



**Cook County & Grand Marais Economic Development Authority**

**Tuesday, January 16, 2024 – 4:00 PM**

Cook County Courthouse - Commissioner's Room

411 W 2<sup>nd</sup> Street

Grand Marais, MN 55604

**AGENDA**

**1. Call to Order**

**2. Public to Address the Commission**

**3. Approval of Agenda**

**4. Public Hearings**

**5. Approval of Meeting Minutes**

- a. December 19, 2023 Regular Meeting ([pages 1-4](#))

**6. Review of Financials**

- a. EDA December Financials (accept and forward to audit) ([pages 5-8](#))
- b. EDA December Payments (motion to approve) ([page 9](#))
- c. Superior National at Lutsen Golf Course December (accept and forward to audit) ([pages 10-14](#))
- d. EDA and Superior National at Lutsen Golf 2022 Audit ([pages 15-76](#))

**7. New Business**

- a. Resolutions for Approval

**2024-01** RESOLUTION AUTHORIZING APPLICATION FOR AND, UPON APPROVAL, ACCEPTANCE OF A GRANT FROM THE DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION FOR AN AMOUNT NOT TO EXCEED \$300,000 TO SUPPORT CONSTRUCTION OF THE BJORKBERG RESIDENTIAL PROJECT ([pages 77-78](#))

- b. Cedar Grove Business Park Offers
  - i. Jeremy Larson, JL Larson Construction - Lot 6, Block 5 ([pages 79-82](#))
  - ii. Paulina Backstrom, EcoBlue Recycling LLC – Lots 4 and 5, Block 4 ([pages 83-88](#))
- c. Election of 2024 Officers ([page 89](#))
- d. Confirmation of Committee Assignments ([page 89](#))
- e. Proposed 2024 Meeting Dates ([page 90](#))

**8. Other/Old Business**

- a. Executive Director Updates
  - i. MOU HRA Cedar Grove Property ([pages 91-92](#))
  - ii. Revised 2024 Budget Categories
  - iii. EDA Property above existing Cedar Grove Business Park ([page 93-96](#))
  - iv. Construction loan for Switchback Village Residential Development
  - v. EDA grant application to MHFA, Workforce Housing Development Program ([pages 97-98](#))
- b. SBDC Annual Report ([page 99](#))

**9. Committee Reports**

**10. Commissioner Items**

**11. Adjourn**

*Next Meeting: February 20, 2024 at 4:00 p.m. Cook County Courthouse – Commissioner's Room.*



**Cook County & Grand Marais Economic Development Authority**

**Tuesday, December 19, 2023 – 4:00 PM**

Cook County Courthouse - Commissioner's Room

411 W 2<sup>nd</sup> Street

Grand Marais, MN 55604

**MINUTES**

**Present:** Steve Surbaugh, Myron Bursheim, Stacey Hawkins for Dave Mills, Mary Somnis, Mark Shackleton

**Absent:** Dave Mills, Tracy Benson, Howard Hedstrom

**Others Present:** Theresa Bajda, Maggie Barnard, Pat Campanaro, Kalli Hawkins, Jason Hale

**1. Call to Order**

The December 19, 2023 regular meeting of the EDA was called to order by President Surbaugh at 4:04 p.m.

**2. Public to Address the Commission**

President Surbaugh asked several times if there were any comments from public attendees. No comments.

**3. Approval of Agenda**

Surbaugh called for agenda additions and if there are none, motion to approve the agenda as presented. No additions. **Vote to approve December 19, 2023 Agenda** (Bursheim/Hawkins) Vote: Passed (5/0)

**4. Public Hearings**

Surbaugh opened the public hearing period. Comments will be limited to three minutes per person and each person should state their first and last name. Bajda noted that she received no emails or phone calls offering comments.

**2023-21 RESOLUTION ADOPTING POLICY AND CRITERIA FOR AWARDING BUSINESS SUBSIDIES IN COMPLIANCE WITH THE REQUIREMENTS OF THE MINNESOTA BUSINESS SUBSIDY ACT** ([pages 16-17](#))

Surbaugh opened public hearing for this resolution. Called for public comments several times. No public comments. Surbaugh closed this hearing.

**2023-22 RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY TO THE HOUSING AND REDEVELOPMENT AUTHORITY OF COOK COUNTY FOR DEVELOPMENT OF RESIDENTIAL HOUSING** ([pages 18-26](#))

Surbaugh opened public hearing for this resolution. Called for public comments several times. No public comments. Surbaugh closed this hearing.

**2023-23 RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY TO THE CITY OF GRAND MARAIS MINNESOTA FOR DEVELOPMENT OF AN ANIMAL SHELTER** ([pages 27-35](#))

Surbaugh opened public hearing for this resolution. Called for public comments several times. No public comments. Surbaugh closed this hearing.

**5. Approval of Meeting Minutes**

**November 21, 2023 Regular Meeting** ([pages 1-4](#))

No discussion.

**Vote to approve November 21, 2023 Regular Meeting Minutes:** (Somnis/Bursheim) Vote: Passed (5/0)

## 6. Review of Financials

- a. **EDA November Financials** (accept and forward to audit) (pages 5-8)  
Shackleton said there is nothing new to share with healthy cash positions. Payment was made to the golf course December 6<sup>th</sup>. **Board members and President accept and forward to audit.** (Hawkins/Shackleton) Vote: Passed (5/0)
- b. **EDA November Payments** (motion to approve) (pages 9-10)  
No questions. **Motion to approve EDA November payments.** (Somnis/Shackleton) Vote: Passed (5/0)
- c. **Superior National at Lutsen Golf Course November** (accept and forward to audit) (pages 11-15)  
Shackleton said the golf course is in a good position financially, he had nothing to add. **Board members and President accept and forward to audit.** (Bursheim/Hawkins) Vote: Passed (5/0)

## 7. New Business

### a. Resolutions for Approval

**2023-21** RESOLUTION ADOPTING POLICY AND CRITERIA FOR AWARDING BUSINESS SUBSIDIES IN COMPLIANCE WITH THE REQUIREMENTS OF THE MINNESOTA BUSINESS SUBSIDY ACT (pages 16-22)

Bajda stated the EDA Board reviewed at the November meeting and have now held a required public hearing. Reminded Board the policy/criteria follow state statute requirements and largely triggered by \$150,000 or greater in public assistance. **Vote to approve Resolution 2023-21** (Shackleton/Hawkins) Vote: Passed (5/0)

**2023-22** RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY TO THE HOUSING AND REDEVELOPMENT AUTHORITY OF COOK COUNTY FOR DEVELOPMENT OF RESIDENTIAL HOUSING (pages 23-31)

Bajda summarized the resolution authorizes sale of two parcels to HRA for \$1.00 following the approved residential rezoning by City of Grand Marais and Planning Commission. Indicated the terms require the HRA to convey said property within 5 years to qualified developer(s) to support construction of housing units. Clarified the housing must be long-term, no short-term rentals or vacation units. Updated Board that conveyance will occur after the Cedar Grove Declaration of Covenants has been amended, likely in February 2024.

Hawkins questioned if there was any density clause in the agreement to ensure the property isn't used for one or two units.

Jason Hale confirmed HRA's intent is not to support one or two units, but want to be careful that wording isn't too prescriptive on number of units as more work on where curb cuts will be, where wetlands are, where utility access is, etc. all contribute to how the property will be platted for future housing units. Suggested the HRA and EDA adopt a MOU to memorialize this intent.

Somnis recused herself as an HRA board member.

**Vote to approval of Resolution 2023-22** (Hawkins/Shackleton) Vote: Passed (4/0) (1) Somnis abstained.

**2023-23** RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY TO THE CITY OF GRAND MARAIS MINNESOTA FOR DEVELOPMENT OF AN ANIMAL SHELTER (pages 32-40)

Bajda stipulated the agreement requires construction within five years of conveyance, which similar to the HRA transaction will occur after Cedar Grove Declaration of Covenants is amended, likely in February 2024.

**Vote to approve Resolution 2023-23** (Somnis/Shackleton) Vote: Passed (5/0)

**2023-24** RESOLUTION AUTHORIZING AN AGREEMENT WITH MIKE LARSON TO PROVIDE PROFESSIONAL SERVICES FOR THE COOK COUNTY/GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY IN AN AMOUNT NOT TO EXCEED \$18,000 FOR MANAGEMENT OVERSIGHT AT SUPERIOR NATIONAL AT LUTSEN GOLF COURSE (pages 41-51)

Bajda stated this agreement is for the 2024 calendar year and in response to retirement of Scott Harrison from Board of Governors. Indicated that Scott's retirement required staff and Board of Governors to review current workload and how tasks would be thoughtfully divided to minimize any impact to operations or staffing. Stated that Mike Larson has experience, history and knowledge of golf course operations and strong relationship with key staff to provide supervision and direction on operation matters while working closely with Executive Director, salaried golf course staff, and the Board of Governors. Confirmed these services will be paid for by golf course.

**Vote to approve Resolution 2023-24** (Shackleton/Bursheim) Vote: Passed (5/0)

**2023-25** RESOLUTION AUTHORIZING AN AGREEMENT WITH MIKE LARSON TO PROVIDE PROFESSIONAL SERVICES FOR THE COOK COUNTY/GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY IN AN AMOUNT NOT TO EXCEED \$12,000 FOR THE PURPOSE OF DRAFTING A STRATEGIC REPORT FOR SUPERIOR NATIONAL AT LUTSEN GOLF COURSE (pages 52-62)

Bajda stated a scope of services is outlined on page 62 of the agenda packet. Indicated this report will compile existing studies and reports related to golf course operations, maintenance, staffing, marketing, visitor ship, etc. and provide EDA Board and Board of Governors will information to assess where the golf course has been, where deficiencies or threats to operations might exist and where we're going. Confirmed this report is not a recommendation by Mike Larson, rather a tool for the EDA to determine whether any recommendations need to be made to maintain Superior National at Lutsen as a destination course well positioned for future success.

Somnis recused herself as she will assist Mike Larson with portions of the report. Shared the preliminary results of the Economic Impact Study recently completed for the golf course which points to roughly \$18 million in self-reported spending from golf course patrons.

**Vote to approve Resolution 2023-25** (Shackleton/Bursheim) Vote: Passed (4/0) (1) Somnis abstained.

**2023-26** RESOLUTION AUTHORIZING A CONSULTING AGREEMENT WITH NORTHLAND FOUNDATION FOR SMALL BUSINESS CONSULTING FOR A TOTAL AMOUNT NOT TO EXCEED \$49,980 (pages 63-66)

Bajda indicated this agreement will continue partnership with Northland Foundation and SBDC consultant Pat Campanaro. Thrilled to see an increase in yearly contract amount expressed gratitude for Pat's work in Cook County.

**Vote to approve Resolution 2023-26** (Somnis/Shackleton) Vote: Passed (5/0)

**2023-27** RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE 2023 EMPLOYMENT AGREEMENT WITH AARON DAVIES RELATED TO GOLF COURSE SUPERINTENDENT DUTIES (pages 67-69)

Bajda stated this is for golf course Maintenance Superintendent and adds required language to authorize award of a yearly performance bonus in 2023 for auditing purposes. **Vote to approve Resolution 2023-27** (Somnis/Shackleton) Vote: Passed (5/0)

**2023-28** RESOLUTION AUTHORIZING EMPLOYMENT AGREEMENTS WITH HEATH EKSTROM AND AARON DAVIES FOR SERVICES AT SUPERIOR NATIONAL AT LUTSEN GOLF COURSE IN 2024 (pages 70-82)

Bajda stated while 2023 contracts go through mid-2024, new contracts for 2024 required to include earned sick and safe time language, while also removing language for award of yearly performance bonuses which pose challenges with yearly audit and budgeting. Noted the agreements reflect an increase in annual salary in lieu of a performance bonus. **Vote to approve Resolution 2023-28** (Somnis/Shackleton) Vote: Passed (5/0)

#### **b. Approval of annual bonus compensation Superior National at Lutsen**

Shackleton confirmed bonus amounts for two salaried positions.

**Vote to approve bonus compensation** (Shackleton/Somnis) Vote: Passed (5/0)

### **8. Other/Old Business**

#### **a. Executive Director Updates**

- Board 2023 Per Diem Payment

Bajda has reviewed these for the year and will request book keeper to issue this week.

- Renewal of WTIP underwriting contract

Bajda said this is up for renewal in June, no decision needed tonight just wants members to consider value and messaging to confirm for 2024 budget. Cost was \$2,080.00 for one year.

- Transition plan Superior National at Lutsen

Bajda is serving as Secretary on the Superior National Board of Governors. She reviewed the sections of transition plan.

- ESST Superior National at Lutsen Staff

Bajda reported that beginning January 1<sup>st</sup>, all golf course staff will accrue 1 hour of earned sick and safe time for every 30 hours worked, not to exceed 48 hours in a year, with a year over year balance maximum of 80 hours.

- Meeting live stream

Bajda confirmed OWL order has been placed and was hopeful would have been here in time for the meeting, but will aim for January to start live streaming. Requested board authorize minute taking services continue in 2024.

- Sponsorship request from CCLEP

Bajda shared sponsorship request form CCLEP for their February 7<sup>th</sup> Builders Workshop that supports localized workforce development and continuing education credits for our local tradespeople. **Vote to support CCLEP workshop at the \$1,000 visionary level** (Somnis/Bursheim) Vote: Passed (5/0)

- 2024 Budget

Bajda confirmed the County Board of Commissioners approved the EDA 2024 budget at \$490,720 at the County board meeting earlier this morning.

#### **b. SBDC Report (page 83)**

- Campanaro said Northland Foundation extended the 2023 contract to fund her position through December. She also highlighted two programs that Northland supports, a low interest construction & rehabilitation commercial loan program and Border Cities Grant Program for businesses that saw a 10% reduction in revenues from 2019 through 2021 due to border and/or BWCA closures. Full annual report will be in the January 2024 packet.

- Cooperation Presentation Slides (pages 84-88)

Campanaro introduced this concept as a collaboration between business competitors in the hope of mutually beneficial results. An example is the cooperation of competing Gunflint Trail businesses when one is in need or the creation of the COVID-19 vaccines.

#### **9. Committee Reports**

None.

#### **10. Commissioner Items**

None.

#### **11. Adjourn**

President Surbaugh adjourned the December 19, 2023 meeting at 4:57 p.m.

