

COMPREHENSIVE  
**ANNUAL  
FINANCIAL  
REPORT**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

**ST. LOUIS COUNTY, MINNESOTA**

Gordon D. McFaul – County Auditor



# St. Louis County Minnesota

Comprehensive Annual Financial Report  
for the Fiscal Year Ending  
December 31, 2002



**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."

**ST. LOUIS COUNTY, MINNESOTA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Introductory Section</b>	
Table of Contents.....	1
Letter of Transmittal.....	3
Map -Legislative Districts.....	16
Map -Commissioner Districts.....	17
Elected and Appointed Officials.....	18
Organizational Summary.....	19
Certificate of Achievement.....	20
<b>Financial Section</b>	
Independent Auditor's Report.....	21
Management's Discussion and Analysis.....	23
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Assets.....	35
Statement of Activities.....	36
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	39
Statement of Revenues, Expenditures and Changes in Fund Balance.....	41
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund.....	43
Road and Bridge Special Revenue Fund.....	49
Social Service Special Revenue Fund.....	50
Forfeited Tax Sale Special Revenue Fund.....	51
Proprietary Funds	
Statement of Net Assets.....	53
Statement of Revenues, Expenses and Changes in Fund Net Assets.....	55
Statement of Cash Flows.....	56
Fiduciary Funds	
Statement of Fiduciary Net Assets.....	59
Statement of Changes in Fiduciary Net Assets.....	60
Notes to the Financial Statements.....	63
<b>Supplementary Data</b>	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	109
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.....	114
Nonmajor Enterprise Funds	
Combining Statement of Net Assets.....	126
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	127
Combining Statement of Cash Flows.....	128
Internal Service Funds	
Combining Statement of Net Assets.....	130
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	132
Combining Statement of Cash Flows.....	134
Fiduciary Funds	
Combining Statement of Fiduciary Net Assets.....	139
Combining Statement of Changes in Fiduciary Net Assets.....	140
Combining Statement of Changes in Assets and Liabilities- Agency Funds.....	141
Miscellaneous Schedules	
Schedule of Investment and Interest Earning Deposits.....	145
Schedule of Intergovernmental Revenue.....	146

**ST. LOUIS COUNTY, MINNESOTA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002**

**TABLE OF CONTENTS**  
**Continued**

	<b>Table</b>	<b>Page</b>
<b>Statistical Section</b>		
General Fund Expenditures by Function.....	1	153
General Fund Revenues by Source.....	2	155
Property Tax Levies and Collections.....	3	157
Taxable Market Value and Tax Capacity of Taxable Property.....	4	158
Tax Levies and Property Tax Rates. Direct and Overlapping.....	5	159
Tax Capacity By Property Type.....	6	160
Principal Taxpayers.....	7	161
Computation of Legal Debt Margin.....	8	162
Computation of Direct, Overlapping, and Underlying Debt General Obligation and General Obligation Revenue Bonds Only.....	9	163
Debt Payments.....	10	164
Lease Obligations.....	11	165
Bonded Debt Payment Schedule.....	12	166
General Obligation Revenue Bond Coverage.....	13	169
Bonded Debt as a Percent of Market Value and Bonded Debt Per Capita.....	14	170
Debt Service Expenditures for General Obligation Bonded Debt.....	15	171
General Fund Balance Compared to Total Current Expenditures.....	16	172
Compensated Absences and Funds Balance Reserved for Health and Welfare.....	17	173
Authorized Full-Time Equivalent Positions By Fund.....	18	174
Labor Contract Agreements.....	19	175
Insurance Coverage.....	20	176
Demographic Statistics.....	21	177
Residential Construction Statistics.....	22	178
Labor Statistics.....	23	179
Land Statistical Data.....	24	180
Miscellaneous County Statistics.....	25	181
Registered Voters.....	26	182



# Saint Louis County

---

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

**Gordon D. McFaul**  
St. Louis County Auditor

May 21, 2003

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, 2002. 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. Please note that the County has implemented GASB Statement 34. Fund statements are still available but the addition of the government-wide financial statements enables measuring the County as an economic entity. 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:** Includes 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:** Includes a new narrative section, Management's Discussion and Analysis (MDA), which provides "financial highlights" and interprets the financial reports by analyzing trends and explaining changes in the financial data and discloses any known significant events or decisions that affect the financial condition of the County. This letter of transmittal is designed to complement the MDA and should be read in conjunction with it. St. Louis County's MDA can be found immediately following the independent auditor's report. This section also includes government-wide financial statements, fund financial statements, notes to the financial statements, and supplementary data.
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 believe further that all disclosures necessary for the reader to gain maximum understanding of the County's financial affairs have been included.

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 in 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 its port trade, its health care facilities, tourism, and aviation.

The Iron Range is the northern portion of the County, and 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 with those of the region's largest and most specialized hospital. SMDC serves Duluth, Northeastern Minnesota, Northwestern Wisconsin, and Upper Michigan.

The Fairview Range Regional Health Services is an umbrella health organization with three divisions operating 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 2002 unemployment rate in St. Louis County was 4.9 percent. This was higher than the Minnesota rate of 4.4 percent, but lower than the national rate of 5.8 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.

Both the taconite industry and private sectors have shown growth for 2002 that is expected to continue in 2003. Hotels showed the fastest rate of growth, and health services added the most jobs. A more detailed outlook of that growth 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, saw employment decline from 5,600 jobs in 2000 to 4,200 jobs in 2001 and to 4,000 jobs in 2002. Even with the drop in jobs the area is still very dependent on taconite production. It is estimated that Iron Range taconite plants pump \$1.3 billion into the state economy each year in the form of purchases, wages and benefits, and taxes and royalties. The total 2002 Taconite Production Tax assessed the six taconite plants was \$72.8 million. The money was distributed to cities and townships, school districts, counties, property tax relief for taxpayers and the Iron Range Resources and Rehabilitation Agency (IRRRA).

Production of taconite pellets declined from 44.9 million tons in 2000 to 31.6 million tons in 2001. Taconite production at the mines recovered in 2002 to 37.5 million tons; an 18.7% increase over 2001. However, National Steel was forced to file for bankruptcy on March 6, 2002, and did not pay its production taxes due in 2002.

Tariff protection from foreign steel imports for the next 3 years was enacted by Congress during 2002 to give the steel industry time to restructure.

The future of Hibbing Taconite, Minntac, Minorca, and the NorthShore Mining seems to be stable, at least for the near term. Eveleth Taconite (EVTAC) and National Steel are less certain. National Steel was recently purchased by United States Steel, and seems secure for at least a year or two. EVTAC filed for bankruptcy on May 1, 2003, and will shut down on May 15, 2003. Most of their 438 employees will be laid off creating a very uncertain future at best. The shutdown will also result in 86 railroad jobs being cut by the Duluth Missabi and Iron Range Railway (DM&IR). EVTAC was the DM&IR's second largest customer in terms of revenue and its largest in terms of tonnage.

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 Area. The hotel/motel industry has flourished on the Iron Range in recent years, as has the restaurant industry.

**Eveleth:**

Woodline Manufacturing Inc., completed a 30,000 square-foot expansion that doubled the existing plant's size and could add up to 40 new positions in the coming years. The additional space allows Woodline to consolidate its Wisconsin and Minnesota facilities at the Eveleth site. The expansion helps retain approximately 50 jobs on the Iron Range. Woodline has been in operation since 1987 as a producer of wood flooring, wall coverings, hardboard cut stock and dimension components used in cabinetmaking and other wood products.

**Buhl:**

The IRRRA approved a \$125,000 grant to Forest Health Services toward demolition of the Mesabi Nursing Home in Buhl and construction of a new \$7.4 million, 44-bed nursing home. Construction of a new nursing home would retain 44 full-time jobs, create 25 new full-time jobs and provide work for about 40 construction workers for seven months.

**Virginia/Aurora:**

Blue Cross Blue Shield of Minnesota opened a claims processing center in Virginia on June 24, 2002, that employs 150 people. Another similar center opened January 27, 2003, in Aurora and employs 50 people.

Groundbreaking for a \$8.2 million Blue Cross Blue Shield of Minnesota customer service center took place April 21, 2003. The 31,000 square-foot structure will be built on the existing 16-acre site of the claims processing center Blue Cross Blue Shield opened June 24, 2002. The building will be completed in December 2003. An additional 185 jobs will eventually be created by this new customer service center. By 2005, Blue Cross Blue Shield plans to employ 385 on the Iron Range.

**Hibbing:**

At an October 2002 meeting, the St. Louis County Board approved a tax abatement of up to \$110,832 in county property taxes to be written off during the next decade for Reptron Electronics of Hibbing. The tax abatement is in exchange for a company promise to create 50 new jobs in the next two years which are to be added to their 465 existing jobs. Reptron is required to keep the 50 additional employees throughout the decade of the agreement or lose the abatement. However, the agreement has not yet been executed. Reptron laid off 70 workers in January 2003. This is St. Louis County's first abatement authority authorized by the Minnesota Legislature for counties to use as an incentive to create jobs. Reptron manufactures and distributes electronic components such as circuit boards and semiconductors for original equipment manufacturers.

**Hoyt Lakes:**

A 10-member advisory committee has been formed to help promote the development of a \$530 million Iron Range copper-nickel mine about 12 miles south of Babbitt - not far from the former LTV Steel Mining Co. taconite mine in Hoyt Lakes. Construction of the mine is proposed by Teck Cominco American Inc., a Canadian-based natural resource company that mines zinc, copper, molybdenum, gold, and metallurgical coal in the United States. Ore tests and an experimental closed-loop technique called the CESL Process have convinced Teck Cominco that an estimated 1 billion tons of copper and nickel can be profitably mined. The company must secure financing, environmental permits, community approval, and proof that the CESL process will work on a large scale before the mining operation can begin. Projections are that the open pit mine could create 2000 to 2400 jobs with an annual payroll of about \$150 million and operate for up to 50 years.

**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 2002 of 39.5 million metric tons, as compared to 36.5 in 2001, an 8.3 percent increase. This port is the number one ore loader nationally, and it is the number one grain loader on the U.S. Great Lakes.

The Duluth Seaway Port Authority received a \$1.2 million federal grant from the U.S. Commerce Department's Economic Development Administration. The money will help pay for infrastructure including water lines, natural gas service, and sewer pipes and roads on 58-60 acres of undeveloped land near the airport. The undeveloped land neighbors an industrial development called the Airpark which is home to 36 businesses, employing about 450 people. It is projected the expansion which will begin in the spring of 2003 will open another 18 to 22 lots for development.

The American Eagle service operated by American Airlines between Duluth and Chicago was discontinued December 1, 2002. American Eagle ran three flights daily between Duluth and Chicago for the past four years. The service was discontinued by American Airlines due to organizational changes and cost savings programs.

Groundbreaking for the \$33 million University of Minnesota Duluth (UMD) James I. Swenson Science Building was held in September 2002. The 89,000 square-

foot building is scheduled to be completed in the spring of 2005. The facility will house the chemistry and biology departments.

In June 2002, St. Mary's/Duluth Clinic Health System announced plans for two major construction projects at its main campus in downtown Duluth. A new \$50 million facility will be constructed to provide expanded medical services. The three story, 200,000 square feet treatment facility will house a cancer center, a center for digestive diseases and a center for neurological, orthopedic, and skeletal disorders, and a parking ramp. It is expected to be completed in the summer of 2004. The project could add as many as 300 new jobs. The second construction project includes a top floor addition to the main hospital building. The \$25 million, 18,000 square foot addition adds a ninth floor to the hospital and will be used to increase the number of intensive care unit beds. SMDC remains the region's largest private employer.

Cirrus Design Corp., completed construction of a \$5.8 million building, gaining 70,000 square feet of space in the summer of 2002. In 2000, it took Cirrus workers 6,000 hours to produce a single aircraft, and now it takes 1,900 hours. In December 2001, Cirrus completed work on just shy of one aircraft per business day. In June 2002, it completed work on an average of nearly two per day. Production in their new facility is expected to be three or four airplanes per day.' The company delivered 108 airplanes between April and June 2002, just three fewer than Cessna, the nation's largest manufacturer of four-seat aircraft.

In March 2003, Northwest Airlines announced plans to lay off 158 employees at the Duluth maintenance base. The base currently employs 386 people. System-wide, the airline will cut about 4,900 jobs. Northwest projects a 12 percent flying reduction as a result of the war and plans to idle 20 planes. The reservation center in Chisholm, which employs nearly 500 people, will not be affected by the pending cuts.

#### **Hermantown:**

A new 110,000 square foot, \$5.0 million plus HOM Furniture store opened in Hermantown in early 2003 employing more than 60 people. The Hermantown store is in addition to six other HOM stores in the Twin Cities and other smaller stores in North Dakota, South Dakota, and Iowa.

#### **Major Initiatives for the Year**

In August 2002, St. Louis County bought the seven-story, 165,000 square-foot Government Services Center (GSC) building from the State of Minnesota for \$3,052,700. Currently, approximately 400 County employees are located in the GSC building along with numerous State employees. Eventually, other County services scattered throughout downtown Duluth will be consolidated in the Service Center.

The St. Louis County Board loaned the South St. Louis County Fair Association \$330,000 for new grandstands and racetrack lighting at the 100-acre South St. Louis County Fairgrounds. The interest free loan calls for annual payments in the amount of \$20,000 beginning in 2004 and every year thereafter, until the \$330,000 is paid in full to the County.

In October 2002, the St. Louis County Board passed its first economic development policy that offers businesses one entry point, the planning department, to access County services. Its guiding principles promote cooperation between government and private enterprise, avoiding duplication of efforts and minimizing property tax increases.

In February 2002, the St. Louis County Board voted to close the Nopeming Care Center and consolidate its staff and operations at a second county-owned facility, Chris Jensen Health and Rehabilitation Center in Duluth. Bonds were issued in September 2002 for \$.6 million to cover the remodeling needed at Chris Jensen Health and Rehabilitation Center to create a secure ward for residents diagnosed with severe dementia. The ward is being used to accommodate for the loss of the dementia ward at Nopeming Care Center.

The new Pike Lake Highway Maintenance Facility was dedicated in October 2002. The 83,000 square foot \$5.9 million building is named the Richard H. Hansen Transportation and Public Works Complex. St. Louis County designed, built, and financed the new building and will lease 29.5% of the facility space to the State of Minnesota Department of Transportation.

In addition to the Pike Lake Garage, other projects completed in 2002 using 2001 Capital Improvement Bonds proceeds were: roof and window replacement at the St. Louis County Heritage and Arts Center, Sheriff Rescue Squad and Emergency Operations Center at Pike Lake, Virginia 911 and Public Works facility addition, Court Administration filing system, and Virginia and Duluth Courthouse remodeling and improvements.

The County's 2003 property tax levy was certified in 2002 at \$82,312,645, which represents a 4.4 percent increase over the 2002 property tax levy. The 2003 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 2002 was \$7,561,771,500, and increased to \$8,315,406,800 for payable 2003.

### **Major Initiatives for the Future**

Proposed funding cuts by the State of Minnesota to cover its more than \$4 billion budget crisis will have a significant impact on St. Louis County in 2003 and even more so in 2004. State cuts in funding and cost shifts to the county could exceed

\$15 million for the County. County department heads have been directed to reduce their budgets for 2003 and 2004 by 10% and the County Board has imposed a hiring freeze on all departments except those departments that are operated by an elected official. In addition, departments have also been asked to cut back on travel and capital expenditures. The potential for some layoffs does exist.

The St. Louis County Heritage and Arts Center (Depot) management board turned over the operations of the Depot to St. Louis County January 31, 2003. The County-owned Depot is one of Duluth's leading tourist attractions. The management board has a long term loan from the county for \$431,344 that is in jeopardy of being collected. The County issued bonds in 2001 that included \$1.2 million for window and roof replacement at the Depot. St. Louis County has agreed to continue Depot operations month-to-month with a temporary management company.

In the year 2002, the Iron Range taconite industry distributed \$15.2 million in taconite production tax for the General Fund and the Road and Bridge Fund, and for its share of a tax credit for homeowners in a legislatively defined area in the County. The County is expected to receive approximately the same distribution in 2003, and again in 2004, 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. The County will need to look at methods of replacing taconite monies with other revenue sources or through reductions in expenditures in 2005 and beyond.

Cities, towns, and school districts in the County received more than \$26.6 million in funding from the taconite production tax.

### **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 department 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.

### **Cash Management**

In 2002, the County average investment yield was 3.20%. 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 major operating funds that are supported in part by 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, 2002, the goal was 97.2% accomplished for the General Fund, 70.6% for the Road and Bridge Fund, and was 66.9% 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. As of December 31, 2002, 100% of the estimated vested sick leave amount needed was funded.

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. As of December 31, 2002, 3/9 of the estimated vesting sick leave amount needed was funded.

### **Enterprise Operations**

Enterprise operations include Chris Jensen Health and Rehabilitation Center and Nopeming Care Center Nursing Homes, Community Foods, Laundry, Supervised Living Facilities, and the Solid Waste Management Fund. These funds are meant to be self-supporting and earn their revenue through user charges.

### **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 distributing 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.

### **Capital Improvements**

Capital projects started or completed in 2002 and not funded by the 2001 Capital Improvement Bonds mentioned previously included: Phase II of the Pike Lake Highway Maintenance Facility for construction of a \$1.5 million Road & Bridge Administration Building due to open July 2003, the completion of a Solid Waste transfer station in Hibbing, Road and Bridge garage projects, 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, 2002, had a balance of \$5,457,782 in its net assets account. The fund liability includes claims for which the County Attorney's Office deems payment is "probable" but does not include \$852,600 for various cases which the County Attorney's Office deems payment to be "reasonably possible." The balance of net assets 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 \$1,400,000. The Workers' Compensation Reinsurance Association insures the County for claims above that amount. The Workers' Compensation Insurance Internal Service Fund at December 31, 2002, had a balance of (\$1,209,979) in its net assets 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 \$750,000 and for transplant coverage. The Medical/Dental Insurance Internal Service Fund at December 31, 2002, had a balance of \$12,984,144 in its net assets 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.

### **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 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.

### **Awards and Acknowledgements**

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, 2001.

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 fourteen consecutive years. We believe our current report will conform to the Certificate of Achievement Program requirements and are thus submitting it to the GFOA.

The preparation of the Comprehensive Annual Financial Report in accordance with the GASB 34 financial reporting model was made possible by the dedicated work of the employees of the Accounting and Financial Division. In addition, I would like to express my appreciation to the employees of 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.

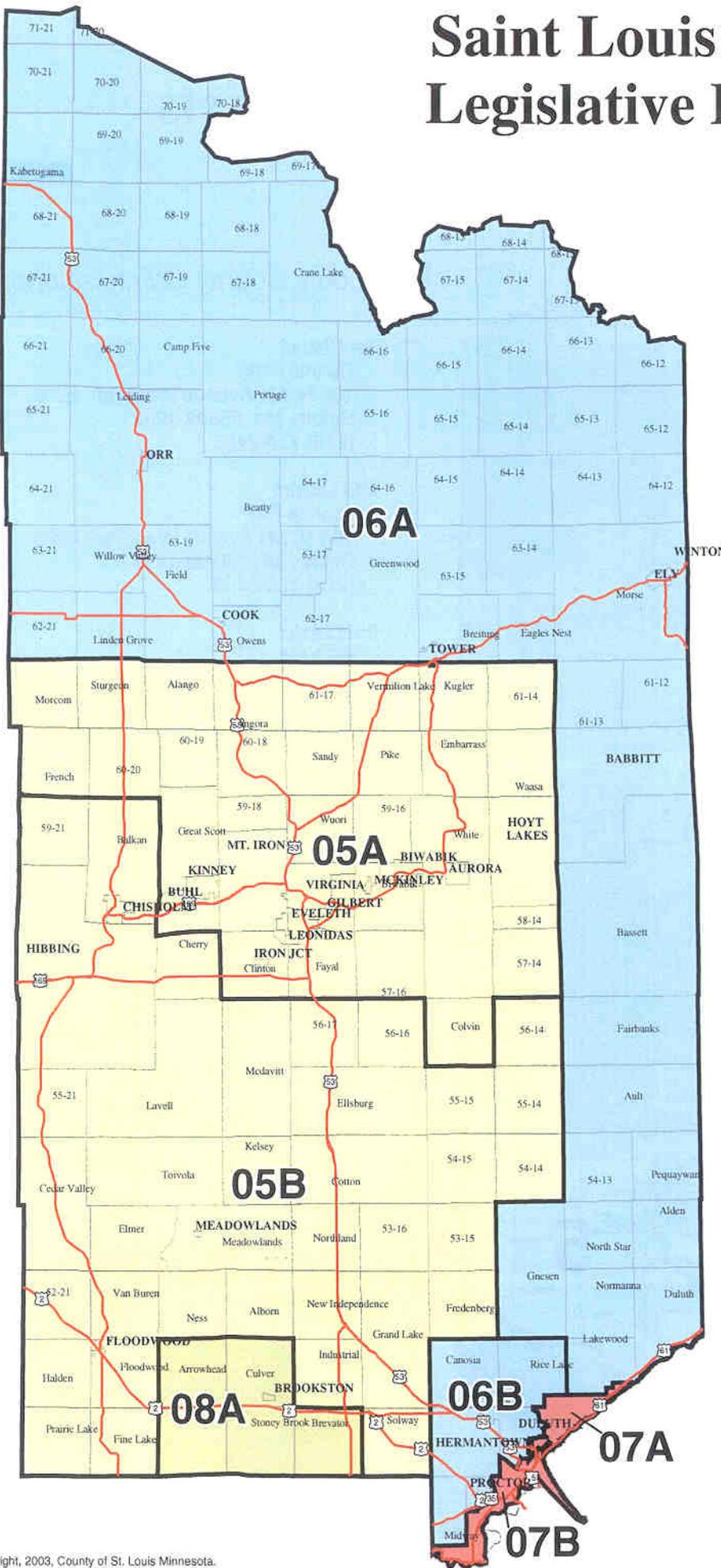
Special thanks are due to the State Auditor's staff for their technical assistance during the audit and during the year. We acknowledge, too, the thorough and professional manner in which they conducted their audit.

Sincerely,

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

**GORDON D. MCFAUL**  
County Auditor

# Saint Louis County Legislative Districts



## 2003 Minnesota Legislative Districts

**Tom Rukavina (DFL) 05A**  
279 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-0170

**Anthony Sertich (DFL) 05B**  
233 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-0172

**David Dill (DFL) 06A**  
315 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-2190

**Mary Murphy (DFL) 06B**  
343 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-2676

**Thomas Huntley (DFL) 07A**  
335 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-2228

**Mike Jaros (DFL) 07B**  
291 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-4246

**Bill Hilty (DFL) 08A**  
207 State Office Building  
Saint Paul, Minnesota 55155  
(651) 296-4308

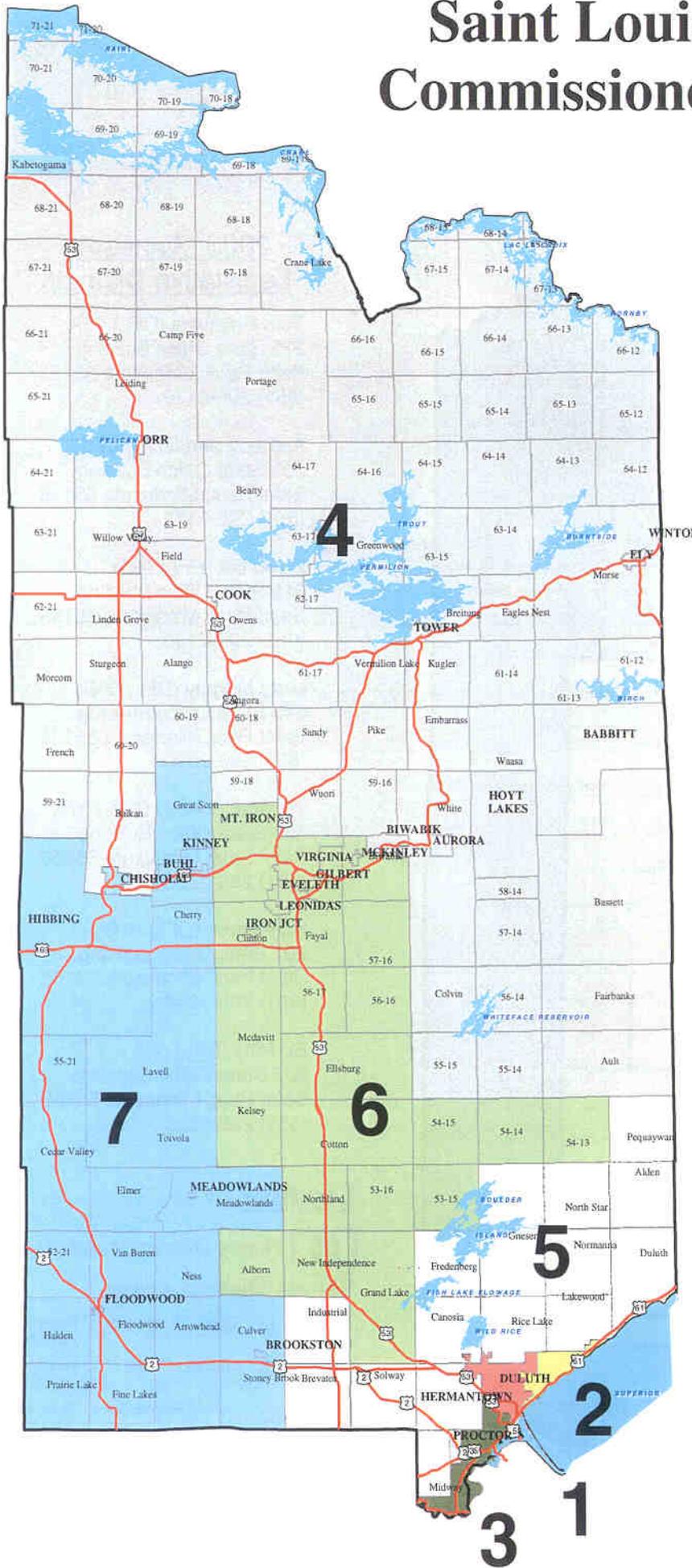
### Legend

**05** House District Boundaries

### Senate District Areas

- 05 David J. Tomassoni Room 321, Capitol (651)296-8017
- 06 Thomas M. Bakk Room 301, Capitol (651)296-8881
- 07 Yvonne Prettner Solon Room 303, Capitol (651)296-4188
- 08 Becky Lourey Room G-24, Capitol (651)296-0293

# Saint Louis County Commissioner Districts



## St. Louis County Commissioners

### 1st District

Dennis Fink  
100 N. 5th Avenue West Rm. #208  
Duluth, Mn 55802-1292  
(218) 726-2450

### 2nd District

Joanne Fay  
100 N. 5th Avenue West Rm. #208  
Duluth, Mn 55802-1292  
(218) 726-2450

### 3rd District

Bill Kron  
100 N. 5th Avenue West Rm. #208  
Duluth, Mn 55802-1292  
(218) 726-2450

### 4th District

Michael Forsman  
118 S. 4th Avenue East  
Ely, Mn 55731  
(218) 365-8200

### 5th District

Peg Sweeney  
100 N. 5th Avenue West Rm. #208  
Duluth, Mn 55802-1292  
(218) 726-2450

### 6th District

Keith Nelson  
St. Louis County Courthouse  
Virginia, Mn 55792  
(218) 749-7108

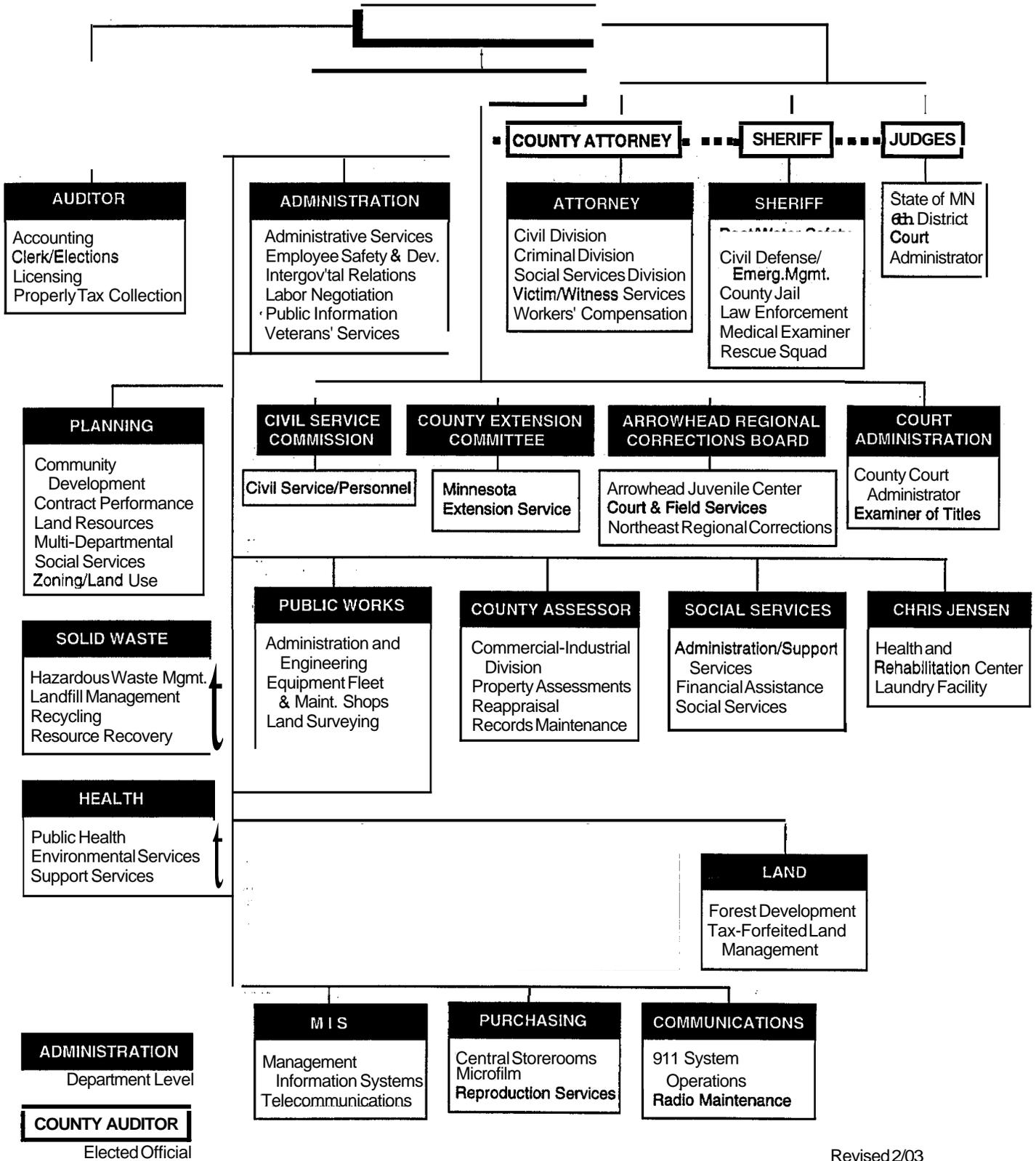
### 7th District

Steve Raukar  
St. Louis County Courthouse  
Hibbing, Mn 55746  
(218) 262-0201

**St. Louis County  
Elected and Appointed Officials  
as of December 31, 2002**

Office	Name	Term
<b>Commissioners:</b>		
1st District	Dennis Fink	Jan. 1997 Jan. 2007
2nd District	Joanne Fay	Jan. 1999 Jan. 2007
3rd District	William Kron	Jan. 1997 Jan. 2005
4th District	Mike Forsman	Jan. 1999 Jan. 2007
5th District	Peg Sweeney	Jan. 1997 Jan. 2005
6th District	Paul Plesha	Mar. 2001 Jan. 2003
7th District	Steve Raukar	Jan. 1997 Jan. 2005
<b>Elected Officers:</b>		
Attorney	Alan L. Mitchell	Jan. 2003 Jan. 2007
Auditor	Gordon D. McFaul	Jan. 2003 Jan. 2007
Sheriff	Rick Wahlberg	Jan. 1999 Jan. 2003
<b>Judges:</b>		
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. 1999 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. Rantala	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
<b>Appointed Officers:</b>		
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 Buscornbe	
Planning Director	Barbara Hayden	
Property Management Director	Tony Mancuso	
Public Health and Social Services Director	Linda Anderson	
Public Works Director	Richard Hansen	
Purchasing Agent	Richard Florey	
Recorder	Mark Monacelli	
Solid Waste Director	Theodore Troolin	

# St. Louis County Organizational Summary



Revised 2/03

# 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, 2001

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.



President

Executive Director



PATRICIA AWADA  
STATE AUDITOR

# 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)

### INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
St. Louis County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County, Minnesota, as of and for the year ended December 31, 2002, which collectively comprise the County's basic financial statement as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of government activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the financial statements, St. Louis County adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis for State and Local Governments*, as amended, and Statement No. 38, *Certain Financial Statement Note Disclosures*, as of and for the year ended December 31, 2002. These statements result in a change in the format and content of the basic financial statements.



The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of management inquiries regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Our** audit was made for the purpose of forming opinions on the financial statements that collectively comprise St. Louis County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of St. Louis County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 21, 2003, 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.



PATRICIA AWADA  
STATE AUDITOR



GREGHIERLINGER, CPA  
DEPUTY STATE AUDITOR

End of Fieldwork May 21, 2003

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
December 31, 2002

Our discussion and analysis of St. Louis County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2002. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

The County's total net assets increased by \$16.0 million or 4.8%. Governmental activities accounted for an increase of \$ 19.4 million, while the County's business-type activities decreased by \$ 3.4 million.

The County's governmental funds reported combined ending fund balances of \$77.3 million, an increase of \$2.4 million. Part of the combined fund balances, \$26.4 million, is reserved and not available for appropriation. Of the remaining \$50.9 million (unreserved fund balance), \$39.6 has been designated for specific uses and \$11.3 million remains undesignated.

The General Fund reported an excess of revenues over expenditures of \$1.7 million. This increase, plus bond proceeds of \$.8 million, less net transfers out of \$2.7 million, caused the fund balance to decrease by \$.2 million in 2002.

In the County's business-type activities, program revenues decreased to \$24.7 million from \$30.9 million (20.1%), while expenses decreased to \$29.2 million from \$31.2 million (6.4%).

**Overview of the Financial Statements**

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

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

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

The government-wide financial statements can be found on pages 35-37 of this report.

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

*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
December 31, 2002

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

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

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison for the major governmental funds are provided to demonstrate compliance with the budget.

The basic financial statements for governmental funds can be found on pages 39-51 of this report.

Proprietary funds: When the County charges customers for the services it provides - whether to outside customers or to other units of the County - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of Net Assets and the Statement of Activities. The County uses enterprise funds (a component of proprietary funds) to report the activities of two major funds, the Chris Jensen Health and Rehabilitation Center Fund, and the Solid Waste Management Fund and four nonmajor enterprise funds. Data for the nonmajor funds is combined into "other enterprise funds". Individual data for each of the nonmajor enterprise funds is provided in the supplementary data. These funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information. The County uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the county's other programs and activities, such as the County's Telecommunication Fund. The basic financial statements can be found on pages 53-57 of this report.

Fiduciary funds: The County is the trustee, or fiduciary, for certain amounts held for others. The County uses trust and agency funds to report its fiduciary activities. The County's fiduciary activities are reported in the Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets and are excluded from the Government-wide Financial Statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used in proprietary funds. The basic financial statements can be found on pages 59-60 of this report.

*Notes to the financial statements*. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 63-100 of this report.

*Supplementary data*. The combining statements for nonmajor governmental funds and proprietary funds, internal service funds, and fiduciary funds are provided on page 104-144.

*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
December 31, 2002

Government-wide Financial Analysis

Net assets may over time be a useful indicator of a government's financial position. In the case of St. Louis County, assets exceeded liabilities by **\$350.2** million.

By far the largest portion of the County's net assets is the investment in capital assets (**73.7**percent), which reflects St. Louis County's investment in capital assets less any related debt used to acquire those assets that is still outstanding. Because the County uses these capital assets to provide services to citizens, they are not available for future spending. Although investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided **from** other sources since the capital assets themselves cannot be used to liquidate these liabilities.

This is the County's first year for reporting government-wide financial statements using the full accrual basis of accounting. In preparation for this new report presentation in **2002**, the County has applied the full accrual basis of accounting to fiscal **2001** so that a comparison of net assets could be made in our first year of reporting.

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

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
Current and other assets	\$ 147.5	\$ 137.2	\$ 17.0	\$ 21.5	\$ 164.5	\$ 158.7
Capital assets	277.2	258.0	15.0	16.6	292.2	274.6
Total Assets	<b>424.7</b>	<b>395.2</b>	<b>32.0</b>	<b>38.1</b>	<b>456.7</b>	<b>433.3</b>
Long-term liabilities outstanding	80.2	74.7	3.0	4.3	83.2	79.0
Other liabilities	21.6	17.0	1.7	3.1	23.3	20.1
Total liabilities	<b>101.8</b>	<b>91.7</b>	<b>4.7</b>	<b>7.4</b>	<b>106.5</b>	<b>99.1</b>
Net assets:						
Invested in capital assets, net of debt	243.5	225.6	14.5	15.7	258.0	241.3
Restricted	21.4	12.7	1.5	1.8	22.9	14.5
Unrestricted	58.0	65.2	11.3	13.2	69.3	78.4
Total Net Assets	<b>\$ 322.9</b>	<b>\$ 303.5</b>	<b>\$ 27.3</b>	<b>\$ 30.7</b>	<b>\$ 350.2</b>	<b>\$ 334.2</b>

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

Governmental Activities:

The County's net assets increased by \$19.4 million or 6.4%, from \$303.5 million to \$322.9 million. St. Louis County is able to report positive balances in all three categories of net assets. The same held true for the prior fiscal year.

