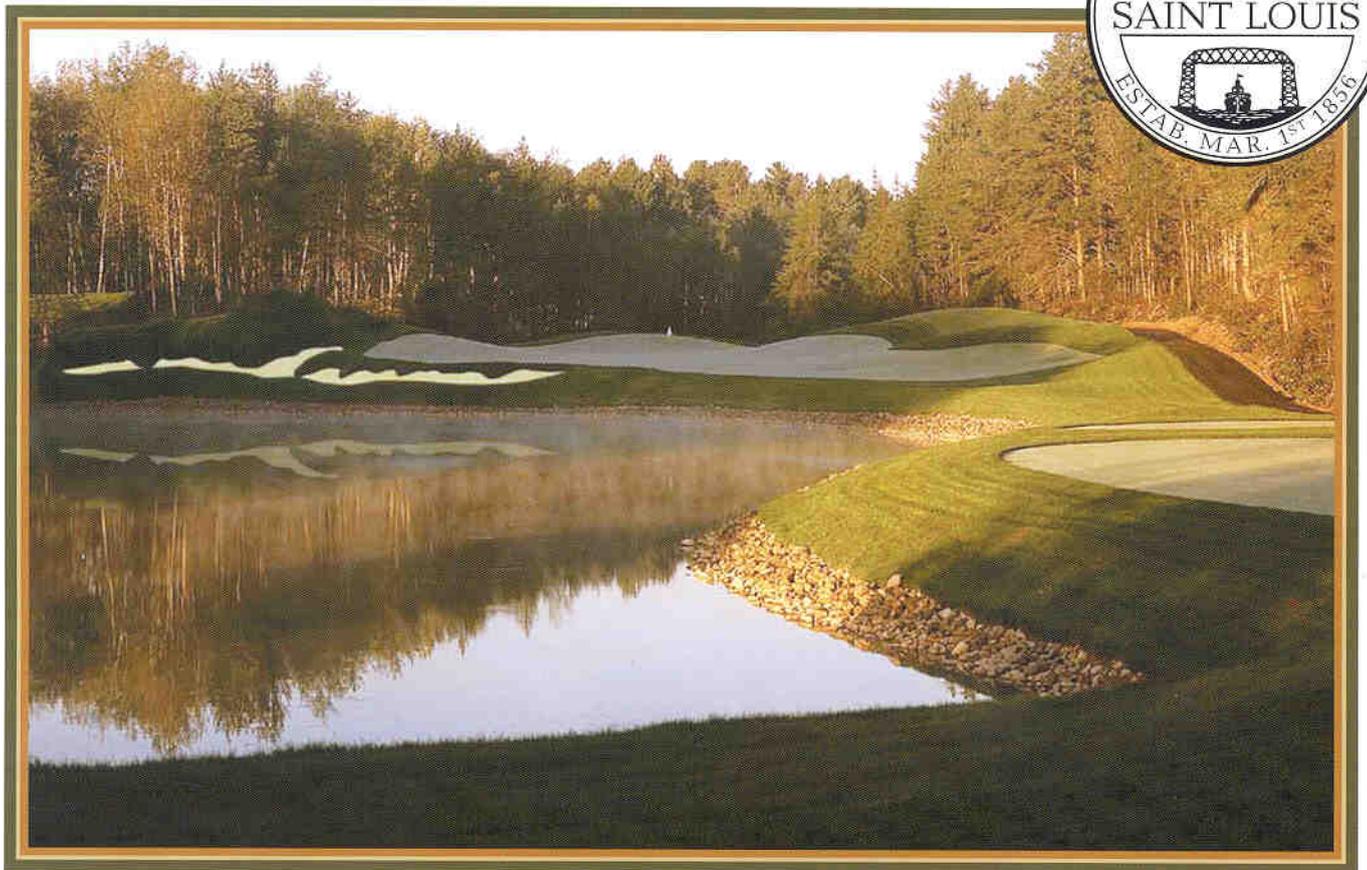
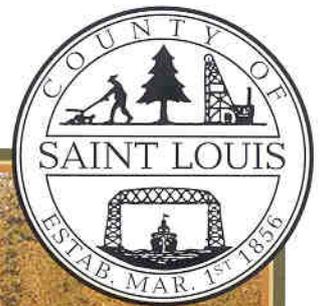


COMPREHENSIVE
**ANNUAL
FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

ST. LOUIS COUNTY, MINNESOTA

Donald Dicklich – County Auditor



“Hull-Rust,” The Quarry’s 17th Hole at Giants Ridge Golf & Ski Resort.

St. Louis County Minnesota

Comprehensive Annual Financial Report
for the Fiscal Year Ending
December 31, 2003



Donald Dicklich
County Auditor

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

ST. LOUIS COUNTY, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

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ST. LOUIS COUNTY, MINNESOTA
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ST. LOUIS COUNTY, MINNESOTA
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Saint Louis County

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

Donald Dicklich
St. Louis County Auditor

May 14, 2004

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, 2003. 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 the 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.

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, 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 fresh water aquarium, a waterfront boardwalk along Lake Superior, 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, Benedictine Health System/St. Mary's/Duluth Clinic Health System (BHS/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 also was 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. BHS joined SMDC in January 2004. BHS is a nonprofit that owns and operates 50 hospitals, nursing homes, assisted living, and independent living houses in eight states.

Fairview Range Regional Health Services is an umbrella health organization with three divisions operating in the Iron Range areas: the Mesabi Clinic (Hibbing, Chisholm, Nashauk, 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. A more detailed economic outlook is presented below. Except as otherwise noted, most information is based on the *Duluth News-Tribune*, the *Duluth Budgeteer News*, and the *Range View* publications.

Iron Range Economy

The 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 returning in the summer for canoeing and camping in the Boundary Waters Canoe Area.

The taconite industry, the mainstay of the Iron Range, has seen employment decline from 5,600 jobs in 2000 to 3,414 jobs in 2003. Employment within the industry isn't expected to increase in 2004. Even with the drop in jobs the area is still very dependent on taconite production. It is estimated that Iron Range taconite plants pump more than \$1 billion into the state economy each year in the form of purchases, wages and benefits, and taxes and royalties. The total 2003 Taconite Production Tax assessed the six taconite plants was \$72.4 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 (IRRRRA).

Seven months after filing for bankruptcy, the former EVTAC plant in Eveleth reopened as United Taconite, successfully bringing back 320 workers. The plant is expected to employ about 385 people when running at full capacity. The reopening of United Taconite also caused the Duluth Missabe and Iron Range Railway to call back 20

workers in December, with more expected in the spring of 2004. United Taconite is jointly owned by Cleveland-Cliffs (70%) and China's Laiwu Steel Group (30%).

U.S. Steel dropped plans to sell its Minntac Mine and acquired the bankrupt National Steel Pellet Corporation. Renamed Keewatin Taconite, the plant is slated to run at full capacity in 2004.

At this time, it appears that 2004 will be a good year for the taconite industry. Heavy demand from China has strengthened the market for iron and many other basic materials. Production for 2004 is estimated to be 38 million tons or better, which would be an increase of 3.7 million tons over 2003, but only .5 million tons over 2002.

Aurora:

The \$40 million, 61-mile Superior National Forest Scenic Byway that connects the eastern Iron Range in Aurora with Silver Bay and Highway 61 on the North Shore was dedicated in May 2003. The dedication caps more than two decades of work by local, regional, and state entities to transform a vision built from dirt-track logging roads and forested trails to a one hour wilderness adventure route. The highway cuts through the 2.1 million-acre Superior National Forest, as well as the Finland State Forest.

Babbitt:

Kasson Manufacturing, maker of pool tables, is Babbitt's largest taxpayer and the community's third-largest employer employing 40 people. Inventory-control problems, deteriorating margins and low-priced competition from China and Malaysia took a large toll on the company. The company is currently \$5 million in debt and may not survive.

Buhl:

Construction of a new \$5 million 44-bed nursing home in Buhl is projected to be completed in June 2004. The nursing home will employ about 60 and offer beds for nursing home and memory-loss residents, as well as private, single-occupancy rooms.

Chisholm:

Northwest Airlines hired 60 new reservation agents at its Iron Range Reservation Center in Chisholm. The center handles telephone reservations for the airline's WorldPerks members, other elite Northwest customers, and international callers. The \$10.1 million reservation center opened in 1996 and employs about 500 people.

Eveleth:

Sykes Enterprises, an Eveleth based call center that provided technical support for people with Internet problems or questions, closed and eliminated 209 jobs.

Fingerhut Direct Marketing, Inc. re-opened its call center in September after being closed for more than a year and a half. By the end of the year they had 53 employees.

Hoyt Lakes:

Premier Plastics brought their six-year old plastics manufacturing company to the Laskin Energy Park in Hoyt Lakes in the spring of 2003. Initially, the company hired 16 employees, but already has boosted that number to 22, adding a second shift to keep pace with additional contracts and demand. Premier Plastics manufactures heavy-duty plastic items used on boats and all-terrain vehicles (ATV's), including under-seat storage

compartments for pontoon boats, and cargo baskets and boxes for the fronts or backs of four-wheelers.

Virginia/Aurora:

The \$8.2 million Blue Cross and Blue Shield of Minnesota customer service call center in Virginia is now operational. The 31,000 square-foot center was built adjacent to the existing claims center in Virginia. In 2002, a 30,400 square-foot claims processing center was opened in Virginia and in January 2003, construction of a claims processing facility in Aurora was completed. A total of 210 employees currently work at the Aurora facility and the first Virginia facility. The new customer service call center could bring up to 185 additional jobs to the region by the end of 2005. Together, the combined centers will add over \$10 million per year to the local economy.

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 2003 of 34.8 million metric tons, as compared to 39.5 in 2002, a 13.5 percent decrease. This port is the number one iron ore loader nationally, and it is the number one grain loader on the U.S. Great Lakes.

St. Mary's/Duluth Clinic will begin a \$75 to \$90 million expansion in the spring of 2004 with completion of the project in 2005. The new 200,000 square-foot facility will house a cancer center, as well as several other departments including orthopedics, digestive diseases, and diagnostic imaging. The City of Duluth will support the project by building a parking ramp and a three-block-long skywalk from the ramp to the Technology Village building.

The four-story St. Luke's Lakeview building opened in early 2004. The \$15 million, 73,000 square foot facility will house St. Luke's cancer center and office space for 30 doctors. The building is connected by a skywalk to St. Luke's hospital, the Pavilion Surgery Center, and Northland Medical Center.

Cirrus Design Corp. posted record airplane sales in July by selling 51 SR20's and SR22's. Their previous all-time sales high was 42 airplanes in a month. The Cirrus sales force was increased from four to 24 people.

CustomerLink, a Duluth-based telemarketing business, plans to hire as many as 100 employees due to acquiring several large contracts for 2004. The business serves the utility, health care, and high-tech industries. CustomerLink currently employs about 125 and has a payroll of about \$3.5 million.

Federal monies of \$9 million were approved for the third phase of construction and improvements at the Duluth Air National Guard base. The \$26 million base overhaul began in 2000 and includes building a single, state-of-the-art jet maintenance complex among other improvements. The base is home to the 148th Fighter Wing, one of the Twin Port's largest employers. Its main mission includes air defense.

Major Initiatives for the Year

The County's 2004 property tax levy was certified in 2003 at \$85,340,393, which represents a 3.7 percent increase over the 2003 property tax levy. The 2004 levy includes capital and operating expenses, as well as debt service on existing obligations.

The St. Louis County Board passed its 2004 annual budget, which includes a 5 percent decrease in overall spending, from \$266 million in 2003 to \$253 million in 2004.

The county has gone from 2,323 full time employees in 2003 to 2,294 employees for 2004. The County Board has imposed a hiring freeze on all departments except those departments that are operated by an elected official.

The estimated market value for property within the County for taxes payable 2003 was \$8,315,406,800 and decreased to \$8,297,232,343 for payable 2004.

The County Board in October of 2003 authorized the appropriate officials to enter into agreements to purchase a new fully integrated financial system that would interface with a new fully integrated human resource/payroll information system. The new systems should result in \$1.9 million savings to the County over the next five years. The financial system is scheduled to be operational in June of 2004, and the human resources/payroll system in January of 2005.

St. Louis County, in partnership with the Cities of Duluth, Hermantown, and Proctor, and the University of Minnesota, Duluth, have embarked upon an effort to greatly improve the criminal justice information systems environment in the Northeastern Minnesota Arrowhead Region. This effort has been named the Northeastern Minnesota Enforcement and Safety Information System (NEMESIS). Matching CRIMNET grants have been received to develop and deploy a new law enforcement record management system entitled SHIELD and deploy an existing prosecution system entitled DAMION, as well as establish tight integration with local and state systems. St. Louis County, of its own initiative, is adding another component to SHIELD, entitled TURNKEY, to be used for jail management/offender management purposes throughout the Arrowhead Region.

St. Louis County acquired ownership of the Northland Office Building in Virginia on November 1, 2003. The acquisition was pursuant to an agreement entered into with the City of Virginia in 1992. The building is occupied mostly by County departments.

Major Initiatives for the Future

Since the events of September 11, 2001, St. Louis County's budget has seen a greater emphasis on Social Services, Public Health, and Law Enforcement. The County has received and can expect additional funding from both the State and National levels in these areas.

The County Board was forced to examine every area of County government to address over \$11 million in state aid reductions and cost shifting devised by the legislature to balance the state's budget. Future budgets will need to be adjusted to develop plans to meet local service expectations as the State of Minnesota reduces its state-local fiscal partnership. The County Board will need to consider turning back several programs that it currently provides for the state, as this partnership is expected to further erode.

In the year 2003, the Iron Range taconite industry distributed \$15.0 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. This was a \$.2 million reduction from 2002. The County is expected to receive approximately the same distribution in 2004, and again in 2005, due to the fact that portions 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 may have to look at methods of replacing taconite monies with other revenue sources or through reductions in expenditures in 2006 and beyond.

Cities, towns, and school districts in the County received more than \$20.8 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.

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 2003, the County's average investment yield was 1.90%. 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, 2003, the goal was 89.4% accomplished for the General Fund, 97.9% for the Road and Bridge Fund, and was 75.7% 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, 2003, 100% of the estimated retiree obligations (vested sick leave) amount needed was funded.

In 2000, the County began to designate for the General Fund and Special Revenue Funds 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. As of December 31, 2003, 4/9 of the estimated vesting sick leave amount needed was funded.

Enterprise Operations

Enterprise operations include Chris Jensen Health and Rehabilitation Center, 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 improvements at the Duluth and Hibbing Courthouses that were funded by the 2001 Capital Improvement Bonds were nearly completed at year's end. The Pike Lake Road & Bridge Administration Building was opened in 2003. Also completed during 2003 were projects at Road & Bridge garages and numerous projects at the three County courthouses.

Risk Management

The County's exposure is as follows:

Tort and Liability Risk: The County purchases insurance on its major buildings and buys surety bonds to cover the risk of employee theft. The County bears the risk for other torts and liability, including no-fault auto insurance. The Property, Casualty, Liability Insurance Internal Service Fund at December 31, 2003, had a balance of \$5,908,177 in its net assets account. 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, 2003, had a balance of (\$2,164,272) 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, 2003, had a balance of \$9,537,875 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 audit 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 States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Louis County for its comprehensive annual financial report for the fiscal year ended December 31, 2002.

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 fifteen 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,



DONALD DICKLICH
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

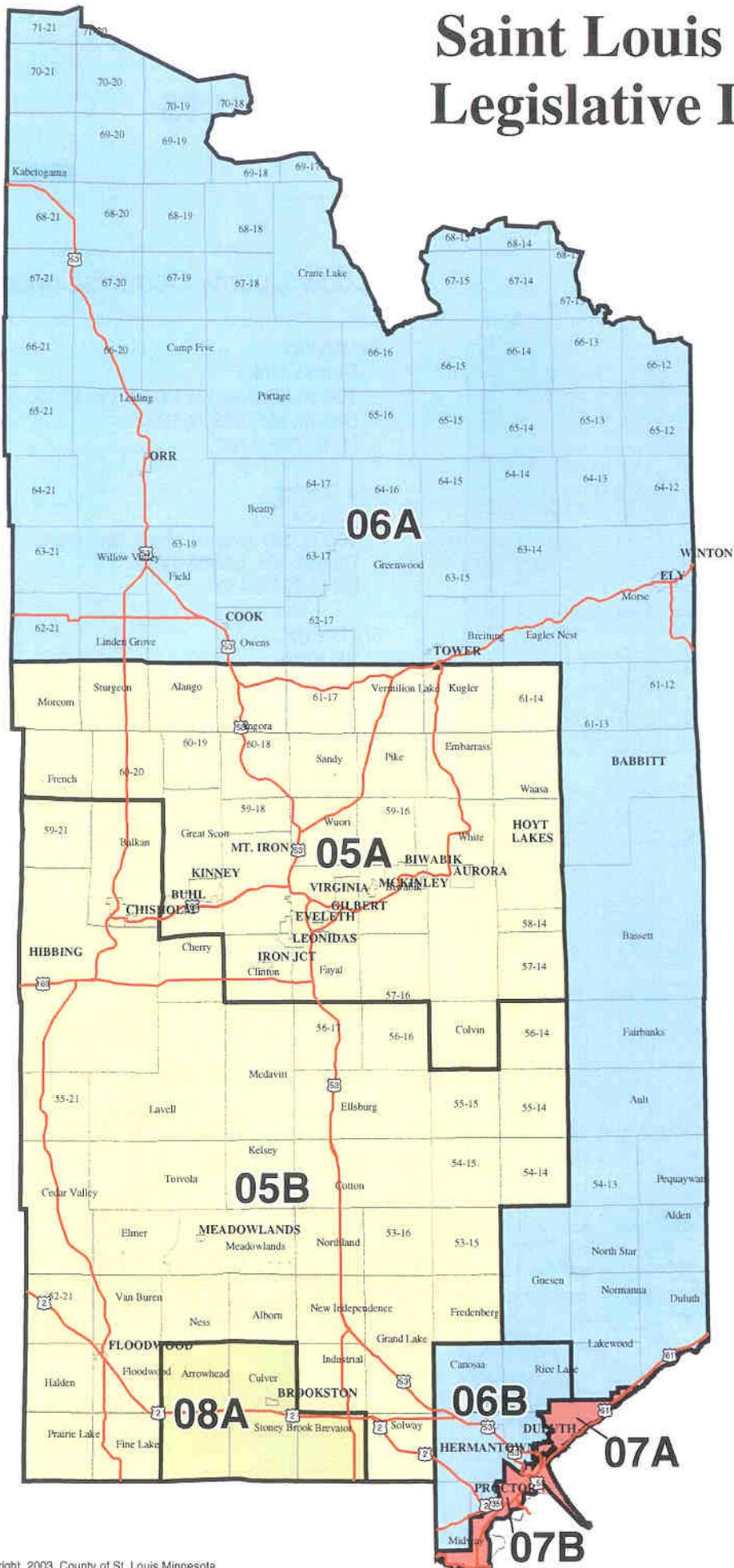
David Dill (DFL) 06A
315 State Office Building
Saint Paul, Minnesota 55155
(651) 296-2190

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

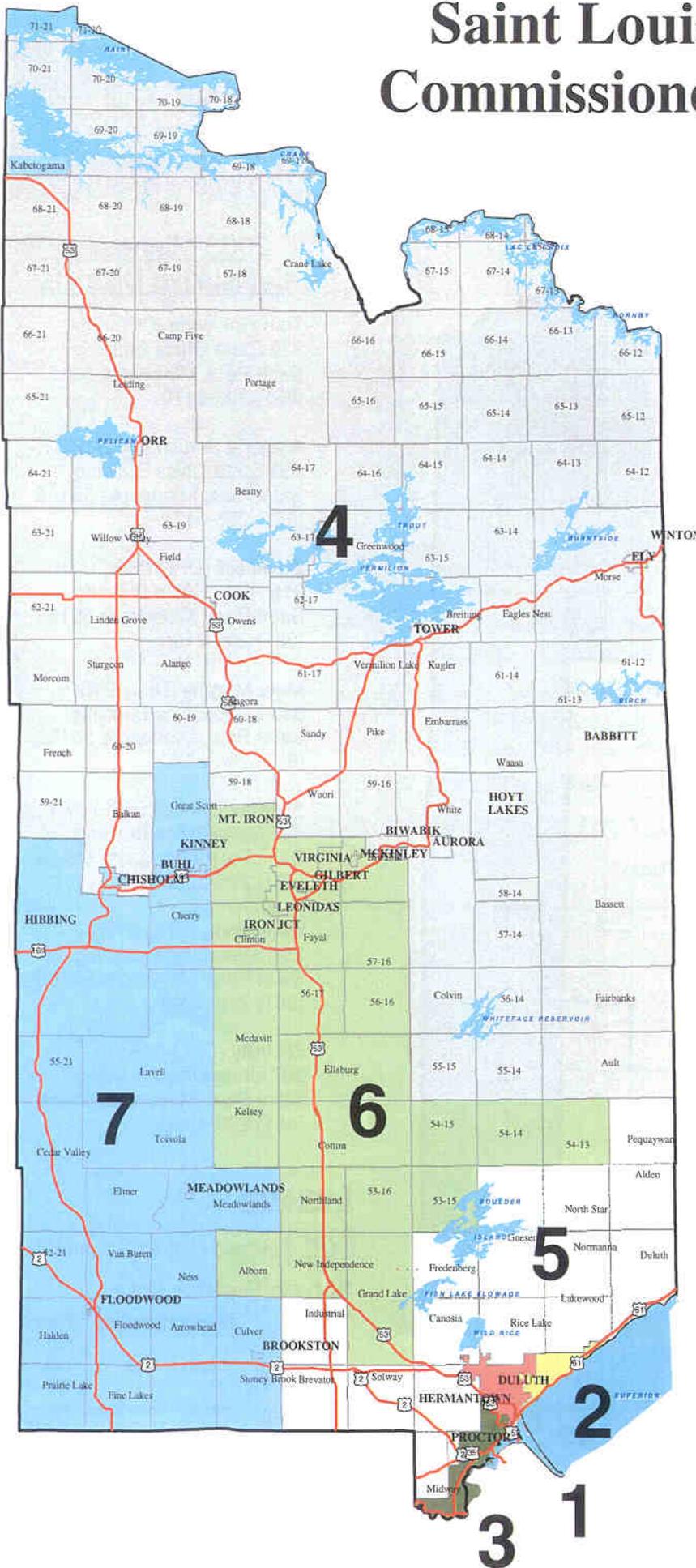
Peg Sweeney
100 N. 5th Avenue West Rm. #208
Duluth, Mn 55802-1292
(218) 726-2450

6th District

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

7th District

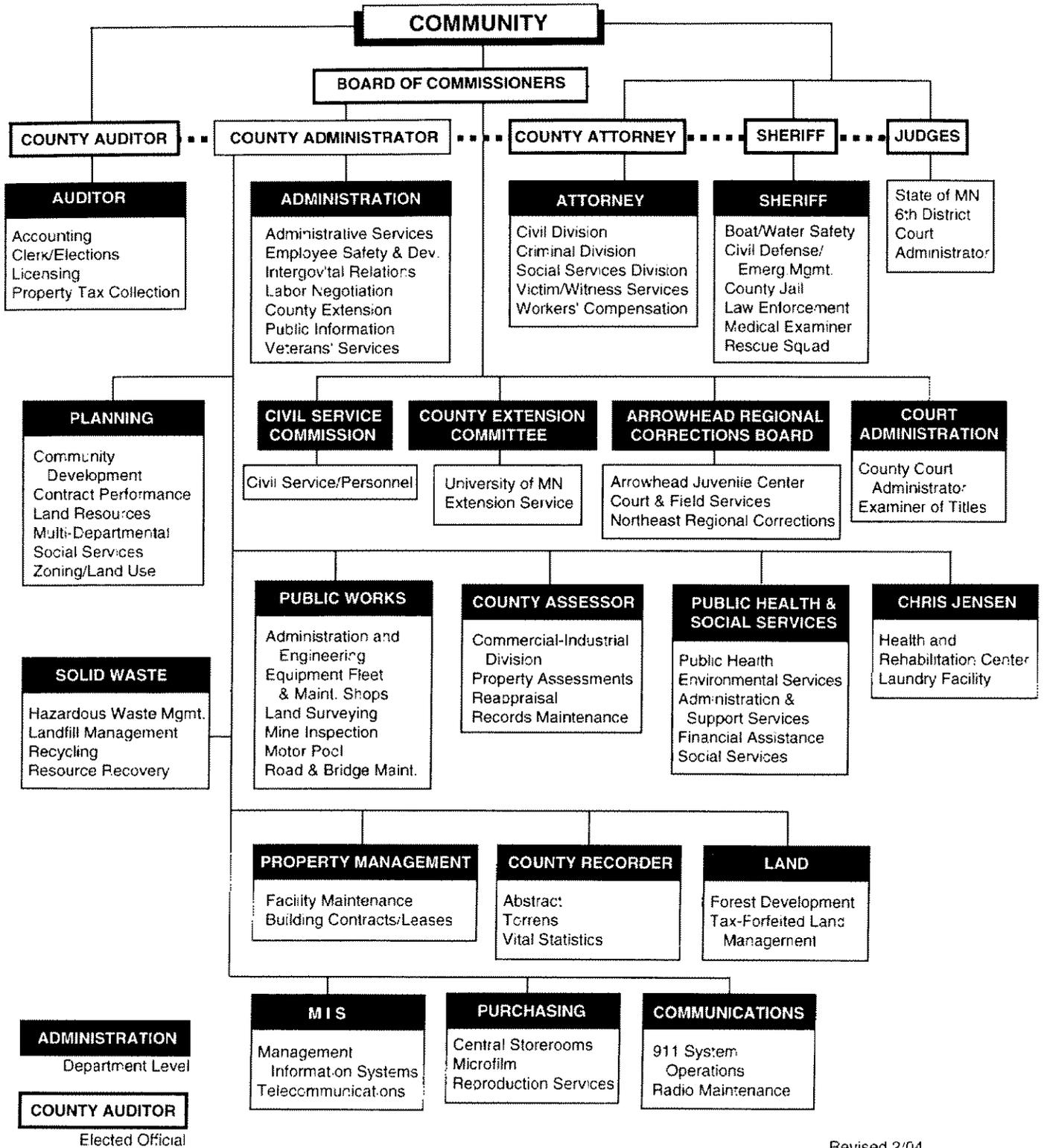
Steve Raukar
St. Louis County Courthouse
Hibbing, Mn 55746
(218) 262-0201



**St. Louis County
Elected and Appointed Officials
as of December 31, 2003**

Office	Name	Term
Commissioners:		
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	Keith Nelson	Jan. 2003 Jan. 2007
7th District	Steve Raukar	Jan. 1997 Jan. 2005
Elected Officers:		
Attorney	Alan L. Mitchell	Jan. 2003 Jan. 2007
Auditor	Gordon McFaul (Retired)	Jan. 2003 Dec. 2003
Auditor	Donald Dicklich (Appointed)	Jan. 2004 Jan. 2007
Sheriff	Ross Litman	Jan. 2003 Jan. 2007
Appointed Officers:		
Interim Administrator	Ann Buscne	
Assessor	Mary Durward	
Civil Service Director	Anthony Bruno, Jr.	
Court Administrator	Susan Byrnes	
Emergency Communications Director	Paul Kent	
Examiner of Titles	David W. Adams	
Land Commissioner	David Epperly	
Management Information Systems Director	Martin Buscombe	
Planning Director	Barbara Hayden	
Property Management Director	Tony Mancuso	
Public Health and Social Services Director	Linda Anderson	
Public Works Director	Marcus Hail	
Purchasing Agent	Richard Florey	
Recorder	Mark Monacelli	
Solid Waste Director	Theodore Troolin	

ST. LOUIS COUNTY ORGANIZATIONAL SUMMARY



Revised 2/04

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, 2002

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 ANDERSON
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
St. Louis County

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 as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements 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. 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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1.F. to the financial statements, St. Louis County changed its method of accounting for its state aid highway fund allotment.

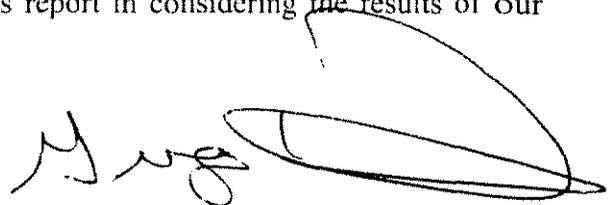
The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of management inquiries regarding the methods of measurement and presentation of the 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 non-major 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 14, 2004, 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 ANDERSON
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: May 14, 2004

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2003

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, 2003. 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 \$13.0 million or 3.7%. Governmental activities accounted for an increase of \$14.5 million, while the County's business-type activities decreased by \$1.5 million.

The County's governmental funds reported combined ending fund balances of \$80.9 million, an increase of \$3.6 million. Part of the combined fund balances, \$28.8 million, is reserved and not available for appropriation. Of the remaining \$52.1 million (unreserved fund balance), \$40.7 has been designated for specific uses and \$11.4 million remains undesignated.

The General Fund reported a deficiency of revenue over expenditures of \$2.2 million. This deficiency was caused by the County Board using unreserved fund balance to balance the 2003 General Fund budget.

St. Louis County's total debt decreased by \$4.0 million (11.8%) to \$30.0 million. The key factor was the retirement of principal.

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 or worse 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 to 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 30-32 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, 2003

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

The basic financial statements for governmental funds can be found on pages 34-46 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 Solid Waste Management Fund and the Chris Jensen Health and Rehabilitation Center 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 48-52 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 54-55 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 58-93 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 97-138.

St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2003

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 \$368.3 million.

By far the largest portion of the County's net assets is the investment in capital assets (72.9 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 second year for reporting government-wide financial statements using the full accrual basis of accounting.

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

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 152.7	\$ 152.6	\$ 16.1	\$ 17.0	\$ 168.8	\$ 169.6
Capital assets	284.2	277.2	14.4	15.0	298.6	292.2
Total Assets	436.9	429.8	30.5	32.0	467.4	461.8
Long-term liabilities outstanding	75.9	80.2	3.2	3.0	79.1	83.2
Other liabilities	18.5	21.6	1.5	1.7	20.0	23.3
Total liabilities	94.4	101.8	4.7	4.7	99.1	106.5
Net assets:						
Invested in capital assets, net of debt	254.7	243.5	13.9	14.5	268.6	258.0
Restricted	35.1	32.8	1.4	1.5	36.5	22.9
Unrestricted	52.7	51.7	10.5	11.3	63.2	74.4
Total Net Assets	\$ 342.5	\$ 328.0	\$ 25.8	\$ 27.3	\$ 368.3	\$ 355.3

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

Governmental Activities:

The County's net assets increased by \$14.5 million, or 4.4%, from \$328.0 million to \$342.5 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 only \$.1 million because of a large decrease in cash and investments that was offset by an increase in receivables.

Capital assets increased by \$7.0 million. A detailed analysis of this increase is presented in Table 4 on page 28, under the heading Capital Assets and Debt Administration.

St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2003

The County's long-term liabilities outstanding decreased by \$4.3 million, to \$75.9 million. This was due largely to a decrease in bonds and notes payable of \$4.1 million. A detailed analysis of the increase in outstanding debt is presented in Table 5 on page 29, under the heading Capital Assets and Debt Administration.

Other liabilities decreased \$3.1 million due to decreases in both accounts payable of \$1.8 million and deferred revenue of \$1.3 million.

Invested in capital assets, net of related debt, increased by \$11.2 million. This was the result of capital asset additions and deletions net of depreciation increasing by \$6.9 million; governmental activities debt decreasing by \$4.1 million; and capital leases being reduced by \$.2 million for the year.

Restricted net assets increased by \$2.3 million due to increases in encumbrances, retiree obligations, and debt service reserves.

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 \$1.0 million more at the end of 2003 than at the end of 2002. This was due primarily to a combination of not having to designate fund balance to support the 2004 budget, and to increases in designations for cash flow and vesting sick leave.

Business-type Activities:

The County's net assets for business-type activities decreased \$1.5 million, or 5.5%, to \$25.8 million. As with the governmental activities, St. Louis County was able to report positive balances in all three categories of net assets, and the same held true for the prior fiscal year.

Current and other assets decreased from \$17.0 million to \$16.1 million, or \$.9 million. Cash and investments increased \$.9 million, primarily in the Solid Waste Fund. Receivables (net) increased by \$.7 million, with the Chris Jensen Health and Rehabilitation Center receivables increasing by more than \$.8 million. The Solid Waste Management Fund experienced a decrease in restricted assets of \$.1 million. Interfund balances, caused by underpayment to the internal service funds and a \$1.5 million loan by the General Fund to the Chris Jensen Health and Rehabilitation Center to cover its cash deficit at year end, increased by (\$2.4) million.

Capital assets declined by \$.6 million in 2003 because capital asset additions of \$.2 million were more than offset by depreciation expense of \$.8 million. A detailed analysis of this increase is presented in Table 4 on page 33, under the heading Capital Assets and Debt Administration.

Total liabilities remain constant at \$4.7 million.

Total net assets decreased as the result of expenses exceeding revenues by \$1.5 million.

