



ITASCA COUNTY BOARD OF COMMISSIONERS

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744
(218) 327-2847

Tuesday, July 5, 2022

2:30 PM

Itasca County Boardroom

FINAL

WORK SESSION MINUTES

I. CALL TO ORDER

Chair Snyder called the meeting to order at 2:30 PM.

Attendee Name	Title	Status	Arrived
Davin Tinquist	District #1	Present	2:30 PM
Terry Snyder	District #2	Present	2:30 PM
Leo Trunt	District #3	Present	2:30 PM
Burl Ives	District #4	Present	2:30 PM
Ben DeNucci	District #5	Present	2:30 PM

II. PLEDGE OF ALLEGIANCE

III. APPROVAL OF AGENDA

Motion To: Add Items #6.11 (2022 DHS Procurement – County Mediation) and #10.1 (Closed Session per MN Statutes 13D.05, Subd. 3(c)(3) Re: Potential Purchase of Parcel Identification Numbers (PINs) 91-016-2406 and 91-016-2301), and approved the agenda, as amended.

RESULT: APPROVED (5 TO 0)
MOVER: Commissioner Davin Tinquist
SECONDER: Commissioner Ben DeNucci
AYES: Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

IV. MINUTES APPROVAL

Motion To: Approve the minutes of the Monday, June 27, 2022 County Facilities Tour at the Cohasset Garage; Monday, June 27, 2022 County Facilities Tour at the Deer River Garage; Monday, June 27, 2022 County Facilities Tour at the Max Garage; Monday, June 27, 2022 County Facilities Tour at the Bigfork Garage; Monday, June 27, 2022 County Facilities Tour at the Arbo Garage; and Tuesday, June 28, 2022 County Board Regular Session.

RESULT: APPROVED (5 TO 0)
MOVER: Commissioner Leo Trunt
SECONDER: Commissioner Burl Ives
AYES: Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

V. RECOMMENDED FOR CONSENT AGENDA

1. Appoint Leo Trunt to the vacant, unexpired Commissioner position on the Itasca County Housing and Redevelopment Authority (HRA), effective July 12, 2022, with an expiration date of December 31, 2023.

RESULT: RECOMMENDED FOR CONSENT **NEXT:** 07/12/2022 2:30 PM

2. Award contract 59916 for Nashwauk TWP, South Sucker Lake Road - Bridge/Culvert Replacement to the lowest responsible bidder, Utility Systems of America, Inc., in the amount of \$168,422.00 and authorize the required signatures on the contract documents.

RESULT:	RECOMMENDED FOR CONSENT	NEXT: 07/12/2022 2:30 PM
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VI. DISCUSSION / INFORMATIONAL

1. Citizen Input
No citizen input provided.

2. Potential Schedule Change for August

Motion To: Reschedule the Tuesday, August 9, 2022 Regular Session to Wednesday, August 10, 2022 at 2:30 PM in the Itasca County Boardroom due to elections.

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Leo Trunt
SECONDER:	Commissioner Ben DeNucci
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

3. Ecumen Grand Village Management Agreement
County Administrator Brett Skyles provided information regarding the request to approve the Ecumen Grand Village Management Agreement.

RESULT:	RECOMMENDED FOR REGULAR	NEXT: 07/12/2022 2:30 PM
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4. 2022-2024 Labor Contract – MN Teamsters Public and Law Enforcement Employees' Union, Local No. 320

Motion To: Approve and authorize necessary signatures for the 2022-2024 Minnesota Teamsters Public and Law Enforcement Employees' Union, Local No. 320 Labor Agreement, which represents Probation Officers.

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Davin Tinquist
SECONDER:	Commissioner Ben DeNucci
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

5. Order to Abate a Public Health Nuisance

Motion To: Approve the Order to Abate a Public Health Nuisance on Thomas Cichy Jr. Parcel #08-007-4101 and authorize signatures of the County Board Chair and Clerk of the County Board.

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Burl Ives
SECONDER:	Commissioner Leo Trunt
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

6. County State Aid Funds Advance Resolution

County Engineer Karin Grandia provided information regarding the request to approve the Resolution Re: County State Aid Highway Funds Advance.

RESULT:	RECOMMENDED FOR CONSENT	NEXT: 07/12/2022 2:30 PM
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7. Highway 169 Cross Range Study Advisory Committee

Motion To: Appoint Commissioner Leo Trunt as delegate and Commissioner Ben DeNucci as alternate on the Highway 169 Cross Range Study Advisory Committee (SAC) for indefinite terms, as long as elected.

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Burl Ives
SECONDER:	Commissioner Davin Tinquist
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

8. Tax-Forfeited Land Sale to Adjoining Landowners

Real Estate Specialist Cindy Shevich provided information regarding the request to adopt the Resolution Re: Fixing the Notice and Terms of Tax-Forfeited Land Sale to Adjoining Landowners.

RESULT:	RECOMMENDED FOR CONSENT	NEXT: 07/12/2022 2:30 PM
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9. 38er's Snowmobile Club Trail Improvement Grant Resolution

Motion To: Adopt the Resolution Re: 38er's Snowmobile Club Trail Improvement Program Grant Application and authorize necessary signatures.

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Burl Ives
SECONDER:	Commissioner Ben DeNucci
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

10. Driftskippers Snowmobile Club Trail Improvement Grant Resolution

Motion To: Adopt the Resolution Re: Driftskippers Snowmobile Club Trail Improvement Program Grant Application and authorize necessary signatures.

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Davin Tinquist
SECONDER:	Commissioner Leo Trunt
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

11. 2022 DHS Procurement – County Mediation

Health and Human Services (HHS) Director Eric Villeneuve provided information regarding the request to adopt the Resolution Re: Objection to 2023 Minnesota Department of Human Services Selection of Participating Health Plans.

RESULT:	RECOMMENDED FOR CONSENT	NEXT: 07/12/2022 2:30 PM
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VII. COMMITTEE REPORTS

Commissioner DeNucci reported on his attendance at recent Board of Appeal and Equalization, Arrowhead Economic Opportunity Agency (AEOA) Board of Directors, Kootasca Community Action (KCA), and Step 3 Grievance Committee meetings, as well as County Facilities Tours.

Commissioner Tinquist reported on his attendance at recent Board of Appeal and Equalization, Mississippi Headwaters Board (MHB), and Step 3 Grievance Committee meetings, as well as Labor Negotiations and County Facilities Tours.

Commissioner Trunt reported on his attendance at recent Board of Appeal and Equalization meetings and County Facilities Tours, as well as an Emergency Management Training.

Commissioner Snyder reported on his attendance at recent Board of Appeal and Equalization, Grand Village Board, and North Itasca Joint Powers Board (NIJPB) meetings, as well as an e2ip property meeting, a meeting with Extension staff, Canisteo Pit meetings, and County Facilities Tours.

VIII. ADMINISTRATOR UPDATE**IX. COMMISSIONER COMMENTS****RECESS**

Chair Snyder recessed the meeting at 3:05 PM.

RECONVENE

Chair Snyder reconvened the meeting at 3:08 PM, with all members present.

X. CLOSED SESSIONS

1. Closed Session per MN Statutes 13D.05, Subd. 3(c)(3) Re: Potential Purchase of Parcel Identification Numbers (PINs) 91-016-2406 and 91-016-2301

Motion To: Go into Closed Session per MN Statutes 13D.05, Subd. 3(c)(3) Re: Potential Purchase of Parcel Identification Numbers (PINs) 91-016-2406 and 91-016-2301.

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Burl Ives
SECONDER:	Commissioner Davin Tinquist
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

Others Present: County Attorney Matti Adam, Land Commissioner Kory Cease, County Administrator Brett Skyles, and Deputy Clerk of the County Board Amanda Schultz.

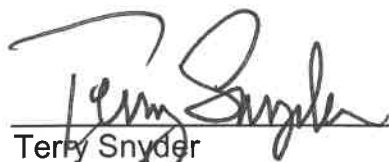
Motion To: Go into Open Session.

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Ben DeNucci
SECONDER:	Commissioner Leo Trunt
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

RESULT:	INFORMATIONAL - NO ACTION TAKEN
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XI. ADJOURN

Chair Snyder adjourned the meeting at 3:33 PM.

ATTEST

Terry Snyder
Chair of the County Board



Brett Skyles
Clerk of the County Board



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

RESOLUTION 2022-43

RE: 38ERS SNOWMOBILE CLUB TRAIL IMPROVEMENT GRANT APPLICATION

WHEREAS, Itasca County, as sponsor, recognizes the importance of recreational trails to the local economy and supports the grant application made to the Minnesota Department of Natural Resources for the Snowmobile Trail Improvement Program, and

WHEREAS, the 38er's Snowmobile Club is working to seek funding for major rehabilitation on a re-route project on the Suomi Snowmobile Trail, and

WHEREAS, the Snowmobile Trail Improvement Program is available to fund seventy-five (75) percent of the cost of projects under this grant, and

WHEREAS, Itasca County affirms that the 38er's Snowmobile Club recognizes the twenty-five (25) match requirements for the Trail Improvement grant program, and that they will secure matching funds.

NOW THEREFORE BE IT RESOLVED, if Itasca County is awarded a grant by the Minnesota Department of Natural resources, Itasca County agrees to accept the grant award, and may enter into an agreement with the State of Minnesota for the above referenced project. Itasca County will comply with all applicable laws, environmental requirements and regulations as stated in the grant agreement, and

BE IT FURTHER RESOLVED, that Itasca County will accept the sponsorship role for this project involving funding in state fiscal years 22-24, from July 1, 2021 through June 30, 2024.

BE IT FURTHER RESOLVED, the Itasca County Auditor, 123 NE 4th St. Grand Rapids, MN. 55744 be named as the fiscal agent for this project (or grant).

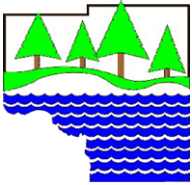
RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Burl Ives
SECONDER:	Commissioner Ben DeNucci
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

STATE OF MINNESOTA
Office of County Administrator
ss. County of Itasca

I, BRETT SKYLES, Administrator of the County of Itasca, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 5th day of July A.D. 2022 and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Grand Rapids, Minnesota, this 5th day of July A.D. 2022.

Administrator



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

RESOLUTION 2022-44

RE: DRIFTSKIPERS SNOWMOBILE CLUB TRAIL IMPROVEMENT GRANT APPLICATION

WHEREAS, Itasca County, as sponsor, recognizes the importance of recreational trails to the local economy and supports the grant application made to the Minnesota Department of Natural Resources for the Snowmobile Trail Improvement Program, and

WHEREAS, the Driftskipper Snowmobile Club is working to seek funding for major rehabilitation on a re-route project on the Pokegama Lake Snowmobile Trail, and

WHEREAS, the Snowmobile Trail Improvement Program is available to fund seventy-five (75) percent of the cost of projects under this grant, and

WHEREAS, Itasca County affirms that the Driftskipper Snowmobile Club recognizes the twenty-five (25) match requirements for the Trail Improvement grant program, and that they will secure matching funds.

NOW THEREFORE BE IT RESOLVED, if Itasca County is awarded a grant by the Minnesota Department of Natural resources, Itasca County agrees to accept the grant award, and may enter into an agreement with the State of Minnesota for the above referenced project. Itasca County will comply with all applicable laws, environmental requirements and regulations as stated in the grant agreement, and

BE IT FURTHER RESOLVED, that Itasca County will accept the sponsorship role for this project involving funding in State fiscal years 22-24, from July 1, 2021 through June 30, 2024.

BE IT FURTHER RESOLVED, the Itasca County Auditor, 123 NE 4th St. Grand Rapids, MN. 55744 be named as the fiscal agent for this project (or grant).

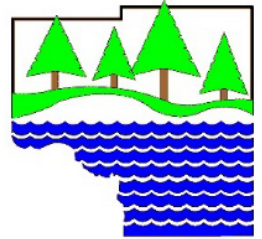
RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Davin Tinquist
SECONDER:	Commissioner Leo Trunt
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

STATE OF MINNESOTA
Office of County Administrator
ss. County of Itasca

I, BRETT SKYLES, Administrator of the County of Itasca, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 5th day of July A.D. 2022 and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Grand Rapids, Minnesota, this 5th day of July A.D. 2022.

Administrator



July 5, 2022

Chair:

PULL: None

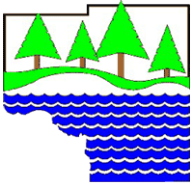
ADDITIONS:

1. Item #6.11 (2022 DHS Procurement – County Mediation)
2. Item #10.1 (Closed Session per MN Statutes 13D.05, Subd. 3(c)(3) Re: Potential Purchase of Parcel Identification Numbers (PINs) 91-016-2406 and 91-016-2301)

CHANGES: None

INFORMATIONAL: None

Amanda



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744
(218) 327-2847

Monday, June 27, 2022

7:10 AM

Cohasset Garage

DRAFT

COUNTY FACILITIES TOUR MINUTES

I. CALL TO ORDER

Chair Snyder called the meeting to order at 7:10 AM at the Itasca County District 4 Cohasset Garage located at 24466 County Road 76, Grand Rapids, MN.

Attendee Name	Title	Status	Arrived
Davin Tinquist	District #1	Present	7:10 AM
Terry Snyder	District #2	Present	7:10 AM
Leo Trunt	District #3	Present	7:10 AM
Burl Ives	District #4	Present	7:10 AM
Ben DeNucci	District #5	Present	7:10 AM

Others Present: Assistant County Engineer Ryan Sutherland, Highway Maintenance Director Kory Johnson, Highway Maintenance Supervisor Bill Lessard, Risk/Safety Manager Duane Dockter, County Administrator Brett Skyles, and Deputy Clerk of the County Board Amanda Schultz.

II. REGULAR AGENDA

1. Receive tour of the Itasca County Cohasset Garage.

Highway Maintenance Director Kory Johnson and Highway Maintenance Supervisor Bill Lessard provided a tour of the Itasca County District 4 Cohasset Garage buildings and grounds and discussed any pertinent questions or concerns.

RESULT:	INFORMATIONAL - NO ACTION TAKEN
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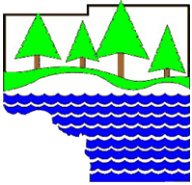
III. ADJOURN

Chair Snyder adjourned the meeting at 8:02 AM.

ATTEST

Terry Snyder
Chair of the County Board

Brett Skyles
Clerk of the County Board



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744
(218) 327-2847

Monday, June 27, 2022

8:45 AM

Deer River Garage

DRAFT

COUNTY FACILITIES TOUR MINUTES

I. CALL TO ORDER

Chair Snyder called the meeting to order at 8:45 AM at the Itasca County District 1 Deer River Garage located at 36888 State Highway 6, Deer River, MN.

Attendee Name	Title	Status	Arrived
Davin Tinquist	District #1	Present	8:45 AM
Terry Snyder	District #2	Present	8:45 AM
Leo Trunt	District #3	Present	8:45 AM
Burl Ives	District #4	Present	8:45 AM
Ben DeNucci	District #5	Present	8:45 AM

Others Present: Highway Maintenance Director Kory Johnson, Highway Maintenance Supervisor Jeff Heinrich, Risk/Safety Manager Duane Dockter, County Administrator Brett Skyles, and Deputy Clerk of the County Board Amanda Schultz.

II. REGULAR AGENDA

1. Receive tour of the Itasca County Deer River Garage.

Robert Bourman expressed concerns regarding the maintenance of County Road 4.

Highway Maintenance Director Kory Johnson and Highway Maintenance Supervisor Jeff Heinrich provided a tour of the Itasca County District 1 Deer River Garage buildings and grounds and discussed any pertinent questions or concerns.

RESULT: INFORMATIONAL - NO ACTION TAKEN

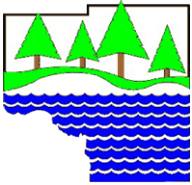
III. ADJOURN

Chair Snyder adjourned the meeting at 9:33 AM.

ATTEST

Terry Snyder
Chair of the County Board

Brett Skyles
Clerk of the County Board



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744
(218) 327-2847

Monday, June 27, 2022

10:30 AM

Max Garage

DRAFT

COUNTY FACILITIES TOUR MINUTES

I. CALL TO ORDER

Chair Snyder called the meeting to order at 10:30 AM at the Itasca County District 2 Max Garage located at 50927 County Road 34, Max, MN.

Attendee Name	Title	Status	Arrived
Davin Tinquist	District #1	Present	10:30 AM
Terry Snyder	District #2	Present	10:30 AM
Leo Trunt	District #3	Present	10:30 AM
Burl Ives	District #4	Present	10:30 AM
Ben DeNucci	District #5	Absent	

Others Present: Highway Maintenance Director Kory Johnson, Highway Maintenance Supervisor Bill Lessard, Risk/Safety Manager Duane Dockter, County Administrator Brett Skyles, and Deputy Clerk of the County Board Amanda Schultz.

II. REGULAR AGENDA

1. Max Garage

Highway Maintenance Director Kory Johnson and Highway Maintenance Supervisor Bill Lessard provided a tour of the Itasca County District 2 Max Garage buildings and grounds and discussed any pertinent questions or concerns.

RESULT:	INFORMATIONAL - NO ACTION TAKEN
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III. ADJOURN

Chair Snyder adjourned the meeting at 11:05 AM.

ATTEST

Terry Snyder
Chair of the County Board

Brett Skyles
Clerk of the County Board



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744
(218) 327-2847

Monday, June 27, 2022

1:00 PM

Bigfork Garage

DRAFT

COUNTY FACILITIES TOUR MINUTES

I. CALL TO ORDER

Chair Snyder called the meeting to order at 1:00 PM at the Itasca County District 2 Bigfork Garage located at 58708 County Road 7, Bigfork, MN.

Attendee Name	Title	Status	Arrived
Davin Tinquist	District #1	Present	1:00 PM
Terry Snyder	District #2	Present	1:00 PM
Leo Trunt	District #3	Present	1:00 PM
Burl Ives	District #4	Present	1:00 PM
Ben DeNucci	District #5	Present	1:00 PM

Others Present: Highway Maintenance Director Kory Johnson, Highway Maintenance Supervisor Bill Lessard, Risk/Safety Manager Duane Dockter, County Administrator Brett Skyles, and Deputy Clerk of the County Board Amanda Schultz.

II. REGULAR AGENDA

1. Bigfork Garage

Highway Maintenance Director Kory Johnson and Highway Maintenance Supervisor Bill Lessard provided a tour of the Itasca County District 2 Bigfork Garage buildings and grounds and discussed any pertinent questions or concerns.

RESULT:	INFORMATIONAL - NO ACTION TAKEN
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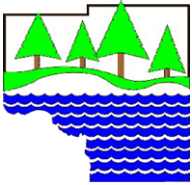
III. ADJOURN

Chair Snyder adjourned the meeting at 1:28 PM.

ATTEST

Terry Snyder
Chair of the County Board

Brett Skyles
Clerk of the County Board



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744
(218) 327-2847

Monday, June 27, 2022

2:45 PM

Arbo Garage

DRAFT

COUNTY FACILITIES TOUR MINUTES

I. CALL TO ORDER

Chair Snyder called the meeting to order at 2:45 PM at the Itasca County District 4 Arbo Garage located at 35668 E. Deer Lake Road, Deer River, MN.

Attendee Name	Title	Status	Arrived
Davin Tinquist	District #1	Present	2:45 PM
Terry Snyder	District #2	Present	2:45 PM
Leo Trunt	District #3	Present	2:45 PM
Burl Ives	District #4	Present	2:45 PM
Ben DeNucci	District #5	Present	2:45 PM

Others Present: Highway Maintenance Director Kory Johnson, Highway Maintenance Supervisor Bill Lessard, Risk/Safety Manager Duane Dockter, County Administrator Brett Skyles, and Deputy Clerk of the County Board Amanda Schultz.

II. REGULAR AGENDA

1. Arbo Garage

Highway Maintenance Director Kory Johnson and Highway Maintenance Supervisor Bill Lessard provided a tour of the Itasca County District 4 Arbp Garage buildings and grounds and discussed any pertinent questions or concerns.

RESULT:	INFORMATIONAL - NO ACTION TAKEN
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III. ADJOURN

Chair Snyder adjourned the meeting at 3:08 PM.

ATTEST

Terry Snyder
Chair of the County Board

Brett Skyles
Clerk of the County Board



ITASCA COUNTY BOARD OF COMMISSIONERS

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744
(218) 327-2847

Tuesday, June 28, 2022

2:30 PM

Itasca County Boardroom

DRAFT

REGULAR SESSION MINUTES

I. CALL TO ORDER

Chair Snyder called the meeting to order at 02:30 PM.

Attendee Name	Title	Status	Arrived
Davin Tinquist	District #1	Present	2:30 PM
Terry Snyder	District #2	Present	2:30 PM
Leo Trunt	District #3	Present	2:30 PM
Burl Ives	District #4	Present	2:30 PM
Ben DeNucci	District #5	Absent	

II. PLEDGE OF ALLEGIANCE

III. APPROVAL OF AGENDA

Motion To: Add Item #6.10 (Declaration of a State of Emergency) and approve the agenda, as amended.

RESULT:	APPROVED (4 TO 0)
MOVER:	Commissioner Davin Tinquist
SECONDER:	Commissioner Burl Ives
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives
ABSENT:	Ben DeNucci

IV. MINUTES APPROVAL

Motion To: Approve the minutes of the Tuesday, June 21, 2022 County Board Work Session.

RESULT:	APPROVED (4 TO 0)
MOVER:	Commissioner Leo Trunt
SECONDER:	Commissioner Burl Ives
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives
ABSENT:	Ben DeNucci

V. CONSENT AGENDA

Motion To: Pull Item #5.1 (Ecumen Grand Village Management Agreement) and add the item as Item #6.11.

RESULT:	APPROVED (4 TO 0)
MOVER:	Commissioner Burl Ives
SECONDER:	Commissioner Leo Trunt
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives
ABSENT:	Ben DeNucci

Motion To: Approve the Consent Agenda, as amended and delineated below.

RESULT:	APPROVED (4 TO 0)
MOVER:	Commissioner Burl Ives
SECONDER:	Commissioner Davin Tinquist
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives
ABSENT:	Ben DeNucci

2. Accept the Minutes of the May 12, 2022 HHS Advisory Committee Meeting.
3. Approve and accept the 2022/2023 Housing Support Agreements effective July 1, 2023.
4. Approve application submission for a Family Services Collaborative from the Blandin Foundation in an amount up to \$140,000 over a two-year period.
5. Authorize the Transportation Department to allow Hawkinson Construction the use of property around the Togo garage for the placement of two job trailers that are required by MnDOT for the construction of TH 1 and sign the Hold Harmless Agreement
6. Award Contract to Lowest Responsible Bidder, ASAP Heating and Air Conditioning, and authorize the necessary signatures to execute the contract documents.

VI. REGULAR AGENDA

1. Citizen Input
No citizen input provided.
2. Recognition of County Employees
The following employees were recognized:

Farewell to Joel Boyd who will be retiring as a Custodian, effective June 30, 2022, after 21+ years of employment.

Welcome to new employee Vanessa Eisenbraun, Child Support Officer, Health & Human Services Department, effective June 20, 2022.

Farewell to Ryan Danielson who resigned as Emergency Communications Specialist, Sheriff Department effective May 24, 2022, after 24 years of service.

Farewell to Nick Daigle who resigned as Assessor/Appraiser II, Assessor Department, effective June 22, 2022 after 4 years of service.

Congratulations to Chris Peterson who was promoted from Deputy Sheriff/Road Deputy to Deputy Sheriff/Lieutenant, Sheriff Department, effective June 26, 2022.

RESULT:	INFORMATIONAL - NO ACTION TAKEN
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3. Commissioner Warrants

Motion To: Approve Commissioner Warrants with a check date of July 1, 2022, in the amount of \$3,971,822.94.

RESULT:	APPROVED (4 TO 0)
MOVER:	Commissioner Davin Tinquist
SECONDER:	Commissioner Burl Ives
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives
ABSENT:	Ben DeNucci

4. ICHHS Warrants

Motion To: Approve the Itasca County Health and Human Services (ICHHS) Department Warrants for June 2022, in the amount of \$1,757,509.21.

RESULT:	APPROVED (4 TO 0)
MOVER:	Commissioner Leo Trunt
SECONDER:	Commissioner Burl Ives
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives
ABSENT:	Ben DeNucci

5. COVID-19 Update

Public Health Division Manager Kelly Chandler provided a situational and informational update regarding COVID-19 (novel coronavirus) in Itasca County, including information regarding vaccination availability. If you have questions or concerns regarding COVID-19, please call the Public Health Hotline at (218) 327-6784, visit <http://www.co.itasca.mn.us/798/COVID-19-Coronavirus-Information>, or contact First Call for Help/211 at (218) 326-8565.

RESULT:	INFORMATIONAL - NO ACTION TAKEN
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6. Change 1.0 FTE Public Health Nurse to 1.0 FTE Social Worker - Home and Community Based
Motion To: Change allocation of 1.0 FTE Public Health Nurse to 1.0 FTE Social Worker - Home and Community Based.

RESULT:	APPROVED (4 TO 0)
MOVER:	Commissioner Leo Trunt
SECONDER:	Commissioner Davin Tinquist
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives
ABSENT:	Ben DeNucci

7. County Based Purchasing (IMCare) Division Update/Presentation

Health Plan Division Manager Sarah Anderson provided a County Based Purchasing (IMCare) Division Update, including information regarding the 2022 Q1 Compliance Program Report.

RESULT:	INFORMATIONAL - NO ACTION TAKEN
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8. Bass Lake Park Campground Fee Schedule

Motion To: Authorize new campsite fees of \$30 per night for electric sites on Loop A, \$20 per night for non-electric sites on Loop B, and \$15 per night for tent-only sites on Loop C at the Bass Lake County Campground.

RESULT:	APPROVED (4 TO 0)
MOVER:	Commissioner Leo Trunt
SECONDER:	Commissioner Davin Tinquist
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives
ABSENT:	Ben DeNucci

9. Utility Easement for Lake Country Power on Tax-Forfeited Trust Land

Motion To: Approve utility easement for construction, maintenance and operation of an underground primary telecommunication line over and across tax-forfeited trust lands in Section 31, Township 59, Range 23 and authorize necessary signatures.

RESULT:	APPROVED (4 TO 0)
MOVER:	Commissioner Burl Ives
SECONDER:	Commissioner Davin Tinquist
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives
ABSENT:	Ben DeNucci

10. Declaration of a State of Emergency

Motion To: Adopt the Resolution Re: Declaration of a State of Emergency due to damage resulting from the June 24, 2022 Heavy Winds, Rain, and Flood Damage in Itasca County and approve necessary signatures to the request for a Preliminary Damage Assessment from the State.

RESULT:	APPROVED (4 TO 0)
MOVER:	Commissioner Davin Tinquist
SECONDER:	Commissioner Burl Ives
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives
ABSENT:	Ben DeNucci

11. Ecumen Grand Village Management Agreement

County Administrator Brett Skyles provided information regarding the request to approve the Ecumen Grand Village Management Agreement.

RESULT:	RECOMMENDED FOR DISCUSSION	NEXT: 07/05/2022 2:30 PM
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VII. COMMISSIONER COMMENTS

Commissioner Ives provided comment regarding recent labor negotiation meetings and County Facilities Tours.

Commissioner Snyder provided comment regarding recent meetings regarding Canisteo Pit.

VIII. CLOSED SESSIONS**IX. ADJOURN**

Chair Snyder adjourned the meeting at 3:15 PM.

ATTEST

Terry Snyder
Chair of the County Board

Brett Skyles
Clerk of the County Board



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

REQUEST FOR BOARD ACTION: RBA-2022-2478

DEPARTMENT: Administrative Services

TIME REQUESTED: < 5 Minutes

PRESENTER: Amanda Schultz, Diane Larson

AGENDA ITEM:

Housing and Redevelopment Authority Appointment

BOARD ACTION REQUESTED:

Appoint Leo Trunt to the vacant, unexpired Commissioner position on the Itasca County Housing and Redevelopment Authority (HRA), effective July 12, 2022, with an expiration date of December 31, 2023.

BACKGROUND:

COUNTY ATTORNEY REVIEW: N/A

SUPPORTING DOCUMENTATION:

1. HRA BOARD.22 revised
2. Housing & Redevelopment Authority-Application-L Trunt

07/05/2022

RESULT:	RECOMMENDED FOR CONSENT	NEXT: 07/12/2022 2:30 PM
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BOARD OF COMMISSIONERS

ITASCA COUNTY HRA

2022

NAME	DISTRICT	APPOINTED/ REAPPOINTED	EXPIRES	POSITION
Barb Sanderson	4	1/01/2022	12/31/2026	Commissioner
Vacant			12/31/2023	Commissioner
Tim Johnson	5	1/01/2018	12/31/2022	Vice-Chair
Ed Bolf	5	01/01/2020	12/31/2024	Secretary
Kathleen Blake	4	1/01/2021	12/31/2025	Commissioner
Patrick Casey	4	1/01/2020	12/31/2024	Chair
Leah Griffin	5	5/10/2022	12/31/2025	Resident Commissioner

Seven-member board appointed by the Itasca County Board of Commissioners. Members selected on a geographical basis to be representative of the county.

Chair – HRA

Mr. Pat Casey
1502 S.W. 1st Avenue
Grand Rapids, MN 55744
259-1891 cell
ptcasey@yahoo.com

or

Mr. Pat Casey
c/o Itasca County HRA
1115 NW 4th St.
Grand Rapids, MN 55744

Executive Director

Diane R. Larson
Itasca County HRA
1115 NW 4th St.
Grand Rapids, MN 55744
218-326-7978
218-326-8031 fax
diane@itascacountyhra.org

Local Elected Official

Terry Snyder, County Board Chair
123 NE 4th Street
Grand Rapids, MN 55744
Phone: Courthouse: (218) 259-1279
E-mail: terry.snyder@co.itasca.mn.us



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

REQUEST FOR BOARD ACTION: RBA-2022-2480

DEPARTMENT: Transportation

TIME REQUESTED: < 5 Minutes

PRESENTER: Rachel Metelak

AGENDA ITEM:

Bid Award for Contract 59916 - Nashwauk TWP S. Sucker Lake Rd. Bridge/Culvert Replacement

BOARD ACTION REQUESTED:

Award contract 59916 for Nashwauk TWP, South Sucker Lake Road - Bridge/Culvert Replacement to the lowest responsible bidder, Utility Systems of America, Inc., in the amount of \$168,422.00 and authorize the required signatures on the contract documents.

BACKGROUND:

This project is a Nashwauk TWP project funded by the Town Bridge Account and local TWP dollars. Bids were opened on June 14, 2022 at 11:00 a.m. Results of that bid are as follows:

Engineer's Estimate \$206,505.00

Utility Systems of America, Inc.	\$168,422.00
Casper Construction, Inc.	\$174,000.00
KTM Paving	\$175,500.00
KGM Contractors, Inc.	\$184,410.60
LinnCo, Inc.	\$226,476.60
Veit & Company, Inc.	\$228,059.50
Helmin Construction, Inc.	\$232,176.00
Gladen Constructio, Inc.	\$428,992.40

COUNTY ATTORNEY REVIEW: NA

SUPPORTING DOCUMENTATION:

1. CONTRACT 59916 - unsigned

07/05/2022

S T A T E O F M I N N E S O T A

C O U N T Y O F I T A S C A

CONTRACT
HIGHWAY CONSTRUCTION

This agreement made this 12th day of July 2022 between the County of Itasca in the State of Minnesota, party of the first part, hereinafter called the County, and Utility Systems of America, Inc. of Eveleth MN, party of the second part, hereinafter called the Contractor. Witnesseth, that the Contractor, for and in consideration of the payment or payments herein specified by the County to be made, hereby covenants and agrees to furnish all materials (except such as are specified to be furnished by the County), all necessary tools and equipment and to do and perform all the work and labor in the construction of the Nashwauk TWP South Sucker Lake Road Bridge/Culvert Replacement Project, as shown on approved plans. The price and compensation set forth and specified in the proposal signed by the Contractor and hereto attached are hereby made a part of this agreement. Said work to be done and performed in accordance with the Plans, Specifications, and Special Provisions therefore on file in the office of the County Auditor of said County, which Plans, Specifications, and Special Provisions are hereby made a part of this agreement.

The Contractor further covenants and agrees that he will commence work on or after September 19, 2022, and will have same completed in every respect to the satisfaction and approval of the County, by the following date:

September 30, 2022

IN WITNESS WHEREOF, The County has caused these presents to be executed and the Contractor has hereunto subscribed his name.

Dated at 4:00 P.M., this 12th, day of July, 2022

County of Itasca

By: _____

Terry Snyder, Chairperson County Board

Jeffrey Walker, County Auditor / Treasurer

Contractor

By: _____

Utility Systems of America, Inc.

Contractor

Approved as to form and execution this _____ Day of _____, 2022

Matti Adam, County Attorney

Brett Skyles, Clerk of County Board



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

REQUEST FOR BOARD ACTION: RBA-2022-2005

DEPARTMENT: Administrative Services

TIME REQUESTED: 10 Minutes

PRESENTER: Chair

AGENDA ITEM:

Citizen Input

BOARD ACTION REQUESTED:

Receive Citizen Input

BACKGROUND:

The Itasca County Board of Commissioners encourages citizen input. Each citizen will be allowed to address the County Board one time for up to three (3) minutes in length. Comments should be directed to the Board as a body. When addressing the Board, please state your name and address for the record. The Board will take all information under advisement. As part of County Board protocol, it is unacceptable for any speaker to slander or engage in character assassination at a County Board meeting. In addition, no political grandstanding, candidate endorsement, or other attempts to influence the outcome of an election shall be permitted. Any violation of the above statement shall result in the loss of your remaining time.

COUNTY ATTORNEY REVIEW: N/A

SUPPORTING DOCUMENTATION: None

RESULT:	INFORMATIONAL - NO ACTION TAKEN
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**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

REQUEST FOR BOARD ACTION: RBA-2022-2490

DEPARTMENT: Administrative Services

TIME REQUESTED: 5 Minutes

PRESENTER: Chair

AGENDA ITEM:

Potential Schedule Change for August

BOARD ACTION REQUESTED:

Discuss a potential schedule change for the August 9, 2022 Regular Session due to elections.

BACKGROUND:

The Auditor/Treasurer's office is requesting the use of the Boardroom for in-person voting at the Courthouse on Tuesday, August 9, 2022, which is also the date of a scheduled County Board Regular Session.

Possible options in response to this request and information regarding each option are as follows:

- * The board meeting could be held in another room in the Courthouse; however, holding the board meeting in another room would not allow the option of live-streaming the meeting, which is the typical practice. The Boardroom is the only room set up with ICTV equipment allowing for the meeting to be streamed live.
- * The board meeting could be cancelled. Any items needing action could be approved at the preceding County Board Work Session; however, this could cause issue if an item comes up that needs approval before the following board meeting.
- * The board meeting could be rescheduled to another date/time during the week. In consultation with ICTV, it seems rescheduling the meeting to Thursday, August 11 is an option with them as long as the meeting is finished before 4 PM. The Boardroom is available on Thursday, August 11; however, it is recommended that the meeting be held earlier in the day to allow sufficient time for preparation of the next meeting if this option is selected.

COUNTY ATTORNEY REVIEW: N/A

SUPPORTING DOCUMENTATION: None

Motion To: Reschedule the Tuesday, August 9, 2022 Regular Session to Wednesday, August 10, 2022 at 2:30 PM in the Itasca County Boardroom due to elections.

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Leo Trunt
SECONDER:	Commissioner Ben DeNucci
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

REQUEST FOR BOARD ACTION: RBA-2022-2442

DEPARTMENT: Administrative Services

TIME REQUESTED: 15 Minutes

PRESENTER: Brett Anderson, Brett Skyles

AGENDA ITEM:

Ecumen Grand Village Management Agreement

BOARD ACTION REQUESTED:

Approve the Ecumen Grand Village Management Agreement.

BACKGROUND:

Ecumen has provided Management Services at Grand Village for many years with very little changes to the agreement. This is an updated Agreement presented by Ecumen to continue with Management Services at Grand Village through September, 2024.

COUNTY ATTORNEY REVIEW: Yes and/or Pending

SUPPORTING DOCUMENTATION:

1. Ecumen.GV Management Agreement (FINAL - Clean 6.8.22)

06/21/2022

RESULT:	INFORMATIONAL - NO ACTION TAKEN
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06/28/2022

RESULT:	RECOMMENDED FOR DISCUSSION	NEXT: 07/05/2022 2:30 PM
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07/05/2022

RESULT:	RECOMMENDED FOR REGULAR	NEXT: 07/12/2022 2:30 PM
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MANAGEMENT AGREEMENT

Grand Village Nursing Home

THIS MANAGEMENT AGREEMENT (“Agreement”) is entered into effective as of the ____ day of _____, 20__ (“Effective Date”), by and between Itasca County, a political subdivision of the State of Minnesota (“Owner”), and Ecumen Services, Inc., a Minnesota business corporation (“Manager”) (each a “Party” and collectively the “Parties”).

RECITALS

A. Owner is the owner and licensed operator of Grand Village Nursing Home, a 119-unit skilled nursing facility project located at 923 Hale Lake Pointe, Grand Rapids, Minnesota 55744 (the “Project”).

B. Manager is a subsidiary of Ecumen, a Minnesota nonprofit corporation that operates a variety of senior housing options and services. Manager is in the business of providing management and administrative services for skilled nursing facilities, independent and assisted living facilities, and senior housing programs that leverage Ecumen’s and Manager’s experience as well as its system-wide administrative functions, software systems and practices.

C. Owner desires to continue to ensure the provision of management services relative to the Project.

D. Owner desires to continue to engage Manager to manage the Project and Manager desires to be so engaged.

E. The Parties desire to set forth the terms and conditions under which Manager shall provide management services to Owner in connection with the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I Engagement and Services

I.1 Engagement. Owner hereby appoints Manager as the exclusive manager of the Project. The Parties agree to adhere to the responsibilities as set forth in this Agreement for the term of this Agreement. Manager hereby accepts such appointment and agrees to be so engaged. The Parties expressly agree that this Agreement shall control the Parties’ relationship as of the Effective Date and that all prior Management Agreements, including but not limited to the “Second Amended Management Agreement” with effective date of October 1, 2018, are hereby terminated.

I.2 Scope of Services. Manager's regular Monthly Management Fee is intended to cover those services that are ordinary-course management services for the regular operations of the Project, using Manager's standard systems, processes, policies and procedures. Manager may agree to provide additional or customized services ("Additional Services") which will be billed hourly ("Additional Charges"). Additional Services, upon consultation and approval from Owner and with the exception of up to \$2,000 in times of crisis, include those that are identified specifically in this Agreement as such, as well as other services that are outside the scope of Manager's standard services for regular operations of the Project.

I.3 Operations. Manager will perform the following operations-related services on behalf of Owner:

I.3.1 Hire and supervise a Project Administrator to provide oversight of the services provided by Manager and the overall operations of the Project. Manager shall direct the Project Administrator's performance of all duties hereunder, and shall make all hiring, training, management, performance assessment, disciplinary and other decisions relating to the Project Administrator's employment. The Project Administrator shall maintain such licenses and certifications as required by applicable state law for the Project.

I.3.2 Exercise responsibility and authority over the management of the Project, subject to the budget, and subject to other reasonable direction and decisions as provided by Owner for the operation of the Project. Periodic reporting to Owner, or its designee, will be mutually agreed upon.

I.3.3 Establish measurable quality indicators and performance standards for optimal financial and operational Project performance. Such services will include consultation and monitoring by Manager's nurse consultant in such areas as efficiency assessments of the nursing department, recommendations for staffing levels and nursing staff utilization, acting as a resource for the Project clinical director, and providing standard policies and procedures.

I.3.4 Provide periodic internal reviews and or inspections for the purpose of assessing levels of compliance with financial and operational standards.

I.3.5 Provide licensing support, assistance in preparing plans of correction, complaint investigation assistance and assistance with other regulatory compliance.

I.3.6 Conduct periodic structured reviews of the implementation of all policies and procedures of the Project.

I.3.7 Facilitate resident and staff involvement in educating state and local government entities regarding long-term care issues.

I.3.8 Encourage and assist residents of the Project in forming a resident/family council to promote their common interests, and maintain good-faith communication with such a group so that problems affecting the Project and its residents and their families may be avoided.

Crisis management and additional efforts to manage operations during a crisis are Additional Services, including, but not limited to, war, riots, acts of terrorism, acts of God, civil disturbances, natural disasters, governmentally-declared public health emergencies, and strikes.

I.4 Planning and Development. Manager will perform the following planning and development services on behalf of Owner:

I.4.1 Develop a plan for management and staffing requirements.

I.4.2 Assist in strategic planning efforts with participation and approval by Owner.

I.4.3 Participate in preliminary work relating to Project repositioning efforts, including program review, architectural and planning efforts in regard to interior and exterior repair, remodeling and/or construction projects. Project development support for significant Project repositioning or major expansion projects, including financial feasibility studies and pro formas, are considered Additional Services.

I.5 Marketing. Manager will provide marketing and communications support for the Project as follows:

I.5.1. Coordinate the development of regular public and community relations and marketing plans to support Project utilization and community support. Project management for social media, digital media, website design and updates are Additional Services.

I.5.2 Provide direction to the Project marketing staff, who will carry out marketing activities for the Project.

I.5.3 Assist owner with ordinary course, non-crisis communications. Crisis communications, strategic counsel, media relations management and document drafting are considered Additional Services.

I.5.4 Assistance with applying for private and governmental grants and soliciting charitable donations is an Additional Service.

I.6 Resident Contracts. Manager will, on behalf of Owner and as applicable, arrange for resident occupancy of the dwelling units and arrange services incident thereto, and rent the parking spaces and other rentable space for residents, subject to the following:

I.6.1 Manager will prepare a standard form resident contract that governs the occupancy of dwelling units, provision of services to the resident, and if applicable, use of parking spaces (whether treated as a contract or lease under applicable state law) (hereinafter "Resident Contracts"). The standard form of Resident Contracts and the rates charged, including rates for ancillary services, will be subject to approval by Owner, but individual Resident Contracts need not be submitted for the approval of Owner.

I.6.2 Manager will collect, deposit, and disburse security deposits, if required, in accordance with the terms of each resident's Resident Contract. Owner will determine the amount of each security deposit. Security deposits will be deposited by Manager in an interest bearing account, separate from all other accounts and funds, with a bank or other financial institution whose deposits are insured by an agency of the United States Government approved by Owner. The account will be carried in the Project's name and designated of record as Resident Security Account.

I.6.3 The Project is offered without regard to race, color, religion, or national origin. All standards for the acceptance and rejection of prospective residents shall be applied on a uniform basis without regard to race, color, religion, or national origin and shall comply with any individual program guidelines and applicable state or local laws.

I.7 Enforcement Of Resident Contracts. Manager will secure full compliance by each resident with the terms of the resident's Resident Contract and applicable law. Voluntary compliance will be emphasized and Manager, utilizing social service resources, will counsel residents and make referrals to community agencies in cases of financial hardship or under other circumstances deemed appropriate by Manager, to the end that involuntary termination of tenancies or services may be avoided to the maximum extent, consistent with the sound management of the Project. Nevertheless, Manager may lawfully terminate any tenancy or services when, in Manager's judgment, sufficient cause (including, but not limited to, nonpayment of rent or service charges) for such termination occurs under the terms of the resident's Resident Contract. For this purpose, Manager is authorized to consult with its legal counsel, to bring actions for eviction and service termination, and to execute notices to vacate and judicial pleadings incident to such actions, and the expense of such consultation and action is a Project Cost.

I.8 Maintenance And Repair. Manager will maintain the Project in good repair in accordance with all state, federal, and municipal laws, ordinances, regulations, orders, and codes, and in a condition at all times acceptable to Owner, including, but not limited to, cleaning, painting, decorating, plumbing, carpentry, grounds care, and such other maintenance and repair work as may be necessary, subject to any limitations imposed by Owner in addition to those contained herein. Incident thereto, the following provisions will apply:

I.8.1 Special attention will be given to preventive maintenance and, to the greatest extent feasible, the services of regular maintenance employees will be used.

I.8.2 Subject to Owner's prior approval, Manager will contract with qualified independent contractors for extraordinary repairs beyond the capability of regular maintenance employees and (as appropriate) for the maintenance and repair of heating, ventilation and air-conditioning systems, elevators and similar equipment and systems.

I.8.3 Manager will systematically and promptly receive and investigate all service requests from residents, take such action thereon, as may be justified, and will keep records of the same. Emergency requests will be received and serviced on a twenty-four (24) hour basis. Complaints of a serious nature will be reported to Owner after investigation.

I.8.4 Manager is authorized, as described in the budget, to purchase all materials, equipment, tools, appliances, supplies and services necessary for proper maintenance and repair.

I.8.5 Notwithstanding any of the foregoing provisions, the prior written approval of Owner will be required for any expenditure which exceeds Ten Thousand and No/100 Dollars (\$10,000.00) in any one instance, for labor, materials, or otherwise in connection with the maintenance and repair of the Project, except for recurring expenses within the limits of the operating budget, or emergency repairs involving manifest danger to persons or property, or required to avoid suspension of any necessary service to the Project. In the latter event, Manager will inform Owner of the facts as promptly as possible.

I.9 Utilities and Services. In accordance with the operating budget, Manager will make arrangements (as appropriate) for water, electricity, gas, fuel, oil, sewage and trash disposal, vermin extermination, decorating, laundry facilities, and telephone services. Subject to Owner's prior approval, Manager will make such contracts as may be necessary to secure such utilities and services.

I.10 Commercial Leases and Concession Agreements. If the Project includes space available for commercial leases, Manager will facilitate negotiation of such commercial leases and Owner will be responsible for the terms of such agreements and their final approval and execution.

I.11 Group Purchasing. Manager enters into purchasing arrangements with vendors and group purchasing organizations for broad-line distribution of certain food, office supplies, facility supplies, and medical supplies and equipment from time to time ("Group Purchasing Contracts"). Subject to the terms of the applicable Group Purchasing Contract, Owner may participate in one or more of such Group Purchasing Contracts if it provides written permission to Manager for each Group Purchasing Contract that Owner elects to participate in. This written approval will authorize Manager to contract for goods and services on the Owner's behalf and will to include the Owner's historical purchased volume in negotiations and/or future bids. Bid schedules will be dictated by and at the discretion of Manager and the applicable vendor. The products, services, vendors and group purchasing organizations available through Group Purchasing Contracts are subject to change and are at the sole discretion of Manager. Owner agrees to keep confidential Group Purchasing Contracts terms and prices, and any other information identified as confidential associated with such contracts. Purchases and supplies purchased through any Group Purchasing Contract are the responsibility of Owner and are Project Costs. If Manager receives any rebates associated with Owner's participation in a Group Purchasing Contract, Manager will distribute a portion of such rebate to Owner in proportion to Owner's purchasing volume leading to the applicable rebate.

I.12 Additional Services. Additional Services include those that are identified specifically in this Agreement as well as other services that are outside the scope of Manager's standard services for regular operations of the Project. Additional Services include but are not limited to:

I.12.1 Crisis communications, strategic counsel, media relations management and document drafting;

I.12.2 Project repositioning or major expansion projects, including financial feasibility studies and pro formas;

I.12.3 Project management for social media, digital media, and website design;

I.12.4 Human Resources Services such as union negotiations, employee handbook drafting or integration, access to Employee Assistance Programs, Leave of Absence administration (LOA), assistance in the coordination and development of employee benefit plans and providing consultation related to employee benefits;

I.12.5 Setup, integration and compatibility efforts for any software, systems, procedures, processes, or clock and payroll systems other than Manager's standards.

I.12.6 Financial advice and consultation services provided beyond what is identified in this Agreement.

ARTICLE II Project Operations

II.1 Project Personnel. On-site personnel other than the Project Administrator shall be solely in Owner's employ. Owner shall have in its employ at all times a sufficient number of capable employees, including on-site personnel, to enable it to properly, adequately, safely, and economically operate, maintain, and account for the Project. Manager shall, on behalf of Owner, manage such personnel in a manner consistent with federal and state law. Consistent with budgets approved by Owner and with any existing collective bargaining agreements, Manager shall establish and implement salary levels and personnel policies established by Owner. Manager is engaged independently in the business of managing the Project on behalf of Owner. All employment arrangements are therefore solely the concern of Owner and Manager shall have no liability with respect thereto, and the Parties agree that for all purposes of this Agreement that such personnel are the employees of Owner.

II.2 Learning and Development Programs. Manager will provide access to its own training programs and arrange for access to those provided by Ecumen, for a reasonable number of the facility staff. Training topics would cover Manager's standard operating procedures and compliance topics. Additional training needs may be identified and Manager will assist in procuring training with affiliated resources. Travel costs incurred by Project personnel, including the Project Administrator, to attend staff training programs, as well as the cost of any third-party training programs, shall be a Project Cost as defined in Section III.1.

II.3 Human Resources (HR) Advice and Assistance. Manager will advise and provide assistance in the following areas:

II.3.1 Providing consultation on employment related issues, such as FLSA, FMLA, ADA, employee discipline, employee terminations, conducting investigations and various HR compliance issues.

II.3.2 Provide updates and information on current HR issues and alerts, monitor HR laws, and review employee handbooks.

II.4 Additional HR Services. Manager may provide additional Human Resources services as Additional Services, such as:

- Union negotiations
- Access to an Employee Assistance Program
- Leave of Absence (LOA) administration
- Assist in the coordination and development of employee benefit plans and provide consultation on benefits related matters

II.5 Professional Networking. Manager shall arrange for Project personnel to have access to and be included in all networking and informational opportunities provided by Manager and by Ecumen when appropriate. Travel costs incurred by Project personnel, including the Project Administrator, to attend networking and informational opportunities shall be a Project Cost, as defined in Section 3.1, below.

II.6 Licenses and Provider Agreements. Owner shall maintain all required licenses for operation of the Project including licensure as a nursing home. Owner shall be the licensed operator of the Project. Manager shall be responsible for submitting all filings and reports necessary to maintain such licensure and registration for the Project on behalf of Owner, the Project and itself, and Owner shall cooperate with Manager on such filings as necessary. Owner shall notify Manager within ten days of any change in its ownership or its management officials. If it is required that the Parties' names be listed on a license, registration, permit, admission agreement, residency agreement, or on any application therefore, such listing shall clearly reflect the respective capacities of Owner as licensed operator and Manager as manager.

II.7 Compliance with Programs. Without limiting Owner's ultimate responsibility and authority over the operations of the Project, Manager shall be responsible for compliance with all applicable regulations and program guidelines required for the leasing, management, and operation of the Project. Manager represents that Manager is generally familiar with and has previous experience in managing property governed by regulations and guidelines similar to those in effect with respect to the Project. Manager will take such actions as may be necessary to promptly remedy or contest any and all government orders or other requirements affecting the Project, whether imposed by federal, state, county, or municipal authority, subject, however, to the limitation stated with respect to repairs. Manager shall take no such action so long as Owner is contesting, or has affirmed its intention to contest, any such order or requirement. Manager will notify Owner in writing of all notices of such orders or other requirements, within seventy-two (72) hours from the time of their receipt.

ARTICLE III

Project Costs and Receipts

III.1 Project Costs. Owner shall be responsible for all costs and expenses of operating and maintaining the Project (“Project Costs”) and ensuring funds are available to pay Project Costs as and when due, including but not limited to:

III.1.1 Salaries, wages, bonuses, fringe benefits, payroll taxes, employment taxes, severance related costs and insurance, including worker’s compensation and related costs of Project personnel, including but not limited to the Project Administrator and on-site Project staff;

III.1.2 Travel costs incurred by Project personnel, including Project Administrator, to attend networking and leadership conferences sponsored by Manager or Ecumen, as applicable;

III.1.3 All capital and expense costs incurred for maintenance, repair, cleaning, improvement, and related work for the Project, its equipment and facilities;

III.1.4 All charges of accountants, lawyers, consultants or other outside experts retained by Owner or for the account of the Project, including but not limited to attorney’s fees and other necessary costs incurred in connection with actions to enforce resident leases and in connection with regulatory compliance, financing, human resource and union negotiation matters;

III.1.5 Licenses, fees, assessments, permits, certifications, inspections, refunds, fines or penalties and other governmental requirements, and other charges in connection with the Project;

III.1.6 All costs for acquiring and maintaining IT systems and software licenses for all IT hardware and software required under Section V.1, including reimbursement to Manager for the allocable portion of license fees acquired through system-wide licenses;

III.1.7 All costs incurred for the engagement of outside vendors or parties for advertising, promotion, team member apps, creative design, printing, association dues, publications, and related expenses attributable to the Project, including the expenses of any marketing agent or consultant retained by Owner;

III.1.8 All sums payable for debt service obligations, amounts due under other financing arrangements or leases, taxes and assessments and Owner insurance policies;

III.1.9 All reasonable out-of-pocket disbursements of Manager's staff in the course of performing the services hereunder, including reasonable travel costs to attend Owner meetings and perform its obligations under the contract;

III.1.10 All costs incurred by Manager directly related to and allocable to the Project, including but not limited to the allocable portion of shared services provided by Manager for the Project such as triage nursing, coding specialists, staffing and scheduling,

pharmacy consulting, and integrated claims & billing management, the cost of providing temporary coverage for key Project leadership positions when vacant, Manager's reasonable attorney fees in defending against claims asserted against Manager and/or any of its personnel relating in any way to the services provided by Manager or any of its personnel under this Agreement; and

III.1.11 The Monthly Management Fee, Additional Charges, Onboarding Fee, and, if applicable, Offboarding Fee, payable to Manager.

III.2 Manager Costs. Manager shall be responsible for its own general and administrative overhead, including the costs of its central offices, office supplies, compensation costs of its own staff (other than the Project personnel, Administrator and any other on-site staff), and general expenses incurred by Manager which are not related to, or allocable to, the Project or the services provided pursuant to this Agreement under generally accepted accounting principles.

III.3 Collection Of Rents And Other Receipts. Manager will collect, when due, all rents, charges, and other amounts receivable on Owner's account in connection with the management and operation of the Project and provision of services to residents. Such receipts (except for resident's security deposits, which will be handled as specified in Subsection I.6.2 above) will be deposited in an account, separate from all other accounts and funds, with a bank whose deposits are insured by the Federal Deposit Insurance Corporation. This account will be carried in the Project's name and designated of record as Rental Agency Account.

III.4 Disbursements From Rental Agency Account.

III.4.1 From the funds collected and deposited by Manager in the Rental Agency Account, Manager will promptly disburse when payable all sums due and payable by Owner as Project Costs (as defined above) and as authorized in the approved budget or otherwise under the terms of this Agreement, including compensation payable to Manager for its services hereunder.

III.4.2 Except for the disbursements mentioned in Subsection III.4.1 above, funds will be disbursed or transferred from the Rental Agency Account only as Owner may from time to time direct in writing.

III.4.3 In the event the balance in the Rental Agency Account is at any time insufficient to pay disbursements due and payable under Subsection III.4.1 above, Manager will inform Owner of that fact, and Owner will then remit to Manager sufficient funds to cover the deficiency. In no event will Manager be required to use its own funds to pay such disbursements.

III.5 Budgets. Manager will prepare a recommended operating budget for each year during the term of this Agreement, which will include, among other things, an annual budget for capital expenditures and dispositions described by functional purpose and specific maximum amounts. Manager will submit the same to Owner, at least thirty (30) days before the beginning of the year, and Owner shall notify Manager of any objections or changes to the recommended budget in writing within fifteen (15) days of receiving the recommended budget from Manager. Owner shall discuss any suggested changes in the budget with Manager immediately thereafter, shall

carefully and reasonably consider Manager's position with regard to every element of the budget, and shall establish a final budget in writing only after such discussion and consideration. Manager shall have the right to submit written objections to the budget established by Owner, setting forth the position of Manager concerning which Project goals or standards will be jeopardized by the budget that is established, but Owner will retain and exercise ultimate control over the budget. Manager will keep Owner informed of any anticipated deviation from the receipts or disbursements stated in the approved budget.

III.6 Records and Reports. Manager will have the following responsibilities with respect to records and reports:

III.6.1 Establish and maintain a comprehensive system of records, books, and accounts in a manner satisfactory to Owner and consistent with Manager's standard financial and statistical reporting package. As allowed by law, all records, books, and accounts will be subject to examination at reasonable hours by any authorized representative of Owner.

III.6.2 Prepare a monthly financial report, comparing actual and budgeted figures for receipts and disbursements, and will submit each such report to Owner within thirty (30) days after the end of the month covered.

III.6.3 Furnish such information (including occupancy reports) as may be requested by Owner from time to time, with respect to the financial, physical, or operational condition of the Project.

III.6.4 Prepare documents for compliance with licensing requirements and to comply with regulatory agency requests and requirements.

III.6.5 Provide Ecumen standard statistical reports, analyses, and executive-level reports.

III.6.6 Assist with Owner's annual external financial audit with respect to the Project.

III.7 Payroll Processing. Manager will provide payroll processing for Project personnel. Payroll processing includes automatic payroll check calculations, automatic direct deposit, time accrual set up, deduction reports, tax calculations, tax deposits (state, federal and unemployment), quarterly tax filings, year-end W-2's, annual payroll tax filings, direct payment and transfers for employee deduction for pension, credit union, insurance, etc., payroll to General Ledger interface, and standard biweekly reports. Owner shall use Manager's standard clock and payroll systems; if Owner uses a different system for these functions, setup and compatibility efforts are Additional Services. The procedures for payroll processing are further described in Exhibit B.

III.8 Accounts Payable Processing. Manager will provide weekly payment processing of vendor payments. The Project Administrator is responsible for ensuring that vendor payments submitted for payment have been authorized and approved. The procedures for accounts payable processing are further described in Exhibit B.

III.9 Refinancing. Assistance with arranging refinancing of Owner's existing debt is an Additional Service.

ARTICLE IV

Owner Responsibilities

IV.1 Owner Responsibilities. Owner will:

IV.1.1 Retain and exercise overall authority and responsibility for the operation of the Project. Notwithstanding anything herein to the contrary, Owner and Manager agree that Owner shall at all times monitor and exercise control over the affairs of the Project as required under federal, state and local laws and applicable accreditation requirements. Nothing in this Agreement is intended to alter, weaken, displace or modify the responsibility of Owner.

IV.1.2 Furnish Manager with a complete set of plans and specifications for the Project and copies of all guaranties and warranties pertinent to construction, fixtures, and equipment, as soon as possible. With the aid of this information, and through inspection by competent personnel, Manager will thoroughly familiarize itself with the character, location, construction, layout, plan and operation of the Project, and especially (as appropriate) the electrical, heating, plumbing, air-conditioning and ventilating systems, elevators, and all other mechanical equipment.

IV.1.3 Respond in a timely fashion to and cooperate reasonably with management recommendations of Manager.

IV.1.4 Take such actions as may be necessary to comply promptly with any and all governmental orders or other requirements affecting the Project, whether imposed by federal, state, county, or municipal authority.

IV.1.5 At all times Owner is solely responsible to comply with all tax and charitable donation requirements, as applicable.

IV.1.6 Obtain and maintain during the life of this Agreement all insurance coverage required in Section VIII.1.

IV.1.7 Establish a lead contact person who will be responsible for Owner's oversight and control of the Project who will communicate with Manager about significant changes, budgetary variances, or emergencies. The lead contact person will inform all other Owner representatives and interested persons of significant decisions. Manager and Owner's executive team will meet as needed but no less often than quarterly.

IV.1.8 Provide a standby letter of credit in favor of Manager for an amount equal to 45 days cash on hand for the Project. Owner represents that the Project is financially solvent and supported by and through Itasca County. Owner shall immediately report to Manager any circumstances where Itasca County has identified or is aware of circumstances that threaten the financial viability of the project for more than 60 days.

IV.1.9 Use Manager's standard software systems (as detailed in Article V below) and administrative systems, procedures and processes for functions within Manager's scope of services. If Owner elects to use software, systems, procedures and processes other

than Manager's standards, Manager must agree and Manager's efforts to customize and integrate systems, and operate these custom systems, will be Additional Services. If such customization is agreed to, Owner must provide Manager and Project personnel access to its software and systems and technology administration and support.

ARTICLE V

Information Technology

V.1 Owner's Responsibilities. With respect to information systems and technology, Owner will:

V.1.1 Provide compatible information systems to integrate with Manager's information systems.

V.1.2 Establish and maintain a high speed internet connection.

V.1.3 Comply with Manager's established IS standards related to security policies, anti-virus protection, equipment standards, and LAN (Local Area Network) and VPN (Virtual Private Network).

V.1.4 Adopt Manager's standard software systems, including but not limited to: timekeeping, billing, electronic health record, learning management system, resident/family satisfaction software, preventative maintenance software, employee APP, human resources information system (HRIS), employee onboarding and training tools, email and document software.

V.1.5 Assign technology operations and support duties to a staff member to serve as primary contact with Manager's IS staff and local vendors.

V.2 Manager's Responsibilities. With respect to information systems and technology, Manager will:

V.2.1 Provide Project personnel access to that software and systems necessary to perform their job functions, and associated administration troubleshooting and support.

V.2.2 Provide periodic opportunities for Owner's technology and operations support staff and user training.

V.2.3 Provide access to technical assistance telephone support through Manager's third-party contracted 24/7 support.

V.2.4 Establish standards for security and network services.

ARTICLE VI

Term and Termination

VI.1 Term of Agreement. The initial term of this Agreement shall commence on the Effective Date and shall continue for a period of three (3) years (the “Initial Term”).

VI.2 Automatic Renewal. This Agreement will automatically renew for additional one (1) year terms (each, a “Renewal Term”) unless either Party notifies the other not less than ninety (90) days in advance of such Renewal Term of the Party’s intent to not renew, or unless otherwise terminated as provided for in Section VI.3 of this Agreement. If this Agreement is terminated during the course of any one (1) year Renewal Term, the Parties may only enter into a new agreement for the same or similar services during such term if the financial terms do not vary from this Agreement.

VI.3 Termination. This Agreement may be terminated as follows:

VI.3.1 Without Cause. This Agreement may be terminated by either Party for any reason or no reason upon one hundred twenty (120) days written notice to the other Party.

VI.3.2 With Cause. This Agreement may be terminated by either Party with cause upon default by the other Party under any material term of this Agreement and failure to cure such default within thirty (30) days after receipt of written notice specifying the precise nature of such default. Upon failure to cure such default, the Agreement will be deemed terminated without further action.

VI.3.3 Fire or Casualty. This Agreement shall automatically terminate as of the date upon which any substantial portion of the Project is destroyed by fire or other casualty and is not rebuilt by Owner, or if any substantial portion of the Project is taken by governmental authority under the exercise of eminent domain. Upon such termination, all accrued unpaid fees (including without limitation Monthly Management Fees and Additional Charges) will be immediately due and payable.

VI.3.4 Failure to Pay Fees. This Agreement may be terminated by Manager upon thirty (30) days written notice to Owner in the event that any Onboarding Fee, Monthly Management Fee, or Additional Charge is not paid in accordance with the terms of this Agreement.

VI.3.5 Mutual Agreement. This Agreement may be terminated by mutual agreement of the Parties within ninety (90) days of which the Parties enter into such written agreement.

VI.3.6 Non-Renewal. This Agreement may be terminated by either Party with notice to the other in advance of any Renewal Term as set forth in Section VI.2.

VI.3.7 Renewal Term Management Fee. This Agreement may be terminated if the Parties are unable to reach agreement on the Monthly Management Fee for a Renewal Term as set forth in Section VI.2.

VI.3.8 Merger or Sale. This Agreement may be terminated by Manager upon sixty (60) days written notice in the event of the merger of Owner with another organization or upon the sale of substantially all of Owner's assets to another organization.

VI.3.9 Bankruptcy, Insolvency or Dissolution. This Agreement may be terminated by either Party upon the bankruptcy, insolvency or dissolution of Manager or Owner.

VI.3.10 Misconduct. This Agreement may be terminated by Owner upon thirty (30) days written notice in the event of any theft, embezzlement, defalcation, fraud, intentional property damage, or similar act or omission on the part of any officer, employee, agent, or contractor of Manager.

VI.3.11 Insurance. This Agreement may be terminated by either Party upon thirty (30) days written notice if either Party fails to maintain insurance as required under this Agreement.

VI.3.12 Change in Law. In the event any provision of this Agreement is in conflict with current or subsequent state or federal law, the Parties agree to negotiate in good faith to amend this Agreement to comply with the law. In the event the Parties are unable to reach agreement through negotiations within ninety (90) days of becoming aware of a conflict between the terms of this Agreement and state or federal law, either Party may terminate this Agreement effective immediately upon notice in writing to the other Party.

VI.4 Remedies Available. Upon the occurrence of any of the above grounds for Termination, the terminating Party may take any one or more of the following actions:

VI.4.1 bring any action at law or in equity for damages, equitable relief, or any other remedy; or

VI.4.2 terminate this Agreement; or

VI.4.3 If Owner elects to sell the Project it shall immediately notify Manager. The Parties mutually agree and acknowledge that Owner shall be required to pursue any sale of the Project pursuant to Minnesota law.

VI.5 Effect of Termination. In the event Owner terminates or does not renew the Agreement under the circumstances specified in Section VII.2, a one-time Offboarding Fee shall apply as provided in Section VII.4. Termination of this Agreement by either Party shall not affect or impair any rights or obligations that have accrued prior to the effective date of termination. Neither Party, by electing to terminate, shall be deemed to have elected a remedy or waived any cause of action for damages or other relief. Within a reasonable time after termination, the Parties shall account to each other with respect to all matters outstanding on the date of termination, shall satisfy and adjust all payments, allocations, and obligations owing between them, and shall deliver to the other Party all records, papers, and property of each other in their possession.

ARTICLE VII

Compensation and Terms of Payment

VII.1 Fee Structure. Fees payable to Manager include an Onboarding Fee if applicable, a Monthly Management Fee, Additional Charges, if applicable, and an Offboarding Fee in certain circumstances, as further detailed below. These fees are in addition to the reimbursable costs of Manager that are included in Project Costs

VII.2 Monthly Management Fee. Owner will pay Manager a Monthly Management Fee pursuant to the following schedule:

Oct. 1, 2021- Sept. 30, 2022 \$35,416.67 per month, which is equal to \$425,000 per year, provided however for the first year Manager will provide the Owner with a credit of \$25,000, making the total payment for the first year \$400,000.

Oct. 1, 2022- Sept. 30, 2023 To be determined by the parties prior to August 1, 2022, such monthly fee increase shall be no less than 1.5% of the prior year and no more than 5% of the prior year.

Oct. 1, 2023- Sept. 30, 2024 To be determined by the parties prior to August 1, 2023, such monthly fee increase shall be no less than 2.5% of the prior year and no more than 5% of the prior year.

All Renewal Terms To be determined by the parties prior to August 1 of the effective calendar year; such monthly fee increase shall be no less than 2.5% of the prior year and no more than 5% of the prior year.

VII.3 Additional Charges. The hourly rate for Additional Services is \$250 per hour except for crisis management services for which the rate is \$350 per hour, in addition to the Monthly Management Fee.

VII.4 One-Time Offboarding Fee. If Owner (a) terminates this Agreement without cause pursuant to Section VI.3.1; or (b) elects not to renew this Agreement pursuant to Section VI.3.6, Owner will pay Manager a one-time offboarding fee of \$10,000 (the "Offboarding Fee") to be paid in equal installments over the last three (3) months of the Agreement in addition to the Monthly Management Fee. If Management terms without cause, the offboarding fee does not apply.

VII.5 Payment Schedule. Manager will invoice Owner for all charges and expenses on or before the last day of each month. Owner shall submit payment to Manager no later than the last day of the following month.

By way of example only, services provided in May will be invoiced no later than the last day of June and payment will be due no later than the last day of July.

If Owner fails to make any payment when due then, in addition to all other remedies that may be available to Manager, Manager may charge interest on the past due amount at a rate of one and one-half percent (1.5%) calculated daily and compounded monthly or, if lower, the highest rate permitted under applicable law.

VII.6 Annual Adjustments. In advance of the expiration of the Initial Term and each year thereafter in advance of the Renewal Term, Manager will provide Owner a notice of the proposed rates for all fees for the next Renewal Term, and if Owner does not object within thirty (30) days of the date of such notice, the rates will be deemed accepted and this Agreement will be deemed amended accordingly. If necessary, the Parties will negotiate payment rates in good faith to ensure that they remain at fair market value. If Owner and Manager are unable to agree on an updated payment rate within thirty (30) days of commencing negotiations, either Party may terminate this Agreement upon thirty (30) days written notice to the other Party. These rates may be modified no more than once every twelve (12) months by the written agreement of the Parties.

VII.7 Fair Market Value. The amount of or formulas for Manager's compensation and reimbursement may be adjusted to the extent necessary (if at all) in the opinion of Lathrop GPM LLP, Minneapolis, Minnesota or other nationally recognized bond counsel to comply (as applicable) with (1) U.S. Department of Treasury Revenue Procedure 2017-13 or otherwise to avoid potential loss of characterization of interest on any debt obligations of Owner as exempt from federal income tax; or (2) certifications to and agreements made with the U.S. Department of Housing and Urban Development regarding management of the Project. Such adjustment shall be in writing and shall be deemed to be an amendment to this Agreement. These fees reflect fair market value rates and reasonable compensation arrived at through arm's length negotiations between the Parties, and the volume of services does not exceed that which is reasonably necessary to accomplish the commercially reasonable purposes of this Agreement. These fees are not intended to relate to and do not, in fact, reflect the volume or value of referrals, if any, between the Parties.

ARTICLE VIII

Insurance and Indemnification

VIII.1 Owner's Insurance.

