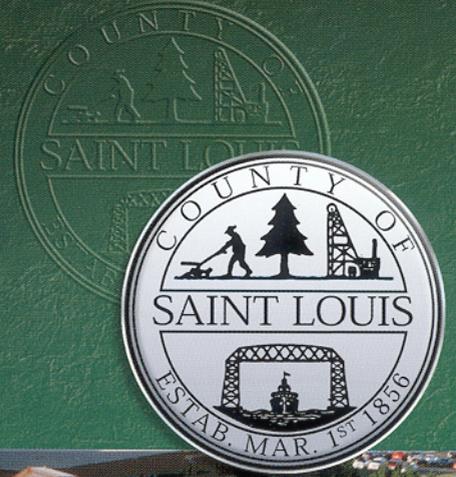
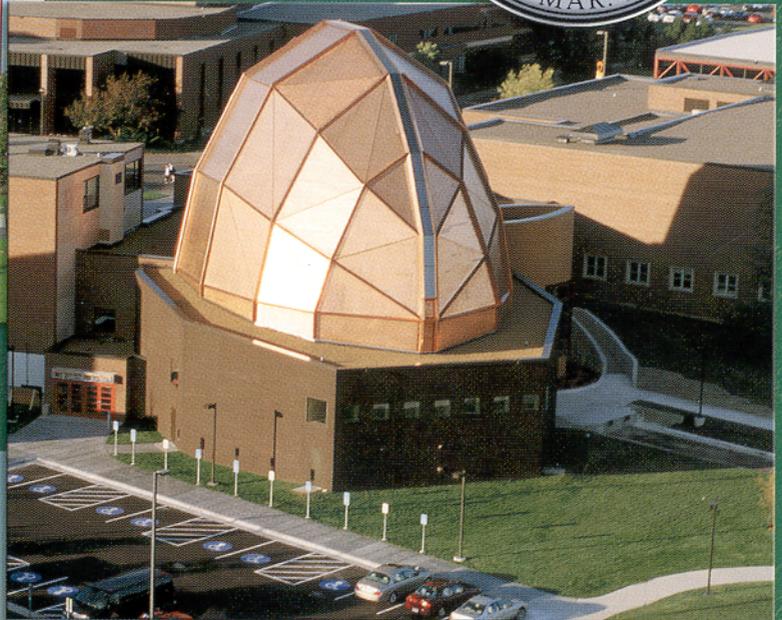


Comprehensive Annual Financial Report

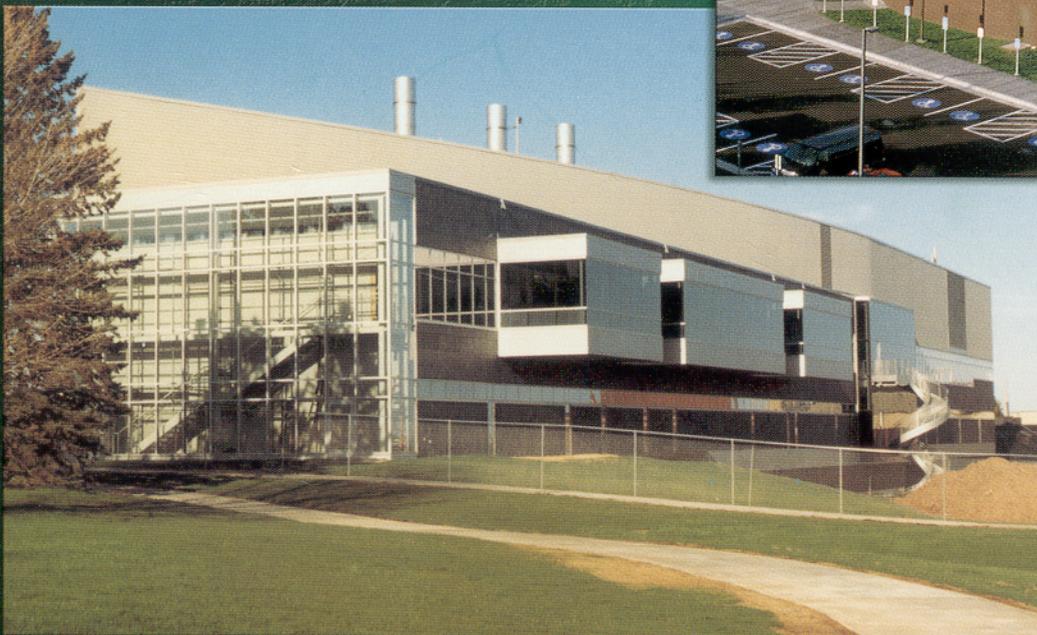
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2004



UMD Library, photo by Brett Groehler



UMD Weber Music Hall,
photo by Brett Groehler



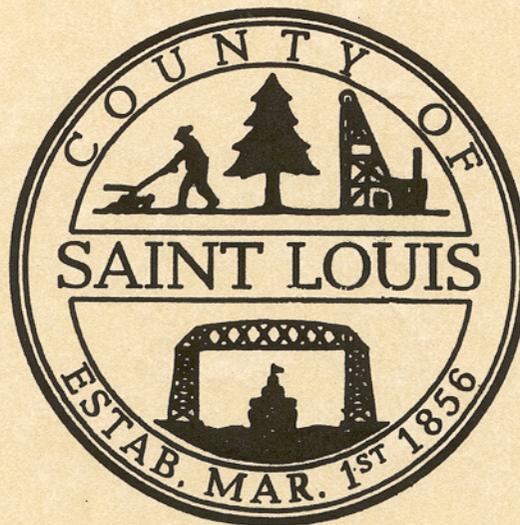
UMD James I. Swenson Science Building, photo by David Bednarski

**St. Louis County
Minnesota**

Donald Dicklich –
County Auditor

St. Louis County Minnesota

Comprehensive Annual Financial Report
for the Fiscal Year Ending
December 31, 2004



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, 2004

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ST. LOUIS COUNTY, MINNESOTA
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ST. LOUIS COUNTY, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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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 26, 2005

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, 2004. This report was prepared by the County Auditor's Accounting Division. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the County.

Financial management of St. Louis County is based on an accounting and financial reporting system that must provide accurate, timely, and relevant information. The assets of the County are protected from fraud, errors, and misuse through the institution of internal controls. Internal controls are designed to safeguard assets, as well as to 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.

St. Louis County is audited annually by the State of Minnesota, as required by Minnesota Statutes § 6.48. This requirement has been complied with and the Office of the State Auditor has issued an unqualified ("clean") opinion on the St. Louis County financial statements for the year ended December 31, 2004. The independent auditor's report is located in the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) provides "financial highlights" and interprets the financial reports by analyzing trends and explaining changes in the financial condition of the County. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. St. Louis County's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

St. Louis County was established in 1856. Located in Northeastern Minnesota, St. Louis County is the largest county east of the Mississippi, covering 7,092 square miles from the Canadian border to Duluth. The County is occupied by a population of approximately 200,000 and has a population density of a low 28 people per square mile. St. Louis County is empowered to levy a property tax on both real and personal property located within its boundaries.

The St. Louis County Board of Commissioners consists of seven commissioners elected 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 Public Health and Human 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.

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

Local economy

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

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 increased slightly in 2004 to 3,559 jobs. 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, 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 (IRRA) in 2004.

Taconite production in 2004 was 39.4 million tons and is expected to increase slightly during 2005. In 2004 China became a net exporter of steel for the first time ever. The capacity of the Chinese steel industry is now 330 million tons compared to a U.S. capacity of about 100 million tons. American steel producers are hoping that strong domestic demand in China will continue to prevent it from becoming a major steel exporter and competitor.

Located at the western tip of Lake Superior, the Port of Duluth-Superior had total cargo in 2004 of 41.4 million metric tons, as compared to 34.8 million tons in 2003, a 19 percent increase. The 2004 total cargo was 7.9% above the ten-year average of 38.4 million tons. The port is the number one iron ore loader nationally, and it is the number one grain loader on the Great Lakes.

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

Cirrus Design Corp, a Duluth-based company, boosted its production by 18 percent in 2004, making 553 four-seat aircraft; only 12 fewer planes than No. 1 Cessna. Production for Cirrus is projected to reach 600 airplanes in 2005. Cirrus employs about 950 people company-wide, including more than 700 in Duluth.

Because of the County's varied economic base, unemployment is somewhat stable. During the past ten years the unemployment rate rose from an initial low of 3.8% in 1998 to a decade-tying high in 2004 of 5.7 %. The years 1995 and 1996 also had unemployment rates of 5.7%. The state average unemployment rate for the same ten years was a good deal lower each year. Creating more jobs as well as keeping existing jobs within the County would be desirable.

During the past ten-year period, while intergovernmental revenues have continued to increase in amount they have actually decreased as a percentage of total revenue (a ten-year decrease of 2.9 percent). The reason for this decline is that other revenue types such as charges for services and miscellaneous revenues are now a greater percentage of total revenues than they were ten years ago.

During the same ten-year period, highway expenditures have grown the most (\$25.1 million), as has their percentage of total expenditures (a ten-year increase of 6.0%). The increase is caused by personal benefits increasing, capital outlay costs for equipment increasing, and the amount and cost of road and bridge construction projects increasing.

Long-term financial planning

In 2004, the County's General Fund and Road and Bridge Fund received \$10.6 million in taconite production tax revenues. The Iron Range taconite industry also distributed another \$4.4 million for its share of a tax credit for homeowners in a legislatively defined area in the County. The total distribution was the same as 2003. It is possible, that due to the long-term uncertainty of the taconite industry, the County may have to look at methods of replacing some or all of the taconite monies with other revenues or through reductions in expenditures.

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 may further erode.

Enterprise funds are meant to be self-supporting and earn their revenue through user charges. The Chris Jensen Health and Rehabilitation Center once again had a large operating loss in 2004 and also needed a loan from the General Fund to cover its cash deficit at year end. The operating loss for 2004 was \$1.1 million, and the loan was for \$2.7 million. Plans for solving this ongoing financial problem are in the process of being brought forward for discussion.

The County, in 1995, recognizing that it would be prudent to set aside cash reserves 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 program aid paid to the County by the State of Minnesota. At December 31, 2004, the goal was 62.0% accomplished for the General Fund,

100.0% accomplished for the Road and Bridge Fund, and 66.8% 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 119 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, 2004, 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, 2004, 519 of the estimated vesting sick leave amount needed was funded.

The County has also designated monies (from revenues exceeding expenditures) for possible future expenditures at parking ramps, the Hibbing Raceway, and the Northland Office Building. The total designation at the end of 2004 for these purposes was \$1.3 million

Major initiatives

The 2005 County budget was prepared with a property tax levy of \$85.3 million, which is the same as the 2004 property tax levy.

Capital Improvement Bonds, Capital Equipment Notes, and Refunding Bonds were issued October 1, 2004. The total debt issue was for \$17.6 million.

Capital Improvement Bonds 2004A (\$13.8 million) were issued for: Duluth Courthouse HVAC replacement (phase 2). Duluth Motor Pool building repair, Chris Jensen Facility repair, New Sheriff 1911 dispatch operations center, Hibbing Annex remodeling, Ely Joint Public Works Facility and the GSC HVAC replacement and roof repair.

Capital Equipment Notes 2004B (\$2.9 million) were issued for: Road and Bridge Heavy Equipment, Sheriff's Vehicles, and Chris Jensen's beds, patient transfers, and other lifting related devices.

Refunding Bonds 2004C (\$.9 million) were issued to retire the 1995 bonds used to expand and improve the Arrowhead Juvenile Center.

County departments, on June 1, 2004, converted to the Mitchell Humphrey Financial Management System. The new fully integrated system will begin interfacing with the new Highline Human Resources/Payroll System sometime in 2005.

By County Board approval, the Social Services Department and the Health Department were consolidated into the Public Health and Human Service Department in 2004.

The Road and Bridge Fund had expenditures on road and bridge projects of \$38.1 million. This was \$18.4 million, or 93.4% more than 2003. Most of the construction cost was financed through state aid monies.

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, 2003.

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

In addition, St. Louis County also received the GFOA's Distinguished Budget Presentation Award for its biennial budget document for the fiscal year beginning January 1, 2004. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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 Public Health and Human Services Department and the Public Works Department for their dedication and cooperation during the preparation of this report. I am grateful to the County Board of Commissioners and to the Department of Administration for their leadership and support in formulating the financial activities of the County, without which the preparation of this report would not have been possible. Many other County departments extended assistance and cooperation to my office during this time and I thank them also.

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

Sincerely,



DONALD DICKLICH
County Auditor

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St. Louis County Legislative Districts

2003

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

City of Duluth Precincts

District 6B: Prec. 11, 24-26,33
District 7A: Prec. 1-10, 12-13, 15-17
District 7B: Prec. 14, 18-23, 27-32, 34-36

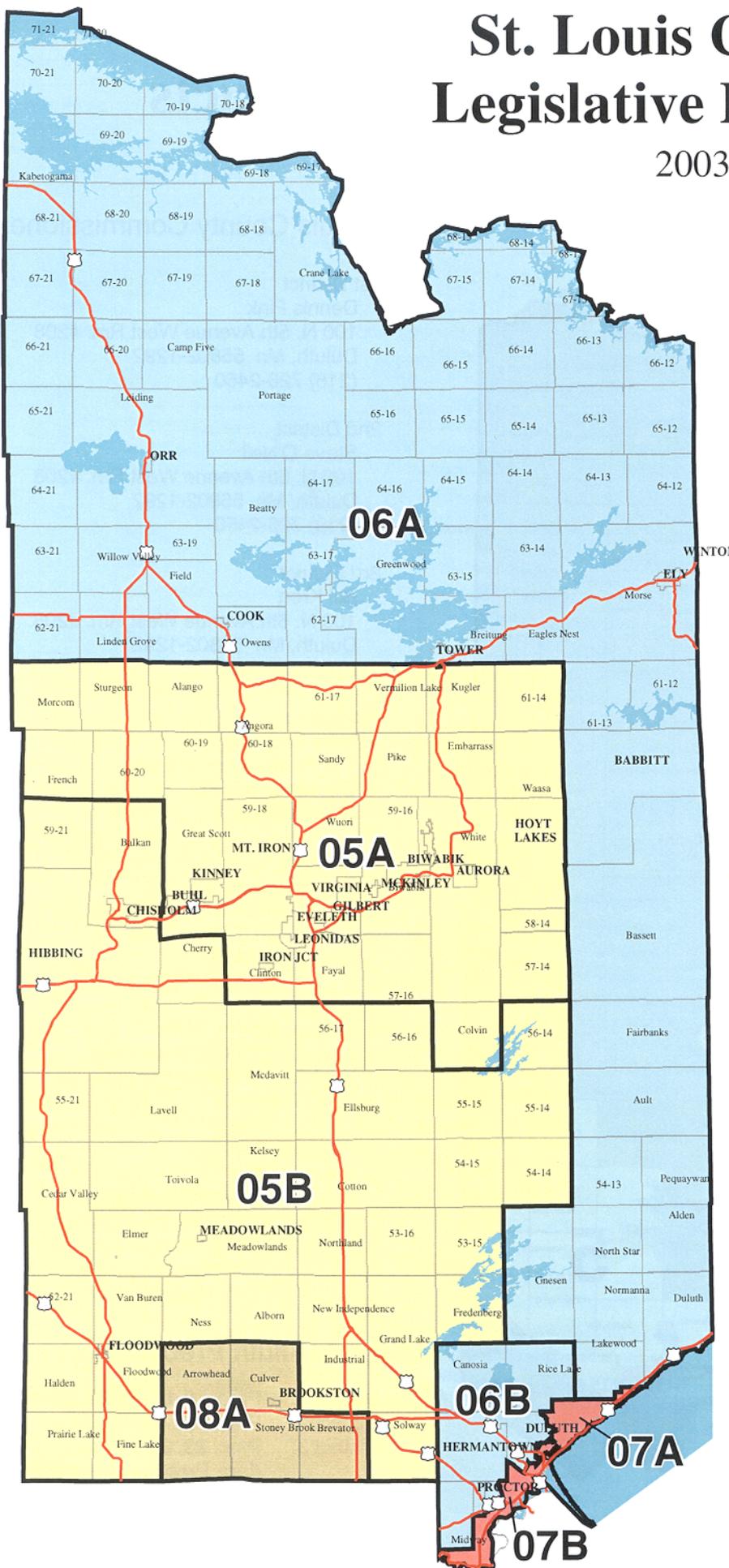
Legend

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

Source: <http://www.leg.state.mn.us/leg/>



St. Louis County Commissioner Districts

2004

St. Louis County Commissioners

1st District

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

2nd District

Steve O'Neil
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

Mike 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

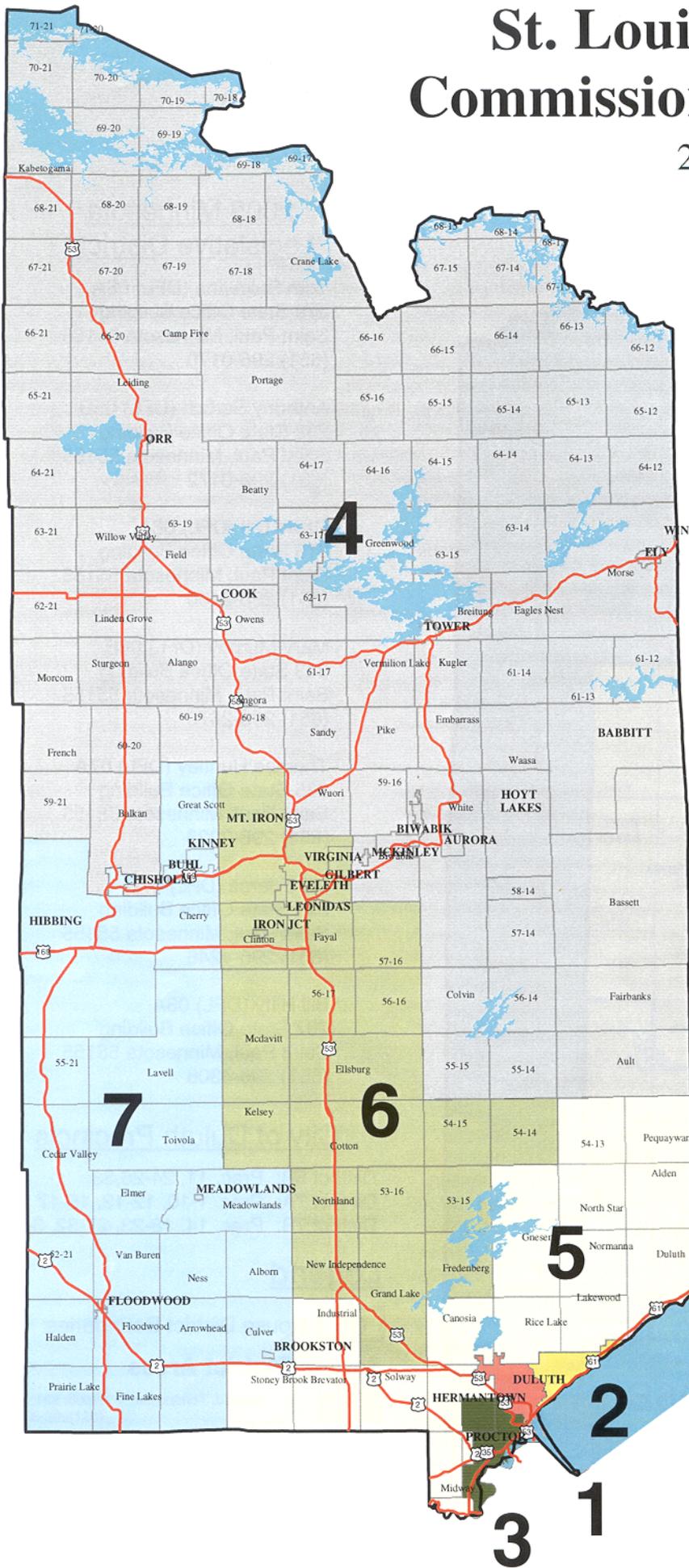
Keith Nelson
St. Louis County Courthouse
Virginia, Mn 55792
(218) 749-7108

7th District

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

City of Duluth Precincts

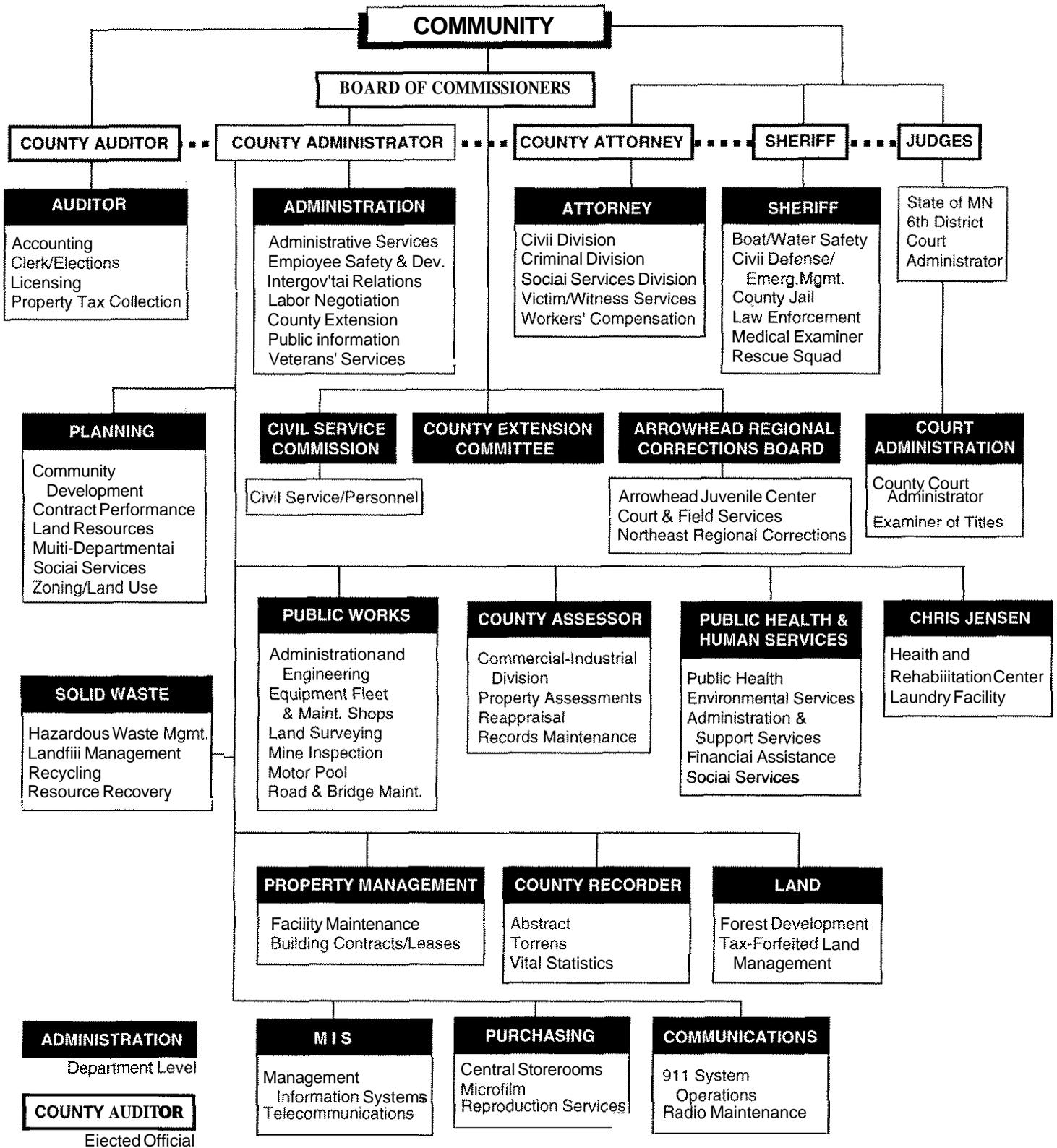
- District 1: Prec. 10-12, 15-22, 24-25
- District 2: Prec. 1-9, 13-14
- District 3: Prec. 23, 26-35
(Incl. Prec 3, Hermantown)
- District 5: Prec. 36



**St. Louis County
Elected and Appointed Officials
as of December 31, 2004**

Office	Name	Term
Commissioners:		
1st District	Dennis Fink	Jan. 1997 Jan 2007
2nd District	Steve O'Neil	Jan. 2004 Jan. 2009
3rd District	William Kron	Jan. 1997 Jan. 2009
4th District	Mike Forsman	Jan. 1999 Jan. 2007
5th District	Peg Sweeney	Jan. 1997 Jan. 2009
6th District	Keith Nelson	Jan. 2003 Jan 2007
7th District	Steve Raukar	Jan. 1997 Jan. 2007
Elected Officers:		
Attorney	Alan L. Mitchell	Jan. 2003 Jan. 2007
Auditor	Donald Dicklich (Appointed)	Jan. 2004 Jan. 2007
Sheriff	Ross Litman	Jan. 2003 Jan. 2007
Appointed Officers:		
Administrator	Dana Frey	
Assessor	To Be Appointed	
Civil Service Director	Anthony Bruno, Jr	
Court Administrator	Susan Byrnes	
Emergency Communications Director	Vacant	
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	Ann Busche	
Public Works Director	Marcus Hall	
Purchasing Agent	Richard Florey	
Recorder	Mark Monacelli	
Solid Waste Director	Theodore Troolin	

St. Louis County Organizational Summary



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, 2003

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.



Nancy L. Zjelle

President

Jeffrey R. Emer

Executive Director



PATRICIA ANDERSON
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2130

(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, Minnesota, as of and for the year ended December 31, 2004, 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.

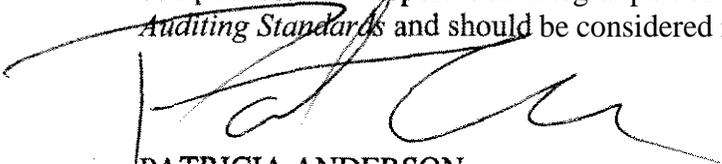
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Louis County as of December 31, 2004, 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.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management 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 our report dated May 26, 2005, on our consideration of St. Louis County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



PATRICIA ANDERSON
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: May 26,2005

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

St. Louis County, Minnesota
Management's Discussion and Analysis
December 31, 2004

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, 2004. Please read it in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

The County's total net assets increased by \$25.1 million or 6.8%. Governmental activities increase by \$25.4 million, while the County's business-type activities decreased by \$.3 million.

The County's governmental funds reported combined ending fund balances of \$104.2 million, an increase of \$23.3 million (28.7%). Part of the combined fund balances, \$31.0 million, is reserved and not available for appropriation. Of the remaining \$73.2 million (unreserved fund balance), \$42.1 has been designated for specific uses and \$31.1 million remains undesignated.

The General Fund reported revenues and expenditures of \$70.9 million. Other financing sources totaled \$2.4 million, increasing the fund balance in the General Fund to \$31.9 million at year end.

St. Louis County's total bonded debt increased in 2004 by \$12.4 million (41.5%) to \$42.4 million. Capital Improvement Bonds, Capital Equipments Notes and Refunding Bonds totaling \$17.6 million were issued in October 1, 2004.

Overview of the Financial Statements

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

Government-wide financial statements. One of the most important questions 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 25-27 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 control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies. The County funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

St. Louis County, Minnesota
Management's Discussion and Analysis
December **31.2004**

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 financial statements.

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

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

The basic financial statements for governmental funds can be found on pages 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, as well as three 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 43-47 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 49-50 of this report,

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53-87 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 89-131.

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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 \$393.4 million.

By far the largest portion of the County's net assets is the investment in capital assets (71.2 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 third 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	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 161.4	\$ 152.7	\$ 15.6	\$ 16.1	\$ 177.0	\$ 168.8
Capital assets	308.0	284.2	14.4	14.4	322.4	298.6
Total Assets	469.4	436.9	30.0	30.5	499.4	467.4
Long-term liabilities outstanding	87.3	75.9	3.3	3.2	90.6	79.1
Other liabilities	14.2	18.5	1.2	1.5	15.4	20.0
Total liabilities	101.5	94.4	4.5	4.7	106.0	99.1
Net assets:						
Invested in capital assets, net of debt	282.0	254.7	14.4	13.9	296.4	268.6
Restricted	39.1	35.1	1.7	1.4	40.8	36.5
Unrestricted	46.8	52.7	9.4	10.5	56.2	63.2
Total Net Assets	\$ 367.9	\$ 342.5	\$ 25.5	\$ 25.8	\$ 393.4	\$ 368.3

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

Governmental Activities:

The County's net assets increased by \$25.4 million, or 7.4%, from \$342.5 million to \$367.9 million. St. Louis County is able to report positive balances in all three categories of net assets. The same held true for the prior two fiscal years.

The current and other assets increase of \$8.7 million was primarily due to bond proceeds. Because debt was issued late in the year, construction on projects in 2004 was limited, resulting in the Capital Projects Fund having \$13.4 million of investments at year end.

Capital assets increased by \$23.8 million. A detailed analysis of this increase is presented in Table 4 on page 23, under the heading Capital Assets and Debt Administration.

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The County's long-term liabilities outstanding increased by \$11.4 million, to \$87.3 million. Once again the reason for the increase was the issuance of debt. Bonds and notes payable increased more than \$12.5 million in 2004. A detailed analysis of the increase in outstanding debt is presented in Table 5 on page 24, under the heading Capital Assets and Debt Administration.

There was a decrease of \$4.3 million in other liabilities. This was caused mainly by a \$2.4 million reduction in salaries payable and another \$1.6 million in deferred revenue.

Invested in capital assets, net of related debt, increased by \$27.3 million in 2004. This was the result of capital assets, increasing by \$23.8 million, while the debt related to those assets decreased by slightly less than \$3.5 million.

Restricted net assets increased by nearly 11.5% to \$39.1 million. The largest increase was in the special revenue funds which increased by \$1.7 million. Other smaller increases for 2004 were in the capital projects reserves, environmental trust reserves, capital acquisitions, and retiree obligations.

Unrestricted net assets are the sum of the fund balances in the governmental funds that are available for spending at the County's discretion. The County's unrestricted net assets were \$46.8 million at the end of 2004. Most of the unrestricted net assets are designated in the fund statements. The largest designations are for cash flow at \$31.3 million and vesting sick leave at \$8.7 million.

Business-type Activities:

The County's net assets for business-type activities decreased \$.3 million, or 1.1%, to \$25.5 million. This was caused by operating expenses exceeding operating revenues, nonoperating revenues(expenses) and transfers in by \$.2 million and an adjustment to reflect the consolidation of internal service fund activities related to enterprise funds of \$.1 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 two fiscal years.

Current and other assets decreased \$.5 million to \$15.6 million. Cash and investments increased by \$.4 million, with all of the increase in the Solid Waste Fund. The decrease was primarily the result of an additional interfund loan to Chris Jensen Health and Rehabilitation Center by the General Fund of \$1.2 million to cover their end-of-year cash deficit. The amount is reflected through an increase to internal balances on the Statement of Net Assets.

Capital assets remained at the 2003 level of \$14.4 million. Capital asset additions of \$1.0 were offset by depreciation expense and disposals of the same amount. A detailed analysis of this increase is presented in Table 4 on page 23, under the heading Capital Assets and Debt Administration.

The reduction in salaries payable of \$.4 million was the primary reason for other liabilities decreasing by \$.3 in 2004.