St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2003

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

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 39.6	\$ 38.5	\$ 22.3	\$ 24.7	\$ 61.9	\$ 63.2
Operating Grants and Contributions	43.1	42.2	0.4	0.5	43.5	42.7
Capital Grants and Contributions	4.4	-	-	-	4.4	-
<i>General Revenues:</i>						
Taxes:						
Property taxes, levied for gen. purposes	77.0	76.7	-	-	77.0	76.7
Property taxes, levied for debt service	4.7	3.9	0.1	-	4.8	3.9
State shared	43.4	46.8	-	-	43.4	46.8
Federal non-program	0.6	0.5	-	-	0.6	0.5
Investment income	1.8	3.6	0.2	0.5	2.0	4.1
Contributions to Permanent Fund	0.4	3.3	-	-	0.4	3.3
Miscellaneous	0.2	0.3	-	-	0.2	0.3
Total revenues	215.2	215.8	23.0	25.7	238.2	241.5
Expenses						
<i>Program expenses:</i>						
General government	33.2	30.1	-	-	33.2	30.1
Public safety	32.6	32.6	-	-	32.6	32.6
Highways and streets	46.3	40.8	-	-	46.3	40.8
Health and sanitation	6.6	6.5	-	-	6.6	6.5
Human services	69.9	71.9	-	-	69.9	71.9
Culture and recreation	1.1	1.2	-	-	1.1	1.2
Conservation of natural resources	5.7	6.7	-	-	5.7	6.7
Economic development	4.0	3.6	-	-	4.0	3.6
Interest on long-term debt	1.3	1.6	-	-	1.3	1.6
Solid Waste Management	-	-	5.9	5.8	5.9	5.8
Chris Jensen Health & Rehabilitation	-	-	15.2	13.3	15.2	13.3
Other Enterprise funds	-	-	3.4	10.1	3.4	10.1
Total expenses	200.7	195.0	24.5	29.2	225.2	224.2
Increase in net assets before transfers and special items	14.5	20.8	(1.5)	(3.5)	13.0	17.3
Special items	-	6.1	-	(2.3)	-	3.8
Transfers	-	(2.4)	-	2.4	-	-
Increase (decrease) in net assets	14.5	24.5	(1.5)	(3.4)	13.0	21.1
Net assets January 1	328.0	303.5	27.3	30.7	355.3	334.2
Net assets December 31	\$ 342.5	\$ 328.0	\$ 25.8	\$ 27.3	\$ 368.3	\$ 355.3

St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2003

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

Governmental Activities:

Charges for service for 2003 were \$39.6 million, or \$1.1 million, over 2002.

The County received \$5.3 million more from grants and contributions during 2003. Highways and Streets received additional federal grants and capital contributions of \$7.3 million for road construction in 2003. The Public Safety program of the General Fund received \$.6 million more in grants, while the Social Services Fund was reduced \$.2 million in state and \$2.8 million in federal grants.

Property tax collection increased \$1.1 million, from \$80.6 million in 2002, to \$81.7 million in 2003. County taxpayers were levied \$2.0 million less than what the County Board had approved. The \$2.0 million error will be corrected with the 2004 County tax levy. State shared revenues decreased by \$3.4 million because of a reduction in the "Homestead and Agriculture Credit Aid" sent to the County by the State of Minnesota for 2003.

The interest earnings trend continued its decline in 2003. Interest earnings for 2003 were \$1.8 million less than the \$3.6 million of interest earnings in 2002. Interest earnings in 2002 were \$1.9 million less than 2001. Interest rates also continued to fall in 2003. The average yield on investments dropped 35.6% in 2003 to 1.9%. The County's portfolio continued to have investments mature, which were replaced with lower yield investments.

Expenses increased by \$5.7 million in 2003 to \$200.7 million for all governmental activities. The largest single increases were in the General Government and Highway and Streets programs. They increased by \$3.0 million and \$5.5 million respectively. Expenses decreased in the Human Services program by \$2.0 million in 2003. For the most part, increases in expenses were related to increased personnel service cost as the result of employee contract settlements, capital related expenses, and Internal Service Funds Net income (loss) allocations. All County employees received a 2.75% wage increase for the year.

Business-type Activities:

Charges for services for all business-type activities decreased \$2.4 million in 2003. This was mainly due to an increase at Chris Jensen Health and Rehabilitation Center of \$2.6 million and a decrease of \$5.3 million at the Nopeming Care Center. Both were the result of Nopeming Care Center closing in November of 2002.

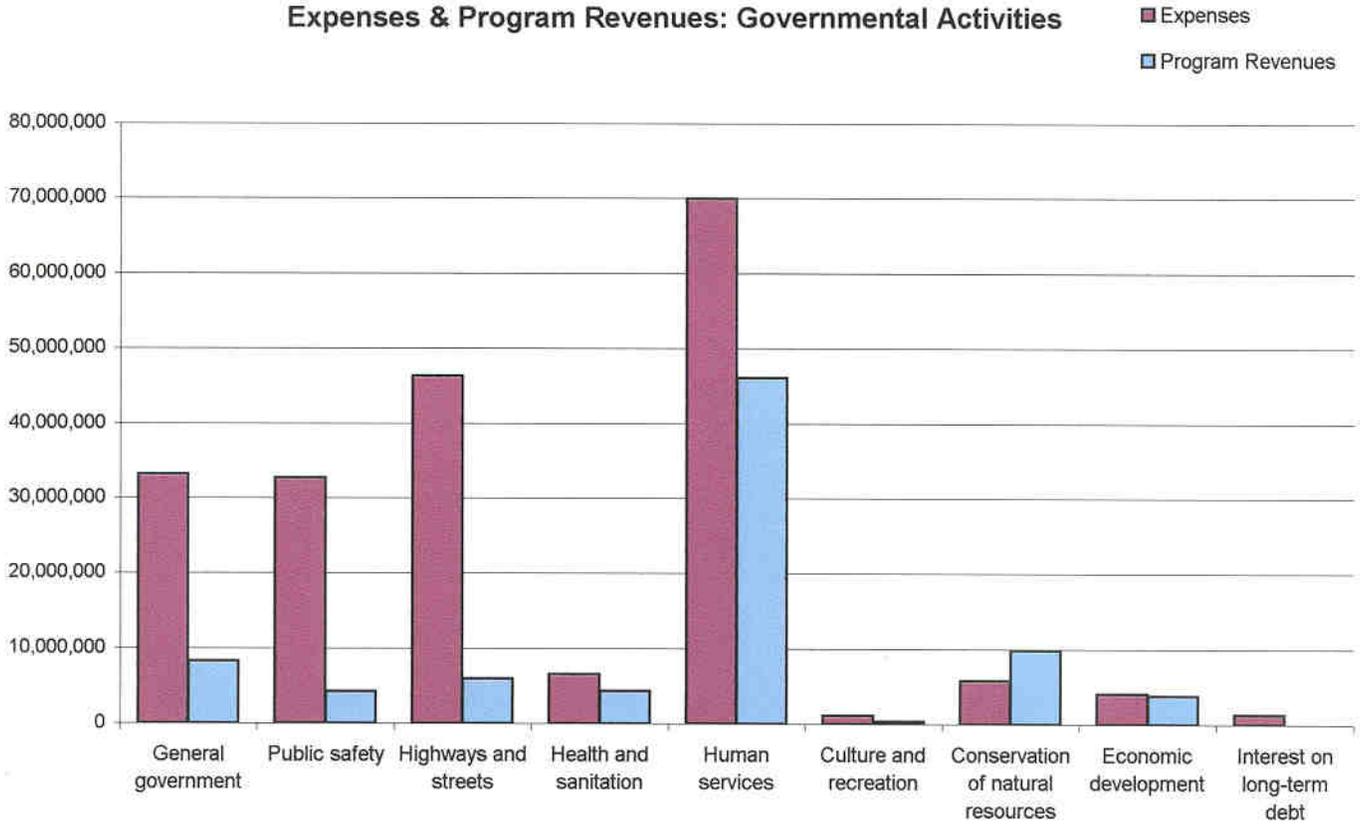
Property taxes were levied for the first time in 2003 to begin repayment of the debt incurred in remodeling a wing at Chris Jensen Health and Rehabilitation Center.

Expenses decreased \$4.7 million due to the Nopeming Care Center closure.

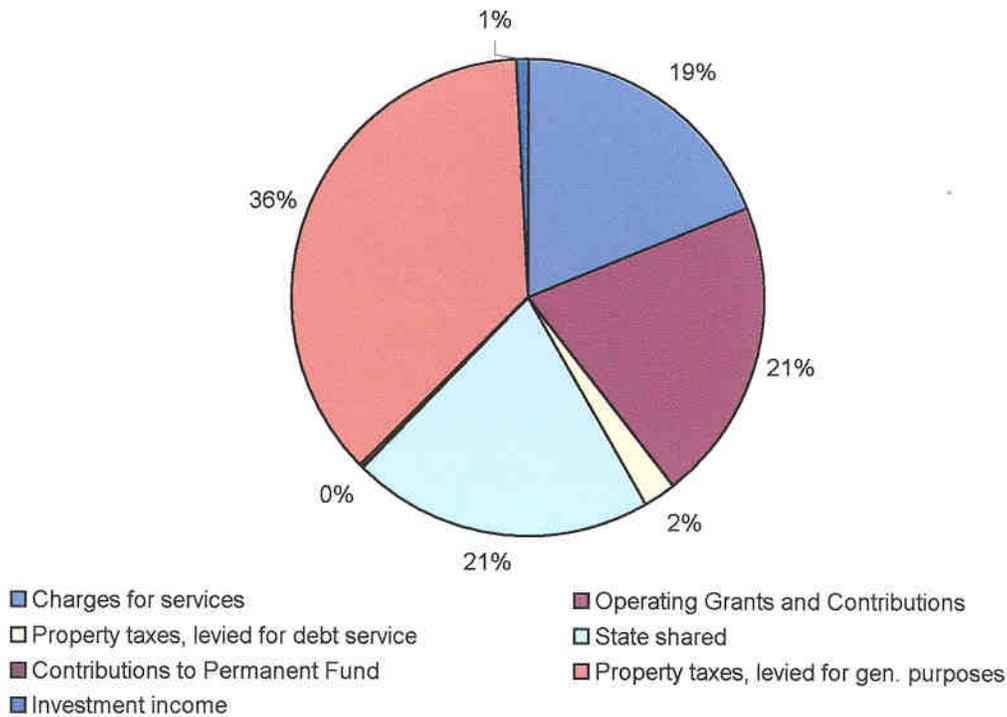
The two business-type activities that are classified as major funds were the only business-type activities that had operating losses in 2003. The Solid Waste Management Fund had an operating loss of \$.7 million, while Chris Jensen Health and Rehabilitation Center had an operating loss of \$.9 million.

St. Louis County, Minnesota
Management's Discussion and Analysis
 December 31, 2003

Expenses & Program Revenues: Governmental Activities

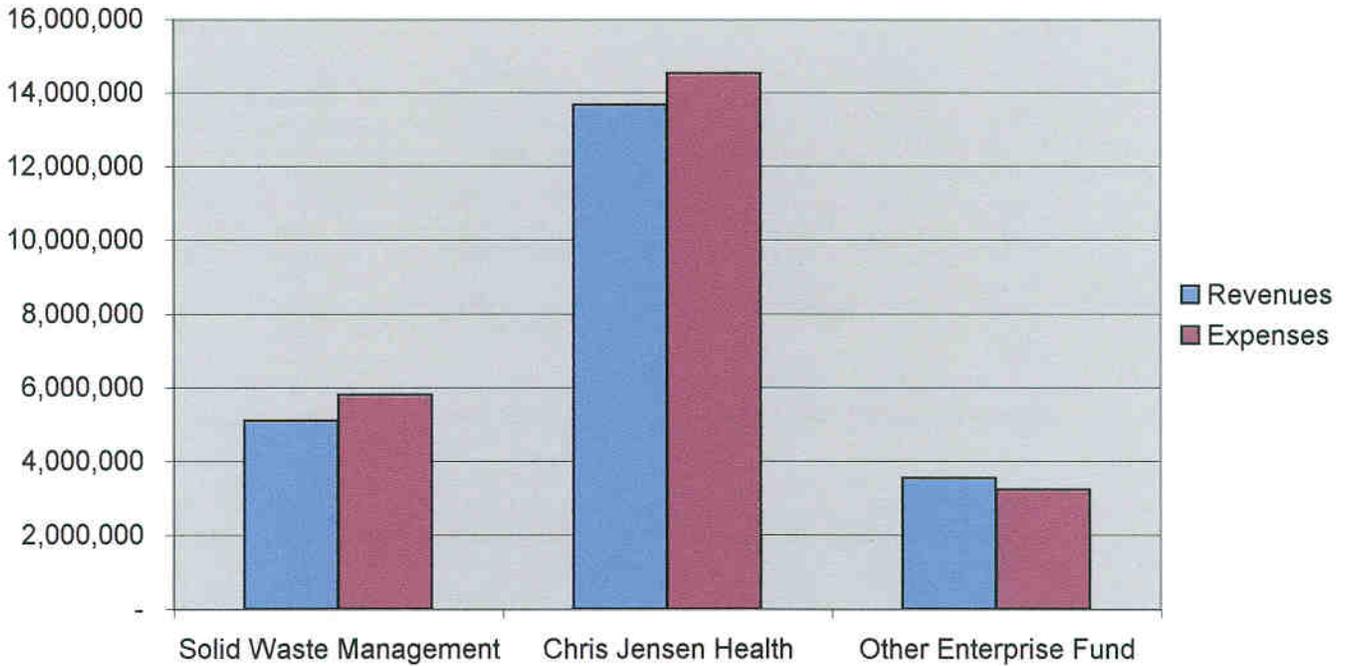


Revenues by Source: Governmental Activities



St. Louis County, Minnesota
Management's Discussion and Analysis
 December 31, 2003

Expenses and Program Revenues: Business-type Activities



Revenues by Source: Business-type Activities



St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2003

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, 2003, St. Louis County's governmental funds reported combined fund balances of \$80.9 million, compared with \$77.3 million in 2002. Most of the combined fund balance, or \$52.1 million, was unreserved fund balance, which is available for spending at the County's discretion. Of the unreserved fund balance, \$40.7 million was designated. Designations reflect the County's self-imposed limitations on otherwise available expendable financial resources. Cash flow designation of \$31.7 million is the largest designation. The remaining \$28.8 million of fund balance is reserved. Fund balance is reserved because it is either unavailable for spending or legally restricted. The largest reservations of fund balances at year end are for environmental trust fund purposes, encumbrances, inventories, and retiree obligations.

The General Fund is the chief operating fund of the County. At the end of 2003, the unreserved fund balance of general fund was \$20.9 million. Unreserved fund balance represents 30.7% of total fund revenues and 29.8% 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 (41.7%).

The fund balance of the County's General Fund decreased \$2.2 million as a result of operations before transfers. Transfers were from the County Garage Fund (\$.3 million), Management Information Systems Fund (\$.3 million), and the Forfeited Tax Sale Fund (\$1.7 million). The net result after transfers was a \$.1 million increase in fund balance for the year.

The Road and Bridge Fund had a \$1.7 million excess of revenues over expenditures. This was primarily due to actual expenditures coming in under budget.

The Social Services Fund also came in well under budget resulting in revenue over expenditures of \$1.7 million.

Pursuant to Minnesota Statute, the Forfeited Tax Sale Fund distributed \$3.4 million in net proceeds. Fund balance was \$.5 million at the end of both 2002 and 2003.

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 \$3.2 million over the original budget. The majority of the increases were appropriation of carryover monies and amendments to operating budget.

The difference between the final amended revenue budget \$68.4 million and the original budget was a decrease of only \$.4 million.

St. Louis County, Minnesota
Management's Discussion and Analysis
 December 31, 2003

Actual expenditures were \$3.8 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.

Actual revenues were \$.2 million under the final budget. Tax collections exceeded the budget by \$.6 million, while earnings on investments were under budget by \$.6 million. All other actual revenues came in very close to the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year end, the County showed total capital assets to be \$298.6 million. Of that total, governmental activities accounted for \$284.2 million, and the balance of \$14.4 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	
	2003	2002	2003	2002	2003	2002
Land	\$ 1.7	\$ 1.7	\$ 0.4	\$ 0.4	\$ 2.1	\$ 2.1
Buildings and improvements	48.6	46.9	9.7	9.4	58.3	56.3
Improvements other than buildings	-	-	3.2	3.4	3.2	3.4
Machinery and equipment	2.6	3.2	0.5	0.6	3.1	3.8
Linens	-	-	0.3	0.3	0.3	0.3
Vehicles	14.6	15.3	0.3	0.4	14.9	15.7
Infrastructure	213.0	205.4	-	-	213.0	205.4
Construction in progress	3.7	4.7	-	0.5	3.7	5.2
Totals	\$ 284.2	\$ 277.2	\$ 14.4	\$ 15.0	\$ 298.6	\$ 292.2

Total governmental capital assets show a net increase (including additions and deductions) of \$7.0 million, or 2.5 percent, over last year. As shown in Table 4, all asset categories except infrastructure, buildings and improvements, and land posted decreases. This was due to depreciation expenses exceeding new purchases.

Infrastructure, which is the County's road and bridge system, had a net increase of \$7.6 million, or 3.7%. Construction Projects of \$20.2 million were completed during the year. Depreciation of existing infrastructure totaled \$12.6 million for the year.

Buildings and improvements increased by a total \$2.0 million. Governmental activities increased \$1.7 million mainly because capital projects started in 2002 were completed in 2003. Business-type activities experienced a net increase of \$.3 million in building and improvements because of the remodeling at the Chris Jensen Health and Rehabilitation Center.

Construction in progress at the end of the year consisted of the Duluth and Hibbing Courthouse improvements.

Additional information on St. Louis County's capital assets can be found in the notes on page 76 and 77.

St. Louis County, Minnesota
Management's Discussion and Analysis
 December 31, 2003

Debt Administration

At year-end, the County had \$30.0 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	
	2003	2002	2003	2002	2003	2002
General obligation bonds	\$ 28.9	\$ 32.9	\$ 0.5	\$ 0.6	\$ 29.4	\$ 33.5
Revenue bonds	0.6	0.5	-	-	0.6	0.5
Total	\$ 29.5	\$ 33.4	\$ 0.5	\$ 0.6	\$ 30.0	\$ 34.0

As shown, the County's total debt decreased \$4.0 million (11.8%) during the current fiscal year. This was the result of making principal payments on existing debt and not issuing new debt in 2003.

Moody's Investors Service 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 79.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The average unemployment rate in St. Louis County for 2003 was 5.6%. This is comparable to the state's average unemployment rate of 5.0% and the national average of 6.0% for 2003.

The State of Minnesota has projected a budget deficit, which may not be fully addressed until the 2004 legislative session. There is a possibility that some of the County's state aids will be further reduced. This potential loss of revenues is being considered during St. Louis County's 2005 budget process.

After two very difficult years including numerous bankruptcies, the domestic steel and taconite industry began to recover in the 4th quarter of 2003. At this time it appears that 2004 will be a good year for the taconite industry. Heavy demand from China may have strengthened the market for iron and many other basic materials. The dependence on the approximately \$10.6 million dollars the County receives in the form of taconite production tax appears safe for the near future.

All of these factors were considered in preparing the County's budget for the 2004 fiscal year.

The County's 2004 budget was passed on December 16, 2003, at a meeting of the St. Louis County Board of Commissioners. The property tax levy of \$85.3 million is \$3.0 million, or 3.6%, over 2003. Decreases in revenues in the General and Social Service Fund coupled with recovering the \$2.0 million levy error that occurred in 2003 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, 2003

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 83,269,521	\$ 2,173,383	\$ 85,442,904
Investments	21,448,779	11,728,275	33,177,054
Assets held by escrow agent	43,807	-	43,807
Internal balances	3,018,650	(3,018,650)	-
Receivables (net)	41,948,323	2,418,288	44,366,611
Inventories	2,999,393	119,906	3,119,299
Prepaid items	-	75,025	75,025
Restricted assets	-	2,552,665	2,552,665
Capital assets not being depreciated	5,387,004	363,922	5,750,926
Capital assets being depreciated, net	278,814,925	14,077,823	292,892,748
Total assets	436,930,402	30,490,637	467,421,039
 LIABILITIES			
Accounts payable	12,595,750	1,197,584	13,793,334
Deferred revenue	5,950,903	158,508	6,109,411
Liabilities payable from restricted assets	-	97,808	97,808
Noncurrent liabilities:			
Due within one year	9,561,818	105,580	9,667,398
Due in more than one year	66,338,754	3,105,121	69,443,875
Total liabilities	94,447,225	4,664,601	99,111,826
 NET ASSETS			
Invested in capital assets, net of related debt	254,742,638	13,926,745	268,669,383
Restricted			
Shoreline sales:			
Expendable	127,371	-	127,371
Nonexpendable	5,761,019	-	5,761,019
Special revenue	8,351,701	-	8,351,701
Debt service	1,339,311	-	1,339,311
Capital projects	1,721,331	-	1,721,331
Retiree obligations	11,263,120	-	11,263,120
Other purposes	6,499,579	1,380,436	7,880,015
Unrestricted	52,677,107	10,518,855	63,195,962
Total net assets	\$ 342,483,177	\$ 25,826,036	\$ 368,309,213

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, 2003

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental Activities:			
General government	\$ 33,163,387	\$ 7,902,502	\$ 359,539
Public safety	32,616,921	1,671,199	2,498,093
Highways and streets	46,286,039	2,111,520	3,851,205
Health and sanitation	6,561,149	1,392,001	2,885,095
Human services	69,908,477	16,873,401	29,226,322
Culture and recreation	1,116,401	12,000	302,575
Conservation of natural resources	5,752,492	9,630,145	171,305
Economic development	3,998,107	-	3,821,022
Interest on long-term debt	1,320,624	-	-
Total governmental activities	<u>200,723,597</u>	<u>39,592,768</u>	<u>43,115,156</u>
Business-type activities:			
Solid Waste Management	5,909,965	5,099,943	417,607
Chris Jensen Health and Rehabilitation Center	15,214,467	13,666,733	-
Other Enterprise Funds	3,387,444	3,541,385	-
Total business-type activities	<u>24,511,876</u>	<u>22,308,061</u>	<u>417,607</u>
Total primary government:	<u>\$ 225,235,473</u>	<u>\$ 61,900,829</u>	<u>\$ 43,532,763</u>

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2003

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets			
	Program Revenues cont.	Primary Government		
	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government				
Governmental Activities:				
General government	\$ -	\$ (24,901,346)	\$ -	\$ (24,901,346)
Public safety	-	(28,447,629)	-	(28,447,629)
Highways and streets	4,387,127	(35,936,187)	-	(35,936,187)
Health and sanitation	-	(2,284,053)	-	(2,284,053)
Human services	-	(23,808,754)	-	(23,808,754)
Culture and recreation	-	(801,826)	-	(801,826)
Conservation of natural resources	-	4,048,958	-	4,048,958
Economic development	-	(177,085)	-	(177,085)
Interest on long-term debt	-	(1,320,624)	-	(1,320,624)
Total governmental activities	4,387,127	(113,628,546)	-	(113,628,546)
Business-type activities:				
Solid Waste Management	-	-	(392,415)	(392,415)
Chris Jensen Health and Rehabilitation Center	-	-	(1,547,734)	(1,547,734)
Other Enterprise Funds	-	-	153,941	153,941
Total business-type activities	-	-	(1,786,208)	(1,786,208)
Total primary government	\$ 4,387,127	\$ (113,628,546)	\$ (1,786,208)	\$ (115,414,754)
General revenues:				
Taxes:				
Property taxes , levied for general purposes		76,975,884	-	76,975,884
Property taxes, levied for debt service		4,741,101	118,458	4,859,559
State shared		43,418,625	-	43,418,625
Federal shared		626,757	-	626,757
Investment earnings		1,806,307	237,218	2,043,525
Contributions to Permanent Fund		365,163	-	365,163
Miscellaneous		158,186	-	158,186
Total general revenues, special items, and transfers		128,092,023	355,676	128,447,699
Changes in net assets		14,463,477	(1,430,532)	13,032,945
Net assets - January 1 - restated		328,019,700	27,256,568	355,276,268
Net assets - December 31		\$ 342,483,177	\$ 25,826,036	\$ 368,309,213

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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 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. The distribution of the net proceeds, after deducting the expenses of the County for managing the tax forfeited lands is governed by Minn. Stat. 282.08. Title to the tax forfeited lands remains with the State until sold by the county.

ST. LOUIS COUNTY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	General	Road and Bridge	Social Services	Forfeited Tax Sale	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 28,970,146	\$ 18,083,098	\$ 10,132,982	\$ 646	\$ 17,973,747	\$ 75,160,619
Assets held by escrow agent	43,807	-	-	-	-	43,807
Delinquent taxes receivable	1,524,591	737,616	1,010,931	-	243,317	3,516,455
Accounts receivable (net)	282,166	96,837	135,443	13,634,301	31,070	14,179,817
Accrued interest receivable	235,629	-	-	-	-	235,629
Loans receivable	769,565	-	-	-	410,379	1,179,944
Leases receivable	131,000	-	-	-	-	131,000
Interfund receivable	2,344,923	-	-	-	-	2,344,923
Due from other governments	1,301,230	11,602,514	8,856,908	-	490,659	22,261,311
Inventories	-	2,802,951	-	-	-	2,802,951
Total Assets	35,603,057	33,323,016	20,146,264	13,634,947	19,149,172	121,856,456
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	1,188,735	809,175	1,676,249	69,799	137,291	3,881,249
Contracts payable	-	845,895	-	-	116,255	962,150
Salaries payable	2,189,913	843,466	1,217,547	134,901	6,348	4,392,175
Compensated absences payable	452,675	232,703	439,099	40,296	656	1,165,429
Interfund payable	-	-	-	841,884	9,972	851,856
Due to other governments	705	1,421	1,082,405	-	382,211	1,466,742
Deferred revenue	2,262,331	12,357,509	1,258,675	12,076,001	269,676	28,224,192
Total Liabilities	6,094,359	15,090,169	5,673,975	13,162,881	922,409	40,943,793
Fund Balances:						
Reserved for:						
Change funds	35,215	1,000	30,000	50	-	66,265
Noncurrent loans	431,334	-	-	-	410,379	841,713
Economic development	1,102,132	-	-	-	-	1,102,132
Future loans	-	-	-	-	303,567	303,567
Conference fund	-	-	18,512	-	-	18,512
Inventories	-	2,802,951	-	-	-	2,802,951
Encumbrances	954,579	1,086,874	9,184	63,757	105,206	2,219,600
Law library	37,448	-	-	-	-	37,448
Recorder's equipment	177,403	-	-	-	-	177,403
Communications	432,131	-	-	-	-	432,131
Extension service	337,600	-	-	-	-	337,600
Missing heirs	205,234	-	-	-	-	205,234
Private redemption	414	-	-	-	-	414
Escrow cash	43,807	-	-	-	-	43,807
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	-	1,081,845	-	-	-	1,081,845
Capital acquisition	-	1,228,510	-	-	-	1,228,510
Environmental trust funds	-	-	-	-	5,761,019	5,761,019
Improvement of natural resources	-	-	-	-	127,371	127,371
Debt service	-	-	-	-	107,475	107,475
Exchange of land	22,798	-	-	-	-	22,798
Tax certificate assurance	194,083	-	-	-	-	194,083
Attorney forfeitures	306,710	-	-	-	-	306,710
Sheriff forfeitures	76,326	-	-	-	-	76,326
Traffic Assistance	691	-	-	-	-	691
Retiree obligations	4,203,026	2,555,842	4,332,557	171,695	-	11,263,120

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

ST. LOUIS COUNTY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	General	Road and Bridge	Social Services	Forfeited Tax Sale	Other Governmental Funds	Total Governmental Funds
Unreserved:						
Reported in:						
Special revenue funds	-	-	-	597	8,351,104	8,351,701
Debt service funds	-	-	-	-	1,339,311	1,339,311
Capital projects funds	-	-	-	-	1,721,331	1,721,331
Designated for:						
Parking	538,748	-	-	-	-	538,748
Hibbing Raceway	35,316	-	-	-	-	35,316
Cash flow	16,433,600	7,691,954	7,587,210	-	-	31,712,764
Emergency contingency	5,942	750,616	-	23,959	-	780,527
Northland Office Building	228,547	-	-	-	-	228,547
Vesting sick leave	3,656,185	1,033,255	2,484,122	196,998	-	7,370,560
Unrealized investment gains	47,629	-	-	-	-	47,629
Total Fund Balance	<u>29,508,698</u>	<u>18,232,847</u>	<u>14,472,289</u>	<u>472,066</u>	<u>18,226,763</u>	<u>80,912,663</u>
Total Liabilities and Fund Balances	<u>\$ 35,603,057</u>	<u>\$ 33,323,016</u>	<u>\$ 20,146,264</u>	<u>\$ 13,634,947</u>	<u>\$ 19,149,172</u>	<u>\$ 121,856,456</u>

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

Total Fund balance - governmental funds (from above)	\$ 80,912,663
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	282,469,538
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	23,145,929
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(63,034,110)
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>18,989,157</u>
Net assets of governmental activities	<u>\$ 342,483,177</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, 2003

	General	Road and Bridge	Social Services	Forfeited Tax Sale	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 37,672,442	\$ 20,083,781	\$ 17,932,207	\$ -	\$ 5,856,823	\$ 81,545,253
Licenses and permits	129,645	26,282	-	-	-	155,927
Intergovernmental	18,390,742	26,478,184	49,106,929	15,022	5,143,454	99,134,331
Charges for services	7,178,539	1,449,191	1,898,096	2,025	-	10,527,851
Fines and forfeits	1,592,818	-	-	-	-	1,592,818
Earnings on investments	1,403,747	-	-	-	96,742	1,500,489
Gifts and contributions	12,045	-	-	-	-	12,045
Land and timber sales	-	-	-	9,184,610	365,163	9,549,773
Miscellaneous	1,804,392	636,046	725,118	267,051	270,104	3,702,711
Total Revenues	<u>68,184,370</u>	<u>48,673,484</u>	<u>69,662,350</u>	<u>9,468,708</u>	<u>11,732,286</u>	<u>207,721,198</u>
EXPENDITURES						
Current:						
General government	28,503,167	-	-	-	-	28,503,167
Public safety	22,739,141	-	-	-	-	22,739,141
Highways and streets	-	29,871,734	-	-	-	29,871,734
Health and sanitation	6,393,032	-	-	-	-	6,393,032
Human services	363,853	-	67,948,291	-	-	68,312,144
Culture and recreation	1,401,759	-	-	-	-	1,401,759
Conservation of natural resources	897,643	-	-	3,957,006	1,080,879	5,935,528
Economic development	67,000	-	-	-	3,929,222	3,996,222
Debt service:						
Principal	79,262	-	29,387	-	4,063,400	4,172,049
Interest and other charges	-	-	637	-	1,387,644	1,388,281
Capital outlay:						
General government	27,054	-	-	-	1,484,326	1,511,380
Public safety	580,466	-	-	-	4,142	584,608
Highways and streets	-	17,137,266	-	-	1,020,289	18,157,555
Human services	-	-	9,022	-	-	9,022
Conservation of natural resources	-	-	-	250,304	-	250,304
Intergovernmental:						
General government	-	-	-	1,875,000	-	1,875,000
Public safety	9,332,649	-	-	-	-	9,332,649
Total expenditures	<u>70,385,026</u>	<u>47,009,000</u>	<u>67,987,337</u>	<u>6,082,310</u>	<u>12,969,902</u>	<u>204,433,575</u>
Excess (deficiency) of revenues over expenditures	<u>(2,200,656)</u>	<u>1,664,484</u>	<u>1,675,013</u>	<u>3,386,398</u>	<u>(1,237,616)</u>	<u>3,287,623</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	2,275,958	-	-	-	1,685,442	3,961,400
Transfers (out)	-	-	-	(3,398,400)	(5,000)	(3,403,400)
Loan proceeds	-	-	-	-	38,535	38,535
Total other financing sources and uses	<u>2,275,958</u>	<u>-</u>	<u>-</u>	<u>(3,398,400)</u>	<u>1,718,977</u>	<u>596,535</u>
Net change in fund balances	75,302	1,664,484	1,675,013	(12,002)	481,361	3,884,158
Fund balances - January 1	29,433,396	16,850,764	12,797,276	484,068	17,745,402	77,310,906
Decrease in reserved for inventories	-	(282,401)	-	-	-	(282,401)
Fund balances - December 31	<u>\$ 29,508,698</u>	<u>\$ 18,232,847</u>	<u>\$ 14,472,289</u>	<u>\$ 472,066</u>	<u>\$ 18,226,763</u>	<u>\$ 80,912,663</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

Net change in fund balances--total governmental funds (from previous page)	\$	3,884,158
Increase in reserved for inventories--total governmental funds (from previous page)		(282,401)
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.		2,772,931
<i>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.</i>		67,657
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.		3,487,398
Changes in capital asset not resulting from capital outlay, such as contributions and other expense are not reflected in the funds.		3,877,236
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.		(3,800,240)
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Assets.		<u>4,456,738</u>
Change in net assets of governmental activities	\$	<u>14,463,477</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, 2003