VIII.1.1 Owner shall obtain and maintain in full force and effect at all times during the term of this Agreement and at Owner's cost, the following insurance coverages or comparable program(s) of self-insurance:

VIII.1.1.1 physical damage (e.g., basic causes of loss form, fire and extended coverage endorsement, boiler and machinery, electronic data, etc.) including endorsements for employee crime and a minimum of one year loss of income (Business Interruption);

VIII.1.1.2 commercial general liability against liability for loss, damage, or injury to person or property which might arise out of the use, occupancy,

management, operation or maintenance of the Project with minimum limits of \$1,500,000 per occurrence and \$3,000,000 general aggregate;

VIII.1.1.3 automobile liability insurance (including hired and non-owned auto liability) of \$1,500,000 each accident limit, if applicable for the Project;

VIII.1.1.4 directors and officers liability (if applicable) with minimum limits of \$1,500,000 per claim;

VIII.1.1.5 data breach/cyber liability with minimum limits of \$1,500,000 per claim;

VIII.1.1.6 unemployment compensation, workers' compensation coverage and employer's liability insurance for its employees which shall meet all applicable state requirements;

VIII.1.1.7 professional liability coverage with minimum limits of \$1,500,000 per claim and \$3,000,000 general aggregate;

VIII.1.1.8 employment practices liability insurance with minimum limits of \$1,500,000 per claim;

VIII.1.1.9 fiduciary liability coverage for employee benefit plans, as applicable; and

VIII.1.1.10 an umbrella policy with minimum limits of \$2,000,000.

VIII.1.2 Manager will be named as an additional insured on Owner's commercial general and professional liability insurance policies with respect to the Project. Such insurance policies shall also contain endorsements which reflect the primary liability of Owner's insurance carriers for all covered losses excluding those for unemployment compensation and workers' compensation for the Project Administrator, notwithstanding any other insurance which may be maintained by Manager. Owner shall include in its physical damage insurance policy covering the Project and Owner's personal property, fixtures, and equipment located thereon, and Manager shall include in any physical damage insurance policies maintained by Manager covering Manager's furniture, furnishings, or fixtures situated at the Project, appropriate clauses pursuant to which the respective insurance carriers shall waive all rights of subrogation with respect to losses payable under such policies. Owner shall defend, indemnify, and hold and save Manager harmless from any liability on account of loss, damage, or injury covered by Owner's insurance, or resulting from the failure of Owner to obtain and maintain all required coverages as required in this Section VIII.1.

VIII.1.3 Manager agrees:

VIII.1.3.1 to take no action which might bar Owner from obtaining protection afforded by any policy of Owner or which might prejudice Owner in its defense to a claim based on such loss, damage, or injury; and

VIII.1.3.2 that Owner shall have the exclusive right, at its option, to conduct the defense to any claim, demand, or suit within limits prescribed by the policy or policies of insurance; provided, however, that Manager and its affiliates shall be included in any release entered into by Owner related to such a claim, demand or suit.

VIII.1.4 The coverages required in this Section VIII.1 shall not be terminable or non-renewable except upon thirty (30) days prior written notice to Manager. Manager shall furnish whatever information is requested by Owner for the purpose of establishing the placement of insurance coverages and shall aid and cooperate in every reasonable way with respect to such insurance and any loss thereunder. Owner shall provide evidence to Manager of the insurance coverages required herein and copies of the endorsements naming Manager as an additional insured.

VIII.2 Manager's Insurance. Manager shall carry workers' compensation and employer's liability for its employees and commercial general liability insurance in an amount not less than \$1,500,000 per occurrence and \$3,000,000 general aggregate limit, or a comparable program of self-insurance. All liability policies will not be canceled, amended or not renewed except on thirty (30) days prior written notice to Owner. Owner agrees to aid and cooperate in every reasonable way with respect to such insurance and any loss thereunder if necessary.

VIII.3 Mutual Obligations. Each Party will authorize its insurance carrier to issue to the other Party a certificate of insurance upon the other Party's request. Each Party will notify the other no later than ten (10) days of any actual or threatened claim, action, or proceeding related to activities undertaken pursuant to this Agreement and will cooperate in all respects with the other Party in the defense of any such claim, action, or proceeding. Each Party will provide the other with notice within ten (10) days of any cancellation, termination or material alteration of any such insurance policies. Prior to the expiration or cancellation of any such policies, that Party will secure replacement of such insurance coverage upon the same terms and will furnish the other Party with a certificate of insurance. Failure of such Party to secure replacement coverage in the event of such cancellation, termination or material alteration of any such insurance policies will be a default hereunder, and the other Party will have the option to terminate this Agreement pursuant to Section VI.3.

VIII.4 Cooperation. Should any claims, demands, suits, or other legal proceedings be made or instituted by any person (other than Manager) against Owner which arise out of any of the matters relating to this Agreement, Manager shall give Owner all pertinent information and reasonably cooperate (at no cost or expense to Manager) in the defense or other disposition thereof. Should any claims, demands, suits, or other legal proceedings be made or instituted by any person (other than Owner) against Manager which arise out of any of the matters relating to this Agreement, Owner shall give Manager all pertinent information and shall reasonably cooperate (at no cost or expense to Owner) in the defense or other disposition thereof.

VIII.5 Mutual Indemnification. Each Party (the "Indemnifying Party") will indemnify, defend and hold harmless the other Party, any related entities, and each of their directors, officers, and employees from and against any and all claims, actions, demands, liabilities, losses, damages, judgments, costs and expenses, including but not limited to, reasonable attorneys' fees, costs and

interest, asserted against, imposed upon or incurred by the other Party that arises out of, or in connection with, the Indemnifying Party's default under or failure to perform any contractual or other obligations or undertaking under this Agreement, or the malpractice or negligence of the Indemnifying Party or its employees, agents or representatives in the discharge of its professional responsibilities, or any other negligent act or omission to act of the Indemnifying Party, its directors, officers, employees, agents or representatives arising under this Agreement.

ARTICLE IX

Miscellaneous

IX.1 Arbitration. Except as provided herein with respect to injunctive relief, any dispute between the Parties arising under, or out of, or in connection with or in relation to this Agreement must be submitted to binding arbitration under the authority of the Federal Arbitration Act, and will be arbitrated in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association ("AAA"). The arbitration will take place before a single arbitrator in the County of Itasca, Minnesota, or at such other place as is mutually agreed to by the Parties. If the Parties cannot mutually select an arbitrator, the selection process will be governed by the AAA rules. The arbitrator shall be bound by judicial principles and must apply principles of law. If a Party has a claim for injunctive relief, the Party may apply for such relief to the state or federal courts in the County of Itasca, State of Minnesota.

IX.2 Relationship of the Parties. The relationship between the Parties hereto shall be solely that of independent contractors. This Agreement shall not be deemed or construed as a lease, a partnership, or a joint venture. Manager shall have no authority to bind Owner to any obligations and shall not be liable for any obligations of Owner, except to the extent specifically stated herein. Manager has no role or relationship with Owner that would substantially limit Owner's ability to exercise its rights under this Agreement.

IX.3 Assignment and Delegation by Manager. Manager shall not assign or otherwise transfer its rights or obligations under this Agreement without the prior written consent of Owner, except that Manager may at its discretion and with notice to Owner assign its rights and obligations under this Agreement to Ecumen or another affiliate of Ecumen of which Ecumen is the sole owner, member, or shareholder. Owner acknowledges and accepts that Manager obtains from Ecumen all of its personnel, including the Project Manager, as well as its central office administrative support.

IX.4 Books of Accounts. It is hereby agreed that Manager, on behalf of the Owner, shall maintain adequate and separate books and records for the Project, the entries to which shall be supported by sufficient documentation to ascertain that said entries are properly and accurately recorded. Manager shall ensure commercially reasonable control over theft, error, or fraudulent activity on the part of Manager's employees or agents.

IX.5 Access to Records. The books, records, files, documents, and other materials prepared or obtained by Manager for the Project, or copies thereof, shall be available to Owner, its agents, attorneys, and accountants, during normal business hours and upon reasonable advance notice.

Manager shall also promptly respond to all questions or requests for information from Owner with respect to such records (subject to any limitations required by applicable law).

IX.6 Non-Solicitation. Owner hereby agrees, except with Manager's prior written consent to be granted or withheld in Manager's sole discretion, not to solicit or entice directly or indirectly, during the term of this Agreement and for a period of two (2) years after the termination hereof, any director, officer, employee, agent, or consultant of Manager, Ecumen or another affiliate of Ecumen (collectively, an "Ecumen Employer") to leave the employment or other relationship with the applicable Ecumen Employer. Should Owner solicit any director, officer, employee, agent, or consultant of an Ecumen Employer in violation of this Agreement and any director, officer, employee, agent, or consultant leaves the employment or other relationship with an Ecumen Employer because of such said solicitation, then Owner agrees to pay Manager as a penalty an amount equal to twice Manager's annual compensation under this Agreement based on the most recent year's annual compensation.

IX.7 Notices. Any notices, demands, or consents required or permitted to be given by either Party hereunder shall be in writing and shall be deemed validly given or delivered on the date of personal service or on the third (3rd) day after deposited in the United States mail, certified or registered, postage prepaid and properly addressed, return receipt requested, or by recognized overnight courier, next day delivery, charges prepaid, to the Parties at their respective addresses set forth below, or to such other addresses as either Party may designate by notice to the other Party given in the same manner:

If to Owner:

If to Manager:

Ecumen Services, Inc.
Attn: Chief Executive Officer
3530 Lexington Avenue North
Shoreview, Minnesota 55126

IX.8 Waiver. The failure of either Party at any time to enforce its rights hereunder shall not affect or impair that Party's right to exercise said rights thereafter. No delay on the part of either Party in the exercise of any right, power, or remedy shall exist or be effective unless such waiver is made in writing and signed by the Party to be bound thereby. All rights and remedies under this Agreement shall be cumulative. The exercise of any right, power, or remedy hereunder or under applicable law shall not be deemed an election of remedies or waiver of any other right.

IX.9 Construction. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms. The singular and plural shall each include the other, and this Agreement shall be read accordingly when required by the facts. Any reference to any federal, state, local, or foreign statute or law shall be deemed as so to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

IX.10 No Third-Party Benefits. Nothing expressed or implied in this Agreement shall be construed to convey any legal or equitable rights, benefits, remedies, or claims upon any person other than the Parties hereto; this Agreement is intended for the sole and exclusive benefit of Owner and Manager.

IX.11 Severability. If any term, condition, covenant, or provision of this Agreement, for any reason and to any extent, shall be or be declared or determined to be invalid or unenforceable, then such term, condition, covenant, or provision shall be severed from this Agreement and nothing contained in such term, condition, covenant, or provision and nothing in the application of such term, condition, covenant, or provision to other terms, conditions, covenants, provisions, persons, or circumstances shall in any way affect any other part of this Agreement, all of which shall be enforceable to the maximum extent permitted by law; provided, however, that no provision shall be severable if such severability causes this Agreement to be in violation of Rev. Proc. 2017-13 or otherwise contrary to Owner's financing requirements.

IX.12 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota without giving effect to conflict of law principles.

IX.13 Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Parties regarding the subject matter hereof and supersedes and takes the place of any and all prior agreements, written or oral. This Agreement specifically replaces and supersedes any and all prior agreements between the Parties related to Manager's management of the Project.

IX.14 Amendments. No amendment or modification to this Agreement shall be effective unless in writing and signed by both Parties.

IX.15 Binding Effect. This Agreement shall bind and inure to the benefit of the Parties hereto and their respective successors and assigns, including without limitation any purchaser or transferee of the Project or its assets.

IX.16 Headings. The section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

IX.17 Medical Data Privacy and Security. By execution of this Agreement, Owner and Manager agree to abide by the terms of the Business Associate Provisions regarding Medical Data Privacy and Security, as provided at Exhibit A, the terms of which are hereby incorporated into and become effective with execution of this Agreement.

IX.18 Confidentiality. Each party acknowledges that it has been and will be privy to certain Confidential Information of the other parties in connection with the negotiation, execution and implementation of this Agreement.

IX.18.1 Definitions. For purposes of this Section IX.18 the following definitions apply:

"Confidential Information" means all information of the parties, in any form whatsoever, including, but not limited to the following: all patient records and

other patient information; all ideas, protocols, formats, policies, processes, work sheets, manuals; test reports, products and product developments; lists of patients, clients, customers, contractors, providers and referral sources; beneficiary, subscriber, enrollee or client lists; enrollment materials and enrollee identification materials; provider agreements, group or member contracts and administrative services agreements; provider education materials, quality assurance manuals, credentialing materials, cost of service materials and utilization management materials; methods, techniques, business property, systems, marketing and advertising concepts and materials, and contractual and financial information; computer programs, software, hardware equipment and electronic data bases, claim reports and formats; management information reports and formats, billing reports, formats and methods; documentation, books, agreements, records, data and the like; and any materials labeled “Confidential” by a party; any of which have been or may be disclosed to the other party in the course of the parties’ dealings.

“Discloser” means the discloser of Confidential Information hereunder. Any of the parties may be considered a Discloser hereunder.

“Recipient” means the recipient of Confidential Information hereunder. Any of the parties may be considered a Recipient hereunder.

IX.18.2 Use of Confidential Information. A Recipient shall not use (or permit to be used) any Confidential Information for the benefit of any person, or private or public entity, other than the Discloser, or in any manner contrary to the best interests of the Discloser (as determined by the Discloser). A Recipient may use Confidential Information only in connection with its obligations hereunder and under the related agreements. A Recipient may not develop, improve or market any product or service that uses the Confidential Information without first receiving the Discloser’s express prior written consent to do so.

IX.18.3 Disclosure of Confidential Information. A Recipient shall not at any time disclose (or permit to be disclosed) any Confidential Information to any person, public or private entity or competitor of Discloser, actual or possible, whether disclosed to Recipient by Discloser or any other person or entity except: (i) to the Recipient’s employees, officers, attorneys or consultants on a need-to-know basis, provided that if disclosure is to a non-employed agent of Recipient, Recipient must first obtain a written confidentiality agreement signed by Recipient and such third party that contains terms and conditions no less restrictive than the terms of this Section IX.18; (ii) to the extent disclosure is required by law pursuant to a duly-issued order of a court or agency of competent jurisdiction, provided that any party so disclosing shall inform the Discloser of such order prior to disclosure; (iii) to the extent required by law or sound medical practice or to ensure patient safety; or (iv) to the extent any such Confidential Information is already in the public domain through no fault of the Recipient.

IX.18.4 Protection of Confidential Information. A Recipient shall protect (and shall cause to be protected) the confidentiality of Confidential Information in the same

manner that it protects the confidentiality of its own proprietary and/or confidential information.

IX.18.5 Injunctive Relief. The Parties acknowledge and agree that the breach of this Section IX.18 by a Party shall result in irreparable harm to the other Party. Therefore, in addition to any and all other remedies available to the non-breaching Parties at law or equity, a non-breaching Party shall be entitled to injunctive or equivalent relief enjoining the breach of this Agreement.

IX.19 Right of First Refusal. If Owner elects to sell the Project it shall immediately notify Manager. The Parties mutually agree and acknowledge that Owner shall be required to pursue any sale of the Project pursuant to Minnesota law.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement by their duly authorized representatives, as of the effective date first above written.

ECUMEN SERVICES, INC.	ITASCA COUNTY
By: _____	By: _____
Its: _____	Its: _____

EXHIBIT A
BUSINESS ASSOCIATE AGREEMENT

By and Between

ITASCA COUNTY

And

ECUMEN SERVICES, INC.

This Business Associate Agreement (“Agreement”) is entered into and effective as of the Effective Date of the Management Agreement by and between Itasca County, a political subdivision of the State of Minnesota (“Covered Entity”) and Ecumen Services, Inc. (“Business Associate”), (individually, “Party” and collectively “Parties”).

WITNESETH

WHEREAS, Sections 261 through 264 of the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, (“HIPAA” or “the Administrative Simplification provisions,”) direct the Department of Health and Human Services (“HHS”) to develop standards to protect the security, confidentiality and integrity of health information; and

WHEREAS, pursuant to the Administrative Simplification provisions, the Secretary of HHS has issued regulations at 45 CFR Parts 160 and 164 (the HIPAA Security Rule and HIPAA Privacy Rule, such regulations referred to collectively herein as the “Regulations”); and

WHEREAS, the Parties have entered into the Management Agreement attached hereto whereby Business Associate will provide certain services to Covered Entity, and, pursuant to such Management Agreement, Business Associate may be considered a “business associate” of Covered Entity as defined in the Regulations; and

WHEREAS, Business Associate has access to Protected Health Information (as defined below) in fulfilling its responsibilities under such Management Agreement.

THEREFORE, in consideration of the Parties’ continuing obligations under the Management Agreement, compliance with the Regulations, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the provisions of this Agreement in order to address the requirements of the Regulations and to protect the interests of both Parties.

SECTION 1 - DEFINITIONS

The following terms are defined as set forth below. Any terms used but not otherwise defined in this Agreement have the definitions set forth in the Regulations and the Health Information Technology for Economic and Clinical Health Act (“HITECH”), found in Title XIII

of the American Recovery and Reinvestment Act of 2009, Public Law 111-005, and any regulations promulgated thereunder.

- a. Covered Entity. Itasca County.
- b. Business Associate. Ecumen Services, Inc., a Minnesota for-profit corporation.
- c. Breach. “Breach has the same meaning as the term “Breach” in 45 C.F.R. § 164.402.
- d. Individual. “Individual” has the same meaning as the term “individual” in 45 C.F.R. § 164.501 and will include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- e. Electronic Protected Health Information and/or EPHI. “Electronic Protected Health Information” and/or “PHI” has the same meaning as the term “electronic protected health information” in 45 C.F.R. § 160.103 but is limited to the information created or received by Business Associate on behalf of Covered Entity.
- f. Protected Health Information and/or PHI. “Protected Health Information” and/or “PHI” has the same meaning as the term “protected health information” in 45 C.F.R. § 160.103, but is limited to the information created or received by Business Associate from or on behalf of Covered Entity. Unless otherwise stated in this Agreement, any provision, restriction or obligation in this Agreement related to the use of PHI shall apply equally to EPHI.
- g. Required By Law. “Required by Law” has the same meaning as the term “required by law” in 45 C.F.R. § 164.103, and shall include any additional requirements created under the HITECH Act.
- h. Secretary. “Secretary” means the Secretary of the Department of Health and Human Services or their designee.
- i. Security Incident. “Security Incident” has the same meaning as the term “security incident” in 45 C.F.R. § 164.304
- j. Unsecured PHI. “Unsecured PHI” has the same meaning as the term “Unsecured PHI” in 45 C.F.R. § 164.402.

The services provided by Business Associate to Covered Entity under the Management Agreement require that Business Associate may be given access to PHI. Business Associate acknowledges and agrees that all PHI that is created or received by Business Associate on Covered Entity’s behalf shall be subject to this Agreement. This Agreement shall commence upon the effective date of the Management Agreement and shall continue as long as Business Associate has use, custody or access to PHI subject to this Agreement, and thereafter for the period required by the Regulations.

SECTION 2 - OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

- a. Business Associate agrees to not use or further disclose PHI other than as permitted or required by this Agreement or as Required by Law.
- b. Business Associate shall develop, implement, maintain and use appropriate safeguards to prevent any use or disclosure of PHI other than as provided by this Agreement, and implement administrative, physical and technical safeguards, including written policies and procedures, as required by 45 C.F.R. §§ 164.308, 164.310, 164.312 and 164.316 and HITECH in order to protect the confidentiality, integrity, and availability of PHI that Business Associate creates, receives, maintains or transmits on behalf of the Covered Entity, to the same extent as if Business Associate were a Covered Entity.
- c. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of this Agreement.
- d. Business Associate agrees to comply with all requirements of Title XIII, Subtitle D of the HITECH Act which are applicable to business associates, and to comply with all regulations issued by the Secretary to implement these referenced statutes, as of the date by which business associates are required to comply with such referenced statutes and regulations.
- e. Business Associate agrees to report to Covered Entity, in writing, any use or disclosure of PHI not provided for or permitted by this Agreement of which it becomes aware, or any Security Incident or Breach of Unsecured PHI of which it becomes aware within five (5) days of the date on which Business Associate first discovers the use, disclosure or Security Incident or Breach. All notifications of Breach of Unsecured PHI provided by Business Associate's obligations under, and include the information specified in, Section 13402 of the HITECH Act and codified at 42 U.S.C § 17932 and 45 C.F.R. § 164.510.
- f. Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides PHI received from, or created or received by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to the information, including but not limited to implementing reasonable and appropriate safeguards to protect Covered Entity's PHI. Business Associate shall implement and maintain sanctions against agents and subcontractors, if any, who violate such restrictions and conditions. Business Associate shall terminate any agreement with an agent or subcontractor, if any, who fails to abide by such restrictions and conditions.
- g. Within ten (10) business days after a written request by Covered Entity for access to PHI contained in a Designated Record Set held by Business Associate, Business Associate shall provide to Covered Entity such information as needed to fulfill Covered Entity's obligations under 45 C.F.R. § 164.524 (Access) and 45 C.F.R. §

164.526 (Amendment), or any amendments thereto, for so long as it is maintained in the Designated Record Set held by Business Associate. In the event a request for access or amendment is delivered to Business Associate from a third party, Business Associate shall, within five (5) business days, forward such request to Covered Entity.

- h. Business Associate agrees to make internal practices, books, and records relating to the use and disclosure of PHI received by Business Associate on behalf of Covered Entity available to the Covered Entity or, at the request of the Covered Entity to the Secretary for purposes of determining Covered Entity's compliance with the Regulations. However, Business Associate will retain the right to raise, on its own behalf, on behalf of Covered Entity or any of its other clients, an objection based upon the attorney-client privilege and/or attorney work product doctrine with respect to any information sought by the Secretary.
- i. Business Associate agrees to document such disclosures of PHI and information related to such disclosure as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures in accordance with 45 C.F.R. § 164.528. Within ten (10) business days after receipt of written notice by Covered Entity to Business Associate for a request for an accounting of disclosures of PHI, Business Associate shall provide to Covered Entity all information as is in Business Associate's possession to permit Covered Entity to respond to a request for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528. To the extent Business Associate disclosed PHI in a manner requiring an accounting of disclosures under 45 C.F.R. § 164.528, Business Associate shall provide Covered Entity with the following information:
 - 1. the date of such disclosure(s);
 - 2. the name of the entity or person who received the PHI; and, if known, the address of such entity or person;
 - 3. a brief description of the information disclosed; and
 - 4. a brief statement of the purpose of such disclosure, which includes an explanation of the basis for such disclosure or a copy of the written request for such a disclosure, if any.

In the event a request for an accounting is delivered to Business Associate from a third party, Business Associate shall, within five (5) business days, forward such request to Covered Entity. It shall be Covered Entity's responsibility to prepare and deliver the accounting in response to any such requests.

SECTION 3 - PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE

- a. Except as otherwise limited in this Agreement or in the other provisions of the Management Agreement by and between the Covered Entity and the Business Associate, Business Associate may use PHI to perform functions, activities, or

services for, or on behalf of, Covered Entity provided the use or disclosure would not violate the Regulations if done by Covered Entity.

- b. Except as otherwise limited in this Agreement or in other provisions of the Management Agreement, Business Associate may use PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of the Business Associate, as provided in 45 C.F.R. § 164.504(e)(4).
- c. Except as otherwise limited in this Agreement or in the other provisions of the Management Agreement, Business Associate may disclose PHI in accordance with the functions, activities, or services Business Associate performs on behalf of the Covered Entity, if such disclosure is necessary for the proper management and administration of the Business Associate, provided the disclosure is Required By Law, or Business Associate obtains reasonable assurances from the party to which the information is disclosed, including a subcontractor, that it will be held confidentially and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to that party, and the party immediately notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached. As part of obtaining this reasonable assurance, Business Associate agrees to enter into a Business Associate Agreement with each of its subcontractors pursuant to 45 C.F.R. § 164.308(b)(1) and HITECH § 13401 codified at 42 U.S.C. § 17391.
- d. Except as otherwise limited in this agreement or in the other provisions of the Management Agreement, Business Associate may use PHI to provide Data Aggregation services to the Covered Entity as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).

SECTION 4 - OBLIGATIONS OF COVERED ENTITY

- a. Covered Entity will provide Business Associate, upon request, with Covered Entity's Notice of Privacy Practices in effect at the time of the request.
- b. Covered Entity will provide Business Associate with any changes in or revocation of permission by an Individual to use or disclose PHI if these changes affect Business Associate's permitted or required uses and disclosures.
- c. Covered Entity will notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522 and HITECH § 13405(a), codified at 42 U.S.C. § 17935(a).

SECTION 5 - PERMISSIBLE REQUESTS BY COVERED ENTITY

Covered Entity will not request Business Associate use or disclose PHI in any manner that would not be permissible under the Regulations if done by Covered Entity.

SECTION 6 - TERM AND TERMINATION

- a. Term. This Agreement will become effective upon execution of the Management Agreement and, notwithstanding any other terms of this Agreement, will terminate when all of the PHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy PHI, protections are extended to that information, according to the termination provisions in this Section.
- b. Termination for Cause by Covered Entity. Notwithstanding any contrary termination provision of any other agreement between the Parties, Business Associate is authorized to terminate this Agreement and the Management Agreement as described in this Section if Business Associate determines that Covered Entity has violated a material term of this Agreement. Upon Business Associate's knowledge of a material breach of this Agreement by Covered Entity, Business Associate shall provide written notice of such breach to Covered Entity and provide an opportunity for Covered Entity to cure the breach or end the violation. If Covered Entity does not cure the breach or end the violation within the time specified by Business Associate, then Business Associate may immediately terminate this Agreement and the Management Agreement; or Business Associate may immediately terminate this Agreement and the Management Agreement if Covered Entity has breached a material term of this Agreement and the Business Associate determines that cure is not possible.
- c. Termination by Business Associate. Notwithstanding any contrary termination provision of any other agreement between the Parties, Business Associate is authorized to terminate this Agreement and the Management Agreement as described in this Section if Business Associate determines that Covered Entity has violated a material term of this Agreement. Upon Business Associate's knowledge of a material breach of this Agreement by Covered Entity, Business Associate shall provide written notice of such breach to Covered Entity and provide an opportunity for Covered Entity to cure the breach or end the violation. If Covered Entity does not cure the breach or end the violation within the time specified by Business Associate, then Business Associate may immediately terminate this Agreement and the Management Agreement; or Business Associate may immediately terminate this Agreement and the Management Agreement if Covered Entity has breached a material term of this Agreement and the Business Associate determines that cure is not possible.
- d. Effect of Termination.
 1. Except as provided in paragraph 2 of this sub-section, below, upon termination of this Agreement for any reason, Business Associate will return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision will apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate will retain no copies of PHI.

2. If Business Associate provides to Covered Entity notification of the conditions that make return or destruction infeasible, upon mutual agreement of the Parties that return or destruction of PHI is infeasible, Business Associate will extend the protections of this Agreement to the PHI and limit further uses and disclosures of the PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI.

SECTION 7 - MISCELLANEOUS

- a. Regulatory References. A reference in this Agreement to a section in the Regulations means the section as in effect or as amended.
- b. Amendment. The Parties agree to take any action necessary to amend this Agreement from time to time as is necessary for Covered Entity to comply with the requirements of HIPAA, the Regulations, the HITECH Act, and all regulations promulgated thereunder.
- c. Survival. The respective rights and obligations of Business Associate and Covered Entity under Sections 2, 3, 6, and 7 of this Agreement will survive the termination of this Agreement.
- d. Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits Covered Entity to comply with HIPAA, the Regulations, the HITECH Act, and all regulations promulgated thereunder.
- e. Third Party Beneficiaries. Nothing in this Agreement will be construed to create any third party beneficiary rights in any person, except as to the extent that the Regulations validly require the Secretary or any other person to be a third party beneficiary to this Agreement.
- f. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.
- g. Unenforceability. In the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect. In addition, in the event a Party believes in good faith that any provision of the Agreement fails to comply with the then-current requirements of HIPAA and the Regulations and other applicable law, including but not limited to the HITECH Act, such Party shall notify the other in writing. For a period of up to thirty (30) days, the Parties shall address in good faith such concern and amend the terms of this Agreement, if necessary to bring it into compliance. If, after such thirty (30) day period, the Agreement fails to comply with HIPAA the Regulations and other applicable law, including but not limited to HITECH Act, then either Party has the right to terminate upon written notice of the other Party.

- h. Independent Contractors. The Parties are independent contractors and nothing in this Agreement will be deemed to make them partners or joint venturers or make Business Associate an agent of Covered Entity.

COVERED ENTITY:

Ecumen Services, Inc.

By: _____

Title: _____

BUSINESS ASSOCIATE

Itasca County

By: _____

Title: _____

EXHIBIT B

Payroll and AP Funding Under Standard Third Party Management Contract

Ecumen's standard management contract specifies that receipts of all rents, charges and other amounts receivable in connection with the management and operations of the Project and provision of services to residents be deposited into an account, separate from all other accounts and funds. This account will be carried in the Project's name and designated as the Rental Agency Account.

Ecumen, as manager, will make disbursements from the Rental Agency Account for all amounts due and payable by Owner as Project Costs (i.e. payroll and vendor payments, including the Management Fee payable to Ecumen) as well as any amounts specified for allocation to a reserve for replacement fund, if applicable.

The approved annual operating budget provides support for the anticipated operating expenditure on a monthly basis and can be used to determine the recommended amount to be maintained in the Rental Agency Account during project ramp-up. Once a project is stabilized it should generate sufficient receipts to fund the operations.

Ecumen may make changes to these procedures from time to time with notice to Owner.

Standard Procedure

1. A Rental Agency Account is opened in the Project's name and funded with one month of operating costs based upon the approved annual budget.
2. Ecumen is provided "view only" access to the Rental Agency Account to enable verification that the account balance is sufficient to pay disbursements. This access is provided to Ecumen's Treasury Team who will verify the account balance on Wednesday of each week.
3. Ecumen's Treasury Team is provided authorization to pull funds from the Rental Agency Account to pay for weekly disbursements.
4. Funds for estimated payroll are pulled based on circumstances with true up to actual payroll to be paid on Thursday. AP disbursements will be pulled on Thursday.
5. In the event there is not a sufficient balance in the Rental Agency Account to fund disbursements, Ecumen's Treasury Team will contact the Owners Representative on Wednesday and Owner shall immediately deposit such amounts as necessary to ensure that funds are available in the account on Thursday.

Controls

The approved annual operating budget provides the structure of anticipated receipts and expenditures for the Project. The operations leadership at the Project understand that they are to operate the site within the budget parameters and that any large or unusual transactions outside of the budget parameters must be approved by the Regional Director and by the Owner.

Monthly financial statements are prepared which includes a comparison of actual revenue and expenditures to the budget. The Project leader will provide explanations for any material variances from the budget to the Owner upon request.

Payroll

1. All applicants apply via iCMS and once hired are imported into the UKG system. All employment actions are submitted via Smartsheets (i.e. pay rate changes, position changes, LOAs, rehires and terminations). These Smartsheets are completed by the local People Services designee and then routed for necessary approvals. All employment actions are entered into the UKG system by the Shoreview People Services Department.
2. All non-exempt team members clock in and clock out using the UKG timekeeping system. Supervisors electronically approve the timecards in the UKG system.
3. The on-site AP contact is responsible for ensuring all timekeeping entries are accurate and complete and all timecards have been approved by supervisors. Once approved by supervisors and review has been completed the local People Services Designee will sign off on all timecards.
4. Payroll is then processed by the Shoreview Payroll Department. Once payroll has been processed in the UKG system the on-site AP contact is responsible for reviewing payroll reports in the UKG system and submitting any payroll deduction vendor payments.
5. All payroll discrepancies shall be reported to the Shoreview Payroll Department immediately by the local People Services designee via a Historical Correction or On Demand Smartsheet.
6. All quarterly and annual payroll tax returns are processed by ADP.

Vendor Payments Process

1. This process does not pertain to Resident Refunds.
2. Invoices are received at the Business Unit ("BU") and routed to the on-site AP contact for entry into Oracle.
3. Invoices are entered into Oracle following the Site Invoice process and the Purchase Request / Purchase Order ("PO") is routed for approvals. Approvers are pre-determined based on the amount of the invoice. A PO# is required for payment.
4. Once a PO# is generated, the site emails the invoice to Oracle Email ID to be captured into Oracle.
5. Shoreview AP department validates invoices for payment.
6. Payments are processed weekly, invoices are paid according to the Supplier terms.
7. Payment batch details are reviewed each week; the AP team will work with the BU to resolve any discrepancies prior to final payment.
8. Treasury reviews cash requirements and confirms with the BU on any adjustments.
9. The BU will receive the following reports (or similar) on a weekly basis and should review for accuracy and submit questions to the Shoreview AP team:

- a. Payment Register - Includes invoices and their payment details
 - b. Supplier Aging Report - Includes invoices not yet paid, the due date, and aging
 - c. Invoice Tracker Report - Confirms invoices submitted to Oracle Email ID
10. Checks are mailed out the same day they are processed; ACH payments are sent to the bank the same day and effective the following business day.



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

REQUEST FOR BOARD ACTION: RBA-2022-2482

DEPARTMENT: Human Resources

TIME REQUESTED: < 5 Minutes

PRESENTER: Lynn Hart

AGENDA ITEM:

2022-2024 Labor Contract - MN Teamsters Public and Law Enforcement Employees' Union, Local No. 320

BOARD ACTION REQUESTED:

Approve and authorize necessary signatures for the 2022-2024 Minnesota Teamsters Public and Law Enforcement Employees' Union, Local No. 320 Labor Agreement which represents Probation Officers.

BACKGROUND:

The labor management committee has been negotiating the 2022-2024 collective bargaining agreement with Local No. 320. This collective bargaining agreement has been voted on and approved by Local No. 320 and the labor management committee recommends approval by the County Board.

COUNTY ATTORNEY REVIEW: N/A

SUPPORTING DOCUMENTATION:

1. 2022-2024 Teamsters 320 final draft for Board approval 070522

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Davin Tinquist
SECONDER:	Commissioner Ben DeNucci
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

LABOR AGREEMENT

BETWEEN

COUNTY OF ITASCA

AND

**MINNESOTA TEAMSTERS PUBLIC AND
LAW ENFORCEMENT EMPLOYEES' UNION,
LOCAL NO. 320**

(Probation Officers)



Effective January 1, 2022 through December 31, 2024

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PREAMBLE

This agreement is made and entered into between the Itasca County Board of Commissioners, hereinafter referred to as the Employer, and Teamsters Local 320, hereinafter referred to as the Union. The Employer and the Union will hereinafter be collectively referred to as the parties.

ARTICLE 1. PURPOSE OF AGREEMENT

It is the intent and purpose of this Agreement to;

- 1.1 Maintain and increase individual productivity and quality of service.
- 1.2 Provide an orderly procedure for the resolution of grievances.
- 1.3 Prevent any interruptions of work or interference with the efficient operation of the Office.
- 1.4 Express the complete agreement between the parties on wages and terms and conditions of employment.

The Employer and the Union, through this Agreement, continue their dedication to the highest quality of public service. The parties recognize that this Agreement is not intended to limit or modify any of the authority vested in the district court, judges or other statutorily authorized entity.

The provisions of this Article may not be used as the basis for a grievance.

ARTICLE 2. DEFINITION OF EMPLOYEES

Regular Employee: The term "Regular Employee", as used in this Agreement, shall refer to employees described below. In all cases, a regular employee's seniority and anniversary date (first date of employment) shall be subject to Article 11.

- 2.1 **REGULAR FULL-TIME EMPLOYEE:** An employee in the bargaining unit who has completed the required probationary period and who is normally scheduled to work a forty (40) hour week.
- 2.2 **REGULAR PART-TIME EMPLOYEE:** An employee in the bargaining unit who has completed the required probationary period and who is normally scheduled to work less than a forty (40) hour week but at least a twenty (20) hour week.

ARTICLE 3. RECOGNITION

- 3.1 The Employer recognizes the Union as the exclusive representative for the following bargaining unit as established by the August 6, 2014 Certification of Exclusive Representative, BMS Case No. 14-PCE-0605 and described as:

All Probation Officers employed by Itasca County, Grand Rapids, Minnesota, who are public employees within the meaning of Minn. Stat. 179A.04, subd. 14, excluding supervisory, confidential, and all other employees.

ARTICLE 4. MANAGEMENT RIGHTS

- 4.1 Except as limited by the specific provisions of this Agreement or applicable law, the Employer shall retain whatever rights and authority are necessary for it to operate and direct the affairs of Itasca County in all of its various aspects, including but not limited to the right to operate and manage all facilities and equipment; to establish functions and programs; to set and amend budgets; to determine the utilization of technology; to establish and modify the organizational structure; to schedule working hours and assign overtime; to select, direct and determine the number of personnel; to hire, promote, suspend, discipline or discharge personnel for just cause; to layoff or relieve employees due to lack of work or other valid reasons; to make and enforce reasonable rules and regulations; to contract with vendors or others for goods and/or services including subcontracting so long as the act is performed in good faith, it represents a reasonable business decision and it does not subvert the agreement between the parties; to take whatever actions may be necessary to carry out the missions of the Employer in declared emergencies; and to perform such other inherent managerial functions as set forth in the Minnesota Public Employee Labor Relations Act of 1971, as amended.
- 4.2. The Employer signatories to this contract shall have the right to designate responsibility for Employer functions required under this Agreement pursuant to applicable statutory provisions and to designate representatives authorized to act on their behalf with respect to matters arising under this Agreement.
- 4.3 Each of the parties of this Agreement hereby acknowledges the rights and responsibilities of the other parties and agrees to discharge its responsibilities under this Agreement, as per PELRA, Minnesota Statutes 179A.01, et. seq. The Employer including its manager supervisors and representative at all levels is firmly bound to observe the conditions of this Agreement. The Union including its officers and representatives and all employees are firmly bound to observe the conditions of this Agreement.

- 4.4 In addition to the responsibilities that may be provided elsewhere in this Agreement, the following shall be observed:
- A. The applicable procedures of this Agreement will be followed for the settlement of all grievances. All grievances shall be considered carefully and processed promptly in accordance with such procedures.
 - B. There shall be no interference with the rights of the employees to become or continue as members of the Union.
 - C. No discrimination shall be exercised against any employee because of Union membership or because of race, color, religion, sex, ethnicity/national origin, age, disability, marital status, sexual orientation, gender identity or expression, genetic information, veteran or military status, pregnancy, familial status, status with regard to public assistance, or any other unlawful reason.

ARTICLE 5. UNION SECURITY

- 5.1 The Employer shall deduct from the wages of employees who authorize such a deduction in writing, an amount necessary to cover monthly Union dues. Such monies shall be remitted monthly to the Union representative designated in writing by the Union.
- 5.2 The Union may designate employees from the bargaining unit to act as a steward and an alternate and shall inform the Employer in writing of such choice and changes in the position of steward and/or alternate.
- 5.3 The Employer shall make space available on the employee bulletin boards for the posting of Union notices and announcements. Union notices and announcements shall not contain matters of a political or inflammatory nature.
- 5.4 The Union agrees to indemnify and hold the Employer harmless against any and all claims, suits, orders, or judgments brought or issued against the Employer as a result of any action taken or not taken by the Employer under the provisions of this Article.

ARTICLE 6. GRIEVANCE PROCEDURE

- 6.1 A grievance, for the purpose of this article, is defined as a dispute or disagreement as to the interpretation or application of any terms or conditions of this Agreement.
- 6.2 Employees shall have the right to process grievances through the procedures of this article or through other procedures such as Veteran's Preference, Human

Rights or other statutorily created procedures, provided that a grievance may be processed through one procedure or the other, but not both. An employee who pursues a grievance through a procedure other than the procedure provided in this section shall waive the rights of this article of the Agreement.

- 6.3 If a grievance is not presented within the time limits set forth below, it shall be considered "waived." The time limit in each step may be extended by mutual written agreement of the Employer and the Union in each step.

Step 1. An employee claiming a violation concerning the interpretation or application of this Agreement shall, within 21 calendar days after such alleged violation has occurred, place in writing, signed by the grieved employee and the grievance representative, setting forth the nature of the grievance, the facts on which it is based, the provision or provisions of the Agreement allegedly violated, and the remedy requested.

The matter shall be discussed with the employee's supervisor as designated by the Employer within 7 calendar days. The Employer's response will be made in writing within 7 calendar days after the close of the discussion.

A grievance not resolved in Step 1 and appealed to Step 2 shall be appealed to Step 2 within 7 calendar days after the supervisor's final Step 1 response.

Step 2. If appealed, the written grievance shall be presented by the Union and discussed with the County Administrator or designee in consultation with Human Resources within 14 calendar days. Human Resources shall give the Union the Employer's Step 2 response in writing within 14 calendar days after the close of the discussion. A grievance not resolved in Step 2 may be appealed to Step 3 within 14 calendar days following Human Resources final Step 2 response.

Step 3. If appealed, the written grievance shall be presented by the Union and discussed with the County Board or its designee within 28 calendar days. The County Board or its designee shall give the Union the Employer's Step 3 response in writing within 14 calendar days. A grievance not resolved in Step 3 may be appealed to Step 4 within 14 calendar days following the Employer-designated representative's final Step 3 response.

Step 4. Mediation of a grievance: Upon completion of the previous Step and prior to requesting arbitration, the Union and the Employer may, by mutual agreement, request mediation of the grievance by the Bureau of Mediation Services or contracted services approved by the County Board for appointment of a mediator who will conduct meetings as deemed necessary in an attempt to resolve the grievance. After the mediator or either party determines that further mediation would serve no purpose, a grievance may be appealed to Step 5 within 30 calendar days.

Step 5. The grievance appealed to arbitration shall be subject to the provisions of PELRA. The selection of an arbitrator shall be made in accordance with the Rules Governing the Arbitration of grievances as established by the State Bureau of Mediation Services. Any unresolved grievance not submitted for arbitration shall be considered settled on the basis of the Employer's Step 3 response and/or Step 4.

6.4 Arbitrator's Authority

- A. The arbitrator shall have no right to amend, modify, nullify, ignore, add to, or subtract from the terms and conditions of this Agreement. The arbitrator shall consider and decide only the specific issue(s) submitted in writing by the Employer and the Union, and shall have no authority to make a decision on any other issue not so submitted.
- B. The arbitrator shall be without power to make decisions contrary to, or inconsistent with, or modifying or varying in any way the application of laws, rules or regulations having the force and effect of law. The arbitrator's decision shall be submitted in writing within 30 days following close of the hearing or submission of briefs by the parties, whichever is later, unless the parties agree to an extension. The decision shall be binding on both the Employer and the Union and shall be based solely on the arbitrator's interpretation or application of the express terms of this Agreement and to the facts of the grievance presented.

The fees and expenses for the arbitrator's services and proceedings shall be borne equally by the Employer and the Union provided that each party shall be responsible for compensating its own representatives and witnesses. If either party desires a verbatim record of the proceedings, it may cause such a record to be made, providing it pays for the record. If both parties desire a verbatim record of the proceedings, the cost shall be shared equally.

- 6.5 Duly authorized representatives of the Union shall have the right to accompany the employee and/or the Union Grievance Committee at all times in the discussion or adjustment of grievances.
- 6.6 The Union agrees that the past practices of the Employer shall not be the basis for grievances that it files.
- 6.7 There shall be no grievable job evaluations.
- 6.8 If as a result of the written Employer response in Step 2, the grievance remains unresolved, and if the grievance involves the suspension, demotion, or discharge of an employee who has completed the required probationary period, the

grievance may be appealed either to Step 3 of Article 6 or a procedure such as: Civil Service or Veterans Preference. If appealed to any procedure other than Step 3 of Article 6, the grievance is not subject to the arbitration procedure as provided in Step 3 of Article 6.

An employee pursuing a remedy pursuant to a statute under the jurisdiction of the United States Equal Employment Opportunity Commission is not precluded from also pursuing an appeal under the grievance procedure of this Agreement. If a court of competent jurisdiction rules contrary to the ruling in *EEOC v. Board of Governors of State Colleges and Universities*, 957 F.2d 424 (7th Cir.), cert. denied, 506 U.S. 906, 113 S.Ct. 299 (1992), or if *Board of Governors* is judicially or legislatively overruled, this paragraph shall be immediately null and void and shall be deleted from this Agreement.

ARTICLE 7. HOURS OF WORK

- 7.1 This Article is intended only to define the normal hours of work and normal scheduling and to provide the basis for the calculation of overtime or other premium pay. Nothing herein shall be construed as a guarantee of hours of work per day or per week.
- 7.2 Work shifts, work breaks, staffing schedules and the assignment of employees thereto shall be established by the Employer.
- 7.3 All hours worked in excess of the normal work week shall be compensated for at 1-1/2 times the classified hourly rate of pay or shall be given as compensatory time off at the rate of 1-1/2 hour off for each hour of overtime worked. Employees shall have the option to take overtime hours as paid time or as compensatory time off. An employee may earn a maximum of 120 hours of compensatory time at any one time. All paid holidays, vacation, sick leave and compensatory time off shall be considered as days worked in the computation of overtime. All hours worked in excess of the normal work week must be approved and authorized by the supervisor or department head.
- 7.4 The assignment of overtime shall be at the discretion of the Employer. Employees must receive prior authorization from the employee's immediate supervisor before working any overtime, except in cases of emergency.
- 7.5 Employees shall be required to work overtime or holidays when assigned unless excused by the Employer.
- 7.6 Neither the base pay rate specified in Appendix A nor overtime pay shall be paid more than once for the same hours worked under any provisions of this agreement.
- 7.7 A Call-Out is defined as the return of an employee to a specified worksite to perform emergency duties at the express authorization of the Employer at a time

other than an assigned shift. An extension of or early report to an assigned shift is not a call out, nor is phone support. If an employee is called back to the work site after completing the regular work day or is called out to a work site during the employee's regular scheduled time and/or day off, the employee shall receive a minimum of 2 hours of compensatory time.

- 7.8 Emergency technical support: If an employee receives a phone call, text message or other communication from authorized individuals outside the hours of their scheduled shift that takes more than 5 minutes to respond to, the employee shall receive pay for the actual time worked rounding up to the next 15 minute increment.

ARTICLE 8. HOLIDAYS

- 8.1 All regular employees shall receive the following paid holidays provided said employees perform work, are on vacation, are on sick leave, or are gone due to a death in the family or similar cause, in the pay period in which the holiday occurs and work as scheduled or assigned both on their last scheduled work day prior to and on their first scheduled work day following the holiday:

New Year's Day
Martin Luther King Day
President's Day
Memorial Day
Independence Day
Labor Day
Veterans Day
Thanksgiving Day
Day After Thanksgiving
Christmas Eve
Christmas

When the County government is closed as a result of a County paid holiday not listed above, Employees shall be required to work unless they take accumulated vacation or the floating holiday, after securing the approval of the Director.

- 8.2 All regular Employees will receive three (3) floating holidays each calendar year. The floating holiday must be taken in the calendar year in which it is earned or it is lost. The floating holidays cannot be split, but must be taken in its entirety. Initial employment probationary employee will receive 1 floating holiday on their date of hire, 1 floating holiday on May 1st, and 1 floating holiday on September 1st.
- 8.3 Regular employees who are required by the department head or employee's immediate superior to work on any of the above holidays shall be compensated at the rate of 1 1/2 time for their work that day in addition to their regular holiday pay.

- 8.4 When a paid holiday falls on an Employee's scheduled day off or during his/her vacation, he/she shall receive an additional day of paid vacation providing said holiday falls on the employee's normal work day.
- 8.5 To receive a paid holiday, part-time Employees must work the last scheduled day prior to the holiday and the first scheduled day following the holiday.
- 8.6 The Holiday and Floating Holidays will be eight (8) hours for full time employees and prorated holiday hours for part time employees will be based on FTE (full time equivalency) status in approved budgets rather than hours worked.

ARTICLE 9. VACATIONS

- 9.1 All regular Employees shall receive vacation benefits with pay as follows:

<u>Completed Years of Service</u>	<u>Rate of Accumulation Of Vacation Hours Per Pay Period of Work</u>	<u>Number of Working Hours of Vacation Time Earned Per Year</u>
0 – 48 months/0-4 years	3.077 hours	80.002 hours
49 – 108 months/5-9 years	4.616 hours	120.016 hours
109 –168 months/10-14 years	6.154 hours	160.004 hours
169 months/+15 years	7.693 hours	200.018 hours

As vacation is earned, it shall be recorded on an hourly basis and may be used as it is earned following the completion of the probationary period.

In the event an employee has an accumulation of 248 hours or more effective with the last payroll of the year, the employee shall have all hours in excess of 248 converted to a contribution to their HCSP. This contribution may not exceed 50 hours and all additional hours shall be lost.

- 9.2 Regular Employees who have accumulated 600 hours of sick leave shall be granted a bonus vacation and sick leave as follows:
 - A. A regular Employee shall earn 3.693 hours of sick leave per pay period, only if the beginning balance is less than 1,000 hours.
 - B. An employee shall earn 1.847 hours bonus vacation per pay period in addition to the 3.693 hours sick leave accrual for any pay period in which the beginning balance of the Employee's accumulative leave is 600 hours or more. However, the 1.847 hours bonus vacation time cannot be earned in any pay period in which the Employee takes sick leave.

- 9.3 Upon termination of employment for any cause, regular Employees shall be paid for any accumulated vacation credits including pro-rata payments for periods of less than one year.
- 9.4 All Employees who have used all of their accumulated sick leave hours shall at that time, if illness continues, be granted any vacation credits earned in that year.
- 9.5 All regular part-time Employees working less than full time shall receive vacation benefits on a pro-rated basis based upon FTE (full-time equivalency) status in approved budgets. Vacation credit shall be posted each pay period.

ARTICLE 10. SICK LEAVE

- 10.1 All regular full-time employees shall earn sick leave at the rate of 3.693 hours for each pay period of service in which they have worked at least 50% of the pay period and may accumulate unused sick leave to a maximum of 1,000 hours.

NOTE: For those employees who have 600 or more sick hours accumulated, see Article 9.2, Section B, for calculation of bonus vacation earnings.

Part-time regular employees shall accumulate sick leave credit on a pro-rata basis based upon FTE (full-time equivalency) status in approved budgets to be posted each pay period.

- 10.2 New employees in regular positions shall accrue and may use sick leave during the probation period.
- 10.3 The Human Resources Director may, at his/her discretion, require evidence of personal illness.
- 10.4 Sick leave credit may be earned only while an employee is working at his/her regular job or is on a regular vacation. Legal holidays falling on working days shall be considered working days for such leave credit.
- 10.5 Bereavement Leave: Regular employees shall be allowed to use 24 hours of bereavement leave time in case of death in the immediate family. Sixteen (16) additional hours of death in the family leave time may be used in the event that travel is necessary to a point outside a radius of 150 miles from the employee's home or for other personal reasons related to the death such as for funeral arrangements. Immediate family is defined as:
- Spouse, and parents, thereof,
 - Children, including adopted and stepchildren, and spouses thereof,
 - Parents, grandparents and grandchildren of the employee and/or the spouse,

- Brothers and sisters, and spouses thereof,
- Domestic Partner/Guardian

10.6 **Compensable Injury:** If a regular employee of the Employer shall receive a compensable injury and has accrued benefits under either the sick leave or vacation plan, the County shall pay the difference between the compensation received by the employee and the employee's regular monthly or hourly rate of net pay, same to be deducted from said accrued vacation or sick leave benefit. The Employer will provide for the payments described in this section during the period of disability.

It is understood that the additional payments made to the employee over and above that paid by Worker's Compensation shall not exceed the amount of credits which an employee is entitled to from such accrued vacation or sick leave benefits.

10.7 **Sick Leave of Absence:** After an employee has used all accumulated sick leave, vacation, and any available FMLA protected leave, the employee shall be granted a leave of absence without pay, with appropriate documentation from the healthcare provider, for a period not to exceed 6 months without having their name removed from the payroll. If the employee is in the process of seeking a disability determination, the time will be extended a total of up to 12 months. If the employee is certified disabled, employment shall cease.

10.8 Upon termination of employment prior to, on or subsequent to the normal retirement date, an employee shall allocate as severance pay 70% of the employee's accumulated but unused sick leave from the first date of County employment. Such severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits and shall be paid, at the employee's option, in one lump sum, or in a manner mutually agreeable to the employee and the Employer over a period not to exceed 5 years from termination of employment. The employee shall apply the 30% balance to the employee's Post Health Care Savings Plan after all regular pay has been paid out.

Severance pay will not be paid:

1. If the employee hired has less than 5 years of continuous service for Itasca County.
2. The employee is terminated for just cause for a job-related occurrence. A determination of just cause by an arbitrator or court shall be binding on a determination of severance eligibility.

Any payment made upon termination due to death shall be paid in accordance with federal and state regulations. In the event of an active employee's death,

100% of the employee's sick leave shall be paid to the surviving spouse or to the estate of the employee who passed away.

For employees hired after 11/08/1994, the maximum County payment for the 70% dollar value of an employee's accumulated unused sick leave (severance pay) shall be \$10,000. (That is, 70% of the employee's accumulated unused sick leave shall have a maximum value of \$10,000 at retirement for use for any purpose permitted by the contract.) This limit does not apply to other County payments for retirement group insurance premiums nor does it affect the other 30% dollar value of an employee's accumulated unused sick leave which is deposited into the employee's Post Health Care Savings Plan after all regular pay has been paid out.

10.9 An Employee may use sick leave for absences for such reasonable periods as the Employee's attendance with the family member may be necessary, on the same terms the Employee is able to use sick leave for the Employee's own illness.

- Provide care for a family member who is incapacitated as a result of physical or mental illness, injury, pregnancy or childbirth;
 - Provide care for a family member as a result of medical, dental or optical examination or treatment;
- Family member is defined as:
- Spouse, and parents, thereof;
 - Children, including adopted and stepchildren, and spouses thereof;
 - Parents, grandparents and grandchildren of the employee and/or the spouse.

ARTICLE 11. SENIORITY

1. Seniority standing shall be granted to all employees who have attained regular employee status as defined in Article 2. Such standing is to be determined on the basis of total length of employment for the Employer.

Seniority and Anniversary date of employees attaining such regular employee status shall be the first day of employment. During the probationary period of 1040 consecutive hours or six months as the case may be, employees may be discharged by the Employer without the same being considered a breach of this Agreement or constituting a grievance hereunder.

2. A regular employee shall lose his/her seniority standing in the following situations:

- A. Voluntary resignation;
- B. Discharge for just cause;
- C. Retirement;
- D. Failure to accept recall from layoff.

3. The Job Classifications covered by the Collective Bargaining Agreement, both full-time and part-time regular, shall be listed in this Agreement.
4. In the event of a layoff, a reduction in force, or the elimination of a position, a senior employee may exert seniority preference over a junior employee in any classification of work. Within five working days after receiving notice of layoff, an employee intending to exercise seniority preference shall advise the Human Resources Director of the specific position into which the employee intends to bump. Employees who are laid off shall be rehired according to seniority in the inverse order of layoffs.

Such employees shall be notified in writing regarding such layoffs, reduction of force, or elimination of position, as well as rehiring, as the case may be. Such written notification shall be sent to such employees 30 days in advance by certified mail with a copy of same submitted to the Union.

The department head shall be informed of the seniority list to be kept by the Human Resources department on those laid-off employees who have been placed on the seniority list due to their acquired seniority status before being laid off. Such employees on lay-off status are to be notified of vacancies in the probation department which are not filled by a current employee in the department that the vacancy occurs in.

There shall be a three-year recall limit on lay-offs.

It is the responsibility of any laid off employee to inform the designated department head of his/her current address and telephone number.

5. Only in the case of layoff, reduction in force, elimination of a position, or reduction in hours worked per day, days worked per month, months worked per year, a senior employee with a greater number of total employment hours in the probation department shall have preference in employment or assignment over a junior employee with less total hours of employment; provided, however, that the senior employee has the ability to perform the work.
6. Senior employees within the Probation Union, shall be afforded the opportunity to any promotion to a position within the bargaining unit, provided that such employee is qualified and has the ability to perform the duties of the job involved.
7. Notices of all vacancies and newly created positions shall be posted on bulletin boards, and employees shall have five working days in which to apply. The senior employee in the department where the vacancy occurs or new position is created who applies shall be transferred to fill the vacancy or new position provided the employee has the necessary qualifications to perform the duties of the job. The department head or other appropriate appointing authority shall determine whether the applicant possesses the necessary qualifications. In the event the Union does not concur in the determination, the employee shall have the right of appeal through the normal grievance procedure. Notice of vacancies or newly-created positions

shall state the type of work, the place of work, rate of pay, hours to be worked, and the job classification. The department head shall be allowed 30 working days to fill a regular vacancy that a regular employee has applied for.

8. Seniority lists shall be brought up to date on March 1 of each calendar year and posted on employee's bulletin boards. Copies of seniority lists shall be sent to the Union Steward and the Local Union Business Agent.
9. This clause shall be applicable for leaves of absence other than those connected to sick leave as per Article 10.

A leave of absence without pay may be granted by the department head using his/her discretion and in consideration of departmental need, for a period not to exceed ten (10) working days or eighty (80) hours in each calendar year. A leave of absence in excess of ten (10) days may be granted by the County Administrator (for good and sufficient reason) given department head approval in consideration of departmental need. Seniority shall be frozen as of the beginning of any leave of thirty days or more, and the Human Resources department in these cases shall notify the Union of such leave.

See Article 12 for group insurance arrangements during a leave of absence.

10. Nothing herein shall be construed to affect the status of war veterans in contravention of existing laws relating to war veteran's employment, discharge, or promotion.
11. All employees employed by the Employer shall carry their original seniority date and all accumulated fringe benefits and anniversary date in a case of lateral in grade transfers, when transferring from one classification to another.
12. When an employee's position is reclassified as a result of a reevaluation to a lower grade from the position the employee previously held, the employee's pay shall be frozen until such time that the new pay grade and step are equal to or greater than the employee's current salary. When an employee's position is reclassified as a result of a re-evaluation to a higher grade, the employee will be placed at the step in the higher grade which is equal to or next higher than employee's current pay, plus one step.

ARTICLE 12. GROUP INSURANCE PROGRAM

12.1 Eligibility.

- A. **ACTIVE EMPLOYEES:** All regular County employees shall be eligible for hospital/medical insurance benefits from the first date of employment, provided all necessary application forms have been completed. They shall be eligible for life insurance on the 1st of the month following their first date of employment, provided

all necessary application forms have been completed. They shall be eligible for dental insurance benefits after completing 1040 consecutive hours of employment on an hourly basis or 6 months on a monthly basis. Authorized sick leave and authorized vacation time shall be counted as working time for such eligibility for dental insurance. Also, authorized sick leave, vacation time, and authorized leave of absence of 30 days or less shall be counted as working time for eligibility.

Employees in regular positions, who have opted not to be covered by hospital/medical or dental insurance, and later choose to be covered by same, may be covered by said insurance provided they are accepted by the insurance company.

Regular employees who are temporarily laid off for more than 30 days, or who are on authorized unpaid leave of absence of more than 30 days (not FMLA covered), or who are on authorized unpaid leave of absence for more than 30 days, may continue their insurance coverage by paying the full amount of the premiums themselves during the period of such lay-off or leave of absence. At the time of approved leaves of absence, or orders of temporary lay-offs, the County shall provide a written statement to the affected employee advising of the status of insurance coverage during the period of absence. Upon returning to work, such employee need not re-establish eligibility.

Employees who leave Employer employment must have worked at least 80 hours during the calendar month during which such employment termination becomes effective in order to be eligible for such Employer contributions for the next succeeding calendar month. NOTE: However, life insurance is canceled at the end of the month in which the employee terminates employment.

Employees returning to work after authorized leave of absence without pay shall be required to work at least 80 hours during the calendar month in which such employees return to work in order to be eligible for such Employer contributions for the next succeeding calendar month.

Accrued earned leave (i.e. vacation, sick, comp and holidays) shall be considered days worked.

Employees who voluntarily terminate employment without due notice to the department head, unless termination without notice is approved by the department head, shall forfeit all rights to such Employer contributions. Employees who are discharged for cause shall forfeit all rights to such Employer contributions.

- B. TOTAL DISABILITY: All regular employees who qualify for a total disability pension under the eligibility stipulations set by the Minnesota Public

Retirement Association and/or Federal Social Security, upon approval and acceptance of an employee by either of said entities for a total disability annuity pension and upon an employee drawing said annuity, the Employer shall pay for the employee and his/her other dependents' hospital/medical insurance in full. Upon reaching age 65, the retiree is required to enroll in both Parts A & B of Medicare (if eligible). At that point the Employer and retiree will be responsible for their payment of health insurance premium as directed within the labor contract.

C. RETIRED EMPLOYEE:

Definition: "retire" or "to retire" means leaving Itasca County employment and will be eligible for a PERA retirement annuity upon leaving the service of Itasca County.

Execution of this Agreement and any new changes in policy shall not in any way be interpreted to deny or forfeit any retired employee's right to continue under a previous agreement from which they have been entitled to insurance benefits. (For retiree coverage, see Sec. 12.2, F, (Retired Employees).)

12.2 Coverage.

A. GROUP LIFE INSURANCE:

ACTIVE EMPLOYEES: The Employer will provide and pay the entire premium for the present group life insurance in the amount of \$25,000.00 for each eligible employee, said insurance includes Accidental Death and Dismemberment(AD&D) coverage in an amount equal to Basic Life insurance coverage, both with a double indemnity clause. Active employees may opt to purchase additional Basic Life and AD&D coverage for themselves, their spouse and eligible dependents at their own expense. Both Basic Life and AD&D insurance coverage amounts reduce to 65% at age 65. 50% at age 70 and 35% for age 70 and over. All employer provided insurance and employee elected additional insurance will terminate upon the employee leaving employment.

B. GROUP HOSPITAL AND MEDICAL INSURANCE:

ACTIVE EMPLOYEES:

1. The High Deductible Plan (Option 1) \$1750/\$3500 (in 2022) Deductible or the High Deductible Plan (Option 2) \$3500/\$7000 (in 2022) Deductible both with a Health Savings Account (HSA) shall be the hospital-medical insurance coverage for all eligible employees under this bargaining agreement. The Internal Revenue Code requires that the minimum statutory deductible for plans used with HSAs be indexed for inflation and the deductibles will automatically increase in future years in order to remain compliant with the Internal Revenue Service (IRS) guidelines for high deductible health insurance plans.

The Employer will pay 80% of the annual deductible via an HSA contribution on the single or family coverage and the Employee will pay 20% of the annual deductible on the single or family coverage while the Employee is enrolled in the Plan. The County portion of the annual deductible will be pro-rated by the number of months the employee is enrolled in the plan for employee's who enroll in the plan mid-year.

Employees enrolled in County-sponsored health insurance plans who are ineligible for an HSA contribution shall have the option for the County portion of the annual deductible to be contributed to a VEBA (Voluntary Employee's Beneficiary Association).

The County portion of the annual deductible will be deposited to the HSA or VEBA accounts during the 1st payroll in January for employee's who are enrolled in the health insurance plan for the year.

2. The employee shall have the option to elect either plan on an annual basis during the open enrollment period or when a qualified event occurs. The premium participation for said plans shall be 80% by the Employer and 20% by the employee.
3. In the event during the term of this Agreement the County Board elects to change insurance carriers, it is understood and agreed that the County shall continue to provide equivalent coverage to the present hospital/medical insurance and dental insurance plans covering the employees under this Agreement, if such alternative should become available. It is understood that the employees' and Union's rights as provided by State and Federal Statutes relating to their health and welfare insurance provided by the Employer shall not be negated by the aforementioned language (Statutes such as Minn. Stat. Section 471, MN.Comprehensive Health Insurance Act 62 E. 03, etc.).
4. Employees portion of health insurance premiums only shall be split between the first and second payroll of each month. This split shall be as close to even as possible.

C. GROUP DENTAL INSURANCE

ACTIVE EMPLOYEES:

The Employer will provide dental insurance under Delta Dental Plan of Minnesota, or its equivalent with a maximum annual benefit of \$1,500. The Employer shall pay the full single premium and 80% of the dependents' cost of said insurance. The employee shall pay 20% of the dependents' cost of said insurance. The employee shall have the option to enroll in the program within 30 days of completion of the required dental insurance probationary period or during an open enrollment period.

D. FLEXIBLE SPENDING ACCOUNT:

The County may provide flexible spending account programs. Employees may elect to participate.

E. POST HEALTH CARE SAVING PLAN:

All employees shall be enrolled in the Post Health Care Savings Plan (HCSP), after 1 year of employment on their anniversary date of hire, or the very next pay period. Said employee shall contribute 2% of their regular wages* earned during the biweekly pay period into the HCSP via payroll deduction each pay period.

*Regular wages is defined as the hourly wage stated in the Union pay plan (regular wages excludes callout pay, shift differential, meals, severance pay, overtime).

The County shall not be responsible for a contribution to any costs associated with the Post Health Care Savings Plan mentioned above.

F. RETIRED EMPLOYEES:

1. Failure on the part of any employee to apply for and obtain hospital and medical coverage for which the retiree may be eligible, shall have the effect of canceling the retiree's ability to enroll and the County shall have no further obligation or liabilities thereunder.
2. Hospital and medical coverage will be provided for retired officials and employees.
3. Hospital and medical coverage provided for retirees shall be the High Deductible Plan (Option 1) \$1750/\$3500 (in 2022) Deductible or the High Deductible Plan (Option 2) \$3500/\$7000 (in 2022) Deductible both with a Health Savings Account (HSA), or its equivalent. The Internal Revenue Code requires that the minimum statutory deductible for plans used with HSAs be indexed for inflation and the deductibles will automatically increase in future years in order to remain compliant with the Internal Revenue Service (IRS) guidelines for high deductible health insurance plans.

The Employer shall pay the full single premium and 50% of the dependency coverage cost, and the balance 50% of dependency cost shall come from the retiree until their health insurance cap is exhausted. The Employer shall pay 80% of the annual deductible via an HSA or VEBA contribution on the single or family coverage and the retiree shall pay 20% of the annual deductible on single or family coverage while the retiree is enrolled in the plan, until their health insurance cap is exhausted. The retiree may choose either of the high

deductible health plans with a VEBA or HSA contribution from the County. The retiree must designate which health plan option and deductible option (HSA or VEBA) upon retirement. The County portion of the deductible will be pro-rated by the number of months the retiree is enrolled in the plan for retirees who enroll in the plan mid-year. If the retiree's health insurance cap is exhausted, the retiree may continue to stay on the county-sponsored health insurance plan and will pay 100% of the premium and 100% of the deductible.

When a retiree reaches age 65, the retiree will be transitioned from their current health plan to one of the Medicare Supplemental Plans offered by the County and the County shall pay the full single premium and 50% of the dependency coverage cost, and the balance 50% of dependency cost shall come from the retiree unless or until their health insurance cap is exhausted.

4. For employees hired after January 1, 2000 the maximum County payment for retirement group insurance premiums shall not exceed \$20,000.

G. INSURANCE ADVISORY COMMITTEE

An Insurance Advisory Committee shall be established to examine the County's current medical insurance plan. The Committee shall be composed of representatives from each of the groups participating in the County's program as follows:

Local 639	2 representatives
Local 639A	2 representatives
Local 639-3	1 representative
Local 1626	2 representatives
Local 1452	2 representatives
Local 580	2 representatives
Itasca Co. Non-Contract Employees	1 representative
Itasca Co. Elected Officials/Dept. Heads.	1 representative
Itasca Co. Attorney Employee's Assoc.	1 representative
Itasca County Employees Association	1 representative
Itasca Co. Confidential Employees' Assoc.	1 representative
Teamsters	1 representative
Itasca Co. Managers Assoc.	1 representative
Itasca Co HHS Supv. Assoc.	1 representative

The Committee may recommend changes in medical program to the County Board.

If the Committee recommendations call for changes in the structure of the medical plan, this contract shall be subject to reopening negotiations for medical benefits.

If the County Board deviates from the Committee recommendations, the

agreement reopening negotiations for the medical plan is void.

ARTICLE 13. DISCIPLINE AND SEPARATIONS

- 13.1 The Employer will discipline for just cause only. Discipline shall be in the form of:
- A. Oral reprimand;
 - B. Written reprimand;
 - C. Suspension without pay;
 - D. Demotion;
 - E. Discharge.
- 13.2 Suspensions, demotions and discharge will be in written form.
- 13.3 Written reprimands, to become part of an employee's personnel file shall be read and acknowledged by signature of the employee.
- 13.4 Employers may examine their own individual personnel files at reasonable times under the direct supervision of the Employer.
- 13.5 Grievances relating to suspension, demotion and discharge shall be initiated by the Union in Step 2 of the grievance procedure under Article 6. Oral reprimands may not be appealed beyond Step 2 of the grievance procedure.
- 13.6 Employees will not be questioned involving a matter that may reasonably be expected to result in discipline unless they have been given an opportunity to have a Union representative present. The representative must be available on a timely reasonable basis.

ARTICLE 14. DRUG AND ALCOHOL TESTING

The provisions of the Itasca County drug and alcohol policy as set forth in the Itasca County Personnel Policy are incorporated herein by reference the same as if fully set forth in this Article.

ARTICLE 15. SEPARABILITY

It is hereby declared to be the intention of the parties to this Agreement that if the sections, paragraphs, sentences, clauses and phrases of this Agreement are separable, and if any phrase, clause, sentence, paragraph or section of this Agreement shall be declared invalid by the valid judgment or degree of a court of competent jurisdiction, because of any conflict with Minnesota State Law, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Agreement.