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

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues:						
Charges for services	\$ 41.8	\$ 39.6	\$ 22.4	\$ 22.3	\$ 64.2	\$ 61.9
Operating Grants and Contributions	27.8	40.0	0.5	0.4	28.3	40.4
Capital Grants and Contributions		4.4		-	-	4.4
General Revenues:						
Taxes:						
Property taxes, levied for gen. purposes	81.6	77.0		-	81.6	77.0
Property taxes, levied for debt service	4.7	4.7	0.1	0.1	4.8	4.8
State shared	51.2	43.4		-	51.2	43.4
Federal shared	4.4	3.7		-	4.4	3.7
Investment income	1.8	1.8	0.1	0.2	1.9	2.0
Contributions to Permanent Fund	0.3	0.4		-	0.3	0.4
Miscellaneous	0.2	0.2	-	-	0.2	0.2
Total revenues	213.8	215.2	23.1	23.0	236.9	238.2
Expenses						
Program expenses:						
General government	30.5	33.2	-	-	30.5	33.2
Public safety	33.0	32.6	-	-	33.0	32.6
Highways and streets	43.6	46.3	-	-	43.6	46.3
Health and sanitation	6.6	6.6	-	-	6.6	6.6
Human services	61.7	69.9	-	-	61.7	69.9
Culture and recreation	1.7	1.1	-	-	1.7	1.1
Conservation of natural resources	6.1	5.7	-	-	6.1	5.7
Economic development	3.5	4.0	-	-	3.5	4.0
Interest on long-term debt	1.3	1.3	-	-	1.3	1.3
Solid Waste Management	-	-	5.8	5.9	5.8	5.9
Chris Jensen Health & Rehabilitation	-	-	15.0	15.2	15.0	15.2
Other Enterprise funds	-	-	3.0	3.4	3.0	3.4
Total expenses	188.0	200.7	23.8	24.5	211.8	225.2
Increase in net assets before transfers	25.8	14.5	(0.7)	(1.5)	25.1	13.0
Transfers	(0.4)		0.4			
Increase (decrease) in net assets	25.4	14.5	(0.3)	(1.5)	25.1	13.0
Net assets January 1	342.5	328.0	25.8	27.3	368.3	355.3
Net assets December 31	\$ 367.9	\$ 342.5	\$ 25.5	\$ 25.8	\$ 393.4	\$ 368.3

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

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Governmental Activities:

Charges for service for 2004 were \$41.8 million, or \$2.2 million over 2003. Nearly half of that increase was generated by Highways and Streets.

The County received \$16.6 million less from operating and capital grants during 2004. Highways and Streets did not receive capital contributions of \$4.4 million for road construction in 2004 as they had in 2003. The Public Safety program received \$1.6 million less in state grants. Human Services received \$9.4 million less in federal and state grants due in part to state takeover of programs and cuts in state aid funding. Health and Sanitation, Culture and Recreation, and Economic Development also received less in grants during 2004.

Property tax collection increased \$4.6 million, from \$81.7 million in 2003, to \$86.3 million in 2004. In 2003, County taxpayers were levied \$2.0 million less than what the County Board had approved. The \$2.0 million error was corrected on the 2004 tax levy. State shared revenues increased by \$7.8 million because of increased state aid for road construction.

The interest earnings in 2004 remained the same as 2003, at \$1.8 million. Interest rates continued to grow throughout the year. A required year-end accounting adjustment for marking investments to their true market value as of December 31, 2004, caused the interest earnings to be reduced by \$.4 million. This is a loss that will never happen because it is the County's policy to hold investments to maturity, thereby avoiding any market value losses.

Expenses decreased by \$12.7 million in 2004, to \$188.0 million for all governmental activities. General Government, Highway and Streets, and Human Services programs decreased by \$13.6 million. Human Services expenses decreased by \$8.2 million primarily because of the state takeover of the Child Care Assistance Program and the loss of Family Preservation Aid. Decreases in expenses occurred even though health insurance premiums increased by 7.5%. County employees did not received a wage increase for the year 2004.

Business-type Activities:

Charges for services for all business-type activities increased only \$million in 2004. The two major funds, Solid Waste Management and Chris Jensen Health and Rehabilitation Center, had slight increases totaling \$.5 million while the three nonmajor enterprise funds had charges for services decrease by \$.4 million.

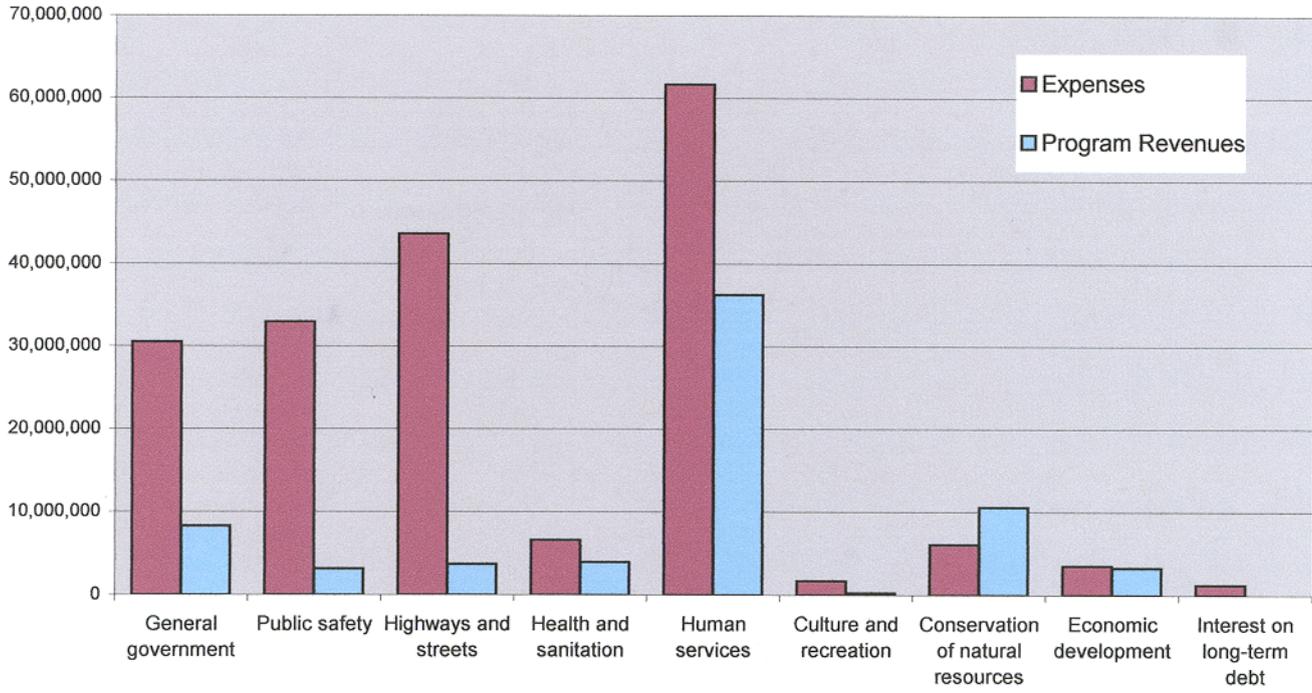
Property taxes were levied for the first time in 2003 to begin repayment of the debt incurred in remodeling a wing at Chris Jensen Health and Rehabilitation Center. The debt on these bonds will be fully paid off in 2008.

Total expenses decreased by \$.7 million for all enterprise funds

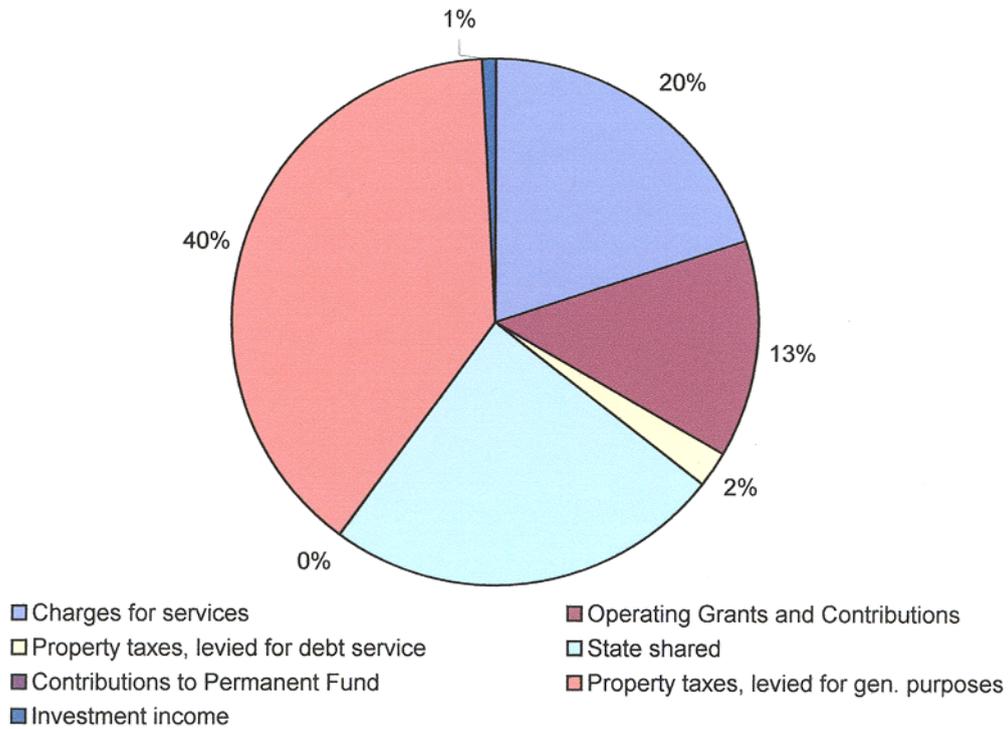
The two business-type activities that are classified as major funds had operating losses in 2003 and 2004. Of the two major funds, the Solid Waste Management Fund had an operating loss of \$.3 million and the Chris Jensen Health and Rehabilitation Center Fund had an operating loss of \$1.2 million in 2004. The only enterprise fund that did not have an operating loss in 2004 was the Supervised Living Facilities Fund.

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Expenses & Program Revenues: Governmental Activities

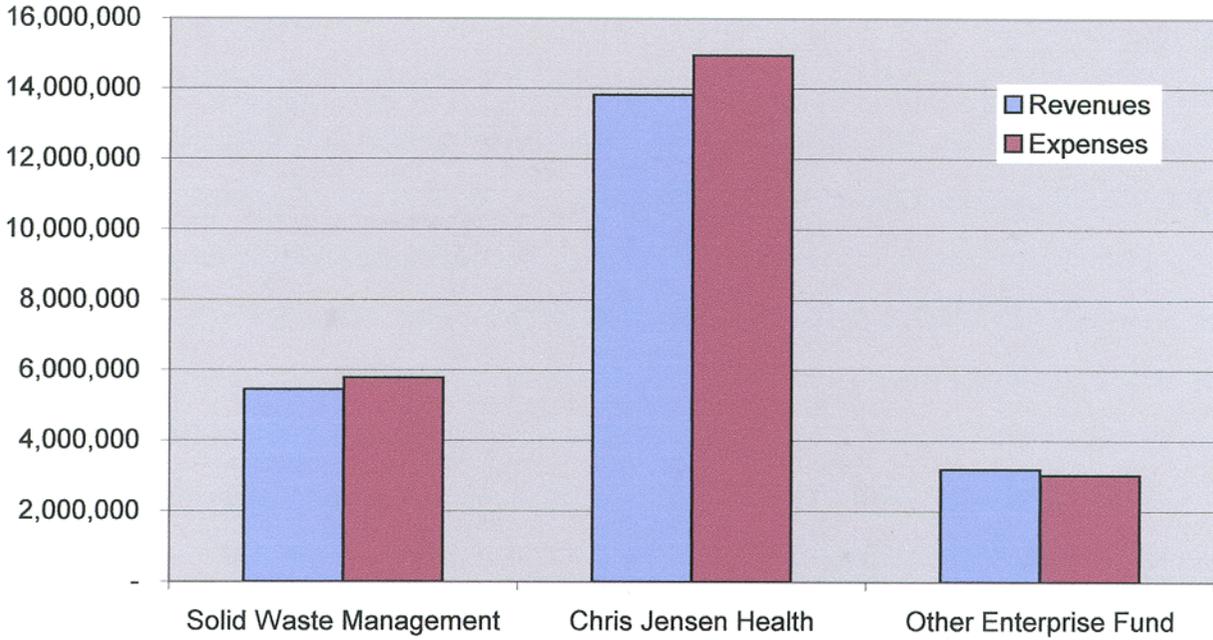


Revenues by Source: Governmental Activities

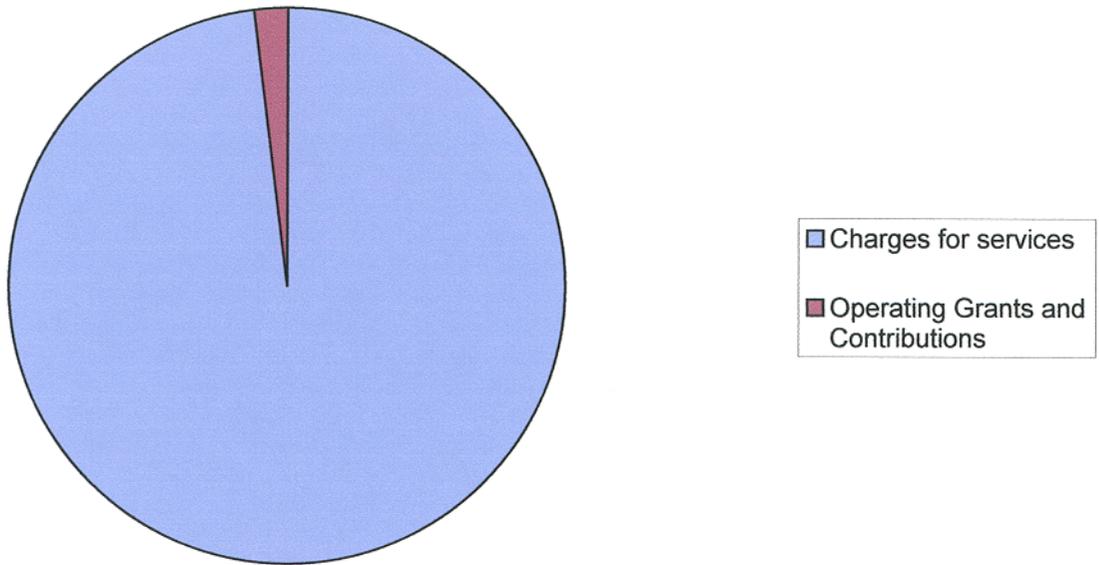


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Expenses and Program Revenues: Business-type Activities



Revenues by Source: Business-type Activities



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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, 2004, St. Louis County's governmental funds reported combined fund balances of \$104.2 million, compared with \$80.9 million in 2003. This was an increase of \$23.3 million, or 28.7%. Bond proceeds in the Capital Projects Fund accounted for \$13.3 million, or 57.1% of the increase. Most of the combined fund balance, or \$73.2 million, was unreserved fund balance, which is available for spending at the County's discretion. However, of the \$73.2 million, \$26.6 million is reported in funds established for specific purposes such as the Capital Projects Fund and will be spent accordingly. Of the unreserved fund balance, \$42.1 million was designated. Designations reflect the County's self-imposed limitations on otherwise expendable financial resources. Cash flow designations of \$31.3 million are the largest designation by far. The remaining \$30.9 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 2004, the unreserved fund balance of the General Fund was \$21.8 million, an increase of \$.9 million over 2003. Unreserved fund balance represents 30.8% of both total fund revenues and 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 increased \$2.4 million as a result of other financing sources. The other financing sources were transfers from the Forfeited Tax Sale Fund of \$1.8 million and bond proceeds of \$.6 million. Both General Fund revenues and expenditures were \$70.9 million.

The Road and Bridge Fund had a \$3.1 million excess of revenues over expenditures plus bond proceeds of \$1.9 million for a net change in fund balance of \$5.0 million. A large portion of the excess of revenues over expenditures was an additional \$2.0 million tax levy in 2004 to correct a 2003 tax levy error.

The Social Services Fund had revenues and expenditures of \$60.5 million,

Pursuant to Minnesota Statute, the Forfeited Tax Sale Fund distributed \$5.7 million in net proceeds to County Funds (General Fund and Forest Resources Fund) and to cities and towns in St. Louis County.

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 \$6.6 million over the original budget. The majority of the increases were appropriation of carryover monies and amendments to the operating budget.

The difference between the final amended revenue budget of \$69.6 million and the original budget was an increase of \$1.4 million.

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Actual expenditures were \$5.0 million under the final budget. This was due to various departments under spending their operating budgets and actual grant expenditures falling far short of budget allotments. Health was \$1.5 million under budget, while ten other departments were between \$.1 and \$.7 million under budget,

Actual revenues were \$1.3 million over the final budget. Tax collections and miscellaneous revenues exceeded the budget by a combined \$1.5 million, while earnings on investments were under budget by \$.2 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 \$322.4 million. Of that total, governmental activities accounted for \$308.0 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	
	2004	2003	2004	2003	2004	2003
Land	\$ 1.7	\$ 1.7	\$ 0.4	\$ 0.4	\$ 2.1	\$ 2.1
Buildings and improvements	53.3	48.6	9.3	9.7	62.6	58.3
Improvements other than buildings			3.7	3.2	3.7	3.2
Machinery and equipment	2.1	2.6	0.4	0.5	2.5	3.1
Linens			0.2	0.3	0.2	0.3
Vehicles	14.4	14.6	0.4	0.3	14.8	14.9
Infrastructure	235.7	213.0			235.7	213.0
Construction in progress	0.8	3.7	-	-	0.8	3.7
Totals	\$ 308.0	\$ 284.2	\$ 14.4	\$ 14.4	\$ 322.4	\$ 298.6

Total governmental capital assets show a net increase (including additions and deductions) of \$23.8 million, or 8.4 percent, over 2003. As shown in Table 4, only asset categories infrastructure and buildings and improvements had increases. The categories that had decreases experienced depreciation expense and disposals that exceeded new purchases. Business-type activities capital assets remained at \$14.4 million. The Virginia Regional Landfill completed construction of "cell four" in 2004 at a cost of \$.8 million.

Infrastructure, which is the County's road and bridge system, had a net increase of \$22.7 million, or 10.7%. Construction projects totaling \$36.0 million were completed during the year, which was \$15.8 million more than in 2003. Depreciation of existing infrastructure totaled \$13.3 million for the year.

Total buildings and improvements increased by \$4.3 million. Governmental activities increased by \$4.7 million because capital projects started in 2002 at the Duluth and Hibbing Courthouses were completed in 2004 and the addition of the St. Louis County Heritage and Arts Center buildings and improvements (valued at \$2.5 million) to the County's capital assets as a result of their board being dissolved.

Construction in progress at the end of the year consisted of seven projects throughout the county just getting started. These projects, which will cost approximately \$13.6 million, are funded by bond proceeds.

Additional information on St. Louis County's capital assets can be found in the notes on page 61 and 62

St. Louis County, Minnesota
Management's Discussion and Analysis
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Debt Administration

At year-end, the County had \$42.4 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	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 41.4	\$ 28.9	\$ 0.4	\$ 0.5	\$ 41.8	\$ 29.4
Revenue bonds	0.6	0.6	-	-	0.6	0.6
Total	\$ 42.0	\$ 29.5	\$ 0.4	\$ 0.5	\$ 42.4	\$ 30.0

As shown, the County's total debt increased \$12.4 million (41.5%) during the past fiscal year. This was the result of the County issuing new debt in 2004. The debt issued was Capital Improvement Bonds for \$13.8 million, Capital Equipment Notes for \$2.9 million and Capital Refunding Bonds for \$1.0 million. The Refunding Bonds paid off 1995 bonds used to expand and improve the Arrowhead Juvenile Center.

Moody's Investors Service assigned an "A1" rating on the County's Series 2004A Bonds, Series 2004B, Notes and Series 2004C Bonds.

Additional information on St. Louis County's long-term debt can be found in the notes on page 73.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The average unemployment rate in St. Louis County for 2004 was 5.7%. This was an increase of .1% from 2003 and is comparable to the state's average unemployment rate of 4.7% and the national average of 5.6% for 2004.

All six of Minnesota's taconite plants attempted to produce as much as possible for 2004. A total of 39.4 million tons were produced in 2004. The current forecast for 2005 is 39.5 million tons.

The method of applying the three year average taconite tonnage to bankruptcies and ownership changes is still being contested in tax court. A decision, due later in 2005, will have no significant impact on County revenues.

The 2005 budget year is the second in the biennial budget planning process. The State of Minnesota legislature has promised to restore some of the severe revenue losses sustained by Minnesota counties in 2003 and 2004, including an additional \$6.0 million for St. Louis County. The additional County Program Aid was used to offset increased costs in the 2005 budget,

All of these factors were considered in preparing the County's budget for the 2005 fiscal year.

The County's 2005 budget was passed on December 14, 2004, at a meeting of the St. Louis County Board of Commissioners. The 2005 property tax levy of \$85.3 million is the same as the 2004 levy.

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 St. Louis 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, 100 N. 5th Avenue W., Duluth, Minnesota 55802-1293.

ST. LOUIS COUNTY, MINNESOTA

STATEMENT OF NET ASSETS

DECEMBER 31, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 89,271,270	\$ 1,599,805	\$ 90,871,075
Investments	31,695,537	12,773,801	44,469,338
Assets held by escrow agent	43,916	-	43,916
Internal balances	4,314,985	(4,314,985)	-
Receivables (net)	32,700,986	2,399,435	35,100,421
Inventories	3,419,667	122,031	3,541,698
Prepaid items	8,250	57,031	65,281
Restricted assets	-	2,968,381	2,968,381
Capital assets not being depreciated	2,490,438	404,855	2,895,293
Capital assets being depreciated, net	305,500,547	14,026,926	319,527,473
Total assets	<u>469,445,596</u>	<u>30,037,280</u>	<u>499,482,876</u>
LIABILITIES			
Accounts payable	9,903,678	998,506	10,902,184
Unearned revenue	4,354,044	63,244	4,417,288
Liabilities payable from restricted assets	-	103,622	103,622
Noncurrent liabilities:			
Due within one year	15,279,332	485,564	15,764,896
Due in more than one year	72,020,602	2,852,423	74,873,025
Total liabilities	<u>101,557,656</u>	<u>4,503,359</u>	<u>106,061,015</u>
NET ASSETS			
Invested in capital assets, net of related debt	281,959,954	14,390,848	296,350,802
Restricted			
Shoreline sales:			
Expendable	177,411	-	177,411
Nonexpendable	6,017,643	-	6,017,643
Special revenue	10,025,458	-	10,025,458
Debt service	1,643,499	30,340	1,673,839
Capital projects	2,158,633	353,067	2,511,700
Retiree obligations	11,787,207	-	11,787,207
Other purposes	7,296,910	1,311,813	8,608,723
Unrestricted	46,821,225	9,447,853	56,269,078
Total net assets	<u>\$ 367,887,940</u>	<u>\$ 25,533,921</u>	<u>\$ 393,421,861</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary government			
Governmental Activities:			
General government	\$ 30,500,374	\$ 7,824,624	\$ 484,807
Public safety	32,973,945	2,202,944	951,090
Highways and streets	43,621,279	3,121,653	578,122
Health and sanitation	6,613,196	1,692,543	2,284,779
Human services	61,659,414	16,524,454	19,761,531
Culture and recreation	1,727,935	12,000	246,393
Conservation of natural resources	6,126,967	10,399,237	185,303
Economic development	3,545,804	41,795	3,289,796
interest on long-term debt	1,265,887	-	
Total governmental activities	<u>188,034,801</u>	<u>41,819,250</u>	<u>27,781,821</u>
Business-type activities:			
Solid Waste Management	5,770,190	5,441,373	455,258
Chris Jensen Health and Rehabilitation Center	15,046,360	13,814,668	-
Other Enterprise Funds	3,037,731	3,190,043	-
Total business-type activities	<u>23,854,281</u>	<u>22,446,084</u>	<u>455,258</u>
Total primary government	<u>\$ 211,889,082</u>	<u>\$ 64,265,334</u>	<u>\$ 28,237,079</u>

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Primary government			
Governmental Activities:			
General government	\$ (22,190,943)	\$ -	\$ (22,190,943)
Public safety	(29,819,911)	-	(29,819,911)
Highways and streets	(39,921,504)	-	(39,921,504)
Health and sanitation	(2,635,874)	-	(2,635,874)
Human services	(25,373,429)	-	(25,373,429)
Culture and recreation	(1,469,542)	-	(1,469,542)
Conservation of natural resources	4,457,573	-	4,457,573
Economic development	(214,213)	-	(214,213)
interest on long-term debt	(1,265,887)	-	(1,265,887)
Total governmental activities	<u>(118,433,730)</u>	<u>-</u>	<u>(118,433,730)</u>
Business-type activities:			
Solid Waste Management		126,441	126,441
Chris Jensen Health and Rehabilitation Center		(1,231,692)	(1,231,692)
Other Enterprise Funds		152,312	152,312
Total business-type activities	<u>-</u>	<u>(952,939)</u>	<u>(952,939)</u>
Total primary government	<u>\$ (118,433,730)</u>	<u>\$ (952,939)</u>	<u>\$ (119,386,669)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	81,653,199	-	81,653,199
Property taxes, levied for debt service	4,675,978	119,525	4,795,503
State shared	51,213,899	-	51,213,899
Federal shared	4,361,527	-	4,361,527
investment earnings	1,805,371	147,299	1,952,670
Contributions to Permanent Fund	302,857		302,857
Miscellaneous	219,662	-	219,662
Transfers	<u>(394,000)</u>	<u>394,000</u>	<u>-</u>
Total general revenues, special items, and transfers	<u>143,838,493</u>	<u>660,824</u>	<u>144,499,317</u>
Changes in net assets	25,404,763	(292,115)	25,112,648
Net assets - January 1	<u>342,483,177</u>	<u>25,826,036</u>	<u>368,309,213</u>
Net assets - December 31	<u>\$ 367,887,940</u>	<u>\$ 25,533,921</u>	<u>\$ 393,421,861</u>

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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.

Capital Projects Fund

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

ST. LOUIS COUNTY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	General	Road and Bridge	Social Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 28,801,714	\$ 21,432,389	\$ 11,212,114	\$ -	\$ 2,128,157	\$ 18,220,078	\$ 81,794,452
Investments	-	-	-	-	13,401,844	-	13,401,844
Assets held by escrow agent	43,916	-	-	-	-	-	43,916
Delinquent taxes receivable	1,510,851	752,841	990,497	-	30,063	228,137	3,512,389
Accounts receivable (net)	510,406	99,208	77,184	14,310,833	-	4,568	15,002,199
Accrued interest receivable	445,654	-	-	-	47,748	-	493,402
Loans receivable	288,752	-	-	-	-	441,720	730,472
Leases receivable	114,500	-	-	-	-	-	114,500
Interfund receivable	4,009,540	-	-	-	-	-	4,009,540
Due from other governments	534,185	5,765,317	5,825,181	-	-	142,702	12,267,385
Inventories	-	3,252,258	-	-	-	-	3,252,258
Prepaid items	8,250	-	-	-	-	-	8,250
Total Assets	36,267,768	31,302,013	18,104,976	14,310,833	15,607,812	19,037,205	134,630,607
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	1,133,957	1,181,281	1,557,171	99,394	588,520	165,321	4,705,644
Contracts payable	-	1,500,689	-	-	14,215	-	1,514,904
Salaries payable	1,097,020	378,948	465,306	60,351	-	3,257	2,004,882
Interfund payable	-	-	-	1,276,787	-	11,880	1,288,667
Due to other governments	195,121	132,068	665,707	23,279	590	50,707	1,067,472
Unearned revenue	393,880	3,717,687	71,555	5,087	-	-	4,188,209
Deferred revenue	1,550,414	638,367	845,300	12,440,638	25,860	191,460	15,692,039
Total Liabilities	4,370,392	7,549,040	3,605,039	13,905,536	609,185	422,625	30,461,817
Fund Balances:							
Resewed for:							
Change funds	35,165	1,000	29,975	-	-	-	66,140
Noncurrent loans	-	-	-	-	-	441,720	441,720
Economic development	1,643,927	-	-	-	-	-	1,643,927
Future loans	-	-	-	-	-	240,684	240,684
Conference fund	-	-	18,512	-	-	-	18,512
Inventories	-	3,252,258	-	-	-	-	3,252,258
Encumbrances	863,412	1,441,486	34,526	26,617	-	68,165	2,434,206
Law library	65,860	-	-	-	-	-	65,860
Recorder's equipment	199,623	-	-	-	-	-	199,623
Communications	483,494	-	-	-	-	-	483,494
Extension service	346,105	-	-	-	-	-	346,105
Missing heirs	190,760	-	-	-	-	-	190,760
Private redemption	414	-	-	-	-	-	414
Escrow cash	43,916	-	-	-	-	-	43,916
Sail erosion	1,800	-	-	-	-	-	1,800
Foster care insurance	-	-	6,000	-	-	-	6,000
Veterans' credit	-	-	-	15,000	-	-	15,000
Unorganized town mads	-	1,107,103	-	-	-	-	1,107,103
Capital acquisition	600,000	1,127,186	-	-	-	-	1,727,186
Environmental trust funds	-	-	-	-	-	6,017,643	6,017,643
improvement of natural resources	-	-	-	-	-	177,411	177,411
Exchange of land	22,798	-	-	-	-	-	22,798
Tax certificate assurance	194,260	-	-	-	-	-	194,260
Attorney forfeitures	346,085	-	-	-	-	-	346,085
Sheriff forfeitures	80,683	-	-	-	-	-	80,683
Sheriff fines	18,898	-	-	-	-	-	18,898
Sheriff canine program	4,469	-	-	-	-	-	4,469
Prepaid expenses	8,250	-	-	-	-	-	8,250
Retiree obligations	4,917,613	2,499,510	4,153,105	216,979	-	-	11,787,207

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

ST. LOUIS COUNTY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	<u>General</u>	Road and Bridge	Social Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
Unreserved:							
Reported in:							
Special revenue funds	-	-	-	-	-	10,025,458	10,025,458
Debt service fund	-	-	-	-	-	1,643,499	1,643,499
Designated for:							
Parking	714,796	-	-	-	-	-	714,796
Hibbing Raceway	46,648	-	-	-	-	-	46,648
Cash flow	16,367,695	7,758,726	7,175,931	-	-	-	31,302,352
Emergency contingency	5,942	750,616	-	23,969	-	-	780,527
Northland Office Building	527,867	-	-	-	-	-	527,867
Vesting sick leave	4,166,896	1,339,640	3,081,888	122,732	-	-	8,711,156
Undesignated	-	4,475,448	-	-	14,998,627	-	19,474,075
Total Fund Balance	<u>31,897,376</u>	<u>23,752,973</u>	<u>14,499,937</u>	<u>405,297</u>	<u>14,998,627</u>	<u>18,614,580</u>	<u>104,168,790</u>
Total Liabilities and Fund Balances	<u>\$ 36,267,768</u>	<u>\$ 31,302,013</u>	<u>\$ 18,104,976</u>	<u>\$ 14,310,833</u>	<u>\$ 15,607,812</u>	<u>\$ 19,037,205</u>	<u>\$ 134,630,607</u>