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 36,571,835	\$ 37,105,875	\$ 37,672,442	\$ 566,567
Licenses and permits	124,070	126,270	129,645	3,375
Intergovernmental	18,942,308	18,517,408	18,390,742	(126,666)
Charges for services	6,810,871	7,149,516	7,178,539	29,023
Fines and forfeitures	1,680,909	1,628,500	1,592,818	(35,682)
Earnings on investments	2,205,500	2,004,839	1,403,747	(601,092)
Gifts and contributions	25,699	13,764	12,045	(1,719)
Miscellaneous	2,424,542	1,826,169	1,804,392	(21,777)
Total revenues	<u>68,785,734</u>	<u>68,372,341</u>	<u>68,184,370</u>	<u>(187,971)</u>
EXPENDITURES				
General government				
Commissioners				
Personnel services	717,344	669,289	669,176	(113)
Other operating	108,437	170,762	170,756	(6)
Total commissioners	<u>825,781</u>	<u>840,051</u>	<u>839,932</u>	<u>(119)</u>
County administrator				
Personnel services	228,754	236,322	227,313	(9,009)
Other operating	202,254	157,265	141,490	(15,775)
Capital outlay	2,000	2,000	-	(2,000)
Total county administrator	<u>433,008</u>	<u>395,587</u>	<u>368,803</u>	<u>(26,784)</u>
Intergovernmental affairs				
Personnel services	106,346	110,236	109,987	(249)
Other operating	187,489	170,935	154,476	(16,459)
Total intergovernmental affairs	<u>293,835</u>	<u>281,171</u>	<u>264,463</u>	<u>(16,708)</u>
Planning and research				
Personnel services	255,920	152,701	152,656	(45)
Other operating	91,218	196,494	195,496	(998)
Capital outlay	2,000	-	-	-
Total planning and research	<u>349,138</u>	<u>349,195</u>	<u>348,152</u>	<u>(1,043)</u>
Labor relations				
Other operating	45,760	45,760	34,110	(11,650)
Planning and zoning				
Personnel services	822,829	857,105	857,008	(97)
Other operating	380,411	434,574	400,083	(34,491)
Capital outlay	10,000	-	-	-
Total planning and zoning	<u>1,213,240</u>	<u>1,291,679</u>	<u>1,257,091</u>	<u>(34,588)</u>
Public defenders				
Other operating	60,438	60,438	54,803	(5,635)
Court administrator				
Personnel services	4,387,230	4,378,230	4,195,753	(182,477)
Other operating	769,485	744,329	728,365	(15,964)
Capital outlay	40,813	40,813	20,448	(20,365)
Total court administrator	<u>5,197,528</u>	<u>5,163,372</u>	<u>4,944,566</u>	<u>(218,806)</u>
Examiner of titles				
Personnel services	142,447	145,557	145,567	(90)
Other operating	10,862	8,788	7,283	(1,505)
Total examiner of titles	<u>153,309</u>	<u>154,445</u>	<u>152,850</u>	<u>(1,595)</u>
County attorney				
Personnel services	3,021,072	3,008,711	2,866,115	(142,596)
Other operating	467,862	454,994	302,124	(152,870)
Capital outlay	63,900	63,900	-	(63,900)
Total county attorney	<u>3,552,834</u>	<u>3,527,605</u>	<u>3,168,239</u>	<u>(359,366)</u>
Subtotal	<u>12,124,871</u>	<u>12,109,303</u>	<u>11,433,009</u>	<u>(676,294)</u>
				continued

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Law library				
Other operating	-	122,613	122,613	-
County auditor				
Personnel services	3,139,807	3,065,870	3,029,441	(36,429)
Other operating	914,443	795,553	721,777	(73,776)
Capital outlay	8,000	-	-	-
Total county auditor	4,062,250	3,861,423	3,751,218	(110,205)
Data processing				
Other operating	1,737,934	1,629,174	1,629,174	-
County assessor				
Personnel services	1,760,723	1,756,896	1,754,949	(1,947)
Other operating	304,143	273,847	259,386	(14,461)
Total county assessor	2,064,866	2,030,743	2,014,335	(16,408)
Purchasing				
Personnel services	422,976	411,754	411,649	(105)
Other operating	162,194	145,645	122,320	(23,325)
Total purchasing	585,170	557,399	533,969	(23,430)
Microfilming				
Personnel services	175,339	179,297	179,251	(46)
Other operating	23,736	25,677	25,527	(150)
Total microfilming	199,075	204,974	204,778	(196)
Recorder				
Personnel services	1,273,109	1,318,309	1,318,118	(191)
Other operating	273,974	371,863	370,977	(886)
Capital outlay	42,300	21,500	21,462	(38)
Total recorder	1,589,383	1,711,672	1,710,557	(1,115)
Surveyor				
Personnel services	758,869	789,227	753,852	(35,375)
Other operating	107,386	94,861	63,691	(31,170)
Capital outlay	8,291	-	-	-
Total surveyor	874,546	884,088	817,543	(66,545)
Civil service				
Personnel services	993,026	990,565	984,228	(6,337)
Other operating	334,003	360,246	257,074	(103,172)
Capital outlay	15,000	6,000	-	(6,000)
Total civil service	1,342,029	1,356,811	1,241,302	(115,509)
Veteran's service				
Personnel services	562,462	560,980	560,969	(11)
Other operating	71,373	73,244	73,137	(107)
Capital outlay	-	-	-	-
Total veteran's service	633,835	634,224	634,106	(118)
Port authority				
Other operating	42,500	42,500	42,500	-
Elections				
Other operating	10,750	11,750	5,780	(5,970)
Capital outlay	1,000	-	-	-
Total elections	11,750	11,750	5,780	(5,970)
Subtotal	13,143,338	13,047,371	12,707,875	(339,496)

continued

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
General government				
Courthouses				
Personnel services	2,509,136	2,694,598	2,666,787	(27,811)
Other operating	1,430,693	1,706,340	1,514,067	(192,273)
Capital outlay	-	5,600	-	(5,600)
Debt Service				
Principal	-	79,262	79,262	-
Total courthouses	<u>3,939,829</u>	<u>4,485,800</u>	<u>4,260,116</u>	<u>(225,684)</u>
Employee training				
Personnel services	107,242	104,637	87,930	(16,707)
Other operating	129,800	119,365	60,513	(58,852)
Total employee training	<u>237,042</u>	<u>224,002</u>	<u>148,443</u>	<u>(75,559)</u>
Parking ramp				
Personnel services	2,500	2,500	2,330	(170)
Other operating	97,640	127,125	112,255	(14,860)
Total parking ramp	<u>100,140</u>	<u>129,625</u>	<u>114,585</u>	<u>(15,030)</u>
Town aid				
Other operating	5,500	5,500	-	(5,500)
Total General Government	<u>29,550,720</u>	<u>30,031,601</u>	<u>28,664,038</u>	<u>(1,337,563)</u>
Public safety				
Jail building				
Personnel services	393,225	416,091	416,091	-
Other operating	289,924	355,650	348,444	(7,206)
Total jail building	<u>683,149</u>	<u>771,741</u>	<u>764,535</u>	<u>(7,206)</u>
Sheriff				
Personnel services	6,741,221	7,427,107	7,421,621	(5,486)
Other operating	2,167,436	2,995,895	2,785,413	(210,482)
Capital outlay	431,457	373,000	352,055	(20,945)
Total sheriff	<u>9,340,114</u>	<u>10,796,002</u>	<u>10,559,089</u>	<u>(236,913)</u>
Boat and water safety				
Other operating	107,270	93,957	68,865	(25,092)
Capital outlay	15,000	40,911	40,893	(18)
Total boat and water safety	<u>122,270</u>	<u>134,868</u>	<u>109,758</u>	<u>(25,110)</u>
Medical examiner				
Other operating	315,821	344,821	344,681	(140)
Rescue squad				
Other operating	76,350	93,570	93,555	(15)
Capital outlay	33,000	30,330	30,321	(9)
Total rescue squad	<u>109,350</u>	<u>123,900</u>	<u>123,876</u>	<u>(24)</u>
Emergency management				
Personnel services	162,497	167,695	166,662	(1,033)
Other operating	20,667	98,591	45,501	(53,090)
Capital outlay	2,000	-	-	-
Total emergency management	<u>185,164</u>	<u>266,286</u>	<u>212,163</u>	<u>(54,123)</u>
Radio maintenance				
Personnel services	316,642	316,956	316,954	(2)
Other operating	168,747	188,891	188,835	(56)
Capital outlay	111,855	48,800	48,766	(34)
Total radio maintenance	<u>597,244</u>	<u>554,647</u>	<u>554,555</u>	<u>(92)</u>
Emergency communication				
Personnel services	2,495,083	2,600,876	2,599,959	(917)
Other operating	278,542	226,412	224,106	(2,306)
Total emergency communication	<u>2,773,625</u>	<u>2,827,288</u>	<u>2,824,065</u>	<u>(3,223)</u>
Subtotal	<u>14,126,737</u>	<u>15,819,553</u>	<u>15,492,722</u>	<u>(326,831)</u>

continued

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Public safety				
Jail prisoners				
Personnel services	4,502,365	4,415,974	4,373,479	(42,495)
Other operating	1,813,735	1,900,427	1,900,424	(3)
Capital outlay	36,500	41,500	41,384	(116)
Total jail prisoners	6,352,600	6,357,901	6,315,287	(42,614)
Mine inspector				
Personnel services	179,903	186,479	186,386	(93)
Other operating	27,514	22,578	16,449	(6,129)
Total mine inspector	207,417	209,057	202,835	(6,222)
Risk management				
Other operating	2,442	-	-	-
Ambulance service				
Other operating	56,000	56,000	55,440	(560)
Law enforcement service				
Personnel services	659,159	667,173	642,417	(24,756)
Other operating	120,617	125,679	109,514	(16,165)
Capital outlay	8,900	-	-	-
Total law enforcement service	788,676	792,852	751,931	(40,921)
Enhanced 9-1-1				
Other operating	-	102,091	102,091	-
Capital outlay	-	49,900	49,900	-
Total enhanced 9-1-1	-	151,991	151,991	-
City/County antenna site				
Other operating	-	10,560	10,560	-
Volunteer fire department				
Other operating	-	289,062	289,062	-
Attorneys forfeitures				
Other operating	-	14,227	14,227	-
Sheriffs forfeitures				
Other operating	-	107,350	107,350	-
Capital outlay	-	2,180	2,180	-
Total Sheriffs forfeitures	-	109,530	109,530	-
Sheriff fines				
Other operating	-	43,584	43,584	-
Arrowhead Regional Corrections				
Intergovernmental	9,612,933	9,332,649	9,332,649	-
Total Public Safety	31,146,805	33,186,966	32,769,818	(417,148)
Health				
Administration				
Personnel services	932,816	837,288	770,336	(66,952)
Other operating	914,264	875,843	753,838	(122,005)
Total administration	1,847,080	1,713,131	1,524,174	(188,957)
Nursing				
Personnel services	3,191,544	3,085,289	2,865,774	(219,515)
Other operating	1,122,574	1,435,924	606,660	(829,264)
Capital outlay	-	-	-	-
Total nursing	4,314,119	4,521,213	3,472,434	(1,048,779)
Environmental health				
Personnel services	1,199,669	1,286,922	1,255,490	(31,432)
Other operating	196,727	233,530	201,773	(31,757)
Capital outlay	8,200	16,200	-	(16,200)
Total environmental health	1,394,596	1,536,652	1,457,263	(79,389)
Subtotal	7,555,794	7,770,996	6,453,871	(1,317,125)

continued

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Health				
Duluth Community Health Center				
Other operating	20,000	20,000	20,000	-
American Indian Fellowship Association				
Other operating	29,250	26,750	-	(26,750)
Cotton Landfill/Dump Clean-up				
Other operating	-	14,633	-	(14,633)
Occupational safety				
Personnel services	317,707	316,842	316,745	(97)
Other operating	161,983	155,774	112,571	(43,203)
Capital outlay	-	-	-	-
Total occupational safety	479,690	472,616	429,316	(43,300)
Total Health	8,084,734	8,304,995	6,903,187	(1,401,808)
Human services				
Emergency shelter program				
Other operating	109,000	166,852	112,556	(54,296)
Community support contingency				
Other operating	50,000	24,880	20,000	(4,880)
Family homelessness prevention and assistance program				
Personnel services	-	4,469	4,423	(46)
Other operating	225,000	231,602	226,874	(4,728)
Total family homelessness prevention and assistance program	225,000	236,071	231,297	(4,774)
Total Welfare	384,000	427,803	363,853	(63,950)
Culture and recreation				
Memorial Day observance				
Other operating	750	850	850	-
Historical Society				
Other operating	212,048	212,048	212,048	-
Arrowhead Library System				
Other operating	455,061	455,061	455,061	-
Community fairs				
Other operating	680	800	800	-
Depot				
Other operating	151,505	352,505	334,258	(18,247)
Tourism promotion				
Other operating	55,064	55,064	55,064	-
Trail assistance				
Other operating	-	245,745	245,745	-
St. Louis River Bridge				
Other operating	-	56,139	56,139	-
Veteran's Memorial Hall				
Other operating	40,000	20,000	40,000	20,000
Hibbing Raceway				
Other operating	12,000	12,000	4,642	(7,358)
Total Culture and Recreation	927,108	1,410,212	1,404,607	(5,605)

continued

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Conservation of natural resources				
County agent				
Personnel services	242,669	230,442	228,401	(2,041)
Other operating	403,294	374,547	338,893	(35,654)
Capital outlay	19,000	5,000	-	(5,000)
Total county agent	<u>664,963</u>	<u>609,989</u>	<u>567,294</u>	<u>(42,695)</u>
Youth task force				
Personnel services	-	18,000	17,815	(185)
Other operating	227,400	209,900	185,179	(24,721)
Capital outlay	9,000	9,000	-	(9,000)
Total youth task force	<u>236,400</u>	<u>236,900</u>	<u>202,994</u>	<u>(33,906)</u>
County fair - north				
Other operating	13,005	13,005	13,005	-
County fair - south				
Other operating	13,005	13,005	13,005	-
Soil conservation - north				
Other operating	51,000	51,000	51,000	-
Soil conservation - south				
Other operating	51,000	51,000	51,000	-
Total Conservation of Natural Resources	<u>1,029,373</u>	<u>974,899</u>	<u>898,298</u>	<u>(76,601)</u>
Economic development				
Northspan				
Other operating	17,000	17,000	17,000	-
Revolving Loans				
Other operating	500,000	500,000	50,000	(450,000)
Total Economic Development	<u>517,000</u>	<u>517,000</u>	<u>67,000</u>	<u>(450,000)</u>
Total Expenditures	<u>71,639,743</u>	<u>74,823,476</u>	<u>71,070,801</u>	<u>(3,752,675)</u>
Excess of revenues over (under) expenditures	<u>(2,854,006)</u>	<u>(6,451,135)</u>	<u>(2,886,431)</u>	<u>(3,564,704)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,308,000	2,275,959	2,275,958	(1)
Net change in fund balances	(1,546,006)	(4,175,176)	(610,473)	(3,564,705)
Fund Balance - January 1	29,433,396	29,433,396	29,433,396	-
Fund Balance - December 31	<u>\$ 27,887,390</u>	<u>\$ 25,258,220</u>	<u>\$ 28,822,923</u>	<u>\$ (3,564,705)</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 21,096,157	\$ 21,210,229	\$ 20,083,781	\$ (1,126,448)
Licenses and permits	20,000	20,000	26,282	6,282
Intergovernmental	27,192,147	26,554,827	26,478,184	(76,643)
Charges for services	503,000	1,614,718	1,449,191	(165,527)
Miscellaneous	568,800	568,800	636,046	67,246
Total Revenues	<u>49,380,104</u>	<u>49,968,574</u>	<u>48,673,484</u>	<u>(1,295,090)</u>
EXPENDITURES				
Highways and streets:				
Administration				
Personnel services	4,300,018	4,257,883	3,387,482	(870,401)
Other operating	1,521,994	1,539,302	1,538,525	(777)
Capital outlay	57,000	28,611	28,611	-
Total administration	<u>5,879,012</u>	<u>5,825,796</u>	<u>4,954,618</u>	<u>(871,178)</u>
Road maintenance				
Personnel services	11,656,770	11,741,939	11,124,677	(617,262)
Other operating	3,706,986	3,081,986	2,597,549	(484,437)
Total road maintenance	<u>15,363,756</u>	<u>14,823,925</u>	<u>13,722,226</u>	<u>(1,101,699)</u>
Road construction				
Other operating	<u>17,848,195</u>	<u>19,982,608</u>	<u>19,641,550</u>	<u>(341,058)</u>
Equipment maintenance and shops				
Personnel services	3,287,843	3,299,223	3,280,499	(18,724)
Other operating	4,688,338	4,512,338	4,196,922	(315,416)
Capital outlay	2,312,960	1,573,474	1,520,270	(53,204)
Total equipment maintenance and shops	<u>10,289,141</u>	<u>9,385,035</u>	<u>8,997,691</u>	<u>(387,344)</u>
Total Expenditures	<u>49,380,104</u>	<u>50,017,364</u>	<u>47,316,085</u>	<u>(2,701,279)</u>
Excess of Revenues Over (Under) Expenditures	-	(48,790)	1,357,399	1,406,189
Fund Balance - January 1	16,850,764	16,850,764	16,850,764	-
Decrease in reserved for inventories	-	-	(282,401)	(282,401)
Fund Balance - December 31	<u>\$ 16,850,764</u>	<u>\$ 16,801,974</u>	<u>\$ 17,925,762</u>	<u>\$ 1,123,788</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
SOCIAL SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 16,460,302	\$ 17,903,598	\$ 17,932,207	\$ 28,609
Intergovernmental	53,646,737	49,583,965	49,106,929	(477,036)
Charges for services	1,662,494	1,646,300	1,898,096	251,796
Miscellaneous	870,553	870,553	725,118	(145,435)
Total Revenues	<u>72,640,086</u>	<u>70,004,416</u>	<u>69,662,350</u>	<u>(342,066)</u>
EXPENDITURES				
Human services				
Administration				
Personnel services	5,673,598	5,203,802	4,837,218	(366,584)
Other operating	4,128,674	3,649,191	3,281,307	(367,884)
Capital outlay	20,000	43,000	4,360	(38,640)
Debt service				
Principal	-	29,387	29,387	-
Interest and fiscal charges	-	637	637	-
Total administration	<u>9,822,272</u>	<u>8,926,017</u>	<u>8,152,909</u>	<u>(773,108)</u>
Income maintenance				
Personnel services	8,592,189	8,664,160	8,661,940	(2,220)
Other operating	2,675,983	2,639,294	2,327,164	(312,130)
Capital outlay	-	5,000	3,324	(1,676)
Total income maintenance	<u>11,268,172</u>	<u>11,308,454</u>	<u>10,992,428</u>	<u>(316,026)</u>
Social services				
Personnel services	15,296,533	15,390,738	15,269,077	(121,661)
Other operating	36,593,783	34,367,226	33,575,797	(791,429)
Total social services	<u>51,890,316</u>	<u>49,757,964</u>	<u>48,844,874</u>	<u>(913,090)</u>
Total Expenditures	<u>72,980,760</u>	<u>69,992,435</u>	<u>67,990,211</u>	<u>(2,002,224)</u>
Excess of Revenues Over (Under) Expenditures	(340,674)	11,981	1,672,139	1,660,158
Fund Balance - January 1	<u>12,797,276</u>	<u>12,797,276</u>	<u>12,797,276</u>	-
Fund Balance - December 31	<u>\$ 12,456,602</u>	<u>\$ 12,809,257</u>	<u>\$ 14,469,415</u>	<u>\$ 1,660,158</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 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 14,470	\$ 14,470	\$ 15,022	\$ 552
Charges for services	2,000	2,000	2,025	25
Land and timber sales	6,050,000	6,050,000	9,184,610	3,134,610
Miscellaneous	165,000	165,000	267,051	102,051
Total Revenues	<u>6,231,470</u>	<u>6,231,470</u>	<u>9,468,708</u>	<u>3,237,238</u>
EXPENDITURES				
Current:				
Conservation of natural resources				
Personnel services	3,409,637	3,407,263	3,173,388	(233,875)
Other operating	951,989	930,512	834,175	(96,337)
Capital outlay	313,000	325,900	251,199	(74,701)
Total conservation of natural resources	<u>4,674,626</u>	<u>4,663,675</u>	<u>4,258,762</u>	<u>(404,913)</u>
Intergovernmental:				
General government	-	1,875,000	1,875,000	-
Total Expenditures	<u>4,674,626</u>	<u>6,538,675</u>	<u>6,133,762</u>	<u>(404,913)</u>
Excess of Revenues Over (Under) Expenditures	1,556,844	(307,205)	3,334,946	3,642,151
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(3,398,400)	(3,398,400)	-
Net change in fund balances	1,556,844	(3,705,605)	(63,454)	3,642,151
Fund Balance - January 1	484,068	484,068	484,068	-
Fund Balance - December 31	<u>\$ 2,040,912</u>	<u>\$ (3,221,537)</u>	<u>\$ 420,614</u>	<u>\$ 3,642,151</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, 2003

	Business-type Activities Enterprise Funds			Total	Governmental Activities- Internal Service Funds
	Solid Waste Management	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 969,772	\$ 780	\$ 1,202,831	\$ 2,173,383	\$ 8,108,902
Investments	11,728,275	-	-	11,728,275	21,448,779
Delinquent taxes receivable	19,786	-	-	19,786	-
Accounts receivables (net)	284,993	1,877,875	159,768	2,322,636	309,953
Accrued interest receivable	46,234	-	-	46,234	97,608
Due from other governments	29,632	-	-	29,632	23,606
Inventories	-	40,529	79,377	119,906	196,442
Prepaid items	-	22,425	52,600	75,025	-
Restricted assets					
Debt service					
Cash and cash equivalents	-	15,385	-	15,385	-
Delinquent taxes receivable	-	2,125	-	2,125	-
Deferred charges - issuance costs	-	12,615	-	12,615	-
Total current assets	<u>13,078,692</u>	<u>1,971,734</u>	<u>1,494,576</u>	<u>16,545,002</u>	<u>30,185,290</u>
Noncurrent assets:					
Restricted assets					
Financial assurance					
Cash and cash equivalents	392,079	-	-	392,079	-
Investments	2,107,185	-	-	2,107,185	-
Accrued interest receivable	23,276	-	-	23,276	-
Capital assets					
Land	233,266	130,656	-	363,922	25,500
Buildings and structures	6,365,478	5,906,858	1,022,205	13,294,541	834,236
Improvements other than buildings	7,358,002	26,385	-	7,384,387	-
Machinery and equipment	902,775	661,197	331,808	1,895,780	5,404,949
Linens	-	56,159	217,261	273,420	-
Vehicles	640,459	16,592	45,709	702,760	1,705,347
Less accumulated depreciation	<u>(6,493,340)</u>	<u>(2,171,255)</u>	<u>(808,470)</u>	<u>(9,473,065)</u>	<u>(6,237,641)</u>
Total capital assets, net	<u>9,006,640</u>	<u>4,626,592</u>	<u>808,513</u>	<u>14,441,745</u>	<u>1,732,391</u>
Total noncurrent assets	<u>11,529,180</u>	<u>4,626,592</u>	<u>808,513</u>	<u>16,964,285</u>	<u>1,732,391</u>
Total assets	<u>24,607,872</u>	<u>6,598,326</u>	<u>2,303,089</u>	<u>33,509,287</u>	<u>31,917,681</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, 2003

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste Management	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds	Total	
LIABILITIES					
Current liabilities (payable from current assets)					
Accounts payable	296,387	212,725	59,382	568,494	475,599
Salaries payable	68,270	476,252	79,536	624,058	154,658
Due to other funds	-	1,670	-	1,670	-
Compensated absences payable	18,790	65,877	20,913	105,580	1,844,248
Interfund payable	-	1,480,067	-	1,480,067	-
Claims payable	-	-	-	-	3,274,231
Due to other governments	3,362	-	-	3,362	1,167
Deferred revenue	19,786	135,219	3,503	158,508	872,640
Capital leases payable	-	-	-	-	10,470
Total current liabilities (payable from current assets)	<u>406,595</u>	<u>2,371,810</u>	<u>163,334</u>	<u>2,941,739</u>	<u>6,633,013</u>
Current liabilities (payable from restricted assets)					
Accrued interest payable	-	1,310	-	1,310	-
Deferred revenue	-	1,498	-	1,498	-
Bonds payable	-	95,000	-	95,000	-
Total current liabilities (payable from restricted assets)	<u>-</u>	<u>97,808</u>	<u>-</u>	<u>97,808</u>	<u>-</u>
Noncurrent liabilities:					
Compensated absences payable	227,836	933,196	346,418	1,507,450	1,857,625
Claims payable	-	-	-	-	5,972,107
Capital leases payable	-	-	-	-	4,362
Customer deposits	8,250	-	-	8,250	-
Closure and post-closure liabilities	1,169,421	-	-	1,169,421	-
Revenue bonds payable	-	420,000	-	420,000	-
Total noncurrent liabilities	<u>1,405,507</u>	<u>1,353,196</u>	<u>346,418</u>	<u>3,105,121</u>	<u>7,834,094</u>
Total Liabilities	<u>1,812,102</u>	<u>3,822,814</u>	<u>509,752</u>	<u>6,144,668</u>	<u>14,467,107</u>
NET ASSETS					
Invested in capital assets, net of related debt	9,006,640	4,111,592	808,513	13,926,745	1,732,391
Restricted for debt service	-	27,317	-	27,317	-
Restricted for financial assurance	1,353,119	-	-	1,353,119	-
Unrestricted	12,436,011	(1,363,397)	984,824	12,057,438	15,718,183
Total net assets	<u>\$ 22,795,770</u>	<u>\$ 2,775,512</u>	<u>\$ 1,793,337</u>	<u>\$ 27,366,619</u>	<u>\$ 17,450,574</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(1,538,583)</u>	
Net assets of business type activities				<u>\$ 25,828,036</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, 2003

	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	\$ 4,821,793	\$ 13,480,319	\$ 3,533,810	\$ 21,835,922	\$ 32,474,575
Licenses and permits	2,425	-	-	2,425	-
Other	275,725	186,414	7,575	469,714	1,308,478
Total Operating Revenues	<u>5,099,943</u>	<u>13,666,733</u>	<u>3,541,385</u>	<u>22,308,061</u>	<u>33,783,053</u>
Operating Expenses					
Personal services	1,716,476	10,660,560	1,965,751	14,342,787	3,576,049
Contractual services	3,312,236	2,677,526	724,079	6,713,841	32,348,334
Materials	164,769	1,063,245	514,476	1,742,490	1,862,325
Depreciation	613,168	121,306	18,828	753,302	464,328
Total Operating Expenses	<u>5,806,649</u>	<u>14,522,637</u>	<u>3,223,134</u>	<u>23,552,420</u>	<u>38,251,036</u>
Operating Income (Loss)	<u>(706,706)</u>	<u>(855,904)</u>	<u>318,251</u>	<u>(1,244,359)</u>	<u>(4,467,983)</u>
Nonoperating Revenues (Expenses)					
Taxes	5,250	113,208	-	118,458	-
Grants	417,607	-	-	417,607	-
Earnings on investments	237,218	-	-	237,218	305,818
Interest expense	-	(24,154)	-	(24,154)	-
Amortization of bond issuance costs	-	(2,703)	-	(2,703)	-
Loss or gain on asset disposal	-	-	-	-	(12,674)
Total Nonoperating Revenues (Expenses)	<u>660,075</u>	<u>86,351</u>	<u>-</u>	<u>746,426</u>	<u>293,144</u>
Operating Income (Loss) Before Transfers	<u>(46,631)</u>	<u>(769,553)</u>	<u>318,251</u>	<u>(497,933)</u>	<u>(4,174,839)</u>
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(558,000)</u>
Change in net assets	<u>(46,631)</u>	<u>(769,553)</u>	<u>318,251</u>	<u>(497,933)</u>	<u>(4,732,839)</u>
Total net assets - January 1	<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>
Total net assets - December 31	<u>\$ 22,795,770</u>	<u>\$ 2,775,512</u>	<u>\$ 1,793,337</u>	<u>\$ 27,364,619</u>	<u>\$ 17,450,574</u>
Change in net assets				\$ (497,933)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(932,599)	
Change in net assets of business type activities				<u>\$ (1,430,532)</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, 2003

	Business-type Activities				Governmental Activities - Internal Service Funds
	Enterprise Funds				
	Solid Waste Management	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 4,910,401	\$ 12,725,651	\$ 3,112,063	\$ 20,748,115	\$ 94,927
Receipts from interfund services provided	-	-	530,130	530,130	32,311,594
Payments to suppliers	(3,529,378)	(3,817,222)	(1,257,464)	(8,504,064)	(4,704,928)
Payments to employees	(1,582,106)	(10,545,171)	(2,156,307)	(14,383,584)	(5,406,547)
Claims paid	-	-	-	-	(27,342,982)
Other receipts (payments)	504,201	181,766	6,519	692,486	1,432,066
Net cash provided (used) by operating activities	<u>203,118</u>	<u>(1,454,976)</u>	<u>234,941</u>	<u>(1,016,917)</u>	<u>(3,615,870)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Proceeds from taxes	5,334	112,581	-	117,915	-
Proceeds from grants	414,110	-	-	414,110	-
Transfer to the General Fund	-	-	-	-	(558,000)
Proceeds from interfund loan	-	1,480,067	-	1,480,067	-
Net capital provided by noncapital financing activities	<u>419,444</u>	<u>1,592,648</u>	<u>-</u>	<u>2,012,092</u>	<u>(558,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(106,710)	(114,974)	11,255	(210,429)	(95,313)
Principal paid on capital debt	-	(85,000)	-	(85,000)	-
Interest paid on capital debt	-	(107,494)	-	(107,494)	-
Payments on capital leases	-	-	-	-	(10,470)
Other receipts (payments)	-	-	-	-	4,095
Net capital provided (used) by capital and related financing activities	<u>(106,710)</u>	<u>(307,468)</u>	<u>11,255</u>	<u>(402,923)</u>	<u>(101,688)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(20,179,486)	-	-	(20,179,486)	(40,434,904)
Sale of investments	19,114,377	-	-	19,114,377	42,746,763
Interest and dividends	316,805	-	-	316,805	581,399
Net Cash Provided by Investing Activities	<u>(748,304)</u>	<u>-</u>	<u>-</u>	<u>(748,304)</u>	<u>2,893,258</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(232,452)	(169,796)	246,196	(156,052)	(1,382,300)
Balances - January 1	1,594,303	135,981	956,635	2,736,899	9,491,202
Balances - December 31	<u>\$ 1,361,851</u>	<u>\$ 16,185</u>	<u>\$ 1,202,831</u>	<u>\$ 2,580,847</u>	<u>\$ 8,108,902</u>
Detail on Statement of Net Assets					
Cash and cash equivalents					
Current	\$ 969,772	\$ 780	\$ 1,202,831	\$ 2,173,383	\$ 8,108,902
Restricted					
Debt service	-	15,385	-	15,385	-
Noncurrent					
Restricted					
Financial Assurance	392,079	-	-	392,079	-
Total	<u>\$ 1,361,851</u>	<u>\$ 16,185</u>	<u>\$ 1,202,831</u>	<u>\$ 2,580,847</u>	<u>\$ 8,108,902</u>

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Business-type Activities				Governmental Activities - Internal Service Funds
	Enterprise 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)	\$ (706,706)	\$ (855,904)	\$ 318,251	\$ (1,244,359)	\$ (4,467,983)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	613,188	121,306	18,828	753,302	464,328
(Increase) Decrease Receivables, net	86,193	(754,668)	121,931	(546,554)	(111,777)
(Increase) Decrease Due from other governments	-	7,278	-	7,278	36,223
(Increase) Decrease Inventories	-	-	(17,873)	(17,873)	48,871
(Increase) Decrease Prepaid Items	-	4,775	19,407	24,182	44,123
Increase (Decrease) Accounts payable	(52,373)	(88,504)	(33,991)	(174,868)	80,559
Increase (Decrease) Salaries payable	104	(18,635)	(10,945)	(29,476)	4,794
Increase (Decrease) Compensated absences payable	34,266	134,024	(179,611)	(11,321)	(115,307)
Increase (Decrease) Claims payable	-	-	-	-	276,711
Increase (Decrease) Due to other governments	1,308	(6,318)	-	(5,010)	(5,186)
Increase (Decrease) Deferred revenue	-	-	(1,056)	(1,056)	128,774
Increase (Decrease) Closure & post closure liabilities	227,318	-	-	227,318	-
Increase (Decrease) Customer deposits	(150)	-	-	(150)	-
Increase (Decrease) Due to other funds	-	1,670	-	1,670	-
Total Adjustments	909,824	(599,072)	(83,310)	227,442	852,113
Net cash provided by operating activities	<u>\$ 203,118</u>	<u>\$ (1,454,976)</u>	<u>\$ 234,941</u>	<u>\$ (1,016,917)</u>	<u>\$ (3,615,870)</u>
NON-CASH ACTIVITIES					
Change in fair market value of investments	\$ 20,635	\$ -	\$ -	\$ -	\$ 5,970

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, 2003

	<u>Private-Purpose Trust Fund</u>	<u>Investment Trusts</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 46,523	\$ 19,684	\$ 10,603,212
Investments	20,031	20,661,143	-
Delinquent taxes receivable	-	-	29,521
Accounts receivable	972	-	53,522
Accrued interest receivable	60	90,518	-
Due from other funds	1,670	-	-
Due from other governments	-	-	1,660,675
Prepaid items	-	-	5,414
Total Assets	<u>69,256</u>	<u>20,771,345</u>	<u>12,352,344</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	-	-	541,952
Salaries payable	-	-	555,039
Interfund payable	-	-	13,000
Due to other governments	-	1,463,642	11,242,353
Total Liabilities	<u>-</u>	<u>1,463,642</u>	<u>12,352,344</u>
NET ASSETS			
Held in trust for pool participants and other purposes	<u>\$ 69,256</u>	<u>\$ 19,307,703</u>	<u>\$ -</u>

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, 2003

	<u>Private-Purpose Trust Fund</u>	<u>Investment Trusts</u>
ADDITIONS		
Interest	\$ 278	\$ 26,690,733
Miscellaneous	121,150	475,207
Total Additions	<u>121,428</u>	<u>27,165,940</u>
 DEDUCTIONS		
Refunds of contributions	108,139	-
Distributions to participants	<u>-</u>	<u>27,048,358</u>
Total Deductions	<u>108,139</u>	<u>27,048,358</u>
Changes in net assets	13,289	117,582
Net assets - January 1	55,967	19,190,121
Net assets - December 31	<u>\$ 69,256</u>	<u>\$ 19,307,703</u>

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

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ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2003

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ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

Note 1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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. Agency Funds are custodial in nature and do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ST. LOUIS COUNTY, MINNESOTA
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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. Subject to the availability criterion, state-aid highway allotments for maintenance and construction are recognized as revenue in the year of allotment. Availability for state-aid allotments is within 90 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and other long-term obligations, are recorded only when payment is due.

