

## PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 11, 2021

In the opinion of Fryberger, Buchanan, Smith & Frederick, P.A., under existing federal and Minnesota laws, regulations, rulings and decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes and from taxable net income of individuals, estates and trusts for Minnesota income tax purposes; is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; and is not a specific tax preference item for purposes of the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax imposed on individuals, trusts and estates.

The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations. No opinion will be expressed regarding other state or federal tax consequences caused by the receipt of accrual of interest on or arising with respect to ownership of the Bonds. See "TAX EXEMPTION" herein.

**New Issue**

**Rating Application Made: S&P Global Ratings**

### COOK COUNTY, MINNESOTA

### **\$6,140,000\* GENERAL OBLIGATION TRANSPORTATION SALES TAX REVENUE BONDS, SERIES 2021A**

**PROPOSAL OPENING:** November 22, 2021, 12:00 P.M. (Noon), C.T.

**CONSIDERATION:** November 23, 2021, 8:30 A.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$6,140,000\* General Obligation Transportation Sales Tax Revenue Bonds, Series 2021A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 297A.993, subdivision 4, by Cook County, Minnesota (the "County") to finance County road reconstruction projects. The Bonds will be general obligations of the County for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota.

**DATE OF BONDS:** December 15, 2021

**MATURITY:** February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$265,000	2030	\$295,000	2037	\$325,000
2024	280,000	2031	295,000	2038	330,000
2025	280,000	2032	300,000	2039	335,000
2026	280,000	2033	305,000	2040	340,000
2027	285,000	2034	310,000	2041	350,000
2028	285,000	2035	315,000	2042	355,000
2029	290,000	2036	320,000		

**MATURITY ADJUSTMENTS:** \* The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BONDS:** See "Term Bond Option" herein.

**INTEREST:** August 1, 2022 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Bonds maturing on February 1, 2032 and thereafter are subject to call for prior optional redemption on February 1, 2031 and any date thereafter, at a price of par plus accrued interest.

**MINIMUM PROPOSAL:** \$6,066,320.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$122,800 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** Bond Trust Services Corporation

**BOND COUNSEL:** Fryberger, Buchanan, Smith & Frederick, P.A.

**MUNICIPAL ADVISOR:** Ehlers and Associates, Inc.

**BOOK-ENTRY-ONLY:** See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

## REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the County. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the County and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the County, is contingent upon the delivery of the Bonds.

## COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

**Preliminary Official Statement:** This Preliminary Official Statement was prepared for the County for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

**Review Period:** This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

**Final Official Statement:** Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

**Continuing Disclosure:** Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the County is required to comply with the Rule.

## CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the County nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the County which indicates that the County does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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## **COOK COUNTY BOARD OF COMMISSIONERS**

		<u>Term Expires</u>
Stacey Hawkins	Commissioner	January 2025
David Mills	Commissioner	January 2023
Ginny Storlie	Commissioner	January 2023
Ann Sullivan	Commissioner	January 2025
Robert Svaleson	Commissioner	January 2023

## **ADMINISTRATION**

James Joerke, County Administrator  
Braidy Powers, County Auditor-Treasurer  
Keli Berg, Finance Director

## **PROFESSIONAL SERVICES**

Fryberger, Buchanan, Smith & Frederick, P.A., Bond Counsel, Duluth, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota  
*(Other offices located in Waukesha, Wisconsin and Denver, Colorado)*

## INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Cook County, Minnesota (the "County") and the issuance of its \$6,140,000\* General Obligation Transportation Sales Tax Revenue Bonds, Series 2021A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution").

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the County's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link and following the directions at the top of the site.

## THE BONDS

### GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 15, 2021. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2023 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The County has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The County will pay the charges for Paying Agent services. The County reserves the right to remove the Paying Agent and to appoint a successor.

\*Preliminary, subject to change.

**OPTIONAL REDEMPTION**

At the option of the County, the Bonds maturing on or after February 1, 2032 shall be subject to optional redemption prior to maturity on February 1, 2031 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the County. If only part of the Bonds having a common maturity date are called for redemption, then the County or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

**AUTHORITY; PURPOSE**

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 297A.993, subdivision 4, to finance County road reconstruction projects.

Per Minnesota Statutes, Chapter 297A (the "Act"), Transportation Sales Tax Revenues are pledged for payment of principal and interest on general obligation bonds issued to finance road and bridge projects authorized in the County's Capital Improvement Plan or to pay the costs of such road and bridge projects. In the Bond Resolution, the County will pledge the Transportation Sales Tax Revenues to the repayment of the principal of and interest on the Bonds and on any additional bonds issued pursuant to the Act.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Bonds	<u>\$6,140,000</u>	
<b>Total Sources</b>		<b>\$6,140,000</b>
<b>Uses</b>		
Total Underwriter's Discount (1.200%)	\$73,680	
Costs of Issuance	65,000	
Deposit to Project Construction Fund	6,000,000	
Rounding Amount	<u>1,320</u>	
<b>Total Uses</b>		<b>\$6,140,000</b>

\*Preliminary, subject to change.

## **SECURITY**

The Bonds are general obligations of the County for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount.

The County anticipates that debt service on the Bonds will be paid from Transportation Sales Tax Revenues. Any remaining Transportation Sales Tax Revenues after annually funding the Debt Service Fund, and other debt service funds for which Transportation Sales Tax Revenues are pledged, may be used to pay other costs of such road and bridge projects. In the event funds on hand for payment of principal and interest are at any time insufficient, the County is required to levy an ad valorem tax upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

## **RATING**

General obligation debt of the County, with the exception of any outstanding credit enhanced issues, is currently rated "AA" by S&P Global Ratings ("S&P").

The County has requested a rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the County nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the County shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the County shall execute and deliver a Continuing Disclosure Certificate, under which the County will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the County are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the County to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the County believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The County has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the County.

## **LEGAL OPINION**

Legal matters incident to the issuance and sale of the Bonds and with regard to the tax-exempt status of interest on the Bonds under existing laws are subject to the approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., as Bond Counsel to the County. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinions with respect to such information. Additionally, except for statements on the cover page of this Official Statement and under the caption "TAX EXEMPTION" relating to Bond Counsel's opinion that the interest on the Bonds is not includable in gross income for federal income tax purposes, Bond Counsel has not independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the County for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon their limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained in this Official Statement. See "FORM OF LEGAL OPINION" found in Appendix B.

## **TAX EXEMPTION**

The following discussion is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership or disposition of the Bonds or receipt of interest on the Bonds. Prospective purchasers should consult their tax advisors with respect to collateral tax consequences, including without limitation, the determination of gain or loss on the sale of a bond, the calculation of alternative minimum tax liability; the inclusion of Social Security or other retirement payments in taxable income, the disallowance of deductions for certain expenses attributable to the Bonds, and applicable state and local tax rules in states other than Minnesota.

In the opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, as Bond Counsel, based on present federal laws and Minnesota laws, regulations, rulings and decisions, and on certifications to be furnished at closing, and assuming compliance by the County with certain tax covenants, that interest to be paid on the Bonds is excluded from gross income for purposes of federal income taxation and from taxable net income of individuals, estates or trusts for purposes of Minnesota income taxation. Such interest is, however, included in taxable income for purposes of the Minnesota franchise tax on corporations and financial institutions.

Certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), however, impose continuing requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be and remain excludable from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of bond proceeds and the facilities financed or refinanced with such proceeds; restrictions on the investment of bond proceeds and other amounts; and provisions requiring that certain investment earnings be rebated periodically to the federal government. Noncompliance with such requirements of the Code may cause interest on the Bonds to be includable in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Compliance with the County's tax covenants will satisfy the current requirements of the Code with respect to exclusion of interest on the Bonds from federal gross income and from Minnesota taxable net income of individuals, estates and trusts. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the same becomes includable in federal gross income or in Minnesota taxable net income.



Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax exempt status of interest on the Bonds or the tax consequences of ownership of the Bonds. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Interest paid on tax-exempt obligations such as the Bonds is now generally required to be reported by payors to the Internal Revenue Service ("IRS") and to recipients in the same manner as interest on taxable obligations. In addition, such interest may be subject to "backup withholding" if the bond owner fails to provide the information required on IRS Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has identified the bond owner as being subject to backup withholding.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The County will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

## **MUNICIPAL ADVISOR**

Ehlers has served as municipal advisor to the County in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the County, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the County under an agreement separate from Ehlers.

## **INDEPENDENT AUDITORS**

The basic financial statements of the County for the fiscal year ended December 31, 2020 have been audited by the Office of the State Auditor, Saint Paul, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

## RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

**Taxes:** The Bonds are general obligations of the County, the ultimate payment of which rests in the County's ability to levy and collect sufficient taxes to pay debt service should other revenue (transportation sales tax revenues) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the County in time to pay debt service when due.

**State Actions:** Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the County, the taxable value of property within the County, and the ability of the County to levy and collect property taxes.

**Future Changes in Law:** Various State and federal laws, regulations and constitutional provisions apply to the County and to the Bonds. The County can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the County or the taxing authority of the County.

**Ratings; Interest Rates:** In the future, the County's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

**Tax Exemption:** If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

**Continuing Disclosure:** A failure by the County to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

**State Economy; State Aids:** State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

**Book-Entry-Only System:** The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the County to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

**Economy:** A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the County, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the County may have an adverse effect on the value of the Bonds in the secondary market.

**Secondary Market for the Bonds:** No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

**Bankruptcy:** The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

**Cybersecurity:** The County is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the County will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

**Impact of the Spread of COVID-19:** In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and the declaration of a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the County and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the County, including the duration of the outbreak and measures taken to address the outbreak.

On March 13, 2020, Minnesota Governor Tim Walz signed Emergency Executive Order 20-01 and declared a peacetime emergency. In subsequent executive orders, the Governor extended the peacetime emergency by 30 days. On May 14, 2021, the Governor signed Executive Order 21-23 to end the statewide mask requirement and align with new Centers for Disease Control and Prevention (CDC) guidance on face coverings. The Minnesota Legislature ended the peacetime emergency declaration on July 1, 2021.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

# VALUATIONS

## OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2018/19	2019/20	2020/21
Residential homestead <sup>1</sup>	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead <sup>1</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,940,000 - 0.50% <sup>2</sup> Over \$1,940,000 - 1.00% <sup>2</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,880,000 - 0.50% <sup>2</sup> Over \$1,880,000 - 1.00% <sup>2</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% <sup>2</sup> Over \$1,900,000 - 1.00% <sup>2</sup>
Agricultural non-homestead	Land - 1.00% <sup>2</sup>	Land - 1.00% <sup>2</sup>	Land - 1.00% <sup>2</sup>
Seasonal recreational residential	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City <sup>4</sup> - 1.25% Affordable Rental: First \$139,000 - .75% Over \$139,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City <sup>4</sup> - 1.25% Affordable Rental: First \$150,000 - .75% Over \$150,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City <sup>4</sup> - 1.25% Affordable Rental: First \$162,000 - .75% Over \$162,000 - .25%
Industrial/Commercial/Utility <sup>5</sup>	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

<sup>1</sup> A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

<sup>2</sup> Applies to land and buildings. Exempt from referendum market value tax.

<sup>3</sup> Exempt from referendum market value tax.

<sup>4</sup> Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

<sup>5</sup> The estimated market value of utility property is determined by the Minnesota Department of Revenue.

## CURRENT PROPERTY VALUATIONS

2020/21 Economic Market Value

\$1,816,710,325<sup>1</sup>

	<b>2020/21 Assessor's Estimated Market Value</b>	<b>2020/21 Net Tax Capacity</b>
Real Estate	\$1,715,219,700	\$18,135,517
Personal Property	19,888,400	267,994
Total Valuation	<u>\$1,735,108,100</u>	\$18,403,511
Less: Fiscal Disparities Contribution <sup>2</sup>		(549,844)
Taxable Net Tax Capacity		\$17,853,667
Plus: Fiscal Disparities Distribution <sup>2</sup>		104,900
Adjusted Taxable Net Tax Capacity		<u>\$17,958,567</u>

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<sup>1</sup> According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the County is about 96.42% of the actual selling prices of property most recently sold in the County. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the County of \$1,816,710,325.

<sup>2</sup> Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base since 1972 to an area pool which is then distributed among the municipalities on the basis of population, and fiscal capacity indicated market value as determined by the Minnesota Department of Revenue. Each governmental unit makes a contribution and receives a distribution-sometimes gaining and sometimes contributing net tax capacity for tax purposes.

## 2020/21 NET TAX CAPACITY BY CLASSIFICATION

	2020/21 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$4,681,234	25.44%
Agricultural	1,395,030	7.58%
Commercial/industrial	2,016,530	10.96%
Public utility	302,146	1.64%
Non-homestead residential	1,717,126	9.33%
Commercial & residential seasonal/rec.	8,023,451	43.60%
Personal property	267,994	1.46%
Total	<u>\$18,403,511</u>	<u>100.00%</u>

## TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity <sup>1</sup>	Adjusted Taxable Net Tax Capacity <sup>2</sup>	Percent Increase/Decrease in Estimated Market Value
2016/17	\$1,660,315,120	\$1,565,204,823	\$16,566,089	\$16,131,841	3.38%
2017/18	1,609,477,100	1,575,411,898	16,690,685	16,231,220	-3.06%
2018/19	1,617,186,688	1,582,023,029	16,738,568	16,286,043	0.48%
2019/20	1,682,563,300	1,648,279,413	17,885,668	17,436,653	4.04%
2020/21	1,735,108,100	1,699,814,973	18,403,511	17,958,567	3.12%

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<sup>1</sup> Net Tax Capacity is before fiscal disparities adjustments.

<sup>2</sup> Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments.

## LARGER TAXPAYERS

<b>Taxpayer</b>	<b>Type of Property</b>	<b>2020/21 Net Tax Capacity</b>	<b>Percent of County's Total Net Tax Capacity</b>
Allete, Inc.	Utility	\$294,542	1.60%
Lutsen Mtns. Corp.	Resort/Commercial	190,696	1.04%
Great River Energy	Utility	132,692	0.72%
Arrowhead Electric Coop, Inc.	Utility	82,085	0.45%
BFB Management	Resort/Commercial	65,060	0.35%
MJ GNFLINT Properties	Resort	62,077	0.34%
Holland Motel, Inc.	Hotel/Motel	49,835	0.27%
North Shore Land Co.	Resort/Commercial	47,393	0.26%
Individual	Residential	43,251	0.24%
Spuceglen, Inc.	Hotel/Motel	42,454	0.23%
Total		<u>\$1,010,085</u>	<u>5.49%</u>

County's Total 2020/21 Net Tax Capacity      \$18,403,511

**Source:** Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers have been furnished by Cook County.

## DEBT

### DIRECT DEBT

#### General Obligation Debt (see schedules following)

Total G.O. debt secured by local option sales tax revenues	\$10,845,000
Total G.O. debt secured by tax abatement revenues	3,640,000
Total G.O. debt secured by ad valorem property taxes	8,750,000
Total G.O. debt secured by transportation sales tax revenues (includes the Bonds)*	<u>6,140,000</u>
Total General Obligation Debt*	<u><u>\$29,375,000</u></u>

\*Preliminary, subject to change.



**Cook County, Minnesota**  
**Schedule of Bonded Indebtedness**  
**General Obligation Debt Secured by Sales Tax**  
**(As of 12/15/2021)**

		Sales Tax Revenue Bonds Series 2011B		Taxable Sales Tax Revenue Bonds Series 2012B		Taxable Sales Tax Rev Refunding Bonds Series 2020A							
Dated Amount		11/22/2011 \$8,500,000		12/13/2012 \$9,660,000		11/24/2020 \$10,205,000							
Maturity		02/01		02/01		02/01							
Calendar Year Ending		Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2022		410,000	6,150	290,000	4,350	90,000	173,078	790,000	183,578	973,578	10,055,000	7.28%	2022
2023						765,000	164,528	765,000	164,528	929,528	9,290,000	14.34%	2023
2024						795,000	148,928	795,000	148,928	943,928	8,495,000	21.67%	2024
2025						825,000	132,728	825,000	132,728	957,728	7,670,000	29.28%	2025
2026						850,000	115,978	850,000	115,978	965,978	6,820,000	37.11%	2026
2027						880,000	98,678	880,000	98,678	978,678	5,940,000	45.23%	2027
2028						905,000	84,674	905,000	84,674	989,674	5,035,000	53.57%	2028
2029						920,000	73,490	920,000	73,490	993,490	4,115,000	62.06%	2029
2030						945,000	60,895	945,000	60,895	1,005,895	3,170,000	70.77%	2030
2031						960,000	46,840	960,000	46,840	1,006,840	2,210,000	79.62%	2031
2032						990,000	30,985	990,000	30,985	1,020,985	1,220,000	88.75%	2032
2033						1,220,000	11,285	1,220,000	11,285	1,231,285	0	100.00%	2033
2034						0	0	0	0	0	0	100.00%	2034
2035						0	0	0	0	0	0	100.00%	2035
		410,000	6,150	290,000	4,350	10,145,000	1,142,084	10,845,000	1,152,584	11,997,584			

**Cook County, Minnesota**  
**Schedule of Bonded Indebtedness**  
**General Obligation Debt Secured by Tax Abatement Revenues**  
**(As of 12/15/2021)**

Tax Abatement Bonds Series 2014A		Taxable Tax Abatement Bonds Series 2018B								
Dated Amount	11/20/2014 \$2,410,000	06/07/2018 \$1,620,000								
Maturity	02/01	02/01								
Calendar Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2022	100,000	60,270	40,000	63,141	140,000	123,411	263,411	3,500,000	3.85%	2022
2023	105,000	58,220	40,000	61,791	145,000	120,011	265,011	3,355,000	7.83%	2023
2024	105,000	55,858	45,000	60,357	150,000	116,214	266,214	3,205,000	11.95%	2024
2025	110,000	53,170	50,000	58,710	160,000	111,880	271,880	3,045,000	16.35%	2025
2026	110,000	50,145	55,000	56,846	165,000	106,991	271,991	2,880,000	20.88%	2026
2027	115,000	46,770	65,000	54,716	180,000	101,486	281,486	2,700,000	25.82%	2027
2028	115,000	43,320	70,000	52,250	185,000	95,570	280,570	2,515,000	30.91%	2028
2029	120,000	39,795	75,000	49,531	195,000	89,326	284,326	2,320,000	36.26%	2029
2030	125,000	36,120	80,000	46,625	205,000	82,745	287,745	2,115,000	41.90%	2030
2031	130,000	32,295	90,000	43,325	220,000	75,620	295,620	1,895,000	47.94%	2031
2032	135,000	28,084	95,000	39,625	230,000	67,709	297,709	1,665,000	54.26%	2032
2033	140,000	23,478	105,000	35,625	245,000	59,103	304,103	1,420,000	60.99%	2033
2034	145,000	18,704	110,000	31,325	255,000	50,029	305,029	1,165,000	67.99%	2034
2035	150,000	13,650	120,000	26,725	270,000	40,375	310,375	895,000	75.41%	2035
2036	155,000	8,313	130,000	21,725	285,000	30,038	315,038	610,000	83.24%	2036
2037	160,000	2,800	140,000	16,150	300,000	18,950	318,950	310,000	91.48%	2037
2038			150,000	9,988	150,000	9,988	159,988	160,000	95.60%	2038
2039			160,000	3,400	160,000	3,400	163,400	0	100.00%	2039
	2,020,000	570,990	1,620,000	731,856	3,640,000	1,302,846	4,942,846			

**Cook County, Minnesota**  
**Schedule of Bonded Indebtedness**  
**General Obligation Debt Secured by Taxes**  
**(As of 12/15/2021)**

G.O. Bonds  
Series 2018A

Dated Amount	06/07/2018 \$9,545,000	
Maturity	02/01	
Calendar Year Ending	Principal	Interest
2022	415,000	276,713
2023	430,000	264,038
2024	440,000	250,988
2025	455,000	237,563
2026	470,000	223,688
2027	415,000	210,413
2028	425,000	197,813
2029	440,000	184,838
2030	450,000	171,488
2031	465,000	157,181
2032	485,000	141,744
2033	495,000	125,819
2034	515,000	108,763
2035	535,000	90,388
2036	550,000	71,400
2037	570,000	51,800
2038	585,000	31,588
2039	610,000	10,675
	8,750,000	2,806,894

Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
415,000	276,713	691,713	8,335,000	4.74%	2022
430,000	264,038	694,038	7,905,000	9.66%	2023
440,000	250,988	690,988	7,465,000	14.69%	2024
455,000	237,563	692,563	7,010,000	19.89%	2025
470,000	223,688	693,688	6,540,000	25.26%	2026
415,000	210,413	625,413	6,125,000	30.00%	2027
425,000	197,813	622,813	5,700,000	34.86%	2028
440,000	184,838	624,838	5,260,000	39.89%	2029
450,000	171,488	621,488	4,810,000	45.03%	2030
465,000	157,181	622,181	4,345,000	50.34%	2031
485,000	141,744	626,744	3,860,000	55.89%	2032
495,000	125,819	620,819	3,365,000	61.54%	2033
515,000	108,763	623,763	2,850,000	67.43%	2034
535,000	90,388	625,388	2,315,000	73.54%	2035
550,000	71,400	621,400	1,765,000	79.83%	2036
570,000	51,800	621,800	1,195,000	86.34%	2037
585,000	31,588	616,588	610,000	93.03%	2038
610,000	10,675	620,675	0	100.00%	2039
8,750,000	2,806,894	11,556,894			

**Cook County, Minnesota**  
**Schedule of Bonded Indebtedness**  
**General Obligation Debt Secured by Transportation Sales Tax Revenue**  
**(As of 12/15/2021)**

**Transportation Sales  
Tax Revenue Bonds  
Series 2021A**

Dated Amount	Maturity	12/15/2021 \$6,140,000*	
		02/01	
Calendar Year Ending	Principal	Estimated Interest	
2022	0	54,441	
2023	265,000	86,256	
2024	280,000	85,093	
2025	280,000	83,553	
2026	280,000	81,733	
2027	285,000	79,613	
2028	285,000	77,119	
2029	290,000	74,243	
2030	295,000	71,024	
2031	295,000	67,484	
2032	300,000	63,615	
2033	305,000	59,379	
2034	310,000	54,843	
2035	315,000	49,998	
2036	320,000	44,838	
2037	325,000	39,354	
2038	330,000	33,458	
2039	335,000	27,055	
2040	340,000	20,050	
2041	350,000	12,458	
2042	355,000	4,260	
	6,140,000	1,169,861	

\* Preliminary, subject to change.

