State of Minnesota

Office of the State Auditor

Julie Blaha
State Auditor

Cook County
Grand Marais, Minnesota

Year Ended December 31, 2020

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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Cook County
Grand Marais, Minnesota

Year Ended December 31, 2020

Audit Practice Division
Office of the State Auditor
State of Minnesota

COOK COUNTY
GRAND MARAIS, MINNESOTA

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Introductory Section

COOK COUNTY
GRAND MARAIS, MINNESOTA

ORGANIZATION
AS OF DECEMBER 31, 2020

		Term Expires
Elected		
Commissioners		
District 1	Open	
District 2	Myron Bursheim*	January 2021
District 3	David Mills	January 2023
District 4	Heidi Doo-Kirk	January 2021
District 5	Virginia Storlie	January 2023
Officers		
Elected		
Attorney	Molly Hicken	January 2023
Auditor/Treasurer	Braidy Powers	January 2023
Recorder/Registrar of Titles	Dusty Nelms	January 2023
Sheriff	Pat Eliasen	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 Storlie	January 2023
Member	Myron Bursheim	January 2021
Member	Roger Linehan	January 2021
Member	Andrea Orest	January 2021
Director	Alison McIntyre	Indefinite

*Chair

Financial Section

STATE OF MINNESOTA

Office of the State Auditor

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 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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
Assets				
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
Total Assets	$ 138,849,118	$ 122,839,644	$ 8,344,708	$ 8,097,140
Deferred Pension Outflows	$ 1,536,610	$ 1,915,328	$ 22,466	$ 32,373
Liabilities				
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
Total Liabilities	$ 46,370,823	$ 37,228,129	$ 3,707,058	$ 3,412,954
Deferred Pension Inflows	$ 1,083,756	$ 2,247,498	$ 16,721	$ 48,975
Net Position				
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
Total Net Position	$ 92,931,149	$ 85,279,345	$ 4,643,395	$ 4,667,584

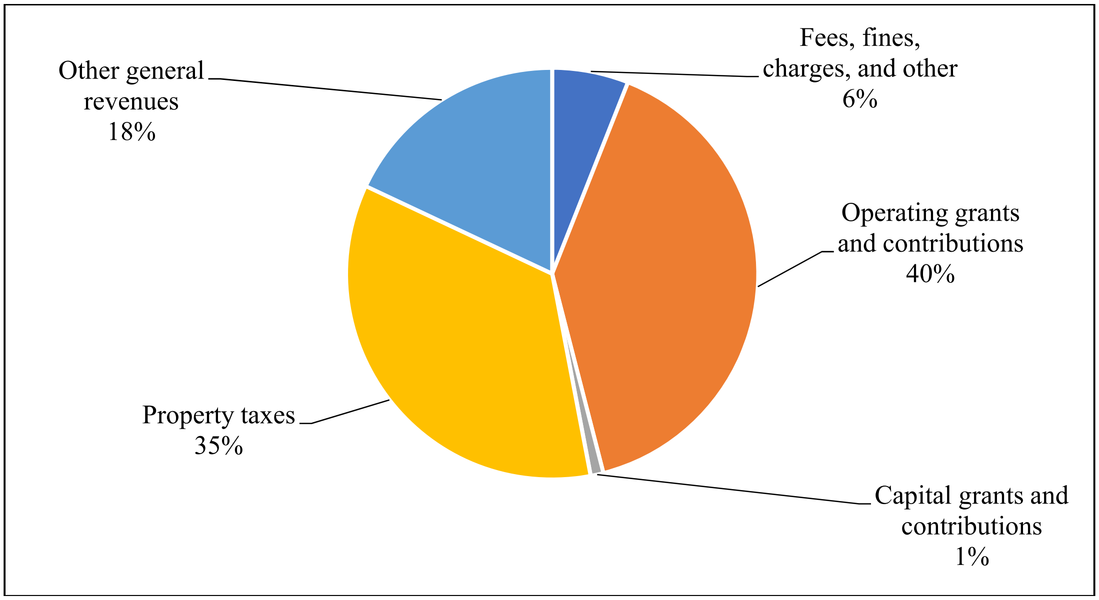
For details, please see the Statement of Net Position, Exhibit 1.

Table 2
Changes in Net Position

	Governmental Activities		Component Unit Activities	
	2020	2019	2020	2019
Revenues				
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
Total Revenues	$ 29,486,111	$ 27,815,780	$ 2,055,811	$ 2,287,189
Expenses				
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	580,413	354,032	-	-
Culture and recreation	1,672,653	1,903,023	-	-
Golf course	-	-	1,267,446	1,167,715
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	-	-
Total Expenses	$ 21,834,307	$ 23,329,230	$ 2,080,000	$ 2,477,277
Increase (Decrease) in Net Position	$ 7,651,804	$ 4,486,550	$ (24,189)	$ (190,088)
Net Position – January 1	85,279,345	80,792,795	4,667,584	4,857,672
Net Position – December 31	$ 92,931,149	$ 85,279,345	$ 4,643,395	$ 4,667,584

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

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	1,413,194
Culture and recreation	1,672,653	1,903,023	1,261,314	1,321,767
Conservation of natural resources	830,092	785,270	318,491	278,724
Economic development	846,065	966,349	810,918	34,729
All others	1,689,698	1,255,707	1,429,761	1,077,525
Total	$ 21,834,307	$ 23,329,230	$ 7,887,611	$ 10,470,836