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

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the County, except those 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 (the Center was closed during 2002), 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.

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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. §298.015 and Taconite Production Tax under Minn. Stat. §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, 2003

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
ASSETS					
Cash and cash equivalents	\$ 75,160,619	\$ -	\$ 8,108,902	\$ -	\$ 83,269,521
Investments	-	-	21,448,779	-	21,448,779
Assets held by escrow agent	43,807	-	-	-	43,807
Delinquent taxes receivable	3,516,455	-	-	(3,516,455)	-
Accounts receivable (net)	14,179,817	-	309,953	(14,489,770)	-
Accrued interest receivable	235,629	-	97,608	(333,237)	-
Loans receivable	1,179,944	-	-	(1,179,944)	-
Leases receivable	131,000	-	-	(131,000)	-
Interfund receivable	2,344,923	-	-	(2,344,923)	-
Due from other governments	22,251,311	-	23,606	(22,284,917)	-
Receivables (net)	-	-	-	41,948,323	41,948,323
Internal balances	-	-	1,538,583	1,480,067	3,018,650
Inventories	2,802,951	-	196,442	-	2,999,393
Capital assets (net)	-	282,469,538	1,732,391	-	284,201,929
Total Assets	121,856,456	282,469,538	33,456,264	(851,856)	436,930,402
LIABILITIES					
Accounts payable	3,881,249	-	475,599	8,238,902	12,595,750
Contracts payable	962,150	-	-	(962,150)	-
Salaries payable	4,392,175	-	154,658	(4,546,833)	-
Compensated absences payable	1,165,429	-	-	(1,165,429)	-
Bond interest payable	-	96,581	-	(96,581)	-
Interfund payable	851,856	-	-	(851,856)	-
Due to other governments	1,466,742	-	1,167	(1,467,909)	-
Deferred revenue	28,224,192	(23,145,929)	872,640	-	5,950,903
Noncurrent liabilities					
Due within one year	-	4,432,869	5,128,949	-	9,561,818
Due in more than one year	-	58,504,660	7,834,094	-	66,338,754
Total Liabilities	40,943,793	39,888,181	14,467,107	(851,856)	94,447,225
FUND BALANCE/NET ASSETS					
Invested in capital assets, net of related debt	-	253,010,247	1,732,391	-	254,742,638
Restricted					
Reserved	28,785,229	-	-	(5,135,140)	23,651,089
Special revenue funds	8,351,701	-	-	-	8,351,701
Debt service funds	1,339,311	-	-	-	1,339,311
Capital projects funds	1,721,331	-	-	-	1,721,331
Unrestricted					
Designated	40,714,091	-	-	-	40,714,091
Undesignated	-	(10,428,890)	17,256,766	5,135,140	11,963,016
Total unrestricted	40,714,091	(10,428,890)	17,256,766	5,135,140	52,677,107
Total Fund Balance/Net Assets	80,912,663	242,581,357	18,989,157	-	342,483,177
Total Liabilities and Fund Balance/Net Assets	\$ 121,856,456	\$ 282,469,538	\$ 33,456,264	\$ (851,856)	\$ 436,930,402

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2003

(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	\$ 465,617,394
Accumulated depreciation	<u>(183,147,856)</u>
	<u>\$ 282,469,538</u>

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

Adjustment of deferred revenue	<u>\$ 23,145.929</u>
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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, 2003 were:

Bond interest payable	<u>\$ 96,581</u>	
	Due Within	Due In More
	One Year	Than One Year
Bonds and notes payable	<u>\$ 4,272,567</u>	<u>\$ 25,182,057</u>
Land purchase	107,475	-
Compensated absences	-	32,785,803
Capital leases payable	52,827	536,800
	<u>\$ 4,432,869</u>	<u>\$ 58,504,660</u>

(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. The amount chargeable to the business type activities is shown as an internal balance. The internal balance is due from business type activities.

Internal balance due from business-type activities	<u>\$ 1,538,583</u>
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(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, 2003

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.

	Total Governmental Funds	Long-term Revenue, Expenses (1)	Capital Related Items (2)	Internal Service Funds (3)	Long-term Debt Transactions (4)	Statement of Activities Totals
Revenues and Other Sources						
Taxes	\$ 81,545,253	\$ 171,732	\$ -	\$ -	\$ -	\$ 81,716,985
Licenses and permits	155,927	-	-	-	-	155,927
Intergovernmental	99,134,331	2,446,382	-	-	-	101,580,713
Charges for services	10,527,851	-	-	-	-	10,527,851
Fines and forfeits	1,592,818	-	-	-	-	1,592,818
Earnings on investments	1,500,489	-	-	305,818	-	1,806,307
Gifts and contributions	12,045	-	4,387,127	-	-	4,399,172
Land and timber sales	9,549,773	171,221	-	-	-	9,720,994
Miscellaneous	3,702,711	(16,404)	-	-	-	3,686,307
Other sources:						
Loan proceeds	38,535	-	-	-	(38,535)	-
Total	207,759,733	2,772,931	4,387,127	305,818	(38,535)	215,187,074
Expenditures/Expenses						
Current:						
General government	28,503,167	1,875,000	1,264,071	1,059,251	461,898	33,163,387
Public safety	22,739,141	9,332,649	(173,673)	545,817	172,987	32,616,921
Highways and streets	29,871,734	282,401	16,307,196	650,050	(825,342)	46,286,039
Health and sanitation	6,393,032	-	38,845	197,696	(68,424)	6,561,149
Human services	68,312,144	-	176,232	1,008,551	411,550	69,908,477
Culture and recreation	1,401,759	-	(284,463)	(895)	-	1,116,401
Conservation of natural resources	5,935,528	-	206,302	87,588	(476,926)	5,752,492
Economic development	3,996,222	-	852	-	1,033	3,998,107
Debt service:						
Principal	4,172,049	-	-	-	(4,172,049)	-
Interest and other charges	1,388,281	(67,657)	-	-	-	1,320,624
Capital outlay	20,512,869	-	(20,512,869)	-	-	-
Intergovernmental:						
General government	1,875,000	(1,875,000)	-	-	-	-
Public safety	9,332,649	(9,332,649)	-	-	-	-
Total	204,433,575	214,744	(2,977,507)	3,548,058	(4,495,273)	200,723,597
Other financing uses/changes in net assets:						
Transfers in	(3,961,400)	-	-	-	-	(3,961,400)
Transfers out	3,403,400	-	-	558,000	-	3,961,400
Increase in inventories	282,401	(282,401)	-	-	-	-
Total	(275,599)	(282,401)	-	558,000	-	-
Net change for the year	\$ 3,601,757	\$ 2,840,588	\$ 7,364,634	\$ (3,800,240)	\$ 4,456,738	\$ 14,463,477

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2003

(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	\$ 171,732
Long-term receivables:	
Intergovernmental	2,446,382
Land & timber sales	171,221
General fund	<u>(16,404)</u>
	<u>\$ 2,772,931</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>\$ (67,657)</u>
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(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. Changes to capital assets not resulting from capital outlay such as, contributions from the State and other governments for road construction projects, work in progress and retirements are reported as contributions or additional expense.

Capital outlay	\$ (20,512,869)
Depreciation expense	<u>17,025,471</u>
Difference	<u>\$ (3,487,398)</u>

Contributions	\$ 4,387,127
Additional expense	<u>(509,891)</u>
	<u>\$ 3,877,236</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:

Septic loan proceeds	<u>\$ 38,535</u>
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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	\$ (4,172,049)
Compensated absences	(168,463)
Land purchase	(107,475)
Capital leases	(19,309)
Other	<u>(27,977)</u>
	<u>\$ (4,495,273)</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

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 budgetary comparisons included in the Governmental Funds subsection of this report demonstrate compliance with the legal level of budgetary control.

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

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: \$7,320,239.

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2003

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
EXPENDITURES					
Actual amounts (budgetary basis) "total expenditures" from the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	\$ 71,070,801	\$ 47,316,085	\$ 67,990,211	\$ 6,133,762	\$ 1,129,165
Differences - budget to GAAP:					
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.	(685,775)	(307,085)	(2,874)	(51,452)	(48,286)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>70,385,026</u>	<u>47,009,000</u>	<u>67,987,337</u>	<u>6,082,310</u>	<u>1,080,879</u>
FUND BALANCES					
Actual amounts (budgetary basis) "fund balances" from the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual	28,822,923	17,925,762	14,469,415	420,614	7,889,273
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.	685,775	307,085	2,874	51,452	48,286
Total fund balances as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 29,508,698</u>	<u>\$ 18,232,847</u>	<u>\$ 14,472,289</u>	<u>\$ 472,066</u>	<u>\$ 7,937,559</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2003

F. Fund Restatement

As of January 1, 2003, the County determined that receivables and deferred revenue in the Road and Bridge Special Revenue Fund were understated for state-aid allotments. Both accounts were increased by \$5,095,181. This did not require a restatement of fund balance, in the Governmental Fund financial statements, but the net assets on the Government-wide financial statement was restated by the same amount.

	Total Net Assets January 1, 2003 As Previously Reported		Restatement	Total Net Assets January 1, 2003 As Restated	
Governmental activities	\$ 322,924,519		\$ 5,095,181		\$ 328,019,700
Bus.ness-type activities	27,256,568				27,256,568
	<u>\$ 350,181,087</u>		<u>\$ 5,095,181</u>		<u>\$ 355,276,268</u>

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. §385.07, investment earnings on cash balances and pooled investments are credited to the General Fund. Pooled investment earnings for 2003 were \$1,403,747. 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.

ST LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

Restricted Assets

Certain proceeds of 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, certain resources are restricted for financial assurance within the County Solid Waste Management Fund. When an expense is incurred for which both restricted and unrestricted net assets are available, restricted resources are applied first.

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 and bargaining agreement. Vacation leave accrual varies from 2.00 to 9.50 hours per biweekly pay period. Sick leave accrual varies from 2.00 to 5.75 hours per biweekly pay period.

Unused accumulated vacation is paid to employees at termination. All vacation pay is accrued when earned in the government-wide, 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 \$10,895,886 (total accumulated sick leave less estimated amounts of vested and vesting sick leave) at December 31, 2003 is available to employees in the event of illness-related absences and is not reported in the financial statements.

Closure and Postclosure Care Costs

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of the financial statement date. The \$1,169,422 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, 2003, represents the following:

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Postclosure liability

This is the liability for post closure costs for the Regional Landfill.	\$561,262
It is based on the use of 69.33% of the existing open area.	

Closure liability

This is the liability for closure cost for the Regional Landfill.	
It is based on the use of 69.33% of the existing open area.	\$608,160

The County will recognize the remaining \$517,336 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 2004. 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, 2003, restricted assets of \$2,522,540 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, 2003; 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, 2003

Note 2. Detailed Notes on all Funds and Account Groups

A. Assets

Deposits

Minn. Stat. §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, 2003, County deposits totaled \$21,783,391, of which \$410,819 were cash deposits and \$21,372,572 was invested in certificates of deposit.

Following is a summary of the deposits covered by insurance or collateral at December 31, 2003:

	(Amounts in Dollars)	
	Bank	Carrying
	Balances	Amounts
Covered Deposits		
Insured or collateralized with securities held by the County or its agent in the County's name	19,549,387	19,553,774
Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name	2,229,617	2,229,617
Uncollateralized	1,131,236	-
Total Deposits	22,910,240	21,783,391

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 broker-dealer having its principal executive office in Minnesota, licensed under Chapter 80A, or an affiliate of it, and regulated by the Securities and Exchange Commission; provided that the government entity's ownership of all securities is evidenced by written 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
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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 §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 §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 §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 §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 defined by generally accepted accounting principles:

1. securities that are insured or registered, or for which the securities are held by the County or its agent in the County's name;
2. securities that are uninsured and unregistered and are held by the counter party's, trust department or agent, in the County's name; and
3. securities that are uninsured and unregistered and are held by the counter party, or 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, 2003

Securities

The following is a summary of the County's securities, categorized into the aforementioned levels of risk at December 31, 2003.

(Amounts in Dollars)				
	Category (1)	Category (2)	Category (3)	Fair Value
Investments				
U.S. Government Securities	-	69,747,348	43,807	69,791,155
Bankers Acceptances	-	2,906,535	-	2,906,535
Commercial Paper	-	36,117,721	-	36,117,721
Brokered CD's	-	12,111,098	-	12,111,098
Add:				
Minnesota Association of Governments Investing for Counties (MAGIC) Fund (valued at \$1 per share) *				9,200.679
Deposits				21,783.391
Cash on hand				618,428
Total				152,529.007
Governmental Activities:				
Current assets:				
Cash and cash equivalents				83,269,521
Investments				21,448,779
Assets held by escrow agent				43,807
Business-type Activities:				
Current assets:				
Cash and cash equivalents				2,173,383
Investments				11,728,275
Restricted assets:				
Debt Service				
Cash and cash equivalents				15,385
Financial Assurance				
Cash and cash equivalents				392,079
Investments				2,107,185
Fiduciary Activities				
Current assets:				
Cash and cash equivalents				10,669,419
Investments				20,681,174
Total				152,529.007

(Amounts in Dollars)			
	Held for External Investment Pool Participants Investment Trust Funds	Held for Internal Investment Pool Participants All Other County Funds	Total
Cash and cash equivalents	19,684	96,500,103	96,519,787
Investments	20,661,143	35,304,270	55,965,413
Assets held by escrow agent	-	43,807	43,807
Total	20,680,827	131,848,180	152,529,007

* 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, 2003

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)	
	<u>Equity in Pool</u>	<u>Advances</u>
Governmental Activities:		
General Fund	31,315.069	
Special Revenue Funds:		
Road and Bridge	18,083.098	
Social Services	10,132.982	
Forfeited Tax Sale	646	(841,884)
Housing and Redevelopment Authority	625,230	
Community Development Block Grant	36,462	
Northeast Minnesota Housing Consortium	-	(9,972)
Septic Loan	288,701	
Forest Resources	7,985,483	
Debt Service Funds	1,307,329	
Capital Projects Funds	1,842,152	
Permanent Fund	5,888,390	
Internal Service Funds	8,108,902	
Total Equity	<u>85,614,444</u>	
Less: Advances	<u>(851,856)</u>	
Total Governmental Activities	<u>84,762,588</u>	
Business Activities:		
Enterprise Funds:		
Solid Waste Management	1,361,851	
Chris Jensen Health & Rehabilitation	16,165	(1,480,067)
Community Food	154,257	
Laundry	251,876	
Supervised Living Facilities	796,698	
Total Equity	<u>2,580,847</u>	
Less: Advances	<u>(1,480,067)</u>	
Total Business Activities	<u>1,100,780</u>	
Fiduciary Activities:		
Private-Purpose Trusts	46,523	
Investment Trusts	19,684	
Agency Funds	10,603,212	
Caribou Lake Wastewater Agency Fund		(13,000)
Total Equity	<u>10,669,419</u>	
Less: Advances	<u>(13,000)</u>	
Total Fiduciary Activities	<u>10,656,419</u>	
Total	<u>96,519,787</u>	<u>(2,344,923)</u>

ST. LOUIS COUNTY, MINNESOTA
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Loans Receivable

The long-term loan receivable from the St. Louis County Heritage and Arts Center is \$431,334 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 Heritage and Arts Center Board was dissolved in 2003. The St. Louis County Board authorized the County Attorney to take steps to secure payment of the loan, but some write-off is anticipated. No allowance has been established as of December 31, 2003.

The long-term loan receivable from the Town of Camp 5 is \$1,590 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.

Included in the Septic Loan Special Revenue Fund are loans under the Minnesota Pollution Control Loan Program.

**Minnesota
Pollution
Control Loan
Program**

Loans outstanding at December 31, 2003,
including interest

285,379

The long-term loan receivable from the South St. Louis County Fair Association is \$336,641 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 \$336,641 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, 2003

Lease Receivable

St. Louis County leases to the State of Minnesota approximately 33,162 useable square feet of space in the Pike Lake Joint Maintenance Facility. The total cost of the facility was \$7,459,091: depreciation to date is \$293,753 leaving a carrying value of \$7,165,338. The state pays rent of \$14,077 per month through August, 2012. The monthly rent is accounted for in the Debt Service fund and is used to retire the outstanding bonds. The state also pays 29.5% of the operating costs of the facility.

The minimum future rentals are:

Year Ending December 31		
2004	S	168,919
2005		168,919
2006		168,919
2007		168,919
2008		168,919
2009-2012		619,372
Total		<u>1,463,967</u>

Due From Other Governments

The following amounts were due from other governments at December 31, 2003:

	(Amounts in Dollars)			
	Federal	State	Local/Other	Total
Governmental Activities:				
General Fund	\$ 501,273	\$ 637,095	\$ 162,862	\$ 1,301,230
Special Revenue Funds				
Road and Bridge	209,414	11,206,668	186,432	11,602,514
Social Services	1,407,822	7,459,086	-	8,866,908
Community Development Block	320,698	-	-	320,698
Northeast Minnesota Housing Consortium	154,836	-	-	154,836
Forest Resources	-	15,125	-	15,125
Total Special Revenue Funds	<u>2,092,770</u>	<u>18,680,879</u>	<u>186,432</u>	<u>20,960,081</u>
Internal Service Funds	-	700	22,906	23,606
Total Governmental Activities	<u>2,594,043</u>	<u>19,318,674</u>	<u>372,200</u>	<u>22,284,917</u>
Business-type Activities:				
Enterprise Funds	-	-	29,632	29,632
Fiduciary Activities:				
Agency Funds	169,068	1,267,297	224,310	1,660,675
Total	<u>\$ 2,763,111</u>	<u>\$ 20,585,971</u>	<u>\$ 626,142</u>	<u>\$ 23,975,224</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

Restricted Assets

Business-type activities

Debt service

Cash and cash equivalents	\$ 15,385
Delinquent taxes receivable	2,125
Deferred charges - issuance costs	12,615

Financial assurance

Cash and cash equivalents	392,079
Investments	2,107,185
Accrued interest receivable	23,276

Total	\$ 2,552,665
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Capital Assets

Capital asset activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,657,357	\$ -	\$ -	\$ 1,657,357
Construction in progress	4,735,969	-	(1,006,322)	3,729,647
Total capital assets, not being depreciated	6,393,326	-	(1,006,322)	5,387,004
Capital assets, being depreciated:				
Buildings and improvements	73,335,796	3,160,274	(57,800)	76,438,270
Machinery and equipment	15,200,356	369,534	(174,701)	15,395,189
Vehicles	40,676,905	1,903,814	(908,453)	41,672,266
Infrastructure	314,508,880	20,185,817	-	334,694,697
Total capital assets being depreciated	443,721,937	25,619,439	(1,140,954)	468,200,422
Less accumulated depreciation for:				
Buildings and improvements	(26,439,020)	(1,515,002)	57,800	(27,896,222)
Machinery and equipment	(1,974,739)	(961,301)	157,932	(12,778,108)
Vehicles	(25,398,074)	(2,433,141)	780,754	(27,050,461)
Infrastructure	(109,080,351)	(12,580,355)	-	(121,660,706)
Total accumulated depreciation	(172,892,184)	(17,489,799)	966,486	(189,385,497)
Total capital assets, being depreciated, net	270,829,753	8,129,640	(144,468)	278,814,925
Governmental activities, capital assets, net	\$ 277,223,079	\$ 8,129,640	\$ (1,150,790)	\$ 284,201,929

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 363,922	\$ -	\$ -	\$ 363,922
Construction in progress	494,130	107,042	(601,172)	-
Total capital assets, not being depreciated	858,052	107,042	(601,172)	363,922
Capital assets, being depreciated:				
Buildings and improvements	12,693,369	601,172	-	13,294,541
Improvements other than buildings	7,384,387	-	-	7,384,387
Machinery and equipment	1,889,780	6,000	-	1,895,780
Linens	286,835	-	(13,415)	273,420
Vehicles	591,958	110,802	-	702,760
Total capital assets being depreciated	22,846,329	717,974	(13,415)	23,550,888
Less accumulated depreciation for:				
Buildings and improvements	(3,279,716)	(339,565)	-	(3,619,281)
Improvements other than buildings	(3,948,468)	(218,730)	-	(4,167,198)
Machinery and equipment	(1,246,034)	(86,330)	-	(1,332,364)
Vehicles	(245,545)	(108,677)	-	(354,222)
Total accumulated depreciation	(8,719,763)	(753,302)	-	(9,473,065)
Total capital assets, being depreciated, net	14,126,566	(35,328)	(13,415)	14,077,823
Business-type activities, capital assets, net	\$ 14,984,618	\$ 71,714	\$ (614,587)	\$ 14,441,745

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 598,804
Public safety	778,938
Highways	15,234,125
Health and sanitation	29,823
Human services	176,232
Culture and recreation	7,633
Conservation of natural resources	199,064
Economic development	852
Internal Service Funds	464,328
Total depreciation expenses - governmental activities	\$ 17,489,799
Business-type activities	
Solid Waste Management	\$ 613,168
Chris Jensen Health and Rehabilitation Center	121,306
Other Enterprise Funds	18,828
Total depreciation expenses - business-type activities	\$ 753,302

ST LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2003

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	\$ 12,000	\$ 468,350	\$ 1,312,752	\$ 469,229	\$ 2,262,331
Special Revenue Funds:					
Road and Bridge	-	11,707,596	649,913	-	12,357,509
Social Services	-	368,831	889,844	-	1,258,675
Forfeited Tax Sale	-	-	-	12,076,001	12,076,001
Housing and Redevelopment Authority	-	-	8,631	-	8,631
Forest Resources	-	63,049	-	-	63,049
Debt Service Funds	-	-	169,450	-	169,450
Capital Projects Fund	-	-	28,546	-	28,546
Internal Service Funds	868,500	4,140	-	-	872,640
Total Governmental Activities	880,500	12,611,966	3,059,136	12,545,230	29,096,832
Business-type Activities:					
Enterprise Funds	138,722	19,786	1,498	-	160,006
Total	\$ 1,019,222	\$ 12,631,752	\$ 3,060,634	\$ 12,545,230	\$ 29,256,838

Statement of Net Assets			
	Accounts Receivable	Aid and Grants	Total
Governmental Activities:			
General Fund	\$ 12,000	\$ 468,350	\$ 480,350
Special Revenue Funds			
Road & Bridge	-	4,166,033	4,166,033
Social Services	-	368,831	368,831
Forfeited Tax Sale	-	-	-
Forest Resources	-	63,049	63,049
Internal Service Funds	868,500	4,140	872,640
Total Governmental Activities	880,500	5,070,403	5,950,903
Business-type Activities:			
Enterprise Funds	138,722	19,786	158,508
Total	\$ 1,019,222	\$ 5,090,189	\$ 6,109,411

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2003

Long-Term Debt

Disclosure of information about long-term liabilities

Long-term liability activity for the year ended December 31, 2003 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One-Year</u>
GOVERNMENTAL ACTIVITIES					
<i>Bonds, notes, and tax lease obligations payable</i>					
General obligation debt					
Arrowhead Juvenile Center Remodel 1995	\$ 1,155,000	\$ -	\$ (110,000)	\$ 1,045,000	\$ 120,000
Capital Equipment Notes 1999	1,700,000	-	(830,000)	870,000	870,000
Capital Improvement Bonds 2001	13,565,000	-	(730,000)	12,835,000	760,000
Jail Refunding Bond 2002B	7,558,325	-	(1,109,224)	6,449,101	1,204,224
Capital Equipment Notes 2002C	5,019,537	-	(953,974)	4,065,563	978,974
General obligation revenue notes	546,204	38,756	-	584,960	14,369
Tax lease obligations (HRA)					
Law Enforcement Facility 1997	3,915,000	-	(310,000)	3,605,000	325,000
<i>Total bonds, notes and tax lease obligations payable</i>	<u>33,459,066</u>	<u>38,756</u>	<u>(4,043,198)</u>	<u>29,454,624</u>	<u>4,272,567</u>
Other Liabilities					
Land purchase	214,950	-	(107,475)	107,475	107,475
Compensated absences	36,771,446	1,995,803	(2,279,573)	36,487,676	1,844,248
Claims payable	8,969,627	26,524,271	(26,247,560)	9,246,338	3,274,231
Capital leases payable	791,287	-	(186,828)	604,459	63,297
<i>Total other liabilities</i>	<u>46,747,310</u>	<u>28,520,074</u>	<u>(28,821,436)</u>	<u>46,445,948</u>	<u>5,289,251</u>
Governmental activities long-term liabilities	<u>\$ 80,206,376</u>	<u>\$ 28,558,830</u>	<u>\$ (32,864,634)</u>	<u>\$ 75,900,572</u>	<u>\$ 9,561,818</u>
BUSINESS-TYPE ACTIVITIES					
<i>Bonds Payable</i>					
General obligation debt					
2002 Jensen - payable from restricted assets	\$ 600,000	\$ -	\$ (85,000)	\$ 515,000	\$ 95,000
Other Liabilities					
Compensated absences	1,624,351	188,211	(199,532)	1,613,030	105,580
Customer deposits	8,400	2,300	(2,450)	8,250	-
Closure and post-closure liabilities	942,103	227,318	-	1,169,421	-
<i>Total other liabilities</i>	<u>2,574,854</u>	<u>417,829</u>	<u>(201,982)</u>	<u>2,790,701</u>	<u>105,580</u>
Business-type activities long- term liabilities	<u>\$ 3,174,854</u>	<u>\$ 417,829</u>	<u>\$ (286,982)</u>	<u>\$ 3,305,701</u>	<u>\$ 200,580</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$12,963,043 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, 2003

(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. 1,045,000

\$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 \$119,101. This bond was issued to refund the Jail Revenue Bonds Series 1993A. 6,449,101

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. 870,000

\$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. 12,835,000

\$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 \$15,563. This bond was issued to finance capital equipment purchases. 4,065,563

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. 27,550

\$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. 157,410

\$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. 3,605,000

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2003

Fund Long-Term Debt

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

Year Ending 12/31/03	General Obligation	
	Principal	Interest
2004	\$ 4,272,567	\$ 1,162,141
2005	3,518,383	1,015,084
2006	3,648,688	899,174
2007	3,788,667	776,961
2008	2,866,674	647,024
2009-2013	7,467,895	1,948,802
2014-2018	3,851,750	372,000
2019-2020	40,000	-
Total:	\$ 29,454,624	\$ 6,821,186

Business Type Activities Debt Service to maturity are as follows:

Year Ending 12/31/03	Nursing Home 2003	
	Principal	Interest
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
Total:	\$ 515,000	\$ 48,775

Business-type activities bonds payable at December 31, 2003 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 \$ 515,000

Land purchase payable at December 31, 2003, 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. \$ 107,475

The annual requirements to service the land purchase payable as of December 31, 2003, are as follows:

Year Ended 12/31/03	(Amounts in Dollars)
2004	107,475

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2003

The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2003, of all governmental units which provide services within the County's borders, and which must be borne by properties in the County, is summarized below:

	(Amounts in Dollars)		
	Outstanding	Percentage Applicable to the County	County Share of Debt
Direct Debt			
St. Louis County	29,969,624	100.00	29,969,624
Overlapping Debt			
School Districts	70,210,000	29.90	20,994,359
Western Lake Superior Sanitary District	55,176,749	81.94	45,211,828
Underlying Debt			
Cities	128,959,663	100.00	128,959,663
School Districts	111,569,442	100.00	111,569,442
Towns	2,076,264	100.00	2,076,264
Duluth Entertainment and Convention Center	5,385,000	100.00	5,385,000
Duluth Economic Development Authority	5,222,000	100.00	5,222,000
Virginia Housing and Redevelopment Authority	6,480,000	100.00	6,480,000
Arrowhead Regional Development Commission	415,366	100.00	415,366
Total	<u>415,464,108</u>		<u>356,283,546</u>

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 2003:

Type of Property	Amount
Rental of office space and parking facilities	\$ 805,916
Data processing software	457,182
Vehicles	8,010
Communications equipment	69,991
Total rental expense	<u>\$ 1,341,099</u>

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2003:

Year Ended	Amount
2003	\$ 1,074,375
2004	1,076,033
2005	1,077,733
2006	1,079,475
2007	1,081,261
Total future minimum lease payments	<u>\$ 5,388,877</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2003

Capital Leases

Capital leases of the County at December 31, 2003 consist of office equipment and office space as shown below:

<u>Type of Property</u>	<u>Governmental Activities</u>
Office equipment	\$ 69,798
Maintenance facility	1,337,796
Less: Accumulated depreciation	(39,956)
Carrying Value	<u>\$ 1,367,638</u>

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, 2003:

<u>Year Ending 31-Dec</u>	<u>Governmental Activities</u>
2004	\$ 98,514
2005	90,264
2006	85,813
2007	85,523
2008	86,099
2009-2012	<u>340,252</u>
Total future minimum lease payments	786,465
Less: Amount representing interest	<u>(182,006)</u>
Present value of future minimum lease	<u>\$ 604,459</u>

Construction Commitments

At December 31, 2003, the County had construction commitments as follows:

	<u>(Amounts in Dollars)</u>			<u>Required Further Financing</u>
	<u>Authorized Projects</u>	<u>Expended to Date</u>	<u>Commitments</u>	
Hibbing courthouse improvements	772,501	760,920	11,581	-
Duluth courthouse HVAC and electrical	3,041,918	2,968,727	73,191	-
Total	<u>3,814,419</u>	<u>3,729,647</u>	<u>84,772</u>	-

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

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 \$43,807 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, 2003, is \$405,000 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 \$537,108 at December 31, 2003, 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 \$1,440,000 retention limit. The estimated liability for workers' compensation reported in the Fund is based on a case-by-case examination of claims filed through December 31, 2003, 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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimated liability for claims payable at year end is present valued at 1.45%. 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 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)
 Balance of claims payable at fiscal year end	 <u>612,373</u>	 <u>6,063,087</u>	 <u>2,294,167</u>

Changes in the funds' claims liability amounts during 2003 were:

	(Amounts in Dollars)		
	Property, Casualty, & Liability Insurance Fd	Workers' Compensation Insurance Fund	Medical/ Dental Insurance Fund
Beginning of fiscal year liability for claims	612,373	6,063,087	2,294,167
Current year claims and changes in estimates	126,317	1,879,636	24,518,318
Claim payments	(126,317)	(1,933,617)	(24,187,626)
 Balance of claims payable at fiscal year end	 <u>612,373</u>	 <u>6,009,106</u>	 <u>2,624,859</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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Retirement Plan

Plan Description

All full-time and certain part-time employees of St. Louis County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). The PERA administers the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the 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 all PERA members hired prior to July 1, 1989, whose annuity is calculated using Method 1, 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 on the web at mnpera.com, 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
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Funding Policy

Pension benefits are funded from member and employee contributions and income from the investment of fund assets. 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, 2003, 2002, and 2001, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	<u>Public Employees Retirement Fund</u>	<u>Public Employees Police & Fire Fund</u>	<u>Public Employees Correctional Fund</u>
2003	\$4,706,789	\$645,071	\$393,767
2002	4,759,163	612,733	373,084
2001	4,414,620	620,855	345,447

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, 2003, is as follows:

Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Patients' Escrow Private Purpose Trust Fund	Chris Jensen Health and Rehabilitation Enterprise Fund	\$ 1,670

Interfund Receivables/Payables:

Receivable Fund	Payable Fund	Amount
	Major funds	
General	Forfeited Tax Sales Fund	\$ 841,884
	Chris Jensen Health and Rehabilitation Center Enterprise Fund	1,480,067
	Nonmajor governmental fund	
	Northeast Minnesota Housing Consortium Special Revenue Fund	9,972
	Fiduciary fund	
	Caribou Lake Waste Water Agency Fund	13,000
	Total	<u>\$ 2,344,923</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2003

Interfund Transfers:

	Major	Nonmajor Governmental	Internal Service Funds		Total Transfers In
	Forfeited Tax Sale	Forest Resources	County Garage	Management Information Systems	
Major fund General	\$ 1,712,958	\$ 5,000	\$ 308,000	\$ 250,000	\$ 2,275,958
Nonmajor governmental fund Forest Resources	1,685,442	-	-	-	\$ 1,685,442
Total Transfers Out	<u>\$ 3,398,400</u>	<u>\$ 5,000</u>	<u>\$ 308,000</u>	<u>\$ 250,000</u>	<u>\$ 3,961,400</u>

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

The transfers from the Forest Resources Fund was the return of a prior year transfer not used.