Current and other assets increased **\$10.3** million principally due to advances from the State of Minnesota for state aid projects of **\$5.7** million and net proceeds in the Shoreline Sales Fund of **\$3.3** million for the year.

Capital assets increased by **\$19.2** million. A detailed analysis of this increase is presented in Table 4 on page **33**, under the heading Capital Assets and Debt Administration.

*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
December 31, 2002

The County's long-term liabilities outstanding increased \$5.5 million to \$80.2 million. This is due mainly to increases in bonds and notes payable of \$2.1 million and compensated absences payable of \$2.7 million. A detailed analysis of the increase in outstanding debt is presented in Table 5 on page 34, under the heading Capital Assets and Debt Administration.

Other liabilities increased \$4.6 million because of the advance from the State of Minnesota for state aid projects being deferred until the 2003 road construction season.

Invested in capital assets, net of related debt increased by \$17.9 million. This was the result of capital asset additions and deletions net of depreciation increasing by \$19.2 million, governmental activities debt increasing by \$2.1 million, and capital leases being reduced by \$.8 million for the year.

Restricted net assets increased by \$8.7 million due to an increase in the Shoreline Sales Permanent Fund of \$3.4 million, unspent 2002 Capital Equipment Note proceeds of \$2.9 million that will be used to purchase capital equipment pursuant to state statute in 2003, and increased amounts for retiree obligations of \$2.4 million.

Unrestricted net assets are the sum of the governmental funds reserved fund balances that are available for spending at the County's discretion. The County's unrestricted net assets were \$7.2 million less at the end of 2002 than at the end of 2001. This was due primarily to a decrease in the Capital Projects Fund unreserved fund balance of \$5.3 million. Many of the capital improvement projects started in 2001 with bond proceeds were completed in 2002.

**Business-type Activities:**

The County's net assets decreased by \$3.4 million or 11.2% from \$30.7 million to \$27.3 million. As with the governmental activities, St. Louis County is able to report positive balances in all three categories of net assets and the same also held true for the prior fiscal year.

Current and other assets decreased from \$21.5 million to \$17.0 million due to a \$1.9 million reduction in accounts receivable at the two county nursing homes. This was a direct result of the closure in November of one of the County's nursing homes and the limiting of residents at the other home because of remodeling. In addition, the Solid Waste Management Fund refunded two outstanding bonds totaling \$2.3 million and purchased capital assets worth \$1.3 million. A detailed analysis of the decrease in outstanding debt is presented in Table 5 on page 34, under the heading Capital Assets and Debt Administration.

Business-type capital assets declined by \$1.6 million in 2002. Net capital assets of \$2.3 million (buildings and structures) at Nopeming Care Center were transferred to governmental activities at the end of 2002. A detailed analysis of this increase is presented in Table 4 on page 33, under the heading Capital Assets and Debt Administration.

Total liabilities declined by \$2.7 million and net assets by \$3.4 million, largely due to the closing of the Nopeming Care Center.

*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
December 31, 2002

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

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 38.5	\$ 37.6	\$ 24.7	\$ 30.9	\$ 63.2	\$ 68.5
Operating Grants and Contributions	42.2	44.2	0.5	0.5	42.7	44.7
Capital Grants and Contributions	0.0	0.0	0.0	0.0	0.0	0.0
<i>General Revenues:</i>						
Taxes:						
Property taxes, levied for gen. purposes	76.7	78.5	0.0	0.0	76.7	78.5
Property taxes, levied for debt service	3.9	3.0	0.0	0.0	3.9	3.0
State shared	41.7	34.1	0.0	0.0	41.7	34.1
Federal non-program	0.5	0.4	0.0	0.0	0.5	0.4
Investment income	3.6	5.5	0.5	2.9	4.1	6.4
Contributions to Permanent Fund	3.3	2.8	0.0	0.0	3.3	2.8
Miscellaneous	0.3	0.2	0.0	0.0	0.3	0.2
Total revenues	210.7	206.3	25.7	32.3	236.4	238.6
Expenses						
<i>Program expenses:</i>						
General government	30.1	28.4	0.0	0.0	30.1	28.4
Public safety	32.6	31.2	0.0	0.0	32.6	31.2
Highways and streets	40.8	40.5	0.0	0.0	40.8	40.5
Health and sanitation	6.5	6.5	0.0	0.0	6.5	6.5
Welfare	71.9	69.3	0.0	0.0	71.9	69.3
Culture and recreation	1.2	1.3	0.0	0.0	1.2	1.3
Conservation of natural resources	6.7	6.2	0.0	0.0	6.7	6.2
Economic development	3.6	4.8	0.0	0.0	3.6	4.8
Interest on long-term debt	1.6	1.5	0.0	0.0	1.6	1.5
Solid Waste Management	0.0	0.0	5.8	5.0	5.8	5.0
Chris Jensen Health & Rehabilitation	0.0	0.0	13.3	13.4	13.3	13.4
Other Enterprise funds	0.0	0.0	10.1	12.8	10.1	12.8
Total expenses	195.0	189.7	29.2	31.2	224.2	220.9
Increase in net assets before transfers and special items	15.7	16.6	(3.5)	1.1	12.2	17.7
Special items	6.1	6.4	(2.3)	0.0	3.8	6.4
Transfers	(2.4)	(0.4)	2.4	0.4	0.0	0.0
Increase (decrease) in net assets	19.4	22.6	(3.4)	1.5	16.0	24.1
Net assets January 1	303.5	280.9	30.7	29.2	334.2	310.1
Net assets December 31	\$ 322.9	\$ 303.5	\$ 27.3	\$ 30.7	\$ 350.2	\$ 334.2

*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
**December 31, 2002**

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

Governmental Activities:

Charges for service for 2002 were \$38.5 million or \$.9 million over 2001.

The County received \$2.0 million less from operating grants during 2002. This was largely the result of a grant from the State of Minnesota (Fund 29 for bridge bonds) that was awarded to the County in 2001 and not in 2002.

Property tax collection for general purposes decreased \$1.8 million from \$78.5 million to \$76.7 million. The decrease occurred despite a \$6.5 million County levy increase for 2002. A new state shared revenue called "market value based homestead credit" was sent to the County in the amount of \$8.4 million. State shared revenues increased by \$7.6 million due to the new homestead credit and a decrease in state disparity aid of \$1.4 million.

With the continued fall in interest rates, investment earnings dropped \$1.9 million or 34.5% for 2002. The steady decrease in interest rates was more apparent in 2002 than 2001 because the longer term investments in the County's portfolio matured and were replaced with lower yield instruments. The average yield on investments dropped 41.8% in 2002 to 2.95%.

Expenses increased to \$195.0 million in 2002 or 2.8% over 2001. For the most part, increases in expenses were related to increased personnel service costs as the result of employee contract settlements and the growth in demand for services. All county employees received a 3.0% wage increase for the year and health insurance premiums rose by 5.0%.

Business-type Activities:

The increase in net assets before transfers for the business-type activities decreased by \$4.6 million from 2001 to 2002. The major reason for the decrease was operating losses at the Chris Jensen Health and Rehabilitation Center of \$1.2 million and at Nopeming Care Center of \$1.3 million. Patient census at both facilities were reduced drastically as a result of the closure process at Nopeming Care Center and the remodeling of a wing at Chris Jensen Health and Rehabilitation Center, which was necessary to accommodate transferring some of the Nopeming Care Center residents.

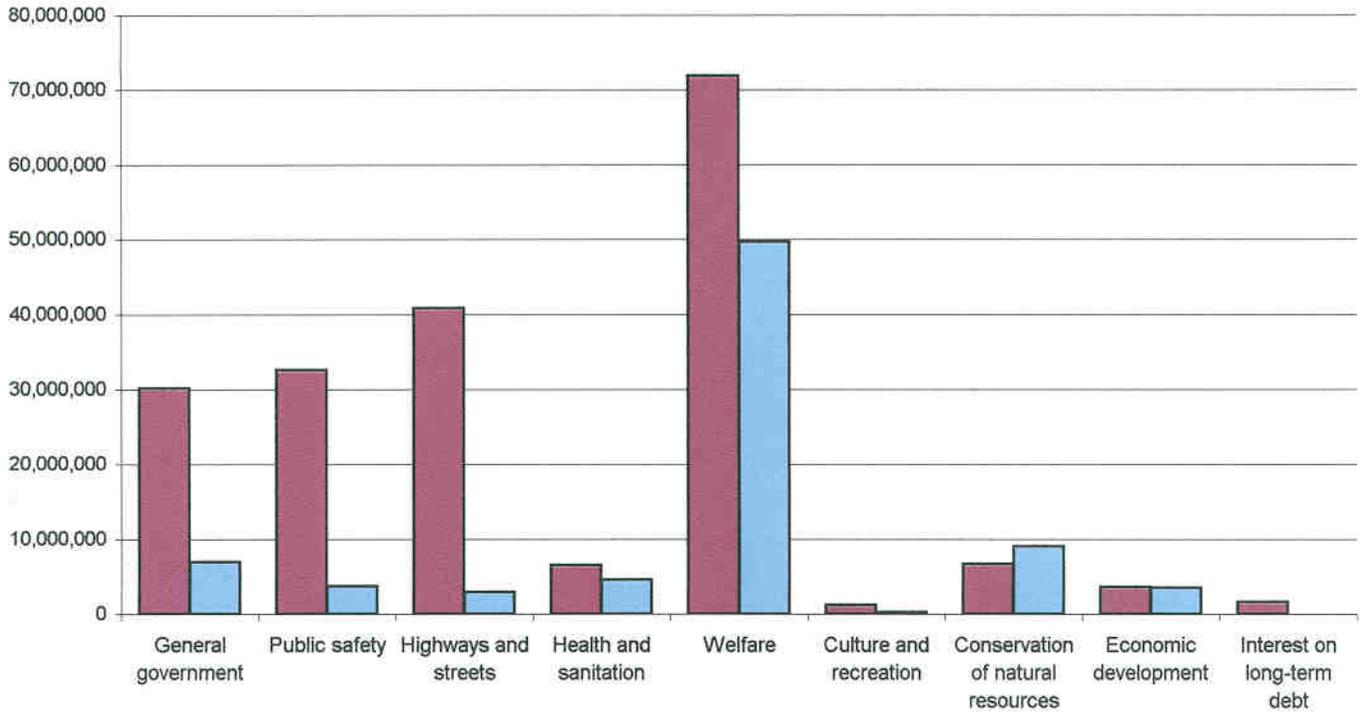
Of the six enterprise fund used by the County, only the Laundry and Supervised Living funds did not report operating losses. The Solid Waste Management Fund had an operating loss of \$.5 million and a nonoperating income of \$.9 million from investment activities and an operating grant.

Transfers from the general fund of \$2.4 million were required to cover cash deficits at the two County run nursing homes at year end. This was \$2.0 million more than the \$.4 million needed to cover cash deficits at the homes in 2001. Nopeming Care Center closed and transferred assets of \$2.3 million to the General Fund shown as a special item capital asset adjustment.

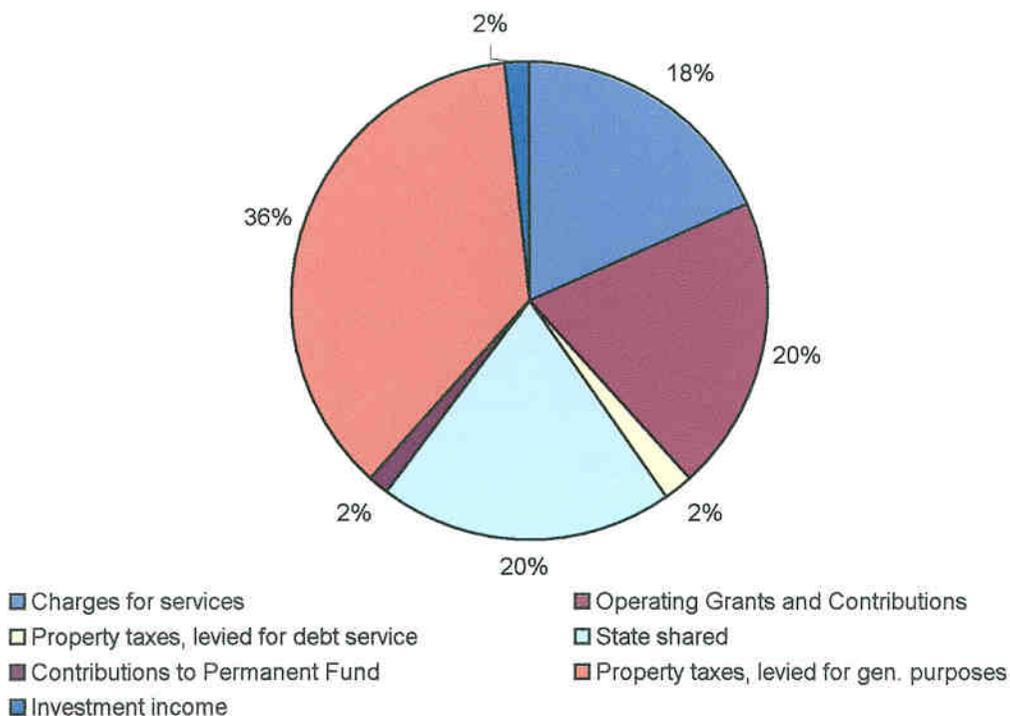
*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
 December 31, 2002

**Expenses & Program Revenues: Governmental Activities**

■ Expenses  
 ■ Program Revenues

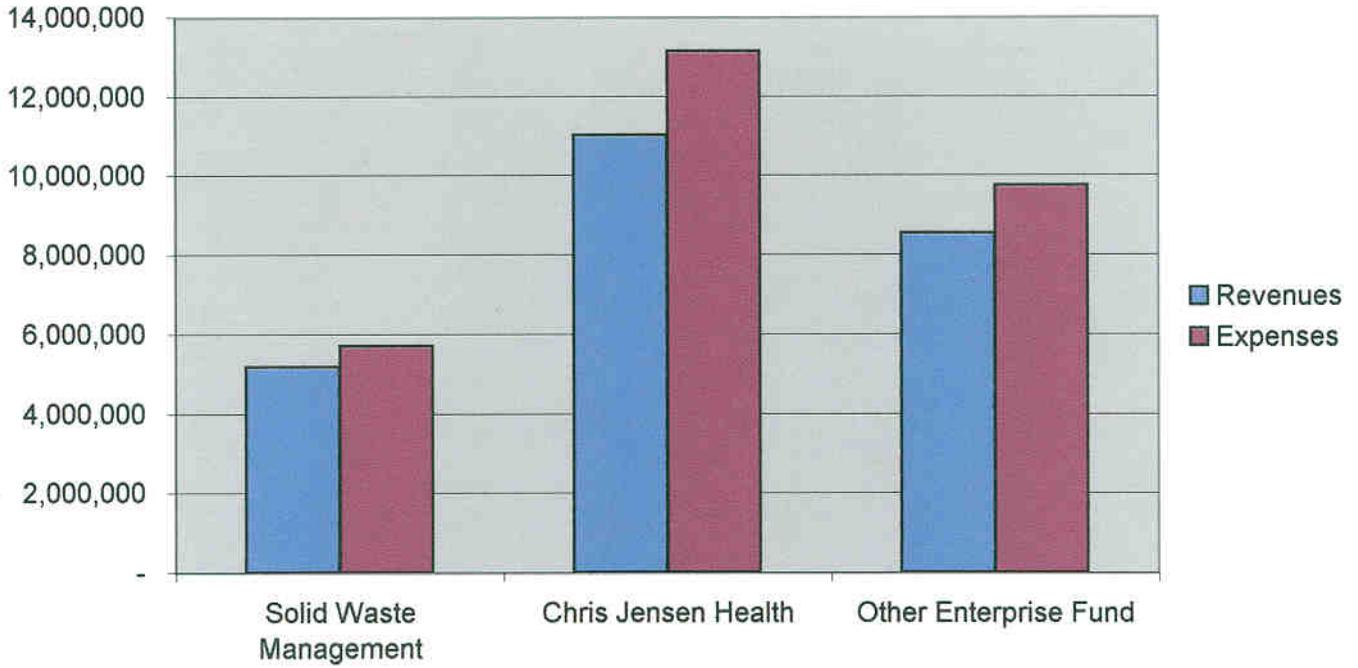


**Revenues by Source: Governmental Activities**

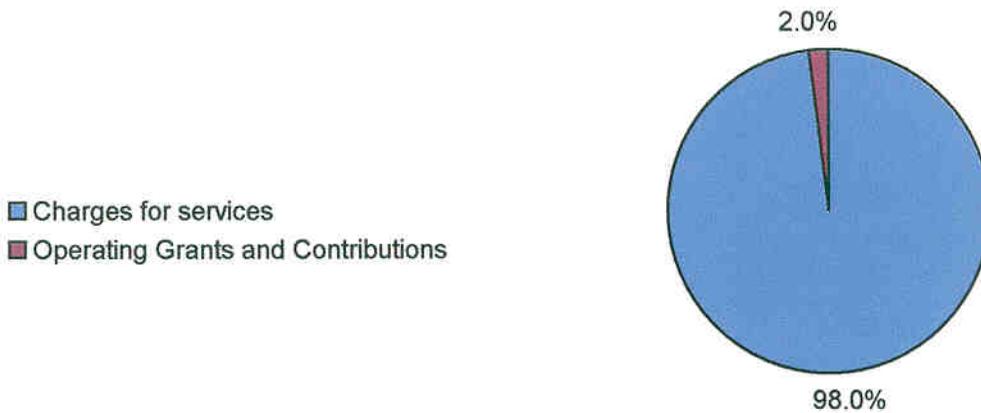


*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
 December 31, 2002

**Expenses and Program Revenues: Business-type Activities**



**Revenues by Source: Business-type Activities**



*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
**December 31, 2002**

#### Financial Analysis of the Government's Funds

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

**Governmental Funds.** The focus of St. Louis County governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing St. Louis County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of December 31, 2002, St. Louis County's governmental funds reported combined fund balances of \$77.3 million, compared with \$74.9 million in 2001. Most of the combined fund balance or \$50.9 million constitute unreserved fund balance, which is available for spending at the County's discretion. Of the unreserved fund balance, \$39.6 million was designated. Designations reflect the County's self-imposed limitations on otherwise available expendable financial resources. Designated for cash flow at \$29.8 million is the largest designation. The remaining \$11.3 million of fund balance is reserved. Fund balance is reserved because it is either not available for spending or legally restricted. The largest reservations of fund balances at year end are for environmental trust fund purposes, capital acquisitions, inventories, and retiree obligations.

The General Fund is the chief operating fund of the County. At the end of 2002, the unreserved fund balance of general fund was \$26.0 million. Unreserved fund balance represents 36.6% of total fund revenues and 37.4% of total fund expenditures. The Office of the State Auditor recommends that counties maintain unreserved fund balance in their General Fund of approximately 35 to 50 percent of fund operating revenues or no less than five months of operating expenditures.

The fund balance of the County's General Fund decreased \$2 million as a result of operations net of transfers. The transfers were to the nursing home funds to cover cash deficits, to the Road and Bridge and Social Service funds for contract settlements, and to the Capital Projects Fund for construction.

The Road and Bridge Fund had other financing sources of \$.6 million that offset excess expenditures over revenues of \$.8 million, decreasing fund balance by \$.2 million to \$16.3 million.

The Social Services Fund had a transfer in of \$.6 million from the General Fund and excess revenues over expenditures of \$1.2 million, increasing fund balance by \$1.8 million to \$12.8 million.

The Forfeited Tax Sale Fund pursuant to Minnesota Statute distributes its net proceeds at the end of each year causing a constant minimal fund balance. At the end of the year fund balance increased \$.1 million over 2001 to \$.5 million.

**Proprietary Funds.** St. Louis County proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

#### General Fund Budgetary Highlights

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

The final amended expenditure budget was increased \$3.1 million over the original budget. The majority of the increases were for state and federal grants, appropriation of carryover monies, and amendments to operating budget.

The difference between the final amended revenue budget and the original budget was an increase of \$1.5 million at year end. State and Federal grants increased \$1.6 million, charges for services increased \$.3 million, and miscellaneous revenue increased \$.2 million. The budget for interest income was reduced \$.6 million.

*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
 December 31, 2002

Actual expenditures were \$5.1 million under the final budget. This was the result of various departments under spending their operating budgets and actual grant expenditures falling far short of budget allotments. This was especially true in the Public Safety and Health areas.

Actual revenues exceeded the final budget by \$.7 million or 1.0%. Tax collections exceeded budget as did charges for services, earnings on investments, and miscellaneous revenues. Grant revenues were under budget because grant expenditures were delayed until 2003.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At year end, the County showed total capital assets to be \$292.2 million. Of that total, governmental activities accounted for \$277.2 million and the balance of \$15 million belonged to the business-type activities. These amounts represent a broad range of capital assets, including land, buildings, machinery, roads, road maintenance equipment, and law enforcement equipment. Detail is presented immediately below in Table 4.

**Table 4**  
**Capital Assets at Year-end**  
**(Net of Depreciation, in Millions)**

	Governmental Activities		Business-type Activities		Totals	
	2002	2001	2002	2001	2002	2001
Land	\$ 1.7	\$ 1.5	\$ 0.4	\$ 0.5	\$ 2.1	\$ 2.0
Buildings and improvements	46.9	34.2	9.4	10.6	56.3	44.8
Improvements other than buildings	0.0	0.0	3.4	3.5	3.4	3.5
Machinery and equipment	3.2	3.1	0.6	0.8	3.8	3.9
Linens	0.0	0.0	0.3	0.3	0.3	0.3
Vehicles	15.3	15.3	0.4	0.3	15.7	15.6
Infrastructure	205.4	198.3	0.0	0.0	205.4	198.3
Construction in progress	4.7	5.6	0.5	0.6	5.2	6.2
<b>Totals</b>	<b>\$ 277.2</b>	<b>\$ 258.0</b>	<b>\$ 15.0</b>	<b>\$ 16.6</b>	<b>\$ 292.2</b>	<b>\$ 274.6</b>

Total governmental capital assets show a net increase (including additions and deductions) of \$19.2 million, or 7.4 percent, over last year. As shown in Table 4, all asset categories except infrastructure and buildings and improvements posted only slight increases or decreases.

Infrastructure, which is the County's road and bridge system, increased \$7.1 million or 3.6%. Construction Projects of \$18.9 million were completed during the year. Depreciation of existing infrastructure totaled \$11.8 million for the year.

Buildings and improvements increased by a total \$11.5 million. Governmental activities increased \$12.7 million mainly because capital projects started in 2001 were completed in 2002. Business-type activities experienced a net decrease of \$1.2 million in building and improvements caused by the Nopeming Care Center closure.

Construction in progress at the end of the year consisted of the Pike Lake Administration Building, Duluth and Hibbing Courthouse improvements and grandstands and lighting at the South St. Louis County Fairgrounds.

Additional information on St. Louis County's capital assets can be found in the notes on page 82 and 83.

*St. Louis County, Minnesota*  
**Management's Discussion and Analysis**  
 December 31, 2002

**Debt Administration**

At year-end, the County had \$34 million of bonded debt outstanding that comprises the debt backed by the full faith and credit of the County. Some of the debt is also secured by specific revenue sources.

**Table 5**  
**Outstanding Debt, at Year-end**  
 (in Millions)

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
General obligation bonds	\$ 32.9	\$ 30.8	\$ 0.6	\$ 2.3	\$ 33.5	\$ 33.1
Revenue bonds	0.5	0.5	0.0	0.0	\$ 0.5	\$ 0.5
<b>Total</b>	<b>\$ 33.4</b>	<b>\$ 31.3</b>	<b>\$ 0.6</b>	<b>\$ 2.3</b>	<b>\$ 34.0</b>	<b>\$ 33.6</b>

As shown, the County's total debt increased \$.4 million (1.2%) during the current fiscal year.

Governmental activities debt increased by \$2.1 million due to the county issuing Capital Equipment Notes (2002C) for \$5.0 million and paying principal payments of \$2.9 million on existing debt. Jail Refunding Bonds (2002B) were issued during the year to refund the 1993 Jail Revenue Bonds, thereby saving the County \$5 million in future interest payments.

Business-type activities debt was reduced due to the refund of \$1.4 million in Solid Waste Management bonds. The County issued Nursing Home Bonds Series (2002A) for \$6 million to remodel the Chris Jensen Health and Rehabilitation Center.

Moody's Investors Service has assigned an "A1" rating on the County's Series 2002A Bonds and Series 2002C Notes. The Series 2002B Bonds were rated "AA1" by Moody's based upon their inclusion in the County Credit Enhancement Program administered by the Minnesota Public Facilities Authority.

Additional information on St. Louis County's long-term debt can be found in the notes on page 85.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The unemployment rate in St. Louis County is currently 3.8%, which is a decrease from a rate of 5.5% last year. This compares favorably to the state's average unemployment rate of 3.7% and the national average of 4.8%

The State of Minnesota has projected a large budget deficit, which will not be fully addressed until the 2003 legislative session. There is a possibility that some of the County's state aids will be reduced. This potential loss of revenues is being considered during St. Louis County's 2004 budget process.

Due to a slowdown in the taconite industry caused by record high steel imports, the low price of steel, plant and equipment obsolescence and lower quality of ore deposits, the dependence on the approximately \$11.0 million dollars the County receives in the form of taconite production tax may have to be shifted.

All of these factors were considered in preparing the County's budget for the 2003 fiscal year.

The County's 2002 budget was passed on December 17, 2001, at a meeting of the St. Louis County Board of Commissioners. The property tax levy of \$78.9 million is \$6.5 million, or 8.9%, over 2001. Increases in salary and health insurance costs account for the majority of the property tax increase.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2002**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 87,231,370	\$ 2,264,938	\$ 89,496,308
Investments	25,060,885	10,723,896	35,784,781
Assets held by escrow agent	43,768		43,768
Internal balances	605,984	(605,984)	
Receivables (net)	31,234,951	1,740,605	32,975,556
Inventories	3,323,165	109,311	3,432,476
Prepaid items	44,123	99,207	143,330
Restricted assets		2,685,521	2,685,521
Capital assets, net	<u>277,223,079</u>	<u>14,984,618</u>	<u>292,207,697</u>
Total assets	<u>424,767,325</u>	<u>32,002,112</u>	<u>456,769,437</u>
 <b>LIABILITIES</b>			
Accounts payable	14,379,698	1,405,268	15,784,966
Deferred revenue	7,256,732	53,888	7,310,620
Liabilities payable from restricted assets		196,534	196,534
Noncurrent liabilities:			
Due within one year	10,584,870	58,226	10,643,096
Due in more than one year	<u>69,621,506</u>	<u>3,031,628</u>	<u>72,653,134</u>
Total liabilities	<u>101,842,806</u>	<u>4,745,544</u>	<u>106,588,350</u>
 <b>NET ASSETS</b>			
Invested in capital assets, net of related debt	243,544,232	14,469,618	258,013,850
Restricted			
Shoreline sales:			
Expendable	81,268		82,268
Nonexpendable	5,395,856		5,395,856
Other purposes	15,941,033	1,546,884	17,487,917
Unrestricted	<u>57,962,130</u>	<u>11,240,066</u>	<u>69,202,196</u>
Total net assets	<u>\$ 322,924,519</u>	<u>\$ 27,256,568</u>	<u>\$ 350,181,087</u>

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

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
FOR THE YEAR ENDED DECEMBER 31, 2002

<b>Functions/Programs</b>	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Primary government</b>			
Governmental Activities:			
General government	\$ 30,120,215	\$ 6,599,322	\$ 352,210
Public safety	32,573,217	1,793,500	1,868,569
Highways and streets	40,810,535	2,072,733	876,523
Health and sanitation	6,489,683	1,672,737	2,888,857
Welfare	71,896,032	17,473,829	32,233,884
Culture and recreation	7,204,686	12,000	263,230
Conservation of natural resources	6,727,307	8,816,464	247,127
Economic development	3,612,842	81,082	3,459,833
Interest on long-term debt	1,598,511		
<b>Total governmental         activities</b>	<u>195,033,028</u>	<u>38,521,667</u>	<u>42,190,233</u>
Business-type activities:			
Solid Waste Management	5,806,246	5,176,566	506,416
Chris Jensen Health and Rehabilitation Center	13,376,137	11,019,604	-
Other Enterprise Funds	10,085,695	8,545,922	-
<b>Total business-type         activities</b>	<u>29,268,078</u>	<u>24,742,092</u>	<u>506,416</u>
Total primary government	<u>\$ 224,301,106</u>	<u>\$ 63,263,759</u>	<u>\$ 42,696,649</u>

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

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
FOR THE YEAR ENDED DECEMBER 31, 2002

Functions/Programs	Program Revenues cont.		Net (Expense) Revenue and Changes in Net Assets		
			Primary Government		
	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>					
Governmental Activities:					
General government	\$ -	\$ (23,168,683)	\$ -	\$ (23,168,683)	
Public safety		(28,911,148)		(28,911,148)	
Highways and streets		(37,861,279)		(37,861,279)	
Health and sanitation		(1,928,089)		(1,928,089)	
Welfare		(22,188,319)		(22,188,319)	
Culture and recreation		(929,456)		(929,456)	
Conservation of natural resources		2,336,284		2,336,284	
Economic development		(71,927)		(71,927)	
Interest on long-term debt		(1,598,511)		(1,598,511)	
<b>Total governmental activities</b>		<b>(114,321,128)</b>		<b>(114,321,128)</b>	
Business-type activities:					
Solid Waste Management			(123,264)	(123,264)	
Chris Jensen Health and Rehabilitation Center	-		(2,356,533)	(2,356,533)	
Other Enterprise Funds	-		(1,539,773)	(1,539,773)	
<b>Total business-type activities</b>			<b>(4,019,570)</b>	<b>(4,019,570)</b>	
Total primary government	\$ -	\$ (114,321,128)	\$ (4,019,570)	\$ (118,340,698)	
General revenues:					
Taxes:					
Property taxes, levied for general purposes		76,723,143		76,723,143	
Property taxes, levied for debt service		3,904,705	10,951	3,915,656	
State shared		41,721,817		41,721,817	
Federal shared		475,482		475,482	
Investment earnings		3,574,769	485,097	4,059,866	
Contributions to Permanent Fund		3,281,915		3,281,915	
Miscellaneous		275,798	-	275,798	
Special Items - capital asset adjustments		6,180,236	(2,324,520)	3,855,716	
Transfers		(2,414,056)	2,414,056	-	
Total general revenues, special items, and transfers		<u>133,723,809</u>	<u>585,584</u>	<u>134,309,393</u>	
Changes in net assets		19,402,681	(3,433,986)	15,968,695	
Net assets - January		<u>303,521,838</u>	<u>30,690,554</u>	<u>334,212,392</u>	
Net assets - December 31		<u>\$ 322,924,519</u>	<u>\$ 27,256,568</u>	<u>\$ 350,181,087</u>	

## GOVERNMENTAL FUNDS

### General Fund

**General Fund** - This fund has been classified as a major fund and is used to account for all financial resources, except those 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 for major capital projects) that are legally restricted to expenditures. The following funds have been classified as major funds:

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

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

**Forfeited Tax Sale** - This fund is used to account for the proceeds from the sale or rental 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.

ST. LOUIS COUNTY, MINNESOTA  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
DECEMBER 31, 2002

	General	Road and Brdge	Social Services	Forfeited Tax Sale	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 30,620,830	\$ 19,419,284	\$ 10,718,320	\$ 50	\$ 16,981,684	\$ 77,740,168
Investments					1,147,365	1,147,365
Assets held by escrow agent	43,768					43,768
Delinquent taxes receivable	1,512,229	743,173	1,010,428		204,830	3,470,660
Accounts receivable (net)	558,706	65,395	211,674	13,397,304	3,654	14,236,733
Accrued interest receivable	470,677				6,753	477,430
Loans receivable	768,216				366,130	1,134,346
Interfund receivable	1,014,885					1,014,885
Due from other governments	476,747	3,442,013	6,796,350		714,860	11,429,970
Inventories		3,085,352				3,085,352
<b>Total Assets</b>	<b>35,466,058</b>	<b>26,755,217</b>	<b>18,736,772</b>	<b>13,397,354</b>	<b>19,425,276</b>	<b>113,780,677</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	1,205,309	1,939,219	1,389,803	69,006	730,852	5,334,189
Contracts payable		447,422			116,276	563,698
Salaries payable	2,099,168	855,850	1,156,188	125,845	6,782	4,243,833
Compensated absences payable	335,705	188,642	314,930	34,317	674	874,268
Interfund payable				738,367	276,518	1,014,885
Due to other governments	299,009	55,470	1,977,843	33,881	282,012	2,648,215
Deferred revenue	2,093,471	6,417,850	1,100,732	11,911,870	266,760	21,790,683
<b>Total Liabilities</b>	<b>6,032,662</b>	<b>9,904,453</b>	<b>5,939,496</b>	<b>12,913,286</b>	<b>1,679,874</b>	<b>36,469,771</b>
<b>Fund Balances:</b>						
<b>Reserved for:</b>						
Change funds	34,965	1,000	30,000	50		66,015
Noncurrent loans	435,084				366,130	801,214
Economic development	689,174					689,174
Future loans					307,476	307,476
Conference fund	-		18,512			18,512
Inventories		3,085,352				3,085,352
Encumbrances	317,414	872,760	6,078	36,660	56,921	1,289,833
Law library	11,345	-				11,345
Recorder's equipment	121,512	-				121,512
Communications	387,815	-	-			387,815
Extension service	204,205	-	-	-		204,205
Missing heirs	204,340	-	-	-		204,340
Private redemption	414	-	-	-	-	414
Escrow cash	43,768	-	-	-	-	43,768
Soil erosion	1,800	-	-	-	-	1,800
Foster care insurance	-	-	6,000		-	6,000
Veterans' credit	-	-		15,000	-	15,000
Senior citizens transportation			4,704		-	4,704
Unorganized town roads		628,511			-	628,511
Capital acquisition	394,598	2,548,722	-	-		2,943,320
Environmental trust funds					5,395,856	5,395,856
Improvement of natural resources					81,268	81,268
Debt service					214,950	214,950
Exchange of land	22,798				-	22,798
Tax certificate assurance	193,801				-	193,801
Attorney forfeitures	272,712				-	272,712
Sheriff forfeitures	89,405				-	89,405
Sheriff fines	2,672				-	2,672
Retiree obligations	3,378,583	2,058,313	3,730,600	114,632	-	9,282,128

**ST. LOUIS COUNTY, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2002**

	General	Road and Bridge	Social Services	Forfeited Tax Sale	Other Governmental Funds	Total Governmental Funds
Unreserved:						
Designated for:						
Parking	429,206					429,206
Hibbing Raceway	27,958					27,958
Cash flow	17,275,325	5,730,220	6,787,595			29,793,140
Emergency contingency	5,942	750,616		23,969		780,527
2003 budget	1,546,006		340,674			1,886,680
Government Services Center	100,247					100,247
Vesting sick leave	2,802,367	1,175,270	1,873,113	293,757		6,144,507
Unrealized investment gains	439,940					439,940
Special revenue funds					7,037,326	7,037,326
Debt service funds					886,715	886,715
Capital projects funds					3,398,760	3,398,760
Total Fund Balance	<u>29,433,396</u>	<u>16,850,764</u>	<u>12,797,276</u>	<u>484,068</u>	<u>17,745,402</u>	<u>77,310,906</u>
Total Liabilities and Fund Balances	<u>\$ 35,466,058</u>	<u>\$ 26,755,217</u>	<u>\$ 18,736,772</u>	<u>\$ 13,397,354</u>	<u>\$ 19,425,276</u>	<u>\$ 113,780,677</u>

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

Total Fund balance - governmental funds (from above)	\$ 77,320,906
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	275,104,904
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	15,277,817
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(67,558,505)
Internal Service Funds are used by management to charge the costs of certain activities, such as insurances to, individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.	<u>22,789,397</u>
<b>Net assets of governmental activities</b>	<u>\$ 322,924,519</u>