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 (PILT), 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

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.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COOK COUNTY
GRAND MARAIS, MINNESOTA

EXHIBIT 1

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government Governmental Activities	Component Unit Cook County and Grand Marais Joint Economic Development Authority
Assets		
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	5,107,961	35,000
Due from other governments	6,603,285	200,569
Inventories	544,797	25,673
Restricted cash		
Business loans	-	215,000
Capital assets		
Non-depreciable	9,427,286	213,685
Depreciable – net of accumulated depreciation	79,172,825	6,180,816
Total Assets	**$ 138,849,118**	**$ 8,344,708**
Deferred Outflows of Resources		
Deferred pension outflows	**$ 1,536,610**	**$ 22,466**
Liabilities		
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
Total Liabilities	**$ 46,370,823**	**$ 3,707,058**

COOK COUNTY
GRAND MARAIS, MINNESOTA

EXHIBIT 1
(Continued)

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government Governmental Activities	Component Unit Cook County and Grand Marais Joint Economic Development Authority
Deferred Inflows of Resources		
Deferred pension inflows	**$ 1,083,756**	**$ 16,721**
Net Position		
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
Total Net Position	**$ 92,931,149**	**$ 4,643,395**

COOK COUNTY
GRAND MARAIS, MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Expenses	Fees, Charges, Fines, and Other
Functions/Programs		
Primary government		
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	-
Total Governmental Activities	**$ 21,834,307**	**$ 1,936,973**
Component unit		
Cook County and Grand Marais Joint Economic Development Authority	**$ 2,080,000**	**$ 956,129**

General Revenues
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

Total general revenues

Change in net position

Net Position – Beginning

Net Position – Ending

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

Program Revenues		**Net (Expense) Revenue and Changes in Net Position**	
Operating Grants and Contributions	**Capital Grants and Contributions**	**Primary Government Governmental Activities**	**Discretely Presented Component Unit**
$ 3,478,165	$ -	$ (756,250)	
460,281	-	(2,981,408)	
5,413,574	24,273	1,408,726	
69,692	-	(461,083)	
1,409,956	-	(1,277,112)	
237,305	-	(320,476)	
392,836	-	(1,261,314)	
505,841	-	(318,491)	
-	17,800	(810,918)	
-	-	(1,109,285)	
$ 11,967,650	**$ 42,073**	**$ (7,887,611)**	
$ 559,397	**$ -**		**$ (564,474)**
		$ 10,229,514	$ 360,291
		14,321	-
		1,750,097	-
		874,065	-
		368,013	-
		372,218	-
		836,560	-
		459,314	802
		635,313	179,192
		$ 15,539,415	**$ 540,285**
		$ 7,651,804	**$ (24,189)**
		85,279,345	**4,667,584**
		$ 92,931,149	**$ 4,643,395**

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

COOK COUNTY
GRAND MARAIS, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General		Road and Bridge	
Assets				
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		-		544,797
Total Assets	**$**	**16,749,304**	**$**	**7,021,161**
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
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		-		-
Total Liabilities	**$**	**647,106**	**$**	**278,419**
Deferred Inflows of Resources				
Unavailable revenue				
Taxes	$	81,252	$	37,960
Grants		139,905		2,953,120
Long-term receivables		1,300,347		-
Other		-		-
Total Deferred Inflows of Resources	**$**	**1,521,504**	**$**	**2,991,080**

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

EXHIBIT 3

Public Health and Human Services	Airport	Local Option Sales Tax	Nonmajor Funds	Total
$ 3,332,683	$ -	$ 4,557,420	$ 3,403,325	$ 24,562,664
100	-	-	-	1,317
-	-	12,967,820	-	12,967,820
58,286	6,964	-	8,618	235,653
56,426	-	-	-	225,510
-	-	-	1,620,000	5,107,961
-	-	-	-	401,167
251,302	295,317	321,448	-	6,603,285
-	-	-	-	544,797
$ 3,698,797	**$ 302,281**	**$ 17,846,688**	**$ 5,031,943**	**$ 50,650,174**
$ 67,744	$ 3,163	$ -	$ 15,191	$ 554,992
70,537	-	-	-	381,331
-	-	-	-	49,188
-	400,517	-	-	401,167
10,678	99	-	-	106,776
41,316	-	-	-	41,316
$ 190,275	**$ 403,779**	**$ -**	**$ 15,191**	**$ 1,534,770**
$ 42,976	$ 5,135	$ -	$ 6,354	$ 173,677
-	295,317	-	-	3,388,342
-	-	-	-	1,300,347
286	-	-	-	286
$ 43,262	**$ 300,452**	**$ -**	**$ 6,354**	**$ 4,862,652**