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

Total Fund balance - governmental funds (from above)	\$ 104,168,790
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	306,251,929
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	15,692,039
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(76,423,126)
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>18,198,308</u>
Net assets of governmental activities	<u>\$ 367,887,940</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, 2004

	General	Road and Bridge	Social Services	Forfeited Tax Sale	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 39,274,625	\$ 22,157,184	\$ 19,167,971	\$ -	\$ 554,894	\$ 5,270,989	\$ 86,425,663
Licenses and permits	124,122	26,816					150,938
Intergovernmental	18,574,132	43,195,621	39,074,054	14,963	161,337	4,399,665	105,419,712
Charges for services	7,209,275	1,683,460	1,679,096	14,829			10,586,660
Fines and forfeits	1,622,789						1,622,789
Earnings on investments	1,414,998				45,561	73,626	1,534,185
Gifts and contributions	67,762		2,509				70,271
Land and timber sales				9,884,328		302,857	10,187,185
Miscellaneous	2,651,783	1,411,377	596,497	129,736	58,671	170,541	5,018,805
Total Revenues	70,939,486	68,474,458	80,520,127	10,043,858	820,663	10,217,678	221,016,268
EXPENDITURES							
Current:							
General government	29,446,101	-	-	-	1,192,793	-	30,638,894
Public safety	23,265,304	-	-	-	26,861	-	23,292,165
Highways and streets	-	27,313,042	-	-	194,065	-	27,507,107
Health and sanitation	6,422,388	-	-	-	-	-	6,422,388
Human services	364,984	-	60,492,479	-	-	-	60,857,463
Culture and recreation	1,668,794	-	-	-	-	-	1,668,794
Conservation of natural resources	737,290	-	-	4,323,281	-	1,056,986	6,117,557
Economic development	14,450	-	-	-	-	3,531,161	3,545,611
Debt service:							
Principal	-	-	-	-	-	5,342,989	5,342,989
Interest and other charges	-	-	-	-	-	1,218,003	1,218,003
Capital outlay:							
General government	55,686	-	-	-	-	-	55,686
Public safety	292,025	-	-	-	-	-	292,025
Highways and streets	15,404	38,012,774	-	-	-	-	38,028,178
Conservation of natural resources	-	-	-	135,672	-	-	135,672
Intergovernmental:							
General government	-	-	-	1,898,962	-	-	1,898,962
Public safety	8,644,074	-	-	-	-	-	8,644,074
Total expenditures	70,926,500	65,325,816	60,492,479	6,357,915	1,413,719	11,149,139	215,665,568
Excess (deficiency) of revenues over expenditures	12,986	3,148,642	27,648	3,685,941	(593,056)	(931,461)	5,350,700
OTHER FINANCING SOURCES (USES)							
Transfers in	1,765,974	22,177	-	-	-	1,986,736	3,774,887
Transfers (out)	(22,177)	-	-	(3,752,710)	(394,000)	-	(4,168,887)
Bonds issued	606,000	1,900,000	-	-	14,179,000	960,000	17,645,000
Premium proceeds	25,895	-	-	-	85,352	14,873	126,120
Loan proceeds	-	-	-	-	-	79,000	79,000
Total other financing sources and uses	2,375,692	1,922,177	-	(3,752,710)	13,870,352	3,040,609	17,456,120
Net change in fund balances	2,388,678	5,070,819	27,648	(66,769)	13,277,296	2,109,148	22,806,820
Fund balances - January 1	29,508,698	18,232,847	14,472,289	472,066	1,721,331	16,505,432	80,912,663
Increase in reserved for inventories	-	449,307	-	-	-	-	449,307
Fund balances - December 31	\$ 31,897,376	\$ 23,752,973	\$ 14,499,937	\$ 405,297	\$ 14,998,627	\$ 18,614,580	\$ 104,168,790

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, 2004

Net change in fund balances--total governmental funds (from previous page)	\$ 22,806,820
Increase in reserved for inventories-total governmental funds (from previous page)	449,307
Amounts reported for governmental activities in the statement of activities are different because	
Revenues reported in the governmental funds are not considered revenues in the statement of activities.	(7,453,890)
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.	(47,884)
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.	20,603,245
Changes in capital asset not resulting from capital outlay, such as contributions and other expense are not reflected in the funds.	3,179,146
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.	(790,849)
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Assets.	(13,341,132)
	\$ 25,404,763

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, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 38,359,500	\$ 38,374,500	\$ 39,274,625	\$ 900,125
Licenses and permits	127,070	127,070	124,122	(2,948)
Intergovernmental	16,975,742	18,515,146	18,574,132	58,986
Charges for services	7,180,840	7,253,105	7,209,275	(43,830)
Fines and forfeitures	1,644,800	1,644,800	1,622,789	(22,011)
Earnings on investments	1,804,100	1,628,100	1,414,998	(213,102)
Gifts and contributions	13,764	26,773	67,762	40,989
Miscellaneous	2,089,098	2,043,935	2,651,783	607,848
Total revenues	68,194,914	69,613,429	70,939,486	1,326,057
EXPENDITURES				
General government				
Commissioners				
Personnel services	738,763	732,369	724,950	(7,419)
Other operating	102,802	141,827	141,806	(21)
Total commissioners	841,565	874,196	866,756	(7,440)
County administrator				
Personnel services	226,756	266,935	262,652	(4,283)
Other operating	140,830	154,837	151,145	(3,692)
Capital outlay	2,000	-	-	-
Total county administrator	369,586	421,772	413,797	(7,975)
Intergovernmental affairs				
Personnel services	107,054	113,235	111,381	(1,854)
Other operating	172,435	163,535	158,142	(5,393)
Total intergovernmental affairs	279,489	276,770	269,523	(7,247)
Planning and research				
Personnel services	346,188	303,252	285,504	(17,748)
Other operating	91,094	38,994	38,946	(48)
Total planning and research	437,282	342,246	324,450	(17,796)
Labor relations				
Other operating	45,760	105,260	105,238	(22)
Planning and zoning				
Personnel services	797,036	818,060	764,517	(53,543)
Other operating	418,158	540,060	450,018	(90,042)
Capital outlay	8,000	8,000	-	(8,000)
Total planning and zoning	1,223,194	1,366,120	1,214,535	(151,585)
Public defenders				
Other operating	60,438	60,438	56,182	(4,256)
Court administrator				
Personnel services	4,574,204	4,382,952	4,292,374	(90,578)
Other operating	738,539	1,047,991	826,943	(221,048)
Capital outlay	260,579	142,379	20,831	(121,548)
Total court administrator	5,573,322	5,573,322	5,140,148	(433,174)
Examiner of titles				
Personnel services	146,549	151,013	149,471	(1,542)
Other operating	9,548	8,848	7,344	(1,504)
Total examiner of titles	156,097	159,861	156,815	(3,046)
County attorney				
Personnel services	3,102,806	3,230,774	3,058,567	(172,207)
Other operating	466,591	451,542	259,715	(191,827)
Capital outlay	57,857	57,857	(57,857)	-
Total county attorney	3,627,254	3,740,173	3,318,282	(421,891)
Subtotal	12,613,987	12,920,158	11,865,726	(1,054,432)

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, 2004

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
Law library				
Other operating		110,959	110,959	
County auditor				
Personnel services	3,105,593	3,190,196	3,074,126	(116,070)
Other operating	798,241	963,038	946,170	(16,868)
Total county auditor	<u>3,903,834</u>	<u>4,153,234</u>	<u>4,020,296</u>	<u>(132,938)</u>
Data processing				
Other operating	1,598,979	1,598,979	1,598,979	
County assessor				
Personnel services	1,757,680	1,799,639	1,717,139	(82,500)
Other operating	279,038	272,426	239,982	(32,444)
Total county assessor	<u>2,036,718</u>	<u>2,072,065</u>	<u>1,957,121</u>	<u>(114,944)</u>
Purchasing				
Personnel services	334,755	378,143	374,240	(3,903)
Other operating	156,566	131,783	104,793	(26,990)
Total purchasing	<u>491,321</u>	<u>509,926</u>	<u>479,033</u>	<u>(30,893)</u>
Microfilming				
Personnel services	180,495	185,850	184,029	(1,821)
Other operating	22,257	23,057	23,032	(25)
Total microfilming	<u>202,752</u>	<u>208,907</u>	<u>207,061</u>	<u>(1,846)</u>
Recorder				
Personnel services	1,314,143	1,372,649	1,364,812	(7,837)
Other operating	248,126	290,302	284,209	(6,093)
Capital outlay	42,300	35,300	34,855	(445)
Total recorder	<u>1,604,569</u>	<u>1,698,251</u>	<u>1,683,876</u>	<u>(14,375)</u>
Surveyor				
Personnel services	738,887	783,309	774,161	(9,148)
Other operating	84,647	65,656	62,525	(3,131)
Capital outlay	6,000	24,000	-	(24,000)
Total surveyor	<u>829,534</u>	<u>872,965</u>	<u>836,686</u>	<u>(36,279)</u>
Civil service				
Personnel services	990,549	1,025,736	969,764	(55,972)
Other operating	311,939	337,419	285,582	(51,837)
Capital outlay	6,000	6,000	-	(6,000)
Total civil service	<u>1,308,488</u>	<u>1,369,155</u>	<u>1,255,346</u>	<u>(113,809)</u>
Veteran's service				
Personnel services	521,660	556,181	521,974	(34,207)
Other operating	65,096	111,196	110,961	(235)
Total veteran's service	<u>586,756</u>	<u>667,377</u>	<u>632,935</u>	<u>(34,442)</u>
Port authority				
Other operating	36,125	36,125	36,125	
Elections				
Other operating	246,000	246,000	171,173	(74,827)
Subtotal	<u>12,845,076</u>	<u>13,543,943</u>	<u>12,989,590</u>	<u>(554,353)</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, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
General government				
Courthouses				
Personnel services	2,658,663	2,709,651	2,598,481	(111,170)
Other operating	1,876,995	2,063,494	1,894,174	(149,320)
Total courthouses	<u>4,535,658</u>	<u>4,753,145</u>	<u>4,492,655</u>	<u>(260,490)</u>
Employee training				
Personnel services	60,847	62,705	60,085	(2,620)
Other operating	124,193	124,182	67,465	(56,717)
Total employee training	<u>185,040</u>	<u>186,887</u>	<u>127,550</u>	<u>(59,337)</u>
Town aid				
Other operating	5,500	-	-	-
Missing heirs				
Other operating	-	26,266	26,266	-
Total General Government	<u>30,185,261</u>	<u>31,430,399</u>	<u>29,501,787</u>	<u>(1,928,612)</u>
Public safety				
Jail building				
Personnel services	300,683	424,978	422,931	(2,047)
Other operating	388,801	339,800	336,790	(3,010)
Total jail building	<u>689,484</u>	<u>764,778</u>	<u>759,721</u>	<u>(5,057)</u>
Sheriff				
Personnel services	7,133,965	7,737,437	7,636,678	(100,759)
Other operating	1,869,842	3,007,039	2,444,186	(562,853)
Capital outlay	139,000	218,975	132,937	(86,038)
Total sheriff	<u>9,142,807</u>	<u>10,963,451</u>	<u>10,213,801</u>	<u>(749,650)</u>
Boat and water safety				
Other operating	111,449	94,230	89,377	(4,853)
Capital outlay	15,000	26,200	26,123	(77)
Total boat and water safety	<u>126,449</u>	<u>120,430</u>	<u>115,500</u>	<u>(4,930)</u>
Medical examiner				
Other operating	326,100	351,200	351,129	(71)
Rescue squad				
Other operating	96,861	107,961	107,867	(94)
Capital outlay	33,000	30,700	30,636	(64)
Total rescue squad	<u>129,861</u>	<u>138,661</u>	<u>138,503</u>	<u>(158)</u>
Emergency management				
Personnel services	166,996	171,972	171,972	-
Other operating	21,884	21,881	20,602	(1,279)
Capital outlay	1,000	1,000	-	1,000
Total emergency management	<u>189,880</u>	<u>194,853</u>	<u>192,574</u>	<u>(279)</u>
Radio maintenance				
Personnel services	314,864	322,331	322,313	(18)
Other operating	145,660	159,660	119,989	(39,671)
Capital outlay	-	29,451	29,451	-
Total radio maintenance	<u>460,524</u>	<u>511,442</u>	<u>471,753</u>	<u>(39,689)</u>
Emergency communication				
Personnel services	2,521,012	2,651,197	2,651,139	(58)
Other operating	155,445	230,299	230,045	(254)
Total emergency communication	<u>2,676,457</u>	<u>2,881,496</u>	<u>2,881,184</u>	<u>(312)</u>
Subtotal	<u>13,741,562</u>	<u>15,926,311</u>	<u>15,124,165</u>	<u>(802,146)</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, 2004

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
Public safety				
Jail prisoners				
Personnel services	4,519,188	4,655,074	4,654,790	(284)
Other operating	2,109,041	2,222,576	2,169,481	(53,095)
Capital outlay	35,000	35,000	26,134	(8,866)
Total jail prisoners	<u>6,663,229</u>	<u>6,912,650</u>	<u>6,850,405</u>	<u>(62,245)</u>
Mine inspector				
Personnel services	188,891	193,680	190,433	(3,247)
Other operating	25,338	25,338	15,617	(9,721)
Total mine inspector	<u>214,229</u>	<u>219,018</u>	<u>206,050</u>	<u>(12,968)</u>
Ambulance service				
Other operating	56,000	62,400	62,365	(35)
Law enforcement Service				
Personnel services	661,793	671,903	597,284	(74,619)
Other operating	127,658	127,658	90,253	(37,405)
Total law enforcement service	<u>789,451</u>	<u>799,561</u>	<u>687,537</u>	<u>(112,024)</u>
Enhanced 9-1-1				
Other operating		88,504	88,504	
Capital outlay		46,744	46,744	
Total enhanced 9-1-1		<u>135,248</u>	<u>135,248</u>	
City/County antenna site				
Other operating		5,155	5,155	
Volunteer fire department				
Other operating		299,606	299,606	
Attorneys forfeitures				
Other operating		18,179	18,179	
Sheriffs forfeitures				
Other operating		141,632	141,632	
Sheriff fines				
Other operating		26,987	26,987	
Arrowhead Regional Corrections				
intergovernmental	8,644,074	8,644,074	8,644,074	-
Total Public Safety	<u>30,108,545</u>	<u>33,190,821</u>	<u>32,201,403</u>	<u>(989,418)</u>
Health				
Administration				
Personnel services	760,390	764,224	666,770	(97,454)
Other operating	917,987	1,115,528	953,963	(161,565)
Total administration	<u>1,678,377</u>	<u>1,879,752</u>	<u>1,620,733</u>	<u>(259,019)</u>
Nursing				
Personnel services	2,743,365	3,039,501	2,625,600	(413,901)
Other operating	717,829	709,880	271,889	(437,991)
Total nursing	<u>3,461,194</u>	<u>3,749,381</u>	<u>2,897,489</u>	<u>(851,892)</u>
Environmental health				
Personnel services	1,297,813	1,552,968	1,266,764	(286,204)
Other operating	147,249	238,278	196,651	(41,627)
Capital outlay	16,000	35,135	15,404	(19,731)
Total environmental health	<u>1,461,062</u>	<u>1,826,381</u>	<u>1,478,819</u>	<u>(347,562)</u>
Subtotal	<u>6,600,633</u>	<u>7,455,514</u>	<u>5,997,041</u>	<u>(1,458,473)</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, 2004

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
Health				
Cotton Landfill/Dump Clean-up				
Other operating		1,924	1,924	
Occupational safety				
Personnel services	319,567	340,043	339,966	(77)
Other operating	162,677	148,246	98,861	(49,385)
Total occupational safety	482,244	488,289	438,827	(49,462)
Total Health	7,082,877	7,945,727	6,437,792	(1,507,935)
Human services				
Emergency shelter program				
Other operating	110,000	162,973	132,144	(30,829)
Family homelessness prevention and assistance program				
Personnel services		11,735	11,735	-
Other operating	225,144	228,173	221,105	(7,068)
Total family homelessness prevention and assistance program	225,144	239,908	232,840	(7,068)
Total Welfare	335,144	402,881	364,984	(37,897)
Culture and recreation				
Memorial Day observance				
Other operating	750	900	900	
Historical Society				
Other operating	212,048	212,048	212,048	
Arrowhead Library System				
Other operating	469,011	469,011	469,011	
Community fairs				
Other operating	578	578	578	
Depot				
Other operating	178,430	663,441	663,441	
Tourism promotion				
Other operating	55,064	55,064	55,064	
Trail assistance				
Other operating	-	247,084	247,084	-
Veteran's Memorial Hall				
Other operating	20,000	20,000	20,000	-
Hibbing Raceway				
Other operating	12,000	12,000	668	(11,332)
Total Culture and Recreation	947,881	1,680,126	1,668,794	(11,332)

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, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Conservation of natural resources				
County agent				
Personnel services	159,869	159,869	113,406	(46,463)
Other operating	282,277	300,442	274,611	(25,831)
Total county agent	442,146	460,311	388,017	(72,294)
Youth task force				
Personnel services	-	58,200	58,111	(89)
Other operating	191,600	164,439	163,152	(1,287)
Capital outlay	9,000	-	-	-
Total youth task force	200,600	222,639	221,263	(1,376)
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	770,756	810,960	737,290	(73,670)
Economic development				
Northspan				
Other operating	14,450	14,450	14,450	
Revolvin Loans				
other-operating		500,000	-	(500,000)
Total Economic Development	14,450	514,450	14,450	(500,000)
Total Expenditures	69,444,914	75,975,364	70,926,500	(5,048,864)
Excess of revenues over (under) expenditures	(1,250,000)	(6,361,935)	12,986	6,374,921
OTHER FINANCING SOURCES (USES)				
Transfers in	1,250,000	1,850,000	1,765,974	(84,026)
Transfers (out)		(22,200)	(22,177)	23
Bonds issued		500,000	606,000	106,000
Premium proceeds			25,895	25,895
Total other financing sources (uses)	1,250,000	2,327,800	2,375,692	47,892
Net change in fund balances		(4,034,135)	2,388,678	6,422,813
Fund Balance - January 1	29,508,698	29,508,698	29,508,698	-
Fund Balance -December 31	\$ 29,508,698	\$ 25,474,563	\$ 31,897,376	\$ 6,422,813

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 BALANCE
BUDGET AND ACTUAL
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 21,730,400	\$ 21,730,400	\$ 22,157,184	\$ 426,784
Licenses and permits	21,000	21,000	26,816	5,816
Intergovernmental	22,517,552	51,163,282	43,195,621	(7,967,661)
Charges for services	215,000	1,001,000	1,683,460	682,460
Miscellaneous	770,800	747,800	1,411,377	663,577
Total Revenues	45,254,752	74,663,482	68,474,458	(6,189,024)
EXPENDITURES				
Highways and streets:				
Administration				
Personnel services	3,972,047	4,083,483	4,044,948	(38,535)
Other operating	2,289,240	2,466,171	1,376,751	(1,089,420)
Capital outlay	25,000	76,850	32,659	(44,191)
Total administration	6,286,287	6,626,504	5,454,358	(1,172,146)
Road maintenance				
Personnel services	11,267,733	11,267,733	10,979,135	(288,598)
Other operating	3,307,084	3,384,618	2,854,623	(529,995)
Total road maintenance	14,574,817	14,652,351	13,833,758	(818,593)
Road construction				
Other operating		72,363	72,363	-
Capital outlay	14,814,173	44,077,238	36,011,450	(8,065,788)
Total road construction	14,814,173	44,149,601	36,083,813	(8,065,788)
Equipment maintenance and shops				
Personnel services	3,104,127	3,199,742	3,199,572	(170)
Other operating	4,500,348	4,829,848	4,785,650	(44,198)
Capital outlay	1,812,960	2,392,133	1,968,665	(423,468)
Total equipment maintenance and shops	9,417,435	10,421,723	9,953,887	(467,836)
Total Expenditures	45,092,712	75,850,179	65,325,816	(10,524,363)
Excess of Revenues Over (Under) Expenditures	162,040	(1,186,697)	3,148,642	4,335,339
OTHER FINANCING SOURCES (USES)				
Transfers in		22,177	22,177	
Bonds issued	2,500,000	1,900,000	1,900,000	
Total other financing sources (uses)	2,500,000	1,922,177	1,922,177	
Net change in fund balances	2,662,040	735,480	5,070,819	4,335,339
Fund Balance - January	18,232,847	18,232,847	18,232,847	
Increase in reserved for inventories			449,307	449,307
Fund Balance - December 31	\$ 20,894,687	\$ 18,968,327	\$ 23,752,973	\$ 4,784,646

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOCIAL SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 22,777,672	\$ 22,777,672	\$ 19,167,971	\$ (3,609,701)
Intergovernmental	36,580,695	37,267,468	39,074,054	1,806,586
Charges for services	1,679,050	1,616,000	1,679,096	63,096
Gifts and contributions	-	6,000	2,509	(3,491)
Miscellaneous	538,500	591,015	596,497	5,482
Total Revenues	61,575,917	62,258,155	60,520,127	(1,738,028)
EXPENDITURES				
Human services				
Administration				
Personnel services	5,471,155	4,754,453	4,529,333	(225,120)
Other operating	3,526,351	3,574,262	3,249,455	(324,807)
Capital outlay	43,000	23,000	-	(23,000)
Total administration	9,040,506	8,351,715	7,778,788	(572,927)
Income maintenance				
Personnel services	8,791,522	8,694,613	8,694,421	(192)
Other operating	2,758,667	2,955,899	2,735,839	(220,060)
Total income maintenance	11,550,189	11,650,512	11,430,260	(220,252)
Social services				
Personnel services	14,777,313	15,188,995	14,781,293	(407,702)
Other operating	26,207,909	27,541,149	26,502,138	(1,039,011)
Total social services	40,985,222	42,730,144	41,283,431	(1,446,713)
Total Expenditures	61,575,917	62,732,371	60,492,479	(2,239,892)
Excess of Revenues Over (Under) Expenditures		(474,216)	27,648	501,864
Fund Balance - January 1	14,472,289	14,472,289	14,472,289	-
Fund Balance - December 31	\$ 14,472,289	\$ 13,998,073	\$ 14,499,937	\$ 501,864

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

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FORFEITED TAX SALE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 14,470	\$ 15,000	\$ 14,963	\$ (37)
Charges for services	2,000	2,000	14,829	12,829
Land and timber sales	7,810,000	7,810,000	9,884,328	2,074,328
Miscellaneous	144,500	144,500	129,736	(14,764)
Total Revenues	7,970,970	7,971,500	10,043,856	2,072,356
EXPENDITURES				
Current:				
Conservation of natural resources				
Personnel services	3,482,495	3,493,495	3,213,356	(280,139)
Other operating	1,157,804	1,243,007	1,109,925	(133,082)
Capital outlay	197,000	150,000	135,672	(14,328)
Total conservation of natural resources	4,837,299	4,886,502	4,458,953	(427,549)
Intergovernmental:				
General government		1,898,962	1,898,962	
Total Expenditures	4,837,299	6,785,464	6,357,915	(427,549)
Excess of Revenues Over (Under) Expenditures	3,133,671	1,186,036	3,685,941	2,499,905
OTHER FINANCING SOURCES (USES)				
Transfers out		(3,752,710)	(3,752,710)	
Net change in fund balances	3,133,671	(2,566,674)	(66,769)	2,499,905
Fund Balance - January 1	472,066	472,066	472,066	
Fund Balance - December 31	\$ 3,605,737	\$ (2,094,608)	\$ 405,297	\$ 2,499,905

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, 2004

	Business-type Activities Enterprise Funds				Governmental Activities- Internal Service Funds
	Solid Waste Management	Chris Jensen Health and Rehabilitation Center	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 332,760	\$ 780	\$ 1,266,265	\$ 1,599,805	\$ 7,476,818
Investments	12,773,801	-	-	12,773,801	18,293,693
Delinquent taxes receivable	9,752	-	-	9,752	-
Accounts receivables (net)	36,692	1,921,383	139,027	2,097,102	422,951
Accrued interest receivable	92,141	-	-	92,141	102,537
Due from other governments	113,221	-	87,219	200,440	24,973
Inventories	-	56,945	65,086	122,031	167,409
Prepaid items	-	-	57,031	57,031	-
Restricted assets					
Debt service					
Cash and cash equivalents	-	20,767	-	20,767	-
Delinquent taxes receivable	-	3,283	-	3,283	-
Deferred charges - issuance costs	-	9,912	-	9,912	-
Capital acquisition					
Cash and cash equivalents	-	353,067	-	353,067	-
Total current assets	<u>13,358,367</u>	<u>2,366,137</u>	<u>1,614,628</u>	<u>17,339,132</u>	<u>26,488,381</u>
Noncurrent assets:					
Restricted assets					
Financial assurance					
Cash and cash equivalents	466,041	-	-	466,041	-
Investments	2,097,187	-	-	2,097,187	-
Accrued interest receivable	18,124	-	-	18,124	-
Capital assets					
Land	233,266	130,656	-	363,922	25,500
Buildings and structures	6,365,478	5,915,358	1,022,205	13,303,041	834,236
Improvements other than buildings	8,109,431	26,385	-	8,135,816	-
Machinery and equipment	921,595	661,197	331,808	1,914,600	5,606,330
Linens	-	38,215	209,050	247,265	-
Vehicles	791,697	16,592	45,709	853,998	1,724,995
Construction in progress	-	40,933	-	40,933	-
Less accumulated depreciation	<u>(7,303,728)</u>	<u>(2,297,093)</u>	<u>(826,973)</u>	<u>(10,427,794)</u>	<u>(6,452,005)</u>
Total capital assets, net	<u>9,117,739</u>	<u>4,532,243</u>	<u>781,799</u>	<u>14,431,781</u>	<u>1,739,056</u>
Total noncurrent assets	<u>11,699,091</u>	<u>4,532,243</u>	<u>781,799</u>	<u>17,013,133</u>	<u>1,739,056</u>
Total assets	<u>25,057,458</u>	<u>6,898,380</u>	<u>2,396,427</u>	<u>34,352,265</u>	<u>28,227,437</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, 2004

	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	390,483	180,325	72,247	643,055	260,655	
Salaries payable	28,037	183,366	33,130	244,533	60,644	
Due to other funds	-	370	-	370	-	
Compensated absences payable	16,756	69,450	16,713	102,919	1,104,962	
Interfund payable	-	2,690,695	-	2,690,695	-	
Claims payable	-	-	-	-	3,155,940	
Due to other governments	4,294	-	3,335	7,629	145,012	
Unearned revenue	15,789	41,568	5,887	63,244	165,835	
Capital leases payable	-	-	-	-	4,362	
Total current liabilities (payable from current assets)	455,359	3,165,774	131,312	3,752,445	4,897,410	
Current liabilities (payable from restricted assets)						
Accrued interest payable		1,073	-	1,073		
Deferred revenue		2,549	-	2,549		
Bonds payable		100,000	-	100,000		
Total current liabilities (payable from restricted assets)		103,622	-	103,622		
Noncurrent liabilities:						
Compensated absences payable	267,457	1,169,777	310,414	1,747,648	2,342,292	
Claims payable	-	-	-	-	4,413,717	
Customer deposits	800	-	-	800	-	
Closure and post-closure liabilities	1,269,539	-	-	1,269,539	-	
Revenue bonds payable	-	320,000	-	320,000	-	
Total noncurrent liabilities	1,537,796	1,489,777	310,414	3,337,987	6,756,009	
Total Liabilities	1,993,155	4,759,173	441,726	7,194,054	11,653,419	
NET ASSETS						
Invested in capital assets, net of related debt	9,117,739	4,491,310	781,799	14,390,848	1,739,056	
Restricted for debt service		30,340		30,340		
Restricted for capital acquisition		353,067		353,067		
Restricted for financial assurance	1,311,813			1,311,813		
Unrestricted	12,634,751	(2,735,510)	1,172,902	11,072,143	14,834,962	
Total net assets	\$ 23,064,303	\$ 2,139,207	\$ 1,954,701	\$ 27,158,211	\$ 16,574,018	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(1,624,290)		
Net assets of business type activities				\$ 25,533,921		

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, 2004

	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	\$ 5,048,909	\$ 13,728,722	\$ 3,184,430	\$ 21,962,061	\$ 36,440,860
Licenses and permits	4,600	-	-	4,600	-
Other	387,864	85,946	5,613	479,423	1,152,582
Total Operating Revenues	<u>5,441,373</u>	<u>13,814,668</u>	<u>3,190,043</u>	<u>22,446,084</u>	<u>37,593,442</u>
Operating Expenses					
Personal services	1,778,642	10,838,638	1,899,526	14,516,806	3,505,989
Contractual services	3,053,749	2,823,029	644,477	6,521,255	33,548,473
Materials	135,646	1,155,774	466,173	1,757,593	1,236,736
Depreciation	810,388	125,838	18,503	954,729	446,423
Total Operating Expenses	<u>5,778,425</u>	<u>14,943,279</u>	<u>3,028,679</u>	<u>23,750,383</u>	<u>38,737,621</u>
Operating Income (Loss)	<u>(337,052)</u>	<u>(1,128,611)</u>	<u>161,364</u>	<u>(1,304,299)</u>	<u>(1,144,179)</u>
Nonoperating Revenues (Expenses)					
Taxes	3,028	116,497	-	119,525	-
Grants	455,258	-	-	455,258	-
Earnings on investments	147,299	-	-	147,299	271,186
Interest expense	-	(15,488)	-	(15,488)	-
Amortization of bond issuance costs	-	(2,703)	-	(2,703)	-
Loss or gain on asset disposal	-	-	-	-	(3,563)
Total Nonoperating Revenues (Expenses)	<u>605,585</u>	<u>98,306</u>	<u>-</u>	<u>703,891</u>	<u>267,623</u>
Income (Loss) Before Transfers	268,533	(1,030,305)	161,364	(600,408)	(876,556)
Transfer in	-	394,000	-	394,000	-
Change in net assets	268,533	(636,305)	161,364	(206,408)	(876,556)
Total net assets - January 1	<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>
Total net assets - December 31	<u>\$ 23,064,303</u>	<u>\$ 2,139,207</u>	<u>\$ 1,954,701</u>	<u>\$ 27,158,211</u>	<u>\$ 16,574,018</u>
Change in net assets				\$ (206,408)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(85,707)</u>	
Change in net assets of business type activities				<u>\$ (292,115)</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, 2004