The Employer and the Union agree that they will meet within thirty (30) days following

the declaration of invalidity to begin negotiations upon a substitute clause to replace the provisions found to be invalid. This places no time limitations on the parties during which they may negotiate.

ARTICLE 16. SAVINGS CLAUSE

This Agreement is subject to the laws of the United States and the State of Minnesota. In the event any provisions of this Agreement shall be held to be contrary to law by a court of competent jurisdiction from whose final judgment or decree no appeal has been taken within the time provided, such provision shall be voided. The voided provisions may be renegotiated at the written request of either party. All other provisions shall continue in full force and effect.

ARTICLE 17. DURATION OF AGREEMENT

This Agreement will be in effect until December 31, 2024. This contract remains in force in the event settlement for the ensuing contract period has not been reached at the time this contract expires.

FOR THE ITASCA COUNTY

Terry Snyder, County Board Chair

Brett Skyles, County Administrator

FOR TEAMSTERS LOCAL 320

Local 320 President

Local 320 Staff Representative

APPENDIX A

Compensation Grid 14G, Effective date 07/01/2021 – 06/30/2022

Range	Rate	Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H	Step I	Step J	Step K	Step L
		01	02	03	04	05	06	07	08	09	10	11	12
05	YR	43,660	45,122	46,729	48,108	49,799	51,427	53,244	55,019	56,898	58,986	60,949	63,141
05	MO	3,638	3,760	3,894	4,009	4,150	4,286	4,437	4,585	4,742	4,916	5,079	5,262
05	HR	20.91	21.61	22.38	23.04	23.85	24.63	25.50	26.35	27.25	28.25	29.19	30.24
06	YR	45,122	46,729	48,108	49,799	51,427	53,244	55,019	56,898	58,986	60,949	63,141	65,459
06	MO	3,760	3,894	4,009	4,150	4,286	4,437	4,585	4,742	4,916	5,079	5,262	5,455
06	HR	21.61	22.38	23.04	23.85	24.63	25.50	26.35	27.25	28.25	29.19	30.24	31.35
07	YR	46,729	48,108	49,799	51,427	53,244	55,019	56,898	58,986	60,949	63,141	65,459	67,839
07	MO	3,894	4,009	4,150	4,286	4,437	4,585	4,742	4,916	5,079	5,262	5,455	5,653
07	HR	22.38	23.04	23.85	24.63	25.50	26.35	27.25	28.25	29.19	30.24	31.35	32.49
08	YR	48,108	49,799	51,427	53,244	55,019	56,898	58,986	60,949	63,141	65,459	67,839	70,178
08	MO	4,009	4,150	4,286	4,437	4,585	4,742	4,916	5,079	5,262	5,455	5,653	5,848
08	HR	23.04	23.85	24.63	25.50	26.35	27.25	28.25	29.19	30.24	31.35	32.49	33.61
09	YR	49,799	51,427	53,244	55,019	56,898	58,986	60,949	63,141	65,459	67,839	70,178	72,704
09	MO	4,150	4,286	4,437	4,585	4,742	4,916	5,079	5,262	5,455	5,653	5,848	6,059
09	HR	23.85	24.63	25.50	26.35	27.25	28.25	29.19	30.24	31.35	32.49	33.61	34.82

Compensation Grid 14G, Effective date 07/01/2021 – 06/30/2022

Range	Rate	Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H	Step I	Step J	Step K	Step L
		01	02	03	04	05	06	07	08	09	10	11	12
10	YR	51,427	53,244	55,019	56,898	58,986	60,949	63,141	65,459	67,839	70,178	72,704	75,419
10	MO	4,286	4,437	4,585	4,742	4,916	5,079	5,262	5,455	5,653	5,848	6,059	6,285
10	HR	24.63	25.50	26.35	27.25	28.25	29.19	30.24	31.35	32.49	33.61	34.82	36.12
11	YR	53,244	55,019	56,898	58,986	60,949	63,141	65,459	67,839	70,178	72,704	75,419	78,175
11	MO	4,437	4,585	4,742	4,916	5,079	5,262	5,455	5,653	5,848	6,059	6,285	6,515
11	HR	25.50	26.35	27.25	28.25	29.19	30.24	31.35	32.49	33.61	34.82	36.12	37.44
12	YR	55,019	56,898	58,986	60,949	63,141	65,459	67,839	70,178	72,704	75,419	78,175	80,952
12	MO	4,585	4,742	4,916	5,079	5,262	5,455	5,653	5,848	6,059	6,285	6,515	6,746
12	HR	26.35	27.25	28.25	29.19	30.24	31.35	32.49	33.61	34.82	36.12	37.44	38.77
13	YR	56,898	58,986	60,949	63,141	65,459	67,839	70,178	72,704	75,419	78,175	80,952	84,000
13	MO	4,742	4,916	5,079	5,262	5,455	5,653	5,848	6,059	6,285	6,515	6,746	7,000
13	HR	27.25	28.25	29.19	30.24	31.35	32.49	33.61	34.82	36.12	37.44	38.77	40.23
14	YR	58,986	60,949	63,141	65,459	67,839	70,178	72,704	75,419	78,175	80,952	84,000	86,923
14	MO	4,916	5,079	5,262	5,455	5,653	5,848	6,059	6,285	6,515	6,746	7,000	7,244
14	HR	28.25	29.19	30.24	31.35	32.49	33.61	34.82	36.12	37.44	38.77	40.23	41.63

Compensation Grid 14G, Effective date 07/01/2022 – 06/30/2023

		Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H	Step I	Step J	Step K	Step L
Range	Rate	01	02	03	04	05	06	07	08	09	10	11	12
05	YR	44,746	46,249	47,899	49,319	51,052	52,722	54,580	56,397	58,318	60,468	62,473	64,728
05	MO	3,729	3,854	3,992	4,110	4,254	4,394	4,548	4,700	4,860	5,039	5,206	5,394
05	HR	21.43	22.15	22.94	23.62	24.45	25.25	26.14	27.01	27.93	28.96	29.92	31.00
06	YR	46,249	47,899	49,319	51,052	52,722	54,580	56,397	58,318	60,468	62,473	64,728	67,087
06	MO	3,854	3,992	4,110	4,254	4,394	4,548	4,700	4,860	5,039	5,206	5,394	5,591
06	HR	22.15	22.94	23.62	24.45	25.25	26.14	27.01	27.93	28.96	29.92	31.00	32.13
07	YR	47,899	49,319	51,052	52,722	54,580	56,397	58,318	60,468	62,473	64,728	67,087	69,530
07	MO	3,992	4,110	4,254	4,394	4,548	4,700	4,860	5,039	5,206	5,394	5,591	5,794
07	HR	22.94	23.62	24.45	25.25	26.14	27.01	27.93	28.96	29.92	31.00	32.13	33.30
08	YR	49,319	51,052	52,722	54,580	56,397	58,318	60,468	62,473	64,728	67,087	69,530	71,932
08	MO	4,110	4,254	4,394	4,548	4,700	4,860	5,039	5,206	5,394	5,591	5,794	5,994
08	HR	23.62	24.45	25.25	26.14	27.01	27.93	28.96	29.92	31.00	32.13	33.30	34.45
09	YR	51,052	52,722	54,580	56,397	58,318	60,468	62,473	64,728	67,087	69,530	71,932	74,521
09	MO	4,254	4,394	4,548	4,700	4,860	5,039	5,206	5,394	5,591	5,794	5,994	6,210
09	HR	24.45	25.25	26.14	27.01	27.93	28.96	29.92	31.00	32.13	33.30	34.45	35.69

Compensation Grid 14G, Effective date 07/01/2022 – 06/30/2023

		Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H	Step I	Step J	Step K	Step L
Range	Rate	01	02	03	04	05	06	07	08	09	10	11	12
10	YR	52,722	54,580	56,397	58,318	60,468	62,473	64,728	67,087	69,530	71,932	74,521	77,298
10	MO	4,394	4,548	4,700	4,860	5,039	5,206	5,394	5,591	5,794	5,994	6,210	6,441
10	HR	25.25	26.14	27.01	27.93	28.96	29.92	31.00	32.13	33.30	34.45	35.69	37.02
11	YR	54,580	56,397	58,318	60,468	62,473	64,728	67,087	69,530	71,932	74,521	77,298	80,137
11	MO	4,548	4,700	4,860	5,039	5,206	5,394	5,591	5,794	5,994	6,210	6,441	6,678
11	HR	26.14	27.01	27.93	28.96	29.92	31.00	32.13	33.30	34.45	35.69	37.02	38.38
12	YR	56,397	58,318	60,468	62,473	64,728	67,087	69,530	71,932	74,521	77,298	80,137	82,977
12	MO	4,700	4,860	5,039	5,206	5,394	5,591	5,794	5,994	6,210	6,441	6,678	6,915
12	HR	27.01	27.93	28.96	29.92	31.00	32.13	33.30	34.45	35.69	37.02	38.38	39.74
13	YR	58,318	60,468	62,473	64,728	67,087	69,530	71,932	74,521	77,298	80,137	82,977	86,109
13	MO	4,860	5,039	5,206	5,394	5,591	5,794	5,994	6,210	6,441	6,678	6,915	7,176
13	HR	27.93	28.96	29.92	31.00	32.13	33.30	34.45	35.69	37.02	38.38	39.74	41.24
14	YR	60,468	62,473	64,728	67,087	69,530	71,932	74,521	77,298	80,137	82,977	86,109	89,095
14	MO	5,039	5,206	5,394	5,591	5,794	5,994	6,210	6,441	6,678	6,915	7,176	7,425
14	HR	28.96	29.92	31.00	32.13	33.30	34.45	35.69	37.02	38.38	39.74	41.24	42.67



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

REQUEST FOR BOARD ACTION: RBA-2022-2479

DEPARTMENT: Environmental Services

TIME REQUESTED: 10 Minutes

PRESENTER: Greg Stoltz

AGENDA ITEM:

Order to Abate a Public Health Nuisance

BOARD ACTION REQUESTED:

Approve the Order to Abate a Public Health Nuisance on Thomas Cichy Jr. Parcel #08-007-4101 and authorize signatures of the County Board Chair and Clerk of the County Board.

BACKGROUND:

The Environmental Services Department (ESD) has received numerous complaints about a property located at 27021 County Road 91 Grand Rapids, MN, owned by Thomas K Cichy Jr. A site inspection was completed on the property and it was determined to be a *Public Health Nuisance* according to *MN Statute Section 145A.02 subd. 17*.

Several attempts have been made to contact the property owner in hopes of getting the mess cleaned up. Letters have been sent to the property owner as well as being posted on the property. It has been discovered that the property owner, Thomas K Cichy Jr. is currently incarcerated in Lino Lakes Correctional Facility. If approved, Mr Cichy will be served this Order to Abate a Public Health Nuisance as well as have it posted on the property. Due to the situation with Mr. Cichy being incarcerated, the ten (10) days of notice will not begin until Mr. Cichy has been served, allowing him time to reach out to others to help with the clean-up.

ESD is asking the County Board to approve the "Order to Abate a Public Health Nuisance" on the property located at 27021 County Road 91, Grand Rapids MN 55744. If approved, and the property owner does not abate the problem, in the allowed time, ESD will contract to have the property abated with all costs incurred from the clean-up being certified to the Itasca County Auditor/Treasurer as provided under Minn. Statute 145A.08 for assessment against the property.

COUNTY ATTORNEY REVIEW: Yes and/or Pending

SUPPORTING DOCUMENTATION:

1. 2022-04-21 Order to Abate
2. IMG_0438
3. IMG_1305

4. IMG_1307
5. IMG_1311
6. IMG_1314
7. IMG_1353
8. IMG_1354

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Burl Ives
SECONDER:	Commissioner Leo Trunt
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

Itasca County Board of Commissioners

123 Northeast Fourth Street

Grand Rapids MN 55744

ORDER TO ABATE A PUBLIC HEALTH NUISANCE

To: Thomas K. Cichy Jr.: 27021 County Road 91 Grand Rapids MN, 55744 & Minnesota Correctional Facility-Lino Lakes 7525 4th Avenue, Lino Lakes, Minnesota 55014 (OID #264243)

Re: Real Property hereafter "Property" street address 27021 County Road 91 Grand Rapids MN, 55744; Legal Description: T54-R24-S7 N 162ft of E 197ft of NE SE County of Itasca; Tax Parcel #08-007-4101

FINDINGS OF FACT

Upon the Records of the County of Itasca, the Itasca County Board of Commissioners makes the following Findings of Fact:

1. Thomas K. Cichy Jr. is listed in the "Records" as owner of the "Property."
2. Thomas K. Cichy Jr. is currently incarcerated at the Minnesota Correctional Facility-Lino Lakes 7525 4th Avenue, Lino Lakes, Minnesota 55014
3. Minnesota Statute Section 145A.02 subd. 17 defines a "Public Health Nuisance" as "any activity or failure to act that adversely affects the public health."
4. Household waste, burnt garbage, trash, scrap, junk, litter, foul, and unsanitary matter herein "Filth" is deposited upon, about, and in the "Property."
5. The "Filth" conditions continue to exist at the present time.
6. The "Filth" has resulted in complaints from property owners in the same neighborhood where the "Property" is located. These property owners are in the near vicinity to the "Property" and several pass by the "Property" regularly.
7. The "Filth" is producing noxious and offensive odors and is likely to attract vermin such as rats, mice, scavengers, raccoons, skunks, bears and other unwanted pests.
8. The "Filth" poses threats to the safety and wellbeing of others as it may be a source of curiosity to and scavenging by others.

9. The “Filth” adversely affects the safety, welfare, and health of the public and is a public health nuisance under Minnesota Statute Section 145A.
10. The house on the “Property” was recently torn down leaving piles of lumber, sheetrock, insulation, wiring, used fuel tank and an open foundation. These conditions will need to be removed or abated as they also adversely affect the safety, welfare, and are a public health nuisance under Minnesota Statute Section 145A.
11. These Findings of Fact are based upon the Records and files collected, received, and maintained by the Itasca County Environmental Services Department, Itasca County Courthouse, 123 Northeast 4th Street, Grand Rapids MN 55744, herein referred to as “Records” and said “Records” are available for inspection and copying upon request during the business hours of that Department (8:00 a.m. – 4:30 p.m., M-F except legal holidays) subject to restrictions under MN Stat. Chapt. 13. These “Records” contain summaries of inspections of the “Property” by staff members of that Department and include photographs of the above-described conditions of the “Property”.

From the forgoing Findings of Fact, the Board makes the following:

CONCLUSIONS OF LAW

1. Household waste, burnt garbage, trash, scrap, junk, litter, foul, and unsanitary matter herein “Filth” is deposited upon, about, and in the “Property.” If not removed in a timely manner this “Filth” could be moved about the Property as well as the neighborhood by high winds, animals such as birds, racoons, skunks and bear causing the Public Health Nuisance to be spread. The foundation on the Property needs to be secured by placing a reflective fence around the outside as does the open septic tank located on the “Property”.
2. The Board possesses statutory authority and jurisdiction to order the removal and abatement of a public health nuisances. Minn. Stat. 145A.04, subd. 8.
3. The “Filth” upon, about, and in the “Property” is a threat to public health and is a public health nuisance, source of filth, or cause of illness, and must be abated or removed and the grounds must be restored to pre-“Filth” conditions immediately and in all events within ten (10) days after this Order is served.

4. This Order should be served on:
Thomas K. Cichy Jr.: 27021 County Road 91 Grand Rapids MN, 55744 & Minnesota Correctional Facility-Lino Lakes 7525 4th Avenue, Lino Lakes, Minnesota 55014 (OID #264243)
5. This Order will be posted on the “Property” at both points of entry.

From the foregoing Findings of Fact and Conclusions of Law, the Board makes the following:

ORDER

1. All “Filth” located on the Property, not including items inside any buildings on the Property shall be removed and taken to a Municipal Solid Waste facility designed to receive such items. The foundation and open septic tank on the Property shall be secured by placing a reflective fence around the outside of them both.
2. The threat to public health consisting of the “Filth” on, about, and in the “Property” shall be abated or removed immediately consistent with the above Findings and Conclusions and in all events within ten (10) days after this Order is served on one or more of the above named owners or occupants.
3. If the above threats to public health are not abated or removed from the “Property” as required by this Order within the time of law, the County of Itasca through its’ Environmental Services Department and contractors shall enter upon the “Property” and shall cause the threat to be abated or removed at the expense of the owner as allowed under Minn. Stat 145A.08 or any other applicable state or local law. Once incurred, these expenses shall be certified to the Itasca County Auditor/Treasurer as provided under Minn. Stat. 145A.08 for assessment against the “Property”.

IT IS SO ORDERED.

ITASCA COUNTY BOARD OF COMMISSIONERS,

Terry Snyder,

Date

Chairperson, Itasca County Board of Commissioners:

ATTEST: _____

Clerk, Itasca County Board

Date

APPEAL

NOTICE IS GIVEN that these Findings of Fact, Conclusions of Law, and Order may be reviewable by certiorari to the Minnesota Court of Appeals in accordance with the requirements provided under Rule 115, M.R.App.P.

















**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

REQUEST FOR BOARD ACTION: RBA-2022-2438

DEPARTMENT: Transportation

TIME REQUESTED: < 5 Minutes

PRESENTER: Karin Grandia

AGENDA ITEM:

County State Aid Funds Advance Resolution

BOARD ACTION REQUESTED:

Approve the Resolution Re: County State Aid Highway Funds Advance and authorize the Transportation Department to request an advance from the Municipal County State Aid account.

BACKGROUND:

When the 2022 5 year plan was approved in March, it showed a negative balance in both the state aid account and the municipal state aid accounts. Generally speaking, not every project gets completed during the construction season and final payments aren't usually made until November or December. State Aid allotments are distributed in January, so any carry over from the previous year is very short term.

Construction prices have been rising throughout the year. As a result, I expect to overspend our accounts more than anticipated. We have the ability to advance up to one full year of both our state aid account and our municipal state aid account. Due to the increased costs of construction this year, I am recommending that the County Board pass the attached resolution and we advance a portion of our 2023 municipal/state aid accounts to cover those costs. We will either need to change the 5 year plan to push some project out in the future, or simply do the same thing next year and advance a portion of the 2024 account to cover. If costs do not continue to rise substantially, I expect that we will not need to advance any portion in 2025, and all project currently listed could remain in the plan.

COUNTY ATTORNEY REVIEW: N/A

SUPPORTING DOCUMENTATION: None

07/05/2022

RESULT:	RECOMMENDED FOR CONSENT	NEXT: 07/12/2022 2:30 PM
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**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

RESOLUTION

RE: COUNTY STATE AID HIGHWAY FUNDS ADVANCE

WHEREAS, the County of Itasca is planning to implement Municipal County State Aid Street Project(s) in 2022 which will require State Aid funds in excess of those available in its State Aid Regular/Municipal Construction Account, and

WHEREAS, said County is prepared to proceed with the construction of said project(s) through the use of an advance from the Municipal County State Aid Construction Fund to supplement the available funds in their State Aid Regular/Municipal Construction Account, and

WHEREAS, the advance is based on the following determination of estimated expenditures:

Account Balance as of date 05/31/2022		\$1,357,915.63
Less estimated disbursements:		
Project 031-607-031	\$2,094,380.50	
Project Finals (overruns - if any)	\$100,000.00	
Total Estimated Disbursements		\$2,194,380.50
Advance Amount (amount in excess of acct balance)		\$836,464.87

WHEREAS, repayment of the funds so advanced will be made in accordance with the provisions of Minnesota Statutes 162.08, Subd. 5 & 7 and Minnesota Rules, Chapter 8820, and

WHEREAS, the County acknowledges advance funds are released on a first-come, first-serve basis and this resolution does not guarantee the availability of funds.

NOW THEREFORE BE IT RESOLVED, that the Commissioner of Transportation be and is hereby requested to approve this advance for financing approved County State Aid Highway Project(s) of the County of Itasca in an amount up to \$836,464.87 in accordance with Minnesota Rules 8820.1500, Subp. 9. I hereby authorize repayments from subsequent accruals to the Regular/Municipal Construction Account of said County from future year allocations until fully repaid.



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

REQUEST FOR BOARD ACTION: RBA-2022-2449

DEPARTMENT: Transportation

PRESENTER: Karin Grandia

TIME REQUESTED: < 5 Minutes

AGENDA ITEM:

Highway 169 Cross Range Study Advisory Committee

BOARD ACTION REQUESTED:

Designate one County Board member to be a member of the Study Advisory Committee for the Highway 169 Cross Range Study.

BACKGROUND:

In 2021, the Minnesota Legislature appropriated money towards a Hwy 169 Cross Range Study. MnDOT has hired a consultant to complete that study and I am part of the project management team. The purpose of the study is to develop a common vision and guidance for managing the corridor into the future through a process that will:

- Engage local partners, stakeholders, and the public
- Evaluate existing corridor land use and environmental conditions
- Evaluate existing and future traffic conditions
- Develop a purpose and need statement based on analysis findings and stakeholder engagement
- Develop evaluation criteria, prepare alternatives, and conduct preliminary alternative screening
- Develop a set of potentially viable alternatives to help set the stage for the future vision of the corridor

Additionally, a Study Advisory Committee (SAC) will be formed. The SAC committee serves in an advisory role to MnDOT's management team and will meet four times through the course of the study process. Committee members are expected to:

- Attend meetings and actively participate
- Review materials in advance of each meeting
- Share your thoughts and be respectful of all perspectives
- Help get the word out about the study and how stakeholders can get informed and be engaged
- Connect with stakeholders, get feedback, and convey feedback at SAC meetings

COUNTY ATTORNEY REVIEW: N/A

SUPPORTING DOCUMENTATION: None

Motion To: Appoint Commissioner Leo Trunt as delegate and Commissioner Ben DeNucci as alternate on the Highway 169 Cross Range Study Advisory Committee (SAC) for indefinite terms, as long as elected.

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Burl Ives
SECONDER:	Commissioner Davin Tinquist
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

REQUEST FOR BOARD ACTION: RBA-2022-2487

DEPARTMENT: Land Department

TIME REQUESTED: < 5 Minutes

PRESENTER: Cindy Shevich

AGENDA ITEM:

Tax-Forfeited Land Sale to Adjoining Landowners

BOARD ACTION REQUESTED:

Adopt the Resolution Re: Authorizing and Fixing the Notice and Terms of Tax-Forfeited Land Sale to Adjoining Landowners.

BACKGROUND:

The Land Department is requesting that the County Board set the values and terms of sale per the attached Notice and Terms of Tax-Forfeited Land Sale to Adjoining Landowners.

COUNTY ATTORNEY REVIEW: N/A

SUPPORTING DOCUMENTATION:

1. Notice and Terms 2022-8-15
2. ADJ LO LIST SPRING 2022
3. ADJ LO SALE 2022 maps

07/05/2022

RESULT:	RECOMMENDED FOR CONSENT	NEXT: 07/12/2022 2:30 PM
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**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

RESOLUTION

**RE: AUTHORIZING AND FIXING THE NOTICE AND TERMS OF TAX-FORFEITED LAND SALE
TO ADJOINING LANDOWNERS**

WHEREAS, the County Board has classified and appraised certain tax forfeited lands and list of said lands has been filed with the County Auditor, classification of said lands have been duly approved by the Town Boards and Municipalities and the appraised value of timber has been duly approved by the County Land Commissioner, and

WHEREAS, the County Board is by law designated with authority to provide for the sale of such forfeited lands on terms included in the Notice and Terms of Tax-Forfeited Land Sale to Adjoining Landowners,

NOW THEREFORE BE IT RESOLVED, that the Notice and Terms of Tax-Forfeited Land Sale to Adjoining Landowners be given by certified mail to all adjoining landowners as provided by Minnesota Statute 282.01, subdivision 7a, that the County Auditor of Itasca County shall open sealed bids for such tracts of land for sale in the order in which they appear in said Notice at 10:00 A.M. on **MONDAY, AUGUST 15, 2022** at the **ITASCA COUNTY LAND DEPARTMENT, 1177 LAPRAIRIE AVENUE, GRAND RAPIDS, MN 55744**.

**NOTICE AND TERMS OF TAX-FORFEITED LAND SALE TO ADJOINING LANDOWNERS
ITASCA COUNTY LAND DEPARTMENT – MONDAY, AUGUST 15, 2022, 10:00 A.M.**

NOTICE IS HEREBY GIVEN, that I shall offer for sale to adjoining landowners through sealed bids, and at not less than the appraised value, the following described tracts of land forfeited to the State of Minnesota for nonpayment of taxes, which have been classified and appraised as provided by law. Said sale will be governed as to terms by resolution of the County Board authorizing the same, sealed bids shall be opened at **10:00 A.M. on MONDAY, AUGUST 15, 2022.**

KORY CEASE, Itasca County Land Commissioner

JEFF WALKER, Itasca Co. Auditor/Treasurer

**RESOLUTION OF COUNTY BOARD AUTHORIZING AND FIXING
THE TERMS OF SALE TO ADJOINING LANDOWNERS**

WHEREAS, the County Board has classified and appraised certain tax forfeited lands and list of said lands has been filed with the County Auditor, classification of said lands have been duly approved by the Town Boards and Municipalities and the appraised value of timber has been duly approved by the County Land Commissioner, and

WHEREAS, the County Board is by law designated with authority to provide for the sale of such tax-forfeited lands on terms included in the Notice of Sale,

NOW, THEREFORE, BE IT RESOLVED, that the Notice Of Tax-Forfeited Land Sale be given by certified mail to all adjoining landowners as provided by Minnesota Statute 282.01, subdivision 7a, that the County Auditor of Itasca County shall open sealed bids for such tracts of land for sale in the order in which they appear in said Notice of Sale at 10:00 A.M. on Monday, August 15, 2022 at the ITASCA COUNTY LAND DEPARTMENT, 1177 LA PRAIRIE AVENUE, GRAND RAPIDS, MN 55744.

TERMS OF SALE

The County Board is by law designated to provide for the sale of such land on terms and such tracts shall be sold on the following terms, to wit: The appraised value of timber products listed and 15% of the appraised value of the land must be paid on the day of the land sale, except that for tracts under \$501.00, the full amount of the tract is due on the day of the sale. Any remaining balance must be paid within 30 days. No timber shall be cut, removed, or damaged until the entire purchase price for the tract is paid in full.

The land and improvements are being sold AS IS and the County makes no warranties as to the condition of any buildings, wells, septic systems, soils, roads, or any other thing on the tract. The tract is being sold with the understanding that the buyer and seller agree to waive disclosures required under Minnesota Statutes Chapters 513.52 to 513.60, and 1031.235 and any associated liabilities. No representation is made as to the condition of any structure, its fixtures or contents, or the suitability for any particular use.

All tracts of land sold hereunder shall be subject to zoning ordinances, existing easements, existing railway and highway easements, power and pipeline easements and leases, if any. Sold lands that are currently zoned “public” shall be rezoned upon sale at no cost to the purchaser.

All lands whether zoned or not zoned which do not abut a legalized highway are subject to any and all existing restrictions empowered by statute relating to the expenditure of public lands.

Any lands herein offered for sale that do not adjoin or are located on a suitable legally established and maintained public highway or road, the township wherein said lands may be located, or any other municipality, shall not for a period of five years, be obligated to the establishment, construction or additional maintenance of any public roads or the expenditure of any public funds for the benefit of the owner or occupant of any lands purchased, by reason of the ownership or occupancy of any of this land; provided further that nothing herein shall be construed to create any obligation directly or indirectly on the part of any municipality of the expenditures of any money for the benefit of said tracts after the expiration of said five year period.

Any tract of land on the list is subject to withdrawal from sale by the County Board or Land Commissioner when it appears to be in the public interest to do so.

Tracts shall be sold through sealed bid. All bids must be submitted using the attached "Sealed Bid Form." The completed "Sealed Bid Form" must be submitted in a sealed envelope with the provided label affixed as the addressee and received at the ITASCA COUNTY LAND DEPARTMENT, 1177 LA PRAIRIE AVENUE, GRAND RAPIDS, MN 55744, at or before 10:00 A.M. on MONDAY AUGUST 15, 2022. Payment per these terms of sale must be enclosed in the envelope with the completed "Sealed Bid Form," in the form of a cashier's or certified check. Cash or personal checks will NOT be accepted and will result in the rejection of the bid. Payment from unsuccessful bids will be returned via certified mail. Itasca County reserves the right to reject any and all bids until the sales have closed. Successful bidders will be contacted and must sign a purchase agreement and return it to the Land Department by 4:30 p.m. on September 15, 2022. In the event of identical bids on a tract, the submitting bidders will be notified and an oral auction involving said bidders will take place at the Itasca County Land Department beginning 10:00 A.M. on August 16, 2022 in the order of the tracts in this listing.

Any and all tracts which received zero qualifying bids at said bid opening date and time may be purchased by a qualifying bidder at not less than the appraised price on a first come, first served basis starting at 8:00 a.m. August 16, 2022 until such time the County Board or Land Commissioner appears it to be in the public interest to withdraw from sale.

Pursuant to Minnesota Statute 282.12, the State of Minnesota shall reserve all tax-forfeited minerals and mineral rights, and water power rights on tax-forfeited lands.

Pursuant to Minnesota Statute 284.28, there will be added to the sale price of any tax-forfeited land, an amount equal to three percent (3%) of the total sale price, said additional amount to be deposited to the State Treasury and credited to the tax-forfeited land assurance account.

Pursuant to Minnesota Statute 282.014, a \$25.00 fee will be charged to purchasers of tax-forfeited land for issuance of the state tax deed. Minnesota Statute 282.014 further requires that all State tax deeds be recorded with the County Recorder prior to issuing the deed to the purchaser. The purchaser must pay the \$46.00 recording fee. In the event of Torrens Property there may be additional recording fees.

A deed tax of \$1.65 for the first \$3,000.00 of the purchase price. For any purchase price over \$3,000, the purchaser shall pay \$1.65 per every \$500.00 of the purchase price payable to the County Auditor/Treasurer.

Purchaser is required to pay a fee of \$50.00 for recording the well certificate where applicable, prior to the Auditor/Treasurer delivering the deed to the purchaser.

Certain tracts of tax-forfeited land located within cities forfeited with unpaid special assessments for improvements. These special assessments were cancelled at the time of forfeiture. Upon sale of this land, the municipality may establish a re-assessment schedule for payment of a portion or all the unpaid special assessments. **Itasca County recommends that individuals check for assessments with the municipality office in which the tract is located.**

Except for land in platted subdivisions and lands conveyed for correcting legal descriptions, all deeds requested after August 1, 1991, will contain the following statement: This property is not eligible for enrollment in a state funded program providing compensation for conservation of marginal land and wetlands.

ALL SALES ARE FINAL. IN CASES OF PAYMENT DEFAULT, ITASCA COUNTY WILL RETAIN THE DOWN PAYMENT (I.E. 15% OF APPRAISED LAND VALUE, ETC.) AS PENALTY AND DAMAGES, AND WILL, AT ITS SOLE DISCRETION, DECIDE WHETHER THE TRACT(S) WILL BE RE-OFFERED TO THE NEXT HIGHEST BIDDER.

Itasca County does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment and the provision of services. Prospective bidders who require special accommodations to participate in this sale should inform the Real Estate Office more than three business days before the sale. You may write to the return address shown on this notice or call telephone no. 218-327-2855 or TDD no. 218-327-2806 or 218-327-2847.

Questions regarding the sale should be directed to Itasca County Land Department, Real Estate Office, 1177 La Prairie Avenue, Grand Rapids, MN 55744 (telephone 218-327-2855).

Tax-Forfeited Land Sale to Adjoining Landowners August 15, 2022

By sealed bid

TRACT	SEC	TWP	RGE	ACRES*	LEGAL DESCRIPTION	PARCEL ID	TIMBER APPRAISED	LAND APPRAISED	TOTAL APPRAISED
A202201	13	149	29	81.96	Und 1/12 int in S1/2 NW1/4	28-013-2306/2406	\$ 800.00	\$ 4,800.00	\$ 5,600.00
A202202	24	55	22	0.39	Pt Lot 2 (See attached) 1a	14-124-4202	\$ 40.00	\$ 3,400.00	\$ 3,440.00
A202203	24	55	22	0.35	Pt Lot 2 (See attached) 2a	14-124-4202	\$ 40.00	\$ 3,400.00	\$ 3,440.00
A202204**	28	54	23	0.09	Lot 33, Aud Subd 18	98-420-0330	\$ -	\$ 1,500.00	\$ 1,500.00
A202205***	32	57	26	5.18	Lots J,K,L, Block 3 Thorpe Bros Blks 1,2,3,9	65-535-2005	\$ 350.00	\$ 19,000.00	\$ 19,350.00
A202206	32	57	26	1.71	Lots B & C, Block 3 Thorpe Bros Blks 1,2,3,9	65-535-2005	\$ 450.00	\$ 3,050.00	\$ 3,500.00
A202207	36	145	25	0.08	Unplatted pt E 65' of Old M & RR RY in SW SW, W of N&S Bdry of Lots 18 & 19, Block 1 SECOND ADD TO ITASCA CITY	11-236-3309 & 3310	\$ -	\$ 1,200.00	\$ 1,200.00
A202208****	25	148	25	40.05	SW NE	22-025-1300	\$ 5,400.00	\$ 32,400.00	\$ 37,800.00
A202209	35	148	25	38.19	NE SE	22-035-4100	\$ 2,100.00	\$ 26,000.00	\$ 28,100.00
A202210	32	56	24	0.34	und 1/2 int in Revised Desc. 1 of SE SE (see attached)	97-032-4405		\$ 1,300.00	\$ 1,300.00

*Acres listed are not based on a survey and are an approximation only.

**Subject to Private Driveway

***Subject to Declaration of Covenants and Restrictions recorded as Document No. 713019 in Itasca County Records Office

****Subject to mineral reservations as shown on Torrens Certificate 6219 filed in the office of the Itasca County Registrar of Titles

Sale Parcel

Tract: A202201

Parcel(s): 28-013-2306

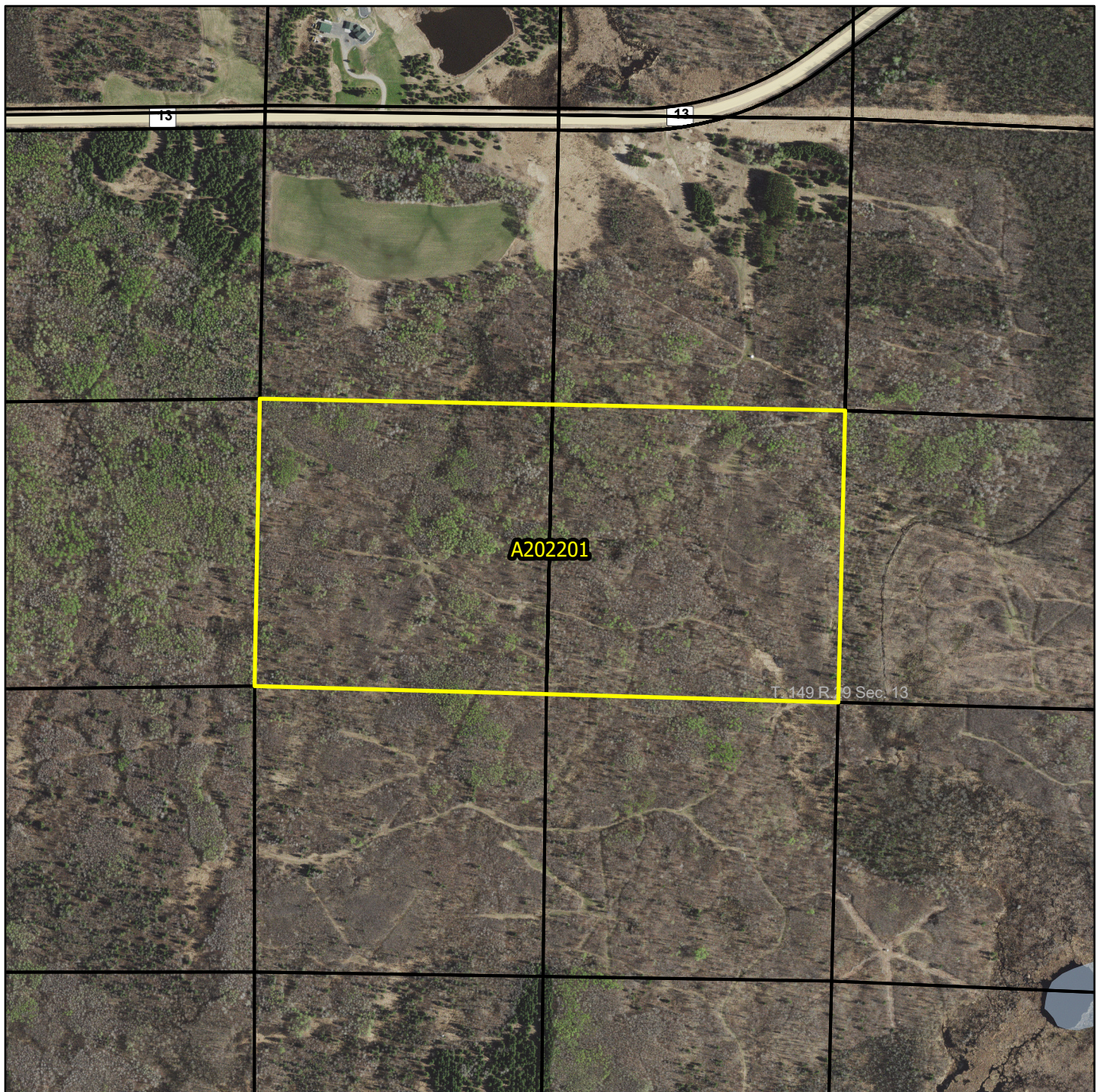
28-013-2406

SEC TWP RNG: 13 149 29

und 1/12 int in S1/2 NW1/4

MOOSE PARK TWP

Acres 81.96



Cartographic design work done by
Itasca County Land Department



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0 0.13 0.25 0.5 Miles



SEC TWP RNG: 24 55 22
GOODLAND TWP
Acres 0.39

Pt Lot 2 (1a shown on map)

Parcel Acreage

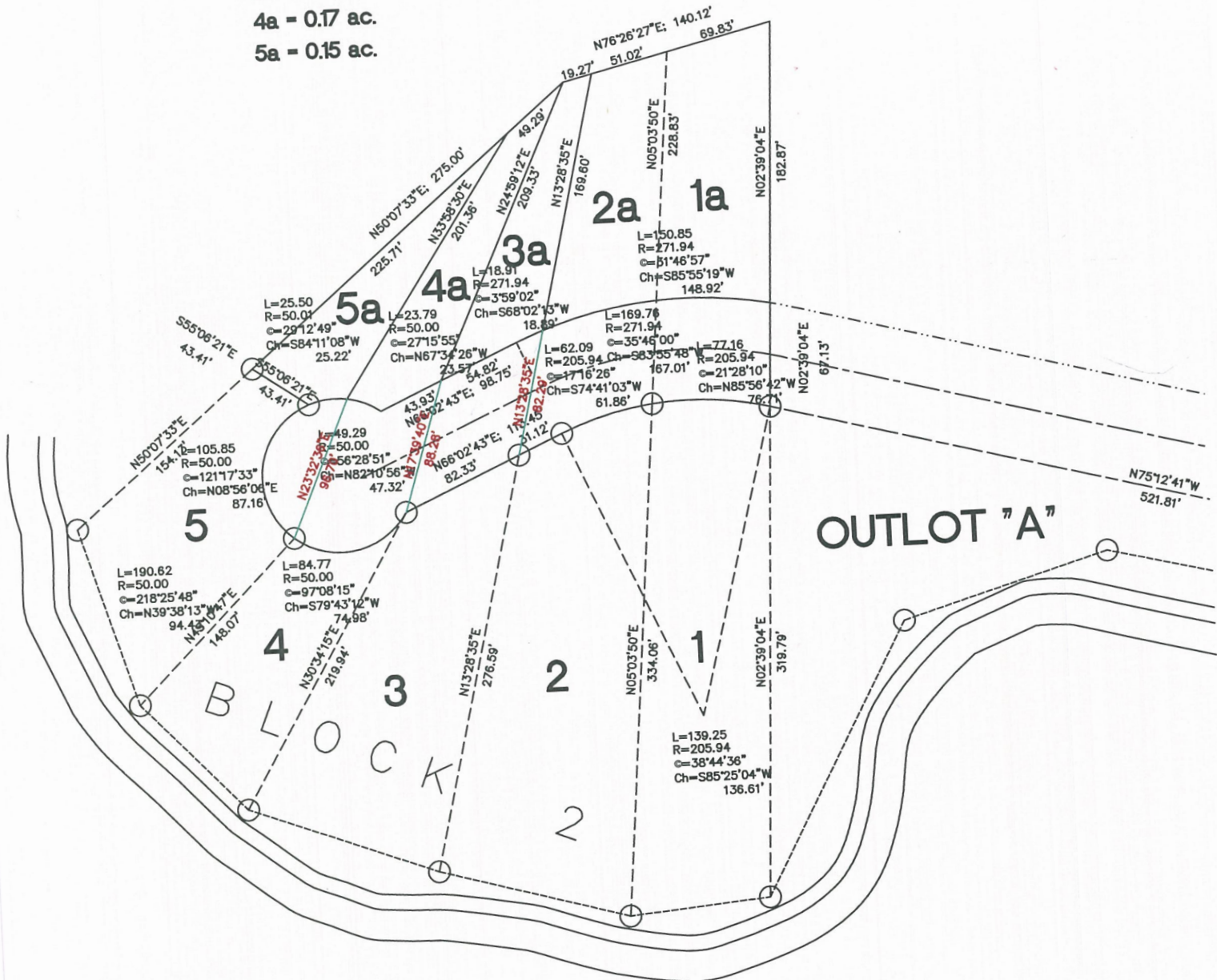
1a = 0.39 ac.

2a = 0.35 ac.

3a = 0.15 ac.

4a = 0.17 ac.

5a = 0.15 ac.



SEC TWP RNG: 24 55 22
GOODLAND TWP Acres
0.35

Pt Lot 2 (2a shown on map)

Parcel Acreage

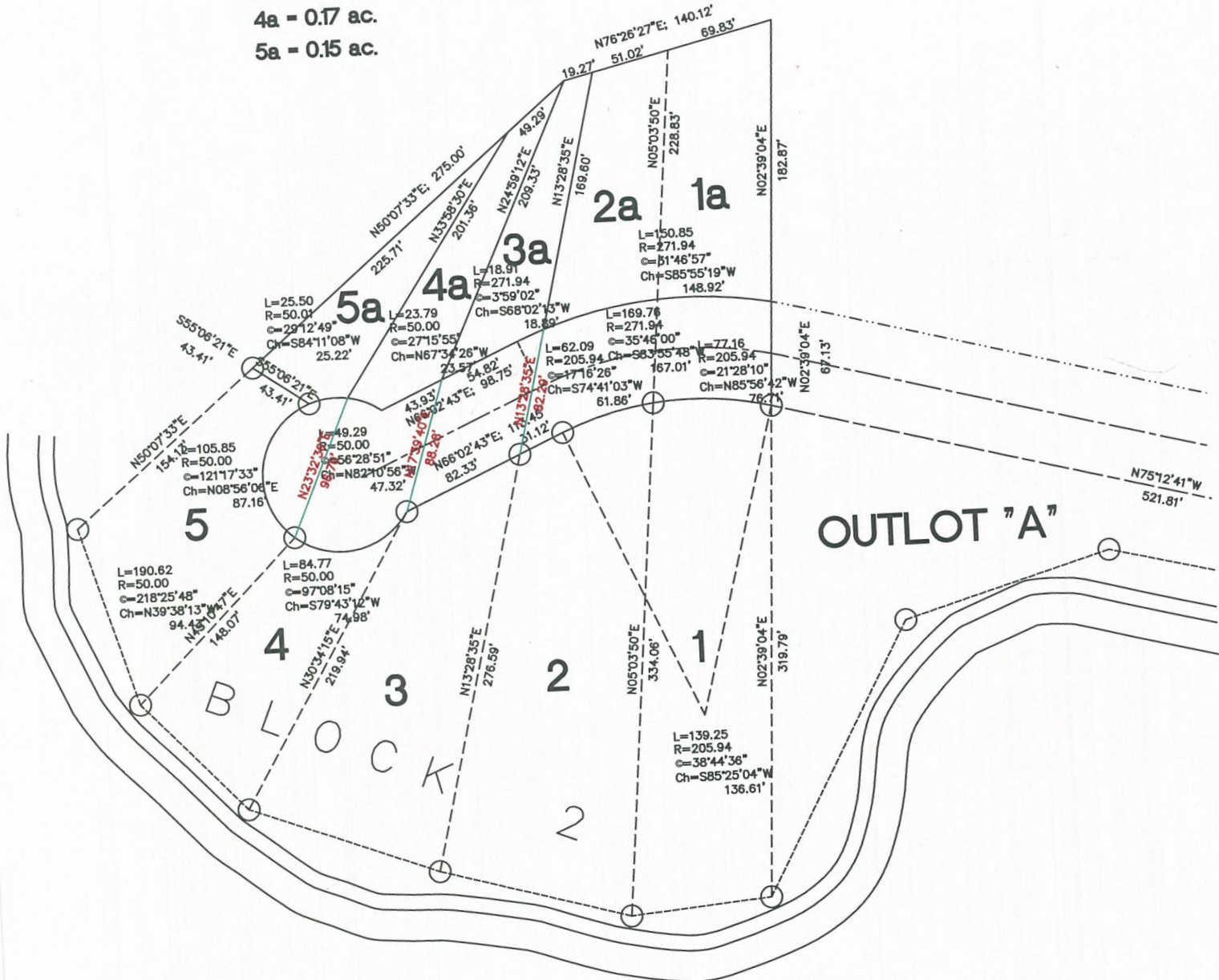
1a = 0.39 ac.

2a = 0.35 ac.

3a = 0.15 ac.

4a = 0.17 ac.

5a = 0.15 ac.



Sale Parcel

Tract: A202204

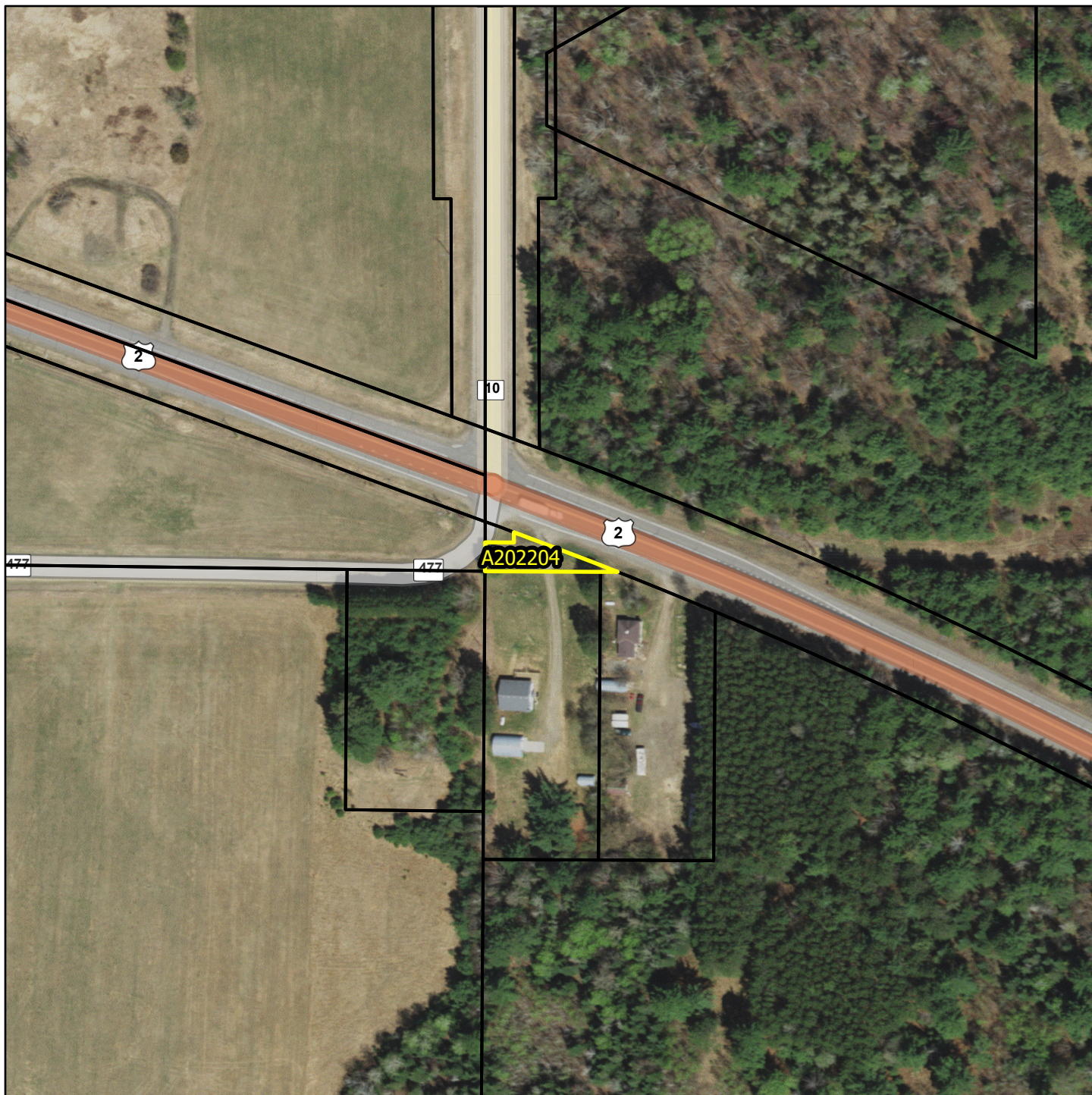
Parcel(s): 98-420-0330

SEC TWP RNG: 28 54 23

Lot 33, Aud Subd 18

WARBA CITY

Acres 0.09



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Itasca County Land Department



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0 0.03 0.07 0.13 Miles



Sale Parcel

Tract: A202205

Parcel(s): 65-535-2005

SEC TWP RNG: 32 57 26

57-26 UNORG

Acres 1.62

Lots J,K,L, Block 3 Thorpe Bros Blks 1,2,3,9



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Itasca County Land Department



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0 0.05 0.1 0.2 Miles



Sale Parcel

Tract: A202206

Parcel(s): 65-535-2005

SEC TWP RNG: 32 57 26

57-26 UNORG

Acres 1.72

Lots J,K,L, Block 3 Thorpe Bros Blks 1,2,3,9



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0 0.05 0.1 0.2 Miles



Sale Parcel

Tract: A202207

Parcel(s): 11-236-3309

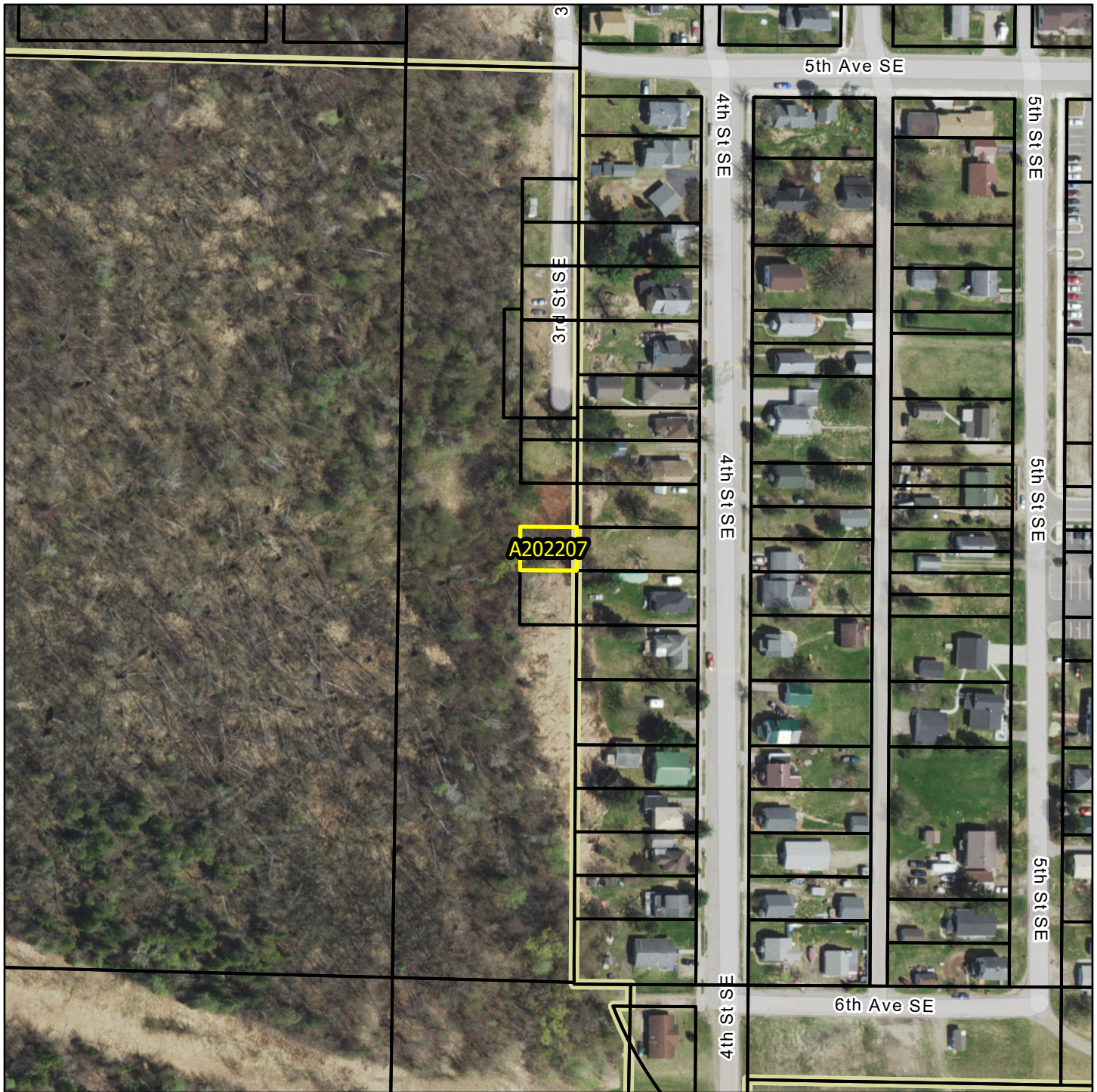
11-236-3310

SEC TWP RNG: 36 145 25

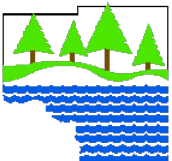
DEER RIVER TWP

Acres 0.07

Unplatted pt E 65' of Old M & RR RY in SW SW, W of N&S
Bdry of Lots 18 & 19, Block 1 SECOND ADD TO ITASCA CITY



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Itasca County Land Department



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0 0.03 0.07 0.13 Miles



Sale Parcel

Tract: A202208

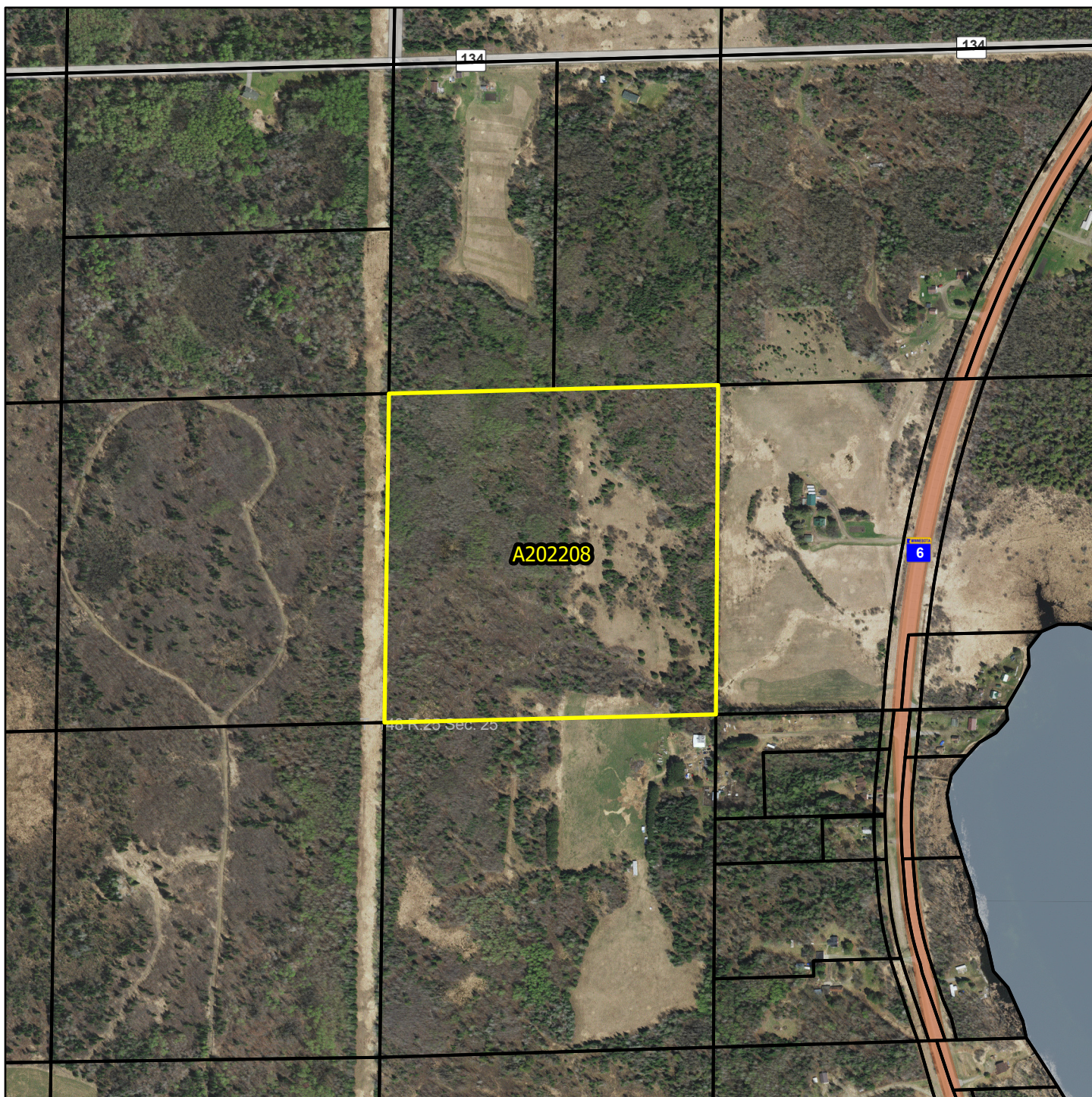
Parcel(s): 22-025-1300

SEC TWP RNG: 25 148 25

SW NE

LAKE JESSIE TWP

Acres 40.05



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0 0.1 0.2 0.4 Miles



Sale Parcel

Tract: A202209

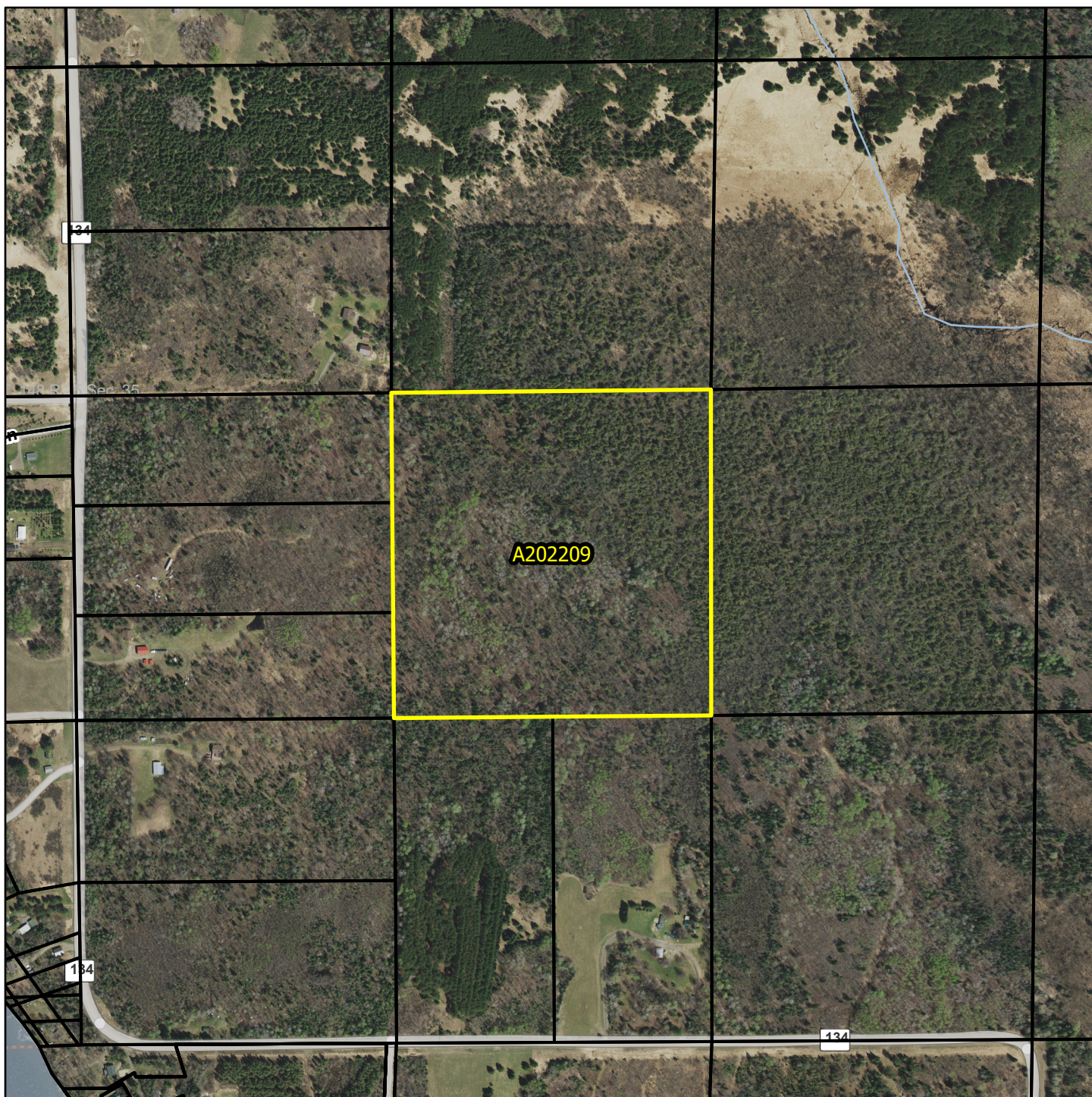
Parcel(s): 22-035-4100

SEC TWP RNG: 35 148 25

NE SE

LAKE JESSIE TWP

Acres 38.19



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0 0.1 0.2 0.4 Miles



Sale Parcel

Tract: A202210

Parcel(s): 97-032-4405

SEC TWP RNG: 32 56 24

TACONITE CITY

Acres 0.34

und 1/2 int in Revised Desc. 1 of SE SE (see attached)



Cartographic design work done by
Itasca County Land Department



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0 0.03 0.07 0.13 Miles





**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

REQUEST FOR BOARD ACTION: RBA-2022-2488

DEPARTMENT: Land Department

TIME REQUESTED: < 5 Minutes

PRESENTER: Sara Thompson

AGENDA ITEM:

38er's Snowmobile Club Trail Improvement Grant Resolution

BOARD ACTION REQUESTED:

Adopt the Resolution Re: 38er's Snowmobile Club Trail Improvement Program Grant Application and authorize necessary signatures.

BACKGROUND:

The 38er's Snowmobile Club is looking to apply for Trail Improvement dollars to assist in the trail rehabilitation on the newly re-routed Suomi Snowmobile Trail. The hills on the corridor are very steep and some at an angle, causing the groomer's drag to slide off the trail. The groomer got stuck a number of times on the hills due to the grade of the trail. The club will re-grade and landscape the trail to make it safe. The USFS also has identified 4 locations where culverts need to be installed and low areas restored. The application has been submitted, but the resolution needed further information.

COUNTY ATTORNEY REVIEW: n/a

SUPPORTING DOCUMENTATION:

1. 38ers Trail Improvement Grant 2022
2. 38ers Trail Improvement Grant 2022 background

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Burl Ives
SECONDER:	Commissioner Ben DeNucci
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

RESOLUTION 2022-43

RE: 38ERS SNOWMOBILE CLUB TRAIL IMPROVEMENT GRANT APPLICATION

WHEREAS, Itasca County, as sponsor, recognizes the importance of recreational trails to the local economy and supports the grant application made to the Minnesota Department of Natural Resources for the Snowmobile Trail Improvement Program, and

WHEREAS, the 38er's Snowmobile Club is working to seek funding for major rehabilitation on a re-route project on the Suomi Snowmobile Trail, and

WHEREAS, the Snowmobile Trail Improvement Program is available to fund seventy-five (75) percent of the cost of projects under this grant, and

WHEREAS, Itasca County affirms that the 38er's Snowmobile Club recognizes the twenty-five (25) match requirements for the Trail Improvement grant program, and that they will secure matching funds.

NOW THEREFORE BE IT RESOLVED, if Itasca County is awarded a grant by the Minnesota Department of Natural resources, Itasca County agrees to accept the grant award, and may enter into an agreement with the State of Minnesota for the above referenced project. Itasca County will comply with all applicable laws, environmental requirements and regulations as stated in the grant agreement, and

BE IT FURTHER RESOLVED, that Itasca County will accept the sponsorship role for this project involving funding in state fiscal years 22-24, from July 1, 2021 through June 30, 2024.

BE IT FURTHER RESOLVED, the Itasca County Auditor, 123 NE 4th St. Grand Rapids, MN. 55744 be named as the fiscal agent for this project (or grant).

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Burl Ives
SECONDER:	Commissioner Ben DeNucci
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

STATE OF MINNESOTA
Office of County Administrator
ss. County of Itasca

I, BRETT SKYLES, Administrator of the County of Itasca, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 5th day of July A.D. 2022 and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Grand Rapids, Minnesota, this 5th day of July A.D. 2022.

Administrator

MINNESOTA SNOWMOBILE TRAIL ASSISTANCE PROGRAM FY22
TRAIL IMPROVEMENT PROJECT APPLICATION – ROUND THREE

Description: Qualitative analysis of club goals and how the club engages the communities served.

Project type (Select all that apply):

- ☒ Major Rehabilitation Project
 ☐ Bridge Project
 ☒ Major Reroute Project
☐ Acquisition Project
 ☐ New Development and Additions to the GIA System

Applicant Information

1. Trail/Club Name (Same as Regular Grant): 38'ers Snowmobile Club	2. Unit of Government Sponsor: Itasca County	3. Date: 5/27/22
4. Project Title: Suomi Reroute Grading, Shaping, & Culvert installation		
5. Trail Administrator Name: Don Bartz Project Mgr: Jim Willford	6. Trail Administrator Signature:	
7. Address (Street, Box Number, City, State, Zip Code): 38885 Oklahoma Hill Rd. Deer River, MN 56636	8. Email address (Provide an email that grant decisions can be sent to): jwillfo@paulbunyan.net	9. Home/Work Phone Number(s): 218-244-8990
10. GIA Trail Number:	11. Miles of New Trail Construction (If Applicable): Reroute mileage 3.5 in 2021. This project shapes and grades portions of that on USFS land.	

12. Grant Request and Matching Funds

Grant Request:	\$ \$ 10,000	Source of Cash Match (describe below in the box next to \$ amount, including GIA grooming and maintenance grants):	Are match funds secured? (Yes/No)	Grant-in-Aid Funds (Yes/No)	Charitable Gambling Funds (Yes/No)
Matching Funds	\$ \$ 2,500	38ers Snowmobile Club general funds	Yes	No	No
(25% match required):	\$ \$ 500	Blaine Snowmobile Club general funds	Yes	No	No
	\$				
Total Project Cost:	\$ \$ 13,000	(Grant Request + Matching Funds must equal Total Project Cost)			

MINNESOTA SNOWMOBILE TRAIL ASSISTANCE PROGRAM FY22
TRAIL IMPROVEMENT PROJECT APPLICATION – ROUND THREE

Project Cost Breakdown and Explanation (Detail what costs are associated with each project component. For multiple project types, please attach additional pages for each project type. For example, costs for trail rehabilitation and separate costs for bridge construction.)				
13A. ADMINISTRATION Explanation: Work with USFS to identify culverts that they would like replaced and installed on the Suomi trail and low near culvert areas to restore as well as grading in areas of the new 3.5 mi reroute that has been giving the groomer operators and users trouble due to steep terrain. Write contracts, hire, and oversee contractors to do the necessary work in all of those areas.				TOTAL \$ 1,500
13B. ACQUISITION (Land acquisitions for new trails or re-routes, including easements or leases). Explanation (including terms of easement/lease): N/A				
Labor \$	Mileage \$	Equipment \$	Materials \$	TOTAL \$
13C. CONSTRUCTION (if applying under multiple project types, separate costs by project type). Explanation: There will be two separate contracts for this work, one for the shaping and grading of the powerline and brushing as needed, and the other for furnishing and installing the 4 culverts and restoring the low areas on the Suomi trail. 1. Contractor to shape and grade multiple locations along Suomi Reroute on USFS land on Power Line adjacent to CR 247. 2. Furnish and install 6 24" X 18' Culverts and repair multiple low and eroded areas on the Suomi Trail				
Labor \$ 8,000	Mileage \$	Equipment \$	Materials \$ 3,500	TOTAL \$ 11,500
13D. FACILITIES (including trailhead facilities and other features on the trail route). Explanation:				
Labor \$	Mileage \$	Equipment \$	Materials \$	TOTAL \$
14. Total Cost (Sum 13A – 13D): \$ 13,000		15. Total Grant Request (Up to 75% of Total Cost): \$ 10,000		

16. Project Description (Provide a detailed description of the project sufficient enough to understand the project. Also, briefly explain why it is important for this project to be funded. Attach additional pages as needed.):

In August of 2021, the club was notified by a new landowner that they did not want the Suomi trail crossing their property anymore. It had crossed the previous owner's land for some 30 years and crossed five 40's located between two lakes. We worked with Itasca County, USFS, and two other key landowners and secured permission to do a 3 + mile reroute to join up with the trail connecting it on both ends of the land we lost permission for. It was not the most attractive choice, but the only one available to us. The club initially received funding from the Itasca County Trails Alliance to reroute the trail just to get it in by the upcoming winter so use could continue through that area. We knew we would need to go back in and do some work, but the timeframe to get the necessary approvals from the USFS would not allow us to do it in the short timeframe we had to get the trail in.