COOK COUNTY
GRAND MARAIS, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Road and Bridge
Liabilities, Deferred Inflows of Resources, and Fund Balances (Continued)		
Fund Balances		
Nonspendable		
Environmental improvements – principal	$ -	$ -
Inventories	-	544,797
Restricted		
Economic development	-	-
Environmental improvements	-	-
Forfeited tax	-	-
Special projects	-	-
Revolving loans	624,172	-
Law library	59,419	-
National Forest Title III	143,318	-
Recorder's technology equipment	174,020	-
Recorder's compliance	98,011	-
Enhanced 911	20,865	-
Attorney's forfeiture	2,442	-
Drug forfeitures	13,990	-
DWI forfeitures	1,623	-
Extension services	8,596	-
Sheriff's contingency fund	5,000	-
20% unorganized townships	29,832	-
DNR snowmobile	9,799	-
Conceal and carry	48,059	-
Aquatic invasive species	682,302	-
Timber development	90,198	-
Debt service	-	-
Transportation projects	-	-
Assigned		
Arrowhead Economic Opportunity Agency	19,751	-
Emergency Medical Service training	10,026	-
Hovland dock	1,471	-
Planning and zoning permit software	6,113	-
Telephone	23,998	-
Sheriff's cars	282,555	-
Data processing equipment	231,058	-
Landfill future development	19,257	-
County cars	78,815	-

EXHIBIT 3
(Continued)

Public Health and Human Services	Airport	Local Option Sales Tax	Nonmajor Funds	Total
$ -	$ -	$ -	$ 584,434	$ 584,434
-	-	-	-	544,797
-	-	-	8,701	8,701
-	-	-	303,773	303,773
-	-	-	41,648	41,648
-	-	3,199,085	-	3,199,085
-	-	-	-	624,172
-	-	-	-	59,419
-	-	-	-	143,318
-	-	-	-	174,020
-	-	-	-	98,011
-	-	-	-	20,865
-	-	-	-	2,442
-	-	-	-	13,990
-	-	-	-	1,623
-	-	-	-	8,596
-	-	-	-	5,000
-	-	-	-	29,832
-	-	-	-	9,799
-	-	-	-	48,059
-	-	-	-	682,302
-	-	-	-	90,198
-	-	12,967,820	3,230,990	16,198,810
-	-	1,679,783	-	1,679,783
-	-	-	-	19,751
-	-	-	-	10,026
-	-	-	-	1,471
-	-	-	-	6,113
-	-	-	-	23,998
-	-	-	-	282,555
-	-	-	-	231,058
-	-	-	-	19,257
-	-	-	-	78,815

COOK COUNTY
GRAND MARAIS, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Road and Bridge
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Fund Balances		
Assigned (Continued)		
Photocopiers	103,230	-
Safety committee	4,652	-
County landings maintenance	71,598	-
Plat book fund	17,924	-
ARMER	120,000	-
Backpack program	32,477	-
Enhanced 911	8,157	-
Software	43,974	-
K9 team	6,709	-
Murmur Creek service district	3,656	-
Highways and streets	-	3,206,865
Human services	-	-
Building improvements	-	-
Capital projects	-	-
Unassigned	11,483,627	-
Total Fund Balances	**$ 14,580,694**	**$ 3,751,662**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 16,749,304**	**$ 7,021,161**

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

EXHIBIT 3
(Continued)

Public Health and Human Services	Airport	Local Option Sales Tax	Nonmajor Funds	Total
-	-	-	-	103,230
-	-	-	-	4,652
-	-	-	-	71,598
-	-	-	-	17,924
-	-	-	-	120,000
-	-	-	-	32,477
-	-	-	-	8,157
-	-	-	-	43,974
-	-	-	-	6,709
-	-	-	-	3,656
-	-	-	-	3,206,865
3,465,260	-	-	-	3,465,260
-	-	-	745,652	745,652
-	-	-	95,200	95,200
-	(401,950)	-	-	11,081,677
$ 3,465,260	**$ (401,950)**	**$ 17,846,688**	**$ 5,010,398**	**$ 44,252,752**
$ 3,698,797	**$ 302,281**	**$ 17,846,688**	**$ 5,031,943**	**$ 50,650,174**

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

Fund balance – total governmental funds (Exhibit 3)		**$ 44,252,752**
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.		88,600,111
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		4,862,652
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		1,536,610
Deferred inflows related to pensions		(1,083,756)
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	$ (8,800,000)	
Sales tax revenue bonds	(13,840,000)	
Capital equipment notes	(355,000)	
Tax abatement bonds	(3,740,000)	
Sales tax revenue refunding bonds	(10,205,000)	
Bond premium	(334,329)	
Accrued interest payable	(372,114)	
Compensated absences	(969,710)	
Net pension liability	(6,621,067)	(45,237,220)
Net Position of Governmental Activities (Exhibit 1)		**$ 92,931,149**

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

COOK COUNTY
GRAND MARAIS, MINNESOTA

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

	General	Road and Bridge
Revenues		
Taxes	$ 5,120,060	$ 2,263,241
Special assessments	229,005	-
Licenses and permits	111,214	-
Intergovernmental	5,925,752	4,087,574
Charges for services	478,063	200,688
Fines and forfeits	20,759	-
Gifts and contributions	38,692	-
Investment earnings	438,664	-
Miscellaneous	603,238	10,173
Total Revenues	**$ 12,965,447**	**$ 6,561,676**
Expenditures		
Current		
General government	$ 4,465,303	$ -
Public safety	3,641,809	-
Highways and streets	-	6,926,640
Sanitation	572,780	-
Human services	-	-
Health	-	-
Culture and recreation	1,388,500	-
Conservation of natural resources	801,502	-
Economic development	16,543	-
Capital outlay	305,043	-
Debt service		
Principal	-	-
Interest	-	-
Bond issuance costs	-	-
Administrative (fiscal) charges	-	-
Total Expenditures	**$ 11,191,480**	**$ 6,926,640**
Excess of Revenues Over (Under) Expenditures	**$ 1,773,967**	**$ (364,964)**
Other Financing Sources (Uses)		
Transfers in	$ -	$ 730,728
Transfers out	(268,900)	-
Proceeds of bonds and notes issued	-	-
Premium on bonds issued	-	-
Total Other Financing Sources (Uses)	**$ (268,900)**	**$ 730,728**
Net Change in Fund Balance	**$ 1,505,067**	**$ 365,764**
Fund Balance – January 1	**13,075,627**	**3,491,179**
Increase (decrease) in inventories	**-**	**(105,281)**
Fund Balance – December 31	**$ 14,580,694**	**$ 3,751,662**