Calendar Year Ending	% Paid	Principal Outstanding	Total P & I	Total Interest	Total Principal
2022	.00%	6,140,000	54,441	54,441	0
2023	4.32%	5,875,000	351,256	86,256	265,000
2024	8.88%	5,595,000	365,093	85,093	280,000
2025	13.44%	5,315,000	363,553	83,553	280,000
2026	18.00%	5,035,000	361,733	81,733	280,000
2027	22.64%	4,750,000	364,613	79,613	285,000
2028	27.28%	4,465,000	362,119	77,119	285,000
2029	32.00%	4,175,000	364,243	74,243	290,000
2030	36.81%	3,880,000	366,024	71,024	295,000
2031	41.61%	3,585,000	362,484	67,484	295,000
2032	46.50%	3,285,000	363,615	63,615	300,000
2033	51.47%	2,980,000	364,379	59,379	305,000
2034	56.51%	2,670,000	364,843	54,843	310,000
2035	61.64%	2,355,000	364,998	49,998	315,000
2036	66.86%	2,035,000	364,838	44,838	320,000
2037	72.15%	1,710,000	364,354	39,354	325,000
2038	77.52%	1,380,000	363,458	33,458	330,000
2039	82.98%	1,045,000	362,055	27,055	335,000
2040	88.52%	705,000	360,050	20,050	340,000
2041	94.22%	355,000	362,458	12,458	350,000
2042	100.00%	0	359,260	4,260	355,000
			7,309,861	1,169,861	6,140,000

## DEBT LIMIT

The statutory limit on debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" (Minnesota Statutes, Section 475.51, subd. 4) is the amount remaining after deducting from gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of the following: (1) obligations payable wholly or partly from special assessments levied against benefitted property; (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any public revenue producing convenience; (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations issued to pay judgments against the County; and (8) other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance (includes the Bonds).

2020/21 Assessor's Estimated Market Value	\$1,735,108,100
Multiply by 3%	0.03
Statutory Debt Limit	\$52,053,243
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes	(8,750,000)
Unused Debt Limit	<u>\$43,303,243</u>

## UNDERLYING DEBT<sup>1</sup>

Taxing District	2020/21 Adjusted Taxable Net Tax Capacity	% In County	Total G.O. Debt <sup>2</sup>	County's Proportionate Share
City of Grand Marais	\$2,156,514	100.0000%	\$4,570,000	\$4,570,000
Town of Tofte	1,544,901	100.0000%	1,803	1,803
I.S.D. No. 166 (Cook County Public Schools)	17,853,667	100.0000%	7,685,000 <sup>3</sup>	7,685,000
County's Share of Total Underlying Debt				<u>\$12,256,803</u>

<sup>1</sup> Underlying debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does **not** include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

<sup>2</sup> Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

<sup>3</sup> Currently, the State of Minnesota is paying approximately 4.5% of the principal and interest on the Cook County Public School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$345,825.

## DEBT RATIOS

		<b>Debt/Economic Market Value (\$1,816,710,325)</b>	<b>Debt/ Current Population Estimate (5,600)</b>
Direct G.O. Debt Secured By:	<b>G.O. Debt</b>		
Sales Tax Revenues	\$10,845,000		
Tax Abatement Revenues	3,640,000		
Taxes	8,750,000		
Transportation Sales Tax Revenues*	6,140,000		
Total General Obligation Debt (includes the Bonds)*	<u>\$ 29,375,000</u>		
Less: G.O. Debt Paid Entirely from Revenues <sup>1</sup>	<u>(16,985,000)</u>		
Tax Supported General Obligation Debt*	\$ 12,390,000	0.68%	\$2,212.50
County's Share of Total Underlying Debt <sup>2</sup>	<u>\$ 12,256,803</u>	<u>0.67%</u>	<u>\$2,188.71</u>
Total*	<u>\$ 24,646,803</u>	<u>1.36%</u>	<u>\$4,401.21</u>

\*Preliminary, subject to change.

## DEBT PAYMENT HISTORY

The County has no record of default in the payment of principal and interest on its debt.

## FUTURE FINANCING

The County has no current plans for additional financing in the next 12 months.

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<sup>1</sup> Debt service on the County's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

<sup>2</sup> After deducting the County's proportionate share of the agricultural land valuation applicable to the underlying school districts of \$345,825, the County's net underlying debt is \$11,910,978, which results in a net underlying debt/market value ratio of 0.66% and net underlying debt/current population estimate ratio of \$2,180.70.

## TAX RATES, LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy <sup>1</sup>	Total Collected Following Year	Collected to Date <sup>2</sup>	% Collected
2016/17	\$7,806,860	\$7,693,288	\$7,790,403	99.79%
2017/18	9,176,589	8,996,838	9,167,628	99.90%
2018/19	9,719,994	9,555,828	9,691,696	99.71%
2019/20	10,321,073	10,179,585	10,260,646	99.41%
2020/21	10,627,672	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.<sup>3</sup> Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. Certain states have announced extended deadlines for payment of property taxes, although as of this date Minnesota has not taken such measures. The County cannot predict whether and how much payment of property taxes will be impacted. Any delays or reduction in the receipt of property taxes may materially adversely impact the County's finances and payment of debt obligations, including the Bonds.

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<sup>1</sup> This reflects the Final Levy Certification of the County after all adjustments have been made.

<sup>2</sup> Collections are through May 18, 2021.

<sup>3</sup> Second half tax payments on agricultural property are due on November 15th of each year.

## TAX CAPACITY RATES<sup>1</sup>

	2016/17	2017/18	2018/19	2019/20	2020/21
Cook County	49.132%	57.555%	60.886%	60.198%	60.192%
City of Grand Marais	48.243%	54.966%	57.735%	56.794%	56.730%
I.S.D. No. 166 (Cook County)	5.667%	5.726%	6.116%	5.574%	5.001%
Town of Lutsen <sup>2</sup>	2.106%	3.248%	2.615%	0.724%	1.137%
Arrowhead RDC	0.182%	0.181%	0.183%	0.171%	0.179%
Cook County EDA	2.408%	2.079%	2.159%	2.077%	2.016%
Hospital District	4.986%	4.961%	6.802%	7.499%	7.281%

### *Referendum Market Value Rates:*

I.S.D. No. 166 (Cook County)	0.13410%	0.12340%	0.13150%	0.09970%	0.09860%
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**Source:** Tax Levies and Collections and Tax Capacity Rates have been furnished by Cook County.

## LEVY LIMITS

The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. For taxes levied in 2013, payable in 2014, only, the Legislature imposed a one year levy limit on all counties with a population greater than 5,000, and all cities with a population greater than 2,500. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

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<sup>1</sup> After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

<sup>2</sup> Representative town rate.



## THE ISSUER

### COUNTY GOVERNMENT

County was organized as a municipality in 1882, and is governed by an elected five-member Board of County Commissioners. Decisions are made by a majority vote of a quorum. The County Administrator is appointed by the Board, and the County Auditor-Treasurer is elected.

### EMPLOYEES; PENSIONS; UNIONS

The County has 124 full-time, nine (9) part-time, and 20 seasonal employees. All full-time and certain part-time employees of the County are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

#### Recognized and Certified Bargaining Units

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
Local 49 IUOE	December 31, 2021
Cook County Employees Association	December 31, 2021
Local 38 LELS	December 31, 2021

### POST EMPLOYMENT BENEFITS

The County has obligations for some post-employment benefits (some mandated by State Statute and others that cover a portion of the cost of health insurance during retirement) for the majority of its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The County has completed an internal review of its obligations.

**FUNDS ON HAND** (as of September 30, 2021)

<b>Fund</b>	<b>Total Cash and Investments</b>
Revenue	\$11,463,658
Road and Bridge	3,846,856
Social Services	3,277,726
Building	1,023,959
Airport	(430,478)
YMCA Operations	(444,213)
Golf Course Lodging Tax	8,701
Local Sales Tax Revenue	7,014,187
L.O.S.T. Projects Bonds Proceeds	(972,029)
YMCA Construction	(882,868)
Housing Abatement Sinking Fund	164,605
Golf Course Abatement Bond	279,021
CIP Sinking Fund	14,014
GO Equipment Note	68,228
Housing Abatement Construction Fund	21,232
Golf Course Construction Fund	28,981
Government Center Sinking Fund	456,268
GO Cap Equipment Note	465,315
Total Funds on Hand	<u><u>\$25,403,163</u></u>

**LITIGATION**

There is no litigation threatened or pending questioning the organization or boundaries of the County or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

## **MUNICIPAL BANKRUPTCY**

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, 471.831, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

## SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the County's General Fund. These summaries are not purported to be the complete audited financial statements of the County, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the County. Copies of the complete statements are available upon request. Appendix A includes the County's 2020 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2017 Audited	2018 Audited	2019 Audited	2020 Audited	2021 Adopted Budget <sup>1</sup>
<b>Revenues</b>					
Taxes	\$3,577,799	\$4,367,138	\$4,573,983	\$5,120,060	\$4,969,319
Special assessments	163,271	136,557	230,138	229,005	0
Licenses and permits	63,672	70,381	58,556	111,214	100,780
Intergovernmental	6,348,214	5,799,117	5,472,262	5,925,752	3,703,934
Charges for services	434,665	413,591	477,296	478,063	626,433
Fines and forfeits	24,841	22,045	5,690	20,759	12,500
Gifts and contributions	23,232	42,950	42,100	38,692	0
Investment earnings	202,865	260,727	714,918	438,664	300,000
Miscellaneous	934,040	943,156	700,328	603,238	450,028
<b>Total Revenues</b>	<b>\$11,772,599</b>	<b>\$12,055,662</b>	<b>\$12,275,271</b>	<b>\$12,965,447</b>	<b>\$10,162,994</b>
<b>Expenditures</b>					
Current:					
General government	\$3,860,457	\$4,182,725	\$4,376,936	\$4,465,303	\$4,698,564
Public safety	3,202,067	3,509,115	3,485,052	3,641,809	3,547,259
Sanitation	404,990	526,590	546,912	572,780	704,266
Health	0	0	0	0	11,825
Culture and recreation	1,449,325	1,531,799	1,643,127	1,388,500	783,842
Conservation of natural resources	878,040	989,220	754,890	801,502	158,098
Economic development	423,862	189,406	149,969	16,543	0
Miscellaneous	0	0	0	0	6,500
Capital outlay	420,827	395,053	209,500	305,043	352,640
Debt service	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$10,639,568</b>	<b>\$11,323,908</b>	<b>\$11,166,386</b>	<b>\$11,191,480</b>	<b>\$10,262,994</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$1,133,031</b>	<b>\$731,754</b>	<b>\$1,108,885</b>	<b>\$1,773,967</b>	<b>(\$100,000)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	\$179,588	\$179,138	\$0	\$0	\$0
Transfers out	0	0	0	(268,900)	0
Proceeds from sale of capital assets	4,105	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$183,693</b>	<b>\$179,138</b>	<b>\$0</b>	<b>(\$268,900)</b>	<b>\$0</b>
<b>Net changes in Fund Balances</b>	<b>\$1,316,724</b>	<b>\$910,892</b>	<b>\$1,108,885</b>	<b>\$1,505,067</b>	<b>(\$100,000)</b>
General Fund Balance January 1	\$9,739,126	\$11,055,850	\$11,966,742	\$13,075,627	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$11,055,850	\$11,966,742	\$13,075,627	\$14,580,694	
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Restricted	\$1,259,444	\$1,404,227	\$1,766,069	\$2,011,646	
Assigned	863,783	784,589	1,081,645	1,085,421	
Unassigned	8,932,623	9,777,926	10,227,913	11,483,627	
<b>Total</b>	<b>\$11,055,850</b>	<b>\$11,966,742</b>	<b>\$13,075,627</b>	<b>\$14,580,694</b>	

<sup>1</sup> The 2021 budget was adopted on December 22, 2020.

## GENERAL INFORMATION

### LOCATION

The County, with a 2010 U.S. Census population of 5,176, and a current population estimate of 5,600, and comprising an area of 992,000 acres, is located in northern Minnesota on the north shore of Lake Superior, approximately 110 miles northeast of the City of Duluth, Minnesota.

### LARGER EMPLOYERS<sup>1</sup>

Larger employers in the County include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
Grand Portage Tribal Council/Lodge	Tribal government, businesses and services	300
Bluefin Bay Resort	Lodging, resort and restaurant	175
Cook County	County government and services	153
North Shore Health	Hospital and nursing home	140
Lutsen Mountains Ski Area	Ski resort	125
I.S.D. No. 166 (Cook County Public Schools)	Elementary and secondary education	107
USDA Forest Services	Forestry services	95
Lutsen Resort on Lake Superior	Resort	60
Caribou Highlands Lodge	Resort	50
Sven & Ole's	Restaurant	30

**Source:** *Data Axle Reference Solutions, written and telephone survey (October 2021), and the Minnesota Department of Employment and Economic Development.*

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<sup>1</sup> This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "Risk Factors - Impact of the Spread of COVID-19").

## U.S. CENSUS DATA

### Population Trend: The County

2000 U.S. Census population	5,168
2010 U.S. Census population	5,176
2020 U.S. Census population	5,600
Percent of Change 2000 - 2010	0.15%

### Income and Age Statistics

	<b>The County</b>	<b>State of Minnesota</b>	<b>United States</b>
2019 per capita income	\$33,194	\$37,625	\$34,103
2019 median household income	\$57,432	\$71,306	\$62,843
2019 median family income	\$67,708	\$89,842	\$77,263
2019 median gross rent	\$651	\$977	\$1,062
2019 median value owner occupied units	\$240,100	\$223,900	\$217,500
2019 median age	52.6 yrs.	38.0 yrs.	38.1 yrs.

	<b>State of Minnesota</b>	<b>United States</b>
County % of 2019 per capita income	88.22%	97.33%
County % of 2019 median family income	75.36%	87.63%

### Housing Statistics

	<b><u>The County</u></b>		
	<b>2010</b>	<b>2019</b>	<b>Percent of Change</b>
All Housing Units	4,708	5,839	24.02%

**Source:** 2000 and 2010 Census of Population and Housing, and 2019 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

## EMPLOYMENT/UNEMPLOYMENT DATA

<b>Year</b>	<b><u>Average Employment</u></b>	<b><u>Average Unemployment</u></b>	
	<b>Cook County</b>	<b>Cook County</b>	<b>State of Minnesota</b>
2017	2,990	3.8%	3.4%
2018	2,924	3.5%	3.0%
2019	2,944	4.5%	3.2%
2020	2,801	7.6%	6.2%
2021, September	3,020	2.8%	2.8%

**Source:** Minnesota Department of Employment and Economic Development.

### FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the County's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The County has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the County requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the County since the date of the financial statements, in connection with the issuance of the Bonds, the County represents that there have been no material adverse change in the financial position or results of operations of the County, nor has the County incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

### **Description of the Office of the State Auditor**

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 100 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

**Audit Practice** – conducts financial and legal compliance audits of local governments;

**Government Information** – collects and analyzes financial information for cities, towns, counties, and special districts;

**Legal/Special Investigations** – provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

**Pension** – monitors investment, financial, and actuarial reporting for Minnesota's local public pension funds; and

**Tax Increment Financing** – promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance; or visit the Office of the State Auditor's web site: [www.osa.state.mn.us](http://www.osa.state.mn.us).

## **Cook County Grand Marais, Minnesota**

Year Ended December 31, 2020



**Office of the State Auditor**

**Audit Practice Division  
Office of the State Auditor  
State of Minnesota**



**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

ORGANIZATION  
AS OF DECEMBER 31, 2020

		<u>Term Expires</u>
Elected		
Commissioners		
District 1	Open	January 2021
District 2	Myron Bursheim*	January 2023
District 3	David Mills	January 2021
District 4	Heidi Doo-Kirk	January 2023
District 5	Virginia Storie	
Officers		
Elected		
Attorney	Molly Hicken	January 2023
Auditor/Treasurer	Braidy Powers	January 2023
Recorder/Registrar of Titles	Dusty Nelms	January 2023
Sheriff	Pat Eliassen	January 2023
Court Judge	Mike Cuzzo	January 2021
Appointed		
Assessor	Robert Thompson	January 2025
Court Administrator	Amy Turnquist	Indefinite
Highway Engineer	Robbie Hass	December 2024
Veteran Services Officer	Pat Strand	Indefinite
Human Services Board		
Chair	Heidi Doo-Kirk	January 2021
Vice Chair	David Mills	January 2023
Member	Virginia Storie	January 2023
Member	Myron Bursheim	January 2021
Member	Roger Linehan	January 2021
Member	Andrea Orest	January 2021
Director	Alison McIntyre	Indefinite
*Chair		

## STATE OF MINNESOTA



**Julie Blaha**  
State Auditor

Suite 500  
525 Park Street  
Saint Paul, MN 55103

### INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Cook County  
Grand Marais, Minnesota

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cook County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Cook County, Minnesota, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1.E to the financial statements, in 2020, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

#### Other Matters

##### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

##### Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cook County's basic financial statements. The Supplementary Information and the Other Information Section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

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accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Tax Capacity, Tax Rates, Levies, and Percentage of Collections schedule, included in the report in the Other Information Section, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2021, on our consideration of Cook County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Cook County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cook County's internal control over financial reporting and compliance.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

/s/Julie Blaha

/s/Dianne Syverson

JULIE BLAHA  
STATE AUDITOR

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

September 8, 2021

Page 4

# **COOK COUNTY** **GRAND MARAIS, MINNESOTA**

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020 (Unaudited)

This Management's Discussion and Analysis (MD&A) provides an overview of Cook County's financial activities for the fiscal year ended December 31, 2020. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying financial statements.

### **FINANCIAL HIGHLIGHTS**

- Governmental activities' total net position is \$92,931,149, of which \$65,605,111 is the net investment in capital assets, and \$13,875,905 is restricted to specific purposes, \$13,450,133 remains as unrestricted net position available to help ensure fiscal strength in the face of uncertainty in the continuing level of support by state and federal governments.
- The Cook County and Grand Marais Joint Economic Development Authority (EDA) is shown as a "Discretely Presented Component Unit." The EDA has a total net position of \$4,643,395, of which \$4,224,528 is the net investment in capital assets. The majority of these amounts are for Superior National Golf Course in Lutsen and the Cedar Grove Business Park in Grand Marais. Unrestricted net position of \$418,867 remains as available to help ensure fiscal strength.
- Cook County's net position increased by \$7,651,804 for the year ended December 31, 2020. This was due to a combination of a decrease in expenditures, an increase in operating grants, and an increase in general revenues, primarily property taxes, investment earnings, and some miscellaneous revenue. Total net position of the County's discretely presented component unit (EDA) decreased \$24,189 due primarily to net depreciation of assets.
- The net cost of governmental activities was \$7,887,611 for the current fiscal year. Net cost is the amount by which the cost of services had to be paid by taxes or other unrestricted funds. General revenues of \$15,539,415 exceeded net expenses, resulting in the \$7,651,804 increase in net position referenced above.
- Governmental funds' fund balances increased from the prior year: \$31,103,135 to \$44,252,752. Most of the increase was due to the issuance of sales tax refunding bonds in the fall of 2020. The sales tax funds restricted for debt service will be used to refund sales tax bonds in 2022. The positive operations of the General Fund and the Road and Bridge and Public Health and Humans Services Special Revenue Funds resulted in a \$2,869,979 increase.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to the County's basic financial statements. The basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A (this section) and certain budgetary comparison schedules are required to accompany the basic financial statements and, therefore, are included as required supplementary information.