The transfers from the County Garage Fund was to move cash per County Board resolution.

The transfers from the Management Information Systems Fund was to provide a State grant match.

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 2002, (the most recent available), county contributions were in the following proportion:

Carlton County	8.92%
Cook County	1.44%
Koochiching County	2.07%
Lake County	2.25%
St. Louis County	85.32%
Total	<u>100.00%</u>

St. Louis County provided \$9,332,649 in funding during 2003. 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, 2002, (the most recent available), excluding general fixed assets of \$9,276,177, and general long-term debt of \$3,762,451 was:

Total Assets	\$ 3,504,772
Total Liabilities	1,167,634
Total Fund Equity	2,337,138
Total Revenues	18,556,737
Total Expenditures	18,204,165
Increase (decrease) in Fund Balance	\$ 336,232

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Community Health Services Board

Carlton, Cook, Lake, and St. Louis Counties entered into a joint powers agreement. operating the Carlton, Cook, Lake, and St. Louis County Community Health Services Board. This agreement is entered into under the authority of the Community Health Services Act and is pursuant to the provisions of Minn. Stat. §471.59. The Community Health Services Board is composed of nine members. Carlton, Cook, and Lake County Boards of Commissioners. each appoints two members; the St. Louis County Board of Commissioners appoints three members. Financing is obtained through federal and state grants. St. Louis County provided no funding to this organization during 2003.

A summary of the financial information of the Community Health Services Board for December 31, 2002, (the most recent available) excluding general fixed assets of \$13,776, and general long-term debt of \$1,206, is:

Total Assets	\$ 554,657
Total Liabilities	497,280
Total Fund Equity	57,377
Total Revenues	3,006,145
Total Expenditures	2,993,783
Increase (decrease) in Fund Balance	\$ 12,362

Separate financial information can be obtained from:

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

Regional Railroad Authority

The St. Louis and Lake Counties Regional Railroad Authority was established under the Regional Railroad Authorities Act, Minn. Stat. §398A.03. It is governed by a Board composed of three members from the St. Louis County Board of Commissioners and two members from 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 2003.

A summary of the financial information of the Regional Railroad Authority for the year ended December 31, 2002, (the most recent available) excluding general fixed assets of \$1,670,733, and general long-term debt of \$4,980 is:

Total Assets	\$ 1,208,847
Total Liabilities	113,214
Total Fund Equity	1,095,633
Total Revenues	1,257,215
Total Expenditures	1,182,735
Increase (decrease) in Fund Balance	\$ 74,480

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

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Northeast Minnesota Office of Job Training

The Counties of Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis entered into joint powers agreement pursuant to Minn. Stat. §471.59 for the purpose of developing and implementing a private and public job training program. The United States Congress through the Job Training Partnership Act of 1982 authorized states to establish "service delivery 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, 2003, excluding general fixed assets of \$553,623 and general long-term debt of \$705,881 was:

Total Assets	\$ 1,941,993
Total Liabilities	334,283
Total Fund Equity	1,607,710
Total Revenues	7,545,147
Total Expenditures	7,415,525
Increase (decrease) in Fund Balance	\$ 129,622

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. §471.59 for the purpose of helping to formulate land use plans for the protection, sustainable use, and development of lands and natural resources.

The joint powers are the Counties of Cook, Itasca, Koochiching, Lake, Lake of the Woods, and St. Louis. Three elected county commissioners from St. Louis County and two from each of the other counties comprise the membership of the Board. St. Louis County handles all of the financial transactions for this organization through its Northern Counties Land Use Board Agency Fund. St. Louis County provided \$3,750 in funding during 2003. A summary of the financial information of Northern Counties Land Use Board for the fiscal year ended December 31, 2002, (the most recent available) is:

Total Assets	\$ 21,821
Total Liabilities	1,632
Total Fund Equity	20,189
Total Revenues	47,500
Total Expenditures	28,911
Increase (decrease) in Fund Balance	\$ 18,589

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
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Minnesota Counties Information Systems (MCIS)

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

MCIS is governed by an 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, 2002, (the most recent available) was:

Total Assets	\$	555,861
Total Liabilities		244,987
Total Fund Equity		310,874
Total Revenues		1,728,440
Total Expenditures		1,771,971
Increase (decrease) in Fund Balance	\$	(43,531)

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. §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 2003. 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, 2003, is:

Total Assets	\$	83,382
Total Liabilities		-
Total Fund Equity		83,382
Total Revenues		107,548
Total Expenditures		110,169
Increase (decrease) in Fund Balance	\$	(2,621)

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, 2003

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 Health and Rehabilitation Center Enterprise Fund nursing home records, and review of its 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.

Other Post-employment Benefits

In October, 2003, the County Board approved an early retirement incentive plan for current employees and elected officials who meet the following criteria:

The employee is at least age 55, has a minimum of five years of service with the County, and a combined age and years of covered PERA service equal to 85 or more.

The employee retires effective November 1, 2003, through March 31, 2004.

The plan offers the eligible retiree continuing County paid single low option health insurance coverage for four years or until the employee reaches age 65 or Medicare eligibility, whichever comes first.

As of year end, there were seven employees taking advantage of this incentive plan. The County finances the plan on a pay-as-you-go basis. For the year ended December 31, 2003, the County paid \$650 for these benefits.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

Management Agreement

The County has a management contract with Historic Union Depot, Inc. (H.U.D.) which requires H.U.D. to manage the Depot for the ultimate benefit of the public; to carry out a program of cultural, recreational, social or similar community services and artistic activities.

The annual payment from H.U.D. to the County is based on the annual operating expenses for the Depot building. For the year ended December 31, 2003, the agreement required H.U.D. to pay the County \$10,000 per month beginning May 1, and an additional \$40,000 by August 31, 2003, for a total annual payment of \$120,000. Subsequent years require \$10,000 per month plus \$60,000 by August 31 of each year, for a total annual payment of \$180,000.

The County is required to provide H.U.D. with a statement of actual operating costs within 60 days of year end. If actual operating costs exceed the annual payments from H.U.D. and the County Board's annual contribution and any rental income received by the County towards annual operating expenses, the H.U.D. is responsible to pay this additional amount to the County within 30 days of notice by the County. If actual operating costs are less than the annual payments from H.U.D. and the County Board's annual contribution and any rental income received by the County towards annual operating expenses, then the County will adjust the H.U.D. annual payment for the following year.

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, 2003:

Courts	\$ 600,458
Sheriff	68,761
Social Welfare	1,202,537
Recoveries	531,865
Total	<u>\$ 2,403,621</u>

Settlements Held By the Court for Minors

The Court Administrator, at December 31, 2003 held investments for individuals who have not reached the age of majority. These investments have a combined face value of \$5,380,383 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, 2003, the principal balance outstanding for the debt is \$200,000.

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.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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 2002 bonds sold by the County for the purpose of refinancing 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.

1999 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.

2002 Capital Equipment Note - This fund is used to account for the 2002 bonds sold for the purpose of financing capital equipment purchases.

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, 2003

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
ASSETS			
Cash and cash equivalents	\$ 625,230	\$ 36,462	\$ -
Delinquent taxes receivable	9,729	-	-
Accounts receivable (net)	-	-	-
Loans receivable	125,000	-	-
Due from other governments	-	320,698	154,836
Total Assets	759,959	357,160	154,836
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	9,216	91,689	28,124
Contracts payable	-	-	-
Salaries payable	6,348	-	-
Compensated absences payable	656	-	-
Interfund payable	-	-	9,972
Due to other governments	-	265,471	116,740
Deferred revenue	8,631	-	-
Total Liabilities	24,851	357,160	154,836
Fund Balances:			
Reserved for:			
Noncurrent loans	125,000	-	-
Future loans	-	-	-
Encumbrances	-	-	-
Debt service	-	-	-
Environmental trust funds	-	-	-
Improvement of natural resources	-	-	-
Unreserved:			
Undesignated	610,108	-	-
Total Fund Balance	735,108	-	-
Total Liabilities and Fund Balance	\$ 759,959	\$ 357,160	\$ 154,836

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003

Special Revenue Funds (continued)

	<u>Septic Loan</u>	<u>Forest Resources</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 288,701	\$ 7,985,483	\$ 8,935,876
Delinquent taxes receivable	-	-	9,729
Accounts receivable (net)	31,070	-	31,070
Loans receivable	285,379	-	410,379
Due from other governments	-	15,125	490,659
Total Assets	<u>605,150</u>	<u>8,000,608</u>	<u>9,877,713</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	86	-	129,115
Contracts payable	-	-	-
Salaries payable	-	-	6,348
Compensated absences payable	-	-	656
Interfund payable	-	-	9,972
Due to other governments	-	-	382,211
Deferred revenue	-	63,049	71,680
Total Liabilities	<u>86</u>	<u>63,049</u>	<u>599,982</u>
Fund Balances:			
Reserved for:			
Noncurrent loans	285,379	-	410,379
Future loans	303,567	-	303,567
Encumbrances	-	105,206	105,206
Debt service	-	107,475	107,475
Environmental trust funds	-	-	-
Improvement of natural resources	-	-	-
Unreserved:			
Undesignated	16,118	7,724,878	8,351,104
Total Fund Balance	<u>605,064</u>	<u>7,937,559</u>	<u>9,277,731</u>
Total Liabilities and Fund Balance	<u>\$ 605,150</u>	<u>\$ 8,000,608</u>	<u>\$ 9,877,713</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003

Debt Service Funds

	<u>Jail Bond</u>	<u>AJC Construction Bond</u>	<u>Law Enforcement Bond</u>	<u>Hibbing Public Works Bond</u>
ASSETS				
Cash and cash equivalents	\$ 534,505	\$ 57,925	\$ 140,760	\$ 11,004
Delinquent taxes receivable	71,184	7,708	22,096	3,815
Accounts receivable (net)	-	-	-	-
Loans receivable	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	<u>605,689</u>	<u>65,633</u>	<u>162,856</u>	<u>14,819</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	-	-	-	-
Contracts payable	-	-	-	-
Salaries payable	-	-	-	-
Compensated absences payable	-	-	-	-
Interfund payable	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue	63,095	6,724	19,104	3,341
Total Liabilities	<u>63,095</u>	<u>6,724</u>	<u>19,104</u>	<u>3,341</u>
Fund Balances:				
Reserved for:				
Noncurrent loans	-	-	-	-
Future loans	-	-	-	-
Encumbrances	-	-	-	-
Debt service	-	-	-	-
Environmental trust funds	-	-	-	-
Improvement of natural resources	-	-	-	-
Unreserved:				
Undesignated	542,594	58,909	143,752	11,478
Total Fund Balance	<u>542,594</u>	<u>58,909</u>	<u>143,752</u>	<u>11,478</u>
Total Liabilities and Fund Balance	<u>\$ 605,689</u>	<u>\$ 65,633</u>	<u>\$ 162,856</u>	<u>\$ 14,819</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003

Debt Service Funds (continued)

	1999 Capital Equipment Note	Capital Improvement Bond	2002 Capital Equipment Note	Total
ASSETS				
Cash and cash equivalents	\$ 179,657	\$ 344,555	\$ 38,923	\$ 1,307,329
Delinquent taxes receivable	36,291	39,281	21,057	201,432
Accounts receivable (net)	-	-	-	-
Loans receivable	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	<u>215,948</u>	<u>383,836</u>	<u>59,980</u>	<u>1,508,761</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	-	-	-	-
Contracts payable	-	-	-	-
Salaries payable	-	-	-	-
Compensated absences payable	-	-	-	-
Interfund payable	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue	30,962	31,329	14,895	169,450
Total Liabilities	<u>30,962</u>	<u>31,329</u>	<u>14,895</u>	<u>169,450</u>
Fund Balances:				
Reserved for:				
Noncurrent loans	-	-	-	-
Future loans	-	-	-	-
Encumbrances	-	-	-	-
Debt service	-	-	-	-
Environmental trust funds	-	-	-	-
Improvement of natural resources	-	-	-	-
Unreserved:				
Undesignated	184,986	352,507	45,085	1,339,311
Total Fund Balance	<u>184,986</u>	<u>352,507</u>	<u>45,085</u>	<u>1,339,311</u>
Total Liabilities and Fund Balance	<u>\$ 215,948</u>	<u>\$ 383,836</u>	<u>\$ 59,980</u>	<u>\$ 1,508,761</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Buildings	Shoreline Sales	
ASSETS			
Cash and cash equivalents	\$ 1,842,152	\$ 5,888,390	\$ 17,973,747
Delinquent taxes receivable	32,156	-	243,317
Accounts receivable (net)	-	-	31,070
Loans receivable	-	-	410,379
Due from other governments	-	-	490,659
Total Assets	<u>1,874,308</u>	<u>5,888,390</u>	<u>19,149,172</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	8,176	-	137,291
Contracts payable	116,255	-	116,255
Salaries payable	-	-	6,348
Compensated absences payable	-	-	656
Interfund payable	-	-	9,972
Due to other governments	-	-	382,211
Deferred revenue	28,546	-	269,676
Total Liabilities	<u>152,977</u>	<u>-</u>	<u>922,409</u>
Fund Balances:			
Reserved for:			
Noncurrent loans	-	-	410,379
Future loans	-	-	303,567
Encumbrances	-	-	105,206
Debt service	-	-	107,475
Environmental trust funds	-	5,761,019	5,761,019
Improvement of natural resources	-	127,371	127,371
Unreserved:			
Undesignated	1,721,331	-	11,411,746
Total Fund Balance	<u>1,721,331</u>	<u>5,888,390</u>	<u>18,226,763</u>
Total Liabilities and Fund Balance	<u>\$ 1,874,308</u>	<u>\$ 5,888,390</u>	<u>\$ 19,149,172</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
REVENUES			
Taxes	\$ 163,264	\$ -	\$ -
Intergovernmental	159,439	2,740,412	935,609
Earnings on investments	-	752	-
Land and timber sales	-	-	-
Miscellaneous	-	-	-
Total Revenues	322,703	2,741,164	935,609
EXPENDITURES			
Current:			
Conservation of natural resources	-	-	-
Economic development	252,449	2,741,164	935,609
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Total expenditures	252,449	2,741,164	935,609
Excess (deficiency) of revenues over expenditures	70,254	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Loan proceeds	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	70,254	-	-
Fund Balance - January 1	664,854	-	-
Fund Balance - December 31	\$ 735,108	\$ -	\$ -

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

Special Revenue Funds (continued)

	<u>Septic Loan</u>	<u>Forest Resources</u>	<u>Total</u>
REVENUES			
Taxes	\$ -	\$ 417,409	\$ 580,673
Intergovernmental	-	160,978	3,996,438
Earnings on investments	7,960	-	8,712
Land and timber sales	-	-	-
Miscellaneous	-	229	229
Total Revenues	<u>7,960</u>	<u>578,616</u>	<u>4,586,052</u>
EXPENDITURES			
Current:			
Conservation of natural resources	-	1,080,879	1,080,879
Economic development	-	-	3,929,222
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Total expenditures	<u>-</u>	<u>1,080,879</u>	<u>5,010,101</u>
Excess (deficiency) of revenues over expenditures	<u>7,960</u>	<u>(502,263)</u>	<u>(424,049)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,685,442	1,685,442
Transfers out:	-	(5,000)	(5,000)
Loan proceeds	38,535	-	38,535
Total other financing sources and uses	<u>38,535</u>	<u>1,680,442</u>	<u>1,718,977</u>
Net change in fund balances	46,495	1,178,179	1,294,928
Fund Balance - January 1	<u>558,569</u>	<u>6,759,380</u>	<u>7,982,803</u>
Fund Balance - December 31	<u>\$ 605,064</u>	<u>\$ 7,937,559</u>	<u>\$ 9,277,731</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

Debt Service Funds

	Jail Bond	AJC Construction Bond	Law Enforcement Bond	Hibbing Public Works Bond
REVENUES				
Taxes	\$ 1,196,574	\$ 145,570	\$ 442,824	\$ 70,209
Intergovernmental	240,552	29,108	89,572	13,955
Earnings on investments	33,948	-	-	-
Land and timber sales	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>1,471,074</u>	<u>174,678</u>	<u>532,396</u>	<u>84,164</u>
EXPENDITURES				
Current:				
Conservation of natural resources	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal	1,085,000	110,000	310,000	48,400
Interest and other charges	282,768	56,095	196,705	37,443
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Total expenditures	<u>1,367,768</u>	<u>166,095</u>	<u>506,705</u>	<u>85,843</u>
Excess (deficiency) of revenues over expenditures	<u>103,306</u>	<u>8,583</u>	<u>25,691</u>	<u>(1,679)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	103,306	8,583	25,691	(1,679)
Fund Balance - January 1	<u>439,288</u>	<u>50,326</u>	<u>118,061</u>	<u>13,157</u>
Fund Balance - December 31	<u>\$ 542,594</u>	<u>\$ 58,909</u>	<u>\$ 143,752</u>	<u>\$ 11,478</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

Debt Service Funds (continued)

	1999 Capital Equipment Note	Capital Improvement Bond	2002 Capital Equipment Note	Total
REVENUES				
Taxes	\$ 788,741	\$ 1,177,121	\$ 920,062	\$ 4,741,101
Intergovernmental:	159,004	239,012	188,468	959,671
Earnings on investments	-	-	-	33,948
Land and timber sales	-	-	-	-
Miscellaneous	-	168,920	-	168,920
Total Revenues	947,745	1,585,053	1,108,530	5,903,640
EXPENDITURES				
Current:				
Conservation of natural resources	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal	830,000	730,000	950,000	4,063,400
Interest and other charges	73,950	627,238	113,445	1,387,644
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Total expenditures	903,950	1,357,238	1,063,445	5,451,044
Excess (deficiency) of revenues over expenditures	43,795	227,815	45,085	452,596
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	43,795	227,815	45,085	452,596
Fund Balance - January 1	141,191	124,692	-	886,715
Fund Balance - December 31	\$ 184,986	\$ 352,507	\$ 45,085	\$ 1,339,311

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Buildings	Shoreline Sales	
REVENUES			
Taxes	\$ 535,049	\$ -	\$ 5,856,823
Intergovernmental	187,345	-	5,143,454
Earnings on investments	7,979	46,103	96,742
Land and timber sales	-	365,163	365,163
Miscellaneous	100,955	-	270,104
Total Revenues	<u>831,328</u>	<u>411,266</u>	<u>11,732,286</u>
EXPENDITURES			
Current:			
Conservation of natural resources	-	-	1,080,879
Economic development	-	-	3,929,222
Debt service:			
Principal	-	-	4,063,400
Interest and other charges	-	-	1,387,644
Capital outlay:			
General government	1,484,326	-	1,484,326
Public safety	4,142	-	4,142
Highways and streets	1,020,289	-	1,020,289
Total expenditures	<u>2,508,757</u>	<u>-</u>	<u>12,969,902</u>
Excess (deficiency) of revenues over expenditures	<u>(1,677,429)</u>	<u>411,266</u>	<u>(1,237,616)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	1,685,442
Transfers out	-	-	(5,000)
Loan proceeds	-	-	38,535
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>1,718,977</u>
Net change in fund balances	(1,677,429)	411,266	481,361
Fund Balance - January 1	<u>3,398,760</u>	<u>5,477,124</u>	<u>17,745,402</u>
Fund Balance - December 31	<u>\$ 1,721,331</u>	<u>\$ 5,888,390</u>	<u>\$ 18,226,763</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, 2003

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUES			
Taxes	\$ 163,561	\$ 163,264	\$ (297)
Intergovernmental	189,439	159,439	(30,000)
Total Revenues	<u>353,000</u>	<u>322,703</u>	<u>(30,297)</u>
EXPENDITURES			
Economic development			
Personnel services	90,580	98,297	7,717
Other operating	461,450	154,152	(307,298)
Total Expenditures	<u>552,030</u>	<u>252,449</u>	<u>(299,581)</u>
Excess of Revenues Over (Under) Expenditures	(199,030)	70,254	269,284
Fund Balance - January 1	<u>664,854</u>	<u>664,854</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 465,824</u>	<u>\$ 735,108</u>	<u>\$ 269,284</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 3,291,500	\$ 5,866,027	\$ 2,740,412	\$ (3,125,615)
Earnings on investments	-	-	752	752
Total Revenues	<u>3,291,500</u>	<u>5,866,027</u>	<u>2,741,164</u>	<u>(3,124,863)</u>
EXPENDITURES				
Economic development				
Other operating	<u>3,291,500</u>	<u>5,866,027</u>	<u>2,741,164</u>	<u>(3,124,863)</u>
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NORTHEAST MINNESOTA HOUSING CONSORTIUM SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 770,000	\$ 2,318,922	\$ 935,609	\$ (1,383,313)
EXPENDITURES				
Economic development				
Other operating	770,000	2,318,922	935,609	(1,383,313)
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, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 7,960	\$ 7,960
EXPENDITURES				
Health and sanitation				
Other operating	-	121,432	-	(121,432)
Excess of Revenues Over (Under)				
Expenditures	-	(121,432)	7,960	129,392
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	38,535	38,535
Net change in fund balances	-	(121,432)	46,495	167,927
Fund Balance - January 1	558,569	558,569	558,569	-
Fund Balance - December 31	<u>\$ 558,569</u>	<u>\$ 437,137</u>	<u>\$ 605,064</u>	<u>\$ 167,927</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOREST RESOURCES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 330,000	\$ 330,000	\$ 417,409	\$ 87,409
Intergovernmental	100,000	100,000	160,978	60,978
Miscellaneous	-	-	229	229
Total Revenues	<u>430,000</u>	<u>430,000</u>	<u>578,616</u>	<u>148,616</u>
EXPENDITURES				
Conservation of natural resources				
Other operating	<u>905,500</u>	<u>1,175,500</u>	<u>1,129,165</u>	<u>(46,335)</u>
Excess of Revenues Over (Under) Expenditures	(475,500)	(745,500)	(550,549)	194,951
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,685,443	1,685,442	(1)
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(5,000)</u>	<u>5,000</u>
Net change in fund balances	(485,500)	929,943	1,129,893	199,950
Fund Balance - January 1	<u>6,759,380</u>	<u>6,759,380</u>	<u>6,759,380</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 6,273,880</u>	<u>\$ 7,689,323</u>	<u>\$ 7,889,273</u>	<u>\$ 199,950</u>

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, 2003

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUES			
Taxes	\$ 1,195,127	\$ 1,196,574	\$ 1,447
Intergovernmental	240,552	240,552	-
Earnings on investments	-	33,948	33,948
Total Revenues	<u>1,435,679</u>	<u>1,471,074</u>	<u>35,395</u>
EXPENDITURES			
Debt service			
Principal	1,085,000	1,085,000	-
Interest and fiscal charges	<u>282,313</u>	<u>282,768</u>	<u>455</u>
Total Expenditures	<u>1,367,313</u>	<u>1,367,768</u>	<u>455</u>
Excess of Revenues Over (Under) Expenditures	68,366	103,306	34,940
Fund Balance - January 1	<u>439,288</u>	<u>439,288</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 507,654</u>	<u>\$ 542,594</u>	<u>\$ 34,940</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, 2003

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUES			
Taxes	\$ 145,292	\$ 145,570	\$ 278
Intergovernmental	29,108	29,108	-
Total Revenues	<u>174,400</u>	<u>174,678</u>	<u>278</u>
 EXPENDITURES			
Debt service			
Principal	110,000	110,000	-
Interest and fiscal charges	<u>56,095</u>	<u>56,095</u>	<u>-</u>
Total Expenditures	<u>166,095</u>	<u>166,095</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	8,305	8,583	278
Fund Balance - January 1	<u>50,326</u>	<u>50,326</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 58,631</u>	<u>\$ 58,909</u>	<u>\$ 278</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, 2003

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUES			
Taxes	\$ 442,468	\$ 442,824	\$ 356
Intergovernmental	<u>89,572</u>	<u>89,572</u>	<u>-</u>
Total Revenues	<u>532,040</u>	<u>532,396</u>	<u>356</u>
EXPENDITURES			
Debt service			
Principal	310,000	310,000	-
Interest and fiscal charges	<u>196,705</u>	<u>196,705</u>	<u>-</u>
Total Expenditures	<u>506,705</u>	<u>506,705</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	25,335	25,691	356
Fund Balance - January 1	<u>118,061</u>	<u>118,061</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 143,396</u>	<u>\$ 143,752</u>	<u>\$ 356</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, 2003

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUES			
Taxes	\$ 70,484	\$ 70,209	\$ (275)
Intergovernmental	13,955	13,955	-
Total Revenues	<u>84,439</u>	<u>84,164</u>	<u>(275)</u>
EXPENDITURES			
Debt service			
Principal	48,400	48,400	-
Interest and fiscal charges	36,039	37,443	1,404
Total Expenditures	<u>84,439</u>	<u>85,843</u>	<u>1,404</u>
Excess of Revenues Over (Under) Expenditures	-	(1,679)	(1,679)
Fund Balance - January 1	<u>13,157</u>	<u>13,157</u>	-
Fund Balance - December 31	<u>\$ 13,157</u>	<u>\$ 11,478</u>	<u>\$ (1,679)</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
1999 CAPITAL EQUIPMENT NOTE DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUES			
Taxes	\$ 790,144	\$ 788,741	\$ (1,403)
Intergovernmental	159,004	159,004	-
Total Revenues	<u>949,148</u>	<u>947,745</u>	<u>(1,403)</u>
EXPENDITURES			
Debt service			
Principal	830,000	830,000	-
Interest and fiscal charges	<u>73,950</u>	<u>73,950</u>	<u>-</u>
Total Expenditures	<u>903,950</u>	<u>903,950</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	45,198	43,795	(1,403)
Fund Balance - January 1	<u>141,191</u>	<u>141,191</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 186,389</u>	<u>\$ 184,986</u>	<u>\$ (1,403)</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, 2003

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUES			
Taxes	\$ 1,186,088	\$ 1,177,121	\$ (8,967)
Intergovernmental	239,012	239,012	-
Miscellaneous	-	168,920	168,920
Total Revenues	<u>1,425,100</u>	<u>1,585,053</u>	<u>159,953</u>
EXPENDITURES			
Debt service			
Principal	730,000	730,000	-
Interest and fiscal charges	<u>627,238</u>	<u>627,238</u>	<u>-</u>
Total Expenditures	<u>1,357,238</u>	<u>1,357,238</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	67,862	227,815	159,953
Fund Balance - January 1	<u>124,692</u>	<u>124,692</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 192,554</u>	<u>\$ 352,507</u>	<u>\$ 159,953</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
2002 CAPITAL EQUIPMENT NOTE DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUES			
Taxes	\$ 928,149	\$ 920,062	\$ (8,087)
Intergovernmental	188,468	188,468	-
Total Revenues	<u>1,116,617</u>	<u>1,108,530</u>	<u>(8,087)</u>
EXPENDITURES			
Debt service			
Principal	950,000	950,000	-
Interest and fiscal charges	<u>113,445</u>	<u>113,445</u>	<u>-</u>
Total Expenditures	<u>1,063,445</u>	<u>1,063,445</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	53,172	45,085	(8,087)
Fund Balance - January 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 53,172</u>	<u>\$ 45,085</u>	<u>\$ (8,087)</u>

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NONMAJOR ENTERPRISE FUNDS

Nopeming Care Center - This fund is used to account for providing nursing home facilities for the public. The fund was closed in 2003.