We used the trail as it was identified this past winter, but some of the hills we had to negotiate were very steep and some at an angle causing our groomer drag to slide off the trail and our groomer tractor to get stuck a number of times on the hills due grade we had to climb.

We have requested the USFS to do a project review this summer and once that is complete, we can grade and landscape the trail to make it safe.

The USFS also has identified 4 locations where culverts need to be installed and low areas restored.

17. Project Urgency (Is there urgency to move ahead with this project now? What consequences are foreseen if it is not funded? Attach additional pages as needed.):

The hills and slopes along this new reroute need to be graded and sloped so it is a safe experience for our groomer operators and snowmobile users. Winching our tractor and groomer up these steep grades is not a safe work site and if snowmobile users come along while we are winching the unit up the grades add to the safety issues.

As the groomer drag slides off the trail, we cannot maintain a safe smooth surface for snowmobiles in these areas of the trail.

MINNESOTA SNOWMOBILE TRAIL ASSISTANCE PROGRAM FY22
TRAIL IMPROVEMENT PROJECT APPLICATION – ROUND THREE

18. Environmental Impact and Permitting (Provide a detailed description of the project's impacts and anticipated permits required. Describe the potential impact to natural resources by the project and efforts to avoid or mitigate adverse effects. This includes considerations for trail design and construction practices, control measures, surface erosion, fish and wildlife populations, damage to wetlands or other ecologically sensitive natural resources, and historical/archaeological sites. While snowmobile trail work conducted during the winter has been exempted from many types of permits, the work you may be conducting as part of your trail improvement project **may** require permits. See the Snowmobile Trail Improvement Checklist for possible permits required. Attach additional pages as needed.):

The area needing to be graded and sloped is along a power line, so it is a disturbed area already. We feel confident we can reach an agreement with the USFS to enhance this trail so it is a safe experience for all.

We will secure permits from DNR Waters for necessary culvert installation.

19. Project Readiness (What is the current status of the project? Can the project begin immediately? What major activities must still be accomplished before the project can begin? Will the project be completed within the appropriation timelines? Attach additional pages as needed.)

The project can begin as soon as the USFS approves the work this summer and funds are allocated to this project.

MINNESOTA SNOWMOBILE TRAIL ASSISTANCE PROGRAM FY22
TRAIL IMPROVEMENT PROJECT APPLICATION – ROUND THREE

20. Cost-Benefit (Describe the cost in relation to the value provided by the proposed project. With limited funding available, how urgent is the proposed project in relation to the cost? Attach additional pages as needed.)

The safety of the groomer operators and trail users make this project extremely important to get accomplished as soon as possible. The trail also is the only connection from Grand Rapids to Marcell/Bigfork. Loss of this connection would be a major impact to snowmobiling in this area.

21. Connectivity - If applicable (Describe how the trail project contributes to the overall connectivity of the trail system in the area. Specifically, how well does the project connect existing trail networks or fill critical gaps within the trail system? How well does the project help promote connectivity among trail networks statewide? Attach additional pages as needed.)

If we lose this section of trail, connectivity from Grand Rapids north to Marcell and on to Bigfork will be lost. This is the only connection that goes north from Grand Rapids up to Marcell without going many miles out of the way.

22. Bridges- If applicable (Describe what steps the organization is taking to ensure a replacement or new bridge will not be damaged or destroyed. If replacing a bridge, how long will this bridge remain useable if constructed? For new or replacement bridges, has the organization been in contact with their sponsor or Soil and Water Conservation District regarding potential waters permits? Attach additional pages as needed.)

Type of Bridge Work Requested (select one):

New Bridge ☐

Replacement of Existing Bridge ☐

Repairs to Existing Bridge ☐

N/A

23. Land Acquisitions- If applicable (Describe the need to acquire land for this trail or project. If land is acquired through this grant, the sponsor will need to submit an easement or lease on the property with the sponsor as the responsible party. Has the organization discussed this with their sponsor? Please describe previous attempts to receive landowner permissions to utilize applicable sections of the trail. Attach additional pages as needed.)

N/A

24. Shared Use Trails- If applicable (Does the project attempt to remedy issues created from shared use issues, i.e. ATV damage? If so, are shared uses permitted on the trail segments? Does the trail system have additional permitted GIA uses (i.e. ATV/OHM/ORV)? Have other clubs been contacted to attempt to resolve the issue, i.e. ATV club for ATV shared use trail damage? What are the costs in this project to address shared use issues and describe how the funds will be used. Attach additional pages as needed.)

N/A

25. Club Membership and Community Demographics - (Describe the composition of your club and the communities your club serves.)

General Club Membership: Do you have members that identify as:

White **Yes / No** Hispanic, Latino or Spanish origin **Yes / No**
Black or African American **Yes / No** Asian **Yes / No** American Indian or Alaska Native **Yes / No**
Native Hawaiian or Other Pacific Islander **Yes / No** Middle Eastern or North African **Yes / No**
Other Race, ethnicity, or origin **Yes / No**

Number of Members: less than 39 years old 2 40-59 years old 8
60+ years old 40

Club Board Membership: Do you have members that identify as:

White **Yes / No** Hispanic, Latino or Spanish origin **Yes / No**
Black or African American **Yes / No** Asian **Yes / No** American Indian or Alaska Native **Yes / No**
Native Hawaiian or Other Pacific Islander **Yes / No** Middle Eastern or North African **Yes / No**
Other Race, ethnicity, or origin **Yes / No**

Number of Board Members: less than 39 years old _____ 40-59 years old _____
60+ years old 100%

MINNESOTA SNOWMOBILE TRAIL ASSISTANCE PROGRAM FY22
TRAIL IMPROVEMENT PROJECT APPLICATION – ROUND THREE

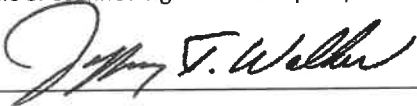
26. Club Goals - (Describe the club's community engagement goals. How does the club communicate the work they do (i.e. newsletter, Facebook, website, etc.)? What events does the club host to reach new parts of the community (i.e. youth snowmobile clubs, community dinners, etc.)? What is the club planning or doing to increase the number and diversity of club members?)

Types of Community Engagement (select all that apply):

- | | |
|---|--|
| Club Facebook page ☒ | Club Other social media sites: _____ ☐ |
| Club Website ☐ | Club Other online sites: _____ ☐ |
| Club Newsletter ☒ | Other printed materials (i.e. newspaper articles): _____ ☐ |
| Donations to community groups ☒ | Donations to statewide or national groups ☒ |
| Landowner Dinner(s) ☐ | Other community events: _____ ☐ |
| Events held on the trail ☒ | Volunteer or in-kind work ☒ |
| Youth events ☐ | Snowmobile Safety Training ☐ |
| Community Rides ☐ | Host snowmobile races ☐ |
| Participation in parades and events ☐ | Other: Local Events - Deer Lake Association ☒ |

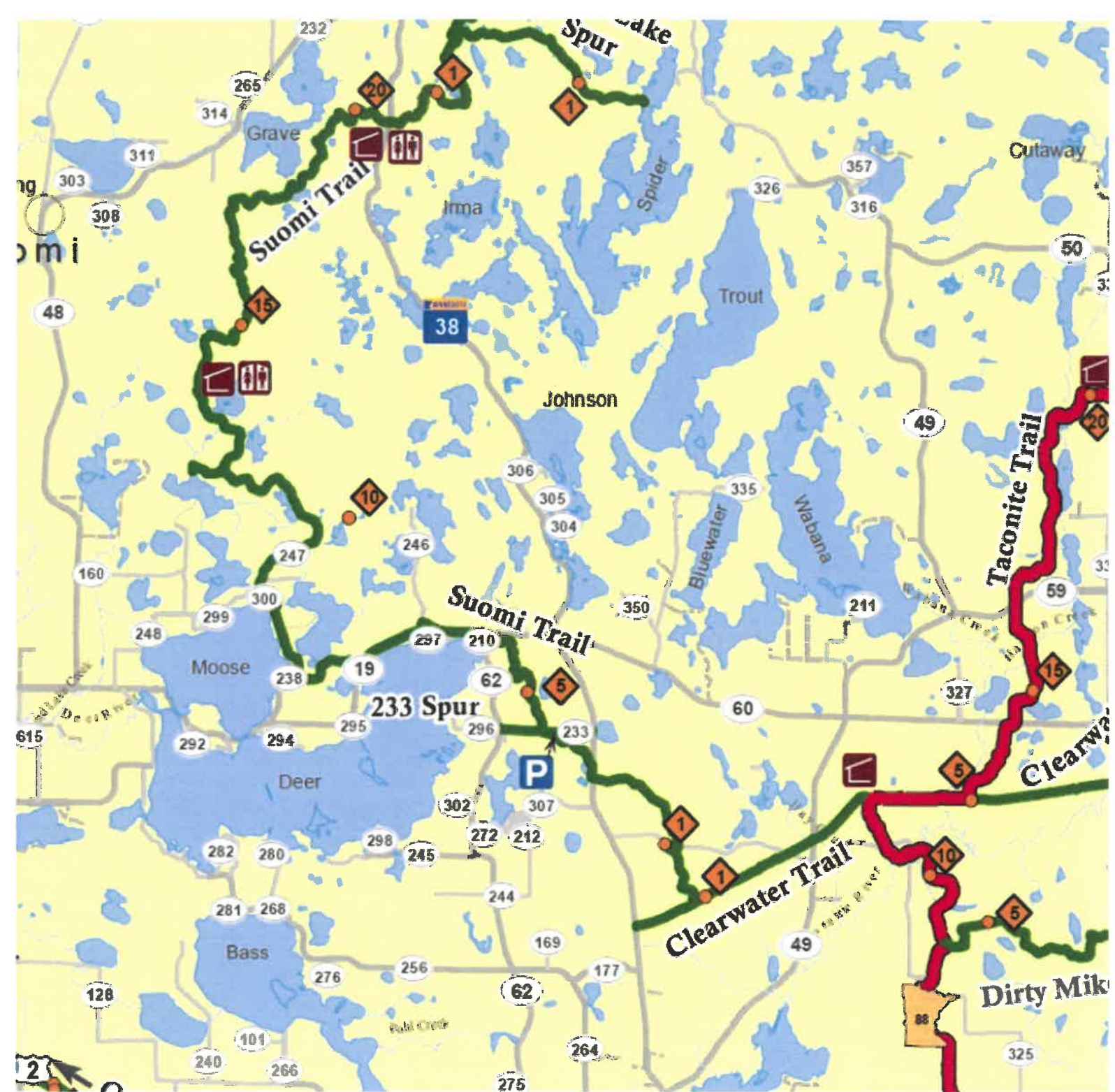
Additional ways your clubs engage the community or plans to increase participation and diversity:

MINNESOTA SNOWMOBILE TRAIL ASSISTANCE PROGRAM FY22
TRAIL IMPROVEMENT PROJECT APPLICATION – ROUND THREE

27. Sponsor Approval		
27A. Unit of Government Sponsor: Itasca County	27B. Telephone Number (Include Area Code): 218-327-7393 (Sara Thompson)	
27C. Address (Street, Box Number, City, State, Zip Code): 1177 LaPrairie Ave, Grand Rapids, MN 55744		
27D. Email Address (Provide an email that grant decisions can be sent to): Sara.Thompson@CO.ITASCA.mn.us		
27E. Authorized Signature of Sponsor (electronic or scanned signature accepted): 	27F. Title:	27G. Date of Signature: 5/27/22

28. Required Attachments
28A.X Project Location Map, Including Existing Trail in System, Miles of New Construction, Miles to be Added to System, and any Trail Facilities and/or Bridges 28B. ☒ Sponsor Resolution (Annual resolution from Maintenance and Grooming GIA grant is acceptable, if applicable) 28C. ☒ Sponsor's most recent fiscal audit (either from the State Auditor or external organization) 28D. ☐ Documentation of Required Permits and Approvals (if applicable)

DEPARTMENT USE ONLY		
Certification by Department of Natural Resources		
Recommended Grant Amount: \$	Explanation if Different from Request (Or Attach):	
Authorized Signature:	Area Parks and Trails Supervisor	Date of Signature:
Authorized Signature:	Regional Parks and Trails Manager	Date of Signature:



Suomi Trail Project Location Map



Project Location

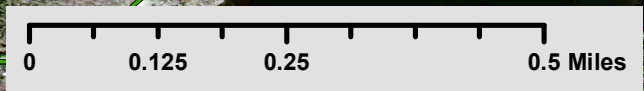
Suomi Trail

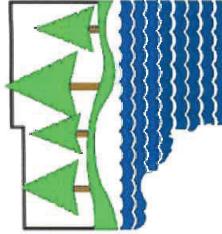
247

301

300

238





**ITASCA COUNTY
BOARD OF COMMISSIONERS**
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, April 13, 2021

REQUEST FOR BOARD ACTION: RBA-2021-1466

DEPARTMENT: Auditor / Treasurer
PRESENTER: Hollie Hornstra
TIME REQUESTED: < 5 Minutes

AGENDA ITEM:
Continued Sponsorship of Snowmobile, Ski, & ATV Trails for DNR Grants

BOARD ACTION REQUESTED:
Authorize the County Board to approve Itasca County as sponsors for existing snowmobile, ski, and ATV trails from May 1, 2021 to April 30, 2026, with the stipulation the DNR approves Performance Based Grants and Grant in Aid Grants.

BACKGROUND:
Each year the sponsor (Itasca County) must submit an application for maintenance assistance for existing trails. If the DNR approves the Performance Based project/trails request/benchmarks from the snowmobile club, 45%, 25%, 25%, 5%, of the costs will be paid by the DNR, the balance of costs paid by the clubs.

If the DNR approves the Grant in Aid projects ATV trail requests form the ATV trail, 65%, 90%, of the costs will be paid by the DNR, the balance of costs paid by the clubs.

If the DNR approves the Performance Based trail request benchmarks from the ski clubs, 40%, 60%, of the costs will be paid by the DNR, the balance of the costs paid by the clubs.

The trails included in this sponsorship are as follows:

- ATV Trails include:
- Alborn Trail (Range Riders ATV Club, Inc)
 - Alvwood Squaw Lake Trail (Alvwood Squaw Lake ATV Club)
 - Balsam Trail (Balsam Trail Blazers Club)
 - B&B Connection (Wilderness Wheelers Club)
 - Goodland Trail (Itasca Trail Riders ATV Club, Inc)
 - Len Hardy Trail (Range Riders ATV Club, Inc)
 - Little Moose Trail (Balsam Trail Blazers Club)
 - UPM Blandon Trail (Rapids Riders ATV Club)

Snowmobile Trails include:

- Avenue of the Pines Trail (Squaw Lakers Snowmobile Club)

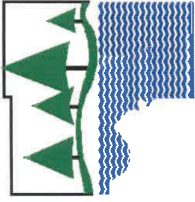
- Bushwackers Trail (Deer River Bushwacker Snowmobile Club)
Driftskippers Trail (Itasca Driftskippers Snowmobile Club)
Greenway Trail (Greenway Snowmobile Club)
Herb Brandstrom Trail (Swampsiders Snowmobile Club)
Keystone Trail (Itasca Snow Rangers Snowmobile Club)
Lawron Trail (Lawron Trail Riders Snowmobile Club)
Marcell Trail (Marcell Snow Drifters Snowmobile Club)
Suomi Clearwater Trail (38'ers Snowmobile Club)
West Bowstring Trail (Ridge Runners Snowmobile Club)
- Ski Trails include:
- Wabana Trail, Amen Tail, Big Ridge Trail, Stoney Ridge Trail, and Alder Pond Trail (Itasca County Park System)
 - Legion Trails (Northern Lights Nordic Ski Club)
 - Mount Itasca Trail (Northern Lights Nordic Ski Club)
 - Sugar Hills Trail, Suomi Hills Trail, Trout Lak Trail, and Doan Lake Trail (Northern Lights Nordic Ski Club)

COUNTY ATTORNEY REVIEW: N/A

SUPPORTING DOCUMENTATION: None

04/06/2021

RESULT:	RECOMMENDED FOR CONSENT	NEXT: 04/13/2021 2:30 PM
RESULT:	APPROVED (5 TO 0)	
MOVER:	Commissioner Leo Trunt	
SECONDER:	Commissioner Terry Snyder	
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci	



ITASCA COUNTY
BOARD OF COMMISSIONERS
Certified Extract of Minutes

V. CONSENT AGENDA

Motion To: Approve the Consent Agenda as amended and delineated below.

2. Authorize the County Board to approve Itasca County as sponsors for existing snowmobile, ski, and ATV trails from May 1, 2021 to April 30, 2026, with the stipulation the DNR approves Performance Based Grants and Grant in Aid Grants.

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Leo Trunt
SECONDER:	Commissioner Terry Snyder
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

I, Amanda Schultz, Deputy Clerk to the County Board, do certify and declare that the above is an accurate copy of a portion of the approved minutes of the Itasca County Board of Commissioners meeting held on Tuesday, April 13, 2021, at 2:30 p.m. in the County Boardroom.

Amanda Schultz 04/22/2021
Amanda Schultz, Deputy Clerk to the County Board Date

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
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GRAND RAPIDS, MINNESOTA
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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
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INTRODUCTORY SECTION

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
ORGANIZATION
DECEMBER 31, 2020**

Office	Name	Term Expires
Commissioners		
1 st District	Davin Tinquist	December 2022
2 nd District	Terry Snyder	December 2024
3 rd District	Leo Trunt	December 2022
4 th District	Burl Ives	December 2024
5 th District	Ben DeNucci*	December 2022
Officers		
Elected		
Attorney	Matt Adam	December 2022
Auditor/Treasurer	Jeffrey T. Walker	December 2022
Recorder	Nicole Zuehlke	December 2022
Sheriff	Victor Williams	December 2022
Appointed		
Administrator	Brett Skyles	Indefinite
Assessor	Amber Peratalo	Indefinite
Coroner	Dr. Michael Balch	Indefinite
Emergency Management Director	Marilyn Halvorson	Indefinite
Highway Engineer	Karin Grandia	Indefinite
Land Commissioner	Garrett Ous	Indefinite
Health and Human Services Director	Eric Villeneuve	Indefinite
Surveyor	Guy Carlson	Indefinite
Veterans Service Officer	Luke St. Germain	Indefinite

* = Chair

FINANCIAL SECTION



CliftonLarsonAllen LLP
CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Itasca County
Grand Rapids, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Itasca County (the County), as of and for the year ended December 31, 2020, including the Nursing Home Enterprise Fund as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



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(2)

Board of County Commissioners
Itasca County

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Itasca County as of December 31, 2020, including the Nursing Home Enterprise Fund as of September 30, 2020, 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.

Emphasis of Matter Regarding Restatement and Change in Accounting Principle

During the year ended December 31, 2020, we noted an error in the recording of the prior year accounts payable balances which lead to a prior period adjustment and restatement of beginning fund balance/net position (see Note 10). Additionally, during the year ended December 31, 2020, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the County reported a restatement for a change in accounting principle (see Note 10). Our auditors' opinion was not modified with respect to these restatements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the total OPEB liability, related ratios, and notes, schedules of the proportionate share of the net pension liability, schedules of contributions, and notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. 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.

(3)

Board of County Commissioners
Itasca County

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Itasca County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021, on our consideration of Itasca County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Itasca County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Itasca County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
October 28, 2021

REQUIRED SUPPLEMENTARY INFORMATION

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020

This section of the Itasca County (the County) annual financial report presents our discussion and analysis of the County's financial performance for the year that ended December 31, 2020. The management's discussion and analysis (MD&A) is required supplementary information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current year, 2020, and the prior year, 2019, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- Governmental activities total net position is \$211,913,438, of which \$215,785,174 is the County's net investment in capital assets, and \$30,128,063 is restricted to specific purposes.
- Business-type activities total net position is \$6,592,027. The net investment in capital assets represents \$141,340 of the total.
- Itasca County's governmental activities' net position increased by \$13,983,762 for the year ended December 31, 2020.
- Overall governmental fund-level revenues totaled \$100,581,258 and were \$3,084,011 greater than expenditures primarily due to an increase in intergovernmental revenue and timing of funding and expenditures.
- The General Fund's fund balance increased \$6,248,865 primarily due to significant increases in intergovernmental and miscellaneous revenues in 2020. The total fund balance is \$12,741,487 of which \$985,125 is restricted to specific purposes.

OVERVIEW OF THE FINANCIAL STATEMENTS

- The financial section of the annual report consists of three parts – required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the County:
- The first two statements are government-wide financial statements which provide both short-term and long-term information about the County's overall financial status.
- The remaining statements are fund financial statements which focus on individual parts of the County, reporting the County's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how basic services such as general government, human services, and highways and streets were financed in the short-term as well as what remains for future spending.
 - The proprietary fund statements are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The County uses enterprise funds to account for the Nursing Home, Itasca Medical Center, and Itasca Resource Center. The County uses an internal service fund to account for the County's self-insurance program for worker's compensation.

(5)

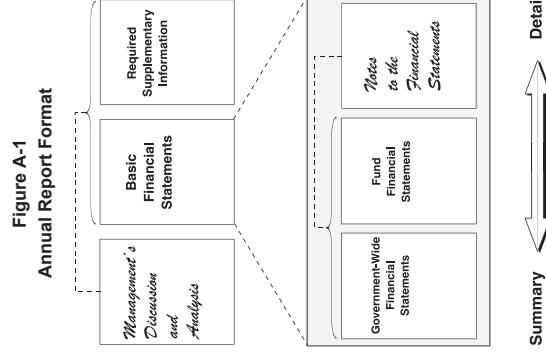
ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

- Fiduciary funds statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



(6)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2. Major Features of the County's Government-Wide and Fund Financial Statements				
Type of Statements	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County's government (except fiduciary funds).	The activities of the County that are not proprietary or fiduciary.	The activities of the County that operate similar to private businesses.	Instances in which the County is the trustee or agent for someone else's resources.
Required financial statements	Statement of net position. Statement of activities.	Balance sheet. Statement of revenues, expenditures, and changes in fund balance.	Statement of net position. Statement of revenues, expenses, and changes in fund net position. Statement of cash flows.	Statement of fiduciary net position. Statement of changes in fiduciary net position.
Accounting basis and measurement focus	Full accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Full accrual accounting and economic resources focus.	Full accrual accounting and economic resources focus.
Type of asset and deferred outflows of resources/liabilities and deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term.	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter, no capital assets included.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term. Fiduciary funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during year, regardless of when cash is received or paid.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net position and how it has changed. Net position – the difference between the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the County, you need to consider additional nonfinancial factors such as changes in the County's property tax base and the condition of county buildings and other facilities.

In the government-wide financial statements the County's activities are shown in two categories:

- **Governmental Activities** – The County's basic services are included here. Property taxes and state aids finance most of these activities.
- **Business-Type Activities** – The County's Nursing Home, Itasca Medical Care, and Itasca Resource Center activities are reported here. Charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's funds – focusing on its most significant or "major" funds – not the County as a whole. Funds are accounting devices the County uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The County establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

The County has three kinds of funds:

- **Governmental Funds** – The County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide reconciliations that explain the relationship (or differences) between them.
- **Proprietary Funds** – The County maintains four proprietary funds. Proprietary funds are reported in the same way activities are reported in the statement of net position and the statement of activities. In fact, the County's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the County's other programs and activities, such as the County's Risk Management Fund.
- **Fiduciary Funds** – The County is the fiscal agent, or fiduciary, for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the government-wide financial statements because the County cannot use these assets to finance its operations.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

Over time, net position serves as a useful indicator of the County's financial position. Itasca County's total net position was \$218,505,486 on December 31, 2020, an increase of \$16,358,643 from the prior year (including the restatements). The main reason for this increase is due to the County receiving approximately \$5.8 million of Coronavirus Relief Fund dollars in 2020 (see Table A-1). The current and other assets increased approximately \$57.7 million mostly due to minimal expenditures related to the 2020 bond proceeds. The increase in long-term liabilities is due to the \$50.0 million of jail bonds that were issued in 2020.

Table A-1
The County's Net Position

	Governmental Activities		Business-Type Activities		Total
	2020	2019	2020	2019	
Current and Other Assets	\$ 129,588,011	\$ 76,154,156	\$ 22,038,379	\$ 17,740,089	\$ 151,626,390
Capital Assets	236,015,863	227,875,488	9,254,157	9,887,285	245,270,340
Total Assets	365,603,874	303,829,644	31,292,536	27,707,374	396,896,430
Deferred Outflows of Resources	10,115,156	11,778,050	346,772	317,750	10,464,528
Current Liabilities	9,853,084	11,469,919	7,622,049	7,194,671	17,475,133
Long-Term Liabilities	141,880,591	92,249,353	17,119,823	15,625,801	159,000,414
Total Liabilities	151,733,675	103,719,272	24,741,872	22,820,472	176,475,547
Deferred Inflows of Resources	12,071,937	13,958,746	308,409	987,506	12,380,346
Net Position:					
Net Investment in Capital Assets	215,765,174	213,816,839	141,340	390,647	215,626,514
Restricted	30,128,063	26,539,814	-	-	30,130,991
Unrestricted	(33,995,799)	(42,426,877)	6,447,759	3,826,489	(27,552,040)
Total Net Position, Restated	\$ 211,813,438	\$ 197,929,676	\$ 6,596,027	\$ 4,217,146	\$ 216,505,465
					\$ 282,146,822

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020

CHANGE IN NET POSITION

The government-wide total revenues were \$180,725,376 for the year ended December 31, 2020 (an increase of \$11,622,488). This increase is primarily attributable to an increase in intergovernmental revenue. Property taxes, operating grants and contributions, and capital grants and contributions accounted for 40.2% of total revenue for the year (see Table A-2).

Table A-2
Changes in Net Position

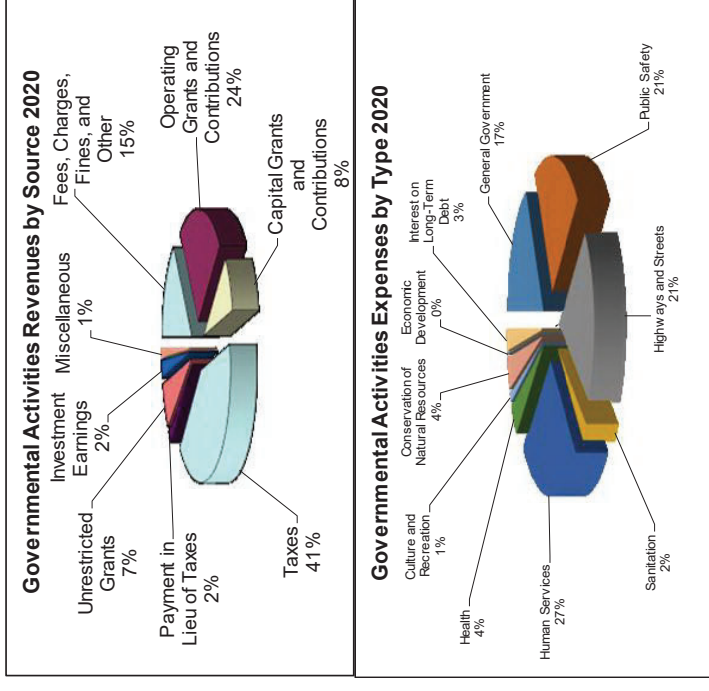
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues						
Fees, Charges, Fines, and Other	\$ 14,581,824	\$ 14,948,339	\$ 79,082,030	\$ 76,599,530	\$ 93,663,854	\$ 91,547,869
Operating Grants and Contributions	23,890,488	18,214,847	-	-	23,890,488	18,214,847
Capital Grants and Contributions	8,381,473	6,901,928	-	-	8,381,473	6,901,928
General Revenues						
Property Taxes	40,417,957	40,275,550	-	-	40,417,957	40,275,550
Taxes - Other	1,345,525	1,351,557	-	-	1,345,525	1,351,557
Payments in Lieu of Taxes	1,927,419	1,895,334	-	-	1,927,419	1,895,334
Grants and Contributions Not Restricted to Specific Programs	6,679,147	6,649,295	-	-	6,679,147	6,649,295
Gifts and Contributions	12,492	10,110	633,744	10,953	646,236	21,063
Unrestricted Investment Earnings	2,448,795	2,000,271	33,382	27,828	2,482,177	2,028,099
Miscellaneous	1,218,452	1,021,911	-	-	1,218,452	1,021,911
Gain (Loss) on Sale of Capital Assets	72,638	114,435	-	-	72,638	114,435
Total Revenues	100,976,220	92,464,577	79,749,156	76,638,311	180,725,376	169,102,888
EXPENSES						
General Government	14,651,195	14,770,733	-	-	14,651,195	14,770,733
Public Safety	18,512,458	13,673,428	-	-	18,512,458	13,673,428
Highways and Streets	19,603,895	19,901,482	-	-	19,603,895	19,901,482
Human Services	23,409,523	21,131,057	-	-	23,409,523	21,131,057
Health	3,330,898	2,713,927	-	-	3,330,898	2,713,927
Culture and Recreation	893,160	830,688	-	-	893,160	830,688
Conservation of Natural Resources	3,307,199	5,023,662	-	-	3,307,199	5,023,662
Economic Development	56,049	5,750	-	-	56,049	5,750
Interest on Long-Term Debt	2,132,162	543,326	-	-	2,132,162	543,326
Nursing Home	-	-	12,483,999	13,244,987	12,483,999	13,244,987
Itasca Resource Center	-	-	335,686	690,210	335,686	690,210
Itasca Medical Care	-	-	64,544,590	64,387,877	64,544,590	64,387,877
Total Expenses	86,992,458	84,772,437	77,374,275	76,323,074	164,366,733	163,095,511
CHANGE IN NET POSITION	13,983,762	7,692,140	2,374,881	(1,684,763)	16,358,643	6,007,377
Net Position - Beginning of Year	197,590,799	184,901,053	4,217,146	5,896,309	201,797,915	190,797,362
Change in Accounting Principle(see Note 10)	(297,958)	-	-	-	(297,958)	-
Prior Period Adjustments (see Note 10)	646,865	4,957,576	-	5,600	646,865	4,993,176
Net Position - Beginning of Year, as Restated	197,932,676	189,888,629	4,217,146	5,901,909	202,146,822	195,790,538
NET POSITION - END OF YEAR	\$ 211,913,438	\$ 197,590,799	\$ 6,592,027	\$ 4,217,146	\$ 218,505,465	\$ 201,797,915

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020

CHANGE IN NET POSITION (CONTINUED)

The government-wide cost of all governmental activities this year was \$86,992,458.

- Some of the cost was paid by the users of the County's programs (\$14,581,824).
- The federal and state governments subsidized certain programs with grants and contributions (\$32,271,971).
- The remainder of the County's governmental activities costs (\$40,138,663), however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was covered by \$43,690,901 in property and other taxes, \$6,679,147 of state aid, and \$3,752,377 of investment earnings and other general revenues.



**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

CHANGE IN NET POSITION (CONTINUED)

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

Table A-3
Expenses and Net (Revenue) Cost of Services

	Total Cost of Services		Percentage Change	Net (Revenue) Cost of Services		Percentage Change
	2020	2019		2020	2019	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 14,651,195	\$ 14,776,733	(0.8)%	\$ 11,977,959	\$ 12,582,550	(4.8)%
Public Safety	18,517,439	13,873,428	33.4	10,873,892	12,007,789	(9.4)
Highways and Streets	18,605,886	19,601,442	(5.1)	3,356,754	5,422,272	(38.1)
Sanitation	2,104,017	2,763,057	(23.9)	(7,073)	640,180	101.1
Human Services	23,409,523	24,641,014	(5.0)	10,771,143	11,710,979	(8.0)
Health	3,330,808	2,713,927	22.7	1,725,290	1,261,427	36.8
Culture and Recreation	883,160	830,688	6.3	669,140	594,681	12.5
Conservation of Natural Resources	3,307,199	5,023,062	(34.2)	(1,416,653)	(61,931)	2187.5
Economic Development	56,049	5,750	874.8	56,049	5,750	874.8
Interest	2,132,192	543,326	292.4	2,132,192	543,326	292.4
Total	\$ 86,992,459	\$ 84,772,437	2.6	\$ 40,138,663	\$ 44,707,323	(10.2)
BUSINESS-TYPE ACTIVITIES						
Nursing Home	\$ 12,493,999	\$ 13,244,987	(5.7)%	\$ 664,271	\$ (587,712)	(213.0)%
Itasca Resource Center	335,686	680,210	(51.4)	(201,104)	187,690	207.0
Itasca Medical Center	64,544,590	64,387,877	0.2	(2,170,922)	2,123,368	202.2
Total	\$ 77,374,275	\$ 78,313,074	(1.2)	\$ (1,707,755)	\$ 1,723,344	199.1

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

The financial performance of the County, as a whole, is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$110,205,380. Revenues for the County's governmental funds were \$100,581,258, while total expenditures were \$97,497,247.

The General Fund includes the primary operations of the County in providing services to citizens. Fund balance increased by \$6,248,865 during 2020. This increase is primarily due to increases in intergovernmental revenues.

The Road and Bridge Fund has a total fund balance of \$14,445,000. The fund balance increased \$586,742, before the decrease in inventory in 2020 primarily due to timing of project completion and revenues increasing during the current year.

The Human Services Fund has a total fund balance of \$10,403,078. The fund balance increased \$1,713,142 in 2020 due to timing of intergovernmental revenues from the state and federal governments.

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL (CONTINUED)

The Forfeited Tax Fund has a total fund balance of \$2,732,001. The fund balance decreased \$209,133 in 2020 due to tax forfeiture expenditures exceeding current year sales.

The Capital Projects Fund has a total fund balance of \$48,412,814. The fund balance increased \$43,745,075 in 2020 due to the issuance of the 2020B G.O. Jail Bond.

The Environmental Fund has a total fund balance of \$8,473,182. The fund balance increased \$275,256 in 2020 due to increased investment earnings.

The Nursing Home Enterprise Fund presented a deficit net position of \$1,516,124. There was an overall decrease in net position of \$12,876 mainly due to lower patient services revenue than in the prior year.

Itasca Medical Care's net position increased \$2,186,653 in 2020, to a balance of \$6,898,772, as a result of an increase in capitation revenues compared to prior year.

General Fund Budgetary Highlights

Over the course of the year, the County did not revise the annual operating budget for the General Fund.

- Actual revenues were \$9,860,476 more than expected; this is primarily due to state and federal grants being higher than anticipated.
- The actual expenditures were \$4,440,828 more than budget due primarily to many unexpected public safety expenditures caused by the COVID-19 pandemic.

CAPITAL ASSETS

By the end of 2020, the County had invested approximately \$245,300,000 (net of accumulated depreciation) in a broad range of capital assets, including buildings, computers, equipment, and infrastructure (see Table A-4). (More detailed information about capital assets can be found in Note 3.A.3 to the financial statements). Total depreciation expense for the year was \$9,011,417. The 2020 land purchases were related to the new jail project.

Table A-4
The County's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total
	2020	2019	2020	2019	
Land	\$ 8,826,461	\$ 4,103,142	\$ 279,296	\$ 279,296	\$ 9,105,757
Construction-in-Progress	189,419	145,261	-	145,942	334,680
Buildings	198,882,838	193,002,853	-	-	198,882,838
Improvements	17,765,327	16,372,272	8,400,967	8,849,783	26,166,294
Machinery, Furniture, and Equipment	-	-	70,774	64,172	70,774
	8,754,648	9,585,150	503,120	628,092	9,257,768
Total	\$ 236,015,883	\$ 227,675,488	\$ 9,254,157	\$ 9,907,285	\$ 245,270,040
					\$ 237,642,773

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

LONG-TERM LIABILITIES

At year-end, the County had \$165,719,332 in long-term liabilities outstanding, including the current portion of long-term debt.

The County's governmental activities total long-term liabilities increased \$47,530,655 during the fiscal year, due primarily to the issuance of \$50,000,000 General Obligation Bonds during the fiscal year.

The County's business-type activities total debt increased by \$1,571,097 during the fiscal year, due primarily to an increase in provider settlements owed.

Table A-5
The County's Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 61,595,000	\$ 12,500,000	\$ 4,615,000	\$ 4,795,000	\$ 66,210,000	\$ 17,295,000
General Obligation Revenue Bonds	-	-	4,355,000	4,625,000	4,355,000	4,625,000
Capital Lease	77,873	240,803	-	-	77,873	240,803
Compensated Absences	6,817,798	5,630,318	264,024	214,252	7,081,822	5,844,570
Claims and Judgments	-	-	-	-	-	-
Payable	588,757	568,100	4,762,313	4,783,831	5,351,070	5,351,931
Total Other Postemployment Benefits	50,559,527	55,831,220	452,896	420,927	51,012,423	56,252,147
Net Pension Liability	23,562,034	20,919,893	4,803,044	4,408,283	28,365,078	25,328,176
Provider Settlements	-	-	3,246,066	1,669,953	3,246,066	1,669,953
Total Long-Term Liabilities	\$ 143,220,980	\$ 95,690,394	\$ 22,468,243	\$ 20,927,246	\$ 165,719,332	\$ 118,617,590

FACTORS BEARING ON THE COUNTY'S FUTURE

The County's elected and appointed officials considered many factors when setting the fiscal year 2021 budget, tax rates, and fees that will be charged for the business-type activities.

- The County's expenditures for 2021 are budgeted to decrease 0.30% from 2020.
- Property taxes levied remained the same as in 2020.
- The World Health Organization declared the COVID-19 virus a worldwide pandemic and the results and effect of this pandemic is unknown to the county as it is still on-going.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor/Treasurer, Jeffrey Walker, or the County's Accounting Manager, Gail Guck, Itasca County Courthouse, 123 N.E. 4th Street, Grand Rapids, Minnesota 55744.

BASIC FINANCIAL STATEMENTS

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities	Primary Government Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 111,384,622	\$ 16,150,316	\$ 127,534,938
Property Taxes Receivable	2,073,096	-	2,073,096
Special Assessments Receivable	83,630	-	83,630
Accounts Receivable - Net	5,198,444	5,377,536	10,575,980
Accrued Interest Receivable	86,120	-	86,120
Loans Receivable	268,718	-	268,718
Due from Other Governments	6,735,804	6,797	6,742,601
Inventories	848,161	-	848,161
Prepaid Items	908,896	178,542	1,087,438
Restricted Assets:			
Cash and Pooled Investments	2,000,520	-	2,000,520
Bond Funds	-	500	500
Resident Trust Funds	-	13,487	13,487
Provider Settlements Receivable	-	311,201	311,201
Capital Assets:			
Nondepreciable	10,613,280	279,296	10,892,576
Depreciable (Net of Accumulated Depreciation)	225,402,603	8,974,861	234,377,464
Total Assets	365,603,894	31,292,536	396,896,430
DEFERRED OUTFLOWS OF RESOURCES			
Refunding Deferred Charge on Bonds	24,147	-	24,147
Other Postemployment Benefits Related	5,890,306	26,601	5,916,907
Pension Related	4,200,703	323,171	4,523,874
Total Deferred Outflows of Resources	10,115,156	349,772	10,464,928
LIABILITIES			
Accounts Payable	2,108,240	1,139,136	3,247,376
Salaries Payable	1,530,385	615,857	2,146,242
Contracts Payable	236,193	-	236,193
Escrow Property Payable	12,950	-	12,950
Due to Residents	-	13,487	13,487
Due to Other Governments	1,294,142	514	1,294,656
Accrued Interest Payable	448,589	279,028	727,617
Unearned Revenue	69,908	333,932	403,840
Compensated Absences Payable - Due Within One Year	-	1,915,000	1,915,000
Bonds Payable - Due Within One Year	1,420,000	-	1,420,000
Capital Lease Payable - Due Within One Year	22,153	22,153	44,306
Other Postemployment Benefit Obligation - Due within One Year	2,710,524	-	2,710,524
Compensated Absences Payable - Due in More than One Year	6,747,890	-	6,747,890
Claims and Judgments Payable - Due in More than One Year	588,757	-	588,757
Bonds Payable - Due in More than One Year	63,057,187	8,617,817	71,675,004
Capital Lease Payable - Due in More than One Year	55,720	-	55,720
Provider Settlements - Due in More than One Year	-	3,246,066	3,246,066
Other Postemployment Benefit Obligation - Due in More than One Year	47,849,003	452,895	48,301,899
Net Pension Liability - Due in More than One Year	23,582,034	4,803,044	28,385,078
Total Liabilities	151,733,075	24,741,872	176,474,947
DEFERRED INFLOWS OF RESOURCES			
Other Postemployment Benefits Related	6,894,210	7,744	6,901,954
Pension Related	5,177,721	308,665	5,478,382
Total Deferred Inflows of Resources	12,071,937	308,409	12,380,346

See accompanying Notes to Basic Financial Statements.

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**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020**

	Governmental Activities	Primary Government Business-Type Activities	Total
NET POSITION			
Net Investment in Capital Assets	\$ 215,785,174	\$ 141,340	\$ 215,926,514
Restricted for:			
General Government	1,597,699	-	1,597,699
Public Safety	985,125	-	985,125
Highways and Streets	4,358,410	-	4,358,410
Health	1,302,669	2,928	1,305,597
Capital Projects	2,388,599	-	2,388,599
Debt Service	2,884,278	-	2,884,278
Conservation of Natural Resources	8,148,101	-	8,148,101
Environmental Uses - Expendable	450,886	-	450,886
Environmental Uses - Nonexpendable	8,022,296	-	8,022,296
Unrestricted	(33,993,799)	6,447,759	(27,546,040)
Total Net Position	\$ 211,913,438	\$ 6,592,027	\$ 218,505,465

See accompanying Notes to Basic Financial Statements.

(17)

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

FUNCTIONS/PROGRAMS	Program Revenues			Capital Grants and Contributions
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
General Government	\$ 14,651,195	\$ 2,369,053	\$ 304,183	\$ -
Public Safety	18,512,459	782,331	6,744,974	111,262
Highways and Streets	18,605,686	1,557,966	5,420,955	8,270,211
Sanitation	2,104,017	1,826,751	284,339	-
Human Services	23,409,523	3,275,270	9,363,110	-
Health	3,330,808	906,717	688,801	-
Culture and Recreation	883,160	70,012	144,008	-
Conservation of Natural Resources	3,307,199	3,793,724	930,128	-
Economic Development	56,049	-	-	-
Interest	2,132,162	-	-	-
Total Governmental Activities	86,992,458	14,581,824	23,890,498	8,381,473
BUSINESS-TYPE ACTIVITIES				
Nursing Home	12,493,999	11,820,728	-	-
Itasca Resource Center	335,686	536,790	-	-
Itasca Medical Care	64,544,590	66,715,512	-	-
Total Business-Type Activities	77,374,275	79,082,030	-	-
Total Primary Government	\$ 164,366,733	\$ 93,663,854	\$ 23,890,498	\$ 8,381,473

See accompanying Notes to Basic Financial Statements.

(18)

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES			
General Government	\$ (11,977,959)	\$ -	\$ (11,977,959)
Public Safety	(10,873,892)	-	(10,873,892)
Highways and Streets	(3,366,754)	-	(3,366,754)
Sanitation	7,073	-	7,073
Human Services	(10,771,143)	-	(10,771,143)
Health	(1,725,290)	-	(1,725,290)
Culture and Recreation	(689,140)	-	(689,140)
Conservation of Natural Resources	1,416,653	-	1,416,653
Economic Development	(56,049)	-	(56,049)
Interest	(2,132,162)	-	(2,132,162)
Total Governmental Activities	(40,138,663)	-	(40,138,663)
BUSINESS-TYPE ACTIVITIES			
Nursing Home	-	(664,271)	(664,271)
Itasca Resource Center	-	201,104	201,104
Itasca Medical Care	-	2,170,922	2,170,922
Total Business-Type Activities	-	1,707,755	1,707,755
Total Primary Government	(40,138,663)	1,707,755	(38,430,908)
GENERAL REVENUES			
General Property Taxes	40,417,957	-	40,417,957
Taxes - Other	1,345,525	-	1,345,525
Payments in Lieu of Taxes	1,927,419	-	1,927,419
Grants and Contributions not Restricted to Specific Programs	6,679,147	-	6,679,147
Gifts and Contributions	12,492	633,744	646,236
Unrestricted Investment Earnings	2,448,795	33,382	2,482,177
Miscellaneous	1,218,452	-	1,218,452
Gain on Sale of Capital Assets	72,638	-	72,638
Total General Revenues	54,122,425	667,126	54,789,551
CHANGE IN NET POSITION	13,983,762	2,374,881	16,358,643
Net Position - Beginning of Year, as Previously Reported	197,580,769	4,217,146	201,797,915
Prior Period Adjustment, See Note 10	646,865	-	646,865
Change in Accounting Principle, See Note 10	(297,998)	-	(297,998)
Net Position - Beginning of Year, As Restated	197,929,676	4,217,146	202,146,822
NET POSITION - END OF YEAR	\$ 211,913,438	\$ 6,592,027	\$ 218,505,465

See accompanying Notes to Basic Financial Statements.

(19)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

ASSETS	General			Road and Bridge		Human Services		Forfeited Tax	
	\$	9,446,129	\$	13,960,828	\$	10,867,805	\$	5,650,459	
Cash and Product Investments	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-
Prepaid Expenses	-	9,070	-	50	-	350	-	-	-
Petty Cash and Change Funds	-	-	-	-	-	-	-	-	-
Undistributed Cash in Agency Funds	-	746,389	-	236,641	-	554,946	-	-	-
Property Taxes Receivable - Delinquent	-	890,695	-	332,521	-	668,772	-	-	-
Special Assessments Receivable - Delinquent	-	-	-	-	-	-	-	-	-
Accounts Receivable, Net	-	98,239	-	-	-	45,702	-	4,980,227	-
Interest Receivable	-	86,120	-	-	-	-	-	-	-
Due From Other Governments	-	597,897	-	4,487,073	-	1,650,813	-	-	-
Due From Other Funds	-	1,843,191	-	-	-	-	-	-	-
Loans Receivable	-	267,718	-	-	-	-	-	-	-
Prepaid Salaries	-	638,390	-	-	-	50,313	-	-	-
Inventories	-	-	-	848,161	-	-	-	-	-
Total Assets	\$	14,855,031	\$	19,865,274	\$	13,839,701	\$	10,650,686	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts Payable	\$	106,449	\$	120,103	\$	1,287,946	\$	-	-
Salaries Payable	679,667	-	-	280,980	-	497,012	-	-	-
Excise/Property Payable	12,950	-	-	-	-	-	-	-	-
Contracts Payable	-	-	-	236,165	-	-	-	-	-
Due To Other Governments	-	-	-	-	-	169,779	-	2,942,201	-
Due To Other Funds	-	102,615	-	29,189	-	511,657	-	645,292	-
Total Liabilities	901,681	-	-	666,535	-	2,466,394	-	3,585,493	-
DEFERRED INFLOWS OF RESOURCES									
Unavailable Taxes	669,665	-	-	332,521	-	669,772	-	-	-
Unavailable Special Assessments	-	-	-	-	-	-	-	-	-
Unavailable Loans Receivable	267,718	-	-	-	-	-	-	-	-
Unavailable Taxes Receivable	-	-	-	-	-	-	-	4,315,192	-
Unavailable Grants	40,480	-	-	4,324,125	-	300,457	-	-	-
Unavailable Revenues - Other	-	-	-	97,003	-	-	-	-	-
Total Deferred Inflows of Resources	1,191,863	-	-	4,753,739	-	970,229	-	4,315,192	-
FUND BALANCES									
Nonspendable for:	858,583	-	-	-	-	50,313	-	-	-
Inventories	-	-	-	848,161	-	-	-	-	-
Restricted for:	-	-	-	-	-	-	-	-	-
ES11	228,705	-	-	-	-	-	-	-	-
Permit to Carry Gun Fees	-	-	-	-	-	-	-	-	-
Capital Improvements	756,420	-	-	-	-	-	-	-	-
State Aid Highway Construction	-	-	-	-	-	-	-	-	-
Health Education	-	-	-	34,285	-	-	-	-	-
Health Department	-	-	-	-	-	1,002,212	-	1,439,118	-
Record's Compliance Fund	-	-	-	-	-	-	-	-	-
Record's Compliance Purchases	-	-	-	-	-	-	-	-	-
Natural Resource Management	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Environmental Improvements	-	-	-	-	-	-	-	-	-
Future Forfeited Tax Distribution	-	-	-	-	-	-	-	1,282,883	-
Assigned for:	-	-	-	-	-	-	-	-	-
Road and Bridge Department	-	-	-	-	-	-	-	-	-
Health and Human Services Programs	-	-	-	13,962,554	-	-	-	-	-
Record's Compliance	-	-	-	-	-	9,350,553	-	-	-
Record's Compliance Purchases	-	-	-	-	-	-	-	-	-
Solid Waste Management	-	-	-	-	-	-	-	-	-
Unassigned	12,741,467	-	-	-	-	-	-	-	-
Total Fund Balances	12,741,467	-	-	14,445,000	-	10,403,078	-	2,732,001	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	14,855,031	\$	19,865,274	\$	13,839,701	\$	10,650,686	

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

ASSETS	Environmental		Capital Projects		Other Governmental Funds		Total Governmental Funds	
	\$	8,446,456	\$	48,866,471	\$	9,716,698	\$	100,975,208
Cash and Product Investments	-	-	-	-	-	2,006,000	-	-
Receivables	-	-	-	-	-	325	-	-
Prepaid Expenses	-	-	-	-	-	-	-	-
Petty Cash and Change Funds	-	-	-	-	-	1,687,322	-	1,687,322
Undistributed Cash in Agency Funds	-	-	-	-	-	149,346	-	149,346
Property Taxes Receivable - Delinquent	-	-	-	-	-	19,1108	-	2,073,096
Special Assessments Receivable - Delinquent	-	-	-	-	-	83,630	-	83,630
Accounts Receivable, Net	-	26,724	-	2,919	-	18,125	-	5,169,936
Interest Receivable	-	-	-	-	-	-	-	86,120
Due From Other Governments	-	-	-	21	-	-	-	6,736,804
Due From Other Funds	-	-	-	-	-	2,443,544	-	4,286,735
Loans Receivable	-	-	-	7,000	-	-	-	108,718
Prepaid Salaries	-	-	-	-	-	-	-	908,898
Inventories	-	-	-	-	-	-	-	848,161
Total Assets	\$	8,473,182	\$	48,866,471	\$	14,593,596	\$	131,133,941
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$	-	\$	476,657	\$	83,326	\$	2,074,471
Salaries Payable	-	-	-	-	-	66,285	-	1,523,924
Excise/Property Payable	-	-	-	-	-	-	-	12,950
Contracts Payable	-	-	-	-	-	-	-	236,165
Due To Other Governments	-	-	-	-	-	1,174,755	-	4,315,192
Due To Other Funds	-	-	-	-	-	8,774	-	1,293,527
Total Liabilities	-	-	-	476,657	-	1,331,040	-	9,427,800
DEFERRED INFLOWS OF RESOURCES								
Unavailable Taxes	-	-	-	-	-	181,108	-	2,073,066
Unavailable Special Assessments	-	-	-	-	-	83,630	-	83,630
Unavailable Loans Receivable	-	-	-	7,000	-	-	-	108,718
Unavailable Taxes Receivable	-	-	-	-	-	-	-	4,315,192
Unavailable Grants	-	-	-	-	-	-	-	4,067,062
Unavailable Revenues - Other	-	-	-	-	-	-	-	97,003
Total Deferred Inflows of Resources	-	-	-	7,000	-	264,738	-	11,500,761
FUND BALANCES								
Nonspendable for:	-	-	-	-	-	-	-	908,898
Inventories	-	-	-	-	-	-	-	848,161
Restricted for:	-	-	-	-	-	-	-	-
ES11	-	-	-	-	-	-	-	228,705
Permit to Carry Gun Fees	-	-	-	-	-	-	-	756,420
Capital Improvements	-	-	-	-	-	-	-	46,872,595
State Aid Highway Construction	-	-	-	46,872,595	-	-	-	34,285
Health Education	-	-	-	-	-	-	-	1,002,212
Health Department	-	-	-	-	-	-	-	1,331,161
Record's Compliance Fund	-	-	-	-	-	-	-	1,024,933
Record's Compliance Purchases	-	-	-	1,024,933	-	-	-	514,286
Natural Resource Management	-	-	-	514,286	-	-	-	1,102,908
Debt Service	-	-	-	-	-	1,102,908	-	3,269,447
Environmental Improvements	-	-	-	-	-	-	-	8,473,182
Future Forfeited Tax Distribution	-	8,473,182	-	-	-	-	-	1,282,883
Assigned for:	-	-	-	-	-	-	-	-
Road and Bridge Department	-	-	-	-	-	-	-	13,562,554
Health and Human Services Programs	-	-	-	-	-	-	-	9,350,553
Record's Compliance	-	-	-	-	-	6,429,054	-	6,429,054
Record's Compliance Purchases	-	-	-	-	-	-	-	2,198,409
Solid Waste Management	-	-	-	-	-	-	-	10,897,779
Unassigned	-	-	-	-	-	-	-	110,205,330
Total Fund Balances	-	8,473,182	-	48,412,814	-	12,967,818	-	110,205,330
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	8,473,182	\$	48,866,471	\$	14,593,596	\$	131,133,941

See accompanying Notes to Basic Financial Statements.
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**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020**

Total Fund Balances for Governmental Funds \$ 110,205,380

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

236,015,883

Other long-term assets (deferred inflows of resources) are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.

11,500,761

The County's net pension liability and related deferred inflows and outflows are recorded on the statement of net position. Balances at year-end are:

Net Pension Liability
Deferred Outflows of Resources - Pension Related
Deferred Inflows of Resources - Pension Related

(23,582,034)
4,200,703
(5,177,727)

The County's total other postemployment benefit liability and related deferred outflows and deferred inflows are recorded on the statement of net position. Balances at year-end are:

Total Other Postemployment Benefits Liability
Deferred Outflows of Resources - OPEB Related
Deferred Inflows of Resources - OPEB Related

(50,559,527)
5,890,306
(6,894,210)

The Risk Management Internal Service Fund is used by management to charge the costs of self-insurance to individual funds. The Internal Service Fund's assets and liabilities are included in governmental activities in the Statement of Net Position.

2,111,203

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Bonds Payable
Bond Premium
Deferred Outflows of Resources on Refunding Bond
Capital Lease
Accrued Interest Payable
Compensated Absences

(61,595,000)
(2,882,187)
24,147
(77,873)
(448,589)
(6,817,798)

Total Net Position of Governmental Activities

\$ 211,913,438

See accompanying Notes to Basic Financial Statements.

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**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

REVENUES	General	Road and Bridge	Human Services	Forfeited Tax
Taxes	\$ 19,235,239	\$ 6,891,969	\$ 13,301,248	\$ -
Special Assessments	-	-	-	-
Licenses and Permits	99,408	-	-	-
Intergovernmental	14,383,364	13,164,517	11,200,562	-
Fees for Services	1,418,572	1,395,176	3,542,641	-
Fines and Penalties	19,924	-	-	-
Grants and Contributions	46,217	-	-	-
Gifts and Contributions	-	-	-	-
Investment Earnings	1,991,294	-	44,182	-
Miscellaneous	2,495,869	169,537	565,389	3,777,305
Total Revenues	<u>39,709,122</u>	<u>21,621,199</u>	<u>28,654,022</u>	<u>3,777,305</u>

EXPENDITURES

Current:

General Government	13,767,676	-	-	803,779
Public Safety	18,178,019	-	-	-
Highways and Streets	-	11,375,167	-	-
Sanitation	29,718	-	-	-
Human Services	-	-	23,825,741	-
Health	-	-	2,993,119	-
Culture and Recreation	366,973	-	-	-
Conservation of Natural Resources	931,967	-	-	1,887,996
Capital Outlay	-	-	-	-
General Government	307,078	-	-	-
Public Safety	202,085	-	-	-
Highways and Streets	-	9,617,135	-	-
Sanitation	-	-	-	-
Human Services	-	-	122,020	-
Conservation of Natural Resources	-	-	-	-
Debt Service:	-	-	-	-
Principal Retirement	-	255,030	-	-
Interest	-	-	-	-
Administrative (Fiscal) Charges	-	-	-	-
Total Expenditures	<u>33,783,516</u>	<u>21,247,332</u>	<u>26,940,880</u>	<u>2,691,175</u>

Excess of Revenues Over (Under) Expenditures

1,086,130

OTHER FINANCING SOURCES (USES)

Premium on Bonds Issued	-	-	-	-
Transfers In	498,657	-	-	-
Transfers Out	(199,280)	-	-	(1,295,263)
Capital Lease Issued	-	91,200	-	-
Sale of Assets	23,862	121,675	-	-
Bonds Issued	-	-	-	-
Total Other Financing Sources (Uses)	<u>323,259</u>	<u>212,875</u>	<u>-</u>	<u>(1,295,263)</u>

NET CHANGE IN FUND BALANCES

1,086,130

Fund Balances - Beginning of Year, As Previously Reported
Change in Accounting Principle (See Note 10)
Prior Period Adjustment (See Note 10)

(209,133)
8,043,071
2,941,134

Fund Balances - Beginning of the Year, as Restated

2,941,134

Decrease in Inventories

-

FUND BALANCES - END OF YEAR

\$ 12,741,487

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	Environmental	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ -	\$ -	\$ 2,789,156	\$ 42,217,612
Special Assessments	-	-	1,291,558	1,291,558
Licenses and Permits	-	-	530	99,938
Intergovernmental	-	-	974,897	38,723,340
Charges for Services	-	240,022	769,109	7,365,885
Fines and Forfeits	-	-	39,324	39,324
Gifts and Contributions	-	-	28,008	74,225
Investment Earnings	399,909	-	-	2,435,355
Miscellaneous	-	148,238	179,613	7,334,021
Total Revenues	399,909	396,030	6,032,871	100,351,258
EXPENDITURES				
Current Year Depreciation	-	-	-	15,393,756
General Government	-	812,301	-	18,201,290
Public Safety	-	23,271	-	12,419,440
Highways and Streets	-	-	1,044,273	2,552,560
Sanitation	-	395,834	2,127,008	23,825,741
Human Services	-	-	-	2,993,119
Health	-	-	453,501	820,474
Culture and Recreation	-	-	319,324	3,243,707
Conservation of Natural Resources	105,020	-	-	5,109,652
Capital Outlay:				
General Government	-	4,802,574	-	202,085
Public Safety	-	-	-	9,617,135
Highways and Streets	-	-	-	60,844
Sanitation	-	-	-	122,020
Human Services	-	-	48,170	48,170
Conservation of Natural Resources	-	-	-	1,160,030
Debt Service:				
Principal Retirement	-	-	905,000	530,844
Interest	-	-	530,844	1,204,740
Administrative (Fiscal) Charges	-	1,204,650	2,490	97,497,247
Total Expenditures	105,020	7,238,930	5,490,694	3,084,011
Excess of Revenues Over (Under) Expenditures	294,889	(6,851,900)	542,177	2,340,802
OTHER FINANCING SOURCES (USES)				
Premium on Bonds Issued	-	-	-	3,258,083
Transfers In	-	2,340,802	2,759,426	91,200
Transfers Out	-	-	-	(3,258,083)
Capital Lease Issued	(19,633)	(1,743,927)	-	145,537
Sale of Assets	-	-	-	50,000,000
Bonds Issued	-	50,000,000	-	32,377,359
Total Other Financing Sources (Uses)	(19,633)	50,956,075	2,759,426	55,661,550
NET CHANGE IN FUND BALANCES	275,256	43,745,075	3,301,603	54,429,391
Fund Balances - Beginning of Year, As Previously Reported	8,197,926	4,667,739	9,696,215	(297,958)
Change in Accounting Principle (See Note 10)	-	-	-	646,865
Prior Period Adjustment (See Note 10)	-	-	-	-
Fund Balances - Beginning of the Year, as Restated	8,197,926	4,667,739	9,696,215	54,776,298
Decrease in Inventories	-	-	-	(234,488)
FUND BALANCES - END OF YEAR	<u>\$ 8,473,182</u>	<u>\$ 48,412,814</u>	<u>\$ 12,697,818</u>	<u>\$ 110,205,380</u>

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	55,661,550
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 reported as unavailable revenue. In the Statement of Activities, those revenues are recognized when earned.		305,704
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		16,606,510
Expenditures for General Capital Assets and Infrastructure		(8,187,115)
Current Year Depreciation		8,419,395
In the Statement of Activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the disposal increase financial resources. Therefore, change in net position differs from the change in fund balance by the net book value of the capital assets disposed. Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.		(79,000)
Bonds Issued		(50,000,000)
Capital Lease Issued		(92,100)
Premium on Bonds		(2,340,805)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal Repayments:		
General Obligation Bonds		905,000
Capital Lease		255,030
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		1,160,030
Change in Compensated Absences		(1,187,480)
Change in deferred other postemployment outflows		(486,103)
Change in deferred pension outflows		(1,165,443)
Change in other postemployment benefits liability		5,271,683
Change in net pension liability		(2,662,141)
Change in deferred other postemployment inflows		(3,889,340)
Change in deferred pension inflows		5,743,406
Amortization of Bond Premiums		91,340
Amortization of Refunding Deferred Charge		(9,348)
Change in Inventories		(234,488)
Change in Accrued Interest Payable		(221,899)
Internal Service Funds are used to by management to charge the costs of certain activities to individual funds. The net (expense) revenue of the Internal Services Funds is reported with governmental activities.		
Change in Net Position of the Internal Service Fund		1,148,217
Change in Net Position of Governmental Activities		
	<u>\$</u>	<u>(189,229)</u>
	<u>\$</u>	<u>13,983,762</u>

See accompanying Notes to Basic Financial Statements.

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**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020**

	Nursing Home	Itasca Medical Care	Itasca Resource Center (Nonmajor)	Totals	Governmental Activities Risk Management Internal Service Fund
ASSETS					
CURRENT ASSETS					
Cash and Pooled Investments	\$ 3,654,972	\$ 11,568,105	\$ 927,239	\$ 16,150,316	\$ 2,712,297
Accounts Receivable (Net)	1,204,602	4,152,278	20,656	5,377,536	25,508
Due from Other Governments	-	-	6,797	6,797	-
Prepaid Items	178,542	-	-	178,542	-
RESTRICTED ASSETS					
Bond Funds	500	-	-	500	-
Resident Trust Funds	13,487	-	-	13,487	-
Total Current Assets	5,052,103	15,720,383	954,692	21,727,178	2,740,805
NONCURRENT ASSETS					
Provider Settlements Receivable	-	311,201	-	311,201	-
Capital Assets:					
Nondepreciable	22,496	-	256,800	279,296	-
Depreciable (Net)	8,910,589	-	64,272	8,974,861	-
Total Noncurrent Assets	8,933,085	311,201	321,072	9,565,358	-
Total Assets	13,985,188	16,031,584	1,275,764	31,292,536	2,740,805
DEFERRED OUTFLOWS OF RESOURCES					
OPEB Related Outflows	26,601	-	-	26,601	-
Pension Related Outflows	318,191	-	4,980	323,171	-
Total Deferred Outflows of Resources	344,792	-	4,980	349,772	-
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	336,614	795,126	7,396	1,139,136	35,899
Salaries Payable	281,717	329,307	4,833	615,857	4,331
Compensated Absences Payable -					
Due within One Year	264,024	-	-	264,024	-
Claims and Judgments Payable:					
Due within One Year	-	4,762,313	-	4,762,313	-
Due to Other Governments	-	-	514	514	615
Unearned Revenue	279,028	-	-	279,028	-
Accrued Interest Payable	52,690	-	-	52,690	-
General Obligation Bonds Payable -					
Due within One Year	220,000	-	-	220,000	-
Revenue Bonds Payable -					
Due within One Year	275,000	-	-	275,000	-
Total Current Liabilities	1,709,073	5,886,746	12,743	7,608,562	40,845

See accompanying Notes to Basic Financial Statements.

