	Final Budget	Actual		Variance Favorable (Unfavorable)	
			Current Expenditures	Encumbrances		
Revenues						
Taxes	20,111,372	\$ 20,128,873			\$ 20,320,380 \$ 191,507	
Licenses and permits	18,000	18,000			23,731 5,731	
intergovernmental	16,511,741	25,254,966			22,598,417 (2,656,549)	
Charges for services	210,000	210,000			298,710 88,710	
Miscellaneous	650,800	662,460			778,858 116,398	
Total Revenues	\$ 37,501,913	\$ 46,274,299			\$ 44,020,096 \$ (2,254,203)	
			Actual			
	Original Budget	Final Budget	Current Expenditures	Encumbrances	Total	Variance Favorable (Unfavorable)
Expenditures						
Highways and streets						
Administration						
Personnel services	\$ 3,982,226	\$ 4,708,226	\$ 4,445,091	\$	\$ 4,445,091	\$ 263,135
Other operating	1,434,925	1,243,008	1,142,359	74,034	1,216,393	26,615
Capital outlay	102,900	17,650	16,264		16,264	1,386
Total administration	<u>\$ 5,520,051</u>	<u>\$ 5,968,884</u>	<u>\$ 5,603,714</u>	<u>\$ 74,034</u>	<u>\$ 5,677,748</u>	<u>\$ 291,136</u>
Road maintenance						
Personnel services	\$ 11,002,019	\$ -10,968,769	\$ 10,964,917	\$	\$ 10,964,917	\$ 3,852
Other operating	3,678,450	3,426,550	3,180,245	14,966	3,195,211	231,339
Total road maintenance	<u>\$ 14,680,469</u>	<u>\$ 14,395,319</u>	<u>\$ 14,145,162</u>	<u>\$ 14,966</u>	<u>\$ 14,160,128</u>	<u>\$ 235,191</u>
Road construction						
Other operating	\$ 9,252,924	\$ 17,584,650	\$ 14,087,376	\$ 3,551	\$ 14,090,927	\$ 3,493,723
Equipment maintenance and shops						
Personnel services	\$ 3,071,812	\$ 3,167,912	\$ 3,167,866	\$	\$ 3,167,866	\$ 46
Other operating	4,401,130	4,665,630	4,576,250	86,413	4,662,663	3,167
Capital outlay	1,884,150	1,628,910	1,420,390	194,039	1,614,429	14,481
Total equipment maintenance and shops	<u>\$ 9,357,092</u>	<u>\$ 9,462,652</u>	<u>\$ 9,164,506</u>	<u>\$ 280,452</u>	<u>\$ 9,444,958</u>	<u>\$ 17,694</u>
Total Expenditures	\$ 38,810,536	\$ 47,411,505	\$ 43,000,758	\$ 373,003	\$ 43,373,761	\$ 4,037,744
Excess of Revenues Over (Under) Expenditures	\$ (1,308,623)	\$ (1,137,206)			\$ 646,335	\$ 1,783,541
Adjustments - Note 1					(4,038)	(4,038)
Excess of Revenues Over (Under) Expenditures as Adjusted	\$ (1,308,623)	\$ (1,137,206)			\$ 642,297	\$ 1,779,503
Fund Balance - January 1	14,930,559	14,930,559			14,930,559	
Increase (decrease) in reserved for inventories	-	-			(52,115)	(52,115)
Equity Transfer in (out)	(288,663)	(288,663)			(288,663)	
Fund Balance - December 31	\$ 13,333,273	\$ 13,504,690			\$ 15,232,078	\$ 1,727,388

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL-BUDGETARY BASIS
 SOCIAL SERVICES SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2001

	Original Budget	Final Budget	Actual			Variance Favorable (Unfavorable)
			Current Expenditures	Encumbrances	Total	
Revenues						
Taxes	\$ 18,824,771	\$ 18,824,771			\$ 19,086,587	\$ 261,816
Intergovernmental	47,469,106	48,457,133			48,982,066	524,933
Charges for services	1,810,000	1,616,050			1,916,497	300,447
Miscellaneous	414,556	831,500			617,119	(214,381)
Total Revenues	\$ 68,518,433	\$ 69,729,454			\$ 70,602,269	\$ 872,815
Expenditures						
Welfare						
Administration						
Personnel services	\$ 4,711,787	\$ 4,419,187	\$ 4,419,021	\$ -	\$ 4,419,021	\$ 166
Other operating	3,590,501	3,221,216	3,211,303	1,410	3,212,713	8,503
Capital outlay	162,800	4,200	11,603		11,603	(7,403)
Debt service						
Principal		307,718	307,718		307,718	
Interest and fiscal charges		21,179	21,179		21,179	
Total administration	\$ 8,465,088	\$ 7,973,500	\$ 7,970,824	\$ 1,410	\$ 7,972,234	\$ 1,266
Income maintenance						
Personnel services	\$ 8,141,495	\$ 8,331,323	\$ 8,331,323	\$ -	\$ 8,331,323	\$ -
Other operating	2,544,598	2,461,413	2,460,086		2,460,086	1,327
Capital outlay	4,400					
Total income maintenance	\$ 10,690,493	\$ 10,792,736	\$ 10,791,409	\$ -	\$ 10,791,409	\$ 1,327
Social services						
Personnel services	\$ 14,126,912	\$ 14,226,919	\$ 14,227,731	\$ -	\$ 14,227,731	\$ (812)
Other operating	35,235,940	35,837,399	35,836,394	266	35,836,660	739
Capital outlay						
Total social services	\$ 49,362,852	\$ 50,064,318	\$ 50,064,125	\$ 266	\$ 50,064,391	\$ (73)
Total Expenditures	\$ 68,518,433	\$ 68,830,554	\$ 68,826,358	\$ 1,676	\$ 63,828,034	\$ 2,520
Excess of Revenues Over (Under) Expenditures	\$ -	\$ 898,900			\$ 1,774,235	\$ 875,335
Adjustments - Note I					(110,474)	(110,474)
Excess of Revenues Over (Under) Expenditures as Adjusted	\$ -	\$ 898,900			\$ 1,663,761	\$ 764,861
Fund Balance - January 1	10,705,406	10,705,406			10,705,406	
Equity Transfer out	(786,859)	(786,859)			(786,859)	
Fund Balance - December 31	\$ 9,918,547	\$ 10,817,447			\$ 11,582,308	\$ 764,861

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 BABBITT FACILITY SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2001

	Original Budget	Final Budget	Actual			Variance Favorable (Unfavorable)
			Current Expenditures	Encumbrances	Total	
Revenues						
Miscellaneous	\$ -	\$ -			\$ 1,400	\$ 1,400
Expenditures						
Economic development						
Other operating	\$ -	\$ -	\$ 25,276	\$ -	\$ 25,276	\$ (25,276)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -			\$ (23,876)	\$ (23,876)
Other Financing Sources (Uses)						
Operating transfers out	(115,270)	(240,000)			(239,171)	829
Excess of Revenues and Other Financing Sources Over (Under) Expenditures And Other Financing Uses	\$ (115,270)	\$ (240,000)			\$ (263,047)	\$ (23,047)
Fund Balance - January 1	263,047	263,047			263,047	
Fund Balance - December 31	\$ 147,777	\$ 23,047			\$ -	\$ (23,047)

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 HOUSING AND REDEVELOPMENT AUTHORITY SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2001

	Original Budget	Final Budget	Actual			Variance Favorable (Unfavorable)
			Current Expenditures	Encumbrances	Total	
Revenues						
Taxes	\$ 162,366	\$ 162,366			\$ 165,900	\$ 3,534
Intergovernmental	12,634	95,134			97,283	2,149
Miscellaneous		-			7,600	7,600
Total Revenues	\$ 175,000	\$ 257,500			\$ 270,783	\$ 13,283
Expenditures						
Economic Development						
Personnel services	\$ 79,318	\$ 78,318	\$ 89,569	\$ -	\$ 89,569	\$ (11,251)
Other operating	327,250	340,850	175,210		175,210	165,640
Total economic development	\$ 406,568	\$ 419,168	\$ 264,779	\$ -	\$ 264,779	\$ 154,389
Excess of Revenues Over (Under) Expenditures	\$ (231,568)	\$ (161,668)			\$ 6,004	\$ 167,672
Fund Balance - January 1	585,868	585,868			585,868	
Fund Balance - December 31	\$ 354,300	\$ 424,200			\$ 591,872	\$ 167,672

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2001

	Original Budget	Final Budget	Actual			Variance Favorable (Unfavorable)
			Current Expenditures	Encumbrances	Total	
Revenues						
Intergovernmental	\$ 3,090,000	\$ 6,338,738			\$ 3,813,642	\$ (2,525,096)
Earnings on investments					3,993	3,993
Total Revenues	\$ 3,090,000	\$ 6,338,738			\$ 3,817,635	\$ (2,521,103)
Expenditures						
Economic Development						
Other operating	\$ 3,090,000	\$ 6,338,738	\$ 3,817,635	\$ -	\$ 3,817,635	\$ 2,521,103
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -			\$ -	\$ -
Fund Balance - January 1						
Fund Balance - December 31	\$ -	\$ -			\$ -	\$ -

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 NORTHEAST MINNESOTA HOUSING CONSORTIUM SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2001

	Original Budget	Final Budget	Actual			Variance Favorable (Unfavorable)
			Current Expenditures	Encumbrances	Total	
Revenues						
Intergovernmental	\$ 693,000	\$ 1,906,883			\$ 513,498	\$ (1,393,385)
Miscellaneous					31,238	31,238
Total Revenues	\$ 693,000	\$ 1,906,883			\$ 544,736	\$ (1,362,147)
Expenditures						
Economic Development						
Other operating	\$ 693,000	\$ 1,906,883	\$ 544,736	\$ -	\$ 544,736	\$ 1,362,147
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -			\$ -	\$ -
Fund Balance - January						
Fund Balance - December 31	\$ -	\$ -			\$ -	\$ -

ST. LOUIS COUNTY MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 SEPTIC LOAN SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2001

	Original Budget	Final Budget	Actual			Variance Favorable (Unfavorable)
			Current Expenditures	Encumbrances	Total	
Revenues						
Earnings on investments	\$ -	\$ 100,084			\$ 6,086	\$ (93,998)
Expenditures						
Sanitation						
Other operating	\$ -	\$ 100,004	\$ 5,116	\$ -	\$ 5,116	\$ 94,888
Excess of Revenues Over (Under) Expenditures	\$ -	\$ 80			\$ 970	\$ 890
Other Financing Sources (Uses)						
Loan proceeds					273,875	273,875
Excess of Revenues and Other Financing Sources Over (Under) Expenditures And Other Financing Uses	\$ -	\$ 80			\$ 274,845	\$ 274,765
Fund Balance - January 1	248,111	248,111			248,111	-
Fund Balance - December 31	\$ 248,111	\$ 248,191			\$ 522,956	\$ 274,765

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL-BUDGETARY BASIS
 FORFEITED TAX SALE SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2001

	Original Budget	Final Budget	Actual			Variance Favorable (Unfavorable)
			Current Expenditures	Encumbrances	Total	
Revenues						
Land and timber sales	\$ 5,700,000	\$ 5,925,000			\$ 7,639,745	\$ 1,714,745
Intergovernmental	10,000	210,000			119,180	(90,820)
Charges for services	1,000	1,000			5,150	4,150
Miscellaneous	390,000	165,000			314,322	149,322
Total Revenues	\$ 6,101,000	\$ 6,301,000			\$ 8,078,397	\$ 1,777,397
Expenditures						
Conservation of Natural Resources						
Personnel services	\$ 3,122,114	\$ 3,122,114	\$ 3,075,172	\$ -	\$ 3,075,172	\$ 46,942
Other operating	973,269	5,111,005	4,876,440	12,925	4,889,365	221,640
Capital outlay	167,500	152,205				152,205
Total conservation of natural resources	\$ 4,262,883	\$ 8,385,324	\$ 7,951,612	\$ 12,925	\$ 7,964,537	\$ 420,787
Excess of Revenues Over (Under) Expenditures	\$ 1,838,117	\$ (2,084,324)			\$ 113,860	\$ 2,198,184
Other Financing Sources (Uses)						
Operating transfers out	(47,000)					
Excess of Revenues and Other Financing Sources Over (Under) Expenditures And Other Financing Uses	\$ 1,791,117	\$ (2,084,324)			\$ 113,860	\$ 2,198,184
Adjustments - Note 1					6,752	6,752
Excess of Revenues Over (Under) Expenditures as Adjusted	\$ 1,791,117	\$ (2,084,324)			\$ 120,612	\$ 2,204,936
Fund Balance- January 1	366,341	366,341			366,341	
Equity Transfer out	(60,429)	(60,429)			(60,429)	
Fund Balance - December 31	\$ 2,097,029	\$ (1,778,412)			\$ 426,524	\$ 2,204,936

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-BUDGETARY BASIS
FOREST RESOURCES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2001

	Original Budget	Final Budget	Actual		Variance Favorable (Unfavorable)	
			Actual			
Revenues						
Taxes	\$ 380,000	\$ 380,000	\$ 1,794,292		\$ 1,414,292	
Intergovernmental	108,000	133,000	47,542		(85,458)	
Miscellaneous	122,000	122,000	12,540		(109,460)	
Total Revenues	<u>\$ 610,000</u>	<u>\$ 635,000</u>	<u>\$ 1,854,374</u>		<u>\$ 1,219,374</u>	
			Actual			
	Original Budget	Final Budget	Current Expenditures	Encumbrances	Total	Variance Favorable (Unfavorable)
Expenditures						
Conservation of Natural Resources						
Other operating	<u>\$ 910,235</u>	\$ 965,235	\$ 392,262	\$ -	\$ 392,262	\$ 572,973
Excess of Revenues Over (Under) Expenditures	\$ (300,235)	\$ (330,235)			\$ 1,462,112	\$ 1,792,347
Other Financing Sources (Uses)						
Operating transfers in		30,000			352,425	322,425
Excess of Revenues and Other Financing Sources Over (Under) Expenditures And Other Financing Uses	\$ (300,235)	\$ (300,235)			\$ 1,814,537	\$ 2,114,772
Adjustments - Note 1					(130,259)	(130,259)
Excess of Revenues Over (Under) Expenditures as Adjusted	\$ (300,235)	\$ (300,235)			\$ 1,684,278	\$ 1,984,513
Fund Balance - January 1	3,666,308	3,666,308			3,666,308	
Fund Balance - December 31	<u>\$ 3,366,073</u>	<u>\$ 3,366,073</u>			<u>\$ 5,350,586</u>	<u>\$ 1,984,513</u>

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of long-term debt, principal, interest, and related costs.

Babbitt Facility Refunding

The Babbitt Facility Refunding Fund is used to account for 1989 bonds sold for the purpose of refunding a General Obligation Revenue Bond.

Jail Bond

The Jail Bond Fund is used to account for 1989 and 1993 bonds sold by the County and Housing and Redevelopment Authority, respectively, for the purpose of financing the costs of construction of a County jail.

AJC Construction Bond

The AJC Construction Bond Fund is used to account for 1995 bonds sold for the purpose of financing the costs of expansion at the Arrowhead Juvenile Center.

Law Enforcement Bond

The Law Enforcement Bond Fund is used to account for 1997 bonds sold by the Housing and Redevelopment Authority for the purpose of financing the costs of construction of law enforcement centers.

Hibbing Public Works Bond

The Hibbing Public Works Bond Fund is used to account for 1997 bonds sold by the Hibbing **EDA** for the purpose of financing the costs of construction of a jointly owned maintenance facility.

Capital Equipment Note

The Capital Equipment Note Fund is used to account for the 1999 bonds sold for the purpose of financing capital equipment purchases.

Capital Improvement Bond

The Capital improvement Bond Fund is used to account for the 2001 bonds sold for the purpose of financing various capital improvement projects.

**ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL DEBT SERVICE FUNDS
DECEMBER 31, 2001**

	<u>Jail Bond</u>	<u>AJC Construction Bond</u>	<u>Law Enforcement Bond</u>
Assets			
Cash and cash equivalents	\$ 328,737	\$ 38,460	\$ 83,175
Receivables			
Taxes			
Delinquent	78,662	7,317	20,348
Total Assets	<u>\$ 407,399</u>	<u>\$ 45,777</u>	<u>\$ 103,523</u>
Liabilities and Fund Balance			
Liabilities			
Deferred revenue	<u>\$ 61,846</u>	<u>\$ 5,506</u>	<u>\$ 14,460</u>
Fund Balance			
Unreserved-undesignated	<u>345,553</u>	<u>40,271</u>	<u>89,063</u>
Total Liabilities and Fund Balance	<u>\$ 407,399</u>	<u>\$ 45,777</u>	<u>\$ 103,523</u>

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL DEBT SERVICE FUNDS
DECEMBER 31, 2001

	Hibbing Public Works Bond	Capital Equipment Note	Total
Assets			
Cash and cash equivalents	\$ 9,142	\$ 80,711	\$ 540,225
Receivables			
Taxes			
Delinquent	3,828	31,123	141,278
Total Assets	<u>\$ 12,970</u>	<u>\$ 111,834</u>	<u>\$ 681,503</u>
Liabilities and Fund Balance			
Liabilities			
Deferred revenue	\$ 2,881	\$ 20,644	\$ 105,337
Fund Balance			
Unreserved-undesignated	10,089	91,190	576,166
Total Liabilities and Fund Balance	<u>\$ 12,970</u>	<u>\$ 111,834</u>	<u>\$ 681,503</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL DEBT SERVICE FUNDS
 YEAR ENDED DECEMBER 31, 2001

	Babbitt Facility Refunding	Jail Bond	AJC Construction Bond	Law Enforcement Bond
Revenues				
Taxes	\$ 168	\$ 1,392,931	\$ 150,043	\$ 491,389
Intergovernmental	-	135,625	14,524	48,035
Earnings on investments	-	-	-	-
Miscellaneous	248,696	-	-	-
Total Revenues	<u>\$ 248,864</u>	<u>\$ 1,528,556</u>	<u>\$ 164,567</u>	<u>\$ 539,424</u>
Expenditures				
Debt service				
Principal	\$ 685,000	\$ 990,000	\$ 90,000	\$ 285,000
Interest and fiscal charges	32,460	451,942	64,410	225,705
Total Expenditures	<u>\$ 717,460</u>	<u>\$ 1,441,942</u>	<u>\$ 154,410</u>	<u>\$ 510,705</u>
Excess of Revenues Over (Under) Expenditures	\$ (468,596)	\$ 86,614	\$ 10,157	\$ 28,719
Other Financing Sources (Uses)				
Bond proceeds	\$ -	\$ -	\$ -	\$ -
Operating transfers in	339,982	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 339,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (128,614)	\$ 86,614	\$ 10,157	\$ 28,719
Fund Balance - January 1	128,614	258,939	30,114	60,344
Fund Balance - December 31	<u>\$ -</u>	<u>\$ 345,553</u>	<u>\$ 40,271</u>	<u>\$ 89,063</u>

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2001

	Hibbing Public Works Bond	Capital Equipment Note	Capital Improvement Bond	Total
Revenues				
Taxes	\$ 78,445	\$ 868,221	\$ -	\$ 2,981,197
Intergovernmental	7,695	85,218	-	291,097
Earnings on investments	-	-	9,854	9,854
Miscellaneous	-	-	-	248,696
Total Revenues	<u>\$ 86,140</u>	<u>\$ 953,439</u>	<u>\$ 9,854</u>	<u>\$ 3,530,844</u>
Expenditures				
Debt service				
Principal	\$ 42,900	\$ 765,000	\$ -	\$ 2,857,900
Interest and fiscal charges	37,843	141,030	380,282	1,333,672
Total Expenditures	<u>\$ 80,743</u>	<u>\$ 906,030</u>	<u>\$ 380,282</u>	<u>\$ 4,191,572</u>
Excess of Revenues Over (Under) Expenditures	\$ 5,397	\$ 47,409	\$ (370,428)	\$ (660,728)
Other Financing Sources (Uses)				
Bond proceeds	\$ -	\$ -	\$ 370,428	\$ 370,428
Operating transfers in	-	-	-	339,982
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 370,428</u>	<u>\$ 710,410</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 5,397	\$ 47,409	\$ -	\$ 49,682
Fund Balance - January 1	<u>4,692</u>	<u>43,781</u>		<u>526,484</u>
Fund Balance - December 31	<u>\$ 10,089</u>	<u>\$ 91,190</u>	<u>\$ -</u>	<u>\$ 576,166</u>

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - BUDGETARY BASIS
 BABBITT FACILITY REFUNDING DEBT SERVICE FUND
 YEAR ENDED DECEMBER 31, 2001

	Budaet	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 168	\$ 168	\$
Miscellaneous	248,696	248,696	
Total Revenues	<u>\$ 248,864</u>	<u>\$ 248,864</u>	<u>\$</u>
Expenditures			
Debt service			
Principal	\$ 685,000	\$ 685,000	\$ -
Interest and fiscal charges	32,460	32,460	-
Total Expenditures	<u>\$ 717,460</u>	<u>\$ 717,460</u>	<u>\$ -</u>
Excess of Revenues Over (Under) Expenditures	\$ (468,596)	\$ (468,596)	\$ -
Other Financing Sources (Uses)			
Operating transfers in	<u>339,982</u>	<u>339,982</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (128,614)	\$ (128,614)	\$ -
Fund Balance - January 1	<u>128,614</u>	<u>128,614</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - BUDGETARY BASIS
 JAIL BOND DEBT SERVICE FUND
 YEAR ENDED DECEMBER 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 1,378,414	\$ 1,392,931	\$ 14,517
Intergovernmental	135,625	135,625	-
Total Revenues	<u>\$ 1,514,039</u>	<u>\$ 1,528,556</u>	<u>\$ 14,517</u>
 Expenditures			
Debt service			
Principal	\$ 990,000	\$ 990,000	\$ -
Interest and fiscal charges	451,942	451,942	-
Total Expenditures	<u>\$ 1,441,942</u>	<u>\$ 1,441,942</u>	<u>\$ -</u>
 Excess of Revenues Over (Under) Expenditures	 \$ 72,097	 \$ 86,614	 \$ 14,517
 Fund Balance - January 1	 258,939	 258,939	 -
Fund Balance - December 31	<u><u>\$ 331,036</u></u>	<u><u>\$ 345,553</u></u>	<u><u>\$ 14,517</u></u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGETARY BASIS
AJC CONSTRUCTION BOND DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 147,607	\$ 150,043	\$ 2,436
Intergovernmental	14,524	14,524	-
Total Revenues	<u>\$ 162,131</u>	<u>\$ 164,567</u>	<u>\$ 2,436</u>
Expenditures			
Debt service			
Principal	\$ 90,000	\$ 90,000	\$ -
Interest and fiscal charges	64,410	64,410	-
Total Expenditures	<u>\$ 154,410</u>	<u>\$ 154,410</u>	<u>\$ -</u>
Excess of Revenues Over (Under) Expenditures	\$ 7,721	\$ 10,157	\$ 2,436
Fund Balance - January 1	<u>30,114</u>	<u>30,114</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 37,835</u></u>	<u><u>\$ 40,271</u></u>	<u><u>\$ 2,436</u></u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL * BUDGETARY BASIS
LAW ENFORCEMENT BOND DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 488,205	\$ 491,389	\$ 3,184
Intergovernmental	48,035	48,035	-
Total Revenues	<u>\$ 536,240</u>	<u>\$ 539,424</u>	<u>\$ 3,184</u>
Expenditures			
Debt service			
Principal	\$ 285,000	\$ 285,000	\$ -
Interest and fiscal charges	225,705	225,705	-
Total Expenditures	<u>\$ 510,705</u>	<u>\$ 510,705</u>	<u>\$ -</u>
Excess of Revenues Over (Under) Expenditures	\$ 25,535	\$ 28,719	\$ 3,184
Fund Balance - January 1	<u>60,344</u>	<u>60,344</u>	<u>-</u>
Fund Balance * December 31	<u><u>\$ 85,879</u></u>	<u><u>\$ 89,603</u></u>	<u><u>\$ 3,184</u></u>