There are two government-wide financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

### **Government-Wide Financial Statements—The Statement of Net Position and the Statement of Activities**

The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps the reader determine whether the County's financial condition has improved or declined as a result of the year's activities. 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 position and changes in them. You can think of the County's net position—the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources—as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of County roads, to assess the overall health of the County.

In the Statement of Net Position and the Statement of Activities, we divide the County into two kinds of activities:

- **Governmental activities**—Most of the County's basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities.

- **Component unit**—This is the Cook County and Grand Marais Joint Economic Development Authority (EDA), whose major activities are to oversee operation and management of Superior National Golf Course in Lutsen, to develop the Cedar Grove Business Park, and to manage a housing rehabilitation program. Although legally separate, this "component unit" is important because the County is financially accountable for it.

The government-wide financial statements can be found in Exhibits 1 and 2.

#### Fund Financial Statements

The fund financial 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 some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- **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 an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation in a statement following each governmental fund financial statement.

The basic financial statements for governmental funds can be found in Exhibits 3 through 6.

- **Fiduciary funds**—The County is the trustee, or fiduciary, over assets, which can be used only for the trust beneficiaries, based on the trust arrangement. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position, and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the County's other 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 financial statements for fiduciary funds can be found as Exhibit 7 and Exhibit 8.

(Unaudited)

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#### The County as a Whole

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental and component unit activities.

Table 1  
Net Position

	Governmental Activities		Component Unit Activities	
	2020	2019	2020	2019
<b>Assets</b>				
Current and other assets	\$ 50,249,007	\$ 36,306,213	\$ 1,950,207	\$ 1,324,420
Capital assets	88,600,111	86,533,431	6,394,501	6,772,720
<b>Total Assets</b>	<b>\$ 138,849,118</b>	<b>\$ 122,839,644</b>	<b>\$ 8,344,708</b>	<b>\$ 8,097,140</b>
<b>Deferred Pension Outflows</b>	<b>\$ 1,536,610</b>	<b>\$ 1,915,328</b>	<b>\$ 22,466</b>	<b>\$ 32,373</b>
<b>Liabilities</b>				
Long-term debt outstanding	\$ 43,635,106	\$ 33,705,608	\$ 2,373,818	\$ 2,391,988
Other liabilities	2,735,717	3,522,521	1,333,240	1,020,966
<b>Total Liabilities</b>	<b>\$ 46,370,823</b>	<b>\$ 37,228,129</b>	<b>\$ 3,707,058</b>	<b>\$ 3,412,954</b>
<b>Deferred Pension Inflows</b>	<b>\$ 1,083,756</b>	<b>\$ 2,247,498</b>	<b>\$ 16,721</b>	<b>\$ 48,975</b>
<b>Net Position</b>				
Net investment in capital assets	\$ 65,605,111	\$ 63,156,781	\$ 4,224,528	\$ 4,536,156
Restricted	13,875,905	15,067,376		
Unrestricted	13,450,133	7,055,188	418,867	131,428
<b>Total Net Position</b>	<b>\$ 92,931,149</b>	<b>\$ 85,279,345</b>	<b>\$ 4,643,395</b>	<b>\$ 4,667,584</b>

For details, please see the Statement of Net Position, Exhibit 1.

(Unaudited)

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**Table 2**  
**Changes in Net Position**

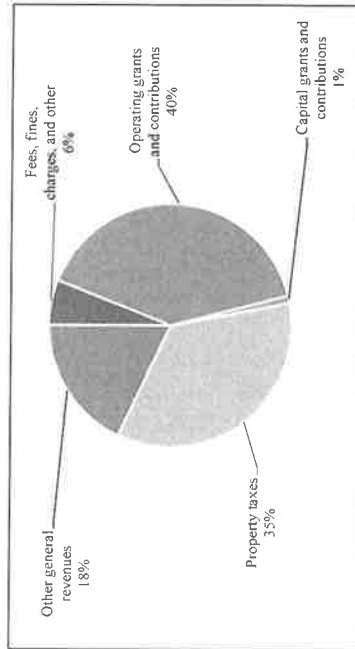
	Governmental Activities		Component Unit Activities	
	2020	2019	2020	2019
<b>Revenues</b>				
Program revenues				
Fees, fines, charges, and other	\$ 1,936,973	\$ 2,149,627	\$ 956,129	\$ 842,632
Operating grants and contributions	11,967,650	10,299,171	559,397	939,537
Capital grants and contributions	42,073	409,596	-	-
General revenues				
Property taxes	10,229,514	9,705,128	360,291	349,315
Other taxes	3,378,714	3,411,398	-	-
Unrestricted grants and contributions	836,560	764,122	-	-
Investment earnings	459,314	851,457	802	546
Sale of business lots	-	-	-	29,616
Gain on disposal of assets	-	-	-	49,500
Miscellaneous	635,313	225,281	179,192	76,043
<b>Total Revenues</b>	<b>\$ 29,486,111</b>	<b>\$ 27,815,780</b>	<b>\$ 2,055,811</b>	<b>\$ 2,287,189</b>
<b>Expenses</b>				
General government	\$ 4,883,520	\$ 4,872,178	\$ -	\$ -
Public safety	3,876,101	3,937,033	-	-
Highways and streets	4,239,982	5,715,276	-	-
Sanitation	624,088	606,470	-	-
Human services	3,172,108	3,287,924	-	-
Health	380,413	354,032	-	-
Culture and recreation	1,672,653	1,903,023	1,267,446	1,167,715
Golf course	-	-	-	-
Conservation of natural resources	830,092	785,270	-	-
Economic development	846,065	966,349	812,554	1,309,562
Bond issuance and interest	1,109,285	901,675	-	-
<b>Total Expenses</b>	<b>\$ 21,834,307</b>	<b>\$ 23,329,230</b>	<b>\$ 2,080,000</b>	<b>\$ 2,477,277</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 7,651,804</b>	<b>\$ 4,486,550</b>	<b>\$ (24,189)</b>	<b>\$ (190,088)</b>
<b>Net Position - January 1</b>	<b>\$ 85,279,345</b>	<b>\$ 80,792,795</b>	<b>\$ 4,667,584</b>	<b>\$ 4,857,672</b>
<b>Net Position - December 31</b>	<b>\$ 92,931,149</b>	<b>\$ 85,279,345</b>	<b>\$ 4,643,395</b>	<b>\$ 4,667,584</b>

For details, please see the Statement of Activities, Exhibit 2.

(Unaudited)

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**Total County Revenues by Sources**



### Governmental Activities

The cost of all governmental activities this year was \$21,834,307, a 6.4 percent decrease from 2019. As shown in the Statement of Activities (Exhibit 2), the amount taxpayers ultimately financed for these activities through County property taxes was \$10,229,514, 5.4 percent more than 2019. Some of the cost was paid by those who directly benefited from the programs (\$1,936,973) or by other governments and organizations that subsidized certain programs with grants and contributions (\$12,009,723).

Table 3 presents the cost of each of the County's largest program functions as well as each function's net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
General government	\$ 4,883,520	\$ 4,872,178	\$ 756,250	\$ 1,315,185
Public safety	3,876,101	3,937,033	2,981,408	3,030,876
Highways and streets	4,239,982	5,715,276	(1,408,726)	1,555,623
Sanitation	624,088	606,470	461,083	443,213
Human services	3,172,108	3,287,924	1,277,112	1,431,104
Culture and recreation	1,672,653	1,903,023	1,261,314	1,231,767
Conservation of natural resources	830,092	785,270	318,491	278,724
Economic development	846,065	966,349	810,918	34,722
All others	1,689,698	1,255,707	1,429,761	1,077,525
<b>Total</b>	<b>\$ 21,834,307</b>	<b>\$ 23,329,230</b>	<b>\$ 7,887,611</b>	<b>\$ 10,470,836</b>

(Unaudited)

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## The County's Funds

As the County completed the year, its governmental funds reported a combined fund balance of \$44,252,752 compared to last year's total of \$31,103,135. Please see Exhibits 3 and 5 for details.

### General Fund Budgetary Highlights

There was one amendment to the original budget for the year ended December 31, 2020, that had no effect on the levy and added \$9,722 to the fund balance. Actual revenues and expenditures exceeded budgeted by \$2,787,544 and \$1,023,299, respectively. The largest contributors to the excess revenues were unbudgeted payments in lieu of taxes (PLT), recreation and environmental grants, and the federal CARES grant. The expenses related to the unbudgeted recreation, environmental, and public safety grants were the largest contributor to the excess expenditures. Please see Exhibit A-1 for details.

### CAPITAL ASSETS

At the end of 2020, the County had a net investment of \$88,600,111 in a broad range of capital assets, including land, buildings, highways and streets, and equipment. (See Table 4.) This amount represents a net increase (including additions and deductions) of \$2,066,680, or 2.4 percent over last year.

Table 4  
Capital Assets at Year-End  
(Net of Depreciation)

	Governmental Activities	
	2020	2019
Land and easements	\$ 2,135,292	\$ 2,095,189
Construction in progress	7,291,994	9,855,833
Buildings and improvements	16,737,681	16,298,739
Machinery, vehicles, furniture, and equipment	2,188,212	2,527,240
Infrastructure	60,246,932	55,756,430
Total	\$ 88,600,111	\$ 86,533,431

(Unaudited)

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## DEBT

At year-end, the County had \$37,274,329 in bonds and notes outstanding; 2019 year-end was \$28,338,696.

Table 5  
Outstanding Debt at Year-End

	Governmental Activities	
	2020	2019
Sales tax revenue bonds	\$ 13,840,000	\$ 14,490,000
Sales tax revenue bonds - refunding	10,205,000	-
Capital equipment notes 2012	-	320,000
Tax Abatement Bonds 2014	2,120,000	2,220,000
Capital Improvement Bonds 2018	8,800,000	9,135,000
Tax Abatement Bonds 2018	1,620,000	1,620,000
Capital equipment notes 2018	355,000	410,000
Unamortized premium	334,329	143,696
Total	\$ 37,274,329	\$ 28,338,696

See Notes 3.C.2 through 3.C.5 for a more detailed explanation of the County's debt.

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

The County's elected and appointed officials considered many factors when setting the fiscal year 2021 budget, tax levy, and fees that will be charged for various activities:

- the financial effects of the coronavirus pandemic on County businesses, taxpayers, citizens and agencies that help fund our services;
- the desire to maintain a fund balance of at least 75 percent of General Fund operating expenditures;
- the costs of substandard buildings, and the aging of buildings and other infrastructure;
- the reappraisal of BWCA lands within Superior National Forest that are used to calculate the payment in lieu of taxes to Cook County. The most recent every-ten-year appraisal completed in 2019 would have resulted in a 33 percent cut to the annual payment of \$2,025,000. The results of our requested reappraisal are expected to be known in 2022, and
- state aid that does not keep pace with rising costs.

(Unaudited)

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**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, please call County Auditor-Treasurer, Braidy Powers, at (218) 387-3646, or send a letter to the Cook County Courthouse, 411 West 2nd Street, Grand Marais, Minnesota 55604-2307.

**BASIC FINANCIAL STATEMENTS**

(Unaudited)

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

EXHIBIT 1

STATEMENT OF NET POSITION  
DECEMBER 31, 2020

	Primary Government Activities	Component Unit Cook County and Grand Marais Joint Economic Development Authority
<b>Assets</b>		
Cash and pooled investments	\$ 24,562,664	\$ 726,989
Petty cash and change funds	1,317	-
Cash with escrow agent	12,967,820	-
Taxes receivable		
Delinquent	235,653	50,806
Accounts receivable	225,510	8,670
Land held for resale	-	687,500
Loans receivable	\$ 1,079,611	35,000
Due from other governments	6,603,285	200,569
Inventories	544,797	23,673
Restricted cash	-	215,000
Business loans		
Capital assets		
Non-depreciable	9,427,286	213,685
Depreciable - net of accumulated depreciation	79,172,825	6,180,816
<b>Total Assets</b>	<b>\$ 138,849,119</b>	<b>\$ 8,344,708</b>
<b>Deferred Outflows of Resources</b>		
Deferred pension outflows	\$ 1,536,610	\$ 22,466
<b>Liabilities</b>		
Accounts payable	\$ 554,992	\$ 49,277
Salaries payable	381,331	6,877
Contracts payable	49,188	-
Gift certificates	-	23,917
Due to other governments	106,776	1,038,069
Accrued interest payable	372,114	-
Unearned revenue	41,316	215,100
Long-term liabilities		
Due within one year	1,230,000	-
Due in more than one year	37,014,039	-
Loans payable	-	2,169,972
Net pension liability	6,621,067	203,846
<b>Total Liabilities</b>	<b>\$ 46,370,823</b>	<b>\$ 3,707,058</b>

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

COOK COUNTY  
GRAND MARAIS, MINNESOTA

STATEMENT OF NET POSITION  
DECEMBER 31, 2020

EXHIBIT 1  
(Continued)

	Primary Government Activities	Component Unit Cook County and Grand Marais Joint Economic Development Authority
<b>Deferred Inflows of Resources</b>		
Deferred pension inflows	\$ 1,083,756	\$ 16,721
<b>Net Position</b>		
Net investment in capital assets	\$ 65,605,111	\$ 4,224,528
Restricted for:		
General government	548,690	-
Public safety	99,336	-
Highways and streets	4,495,628	-
Culture and recreation	3,199,085	-
Conservation of natural resources	781,096	-
Economic development	632,873	-
Environmental improvements	888,207	-
Debt service	3,230,990	-
Unrestricted	13,450,133	418,867
<b>Total Net Position</b>	<b>\$ 92,931,149</b>	<b>\$ 4,643,395</b>

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

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Fees, Charges, Fines, and Other
<b>Primary government</b>		
Governmental activities	\$	\$
General government	4,883,520	649,105
Public safety	3,876,101	434,412
Highways and streets	4,239,982	210,861
Sanitation	624,088	93,313
Human services	3,172,108	485,040
Health	580,413	22,632
Culture and recreation	1,672,653	18,503
Conservation of natural resources	830,092	5,760
Economic development	846,065	17,347
Interest expense and bond issuance costs	1,109,285	-
<b>Total Governmental Activities</b>	<b>\$ 21,834,307</b>	<b>\$ 1,936,973</b>
<b>Component unit</b>		
Cook County and Grand Marais Joint Economic Development Authority	\$ 2,080,000	\$ 956,129
<b>General Revenues</b>		
Property taxes		
Mortgage registry and deed tax		
Local sales tax		
Transportation sales tax		
Taxes - other		
Payments in lieu of tax		
Grants and contributions not restricted to specific programs		
Unrestricted investment earnings		
Miscellaneous		
<b>Total general revenues</b>		
<b>Change in net position</b>		
<b>Net Position - Beginning</b>		
<b>Net Position - Ending</b>		

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

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## A-15

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	<u>General</u>	<u>Road and Bridge</u>
<b>Assets</b>		
Cash and pooled investments	\$ 9,918,917	\$ 3,350,319
Petty cash and change funds	1,217	-
Cash with escrow agent	-	-
Taxes receivable - delinquent	110,301	51,484
Accounts receivable	168,127	957
Loans receivable	3,487,961	-
Due from other funds	400,517	650
Due from other governments	2,662,264	3,072,954
Inventories	-	544,792
<b>Total Assets</b>	<b>\$ 16,749,304</b>	<b>\$ 7,021,161</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 341,504	\$ 127,390
Salaries payable	208,953	101,841
Contracts payable	-	49,188
Due to other funds	650	-
Due to other governments	95,999	-
Unearned revenue	-	-
<b>Total Liabilities</b>	<b>\$ 647,106</b>	<b>\$ 278,419</b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue		
Taxes	\$ 81,252	\$ 37,960
Grants	139,905	2,953,120
Long-term receivables	1,300,347	-
Other	-	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,521,504</b>	<b>\$ 2,991,080</b>

**GOVERNMENTAL FUNDS**

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

**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

[illegible]

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

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

Public Health and Human Services	Airport	Local Option Sales Tax	Nonmajor Funds	Total	Liabilities, Deferred Inflows of Resources, and Fund Balances	
					General	Road and Bridge
\$	\$	\$	\$			
			584,434	584,434	103,230	
				544,797	4,652	
			8,701	8,701	71,598	
			303,773	303,773	17,924	
			41,648	41,648	120,000	
				3,199,085	32,477	
				624,172	8,157	
				59,419	43,974	
				143,318	6,709	
				174,020	3,656	
				98,011		3,206,865
				20,865		
				2,442		
				13,990		
				1,623	11,483,627	
				8,596		
				5,000		
				29,832	\$ 14,580,694	\$ 3,751,662
				9,799		
				48,059		
				682,302		
				90,198		
		12,967,820	3,230,990	16,198,810	\$ 16,749,204	\$ 7,021,161
		1,679,783		1,679,783		
				19,751		
				10,026		
				1,471		
				6,113		
				23,998		
				282,555		
				231,058		
				19,257		
				78,815		



**EXHIBIT 3**  
**(Continued)**

**COOK COUNTY**  
**GRAND MARAIS, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION—GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2020**

<b>Fund balance—total governmental funds (Exhibit 3)</b>					<b>\$</b>	<b>44,252,752</b>
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.						
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.						
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.						
Deferred outflows related to pensions						
Deferred inflows related to pensions						
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.						
Capital improvement bonds						
Sales tax revenue bonds						
Capital equipment notes						
Tax abatement bonds						
Sales tax revenue refunding bonds						
Bond premium						
Accrued interest payable						
Compensated absences						
Net pension liability						
<b>Net Position of Governmental Activities (Exhibit 1)</b>						<b>\$ 92,931,149</b>

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

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**EXHIBIT 5**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Road and Bridge	Public Health and Human Services	Airport	Local Options Sales Tax	Nonmajor Funds	Total
<b>Revenues</b>							
Taxes	\$ 5,120,060	\$ 2,263,241	\$ 2,560,034	\$ 96,555	\$ 2,624,162	\$ 588,610	\$ 13,252,662
Special assessments	229,005	-	-	-	-	-	229,005
Licenses and permits	111,214	-	15,370	-	-	-	126,584
Intergovernmental	5,925,752	4,087,574	1,515,728	110,913	-	-	11,639,967
Charges for services	478,063	200,688	369,134	-	-	-	1,047,885
Fines and forfeits	20,759	-	-	-	-	-	20,759
Gifts and contributions	38,692	-	9,615	-	-	-	48,307
Investment earnings	438,664	-	-	-	-	20,650	459,314
Miscellaneous	603,238	10,173	115,632	30,444	-	557,096	1,316,583
<b>Total Revenues</b>	<b>\$ 12,965,447</b>	<b>\$ 6,561,676</b>	<b>\$ 4,585,513</b>	<b>\$ 237,912</b>	<b>\$ 2,624,162</b>	<b>\$ 1,166,356</b>	<b>\$ 28,141,066</b>
<b>Expenditures</b>							
<b>Current</b>							
General government	\$ 4,465,303	\$ -	\$ -	\$ -	\$ -	\$ 114,714	\$ 4,580,017
Public safety	3,641,809	-	-	-	-	16,917	3,658,726
Highways and streets	-	6,926,640	-	-	-	-	6,926,640
Sanitation	572,780	-	-	-	-	-	572,780
Human services	-	-	3,153,436	-	-	-	3,153,436
Health	-	-	580,904	-	-	-	580,904
Culture and recreation	1,388,500	-	-	-	-	-	1,388,500
Conservation of natural resources	801,502	-	-	139,153	-	15,584	817,086
Economic development	16,543	-	-	-	-	-	16,543
Capital outlay	305,043	-	-	17,800	4,848	546,104	873,795
<b>Debt service</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	650,000	810,000	1,460,000
Bond issuance costs	-	-	-	-	521,263	430,184	951,447
Administrative (fiscal) charges	-	-	-	-	178,088	-	178,088
	-	-	-	-	950	8,716	9,666
<b>Total Expenditures</b>	<b>\$ 11,191,480</b>	<b>\$ 6,926,640</b>	<b>\$ 3,734,340</b>	<b>\$ 156,953</b>	<b>\$ 1,355,149</b>	<b>\$ 1,942,219</b>	<b>\$ 25,306,781</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 1,773,967</b>	<b>\$ (364,964)</b>	<b>\$ 851,173</b>	<b>\$ 80,959</b>	<b>\$ 1,269,013</b>	<b>\$ (775,863)</b>	<b>\$ 2,834,285</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	\$ 730,728	\$ 253,256	\$ -	\$ -	\$ 484,825	\$ 1,468,809
Transfers out	(268,900)	-	-	-	(556,986)	(642,923)	(1,468,809)
Proceeds of bonds and notes issued	-	-	-	-	10,205,000	-	10,205,000
Premium on bonds issued	-	-	-	-	215,613	-	215,613
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (268,900)</b>	<b>\$ 730,728</b>	<b>\$ 253,256</b>	<b>\$ -</b>	<b>\$ 9,863,627</b>	<b>\$ (158,098)</b>	<b>\$ 10,429,413</b>
<b>Net Change in Fund Balance</b>	<b>\$ 1,505,067</b>	<b>\$ 365,764</b>	<b>\$ 1,104,429</b>	<b>\$ 80,959</b>	<b>\$ 11,132,640</b>	<b>\$ (933,961)</b>	<b>\$ 13,254,298</b>
<b>Fund Balance - January 1</b>	<b>13,075,627</b>	<b>3,491,179</b>	<b>2,360,831</b>	<b>(482,909)</b>	<b>6,714,048</b>	<b>5,944,359</b>	<b>31,103,135</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>(105,281)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(105,281)</b>
<b>Fund Balance - December 31</b>	<b>\$ 14,580,694</b>	<b>\$ 3,385,898</b>	<b>\$ 3,465,260</b>	<b>\$ (401,950)</b>	<b>\$ 17,846,688</b>	<b>\$ 5,010,398</b>	<b>\$ 44,252,752</b>

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

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**EXHIBIT 6**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES—GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Net change in fund balance – total governmental funds (Exhibit 5)** **\$ 13,254,898**

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

In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.