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

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	General	Road and Bridge	Social Services	Forfeited Tax Sale	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 39,362,409	\$ 19,577,718	\$ 16,695,999	\$	\$ 4,943,981	\$ 80,580,107
Licenses and permits	134,796	21,745				156,541
Intergovernmental	19,428,900	21,937,742	53,876,154	109,811	4,614,264	99,966,871
Charges for services	6,725,478	1,430,542	1,745,470	5,040		9,906,530
Fines and forfeits	1,660,585			-		1,660,585
Earnings on investments	2,539,680			-	232,816	2,772,496
Gifts and contributions	8,368	-	-			8,368
Land and timber sales				8,956,397	3,281,915	12,238,312
Miscellaneous	1,283,754	620,446	365,210	150,792	212,743	2,632,945
<b>Total Revenues</b>	<b>71,143,970</b>	<b>43,588,193</b>	<b>72,682,833</b>	<b>9,222,040</b>	<b>13,285,719</b>	<b>209,922,755</b>
<b>EXPENDITURES</b>						
<b>Current:</b>						
General government	27,407,335					27,407,335
Public safety	22,160,090					22,160,090
Highways and streets		26,942,419				26,942,419
Health and sanitation	6,443,421				74	6,443,495
Welfare	387,144		71,076,684			71,463,828
Culture and recreation	1,197,054					1,197,054
Conservation of natural resources	1,591,671			4,108,277	817,732	6,517,680
Economic development	20,000				3,588,162	3,608,162
<b>Debt service:</b>						
Principal	101,375		320,117		10,476,200	10,897,692
Interest and other charges	2,624		8,781		1,542,652	1,554,057
<b>Capital outlay:</b>						
General government	53,274				7,316,880	7,370,154
Public safety	788,666				602,526	1,391,192
Highways and streets		16,969,706			3,281,270	20,250,976
Health and sanitation	7,155					7,155
Welfare			23,564			23,564
Conservation of natural resources				130,288		130,288
<b>Intergovernmental:</b>						
General government				1,655,113		1,655,113
Public safety	9,305,849					9,305,849
<b>Total expenditures</b>	<b>69,465,658</b>	<b>43,912,125</b>	<b>71,429,146</b>	<b>5,893,678</b>	<b>27,625,496</b>	<b>218,326,103</b>
Excess (deficiency) of revenues over expenditures	1,678,312	(323,932)	1,253,687	3,328,362	(14,339,777)	(8,403,348)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	5,437,515	213,800	586,000		6,612,409	12,849,724
Transfers (out)	(8,158,856)	(3,834,106)		(3,270,818)		(15,263,780)
Bonds issued	800,000	4,200,000			7,415,000	12,415,000
Premium proceeds	1,053	18,815			151,400	171,268
Loan proceeds					27,000	27,000
<b>Total other financing sources and uses</b>	<b>(1,920,288)</b>	<b>598,509</b>	<b>586,000</b>	<b>(3,270,818)</b>	<b>14,205,809</b>	<b>10,199,212</b>
<b>Net change in fund balances</b>	<b>(241,976)</b>	<b>274,577</b>	<b>1,839,687</b>	<b>57,544</b>	<b>(133,968)</b>	<b>1,795,864</b>
Fund balances - January 1 - restated	29,675,372	15,956,094	10,957,589	426,524	17,879,370	74,894,949
Increase in reserved for inventories		620,093				620,093
Fund balances - December 31	<b>\$ 29,433,396</b>	<b>\$ 16,850,764</b>	<b>\$ 12,797,276</b>	<b>\$ 484,068</b>	<b>\$ 17,745,402</b>	<b>\$ 77,310,906</b>

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

Net change in fund balances--total governmental funds (from previous page)	\$ 1,795,864
Increase in reserved for inventories--total governmental funds (from previous page)	620,093
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(55,499)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(44,454)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	13,354,385
Capital asset additions not resulting from capital outlay are not reflected in the funds.	5,830,283
Internal service funds are used by management to charge the costs of certain activities, such as insurance and printing to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	1,811,279
Bond proceeds provide current financial resources to governmental funds but issuing debt increases long term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.	<u>(3,909,270)</u>
Change in net assets of governmental activities	<u>\$ 19,402,681</u>

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

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 38,174,856	\$ 38,144,356	\$ 39,362,409	\$ 1,218,053
Licenses and permits	124,070	123,570	134,796	11,226
Intergovernmental	19,370,725	21,052,939	19,428,900	(1,624,039)
Charges for services	6,225,943	6,506,711	6,725,478	218,767
Fines and forfeitures	1,680,909	1,680,909	1,660,585	(20,324)
Earnings on investments	2,805,500	2,205,500	2,539,680	334,180
Gifts and contributions	15,000	25,699	8,368	(17,331)
Miscellaneous	500,192	692,825	1,283,754	590,929
<b>Total revenues</b>	<b>68,897,195</b>	<b>70,432,509</b>	<b>71,143,970</b>	<b>711,461</b>
<b>EXPENDITURES</b>				
General government				
Commissioners				
Personnel services	691,332	696,922	631,598	(65,324)
Other operating	111,008	110,827	110,786	(41)
<b>Total commissioners</b>	<b>802,340</b>	<b>807,749</b>	<b>742,384</b>	<b>(65,365)</b>
County administrator				
Personnel services	2,579,110	334,971	334,971	
Other operating	288,336	190,565	171,816	(18,749)
Capital outlay	4,000			
<b>Total county administrator</b>	<b>2,871,446</b>	<b>525,536</b>	<b>506,787</b>	<b>(18,749)</b>
Intergovernmental affairs				
Personnel services	110,103	112,816	107,035	(5,781)
Other operating	188,140	186,800	171,042	(15,758)
<b>Total intergovernmental affairs</b>	<b>298,243</b>	<b>299,616</b>	<b>278,077</b>	<b>(21,539)</b>
Planning and research				
Personnel services	241,882	245,792	161,754	(84,038)
Other operating	91,558	93,127	25,463	(67,664)
Capital outlay	3,500			
<b>Total planning and research</b>	<b>336,940</b>	<b>338,919</b>	<b>187,217</b>	<b>(151,702)</b>
Labor relations				
Other operating	45,760	45,760	45,143	(617)
Planning and zoning				
Personnel services	776,021	841,143	840,960	(183)
Other operating	433,258	526,561	429,184	(97,377)
Capital outlay	67,000	67,000		(67,000)
<b>Total planning and zoning</b>	<b>1,276,279</b>	<b>1,434,704</b>	<b>1,270,144</b>	<b>(164,560)</b>
Public defenders				
Other operating	60,438	60,438	53,068	(7,370)
Court administrator				
Personnel services	4,356,574	4,241,574	4,169,231	(72,343)
Other operating	511,675	593,049	586,164	(6,885)
Capital outlay	38,691	38,691		(38,691)
<b>Total court administrator</b>	<b>4,906,940</b>	<b>4,873,314</b>	<b>4,755,395</b>	<b>(117,919)</b>
Examiner of titles				
Personnel services	123,227	140,102	140,023	(79)
Other operating	12,036	7,963	7,889	(74)
Capital outlay	2,000			
<b>Total examiner of titles</b>	<b>137,263</b>	<b>148,065</b>	<b>147,912</b>	<b>(153)</b>
County attorney				
Personnel services	2,842,383	2,923,880	2,913,795	(10,085)
Other operating	463,897	464,056	287,711	176,345
Capital outlay	63,900	63,900	39,665	(24,235)
<b>Total county attorney</b>	<b>3,370,180</b>	<b>3,451,836</b>	<b>3,241,171</b>	<b>(210,665)</b>
<b>Subtotal</b>	<b>14,105,829</b>	<b>11,985,937</b>	<b>11,227,298</b>	<b>(758,639)</b>

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

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
Law library				
Other operating		121,752	121,752	
County auditor				
Personnel services	3,053,948	3,111,874	3,022,109	(89,765)
Other operating	892,803	872,212	742,231	(129,981)
Capital outlay	8,000	8,000		(8,000)
Debt service				
Principal		6,463	6,463	
Interest and fiscal charges		167	167	
Total county auditor	3,954,751	3,998,716	3,770,970	(227,746)
Data processing				
Other operating	1,644,257	1,644,257	1,644,257	
County assessor				
Personnel services	1,675,446	1,727,524	1,727,523	(1)
Other operating	365,438	331,781	331,769	(12)
Total county assessor	2,040,884	2,059,305	2,059,292	(13)
Purchasing				
Personnel services	391,435	415,118	414,999	(119)
Other operating	173,557	149,553	144,268	(5,285)
Debt service				
Principal		3,427	3,427	
Interest and fiscal charges		89	89	
Total purchasing	564,992	568,187	562,783	(5,404)
Microfilming				
Personnel services	167,017	174,842	174,749	(93)
Other operating	30,879	24,484	22,240	(2,244)
Total microfilming	197,896	199,326	196,989	(2,337)
Recorder				
Personnel services	7,214,900	1,280,498	1,280,258	(240)
Other operating	279,758	380,956	365,735	115,221)
Capital outlay	42,300	13,700	13,609	(91)
Total recorder	1,536,958	1,675,154	1,659,602	(15,552)
Surveyor				
Personnel services	754,237	768,115	740,921	(27,194)
Other operating	121,351	147,770	96,705	151,065)
Capital outlay	51,500			
Total surveyor	927,088	915,885	837,626	(78,259)
Civil service				
Personnel services	940,162	987,647	987,423	(224)
Other operating	342,730	329,406	235,343	(94,063)
Capital outlay	28,530	10,450		(10,450)
Total civil service	1,311,422	1,327,503	1,222,766	(104,737)
Veteran's service				
Personnel services	528,526	532,841	520,173	(12,668)
Other operating	88,974	93,537	93,480	(57)
Capital outlay	8,000	8,000		(8,000)
Total veteran's service	625,500	634,378	613,653	(20,725)
Port authority				
Other operating	50,000	50,000	50,000	
Elections				
Other operating	406,128	406,778	275,537	(131,241)
Capital outlay	650			
Total elections	406,778	406,778	275,537	(131,241)
Subtotal	13,260,526	13,601,241	13,015,227	(586,014)

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

<b>EXPENDITURES (CONTINUED)</b>	Budgeted Amounts		Actual Amounts <b>Budgetary Basis</b>	Variance with Final Budget <b>Over (Under)</b>
	Original	Final		
General government				
Courthouses				
Personnel services	1,908,389	1,946,355	1,946,117	(238)
Other operating	907,280	1,088,830	1,068,503	(20,327)
Capital outlay	6,000			-
Total courthouses	2,821,669	3,035,185	3,014,620	(20,565)
Employee training				
Personnel services	104,444	105,135	73,794	(31,341)
Other operating	157,630	157,213	62,675	(94,538)
Total employee training	262,074	262,348	136,469	(125,879)
Parking ramp				
Personnel services	2,500	2,922	2,922	
Other operating	67,300	159,780	126,817	(32,963)
Total parking ramp	69,800	162,702	129,739	(32,963)
Town aid				
Other operating	5,500	5,500	5,500	
Missing heirs				
Other operating		1,897	1,897	
Total General Government	30,525,398	29,054,810	27,530,750	(1,524,060)
Public safety				
Jail building				
Personnel services	290,289	311,120	311,120	-
Other operating	293,707	319,188	319,188	-
Total jail building	583,996	630,308	630,308	
Sheriff				
Personnel services	6,806,919	7,300,539	7,300,539	
Other operating	2,871,516	3,253,565	1,845,042	(1,408,523)
Capital outlay	413,042	283,441	281,764	(1,677)
Total sheriff	10,091,477	10,837,545	9,427,345	(1,410,200)
Boat and water safety				
Other operating	108,800	91,862	85,113	(6,749)
Capital outlay	15,000	24,300	24,234	(66)
Total boat and water safety	123,800	116,162	109,347	(6,815)
Medical examiner				
Other operating	306,622	410,822	410,806	(16)
Rescue squad				
Other operating	80,350	103,550	103,347	(203)
Capital outlay	74,000	38,500	38,308	(192)
Total rescue squad	154,350	142,050	141,655	(395)
Emergency management				
Personnel services	153,974	187,588	187,554	(34)
Other operating	41,551	41,498	18,610	(22,888)
Capital outlay	4,000			
Total emergency management	199,525	229,086	206,164	(22,922)
Radio maintenance				
Personnel services	316,463	320,486	319,977	(509)
Other operating	169,873	182,541	180,917	(1,624)
Capital outlay	137,000	122,850	115,892	(6,958)
Total radio maintenance	623,336	625,877	616,786	(9,091)
Emergency communication				
Personnel services	2,267,175	2,524,855	2,524,468	(387)
Other operating	274,464	251,919	251,919	
Total emergency communication	2,541,639	2,776,774	2,776,387	(387)
Subtotal	14,624,745	15,768,624	14,318,798	(1,449,826)

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Public Safety				
Jail prisoners				
Personnel services	4,201,735	4,302,392	4,302,347	(45)
Other operating	1,598,391	1,944,095	1,942,927	(1,178)
Capital outlay	36,500	36,800	20,263	(16,537)
Total jail prisoners	<u>5,836,626</u>	<u>6,283,287</u>	<u>6,265,527</u>	<u>(17,760)</u>
Mine inspector				
Personnel services	225,859	228,902	178,988	(49,914)
Other operating	36,307	34,804	21,657	(13,147)
Total mine inspector	<u>262,166</u>	<u>263,706</u>	<u>200,645</u>	<u>(63,061)</u>
Risk management				
Other operating	2,501	-		
Ambulance service				
Other operating	56,000	55,551	55,467	(84)
Law enforcement service				
Personnel services	633,289	641,057	610,201	(30,856)
Other operating	120,942	126,005	83,117	(42,888)
Capital outlay	8,900			
Total law enforcement service	<u>763,131</u>	<u>767,062</u>	<u>693,318</u>	<u>(73,744)</u>
Enhanced 9-1-1				
Other operating	-	155,910	155,910	
Capital outlay	-	187,329	187,329	
Total enhanced 9-1-1		<u>343,239</u>	<u>343,239</u>	
City/County antenna site				
Other operating	-	14,825	14,825	-
Volunteer fire department				
Other operating		331,718	331,718	
Attorneys forfeitures				
Other operating		9,724	9,724	
Sheriffs forfeitures				
Other operating	-	149,638	149,638	
Capital outlay	-	6,816	6,816	
Total Sheriffs forfeitures		<u>156,454</u>	<u>156,454</u>	
Sheriff fines				
Other operating	-	50,061	50,061	-
Arrowhead Regional Corrections				
Intergovernmental	9,305,849	9,305,849	9,305,849	
Total Public Safety	<u>30,851,018</u>	<u>33,350,100</u>	<u>31,745,625</u>	<u>(7,604,475)</u>
Health				
Administration				
Personnel services	1,062,832	1,078,063	951,259	(126,804)
Other operating	903,730	847,309	764,401	(82,908)
Capital outlay	14,000	10,000		(10,000)
Debt service				
Principal		73,735	73,735	-
Interest and fiscal charges	-	1,908	1,908	
Total administration	<u>1,980,562</u>	<u>2,011,015</u>	<u>1,791,303</u>	<u>(219,712)</u>
Nursing				
Personnel services	2,968,145	3,109,787	2,767,816	(341,971)
Other operating	910,150	1,436,218	579,321	(856,897)
Capital outlay	3,500			
Total nursing	<u>3,881,795</u>	<u>4,546,005</u>	<u>3,347,137</u>	<u>(1,198,868)</u>
Environmental health				
Personnel services	1,182,050	1,203,232	1,192,401	(10,831)
Other operating	43,414	248,400	135,421	(112,979)
Capital outlay	8,200	8,200	7,155	(1,045)
Total environmental health	<u>1,233,664</u>	<u>1,459,832</u>	<u>1,334,977</u>	<u>(124,855)</u>
Subtotal	<u>7,096,021</u>	<u>8,016,852</u>	<u>6,473,417</u>	<u>(1,543,435)</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
<b>Health</b>				
Duluth community Health Center				
Other operating	20,000	20,000	20,000	
American Indian Fellowship Association				
Other operating	29,250	29,250		(29,250)
Cotton Landfill/Dump Clean-up				
Other operating		27,699	27,699	
Occupational safety				
Personnel services	300,822	305,885	304,995	(890)
Other operating	156,819	171,422	108,871	(62,551)
Capital outlay	3,500			
Total occupational safety	461,141	477,307	413,866	(63,441)
Total Health	7,606,412	8,571,108	6,934,982	(1,636,126)
<b>Welfare</b>				
Emergency shelter program				
Other operating	109,000	161,588	104,736	(56,852)
community support contingency				
Other operating	70,000	50,000	39,915	(10,085)
Family homelessness prevention and assistance program				
Personnel services	2,904	17,850	13,550	(4,300)
Other operating	225,000	229,010	228,944	(66)
Total family homelessness prevention and assistance program	227,904	246,860	242,494	(4,366)
Total Welfare	406,904	458,448	387,145	(71,303)
<b>Culture and recreation</b>				
Memorial Day observance				
Other operating	3,000	2,849	2,849	
Historical Society				
Other operating	289,468	249,468	249,468	
Arrowhead Library System				
Other operating	455,061	455,061	455,061	
Community fairs				
Other operating	1,120	800	800	-
Depot				
Other operating	152,930	153,565	153,565	-
Tourism promotion				
Other operating	64,781	64,781	64,781	
Trail assistance				
Other operating		152,549	152,549	
St. Louis River Bridge				
Other operating	-	100,000	43,860	(56,140)
Veteran's Memorial Hall				
Other operating	-	74,121	74,121	
Hibbing Raceway				
Other operating	12,000	12,000		(12,000)
Total Culture and Recreation	978,360	1,265,194	1,197,054	(68,140)

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Conservation of natural resources				
County agent				
Personnel services	234,338	242,838	231,109	(11,729)
Other operating	407,711	472,644	431,645	(40,999)
Capital outlay	19,000	16,000		(16,000)
Debt service				
Principal	-	17,750	17,750	-
Interest and fiscal charges	-	460	460	-
Total county agent	<u>661,049</u>	<u>749,692</u>	<u>680,964</u>	<u>(68,728)</u>
Youth task force				
Personnel services		12,300	12,090	(210)
Other operating	227,400	235,200	235,192	(8)
Capital outlay	9,000	5,000	-	(5,000)
Total youth task force	<u>236,400</u>	<u>252,500</u>	<u>247,282</u>	<u>(5,218)</u>
County fair - north				
Other operating	<u>15,300</u>	<u>538,836</u>	<u>538,836</u>	
County fair - south				
Other operating	<u>15,300</u>	<u>15,300</u>	<u>15,300</u>	-
Soil conservation - north				
Other operating	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	
Soil conservation - south				
Other operating	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	
Northern Counties Land Use Board				
Other operating	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	
Total Conservation of Natural Resources	<u>1,055,549</u>	<u>1,683,828</u>	<u>1,609,882</u>	<u>(73,946)</u>
Economic development				
Northspan				
Other operating	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	
Revolving Loans				
Other operating		100,000	-	(100,000)
Total Economic Development	<u>20,000</u>	<u>120,000</u>	<u>20,000</u>	<u>(100,000)</u>
Total Expenditures	<u>71,443,641</u>	<u>74,503,488</u>	<u>69,425,438</u>	<u>(5,078,050)</u>
Excess of revenues over (under) expenditures	<u>(2,546,446)</u>	<u>(4,070,979)</u>	<u>1,718,532</u>	<u>(4,366,589)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,000,000	5,767,515	5,437,515	(330,000)
Transfers (out)		(8,661,748)	(8,158,856)	502,892
Bonds issued		800,000	800,000	
Premium proceeds		1,053	1,053	-
Total other financing sources (uses)	<u>1,000,000</u>	<u>(2,093,180)</u>	<u>(1,920,288)</u>	<u>172,892</u>
Net change in fund balances	(1,546,446)	(6,164,159)	(201,756)	(4,193,697)
Fund Balance - January 1	<u>29,675,372</u>	<u>29,675,372</u>	<u>29,675,372</u>	-
Fund Balance - December 31	<u>\$ 28,128,926</u>	<u>\$ 23,511,213</u>	<u>\$ 29,473,616</u>	<u>\$ (4,193,697)</u>

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

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 19,447,273	\$ 19,402,466	\$ 19,577,718	\$ 175,252
Licenses and permits	20,000	20,000	21,745	1,745
Intergovernmental	30,996,681	22,527,200	21,937,742	(589,458)
Charges for services	631,000	903,065	1,430,542	527,477
Miscellaneous	393,800	393,800	620,446	226,646
Total Revenues	51,488,754	43,246,531	43,588,193	341,662
<b>EXPENDITURES</b>				
Highways and streets:				
Administration				
Personnel services	3,997,454	4,169,584	4,169,583	(1)
Other operating	1,393,264	1,408,486	1,408,333	(153)
Capital outlay	205,500	10,000	6,293	(3,807)
Total administration	5,596,218	5,588,070	5,584,109	(3,961)
Road maintenance				
Personnel services	11,154,518	11,162,988	11,147,370	(15,618)
Other operating	3,559,050	3,556,450	2,943,065	(613,385)
Total road maintenance	14,713,568	14,719,438	14,090,435	(629,003)
Road construction				
Capital outlay	22,812,195	15,872,536	15,119,475	(753,061)
Equipment maintenance and shops				
Personnel services	3,120,480	3,250,180	3,249,262	(918)
Other operating	4,621,230	4,641,330	4,374,547	(266,783)
Capital outlay	2,040,100	2,020,000	2,020,864	864
Total equipment maintenance and shops	9,781,810	9,911,510	9,644,673	(266,837)
Total Expenditures	52,903,791	46,091,554	44,438,692	(1,652,862)
Excess of Revenues Over (Under) Expenditures	(1,415,037)	(2,845,023)	(850,499)	1,994,524
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		213,800	213,800	-
Transfers (out)		(3,834,106)	(3,834,106)	-
Bonds issued		4,200,000	4,200,000	-
Premium proceeds		18,815	18,815	-
Total other financing sources (uses)		598,509	598,509	
Net change in fund balances	(1,415,037)	(2,246,514)	(251,990)	1,994,524
Fund Balance - January 1 - restated	15,956,094	15,956,094	15,956,094	
Increase in reserved for inventories			620,093	620,093
Fund Balance - December 31	\$ 14,541,057	\$ 13,709,580	\$ 16,324,197	\$ 2,614,617

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

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SOCIAL SERVICES SPECIAL REVENUE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 16,468,302	\$ 16,468,302	\$ 16,695,999	\$ 227,697
Intergovernmental	51,549,074	51,549,074	53,876,154	2,327,080
Charges for services	1,662,494	1,662,494	1,745,470	82,976
Miscellaneous	870,553	870,553	365,210	(505,343)
Total Revenues	<u>70,550,423</u>	<u>70,550,423</u>	<u>72,682,833</u>	<u>2,132,410</u>
<b>EXPENDITURES</b>				
Welfare				
Administration				
Personnel services	5,474,576	5,088,191	4,755,414	(332,777)
Other operating	3,838,856	3,436,181	3,259,262	(176,919)
Capital outlay	43,000	47,200	24,742	(22,458)
Debt service				
Principal	-	320,117	320,117	-
Interest and fiscal charges	-	8,781	8,781	
Total administration	<u>9,356,432</u>	<u>8,900,470</u>	<u>8,368,316</u>	<u>(532,154)</u>
Income maintenance				
Personnel services	8,117,983	8,479,955	8,479,826	(129)
Other operating	2,442,652	2,369,852	2,172,539	(197,313)
Capital outlay	5,000	5,000		(5,000)
Total income maintenance	<u>10,565,635</u>	<u>10,854,807</u>	<u>10,652,365</u>	<u>(202,442)</u>
Social services				
Personnel services	14,341,557	14,910,960	14,910,890	(70)
Other operating	36,517,852	36,803,323	37,501,977	698,654
Total social services	<u>50,859,409</u>	<u>51,714,283</u>	<u>52,412,867</u>	<u>698,584</u>
Total Expenditures	<u>70,781,476</u>	<u>71,469,560</u>	<u>71,433,548</u>	<u>(36,012)</u>
Excess of Revenues Over (Under) Expenditures	(231,053)	(919,137)	1,249,285	2,168,422
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		586,000	586,000	
Net change in fund balances	(231,053)	(333,137)	1,835,285	2,168,422
Fund Balance - January 1 - restated	<u>10,957,589</u>	<u>10,957,589</u>	<u>10,957,589</u>	
Fund Balance - December 31	<u>\$ 10,726,536</u>	<u>\$ 10,624,452</u>	<u>\$ 12,792,874</u>	<u>\$ 2,168,422</u>

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

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FORFEITED TAX SALE**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 10,000	\$ 14,470	\$ 109,811	\$ 95,341
Charges for services	2,000	2,000	5,040	3,040
Land and timber sales	5,950,000	5,950,000	8,956,397	3,006,397
Miscellaneous	165,000	165,000	150,792	(14,208)
Total Revenues	<u>6,127,000</u>	<u>6,131,470</u>	<u>9,222,040</u>	<u>3,090,570</u>
<b>EXPENDITURES</b>				
Current:				
Conservation of natural resources				
Personnel services	3,200,486	3,199,986	3,192,674	(7,312)
Other operating	934,572	918,223	942,601	24,378
Capital outlay	263,000	238,100	131,170	(106,930)
Total conservation of natural resources	<u>4,398,058</u>	<u>4,356,309</u>	<u>4,266,445</u>	<u>(89,864)</u>
Intergovernmental:				
General government		1,655,113	1,655,113	
Total Expenditures	<u>4,398,058</u>	<u>6,011,422</u>	<u>5,921,558</u>	<u>(89,864)</u>
Excess of Revenues Over (Under) Expenditures	1,728,942	120,048	3,300,482	3,180,434
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out		(3,270,818)	(3,270,818)	
Net change in fund balances	1,728,942	(3,150,770)	29,664	3,180,434
Fund Balance - January	<u>426,524</u>	<u>426,524</u>	<u>426,524</u>	
Fund Balance - December 31	<u>\$ 2,155,466</u>	<u>\$ (2,724,246)</u>	<u>\$ 456,188</u>	<u>\$ 3,180,434</u>

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

## PROPRIETARY FUNDS

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

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

**Chris Jensen Health & Rehabilitation** - This fund is used to account for providing nursing home, health, and rehabilitation facilities for the public.

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2002**

	Business-type Activities Enterprise Funds				Governmental Activities- Internal Service Funds
	Chris Jensen			Total	
	Solid Waste Management	Health and Rehabilitation Center	Other Enterprise Funds		
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 1,307,523	\$ 780	\$ 956,635	\$ 2,264,938	\$ 9,491,202
Investments	10,723,896			10,723,896	23,913,520
Accounts receivables (net)	377,789	1,033,820	281,699	1,693,308	198,053
Accrued interest receivable	24,278			24,278	220,307
Due from other governments	23,019			23,019	67,452
Inventories		47,807	61,504	109,311	237,813
Prepaid items		27,200	72,007	99,207	44,123
Total current assets	<u>12,456,505</u>	<u>1,109,607</u>	<u>1,371,845</u>	<u>14,937,957</u>	<u>34,172,470</u>
Noncurrent assets:					
Restricted assets					
Debt service					
Cash and cash equivalents	9,733	11,022		20,755	-
Delinquent taxes receivable	26,968			26,968	-
Deferred charges - issuance costs		15,318		15,318	-
Construction					
Cash and cash equivalents		174,159		174,159	
Financial assurance					
Cash and cash equivalents	277,047			277,047	
Investments	2,147,998			2,147,998	
Accrued interest receivable	23,276			23,276	
Total restricted assets	<u>2,485,022</u>	<u>200,499</u>		<u>2,685,521</u>	
Capital assets					
Land	233,266	130,656		363,922	25,500
Buildings and structures	6,365,478	5,305,686	1,022,205	12,693,369	834,236
Improvements other than buildings	7,358,002	26,385		7,384,387	
Machinery and equipment	896,775	661,197	331,808	1,889,780	5,445,906
Linens		6,500	228,516	235,016	
Vehicles	539,749	58,319	45,709	643,777	1,715,600
Construction in progress		494,130		494,130	
Less accumulated depreciation	<u>(5,880,172)</u>	<u>(2,049,949)</u>	<u>(789,642)</u>	<u>(8,719,763)</u>	<u>(5,903,067)</u>
Total capital assets, net	<u>9,513,098</u>	<u>4,632,924</u>	<u>838,596</u>	<u>14,984,618</u>	<u>2,118,175</u>
Total noncurrent assets	<u>11,998,120</u>	<u>4,833,423</u>	<u>838,596</u>	<u>17,670,139</u>	<u>2,118,175</u>
Total assets	<u>24,454,625</u>	<u>5,943,030</u>	<u>2,210,441</u>	<u>32,608,096</u>	<u>36,290,645</u>

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

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2002**

	Business-type Activities Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Solid Waste Management	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds		
<b>LIABILITIES</b>					
Current liabilities (payable from current assets)					
Accounts payable	348,760	301,229	93,373	743,362	395,040
Salaries payable	68,166	494,887	90,481	653,534	149,864
Compensated absences payable	12,010	37,388	8,828	58,226	1,141,868
Claims payable					3,713,825
Due to other governments	2,054	6,318		8,372	6,353
Deferred revenue	3,497	45,832	4,559	53,888	743,866
Capital leases payable					10,470
Total current liabilities (payable from current assets)	<u>434,487</u>	<u>885,654</u>	<u>197,241</u>	<u>1,517,382</u>	<u>6,161,286</u>
Current liabilities (payable from restricted assets)					
Accrued interest payable		84,650		84,650	
Deferred revenue	26,884			26,884	
Bonds payable		85,000		85,000	
Total current liabilities (payable from restricted assets)	<u>26,884</u>	<u>169,650</u>		<u>196,534</u>	
Noncurrent liabilities:					
Compensated absences payable	200,350	827,661	538,114	1,566,125	2,675,312
Claims payable					5,255,802
Capital leases payable					14,832
Customer deposits	8,400			8,400	
Closure and post-closure liabilities	942,103			942,103	
Revenue bonds payable		515,000		515,000	
Total noncurrent liabilities	<u>1,150,853</u>	<u>1,342,661</u>	<u>538,114</u>	<u>3,031,628</u>	<u>7,945,946</u>
Total Liabilities	<u>1,612,224</u>	<u>2,397,965</u>	<u>735,355</u>	<u>4,745,544</u>	<u>14,107,232</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	9,513,098	4,117,924	838,596	14,469,618	2,118,175
Restricted for debt service	9,817	30,849		40,666	
Restricted for financial assurance	1,506,218			1,506,218	
Unrestricted	1,813,268	(603,708)	636,490	11,846,050	20,065,238
Total net assets	<u>\$ 22,842,401</u>	<u>\$ 3,545,065</u>	<u>\$ 1,475,086</u>	<u>\$ 27,862,552</u>	<u>\$ 22,183,413</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(605,984)</u>	
Net assets of business type activities				<u>\$ 27,256,568</u>	

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

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Business-type Activities Enterprise Funds			Total	Governmental Activities- Internal Service Funds
	Solid Waste Management	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds		
Operating Revenues					
Charges for services	\$ 4,843,257	\$ 10,922,231	\$ 8,481,541	\$ 24,247,029	\$ 32,441,584
Licenses and permits	2,425			2,425	
Other	330,884	97,373	64,381	492,638	1,093,178
Total Operating Revenues	<u>5,176,566</u>	<u>11,019,604</u>	<u>8,545,922</u>	<u>24,742,092</u>	<u>33,534,762</u>
Operating Expenses					
Personal services	1,618,722	9,360,418	6,585,617	17,564,757	3,542,310
Contractual services	3,058,489	2,592,086	2,188,137	7,838,712	27,655,547
Materials	166,479	1,063,403	787,015	2,016,897	1,491,097
Depreciation	855,546	115,711	177,756	1,149,013	469,865
Total Operating Expenses	<u>5,699,236</u>	<u>13,131,618</u>	<u>9,738,525</u>	<u>28,569,379</u>	<u>33,158,819</u>
Operating Income (Loss)	<u>(522,670)</u>	<u>(2,112,014)</u>	<u>(1,192,603)</u>	<u>(3,827,287)</u>	<u>375,943</u>
Nonoperating Revenues (Expenses)					
Taxes	9,905	574	472	10,951	
Grants	506,416			506,416	
Earnings on investments	474,217	10,880		485,097	802,273
Interest expense	(79,731)			(79,731)	
Amortization of bond issuance costs		(901)		(901)	
Loss or gain on asset disposal		(12,083)		(12,083)	(12,606)
Disposition of capital assets					39,685
Total Nonoperating Revenues (Expenses)	<u>910,807</u>	<u>(1,530)</u>	<u>472</u>	<u>909,749</u>	<u>829,352</u>
Income (Loss) Before Contributions transfers	388,137	(2,113,544)	(1,192,131)	(2,917,538)	1,205,295
Transfers in		1,221,122	1,192,934	2,414,056	
Transfer out			(2,324,520)	(2,324,520)	
Change in net assets	388,137	(892,422)	(2,323,717)	(2,828,002)	1,205,295
Total net assets - January 1 - restated	<u>22,454,264</u>	<u>4,437,487</u>	<u>3,798,803</u>	<u>30,690,554</u>	<u>20,978,118</u>
Total net assets - December 31	<u>\$ 22,842,401</u>	<u>\$ 3,545,065</u>	<u>\$ 1,475,086</u>	<u>\$ 27,862,552</u>	<u>\$ 22,183,413</u>
Change in net assets				\$ (2,828,002)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(605,984)</u>	
Change in net assets of business type activities				<u>\$ (3,433,986)</u>	

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

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste Management	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds	Total	
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 4,746,142	\$ 11,711,112	\$ 9,316,826	\$ 25,774,080	\$ 32,385,839
Payments to suppliers	(3,395,642)	(3,687,177)	(3,084,396)	(10,167,215)	(4,637,929)
Payments to employees	(1,612,029)	(9,272,078)	(7,480,073)	(18,364,180)	(4,577,944)
Claims paid					(21,853,005)
Other receipts (payments)	470,846	97,048	50,725	618,619	1,327,124
Net cash provided (used) by operating activities	<u>209,317</u>	<u>(1,151,095)</u>	<u>(1,196,918)</u>	<u>(2,138,696)</u>	<u>2,644,085</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Proceeds from taxes	10,154	574	471	11,199	
Proceeds from grants	506,484			506,484	
Cash payments to the Social Service Fund			(107,692)	(107,692)	
Proceeds from interfund transfers		1,221,122	1,192,934	2,414,056	
Net capital provided by noncapital financing activities	<u>516,638</u>	<u>1,221,696</u>	<u>1,085,713</u>	<u>2,824,047</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from capital debt		610,880		610,880	
Purchase of capital assets	(1,312,407)	(480,081)	(28,280)	(1,820,768)	(569,867)
Cost of bond issuance		(16,219)		(16,219)	
Principal paid on capital debt	(2,327,736)			(2,327,736)	
Interest paid on capital debt	(89,223)			(89,223)	
Payments on capital leases					(470)
Other receipts (payments)			27,258	27,258	41,960
Net capital provided (used) by capital and related financing activities	<u>(3,729,366)</u>	<u>114,580</u>	<u>(1,022)</u>	<u>(3,615,808)</u>	<u>(538,377)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(13,188,325)			(13,188,325)	(30,262,995)
Sale of investments	10,354,189			10,354,189	24,467,218
Interest and dividends	414,001			414,001	787,527
Net Cash Provided by Investing Activities	<u>(2,420,135)</u>			<u>(2,420,135)</u>	<u>(5,008,250)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(5,423,546)</u>	<u>185,181</u>	<u>(112,227)</u>	<u>(5,350,592)</u>	<u>(2,902,542)</u>
Balances - January 1	<u>7,017,849</u>	<u>780</u>	<u>1,068,862</u>	<u>8,087,491</u>	<u>12,393,744</u>
Balances - December 31	<u>\$ 1,594,303</u>	<u>\$ 185,961</u>	<u>\$ 956,635</u>	<u>\$ 2,736,899</u>	<u>\$ 9,491,202</u>
<b>Detail on Statement of Net Assets</b>					
<b>Cash and cash equivalents</b>					
Current	\$ 1,307,523	\$ 780	\$ 956,635	\$ 2,264,938	\$ 9,491,202
Restricted					
Debt service	9,733	11,022		20,755	
Construction		174,159		174,159	
Financial Assurance	277,047			277,047	
Total	<u>\$ 1,594,303</u>	<u>\$ 185,961</u>	<u>\$ 956,635</u>	<u>\$ 2,736,899</u>	<u>\$ 9,491,202</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste Management	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (522,670)	\$ (2,112,014)	\$ (1,192,603)	\$ (3,827,287)	\$ 375,943
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	855,546	115,711	177,756	1,149,013	469,865
(Increase) Decrease Receivables, net	(120,177)	772,303	879,293	1,531,419	(37,031)
(Increase) Decrease Due from other governments	23,062			23,062	(13,069)
(Increase) Decrease Inventories		7,431	40,924	48,355	(37,468)
(Increase) Decrease Prepaid Items		(27,200)	(15,268)	(42,468)	(5,384)
Increase (Decrease) Accounts payable	(170,674)	(11,919)	(945,041)	(1,127,634)	(41,522)
Increase (Decrease) Salaries payable	10,026	25,374	10,101	45,501	18,951
Increase (Decrease) Compensated absences payable	(3,333)	62,966	(94,415)	(34,782)	117,799
Increase (Decrease) Claims payable					1,562,055
Increase (Decrease) Interfund payable					(94,721)
Increase (Decrease) Due to other governments	(723)	1,639	150	1,066	(39,354)
Increase (Decrease) Deferred revenue		14,614	(57,815)	(43,201)	368,021
Increase (Decrease) Closure & post closure liabilities	138,360			138,360	
Increase (Decrease) Customer deposits	(100)			(100)	
Total Adjustments	731,987	960,919	(4,315)	1,688,591	2,268,142
Net cash provided by operating activities	<u>\$ 209,317</u>	<u>\$ (1,151,095)</u>	<u>\$ (1,196,918)</u>	<u>\$ (2,138,696)</u>	<u>\$ 2,644,085</u>
<b>NONCASH ACTIVITIES</b>					
Disposal of capital assets (book value)	\$ -	\$ 12,083	\$ 10,027		\$ -
Donation of capital assets			28,280		
Transfer of capital assets			2,324,520		
Change in fair market value of investments	176,387				98,619

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

## FIDUCIARY FUNDS

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

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

**Investment trust funds** - are used to report governmental external investment pools in separately issued reports and the external portion of these same pools when reported by the sponsoring government.