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, 2003

	<u>Community Food</u>	<u>Laundry</u>	<u>Supervised Living Facilities</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 154,257	\$ 251,876	\$ 796,698	\$ 1,202,831
Accounts receivable (net)	121,787	37,981	-	159,768
Inventories	21,204	58,173	-	79,377
Prepaid items	52,600	-	-	52,600
Total current assets	<u>349,848</u>	<u>348,030</u>	<u>796,698</u>	<u>1,494,576</u>
Capital assets:				
Buildings and structures	-	1,022,205	-	1,022,205
Machinery and equipment	-	322,808	9,000	331,808
Linens	-	217,261	-	217,261
Vehicles	-	45,709	-	45,709
Less accumulated depreciation	-	(803,970)	(4,500)	(808,470)
Total capital asset (net)	<u>-</u>	<u>804,013</u>	<u>4,500</u>	<u>808,513</u>
Total assets	<u>349,848</u>	<u>1,152,043</u>	<u>801,198</u>	<u>2,303,089</u>
LIABILITIES				
Current liabilities:				
Accounts payable	30,204	27,890	1,288	59,382
Salaries payable	31,125	18,212	30,199	79,536
Compensated absences payable	6,683	9,139	5,091	20,913
Deferred revenue	-	3,503	-	3,503
Total current liabilities	<u>68,012</u>	<u>58,744</u>	<u>36,578</u>	<u>163,334</u>
Noncurrent liabilities:				
Compensated absences payable	95,528	200,611	50,279	346,418
Total liabilities	<u>163,540</u>	<u>259,355</u>	<u>86,857</u>	<u>509,752</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	804,013	4,500	808,513
Unrestricted	186,308	88,675	709,841	984,824
Total net assets	<u>\$ 186,308</u>	<u>\$ 892,688</u>	<u>\$ 714,341</u>	<u>\$ 1,793,337</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, 2003

	<u>Nopeming Care Center</u>	<u>Community Food</u>	<u>Laundry</u>	<u>Supervised Living Facilities</u>	<u>Total</u>
Operating Revenues					
Charges for services	\$ -	\$ 1,376,489	\$ 1,106,899	\$ 1,050,422	\$ 3,533,810
Other	229	3,791	3,555	-	7,575
Total Operating Revenues	<u>229</u>	<u>1,380,280</u>	<u>1,110,454</u>	<u>1,050,422</u>	<u>3,541,385</u>
Operating Expenses					
Personal services	12,879	775,234	656,696	520,942	1,965,751
Contractual services	13,548	182,131	235,591	292,809	724,079
Materials	-	373,116	132,266	9,094	514,476
Depreciation	-	-	17,928	900	18,828
Total Operating Expenses	<u>26,427</u>	<u>1,330,481</u>	<u>1,042,481</u>	<u>823,745</u>	<u>3,223,134</u>
Operating Income (Loss)	<u>(26,198)</u>	<u>49,799</u>	<u>67,973</u>	<u>226,677</u>	<u>318,251</u>
Changes in net assets	(26,198)	49,799	67,973	226,677	318,251
Net assets - January 1	<u>26,198</u>	<u>136,509</u>	<u>824,715</u>	<u>487,664</u>	<u>1,475,086</u>
Net assets - December 31	<u>\$ -</u>	<u>\$ 186,308</u>	<u>\$ 892,688</u>	<u>\$ 714,341</u>	<u>\$ 1,793,337</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Nopeming Care Center	Community Food	Laundry	Supervised Living Facilities	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 30,440	\$ 1,241,249	\$ 784,308	\$ 1,056,066	\$ 3,112,063
Receipts from interfund services provided	-	191,927	338,203	-	530,130
Payments to suppliers	(18,157)	(563,727)	(373,115)	(302,465)	(1,257,464)
Payments to employees	(12,879)	(807,305)	(749,966)	(586,157)	(2,156,307)
Other receipts (payments)	229	2,149	5,331	(1,190)	6,519
Net cash provided (used) by operating activities	<u>(367)</u>	<u>64,293</u>	<u>4,761</u>	<u>166,254</u>	<u>234,941</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	-	-	11,255	-	11,255
Net Increase (Decrease) in Cash and Cash Equivalents	(367)	64,293	16,016	166,254	246,196
Balances - January 1	<u>367</u>	<u>89,964</u>	<u>235,860</u>	<u>630,444</u>	<u>956,635</u>
Balances - December 31	<u>\$ -</u>	<u>\$ 154,257</u>	<u>\$ 251,876</u>	<u>\$ 796,698</u>	<u>\$ 1,202,831</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (26,198)	\$ 49,799	\$ 67,973	\$ 226,677	\$ 318,251
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	-	-	17,928	900	18,828
(Increase) Decrease Receivables, net	43,988	56,887	15,612	5,644	121,931
(Increase) Decrease Inventories	-	(2,595)	(15,178)	-	(17,873)
(Increase) Decrease Prepaid items	-	3,620	15,787	-	19,407
Increase (Decrease) Accounts payable	(18,157)	(9,405)	(5,867)	(562)	(33,991)
Increase (Decrease) Salaries payable	-	(1,406)	(10,547)	1,008	(10,945)
Increase (Decrease) Compensated absences payable	-	(30,665)	(82,723)	(66,223)	(179,611)
Increase (Decrease) Deferred revenue	-	(1,642)	1,776	(1,190)	(1,056)
Total Adjustments	<u>25,831</u>	<u>14,494</u>	<u>(63,212)</u>	<u>(60,423)</u>	<u>(83,310)</u>
Net cash provided by operating activities	<u>\$ (367)</u>	<u>\$ 64,293</u>	<u>\$ 4,761</u>	<u>\$ 166,254</u>	<u>\$ 234,941</u>

INTERNAL SERVICE FUNDS

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

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, 2003

	<u>Printing</u>	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 153,366	\$ 713,035	\$ 555,877	\$ 226,684
Investments	-	-	5,945,993	3,745,375
Accounts receivable	9,142	1,064	199	9,204
Accrued interest receivable	-	-	20,464	15,860
Due from other governments	21,728	-	-	-
Inventories	134,575	34,806	-	-
Total current assets	<u>318,811</u>	<u>748,905</u>	<u>6,522,533</u>	<u>3,997,123</u>
Capital assets:				
Land	-	25,500	-	-
Buildings and structures	-	778,730	-	-
Machinery and equipment	371,525	79,214	-	-
Vehicles	-	1,705,347	-	-
Less accumulated depreciation	<u>(259,978)</u>	<u>(1,634,703)</u>	<u>-</u>	<u>-</u>
Total capital asset (net)	<u>111,547</u>	<u>954,088</u>	<u>-</u>	<u>-</u>
Total assets	<u>430,358</u>	<u>1,702,993</u>	<u>6,522,533</u>	<u>3,997,123</u>
LIABILITIES				
Current liabilities:				
Accounts payable	113,747	20,590	1,983	152,289
Salaries payable	8,970	17,824	-	-
Compensated absences payable	2,017	3,365	-	-
Claims payable	-	-	-	649,372
Due to other governments	-	1,167	-	-
Deferred revenue	-	-	-	-
Capital leases payable	-	-	-	-
Total current liabilities	<u>124,734</u>	<u>42,946</u>	<u>1,983</u>	<u>801,661</u>
Noncurrent liabilities:				
Compensated absences payable	57,733	98,506	-	-
Claims payable	-	-	612,373	5,359,734
Capital leases payable	-	-	-	-
Total long-term liabilities	<u>57,733</u>	<u>98,506</u>	<u>612,373</u>	<u>5,359,734</u>
Total liabilities	<u>182,467</u>	<u>141,452</u>	<u>614,356</u>	<u>6,161,395</u>
NET ASSETS				
Invested in capital assets	111,547	954,088	-	-
Unrestricted	136,344	607,453	5,908,177	(2,164,272)
Total net assets	<u>\$ 247,891</u>	<u>\$ 1,561,541</u>	<u>\$ 5,908,177</u>	<u>\$ (2,164,272)</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2003

	Medical/ Dental Insurance	Management Information Systems	Telecommu- nications	Retired Employees' Health Insurance	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 935,712	\$ 2,042,678	\$ 933,494	\$ 2,548,056	\$ 8,108,902
Investments	11,757,411	-	-	-	21,448,779
Accounts receivable	277,797	12,521	26	-	309,953
Accrued interest receivable	61,284	-	-	-	97,608
Due from other governments	-	700	1,178	-	23,606
Inventories	-	10,011	17,050	-	196,442
Total current assets	<u>13,032,204</u>	<u>2,065,910</u>	<u>951,748</u>	<u>2,548,056</u>	<u>30,185,290</u>
Capital assets:					
Land	-	-	-	-	25,500
Buildings and structures	-	55,506	-	-	834,236
Machinery and equipment	-	2,461,050	2,493,160	-	5,404,949
Vehicles	-	-	-	-	1,705,347
Less accumulated depreciation	-	<u>(2,085,939)</u>	<u>(2,257,021)</u>	-	<u>(6,237,641)</u>
Total capital asset (net)	-	<u>430,617</u>	<u>236,139</u>	-	<u>1,732,391</u>
Total assets	<u>13,032,204</u>	<u>2,496,527</u>	<u>1,187,887</u>	<u>2,548,056</u>	<u>31,917,681</u>
LIABILITIES					
Current liabilities:					
Accounts payable	970	119,815	66,205	-	475,599
Salaries payable	-	116,966	10,898	-	154,658
Compensated absences payable	-	29,542	5,084	1,804,240	1,844,248
Claims payable	2,624,859	-	-	-	3,274,231
Due to other governments	-	-	-	-	1,167
Deferred revenue	868,500	4,140	-	-	872,640
Capital leases payable	-	10,470	-	-	10,470
Total current liabilities	<u>3,494,329</u>	<u>280,933</u>	<u>82,187</u>	<u>1,804,240</u>	<u>6,633,013</u>
Noncurrent liabilities:					
Compensated absences payable	-	892,419	65,151	743,816	1,857,625
Claims payable	-	-	-	-	5,972,107
Capital leases payable	-	4,362	-	-	4,362
Total long-term liabilities	-	<u>896,781</u>	<u>65,151</u>	<u>743,816</u>	<u>7,834,094</u>
Total liabilities	<u>3,494,329</u>	<u>1,177,714</u>	<u>147,338</u>	<u>2,548,056</u>	<u>14,467,107</u>
NET ASSETS					
Invested in capital assets	-	430,617	236,139	-	1,732,391
Unrestricted	9,537,875	888,196	804,410	-	15,718,183
Total net assets	<u>\$ 9,537,875</u>	<u>\$ 1,318,813</u>	<u>\$ 1,040,549</u>	<u>\$ -</u>	<u>\$ 17,450,574</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, 2003**

	<u>Printing</u>	<u>County Garage</u>	<u>Property, Casualty, Liability Insurance</u>	<u>Workers' Compensation Insurance</u>
Operating Revenues:				
Charges for services	\$ 1,250,404	\$ 1,363,706	\$ 525,511	\$ 1,229,285
Other	1,170	4,525	1,849	501,293
Total Operating Revenues	<u>1,251,574</u>	<u>1,368,231</u>	<u>527,360</u>	<u>1,730,578</u>
Operating Expenses:				
Personal services	176,517	410,107	-	-
Contractual services	588,855	255,123	136,770	2,746,138
Materials	456,420	498,535	-	-
Depreciation	17,882	143,508	-	-
Total Operating Expenses	<u>1,239,674</u>	<u>1,307,273</u>	<u>136,770</u>	<u>2,746,138</u>
Operating Income (Loss)	<u>11,900</u>	<u>60,958</u>	<u>390,590</u>	<u>(1,015,560)</u>
Nonoperating revenues (expenses):				
Earnings on investments	-	-	59,805	61,267
Loss or gain on asset disposal	-	4,095	-	-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>4,095</u>	<u>59,805</u>	<u>61,267</u>
Operating income (Loss) Before Transfers	11,900	65,053	450,395	(954,293)
Transfers out	<u>-</u>	<u>(308,000)</u>	<u>-</u>	<u>-</u>
Changes in net assets	11,900	(242,947)	450,395	(954,293)
Net assets - January 1	<u>235,991</u>	<u>1,804,468</u>	<u>5,457,782</u>	<u>(1,209,979)</u>
Net assets - December 31	<u>\$ 247,891</u>	<u>\$ 1,561,541</u>	<u>\$ 5,908,177</u>	<u>\$ (2,164,272)</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, 2003

	<u>Medical/ Dental Insurance</u>	<u>Management Information Systems</u>	<u>Telecommu- nications</u>	<u>Retired Employees' Health Insurance</u>	<u>Total</u>
Operating Revenues:					
Charges for services	\$ 21,105,770	\$ 3,852,804	\$ 1,427,110	\$ 1,719,985	\$ 32,474,575
Other	-	798,036	1,605	-	1,308,478
Total Operating Revenues	<u>21,105,770</u>	<u>4,650,840</u>	<u>1,428,715</u>	<u>1,719,985</u>	<u>33,783,053</u>
Operating Expenses:					
Personal services	-	2,669,548	319,877	-	3,576,049
Contractual services	24,736,785	1,323,202	841,476	1,719,985	32,348,334
Materials	-	724,558	182,812	-	1,862,325
Depreciation	-	212,588	90,350	-	464,328
Total Operating Expenses	<u>24,736,785</u>	<u>4,929,896</u>	<u>1,434,515</u>	<u>1,719,985</u>	<u>38,251,036</u>
Operating Income (Loss)	<u>(3,631,015)</u>	<u>(279,056)</u>	<u>(5,800)</u>	<u>-</u>	<u>(4,467,983)</u>
Nonoperating revenues (expenses):					
Earnings on investments	184,746	-	-	-	305,818
Loss or gain on asset disposal	-	(16,769)	-	-	(12,674)
Total Nonoperating Revenues (Expenses)	<u>184,746</u>	<u>(16,769)</u>	<u>-</u>	<u>-</u>	<u>293,144</u>
Operating Income (Loss) Before Transfers	<u>(3,446,269)</u>	<u>(295,825)</u>	<u>(5,800)</u>	<u>-</u>	<u>(4,174,839)</u>
Transfers out	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>(558,000)</u>
Changes in net assets	<u>(3,446,269)</u>	<u>(545,825)</u>	<u>(5,800)</u>	<u>-</u>	<u>(4,732,839)</u>
Net assets - January 1	<u>12,984,144</u>	<u>1,864,638</u>	<u>1,046,349</u>	<u>-</u>	<u>22,183,413</u>
Net assets - December 31	<u>\$ 9,537,875</u>	<u>\$ 1,318,813</u>	<u>\$ 1,040,549</u>	<u>\$ -</u>	<u>\$ 17,450,574</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Printing	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 78,329	\$ -	\$ -	\$ -
Receipts from interfund services provided	1,173,951	1,364,366	525,312	1,220,241
Payments to suppliers	(956,549)	(763,318)	(2,335)	51,825
Payments to employees	(255,673)	(396,923)	-	-
Claims paid	-	-	(133,770)	(2,800,119)
Other receipts (payments)	589	2,633	1,849	501,248
Net cash provided (used) by operating activities	<u>40,647</u>	<u>206,758</u>	<u>388,056</u>	<u>(1,026,805)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to the General Fund	-	(308,000)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	(15,398)	-	-
Payments on capital leases	-	-	-	-
Other receipts (payments)	-	4,095	-	-
Net capital provided (used) by capital and related financing activities	-	<u>(11,303)</u>	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	(7,542,780)	(9,246,968)
Sale of investments	-	-	6,862,352	9,943,056
Interest and dividends	-	-	173,852	130,802
Net Cash Provided by Investing Activities	-	-	<u>(506,576)</u>	<u>796,890</u>
Net Increase (Decrease) in Cash and Cash Equivalents	40,647	(112,545)	(118,520)	(229,915)
Balances - January 1	112,719	825,580	674,397	456,599
Balances - December 31	<u>\$ 153,366</u>	<u>\$ 713,035</u>	<u>\$ 555,877</u>	<u>\$ 226,684</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 11,900	\$ 60,958	\$ 390,590	\$ (1,015,560)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	17,882	143,508	-	-
(Increase) Decrease Receivables, net	4,890	660	(199)	(9,044)
(Increase) Decrease Due from other government	(3,014)	-	-	-
(Increase) Decrease Inventories	50,647	(2,686)	-	-
(Increase) Decrease Prepaid items	-	-	-	-
Increase (Decrease) Accounts payable	38,079	(6,974)	(2,335)	51,825
Increase (Decrease) Salaries payable	(942)	2,797	-	-
Increase (Decrease) Compensated absences payable	(78,214)	10,387	-	-
Increase (Decrease) Claims payable	-	-	-	(53,981)
Increase (Decrease) Due to other government	-	(1,025)	-	(45)
Increase (Decrease) Deferred revenue	(581)	(867)	-	-
Total Adjustments	<u>28,747</u>	<u>145,800</u>	<u>(2,534)</u>	<u>(1,245)</u>
Net cash provided by operating activities	<u>\$ 40,647</u>	<u>\$ 206,758</u>	<u>\$ 388,056</u>	<u>\$ (1,026,805)</u>
NON-CASH ACTIVITIES				
Change in fair market value of investments	\$ -	\$ -	\$ 16,171	\$ (4,625)

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Medical/ Dental Insurance	Management Information Systems	Telecommu- nications	Retired Employees' Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ -	\$ -	\$ 16,598	\$ -	\$ 94,927
Receipts from interfund services provided	21,010,110	3,887,020	1,410,609	1,719,985	32,311,594
Payments to suppliers	16,306	(2,017,792)	(1,033,065)	-	(4,704,928)
Payments to employees	-	(2,611,901)	(337,811)	(1,804,239)	(5,406,547)
Claims paid	(24,406,093)	-	-	-	(27,342,982)
Other receipts (payments)	132,639	796,337	(3,229)	-	1,432,066
Net cash provided (used) by operating activities	<u>(3,247,038)</u>	<u>53,664</u>	<u>53,102</u>	<u>(84,254)</u>	<u>(3,615,870)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer to the General Fund	-	(250,000)	-	-	(558,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	-	(40,173)	(39,742)	-	(95,313)
Payments on capital leases	-	(10,470)	-	-	(10,470)
Other receipts (payments)	-	-	-	-	4,095
Net capital provided (used) by capital and related financing activities	<u>-</u>	<u>(50,643)</u>	<u>(39,742)</u>	<u>-</u>	<u>(101,688)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(23,645,156)	-	-	-	(40,434,904)
Sale of investments	25,941,355	-	-	-	42,746,763
Interest and dividends	306,745	-	-	-	581,399
Net Cash Provided by Investing Activities	<u>2,602,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,893,258</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(644,094)	(246,979)	13,360	(84,254)	(1,382,300)
Balances - January 1	1,579,806	2,289,657	920,134	2,632,310	9,491,202
Balances - December 31	<u>\$ 935,712</u>	<u>\$ 2,042,678</u>	<u>\$ 933,494</u>	<u>\$ 2,548,056</u>	<u>\$ 8,108,902</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (3,631,015)	\$ (279,056)	\$ (5,800)	\$ -	\$ (4,467,983)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	-	212,588	90,350	-	464,328
(Increase) Decrease Receivables, net	(95,660)	(12,521)	97	-	(111,777)
(Increase) Decrease Due from other government	-	46,737	(7,500)	-	36,223
(Increase) Decrease Inventories	-	910	-	-	48,871
(Increase) Decrease Prepaid items	44,123	-	-	-	44,123
Increase (Decrease) Accounts payable	(27,817)	29,058	(1,277)	-	80,559
Increase (Decrease) Salaries payable	-	5,067	(2,128)	-	4,794
Increase (Decrease) Compensated absences payable	-	52,580	(15,806)	(84,254)	(115,307)
Increase (Decrease) Claims payable	330,692	-	-	-	276,711
Increase (Decrease) Due to other government	-	-	(4,116)	-	(5,186)
Increase (Decrease) Deferred revenue	132,639	(1,699)	(718)	-	129,774
Total Adjustments	<u>383,977</u>	<u>332,720</u>	<u>58,902</u>	<u>(84,254)</u>	<u>852,113</u>
Net cash provided by operating activities	<u>\$ (3,247,038)</u>	<u>\$ 53,664</u>	<u>\$ 53,102</u>	<u>\$ (84,254)</u>	<u>\$ (3,615,870)</u>
NON-CASH ACTIVITIES					
Change in fair market value of investments	\$ (5,576)	\$ -	\$ -	\$ -	\$ 5,970

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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.

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.

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

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
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2003

	Investment Trust Funds		
	Taconite Relief	Taconite Production Tax	Total
ASSETS			
Cash and cash equivalents	\$ 17,909	\$ 1,775	\$ 19,684
Investments	19,204,466	1,456,677	20,661,143
Accrued interest receivable	85,328	5,190	90,518
Total Assets	19,307,703	1,463,642	20,771,345
LIABILITIES AND FUND BALANCE			
Liabilities			
Due to other governments	-	1,463,642	1,463,642
NET ASSETS			
Held in trust for pool participants and other purposes	\$ 19,307,703	\$ -	\$ 19,307,703

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Investment Trust Funds		
	Taconite Relief	Taconite Production Tax	Total
ADDITIONS			
Taconite taxes	\$ 11,027,147	\$ 15,663,586	\$ 26,690,733
Earnings on investments	443,305	31,902	475,207
Total Additions	11,470,452	15,695,488	27,165,940
DEDUCTIONS			
Distribution to participants	11,300,470	15,747,888	27,048,358
Changes in net assets	169,982	(52,400)	117,582
Net assets - January 1	19,137,721	52,400	19,190,121
Net assets - December 31	\$ 19,307,703	\$ -	\$ 19,307,703

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Balance January 1	Additions	Deductions	Balance December 31
STATE OF MINNESOTA FUND				
ASSETS				
Cash and cash equivalents	\$ 638,454	\$ 20,586,120	\$ 20,903,727	\$ 320,847
Due from other governments	256,649	274,610	204,115	327,144
Total Assets	<u>\$ 895,103</u>	<u>\$ 20,860,730</u>	<u>\$ 21,107,842</u>	<u>\$ 647,991</u>
LIABILITIES				
Salaries payable	\$ 3,048	\$ 70,756	\$ 70,591	\$ 3,213
Due to other governments	892,055	20,789,974	21,037,251	644,778
Total Liabilities	<u>\$ 895,103</u>	<u>\$ 20,860,730</u>	<u>\$ 21,107,842</u>	<u>\$ 647,991</u>
BEER-AUCTIONEER LICENSES FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 20</u>	<u>\$ 3,177</u>	<u>\$ 3,194</u>	<u>\$ 3</u>
LIABILITIES				
Due to other governments	<u>\$ 20</u>	<u>\$ 3,177</u>	<u>\$ 3,194</u>	<u>\$ 3</u>
CITIES AND TOWNS FINES FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 117,535</u>	<u>\$ 1,518,598</u>	<u>\$ 1,505,540</u>	<u>\$ 130,593</u>
LIABILITIES				
Due to other governments	<u>\$ 117,535</u>	<u>\$ 1,518,598</u>	<u>\$ 1,505,540</u>	<u>\$ 130,593</u>
TAXES AND PENALTIES FUND				
ASSETS				
Cash and cash equivalents	\$ 4,872,096	\$ 204,541,460	\$ 205,288,762	\$ 4,124,794
Accounts Receivable	-	9	-	9
Total Assets	<u>\$ 4,872,096</u>	<u>\$ 204,541,469</u>	<u>\$ 205,288,762</u>	<u>\$ 4,124,803</u>
LIABILITIES				
Due to other governments	<u>\$ 4,872,096</u>	<u>\$ 204,541,469</u>	<u>\$ 205,288,762</u>	<u>\$ 4,124,803</u>
PAYROLL DEDUCTIONS FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 532,402</u>	<u>\$ 57,441,923</u>	<u>\$ 57,452,462</u>	<u>\$ 521,863</u>
LIABILITIES				
Accounts payable	\$ 59,309	\$ 98,909	\$ 59,309	\$ 98,909
Due to other governments	473,093	57,343,014	57,393,153	422,954
Total Liabilities	<u>\$ 532,402</u>	<u>\$ 57,441,923</u>	<u>\$ 57,452,462</u>	<u>\$ 521,863</u>
SERIES EE SAVINGS BOND FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 1,464</u>	<u>\$ 99,467</u>	<u>\$ 97,317</u>	<u>\$ 3,614</u>
LIABILITIES				
Due to other governments	<u>\$ 1,464</u>	<u>\$ 99,467</u>	<u>\$ 97,317</u>	<u>\$ 3,614</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
CANCELED CHECK FUND				
ASSETS				
Cash and cash equivalents	\$ 50,409	\$ 41,629	\$ 33,952	\$ 58,086
LIABILITIES				
Accounts payable	\$ 50,409	\$ 41,629	\$ 33,952	\$ 58,086
HIGH VOLTAGE CREDIT FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 109,967	\$ 109,967	\$ -
LIABILITIES				
Due to other governments	\$ -	\$ 109,967	\$ 109,967	\$ -
ASSAULT FEES FUND				
ASSETS				
Cash and cash equivalents	\$ 1,394	\$ 22,641	\$ 23,317	\$ 718
LIABILITIES				
Accounts payable	\$ 1,394	\$ 22,641	\$ 23,317	\$ 718
ARROWHEAD REGIONAL CORRECTIONS FUND				
ASSETS				
Cash and cash equivalents	\$ 2,577,638	\$ 18,798,212	\$ 18,224,656	\$ 3,151,194
Accounts receivable	43,357	46,466	84,013	5,810
Due from other governments	793,437	650,027	795,979	647,485
Total Assets	<u>\$ 3,414,432</u>	<u>\$ 19,494,705</u>	<u>\$ 19,104,648</u>	<u>\$ 3,804,489</u>
LIABILITIES				
Accounts payable	\$ 368,075	\$ 3,599,082	\$ 3,737,702	\$ 219,455
Salaries payable	604,190	539,875	604,190	539,875
Due to other governments	2,442,167	15,365,748	14,762,756	3,045,159
Total Liabilities	<u>\$ 3,414,432</u>	<u>\$ 19,494,705</u>	<u>\$ 19,104,648</u>	<u>\$ 3,804,489</u>
PERMIT TO CARRY FIREARMS FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 133,323	\$ 87,940	\$ 45,383
LIABILITIES				
Due to other governments	\$ -	\$ 133,323	\$ 87,940	\$ 45,383

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Balance January 1	Additions	Deductions	Balance December 31
COMMUNITY HEALTH SERVICES FUND				
ASSETS				
Cash and cash equivalents	\$ 258,844	\$ 3,329,753	\$ 3,088,212	\$ 500,385
Due from other governments	344,292	725,852	665,477	404,667
Total Assets	<u>\$ 603,136</u>	<u>\$ 4,055,605</u>	<u>\$ 3,753,689</u>	<u>\$ 905,052</u>
LIABILITIES				
Salaries payable	\$ 1,774	\$ 5,439	\$ 1,774	\$ 5,439
Due to other governments	601,362	4,050,166	3,751,915	899,613
Total Liabilities	<u>\$ 603,136</u>	<u>\$ 4,055,605</u>	<u>\$ 3,753,689</u>	<u>\$ 905,052</u>
DULUTH AREA FAMILY SERVICE COLLABORATIVE FUND				
ASSETS				
Cash and cash equivalents	\$ 86,003	\$ 107,548	\$ 110,169	\$ 83,382
LIABILITIES				
Due to other governments	\$ 86,003	\$ 107,548	\$ 110,169	\$ 83,382
LOCAL COLLABORATIVE TIME STUDY FUND				
ASSETS				
Cash and cash equivalents	\$ 460,431	\$ 1,636,697	\$ 1,741,381	\$ 355,747
LIABILITIES				
Accounts payable	\$ 174,038	\$ 45,386	\$ 174,038	\$ 45,386
Due to other governments	286,393	1,591,311	1,567,343	310,361
Total Liabilities	<u>\$ 460,431</u>	<u>\$ 1,636,697</u>	<u>\$ 1,741,381</u>	<u>\$ 355,747</u>
NORTHERN ST. LOUIS COUNTY FAMILY SERVICE COLLABORATIVE FUND				
ASSETS				
Cash and cash equivalents	\$ 40,712	\$ -	\$ 40,712	\$ -
LIABILITIES				
Due to other governments	\$ 40,712	\$ -	\$ 40,712	\$ -
CARIBOU LAKE WASTE WATER FUND				
ASSETS				
Cash and cash equivalents	\$ 9,800	\$ 13,000	\$ 22,800	\$ -
Due from other governments	-	13,000	-	13,000
Total Assets	<u>\$ 9,800</u>	<u>\$ 26,000</u>	<u>\$ 22,800</u>	<u>\$ 13,000</u>
LIABILITIES				
Accounts payable	\$ 9,800	\$ 13,000	\$ 22,800	\$ -
Interfund payable	-	13,000	-	13,000
Total Liabilities	<u>\$ 9,800</u>	<u>\$ 26,000</u>	<u>\$ 22,800</u>	<u>\$ 13,000</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
REGIONAL RAILROAD AUTHORITY FUND				
ASSETS				
Cash and cash equivalents	\$ 508,887	\$ 1,831,537	\$ 1,052,551	\$ 1,287,873
Prepaid items	-	5,414	-	5,414
Delinquent taxes receivable	27,560	29,521	27,560	29,521
Accounts receivable	1,901	47,703	1,901	47,703
Due from other governments	515,085	209,384	665,085	59,384
Total Assets	<u>\$ 1,053,433</u>	<u>\$ 2,123,559</u>	<u>\$ 1,747,097</u>	<u>\$ 1,429,895</u>
LIABILITIES				
Accounts payable	\$ 43,721	\$ 866,846	\$ 791,169	\$ 119,398
Salaries payable	5,587	6,512	5,587	6,512
Due to other governments	1,004,125	1,250,201	950,341	1,303,985
Total Liabilities	<u>\$ 1,053,433</u>	<u>\$ 2,123,559</u>	<u>\$ 1,747,097</u>	<u>\$ 1,429,895</u>
 NORTHERN COUNTIES				
LAND USE BOARD FUND				
ASSETS				
Cash and cash equivalents	\$ 21,821	\$ 38,750	\$ 41,841	\$ 18,730
LIABILITIES				
Due to other governments	\$ 21,821	\$ 38,750	\$ 41,841	\$ 18,730
 AGENCY MISCELLANEOUS FUND				
ASSETS				
Cash and cash equivalents	\$ 8,473	\$ 6,743,574	\$ 6,752,147	\$ -
Accounts receivable	47,848	95,595	143,543	-
Due from other governments	147,794	208,995	147,794	208,995
Total Assets	<u>\$ 204,115</u>	<u>\$ 7,048,364</u>	<u>\$ 7,043,484</u>	<u>\$ 208,995</u>
LIABILITIES				
Due to other governments	\$ 204,115	\$ 7,048,364	\$ 7,043,484	\$ 208,995
 TOTALS FOR ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 10,186,383	\$ 313,997,476	\$ 316,580,647	\$ 10,603,212
Delinquent taxes receivable	27,560	29,521	27,560	29,521
Accounts receivable	93,106	189,873	229,457	53,522
Due from other governments	2,057,257	2,081,868	2,478,450	1,660,675
Prepaid items	-	5,414	-	5,414
Total Assets	<u>\$ 12,364,306</u>	<u>\$ 319,304,152</u>	<u>\$ 319,316,114</u>	<u>\$ 12,352,344</u>
LIABILITIES				
Accounts payable	\$ 706,746	\$ 4,677,493	\$ 4,842,287	\$ 541,952
Salaries payable	614,559	622,582	582,142	555,039
Interfund payable	-	13,000	-	13,000
Due to other governments	11,042,951	313,991,077	313,791,685	11,242,353
Total Liabilities	<u>\$ 12,364,306</u>	<u>\$ 319,304,152</u>	<u>\$ 319,316,114</u>	<u>\$ 12,352,344</u>

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ST. LOUIS COUNTY, MINNESOTA
 SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS
 December 31, 2003

	Interest Rates	Par Value	Market
Pooled Investments			
Money market savings account	1.00%	\$ 307,376	\$ 307,376
Bankers Acceptances	1.07-1.17%	2,910,187	2,906,535
Certificates of Deposit	1.15-2.10%	23,945,759	23,959,093
Commercial Paper	1.11-1.17%	26,000,000	25,976,025
MAGIC	varies	8,987,523	8,987,523
FFCB	2.38%	1,000,000	1,002,337
FHLB	1.45-4.00%	14,000,000	13,985,143
FHLMC	1.45-5.04%	7,000,000	7,049,071
FNMA	1.70-4.22%	10,400,000	10,399,777
SLMA	1.22%	1,000,000	1,011,880
Total Pooled Investments		\$ 95,550,845	\$ 95,584,760
Capital Projects			
MAGIC	varies	\$ 213,156	\$ 213,156
Solid Waste Management Enterprise Fund			
Certificates of Deposit	1.35-1.42%	\$ 1,225,000	\$ 1,225,000
Commercial Paper	1.13-1.19%	2,900,000	2,890,783
FHLB	1.63-3.88%	5,800,000	5,857,786
FNMA	1.17-5.24%	1,480,000	1,488,149
FHLMC	1.50-4.37%	2,300,000	2,373,742
Total Solid Waste Management Enterprise Fund		\$ 13,705,000	\$ 13,835,460
Property, Casualty, Liability Insurance			
Internal Service Fund			
Certificates of Deposit	1.30-1.44%	\$ 1,500,000	\$ 1,503,885
Commercial Paper	1.15-1.25%	2,300,000	2,288,936
FHLB	2.2-3.89%	2,150,000	2,153,172
Total Property, Casualty, Liability Insurance		\$ 5,950,000	\$ 5,945,993
Worker's Compensation Insurance			
Internal Service Fund			
Certificates of Deposit	1.27-1.38%	\$ 2,650,000	\$ 2,652,719
FHLB	1.25-2.03%	1,100,000	1,092,656
Total Workers' Compensation Insurance		\$ 3,750,000	\$ 3,745,375
Medical/Dental Insurance			
Internal Service Fund			
Certificates of Deposit	1.37-1.51%	\$ 2,400,000	\$ 2,400,000
Commercial Paper	1.08-1.27%	3,700,000	3,684,717
FHLB	3.94%	1,500,000	1,511,250
FNMA	1.38%	700,000	692,454
FHLMC	2.13-2.2%	3,500,000	3,468,990
Total Medical/Dental Insurance		\$ 11,800,000	\$ 11,757,411
Patients' Escrow Trust Fund			
Certificates of Deposit	1.27-1.57%	\$ 20,000	\$ 20,031
Taconite Relief Trust Fund			
Certificate of Deposit	1.31-1.90%	\$ 266,265	\$ 266,265
Commercial Paper	1.22%	1,283,000	1,277,260
FHLB	1.11-5.14%	7,715,000	7,925,973
FHLMC	1.40-1.90%	6,000,000	5,981,403
FNMA	1.91-2.00%	3,736,000	3,753,565
Total Taconite Relief Trust Fund		\$ 19,000,265	\$ 19,204,466
Taconite Production Trust Fund			
Certificate of Deposit	1.01-1.31%	\$ 1,456,677	\$ 1,456,677
Total Taconite Production Trust Fund		\$ 1,456,677	\$ 1,456,677
Total Investments		\$ 151,445,943	\$ 151,763,329

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Special Revenue Funds</u>			
	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other</u>
Shared revenue				
State				
Department of Intertechnologies				
911 communications	\$ 163,641	\$ -	\$ -	\$ -
Department of Natural Resources				
Mineral rents and royalties	157,424	-	-	-
Department of Revenue				
Disparity aid	2,484,840	1,188,029	1,453,801	-
Homestead and agricultural credit aid (HACA) - real estate	4,125,552	1,330,677	1,971,764	-
HACA - manufactured home	55,585	18,654	26,566	-
PERA aid	163,128	89,064	135,501	15,022
State fire aid	16,280	-	-	-
Police aid	546,879	-	-	-
Market value credit	3,710,191	1,777,045	2,154,031	14,418
Department of Transportation				
3C percent rental income	2,291	955	1,312	20
Regular maintenance	-	6,545,743	-	-
Regular construction	-	7,508,413	-	-
Municipal maintenance	-	404,477	-	-
Municipal construction	-	911,552	-	-
Engineering	-	2,219,882	-	-
State park	-	619,313	-	-
Unorganized town road and bridge aid	-	13,175	-	-
Total Shared Revenue	\$ 11,425,811	\$ 22,626,979	\$ 5,742,975	\$ 29,450
Reimbursement for Services				
State				
Department of Human Services				
Child teen checkups	\$ 191,766	\$ -	\$ 977	\$ -
Child support	-	-	3,324,796	-
Community alternatives for disabled individuals				
waivered services	-	-	320,745	-
Elderly waived services	-	-	482,053	-
Refugee	249	-	10,360	-
Food stamps	49,785	-	1,315,144	-
Foster care	383	-	162,088	-
Medical assistance	114,103	-	3,007,669	-
Mentally ill case management waived services	-	-	578,046	-
Mentally retarded waived services	-	-	814,682	-
Targeted case management	-	-	3,517,754	-
Traumatic brain injury	-	-	61,286	-
Temporary aid for needy families	17,513	-	654,587	-
Total Reimbursement for Services Revenue	\$ 373,799	\$ -	\$ 14,250,187	\$ -
Grants				
State grants				
Board of Water and Soil Resources				
Natural resources block grant	\$ 23,089	\$ -	\$ -	\$ -
Lake Vermillion challenge	12,908	-	-	-
Department of Corrections				
Sex offender assessment reimbursement	11,795	-	-	-
Department of Environmental Assistance				
SCORE recycling grant	-	-	-	-
Department of Finance				
Forest road access	-	-	-	120,854
MN FD 29 bridge bond	-	521,147	-	-
Department of Health				
Breast Cancer grant	1,031	-	-	-
Local public health grant	413,186	-	-	-
Special indian health	56,250	-	-	-
Tobacco free communities	2,650	-	-	-
Tobacco prevention	20,212	-	-	-
Youth risk behavior	128,732	-	-	-
Subtotal	\$ 669,853	\$ 521,147	\$ -	\$ 120,854