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**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2020**

	Nursing Home	Itasca Medical Care	Itasca Resource Center (Nonmajor)	Totals	Governmental Activities Risk Management Internal Service Fund
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS					
Due to Residents	\$ 13,487	\$ -	\$ -	\$ 13,487	\$ -
NONCURRENT LIABILITIES					
Claims and Judgments Payable	-	-	-	-	588,757
Net Pension Liability	4,748,403	-	-	4,803,044	-
Other Postemployment Benefits	452,896	-	54,641	452,896	-
Unamortized Bond Premium	142,817	-	-	142,817	-
General Obligation Bonds Payable	4,395,000	-	-	4,395,000	-
Provider Settlements	-	3,246,066	-	3,246,066	-
Revenue Bonds Payable	4,080,000	-	-	4,080,000	-
Total Noncurrent Liabilities	13,819,116	3,246,066	54,641	17,119,823	588,757
Total Liabilities	15,541,676	9,132,812	67,384	24,741,872	629,602
DEFERRED INFLOWS OF RESOURCES					
OPEB Related	7,744	-	-	7,744	-
Pension Related	296,684	-	3,981	300,665	-
Total Deferred Inflows of Resources	304,428	-	3,981	308,409	-
NET POSITION					
Net Investment in Capital Assets	(179,732)	-	321,072	141,340	-
Restricted	2,928	-	-	2,928	-
Unrestricted	(1,339,320)	6,898,772	885,307	6,447,759	2,111,203
Total Net Position	\$ (1,516,124)	\$ 6,898,772	\$ 1,209,379	\$ 6,592,027	\$ 2,111,203

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Nursing Home	Itasca Medical Care	Itasca Resource Center (Normalor)	Totals	Governmental Activities Risk Management Internal Service Fund
OPERATING REVENUES					
Charges for Services	\$ -	\$ -	\$ 536,790	\$ 536,790	-
Patient Services	11,743,483	-	-	11,743,483	-
Insurance Dividends	-	-	-	-	27,324
Miscellaneous	86,245	6,646	-	92,891	314,389
Capitation Revenue	-	66,708,866	-	66,708,866	-
Total Operating Revenues	11,829,728	66,715,512	536,790	79,082,030	341,713
OPERATING EXPENSES					
Capitation Expense	-	10,273	-	10,273	-
Provider Settlements	-	994,120	-	994,120	-
Pharmacy Claims	-	11,374,704	-	11,374,704	-
Medical Claims	-	46,052,215	-	46,052,215	-
Professional Services	-	-	98,035	98,035	28,416
Nursing Services	5,025,047	-	-	5,025,047	-
Plant Operations	526,400	-	-	526,400	-
Claims Paid	-	-	-	-	362,686
Administration and Fiscal Services	1,398,138	-	-	1,398,138	-
Other Care - Related	326,775	6,113,278	-	6,440,053	-
Other Services and Charges	1,206,131	-	-	1,206,131	-
Supplies	-	-	48,348	48,348	446
Payroll	-	-	59,586	59,586	78,536
Employee Benefits and Payroll Taxes	1,579,870	-	35,835	1,615,705	50,376
Travel	-	-	-	-	546
Telephone	-	-	-	-	1,035
Utilities	-	-	64,633	64,633	-
Fuel	-	-	7,773	7,773	-
Insurance	-	-	-	-	27,372
Staff Training	-	-	-	-	4,171
Licenses and Dues	-	-	-	-	380
Postage	-	-	-	-	9
Vehicle Expense	-	-	-	-	409
Laundry and Linen	119,583	-	-	119,583	-
Dietary	925,184	-	-	925,184	-
Housekeeping	278,277	-	-	278,277	-
Housekeeping	806,792	-	17,510	824,302	-
Depreciation	-	-	3,966	3,966	-
Repairs and Maintenance	-	-	335,686	335,686	-
Total Operating Expenses	12,192,177	64,544,590	201,104	76,937,871	554,382
OPERATING INCOME (LOSS)	(362,449)	2,170,922	-	1,808,473	(212,669)

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Nursing Home	Itasca Medical Care	Itasca Resource Center (Normalor)	Totals	Governmental Activities Risk Management Internal Service Fund
NONOPERATING REVENUES (EXPENSES)					
Investment Income	\$ 17,651	\$ 15,731	\$ -	\$ 33,382	\$ 13,440
Contributions and Donations	633,744	-	-	633,744	-
Interest Expense	(301,822)	-	-	(301,822)	-
Total Nonoperating Revenues (Expenses)	349,573	15,731	-	365,304	13,440
CHANGE IN NET POSITION	(12,876)	2,186,653	201,104	2,374,881	(199,229)
Net Position - Beginning of Year	(1,503,248)	4,712,119	1,008,275	4,217,146	2,310,432
NET POSITION - END OF YEAR	<u>\$ (1,516,124)</u>	<u>\$ 6,898,772</u>	<u>\$ 1,209,379</u>	<u>\$ 6,592,027</u>	<u>\$ 2,111,203</u>

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Nursing Home	Itasca Medical Care	Itasca Resource Center (Nonmajor)	Totals	Governmental Activities Risk Management Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 12,608,165	\$ -	\$ 510,179	\$ 13,118,344	\$ -
Receipts from Internal Services Provided	-	-	-	-	286,804
Other Receipts	-	68,145,758	-	68,145,758	-
Payments to Suppliers	(4,922,572)	-	-	(5,146,701)	27,324
Payments to Employees	(5,711,357)	-	(224,129)	(5,935,486)	(353,772)
Payments for Depreciation, Supplies, and Employees	-	(64,983,133)	(126,645)	(65,109,778)	(126,465)
Net Cash Provided (Used) by Operating Activities	973,636	3,162,025	159,405	4,295,066	(191,132)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Contributions and Donations	603,744	-	-	603,744	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	17,651	15,731	-	33,382	13,440
Net Cash Provided (Used) by Investing Activities	17,651	15,731	-	33,382	13,440
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of Capital Assets	(111,174)	-	-	(111,174)	-
Principal Paid on Bonds	(450,000)	-	-	(450,000)	-
Interest Paid on Bonds	(330,657)	-	-	(330,657)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(891,831)	-	-	(891,831)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	733,200	3,177,756	159,405	4,070,361	(177,692)
Cash and Cash Equivalents - Beginning of Year	2,921,772	8,390,349	767,834	12,079,955	2,889,989
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,654,972</u>	<u>\$ 11,568,105</u>	<u>\$ 927,239</u>	<u>\$ 16,150,316</u>	<u>\$ 2,712,297</u>

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Nursing Home	Itasca Medical Care	Itasca Resource Center (Nonmajor)	Totals	Governmental Activities Risk Management Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (362,449)	\$ 2,170,622	\$ 201,104	\$ 2,009,277	\$ (212,689)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	896,792	-	17,510	914,302	-
Amortization	(13,821)	-	-	(13,821)	-
Bad Debts	44,233	-	-	44,233	-
Changes in Assets and Liabilities:					
Increase (Decrease) in Accounts Receivable	455,176	(561,898)	(19,814)	(206,536)	(27,959)
Increase (Decrease) in Accounts Payable	-	(116,820)	-	(116,820)	-
Provider Settlements Receivable	-	-	(6,797)	(6,797)	-
Due from Other Governments	10,788	-	-	10,788	-
Prepaid Items	(33,030)	-	1,008	(32,022)	-
Pension Deferred Outflows of Resources	-	-	-	-	-
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:					
Accounts Payable	(69,732)	73,488	5,304	9,060	29,041
Salaries Payable	107,928	51,738	827	160,493	887
Due to Other Governments	-	-	(6,678)	(6,678)	(1,483)
Unearned Revenue	279,028	-	-	279,028	-
Claims and Judgments Payable	-	1,544,595	-	1,544,595	20,657
Net Pension Liability	413,842	-	(19,081)	394,761	-
Pension Deferred Inflows of Resources	(855,110)	-	(13,976)	(869,086)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 973,636</u>	<u>\$ 3,162,025</u>	<u>\$ 159,405</u>	<u>\$ 4,295,066</u>	<u>\$ (191,132)</u>

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Pooled Investments	\$ 590,231	\$ 5,017,007
Due From Other Governments	-	290,994
Taxes Receivable For Other Governments	-	2,930,268
Accounts Receivable	-	9,517
Total Assets	\$ 590,231	\$ 8,247,786
LIABILITIES		
Accounts Payable	\$ -	1,290
Due to Other Governments	-	3,784,622
Total Liabilities	\$ -	\$ 3,785,912
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Collected for Subsequent Period	\$ -	35,717
NET POSITION		
Restricted for: Individuals, Organizations, and Other Governments	\$ 590,231	\$ 4,426,157
Total Net Position	\$ 590,231	\$ 4,426,157

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
ADDITIONS		
Contributions - Individuals	\$ 2,631,612	\$ 503,228
Investment Earnings:		
Interest, Dividends and Other	-	576
Intergovernmental	-	2,085,488
Property Tax Collections for Other Governments	-	50,001,026
License and Fees Collected for State	-	12,273,795
Miscellaneous	-	579,575
Total Additions	2,631,612	65,443,688
DEDUCTIONS		
Beneficiary Payments to Individuals	2,383,351	512,255
Payments of Property Tax to Other Governments	-	49,982,104
Payments to State	-	12,844,231
Administrative Expense	-	3,186
Payments to Other Entities	-	2,167,658
Total Deductions	2,383,351	65,509,434
Net Increase (Decrease) in Fiduciary Net Position	248,261	(65,746)
Fiduciary Net Position - Beginning of Year, as Previously Reported	-	-
Change in Accounting Principle	341,970	4,491,903
Fiduciary Net Position - Beginning of Year, as Restated	341,970	4,491,903
FIDUCIARY NET POSITION - END OF YEAR	\$ 590,231	\$ 4,426,157

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The County was established March 10, 1891, and is an organized county having the powers, duties, and privileges granted counties by Minnesota Statutes ch. 373. As required by U.S. GAAP, these financial statements present the County (Primary Government) and its material component units for which the County is financially accountable. The blended component unit is intertwined with the County so that it is, in substance, part of the County and, therefore, blended and reported as part of the County operations. There is accountability if the primary government appoints a voting majority of an organization's governing body and has the ability to impose its will on that governing body; or there is the potential for the organization to provide specific financial benefits or to impose specific financial burden on the primary government based on the criteria for determining component units. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

Itasca Nursing Home dba: Grand Village (the Nursing Home) (blended component unit).
The Nursing Home is reflected as a blended component unit of the County because the component unit's governing body is substantively the same as the governing body of the County. A seven-member board consisting of five County commissioners and two members appointed by the County's board with the power to levy taxes, issue bonds, and enter into contracts governs the Nursing Home. The Nursing Home was established pursuant to Minn. Stat. §§376.55-.60 to provide care to chronically ill or convalescent persons.

Joint Ventures, Jointly-Governed Organizations, and Related Organization

The County participates in several joint ventures with surrounding counties and other units of government. Details on these joint ventures are included in Note 8.C. The County also participates in several jointly-governed organizations which are described in Note 8.D. A related organization is discussed in Note 8.E.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the Primary Government. These statements include the financial activities of the overall government, except for fiduciary activities. 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: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

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

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – 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. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road and Bridge Special Revenue Fund was established to account for revenues and expenditures of the County Highway Department, which is responsible for the construction, and maintenance of roads, bridges and other projects affecting County roadways. These activities are funded primarily by property taxes and intergovernmental revenues.

The Human Services Special Revenue Fund accounts for health programs, economic assistance, and community social service programs. These activities are funded primarily by property taxes and intergovernmental revenues.

The Forfeited Tax Special Revenue Fund is used to account for proceeds from the sale or rental of lands forfeited to the state of Minnesota pursuant to Minnesota Statutes ch. 282 and for timber sales from these tax-forfeited lands. Revenues in excess of expenditures are distributed according to Minnesota Statutes. The remaining fund balance is restricted by state statute.

The Capital Projects Fund accounts for financial resources to be used for capital acquisition, construction, or improvement of major capital facilities. Grant monies and bond proceeds fund most of the projects.

The Environmental Special Revenue Fund accounts for funds collected from the sale of County-owned lakeshore leased lots. These funds may only be spent on improvement of natural resources. This fund was previously reported as a permanent fund; however, change in statute allows a percentage of the total cash balance to be spent rather than spending solely from earnings on the fund.

The County reports the following major proprietary funds:

The Nursing Home Enterprise Fund accounts for the operation of the County's nursing home in Grand Rapids. Activities necessary to provide nursing home services are accounted for in this fund. The nursing home operates on a fiscal year ending September 30, 2020.

The Itasca Medical Care Enterprise Fund is used to account for the operation of the Itasca County's Medical Care. Activities necessary to operate, control, and manage all matters concerning the County's health care functions are accounted for in this fund.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The County reports the following internal service fund:

The Risk Management Internal Service Fund is used to account for the self-insured workers' compensation program. Financing is provided by charges to the various participating governmental funds.

Additionally, the County reports the following fund types:

The Debt Service Fund accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. Property taxes are the primary revenue source restricted for repayment of debt through bond documents.

Fiduciary:

Private-purpose trust funds are used to report trust arrangements other than pension or investment trusts, under which principal and income benefit individuals, private organizations, or other governments. The County reports one private-purpose trust fund, the Social Welfare Fund which accounts for the activity related to income received and payments made on behalf of individuals for whom the County is responsible to assist.

Custodial funds are custodial in nature. These funds are used for a variety of purposes such as: to account for the collection and disbursement of taxes on behalf of local governments within the County; as an agent for a mental health collaborative and estate recoveries; as an agent for state revenue payments, and as an agent for the inmates of the Itasca County Jail.

C. Measurement Focus and Basis of Accounting

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

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Itasca County considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Cash and Cash Equivalents

The County has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled investments are reported at their fair value at December 31, 2020, based on market prices. Pursuant to Minnesota Statutes §385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants.

The County Auditor/Treasurer invests the funds of the Risk Management Internal Service Fund, and Environmental Special Revenue Fund separately from pooled investments.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent maturities of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Accounts receivable is shown net of an allowance for uncollectibles which is calculated on a case-by-case basis. The Nursing Home allowance as of September 30, 2020 was \$108,672. The Itasca Medical Care allowance as of December 31, 2020 was \$240,000.

Advances between funds, as reported in the fund financial statements, are classified as nonspendable fund balance account in the General Fund to indicate that they are not available for appropriation and are not expendable available financial resources.

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 on May 15 and the second half payment due October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

Loans receivable consist of a loan made to the Grand Rapids-Itasca County Joint Airport Commission to finance the construction of airport improvements and loans made to individuals to improve septic systems.

4. Inventories

Road and Bridge Special Revenue Fund inventory is valued at cost using the average cost method and consists of expendable supplies and parts held for consumption. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Reported inventories of governmental funds are classified as nonspendable fund balance to indicate that a portion of fund balance is not available for future appropriation. Inventories in proprietary funds and at the government-wide level are recorded as expenses when consumed.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Prepaid Items

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

6. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of at least three years. For the Nursing Home, capital assets are defined as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Assets	
Buildings	15 to 40 Years
Improvements	5 to 25 Years
Public Domain Infrastructure	50 to 75 Years
Furniture, Equipment, and Vehicles	3 to 15 Years

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Unearned Revenue

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

9. Compensated Absences

The liability for compensated absences reported in financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements.

Unused accumulated vacation and vested sick leave are paid to employees upon termination. Unvested sick leave is available to employees in the event of illness-related absences and is not paid to them at termination. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The current portion consists of current severance payouts. The noncurrent portion consists of the remaining vacation and sick leave.

10. Deferred Outflows of Resources

The County reports decreases in net position or fund balance, that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statement of net position or governmental fund balance sheet. The County will not recognize the related outflow until a future event occurs. The County has three items that qualify for reporting in this category which are all reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its re-acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second type relates to pension liabilities as described in Note 4 to the financial statements. The third relates to other postemployment liabilities as described in Note 6 to the financial statements.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Deferred Inflows of Resources

The County's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has four types of items which occur creating deferred inflows of resources: The first type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's year) under the modified accrual basis of accounting. The second type relates to other postemployment benefit liabilities as described in Note 6 to the financial statements. The third type relates to pension liabilities as described in Note 4 to the financial statements and is reported in the government-wide statement of net position. The fourth type is reported in the County's custodial fund because the County collects property taxes prior to the year when levied for and, therefore, the custodial fund reports deferred inflows for this item.

12. Other Postemployment Benefits

For purposes of measuring the OPEB liability, deferred outflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Retiree Benefits Plan (the Plan) and additions/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit term.

13. Net Pension Liability

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. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

15. Fund Balance and Net Position

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaids, inventories, and long-term receivables as well as amounts that are legally or contractually required to be maintained intact. Restricted funds are constrained by outside parties (i.e., statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the County Board. Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes; but are neither restricted nor committed. The Auditor/Treasurer has been authorized to assign fund balances for the County. Unassigned fund balance is the residual classification for the County's General Fund and negative residual fund balances in other governmental funds, and includes all spendable amounts not contained in other classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the County's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the County's policy to use committed first, then assigned, and finally unassigned amounts.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Fund Balance and Net Position (Continued)

Net position represents the differences between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide and proprietary fund financial statements. The net investment of capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire capital assets. Net position is reported as restricted in government-wide financial statements when there are limitations on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

16. Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures in Excess of Budget

The following funds had expenditures in excess of budget for the year ended December 31, 2020. These over expenditures were seen as necessary by the County Board.

	Actual Expenditures	Final Budget	Expenditures in Excess of Budget
General Fund	\$ 33,783,516	\$ 29,342,688	\$ 4,440,828
Road and Bridge Fund	21,247,332	19,940,438	1,306,894
Human Services Fund	26,940,880	26,523,128	417,752
Solid Waste Management Fund	2,187,852	2,037,209	150,643
Debt Service Fund	1,437,574	1,427,110	10,464

The excess of expenditures over budget were funded by greater than anticipated revenues and existing fund balance.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

The County's total cash and investments at December 31, 2020 are as reported below:

Primary Government:	
Cash and Pooled Investments	\$ 127,525,143
Restricted Assets	2,014,007
Petty Cash and Change Funds	9,795
Fiduciary Funds:	
Private Purpose Trust Funds	590,231
Custodial Funds	5,017,007
Total Cash and Investments	<u>\$ 135,156,183</u>

The County 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 County is required by Minnesota Statutes §118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least 10% more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

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

The cash balance of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at fair value at December 31, 2020, based on market prices. Pursuant to Minnesota Statutes §385.07, investment earnings on cash and pooled investments of \$1,991,264 are credited to the General Fund. Cash and investments that are not pooled are credited to the respective fund.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits – In the case of deposits, custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County has a policy requiring certificates of deposit to be collateralized in accordance with Minnesota Statutes. The policy requires collateral to be deposited in the name of Itasca County and subject to release by the County Auditor/Treasurer. At December 31, 2020, the County's deposits were fully insured or collateralized.

Minnesota Statutes §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- a) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minnesota Statutes §118A.04, subd. 6;
- b) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- c) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- d) bankers' acceptances of United States banks;
- e) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- f) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk – Investments – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County minimizes its exposure to interest rate risk by investing in both shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The County's investment policy is to invest operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Credit Risk – Investments – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to a holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute. See the table on the following pages for the ratings of specific investment types.

Custodial Credit Risk – Investments – For investments in securities, custodial credit risk is the risk that in the event of a failure of the counterparty, the County will not be able to recover the value of its investment securities that are in the possession of an outside party. To minimize this risk, it is the County's policy to investigate brokers/dealers' credit worthiness prior to investment. Brokers/dealers must be selected by the County Auditor/Treasurer within the restrictions prescribed by Minnesota Statutes ch. 118A. Brokers/dealers may hold investments only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC insurance protection available.

At December 31, 2020, Itasca County had \$5,361,815 of U.S. governmental securities, and \$48,649,058 of state and local government securities which were both acquired and held by the counterparty's same trust department. These investments were subject to custodial credit risk.

Concentration of Credit Risk – Investments – The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy to minimize that risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

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

Investment Type	Credit Risk		Concentration of Credit Risk Over 5% of Portfolio	Interest Rate Risk		Carrying (Fair) Value
	Credit Rating	Agency Rating		Rate Risk	Maturity Date	
U.S. Government Agency Securities:						
Federal National Mortgage Association	AAA/AAA+	Moody's/S&P	< 5%		1/13/2022	\$ 66,503
Federal Home Loan Bank Bonds	AAA/AAA+	Moody's/S&P			4/14/2025	301,962
Federal Home Loan Bank Bonds	AA+	Moody's			11/25/2025	4,993,350
Total Federal Home Loan Bank Bonds			7.5%			5,295,312
U.S. Treasury Notes and Strips:						
U.S. Treasury Note	NR	NA	< 5%		11/15/2024	511,703
Investment Pools/Mutual Funds:						
MM Federated U.S. Treasury Cash Reserve	NR	N/A	< 5%		N/A	40,001
MM Federated U.S. Treasury Cash Reserve	NR	N/A	< 5%		N/A	87,919
MM Federated U.S. Treasury Cash Reserve	NR	N/A	< 5%		N/A	97,008
MM Federated U.S. Treasury Cash Reserve	NR	N/A	< 5%		N/A	74,745
Total MM Federated U.S. Treasury Cash Reserve						299,673
Commercial Paper Notes						
Truist Money Market Fund	A1+	Moody's	14.2%		8/27/2021	9,982,075
Commercial Paper						
State and Local Securities:						
Amarillo Texas Econ Dev Corp	AA-	S&P			8/15/2023	733,089
Arizona Bnd of RGTS	AA2/AA-	Moody's/S&P			6/12/2024	210,338
Austin Texas Electric Utility System	AA3/AA	Moody's/S&P			11/15/2023	1,061,620
Baltimore MD	AA2/AA	Moody's/S&P			10/15/2022	311,436
Baltimore MD Revenue	AA2/AA	Moody's/S&P			7/12/2024	150,899
Berkeley County School District	AA1/AA	Moody's/S&P			3/12/2022	205,596
Berks County PA	AAA	Moody's			11/15/2023	256,398
Birmingham AL Waterworks Board	AA2/AA	Moody's/S&P			1/12/2024	262,390
Birmingham AL Waterworks Board	AA	S&P			12/15/2024	206,352
Canon McMillan PA Sch Dist	AA	S&P			7/15/2021	200,688
Carmel IN Local Public Impt	AA-	S&P			2/15/2025	297,520
Cheltenham PA Sch Dist	AA-	S&P			5/12/2021	352,798
Chippewa Vly WI Schs	AA1/AA	Moody's/S&P			11/15/2023	422,504
Connecticut St	A1/A	Moody's/S&P			4/15/2023	513,685
Curators of the Univ of Missou	A+	S&P			8/12/2024	523,885
Derry CT	AA2/AA	Moody's/S&P			8/12/2024	310,659
Desert Sands CA Unif Sch Dist	AA2/AA	Moody's/S&P			2/12/2024	419,387
Duluth MN	AA3/AA	Moody's/S&P			7/12/2021	252,768
Florida St Board of Admin	AA+	S&P			11/1/2022	265,340
Flowerd MS	AA	S&P			10/1/2021	277,852
Fontana CA Reevy Agcy Successor	AA3	Moody's			8/12/2025	100,273
Fresno CA Unif Sch Dist	AA1	Moody's			9/12/2024	256,686
Grand Prairie Texas	AAA	S&P			2/15/2024	259,960

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investment Type	Credit Risk		Concentration of Credit Risk Over 5% of Portfolio	Interest Rate Risk		Carrying (Fair) Value
	Credit Rating	Agency Rating		Rate Risk	Maturity Date	
State and Local Securities: (Continued)						
Homewood AL	AA2/AA+	Moody's/S&P			9/1/2025	\$ 151,319
Howard City MD	AAA/AAA	Moody's/S&P			8/15/2024	250,188
Illinois ST Housing Development Authority	AA2/AAA	Moody's/S&P			2/1/2021	150,152
Indiana Bond Bank Revenue	AA+	S&P			8/1/2023	521,920
Indianapolis IN Local Public	AA+	S&P			1/15/2024	529,260
Iowa State Fin Auth	AAA/AAA	Moody's/S&P			7/1/2023	469,247
Iowa State Fin Auth	AAA/AAA	Moody's/S&P			7/1/2025	987,14
Jobsonio Beverage Sys STWD LIQ	AA3/AA	Moody's/S&P			1/1/2021	300,000
Kaufman City TX	AA-	S&P			2/15/2025	407,659
Lake Orion MI Chmry Sch District	AA	S&P			5/1/2021	503,465
Lansing Mich Board Water & Light	AA-	Moody's/S&P			7/1/2024	422,872
Loudoun City VA Econ Dev Auth	AA1	Moody's			6/1/2023	540,810
Lubbock TX WTR	AA-	S&P			2/15/2025	150,591
Madison WI	AAA	Moody's			10/1/2021	304,293
Madison WI	AAA	S&P			3/1/2024	313,059
Manassas-Susanna Boro AK	AA-	Moody's			8/1/2023	356,923
Marionettes Falls WI	AA2/AA	Moody's/S&P			1/1/2024	353,763
Minneapolis St Cgs & Univ Reven	AA2/AA	Moody's/S&P			2/15/2024	262,265
Mobile City AL	AA1/AA	Moody's/S&P			8/1/2025	151,154
Monrovia WI	AA+	S&P			10/1/2021	510,130
Montana SI	AA1/AA	Moody's/S&P			7/15/2024	100,120
Montgomery City VA Econ Dev	AA2/AA	Moody's/S&P			6/1/2021	352,625
Mount San Antonio CA Cmnty	AA1/AA	Moody's/S&P			8/1/2024	315,186
Nasau City NY Interim Fin	AAA	S&P			11/15/2021	509,080
Nazareth PA Area Sch Dist	AA	S&P			11/15/2021	151,503
New Hampshire SI Hm and Edu	AA3/AA-	Moody's/S&P			7/1/2022	205,566
New Mexico St Fin Auth Revenue Taxable	AA2/AAA	Moody's/S&P			6/15/2022	260,445
New York City NY Housing Development	AA2/AA+	Moody's/S&P			11/1/2021	303,009
New York City NY Transitional	AA2/AA	Moody's/S&P			7/15/2023	537,485
New York City NY Transitional	AA1/AAA	Moody's/S&P			5/1/2024	491,202
New York NY	AA1/AA	Moody's/S&P			8/1/2022	521,425
New York St Dorm Auth	AA1/AA+	Moody's/S&P			3/15/2021	501,795
New York St Environmental Facs	AAA/AAA	Moody's/S&P			1/15/2022	255,040
New York St Urban Dev Corp	AA1/AA+	Moody's/S&P			3/15/2022	359,538
Newark CA University School Dist	AA-	S&P			8/1/2023	420,124
Norfolk VA	AA2	Moody's			10/1/2023	260,260
Oak Creek WI	AA2	Moody's			10/1/2021	254,638
Oklahoma City OK Dev Trust Tax	AA2/AA+	Moody's/S&P			10/1/2021	529,500
Oregon State Dept of Admin Services	AA2/AAA	Moody's/S&P			4/1/2024	535,545
Oscoda City FL Public Impt	AA3	Moody's			10/1/2021	503,805
Palm Springs CA Unif Sch Dist	AA3/AA	Moody's/S&P			7/1/2025	504,170
Phoenixville PA Area Sch Dist	AA2	Moody's			11/15/2024	260,060
Port of Morrow OR	AA2	Moody's			7/1/2021	967,275
Raleigh NC Comb Enterprise Sys	AAA/AAA	Moody's/S&P			3/1/2024	523,860
Rhode Island St & Providence	AA2/AA	Moody's/S&P			4/1/2022	528,080
Rhode Island St Convention Center	AA-	S&P			5/15/2024	981,474

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investment Type	Credit Risk		Over 5% of Portfolio	Rating Agency	Maturity Date	Carrying (Fair) Value
	Credit Rating	Agency				
State and Local Securities: (Continued)						
Rhode Island St Student Loan	AA	S&P			12/1/2022	\$ 514,665
Roadnote VA	A2/AA+	Moody's/S&P			2/1/2025	529,905
S Wdm CA Cmnty Ctg	A2/AA-	Moody's/S&P			8/1/2025	251,715
Saint Paul MN Sales Tax Revenue	AA-	S&P			11/1/2023	719,969
Saint Tammany Parish LA	AA+	S&P			6/1/2025	250,850
San Antonio TX Edu Facs Corp	AA-	S&P			6/1/2025	351,915
San Buenaventura CA	AA	S&P			1/1/2025	150,213
San Francisco City & Cmty CA	AA	NA			9/1/2021	342,686
San Joaquin Delta CA	A2	Moody's			8/1/2024	206,152
San Jose CA Redevel Agcy Success	AA	S&P			8/1/2021	506,450
San Marcos CA Redevel Agcy Succ	AA-	S&P			10/1/2025	505,190
Sarasota Cnty FL Utility	AA+	S&P			9/1/2024	123,684
Seattle WA	AAA/AAA	Moody's/S&P			9/1/2024	503,123
Sequoia CA Union High Sch Dist	AAA	Moody's			7/1/2024	226,674
South Central CT Regional Water Auth	A3/AA-	Moody's/S&P			7/1/2024	202,663
Sustainable Energy Utility Inc	A2	Moody's			9/1/2024	507,690
Tennessee Housing Development Agency	A1/AA+	Moody's/S&P			7/1/2021	175,000
Texas ST A&M Univ Revenues	AAA/AA-	Moody's/S&P			5/15/2022	515,165
Thief River Falls MN Indep Sch Dist	AA2	Moody's			2/1/2025	260,800
Tulsa Cnty OK Indep Sch Dist Taxable Comb Purpose	NA	NA			5/1/2022	308,481
University of Alabama AL Univ Gen	A2/AA	Moody's/S&P			7/1/2022	511,165
University of California CA	A2/AA-	Moody's/S&P			5/15/2024	540,780
University of Massachusetts MA	A2/AA-	Moody's/S&P			11/1/2024	527,675
University of Minnesota MN	AA1/AA	Moody's/S&P			4/1/2024	107,177
University of Oklahoma OK	AA	S&P			7/1/2024	458,516
Valdosta & Lowndes County GA	A2/AA-	Moody's/S&P			10/1/2023	739,774
Ventura Cnty CA Public Fing	A1/AA+	Moody's/S&P			11/1/2024	204,166
Vireland NJ	A+	S&P			4/15/2024	530,500
W Contra Costa CA Unif Sch Dis	A1/AA+	Moody's/S&P			8/1/2024	509,455
Winnimong NC LTD Olig Revenue	AAA	Moody's/S&P			6/1/2024	259,570
Windsor CT	AAA	S&P			7/15/2024	176,115
Allen TX Community Development Corp	A2	Moody's			9/1/2021	151,143
Arizona Bld of RGTS	A2/AA-	Moody's/S&P			6/1/2023	52,736
Beths City School Dist	A2	S&P			12/1/2023	168,969
Battle Creek MI Water and Wastewater	A2	S&P			8/1/2021	100,683
Commerce Cnty Twp MI	AAA/AA+	Moody's/S&P			10/1/2023	185,985
Connecticut St	A1/IA	Moody's/S&P			4/15/2023	105,626
DeKalb Cnty GA	AA	S&P			9/1/2022	208,324
Douglas Wyr Vlyr Dist	AA	S&P			8/1/2023	310,863
El Dorado Cnty CA	A+	S&P			2/15/2022	250,290
Elland MI	AA	S&P			9/1/2021	151,902
Illinois ST Housing Development Authority	A2/AA	Moody's/S&P			2/1/2021	100,101
Iowa St Fin Auth	AAA/AAA	Moody's/S&P			1/1/2024	257,566
Iowa St Fin Auth	AAA/AAA	Moody's/S&P			1/1/2025	206,946
Jackson County GA INDL Dev Auth	AA	S&P			5/1/2023	210,970
Lawrence County PA	AA	S&P			11/15/2021	507,988

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investment Type	Credit Rating	Agency Rating	Over 5% of Portfolio	Maturity Date	Carrying Value (Fair)
State and Local Securities: (Continued)					\$
Lincoln NE Airport Authority	AA1	Moody's		7/1/2021	50,372
Lubbock TX WTR	AA-	S&P		2/15/2024	175,219
Met Council Minneapolis	AA3/AA	Moody's/S&P		11/1/2022	206,654
Michigan State	AAA/AAA	Moody's/S&P		3/1/2023	212,256
Minnesota ST Cigs & Univ Reven	AA1/AA	Moody's/S&P		12/1/2022	212,528
Mount San Antonio CA Cmnty	AA3/AA-	Moody's/S&P		10/1/2021	252,688
New Hampshire St Housing	AA1/AA	Moody's/S&P		8/1/2024	210,124
New York City NY Transitional	AA2	Moody's		7/1/2021	145,935
New York ST Dorm Auth Sales Tax	AA2/AA	Moody's/S&P		7/15/2023	107,497
New York ST Dorm Auth St Peno	AA1/AA+	Moody's/S&P		8/1/2023	156,428
Newark CA University School Dist	AA1/AA+	Moody's/S&P		2/15/2022	154,130
Oklahoma City OK	AA-	S&P		8/1/2023	315,063
Redford OR	AA3	Moody's		9/1/2024	158,366
San Antonio TX Sales Tax Revenue	AA+	S&P		6/1/2022	155,365
San Buenaventura CA	AA-	S&P		11/1/2022	209,832
San Buenaventura CA	AA	S&P		11/1/2023	157,658
San Buenaventura CA	AA	S&P		11/1/2023	183,934
Sarasota Cnty FL Utility	AA1	Moody's		6/1/2023	157,935
Sarasota Cnty FL Utility	AA+	S&P		10/1/2024	125,683
University of Alabama AL Univ Gen	AA2/AA	Moody's/S&P		7/1/2022	153,350
University of Massachusetts MA	AA2/AA-	Moody's/S&P		11/1/2024	211,070
University of Oklahoma OK	AA	S&P		7/1/2024	323,658
Upper Santa Clara VY CA	AA	S&P		8/1/2024	100,488
Valdosta & Lowndes County GA	AA2/AA-	Moody's/S&P		10/1/2023	317,046
Waukegan WI	AA2	Moody's		10/1/2023	133,666
Windsor CT	AAA	S&P		7/15/2025	151,568
Winston Salem NC LTD	AA1/AA+	Moody's/S&P		6/1/2024	211,648
Wisconsin ST	AA1/AA	Moody's/S&P		5/1/2024	209,140
Winnom MI	AA2	Moody's		5/1/2023	157,076
Allegheny TX	AA+	S&P		2/15/2023	25,758
Allegheny TX	AA2	Moody's		12/1/2022	25,691
Berks County PA	AAA	Moody's		11/15/2024	26,164
California State Department of Water Resources	AA+	S&P		5/1/2022	25,577
Colorado State University Revenue	AA2	Moody's/S&P		11/1/2023	26,959
Colorado State Board of Governors	AA2	Moody's		3/1/2023	26,501
Green Valley CA Unified School District	AA	S&P		8/1/2025	26,067
Greensboro NC Limited Obligation	AA2/AA+	Moody's/S&P		2/15/2026	26,325
Greater Laclede PA School Authority	AA3	Moody's		2/1/2023	25,963
Hall County NE School District #2	AA-	S&P		10/1/2026	25,196
Kenosha WI	AA	S&P		12/15/2021	25,375
Kingsway NJ Regional School District	AA-	S&P		2/1/2025	26,948
Laredo TX Waternotes Sewer System Revenue	AA3/AA-	Moody's/S&P		2/1/2027	25,016
Loudoun Cnty VA Econ Dev Auth	AA1	Moody's		3/1/2026	26,556
				6/1/2023	27,041

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investment Type	Credit Rating	Credit Risk Agency	Concentration of Credit Risk Over 5% of Portfolio	Interest Rate Maturity Date	Carrying (Fair) Value
State and Local Securities: (Continued)					
Main CA Community College District	AAA/AAA	Mood's/S&P		8/1/2024	\$ 27,354
New York City NY Transitional	AA3	Mood's		7/15/2023	26,680
New York State Dormitory Authority Revenues	AA2/AAA	Mood's/S&P		12/1/2021	51,343
New York State Dormitory Authority State Personal	AA2/AAA	Mood's/S&P		2/15/2022	25,688
Durham Capital Fing Corp LTD	AA1/AAA+	Mood's/S&P		12/1/2024	530,015
Eagle River Co WTR & Sanit Dis	AA	S&P		12/1/2024	203,036
El Dorado CA IRR Dist Revenue	AA3/AAA-	Mood's/S&P		3/1/2025	204,396
Energy N W A Elec Revenue	AA2/AAA-	Mood's/S&P		7/1/2021	354,295
New York State Urban Development Corporation Revenue	AA2/AAA+	Mood's/S&P		3/15/2022	51,363
Norfolk VA	AA2	Mood's		10/1/2025	26,738
Gulf Shores AL	AA2/AAA+	Mood's/S&P		12/15/2022	365,926
Hill County NE School District	AA-	S&P		12/15/2023	261,688
Idaho City Tax	AA-	S&P		8/15/2021	354,578
Omaha NE	AA2/AAA+	Mood's/S&P		11/15/2023	263,10
Oregon State Health & Science University	AA3/AAA-	Mood's/S&P		7/1/2025	20,789
Prison NC Comm Enterprise Sys	AA3/AAA	Mood's/S&P		3/1/2025	21,000
Railroad CA State District	AA3/AAA	Mood's/S&P		8/1/2022	25,905
San Francisco City & County Ctl	N/A	N/A		9/1/2022	51,100
University of Pittsburgh PA Higher Education	AA1/AAA+	Mood's/S&P		9/15/2022	25,919
Victoria & Lowlands County GA	AA2/AAA-	Mood's/S&P		10/1/2021	25,342
Wichita MI	AA2	Mood's		5/1/2024	26,600
Worcester MA	AA3/AAA-	Mood's/S&P		11/15/2024	27,825
Total State and Local Securities			69.0%		48,649,038

Negotiable Certificates of Deposit:

Apple Bk for Svgs Manhasset	N/A	N/A	<5%	2/19/2021	101,007
Bank of Baroda	N/A	N/A	<5%	12/2/2021	188,996
Bank of Baroda	N/A	N/A	<5%	11/23/2021	60,968
Bank of Baroda	N/A	N/A	<5%	7/22/2022	91,238
Bank Hapoalim	N/A	N/A	<5%	8/21/2023	157,595
Bmw Bank of North America	N/A	N/A	<5%	8/14/2023	230,876
Bmw Bank of North America	N/A	N/A	<5%	9/10/2021	18,321
Capital One Bank USA	N/A	N/A	<5%	7/31/2024	262,473
Citibank National Asian	N/A	N/A	<5%	9/30/2021	235,063
Farmers & Merchants	N/A	N/A	<5%	11/19/2021	151,450
Fidelity Bk	N/A	N/A	<5%	8/23/2023	200,486
First FHL Bk	N/A	N/A	<5%	8/9/2021	10,000
Goldman Sachs Bank USA	N/A	N/A	<5%	8/9/2021	98,765
Horizon Svgs Bk	N/A	N/A	<5%	11/16/2023	149,100
Morgan Stanley	N/A	N/A	<5%	8/29/2022	254,247
Morgan Stanley	N/A	N/A	<5%	1/24/2023	50,865
Oakstar Bk	N/A	N/A	<5%	11/20/2023	148,068
State Bk	N/A	N/A	<5%	1/22/2023	261,719
Third Fed Svgs & Ln	N/A	N/A	<5%	8/24/2021	246,596
Toyota FINL Svgs Bk	N/A	N/A	<5%	12/1/2021	93,041
Wells Fargo Bank	N/A	N/A	<5%	9/14/2021	88,999

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investment Type	Credit Rating	Credit Risk Agency	Concentration of Credit Risk Over 5% of Portfolio	Interest Rate Maturity Date	Carrying (Fair) Value
Negotiable Certificates of Deposit: (Continued)					
Members Coop Credit Union	N/A	N/A	<5%	2/23/2023	\$ 258,583
State Bank India	N/A	N/A	<5%	3/6/2023	259,845
Salle Mae Bank	N/A	N/A	<5%	4/18/2023	261,160
Mercantile Bank National Association	N/A	N/A	<5%	4/24/2023	261,273
Discover Bank	N/A	N/A	<5%	7/25/2023	264,784
UBS Bank USA	N/A	N/A	<5%	10/27/2023	268,001
Goldman Sachs Bank USA	N/A	N/A	<5%	11/29/2023	269,324
Texas Exchange Bank	N/A	N/A	<5%	11/25/2025	245,211
First Federal Savings & Loan Bank	N/A	N/A	<5%	6/22/2028	253,815
Total Negotiable Certificates of Deposit					5,710,746
Total Investments					70,515,070
Deposits					64,631,318
Petty Cash and Change Funds					9,795
Total Investments and Deposits					\$ 135,156,183
NR = Not Rated					
<5% = Concentration is less than 5% of Investments					
N/A = Not Applicable					

2. Fair Value Measurements

The County uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The County follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurement. The County has categorized its investments, based on the priority of the inputs in accordance with this standard, to the valuation technique, into a three-level hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial asset and liabilities are valued using inputs that are adjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level:				
Negotiable Certificates of Deposit	\$ -	\$ 5,710,746	\$ -	\$ 5,710,746
State and Local Securities	-	48,649,058	-	48,649,058
U.S. Treasury Notes and Strips	-	511,703	-	511,703
Commercial Paper	-	9,982,075	-	9,982,075
Federal Home Loan Bank Bonds	-	5,295,312	-	5,295,312
Federal National Mortgage Association	-	66,503	-	66,503
Investments Measured at Net Asset Value:				
Money Market Mutual Funds				296,673
Total Investments				70,515,070
Deposits and Cash on Hand				64,841,113
Total Investment, Deposits and Cash on Hand				\$ 135,156,183

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Fair Value Measurements (Continued)

The Money Market Federated United States Treasury Cash Reserve Fund is an external investment pool, which is quoted at a net asset value, and its investments are valued at amortized cost. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of investments. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. government agency securities are valued using a market approach by utilizing quotes prices for identical securities in markets that are not active.
- State and local securities are valued using a market approach using quoted prices for similar securities in active markets.
- Negotiable certificates of deposit are valued using matrix pricing based on the securities' relationship to benchmark quotes prices.

3. Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,103,142	\$ 4,723,319	\$ -	\$ 8,826,461
Construction-in-Progress	4,612,103	9,647,659	12,472,943	1,786,819
Total Capital Assets, Not Being Depreciated:	8,715,245	14,370,978	12,472,943	10,613,280
Capital Assets, Being Depreciated:				
Buildings	34,501,903	2,195,245	-	36,697,148
Machinery, Furniture, and Equipment	32,332,758	985,195	1,171,019	32,146,934
Infrastructure	273,062,994	11,525,035	-	284,588,029
Total Capital Assets, Being Depreciated	339,897,655	14,706,475	1,171,019	353,435,111
Less Accumulated Depreciation for:				
Buildings	19,129,631	802,190	-	19,931,821
Machinery, Furniture, and Equipment	22,177,668	1,739,657	1,092,019	23,385,266
Infrastructure	50,659,173	5,149,233	-	55,808,406
Total Accumulated Depreciation	120,939,412	8,137,115	1,092,019	128,032,508
Total Capital Assets, Being Depreciated, Net	218,960,243	6,521,360	79,000	225,402,603
Governmental Activities Capital Assets, Net	\$ 227,675,488	\$ 20,892,338	\$ 12,551,943	\$ 236,016,883

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 279,296	\$ -	\$ -	\$ 279,296
Construction in Progress	145,942	-	145,942	-
Total Capital Assets, Not Being Depreciated:	425,238	-	145,942	279,296
Capital Assets, Being Depreciated:				
Buildings	21,491,692	172,987	98,948	21,565,731
Improvements	338,183	18,040	-	356,223
Vehicles	79,812	2,470	-	82,282
Machinery, Furniture, and Equipment	3,463,187	64,381	319,072	3,208,476
Total Capital Assets, Being Depreciated	25,372,874	257,888	418,020	25,212,712
Less Accumulated Depreciation for:				
Buildings	12,641,909	621,790	98,935	13,164,764
Improvements	274,011	11,438	-	285,449
Machinery, Furniture, and Equipment	2,914,907	191,074	316,343	2,797,638
Total Accumulated Depreciation	15,830,827	824,302	417,278	16,237,851
Total Capital Assets, Being Depreciated, Net	9,542,047	(566,444)	742	8,974,861
Business-Type Activities Capital Assets, Net	\$ 9,957,285	\$ (566,444)	\$ 146,684	\$ 9,254,157

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

Governmental Activities:		
General Government	\$ 214,343	
Public Safety	923,010	
Highways and Streets, Including Depreciation of Infrastructure Assets	6,866,077	
Human Services	2,350	
Sanitation	101,104	
Culture and Recreation	37,042	
Conservation of Natural Resources	43,189	
Total Governmental Activities	\$ 8,187,115	
Business-Type Activities:		
Nursing Home	\$ 806,792	
Itasca Resource Center	17,510	
Total Business-Type Activities	\$ 824,302	

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Minimum Future Rents Receivable – Itasca Resource Center Enterprise Fund

On February 1, 2012, Itasca County entered into a three-year lease agreement with Independent School District No. 318 (ISD 318) to occupy 6,353 square feet of space. In addition to the monthly lease, ISD 318 agrees to pay \$3,180 per year for information and referral services and \$100 per month for playground maintenance. On February 1, 2018, this lease was extended for a three-year period for 5,380 square feet and the current 2020 rate was \$13.00 per square foot.

On February 1, 2012, Itasca County entered into a three-year lease agreement with Itasca County Health and Human Services (ICHHS) to occupy 24,159 square feet. In addition to the monthly lease, ICHHS agrees to pay \$42,529 per year for information and referral services. On February 1, 2018, this lease was extended for a three-year period for 18,165 square feet and the current 2020 rate was \$13.00 per square foot.

On March 1, 2012, Itasca County entered into a three-year lease agreement with KOOTASCA Community Action, Inc., to occupy space in the Itasca County Resource Center to occupy 9,336 square feet at a rental rate of \$8.50 per square foot. In addition to the monthly lease, KOOTASCA agrees to pay \$8,480 per year for information and referral services and \$100 per month for playground maintenance. Effective February 1, 2013, this lease was amended and the current rate was changed to \$9.50 per square foot, with the total square feet rented reduced to 4,354. The additional payments for information and referral services and playground maintenance were eliminated in this addendum. On February 1, 2018, this lease was extended for a three-year period for 4,354 square feet and the current 2020 rate was changed to \$13.00 per square foot.

On March 1, 2012, Itasca County entered into a three-year lease agreement with Northeast Minnesota Office of Job Training to occupy 3,304 square feet at a rental rate of \$12.75 per square foot. On March 1, 2018, this lease was extended for a three-year period for 3,269 square feet and the current 2020 rate was \$15.45 per square foot.

All of the space leased is within the Itasca County Resource Center owned by the County. As of December 31, 2020, the historical cost of the building was \$3,068,439, the related accumulated depreciation is \$3,068,439, and the net book value reported was \$0.

Minimum future rents on noncancelable leases are:

Year Ending December 31,	Amount
2021	\$ 433,513

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables, and Transfers

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

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Forfeited Tax Fund	\$ 498,657	Apportionment of Net Proceeds
	Human Services Fund	162,916	Reimbursement for Insurance
	Human Services Fund	6,863	Reimbursement for Services
	Other Governmental Funds		
		1,174,755	Eliminate Negative Balances
Total Due to General Fund		1,843,191	
Other Governmental Funds	Forfeited Tax Fund	2,443,544	Apportionment of Net Proceeds
Total Due From/To Other Funds		<u>\$ 4,286,735</u>	

2. Interfund Transfers

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

	Amount	Purpose
Transfers to General Fund from: Forfeited Tax Fund	\$ 498,657	Distribute Net Proceeds
Transfers to Unorganized Towns Road & Bridge Fund from Forfeited Tax Fund	104,649	Distribute Net Proceeds
Transfers to Debt Service Fund from General Fund	199,260	Repayment of Interest Expenditure
Transfers to Other Governmental Funds		
Capital Projects Fund	1,743,927	To record transfer of 2020B proceeds
Forfeited Tax Fund	691,957	Distribute Net Proceeds
Environmental Special Revenue Fund	19,633	Interest Payment
Total Interfund Transfers	<u>\$ 3,258,083</u>	

C. Liabilities

1. Construction Commitments

During the year, the County only incurred preliminary engineering costs related to the jail construction project, no other significant commitments exist for this project as of December 31, 2020. The County has active road construction projects as of December 31, 2020 as follows:

	Total Contract	Spent-to-Date	Remaining Commitment
Governmental Activities: Road Construction	\$ 3,646,667	\$ 3,462,875	\$ 183,792

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

2. Long-Term Debt

Governmental Activities:

Types of Indebtedness	Final Maturity	Annual Installment Amounts	Interest Rates (%)	Original Issues Amount	Outstanding Balance December 31, 2020
General Obligation Bonds:					
2011A G.O. Capital Improvement Bonds	2026	\$3,650,000	5.40%	\$ 3,650,000	\$ 3,650,000
2015B G.O. Capital Improvement Refunding Bonds	2023	\$480,000 - 790,000	4.00%	2,070,000	2,070,000
2017A G.O. Capital Improvement Refunding Bonds	2028	\$900,000 - 1,000,000	3.00% - 5.00%	8,615,000	6,836,000
2020B G.O. Jail Bond	2050	\$1,105,000 - 11,570,000	2.00% - 5.00%	50,000,000	50,000,000
Total General Obligation Bonds				<u>\$ 63,775,000</u>	<u>61,556,000</u>
Add: Unamortized Premium					2,852,157
Total General Obligation Bonds, Net					<u>64,427,157</u>
Capital Leases:					
2007 Egin Eagle Street Sweeper Debt	2024	\$266,603	0.37%	92,100	77,873
Total Governmental Activities					<u>\$ 64,555,000</u>

Business-Type Activities:

Types of Indebtedness	Final Maturity	Annual Installment Amounts	Interest Rates (%)	Original Issues Amount	Outstanding Balance September 30, 2020
Bonds:					
2009B Taxable G.O. Nursing Home Recovery Zone Economic Development Bonds	2035	\$340,000 - \$405,000	6.00%	\$ 1,490,000	\$ 1,490,000
2014 General Obligation Nursing Home Revenue Refunding Bonds	2032	\$120,000-\$235,000	2.00% - 3.60%	3,335,000	2,495,000
2015A General Obligation Nursing Home Revenue Bonds	2036	\$100,000-\$155,000	1.15% - 3.60%	2,350,000	1,950,000
2019 Taxable G.O. Nursing Home Revenue Refunding Bonds	2031	\$180,000 - \$360,000	3.00%	3,325,000	3,125,000
Total Bonds				<u>10,445,000</u>	<u>8,970,000</u>
Add: Unamortized Premium					142,817
Total Business-Type Debt, Net					<u>\$ 9,112,817</u>

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Debt Service Requirements

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

Governmental Activities:

Year Ending December 31,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2021	\$ 1,420,000	\$ 1,537,953	\$ 22,153	\$ 3,044
2022	1,755,000	1,809,153	23,169	2,029
2023	2,910,000	1,700,428	24,230	967
2024	1,705,000	1,589,003	8,321	78
2025	1,795,000	1,507,453	-	-
2026-2030	12,510,000	5,476,299	-	-
2031-2035	8,375,000	3,988,694	-	-
2036-2040	9,280,000	3,089,294	-	-
2041-2045	10,285,000	2,060,147	-	-
2046-2050	11,570,000	737,500	-	-
Total	\$ 61,595,000	\$ 23,495,924	\$ 77,873	\$ 6,118

Business-Type Activities:

Year Ending September 30,	General Obligation Nursing Home Revenue and Refunding Bonds		Taxable General Obligation Nursing Home Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 275,000	\$ 130,243	\$ 220,000	\$ 179,850
2022	275,000	124,568	235,000	173,025
2023	280,000	117,893	240,000	165,900
2024	290,000	109,793	255,000	158,475
2025	300,000	100,943	265,000	150,675
2026-2030	1,630,000	361,054	1,550,000	622,200
2031-2035	1,150,000	106,930	1,850,000	280,200
2036	193,000	2,686	-	-
Total	\$ 4,355,000	\$ 1,054,112	\$ 4,615,000	\$ 1,730,325

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

4. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	\$ 12,500,000	\$ 50,000,000	\$ 906,000	\$ 61,595,000	\$ 1,420,000
Add: Unamortized Premiums	632,722	2,340,805	91,340	2,882,187	-
Capital Leases	240,803	92,100	256,000	77,873	22,153
Compensated Absences	5,650,318	3,999,484	2,812,004	6,817,798	69,908
Claims and Judgments	388,100	20,657	-	408,757	-
Total Governmental Activities	\$ 19,571,943	\$ 56,463,046	\$ 4,065,374	\$ 71,969,615	\$ 1,512,061
Long-Term Liabilities					
BUSINESS-TYPE ACTIVITIES					
Taxable General Obligation	\$ 4,795,000	\$ -	\$ 180,000	\$ 4,615,000	\$ 220,000
Nursing Home Bonds	2,575,000	-	170,000	2,405,000	175,000
Home Revenue Refunding Bonds	156,638	-	13,821	142,817	-
Insurance Premiums	2,050,000	-	100,000	1,950,000	100,000
Home Revenue Bonds	-	-	-	-	-
Compensated Absences	214,252	49,772	-	264,024	264,024
Total Business-Type Activities	\$ 9,730,890	\$ 49,772	\$ 463,821	\$ 9,376,841	\$ 750,024
Long-Term Liabilities					

Long-term liabilities for the internal service fund are included as part of the above totals. For the Internal Service Fund, \$588,757 of claims and judgments payable are included in the amounts for the governmental activities at year-end.

For governmental activities, debt is generally paid from the Debt Service Fund. Compensated absences are generally liquidated by the General Fund, Road and Bridge Fund, and Human Services Funds. Claims and judgments are paid from the Internal Service Fund.

The total compensated absences for the Nursing Home are \$264,024 of which all is due within one year as of September 31, 2020.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

5. Refunding Debt Issued

During 2017, the County issued 2017 General Obligation Capital Improvement and Refunding Bonds in the amount of \$8,015,000 with an interest rate of 3.00% to 5.00%. These proceeds were used to provide the financing of capital improvements and refunding of the 2008 General Obligation Bonds. The balance of the outstanding maturities refunded was \$2,910,000 and interest rates of 3.70% to 4.15%. As a result of this refunding, the County decreased its debt service requirements by \$198,360.

During the year ended September 30, 2019, U.S. bank issued the Series 2019A bonds to refinance the Series 2009A bonds and to pay related financing costs. The Series 2019A bonds have a stated interest rate of 3%. Principal and interest are due semiannually on February 1 and August 1, and the bonds are scheduled to mature in February 2031. The Nursing Facility has qualified for the Build America Bonds credit in relation to the Series 2019 bonds. These bonds are eligible for the rebate for the entire term of the bonds. The rebate credit equals 33% of the interest paid on the Series 2019 bonds. There was \$39,862 of income derived from the rebate credit on the Series 2019 bonds for the year ended September 30, 2020.

Subsequent to the year ended September 30, 2020, on October 15, 2020, U.S. Bank issued the General Obligation Nursing Home Revenue Refunding Bonds, Series 2020A Itasca County, Minnesota bonds to refinance the Series 2009B bonds and to pay related financing costs. The Series 2020A bonds have a stated interest rate of 2%. Principal is due annually on February 1, beginning on February 1, 2032 and maturing February 1, 2035. Interest is due semiannually on February 1 and August 1, beginning February 1, 2021.

6. Conduit Debt

In 2010, the County issued \$6,155,000 of Industrial Development Revenue Bonds to refinance the Charles K. Blandin Foundation revenue bonds, Series 2004A, originally issued by the County on behalf of the Blandin Foundation, a Minnesota nonprofit corporation, to be used to assist the Grand Itasca Clinic and Hospital in the construction of a new hospital and clinic deemed to be in the public interest. The bonds are payable solely from revenues of the Foundation. The County is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the County's financial statements. These bonds were fully repaid during the year ended December 31, 2020.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

6. Conduit Debt (Continued)

In 2006, the County issued \$1,250,000 of industrial development revenue notes to provide financial assistance to North Homes, Inc., a Minnesota nonprofit corporation, to be used to construct a 16-bed group home for youth with mental disabilities and to refinance and renovate a transitional home for boys, which homes are deemed to be in the public interest. The notes are payable solely from the revenues of the nonprofit corporation. The County is not obligated in any manner for repayment of the notes. Accordingly, the notes are not reported as liabilities in the County's financial statements. The amount of notes outstanding at December 31, 2020, was \$126,338.

In 2008, the County issued \$1,250,000 of revenue notes to provide financial assistance to North Homes, Inc., a Minnesota nonprofit corporation, to be used to acquire 8,200 square feet of the Itasca Juvenile Center. The notes are payable solely from the revenues of the nonprofit corporation. The County is not obligated in any manner for repayment of the notes. North Homes, Inc. completely paid the remaining balance of the note during the year ended December 31, 2020.

7. Itasca Medical Care (IMCare) Liabilities

Claims Payable

Claims payable represent the estimated ultimate net cost of all reported and unreported claims incurred prior to and unpaid at the end of the year. The liability for unpaid claims is estimated primarily by the use of cost per contract data and completion factors developed from historical lag patterns. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the liability for claims payable is adequate. The estimates are reviewed and adjusted as experience develops or new information becomes known, and such adjustments are included in current operations. Activity in the liability for unpaid claims and claim adjustment expense for IMCare is summarized as follows:

	2020	2019
Balance - Beginning of the Year	\$ 4,793,831	\$ 5,259,003
Amount Incurred, Related to:		
Prior Years	(442,071)	(531,586)
Current Year	58,873,383	59,435,177
Amount Paid, Related to:		
Prior Years	(4,347,627)	(4,722,908)
Current Year	(54,115,203)	(54,645,855)
Balance - End of Year	<u>\$ 4,762,313</u>	<u>\$ 4,793,831</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

7. Itasca Medical Care (IMCare) Liabilities (Continued)

Stop-Loss Insurance

IMCare is self-insured and does not contract with an outside insurance company for stop-loss insurance. Itasca County has guaranteed the solvency of IMCare.

Provider Settlement

IMCare contracts with providers in Itasca County to provide health care services to its enrolled members. Under these arrangements, the providers receive an interim claim payment based upon fee for services schedules. These providers are at risk to the degree specified in their contracts and the net effect of all other revenues and expenses. The final settlement occurs when all claims are considered settled. Also included in provider settlements is an estimate for the settlements related to Medicare Part D.

NOTE 4 DEFINED BENEFIT PENSION PLANS

A. Plan Description

The County participates in the following cost-sharing multiple-employer defined benefit pension plans 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.

1. General Employees Retirement Plan

The General Employees Retirement Plan covers certain full time and part-time employees of Itasca County. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

3. Local Government Correctional Plan

The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

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NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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.

1. General Employees Plan Benefits

General Employees Plan 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 Plan 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% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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. 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.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. Police and Fire Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

3. PECF Benefits

Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. The annuity accrual rate is 1.9% of average salary for each year of service in that plan. For Correctional Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100% of the COLA announced by SSA, with a minimum increase of at least 1% and a maximum of 2.5%. If the plan's funding status declines to 85% or below for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 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 reduced prorated increase.

C. Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the County was required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2020, were \$1,728,320. The County's contributions were equal to the required contributions as set by state statute.

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.3% of their annual covered salary to 11.8% and employer rates increased from 16.95% to 17.70% on January 1, 2020. The County's contributions to the Police and Fire Fund for the year ended December 31, 2020, were \$657,746. The County's contributions were equal to the required contributions as set by state statute.

3. Correctional Fund Contributions

Plan members were required to contribute 5.83% of their annual covered salary and the County was required to contribute 8.75% of pay for plan members in fiscal year 2020. The County's contributions to the Correctional Fund for the year ended December 31, 2020, were \$116,949. The County's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2020, the County reported a liability of \$23,807,962 for its proportionate share of the General Employees Fund's net pension liability, of which \$4,748,404 was the Nursing Home's portion as of September 30, 2020. The County's net pension liability reflected a reduction due to the state of Minnesota's contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota is considered a non-employer liability associated with the County totaled \$734,251, of which \$146,527 was the Nursing Home's portion. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.3179% at the end of the measurement period and 0.3101% for the beginning of the period. The Nursing Home's proportionate share was 0.0792% at the end of the measurement period and 0.0784% for the beginning of the period.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

County's Proportionate Share of the Net Pension Liability	\$ 23,807,962
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>734,251</u>
Total	<u>\$ 24,542,213</u>

For the year ended December 31, 2020, the County recognized pension expense of \$652,483 for its proportionate share of the General Employees Plan's pension expense, of which \$153,800 was the Nursing Home's expense. In addition, the County recognized \$62,250 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

At December 31, 2020, the County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 217,069	\$ 90,079
Changes in Actuarial Assumptions	-	882,652
Net Difference Between Projected and Actual Earnings	411,298	-
Changes in Proportion	456,825	712,420
Contributions Paid to PERA Subsequent to the Measurement Date	<u>970,019</u>	<u>-</u>
Total	<u>\$ 2,055,211</u>	<u>\$ 1,685,151</u>

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

The \$870,019 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date, of which \$108,718 was the Nursing Home's, will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (1,669,474)
2022	(95,306)
2023	589,613
2024	575,208

2. Police and Fire Fund Pension Costs

At December 31, 2020, the County reported a liability of \$4,405,114 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.3342% at the end of the measurement period and 0.3537% for the beginning of the period.

The state of Minnesota contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state aid was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

The state of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the County recognized pension expense of \$399,389 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$31,930 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$4.5 million to the Police and Fire Fund.

The state of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$30,078 for the year ended December 31, 2020 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 Police and Fire Fund.

County's Proportionate Share of the Net Pension Liability	\$ 4,405,114
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>103,785</u>
Total	<u>\$ 4,508,899</u>

At December 31, 2020, the County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 194,643	\$ 209,195
Changes in Actuarial Assumptions	1,476,245	2,747,313
Net Difference Between Projected and Actual Earnings	133,804	-
Changes in Proportion Contributions Paid to PERA Subsequent to the Measurement Date	199,577	420,131
Total	<u>\$ 329,151</u>	<u>\$ 3,376,639</u>

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

The \$329,151 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (364,396)
2022	(1,239,831)
2023	124,280
2024	160,213
2025	(52,636)

3. Correctional Plan Pension Costs

At December 31, 2020, the County reported a liability of \$172,002 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.634% at the end of the measurement period and 0.602% for the beginning of the period.

For the year ended December 31, 2020 the County recognized pension expense of -\$292,684 for its proportionate share of the Correctional Plan's pension expense.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Correctional Plan Pension Costs (Continued)

At December 31, 2020, the County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,614	\$ 63,295
Changes in Actuarial Assumptions	-	348,328
Net Difference Between Projected and Actual Earnings	32,724	-
Changes in Proportion	41,226	4,979
Contributions Paid to PERA Subsequent to the Measurement Date	59,679	-
Total	<u>\$ 135,243</u>	<u>\$ 416,602</u>

The \$59,679 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	<u>\$ (385,228)</u>
2022	(8,791)
2023	21,949
2024	31,032

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

4. Summary

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the County's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated. The table below includes the County's portion of each plan.

Description	General Employees Fund	Police and Fire Fund	Correctional Fund	Total
Net Pension Liability	\$ 23,807,962	\$ 4,405,114	\$ 172,002	\$ 28,385,078
Deferred Outflows of Resources				
Related to Pensions	2,055,211	2,333,420	135,243	4,523,874
Deferred Inflows of Resources				
Related to Pensions	1,685,151	3,376,639	416,602	5,478,392
Pension Expense	714,733	431,319	(292,684)	853,368

E. Actuarial Assumptions

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

Assumptions	General Employees Fund	Police and Fire Fund	Correctional Fund
Inflation	2.25% per Year	2.50% per Year	2.50% per Year
Salary Increases	3.00% per Year	3.25% per Year	3.25% per Year
Investment Rate of Return	7.50%	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disability were based on Pub-2010 General Employee Mortality table for the General Employees Plan and RP 2014 tables for the Police and Fire and the Correctional Plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 2.0% per year for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.0% per year as set by state statute.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The four-year experience study used for the Police and Fire Plan was completed in 2016. The five-year experience study used for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Inflation and investment return assumptions for the Police and Fire Plan and the Correctional Plan are based on the General Employees Retirement Plan experience study completed in 2019. The most recent four-year experience studies for the Police and Fire Plan and the Correctional Plan were completed in 2020. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

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 changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

General Employees Fund (Continued)

Changes in Actuarial Assumptions (Continued):

- 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.

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.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Correctional Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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 Stocks	35.50%	5.10%
Private Markets	25.00	5.90
Fixed Income	20.00	0.75
International Equity	17.50	5.30
Cash Equivalents	2.00	0.00

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50%. 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 positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were 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.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Pension Liability Sensitivity

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

	General Employees Fund			Police and Fire Fund			Correctional Fund		
	Discount Rate	Net Pension Liability		Discount Rate	Net Pension Liability		Discount Rate	Net Pension Liability	
1% Decrease	6.50%	\$ 38,155,901		6.50%	\$ 8,780,026		6.50%	\$ 1,068,977	
Current	7.50	23,807,961		7.50	4,405,114		7.50	172,002	
1% Increase	8.50	11,972,060		8.50	785,641		8.50	(546,162)	

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 5 DEFINED CONTRIBUTION PLAN

Six Board members of Itasca County are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (0.25%) of the assets in each member's account annually.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 DEFINED CONTRIBUTION PLAN (CONTINUED)

Total contributions made by the County during fiscal year 2020 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 8,685	\$ 8,685	5.00%	5.00%	5.00%

NOTE 6 POSTEMPLOYMENT BENEFITS

A. Plan Description

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by Minnesota Statutes §471.61 subdivision 2b. County policy determines the County's contributions to the plan. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay varying percentages of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. Itasca County contributed \$2,710,524 towards retiree health insurance. As of December 31, 2020, there were 308 retirees receiving health benefits from the County's health plan. There are 421 active employees, 0 inactive employees, and 0 inactive employees entitled to but not yet receiving benefits.

Road and Bridge and Courthouse employees who were hired prior to January 1, 2000, and meet the eligibility requirements established by PERA are eligible for employer-paid health insurance benefits. Itasca County will pay for 100% of the health insurance premiums of the employee and 50% of the health insurance premiums for the spouse for life. For Road and Bridge and Courthouse employees hired after January 1, 2000, the maximum County share for health insurance premiums is capped at \$20,000.

Health and Human Services and Attorney employees hired prior to January 1, 1994, and Sheriff's Office employees hired prior to January 1, 1998, who meet the eligibility requirements established by PERA are eligible for employer-paid health insurance benefits. Itasca County will pay for 100% of the health insurance premiums of the employee and 50% of the health insurance premiums for the spouse for life. For Health and Human Services and Attorney's employees hired after January 1, 1994, and Sheriff's Office employees hired after January 1, 1998, the maximum County share for health insurance premiums is capped at \$10,000. Attorney's employees must have ten years of County service to be eligible. After January 1, 2000, Sheriff's Office employees must also have 15 years of County service to be eligible.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 POSTEMPLOYMENT BENEFITS (CONTINUED)

A. Plan Description (Continued)

Itasca County supervisory and confidential employees hired prior to December 22, 1995, who meet the eligibility requirements established by PERA and have 10 years of service to Itasca County are eligible for employer-paid health insurance benefits. Itasca County will pay for 100% of the health insurance premiums of the employee and 50% of the health insurance premiums for the spouse for life. For supervisory and confidential employees hired after December 22, 1995, the maximum County share for health insurance premiums is capped at \$10,000.

B. Funding Policy

The County's OPEB plan is financed on a pay-as-you-go basis and currently has no assets that have been deposited into an irrevocable trust for future health benefits. Therefore, the actuarial value of assets is zero. Separate stand-alone financial statements are not issued for the plan.

C. Actuarial Methods and Assumptions

County

The County's OPEB liability was measured as of December 31, 2020, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2020.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.5%
Salary	Varying, 10.25% Graded to 3.0% Over 25 Years
Health Care Trend Rates - Medicare	6.50% Decreasing to 4.5%
Health Care Trend Rates - Non-Medicare	Over 10 Years
	7.25% Decreasing to 4.5% Over 11 Years

Mortality rates were based on the Pub-2010 public retirement plans headcount-weighted mortality tables (general, safety) with MP-2019 Generational Improvement Scale. The actuarial assumptions used in the December 31, 2020 valuation were based on the PERA actuarial experience studies. The most recent six-year experience study for the General Employees plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016.

The discount rate used to measure the total OPEB liability was 2.12%. The discount rate is equal to the 20-Year high quality, tax-exempt, general obligation municipal bonds as of the Measurement Date.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 POSTEMPLOYMENT BENEFITS (CONTINUED)

C. Actuarial Methods and Assumptions (Continued)

Nursing Home

The total OPEB liability was determined by an actuarial valuation as of October 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary	3.0%
Discount Rate	2.66%
Health Care Trend Rates - Medicare	7.00% Decreasing to 4.5% Over 10 Years
Health Care Trend Rates - Non-Medicare	6.30% Decreasing to 4.5% Over 9 Years

Mortality rates were based on Pub-2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2019 and Pub-2010 Health Retired General Mortality Table adjusted for mortality improvements using projection scale MP-2019.

Discount rate is used to reflect the time value of money. Discount rates are used in determining the present value as of the valuation date of future cash flows currently expected to be required to satisfy the postretirement benefit obligation.

D. Changes in total OPEB Liability

	Total OPEB Liability	County	Nursing Home
Balance as of January 1, 2020	\$ 56,252,147	\$ 55,831,220	\$ 420,927
Changes for the Year:			
Service Cost	580,217	579,005	1,212
Interest	1,525,640	1,508,757	16,883
Differences Between Expected and Actual Experience	713,529	706,957	6,572
Changes of Assumptions	(5,312,108)	(5,355,888)	43,780
Benefit Payments	(2,747,002)	(2,710,524)	(36,478)
Net Change in Total OPEB Liability	(5,239,724)	(5,271,693)	31,969
Balance as of December 31, 2020	<u>\$ 51,012,423</u>	<u>\$ 50,559,527</u>	<u>\$ 452,896</u>

Of the \$51,012,423 total OPEB liability, \$2,710,524 is due within one year.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Changes in total OPEB Liability (Continued)

The following presents the total OPEB liability of the County, as well as what the County's total OPEB 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 (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
Discount Rate Sensitivity			
Total OPEB Liability	\$ 57,726,708	\$ 50,559,527	\$ 44,704,652

The following presents the net OPEB liability of the Nursing Home, as well as what the Nursing Home's net OPEB 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 (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Discount Rate Sensitivity			
Total OPEB Liability	\$ 515,498	\$ 452,896	\$ 401,830

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50% decreasing to 3.50% over 10 years) or 1% higher (7.50% decreasing to 5.5% over 10 years) than the current healthcare cost trend rates:

	1% Decrease (5.50% Decreasing to 3.5%)	Current Trend Rates (6.50% Decreasing to 4.50%)	1% Increase (7.50% Decreasing to 5.5%)
Medical Trend Rate Sensitivity			
Total OPEB Liability	\$ 44,683,587	\$ 50,559,527	\$ 57,754,682

The following presents the total OPEB liability of the Nursing Home, as well as what the Nursing Home's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50% decreasing to 3.5% over 11 years) or 1% higher (7.50% decreasing to 5.5% over 11 years) than the current healthcare cost trend rates:

	1% Decrease (5.50% Decreasing to 3.5%)	Current Trend Rates (6.50% Decreasing to 4.50%)	1% Increase (7.50% Decreasing to 5.5%)
Medical Trend Rate Sensitivity			
Total OPEB Liability	\$ 402,757	\$ 452,896	\$ 513,807

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Changes in total OPEB Liability (Continued)

For the year ended December 31, 2020, the County recognized OPEB expense of \$1,938,864, of which \$22,590 related to the Nursing Home. The County and Nursing Home reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Total		County		Nursing Home	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 609,436	-	\$ 605,664	-	\$ 3,472	-
Changes in Actuarial Assumptions	\$ 5,307,471	\$ 6,901,954	\$ 5,294,342	\$ 6,894,210	\$ 23,129	\$ 7,744
Total	\$ 5,916,907	\$ 6,901,954	\$ 5,899,906	\$ 6,894,210	\$ 26,601	\$ 7,744

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized over 7 years and will be recognized in OPEB expense as follows:

Schedule of Recognition	Amount
December 31	
2021	\$ (171,488)
2022	(155,481)
2023	(168,638)
2024	(69,248)
2025	243,941
Thereafter	(664,133)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 RISK MANAGEMENT (CONTINUED)

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

The County's Risk Management Internal Service Fund is used to manage the workers' compensation claims which are self-insured by the County. Premiums are paid into the Risk Management Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County has not had an actuarial study to determine a claims liability for workers' compensation, but the claims administrator, a private company, has estimated a liability of \$588,757, which does not include incurred but not reported claims, at December 31, 2020. This amount is shown as a liability in the Risk Management Internal Service Fund. The County is a member of the Workers' Compensation Reinsurance Association (the Association). Under the plan, the County is liable for the first \$500,000 toward any claim arising from a single occurrence. The Association covers claims over \$500,000.

Changes in the balances of claims liabilities during the past two years are as follows:

	2020	2019
Unpaid Claims - Beginning of Fiscal Year	\$ 568,100	\$ 633,863
Incurred Claims	390,355	286,216
Claims Payments	(369,698)	(351,979)
Unpaid Claims - End of Fiscal Year	\$ 588,757	\$ 568,100

The County belongs to Arrowhead Procure, a joint powers entity, which sponsors a self-insurance plan to provide group employee health benefits to its participating members. Blue Cross/Blue Shield administers the claims and receives a fee for this service. All members pool premiums and losses. Group members choose from the available plans, and premiums are based on a composite rate for the group as a whole. The excess of insurance premiums over claims paid is deposited into a self-insurance reserve fund. Itasca County holds the self-insurance reserves in a fiduciary capacity, and they are reported in a custodial fund. This custodial fund has been closed out as of December 31, 2020.