*Next Meeting: January 16, 2024 at 4:00 p.m. Cook County Courthouse – Commissioner’s Room.*

# Cook County/Grand Marais Economic Development Authority

## Balance Sheet

As of December 31, 2023

	TOTAL		
	AS OF DEC 31, 2023	AS OF DEC 31, 2022 (PY)	% CHANGE
<b>ASSETS</b>			
Current Assets			
Bank Accounts			
GMSB Checking Account	16,709.70		
GMSB Money Market	468,806.47	177,206.80	164.55 %
NSFCU 5162030 Checking	56,405.23	382,733.20	-85.26 %
NSFCU Money Market (87)	0.00	134,583.25	-100.00 %
NSFCU Patronage	2.22	1,019.37	-99.78 %
NSFCU Savings	10.19	10,024.93	-99.90 %
<b>Total Bank Accounts</b>	<b>\$541,933.81</b>	<b>\$705,567.55</b>	<b>-23.19 %</b>
Accounts Receivable			
Accounts Receivable	2,372.37	25,000.00	-90.51 %
<b>Total Accounts Receivable</b>	<b>\$2,372.37</b>	<b>\$25,000.00</b>	<b>-90.51 %</b>
Other Current Assets			
Due from Lutsen Recreation	13,392.11	23,429.98	-42.84 %
Due from Lutzen Mountainside	10,800.00		
Due from SNL	0.00	150,000.00	-100.00 %
Prepaid Rent	915.00	915.00	0.00 %
Taxes Receivable - current	19,926.46	19,926.46	0.00 %
Taxes Receivable - delinquent	8,396.00	8,396.00	0.00 %
Undeposited Funds	0.00	0.00	
<b>Total Other Current Assets</b>	<b>\$53,429.57</b>	<b>\$202,667.44</b>	<b>-73.64 %</b>
<b>Total Current Assets</b>	<b>\$597,735.75</b>	<b>\$933,234.99</b>	<b>-35.95 %</b>
Fixed Assets			
Land Held for Resale	303,000.00	303,000.00	0.00 %
<b>Total Fixed Assets</b>	<b>\$303,000.00</b>	<b>\$303,000.00</b>	<b>0.00 %</b>
Other Assets			
Tac Area Bus Relief Note Rec	0.00	171,201.29	-100.00 %
<b>Total Other Assets</b>	<b>\$0.00</b>	<b>\$171,201.29</b>	<b>-100.00 %</b>
<b>TOTAL ASSETS</b>	<b>\$900,735.75</b>	<b>\$1,407,436.28</b>	<b>-36.00 %</b>

# Cook County/Grand Marais Economic Development Authority

## Balance Sheet

As of December 31, 2023

	TOTAL		
	AS OF DEC 31, 2023	AS OF DEC 31, 2022 (PY)	% CHANGE
<b>LIABILITIES AND EQUITY</b>			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable	1,559.25	0.00	
<b>Total Accounts Payable</b>	<b>\$1,559.25</b>	<b>\$0.00</b>	<b>0.00%</b>
Credit Cards			
Visa Credit Card	636.26		
<b>Total Credit Cards</b>	<b>\$636.26</b>	<b>\$0.00</b>	<b>0.00%</b>
Other Current Liabilities			
Contingent Liability	0.00	216,000.00	-100.00 %
Deferred Revenue	0.00	0.00	
Due to City of Grand Marais	362,762.02	362,762.02	0.00 %
Due to Cook County	0.00	100,000.00	-100.00 %
Due to Workforce Recruitment	0.00	0.00	
Salaries/Benefits	0.00	29,820.01	-100.00 %
<b>Total Other Current Liabilities</b>	<b>\$362,762.02</b>	<b>\$708,582.03</b>	<b>-48.80 %</b>
<b>Total Current Liabilities</b>	<b>\$364,957.53</b>	<b>\$708,582.03</b>	<b>-48.49 %</b>
Long-Term Liabilities			
Unavailable Rev - Deferred Tax	8,396.00	8,396.00	0.00 %
<b>Total Long-Term Liabilities</b>	<b>\$8,396.00</b>	<b>\$8,396.00</b>	<b>0.00 %</b>
<b>Total Liabilities</b>	<b>\$373,353.53</b>	<b>\$716,978.03</b>	<b>-47.93 %</b>
Equity			
Opening Bal Equity	-11,596.18	131,395.58	-108.83 %
Retained Earnings	559,062.67	590,941.34	-5.39 %
Net Income	-20,084.27	-31,878.67	37.00 %
<b>Total Equity</b>	<b>\$527,382.22</b>	<b>\$690,458.25</b>	<b>-23.62 %</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$900,735.75</b>	<b>\$1,407,436.28</b>	<b>-36.00 %</b>



# Cook County/Grand Marais Economic Development Authority

Budget vs. Actuals: FY\_2023 - FY23 P&L

January - December 2023

	TOTAL		
	ACTUAL	BUDGET	% OF BUDGET
<b>Income</b>			
EDA Levy			
Levy County - Operations	234,773.01	295,000.00	79.58 %
Levy County Cedar Grove Pass Thru	59,066.81		
<b>Total EDA Levy</b>	<b>293,839.82</b>	<b>295,000.00</b>	<b>99.61 %</b>
<b>Grant Income</b>			
IRRRB - Community Connections	50,000.00		
IRRRB Birch Bark Demolition Grant	46,300.00		
Misc Income	212.00		
<b>Total Grant Income</b>	<b>96,512.00</b>		
Interest Income	1,391.76		
Northland SBDC Income	42,033.75		
Rent Income	4,200.00		
Sale of Business Lots (deleted)	0.00		
Uncategorized Income	0.00		
<b>Total Income</b>	<b>\$437,977.33</b>	<b>\$295,000.00</b>	<b>148.47 %</b>
<b>GROSS PROFIT</b>	<b>\$437,977.33</b>	<b>\$295,000.00</b>	<b>148.47 %</b>
<b>Expenses</b>			
Dues/Memberships	6,075.00		
Melio Service Fees (deleted)	0.00		
<b>Operating Expenses</b>			
Advertising/Marketing/Website	5,470.70	3,500.00	156.31 %
Bank Charges	112.00	100.00	112.00 %
Melio Service Fees	30.00		
<b>Total Bank Charges</b>	<b>142.00</b>	<b>100.00</b>	<b>142.00 %</b>
Director Search Expense	925.26		
Insurance	5,361.00	4,000.00	134.03 %
Interest Expense	1,000.00		
Meeting Expenses & Per Diem	3,255.00	3,000.00	108.50 %
Office Expenses	19.00		
Equipment/Computers/Virtual	4,844.25	4,000.00	121.11 %
Supplies	1,104.86	1,000.00	110.49 %
<b>Total Office Expenses</b>	<b>5,968.11</b>	<b>5,000.00</b>	<b>119.36 %</b>
Rent Expense	13,115.76	15,000.00	87.44 %
Telephone	1,431.31	1,200.00	119.28 %
<b>Total Operating Expenses</b>	<b>36,669.14</b>	<b>31,800.00</b>	<b>115.31 %</b>
<b>Professional Services</b>			
Accounting Support	3,455.00	4,200.00	82.26 %
Legal		2,000.00	
SBDC Consultant Expense	35,720.00		
SBDC Expenses - Other	6,313.75		
State Audit	21,250.00	18,000.00	118.06 %

# Cook County/Grand Marais Economic Development Authority

Budget vs. Actuals: FY\_2023 - FY23 P&L

January - December 2023

		TOTAL	
	ACTUAL	BUDGET	% OF BUDGET
<b>Total Professional Services</b>	<b>66,738.75</b>	<b>24,200.00</b>	<b>275.78 %</b>
PROJECTS			
Business Development Program	62,965.95	110,000.00	57.24 %
Cedar Grove Business Park Pass Thru	82,648.52		
Property Tax	14,390.41		
<b>Total Cedar Grove Business Park Pass Thru</b>	<b>97,038.93</b>		
Housing Projects	50,000.00		
IRRRB - Community Connections	50,000.00		
IRRRB Birch Bark Demolition Grant	46,300.00		
<b>Total PROJECTS</b>	<b>306,304.88</b>	<b>110,000.00</b>	<b>278.46 %</b>
Staff Expenses			
Director Salary (w/ benefits)	40,978.66	90,000.00	45.53 %
Training/Travel/Mileage	1,295.17	4,000.00	32.38 %
<b>Total Staff Expenses</b>	<b>42,273.83</b>	<b>94,000.00</b>	<b>44.97 %</b>
Tax			
Payroll		35,000.00	
<b>Total Tax</b>		<b>35,000.00</b>	
<b>Total Expenses</b>	<b>\$458,061.60</b>	<b>\$295,000.00</b>	<b>155.28 %</b>
NET OPERATING INCOME	<b>\$ -20,084.27</b>	<b>\$0.00</b>	<b>0.00%</b>
NET INCOME	<b>\$ -20,084.27</b>	<b>\$0.00</b>	<b>0.00%</b>

Bill Approval Status  
29 Dec 2023 - 08 Jan 2024

BILL NUMBER	VENDOR	BILL DATE	AMOUNT	PAID STATUS	APPROVAL STATUS	DUE DATE
3614714	Melio	12/29/2023	\$1.50	Paid	--	12/29/2023
--	Surbaugh, Steve	12/31/2023	\$360.00	Paid	--	01/10/2024
--	Hedstrom, Howard	12/31/2023	\$330.00	Paid	--	01/10/2024
--	Shackleton, Mark	12/31/2023	\$360.00	Paid	--	01/10/2024
--	Myron Bursheim	12/31/2023	\$420.00	Paid	--	01/10/2024
--	Twin City VoIP Inc	12/31/2023	\$29.25	Paid	--	01/10/2024
--	Somnis, Mary	12/31/2023	\$90.00	Paid	--	01/10/2024
--	Tracy Benson	12/31/2023	\$330.00	Paid	--	01/10/2024
231203	Campanaro, Pat	01/07/2024	\$3,570.00	Paid	--	01/17/2024
175	Drosera Holdings	01/07/2024	\$1,093.26	Paid	--	01/17/2024
2315	Maggie Barnard	01/07/2024	\$68.75	Paid	--	01/17/2024
--	Destination Consultancy Group, LLC	01/07/2024	\$2,500.00	Paid	--	01/17/2024
12311	Fryberger, Buchanan	01/07/2024	\$548.00	Paid	--	01/17/2024
12312	Fryberger, Buchanan	01/07/2024	\$615.00	Paid	--	01/17/2024
223	Sarena Crowley	01/07/2024	\$300.00	Paid	--	01/17/2024
--	Sundew Technical Services	01/07/2024	\$1,058.23	Paid	--	01/17/2024

# Superior National

## Balance Sheet

As of December 31, 2023

	TOTAL	
	AS OF DEC 31, 2023	AS OF DEC 31, 2022 (PY)
<b>ASSETS</b>		
Current Assets		
Bank Accounts		
Cash on Hand	1,100.00	1,100.00
NSFCU Checking	0.00	
NSFCU Checking 5162029	38,967.67	163,048.24
NSFCU Money Market	412,126.53	258,757.22
NSFCU Patronage Rebate	1,029.45	817.07
NSFCU Savings	10.00	10.00
<b>Total Bank Accounts</b>	<b>\$453,233.65</b>	<b>\$423,732.53</b>
Accounts Receivable		
Accounts Receivable	0.00	1,410.00
<b>Total Accounts Receivable</b>	<b>\$0.00</b>	<b>\$1,410.00</b>
Other Current Assets		
	<b>\$29,472.42</b>	<b>\$37,662.09</b>
<b>Total Current Assets</b>	<b>\$482,706.07</b>	<b>\$462,804.62</b>
Fixed Assets		
Accumulated Depreciation	-6,632,218.98	-6,632,218.98
Building - Club House	426,088.97	426,088.97
Building - Maintenance	69,357.03	69,357.03
Capital Items	26,350.00	0.00
Club House Equipment	133,018.81	125,433.81
Golf Course Equipment	1,405,662.23	1,349,950.41
Golf Course Land	213,685.00	213,685.00
Land Improvements - 1st 18 Hole	2,705,805.25	2,705,805.25
Land Improvements - New Nine	1,966,820.63	1,966,820.63
Land Improvements 2013 - 2017	5,973,887.00	5,973,887.00
<b>Total Fixed Assets</b>	<b>\$6,288,455.94</b>	<b>\$6,198,809.12</b>
Other Assets		
Deferred Outflow - Pension	63,452.00	63,452.00
Right to use leased assets	347,232.00	347,232.00
<b>Total Other Assets</b>	<b>\$410,684.00</b>	<b>\$410,684.00</b>
<b>TOTAL ASSETS</b>	<b>\$7,181,846.01</b>	<b>\$7,072,297.74</b>

# Superior National

## Balance Sheet

As of December 31, 2023

	TOTAL	
	AS OF DEC 31, 2023	AS OF DEC 31, 2022 (PY)
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Current Liabilities		
Accounts Payable		
*Accounts Payable	25,636.15	-1,508.89
<b>Total Accounts Payable</b>	<b>\$25,636.15</b>	<b>\$ -1,508.89</b>
Credit Cards	<b>\$0.00</b>	<b>\$ -350.00</b>
Other Current Liabilities		
Direct Deposit Payable	0.00	0.00
Due to EDA	0.00	150,000.00
Gift Certificates	33,710.21	27,193.38
Minnesota Department of Revenue Payable	0.00	
Payroll Liabilities		
Child Support	0.00	0.00
Federal Taxes (941/944)	0.00	0.00
MN Income Tax	0.00	0.00
MN Unemployment Taxes	19,226.82	17,816.57
PERA Employee	646.17	0.00
PERA Life	0.00	
Rent	0.00	0.00
<b>Total Payroll Liabilities</b>	<b>19,872.99</b>	<b>17,816.57</b>
Sales Tax Payable	-71,648.98	1,213.52
Tips Payable	0.00	743.60
<b>Total Other Current Liabilities</b>	<b>\$ -18,065.78</b>	<b>\$196,967.07</b>
<b>Total Current Liabilities</b>	<b>\$7,570.37</b>	<b>\$195,108.18</b>
Long-Term Liabilities		
Deferred Inflow - Pension	50,663.00	50,663.00
Lease Liability	264,656.00	264,656.00
Loan Payable - Cook County	2,169,972.00	2,169,972.00
Net Pension Liability	198,001.00	198,001.00
<b>Total Long-Term Liabilities</b>	<b>\$2,683,292.00</b>	<b>\$2,683,292.00</b>
<b>Total Liabilities</b>	<b>\$2,690,862.37</b>	<b>\$2,878,400.18</b>
Equity	<b>\$4,490,983.64</b>	<b>\$4,193,897.56</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$7,181,846.01</b>	<b>\$7,072,297.74</b>

