

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

ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2024

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COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY
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INTRODUCTORY SECTION

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		Term Expires
Commissioners:		
President	Steve Surbaugh	December 2024
Vice President	Howard Hedstrom	December 2025
Treasurer	Mark Shackleton	December 2026
Secretary	Vacant	-
Commissioner	Tracy Benson	December 2026
Commissioner	Siri Anderson	December 2028
Commissioner	David Mills	December 2026
Commissioner	Peter Clissold	December 2028

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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, 2024, 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, 2024, 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.

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 October 21, 2025 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

October 21, 2025

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BASIC FINANCIAL STATEMENTS

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COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

December 31, 2024

Statement 1

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$342,873	\$450,199	\$793,072
Property taxes receivable	32,687	-	32,687
Sales tax refund receivable	-	29,772	29,772
Prepaid expenses	915	-	915
Inventory	-	53,209	53,209
Land held for resale	17,000	-	17,000
Loans receivable	209,788	-	209,788
Capital assets:			
Nondepreciable	-	213,685	213,685
Depreciable - net	-	5,409,998	5,409,998
Total assets	<u>603,263</u>	<u>6,156,863</u>	<u>6,760,126</u>
Deferred outflows of resources related to pensions	<u>-</u>	<u>76,178</u>	<u>76,178</u>
Liabilities:			
Accounts payable	6,663	17,224	23,887
Due to City of Grand Marais	45,949	-	45,949
Due to Cook County	32,953	-	32,953
Gift certificates	-	24,808	24,808
Long-term liabilities due in more than one year:			
Loan payable to Cook County	-	2,169,972	2,169,972
Net pension liability	-	94,504	94,504
Total liabilities	<u>85,565</u>	<u>2,306,508</u>	<u>2,392,073</u>
Deferred inflows of resources related to pensions	<u>-</u>	<u>119,899</u>	<u>119,899</u>
Net position:			
Net investment in capital assets	-	3,453,711	3,453,711
Unrestricted	517,698	352,923	870,621
Total net position	<u>\$517,698</u>	<u>\$3,806,634</u>	<u>\$4,324,332</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, 2024

		Program Revenues	
		Charges for Services	Operating Grants and Contributions
<u>Functions/Programs:</u>	<u>Expenses</u>		
Governmental activities:			
Economic development	\$635,701	\$6,990	\$141,605
Business-type activities:			
Golf course	<u>1,772,168</u>	<u>1,516,816</u>	<u>-</u>
Total	<u><u>\$2,407,869</u></u>	<u><u>\$1,523,806</u></u>	<u><u>\$141,605</u></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	(\$487,106)	\$ -	(\$487,106)
Business-type activities:			
Golf course	-	(255,352)	(255,352)
Total	(487,106)	(255,352)	(742,458)
General revenues:			
Property taxes	489,316	-	489,316
Unrestricted investment earnings	8,412	3,927	12,339
Total general revenues	497,728	3,927	501,655
Change in net position	10,622	(251,425)	(240,803)
Net position - beginning	507,076	4,058,059	4,565,135
Net position - ending	\$517,698	\$3,806,634	\$4,324,332

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

COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY**BALANCE SHEET - GOVERNMENTAL FUNDS****Statement 3****GENERAL FUND**

December 31, 2024

Assets:

Cash and cash equivalents	\$342,873
Property taxes receivable	32,687
Prepaid expenses	915
Land held for resale	17,000
Loans receivable	<u>209,788</u>

Total assets	<u><u>\$603,263</u></u>
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Liabilities:

Accounts payable	\$6,663
Due to City of Grand Marais	45,949
Due to Cook County	<u>32,953</u>
Total liabilities	<u>85,565</u>

Deferred inflows of resources:

Unavailable revenue - taxes	<u>14,228</u>
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Fund balance:

Nonspendable - prepaid items	915
Unassigned	<u>502,555</u>
Total fund balance	<u>503,470</u>

Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$603,263</u></u>
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Fund balance reported above	\$503,470
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Long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds	<u>14,228</u>
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Net position of governmental activities (Statement 1)	<u><u>\$517,698</u></u>
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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, 2024

Statement 4

Revenues:	
Property taxes	\$488,485
IRRR grants	100,000
SBDC Consultant reimbursements	38,603
Miscellaneous	18,404
Total revenues	<u>645,492</u>
Expenditures:	
Operations:	
Accounting	11,258
Advertising/marketing/website	4,505
Audit	22,500
Dues and memberships	29,830
Insurance	2,652
Office expense	11,869
Rent	13,990
Other	6,917
Staffing:	
Director salary, taxes, benefits	89,889
SBDC Consultant expense	38,550
Training/travel/dues/memberships	1,897
Programs and projects:	
Business development & housing projects	221,119
Pincushion Trails	25,000
Papa Charlie's demolition	75,000
Cedar Grove Business Park	67,333
TABR loan forgiveness	13,392
Total expenditures	<u>635,701</u>
Change in fund balance	9,791
Fund balance - January 1	<u>493,679</u>
Fund balance - December 31	<u><u>\$503,470</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, 2024