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - BUDGETARY BASIS
 HIBBING PUBLIC WORKS BOND DEBT SERVICE FUND
 YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 78,204	\$ 78,445	\$ 241
Intergovernmental	7,695	7,695	-
Total Revenues	<u>\$ 85,899</u>	<u>\$ 86,140</u>	<u>\$ 241</u>
Expenditures			
Debt service			
Principal	\$ 42,900	\$ 42,900	\$ -
Interest and fiscal charges	37,441	37,843	(402)
Total Expenditures	<u>\$ 80,341</u>	<u>\$ 80,743</u>	<u>\$ (402)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 5,558</u>	<u>\$ 5,397</u>	<u>\$ (161)</u>
Fund Balance - January 1	<u>4,692</u>	<u>4,692</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 10,250</u></u>	<u><u>\$ 10,089</u></u>	<u><u>\$ (161)</u></u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGETARY BASIS
CAPITAL EQUIPMENT NOTE DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 866,114	\$ 868,221	\$ 2,107
Intergovernmental	85,218	85,218	-
Total Revenues	<u>\$ 951,332</u>	<u>\$ 953,439</u>	<u>\$ 2,107</u>
Expenditures			
Debt service			
Principal	\$ 765,000	\$ 765,000	\$ -
Interest and fiscal charges	141,030	141,030	-
Total Expenditures	<u>\$ 906,030</u>	<u>\$ 906,030</u>	<u>\$ -</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 45,302</u>	<u>\$ 47,409</u>	<u>\$ 2,107</u>
Fund Balance - January 1	<u>43,781</u>	<u>43,781</u>	
Fund Balance * December 31	<u><u>\$ 89,083</u></u>	<u><u>\$ 91,190</u></u>	<u><u>\$ 2,107</u></u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGETARY BASIS
CAPITAL IMPROVEMENT BOND DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ -	\$ -	\$ -
Earnings on Investments	9,854	9,854	-
Total Revenues	<u>\$ 9,854</u>	<u>\$ 9,854</u>	<u>\$ -</u>
Expenditures			
Debt service			
Principal	\$ -	\$ -	\$ -
Interest and fiscal charges	380,282	380,282	-
Total Expenditures	<u>\$ 380,282</u>	<u>\$ 380,282</u>	<u>\$ -</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (370,428)</u>	<u>\$ (370,428)</u>	<u>\$ -</u>
Other Financing Sources (Uses)			
Bond proceeds	370,428	370,428	-
Fund Balance - January 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Enterprise Funds

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

Solid Waste Management

The Solid Waste Management Fund is used to account for the management and operations of solid waste activities in St. Louis County outside of the Western Lake Superior Sanitary District service area.

Chris Jensen

The Chris Jensen Fund is used to account for providing nursing home, health, and rehabilitation facilities for the public.

Nopeming

The Nopeming Fund is used to account for providing nursing home facilities for the public.

Community Foods

The Community Foods Fund is used to account for providing meals for participants in various programs administered by the Social Services Department and other agencies.

Laundry

The Laundry Fund is used to account for the costs of operating a laundry facility used by County departments and other agencies.

Supervised Living Facilities

The Supervised Living Facilities Fund is used to account for services that enable elderly and/or handicapped individuals to maintain a degree of independence.

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
DECEMBER 31, 2001

	<u>Solid Waste Management</u>	<u>Chris Jensen</u>	<u>Nopeming</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 5,643,003	\$ 780	\$ 810
Investments	7,798,283	-	-
Receivables			
Accounts (net of allowance for uncollectibles)	257,612	1,806,124	993,026
Accrued interest	81,780		
Due from other governments	46,081	-	
Inventories		55,238	21,477
Prepaid items			
Total current assets	<u>\$ 13,826,759</u>	<u>\$ 1,862,142</u>	<u>\$ 1,015,313</u>
Restricted assets			
Debt service			
Cash and cash equivalents	\$ 1,240,354	\$	\$ -
Receivables			
Taxes			
Delinquent	39,104	-	-
Financial assurance			
Cash and cash equivalents	134,492	-	-
Investments	2,109,101	-	-
Receivables			
Accrued interest	35,931	-	-
Total restricted assets	<u>\$ 3,558,982</u>	<u>\$</u>	<u>\$ -</u>
Fixed assets			
Land	\$ 233,266	\$ 130,656	\$ 132,086
Buildings and structures	5,059,364	5,285,302	4,640,515
Improvements other than buildings	6,871,467	26,385	105,298
Machinery and equipment	885,207	691,628	296,108
Linens	-	26,261	28,443
Vehicles	411,189	6,500	82,106
Construction in progress	620,370	-	
Total fixed assets	<u>\$ 14,080,863</u>	<u>\$ 6,166,732</u>	<u>\$ 5,284,556</u>
Accumulated depreciation	<u>\$ (5,024,626)</u>	<u>\$ (1,970,746)</u>	<u>\$ (2,772,667)</u>
Net fixed assets	<u>\$ 9,056,237</u>	<u>\$ 4,195,986</u>	<u>\$ 2,511,889</u>
Total Assets	<u>\$ 26,441,978</u>	<u>\$ 6,058,128</u>	<u>\$ 3,527,202</u>

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
DECEMBER 31, 2001

	Solid Waste Management	Chris Jensen	Nopeming
Liabilities and Fund Equity			
Liabilities			
Current liabilities (payable from current assets)			
Accounts payable	\$ 519,433	\$ 313,148	\$ 160,269
Salaries payable	58,140	469,513	324,546
Compensated absences payable	7,520	37,872	19,994
Due to other governments	2,777	4,679	677
Deferred revenue	3,428	31,218	57,929
Total current liabilities (payable from current assets)	<u>\$ 591,298</u>	<u>\$ 856,430</u>	<u>\$ 563,415</u>
Current liabilities (payable from restricted assets)			
Accrued interest payable	\$ 9,493	\$ -	\$ -
Deferred revenue	38,771	-	-
Bonds payable	915,000	-	-
Total current liabilities (payable from restricted assets)	<u>\$ 963,264</u>	<u>\$ -</u>	<u>\$ -</u>
Long-term liabilities			
Compensated absences payable	\$ 208,173	\$ 764,211	\$ 465,602
General obligation revenue bonds payable	1,412,736	-	-
Customer deposits	8,500	-	-
Closure and post-closure liabilities	803,743	-	-
Total long-term liabilities	<u>\$ 2,433,152</u>	<u>\$ 764,211</u>	<u>\$ 465,602</u>
Total Liabilities	<u>\$ 3,987,714</u>	<u>\$ 1,620,641</u>	<u>\$ 1,029,017</u>
Fund Equity			
Contributed capital	\$ 1,655,038	\$ 721,800	\$ 774,217
Retained earnings			
Reserved for improvements	\$ -	\$ -	\$ 67,519
Reserved for capital acquisition			
Reserved for closure and post-closure	2,279,524	-	-
Unreserved	18,519,702	3,715,687	1,656,449
Total retained earnings	<u>\$ 20,799,226</u>	<u>\$ 3,715,687</u>	<u>\$ 1,723,968</u>
Total Fund Equity	<u>\$ 22,454,264</u>	<u>\$ 4,437,487</u>	<u>\$ 2,498,185</u>
Total Liabilities and Fund Equity	<u>\$ 26,441,978</u>	<u>\$ 6,058,128</u>	<u>\$ 3,527,202</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
DECEMBER 31, 2001

	Community Foods	Laundry	Supervised Living Facilities	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 238,728	\$ 192,008	\$ 637,316	\$ 6,712,645
Investments		-		7,798,283
Receivables				
Accounts (net of allowance for uncollectibles)	93,999	62,759	11,209	3,224,729
Accrued interest				81,780
Due from other governments				46,081
Inventories	19,460	61,491		157,666
Prepaid items	56,739	-	-	56,739
Total current assets	\$ 408,926	\$ 316,258	\$ 648,525	\$ 18,077,923
Restricted assets				
Debt service				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,240,354
Receivables				
Taxes				
Delinquent				39,104
Financial assurance				
Cash and cash equivalents	-	-	-	134,492
Investments	-	-	-	2,109,101
Receivables				
Accrued interest				35,931
Total restricted assets	\$ -	\$ -	\$ -	\$ 3,558,982
Fixed assets				
Land	\$ -	\$ -	\$ -	\$ 496,008
Buildings and structures		1,022,205		16,007,386
Improvements other than buildings				7,003,150
Machinery and equipment		322,808	9,000	2,204,751
Linens		200,236		254,940
Vehicles		45,709		545,504
Construction in progress				620,370
Total fixed assets	\$ -	\$ 1,590,958	\$ 9,000	\$ 27,132,109
Accumulated depreciation	\$ -	\$ (768,113)	\$ (2,700)	\$ (10,538,852)
Net fixed assets	\$ -	\$ 822,845	\$ 6,300	\$ 16,593,257
Total Assets	\$ 408,926	\$ 1,139,103	\$ 654,825	\$ 38,230,162

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
DECEMBER 31, 2001

	Community Foods	Laundry	Supervised Living Facilities	Total
Liabilities and Fund Equity				
Liabilities				
Current liabilities (payable from current assets)				
Accounts payable	\$ 36,284	\$ 28,414	\$ 3,664	\$ 1,061,212
Salaries payable	25,578	29,562	25,240	932,579
Compensated absences payable	5,180	1,487	2,980	75,033
Due to other governments	-			8,133
Deferred revenue	1,638	1,641	1,166	97,020
Total current liabilities (payable from current assets)	\$ 68,680	\$ 61,104	\$ 33,050	\$ 2,173,977
Current liabilities (payable from restricted assets)				
Accrued interest payable	\$ -	\$ -	\$ -	\$ 9,493
Deferred revenue	-	-	-	38,771
Bonds payable	-	-	-	915,000
Total current liabilities (payable from restricted assets)	\$ -	\$ -	\$ -	\$ 963,264
Long-term liabilities				
Compensated absences payable	\$ 142,426	\$ 299,239	\$ 190,045	\$ 2,069,696
General obligation revenue bonds payable				1,412,736
Customer deposits	-	-	-	8,500
Closure and post-closure liabilities				803,743
Total long-term liabilities	\$ 142,426	\$ 299,239	\$ 190,045	\$ 4,294,675
Total Liabilities	\$ 211,106	\$ 360,343	\$ 223,095	\$ 7,431,916
Fund Equity				
Contributed capital				
	\$ -	\$ 764,201	\$ 3,192	\$ 3,918,448
Retained earnings				
Reserved for improvements	\$ -	\$ -	\$ -	\$ 67,519
Reserved for capital acquisition	56,739			56,739
Reserved for closure and post-closure				2,279,524
Unreserved	141,081	14,559	428,538	24,476,016
Total retained earnings	\$ 197,820	\$ 14,559	\$ 428,538	\$ 26,879,798
Total Fund Equity	\$ 197,820	\$ 778,760	\$ 431,730	\$ 30,798,246
Total Liabilities and Fund Equity	\$ 408,926	\$ 1,139,103	\$ 654,825	\$ 38,230,162

ST. LOUIS COUNTY, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
 ALL ENTERPRISE FUNDS
 YEAR ENDED DECEMBER 31, 2001

	Solid Waste Management	Chris Jensen	Nopeming
Operating Revenues			
Charges for services	\$ 4,605,743	\$ 13,452,766	\$ 9,260,589
Licenses and permits	2,750	-	-
Other	<u>247,840</u>	<u>117,429</u>	<u>62,824</u>
Total Operating Revenues	<u>\$ 4,856,333</u>	<u>\$ 13,570,195</u>	<u>\$ 9,323,413</u>
Operating Expenses			
Personal services	\$ 1,552,609	\$ 8,782,754	\$ 6,184,942
Contractual services	2,766,886	3,153,370	2,381,979
Materials	132,655	1,242,784	774,154
Depreciation	<u>429,818</u>	<u>217,503</u>	<u>236,839</u>
Total Operating Expenses	<u>\$ 4,881,968</u>	<u>\$ 13,396,411</u>	<u>\$ 9,577,914</u>
Operating Income (Loss)	<u>\$ (25,635)</u>	<u>\$ 173,784</u>	<u>\$ (254,501)</u>
Nonoperating Revenues (Expenses)			
Taxes	\$ 13,526	\$ 881	\$ 678
Grants	539,424	-	-
Earnings on investments	889,412	-	-
Interest expense	(150,869)	-	-
Amortization of bond discount	<u>(13,776)</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 1,277,717</u>	<u>\$ 881</u>	<u>\$ 678</u>
Income (Loss) Before Operating Transfers	\$ 1,252,082	\$ 174,665	\$ (253,823)
Operating Transfers In	<u>-</u>	<u>279,128</u>	<u>135,282</u>
Net Income (Loss)	\$ 1,252,082	\$ 453,793	\$ (118,541)
Retained Earnings - January 1	<u>19,547,144</u>	<u>3,261,894</u>	<u>1,842,509</u>
Retained Earnings - December 31	<u>\$ 20,799,226</u>	<u>\$ 3,715,687</u>	<u>\$ 1,723,968</u>

(continued)

ST. LOUIS COUNTY, MINNESOTA**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS****ALL ENTERPRISE FUNDS****YEAR ENDED DECEMBER 31, 2001**

	Community Foods	Laundry	Supervised Living Facilities	Total
Operating Revenues				
Charges for services	\$ 1,184,019	\$ 1,159,349	\$ 880,215	\$ 30,542,681
Licenses and permits	-	-	-	2,750
Other	-	1,692	-	429,785
Total Operating Revenues	\$ 1,184,019	\$ 1,161,041	\$ 880,215	\$ 30,975,216
Operating Expenses				
Personal services	\$ 795,877	\$ 833,027	\$ 537,232	\$ 18,686,441
Contractual services	166,986	218,007	34,285	8,721,513
Materials	388,983	146,244	14,407	2,699,227
Depreciation	-	46,082	900	931,142
Total Operating Expenses	\$ 1,351,846	\$ 1,243,360	\$ 586,824	\$ 31,038,323
Operating Income (Loss)	\$ (167,827)	\$ (82,319)	\$ 293,391	\$ (63,107)
Nonoperating Revenues (Expenses)				
Taxes	\$ -	\$ -	\$ -	\$ 15,085
Grants	-	-	-	539,424
Earnings on investments	-	-	-	889,412
Interest expense	-	-	-	(150,869)
Amortization of bond discount	-	-	-	(13,776)
Total Nonoperating Revenues (Expenses)	\$ -	\$ -	\$ -	\$ 1,279,276
Income (Loss) Before Operating Transfers	\$ (167,827)	\$ (82,319)	\$ 293,391	\$ 1,216,169
Operating Transfers In	-	-	-	414,410
Net Income (Loss)	\$ (167,827)	\$ (82,319)	\$ 293,391	\$ 1,630,579
Retained Earnings - January 1	365,647	96,878	135,147	25,249,219
Retained Earnings - December 31	\$ 197,820	\$ 14,559	\$ 428,538	\$ 26,879,798

ST. LOUIS COUNTY, MINNESOTA
 COMBINING STATEMENT OF CASH FLOWS
 ALL ENTERPRISE FUNDS
 YEAR ENDED DECEMBER 31, 2001

	Solid Waste Management	Chris Jensen	Nopeming
Cash Flows From Operating Activities			
Operating Income (Loss)	\$ (25,635)	\$ 173,784	\$ (254,501)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities			
Depreciation	\$ 429,818	\$ 217,503	\$ 236,839
Changes in Assets and Liabilities			
(Increase) Decrease in accounts receivable	(4,867)	(370,195)	(98,920)
(Increase) Decrease in loans receivable	16,100	-	-
(Increase) Decrease in due from other governments	(41)	-	-
(Increase) Decrease in inventories	-	238	1,911
(Increase) Decrease in prepaid items	-	-	-
Increase (Decrease) in accounts payable	243,839	(227,457)	(39,345)
Increase (Decrease) in salaries payable	5,888	111,323	78,029
Increase (Decrease) in compensated absences payable	60,753	(88,333)	(93,479)
Increase (Decrease) in due to other funds	-	-	(323)
Increase (Decrease) in due to other governments	424	(2,051)	(2,350)
Increase (Decrease) in deferred revenue	(14,116)	(6,183)	29,697
Increase (Decrease) in customer deposits	500	-	-
Increase (Decrease) in closure and and post-closure liabilities	(280,898)	-	-
Net Cash Provided by Operating Activities	<u>\$ 431,765</u>	<u>\$ (191,371)</u>	<u>\$ (142,442)</u>
Cash Flows From Noncapital Financing Activities			
Proceeds from taxes	\$ 112,171	\$ 1,201	\$ 958
Proceeds from grant	539,424	-	-
Proceeds from interfund transfers	-	279,128	135,282
Net Cash Provided by Noncapital Financing Activities	<u>\$ 651,595</u>	<u>\$ 280,329</u>	<u>\$ 136,240</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	\$ (879,125)	\$ (102,263)	\$ -
Principal paid on bonds	(870,000)	-	-
Interest paid on bonds	(154,228)	-	-
Disposal of capital assets	-	7,131	2,368
Net Cash Provided by Capital and Related Financing Activities	<u>\$ (1,903,353)</u>	<u>\$ (95,132)</u>	<u>\$ 2,368</u>
Cash Flows From Investing Activities			
Purchase of investments	\$ (13,865,244)	\$ -	\$ -
Sale of investments	18,633,640	-	-
Earnings on investments	951,049	-	-
Net Cash Provided by Investing Activities	<u>\$ 5,719,445</u>	<u>\$ -</u>	<u>\$ -</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 4,899,452</u>	<u>\$ (6,174)</u>	<u>\$ (3,834)</u>
Cash and Cash Equivalents - January 1	<u>2,118,397</u>	<u>6,954</u>	<u>4,644</u>
Cash and Cash Equivalents - December 31	<u>\$ 7,017,849</u>	<u>\$ 780</u>	<u>\$ 810</u>

(continued)

Noneash-Activities

The Solid Waste Management Fund had changes in the fair value of investments which did not affect cash and cash equivalents of \$46,014.

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2001

	Community Foods	Laundry	Supervised Living Facilities	Total
Cash Flows From Operating Activities				
Operating Income (Loss)	\$ (167,827)	\$ (82,319)	\$ 293,391	\$ (63,107)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities				
Depreciation	\$ -	\$ 46,082	\$ 900	\$ 931,142
Changes in Assets and Liabilities				
(Increase) Decrease in accounts receivable	67,190	(79,075)	2,616	(423,251)
(Increase) Decrease in loans receivable				16,100
(Increase) Decrease in due from other governments			-	(41)
(Increase) Decrease in inventories	(1,397)	(15,222)	-	(14,470)
(Increase) Decrease in prepaid items	6,090			6,090
Increase (Decrease) in accounts payable	9,665	16,628	1,077	4,407
Increase (Decrease) in salaries payable	(2,000)	2,729	192	196,161
Increase (Decrease) in compensated absences payable	36,972	33,011	(21,240)	(72,316)
Increase (Decrease) in due to other funds				(323)
Increase (Decrease) in due to other governments	-	(12,495)		(16,472)
Increase (Decrease) in deferred revenue	(74)	(167)	(66)	9,091
Increase (Decrease) in customer deposits			-	500
Increase (Decrease) in closure and and post-closure liabilities				(280,898)
Net Cash Provided by Operating Activities	\$ (51,381)	\$ (30,828)	\$ 276,870	\$ 292,613
Cash Flows From Noncapital Financing Activities				
Proceeds from taxes	\$ -	\$ -	\$ -	\$ 114,330
Proceeds from grant				539,424
Proceeds from interfund transfers				414,410
Net Cash Provided by Noncapital Financing Activities	\$ -	\$ -	\$ -	\$ 1,068,164
Cash Flows From Capital and Related Financing Activities				
Acquisition of capital assets	\$ -	\$ -	\$ -	\$ (981,388)
Principal paid on bonds				(870,000)
Interest paid on bonds				(154,228)
Disposal of capital assets		9,738		19,237
Net Cash Provided by Capital and Related Financing Activities	\$ -	\$ 9,738	\$ -	\$ (1,986,379)
Cash Flows From Investing Activities				
Purchase of investments	\$ -	\$ -	\$ -	\$ (13,865,244)
Sale of investments				18,633,640
Earnings on investments				951,049
Net Cash Provided by Investing Activities	\$ -	\$ -	\$ -	\$ 5,719,445
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (51,381)	\$ (21,090)	\$ 276,870	\$ 5,093,843
Cash and Cash Equivalents - January 1	290,109	213,098	360,446	2,993,648
Cash and Cash Equivalents - December 31	\$ 238,728	\$ 192,008	\$ 637,316	\$ 8,087,491

Reader's notes:

Internal Service Funds

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

Printing

The Printing Fund is used to account for providing office supplies, materials, printing and postage to County departments.

County Garage

The County Garage Fund is used to account for the costs of operating a maintenance facility for automotive equipment and a fleet of vehicles for use by County departments.

Property, Casualty, Liability Insurance

The Property, Casualty, Liability Insurance Fund is used to account for coverage of claims and judgments against the County.

Workers' Compensation Insurance

The Workers' Compensation Insurance Fund is used to account for coverage of workers' compensation claims incurred by County employees.

Medical/ Dental Insurance

The Medical/ Dental Insurance Fund is used to account for coverage of medical and dental expenses incurred by County employees, dependents, and retirees.