Deferred inflows of resources – December 31	\$ 4,862,652	
Deferred inflows of resources – January 1	(3,517,607)	1,345,045

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets and infrastructure	\$ 5,452,331	
Current year depreciation	(3,385,651)	2,066,680

Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of activities.

General obligation bonds issued	\$ (10,205,000)	
Bond premium	(215,614)	
Principal repayments – capital lease	46,569	
Principal repayments – general obligation bonds	1,085,000	
Principal repayments – capital equipment note	375,000	(8,914,045)

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.

Change in accrued interest payable	\$ 4,936	
Change in compensated absences	(116,446)	
Amortization of bond premium	24,981	
Change in inventories	(105,281)	
Change in net pension liability	(693,988)	
Change in deferred pension outflows	(378,718)	
Change in deferred pension inflows	1,165,742	(100,774)

**Change in Net Position of Governmental Activities (Exhibit 2)**

**\$ 7,651,804**

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

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

EXHIBIT 7

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2020

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<b>Assets</b>		
Cash and pooled investments	\$ 46,021	\$ 1,898,334
Accounts receivable	-	322,016
Taxes receivable for other governments	-	100,541
Due from other governments	-	79,063
<b>Total Assets</b>	<b>\$ 46,021</b>	<b>\$ 2,399,954</b>
<b>Liabilities</b>		
Accounts payable	-	69,561
Due to other governments	-	1,948,881
<b>Total Liabilities</b>	<b>-</b>	<b>\$ 2,018,442</b>
<b>Net Position</b>		
Restricted for Individuals, organizations, and other governments	\$ 46,021	\$ 381,512

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

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

EXHIBIT 8

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<b>Additions</b>		
Contributions	\$ 219,436	\$ -
Individuals	-	65,584
Appropriations from counties	-	6,030,386
Property tax collections for other governments	-	2,358,170
Other taxes	-	626,325
Fees collected for the state	-	700,896
Payments from other governments	-	13,107
Miscellaneous	-	-
<b>Total Additions</b>	<b>\$ 219,436</b>	<b>\$ 9,794,468</b>
<b>Deductions</b>		
Payments of property taxes to other governments	\$ -	\$ 6,044,234
Beneficiary payments to individuals	216,536	-
Payments to other governments	-	27,697
Payments to the state	-	626,325
Administrative expense	-	702,178
Payments to other individuals/entities	-	2,087,048
<b>Total Deductions</b>	<b>\$ 216,536</b>	<b>\$ 9,487,482</b>
<b>Change in Net Position</b>	<b>\$ 2,900</b>	<b>\$ 306,986</b>
<b>Net Position - January 1, as restated (Note 1.E)</b>	<b>43,121</b>	<b>74,526</b>
<b>Net Position - December 31</b>	<b>\$ 46,021</b>	<b>\$ 381,512</b>

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

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

**1. Summary of Significant Accounting Policies**

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2020. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

**A. Financial Reporting Entity**

Cook County was established March 9, 1874, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Cook County (primary government) and its component units for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Auditor/Treasurer, elected on a County-wide basis, serves as the clerk of the Board of Commissioners but has no vote.

**Blended Component Unit**

Blended component units are legally separate organizations so intertwined with the County that they are, in substance, the same as the County and, therefore, are reported as if they were part of the County. Cook County has one blended component unit.

Component Unit	Included in the Reporting Entity Because	Separate Financial Statements
Cook County Building Authority	The County Board is the governing body, and a benefit/burden relationship exists.	Separate financial statements are not prepared.

**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

**Blended Component Unit (Continued)**

The Cook County Building Authority is a nonprofit corporation organized under the provisions of Minn. Stat. ch. 317A. The Building Authority is operated, supervised, and controlled by the County. The County Board is the governing body of the Cook County Building Authority. Although the Building Authority is legally separate from the County, it is reported as part of the primary government since its sole purpose is to finance the construction of a new jail and courthouse addition. The activity of the Building Authority is reported in the Debt Service Fund.

**Discretely Presented Component Unit**

While part of the reporting entity, discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. The following component unit of Cook County is discretely presented:

Component Unit	Included in the Reporting Entity Because	Separate Financial Statements
Cook County and Grand Marais Joint Economic Development Authority	The County appoints a majority of the Cook County and Grand Marais Joint Economic Development Authority Board.	Cook County and Grand Marais Joint Economic Development Authority Box 597 Grand Marais, Minnesota 55604

The Authority is governed by a Board of seven members, four of whom are appointed by the Cook County Board and three of whom are appointed by the Grand Marais City Council. The Authority has all of the powers, rights, duties, and obligations conferred on economic development authorities by Minn. Stat. §§ 469.090-.1081 to promote and provide incentives for economic development. The Authority has included the Resource Development Council of Cook County, Inc., as a blended component unit of the Authority.

**Joint Ventures and Jointly-Governed Organizations**

The County participates in several joint ventures described in Note 4.C. The County also participates in jointly-governed organizations described in Note 4.D.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities normally are supported by taxes and intergovernmental revenues.

In the government-wide statement of net position, the governmental activities column: (a) is presented on a consolidated basis by column; and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of governmental fund financial statements is on major individual governmental funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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 general government, except those accounted for in another fund.

The Road and Bridge Special Revenue Fund is used to account for revenues and expenditures of the County Highway Department, which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

The Public Health and Human Services Special Revenue Fund is used to account for health programs, economic assistance, and community social services programs.

The Airport Special Revenue Fund is used to account for funds used for the operation and maintenance of the County airport.

The Local Option Sales Tax Special Revenue Fund is used to account for the collection of a one percent sales and use tax to fund the construction, improvements, and additions to County community centers and public recreation areas and the collection of a half percent sales and use tax to fund transportation projects within the County.

Additionally, the County reports the following fund types:

The Leased Lakeshore Permanent Fund is used to account for funds collected from the sale of County-owned lakeshore leased lots. In accordance with 1998 Minn. Laws ch. 389, art. 16, § 31, as amended by 1999 Minn. Laws, ch. 180, the principal on these sales must remain in an environmental trust fund, and only the interest may be spent on improvement of natural resources.

The Social Welfare Private Purpose Trust Fund is used to account for resources legally held in a trust for the benefit of individuals.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

Custodial funds are custodial in nature. These funds account for activity that the County holds for others in an agent capacity.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. 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. Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Cook County considers general revenue as available if collected within 60 days after the end of the current period. Public Health and Human Services revenue as available if collected within 90 days, and the federal payment in-lieu of tax revenue as available if collected within 180 days. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Investments are reported at fair value at December 31, 2020. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value or fair value per share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2020 were \$438,664.

Cook County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool.

2. Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due May 15 and the second half payment due October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

Loans receivable consist of the outstanding balances of economic development loans to private enterprises. Funds used for these loans are from the State of Minnesota Small Cities Grant Program. Loans receivable are also outstanding from the Cook County and Grand Marais Joint Economic Development Authority, which were used to finance golf course improvements.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

2. Receivables and Payables (Continued)

No allowance for uncollectible receivables has been provided because such amounts are not expected to be material.

3. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The County reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and, accordingly, are reported only in the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The County has two types of deferred inflows. The governmental funds report unavailable revenue from delinquent taxes receivable, grant receivables, and long-term receivables. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The County also reports deferred inflows of resources associated with pension benefits. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

4. Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are

COOK COUNTY  
GRAND MARAIS, MINNESOTA

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

4. Pension Plan (Continued)

reported by PERA, except that PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. The net pension liability is liquidated through the General Fund and other governmental funds that have personal services.

5. Inventories and Prepaid Items

The Road and Bridge Special Revenue Fund inventory is valued at cost using the average cost method and consists of expendable supplies and parts held for consumption. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are recorded as expenses when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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



COOK COUNTY  
GRAND MARAIS, MINNESOTA

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

6. Capital Assets (Continued)

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25 - 50
Improvements other than buildings	20
Public domain infrastructure	20 - 75
Furniture, equipment, and vehicles	4 - 15

7. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual, personal time off, and sick leave balances. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences balances are expected to be liquidated by the General Fund and other County funds that incur personal services expenditures.

8. Unearned Revenue

Governmental funds and the government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

9. Long-Term Obligations (Continued)

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 the debt issued is reported as an other financing source. 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.

10. Classification of Net Position

Net position in the government-wide and the component unit financial statements is classified in the following categories:

Net investment in capital assets – the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – the amount of net position that does not meet the definition of restricted or net investment in capital assets.

11. Classification of Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources of the governmental funds. These classifications are as follows:

COOK COUNTY  
GRAND MARAIS, MINNESOTA

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

11. Classification of Fund Balance (Continued)

Nonspendable – amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash (noncurrent loans, inventories, and prepaid items).

Restricted – amounts of fund balance subject to external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions and enabling legislation.

Committed – amounts that can be used only for specific purposes as imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for other purposes unless the County Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned – amounts the County intends to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining positive amounts not restricted or committed. In the General Fund, assigned amounts represent intended uses as determined by the County Board or by the Auditor/Treasurer.

Unassigned – the residual classification in the General Fund; it includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)

12. Use of Estimates

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

E. Change in Accounting Principles

During the year ended December 31, 2020, the County adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by recording the Social Welfare Private-Purpose Trust Fund that was not previously reported, and including accruals and ending net position to custodial funds not previously required. Beginning net position has been restated to reflect this change.

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Net Position, January 1, 2020, as previously reported	\$ -	\$ -
Change in accounting principles	43,121	74,526
Net Position, January 1, 2020, as restated	\$ 43,121	\$ 74,526

2. Stewardship, Compliance, and Accountability

Deficit Fund Equity

The Airport Fund has a deficit fund equity of \$401,950. The deficit fund equity is expected to be eliminated with additional grant reimbursement and future tax levies.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

The County's total cash and investments are reported as follows:

Primary government	
Cash and pooled investments	\$ 24,562,664
Petty cash and change funds	1,317
Cash with escrow agent	12,967,820
Cook County and Grand Marais Joint Economic Development Authority component unit	
Cash and pooled investments	726,989
Restricted Cash	
Business loans	215,000
Fiduciary funds	
Cash and pooled investments	1,944,355
Total Cash and Investments	\$ 40,418,145

a. Deposits

The County is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The County is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. It is the County's policy to minimize custodial credit risk by obtaining collateral or bond for all uninsured amounts on deposit, and obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. As of December 31, 2020, the primary government's deposits were not exposed to custodial credit risk.

The Cook County and Grand Marais Joint Economic Development Authority component unit does not have a policy for custodial credit risk. At December 31, 2020, \$509,713 of the Authority's deposits were exposed to custodial credit risk.

b. Investments

The County may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- (1) 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, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide cash flow and liquidity needed for operations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. It is the County's policy to minimize custodial credit risk by permitting brokers to hold investments for Cook County only to the extent there is Securities Investor Protection Corporation (SIPC) and excess SIPC coverage available, and securities purchased that exceed available SIPC coverage will be transferred to the County's custodian. At December 31, 2020, the County's investments were not subject to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the policy of the County to diversify investments to avoid risk.

The following table presents the County's cash and pooled investment balances at December 31, 2020, and information relating to potential investment risks:

Investment Type	Credit Risk		Concentration Over 5 Percent of Portfolio	Interest Maturity Date	Carrying Amount Value
	Rating	Agency			
U.S. government agency securities	AAA	Moody's		06/30/2022	\$ 1,000,000
Federal Home Loan Bank Bonds	AAA	Moody's		11/25/2025	499,770
Federal Home Loan Bank Bonds	AAA	Moody's		12/30/2025	294,823
Total Federal Home Loan Bank Bonds			7.18%		\$ 1,794,593
Federal Home Loan Mortgage Corporation Discount Note	AAA	Moody's		02/03/2023	\$ 249,748
Federal Home Loan Mortgage Corporation Discount Note	AAA	Moody's		06/28/2024	540,032
Total Federal Home Loan Mortgage Corporation Discount Notes			3.16%		\$ 789,780

**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

COOK COUNTY  
GRAND MARAIS, MINNESOTA

### Detailed Notes on All Funds

### A. Assets

### 1. Deposits and Investments

**Investments (Continued)**

Investment Type	Credit Risk		Risk Over 5 Percent of Portfolio	Base Risk Maturity Date	Carrying (Pair) Value
	Rating	Agency			
Federal Farm Credit Board	AAA	Moody's	3.00%	11/30/2023	\$ 749,933
Government National Mortgage Association Notes	N/A	N/A	17.77%	09/30/2046	\$ 4,441,584
Investment pool/mutual funds	N/A	N/A		N/A	\$ 3,021
Money market mutual fund	N/A	N/A		N/A	\$ 12,325,101
MAGIC Fund	N/A	N/A			\$ 12,528,122
Total investment pool/mutual funds			50.11%		\$
Certificates of deposit	N/A	N/A		03/19/2021	245,424
Teos Capital Bank NA	N/A	N/A		03/30/2021	245,424
Wells Fargo Bank NA	N/A	N/A		11/28/2021	184,280
Safin Bank Ltd	N/A	N/A		08/09/2021	184,280
Morgan Stanley Private Bank NA	N/A	N/A		09/27/2021	248,361
Ally Bank	N/A	N/A		09/30/2021	247,308
BMW Bank NA	N/A	N/A		09/30/2021	245,008
Bank of America NA	N/A	N/A		10/01/2021	245,008
Guidant Securit Bank	N/A	N/A		10/01/2021	249,412
Morgan Stanley Bank NA	N/A	N/A		01/24/2022	247,739
UHS Bank USA	N/A	N/A		03/11/2022	247,342
Bank of America NA	N/A	N/A		03/21/2022	247,342
Teos Exchange Bank SSB	N/A	N/A		09/28/2022	215,609
Bank Hapsulim	N/A	N/A		09/28/2022	215,609
Wells Fargo National Bank	N/A	N/A		01/17/2023	253,987
Wells Fargo Bank NA	N/A	N/A		02/28/2023	245,693
Wells Fargo Bank NA	N/A	N/A		03/01/2023	245,693
BMO Harris Bank NA	N/A	N/A		01/26/2024	256,134
Sue Bank India	N/A	N/A		12/18/2024	261,574
Jonesboro State Bank	N/A	N/A		07/10/2026	245,127
JF Morgan Chase Bank NA	N/A	N/A		09/30/2026	245,282
Total certificates of deposit			18.78%		\$ 4,695,760
Total pooled investments					\$ 24,999,772
Deposits					1,507,247
cash					1,317
cash with escrow agent					12,967,820
deposits component unit					941,589
Total Cash and Investments					\$ 40,418,145

### 3. Detailed Notes on All Funds

## A. Assets

### 1. Deposits and Investments

b. Investments (Continued)

The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and
- *Level 3*: Unobservable inputs.

At December 31, 2020, the County had the following recurring fair value measurements:

Fair Value Measurements Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2020	\$	\$	\$	
Investments by fair value level				
Federal Home Loan Bank Bonds	\$ 1,794,593	\$ 1,794,593	\$ -	
Federal Home Loan Mortgage Corporation Discount Notes	788,780	788,780	-	
Federal Farm Credit Bonds	749,933	749,933	-	
Governmental National Mortgage Association Bonds	4,441,584	4,441,584	-	
Negotiable certificates of deposit	4,695,760	4,695,760	-	
Total Securities Measured at Fair Value	\$ 12,471,650	\$ 12,471,650	\$ -	
Investments measured at the net asset value (NAV)	\$			
MAGIC Portfolio	\$ 12,525,101			
Money market; mutual fund	3,021			
Total Investments measured at NAV	\$ 12,528,122			
Total Investments	\$ 24,999,772			

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

All Level 2 debt securities are valued using a matrix pricing technique based on the securities' relationship to benchmark quoted prices.

MAGIC is a local government investment pool which is quoted at a net asset value (NAV). The County invests in this pool for the purpose of the joint investment of the County's money with those of other counties to enhance the investment earnings accruing to each member.

MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request. The Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its NAV not reasonably practical.

The County invests in money market funds for the benefit of liquid investments that can be readily re-invested or made available for use. Money market funds held by the County seek a constant NAV of \$1.00 per share. The money market fund reserves the right to require one or more days' prior notice before permitting withdrawals.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2020, for governmental activities are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes	\$ 235,653	\$ -
Accounts	225,510	-
Loans	5,107,961	5,000,424
Due from other governments	6,603,285	435,694
Total Governmental Activities	\$ 12,172,409	\$ 5,436,118

Loans receivable represent amounts owed from private businesses within the County for economic development. Loans receivable in the Debt Service Fund represent future revenues pledged to the County from the Lutsen Workforce Housing Project for future debt service payments. The revolving loan fund activity is included in the General Fund. At year-end, the County had 28 revolving loans with balances outstanding. Scheduled collections on these loans range from one to 20 years. Due from other governments, amounts not scheduled for collection during the subsequent year, are loans to fire districts for the purchase of equipment. Loans are repaid through fire district tax levies. Collections for the loans to fire districts range from ten to 20 years.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land and easements	\$ 2,095,189	\$ 40,103	\$ -	\$ 2,135,292
Construction in progress	9,855,833	3,851,272	6,415,111	7,291,994
Total capital assets not depreciated	\$ 11,951,022	\$ 3,891,375	\$ 6,415,111	\$ 9,427,286
Capital assets depreciated				
Buildings	\$ 23,134,714	\$ 956,497	\$ -	\$ 24,091,211
Improvements other than buildings	1,207,218	160,765	-	1,367,983
Machinery, vehicles, furniture, and equipment	12,219,184	391,285	-	12,610,469
Infrastructure	82,682,990	6,467,520	-	89,150,510
Total capital assets depreciated	\$ 119,344,106	\$ 7,976,067	\$ -	\$ 127,320,173
Less: accumulated depreciation for				
Buildings	\$ 7,569,775	\$ 618,473	\$ -	\$ 8,188,248
Improvements other than buildings	773,418	59,847	-	833,265
Machinery, vehicles, furniture, and equipment	9,691,944	730,313	-	10,422,257
Infrastructure	26,926,560	1,977,018	-	28,903,578
Total accumulated depreciation	\$ 44,661,697	\$ 3,385,651	\$ -	\$ 48,047,348
Total capital assets depreciated, net	\$ 74,582,409	\$ 4,590,416	\$ -	\$ 79,172,825
Governmental Activities Capital Assets, Net	\$ 86,533,431	\$ 8,481,791	\$ 6,415,111	\$ 88,600,111

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	\$ 244,845
Public safety	285,306
Highways and streets, including depreciation of infrastructure assets	1,825,641
Sanitation	49,538
Culture and recreation	284,441
Conservation of natural resources	5,511
Economic development	690,369
Total Depreciation Expense -- Governmental Activities	\$ 3,385,651

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2020, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Airport Fund	\$ 400,517	To fund deficit cash
Road and Bridge Fund	General Fund	650	Charges for services
Total Due To/From Other Funds		\$ 401,167	

Due to/from other funds are expected to be repaid within the year.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

B. Interfund Receivables, Payables and Transfers (Continued)

2. Interfund Transfers

Interfund transfers for the year ended December 31, 2020, consisted of the following:

Transfer from	Transfer to	Amount	Purpose
General Fund	Public Health and Human Services Fund	\$ 253,256	Coronavirus relief funds
General Fund	Road and Bridge Fund	\$ 15,644	Coronavirus relief funds
Capital Projects Fund	Road and Bridge Fund	642,923	Transportation sales tax proceeds
Local Options Sales Tax Fund	Road and Bridge Fund	72,161	Transportation sales tax proceeds
Total transfers to Road and Bridge Fund		\$ 730,728	
Local Options Sales Tax Fund	Debt Service Fund	\$ 484,825	Transportation sales tax proceeds
Total Transfers		\$ 1,468,809	

C. Liabilities

1. Payables

Payables at December 31, 2020, were as follows:

	Governmental Activities
Accounts Payable	\$ 554,992
Salaries Payable	381,331
Contracts Payable	49,188
Due to other governments	106,776
Total Payables	\$ 1,092,287

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

C. Liabilities (Continued)

2. Long-Term Debt

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2020
General obligation bonds - Sales Tax Revenue Bonds of 2011	2032	\$280,000 - \$365,000	2.00 - 3.65	\$ 8,500,000	\$ 5,710,000
Taxable Sales Tax Revenue Bonds of 2012	2035	\$160,000 - \$1,240,000	2.00 - 3.30	9,660,000	8,130,000
Tax Abatement Bonds of 2014	2037	\$95,000 - \$160,000	1.10 - 3.50	2,410,000	2,120,000
Capital Improvement Bonds of 2018	2039	\$75,000 - \$475,000	3.00 - 3.50	9,135,000	8,800,000
Tax Abatement Bonds of 2018	2039	\$40,000 - \$160,000	3.38 - 4.25	1,620,000	1,620,000
Sales Tax Revenue Refunding Bonds of 2020	2033	\$60,000 - \$1,220,000	1.15 - 2.00	10,205,000	10,205,000
Total				\$ 36,585,000	\$ 34,329,329
Plus: unamortized premium					
Total General Obligation Bonds, Net					\$ 36,919,329
General obligation notes - Capital Equipment Notes of 2018	2026	\$55,000 - \$65,000	3.00	\$ 410,000	\$ 355,000

All long-term debt, except for the sales tax revenue bonds, is paid by the Debt Service Fund. The sales tax revenue bonds debt service is paid by the Local Options Sales Tax Special Revenue Fund.