NOTE 7 RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of the Property and Casualty Division. The County self-insures for workers' compensation through its Risk Management Internal Service Fund. For group health insurance, the County belongs to Arrowhead Procure. For other risks of loss, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Steel Mill Project

Itasca County has entered into a reimbursement agreement between Itasca County, the State of Minnesota, and Essar Global Limited. Essar Global is the parent company of Minnesota Steel Industries that is developing a steelmaking facility in Itasca County. The State of Minnesota has provided funding to Itasca County for construction of certain public infrastructure improvements related to the steel mill project. If the project is not fully and completely constructed and placed into operation, the State of Minnesota may require Itasca County to return all or a portion of these grant funds. Under the terms of the reimbursement agreement, Essar Global and Minnesota Steel will reimburse Itasca County for any and all costs it directly incurs relating to the construction of the public infrastructure, up to a maximum amount of \$65,900,000, if the project is not completely constructed and operated. As of December 31, 2020, the project is still in progress.

It has been determined that the use of the grant funds constitutes a business subsidy under Minnesota Statutes §§ 116J.993 to 116J.995 because the public infrastructure will principally benefit a single business at the time the improvements are made. As required by these statutes, Itasca County has also entered into a business subsidy agreement with Essar Global and Minnesota Steel. The agreement requires Minnesota Steel to meet certain job and wage goals and to remain operational for at least five years. If these job, wage, and operational goals are not met, Minnesota Steel is responsible for repayment of a pro-rated share of the grant funds subsidized.

B. Contingent Liabilities

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

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

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Joint Ventures

Itasca County-Grand Rapids Airport Commission

The County entered into a joint powers agreement with the City of Grand Rapids for the purpose of acquisition of the necessary lands and for the joint construction and operation of an airport.

The Itasca County-Grand Rapids Airport Commission is governed by a six-member board, composed of three members appointed by each government. If the agreement is terminated, each government has a 50% ownership of assets of the airport.

Itasca County contributed \$20,000 to the Itasca County-Grand Rapids Airport Commission during 2020. There is no accumulation of significant financial resources or fiscal distress for this entity.

In October 2011, the County entered into a new joint powers agreement with the City of Grand Rapids. While the County still has 50% ownership of the airport facilities, the City of Grand Rapids now has unilateral control over the operations of the airport and the Airport is included in the City of Grand Rapids' financial statements as a fund of the city.

Aitkin-Itasca-Koochiching Community Health Services Board

Aitkin, Itasca, and Koochiching Counties entered into a joint powers agreement, creating and operating the Aitkin-Itasca-Koochiching Community Health Services (CHS) Board effective January 1, 1977. This agreement is entered into under the authority of the Community Health Services Act of 1976, and is pursuant to the provisions of Minnesota Statutes § 471.59, for the development and maintenance of an integrated system of community health services.

The CHS Board is composed of two members from Aitkin and Koochiching Counties and three members from Itasca County, each appointed by the participating counties. Funding is obtained through federal, state, local, and private sources. Itasca County receives all funds and appropriates to each county its share through a custodial fund. Itasca County records its revenues and expenditures in the Human Services Special Revenue Fund. There is no accumulation of significant financial resources or fiscal distress for this entity.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Joint Ventures (Continued)

Aitkin-Itasca-Koochiching Community Health Services Board (Continued)

A summary of the financial information of the Aitkin-Itasca-Koochiching Community Health Services Board's government-wide statements for the year ended December 31, 2019 (the most recent available) was:

Total Assets	\$	449,043
Total Deferred Outflows of Resources		23,566
Total Liabilities		390,422
Total Deferred Inflows of Resources		34,630
Total Net Position		47,557
Total Revenues		1,435,966
Total Expenses		1,429,027
Change in Net Position		6,939

Separate financial information can be obtained from:

Community Health Board Administrator
1209 SE 2nd Avenue
Grand Rapids, Minnesota 55744

Northeast Minnesota Office of Job Training

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

The governing body is composed of seven members, one member from the Board of Commissioners of each of the participating counties. There is no accumulation of significant financial resources or fiscal distress for this entity.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Joint Ventures (Continued)

Northeast Minnesota Office of Job Training (Continued)

A summary of the financial information of the Northeast Minnesota Office of Job Training's government-wide statements for June 30, 2019 (the most recent information available), was:

Total Assets	\$	2,718,753
Total Deferred Outflows of Resources		353,446
Total Liabilities		3,078,667
Total Deferred Inflows of Resources		409,627
Total Net Position		(416,095)
Total Revenues		4,997,177
Total Expenses		4,862,849
Change in Net Position		134,328

Separate financial information can be obtained from:

Northeast Minnesota Office of Job Training
820 North 9th Street, Suite 210
PO Box 1028
Virginia, Minnesota 55792

Minnesota Counties Information Systems (MCIS)

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

MCIS is governed by a 13-member board, composed of a member appointed by each of the participating counties' Boards of Commissioners. Financing is obtained through user charges to the members. Cass County is the fiscal agent for MCIS. There is no accumulation of significant financial resources or fiscal distress for this entity.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Joint Ventures (Continued)

Minnesota Counties Information Systems (MCIS) (Continued)

A summary of the financial information of MCIS' funds for the fiscal year ended December 31, 2019 (the most recent available), was:

Total Assets	\$ 1,661,088
Total Deferred Outflows of Resources	139,263
Total Liabilities	1,116,836
Total Deferred Inflows of Resources	233,315
Total Net Position	450,200
Total Revenues	3,221,619
Total Expenses	3,002,040
Change in Net Position	219,579

Separate financial information can be obtained from:

Minnesota Counties Information Systems
413 Southeast 7th Avenue
Grand Rapids, Minnesota 55744

Mississippi Headwaters Board

Atkin, Beltrami, Cass, Clearwater, Crow Wing, Hubbard, Itasca, and Morrison Counties entered into a joint powers agreement, pursuant to the provisions of Minnesota Statutes §471.59, for the purpose of preparing, adopting, and implementing a comprehensive land use plan designed to protect and enhance the Mississippi River and related shoreland areas within the counties.

The Mississippi Headwaters Board consists of eight members, one member appointed from each participating county. Crow Wing County maintains the account records of the board. Funding is obtained through federal, state, local, and private sources. Itasca County provided \$1,500 to this organization during 2020. There is no accumulation of significant financial resources or fiscal distress for this entity.

Separate financial information can be obtained from:

Mississippi Headwaters Board
Land Services Building
322 Laurel Street
Brainerd, Minnesota 56401
Email: mhb@mississippiheadwaters.org

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Joint Ventures (Continued)

Itasca County Family Service Collaborative

The Itasca County Family Service Collaborative was established pursuant to Minnesota Statutes §124D.23. The Collaborative includes Itasca County; KOOTASCA Community Action, Inc.; and Independent School Districts 316, 317, 318, and 319. The purpose of the Collaborative is to improve the lives of families and children through efforts focused on prevention and early intervention. The Collaborative seeks to empower parents and families to solve their own problems through support, information, skill building, and advocacy.

Control of the Collaborative is vested in a board of directors. The County has three members on the Board. Financing is provided by state and federal grants, appropriations from the Collaborative members, and miscellaneous revenues. Itasca County provided \$11,000 in funding to the Collaborative during 2020. Itasca County is the fiscal agent for the Collaborative, which is accounted for as a custodial fund. Collaborative custodial fund assets and liabilities were \$301,569 as of December 31, 2020.

No separate financial statements are available. There is no accumulation of significant financial resources or fiscal distress for this entity.

Northeast Minnesota Regional Radio Board

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

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

Itasca County is the fiscal agent for the Northeast Minnesota Regional Radio Board, which is accounted for as an custodial fund. Funding is provided by grants and contributions from participating members. Itasca County contributed no funding to this organization in 2020.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

D. Jointly-Governed Organizations

Western Mesabi Mine Planning Board

The Western Mesabi Mine Planning Board is governed by an 18-member board, composed of one elected official and one resident appointed by each respective county board, city council, and township board that is a party to the agreement. During 2020, Itasca County paid \$400 for membership dues to the Western Mesabi Mine Planning Board.

KOOTASCA Community Action, Inc.

KOOTASCA Community Action, Inc. is governed by an 18-member board appointed equally from each county. As discussed in Note 3.A.4, KOOTASCA Community Action, Inc., rents space from Itasca County. Itasca County contributed no funding to this organization in 2020.

Minnesota Rural Counties Caucus

The Minnesota Rural Counties Caucus was established in 1997 and is comprised of 25-member counties, including Itasca County. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee, composed of ten directors, each with an alternate, who are appointed annually by each respective County Board. Itasca County contributed no funding to this organization in 2020.

E. Related Organization

Housing and Redevelopment Authority of Itasca County

The five-member governing body of the Housing and Redevelopment Authority of Itasca County is appointed by Itasca County. Itasca County is not financially responsible for the Authority.

F. Tax-Forfeited Land

The County manages approximately 300,000 acres of state-owned, tax-forfeited land. This land generates revenues primarily from recreational land leases and land and timber sales. Land management costs, including forestry costs such as site preparation, seedlings, tree planting, and logging roads, are accounted for as current operating expenditures. Revenues in excess of expenditures are distributed to the County and cities, towns, and school districts within the County according to state statute.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 SUBSEQUENT EVENT

Due to the uncertainty related to COVID-19's impact on County operations, the County will receive a \$8,752,686 grant from the year 2021 to the year 2024 from the federal government as a part of the American Rescue Plan Act (ARPA) of 2021. These funds are available to the County for a range of allowable uses through December 31, 2024.

NOTE 10 RESTATEMENTS OF PRIOR PERIOD/CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2020, it was determined a correction to accounts payable was needed in the Human Services Fund in the prior year which requires the restatement of the December 31, 2019 fund balance and net position of the governmental activities.

During the year ended December 31, 2020, the County adopted GASB No. 84, *Fiduciary Activities*, which established criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements including accruals and net position to custodial funds not previously required. This pronouncement requires a restatement of January 1, 2020 net position of governmental activities, fund balance of the General Fund, and net position of the custodial funds. A summary of the effect on fund balance and net position caused by the restatement of a prior period, and a change in accounting principle are as follows:

	Fund Balance/ Net Position, December 31, 2019, as Previously Reported	Change in Accounting Principle	Restatement of a Prior Period	Fund Balance/ Net Position, December 31, 2019 as Restated
Governmental Activities	\$ 197,580,769	\$ (297,958)	\$ 646,865	\$ 197,923,676
General Fund	6,790,580	(297,958)	-	6,492,622
Human Services Fund	8,043,071	-	646,865	8,689,936
Investment Trust Fund	54,641	(54,641)	-	-
Private-purpose Trust Funds	-	341,970	-	341,970
Custodial Funds	-	4,491,903	-	4,491,903

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**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A**

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 19,434,466	\$ 19,434,466	\$ 19,235,239	\$ (199,227)
Licenses and Permits	41,250	41,250	99,408	58,158
Intergovernmental	6,958,648	6,958,648	14,383,364	7,424,716
Charges for Services	1,106,100	1,106,100	1,418,337	312,237
Fines and Forfeits	56,100	56,100	39,324	(16,776)
Gifts and Contributions	22,800	22,800	46,217	23,417
Investment Earnings	1,000,000	1,000,000	1,991,264	991,264
Miscellaneous	1,229,282	1,229,282	2,495,969	1,266,687
Total Revenues	29,848,646	29,848,646	39,709,122	9,860,476
EXPENDITURES				
Current:				
General Government:				
Commissioners	626,280	626,280	619,716	6,564
Courts	390,000	390,000	447,033	(57,033)
Law Library	50,600	50,600	49,392	1,208
County Administration	426,015	426,015	392,351	33,664
Human Resources	598,097	598,097	483,919	104,178
County Auditor/Treasurer	1,720,608	1,720,608	1,429,300	291,308
County Assessor	1,306,076	1,306,076	1,171,587	134,489
Elections	350,015	350,015	612,307	(262,292)
Accounting and Auditing	90,000	90,000	74,220	15,780
Data Processing	1,802,163	1,802,163	1,194,339	607,824
Attorney	1,959,399	1,959,399	1,805,721	153,678
Recorder	418,566	418,566	365,214	53,352
Surveyor	679,205	679,205	634,597	44,608
Planning and Zoning	395,860	395,860	387,001	8,859
Buildings and Plant	2,581,367	2,581,367	2,970,915	(389,548)
Veterans Service Officer	378,944	378,944	356,732	22,212
Other General Government	293,760	293,760	763,332	(469,572)
Total General Government	14,066,955	14,066,955	13,767,676	299,279
Public Safety:				
Sheriff	7,517,595	7,517,595	6,975,274	542,321
Boat and Water Safety	195,213	195,213	221,002	(25,789)
Emergency Services	137,437	137,437	175,770	(38,333)
Civil Defense	225,003	225,003	81,134	143,869
Coroner	125,800	125,800	170,921	(45,121)
Federal Arrest Grant	-	-	12,658	(12,658)
E-911 System	-	-	135,053	(135,053)
County Jail	4,128,906	4,128,906	3,229,415	899,491
Victim Assistance	100,242	100,242	93,464	6,758
Probation and Parole	1,478,712	1,478,712	1,297,397	181,315
Saleravens Grant	50,000	50,000	-	50,000
Snowmobile Safety	6,500	6,500	904	5,596
Other	141,000	141,000	5,785,007	(5,644,007)
Total Public Safety	14,106,408	14,106,408	18,178,019	(4,071,611)

See accompanying Notes to Required Supplementary Information.
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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES (CONTINUED)				
Current (Continued):				
Sanitation:				
Septic Loans	\$ -	\$ -	\$ 29,718	\$ (29,718)
Culture and Recreation:				
Historical Society	371,000	371,000	366,973	4,027
Conservation of Natural Resources:				
County Extension	215,941	215,941	167,271	48,670
Shoreland Management	61,559	61,559	65,161	16,398
Aquatic Invasive Species	-	-	659,535	(659,535)
Soil and Water Conservation	-	-	40,000	(40,000)
Total Conservation of Natural Resources	297,500	297,500	931,967	(634,467)
Capital Outlay:				
General Government	267,825	267,825	307,078	(39,253)
Public Safety	233,000	233,000	202,085	30,915
Total Capital Outlay	500,825	500,825	509,163	(8,338)
Total Expenditures	29,342,668	29,342,668	33,783,516	(4,440,828)
Excess (Deficiency) of Revenues Over Expenditures	505,958	505,958	5,925,606	5,419,648
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	23,862	23,862
Transfers In	7,500	7,500	498,657	491,157
Transfers Out	(393,459)	(393,459)	(199,260)	194,199
Total Other Financing Sources (Uses)	(385,959)	(385,959)	323,259	709,218
NET CHANGE IN FUND BALANCE	\$ 119,999	\$ 119,999	6,248,865	\$ 6,128,866
Fund Balance - Beginning of Year, as Previously Reported			6,790,580	
Change in Accounting Principle (see Note 10)			(297,958)	
Fund Balance - Beginning of Year, as Restated			6,492,622	
FUND BALANCE - END OF YEAR			<u>\$ 12,741,487</u>	

See accompanying Notes to Required Supplementary Information.
(93)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 6,847,401	\$ 6,847,401	\$ 6,891,969	\$ 44,568
Intergovernmental	10,805,037	10,805,037	13,184,517	2,359,480
Charges for Services	1,533,000	1,533,000	1,395,176	(137,824)
Miscellaneous	90,000	90,000	169,537	79,537
Total Revenues	19,275,438	19,275,438	21,621,199	2,345,761
EXPENDITURES				
Current:				
Highways and Streets:				
Administration	597,295	597,295	567,346	29,949
Maintenance	7,282,289	7,282,289	6,885,836	396,453
Construction	1,335,568	1,335,568	1,266,069	69,479
Equipment Maintenance and Shop	2,985,286	2,985,286	2,655,896	329,390
Total Highways and Streets	12,200,438	12,200,438	11,375,167	825,271
Capital Outlay:				
Highways and Streets	7,740,000	7,740,000	9,617,135	(1,877,135)
Debt Service:				
Principal	-	-	255,030	(255,030)
Total Expenditures	19,940,438	19,940,438	21,247,332	(1,306,894)
Excess (Deficiency) of Revenues Over Expenditures	(665,000)	(665,000)	373,867	1,038,867
OTHER FINANCING SOURCES (USES)				
Sale of Assets	65,000	65,000	121,675	56,675
Capital Lease Issued	-	-	91,200	91,200
Total Other Financing Sources (Uses)	65,000	65,000	212,875	147,875
NET CHANGE IN FUND BALANCE	\$ (600,000)	\$ (600,000)	586,742	\$ 1,186,742
Fund Balance - Beginning of Year			14,092,726	
Decrease in Inventories			(234,488)	
FUND BALANCE - END OF YEAR			<u>\$ 14,445,000</u>	

See accompanying Notes to Required Supplementary Information.
(94)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Intergovernmental	\$ 13,612,718	\$ 13,612,718	\$ 13,301,248	\$ (311,470)
Charges for Services	9,580,027	9,580,027	11,200,562	1,620,535
Investment Earnings	3,141,585	3,141,585	3,542,641	401,056
Miscellaneous	5,000	5,000	44,182	39,182
Total Revenues	181,500	181,500	565,389	383,889
	26,520,830	26,520,830	28,654,022	2,133,192
EXPENDITURES				
Current:				
Human Services:				
Income Maintenance	8,285,674	8,285,674	7,478,083	807,591
Social Services	15,027,875	15,027,875	16,347,658	(1,319,783)
Total Human Services	23,313,549	23,313,549	23,825,741	(512,192)
Health:				
Nursing Service	3,052,188	3,052,188	2,993,119	59,069
Capital Outlay:				
Human Services	157,391	157,391	122,020	35,371
Total Expenditures	26,523,128	26,523,128	26,940,880	(417,752)
Excess (Deficiency) of Revenues Over Expenditures	(2,298)	(2,298)	1,713,142	1,715,440
OTHER FINANCING SOURCES (USES)				
Transfers In	4,800	4,800	-	(4,800)
NET CHANGE IN FUND BALANCE	<u>\$ 2,502</u>	<u>\$ 2,502</u>	<u>1,713,142</u>	<u>\$ 1,710,640</u>
Fund Balance - Beginning of Year, as Previously Reported			8,043,071	
Prior Period Adjustment (See Note 10)			646,865	
Fund Balance - Beginning of Year, as Restated			<u>8,689,936</u>	
FUND BALANCE - END OF YEAR			<u>\$ 10,403,078</u>	

See accompanying Notes to Required Supplementary Information.
(95)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY,
RELATED RATIOS, AND NOTES
LAST TEN FISCAL YEARS

County Total OPEB Information:

	Measurement Date December 31, 2020	Measurement Date December 31, 2019	Measurement Date December 31, 2018
Total OPEB Liability:			
Service Cost	\$ 579,005	\$ 475,401	\$ 546,562
Interest	1,508,757	1,959,835	1,800,657
Differences Between Expected and Actual Experience	708,957	7,472,476	(4,107,714)
Changes of Assumptions	(5,355,888)	(2,803,882)	(2,620,449)
Benefit Payments	(2,710,524)	7,103,830	(4,380,944)
Net Change in Total OPEB Liability	(6,271,693)	48,727,390	53,108,334
Total OPEB Liability - Beginning	55,831,220	\$ 55,831,220	\$ 48,727,390
Total OPEB Liability - Ending	<u>\$ 50,559,527</u>	<u>\$ 27,932,710</u>	<u>\$ 27,421,395</u>
Covered Employee Payroll	\$ 28,538,267	\$ 27,932,710	\$ 27,421,395
County's OPEB Liability as a Percentage of Covered Employee Payroll	177%	200%	178%

Grand Village Nursing Home Total OPEB Information:

	Measurement Date December 31, 2020	Measurement Date December 31, 2019	Measurement Date December 31, 2018
Total OPEB Liability:			
Service Cost	\$ 1,212	\$ 1,483	\$ 1,774
Interest	16,883	17,063	16,459
Differences Between Expected and Actual Experience	6,572	(26,864)	(33,636)
Changes of Assumptions	43,780	(76,082)	(30,729)
Benefit Payments	(36,478)	(84,400)	(46,132)
Net Change in Total OPEB Liability	31,969	505,327	551,459
Total OPEB Liability - Beginning	420,927	\$ 420,927	\$ 505,327
Total OPEB Liability - Ending	<u>\$ 452,896</u>	<u>\$ 5,548,693</u>	<u>\$ 5,457,634</u>
Covered Employee Payroll	\$ 5,353,160	\$ 5,548,693	\$ 5,457,634
County's OPEB Liability as a Percentage of Covered Employee Payroll	8%	8%	9%

Note 1: The County implemented GASB Statement No. 75 in 2018, and the above table will be expanded to 10 years of information as the information becomes available.

Note 2: No assets are accumulated in a trust.

See accompanying Notes to Required Supplementary Information.
(96)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
PERA GENERAL EMPLOYEES RETIREMENT PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with Itasca County	Employer's Proportionate Share of the Net Pension Liability and the State's Related Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability as a Percentage of the Total Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.387 %	\$ 23,807,962	\$ 734,251	\$ 24,542,213	\$ 28,284,189	84.174 %	79.06 %
2019	0.389	21,479,294	667,596	22,146,890	21,977,548	97.733	80.23
2018	0.402	22,301,313	731,504	23,032,817	21,994,773	101.394	81.38
2017	0.339	26,691,229	272,480	26,963,709	21,867,762	122.057	75.80
2016	0.413	33,566,030	436,261	34,004,311	23,569,159	131.173	68.91
2015	0.414	21,445,264	N/A	21,445,264	24,805,421	86.454	78.20

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

PERA GENERAL EMPLOYEES RETIREMENT PLAN
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS

Year Ending	Statutorily Required Contributions	Actual Contributions in Relation to Statutorily Required Contributions	Contribution (Deficiency) Excess	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2020	\$ 1,728,320	\$ 1,728,320	\$ -	\$ 23,044,267	7.50 %
2019	1,675,325	1,675,325	-	22,337,667	7.50
2018	1,641,057	1,641,057	-	21,880,760	7.50
2017	1,574,355	1,574,355	-	20,991,400	7.50
2016	1,929,767	1,929,767	-	25,730,226	7.50
2015	1,975,704	1,936,041	39,663	26,342,718	7.50

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The County's year-end is December 31. The Nursing Home's year-end is September 30.

See accompanying Notes to Required Supplementary Information.
(97)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
PERA PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with Itasca County	Employer's Proportionate Share of the Net Pension Liability and the State's Related Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability as a Percentage of the Total Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.334 %	\$ 4,405,114	\$ 103,785	\$ 4,508,899	\$ 3,773,186	116.748 %	87.19 %
2019	0.354	3,765,494	-	3,765,494	3,583,900	105.067	89.26
2018	0.345	3,678,411	-	3,678,411	3,636,994	101.139	81.38
2017	0.357	4,819,925	-	4,819,925	3,620,065	133.145	85.40
2016	0.339	13,604,660	-	13,604,660	3,266,786	416.454	63.88
2015	0.357	4,056,355	-	4,056,355	3,273,052	123.932	86.60

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

PERA PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT PLAN
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS

Year Ending	Statutorily Required Contributions	Actual Contributions in Relation to Statutorily Required Contributions	Contribution (Deficiency) Excess	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2020	\$ 657,746	\$ 657,746	\$ -	\$ 3,716,079	17.70 %
2019	646,670	646,670	-	3,815,162	16.95
2018	590,778	590,778	-	3,646,778	16.20
2017	586,451	586,451	-	3,620,067	16.20
2016	542,416	542,416	-	3,348,250	16.20
2015	557,322	557,322	-	3,440,261	16.20

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The County's year-end is December 31.

See accompanying Notes to Required Supplementary Information.
(98)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
PERA PUBLIC EMPLOYEES CORRECTIONAL RETIREMENT PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.634 %	\$ 172,002	\$ 1,312,440	96.67 %
2019	0.602	83,388	1,236,805	98.17
2018	0.609	100,162	1,243,851	81.34
2017	0.600	1,710,006	1,207,719	67.90
2016	0.570	2,082,290	1,078,999	58.16
2015	0.560	86,576	1,004,779	96.90

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

PERA PUBLIC EMPLOYEES CORRECTIONAL RETIREMENT PLAN
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS

Year Ending	Actual Contributions in Relation to Statutorily Required Contributions			Actual Contributions as a Percentage of Covered Payroll	
	Statutorily Required Contributions	Statutorily Required Contributions	Contribution (Deficiency) Excess	Covered Payroll	Covered Payroll
2020	\$ 116,949	\$ 116,949	\$ -	\$ 1,336,560	8.75 %
2019	118,716	118,716	-	1,356,754	8.75
2018	110,010	110,010	-	1,257,257	8.75
2017	105,675	105,675	-	1,207,714	8.75
2016	97,475	97,475	-	1,113,853	8.75
2015	95,900	95,900	-	1,095,927	8.75

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The County's year-end is December 31.

See accompanying Notes to Required Supplementary Information.
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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 1 BUDGETARY INFORMATION

The County Board adopts an annual budget for the following major funds: The General Fund, Road and Bridge Special Revenue Fund, and Human Services Special Revenue Fund. These budgets are prepared on the modified accrual basis of accounting. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except for the Unorganized Towns Road and Bridge, Forfeited Tax, Environmental Special Revenue Funds, and the Capital Projects Fund.

Based on a process established by the County Board, all departments of the County submit requests for appropriations to the County Administrator each year. After review, analysis, and discussions with the departments, the Administrator's proposed budget is presented to the County Board for review. The County Board holds public hearings and a final budget must be prepared and adopted no later than December 28.

The overall budget is prepared by fund, function, and department. The legal level of budgetary control – the level at which expenditures may not legally exceed appropriations – is the fund level. Budgets may be amended during the year with proper approval.

NOTE 2 EXCESS OF EXPENDITURES OVER BUDGET

The following funds had expenditures in excess of budget at the fund level for the year ended December 31, 2020:

	Actual Expenditures	Final Budget	Expenditures in Excess of Budget
General Fund	\$ 33,783,516	\$ 29,342,688	\$ 4,440,828
Road and Bridge Fund	21,247,332	19,940,438	1,306,894
Human Services Fund	26,940,880	26,523,128	417,752

These over-expenditures were funded by greater than anticipated revenues in each fund, as well as existing fund balance.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended December 31, 2020:

General Employees Fund

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 changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
 - Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
 - Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
 - Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
 - The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the PUB-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
 - The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
 - The assumed spouse age difference was changed from two years older for females to one year older.
 - The assumed number of married male new retirees electing the 100% 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.

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.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

General Employees Fund (Continued)

2019 (Continued)

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreased 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 Assumption:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumption:

- 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.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

General Employees Fund (Continued)

2017 (Continued)

- Changes in Plan Provisions:
- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
 - The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016

- Changes in Actuarial Assumptions:
- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
 - The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
 - 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.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changes from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions

- There have been no changes since the prior valuation

Police and Fire Fund

2020

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

(103)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Police and Fire Fund (Continued)

2019

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions:

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Police and Fire Fund (Continued)

2017 (Continued)

Changes in Actuarial Assumptions (Continued):

- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% 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 changed from 7.9% to 5.6%.
- 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.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2037 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The postretirement benefit increase to be paid after the attainment of the 90.00% funding threshold was changed from inflation up to 2.50%, to a fixed rate of 2.50%.

(105)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Correctional Fund

2020

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions:

- The Single Discount Rate was changed from 5.96% per annum to 7.50% per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50% per year to 2.00% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019.
- Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.50% per year with a provision to reduce to 1.00% if the funding status declines to a certain level, to 100% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 2.50%, beginning January 1, 2019. If the funding status declines to 85.00% for two consecutive years or 80.00% for one year, the maximum increase will be lowered to 1.50%.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Correctional Fund (Continued)

2017

Changes in Actuarial Assumptions:

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested, deferred members. The CSA has been changed to 35% for vested members and 1% for non-vested members.
- The Single Discount Rate was changed from 5.31% per annum to 5.96% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions:

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.31%.
- 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 4 OTHER POSTEMPLOYMENT BENEFIT CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS:

The following changes were reflected in the valuation performed on behalf of the County for the year ended December 31, 2020.

2020

- The discount rate was increased from 2.74% to 2.12%.
- Valuation-year per capita health costs and the future trend on such costs were updated.
- Retiree contribution rates were updated to their current levels.
- The assumed salary scale was updated.
- Mortality, retirement, turnover, and disability rates were updated.
- The assumed age difference between future retirees and their spouses was decreased from three years to two years.

2019

- The discount rate was decreased from 4.10% to 2.74%.

2018

- The discount rate was increased from 3.44% to 4.10%.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
DESCRIPTION OF NONMAJOR FUNDS
YEAR ENDED DECEMBER 31, 2020

NONMAJOR FUNDS

Special Revenue Funds:

Forest Resources Fund – Is used to account for the operations of the County forests and payments from the state in lieu of taxes. Revenues for these activities are restricted by state statute.

Solid Waste Management Fund – Is used to account for the operations and maintenance of all solid waste transfer stations. The primary revenue source is special assessments.

Unorganized Towns Road and Bridge Fund – Is used to account for all funds to be used for construction and maintenance of highways and roads in unorganized townships. These activities are funded primarily through property tax revenues committed to this fund.

Debt Service Fund:

Debt Service Fund – Is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Property taxes are the primary revenue source restricted for repayment of debt through bond documents.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Nonmajor Special Revenue Funds				
	Forest Resources	Solid Waste Management	Unorganized Towns Road and Bridge	Total Special Revenue Funds	Debt Service Fund
ASSETS					
Cash and Pooled Investments	\$ -	\$ 2,246,240	\$ 6,252,945	\$ 8,499,185	\$ 1,217,813
Restricted Cash	-	-	-	-	2,000,520
Petty Cash and Change Funds	25	300	-	325	-
Undistributed Cash in Agency Funds	-	26,772	71,460	98,232	51,114
Taxes Receivable - Delinquent	-	-	117,688	117,688	63,420
Special Assessments Receivable:					
Delinquent	-	83,630	-	83,630	-
Accounts Receivable	46	18,079	-	18,125	-
Due from Other Funds	2,338,866	-	104,649	2,443,514	-
	<u>\$ 2,338,866</u>	<u>\$ 2,375,021</u>	<u>\$ 6,546,742</u>	<u>\$ 11,260,729</u>	<u>\$ 3,332,867</u>
Total Assets					
					<u>\$ 14,593,596</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ 83,226	\$ -	\$ 83,226	\$ -
Salaries Payable	55,611	10,674	-	66,285	-
Due to Other Funds	1,174,755	-	-	1,174,755	-
Due to Other Governments	5,892	-	-	5,892	-
Total Liabilities	<u>1,236,058</u>	<u>94,892</u>	<u>-</u>	<u>1,331,040</u>	<u>6,774</u>
					<u>1,331,040</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Taxes	-	-	117,688	117,688	63,420
Unavailable Special Assessments	-	83,630	-	83,630	-
Total Deferred Inflows of Resources	<u>-</u>	<u>83,630</u>	<u>117,688</u>	<u>201,318</u>	<u>63,420</u>
					<u>264,738</u>
FUND BALANCES					
Restricted for:					
Natural Resource Management	1,102,908	-	-	1,102,908	-
Debt Service	-	-	-	-	3,269,447
Assigned for:					
Unorganized Townships	-	-	6,429,054	6,429,054	-
Solid Waste Management	-	2,196,409	-	2,196,409	-
Total Fund Balances	<u>1,102,908</u>	<u>2,196,409</u>	<u>6,429,054</u>	<u>9,728,371</u>	<u>3,269,447</u>
					<u>12,997,818</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,338,866</u>	<u>\$ 2,375,021</u>	<u>\$ 6,546,742</u>	<u>\$ 11,260,729</u>	<u>\$ 3,332,867</u>
					<u>\$ 14,593,596</u>

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	Nonmajor Special Revenue Funds				Debt Service Fund	Total
	Forest Resources	Solid Waste Management	Unorganized Towns Road and Bridge	Total Special Revenue Funds		Nonmajor Funds
REVENUES						
Taxes	\$ -	\$ 29	\$ -	\$ 1,455,592	\$ 1,333,574	\$ 2,789,156
Special Assessments	-	1,291,558	-	1,291,558	-	1,291,558
Licenses and Permits	-	530	-	530	-	530
Intergovernmental	356,872	284,768	243,949	885,589	89,308	974,897
Charges for Services	22,980	746,129	-	769,109	-	769,109
Gifts and Contributions	28,008	-	-	28,008	-	28,008
Miscellaneous	172,520	7,093	-	179,613	-	179,613
Total Revenues	580,380	2,330,107	1,699,502	4,609,889	1,422,882	6,032,871
EXPENDITURES						
Current:						
Highways and Streets	-	-	1,044,273	1,044,273	-	1,044,273
Sanitation	-	2,127,008	-	2,127,008	-	2,127,008
Culture and Recreation	453,501	-	-	453,501	-	453,501
Conservation of Natural Resources	319,324	-	-	319,324	-	319,324
Capital Outlay:						
Sanitation	-	60,844	-	60,844	-	60,844
Conservation of Natural Resources	48,170	-	-	48,170	-	48,170
Debt Service:						
Principal	-	-	-	-	905,000	905,000
Interest	-	-	-	-	530,484	530,484
Administrative (Fiscal) Charges	-	-	-	-	2,090	2,090
Total Expenditures	820,995	2,187,852	1,044,273	4,053,120	1,437,574	5,490,694
Excess (Deficiency) of Revenues Over Expenditures	(240,615)	142,255	655,229	556,869	(14,692)	542,177
OTHER FINANCING SOURCES (USES)						
Transfers In	711,590	-	104,649	816,239	1,943,187	2,759,426
NET CHANGE IN FUND BALANCES	470,975	142,255	759,878	1,373,108	1,928,495	3,301,603
Fund Balances - Beginning of Year	631,933	2,054,154	5,659,176	8,355,263	1,340,952	9,696,215
FUND BALANCES - END OF YEAR	<u>\$ 1,102,908</u>	<u>\$ 2,196,409</u>	<u>\$ 6,429,054</u>	<u>\$ 9,728,371</u>	<u>\$ 3,269,447</u>	<u>\$ 12,897,818</u>

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
FOREST RESOURCES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 376,021	\$ 376,021	\$ 356,872	\$ (19,149)
Charges for Services	16,500	16,500	22,980	6,480
Gifts and Contributions	-	-	28,008	28,008
Miscellaneous	116,000	116,000	172,520	56,520
Total Revenues	508,521	508,521	580,380	71,859
EXPENDITURES				
Current:				
Culture and Recreation:				
Promotion	109,000	109,000	53,630	55,370
Parks	428,500	428,500	399,871	28,629
Total Culture and Recreation	537,500	537,500	453,501	83,999
Conservation of Natural Resources:				
Other	2,251,168	2,251,168	319,324	1,931,844
Capital Outlay:				
Conservation of Natural Resources	25,425	25,425	48,170	(22,745)
Total Expenditures	2,814,093	2,814,093	820,995	1,993,098
Excess (Deficiency) of Revenues Over Expenditures	(2,305,572)	(2,305,572)	(240,615)	2,064,957
OTHER FINANCING SOURCES (USES)				
Transfers In	2,305,572	2,305,572	711,590	(1,593,982)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>470,975</u>	<u>\$ 470,975</u>
Fund Balance - Beginning of Year			631,933	
FUND BALANCE - END OF YEAR			<u>\$ 1,102,908</u>	

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SOLID WASTE MANAGEMENT SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ -	\$ -	29	\$ 29
Special Assessments	1,253,327	1,253,327	1,291,558	38,231
Licenses and Permits	500	500	530	30
Intergovernmental	133,382	133,382	284,768	151,386
Charges for Services	640,000	640,000	746,129	106,129
Miscellaneous	10,000	10,000	7,093	(2,907)
Total Revenues	2,037,209	2,037,209	2,330,107	292,898
EXPENDITURES				
Current:				
Sanitation:				
Solid Waste	1,997,209	1,997,209	2,127,008	(129,799)
Capital Outlay:				
Sanitation	40,000	40,000	60,844	(20,844)
Total Expenditures	2,037,209	2,037,209	2,187,852	(150,643)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	142,255	\$ 142,255
Fund Balance - Beginning of Year			2,054,154	
FUND BALANCE - END OF YEAR			<u>\$ 2,196,409</u>	

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 1,427,110	\$ 1,427,110	\$ 1,333,574	\$ (93,536)
Intergovernmental	-	-	89,308	89,308
Total Revenues	1,427,110	1,427,110	1,422,882	(4,228)
EXPENDITURES				
Debt Service:				
Principal Retirement	870,000	870,000	905,000	(35,000)
Interest	557,110	557,110	530,484	26,626
Administrative (Fiscal) Charges	-	-	2,090	(2,090)
Total Debt Service	1,427,110	1,427,110	1,437,574	(10,464)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(14,692)	(14,692)
OTHER FINANCING SOURCES				
Transfers In	-	-	1,943,187	1,943,187
NET CHANGE IN FUND BALANCE	\$ -	\$ -	1,928,495	\$ 1,928,495
Fund Balance - Beginning of Year			1,340,952	
FUND BALANCE - END OF YEAR			<u>\$ 3,269,447</u>	

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**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
DESCRIPTION OF FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

FIDUCIARY FUNDS

Custodial Funds

Community Health Services Fund – Is used to account for the receipts and disbursements of Atkin-Itasca-Koochiching Community Health Services Board.

Civil Process Fund – Is used to maintain compliance with State guidelines regarding the proper handling of seized assets.

Itasca County Regional Radio Board Fund – Is used to account for the activity of the Itasca County Radio Board which is comprised of funds received from cities within the County for the purchase of new equipment in future years.

Northeast Minnesota Regional Radio Board Fund – Is used to account for the receipts and disbursements of the Northeast Minnesota Regional Radio Board for which the County is the fiscal agent.

Arrowhead Procure Reserve Fund – Is used to account for the receipts and disbursements of the County's Arrowhead Procure Reserve.

Itasca County Family Services Collaborative Fund – Is used to account for an interagency agreement between the County and school districts for the purpose of planning and coordination of family services within the County.

Special Districts Fund – Is used to account for funds of the collection of taxes and penalties and other revenues and their distribution to special taxing districts and unorganized fire departments.

Cities and Towns Fund – Is used to account for the collection of taxes and penalties and their distribution to the various cities and towns.

School Districts Fund – Is used to account for the collection of taxes and penalties and their distribution to the various school districts.

State Fund – Is used to account for the collection and payment of funds due to the state of Minnesota.

Jail Inmate Fund – Is used to account for deposits and withdrawals made by inmates of the Itasca County Jail.

Cemetery Fund – Is used to account for receipts and disbursements of the Cemetery.

Estate Recoveries Fund – Is used to hold the State's portion of estates from deceased parties within the County until such a time they can be analyzed and disbursed appropriately.

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**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2020**

	Custodial Funds			
	Community Health Services	Civil Process	Itasca County Regional Radio Board	NE MN Regional Radio Board
ASSETS				
Cash and Cash Equivalents	\$ 134,710	\$ -	\$ 439,735	\$ 294,772
Due from Other Governments	290,994	-	-	-
Taxes Receivable For Other Governments	-	-	-	-
Accounts Receivable	-	-	-	-
Total Assets	425,704	-	439,735	294,772
LIABILITIES				
Accounts Payable	1,290	-	-	-
Due to Other Governments	57,512	-	-	-
Total Liabilities	58,802	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Collected for Subsequent Period	-	-	-	-
NET POSITION				
Restricted for:				
Individuals, Organizations, and				
Other Governments	\$ 366,902	\$ -	\$ 439,735	\$ 294,772

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)
DECEMBER 31, 2020

	Custodial Funds				
	Arrowhead Procure Reserve Board	Itasca County Family Services Collaborative	Special Districts	Cities and Towns	Schools
ASSETS					
Cash and Cash Equivalents	\$ -	\$ 301,569	\$ 30,066	\$ 790,173	\$ 823,462
Due from Other Governments	-	-	-	-	-
Taxes Receivable For Other Governments	-	-	27,366	2,198,330	484,363
Accounts Receivable	-	-	7,326	-	-
Total Assets	-	301,569	64,758	2,988,503	1,307,825
LIABILITIES					
Accounts Payable	-	-	-	-	-
Due to Other Governments	-	-	37,392	754,456	823,462
Total Liabilities	-	-	37,392	754,456	823,462
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Collected for Subsequent Period	-	-	-	35,717	-
NET POSITION					
Restricted for:					
Individuals, Organizations, and					
Other Governments	\$ -	\$ 301,569	\$ 27,366	\$ 2,198,330	\$ 484,363

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)
DECEMBER 31, 2020

	Custodial Funds				
	State Revenue	Jail Inmate	Cemetery	Estate Recoveries	Total Custodial Funds
ASSETS					
Cash and Cash Equivalents	\$ 567,617	\$ 22,047	\$ 55,068	\$ 1,557,788	\$ 5,017,007
Due from Other Governments	-	-	-	-	290,994
Taxes Receivable For Other Governments	220,209	-	-	-	2,930,268
Accounts Receivable	2,191	-	-	-	9,517
Total Assets	790,017	22,047	55,068	1,557,788	8,247,786
LIABILITIES					
Accounts Payable	-	-	-	-	1,290
Due to Other Governments	554,012	-	-	1,557,788	3,784,622
Total Liabilities	554,012	-	-	1,557,788	3,785,912
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Collected for Subsequent Period	-	-	-	-	35,717
NET POSITION					
Restricted for:					
Individuals, Organizations, and					
Other Governments	\$ 236,005	\$ 22,047	\$ 55,068	\$ -	\$ 4,426,157

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	Custodial Funds			
	Community Health Services	Civil Process	Itasca County Regional Board	NE MN Regional Board
ADDITIONS				
Contributions:				
Individuals	\$ -	\$ 393,405	\$ -	\$ -
Investment Earnings	-	-	-	-
Interest, Dividends and Other	-	-	-	-
Intergovernmental	1,695,253	-	-	-
Property Tax Collections for Other Governments	-	-	-	-
License and Fees Collected for State	-	-	-	-
Miscellaneous	-	-	1,050	-
Total Additions	1,695,253	393,405	1,050	-
DEDUCTIONS				
Beneficiary Payments to Individuals	-	393,405	-	-
Payments of Property Tax to Other Governments	-	-	-	-
Payments to State	-	-	-	-
Administrative Expense	-	-	-	3,186
Payments to Other Entities	1,625,150	-	132,002	-
Total Deductions	1,625,150	393,405	132,002	3,186
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	70,103	-	(130,952)	(3,186)
Fiduciary Net Position - Beginning of Year	-	-	-	-
Change in Accounting Principle	296,799	-	570,687	297,958
Fiduciary Net Position - Beginning of Year, as Restated	296,799	-	570,687	297,958
FIDUCIARY NET POSITION - END OF YEAR	\$ 366,902	\$ -	\$ 439,735	\$ 294,772

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

	Custodial Funds				
	Arrowhead Reserve Board	Itasca County Collaborative	Special Districts	Cities and Towns	Schools
ADDITIONS					
Contributions:					
Individuals	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-	-
Interest, Dividends and Other	-	149	-	-	-
Intergovernmental	-	390,235	-	-	-
Property Tax Collections for Other Governments	-	-	2,277,633	22,091,469	25,631,924
License and Fees Collected for State	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Additions	191	390,384	2,277,633	22,091,469	25,631,924
DEDUCTIONS					
Beneficiary Payments to Individuals	-	-	-	-	-
Payments of Property Tax to Other Governments	-	-	2,275,509	22,080,226	25,626,369
Payments to State	-	-	-	-	-
Administrative Expense	-	-	-	-	-
Payments to Other Entities	22,611	387,895	-	-	-
Total Deductions	22,611	387,895	2,275,509	22,080,226	25,626,369
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(22,420)	2,489	2,124	11,243	5,555
Fiduciary Net Position - Beginning of Year	-	-	-	-	-
Change in Accounting Principle	22,420	299,080	25,242	2,187,087	478,808
Fiduciary Net Position - Beginning of Year, as Restated	22,420	299,080	25,242	2,187,087	478,808
FIDUCIARY NET POSITION - END OF YEAR	\$ -	\$ 301,569	\$ 27,366	\$ 2,198,330	\$ 484,363

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

	Custodial Funds				
	State Revenue	Jail Inmate	Cemetery	Estate Recoveries	Total Custodial Funds
ADDITIONS					
Contributions:					
Individuals	\$ -	\$ 109,823	\$ -	\$ -	\$ 503,228
Investment Earnings	-	-	427	-	576
Interest, Dividends and Other	-	-	-	-	2,085,488
Intergovernmental	-	-	-	-	50,001,026
Property Tax Collections for Other Governments	12,273,795	-	-	-	12,273,795
License and Fees Collected for State	-	-	-	578,334	579,575
Miscellaneous	-	-	-	-	-
Total Additions	12,273,795	109,823	427	578,334	65,443,688
DEDUCTIONS					
Beneficiary Payments to Individuals	-	118,850	-	-	512,255
Payments of Property Tax to Other Governments	-	-	-	-	49,982,104
Payments to State	12,265,897	-	-	578,334	12,844,231
Administrative Expense	-	-	-	-	3,186
Payments to Other Entities	-	-	-	-	-
Total Deductions	12,265,897	118,850	-	578,334	2,167,688
NET INCREASE (DECREASE)	7,898	(9,027)	427	-	(65,746)
IN FIDUCIARY NET POSITION					
Fiduciary Net Position - Beginning of Year	-	-	-	-	-
Change in Accounting Principle	228,107	31,074	54,641	-	4,491,903
Fiduciary Net Position - Beginning of Year, as Restated	228,107	31,074	54,641	-	4,491,903
FIDUCIARY NET POSITION - END OF YEAR	\$ 236,005	\$ 22,047	\$ 55,068	\$ -	\$ 4,426,157

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2020

Appropriations and Shared Revenue:	
State:	\$
Highway Users Tax	12,234,309
County Program Aid	2,416,498
PERA Rate Reimbursement	111,019
Disparity Reduction Aid	162,260
Police Aid	378,042
Taconite Credit	703,323
E-911	126,359
Market Value Credit	138,407
Supplemental Aid	1,668,923
Aquatic Invasive Species	643,308
Out of Home Placement	83,708
Riparian Aid	40,000
Casino Revenue Aid	453,532
Total Appropriations and Shared Revenue	19,159,708
Reimbursement for Services:	
MN Department of Human Services	1,813,200
Payments:	
State:	1,421,418
Payment in Lieu of Taxes	
Local:	72,100
Local Contributions	
Total Payments	1,493,518
Grants:	
Minnesota Department of:	
Corrections	292,467
Health	245,693
Human Services	3,037,245
Natural Resources	177,285
Peace Officers (POST)	50,809
Public Safety	9,836
Pollution Control Agency	129,026
Secretary of State	181,809
Water and Soil Resources	123,302
Total State	4,247,472
Federal:	
Agriculture	895,695
Interior	506,001
Justice	243,032
Transportation	521,094
Health and Human Services	4,845,967
Homeland Security	147,321
Treasury	5,806,048
Election	44,284
Total Federal	13,009,442
Total State and Federal Grants	17,256,914
Total Intergovernmental Revenue	\$ 39,723,340

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**INDEPENDENT AUDITORS' 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**

Board of County Commissioners
Itasca County
Grand Rapids, 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, each major fund, and the aggregate remaining fund information of Itasca County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Itasca County's basic financial statements, and have issued our report thereon dated October 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Itasca County'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 Itasca County's internal control. Accordingly, we do not express an opinion on the effectiveness of Itasca County'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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, 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 questioned costs as items 2020-001 to 2020-003 to be material weaknesses.

**REPORTS RELATED TO GOVERNMENT AUDIT
STANDARDS AND SINGLE AUDIT**



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Board of County Commissioners
Itasca County

Internal Control Over Financial Reporting (Continued)

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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-004 and 2020-005 to be significant deficiencies.

Compliance and Other Matters

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

Itasca County's Responses to Findings

Itasca County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Itasca County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
October 28, 2021



CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of County Commissioners
Itasca County
Grand Rapids, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Itasca County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Itasca County's major federal programs for the year ended December 31, 2020. Itasca County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Itasca County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Itasca County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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



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Board of County Commissioners
Itasca County

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-006 to 2020-008. Our opinion on each major federal program is not modified with respect to these matters.

Itasca County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Itasca County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-007 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-006 and 2020-008 to be significant deficiencies.

Board of County Commissioners
Itasca County

Itasca County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Itasca County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Purpose of this Report

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



CliftonLarsonAllen LLP

Brainerd, Minnesota
October 28, 2021

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020

Section I – Summary of the Auditors' Results

Basic Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes none reported
3. Noncompliance material to basic financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Fund
93.658	Title IV-E Foster Care Program
93.778	Medical Assistance Program (Medicaid Cluster)
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	_____ yes x no

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section II – Financial Statement Findings

AUDIT ADJUSTMENTS (2020-001)

Material Weakness in Internal Control Over Financial Reporting

Condition and Context

As part of the audit, we proposed material adjustments for closing the County's books at year-end, recording of accruals, net pension liability and related deferred inflows and outflows of resources, prior period adjustment, GASB 84 adjustments, and reclassifications of fund balances between categories and revenues and expenditures to the proper accounts.

Criteria

County management is responsible for establishing and maintaining internal controls for the proper recording of all County receipts and disbursements, including reclassifications between funds and activity of all investing and savings accounts.

Effect

The design of the internal controls over recording revenues and expenditures, including reclassifications, could affect the ability of the County to detect or prevent errors, a misappropriation of assets, or fraudulent activity.

Cause

The County has a limited number of personnel.

Repeat Finding

Yes, Finding 2019-001.

Recommendation

We recommend County management be consistently aware of all procedures and processes involved in recording receipts, disbursements, and reclassifications, and develop internal control policies to ensure proper recording of these items. It was noted significant adjustments were made to accounts payable, prepaid, and cash accounts; therefore, we recommend a review of processes and procedures related to recording of those balances.

Views of Responsible Officials

There is no disagreement with the audit finding.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section II – Financial Statement Findings (Continued)

FINANCIAL STATEMENT PREPARATION (2020-002)
Material Weakness in Internal Control over Financial Reporting

Condition and Context

As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. The County does not have an internal control policy in place over preparation or review of the annual financial statements that would enable management to prepare the financial statements and related note disclosures in accordance with applicable accounting and reporting standards. Management reviews and accepts responsibility for the financial statements.

Criteria

County management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with applicable accounting and reporting standards.

Effect

The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the County's internal controls.

Cause

The County has a limited number of personnel.

Repeat Finding

Yes, Finding 2019-002.

Recommendation

We recommend the County continue to evaluate its internal staff capacity to determine if an internal control policy over the preparation of the financial statements and other areas is beneficial.

Views of Responsible Officials

There is no disagreement with the audit finding.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section II – Financial Statement Findings (Continued)

INCOMPLETE BANK RECONCILIATION (2020-003)
Material Weakness in Internal Control over Financial Reporting

Condition and Context

The cash and investment reconciliations for year-end 2020 were not completed in a timely manner.

Criteria

As part of sound financial controls over cash and investments balances, the County should reconcile its bank and investment accounts to its general ledger at the end of each calendar year.

Effect

Absence of a complete and accurate reconciliation of the County's cash each month diminishes the ability of the County's management to provide timely and accurate reporting of financial information.

Cause

There were no formal policies and procedures relating to the cash and investment reconciling procedures.

Repeat Finding

Not applicable.

Recommendation

We recommend the County staff complete a precise and timely reconciliation of the County's bank accounts to its general ledger each month, and the County document the review of these monthly reconciliations.

Views of Responsible Officials

There is no disagreement with the audit finding.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section II – Financial Statement Findings (Continued)

SEGREGATION OF DUTIES (2020-004)

Significant Deficiency in Internal Control over Financial Reporting

Condition and Context

Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place for various departments/offices in the County.

Criteria

Management should always be aware of the need to have adequate segregation of duties regarding the processing of transactions for the County. In addition, management should be aware that the concentration of duties and responsibilities in one or a very few individuals is not desirable from an internal control perspective.

Effect

The lack of adequate segregation of duties can result in incorrect financial information, failure to detect misstatements or misappropriations, and the lack of adherence to the County's procedures.

Cause

The County has a limited number of personnel within several departments/offices.

Repeat Finding

Yes, Finding 2019-003.

Recommendation

We recommend management be aware of the lack of segregation of duties within the accounting functions and provide oversight to ensure the internal control policies and procedures are being implemented by organization staff.

Views of Responsible Officials

There is no disagreement with the audit finding.

(132)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section II – Financial Statement Findings (Continued)

UNAUTHORIZED BANK SIGNERS (2020-005)

Significant Deficiency in Internal Control over Financial Reporting

Condition and Context

During our audit it was noted that a former employee was still listed with signing rights to one of the bank accounts held by the County.

Criteria

Standard Internal controls suggest bank account authorizations be updated when employees terminate from a County position.

Effect

Former employees that are authorized signers may have management level access to cash accounts.

Cause

Lack of oversight.

Repeat Finding

Yes, Finding 2019-005.

Recommendation

We recommend the County review their employee termination process and documentation.

Views of Responsible Officials

There is no disagreement with the audit finding.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section III – Major Federal Programs Findings and Questioned Costs

ASSET THRESHOLDS (2020-006)

Federal Agency: U.S. Department of Health and Human Services
Federal Program Title: Medical Assistance Program (Medicaid Cluster)
CFDA Number: 93.778
Pass-Through Agency: Minnesota Department of Human Services
Pass-Through Numbers: 2005MN5ADM, 2005MN5MAP
Compliance Requirement Affected: Eligibility
Award Period: January 1, 2020 through December 31, 2020
Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

Criteria

All individuals receiving Medical Assistance must meet specific asset guidelines to be eligible.

Condition and Context

During our statistically valid sample testing of eligibility and inquiry and testing of 60 casefiles, it was noted that two individuals had information in the County's case management system (OnBase) updated with current asset information, but the eligibility software (MAXIS) did not contain the updated information. The sample sizes were based on guidance from chapter 11 of the AICPA audit guide, Government Auditing Standards and Single Audits.

Cause

Lack of management oversight.

Effect

Errors made in determining eligibility may not be discovered and benefits may be issued to clients who are not eligible.

Questioned Costs

Not able to be determined.

Repeat Finding

Yes, Finding 2019-006.

Recommendation

We recommend the County review asset verification for each eligible case file.

Views of Responsible Officials

There is no disagreement with the audit finding.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section III – Major Federal Programs Findings and Questioned Costs (Continued)

CASFILE REVIEW (2020-007)

Federal Agency: U.S. Department of Health and Human Services
Federal Program Title: Medical Assistance Program (Medicaid Cluster)
CFDA Number: 93.778
Pass-Through Agency: Minnesota Department of Human Services
Pass-Through Numbers: 2005MN5ADM, 2005MN5MAP
Compliance Requirement Affected: Eligibility
Award Period: January 1, 2020 through December 31, 2020
Type of Finding: Material Weakness in Internal Control over Compliance and Other Matter

Criteria

Standard internal control procedures recommend internal reviews over case file eligibility determinations to ascertain case workers are complying with state and federal requirements and correctly determining program eligibility.

Condition and Context

During our statistically valid sample testing of eligibility and inquiry and testing of case file reviews completed during 2020 for Medical Assistance, it was noted that there were no documented case file reviews performed. The sample sizes were based on guidance from chapter 11 of the AICPA audit guide, Government Auditing Standards and Single Audits.

Cause

Lack of management oversight.

Effect

Errors made in determining eligibility may not be discovered and benefits may be issued to clients who are not eligible.

Questioned Costs

Not able to be determined.

Repeat Finding

Prior year finding identified as Finding 2019-007.

Recommendation

We recommend the County review case files on a periodic basis throughout the year and document the review.

Views of Responsible Officials

There is no disagreement with the audit finding.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section III – Major Federal Programs Findings and Questioned Costs (Continued)

CONTROLS OVER REPORTING (2020-008)

Federal Agency: U.S. Department of Treasury

Federal Program Title: COVID-19 Coronavirus Relief Fund

CFDA Number: 21.019

Pass-Through Numbers: Minnesota Department of Revenue

SLT0016

Compliance Requirement Affected: Reporting

Award Period: March 1, 2020 through December 1, 2020

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

Criteria

Local Governments receiving Coronavirus Relief Funds (CRF) have guidance from the State of Minnesota that states spending reports must be filed by the 7th business day of the following month.

Condition and Context

During our statistically valid sample testing of reporting, it was noted that 1 of 4 monthly reports tested were submitted past the due date established by the FAQs for Local Governments receiving Coronavirus Relief Funds (CRF) from the State of Minnesota. The sample sizes were based on guidance from chapter 11 of the AICPA audit guide, *Government Auditing Standards and Single Audits*.

Cause

Lack of management oversight due to it being a new grant.

Effect

The County could risk loss of funding for later submission of required reporting.

Questioned Costs

None

Repeat Finding:

Not Applicable.

Recommendation

We recommend the County implement procedures to ensure any future reports are submitted timely.

Views of Responsible Officials

There is no disagreement with the audit finding.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section IV – Other Items for Consideration

TIMELY PAYMENT OF CLAIMS (2020-009)

Minnesota Legal Compliance

Condition and Context

During audit procedures, it was noted that one out of forty invoices was not paid within the standard timeline of 35 days from the receipt of the invoice.

Criteria

Minnesota Statutes §471.425 requires prompt payment of local government bills with the standard timeline of 35 days from the receipt of the invoice.

Possible Effect

The County is not in compliance with Minnesota Statutes §471.425 and is at an increased risk of incurring late fees by not paying items in a timely manner.

Cause

Lack of management oversight.

Repeat Finding

Yes, Finding 2019-009.

Recommendation

We recommend the County implement procedures to ensure timely payment of all claims.

Views of Responsible Officials

There is no disagreement with the audit finding.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section IV – Other Items for Consideration (Continued)

PUBLISHING OF YEARLY FINANCIAL STATEMENTS (2020-010)
Minnesota Legal Compliance

Condition and Context

During audit procedures, it was noted that the County did not publish their financial statements after the 2020 audit was completed.

Criteria

Minnesota Statutes §375.17 requires local governments to publish their financial statements each year under the form and style prescribed by and on file with the Minnesota Office of the State Auditor.

Possible Effect

The County is not in compliance with Minnesota Statutes §375.17, and its constituents may not be able to provide any oversight of the County.

Cause

Lack of management oversight.

Repeat Finding

Not applicable.

Recommendation

We recommend the County implement procedures to ensure their yearly financial statements are published in their designated newspaper.

Views of Responsible Officials

There is no disagreement with the audit finding.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

2019-001
Audit Adjustments

See current year finding 2020-001.

Reason for Finding's Recurrence: The County has unique transactions not in the normal course of business in 2020 that needed to be adjusted.

2019-002
Financial Reporting Process

See current year finding 2020-002.

Reason for Finding's Recurrence: The County has limited personnel and is working on improvements to the year-end reporting process.

2019-003
Segregation of Duties

See current year finding 2020-004.

Reason for Finding's Recurrence: The County has not segregated duties due to it not being cost beneficial.

2019-004
Controls Over Inventory Activity

Resolution: During current year testing, no similar instances were noted.

2019-005
Unauthorized Bank Signers

See current year finding 2020-005.

Reason for Finding's Recurrence: The County was not aware this signer was still included on the bank account while reviewing signing authority.

2019-006
Asset Thresholds

See current year finding 2020-006.

Reason for Finding's Recurrence: The County has not implemented procedures to ensure the assets are properly updated in MAXIS for Medical Assistance.

2019-007
Casefile Review

See current year finding 2020-007.

Reason for Finding's Recurrence: The County has not implemented casefile reviews for Medical Assistance.

2019-008
Review for Accuracy

Resolution: During current year testing, no similar instances were noted.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

2019-009

Timely Payment of Claims

See current year finding 2020-009.

Reason for Finding's Recurrence: The County has not implemented procedures to ensure timely payment of all claims.

(140)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Numbers	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Community Health Services Board - Supplemental Food Program for Women, Infants, and Children (WIC)	10.557	2020MN004W1003	\$ 122,024	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for Food Stamp Programs (Part of Supplemental Nutrition Assistance Program Cluster)	10.561	192MN101S2514	507,276	-
Passed Through Minnesota Department of Natural Resources Cooperative Forestry Assistance	10.664	R2SG3016292	46,645	-
Passed Through Minnesota Management & Budget Schools and Roads - Grants to States (Part of Forest Service Schools to Roads Cluster)	10.665	GRUSDFORESTRY	171,079	-
Total Department of Agriculture			847,024	-
U.S. Department of Interior				
Direct:				
Payments in Lieu of Taxes	15.226	N/A	506,001	-
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Missing Children's Assistance	16.543	P07300CA2016	2,000	-
Crime Victim Assistance	16.575	F-CVS-2020-ITASCAO	58,873	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	F-JAG-2019-ITASCAO	92,890	-
Direct:				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	N/A	60,065	-
Total Department of Justice			213,828	-
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction (Part of Highway Planning and Construction Cluster)	20.205	T1C595	3,997	-
Highway Planning and Construction (Part of Highway Planning and Construction Cluster)	20.205	T1F140	497,971	-
Total			501,968	-
Passed Through Minnesota Department of Public Safety State and Community Highway Safety (Part of Highway Safety Cluster)	20.600	F-SAFE20-2020-ITASCAO	4,606	-
Passed Through Minnesota Department of Public Safety and St. Louis County 2019 DECN Next Generation Geographic Information System	20.615	A-DECN-NGIS-219-NEECB2-3	14,520	-
Total Department of Transportation			521,094	-
U.S. Department of Treasury				
Passed Through Minnesota Department of Revenue COVID-19 Coronavirus Relief Fund	21.019	STL0016	5,806,048	210,540
U.S. Federal Election Assistance Commission				
Passed Through Minnesota Department of Management and Budget COVID-19 2018 HAVA Election Security Grants	90.404	EAC201908MNCOVID	44,284	-

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this section.
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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Federal Grant/Pass through Grant/Program or Cluster Title	Federal CFDA Identifying Number	Pass-Through Entity Identifying Numbers	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed Through Atake-Itasca-Koochiching Community Health Services Board				
Public Health Emergency Preparedness	93.069	U00TP000529	\$ 24,479	\$ -
Temporary Assistance for Needy Families (Part of 93.558; Total \$610,991)	93.558	2001MNTANF	72,592	-
Maternal and Child Health Services Block Grant to the States	93.904	B04MC29349	75,089	-
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	2001MNFPS	23,214	-
Temporary Assistance for Needy Families (Part of 93.558; Total \$610,991)	93.558	2001MNTANF	538,399	-
Child Support Enforcement	93.563	2001MNGSES	325,235	-
Child Support Enforcement	93.563	2001MNCES	1,012,519	-
Total			1,337,754	-
Refugee and Entrant Assistance - State Administered Programs	93.566	2001MNRDMA	630	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP	4,131	-
Child Care and Development Block Grant (Part of Child Care Cluster)	93.575	2001MNCDF	7,446	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	10,981	-
Foster Care - Title IV-E	93.658	2001MNFOS	377,061	-
Social Services Block Grant Title XX	93.667	2001MNSOSR	299,537	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001MNCILP	11,678	-
Children's Health Insurance Program	93.767	2005MNS021	295	-
Medical Assistance Program (Part of Medicaid Cluster)	93.778	2005MNSADM	2,034,066	-
Total Department of Health and Human Services			4,817,352	-
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	ITASCA FBE-100820	35,785	-
Passed Through Minnesota Department of Public Safety Emergency Management Performance Grant	97.042	F-EMPG-2019-ITASCA0-3115	29,340	-
Homeland Security Grant Program	97.067	F-SHSP-2019-HSEM20TA	84,998	-
Total Department of Homeland Security			150,123	-
Total Expenditures of Federal Awards			\$ 12,905,754	\$ 210,540

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this section.
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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

- Notes to the Schedule of Expenditures of Federal Awards**
The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Itasca County. The County's reporting entity is defined in Note 1 to the financial statements.
- The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Itasca County under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) from the Office of Management and Budget (OMB). Because the schedule presents only a selected portion of the operations of Itasca County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Itasca County.
- Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, for all awards with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Itasca County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation to the Schedule of Intergovernmental Revenue:	
Federal Grant Revenue per Schedule of Intergovernmental Revenue:	\$ 13,009,442
Grants Received More than 90 Days After Year-End: Unavailable in 2020:	
Temporary Assistance for Needy Families (93.558)	156,127
Public Health Emergency Preparedness (93.556)	4,411
Promoting Safe and Stable Families (93.559)	3,785
Stephanie Tubbs Jones Child Welfare Services Program (93.645)	1,332
Maternal and Child Health Services Block Grant to the States (93.994)	11,568
Homeland Security Grant Program (97.067)	40,480
Deferred in 2019, Recognized as Revenue in 2020:	
Temporary Assistance for Needy Families (93.558)	(118,072)
Promoting Safe and Stable Families (93.559)	(17,426)
Stephanie Tubbs Jones Child Welfare Services Program (93.645)	(2,223)
Foster Care Title IV-E (93.658)	(62,399)
John H. Chafee Foster Care Program for Successful Transition to Adulthood (93.674)	(3,050)
Community-Based Child Abuse Prevention Grants (93.590)	(1,790)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (93.596)	(880)
Homeland Security Grant Program (97.067)	(37,676)
Supplemental Food Program for Women, Infants, and Children (WIC) (10.557)	(48,671)
Edward Byrne Memorial Justice Assistance Grant Program (16.738)	(29,204)
Expenditures per Schedule of Expenditures of Federal Awards	\$ 12,905,754

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this section.
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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Itasca County
Grand Rapids, 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 *Governmental Auditing Standards* issued by the Comptroller of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Itasca County (the County), Minnesota, as of December 31, 2020 and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 28, 2021.

In connection with our audit, we noted that Itasca County failed to comply with provisions of the claims and disbursements and miscellaneous provisions of *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, in so far as they relate to accounting matters as described in detail in the schedule of findings and questioned costs as items 2020-009 and 2020-010. Also, in connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, and public indebtedness sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

Itasca County's written responses to the legal compliance findings identified in our audit are described in the schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
October 28, 2021



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**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

REQUEST FOR BOARD ACTION: RBA-2022-2489

DEPARTMENT: Land Department

TIME REQUESTED: < 5 Minutes

PRESENTER: Sara Thompson

AGENDA ITEM:

Driftskippers Snowmobile Club Trail Improvement Grant Resolution

BOARD ACTION REQUESTED:

Adopt the Resolution Re:Driftskippers Snowmobile Club Trail Improvement Program Grant Application and authorize necessary signatures.

BACKGROUND:

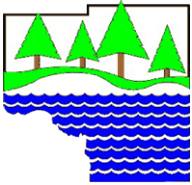
The Driftskippers Snowmobile Club is looking to apply for Trail Improvement dollars to assist in the trail rehabilitation of their trail coming off Pokegama lake (Pokegama Lake Trail). They would like to widen the trail and place a culvert to improve a drainage that is crossing the trail. The application has been submitted, but the resolution needed further information.

COUNTY ATTORNEY REVIEW: N/A

SUPPORTING DOCUMENTATION:

1. Driftskipper's Trail Improvment Grant 2022
2. Driftskipper's Trail Improvment Grant 2022 background

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Davin Tinquist
SECONDER:	Commissioner Leo Trunt
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

RESOLUTION 2022-44

RE: DRIFTSKIPERS SNOWMOBILE CLUB TRAIL IMPROVEMENT GRANT APPLICATION

WHEREAS, Itasca County, as sponsor, recognizes the importance of recreational trails to the local economy and supports the grant application made to the Minnesota Department of Natural Resources for the Snowmobile Trail Improvement Program, and

WHEREAS, the Driftskipper Snowmobile Club is working to seek funding for major rehabilitation on a re-route project on the Pokegama Lake Snowmobile Trail, and

WHEREAS, the Snowmobile Trail Improvement Program is available to fund seventy-five (75) percent of the cost of projects under this grant, and

WHEREAS, Itasca County affirms that the Driftskipper Snowmobile Club recognizes the twenty-five (25) match requirements for the Trail Improvement grant program, and that they will secure matching funds.

NOW THEREFORE BE IT RESOLVED, if Itasca County is awarded a grant by the Minnesota Department of Natural resources, Itasca County agrees to accept the grant award, and may enter into an agreement with the State of Minnesota for the above referenced project. Itasca County will comply with all applicable laws, environmental requirements and regulations as stated in the grant agreement, and

BE IT FURTHER RESOLVED, that Itasca County will accept the sponsorship role for this project involving funding in State fiscal years 22-24, from July 1, 2021 through June 30, 2024.

BE IT FURTHER RESOLVED, the Itasca County Auditor, 123 NE 4th St. Grand Rapids, MN. 55744 be named as the fiscal agent for this project (or grant).

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Davin Tinquist
SECONDER:	Commissioner Leo Trunt
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

STATE OF MINNESOTA
Office of County Administrator
ss. County of Itasca

I, BRETT SKYLES, Administrator of the County of Itasca, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 5th day of July A.D. 2022 and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Grand Rapids, Minnesota, this 5th day of July A.D. 2022.

Administrator

MINNESOTA SNOWMOBILE TRAIL ASSISTANCE PROGRAM FY22
TRAIL IMPROVEMENT PROJECT APPLICATION – ROUND THREE

Description: Qualitative analysis of club goals and how the club engages the communities served.