Management Information Systems

The Management Information Systems Fund is used to account for computer services and programming services to County departments.

Telecommunications

The Telecommunications Fund is used to account for the County communications system.

Retired Employees' Health Insurance

The Retired Employees' Health Insurance Fund is used to account for retirees insurance expenses paid by the retirees' applicable sick leave balances at retirement.

**ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
DECEMBER 31, 2001**

	<u>,Printing</u>	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 194,214	\$ 756,047	\$ 963,619
Investments	-	-	4,590,625
Receivables			
Accounts	41,410	785	-
Accrued interest	-	-	68,101
Due from other governments	-	-	-
Inventories	143,880	35,994	-
Prepaid items	38,739	-	-
Total current assets	\$ 418,243	\$ 792,826	\$ 5,622,345
Fixed assets			
Land	\$ -	\$ 25,500	\$ -
Buildings and structures	-	778,730	-
Machinery and equipment	378,525	57,081	-
Vehicles	-	1,700,537	-
Total fixed assets	\$ 378,525	\$ 2,561,848	\$ -
Accumulated depreciation	(224,831)	(1,600,219)	-
Net fixed assets	\$ 153,694	\$ 961,629	\$ -
Total Assets	\$ 571,937	\$ 1,754,455	\$ 5,622,345

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
DECEMBER 31,2001

	<u>Printing</u>	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>
Liabilities and Fund Equity			
Liabilities			
Current liabilities			
Accounts payable	\$ 106,985	\$ 23,002	\$ 884
Salaries payable	8,745	14,532	-
Compensated absences payable	1,536	2,887	-
Claims payable	-	-	401,558
Interfund payable	-	-	-
Due to other governments	-	2,214	-
Deferred revenue	573	891	-
Capital leases payable	-	-	-
Total current liabilities	<u>\$ 117,839</u>	<u>\$ 43,526</u>	<u>\$ 402,442</u>
Long-term liabilities			
Compensated absences payable	\$ 129,850	\$ 74,295	\$ -
Claims payable	-	-	-
Capital leases payable	-	-	-
Total long-term liabilities	<u>\$ 129,850</u>	<u>\$ 74,295</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 247,689</u>	<u>\$ 117,821</u>	<u>\$ 402,442</u>
Fund Equity			
Contributed capital	<u>\$ 5,131</u>	<u>\$ 1,120,249</u>	<u>\$ -</u>
Retained earnings			
Unreserved	<u>\$ 319,117</u>	<u>\$ 516,385</u>	<u>\$ 5,219,903</u>
Total Fund Equity	<u>\$ 324,248</u>	<u>\$ 1,636,634</u>	<u>\$ 5,219,903</u>
Total Liabilities and Fund Equity	<u>\$ 571,937</u>	<u>\$ 1,754,455</u>	<u>\$ 5,622,345</u>

(continued)

**ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
DECEMBER 33,2001**

	<u>Workers' Compensation Insurance</u>	<u>Medical/ Dental Insurance</u>	<u>Management Information Systems</u>
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ 4,972,370	\$ 2,203,852
Investments	5,464,202	7,972,596	-
Receivables			
Accounts	-	156,614	-
Accrued interest	60,134	167,646	-
Due from other governments	-	-	-
inventories	-	-	6,746
Prepaid items	-	-	-
	<u>5,524,336</u>	<u>13,269,226</u>	<u>2,210,598</u>
Total current assets	\$ 5,524,336	\$ 13,269,226	\$ 2,210,598
Fixed assets			
Land	\$ -	\$ -	\$ -
Buildings and structures	-	-	-
Machinery and equipment	-	-	2,367,056
Vehicles	-	-	-
	<u>-</u>	<u>-</u>	<u>2,367,056</u>
Total fixed assets	\$ -	\$ -	\$ 2,367,056
Accumulated depreciation	-	-	(1,747,915)
	<u>-</u>	<u>-</u>	<u>(1,747,915)</u>
Net fixed assets	\$ -	\$ -	\$ 619,141
Total Assets	\$ 5,524,336	\$ 13,269,226	\$ 2,829,739

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
DECEMBER 31, 2001

	<u>Workers' Compensation Insurance</u>	<u>Medical/ Dental Insurance</u>	<u>Management Information Systems</u>
Liabilities and Fund Equity			
Liabilities			
Current liabilities			
Accounts payable	\$ 77,732	\$ 62,462	\$ 72,561
Salaries payable	-	-	96,355
Compensated absences payable	-	-	21,383
Claims payable	793,479	2,012,668	-
Interfund payable	94,721	-	-
Due to other governments	-	-	31,145
Deferred revenue	-	367,740	5,913
Capital leases payable	-	-	10,470
Total current liabilities	<u>\$ 965,932</u>	<u>\$ 2,442,870</u>	<u>\$ 237,827</u>
Long-term liabilities			
Compensated absences payable	\$ -	\$ -	\$ 824,472
Claims payable	4,199,867	-	-
Capital leases payable	-	-	25,302
Total long-term liabilities	<u>\$ 4,199,867</u>	<u>\$ -</u>	<u>\$ 849,774</u>
Total Liabilities	<u>\$ 5,165,799</u>	<u>\$ 2,442,870</u>	<u>\$ 1,087,601</u>
Fund Equity			
Contributed capital	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 808,490</u>
Retained earnings			
Unreserved	<u>\$ 358,537</u>	<u>\$ 10,826,356</u>	<u>\$ 933,648</u>
Total Fund Equity	<u>\$ 358,537</u>	<u>\$ 10,826,356</u>	<u>\$ 1,742,138</u>
Total Liabilities and Fund Equity	<u>\$ 5,524,336</u>	<u>\$ 13,269,226</u>	<u>\$ 2,829,739</u>

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
DECEMBER 31, 2001

	<u>Telecommu- nications</u>	<u>Retired Employees' Health Insurance</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 738,279	\$ 2,565,363	\$ 12,393,744
Investments	-	-	18,027,423
Receivables			
Accounts	10,899	-	209,708
Accrued interest	-	-	295,881
Due from other governments	52	-	52
Inventories	19,370	-	205,990
Prepaid items	-	-	38,739
Total current assets	\$ 768,600	\$ 2,565,363	\$ 31,171,537
Fixed assets			
Land	\$ -	\$ -	\$ 25,500
Buildings and structures	-	-	778,730
Machinery and equipment	2,392,584	-	5,195,246
Vehicles	-	-	1,700,537
Total fixed assets	\$ 2,392,584	\$ -	\$ 7,700,013
Accumulated depreciation	(2,093,994)	-	(5,666,959)
Net fixed assets	\$ 298,590	\$ -	\$ 2,033,054
Total Assets	\$ 1,067,190	\$ 2,565,363	\$ 33,204,591

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
DECEMBER 31, 2001

	<u>Telecommu- nications</u>	<u>Retired Employees' Health Insurance</u>	<u>Total</u>
Liabilities and Fund Equity			
Liabilities			
Current liabilities			
Accounts payable	\$ 92,936	\$ -	\$ 436,562
Salaries payable	11,281	-	130,913
Compensated absences payable	2,916	2,565,363	2,594,085
Claims payable	-	-	3,207,705
Interfund payable	-	-	94,721
Due to other governments	12,348	-	45,707
Deferred revenue	728	-	375,845
Capital leases payable	-	-	10,470
Total current liabilities	<u>\$ 120,209</u>	<u>\$ 2,565,363</u>	<u>\$ 6,896,008</u>
Long-term liabilities			
Compensated absences payable	\$ 76,679	\$ -	\$ 105,296
Claims payable	-	-	4,199,867
Capital leases payable	-	-	25,302
Total long-term liabilities	<u>\$ 76,679</u>	<u>\$ -</u>	<u>\$ 5,330,465</u>
Total Liabilities	<u>\$ 196,888</u>	<u>\$ 2,565,363</u>	<u>\$ 12,226,473</u>
Fund Equity			
Contributed capital	<u>\$ 185,639</u>	<u>\$ -</u>	<u>\$ 2,119,509</u>
Retained earnings			
Unreserved	<u>\$ 684,663</u>	<u>\$ -</u>	<u>\$ 18,858,609</u>
Total Fund Equity	<u>\$ 870,302</u>	<u>\$ -</u>	<u>\$ 20,978,118</u>
Total Liabilities and Fund Equity	<u>\$ 1,067,190</u>	<u>\$ 2,565,363</u>	<u>\$ 33,204,591</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
ALL INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2001

	Printing	County Garage	Property, Casualty, Liability Insurance
Operating Revenues			
Charges for services	\$ 1,096,945	\$ 1,452,338	\$ 645,207
Other	993	2,832	-
Total Operating Revenues	\$ 1,097,938	\$ 1,455,170	\$ 645,207
Operating Expenses			
Personal services	\$ 258,823	\$ 380,563	\$ -
Contractual services	504,681	244,353	537,777
Materials	468,383	478,424	-
Depreciation	32,187	179,041	-
Total Operating Expenses	\$ 1,264,074	\$ 1,282,381	\$ 537,777
Operating Income (Loss)	\$ (166,136)	\$ 172,789	\$ 107,430
Nonoperating Revenues (Expenses)			
Earnings on investments	\$ -	\$ -	\$ 229,228
Loss or gain on asset disposal	-	29,146	-
Total Nonoperating Revenues (Expenses)	\$ -	\$ 29,146	\$ 229,228
Net Income (Loss)	\$ (166,136)	\$ 201,935	\$ 336,658
Retained Earnings - January 1	485,253	314,450	4,883,245
Retained Earnings - December 31	<u>\$ 319,117</u>	<u>\$ 516,385</u>	<u>\$ 5,219,903</u>

(continued)

ST. LOUIS COUNTY, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS
 ALL INTERNAL SERVICE FUNDS
 YEAR ENDED DECEMBER 31, 2001

	Workers' Compensation Insurance	Medical/ Dental Insurance	Management Information Systems
Operating Revenues			
Charges for services	\$ 1,187,799	\$ 20,275,428	\$ 3,846,746
Other	981,953	-	834,104
Total Operating Revenues	<u>\$ 2,169,752</u>	<u>\$ 20,275,428</u>	<u>\$ 4,680,850</u>
Operating Expenses			
Personal services	\$ -	\$ -	\$ 2,310,091
Contractual services	4,626,231	17,395,123	1,408,297
Materials	2,247	-	370,529
Depreciation			965,300
Total Operating Expenses	<u>\$ 4,628,478</u>	<u>\$ 17,395,123</u>	<u>\$ 5,054,217</u>
Operating Income (Loss)	<u>\$ (2,458,726)</u>	<u>\$ 2,880,305</u>	<u>\$ (373,367)</u>
Nonoperating Revenues (Expenses)			
Earnings on investments	\$ 271,862	\$ 619,790	\$ -
Loss or gain on asset disposal	-	-	(6,337)
Total Nonoperating Revenues (Expenses)	<u>\$ 271,862</u>	<u>\$ 619,790</u>	<u>\$ (6,337)</u>
Net Income (Loss)	<u>\$ (2,186,864)</u>	<u>\$ 3,500,095</u>	<u>\$ (379,704)</u>
Retained Earnings - January 1	<u>2,545,401</u>	<u>7,326,261</u>	<u>1,313,352</u>
Retained Earnings - December 31	<u>\$ 358,537</u>	<u>\$ 10,826,356</u>	<u>\$ 933,648</u>

(continued)

ST. LOUIS COUNTY, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS
 ALL INTERNAL SERVICE FUNDS
 YEAR ENDED DECEMBER 31, 2001

	Telecommu- nications	Retired Employees' Health Insurance	Total
Operating Revenues			
Charges for services	\$ 1,474,965	\$ 3,794,955	\$ 33,774,383
Other	3,757	-	1,823,639
	<u>\$ 1,478,722</u>	<u>\$ 3,794,955</u>	<u>\$ 35,598,022</u>
Total Operating Revenues			
Operating Expenses			
Personal services	\$ 322,761	\$ -	\$ 3,272,238
Contractual services	777,753	3,794,955	29,289,170
Materials	120,287	-	1,439,870
Depreciation	317,571	-	1,494,099
	<u>\$ 1,538,372</u>	<u>\$ 3,794,955</u>	<u>\$ 35,495,377</u>
Total Operating Expenses			
Operating Income (Loss)	<u>\$ (59,650)</u>	<u>\$ -</u>	<u>\$ 102,645</u>
Nonoperating Revenues (Expenses)			
Earnings on investments	\$ -	\$ -	\$ 1,120,880
Loss or gain on asset disposal	-	-	22,809
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,143,689</u>
Total Nonoperating Revenues (Expenses)			
Net Income (Loss)	<u>\$ (59,650)</u>	<u>\$ -</u>	<u>\$ 1,246,334</u>
Retained Earnings - January 1	<u>744,313</u>	<u>-</u>	<u>17,612,275</u>
Retained Earnings - December 31	<u>\$ 684,663</u>	<u>\$ -</u>	<u>\$ 18,858,609</u>

ST. LOUIS COUNTY, MINNESOTA
 COMBINING STATEMENT OF CASH FLOWS
 ALL INTERNAL SERVICE FUNDS
 YEAR ENDED DECEMBER 31, 2001

	Printing	County Garage	Property, Casualty, Liability Insurance
Cash Flows From Operating Activities			
Operating Income (Loss)	\$ (166,136)	\$ 172,789	\$ 107,430
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities			
Depreciation	\$ 32,187	\$ 179,041	\$ -
Changes in Assets and Liabilities			
(Increase) Decrease in accounts receivable	(40,744)	(785)	-
(Increase) Decrease in due from other governments	3,542	-	-
(Increase) Decrease in inventories	(62,103)	428	-
Increase (Decrease) in accounts payable	7,476	1,996	884
Increase (Decrease) in salaries payable	(83)	(931)	-
Increase (Decrease) in compensated absences payable	7,849	(28,709)	-
Increase (Decrease) in claims payable	-	-	257,235
Increase (Decrease) in interfund payable	-	-	-
Increase (Decrease) in due to other governments	-	361	-
Increase (Decrease) in deferred revenue	153	(9)	-
Net Cash Provided by Operating Activities	<u>\$ (217,859)</u>	<u>\$ 324,181</u>	<u>\$ 365,549</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	\$ (49,682)	\$ (264,282)	\$ -
Payments of capital leases	(1,024)	-	-
Disposal of capital assets	-	29,146	-
Net Cash Provided by Capital and Related Financing Activities	<u>\$ (50,706)</u>	<u>\$ (235,136)</u>	<u>\$ -</u>
Cash Flows From Investing Activities			
Purchase of investments	\$ -	\$ -	\$ (9,140,923)
Sale of investments	-	-	9,040,870
Earnings on investments	-	-	235,781
Net Cash Provided by Investing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,728</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (268,565)</u>	<u>\$ 89,045</u>	<u>\$ 501,277</u>
Cash and Cash Equivalents - January 1	<u>462,779</u>	<u>667,002</u>	<u>462,342</u>
Cash and Cash Equivalents - December 31	<u><u>\$ 194,214</u></u>	<u><u>\$ 756,047</u></u>	<u><u>\$ 963,619</u></u>

Non-Cash-Activities

The Property, Casualty, Liability Insurance, the Workers' Compensation Insurance, and the Medical/Dental Insurance Funds had changes in the fair value of investments which did not affect cash and cash equivalents of \$2,712, \$10,918, and \$(5,331), respectively.

The Management Information System Fund disposed of fixed assets during the year with a book value of \$6,337.

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2001

	Workers' Compensation insurance	Medical/ Dental Insurance	Management Information Systems
Cash Flows From Operating Activities			
Operating Income (Loss)	\$ (2,458,726)	\$ 2,880,305	\$ (373,367)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities			
Depreciation	\$ -	\$ -	\$ 965,300
Changes in Assets and Liabilities			
(Increase) Decrease in accounts receivable	-	45,710	-
(Increase) Decrease in due from other governments	-	-	-
(Increase) Decrease in inventories	-	-	7,935
Increase (Decrease) in accounts payable	(36,574)	57,750	32,820
Increase (Decrease) in salaries payable	-	-	5,914
Increase (Decrease) in compensated absences payable	-	-	(233,935)
Increase (Decrease) in claims payable	2,465,877	(109,269)	-
Increase (Decrease) in interfund payable	94,721	-	-
Increase (Decrease) in due to other governments	(70,461)	-	31,145
Increase (Decrease) in deferred revenue	-	(190,196)	225
Net Cash Provided by Operating Activities	\$ (5,163)	\$ 2,684,300	\$ 436,037
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	\$ -	\$ -	\$ (214,571)
Payments of capital leases	-	-	(10,470)
Disposal of capital assets	-	-	-
Net Cash Provided by Capital and Related Financing Activities	\$ -	\$ -	\$ (225,041)
Cash Flows From Investing Activities			
Purchase of investments	\$ (12,711,663)	\$ (36,926,334)	\$ -
Sale of investments	12,117,266	37,976,319	-
Earnings on investments	233,419	556,625	-
Net Cash Provided by Investing Activities	\$ (360,978)	\$ 1,606,610	\$ -
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (366,141)	\$ 4,290,910	\$ 210,996
Cash and Cash Equivalents - January 1	366,141	681,460	1,992,856
Cash and Cash Equivalents - December 31	\$ -	\$ 4,972,370	\$ 2,203,852

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2001

	Telecommu- nications	Retired Employees' Health Insurance	Total
Cash Flows From Operating Activities			
Operating Income (Loss)	\$ (59,650)	\$ -	\$ 102,645
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities			
Depreciation	\$ 317,571	\$ -	\$ 1,494,099
Changes in Assets and Liabilities			
(Increase) Decrease in accounts receivable	(10,887)	-	(6,706)
(Increase) Decrease in due from other governments	6,439	-	9,981
(Increase) Decrease in inventories	(17,136)	-	(70,876)
Increase (Decrease) in accounts payable	(10,699)	-	53,653
Increase (Decrease) in salaries payable	(410)	-	4,490
Increase (Decrease) in compensated absences payable	15,882	2,565,363	2,326,450
Increase (Decrease) in claims payable	-	-	2,613,843
Increase (Decrease) in interfund payable	-	-	94,721
Increase (Decrease) in due to other governments	(1,430)	-	(40,385)
Increase (Decrease) in deferred revenue	75	-	(189,752)
Net Cash Provided by Operating Activities	<u>\$ 239,755</u>	<u>\$ 2,565,363</u>	<u>\$ 6,392,163</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	\$ (22,131)	\$ -	\$ (550,666)
Payments of capital leases	-	-	(11,494)
Disposal of capital assets	-	-	29,146
Net Cash Provided by Capital and Related Financing Activities	<u>\$ (22,131)</u>	<u>\$ -</u>	<u>\$ (533,014)</u>
Cash Flows From Investing Activities			
Purchase of investments	\$ -	\$ -	\$ (58,778,920)
Sale of investments	-	-	59,134,455
Earnings on investments	-	-	1,025,825
Net Cash Provided by Investing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,381,360</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 217,624	\$ 2,565,363	\$ 7,240,509
Cash and Cash Equivalents - January 1	<u>520,655</u>	<u>-</u>	<u>5,153,235</u>
Cash and Cash Equivalents - December 31	<u>\$ 738,279</u>	<u>\$ 2,565,363</u>	<u>\$ 12,393,744</u>

Reader's notes:

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by St. Louis County in a trustee capacity, or as an agent for individuals, private organizations, and any other governmental units.

EXPENDABLE TRUST FUND

Patients' Escrow Fund

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

NON-EXPENDABLE TRUST FUND

Shoreline Sales

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

INVESTMENT TRUST FUNDS

Taconite Relief Fund

The Taconite Relief Fund is used to account for the tax imposed by Minn. Stat. §298.015.

Taconite Production Tax Fund

The Taconite Production Tax Fund is used to account for the tax imposed by Minn. Stat. §298.24

AGENCY FUNDS

State of Minnesota Fund

The 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.

Beer-Auctioneer Licenses Fund

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

Cities and Towns Fines Fund

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

Taxes and Penalties Fund

The 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

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

Trust and Agency Funds

Series EE Savings Bond Fund

The 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 available to purchase the requested U.S. Savings Bond, Series EE.

Canceled Check Fund

The 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 unclaimed funds.

High Voltage Credit Fund

The 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 (2000).

Assault Fees Fund

The Assault Fees Fund is used to account for fines charged to persons convicted of assault.

Arrowhead Regional Corrections Fund

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

Community Health Services Fund

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

Duluth Area Family Service Collaborative Fund

The Duluth Area Family Service Collaborative Fund is used to account for the financial transactions of the Duluth Area Family Service Collaborative for whom the County is the fiscal agent.

Local Collaborative Time Study Fund

The Local Collaborative Time Study Fund is used to account for the time study funds received from the State to be remitted to the local collaboratives as requested.

Northern St. Louis County Family Service Collaborative Fund

The Northern St. Louis County Family Service Collaborative Fund is used to account for the financial transactions of the Northern St. Louis County Family Service Collaborative Fund for whom the County is the fiscal agent.

Regional Railroad Authority Fund

The Regional Railroad Authority Fund is used to account for the financial transactions of the Regional Railroad Authority for whom the County is the fiscal agent.

Northern Counties Land Use Board Fund

The Northern Counties Land Use Board Fund is used to account for the financial transactions of the Northern Counties Land Use Board for whom the County is the fiscal agent.

Agency Miscellaneous Fund

The Agency Miscellaneous Fund is used to account for activities not accounted for in another agency fund.