**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

3. Debt Service Requirements

Debt service requirements at December 31, 2020, were as follows:

Year Ending December 31	Capital Improvement, Sales Tax Revenue, and Tax Abatement Bonds		General Obligation Capital Equipment Notes		Interest
	Principal	Interest	Principal	Interest	
2021	\$ 1,185,000	\$ 951,348	\$ 55,000	\$ 9,825	
2022	1,290,000	971,086	55,000	8,175	
2023	2,010,000	927,802	60,000	6,450	
2024	2,085,000	876,686	60,000	4,650	
2025	2,175,000	822,547	60,000	2,850	
2026 - 2030	12,075,000	3,215,539	65,000	575	
2031 - 2035	12,555,000	1,490,734	-	-	
2036 - 2039	3,210,000	227,838	-	-	
Total	\$ 36,585,000	\$ 9,483,980	\$ 355,000	\$ 32,925	

Debt Refunding

In 2020, the County refunded the Series 2011B General Obligation Sales Tax Revenue Bonds and the Series 2012B Taxable General Obligation Sales Tax Revenue Bonds on an advance refunding basis. The County will continue to make principal and interest payments on the Series 2011B and 2012B bonds through the call date of February 1, 2022. The net present value benefit on the debt refunding is \$1,296,319.

**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
Sales tax revenue bonds	\$ 6,100,000	\$ -	\$ 390,000	\$ 5,710,000	\$ 400,000
Taxable sales tax revenue bonds	8,390,000	-	360,000	8,030,000	275,000
Tax abatement bonds	3,840,000	-	100,000	3,740,000	350,000
Capital improvement bonds	9,135,000	-	335,000	8,800,000	350,000
Taxable sales tax revenue bonds - refunding	-	10,205,000	-	10,205,000	60,000
Bond premium	143,696	215,614	24,981	334,329	-
Total bonds payable	\$ 27,608,696	\$ 10,420,614	\$ 1,109,981	\$ 36,919,329	\$ 1,485,000
Notes payable					
Capital equipment notes	780,000	812,488	375,000	355,000	55,000
CompuNetel advances	853,863	-	696,040	959,710	-
Long-Term Liabilities	\$ 29,191,558	\$ 11,233,102	\$ 2,181,021	\$ 38,244,039	\$ 1,540,000

5. Ongoing Disclosure of Long-Term Liabilities

The County has covenanted to provide ongoing disclosure of certain annual financial information and operating data with respect to the County, including audited financial statements of the County. The County's ongoing disclosures are with respect to the following issues:

- General Obligation Sales Tax Revenue Bonds, Series 2011B, November 22, 2011;
- General Obligation Equipment Notes, Series 2012A, December 13, 2012;
- Taxable General Obligation Sales Tax Revenue Bonds, Series 2012B, December 13, 2012;
- General Obligation Tax Abatement Bonds, Series 2014A, October 21, 2014;
- General Obligation Capital Improvement Bonds, Series 2018A, June 7, 2018;

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

C. Liabilities

5. Ongoing Disclosure of Long-Term Liabilities (Continued)

- General Obligation Equipment Notes, Series 2018A, June 7, 2018;
- General Obligation Tax Abatement Bonds, Series 2018B, June 7, 2018; and
- General Obligation Sales Tax Revenue Refunding Bonds, Series 2020A, November 24, 2020.

D. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description

All full-time and certain part-time employees of Cook County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan) and the Public Employees Police and Fire Plan (the Police and Fire Plan), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No Cook County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description (Continued)

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years and increasing five percent for each year of service until fully vested after 20 years.

b. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

Police and Fire Plan benefit recipients will receive a 1.00 percent post-retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive 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 Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Police and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service.

For General Employees Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Police and Fire Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans (Continued)

c. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2020. Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in 2020.

In 2020, the County was required to contribute the following percentages of annual covered salary:

General Employees Plan – Coordinated Plan members	7.50%
Police and Fire Plan	17.70

The Police and Fire Plan member and employer contribution rates increased 0.50 percent and 0.75 percent, respectively, from 2019.

The County's contributions for the year ended December 31, 2020, to the pension plans were:

General Employees Plan	\$ 503,289
Police and Fire Plan	217,067

The contributions are equal to the contractually required contributions as set by state statute.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans (Continued)

d. Pension Costs

General Employees Plan

At December 31, 2020, the County reported a liability of \$5,270,007 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.0879 percent. It was 0.0861 percent measured as of June 30, 2019. The County recognized pension expense of \$473,307 for its proportionate share of the General Employees Plan's pension expense.

The County also recognized \$14,142 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031.

The County's proportionate share of the net pension liability	\$ 5,270,007
State of Minnesota's proportionate share of the net pension liability associated with the County	162,489
Total	<u>\$ 5,432,496</u>

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

The County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 46,941	\$ 19,939
Changes in actuarial assumptions	-	189,447
Difference between projected and actual investment earnings	140,489	-
Changes in proportion	304,981	-
Contributions paid to PERA subsequent to the measurement date	264,200	-
Total	<u>\$ 756,611</u>	<u>\$ 209,386</u>

The \$264,200 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	\$ (75,309)
2022	106,095
2023	124,914
2024	127,325

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Police and Fire Plan

At December 31, 2020, the County reported a liability of \$1,351,060 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.1025 percent. It was 0.1096 percent measured as of June 30, 2019. The County recognized pension expense of \$164,614 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation.

Legislation required the State of Minnesota to pay direct state aid of \$4.5 million on October 1, 2019, and to pay \$9 million by October 1 of each subsequent year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional \$9,791 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

The County's proportionate share of the net pension liability	\$ 1,351,060
State of Minnesota's proportionate share of the net pension liability associated with the County	31,824
Total	<u>\$ 1,382,884</u>

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized \$9,225 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan.

The County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 58,027	\$ 55,710
Changes in actuarial assumptions	393,135	746,125
Difference between projected and actual investment earnings	61,962	*
Changes in proportion	150,842	72,535
Contributions paid to PERA subsequent to the measurement date	116,033	*
Total	<u>\$ 779,999</u>	<u>\$ 874,370</u>

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

The \$116,033 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	\$ (61,193)
2022	(292,758)
2023	83,597
2024	71,613
2025	(11,663)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2020, was \$637,921.

e. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

	General Employees Fund	Police and Fire Fund
Inflation	2.25% per year	2.50% per year
Active Member Payroll Growth	3.00% per year	3.25% per year
Investment Rate of Return	7.50%	7.50%

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disability rates were based on the Pub-2010 General Employee Mortality table for the General Employees Plan and the RP-2014 mortality tables for the Police and Fire Plan, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. The experience study for the Police and Fire Plan was dated August 30, 2016. Inflation and investment assumptions for all plans were reviewed in the experience study report for the General Employees Plan.

The long-term expected rate of return on pension plan investments is 7.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities	35.50%	5.10%
Broad international stock pool	17.50	5.30
Bond pool	20.00	0.75
Alternatives	25.00	5.90
Cash equivalents	2.00	0.00

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans (Continued)

f. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2020, which remained consistent with 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan and the Police and Fire Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2020:

General Employees Plan

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions

General Employees Plan (Continued)

- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The changes result in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions

General Employees Plan (Continued)

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Plan

- The mortality projection scale was changed from MP-2018 to MP-2019.

h. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	Proportionate Share of the		
	General Employees Plan	Police and Fire Plan	
	Discount Rate	Net Pension Liability	Net Pension Liability
1% Decrease	6.50%	\$ 8,445,993	\$ 2,692,856
Current	7.50	5,270,007	1,351,060
1% Increase	8.50	2,650,073	240,958

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans (Continued)

i. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, St Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

2. Defined Contribution Plan

Five Commissioners of Cook County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the state legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer.

Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25 percent of the assets in each member account annually.



COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Detailed Notes on All Funds

D. Pension Plans

2. Defined Contribution Plan (Continued)

Total contributions by dollar amount and percentage of covered payroll made by Cook County during the year ended December 31, 2020, were:

	Employee	Employer
Contribution amount	\$ 8,058	\$ 8,058
Percentage of covered payroll	5.00%	5.00%

4. Summary of Significant Contingencies and Other Items

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For group health insurance, the County belongs to the Northeast Service Cooperative (NESC). For other risks, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2020 and 2021. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and the County pays an annual premium to cover current and future losses. MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

4. Summary of Significant Contingencies and Other Items

A. Risk Management (Continued)

The NESC is a joint powers entity which sponsors a plan to provide group employee health benefits to its participating members. All members pool premiums and losses; however, a particular member may receive increases or decreases depending on a good or bad year of claims experience. Premiums are determined annually by the NESC and are based partially on the experience of the County and partially on the experience of the group. The NESC solicits proposals from carriers and negotiates the contracts.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Commitments and Contingencies

In May 2015, Cook County entered into a joint powers agreement with the City of Grand Marais and the Cook County and Grand Marais Joint Economic Development Authority for the reassessment of business park lots for the Authority's Cedar Grove Business Park project and for clarity in determining contributions for servicing the debt service on this project. Under the original agreement, the City would receive the first \$60,000 on the sale of each lot to cover the debt payments; however, based on current valuations, the lot sales are not expected to cover the debt payments. The revised agreement states all proceeds from the future sales of the business park lots will go into a reserve account with the City to be used for redemption of the debt service on the project. Bond Series 2009A, which had an original face value of \$1,685,000. Cook County shall annually pay the City, on or before July 1 each year, an amount which constitutes 50 percent of the net annual bond payment in accordance with the debt service payment schedule of the bond, less any proceeds from lot sales. The amount of the future liability to the County cannot be determined as it is contingent on the sales of the business lots.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

4. Summary of Significant Contingencies and Other Items (Continued)

C. Joint Ventures

Arrowhead Regional Corrections

The County, in a joint powers agreement pursuant to Minn. Stat. § 471.59, participates with Carlton, Koochiching, Lake, and St. Louis Counties in Arrowhead Regional Corrections, which was established pursuant to the Community Corrections Act, Minn. Stat. §§ 401.01-16.

Arrowhead Regional Corrections comprises three major divisions: juvenile institutional services, adult institutional services, and court and field services. These divisions are composed of the five participating counties' probation departments, the Arrowhead Juvenile Detention Center, and the Northeast Regional Corrections Center. Arrowhead Regional Corrections is governed by an eight-member Board, composed of one member appointed from each of the participating county's Board of Commissioners, except for St. Louis County, which has three members appointed by its Board. In addition, the right to have an additional member is annually rotated among Carlton, Cook, Koochiching, and Lake Counties.

Arrowhead Regional Corrections is financed through state grants and contributions from the participating counties. Cook County provided \$326,078 in funding during 2020.

Separate financial information can be obtained from Arrowhead Regional Corrections, 320 West Second Street, Suite 303, Duluth, Minnesota 55802.

Carlton, Cook, Lake, and St. Louis Community Health Board

Carlton, Cook, Lake, and St. Louis Counties entered into a joint powers agreement creating and operating the Carlton, Cook, Lake, and St. Louis Community Health Board. This agreement was entered into January 1, 1977, and is established pursuant to Minn. Stat. § 471.59.

The Community Health Board is composed of nine members. The Carlton, Cook, and Lake County Boards of Commissioners each appoint two members; the St. Louis County Board of Commissioners appoints three members. Financing is obtained through federal and state grants. Cook County provided no funding to this organization in 2020.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Carlton, Cook, Lake, and St. Louis Community Health Board (Continued)

Separate financial information can be obtained from the Carlton, Cook, Lake, and St. Louis Community Health Board, 404 West Superior Street, Suite 250, Duluth, Minnesota 55802.

Northeast Minnesota Office of Job Training

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

The governing body is composed of seven members, one member from the Board of Commissioners of each of the participating counties.

Separate financial information can be obtained from the Northeast Minnesota Office of Job Training, 820 North 9th Street, Suite 240, Virginia, Minnesota 55792.

Minnesota Counties Information System

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

The Minnesota Counties Information System (MCIS) is governed by a 13-member Board, composed of a member appointed by each of the participating county's Board of Commissioners. Financing is obtained through user charges to the member. Lake County is the fiscal agent for the MCIS.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Minnesota Counties Information System (Continued)

Each county's share of the assets and liabilities cannot be accurately determined since it will depend on the number of counties that are members when the agreement is dissolved.

Separate financial information can be obtained from the Minnesota Counties Information System, 413 Southeast 7th Avenue, Grand Rapids, Minnesota 55744.

Northern Counties Land Use Coordinating Board

The Northern Counties Land Use Coordinating 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 Aitkin, Cook, Koochiching, Lake, Lake of the Woods, Pennington, Roseau, and St. Louis Counties. 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.

Cook County provided no funding in 2020.

Separate financial information can be obtained from the Northern Counties Land Use Coordinating Board, St. Louis County Courthouse, 100 North 5th Avenue West, #201, Duluth, Minnesota 55802.

North Shore Collaborative

The North Shore Collaborative was established in 1995 pursuant to Minn. Stat. § 124D.23. The Collaborative includes Cook County, Lake County, Independent School District 381, Independent School District 166, and the Grand Portage Reservation. The purpose of the Collaborative is to form a coalition of agencies, schools, and communities along the North Shore that will systematically address the mental health and other needs of the whole person for all children and youth, ensure their graduation from high school, and assist them in becoming healthy, happy, productive citizens.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

North Shore Collaborative (Continued)

Control of the North Shore Collaborative is vested in a Board of Directors. Financing is provided by state and federal grants, appropriations from Collaborative members, and miscellaneous revenues. Lake County is the fiscal agent for the Collaborative and handles all of the financial transactions for the organization. Financial information for the Collaborative for the fiscal year ended December 31, 2020, is as follows:

Total Assets	\$	227,205
Total Liabilities		227,205

Separate financial information can be obtained from Lake County, 601 - 3rd Avenue, Two Harbors, Minnesota 55616.

Arrowhead Health Alliance

Carlton, Cook, Koochiching, and Lake Counties entered into a joint powers agreement, pursuant to Minn. Stat. §§ 471.59 and 256B.692, for the purpose of organizing, governing, planning, and administering a county-based purchasing entity to participate in prepaid health care programs through the Minnesota Department of Human Services and the federal Centers for Medicare and Medicaid Services. In 2012, St. Louis County joined the Arrowhead Health Alliance.

Control of the Arrowhead Health Alliance is vested in a Board of Directors composed of one representative from each of the member counties. Carlton County is the fiscal agent for the Alliance.

Cook County contributed \$30,373 in start-up funds to the Arrowhead Health Alliance in 2007. The County provided no further funding in 2020.

Northeast Minnesota Emergency Communications Board

The Northeast Minnesota Emergency Communications Board was established through a joint powers agreement, pursuant to Minn. Stat. §§ 471.59 and 403.39, to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) and to enhance and improve interoperable public safety communications.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Northeast Minnesota Emergency Communications Board (Continued)

The joint powers are the Counties of Aitkin, Carlton, Cass, Cook, Crow Wing, Itasca, Kanabec, Koochiching, Lake, Pine, and St. Louis, and the Cities of Duluth, Hibbing, International Falls, and Virginia. Control of the Northeast Minnesota Emergency Communications Board is vested in a Board of Directors composed of one County Commissioner from each of the member counties and one City Council member from each of the member cities. In addition, there is one member from the Northeast Minnesota Regional Advisory Committee, one member from the Northeast Minnesota Regional Radio System User Committee, and one member from the Northeast Minnesota Owners and Operators Committee who are also voting members of the Board.

St. Louis County is the fiscal agent for the Northeast Minnesota Emergency Communications Board. Funding is provided by grants and contributions from participating members. During the current year, Cook County provided no funding to the Board.

Separate financial information can be obtained from St. Louis County, 100 North 5th Avenue West, Room 201, Duluth, Minnesota 55802-1293.

D. Jointly-Governed Organizations

Cook County, in conjunction with other local governments, has formed joint powers boards to provide a variety of services. Cook County appoints at least one member to the following organizations:

North Shore Management Board

The North Shore Management Board provides Lake Superior Shoreline planning for Cook, Lake, and St. Louis Counties; the Cities of Beaver Bay, Grand Marais, Silver Bay, and Two Harbors; and the Towns of Duluth and Lakewood. During the current year, Cook County provided no funding to the Board.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

4. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Community Health Information Collaborative

The Community Health Information Collaborative (CHIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. Cook County did not contribute to the CHIC during 2020.

Region Two – Northeast Minnesota Homeland Security Emergency Management Organization

The Region Two – Northeast Minnesota Homeland Security Emergency Management Organization was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the region. Control is vested in a board, which is composed of representatives appointed by each Board of County Commissioners. Cook County's responsibility does not extend beyond making this appointment.

Minnesota Criminal Justice Data Communications Network

The Minnesota Criminal Justice Data Communications Network Joint Powers Agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, Cook County made no payments to the joint powers.

Minnesota Rural Counties Caucus

The Minnesota Rural Counties Caucus was established in 1997 and includes Aitkin, Beltrami, Clay, Clearwater, Cook, Douglas, Grant, Itasca, Kittson, Koochiching, Lake of the Woods, Mahanomen, Marshall, McLeod, Mille Lacs, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, and Traverse Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee, which is composed of ten directors, each with an alternate, who are appointed annually by each respective County Board. Cook County's responsibility does not extend beyond making this appointment.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

4. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Sentencing to Service

Cook County, in conjunction with other local governments, participates in the State of Minnesota's Sentencing to Service (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations and initiative funds, as well as the Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program. Cook County has no operational or financial control over the STS program. The County does not budget for any percentage of this program.

E. Tax-Forfeited Land

Cook County manages approximately 4,313 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.

F. Subsequent Events

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. Although things are beginning to return to normal in 2021, there is still some uncertainty regarding when certain industries, especially tourism related, will return to pre-pandemic levels. The County factored these potential decreases in revenue into its 2021 budget.

In 2021, Cook County was allocated approximately \$1 million in Corona State and Local Fiscal Recovery Funds as part of the America Rescue Plan. These funds are directed at helping governments address economic fallout associated with the pandemic and lay a foundation for recovery. The County's management is currently in the early stages of determining how this funding will be used.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

5. Component Unit Disclosures – Cook County and Grand Marais Joint Economic Development Authority

A. Summary of Significant Accounting Policies

In addition to those identified in Note 1, the County's discretely presented component unit has the following significant accounting policies.

Reporting Entity

The Cook County and Grand Marais Joint Economic Development Authority is governed by a seven-member Board. Four members are appointed by the Cook County Board of Commissioners, and three members are appointed by the Grand Marais City Council. The Authority is considered to be a component unit of Cook County. The Authority has one blended component unit, the Resource Development Council of Cook County, Inc.

Basis of Accounting

The Authority's governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Its enterprise fund and government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting.

Cash and Cash Equivalents

The Authority's cash consists of petty cash, checking accounts, and savings accounts.

Inventories

Inventory consists of golf course merchandise for resale. All inventories are valued at lower of cost or market using the first in/first out method. Inventories are recorded as expenses when consumed.

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

5. Component Unit Disclosures – Cook County and Grand Marais Joint Economic Development Authority

A. Summary of Significant Accounting Policies (Continued)

Land Held for Resale

Land held for resale comprises the business lots for sale in the Cedar Grove Business Park. The Authority constructed the Cedar Grove Business Park within the City of Grand Marais to provide land sites for new or existing businesses. The lots are valued at the lower of historical cost or fair market value.

Restricted Assets

Restricted assets consist of monies specified for payment of business loans to Cook County businesses that have been adversely impacted by COVID-19.

Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$1,000. Such assets are recorded at historical cost, except for land which was donated. Donated capital assets are recorded at acquisition value.