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

EXHIBIT 5

Public Health and Human Services	Airport	Local Options Sales Tax	Nonmajor Funds	Total
$ 2,560,034	$ 96,555	$ 2,624,162	$ 588,610	$ 13,252,662
-	-	-	-	229,005
15,370	-	-	-	126,584
1,515,728	110,913	-	-	11,639,967
369,134	-	-	-	1,047,885
-	-	-	-	20,759
9,615	-	-	-	48,307
-	-	-	20,650	459,314
115,632	30,444	-	557,096	1,316,583
$ 4,585,513	**$ 237,912**	**$ 2,624,162**	**$ 1,166,356**	**$ 28,141,066**
$ -	$ -	$ -	$ 114,714	$ 4,580,017
-	-	-	16,917	3,658,726
-	-	-	-	6,926,640
-	-	-	-	572,780
3,153,436	-	-	-	3,153,436
580,904	-	-	-	580,904
-	-	-	-	1,388,500
-	-	-	15,584	817,086
-	139,153	-	-	155,696
-	17,800	4,848	546,104	873,795
-	-	650,000	810,000	1,460,000
-	-	521,263	430,184	951,447
-	-	178,088	-	178,088
-	-	950	8,716	9,666
$ 3,734,340	**$ 156,953**	**$ 1,355,149**	**$ 1,942,219**	**$ 25,306,781**
$ 851,173	**$ 80,959**	**$ 1,269,013**	**$ (775,863)**	**$ 2,834,285**
$ 253,256	$ -	$ -	$ 484,825	$ 1,468,809
-	-	(556,986)	(642,923)	(1,468,809)
-	-	10,205,000	-	10,205,000
-	-	215,613	-	215,613
$ 253,256	**$ -**	**$ 9,863,627**	**$ (158,098)**	**$ 10,420,613**
$ 1,104,429	**$ 80,959**	**$ 11,132,640**	**$ (933,961)**	**$ 13,254,898**
2,360,831	**(482,909)**	**6,714,048**	**5,944,359**	**31,103,135**
-	**-**	**-**	**-**	**(105,281)**
$ 3,465,260	**$ (401,950)**	**$ 17,846,688**	**$ 5,010,398**	**$ 44,252,752**

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	1,163,742	(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.

FIDUCIARY FUNDS

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
Assets		
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
Total Assets	**$ 46,021**	**$ 2,399,954**
Liabilities		
Accounts payable	$ -	$ 69,561
Due to other governments	-	1,948,881
Total Liabilities	**$ -**	**$ 2,018,442**
Net Position		
Restricted for		
Individuals, organizations, and other governments	**$ 46,021**	**$ 381,512**

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

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
Additions		
Contributions		
Individuals	$ 219,436	$ -
Appropriations from counties	-	65,584
Property tax collections for other governments	-	6,030,386
Other taxes	-	2,358,170
Fees collected for the state	-	626,325
Payments from other governments	-	700,896
Miscellaneous	-	13,107
Total Additions	**$ 219,436**	**$ 9,794,468**
Deductions		
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
Total Deductions	**$ 216,536**	**$ 9,487,482**
Change in Net Position	**$ 2,900**	**$ 306,986**
Net Position – January 1, as restated (Note 1.E)	**43,121**	**74,526**
Net Position – December 31	**$ 46,021**	**$ 381,512**

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.

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.

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.

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.

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.

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.

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

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.

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.

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:

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.

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.

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.

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;

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.

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: Credit Rating	Credit Risk: Rating Agency	Concentration Risk: Over 5 Percent of Portfolio	Interest Rate Risk: Maturity Date	Carrying (Fair) Value
U.S. government agency securities					
Federal Home Loan Bank Bonds	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