**Agency funds** - are used to report resources held by the reporting government in a purely custodial capacity.

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
DECEMBER 31, 2002

	<b>Private-Purpose Trust Fund</b>	<b>Investment Trusts</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 35,325	\$ 362	\$ 10,186,383
Investments	20,000	19,013,414	-
Delinquent taxes receivable			27,560
Accounts receivable	624	-	93,106
Accrued interest receivable	18	176,345	-
Due from other funds	-	796,955	-
Due from other governments	-		2,057,257
Total Assets	55,967	19,987,076	12,364,306
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable		-	706,746
Salaries payable		-	614,599
Due to other funds		796,955	-
Due to other governments		-	11,042,961
Total Liabilities		796,955	12,364,306
<b>NET ASSETS</b>			
Held in trust for pool participants and other purposes	\$ 55,967	\$ 19,190,121	\$

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

*ST. LOUIS COUNTY, MINNESOTA*  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Private-Purpose Trust Fund</u>	<u>Investment Trusts</u>
<b>ADDITIONS</b>		
Interest	\$ 983	\$ 29,824,688
Miscellaneous	<u>144,566</u>	<u>1,018,376</u>
Total Additions	<u>145,549</u>	<u>30,843,064</u>
<b>DEDUCTIONS</b>		
Refunds of contributions	175,957	
Distributions to participants		<u>43,523,173</u>
Total Deductions	<u>175,957</u>	<u>43,523,173</u>
Changes in net assets	(30,408)	(12,680,109)
Net assets - January 1	86,375	31,870,230
Net assets - December 31	<u>\$ 55,967</u>	<u>\$ 19,190,121</u>

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

**ST. LOUIS COUNTY, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

Guide to the **Notes**

	<b>Page</b>
<b>Note 1. Summary of Significant Accounting Policies</b>	
A. Financial Reporting Entity.....	63
B. Government-wide and Fund Financial Statements.....	63
C. Measurement Focus, Basis of Accounting, & Financial Statement Presentation.....	63
D. Reconciliation of Government-Wide and Fund Financial Statements.....	66
Explanation of Differences Between Governmental Funds Balance Sheet and Statement of Net Assets.....	66
Explanation of Differences Between Governmental Fund Operating Statement and the Statement of Activities.....	68
E. Budgetary Data.....	70
General Budget Policies.....	70
Procedure for Preparing the Annual Budget.....	70
Encumbrances.....	71
Budget Basis of Accounting.....	71
Explanation of Differences Between Budgetary Basis and GAAP Expenditures and Fund Balance.....	71
F. Accounting Changes.....	72
Fund Restatements.....	72
Calculation of Beginning Net Assets.....	72
G. Assets, Liabilities, and Net Assets or Equity.....	73
Cash and Cash Equivalents.....	73
Property Taxes.....	73
Inventories.....	73
Restricted Assets.....	73
Capital Assets.....	74
Compensated Absences.....	74
Closure and Postclosure Care Costs.....	74
Long-Term Obligations.....	75
Fund Equity.....	75
H. Federal Audit Requirements.....	75
I. Use of Estimates.....	75
 <b>Note 2. Detailed Notes on all Funds and Account Groups</b>	
A. Assets.....	76
Deposits.....	76
Investments.....	76
Securities.....	78
Cash and Cash Equivalents.....	79
Loans Receivable.....	80
Due From Other Governments.....	81
Restricted Assets.....	81
Capital Assets.....	82

**ST. LOUIS COUNTY, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2002

**Guide to the Notes**

	<b>Page</b>
<b>B. Liabilities</b> .....	84
Deferred Revenue.....	84
Long-Term Debt.....	85
Fund Long-Term Debt.....	87
Lease Obligations.....	88
Operating Leases.....	88
Capital Leases.....	89
Construction Commitments.....	89
Contingent Liabilities.....	90
Risk Management.....	90
Retirement Plan.....	92
Plan Description.....	92
Funding Policy.....	93
Interfund Receivables, Payables, and Transfers.....	93
 <b>Note 3. Joint Ventures</b>	
Arrowhead Regional Corrections.....	94
Community Health Services Board.....	95
Regional Railroad Authority.....	95
Northern Minnesota Office of Job Training.....	96
Northern Counties Land Use Board.....	96
Minnesota Counties Information Systems.....	97
Duluth Area Family Service Collaborative.....	97
Northern St. Louis County Family Service Collaborative.....	98
Minnesota Community Capital Fund.....	98
 <b>Note 4. Summary of Significant Contingencies and Other Items</b>	
Claims and Litigation.....	98
Management Agreement.....	99
Departmental <b>Trust</b> Deposits.....	99
Settlements Held By the Court for Minors.....	99
Conduit Debt.....	99
Tax Forfeited Land Management.....	100
Subsequent Events.....	100

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2002

**Note 1. Summary of Significant Accounting Policies**

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

**A. Financial Reporting Entity**

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

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

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

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

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

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2002

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

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

**The County reports the following major governmental funds:**

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

The Road and Bridge Special Revenue Fund accounts for the proceeds of revenue sources restricted to expenditures related to public works activities.

The Social Services Special Revenue Fund accounts for the operations and financial activities of Social Services Department.

The Forfeited Tax Sale Special Revenue Fund accounts for the proceeds from the sale or rental of lands forfeited to the State of Minnesota.

**The County reports the following major proprietary funds:**

The Solid Waste Management Fund accounts for the activities of solid waste operations within the County, but outside the Western Lake Superior Sanitary District service area.

The Chris Jensen Health and Rehabilitation Center Fund accounts for the activities of the Center, a nursing home, and a health and rehabilitation facility for the public.

**Additionally, the County reports the following fund types:**

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

Debt Service Funds account for the resources accumulated and payments made for principal and interest on long term debt.

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

The Shoreline Sales Permanent Fund is used to report resources that are legally restricted to the extent that only, interest may be used to support the County's program.

Enterprise Funds account for Nopeming Care Center activities, Community Food Service activities, Laundry services, and Supervised Living Facilities services to other government agencies and various County departments.

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

The Patients' Escrow Private Purpose Trust Fund is used to account for resources legally held for nursing home residents.

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2002

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

Agency Funds account for resources held by the County in a purely custodial capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the County's proprietary operations and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds, and the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2002

**D. Reconciliation of Government-Wide and Fund Financial Statements**

**Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets**

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

	Total Governmental Funds	Long-term Assets Liabilities (1)	internal Service Funds (2)	Reclassification and Elimination (3)	Statement of Net Assets Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 77,740,168	\$ -	\$ 9,491,202	\$	\$ 87,231,370
Investments	1,147,365		23,913,520		25,060,885
Assets held by escrow agent	43,768				43,768
Delinquent taxes receivable	3,470,660			(3,470,660)	
Accounts receivable (net)	14,236,733		198,053	(14,434,786)	
Accrued interest receivable	477,430		220,307	(697,737)	
Loans receivable	1,134,346			(1,134,346)	
Interfund receivable	1,014,885			(1,014,885)	
Due from other governments	11,429,970		67,452	(11,497,422)	
Receivables (net)				31,234,951	31,234,951
Internal balances			605,984		605,984
Inventories	3,085,352		237,813		3,323,165
Prepaid items			44,123		44,123
Capital assets (net)	-	275,104,904	2,118,175	-	277,223,079
Total Assets	<u>113,780,677</u>	<u>275,104,904</u>	<u>36,896,629</u>	<u>(1,014,885)</u>	<u>424,767,325</u>
<b>LIABILITIES</b>					
Accounts payable	5,334,189		395,040	8,650,469	14,379,698
Contracts payable	563,698			(563,698)	
Salaries payable	4,243,833		149,864	(4,393,697)	
Compensated absences payable	874,268			(874,268)	
Claims payable					
Bond interest payable		164,238		(164,238)	
Interfund payable	1,014,885			(1,014,885)	
Due to other governments	2,648,215		6,353	(2,654,568)	
Deferred revenue	21,790,683	(15,277,817)	743,866		7,256,732
Capital leases payable					
Noncurrent liabilities					
Due within one year		5,718,707	4,866,163		10,584,870
Due in more than one year		61,675,560	7,945,946		69,621,506
Total Liabilities	<u>36,469,771</u>	<u>52,280,688</u>	<u>14,107,232</u>	<u>(1,014,885)</u>	<u>101,842,806</u>
<b>FUND BALANCE/NET ASSETS</b>					
Invested in capital assets, net of related debt	-	241,426,057	2,118,175	-	243,544,232
Restricted					
Reserved	26,385,900		-	(4,967,743)	21,418,157
Unrestricted					
Designated	39,602,205	-	-		39,602,205
Special revenue funds	7,037,326	-	-		7,037,326
Debt service funds	886,715	-	-		886,715
Capital projects funds	3,398,760	-	-		3,398,760
Permanent funds		-	-		
Undesignated		(18,601,841)	20,671,222	4,967,743	7,037,124
Total unrestricted	<u>50,925,006</u>	<u>(18,601,841)</u>	<u>20,671,222</u>	<u>4,967,743</u>	<u>57,962,130</u>
Total Fund Balance/Net Assets	<u>77,310,906</u>	<u>222,824,216</u>	<u>22,789,397</u>	<u>-</u>	<u>322,924,519</u>
Total Liabilities and Fund Balance/Net Assets	<u>\$ 113,780,677</u>	<u>\$ 275,104,904</u>	<u>\$ 36,896,629</u>	<u>\$ (1,014,885)</u>	<u>\$ 424,767,325</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

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

Cost of capital assets	\$ 442,094,021
Accumulated depreciation	(166,989,117)
	\$ 275,104,904

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

Adjustment of deferred revenue	\$ 15,277,817
--------------------------------	---------------

Long-term liabilities applicable to the County's government activities are not due and payable in the current period and accordingly are not reported in fund liabilities. All liabilities -- both those due within one year and those due in more than one year -- are reported in the statement of net assets. Balances at December 31, 2002 were:

Bond interest payable	\$ 164,238	
	Due Within	Due In More
	One Year	Than One Year
Bonds and notes payable	\$ 4,048,597	\$29,410,469
Land purchase	107,475	107,475
Compensated absences	1,386,245	31,568,021
Capital leases payable	176,390	589,595
	\$ 5,718,707	\$61,675,560

(2) Internal service funds are used by management to charge the cost of certain activities, such as insurance and printing, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

(3) Reclassifications are used primarily to condense various receivables and payables into single totals, receivables, net and accounts payable and to move reservations of fund balance that are not available for appropriation to unrestricted net assets. Eliminations are to offset interfund receivables and payables.

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

**Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities**

The "net change in fund balances" for governmental funds differs from the "change in net assets" for governmental activities reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds.

	<b>Total Governmental Funds</b>	<b>Long-term Revenue, Expenses (1)</b>	<b>Capital Related Items (2)</b>	<b>Internal Service Funds (3)</b>	<b>Long-term Debt Transactions (4)</b>	<b>Statement of Activities Totals</b>
<b>Revenues and Other Sources</b>						
Taxes	\$ 80,580,107	\$ 47,741	\$ -	\$ -	\$ -	\$ 80,627,848
Licenses and permits	156,541					156,541
Intergovernmental	99,966,871	-				99,966,871
Charges for services	9,906,530	-				9,906,530
Fines and forfeits	1,660,585	-				1,660,585
Earnings on investments	2,772,496			802,273		3,574,769
Gifts and contributions	8,368					8,368
Land and timber sales	12,238,312	(313,456)				11,924,856
Miscellaneous	2,632,945	210,216				2,843,161
Other sources:						
Bonds issued	12,415,000				(12,415,000)	
Premium proceeds	171,268				(171,268)	
Loan proceeds	27,000				(27,000)	
<b>Total Revenues and Other</b>	<b>222,536,023</b>	<b>(55,499)</b>		<b>802,273</b>	<b>(12,613,268)</b>	<b>210,669,529</b>
<b>Expenditures/Expenses</b>						
<b>Current:</b>						
General government	27,407,335	1,655,113	445,235	(339,001)	951,533	30,120,215
Public safety	22,160,090	9,305,849	674,576	(88,138)	520,840	32,573,217
Highways and streets	26,942,419	(620,093)	14,277,705	9,443	201,061	40,810,535
Health and sanitation	6,443,495		30,137	(109,379)	125,430	6,489,683
Welfare	71,463,828		183,631	(444,208)	692,781	71,896,032
Culture and recreation	1,197,054		7,632			1,204,686
Conservation of natural resources	6,517,680		197,533	(37,723)	49,817	6,727,307
Economic development	3,608,162		2,495		2,185	3,612,842
<b>Debt service:</b>						
Principal	10,897,692				(10,897,692)	
Interest and other charges	1,554,057	44,454				1,598,511
Capital outlay	29,173,329		(29,173,329)			
<b>Intergovernmental:</b>						
General government	1,655,113	(1,655,113)				
Public safety	9,305,849	(9,305,849)				
<b>Total</b>	<b>218,326,103</b>	<b>(575,639)</b>	<b>(13,354,385)</b>	<b>(1,009,006)</b>	<b>(8,354,045)</b>	<b>195,033,028</b>
<b>Other financing uses/changes in net assets:</b>						
Transfers in	(12,849,724)					(12,849,724)
Transfers out	15,263,780					15,263,780
Capital assets adjustments			(5,830,283)		(349,953)	(6,180,236)
Increase in inventories	(620,093)	620,093				
<b>Total</b>	<b>1,793,963</b>	<b>620,093</b>	<b>(5,830,283)</b>		<b>(349,953)</b>	<b>(3,766,180)</b>
<b>Total Expenditures</b>	<b>220,120,066</b>	<b>44,454</b>	<b>(19,184,668)</b>	<b>(1,009,006)</b>	<b>(8,703,998)</b>	<b>191,266,848</b>
<b>Net change for the year</b>	<b>\$ 2,415,957</b>	<b>\$ (99,953)</b>	<b>\$ 19,184,668</b>	<b>\$ 1,811,279</b>	<b>\$ (3,909,270)</b>	<b>\$ 19,402,681</b>

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

(1) Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available revenues" in the governmental funds. Similarly, certain aids and grant revenues not currently available at year-end are not reported as revenue in the governmental funds.

Property taxes	\$ 47,741
Long-term receivables:	
Land & timber sales	(313,456)
General fund	210,216
	<u>\$ (55,499)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Bond interest payable	<u>\$ 44,454</u>
-----------------------	------------------

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

Capital outlay	\$ (29,173,329)
Depreciation expense	15,818,944
Difference	<u>\$ (13,354,385)</u>

Changes to capital assets not resulting from capital outlay such as the transfer of assets from Nopeming Care Center, contributions from the State for road construction projects, work in progress and retirements are reported as capital asset adjustments.

Additions	\$ 6,928,841
Retirements	(1,098,558)
Difference	<u>\$ 5,830,283</u>

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

(4) Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. Proceeds were received from:

Capital equipment note	\$ 12,586,268
Septic loan proceeds	27,000
	<u>\$ 12,613,268</u>

Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the County as whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. The County's bonded debt was reduced when principal payments were made to bond holders. Changes in long-term liabilities (compensated absences and capital leases) also result in an expense in the statement of activities.

Principal payments made	\$ (10,897,692)
Compensated absences	2,659,133
Land purchase	(107,475)
Capital leases	(349,953)
Other	(8,011)
	<u>\$ (8,703,998)</u>

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2002

**E. Budgetary Data**

General Budget Policies

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

Transfers of appropriations between departments require the approval of the County Board. 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: \$26,057,800.

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 request.
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 request, 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.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

**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.

**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.

**Explanation of Differences Between Budgetary Basis and GAAP Expenditures and Fund Balances**

	General Fund	Road and Bridge Fund	Social Services Fund	Forfeited Tax Sale Fund	Forest Resources Fund
<b>EXPENDITURES</b>					
Actual amounts (budgetary basis) "total expenditures" from the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	\$ 69,425,438	\$ 44,438,692	\$ 71,433,548	\$ 5,921,558	\$ 874,653
Differences- budget to <b>GAAP</b> :					
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	40,220	(526,567)	(4,402)	(27,880)	(56,921)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	69,465,658	43,912,125	71,429,146	5,893,678	817,732
<b>FUND BALANCES</b>					
Actual amounts (budgetary basis) "fund balances" from the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual	29,473,616	16,324,197	12,792,874	456,188	6,702,459
Differences - budget to GAAP:					
Encumbrances for supplies and equipment order but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(40,220)	526,567	4,402	27,880	56,921
Total fund balances as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 29,433,396	\$ 16,850,764	\$ 12,797,276	\$ 484,068	\$ 6,759,380

ST. LOUIS COUNTY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

F. Accounting Changes

Fund Restatements

As of January 1, 2002, the County determined that the fund balance in the Road and Bridge Fund was understated due to sand and gravel inventory being excluded in past years.

As of January 1, 2002, the County determined that the fund balance in the Social Service Fund was overstated due to over accrual of receivables in the prior year and under accrual of payables in the prior year.

As of January 1, 2002, the County determined that the net assets in the Supervised Living Facility Fund was overstated due to over accrual of receivables in prior year.

	Fund Balance Net Assets January 1, 2002 As Previously Reported	Restatement	Fund Balance Net Assets January 1, 2002 As Restated
<b>Special Revenue Funds</b>			
Road and Bridge	\$ 15,232,078	\$ 724,016	\$15,956,094
Social Services	11,582,308	(624,719)	10,957,589
Forfeited Tax Sale	426,524	-	426,524
Housing and Redevelopment Authority	591,872	-	591,872
Community Development Block Grant	-	-	-
Northeastern Minnesota Housing Consortium			
Septic Loan	522,956	-	522,956
Forest Resources	5,350,586	-	5,350,586
Total Special Revenue Funds	<u>\$ 33,706,324</u>	<u>\$ 99,297</u>	<u>\$33,805,621</u>
<b>Enterprise Funds</b>			
Solid Waste Management	\$ 22,454,264	\$ -	\$22,454,264
Chris Jensen	4,437,487	-	4,437,487
Nopeming	2,498,185	-	2,498,185
Community Foods	197,820	-	197,820
Laundry	778,760	-	778,760
Supervised Living Facilities	431,730	(107,692)	324,038
Total Enterprise Funds	<u>\$ 30,798,246</u>	<u>\$ (107,692)</u>	<u>\$30,690,554</u>

Calculation of Beginning Net Assets

The County implemented the Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments. The beginning net assets amount for the Governmental Funds was calculated as follows:

Governmental Funds Beginning Fund Balance at January 1, 2002, as restated	\$74,894,949
Capital assets (net)	255,920,236
Deferred revenue	15,333,316
Bond interest payable	(119,784)
Internal Service Funds equity	20,978,118
General long term debt	(63,484,997)
Governmental Funds Beginning Net Assets at January 1, 2002	<u>\$303,521,838</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2002

**G. Assets, Liabilities, and Net Assets or Equity**

**Cash and Cash Equivalents**

Available cash balances from all funds are pooled and invested in accordance with Minnesota State Statutes. Cash balances and pooled investments are at fair value based on quoted market prices. The pool is not subject to regulatory oversight. Fair value amounts are determined at year end. The County has not provided or obtained any legally binding guarantees to support the value of the pool. Pursuant to Minn. Stat. Section 385.07, investment earnings on cash balances and pooled investments are credited to the General Fund. Pooled investment earnings for 2002 were \$2,539,680. 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 collectible, net of delinquencies. Taxes which remain unpaid at December 31 are delinquent. Collections within 60 days after year-end are recognized as revenue and the balance offset by deferred revenue.

**Inventories**

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

The enterprise funds' inventories consist of expendable supplies held for consumption and are recorded as an expense when used. Internal service funds' inventories consist of items for resale and consumption and are recorded as an expense when sold or used. Inventories are priced at the lower of cost or market on a first-in, first-out basis.

**Restricted Assets**

Certain proceeds of the County's Solid Waste Management Fund and the Chris Jensen Health and Rehabilitation Center Fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. Also, other resources are restricted for financial assurance related to the County solid waste landfill operation. When an expense is incurred for which both restricted and unrestricted net assets are available, restricted resources are applied first.

ST. LOUIS COUNTY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

Capital Assets

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

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

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

Buildings and Improvements:	30-70 years
Improvements other than buildings:	10-20 years
Machinery and equipment:	5-10 years
Vehicles:	5-7 years
Infrastructure:	25 years

Compensated Absences

Under the County's personnel policies and union contracts, County employees are granted vacation and sick leave in varying amounts based on length of service. Vacation leave accrual varies from 3.75 to 5.75 hours per biweekly pay period.

Unused accumulated vacation is paid to employees at termination. All vacation pay is accrued when earned in the government-wide, proprietary, and fiduciary fund financial statements. The current portion of vacation pay is accrued in the governmental funds.

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

Unvested sick leave for all County funds in the amount of \$9,930,012 (total accumulated sick leave less estimated amounts of vested and vesting sick leave) at December 31, 2002 is available to employees in the event of illness-related absences and is not reported in the financial statements.

Closure and Postclosure Care Costs

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care ~~costs~~ will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of the financial statement date. The \$942,103 for the open area reported on the Solid Waste Management Enterprise Fund statement of net assets as landfill closure and postclosure liability at December 31, 2002, represents the following:

ST. LOUIS COUNTY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

Postclosure liability

This is the liability for post closure costs for the Regional Landfill. \$523,635  
It is based on the use of 65.69% of the existing total area.

Closure liability

This is the liability for closure cost for the Regional Landfill. \$418,468  
It is based on the use of 48.44% of the existing open area.

The County will recognize the remaining \$718,800 in costs of closure and postclosure care of the open area as the remaining estimated capacity of the open area of the Regional Landfill is filled. The amounts are based on what it would cost to perform all closure and postclosure care in 2003. The County expects the open area to be closed in 2007 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, 2002, restricted assets of \$2,448,321 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.

### Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### Fund Equity

In the Fund Financial Statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### H. Federal Audit Requirements

The Single Audit Act Amendments of 1996 requires the County to have a single, independent audit of its financial operations, including compliance with certain provisions of federal law and regulations. This audit requirement was complied with for fiscal year ended December 31, 2002. The auditor's reports on compliance and internal accounting control will be issued separately.

### I. Use of Estimates

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

**Note 2. Detailed Notes on all Funds and Account Groups**

**A. Assets**

**Deposits**

Minn. Stat. Sections 118A.02 and 118A.04 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, 2002, County deposits totaled \$24,911,261, of which \$114,053 were cash deposits and \$24,797,208 was invested in certificates of deposit.

Following is a summary of the deposits covered by insurance or collateral at December 31, 2002:

	<b>(Amounts in Dollars)</b>	
	<b>Bank Balances</b>	<b>Carrying Amounts</b>
Covered Deposits		
Insured or collateralized with securities held by the County or its agent in the County's name	23,235,362	23,281,767
Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name	1,629,494	1,629,494
Uncollateralized		-
Total Deposits	24,864,856	24,911,261

**Investments**

**Minn. Stat. Ch. 118A 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;
3. a primary reporting dealer in United States government securities to the Federal Reserve Bank of New York; or
4. a securities brokerdealer 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 acknowledgements identifying the securities by the names of the issuers, maturity dates, interest rates, CUSIP number, or other distinguishing marks.

**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;

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2002

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 equal 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;
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 118.04A; (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 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 of 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 anytime, 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 denied 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 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.

ST. LOUIS COUNTY, MINNESOTA.  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

**Securities**

The following is a summary of the County's securities, categorized into the aforementioned levels of risk at December 31, 2002.

(Amounts in Dollars)			
Category (1)	Category (2)	Category (3)	Fair Value
Investments			
U.S. Government Securities	-	79,856,862	43,768
Bankers Acceptances	-	223,790	-
Commercial Paper	-	33,279,235	-
Add:			
Minnesota Association of Governments Investing for Counties (MAGIC) Fund (valued at \$1 per share) *			18,667,519
Deposits			24,911,261
Cash on hand			217,865
Total			157,200,300
Governmental Activities:			
Current assets:			
Cash and cash equivalents			87,231,370
Investments			25,060,885
Assets held by escrow agent			43,768
Business-type Activities:			
Current assets:			
Cash and cash equivalents			2,264,938
Investments			10,723,896
Restricted assets:			
Cash and cash equivalents			471,961
Investments			2,147,998
Fiduciary Activities			
Current assets:			
Cash and cash equivalents			10,222,070
Investments			19,033,414
Total			157,200,300

(Amounts in Dollars)			
Held for External Investment Pool Participants Investment Trust Funds	Held for Internal Investment Pool Participants		
	All Other		Total
	County Funds	Total	
	Cash and cash equivalents	362	100,189,977
Investments	19,013,414	37,952,779	56,966,193
Assets held by escrow agent		43,768	43,768
Total	19,013,776	138,186,524	157,200,300

\* 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, 2002

**Cash and Cash Equivalents**

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

	(Amounts in Dollars)	
	Equity in Pool	Advances
Governmental Activities:		
General Fund	31,635,715	
Special Revenue Funds:		
Road & Bridge	19,419,284	
Social Services	10,718,320	
Forfeited Tax Sale	50	(738,367)
Housing and Redevelopment Authority	546,526	
Community Development Block Grant	-	(25,858)
Northeast Minnesota Housing Consortium	-	(19,660)
Septic Loan	313,785	
Forest Resources	6,942,837	
Debt Service Funds	819,439	
Capital Projects Funds	2,877,049	
Permanent Fund	5,482,048	
Internal Service Funds	9,491,202	
Total Equity	88,246,255	
Less: Advances	(1,014,885)	
Total Governmental Activities	87,231,370	
Business-type Activities:		
Enterprise Funds	2,736,899	
Fiduciary Activities:		
Private-Purpose Trusts	35,325	
Investment Trusts	362	
Agency Funds	10,186,383	
Total Fiduciary Activities	10,222,070	
Total	100,190,339	(1,014,885)

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

**Loans Receivable**

The long-term loan receivable from the St. Louis County Heritage and Arts Center is \$435,084 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 center is accounted for in the General Fund. The repayment schedule calls for \$15,000 annual payments.

The long-term loan receivable from the Town of Camp 5 is \$3,033 plus accrued interest of \$99 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. It is accounted for in the General Fund.

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. While the county is not liable for repayment of the loans in any manner, it does have certain responsibilities under the agreement. The County has met those responsibilities for 2002. Also included in the Septic Loan Special Revenue Fund are loans under the Minnesota Pollution Control Loan Program.

	<b>Agricultural Best Management Loan Program</b>	<b>Minnesota Pollution Control Loan Program</b>	<b>Total</b>
Loans outstanding at December 31, 2002, including interest	1,527	239,603	241,130

The long-term loan receivable from the South St. Louis County Fair Association is \$330,000 and is equally offset by a fund balance reserved for economic development. The receivable arises from the County financing the construction of new grandstands and racetrack lighting and all costs related to these activities. The interest free loan was approved by the County Board on December 17, 2002. The repayment schedule calls for annual payments in the amount of \$20,000 beginning in 2004 and every year thereafter until the \$330,000 is paid to the County in full. The Lakehead Racing Association will make payments in the amount of \$7,500 on May 15 and October 15 and the County will withhold \$5,000 from the South St. Louis County Fair Association annual allocation.

ST. LOUIS COUNTY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

Due From Other Governments

The following amounts were due from other governments at December 31, 2002:

	(Amounts in Dollars)			
	Federal	State	Local/Other	Total
Governmental Activities:				
General Fund	\$ 17,560	\$ 367,563	\$ 91,624	\$ 476,747
Special Revenue Funds				
Road 81 Bridge		3,143,164	298,849	3,442,013
Social Services	1,693,364	5,102,986	-	6,796,350
Community Development Block	454,550			454,550
Northeast Minnesota Housing Consortium	204,004			204,004
Total Special Revenue Funds	2,351,918	8,246,150	298,849	10,896,917
Debt Service Funds		56,306	-	56,306
Internal Service Funds		122	67,330	67,452
Total, Governmental Activities	2,369,478	8,670,141	457,803	11,497,422
Business-type Activities:				
Enterprise Funds	-	-	23,019	23,019
Fiduciary Activities:				
Agency Funds	-	1,868,847	188,410	2,057,257
Total	\$ 2,369,478	\$ 10,538,988	\$ 669,232	\$13,577,698

Restricted Assets

Business-type activities

Debt service	
Cash and cash equivalents	\$ 20,755
Delinquent taxes receivable	26,968
Deferred charges - issuance costs	15,318
Construction	
Cash and cash equivalents	174,159
Financial assurance	
Cash and cash equivalents	277,047
Investments	2,147,998
Accrued interest receivable	23,276
Total	<u>\$ 2,685,521</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

**Capital Assets**

Capital asset activity for the year ended December 31, 2002 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,525,271	\$ 132,086	\$ -	\$ 1,657,357
Construction in progress	5,604,365		(868,396)	4,735,969
Total capital assets, not being depreciated	<u>7,129,636</u>	<u>132,086</u>	<u>(868,396)</u>	<u>6,393,326</u>
Capital assets, being depreciated:				
Buildings and improvements	59,556,102	13,844,986	(65,292)	73,335,796
Machinery and equipment	14,895,546	1,108,598	(803,788)	15,200,356
Vehicles	39,867,443	2,628,499	(1,819,037)	40,676,905
Infrastructure	295,551,012	18,957,868	-	314,508,880
Total capital assets being depreciated	<u>409,870,103</u>	<u>36,539,951</u>	<u>(2,688,117)</u>	<u>443,721,937</u>
Less accumulated depreciation for:				
Buildings and improvements	(25,353,674)	(1,120,424)	35,078	(26,439,020)
Machinery and equipment	(11,826,687)	(949,565)	801,513	(11,974,739)
Vehicles	(24,607,777)	(2,396,780)	1,606,483	(25,398,074)
Infrastructure	(97,258,311)	(11,822,040)	-	(109,080,351)
Total accumulated depreciation	<u>(159,046,449)</u>	<u>(16,288,809)</u>	<u>2,443,074</u>	<u>(172,892,184)</u>
Total capital assets, being depreciated, net	<u>250,823,654</u>	<u>20,251,142</u>	<u>(245,043)</u>	<u>270,829,753</u>
Governmental activities, capital assets, net	<u>\$ 257,953,290</u>	<u>\$ 20,383,228</u>	<u>\$ (1,113,439)</u>	<u>\$ 277,223,079</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2002

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 496,008	\$ -	\$ (132,086)	\$ 363,922
Construction in progress	620,370	1,144,519	(1,270,759)	494,130
Total capital assets, not being depreciated	<u>1,116,378</u>	<u>1,144,519</u>	<u>(1,402,845)</u>	<u>858,052</u>
Capital assets, being depreciated:				
Buildings and improvements	16,007,386	1,326,498	(4,640,515)	12,693,369
Improvements other than buildings	7,003,150	486,535	(105,298)	7,384,387
Machinery and equipment	2,204,751	29,728	(344,699)	1,889,780
Linens	254,940	60,338	(28,443)	286,835
Vehicles	545,504	128,560	(82,106)	591,958
Total capital assets being depreciated	<u>26,015,731</u>	<u>2,031,659</u>	<u>(5,201,061)</u>	<u>22,846,329</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,433,631)	(406,552)	2,560,467	(3,279,716)
Improvements other than buildings	(3,446,372)	(502,096)	-	(3,948,468)
Machinery and equipment	(1,437,929)	(157,455)	349,350	(1,246,034)
Vehicles	(220,920)	(82,910)	58,285	(245,545)
Total accumulated depreciation	<u>(10,538,852)</u>	<u>(1,149,013)</u>	<u>2,968,102</u>	<u>(8,719,763)</u>
Total capital assets, being depreciated, net	<u>15,476,879</u>	<u>882,646</u>	<u>(2,232,959)</u>	<u>14,126,566</u>
Business-type activities, capital assets, net	<u>\$ 16,593,257</u>	<u>\$ 2,027,165</u>	<u>\$ (3,635,804)</u>	<u>\$ 14,984,618</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 445,235
Public safety	674,576
Highways	14,277,705
Health and sanitation	30,137
Welfare	183,631
Culture and recreation	7,632
Conservation of natural resources	197,533
Economic development	2,495
Internal Service Funds	469,865
Total depreciation expenses - governmental activities	<u>\$16,288,809</u>
Business-type activities	
Solid Waste Management	\$ 855,546
Chris Jensen Health and Rehabilitation Center	115,711
Nopeming Care Center	158,927
Other Enterprise Funds	18,829
Total depreciation expenses - business-type activities	<u>\$ 1,149,013</u>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

**B. Liabilities**

**Deferred Revenue**

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

Fund Financial Statements					
	Accounts Receivable	Aid and Grants	Taxes	Long-Term Receivables	Total
Governmental Activities:					
General Fund	\$ -	\$ 378,271	\$ 1,229,567	\$ 485,633	\$ 2,093,471
Special Revenue Funds:					
Road and Bridge		5,789,195	628,655	-	6,417,850
Social Services	172,556	64,700	863,476		1,100,732
Forfeited Tax Sale		7,090		11,904,780	11,911,870
Housing and Redevelopment Authority		-	8,747	-	8,747
Forest Resources		101,054			101,054
Debt Service Funds		-	128,140		128,140
Capital Projects Fund		-	28,819		28,819
Internal Service Funds	735,861	8,005			743,866
Total Governmental Activities	908,417	6,348,315	2,887,404	12,390,413	22,534,549
Business-type Activities:					
Enterprise Funds	9,274	44,614	26,884		80,772
Total	\$ 917,691	\$ 6,392,929	\$ 2,914,288	\$ 12,390,413	\$22,615,321

Statement of Net Assets			
	Accounts Receivable	Aid and Grants	Total
Governmental Activities:			
General Fund	\$ -	\$ 378,271	\$ 378,271
Special Revenue Funds			
Road & Bridge	-	5,789,195	5,789,195
Social Services	172,556	64,700	237,256
Forfeited Tax Sale	-	7,090	7,090
Forest Resources	-	101,054	101,054
Internal Service Funds	735,861	8,005	743,866
Total Governmental Activities	908,417	6,348,315	7,256,732
Business-type Activities:			
Enterprise Funds	9,274	44,614	53,888
Total	\$ 917,691	\$ 6,392,929	\$ 7,310,620

ST. LOUIS COUNTY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

Long-Term Debt

Disclosure of information about long-term liabilities

Long-term liability activity for the year ended December 31, 2002 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One-Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds, notes, and tax lease <i>obligations</i> payable					
General obligation debt					
Arrowhead Juvenile Center Remodel 1995	\$ 1,255,000	\$ -	\$ (100,000)	\$ 1,155,000	\$ 110,000
Capital Equipment Notes 1999	2,495,000	-	(795,000)	1,700,000	830,000
Capital Improvement Bonds 2001	14,270,000	-	(705,000)	13,565,000	730,000
Jail Refunding Bond 2002B	-	7,566,400	(8,075)	7,558,325	1,109,224
Capital Equipment Notes 2002C	-	5,019,868	(331)	5,019,537	953,974
General obligation revenue notes	518,809	27,395	-	546,204	5,399
Tax lease obligations (HRA)					
Jail Revenue Bonds 1993	8,535,000	-	(8,535,000)	-	-
Law Enforcement Facility 1997	4,210,000	-	(295,000)	3,915,000	310,000
<b>Total bonds, notes and tax lease obligations payable</b>	<b>31,283,809</b>	<b>12,613,663</b>	<b>(10,438,406)</b>	<b>33,459,066</b>	<b>4,048,597</b>
Other Liabilities					
Land purchase	322,425	-	(107,475)	214,950	107,475
Compensated absences	33,994,514	3,615,634	(838,702)	36,771,446	2,528,113
Claims payable	7,407,572	22,309,205	(20,747,150)	8,969,627	3,713,825
Capital leases payable	1,619,402	-	(828,115)	791,287	186,860
<b>Total other liabilities</b>	<b>43,343,913</b>	<b>25,924,839</b>	<b>(22,521,442)</b>	<b>46,747,310</b>	<b>6,536,273</b>
<b>Governmental activities long-term liabilities</b>	<b>\$ 74,627,722</b>	<b>\$ 38,538,502</b>	<b>\$ (32,959,848)</b>	<b>\$ 80,206,376</b>	<b>\$ 10,584,870</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds Payable					
General obligation debt					
Regional Landfill	\$ 489,991	\$ -	\$ (489,991)	\$ -	\$ -
1993 Solid Waste Refunding	922,745	-	(922,745)	-	-
2002 Jensen - payable from restricted assets	-	600,000	-	600,000	85,000
<b>Total bonds payable</b>	<b>1,412,736</b>	<b>600,000</b>	<b>(1,412,736)</b>	<b>600,000</b>	<b>85,000</b>
Other Liabilities					
Compensated absences	2,144,729	62,966	(583,344)	1,624,351	58,226
Customer deposits	8,500	-	(100)	8,400	-
Closure and post-closure liabilities	803,743	138,360	-	942,103	-
<b>Total other liabilities</b>	<b>2,956,972</b>	<b>201,326</b>	<b>(583,444)</b>	<b>2,574,854</b>	<b>58,226</b>
<b>Business-type activities long-term liabilities</b>	<b>\$ 4,369,708</b>	<b>\$ 801,326</b>	<b>\$ (1,996,180)</b>	<b>\$ 3,174,854</b>	<b>\$ 143,226</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$12,812,109 of internal service funds compensated absences, claims payable, and capital leases payable are included in the above amounts. Also, for the governmental activities, claims, capital leases, and compensated absences are generally liquidated by the major funds.