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ST. LOUIS COUNTY, MINNESOTA
 COMBINING BALANCE SHEET
 ALL EXPENDABLE, NON-EXPENDABLE, AND INVESTMENT TRUST FUNDS AND AGENCY FUNDS
 DECEMBER 31, 2001

	Expendable	Non-Expendable	Investment Trust Funds	
	Trust Fund	Trust Fund	Taconite Relief	Taconite Production Tax
	Patients' Escrow	Shoreline Sales		
Assets				
Cash and cash equivalents	\$ 35,658	\$ 2,140,807	\$ 5,177,349	\$ 227,365
Investments	50,000	-	24,486,009	1,698,565
Receivables				
Taxes				
Delinquent	-	-	-	-
Accounts	880	-	-	-
Accrued interest	922	-	258,164	22,778
Due from other governments	-	-	-	-
Total Assets	\$ 87,460	\$ 2,140,807	\$ 29,921,522	\$ 1,948,708
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 1,085	\$ 26,866	\$ -	\$ -
Salaries payable	-	-	-	-
Due to other governments	-	-	-	-
Total Liabilities	\$ 1,085	\$ 26,866	\$ -	\$ -
Fund Balance				
Reserved for assets held in trust for participants	\$ -	\$ -	\$ 29,921,522	\$ 1,948,708
Unreserved				
Undesignated	86,375	2,113,941	-	-
Total Fund Balance	\$ 86,375	\$ 2,113,941	\$ 29,921,522	\$ 1,948,708
Total Liabilities and Fund Balance	\$ 87,460	\$ 2,140,807	\$ 29,921,522	\$ 1,948,708

(continued)

ST. LOUIS COUNTY , MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL EXPENDABLE TRUST FUNDS
YEAR ENDED DECEMBER 31,2001

	Expendable Trust Fund	Non-Expendable Trust Fund
	Patients' Escrow	Shoreline Sales
Revenues		
Taxes	\$ -	\$ -
Intergovernmental	-	-
Earnings on investments	3,585	-
Land sales	-	2,782,795
Miscellaneous	186,009	-
Total Revenues	<u>\$ 189,594</u>	<u>\$ 2,782,795</u>
Expenditures		
Current		
General government	\$ 203,730	\$ -
Costs of sales and services	-	346,429
Total Current	<u>\$ 203,730</u>	<u>\$ 346,429</u>
Total Expenditures	<u>\$ 203,730</u>	<u>\$ 346,429</u>
Excess of Revenues Over (Under) Expenditures	\$ (14,136)	\$ 2,436,366
Other Financing Sources (Uses)		
Operating transfers out	-	(322,425)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures And Other Financing Uses	\$ (14,136)	\$ 2,113,941
Fund Balance - January 1	100,511	-
Fund Balance - December 31	<u>\$ 86,375</u>	<u>\$ 2,113,941</u>

**ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN NET ASSETS
ALL INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Taconite Relief</u>	<u>Taconite Production Tax</u>	<u>Total</u>
Additions			
Taconite taxes	\$ 14,286,711	\$ 21,649,059	\$ 35,935,770
Earnings on investments	2,064,902	282,702	2,347,604
Total additions	<u>\$ 16,351,613</u>	<u>\$ 21,931,761</u>	<u>\$ 38,283,374</u>
Deductions			
Distributions to participants	\$ 15,339,725	\$ 21,971,698	\$ 37,311,423
Net Increase (Decrease) in Net Assets	\$ 1,011,888	\$ (39,937)	\$ 971,951
Net Assets Held in Trust for Participants- January 1	<u>28,909,634</u>	<u>1,988,645</u>	<u>30,898,279</u>
Net Assets Held in Trust for Participants- December 31	<u>\$ 29,921,522</u>	<u>\$ 1,948,708</u>	<u>\$ 31,870,230</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED DECEMBER 31, 2001

	Balance January 1	Additions	Deductions	Balance December 31
STATE OF MINNESOTA FUND				
Assets				
Cash and cash equivalents	\$ 595,643	\$ 20,811,499	\$ 20,603,201	\$ 803,941
Unapportioned taxes receivable	324		324	
Due from other governments	11,409	15,244	11,409	15,244
Total Assets	\$ 607,376	\$ 20,826,743	\$ 20,614,934	\$ 819,185
Liabilities				
Salaries payable	\$ 2,747	\$ 79,359	\$ 79,588	\$ 2,518
Due to other governments	604,629	20,747,384	20,535,346	816,667
Total Liabilities	\$ 607,376	\$ 20,826,743	\$ 20,614,934	\$ 819,185
BEER-AUCTIONEER, LICENSES FUND				
Assets				
Cash and cash equivalents	\$ 33	\$ 2,797	\$ 2,830	\$
Liabilities				
Due to other governments	\$ 33	\$ 2,797	\$ 2,830	\$
CITIES AND TOWNS FINES FUND				
Assets				
Cash and cash equivalents	\$ 86,130	\$ 1,559,719	\$ 1,562,627	\$ 83,222
Liabilities				
Due to other governments	\$ 86,130	\$ 1,559,719	\$ 1,562,627	\$ 83,222
TAXES AND PENALTIES FUND				
Assets				
Cash and cash equivalents	\$ 4,431,918	\$ 227,022,870	\$ 227,339,541	\$ 4,115,247
Liabilities				
Due to other governments	\$ 4,431,918	\$ 227,022,870	\$ 227,339,541	\$ 4,115,247
PAYROLL DEDUCTIONS FUND				
Assets				
Cash and cash equivalents	\$ 417,535	\$ 63,696,271	\$ 63,622,814	\$ 490,992
Liabilities				
Accounts payable	\$ 49,114	\$ 63,381	\$ 49,114	\$ 63,381
Due to other governments	368,421	63,632,890	63,573,700	427,611
Total Liabilities	\$ 417,535	\$ 63,696,271	\$ 63,622,814	\$ 490,992

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2001

	Balance January 1	Additions	Deductions	Balance December 31
SERIES EE SAVINGS BOND FUND				
Assets				
Cash and cash equivalents	\$ 1,949	\$ 110,858	\$ 111,155	\$ 1,652
Liabilities				
Due to other governments	\$ 1,949	\$ 110,858	\$ 111,155	\$ 1,652
CANCELEDCHECKFUND				
Assets				
Cash and cash equivalents	\$ 61,432	\$ 41,339	\$ 43,035	\$ 59,736
Liabilities				
Accounts payable	\$ 61,432	\$ 41,339	\$ 43,035	\$ 59,736
HIGH VOLTAGE CREDIT FUND				
Assets				
Cash and cash equivalents	\$ 78,815	\$ 76,266	\$ 155,081	\$
Liabilities				
Due to other governments	\$ 78,815	\$ 76,266	\$ 155,081	\$
ASSAULT FEES FUND				
Assets				
Cash and cash equivalents	\$ 263	\$ 33,189	\$ 33,169	\$ 283
Liabilities				
Accounts payable	\$ 263	\$ 33,189	\$ 33,169	\$ 283
ARROWHEAD REGIONAL CORRECTIONS FUND				
Assets				
Cash and cash equivalents	\$ 1,832,104	\$ 17,835,400	\$ 17,679,332	\$ 1,988,172
Accounts receivable	19,539	739,595	698,794	60,340
Due from other governments	1,087,625	1,087,648	1,216,653	958,620
Total Assets	\$ 2,939,268	\$ 19,662,643	\$ 19,594,779	\$ 3,007,132
Liabilities				
Accounts payable	\$ 339,462	\$ 3,856,376	\$ 3,879,048	\$ 316,790
Salaries payable	583,460	667,780	583,460	667,780
Due to other governments	2,016,346	15,138,487	15,132,271	2,022,562
Total Liabilities	\$ 2,939,268	\$ 19,662,643	\$ 19,594,779	\$ 3,007,132

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2001

	Balance January 1	Additions	Deductions	Balance December 31
COMMUNITY HEALTH SERVICES FUND				
Assets				
Cash and cash equivalents	\$ 69,152	\$ 2,517,796	\$ 2,436,206	\$ 150,742
Accounts Receivable	-	54,038		54,038
Due from other governments	100,486	118,326	100,486	118,326
Total Assets	<u>\$ 169,638</u>	<u>\$ 2,690,160</u>	<u>\$ 2,536,692</u>	<u>\$ 323,106</u>
Liabilities				
Accounts payable	\$ 47,840	\$ -	\$ 47,840	\$ -
Salaries payable	4,037	4,424	4,037	4,424
Due to other governments	117,761	2,685,736	2,484,815	318,682
Total Liabilities	<u>\$ 169,638</u>	<u>\$ 2,690,160</u>	<u>\$ 2,536,692</u>	<u>\$ 323,106</u>
DULUTH AREA FAMILY SERVICE COLLABORATIVE FUND				
Assets				
Cash and cash equivalents	<u>\$ 50,725</u>	<u>\$ 183,922</u>	<u>\$ 118,410</u>	<u>\$ 116,237</u>
Liabilities				
Due to other governments	<u>\$ 50,725</u>	<u>\$ 183,922</u>	<u>\$ 118,410</u>	<u>\$ 116,237</u>
LOCAL COLLABORATIVE TIME STUDY FUND				
Assets				
Cash and cash equivalents	<u>\$ 2,000,164</u>	<u>\$ 946,642</u>	<u>\$ 2,323,863</u>	<u>\$ 622,943</u>
Liabilities				
Accounts payable	\$ 169,015	\$ 314,191	\$ 169,015	\$ 314,191
Due to other governments	1,831,149	632,451	2,154,848	308,752
Total Liabilities	<u>\$ 2,000,164</u>	<u>\$ 946,642</u>	<u>\$ 2,323,863</u>	<u>\$ 622,943</u>
NORTHERN ST. LOUIS COUNTY FAMILY SERVICE COLLABORATIVE FUND				
Assets				
Cash and cash equivalents	<u>\$ 49,843</u>	<u>\$ -</u>	<u>\$ 9,131</u>	<u>\$ 40,712</u>
Liabilities				
Due to other governments	<u>\$ 49,843</u>	<u>\$ -</u>	<u>\$ 9,131</u>	<u>\$ 40,712</u>

(continued)

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2001

	Balance January 1	Additions	Deductions	Balance December 31
REGIONAL RAILROAD AUTHORITY FUND				
Assets				
Cash and cash equivalents	\$ 760,653	\$ 716,522	\$ 927,540	\$ 549,635
Receivables				
Unapportioned taxes	10,119		10,119	
Delinquent taxes	25,265	28,751	25,265	28,751
Accounts	18		18	-
Due from other governments	170,304	359,165	170,304	359,165
Total Assets	<u>\$ 966,359</u>	<u>\$ 1,104,438</u>	<u>\$ 1,133,246</u>	<u>\$ 937,551</u>
Liabilities				
Accounts payable	\$ 37,454	\$ 799,559	\$ 807,399	\$ 29,614
Salaries payable	3,181	4,667	3,181	4,667
Due to other governments	925,724	300,212	322,666	903,270
Total Liabilities	<u>\$ 966,359</u>	<u>\$ 1,104,438</u>	<u>\$ 1,133,246</u>	<u>\$ 937,551</u>
NORTHERN COUNTIES LAND USE BOARD FUND				
Assets				
Cash and cash equivalents	\$ 13,585	\$ 23,750	\$ 34,276	\$ 3,059
Liabilities				
Due to other governments	\$ 13,585	\$ 23,750	\$ 34,276	\$ 3,059
AGENCY MISCELLANEOUS FUND				
Assets				
Cash and cash equivalents	\$ 10,271	\$	\$ 5,367	\$ 4,904
Liabilities				
Due to other governments	\$ 10,271	\$	\$ 5,367	\$ 4,904
TOTALS FOR ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 10,460,215	\$ 335,578,840	\$ 337,007,578	\$ 9,031,477
Receivables				
Unapportioned taxes	10,443		10,443	
Delinquent taxes	25,265	28,751	25,265	28,751
Accounts	19,557	793,633	698,812	114,378
Due from other governments	1,369,824	1,580,383	1,498,852	1,451,355
Total Assets	<u>\$ 11,885,304</u>	<u>\$ 337,981,607</u>	<u>\$ 339,240,950</u>	<u>\$ 10,625,961</u>
Liabilities				
Accounts payable	\$ 704,580	\$ 5,108,035	\$ 5,028,620	\$ 783,995
Salaries payable	593,425	756,230	670,266	679,389
Due to other governments	10,587,299	332,117,342	333,542,064	9,162,577
Total Liabilities	<u>\$ 11,885,304</u>	<u>\$ 337,981,607</u>	<u>\$ 339,240,950</u>	<u>\$ 10,625,961</u>

Reader's notes:

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to account for fixed assets which are not accounted for in the Proprietary Funds.

General fixed assets of a public domain or an "infrastructure" nature are not capitalized. Asset values are stated at historical cost, or estimated fair value, if donated. No depreciation is recorded for these assets.

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
DECEMBER 31, 2001

	<u>2001</u>
General Fixed Assets	
Land	\$ 1,499,771
Buildings and structures	58,777,372
Machinery and equipment	9,700,300
Vehicles	38,166,906
Construction in progress	<u>5,604,365</u>
Total General Fixed Assets	<u>\$ 113,748,714</u>
Investment In General Fixed Assets By Source	
General fund	\$ 50,992,653
Special revenue funds	57,151,696
Capital projects funds	<u>5,604,365</u>
Total Investment In General Fixed Assets	<u>\$ 113,748,714</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
DECEMBER 31, 2001

	Land	Buildings and Structures	Machinery and Equipment	Vehicles	Total
General Government					
Legislative	\$ -	\$ -	\$ 5,517	\$ -	\$ 5,517
Judicial and legal	-		206,862		206,862
Financial and other activities			969,365	128,252	1,097,617
Courthouses	994,090	23,112,628	64,217	143,538	24,314,473
Total General Government	\$ 994,090	\$ 23,112,628	\$ 1,245,961	\$ 271,790	\$ 25,624,469
Public Safety					
Police protection	\$ -	\$ 15,450,486	\$ 3,164,641	\$ 3,052,259	\$ 21,667,386
Highways	\$ 406,149	\$ 11,452,238	\$ 3,878,515	\$ 33,390,903	\$ 49,127,805
Health	\$ -	\$ 777,675	\$ 44,233	\$ -	\$ 821,908
Social Services	\$ -	\$ 3,630,820	\$ 1,157,052	\$ 68,951	\$ 4,856,823
Culture and Recreation	\$ -	\$ 1,783,870	\$ -	\$ -	\$ 1,783,870
Conservation of Natural Resources	\$ 99,532	\$ 2,569,655	\$ 197,423	\$ 1,383,003	\$ 4,249,613
Economic Development	\$ -	\$ -	\$ 12,475	\$ -	\$ 12,475
Construction-In-Progress	\$ -	\$ 5,604,365	\$ -	\$ -	\$ 5,604,365
Total General Fixed Assets	\$ 1,499,771	\$ 64,381,737	\$ 9,700,300	\$ 38,166,906	\$ 113,748,714

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 BY FUNCTION AND ACTIVITY
 YEAR ENDED DECEMBER 31, 2001

	General Fixed Assets Jan. 1, 2001	Additions	Deductions	General Fixed Assets Dec. 31, 2001
General Government				
Legislative	\$ 15,903	\$ -	\$ 10,386	\$ 5,517
Judicial and legal	469,384	5,449	267,971	206,862
Financial and other activities	1,768,583	19,420	690,386	1,097,617
Courthouses	24,086,185	357,690	129,402	24,314,473
Total General Government	<u>\$ 26,340,055</u>	<u>\$ 382,559</u>	<u>\$ 1,098,145</u>	<u>\$ 25,624,469</u>
Public Safety				
Police protection	\$ 22,751,427	\$ 744,405	\$ 1,828,446	\$ 21,667,386
Civil defense	22,876	-	22,876	-
Other activities	32,796	-	32,796	-
Total Public Safety	<u>\$ 22,807,099</u>	<u>\$ 744,405</u>	<u>\$ 1,884,118</u>	<u>\$ 21,667,386</u>
Highways	<u>\$ 50,585,331</u>	<u>\$ 1,734,194</u>	<u>\$ 3,191,720</u>	<u>\$ 49,127,805</u>
Health	<u>\$ 993,641</u>	<u>\$ 6,934</u>	<u>\$ 178,667</u>	<u>\$ 821,908</u>
Social Services	<u>\$ 6,347,270</u>	<u>\$ 11,603</u>	<u>\$ 1,502,050</u>	<u>\$ 4,856,823</u>
Culture and Recreation	<u>\$ 1,663,214</u>	<u>\$ 120,656</u>	<u>\$ -</u>	<u>\$ 1,783,870</u>
Conservation of Natural Resources	<u>\$ 5,033,358</u>	<u>\$ 3,524</u>	<u>\$ 787,269</u>	<u>\$ 4,249,613</u>
Economic Development	<u>\$ 2,499,818</u>	<u>\$ -</u>	<u>\$ 2,487,343</u>	<u>\$ 12,475</u>
Construction-In-Progress	<u>\$ 81,799</u>	<u>\$ 5,979,451</u>	<u>\$ 456,885</u>	<u>\$ 5,604,365</u>
Total	<u><u>\$ 116,351,585</u></u>	<u><u>\$ 8,983,326</u></u>	<u><u>\$ 11,586,197</u></u>	<u><u>\$ 113,748,714</u></u>

Supplementary Schedules

Schedule of Investments and Interest Earning Deposits
(Schedule 37)

schedule of intergovernmental Revenue
(Schedule 38)

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS
 DECEMBER 31, 2001

	Interest Rates	Par Value	Market
Pooled Investments			
Money market savings account	2.19%	\$ 378,962	\$ 378,962
Certificates of deposit	2.15-7.79%	13,132,676	13,223,447
Bankers acceptances	2.36-3.56%	472,079	469,749
Commercial paper	1.94-3.46%	23,702,000	23,596,075
MAGIC	varies	28,705,210	28,705,210
FHLB	1.97-7.55%	16,930,000	17,069,130
FNMA	4.75-7.16%	5,000,000	5,138,750
FHLMC	3.54-5.28%	6,859,000	6,821,674
SLMA	4.75%	1,000,000	1,026,250
Total Pooled Investments		<u>\$ 96,179,927</u>	<u>\$ 96,429,247</u>
Capital Projects - Magic	3.90%	<u>\$ 8,415,232</u>	<u>\$ 8,415,232</u>
Solid Waste Management Enterprise Fund			
Certificates of deposit	3.80%	\$ 1,500,000	\$ 1,500,000
Commercial paper	1.95%	2,000,000	1,993,807
FHLB	5.65-6.37%	2,700,000	2,789,011
FNMA	5.27-5.38%	2,080,000	2,109,101
FFCB	5.14%	1,500,000	1,515,465
Total Solid Waste Management Enterprise Fund		<u>\$ 9,780,000</u>	<u>\$ 9,907,384</u>
Property, Casualty, Liability Insurance			
Internal Service Fund			
Certificates of deposit	2.62-6.43%	\$ 2,198,853	\$ 2,205,119
Commercial paper	1.93-2.17%	2,400,000	2,385,506
Total Property, Casualty, Liability Insurance		<u>\$ 4,590,853</u>	<u>\$ 4,590,625</u>
Worker's Compensation Insurance			
Internal Service Fund			
Certificates of deposit	2.21-5.45%	\$ 3,648,317	\$ 3,648,317
Commercial paper	3.53%	1,200,000	1,195,071
FNMA	4.00%	600,000	620,814
Total Workers' Compensation Insurance		<u>\$ 5,448,317</u>	<u>\$ 5,464,202</u>
Medical/Dental Insurance			
Internal Service Fund			
Certificates of deposit	2.62-6.30%	\$ 3,368,945	\$ 3,399,720
FHLB	4.77%	1,500,000	1,500,486
FNMA	6.25-6.62%	3,000,000	3,072,389
Total Medical/Dental Insurance		<u>\$ 7,868,945</u>	<u>\$ 7,972,595</u>
Patients' Escrow Trust Fund			
Certificates of deposit	2.57-5.07%	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Taconite Relief Trust Fund			
FHLB	4.08-6.45%	\$ 9,025,000	\$ 9,530,794
FHLMC	6.21-6.38%	2,000,000	2,064,060
FNMA	3.55-6.37%	11,783,000	11,846,155
FFCB	6.80%	1,000,000	1,045,000
Total Taconite Relief Trust Fund		<u>\$ 23,800,000</u>	<u>\$ 24,486,009</u>
Taconite Production Trust Fund			
Certificate of deposit	2.06%	\$ 600,000	\$ 600,000
FNMA	4.76%	1,100,000	1,098,565
Total Taconite Production Trust Fund		<u>\$ 1,700,000</u>	<u>\$ 1,698,565</u>
Total Investments		<u>\$ 157,849,274</u>	<u>\$ 159,013,859</u>

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ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF INTERGOVERNMENTAL REVENUE
 YEAR ENDED DECEMBER 31, 2001

	Special Revenue Funds			
	General Fund	Road and Bridge	Social Services	Other
Shared revenue				
State				
Department of Inter technologies				
911 communications	\$ 150,080	\$ -	\$ -	\$ -
Department of Natural Resources				
Mineral rents and royalties	636,645			
Department of Revenue				
Disparity aid	2,967,882	1,320,109	1,851,751	
Homestead and agricultural credit aid (HACA) - real estate	5,771,395	1,908,362	2,827,763	14,728
HACA - manufactured home	54,107	18,695	26,625	54
PERA aid	153,873	89,750	129,464	14,521
State fire aid	26,826			
Police aid	519,402			
Local government aid	5,887			
Department of Transportation				
30 percent rental income	657		414	1
Regular maintenance		6,716,135		
Regular construction		6,135,039		
Municipal maintenance		391,328		
Municipal construction		811,672		
Engineering		901,409		
State park		187,520		
Unorganized town road and bridge aid		13,519		
Total Shared Revenue	\$ 10,286,754	\$ 18,493,833	\$ 4,838,017	\$ 29,304
Reimbursement for Services				
State				
Department of Human Services				
Child teen checkups	\$ 84,684	\$ -	\$ 105,314	\$ -
Child support			3,050,595	
Child welfare targeted case management			3,957,499	
Community alternatives for disabled individuals				
waivered services			143,047	
Elderly waivered services			345,538	
Refugee	431		9,483	
Food stamps	51,331		1,635,864	
Foster care	4,760		202,054	
Medical assistance	65,572		3,017,006	
Mentally ill case management waivered services			556,496	
Mentally retarded waivered services			455,767	
Traumatic brain injury			26,321	
Temporary aid for needy families	23,531		688,389	
Department of Health				
Family Collaborative	27,010			
Iron Range Resources and Rehabilitation Board				
Construction	-	182,140		
Total Reimbursement for Services Revenue	\$ 257,319	\$ 182,140	\$ 14,195,373	\$ -
Grants				
State grants				
Board of Water and Soil Resources				
Natural resources block grant	\$ 46,534	\$ -	\$ -	\$ -
Lake Vermillion Challenge	4,000			
Department of Corrections				
Sex offender assessment reimbursement	12,600			
Department of Environmental Assistance				
SCORE recycling grant				
Department of Finance				
Forest road access				
MN FD 29 bridge bond		2,109,800		10,387
Department of Health				
Fetal infant mortality	29,072			
Home visiting	349,584			
Tobacco free communities				
Tobacco prevention	69,381			
Youth risk behavior	105,260			
Subtotal	\$ 627,031	\$ 2,109,800	\$ -	\$ 10,387