	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	\$ 5,218,221	\$ 13,591,563	\$ 2,395,208	\$ 21,204,992	\$ 74,397
Receipts from interfund services provided	-	-	722,744	722,744	35,540,702
Payments to suppliers	(3,095,299)	(4,005,194)	(1,087,925)	(8,188,418)	(4,603,508)
Payments to employees	(1,781,288)	(10,891,370)	(1,986,136)	(14,658,794)	(7,784,633)
Claims paid	-	-	-	-	(28,114,282)
Other receipts (payments)	481,464	84,646	11,332	577,442	1,301,018
Net cash provided (used) by operating activities	<u>823,098</u>	<u>(1,220,355)</u>	<u>55,223</u>	<u>(342,034)</u>	<u>(3,586,306)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Proceeds from taxes	13,062	116,390	-	129,452	
Proceeds from grants	451,261	-	-	451,261	
Proceeds from interfund loan	-	1,210,628	-	1,210,628	
Net capital provided by noncapital financing activities	<u>464,323</u>	<u>1,327,018</u>	<u>-</u>	<u>1,791,341</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(921,487)	(31,489)	-	(952,976)	(456,651)
Disposal of capital assets	-	-	8,211	8,211	-
Principal paid on capital debt	-	(95,000)	-	(95,000)	-
Interest paid on capital debt	-	(15,725)	-	(15,725)	-
Payments on capital leases	-	-	-	-	(10,470)
Proceeds from interfund transfer	-	394,000	-	394,000	-
Net capital provided (used) by capital and related financing activities	<u>(921,487)</u>	<u>251,786</u>	<u>8,211</u>	<u>(661,490)</u>	<u>(467,121)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(11,901,431)	-	-	(11,901,431)	(19,690,335)
Sale of investments	10,614,775	-	-	10,614,775	22,780,021
Interest and dividends	357,672	-	-	357,672	331,657
Net Cash Provided by Investing Activities	<u>(928,984)</u>	<u>-</u>	<u>-</u>	<u>(928,984)</u>	<u>3,421,343</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(563,050)	358,449	63,434	(141,167)	(632,084)
Balances - January 1	<u>1,361,851</u>	<u>16,165</u>	<u>1,202,831</u>	<u>2,580,847</u>	<u>8,108,902</u>
Balances - December 31	<u>\$ 798,801</u>	<u>\$ 374,614</u>	<u>\$ 1,266,265</u>	<u>\$ 2,439,680</u>	<u>\$ 7,476,818</u>
Detail on Statement of Net Assets					
Cash and cash equivalents					
Current	\$ 332,760	\$ 780	\$ 1,266,265	\$ 1,599,805	\$ 7,476,818
Restricted					
Debt service	-	20,767	-	20,767	-
Capital Acquisition	-	353,067	-	353,067	-
Noncurrent					
Restricted					
Financial Assurance	466,041	-	-	466,041	-
Total	<u>\$ 798,801</u>	<u>\$ 374,614</u>	<u>\$ 1,266,265</u>	<u>\$ 2,439,680</u>	<u>\$ 7,476,818</u>

ST. LOUIS COUNTY, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	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)	\$ (337,052)	\$ (1,128,611)	\$ 161,364	\$ (1,304,299)	\$ (1,144,179)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	810,388	125,838	18,503	954,729	446,423
(increase) Decrease Receivables, net	164,712	(137,159)	20,741	48,294	(111,820)
(Increase) Decrease Due from other governments	-	-	(87,219)	(87,219)	3,005
(increase) Decrease Inventories	-	(16,416)	14,291	(2,125)	23,483
(Increase) Decrease Prepaid items	-	22,425	(4,431)	17,994	-
Increase (Decrease) Accounts payable	94,096	(32,400)	12,865	74,561	(214,944)
Increase (Decrease) Salaries payable	(40,233)	(292,886)	(46,406)	(379,525)	(94,014)
Increase (Decrease) Due to other funds	-	(1,300)	-	(1,300)	-
increase (Decrease) Compensated absences payable	37,587	240,154	(40,204)	237,537	(254,619)
Increase (Decrease) Claims payable	-	-	-	-	(1,676,681)
Increase (Decrease) Due to other governments	932	-	3,335	4,267	143,845
increase (Decrease) Unearned revenue	-	-	2,384	2,384	(706,805)
Increase (Decrease) Closure and post closure	100,118	-	-	100,118	-
increase (Decrease) Customer deposits	(7,450)	-	-	(7,450)	-
Total Adjustments	<u>1,160,150</u>	<u>(91,744)</u>	<u>(106,141)</u>	<u>962,265</u>	<u>(2,442,127)</u>
Net cash provided by operating activities	<u>\$ 823,098</u>	<u>\$ (1,220,355)</u>	<u>\$ 55,223</u>	<u>\$ (342,034)</u>	<u>\$ (3,586,306)</u>
NON-CASH ACTIVITIES					
Change in fair market value of investments	\$ (135,197)	\$ -	\$ -	\$ -	\$ (77,786)

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, 2004

	<u>Private-Purpose Trust Fund</u>	<u>Investment Trusts</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 20,067	\$ 258	\$ 9,982,857
Investments	35,000	25,934,201	-
Delinquent taxes receivable	-	-	29,660
Accounts receivable	25	-	175,430
Accrued interest receivable	243	132,651	-
Due from other funds	370	-	-
Due from other governments	-	-	2,142,993
Total Assets	<u>55,705</u>	<u>26,067,110</u>	<u>12,330,940</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	-	-	935,048
Salaries payable	-	-	209,986
Interfund payable	-	30,178	-
Due to other governments	-	1,768,845	11,185,906
Total Liabilities	<u>-</u>	<u>1,799,023</u>	<u>12,330,940</u>
NET ASSETS			
Held in trust for pool participants and other purposes	<u>\$ 55,705</u>	<u>\$ 24,268,087</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 31.2004

	Private-Purpose Trust Fund	Investment Trusts
ADDITIONS		
Taconite taxes	\$ -	\$ 35,558,098
Earnings on Investments	470	129,395
Miscellaneous	113,562	-
Total Additions	114,032	35,687,493
 DEDUCTIONS		
Refunds of contributions	127,583	
Distributions to participants		30,727,109
Total Deductions	127,583	30,727,109
Changes in net assets	(13,551)	4,960,384
Net assets -January 1	69,256	19,307,703
Net assets - December 31	\$ 55,705	\$ 24,268,087

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, 2004

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ST. LOUIS COUNTY, MINNESOTA
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ST LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

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
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

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

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.

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

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

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

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

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

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

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, 2004

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	\$ 81,794,452	\$ -	\$ 7,476,818	\$ -	\$ 89,271,270
Investments	13,401,844	-	18,293,693	-	31,695,537
Assets held by escrow agent	43,916	-	-	-	43,916
Delinquent taxes receivable	3,512,389	-	-	(3,512,389)	-
Accounts receivable (net)	15,002,199	-	422,951	(15,425,150)	-
Accrued interest receivable	493,402	-	102,537	(595,939)	-
Loans receivable	730,472	-	-	(730,472)	-
Leases receivable	114,500	-	-	(114,500)	-
Interfund receivable	4,009,540	-	-	(4,009,540)	-
Due from other governments	12,267,385	-	24,973	(12,292,358)	-
Receivables (net)	-	-	-	32,700,986	32,700,986
Internal balances	-	-	1,624,290	2,690,695	4,314,985
Inventories	3,252,258	-	167,409	-	3,419,667
Prepaid items	8,250	-	-	-	8,250
Capital assets not being depreciated	-	2,464,938	25,500	-	2,490,438
Capital assets being depreciated, net	-	303,786,991	1,713,556	-	305,500,547
Total Assets	134,630,607	306,251,929	29,851,727	(1,288,667)	469,445,596
LIABILITIES					
Accounts payable	4,705,644	-	260,655	4,937,379	9,903,678
Contracts payable	1,514,904	-	-	(1,514,904)	-
Salaries payable	2,004,882	-	60,644	(2,065,526)	-
Bond interest payable	-	144,465	-	(144,465)	-
Interfund payable	1,288,667	-	-	(1,288,667)	-
Due to other governments	1,067,472	-	145,012	(1,212,484)	-
Unearned revenue	4,188,209	-	165,835	-	4,354,044
Deferred revenue	15,692,039	(15,692,039)	-	-	-
Noncurrent liabilities					
Due within one year	-	11,014,068	4,265,264	-	15,279,332
Due in more than one year	-	65,264,593	6,756,009	-	72,020,602
Total Liabilities	30,461,817	60,731,087	11,653,419	(1,288,667)	101,557,656
FUND BALANCE/NET ASSETS					
Invested in capital assets, net of related debt	-	280,220,898	1,739,056	-	281,959,954
Restricted					
Reserved	30,942,412	-	-	(5,663,241)	25,279,171
Special revenue funds	10,025,458	-	-	-	10,025,458
Debt service funds	1,643,499	-	-	-	1,643,499
Capital projects funds	-	2,158,633	-	-	2,158,633
Unrestricted					
Designated	42,083,346	-	-	-	42,083,346
Undesignated	19,474,075	(36,858,689)	16,459,252	5,663,241	4,737,879
Total unrestricted	61,557,421	(36,858,689)	16,459,252	5,663,241	46,821,225
Total Fund Balance/Net Assets	104,168,790	245,520,842	18,198,308	-	367,887,940
Total Liabilities and Fund Balance/Net Assets	\$ 134,630,607	\$ 306,251,929	\$ 29,851,727	\$ (1,288,667)	\$ 469,445,596

ST LOUIS COUNTY, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2004

(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	\$ 505,847,262
Accumulated depreciation	<u>(199,595,333)</u>
	<u>\$ 306,251,929</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>\$ 15,692,039</u>
--------------------------------	----------------------

Long-term liabilities applicable to the County's government activities are not due and payable in the current period and accordingly are not reported in fund liabilities. All liabilities -- both those due within one year and those due in more than one year -- are reported in the statement of net assets. Balances at December 31, 2004 were:

Bond interest payable	<u>\$ 144,465</u>	
	Due Within	Due In More
	One Year	Than One Year
Bonds and notes payable	<u>\$ 4,867,134</u>	<u>\$ 37,119,406</u>
Gravel pit purchase	65,000	195,000
Compensated absences	6,028,034	27,467,287
Capital leases payable	53,900	482,900
	<u>\$ 11,014,068</u>	<u>\$ 65,264,593</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>\$ 1,624,290</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
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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	\$ 86,425,663	\$ (96,486)	\$ -	\$ -	\$ -	\$ 86,329,177
Licenses and permits	150,938	-	-	-	-	150,938
Intergovernmental	105,419,772	(7,541,563)	-	-	-	97,878,209
Charges for services	10,586,660	-	-	-	-	10,586,660
Fines and forfeits	1,622,789	-	-	-	-	1,622,789
Earnings on investments	1,534,185	-	-	271,186	-	1,805,371
Gifts and contributions	70,271	-	-	-	-	70,271
Land and timber sales	10,187,185	364,637	-	-	-	10,551,822
Miscellaneous	5,018,805	(180,478)	-	-	-	4,838,327
Other sources:						
Bonds issued	17,645,000	-	-	-	(17,645,000)	-
Premium proceeds	126,120	-	-	-	(126,120)	-
Loan proceeds	79,000	-	-	-	(79,000)	-
Total	238,866,388	(7,453,890)		271,186	(17,850,120)	213,833,564
Expenditures/Expenses						
Current:						
General government	30,638,894	1,898,962	(2,693,705)	266,012	390,211	30,500,374
Public safety	23,292,165	8,644,074	829,018	263,272	(54,584)	32,973,945
Highways and streets	27,507,107	(449,307)	16,143,444	(126,187)	546,222	43,621,279
Health and sanitation	6,422,388	-	30,081	110,053	50,674	6,613,196
Human services	60,857,463	-	139,576	537,328	125,047	61,659,414
Culture and recreation	1,668,794	-	59,141	-	-	1,727,935
Conservation of natural resources	6,117,557	-	221,615	11,925	(224,130)	6,126,967
Economic development	3,545,611	-	-	(368)	561	3,545,804
Debt service:						
Principal	5,342,989	-	-	-	(5,342,989)	-
Interest and other charges	1,218,003	47,884	-	-	-	1,265,887
Capital outlay	38,511,561	-	(38,511,561)	-	-	-
Intergovernmental:						
General government	1,898,962	(1,898,962)	-	-	-	-
Public safety	8,644,074	(8,644,074)	-	-	-	-
Total	215,665,568	(401,423)	(23,782,391)	1,062,035	(4,508,988)	188,034,801
Other financing uses/changes in net assets:						
Transfers in	(3,774,887)					(3,774,887)
Transfers out	4,168,887					4,168,887
Increase in inventories	(449,307)	449,307				
Total	(55,307)	449,307				394,000
Net change for the year	\$ 23,256,127	\$ (7,501,774)	\$ 23,782,391	\$ (790,849)	\$ (13,341,132)	\$ 25,404,753

ST LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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(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	\$ (96,486)
Long-term receivables:	
Intergovernmental	(7,541,563)
Land & timber sales	364,637
General fund	(180,478)
	<u>\$ (7,453,890)</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>\$ 47,884</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	\$ (38,511,561)
Depreciation expense	17,908,316
Difference	<u>\$ (20,603,245)</u>
Contributions	\$ 7,320,356
Additional expense	(4,141,210)
	<u>\$ 3,179,146</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>\$ 79,000</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	\$ (5,342,989)
Compensated absences	709,518
Land purchase	(107,475)
Gravel pit purchase	260,000
Capital leases	(2,227)
Other	(25,815)
	<u>\$ (4,508,988)</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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E. Budgetary Data

General Budget Policies

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

The County is also required to adopt a budget for the Capital Projects Fund. An appropriation for expenditures from the capital project 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 this fund is not relevant and is not presented.

The County Board has established the legal level of control for County departments to be at the agency level. County departments are comprised of one or more sub-departments (agencies). Each department 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 Fund, lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. Amounts in funds unexpended at the end of the fiscal year may be carried over from one fiscal year to the next in accordance with generally accepted accounting principles.

Budgets can be amended during the year by the County Board. Supplemental appropriations or budget reductions are reviewed by the County Administrator's office and submitted to the County Board for 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: \$46,320,560.

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, 2004

F. 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 2004 were \$1,414,998. 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, or the moving average method.

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. In addition, certain resources are restricted for capital acquisition in this fund. 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.

ST LOUIS COUNTY, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
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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.

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

Unvested sick leave for all County funds in the amount of \$9,758,564 (total accumulated sick leave less estimated amounts of vested and vesting sick leave) at December 31, 2004 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 \$1,269,539 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, 2004, represents the following:

Postclosure liability	
This is the liability for post closure costs for the Regional Landfill,	\$602,513
It is based on the use of 74.43% of the existing open area.	
Closure liability	
This is the liability for closure cost for the Regional Landfill	
It is based on the use of 74.43% of the existing open area.	\$667,026

The County will recognize the remaining \$436,254 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 2005. 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.

ST. LOUIS COUNTY, MINNESOTA
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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, 2004, restricted assets of \$2,476,801 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.

G. 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, 2004; the auditor's reports on compliance and internal accounting control will be issued separately.

H. 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.

Note 2. Stewardship, Compliance and Accountability

A. Deficit Net Asset Balance

The Workers' Compensation Insurance Internal Service Fund had a deficit net asset balance of \$1,368,681 as of December 31, 2004. Rates charged to other funds and departments were increased in 2004 to reduce the deficit.

B. Excess of Expenditures Over Budget

For the year ended December 31, 2004, expenditures exceeded budget in the Debt Service Fund by \$40,004. These excess costs were funded by the General Obligation Refunding Bond proceeds.

ST LOUIS COUNTY, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2004

Note 3. 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, 2004, County deposits totaled \$32,817,221, of which \$387,544 were cash deposits and \$32,429,677 was invested in certificates of deposit.

Following is a summary of the deposits covered by insurance or collateral at December 31, 2004:

	(Amounts in Dollars)	
	Bank Balances	Carrying Amounts
Covered Deposits		
Insured or collateralized with securities held by the County or its agent in the County's name	25,031,671	25,039,174
Collateralized with Securities held by the pledging financial institution's trust department or agent in the County's name	7,778,047	7,778,047
Uncollateralized		
Total Deposits	32,809,718	32,817,221

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 governmental 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 BOA, 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 governmental entity must have withdrawal rights:

8. general obligation temporary bonds of the same governmental entity issued under 5429.091, 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
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Securities

The following is a summary of the County's securities, categorized into the aforementioned levels of risk at December 31, 2004

(Amounts in Dollars)			
Category (1)	Category (2)	Category (3)	Fair Value
Investments			
U.S. Government Securities	-	91,928,495	43,916
Bankers Acceptances	-	1,928,120	-
Commercial Paper	-	18,269,969	-
Brokered CD's	-	20,463,000	-
Add:			
Minnesota Association of Governments Investing for Counties (MAGIC) Fund (valued at \$1 per share) *			8,362,530
Deposits			32,817,221
Cash on hand			480,523
Total			174,293,774
Governmental Activities:			
Current assets:			
Cash and cash equivalents			89,271,270
Investments			31,695,537
Assets held by escrow agent			43,916
Business-type Activities:			
Current assets:			
Cash and cash equivalents			1,599,805
Investments			12,773,801
Restricted assets:			
Debt Service			
Cash and cash equivalents			20,767
Capital Acquisition			
Cash and cash equivalents			353,067
Financial Assurance			
Cash and cash equivalents			466,041
Investments			2,097,187
Fiduciary Activities			
Current assets:			
Cash and cash equivalents			10,003,182
Investments			25,969,201
Total			174,293,774

(Amounts in Dollars)			
Held for External Investment Pool Participants Investment Trust Funds	Held for Internal Investment Pool Participants All Other County Funds	Total	Total
258	101,713,874	101,714,132	
25,934,201	46,601,525	72,535,726	
	43,916	43,916	
25,934,459	148,359,315	174,293,774	

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

Minnesota Association of Governments Investing for Counties Fund
 c/o Association of Minnesota Counties
 25 Charles Avenue, St. P | MN 55103

ST LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2004

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:

	<u>(Amounts in Dollars)</u>	
	<u>Equity in Pool</u>	<u>Advances</u>
Governmental Activities:		
General Fund	32,811,254	
Special Revenue Funds:		
Road and Bridge	21,432,389	
Social Services	11,212,114	
Forfeited Tax Sale		(1,276,787)
Housing and Redevelopment Authority	547,010	
Community Development Block Grant	57,752	
Northeast Minnesota Housing Consortium	-	(11,880)
Septic Loan	253,327	
Forest Resources	9,558,296	
Debt Service Fund	1,608,435	
Capital Projects Fund	2,128,157	
Permanent Fund	6,195,258	
Internal Service Funds	7,476,818	
Total Equity	<u>93,280,810</u>	
Less: Advances		<u>(1,288,667)</u>
Total Governmental Activities	<u>91,992,143</u>	
Business Activities:		
Enterprise Funds:		
Solid Waste Management	798,801	
Chris Jensen Health & Rehabilitation	374,614	(2,690,695)
Community Food	36,165	
Laundry	223,443	
Supervised Living Facilities	1,006,657	
Total Equity	<u>2,439,680</u>	
Less: Advances		<u>(2,690,695)</u>
Total Business Activities	<u>(251,015)</u>	
Fiduciary Activities:		
Private-Purpose Trusts	20,067	
Investment Trusts	258	(30,178)
Agency Funds	9,982,857	
Total Equity	<u>10,003,182</u>	
Less: Advances		<u>(30,178)</u>
Total Fiduciary Activities	<u>9,973,004</u>	
Total	<u>101,714,132</u>	<u>(4,009,540)</u>

ST LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2004

Loans Receivable

The long-term loan receivable from the Town of Camp 5 is \$547 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, 2004,
 including interest

316,720

The long-term loan receivable from the South St. Louis County Fair Association is \$288,205 and is equally offset by deferred revenue. 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 it 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.

Lease Receivable

St. Louis County leases to the State of Minnesota approximately 33,162 useable square feet of space in the Pike Lake Joint Maintenance Facility. The total cost of the shared facility was \$5,948,604; depreciation to date is \$462,669 leaving a carrying value of \$5,485,935. 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		
2005	\$	168,919
2006		168,919
2007		168,919
2008		168,919
2009		168,919
2010-2012		450,453
Total		<u>1,295,048</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2004

Due From Other Governments

The following amounts were due from other governments at December 31, 2004:

	(Amounts in Dollars)			
	Federal	State	Local/Other	Total
Governmental Activities:				
General Fund	\$ 285,900	\$ 193,944	\$ 54,341	\$ 534,185
Special Revenue Funds				
Road and Bridge		5,292,071	473,246	5,765,317
Social Services	752,414	5,072,767		5,825,181
Community Development Block	7,108			7,108
Northeast Minnesota Housing Consortium	135,594			135,594
Total Special Revenue Funds	895,116	10,364,838	473,246	11,733,200
Internal Service Funds			24,973	24,973
Total Governmental Activities	1,181,016	10,558,782	552,560	12,292,358
Business-type Activities:				
Enterprise Funds	32,546	54,673	113,221	200,440
Fiduciary Activities:				
Agency Funds	351,328	1,569,116	222,549	2,142,993
Total	<u>\$ 1,564,890</u>	<u>\$ 12,182,571</u>	<u>\$ 888,330</u>	<u>\$ 14,635,791</u>

Restricted Assets

Business-type activities

Debt service

Cash and cash equivalents	\$ 20,767
Delinquent taxes receivable	3,283
Deferred charges - issuance costs	9,912

Capital acquisition

Cash and cash equivalents	353,067
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Financial assurance

Cash and cash equivalents	466,041
Investments	2,097,187
Accrued interest receivable	18,124

Total	<u>\$ 2,968,381</u>
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ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,657,357	\$ 1	\$ -	\$ 1,657,358
Construction in progress	3,729,647	930,433	(3,827,000)	833,080
Total capital assets, not being depreciated	<u>5,387,004</u>	<u>930,434</u>	<u>(3,827,000)</u>	<u>2,490,438</u>
Capital assets, being depreciated:				
Buildings and improvements	76,438,270	6,372,740	-	82,811,010
Machinery and equipment	15,395,189	386,381	(7,650)	15,773,920
Vehicles	41,672,266	2,587,563	(2,003,021)	42,256,808
Infrastructure	334,694,697	36,011,450	-	370,706,147
Total capital assets being depreciated	<u>468,200,422</u>	<u>45,358,134</u>	<u>(2,010,671)</u>	<u>511,547,885</u>
Less accumulated depreciation for:				
Buildings and improvements	(27,896,222)	(1,641,361)	-	(29,537,583)
Machinery and equipment	(12,778,108)	(861,023)	7,650	(13,631,481)
Vehicles	(27,050,461)	(2,464,567)	1,685,248	(27,829,780)
Infrastructure	(121,660,706)	(13,387,788)	-	(135,048,494)
Total accumulated depreciation	<u>(189,385,497)</u>	<u>(18,354,739)</u>	<u>1,692,898</u>	<u>(206,047,338)</u>
Total capital assets, being depreciated, net	<u>278,814,925</u>	<u>27,003,395</u>	<u>(317,773)</u>	<u>305,500,547</u>
Governmental activities, capital assets, net	<u>\$ 284,201,929</u>	<u>\$ 27,933,829</u>	<u>\$ (4,144,773)</u>	<u>\$ 307,990,985</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 363,922	\$ -	\$ -	\$ 363,922
Construction in progress	-	40,933	-	40,933
Total capital assets, not being depreciated	<u>363,922</u>	<u>40,933</u>	<u>-</u>	<u>404,855</u>
Capital assets; being depreciated:				
Buildings and improvements	13,294,541	8,500	-	13,303,041
Improvements other than buildings	7,384,387	751,429	-	8,135,816
Machinery and equipment	1,895,780	18,820	-	1,914,600
Linens	273,420	-	(26,155)	247,265
Vehicles	702,760	151,238	-	853,998
Total capital assets being depreciated	<u>23,550,888</u>	<u>929,987</u>	<u>(26,155)</u>	<u>24,454,720</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,619,281)	(431,546)	-	(4,050,827)
Improvements other than buildings	(4,167,198)	(306,282)	-	(4,473,480)
Machinery and equipment	(1,332,364)	(102,846)	-	(1,435,210)
Vehicles	(354,222)	(114,055)	-	(468,277)
Total accumulated depreciation	<u>(9,473,065)</u>	<u>(954,729)</u>	<u>-</u>	<u>(10,427,794)</u>
Total capital assets, being depreciated, net	<u>14,077,823</u>	<u>(24,742)</u>	<u>(26,155)</u>	<u>14,026,926</u>
Business-type activities, capital assets, net	<u>\$ 14,441,745</u>	<u>\$ 16,191</u>	<u>\$ (26,155)</u>	<u>\$ 14,431,781</u>

ST. LOUIS COUNTY, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2004

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 626,873
Public safety	805,484
Highways	16,037,675
Health and sanitation	30,081
Human services	139,576
Culture and recreation	59,141
Conservation of natural resources	209,486
Economic development	
Internal Service Funds	446,423
Total depreciation expenses - governmental activities	<u>\$ 18,354,739</u>

Business-type activities	
Solid Waste Management	\$ 810,388
Chris Jensen Health and Rehabilitation Center	125,838
Nopeming Care Center	
Other Enterprise Funds	18,503
Total depreciation expenses - business-type activities	<u>\$ 954,729</u>

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	\$ -	\$ 393,880	\$ 1,261,663	\$ 288,751	\$ 1,944,294
Special Revenue Funds:					
Road and Bridge		3,717,687	638,367		4,356,054
Social Services		71,555	845,300		916,855
Forfeited Tax Sale		5,087		12,440,638	12,445,725
Housing and Redevelopment Authority			7,848		7,848
Debt Service Fund			183,612		183,612
Capital Projects Fund			25,860		25,860
Internal Service Funds	157,104	8,731			165,835
Total Governmental Activities	<u>157,104</u>	<u>4,196,940</u>	<u>2,962,650</u>	<u>12,729,389</u>	<u>20,046,083</u>
Business-type Activities:					
Enterprise Funds	18,856	44,388	2,549		65,793
Total	<u>\$ 175,960</u>	<u>\$ 4,241,328</u>	<u>\$ 2,965,199</u>	<u>\$ 12,729,389</u>	<u>\$ 20,111,876</u>

ST LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

	Statement of Net Assets		
	Accounts Receivable	Aid and Grants	Total
Governmental Activities:			
General Fund	\$ -	\$ 393,880	\$ 393,880
Special Revenue Funds			
Road & Bridge		3,717,687	3,717,687
Social Services		71,555	71,555
Forfeited Tax Sale		5,087	5,087
Forest Resources			
Internal Service Funds	157,104	8,731	165,835
Total Governmental Activities	157,104	4,196,940	4,354,044
Business-type Activities:			
Enterprise Funds	18,856	44,388	63,244
Total	\$ 175,960	\$ 4,241,328	\$ 4,417,288

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

Long-Term Debt

Disclosure of information about long-term liabilities

Long-term liability activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One-Year
GOVERNMENTAL ACTIVITIES					
Bonds, notes, and tax lease obligations payable					
General obligation debt					
Arrowhead Juvenile Center Remodel 1995	\$ 1,045,000	\$ -	\$ (1,045,000)	\$ -	\$ -
Capital Equipment Notes 1999	870,000	-	(870,000)	-	-
Capital Improvement Bonds 2001	12,835,000	-	(760,000)	12,075,000	790,000
Jaii Refunding Bond 2002B	6,449,101	-	(1,204,224)	5,244,877	1,244,224
Capital Equipment Notes 2002C	4,065,563	-	(978,974)	3,086,589	998,974
Capital Improvement Bonds 2004A		13,870,352	(1,407)	13,868,945	645,628
Capital Equipment Notes 2004B		2,925,895	(1,554)	2,924,341	701,215
Refunding Bonds 2004C		974,874	(20,603)	954,271	142,412
General obligation revenue notes	584,960	84,945	(117,388)	552,517	4,681
Tax lease obligations (HRA)					
Law Enforcement Facility 1997	3,605,000	-	(325,000)	3,280,000	340,000
Total bonds, notes and tax lease obligations payable	29,454,624	17,856,066	(5,324,150)	41,986,540	4,867,134
Other Liabilities					
Land purchase	107,475	-	(107,475)	-	-
Gravel pit purchase		325,000	(65,000)	260,000	65,000
Compensated absences	36,487,676	7,455,928	(7,001,029)	36,942,575	7,132,996
Claims payable	9,246,338	25,421,559	(27,098,240)	7,569,657	3,155,940
Capital leases payable	604,459	-	(63,297)	541,162	58,262
Total other liabilities	46,445,948	33,202,487	(34,335,041)	45,313,394	10,412,198
Governmental activities long-term liabilities	\$ 75,900,572	\$ 51,058,553	\$ (39,659,191)	\$ 87,299,934	\$ 15,279,332
BUSINESS-TYPE ACTIVITIES					
Bonds Payable					
General obligation debt					
2002 Jensen - payable from restricted assets	\$ 515,000	\$ -	\$ (95,000)	\$ 420,000	\$ 100,000
Other Liabilities					
Compensated absences	1,613,030	909,059	(671,522)	1,850,567	588,483
Customer deposits	8,250	200	(7,650)	800	-
Closure and post-closure liabilities	1,169,421	100,118	-	1,269,539	-
Total other liabilities	2,790,701	1,009,377	(679,172)	3,120,906	588,483
Business-type activities long- term liabilities	\$ 3,305,701	\$ 1,009,377	\$ (774,172)	\$ 3,540,906	\$ 688,483

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$11,021,273 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, 2004

(Amounts in Dollars)

General obligation bonds and notes payable at December 31, 2004, consist of the following issues:

<p>\$14,270,000 General Obligation Capital Improvement Bonds due in annual installments of \$705,000 to \$1,280,000 on December 1, 2002, through 2016; interest at 3.5 to 5.0 percent. This bond was issued to finance capital improvements.</p>	12,075,000
<p>\$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 \$94,877. This bond was issued to refund the Jail Revenue Bonds Series 1993A.</p>	5,244,877
<p>\$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 \$11,589. This bond was issued to finance capital equipment purchases.</p>	3,086,589
<p>\$13,785,000 General Obligation Capital Improvement Bonds due in annual installments of \$640,000 to \$1,215,000 on December 1, 2005, through 2019; interest at 3.00 to 4.00 percent, including unamortized premium of \$83,945. This bond was issued to finance capital improvements.</p>	13,868,945
<p>\$2,900,000 General Obligation Capital Equipment Note due in annual installments of \$695,000 to \$755,000 on December 1, 2005, through 2008; interest at 2.00 to 3.00 percent, including unamortized premium of \$24,341. This bond was issued to finance capital equipment purchases.</p>	2,924,341
<p>\$960,000 General Obligation Refunding Bonds due in annual installments of \$20,000 to \$170,000 on December 1, 2004, through 2010; interest at 2.00 to 3.50 percent, including unamortized premium of \$14,271. This bond was issued to refund the AJC GO Bonds Series 1995. The transaction resulted in a difference in the cash flow requirements of \$60,592. The net present value benefit of the refunding issue was \$56,746 and results in a reduction of \$173,024 in future debt service payments.</p>	954,271
<p>General obligation revenue notes payable at December 31, 2004, consist of the following issues:</p>	
<p>\$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.</p>	27,833
<p>\$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, 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.</p>	200,000
<p>\$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.</p>	45,684
<p>\$200,000 2001 General Obligation Revenue Note Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program. The terms require repayment to the Department, after ten years an amount equal to the principal repaid to date by the individual borrowers. After year ten, principal amounts must be repaid semi-annually.</p>	200,000

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2004

\$79,000 2004 General Obligation Revenue Note Payable to the Minnesota Department of Agriculture (Department) to provide additional funds for the septic system improvement loan program. The terms require repayment to the Department, after ten years an amount equal to the principal repaid to date by the 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.

79,000

Tax lease obligations payable at December 31, 2004, 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 5.100 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.