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

**(Amounts in Dollars)**

*General obligation bonds payable at December 31, 2002, 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 at Arrowhead Juvenile Center, which is operated by Arrowhead Regional Corrections, a joint powers board of which the County is a member. 1,155,000

\$7,415,000 General Obligation Jail Refunding Bonds due in annual installments of \$1,085,000 to \$1,360,000 on December 1, 2003, through 2008; interest at 3.00 to 3.25 percent, including Unamortized premium of \$143,325. This bond was issued to refund the Jail Revenue Bonds Series 1993A. 7,558,325

*General obligation capital equipment notes payable at December 31, 2002, consist of the following issues:*

\$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. 1,700,000

\$14,270,000 General Obligation Capital Improvement Bonds due in annual installments of \$705,000 to \$1,280,000 on December 1, 2002, through 2016; interest at 3.5 to 5.0 percent. This bond was issued to finance capital improvements. 13,565,000

\$5,000,000 General Obligation Capital Equipment Note due in annual installments of \$950,000 to \$1,055,000 on December 1, 2003, through 2007; interest at 2.00 to 2.65 percent, including unamortized premium of \$19,537. This bond was issued to finance capital equipment purchases. 5,019,537

*General obligation revenue notes payable at December 31, 2002, 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 must be repaid semi-annually. After year ten, principal amounts plus interest on idle funds must be repaid semi-annually. 27,329

\$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. 118,875

\$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, an amount equal to the principal repaid to date by the borrowers. After year ten, principal amounts must be paid semi-annually. 200,000

*Tax lease obligations payable at December 31, 2002, consist of the following issue:*

\$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 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. 3,915,000

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

**Fund Long-Term Debt**

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

Year Ending 12/31/02	General Obligation	
	Principal	Interest
2003	\$ 4,048,597	\$ 1,350,934
2004	4,269,158	1,161,168
2005	3,514,378	1,014,191
2006	3,644,603	898,361
2007	3,784,499	776,229
2008-2012	9,426,309	2,354,946
2013-2016	4,771,522	610,315
<b>Total:</b>	<b>\$ 33,459,066</b>	<b>\$ 8,166,144</b>

Business Type Activities Debt Service to maturity are as follows:

Year Ending 12/31/02	Nursing Home 2002	
	Principal	Interest
2003	\$ 85,000	\$ 28,844
2004	95,000	15,725
2005	100,000	12,875
2006	105,000	9,875
2007	105,000	6,725
2008	110,000	3,575
<b>Total:</b>	<b>\$ 600,000</b>	<b>\$ 77,619</b>

*Business-type activities bonds payable at December 31, 2002 consist of the following issue:*

\$600,000 2002 General Obligation Nursing Home revenue bonds due in annual installments of \$85,000 to \$110,000 on December 1, 2003, through 2008; interest at 3 to 3.25 percent. This bond was issued to finance remodeling at the Chris Jensen Health and Rehabilitation Center \$ 600,000

*Land purchase payable at December 31, 2002, 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. \$ 214,950

The annual requirements to service the land purchase payable as of December 31, 2002, are as follows:

Year Ended 12/31/02	(Amounts in Dollars)
2003	107,475
2004	107,475
<b>Total</b>	<b>214,950</b>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2002, of all governmental units which provide services within the County's borders, and which must be borne by properties in the County, is summarized below:

	(Amounts in Dollars)		
	Outstanding	Percentage Applicable to the County	County Share of Debt
<b>Direct Debt</b>			
St. Louis County	34,059,066	100.00	34,059,066
<b>Overlapping Debt</b>			
School Districts	71,395,000	29.52	21,076,216
Western Lake Superior Sanitary District	56,987,480	81.91	46,678,445
<b>Underlying Debt</b>			
Cities	128,747,813	100.00	128,747,813
School Districts	117,093,928	100.00	117,093,928
Towns	4,890,475	100.00	4,890,475
Duluth Entertainment and Convention Center	5,945,000	100.00	5,945,000
Duluth Economic Development Authority	6,074,000	100.00	6,074,000
Virginia Housing and Redevelopment Authority	1,630,000	100.00	1,630,000
Arrowhead Regional Development Commission	455,388	100.00	455,388
<b>Total</b>	<b>427,278,150</b>		<b>366,650,331</b>

**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 2002:

Type of Property	Amount
Rental of office space and parking facilities	\$ 1,362,999
Data processing software	571,432
Vehicles	12,880
Communications equipment	15,185
<b>Total rental expense</b>	<b>\$ 1,962,496</b>

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2002:

Year Ended	Amount
2003	\$ 1,481,348
2004	1,483,736
2005	1,486,185
2006	1,488,694
2007	1,491,266
<b>Total future minimum lease payments</b>	<b>\$ 7,431,229</b>

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

**Capital Leases**

Capital leases of the County at December 31, 2002 consist of office equipment and office space as shown below:

<u>Type of Property</u>	<b>Governmental Activities</b>
Office equipment	\$ 172,627
Office space	4,371,071
Maintenance facility	1,337,796
Less: Accumulated depreciation	(28,806)
<b>Carrying Value</b>	<b><u>\$ 5,852,688</u></b>

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, 2002:

<b>Year Ending 31-Dec</b>	<b>Governmental Activities</b>
2003	\$ 225,906
2004	98,514
<b>2005</b>	90,264
2006	85,813
2007	85,523
2008-2012	<u>426,351</u>

Total future minimum lease payments	1,012,371
Less: Amount representing interest	<u>(221,084)</u>
Present value of future minimum lease	<b><u>\$ 791,287</u></b>

**Construction Commitments**

At December 31, 2002 the County had construction commitments as follows:

	<b>(Amounts in Dollars)</b>			<b>Required Further Financing</b>
	<b>Authorized Projects</b>	<b>Expended to Date</b>	<b>Commitments</b>	
Virginia Road and Bridge garage	23,293	14,633	8,660	-
Pike Lake Administration building	1,495,000	551,900	943,100	
Hibbing courthouse improvements	772,521	350,291	422,230	-
Duluth courthouse HVAC and electrical	2,865,062	2,847,517	17,545	
South St. Louis County fairgrounds	332,891	89,366	243,525	
Duluth courts remodeling	638,567	468,874	169,693	
Duluth courthouse fifth floor remodeling	456,626	413,388	43,238	
Chris Jensen remodeling	583,639	494,130	89,509	
<b>Total</b>	<b><u>7,167,599</u></b>	<b><u>5,230,099</u></b>	<b><u>1,937,500</u></b>	<b>-</b>

ST. LOUIS COUNTY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

**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 \$43,768 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, 2002, is \$785,000 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. 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 \$852,600 at December 31, 2002, 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 \$1,400,000 per single loss occurrence. At that point the County is covered for losses by the Workers' Compensation Reinsurance Association, an organization created by Minnesota statutes in 1979 to implement a mandatory program of reinsurance for workers' compensation liability risks in the State of Minnesota for losses occurring on or after October 1, 1979. The Association provides full indemnification for the County for claims arising under Minn. State. Chapter 176 (2002) in excess of the \$1,400,000 retention limit. The County has increased that limit to \$1,440,000 for 2003. The estimated liability for workers' compensation reported in the Fund is based on a case-by-case examination of claims filed through December 31, 2002, and is consistent with the requirements of Governmental 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

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

loss can be reasonably estimated. The estimated liability for claims payable at year end is present valued at 2.04%. This percentage is the average investment yield for the first two months of the subsequent year. The activities of the Fund are supported by premiums from County funds which have personnel; the premiums are based on historical costs and are reported as quasi-external transactions. A portion of the premiums is for the administrative costs and reinsurance costs which are paid from the Fund; a portion of the premiums is for the provision for expected future catastrophic losses.

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

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

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

	(Amounts in Dollars)		
	Property, Casualty, & Liability Insurance Fd	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)
	<b>401,558</b>	<b>4,993,346</b>	<b>2,012,668</b>

Changes in the funds' claims liability amounts during 2002 were:

	(Amounts in Dollars)		
	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
Beginning of fiscal year liability for claims	401,558	4,993,346	2,012,668
Current year claims and changes in estimates	486,732	2,866,003	18,956,470
Claim payments	(275,917)	(1,796,262)	(18,674,971)
	<b>612,373</b>	<b>6,063,087</b>	<b>2,294,167</b>

ST. LOUIS COUNTY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

## 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 Public Employees Correctional Fund which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. State. chs. 353 and 356.

Public Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, 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 covered by the Public Employees Correctional 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. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent for each year of service.

For Basis and Coordinated Plan members hired prior to July 1, 1989, whose annuity is calculated using Method 1, all Public Employees Police and Fire Fund members, and all Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund and Public Employees Correctional Fund members and 65 for Basic and Coordinated Plan members hired prior to July, 1 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. 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 single life 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 be 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.

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

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

ST. LOUIS COUNTY, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2002

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 9.10 and 5.10 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. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

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

Public Employees Retirement Fund	
Basic Plan Members	11.78%
Coordinated Plan Members	5.53%
Public Employees Police and Fire Fund	9.30%
Public Employees Correctional Fund	8.75%

The County's contributions for the years ending December 31, 2002, 2001 and 2000, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund and the Public Employees Correctional Fund were:

	Public Employees <u>Retirement Fund</u>	Public Employees <u>Police &amp; Fire Fund</u>	Public Employees <u>Correctional Fund</u>
2002	\$4,759,163	\$612,733	\$373,084
2001	4,414,620	620,855	345,447
2000	4,240,957	591,803	311,630

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

**Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of December 31, 2002 is as follows:

***Due From/To Other Funds:***

Receivable Fund	Payable Fund	Amount
Taconite Relief Investment Trust	Taconite Production Investment Trust	\$796,955

***Interfund Receivables/Payables:***

Receivable Fund	Payable Fund	Amount
General	Forfeited Tax Sales Fund	\$ 738,367
	Non Major governmental funds	276,518
	Total	\$ 1,014,885

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

**Interfund Transfers:**

Transfer In:	Transfer Out:			Total
	General	Road and Bridge	Forfeited Tax Sale	
General	\$ -	\$ 3,834,106	\$ 1,603,409	\$ 5,437,515
Road and Bridge	213,800			213,800
Social Services	586,000	-		586,000
Non Major Governmental	4,945,000	-	1,667,409	6,612,409
Chris Jensen Health and Rehabilitation Center	1,221,122	-	-	1,221,122
Non Major Enterprise	1,192,934			1,192,934
<b>Total Transfers In</b>	<b>\$ 8,158,856</b>	<b>\$ 3,834,106</b>	<b>\$ 3,270,818</b>	<b>\$15,263,780</b>

Transfers from the General Fund were used (1) to move monies to the Road and Bridge Fund and the Social Services Fund to cover contract settlements, (2) for County capital projects and various community recreation projects funded through nonmajor governmental funds and (3) to cover year end cash deficits at the County Medical Care Facilities.

The transfer from the Road and Bridge Fund to the General Fund was to help replenish the General Fund for prior transfers made for capital and community recreation projects.

The transfers from the Forfeited Tax Sale Fund were to apportion that fund's net proceeds for the year as prescribed by law.

The transfer of capital assets from the Nopeming Care Center to the governmental activities of \$2,324,520 is not reflected in the above schedule.

**Note 3. Joint Ventures**

**Arrowhead Regional Corrections**

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

Arrowhead Regional Corrections is financed through state grants and contributions from the participating counties. During 2001, (the most recent available), county contributions were in the following proportion:

Carlton County	9.64%
Cook County	1.21%
Koochiching County	2.26%
Lake County	2.93%
St. Louis County	83.96%
<b>Total</b>	<u><u>100.00%</u></u>

St. Louis County provided \$9,305,849 in funding during 2002. 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, 2001, (the most recent available), excluding general fixed assets of \$9,120,648, and general long-term debt of \$3,486,783 was:

Total Assets	\$ 3,163,194
Total Liabilities	1,162,288
Total Fund Equity	2,000,906
Total Revenues	17,553,439
Total Expenditures	17,715,009
Increase (decrease) in Fund Balance	\$ (23,401)

ST. LOUIS COUNTY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

Community Health **Services** Board

Carlton, Cook, Lake, and St. Louis Counties entered into a joint powers agreement, operating the Carlton, Cook, Lake, and St. Louis County Community Health Services Board. This agreement is entered into under the authority of the Community Health Services Act and is pursuant to the provisions of Minn. Stat. Section 471.59. The Community Health Services Board is composed of nine members. Carlton, Cook, and Lake County Boards of Commissioners, each appoints two members; the St. Louis County Board of Commissioners appoints three members. Financing is obtained through federal and state grants. St. Louis County provided no funding to this organization during 2002.

A summary of the financial information of the Community Health Services Board for December 31, 2001, (the most recent available) excluding general fixed assets of \$13,776, and general long-term debt of \$8,041, is:

Total Assets	\$ 520,640
Total Liabilities	475,625
Total Fund Equity	45,015
Total Revenues	2,630,242
Total Expenditures	2,628,440
Increase (decrease) in Fund Balance	\$ 1,802

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. Section 398A.03. It is governed by a Board composed of three members from the St. Louis County Board of Commissioners and two members from Lake County Board of Commissioners. St. Louis County is the fiscal agent for the Railroad Authority and all of its financial transactions are recorded in the County Regional Railroad Authority Agency Fund. Financing is obtained through a tax levy, and federal, state and local grants or participation. St. Louis County provided no funding to this organization during 2002.

A summary of the financial information of the Regional Railroad Authority for the year ended December 31, 2001, (the most recent available) excluding general fixed assets of \$1,670,733, and general long-term debt of \$4,210 is:

Total Assets	\$ 977,751
Total Liabilities	56,598
Total Fund Equity	921,153
Total Revenues	985,431
Total Expenditures	905,366
Increase (decrease) in Fund Balance	\$ 80,065

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

*ST. LOUIS COUNTY, MINNESOTA*  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2002

**Northeast Minnesota Office of Job Training**

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

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

A summary of the financial information of Northeast Minnesota Office of Job Training's funds for the fiscal year June 30, 2002, excluding general fixed assets of \$507,434 and general long-term debt of \$642,892 was:

Total Assets	\$ 1,769,048
Total Liabilities	290,960
Total Fund Equity	1,478,088
Total Revenues	7,169,398
Total Expenditures	6,888,238
Increase (decrease) in Fund Balance	\$ 281,160

Separate financial information can be obtained from:

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

**Northern Counties Land Use Board**

Northern Counties Land Use Board was established through a joint powers agreement pursuant to Minn. Stat. Section 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 \$7,500 in funding during 2002. 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

ST. LOUIS COUNTY, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2002

Minnesota Counties Information Systems (MCIS)

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. Section 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 user charges to the members. Cass County is the fiscal agent for MCIS.

A summary of the financial information of Minnesota Counties Information System's funds for the fiscal year ended December 31, 2000, (the most recent available) 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

Duluth Area Family Service Collaborative

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

Control of the Collaborative is vested in a Board of Directors. The County has one member on the Board. Financing is provided by state and federal grants, appropriations from the Collaborative members, and miscellaneous revenues. St. Louis County provided no funding to the Collaborative during 2002. 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, 2002, is:

Total Assets	\$	86,003
Total Liabilities		
Total Fund Equity		86,003
Total Revenues		104,630
Total Expenditures		123,734
Increase (decrease)		
in Fund Balance	\$	(30,234)

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

ST. LOUIS COUNTY, MINNESOTA  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2002

**Northern St. Louis County Family Service Collaborative**

The Northern St. Louis County Family Service Collaborative was established pursuant to Minn. Stat. Section 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 2002. 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, 2002 is:

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

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

**Minnesota Community Capital Fund**

The County is a Class A member of the Minnesota Community Capital Fund (MCCF). The MCCF was established to address unmet development financing needs of communities and economic development organizations throughout Greater Minnesota by pooling local revolving loan fund resources and providing professional management services to support local efforts. The MCCF is designed to provide its members with greater flexibility and the capacity to originate multiple loans that are much larger than would be possible with limited local resources.

**Note 4. Summary of Significant Contingencies and Other Items**

**Claims and Litigation**

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

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.

ST. LOUIS COUNTY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

**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 a 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 expenditure that it has made from funds which did not come from the County. The County carries as a capital 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, MN 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, 2002:

courts	\$ 373,338
Sheriff	51,809
Social Services	
Social Welfare	1,257,040
Estate	733,471
<b>Total</b>	<b><u>\$ 2,415,658</u></b>

**Settlements Held By the Court for Minors**

The Court Administrator, at December 31, 2002 held investments for individuals who have not reached the age of majority. These investments have a combined face value of \$5,806,564 and are not included in the County's financial statements.

**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, between 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 the Certificates, which do not constitute a pledge of the full faith and credit or taxing power of the County. At December 31, 2002, the principal balance outstanding for the debt is \$240,000.

ST. LOUIS COUNTY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

**Tax Forfeited Land Management**

The County manages approximately 900,000 acres of state-owned tax-forfeited land. This land generates revenues primarily from recreational land leases and land and timber sales. Land management costs, including forestry costs such as site preparation, seedlings, tree planting and logging roads, are accounted for as current operating expenditures. Revenues in excess of expenditures are distributed to the County and cities, towns, and school districts within the County according to state statute.

**Subsequent Events**

A projected state budget deficit for 2004-2005 in excess of \$4 billion could result in lower state aids to local governments in Minnesota. The Governor's proposed budget had identified reductions in local governmental aids. For the year ended December 31, 2002, the County's state shared revenues, aids, and grants amount to approximately 16.6% of the revenues in the general and special revenue funds. A reduction in state aid will require local governments to address the lost revenue in their future budgets.

The St. Louis County Heritage and Arts Center Board notified the St. Louis County Board on January 24, 2003, that as of January 31, 2003, they would no longer manage the Heritage and Arts Center (The Depot). Because the Depot Board has started the process of dissolution, their outstanding loan with St. Louis County in the amount of \$435,084 at December 31, 2002, may be in jeopardy of being collected. The St. Louis County Board has authorized the County Attorney to immediately take whatever steps are necessary to secure payment of as much of the loan balance as is reasonably possible. In addition, the County has entered into an emergency management agreement with Oneida Realty to continue operation of the facility.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

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

**Septic Loan** - This fund is used to account for the Agricultural Best Management Loan Program.

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

## NONMAJOR GOVERNMENTAL FUNDS Continued

### 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.

**Jail Bond** - This fund is used to account for the 1989-1993 bonds sold by the County and the Housing and Redevelopment Authority, respectively, for the purpose of financing the costs of construction of a County Jail.

**AJC Construction Bond** - This fund is used to account for 1995 bonds sold for the purpose of financing the expansion at the Arrowhead Juvenile Center.

**Law Enforcement Bond** - This 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** - This fund is used to account for the 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** - This fund is used to account for the 1999 bonds sold for the purpose of financing capital equipment purchases.

**Capital Improvement Bond** - This fund is used to account for the 2001 bonds sold for the purpose of financing various capital improvement projects.

## NONMAJOR GOVERNMENTAL FUNDS Continued

### Capital Projects Fund

Capital Projects funds are used to account for financial resources to be used for acquisition, construction, or improvement of capital facilities other than those financed by enterprise funds.

**Buildings-** This fund is used to account for building and remodeling projects.

### Permanent Fund

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

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

**ST. LOUIS COUNTY, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2002**

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
<b>ASSETS</b>			
Cash and cash equivalents	\$ 546,526	\$ -	\$ -
Investments		-	-
Delinquent taxes receivable	9,549	-	-
Accounts receivable (net)	-	-	-
Accrued interest receivable	-	-	-
Loans receivable	125,000		-
Due from other governments		454,550	204,004
Total Assets	681,075	454,550	204,004
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	18	92,405	7,619
Contracts payable			
Salaries payable	6,782		
Compensated absences payable	674		
Interfund payable		256,858	19,660
Due to other governments		105,287	176,725
Deferred revenue	8,747		
Total Liabilities	16,221	454,550	204,004
Fund Balances:			
Reserved for:			
Noncurrent loans	125,000	-	-
Future loans		-	-
Encumbrances		-	-
Debt service		-	-
Environmental trust funds		-	-
Improvement of natural resources		-	-
Unreserved:			
Undesignated	539,854		
Total Fund Balance	664,854		
Total Liabilities and Fund Balance	\$ 681,075	\$ 454,550	\$ 204,004

**ST. LOUIS COUNTY, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2002**

**Special Revenue Funds (continued)**

	<u>Septic Loan</u>	<u>Forest Resources</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 313,785	\$ 6,942,837	\$ 7,803,148
Investments			
Delinquent taxes receivable	-		9,549
Accounts receivable (net)	3,654		3,654
Accrued interest receivable	-		
Loans receivable	241,130		366,130
Due from other governments			658,554
Total Assets	<u>558,569</u>	<u>6,942,837</u>	<u>8,841,035</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable		82,403	182,445
Contracts payable			
Salaries payable			6,782
Compensated absences payable			674
Interfund payable			276,518
Due to other governments			282,012
Deferred revenue		101,054	109,801
Total Liabilities		<u>183,457</u>	<u>858,232</u>
Fund Balances:			
Reserved for:			
Noncurrent loans	241,130		366,130
Future loans	307,476		307,476
Encumbrances		56,921	56,921
Debt service		214,950	214,950
Environmental trust funds	-	-	-
Improvement of natural resources	-	-	-
Unreserved:			
Undesignated	9,963	6,487,509	7,037,326
Total Fund Balance	<u>558,569</u>	<u>6,759,380</u>	<u>7,982,803</u>
Total Liabilities and Fund Balance	<u>\$ 550,569</u>	<u>\$ 6,942,837</u>	<u>\$ 8,841,035</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2002**

**Debt Service Funds**

	<u>Jail Bond</u>	<u>AJC Construction Bond</u>	<u>Law Enforcement Bond</u>	<u>Hibbing Public Works Bond</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 451,335	\$ 49,077	\$ 114,148	\$ 12,517
Investments				
Delinquent taxes receivable	69,942	9,747	20,395	3,665
Accounts receivable (net)				
Accrued interest receivable				
Loans receivable	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	<u>521,277</u>	<u>58,824</u>	<u>134,543</u>	<u>16,182</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	23,244			
Contracts payable				
Salaries payable				
Compensated absences payable				
Interfund payable				
Due to other governments				
Deferred revenue	58,745	8,498	16,482	3,025
Total Liabilities	<u>81,989</u>	<u>8,498</u>	<u>16,482</u>	<u>3,025</u>
Fund Balances:				
Reserved for:				
Noncurrent loans	-	-	-	-
Future loans	-	-	-	-
Encumbrances	-	-	-	-
Debt service	-	-	-	-
Environmental trust funds	-	-	-	-
Improvement of natural resources	-	-	-	-
Unreserved:				
Undesignated	439,288	50,326	118,061	13,157
Total Fund Balance	<u>439,288</u>	<u>50,326</u>	<u>118,061</u>	<u>13,157</u>
Total Liabilities and Fund Balance	<u>\$ 521,277</u>	<u>\$ 58,824</u>	<u>\$ 134,543</u>	<u>\$ 16,182</u>

**ST. LOUIS COUNTY, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2002**

Debt Service Funds (continued)

	<u>1999</u> Capital Equipment Note	Capital improvement Bond	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 134,231	\$ 58,131	\$ 819,439
Investments			
Delinquent taxes receivable	32,439	26,166	162,354
Accounts receivable (net)			
Accrued interest receivable			
Loans receivable	-	-	
Due from other governments	-	<u>56,306</u>	<u>56,306</u>
Total Assets	<u>166,670</u>	<u>140,603</u>	<u>1,038,099</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	-	-	23,244
Contracts payable	-	-	
Salaries payable	-	-	
Compensated absences payable	-	-	
Interfund payable	-	-	
Due to other governments	-	-	
Deferred revenue	<u>25,479</u>	<u>15,911</u>	<u>128,140</u>
Total Liabilities	<u>25,479</u>	<u>15,911</u>	<u>151,384</u>
Fund Balances:			
Resewed for:			
Noncurrent loans	-	-	-
Future loans	-	-	-
Encumbrances	-	-	-
Debt service	-	-	-
Environmental trust funds	-	-	-
Improvement of natural resources	-	-	-
Unreserved:			
Undesignated	<u>141,191</u>	<u>124,692</u>	<u>886,715</u>
Total Fund Balance	<u>141,191</u>	<u>124,692</u>	<u>886,715</u>
Total Liabilities and Fund Balance	<u>\$ 166,670</u>	<u>\$ 140,603</u>	<u>\$ 1,038,099</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
DECEMBER 31, 2002

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Buildings	Shoreline Sales	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,877,049	\$ 5,482,048	\$ 16,981,684
Investments	1,147,365		1,147,365
Delinquent taxes receivable	32,927		204,830
Accounts receivable (net)			3,654
Accrued interest receivable	6,753		6,753
Loans receivable	-		366,130
Due from other governments	-	-	714,860
Total Assets	<u>4,064,094</u>	<u>5,482,048</u>	<u>19,425,276</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	520,239	4,924	730,852
Contracts payable	116,276		116,276
Salaries payable	-		6,782
Compensated absences payable	-	-	674
Interfund payable	-	-	276,518
Due to other governments	-	-	282,012
Deferred revenue	28,819		266,760
Total Liabilities	<u>665,334</u>	<u>4,924</u>	<u>1,679,874</u>
Fund Balances:			
Reserved for:			
Noncurrent loans	-	-	366,130
Future loans	-	-	307,476
Encumbrances			56,921
Debt service			214,950
Environmental trust funds		5,395,856	5,395,856
Improvement of natural resources		81,268	81,268
Unreserved:			
Undesignated	3,398,760		11,322,801
Total Fund Balance	<u>3,398,760</u>	<u>5,477,124</u>	<u>17,745,402</u>
Total Liabilities and Fund Balance	<u>\$ 4,064,094</u>	<u>\$ 5,482,048</u>	<u>\$ 19,425,276</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
<b>REVENUES</b>			
Taxes	\$ 161,594	\$	\$
Intergovernmental	23,149	2,836,069	618,764
Earnings on investments		1,403	
Land and timber sales			
Miscellaneous	5,156		15,009
Total Revenues	<u>189,899</u>	<u>2,837,472</u>	<u>633,773</u>
<b>EXPENDITURES</b>			
Current:			
Health and sanitation	-	-	-
Conservation of natural resources			
Economic development	116,917	2,837,472	633,773
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Highways and streets			
Total expenditures	<u>116,917</u>	<u>2,837,472</u>	<u>633,773</u>
Excess (deficiency) of revenues over expenditures	<u>72,982</u>		<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		-	-
Bonds issued		-	-
Premium proceeds		-	-
Loan proceeds			
Total other financing sources and uses			
Net change in fund balances	72,982	-	-
Fund Balance - January 1	<u>591,872</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 664,854</u>	<u>\$</u>	<u>\$</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

Special Revenue Funds (continued)

	Septic Loan	Forest Resources	Total
<b>REVENUES</b>			
Taxes	\$ -	\$ 411,573	\$ 573,167
Intergovernmental		127,063	3,605,045
Earnings on investments	8,687		10,090
Land and timber sales			
Miscellaneous		481	20,646
Total Revenues	<u>8,687</u>	<u>539,117</u>	<u>4,208,948</u>
<b>EXPENDITURES</b>			
Current:			
Health and sanitation	74		74
Conservation of natural resources		817,732	817,732
Economic development			3,588,162
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Total expenditures	<u>74</u>	<u>817,732</u>	<u>4,405,968</u>
Excess (deficiency) of revenues over expenditures	<u>8,613</u>	<u>(278,615)</u>	<u>(197,020)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		1,687,409	1,687,409
Bonds issued			
Premium proceeds	-	-	-
Loan proceeds	27,000		27,000
Total other financing sources and uses	<u>27,000</u>	<u>1,687,409</u>	<u>1,714,409</u>
Net change in fund balances	35,613	1,408,794	1,517,389
Fund Balance - January ■	<u>522,956</u>	<u>5,350,586</u>	<u>6,465,414</u>
Fund Balance - December 31	<u>\$ 558,569</u>	<u>\$ 6,759,380</u>	<u>\$ 7,982,803</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**Debt Service Funds**

	<u>Jail Bond</u>	<u>AJC Construction Bond</u>	<u>Law Enforcement Bond</u>	<u>Hibbing Public Works Bond</u>
<b>REVENUES</b>				
Taxes	\$ 1,272,790	\$ 142,024	\$ 444,820	\$ 72,785
Intergovernmental	259,326	28,526	90,633	14,847
Earnings on investments	2,509	-	-	-
Land and timber sales	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>1,534,625</u>	<u>170,550</u>	<u>535,453</u>	<u>87,632</u>
<b>EXPENDITURES</b>				
Current:				
Health and sanitation	-	-	-	-
Conservation of natural resources	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal	8,535,000	100,000	295,000	46,200
Interest and other charges	472,290	60,495	211,455	38,364
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Total expenditures	<u>9,007,290</u>	<u>160,495</u>	<u>506,455</u>	<u>84,564</u>
Excess (deficiency) of revenues over expenditures	<u>(7,472,665)</u>	<u>10,055</u>	<u>28,998</u>	<u>3,068</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		-	-	-
Bonds issued	7,415,000	-	-	-
Premium proceeds	151,400	-	-	-
Loan proceeds		-	-	-
Total other financing sources and uses	<u>7,566,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	93,735	10,055	28,998	3,068
Fund Balance - January 1	<u>345,553</u>	<u>40,271</u>	<u>89,063</u>	<u>10,089</u>
Fund Balance - December 31	<u>\$ 439,288</u>	<u>\$ 50,326</u>	<u>\$ 118,061</u>	<u>\$ 13,157</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**Debt Service Funds (continued)**

	<b>Capital Equipment Note</b>	<b>Capital Improvement Bond</b>	<b>Total</b>
<b>REVENUES</b>			
Taxes	\$ 791,074	\$ 1,181,214	\$ 3,904,707
Intergovernmental	162,062	244,085	799,479
Earnings on investments	-	-	2,509
Land and timber sales	-	-	-
Miscellaneous	-	56,306	56,306
Total Revenues	<u>953,136</u>	<u>1,481,605</u>	<u>4,763,001</u>
<b>EXPENDITURES</b>			
Current:			
Health and sanitation	-	-	-
Conservation of natural resources	-	-	-
Economic development	-	-	-
Debt service:			
Principal	795,000	705,000	10,476,200
Interest and other charges	108,135	651,913	1,542,652
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Total expenditures	<u>903,135</u>	<u>1,356,913</u>	<u>12,018,852</u>
Excess (deficiency) of revenues over expenditures	<u>50,001</u>	<u>124,692</u>	<u>(7,255,851)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Bonds issued	-	-	7,415,000
Premium proceeds	-	-	151,400
Loan proceeds	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>7,566,400</u>
Net change in fund balances	50,001	124,692	310,549
Fund Balance - January 1	<u>91,190</u>	<u>-</u>	<u>576,166</u>
Fund Balance - December 31	<u>\$ 141,191</u>	<u>\$ 124,692</u>	<u>\$ 886,715</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Buildings	Shoreline Sales	
<b>REVENUES</b>			
Taxes	\$ 466,107	\$	\$ 4,943,981
Intergovernmental	209,740		4,614,264
Earnings on investments	138,949	81,268	232,816
Land and timber sales		3,281,915	3,281,915
Miscellaneous	<u>135,791</u>	<u>-</u>	<u>212,743</u>
Total Revenues	<u>950,587</u>	<u>3,363,183</u>	<u>13,285,719</u>
<b>EXPENDITURES</b>			
Current:			
Health and sanitation	-	-	74
Conservation of natural resources	-	-	817,732
Economic development	-	-	3,588,162
Debt service:			
Principal	-	-	10,476,200
Interest and other charges	-	-	1,542,652
Capital outlay:			
General government	7,316,880		7,316,880
Public safety	602,526		602,526
Highways and streets	<u>3,281,270</u>		<u>3,281,270</u>
Total expenditures	<u>11,200,676</u>		<u>27,625,496</u>
Excess (deficiency) of revenues over expenditures	<u>(10,250,089)</u>	<u>3,363,183</u>	<u>(14,339,771)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,925,000		6,612,409
Bonds issued			7,415,000
Premium proceeds			151,400
Loan proceeds			<u>27,000</u>
Total other financing sources and uses	<u>4,925,000</u>		<u>14,205,809</u>
Net change in fund balances	(5,325,089)	3,363,183	(133,968)
Fund Balance - January 1	<u>8,723,849</u>	<u>2,113,941</u>	<u>17,879,370</u>
Fund Balance - December 31	<u>\$ 3,398,760</u>	<u>\$ 5,477,124</u>	<u>\$ 17,745,402</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HOUSING AND REDEVELOPMENT AUTHORITY SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Original and Final Budgeted Amounts	Actual Amounts <b>Budgetary</b> Basis	Variance with Final Budget Over (Under)
<b>REVENUES</b>			
Taxes	\$ 159,853	\$ 161,594	\$ 1,741
Intergovernmental	23,147	23,149	2
Miscellaneous		5,156	5,156
Total Revenues	<u>183,000</u>	<u>189,899</u>	<u>6,899</u>
<b>EXPENDITURES</b>			
Economic development			
Personnel services	80,010	77,863	(2,147)
Other operating	217,950	39,054	(178,896)
Total Expenditures	<u>297,960</u>	<u>116,917</u>	<u>(181,043)</u>
Excess of Revenues Over (Under) Expenditures	(114,960)	72,982	187,942
Fund Balance -January 1	<u>591,872</u>	<u>591,872</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 476,912</u>	<u>\$ 664,854</u>	<u>\$ 187,942</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 3,291,500	\$ 5,731,096	\$ 2,836,069	\$ (2,895,027)
Earnings on investments			1,403	1,403
Total Revenues	3,291,500	5,731,096	2,837,472	(2,893,624)
 <b>EXPENDITURES</b>				
Economic development				
Other operating	3,291,500	5,731,096	2,837,472	(2,893,624)
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	\$ -	\$ -	\$ -	\$ -

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**NORTHEAST MINNESOTA HOUSING CONSORTIUM SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 770,000	\$ 2,172,385	\$ 618,764	\$ (1,553,621)
Miscellaneous			15,009	15,009
Total Revenues	770,000	2,172,385	633,773	(1,538,612)
 <b>EXPENDITURES</b>				
Economic development				
Other operating	770,000	2,172,385	618,764	(1,553,621)
Capital outlay	-		15,009	15,009
Total Expenditures	770,000	2,172,385	633,773	(1,538,612)
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  
SEPTIC LOAN SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 8,687	\$ 8,687
EXPENDITURES				
Health and sanitation				
Other operating		38,212	74	(38,138)
Excess of Revenues Over (Under) Expenditures	-	(38,212)	8,613	46,825
OTHER FINANCING SOURCES (USES)				
Loan proceeds			27,000	27,000
Net change in fund balances		(38,212)	35,613	73,825
Fund Balance- January 1	522,956	522,956	522,956	
Fund Balance - December 31	\$ 522,956	\$ 484,744	\$ 558,569	\$ 73,825

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOREST RESOURCES SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 330,000	\$ 330,000	\$ 411,573	\$ 81,573
Intergovernmental	132,000	132,000	127,063	(4,937)
Miscellaneous			48	481
Total Revenues	462,000	462,000	539,117	77,117
 <b>EXPENDITURES</b>				
Conservation of natural resources				
Other operating	897,500	1,197,500	874,653	(322,847)
Excess of Revenues Over (Under) Expenditures	(435,500)	(735,500)	(335,536)	399,964
 <b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,687,409	1,687,409	
Net change in fund balances	(435,500)	951,909	1,351,873	399,964
Fund Balance -January 1	5,350,586	5,350,586	5,350,586	
Fund Balance - December 31	\$ 4,915,086	\$ 6,302,495	\$ 6,702,459	\$ 399,964

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**JAIL BOND DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 1,258,357	\$ 1,258,357	\$ 1,272,790	\$ 14,433
Intergovernmental	259,326	259,326	259,326	
Earnings on investments			2,509	2,509
Total Revenues	<u>1,517,683</u>	<u>1,517,683</u>	<u>1,534,625</u>	<u>16,942</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	1,040,000	8,535,000	8,535,000	
Interest and fiscal charges	405,412	405,412	405,412	
Cost of bond issuance	-	66,878	66,878	
Total Expenditures	<u>1,445,412</u>	<u>9,007,290</u>	<u>9,007,290</u>	
Excess of Revenues Over (Under) Expenditures	72,271	(7,489,607)	(7,472,665)	16,942
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued		7,415,000	7,415,000	-
Premium proceeds		151,400	151,400	-
Total other financing sources (uses)		<u>7,566,400</u>	<u>7,566,400</u>	<u>-</u>
Net change in fund balances	72,271	76,793	93,735	16,942
Fund Balance - January 1	<u>345,553</u>	<u>345,553</u>	<u>345,553</u>	
Fund Balance - December 31	<u>\$ 417,824</u>	<u>\$ 422,346</u>	<u>\$ 439,288</u>	<u>\$ 16,942</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**AJC CONSTRUCTION BOND DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
<b>REVENUES</b>			
Taxes	\$ 139,994	\$ 142,024	\$ 2,030
Intergovernmental	28,526	28,526	
Total Revenues	<u>168,520</u>	<u>170,550</u>	<u>2,030</u>
<b>EXPENDITURES</b>			
Debt service			
Principal	100,000	100,000	
Interest and fiscal charges	60,495	60,495	
Total Expenditures	<u>160,495</u>	<u>160,495</u>	
Excess of Revenues Over (Under) Expenditures	8,025	10,055	2,030
Fund Balance- January 1	<u>40,271</u>	<u>40,271</u>	
Fund Balance- December 31	<u>\$ 48,296</u>	<u>\$ 50,326</u>	<u>\$ 2,030</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**LAW ENFORCEMENT BOND DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
<b>REVENUES</b>			
Taxes	\$ 441,145	\$ 444,820	\$ 3,675
Intergovernmental	90,633	90,633	-
Total Revenues	<u>531,778</u>	<u>535,453</u>	<u>3,675</u>
<b>EXPENDITURES</b>			
Debt service			
Principal	295,000	295,000	-
Interest and fiscal charges	<u>211,455</u>	<u>211,455</u>	<u>-</u>
Total Expenditures	<u>506,455</u>	<u>506,455</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	25,323	28,998	3,675
Fund Balance - January 1	<u>89,063</u>	<u>89,063</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 114,386</u>	<u>\$ 118,061</u>	<u>\$ 3,675</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**HIBBING PUBLIC WORKS BOND DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Original and Final Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
<b>REVENUES</b>			
Taxes	\$ 71,947	\$ 72,785	\$ 838
Intergovernmental	14,847	14,847	-
Total Revenues	<u>86,794</u>	<u>87,632</u>	<u>838</u>
<b>EXPENDITURES</b>			
Debt service			
Principal	46,200	46,200	-
Interest and fiscal charges	40,594	38,364	(2,230)
Total Expenditures	<u>86,794</u>	<u>84,564</u>	<u>(2,230)</u>
Excess of Revenues Over (Under) Expenditures	-	3,068	3,068
Fund Balance - January 1	<u>10,089</u>	<u>10,089</u>	<u>          </u>
Fund Balance - December 31	<u>\$ 10,089</u>	<u>\$ 13,157</u>	<u>\$ 3,068</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CAPITAL EQUIPMENT NOTE DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
<b>REVENUES</b>			
Taxes	\$ 786,230	\$ 791,074	\$ 4,844
Intergovernmental	<u>162,062</u>	<u>162,062</u>	
Total Revenues	<u>948,292</u>	<u>953,136</u>	<u>4,844</u>
<b>EXPENDITURES</b>			
Debt service			
Principal	795,000	795,000	
Interest and fiscal charges	<u>108,135</u>	<u>108,135</u>	
Total Expenditures	<u>903,135</u>	<u>903,135</u>	
Excess of Revenues Over (Under) Expenditures	45,157	50,001	4,844
Fund Balance - January 1	<u>91,190</u>	<u>91,190</u>	
Fund Balance - December 31	<u>\$ 136,347</u>	<u>\$ 141,191</u>	<u>\$ 4,844</u>

*ST. LOUIS COUNTY, MINNESOTA*  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CAPITAL IMPROVEMENT BOND DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
<b>REVENUES</b>			
Taxes	\$ 1,180,674	\$ 1,181,214	\$ 540
Intergovernmental	244,085	244,085	
Miscellaneous		56,306	56,306
Total Revenues	<u>1,424,759</u>	<u>1,481,605</u>	<u>56,846</u>
<b>EXPENDITURES</b>			
Debt service			
Principal	705,000	705,000	
Interest and fiscal charges	651,913	651,913	
Total Expenditures	<u>1,356,913</u>	<u>1,356,913</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	67,846	124,692	56,846
Fund Balance-January 1	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund Balance - December 31	<u>\$ 67,846</u>	<u>\$ 124,692</u>	<u>\$ 56,846</u>

## NONMAJOR ENTERPRISE FUNDS

**Nopeming Care Center** - This fund is used to account for providing nursing home facilities for the public.

**Community Foods** - This fund is used to account for providing meals and for participants in various programs administered by the Social Services Department and other agencies.