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2003

	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	\$ -	\$ -	\$ 801,248	\$ -
Adult integrated fund	-	-	3,903,437	-
Cancer control	7,701	-	-	-
Chemical dependency	49,391	-	-	-
Child care resource and referral	-	-	316,497	-
Child support incentives	-	-	345,558	-
Child teen checkups	191,757	-	-	-
Children's mental health	-	-	356,196	-
Community alternatives for disabled individuals waivered services	-	-	291,432	-
Community Social Services Act block grant	-	-	4,759,618	-
Consolidated chemical dependency fund admin	-	-	47,670	-
Elderly waived services	-	-	422,858	-
Family preservation	-	-	1,793,999	-
Flexible funding	57,664	-	-	-
Food stamps	-	-	43,408	-
Fraud prevention incentives	-	-	152,237	-
General assistance	-	-	30,372	-
Medical assistance	-	-	297,140	-
Mentally retarded family subsidy	-	-	161,138	-
Mentally retarded waived services	-	-	747,678	-
MN family investment project child care	-	-	2,893,427	-
Moose Lake state operated services	-	-	1,869,588	-
Prepaid medical assistance program	-	-	100,044	-
Refugee assistance	1,337	-	-	-
Relative custody	-	-	302,504	-
Semi-independent living skills	-	-	595,612	-
Special medical assistance	27,942	-	-	-
Traumatic brain injury	-	-	55,708	-
Home Delivered Meals	-	-	5,001	-
RSVP Grant	-	-	6,095	-
Alternative Response	-	-	109,094	-
Worker's compensation subsistence recovery	-	-	6,780	-
Department of Minnesota Housing Finance				
Family homelessness prevention and assistance program	176,482	-	-	-
HRA projects - Breitung / Tower	-	-	-	145,000
Department of Natural Resources				
Boat and water safety	87,597	-	-	-
Lake Superior costal program	5,323	-	-	-
State trail assistance	246,436	-	-	-
White pine intensification	-	-	-	40,125
Department of Post Board Training				
Training reimbursement	41,970	-	-	-
Department of Public Safety				
Boundary Waters Drug Task Force	4,787	-	-	-
Domestic Preparedness Equipment	27,279	-	-	-
Drivers license	2,820	-	-	-
Drug abuse resistance	31	-	-	-
Emergency communications	8,418	-	-	-
Lake Superior Drug Task Force	2,052	-	-	-
Victim emergency fund	2,445	-	-	-
St Louis County 911 Communication	40,000	-	-	-
Snowmobile enforcement	9,165	-	-	-
Department of Revenue				
Criminal justice aid	1,422,223	-	-	-
Minnesota Historical Society				
Veterans memorial hall	-	-	86,841	-
Total State Grants	\$ 3,082,673	\$ 521,147	\$ 20,501,180	\$ 305,979

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Special Revenue Funds			
	General Fund	Road and Bridge	Social Services	Other
Grants (continued)				
Federal grants				
Department of Agriculture				
Food stamps	\$ -	\$ -	\$ 173,505	\$ -
National forest land	626,757	-	-	-
National forest land - construction costs	-	16,000	-	-
National forest land - roads and schools	-	158,475	-	-
Women, infants and children (through Community Health Board)	448,967	-	-	-
Department of Health & Human Services				
Bioterrorism	267,767	-	-	-
Cancer control	24,992	-	-	-
Chemically dependency	66,691	-	-	-
Child care	-	-	2,634,149	-
RSVP Grant	-	-	56,070	-
Family preservation block grant	-	-	43,693	-
Foster care	-	-	125,902	-
Home delivered meals	-	-	122,208	-
Immunization practice improvement reimb	2,100	-	-	-
Maternal child health (through Community Health Board)	210,811	-	-	-
Mental health block grant	-	-	243,067	-
Support for emancipation and living functionally	-	-	36,117	-
Temporary aid for needy families	449,794	-	3,342,484	-
Title XX block grant	-	-	1,606,404	-
V-B Alternative response	-	-	229,018	-
Department of Housing and Urban Development				
Community development block grants	-	-	-	2,740,412
Emergency shelter grant	112,556	-	-	-
Home investment in affordable housing	-	-	-	935,609
Department of Justice				
Bullet proof vests	12,525	-	-	-
Community gun violence prosecution	80,000	-	-	-
Criminal apprehension	292,246	-	-	-
Domestic abuse intervention	67,958	-	-	-
Domestic Preparedness Equipment	48,273	-	-	-
Law enforcement record management	251,690	-	-	-
State criminal alien assistance	2,027	-	-	-
Department of Natural Resources				
Boat and water safety grant	57,576	-	-	-
Lake Superior shoreline project	50,000	-	-	-
Department of Transportation				
Recreational trails program	56,139	-	-	-
Alcohol traffic safety and drunk driving-Operation Nitcap	1,229	-	-	-
Safe and sober	19,315	-	-	-
Federal highway construction	-	3,130,268	-	-
Environmental Protection Agency				
Radon detection	11,454	-	-	-
Federal Emergency Management Agency				
Emergency management	76,467	-	-	-
Emergency management - state & local assistance	4,264	-	-	-
Emergency operations plans	13,971	-	-	-
Total Federal grants	\$ 3,255,569	\$ 3,304,743	\$ 8,612,587	\$ 3,676,021
Other grants				
Community Health Board				
Community health services	\$ 252,890	\$ -	\$ -	\$ -
Local				
Knife river erosion repair	-	18,700	-	-
Mesabi trail	-	6,615	-	-
Total Other grants	\$ 252,890	\$ 25,315	\$ -	\$ -
Total Grants	\$ 6,591,132	\$ 3,951,205	\$ 29,113,767	\$ 3,982,000
Total Intergovernmental Revenue	\$ 18,390,742	\$ 28,478,184	\$ 49,106,929	\$ 4,011,460

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Debt Service Funds	Buildings Capital Projects Fund	Solid Waste Management Enterprise Fund	Total
Shared revenue				
State				
Department of Intertechnologies				
911 communications	\$ -	\$ -	\$ -	\$ 163,641
Department of Natural Resources				
Mineral rents and royalties	-	-	-	157,424
Department of Revenue				
Disparity aid	386,398	43,269	-	5,556,337
Homestead and agricultural credit aid (HACA) - real estate	-	80,206	-	7,508,199
HACA - manufactured home	-	355	-	101,160
PERA aid	-	-	7,455	410,170
State fire aid	-	-	-	16,280
Police aid	-	-	-	546,879
Market value credit	572,925	63,477	-	8,292,087
Department of Transportation				
30 percent rental income	348	38	-	4,964
Regular maintenance	-	-	-	6,545,743
Regular construction	-	-	-	7,508,413
Municipal maintenance	-	-	-	404,477
Municipal construction	-	-	-	911,552
Engineering	-	-	-	2,219,882
State park	-	-	-	619,313
Unorganized town road and bridge aid	-	-	-	13,175
Total Shared Revenue	\$ 959,671	\$ 187,345	\$ 7,455	\$ 40,979,696
Reimbursement for Services				
State				
Department of Human Services				
Child teen checkups	\$ -	\$ -	\$ -	\$ 192,743
Child support	-	-	-	3,324,796
Community alternatives for disabled individuals				
waivered services	-	-	-	320,745
Elderly waivered services	-	-	-	482,053
Refugee	-	-	-	10,609
Food stamps	-	-	-	1,364,929
Foster care	-	-	-	162,471
Medical assistance	-	-	-	3,121,772
Mentally ill case management waivered services	-	-	-	578,046
Mentally retarded waivered services	-	-	-	814,682
Targeted case management	-	-	-	3,517,754
Traumatic brain injury	-	-	-	61,286
Temporary aid for needy families	-	-	-	672,100
Total Reimbursement for Services Revenue	\$ -	\$ -	\$ -	\$ 14,623,986
Grants				
State grants				
Board of Water and Soil Resources				
Natural resources block grant	\$ -	\$ -	\$ -	\$ 23,089
Lake Vermillion Challenge	-	-	-	12,908
Department of Corrections				
Sex offender assessment reimbursement	-	-	-	11,795
Department of Environmental Assistance				
SCORE recycling grant	-	-	410,152	410,152
Department of Finance				
Forest road access	-	-	-	120,854
MN FD 29 bridge bond	-	-	-	521,147
Department of Health				
Breast Cancer grant	-	-	-	1,031
Local public health grant	-	-	-	413,186
Special indian health	-	-	-	56,250
Tobacco free communities	-	-	-	2,650
Tobacco prevention	-	-	-	20,212
Youth risk behavior	-	-	-	128,732
Subtotal	\$ -	\$ -	\$ 410,152	\$ 1,722,006

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2003

	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	\$ -	\$ -	\$ -	\$ 801,248
Adult integrated func	-	-	-	3,903,437
Cancer control	-	-	-	7,701
Chemical dependancy	-	-	-	49,391
Child care resource and referral	-	-	-	316,497
Child support incentives	-	-	-	345,558
Child teen checkups	-	-	-	191,767
Children's mental health	-	-	-	358,196
Community alternatives for disabled individuals waivered services	-	-	-	291,432
Community Social Services Act block grant	-	-	-	4,759,618
Consolidated chemical dependency fund admin	-	-	-	47,670
Elderly waivered services	-	-	-	422,858
Family preservation	-	-	-	1,793,999
Flexible funding	-	-	-	57,664
Food stamps	-	-	-	43,408
Fraud prevention incentives	-	-	-	152,237
General assistance	-	-	-	30,372
Medical assistance	-	-	-	297,140
Mentally retarded family subsidy	-	-	-	161,138
Mentally retarded waivered services	-	-	-	747,679
MN family investment project child care	-	-	-	2,893,427
Moose Lake state operated services	-	-	-	1,869,588
Prepaid medical assistance program	-	-	-	100,044
Refugee assistance	-	-	-	1,337
Relative custody	-	-	-	302,504
Semi-independent living skills	-	-	-	595,612
Special medical assistance	-	-	-	27,942
Traumatic brain injury	-	-	-	55,708
Home Delivered Meals	-	-	-	5,001
RSVP Grant	-	-	-	6,095
Alternative Response	-	-	-	109,094
Worker's compensation subsistence recovery	-	-	-	6,780
Department of Minnesota Housing Finance				
Family homelessness prevention and assistance program	-	-	-	176,482
HRA projects - Breitung / Tower	-	-	-	145,000
Department of Natural Resources				
Boat and water safety	-	-	-	87,587
Lake Superior costal program	-	-	-	5,323
State trail assistance	-	-	-	246,436
White pine intensification	-	-	-	40,125
Department of Pest Board Training				
Training reimbursement	-	-	-	41,970
Department of Public Safety				
Boundary Waters Drug Task Force	-	-	-	4,787
Domestic Preparedness Equipment	-	-	-	27,279
Drivers license	-	-	-	2,820
Drug abuse resistance	-	-	-	31
Emergency Communications	-	-	-	8,418
Lake Superior Drug Task Force	-	-	-	2,052
Victim emergency fund	-	-	-	2,445
St Louis County 911 Communication	-	-	-	40,000
Snowmobile enforcement	-	-	-	9,163
Department of Revenue				
Criminal justice aid	-	-	-	1,422,223
Minnesota Historical Society				
Veterans memorial hall	-	-	-	98,841
Total State Grants	\$ -	\$ -	\$ 470,152	\$ 24,821,131

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Debt Service Funds	Buildings Capital Projects Fund	Solid Waste Management Enterprise Fund	Total
Grants (continued)				
Federal grants				
Department of Agriculture				
Food stamps	\$ -	\$ -	\$ -	\$ 173,505
National forest land	-	-	-	626,757
National forest land - construction costs	-	-	-	16,000
National forest land - roads and schools	-	-	-	158,475
Women, infants and children (through Community Health Board)	-	-	-	448,967
Department of Health & Human Services				
Bioterrorism	-	-	-	267,767
Cancer control	-	-	-	24,992
Chemically dependency	-	-	-	66,691
Child care	-	-	-	2,634,149
RSVP Grant	-	-	-	56,070
Family preservation block grant	-	-	-	43,663
Foster care	-	-	-	125,902
Home delivered meals	-	-	-	122,208
Immunization practice improvement reimb	-	-	-	2,100
Maternal child health (through Community Health Board)	-	-	-	210,811
Mental health block grant	-	-	-	243,067
Support for emancipation and living functionally	-	-	-	38,117
Temporary aid for needy families	-	-	-	3,792,278
Title XX block grant	-	-	-	1,606,404
V-B Alternative response	-	-	-	229,018
Department of Housing and Urban Development				
Community development block grants	-	-	-	2,740,412
Emergency shelter grant	-	-	-	112,556
Home investment in affordable housing	-	-	-	935,609
Department of Justice				
Bullet proof vests	-	-	-	12,525
Community gun violence prosecution	-	-	-	80,000
Criminal apprehension	-	-	-	292,245
Domestic abuse intervention	-	-	-	67,958
Domestic Preparedness Equipment	-	-	-	48,273
Law enforcement record management	-	-	-	251,690
State criminal alien assistance	-	-	-	2,027
Department of Natural Resources				
Boat and water safety grant	-	-	-	57,576
Lake Superior shoreline project	-	-	-	50,000
Department of Transportation				
Recreational trails program	-	-	-	56,139
Alcohol traffic safety and drunk driving-Operation Nitecap	-	-	-	1,229
Safe and sober	-	-	-	19,315
Federal highway construction	-	-	-	3,130,268
Environmental Protection Agency				
Radon detection	-	-	-	11,454
Federal Emergency Management Agency				
Emergency management	-	-	-	76,467
Emergency management - state & local assistance	-	-	-	4,264
Emergency operations plans	-	-	-	13,971
Total Federal grants	\$ -	\$ -	\$ -	\$ 8,848,920
Other grants				
Community Health Board				
Community health services	\$ -	\$ -	\$ -	\$ 252,890
Local				
Knife river erosion repair	-	-	-	18,700
Mesabi trail	-	-	-	6,615
Total Other grants	\$ -	\$ -	\$ -	\$ 278,205
Total Grants	\$ -	\$ -	\$ 410,152	\$ 43,948,256
Total Intergovernmental Revenue	\$ 959,671	\$ 157,345	\$ 417,607	\$ 99,551,938

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Statistical Section

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Table 1

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

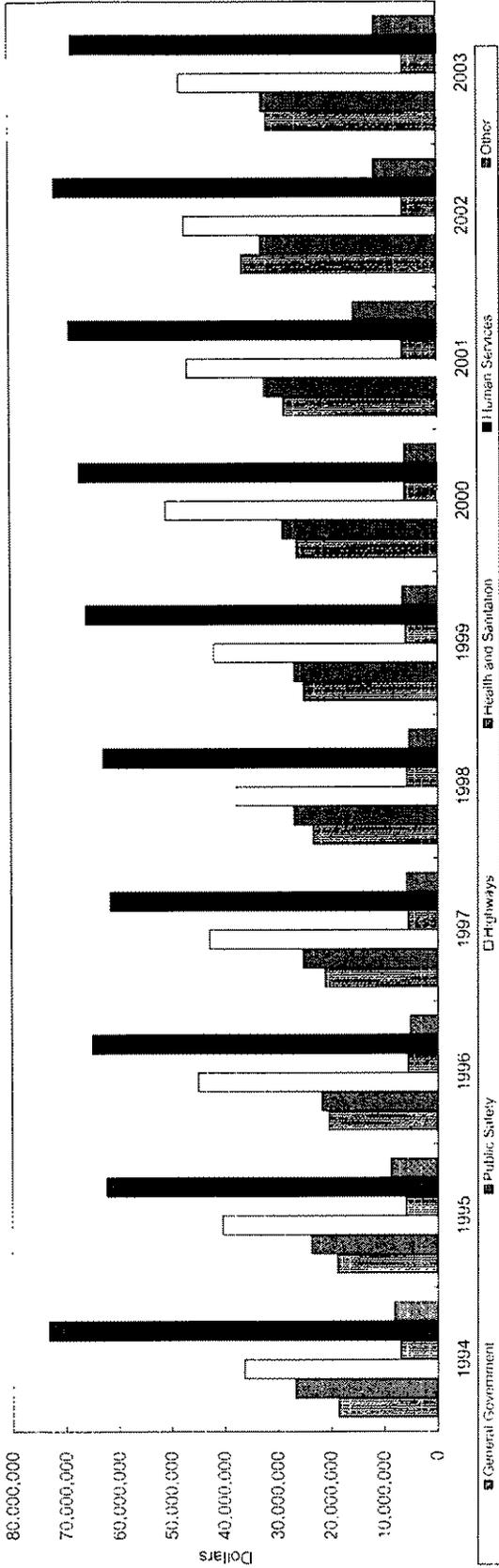
Fiscal Year	General Government	Public Safety	Highways	Health and Sanitation	Human Services	Culture and Recreation	Conservation of Natural Resources	Economic Development	Total Expenditures
1994	\$ 18,575,969	\$ 26,681,900	\$ 36,361,179	\$ 6,963,147	\$ 73,188,202	\$ 648,506	\$ 589,164	\$ 6,898,773	\$ 169,906,840
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	\$ 20,464,996	\$ 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	\$ 3,602,411	\$ 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	\$ 6,059,689	\$ 67,106,363	\$ 1,028,462	\$ 905,479	\$ 4,103,918	\$ 185,157,189
2001	\$ 28,594,052	\$ 32,305,730	\$ 46,782,511	\$ 6,502,988	\$ 68,930,249	\$ 1,377,990	\$ 9,457,898	\$ 4,672,426	\$ 198,603,844
2002	\$ 36,432,601	\$ 32,857,131	\$ 47,193,395	\$ 6,450,650	\$ 71,487,392	\$ 1,197,054	\$ 6,647,968	\$ 3,608,162	\$ 205,874,353
2003	\$ 31,889,547	\$ 32,656,388	\$ 48,029,289	\$ 6,393,032	\$ 68,321,100	\$ 1,401,759	\$ 0,185,832	\$ 3,896,222	\$ 198,873,245

Fiscal Year	General Government	Public Safety	Highways	Health and Sanitation	Human Services	Culture and Recreation	Conservation of Natural Resources	Economic Development	Total Expenditures
1994	10.9%	15.7%	21.4%	4.1%	43.1%	0.4%	0.3%	4.1%	100.0%
1995	11.8%	14.8%	25.3%	3.7%	38.9%	0.4%	0.4%	4.6%	100.0%
1996	12.6%	13.3%	27.6%	3.4%	40.0%	0.6%	0.5%	2.1%	100.0%
1997	13.0%	15.6%	26.5%	3.4%	38.0%	0.6%	0.5%	2.5%	100.0%
1998	14.3%	16.6%	23.4%	3.5%	38.9%	0.5%	0.5%	2.3%	100.0%
1999	14.6%	15.5%	24.3%	3.4%	38.4%	0.9%	0.5%	2.4%	100.0%
2000	14.2%	15.5%	27.5%	3.3%	36.2%	0.6%	0.5%	2.2%	100.0%
2001	14.4%	10.3%	23.5%	3.3%	34.7%	0.7%	4.8%	2.4%	100.0%
2002	17.7%	16.0%	22.9%	3.1%	34.7%	0.6%	3.2%	1.8%	100.0%
2003	16.0%	16.4%	24.2%	3.2%	34.4%	0.7%	3.1%	2.0%	100.0%

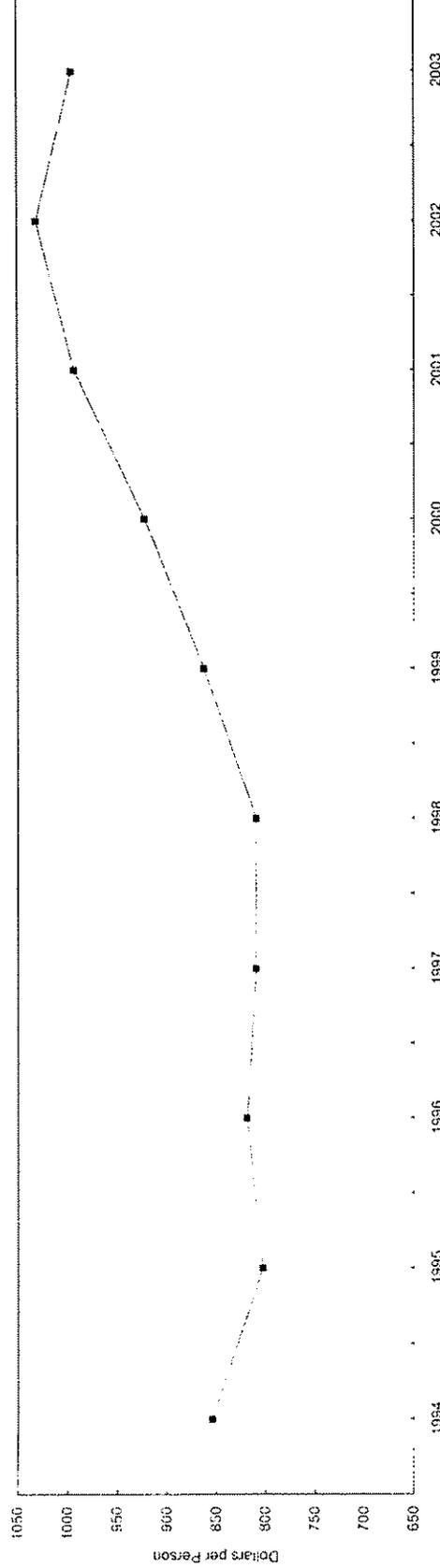
(1) includes the General Fund, Special Revenue Funds, and Capital Projects.

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**

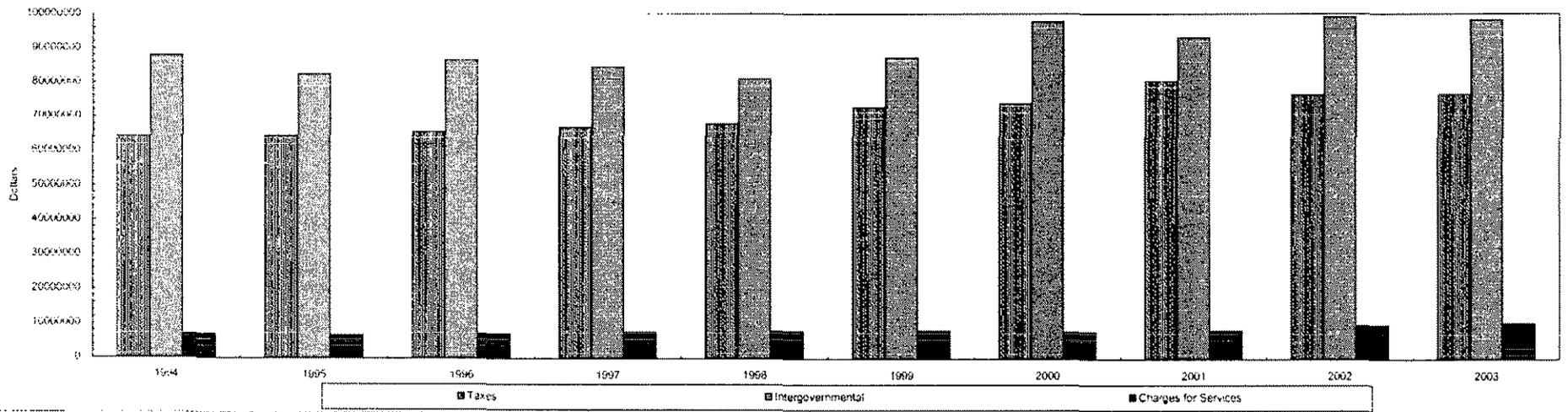
<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-governmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeits</u>	<u>Gifts and Contributions</u>	<u>Earnings on Investments</u>	<u>Miscellaneous</u>	<u>Total Revenue</u>
1994	\$ 64,262,223	\$ 125,148	\$ 87,928,765	\$ 6,962,013	\$ 743,043	\$ 24,160	\$ 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	\$ 65,759,617	\$ 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	\$ 2,688,719	\$ 11,533,036	\$ 201,790,571
2003	\$ 76,804,152	\$ 155,927	\$ 98,174,660	\$ 10,527,851	\$ 1,592,818	\$ 12,045	\$ 1,420,438	\$ 12,718,401	\$ 201,400,292

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-governmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeits</u>	<u>Gifts and Contributions</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Total</u>
1994	38.85%	0.08%	53.15%	4.21%	0.45%	0.01%	1.49%	1.76%	100.00%
1995	40.28%	0.08%	51.56%	4.20%	0.52%	0.01%	1.78%	1.57%	100.00%
1996	40.10%	0.10%	51.70%	4.20%	0.50%	0.00%	1.80%	1.60%	100.00%
1997	39.50%	0.10%	52.70%	4.30%	0.50%	0.00%	1.60%	1.20%	100.00%
1998	40.16%	0.08%	51.26%	4.69%	0.57%	0.02%	1.66%	1.56%	100.00%
1999	41.00%	0.10%	49.30%	4.90%	0.80%	0.00%	2.10%	1.80%	100.00%
2000	41.07%	0.09%	49.61%	4.66%	0.85%	0.01%	2.34%	1.36%	100.00%
2001	39.94%	0.08%	51.83%	4.19%	0.88%	0.01%	2.53%	1.44%	100.00%
2002	46.60%	0.08%	46.90%	4.19%	0.88%	0.01%	2.10%	5.24%	100.00%
2003	38.10%	0.08%	48.75%	5.23%	0.79%	0.01%	0.71%	6.30%	100.00%

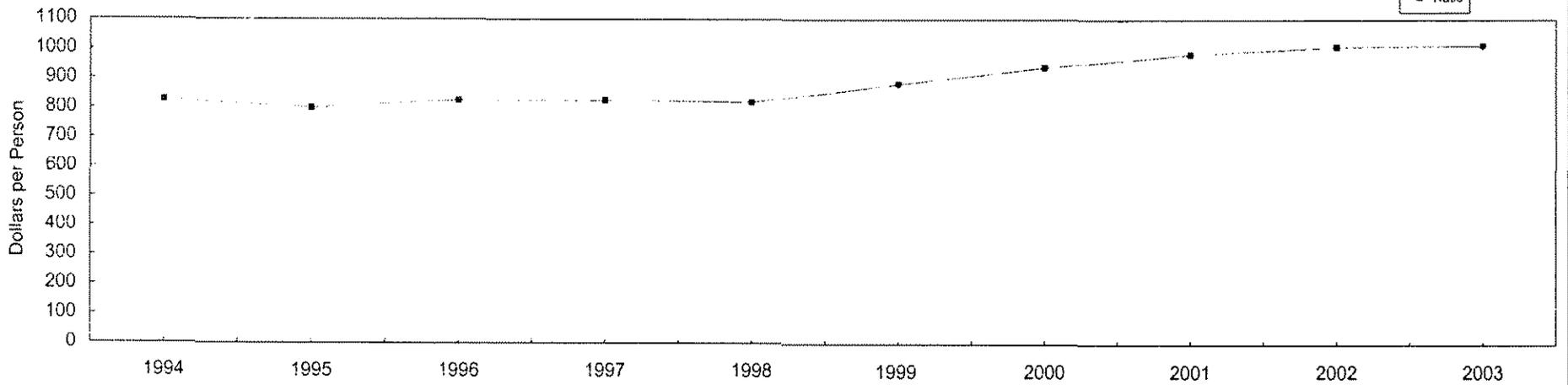
(1) Includes the General Fund, Special Revenue Funds and Capital Projects

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)

Collection Year	Certified County Levy (1)	Less Tax Credits and Certain State Aids (2)	Net Effective Levy
1994	\$ 60,754,766	\$ 10,514,029	\$ 50,240,737
1995	60,754,766	10,383,080	50,371,686
1996	60,754,766	10,234,979	50,519,787
1997	62,148,361	10,171,479	51,976,882
1998	63,510,765	9,593,532	53,917,233
1999	65,630,322	10,500,191	55,130,131
2000	68,686,166	10,175,277	58,510,889
2001	72,408,956	10,410,563	61,998,393
2002	78,875,076	18,201,137	60,673,939
2003	82,312,645	18,071,170	64,241,475

COLLECTIONS

Collection Year	Current Tax Collections (3)	Delinquent Tax Collections	Total Tax Collections	Outstanding Delinquent Taxes
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
2003	60,638,733	1,244,296	61,883,030	3,528,637

RATIOS

Collection Year	Current Tax Collections (3) as a Percent of Net Levy	Delinquent Tax Collections as a Percent of Net Levy	Total Tax Collections as a Percent of Net Levy	Outstanding Delinquent Taxes as a Percent of Net Levy
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%
2003	94.39%	1.94%	96.33%	5.49%

(1) In 1994 through 1997 the homestead and agricultural credit aid (HACA) was deducted from the levy before the levy was certified.