# Superior National

## Profit and Loss

December 2023

	TOTAL	
	DEC 2023	JAN - DEC 2023 (YTD)
<b>Revenue</b>		
Golfing Related Sales		
3% Service Fee		35,314.98
Cart Rentals		226,907.50
Club Rentals/Lessons		11,670.28
Driving Range Fees		12,036.74
Greens Fees	703.05	905,482.88
Membership Fees	195.00	47,615.00
<b>Total Golfing Related Sales</b>	<b>898.05</b>	<b>1,239,027.38</b>
Lutsen 99er		40,570.00
Merchandise, Beverage & Food		
Beverage Sales	3,939.83	150,881.67
Food Sales	4,283.04	86,436.21
Merchandise Sales	289.66	167,012.45
N/A Beverage Sales		0.00
<b>Total Merchandise, Beverage &amp; Food</b>	<b>8,512.53</b>	<b>404,330.33</b>
Sales - Unallocated	-2,085.45	5,603.01
Uncategorized Income		0.00
<b>Total Revenue</b>	<b>\$7,325.13</b>	<b>\$1,689,530.72</b>
<b>Cost of Goods Sold</b>		
Beverage CoGS	781.10	72,046.17
Food CoGS	1,041.99	44,419.48
Merchandise CoGS	16,349.76	95,721.11
<b>Total Cost of Goods Sold</b>	<b>\$18,172.85</b>	<b>\$212,186.76</b>
<b>GROSS PROFIT</b>	<b>\$ -10,847.72</b>	<b>\$1,477,343.96</b>
<b>Expenditures</b>		
Administrative & General		
Computers/POS		1,053.23
Credit Card Fees	177.00	46,281.32
Employee Recruitment		182.50
Insurance		12,814.28
Licenses/Permits/Dues	862.25	4,293.43
Office Expense	148.67	3,275.76
Rent Expense		2,597.47
Travel Expense	319.25	3,189.99
<b>Total Administrative &amp; General</b>	<b>1,507.17</b>	<b>73,687.98</b>
Club House		
Cart Lease		91,978.94
Cash Over/Short		1,142.00
Paper Products/Cleaning Supply		1,556.96

# Superior National

## Profit and Loss

December 2023

	TOTAL	
	DEC 2023	JAN - DEC 2023 (YTD)
Repairs and Maintenance	534.70	5,364.61
Supplies	2,396.46	8,124.13
Uniforms	641.48	8,153.69
Utilities		3,971.86
Electric - Club House	388.84	10,453.14
Internet - Club House	519.85	2,591.76
Propane - Club House	972.77	5,258.96
Telephone - Club House	269.11	3,494.59
Television - Club House	172.06	2,558.43
<b>Total Utilities</b>	<b>2,322.63</b>	<b>28,328.74</b>
<b>Total Club House</b>	<b>5,895.27</b>	<b>144,649.07</b>
Grounds Maintenance		142.09
Cart Maintenance	2,800.00	24,173.26
Course Improvement		2,837.51
Fertilizer & Chemicals		17,638.00
Gas/Lube	1,271.74	45,843.53
Irrigation Expense		6,618.44
Seed & Soil	282.79	5,410.20
Shop Expense	1,380.74	8,334.07
Small Tools/Parts	2,206.27	52,011.59
Supplies	8,606.11	21,212.80
Utilities		535.86
Electric	369.15	17,973.80
Garbage	678.60	3,764.92
Internet		0.00
Propane	425.90	1,424.87
Septic		5,162.02
Telephone		0.00
<b>Total Utilities</b>	<b>1,473.65</b>	<b>28,861.47</b>
Vehicle Maintenance/Gas	1,753.19	1,753.19
<b>Total Grounds Maintenance</b>	<b>19,774.49</b>	<b>214,836.15</b>
Melio Service Fees	21.00	111.00
Payroll Expenses		
Company Contributions		<b>0.00</b>
Payroll Burden		
MN Unemployment Insurance		8,407.06
Payroll Taxes	3,849.79	63,896.53
Retirement/PERA	2,816.32	14,747.38
Work Comp Insurance		7,972.66
<b>Total Payroll Burden</b>	<b>6,666.11</b>	<b>95,023.63</b>

# Superior National

## Profit and Loss

December 2023

	TOTAL	
	DEC 2023	JAN - DEC 2023 (YTD)
Salaries/Wages		
Grounds	18,571.00	150,063.36
Proshop	14,664.02	223,865.71
Salaried Employees	9,230.78	118,653.98
<b>Total Salaries/Wages</b>	<b>42,465.80</b>	<b>492,583.05</b>
Wages	0.00	0.00
<b>Total Payroll Expenses</b>	<b>49,131.91</b>	<b>587,606.68</b>
Professional Services		
Accounting/Audit	1,368.25	10,011.55
Marketing and Promotion	7,642.00	80,756.33
<b>Total Professional Services</b>	<b>9,010.25</b>	<b>90,767.88</b>
Uncategorized Expense		0.00
<b>Total Expenditures</b>	<b>\$85,340.09</b>	<b>\$1,111,658.76</b>
NET OPERATING REVENUE	<b>\$ -96,187.81</b>	<b>\$365,685.20</b>
Other Revenue		
Interest Income	710.93	3,706.55
<b>Total Other Revenue</b>	<b>\$710.93</b>	<b>\$3,706.55</b>
Other Expenditures		
Capital Expenditures	32,167.87	42,911.04
Misc Expense	626.14	5,165.86
<b>Total Other Expenditures</b>	<b>\$32,794.01</b>	<b>\$48,076.90</b>
NET OTHER REVENUE	<b>\$ -32,083.08</b>	<b>\$ -44,370.35</b>
NET REVENUE	<b>\$ -128,270.89</b>	<b>\$321,314.85</b>



**COOK COUNTY / GRAND MARAIS JOINT  
ECONOMIC DEVELOPMENT AUTHORITY**

ANNUAL FINANCIAL REPORT

December 31, 2022

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COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY  
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## INTRODUCTORY SECTION

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COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY  
ORGANIZATION  
December 31, 2022

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		<u>Term Expires</u>
Commissioners:		
President	Howard Hedstrom	December 2025
Vice President	Anton Moody	December 2022
Treasurer	Scott Harrison	December 2023
Secretary	Ann Sullivan	December 2022
Commissioner	Myron Bursheim	December 2024
Commissioner	Mark Shackleton	December 2026
Commissioner	Steve Surbaugh	December 2024

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Cook County / Grand Marais Joint  
Economic Development Authority  
Grand Marais, Minnesota

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Cook County / Grand Marais Joint Economic Development Authority, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Cook County / Grand Marais Joint Economic Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of Cook County / Grand Marais Joint Economic Development Authority, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cook County / Grand Marais Joint Economic Development Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cook County / Grand Marais Joint Economic Development Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cook County / Grand Marais Joint Economic Development Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cook County / Grand Marais Joint Economic Development Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### *Change in Accounting Principle*

As described in Note 7 to the financial statements, Cook County / Grand Marais Joint Economic Development Authority adopted new accounting guidance for the year ended December 31, 2022, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule and the schedules of pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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. Our opinions on the basic financial statements are not affected by this missing information.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023 on our consideration of Cook County / Grand Marais Joint Economic Development Authority'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 / Grand Marais Joint Economic Development Authority'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 / Grand Marais Joint Economic Development Authority's internal control over financial reporting and compliance.

*Redpath and Company, LLC*

REDPATH AND COMPANY, LLC  
St. Paul, Minnesota

December 20, 2023

## **BASIC FINANCIAL STATEMENTS**

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COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

Statement 1

December 31, 2022

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$705,567	\$423,732	\$1,129,299
Taxes receivable	28,322	-	28,322
Accounts receivable	25,000	4,610	29,610
Prepaid expenses	915	-	915
Internal balances	150,000	(150,000)	-
Inventory	-	34,462	34,462
Land held for resale	303,000	-	303,000
Loans receivable (see Note 10)	194,619	-	194,619
<b>Capital assets:</b>			
Nondepreciable	-	213,685	213,685
Depreciable - net of accumulated depreciation	-	6,332,356	6,332,356
Total assets	<u>1,407,423</u>	<u>6,858,845</u>	<u>8,266,268</u>
Deferred outflows of resources related to pensions	-	63,452	63,452
<b>Liabilities:</b>			
Accounts payable	-	17,915	17,915
Due to City of Grand Marais	362,762	-	362,762
Due to Cook County	129,820	-	129,820
Due to Minnesota Housing Finance Agency	216,000	-	216,000
Gift certificates	-	27,193	27,193
Lease liability - due within one year	-	84,564	84,564
<b>Long-term liabilities due in more than one year:</b>			
Lease liability - noncurrent portion	-	180,092	180,092
Loans payable to Cook County	-	2,169,972	2,169,972
Net pension liability	-	198,001	198,001
Total liabilities	<u>708,582</u>	<u>2,677,737</u>	<u>3,386,319</u>
Deferred inflows of resources related to pensions	-	50,663	50,663
<b>Net position:</b>			
Net investment in capital assets	-	4,111,413	4,111,413
Unrestricted	698,841	82,484	781,325
Total net position	<u>\$698,841</u>	<u>\$4,193,897</u>	<u>\$4,892,738</u>

The accompanying notes are an integral part of these financial statements.

COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY  
 STATEMENT OF ACTIVITIES  
 For The Year Ended December 31, 2022

	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<u>Functions/Programs:</u>			
Governmental activities:			
Economic development	\$503,482	\$ -	\$67,350
Business-type activities:			
Golf course	1,316,231	1,102,966	70,000
Total	<u>\$1,819,713</u>	<u>\$1,102,966</u>	<u>\$137,350</u>

The accompanying notes are an integral part of these financial statements.

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs:</u>			
Governmental activities:			
Economic development	(\$436,132)	\$ -	(\$436,132)
Business-type activities:			
Golf course	-	(143,265)	(143,265)
Total	(436,132)	(143,265)	(579,397)
General revenues:			
Property taxes	403,376	-	403,376
Unrestricted investment earnings	1,374	1,118	2,492
Miscellaneous	4,578	1,218	5,796
Total general revenues	409,328	2,336	411,664
Change in net position	(26,804)	(140,929)	(167,733)
Net position - beginning	725,645	4,334,826	5,060,471
Net position - ending	\$698,841	\$4,193,897	\$4,892,738

The accompanying notes are an integral part of these financial statements.

COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 GENERAL FUND  
 December 31, 2022

Statement 3

<b>Assets:</b>	
Cash and cash equivalents	\$705,567
Taxes receivable	28,322
Accounts receivable	25,000
Prepaid expenses	915
Due from other funds	150,000
Land held for resale	303,000
Loans receivable (see Note 10)	194,619
	<hr/>
Total assets	<u>\$1,407,423</u>
<b>Liabilities:</b>	
Due to City of Grand Marais	\$362,762
Due to Cook County	129,820
Due to Minnesota Housing Finance Agency	216,000
Total liabilities	<u>708,582</u>
<b>Deferred inflows of resources:</b>	
Unavailable revenue - taxes	8,396
	<hr/>
<b>Fund Balance:</b>	
Nonspendable - prepaid items	915
Unassigned	689,530
Total fund balance	<u>690,445</u>
	<hr/>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$1,407,423</u>
	<hr/>
Fund balance reported above	\$690,445
Long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds	8,396
Net position of governmental activities (Statement 1)	<u>\$698,841</u>
	<hr/>

The accompanying notes are an integral part of these financial statements.

**COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -**  
**GOVERNMENTAL FUNDS**  
**GENERAL FUND**  
For The Year Ended December 31, 2022

**Statement 4**

<b>Revenues:</b>	
Taxes	\$398,302
Intergovernmental	25,000
SBDC Consultant reimbursements	42,350
Miscellaneous	5,952
<b>Total revenues</b>	<u><u>471,604</u></u>
<b>Expenditures:</b>	
<b>Current:</b>	
<b>Operations:</b>	
Accounting	2,490
Advertising/marketing/website	6,784
Rent	12,551
Other	6,079
<b>Staffing:</b>	
Director	112,319
SBDC Consultant expense	41,175
Travel	3,941
<b>Projects:</b>	
Business development & housing projects	188,750
Cedar Grove Business Park	78,532
Cedar Grove stormwater project	13,041
Fire Relief grants	24,000
Taconite Area Business Relief grants	13,820
<b>Total expenditures</b>	<u><u>503,482</u></u>
<b>Change in fund balance</b>	<b>(31,878)</b>
<b>Fund balance - January 1</b>	<u><u>722,323</u></u>
<b>Fund balance - December 31</b>	<u><u><u>\$690,445</u></u></u>

The accompanying notes are an integral part of these financial statements.

**COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
 For The Year Ended December 31, 2022

**Statement 5**

---

Change in fund balance - governmental funds (Statement 4) (\$31,878)

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	8,396	
Deferred inflows of resources - January 1	<u>(3,322)</u>	<u>5,074</u>

Change in net position of governmental activities (Statement 2) (\$26,804)

COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY  
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
 GOLF COURSE ENTERPRISE FUND  
 December 31, 2022

Statement 6

Assets:	
Cash and cash equivalents	\$423,732
Accounts receivable	4,610
Inventory	34,462
Total current assets	<u>462,804</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	213,685
Depreciable - net of accumulated depreciation	6,332,356
Total noncurrent assets	<u>6,546,041</u>
Total assets	<u>7,008,845</u>
Deferred outflows of resources related to pensions	<u>63,452</u>
Liabilities:	
Current liabilities:	
Accounts payable	17,915
Gift certificates	27,193
Due to other funds	150,000
Lease liability - due within one year	84,564
Total current liabilities	<u>279,672</u>
Noncurrent liabilities:	
Lease liability - due in more than one year	180,092
Loan payable to Cook County	2,169,972
Net pension liability	198,001
Total noncurrent liabilities	<u>2,548,065</u>
Total liabilities	<u>2,827,737</u>
Deferred inflows of resources related to pensions	<u>50,663</u>
Net Position:	
Net investment in capital assets	4,111,413
Unrestricted	82,484
Total net position	<u>\$4,193,897</u>

The accompanying notes are an integral part of these financial statements.

COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY  
 STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION -  
 PROPRIETARY FUNDS  
 GOLF COURSE ENTERPRISE FUND  
 For The Year Ended December 31, 2022

Statement 7

Operating revenues:	
Sales:	
Food and beverage	\$180,976
Merchandise	152,776
Less: cost of goods sold	(205,603)
Net sales	<u>128,149</u>
Green fees	678,588
Cart rental fees	214,496
Other	81,733
Total operating revenues	<u>1,102,966</u>
Operating expenses:	
Salaries and wages	421,908
Payroll taxes and benefits	41,902
Administrative and general:	
Credit card fees	40,627
Insurance	22,690
Marketing and promotion	71,619
Other	25,428
Clubhouse:	
Repairs and maintenance	3,466
Supplies	15,933
Utilities	19,430
Cash (over) short	(462)
Grounds maintenance:	
Fertilizer and chemicals	53,745
Irrigation	10,451
Repairs and maintenance	62,485
Seed and soil	14,050
Supplies	34,352
Utilities	30,048
Depreciation / amortization	437,256
Total operating expenses	<u>1,304,928</u>
Operating income (loss)	<u>(201,962)</u>
Nonoperating revenues (expenses):	
Interest income	1,118
Interest expense	(11,303)
Marketing grants	70,000
Miscellaneous revenue	1,218
Total nonoperating revenues (expenses)	<u>61,033</u>
Change in net position	(140,929)
Net position - January 1	<u>4,334,826</u>
Net position - December 31	<u>\$4,193,897</u>

The accompanying notes are an integral part of these financial statements.



COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY  
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
 GOLF COURSE ENTERPRISE FUND  
 For The Year Ended December 31, 2022

Statement 8

Cash flows provided by operating activities:	
Receipts from customers	\$1,307,525
Payments to suppliers	(617,439)
Payments to employees	(462,677)
Miscellaneous revenue	1,218
Net cash flows provided by operating activities	<u>228,627</u>
Cash flows provided by noncapital financing activities:	
Marketing grants	70,000
Net cash flows provided by noncapital financing activities	<u>70,000</u>
Cash flows used by capital and related financing activities:	
Acquisition of capital assets	(267,250)
Principal paid on leases	(82,576)
Interest charges	(11,303)
Net cash flows used by capital and related financing activities	<u>(361,129)</u>
Cash flows from investment activities:	
Interest on investments	<u>1,118</u>
Net increase in cash and cash equivalents	(61,384)
Cash and cash equivalents - January 1	<u>485,116</u>
Cash and cash equivalents - December 31	<u><u>\$423,732</u></u>
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	(\$201,962)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:	
Miscellaneous revenue	1,218
Depreciation / amortization expense	437,256
(Increase) decrease in accounts receivable	(1,044)
(Increase) decrease in inventories	(8,918)
(Increase) decrease in deferred outflows related to pensions	51,520
Increase (decrease) in accounts payable	944
Increase (decrease) in deferred inflows related to pensions	(94,652)
Increase (decrease) in pension liability	44,265
Net cash flows from operating activities	<u><u>\$228,627</u></u>

The accompanying notes are an integral part of these financial statements.

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**Note 1**    **SUMMARY OF SIGNIFIANT ACCOUNTING POLICIES**

The Cook County / Grand Marais Joint Economic Development Authority's (the EDA) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). 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 EDA are discussed below.

**A. FINANCIAL REPORTING ENTITY**

The EDA was established June 14, 1988, pursuant to 1988 Minnesota Laws, Chapter 516, having all the powers and duties of an economic development authority under Minnesota Statutes §§ 469.090 to 469.1081. As required by accounting principles generally accepted in the United States of America, these financial statements present the EDA (primary government) and its component unit for which the EDA is financially accountable. The EDA is governed by a seven-member Board, of which four members are appointed by the Cook County Board of Commissioners and three members are appointed by the Grand Marais City Council. The Board is organized with a chair, vice chair, treasurer, and secretary, elected annually. The EDA is component unit of Cook County and is included in Cook County's annual financial report.

**BLENDED COMPONENT UNIT**

Blended component units are legally separate organizations but are so intertwined with a primary government that they are, in substance, the same as the primary government. Therefore, blended component units are reported as part of a primary government's operations. The EDA has one blended component unit, the CRMGC, LLC.

The EDA Commissioners comprise the governing board of the CRMGC, LLC, and EDA management has operational responsibility for the CRMGC, LLC. CRMGC, LLC did not report any financial activity in 2022 and separate financial statements are not prepared.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL 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 unit. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net position, both the governmental and business-type activities columns are reported on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The EDA's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of each function of the EDA's governmental activities and business-type activities are offset by program revenues. Direct expenses are those 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.

The fund financial statements provide information about the EDA's individual funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements.

The EDA reports the following major governmental fund:

The General Fund is the EDA's primary operating fund. It accounts for all financial resources of the general government not accounted for in other funds.

The EDA reports the following major enterprise fund:

The Golf Course Fund is used to account for the operations of the Superior National at Lutsen Golf Course.

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide and proprietary fund 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Government 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. The EDA considers all revenues as available if collected within 90 days after the end of the current period, except for taxes, which have a 60-day accrual period. 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 long-term debt and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt acquisitions under capital leases are reported as other financial sources.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

#### D. BUDGET

During or before July of each year, the EDA is required to annually send its non-appropriated budget to the Cook County Board of Commissioners and the Grand Marais City Council. The proposed budget is presented to the County Board and City Council for review. The Board and Council hold public hearings, and a final budget must be prepared and adopted no later than December 31.

The budget is prepared by function and includes a written estimate of the amount of money needed by the EDA from the County and City in order for the EDA to conduct business during the upcoming fiscal year. The annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund. All annual appropriations lapse at fiscal year-end.

For the year ended December 31, 2022, actual expenditures of the General Fund exceeded budgeted appropriations by \$81,882.

**E. PROPERTY TAXES**

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. The EDA approves an annual levy for operating purposes. Property taxes are collected by Cook County and are distributed to the EDA three times each year. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as taxes receivable. No allowance for uncollectible receivables has been provided because such amounts are not expected to be material.

**F. INTERFUND BALANCES**

Outstanding balances between funds are reported as “due from/to other funds” in the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**G. INVENTORY**

Inventory consists primarily of golf course merchandise held 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.

**H. LAND HELD FOR RESALE**

Land held for resale comprises the business lots for sale in the Cedar Grove Business Park. The EDA 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.

**I. CAPITAL ASSETS**

Capital assets, which include land and land improvements, construction in progress, buildings and structures, and clubhouse and course equipment, and right to use leased assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund statement of net position. Capital assets are defined by the EDA 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 an asset or materially extend an asset’s life are not capitalized.

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

Assets	Years
Land improvements	30
Buildings and structures	20
Equipment	3- 20

**J. UNEARNED REVENUE**

Unearned revenue is reported in connection with resources that have been received but not yet earned.

**K. COMPENSATED ABSENCES**

Certain full-time employees of the EDA and the golf course are entitled to vacation and sick leave. Vacation and sick leave for golf course employees must be used in the year it is earned. Unused vacation at year-end is not material and therefore, is not reported as a liability. Unused sick leave is not compensated.

**L. 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 represents a consumption of net assets that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The EDA has one item that qualifies for reporting in this category. It is the pension related deferred outflows of resources reported in the government-wide 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 represents an acquisition of net assets that applies to a future period and therefore will *not* be recognized as an inflow of resources (revenue) until that time. The EDA has pension related deferred inflows of resources reported in the government-wide statement of net position. The EDA also has a type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues relating to taxes.

**M. DEFINED BENEFIT 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 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 benefits payments and refund are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

**N. NET POSITION**

Net position in the government-wide and proprietary fund 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. The EDA has no restricted net position as of December 31, 2022.

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

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

**O. FUND BALANCE**

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

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, such as noncurrent loans, inventories, and prepaid items.

Restricted – amounts subject to external constraints imposed by creditors, 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 Board of Commissioners. Those committed amounts cannot be used for other purposes unless the Board of Commissioners remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned – amounts the EDA intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses as determined by the Board of Commissioners or by the Executive Director.

Unassigned – the residual classification in the General Fund; it includes all spendable amounts not contained in the other fund balance classifications.

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

When committed, assigned or unassigned resources are available for use, it is the EDA’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

**P. 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 amounts reported in the financial statements during the reporting period. Actual results could differ from the estimates.

**Note 2 DEPOSITS AND INVESTMENTS**

**A. DEPOSITS**

The EDA is authorized by Minnesota Statutes 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The EDA is required by Minnesota Statute 118A.03 to protect deposits with insurance, surety bond, or collateral. Minnesota Statute 118A.03 identifies allowable forms of 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.

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.

Custodial Credit Risk – Deposits – the risk that in the event of a bank failure, an entity's deposits may not be returned to it. The EDA does not have a deposit policy that is more restrictive than Minnesota Statutes.

As of December 31, 2022, the bank balance of the EDA's deposits with financial institutions was \$1,240,360 and the carrying amount was \$1,129,299.

Depository insurance offered by the Federal Deposit Insurance Corporation insured \$677,207 of the EDA's deposits as of December 31, 2022. No collateral was pledged to protect the remaining \$563,153 of deposits.

**B. INVESTMENTS**

The EDA may invest its funds in investments authorized by Minnesota Statutes 118A.04 and 118A.05. During 2022, the EDA did not have any such investments.



**Note 3 RECEIVABLES**

As of December 31, 2022, receivables of the EDA are as follows:

	Total Receivables	Amounts Not Expected to be Collected Within One Year
Governmental activities:		
General Fund:		
Taxes	\$28,322	\$5,000
Accounts	25,000	-
Loans receivable	194,619	170,250
Business-type activities:		
Golf course fund:		
Accounts	4,610	3,200
 Total receivables	 <u>\$252,551</u>	 <u>\$178,450</u>

Loans receivable represent amounts loaned to area businesses as follows:

During 2020, the EDA issued a promissory note to a local business in the amount of \$35,000. The note requires quarterly payments of \$2,035 at an interest rate of 2% per annum. As of December 31, 2022, the outstanding balance on the note was \$27,500.

During 2021, the EDA issued sixteen loans totaling \$194,850 as part of the Taconite Area Business Relief Program. The loans require quarterly payments based on a 10-year amortization schedule at a 0% interest rate. The loans issued under this program have the potential to be partially (up to 80%) forgiven. Various conditions must be met before the EDA's board will consider and approve forgiveness. Until such forgiveness occurs (see Note 10), outstanding balances are reported as loans receivable. As of December 31, 2022, the outstanding balance on the loans was \$167,119.

**Note 4 INTERFUND BALANCES**

The General Fund has loaned money to the Golf Course Fund to help cover start-up costs at the golf course in certain years. During 2022, \$0 was repaid by the Golf Course Fund and the outstanding balance as of December 31, 2022, was \$150,000. The golf course plans to repay the loan to the General Fund during 2023.

COOK COUNTY / GRAND MARAIS JOINT  
ECONOMIC DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

**Note 5 CAPITAL ASSETS**

Capital assets of governmental activities are immaterial and are not reported. Capital asset activity of business-type activities for the year ended December 31, 2022, is as follows:

	Beginning Balance, as Restated*	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$213,685	\$ -	\$ -	\$213,685
Capital assets being depreciated:				
Land improvements	10,561,732	84,781	-	10,646,513
Buildings and structures	422,146	73,300	-	495,446
Clubhouse and course equipment	1,366,215	109,169	-	1,475,384
Right to use leased assets	347,232	-	-	347,232
Total capital assets being depreciated	12,697,325	267,250	-	12,964,575
Less accumulated depreciation for:				
Land improvements	4,752,693	278,322	-	5,031,015
Buildings and structures	387,781	6,636	-	394,417
Clubhouse and course equipment	1,054,489	65,824	-	1,120,313
Right to use leased assets	-	86,474	-	86,474
Total accumulated depreciation	6,194,963	437,256	-	6,632,219
Total capital assets being depreciated, net	6,502,362	(170,006)	-	6,332,356
Total capital assets, net	\$6,716,047	(\$170,006)	\$ -	\$6,546,041

\* As discussed in Note 7, the EDA implemented GASB Statement No. 87 for the year ended December 31, 2022. Implementation of the standard resulted in a restatement of beginning balances, however, there was no net impact to overall beginning net position.

Depreciation and amortization expense in the amount of \$437,256 was charged to the golf course function during 2022.

**COOK COUNTY / GRAND MARAIS JOINT  
ECONOMIC DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022**

**Note 6 LONG-TERM LIABILITIES**

**GOVERNMENTAL ACTIVITIES**

The EDA received a \$225,000 loan in 2012 from Cook County to help fund operating costs. No amounts were repaid during 2022. As of December 31, 2022, \$100,000 was owed to Cook County. This amount was repaid during 2023.

The EDA constructed the Cedar Grove Business Park within the City of Grand Marais to provide land sites for new or existing businesses. The project was funded by the Minnesota Department of Employment and Economic Development, Iron Range Resources grants obtained by the city, and a city issued bond. The city has an agreement with the EDA whereby proceeds from lot sales are to be remitted to the city at the time of the sale to be used to help repay the city issued bond that financed the improvement. Unsold lots are recorded based on the lower of historical cost or fair value as land held for the resale and due to other governments on the balance sheet and statement of net position.

The EDA 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, 2022 was estimated to be \$303,000.

**BUSINESS-TYPE ACTIVITIES**

In October 2014, Cook County issued General Obligation Tax Abatement Bonds, Series 2014A, on behalf of the EDA. The bonds had an original issue amount of \$2,410,000 and mature on February 1, 2037. Proceeds from the bonds were used to help finance improvements to the Superior National at Lutsen Golf Course. The EDA entered into a loan agreement with Cook County to repay the County for the debt issued. The outstanding balance of the loan as of December 31, 2022 was \$2,169,972. No amounts were repaid during 2022.