Statement 5

Change in fund balance - governmental funds (Statement 4)	\$9,791
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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:

Unavailable property tax revenue - January 1	(13,397)	
Unavailable property tax revenue - December 31	<u>14,228</u>	<u>831</u>
Change in net position of governmental activities (Statement 2)		<u><u>\$10,622</u></u>

COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
GOLF COURSE ENTERPRISE FUND
December 31, 2024

Statement 6

Assets:	
Cash and cash equivalents	\$450,199
Sales tax refund receivable	29,772
Inventory	53,209
Total current assets	<u>533,180</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	213,685
Depreciable - net of accumulated depreciation / amortization	5,409,998
Total noncurrent assets	<u>5,623,683</u>
Total assets	<u>6,156,863</u>
Deferred outflows of resources related to pensions	<u>76,178</u>
Liabilities:	
Current liabilities:	
Accounts payable	17,224
Gift certificates	24,808
Total current liabilities	<u>42,032</u>
Noncurrent liabilities:	
Loan payable to Cook County	2,169,972
Net pension liability	94,504
Total noncurrent liabilities	<u>2,264,476</u>
Total liabilities	<u>2,306,508</u>
Deferred inflows of resources related to pensions	<u>119,899</u>
Net position:	
Net investment in capital assets	3,453,711
Unrestricted	352,923
Total net position	<u><u>\$3,806,634</u></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, 2024

Statement 7

Operating revenues:	
Sales:	
Food and beverage	\$301,195
Merchandise	204,344
Less: cost of goods sold	(257,135)
Net sales	<u>248,404</u>
Green fees	925,796
Cart rental fees	225,724
Other	116,892
Total operating revenues	<u>1,516,816</u>
Operating expenses:	
Salaries and wages	642,010
Payroll taxes and benefits	83,662
Administrative and general:	
Credit card fees	48,398
Insurance	7,772
Marketing and promotion	62,693
Other	69,642
Clubhouse:	
Repairs and maintenance	18,272
Supplies	66,135
Utilities	17,765
Cash (over) short	(1,394)
Grounds maintenance:	
Fertilizer and chemicals	5,663
Irrigation	3,000
Repairs and maintenance	64,288
Seed and soil	43,375
Supplies	80,194
Utilities	38,890
Depreciation / amortization	516,479
Total operating expenses	<u>1,766,844</u>
Operating income (loss)	<u>(250,028)</u>
Nonoperating revenues (expenses):	
Interest income	3,927
Interest expense	(5,324)
Total nonoperating revenues (expenses)	<u>(1,397)</u>
Change in net position	(251,425)
Net position - January 1	<u>4,058,059</u>
Net position - December 31	<u><u>\$3,806,634</u></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, 2024

Statement 8

Cash flows provided by operating activities:	
Receipts from customers	\$1,799,904
Payments to suppliers	(821,489)
Payments to employees	(750,731)
Net cash flows provided by operating activities	<u>227,684</u>
Cash flows used for capital and related financing activities:	
Acquisition of capital assets	(49,230)
Principal paid on leases	(180,092)
Interest charges	(5,324)
Net cash flows used for capital and related financing activities	<u>(234,646)</u>
Cash flows from investment activities:	
Interest on investments	<u>3,927</u>
Net increase (decrease) in cash and cash equivalents	(3,035)
Cash and cash equivalents - January 1	<u>453,234</u>
Cash and cash equivalents - December 31	<u><u>\$450,199</u></u>
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	(\$250,028)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:	
Depreciation / amortization expense	516,479
(Increase) decrease in accounts receivable	25,953
(Increase) decrease in inventories	(13,051)
(Increase) decrease in deferred outflows related to pensions	(50,483)
Increase (decrease) in accounts payable	(26,610)
Increase (decrease) in deferred inflows related to pensions	20,390
Increase (decrease) in pension liability	5,034
Net cash flows from operating activities	<u><u>\$227,684</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 a component unit of Cook County, Minnesota 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 2024 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 from long-term debt acquisitions 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, 2024, actual expenditures of the General Fund exceeded budgeted appropriations by \$159,829.