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

Land improvements, buildings and structures, and furniture and equipment of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	30
Buildings and structures	20
Furniture and equipment	1 - 20

**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

5. Component Unit Disclosures – Cook County and Grand Marais Joint Economic Development Authority (Continued)

B. Detailed Notes

1. Assets

Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 213,685	\$ -	\$ -	\$ 213,685
Capital assets depreciated				
Land improvements	\$ 10,398,771	\$ -	\$ -	\$ 10,398,771
Buildings and structures	422,145	-	-	422,145
Furniture and equipment	1,159,543	18,458	-	1,178,001
Total capital assets depreciated	\$ 11,980,459	\$ 18,458	\$ -	\$ 11,998,917
Less: accumulated depreciation for				
Land improvements	\$ 4,090,284	\$ 350,597	\$ -	\$ 4,440,881
Buildings and structures	378,784	4,500	-	383,284
Furniture and equipment	952,356	41,580	-	993,936
Total accumulated depreciation	\$ 5,421,424	\$ 396,677	\$ -	\$ 5,818,101
Total capital assets depreciated, net	\$ 6,559,035	\$ (378,219)	\$ -	\$ 6,180,816
Component Unit Capital Assets, Net	\$ 6,772,720	\$ (378,219)	\$ -	\$ 6,394,501

Depreciation expense was charged to functions/programs of the government as follows:

Golf course	\$ 396,677
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COOK COUNTY  
GRAND MARAIS, MINNESOTA

5. Component Unit Disclosures – Cook County and Grand Marais Joint Economic Development Authority

B. Detailed Notes (Continued)

2. Liabilities

Operating Leases

The Authority leases golf carts and GPS equipment under non-cancelable operating leases. Total costs for such leases were \$79,178 for the year ended December 31, 2020. These operating leases are expected to continue indefinitely or be replaced by similar leases. The future minimum lease payments for these leases are as follows:

Year Ended December 31	Amount
2021	\$ 80,296
2022	80,296
2023	80,296
2024	185,416
Total	\$ 426,304

Debt Obligations

The Authority owes the City of Grand Marais proceeds for land held for resale after lots are sold. The value of the lots as of December 31, 2020, was estimated at \$687,500.

Debt activity for the year ended December 31, 2020, is:

	Beginning Balance	Additions/ Advances	Payments	Ending Balance
Operating loan	\$ 175,000	\$ -	\$ 25,000	\$ 150,000
Land held for resale	687,500	-	-	687,500
Due to Other Governments	\$ 862,500	\$ -	\$ 25,000	\$ 837,500

COOK COUNTY  
GRAND MARAIS, MINNESOTA

5. Component Unit Disclosures – Cook County and Grand Marais Joint Economic Development Authority

B. Detailed Notes

2. Liabilities

Debt Obligations (Continued)

In October 2014, Cook County issued General Obligation Tax Abatement Bonds, Series 2014A, on behalf of the Cook County and Grand Marais Joint Economic Development Authority. The bonds have a face value of \$2,410,000 and will be repaid over a period of 15 years. Proceeds of the bonds were used to help finance improvements to the Superior National at Lutsen Golf Course. The Authority entered into a loan agreement with Cook County and makes loan payments to the County in sufficient amounts for the County to make the required payments on the bonds.

A summary of changes in long-term debt follows:

	Beginning Balance	Additions	Payments	Ending Balance
Loans payable	\$ 2,169,972	\$ -	\$ -	\$ 2,169,972

3. Defined Benefit Pension Plan

a. Plan Description

All full-time and certain part-time employees of the Authority are covered by a defined benefit pension plan administered by PERA. PERA administers the General Employees Retirement Plan, which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

b. Contributions

The Authority's contributions for the General Employees Plan for the year ended December 31, 2020, were \$19,778. The contributions are equal to the contractually required contributions as set by state statute.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

5. Component Unit Disclosures – Cook County and Grand Marais Joint Economic Development Authority

B. Detailed Notes

3. Defined Benefit Pension Plan (Continued)

c. Pension Costs

At December 31, 2020, the Authority reported a liability of \$203,846 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the Authority's proportion was 0.0034 percent. It was 0.0033 percent measured as of June 30, 2019.

The Authority recognized pension expense of \$19,374 for its proportionate share of the General Employees Plan's pension expense.

The Authority also recognized \$544 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031.

The Authority's proportionate share of the net pension liability	\$ 203,846
State of Minnesota's proportionate share of the net pension liability associated with the Authority	6,277
Total	<u>\$ 210,123</u>

COOK COUNTY  
GRAND MARAIS, MINNESOTA

5. Component Unit Disclosures – Cook County and Grand Marais Joint Economic Development Authority

B. Detailed Notes

3. Defined Benefit Pension Plan

c. Pension Costs (Continued)

The Authority reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,811	\$ 771
Changes in actuarial assumptions	-	7,628
Difference between projected and actual investment earnings	3,032	-
Changes in proportion	7,339	8,322
Contributions paid to PERA subsequent to the measurement date	10,284	-
Total	<u>\$ 22,466</u>	<u>\$ 16,721</u>

The \$10,284 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	\$ (11,508)
2022	(3,205)
2023	5,249
2024	4,925



**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

5. Component Unit Disclosures – Cook County and Grand Marais Joint Economic Development Authority

B. Detailed Notes

3. Defined Benefit Pension Plan (Continued)

d. Pension Liability Sensitivity

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	Proportionate Share of the General Employees Plan	
	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 326,695
Current	7.50	203,846
1% Increase	8.50	102,506

Additional pension information regarding benefits provided, contributions, actuarial assumptions, discount rates, and pension plan fiduciary net position can be found in Note 3.D.

C. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The Authority purchases commercial insurance for all risks of loss. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

**REQUIRED SUPPLEMENTARY INFORMATION**

**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

*EXHIBIT A-1*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 5,019,317	\$ 5,019,317	\$ 5,120,060	\$ 100,743
Special assessments	-	-	229,005	229,005
Licenses and permits	103,980	103,980	111,214	7,234
Intergovernmental	3,771,622	3,771,622	5,925,752	2,154,130
Charges for services	510,183	510,183	478,063	(32,120)
Fines and forfeits	12,500	12,500	20,759	8,259
Gifts and contributions	-	-	38,692	38,692
Investment earnings	350,000	350,000	438,664	88,664
Miscellaneous	410,301	410,301	603,238	192,937
<b>Total Revenues</b>	<b>\$ 10,177,903</b>	<b>\$ 10,177,903</b>	<b>\$ 12,965,447</b>	<b>\$ 2,787,544</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 300,324	\$ 300,324	\$ 249,915	\$ 50,409
Courts	22,850	22,850	3,880	18,970
Law library	8,000	8,000	9,192	(1,192)
County auditor	713,606	713,606	772,665	(59,059)
County assessor	303,993	303,993	337,226	(33,233)
Elections	23,345	23,345	85,303	(59,958)
Data processing	848,409	848,409	811,805	36,604
Personnel	390,410	390,410	277,524	112,886
Attorney	460,495	460,495	430,576	29,919
Recorder	242,823	242,823	249,354	(6,531)
Planning and zoning	496,172	496,172	484,846	11,326
Buildings and plant	683,966	683,966	647,577	36,389
Veterans service officer	110,106	110,106	105,440	4,666
<b>Total general government</b>	<b>\$ 4,626,499</b>	<b>\$ 4,626,499</b>	<b>\$ 4,465,303</b>	<b>\$ 161,196</b>
<b>Public safety</b>				
Sheriff	\$ 2,525,508	\$ 2,525,508	\$ 2,402,280	\$ 123,228
Boat and water safety	-	-	8,719	(8,719)
Emergency services	219,416	219,416	330,805	(91,389)
Coroner	20,000	20,000	17,400	2,600
E-911 system	69,122	69,122	54,540	14,582
County jail	290,444	290,444	270,962	19,482
Community corrections	316,078	316,078	298,505	17,573
Other public safety	-	-	238,198	(238,198)
<b>Total public safety</b>	<b>\$ 3,470,568</b>	<b>\$ 3,470,568</b>	<b>\$ 3,641,809</b>	<b>\$ (171,241)</b>

The notes to the required supplementary information are an integral part of this schedule.

**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

*EXHIBIT A-1  
(Continued)*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Sanitation</b>				
Solid waste	\$ 71,304	\$ 71,304	\$ 77,497	\$ (6,193)
Recycling	461,548	461,548	495,283	(33,735)
<b>Total sanitation</b>	<b>\$ 532,852</b>	<b>\$ 532,852</b>	<b>\$ 572,780</b>	<b>\$ (39,928)</b>
<b>Culture and recreation</b>				
Historical society	\$ 83,000	\$ 83,000	\$ 83,000	\$ -
Parks	-	-	2,733	(2,733)
Regional library	191,978	191,978	191,978	-
Contributions to the YMCA	371,592	371,592	356,366	17,026
Other	140,812	140,812	754,223	(613,411)
<b>Total culture and recreation</b>	<b>\$ 786,382</b>	<b>\$ 786,382</b>	<b>\$ 1,385,500</b>	<b>\$ (599,118)</b>
<b>Conservation of natural resources</b>				
Cooperative extension	\$ 93,633	\$ 93,633	\$ 99,561	\$ (5,928)
Soil and water conservation	60,000	60,000	84,639	(24,639)
Agricultural inspections	9,000	9,000	1,411	7,589
Environmental services	246,403	246,403	615,891	(369,488)
<b>Total conservation of natural resources</b>	<b>\$ 409,036</b>	<b>\$ 409,036</b>	<b>\$ 801,502</b>	<b>\$ (392,466)</b>
<b>Economic development</b>				
Community development	-	-	16,543	(16,543)
<b>Other miscellaneous</b>				
	\$ 11,371	\$ 11,371	\$ -	\$ 11,371
<b>Capital outlay</b>				
General government	\$ 136,473	\$ 136,473	\$ 103,962	\$ 32,511
Public safety	130,000	130,000	93,553	36,447
Sanitation	20,000	20,000	44,815	(24,815)
Culture and recreation	42,000	42,000	60,463	(18,463)
Conservation of natural resources	-	-	2,250	(2,250)
<b>Total capital outlay</b>	<b>\$ 328,473</b>	<b>\$ 328,473</b>	<b>\$ 305,043</b>	<b>\$ 23,430</b>
<b>Total Expenditures</b>	<b>\$ 10,168,181</b>	<b>\$ 10,168,181</b>	<b>\$ 11,191,480</b>	<b>\$ (1,023,299)</b>

The notes to the required supplementary information are an integral part of this schedule.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

EXHIBIT A-1  
(Continued)

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Excess of Revenues Over (Under) Expenditures	\$ 9,722	\$ 9,722	\$ 1,773,967	\$ 1,764,245
Other Financing Sources (Uses) Transfers out			(268,900)	(268,900)
Net Change in Fund Balance	\$ 9,722	\$ 9,722	\$ 1,505,067	\$ 1,495,345
Fund Balance - January 1	13,075,627	13,075,627	13,075,627	-
Fund Balance - December 31	\$ 13,085,349	\$ 13,085,349	\$ 14,580,694	\$ 1,495,345

The notes to the required supplementary information are an integral part of this schedule.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

EXHIBIT A-2

BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,303,708	\$ 2,303,708	\$ 2,263,241	\$ (40,467)
Intergovernmental	5,422,754	5,422,754	4,087,574	(1,335,180)
Charges for services	247,400	247,400	200,688	(46,712)
Miscellaneous	-	-	10,173	10,173
Total Revenues	\$ 7,973,862	\$ 7,973,862	\$ 6,561,676	\$ (1,412,186)
Expenditures				
Current				
Highways and streets				
Administration	\$ 362,031	\$ 362,031	\$ 365,339	\$ (1,308)
Maintenance	2,538,382	2,538,382	2,126,248	412,134
Construction	5,529,623	5,529,623	3,796,411	1,733,212
Equipment maintenance and shop	767,606	767,606	638,642	128,964
Total Expenditures	\$ 9,197,642	\$ 9,197,642	\$ 6,926,640	\$ 2,271,002
Excess of Revenues Over (Under) Expenditures	\$ (1,223,780)	\$ (1,223,780)	\$ (364,964)	\$ 858,816
Other Financing Sources (Uses) Transfers in			730,728	(493,032)
Net Change in Fund Balance	\$ -	\$ -	\$ 365,764	\$ 365,764
Fund Balance - January 1	3,491,179	3,491,179	3,491,179	-
Increase (decrease) in inventories	-	-	(105,281)	(105,281)
Fund Balance - December 31	\$ 3,491,179	\$ 3,491,179	\$ 3,751,662	\$ 260,483

The notes to the required supplementary information are an integral part of this schedule.

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**EXHIBIT A-3**

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,551,537	\$ 2,551,537	\$ 2,560,034	\$ 8,497
Licenses and permits	-	-	15,370	15,370
Intergovernmental	1,593,887	1,593,887	1,515,728	(78,159)
Charges for services	205,477	205,477	369,134	163,657
Gifts and contributions	-	-	9,615	9,615
Miscellaneous	89,710	89,710	115,632	25,922
<b>Total Revenues</b>	<b>\$ 4,440,611</b>	<b>\$ 4,440,611</b>	<b>\$ 4,585,513</b>	<b>\$ 144,902</b>
<b>Expenditures</b>				
<b>Current</b>				
Human services	\$ 963,359	\$ 963,359	\$ 895,695	\$ 67,664
Income maintenance	2,839,757	2,839,757	2,115,349	724,408
Social services	-	-	142,392	(142,392)
Other	-	-	-	-
<b>Total human services</b>	<b>\$ 3,803,116</b>	<b>\$ 3,803,116</b>	<b>\$ 3,153,436</b>	<b>\$ 649,680</b>
Health	-	-	-	-
Nursing service	637,495	637,495	580,904	56,591
<b>Total Expenditures</b>	<b>\$ 4,440,611</b>	<b>\$ 4,440,611</b>	<b>\$ 3,734,340</b>	<b>\$ 706,271</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 851,173</b>	<b>\$ 851,173</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	253,256	253,256
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,104,429</b>	<b>\$ 1,104,429</b>
<b>Fund Balance - January 1</b>	<b>2,360,831</b>	<b>2,360,831</b>	<b>2,360,831</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>2,360,831</b>	<b>2,360,831</b>	<b>3,465,260</b>	<b>1,104,429</b>

The notes to the required supplementary information are an integral part of this schedule.

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**EXHIBIT A-4**

**BUDGETARY COMPARISON SCHEDULE  
AIRPORT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 94,884	\$ 94,884	\$ 96,555	\$ 1,671
Intergovernmental	40,000	40,000	110,913	70,913
Miscellaneous	29,241	29,241	30,444	1,203
<b>Total Revenues</b>	<b>\$ 164,125</b>	<b>\$ 164,125</b>	<b>\$ 237,912</b>	<b>\$ 73,787</b>
<b>Expenditures</b>				
<b>Current</b>				
Economic development	\$ 144,125	\$ 144,125	\$ 139,153	\$ 4,972
Capital outlay	20,000	20,000	17,800	2,200
<b>Total Expenditures</b>	<b>\$ 164,125</b>	<b>\$ 164,125</b>	<b>\$ 156,953</b>	<b>\$ 7,172</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,959</b>	<b>\$ 80,959</b>
<b>Fund Balance - January 1</b>	<b>(482,909)</b>	<b>(482,909)</b>	<b>(482,909)</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>(482,909)</b>	<b>(482,909)</b>	<b>(401,950)</b>	<b>80,959</b>

The notes to the required supplementary information are an integral part of this schedule.

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**EXHIBIT A-5**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA GENERAL EMPLOYEES RETIREMENT PLAN  
DECEMBER 31, 2020**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability with Cook County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Net Pension Liability (a + b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.0879 %	\$ 5,270,007	162,489	\$ 5,432,496	84.10 %	79.06 %
2019	0.0861	4,760,276	147,827	4,908,103	78.15	80.23
2018	0.0805	4,465,810	146,415	4,612,225	82.56	79.53
2017	0.0758	4,859,022	60,823	4,899,845	99.13	75.90
2016	0.0732	5,593,476	77,565	5,671,041	130.89	68.91
2015	0.0718	3,721,049	N/A	3,721,049	88.22	78.19

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.  
The measurement date for each year is June 30.  
N/A - Not Applicable

The notes to the required supplementary information are an integral part of this schedule.

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**EXHIBIT A-6**

**SCHEDULE OF CONTRIBUTIONS  
PERA GENERAL EMPLOYEES RETIREMENT PLAN  
DECEMBER 31, 2020**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2020	\$ 503,289	\$ 503,289	\$ -	\$ 6,710,520	7.50 %
2019	463,570	463,570	-	6,180,933	7.50
2018	443,176	443,176	-	5,909,013	7.50
2017	375,788	375,788	-	5,010,507	7.50
2016	353,955	353,955	-	4,719,400	7.50
2015	321,093	321,093	-	4,281,240	7.50

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.  
The County's year-end is December 31.

The notes to the required supplementary information are an integral part of this schedule.

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**EXHIBIT A-7**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN  
DECEMBER 31, 2020**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability with Cook County	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.1025 %	\$ 1,351,060	\$ 31,824	\$ 1,382,884	\$ 1,157,044	87.19 %
2019	0.1096	1,166,803	N/A	1,166,803	1,156,892	89.26
2018	0.0951	1,013,667	N/A	1,013,667	1,022,759	88.84
2017	0.0900	1,215,106	N/A	1,215,106	1,222,179	83.43
2016	0.0890	1,571,725	N/A	1,571,725	856,488	63.88
2015	0.0940	1,068,060	N/A	1,068,060	864,759	86.61

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.  
The measurement date for each year is June 30.  
N/A - Not Applicable

The notes to the required supplementary information are an integral part of this schedule.

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**EXHIBIT A-8**

**SCHEDULE OF CONTRIBUTIONS  
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN  
DECEMBER 31, 2020**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2020	\$ 217,067	\$ 217,067	\$ -	\$ 1,226,367	17.70 %
2019	195,066	195,066	-	1,150,832	16.95
2018	178,824	178,824	-	1,103,852	16.20
2017	151,799	151,799	-	937,031	16.20
2016	146,349	146,349	-	903,389	16.20
2015	139,049	139,049	-	858,327	16.20

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.  
The County's year-end is December 31.

The notes to the required supplementary information are an integral part of this schedule.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the following major funds: the General Fund and the Road and Bridge, Public Health and Human Services, and Airport Special Revenue Funds. Cook County does not adopt a budget for the Local Option Sales Tax Special Revenue Fund. All annual appropriations lapse at fiscal year-end. Cook County carries reserves over from year to year. The County Board may assign a specific use for some of the fund balances.

In July of each year, all departments and agencies submit requests for appropriations to the County Auditor/Treasurer so that a budget can be prepared. Before September 15, the proposed budget is presented to the County Board for review. A final budget is adopted by the Board and certified to the Auditor/Treasurer by December 28.

The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department with County Auditor/Treasurer approval. Transfers of appropriations between departments and/or funds require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level.

2. Excess of Expenditures Over Appropriations

For the year ended December 31, 2020, expenditures exceeded appropriations in the following fund:

	Excess Expenditures	
General Fund	\$ 1,023,299	Primarily funded by greater than anticipated revenues, much of which correspond to the excess expenditures.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

General Employees Retirement Plan

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale-MP-2019.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2020 (Continued)

- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2018 (Continued)

- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21 million in calendar years 2017 and 2018 and returns to \$31 million through calendar year 2031. The state's required contribution is \$16 million in PERA's fiscal years 2018 and 2019 and returns to \$6 million annually through calendar year 2031.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan (Continued)

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

2020

- The mortality projection scale was changed from MP-2018 to MP-2019.

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- Post-retirement benefit increases changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Police and Fire Plan

2018 (Continued)

- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 33 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Police and Fire Plan

2017 (Continued)

- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

SUPPLEMENTARY INFORMATION

COOK COUNTY  
GRAND MARAIS, MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS

The Building Special Revenue Fund is used to account for funds used for general government grounds and buildings.

The Golf Course Lodging Tax Special Revenue Fund is used to account for the collection of a County-levied two percent lodging tax to be used for marketing and promotion of tourism and for debt service payments on the golf course bonds.

The Forfeited Tax Special Revenue Fund is used to account for proceeds from the sale or rental of lands forfeited to the State of Minnesota pursuant to Minn. Stat. ch. 282. The distribution of the net proceeds, after deducting the expenses of the County for managing the tax-forfeited lands, is governed by Minn. Stat. § 282.08. Title to the tax-forfeited lands remains with the state until sold by the County.

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

The Capital Projects Fund is used to account for the accumulation of resources for building improvements, road and bridge improvements, and the purchase of capital equipment.