**CHANGE IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Operating loan	\$100,000	\$ -	\$ -	\$100,000
Land held for resale	420,000	-	117,000	303,000
Business-type activities:				
Golf course loan	2,169,972	-	-	2,169,972
 Total long-term liabilities	 <u>\$2,689,972</u>	 <u>\$ -</u>	 <u>\$117,000</u>	 <u>\$2,572,972</u>

**COOK COUNTY / GRAND MARAIS JOINT  
ECONOMIC DEVELOPMENT AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

**Note 7 ADOPTION OF NEW ACCOUNTING STANDARD - LEASES**

The EDA implemented GASB Statement No. 87, *Leases* for the year ended December 31, 2022. As a result, right to use leased assets and a lease liability are reported on the Statement of Net Position and the Statement of Net Position – Proprietary Funds. Right to use leased assets are reported as part of capital assets.

**LEASE LIABILITIES**

As of December 31, 2022, the EDA had two outstanding leases associated with Superior National at Lutsen Golf Course (SNL).

Golf cart lease

SNL leases 72 golf carts. Five seasonal lease payments of \$8,283 are required each year through 2024, plus a final payment of \$144,000 is due November 1, 2024. After all lease payments are made, SNL has the option to purchase the golf carts for \$1. The lease liability is measured at a discount rate of 3.39%. The lease liability as of December 31, 2022, excluding interest, was \$214,589.

GPS display units lease

SNL leases 72 GPS display units for its golf carts. Six seasonal lease payments of \$8,427 are required each year through 2023. The lease liability is measured at a discount rate of 3.39%. The lease liability as of December 31, 2022, excluding interest, was \$50,067.

Lease liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance, as Restated*	Increases	Decreases	Ending Balance
Business-type activities:				
Golf cart lease	\$247,938	\$ -	\$33,349	\$214,589
GPS display units lease	99,294	-	49,227	50,067
<b>Total lease liability</b>	<b>\$347,232</b>	<b>\$ -</b>	<b>\$82,576</b>	<b>\$264,656</b>

\* The EDA implemented GASB Statement No. 87 for the year ended December 31, 2022. Implementation of the standard resulted in a restatement of beginning balances, however, there was no net impact to overall beginning net position.

For 2022, interest expense incurred relating to the leases was \$9,403. Future lease payments are as follows:

Year Ending December 31	Business-Type Activities	
	Lease Liability	
	Principal	Interest
2023	\$84,564	\$7,415
2024	180,092	5,324
	<b>\$264,656</b>	<b>\$12,739</b>

**Note 8**    **DEFINED BENEFIT PENSION PLAN**

**A. PLAN DESCRIPTION**

The EDA participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

All full-time and certain part-time employees of the EDA are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**B. BENEFITS PROVIDED**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet 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 five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first ten years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% of average salary for all years of service. For 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.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. 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. For 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 Rule of 90 are exempt from the delay to normal retirement.

**C. CONTRIBUTIONS**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2022 and the EDA was required to contribute 7.5%. The EDA's contributions to the GERF for the year ended December 31, 2022 were \$9,369. The EDA's contributions were equal to the required contributions as set by state statute.

**D. PENSION COSTS**

At December 31, 2022, the EDA reported a liability of \$198,001 for its proportionate share of GERF's net pension liability. The EDA's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the EDA totaled \$5,865. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The EDA's proportion of the net pension liability was based on the EDA's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The EDA's proportionate share was 0.0025% at the end of the measurement period and 0.0036% for the beginning of the period.

EDA's proportionate share of the net pension liability	\$198,001
State of Minnesota's proportionate share of the net pension liability associated with the EDA	5,865
Total	<u>\$203,866</u>

For the year ended December 31, 2022, the EDA recognized pension expense of \$10,502 for its proportionate share of the GERF's pension expense. In addition, the EDA recognized an additional \$876 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution to the GERF.

At December 31, 2022, the EDA reported its proportionate share of the GERF'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	\$1,654	\$2,073
Changes in actuarial assumptions	44,811	628
Difference between projected and actual investment earnings	2,280	-
Changes in proportion	10,403	47,962
Contributions paid to PERA subsequent to the measurement date	4,304	-
Total	<u>\$63,452</u>	<u>\$50,663</u>

The \$4,304 reported as deferred outflows of resources related to pensions resulting from EDA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense
2022	\$6,862
2023	6,013
2024	(22,297)
2025	17,907
2026	-
Thereafter	-

**E. ACTUARIAL ASSUMPTIONS**

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	6.50%

The long-term investment rate of return is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates deemed to be reasonable by the actuary. An investment return of 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

Benefit increases after retirement are assumed to be 1.25% for the GERP.

Salary growth assumptions range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.

Mortality rates were based on the Pub-2010 General Employee Mortality Table, with slight adjustments to fit PERA's experience.

Actuarial assumptions for GERP are reviewed every four years. The most recent four-year experience study was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

**COOK COUNTY / GRAND MARAIS JOINT  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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
Domestic equity	33.5%	5.10%
International equity	16.5%	5.30%
Fixed income	25%	0.75%
Private markets	25%	5.90%
Total	100%	

**F. DISCOUNT RATE**

The discount rate used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. 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. PENSION LIABILITY SENSITIVITY**

The following presents the EDA's proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the EDA'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:

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
Proportionate share of the GERF net pension liability	\$312,753	\$198,001	\$103,887

**H. 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 at [www.mnpera.org](http://www.mnpera.org).



**Note 9 RISK MANAGEMENT**

The EDA 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 EDA purchases commercial insurance for these risks of loss but retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the financial statements.

There were no significant reductions in insurance coverage from the prior year. Settlements did not exceed insurance coverage for the past three fiscal years.

**Note 10 SUBSEQUENT EVENT**

As described in Note 3, loans issued as part of the Taconite Area Business Relief Program have the potential to be partially forgiven. On November 21, 2023, the EDA Board passed resolution 2023-18 authorizing the EDA to forgive \$139,799 of loan program debt owed by business entities. The amount forgiven will be reported as an expenditure (and the loans receivable balance will be reduced) in the EDA's 2023 financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For The Year Ended December 31, 2022

Exhibit A-1

	Budgeted Amount		Actual Amount	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$410,600	\$410,600	\$398,302	(\$12,298)
Intergovernmental	25,000	25,000	25,000	-
SBDC Consultant reimbursements	-	-	42,350	42,350
Miscellaneous	-	-	5,952	5,952
Total revenues	<u>435,600</u>	<u>435,600</u>	<u>471,604</u>	<u>36,004</u>
Expenditures:				
Current:				
Operations:				
Accounting	5,000	5,000	2,490	2,510
Advertising/marketing/website	3,500	3,500	6,784	(3,284)
Audit	15,000	15,000	-	15,000
Rent	15,000	15,000	12,551	2,449
Other	14,300	14,300	6,079	8,221
Staffing:				
Director	124,800	124,800	112,319	12,481
SBDC Consultant expense	-	-	41,175	(41,175)
Travel	4,000	4,000	3,941	59
Projects:				
Business development & housing projects	180,000	180,000	188,750	(8,750)
Cedar Grove Business Park	60,000	60,000	78,532	(18,532)
Cedar Grove stormwater project	-	-	13,041	(13,041)
Fire Relief grants	-	-	24,000	(24,000)
Taconite Area Business Relief grants	-	-	13,820	(13,820)
Total expenditures	<u>421,600</u>	<u>421,600</u>	<u>503,482</u>	<u>(81,882)</u>
Change in fund balance	<u>\$14,000</u>	<u>\$14,000</u>	(31,878)	<u>(\$45,878)</u>
Fund balance - January 1			<u>722,323</u>	
Fund balance - December 31			<u>\$690,445</u>	

See accompanying notes to the required supplementary information.

COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -  
 GENERAL EMPLOYEES RETIREMENT FUND  
 For the Last Ten Years

Exhibit A-2

Measurement Date June 30,	EDA's Proportion Of the Net Pension Liability	EDA's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the EDA (b)	EDA's Proportionate Share and the State's Related Share of the Net Pension Liability (a + b)	Covered Payroll (c)	EDA's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.0025%	\$198,001	\$5,865	\$203,866	\$189,000	104.8%	76.7%
2021	0.0036%	153,736	4,682	158,418	260,909	58.9%	87.0%
2020	0.0034%	203,846	6,277	210,123	242,187	84.2%	79.1%
2019	0.0033%	182,451	5,666	188,117	230,867	79.0%	80.2%
2018	0.0036%	199,715	6,519	206,234	235,613	84.8%	79.5%
2017	0.0034%	217,055	2,766	219,821	222,000	97.8%	75.9%
2016	0.0028%	227,348	3,036	230,384	174,653	130.2%	68.9%
2015	0.0030%	155,476	-	155,476	174,824	88.9%	78.2%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PENSION CONTRIBUTIONS -  
 GENERAL EMPLOYEES RETIREMENT FUND  
 For the Last Ten Years

Exhibit A-3

Year Ending December 31,	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)
2022	\$9,369	\$9,369	\$ -	\$124,920	7.50%
2021	18,394	18,394	-	245,255	7.50%
2020	19,778	19,778	-	263,707	7.50%
2019	17,154	17,154	-	228,720	7.50%
2018	18,051	18,051	-	240,680	7.50%
2017	15,832	15,832	-	211,093	7.50%
2016	15,808	15,808	-	210,773	7.50%
2015	12,657	12,657	-	168,760	7.50%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information.

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**COOK COUNTY / GRAND MARAIS JOINT  
ECONOMIC DEVELOPMENT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO RSI  
DECEMBER 31, 2022**

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**Note A LEGAL COMPLIANCE – BUDGETS**

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level.

**Note B PENSION INFORMATION**

**PERA – General Employees Retirement Fund**

2022 Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- Base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The 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% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2020 Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes in Actuarial Assumptions:

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

2019 Changes in the Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

COOK COUNTY / GRAND MARAIS JOINT  
ECONOMIC DEVELOPMENT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO RSI  
DECEMBER 31, 2022

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2017 Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

2016 Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

## **OTHER REQUIRED REPORTS**

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INDEPENDENT AUDITOR'S 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*

To the Board of Commissioners  
Cook County / Grand Marais Joint  
Economic Development Authority  
Grand Marais, Minnesota

We have audited, in accordance with the 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 business-type activities and each major fund of Cook County / Grand Marais Joint Economic Development Authority, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Cook County / Grand Marais Joint Economic Development Authority's basic financial statements, and have issued our report thereon dated December 20, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cook County / Grand Marais Joint Economic Development Authority's internal control over financial reporting (internal control) 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 Cook County / Grand Marais Joint Economic Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Cook County / Grand Marais Joint Economic Development Authority's internal control.

*A deficiency in internal control* 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control

that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-01 and 2022-02 that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cook County / Grand Marais Joint Economic Development Authority'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*.

### **Response to the Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Cook County / Grand Marais Joint Economic Development Authority's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. Cook County / Grand Marais Joint Economic Development Authority's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cook County / Grand Marais Joint Economic Development Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cook County / Grand Marais Joint Economic Development Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Redpath and Company, LLC*

REDPATH AND COMPANY, LLC  
St. Paul, Minnesota

December 20, 2023



## MINNESOTA LEGAL COMPLIANCE REPORT

To the Board of Commissioners  
Cook County / Grand Marais Joint  
Economic Development Authority  
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 business-type activities and each major fund of Cook County / Grand Marais Joint Economic Development Authority as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Cook County / Grand Marais Joint Economic Development Authority's basic financial statements, and have issued our report thereon dated December 20, 2023.

In connection with our audit, we noted that Cook County / Grand Marais Joint Economic Development Authority failed to comply with provisions of the contracting– bid laws, depositories of public funds and public investments, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statute § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Responses as items 2022-03, 2022-04 and 2022-05. Also, in connection with our audit, nothing came to our attention that caused us to believe that Cook County / Grand Marais Joint Economic Development Authority failed to comply with the provisions of the conflicts of interest, and claims and disbursements sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, 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 Cook County / Grand Marais Joint Economic Development Authority's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Cook County / Grand Marais Joint Economic Development Authority's responses to the legal compliance findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Cook County / Grand Marais Joint Economic Development Authority's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

*Redpath and Company, LLC*

REDPATH AND COMPANY, LLC  
St. Paul, Minnesota

December 20, 2023



**COOK COUNTY / GRAND MARAIS JOINT  
ECONOMIC DEVELOPMENT AUTHORITY**  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2022

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**2022-01 Lack of Ideal Segregation of Duties**

*Criteria:* Generally, a system of internal control contemplates segregation of duties such that no individual has responsibility to execute a transaction, has physical access to the related assets, and has responsibility or authority to record the transaction.

*Condition:* Due to the limited number of personnel, certain individuals perform multiple aspects of a financial transaction cycle. For example, the same employee is responsible for collecting loan payments and depositing collections into the EDA's bank account. At the golf course, at times, the same employee will work the cash registers, process daily closing reports, and prepare deposits.

*Cause:* This condition is common to organizations of this size due to a limited number of staff.

*Effect:* The lack of ideal segregation of duties subjects the EDA to a higher risk that errors or fraud could occur and not be detected in a timely manner.

*Recommendation:* Any modifications of internal controls in this area must be viewed from a cost/benefit perspective.

*Views of Responsible Officials and Corrective Action Plan:* Due to limited number of employees it is not possible to provide for the complete segregation of duties. The EDA has established other safeguards to compensate for this, such as Board review of all disbursements and monthly financial statements.

**COOK COUNTY / GRAND MARAIS JOINT  
ECONOMIC DEVELOPMENT AUTHORITY**  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2022

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**2022-02 Financial Statement Corrections**

*Criteria:* An entity's system of internal controls should allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

*Condition:* The following adjustments were identified by the auditor and corrected:

- Opening equity was overstated and liabilities were understated by \$25,425
- Loans receivable were overstated by \$13,820 because a 2021 grant was previously recorded as a loan
- The amount the golf course fund owed the general fund was understated by \$50,000
- Fire grant expenditures were understated by \$24,000
- Accounts receivable was understated by \$25,000 relating to an amount owed by the Sawbill Village developer
- Member accounts receivable of the golf course was overstated by \$42,328
- Property taxes owed to the City of Grand Marais were understated by \$59,762
- An unemployment tax liability account was overstated by \$12,633

*Cause:* Turnover in the Executive Director and accountant positions hindered the EDA's ability to record all transactions correctly.