Project type (Select all that apply):

- ☒ Major Rehabilitation Project ☐ Bridge Project ☐ Major Reroute Project
☐ Acquisition Project ☐ New Development and Additions to the GIA System

Applicant Information

1. Trail/Club Name (Same as Regular Grant): Itasca Driftskippers	2. Unit of Government Sponsor: Itasca County	3. Date: 5-17-22
4. Project Title: Pokegama Lake Trail Access Trail Improvement Project		
5. Trail Administrator Name: President, Rusty Eichorn	6. Trail Administrator Signature:	
7. Address (Street, Box Number, City, State, Zip Code): Address	8. Email address (Provide an email that grant decisions can be sent to): rusty@rustyeichorn.com; 218-244-1049	9. Home/Work Phone Number(s):
10. GIA Trail Number: 142	11. Miles of New Trail Construction (If Applicable): N/A	

12. Grant Request and Matching Funds

Grant Request:	\$ 14,602	Source of Cash Match (describe below in the box next to \$ amount, including GIA grooming and maintenance grants):	Are match funds secured? (Yes/No)	Grant-in-Aid Funds (Yes/No)	Charitable Gambling Funds (Yes/No)
Matching Funds	\$ 4,868	Club fundraising account	Yes	No	No
(25% match required):	\$				
	\$				
Total Project Cost:	\$ 19,470	(Grant Request + Matching Funds must equal Total Project Cost)			

MINNESOTA SNOWMOBILE TRAIL ASSISTANCE PROGRAM FY22
TRAIL IMPROVEMENT PROJECT APPLICATION – ROUND THREE

Project Cost Breakdown and Explanation (Detail what costs are associated with each project component. For multiple project types, please attach additional pages for each project type. For example, costs for trail rehabilitation and separate costs for bridge construction.)				
13A. ADMINISTRATION Explanation: 8 hours of gathering quotes and completing paperwork. - 8 x \$20/hour = \$160				TOTAL \$ 160
13B. ACQUISITION (Land acquisitions for new trails or re-routes, including easements or leases). Explanation (including terms of easement/lease): N/A - No acquisition				
Labor \$	Mileage \$	Equipment \$	Materials \$	TOTAL \$ 0
13C. CONSTRUCTION (if applying under multiple project types, separate costs by project type). Explanation: Contractor work (quote attached) = \$18,350 8 hours, 4 people, 4 chainsaws (\$25/hour) = \$800 8 hours cleanup and signing (\$20/hour) = \$160				
Labor \$	Mileage \$	Equipment \$	Materials \$	TOTAL \$ 19,310
13D. FACILITIES (including trailhead facilities and other features on the trail route). Explanation: N/A - No facilities				
Labor \$	Mileage \$	Equipment \$	Materials \$	TOTAL \$ 0
14. \$		15. Total Grant Request (Up to 75% of Total Cost): \$ 14,602		

16. Project Description (Provide a detailed description of the project sufficient enough to understand the project. Also, briefly explain why it is important for this project to be funded. Attach additional pages as needed.):

In 2020, the Driftskippers developed a trail that connects the southern and eastern ends of Pokegama Lake in Grand Rapids, MN. This trail was of public interest for many years, and with consideration from DNR, county and club, the club assumed the 7 miles unfunded from GIA. The club also outfitted a snowmobile and purchased a side x side and small drag to maintain it. This ice trail has provided a well-identified safe route across the large lake and has been extremely successful in keeping snowmobiles off of dangerous road right-of-ways and known thin ice areas of the lake. The ice trail also creates a looped connection between two popular ends of the GIA-funded Driftskippers Trail.

With certainty of this trail continuing, and even expanding, into the future, it's important that the club now better establish the land connections that leads to the ice. This section of trail is recognized and funded through GIA. The work includes widening 1/4-mile of trail, removing all stumps in the trail corridor, installing a 12x30 culvert, stabilizing the culvert with class 5, cutting several large berms down and cutting the steep bank to the lake.

DNR area hydrologists have been contacted regarding shoreline permitting and culvert installation.

17. Project Urgency (Is there urgency to move ahead with this project now? What consequences are foreseen if it is not funded? Attach additional pages as needed.):

The ice trail will continue without this work, but the Driftskippers Club has been recognized for its diligence in signing and creating a top-level user experience, while gaining support and appreciation from local landowners. This is currently the roughest part of the entire 75-mile system. Completing this work would enhance user's experience, visibility and safety of the land/ice access.

18. Environmental Impact and Permitting (Provide a detailed description of the project's impacts and anticipated permits required. Describe the potential impact to natural resources by the project and efforts to avoid or mitigate adverse effects. This includes considerations for trail design and construction practices, control measures, surface erosion, fish and wildlife populations, damage to wetlands or other ecologically sensitive natural resources, and historical/archaeological sites. While snowmobile trail work conducted during the winter has been exempted from many types of permits, the work you may be conducting as part of your trail improvement project **may** require permits. See the Snowmobile Trail Improvement Checklist for possible permits required. Attach additional pages as needed.):

DNR hydrologists have been contacted regarding this project; we are waiting to hear if permits are necessary. If they are necessary, they will be obtained.

Itasca County shoreline regulations include:

WITH a Zoning Permit, you may . . .

- Alter vegetation and excavate as needed for the construction of permitted structures, septic, and driveways. If you have not attained a Zoning Permit and will move more than 50 yards of material within the shoreland, you must attain a Shoreland Alteration Permit.

WITHOUT a permit, you may . . .

- Construct a road or parking area regulated by Section 5.9.3.
- Move less than 10 yards of material on steep slopes or within shore or bluff impact zones.
- Move less than 50 yards of material outside of steep slopes and shore and bluff impact zones.
- Clear, cut, prune, and trim up to 1/3 trees and brush to accommodate a shoreline recreation use area, which includes a picnic area and to which all stairways, landings, and access paths.
- Remove trees, limbs, or branches that pose safety hazards.

19. Project Readiness (What is the current status of the project? Can the project begin immediately? What major activities must still be accomplished before the project can begin? Will the project be completed within the appropriation timelines? Attach additional pages as needed.)

A quote has already been requested of a local contractor to do the work. Once permits and funding are finalized, this project is ready to be completed.

MINNESOTA SNOWMOBILE TRAIL ASSISTANCE PROGRAM FY22
TRAIL IMPROVEMENT PROJECT APPLICATION – ROUND THREE

20. Cost-Benefit (Describe the cost in relation to the value provided by the proposed project. With limited funding available, how urgent is the proposed project in relation to the cost? Attach additional pages as needed.)

The ice trail costs the Driftskippers thousands of dollars to maintain each year. If it were GIA funded, it would be granted \$474/mile = \$3,318 each year. That time and money is completely donated by the club and made up for in club memberships and fundraising events. This is a small way that the GIA program can help support this important and successful addition to the Grand Rapids area snowmobile system.

21. Connectivity - If applicable (Describe how the trail project contributes to the overall connectivity of the trail system in the area. Specifically, how well does the project connect existing trail networks or fill critical gaps within the trail system? How well does the project help promote connectivity among trail networks statewide? Attach additional pages as needed.)

As noted above and in the maps attached, the ice trail is very important for connectivity around Grand Rapids; a very popular riding destination. Before the ice trail, riders would need to take 16-miles of GIA trail to get from the popular Sugar Lake Lodge area to the town of Grand Rapids; many of them resorted to short-cutting in steep ROW ditches. The ice trail allows this same trip to be cut in half and it greatly increases the user's safety and experience. The ice trail also disperses riders which has caused a noticeable difference in the impact on the corridor trail. In the near future, the club intends to expand the ice trail into the city of Cohasset, which in a short 7-miles (most not expected to be GIA funded) would connect to the entire Deer River Bushwhacker system.

22. Bridges- If applicable (Describe what steps the organization is taking to ensure a replacement or new bridge will not be damaged or destroyed. If replacing a bridge, how long will this bridge remain useable if constructed? For new or replacement bridges, has the organization been in contact with their sponsor or Soil and Water Conservation District regarding potential waters permits? Attach additional pages as needed.)

Type of Bridge Work Requested (select one):

New Bridge ☐

Replacement of Existing Bridge ☐

Repairs to Existing Bridge ☐

N/A - No bridges involved

23. Land Acquisitions- If applicable (Describe the need to acquire land for this trail or project. If land is acquired through this grant, the sponsor will need to submit an easement or lease on the property with the sponsor as the responsible party. Has the organization discussed this with their sponsor? Please describe previous attempts to receive landowner permissions to utilize applicable sections of the trail. Attach additional pages as needed.)

N/A - No acquisitions involved

24. Shared Use Trails- If applicable (Does the project attempt to remedy issues created from shared use issues, i.e. ATV damage? If so, are shared uses permitted on the trail segments? Does the trail system have additional permitted GIA uses (i.e. ATV/OHM/ORV)? Have other clubs been contacted to attempt to resolve the issue, i.e. ATV club for ATV shared use trail damage? What are the costs in this project to address shared use issues and describe how the funds will be used. Attach additional pages as needed.)

N/A - This section is not shared by ATV

25. Club Membership and Community Demographics - (Describe the composition of your club and the communities your club serves.)

General Club Membership: Do you have members that identify as:

White Yes / No Hispanic, Latino or Spanish origin Yes / No
 Black or African American Yes / No Asian Yes / No American Indian or Alaska Native Yes / No
 Native Hawaiian or Other Pacific Islander Yes / No Middle Eastern or North African Yes / No Other
 Race, ethnicity, or origin Yes / No
Number of Members: less than 39 years old __40 families__ 40-59 years old __60 families__ 60+ years old __50 families__

Club Board Membership: Do you have members that identify as:

White Yes / No Hispanic, Latino or Spanish origin Yes / No
 Black or African American Yes / No Asian Yes / No American Indian or Alaska Native Yes / No
 Native Hawaiian or Other Pacific Islander Yes / No Middle Eastern or North African Yes / No
 Other Race, ethnicity, or origin Yes / No
Number of Board Members: less than 39 years old __2__ 40-59 years old __2__ 60+ years old __3__

MINNESOTA SNOWMOBILE TRAIL ASSISTANCE PROGRAM FY22
TRAIL IMPROVEMENT PROJECT APPLICATION – ROUND THREE

26. Club Goals - (Describe the club's community engagement goals. How does the club communicate the work they do (i.e. newsletter, Facebook, website, etc.)? What events does the club host to reach new parts of the community (i.e. youth snowmobile clubs, community dinners, etc.)? What is the club planning or doing to increase the number and diversity of club members?)

Types of Community Engagement (select all that apply):

- | | |
|--|---|
| Club Facebook page ☒ | Club Other social media sites: _____ ☐ |
| Club Website ☒ | Club Other online sites: _____ ☐ |
| Club Newsletter ☒ | Other printed materials (i.e. newspaper articles) <u>Newspaper articles</u> ☒ |
| Donations to community groups ☒ | Donations to statewide or national groups ☐ |
| Landowner Dinner(s) ☐ | Other community events: <u>Ditch cleanup; share clubhouse with ATV club</u> ☐ |
| Events held on the trail ☒ -150+ Veterans in '22 | Volunteer or in-kind work ☒ |
| Youth events ☒ - Safety training center for both | Snowmobile Safety Training ☒ |
| Community Rides ☒ X ☐ ATV and snowmobile | Host snowmobile races ☐ Just casual rides on this scenic system |
| Participation in parades and events ☒ | Other: _____ ☐ |

Additional ways your clubs engage the community or plans to increase participation and diversity:

- Annual Christmas party for over 100 area kids with special needs (snowmobile and/or sleigh rides with Santa) has been held for over 50 years
- Snowmobile/ATV/Firearms safety training center

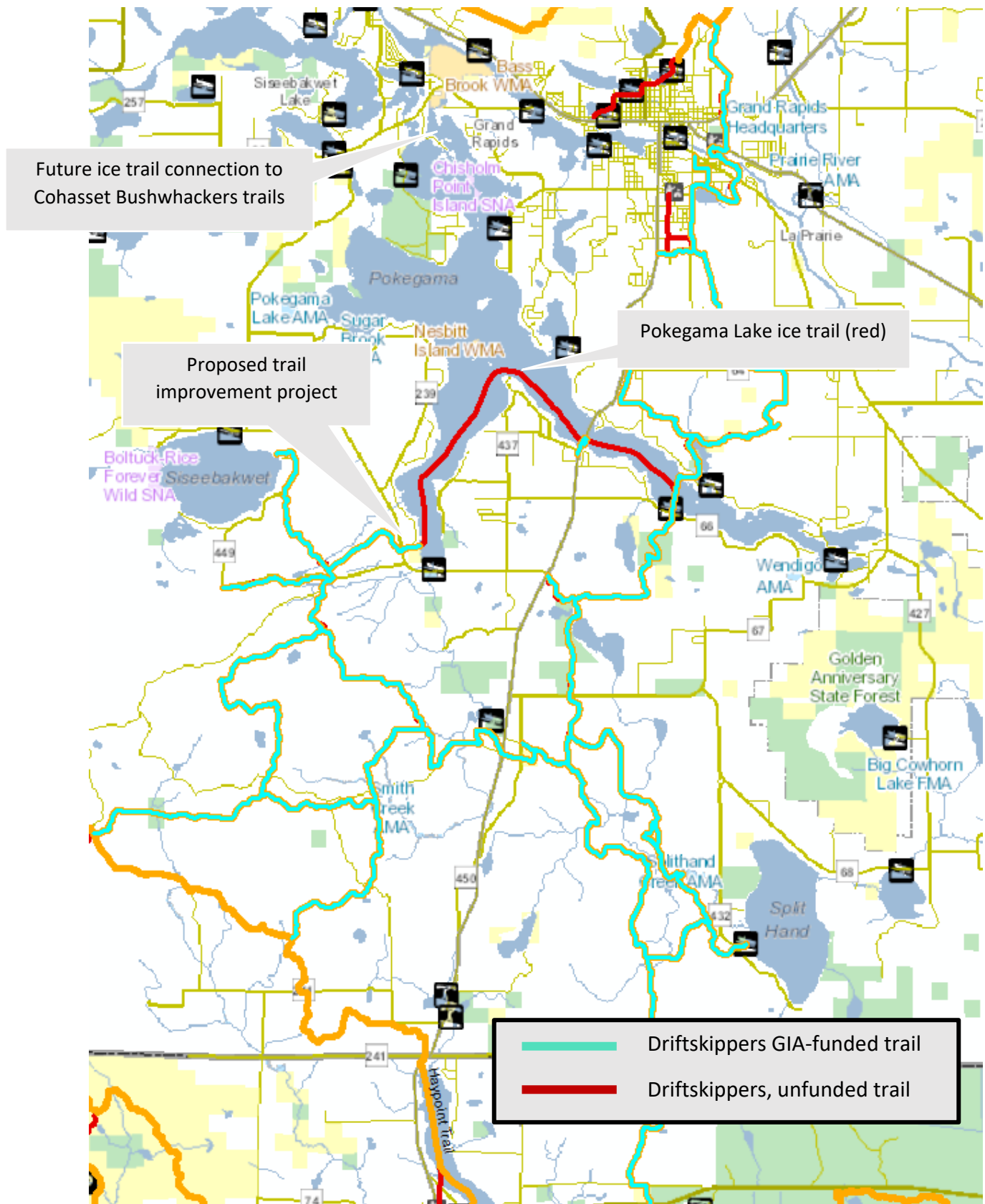
MINNESOTA SNOWMOBILE TRAIL ASSISTANCE PROGRAM FY22
TRAIL IMPROVEMENT PROJECT APPLICATION – ROUND THREE

27. Sponsor Approval	
27A. Unit of Government Sponsor: Itasca County	27B. Telephone Number (Include Area Code): 218-327-7393 (Sara Thompson)
27C. Address (Street, Box Number, City, State, Zip Code): 1177 LaPrairie Ave, Grand Rapids, MN 55744	
27D. Email Address (Provide an email that grant decisions can be sent to): Sara.Thompson@CO.ITASCA.mn.us	
27E. Authorized Signature of Sponsor (electronic or scanned signature accepted):	27F. Title: 27G. Date of Signature:

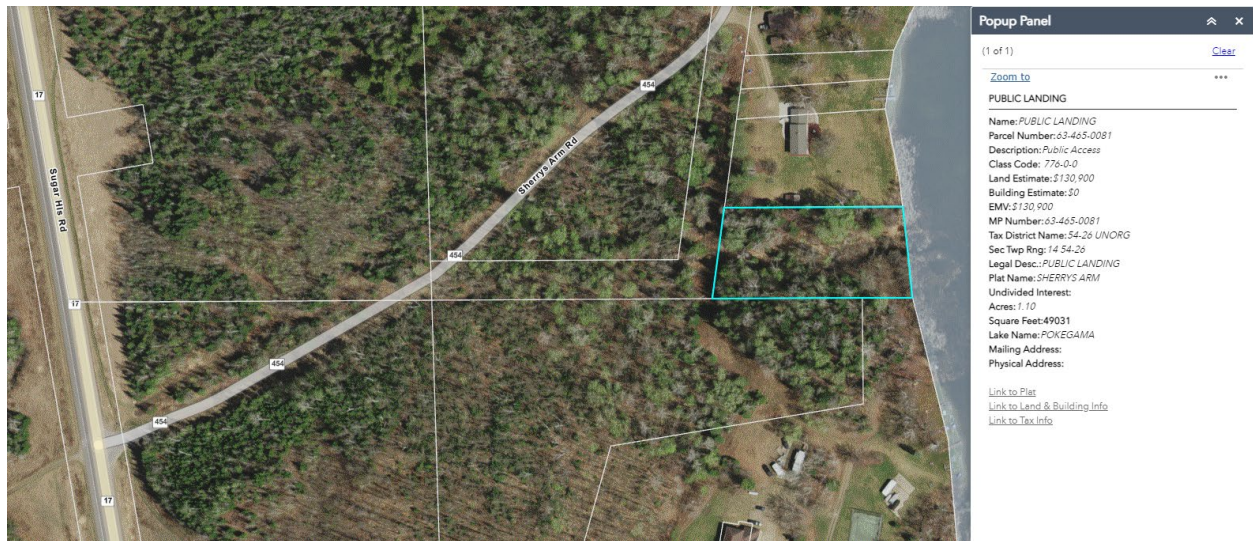
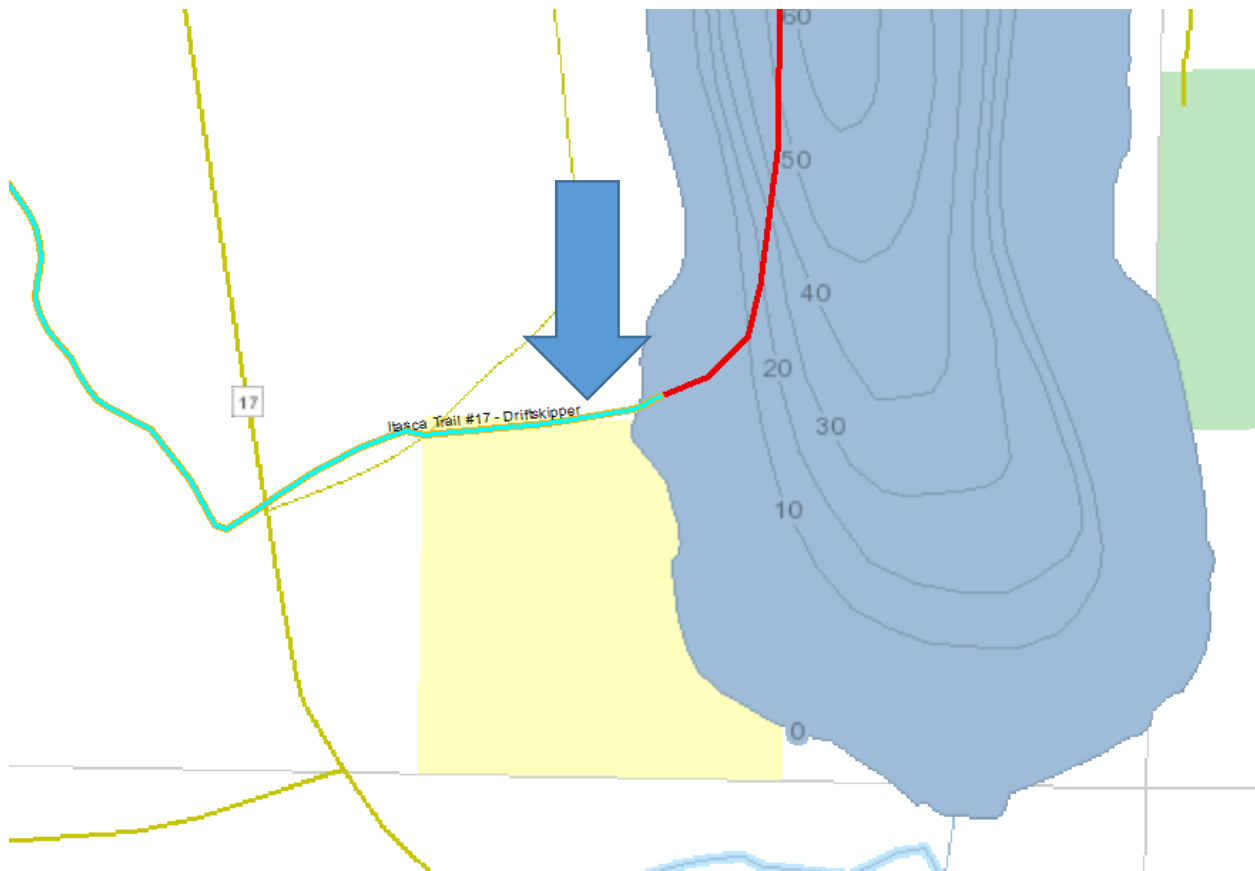
28. Required Attachments
28A.X Project Location Map, Including Existing Trail in System, Miles of New Construction, Miles to be Added to System, and any Trail Facilities and/or Bridges 28B. ☒ Sponsor Resolution (Annual resolution from Maintenance and Grooming GIA grant is acceptable, if applicable) 28C. ☐ Sponsor's most recent fiscal audit (either from the State Auditor or external organization) 28D. ☐ Documentation of Required Permits and Approvals (if applicable)

DEPARTMENT USE ONLY		
Certification by Department of Natural Resources		
Recommended Grant Amount: \$	Explanation if Different from Request (Or Attach):	
Authorized Signature:	Area Parks and Trails Supervisor	Date of Signature:
Authorized Signature:	Regional Parks and Trails Manager	Date of Signature:

Itasca Driftskippers Snowmobile Trail System



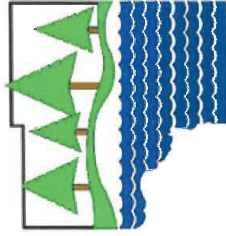
Proposed Trail Improvement Project Location



Photos of Proposed Rehabilitation Project







**ITASCA COUNTY
BOARD OF COMMISSIONERS**
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744
Tuesday, April 13, 2021

REQUEST FOR BOARD ACTION: RBA-2021-1466

DEPARTMENT: Auditor / Treasurer
PRESENTER: Hollie Hornstra
TIME REQUESTED: < 5 Minutes

AGENDA ITEM:
Continued Sponsorship of Snowmobile, Ski, & ATV Trails for DNR Grants

BOARD ACTION REQUESTED:
Authorize the County Board to approve Itasca County as sponsors for existing snowmobile, ski, and ATV trails from May 1, 2021 to April 30, 2026, with the stipulation the DNR approves Performance Based Grants and Grant in Aid Grants.

BACKGROUND:
Each year the sponsor (Itasca County) must submit an application for maintenance assistance for existing trails. If the DNR approves the Performance Based project/trails request/benchmarks from the snowmobile club, 45%, 25%, 25%, 5%, of the costs will be paid by the DNR, the balance of costs paid by the clubs.
If the DNR approves the Grant in Aid projects ATV trail requests form the ATV trail, 65%, 90%, of the costs will be paid by the DNR, the balance of costs paid by the clubs.
If the DNR approves the Performance Based trail request benchmarks from the ski clubs, 40%, 60%, of the costs will be paid by the DNR, the balance of the costs paid by the clubs.

The trails included in this sponsorship are as follows:

- ATV Trails include:
- Alborn Trail (Range Riders ATV Club, Inc)
 - Alwood Squaw Lake Trail (Alwood Squaw Lake ATV Club)
 - Balsam Trail (Balsam Trail Blazers Club)
 - B&B Connection (Wilderness Wheelers Club)
 - Goodland Trail (Itasca Trail Riders ATV Club, Inc)
 - Len Hardy Trail (Range Riders ATV Club, Inc)
 - Little Moose Trail (Balsam Trail Blazers Club)
 - UPM Blandon Trail (Rapids Riders ATV Club)

Snowmobile Trails include:

- Avenue of the Pines Trail (Squaw Lakers Snowmobile Club)

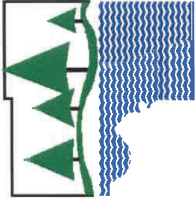
- Bushwackers Trail (Deer River Bushwacker Snowmobile Club)
Driftskippers Trail (Itasca Driftskippers Snowmobile Club)
Greenway Trail (Greenway Snowmobile Club)
Herb Brandstrom Trail (Swampsiders Snowmobile Club)
Keystone Trail (Itasca Snow Rangers Snowmobile Club)
Lawron Trail (Lawron Trail Riders Snowmobile Club)
Marcell Trail (Marcell Snow Drifters Snowmobile Club)
Suomi Clearwater Trail (38'ers Snowmobile Club)
West Bowstring Trail (Ridge Runners Snowmobile Club)
- Ski Trails include:
- Wabana Trail, Amen Tail, Big Ridge Trail, Stoney Ridge Trail, and Alder Pond Trail (Itasca County Park System)
 - Legion Trails (Northern Lights Nordic Ski Club)
 - Mount Itasca Trail (Northern Lights Nordic Ski Club)
 - Sugar Hills Trail, Suomi Hills Trail, Trout Lak Trail, and Doan Lake Trail (Northern Lights Nordic Ski Club)

COUNTY ATTORNEY REVIEW: N/A

SUPPORTING DOCUMENTATION: None

04/06/2021

RESULT:	RECOMMENDED FOR CONSENT	NEXT: 04/13/2021 2:30 PM
RESULT:	APPROVED (5 TO 0)	
MOVER:	Commissioner Leo Trunt	
SECONDER:	Commissioner Terry Snyder	
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci	



ITASCA COUNTY
BOARD OF COMMISSIONERS
Certified Extract of Minutes

V. CONSENT AGENDA

Motion To: Approve the Consent Agenda as amended and delineated below.

2. Authorize the County Board to approve Itasca County as sponsors for existing snowmobile, ski, and ATV trails from May 1, 2021 to April 30, 2026, with the stipulation the DNR approves Performance Based Grants and Grant in Aid Grants.

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Leo Trunt
SECONDER:	Commissioner Terry Snyder
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

I, Amanda Schultz, Deputy Clerk to the County Board, do certify and declare that the above is an accurate copy of a portion of the approved minutes of the Itasca County Board of Commissioners meeting held on Tuesday, April 13, 2021, at 2:30 p.m. in the County Boardroom.

Amanda Schultz 04/22/2021
Amanda Schultz, Deputy Clerk to the County Board Date

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
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GRAND RAPIDS, MINNESOTA
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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
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INTRODUCTORY SECTION

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
ORGANIZATION
DECEMBER 31, 2020**

Office	Name	Term Expires
Commissioners		
1 st District	Davin Tinquist	December 2022
2 nd District	Terry Snyder	December 2024
3 rd District	Leo Trunt	December 2022
4 th District	Burl Ives	December 2024
5 th District	Ben DeNucci*	December 2022
Officers		
Elected		
Attorney	Matt Adam	December 2022
Auditor/Treasurer	Jeffrey T. Walker	December 2022
Recorder	Nicole Zuehlke	December 2022
Sheriff	Victor Williams	December 2022
Appointed		
Administrator	Brett Skyles	Indefinite
Assessor	Amber Peratalo	Indefinite
Coroner	Dr. Michael Balch	Indefinite
Emergency Management Director	Marilyn Halvorson	Indefinite
Highway Engineer	Karin Grandia	Indefinite
Land Commissioner	Garrett Ous	Indefinite
Health and Human Services Director	Eric Villeneuve	Indefinite
Surveyor	Guy Carlson	Indefinite
Veterans Service Officer	Luke St. Germain	Indefinite

* = Chair

FINANCIAL SECTION



CliftonLarsonAllen LLP
CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Itasca County
Grand Rapids, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Itasca County (the County), as of and for the year ended December 31, 2020, including the Nursing Home Enterprise Fund as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



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(2)

Board of County Commissioners
Itasca County

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Itasca County as of December 31, 2020, including the Nursing Home Enterprise Fund as of September 30, 2020, 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.

Emphasis of Matter Regarding Restatement and Change in Accounting Principle

During the year ended December 31, 2020, we noted an error in the recording of the prior year accounts payable balances which lead to a prior period adjustment and restatement of beginning fund balance/net position (see Note 10). Additionally, during the year ended December 31, 2020, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the County reported a restatement for a change in accounting principle (see Note 10). Our auditors' opinion was not modified with respect to these restatements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the total OPEB liability, related ratios, and notes, schedules of the proportionate share of the net pension liability, schedules of contributions, and notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. 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.

(3)

Board of County Commissioners
Itasca County

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Itasca County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021, on our consideration of Itasca County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Itasca County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Itasca County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
October 28, 2021

REQUIRED SUPPLEMENTARY INFORMATION

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020

This section of the Itasca County (the County) annual financial report presents our discussion and analysis of the County's financial performance for the year that ended December 31, 2020. The management's discussion and analysis (MD&A) is required supplementary information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current year, 2020, and the prior year, 2019, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- Governmental activities total net position is \$211,913,438, of which \$215,785,174 is the County's net investment in capital assets, and \$30,128,063 is restricted to specific purposes.
- Business-type activities total net position is \$6,592,027. The net investment in capital assets represents \$141,340 of the total.
- Itasca County's governmental activities' net position increased by \$13,983,762 for the year ended December 31, 2020.
- Overall governmental fund-level revenues totaled \$100,581,258 and were \$3,084,011 greater than expenditures primarily due to an increase in intergovernmental revenue and timing of funding and expenditures.
- The General Fund's fund balance increased \$6,248,865 primarily due to significant increases in intergovernmental and miscellaneous revenues in 2020. The total fund balance is \$12,741,487 of which \$985,125 is restricted to specific purposes.

OVERVIEW OF THE FINANCIAL STATEMENTS

- The financial section of the annual report consists of three parts – required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the County:
- The first two statements are government-wide financial statements which provide both short-term and long-term information about the County's overall financial status.
- The remaining statements are fund financial statements which focus on individual parts of the County, reporting the County's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how basic services such as general government, human services, and highways and streets were financed in the short-term as well as what remains for future spending.
 - The proprietary fund statements are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The County uses enterprise funds to account for the Nursing Home, Itasca Medical Center, and Itasca Resource Center. The County uses an internal service fund to account for the County's self-insurance program for worker's compensation.

(5)

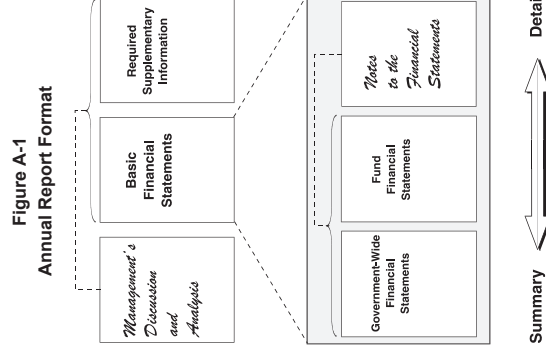
ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

- Fiduciary funds statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



(6)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2. Major Features of the County's Government-Wide and Fund Financial Statements				
Type of Statements	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County's government (except fiduciary funds).	The activities of the County that are not proprietary or fiduciary.	The activities of the County that operate similar to private businesses.	Instances in which the County is the trustee or agent for someone else's resources.
Required financial statements	Statement of net position. Statement of activities.	Balance sheet. Statement of revenues, expenditures, and changes in fund balance.	Statement of net position. Statement of revenues, expenses, and changes in fund net position. Statement of cash flows.	Statement of fiduciary net position. Statement of changes in fiduciary net position.
Accounting basis and measurement focus	Full accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Full accrual accounting and economic resources focus.	Full accrual accounting and economic resources focus.
Type of asset and deferred outflows of resources/liabilities and deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term.	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter, no capital assets included.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term. Fiduciary funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during year, regardless of when cash is received or paid.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net position and how it has changed. Net position – the difference between the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the County, you need to consider additional nonfinancial factors such as changes in the County's property tax base and the condition of county buildings and other facilities.

In the government-wide financial statements the County's activities are shown in two categories:

- **Governmental Activities** – The County's basic services are included here. Property taxes and state aids finance most of these activities.
- **Business-Type Activities** – The County's Nursing Home, Itasca Medical Care, and Itasca Resource Center activities are reported here. Charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's funds – focusing on its most significant or "major" funds – not the County as a whole. Funds are accounting devices the County uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The County establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

The County has three kinds of funds:

- **Governmental Funds** – The County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide reconciliations that explain the relationship (or differences) between them.
- **Proprietary Funds** – The County maintains four proprietary funds. Proprietary funds are reported in the same way activities are reported in the statement of net position and the statement of activities. In fact, the County's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the County's other programs and activities, such as the County's Risk Management Fund.
- **Fiduciary Funds** – The County is the fiscal agent, or fiduciary, for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the government-wide financial statements because the County cannot use these assets to finance its operations.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

Over time, net position serves as a useful indicator of the County's financial position. Itasca County's total net position was \$218,505,486 on December 31, 2020, an increase of \$16,358,643 from the prior year (including the restatements). The main reason for this increase is due to the County receiving approximately \$5.8 million of Coronavirus Relief Fund dollars in 2020 (see Table A-1). The current and other assets increased approximately \$57.7 million mostly due to minimal expenditures related to the 2020 bond proceeds. The increase in long-term liabilities is due to the \$50.0 million of jail bonds that were issued in 2020.

Table A-1
The County's Net Position

	Governmental Activities		Business-Type Activities		Total
	2020	2019	2020	2019	
Current and Other Assets	\$ 129,588,011	\$ 76,154,156	\$ 22,038,379	\$ 17,740,089	\$ 151,626,390
Capital Assets	236,015,863	227,875,488	9,254,157	9,887,285	245,270,340
Total Assets	365,603,874	303,829,644	31,292,536	27,707,374	396,896,430
Deferred Outflows of Resources	10,115,156	11,778,050	346,772	317,750	10,464,528
Current Liabilities	9,853,084	11,469,919	7,622,049	7,194,671	17,475,133
Long-Term Liabilities	141,880,591	92,249,353	17,119,823	15,625,801	159,000,414
Total Liabilities	151,733,675	103,719,272	24,741,872	22,820,472	176,475,547
Deferred Inflows of Resources	12,071,937	13,958,746	308,409	987,506	12,380,346
Net Position:					
Net Investment in Capital Assets	215,765,174	213,816,839	141,340	390,647	215,626,514
Restricted	30,128,063	26,539,814	-	-	30,130,991
Unrestricted	(33,995,799)	(42,426,877)	6,447,759	3,826,489	(27,552,040)
Total Net Position, Restated	\$ 211,813,438	\$ 197,929,676	\$ 6,596,027	\$ 4,217,146	\$ 216,505,465
					\$ 282,146,822

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020

CHANGE IN NET POSITION

The government-wide total revenues were \$180,725,376 for the year ended December 31, 2020 (an increase of \$11,622,488). This increase is primarily attributable to an increase in intergovernmental revenue. Property taxes, operating grants and contributions, and capital grants and contributions accounted for 40.2% of total revenue for the year (see Table A-2).

Table A-2
Changes in Net Position

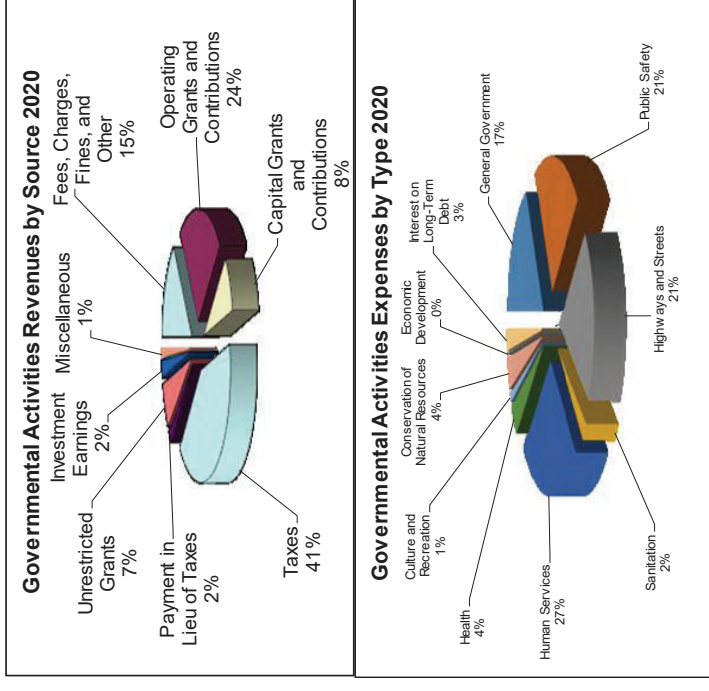
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues						
Fees, Charges, Fines, and Other	\$ 14,581,824	\$ 14,948,339	\$ 79,082,030	\$ 76,599,530	\$ 93,663,854	\$ 91,547,869
Operating Grants and Contributions	23,890,488	18,214,847	-	-	23,890,488	18,214,847
Capital Grants and Contributions	8,381,473	6,901,928	-	-	8,381,473	6,901,928
General Revenues						
Property Taxes	40,417,957	40,275,550	-	-	40,417,957	40,275,550
Taxes - Other	1,345,525	1,351,557	-	-	1,345,525	1,351,557
Payments in Lieu of Taxes	1,927,419	1,895,334	-	-	1,927,419	1,895,334
Grants and Contributions Not Restricted to Specific Programs	6,679,147	6,649,295	-	-	6,679,147	6,649,295
Gifts and Contributions	12,492	10,110	633,744	10,953	646,236	21,063
Unrestricted Investment Earnings	2,448,795	2,000,271	33,382	27,828	2,482,177	2,028,099
Miscellaneous	1,218,452	1,021,911	-	-	1,218,452	1,021,911
Gain (Loss) on Sale of Capital Assets	72,638	114,435	-	-	72,638	114,435
Total Revenues	100,976,220	92,464,577	79,749,156	76,638,311	180,725,376	169,102,888
EXPENSES						
General Government	14,651,195	14,770,733	-	-	14,651,195	14,770,733
Public Safety	18,512,458	13,673,428	-	-	18,512,458	13,673,428
Highways and Streets	19,603,895	19,901,482	-	-	19,603,895	19,901,482
Human Services	23,409,523	21,131,057	-	-	23,409,523	21,131,057
Health	3,330,808	2,713,927	-	-	3,330,808	2,713,927
Culture and Recreation	883,160	830,688	-	-	883,160	830,688
Conservation of Natural Resources	3,307,199	5,023,662	-	-	3,307,199	5,023,662
Economic Development	56,049	5,750	-	-	56,049	5,750
Interest on Long-Term Debt	2,132,162	543,326	-	-	2,132,162	543,326
Nursing Home	-	-	12,483,999	13,244,987	12,483,999	13,244,987
Itasca Resource Center	-	-	335,686	690,210	335,686	690,210
Itasca Medical Care	-	-	64,544,590	64,387,877	64,544,590	64,387,877
Total Expenses	86,992,458	84,772,437	77,374,275	76,323,074	164,366,733	163,095,511
CHANGE IN NET POSITION	13,983,762	7,692,140	2,374,881	(1,684,763)	16,358,643	6,007,377
Net Position - Beginning of Year	197,590,799	184,901,053	4,217,146	5,896,309	201,797,915	190,797,362
Change in Accounting Principle(see Note 10)	(297,958)	-	-	-	(297,958)	-
Prior Period Adjustments (see Note 10)	646,865	4,957,576	-	5,600	646,865	4,993,176
Net Position - Beginning of Year, as Restated	197,932,676	189,888,629	4,217,146	5,901,909	202,146,822	195,790,538
NET POSITION - END OF YEAR	\$ 211,913,438	\$ 197,590,799	\$ 6,592,027	\$ 4,217,146	\$ 218,505,465	\$ 201,797,915

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020

CHANGE IN NET POSITION (CONTINUED)

The government-wide cost of all governmental activities this year was \$86,992,458.

- Some of the cost was paid by the users of the County's programs (\$14,581,824).
- The federal and state governments subsidized certain programs with grants and contributions (\$32,271,971).
- The remainder of the County's governmental activities costs (\$40,138,663), however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was covered by \$43,690,901 in property and other taxes, \$6,679,147 of state aid, and \$3,752,377 of investment earnings and other general revenues.



**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

CHANGE IN NET POSITION (CONTINUED)

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

Table A-3
Expenses and Net (Revenue) Cost of Services

	Total Cost of Services		Percentage Change	Net (Revenue) Cost of Services		Percentage Change
	2020	2019		2020	2019	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 14,651,195	\$ 14,776,733	(0.8)%	\$ 11,977,959	\$ 12,582,550	(4.8)%
Public Safety	18,517,439	13,873,428	33.4	10,873,892	12,007,789	(9.4)
Highways and Streets	18,605,886	19,601,442	(5.1)	3,356,754	5,422,272	(38.1)
Sanitation	2,104,017	2,763,057	(23.9)	(7,073)	640,180	101.1
Human Services	23,409,523	24,641,014	(5.0)	10,771,143	11,710,979	(8.0)
Health	3,330,808	2,713,927	22.7	1,725,290	1,261,427	36.8
Culture and Recreation	883,160	830,688	6.3	669,140	594,681	12.5
Conservation of Natural Resources	3,307,199	5,023,082	(34.2)	(1,416,653)	(61,931)	2187.5
Economic Development	56,049	5,750	874.8	56,049	5,750	874.8
Interest	2,132,192	543,326	292.4	2,132,192	543,326	292.4
Total	\$ 86,992,459	\$ 84,772,437	2.6	\$ 40,138,663	\$ 44,707,323	(10.2)
BUSINESS-TYPE ACTIVITIES						
Nursing Home	\$ 12,483,999	\$ 13,244,987	(5.7)%	\$ 664,271	\$ (587,712)	(213.0)%
Itasca Resource Center	335,686	680,210	(51.4)	(201,104)	187,690	207.0
Itasca Medical Center	64,544,590	64,387,877	0.2	(2,170,922)	2,123,368	202.2
Total	\$ 77,374,275	\$ 78,323,074	(1.2)	\$ (1,707,755)	\$ 1,723,544	199.1

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

The financial performance of the County, as a whole, is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$110,205,380. Revenues for the County's governmental funds were \$100,581,258, while total expenditures were \$97,497,247.

The General Fund includes the primary operations of the County in providing services to citizens. Fund balance increased by \$6,248,865 during 2020. This increase is primarily due to increases in intergovernmental revenues.

The Road and Bridge Fund has a total fund balance of \$14,445,000. The fund balance increased \$586,742, before the decrease in inventory in 2020 primarily due to timing of project completion and revenues increasing during the current year.

The Human Services Fund has a total fund balance of \$10,403,078. The fund balance increased \$1,713,142 in 2020 due to timing of intergovernmental revenues from the state and federal governments.

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL (CONTINUED)

The Forfeited Tax Fund has a total fund balance of \$2,732,001. The fund balance decreased \$209,133 in 2020 due to tax forfeiture expenditures exceeding current year sales.

The Capital Projects Fund has a total fund balance of \$48,412,814. The fund balance increased \$43,745,075 in 2020 due to the issuance of the 2020B G.O. Jail Bond.

The Environmental Fund has a total fund balance of \$8,473,182. The fund balance increased \$275,256 in 2020 due to increased investment earnings.

The Nursing Home Enterprise Fund presented a deficit net position of \$1,516,124. There was an overall decrease in net position of \$12,876 mainly due to lower patient services revenue than in the prior year.

Itasca Medical Care's net position increased \$2,186,653 in 2020, to a balance of \$6,898,772, as a result of an increase in capitation revenues compared to prior year.

General Fund Budgetary Highlights

Over the course of the year, the County did not revise the annual operating budget for the General Fund.

- Actual revenues were \$9,860,476 more than expected; this is primarily due to state and federal grants being higher than anticipated.
- The actual expenditures were \$4,440,828 more than budget due primarily to many unexpected public safety expenditures caused by the COVID-19 pandemic.

CAPITAL ASSETS

By the end of 2020, the County had invested approximately \$245,300,000 (net of accumulated depreciation) in a broad range of capital assets, including buildings, computers, equipment, and infrastructure (see Table A-4). (More detailed information about capital assets can be found in Note 3.A.3 to the financial statements). Total depreciation expense for the year was \$9,011,417. The 2020 land purchases were related to the new jail project.

Table A-4
The County's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total
	2020	2019	2020	2019	
Land	\$ 8,826,461	\$ 4,103,142	\$ 279,296	\$ 279,296	\$ 9,105,757
Construction-in-Progress	189,419	145,261	-	-	189,680
Buildings	198,882,838	193,002,853	-	-	198,882,838
Improvements	17,765,327	16,372,272	8,400,967	8,849,783	26,166,294
Machinery, Furniture, and Equipment	-	-	70,774	64,172	70,774
	8,754,648	9,585,150	503,120	628,092	9,257,768
Total	\$ 236,015,883	\$ 227,675,488	\$ 9,254,157	\$ 9,907,285	\$ 245,270,040

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

LONG-TERM LIABILITIES

At year-end, the County had \$165,719,332 in long-term liabilities outstanding, including the current portion of long-term debt.

The County's governmental activities total long-term liabilities increased \$47,530,655 during the fiscal year, due primarily to the issuance of \$50,000,000 General Obligation Bonds during the fiscal year.

The County's business-type activities total debt increased by \$1,571,097 during the fiscal year, due primarily to an increase in provider settlements owed.

Table A-5
The County's Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 61,595,000	\$ 12,500,000	\$ 4,615,000	\$ 4,795,000	\$ 66,210,000	\$ 17,295,000
General Obligation Revenue Bonds	-	-	4,355,000	4,625,000	4,355,000	4,625,000
Capital Lease	77,873	240,803	-	-	77,873	240,803
Compensated Absences	6,817,798	5,630,318	264,024	214,252	7,081,822	5,844,570
Claims and Judgments Payable	588,757	568,100	4,762,313	4,783,831	5,351,070	5,351,931
Total Other Postemployment Benefits	50,559,527	55,831,220	452,896	420,927	51,012,423	56,252,147
Net Pension Liability	23,562,034	20,919,893	4,803,044	4,408,283	28,365,078	25,328,176
Provider Settlements	-	-	3,246,066	1,669,953	3,246,066	1,669,953
Total Long-Term Liabilities	\$ 143,220,980	\$ 95,690,394	\$ 22,468,243	\$ 20,927,246	\$ 165,719,332	\$ 118,617,590

FACTORS BEARING ON THE COUNTY'S FUTURE

The County's elected and appointed officials considered many factors when setting the fiscal year 2021 budget, tax rates, and fees that will be charged for the business-type activities.

- The County's expenditures for 2021 are budgeted to decrease 0.30% from 2020.
- Property taxes levied remained the same as in 2020.
- The World Health Organization declared the COVID-19 virus a worldwide pandemic and the results and effect of this pandemic is unknown to the county as it is still on-going.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor/Treasurer, Jeffrey Walker, or the County's Accounting Manager, Gail Guck, Itasca County Courthouse, 123 N.E. 4th Street, Grand Rapids, Minnesota 55744.

BASIC FINANCIAL STATEMENTS

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities	Primary Government Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 111,384,622	\$ 16,150,316	\$ 127,534,938
Property Taxes Receivable	2,073,096	-	2,073,096
Special Assessments Receivable	83,630	-	83,630
Accounts Receivable - Net	5,198,444	5,377,536	10,575,980
Accrued Interest Receivable	86,120	-	86,120
Loans Receivable	268,718	-	268,718
Due from Other Governments	6,735,804	6,797	6,742,601
Inventories	848,161	-	848,161
Prepaid Items	908,896	178,542	1,087,438
Restricted Assets:			
Cash and Pooled Investments	2,000,520	-	2,000,520
Bond Funds	-	500	500
Resident Trust Funds	-	13,487	13,487
Provider Settlements Receivable	-	311,201	311,201
Capital Assets:			
Nondepreciable	10,613,280	279,296	10,892,576
Depreciable (Net of Accumulated Depreciation)	225,402,603	8,974,861	234,377,464
Total Assets	365,603,894	31,292,536	396,896,430
DEFERRED OUTFLOWS OF RESOURCES			
Refunding Deferred Charge on Bonds	24,147	-	24,147
Other Postemployment Benefits Related	5,890,306	26,601	5,916,907
Pension Related	4,200,703	323,171	4,523,874
Total Deferred Outflows of Resources	10,115,156	349,772	10,464,928
LIABILITIES			
Accounts Payable	2,108,240	1,139,136	3,247,376
Salaries Payable	1,530,385	615,857	2,146,242
Contracts Payable	236,193	-	236,193
Escrow Property Payable	12,950	-	12,950
Due to Residents	-	13,487	13,487
Due to Other Governments	1,294,142	514	1,294,656
Accrued Interest Payable	448,589	279,028	727,617
Unearned Revenue	69,908	264,024	333,932
Compensated Absences Payable - Due Within One Year	-	4,762,313	4,762,313
Claims and Judgments Payable - Due Within One Year	1,420,000	1,915,000	3,335,000
Bonds Payable - Due Within One Year	22,153	-	22,153
Capital Lease Payable - Due Within One Year	2,710,524	-	2,710,524
Other Postemployment Benefit Obligation - Due within One Year	6,747,890	-	6,747,890
Compensated Absences Payable - Due in More than One Year	588,757	-	588,757
Claims and Judgments Payable - Due in More than One Year	63,057,187	8,617,817	71,675,004
Bonds Payable - Due in More than One Year	55,720	-	55,720
Capital Lease Payable - Due in More than One Year	-	3,246,066	3,246,066
Provider Settlements - Due in More than One Year	47,849,003	452,895	48,301,899
Other Postemployment Benefit Obligation - Due in More than One Year	23,582,034	4,803,044	28,385,078
Net Pension Liability - Due in More than One Year	151,733,075	241,741,872	393,474,947
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Other Postemployment Benefits Related	6,894,210	7,744	6,901,954
Pension Related	5,177,721	308,665	5,478,382
Total Deferred Inflows of Resources	12,071,937	308,409	12,380,346

See accompanying Notes to Basic Financial Statements.

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**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020**

	Governmental Activities	Primary Government Business-Type Activities	Total
NET POSITION			
Net Investment in Capital Assets	\$ 215,785,174	\$ 141,340	\$ 215,926,514
Restricted for:			
General Government	1,597,699	-	1,597,699
Public Safety	985,125	-	985,125
Highways and Streets	4,358,410	-	4,358,410
Health	1,302,669	2,928	1,305,597
Capital Projects	2,388,599	-	2,388,599
Debt Service	2,884,278	-	2,884,278
Conservation of Natural Resources	8,148,101	-	8,148,101
Environmental Uses - Expendable	450,886	-	450,886
Environmental Uses - Nonexpendable	8,022,296	-	8,022,296
Unrestricted	(33,993,799)	6,447,759	(27,552,040)
Total Net Position	\$ 211,913,438	\$ 6,592,027	\$ 218,505,465

See accompanying Notes to Basic Financial Statements.

(17)

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

FUNCTIONS/PROGRAMS	Program Revenues			Capital Grants and Contributions
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
General Government	\$ 14,651,195	\$ 2,369,053	\$ 304,183	\$ -
Public Safety	18,512,459	782,331	6,744,974	111,262
Highways and Streets	18,605,686	1,557,966	5,420,955	8,270,211
Sanitation	2,104,017	1,826,751	284,339	-
Human Services	23,409,523	3,275,270	9,363,110	-
Health	3,330,808	906,717	686,801	-
Culture and Recreation	883,160	70,012	144,008	-
Conservation of Natural Resources	3,307,199	3,793,724	930,128	-
Economic Development	56,049	-	-	-
Interest	2,132,162	-	-	-
Total Governmental Activities	86,992,458	14,581,824	23,890,498	8,381,473
BUSINESS-TYPE ACTIVITIES				
Nursing Home	12,493,999	11,820,728	-	-
Itasca Resource Center	335,686	536,790	-	-
Itasca Medical Care	64,544,590	66,715,512	-	-
Total Business-Type Activities	77,374,275	79,082,030	-	-
Total Primary Government	\$ 164,366,733	\$ 93,663,854	\$ 23,890,498	\$ 8,381,473

See accompanying Notes to Basic Financial Statements.

(18)

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES			
General Government	\$ (11,977,959)	\$ -	\$ (11,977,959)
Public Safety	(10,873,892)	-	(10,873,892)
Highways and Streets	(3,366,754)	-	(3,366,754)
Sanitation	7,073	-	7,073
Human Services	(10,771,143)	-	(10,771,143)
Health	(1,725,290)	-	(1,725,290)
Culture and Recreation	(669,140)	-	(669,140)
Conservation of Natural Resources	1,416,653	-	1,416,653
Economic Development	(56,049)	-	(56,049)
Interest	(2,132,162)	-	(2,132,162)
Total Governmental Activities	(40,138,663)	-	(40,138,663)
BUSINESS-TYPE ACTIVITIES			
Nursing Home	-	(664,271)	(664,271)
Itasca Resource Center	-	201,104	201,104
Itasca Medical Care	-	2,170,922	2,170,922
Total Business-Type Activities	-	1,707,755	1,707,755
Total Primary Government	(40,138,663)	1,707,755	(38,430,908)
GENERAL REVENUES			
General Property Taxes	40,417,957	-	40,417,957
Taxes - Other	1,345,525	-	1,345,525
Payments in Lieu of Taxes	1,927,419	-	1,927,419
Grants and Contributions not Restricted to Specific Programs	6,679,147	-	6,679,147
Gifts and Contributions	12,492	633,744	646,236
Unrestricted Investment Earnings	2,448,795	33,382	2,482,177
Miscellaneous	1,218,452	-	1,218,452
Gain on Sale of Capital Assets	72,638	-	72,638
Total General Revenues	54,122,425	667,126	54,789,551
CHANGE IN NET POSITION	13,983,762	2,374,881	16,358,643
Net Position - Beginning of Year, as Previously Reported	197,580,769	4,217,146	201,797,915
Prior Period Adjustment, See Note 10	646,865	-	646,865
Change in Accounting Principle, See Note 10	(297,998)	-	(297,998)
Net Position - Beginning of Year, As Restated	197,929,676	4,217,146	202,146,822
NET POSITION - END OF YEAR	\$ 211,913,438	\$ 6,592,027	\$ 218,505,465

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

ASSETS	General			Road and Bridge		Human Services		Forfeited Tax	
	\$	9,446,129	\$	13,960,828	\$	10,867,805	\$	5,650,459	
Cash and Product Investments	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-
Prepaid Expenses	-	9,070	-	50	-	350	-	-	-
Petty Cash and Change Funds	-	-	-	-	-	-	-	-	-
Undistributed Cash in Agency Funds	-	746,389	-	236,641	-	554,946	-	-	-
Property Taxes Receivable - Delinquent	-	890,695	-	332,521	-	668,772	-	-	-
Special Assessments Receivable - Delinquent	-	-	-	-	-	-	-	-	-
Accounts Receivable, Net	-	98,239	-	-	-	45,702	-	4,980,227	-
Interest Receivable	-	86,120	-	-	-	-	-	-	-
Due From Other Governments	-	597,897	-	4,487,073	-	1,650,813	-	-	-
Due From Other Funds	-	1,843,191	-	-	-	-	-	-	-
Loans Receivable	-	267,118	-	-	-	-	-	-	-
Prepaid Salaries	-	638,393	-	-	-	50,313	-	-	-
Inventories	-	-	-	848,161	-	-	-	-	-
Total Assets	\$	14,855,031	\$	19,865,274	\$	13,839,701	\$	10,650,686	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts Payable	\$	106,449	\$	120,103	\$	1,287,946	\$	-	-
Salaries Payable	-	679,667	-	280,980	-	497,012	-	-	-
Excise/Property Payable	-	12,950	-	-	-	-	-	-	-
Contracts Payable	-	-	-	236,165	-	-	-	-	-
Due To Other Governments	-	-	-	-	-	169,779	-	2,942,201	-
Due To Other Funds	-	102,615	-	29,189	-	511,657	-	645,292	-
Total Liabilities	\$	901,681	\$	666,535	\$	2,466,394	\$	3,585,493	-
DEFERRED INFLOWS OF RESOURCES									
Unavailable Taxes	-	669,665	-	332,521	-	669,772	-	-	-
Unavailable Special Assessments	-	-	-	-	-	-	-	-	-
Unavailable Loans Receivable	-	267,118	-	-	-	-	-	-	-
Unavailable Taxes Receivable	-	-	-	-	-	-	-	4,315,182	-
Unavailable Grants	-	40,480	-	4,324,125	-	300,457	-	-	-
Unavailable Revenues - Other	-	-	-	97,033	-	-	-	-	-
Total Deferred Inflows of Resources	\$	1,191,863	\$	4,753,739	\$	970,229	\$	4,315,182	-
FUND BALANCES									
Nonspendable for:	-	858,583	-	-	-	50,313	-	-	-
Inventories	-	-	-	848,161	-	-	-	-	-
Restricted for:	-	-	-	-	-	-	-	-	-
ES11	-	228,705	-	-	-	-	-	-	-
Permit to Carry Gun Fees	-	756,420	-	-	-	-	-	-	-
Capital Improvements	-	-	-	-	-	-	-	-	-
State Aid Highway Construction	-	-	-	34,285	-	-	-	-	-
Health Education	-	-	-	-	-	1,002,212	-	-	-
Health Improvement	-	-	-	-	-	-	-	1,439,118	-
Record's Compliance Fund	-	-	-	-	-	-	-	-	-
Record's Compliance Purchases	-	-	-	-	-	-	-	-	-
Natural Resource Management	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Environmental Improvements	-	-	-	-	-	-	-	-	-
Future Forfeited Tax Distribution	-	-	-	-	-	-	-	1,282,883	-
Assigned for:	-	-	-	-	-	-	-	-	-
Road and Bridge Department	-	-	-	13,962,554	-	-	-	-	-
Health and Human Services Programs	-	-	-	-	-	9,350,553	-	-	-
Record's Compliance Fund	-	-	-	-	-	-	-	-	-
Solid Waste Management	-	-	-	-	-	-	-	-	-
Unassigned	-	12,741,467	-	14,445,000	-	10,403,078	-	2,752,001	-
Total Fund Balances	\$	14,855,031	\$	19,865,274	\$	13,839,701	\$	10,650,686	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances									

See accompanying Notes to Basic Financial Statements.

(20)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

ASSETS	Environmental		Capital Projects		Other Governmental Funds		Total Governmental Funds	
	\$	8,446,456	\$	48,866,471	\$	9,716,698	\$	100,975,208
Cash and Product Investments	-	-	-	-	-	2,006,000	-	-
Receivables	-	-	-	-	-	325	-	-
Prepaid Expenses	-	-	-	-	-	-	-	9,795
Petty Cash and Change Funds	-	-	-	-	-	-	-	-
Undistributed Cash in Agency Funds	-	-	-	-	-	149,346	-	-
Property Taxes Receivable - Delinquent	-	-	-	-	-	19,1108	-	2,073,096
Special Assessments Receivable - Delinquent	-	-	-	-	-	83,630	-	83,630
Accounts Receivable, Net	-	26,724	-	2,919	-	18,125	-	5,169,936
Interest Receivable	-	-	-	-	-	-	-	86,120
Due From Other Governments	-	-	-	21	-	-	-	6,736,804
Due From Other Funds	-	-	-	-	-	2,443,544	-	4,286,735
Loans Receivable	-	-	-	7,000	-	-	-	7,000
Prepaid Salaries	-	-	-	-	-	-	-	908,898
Inventories	-	-	-	-	-	-	-	848,161
Total Assets	\$	8,473,182	\$	48,866,471	\$	14,593,596	\$	131,133,941
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$	-	\$	476,657	\$	83,326	\$	2,074,471
Salaries Payable	-	-	-	-	-	66,285	-	1,523,924
Excise/Property Payable	-	-	-	-	-	-	-	12,950
Contracts Payable	-	-	-	-	-	-	-	236,165
Due To Other Governments	-	-	-	-	-	1,174,755	-	4,315,182
Due To Other Funds	-	-	-	-	-	8,774	-	1,293,527
Total Liabilities	-	-	-	476,657	-	1,331,040	-	9,427,800
DEFERRED INFLOWS OF RESOURCES								
Unavailable Taxes	-	-	-	-	-	181,108	-	2,073,066
Unavailable Special Assessments	-	-	-	-	-	83,630	-	83,630
Unavailable Loans Receivable	-	-	-	7,000	-	-	-	7,000
Unavailable Taxes Receivable	-	-	-	-	-	-	-	4,315,182
Unavailable Grants	-	-	-	-	-	-	-	4,067,062
Unavailable Revenues - Other	-	-	-	-	-	-	-	97,033
Total Deferred Inflows of Resources	-	-	-	7,000	-	264,738	-	11,500,761
FUND BALANCES								
Nonspendable for:	-	-	-	-	-	-	-	908,898
Inventories	-	-	-	-	-	-	-	848,161
Restricted for:	-	-	-	-	-	-	-	-
ES11	-	-	-	-	-	-	-	228,705
Permit to Carry Gun Fees	-	-	-	-	-	-	-	756,420
Capital Improvements	-	-	-	-	-	-	-	46,872,595
State Aid Highway Construction	-	-	-	46,872,595	-	-	-	34,285
Health Education	-	-	-	-	-	-	-	1,002,212
Health Improvement	-	-	-	-	-	-	-	1,439,118
Record's Compliance Fund	-	-	-	-	-	-	-	1,024,933
Record's Compliance Purchases	-	-	-	1,024,933	-	-	-	514,286
Natural Resource Management	-	-	-	514,286	-	-	-	1,102,908
Debt Service	-	-	-	-	-	-	-	3,269,447
Environmental Improvements	-	-	-	-	-	-	-	8,473,182
Future Forfeited Tax Distribution	-	8,473,182	-	-	-	-	-	1,282,883
Assigned for:	-	-	-	-	-	-	-	-
Road and Bridge Department	-	-	-	-	-	-	-	13,962,554
Health and Human Services Programs	-	-	-	-	-	-	-	9,350,553
Record's Compliance Fund	-	-	-	-	-	-	-	6,429,054
Solid Waste Management	-	-	-	-	-	-	-	2,198,409
Unassigned	-	-	-	-	-	-	-	10,897,779
Total Fund Balances	-	8,473,182	-	48,412,814	-	12,967,818	-	110,205,330
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	8,473,182	\$	48,866,471	\$	14,593,596	\$	131,133,941

See accompanying Notes to Basic Financial Statements.
(21)

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020**

Total Fund Balances for Governmental Funds \$ 110,205,380

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

236,015,883

Other long-term assets (deferred inflows of resources) are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.

11,500,761

The County's net pension liability and related deferred inflows and outflows are recorded on the statement of net position. Balances at year-end are:

Net Pension Liability
Deferred Outflows of Resources - Pension Related
Deferred Inflows of Resources - Pension Related

(23,582,034)
4,200,703
(5,177,727)

The County's total other postemployment benefit liability and related deferred outflows and deferred inflows are recorded on the statement of net position. Balances at year-end are:

Total Other Postemployment Benefits Liability
Deferred Outflows of Resources - OPEB Related
Deferred Inflows of Resources - OPEB Related

(50,559,527)
5,890,306
(6,894,210)

The Risk Management Internal Service Fund is used by management to charge the costs of self-insurance to individual funds. The Internal Service Fund's assets and liabilities are included in governmental activities in the Statement of Net Position.

2,111,203

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Bonds Payable
Bond Premium
Deferred Outflows of Resources on Refunding Bond
Capital Lease
Accrued Interest Payable
Compensated Absences

(61,595,000)
(2,882,187)
24,147
(77,873)
(448,589)
(6,817,798)

Total Net Position of Governmental Activities

\$ 211,913,438

See accompanying Notes to Basic Financial Statements.

(22)

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

REVENUES	General	Road and Bridge	Human Services	Forfeited Tax
Taxes	\$ 19,235,239	\$ 6,891,969	\$ 13,301,248	\$ -
Special Assessments	-	-	-	-
Licenses and Permits	99,408	-	-	-
Intergovernmental	14,383,364	13,164,517	11,200,562	-
Fees for Services	1,418,572	1,395,176	3,542,641	-
Fines and Penalties	19,924	-	-	-
Grants and Contributions	46,217	-	-	-
Gifts and Contributions	-	-	-	-
Investment Earnings	1,991,294	-	44,182	-
Miscellaneous	2,495,869	169,537	565,389	3,777,305
Total Revenues	<u>39,709,122</u>	<u>21,621,199</u>	<u>28,654,022</u>	<u>3,777,305</u>

EXPENDITURES

Current:

General Government	13,767,676	-	-	803,779
Public Safety	18,178,019	-	-	-
Highways and Streets	-	11,375,167	-	-
Sanitation	29,718	-	-	-
Human Services	-	-	23,825,741	-
Health	-	-	2,993,119	-
Culture and Recreation	366,973	-	-	-
Conservation of Natural Resources	931,967	-	-	1,887,996
Capital Outlay	-	-	-	-
General Government	307,078	-	-	-
Public Safety	202,085	-	-	-
Highways and Streets	-	9,617,135	-	-
Sanitation	-	-	-	-
Human Services	-	-	122,020	-
Conservation of Natural Resources	-	-	-	-
Debt Service:	-	-	-	-
Principal Retirement	-	255,030	-	-
Interest	-	-	-	-
Administrative (Fiscal) Charges	-	-	-	-
Total Expenditures	<u>33,783,516</u>	<u>21,247,332</u>	<u>26,940,880</u>	<u>2,691,175</u>

Excess of Revenues Over (Under) Expenditures

5,925,606

OTHER FINANCING SOURCES (USES)

Premium on Bonds Issued	-	-	-	-
Transfers In	498,657	-	-	-
Transfers Out	(199,280)	-	-	(1,295,263)
Capital Lease Issued	-	91,200	-	-
Sale of Assets	23,862	121,675	-	-
Bonds Issued	-	-	-	-
Total Other Financing Sources (Uses)	<u>323,259</u>	<u>212,875</u>	<u>-</u>	<u>(1,295,263)</u>

NET CHANGE IN FUND BALANCES

6,248,865

Fund Balances - Beginning of Year, As Previously Reported
Change in Accounting Principle (See Note 10)
Prior Period Adjustment (See Note 10)

6,790,680
(297,958)
-

Fund Balances - Beginning of the Year, as Restated

6,492,622

Decrease in Inventories

(234,688)

FUND BALANCES - END OF YEAR

\$ 12,741,487

See accompanying Notes to Basic Financial Statements.

(23)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	Environmental	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ -	\$ -	\$ 2,789,156	\$ 42,217,612
Special Assessments	-	-	1,291,558	1,291,558
Licenses and Permits	-	-	530	99,938
Intergovernmental	-	-	974,897	39,723,340
Charges for Services	-	240,022	769,109	7,365,885
Fines and Forfeits	-	-	39,324	39,324
Gifts and Contributions	-	-	28,008	74,225
Investment Earnings	399,909	-	-	2,435,355
Miscellaneous	-	148,208	179,613	7,334,021
Total Revenues	399,909	386,530	6,032,871	100,351,258
EXPENDITURES				
Current Year Depreciation	-	-	-	15,393,756
General Government	-	812,301	-	18,201,290
Public Safety	-	23,271	-	12,419,440
Highways and Streets	-	-	1,044,273	2,552,560
Sanitation	-	395,834	2,127,008	23,825,741
Human Services	-	-	-	2,993,119
Health	-	-	-	820,474
Culture and Recreation	-	-	453,501	319,324
Conservation of Natural Resources	105,020	-	-	5,109,652
Capital Outlay:				
General Government	-	4,802,574	-	202,085
Public Safety	-	-	-	9,617,135
Highways and Streets	-	-	-	60,844
Sanitation	-	-	-	122,020
Human Services	-	-	-	48,170
Conservation of Natural Resources	-	-	-	1,160,030
Debt Service:				
Principal Retirement	-	-	905,000	530,844
Interest	-	-	530,844	2,490
Administrative (Fiscal) Charges	-	1,204,650	-	5,490,694
Total Expenditures	105,020	7,238,930	5,490,694	97,497,247
Excess of Revenues Over (Under) Expenditures	294,889	(6,851,800)	542,177	3,084,011
OTHER FINANCING SOURCES (USES)				
Premium on Bonds Issued	-	-	-	2,340,802
Transfers In	-	2,340,802	-	3,258,083
Transfers Out	-	-	2,759,426	(3,258,083)
Capital Lease Issued	(19,633)	(1,743,927)	-	91,200
Sale of Assets	-	-	-	145,537
Bonds Issued	-	59,000,000	-	50,000,000
Total Other Financing Sources (Uses)	(19,633)	57,256,875	2,759,426	32,377,359
NET CHANGE IN FUND BALANCES				
Fund Balances - Beginning of Year, As Previously Reported	275,256	43,745,075	3,301,603	55,661,550
Change in Accounting Principle (See Note 10)	8,197,926	4,667,739	9,696,215	54,429,391
Prior Period Adjustment (See Note 10)	-	-	-	(297,958)
Fund Balances - Beginning of the Year, as Restated	-	-	-	646,865
Decrease in Inventories	-	-	-	(234,488)
FUND BALANCES - END OF YEAR	\$ 8,473,192	\$ 48,412,814	\$ 12,697,818	\$ 110,205,380

See accompanying Notes to Basic Financial Statements.