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Investment Type	Credit Risk: Credit Rating	Credit Risk: Rating Agency	Concentration Risk: Over 5 Percent of Portfolio	Interest Rate Risk: Maturity Date	Carrying (Fair) Value
Federal Farm Credit Bond	AAA	Moody's	3.00%	11/30/2023	$ 749,933
Government National Mortgage Association Notes	N/A	N/A	17.77%	09/20/2046	$ 4,441,584
Investment pools/mutual funds					
Money market mutual fund	N/A	N/A		N/A	$ 3,021
MAGIC Fund	N/A	N/A		N/A	12,525,101
Total investment pools/mutual funds			50.11%		$ 12,528,122
Certificates of deposit – negotiable					
Texas Capital Bank NA	N/A	N/A		03/19/2021	$ 245,424
Centerstate Bank NA	N/A	N/A		03/30/2021	245,424
Safra National Bank	N/A	N/A		03/30/2021	117,318
Morgan Stanley Private Bank NA	N/A	N/A		08/09/2021	184,290
Ally Bank	N/A	N/A		09/27/2021	248,361
BMW Bank NA	N/A	N/A		09/30/2021	247,308
Eaglemark Savings Bank	N/A	N/A		10/21/2021	245,108
Goldman Sachs Bank	N/A	N/A		10/25/2021	248,518
Morgan Stanley Bank NA	N/A	N/A		01/24/2022	249,412
UBS Bank USA.	N/A	N/A		03/11/2022	247,739
Iberiabank	N/A	N/A		03/21/2022	247,342
Texas Exchange Bank SSB	N/A	N/A		03/25/2022	247,810
Bank Hapoalim.	N/A	N/A		09/28/2022	215,409
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
Worlds Foremost Bank	N/A	N/A		05/08/2023	209,200
BMO Harris Bank NA	N/A	N/A		01/29/2024	245,034
State Bank India	N/A	N/A		12/18/2024	261,974
Jonesboro State Bank	N/A	N/A		07/10/2026	245,127
JP Morgan Chase Bank NA	N/A	N/A		09/30/2026	245,282
Total certificates of deposit – negotiable			18.78%		$ 4,695,760
Total pooled investments					$ 24,999,772
Deposits					1,507,247
Petty cash					1,317
Cash with escrow agent					12,967,820
Deposits – component unit					941,989
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					
	December 31, 2020		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
Investments by fair value level								
Debt securities								
Federal Home Loan Bank Bonds	$	1,794,593	$	-	$	1,794,593	$	-
Federal Home Loan Mortgage Corporation Discount Notes		789,780		-		789,780		-
Federal Farm Credit Bonds		749,933		-		749,933		-
Governmental National Mortgage Association Notes		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						

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.

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.

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	$ 119,244,106	$ 7,976,067	$ -	$ 127,220,173
Less: accumulated depreciation for				
Buildings	$ 7,269,775	$ 618,473	$ -	$ 7,888,248
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

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.

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

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 - $565,000	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
Plus: unamortized premium					334,329
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.

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 Principal	Capital Improvement, Sales Tax Revenue, and Tax Abatement Bonds Interest	General Obligation Capital Equipment Notes Principal	General Obligation Capital Equipment Notes 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	3,215,939	65,000	975
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.

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	-	260,000	8,130,000	275,000
Tax abatement bonds	3,840,000	-	100,000	3,740,000	100,000
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	$ 1,185,000
Notes payable					
Capital equipment notes	730,000	-	375,000	355,000	55,000
Compensated absences	853,262	812,488	696,040	969,710	-
Long-Term Liabilities	$ 29,191,958	$ 11,233,102	$ 2,181,021	$ 38,244,039	$ 1,240,000

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;

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.

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.

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.

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.

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	$	5,432,496

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	$ 756,611	$ 209,386

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

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	$	1,382,884

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	$ 779,999	$ 874,370

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%

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 disabilitants 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

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.

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.

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	Discount Rate	Net Pension Liability
1% Decrease	6.50%	$ 8,445,993	6.50%	$ 2,692,856
Current	7.50	5,270,007	7.50	1,351,060
1% Increase	8.50	2,650,073	8.50	240,958

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; 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.

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.

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.

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.

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.

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.

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.

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.

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, Mahnomen, 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.

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 fallouts 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.

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.

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

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

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

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.

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	$ 210,123

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	$ 22,466	$ 16,721

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

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
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
Total Revenues	**$ 10,177,903**	**$ 10,177,903**	**$ 12,965,447**	**$ 2,787,544**
Expenditures				
Current				
General government				
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	733,606	733,606	772,665	(39,059)
County assessor	303,993	303,993	337,226	(33,233)
Elections	25,345	25,345	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
Total general government	**$ 4,626,499**	**$ 4,626,499**	**$ 4,465,303**	**$ 161,196**
Public safety				
Sheriff	$ 2,525,508	$ 2,525,508	$ 2,402,280	$ 123,228
Boat and water safety	-	-	8,719	(8,719)
Emergency services	239,416	239,416	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	326,078	326,078	298,905	27,173
Other public safety	-	-	258,198	(258,198)
Total public safety	**$ 3,470,568**	**$ 3,470,568**	**$ 3,641,809**	**$ (171,241)**

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 Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Expenditures				
Current (Continued)				
Sanitation				
Solid waste	$ 71,304	$ 71,304	$ 77,497	$ (6,193)
Recycling	461,548	461,548	495,283	(33,735)
Total sanitation	**$ 532,852**	**$ 532,852**	**$ 572,780**	**$ (39,928)**
Culture and recreation				
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	373,592	373,592	356,566	17,026
Other	140,812	140,812	754,223	(613,411)
Total culture and recreation	**$ 789,382**	**$ 789,382**	**$ 1,388,500**	**$ (599,118)**
Conservation of natural resources				
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)
Total conservation of natural resources	**$ 409,036**	**$ 409,036**	**$ 801,502**	**$ (392,466)**
Economic development				
Community development	**$ -**	**$ -**	**$ 16,543**	**$ (16,543)**
Other miscellaneous	**$ 11,371**	**$ 11,371**	**$ -**	**$ 11,371**
Capital outlay				
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)
Total capital outlay	**$ 328,473**	**$ 328,473**	**$ 305,043**	**$ 23,430**
Total Expenditures	**$ 10,168,181**	**$ 10,168,181**	**$ 11,191,480**	**$ (1,023,299)**

COOK COUNTY
GRAND MARAIS, MINNESOTA

EXHIBIT A-1
(Continued)

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
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.