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF INTERGOVERNMENTAL REVENUE
 YEAR ENDED DECEMBER 31, 2001

	Special Revenue Funds			
	General Fund	Road and Bridge	Social Services	Other
Grants (continued)				
State grants (continued)				
Department of Human Services				
180 day alternative care grant services	\$ -	\$ -	\$ 749,654	\$ -
Adult integrated fund	-	-	3,601,425	-
Child care resource and referral	-	-	387,243	-
Child support incentives	-	-	266,779	-
Children's mental health	-	-	475,518	-
Community alternatives for disabled individuals waivered services		-	145,173	-
Community Social Services Act block grant		-	4,087,859	-
Consolidated chemical dependency fund admin		-	58,982	-
Elderly waivered services		-	342,950	-
Family preservation		-	2,374,049	-
Flexible funding	56,697	-	-	-
Food stamps		-	162,110	-
Former group residential housing		-	94,349	-
fraud prevention incentives		-	132,061	-
General assistance		-	24,924	-
Long term care planning and development		-	21,555	-
Medical assistance		-	363,279	-
Mentally ill case management waivered services		-	40,709	-
Mentally retarded family subsidy		-	156,742	-
Mentally retarded waivered services		-	446,496	-
MN family investment project employment services		-	383,251	-
MN family investment project child care		-	3,909,933	-
Moose Lake state operated services		-	1,869,588	-
Prepaid medical assistance program		-	150,305	-
Relative custody		-	146,890	-
Semi-independent living skills		-	410,140	-
Special medical assistance	53,703	-	-	-
Traumatic brain injury		-	27,744	-
Home Delivered Meals		-	15,205	-
RSVP Grant		-	12,190	-
State Detox Trans		-	1,359	-
Alternative Response		-	174,104	-
Worker's compensation substance recovery	-	-	8,020	-
Department of Minnesota Housing Finance				
Family homelessness prevention and assistance program	165,971	-	-	-
HRA septic system		-	-	82,500
Department of Natural Resources				
Snowmobile safety	8,195	-	-	-
State trail assistance	321,547	-	-	-
Boating safety	83,645	-	-	-
Bog walk	45,000	-	-	-
White pine intensification		-	-	37,755
Wildfire	433,496	-	-	-
Willard Munger Trail		-	-	104,659
Department of Post Board Training				
Training reimbursement	63,217	-	-	-
Department of Public Safety				
Drivers license	2,820	-	-	-
Duluth regional gang strike force	63,772	-	-	-
Operation nightcap	1,155	-	-	-
Marijuana eradication	1,476	-	-	-
Drug abuse resistance	1,935	-	-	-
Victim emergency fund	2,850	-	-	-
State disaster management		241,014	-	-
Department of Revenue				
Criminal justice aid	1,198,525	-	-	-
Town Bridge		535,004	-	-
Department of Trade and Economic Development				
Cotton Cleanup	183,780	-	-	-
Iron Range Resources and Rehabilitation Board				
Do It	5,000	-	-	-
Minnesota Historical Society				
Veterans memorial hall	30,326	-	-	-
University of Minnesota				
Food and nutrition program	26,580	-	-	-
Total State Grants	\$ 3,376,721	\$ 2,885,818	\$ 21,040,586	\$ 234,701

(continued)

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF INTERGOVERNMENTAL REVENUE
 YEAR ENDED DECEMBER 31, 2001

	Special Revenue Funds			
	General Fund	Road and Bridge	Social Services	Other
Grants (continued)				
DFC Federal grants				
Department of Agriculture				
Food stamps	\$ 416,383		\$ 186,378	\$ -
National forest lands		148,351		
National forest land - roads and schools				
Women, infants and children (through Community Health Board)	462,792			
Department of Health and Human Services				
Cancer control	3,523	-		-
Chemically dependency	80,832	-	32,844	-
Child care		-	2,929,540	-
RSVP Grant		-	57,517	-
Family preservation block grant		-	79,953	-
Foster care		-	1,259,945	-
Home delivered meals		-	191,043	-
Maternal child health (through Community Health Board)	230,508	-		-
Mental health block grant		-	152,871	-
MFIP employment and training		-	1,847,858	-
Refugee assistance		-	6,435	-
Stride - LIGGS		-	223,614	-
Support for emancipation and living functionally		-	50,833	-
Title XX block grant		-	2,056,217	-
V-B Alternative response		-	35,042	-
Department of Housing and Urban Development				
Community development block grants	25,000	-	-	3,813,642
Emergency shelter grant	92,317	-	-	-
Home investment in affordable housing		-	-	513,498
Department of Justice				
Bullet proof vests	9,417	-	-	-
C.O.P.S.	2,087	-	-	-
Criminal apprehension	281,522	-	-	-
Domestic abuse intervention	9,438	-	-	-
Law enforcement block grant	18,485	-	-	-
Department of Transportation				
Safe and sober	38,572	-	-	-
Environmental Protection Agency				
Radon detection	8,699	-	-	-
Federal Emergency Management Agency				
Haz mitigation	5,854	-	-	-
Disaster relief		165,928	-	-
Emergency management	31,908			
Total Federal grants	\$ 1,717,337	\$ 314,279	\$ 8,910,090	\$ 4,327,140
Other grants				
Community Health Board				
Community health services	\$ 894,309	\$ -	\$ -	\$ -
Special Indian health	32,395			
Local				
Construction		722,347		
Total Other grants	\$ 926,704	\$ 722,347	\$ -	\$ -
Total Grants	\$ 6,020,762	\$ 3,922,444	\$ 29,950,676	\$ 4,561,841
Total Intergovernmental Revenue	\$ 16,564,835	\$ 22,598,417	\$ 48,982,066	\$ 4,591,145

(continued)

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF INTERGOVERNMENTAL REVENUE
 YEAR ENDED DECEMBER 31, 2001

	Debt Service Funds	Buildings Capital Projects Fund	Solid Waste Management Enterprise Fund	Total
Shared revenue				
State				
Department of Inter technologies 911 communications	\$	\$	-	\$ 150,080
Department of Natural Resources Mineral rents and royalties				636,645
Department of Revenue Disparity aid	291,032	55,996		6,486,770
Homestead and agricultural credit aid (HACA) - real estate		15,026		10,637,274
HACA - manufactured home		356		99,837
PERA aid	-	-	6,709	394,317
State fire aid	-	-		26,826
Police aid	-	-		519,402
Local government aid	-	-		5,887
Department of Transportation 30 percent rental income	65	13		1,445
Regular maintenance			-	6,716,135
Regular construction			-	6,135,039
Municipal maintenance	-		-	391,328
Municipal construction	-		-	811,672
Engineering	-		-	901,409
State park			-	187,520
Unorganized town road and bridge aid			-	13,519
Total Shared Revenue	<u>\$ 291,097</u>	<u>\$ 171,391</u>	<u>\$ 6,709</u>	<u>\$ 34,115,105</u>
Reimbursement for Services				
State				
Department of Human Services				
Child teen checkups	\$	-	\$	-
Child support	-	-	-	3,135,279
Child welfare targeted case management	-	-	-	3,957,499
Community alternatives for disabled individuals waivered services	-	-	-	143,047
Elderly waived services	-	-	-	345,538
Refugee	-	-	-	9,914
Food stamps	-	-	-	1,687,195
Foster care	-	-	-	206,814
Medical assistance	-	-	-	3,082,578
Mentally ill case management waived services	-	-	-	556,496
Mentally retarded waived services	-	-	-	455,767
Traumatic brain injury	-	-	-	28,321
Temporary aid for needy families	-	-	-	711,920
Department of Health Family Collaborative		-	-	27,010
Department of Justice Sheriff forfeitures				182,140
Total Reimbursement for Services Revenue	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 14,634,832</u>
Grants				
State grants				
Board of Water and Soil Resources Natural resources block grant	\$	-	\$	-
Lake Vermillion Challenge	-		-	4,000
Department of Corrections Sex offender assessment reimbursement	-		-	12,600
Department of Environmental Assistance SCORE recycling grant	-	-	532,715	532,715
Department of Finance Forest road access				10,387
MN FD 29 bridge bond			-	2,109,800
Department of Health Fetal/infant mortality		-		29,072
Home visiting		-		349,584
Tobacco free communities		-		10,600
Tobacco prevention		-		69,381
Youth risk behavior		-		105,260
Subtotal	<u>\$</u>	<u>\$</u>	<u>\$ 532,715</u>	<u>\$ 3,279,933</u>

ST. LOUIS COUNN, MINNESOTA
 SCHEDULE OF INTERGOVERNMENTAL REVENUE
 YEAR ENDED DECEMBER 31, 2001

(Continued)

	Debt Service Funds	Buildings Capital Projects Fund	Solid Waste Management Enterprise Fund	Total
Grants (continued)				
State grants (continued)				
Department of Human Services				
180 day alternative care grant services	\$ -	\$ -	\$ -	\$ 749,654
Adult integrated fund	-	-	-	3,601,425
Child care resource and referral	-	-	-	387,243
Child support incentives	-	-	-	266,779
Children's mental health	-	-	-	475,518
Community alternatives for disabled Individuals waivered services	-	-	-	145,173
Community Social Services Act block grant	-	-	-	4,087,859
Consolidated chemical dependency fund admin	-	-	-	58,982
Elderly waivered services	-	-	-	342,950
Family preservation	-	-	-	2,374,049
Flexible funding	-	-	-	56,697
Food stamps	-	-	-	162,110
Former group residential housing	-	-	-	94,349
Fraud prevention incentives	-	-	-	132,061
General assistance	-	-	-	24,924
Long term care planning and development	-	-	-	21,555
Medical assistance	-	-	-	363,279
Mentally ill case management waivered services	-	-	-	40,709
Mentally retarded family subsidy	-	-	-	156,742
Mentally retarded waivered services	-	-	-	446,496
MN family investment project employment services	-	-	-	383,251
MN family investment project child care	-	-	-	3,909,933
Moose Lake state operated services	-	-	-	1,869,588
Prepaid medical assistance program	-	-	-	150,305
Relative custody	-	-	-	146,890
Semi-independent living skills	-	-	-	410,140
Special medical assistance	-	-	-	53,703
Traumatic brain injury	-	-	-	27,744
Home Delivered Meals	-	-	-	15,205
RSVP Grant	-	-	-	12,190
State Detox Trans	-	-	-	1,359
Alternative Response	-	-	-	174,104
Worker's compensation subsistence recovery	-	-	-	8,020
Department of Minnesota Housing Finance				
Family homelessness prevention and assistance program	-	-	-	165,971
HRA septic system	-	-	-	82,500
Department of Natural Resources				
Snowmobile safety	-	-	-	8,195
State trail assistance	-	-	-	321,547
Boating safety	-	-	-	83,645
Bog walk	-	-	-	45,000
White pine intensification	-	-	-	37,155
Wildfire	-	-	-	433,496
Willard Munger Trail	-	-	-	104,659
Department of Post Board Training				
Training reimbursement	-	-	-	63,217
Department of Public Safety				
Driver's license	-	-	-	2,820
Duluth regional gang strike force	-	-	-	63,772
Operatiin nightcap	-	-	-	1,155
Marijuana eradication	-	-	-	1,476
Drug abuse resistance	-	-	-	1,935
Victim emergency fund	-	-	-	2,850
State disaster management	-	-	-	241,014
Department of Revenue				
Criminal justice aid	-	-	-	1,198,525
Town Bridge	-	-	-	535,004
Department of Trade and Economic Development				
Cotton Cleanup	-	-	-	183,780
Iron Range Resources and Rehabilitation Board				
Do It	-	-	-	5,000
Minnesota Historical Society				
Veterans memorial hall	-	-	-	30,326
University of Minnesota				
Food and nutrition program	-	-	-	26,580
Total State Grants	\$ -	\$ -	\$ 532,715	\$ 28,070,541

(continued)

ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF INTERGOVERNMENTAL REVENUE
 YEAR ENDED DECEMBER 31, 2001

	Debt Service Funds	Buildings Capital Projects Fund	Solid Waste Management Enterprise Fund	Total
Grants (continued)				
Federal grants				
Department of Agriculture				
Food stamps	\$ -	\$ -	\$ -	\$ 186,378
National forest lands	-	-	-	416,383
National forest land - roads and schools	-	-	-	148,351
Women, infants and children (through Community Health Board)	-	-	-	462,792
Department of Health and Human Services				
Cancer control	-	-	-	3,523
Chemically dependency	-	-	-	113,676
Child care	-	-	-	2,929,540
RSVP Grant	-	-	-	57,517
Family preservation block grant	-	-	-	79,953
Foster care	-	-	-	1,259,945
Home delivered meals	-	-	-	191,043
Maternal child health (through Community Health Board)	-	-	-	230,508
Mental health block grant	-	-	-	152,871
MFIP employment and training	-	-	-	1,647,858
Refugee assistance	-	-	-	6,435
Stride - LIGGS	-	-	-	223,614
Support for emancipation and living functionally	-	-	-	50,833
Title XX block grant	-	-	-	2,056,217
V-B Alternative response	-	-	-	35,042
Department of Housing and Urban Development				
Community development block grants	-	-	-	3,838,642
Emergency shelter grant	-	-	-	92,317
Home investment in affordable housing	-	-	-	513,498
Department of Justice				
Bullet proof vests	-	-	-	9,417
C.O.P.S.	-	-	-	2,087
Criminal apprehension	-	-	-	281,522
Domestic abuse intervention	-	-	-	9,438
Law enforcement block grant	-	-	-	18,485
Department of Transportation				
Safe and sober	-	-	-	38,572
Environmental Protection Agency				
Radon detection	-	-	-	8,699
Federal Emergency Management Agency				
Haz mitigation	-	-	-	5,854
Disaster relief	-	131,376	-	297,304
Emergency management	-	-	-	31,908
Total Federal grants	<u>\$ -</u>	<u>\$ 131,376</u>	<u>\$ -</u>	<u>\$ 15,400,222</u>
Other grants				
Community Health Board				
Community health services	\$ -	\$ -	\$ -	\$ 894,309
Special Indian health	-	-	-	32,395
Local				
Construction	-	-	-	722,347
Total Other grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,649,051</u>
Total Grants	<u>\$ -</u>	<u>\$ 131,376</u>	<u>\$ 532,715</u>	<u>\$ 45,119,814</u>
Total Intergovernmental Revenue	<u>\$ 291,097</u>	<u>\$ 302,767</u>	<u>\$ 539,424</u>	<u>\$ 93,869,751</u>

Reader's notes:

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ST. LOUIS COUNTY, MINNESOTA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

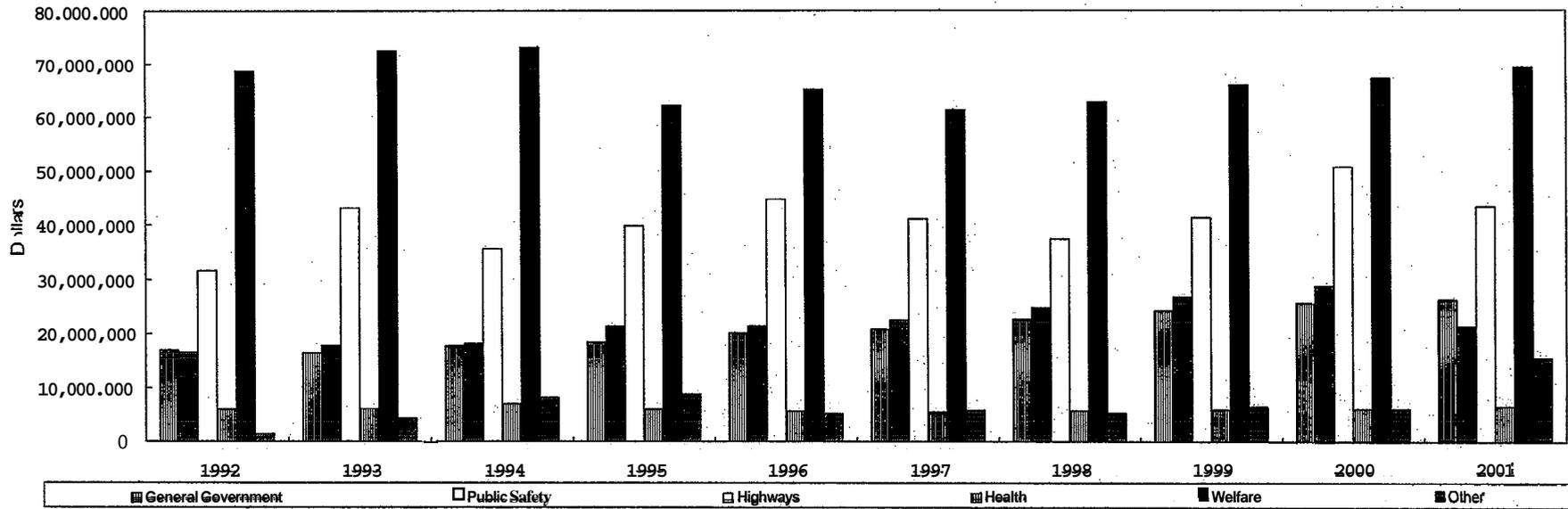
Fiscal Year	General Government	Public Safety	Highways	Health	Welfare	Sanitation	Culture and Recreation	Conservation of Natural Resources	Economic Development	Total Expenditures
1992	\$ 16,948,356	\$ 16,546,693	\$ 31,596,937	\$ 5,928,570	\$ 68,650,116	\$ -	\$ 385,607	\$ 523,778	\$ 530,482	\$ 141,110,539
1993	\$ 16,440,619	\$ 17,721,147	\$ 43,036,984	\$ 6,101,778	\$ 72,586,458	\$ -	\$ 455,494	\$ 553,371	\$ 3,307,952	\$ 160,203,803
1994	\$ 17,613,630	\$ 18,130,198	\$ 35,540,578	\$ 6,963,147	\$ 73,188,202	\$ -	\$ 648,506	\$ 589,164	\$ 6,898,773	\$ 159,572,198
1995	\$ 18,352,433	\$ 21,287,592	\$ 39,798,900	\$ 5,955,169	\$ 62,196,888	\$ -	\$ 696,430	\$ 713,440	\$ 7,350,964	\$ 156,351,816
1996	\$ 20,079,314	\$ 21,378,055	\$ 44,679,228	\$ 5,611,658	\$ 65,129,489	\$ -	\$ 898,492	\$ 818,803	\$ 3,401,781	\$ 161,996,820
1997	\$ 20,763,204	\$ 22,481,719	\$ 41,033,305	\$ 5,471,404	\$ 61,470,525	\$ -	\$ 990,931	\$ 728,122	\$ 4,045,476	\$ 156,984,686
1998	\$ 22,673,940	\$ 24,775,615	\$ 37,400,747	\$ 5,708,819	\$ 62,757,157	\$ -	\$ 865,786	\$ 793,700	\$ 3,662,411	\$ 158,638,175
1999	\$ 24,236,863	\$ 26,713,735	\$ 41,330,098	\$ 5,917,312	\$ 65,951,192	\$ -	\$ 1,494,552	\$ 782,214	\$ 4,169,249	\$ 170,595,215
2000	\$ 25,592,511	\$ 28,840,156	\$ 50,634,919	\$ 6,056,137	\$ 67,106,363	\$ 3,552	\$ 1,028,462	\$ 905,479	\$ 4,103,918	\$ 184,271,497
2001	\$ 26,105,772	\$ 30,609,882	\$ 43,377,799	\$ 6,497,872	\$ 68,930,249	\$ 5,116	\$ 1,377,990	\$ 9,457,898	\$ 4,672,426	\$ 191,035,004

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Fiscal Year	General Government	Public Safety	Highways	Health	Welfare	Sanitation	Culture and Recreation	Conservation of Natural Resources	Economic Development	Total Expenditures
1992	22.0%	11.7%	22.4%	4.2%	48.6%	0.0%	0.3%	0.4%	0.4%	100.0%
1993	10.3%	11.1%	26.9%	3.8%	45.3%	0.0%	0.3%	0.3%	2.1%	100.0%
1994	11.0%	11.4%	22.3%	4.4%	45.9%	0.0%	0.4%	0.4%	4.3%	100.0%
1995	11.7%	13.6%	25.5%	3.8%	39.8%	0.0%	0.4%	0.5%	4.7%	100.0%
1996	11.7%	13.6%	25.5%	3.8%	39.8%	0.0%	0.4%	0.5%	4.7%	100.0%
1997	12.4%	13.2%	27.6%	3.5%	40.2%	0.0%	0.6%	0.5%	2.0%	100.0%
1998	13.2%	14.3%	26.1%	3.5%	39.2%	0.0%	0.6%	0.5%	2.6%	100.0%
1999	14.3%	15.6%	23.6%	3.6%	39.6%	0.0%	0.5%	0.5%	2.3%	100.0%
2000	13.9%	15.7%	27.5%	3.3%	36.3%	0.0%	0.6%	0.5%	2.2%	100.0%
2001	13.7%	16.0%	22.7%	3.4%	36.1%	0.0%	0.7%	5.0%	2.4%	100.0%

(1) Includes the General Fund and Special Revenue Funds.