**Laundry** - This fund is used to account for the costs of operating a laundry facility used by County departments and other agencies.

**Supervised Living Facilities** - This fund is used to account for services that enable elderly and/or handicapped individuals to maintain a degree of independence.

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**DECEMBER 31, 2002**

	<u>Nopeming Care Center</u>	<u>Community Food</u>	<u>Laundry</u>	<u>Supervised Living Facilities</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 367	\$ 89,964	\$ 235,860	\$ 630,444	\$ 956,635
Accounts receivable(net)	43,988	178,474	53,593	5,644	281,699
Inventories		18,509	42,995	-	61,504
Prepaid items		56,220	15,787	-	72,007
Total current assets	<u>44,355</u>	<u>343,167</u>	<u>348,235</u>	<u>636,088</u>	<u>1,371,845</u>
Capital assets:					
Buildings and structures			1,022,205		1,022,205
Machinery and equipment			322,808	9,000	331,808
Linens			228,516	-	228,516
Vehicles			45,709		45,709
Less accumulated depreciation			(786,042)	(3,600)	(789,642)
Total capital asset (net)			<u>833,196</u>	<u>5,400</u>	<u>838,596</u>
Total assets	<u>44,355</u>	<u>343,167</u>	<u>1,181,431</u>	<u>641,488</u>	<u>2,210,441</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	18,157	39,609	33,757	1,850	93,373
Salaries payable		32,531	28,759	29,191	90,481
Compensated absences payable		3,857	1,999	2,972	8,828
Deferred revenue		1,642	1,727	1,190	4,559
Total current liabilities	<u>18,157</u>	<u>77,639</u>	<u>66,242</u>	<u>35,203</u>	<u>197,241</u>
Noncurrent liabilities:					
Compensated absences payable		129,019	290,474	118,621	538,114
Total liabilities	<u>18,157</u>	<u>206,658</u>	<u>356,716</u>	<u>153,824</u>	<u>735,355</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt			833,196	5,400	838,596
Unrestricted	26,198	136,509	(8,481)	482,264	636,490
Total net assets	<u>\$ 26,198</u>	<u>\$ 136,509</u>	<u>\$ 824,715</u>	<u>\$ 487,664</u>	<u>\$ 1,475,086</u>

ST. LOUIS COUNTY, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Nopeming Care Center	Community Food	Laundry	Supervised Living Facilities	Total
<b>Operating Revenues</b>					
Charges for services	\$ 5,242,194	\$ 1,302,440	\$ 1,157,348	\$ 779,559	\$ 8,481,541
Other	58,276	5,306	799		64,381
<b>Total Operating Revenues</b>	<b>5,300,470</b>	<b>1,307,746</b>	<b>1,158,147</b>	<b>779,559</b>	<b>8,545,922</b>
<b>Operating Expenses</b>					
Personal services	4,477,703	804,251	804,230	499,433	6,585,617
Contractual services	1,695,432	164,288	224,634	103,783	2,188,137
Materials	309,281	400,518	65,399	11,817	787,015
Depreciation	158,927		17,929	900	177,756
<b>Total Operating Expenses</b>	<b>6,641,343</b>	<b>1,369,057</b>	<b>1,112,192</b>	<b>615,933</b>	<b>9,738,525</b>
<b>Operating Income (Loss)</b>	<b>(1,340,873)</b>	<b>(61,311)</b>	<b>45,955</b>	<b>163,626</b>	<b>(1,192,603)</b>
<b>Nonoperating Revenues (Expenses)</b>					
Taxes	472				472
<b>Income (Loss) before contributions and transfers</b>	<b>(1,340,401)</b>	<b>(61,311)</b>	<b>45,955</b>	<b>163,626</b>	<b>(1,192,131)</b>
Transfers in	1,192,934				1,192,934
Transfers out	(2,324,520)				(2,324,520)
<b>Changes in net assets</b>	<b>(2,471,987)</b>	<b>(61,311)</b>	<b>45,955</b>	<b>163,626</b>	<b>(2,323,717)</b>
<b>Net assets - January 1 - restated</b>	<b>2,498,185</b>	<b>197,820</b>	<b>778,760</b>	<b>324,038</b>	<b>3,798,803</b>
<b>Net assets - December 31</b>	<b>\$ 26,198</b>	<b>\$ 136,509</b>	<b>\$ 824,715</b>	<b>\$ 487,664</b>	<b>\$ 1,475,086</b>

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Nopeming Care Center	Community Food	Laundry	Supervised Living Facilities	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 6,147,223	\$ 1,217,965	\$ 1,166,514	\$ 785,124	\$ 9,316,826
Payments to suppliers	(2,124,840)	(560,011)	(282,131)	(117,414)	(3,084,396)
Payments to employees	(5,287,845)	(812,028)	(813,286)	(566,914)	(7,480,073)
Other receipts (payments)	44,356	5,310	1,035	24	50,725
Net cash provided (used) by operating activities	<u>(1,221,106)</u>	<u>(148,764)</u>	<u>72,132</u>	<u>100,820</u>	<u>(1,196,918)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Proceeds from taxes	471				471
Cash payments to the Social Service Fund				(107,692)	(107,692)
Proceeds from interfund transfers	1,192,934				1,192,934
Net cash provided by noncapital financing	<u>1,193,405</u>			<u>(107,692)</u>	<u>1,085,713</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets			(28,280)		(28,280)
Sale of capital assets	27,258				27,258
Net capital provided (used) by capital and related financing activities	<u>27,258</u>		<u>(28,280)</u>		<u>(1,022)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(443)	(148,764)	43,852	(6,872)	(112,227)
Balances - January 1	810	238,728	192,008	637,316	1,068,862
Balances - December 31	<u>\$ 367</u>	<u>\$ 89,964</u>	<u>\$ 235,860</u>	<u>\$ 630,444</u>	<u>\$ 956,635</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (1,340,873)	\$ (61,311)	\$ 45,955	\$ 163,626	\$ (1,192,603)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	158,927		17,929	900	177,756
(Increase) Decrease Receivables, net	949,037	(84,475)	9,166	5,565	879,293
(Increase) Decrease Inventories	21,477	951	18,496		40,924
(Increase) Decrease Prepaid items		519	(15,787)		(15,268)
Increase (Decrease) Accounts payable	(951,745)	3,325	5,193	(1,814)	(945,041)
Increase (Decrease) Salaries payable		6,953	(803)	3,951	10,101
Increase (Decrease) Compensated absences payable		(14,730)	(8,253)	(71,432)	(94,415)
Increase (Decrease) Due to other government			150		150
Increase (Decrease) Deferred revenue	(57,929)	4	86	24	(57,815)
Total Adjustments	<u>119,767</u>	<u>(87,453)</u>	<u>26,177</u>	<u>(62,806)</u>	<u>(4,315)</u>
Net cash provided by operating activities	<u>\$ (1,221,106)</u>	<u>\$ (148,764)</u>	<u>\$ 72,132</u>	<u>\$ 100,820</u>	<u>\$ (1,196,918)</u>
<b>NONCASH ACTIVITIES</b>					
Disposed of capital assets (book value)	\$ 10,027	\$ -	\$ -	\$ -	\$ 10,027
Donation of capital assets			28,280		28,280
Transfer of capital assets	2,324,520				2,324,520

## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2002**

	Printing	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 112,719	\$ 825,580	\$ 674,397	\$ 456,599
Investments			5,356,467	4,447,139
Accounts receivable	14,032	1,724		160
Accrued interest receivable			43,609	49,719
Due from other governments	18,714		-	-
Inventories	185,222	32,120	-	-
Prepaid items	-		-	-
Total current assets	<u>330,687</u>	<u>859,424</u>	<u>6,074,473</u>	<u>4,953,617</u>
Capital assets:				
Land	-	25,500	-	-
Buildings and structures		778,730	-	-
Machinery and equipment	371,525	79,214	-	-
Vehicles		1,715,600	-	-
Less accumulated depreciation	(242,096)	(1,516,846)		-
Total capital asset (net)	<u>129,429</u>	<u>1,082,198</u>	<u>-</u>	<u>-</u>
Total assets	<u>460,116</u>	<u>1,941,622</u>	<u>6,074,473</u>	<u>4,953,617</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	75,668	27,564	4,318	100,464
Salaries payable	9,912	15,027		
Compensated absences payable	3,156	1,979	-	
Claims payable			612,373	807,285
Due to other governments		2,192	-	45
Deferred revenue	581	867	-	
Capital leases payable				
Total current liabilities	<u>89,317</u>	<u>47,629</u>	<u>616,691</u>	<u>907,794</u>
Noncurrent liabilities:				
Compensated absences payable	134,808	89,505	-	
Claims payable			-	5,255,802
Capital leases payable			-	
Total long-term liabilities	<u>134,808</u>	<u>89,505</u>	<u>-</u>	<u>5,255,802</u>
Total liabilities	<u>224,125</u>	<u>137,134</u>	<u>616,691</u>	<u>6,163,596</u>
<b>NET ASSETS</b>				
Invested in capital assets	129,429	1,082,198	-	
Unrestricted	106,562	722,290	5,457,782	(1,209,979)
Total net assets	<u>\$ 235,991</u>	<u>\$ 1,804,488</u>	<u>\$ 5,457,782</u>	<u>\$ (1,209,979)</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2002**

	<u>Medical Dental Insurance</u>	<u>Management Information Systems</u>	<u>Telecommu- nications</u>	<u>Retired Employees' Health Insurance</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 1,579,806	\$ 2,289,657	\$ 920,134	\$ 2,632,310	\$ 9,491,202
Investments	14,109,914				23,913,520
Accounts receivable	182,137				198,053
Accrued interest receivable	126,979				220,307
Due from other governments		47,437	1,301		67,452
Inventories		10,921	9,550		237,813
Prepaid items	44,123				44,123
Total current assets	<u>16,042,959</u>	<u>2,348,015</u>	<u>930,985</u>	<u>2,632,310</u>	<u>34,172,470</u>
Capital assets:					
Land	-		-		25,500
Buildings and structures	-	55,506			834,236
Machinery and equipment	-	2,533,530	2,461,637		5,445,906
Vehicles	-				1,715,600
Less accumulated depreciation		<u>(1,969,235)</u>	<u>(2,174,890)</u>	-	<u>(5,903,067)</u>
Total capital asset (net)		<u>619,801</u>	<u>286,747</u>	-	<u>2,118,175</u>
Total assets	<u>16,042,959</u>	<u>2,967,816</u>	<u>1,217,732</u>	<u>2,632,310</u>	<u>36,290,645</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	28,787	90,757	67,482	-	395,040
Salaries payable		111,899	13,026		149,864
Compensated absences payable		29,742	1,991	1,105,000	1,141,868
Claims payable	2,294,167	-			3,713,825
Due to other governments			4,116		6,353
Deferred revenue	735,861	5,839	718		743,866
Capital leases payable	-	<u>10,470</u>			<u>10,470</u>
Total current liabilities	<u>3,058,815</u>	<u>248,707</u>	<u>87,333</u>	<u>1,105,000</u>	<u>6,161,286</u>
Noncurrent liabilities:					
Compensated absences payable	-	839,639	84,050	1,527,310	2,675,312
Claims payable	-				5,255,802
Capital leases payable	-	14,832			14,832
Total long-term liabilities	-	<u>854,471</u>	<u>84,050</u>	<u>1,527,310</u>	<u>7,945,946</u>
Total liabilities	<u>3,058,815</u>	<u>1,103,178</u>	<u>171,383</u>	<u>2,632,310</u>	<u>14,107,232</u>
<b>NET ASSETS</b>					
Invested in capital assets		619,801	286,747	-	2,118,175
Unrestricted	12,984,144	1,244,837	759,602		20,065,238
Total net assets	<u>\$ 12,984,144</u>	<u>\$ 1,864,638</u>	<u>\$ 1,046,349</u>	<u>\$</u>	<u>\$ 22,183,413</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Printing	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
Operating Revenues:				
Charges for services	\$ 1,365,961	\$ 1,416,774	\$ 498,336	\$ 1,399,996
Other	<u>1,154</u>	<u>7,418</u>	<u>1,662</u>	<u>448,875</u>
Total Operating Revenues	<u>1,367,115</u>	<u>1,424,192</u>	<u>499,998</u>	<u>1,848,871</u>
 Operating Expenses:				
Personal services	272,198	396,747		
Contractual services	616,233	272,178	506,852	3,533,376
Materials	542,676	471,108		
Depreciation	<u>21,990</u>	<u>145,659</u>		
Total Operating Expenses	<u>1,453,097</u>	<u>1,285,692</u>	<u>506,852</u>	<u>3,533,376</u>
 Operating Income (Loss)	<u>(85,982)</u>	<u>138,500</u>	<u>(6,854)</u>	<u>(1,684,505)</u>
 Nonoperating revenues (expenses):				
Earnings on investments			244,733	115,989
Loss or gain on asset disposal		(12,606)		
Disposition of fixed assets	<u>(2,275)</u>	<u>41,960</u>		
 Total Nonoperating Revenues (Expenses)	<u>(2,275)</u>	<u>29,354</u>	<u>244,733</u>	<u>115,989</u>
 Changes in net assets	<u>(88,257)</u>	<u>167,854</u>	<u>237,879</u>	<u>(1,568,516)</u>
 Net assets - January 1	<u>324,248</u>	<u>1,636,634</u>	<u>5,219,903</u>	<u>358,537</u>
 Net assets - December 31	<u>\$ 235,991</u>	<u>\$ 1,804,488</u>	<u>\$ 5,457,782</u>	<u>\$ (1,209,979)</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF REVENUES EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31,2002**

	<b>Medical/ Dental Insurance</b>	<b>Management Information Systems</b>	<b>Telecommu- nications</b>	<b>Retired Employees' Health Insurance</b>	<b>Total</b>
Operating Revenues:					
Charges for services	\$ 21,091,069	\$ 3,897,420	\$ 1,599,644	\$ 1,172,384	\$ 32,441,584
Other		626,813	7,256		1,093,178
Total Operating Revenues	<u>21,091,069</u>	<u>4,524,233</u>	<u>1,606,900</u>	<u>1,172,384</u>	<u>33,534,762</u>
Operating Expenses:					
Personal services		2,548,993	324,372		3,542,310
Contractual services	19,374,832	1,312,975	866,717	1,172,384	27,655,547
Materials		318,445	158,868		1,491,097
Depreciation		221,320	80,896		469,865
Total Operating Expenses	<u>19,374,832</u>	<u>4,401,733</u>	<u>1,430,853</u>	<u>1,172,384</u>	<u>33,158,819</u>
Operating Income (Loss)	<u>1,716,237</u>	<u>122,500</u>	<u>176,047</u>		<u>375,943</u>
Nonoperating revenues (expenses):					
Earnings on investments	441,551				802,273
Loss or gain on asset disposal					(12,606)
Disposition of fixed assets					39,685
Total Nonoperating Revenues (Expenses)	<u>441,551</u>				<u>829,352</u>
Changes in net assets	2,157,788	122,500	176,047		1,205,295
Net assets - January 1	<u>10,826,356</u>	<u>1,742,138</u>	<u>870,302</u>		<u>20,978,118</u>
Net assets - December 31	<u>\$ 12,984,144</u>	<u>\$ 1,864,638</u>	<u>\$ 1,046,349</u>	<u>\$ -</u>	<u>\$ 22,183,413</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Printing	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 1,374,625	\$ 1,415,835	\$ 498,336	\$ 1,399,836
Payments to suppliers	(1,192,829)	(734,850)	3,434	22,732
Payments to employees	(264,453)	(381,950)		
Claims paid			(296,037)	(2,463,635)
Other receipts (payments)	1,162	7,372	1,662	354,199
Net cash provided (used) by operating activities	(81,495)	306,407	207,395	(686,868)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets		(278,834)		
Payments on capital leases				
Other receipts (payments)		41,960		
Net capital provided (used) by capital and related financing activities		(236,874)		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	-		(5,747,519)	(6,432,499)
Sale of investments	-		5,087,913	7,439,695
Interest and dividends			162,989	136,271
Net Cash Provided by Investing Activities			(496,617)	1,143,467
Net Increase (Decrease) in Cash and Cash Equivalents	(81,495)	69,533	(289,222)	456,599
Balances - January 1	194,214	756,047	963,619	
Balances - December 31	\$ 112,719	\$ 825,580	\$ 674,397	\$ 456,599
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (85,982)	\$ 138,500	\$ (6,854)	\$ (1,684,505)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	21,990	145,659	-	-
(Increase) Decrease Receivables, net	27,378	(939)	-	(160)
(Increase) Decrease Due from other government	(18,714)		-	-
(Increase) Decrease Inventories	(41,342)	3,874	-	-
(Increase) Decrease Prepaid items	38,739		-	-
Increase (Decrease) Accounts payable	(31,317)	4,562	3,434	22,732
Increase (Decrease) Salaries payable	1,167	495	-	-
Increase (Decrease) Compensated absences payable	6,578	14,302		
Increase (Decrease) Claims payable	-	-	210,815	1,069,741
Increase (Decrease) Interfund payable	-			(94,721)
Increase (Decrease) Due to other government	-	(22)	-	45
Increase (Decrease) Deferred revenue	8	(24)	-	-
Total Adjustments	4,487	167,907	214,249	997,637
Net cash provided by operating activities	\$ (81,495)	\$ 306,407	\$ 207,395	\$ (686,868)
<b>NON-CASH ACTIVITIES</b>				
Change in fair market value of investments	\$ -	\$ -	\$ 108,948	\$ 1,051

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Medical/ Dental Insurance	Management Information Systems	Telecommu- nications	Retired Employees' Health Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 21,065,546	\$ 3,849,983	\$ 1,609,294	\$ 1,172,384	\$ 32,385,839
Payments to suppliers	(77,798)	(1,617,399)	(1,041,219)		(4,637,929)
Payments to employees	-	(2,509,923)	(316,181)	(1,105,437)	(4,577,944)
Claims paid	(19,093,333)			-	(21,853,005)
Other receipts (payments)	368,121	595,594	(986)		1,327,124
Net cash provided (used) by operating activities	<u>2,262,536</u>	<u>318,255</u>	<u>250,908</u>	<u>66,947</u>	<u>2,644,085</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets		(221,980)	(69,053)		(569,867)
Payments on capital leases		(10,470)			(10,470)
Other receipts (payments)					41,960
Net capital provided (used) by capital and related financing activities		<u>(232,450)</u>	<u>(69,053)</u>		<u>(538,377)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(18,082,977)			-	(30,262,995)
Sale of investments	11,939,610				24,467,218
Interest and dividends	488,267				787,527
Net Cash Provided by Investing Activities	<u>(5,655,100)</u>				<u>(5,008,250)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,392,564)	85,805	181,855	66,947	(2,902,542)
Balances- January 1	4,972,370	2,203,852	738,279	2,565,363	12,393,744
Balances - December 31	<u>\$ 1,579,806</u>	<u>\$ 2,289,657</u>	<u>\$ 920,134</u>	<u>\$ 2,632,310</u>	<u>\$ 9,491,202</u>
<b>Reconciliation of operating Income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 1,716,237	\$ 122,500	\$ 176,047	\$ -	\$ 375,943
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense		221,320	80,896		469,865
(Increase) Decrease Receivables, net	(25,523)	(47,437)	9,650		(37,031)
(Increase) Decrease Due from other government		(4,175)	9,820		(13,069)
(Increase) Decrease Inventories					(37,468)
(Increase) Decrease Prepaid items	(44,123)				(5,384)
Increase (Decrease) Accounts payable	(33,675)	18,196	(25,454)		(41,522)
Increase (Decrease) Salaries payable		15,544	1,745		18,951
Increase (Decrease) Compensated absences payable		23,526	6,446	66,947	117,799
Increase (Decrease) Claims payable	281,499	-	-		1,562,055
Increase (Decrease) Interfund payable		-	-		(94,721)
Increase (Decrease) Due to other government		(31,145)	(8,232)		(39,354)
Increase (Decrease) Deferred revenue	368,121	(74)	(10)		368,021
Total Adjustments	<u>546,299</u>	<u>195,755</u>	<u>74,861</u>	<u>66,947</u>	<u>2,268,142</u>
Net cash provided by operating activities	<u>\$ 2,262,536</u>	<u>\$ 318,255</u>	<u>\$ 250,908</u>	<u>\$ 66,947</u>	<u>\$ 2,644,085</u>
<b>NON-CASH ACTIVITIES</b>					
Change in fair market value of investments	\$ (11,380)	\$ -	\$ -	\$ -	\$ 98,619

## **FIDUCIARY FUNDS**

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

### **investment Trust Funds**

**Taconite Relief** - This fund is used to account for the tax imposed by Minn. Stat. 298.015.

**Taconite Production Tax** - This fund is used to account for the tax imposed by Minn Stat. 298.24

## AGENCY FUNDS

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

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

**Cities and Towns Fines** - This fund is used to account for the collection and payment of funds due to organized and unorganized townships and cities.

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

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

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

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

**High Voltage Credit** - This 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** - This fund is used to account for fines charged to persons convicted of assault.

## **AGENCY FUNDS** **Continued**

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

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

**Duluth Area Family Services Collaborative** - This fund is used to account for the financial transactions of the Duluth Area Family Services Collaborative for whom the County is the fiscal agent.

**Local Collaborative Time Study** - This fund is used to account for the time study funds received from the State to be remitted to the local collaboratives as requested.

**Northern St. Louis County Family Service Collaborative** - This fund is used to account for the financial transactions of the Northern St. Louis County Family Services Collaborative Fund for whom the County is the fiscal agent.

**Caribou Lake Waste Water** - This fund is used to account for the financial transactions of the Caribou Lake Alternative Waste Water Committee.

**Regional Railroad Authority** - This fund is used to account for the financial transactions of the Regional Railroad Authority for whom the County is the fiscal agent.

**Northern Counties Land Use Board** - This fund is used to account for the financial transactions of the Northern Counties Land Use Board for whom the County is the fiscal agent.

**Agency Miscellaneous** - This fund is used to account for the activities not accounted for in another agency fund.

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
DECEMBER 31, 2002

	<b>Investment Trust Funds</b>		
	<b>Taconite Relief</b>	<b>Taconite Production Tax</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 362	\$ 362
Investments	18,164,822	848,592	19,013,414
Accrued interest receivable	175,944	401	176,345
Due from other funds	796,955		796,955
Total Assets	19,137,721	849,355	19,987,076
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Due to other funds		796,955	796,955
<b>NET ASSETS</b>			
Held in trust for pool participants and other purposes	\$ 19,137,721	\$ 52,400	\$ 19,190,121

ST. LOUIS COUNTY, MINNESOTA  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Investment Trust Funds</b>		
	<b>Taconite Relief</b>	<b>Taconite Production Tax</b>	<b>Total</b>
<b>ADDITIONS</b>			
Taconite taxes	\$ 10,114,899	\$ 19,709,789	\$ 29,824,688
Earnings on investments	963,304	55,072	1,018,376
Total Additions	11,078,203	19,764,861	30,843,064
<b>DEDUCTIONS</b>			
Distribution to participants	21,862,004	21,661,169	43,523,173
Changes in net assets	(10,783,801)	(1,896,308)	(12,680,109)
Net assets - January 1	29,921,522	1,948,708	31,870,230
Net assets - December 31	\$ 19,137,721	\$ 52,400	\$ 19,190,121

**ST. LOUIS COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Balance January 1	Additions	Deductions	Balance December 31
<b>STATE OF MINNESOTA FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 803,941	\$ 19,982,772	\$ 20,148,259	\$ 638,454
Due from other governments	15,244	256,649	15,244	256,649
Total Assets	<u>\$ 819,185</u>	<u>\$ 20,239,421</u>	<u>\$ 20,163,503</u>	<u>\$ 895,103</u>
LIABILITIES				
Salaries payable	\$ 2,518	\$ 87,676	\$ 87,146	\$ 3,048
Due to other governments	816,667	20,151,745	20,076,357	892,055
Total Liabilities	<u>\$ 819,185</u>	<u>\$ 20,239,421</u>	<u>\$ 20,163,503</u>	<u>\$ 895,103</u>
<b>BEER-AUCTIONEER LICENSES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,992	\$ 2,972	\$ 20
LIABILITIES				
Due to other governments	\$ -	\$ 2,992	\$ 2,972	\$ 20
<b>CITIES AND TOWNS FINES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 83,222	\$ 1,468,412	\$ 1,434,099	\$ 117,535
LIABILITIES				
Due to other governments	\$ 83,222	\$ 1,468,412	\$ 1,434,099	\$ 117,535
<b>TAXES AND PENALTIES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 4,115,247	\$ 193,175,748	\$ 192,418,899	\$ 4,872,096
LIABILITIES				
Due to other governments	\$ 4,115,247	\$ 193,175,748	\$ 192,418,899	\$ 4,872,096
<b>PAYROLL DEDUCTIONS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 490,992	\$ 60,207,475	\$ 60,166,065	\$ 532,402
LIABILITIES				
Accounts payable	\$ 63,381	\$ 59,309	\$ 63,381	\$ 59,309
Due to other governments	427,611	60,148,166	60,102,684	473,093
Total Liabilities	<u>\$ 490,992</u>	<u>\$ 60,207,475</u>	<u>\$ 60,166,065</u>	<u>\$ 532,402</u>

ST. LOUIS COUNTY, MINNESOTA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Balance January 1	Additions	Deductions	Balance December 31
<b>SERIES EE SAVINGS BOND FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 1,652	\$ 96,297	\$ 96,485	\$ 1,464
LIABILITIES				
Due to other governments	\$ 1,652	\$ 96,297	\$ 96,485	\$ 1,464
<b>CANCELED CHECK FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 59,736	\$ 48,436	\$ 57,763	\$ 50,409
LIABILITIES				
Accounts payable	\$ 59,736	\$ 48,436	\$ 57,763	\$ 50,409
<b>HIGH VOLTAGE CREDIT FUND</b>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 77,771	\$ 77,771	\$ -
LIABILITIES				
Due to other governments	\$ -	\$ 77,771	\$ 77,771	\$ -
<b>ASSAULT FEES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 283	\$ 28,296	\$ 27,185	\$ 1,394
LIABILITIES				
Accounts payable	\$ 283	\$ 28,296	\$ 27,185	\$ 1,394
<b>ARROWHEAD REGIONAL CORRECTIONS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 1,988,172	\$ 18,856,567	\$ 18,267,101	\$ 2,577,638
Accounts receivable	60,340	722,612	739,595	43,357
Due from other governments	958,620	769,814	934,997	793,437
Total Assets	<u>\$ 3,007,132</u>	<u>\$ 20,348,993</u>	<u>\$ 19,941,693</u>	<u>\$ 3,414,432</u>
LIABILITIES				
Accounts payable	\$ 316,790	\$ 4,331,151	\$ 4,279,866	\$ 368,075
Salaries payable	667,780	604,190	667,780	604,190
Due to other governments	2,022,562	15,413,652	14,994,047	2,442,167
Total Liabilities	<u>\$ 3,007,132</u>	<u>\$ 20,348,993</u>	<u>\$ 19,941,693</u>	<u>\$ 3,414,432</u>

*ST. LOUIS COUNTY, MINNESOTA*  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance January 1	Additions	Deductions	Balance December 31
<b>COMMUNITY HEALTH SERVICES FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 150,742	\$ 3,521,157	\$ 3,413,055	\$ 258,844
Accounts receivable	54,038	69,847	123,885	
Due from other governments	118,326	344,292	118,326	344,292
Total Assets	<u>\$ 323,106</u>	<u>\$ 3,935,296</u>	<u>\$ 3,655,266</u>	<u>\$ 603,136</u>
LIABILITIES				
Salaries payable	\$ 4,424	\$ 1,774	\$ 4,424	\$ 1,774
Due to other governments	318,682	3,933,522	3,650,842	601,362
Total Liabilities	<u>\$ 323,106</u>	<u>\$ 3,935,296</u>	<u>\$ 3,655,266</u>	<u>\$ 603,136</u>
 <b>DULUTH AREA FAMILY SERVICE COLLABORATIVE FUND</b>				
ASSETS				
Cash and cash equivalents	<u>\$ 116,237</u>	<u>\$ 104,630</u>	<u>\$ 134,864</u>	<u>\$ 86,003</u>
LIABILITIES				
Due to other governments	<u>\$ 116,237</u>	<u>\$ 104,630</u>	<u>\$ 134,864</u>	<u>\$ 86,003</u>
 <b>LOCAL COLLABORATIVE TIME STUDY FUND</b>				
ASSETS				
Cash and cash equivalents	<u>\$ 622,943</u>	<u>\$ 1,855,177</u>	<u>\$ 2,017,689</u>	<u>\$ 460,431</u>
LIABILITIES				
Accounts payable	\$ 314,191	\$ 174,038	\$ 314,191	\$ 174,038
Due to other governments	308,752	1,681,139	1,703,498	286,393
Total Liabilities	<u>\$ 622,943</u>	<u>\$ 1,855,177</u>	<u>\$ 2,017,689</u>	<u>\$ 460,431</u>
 <b>NORTHERN ST. LOUIS COUNTY FAMILY SERVICE COLLABORATIVE FUND</b>				
ASSETS				
Cash and cash equivalents	<u>\$ 40,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,712</u>
LIABILITIES				
Due to other governments	<u>\$ 40,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,712</u>
 <b>CARIBOU LAKE WASTE WATER</b>				
ASSETS				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 19,000</u>	<u>\$ 9,200</u>	<u>\$ 9,800</u>
LIABILITIES				
Accounts payable	<u>\$ -</u>	<u>\$ 19,000</u>	<u>\$ 9,200</u>	<u>\$ 9,800</u>

*ST. LOUIS COUNTY, MINNESOTA*  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance January 1	Additions	Deductions	Balance December 31
<b>REGIONAL RAILROAD AUTHORITY FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 549,635	\$ 1,153,880	\$ 1,194,628	\$ 508,087
Delinquent taxes receivable	28,751	27,560	28,751	27,560
Accounts receivable		1,901		1,901
Due from other governments	359,165	515,085	359,165	515,085
Total Assets	<u>\$ 937,551</u>	<u>\$ 1,698,426</u>	<u>\$ 1,582,544</u>	<u>\$ 1,053,433</u>
LIABILITIES				
Accounts payable	\$ 29,614	\$ 1,075,811	\$ 1,061,704	\$ 43,721
Salaries payable	4,667	5,587	4,667	5,587
Due to other governments	903,270	617,028	516,173	1,004,125
Total Liabilities	<u>\$ 937,551</u>	<u>\$ 1,698,426</u>	<u>\$ 1,582,544</u>	<u>\$ 1,053,433</u>
<b>NORTHERN COUNTIES LAND USE BOARD FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 3,059	\$ 47,500	\$ 28,738	\$ 21,821
LIABILITIES				
Due to other governments	\$ 3,059	\$ 47,500	\$ 28,738	\$ 21,821
<b>AGENCY MISCELLANEOUS FUND</b>				
ASSETS				
Cash and cash equivalents	\$ 4,904	\$ 6,000,471	\$ 5,996,902	\$ 8,473
Accounts receivable		47,848		47,848
Due from other governments		147,794		147,794
Total Assets	<u>\$ 4,904</u>	<u>\$ 6,196,113</u>	<u>\$ 5,996,902</u>	<u>\$ 204,115</u>
LIABILITIES				
Due to other governments	\$ 4,904	\$ 6,196,113	\$ 5,996,902	\$ 204,115
<b>TOTALS FOR ALL AGENCY FUNDS</b>				
ASSETS				
Cash and cash equivalents	\$ 9,031,477	\$ 306,646,581	\$ 305,491,675	\$ 10,186,383
Delinquent taxes receivable	28,751	27,560	28,751	27,560
Accounts receivable	114,378	842,208	863,480	93,106
Due from other governments	1,451,355	2,033,634	1,427,732	2,057,257
Total Assets	<u>\$ 10,625,961</u>	<u>\$ 309,549,983</u>	<u>\$ 307,811,638</u>	<u>\$ 12,364,306</u>
LIABILITIES				
Accounts payable	\$ 783,995	\$ 5,736,041	\$ 5,813,290	\$ 706,746
Salaries payable	679,389	699,227	764,017	614,599
Due to other governments	9,162,577	303,114,715	301,234,331	11,042,961
Total Liabilities	<u>\$ 10,625,961</u>	<u>\$ 309,549,983</u>	<u>\$ 307,811,638</u>	<u>\$ 12,364,306</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS**  
**DECEMBER 31, 2002**

	Interest Rates	Par Value	Market
<b>Pooled Investments</b>			
Money market savings account	2.00%	\$ 230,390	\$ 230,390
Certificates of Deposit	1.64 - 7.80%	11,492,768	11,519,462
Commercial Paper	1.54 - 1.88%	24,000,000	23,987,353
MAGIC	varies	17,520,154	17,520,154
FHLB	2.25 - 4.76%	11,000,000	11,053,657
FNMA	2.23 - 5.74%	18,000,000	18,111,716
FHLMC	2.41 - 5.04%	16,174,000	16,291,362
SLMA	4.75%	1,000,000	1,043,750
Total Pooled Investments		<u>\$ 99,417,312</u>	<u>\$ 99,757,844</u>
<b>Capital Projects</b>			
MAGIC	3.90%	<u>\$ 1,147,365</u>	<u>\$ 1,147,365</u>
<b>Solid Waste Management Enterprise Fund</b>			
Certificates of Deposit	1.62 - 2.18%	\$ 2,000,000	\$ 2,000,000
Commercial Paper	1.51 - 2.25%	4,200,000	4,185,437
FHLB	2.50 - 3.75%	3,600,000	3,647,397
FNMA	2.32 - 5.45%	1,480,000	1,496,865
FHLMC	4.37%	<u>1,500,000</u>	<u>1,542,195</u>
Total Solid Waste Management Enterprise Fund		<u>\$ 12,780,000</u>	<u>\$ 12,871,894</u>
<b>Property, Casualty, Liability Insurance</b>			
<b>Internal Service Fund</b>			
Bankers Acceptance	1.69%	\$ 225,000	\$ 223,790
Certificates of Deposit	1.59 - 2.70%	2,281,690	2,321,602
Commercial Paper	<b>1.58%</b>	275,000	273,647
FHLB	3.89%	1,500,000	1,544,070
FHLMC	2.86%	1,000,000	993,358
Total Property, Casualty, Liability Insurance Internal Service Fund		<u>\$ 5,281,690</u>	<u>\$ 5,356,467</u>
<b>Worker's Compensation Insurance</b>			
<b>Internal Service Fund</b>			
Certificates of Deposit	1.63 - 2.62%	\$ 3,850,000	\$ 3,850,000
Commercial Paper	1.46%	600,000	597,139
Total Workers' Compensation Insurance Internal Service Fund		<u>\$ 4,450,000</u>	<u>\$ 4,447,139</u>
<b>Medical/Dental Insurance</b>			
<b>Internal Service Fund</b>			
Certificates of Deposit	1.71 - 2.7%	\$ 4,495,359	\$ 4,508,247
Commercial Paper	1.47 - 1.49%	3,500,000	3,486,171
FHLB	3.16 - 3.94%	3,500,000	3,577,190
FNMA	2.88%	1,000,000	1,014,861
FHLMC	2.20%	<u>1,500,000</u>	<u>1,523,445</u>
Total Medical/Dental Insurance Internal Service Fund		<u>\$ 13,995,359</u>	<u>\$ 14,109,914</u>
<b>Patients' Escrow Trust Fund</b>			
Certificates of Deposit	1.13 - 1.73%	<u>\$ 20,000</u>	<u>\$ 20,000</u>
<b>Taconite Relief Trust Fund</b>			
Certificate of Deposit	1.62%	\$ 147,826	\$ 147,826
FHLB	5.36 - 7.70%	12,480,000	12,967,344
FHLMC	1.70%	4,081,000	4,048,092
FFCB	6.75%	<u>1,000,000</u>	<u>1,001,560</u>
Total Taconite Relief Trust Fund		<u>\$ 17,708,826</u>	<u>\$ 18,164,822</u>
<b>Taconite Production Trust Fund</b>			
Certificate of Deposit	21.7%	\$ 99,104	\$ 99,104
Commercial Paper	1.75%	<u>750,000</u>	<u>749,488</u>
Total Taconite Production Trust Fund		<u>\$ 849,104</u>	<u>\$ 848,592</u>
Total Investments		<u>\$ 155,649,656</u>	<u>\$ 156,724,037</u>