3,280,000

Fund Long-Term Debt

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

Year Ending	General Obligation	
	Principal	Interest
12/31/04		
2005	\$ 4,867,134	\$ 1,641,903
2006	5,117,229	1,403,779
2007	5,296,992	1,248,157
2008	4,385,910	1,080,514
2009	2,356,742	927,196
2010-2014	11,589,118	3,153,483
2015-2019	8,293,915	865,800
2020-2024	79,500	
Total:	\$ 41,986,540	\$ 10,320,832

Business Type Activities Debt Service to maturity are as follows:

Year Ending	Nursing Home 2004	
	Principal	Interest
12/31/04		
2005	\$ 100,000	\$ 12,875
2006	105,000	9,875
2007	105,000	6,725
2008	110,000	3,575
Total:	\$ 420,000	\$ 33,050

Business-type activities bonds payable at December 31, 2004 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.

\$ 420,000

ST LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2004

Gravel pit purchase payable at December 31, 2004, consists of the following:

\$325,000 payable to an individual for the purchase of a gravel pit payable in annual installments of \$65,000 in 2004 through 2008; interest at 7 percent. \$ 260,000

The annual requirements to service the gravel pit purchase payable as of December 31, 2004, are as follows:

Year Ending	Principal	Interest
12131104		
2005	\$ 65,000	\$ 4,550
2006	65,000	4,550
2007	65,000	4,550
2008	65,000	4,550
Total:	\$ 260,000	\$ 18,200

The County's proportionate shares of general obligation debt and general obligation revenue debt at December 31, 2004, 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	42,406,540	100.00	42,406,540
Overlapping Debt			
School Districts	68,545,000	29.71	20,366,944
Western Lake Superior Sanitary District	59,815,345	82.58	49,395,512
Underlying Debt			
Cities	129,839,258	100.00	129,839,258
School Districts	97,392,807	100.00	97,392,807
Towns	1,922,689	100.00	1,922,689
Duluth Entertainment and Convention Center	4,800,000	100.00	4,800,000
Duluth Economic Development Authority	4,348,000	100.00	4,348,000
Virginia Housing and Redevelopment Authority	6,395,000	100.00	6,395,000
Arrowhead Regional Development Commission	396,776	100.00	396,776
Total	415,861,415		357,263,526

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 2004:

Type of Property	Amount
Rental of office space and parking facilities	\$ 637,819
Data processing software	394,648
Communications equipment	42,962
Total rental expense	\$ 1,075,429

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2004

Future minimum payments under operating leases, which are not reflected in these financial statements, consist of the following at December 31, 2004:

Year Ended	Amount
2005	\$ 1,066,061
2006	1,067,758
2007	1,069,498
2008	1,071,281
2009	1,073,110
Total future minimum lease payments	<u><u>\$ 5,347,708</u></u>

Capital Leases

Capital leases of the County at December 31, 2004 consist of office equipment and office space as shown below:

<u>Type of Property</u>	Governmental Activities
Office equipment	\$ 55,752
Maintenance facility	1,337,796
Less: Accumulated depreciation	(51,106)
Carrying Value	<u><u>\$ 1,342,442</u></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, 2004:

Year Ending 31-Dec	Governmental Activities
2005	\$ 90,264
2006	85,813
2007	85,523
2008	86,099
2009	85,237
2009-2012	255,015
Total future minimum lease payments	687,951
Less: Amount representing interest	(146,789)
Present value of future minimum lease	<u><u>\$ 541,162</u></u>

Construction Commitments

At December 31, 2004, the County had construction commitments as follows:

	(Amounts in Dollars)		
	Authorized Projects	Expended to Date	Required Further Financing
Ely Joint Public Works Facility	1,000,000	125,186	239,456
Duluth Courthouse HVAC Replacement Phase II	2,765,275	417,392	2,271,450
Duluth Motor Pool Building Repair	760,250	4,961	42,784
Chris Jensen Facility Repair	600,000	29,508	32,607
New Sheriff 1911 Dispatch Operations Center	4,956,240	26,861	16,094
Hibbing Annex Remodeling	3,026,000	216,054	38,284
GSC HVAC Duct Replacement and Roof Repair	663,500	13,119	25,430
Total	<u><u>13,771,265</u></u>	<u><u>833,081</u></u>	<u><u>2,666,105</u></u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

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 agreed to pay to the lessor when due all scheduled principal and interest on the bonds, except capitalized interest. The bonds were 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 was subject to a variety of prior claims. At year end, the Trustee is also holding a reserve of \$43,916 remitted by St. Louis County. The reserve was 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 bonds were retired in 2004.

\$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 \$741,088 at December 31, 2004, for various cases considered reasonably possible losses to the County. This amount is not reflected in the financial statements.

ST LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

The Workers' Compensation Insurance Fund covers workers' compensation claims up to \$1,440,000 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, 2004, and is consistent with the requirements of Governmental Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimated liability for claims payable at year end is present valued at 2.16%. 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 \$760,000 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 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	612,373	6,009,106	2,624,859

Changes in the funds' claims liability amounts during 2004 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	6,009,106	2,624,859
Current year claims and changes in estimates	(354,101)	978,059	24,797,601
Claim payments	(57,422)	(2,025,682)	(25,015,136)
Balance of claims payable at fiscal year end	200,850	4,961,483	2,407,324

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 employed in a county correctional institution and having direct contact with 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 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 year thereafter. For a Coordinated Plan member the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For the Public Employees Police and Fire Fund Members, the annuity accrual rate is 3 percent of average salary for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For all PERA members, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. 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 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 1-600-652-9026.

ST. LOUIS COUNTY, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2004

Funding Policy

Pension benefits are funded from member and employer 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, 2004, 2003, and 2002, 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>
2004	\$4,725,603	\$652,246	\$414,397
2003	4,706,789	645,071	393,767
2002	4,759,163	612,733	373,084

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, 2004, 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	\$ 370

Interfund Receivables/Payables:

Receivable Fund	Payable Fund	Amount
	Major funds	
General	Forfeited Tax Sales Fund	\$ 1,276,787
	Chris Jensen Health and Rehabilitation Center Enterprise Fund	2,690,695
	Nonmajor governmental fund	
	Northeast Minnesota Housing Consortium Special Revenue Fund	11,880
	Fiduciary fund	
	Taconite Production Tax Investment Trust Fund	30,178
	Total	<u>\$ 4,009,540</u>

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2004

Interfund Transfers:

	Major			
	General	Forfeited Tax Sale	Capital Projects	Total Transfers In
Major fund				
General	\$ -	\$ 1,765,974	\$ -	\$ 1,765,974
Road and Bridge	22,177	-	-	22,177
Chris Jensen Health and Rehabilitation	-	-	394,000	394,000
Nonmajor governmental fund				
Forest Resources	-	1,986,736	-	1,986,736
Total Transfers Out	\$ 22,177	\$ 3,752,710	\$ 394,000	\$ 4,168,887

The transfer from the General was to fund an employee transfer

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

The transfer from the Capital Projects Fund was to move cash for capital acquisition

Note 4. Joint Ventures

Arrowhead Regional Corrections

Arrowhead Regional Corrections is governed by an eight-member board composed of a member appointed from each of the participating counties' boards of commissioners, except for St. Louis County, which has three members from its board. In addition, the right to have an additional member is annually rotated among Carlton, Cook, Koochiching, and Lake Counties. The County records all the financial transactions for Arrowhead Regional Corrections through its Arrowhead Regional Corrections Agency Fund. Its 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 2003, (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 \$8,644,074 in funding during 2004. Separate financial information can be obtained from:

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

In 2003, the Arrowhead Regional Corrections adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements—end Management Discussion and Analysis—for State and Local Governments. A summary of the financial information from Arrowhead Regional Corrections' Government-Wide Statements was:

Total Assets	\$ 10,643,296
Total Liabilities	4,241,067
Total Net Assets	6,402,229
Total Revenues	18,074,303
Total Expenses	17,129,073
Change in Net Assets	\$ 945,230

The Total Assets balance included \$6,668,481 of Capital Assets - Net of Accumulated depreciation. The Total Liabilities balance included \$3,426,359 in Long-Term Liabilities.

ST LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31,2004

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 2004.

A summary of the financial information of the Community Health Services Board for December 31, 2003, (the most recent available) excluding general long-term debt of \$5,585, is:

Total Assets	\$ 905,053
Total Liabilities	824,406
Total Fund Equity	80,647
Total Revenues	3,112,101
Total Expenditures	3,088,831
Increase (decrease) in Fund Balance	\$ 23,270

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 2004.

A summary of the financial information of the Regional Railroad Authority for the year ended December 31, 2003, (the most recent available) excluding general fixed assets of \$1,688,185, and general long-term debt of \$3,256 is:

Total Assets	\$ 1,438,635
Total Liabilities	196,856
Total Fund Equity	1,241,779
Total Revenues	1,222,865
Total Expenditures	1,076,719
Increase (decrease) in Fund Balance	\$ 146,146

Separate financial information can be obtained from:

St. Louis & Lake Counties Regional Railroad Authority
801 SW Hwy 169
Suite #4
Chisholm, Minnesota 55719

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2004

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. 5471.59 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.

In 2003, the Northeast Minnesota Office of Job Training adopted the provisions of Governmental Accounting Standards Board Statement No. 34. Basic Financial Statements—and Management Discussion and Analysis—for State and Local Governments. A summary of the financial information of Northeast Minnesota Office of Job Training's Government-Wide Statements was:

Total Assets	\$	2,411,620
Total Liabilities		1,029,070
Total Net Assets		1,382,550
Total Revenues		5,693,989
Total Expenses		5,299,511
Change in Net Assets	\$	394,478

The Total Assets balance included \$92,806 of Capital Assets, net. The Total Liabilities balance included \$758,370 of Long-Term Obligations.

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 2004. 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
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

Minnesota Counties Information Systems (MCIS)

The Counties of Aitkin, Carlton, Cass, Chippewa, Cook, Itasca, Koochiching, Lac Qui Parle, Lake, Sherburne, and St. Louis entered into a joint powers agreement pursuant to Minnesota Stat. §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 2004. 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, 2004, is:

Total Assets	\$	58,834
Total Liabilities		
Total Fund Equity		58,834
Total Revenues		
Total Expenditures		24,548
Increase (decrease) in Fund Balance	\$	(24,548)

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, 2004

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 5. Summary of Significant Contingencies and Other Items

Claims and Litigation

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

Participation in the Medicaid reimbursement program requires field audits of the Chris Jensen 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.

Termination Offers and Benefits

In December, 1995, the County Board approved an early retirement incentive plan for the Sheriffs Department employees who meet the following criteria:

The employee has completed 25 years of service with the County

The employee is at least age 50.

The employee qualifies for retirement under the Police and Fire Fund of the Minnesota Public Employees Retirement Association.

The employee retires effective December 18, 1995, through April 1, 1996

The plan offers the eligible retiree continuing County paid single low option health insurance coverage until the employee reaches age 65.

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 13 employees taking advantage of the first offer, and 53 employees taking advantage of the second offer. The County finances the plan on a pay-as-you-go basis. For the year ended December 31, 2004 the County paid \$222,736 for those benefits.

ST. LOUIS COUNTY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

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, 2004, the agreement required H.U.D. to pay the County \$10,000 per month and an additional \$60,000 by August 31, for a total annual payment of \$180,000. During 2004, the annual payment was delinquent by \$70,000. This has been referred to the County Administrator.

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.

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, 2004, the principal balance outstanding for the debt is \$155,000.

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.

Debt Service Fund

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

Permanent Fund

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

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

ST. LOUIS COUNTY, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2004

Special Revenue Funds

	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
ASSETS			
Cash and cash equivalents	\$ 547,010	\$ 57,752	\$ -
Delinquent taxes receivable	9,087	-	-
Accounts receivable (net)	-	-	-
Loans receivable	125,000	-	-
Due from other governments	-	7,108	135,594
Total Assets	<u>681,097</u>	<u>64,860</u>	<u>135,594</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	-	52,476	85,391
Salaries payable	3,257	-	-
Interfund payable	-	-	11,880
Due to other governments	-	12,384	38,323
Deferred revenue	7,848	-	-
Total Liabilities	<u>11,105</u>	<u>64,860</u>	<u>135,594</u>
Fund Balances:			
Reserved for:			
Noncurrent loans	125,000	-	-
Future loans			
Encumbrances			
Environmental trust funds			-
Improvement of natural resources			
Undesignated	544,992		
Total Fund Balance	<u>669,992</u>		
Total Liabilities and Fund Balance	<u>\$ 681,097</u>	<u>\$ 64,860</u>	<u>\$ 135,594</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004

Special Revenue Funds (continued)

	Septic Loan	Forest Resources	Total
ASSETS			
Cash and cash equivalents	\$ 253,327	\$ 9,558,296	\$ 10,416,385
Delinquent taxes receivable	-	-	9,087
Accounts receivable (net)	4,568	-	4,568
Loans receivable	316,720	-	441,720
Due from other governments	-	-	142,702
Total Assets	<u>574,615</u>	<u>9,558,296</u>	<u>11,014,462</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable		26,876	164,743
Salaries payable		-	3,257
Interfund payable		-	11,880
Due to other governments		-	50,707
Deferred revenue		-	7,848
Total Liabilities		<u>26,876</u>	<u>238,435</u>
Fund Balances:			
Reserved for:			
Noncurrent loans	316,720	-	441,720
Future loans	240,684	-	240,684
Encumbrances	-	68,165	68,165
Environmental trust funds	-	-	-
Improvement of natural resources	-	-	-
Undesignated	17,211	9,463,255	10,025,458
Total Fund Balance	<u>574,615</u>	<u>9,531,420</u>	<u>10,776,027</u>
Total Liabilities and Fund Balance	<u>\$ 574,615</u>	<u>\$ 9,558,296</u>	<u>\$ 11,014,462</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	Debt Service Fund	Permanent Fund Shoreline Sales	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,608,435	\$ 6,195,258	\$ 18,220,078
Delinquent taxes receivable	219,050		228,137
Accounts receivable (net)			4,568
Loans receivable		-	441,720
Due from other governments			142,702
Total Assets	1,827,485	6,195,258	19,037,205
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	371	204	165,321
Salaries payable			3,257
Interfund payable			11,880
Due to other governments			50,707
Deferred revenue	183,612		191,460
Total Liabilities	183,986	204	422,625
Fund Balances:			
Resewed for:			
Noncurrent loans			441,720
Future loans		-	240,684
Encumbrances		-	68,165
Environmental trust funds	-	6,017,643	6,017,643
Improvement of natural resources		177,411	177,411
Undesignated	1,643,499		11,668,957
Total Fund Balance	1,643,499	6,195,054	18,614,580
Total Liabilities and Fund Balance	\$ 1,827,485	\$ 6,195,258	\$ 19,037,205

ST LOUIS COUNTY, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Special Revenue Funds		
	Housing and Redevelopment Authority	Community Development Block Grant	Northeast Minnesota Housing Consortium
REVENUES			
Taxes	\$ 163,049	\$ -	\$ -
intergovernmental	13,001	2,666,373	623,423
Earnings on investments	-	199	-
Land and timber sales			
Miscellaneous			
Total Revenues	176,050	2,666,572	623,423
EXPENDITURES			
Current:			
Conservation of natural resources	-	-	
Economic development	241,166	2,666,572	623,423
Debt service:			
Principal			
Interest and other charges			
Total expenditures	241,166	2,666,572	623,423
Excess (deficiency) of revenues over expenditures	(65,116)		
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Bonds issued	-	-	-
Premium proceeds	-	-	-
Loan proceeds	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	(65,116)	-	-
Fund Balance - January 1	735,108	-	-
Fund Balance - December 31	\$ 669,992	\$	\$

ST. LOUIS COUNTY, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004

Special Revenue Funds (continued)

	Septic Loan	Forest Resources	Total
REVENUES			
Taxes	\$ -	\$ 431,962	\$ 595,011
Intergovernmental	-	171,795	3,474,592
Earnings on investments	10,587	-	10,786
Land and timber sales	-	-	-
Miscellaneous	-	1,621	1,621
Total Revenues	<u>10,587</u>	<u>605,378</u>	<u>4,082,010</u>
EXPENDITURES			
Current:			
Conservation of natural resources		998,253	998,253
Economic development			3,531,161
Debt service:			
Principal	117,389		117,389
Interest and other charges	2,647		2,647
Total expenditures	<u>120,036</u>	<u>998,253</u>	<u>4,649,450</u>
Excess (deficiency) of revenues over expenditures	<u>(109,449)</u>	<u>(392,875)</u>	<u>(567,440)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		1,986,736	1,986,736
Bonds issued			
Premium proceeds			
Loan proceeds	79,000		79,000
Total other financing sources and uses	<u>79,000</u>	<u>1,986,736</u>	<u>2,065,736</u>
Net change in fund balances	(30,449)	1,593,861	1,498,296
Fund Balance - January 1	<u>605,064</u>	<u>7,937,559</u>	<u>9,277,731</u>
Fund Balance - December 31	<u>\$ 574,615</u>	<u>\$ 9,531,420</u>	<u>\$ 10,776,027</u>

ST LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Debt Service Fund	Permanent Fund Shoreline Sales	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 4,675,978	\$ -	\$ 5,270,989
Intergovernmental	925,073	-	4,399,665
Earnings on investments	300	62,540	73,626
Land and timber sales		302,857	302,857
Miscellaneous	168,920	-	170,541
Total Revenues	<u>5,770,271</u>	<u>365,397</u>	<u>10,217,678</u>
EXPENDITURES			
Current:			
Conservation of natural resources		58,733	1,056,986
Economic development			3,531,161
Debt service:			
Principal	5,225,600		5,342,989
Interest and other charges	1,215,356		1,218,003
Total expenditures	<u>6,440,956</u>	<u>58,733</u>	<u>11,149,120</u>
Excess (deficiency) of revenues over expenditures	<u>(670,685)</u>	<u>306,664</u>	<u>(931,461)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			1,986,736
Bonds issued	960,000	-	960,000
Premium proceeds	14,873	-	14,873
Loan proceeds	-	-	79,000
Total other financing sources and uses	<u>974,873</u>	<u>-</u>	<u>3,040,609</u>
Net change in fund balances	304,188	306,664	2,109,148
Fund Balance - January 1	<u>1,339,311</u>	<u>5,888,390</u>	<u>16,505,432</u>
Fund Balance - December 31	<u>\$ 1,643,499</u>	<u>\$ 6,195,054</u>	<u>\$ 18,614,580</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, 2004

	<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	\$ 178,000	\$ 164,999	\$ 163,049	\$ (1,950)
Intergovernmental	-	13,001	13,001	-
Total Revenues	<u>178,000</u>	<u>178,000</u>	<u>176,050</u>	<u>(1,950)</u>
EXPENDITURES				
Economic development				
Personnel services	87,120	87,120	80,865	(6,255)
Other operating	<u>229,250</u>	<u>229,250</u>	<u>160,301</u>	<u>(68,949)</u>
Total Expenditures	<u>316,370</u>	<u>316,370</u>	<u>241,166</u>	<u>(75,204)</u>
Excess of Revenues Over (Under) Expenditures	(138,370)	(138,370)	(65,116)	73,254
Fund Balance - January 1	<u>735,108</u>	<u>735,108</u>	<u>735,108</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 596,738</u>	<u>\$ 596,738</u>	<u>\$ 669,992</u>	<u>\$ 73,254</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, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,971,000	\$ 6,056,615	\$ 2,666,373	\$ (3,390,242)
Earnings on investments	-	-	199	199
Total Revenues	2,971,000	6,056,615	2,666,572	(3,390,043)
 EXPENDITURES				
Economic development				
Other operating	2,971,000	6,056,615	2,666,572	(3,390,043)
Excess of Revenues Over (Under) Expenditures				
Fund Balance - January 1				
Fund Balance - December 31	\$ -	\$ -	\$ -	\$ -

ST LOUIS COUNTY, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 NORTHEAST MINNESOTA HOUSING CONSORTIUM SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 752,672	\$ 2,203,047	\$ 623,423	\$ (1,579,624)
EXPENDITURES				
Economic development				
Other operating	752,672	2,203,047	623,423	(1,579,624)
Excess of Revenues Over (Under) Expenditures				
Fund Balance - January 1				
Fund Balance - December 31	\$ -	\$ -	\$ -	\$ -

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEPTIC LOAN SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<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	\$ -	\$ 382,566	\$ 10,587	\$ (371,979)
EXPENDITURES				
Health and sanitation				
Debt Service				
Principal		379,919	117,389	(262,530)
Interest and other charges		2,647	2,647	
Total Expenditures		<u>382,566</u>	<u>120,036</u>	<u>(262,530)</u>
Excess of Revenues Over (Under) Expenditures	-	-	(109,449)	(109,449)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	79,000	79,000
Net change in fund balances	-	-	(30,449)	(30,449)
Fund Balance - January 1	<u>558,569</u>	<u>437,137</u>	<u>605,064</u>	<u>167,927</u>
Fund Balance - December 31	<u>\$ 558,569</u>	<u>\$ 437,137</u>	<u>\$ 574,615</u>	<u>\$ 137,478</u>

ST LOUIS COUNTY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 4,643,095	\$ 4,643,095	\$ 4,675,978	\$ 32,883
Intergovernmental	925,073	925,073	925,073	-
Earnings on investments	-	-	300	300
Miscellaneous	-	168,920	168,920	-
Total Revenues	5,568,168	5,737,088	5,770,271	33,183
EXPENDITURES				
Debt service				
Principal	4,280,600	5,202,505	5,225,600	23,095
Interest and other charges	1,237,650	1,198,447	1,215,356	16,909
Total Expenditures	5,518,250	6,400,952	6,440,956	40,004
Excess of Revenues Over (Under) Expenditures	49,918	(663,864)	(670,685)	(6,821)
OTHER FINANCING SOURCES (USES)				
Bonds issued		975,000	960,000	(15,000)
Premium proceeds			14,873	14,873
Total other financing sources (uses)		975,000	974,873	(127)
Net change in fund balances	49,918	311,136	304,188	(6,948)
Fund Balance - January 1	1,339,311	1,339,311	1,339,311	
Fund Balance - December 31	\$ 1,389,229	\$ 1,650,447	\$ 1,643,499	\$ (6,948)

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NONMAJOR ENTERPRISE FUNDS

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, 2004

	Community Food	Laundry	Supervised Living Facilities	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 36,165	\$ 223,443	\$ 1,006,657	\$ 1,266,265
Accounts receivable (net)	93,372	42,867	2,788	139,027
Due from other governments	87,219	-	-	87,219
Inventories	16,181	48,905	-	65,086
Prepaid items	57,031	-	-	57,031
Total current assets	289,968	315,215	1,009,445	1,614,628
Capital assets:				
Buildings and structures		1,022,205	-	1,022,205
Machinery and equipment		322,808	9,000	331,808
Linens		209,050	-	209,050
Vehicles		45,709	-	45,709
Less accumulated depreciation	-	(821,573)	(5,400)	(826,973)
Total capital asset (net)	-	778,199	3,600	781,799
Total assets	289,968	1,093,414	1,013,045	2,396,427
LIABILITIES				
Current liabilities:				
Accounts payable	43,855	27,917	475	72,247
Salaries payable	13,517	7,051	12,562	33,130
Compensated absences payable	9,410	2,196	5,107	16,713
Due to other governments	1,042		2,293	3,335
Unearned revenue	1,660	2,808	1,419	5,887
Total current liabilities	69,484	39,972	21,856	131,312
Noncurrent liabilities:				
compensated absences payable	96,484	180,132	33,798	310,414
Total liabilities	165,968	220,104	55,654	441,726
NET ASSETS				
Invested in capital assets, net of related debt		778,199	3,600	781,799
Unrestricted	124,000	95,111	953,791	1,172,902
Total net assets	\$ 124,000	\$ 873,310	\$ 957,391	\$ 1,954,701

ST. LOUIS COUNTY, MINNESOTA
**II STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS**
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Community Food	Laundry	Supervised Living Facilities	Total
Operating Revenues				
Charges for services	\$ 1,250,294	\$ 821,562	\$ 1,112,574	\$ 3,184,430
Other	1,183	4,344	86	5,613
Total Operating Revenues	<u>1,251,477</u>	<u>825,906</u>	<u>1,112,660</u>	<u>3,190,043</u>
Operating Expenses				
Personal services	765,381	523,984	610,161	1,899,526
Contractual services	175,778	218,110	250,589	644,477
Materials	372,626	85,587	7,960	466,173
Depreciation	<u>-</u>	<u>17,603</u>	<u>900</u>	<u>18,503</u>
Total Operating Expenses	<u>1,313,785</u>	<u>845,284</u>	<u>869,610</u>	<u>3,028,679</u>
Operating Income (Loss)	<u>(62,308)</u>	<u>(19,378)</u>	<u>243,050</u>	<u>161,364</u>
Changes in net assets	(62,308)	(19,378)	243,050	161,364
Net assets - January 1	<u>186,308</u>	<u>892,688</u>	<u>714,341</u>	<u>1,793,337</u>
Net assets - December 31	<u>\$ 124,000</u>	<u>\$ 873,310</u>	<u>\$ 957,391</u>	<u>\$ 1,954,701</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Community Food	Laundry	Supervised Living Facilities	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 965,377	\$ 320,045	\$ 1,109,786	\$ 2,395,208
Receipts from interfund services provided	226,113	496,631	-	722,744
Payments to suppliers	(534,161)	(294,402)	(259,362)	(1,087,925)
Payments to employees	(779,306)	(562,567)	(644,263)	(1,986,136)
Other receipts (payments)	3,885	3,649	3,798	11,332
Net cash provided (used) by operating activities	<u>(118,092)</u>	<u>(36,644)</u>	<u>209,959</u>	<u>55,223</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Disposal of capital assets		<u>8,211</u>	-	<u>8,211</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(118,092)	(28,433)	209,959	63,434
Balances - January 1	<u>154,257</u>	<u>251,876</u>	<u>796,698</u>	<u>1,202,831</u>
Balances - December 31	<u>\$ 36,165</u>	<u>\$ 223,443</u>	<u>\$ 1,006,657</u>	<u>\$ 1,266,265</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	<u>\$ (62,308)</u>	<u>\$ (19,378)</u>	<u>\$ 243,050</u>	<u>\$ 161,364</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	-	17,603	900	18,503
(Increase) Decrease Receivables, net	28,415	(4,886)	(2,788)	20,741
(Increase) Decrease Due from other governments	(87,219)	-	-	(87,219)
(Increase) Decrease Inventories	5,023	9,268	-	14,291
(Increase) Decrease Prepaid items	(4,431)	-	-	(4,431)
Increase (Decrease) Accounts payable	13,651	27	(813)	12,865
Increase (Decrease) Salaries payable	(17,608)	(11,161)	(17,637)	(46,406)
Increase (Decrease) Compensated absences payable	3,683	(27,422)	(16,465)	(40,204)
Increase (Decrease) Due to other governments	1,042	-	2,293	3,335
Increase (Decrease) Unearned revenue	1,660	(695)	1,419	2,384
Total Adjustments	<u>(55,784)</u>	<u>(17,266)</u>	<u>(33,091)</u>	<u>(106,141)</u>
Net cash provided by operating activities	<u>\$ (118,092)</u>	<u>\$ (36,644)</u>	<u>\$ 209,959</u>	<u>\$ 55,223</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, 2004

	Printing	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 112,501	\$ 515,291	\$ 587,118	\$ 464,865
Investments		-	6,031,269	3,339,845
Accounts receivable	17,667	2,161	-	27
Accrued interest receivable	-	-	33,340	24,953
Due from other governments	24,973	-	-	-
Inventories	110,901	38,392	-	-
Total current assets	<u>266,042</u>	<u>555,844</u>	<u>6,651,727</u>	<u>3,829,690</u>
Capital assets:				
Land		25,500		
Buildings and structures		778,730		
Machinery and equipment	371,525	79,214		
Vehicles	-	1,724,995		
Less accumulated depreciation	<u>(276,048)</u>	<u>(1,568,857)</u>	<u>-</u>	<u>-</u>
Total capital asset (net)	<u>95,477</u>	<u>1,039,582</u>	<u>-</u>	<u>-</u>
Total assets	<u>361,519</u>	<u>1,595,426</u>	<u>6,651,727</u>	<u>3,829,690</u>
LIABILITIES				
Current liabilities:				
Accounts payable	36,113	24,540	825	128,622
Salaries payable	1,413	6,959		
Compensated absences payable	8,591	27,966		
Claims payable		-		748,616
Due to other governments		1,169		108,266
Unearned revenue	268	1,071		
Capital leases payable				-
Total current liabilities	<u>46,385</u>	<u>61,705</u>	<u>825</u>	<u>985,504</u>
Noncurrent liabilities:				
Compensated absences payable	26,356	77,534		
Claims payable			200,850	4,212,867
Total non-current liabilities	<u>26,356</u>	<u>77,534</u>	<u>200,850</u>	<u>4,212,867</u>
Total liabilities	<u>72,741</u>	<u>139,239</u>	<u>201,675</u>	<u>5,198,371</u>
NET ASSETS				
Invested in capital assets	95,477	1,039,582		
Unrestricted	193,301	416,605	6,450,052	(1,368,681)
Total net assets	<u>\$ 288,778</u>	<u>\$ 1,456,187</u>	<u>\$ 6,450,052</u>	<u>\$ (1,368,681)</u>

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2004

	Medical/ Dental Insurance	Management Information Systems	Telecommu- nications	Retired Employees' Health Insurance	Total
ASSETS					
Current assets:					
Gash and cash equivalents	\$ 119,642	\$ 2,355,350	\$ 1,039,834	\$ 2,282,217	\$ 7,476,818
Investments	8,922,579	-	-	-	18,293,693
Accounts receivable	402,909	187	-	-	422,951
Accrued interest receivable	44,244	-	-	-	102,537
Due from other governments	-	-	-	-	24,973
Inventories	-	6,616	11,500	-	167,409
Total current assets	<u>9,489,374</u>	<u>2,362,153</u>	<u>1,051,334</u>	<u>2,282,217</u>	<u>26,488,381</u>
Capital assets:					
Land	-	-	-	-	25,500
Buildings and structures	-	55,506	-	-	834,236
Machinery and equipment	-	2,569,432	2,586,159	-	5,606,330
Vehicles	-	-	-	-	1,724,995
Less accumulated depreciation	-	(2,260,448)	(2,346,652)	-	(6,452,005)
Total capital asset (net)	<u>-</u>	<u>364,490</u>	<u>239,507</u>	<u>-</u>	<u>1,739,056</u>
Total assets	<u>9,489,374</u>	<u>2,726,643</u>	<u>1,290,841</u>	<u>2,282,217</u>	<u>28,227,437</u>
LIABILITIES					
Current liabilities:					
Accounts payable	-	49,736	20,819	-	260,655
Salaries payable	-	46,120	6,152	-	60,644
Compensated absences payable	-	132,618	15,002	920,785	1,104,962
Claims payable	2,407,324	-	-	-	3,155,940
Due to other governments	-	-	35,577	-	145,012
Unearned revenue	157,104	6,615	777	-	165,835
Capital leases payable	-	4,362	-	-	4,362
Total current liabilities	<u>2,564,428</u>	<u>239,451</u>	<u>78,327</u>	<u>920,785</u>	<u>4,897,410</u>
Noncurrent liabilities:					
Compensated absences payable	-	814,507	62,463	1,361,432	2,342,292
Claims payable	-	-	-	-	4,413,717
Total non-current liabilities	<u>-</u>	<u>814,507</u>	<u>62,463</u>	<u>1,361,432</u>	<u>6,756,009</u>
Total liabilities	<u>2,564,428</u>	<u>1,053,958</u>	<u>140,790</u>	<u>2,282,217</u>	<u>11,653,419</u>
NET ASSETS					
Invested in capital assets	-	364,490	239,507	-	1,739,056
Unrestricted	6,924,946	1,308,195	910,544	-	14,834,962
Total net assets	<u>\$ 6,924,946</u>	<u>\$ 1,672,685</u>	<u>\$ 1,150,051</u>	<u>\$ -</u>	<u>\$ 16,574,018</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, 2004