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION



GENERAL GOVERNMENTAL EXPENDITURES PER CAPITA

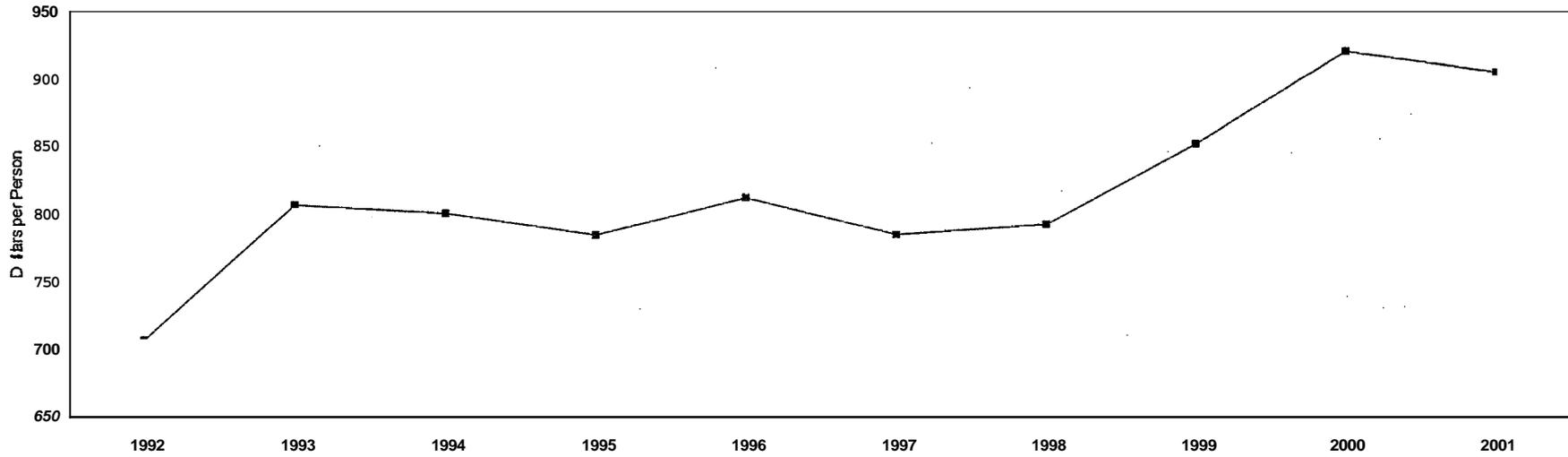


Table 2

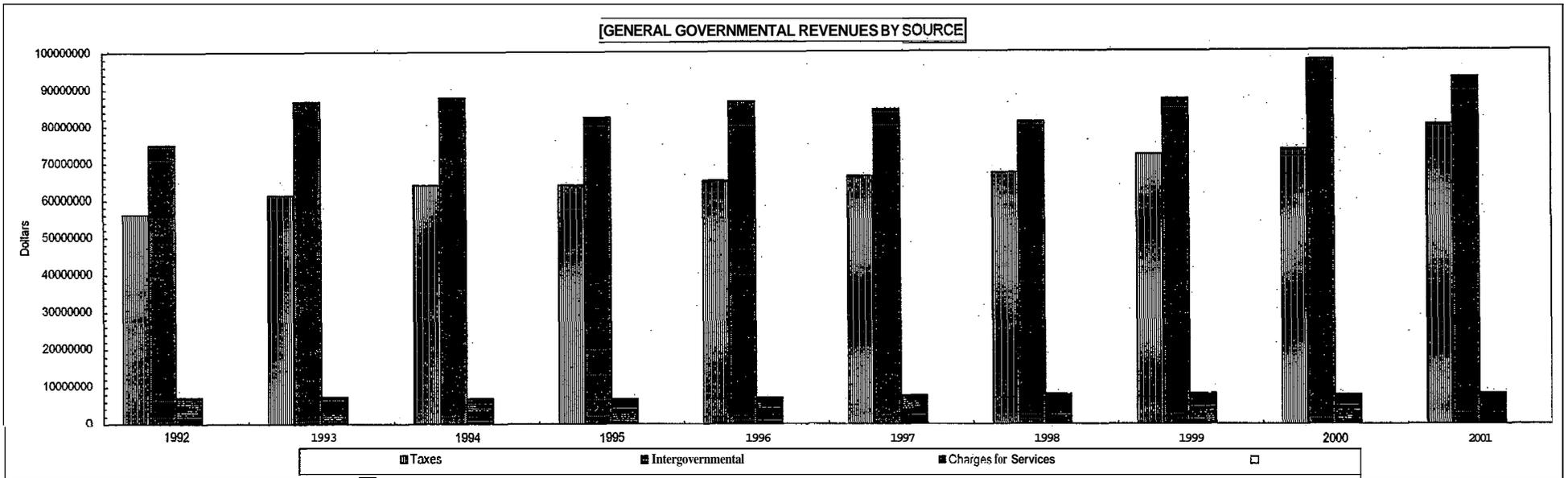
ST. LOVS COUNTY, MINNESOTA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Licenses and Permits	inter-governmental	Charges for Services	Fines and Forfeits	Gifts and Contributions	Earnings on investments	Miscellaneous	Total Revenue
1992	\$ 56,159,786	\$ 127,058	\$ 75,009,649	\$ 7,152,949	\$ 691,775	\$ 20,506	\$ 1,853,826	\$ 2,069,150	\$ 143,084,699
1993	\$ 61,326,778	\$ 125,591	\$ 86,705,928	\$ 7,458,822	\$ 740,207	\$ 7,142	\$ 1,532,681	\$ 2,166,474	\$ 160,064,623
1994	\$ 63,886,712	\$ 125,148	\$ 87,810,426	\$ 6,962,013	\$ 743,043	\$ 24,160	\$ 2,082,043	\$ 2,915,987	\$ 164,549,532
1995	\$ 63,852,318	\$ 131,185	\$ 82,341,713	\$ 6,729,933	\$ 830,224	\$ 14,516	\$ 2,772,341	\$ 2,500,682	\$ 159,172,912
1996	\$ 65,054,565	\$ 132,057	\$ 86,612,746	\$ 7,138,403	\$ 888,913	\$ 18,924	\$ 2,622,288	\$ 1,999,446	\$ 184,467,342
1997	\$ 66,268,481	\$ 138,169	\$ 84,589,884	\$ 7,742,466	\$ 941,739	\$ 35,767	\$ 2,905,559	\$ 2,401,141	\$ 165,023,206
1998	\$ 67,187,541	\$ 155,517	\$ 80,874,792	\$ 8,064,994	\$ 1,304,540	\$ 27,318	\$ 3,575,139	\$ 2,869,442	\$ 164,059,283
1999	\$ 72,214,386	\$ 160,899	\$ 87,219,274	\$ 8,191,021	\$ 1,518,384	\$ 16,019	\$ 4,287,083	\$ 2,213,469	\$ 175,820,535
2000	\$ 73,498,016	\$ 149,168	\$ 97,587,572	\$ 7,890,897	\$ 1,664,922	\$ 22,308	\$ 4,767,469	\$ 2,698,929	\$ 188,279,281
2001	\$ 80,175,601	\$ 158,961	\$ 92,736,463	\$ 8,320,094	\$ 1,770,230	\$ 15,170	\$ 4,063,205	\$ 10,378,805	\$ 197,618,529

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Fiscal Year	Taxes	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeits	Gifts and Contributions	Interest on Investments	Miscellaneous	Total
1992	39.2%	0.1%	52.4%	5.0%	0.5%	0.0%	1.3%	1.4%	100.0%
1993	38.3%	0.1%	54.2%	4.7%	0.5%	0.0%	1.0%	1.4%	100.0%
1994	38.8%	0.1%	53.4%	4.2%	0.5%	0.0%	1.3%	1.8%	100.0%
1995	40.1%	0.1%	51.7%	4.2%	0.5%	0.0%	1.8%	1.6%	100.0%
1996	39.6%	0.1%	52.7%	4.3%	0.5%	0.0%	1.6%	1.2%	100.0%
1997	40.2%	0.1%	51.3%	4.7%	0.6%	0.0%	1.7%	1.4%	100.0%
1998	41.0%	0.1%	49.3%	4.9%	0.8%	0.0%	2.1%	1.6%	100.0%
1999	41.1%	0.1%	49.6%	4.7%	0.9%	0.0%	2.3%	1.3%	100.0%
2000	39.0%	0.1%	51.8%	4.2%	0.9%	0.0%	2.5%	1.5%	100.0%
2001	40.6%	0.1%	46.9%	4.2%	0.9%	0.0%	2.1%	5.3%	100.01

(1) Includes the General Fund and Special Revenue Funds.



ST. LOUIS COUNTY, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

PROPERTY TAX LEVY (COUNTY ONLY)				
Collection Year	Certified County Levy (1)	Less Tax Credits and Certain State Aids (2)	Net Effective Levy	
1992	\$ 62,571,880	\$ 17,819,911	\$ 44,751,969	
1993	67,546,282	18,929,546	48,616,736	
1994	60,754,766	10,514,029	50,240,737	
1995	60,754,766	10,383,080	50,371,686	
1996	60,754,766	10,234,979	50,519,787	
1997	62,148,361	10,171,479	51,976,882	
1998	63,510,765	9,593,532	53,917,233	
1999	65,630,322	10,500,191	55,130,131	
2000	68,686,166	10,175,277	58,510,889	
2001	72,408,956	10,410,563	61,998,393	

COLLECTIONS				
Collection Year	Current Tax Collections (3)	Delinquent Tax Collections	Total Tax Collections	Outstanding Delinquent Taxes
1992	\$ 42,993,432	\$ 1,598,486	\$ 44,591,918	\$ 3,901,497
1993	46,878,419	1,461,768	48,340,187	3,847,804
1994	48,419,832	1,374,253	49,794,085	3,969,531
1995	48,803,480	1,452,659	50,256,139	3,508,824
1996	49,036,725	1,316,271	50,352,996	3,551,464
1997	50,413,050	1,360,754	51,773,804	3,386,413
1998	51,803,156	1,202,089	53,005,245	4,249,435
1999	53,599,933	1,970,242	55,570,175	3,661,644
2000	56,746,094	1,624,739	58,370,833	3,611,396
2001	60,233,499	1,560,546	61,794,045	3,685,224

RATIOS				
Collection Year	Current Tax Collections (3) as a Percent of Net Levy	Delinquent Tax Collections as a Percent of Net Levy	Total Tax Collections as a Percent of Net Levy	Outstanding Delinquent Taxes as a Percent of Net Levy
1992	96.07%	3.57%	99.64%	8.72%
1993	96.42%	3.01%	99.43%	7.91%
1994	96.38%	2.74%	99.11%	7.90%
1995	96.89%	2.88%	99.77%	6.97%
1996	97.06%	2.61%	99.67%	7.03%
1997	96.99%	2.62%	99.61%	6.52%
1998	96.08%	2.23%	98.31%	7.88%
1999	97.22%	3.57%	100.80%	6.64%
2000	96.98%	2.78%	99.76%	6.17%
2001	97.15%	2.52%	99.67%	5.94%

- (1) In 1994 through 1997 the homestead and agricultural credit aid (HACA) was deducted from the levy before the levy was certified. In 1993 and prior years, this aid was deducted from the levy after the levy certification. (HACA replaced the homestead credit and agricultural aid credit in 1990).
- (2) In 1994 through 1997 this amount includes disparity reduction aid, taconite relief, and other small credits. In 1990 through 1993, this amount includes HACA, disparity reduction aid, taconite relief, and other small credits.
- (3) Collections include amounts that are not a part of the certified levy.

Unaudited

ST. LOUIS COUNTY, MINNESOTA
TAXABLE MARKET VALUE AND TAX CAPACITY OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

TAXABLE MARKET VALUE (INCLUDES CAPTURED INCREMENT)

Collection Year	Property Outside the City of Duluth	Property Within the City of Duluth	Total
1992	\$ 2,294,816,000	\$ 1,586,629,700	\$ 3,881,445,700
1993	2,462,872,000	1,750,550,500	4,213,422,500
1994	2,592,515,300	1,954,002,100	4,546,517,400
1995	2,802,893,700	2,003,659,200	4,806,552,900
1996	2,981,904,564	2,096,250,700	5,078,155,264
1997	3,201,837,900	2,225,427,350	5,427,265,250
1998	3,430,885,300	2,310,692,030	5,741,577,330
1999	3,709,574,800	2,380,700,800	6,090,275,600
2000	3,986,083,600	2,459,409,500	6,445,493,100
2001	4,295,796,200	2,668,710,800	6,964,507,000

TAXABLE TAX CAPACITY (EXCLUDES CAPTURED INCREMENT)

Collection Year	Property Outside the City of Duluth	Property Within the City of Duluth	Total
1992	\$ 41,555,702	\$ 27,155,413	\$ 68,711,215
1993	43,550,490	28,628,785	72,179,275
1994	45,692,320	30,687,784	76,380,104
1995	49,206,820	33,315,706	82,522,526
1996	52,344,691	34,805,732	87,150,423
1997	55,548,845	37,140,254	92,689,099
1998	53,483,926	34,810,262	88,294,188
1999	53,465,283	33,272,621	86,737,904
2000	55,590,640	33,666,843	89,257,483
2001	59,844,300	36,602,505	96,446,805

RATIOS

Collection Year	Total Tax Capacity as a Percent of Total Taxable Market Value	Percent of Total Tax Capacity	
		Property Outside the City of Duluth	Property Within the City of Duluth
1992	1.77%	60.48%	39.52%
1993	1.71%	60.34%	39.66%
1994	1.68%	59.82%	40.18%
1995	1.72%	59.63%	40.37%
1996	1.72%	60.06%	39.94%
1997	1.71%	59.93%	40.07%
1998	1.54%	60.57%	39.43%
1999	1.42%	61.64%	38.36%
2000	1.39%	62.28%	37.72%
2001	1.39%	62.05%	37.95%

Unaudited

ST. LOUIS COUNTY, MINNESOTA
TAX LEVIES AND PROPERTY TAX RATES (1)
DIRECT AND OVERLAPPING
LAST TEN FISCAL YEARS

TAX LEVIES (2) (In Dollars)					
Tax Year	Cities/Towns Including Tax Increment Districts	Special Districts	School Districts	county	Total Combined
1992	25,729,718	631,770	28,893,039	46,907,625	102,162,152
1993	29,536,666	768,772	37,684,644	50,726,792	118,716,874
1994	30,423,557	947,303	39,766,456	53,023,791	124,161,107
1995	31,492,754	1,047,256	45,075,285	52,955,665	130,570,960
1996	33,347,763	1,105,749	46,376,479	52,979,021	133,809,012
1997	35,217,798	1,798,882	47,068,888	54,391,144	138,476,712
1998	36,147,311	1,177,255	44,468,246	56,350,560	138,143,372
1999	36,488,118	1,237,589	44,572,116	58,854,341	141,152,164
2000	37,433,613	1,393,027	43,594,119	62,055,566	144,476,325
2001	41,406,797	1,606,102	43,985,373	65,428,585	152,426,857

TAX RATES PER \$100 OF TAX CAPACITY					
Tax Year	Cities / Towns	Special Districts	School Districts	County	Total Combined (1)
1992	24.6397	0.9193	42.0499	68.2677	135.8766
1993	25.8227	1.0651	51.8283	70.2789	148.9950
1994	24.9441	1.2403	49.4225	69.4210	145.0279
1995	25.7234	1.2690	51.9731	64.1712	143.1367
1996	25.8270	1.2678	50.3091	60.7425	138.1464
1997	34.7370	1.7740	46.4260	53.6480	136.5850
1998	37.3368	1.2160	45.9315	58.2048	142.6891
1999	38.6383	1.3105	47.1987	62.3226	149.4701
2000	38.8014	1.4373	44.9936	64.0770	149.3093
2001	39.3333	1.5257	41.782%	62.1522	144.7940

TAX RATES PER \$100 OF TAXABLE MARKET VALUE					
Tax Year	Cities / Towns	Special Districts	School Districts	County	Total Combined (1)
1992	0.6629	0.0163	0.7444	1.2085	2.6321
1993	0.7010	0.0182	0.8944	1.2039	2.8176
1994	0.6692	0.0208	0.8747	1.1663	2.7309
1995	0.6552	0.0218	0.9378	1.1017	2.7165
1996	0.6567	0.0218	0.9133	1.0433	2.6350
1997	0.6489	0.0331	0.8673	1.0022	2.5515
1998	0.6296	0.0205	0.7745	0.9814	2.4060
1999	0.5991	0.0203	0.7319	0.9664	2.3177
2000	0.5808	0.0216	0.6764	0.9628	2.2415
2001	0.5945	0.0231	0.6316	0.9395	2.1887

(1) These are composite rates, except for the County.

(2) Power line levies are not included.

Unaudited

**ST. LOUIS COUNTY, MINNESOTA
TAX CAPACITY BY PROPERTY TYPE
YEAR ENDED DECEMBER 31, 2001**

	<u>Dollar Value</u>	<u>Percent of Total</u>
Real Estate		
Residential	\$ 53,242,771	50.59%
Multiple Dwelling	5,726,089	5.44%
Commercial/Industrial	23,626,769	22.45%
Timberlands	1,446,734	1.37%
Agricultural	722,059	0.69%
Public Utilities/ Miscellaneous	6,546,119	6.22%
Seasonal Residential Recreational	7,472,928	7.10%
Seasonal Residential Recreational-Commercial	<u>375,720</u>	<u>0.36%</u>
Total Real Estate	\$ 99,159,189	94.21%
Personal Property	<u>6,090,425</u>	<u>5.79%</u>
Total Real Estate & Personal Property	<u>\$ 105,249,614</u>	<u>100.00%</u>

Source: St. Louis County Assessor - 2000 Abstract Payable 2001

Unaudited

ST. LOUIS COUNTY, MINNESOTA
PRINCIPAL TAXPAYERS
YEAR ENDED DECEMBER 31, 2001

The ten largest property tax payers in St. Louis County are as follows:

Taxpayer	Taxable Tax Capacity as of 2001 Tax Roll (1)	Percentage of Total
Minnesota Power	\$ 6,237,762	7.59%
Consolidated Papers, Inc.	1,834,974	2.23%
DM&IR Railway	1,483,848	1.80%
Great Lakes Gas Trans Ltd	971,975	1.18%
Northern States Power	940,689	1.14%
Miller Hill Mall Company	902,426	1.10%
DW&P Railroad	840,340	1.02%
USX Corp	685,330	0.83%
Burlington Northern/ Santa Fe Railway	634,693	0.77%
Square Butte Electric Co-op	<u>627,528</u>	<u>0.76%</u>
 Total Taxable Tax Capacity of Ten Largest Taxpayers	 \$ 15,159,563	 18.43%
 Total Taxable Tax Capacity of Other Taxpayers	 <u>67,050,314</u>	 <u>81.57%</u>
 Total Taxable Tax Capacity of All Taxpayers	 <u>\$ 82,209,877</u>	 <u>100.00%</u>

(1) Taxable tax capacity does not include tax capacity for power lines or tax increment financing.

Collection of Taconite Production Tax in 2001 (Including Supplemental)

EVTAC	\$ 5,588,081	
Hibbing Taconite	9,541,141	
Ispat Inland Mining	3,391,939	
LTV Steel	122,103	
National Steel	6,697,079	
Northshore Mining	5,013,481	
USX Corporation	16,389,424	
Total Taconite Production Tax	<u>\$ 46,743,248</u>	
Add: Taconite Relief - Supplemental Provided by State of Minnesota	157,401	
Add: Reserved	<u>1,375,653</u>	
Total Amount to Distribute	<u>\$ 48,276,302</u>	

Distribution of Taconite Production Tax in 2001 (Including Supplemental)

Counties other than St. Louis:		
Property Tax Credits		\$ 7,009,520
St. Louis county and its Political Subdivisions:		
Property Tax Credits - County Share	\$ 3,983,613	
County General Fund	4,298,741	
County Road and Bridge Fund	6,508,737	
Property Tax Credit - Cities', Towns' and School Districts' Share	4,505,088	
School Districts	13,366,326	
Cities and Towns	8,511,079	
Iron Range Resources & Rehabilitation Board	<u>93,198</u>	
		<u>41,266,782</u>
Total Distribution		<u>\$ 48,276,302</u>

Unaudited

ST. LOUIS COUNTY, MINNESOTA
COMPUTATION OF LEGAL DEBT MARGIN
YEAR ENDED DECEMBER 31, 2001

Market Value of Taxable Property		\$ 6,964,507,000
<hr/>		
Debt Limit:		
Two Percent of Market Value of Taxable Property (1)		\$ 139,290,140
Amount of Debt Applicable to Debt Limit:		
General Obligation Debt (At Par)	\$ 33,676,073	
Less:		
Fund Balance in Debt Service Funds	(576,166)	
Restricted Assets in Solid Waste in Enterprise Fund Available for Payment of Debt (2)	<u>(1,231,194)</u>	
Total Amount of Debt Applicable to Debt Limit		<u>31,868,713</u>
Legal Debt Margin		<u>\$ 107,421,427</u>

(1) Limit on debt per Minnesota Statutes, Section 475.53, Subdivision 1: "Except as otherwise provided ... no municipality ... shall incur or be subject to a debt in excess of two percent of the market value of taxable property in the municipality."

(2) Restricted assets related to the solid waste general obligation revenue bonds and the solid waste full crossover advance refunding bonds of \$2,360,000 less \$32,264 unamortized discount are carried in the Enterprise Funds. These bonds are carried at par of \$2,360,000 and are included in the amount of debt applicable to the debt limit.

Note: The amount of debt applicable to the debt limit does not include the 1995 State of Minnesota Duluth Airport Lease Revenue Bonds Series 1995E as it is a County liability on a contingency basis only.

Unaudited

ST. LOUIS COUNTY, MINNESOTA
COMPUTATION OF DIRECT, OVERLAPPING AND UNDERLYING DEBT
GENERAL OBLIGATION AND GENERAL OBLIGATION REVENUE BONDS ONLY
 YEAR ENDED DECEMBER 31, 2001

	Total Debt Outstanding (1)	Percent Applicable to St. Louis County (2)	Amount
Direct Debt			
St. Louis County (3)	\$ 33,676,073	100.00%	\$ 33,676,073
Overlapping Debt			
School District#94	\$ 10,185,000	3.54%	\$ 360,549
School District#381	675,000	16.60%	112,050
School District#698	5,850,000	94.24%	5,513,040
School District#2142	2,770,000	99.81%	2,764,737
Western Lake Superior Sanitary District	55,913,442	81.17%	45,384,941
Total Overlapping Debt	<u>\$ 75,393,442</u>		<u>\$ 54,135,317</u>
Underlying Debt			
City of Biwabik	\$ 600,000	100.00%	\$ 600,000
City of Cook	110,000	100.00%	110,000
City of Duluth	57,109,423	100.00%	57,109,423
City of Ely	940,000	100.00%	940,000
City of Eveleth	2,239,609	100.00%	2,239,609
City of Floodwood	144,333	100.00%	144,333
City of Hermantown	9,670,000	100.00%	9,670,000
City of Hibbing	9,390,000	100.00%	9,390,000
City of Hoyt Lakes	675,000	100.00%	675,000
City of Mountain Iron	985,000	100.00%	985,000
City of Proctor	2,205,000	100.00%	2,205,000
City of Tower	49,000	100.00%	49,000
City of Virginia	36,925,244	100.00%	36,925,244
Town of Grand Lake	1,211,272	100.00%	1,211,272
Town of Rice Lake	699,215	100.00%	699,215
Town of White	500,000	100.00%	500,000
School District #695	3,080,275	100.00%	3,080,275
School District #696	915,000	100.00%	915,000
School District #700	7,540,000	100.00%	7,540,000
School District #701	2,200,000	100.00%	2,200,000
School District #704	8,500,000	100.00%	8,500,000
School District #706	23,965,000	100.00%	23,965,000
School District #709	58,970,000	100.00%	58,970,000
School District #712	4,940,000	100.00%	4,940,000
School District #2154	1,219,786	100.00%	1,219,786
School District #2711	640,000	100.00%	640,000
Duluth Entertainment and Convention Center	6,490,000	100.00%	6,490,000
Virginia Housing and Redevelopment Authority	1,665,000	100.00%	1,665,000
Total Underlying Debt	<u>\$ 243,578,157</u>		<u>\$ 243,578,157</u>
Total	<u>\$ 352,647,672</u>		<u>\$ 331,389,547</u>

- (1) This figure does not take into account bond premium or discount, except for St. Louis County, which is net of unamortized discount of \$32,264.
- (2) The percentage reflects the portion of the general obligation debt which is secured by taxable real estate located within the County.
- (3) This figure does not include the 1995 State of Minnesota Duluth Airport Lease Revenue Bonds Series 1995E of \$1,820,000 for which the County is contingently liable. This figure also includes \$2,034 of interest on idle funds per the 1998 septic loan agreement with the Minnesota Department of Agriculture.