*Effect:* Inadequate controls over the year-end closing process results in an increased risk that financial statement misstatements may occur and not be detected on a timely basis.

*Recommendation:* We recommend the EDA continue its efforts to appropriately account for transactions and account balances.

*Views of Responsible Officials and Corrective Action Plan:* The EDA hired a new Executive Director and bookkeeper to address vacant positions. The EDA will implement more regular review by the Executive Director, Board Treasurer and bookkeeper to ensure accurate transactions and record keeping, while detecting any misstatements in a timely manner. This includes improved record keeping policies and procedures and more detailed chart of income and expense accounts for record keeping purposes.

**COOK COUNTY / GRAND MARAIS JOINT  
ECONOMIC DEVELOPMENT AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2022**

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**2022-03 Insufficient Collateral**

*Criteria:* Minnesota Statute 118A.03 provides certain specific collateral requirements for deposits at financial institutions, including a requirement that collateral be provided in an amount equal to or greater than 110% of uninsured deposits by the financial institution or an irrevocable standby letter of credit issued by the Federal Home Loan Bank in an amount at least equal to the deposits held at the close of the financial institution's banking day.

*Condition:* At December 31, 2022, the EDA had monies on deposit in the amount of \$1,063,153 at one financial institution. \$500,000 of these deposits were insured by the Federal Deposit Insurance Corporation (FDIC). \$563,153 of the deposits were uninsured or uncollateralized as of December 31, 2022.

*Cause:* Unknown.

*Effect:* Custodial credit risk is the risk that in the event of a bank failure, the EDA's deposits may not be returned to it. Insufficient collateral increases this risk.

*Recommendation:* We recommend the EDA obtain sufficient collateral to comply with Minnesota Statute 118A.03 and reduce its custodial credit risk.

*Views of Responsible Officials and Corrective Action Plan:* The EDA will pursue any necessary relocation of monies to ensure sufficient collateral by financial institution. The EDA has taken action (moved money to Grand Marais State Bank that has pledged collateral) in 2023 to address this issue, will take further similar action if needed.

**COOK COUNTY / GRAND MARAIS JOINT  
ECONOMIC DEVELOPMENT AUTHORITY**  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2022

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**2022-04 Contract Documentation**

*Criteria:* For each construction contract in excess of \$50,000 awarded pursuant to a lowest responsible bidder process, the successful contractor must submit a verification of compliance signed under oath by an owner or officer verifying compliance with the minimum criteria set forth in Minnesota Statute 16C.285, subd. 3.

Before making final settlement with any contractor under a contract requiring the employment of employees for wages by said contractor and by subcontractors, an entity must obtain a certificate by the Commissioner of Revenue that the contractor or subcontractor has complied with the withholding requirements of Minnesota Statute 290.92 (either Form IC134 or a Contractor's Withholding Affidavit Confirmation).

*Condition:* For the clubhouse bathroom remodel project, documentation showing that a verification of compliance form and either Form IC 134 or a Contractor's Withholding Affidavit Confirmation were not provided.

*Cause:* Unknown.

*Effect:* Contract related risks increase when required documentation is not obtained.

*Recommendation:* We recommend documentation be obtained to comply with Statutes 16C.285 and 290.92.

*Views of Responsible Officials and Corrective Action Plan:* The EDA will establish a detailed procurement policy, including reference to necessary documentation required for compliance with Minnesota Statute. In addition to a procurement policy, the Executive Director will provide training on adopted procurement practices with Supervisors/Managers at Superior National at Lutsen Golf Course.

**COOK COUNTY / GRAND MARAIS JOINT  
ECONOMIC DEVELOPMENT AUTHORITY**  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2022

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**2022-05 Bonus Payments**

*Criteria:* Based on an opinion of the Minnesota Attorney General, a bonus for past services is void as a gratuity in the absence of a pre-existing agreement or pursuant to collective bargaining.

*Condition:* During 2022, bonus payments were made to certain full-time employees of the golf course. However, not all employment agreements contained language specifying that a pre-existing agreement was in place for a bonus.

*Cause:* Unknown.

*Effect:* There is a greater risk that the validity of a bonus payment may be challenged.

*Recommendation:* If employees are eligible for bonuses, their employment agreement should specifically state the terms of earning a potential bonus and ideally parameters to quantify the potential bonus.

*Views of Responsible Officials and Corrective Action Plan:* The EDA will ensure applicable employment agreements define terms of earning eligible bonus. Beginning in year 2024, the EDA will no longer provide bonus payments.

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**COOK COUNTY AND GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY  
STATE OF MINNESOTA  
COOK COUNTY**

**RESOLUTION NO. 2024-01**

**RESOLUTION AUTHORIZING APPLICATION FOR AND, UPON APPROVAL, ACCEPTANCE OF A GRANT FROM THE DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION FOR AN AMOUNT NOT TO EXCEED \$300,000 TO SUPPORT CONSTRUCTION OF THE BJORKBERG RESIDENTIAL PROJECT.**

WHEREAS, the Cook County and Grand Marais Joint Economic Development Authority (“EDA”) has the legal authority to apply for funding from the Department of Iron Range Resources and Rehabilitation (“IRRR”); and

WHEREAS, the Executive Director of the Cook County Housing and Redevelopment Authority (“HRA”) has agreed to provide technical and managerial support to ensure proper planning and grant administration for the project;

WHEREAS, the Comprehensive Housing Needs Analysis for Cook County, Minnesota published May 5, 2022 found zero vacancies in the general-occupancy rental properties in and near Cook County and cited a demand for between 210 and 230 new single-family homes by the end of 2026.

NOW THEREFORE, BE IT RESOLVED, that the EDA Board of Commissioners hereby approves application for and, upon approval, acceptance of a housing grant up to \$300,000 from the IRRR to support construction of infrastructure for Bjorkberg, a 20-unit single family residential development, (the “Project”) located at 651 West Street in Grand Marais.

\_\_\_\_\_ Ex. Dir.

January 16, 2023

**STATEMENT OF PURPOSE:**

The purpose of this resolution is to authorize application for and, upon approval, acceptance of a Housing grant up to \$300,000 from the Department of Iron Range Resources and Rehabilitation (IRRR). The Housing grant program requires a 1:1 match, which will be provided through a combination of Developer equity and other local funding sources. The Project is located at 651 West 3<sup>rd</sup> Street between 6<sup>th</sup> and 8<sup>th</sup> avenues West. The project will consist of approximately 20 units of for-sale townhomes; at least four of the developed lots will be reserved for entry-level priced homes and affordable to households earning approximately 115% of the area median income or less. While the IRRR requires the EDA be the sole applicant for countywide grant applications, the Executive Director of the HRA has agreed to provide technical and managerial support for this housing grant.

Board member \_\_\_\_\_ moved the adoption of the foregoing resolution, and said motion was duly seconded by Board member \_\_\_\_\_, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared adopted by the Cook County and Grand Marais Joint Economic Development Authority this 16<sup>th</sup> day of January, 2024.

ATTEST:

\_\_\_\_\_

Steve Surbaugh – Board President



**TO:** Cook County/Grand Marais Joint Economic Development Authority  
**FROM:** Jeremy Larson, JL Larson Construction  
**DATE:** 1/5/24

**RE: Letter of Intent to Purchase Lot(s) at Cedar Grove Business Park**

**INTENT:** The purpose of this letter is to set forth some of the basic terms and conditions of the proposed purchase by the undersigned (the “Buyer”) of certain real estate owned by the Cook County/Grand Marais Joint Economic Development Authority (the “Seller”). The terms set forth in this Letter will not become binding until a more detailed “Development Agreement” is negotiated and signed by the parties.

**SELLER:** COOK COUNTY/GRAND MARAIS JOINT ECONOMIC DEVELOPMENT  
AUTHORITY  
425 W Highway 61, Suite B  
Grand Marais, MN 55604

**BUYER:** Jeremy Larson, JL Larson Construction  
**CONTACT NAME:** Jeremy Larson  
**CONTACT ADDRESS:** PO Box 533, Grand Marais, MN 55604

**PROPERTY.** The property proposed to be purchased is owned by the Cook County/Grand Marais Joint Economic Development Authority located at Lot 6 Block 5 in Cedar Grove Business Park, Grand Marais, Minnesota. The proposed purchase price is \$10,000 (based on Lot 6 having one-third of the buildable space of our current lot, Lot 5); and the Buyer wishes to use the property for the purpose of future expansion of current business, JL Larson Construction, operating on neighboring Lot 5. Intended timeline for construction: lot clearing, Fall 2024; building construction, 2025.

**NON-BINDING.** This letter of Intent does not and is not intended to contractually bind the parties and is only an expression of the basic conditions to be incorporated into a binding Development Agreement. This Letter does not require either party to negotiate in good faith or to proceed to the completion of a binding Development Agreement. The parties shall not be contractually bound unless and until they enter into a formal, written Development Agreement, which must be in form and content satisfactory to each party and to each party’s legal counsel, in their sole discretion. Neither party may rely on this Letter as creating any legal obligation of any kind.

**EXPIRATION OF OFFER.** This Letter of Intent shall constitute an open offer until such time that a quorum of the Cook County/Grand Marais Joint Economic Development Authority Board of Commissioners has had the opportunity to respond to the offer.  
If you would like to discuss a sale of Real Estate with the undersigned on these general terms, please sign and return a copy of this Letter of Intent to the undersigned at your earliest convenience.

---



Business Park Legal Description	Parcel ID	Acres	Owner Name
LOT 4 BLOCK 5	27031-80-800-0504	1.4	N&L SAMARI PROPERTIES LLC
LOT 5 BLOCK 5	27031-80-800-0505	1.35	LARSON JEREMY
LOT 6 BLOCK 5	27031-80-800-0506	1.3	COOK CO & GRAND MARAIS EDA



- Cedar Grove Business Park Boundary
- Cedar Grove Business Park Parcels
- Lot Setbacks
- Wetland 50' Natural Buffer
- Drainage Direction
- MDNR Detailed Stream Lines
- Non-Mitigated Wetland
- Mitigated Wetland
- 10' Contour
- 2' Contour
- Slope < 15 degrees
- Slope > 15 degrees

**Notes:**

- A 50' natural buffer is required surrounding the wetlands that have not been mitigated. If a buffer is not achievable all provisions must be made to control sediment from entering the wetlands. This includes providing redundant sediment control, for example double silt fence or a silt fence and sediment control log.
- It is recommended that land disturbance is minimized within 50' within the non-mapped streams and drainages.
- Cook County parcel data downloaded from MnGeo. Boundaries shown on the maps and the GIS data sets are approximate -- they are not substitutes for certified property surveys, legal property descriptions or detailed plat maps.
- Lot setbacks are established in the Grand Marais Zoning Code Ordinance 152.13
- Aerial Imagery: Cook County 2018 Pictometry Mosaic





# Parcel Report

Parcel Number: 80-800-0506

## General Information

**Taxpayer Name:** COOK CO & GRAND MARAIS EDA

**Mailing Address:** PO BOX 597  
 GRAND MARAIS MN 55604-0597

## Property Information

**Property Address:**

**Plat Name:** CEDAR GROVE BUSINESS PARK

**Short Legal:** LOT 6 BLOCK 5

*\*The brief legal description is for informational purposes only and does not necessarily represent the full property description.*

**S/T/R:** Section: 16 Township: 61 Range: 1 E

**Deeded Acres:** 1.30

**Lake Name:**

**Front Feet:** 0.00

**Hometead?:** No

## Assessment Information

(2022 Assessor Market Values For Taxes Payable in 2023)

Class Code - Description	Land Est Value	Bldg Est Value	Total Est Value	Land Taxable Value	Building Taxable Value	Total Taxable Value
770 County Public Service Enterprises	\$35,100	\$0	\$35,100	\$0	\$0	\$0

## Sales Information

CRV #	Buyer	Seller	Purchase Price	Sale Date (yyyymm)
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## Building Information

Number	Type	Sub-Type	Description	Year Built	Stories	Bedrooms	Bathrooms	Gross Bldg Area	CAMA Bldg Value
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## 2023 Tax Information

(Below are Taxes Payable 2023)

**Delinquent:** No

**Net Tax:** \$0.00

Date Generated: 1/8/2024 8:49:31 AM



# Parcel Report

Parcel Number: 80-800-0506

**Special Assessments:** \$1,251.33

**Total Tax and Assessments:** \$1,251.33

**2023 Payment**

	<b>1st Half</b>	<b>2nd Half</b>
<b>Due Date:</b>	May 15	October 16
<b>Paid:</b>	625.66	625.67
<b>Amount Due:</b>	0.00	0.00

**DISCLAIMER**

This data is intended to be used for informal purposes only. It is not intended for use in abstract work, land surveys, title opinions, appraisals, or other legal documents or purposes. For up-to-date and/or certified information, the user should contact the Cook County Auditor at 218-387-3640. Cook County does not guarantee the accuracy of the material herein contained and is not responsible for any misuse or misrepresentation of this information or its derivatives.

Greetings Theresa,

My name is Paulina Backstrom and I am interested in purchasing some land available in the Cedar Grove Business Park. I am a life long resident of Cook County and owner of a recycling company with growth opportunities. I have been serving the county with my business since 2018 from my home property. I have many requests to expand my services to more businesses including a request to take over the service the Lions Club provides to the city of Grand Marais with their recycling cans located around town. To do this, I need a more central location where I can construct a storage/sorting facility. Although the remaining lots available are not the most convenient lots for a developer, I believe I could make the corner lots coming into the business park that central location.