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, clubhouse and course equipment, and right to use lease 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/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	30
Buildings and structures	20
Equipment	3 - 20
Right-to-use lease assets	3 - 5

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, 2024.

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, 2024, the bank balance of the EDA's deposits with financial institutions was \$935,303 and the carrying amount was \$791,972. The EDA also had \$1,100 of cash on hand.

Depository insurance and pledged collateral insured \$721,329 of the EDA's deposits as of December 31, 2024. No collateral was pledged to protect the remaining \$213,974 of deposits.

B. INVESTMENTS

The EDA may invest its funds in investments authorized by Minnesota Statutes 118A.04 and 118A.05. During 2024, the EDA did not have any such investments.

**COOK COUNTY / GRAND MARAIS JOINT
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NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 3 RECEIVABLES

As of December 31, 2024, receivables of the EDA are as follows:

	Total Receivables	Amounts Not Expected to be Collected Within One Year
Governmental activities:		
General Fund:		
Taxes	\$32,687	\$6,700
Loans receivable	209,788	208,438
Business-type activities:		
Golf course fund:		
Sales tax refund	29,772	-
Total receivables	<u>\$272,247</u>	<u>\$215,138</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. On March 19, 2024, the EDA Board adopted resolution 2024-16 authorizing the EDA to forgive the balance of this loan. The amount forgiven (\$15,427) is reported as an expenditure, and the loan balance was reduced to \$0, during 2024.

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. During 2023, all but one of the loans were forgiven and the outstanding loan balance was reduced by \$139,799 as a result of the forgiveness. As of December 31, 2024, the remaining loan balance was \$9,788.

During 2024, the EDA issued a deferred loan to a local developer in the amount of \$200,000 at an annual rate of 2% for a term not to exceed three years. Loan repayment will be deferred until the end of the three-year term or when the developer closes on permanent funding. There were no payments made on the loan during 2024. As of December 31, 2024, the remaining loan balance was \$200,000.

**COOK COUNTY / GRAND MARAIS JOINT
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NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Note 4 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, 2024, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$213,685	\$ -	\$ -	\$213,685
Capital assets being depreciated:				
Land improvements	10,646,513	-	-	10,646,513
Buildings and structures	523,796	14,788	-	538,584
Clubhouse and course equipment	821,704	282,380	-	1,104,084
Right to use lease assets	347,232	-	247,938	99,294
Total capital assets being depreciated	12,339,245	297,168	247,938	12,388,475
Less accumulated depreciation for:				
Land improvements	5,314,569	283,554	-	5,598,123
Buildings and structures	404,699	10,286	-	414,985
Clubhouse and course equipment	569,782	296,293	-	866,075
Right to use lease assets	172,948	174,284	247,938	99,294
Total accumulated depreciation	6,461,998	764,417	247,938	6,978,477
Total capital assets being depreciated, net	5,877,247	(467,249)	-	5,409,998
Total capital assets, net	\$6,090,932	(\$467,249)	\$ -	\$5,623,683

All depreciation and amortization expense was charged to the golf course function during 2024.

Note 5 LONG-TERM LIABILITIES

GOVERNMENTAL ACTIVITIES

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 estimated value of unsold lots as of December 31, 2024 was \$17,000.

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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, 2024 was \$2,169,972. No amounts were repaid during 2024.

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2024 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Land held for resale	\$114,000	\$ -	\$97,000	\$17,000
Business-type activities:				
Golf course loan	2,169,972	-	-	2,169,972
Total long-term liabilities	<u>\$2,283,972</u>	<u>\$ -</u>	<u>\$97,000</u>	<u>\$2,186,972</u>

Note 6 LEASE LIABILITY

During 2024, the EDA had a lease associated with Superior National at Lutsen Golf Course (SNL).

Golf cart lease

SNL leased 72 golf carts. Five seasonal lease payments of \$8,283 were required each year through 2024, plus a final payment of \$144,000 was due November 1, 2024. After all lease payments were made, SNL exercised the option to purchase the golf carts for \$1. The lease liability as of December 31, 2024 was \$0.

Lease liability activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Golf cart lease	<u>\$180,092</u>	<u>\$ -</u>	<u>\$180,092</u>	<u>\$ -</u>

For 2024, interest expense incurred relating to the lease was \$5,324.

Note 7 DEFINED BENEFIT PENSION PLAN

A. PLAN DESCRIPTION

The EDA participates in the General Employees Retirement Plan (General Plan), which is a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). Plan provisions are established and administered according to Minnesota Statutes, Chapters 353, 353D, 353E, 353G and 356. Minnesota Statutes Chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

The General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989 receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first ten years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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%. The 2024 annual increase was 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. 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 prorated increase.