Unaudited

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ST. LOUIS COUNTY, MINNESOTA
DEBT PAYMENTS
PAST SIX YEARS AND ALL FUTURE YEARS

Fiscal Year	General Long Term Bonded Debt (1)		Fund Long Term Bonded Debt		Capital Leases (2)		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
1996	\$ 825,000	\$ 737,978	\$ 1,065,000	\$ 499,550	\$ 347,367	\$ 96,458	\$ 3,571,353
1997	915,000	772,140	1,130,000	448,700	372,599	110,478	3,748,917
1998	1,205,000	991,745	1,225,000	326,830	412,009	130,383	4,290,967
1999	1,265,000	933,253	9,585,000	273,320	415,905	107,099	4,579,577
2000	2,075,000	1,043,623	830,000	191,658	450,485	103,952	4,694,718
2001	2,180,000	948,007	870,000	154,228	465,154	89,572	4,706,961
2002	\$ 2,935,000	\$ 1,437,410	\$ 915,000	\$ 113,920	\$ 485,946	\$ 74,696	\$ 5,961,972
2003	3,075,000	1,310,000	965,000	69,910	508,055	59,249	5,987,214
2004	3,225,000	1,175,208	480,000	23,039	52,827	35,217	4,991,291
2005	2,470,000	1,028,728			53,900	32,002	3,584,630
2006	2,595,000	914,633			57,200	28,613	3,595,446
2007	2,725,000	794,570			60,500	25,023	3,605,093
2008	2,865,000	668,320			64,900	21,199	3,619,419
2009	1,510,000	534,850			68,200	17,037	2,130,087
2010	1,580,000	464,730			72,600	12,531	2,129,861
2011	1,475,000	390,205			77,000	7,744	1,949,949
2012	1,545,000	315,990			82,500	2,640	1,946,130
2013	1,105,000	238,250					1,343,250
2014	1,160,000	183,000					1,343,000
2015	1,220,000	125,000					1,345,000
2016	1,280,000	64,000					1,344,000
Total for 2002-2016	\$ 30,765,000	\$ 9,644,894	\$ 2,360,000	\$ 206,869	\$ 1,583,628	\$ 315,951	\$ 44,876,342

(1) Does not include the \$2,710,000 State of Minnesota Duluth Airport Lease Revenue Bonds Series 1995E for which St. Louis County is contingently liable. See Table 12 for more detail.

(2) See Table 11 for more detail.

Unaudited

ST. LOUIS COUNTY, MINNESOTA
LEASE OBLIGATIONS
PAST SIX YEARS AND ALL FUTURE YEARS

OPERATING LEASE PAYMENTS

Year Ended	Office and Parking Space	Data Processing Software	Vehicles	Total
1996	\$ 1,289,570	\$ 288,373	\$ 8,435	\$ 1,586,378
1997	1,369,587	291,072	8,537	1,669,196
1998	1,382,470	468,831	9,251	1,860,552
1999	1,585,150	431,099	9,944	2,026,193
2000	1,585,150	431,099	9,944	2,026,193
2001	1,553,664	639,608	12,263	2,205,535
Future Minimum Lease Payments				
2002	\$ 1,579,052	\$ 661,625	\$ 12,601	\$ 2,253,278
2003	1,581,499	661,625	12,601	2,255,725
2004	1,583,954	661,625	12,601	2,258,180
2005	1,586,417	661,625	12,601	2,260,643
2006	1,588,947	661,625	12,601	2,263,173
Total for 2001-2006	\$ 7,919,869	\$ 3,308,125	\$ 63,005	\$ 11,290,999

CAPITAL LEASE PAYMENTS

Year Ended	Northland Office Building		Hibbing Maintenance Facility		Office Equipment	
	Principal	Interest	Principal	Interest	Principal	Interest
1996	\$ 330,061	\$ 96,253	\$ -	\$ -	\$ 17,306	\$ 394
1997	354,336	89,818	-	20,582	18,263	205
1998	365,113	80,707	41,800	49,622	5,096	78
1999	359,118	56,702	39,600	47,425	17,187	2,972
2000	389,118	56,702	40,700	45,257	20,667	1,993
2001	400,953	44,867	42,900	42,999	21,301	1,706
2002	\$ 417,797	\$ 33,044	\$ 46,200	\$ 40,593	\$ 21,949	\$ 1,059
2003	430,504	20,337	48,400	38,039	29,151	873
2004			50,600	35,189	2,227	28
2005			53,900	32,002		
2006		-	57,200	28,613		
2007		-	60,500	25,023		
2008		-	64,900	21,199		
2009		-	68,200	17,037		
2010		-	72,600	12,531		-
2011		-	77,000	7,744		-
2012		-	82,500	2,640		-
Total for 2002-2012	\$ 848,301	\$ 53,381	\$ 682,000	\$ 260,610	\$ 53,327	\$ 1,960

Unaudited

ST. LOUIS COUNTY, MINNESOTA
 BONDED DEBT PAYMENT SCHEDULE (1)
 PAST EIGHT YEARS AND ALL FUTURE YEARS

Fiscal Year	General Long Term Bonded Debt									
	Babbitt Facility (2)		Jail Bond (3)		Capital Equipment Notes (4)		Arrowhead Juvenile Center (5)		Septic Revenue Notes (6)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1994	\$ 25,000	\$ 86,855	\$ 2,000,000	\$ 895,901	\$ 4,070,000	\$ 372,405	\$ -	\$ -	\$ -	\$ -
1995	30,000	84,680	770,000	692,113	2,035,000	120,065	-	-	-	5
1996	30,000	82,055	795,000	655,923	-	-	-	-	-	-
1997	35,000	79,415	830,000	618,557	-	-	50,000	74,168	-	-
1998	40,000	76,300	865,000	579,548	-	-	50,000	72,167	-	-
1999	40,000	72,700	905,000	538,892	-	-	60,000	70,118	-	-
2000	45,000	69,060	945,000	496,358	740,000	171,740	75,000	67,598	-	-
2001	685,000	32,460	990,000	451,942	765,000	141,030	90,000	64,410	-	-
2002	\$ -	\$ -	\$ 1,040,000	\$ 405,413	\$ 795,000	\$ 108,135	\$ 100,000	\$ 60,495	\$ 14,230	\$ 3,133
2003	-	-	1,095,000	356,012	830,000	73,950	110,000	56,095	28,868	5,838
2004	-	-	1,150,000	304,000	870,000	37,845	120,000	51,200	29,469	5,258
2005	-	-	1,210,000	249,375	-	-	130,000	45,740	19,288	2,494
2006	-	-	1,275,000	191,900	-	-	140,000	39,695	-	-
2007	-	-	1,345,000	131,338	-	-	150,000	33,045	-	-
2008	-	-	1,420,000	67,450	-	-	160,000	25,770	226,934	-
2009	-	-	-	-	-	-	170,000	17,770	-	-
2010	-	-	-	-	-	-	175,000	9,100	-	-
2011	-	-	-	-	-	-	-	-	200,000	-
2012	-	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-
Total for 2002-2016	\$ -	\$ -	\$ 8,535,000	\$ 1,705,488	\$ 2,495,000	\$ 219,930	\$ 1,255,000	\$ 338,910	\$ 518,809	\$ 16,723

(1) Does not include \$2,840,000 in refunded Solid Waste Bonds (for which payments were made by escrow agent) or the 710,000 State of Minnesota Duluth Airport
 L R B d S r i e 1995 E f h i r t i e C o u n t y i s c o n t r i b u t i o n

(2) General Obligation Taxable Revenue Refunding Bonds Series 1989B for the debt recycling plant issue of \$1,015,000. Interest rates of
 5% obligat redeemed at 100%

(3) a) General Obligation Correctional Facilities Refunding Bond Anticipation Series 1991 for jail construction, original issue of \$2,000,000,
 interest rates of 4.4%;
 b) Jail Revenue Bond Series 1991 St. Louis County Unlimited Tax Lease Obligation of the Housing and Redevelopment Authority for jail construction, original
 issue of \$1,350,000 interest rates of 4.7 to 4.75%, tax-exempt, obligations may be prepaid in part or in whole on 12-01-02 or any interest
 date thereafter.

(4) a) General Obligation Capital Equipment Notes Series 1988, original issue \$5,000,000, interest rate 6.34%, tax exempt, not callable, defeased in 1993
 b) General Obligation Capital Equipment Notes Series 1988, original issue \$4,070,000, interest rate 6.3%, tax-exempt, not callable, defeased in 1994
 c) General Obligation Capital Equipment Notes Series 1990, original issue \$2,035,000 interest rate of 5.9% tax exempt not callable, defeased in 1995
 d) General Obligation Capital Equipment Notes Series 1991, original issue of \$4,000,000, interest rate of 4.15% + 4.350% per year

(5) General Obligation Bonds Series 1995 for Arrowhead Juvenile Center original issue of \$990,000, interest rates of 4.0 to 5.2%,
 obligations may be prepaid in part or in whole on 12-01-03 or any day thereafter.

(6) a) Septic Revenue Notes (two separate issues) issued in 1998 for the septic system improvement loan program under the Minnesota Best Management
 Practices Act. Principle amounts \$50,000 and \$200,000, respectively. Terms require repayment after ten years of an amount equal to the principal plus
 interest to date by the individual borrowers, plus interest on idle funds, for the \$50,000 issue. Interest on idle funds of the \$200,000 issue. After ten
 years, principal amounts are repaid semi-annually.
 b) General Obligation Revenue Note issued in 2000, original issue \$340,000, to provide low interest loans for Best Management Practices, including improvements
 to individual sewage systems. Semi-annual repayments begin 12-15-2002
 c) General Obligation Revenue Note issued in 2000 (original issue \$200,000) to provide additional funds for the septic system improvement program. After ten years
 repayment of an amount equal to the principal plus interest to date plus interest on idle funds if required. Interest does not accrue on idle funds. After ten years
 principal amounts are repaid semi-annually.

Unaudited

Fund Long Term Bonded Debt										
Law Enforcement Facilities (7)		Capital Improvement Bonds (8)		Solid Waste (9)		Nursing Homes (10)		Total		Total Principal and Interest
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
\$ -	\$ -	\$ -	\$ -	\$ 800,000	\$ 703,457	\$ 705,000	\$ 105,305	\$ 7,600,000	\$ 2,163,923	\$ 9,763,923
-	-	-	-	990,000	533,048	770,000	60,140	4,595,000	1,490,046	6,085,046
-	-	-	-	1,030,000	489,475	35,000	10,075	1,890,000	1,237,528	3,127,528
				1,095,000	440,935	35,000	7,765	2,045,000	1,220,840	3,265,840
250,000	263,730			1,185,000	321,410	40,000	5,420	2,430,000	1,318,575	3,748,575
260,000	251,643			1,545,000	270,600	40,000	2,720	2,850,000	1,206,573	4,056,573
270,000	238,887			830,000	191,658			2,905,000	1,235,281	4,140,281
285,000	225,705		380,282	870,000	154,228			3,685,000	1,450,057	5,135,057
\$ 295,000	\$ 211,455	\$ 705,000	\$ 651,913	\$ 915,000	\$ 113,920			\$ 3,864,230	\$ 1,554,464	\$ 5,418,694
310,000	196,705	730,000	827,238	965,000	69,910			4,068,888	1,385,748	5,454,636
325,000	181,205	760,000	800,958	480,000	23,040			3,734,469	1,203,506	4,937,975
340,000	164,954	790,000	588,658					2,489,288	1,031,221	3,520,509
380,000	147,955	820,000	535,083	-	-			2,595,000	914,633	3,509,633
375,000	129,955	855,000	500,233	-	-			2,725,000	794,571	3,519,571
395,000	111,205	890,000	483,895					3,091,934	668,320	3,760,254
415,000	91,455	925,000	425,625					1,510,000	534,850	2,044,850
440,000	70,705	965,000	384,925					1,580,000	464,730	2,044,730
465,000	48,705	1,010,000	341,500					1,675,000	390,205	2,065,205
490,000	24,990	1,055,000	291,000					1,545,000	315,990	1,860,990
	-	1,105,000	238,250					1,105,000	238,250	1,343,250
	-	1,160,000	183,000					1,160,000	183,000	1,343,000
	-	1,220,000	125,000					1,220,000	125,000	1,345,000
		1,280,000	64,000					1,280,000	64,000	1,344,000
\$ 4,210,000	\$ 1,379,289	\$ 14,270,000	\$ 6,001,278	\$ 2,360,000	\$ 206,870	\$ -	\$ -	\$ 33,643,809	\$ 9,868,488	\$ 43,512,297

- (7) Law Enforcement Facilities Revenue Bonds Series 1997, St. Louis County Unlimited Tax Lease Obligation of the Housing and Redevelopment Authority for acquisition and betterment of law enforcement facilities in the Hibbing and Virginia County courthouses, original issue of \$5,275,000, interest rates of 4.875 to 5.1%, tax-exempt, obligations may be prepaid in part or in whole on 12-01-05 or upon 30 days notice thereafter.
- (8) General Obligation Capital Improvement Bonds Series 2001 for capital improvements pursuant to the Capital Improvement Plan approved by the Board of Commissioners on 01-09-01, original issue of \$14,270,000, interest rates of 3.5 to 5.0%, tax exempt, obligations may be prepaid in part or in whole on 12-01-09 or any day thereafter.
- (9) a) General Obligation Solid Waste Bonds Series 1989 for closure costs and transfer station construction, original issue of \$3,510,000, interest rates of 6.4 to 7.1%. tax-exempt, partially refunded by Full Crossover Advance Refunding Bonds Series 1993A, legally defeased on 12-01-97 crossover date.
 b) General Obligation Solid Waste Bonds Series 1989E for closure costs and transfer station construction, original issue of \$1,310,000, interest rates of 5.9 to 6.9%. tax-exempt, partially refunded by Full Crossover Advance Refunding Bonds Series 1993A, legally defeased on 12-01-97 crossover date.
 c) General Obligation Solid Waste Bonds Series 1991 for transfer station construction, original issue of \$1,255,000, interest rates of 4.0 to 6.25%. tax-exempt, obligations may be prepaid in part or in whole on 12-01-99 or any interest date thereafter.
 d) General Obligation Solid Waste Bonds Series 1993B for landfill construction, original issue of \$5,535,000, interest rates of 3.0 to 5.0%. tax-exempt, obligations may be prepaid in part or in whole on 12-01-00 or any interest date thereafter.
 e) General Obligation Full Crossover Advance Refunding Bonds Series 1993A, partial refunding of 7a) and 7b) above, original issue of \$2,920,000, interest rates of 4.0 to 4.8%. tax-exempt, obligations may be prepaid in part or in whole on 12-01-00 or any date thereafter.
- (10) a) General Obligation Nursing Home Revenue Refunding Bonds Series 1989C for Chris Jensen Nursing Home, original issue of \$2,665,000, interest rates of 6.2 to 6.5%, tax-exempt, legally defeased in 1995.
 b) General Obligation Nursing Home Revenue Bonds for Nopeming Nursing Home building improvements, original issue of \$305,000, interest rates of 6.4 to 6.8%. tax-exempt, obligations may be prepaid in part or in whole on 12-01-97 or any interest date thereafter.

Unaudited

ST. LOUIS COUNTY, MINNESOTA
GENERAL OBLIGATION REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(IN DOLLARS)

NOPEMING ENTERPRISE FUND BOND

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1992	9,178,610	8,700,357	478,253	25,000	17,268	42,268	11.31
1993	9,834,384	9,230,250	604,134	25,000	15,643	40,643	14.86
1994	9,185,561	9,222,118	(36,557)	30,000	14,005	44,005	0.00
1995	8,579,481	9,287,194	(707,713)	30,000	12,040	42,040	0.00
1996	8,584,190	8,481,473	102,717	35,000	10,075	45,075	2.28
1997	8,990,190	8,259,589	730,601	35,000	7,765	42,765	17.08
1998	8,257,726	8,113,778	143,948	40,000	5,420	45,420	3.17
1999	8,178,437	8,238,441	(60,004)	40,000	2,720	42,720	0.00
2000	8,924,350	8,620,001	304,349				
2001	9,324,091	9,341,075	(16,984)				

SOLID WASTE MANAGEMENT ENTERPRISE FUND BOND

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1993	7,899,444	4,298,988	3,600,456	300,000	415,153	715,153	5.03
1994	8,215,055	6,879,141	1,335,914	800,000	833,540	1,633,540	0.82
1995	7,789,463	4,461,530	3,327,933	990,000	663,133	1,653,133	2.01
1996	7,312,885	3,105,205	4,207,680	1,030,000	619,561	1,649,561	2.55
1997	7,425,438	3,545,369	3,880,069	3,935,000	571,020	4,506,020	0.86
1998	7,538,512	3,998,263	3,540,249	1,185,000	321,410	1,506,410	2.35
1999	8,138,417	3,941,894	4,196,523	1,545,000	270,599	1,815,599	2.31
2000	7,708,494	4,911,577	2,796,917	830,000	191,658	1,021,658	2.74
2001	6,298,695	4,452,150	1,846,545	870,000	154,228	1,024,228	1.80

(1) Includes operating and non-operating revenue.

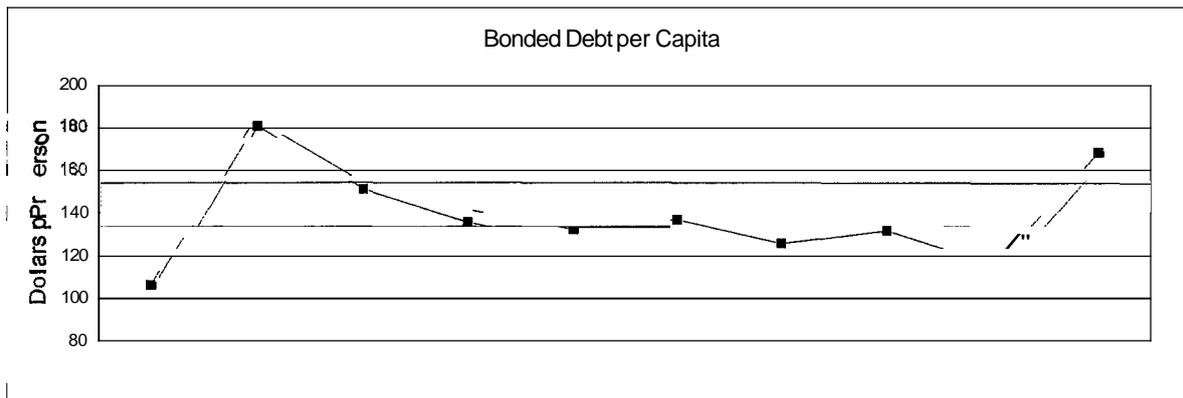
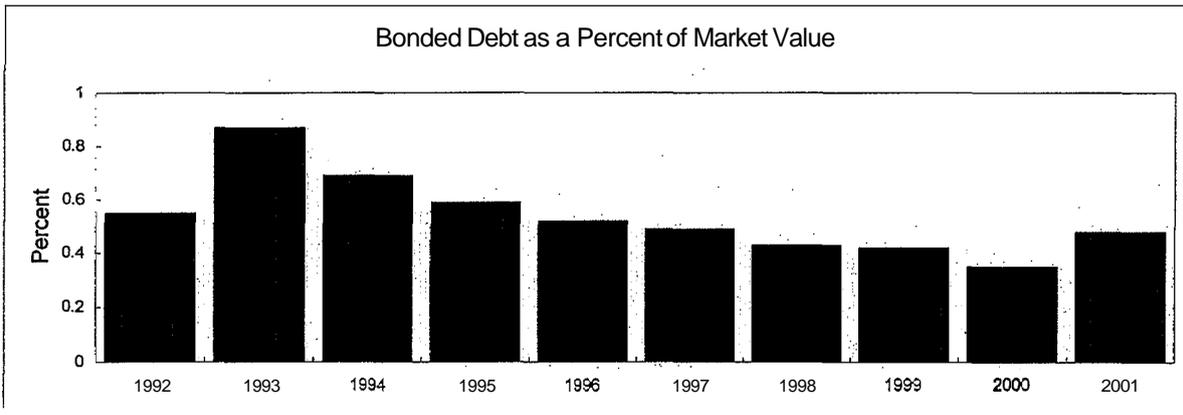
(2) Excludes depreciation, interest expense on debt, and amortization of bond discount.

Unaudited

ST. LOUIS COUNTY, MINNESOTA
BONDED DEBT AS A PERCENT OF MARKET VALUE AND
BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Bonded Debt(1)	Market Value (2)	Bonded Debt As a Percent of Market Value	Population	Bonded Debt per Capita
1992	\$ 20,535,000	\$ 3,743,207,450	0.55%	199,260	103.06
1993	36,840,000	4,213,422,500	0.87%	198,249	185.83
1994	31,240,000	4,546,517,400	0.69%	198,866	157.09
1995	28,225,000	4,806,552,900	0.59%	198,879	141.92
1996	26,335,000(3)	5,078,155,264	0.52%	199,103	132.27
1997	26,725,000(3)	5,427,265,250	0.49%	199,454	133.99
1998	24,512,900(3)	5,730,753,400	0.43%	199,454	122.90
1999	25,669,900(3)	6,090,275,600	0.42%	199,080	128.94
2000	22,738,015(3)	6,445,493,100	0.35%	200,528	113.39
2001	33,676,073(3)	6,964,507,000	0.48%	200,528	167.94

- (1) All bonded debt, including fund debt, is general obligation, which can be paid from property taxes.
- (2) Includes captured increment.
- (3) Excludes 1995 State of Minnesota Duluth Airport Lease Revenue Bonds Series 1995E.