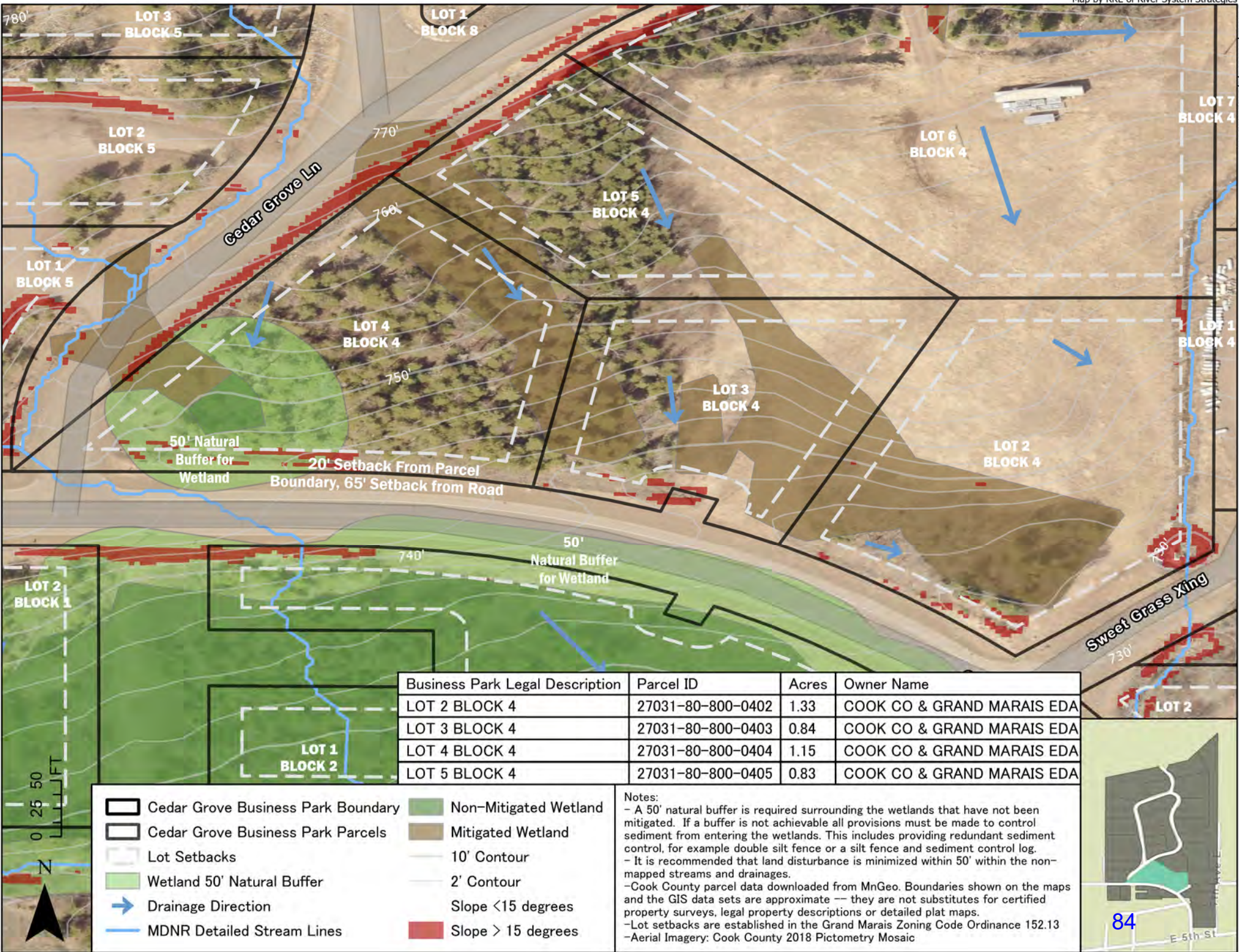
I have talked to other property owners in the park about the lots and land use permits and additional costs they have incurred to develop their properties. I have also spoken with the county Land Use Specialist and taken into consideration the challenges the wet lands on these lots will create to come up with my offer. I would like to purchase Block 4 lots 4 and 5 for \$8,000 (\$4000 each). Combining these 2 lots would allow me to work around most the wet lands and be able to leave much of the wooded area as a buffer between the Gunflint Trail and the park. As the first property coming into the Cedar Grove Park, it will be important to create an aesthetically pleasing impression for folks coming and going. My goal would be to develop the space into a welcoming and functionable area for my business while keeping the natural charm and beauty we expect in Cook County for our residents and visitors.

Thank you for your consideration.

Paulina Backstrom

EcoBlue Recycling, LLC

218-370-8008



780'

LOT 2 BLOCK 5

LOT 1 BLOCK 5

LOT 1 BLOCK 8

770'

760'

LOT 4 BLOCK 4

750'

50' Natural Buffer for Wetland  
20' Setback From Parcel Boundary, 65' Setback from Road

LOT 5 BLOCK 4

LOT 3 BLOCK 4

LOT 6 BLOCK 4

LOT 1 BLOCK 4

LOT 2 BLOCK 4

LOT 2 BLOCK 1

740'

50' Natural Buffer for Wetland

LOT 1 BLOCK 2

Sweet Grass Xing

730'

LOT 2

Business Park Legal Description	Parcel ID	Acres	Owner Name
LOT 2 BLOCK 4	27031-80-800-0402	1.33	COOK CO & GRAND MARAIS EDA
LOT 3 BLOCK 4	27031-80-800-0403	0.84	COOK CO & GRAND MARAIS EDA
LOT 4 BLOCK 4	27031-80-800-0404	1.15	COOK CO & GRAND MARAIS EDA
LOT 5 BLOCK 4	27031-80-800-0405	0.83	COOK CO & GRAND MARAIS EDA

- Cedar Grove Business Park Boundary
- Cedar Grove Business Park Parcels
- Lot Setbacks
- Wetland 50' Natural Buffer
- Drainage Direction
- MDNR Detailed Stream Lines
- Non-Mitigated Wetland
- Mitigated Wetland
- 10' Contour
- 2' Contour
- Slope < 15 degrees
- Slope > 15 degrees

Notes:

- A 50' natural buffer is required surrounding the wetlands that have not been mitigated. If a buffer is not achievable all provisions must be made to control sediment from entering the wetlands. This includes providing redundant sediment control, for example double silt fence or a silt fence and sediment control log.
- It is recommended that land disturbance is minimized within 50' within the non-mapped streams and drainages.
- Cook County parcel data downloaded from MnGeo. Boundaries shown on the maps and the GIS data sets are approximate -- they are not substitutes for certified property surveys, legal property descriptions or detailed plat maps.
- Lot setbacks are established in the Grand Marais Zoning Code Ordinance 152.13
- Aerial Imagery: Cook County 2018 Pictometry Mosaic





# Parcel Report

Parcel Number: 80-800-0404

## General Information

**Taxpayer Name:** COOK CO & GRAND MARAIS EDA  
**Mailing Address:** PO BOX 597  
 GRAND MARAIS MN 55604-0597

## Property Information

**Property Address:**

**Plat Name:** CEDAR GROVE BUSINESS PARK

**Short Legal:** LOT 4 BLOCK 4

*\*The brief legal description is for informational purposes only and does not necessarily represent the full property description.*

**S/T/R:** Section: 16 Township: 61 Range: 1 E

**Deeded Acres:** 1.15

**Lake Name:**

**Front Feet:** 0.00

**Hometead?:** No

## Assessment Information

(2022 Assessor Market Values For Taxes Payable in 2023)

Class Code - Description	Land Est Value	Bldg Est Value	Total Est Value	Land Taxable Value	Building Taxable Value	Total Taxable Value
770 County Public Service Enterprises	\$33,700	\$0	\$33,700	\$0	\$0	\$0

## Sales Information

CRV #	Buyer	Seller	Purchase Price	Sale Date (yyyymm)
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## Building Information

Number	Type	Sub-Type	Description	Year Built	Stories	Bedrooms	Bathrooms	Gross Bldg Area	CAMA Bldg Value
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## 2023 Tax Information

(Below are Taxes Payable 2023)

**Delinquent:** No  
**Net Tax:** \$0.00

Date Generated: 1/8/2024 8:12:51 AM



# Parcel Report

Parcel Number: 80-800-0404

**Special Assessments:** \$1,251.33

**Total Tax and Assessments:** \$1,251.33

## 2023 Payment

	1st Half	2nd Half
<b>Due Date:</b>	May 15	October 16
<b>Paid:</b>	625.66	625.67
<b>Amount Due:</b>	0.00	0.00

### DISCLAIMER

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# Parcel Report

Parcel Number: 80-800-0405

## General Information

**Taxpayer Name:** COOK CO & GRAND MARAIS EDA

**Mailing Address:** PO BOX 597  
GRAND MARAIS MN 55604-0597

## Property Information

**Property Address:**

**Plat Name:** CEDAR GROVE BUSINESS PARK

**Short Legal:** LOT 5 BLOCK 4

*\*The brief legal description is for informational purposes only and does not necessarily represent the full property description.*

**S/T/R:** Section: 16 Township: 61 Range: 1 E

**Deeded Acres:** 0.83

**Lake Name:**

**Front Feet:** 0.00

**Hometead?:** No

## Assessment Information

(2022 Assessor Market Values For Taxes Payable in 2023)

Class Code - Description	Land Est Value	Bldg Est Value	Total Est Value	Land Taxable Value	Building Taxable Value	Total Taxable Value
770 County Public Service Enterprises	\$24,400	\$0	\$24,400	\$0	\$0	\$0

## Sales Information

CRV #	Buyer	Seller	Purchase Price	Sale Date (yyyymm)
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## Building Information

Number	Type	Sub-Type	Description	Year Built	Stories	Bedrooms	Bathrooms	Gross Bldg Area	CAMA Bldg Value
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## 2023 Tax Information

(Below are Taxes Payable 2023)

**Delinquent:** No

**Net Tax:** \$0.00

Date Generated: 1/8/2024 8:15:44 AM



# Parcel Report

Parcel Number: 80-800-0405

**Special Assessments:** \$1,251.33

**Total Tax and Assessments:** \$1,251.33

**2023 Payment**

	<b>1st Half</b>	<b>2nd Half</b>
<b>Due Date:</b>	May 15	October 16
<b>Paid:</b>	625.66	625.67
<b>Amount Due:</b>	0.00	0.00

**DISCLAIMER**

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**COOK COUNTY/GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY  
BOARD OF COMMISSIONERS ROSTER AND COMMITTEE ASSIGNMENTS  
2024**

*Pursuant to Minnesota Statutes, Section 469.096, Subd.2, An Authority shall elect a president, a vice-president, a treasurer, a secretary, and an assistant treasurer. The authority shall elect the president, treasurer, and secretary annually. A commissioner must not serve as president and vice-president at the same time. The other offices may be held by the same commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.*

**Commissioner Roster**

Commissioner	Appointment	Term
Steve Surbaugh	County	2022-2024
Howard Hedstrom	County	2020-2025
David Mills	County Board Rep	2023-2026
Mary Somnis	County	2023
Mark Shackleton	City	2022-2026
Tracy Benson	City Council Rep	2023-2026
Myron Bursheim	City	2022-2024

**Board Officers**

Office	Commissioner
President	
Vice President	
Secretary	
Treasurer	
Assistant Treasurer	Theresa Bajda, Executive Director

**Committee Assignments**

Committee	Chair	Commissioner	Commissioner
Finance	Mark Shackleton	Steve Surbaugh	Howard Hedstrom
Personnel	Myron Bursheim	Tracy Benson	David Mills
Grant Review	Steve Surbaugh	Mark Shackleton	Mary Somnis
Design Review	Steve Surbaugh	Mark Shackleton	Howard Hedstrom
Taconite Harbor	Tracy Benson	Myron Bursheim	David Mills

## 2024 Proposed Board Meeting Schedule

The Cook County/Grand Marais Joint Economic Development (EDA) Board will host regular meetings in the County Commissioner's Room at 4pm on the 3<sup>rd</sup> Tuesday, according to the following proposed meeting dates:

- January 16, 2024
- February 20, 2024
- March 19, 2024
- April 16, 2024
- May 21, 2024
- June 18, 2024
- July 16, 2024
- August 20, 2024
- September 12, 2024
- October 15, 2024
- November 19, 2024
- December 16, 2024

The EDA Board may adjust meeting dates or times, provided it provides public notice of such changes at least three days in advance of the new meeting.

Memorandum of Understanding  
Between  
Housing and Redevelopment Authority of Cook County and  
Cook County/Grand Marais Joint Economic Development Authority

At its December 19, 2023 meeting the Cook County/Grand Marais Joint Economic Development Authority (EDA) approved a Land Sale Agreement (enclosed) with the Housing and Redevelopment Authority of Cook County (HRA), and at its January 17, 2024 meeting the HRA approved the enclosed Land Sale Agreement with the EDA. The subject property consists of the following:

Lots 1 and 2, Block 3 Cedar Grove Business Park, Grand Marais, MN.

The purpose of this MOU is to memorialize the intentions of both the EDA and HRA surrounding the conveyance of the subject property. Both parties acknowledge and agree to the following:

- The EDA is conveying the property to support future housing development.
- The HRA desires and will make every effort to facilitate the construction of not less than 4 units of housing on the subject property.
- Short term, commercial rentals will not be allowed on the property.
- The type/s, location and number of housing units to be built on the subject property will be determined by a variety of factors, including market conditions, the needs of the community, and the ability to secure development partners for the desired housing.

This MOU is effective as of the last date of signature below and is in addition to but does not circumvent the terms of the Land Sale Agreement dated January 17, 2024.