*ST. LOUIS COUNTY, MINNESOTA*  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Special Revenue Funds			
	General Fund	Road and Bridge	Social Services	Other
Shared revenue				
State				
Department of Intertechnologies				
911 communications	\$ 161,526	\$ -	\$ -	\$ -
Department of Natural Resources				
Mineral rents and royalties	137,348	-	-	-
Department of Revenue				
Disparity aid	2,457,434	997,819	1,276,294	
Homestead and agricultural credit aid (HACA) - real estate	5,584,893	1,908,362	2,827,763	
HACA - manufactured home	53,979	19,191	27,331	
PERA aid	157,050	88,116	129,420	14,470
State fire aid	28,660			
Police aid	566,427			
Market value credit	4,083,802	1,657,939	2,121,050	18,148
Department of Transportation				
30 percent rental income	3,788	1,561	1,996	2
Regular maintenance		6,922,418		
Regular construction		6,644,093		
Municipal maintenance		390,975		
Municipal construction		114,808		
Engineering		1,792,364		
State park		507,000		
Unorganized town road and bridge aid		16,573		
Total Shared Revenue	\$ 13,234,907	\$ 21,061,219	\$ 6,383,854	\$ 32,620
Reimbursement for Services				
State				
Department of Human Services				
Child teen checkups	\$ -	\$ -	\$ 121,748	\$ -
Child support	-		3,451,506	-
Child welfare targeted case management	-		3,682,272	-
Community alternatives for disabled individuals waivered services	-		218,209	
Elderly waived services			417,188	
Refugee	400		9,048	
Food stamps	37,893		1,645,744	
Foster care	682		23,793	
Medical assistance	156,770		3,736,588	
Mentally ill case management waived services			620,806	
Mentally retarded waived services			658,566	
Traumatic brain injury			44,224	
Temporary aid for needy families	28,811		733,459	
Total Reimbursement for Services Revenue	\$ 224,556	\$ -	\$ 15,363,151	\$ -
Grants				
State grants				
Board of Water and Soil Resources				
Natural resources block grant	\$ 62,653	\$ -	\$ -	\$ -
Lake Vermillion Challenge	28,092	-	-	-
Department of Corrections				
Sex offender assessment reimbursement	10,765	-	-	-
Department of Environmental Assistance				
SCORE recycling grant	-	-	-	-
Department of Finance				
Forest road access	-		-	127,063
MNFD 29 bridge bond	-	473,026	-	
Department of Health				
Bioterrorism - health preparedness	10,120	-	-	-
Fetal/infant mortality	100	-	-	-
Health Alert Network	8,400	-	-	-
Home visiting	216,331	-	-	-
Tobacco free communities	7,950	-	-	-
Tobacco prevention	83,015	-	-	-
Tri-Project immunization	7,676	-	-	-
Youth risk behavior	150,631	-	-	-
Subtotal	\$ 585,733	\$ 473,026	\$ -	\$ 127,063

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	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	\$ -	\$ -	\$ 728,759	\$ -
Adult integrated fund	-	-	3,898,246	-
Child care resource and referral	-	-	376,226	-
Child support incentives	-	-	320,547	-
Children's mental health	-	-	651,396	-
Community alternatives for disabled individuals waivered services	-	-	224,876	-
Community Social Services Act block grant	-	-	3,125,907	-
Consolidated chemical dependency fund admin	-	-	90,072	-
Elderly waived services	-	-	436,489	-
Family preservation	-	-	2,396,496	-
Flexible funding	56,812	-	-	-
Food stamps	-	-	35,356	-
Former group residential housing	-	-	93,840	-
Fraud prevention incentives	-	-	144,218	-
General assistance	-	-	17,965	-
Medical assistance	-	-	443,715	-
Mentally retarded family subsidy	-	-	148,264	-
Mentally retarded waived services	-	-	658,690	-
MN family investment project employment services	17,368	-	413,013	-
MN family investment project child care	-	-	3,782,750	-
Moose Lake state operated services	-	-	1,869,588	-
Prepaid medical assistance program	-	-	56,179	-
Relative custody	-	-	248,941	-
Semi-independent living skills	-	-	448,767	-
Special medical assistance	426,387	-	-	-
Traumatic brain injury	-	-	44,231	-
Home Delivered Meals	-	-	25,307	-
RSVP Grant	-	-	12,190	-
State Detox Trans	-	-	8,452	-
Alternative Response	-	-	18,749	-
Worker's compensation substance recovery	-	-	8,799	-
Department of Minnesota Housing Finance				
Family homelessness prevention and assistance program	238,019	-	-	-
Department of Natural Resources				
Boat and water safety	37,917	-	-	-
Snowmobile safety	22,869	-	-	-
State trail assistance	152,549	-	-	100,341
Wildfire	47,053	-	-	-
Department of Post Board Training				
Training reimbursement	41,998	-	-	-
Department of Public Safety				
Boundary Waters Drug Task Force	5,923	-	-	-
Driver's license	2,820	-	-	-
Duluth regional gang strike force	6,395	-	-	-
Emergency Communications	37,582	-	-	-
Lake Superior Drug Task Force	9,518	-	-	-
Victim emergency fund	1,257	-	-	-
Security Detectors at Duiuth Courthouse	4,095	-	-	-
State disaster management	-	16,865	-	-
Department of Revenue				
Criminal justice aid	1,248,732	-	-	-
Department of Trade and Economic Development				
Cotton Cleanup	27,699	-	-	-
Minnesota Historical Society				
Veterans memorial hall	34,121	-	-	-
Vets Affairs				
VSO Computer Grant	8,000	-	-	-
University of Minnesota				
Food and nutrition program	20,339	-	-	-
Total State Grants	<u>\$ 3,033,186</u>	<u>\$ 489,891</u>	<u>\$ 20,728,028</u>	<u>\$ 227,404</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Special Revenue Funds			
	General Fund	Road and Bridge	Social Services	Other
<b>Grants (continued)</b>				
Federal grants				
Department of Agriculture				
Food stamps	\$	\$	\$ 62,261	\$ -
National forest lands	475,482			-
National forest land - roads and schools		154,979		-
Women, Infants and children (through Community Health Board)	480,069			-
Department of Health & Human Services				
Adoption assistance		-	7,699	-
Cancer control	21,456	-	-	-
Chemically dependency	85,159	-	-	-
Child care		-	3,641,229	-
RSVP Grant		-	92,148	-
Family preservation block grant		-	56,819	-
Foster care		-	803,145	-
Home delivered meals		-	135,297	-
Maternal child health (through Community Health Board)	217,741	-	-	-
Mental health block grant		-	10,000	-
MFIP employment and training	207,438	-	3,586,585	-
Refugee assistance		-	6,562	-
Support for emancipation and living functionally		-	57,215	-
Title XX block grant		-	2,795,895	-
V-B Alternative response		-	146,267	-
Department of Housing and Urban Development				
Community development block grants		-	-	2,836,069
Emergency shelter grant	104,736	-	-	-
Home investment in affordable housing		-	-	618,764
Department of Interior				
Outdoor recreation-acquisition-development & planning	5,000	-	-	-
Department of Justice				
Bulletproof vests	7,614	-	-	-
State and local narcotic control	146,249	-	-	-
Domestic abuse intervention	91,550	-	-	-
Domestic Preparedness Equipment	29,701	-	-	-
Law enforcement block grant	11,002	-	-	-
Law enforcement assistance	3,814	-	-	-
Department of Natural Resources				
Boat and water safety grant	33,705	-	-	-
Department of Transportation				
Recreational trails program	43,861	-	-	-
Alcohol traffic safety and drunk driving-Operation Nitcap	1,317	-	-	-
Safe and sober	41,587	-	-	-
Environmental Protection Agency				
Radon detection	6,654	-	-	-
Federal Emergency Management Agency				
Haz mitigation	11,644	231,653	-	-
Disaster relief	2,327	-	-	-
Emergency management	22,610	-	-	-
Total Federal grants	<u>\$ 2,050,696</u>	<u>\$ 386,632</u>	<u>\$ 11,401,122</u>	<u>\$ 3,454,833</u>
Other grants				
Community Health Board				
Community health services	\$ 882,805	\$ -	\$ -	\$ -
Special Indian health	2,750	-	-	-
Total Other grants	<u>\$ 885,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Grants</b>	<u>\$ 5,969,437</u>	<u>\$ 876,523</u>	<u>\$ 32,129,150</u>	<u>\$ 3,682,237</u>
<b>Total Intergovernmental Revenue</b>	<u>\$ 19,428,900</u>	<u>\$ 21,937,742</u>	<u>\$ 53,876,155</u>	<u>\$ 3,714,857</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Debt Service Funds	Buildings Capital Projects Fund	Solid Waste Management Enterprise Fund	Total
<b>Shared revenue</b>				
State				
Department of Intertechnologies				
911 communications	\$ -	\$ -	\$ -	\$ 161,526
Department of Natural Resources				
Mineral rents and royalties	-	-		137,348
Department of Revenue				
Disparity aid	300,533	35,351	-	5,067,431
Homestead and agricultural credit aid (HACA) - real estate		115,026		10,436,044
HACA - manufactured home		386		100,867
PERA aid			6,843	395,899
State fire aid				28,660
Police aid				566,427
Market value credit	498,477	58,942		8,438,358
Department of Transportation				
30 percent rental income	470	55	-	7,872
Regular maintenance			-	6,922,418
Regular construction			-	6,644,093
Municipal maintenance			-	390,975
Municipal construction			-	114,808
Engineering			-	1,792,364
State park				507,000
Unorganized town road and bridge aid				16,573
Total Shared Revenue	<u>\$ 799,480</u>	<u>\$ 209,740</u>	<u>\$ 6,843</u>	<u>\$ 41,728,663</u>
<b>Reimbursement for Services</b>				
State				
Department of Human Services				
Child teen checkups	\$ -	\$ -	\$ -	\$ 121,748
Child support	-	-	-	3,451,506
Child welfare targeted case management	-	-	-	3,682,272
Community alternatives for disabled individuals waivered services				218,209
Elderly waivered services				417,188
Refugee				9,448
Food stamps				1,683,637
Foster care				24,475
Medical assistance				3,893,358
Mentally ill case management waivered services				620,806
Mentally retarded waivered services				658,566
Traumatic brain injury				44,224
Temporary aid for needy families				762,270
Total Reimbursement for Services Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,587,707</u>
<b>Grants</b>				
State grants				
Board of Water and Soil Resources				
Natural resources block grant	\$ -	\$ -	\$ -	\$ 62,653
Lake Vermillion Challenge	-			28,092
Department of Corrections				
Sex offender assessment reimbursement	-			10,765
Department of Environmental Assistance				
SCORE recycling grant	-		499,573	499,573
Department of Finance				
Forest road access	-	-	-	127,063
MN FD 29 bridge bond	-	-	-	473,026
Department of Health				
Bioterrorism- health preparedness				10,120
Fetal/infant mortality				100
Health Alert Network				8,400
Home visiting				216,331
Tobacco free communities				7,950
Tobacco prevention				83,015
Tri-Project immunization				7,676
Youth risk behavior				150,631
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 499,573</u>	<u>\$ 1,685,395</u>

ST. LOUIS COUNTY, MINNESOTA  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	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	\$ -	\$ -	\$ -	\$ 728,759
Adult integrated fund	-	-	-	3,898,246
Child care resource and referral	-	-	-	376,226
Child support incentives	-	-	-	320,547
Children's mental health	-	-	-	651,396
Community alternatives for disabled individuals waivered services	-	-	-	224,876
Community Social Services Act block grant	-	-	-	3,125,907
Consolidated chemical dependency fund admin	-	-	-	90,072
Elderly waived services	-	-	-	436,489
Family preservation	-	-	-	2,396,496
Flexible funding	-	-	-	56,812
Food stamps	-	-	-	35,356
Former group residential housing	-	-	-	93,840
Fraud prevention Incentives	-	-	-	144,218
General assistance	-	-	-	17,965
Medical assistance	-	-	-	443,715
Mentally retarded family subsidy	-	-	-	148,264
Mentally retarded waived services	-	-	-	658,690
MN family investment project employment services	-	-	-	430,381
MN family investment project child care	-	-	-	3,782,750
Moose Lake state operated services	-	-	-	1,869,588
Prepaid medical assistance program	-	-	-	56,279
Relative custody	-	-	-	248,941
Semi-independent living skills	-	-	-	448,767
Special medical assistance	-	-	-	426,387
Traumatic brain injury	-	-	-	44,231
Home Delivered Meals	-	-	-	25,307
RSVP Grant	-	-	-	12,190
State Detox Trans	-	-	-	8,452
Alternative Response	-	-	-	18,749
Worker's compensation subsistence recovery	-	-	-	8,799
Department of Minnesota Housing Finance				
Family homelessness prevention and assistance program	-	-	-	238,019
Department of Natural Resources				
Boat and water safety	-	-	-	37,917
Snowmobile safety	-	-	-	22,869
State trail assistance	-	-	-	252,890
Wildfire	-	-	-	47,053
Department of Post Board Training				
Training reimbursement	-	-	-	41,998
Department of Public Safety				
Boundary Waters Drug Task Force	-	-	-	5,923
Drivers license	-	-	-	2,820
Duluth regional gang strike force	-	-	-	6,395
Emergency Communications	-	-	-	37,582
Lake Superior Drug Task Force	-	-	-	9,518
Victim emergency fund	-	-	-	1,257
Security Detectors at Duluth Courthouse	-	-	-	4,095
State disaster management	-	-	-	16,865
Department of Revenue				
Criminal justice aid	-	-	-	1,248,732
Department of Trade and Economic Development				
Cotton Cleanup	-	-	-	27,699
Minnesota Historical Society				
Veterans memorial hail	-	-	-	34,121
Vets Affairs				
VSO Computer Grant	-	-	-	8,000
University of Minnesota				
Food and nutrition program	-	-	-	20,339
Total State Grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 499,573</u>	<u>\$ 24,978,082</u>

**ST. LOUIS COUNTY, MINNESOTA**  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Debt Service Funds	Capita? Projects Fund	Management Enterprise Fund	Total
Grants (continued)				
Federal grants				
Department of Agriculture				
Food stamps	\$ -	\$ -	\$ -	\$ 62,261
National forest lands				475,482
National forest land - roads and schools				154,979
Women, infants and children (through Community Health Board)				480,069
Department of Health & Human Services				
Adoption assistance	-	-	-	7,699
Cancer control	-	-	-	21,456
Chemically dependency	-	-	-	85,159
Child care	-	-	-	3,641,229
RSVP Grant	-	-	-	92,148
Family preservation block grant	-	-	-	56,819
Foster care	-	-	-	803,145
Home delivered meals	-	-	-	135,297
Maternal child health (through Community Health Board)	-	-	-	217,741
Mental health block grant	-	-	-	10,000
MFIP employment and training	-	-	-	3,794,023
Refugee assistance	-	-	-	6,562
Support for emancipation and living functionally	-	-	-	57,215
Title XX block grant	-	-	-	2,795,895
V-B Alternative response	-	-	-	146,267
Department of Housing and Urban Development				
Community development block grants	-	-	-	2,836,069
Emergency shelter grant	-	-	-	104,736
Home investment in affordable housing	-	-	-	618,764
Department of Interior				
Wildlife Restoration	-	-	-	5,000
Department of Justice				
Bulletproof vests	-	-	-	7,614
C.O.P.S.	-	-	-	146,249
Domestic abuse intervention	-	-	-	91,550
Domestic Preparedness Equipment	-	-	-	29,701
Law enforcement block grant	-	-	-	11,002
Law enforcement assistance	-	-	-	3,814
Department of Natural Resources				
Boat and water safety grant	-	-	-	33,705
Department of Transportation				
Recreational trails program	-	-	-	43,861
Alcohol traffic safety and drunk driving-Operation Nitecap	-	-	-	1,317
Safe and sober	-	-	-	41,567
Environmental Protection Agency				
Radon detection	-	-	-	6,654
Federal Emergency Management Agency				
Haz mitigation	-	-	-	243,297
Disaster relief	-	-	-	2,327
Emergency management	-	-	-	22,610
Total Federal grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,293,283</u>
Other grants				
Community Health Board				
Community health services	\$ -	\$ -	\$ -	\$ 882,805
Special Indian health	-	-	-	2,750
Total Other grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 885,555</u>
Total Grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 499,573</u>	<u>\$ 43,156,920</u>
Total Intergovernmental Revenue	<u>\$ 799,480</u>	<u>\$ 209,740</u>	<u>\$ 506,416</u>	<u>\$ 100,473,290</u>

# Statistical Section

General Governmental Expenditures  
By Function  
(Table 1, Page 153, 154)

General Governmental Revenues by Source  
(Table 2, Page 155, 156)

Property Tax Levies and Collections  
(Table 3, Page 157)

Taxa Capacity of Taxable Property  
(Table 4, Page 158)

Tax Levies and Property Tax Rates,  
Direct and Overlapping  
(Table 5, Page 159)

Tax Capacity By Property Type  
(Table 6, Page 160)

Principal Taxpayers  
(Table 7, Page 161)

Computation of Legal Debt Margin  
(Table 8, Page 162)

Computation of Direct, Overlapping, and  
Underlying Debt General Obligation and  
General Obligation Revenue Bonds Only  
(Table 9, Page 163)

Debt Payments  
(Table 10, Page 164)

Lease Obligations  
(Table 11, Page 165)

Bonded Debt Payment Schedule  
(Table 12, Page 166-168)

General Obligation Revenue Bond Coverage  
(Table 13, Page 169)

Bonded Debt as a Percent of Market Value  
and Bonded Debt Per Capita  
(Table 14, Page 170)

Debt Service Expenditures for General  
Obligation Bonded Debt  
(Table 15, Page 171)

Unreserved General Fund Balance  
Compared to **Total** Current Expenditures  
(Table 16, Page 172)

Compensated Absences and Fund Balance  
Reserved for Health and Welfare  
(Table 17, Page 173)

Authorized Full-Time Equivalent Positions  
By Fund  
(Table 18, Page 174)

Labor Contract Agreements  
(Table 19, Page 175)

Insurance Coverage  
(Table 20, Page 176)

Demographic Statistics  
(Table 21, Page 177)

Residential Construction Statistics  
(Table 22, Page 178)

Labor Statistics  
(Table 23, Page 179)

Land Statistical Data  
(Table 24, Page 180)

Miscellaneous County Statistics  
(Table 25, Page 181)

Registered Voters  
(Table 26, Page 182)

**Table 7**

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

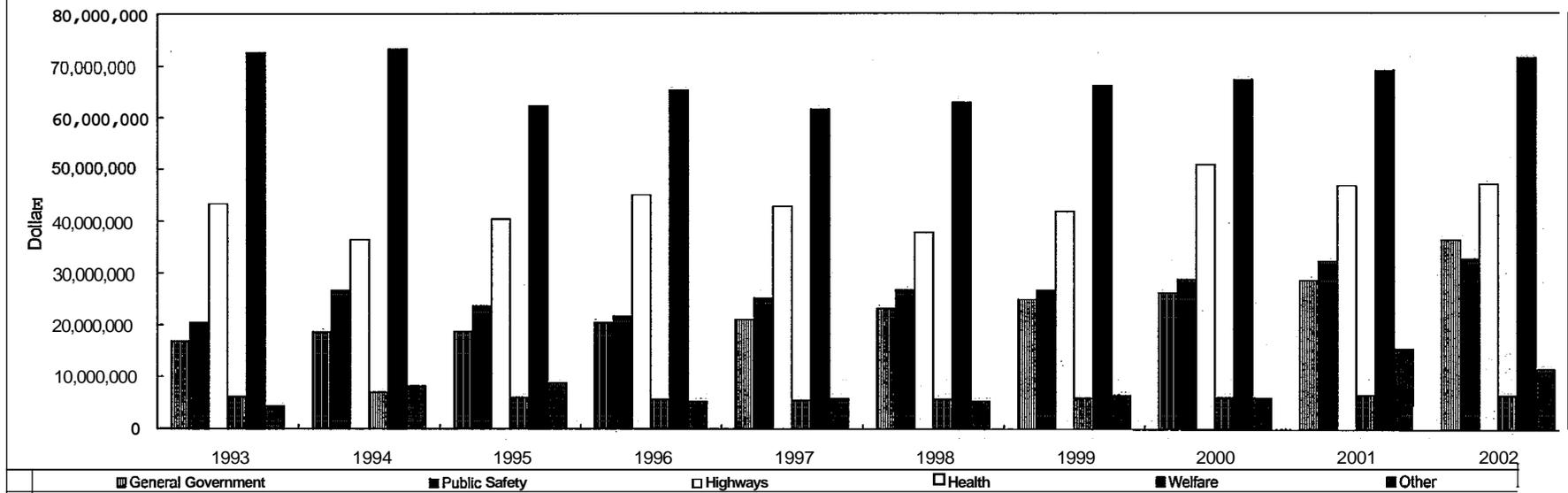
<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Highways</b>	<b>Health</b>	<b>Welfare</b>	<b>Sanitation</b>	<b>Culture and Recreation</b>	<b>Conservation of Natural Resources</b>	<b>Economic Development</b>	<b>Total Expenditures</b>
1993	\$ 16,796,830	\$ 20,370,656	\$ 43,345,520	\$ 6,101,778	\$ 72,586,458	\$	\$ 455,494	\$ 553,371	\$ 3,307,952	\$ 163,518,059
1994	\$ 18,575,969	\$ 26,681,900	\$ 36,361,179	\$ 6,963,147	\$ 73,188,202	\$	\$ 648,506	\$ 589,164	\$ 6,898,773	\$ 169,906,840
1995	\$ 18,786,128	\$ 23,654,903	\$ 40,394,400	\$ 5,955,169	\$ 62,196,888	\$	\$ 696,430	\$ 713,440	\$ 7,350,964	\$ 159,748,322
1996	\$ 20,464,906	\$ 21,690,963	\$ 44,994,275	\$ 5,611,658	\$ 65,129,489	\$	\$ 898,492	\$ 818,803	\$ 3,401,781	\$ 163,010,367
1997	\$ 21,030,134	\$ 25,150,270	\$ 42,770,417	\$ 5,471,404	\$ 61,470,525	\$	\$ 990,931	\$ 728,122	\$ 4,045,476	\$ 161,657,279
1998	\$ 23,169,239	\$ 26,785,165	\$ 37,791,682	\$ 5,708,819	\$ 62,757,157	\$	\$ 865,786	\$ 793,700	\$ 3,662,411	\$ 161,533,959
1999	\$ 25,018,038	\$ 26,713,735	\$ 41,850,736	\$ 5,917,312	\$ 65,951,192	\$	\$ 1,494,552	\$ 782,214	\$ 4,169,249	\$ 171,897,028
2000	\$ 26,242,654	\$ 28,840,156	\$ 50,870,478	\$ 6,056,137	\$ 67,106,363	\$ 3,552	\$ 1,028,462	\$ 905,479	\$ 4,103,918	\$ 185,157,199
2001	\$ 28,594,052	\$ 32,305,730	\$ 46,762,511	\$ 6,497,872	\$ 68,930,249	\$ 5,116	\$ 1,377,990	\$ 9,457,898	\$ 4,672,426	\$ 198,603,844
2002	\$ 36,432,601	\$ 32,857,131	\$ 47,193,395	\$ 6,450,576	\$ 71,487,392	\$ 74	\$ 1,197,054	\$ 6,647,968	\$ 3,608,162	\$ 205,874,353

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Highways</b>	<b>Health</b>	<b>Welfare</b>	<b>Sanitation</b>	<b>Culture and Recreation</b>	<b>Conservation of Natural Resources</b>	<b>Economic Development</b>	<b>Total Expenditures</b>
1993	10.3%	12.5%	26.5%	3.7%	44.4%	0.0%	0.3%	0.3%	2.0%	100.0%
1994	10.9%	15.7%	21.4%	4.1%	43.1%	0.0%	0.4%	0.3%	4.1%	100.0%
1995	11.8%	14.8%	25.3%	3.7%	38.9%	0.0%	0.4%	0.4%	4.6%	100.0%
1996	12.6%	13.3%	27.6%	3.4%	40.0%	0.0%	0.6%	0.5%	2.1%	100.0%
1997	13.0%	15.6%	26.5%	3.4%	38.0%	0.0%	0.6%	0.5%	2.5%	100.0%
1998	14.3%	16.6%	23.4%	3.5%	38.9%	0.0%	0.5%	0.5%	2.3%	100.0%
1999	14.6%	15.5%	24.3%	3.4%	38.4%	0.0%	0.9%	0.5%	2.4%	100.0%
2000	14.2%	15.6%	27.5%	3.3%	36.2%	0.0%	0.6%	0.5%	2.2%	100.0%
2001	14.4%	16.3%	23.5%	3.3%	34.7%	0.0%	0.7%	4.8%	2.4%	100.0%
2002	17.7%	16.0%	22.9%	3.1%	34.7%	0.0%	0.6%	3.2%	1.8%	100.0%

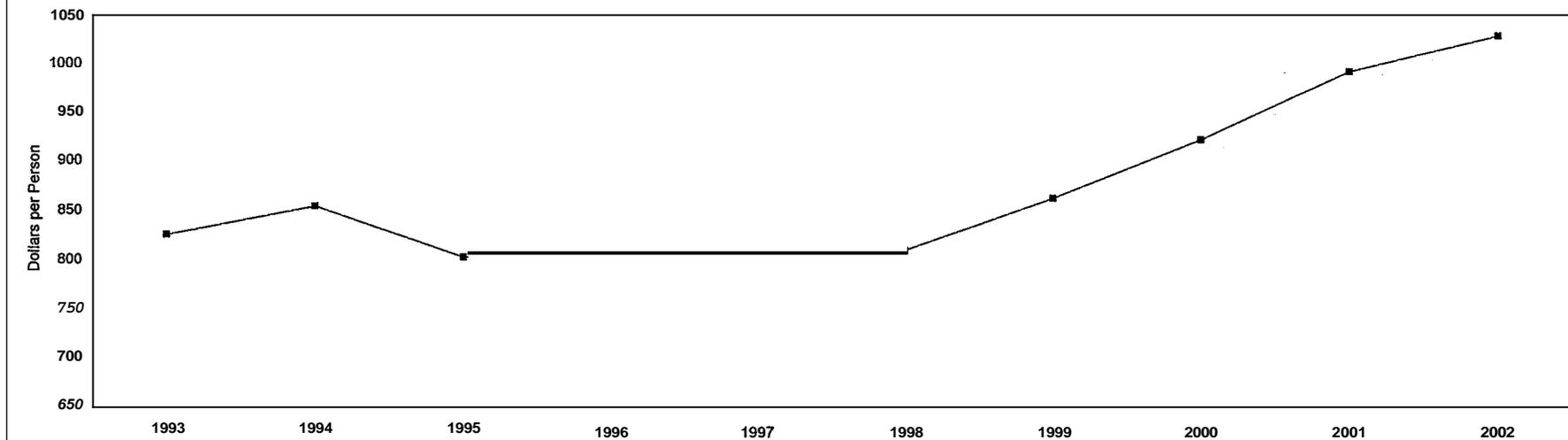
(1) Includes the General Fund, Special Revenue Funds, and Capital Projects.

**Unaudited**

GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION



GOVERNMENTAL FUNDS EXPENDITURES PER CAPITA



Unaudited

Table 2

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

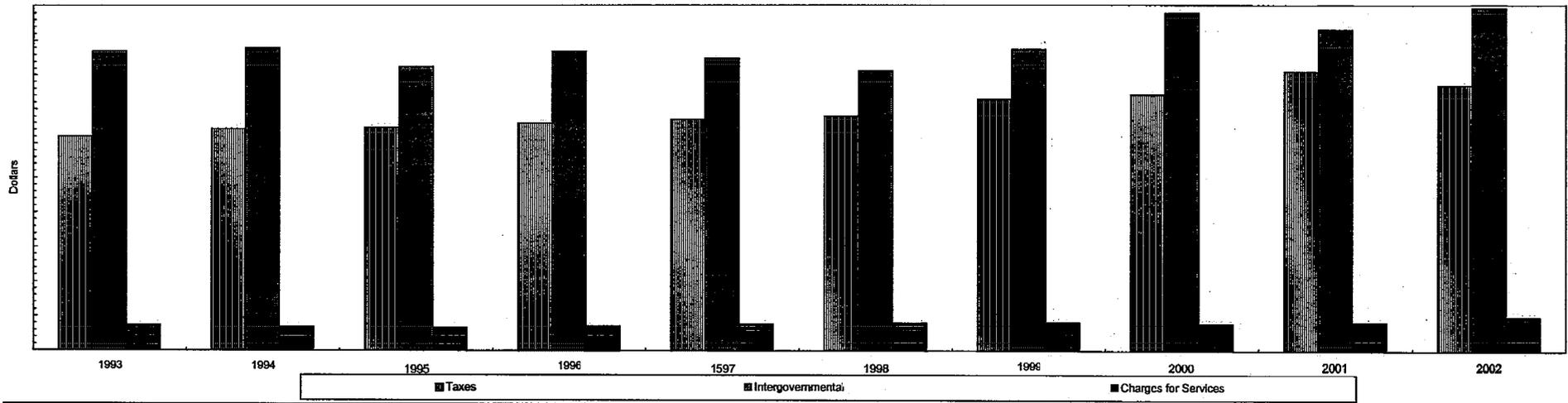
Fiscal Year	Taxes	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeits	Gifts and Contributions	Earnings on Investments	Miscellaneous	Total Revenue
1993	\$ 62,047,767	\$ 126,591	\$ 86,963,280	\$ 7,458,822	\$ 740,207	\$ 7,142	\$ 1,641,277	\$ 2,166,474	\$ 161,151,560
1994	\$ 64,262,223	\$ 125,148	\$ 87,928,765	\$ 6,962,013	\$ 743,043	\$ 241,60	\$ 2,462,656	\$ 2,915,987	\$ 165,423,995
1995	\$ 64,480,183	\$ 131,185	\$ 82,546,176	\$ 6,729,933	\$ 830,224	\$ 14,516	\$ 2,856,931	\$ 2,500,682	\$ 160,089,830
1996	\$ 65,759,517	\$ 132,057	\$ 86,831,789	\$ 7,138,403	\$ 888,913	\$ 18,924	\$ 2,625,748	\$ 1,999,953	\$ 165,395,304
1997	\$ 66,933,105	\$ 138,169	\$ 84,802,533	\$ 7,742,466	\$ 941,739	\$ 35,767	\$ 3,034,893	\$ 3,037,407	\$ 166,666,079
1998	\$ 68,053,384	\$ 155,517	\$ 81,101,976	\$ 8,064,994	\$ 1,304,540	\$ 27,318	\$ 3,641,214	\$ 2,955,113	\$ 165,304,056
1999	\$ 72,797,394	\$ 160,899	\$ 87,397,946	\$ 8,191,021	\$ 1,518,384	\$ 16,019	\$ 4,288,873	\$ 2,374,200	\$ 176,744,736
2000	\$ 74,015,009	\$ 149,168	\$ 97,755,423	\$ 7,890,897	\$ 1,664,922	\$ 22,308	\$ 4,767,469	\$ 2,782,276	\$ 189,047,472
2001	\$ 80,757,462	\$ 158,961	\$ 93,039,230	\$ 8,320,094	\$ 1,770,230	\$ 15,170	\$ 4,389,846	\$ 10,483,606	\$ 198,934,599
2002	\$ 76,675,400	\$ 156,541	\$ 99,167,392	\$ 9,906,530	\$ 1,660,585	\$ 8,368	\$ 2,668,719	\$ 11,533,036	\$ 201,796,571

Fiscal Year	Taxes	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeits	Gifts and Contributions	Interest on Investments	Miscellaneous	Total
1993	38.5%	0.1%	54.0%	4.6%	0.5%	0.0%	1.0%	1.3%	100.0%
1994	38.8%	0.1%	53.2%	4.2%	0.4%	0.0%	1.5%	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%	1.8%	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%	100.0%
2002	38.0%	0.1%	49.1%	4.9%	0.8%	0.0%	1.3%	5.7%	100.0%

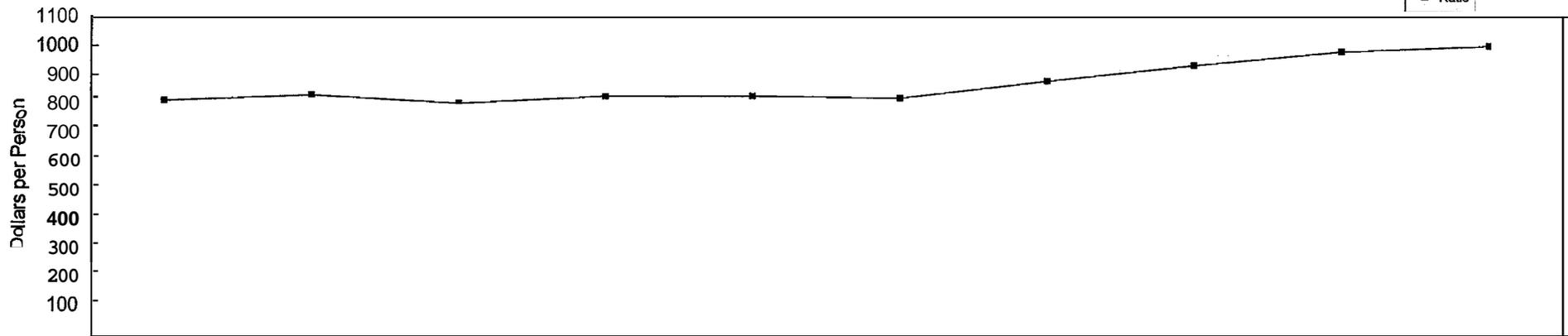
(1) Includes the General Fund, Special Revenue Funds, and Capital Projects.

Unaudited

GOVERNMENTAL FUNDS REVENUES BY SOURCE



Fiscal Year



Unaudited

**Table 3**

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

**PROPERTY TAX LEVY (COUNTY ONLY)**

<b>Collection Year</b>	<b>Certified County Levy (1)</b>	<b>Less Tax Credits and Certain State Aids (2)</b>	<b>Net Effective Levy</b>
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	70,175,277	58,510,889
2001	72,408,956	10,410,563	61,998,393
2002	78,875,076	18,201,137	60,673,939

**COLLECTIONS**

<b>Collection Year</b>	<b>Current Tax Collections (3)</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Outstanding Delinquent Taxes</b>
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	1,452,639	50,256,119	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
2002	59,169,622	1,484,001	60,653,623	3,487,511

**RATIOS**

<b>Collection Year</b>	<b>Current Tax Collections (3) as a Percent of Net Levy</b>	<b>Delinquent Tax Collections as a Percent of Net Levy</b>	<b>Total Tax Collections as a Percent of Net Levy</b>	<b>Outstanding Delinquent Taxes as a Percent of Net Levy</b>
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%
2002	97.52%	2.45%	99.97%	5.75%

- (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 2002 this amount includes taconite school replacement aid, disparity reduction aid, taconite relief, and other small credits. 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**

**Table 4**

**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
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
2002	4,661,929,400	2,899,842,100	7,561,771,500

TAXABLE TAX CAPACITY (EXCLUDES CAPTURED INCREMENT)

Collection Year	Property Outside the City of Duluth	Property Within the City of Duluth	Total
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
2002	50,933,226	31,276,651	82,209,877

**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
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%
2002	1.09%	61.96%	38.04%

**Unaudited**

**Table 5**

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

**TAX LEVIES (2)  
(In Dollars)**

<b>Tax Year</b>	<b>Cities/Towns Including Tax Increment Districts</b>	<b>Special Districts</b>	<b>School Districts</b>	<b>County</b>	<b>Total Combined</b>
1993	29,536,666	768,772	37,684,644	50,726,792	<b>118,716,874</b>
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	444,476,325
2001	40,581,329	1,606,102	43,985,373	65,428,585	<b>151,601,389</b>
2002	32,445,016	2,680,209	17,939,154	73,059,586	126,123,965

**TAX RATES PER \$100 OF TAX CAPACITY**

<b>Tax Year</b>	<b>Cities / Towns</b>	<b>Special Districts</b>	<b>School Districts</b>	<b>County</b>	<b>Total Combined (1)</b>
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	<b>2.160</b>	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	41.7828	62.1522	144.7940
2002	37.1476	3.0687	20.5278	83.6489	144.3930

**TAX RATES PER \$100 OF TAXABLE MARKET VALUE**

<b>Tax Year</b>	<b>Cities / Towns</b>	<b>Special Districts</b>	<b>School Districts</b>	<b>County</b>	<b>Total Combined (1)</b>
1993	0.7010	0.01a2	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	0.5827	0.0231	0.6316	0.9395	2.1768
2002	0.4291	0.0354	0.2372	0.9662	1.6679

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

(2) Power **line levies are** not included.