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	Variance with
	Original	Final	Amounts	Final Budget
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	$ (3,308)
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	1,223,780	1,223,780	730,728	(493,052)
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.

EXHIBIT A-3

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
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
Total Revenues	**$ 4,440,611**	**$ 4,440,611**	**$ 4,585,513**	**$ 144,902**
Expenditures				
Current				
Human services				
Income maintenance	$ 963,359	$ 963,359	$ 895,695	$ 67,664
Social services	2,839,757	2,839,757	2,115,349	724,408
Other	-	-	142,392	(142,392)
Total human services	**$ 3,803,116**	**$ 3,803,116**	**$ 3,153,436**	**$ 649,680**
Health				
Nursing service	637,495	637,495	580,904	56,591
Total Expenditures	**$ 4,440,611**	**$ 4,440,611**	**$ 3,734,340**	**$ 706,271**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ 851,173**	**$ 851,173**
Other Financing Sources (Uses)				
Transfers in	-	-	253,256	253,256
Net Change in Fund Balance	**$ -**	**$ -**	**$ 1,104,429**	**$ 1,104,429**
Fund Balance – January 1	**2,360,831**	**2,360,831**	**2,360,831**	**-**
Fund Balance – December 31	**$ 2,360,831**	**$ 2,360,831**	**$ 3,465,260**	**$ 1,104,429**

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

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	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
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
Total Revenues	**$ 164,125**	**$ 164,125**	**$ 237,912**	**$ 73,787**
Expenditures				
Current				
Economic development	$ 144,125	$ 144,125	$ 139,153	$ 4,972
Capital outlay	20,000	20,000	17,800	2,200
Total Expenditures	**$ 164,125**	**$ 164,125**	**$ 156,953**	**$ 7,172**
Net Change in Fund Balance	**$ -**	**$ -**	**$ 80,959**	**$ 80,959**
Fund Balance – January 1	**(482,909)**	**(482,909)**	**(482,909)**	**-**
Fund Balance – December 31	**$ (482,909)**	**$ (482,909)**	**$ (401,950)**	**$ 80,959**

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

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) (a)	State's Proportionate Share of the Net Pension Liability Associated with Cook County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	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	$ 6,266,360	84.10 %	79.06 %
2019	0.0861	4,760,276	147,827	4,908,103	6,090,920	78.15	80.23
2018	0.0805	4,465,810	146,415	4,612,225	5,409,173	82.56	79.53
2017	0.0758	4,839,022	60,823	4,899,845	4,881,307	99.13	75.90
2016	0.0732	5,943,476	77,565	6,021,041	4,540,707	130.89	68.91
2015	0.0718	3,721,049	N/A	3,721,049	4,218,018	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

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.

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) (a)	State's Proportionate Share of the Net Pension Liability Associated with Cook County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	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	0.1025 %	$ 1,351,060	$ 31,824	$ 1,382,884	$ 1,157,044	116.77 %	87.19 %
2019	0.1096	1,166,803	N/A	1,166,803	1,156,892	100.86	89.26
2018	0.0951	1,013,667	N/A	1,013,667	1,002,759	101.09	88.84
2017	0.0900	1,215,106	N/A	1,215,106	922,179	131.76	85.43
2016	0.0890	3,571,725	N/A	3,571,725	856,488	417.02	63.88
2015	0.0940	1,068,060	N/A	1,068,060	864,739	123.51	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

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.

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.

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.

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.

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.

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.

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.

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

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

EXHIBIT B-1

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
-	-	-	303,773	303,773
41,648	-	-	-	41,648
-	3,230,990	-	-	3,230,990
745,652	-	-	-	745,652
-	-	95,200	-	95,200
$ 796,001	**$ 3,230,990**	**$ 95,200**	**$ 888,207**	**$ 5,010,398**
$ 815,434	**$ 3,233,102**	**$ 95,200**	**$ 888,207**	**$ 5,031,943**

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

	Special Revenue Funds		
	Building	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**

EXHIBIT B-2

Total		Debt Service		Capital Projects		Leased Lakeshore Permanent		Total (Exhibit 5)	
$	458,762	$	129,848	$	-	$	-	$	588,610
	-		3,014		5,926		11,710		20,650
	5,500		551,596		-		-		557,096
$	**464,262**	**$**	**684,458**	**$**	**5,926**	**$**	**11,710**	**$**	**1,166,356**
$	114,714	$	-	$	-	$	-	$	114,714
	16,917		-		-		-		16,917
	-		-		-		15,584		15,584
	108,213		-		437,891		-		546,104
	-		810,000		-		-		810,000
	-		430,184		-		-		430,184
	-		8,716		-		-		8,716
$	**239,844**	**$**	**1,248,900**	**$**	**437,891**	**$**	**15,584**	**$**	**1,942,219**
$	**224,418**	**$**	**(564,442)**	**$**	**(431,965)**	**$**	**(3,874)**	**$**	**(775,863)**
$	-	$	484,825	$	-	$	-	$	484,825
	-		-		(642,923)		-		(642,923)
$	**-**	**$**	**484,825**	**$**	**(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**	**$**	**3,230,990**	**$**	**95,200**	**$**	**888,207**	**$**	**5,010,398**