	Printing	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
Operating Revenues:				
Charges for services	\$ 1,263,902	\$ 1,400,355	\$ 522,824	\$ 1,900,583
Other	854	25,309	2,919	477,586
Total Operating Revenues	<u>1,264,756</u>	<u>1,425,664</u>	<u>525,743</u>	<u>2,378,169</u>
Operating Expenses:				
Personal services	157,127	450,119		
Contractual services	569,363	335,144	67,292	1,654,812
Materials	481,309	575,979		
Depreciation	16,070	166,213		
Total Operating Expenses	<u>1,223,869</u>	<u>1,527,455</u>	<u>67,292</u>	<u>1,654,812</u>
Operating Income (Loss)	<u>40,887</u>	<u>(101,791)</u>	<u>458,451</u>	<u>723,357</u>
Nonoperating revenues (expenses):				
Earnings on investments			83,424	72,234
Loss or gain on asset disposal		(3,563)		
Total Nonoperating Revenues (Expenses)		<u>(3,563)</u>	<u>83,424</u>	<u>72,234</u>
Changes in net assets	40,887	(105,354)	541,875	795,591
Net assets -January 1	<u>247,891</u>	<u>1,561,541</u>	<u>5,908,177</u>	<u>(2,164,272)</u>
Net assets -December 31	<u>\$ 288,778</u>	<u>\$ 1,456,187</u>	<u>\$ 6,450,052</u>	<u>\$ (1,368,681)</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, 2004**

	Medical/ Dental Insurance	Management Information Systems	Telecommu- nications	Retired Employees' Health Insurance	Total
Operating Revenues:					
Charges for services	\$ 21,987,040	\$ 4,073,255	\$ 1,362,890	\$ 3,930,011	\$ 36,440,860
Other	-	643,549	2,365	-	1,152,582
Total Operating Revenues	<u>21,987,040</u>	<u>4,716,804</u>	<u>1,365,255</u>	<u>3,930,011</u>	<u>37,593,442</u>
Operating Expenses:					
Personal services	-	2,577,398	321,345	-	3,505,989
Contractual services	24,715,497	1,593,900	682,454	3,930,011	33,548,473
Materials	-	17,125	162,323	-	1,236,736
Depreciation	-	174,509	89,631	-	446,423
Total Operating Expenses	<u>24,715,497</u>	<u>4,362,932</u>	<u>1,255,753</u>	<u>3,930,011</u>	<u>38,737,621</u>
Operating Income (Loss)	<u>(2,728,457)</u>	<u>353,872</u>	<u>109,502</u>	<u>-</u>	<u>(1,144,179)</u>
Nonoperating revenues (expenses):					
Earnings on investments	115,528				271.186
Loss or gain on asset disposal					(3,563)
Total Nonoperating Revenues (Expenses)	<u>115,528</u>				<u>267,623</u>
Changes in net assets	(2,612,929)	353,872	109,502		(876,556)
Net assets - January 1	<u>9,537,875</u>	<u>1,318,813</u>	<u>1,040,549</u>		<u>17,450,574</u>
Net assets - December 31	<u>\$ 6,924,946</u>	<u>\$ 1,672,685</u>	<u>\$ 1,150,051</u>	<u>\$ -</u>	<u>\$ 16,574,018</u>

ST LOUIS COUNTY, MINNESOTA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Printing	County Garage	Property, Casualty, Liability Insurance	Workers' Compensation Insurance
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 36,551	\$ -	\$ -	\$ -
Receipts from interfund services provided	1,215,581	1,399,258	523,023	1,909,760
Payments to suppliers	(1,104,632)	(910,759)	(1,158)	(23,667)
Payments to employees	(189,487)	(457,355)	-	-
Claims paid	-	-	(478,815)	(2,702,435)
Other receipts (payments)	1,122	26,382	2,919	585,852
Net cash provided (used) by operating activities	<u>(40,865)</u>	<u>57,526</u>	<u>45,969</u>	<u>(230,490)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	(255,270)	-	-
Payments on capital leases	-	-	-	-
Net capital provided (used) by capital and related financing activities	<u>-</u>	<u>(255,270)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	(5,879,438)	(3,250,000)
Sale of investments	-	-	5,777,947	3,650,000
Interest and dividends	-	-	86,763	68,671
Net Cash Provided by investing Activities	<u>-</u>	<u>-</u>	<u>(14,728)</u>	<u>468,671</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(40,865)	(197,744)	31,241	238,181
Balances - January 1	<u>153,366</u>	<u>713,035</u>	<u>555,877</u>	<u>226,684</u>
Balances - December 31	<u>\$ 112,501</u>	<u>\$ 515,291</u>	<u>\$ 587,118</u>	<u>\$ 464,865</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 40,887	\$ (101,791)	\$ 458,451	\$ 723,357
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	16,070	166,213	-	-
(increase) Decrease Receivables, net	(8,525)	(1,097)	199	9,177
(Increase) Decrease Due from other government	(3,245)	-	-	-
(Increase) Decrease Inventories	23,674	(3,586)	-	-
Increase (Decrease) Accounts payable	(77,634)	3,950	(1,158)	(23,667)
Increase (Decrease) Salaries payable	(7,557)	(10,865)	-	-
Increase (Decrease) compensated absences payable	(24,803)	3,629	-	-
increase (Decrease) Claims payable	-	-	(411,523)	(1,047,623)
Increase (Decrease) Due to other government	-	2	-	108,266
Increase (Decrease) Unearned revenue	268	1,071	-	-
Total Adjustments	<u>(81,752)</u>	<u>159,317</u>	<u>(412,482)</u>	<u>(953,847)</u>
Net cash provided by operating activities	<u>\$ (40,865)</u>	<u>\$ 57,526</u>	<u>\$ 45,969</u>	<u>\$ (230,490)</u>
NON-CASH ACTIVITIES				
Change in fair market value of investments	\$ -	\$ -	\$ (1,831)	\$ (10,155)

ST. LOUIS COUNTY, MINNESOTA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Medical/ Dental Insurance	Management Information Systems	Telecommu- nications	Retired Employees' Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from wstomers	\$ -	\$ 14,972	\$ 22,874	\$ -	\$ 74,397
Receipts from interfund services provided	21,150,532	4,071,317	1,341,220	3,930,011	35,540,702
Payments to suppliers	(970)	(1,677,709)	(884,613)	-	(4,603,508)
Payments to employees	-	(2,623,080)	(318,861)	(4,195,850)	(7,784,633)
Claims paid	(24,933,032)	-	-	-	(28,114,282)
Other receipts (payments)	-	646,024	38,719	-	1,301,018
Net cash provided (used) by operating activities	<u>(3,783,470)</u>	<u>431,524</u>	<u>199,339</u>	<u>(265,839)</u>	<u>(3,586,306)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets		(108,382)	(92,999)	-	(456,651)
Payments on capital leases		(10,470)	-	-	(10,470)
Net capital provided (used) by capital and related financing activities		<u>(118,852)</u>	<u>(92,999)</u>	<u>-</u>	<u>(467,121)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(10,560,897)	-	-	-	(19,690,335)
Sale of investments	13,352,074	-	-	-	22,780,021
Interest and dividends	176,223	-	-	-	331,657
Net Cash Provided by investing Activities	<u>2,967,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,421,343</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(816,070)	312,672	106,340	(265,839)	(632,084)
Balances - January 1	935,712	2,042,678	933,494	2,548,056	8,108,902
Balances -December 31	<u>\$ 119,642</u>	<u>\$ 2,355,350</u>	<u>\$ 1,039,834</u>	<u>\$ 2,282,217</u>	<u>\$ 7,476,818</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (2,728,457)	\$ 353,872	\$ 109,502	\$ -	\$ (1,144,179)
Adjustments to reconcile operating income to net cash provided(used) by operating activities:					
Depreciation expense		174,509	89,631	-	446,423
(Increase) Decrease Receivables, net	(125,112)	12,334	1,204	-	(111,820)
(Increase) Decrease Due from other government		700	5,550	-	3,005
(Increase) Decrease Inventories		3,395	-	-	23,483
Increase (Decrease) Accounts payable	(970)	(70,079)	(45,386)	-	(214,944)
Increase (Decrease) Salaries payable		(70,846)	(4,746)	-	(94,014)
Increase (Decrease) Compensated absences payable		25,164	7,230	(265,839)	(254,619)
Increase (Decrease) Claims payable	(217,535)			-	(1,676,681)
Increase (Decrease) Due to other government			35,577	-	143,845
Increase (Decrease) Unearned revenue	(711,396)	2,475	777	-	(706,805)
Total Adjustments	<u>(1,055,013)</u>	<u>77,652</u>	<u>89,837</u>	<u>(265,839)</u>	<u>(2,442,127)</u>
Net cash provided by operating activities	<u>\$ (3,783,470)</u>	<u>\$ 431,524</u>	<u>\$ 199,339</u>	<u>\$ (265,839)</u>	<u>\$ (3,586,306)</u>
NON-CASH ACTIVITIES					
Change in fair market value of investments	\$ (65,800)	\$ -	\$ -	\$ -	\$ (77,786)

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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.

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

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

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

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

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, 2004

	Investment Trust Funds		
	Taconite Relief	Taconite Production Tax	Total
ASSETS			
Cash and cash equivalents	\$ 258	\$ -	\$ 258
Investments	24,138,314	1,795,887	25,934,201
Accrued interest receivable	129,515	3,136	132,651
Total Assets	24,268,087	1,799,023	26,067,110
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund payable		30,178	30,178
Due to other governments		1,768,845	1,768,845
Total Liabilities		1,799,023	1,799,023
NET ASSETS			
Held in trust for pool participants and other purposes	\$ 24,268,087	\$ -	\$ 24,268,087

ST. LOUIS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 32,2004

	Investment Trust Funds		
	Taconite Relief	Taconite Production Tax	Total
ADDITIONS			
Taconite taxes	\$ 16,119,076	\$ 19,439,022	\$ 35,558,098
Earnings on investments	98,730	30,665	129,395
Total Additions	16,217,806	19,469,687	35,687,493
DEDUCTIONS			
Distribution to participants	11,257,422	19,469,687	30,727,109
Changes in net assets	4,960,384	0	4,960,384
Net assets -January 1	19,307,703	-	19,307,703
Net assets - December 31	\$ 24,268,087	\$ -	\$ 24,268,087

ST. LOUIS COUNTY, MINNESOTA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Balance January ■	Additions	Deductions	Balance December 31
STATE OF MINNESOTA FUND				
ASSETS				
Cash and cash equivalents	\$ 320,847	\$ 19,609,204	\$ 19,500,305	\$ 429,746
Due from other governments	327,144	433,833	255,320	505,657
Total Assets	\$ 647,991	\$ 20,043,037	\$ 19,755,625	\$ 935,403
LIABILITIES				
Salaries payable	\$ 3,213	\$ 126,012	\$ 127,989	\$ 1,236
Due to other governments	644,778	19,917,025	19,627,636	934,167
Total Liabilities	\$ 647,991	\$ 20,043,037	\$ 19,755,625	\$ 935,403
BEER-AUCTIONEER LICENSES FUND				
ASSETS				
Cash and cash equivalents	\$ 3	\$ 3,135	\$ 2,892	\$ 246
LIABILITIES				
Due to other governments	\$ 3	\$ 3,135	\$ 2,892	\$ 246
CITIES AND TOWNS FINES FUND				
ASSETS				
Cash and cash equivalents	\$ 130,593	\$ 1,553,311	\$ 1,576,261	\$ 107,643
LIABILITIES				
Due to other governments	\$ 130,593	\$ 1,553,311	\$ 1,576,261	\$ 107,643
TAXES AND PENALTIES FUND				
ASSETS				
Cash and cash equivalents	\$ 4,124,794	\$ 222,650,161	\$ 223,303,479	\$ 3,471,476
Accounts Receivable	9	-	9	-
Total Assets	\$ 4,124,803	\$ 222,650,161	\$ 223,303,488	\$ 3,471,476
LIABILITIES				
Due to other governments	\$ 4,124,803	\$ 222,650,161	\$ 223,303,488	\$ 3,471,476
PAYROLL DEDUCTIONS FUND				
ASSETS				
Cash and cash equivalents	\$ 521,863	\$ 69,072,047	\$ 68,958,211	\$ 635,699
LIABILITIES				
Accounts payable	\$ 98,909	\$ 635,699	\$ 98,909	\$ 635,699
Due to other governments	422,954	68,436,348	68,859,302	-
Total Liabilities	\$ 521,863	\$ 69,072,047	\$ 68,958,211	\$ 635,699
SERIES EE SAVINGS BOND FUND				
ASSETS				
Cash and cash equivalents	\$ 3,614	\$ 84,743	\$ 87,665	\$ 692
LIABILITIES				
Due to other governments	\$ 3,614	\$ 84,743	\$ 87,665	\$ 692

ST. LOWS COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Balance January 1	Additions	Deductions	Balance December 31
CANCELED CHECK FUND				
ASSETS				
Cash and cash equivalents	\$ 58,086	\$ 476,303	\$ 495,152	\$ 39,237
LIABILITIES				
Accounts payable	\$ 58,086	\$ 476,303	\$ 495,152	\$ 39,237
HIGH VOLTAGE CREDIT FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 51,623	\$ 51,623	\$ -
LIABILITIES				
Due to other governments	\$ -	\$ 51,623	\$ 51,623	\$ -
ASSAULT FEES FUND				
ASSETS				
Cash and cash equivalents	\$ 718	\$ 24,206	\$ 24,524	\$ 400
LIABILITIES				
Accounts payable	\$ 718	\$ 24,206	\$ 24,524	\$ 400
ARROWHEAD REGIONAL CORRECTIONS FUND				
ASSETS				
Cash and cash equivalents	\$ 3,151,194	\$ 18,250,919	\$ 18,305,823	\$ 3,096,290
Accounts receivable	5,810	77,985	5,810	77,985
Due from other governments	647,485	732,334	647,485	732,334
Total Assets	<u>\$ 3,804,489</u>	<u>\$ 19,061,238</u>	<u>\$ 18,959,118</u>	<u>\$ 3,906,609</u>
LIABILITIES				
Accounts payable	\$ 219,455	\$ 3,275,596	\$ 3,283,036	\$ 212,015
Salaries payable	539,875	204,023	539,875	204,023
Due to other governments	3,045,159	15,581,619	15,136,207	3,490,571
Total Liabilities	<u>\$ 3,804,489</u>	<u>\$ 19,061,238</u>	<u>\$ 18,959,118</u>	<u>\$ 3,906,609</u>
PERMIT TO CARRY FIREARMS FUND				
ASSETS				
Cash and cash equivalents	\$ 45,383	\$ 78,154	\$ 58,026	\$ 65,511
LIABILITIES				
Due to other governments	\$ 45,383	\$ 78,154	\$ 58,026	\$ 65,511

ST. LOUIS COUNTY, MINNESOTA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Balance January 1	Additions	Deductions	Balance December 31
COMMUNITY HEALTH SERVICES FUND				
ASSETS				
Cash and w s h equivalents	\$ 500,385	\$ 3,670,144	\$ 4,080,953	\$ 89,576
Due from other governments	404,667	335,608	404,667	335,608
Total Assets	<u>\$ 905,052</u>	<u>\$ 4,005,752</u>	<u>\$ 4,485,620</u>	<u>\$ 425,184</u>
LIABILITIES				
Salaries payable	\$ 5,439	\$ 2,182	\$ 5,439	\$ 2,182
Due to other governments	899,613	4,003,570	4,480,181	423,002
Total Liabilities	<u>\$ 905,052</u>	<u>\$ 4,005,752</u>	<u>\$ 4,485,620</u>	<u>\$ 425,184</u>
DULUTH AREA FAMILY SERVICE COLLABORATIVE FUND				
ASSETS				
Cash and w s h equivalents	\$ 83,382	\$ -	\$ 24,548	\$ 58,834
LIABILITIES				
Due to other governments	\$ 83,382	\$ -	\$ 24,548	\$ 58,834
LOCAL COLLABORATIVE TIME STUDY FUND				
ASSETS				
Cash and cash equivalents	\$ 355,747	\$ 1,674,645	\$ 1,075,138	\$ 955,254
LIABILITIES				
Accounts payable	\$ 45,386	\$ 7,015	\$ 45,386	\$ 7,015
Due to other governments	310,361	1,667,630	1,029,752	948,239
Total Liabilities	<u>\$ 355,747</u>	<u>\$ 1,674,645</u>	<u>\$ 1,075,138</u>	<u>\$ 955,254</u>
CARIBOU LAKE WASTE WATER FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 13,000	\$ 13,000	\$ -
Due from other governments	13,000		13,000	
Total Assets	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 26,000</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ 13,000	\$ 13,000	\$ -
Interfund payable	13,000	-	13,000	
Total Liabilities	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 26,000</u>	<u>\$ -</u>

ST LOUIS COUNTY, MINNESOTA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Balance January 1	Additions	Deductions	Balance December 31
REGIONAL RAILROAD AUTHORITY FUND				
ASSETS				
Cash and cash equivalents	\$ 1,287,873	\$ 1,020,637	\$ 1,303,540	\$ 1,004,970
Prepaid items	5,414	8,740	14,154	-
Delinquent taxes receivable	29,521	29,660	29,521	29,660
Accounts receivable	47,703	86,582	81,420	52,865
Due from other governments	59,384	409,838	59,384	409,838
Total Assets	<u>\$ 1,429,895</u>	<u>\$ 1,555,457</u>	<u>\$ 1,488,019</u>	<u>\$ 1,497,333</u>
LIABILITIES				
Accounts payable	\$ 119,398	\$ 1,107,304	\$ 1,186,020	\$ 40,682
Salaries payable	6,512	2,545	6,512	2,545
Due to other governments	1,303,985	445,608	295,487	1,454,106
Total Liabilities	<u>\$ 1,429,895</u>	<u>\$ 1,555,457</u>	<u>\$ 1,488,019</u>	<u>\$ 1,497,333</u>
NORTHERN COUNTIES LAND USE BOARD FUND				
ASSETS				
Cash and cash equivalents	\$ 18,730	\$ 51,250	\$ 42,697	\$ 27,283
LIABILITIES				
Due to other governments	\$ 18,730	\$ 51,250	\$ 42,697	\$ 27,283
AGENCY MISCELLANEOUS FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 7,772,514	\$ 7,772,514	\$ -
Accounts receivable	-	44,580	-	44,580
Due from other governments	208,995	159,556	208,995	159,556
Total Assets	<u>\$ 208,995</u>	<u>\$ 7,976,650</u>	<u>\$ 7,981,509</u>	<u>\$ 204,136</u>
LIABILITIES				
Due to other governments	\$ 208,995	\$ 7,976,650	\$ 7,981,509	\$ 204,136
TOTALS FOR ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 10,603,212	\$ 346,055,996	\$ 346,676,351	\$ 9,982,857
Delinquent taxes receivable	29,521	29,660	29,521	29,660
Accounts receivable	53,522	209,147	87,239	175,430
Due from other governments	1,660,675	2,071,169	1,588,851	2,142,993
Prepaid items	5,414	8,740	14,154	-
Total Assets	<u>\$ 12,352,344</u>	<u>\$ 348,374,712</u>	<u>\$ 348,396,116</u>	<u>\$ 12,330,940</u>
LIABILITIES				
Accounts payable	\$ 541,952	\$ 5,539,123	\$ 5,146,027	\$ 935,048
Salaries payable	555,039	334,762	679,815	209,986
Interfund payable	13,000	-	13,000	-
Due to other governments	11,242,353	342,500,827	342,557,274	11,185,906
Total Liabilities	<u>\$ 12,352,344</u>	<u>\$ 348,374,712</u>	<u>\$ 348,396,116</u>	<u>\$ 12,330,940</u>

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ST LOUIS COUNTY, MINNESOTA
SCHEDULE OF INVESTMENTS AND INTEREST EARNING DEPOSITS
DECEMBER 31, 2004

	<u>Interest Rates</u>	<u>Par Value</u>	<u>Market</u>
Pooled Investments			
Money market savings account	1.00%	\$ 348,912	\$ 310,057
Bankers Acceptances	2.04-2.05%	1,937,920	1,928,120
Certificates of Deposit	1.40-3.18%	33,691,193	33,730,048
Commercial Paper	2.23-2.43%	13,242,000	13,217,467
MAGIC	varies	7,068,141	7,068,141
FFCB	2.23-2.25%	2,000,000	2,001,367
FHLB	1.72-4.00%	21,000,000	20,887,228
FHLMC	1.50-3.00%	10,000,000	9,934,790
FNMA	1.55-3.60%	12,175,000	12,078,904
Total Pooled Investments		<u>\$ 101,463,166</u>	<u>\$ 101,156,122</u>
Capital Projects			
MAGIC	varies	\$ 1,294,389	\$ 1,294,389
FFCB	5.62%	650,000	668,485
FHLB	1.50-5.37%	1,735,000	1,751,631
FHLMC	1.99-2.70%	2,145,000	2,135,348
FNMA	2.02-2.42%	7,645,000	7,551,991
Total Capital Projects		<u>\$ 13,469,389</u>	<u>\$ 13,401,844</u>
Solid Waste Management Enterprise Fund			
Certificates of Deposit	1.21-2.83%	\$ 6,528,041	\$ 6,528,041
Commercial Paper	2.21%	1,500,000	1,486,505
FHLB	1.73-4.50%	4,700,000	4,670,510
FHLMC	2.85-3.88%	2,200,000	2,185,932
Total Solid Waste Management Enterprise Fund		<u>\$ 14,928,041</u>	<u>\$ 14,870,988</u>
Property, Casuaily, Liability Insurance			
Internal Service Fund			
Certificates of Deposit	1.37-2.84%	\$ 3,900,000	\$ 3,900,000
FHLB	2.20%	650,000	636,597
FNMA	1.44%	1,500,000	1,494,672
Total Property, Casualty, Liability Insurance Internal Service Fund		<u>\$ 6,050,000</u>	<u>\$ 6,031,269</u>
Worker's Compensation Insurance			
Internal Service Fund			
Certificates of Deposit	1.80-2.65%	\$ 2,850,000	\$ 2,850,000
FHLB	2.03%	500,000	489,845
Total Workers' Compensation Insurance Internal Service Fund		<u>\$ 3,350,000</u>	<u>\$ 3,339,845</u>
Medical/Dental Insurance			
Internal Service Fund			
Certificates of Deposit	1.79-2.84%	\$ 1,800,000	\$ 1,800,000
Commercial Paper	2.18-2.32%	2,000,000	1,992,110
FFCB	2.25%	700,000	696,500
FHLMC	2.13-2.20%	3,500,000	3,437,700
FHLMC Discount Note	1.45%	1,000,000	996,269
Total Medical/Dental Insurance Internal Service Fund		<u>\$ 9,000,000</u>	<u>\$ 8,922,579</u>
Patients' Escrow Trust Fund			
Certificates of Deposit	1.98-2.66%	\$ 35,000	\$ 35,000
Taconite Relief Trust Fund			
Certificate of Deposit	1.35-2.51%	\$ 3,827,588	\$ 3,827,588
FHLB	1.80-5.25%	10,815,000	10,845,526
FHLMC	1.75-2.55%	6,000,000	5,965,200
FNMA	2.88%	3,500,000	3,500,000
Total Taconite Reief Trust Fund		<u>\$ 24,142,588</u>	<u>\$ 24,138,314</u>
Taconite Production Trust Fund			
Certificate of Deposit	1.73%	\$ 222,000	\$ 222,000
Commercial Paper	1.96%	1,575,000	1,573,887
Total Taconite Production Trust Fund		<u>\$ 1,797,000</u>	<u>\$ 1,795,887</u>
Total Investments		<u>\$ 174,235,184</u>	<u>\$ 173,691,848</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Special Revenue Funds			
	General Fund	Road and Bridge	Social Services	Other
Shared revenue				
State				
Department of Interlechnoigies				
911 communications	\$ 169,481	\$ -	\$ -	\$ -
Department of Naturai Resources				
Mineral rents and royalties	79,260	-	-	-
Department of Revenue				
Disparity aid	2,549,343	1,066,085	1,518,369	-
County program aid	6,284,087	863,121	1,278,951	-
PERA aid	169,611	90,530	135,175	14,963
State fire aid	19,093	-	-	-
Police aid	575,577	-	-	-
Market value credit	3,829,084	1,803,958	2,265,072	12,992
Department of Transportation				
30 percent rental income	1,264	591	749	9
Regular maintenance	-	7,414,349	-	-
Regular construction	-	23,508,076	-	-
Municipal maintenance	-	517,551	-	-
Municipal construction	-	1,515,422	-	-
Engineering	-	1,911,054	-	-
State park	-	59,279	-	-
Unorganized town road and bridge aid	-	15,957	-	-
Total Shared Revenue	5 13,676,800	\$ 38,765,973	\$ 5,198,316	5 27,964
Reimbursement for Services				
State				
Department of Human Services				
Child support	\$ 99,508	\$ -	\$ 3,562,247	5
Elderly waived services	-	-	387,581	-
Refugee	180	-	6,213	-
Food stamps	27,841	-	1,314,201	-
Foster care	5,256	-	206,118	-
Medicaid assistance	192,627	-	8,166,089	-
Temporary aid for needy families	16,960	-	606,412	-
Total Reimbursement for Services Revenue	\$ 342,372	\$ -	\$ 14,248,861	5
Grants				
State grants				
Board of Water and Soil Resources				
Natural resources block grant	\$ 126,311	\$ -	\$ -	\$ -
Lake Vermillion challenge	5,591	-	-	-
Department of Environmental Assistance				
SCORE recycling grant	-	-	-	-
Department of Finance				
Forest road access	-	-	-	171,795
MN FD 29 bridge bond	-	377,019	-	-
Department of Health				
Health disparity	1,354	-	-	-
Local public health grant	808,230	-	-	-
Youth risk behavior	12,966	-	-	-
Subtotal	\$ 954,452	\$ 377,019	\$ -	\$ 171,795

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2004

	Debt Service Funds	Buildings Capital Projects Fund	Solid Waste Management Enterprise Fund	Total
Shared revenue				
State				
Department of Intertechnologies				
911 communications	\$ -	\$ -	\$ -	\$ 169,481
Department of Natural Resources				
Mineral rents and royalties				79,260
Department of Revenue				
Disparity aid	371,178	43,860	-	5,548,835
County program aid	-	52,024	-	8,478,183
PERA aid	-	-	-	410,279
State fire aid	-	-	-	19,093
Police aid	-	-	-	575,577
Market value credit	553,713	65,431	-	8,530,250
Department of Transportation				
30 percent rental income	182	22	-	2,817
Regular maintenance				7,414,349
Regular construction				23,508,076
Municipal maintenance				517,551
Municipal construction				1,515,422
Engineering			-	1,911,054
State park				59,279
Unorganized town road and bridge aid				15,957
Total Shared Revenue	<u>\$ 925,073</u>	<u>\$ 161,337</u>	<u>\$ -</u>	<u>\$ 58,755,463</u>
Reimbursement for Services				
State				
Department of Human Services				
Child support	\$ -	\$ -	\$ -	\$ 3,661,755
Elderly waived services	-	-	-	387,581
Refugee	-	-	-	6,393
Food stamps	-	-	-	1,342,042
Foster care	-	-	-	211,374
Medical assistance	-	-	-	8,358,716
Temporary aid for needy families	-	-	-	623,372
Total Reimbursement for Services Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,591,233</u>
Grants				
State grants				
Board of Water and Soil Resources				
Natural resources block grant	\$ -	\$ -	\$ -	\$ 126,311
Lake Vermillion challenge	-	-	-	5,591
Department of Environmental Assistance				
SCORE recycling grant			455,258	455,258
Department of Finance				
Forest road access	-	-	-	171,795
MN FD 29 bridge bond	-	-	-	377,019
Department of Health				
Health disparity	-	-	-	1,354
Local public health grant	-	-	-	808,230
Youth risk behavior	-	-	-	12,966
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 455,258</u>	<u>\$ 1,958,524</u>

ST LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Special Revenue Funds			
	General Fund	Road and Bridge	Social Services	Other
Grants (continued)				
State grants (continued)				
Department of Human Services				
Adult integrated fund	\$ -	\$ -	\$ 3,946,282	\$ -
Chemical dependency	86,575	-	-	-
Child care resource and referral	-	-	13,712	-
Child support incentives	-	-	138,661	-
Children's mental health	-	-	71,100	-
Community Social Services Act block grant	-	-	3,397,021	-
Consolidated chemical dependency fund admin	-	-	73,796	-
Family preservation	232,840	-	-	-
Flexible funding	9,590	-	-	-
Food stamps	-	-	1,053	-
Fraud prevention incentives	-	-	182,131	-
General assistance	-	-	17,173	-
Home Delivered Meals	-	-	6,215	-
Medical assistance	-	-	2,636,160	-
Mentally retarded/waivered services	-	-	144,350	-
MN family investment project employment services	-	-	613,704	-
MN family investment project child care	-	-	228,985	-
Moose Lake state operated services	-	-	1,869,588	-
Relative custody	-	-	330,707	-
Semi-independent living skills	-	-	443,209	-
Special medical assistance	24,375	-	-	-
Department of Natural Resources				
ATV	13,153	-	-	-
Snowmobile safety	9,749	-	-	-
Lake Superior coastal program	4,826	20,771	-	-
State trail assistance	246,393	-	-	-
Department of Post Board Training				
Training reimbursement	35,094	-	-	-
Department of Public Safety				
Alcohol traffic safety and drunk driving-Operation Nitecap	1,489	-	-	-
Domestic Preparedness Equipment	54,890	-	-	-
Drivers license	588	-	-	-
Duluth regional gang strike force	11,595	-	-	-
Law enforcement record management	64,866	-	-	-
Victim emergency fund	3,220	-	-	-
Department of Trade and Economic Development				
Cotton Cleanup	1,924	-	-	-
Vets Affairs				
VSO Computer Grant	771	-	-	-
Total State Grants	\$ 1,756,390	\$ 397,790	\$ 14,113,847	\$ 171,795