(2) In 1994 through 1997 this amount includes 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)

<u>Collection Year</u>	<u>Property Outside the City of Duluth</u>	<u>Property Within the City of Duluth</u>	<u>Total</u>
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	2,095,250,700	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	3,966,083,600	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
2003	5,152,929,900	3,162,476,900	8,315,406,800

TAXABLE TAX CAPACITY (EXCLUDES CAPTURED INCREMENT)

<u>Collection Year</u>	<u>Property Outside the City of Duluth</u>	<u>Property Within the City of Duluth</u>	<u>Total</u>
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	53,483,925	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	50,933,225	31,276,651	82,209,877
2003	55,321,613	33,369,441	88,691,054

RATIOS

<u>Collection Year</u>	<u>Total Tax Capacity as a Percent of Total Taxable Market Value</u>	<u>Percent of Total Tax Capacity</u>	
		<u>Property Outside the City of Duluth</u>	<u>Property Within the City of Duluth</u>
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%
2003	1.07%	62.38%	37.62%

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)**

Tax Year	Cities/Towns Including Tax Increment Districts	Special Districts	School Districts	County	Total Combined
1994	30,423,557	947,303	39,766,456	53,023,791	124,161,107
1995	31,492,754	1,047,256	45,075,285	52,955,665	130,570,960
1996	33,347,763	1,105,749	46,376,479	52,979,021	133,809,012
1997	35,217,798	1,798,882	47,068,888	54,391,144	138,476,712
1998	36,147,311	1,177,255	44,468,246	56,350,560	138,143,372
1999	36,488,118	1,237,589	44,572,116	58,854,341	141,152,164
2000	37,433,613	1,393,027	43,594,119	62,055,566	144,476,325
2001	40,581,329	1,606,102	43,985,373	65,428,585	151,601,389
2002	32,445,016	2,680,209	17,939,154	73,059,586	126,123,965
2003	40,895,858	3,234,759	15,351,660	74,008,064	133,490,341

TAX RATES PER \$100 OF TAX CAPACITY

Tax Year	Cities / Towns	Special Districts	School Districts	County	Total Combined (1)
1994	24.9441	1.2403	49.4225	69.4210	145.0279
1995	25.7234	1.2690	51.9731	64.1712	143.1367
1996	25.8270	1.2678	50.3091	60.7425	138.1464
1997	34.7370	1.7740	46.4260	53.6480	136.5850
1998	37.3368	1.2160	45.9315	58.2048	142.6891
1999	38.6383	1.3105	47.1987	62.3226	149.4701
2000	38.8014	1.4373	44.9936	64.0770	149.3093
2001	39.3333	1.5257	41.7828	62.1522	144.7940
2002	37.1476	3.0687	20.5278	83.6489	144.3930
2003	46.1234	3.6482	17.3140	83.4682	150.5538

TAX RATES PER \$100 OF TAXABLE MARKET VALUE

Tax Year	Cities / Towns	Special Districts	School Districts	County	Total Combined (1)
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	2.5350
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
2003	0.4918	0.0389	0.1846	0.8900	1.6053

(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, 2003**

	<u>Dollar Value</u>	<u>Percent of Total</u>
Real Estate		
Residential	\$ 56,369,025	59.47%
Multiple Dwelling	4,692,220	4.95%
Commercial/Industrial	16,190,369	17.08%
Timberlands	1,587,056	1.67%
Agricultural	870,688	0.92%
Public Utilities / Miscellaneous	3,563,271	3.76%
Seasonal Residential Recreational	7,430,675	7.84%
Seasonal Residential Recreational- Commercial	<u>477,104</u>	<u>0.50%</u>
Total Real Estate	\$ 91,180,408	96.19%
Personal Property	<u>3,608,700</u>	<u>3.81%</u>
Total Real Estate & Personal Property	<u>\$ 94,789,108</u>	<u>100.00%</u>

Source: St. Louis County Assessor - 2002 Abstract Payable 2003

Unaudited

Table 7

**ST. LOUIS COUNTY, MINNESOTA
PRINCIPAL TAXPAYERS
YEAR ENDED DECEMBER 31, 2003**

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

Taxpayer	2003 Taxes Paid	Percentage of Total
Minnesota Power	\$ 5,492,979	4.33%
Consolidated Papers, Inc.	1,673,510	1.32%
Miller Hill Mill Company	1,021,750	0.81%
Great Lakes Gas Trans Ltd	950,098	0.75%
Northern States Power	663,959	0.52%
Northwest Airlines Inc	534,552	0.42%
Square Butte Electric Co-op	479,177	0.38%
US Bank Corporate Properties	372,389	0.29%
ZMC Hotels	362,977	0.29%
Duluth Clinic	343,209	0.27%
Total Taxes Paid by Ten Largest Taxpayers	\$ 11,894,601	9.38%
Total Taxes Paid by Other Taxpayers	114,902,406	90.62%
Total Taxes Paid by All Taxpayers	\$ 126,797,007	100.00%

Collection of Taconite Production Tax in 2003

Hibbing Taconite	\$ 7,228,538
Ispat Inland Mining	3,330,884
National Steel	5,278,273
Northshore Mining	3,630,685
USX Corporation	16,348,715
Total Collection	\$ 35,817,095

Distribution of Taconite Production Tax in 2003

Property Tax Credit	
County, Cities', Towns' and School Districts' Share	\$ 11,037,490
St. Louis county and its Political Subdivisions:	
County General Fund	\$ 4,215,406
County Road and Bridge Fund	6,377,131
School Districts	5,885,417
Cities and Towns	8,301,651
Total	24,779,605
Total Distribution	\$ 35,817,095

Unaudited

Table 8

**ST. LOUIS COUNTY, MINNESOTA
COMPUTATION OF LEGAL DEBT MARGIN
YEAR ENDED DECEMBER 31, 2003**

Market Value of Taxable Property		\$ 8,315,406,800
<hr/>		
Debt Limit:		
Two Percent of Market Value of Taxable Property (1)		\$ 166,308,136
Amount of Debt Applicable to Debt Limit:		
General Obligation Debt (At Par)	\$ 29,975,286	
Less:		
Fund Balance in Debt Service Funds	<u>(1,354,207)</u>	
Total Amount of Debt Applicable to Debt Limit		<u>28,621,079</u>
Legal Debt Margin		<u>\$ 137,687,057</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, 2003

	Total Debt Outstanding	Percent Applicable to St. Louis County (1)	Amount
Direct Debt			
St. Louis County (2)	\$ 29,969,624	100.00%	\$ 29,969,624
Overlapping Debt			
School District #94	\$ 18,220,000	4.32%	\$ 787,104
School District #381	37,660,000	17.19%	6,473,754
School District #698	12,530,000	95.34%	11,946,101
School District #2142	1,800,000	99.30%	1,787,400
Western Lake Superior Sanitary District	55,176,749	81.94%	45,211,828
Total Overlapping Debt	<u>\$ 125,386,749</u>		<u>\$ 66,206,187</u>
Underlying Debt			
City of Biwabik	\$ 505,980	100.00%	\$ 505,980
City of Buhl	200,000	100.00%	200,000
City of Cook	325,000	100.00%	325,000
City of Duluth	69,178,400	100.00%	69,178,400
City of Ely	3,307,000	100.00%	3,307,000
City of Eveleth	2,461,706	100.00%	2,461,706
City of Floodwood	18,333	100.00%	18,333
City of Hermantown	6,965,000	100.00%	6,965,000
City of Hibbing	7,810,000	100.00%	7,810,000
City of Hoyt Lakes	1,690,000	100.00%	1,690,000
City of Mountain Iron	1,745,000	100.00%	1,745,000
City of Proctor	2,340,000	100.00%	2,340,000
City of Tower	64,000	100.00%	64,000
City of Virginia	32,349,244	100.00%	32,349,244
Town of Grand Lake	1,118,000	100.00%	1,118,000
Town of Rice Lake	488,264	100.00%	488,264
Town of White	470,000	100.00%	470,000
School District #695	7,620,000	100.00%	7,620,000
School District #696	1,060,000	100.00%	1,060,000
School District #700	5,775,000	100.00%	5,775,000
School District #701	1,890,000	100.00%	1,890,000
School District #704	13,700,000	100.00%	13,700,000
School District #706	15,805,000	100.00%	15,805,000
School District #709	53,610,000	100.00%	53,610,000
School District #712	4,550,000	100.00%	4,550,000
School District #2154	6,014,442	100.00%	6,014,442
School District #2711	545,000	100.00%	545,000
Arrowhead Regional Development Commission	415,366	100.00%	415,366
Duluth Economic Development Authority	5,222,000	100.00%	5,222,000
Duluth Entertainment and Convention Center	5,385,000	100.00%	5,385,000
Virginia Housing and Redevelopment Authority	6,480,000	100.00%	6,480,000
Total Underlying Debt	<u>\$ 260,107,735</u>		<u>\$ 260,107,735</u>
Total	<u>\$ 415,464,108</u>		<u>\$ 356,283,546</u>

- (1) The percentage reflects the portion of the general obligation debt which is secured by taxable real estate located within the County.
- (2) 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 \$2,650 of interest on idle funds per the 1998 septic loan agreement with the Minnesota Department of Agriculture.

Unaudited

Table 10

**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	
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	69,572	4,705,961
2002	2,935,000	1,437,410	915,000	113,920	487,866	52,519	5,941,715
2003	4,015,000	1,349,745	85,000	22,844	176,358	38,676	5,687,623
2004	\$ 4,230,000	\$ 1,158,953	\$ 95,000	\$ 15,725	\$ 52,827	\$ 35,217	\$ 5,587,722
2005	3,475,000	1,012,197	100,000	12,875	53,900	32,002	4,685,974
2006	3,605,000	896,590	105,000	9,875	57,200	28,613	4,702,278
2007	3,745,000	774,690	105,000	6,725	60,500	25,023	4,716,938
2008	2,805,000	645,070	110,000	3,575	64,900	21,199	3,649,744
2009	1,510,000	534,850	-	-	68,200	17,037	2,130,087
2010	1,580,000	464,730	-	-	72,600	12,531	2,129,861
2011	1,475,000	390,205	-	-	77,000	7,744	1,949,949
2012	1,545,000	315,990	-	-	82,500	2,640	1,946,130
2013	1,105,000	238,250	-	-	-	-	1,343,250
2014	1,160,000	183,000	-	-	-	-	1,343,000
2015	1,220,000	125,000	-	-	-	-	1,345,000
2016	1,280,000	64,000	-	-	-	-	1,344,000
Total for 2004-2016	<u>\$ 28,735,000</u>	<u>\$ 6,803,525</u>	<u>\$ 515,000</u>	<u>\$ 48,775</u>	<u>\$ 589,627</u>	<u>\$ 182,006</u>	<u>\$ 36,873,933</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
GOVERNMENTAL FUNDS' 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			
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	1,352,999	571,432	15,185	12,880	-	1,962,496	
2003	805,916	457,182	69,991	8,010	-	1,341,099	
Future Minimum Lease Payments							
2004	\$ 649,455	\$ 346,336	\$ 78,584	\$ -	\$ -	\$ 1,074,375	
2005	651,113	346,336	78,584	-	-	1,076,033	
2006	652,813	346,336	78,584	-	-	1,077,733	
2007	654,555	346,336	78,584	-	-	1,079,475	
2008	656,341	346,336	78,584	-	-	1,081,261	
Total for 2004-2008	\$ 3,264,277	\$ 1,731,680	\$ 392,920	\$ -	\$ -	\$ 5,388,877	

CAPITAL LEASE PAYMENTS

Year Ended	Northland Office Building		Hibbing Maintenance Facility		Office Equipment	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	48,400	38,039	29,387	637
2004	\$ -	\$ -	\$ 50,630	\$ 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	12,631	-	-
2011	-	-	77,000	7,744	-	-
2012	-	-	82,500	2,640	-	-
2013	-	-	-	-	-	-
Total for 2004-2013	\$ -	\$ -	\$ 587,400	\$ 181,978	\$ 2,227	\$ 28

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 (6)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1996	\$ 30,000	\$ 82,055	\$ 795,000	\$ 655,923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1997	35,000	79,415	830,000	618,557	-	-	50,000	74,168	-	-
1998	40,000	76,300	865,000	579,548	-	-	50,000	72,167	-	-
1999	40,000	72,700	905,000	538,862	-	-	60,000	70,118	-	-
2000	45,000	69,060	945,000	496,358	740,000	171,740	75,000	67,588	-	-
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	60,495	-	-
2003	-	-	-	-	830,000	73,950	110,000	56,095	5,399	1,189
2004	\$ -	\$ -	\$ -	\$ -	\$ 870,000	\$ 37,845	\$ 120,000	\$ 51,200	\$ 14,369	\$ 3,188
2005	-	-	-	-	-	-	130,000	45,740	15,185	2,888
2006	-	-	-	-	-	-	140,000	39,695	15,490	2,583
2007	-	-	-	-	-	-	150,000	33,045	15,802	2,272
2008	-	-	-	-	-	-	160,000	25,770	39,469	1,954
2009	-	-	-	-	-	-	170,000	17,770	38,933	1,630
2010	-	-	-	-	-	-	175,000	9,100	39,264	1,299
2011	-	-	-	-	-	-	-	-	59,601	963
2012	-	-	-	-	-	-	-	-	59,945	618
2013	-	-	-	-	-	-	-	-	55,152	267
2014	-	-	-	-	-	-	-	-	42,490	-
2015	-	-	-	-	-	-	-	-	42,490	-
2016	-	-	-	-	-	-	-	-	42,490	-
2017	-	-	-	-	-	-	-	-	42,490	-
2018	-	-	-	-	-	-	-	-	21,790	-
2019	-	-	-	-	-	-	-	-	20,000	-
2020	-	-	-	-	-	-	-	-	20,000	-
Total for 2004-2020	\$ -	\$ -	\$ -	\$ -	\$ 870,000	\$ 37,845	\$ 1,045,000	\$ 222,320	\$ 564,980	\$ 17,662

- (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 1991 for jail construction, original issue of \$2,300,000, interest rates of 4.4%; tax-exempt, legally defeased in 1993 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 \$14,635,000, 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 1990, 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 1999, 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 12-01-03 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 December 20, 2002.
 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 if 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
1996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1997	-	-	-	-	-	-	-	-
1998	250,000	263,730	-	-	-	-	-	-
1999	260,000	251,543	-	-	-	-	-	-
2000	270,000	238,867	-	-	-	-	-	-
2001	285,000	225,705	-	380,282	-	-	-	-
2002	295,000	211,455	705,000	651,912	-	-	-	-
2003	310,000	186,705	730,000	627,238	1,109,224	282,312	953,974	113,445
2004	\$ 325,000	\$ 181,205	\$ 760,000	\$ 600,958	\$ 1,204,224	\$ 193,300	\$ 978,974	\$ 94,445
2005	340,000	184,955	790,000	568,657	1,244,224	157,000	998,974	74,945
2006	360,000	147,955	820,000	535,083	1,284,224	121,300	1,028,974	52,558
2007	375,000	129,955	855,000	500,232	1,334,224	83,500	1,058,641	27,957
2008	395,000	111,205	890,000	463,695	1,382,205	44,200	-	-
2009	415,000	91,455	925,000	425,625	-	-	-	-
2010	440,000	70,705	965,000	384,925	-	-	-	-
2011	465,000	48,705	1,010,000	341,500	-	-	-	-
2012	490,000	24,890	1,055,000	291,000	-	-	-	-
2013	-	-	1,105,000	238,250	-	-	-	-
2014	-	-	1,160,000	183,000	-	-	-	-
2015	-	-	1,220,000	125,000	-	-	-	-
2016	-	-	1,280,000	64,000	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
Total for 2004-2020	\$ 3,605,000	\$ 971,130	\$ 12,835,000	\$ 4,722,125	\$ 6,449,101	\$ 600,200	\$ 4,065,563	\$ 249,905

(7) Law Enforcement Facilities Revenue Bonds Series 1997, St. Louis County Unlimited Tax Lease Obligation of the Housing and Redevelopment Authority for acquisition and betterment of law enforcement facilities in the Hibbing and Virginia County courthouses, original issue of \$5,275,000, interest rates of 4.875 to 5.1%, tax-exempt, obligations may be prepaid in part or in whole on 12-01-05 or upon 30 days notice thereafter.

(8) General Obligation Capital Improvement Bonds Series 2001 for capital improvements pursuant to the Capital Improvement Plan approved by the Board of Commissioners on 01-09-01, original issue of \$14,270,000, interest rates of 3.5 to 5.0%, tax exempt, obligations may be prepaid in part or in whole on 12-01-09 or any day thereafter.

(9) 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	
1996	\$ 1,030,000	\$ 489,475	\$ 35,000	\$ 10,075	\$ -	\$ -	\$ 1,890,000	\$ 1,237,528	\$ 3,127,528
1997	1,095,000	440,935	35,000	7,765	-	-	2,045,000	1,220,840	3,265,840
1998	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	1,266,373	4,056,573
2000	830,000	191,658	-	-	-	-	2,905,000	1,235,281	4,140,281
2001	870,000	154,228	-	-	-	-	3,685,000	1,450,057	5,135,057
2002	2,360,000	89,224	-	-	-	-	12,790,000	1,526,633	14,316,633
2003	-	-	-	-	85,000	22,844	4,133,597	1,350,934	5,484,531
2004	\$ -	\$ -	\$ -	\$ -	\$ 95,000	\$ 15,725	\$ 4,367,567	\$ 1,177,866	\$ 5,545,433
2005	-	-	-	-	100,000	12,875	3,618,383	1,027,960	4,646,343
2006	-	-	-	-	105,000	9,875	3,753,688	909,049	4,662,737
2007	-	-	-	-	105,000	6,725	3,893,667	783,686	4,677,353
2008	-	-	-	-	110,000	3,575	2,976,674	650,399	3,627,273
2009	-	-	-	-	-	-	1,546,933	536,480	2,085,413
2010	-	-	-	-	-	-	1,619,264	466,029	2,085,293
2011	-	-	-	-	-	-	1,534,601	391,168	1,925,769
2012	-	-	-	-	-	-	1,604,945	316,608	1,921,553
2013	-	-	-	-	-	-	1,160,152	238,517	1,398,669
2014	-	-	-	-	-	-	1,202,490	183,000	1,385,490
2015	-	-	-	-	-	-	1,262,490	125,000	1,387,490
2016	-	-	-	-	-	-	1,322,490	64,000	1,386,490
2017	-	-	-	-	-	-	42,490	0	42,490
2018	-	-	-	-	-	-	21,790	0	21,790
2019	-	-	-	-	-	-	20,000	0	20,000
2020	-	-	-	-	-	-	20,000	0	20,000
Total for 2004-2020	\$ -	\$ -	\$ -	\$ -	\$ 515,000	\$ 48,775	\$ 29,969,624	\$ 6,869,962	\$ 36,839,586

- (11) a) General Obligation Solid Waste Bonds Series 1989 for closure costs and transfer station construction, original issue of \$3,510,000, interest rates of 6.4 to 7.1%, tax-exempt, partially refunded by Full Crossover Advance Refunding Bonds Series 1993A, legally defeased on 12-01-97 crossover date.
 b) General Obligation Solid Waste Bonds Series 1989E for closure costs and transfer station construction, original issue of \$1,310,000, interest rates of 5.9 to 6.9%, tax-exempt, partially refunded by Full Crossover Advance Refunding Bonds Series 1993A, legally defeased on 12-01-97 crossover date.
 c) General Obligation Solid Waste Bonds Series 1991 for transfer station construction, original issue of \$1,255,000, interest rates of 4.0 to 6.25%, tax-exempt, obligations may be prepaid in part or in whole on 12-01-99 or any interest date thereafter. Called for redemption and prepayment in 1999.
 d) General Obligation Solid Waste Bonds Series 1993B for landfill construction, original issue of \$5,935,000, 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 \$2,920,000, interest rates of 4.0 to 4.8%, tax exempt, obligations may be prepaid in part or in whole on 12-01-00 or any date thereafter. 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 Nopeming Nursing Home building improvements, original issue of \$305,000, interest rates of 6.4 to 6.8%, tax-exempt, obligations may be prepaid in part or in whole on 12-01-97 or any interest date thereafter. 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			Coverage
				Principal	Interest	Total	
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)	-	-	-	-
2003	229	26,427	(26,198)	-	-	-	-

SOLID WASTE MANAGEMENT ENTERPRISE FUND BOND

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2003	5,760,018	5,193,481	566,537	-	-	-	-

CHRIS JENSEN HEALTH AND REHABILITATION CENTER ENTERPRISE FUND BOND

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2003	13,779,941	14,401,331	(621,390)	85,000	107,494	192,494	0.00

(1) Includes operating and non-operating revenue.

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

Unaudited

Table 14

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

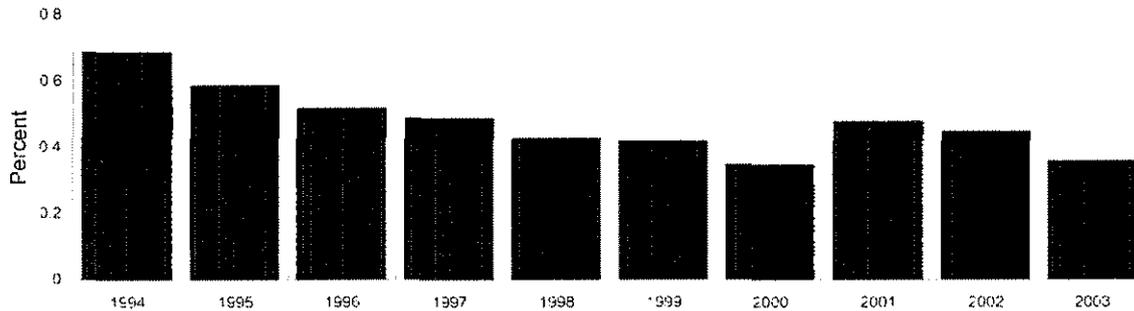
Fiscal Year	Bonded Debt(1)	Market Value (2)	Bonded Debt As a Percent of Market Value	Population	Bonded Debt per Capita
1994	\$ 31,240,000	\$ 4,546,517,400	0.69%	198,866	\$ 157.09
1995	28,225,000	4,806,552,900	0.59%	198,879	141.92
1996	26,335,000	5,078,155,264	0.52%	199,103	132.27
1997	26,725,000 (3)	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%	199,805	170.46
2003	29,975,286 (3)	8,315,406,800	0.36%	199,805	150.02

(1) All bonded debt, including fund debt, is general obligation, which can be paid from property taxes.

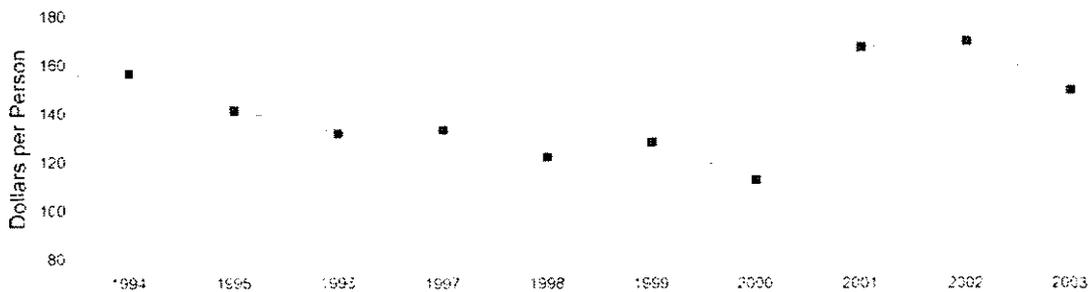
(2) Includes captured increment.

(3) Excludes 1995 State of Minnesota Duluth Airport Lease Revenue Bonds Series 1995E.

Bonded Debt as a Percent of Market Value



Bonded Debt per Capita



Unaudited

Table 15

**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>
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%
2003	4,015,000	1,349,745	5,364,745	196,473,774	2.73%

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

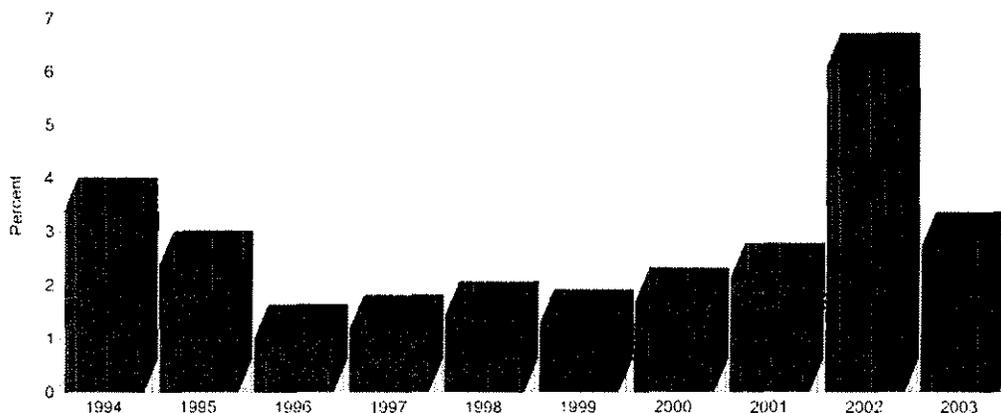
(2) Includes the General Fund and Special Revenue Funds.

(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).

Debt Expenditures as a Percent of General Expenditures



Unaudited

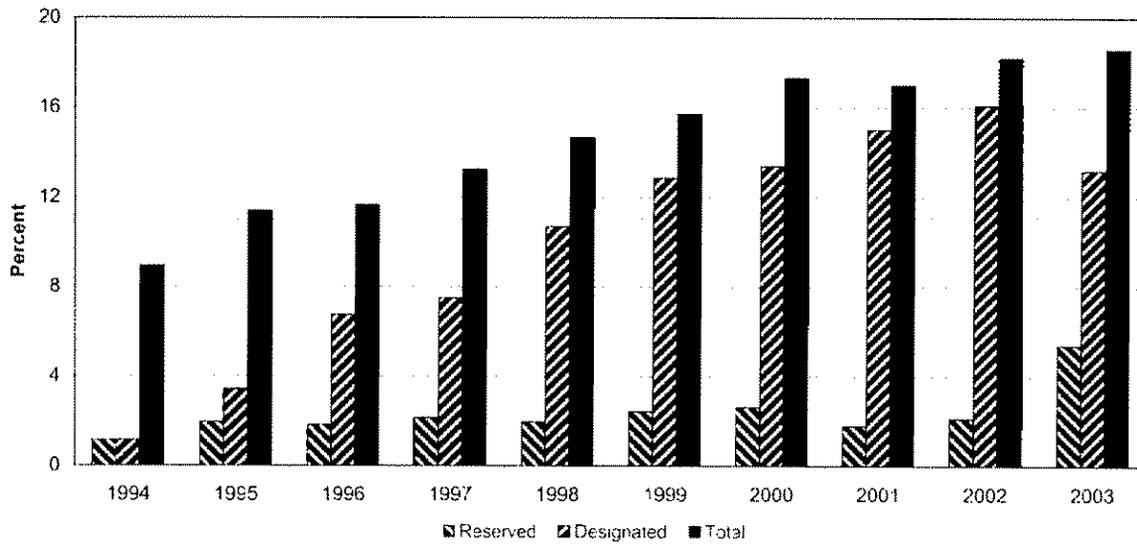
Table 16

**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
1994	\$ 148,080,004	\$ 13,228,013	6.93%	\$ 1,699,953	1.15%	\$ 1,664,740	1.14%	\$ 9,843,320	6.65%
1995	141,864,687	16,161,680	11.39%	2,765,559	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%	9,644,662	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%	15,924,854	10.68%	2,992,945	2.01%
1999	159,819,293	25,084,912	15.70%	3,878,474	2.43%	20,559,482	12.86%	646,956	0.40%
2000	166,900,758	28,911,273	17.32%	4,382,632	2.63%	22,368,907	13.40%	2,159,734	1.29%
2001	174,539,928	29,675,372	17.00%	3,109,111	1.78%	26,177,669	15.00%	388,592	0.22%
2002	161,581,553	29,433,396	18.22%	3,427,822	2.12%	26,005,574	16.09%	-	0.00%
2003	158,718,823	29,508,698	18.59%	8,562,731	5.39%	20,945,967	13.20%	-	0.00%

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

General Fund Balance as a Percent of Current Expenditures



Unaudited

Table 17

**ST. LOUIS COUNTY, MINNESOTA
COMPENSATED ABSENCES AND FUND BALANCE RESERVED FOR HEALTH AND WELFARE
YEAR ENDED DECEMBER 31, 2003**

COMPENSATED ABSENCES

	Liability of Governmental Funds	Liability of Proprietary Funds (1)	General Long-Term Debt Liability (2)	Financial Statement Notes	Total	Hours
Vacation						
Short term (3)	\$ 1,165,429	\$ 145,588	\$ -	\$ -	\$ 1,311,017	
Long term	-	659,229	4,938,922	-	5,598,151	
Total Vacation	<u>\$ 1,165,429</u>	<u>\$ 804,817</u>	<u>\$ 4,938,922</u>	<u>\$ -</u>	<u>\$ 6,909,168</u>	294,476
Sick Leave						
Vested (4)	\$ -	\$ 1,269,786	\$ 11,263,120	\$ -	\$ 12,532,906	
Vesting (5)	-	692,244	16,583,761	-	17,276,005	
Non-vesting (6)	-	-	-	10,895,886	10,895,886	
Total Sick Leave	<u>\$ -</u>	<u>\$ 1,962,030</u>	<u>\$ 27,846,881</u>	<u>\$ 10,895,886</u>	<u>\$ 40,704,797</u>	1,784,121
Total Compensated Absences Payable	<u><u>\$ 1,165,429</u></u>	<u><u>\$ 2,766,847</u></u>	<u><u>\$ 32,785,803</u></u>	<u><u>\$ 10,895,886</u></u>	<u><u>\$ 47,613,965</u></u>	<u><u>2,078,597</u></u>

(1) Excludes the Retired Employees' Health Insurance Internal Service Fund liabilities.

(2) The entire amount of the general long term debt liability for vested sick leave is supported by fund balances designated for that purpose in the following funds: General Fund \$4,203,026 and Special Revenue Funds \$7,060,094. Four ninths of the general long term debt liability for vesting sick leave is supported by fund balances designated for that purpose in the following funds: General Fund \$3,656,185 and Special Revenue Funds \$3,714,375.

(3) Cash value of vacation expected to be paid within an eight-week period of the end of the fiscal year.

(4) 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.

(5) 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.

(6) 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 (4) and (5) 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**

Fiscal Year	General Fund	Road and Bridge Fund	Social Services Fund	Forfeited Tax Funds	Enterprise Funds	Internal Service Funds	Total
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
2003	813.75	343.00	523.20	59.00	306.68	59.78	2,105.41

Unaudited

Table 19

**ST. LOUIS COUNTY, MINNESOTA
LABOR CONTRACT AGREEMENTS
YEAR ENDED DECEMBER 31, 2003**

Bargaining Unit	Number of Employees Represented	Contract Expiration Date (1)
Civil Service Basic	925	12/31/03
Emergency Communication Specialists	41	12/31/03
Corrections Counselors	4	12/31/03
Health Care Basic	292	6/30/2003
Health Care Supervisors	11	6/30/2003
Civil Service Supervisors	121	12/31/03
Merit System Supervisors	39	12/31/03
Civil Service Confidential	19	12/31/03
Teamsters	214	12/31/03
Merit System Basic	190	12/31/03
Jail Corrections Officers	60	12/31/03
Deputy Sheriff's Association	88	12/31/03
Sheriff Supervisory	11	12/31/03

Unaudited

Table 20

ST. LOUIS COUNTY, MINNESOTA
INSURANCE COVERAGE
 YEAR ENDED DECEMBER 31, 2003

Type of Insurance	Insurer	Deductible	Coverage Limit	Purpose
Boiler & Machinery	Otis-Magie Gustafson Continental Natl American	\$ 5,000	\$ 2,500,000	Property damage
Commercial Property	Otis-Magie Gustafson Travelers	50,000 50,000 50,000 50,000 50,000 72 hour 1,000 1,000 1,000 5,000 50,000 50,000	176,026,300 500,000 250,000 10,000,000 10,000,000 1,000,000 50,000 60,000 1,759,000 2,000,000 3,000,000 1,265,000	Blanket - Building & Business Personal Property Business income including Extra Expense Personal Property at Undescribed Premises Flood Limit Earthquake Utility 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
Volunteer services	CIMA Companies, Inc.		25,000 2,500 1,000,000	Accident medical expense benefit Accidental death, dismemberment, or loss of sight Volunteers-personal liability insurance
Inland Marine	Otis-Magie Gustafson Travelers	5,000 5,000	255,000 691,000	Broadcasting Towers & Antenna / Equipment Building/Tower/Transmitting Equipment (Observation Road)
Vehicles In Buildings	Otis-Magie Gustafson AIG - Lexington	25,000	7,500,000	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 \$1,440,000
Personal injury and property damage	Self insurance			
Motor vehicles and authorized portable equipment	Self insurance Otis-Magie Gustafson Travelers		34,300,739 8,398,877	Contractors/miscellaneous equipment floater

Unaudited

Table 21

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

<u>Year</u>	<u>Median Age (2)</u>	<u>Population (1)</u>	<u>K - 12 School Enrollment (3)</u>	<u>Per Capita Personal Income (4)</u>
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	200,431	30,313	26,923
2001	39.0	200,854	29,060	27,633
2002	39.0	199,887	28,479	Not Available
2003	39.0	198,799	27,965	Not Available

- (1) US Census Bureau.
- (2) Minnesota State Planning Office, Office of State Demographer.
- (3) Minnesota Department of Education.
- (4) 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**

<u>Fiscal Year</u>	<u>Residential Units (1)</u>	<u>Residential Value (1)</u>
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	623	71,436,322
2003	817	102,038,314

(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>Unemployment</u>
				<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
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%
2003	109,408	103,271	6,137	5.6%	5.0%	6.0%

Source: Minnesota Department of Economic Security

Unaudited

Table 24

ST. LOUIS COUNTY, MINNESOTA
LAND STATISTICAL DATA
 YEAR ENDED DECEMBER 31, 2003

AREA		
	<u>Square Miles</u>	<u>Acres</u>
Land	6,313	4,040,610
Water	428	273,688
Total Area *	<u>6,741</u>	<u>4,314,299</u>
<hr/>		
	<u>Acres</u>	<u>Percentage</u>
Public Ownership		
Federal		
Army / Corps of Engineers	6	0.00%
Bureau of Land Management	563	0.01%
Forest Service	748,421	17.35%
National Park Service	94,042	2.18%
Total Federal	<u>843,026</u>	<u>19.54%</u>
State		
Department of Natural Resources	574,863	13.32%
Department of Transportation	12,110	0.28%
Total State	<u>586,973</u>	<u>13.60%</u>
State		
Tax Forfeited - County Administered	898,092	20.83%
Total Public Ownership	<u>2,328,091</u>	<u>53.97%</u>
Private Ownership / Other	<u>1,986,208</u>	<u>46.03%</u>
Total Land / Water Ownership	4,314,299	100.00%

* Source: Official United States Government Township Plats

Unaudited

Table 25

ST. LOUIS COUNTY, MINNESOTA
MISCELLANEOUS COUNTY STATISTICS
YEAR ENDED DECEMBER 31, 2003

ROAD STATISTICS

<u>Road Type</u>	<u>Miles Within Municipalities Over 5,000 Population</u>	<u>Miles Within Municipalities Under 5,000 Population</u>	<u>Nonmunicipal Miles</u>	<u>Total Miles</u>
Interstate trunk	11.583	1.066	3.323	15.972
U. S. trunk	33.594	18.731	167.593	219.918
Minnesota trunk	42.488	16.643	221.226	280.357
County state aid	112.717	85.215	1,188.471	1,386.403
Municipal state aid	190.124	8.276	0.000	198.400
County	46.323	53.081	1,499.139	1,598.543
Township	0.000	0.000	794.014	794.014
Unorganized township	0.000	0.000	134.017	134.017
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>561.326</u>	<u>204.422</u>	<u>0.000</u>	<u>765.748</u>
Total	<u>998.155</u>	<u>405.159</u>	<u>4,232.818</u>	<u>5,636.132</u>

Source: Mn/DOT Office of Transportation

BRIDGE STATISTICS

<u>Bridge Type</u>	<u>Number of Bridges</u>
Concrete structures	66
Steel beam structures	195
Steel truss structures	26
Timber structures	41
Culverts with spans greater than ten feet	<u>277</u>
Total	<u>605</u>

Source: St Louis County Public Works Department

Unaudited

Table 26

ST. LOUIS COUNTY, MINNESOTA
REGISTERED VOTERS
LAST TEN ELECTIONS

PRIMARY ELECTIONS

<u>Date</u>	<u>Total Registered Voters</u>	<u>Percentage Voting</u>
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

<u>Date</u>	<u>Total Registered Voters</u>	<u>Percentage Voting</u>
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