COOK COUNTY
GRAND MARAIS, MINNESOTA

EXHIBIT B-3

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	**$ 461,800**	**$ 461,800**	**$ 458,762**	**$ (3,038)**
Expenditures				
Current				
General government	$ 461,800	$ 461,800	$ 114,714	$ 347,086
Public safety	-	-	16,917	(16,917)
Capital outlay	-	-	108,213	(108,213)
Total Expenditures	**$ 461,800**	**$ 461,800**	**$ 239,844**	**$ 221,956**
Net Change in Fund Balance	**$ -**	**$ -**	**$ 218,918**	**$ 218,918**
Fund Balance – January 1	**526,734**	**526,734**	**526,734**	**-**
Fund Balance – December 31	**$ 526,734**	**$ 526,734**	**$ 745,652**	**$ 218,918**

COOK COUNTY
GRAND MARAIS, MINNESOTA

EXHIBIT B-4

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 125,452	$ 125,452	$ 129,848	$ 4,396
Investment earnings	-	-	3,014	3,014
Miscellaneous	-	-	551,596	551,596
Total Revenues	**$ 125,452**	**$ 125,452**	**$ 684,458**	**$ 559,006**
Expenditures				
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)
Total Expenditures	**$ 531,397**	**$ 531,397**	**$ 1,248,900**	**$ (717,503)**
Excess of Revenues Over (Under) Expenditures	**$ (405,945)**	**$ (405,945)**	**$ (564,442)**	**$ (158,497)**
Other Financing Sources (Uses)				
Transfers in	405,945	405,945	484,825	78,880
Net Change in Fund Balance	**$ -**	**$ -**	**$ (79,617)**	**$ (79,617)**
Fund Balance – January 1	**3,310,607**	**3,310,607**	**3,310,607**	**-**
Fund Balance – December 31	**$ 3,310,607**	**$ 3,310,607**	**$ 3,230,990**	**$ (79,617)**

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			
	Taxes and Penalties	State Revenue	Soil and Water Conservation District	Total Custodial Funds
Assets				
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
Total Assets	**$ 1,110,463**	**$ 342,769**	**$ 946,722**	**$ 2,399,954**
Liabilities				
Accounts payable	$ 68,740	$ -	$ 821	$ 69,561
Due to other governments	731,784	320,908	896,189	1,948,881
Total Liabilities	**$ 800,524**	**$ 320,908**	**$ 897,010**	**$ 2,018,442**
Net Position				
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
Additions				
Appropriations from counties	$ -	$ -	$ 65,584	$ 65,584
Property tax collections for other governments	4,535,771	1,494,615	-	6,030,386
Other taxes	2,358,170	-	-	2,358,170
Fees collected for the state	-	626,325	-	626,325
Payments from other governments	27,697	-	673,199	700,896
Miscellaneous	-	-	13,107	13,107
Total Additions	**$ 6,921,638**	**$ 2,120,940**	**$ 751,890**	**$ 9,794,468**
Deductions				
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
Total Deductions	**$ 6,641,320**	**$ 2,143,984**	**$ 702,178**	**$ 9,487,482**
Change in Net Position	**$ 280,318**	**$ (23,044)**	**$ 49,712**	**$ 306,986**
Net Position – January 1	**29,621**	**44,905**	**-**	**74,526**
Net Position – December 31	**$ 309,939**	**$ 21,861**	**$ 49,712**	**$ 381,512**

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
Appropriations and Shared Revenue		
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	-
Taconite 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	-
Total appropriations and shared revenue	**$ 5,229,129**	**$ -**
Reimbursement for Services		
State		
Minnesota Department of Human Services	**$ 245,736**	**$ -**
Payments		
Federal		
Payments in lieu of taxes	$ 570,959	$ -
State		
Payments in lieu of taxes	372,218	-
Local		
Local contributions	170,664	69,620
Total payments	**$ 1,113,841**	**$ 69,620**
Grants		
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	-
Iron Range Resources and Rehabilitation Board	-	216,471
Miscellaneous boards	15,653	-
Total state	**$ 1,011,656**	**$ 216,471**

COOK COUNTY
GRAND MARAIS, MINNESOTA

EXHIBIT D-1
(Continued)

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

	Governmental Funds	Component Unit
Grants (Continued)		
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	-
Total federal	**$ 4,039,605**	**$ 234,294**
Total state and federal grants	**$ 5,051,261**	**$ 450,765**
Total Intergovernmental Revenue	**$ 11,639,967**	**$ 520,385**

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
U.S. Department of Agriculture				
Direct				
Cooperative Forestry Assistance	10.664		$ 10,964	$ -
Passed Through Carlton, Cook, Lake, and St. Louis Community Health Board				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202MN004W1003	29,792	-
Passed Through Minnesota Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202MN101S2514	122,721	-
Passed Through Minnesota Management and Budget				
Forest Service Schools and Roads Cluster				
Schools and Roads – Grants to States	10.665	P.L. 114-10	2,064,952	-
Total U.S. Department of Agriculture			**$ 2,228,429**	**$ -**
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety				
Crime Victim Assistance	16.575	F-CVS-2020-COOKAO	**$ 36,260**	**$ -**
U.S. Department of Transportation				
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	-
Recreational Trails Program	20.219	0025-19-2C	10,540	-
(Total Recreational Trails Program 20.219 $61,876)				
Total U.S. Department of Transportation			**$ 79,676**	**$ -**
U.S. Department of the Treasury				
Passed Through Minnesota Management and Budget				
COVID-19 – Coronavirus Relief Fund	21.019	SLT0016	**$ 760,609**	**$ 234,294**