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Debt Service Funds	Buildings Capital Projects Fund	Solid Waste Management Enterprise Fund	Total
Grants (continued)				
State grants (continued)				
Department of Human Services				
Adult integrated fund	5	5	\$ -	\$ 3,946,282
Chemical dependency			-	86,575
Child care resource and referral			-	13,712
Child support incentives			-	138,661
Children's mental health			-	71,100
Community Social Services Act block grant			-	3,397,021
Consolidated chemical dependency fund admin			-	73,796
Family preservation			-	232,840
Flexible funding			-	9,590
Food stamps			-	1,053
Fraud prevention incentives			-	182,131
General assistance		-	-	17,173
Home Delivered Meals		-	-	6,215
Medical assistance		-	-	2,636,160
Mentally retarded waived services		-	-	144,350
MN family investment project employment services	-	-	-	613,704
MN family investment project child care	-	-	-	228,985
Moose Lake state operated services		-	-	1,869,588
Relative custody		-	-	330,707
Semi-independent living skills		-	-	443,209
Special medical assistance		-	-	24,375
Department of Natural Resources				
A N		-	-	13,153
Snowmobile safety		-	-	9,749
Lake Superior coastal program		-	-	25,597
State trail assistance		-	-	246,393
Department of Post Board Training				
Training reimbursement		-	-	35,094
Department of Public Safety				
Alcohol safety and drunk driving-Operation Nitecap		-	-	1,489
Domestic Preparedness Equipment		-	-	54,890
Drivers license		-	-	588
Duluth regional gang strike force		-	-	11,595
Law enforcement record management		-	-	64,866
Victim emergency fund		-	-	3,220
Department of Trade and Economic Development				
Cotton Cleanup		-	-	1,924
Vets Affairs				
VSO Computer Grant	-	-	-	771
Total State Grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 455,258</u>	<u>\$ 16,895,080</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2004

	Special Revenue Funds			
	General Fund	Road and Bridge	Social Services	Other
Grants (continued)				
Federal grants				
Department of Agriculture				
Food stamps	\$ -	\$ -	\$ 96,888	\$ -
National forest land	510,000			
National forest land - roads and schools	-	180,331		
Women, infants and children (through Community Health Board)	452,279			
Department of Education				
Adult education -boating	87,748			
Department of Health & Human Services				
Adult integrated fund			100,000	
Alternative response			74,050	
Bioterrorism	296,470			
Cancer control	22,808			
Chemically dependency	97,641			
Child care			166,387	
Child care resource and referral			187,140	
Foster care			780,995	
Home delivered meals			116,536	
Maternal and child health (through Community Health Board)	296,337		-	
Mental health block grant			64,576	
MN family investment project employment services			1,597,050	
Support for emancipation and living functionally			40,715	
Temporary aid for needy families	188,031		-	
Title XX block grant			2,248,185	
Title IV-B Alternative response			40,508	
Department of Housing and Urban Development				
Community development block grants				2,666,373
Emergency shelter grant	132,144			-
Home investment in affordable housing				623,423
Department of Justice				
Bullet proof vests	20,700			
Community gun violence prosecution	40,000			
Criminal apprehension	260,826			
Domestic abuse intervention	19,533			
Law enforcement block grant	58,610			
Enforcing underage drinking laws	1,860			
Department of Commerce				
Lake Superior shoreline project	14,000			
Department of Transportation				
Alcohol traffic safety and drunk driving-Operation Nightcap	947			
Safe and sober	52,660			
Federal highway construction		3,851,527		
Environmental Protection Agency				
Radon detection	6,772			
Department of Homeland Security				
Emergency management	57,105			
Emergency operations plans	1,753			
Homeland security overtime	55,895			
Homeland security overtime	5,432			
Homeland security overtime	75,393			
LETPP terrorism training	6,017			
Liberty shield overtime	33,919			-
Total Federal grants	<u>\$ 2,794,880</u>	<u>\$ 4,031,858</u>	<u>\$ 5,513,030</u>	<u>\$ 3,289,796</u>
Other grants				
Local				
Drug abuse resistance	\$ 14	\$ -	\$ -	\$ -
Indoor air quality	3,676			
Total Other grants	<u>\$ 3,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Grants	<u>\$ 4,554,960</u>	<u>\$ 4,429,648</u>	<u>\$ 19,626,877</u>	<u>\$ 3,461,591</u>
Total Intergovernmental Revenue	<u>\$ 18,574,132</u>	<u>\$ 43,195,621</u>	<u>\$ 39,074,054</u>	<u>\$ 3,489,555</u>

ST. LOUIS COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Debt Service Funds	Buildings Capital Projects Fund	Solid Waste Management Enterprise Fund	Total
Grants (continued)				
Federal grants				
Department of Agriculture				
Food stamps	\$ -	\$ -	\$ -	\$ 96,888
National forest land	-	-	-	510,000
National forest land - roads and schools	-	-	-	180,331
Women, infants and children (through Community Health Board)	-	-	-	452,279
Department of Education				
Adult education - boating	-	-	-	87,748
Department of Health & Human Services				
Adult integrated fund	-	-	-	100,000
Alternative response	-	-	-	74,050
Bioterrorism	-	-	-	296,470
Cancer control	-	-	-	22,808
Chemically dependency	-	-	-	97,641
Child care	-	-	-	166,387
Child care resource and referral	-	-	-	187,140
Foster care	-	-	-	780,995
Home delivered meals	-	-	-	116,536
Maternal and child health (through Community Health Board)	-	-	-	296,337
Mental health block grant	-	-	-	64,576
MN family investment project employment services	-	-	-	1,597,050
Support for emancipation and living functionally	-	-	-	40,715
Temporary aid for needy families	-	-	-	188,031
Title XX block grant	-	-	-	2,248,185
Title IV-B Alternative response	-	-	-	40,508
Department of Housing and Urban Development				
Community development block grants	-	-	-	2,666,373
Emergency shelter grant	-	-	-	132,144
Home investment in affordable housing	-	-	-	623,423
Department of Justice				
Bullet proof vests	-	-	-	20,700
Community gun violence prosecution	-	-	-	40,000
Criminal apprehension	-	-	-	260,826
Domestic abuse intervention	-	-	-	19,533
Law enforcement block grant	-	-	-	58,610
Enforcing underage drinking laws	-	-	-	1,860
Department of Natural Resources				
Lake Superior shoreline project	-	-	-	14,000
Department of Transportation				
Alcohol traffic safety and drunk driving-Operation Nightcap	-	-	-	947
Safe and sober	-	-	-	52,660
Federal highway construction	-	-	-	3,851,527
Environmental Protection Agency				
Radon detection	-	-	-	6,772
Federal Emergency Management Agency				
Emergency management	-	-	-	57,105
Emergency operations plans	-	-	-	1,753
Homeland security overtime	-	-	-	55,895
Homeland security overtime	-	-	-	5,432
Homeland security overtime	-	-	-	75,393
LETPP terrorism training	-	-	-	6,017
Liberty shield overtime	-	-	-	33,919
Total Federal grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,629,564</u>
Other grants				
Local				
Drug abuse resistance	\$ -	\$ -	\$ -	\$ 14
Indoor air quality	-	-	-	3,676
Total Other grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,690</u>
Total Grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 455,258</u>	<u>\$ 32,528,334</u>
Total Intergovernmental Revenue	<u>\$ 925,073</u>	<u>\$ 161,337</u>	<u>\$ 455,258</u>	<u>\$ 105,875,030</u>

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Statistical Section

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Table I

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

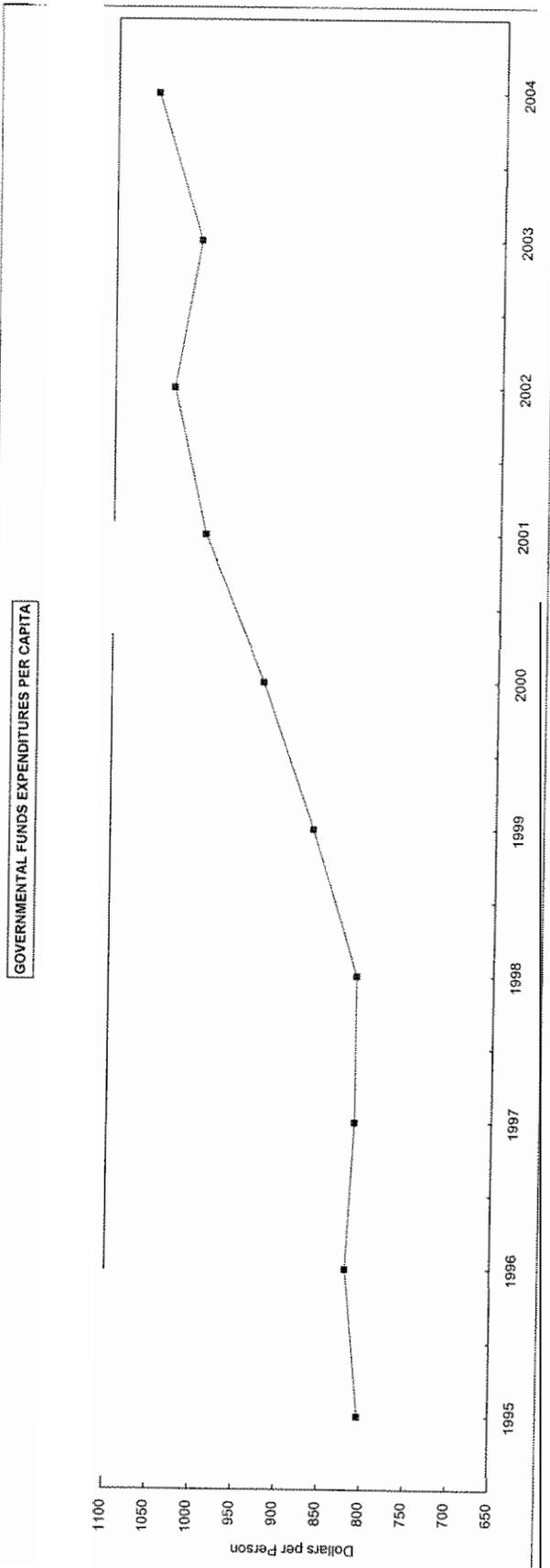
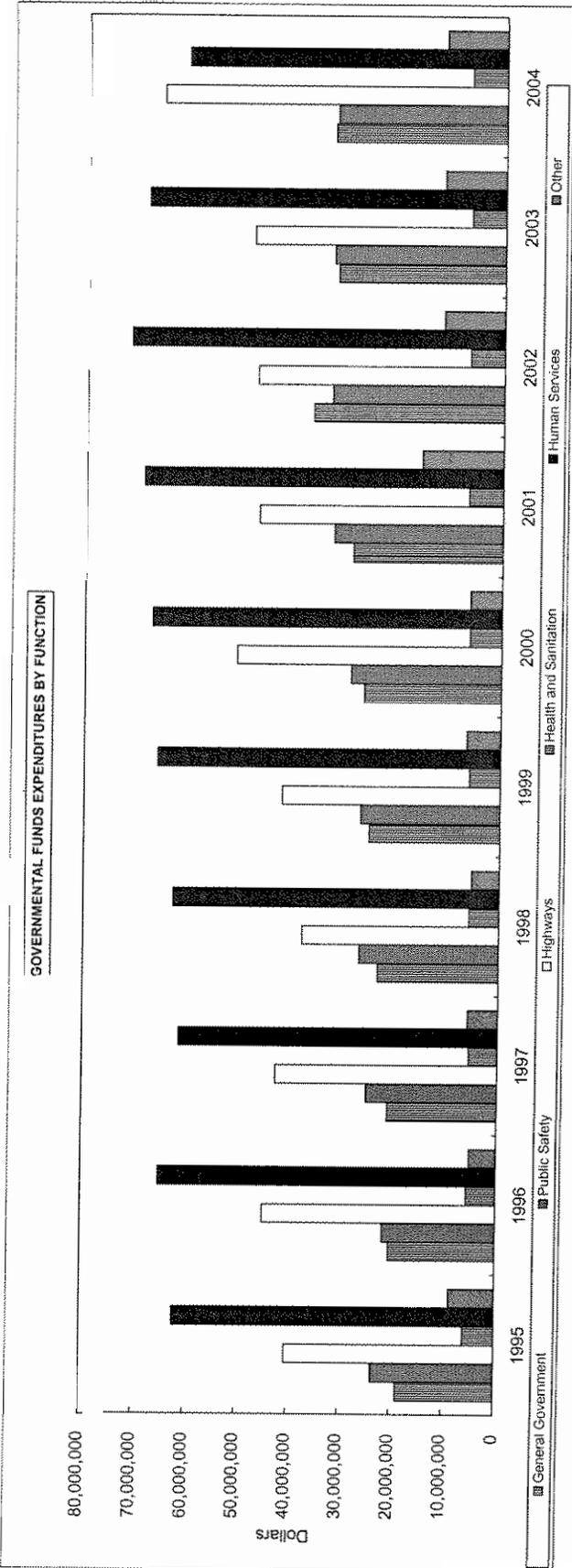
Fiscal Year	General Government	Public Safety	Highways	Health and Sanitation	Human Services	Culture and Recreation	Conservation of Natural Resources	Economic Development	Total Expenditures
1995	\$ 18,786,128	\$ 23,654,903	\$ 40,394,400	\$ 5,955,169	\$ 62,196,888	\$ 696,430	\$ 713,440	\$ 7,350,964	\$ 159,748,322
1996	\$ 20,464,906	\$ 21,690,963	\$ 44,994,275	\$ 5,611,658	\$ 65,129,489	\$ 898,492	\$ 818,803	\$ 3,401,781	\$ 163,010,367
1997	\$ 21,030,134	\$ 25,150,270	\$ 42,770,417	\$ 5,471,404	\$ 61,470,525	\$ 990,931	\$ 728,122	\$ 4,045,476	\$ 161,657,279
1998	\$ 23,169,239	\$ 26,785,165	\$ 37,791,682	\$ 5,708,819	\$ 62,757,157	\$ 865,786	\$ 793,700	\$ 3,662,411	\$ 161,533,959
1999	\$ 25,018,038	\$ 26,713,735	\$ 41,850,736	\$ 5,917,312	\$ 65,951,192	\$ 1,494,552	\$ 782,214	\$ 4,169,249	\$ 171,897,028
2000	\$ 26,242,654	\$ 28,840,156	\$ 50,870,478	\$ 6,059,689	\$ 67,106,363	\$ 1,028,462	\$ 905,479	\$ 4,103,918	\$ 185,157,199
2001	\$ 28,594,052	\$ 32,305,730	\$ 46,762,511	\$ 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	\$ 32,656,398	\$ 48,029,289	\$ 6,393,032	\$ 68,321,166	\$ 1,401,759	\$ 6,185,832	\$ 3,996,222	\$ 198,873,245
2004	\$ 32,593,542	\$ 32,228,264	\$ 65,535,285	\$ 6,542,424	\$ 60,857,463	\$ 1,668,794	\$ 6,194,496	\$ 3,545,611	\$ 209,165,879

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Fiscal Year	General Government	Public Safety	Highways	Health and Sanitation	Human Services	Culture and Recreation	Conservation of Natural Resources	Economic Development	Total Expenditures
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%	15.6%	27.5%	3.3%	36.2%	0.6%	0.5%	2.2%	100.0%
2001	14.4%	16.3%	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%
2004	15.6%	15.4%	31.3%	3.1%	29.1%	0.8%	3.0%	1.7%	100.0%

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

Unaudited



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>
1995	\$ 64,480,183	\$ 131,185	\$ 62,546,176	\$ 6,729,933	\$ 830,124	\$ 14,510	\$ 2,856,931	\$ 2,500,682	\$ 160,089,830
1996	\$ 65,759,517	\$ 132,057	\$ 86,831,789	\$ 7,138,403	\$ 886,913	\$ 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	\$ 3,541,214	\$ 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	\$ 201,796,571
2003	\$ 76,804,152	\$ 165,927	\$ 96,174,660	\$ 10,527,851	\$ 1,592,818	\$ 12,045	\$ 1,420,438	\$ 12,718,401	\$ 201,406,292
2004	\$ 81,749,685	\$ 150,938	\$ 104,494,699	\$ 10,586,660	\$ 1,622,789	\$ 70,271	\$ 1,471,345	\$ 14,734,213	\$ 214,880,600

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<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>
1995	40.28%	0.08%	51.56%	4.20%	0.52%	0.01%	1.78%	1.57%	100.00%
1996	39.76%	0.08%	52.50%	4.32%	0.54%	0.01%	1.59%	1.60%	100.00%
1997	40.10%	0.10%	51.70%	4.20%	0.50%	0.00%	1.80%	1.20%	100.00%
1998	39.60%	0.10%	52.70%	4.30%	0.50%	0.00%	1.60%	1.56%	100.00%
1999	40.16%	0.08%	51.26%	4.69%	0.57%	0.02%	1.66%	1.80%	100.00%
2000	41.00%	0.10%	49.30%	4.90%	0.80%	0.00%	2.10%	1.36%	100.00%
2001	41.07%	0.09%	49.61%	4.66%	0.86%	0.01%	2.34%	1.44%	100.00%
2002	39.04%	0.08%	51.83%	4.19%	0.88%	0.01%	2.53%	5.24%	100.00%
2003	40.60%	0.08%	46.90%	4.19%	0.88%	0.01%	2.10%	6.30%	100.00%
2004	38.04%	0.07%	48.63%	4.93%	0.76%	0.03%	0.69%	6.85%	100.00%

Unaudited

Unaudited

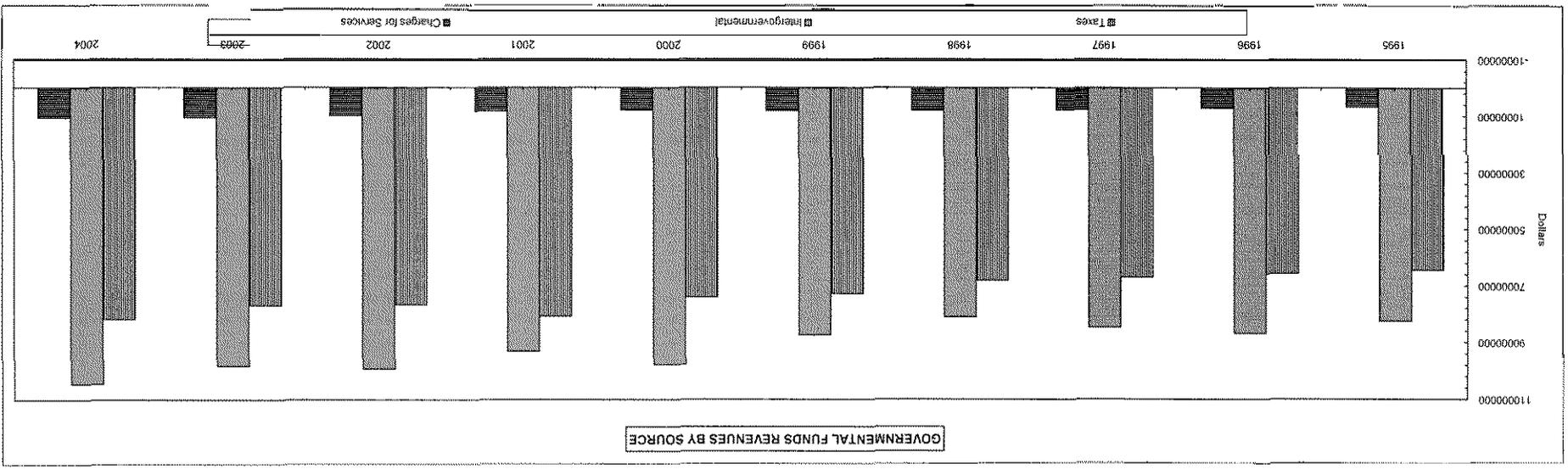
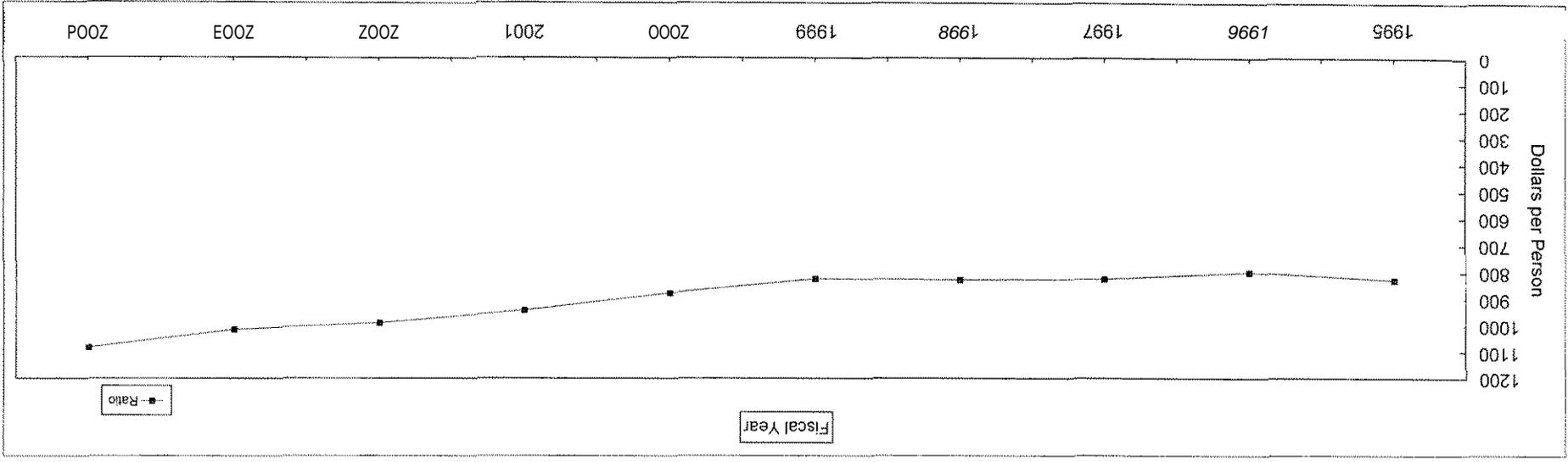


Table 3

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
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
2004	83,340,393	18,336,921	65,003,472

COLLECTIONS

Collection Year	Current Tax Collections (3)	Delinquent Tax Collections	Total Tax Collections	Outstanding Delinquent Taxes
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
2004	65,115,787	1,516,578	66,632,365	3,516,336

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
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%
2004	100.17%	2.33%	102.51%	5.41%

(1) In 1995 through 1997 the homestead and agricultural credit aid (HACA) was deducted from the levy before the levy was certified

(2) In 1995 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)

Collection Year	Property Outside the City of Duluth	Property Within the City of Duluth	Total
1995	\$ 2,802,893,700	\$ 2,003,659,200	\$ 4,806,552,900
1996	2,981,904,564	2,096,250,700	5,078,155,264
1997	3,201,837,900	2,225,427,350	5,427,265,250
1998	3,430,885,300	2,310,692,030	5,741,577,330
1999	3,709,574,800	2,380,700,800	6,090,275,600
2000	3,986,083,600	2,459,409,500	6,445,493,100
2001	4,295,796,200	2,668,710,800	6,964,507,000
2002	4,661,929,400	2,899,842,100	7,561,771,500
2003	5,152,929,900	3,162,476,900	8,315,406,800
2004	5,770,298,218	3,635,154,600	9,405,452,818

TAXABLE TAX CAPACITY (EXCLUDES CAPTURED INCREMENT)

Collection Year	Property Outside the City of Duluth	Property Within the City of Duluth	Total
1995	\$ 49,206,820	\$ 33,315,706	\$ 82,522,526
1996	52,344,691	34,805,732	87,150,423
1997	55,548,845	37,140,254	92,689,099
1998	53,483,926	34,810,262	88,294,188
1999	53,465,283	33,272,621	86,737,904
2000	55,590,640	33,666,843	89,257,483
2001	59,844,300	36,602,505	96,446,805
2002	50,933,226	31,276,651	82,209,877
2003	55,321,613	33,369,441	88,691,064
2004	62,014,430	37,971,892	99,986,322

RATIOS

Collection Year	Total Tax Capacity as a Percent of Total Taxable Market Value	Percent of Total Tax Capacity	
		Property Outside the City of Duluth	Property Within the City of Duluth
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%
2004	1.06%	62.02%	37.98%

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
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	44,458,246	56,350,560	138,143,372
1999	36,488,118	1,237,589	44,572,116	58,654,341	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	73,059,566	126,123,965
2003	40,895,858	3,234,759	15,351,660	74,008,064	133,490,341
2004	43,236,861	3,992,991	16,649,878	78,786,625	142,666,355

TAX RATES PER \$100 OF TAX CAPACITY

Tax Year	Cities & Towns	Special Districts	School Districts	County	Total Combined (1)
1995	25.7234	1.2690	51.9731	64.1712	143.1367
1996	25.8270	1.2678	50.3091	60.7426	138.1464
1997	34.7370	1.7740	46.4260	53.6480	136.5650
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
2004	43.3208	4.0007	16.6822	78.9397	142.9434

TAX RATES PER \$100 OF TAXABLE MARKET VALUE

Tax Year	Cities & Towns	Special Districts	School Districts	County	Total Combined (1)
1995	0.6552	0.0218	0.9378	1.1017	2.7165
1996	0.6567	0.0218	0.9133	1.0433	2.6350
1997	0.6489	0.0331	0.8673	1.0022	2.5515
1998	0.6296	0.0205	0.7745	0.9814	2.4060
1999	0.5991	0.0203	0.7319	0.9664	2.3177
2000	0.5808	0.0216	0.6764	0.9628	2.2415
2001	0.5827	0.0231	0.6316	0.9395	2.1768
2002	0.4291	0.0354	0.2372	0.9662	1.6679
2003	0.4918	0.0389	0.1846	0.8900	1.6053
2004	0.4597	0.0425	0.1770	0.8377	1.5168

(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, 2004**

	<u>Dollar</u> <u>Value</u>	<u>Percent</u> <u>of Total</u>
Real Estate		
Residential	\$ 63,362,360	59.10%
Multiple Dwelling	5,384,470	5.02%
Commercial/Industrial	18,954,986	17.68%
Timberlands	1,809,404	1.69%
Agricultural	983,957	0.92%
Public Utilities / Miscellaneous	3,770,185	3.52%
Seasonal Residential Recreational	8,600,532	8.02%
Seasonal Residential Recreational- Commercial	<u>508,343</u>	<u>0.47%</u>
Total Real Estate	\$ 103,374,237	96.42%
Personal Property	<u>3,839,484</u>	<u>3.58%</u>
Total Real Estate & Personal Property	<u>\$ 107,213,721</u>	<u>100.00%</u>

Source: St. Louis County Assessor - 2003 Abstract Payable 2004

Unaudited

Table 7

**ST LOUIS COUNTY, MINNESOTA
PRINCIPAL TAXPAYERS
YEAR ENDED DECEMBER 31, 2004**

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

Taxpayer	2004 Taxes Paid	Percentage of Total
Minnesota Power	\$ 5,920,078	4.31%
Consolidated Papers, Inc.	1,533,967	1.11%
Trinity Court	1,125,307	0.81%
Enbridge Energy Ltd	986,286	0.71%
Great Lakes Gas Trans Ltd	903,462	0.65%
DM & IR Railway	861,656	0.62%
Duluth Winnipeg & Pacific RR	831,176	0.60%
Duluth Clinic	816,715	0.59%
Northern States Power	752,088	0.54%
IRET Properties	674,012	0.49%
Total Taxes Paid of Ten Largest Taxpayers	\$ 14,404,747	10.43%
Total Taxes Paid of Other Taxpayers	123,703,426	89.57%
Total Taxes Paid of All Taxpayers	\$ 138,108,173	100.00%

Collection of Taconite Production Tax in 2004

Hibbing Taconite	\$ 9,292,284
Ispat Inland Mining	3,505,351
National Steel	4,940,000
Northshore Mining	4,988,516
USX Corporation	23,416,669
United Taconite	34,471
Total Collection	<u>\$ 46,177,291</u>

Distribution of Taconite Production Tax in 2004

Property Tax Credit	
County Cities', Towns' and School Districts' Share	\$ 16,119,076
St. Louis county and its Political Subdivisions:	
County General Fund	\$ 4,226,069
County Road and Bridge Fund	6,393,817
School Districts	10,846,351
Cities and Towns (1)	8,591,979
Total	<u>30,058,215</u>
Total Distribution	<u>\$ 46,177,291</u>

(1) Includes \$314,121 of excess school monies to be distributed to cities/towns in 2005

Unaudited

Table 8

ST. LOUIS COUNTY, MINNESOTA
COMPUTATION OF LEGAL DEBT MARGIN
YEAR ENDED DECEMBER 31.2004

Market Value of Taxable Property		\$ 9,405,452,818
<hr/>		
Debt Limit:		
Two Percent of Market Value of Taxable Property (1)		\$ 188,109,056
Amount of Debt Applicable to Debt Limit:		
General Obligation Debt (At Par)	\$ 42,406,540	
Less:		
Fund Balance in Debt Service Funds	<u>(1,643,499)</u>	
Total Amount of Debt Applicable to Debt Limit		<u>40,763,041</u>
Legal Debt Margin		<u>\$ 147,346,015</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, 2004

	Total Debt Outstanding	Percent Applicable to St. Louis County (1)	Amount
Direct Debt			
St. Louis County (2)	\$ 42,406,540	100.00%	\$ 42,406,540
Overlapping Debt			
School District #94	\$ 17,395,000	4.63%	\$ 805,389
School District #381	37,510,000	17.11%	6,417,961
School District #698	12,355,000	96.16%	11,880,567
School District #2142	1,285,000	98.29%	1,263,027
Western Lake Superior Sanitary District	59,815,345	82.58%	49,395,512
Total Overlapping Debt	<u>\$ 128,360,345</u>		<u>\$ 69,762,455</u>
Underlying Debt			
City of Biwabik	\$ 435,980	100.00%	\$ 435,980
City of Cook	305,000	100.00%	305,000
City of Duluth	70,534,400	100.00%	70,534,400
City of Ely	2,343,000	100.00%	2,343,000
City of Eveleth	3,290,910	100.00%	3,290,910
City of Hermantown	6,725,000	100.00%	6,725,000
City of Hibbing	6,925,000	100.00%	6,925,000
City of Hoyt Lakes	1,625,000	100.00%	1,625,000
City of Mountain Iron	1,685,000	100.00%	1,685,000
City of Orr	64,968	100.00%	64,968
City of Proctor	2,690,000	100.00%	2,690,000
City of Tower	26,000	100.00%	26,000
City of Virginia	33,189,000	100.00%	33,189,000
Town of Grand Lake	1,059,000	100.00%	1,059,000
Town of Normanna	44,000	100.00%	44,000
Town of Rice Lake	369,689	100.00%	369,689
Town of White	450,000	100.00%	450,000
School District #695	7,620,000	100.00%	7,620,000
School District #696	1,000,000	100.00%	1,000,000
School District #700	4,990,000	100.00%	4,990,000
School District #701	1,720,000	100.00%	1,720,000
School District #704	13,195,000	100.00%	13,195,000
School District #706	15,930,000	100.00%	15,930,000
School District #709	39,515,000	100.00%	39,515,000
School District #712	4,345,000	100.00%	4,345,000
School District #2154	8,582,807	100.00%	8,582,807
School District #2711	495,000	100.00%	495,000
Arrowhead Regional Development Commission	396,776	100.00%	396,776
Duluth Economic Development Authority	4,348,000	100.00%	4,348,000
Duluth Entertainment and Convention Center	4,800,000	100.00%	4,800,000
Virginia Housing and Redevelopment Authority	6,396,000	100.00%	6,396,000
Total Underlying Debt	<u>\$ 245,094,530</u>		<u>\$ 245,094,530</u>
Total	<u>\$ 415,861,415</u>		<u>\$ 415,861,415</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 \$2,933 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		Fund Long Term Bonded Debt		Capital Leases (1)		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
1999	\$ 1,265,000	\$ 933,253	\$ 1,585,000	\$ 273,320	\$ 415,905	\$ 107,099	\$ 4,579,577
2000	2,075,000	1,043,623	830,000	191,658	450,485	103,952	4,694,718
2001	2,180,000	948,007	870,000	154,228	465,154	89,572	4,706,961
2002	2,935,000	1,437,410	915,000	113,920	487,866	52,519	5,941,715
2003	4,015,000	1,349,745	85,000	22,844	176,358	38,676	5,687,623
2004	5,175,000	1,157,618	95,000	15,725	52,827	35,217	6,531,387
<hr/>							
2005	\$ 4,873,900	\$ 1,673,016	\$ 100,000	\$ 12,875	\$ 53,900	\$ 32,002	\$ 6,745,693
2006	5,127,200	1,431,596	105,000	9,875	57,200	28,613	6,759,484
2007	5,310,500	1,272,481	105,000	6,725	60,500	25,023	6,780,229
2008	4,409,900	1,101,112	110,000	3,575	64,900	21,199	5,710,686
2009	2,388,200	943,730	-	-	68,200	17,037	3,417,167
2010	2,487,600	845,924	-	-	72,600	12,531	3,418,655
2011	2,417,000	742,462	-	-	77,000	7,744	3,244,206
2012	2,527,500	632,868	-	-	82,500	2,640	3,245,508
2013	2,035,000	520,988	-	-	-	-	2,555,988
2014	2,130,000	433,188	-	-	-	-	2,563,188
2015	2,230,000	341,238	-	-	-	-	2,571,238
2016	2,335,000	242,363	-	-	-	-	2,577,363
2017	1,100,000	138,800	-	-	-	-	1,238,800
2018	1,155,000	94,800	-	-	-	-	1,249,800
2019	1,215,000	49,600	-	-	-	-	1,263,600
Total for							
2005-2019	\$ 41,741,800	\$ 10,463,166	\$ 420,000	\$ 33,050	\$ 536,800	\$ 146,789	\$ 53,341,605