C. CONTRIBUTIONS

Minnesota Statutes Chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the EDA was required to contribute 7.50% for General Plan members. The EDA's contributions to the General Employees Fund for the year ended December 31, 2024 were \$19,355. The EDA's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

At December 31, 2024, the EDA reported a liability of \$94,504 for its proportionate share of the General Employee's Fund 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 \$2,444.

The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The EDA's proportionate share was 0.0026% at the end of the measurement period and 0.0016% for the beginning of the period.

EDA's proportionate share of the net pension liability	\$94,504
State of Minnesota's proportionate share of the net pension liability associated with the EDA	<u>2,444</u>
Total	<u><u>\$96,948</u></u>

For the year ended December 31, 2024, the EDA recognized pension expense of (\$1,281) for its proportionate share of the General Plan pension expense. In addition, the EDA recognized an additional \$66 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The EDA recognized \$4,423 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

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December 31, 2024

At December 31, 2024, the EDA reported General Employees Fund 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	\$9,005	\$ -
Changes in actuarial assumptions	548	35,820
Net difference between projected and actual earnings on pension plan investments	-	29,557
Changes in proportion	53,786	54,522
Employer contributions subsequent to the measurement date	12,839	-
Total	<u>\$76,178</u>	<u>\$119,899</u>

The \$12,839 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, 2025. 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
2025	(\$50,056)
2026	(5,583)
2027	6,333
2028	(7,254)
2029	-
Thereafter	-

The net pension liability will be liquidated by the golf fund.

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2024 actuarial valuation was determined using the entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	7.00%

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 considered reasonable by the actuary. An investment return of 7.00% is within that range.

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

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. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for General Plan are reviewed every four years. The General Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

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 2024 was 7.00%. 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 GERRF 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 (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Proportionate share of the General Plan net pension liability	\$206,413	\$94,504	\$2,450

H. PENSION LIABILITY SENSITIVITY

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.

Note 8 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 9 RELATED PARTY TRANSACTIONS

As of and for the year ended December 31, 2024, the EDA reported the following transactions with related parties:

- \$28,949 of property tax revenue was owed to the City of Grand Marais. A portion of the EDA’s tax levy is passed through to the City of Grand Marais to help fund costs of the Cedar Grove Business Park. Total property tax expense to the City of Grand Marais was \$60,451 in 2024.
- \$17,000 was owed to the City of Grand Marais relating to unsold lots in the Cedar Grove Business Park. See Note 5 for further details.
- Cook County pays the wages, payroll taxes and benefits of the EDA Director. \$7,953 was owed to Cook County to reimburse the County for these expenditures.
- The EDA collected an Iron Range Resources and Rehabilitation Board grant as a pass through to Cook County related to improvements to Pincushion Trail. \$25,000 was owed to Cook County to reimburse the County for these expenditures.
- \$6,882 of property taxes were paid to Cook County relating to EDA owned lots in the Cedar Grove Business Park.
- As described in Note 5, the balance of the golf course loan owed to Cook County was \$2,169,972.
- Mike Larson, who is a member of the governing board of CRMGC, LLC., was hired by the EDA to perform management and consulting services for the golf course. Total expenses were \$30,000 during 2024.
- Cascade Vacation Rentals purchased land held for resale from the EDA for \$60,000.

Note 10 SUBSEQUENT EVENT

On January 21, 2025, the Board of Commissioners approved a professional services agreement with a commercial real estate firm to broker a potential sale of Superior National Golf Course at Lutsen.

REQUIRED SUPPLEMENTARY INFORMATION

COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY**REQUIRED SUPPLEMENTARY INFORMATION****Exhibit A-1****BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

For The Year Ended December 31, 2024

	Budgeted Amount		Actual	Variance with
	Original	Final	Amount	Final Budget -
				Positive
				(Negative)
Revenues:				
Property taxes	\$490,720	\$490,720	\$488,485	(\$2,235)
IRRR grants	-	-	100,000	100,000
SBDC Consultant reimbursements	49,980	49,980	38,603	(11,377)
Miscellaneous	1,800	1,800	18,404	16,604
Total revenues	542,500	542,500	645,492	102,992
Expenditures:				
Operations:				
Accounting	4,000	4,000	11,258	(7,258)
Advertising/marketing/website	4,000	4,000	4,505	(505)
Audit	22,000	22,000	22,500	(500)
Dues and memberships	14,500	14,500	29,830	(15,330)
Insurance	3,200	3,200	2,652	548
Office expense	12,710	12,710	11,869	841
Rent	14,400	14,400	13,990	410
Other	7,500	7,500	6,917	583
Staffing:				
Director salary, taxes, benefits	117,300	117,300	89,889	27,411
SBDC Consultant expense	-	-	38,550	(38,550)
Training/travel/dues/memberships	5,000	5,000	1,897	3,103
Programs and projects:				
Business development & housing projects	200,000	200,000	221,119	(21,119)
Pincushion Trails	-	-	25,000	(25,000)
Papa Charlie's demolition	-	-	75,000	(75,000)
Cedar Grove Business Park	71,262	71,262	67,333	3,929
TABR loan forgiveness	-	-	13,392	(13,392)
Total expenditures	475,872	475,872	635,701	(159,829)
Change in fund balance	\$66,628	\$66,628	9,791	(\$56,837)
Fund balance - January 1			493,679	
Fund balance - December 31			\$503,470	