**Unaudited**

**Table 6**  
**ST. LOUIS COUNTY, MINNESOTA**  
**TAX CAPACITY BY PROPERTY TYPE**  
**YEAR ENDED DECEMBER 31, 2002**

	<u>Dollar Value</u>	<u>Percent of Total</u>
<b>Real Estate</b>		
Residential	\$ 50,678,678	57.82%
Multiple Dwelling	5,113,557	5.83%
Commercial/Industrial	15,319,875	17.48%
Timberlands	1,227,321	1.40%
Agricultural	805,561	0.92%
Public Utilities/ Miscellaneous	3,943,551	4.50%
Seasonal Residential Recreational	6,435,840	7.34%
Seasonal Residential Recreational-Commercial	<u>412,712</u>	<u>0.47%</u>
<b>Total Real Estate</b>	\$ 83,937,095	95.76%
<b>Personal Property</b>	<u>3,719,755</u>	<u>4.24%</u>
<b>Total Real Estate &amp; Personal Property</b>	<u>\$ 87,656,850</u>	<u>100.00%</u>

Source: St. Louis County Assessor - 2001 Abstract Payable 2002

**Unaudited**

**Table 7**

**ST. LOUIS COUNTY, MINNESOTA  
PRINCIPAL TAXPAYERS  
YEAR ENDED DECEMBER 31, 2002**

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

Taxpayer	2002 Taxes Paid	Percentage of Total
Minnesota Power	\$ 6,238,768	5.20%
Consolidated Papers, Inc.	1,834,974	1.53%
DM&IR Railway	1,483,848	1.24%
Great Lakes Gas Trans Ltd	971,975	0.81%
Northern States Power	940,689	0.78%
Miller Hill Mall Company	902,426	0.75%
DW&P Railroad	840,434	0.70%
USX Corp	713,995	0.60%
Burlington Northern/ Santa Fe Railway	634,693	0.53%
Square Butte Electric Co-op	627,528	0.52%
Total Taxes Paid of Ten Largest Taxpayers	\$ 15,189,329	12.66%
Total Taxes Paid of Other Taxpayers	104,697,657	87.34%
Total Taxes Paid of All Taxpayers	\$ 119,886,986	100.00%

Collection of Taconite Production Tax in 2002 (Including Supplemental)

EVTAC	\$ 4,711,278
Hibbing Taconite	7,827,488
Ispat Inland Mining	3,059,614
Northshore Mining	3,967,289
USX Corporation	18,468,800
Total Taconite Production Tax	38,034,469
Add: IRRRB National Steel Payback	3,947,647
Add: Taconite Relief - Supplemental Provided by State of Minnesota	152,110
Add: Reserved	2,721,470
Total Amount to Distribute	\$ 44,855,696

Distribution of Taconite Production Tax in 2002 (Including Supplemental)

Counties other than St. Louis:		
Property Tax Credits		\$ 2,685,562
St. Louis county and its Political Subdivisions:		
Property Tax Credits - County Share	\$ 4,684,114	
County General Fund	4,181,383	
County Road and Bridge Fund	6,327,076	
Property Tax Credit - Cities', Towns' and School Districts' Share	3,786,872	
School Districts	14,482,366	
Cities and Towns	8,374,731	
Iron Range Resources & Rehabilitation Board	333,592	
		42,170,134
Total Distribution		\$ 44,855,696

**Unaudited**

**Table 8**

**ST. LOUIS COUNTY, MINNESOTA  
COMPUTATION OF LEGAL DEBT MARGIN  
YEAR ENDED DECEMBER 31, 2002**

Market Value of Taxable Property		\$ 7,561,771,500
<hr/>		
Debt Limit:		
Two Percent of Market Value of Taxable Property (1)		\$ 151,235,430
Amount of Debt Applicable to Debt Limit:		
General Obligation Debt (At Par)	\$ 34,059,066	
Less:		
Fund Balance in Debt Service Funds	<u>(886,715)</u>	
Total Amount of Debt Applicable to Debt Limit		<u>33,172,351</u>
Legal Debt Margin		<u>\$ 118,063,079</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."

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**

**Table 9**

**ST. LOUIS COUNTY, MINNESOTA**  
**COMPUTATION OF DIRECT, OVERLAPPING AND UNDERLYING DEBT**  
**GENERAL OBLIGATION AND GENERAL OBLIGATION REVENUE BONDS ONLY**  
 YEAR ENDED DECEMBER 31, 2002

	Total Debt Outstanding (1)	FOR F/S	Percent Applicable to St. Louis County (2)	Amount
<b>Direct Debt</b>				
St. Louis County (3)	\$ 34,059,066	\$ 34,059,066	100.00%	\$ 34,059,066
<b>Overlapping Debt</b>				
School District#94	\$ 18,580,000	\$ 71,395,000	3.98%	\$ 739,484
School District#381	37,825,000		15.73%	5,949,873
School District#698	12,695,000		95.39%	12,109,760
School District#2142	2,295,000		99.22%	2,277,099
Western Lake Superior Sanitary District	56,987,480	56,987,480	81.91%	46,678,445
<b>Total Overlapping Debt</b>	<u>\$ 128,382,480</u>	<u>\$ 128,382,480</u>		<u>\$ 67,754,661</u>
<b>Underlying Debt</b>				
City of Biwabik	\$ 540,980	\$ 128,747,813	100.00%	\$ 540,980
City of Buhl	215,000		100.00%	215,000
City of Cook	340,000		100.00%	340,000
City of Duluth	67,123,100		100.00%	67,123,100
City of Ely	790,000		100.00%	790,000
City of Eveleth	2,560,489		100.00%	2,560,489
City of Hermantown	7,050,000		100.00%	7,050,000
City of Hibbing	8,750,000		100.00%	8,750,000
City of Hoyt Lakes	640,000		200.00%	640,000
City of Mountain Iron	1,805,000		100.00%	1,805,000
City of Proctor	2,205,000		100.00%	2,205,000
City of Tower	97,000		100.00%	97,000
City of Virginia	36,631,244		100.00%	36,631,244
Town of Canosia	2,623,000		100.00%	2,623,000
Town of Grand Lake	1,176,000		100.00%	1,176,000
Town of Rice Lake	606,475		100.00%	606,475
Town of White	485,000	4,890,475	100.00%	485,000
School District#695	3,046,077	117,093,928	100.00%	3,046,077
School District#696	880,000		100.00%	880,000
School District#700	6,520,000		100.00%	6,520,000
School District#701	2,050,000		100.00%	2,050,000
School District#704	14,090,000		100.00%	14,090,000
School District#706	23,155,000		100.00%	23,155,000
School District#709	61,055,000		100.00%	61,055,000
School District#712	4,750,000		100.00%	4,750,000
School District#2154	952,851		100.00%	952,851
School District#2711	595,000		100.00%	595,000
Arrowhead Regional Development Commission	455,388	455,388	100.00%	455,388
Duluth Economic Development Authority	6,074,000	6,074,000	100.00%	6,074,000
Duluth Entertainment and Convention Center	5,945,000	5,945,000	100.00%	5,945,000
Virginia Housing and Redevelopment Authority	1,630,000	1,630,000	100.00%	1,630,000
<b>Total Underlying Debt</b>	<u>\$ 264,836,604</u>	<u>\$ 264,836,604</u>		<u>\$ 264,836,604</u>
<b>Total</b>	<u>\$ 427,278,150</u>	<u>820,497,234</u>		<u>\$ 366,650,331</u>

- (1) This figure does not take into account any bond discount.
- (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 \$2,429 of interest on idle funds per the 1998 septic loan agreement with the Minnesota Department of Agriculture.

**Unaudited**

**Table 70**

**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	
1997	\$ 915,000	\$ 772,140	\$ 1,130,000	\$ 448,700	\$ 372,599	\$ 110,605	\$ 3,749,044
1998	1,205,000	991,745	1,225,000	326,830	412,009	130,407	4,290,991
1999	1,265,000	933,253	1,585,000	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	487,866	43,519	5,932,715
<hr/>							
2003	\$ 4,048,597	\$ 1,350,934	\$ -	\$ -	\$ 176,358	\$ 39,078	\$ 5,614,967
2004	4,269,158	1,161,168	-	-	52,827	35,217	5,518,370
2005	3,514,378	1,014,191	-	-	53,900	32,002	4,614,471
2006	3,644,603	898,361	-	-	57,200	28,613	4,628,777
2007	3,784,499	776,229	-	-	60,500	25,023	4,646,251
2008	3,066,402	646,377	-	-	64,900	21,199	3,798,878
2009	7,522,107	535,918	-	-	68,200	17,037	2,143,262
2010	1,592,350	465,555	-	-	72,600	12,531	2,143,036
2011	1,687,598	390,782	-	-	77,000	7,744	2,163,124
2012	1,557,852	316,314	-	-	82,500	2,640	1,959,306
2013	1,111,522	238,315	-	-	-	-	1,349,837
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
<b>Total for</b>							
2003-2016	<u>\$ 33,459,066</u>	<u>\$ 8,166,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 765,985</u>	<u>\$ 221,084</u>	<u>\$ 42,612,279</u>

(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**

**Table 11**

**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		Communications	Vehicles		Total
	Principal	interest	Principal	interest		Principal	interest	
1996	\$ 1,369,587		\$ 291,072		\$ -		\$ 8,537	\$ 1,669,196
1997	1,382,470		468,831				9,251	1,860,552
1998	1,585,150		431,099				9,944	2,026,193
1999	1,585,150		431,099				9,944	2,026,193
2000	1,553,664		639,608				12,263	2,205,535
2002	1,362,999		571,432		15,185		12,880	1,962,496
<b>Future Minimum Lease Payments</b>								
2003	\$ 769,101		\$ 650,760		\$ 48,324		\$ 13,163	\$ 1,481,348
2004	771,489		650,760		48,324		13,163	1,483,736
2005	773,938		650,760		48,324		13,163	1,486,185
2006	776,447		650,760		48,324		13,163	1,488,694
2007	779,019		650,760		48,324		13,163	1,491,266
<b>Total for 2003-2007</b>	<b>\$ 3,869,994</b>		<b>\$ 3,253,800</b>		<b>\$ 241,620</b>		<b>\$ 65,815</b>	<b>\$ 7,431,229</b>

**CAPITAL LEASE PAYMENTS**

Year Ended	Northland Office Building		Hibbing Maintenance Facility		Office Equipment	
	Principal	interest	Principal	interest	Principal	interest
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	419,722	10,861	46,200	40,593	21,944	1,065
2003	\$ 98,571	\$ 402	\$ 48,400	\$ 38,039	\$ 29,387	\$ 637
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		-
<b>Total for 2003-2012</b>	<b>\$ 98,571</b>	<b>\$ 402</b>	<b>\$ 635,800</b>	<b>\$ 220,017</b>	<b>\$ 31,614</b>	<b>\$ 665</b>

Unaudited

**Table 12**

**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 (8)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1995	\$ 30,000	\$ 84,680	\$ 770,000	\$ 082,113	\$ 2,035,000	\$ 120,085	\$ -	\$ -	\$ -	\$ -
1998	30,000	82,055	785,000	055,923						
1997	35,000	79,415	830,000	018,557			50,000	74,188		
1898	40,000	76,300	885,000	579,548			50,000	72,167		
1999	40,000	72,700	005,000	538,892			60,000	70,118		
2000	45,000	88,080	845,000	488,358	740,000	171,740	75,000	87,588		
2001	685,000	32,460	990,000	451,942	765,000	141,030	90,000	64,410		
2002			8,535,000	405,412	795,000	108,135	100,000	80,495		
2003	\$ -	\$ -	\$ -	\$ -	\$ 830,000	\$ 73,850	\$ 110,000	\$ 56,085	\$ 5,389	\$ 1,188
2004					870,000	37,845	120,000	51,200	10,980	2,215
2005							130,000	45,740	11,180	1,995
2008							140,000	38,895	11,405	1,770
2007							150,000	33,045	11,834	1,540
2008							180,000	25,770	238,187	1,307
2008							170,000	17,770	12,107	1,088
2010							175,000	9,100	12,350	825
2011					-	-	-	-	212,588	577
2012					-	-	-	-	12,852	324
2013					-	-	-	-	8,522	65
2014	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-
Total for 2003-2016	\$ -	\$ -	\$ -	\$ -	\$ 1,700,000	\$ 111,785	\$ 1,155,000	\$ 278,415	\$ 548,204	\$ 12,875

- (1) Does not include the \$2,710,000 State of Minnesota Duluth Airport Lease Revenue Bonds Series 1995E, for which the County is contingently liable.
- (2) General Obligation Taxable Revenue Refunding Bonds Series 1989B for the Babbitt Tirecycle recycling facility, original issue of \$1,015,000, interest rates of 8.5 to 9.5%, obligation redeemed at June 1, 2001.
- (3) a) General Obligation Correctional Facilities Refunding Bond Anticipation Notes Series 1881 for jail construction, original issue of \$2,000,000, interest rates of 4.4%; tax-exempt, legally defeased in 1883 by 3b) below.  
b) Jail Revenue Bonds Series 1993A, St. Louis County Unlimited Tax Lease Obligation of the Housing and Redevelopment Authority for jail construction, original issue of \$14,935,000, interest rates of 4.7 to 4.75%, tax-exempt, legally defeased in 2002 by Jail Refunding Bonds Series 2002B. See footnote (9).
- (4) a) General Obligation Capital Equipment Notes Series 1890, original issue of \$2,035,000, interest rate of 5.9%, tax-exempt, not callable, legally defeased in 1995.  
b) General Obligation Capital Equipment Notes Series 1998, original issue of \$4,000,000, interest rate of 4.15% - 4.350% tax-exempt, not callable
- (5) General Obligation Bonds Series 1995 for expansion of Arrowhead Juvenile Center, original issue of \$1,580,000, interest rates of 4.0 to 5.2%, tax-exempt, obligations may be prepaid in part or in whole on 12/14/3 or any day thereafter.
- (6) a) General Obligation Revenue Notes (two separate issues) issued in 1998 for the septic system improvement loan program under the Agricultural Best Management Loan Program. Principle amounts \$50,000 and \$200,000, respectively. Terms require repayment after ten years of an amount equal to the principal repaid to date by the individual borrowers, plus interest on idle funds, for the \$50,000 issue. Interest does not accrue on idle funds of the \$200,000 issue. After year ten, 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 June 15, 2003.  
c) General Obligation Revenue Note issued in 2001, original issue \$200,000, to provide additional funds for the septic system improvement loan program. After ten years, repayment of an amount equal to the principal repaid to date by the borrowers is required. Interest does not accrue on idle funds. After year ten, principal amounts are repaid semi-annually.

Unaudited

**Table 12 - continued**

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

Fiscal Year	General Long Term Bonded Debt								
	Law Enforcement Facilities (7)		Capital Improvement Bonds (8)		Jail Refunding Bonds (9)		Capital Equipment Notes (10)		
	Principal	interest	Principal	interest	Principal	interest	Principal	interest	
1885	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1996									
1987									
1998	250,000	203,730							
1888	260,000	251,543							
2000	270,000	238,867							
2001	285,000	225,705		380,282					
2002	285,000	211,455	705,000	651,912					
2003	\$ 310,000	\$ 186,705	\$ 730,000	\$ 627,238	\$ 1,108,224	\$ 282,312	\$ 853,874	\$ 113,445	
2004	325,000	181,205	700,000	600,856	1,204,224	193,300	971,974	94,445	
2005	340,000	164,954	780,000	588,657	1,244,224	157,900	988,974	74,945	
2006	360,000	147,955	820,000	535,083	1,264,224	121,300	1,028,974	52,558	
2007	375,000	128,855	855,000	500,232	1,334,224	83,500	1,058,641	21,857	
2008	385,000	111,205	880,000	463,895	1,382,205	44,200			
2009	415,000	91,455	925,000	425,625					
2010	440,000	70,705	965,000	384,925					
2011	405,000	48,705	1,010,000	341,500					
2012	490,000	24,980	1,055,000	281,000					
2013			1,105,000	238,250					
2014			1,180,000	183,000					
2015			1,220,000	125,000					
2016			1,280,000	64,000					
Total for 2003-2016	\$ 3,915,000	\$ 1,167,834	\$ 13,565,000	\$ 5,349,363	\$ 7,558,325	\$ 082,512	\$ 5,019,537	\$ 363,350	

- (7) Law Enforcement Facilities Revenue Bonds Series 1897, 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 12/14/15 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 01/18/11. 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 12/14/19 or any day thereafter.
- (9) General Obligation Jail Refunding Bonds Series 2002B for refunding Jail Revenue Bonds Series 1993A, original issue of \$7,415,000, interest rates of 3.0 to 3.25 %, tax-exempt, obligations are not subject to optional redemption prior to maturity.
- (10) General Obligation Capital Equipment Notes Series 2002C for capital equipment purchases pursuant to MN Statutes 373.01 and Chapter 475, original issue of \$5,000,000, interest rates of 2.0 to 2.65%, tax-exempt, obligations are not subject to optional redemption prior to maturity.

**Unaudited**

**Table 12 - continued**

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

Fiscal Year	Fund Long Term Bonded Debt								Total Principal and Interest
	Solid Waste (11)		Nursing Homes (12)		Nursing Homes (13)		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
1995	\$ 960,000	\$ 533,048	\$ 770,000	\$ 60,140	\$ -	\$ -	\$ 4,585,000	\$ 1,480,046	\$ 6,085,046
1996	1,030,000	488,475	35,000	10,075			1,890,000	1,237,528	3,127,528
1887	1,085,000	440,835	35,000	7,765			2,045,060	1,220,840	3,265,840
1988	1,185,000	321,410	40,000	5,420			2,430,000	1,318,575	3,748,575
1999	1,545,000	270,600	40,000	2,720			2,850,000	1,208,573	4,056,573
2000	830,000	181,658					2,805,000	1,235,281	4,140,281
2001	870,000	154,228					3,685,000	1,450,057	5,135,057
2002	2,360,000	68,224					12,790,000	1,526,633	14,316,633
2003	\$ -	\$ 1	\$ -	\$ -	\$ 85,000	\$ 22,844	\$ 4,133,597	\$ 1,373,778	\$ 5,507,375
2004					95,000	15,725	4,364,158	1,176,883	5,541,051
2005					100,000	12,875	3,614,378	1,027,066	4,641,444
2006					105,000	9,675	3,749,803	808,236	4,657,838
2007					105,000	6,725	3,888,488	782,854	4,672,453
2008					110,000	3,575	3,176,402	648,852	3,826,354
2008							1,522,107	535,918	2,058,025
2010							1,592,350	465,555	2,057,905
2011							1,687,598	380,782	2,078,380
2012							1,557,852	316,314	1,874,166
2013							1,111,522	238,315	1,349,637
2014							1,160,000	183,000	1,343,000
2015							1,220,000	125,000	1,345,000
2016							1,280,000	84,000	1,344,000
Total for 2003-2016	\$ -	\$ 1	\$ -	\$ -	\$ 600,000	\$ 71,618	\$ 34,058,066	\$ 8,237,763	\$ 42,296,829

- (11) a) General Obligation Solid Waste Bonds Series 1988 for closure costs and transfer station construction, original Issue of 13,510,000, Interest rates of 8.4 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 8 to 6.8%, 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. Called for redemption and prepayment in 1999.
- 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. Called for redemption and prepayment in 2002.
- e) General Obligation Full Crossover Advance Refunding Bonds Series 1993A for partial refunding of 7a) and 7b) above, original Issue of 12,620,000, 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. Called for redemption and prepayment in 2002.
- (12) 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 Opening 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. Paid at maturity in 1999.
- (13) General Obligation Nursing Home Bonds Series 2002A for Capital Improvement at Chris Jensen Nursing Home, original Issue of \$600,000, Interest rates of 3.0 to 3.25%, tax-exempt obligations are not subject to optional redemption prior to maturity.

Unaudited

**Table 13**

**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			
				Principal	Interest	Total	Coverage
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)	-	-	-	-
2002	5,300,942	6,482,416	(1,181,474)	-	-	-	-

**SOLID WASTE MANAGEMENT ENTERPRISE FUND BOND**

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
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
2002	6,167,104	4,843,690	1,323,414	2,327,736	89,224	2,416,960	0.55 (3)

(1) Includes operating and non-operating revenue.

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

(3) Total bonds outstanding paid off in 2002.

**Unaudited**

**Table 14**

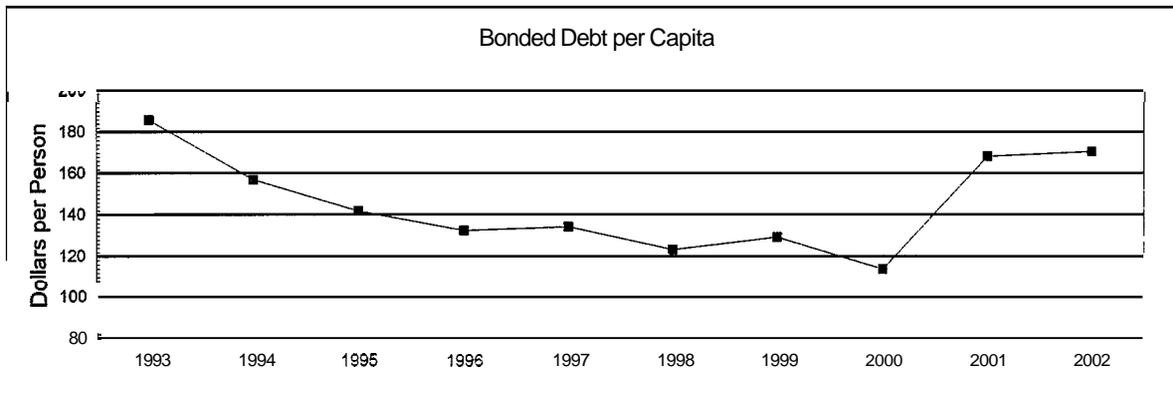
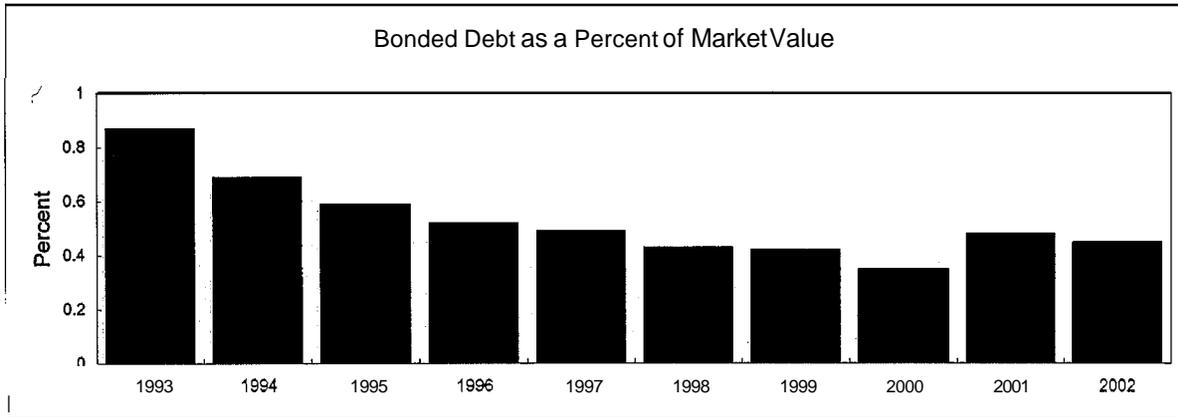
**ST. LOUIS COUNTY, MINNESOTA  
BONDED DEBT AS A PERCENT OF MARKET VALUE AND  
BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

Fiscal Year	Bonded Debt(1)	Market Value (2)	Bonded Debt As a Percent of Market Value	Population	Bonded Debt per Capita
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%	199,999	168.38
2002	34,059,066(3)	7,561,771,500	0.45%	199,999	170.30

(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**

**Table 75**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Expenditures</u>	<u>Total General Expenditures (2)</u>	<u>Debt Service Expenditures As a Percent of General Expenditures</u>
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	3,731,858	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%
2002	10,438,406 (5)	1,437,409	11,875,815	195,106,575	6.09%

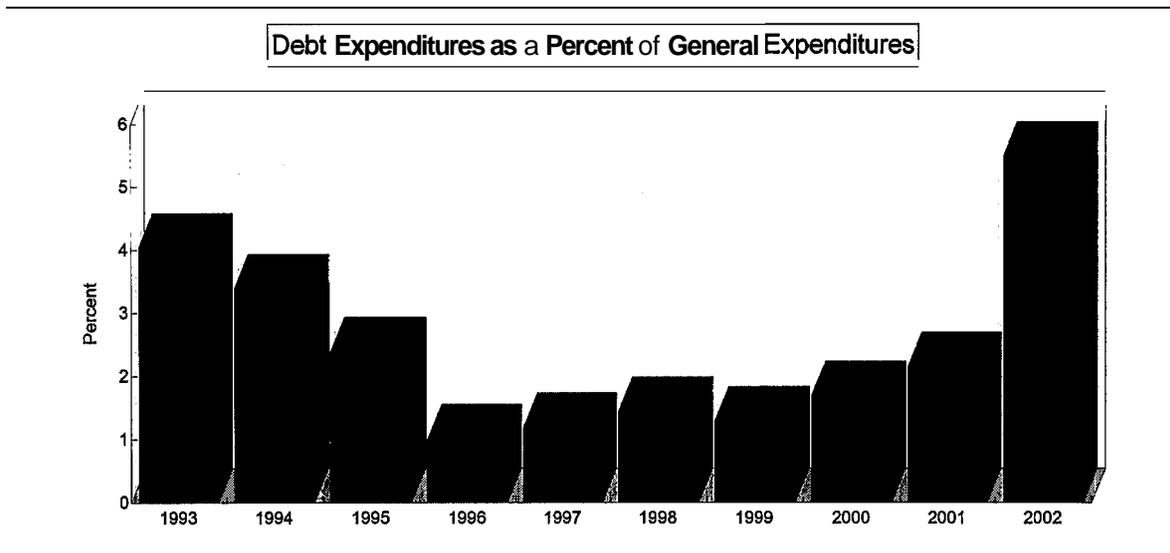
(1) Does not include bonds that are paid from Enterprise Funds. See Table 13.

(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 B Babbitt Recycling Facility Refunding Bond.

(5) \$8,535,000 of this figure was to pay off Jail Revenue Bonds (St Louis County Unlimited Tax Lease Obligations).



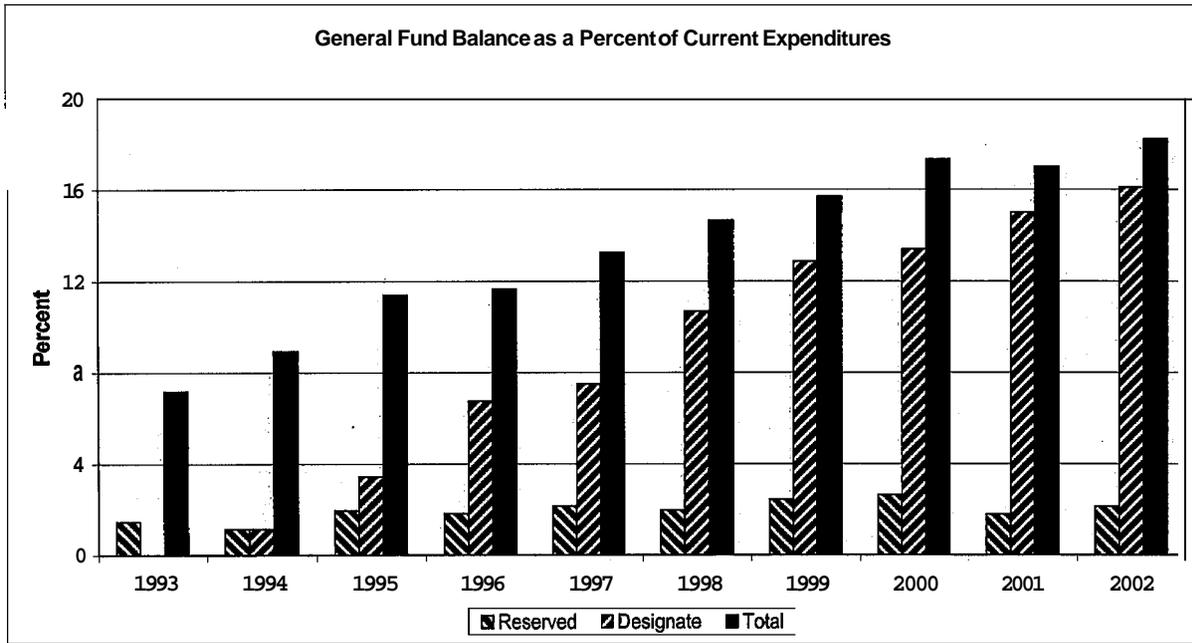
**Unaudited**

**Table 16**

**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
1993	\$ 142,445,694	\$ 10,222,952	7.18%	\$ 2,084,664	1.46%	\$	0.00%	\$ 0,136,200	5.71%
1994	146,080,004	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%
1996	142,847,929	16,657,997	11.66%	2,595,930	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	159,814,293	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%
2002	161,581,550	29,433,396	18.22%	3,427,822	2.12%	26,005,574	16.09%		0.00%

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



Unaudited

**Table 17**

**ST. LOUIS COUNTY, MINNESOTA  
COMPENSATED ABSENCES AND FUND BALANCE RESERVED FOR HEALTH AND WELFARE  
YEAR ENDED DECEMBER 31, 2002**

COMPENSATED ABSENCES						
	Liability of Governmental Funds	Liability of Proprietary Funds	Liability of General Long-Term Debt Account Group (1)	Financial Statement Notes	Total	Hours
Vacation						
Short term (2)	\$ 874,268	\$ 95,094	\$ -	\$ -	\$ 969,362	
Long term		677,378	5,238,615		5,915,993	
Total Vacation	<u>\$ 874,268</u>	<u>\$ 772,472</u>	<u>\$ 5,238,615</u>	<u>\$ -</u>	<u>\$ 6,885,355</u>	303,997
Sick Leave						
Vested (3)	\$ -	\$ 1,140,962	\$ 9,282,128	\$ -	\$ 10,423,090	
Vesting (4)	-	895,787	18,433,523		19,329,310	
Non-vesting (5)	-			9,930,012	9,930,012	
Total Sick Leave	<u>\$ -</u>	<u>\$ 2,036,749</u>	<u>\$ 27,715,651</u>	<u>\$ 9,930,012</u>	<u>\$ 39,682,412</u>	1,767,074
Total Compensated Absences Payable	<u>\$ 874,268</u>	<u>\$ 2,809,221</u>	<u>\$ 32,954,266</u>	<u>\$ 9,930,012</u>	<u>\$ 46,567,767</u>	<u>2,071,071</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 \$3,378,583 and Special Revenue Funds \$5,903,545. Three 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 \$2,802,367 and Special Revenue Fund \$3,342,140. 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 GASB 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.

Unaudited

**Table 18**

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

<b>Fiscal Year</b>	<b>General Fund</b>	<b>Road and Bridge Fund</b>	<b>Social Services Fund</b>	<b>Forfeited Tax Funds</b>	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Total</b>
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
2002	802.45	343.00	526.70	59.00	472.77	59.78	2,263.70

**Unaudited**

**Table 19**

**ST. LOUIS COUNTY, MINNESOTA  
LABOR CONTRACT AGREEMENTS  
YEAR ENDED DECEMBER 31, 2002**

<u>Bargaining Unit</u>	<u>Number of Employees Represented</u>	<u>Contract Expiration Date (1)</u>
Civil Service Basic	<b>974</b>	12/3 1/03
Emergency Communication Specialists	43	12/3 1/03
Corrections Counselors	5	12/3 1/03
Health Care Basic	328	6/30/2003
Health Care Supervisors	13	6/30/2003
Civil Service Supervisors	122	12/31/03
Merit System Supervisors	39	12/31/03
Civil Service Confidential	21	12/3 1/03
Teamsters	221	12/3 1/03
Merit System Basic	199	12/3 1/03
Jail Corrections Officers	62	12/3 1/03
Deputy Sheriffs Association	90	12/31/03
<b>Sheriff Supervisory</b>	<b>11</b>	12/31/03 (1)

(1) This contract was settled March 2003.

Table 20

**ST. LOUIS COUNTY, MINNESOTA  
INSURANCE COVERAGE  
YEAR ENDED DECEMBER 31, 2002**

Type of Insurance	Insurer	Deductible	Coverage Limit	Purpose
Boiler & Machinery	Otis-Magie Gustafson Travelers	\$ 5,000	\$ 2,500,000	Property damage
Commercial Property	Otis-Magie Gustafson Travelers	50,000 50,000 50,000 50,000 72 hour 1,000 1,000  1,000 5,000  50,000 50,000	181,914,000 500,000 250,000 10,000,000 10,000,000 1,000,000 50,000 60,000  1,759,000 2,000,000  3,000,000 1,755,000	Blanket - Building & Business Personal Property Business income Including Extra Expense Personal Property at Undescribed Premises Flood Limit Earthquake Off-Premises Services Crime - Forgery or Alteration Crime - Money & Securities: Premises Coverage \$50,000; Messenger \$10,000 Computers General Liability Radio & Television Tower (Observation Road) Newly Acquired Property & Premise Other Additional Coverages & Coverage Extensions
Volunteers services	CIMA Companies, Inc. Life Insurance Co of North America Employers Insurance of Wausau		25,000 2,500 1,000,000	Excess accident medical coverage Accidental death and dismemberment Volunteers-personal injury and property damage
Inland Marine	Otis-Magie Gustafson Fireman's Fund	5,000 5,000	205,000 691,000	Broadcasting Towers & Antenna Building/Tower/Transmitting Equipment (observation Road)
Vehicles In Buildings	Otis-Magie Gustafson AIG - Lexington	20,000	4,000,000	Commercial Property - Amended Contents Flood & Earthquake
Surety bonds	Otis-Magie Gustafson Tri State		500,000 100,000	County Auditor 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 3 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 \$1,400,000
Personal injury and property damage	Self insurance			
Motor vehicles and authorized portable equipment	Self insurance  Otis-Magie Gustafson Fireman's Fund	  20,000	19,239,737  14,111,302	  Contractors/miscellaneous equipment floater

Unaudited

**Table 21**

**ST. LOUIS COUNTY, MINNESOTA  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS**

<u>Year</u>	<u>Median Age (3)</u>	<u>Population(4)</u>	<u>K - 12 School Enrollment(5)</u>	<u>Per Capita Personal Income (6)</u>
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	199,999	29,060	Not Available
2002	Not Available	Not Available	28,776	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**

**Table 22**

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

<b>Fiscal Year</b>	<b>Residential Units (1)</b>	<b>Residential Value (1)</b>
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
2002	not available	not available

(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

**Table 23**

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

<u>Year</u>	<u>COUNTY LABOR STATISTICS</u>				<u>State</u>	<u>National</u>
	<u>Annual Average</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment</u>	<u>Average</u>	<u>Average</u>
<u>Labor Force</u>	<u>Rate</u>			<u>Unemployment</u>	<u>Rate</u>	
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%
2002	108,883	103,600	5,282	4.9%	4.4%	5.8%

Source: Minnesota Department of Economic Security

**Unaudited**

**Table 24**

ST. LOUIS COUNTY, MINNESOTA  
**LAND STATISTICAL DATA**  
YEAR ENDED DECEMBER 31, 2002

	AREA	
	Square <u>Miles</u>	<u>Acres</u>
Land	6,154.00	3,938,560
Water	<u>583.62</u>	<u>373,516</u>
Total Area	<u>6,737.62</u>	<u>4,312,076</u>

---

**LAND OWNERSHIP**

	<u>Acres</u>	<u>Percentage</u>
<b>Public Ownership</b>		
Federal Entitlement Lands		
Bureau of Land Management	262	0.01%
Forest Service	468,000	11.88%
National Park Service	<u>121,864</u>	<u>3.09%</u>
Total Federal Entitlement Lands	590,126	14.98%
State Lands		
Department of Natural Resources	574,394	14.58%
Department of Transportation	<u>12,006</u>	<u>0.30%</u>
Total State Lands	586,400	14.88%
State Tax-Forfeited Lands		
Estimated	<u>897,972</u>	<u>22.81%</u>
<b>Total Public Ownership</b>	<b>2,074,498</b>	<b>52.67%</b>
<b>Private Ownership / Other</b>	<u>1,864,062</u>	<u>47.33%</u>
<b>Total Land Ownership</b>	<b>3,938,560</b>	<b>100.00%</b>

Unaudited

**Table 25**

**ST. LOUIS COUNTY, MINNESOTA  
MISCELLANEOUS COUNTY STATISTICS  
YEAR ENDED DECEMBER 31, 2002**

ROAD STATISTICS

Road Type	Miles Within Municipalities Over 5,000 Population	Miles Within <b>Municipalities</b> Under 5,000 Population	Nonmunicipal Miles	Total Miles
Interstate trunk	11.630	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	<b>1,576.962</b>
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>	0.000	<u>767.670</u>
Total	<u><u>1,024.478</u></u>	<u><u>368.368</u></u>	<u><u>4,443.844</u></u>	<u><u>5,836.690</u></u>

BRIDGE STATISTICS

Bridge Type	Number of Bridges
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><u>604</u></u>

Source: St. Louis County Public Works Department

Unaudited

**Table 26**

**ST. LOUIS COUNTY, MINNESOTA  
REGISTERED VOTERS  
LAST TEN ELECTIONS**

**PRIMARY ELECTIONS**

<b>Date</b>	<b>Total Registered Voters</b>	<b>Percentage Voting</b>
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%
September 10, 2002	123,657	30%
* September 24, 2002	54,675	18%

\* Special County Board Election for Districts 4, 5, 6

**GENERAL ELECTIONS**

<b>Date</b>	<b>Total Registered Voters</b>	<b>Percentage Voting</b>
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%
November 5, 2002	124,653	78%

Source: St. Louis County Auditor's Office

Unaudited