Unaudited

ST. LOUIS COUNTY, MINNESOTA
DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT (1)
LAST TEN FISCAL YEARS

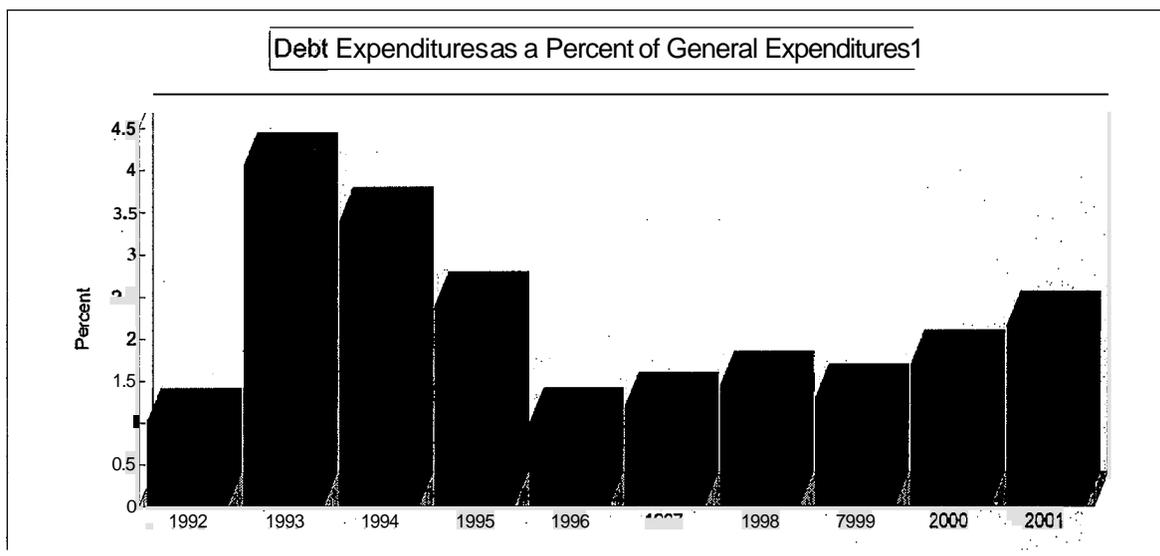
Year	Principal	Interest	Total Debt Service Expenditures	Total General Expenditures (2)	Debt Service Expenditures As a Percent of General Expenditures
1992	\$ 620,000 (3)	\$ 804,443	\$ 1,424,443	\$ 141,110,539	1.01%
1993	5,825,000	654,867	6,479,867	160,203,803	4.04%
1994	4,095,000(3)	1,310,943	5,405,943	159,572,198	3.39%
1995	2,835,000	896,858	3,731,058	156,351,816	2.39%
1996	825,000	812,145	1,637,145	161,996,820	1.01%
1997	915,000	946,566	1,861,566	156,984,686	1.19%
1998	1,272,175	1,015,992	2,288,167	158,638,175	1.44%
1999	1,265,000	933,253	2,198,253	170,595,215	1.29%
2000	2,075,000	1,043,622	3,118,622	184,271,497	1.69%
2001	2,815,000 (4)	1,295,830	4,110,830	191,467,900	2.15%

(1) Does not include bonds that are paid from Enterprise Funds. See Table 13.

(2) Includes the General Fund and Special Revenue Funds.

(3) \$2,000,000 of this figure was financed by a refunding issue.

(4) \$685,000 of this figure was to pay off 1989 Series 3 Babbitt Recycling Facility Refunding Bond.

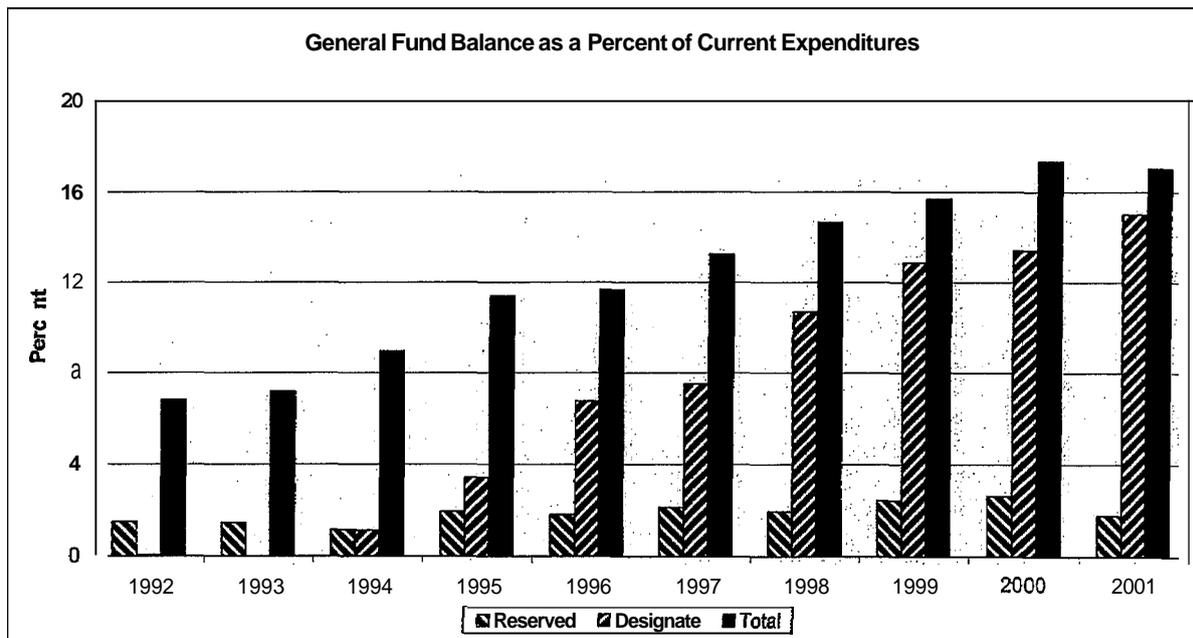


Unaudited

ST. LOUIS COUNTY, MINNESOTA
GENERAL FUND BALANCE
 COMPARED TO TOTAL CURRENT EXPENDITURES
 LAST TEN FISCAL YEARS

Fiscal Year	Total Current Expenditures (1)	Total Fund Balance		Total Reserved		Total Designated		Total Unreserved/Undesignated	
		General Fund Balance	Balance as a Percent of Expenditures	General Fund Balance	Balance as a Percent of Expenditures	General Fund Balance	Balance as a Percent of Expenditures	General Fund Balance	Balance as a Percent of Expenditures
1992	\$ 132,097,394	\$ 8,980,706	6.80%	\$ 1,993,341	1.51%	\$ 75,842	0.06%	\$ 6,911,613	5.23%
1993	142,445,684	10,222,952	7.18%	2,084,664	1.46%	0	0.00%	8,138,288	5.71%
1994	148,080,004	13,228,013	8.93%	1,699,953	1.15%	1,684,740	1.14%	9,843,320	6.65%
1995	141,864,687	16,161,680	11.39%	2,766,559	1.95%	4,868,941	3.43%	8,526,180	6.01%
1998	142,847,929	16,657,997	11.66%	2,595,830	1.82%	9,644,682	6.75%	4,417,385	3.09%
1997	142,520,559	18,865,905	13.24%	3,045,922	2.14%	10,688,555	7.50%	5,131,428	3.60%
1998	149,051,153	21,835,436	14.65%	2,917,597	1.96%	15,924,894	10.68%	2,992,945	2.01%
1999	159,819,293	25,084,912	15.70%	3,878,474	2.43%	20,559,482	12.86%	646,956	0.40%
2000	166,900,758	28,911,273	17.32%	4,382,632	2.63%	22,368,907	13.40%	2,159,734	1.29%
2001	174,539,928	29,675,372	17.00%	3,109,111	1.78%	26,177,669	15.00%	388,592	0.22%

(1) Road capital construction expenditures are excluded; intergovernmental public safety expenditures are included.



Unaudited

ST. LOUIS COUNTY, MINNESOTA
COMPENSATED ABSENCES AND FUND BALANCE RESERVED FOR HEALTH AND WELFARE
YEAR ENDED DECEMBER 31, 2001

	COMPENSATED ABSENCES					Hours
	Liability of Governmental Funds	Liability of Proprietary Funds	Liability of General Long-Term Debt Account Group (1)	Financial Statement Notes	Total	
Vacation						
Short term (2)	\$ 775,095	\$ 103,754	\$ -	\$ -	\$ 878,849	
Long term	-	798,525	5,123,213		5,921,738	
Total Vacation	<u>\$ 775,095</u>	<u>\$ 902,279</u>	<u>\$ 5,123,213</u>	<u>\$ -</u>	<u>\$ 6,800,587</u>	312,570
Sick Leave						
Vested (3)	\$ -	\$ 1,117,756	\$ 6,903,363	\$ -	\$ 8,021,119	
Vesting (4)		1,258,711	18,268,557		19,527,268	
Non-vesting (5)				10,263,323	10,263,323	
Total Sick Leave	<u>\$ -</u>	<u>\$ 2,376,467</u>	<u>\$ 25,171,920</u>	<u>\$ 10,263,323</u>	<u>\$ 37,811,710</u>	1,768,479
Retired Employees' Health Insurance Balance (6)	<u>\$ -</u>	<u>\$ 447,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,555</u>	n/a
Total Compensated Absences Payable	<u>\$ 775,095</u>	<u>\$ 3,726,301</u>	<u>\$ 30,295,133</u>	<u>\$ 10,263,323</u>	<u>\$ 45,059,852</u>	<u>2,081,049</u>

- (1) The entire amount of the General Long Term Debt Account Group liability for vested sick leave is supported by fund balances designated for that purpose in the following funds: General Fund \$2,628,232 and Special Revenue Funds \$4,275,131. Two ninths of the General Long Term Debt Account Group liability for vesting sick leave is supported by fund balances designated for that purpose in the following funds: General Fund \$1,687,271 and Special Revenue Fund \$2,372,409. These amounts are also shown as assets in the General Long Term Debt Account Group.
- (2) Cash value of vacation expected to be paid within an eight-week period of the end of the fiscal year.
- (3) Cash value of accrued sick leave balances belonging to employees eligible to retire at the end of the fiscal year and receive an immediate PERA pension.
- (4) Cash value of the portion of sick leave balances belonging to those employees expected to retire from St. Louis County, but not eligible for retirement at the end of the fiscal year. This estimate was arrived at using the termination payment method prescribed by GASE 16.
- (5) Cash value of the portion of sick leave balances belonging to employees not expected to retire from St. Louis County. These amounts are not a liability and thus are listed only in the Financial Statement Notes. This amount is arrived at by subtracting items (3) and (4) above from the total sick leave balance for all employees.
- (6) Cash value of sick leave balances available to pay medical/dental insurance premiums of those employees who have already retired.

Unaudited

ST. LOUIS COUNTY, MINNESOTA
AUTHORIZED FULL-TIME EQUIVALENT POSITIONS BY FUND
LAST TEN YEARS

Fiscal Year	General Fund	Road and Bridge Fund	Social Services Fund	Trust and Agency Funds	Enterprise Funds	Internal Service Funds	Total
1992	616.15	384.10	556.50	42.00	457.05	114.17	2,169.97
1993	636.45	385.10	564.50	45.00	471.35	116.30	2,218.70
1994	709.80	335.00	570.00	50.00	489.61	110.68	2,265.09
1995	742.03	335.00	572.00	55.00	514.11	109.18	2,327.32
1996	749.70	336.00	552.50	55.00	494.76	110.18	2,298.14
1997	771.65	337.00	542.00	57.00	495.80	107.68	2,311.13
1998	790.15	342.00	531.70	57.00	475.88	112.68	2,309.41
1999	796.75	342.00	538.10	59.00	447.30	114.68	2,297.83
2000	796.25	343.00	523.20	59.00	417.67	114.68	2,253.80
2001	799.45	343.00	524.70	59.00	459.63	58.50	2,244.28

Table 19

ST. LOUIS COUNTY, MINNESOTA
LABOR CONTRACT AGREEMENTS
YEAR ENDED DECEMBER 31, 2001

Bargaining Unit	Number of Employees Represented	Contract Expiration Date 
Civil Service Basic	940	12/31/01
Emergency Communication Specialists	36	12/31/01
Corrections Counselors	5	12/31/01
Health Care Basic	436	06/30/01 (2)
Health Care Supervisors	17	06/30/01 (2)
Civil Service Supervisors	123	12/31/01
Merit System Supervisors	37	12/31/01
Civil Service Confidential	20	12/31/01
Teamsters	222	12/31/01
Merit System Basic	199	12/31/01 (2)
Jail Corrections Officers	57	12/31/01
Deputy Sheriffs Association	92	12/31/01
Sheriff Supervisory	10	12/31/01

(1) Unless otherwise indicated, contracts are under negotiation.

(2) These contracts settled March 2002.

Unaudited

ST. LOUIS COUNTY, MINNESOTA
INSURANCE COVERAGE
YEAR ENDED DECEMBER 31, 2001

Type of Insurance	Insurer	Deductible	Coverage Limit	Purpose	
Boiler/machinery	Otis-Magie Gustafson Travelers	\$ 2,500	\$ 2,500,000	Property damage	
Property/general liability	Otis-Magie Gustafson Travelers	50,000	157,100,000	Commercial property-blanket building and business personal property	
		10,000	500,000	Commercial property-business income	
		10,000	50,000	Commercial property-personal property of others	
		10,000	250,000	Commercial property-personal property at undescribed premises	
		10,000	50,000	Commercial property-property in transit	
		10,000	3,000,000	Commercial property-amended contents	
		1,000	250,000	Commercial property-electronic data and media	
		10,000	1,000,000	Commercial property-off-premises power interruption	
		10,000	5,000,000	Commercial property-flood	
		50,000	5,000,000	Commercial property-earthquake	
		1 hour	1,000,000	Commercial property-off-premises services	
		250	50,000	Commercial crime-money & securities; inside \$50,000; outside \$10,000	
		250	50,000	Commercial crime-forgery/alteration	
		10,000	2,009,000	Commercial property-computers	
10,000	635,000	Commercial property-other: miscellaneous electronic equipment \$135,000; valuable papers \$500,000			
Volunteer services	CIMA Companies, Inc.		25,000	Excess accident medical coverage	
			2,500	Accidental death and dismemberment	
			1,000,000	Volunteers-personal injury and property damage	
Radio and television towers	Otis-Magie Gustafson Travelers	1,000	350,000	Property-towers	
		1,000	241,000	Property-transmitting equipment and buildings	
		1,000	100,000	Property-building and generator	
	Liscomb-Hood-Mawn Co.	5,000	205,000	Outside equipment	
Railroad	Otis-Magie Gustafson	-	1,000,000	General liability	
Surety bonds	Otis-Magie Gustafson	-	500,000	County Auditor	
		-	100,000	Other persons-\$100,000 per individual	
				Number of employees covered:	
				Arrowhead Regional Corrections	31
				Attorney	39
				Auditor	79
				Court Administrator	40
				Court Reporter	6
				Health Department	36
				Land Department	31
				Management Information Services	9
				Mine Inspector	4
				Planning Department	4
				Property Management	4
				Public Works	8
				Purchasing Department	8
				County Recorder	3
				Sheriff	48
				Social Services	5
				Solid Waste	39
				Surveyor	2
				Administration	4
				Number of others covered:	
				Commissioners	7
				Solid Waste Resale Agent	2
Medical/dental insurance for employees	Self insurance			Administered by Blue Cross/Blue Shield	
Workers' compensation	Self insurance			Workers' Compensation Reinsurance Association for claims greater than \$1,240,000	
Personal injury and property damage	Self insurance				
Motor vehicles and authorized portable equipment	Self insurance				
	Liscomb-Hood-Mason Co.	25,000	19,642,935	Contractors/miscellaneous equipment floater	

Unaudited

ST. LOUIS COUNTY, MINNESOTA
DEPOSITS IN FINANCIAL INSTITUTIONS
LAST TEN YEARS

Fiscal Year	Commercial Banks (1)	Savings & Loan Associations (2)	Total
1992	\$ 1,228,361,000	\$ 176,502,000	\$ 1,404,863,000
1993	1,133,937,000	345,832,000	1,479,769,000
1994	1,183,657,000	184,893,000	1,368,550,000
1995	,282,441,000	13,818,000	1,396,259,000
1996	,328,453,000	11,795,000	1,440,248,000
1997	,375,168,000	03,692,000	1,478,860,000
1998	,662,278,000	07,708,000	1,769,986,000
1999	,619,317,000	12,145,000	1,731,462,000
2000	779,142,000	110,363,000	889,505,000
2001	Not Available	Not Available	Not Available

(1) Thomson Bank Directory
(2) Thomson Saving Directory

Table 22

ST. LOUIS COUNTY, MINNESOTA
DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Year	Median Age (3)	Population (4)	K - 12 School Enrollment (5)	Per Capita Personal Income (6)
1992	35.7	199,260	31,607	\$ 18,367
1993	35.7	198,249	33,367	18,718
1994	35.7	198,866	33,186	19,670
1995	35.7	198,879	32,911	21,304
1996	35.7	199,103	32,657	22,517
1997	35.7	199,454	32,501	23,091
1998	35.7	199,454	31,664	24,580
1999	35.7	199,080	30,820	25,212
2000	39.0	200,528	30,313	26,768
2001	Not Available	Not Available	29,060	Not Available

(3) US Census Bureau.
(4) Minnesota State Planning Office, Office of State Demographer.
(5) Minnesota Department of Children, Families, & Learning.
(6) US Department of Commerce, Bureau of Economic Analysis
Amounts are the most up-to-date revisions available.

Unaudited

ST. LOUIS COUNTY, MINNESOTA
RESIDENTIAL CONSTRUCTION STATISTICS
 LAST TEN YEARS

<u>Fiscal Year</u>	<u>Residential Units (1)</u>	<u>Residential Value (1)</u>
1992	3,133	\$ 60,139,279
1993	1,599	38,086,739
1994	1,646	37,521,002
1995	453	42,722,981
1996	442	47,129,475
1997	703	66,886,593
1998	818	51,018,840
1999	756	74,694,659
2000	581	54,705,063
2001	560	61,899,854

(1) As of 1995, residential additions, alterations and conversions statistics are not available.
 However, previous years include those categories in both residential units and residential value.

Source: U. S. Department of Commerce, Bureau of Census.

Unaudited

**ST. LOUIS COUNTY, MINNESOTA
LABOR STATISTICS
LAST TEN FISCAL YEARS**

Year	COUNTY LABOR STATISTICS				State	National
	Annual Average Labor Force	Employment	Unemployment	Unemployment Rate	Average Unemployment Rate	Average Unemployment Rate
1992	96,428	88,976	7,451	7.7%	5.2%	7.4%
1993	97,124	89,569	7,555	7.8%	5.1%	6.8%
1994	100,062	93,655	6,408	6.4%	4.0%	6.1%
1995	100,583	94,883	5,700	5.7%	3.7%	5.6%
1996	100,117	94,389	5,728	5.7%	4.0%	5.4%
1997	100,567	95,590	4,976	4.9%	3.3%	4.9%
1998	102,485	98,556	3,929	3.8%	2.5%	4.5%
1999	101,828	97,713	4,116	4.0%	2.8%	4.2%
2000	103,110	98,512	4,598	4.5%	3.3%	4.0%
2001	105,485	99,712	5,774	5.5%	3.7%	4.8%

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Source: **Minnesota** Department of Economic Security

Unaudited

ST. LOUIS COUNTY, MINNESOTA
LAND STATISTICAL DATA
 YEAR ENDED DECEMBER 31, 2001

AREA		
	<u>Square Miles</u>	<u>Acres</u>
Land	6,318.02	4,043,532
Water	<u>774.49</u>	<u>495,674</u>
Total Area	<u><u>7,092.51</u></u>	<u><u>4,539,206</u></u>

LAND OWNERSHIP		
	<u>Acres</u>	<u>Percentage</u>
Public Ownership		
Federal Entitlement Lands		
Bureau of Land Management	262	0.01%
Forest Service	468,000	10.58%
National Park Service	<u>121,864</u>	<u>3.01%</u>
Total Federal Entitlement Lands	590,126	14.60%
State Lands		
Department of Natural Resources	574,394	14.21%
Department of Transportation	<u>12,006</u>	<u>0.29%</u>
Total State Lands	586,400	14.50%
State Tax-Forfeited Lands		
Estimated	<u>898,630</u>	<u>22.22%</u>
Total Public Ownership	2,075,156	51.32%
Private Ownership/ Other	<u>1,968,376</u>	<u>48.68%</u>
Total Land Ownership	4,043,532	100.00%

Unaudited

ST. LOUIS COUNTY, MINNESOTA
MISCELLANEOUS COUNTY STATISTICS
YEAR ENDED DECEMBER 31, 2001

ROAD STATISTICS

<u>Road Type</u>	<u>Miles Within Municipalities Over 5,000 Population</u>	<u>Miles Within Municipalities Under 5,000 Population</u>	<u>Nonmunicipal Miles</u>	<u>Total Miles</u>
Interstate trunk	1.1630	1.066	3.323	16.019
U. S. trunk	35.276	16.833	167.809	219.918
Minnesota trunk	59.628	14.418	227.012	301.058
County state aid	115.560	82.522	1,378.880	1,576.962
Municipal state aid	169.539	0.000	0.000	169.539
County	47.383	52.736	1,518.776	1,618.895
Township	0.860	0.000	789.742	790.602
Unorganized township	0.000	0.000	133.267	133.267
National forest development	0.000	17.725	121.269	138.994
Indian reservation	0.000	0.000	1.196	1.196
State forest	0.000	0.000	98.030	98.030
State park	0.000	0.000	4.540	4.540
Municipal streets	<u>584.602</u>	<u>183.068</u>	<u>0.000</u>	<u>767.670</u>
Total	<u>1,024.478</u>	<u>368.368</u>	<u>4,443.844</u>	<u>5,836.690</u>

BRIDGE STATISTICS

<u>Bridge Type</u>	<u>Number of Bridges</u>
Concrete structures	65
Steel beam structures	196
Steel truss structures	26
Timber structures	40
Culverts with spans greater than ten feet	<u>277</u>
Total	<u>604</u>

Source: St. Louis County Public Works Department

Unaudited

ST. LOUIS COUNTY, MINNESOTA
REGISTERED VOTERS
 LAST TEN ELECTIONS

PRIMARY ELECTIONS

<u>Date</u>	<u>Total Registered Voters</u>	<u>Percentage Voting</u>
September 14, 1982	137,184	50%
September 11, 1984	138,591	46%
September 9, 1986	134,330	42%
September 13, 1988	128,413	23%
September 11, 1990	128,300	39%
September 15, 1992	128,981	29%
September 13, 1994	127,624	37%
September 10, 1996	125,959	24%
September 15, 1998	120,229	39%
September 12, 2000	119,213	33%

GENERAL ELECTIONS

<u>Date</u>	<u>Total Registered Voters</u>	<u>Percentage Voting</u>
November 2, 1982	145,775	72%
November 6, 1984	152,260	75%
November 4, 1986	137,492	59%
November 8, 1988	142,825	73%
November 6, 1990	134,668	63%
November 3, 1992	146,833	75%
November 8, 1994	134,702	63%
November 5, 1996	127,905	79%
November 3, 1998	121,640	73%
November 7, 2000	122,476	89%

Source: St. Louis County Auditor's Office

Unaudited