See accompanying notes to the required supplementary information.

COOK COUNTY / GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit A-2

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -

GENERAL EMPLOYEES RETIREMENT FUND

For the Last Ten Years

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
2024	0.0026%	\$94,504	\$2,444	\$96,948	\$150,707	62.7%	89.1%
2023	0.0016%	89,470	2,550	92,020	127,640	70.1%	83.1%
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%

See accompanying notes to the required supplementary information.

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)
2024	\$19,355	\$19,355	\$ -	\$258,067	7.50%
2023	10,056	10,056	-	134,080	7.50%
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%

See accompanying notes to the required supplementary information.

**COOK COUNTY / GRAND MARAIS JOINT
ECONOMIC DEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
DECEMBER 31, 2024**

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

2024 Changes in Actuarial Assumptions:

The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023):

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

2024 Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

2023 Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million was contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010 was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024 was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

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.

**COOK COUNTY / GRAND MARAIS JOINT
ECONOMIC DEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
DECEMBER 31, 2024**

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.

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, 2024, 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 October 21, 2025.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024-01 and 2024-02 to be material weaknesses.



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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-03 to be a significant deficiency.

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*.

Responses to 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity'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

October 21, 2025

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, 2024, 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 October 21, 2025.

In connection with our audit, we noted that Cook County / Grand Marais Joint Economic Development Authority failed to comply with provisions of the depositories of public funds and public investments section 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 item 2024-04. 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 contracting – bid laws, conflicts of interest, claims and disbursements, and miscellaneous provisions 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 Cook County / Grand Marais Joint Economic Development Authority's response to the legal compliance finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The response was 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

October 21, 2025



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**COOK COUNTY / GRAND MARAIS JOINT
ECONOMIC DEVELOPMENT AUTHORITY**
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended December 31, 2024

2024-01 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, 2024

2024-02 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 EDA did not properly reverse prior year or record current year accruals of assets and liabilities. The auditor identified five adjustments totaling \$111,323 for the General Fund and one adjustment for \$13,995 for the Golf Course Fund to reverse prior year accruals. The auditor identified six adjustments totaling \$110,195 for the General Fund and three adjustments totaling \$31,503 for the Golf Course Fund to record current year accruals.

The adjustments are considered material to the General Fund.

Cause: The complexity of governmental accounting contributed to these adjustments.

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 in November of 2024. The new director job description excluded administration of the golf course and the Executive Director was not familiar with the financials related to the golf course. This lack of oversight contributed to the delayed accounting corrections and updates. 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, 2024

2024-03 Lack of Supporting Documentation

Criteria: Expenditures should be supported by a receipt or invoice which should be maintained on file in accordance with an entity's record retention policies.

Condition: 15 payments were selected for a disbursements test. A supporting receipt or invoice was not provided for 2 out of the 15 items tested as follows:

- Home Depot - \$423.45
- Callaway - \$24,153.81

Cause: Unknown.

Effect: A lack of sufficient supporting documentation impedes an entity's ability to adequately review and approve its expenditures.

Recommendation: We recommend all payments be supported by an approved receipt or invoice.

Views of Responsible Officials and Corrective Action Plan: The EDA will make every effort to save all invoices. The two invoices identified above relate to Superior National purchases. Golf course employees will follow the recommendation to retain all receipts and invoices.

**COOK COUNTY / GRAND MARAIS JOINT
ECONOMIC DEVELOPMENT AUTHORITY**
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended December 31, 2024

2024-04 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, 2024, the EDA had monies on deposit with two financial institutions. At one financial institution, all funds were either covered by FDIC insurance or pledged collateral. At another financial institution, \$250,000 of deposits were insured by the National Credit Union Share Insurance Fund and the remaining \$231,974 were uninsured or uncollateralized.

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 2025 to address this issue, will take further similar action if needed.