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

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
U.S. Department of Health and Human Services				
Passed Through Carlton, Cook, Lake, and St. Louis Community Health Board				
Public Health Emergency Preparedness	93.069	NU90TP922026	$ 13,987	$ -
Medicaid Cluster				
Medical Assistance Program	93.778	2005MN5ADM	6,597	-
(Total Medical Assistance Program 93.778 $455,536)				
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	2001MNFPSS	2,100	-
Temporary Assistance for Needy Families	93.558	2001MNTANF	47,538	-
Child Support Enforcement	93.563	2001MNCEST	86,989	-
Child Support Enforcement	93.563	2001MNCSES	8,146	-
(Child Support Enforcement 93.563 $95,135)				
Refugee and Entrant Assistance – State Administered Programs	93.566	2001MNRCMA	163	-
CCDF Cluster				
Child Care and Development Block Grant	93.575	2001MNCCDF	741	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP	5,333	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	1,740	-
Foster Care – Title IV-E	93.658	2001MNFOST	54,354	-
Social Services Block Grant	93.667	2001MNSOSR	43,410	-
Children's Health Insurance Program	93.767	2005MN5021	293	-
Medicaid Cluster				
Medical Assistance Program	93.778	2005MN5ADM	448,646	-
Medical Assistance Program	93.778	2005MN5MAP	293	-
(Total Medical Assistance Program 93.778 $455,536)				
Total U.S. Department of Health and Human Services			**$ 720,330**	**$ -**
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	FBP-110520	$ 4,500	$ -
Passed Through Minnesota Department of Public Safety				
Homeland Security Grant Program	97.067	F-OPSG-2017-COOKCO	72,663	-
Homeland Security Grant Program	97.067	F-OPSG-2018-COOKCO	72,646	-
(Total Homeland Security Grant Program 97.067 $145,309)				
Total U.S. Department of Homeland Security			**$ 149,809**	**$ -**
Total Federal Awards			**$ 3,975,113**	**$ 234,294**

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 Medicaid 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.

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.

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		
Airport Improvement Program		(347,015)
Grants received more than 60 days after year-end, unavailable in 2020		
Airport Improvement Program		282,523
Expenditures per Schedule of Expenditures of Federal Awards	$	3,975,113

Other Information Section

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 (%)
Tax Capacity						
Real property	$ 16,451,623		$ 17,611,361		$ 18,135,517	
Personal property	286,945		274,307		267,994	
Fiscal disparity contribution	(567,960)		(563,869)		(549,844)	
Net Tax Capacity	**$ 16,170,608**		**$ 17,321,799**		**$ 17,853,667**	
Taxes Levied for County Purposes						
General	$ 4,607,199	26.64	$ 5,174,351	28.14	$ 5,099,036	28.14
Road and Bridge	2,313,281	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
Total Levy for County Purposes	**$ 10,139,265**	**62.62**	**$ 10,731,393**	**61.91**	**$ 10,727,293**	**61.85**
Less Credits Payable by State						
Taconite homestead credit	$ 373,874		$ 376,144		$ 376,144	
Disparity reduction aid	3,157		3,157		3,157	
Total Credits Payable by State	**$ 377,031**		**$ 379,301**		**$ 379,301**	
Net Levy for County Purposes	**$ 9,762,234**		**$ 10,352,092**		**$ 10,347,992**	
Tax Capacity – Light and Power	**$ 46,962**		**$ 40,600**		**$ 44,429**	
Light and Power Tax Levy (distributed pursuant to Minn. Stat. § 273.42, as amended)	**$ 19,777**		**$ 15,771**		**$ 38,410**	
Percentage of Tax Collections for All Purposes	**99.81%**		**100.29%**			

Management and Compliance Section

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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.

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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	*/s/Dianne Syverson*
JULIE BLAHA STATE AUDITOR	DIANNE SYVERSON, CPA DEPUTY STATE AUDITOR

September 8, 2021

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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*

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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	*/s/Dianne Syverson*
JULIE BLAHA STATE AUDITOR	DIANNE SYVERSON, CPA DEPUTY STATE AUDITOR

September 8, 2021

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	CFDA No. 10.665
COVID 19 – Coronavirus Relief Fund	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*

<u>INTERNAL CONTROL</u>

Finding Number: 2020-001

Prior Year Finding Number: 2019-001

Repeat Finding Since: 1996

<u>Segregation of Duties</u>

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.

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.

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.

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

COOK COUNTY
MINNESOTA
AUDITOR'S OFFICE

COOK COUNTY COURTHOUSE
411 W 2ND STREET
GRAND MARAIS, MN 55604
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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:

Braidy 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:

Braidy Powers - County Auditor-Treasurer

Braidy Powers
County Auditor - Treasurer
Braidy.Powers@co.cook.mn.us

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:

Braidy 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

COOK COUNTY
MINNESOTA

AUDITOR'S OFFICE

COOK COUNTY COURTHOUSE
411 W 2ND STREET
GRAND MARAIS, MN 55604
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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 ___X___

Braidy Powers
County Auditor - Treasurer
Braidy.Powers@co.cook.mn.us

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 ___X___

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 ___X___

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___