---

Jason Hale, Executive Director  
Housing and Redevelopment  
Authority of Cook County

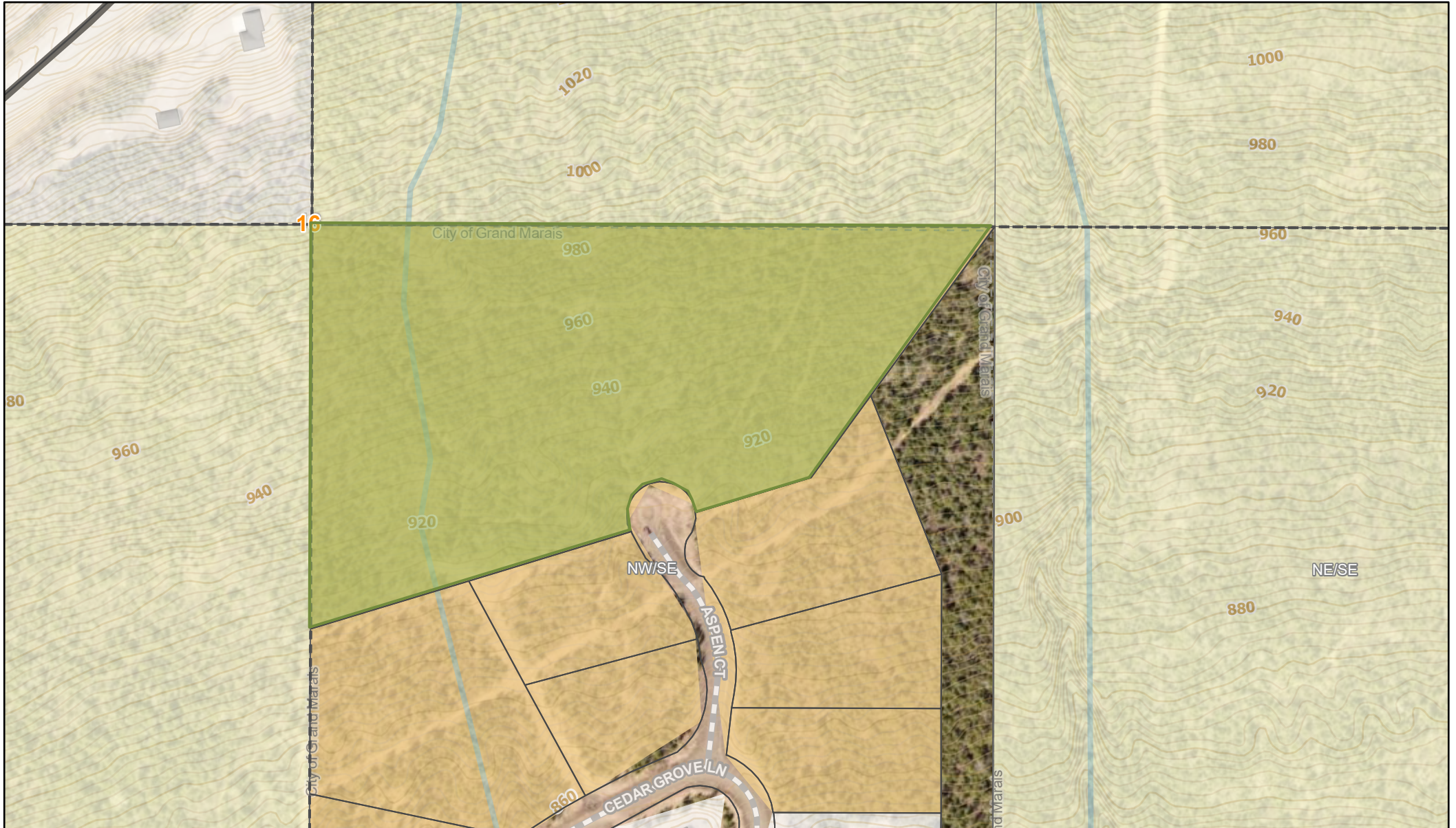
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Theresa Bajda, Executive Director  
Cook County/Grand Marais Joint  
Economic Development Authority

Date: \_\_\_\_\_

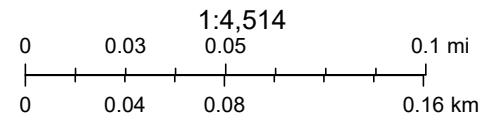
Date: \_\_\_\_\_

# Cook County Tax Parcel Finder App



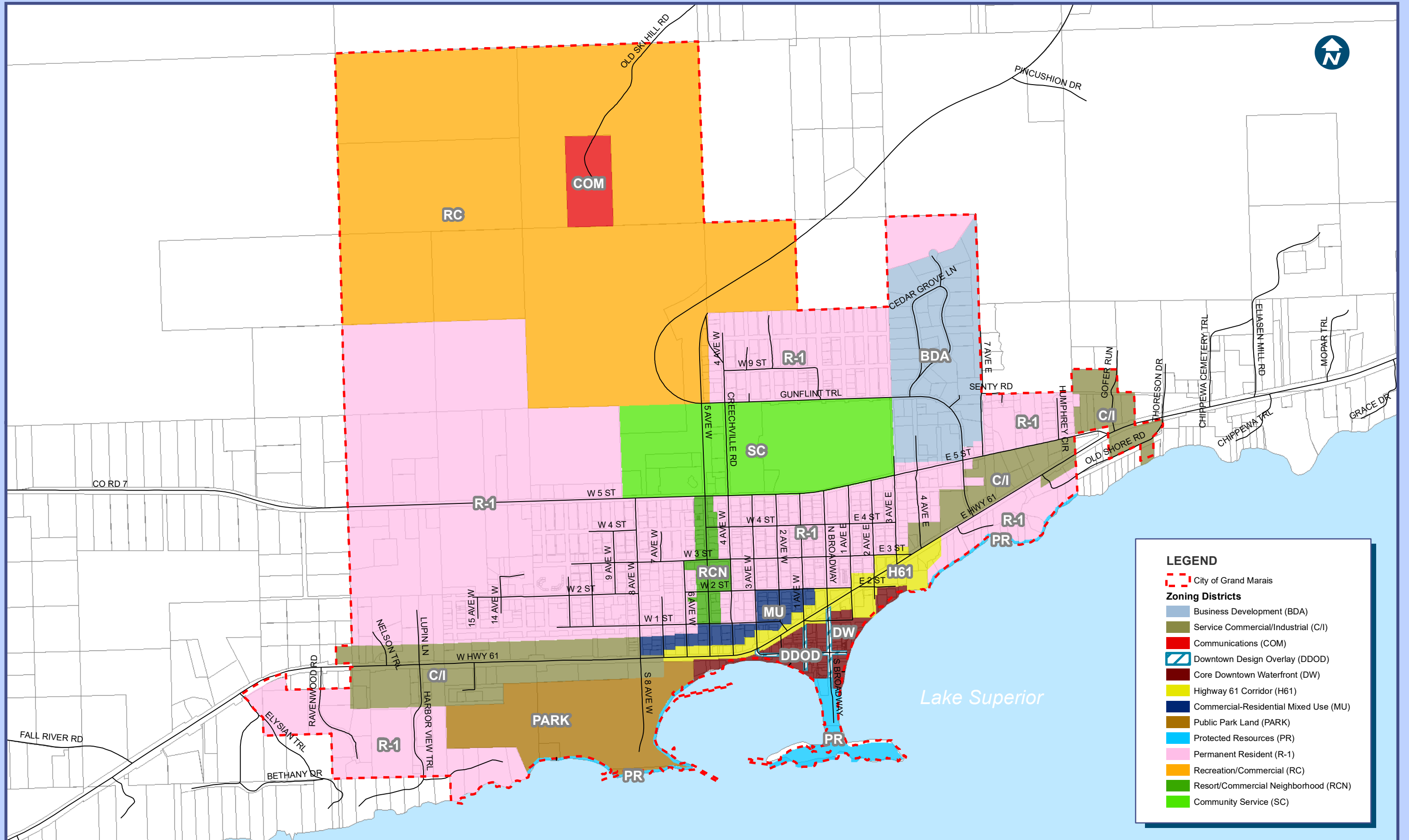
1/3/2024, 8:59:57 AM

 Tax Parcels



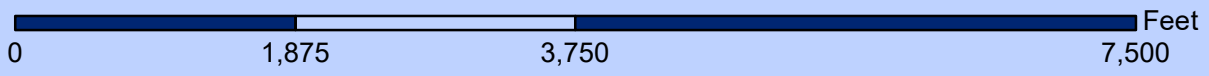
Esri Community Maps Contributors, Province of Ontario, © OpenStreetMap, Microsoft, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EPA, NPS, US Census Bureau, USDA, Sources: Esri, Airbus DS, USGS, NGA, NASA, CGIAR, N Robinson, NCEAS, NLS, OS, NIMA, Geodatastyrelsen,

# Zone Districts for the City of Grand Marais



**LEGEND**

- City of Grand Marais (dashed red line)
- Zoning Districts**
  - Business Development (BDA)
  - Service Commercial/Industrial (C/I)
  - Communications (COM)
  - Downtown Design Overlay (DDOD)
  - Core Downtown Waterfront (DW)
  - Highway 61 Corridor (H61)
  - Commercial-Residential Mixed Use (MU)
  - Public Park Land (PARK)
  - Protected Resources (PR)
  - Permanent Resident (R-1)
  - Recreation/Commercial (RC)
  - Resort/Commercial Neighborhood (RCN)
  - Community Service (SC)







# Parcel Report

Parcel Number: 80-016-4200

## General Information

**Taxpayer Name:** COOK CO & GRAND MARAIS EDA

**Mailing Address:** PO BOX 597  
GRAND MARAIS MN 55604-0597

## Property Information

**Property Address:**

**Plat Name:**

**Short Legal:** N 1/2 OF NW/SE EXCEPT PLAT OF CEDAR GROVE BUSINESS PARK

*\*The brief legal description is for informational purposes only and does not necessarily represent the full property description.*

**S/T/R:** Section: 16 Township: 61 Range: 1 E

**Deeded Acres:** 15.52

**Lake Name:**

**Front Feet:** 0.00

**Hometead?:** No

## Assessment Information

(2022 Assessor Market Values For Taxes Payable in 2023)

Class Code - Description	Land Est Value	Bldg Est Value	Total Est Value	Land Taxable Value	Building Taxable Value	Total Taxable Value
770 County Public Service Enterprises	\$165,700	\$0	\$165,700	\$0	\$0	\$0

## Sales Information

CRV #	Buyer	Seller	Purchase Price	Sale Date (yyyymm)
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## Building Information

Number	Type	Sub-Type	Description	Year Built	Stories	Bedrooms	Bathrooms	Gross Bldg Area	CAMA Bldg Value
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## 2023 Tax Information

(Below are Taxes Payable 2023)

**Delinquent:** No

**Net Tax:** \$0.00

Date Generated: 1/3/2024 8:57:05 AM



# Parcel Report

Parcel Number: 80-016-4200

**Special Assessments:** \$0.00

**Total Tax and Assessments:** \$0.00

## 2023 Payment

	1st Half	2nd Half
<b>Due Date:</b>	May 15	
<b>Paid:</b>	0.00	0.00
<b>Amount Due:</b>	0.00	0.00

### DISCLAIMER

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# FORGIVEABLE DEFERRED LOANS/ GRANT FUNDS

## Workforce Housing Development Program

### Program Overview

The Workforce Housing Development Program is a competitive funding program that targets small to mid-size cities in Greater Minnesota with rental workforce housing needs. Grant funds or deferred loans are available to build market rate residential rental properties in communities with proven job growth and demand for workforce rental housing.

### Application Process

Applications are accepted on an annual basis through a competitive Request for Proposals (RFP).

### Application Requirements

#### Eligible Applicants:

An eligible applicant is an eligible project area that is generally a small to mid-sized city in Greater Minnesota. Specifically, an eligible project area is either:

- A home rule charter or statutory city located outside of the metropolitan area with a population exceeding 500
- A community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the metropolitan area
- An area served by a joint county-city economic development authority

Preference will be given to projects located in an eligible project area with 30,000 or fewer residents. Developers cannot apply for program funds directly; they must work with an eligible applicant.

#### Eligible Properties:

Market rate or mixed income residential rental properties. Per the statute, preference will be given to projects with the highest percentage of market rate units.

#### Eligible Activities:

New construction or adaptive reuse. Rehabilitation of occupied rental housing is not an eligible activity under this program.

#### Letter of Support:

Letter of support from a local business or businesses that employ a minimum of 20 full-time employees in aggregate.

#### Matching Requirement:

Applicants must match the funds requested, at a minimum, of one dollar for every two dollars. A local government resolution stating the amount of committed matching funds from the local government, a nonprofit organization, a business, or a combination, is required. The match can come from sources such as tax increment financing (TIF), tax abatement, cash funds, grants, land donations and in-kind donations.

Matching funds cannot come from the developer or an entity affiliated with the developer unless otherwise approved in writing by Minnesota Housing.

#### Qualified Expenditures:

Funds can only be used for qualified expenditures. Qualified expenditures include acquisition of property; construction of improvements; and provisions of loans or subsidies, grants, interest rate subsidies, public infrastructure and related financing costs.

**Vacancy Rate:** Vacancy rate in the community must be at or below five percent for the prior two-year period.

## Funding Terms

**Funding Options:** Applicants choose to request funds in the form of a grant or a deferred loan.

**Grant Terms:**

- Three year grant contract
- Construction must begin within 12 months of contract execution
- Construction must be complete within 24 months of construction start

**Deferred Loan Terms:**

- Three year unsecured loan
- Zero percent interest
- Forgivable
- Construction must begin within 12 months of contract execution
- Construction must be complete within 24 months of construction start

**Disbursement Schedule** Supporting documentation for the disbursement of funds is required.

- An initial disbursement of up to one-third of the award upon execution of contracts.
- An additional disbursement of up to one-third of the award mid-construction.
- A final disbursement upon construction completion.

**Maximum Funding Amount:** The amount of funds requested cannot exceed 25 percent of total development costs (TDC).

**Reporting and Monitoring:** Recipients will be subject to annual reporting and monitoring during the term of the grant or loan.

## Questions

Sara Bunn, Program Manager: 651.296.9827 or [sara.bunn@state.mn.us](mailto:sara.bunn@state.mn.us).

# 2023 Cook County Annual Report



## Cook County SBDC by the numbers

**Counseling Sessions**  
763

**Unique Clients**  
172

**Counseling Hours**  
706

**Capital Funding**  
\$6,067,777

**Businesses Created**  
16

## Northland SBDC by the numbers

**Counseling Sessions**  
12,366

**Unique Clients**  
829

**Counseling Hours**  
4030

**Capital Funding**  
\$31,301,328

**Businesses Created**  
74

As 2023 fades into 2024....

Most often heard from local businesses, 2023 was an “OK” year.

What might 2024 bring?

As the nation recovers from collective trauma, the Covid 19 pandemic, global conflicts, racism and racial injustice, inflation and climate-related disasters, 70% of Americans admit to being stressed about their personal finances, and a majority – 52% of adults said their financial stress has increased since before Covid 19 according to a CNBC Your Money Financial Confidence Survey.



A combination of higher prices for basic goods and services, increasing borrowing rates on credit cards, auto loans, mortgages and other debt is eating away at people’s sense of financial security.

**What’s a small business owner to do? Visit the SBDC!**

We deliver professional, high quality, individualized business advising and technical assistance to existing small businesses and pre-venture entrepreneurs.

I offer problem-solving assistance to help small businesses access capital, develop and exchange new technologies, and improve business planning, strategy, operations, financial management, personnel administration, marketing, export assistance, sales and other areas required for small business growth and expansion, management improvement, increased productivity and innovation.

All our consultations are in confidence unless clients provide written permission.

Thanks to the Cook County Grand Marais EDA for their sponsorship.

Together we can continue to thrive.