(1) 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
1998	\$ 1,585,150	\$ 431,099	\$ -	\$ 9,944	\$ 2,026,193
1999	1,585,150	431,099	-	9,944	2,026,193
2000	1,553,664	639,608	-	12,263	2,205,535
2002	1,362,999	571,432	15,185	12,880	1,962,496
2003	805,916	457,182	69,991	8,010	1,341,099
2004	637,819	394,648	42,962	-	1,075,429
Future Minimum Lease Payments					
2005	\$ 642,834	\$ 395,111	\$ 28,116	\$ -	\$ 1,066,061
2006	644,531	395,111	28,116	-	1,067,758
2007	646,271	395,111	28,116	-	1,069,498
2008	648,054	395,111	28,116	-	1,071,281
2009	649,883	395,111	28,116	-	1,073,110
Total for 2005-2009	<u>\$ 3,231,573</u>	<u>\$ 1,975,555</u>	<u>\$ 140,580</u>	<u>\$ -</u>	<u>\$ 5,347,708</u>

CAPITAL LEASE PAYMENTS

Year Ended	Northland Office Building		Hibbing Maintenance Facility		Office Equipment	
	Principal	Interest	Principal	interest	Principal	Interest
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	-	-	50,600	35,189	2,227	28
2005	\$ -	\$ -	\$ 53,900	\$ 32,002	\$ -	\$ -
2006	-	-	57,200	28,613	-	-
2007	-	-	60,500	25,023	-	-
2008	-	-	64,900	21,199	-	-
2009	-	-	68,200	17,037	-	-
2010	-	-	72,600	12,531	-	-
2011	-	-	77,000	7,744	-	-
2012	-	-	82,500	2,640	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
Total for 2005-2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 536,800</u>	<u>\$ 146,789</u>	<u>\$ -</u>	<u>\$ -</u>

Unaudited

Table 12

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

Fiscal Year	General Long Term Bonded Debt							
	Babbitt Facility (1)		Jail Bond (2)		Capital Equipment Notes (3)		Capital Equipment Notes (4)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1997	\$ 35,000	\$ 79,415	\$ 830,000	\$ 618,557	\$ -	\$ -	\$ -	\$ -
1998	40,000	76,300	865,000	579,548	-	-	-	-
1999	40,000	72,700	905,000	538,892	-	-	-	-
2000	45,000	69,060	945,000	496,358	740,000	171,740	-	-
2001	685,000	32,460	990,000	451,942	765,000	141,030	-	-
2002	-	-	8,535,000	405,412	795,000	108,135	-	-
2003	-	-	-	-	830,000	73,950	-	-
2004	-	-	-	-	870,000	37,845	-	-
2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 701,215	\$ 80,762
2006	-	-	-	-	-	-	721,215	55,325
2007	-	-	-	-	-	-	741,215	41,025
2008	-	-	-	-	-	-	760,697	22,650
2009	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-
Total for 2005-2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,924,342	\$ 199,762

(1) General Obligation Taxable Revenue Refunding Bonds Series 1989B for the Babbitt Tirecycle recycling facility, original issue of 11,015,000, interest rates of 8.5 to 9.5%, obligation redeemed at June 1, 2001.

(2) a) General Obligation Correctional Facilities Refunding Bond Anticipation Notes Series 1891 for jail construction, original issue of 62,000,000, 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 114,635,000, interest rates of 4.7 to 4.75%, tax-exempt, legally defeased in 2002 by Jail Refunding Bonds series 2002B. See footnote (11).

(3) a) General Obligation Capital Equipment Notes Series 1990, original issue of 12,035,000, 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.

(4) General Obligation Equipment Notes Series 2004B, original issue of \$2,900,000, interest rates of 20 to 3.0%, tax exempt, not callable

Unaudited

Table 12 -continued

ST. LOUIS COUNTY, MINNESOTA
UNIFIED DEBT PAYMENT SCHEDULE
PAST EIGHT YEARS AND ALL FUTURE YEARS

Fiscal Year	General Long Term Bonded Debt							
	Arrowhead Juvenile Center (5)		Arrowhead Juvenile Center (6)		Septic Revenue Notes (7)		Law Enforcement Facilities (8)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1997	\$ 50,000	\$ 74,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1996	50,000	72,167	-	-	-	-	250,000	263,730
1999	60,000	70,118	-	-	-	-	260,000	251,543
2000	75,000	67,598	-	-	-	-	270,000	238,867
2001	90,000	64,410	-	-	-	-	285,000	225,705
2002	100,000	60,495	-	-	-	-	295,000	211,455
2003	110,000	56,095	-	-	-	-	310,000	196,705
2004	1,045,000	45,369	20,603	4,496	-	-	325,000	181,205
2005	1	\$ -	\$ 142,412	\$ 26,575	\$ 4,681	\$ 891	\$ 340,000	\$ 164,955
2006		-	147,412	23,775	4,776	796	360,000	147,954
2007		-	157,412	20,150	4,872	700	375,000	129,955
2008		-	162,412	16,275	4,969	602	395,000	111,205
2009		-	172,412	11,475	28,702	503	415,000	91,455
2010		-	172,211	5,950	27,662	400	440,000	70,705
2011		-	-	-	27,765	297	465,000	48,705
2012		-	-	-	47,871	191	490,000	24,990
2013		-	-	-	47,979	83	-	-
2014		-	-	-	42,490	-	-	-
2015		-	-	-	50,390	-	-	-
2016		-	-	-	50,390	-	-	-
2017		-	-	-	50,390	-	-	-
2018		-	-	-	50,390	-	-	-
2019		-	-	-	29,690	-	-	-
2020		-	-	-	27,900	-	-	-
2021		-	-	-	27,900	-	-	-
2022		-	-	-	7,900	-	-	-
2023		-	-	-	7,900	-	-	-
2024		-	-	-	7,900	-	-	-
Total for 2005-2024	\$	\$ -	\$ 954,271	\$ 104,200	\$ 552,517	\$ 4,463	\$ 3,280,000	\$ 789,924

(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**, prepaid in whole on **10-15-04**. Refunded by **General Obligation Refunding Bonds**, Series **2004C**. See footnote (6).

(6) **General Obligation Refunding Bonds Series 2004C**, original issue of **\$960,000**, interest rates of **2.0 to 3.5%**, **tax-exempt**, not callable. See also footnote (5).

- (7) 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 **520,000**, 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 semiannually.
- 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 semiannually.

(8) **Law Enforcement Facilities Revenue Bonds** Series 1397, **St. Louis County Unlimited Tax Lease Obligation** of the **Housing and Redevelopment Authority** for acquisition and betterment of law enforcement facilities in the **Nibbing 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.

Unaudited

Table 12 - continued

ST LOUIS COUNTY, MINNESOTA
 BONDED DEBT PAYMENT SCHEDULE
 PAST EIGHT YEARS AND ALL FUTURE YEARS

Fiscal Year	General Long Term Bonded Debt								
	Capital Improvement Bonds (9)		Capital Improvement Bonds (10)		Jail Refunding Bonds (11)		Capital Equipment Notes (12)		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1998	-	-	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-	-
2001	-	380,282	-	-	-	-	-	-	-
2002	705,000	651,912	-	-	-	-	-	-	-
2003	730,000	627,238	-	-	1,109,224	282,312	953,974	113,445	
2004	760,000	600,958	-	-	1,204,224	193,300	978,974	94,445	
2005	\$ 790,000	\$ 568,657	\$ 645,628	\$ 567,219	\$ 1,244,224	\$ 157,900	\$ 998,974	\$ 74,945	
2006	820,000	535,083	750,628	466,987	1,284,224	121,300	1,028,974	52,558	
2007	855,000	500,232	770,628	444,638	1,334,224	83,500	1,058,641	27,957	
2008	890,000	463,895	790,628	421,687	1,382,205	44,200	-	-	
2009	925,000	425,625	815,628	398,138	-	-	-	-	
2010	965,000	384,925	845,628	371,812	-	-	-	-	
2011	1,010,000	341,500	870,628	344,513	-	-	-	-	
2012	1,055,000	291,000	905,628	314,237	-	-	-	-	
2013	1,105,000	238,250	935,628	282,738	-	-	-	-	
2014	1,160,000	183,000	975,628	250,187	-	-	-	-	
2015	1,220,000	125,000	1,015,628	216,238	-	-	-	-	
2016	1,280,000	64,000	1,060,628	178,362	-	-	-	-	
2017	-	-	1,105,628	138,800	-	-	-	-	
2018	-	-	1,160,628	94,800	-	-	-	-	
2019	-	-	1,220,158	48,600	-	-	-	-	
2020	-	-	-	-	-	-	-	-	
2021	-	-	-	-	-	-	-	-	
2022	-	-	-	-	-	-	-	-	
2023	-	-	-	-	-	-	-	-	
2024	-	-	-	-	-	-	-	-	
Total for 2005-2024	\$ 12,075,000	\$ 4,121,167	\$ 13,868,950	\$ 4,538,956	\$ 5,244,877	\$ 406,900	\$ 3,086,589	\$ 155,460	

(9) 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 114,270,000, 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

(10) General Obligation Capital Improvement Bonds Series 2004A, original issue of \$13,785,000, interest rates of 3.0 to 4.0%, tax-exempt, not callable.

(11) 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.

(12) 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
 PAST EIGHT YEARS AND ALL FUTURE YEARS

Fiscal Year	Fund Long Term Bonded Debt								Total Principal and Interest
	Solid Waste (13)		Nursing Homes (14)		Nursing Homes (15)		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
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	1,206,573	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	4,128,198	1,349,745	5,477,943
2004	-	-	-	-	95,000	15,725	5,278,198	1,153,122	6,431,320
2005	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 12,875	\$ 4,967,134	\$ 1,654,779	\$ 6,621,913
2006	-	-	-	-	105,000	9,875	5,222,229	1,413,653	6,635,882
2007	-	-	-	-	105,000	6,725	5,401,992	1,254,882	6,656,874
2008	-	-	-	-	110,000	3,575	4,495,911	1,084,089	5,580,000
2009	-	-	-	-	-	-	2,356,742	927,196	3,283,938
2010	-	-	-	-	-	-	2,450,501	833,792	3,284,293
2011	-	-	-	-	-	-	2,373,393	735,015	3,108,408
2012	-	-	-	-	-	-	2,498,499	630,418	3,128,917
2013	-	-	-	-	-	-	2,088,607	521,071	2,609,678
2014	-	-	-	-	-	-	2,178,118	433,187	2,611,305
2015	-	-	-	-	-	-	2,286,018	341,238	2,627,256
2016	-	-	-	-	-	-	2,391,018	242,362	2,633,380
2017	-	-	-	-	-	-	1,156,018	138,800	1,294,818
2018	-	-	-	-	-	-	1,211,018	94,800	1,305,818
2019	-	-	-	-	-	-	1,249,848	48,600	1,298,448
2020	-	-	-	-	-	-	27,900	-	27,900
2021	-	-	-	-	-	-	27,900	-	27,900
2022	-	-	-	-	-	-	7,900	-	7,900
2023	-	-	-	-	-	-	7,900	-	7,900
2024	-	-	-	-	-	-	7,900	-	7,900
Total for 2005-2024	\$ -	\$ -	\$ -	\$ -	\$ 420,000	\$ 33,050	\$ 42,406,546	\$ 10,353,882	\$ 52,760,428

- (13) 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 Bond* Series 1991 for transfer station construction, original issue of \$1,255,000, interest rates of 4.0 to 6.25%. tax-exempt, obligations may be prepaid in part or in whole on 12-01-99 or any interest date thereafter. Called for redemption and prepayment in 1999.
 d) General Obligation Solid Waste Bonds Series 1993B for landfill construction, original issue of \$5,535,000, interest rates of 3.0 to 5.0%. tax-exempt, obligations may be prepaid in part or in whole on 12-01-00 or any interest date thereafter. Called for redemption and prepayment in 2002.
 e) General Obligation Full Crossover Advance Refunding Bonds Series 1993A for partial refunding of 7a) and 7b) above, original issue of \$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.
- (14) 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 12-14-97 or any interest date thereafter. Paid at maturity in 1999.
- (15) 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	
1995	8,579,481	9,287,194	(707,713)	30,000	12,040	42,040	-
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	-
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)				
2004	-	-	-				

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	
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	-	-	-	
2004	6,046,958	4,968,037	1,078,921	-	-	-	

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	-
2004	13,931,165	14,817,441	(886,276)	95,000	15,725	110,725	-

(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**

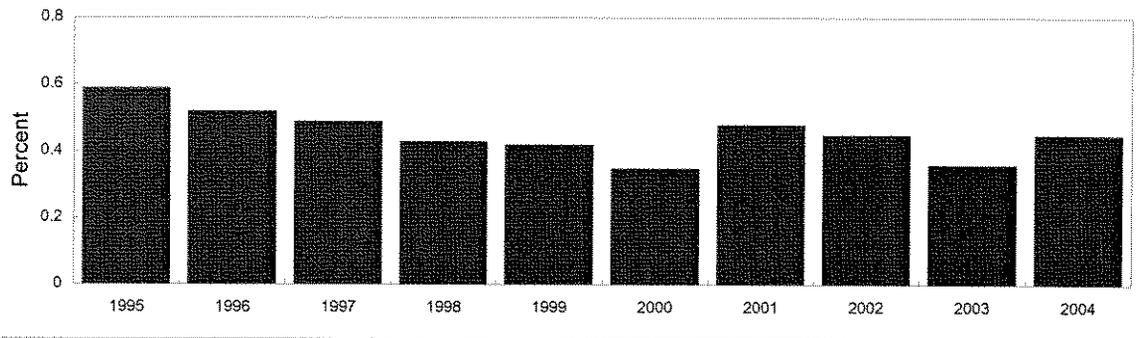
Fiscal Year	Bonded Debt(1)	Market Value (2)	Bonded Debt As a Percent of Market Value	Population	Bonded Debt per Capita
1995	\$ 28,225,000	\$ 4,806,552,900	0.59%	198,879	\$ 141.92
1996	26,335,000	5,078,155,264	0.52%	199,103	132.27
1997	26,725,000 (3)	5,427,265,250	0.49%	199,454	133.99
1998	24,512,900 (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%	198,721	150.84
2004	42,406,540 (3)	9,405,452,818	0.45%	198,721	213.40

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

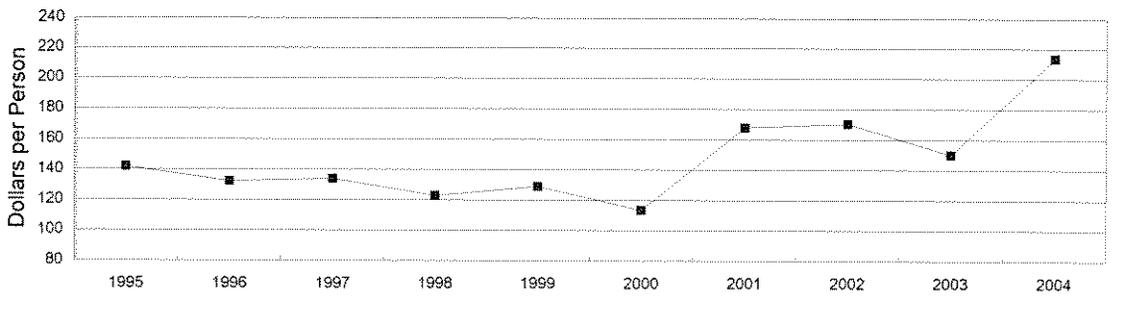
(2) Includes captured increment.

(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



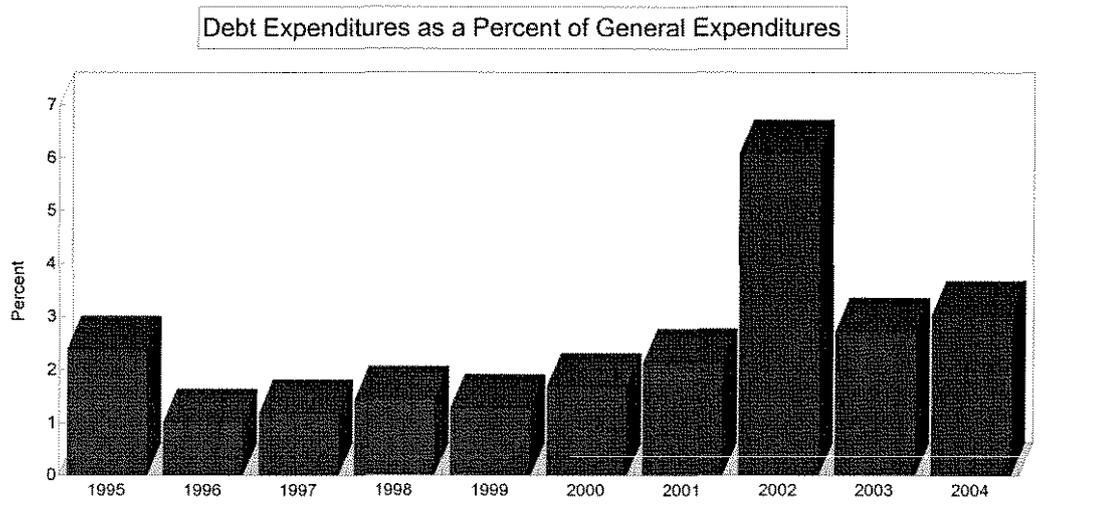
Unaudited

Table 15

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

Year	Principal	Interest	Total Debt Service Expenditures	Total General Expenditures (2)	Debt Service Expenditures As a Percent of General Expenditures
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 (3)	1,295,830	4,110,830	191,467,900	2.15%
2002	10,438,406 (4)	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%
2004	5,175,000 (5)	1,157,618	6,332,618	207,752,160	3.05%

- (1) Does not include bonds that are paid from Enterprise Funds. See Table 13.
- (2) includes the General Fund and Special Revenue Funds.
- (3) \$685,000 of this figure was to pay off 1989 Series B Babbitt Recycling Facility Refunding Bond.
- (4) \$8,535,000 of this figure was to pay off Jail Revenue Bonds (St Louis County Unlimited Tax Lease Obligations).
- (5) \$1,045,000 of this figure was to pay off 1995 Arrowhead Juvenile Center Bond.



Unaudited

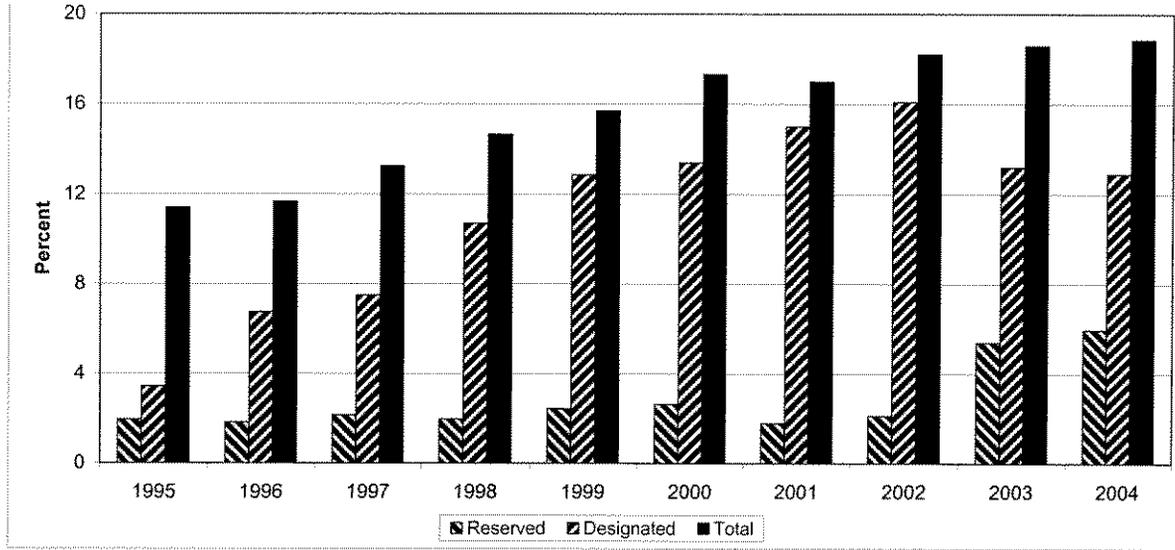
Table f6

**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
1995	\$ 141,864,687	\$ 16,161,680	11.39%	\$ 2,766,559	1.95%	\$ 4,868,941	3.43%	\$ 8,526,180	6.01%
1996	142,847,929	16,657,997	11.66%	2,595,930	1.82%	9,644,682	6.75%	4,417,385	3.09%
1997	142,520,559	18,865,905	13.24%	3,045,922	2.14%	10,688,555	7.50%	5,131,428	3.60%
1998	149,051,153	21,835,436	14.65%	2,917,597	1.96%	15,924,894	10.68%	2,992,945	2.01%
1999	159,819,293	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	161,581,550	29,433,396	18.22%	3,427,822	2.12%	26,005,574	16.09%	-	0.00%
2003	158,718,826	29,508,698	18.59%	8,562,731	5.39%	20,945,967	13.20%	-	0.00%
2004	169,179,296	31,897,376	18.85%	10,067,532	5.95%	21,829,844	12.90%	-	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 f7

**ST. LOUIS COUNTY, MINNESOTA
COMPENSATED ABSENCES AND FUND BALANCE RESERVED FOR HEALTH AND WELFARE
YEAR ENDED DECEMBER 31, 2004**

	Liability of Proprietary Funds (1)	Liability of General Long-Term Debt Account Group (2)	Financial Statement Notes	Total	Hours
Vacation					
Short term (3)	\$ 287,096	\$ -	\$ -	\$ 287,096	
Long term	485,564	-	-	485,564	
Total Vacation	<u>\$ 772,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 772,660</u>	287,664
Sick Leave					
Vested (4)	\$ 1,525,662	\$ 11,787,207	\$ -	\$ 13,312,869	
Vesting (5)	717,282	15,680,080	-	16,397,362	
Non-vesting (6)	-	-	9,758,564	9,758,564	
Total Sick Leave	<u>\$ 2,242,944</u>	<u>\$ 27,467,287</u>	<u>\$ 9,758,564</u>	<u>\$ 39,468,795</u>	1,726,194
Total Compensated Absences Payable	<u>\$ 3,015,604</u>	<u>\$ 27,467,287</u>	<u>\$ 9,758,564</u>	<u>\$ 40,241,455</u>	<u>2,013,858</u>

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

(2) The entire amount of the General Long Term Debt Account Group liability for vested sick leave is supported by fund balances designated for that purpose in the following funds: General Fund \$4,917,613 and Special Revenue Funds \$6,869,594. Five ninths of the General Long Term Debt Account Group liability for vesting sick leave is supported by fund balances designated for that purpose in the following funds: General Fund \$4,166,896 and Special Revenue Fund \$4,544,260.

(3) Cash value of vacation expected to be paid within one 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
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
2004	809.85	323.00	504.75	60.00	327.48	56.00	2,081.08

Unaudited

Table 19

ST. LOUIS COUNTY, MINNESOTA
LABOR CONTRACT AGREEMENTS
YEAR ENDED DECEMBER 31,2004

<u>Bargaining Unit</u>	<u>Number of Employees Represented</u>	<u>Contract Expiration Date</u>
Civil Service Basic	925	12131105
Emergency Communication Specialists	39	12131105
Corrections Counselors	4	12/31/05
Health Care Basic	300	12131105
Health Care Supervisors	11	12131105
Civil Service Supervisors	119	12131105
Merit System Supervisors	38	12/31/05
Civil Service Confidential	20	12/31/05
Teamsters	207	12131105
Merit System Basic	196	12131105
Jail Corrections Officers	63	12/31/05
Deputy Sheriffs Association	87	12131105
Sheriff Supervisory	10	12131105

Unaudited

Table 20

**ST. LOUIS COUNTY, MINNESOTA
INSURANCE COVERAGE
YEAR ENDED DECEMBER 31.2004**

Type of Insurance	Insurer	Deductible	Coverage Limit	Purpose
Boiler & Machinery	Otis-Magie Gustafson ContinentalNatl American	\$ 5,000	\$ 2,500,000	Property damage
Commercial Property	Otis-Magie Gustafson Lexington	25,000 48 hours 2,500 50,000 50,000 5,000 5,000 5,000 25,000 72 hours 25,000 25,000	50,000,000 200,000 100,000 250,000 1,000,000 5,000,000 150,000	Blanket - Building & Business Personal Property Business income including Extra Expense Computers Flood Limit Earthquake Broadcasting Towers & Antenna / Equipment Valuable Papers - Duluth Courthouse Valuable Papers - All Other Locations Personal Property at Undescribed Premises Utility Services Newly Acquired Property & Premise Other Additional Coverages & Coverage Extensions
	Otis-Magie Gustafson Maxum Indemnity	500	2,000,000	General Liability Radio & Television Tower (Observation Road)
	Otis-Magie Gustafson National Union	7,500 7,500	50,000 60,000	Crime - Forgery or Alteration Crime - Money & Securities: Premises Coverage \$50,000; Messenger \$10,000
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 Lexington	5,000	691,000	Building/Tower/Transmitting Equipment (Observation Road)
Vehicles In Buildings	Otis-Magie Gustafson Lexington	25,000		Commercial Property - Amended Contents Flood & Earthquake
Surety bonds	Otis-Magie Gustafson Union	5,000	500,000 100,000	County Auditor Other persons-\$100,000 per individual Number of employees covered: Arrowhead Regional Corrections 18 Attorney 39 Auditor 68 Court Administrator 51 Health Department 15 Land Department 31 Mine Inspector 3 Planning Department 5 Public Works 9 Purchasing Department 7 County Recorder 4 Sheriff 64 Social Services 43 Solid Waste 36 Surveyor 2 Administration 4 Number of others covered: Commissioners 7 Solid Waste Resale Agent 1
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 81,440,000
Personal injury and property damage	Self insurance			
Motor vehicles and authorized portable equipment	Self insurance		34,015,193	
	Otis-Magie Gustafson Lexington	20,000	8,732,481	Contractors/miscellaneous equipment floater

Unaudited

Table 21

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

<u>Year</u>	<u>Median Age (1)</u>	<u>Population (1)</u>	<u>K - 12 School Enrollment (2)</u>	<u>Per Capita Personal Income (3)</u>
1995	35.7	198,879	32,911	21,304
1996	35.7	199,103	32,657	22,517
1997	35.7	199,454	32,501	23,091
1998	35.7	199,454	31,664	24,580
1999	35.7	199,080	30,820	25,212
2000	39.0	200,528	30,313	26,923
2001	Not Available	199,999	29,060	27,633
2002	Not Available	199,805	28,479	27,879
2003	Not Available	198,721	27,965	Not Available
2004	Not Available	198,721	27,234	Not Available

(1) Minnesota State Planning Office, Office of State Demographer.

(2) Minnesota Department of Education.

(3) 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>
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
2004	1,185	151,253,976

(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**

Year	COUNTY LABOR STATISTICS				State	National
	Annual Average		Unemployment		Average	Average
	Labor Force	Employment	Unemployment	Rate	Unemployment Rate	Unemployment Rate
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%
2004	107,112	101,026	6,086	5.7%	4.7%	5.6%

Source: Minnesota Department of Economic Security

Unaudited

Table 24

ST. LOUIS COUNTY, MINNESOTA
LAND STATISTICAL DATA
 YEAR ENDED DECEMBER 31, 2004

AREA		
	<u>Square Miles</u>	<u>Acres</u>
Land	6,317	4,042,880
Water	<u>775</u>	<u>496,000</u>
Total Area *	<u><u>7,092</u></u>	<u><u>4,538,880</u></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	16.49%
National Park Service	<u>94,042</u>	<u>2.07%</u>
Total Federal	843,026	18.57%
State		
Department of Natural Resources	574,968	12.67%
Department of Transportation	<u>12,110</u>	<u>0.27%</u>
Total State	587,078	12.94%
State		
Tax Forfeited - County Administered	<u>898,092</u>	<u>19.79%</u>
Total Public Ownership	2,328,196	51.30%
Private Ownership / Other	<u>2,210,684</u>	<u>48.70%</u>
Total Land & Water Ownership	4,538,880	100.00%

* Source: U.S. Census Bureau

Unaudited

Table 25

**ST LOUIS COUNTY, MINNESOTA
MISCELLANEOUS COUNTY STATISTICS
YEAR ENDED DECEMBER 31,2004**

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. bunk	33.594	18.731	167.593	219.918
Minnesota trunk	42.488	16.643	221.226	280.357
County state aid	112.358	85.215	1,187.335	1,384.908
Municipalstate aid	190.952	8.276	0.000	199.228
County	46.573	51.086	1,480.267	1,577,926
Township	0.000	0.000	778.909	778.909
Unorganized township	0.000	0.000	120.734	120.734
National forest development	0.000	17.725	115.912	133.637
Indian reservation	0.000	0.000	1.739	1.739
State forest	0.000	0.000	91.280	91.280
Stale park	0.000	0.000	4.920	4.920
Municipalstreets	555.177	201.579	0.195	756.951
Total	992.725	400.321	4,173.433	5,566.479

Source: Mn/DOT Office of Transportation

BRIDGE STATISTICS

<u>Bridge Type</u>	<u>Number of Bridges</u>
Concrete structures	67
Steel beam structures	195
Steel truss structures	25
Timber structures	41
Culverts with spans greater than ten feel	277
Total	605

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 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%
September 14, 2004	124,603	22%

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

GENERAL ELECTIONS

<u>Date</u>	<u>Total Registered Voters</u>	<u>Percentage Voting</u>
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%
November 2, 2004	130,250	93%

Source: St. Louis County Auditor's Office

Unaudited