The Leased Lakeshore Permanent Fund is used to account for funds collected from the sale of County-owned lakeshore leased lots. In accordance with 1998 Minn. Laws ch. 389, art. 16, § 31, the principal on these sales must remain in an environmental trust fund, and only the interest may be spent on improvement of natural resources.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2020

	Special Revenue Funds		
	Building	Golf Course Lodging Tax	Forfeited Tax
<b>Assets</b>			
Cash and pooled investments	\$ 759,332	\$ 8,701	\$ 41,648
Taxes receivable – delinquent	5,753	-	-
Loans receivable	-	-	-
<b>Total Assets</b>	<b>\$ 765,085</b>	<b>\$ 8,701</b>	<b>\$ 41,648</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 15,191	\$ -	\$ -
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ 4,242	\$ -	\$ -
<b>Taxes</b>			
<b>Fund Balances</b>			
Nonspendable	-	-	-
Environmental improvements – principal	-	-	-
Restricted	-	8,701	-
Economic development	-	-	-
Environmental improvements	-	-	41,648
Forfeited tax	-	-	-
Debt service	-	-	-
Assigned	-	-	-
Building improvements	745,652	-	-
Capital projects	-	-	-
<b>Total Fund Balances</b>	<b>\$ 745,652</b>	<b>\$ 8,701</b>	<b>\$ 41,648</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 765,085</b>	<b>\$ 8,701</b>	<b>\$ 41,648</b>

EXHIBIT B-1

COOK COUNTY  
GRAND MARAIS, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Total	Debt Service	Capital Projects	Leased Lakeshore Permanent	Total (Exhibit 3)
\$ 809,681	\$ 1,610,237	\$ 95,200	\$ 888,207	\$ 3,403,325
5,753	2,865	-	-	8,618
-	1,620,000	-	-	1,620,000
\$ 815,434	\$ 3,233,102	\$ 95,200	\$ 888,207	\$ 5,031,943
\$ 15,191	\$ -	\$ -	\$ -	\$ 15,191
\$ 4,242	\$ 2,112	\$ -	\$ -	\$ 6,354
\$ -	\$ -	\$ -	\$ 584,434	\$ 584,434
8,701	-	-	-	8,701
41,648	-	-	303,773	303,773
-	3,230,990	-	-	41,648
745,652	-	-	-	3,230,990
-	-	95,200	-	745,652
\$ 796,001	\$ 3,230,990	\$ 95,200	\$ 888,207	\$ 5,010,398
\$ 815,434	\$ 3,233,102	\$ 95,200	\$ 888,207	\$ 5,031,943

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	Building	Special Revenue Funds Golf Course Lodging Tax	Forfeited Tax
Revenues			
Taxes	\$ 458,762	\$ -	\$ -
Investment earnings	-	-	-
Miscellaneous	-	-	5,500
Total Revenues	\$ 458,762	\$ -	\$ 5,500
Expenditures			
Current			
General government	\$ 114,714	\$ -	\$ -
Public safety	16,917	-	-
Conservation of natural resources	-	-	-
Capital outlay	108,213	-	-
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Administrative (fiscal) charges	-	-	-
Total Expenditures	\$ 239,844	\$ -	\$ -
Excess of Revenues Over (Under) Expenditures	\$ 218,918	\$ -	\$ 5,500
Other Financing Sources (Uses)			
Transfers in	\$ -	\$ -	\$ -
Transfers out	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
Net Change in Fund Balance	\$ 218,918	\$ -	\$ 5,500
Fund Balance - January 1	\$ 526,734	\$ 8,701	\$ 36,148
Fund Balance - December 31	\$ 745,652	\$ 8,701	\$ 41,648

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EXHIBIT B-2

COOK COUNTY  
GRAND MARAIS, MINNESOTA

EXHIBIT B-3

BUDGETARY COMPARISON SCHEDULE  
BUILDING SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Total	Debt Service	Capital Projects	Leased Lakeshore Permanent	Total (Exhibit S)	Budgeted Amounts		Actual Amounts	Variance with Final Budget
						Original	Final		
Revenues									
Taxes	\$ 458,762	\$ 129,848	\$ -	\$ -	\$ 588,610	\$ 461,800	\$ 461,800	\$ 458,762	\$ (3,038)
Expenditures									
Current	\$ 5,500	\$ 551,596	\$ -	\$ -	\$ 557,096	\$ 461,800	\$ 461,800	\$ 114,714	\$ 347,086
General government								16,917	(16,917)
Public safety								108,213	(108,213)
Capital outlay	\$ 464,262	\$ 684,458	\$ 5,926	\$ 11,710	\$ 1,166,356				
Total Expenditures	\$ 114,714	\$ -	\$ -	\$ -	\$ 114,714	\$ 461,800	\$ 461,800	\$ 239,844	\$ 221,956
Net Change in Fund Balance	\$ 16,917	\$ -	\$ -	\$ -	\$ 16,917	\$ -	\$ -	\$ 218,918	\$ 218,918
Fund Balance—January 1	\$ 108,213	\$ -	\$ 437,891	\$ 15,584	\$ 561,688	\$ 526,734	\$ 526,734	\$ 526,734	\$ -
Fund Balance—December 31	\$ 224,418	\$ (564,442)	\$ (431,965)	\$ (3,874)	\$ (775,863)	\$ 526,734	\$ 526,734	\$ 745,652	\$ 218,918
	\$ -	\$ 484,825	\$ -	\$ -	\$ 484,825				
	\$ -	\$ 484,825	\$ (642,923)	\$ -	\$ (158,098)				
	\$ 224,418	\$ (79,617)	\$ (1,074,888)	\$ (3,874)	\$ (933,961)				
	\$ 571,583	\$ 3,310,607	\$ 1,170,088	\$ 892,081	\$ 5,944,359				
	\$ 796,001	\$ 3,220,990	\$ 95,200	\$ 888,207	\$ 5,010,398				

COOK COUNTY  
GRAND MARAIS, MINNESOTA

EXHIBIT B-4

BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 125,452	\$ 125,452	\$ 129,848	\$ 4,396
Investment earnings	-	-	3,014	3,014
Miscellaneous	-	-	551,596	551,596
<b>Total Revenues</b>	<b>\$ 125,452</b>	<b>\$ 125,452</b>	<b>\$ 684,458</b>	<b>\$ 559,006</b>
<b>Expenditures</b>				
Debt service				
Principal	\$ 455,000	\$ 455,000	\$ 810,000	\$ (355,000)
Interest	76,397	76,397	430,184	(353,787)
Administrative charges	-	-	8,716	(8,716)
<b>Total Expenditures</b>	<b>\$ 531,397</b>	<b>\$ 531,397</b>	<b>\$ 1,248,900</b>	<b>\$ (717,503)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (405,945)</b>	<b>\$ (405,945)</b>	<b>\$ (564,442)</b>	<b>\$ (158,497)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	405,945	405,945	484,825	78,880
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (79,617)</b>	<b>\$ (79,617)</b>
<b>Fund Balance—January 1</b>	<b>3,310,607</b>	<b>3,310,607</b>	<b>3,310,607</b>	<b>-</b>
<b>Fund Balance—December 31</b>	<b>\$ 3,310,607</b>	<b>\$ 3,310,607</b>	<b>\$ 3,230,990</b>	<b>\$ (79,617)</b>

FIDUCIARY FUNDS

COOK COUNTY  
GRAND MARAIS, MINNESOTA

CUSTODIAL FUNDS

Taxes and Penalties Custodial Fund – to account for the collections of taxes and penalties and their payment to the various funds and governmental units.

State Revenue Custodial Fund – to account for the collection and payment of the state's share of fees, fines, and mortgage registry and state deed taxes collected by the County.

Soil and Water Conservation District Custodial Fund – to account for the collections and payments of the Cook County Soil and Water Conservation District in accordance with the joint powers agreement between Cook County and the Cook County Soil and Water Conservation District.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

EXHIBIT C-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS – CUSTODIAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Custodial Funds			Soil and Water Conservation District	Total Custodial Funds
	Taxes and Penalties	State Revenue			
<u>Assets</u>					
Cash and pooled investments	\$ 681,237	\$ 320,908	\$ 896,189	\$	1,898,334
Accounts receivable	321,768	248	*		322,016
Taxes receivable for other governments	78,928	21,613	*		100,541
Due from other governments	28,530	*	50,533		79,063
<b>Total Assets</b>	<b>\$ 1,110,463</b>	<b>\$ 342,769</b>	<b>\$ 946,722</b>	<b>\$</b>	<b>2,399,954</b>
<u>Liabilities</u>					
Accounts payable	\$ 68,740	\$ -	\$ 821	\$	69,561
Due to other governments	731,784	320,908	896,189		1,948,881
<b>Total Liabilities</b>	<b>\$ 800,524</b>	<b>\$ 320,908</b>	<b>\$ 897,010</b>	<b>\$</b>	<b>2,018,442</b>
<u>Net Position</u>					
Restricted for individuals, organizations, and other governments	\$ 309,939	\$ 21,861	\$ 49,712	\$	381,512

COOK COUNTY  
GRAND MARAIS, MINNESOTA

EXHIBIT C-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS – CUSTODIAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Custodial Funds			
	Taxes and Penalties	State Revenue	Soil and Water Conservation District	Total Custodial Funds
<b>Additions</b>				
Appropriations from counties	\$ -	\$ -	\$ 65,584	\$ 65,584
Property tax collections for other governments	4,535,771	1,494,615	-	6,030,386
Other taxes	2,398,170	-	-	2,398,170
Fees collected for the state	-	626,325	-	626,325
Payments from other governments	27,697	-	673,199	700,896
Miscellaneous	-	-	13,107	13,107
<b>Total Additions</b>	<b>\$ 6,971,638</b>	<b>\$ 2,120,940</b>	<b>\$ 751,890</b>	<b>\$ 9,794,468</b>
<b>Deductions</b>				
Payments of property taxes to other governments	\$ 4,526,575	\$ 1,517,659	\$ -	\$ 6,044,234
Payments to other governments	27,697	-	-	27,697
Payments to the state	-	626,325	-	626,325
Administrative expense	-	-	702,178	702,178
Payments to other individuals/entities	2,087,048	-	-	2,087,048
<b>Total Deductions</b>	<b>\$ 6,641,320</b>	<b>\$ 2,143,984</b>	<b>\$ 702,178</b>	<b>\$ 9,487,482</b>
<b>Change in Net Position</b>	<b>\$ 280,318</b>	<b>\$ (23,044)</b>	<b>\$ 49,712</b>	<b>\$ 306,986</b>
<b>Net Position – January 1</b>	<b>29,621</b>	<b>44,905</b>	<b>-</b>	<b>74,526</b>
<b>Net Position – December 31</b>	<b>\$ 309,939</b>	<b>\$ 21,861</b>	<b>\$ 49,712</b>	<b>\$ 381,512</b>

OTHER SCHEDULES



COOK COUNTY  
GRAND MARAIS, MINNESOTA

EXHIBIT D-1

SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Governmental Funds	Component Unit
<b>Appropriations and Shared Revenue</b>		
State		
Highway users tax	\$ 3,954,412	\$ -
PERA state aid	33,158	-
Disparity reduction credit	3,157	-
Police aid	126,014	-
County program aid	513,181	-
Tecumseh credit	177,064	-
Casino revenue aid	37,000	-
Enhanced 911	74,937	-
Aquatic invasive species aid	200,304	-
SCORE	69,692	-
Riparian protection aid	40,000	-
Out-of-home placement aid	210	-
<b>Total appropriations and shared revenue</b>	<b>\$ 5,229,129</b>	<b>\$ -</b>
<b>Reimbursement for Services</b>		
State		
Minnesota Department of Human Services	\$ 245,736	\$ -
<b>Payments</b>		
Federal		
Payments in lieu of taxes	\$ 570,959	\$ -
State		
Payments in lieu of taxes	372,218	-
Local		
Local contributions	170,664	69,620
<b>Total payments</b>	<b>\$ 1,113,841</b>	<b>\$ 69,620</b>
<b>Grants</b>		
State		
Minnesota Department/Board of		
Public Safety	\$ 26,167	\$ -
Agriculture	201,594	-
Transportation	28,621	-
Health	140,731	-
Natural Resources	160,991	-
Human Services	378,126	-
Veterans Affairs	7,500	-
Water and Soil Resources	30,781	-
Minnesota Secretary of State	21,492	216,471
Iron Range Resources and Rehabilitation Board	-	-
Miscellaneous boards	15,653	-
<b>Total state</b>	<b>\$ 1,011,656</b>	<b>\$ 216,471</b>

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

EXHIBIT D-1  
(Continued)

SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Governmental Funds	Component Unit
<b>Grants (Continued)</b>		
Federal		
Department of		
Agriculture	\$ 2,228,429	\$ -
Justice	36,260	-
Transportation	144,168	-
Treasury	760,609	234,294
Health and Human Services	720,330	-
Homeland Security	149,809	-
<b>Total federal</b>	<b>\$ 4,039,605</b>	<b>\$ 234,294</b>
<b>Total state and federal grants</b>	<b>\$ 5,051,261</b>	<b>\$ 450,765</b>
<b>Total intergovernmental revenue</b>	<b>\$ 11,639,967</b>	<b>\$ 520,385</b>

**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**EXHIBIT D-2**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass-Through Agency Program Cluster or Title	Federal CFDA Number	Contract Number/ Pass-Through Identifying Number	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Direct			\$	
Cooperative Forestry Assistance	10.664		10,964	\$
Passed Through Carlton, Cook, Lake, and St. Louis Community Health Board				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.557	2020MN004W1003	29,792	
Passed Through Minnesota Department of Human Services SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	2020MN10152314	122,721	
Passed Through Minnesota Management and Budget Forest Service Schools and Roads Cluster				
Schools and Roads Grants to States	10.665	P.L. #1410	2,064,952	
<b>Total U.S. Department of Agriculture</b>			<b>\$ 2,228,429</b>	<b>\$ -</b>
<b>U.S. Department of Justice</b>				
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	F-CVS-2020-COOKAO	36,260	\$
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Transportation Airport Improvement Program	20.106	A1609-51	17,800	\$
Passed Through Minnesota Department of Natural Resources Highway Planning and Construction Cluster				
Recreational Trails Program	20.219	0024-18-2C	51,336	
(Total Recreational Trails Program 20.219 \$61,876)	20.219	0025-19-2C	10,340	
<b>Total U.S. Department of Transportation</b>			<b>\$ 79,676</b>	<b>\$ -</b>
<b>U.S. Department of the Treasury</b>				
Passed Through Minnesota Management and Budget COVID-19 Coronavirus Relief Fund	21.019	SI170016	760,609	\$
<b>Total Federal Awards</b>			<b>\$ 760,609</b>	<b>\$ 234,294</b>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**EXHIBIT D-2  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass-Through Agency Program Cluster or Title	Federal CFDA Number	Contract Number/ Pass-Through Identifying Number	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services</b>				
Passed Through Carlton, Cook, Lake, and St. Louis Community Health Board				
State Health Emergency Preparedness	93.069	NU90TP22206	\$	13,987
Medical Assistance Program	93.778	2005MNSADM	6,597	
(Total Medical Assistance Program 93.778 \$455,536)				
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families				
Temporary Assistance for Needy Families	93.556	2001MNSPSS	2,100	
Child Support Enforcement	93.558	2001MNTANF	47,538	
(Child Support Enforcement 93.563 \$95,135)	93.563	2001MNCIST	86,989	
Refugee and Entrant Assistance State Administered Programs	93.563	2001MNCSES	8,146	
CCDF Cluster	93.566	2001MNSRMA	163	
Child Care and Development Block Grant	93.575	2001MNCDDF	741	
Community-Based Child Abuse Prevention Grants	93.590	1901MNSCAP	5,333	
Statewide Public Child Welfare Services Program	93.645	2001MNCWSS	1,780	
Private Care Title IV-E	93.645	2001MNCWSS	54,354	
Social Services Block Grant	93.667	2001MNCOSI	4,510	
Children's Health Insurance Program	93.767	2005MNSHCP	293	
Medical Assistance Program	93.778	2005MNSADM	448,646	
(Total Medical Assistance Program 93.778 \$455,536)	93.778	2005MNSMAP	293	
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 720,330</b>	<b>\$ -</b>
<b>U.S. Department of Homeland Security</b>				
Passed Through Minnesota Department of Natural Resources Housing Safety Financial Assistance	97.012	FHP-110520	\$	4,500
Passed Through Minnesota Department of Public Safety Homeland Security Grant Program	97.067	F-OPS-2017-COOKCO	72,663	
(Total Homeland Security Grant Program 97.067 \$145,309)	97.067	F-OPS-2018-COOKCO	72,666	
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 149,809</b>	<b>\$ -</b>
<b>Total Federal Awards</b>			<b>\$ 3,975,113</b>	<b>\$ 234,294</b>

**Totals by Cluster**  
Total expenditures for SNAP Cluster \$ 122,721  
Total expenditures for Forest Service Schools and Roads Cluster 2,064,952  
Total expenditures for Highway Planning and Construction Cluster 61,876  
Total expenditures for Medical Cluster 455,536  
Total expenditures for CCDF Cluster 741

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Cook County. The County's reporting entity is defined in Note 1 to the financial statements. This schedule does not include \$234,294 in federal awards expended by the Cook County and Grand Marais Joint Economic Development Authority component unit because the component unit is legally separate from the primary government, and because it expended less than \$750,000 of federal awards for the year ended December 31, 2020, it was not subject to Uniform Guidance audit requirements.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Cook County under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Cook County, it is not intended to and does not present the financial position or changes in net position of Cook County.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. De Minimis Cost Rate

Cook County has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

COOK COUNTY  
GRAND MARAIS, MINNESOTA

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 4,039,605
Grants unavailable in 2019, recognized as revenue in future years	(347,015)
Airport Improvement Program	
Grants received more than 60 days after year-end, unavailable in 2020	282,523
Airport Improvement Program	
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 3,975,113</u>

**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

*EXHIBIT E-1*

**TAX CAPACITY, TAX RATES, LEVIES, AND PERCENTAGE OF COLLECTIONS**

	2019		2020		2021	
	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate (%)
<b>Tax Capacity</b>						
Real property	\$ 16,451,623		\$ 17,611,361		\$ 18,135,517	
Personal property	286,945		274,307		267,994	
Fiscal disparity contribution	(367,960)		(563,869)		(549,844)	
<b>Net Tax Capacity</b>	<b>\$ 16,170,608</b>		<b>\$ 17,321,799</b>		<b>\$ 17,853,667</b>	
<b>Taxes Levied for County Purposes</b>						
General	\$ 4,607,199	26.64	\$ 5,174,351	28.14	\$ 5,099,036	28.14
Road and Bridge	2,312,281	14.75	2,318,244	13.30	2,318,244	13.30
Social Services	2,532,908	15.56	2,551,537	14.63	2,551,537	14.63
Airport	93,500	0.57	94,884	0.54	94,884	0.54
YMCA Operations	243,323	2.96	243,323	3.24	303,592	3.24
Economic Development	349,054	2.14	349,054	2.06	360,000	2.00
<b>Total Levy for County Purposes</b>	<b>\$ 10,139,265</b>	<b>62.62</b>	<b>\$ 10,731,393</b>	<b>61.91</b>	<b>\$ 10,727,293</b>	<b>61.85</b>
<b>Less Credits Payable by State</b>						
Tasconic homestead credit	\$ 373,874		\$ 376,144		\$ 376,144	
Disparity reduction aid	3,157		3,157		3,157	
<b>Total Credits Payable by State</b>	<b>\$ 377,031</b>		<b>\$ 379,301</b>		<b>\$ 379,301</b>	
<b>Net Levy for County Purposes</b>	<b>\$ 9,762,234</b>		<b>\$ 10,352,092</b>		<b>\$ 10,347,992</b>	
<b>Tax Capacity - Light and Power</b>	<b>\$ 46,962</b>		<b>\$ 40,600</b>		<b>\$ 44,429</b>	
<b>Light and Power Tax Levy</b> (distributed pursuant to Minn. Stat. § 273.42, as amended)						
	\$ 19,777		\$ 15,771		\$ 38,410	
<b>Percentage of Tax Collections for All Purposes</b>	<b>99.81%</b>		<b>100.29%</b>			

(Unaudited)

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**Other Information  
Section**

STATE OF MINNESOTA



Julie Blaha  
State Auditor

Suite 500  
525 Park Street  
Saint Paul, MN 55103

Office of the State Auditor

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Board of County Commissioners  
Cook County  
Grand Marais, Minnesota

We have audited, 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cook County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 8, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cook County's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Management and  
Compliance Section

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001 and 2020-002, that we consider to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cook County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Minnesota Legal Compliance

In connection with our audit, we noted that Cook County failed to comply with the provisions of the miscellaneous provisions section of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters, as described in the Schedule of Findings and Questioned Costs as item 2020-003. Also, in connection with our audit, nothing came to our attention that caused us to believe that Cook County failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, and claims and disbursements sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

#### Cook County's Response to Findings

Cook County's responses to the internal control and legal compliance findings identified in our audit are described in the Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

JULIE BLAHA  
STATE AUDITOR

September 8, 2021

/s/Dianne Syverson

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR



**Julie Blaha**  
State Auditor

Suite 500  
525 Park Street  
Saint Paul, MN 55103

Office of the State Auditor

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

### Independent Auditor's Report

Board of County Commissioners  
Cook County  
Grand Marais, Minnesota

### Report on Compliance for Each Major Federal Program

We have audited Cook County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. Cook County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Cook County's basic financial statements include the operations of the Cook County and Grand Marais Joint Economic Development Authority component unit, which expended \$234,294 in federal awards during the year ended December 31, 2020, which are not included in the County's Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Cook County and Grand Marais Joint Economic Development Authority because the component unit is legally separate from the primary government, and because it expended less than \$750,000 of federal awards for the year ended December 31, 2020, it was not subject to Uniform Guidance audit requirements.

#### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Cook County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative*

*Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cook County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, Cook County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

### Report on Internal Control Over Compliance

Management of Cook County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

/s/Julie Blaha

JULIE BLAHA  
STATE AUDITOR

September 8, 2021

/s/Dianne Syverson

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

COOK COUNTY  
GRAND MARAIS, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

Federal Awards

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

Type of auditor's report issued on compliance for major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **No**

The major federal programs are:

Forest Service Schools and Roads Cluster  
Schools and Roads – Grants to States  
COVID 19 – Coronavirus Relief Fund

CFDA No. 10.665  
CFDA No. 21.019

The threshold for distinguishing between Types A and B programs was \$750,000.

Cook County qualified as a low-risk auditee? **No**



COOK COUNTY  
GRAND MARAIS, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INTERNAL CONTROL

Finding Number: 2020-001

Prior Year Finding Number: 2019-001

Repeat Finding Since: 1996

Segregation of Duties

**Criteria:** A good system of internal control provides for an adequate segregation of duties so that no one individual handles a transaction from its inception to completion.

**Condition:** Several of the County's departments that collect fees lack proper segregation of duties. These departments generally have one or two staff people who are responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

**Context:** Due to the limited number of office personnel within the County, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Cook County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

**Effect:** Inadequate segregation of duties could adversely affect the County's ability to detect misstatements to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

**Cause:** The County informed us that it would not be cost effective to hire additional qualified accounting staff in order to segregate duties in every department.

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COOK COUNTY  
GRAND MARAIS, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Recommendation:** We recommend the County's elected officials and management be aware of the lack of segregation of duties and, where possible, implement oversight procedures to ensure that the internal control policies and procedures are being implemented by staff to the extent possible.

**View of Responsible Official:** Acknowledged

Finding Number: 2020-002

Prior Year Finding Number: 2019-002

Repeat Finding Since: 2006

Accounting Policies and Procedures Manual

**Criteria:** All governments should document their accounting policies and procedures. Although other methods might suffice, this documentation is traditionally in the form of an accounting policies and procedures manual.

**Condition:** The County does not have a current and comprehensive accounting policies and procedures manual.

**Context:** This manual should be on hand to document the accounting policies and procedures which make up the County's internal control system. It can also help to prevent deterioration of key elements in the County's internal control system and help to avoid circumvention of County policies.

**Effect:** An accounting policies and procedures manual will enhance employees' understanding of their role and function in the internal control system, establish responsibilities, provide guidance for employees, improve efficiency and consistency of transaction processing, and improve compliance with established policies.

**Cause:** Cook County has various policies and procedures documents that have been adopted by the County Board. Although some of these policies are accounting-related policies, most of the policies are administrative in nature.

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**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Recommendation:** We recommend the County establish an accounting policies and procedures manual. The accounting policies and procedures manual should be prepared by appropriate levels of management and be approved by the County Board to emphasize its importance and authority. The documentation should describe procedures as they are intended to be performed, indicate which employees are to perform which procedures, and explain the design and purpose of control-related procedures to increase employee understanding and support for controls.

**View of Responsible Official:** Acknowledged

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS**

None.

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

**MINNESOTA LEGAL COMPLIANCE**

Finding Number: 2020-003

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Publication of Board Minutes

**Criteria:** Pursuant to Minn. Stat. § 375.12, within 30 days of each meeting, the County Board must have the official proceedings of its sessions, or a summary, published in a qualified newspaper of general circulation in the County.

**Condition:** We compared the publication dates of the minutes to the dates of the Board meetings for six of the meetings during the year, and none of the six sets of meeting minutes were published within the 30-day requirement.

**COOK COUNTY  
GRAND MARAIS, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Context:** The minutes for each of the six meetings tested in our audit had been published in a qualified newspaper of the County, but not within 30 days of the meeting.

**Effect:** Noncompliance with Minn. Stat. § 375.12.

**Cause:** The County's official newspaper is only published weekly. It is a tight timeline to get the minutes prepared by County personnel, approved by the County Board at the next meeting, and get them ready and to the newspaper in time for their next weekly publication.

**Recommendation:** We recommend the County implement procedures to ensure compliance with Minnesota statutes relating to the publication of County Board meeting minutes.

**V. PREVIOUSLY REPORTED ITEMS RESOLVED**

2019-003 Audit Adjustments

2019-004 Contracting and Bidding Compliance



AUDITOR'S OFFICE

COOK COUNTY COURTHOUSE  
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REPRESENTATION OF COOK COUNTY  
GRAND MARAIS, MINNESOTA

CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Finding Number: 2020-001**  
**Finding Title: Segregation of Duties**

Name of Contact Person Responsible for Corrective Action:

Brady Powers - County Auditor-Treasurer

Corrective Action Planned:

County management is aware of the lack of segregation of accounting functions and will continue to monitor the situation and implement oversight procedures where possible.

In addition, the Auditor's Office plans to visit offices where money is billed, collected, recorded and receipted, to better understand the processes used.

Anticipated Completion Date:

December 31, 2021

**Finding Number: 2020-002**  
**Finding Title: Accounting Policies and Procedures Manual**

Name of Contact Person Responsible for Corrective Action:

Brady Powers - County Auditor-Treasurer

Corrective Action Planned:

The County Auditor's Office will create a policies and procedures manual to help guide the County employee's actions relative to accounting and internal controls.

Anticipated Completion Date:

December 31, 2021

**Finding Number: 2020-003**  
**Finding Title: Publication of Board Minutes**

Name of Contact Person Responsible for Corrective Action:

Brady Powers - County Auditor-Treasurer

Corrective Action Planned:

County management will implement procedures with appropriate staff in an effort to get the County board meeting minutes published within the timeline required by Minnesota Statutes.

Anticipated Completion Date:

December 31, 2021



AUDITOR'S OFFICE

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REPRESENTATION OF COOK COUNTY  
GRAND MARAIS, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Finding Number:** 2019-001  
**Repeat Finding Since:** 1996  
**Finding Title:** Segregation of Duties

**Summary of Condition:** Several of the County's departments that collect fees lack proper segregation of duties. These departments generally only have one or two staff people involved in the collection and recording process. Without this proper segregation, there is an increased opportunity for errors or fraudulent activity to occur and remain undetected.

**Summary of Corrective Action Previously Reported:** County management is aware of the lack of segregation of accounting functions and will continue to monitor the situation and implement oversight procedures where possible.

In addition, the Auditor's staff planned to visit offices where money is billed, collected, recorded, and deposited, as well as reconciling bank accounts, to better understand the processes used.

**Status:** Not Corrected. Due to the limited number of office personnel within the County, segregation of the accounting functions necessary to ensure adequate internal accounting control is not feasible.

Was corrective action taken significantly different than the action previously reported?  
Yes ☐ No ☒

**Finding Number:** 2019-002  
**Repeat Finding Since:** 2006  
**Finding Title:** Accounting Policies and Procedures Manual

**Summary of Condition:** Cook County does not have a current and comprehensive accounting policies and procedures manual.

**Summary of Corrective Action Previously Reported:** The County Auditor's Office will create a policies and procedures manual to help guide the County employee's actions relative to accounting and internal controls.

**Status:** Partially Corrected. The County Auditor's Office has approved a number of policies and procedures documents to help guide the County employees' actions relative to accounting and internal controls, but does not yet have a complete and comprehensive policies and procedures manual. Several of the procedures were refined and updated in the current year to reflect current practices.

Was corrective action taken significantly different than the action previously reported?  
Yes ☐ No ☒

**Finding Number:** 2019-003  
**Repeat Finding Since:** 2016  
**Finding Title:** Audit Adjustments

**Summary of Condition:** Material audit adjustments were identified that resulted in significant changes to the County's financial statements. The inability to detect significant misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented.

**Summary of Corrective Action Previously Reported:** The County Auditor will review the trial balances, journal entries, and financial statement presentation in detail with the Financial Coordinator to help ensure their accuracy and detect any significant errors or misclassifications for correction.

**Status:** Fully corrected. Corrective action was taken.  
Was corrective action taken significantly different than the action previously reported?  
Yes ☐ No ☒

**Finding Number:** 2019-004  
**Repeat Finding Since:** N/A  
**Finding Title:** Contracting and Bidding Compliance

**Summary of Condition:** Neither the County nor the project architect advertised for bids in the County's qualified legal newspaper for the capital improvements being made to the County Courthouse and Law Enforcement Center.

**Summary of Corrective Action Previously Reported:** The County Auditor will assure that procedures are in place to comply with Minnesota Statutes in regards to contracting and bidding, including solicitation and advertising for bids where required.

**Status:** Fully corrected. Corrective action was taken.  
Was corrective action taken significantly different than the action previously reported?  
Yes \_\_\_\_\_ No   X

**FORM OF LEGAL OPINION**

(See following pages)

# FRYBERGER

— LAW FIRM —

\$ \_\_\_\_\_  
**GENERAL OBLIGATION TRANSPORTATION  
SALES TAX REVENUE BONDS, SERIES 2021A  
COOK COUNTY, MINNESOTA**

We have acted as Bond Counsel in connection with the authorization, issuance and delivery by Cook County, Minnesota (the “Issuer”), of its \$ \_\_\_\_\_ General Obligation Transportation Sales Tax Revenue Bonds, Series 2021A, dated December \_\_, 2021 (the “Bonds”). The Bonds are issued pursuant to Minnesota Statutes, Section 297A.993 and Chapter 475.

For purposes of this opinion, we have examined the law and certified copies of certain proceedings taken, and certain affidavits and certificates furnished by the Issuer with respect to the authorization, sale and issuance of the Bonds. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify such facts by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based upon such examination, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified copies or photocopies and the authenticity of the originals, and assuming the genuineness of the signatures thereon and the accuracy of the facts and representations stated therein, and on the basis of laws, regulations, rulings and decisions in effect on the date hereof, but excluding any legislation which may have a retroactive effective date prior to the date hereof, it is our opinion that:

1. The Bonds are valid and binding general obligations of the Issuer enforceable in accordance with their terms.
2. The Bonds are payable primarily from the transportation sales tax revenues, but the full faith and credit and taxing power of the Issuer have been pledged for the payment of principal and interest on the Bonds, and all taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the principal of and interest on the Bonds.
3. The Bonds, as of their date of issuance, bear interest which is not includable in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, trusts and estates for Minnesota income tax purposes, but such interest is includable

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FRYBERGER, BUCHANAN, SMITH & FREDERICK, P.A

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CLOQUET  
813 Cloquet Ave.  
Cloquet, MN 55720  
p: (218) 879-6830

DULUTH  
302 West Superior St, Ste 700  
Duluth, MN 55802  
p: (218) 722-0861

SUPERIOR  
1409 Hammond Ave., Suite 330  
Superior, WI 54880  
p: (715) 392-7405

ST. PAUL  
c/o 302 West Superior St,  
Ste 700  
Duluth, MN 55802  
p: (651) 221-1044

in taxable income of corporations and financial institutions for purposes of Minnesota franchise tax. Interest on the Bonds is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax imposed on individuals, trusts and estates.

4. The Bonds are “qualified tax-exempt obligations” under and within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

We express no opinion regarding tax consequences arising with respect to the Bonds, other than as set forth in paragraphs 3 and 4 above.

For the purpose of rendering the opinion set forth in paragraphs 3 and 4 above, we have assumed compliance by the Issuer with requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in federal gross income retroactive to the date of issuance of the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Dated: December \_\_\_\_, 2021

Respectfully submitted,



**BOOK-ENTRY-ONLY SYSTEM**

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the County or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following pages)

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Cook County, Minnesota (the “Issuer”) in connection with the issuance of its \$\_\_\_\_\_ General Obligation Transportation Sales Tax Revenue Bonds, Series 2021A, dated December \_\_\_\_, 2021 (the “Obligations”). The Obligations are being issued pursuant to a Resolution of the Issuer dated November 23, 2021 (the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. (a) Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the Rule (defined below). References in this Disclosure Certificate to holders of the Obligations shall include the beneficial owners of the Obligations. This Disclosure Certificate constitutes the written understanding under the Rule.

(b) Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access (“EMMA”) System at [www.emma.msrb.org](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means the Issuer’s annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

“Code” means the Internal Revenue Code of 1986, as amended.

“Dissemination Agent” means such person from time to time designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” means, with respect to the Issuer a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of one of the foregoing. The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with this rule.

“IRS” means the Internal Revenue Service of the Department of the Treasury.

“Listed Events” means any of the events listed in Sections 5(a) and 5(b) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, whose current address is 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Official Statement” means the Preliminary Official Statement, dated November \_\_\_\_, 2021, delivered in connection with the original issuance and sale of the Obligations, together with the final Official Statement and any amendments thereto or supplements thereof.

“Participating Underwriter” means any of the original underwriter(s) of the Obligations required to comply with the Rule in connection with offering of the Obligations.

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time. Reference is also made to SEC Release No. 34-83885 (File No. S7-01-17) for additional information relating to the Issuer’s compliance with this Certificate.

“SEC” means the Securities and Exchange Commission or any successor to its functions governing state and municipal securities.

### Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 12 months after the end of the fiscal year (presently December 31), commencing with the fiscal year ended December 31, 2021, provide to the MSRB, filed in accordance with Section 1(b) of this Disclosure Certificate, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date; provided, however, unaudited financial information will be provided and the Audited Financial Statements will be submitted to the MSRB when and if available. The Issuer may provide the Annual Report by specific reference to documents previously provided to the MSRB or filed with the SEC; provided, however, that if the document so referenced is a final official statement within the meaning of the Rule, such final official statement must be available from the MSRB.

(b) Not later than 15 days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer is not the Dissemination Agent).

(c) If the Issuer is unable or fails to provide an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of such fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

- (a) Current Property Valuations
- (b) Direct Debt
- (c) Tax Levies & Collections
- (d) U.S. Census Data/Population Trend
- (e) Employment/Unemployment Data

Section 5. Reporting of Significant Events.

(a) The Issuer shall give, or cause to be given notice of the occurrence of any of the following events with respect to the Obligations, in a timely manner not in excess of 10 business days after the occurrence of the event:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, if any, or their failure to perform;
- (5) adverse tax opinions or the issuance by the IRS of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
- (6) tender offers;
- (7) defeasances;
- (8) rating changes;
- (9) bankruptcy, insolvency, receivership or similar event of the Issuer;

or

(10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Obligations, *if material*, in a timely manner not in excess of 10 business days after the occurrence of the event:

(1) non-payment related defaults;

(2) unless described in (a)(5) above, other notices or determinations by the IRS with respect to the tax-exempt status of the Obligations, or other events affecting the tax-exempt status of the Obligations;

(3) modifications to rights of holders of the Obligations;

(4) bond calls;

(5) release, substitution or sale of property securing repayment of the Obligations;

(6) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(7) appointment of a successor or additional trustee or the change of name of a trustee; or

(8) incurrence of a Financial Obligation or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders.

(c) For the purposes of the event identified in subsection (a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under subsection (b), the Issuer shall as soon as possible determine if such event would constitute material information for holders of Obligations.

(e) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Obligations may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including



the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Obligations.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Obligations, and shall create no rights in any other person or entity.

Section 13. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Certificate if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated as of December \_\_\_\_, 2021.

COOK COUNTY, MINNESOTA

By \_\_\_\_\_  
Chair

By \_\_\_\_\_  
County Auditor/Treasurer

## APPENDIX E

### TERMS OF PROPOSAL

#### **\$6,140,000\* GENERAL OBLIGATION TRANSPORTATION SALES TAX REVENUE BONDS, SERIES 2021A COOK COUNTY, MINNESOTA**

Proposals for the purchase of \$6,140,000\* General Obligation Transportation Sales Tax Revenue Bonds, Series 2021A (the "Bonds") of Cook County, Minnesota (the "County") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the County, until 12:00 P.M. (Noon), Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 12:00 P.M. (Noon) Central Time, on November 22, 2021, at which time they will be opened, read and tabulated. The proposals will be presented to the Board of Commissioners for consideration for award by resolution at a meeting to be held at 8:30 A.M., Central Time, on November 23, 2021. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the County will be accepted unless all proposals are rejected.

#### **PURPOSE**

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 297A.993, subdivision 4, by the County to finance County road reconstruction projects. The Bonds will be general obligations of the County for which its full faith, credit and taxing powers are pledged.

#### **DATES AND MATURITIES**

The Bonds will be dated December 15, 2021, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$265,000	2030	\$295,000	2037	\$325,000
2024	280,000	2031	295,000	2038	330,000
2025	280,000	2032	300,000	2039	335,000
2026	280,000	2033	305,000	2040	340,000
2027	285,000	2034	310,000	2041	350,000
2028	285,000	2035	315,000	2042	355,000
2029	290,000	2036	320,000		

#### **ADJUSTMENT OPTION**

\* The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

#### **TERM BOND OPTION**

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

## INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2023 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

## BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

## PAYING AGENT

The County has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The County will pay the charges for Paying Agent services. The County reserves the right to remove the Paying Agent and to appoint a successor.

## OPTIONAL REDEMPTION

At the option of the County, the Bonds maturing on or after February 1, 2032 shall be subject to optional redemption prior to maturity on February 1, 2031 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the County. If only part of the Bonds having a common maturity date are called for redemption, then the County or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

## DELIVERY

On or about December 15, 2021, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the County will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the County, threatened. Payment for the Bonds must be received by the County at its designated depository on the date of closing in immediately available funds.

## LEGAL OPINION

Legal matters incident to the issuance and sale of the Bonds and with regard to the tax-exempt status of interest on the Bonds under existing laws are subject to the approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., as Bond Counsel to the County. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinions with respect to such information. Additionally, except for statements on the cover page of this Official Statement and under the caption "TAX EXEMPTION" relating to Bond Counsel's opinion that the interest on the Bonds is not includable in gross income for federal income tax purposes, Bond Counsel has not independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the County for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon their limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained in this Official Statement. See "FORM OF LEGAL OPINION" found in Appendix B.

## SUBMISSION OF PROPOSALS

Proposals must not be for less than \$6,066,320 plus accrued interest on the principal sum of \$6,140,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com); or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 12:00 P.M. (Noon) Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Telephone (212) 849-5021.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the County nor Ehlers shall be responsible for any failure to receive a facsimile submission.

**A good faith deposit ("Deposit") in the amount of \$122,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals.** The County reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the County may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the County as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The County and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the County scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

### **AWARD**

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The County's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The County reserves the right to reject any and all proposals and to waive any informality in any proposal.

### **BOND INSURANCE**

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the County requested and received a rating on the Bonds from a rating agency, the County will pay that rating fee. Any rating agency fees not requested by the County are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

### **CUSIP NUMBERS**

The County will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The County will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

### **CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the County will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

### **NEW ISSUE PRICING**

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the County in establishing the issue price of the Bonds and shall execute and deliver to the County at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the County under this Terms of Proposal to establish the issue price of the Bonds may be taken on behalf of the County by the County's municipal advisor identified herein and any notice or report to be provided to the County may be provided to the County's municipal advisor.

(b) The County intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The County shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the County may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the County anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in this proposal.

(c) If all of the requirements of a "competitive sale" are not satisfied, the County shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any proposal submitted will not be subject to cancellation or withdrawal and the County agrees to use the rule selected by the winning bidder on its proposal form to determine the issue price for the Bonds. On its proposal form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the County promptly after the close of the fifth (5<sup>th</sup>) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The County acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the County, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the County or bond counsel.

(f) By submitting a proposal, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the County or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the County to the winning bidder.

#### **PRELIMINARY OFFICIAL STATEMENT**

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Board of Commissioners

Cook County, Minnesota



# PROPOSAL FORM

Board of Commissioners  
Cook County, Minnesota (the "County")

November 23, 2021

RE: \$6,140,000\* General Obligation Transportation Sales Tax Revenue Bonds, Series 2021A (the "Bonds")  
DATED: December 15, 2021

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$\_\_\_\_\_ (not less than \$6,066,320) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2023	_____ % due	2030	_____ % due	2037
_____ % due	2024	_____ % due	2031	_____ % due	2038
_____ % due	2025	_____ % due	2032	_____ % due	2039
_____ % due	2026	_____ % due	2033	_____ % due	2040
_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035	_____ % due	2042
_____ % due	2029	_____ % due	2036		

\* The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2023 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

**A good faith deposit ("Deposit") in the amount of \$122,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals.** The County reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the County may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the County as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about December 15, 2021.

This proposal is subject to the County's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the County with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds.  
YES: \_\_\_\_ NO: \_\_\_\_.

If the competitive sale requirements are not met, we elect to use either the: \_\_\_\_ 10% test, or the \_\_\_\_ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_  
Account Members: \_\_\_\_\_

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from December 15, 2021 of the above proposal is \$\_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_%.

The foregoing offer is hereby accepted by and on behalf of the Board of Commissioners of Cook County, Minnesota, on November 23, 2021.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_