(24)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	55,661,550
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 reported as unavailable revenue. In the Statement of Activities, those revenues are recognized when earned.		305,704
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		16,606,510
Expenditures for General Capital Assets and Infrastructure		(8,187,115)
Current Year Depreciation		8,419,395
In the Statement of Activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the disposal increase financial resources. Therefore, change in net position differs from the change in fund balance by the net book value of the capital assets disposed. Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.		(79,000)
Bonds Issued		(50,000,000)
Capital Lease Issued		(92,100)
Premium on Bonds		(2,340,805)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal Repayments:		
General Obligation Bonds		905,000
Capital Lease		255,030
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		1,160,030
Change in Compensated Absences		(1,187,480)
Change in deferred other postemployment outflows		(486,103)
Change in deferred pension outflows		(1,165,443)
Change in other postemployment benefits liability		5,271,683
Change in net pension liability		(2,662,141)
Change in deferred other postemployment inflows		(3,889,340)
Change in deferred pension inflows		5,743,406
Amortization of Bond Premiums		91,340
Amortization of Refunding Deferred Charge		(9,348)
Change in Inventories		(234,488)
Change in Accrued Interest Payable		(221,899)
Internal Service Funds are used to by management to charge the costs of certain activities to individual funds. The net (expense) revenue of the Internal Services Funds is reported with governmental activities.		
Change in Net Position of the Internal Service Fund		(189,229)
Change in Net Position of Governmental Activities		\$ 13,983,762

See accompanying Notes to Basic Financial Statements.

(25)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Nursing Home	Itasca Medical Care	Itasca Resource Center (Nonmajor)	Totals	Governmental Activities Risk Management Internal Service Fund
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ASSETS

CURRENT ASSETS

Cash and Pooled Investments	\$ 3,654,972	\$ 11,568,105	\$ 927,239	\$ 16,150,316	\$ 2,712,297
Accounts Receivable (Net)	1,204,602	4,152,278	20,656	5,377,536	25,508
Due from Other Governments	-	-	6,797	6,797	-
Prepaid Items	178,542	-	-	178,542	-
RESTRICTED ASSETS					
Bond Funds	500	-	-	500	-
Resident Trust Funds	13,487	-	-	13,487	-
Total Current Assets	5,052,103	15,720,383	954,692	21,727,178	2,740,805

NONCURRENT ASSETS

Provider Settlements Receivable	-	311,201	-	311,201	-
Capital Assets:					
Nondepreciable	22,496	-	256,800	279,296	-
Depreciable (Net)	8,910,589	-	64,272	8,974,861	-
Total Noncurrent Assets	8,933,085	311,201	321,072	9,565,358	-
Total Assets	13,985,188	16,031,584	1,275,764	31,292,536	2,740,805

DEFERRED OUTFLOWS OF RESOURCES

OPEB Related Outflows	26,601	-	-	26,601	-
Pension Related Outflows	318,191	-	4,980	323,171	-
Total Deferred Outflows of Resources	344,792	-	4,980	349,772	-

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	336,614	795,126	7,396	1,139,136	35,899
Salaries Payable	281,717	329,307	4,833	615,857	4,331
Compensated Absences Payable -					
Due within One Year	264,024	-	-	264,024	-
Claims and Judgments Payable:					
Due within One Year	-	4,762,313	-	4,762,313	-
Due to Other Governments	-	-	514	514	615
Unearned Revenue	279,028	-	-	279,028	-
Accrued Interest Payable	52,690	-	-	52,690	-
General Obligation Bonds Payable -					
Due within One Year	220,000	-	-	220,000	-
Revenue Bonds Payable -					
Due within One Year	275,000	-	-	275,000	-
Total Current Liabilities	1,709,073	5,886,746	12,743	7,608,562	40,845

See accompanying Notes to Basic Financial Statements.

(26)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Nursing Home	Itasca Medical Care	Itasca Resource Center (Nonmajor)	Totals	Governmental Activities Risk Management Internal Service Fund
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CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Due to Residents	\$ 13,487	\$ -	\$ -	\$ 13,487	\$ -
NONCURRENT LIABILITIES					
Claims and Judgments Payable	-	-	-	-	588,757
Net Pension Liability	4,748,403	-	-	4,803,044	-
Other Postemployment Benefits	452,896	-	54,641	452,896	-
Unamortized Bond Premium	142,817	-	-	142,817	-
General Obligation Bonds Payable	4,395,000	-	-	4,395,000	-
Provider Settlements	-	3,246,066	-	3,246,066	-
Revenue Bonds Payable	4,080,000	-	-	4,080,000	-
Total Noncurrent Liabilities	13,819,116	3,246,066	54,641	17,119,823	588,757
Total Liabilities	15,541,676	9,132,812	67,384	24,741,872	629,602

DEFERRED INFLOWS OF RESOURCES

OPEB Related Pension Related	7,744	-	-	7,744	-
Total Deferred Inflows of Resources	296,684	-	3,981	300,665	-
Total Deferred Inflows of Resources	304,428	-	3,981	308,409	-

NET POSITION

Net Investment in Capital Assets	(179,732)	-	321,072	141,340	-
Restricted	2,928	-	-	2,928	-
Unrestricted	(1,339,320)	6,898,772	885,307	6,447,759	2,111,203
Total Net Position	\$ (1,516,124)	\$ 6,898,772	\$ 1,209,379	\$ 6,592,027	\$ 2,111,203

See accompanying Notes to Basic Financial Statements.

(27)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Nursing Home	Itasca Medical Care	Itasca Resource Center (Normalor)	Totals	Governmental Activities Risk Management Internal Service Fund
OPERATING REVENUES					
Charges for Services	\$ -	\$ -	\$ 536,790	\$ 536,790	-
Patient Services	11,743,483	-	-	11,743,483	-
Insurance Dividends	-	-	-	-	27,324
Miscellaneous	86,245	6,646	-	92,891	314,389
Capitation Revenue	-	66,708,866	-	66,708,866	-
Total Operating Revenues	11,829,728	66,715,512	536,790	79,082,030	341,713
OPERATING EXPENSES					
Capitation Expense	-	10,273	-	10,273	-
Provider Settlements	-	994,120	-	994,120	-
Pharmacy Claims	-	11,374,704	-	11,374,704	-
Medical Claims	-	46,052,215	-	46,052,215	-
Professional Services	-	-	98,035	98,035	28,416
Nursing Services	5,025,047	-	-	5,025,047	-
Plant Operations	526,400	-	-	526,400	-
Claims Paid	-	-	-	-	362,686
Administration and Fiscal Services	1,398,138	-	-	1,398,138	-
Other Care - Related	326,775	6,113,278	-	6,440,053	-
Other Services and Charges	1,206,131	-	-	1,206,131	-
Supplies	-	-	48,348	48,348	446
Payroll	-	-	59,586	59,586	78,536
Employee Benefits and Payroll Taxes	1,579,870	-	35,835	1,615,705	50,376
Travel	-	-	-	-	546
Telephone	-	-	-	-	1,035
Utilities	-	-	64,633	64,633	-
Fuel	-	-	7,773	7,773	-
Insurance	-	-	-	-	27,372
Staff Training	-	-	-	-	4,171
Licenses and Dues	-	-	-	-	380
Postage	-	-	-	-	9
Vehicle Expense	-	-	-	-	409
Laundry and Linen	119,583	-	-	119,583	-
Dietary	925,184	-	-	925,184	-
Housekeeping	278,277	-	-	278,277	-
Housekeeping	806,792	-	17,510	824,302	-
Depreciation	-	-	3,966	3,966	-
Repairs and Maintenance	-	-	-	-	-
Total Operating Expenses	12,192,177	64,544,590	335,686	77,072,453	554,382
OPERATING INCOME (LOSS)	(362,449)	2,170,922	201,104	2,009,577	(212,669)

See accompanying Notes to Basic Financial Statements.

(28)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Nursing Home	Itasca Medical Care	Itasca Resource Center (Normalor)	Totals	Governmental Activities Risk Management Internal Service Fund
NONOPERATING REVENUES (EXPENSES)					
Investment Income	\$ 17,651	\$ 15,731	\$ -	\$ 33,382	\$ 13,440
Contributions and Donations	633,744	-	-	633,744	-
Interest Expense	(301,822)	-	-	(301,822)	-
Total Nonoperating Revenues (Expenses)	349,573	15,731	-	365,304	13,440
CHANGE IN NET POSITION	(12,876)	2,186,653	201,104	2,374,881	(199,229)
Net Position - Beginning of Year	(1,503,248)	4,712,119	1,008,275	4,217,146	2,310,432
NET POSITION - END OF YEAR	<u>\$ (1,516,124)</u>	<u>\$ 6,898,772</u>	<u>\$ 1,209,379</u>	<u>\$ 6,592,027</u>	<u>\$ 2,111,203</u>

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Nursing Home	Itasca Medical Care	Itasca Resource Center (Nonmajor)	Totals	Governmental Activities Risk Management Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 12,608,165	\$ -	\$ 510,179	\$ 13,118,344	\$ -
Receipts from Internal Services Provided	-	-	-	-	286,804
Other Receipts	-	68,145,758	-	68,145,758	-
Payments to Suppliers	(4,922,572)	-	-	(5,146,701)	27,324
Payments to Employees	(5,711,357)	-	(224,129)	(5,935,486)	(353,772)
Payments for Depreciation, Supplies, and Employees	-	(64,983,133)	(126,645)	(65,109,778)	(126,465)
Net Cash Provided (Used) by Operating Activities	973,636	3,162,025	159,405	4,295,066	(191,132)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Contributions and Donations	603,744	-	-	603,744	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	17,651	15,731	-	33,382	13,440
Net Cash Provided (Used) by Investing Activities	17,651	15,731	-	33,382	13,440
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of Capital Assets	(111,174)	-	-	(111,174)	-
Principal Paid on Bonds	(450,000)	-	-	(450,000)	-
Interest Paid on Bonds	(330,657)	-	-	(330,657)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(891,831)	-	-	(891,831)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	733,200	3,177,756	159,405	4,070,361	(177,692)
Cash and Cash Equivalents - Beginning of Year	2,921,772	8,390,349	767,834	12,079,955	2,889,989
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,654,972	\$ 11,568,105	\$ 927,239	\$ 16,150,316	\$ 2,712,297

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Nursing Home	Itasca Medical Care	Itasca Resource Center (Nonmajor)	Totals	Governmental Activities Risk Management Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (362,449)	\$ 2,170,622	\$ 201,104	\$ 2,009,277	\$ (212,689)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	896,792	-	17,510	914,302	-
Amortization	(13,821)	-	-	(13,821)	-
Bad Debts	44,233	-	-	44,233	-
Changes in Assets and Liabilities:					
Increase (Decrease) in Accounts Receivable	455,176	(561,898)	(19,814)	(126,536)	(27,959)
Increase (Decrease) in Accounts Payable	-	(116,820)	-	(116,820)	-
Provider Settlements Receivable	-	-	(6,797)	(6,797)	-
Due from Other Governments	10,788	-	-	10,788	-
Prepaid Items	(33,030)	-	1,008	(32,022)	-
Pension Deferred Outflows of Resources	-	-	-	-	-
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:					
Accounts Payable	(69,732)	73,488	5,304	9,060	29,041
Salaries Payable	107,928	51,738	827	160,493	887
Due to Other Governments	-	-	(6,678)	(6,678)	(1,483)
Unearned Revenue	279,028	-	-	279,028	-
Claims and Judgments Payable	-	1,544,595	-	1,544,595	20,657
Net Pension Liability	413,842	-	(19,081)	394,761	-
Pension Deferred Inflows of Resources	(855,110)	-	(13,976)	(869,086)	-
Net Cash Provided (Used) by Operating Activities	973,636	3,162,025	159,405	4,295,066	(191,132)

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Pooled Investments	\$ 590,231	\$ 5,017,007
Due From Other Governments	-	290,994
Taxes Receivable For Other Governments	-	2,930,268
Accounts Receivable	-	9,517
Total Assets	\$ 590,231	\$ 8,247,786
LIABILITIES		
Accounts Payable	\$ -	1,290
Due to Other Governments	-	3,784,622
Total Liabilities	\$ -	\$ 3,785,912
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Collected for Subsequent Period	\$ -	35,717
NET POSITION		
Restricted for: Individuals, Organizations, and Other Governments	\$ 590,231	\$ 4,426,157
Total Net Position	\$ 590,231	\$ 4,426,157

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
ADDITIONS		
Contributions - Individuals	\$ 2,631,612	\$ 503,228
Investment Earnings:		
Interest, Dividends and Other	-	576
Intergovernmental	-	2,085,488
Property Tax Collections for Other Governments	-	50,001,026
License and Fees Collected for State	-	12,273,795
Miscellaneous	-	579,575
Total Additions	2,631,612	65,443,688
DEDUCTIONS		
Beneficiary Payments to Individuals	2,383,351	512,255
Payments of Property Tax to Other Governments	-	49,982,104
Payments to State	-	12,844,231
Administrative Expense	-	3,186
Payments to Other Entities	-	2,167,658
Total Deductions	2,383,351	65,509,434
Net Increase (Decrease) in Fiduciary Net Position	248,261	(65,746)
Fiduciary Net Position - Beginning of Year, as Previously Reported	-	-
Change in Accounting Principle	341,970	4,491,903
Fiduciary Net Position - Beginning of Year, as Restated	341,970	4,491,903
FIDUCIARY NET POSITION - END OF YEAR	\$ 590,231	\$ 4,426,157

See accompanying Notes to Basic Financial Statements.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The County was established March 10, 1891, and is an organized county having the powers, duties, and privileges granted counties by Minnesota Statutes ch. 373. As required by U.S. GAAP, these financial statements present the County (Primary Government) and its material component units for which the County is financially accountable. The blended component unit is intertwined with the County so that it is, in substance, part of the County and, therefore, blended and reported as part of the County operations. There is accountability if the primary government appoints a voting majority of an organization's governing body and has the ability to impose its will on that governing body; or there is the potential for the organization to provide specific financial benefits or to impose specific financial burden on the primary government based on the criteria for determining component units. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

Itasca Nursing Home dba: Grand Village (the Nursing Home) (blended component unit).
The Nursing Home is reflected as a blended component unit of the County because the component unit's governing body is substantively the same as the governing body of the County. A seven-member board consisting of five County commissioners and two members appointed by the County's board with the power to levy taxes, issue bonds, and enter into contracts governs the Nursing Home. The Nursing Home was established pursuant to Minn. Stat. §§376.55-.60 to provide care to chronically ill or convalescent persons.

Joint Ventures, Jointly-Governed Organizations, and Related Organization

The County participates in several joint ventures with surrounding counties and other units of government. Details on these joint ventures are included in Note 8.C. The County also participates in several jointly-governed organizations which are described in Note 8.D. A related organization is discussed in Note 8.E.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the Primary Government. These statements include the financial activities of the overall government, except for fiduciary activities. 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: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

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

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – 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. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road and Bridge Special Revenue Fund was established to account for revenues and expenditures of the County Highway Department, which is responsible for the construction, and maintenance of roads, bridges and other projects affecting County roadways. These activities are funded primarily by property taxes and intergovernmental revenues.

The Human Services Special Revenue Fund accounts for health programs, economic assistance, and community social service programs. These activities are funded primarily by property taxes and intergovernmental revenues.

The Forfeited Tax Special Revenue Fund is used to account for proceeds from the sale or rental of lands forfeited to the state of Minnesota pursuant to Minnesota Statutes ch. 282 and for timber sales from these tax-forfeited lands. Revenues in excess of expenditures are distributed according to Minnesota Statutes. The remaining fund balance is restricted by state statute.

The Capital Projects Fund accounts for financial resources to be used for capital acquisition, construction, or improvement of major capital facilities. Grant monies and bond proceeds fund most of the projects.

The Environmental Special Revenue Fund accounts for funds collected from the sale of County-owned lakeshore leased lots. These funds may only be spent on improvement of natural resources. This fund was previously reported as a permanent fund; however, change in statute allows a percentage of the total cash balance to be spent rather than spending solely from earnings on the fund.

The County reports the following major proprietary funds:

The Nursing Home Enterprise Fund accounts for the operation of the County's nursing home in Grand Rapids. Activities necessary to provide nursing home services are accounted for in this fund. The nursing home operates on a fiscal year ending September 30, 2020.

The Itasca Medical Care Enterprise Fund is used to account for the operation of the Itasca County's Medical Care. Activities necessary to operate, control, and manage all matters concerning the County's health care functions are accounted for in this fund.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The County reports the following internal service fund:

The Risk Management Internal Service Fund is used to account for the self-insured workers' compensation program. Financing is provided by charges to the various participating governmental funds.

Additionally, the County reports the following fund types:

The Debt Service Fund accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. Property taxes are the primary revenue source restricted for repayment of debt through bond documents.

Fiduciary:

Private-purpose trust funds are used to report trust arrangements other than pension or investment trusts, under which principal and income benefit individuals, private organizations, or other governments. The County reports one private-purpose trust fund, the Social Welfare Fund which accounts for the activity related to income received and payments made on behalf of individuals for whom the County is responsible to assist.

Custodial funds are custodial in nature. These funds are used for a variety of purposes such as: to account for the collection and disbursement of taxes on behalf of local governments within the County; as an agent for a mental health collaborative and estate recoveries; as an agent for state revenue payments, and as an agent for the inmates of the Itasca County Jail.

C. Measurement Focus and Basis of Accounting

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

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Itasca County considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Cash and Cash Equivalents

The County has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled investments are reported at their fair value at December 31, 2020, based on market prices. Pursuant to Minnesota Statutes §385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants.

The County Auditor/Treasurer invests the funds of the Risk Management Internal Service Fund, and Environmental Special Revenue Fund separately from pooled investments.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent maturities of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Accounts receivable is shown net of an allowance for uncollectibles which is calculated on a case-by-case basis. The Nursing Home allowance as of September 30, 2020 was \$108,672. The Itasca Medical Care allowance as of December 31, 2020 was \$240,000.

Advances between funds, as reported in the fund financial statements, are classified as nonspendable fund balance account in the General Fund to indicate that they are not available for appropriation and are not expendable available financial resources.

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 on May 15 and the second half payment due October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

Loans receivable consist of a loan made to the Grand Rapids-Itasca County Joint Airport Commission to finance the construction of airport improvements and loans made to individuals to improve septic systems.

4. Inventories

Road and Bridge Special Revenue Fund inventory is valued at cost using the average cost method and consists of expendable supplies and parts held for consumption. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Reported inventories of governmental funds are classified as nonspendable fund balance to indicate that a portion of fund balance is not available for future appropriation. Inventories in proprietary funds and at the government-wide level are recorded as expenses when consumed.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Prepaid Items

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

6. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of at least three years. For the Nursing Home, capital assets are defined as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Assets	
Buildings	15 to 40 Years
Improvements	5 to 25 Years
Public Domain Infrastructure	50 to 75 Years
Furniture, Equipment, and Vehicles	3 to 15 Years

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Unearned Revenue

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

9. Compensated Absences

The liability for compensated absences reported in financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements.

Unused accumulated vacation and vested sick leave are paid to employees upon termination. Unvested sick leave is available to employees in the event of illness-related absences and is not paid to them at termination. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The current portion consists of current severance payouts. The noncurrent portion consists of the remaining vacation and sick leave.

10. Deferred Outflows of Resources

The County reports decreases in net position or fund balance, that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statement of net position or governmental fund balance sheet. The County will not recognize the related outflow until a future event occurs. The County has three items that qualify for reporting in this category which are all reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its re-acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second type relates to pension liabilities as described in Note 4 to the financial statements. The third relates to other postemployment liabilities as described in Note 6 to the financial statements.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Deferred Inflows of Resources

The County's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has four types of items which occur creating deferred inflows of resources: The first type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's year) under the modified accrual basis of accounting. The second type relates to other postemployment benefit liabilities as described in Note 6 to the financial statements. The third type relates to pension liabilities as described in Note 4 to the financial statements and is reported in the government-wide statement of net position. The fourth type is reported in the County's custodial fund because the County collects property taxes prior to the year when levied for and, therefore, the custodial fund reports deferred inflows for this item.

12. Other Postemployment Benefits

For purposes of measuring the OPEB liability, deferred outflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Retiree Benefits Plan (the Plan) and additions/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit term.

13. Net Pension Liability

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. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

15. Fund Balance and Net Position

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaids, inventories, and long-term receivables as well as amounts that are legally or contractually required to be maintained intact. Restricted funds are constrained by outside parties (i.e., statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the County Board. Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes; but are neither restricted nor committed. The Auditor/Treasurer has been authorized to assign fund balances for the County. Unassigned fund balance is the residual classification for the County's General Fund and negative residual fund balances in other governmental funds, and includes all spendable amounts not contained in other classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the County's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the County's policy to use committed first, then assigned, and finally unassigned amounts.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Fund Balance and Net Position (Continued)

Net position represents the differences between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide and proprietary fund financial statements. The net investment of capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire capital assets. Net position is reported as restricted in government-wide financial statements when there are limitations on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

16. Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures in Excess of Budget

The following funds had expenditures in excess of budget for the year ended December 31, 2020. These over expenditures were seen as necessary by the County Board.

	Actual Expenditures	Final Budget	Expenditures in Excess of Budget
General Fund	\$ 33,783,516	\$ 29,342,688	\$ 4,440,828
Road and Bridge Fund	21,247,332	19,940,438	1,306,894
Human Services Fund	26,940,880	26,523,128	417,752
Solid Waste Management Fund	2,187,852	2,037,209	150,643
Debt Service Fund	1,437,574	1,427,110	10,464

The excess of expenditures over budget were funded by greater than anticipated revenues and existing fund balance.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

The County's total cash and investments at December 31, 2020 are as reported below:

Primary Government:	
Cash and Pooled Investments	\$ 127,525,143
Restricted Assets	2,014,007
Petty Cash and Change Funds	9,795
Fiduciary Funds:	
Private Purpose Trust Funds	590,231
Custodial Funds	5,017,007
Total Cash and Investments	<u>\$ 135,156,183</u>

The County 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 County is required by Minnesota Statutes §118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least 10% more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

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

The cash balance of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at fair value at December 31, 2020, based on market prices. Pursuant to Minnesota Statutes §385.07, investment earnings on cash and pooled investments of \$1,991,264 are credited to the General Fund. Cash and investments that are not pooled are credited to the respective fund.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits – In the case of deposits, custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County has a policy requiring certificates of deposit to be collateralized in accordance with Minnesota Statutes. The policy requires collateral to be deposited in the name of Itasca County and subject to release by the County Auditor/Treasurer. At December 31, 2020, the County's deposits were fully insured or collateralized.

Minnesota Statutes §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- a) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minnesota Statutes §118A.04, subd. 6;
- b) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- c) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- d) bankers' acceptances of United States banks;
- e) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- f) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk – Investments – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County minimizes its exposure to interest rate risk by investing in both shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The County's investment policy is to invest operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Credit Risk – Investments – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to a holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute. See the table on the following pages for the ratings of specific investment types.

Custodial Credit Risk – Investments – For investments in securities, custodial credit risk is the risk that in the event of a failure of the counterparty, the County will not be able to recover the value of its investment securities that are in the possession of an outside party. To minimize this risk, it is the County's policy to investigate brokers/dealers' credit worthiness prior to investment. Brokers/dealers must be selected by the County Auditor/Treasurer within the restrictions prescribed by Minnesota Statutes ch. 118A. Brokers/dealers may hold investments only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC insurance protection available.

At December 31, 2020, Itasca County had \$5,361,815 of U.S. governmental securities, and \$48,649,058 of state and local government securities which were both acquired and held by the counterparty's same trust department. These investments were subject to custodial credit risk.

Concentration of Credit Risk – Investments – The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy to minimize that risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

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

Investment Type	Credit Risk		Concentration of Credit Risk Over 5% of Portfolio	Interest Rate Risk Maturity Date	Carrying (Fair) Value
	Credit Rating	Agency Rating			
U.S. Government Agency Securities:					
Federal National Mortgage Association	AAA/AAA+	Moody's/S&P	< 5%	1/13/2022	\$ 66,503
Federal Home Loan Bank Bonds	AAA/AAA+	Moody's/S&P		4/14/2025	301,962
Federal Home Loan Bank Bonds	AA+	Moody's		11/25/2025	4,993,350
Total Federal Home Loan Bank Bonds			7.5%		5,295,312
U.S. Treasury Notes and Strips:					
U.S. Treasury Note	NR	NA	< 5%	11/15/2024	511,703
Investment Pools/Mutual Funds:					
MM Federated U.S. Treasury Cash Reserve	NR	N/A	< 5%	N/A	40,001
MM Federated U.S. Treasury Cash Reserve	NR	N/A	< 5%	N/A	87,919
MM Federated U.S. Treasury Cash Reserve	NR	N/A	< 5%	N/A	97,008
MM Federated U.S. Treasury Cash Reserve	NR	N/A	< 5%	N/A	74,745
Total MM Federated U.S. Treasury Cash Reserve					299,673
Commercial Paper Notes					
Truist Money Market Fund	A1+	Moody's	14.2%	8/27/2021	9,982,075
Commercial Paper					
State and Local Securities:					
Amarillo Texas Econ Dev Corp	AA-	S&P		8/15/2023	733,089
Arizona Bnd of RGTS	AA2/AA-	Moody's/S&P		6/12/2024	210,338
Austin Texas Electric Utility System	AA3/AA	Moody's/S&P		11/15/2023	1,061,620
Baltimore MD	AA2/AA	Moody's/S&P		10/15/2022	311,436
Baltimore MD Revenue	AA2/AA	Moody's/S&P		7/12/2024	150,899
Berkeley County School District	AA1/AA	Moody's/S&P		3/12/2022	205,596
Berks County PA	AAA	Moody's		11/15/2023	256,398
Birmingham AL Waterworks Board	AA2/AA	Moody's/S&P		1/12/2024	262,380
Canon McMillan PA Sch Dist	AA	S&P		12/15/2024	206,352
Carmel IN Local Public Impt	AA	S&P		7/15/2021	200,688
Cheltenham PA Sch Dist	AA-	S&P		2/15/2025	257,520
Chippewa Vly WI Schs	AA-	S&P		5/12/2021	352,798
Connecticut St	AA1/AA	Moody's/S&P		4/15/2023	422,504
Curators of the Univ of Missou	A1/A	Moody's/S&P		11/1/2023	513,685
Derry CT	A+	S&P		8/12/2024	523,885
Desert Sands CA Unif Sch Dist	AA2/AA	Moody's/S&P		8/12/2024	310,659
Duluth MN	AA2/AA	Moody's/S&P		2/12/2024	419,387
Florida St Board of Admin	AA3/AA	Moody's/S&P		7/12/2021	252,768
Flowerd MS	AA+	S&P		11/1/2022	265,340
Fontana CA Reevy Agcy Successor	AA	S&P		10/1/2021	277,852
Fresno CA Unif Sch Dist	AA3	Moody's		8/12/2025	100,273
Granville CA Unif Sch Dist	AA1	Moody's		9/12/2024	256,686
Grand Prairie Texas	AAA	S&P		2/15/2024	259,960

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investment Type	Credit Risk		Concentration of Credit Risk Over 5% of Portfolio	Interest Rate Risk Maturity Date	Carrying (Fair) Value
	Credit Rating	Agency Rating			
State and Local Securities: (Continued)					
Honolulu HI	AA2/AA+	Moody's/S&P		9/1/2025	\$ 151,319
Howard City MD	AAA/AAA	Moody's/S&P		8/15/2024	250,188
Illinois ST Housing Development Authority	AA2/AAA	Moody's/S&P		2/1/2021	150,152
Indiana Bond Bank Revenue	AA+	S&P		8/1/2023	521,920
Indianapolis IN Local Public	AA+	S&P		1/15/2024	529,260
Iowa State Fin Auth	AAA/AAA	Moody's/S&P		7/1/2023	469,247
Iowa State Fin Auth	AAA/AAA	Moody's/S&P		7/1/2025	98,714
Jobsonho Beverage Sys STWD LIQ	AA3/AA	Moody's/S&P		1/1/2021	300,000
Kaufman City TX	AA-	S&P		2/15/2025	407,659
Lake Orion MI Chmry Sch District	AA	S&P		5/1/2021	503,465
Lansing Mich Board Water & Light	AA-	Moody's/S&P		7/1/2024	422,872
Loudoun City VA Econ Dev Auth	AA1	Moody's		6/1/2023	540,810
Lubbock TX WTR	AA-	S&P		2/15/2025	150,591
Madison WI	AAA	Moody's		10/1/2021	304,283
Manassas-Susanna Boro AK	AA-	S&P		3/1/2024	313,058
Marionettes Falls WI	AA-	Moody's		8/1/2023	356,923
Minneapolis St Cgs & Univ Reven	AA3/AA	Moody's/S&P		1/1/2024	353,763
Mobile AL	AA2/AA	Moody's/S&P		2/15/2024	268,265
Mobile City AL	AA1/AA	Moody's/S&P		8/1/2025	151,154
Monrovia WI	AA+	S&P		10/1/2021	510,130
Montana St	AA1/AA	Moody's/S&P		7/15/2024	100,120
Montgomery City VA Econ Dev	AA2/AA	Moody's/S&P		6/1/2021	352,625
Mount San Antonio CA Cmnty	AA1/AA	Moody's/S&P		8/1/2024	315,186
Nasau City NY Interim Fin	AAA	S&P		11/15/2021	509,080
Nazareth PA Area Sch Dist	AA	S&P		11/15/2021	151,503
New Hampshire St Hlth and Edu	AA3/AA-	Moody's/S&P		7/1/2022	205,566
New Mexico St Fin Auth Revenue Taxable	AA2/AAA	Moody's/S&P		6/15/2022	260,445
New York City NY Housing Development	AA2/AA+	Moody's/S&P		11/1/2021	303,009
New York City NY Transitional	AA2/AA	Moody's/S&P		7/15/2023	537,485
New York City NY Transitional	AA1/AAA	Moody's/S&P		5/1/2024	491,202
New York NY	AA1/AA	Moody's/S&P		8/1/2022	521,425
New York St Dorm Auth	AA1/AA+	Moody's/S&P		3/15/2021	501,795
New York St Environmental Facs	AAA/AAA	Moody's/S&P		1/15/2022	255,040
New York St Urban Dev Corp	AA1/AA+	Moody's/S&P		3/15/2022	359,538
Newark CA University School Dist	AA-	S&P		8/1/2023	420,124
Norfolk VA	AA2	Moody's		10/1/2023	260,260
Oak Creek WI	AA2	Moody's		10/1/2021	254,638
Oklahoma City OK Dev Trust Tax	AA2/AA+	Moody's/S&P		10/1/2021	529,500
Oregon State Dept of Admin Services	AA2/AAA	Moody's/S&P		4/1/2024	535,545
Oscoda City FL Public Impt	AA3	Moody's		10/1/2021	503,805
Palm Springs CA Unif Sch Dist	AA3/AA	Moody's/S&P		7/1/2025	504,170
Phoenixville PA Area Sch Dist	AA2	Moody's		11/15/2024	260,060
Port of Morrow OR	AA2	Moody's		7/1/2021	967,275
Raleigh NC Comb Enterprise Sys	AAA/AAA	Moody's/S&P		3/1/2024	523,860
Rhode Island St & Providence	AA2/AA	Moody's/S&P		4/1/2022	528,080
Rhode Island St Convention Center	AA-	S&P		5/15/2024	981,474

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investment Type	Credit Risk		Over 5% of Portfolio	Rating Agency	Maturity Date	Carrying (Fair) Value
	Credit Rating	Agency				
State and Local Securities: (Continued)						
Rhode Island St Student Loan	AA	S&P			12/1/2022	\$ 514,665
Roanoke VA	AA2/AA+	Moody's/S&P			2/1/2025	529,905
S Wdm CA Cmnty Cg	AA2/AA-	Moody's/S&P			8/1/2025	251,715
Saint Paul MN Sales Tax Revenue	AA-	S&P			11/1/2023	719,969
Saint Tammany Parish LA	AA+	S&P			6/1/2025	250,850
San Antonio TX Edu Facs Corp	AA-	S&P			6/1/2025	351,915
San Buenaventura CA	AA	S&P			1/1/2025	150,213
San Francisco City & Cnty CA	AA	NA			9/1/2021	342,886
San Joaquin Delta CA	AA2	Moody's			8/1/2024	206,152
San Jose CA Redevel Agcy Succes	AA	S&P			8/1/2021	506,450
San Marcos CA Redevel Agcy Succ	AA-	S&P			10/1/2025	505,190
Sarasota Cnty FL Utility	AA+	S&P			9/1/2024	123,584
Seattle WA	AA4/AAA	Moody's/S&P			9/1/2024	503,123
Sequoia CA Union High Sch Dist	AAA	Moody's			7/1/2024	226,674
South Central CT Regional Water Auth	AA4/AA+	Moody's/S&P			7/1/2024	226,663
Sustainable Energy Utility Inc	AA2	Moody's			9/1/2024	507,690
Tennessee Housing Development Agency	AA1/AA+	Moody's/S&P			7/1/2021	175,000
Texas ST A&M Univ Revenues	AAA/AAA	Moody's/S&P			5/15/2022	515,165
Thief River Falls MN Indep Sch Dist	AA2	Moody's			2/1/2025	260,800
Tulsa Cnty OK Indep Sch Dist Taxable Comb Purpose	NA	NA			5/1/2022	308,481
University of Alabama AL Univ Gen	AA2/AA	Moody's/S&P			7/1/2022	511,165
University of California CA	AA2/AA-	Moody's/S&P			5/15/2024	540,780
University of Massachusetts MA	AA2/AA-	Moody's/S&P			11/1/2024	527,675
University of Minnesota MN	AA1/AA	Moody's/S&P			4/1/2024	107,177
University of Oklahoma OK	AA	S&P			7/1/2024	458,516
Valdosta & Lowndes County GA	AA2/AA-	Moody's/S&P			10/1/2023	739,774
Ventura Cnty CA Public Fing	AA1/AA+	Moody's/S&P			11/1/2024	204,166
Vineland NJ	A+	S&P			4/15/2024	530,500
W Contra Costa CA Unif Sch Dis	A1/AA-	Moody's/S&P			8/1/2024	509,455
Wilmington NC LTD Oblig Revenue	AA1/AA+	Moody's/S&P			6/1/2024	259,570
Windsor CT	AAA	S&P			7/15/2024	176,115
Allen TX Community Development Corp	AA2	Moody's			9/1/2021	151,143
Arizona Bld of RGTS	AA2/AA-	Moody's/S&P			6/1/2023	52,736
Athens OH City School Dist	AA2	S&P			12/1/2023	168,969
Battle Creek MI Water and Wastewater	AA-	Moody's			10/1/2023	100,683
Commerce Chtl Twp MI	AAA/AA+	Moody's/S&P			9/1/2023	185,985
Connecticut St	A1/A	Moody's/S&P			4/15/2023	105,626
Cucamonga Vly Wtr Dist	AA	S&P			8/1/2022	208,324
Derby CT	A+	S&P			8/1/2023	310,863
Holland TX	A+	S&P			2/15/2022	250,290
Illinois ST Housing Development Authority	AA	S&P			8/1/2021	151,902
Iowa ST Fin Auth	AA2/AA	Moody's/S&P			2/1/2021	100,101
Iowa ST Fin Auth	AAA/AAA	Moody's/S&P			1/1/2024	157,566
Jackson County GA INDL Dev Auth	AA2	Moody's/S&P			1/1/2025	206,946
Lawrence County PA	AA	S&P			5/1/2023	210,970
	AA	S&P			11/15/2021	507,788

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investment Type	Credit Rating	Agency Rating	Over 5% of Portfolio	Maturity Date	Carrying Value (Fair)
State and Local Securities: (Continued)					
Lincoln NE Airport Authority	AA1	Moody's		7/1/2021	\$ 50,372
Lubbock TX WTR	AA-	S&P		2/15/2024	175,219
Memphis Shelby Cnty	AA3/AA	Moody's/S&P		11/1/2022	206,654
Met Council Minneapolis	AAA/AAA	Moody's/S&P		3/1/2023	212,256
Michigan State	AA1/AA	Moody's/S&P		12/1/2022	212,526
Minnesota ST Cigs & Univ Reven	AA3/AA-	Moody's/S&P		10/1/2021	252,688
Mount San Antonio CA Cmnty	AA1/AA	Moody's/S&P		8/1/2024	210,124
New Hampshire St Housing	AA2	Moody's		7/1/2021	145,935
New York City NY Transitional	AA2/AA	Moody's/S&P		7/15/2023	107,497
New York NY	AA1/AA	Moody's/S&P		8/1/2023	156,426
New York ST Dorm Auth Sales Tax	AA1/AA+	Moody's/S&P		3/1/2022	158,670
New York ST Dorm Auth St Pkso	AA1/AA+	Moody's/S&P		2/15/2022	154,130
Newark CA University School Dist	AA-	S&P		8/1/2023	315,063
Oklahoma City OK	AAA/AAA	Moody's/S&P		9/1/2023	158,369
Redmond OR	AA3	Moody's		6/1/2024	155,365
Sarasota Cnty FL Utility	AA+	S&P		11/1/2022	209,832
Sierra Pacific CA Suburban	AA+	S&P		11/1/2023	157,658
St Paul MN Sales Tax Revenue	AA-	S&P		11/1/2023	183,934
San Buenaventura CA	AA	S&P		6/1/2024	150,197
Santa Clara Valley CA	AA1	Moody's		11/1/2023	157,935
Sarasota Cnty FL Utility	AA+	S&P		10/1/2024	125,683
University of Alabama AL Univ Gen	AA2/AA	Moody's/S&P		11/1/2024	153,350
University of Massachusetts MA	AA2/AA-	Moody's/S&P		11/1/2024	211,070
University of Oklahoma OK	AA	S&P		7/1/2024	322,658
Upper Santa Clara VY CA	AA	S&P		8/1/2024	100,488
Valdosta & Lowndes County GA	AA2/AA-	Moody's/S&P		10/1/2023	317,046
Waukegan WI	AA2	Moody's		10/1/2023	133,666
Windsor CT	AAA	S&P		7/15/2025	151,568
Winston Salem NC LTD	AA1/AA+	Moody's/S&P		6/1/2024	211,648
Wisconsin St	AA1/AA	Moody's/S&P		5/1/2024	209,140
Wilcomi MI	AA2	Moody's		5/1/2023	157,076
Athens TX	AA+	S&P		2/15/2023	25,758
Albany GA Housing Authority Revenue	AA2	Moody's		12/1/2022	25,691
Berks County PA	AA2	Moody's		11/15/2024	26,164
California State Department of Water Resources	AA+	S&P		5/1/2022	25,577
California State University Revenue	AA2/AA-	Moody's/S&P		11/1/2023	26,569
Colorado State Board of Governors	AA2	Moody's		3/1/2023	26,501
Covado Valley CA Unified School District	AA	S&P		8/1/2025	26,067
Grand Prairie Texas	AAA	S&P		2/15/2025	26,325
Greensboro NC Limited Obligation	AA2/AA+	Moody's/S&P		2/1/2023	25,963
Greater Latrobe PA School Authority	AA3	Moody's		10/1/2026	25,196
Hall County NE School District #2	AA-	S&P		12/15/2021	25,375
Kenosha WI	AA	S&P		2/1/2025	26,948
Kingsway NJ Regional School District	AA-	S&P		2/1/2027	25,016
Laredo TX Waterworks Sewer System Revenue	AA3/AA-	Moody's/S&P		3/1/2026	26,556
Loudoun Cnty VA Econ Dev Auth	AA1	Moody's		6/1/2023	27,041

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investment Type	Credit Rating	Credit Risk Agency	Concentration of Credit Risk Over 5% of Portfolio	Interest Rate Risk Maturity Date	Carrying (Fair) Value
State and Local Securities: (Continued)					
Main CA Community College District	AAA/AAA	Mood's/S&P		8/1/2024	\$ 27,354
New York City NY Transitional	AA3	Mood's		7/15/2023	26,680
New York State Dormitory Authority Revenues	AA2/AAA	Mood's/S&P		12/1/2021	51,343
New York State Dormitory Authority State Personal	AA2/AAA	Mood's/S&P		2/15/2022	25,688
Durham Capital Fmg Corp LTD	AA1/AAA+	Mood's/S&P		12/1/2024	530,015
Eagle River Co WTR & Sanit. Dis	AA	S&P		12/1/2024	203,036
El Dorado CA IRR Dist Revenue	AA3/AAA-	Mood's/S&P		3/1/2025	204,396
Energy N W A Elec Revenue	AA2/AAA-	Mood's/S&P		7/1/2021	354,295
New York State Urban Development Corporation Revenue	AA2/AAA+	Mood's/S&P		3/15/2022	51,363
Norfolk VA	AA2	Mood's		10/1/2025	26,738
Gulf Shores AL	AA2/AAA+	Mood's/S&P		12/15/2022	365,926
Hill County NE School District	AA-	S&P		12/15/2023	261,688
Idaho City Tax	AA-	S&P		8/15/2021	354,578
Omaha NE	AA2/AAA+	Mood's/S&P		11/5/2023	263,10
Oregon State Health & Science University	AA3/AAA-	Mood's/S&P		7/1/2025	20,789
Prigen NC Comm Enterprise Sys	AA3/AAA	Mood's/S&P		3/1/2025	21,000
Railroad CA Comm School District	AA3/AAA	Mood's/S&P		8/1/2022	25,905
San Francisco City & Cnty Ctl	N/A	N/A		9/1/2022	51,100
University of Pittsburgh PA Higher Education	AA1/AAA+	Mood's/S&P		9/15/2022	25,919
Victoria & Lowlands County GA	AA2/AAA-	Mood's/S&P		10/1/2021	25,342
Wichita MI	AA2	Mood's		5/1/2024	26,600
Worcester MA	AA3/AAA-	Mood's/S&P		11/15/2024	27,825
Total State and Local Securities			69.0%		48,649,038

Negotiable Certificates of Deposit:

Apple Bk for Svgs Manhasset	N/A	N/A	<5%	2/19/2021	101,007
Bank of Baroda	N/A	N/A	<5%	12/2/2021	188,996
Bank of Baroda	N/A	N/A	<5%	11/23/2021	60,968
Bank of Baroda	N/A	N/A	<5%	7/22/2022	91,238
Bank Hapoalim	N/A	N/A	<5%	8/21/2023	157,595
Bmw Bank of North America	N/A	N/A	<5%	8/14/2023	230,876
Bmw Bank of North America	N/A	N/A	<5%	9/10/2021	18,321
Capital One Bank USA	N/A	N/A	<5%	7/31/2024	262,473
Citibank National Asian	N/A	N/A	<5%	9/30/2021	235,063
Farmers & Merchants	N/A	N/A	<5%	11/19/2021	151,450
Fidelity Bk	N/A	N/A	<5%	9/23/2023	200,486
First FHL Bk	N/A	N/A	<5%	8/9/2021	10,000
Goldman Sachs Bank USA	N/A	N/A	<5%	8/9/2021	98,765
Horizon Svgs Bk	N/A	N/A	<5%	11/16/2023	149,100
Morgan Stanley	N/A	N/A	<5%	8/29/2022	254,247
Morgan Stanley	N/A	N/A	<5%	12/4/2023	50,865
Oakstar Bk	N/A	N/A	<5%	11/20/2023	148,068
State Bk	N/A	N/A	<5%	1/22/2023	261,719
Third Fed Svgs & Ln	N/A	N/A	<5%	8/24/2021	246,596
Toyota FINL Svgs Bk	N/A	N/A	<5%	12/1/2021	93,041
Wells Fargo Bank	N/A	N/A	<5%	9/14/2021	88,999

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investment Type	Credit Rating	Credit Risk Agency	Concentration of Credit Risk Over 5% of Portfolio	Interest Rate Risk Maturity Date	Carrying (Fair) Value
Negotiable Certificates of Deposit: (Continued)					
Members Coop Credit Union	N/A	N/A	<5%	2/23/2023	\$ 258,583
State Bank India	N/A	N/A	<5%	3/6/2023	259,845
Salle Mae Bank	N/A	N/A	<5%	4/18/2023	261,160
Mercantile Bank National Association	N/A	N/A	<5%	4/24/2023	261,273
Discover Bank	N/A	N/A	<5%	7/25/2023	264,784
UBS Bank USA	N/A	N/A	<5%	10/27/2023	268,001
Goldman Sachs Bank USA	N/A	N/A	<5%	11/29/2023	269,324
Texas Exchange Bank	N/A	N/A	<5%	11/25/2025	245,211
First Federal Savings & Loan Bank	N/A	N/A	<5%	6/22/2028	253,815
Total Negotiable Certificates of Deposit					5,710,746
Total Investments					70,515,070
Deposits					64,631,318
Petty Cash and Change Funds					9,735
Total Investments and Deposits					\$ 135,156,183
NR = Not Rated					
<5% = Concentration is less than 5% of Investments					
N/A = Not Applicable					

2. Fair Value Measurements

The County uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The County follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurement. The County has categorized its investments, based on the priority of the inputs in accordance with this standard, to the valuation technique, into a three-level hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial asset and liabilities are valued using inputs that are adjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level:				
Negotiable Certificates of Deposit	\$ -	\$ 5,710,746	\$ -	\$ 5,710,746
State and Local Securities	-	48,649,058	-	48,649,058
U.S. Treasury Notes and Strips	-	511,703	-	511,703
Commercial Paper	-	9,982,075	-	9,982,075
Federal Home Loan Bank Bonds	-	5,295,312	-	5,295,312
Federal National Mortgage Association	-	66,503	-	66,503
Investments Measured at Net Asset Value:				
Money Market Mutual Funds				296,673
Total Investments				70,515,070
Deposits and Cash on Hand				64,841,113
Total Investment, Deposits and Cash on Hand				\$ 135,156,183

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Fair Value Measurements (Continued)

The Money Market Federated United States Treasury Cash Reserve Fund is an external investment pool, which is quoted at a net asset value, and its investments are valued at amortized cost. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of investments. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. government agency securities are valued using a market approach by utilizing quotes prices for identical securities in markets that are not active.
- State and local securities are valued using a market approach using quoted prices for similar securities in active markets.
- Negotiable certificates of deposit are valued using matrix pricing based on the securities' relationship to benchmark quotes prices.

3. Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,103,142	\$ 4,723,319	\$ -	\$ 8,826,461
Construction-in-Progress	4,612,103	9,647,659	12,472,943	1,786,819
Total Capital Assets, Not Being Depreciated:	8,715,245	14,370,978	12,472,943	10,613,280
Capital Assets, Being Depreciated:				
Buildings	34,501,903	2,195,245	-	36,697,148
Machinery, Furniture, and Equipment	32,332,758	985,195	1,171,019	32,146,934
Infrastructure	273,062,994	11,525,035	-	284,588,029
Total Capital Assets, Being Depreciated	339,897,655	14,706,475	1,171,019	353,435,111
Less Accumulated Depreciation for:				
Buildings	18,129,631	802,180	-	18,931,811
Machinery, Furniture, and Equipment	22,177,668	1,738,657	1,082,019	23,382,686
Infrastructure	50,659,173	5,149,233	-	55,808,406
Total Accumulated Depreciation	120,966,472	8,189,115	1,082,019	128,032,506
Total Capital Assets, Being Depreciated, Net	218,960,243	6,521,360	79,000	225,402,603
Governmental Activities Capital Assets, Net	\$ 227,675,488	\$ 20,892,338	\$ 12,551,943	\$ 236,016,883

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 279,296	\$ -	\$ -	\$ 279,296
Construction in Progress	145,942	-	145,942	-
Total Capital Assets, Not Being Depreciated:	425,238	-	145,942	279,296
Capital Assets, Being Depreciated:				
Buildings	21,491,692	172,987	98,948	21,565,731
Improvements	338,183	18,040	-	356,223
Vehicles	79,812	2,470	-	82,282
Machinery, Furniture, and Equipment	3,463,187	64,381	319,072	3,208,476
Total Capital Assets, Being Depreciated	25,372,874	257,888	418,020	25,212,712
Less Accumulated Depreciation for:				
Buildings	12,641,909	621,790	98,935	13,164,764
Improvements	274,011	11,438	-	285,449
Machinery, Furniture, and Equipment	2,914,907	191,074	316,343	2,797,638
Total Accumulated Depreciation	15,830,827	824,302	417,278	16,237,851
Total Capital Assets, Being Depreciated, Net	9,542,047	(566,444)	742	8,974,861
Business-Type Activities Capital Assets, Net	\$ 9,957,285	\$ (566,444)	\$ 146,684	\$ 9,254,157

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

Governmental Activities:		
General Government	\$ 214,343	
Public Safety	923,010	
Highways and Streets, Including Depreciation of Infrastructure Assets	6,866,077	
Human Services	2,350	
Sanitation	101,104	
Culture and Recreation	37,042	
Conservation of Natural Resources	43,189	
Total Governmental Activities	\$ 8,187,115	
Business-Type Activities:		
Nursing Home	\$ 806,792	
Itasca Resource Center	17,510	
Total Business-Type Activities	\$ 824,302	

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Minimum Future Rents Receivable – Itasca Resource Center Enterprise Fund

On February 1, 2012, Itasca County entered into a three-year lease agreement with Independent School District No. 318 (ISD 318) to occupy 6,353 square feet of space. In addition to the monthly lease, ISD 318 agrees to pay \$3,180 per year for information and referral services and \$100 per month for playground maintenance. On February 1, 2018, this lease was extended for a three-year period for 5,380 square feet and the current 2020 rate was \$13.00 per square foot.

On February 1, 2012, Itasca County entered into a three-year lease agreement with Itasca County Health and Human Services (ICHHS) to occupy 24,159 square feet. In addition to the monthly lease, ICHHS agrees to pay \$42,529 per year for information and referral services. On February 1, 2018, this lease was extended for a three-year period for 18,165 square feet and the current 2020 rate was \$13.00 per square foot.

On March 1, 2012, Itasca County entered into a three-year lease agreement with KOOTASCA Community Action, Inc., to occupy space in the Itasca County Resource Center to occupy 9,336 square feet at a rental rate of \$8.50 per square foot. In addition to the monthly lease, KOOTASCA agrees to pay \$8,480 per year for information and referral services and \$100 per month for playground maintenance. Effective February 1, 2013, this lease was amended and the current rate was changed to \$9.50 per square foot, with the total square feet rented reduced to 4,354. The additional payments for information and referral services and playground maintenance were eliminated in this addendum. On February 1, 2018, this lease was extended for a three-year period for 4,354 square feet and the current 2020 rate was changed to \$13.00 per square foot.

On March 1, 2012, Itasca County entered into a three-year lease agreement with Northeast Minnesota Office of Job Training to occupy 3,304 square feet at a rental rate of \$12.75 per square foot. On March 1, 2018, this lease was extended for a three-year period for 3,269 square feet and the current 2020 rate was \$15.45 per square foot.

All of the space leased is within the Itasca County Resource Center owned by the County. As of December 31, 2020, the historical cost of the building was \$3,068,439, the related accumulated depreciation is \$3,068,439, and the net book value reported was \$0.

Minimum future rents on noncancelable leases are:

Year Ending December 31,	Amount
2021	\$ 433,513

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables, and Transfers

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

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Forfeited Tax Fund	\$ 498,657	Apportionment of Net Proceeds
	Human Services Fund	162,916	Reimbursement for Insurance
	Human Services Fund	6,863	Reimbursement for Services
	Other Governmental Funds		
		1,174,755	Eliminate Negative Balances
Total Due to General Fund		1,843,191	
Other Governmental Funds	Forfeited Tax Fund	2,443,544	Apportionment of Net Proceeds
Total Due From/To Other Funds		<u>\$ 4,286,735</u>	

2. Interfund Transfers

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

Transfers to General Fund from:	Amount	Purpose
Forfeited Tax Fund	\$ 498,657	Distribute Net Proceeds
Transfers to Unorganized Towns Road & Bridge Fund from Forfeited Tax Fund	104,649	Distribute Net Proceeds
Transfers to Debt Service Fund from General Fund	199,260	Repayment of Interest Expenditure
Transfers to Other Governmental Funds		
Capital Projects Fund	1,743,927	To record transfer of 2020B proceeds
Forfeited Tax Fund	691,957	Distribute Net Proceeds
Environmental Special Revenue Fund	19,633	Interest Payment
Total Interfund Transfers	<u>\$ 3,258,083</u>	

C. Liabilities

1. Construction Commitments

During the year, the County only incurred preliminary engineering costs related to the jail construction project, no other significant commitments exist for this project as of December 31, 2020. The County has active road construction projects as of December 31, 2020 as follows:

	Total Contract	Spent-to-Date	Remaining Commitment
Governmental Activities:			
Road Construction	\$ 3,646,667	\$ 3,462,875	\$ 183,792

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

2. Long-Term Debt

Governmental Activities:

Types of Indebtedness	Final Maturity	Annual Installment Amounts	Interest Rates (%)	Original Issues Amount	Outstanding Balance December 31, 2020
General Obligation Bonds:					
2011A G.O. Capital Improvement Bonds	2026	\$3,650,000	5.40%	\$ 3,650,000	\$ 3,650,000
2015B G.O. Capital Improvement Refunding Bonds	2023	\$480,000 - 790,000	4.00%	2,070,000	2,070,000
2017A G.O. Capital Improvement Refunding Bonds	2028	\$900,000 - 1,000,000	3.00% - 5.00%	8,615,000	6,836,000
2020B G.O. Jail Bond	2050	\$1,105,000 - 11,570,000	2.00% - 5.00%	50,000,000	50,000,000
Total General Obligation Bonds				<u>\$ 63,775,000</u>	<u>61,556,000</u>
Add: Unamortized Premium					2,852,157
Total General Obligation Bonds, Net					<u>64,427,157</u>
Capital Leases:					
2007 Egin Eagle Street Sweeper Debt	2024	\$265,603	0.37%	92,100	77,873
Total Governmental Activities					<u>\$ 64,555,000</u>

Business-Type Activities:

Types of Indebtedness	Final Maturity	Annual Installment Amounts	Interest Rates (%)	Original Issues Amount	Outstanding Balance September 30, 2020
Bonds:					
2009B Taxable G.O. Nursing Home Recovery Zone Economic Development Bonds	2035	\$340,000 - \$405,000	6.00%	\$ 1,490,000	\$ 1,490,000
2014 General Obligation Nursing Home Revenue Refunding Bonds	2032	\$120,000-\$235,000	2.00% - 3.60%	3,335,000	2,495,000
2015A General Obligation Nursing Home Revenue Bonds	2036	\$100,000-\$155,000	1.15% - 3.60%	2,350,000	1,950,000
2019 Taxable G.O. Nursing Home Revenue Refunding Bonds	2031	\$180,000 - \$360,000	3.00%	3,325,000	3,125,000
Total Bonds				<u>10,445,000</u>	<u>8,970,000</u>
Add: Unamortized Premium					142,817
Total Business-Type Debt, Net					<u>\$ 9,112,817</u>

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Debt Service Requirements

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

Governmental Activities:

Year Ending December 31,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2021	\$ 1,420,000	\$ 1,537,953	\$ 22,153	\$ 3,044
2022	1,755,000	1,809,153	23,169	2,029
2023	2,910,000	1,700,428	24,230	967
2024	1,705,000	1,589,003	8,321	78
2025	1,795,000	1,507,453	-	-
2026-2030	12,510,000	5,476,299	-	-
2031-2035	8,375,000	3,988,694	-	-
2036-2040	9,280,000	3,089,294	-	-
2041-2045	10,285,000	2,060,147	-	-
2046-2050	11,570,000	737,500	-	-
Total	\$ 61,595,000	\$ 23,495,924	\$ 77,873	\$ 6,118

Business-Type Activities:

Year Ending September 30,	General Obligation Nursing Home Revenue and Refunding Bonds		Taxable General Obligation Nursing Home Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 275,000	\$ 130,243	\$ 220,000	\$ 179,850
2022	275,000	124,568	235,000	173,025
2023	280,000	117,893	240,000	165,900
2024	290,000	109,793	255,000	158,475
2025	300,000	100,943	265,000	150,675
2026-2030	1,630,000	361,054	1,550,000	622,200
2031-2035	1,150,000	106,930	1,850,000	280,200
2036	193,000	2,686	-	-
Total	\$ 4,355,000	\$ 1,054,112	\$ 4,615,000	\$ 1,730,325

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

4. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	\$ 12,500,000	\$ 50,000,000	\$ 906,000	\$ 61,595,000	\$ 1,420,000
Add: Unamortized Premiums	632,722	2,340,805	91,340	2,882,187	-
Capital Leases	240,803	92,100	256,000	77,873	22,153
Compensated Absences	5,650,318	3,999,484	2,812,004	6,817,798	69,908
Claims and Judgments	388,100	20,657	-	408,757	-
Total Governmental Activities	\$ 19,571,943	\$ 56,463,046	\$ 4,065,374	\$ 71,969,615	\$ 1,512,061
BUSINESS-TYPE ACTIVITIES					
Taxable General Obligation	\$ 4,795,000	\$ -	\$ 180,000	\$ 4,615,000	\$ 220,000
Nursing Home Bonds	2,575,000	-	170,000	2,405,000	175,000
Home Revenue Refunding Bonds	156,638	-	13,821	142,817	-
Insurance Premiums	2,050,000	-	100,000	1,950,000	100,000
Home Revenue Bonds	214,252	49,772	-	264,024	264,024
Compensated Absences	-	-	-	-	-
Total Business-Type Activities	\$ 9,790,890	\$ 49,772	\$ 463,821	\$ 9,376,841	\$ 750,024

Long-term liabilities for the internal service fund are included as part of the above totals. For the Internal Service Fund, \$588,757 of claims and judgments payable are included in the amounts for the governmental activities at year-end.

For governmental activities, debt is generally paid from the Debt Service Fund. Compensated absences are generally liquidated by the General Fund, Road and Bridge Fund, and Human Services Funds. Claims and judgments are paid from the Internal Service Fund.

The total compensated absences for the Nursing Home are \$264,024 of which all is due within one year as of September 31, 2020.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

5. Refunding Debt Issued

During 2017, the County issued 2017 General Obligation Capital Improvement and Refunding Bonds in the amount of \$8,015,000 with an interest rate of 3.00% to 5.00%. These proceeds were used to provide the financing of capital improvements and refunding of the 2008 General Obligation Bonds. The balance of the outstanding maturities refunded was \$2,910,000 and interest rates of 3.70% to 4.15%. As a result of this refunding, the County decreased its debt service requirements by \$198,360.

During the year ended September 30, 2019, U.S. bank issued the Series 2019A bonds to refinance the Series 2009A bonds and to pay related financing costs. The Series 2019A bonds have a stated interest rate of 3%. Principal and interest are due semiannually on February 1 and August 1, and the bonds are scheduled to mature in February 2031. The Nursing Facility has qualified for the Build America Bonds credit in relation to the Series 2019 bonds. These bonds are eligible for the rebate for the entire term of the bonds. The rebate credit equals 33% of the interest paid on the Series 2019 bonds. There was \$39,862 of income derived from the rebate credit on the Series 2019 bonds for the year ended September 30, 2020.

Subsequent to the year ended September 30, 2020, on October 15, 2020, U.S. Bank issued the General Obligation Nursing Home Revenue Refunding Bonds, Series 2020A Itasca County, Minnesota bonds to refinance the Series 2009B bonds and to pay related financing costs. The Series 2020A bonds have a stated interest rate of 2%. Principal is due annually on February 1, beginning on February 1, 2032 and maturing February 1, 2035. Interest is due semiannually on February 1 and August 1, beginning February 1, 2021.

6. Conduit Debt

In 2010, the County issued \$6,155,000 of Industrial Development Revenue Bonds to refinance the Charles K. Blandin Foundation revenue bonds, Series 2004A, originally issued by the County on behalf of the Blandin Foundation, a Minnesota nonprofit corporation, to be used to assist the Grand Itasca Clinic and Hospital in the construction of a new hospital and clinic deemed to be in the public interest. The bonds are payable solely from revenues of the Foundation. The County is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the County's financial statements. These bonds were fully repaid during the year ended December 31, 2020.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

6. Conduit Debt (Continued)

In 2006, the County issued \$1,250,000 of industrial development revenue notes to provide financial assistance to North Homes, Inc., a Minnesota nonprofit corporation, to be used to construct a 16-bed group home for youth with mental disabilities and to refinance and renovate a transitional home for boys, which homes are deemed to be in the public interest. The notes are payable solely from the revenues of the nonprofit corporation. The County is not obligated in any manner for repayment of the notes. Accordingly, the notes are not reported as liabilities in the County's financial statements. The amount of notes outstanding at December 31, 2020, was \$126,338.

In 2008, the County issued \$1,250,000 of revenue notes to provide financial assistance to North Homes, Inc., a Minnesota nonprofit corporation, to be used to acquire 8,200 square feet of the Itasca Juvenile Center. The notes are payable solely from the revenues of the nonprofit corporation. The County is not obligated in any manner for repayment of the notes. North Homes, Inc. completely paid the remaining balance of the note during the year ended December 31, 2020.

7. Itasca Medical Care (IMCare) Liabilities

Claims Payable

Claims payable represent the estimated ultimate net cost of all reported and unreported claims incurred prior to and unpaid at the end of the year. The liability for unpaid claims is estimated primarily by the use of cost per contract data and completion factors developed from historical lag patterns. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the liability for claims payable is adequate. The estimates are reviewed and adjusted as experience develops or new information becomes known, and such adjustments are included in current operations. Activity in the liability for unpaid claims and claim adjustment expense for IMCare is summarized as follows:

	2020	2019
Balance - Beginning of the Year	\$ 4,793,831	\$ 5,259,003
Amount Incurred, Related to:		
Prior Years	(442,071)	(531,586)
Current Year	58,873,383	59,435,177
Amount Paid, Related to:		
Prior Years	(4,347,627)	(4,722,908)
Current Year	(54,115,203)	(54,645,855)
Balance - End of Year	\$ 4,762,313	\$ 4,793,831

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

7. Itasca Medical Care (IMCare) Liabilities (Continued)

Stop-Loss Insurance

IMCare is self-insured and does not contract with an outside insurance company for stop-loss insurance. Itasca County has guaranteed the solvency of IMCare.

Provider Settlement

IMCare contracts with providers in Itasca County to provide health care services to its enrolled members. Under these arrangements, the providers receive an interim claim payment based upon fee for services schedules. These providers are at risk to the degree specified in their contracts and the net effect of all other revenues and expenses. The final settlement occurs when all claims are considered settled. Also included in provider settlements is an estimate for the settlements related to Medicare Part D.

NOTE 4 DEFINED BENEFIT PENSION PLANS

A. Plan Description

The County participates in the following cost-sharing multiple-employer defined benefit pension plans 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.

1. General Employees Retirement Plan

The General Employees Retirement Plan covers certain full time and part-time employees of Itasca County. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

3. Local Government Correctional Plan

The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

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NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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.

1. General Employees Plan Benefits

General Employees Plan 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 Plan 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% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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. 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.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. Police and Fire Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

3. PECF Benefits

Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. The annuity accrual rate is 1.9% of average salary for each year of service in that plan. For Correctional Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100% of the COLA announced by SSA, with a minimum increase of at least 1% and a maximum of 2.5%. If the plan's funding status declines to 85% or below for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 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 reduced prorated increase.

C. Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the County was required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2020, were \$1,728,320. The County's contributions were equal to the required contributions as set by state statute.

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.3% of their annual covered salary to 11.8% and employer rates increased from 16.95% to 17.70% on January 1, 2020. The County's contributions to the Police and Fire Fund for the year ended December 31, 2020, were \$657,746. The County's contributions were equal to the required contributions as set by state statute.

3. Correctional Fund Contributions

Plan members were required to contribute 5.83% of their annual covered salary and the County was required to contribute 8.75% of pay for plan members in fiscal year 2020. The County's contributions to the Correctional Fund for the year ended December 31, 2020, were \$116,949. The County's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2020, the County reported a liability of \$23,807,962 for its proportionate share of the General Employees Fund's net pension liability, of which \$4,748,404 was the Nursing Home's portion as of September 30, 2020. The County's net pension liability reflected a reduction due to the state of Minnesota's contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota is considered a non-employer liability associated with the County totaled \$734,251, of which \$146,527 was the Nursing Home's portion. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.3179% at the end of the measurement period and 0.3101% for the beginning of the period. The Nursing Home's proportionate share was 0.0792% at the end of the measurement period and 0.0784% for the beginning of the period.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

County's Proportionate Share of the Net Pension Liability	\$ 23,807,962
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>734,251</u>
Total	<u>\$ 24,542,213</u>

For the year ended December 31, 2020, the County recognized pension expense of \$652,483 for its proportionate share of the General Employees Plan's pension expense, of which \$153,800 was the Nursing Home's expense. In addition, the County recognized \$62,250 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

At December 31, 2020, the County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 217,069	\$ 90,079
Changes in Actuarial Assumptions	-	882,652
Net Difference Between Projected and Actual Earnings	411,298	-
Changes in Proportion	456,825	712,420
Contributions Paid to PERA Subsequent to the Measurement Date	<u>970,019</u>	<u>-</u>
Total	<u>\$ 2,055,211</u>	<u>\$ 1,685,151</u>

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

The \$970,019 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date, of which \$108,718 was the Nursing Home's, will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (1,669,474)
2022	(95,306)
2023	589,613
2024	575,208

2. Police and Fire Fund Pension Costs

At December 31, 2020, the County reported a liability of \$4,405,114 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.3342% at the end of the measurement period and 0.3537% for the beginning of the period.

The state of Minnesota contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state aid was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

The state of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the County recognized pension expense of \$399,389 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$31,930 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$4.5 million to the Police and Fire Fund.

The state of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$30,078 for the year ended December 31, 2020 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 Police and Fire Fund.

County's Proportionate Share of the Net Pension Liability	\$ 4,405,114
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>103,785</u>
Total	<u>\$ 4,508,899</u>

At December 31, 2020, the County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 194,643	\$ 209,195
Changes in Actuarial Assumptions	1,476,245	2,747,313
Net Difference Between Projected and Actual Earnings	133,804	-
Changes in Proportion Contributions Paid to PERA Subsequent to the Measurement Date	199,577	420,131
Total	<u>\$ 329,151</u>	<u>\$ 3,376,639</u>

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

The \$329,151 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (364,396)
2022	(1,239,831)
2023	124,280
2024	160,213
2025	(52,636)

3. Correctional Plan Pension Costs

At December 31, 2020, the County reported a liability of \$172,002 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.634% at the end of the measurement period and 0.602% for the beginning of the period.

For the year ended December 31, 2020 the County recognized pension expense of -\$292,684 for its proportionate share of the Correctional Plan's pension expense.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Correctional Plan Pension Costs (Continued)

At December 31, 2020, the County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 1,614	\$ 63,295
Changes in Actuarial Assumptions	-	348,328
Net Difference Between Projected and Actual Earnings	32,724	-
Changes in Proportion	41,226	4,979
Contributions Paid to PERA Subsequent to the Measurement Date	59,679	-
Total	<u>\$ 135,243</u>	<u>\$ 416,602</u>

The \$59,679 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	<u>\$ (385,228)</u>
2022	(8,791)
2023	21,949
2024	31,032

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

4. Summary

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the County's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated. The table below includes the County's portion of each plan.

Description	General Employees Fund	Police and Fire Fund	Correctional Fund	Total
Net Pension Liability	\$ 23,807,962	\$ 4,405,114	\$ 172,002	\$ 28,385,078
Deferred Outflows of Resources				
Related to Pensions	2,055,211	2,333,420	135,243	4,523,874
Deferred Inflows of Resources				
Related to Pensions	1,685,151	3,376,639	416,602	5,478,392
Pension Expense	714,733	431,319	(292,684)	853,368

E. Actuarial Assumptions

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

Assumptions	General Employees Fund	Police and Fire Fund	Correctional Fund
Inflation	2.25% per Year	2.50% per Year	2.50% per Year
Salary Increases	3.00% per Year	3.25% per Year	3.25% per Year
Investment Rate of Return	7.50%	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disability were based on Pub-2010 General Employee Mortality table for the General Employees Plan and RP 2014 tables for the Police and Fire and the Correctional Plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 2.0% per year for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.0% per year as set by state statute.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The four-year experience study used for the Police and Fire Plan was completed in 2016. The five-year experience study used for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Inflation and investment return assumptions for the Police and Fire Plan and the Correctional Plan are based on the General Employees Retirement Plan experience study completed in 2019. The most recent four-year experience studies for the Police and Fire Plan and the Correctional Plan were completed in 2020. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

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 changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

General Employees Fund (Continued)

Changes in Actuarial Assumptions (Continued):

- 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.

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.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Correctional Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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 Stocks	35.50%	5.10%
Private Markets	25.00	5.90
Fixed Income	20.00	0.75
International Equity	17.50	5.30
Cash Equivalents	2.00	0.00

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50%. 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 positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were 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.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Pension Liability Sensitivity

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

	General Employees Fund			Police and Fire Fund			Correctional Fund		
	Discount Rate	Net Pension Liability		Discount Rate	Net Pension Liability		Discount Rate	Net Pension Liability	
1% Decrease	6.50%	\$ 38,155,901		6.50%	\$ 8,780,026		6.50%	\$ 1,068,977	
Current	7.50	23,807,961		7.50	4,405,114		7.50	172,002	
1% Increase	8.50	11,972,060		8.50	785,641		8.50	(546,162)	

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 5 DEFINED CONTRIBUTION PLAN

Six Board members of Itasca County are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (0.25%) of the assets in each member's account annually.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 DEFINED CONTRIBUTION PLAN (CONTINUED)

Total contributions made by the County during fiscal year 2020 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 8,685	\$ 8,685	5.00%	5.00%	5.00%

NOTE 6 POSTEMPLOYMENT BENEFITS

A. Plan Description

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by Minnesota Statutes §471.61 subdivision 2b. County policy determines the County's contributions to the plan. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay varying percentages of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. Itasca County contributed \$2,710,524 towards retiree health insurance. As of December 31, 2020, there were 308 retirees receiving health benefits from the County's health plan. There are 421 active employees, 0 inactive employees, and 0 inactive employees entitled to but not yet receiving benefits.

Road and Bridge and Courthouse employees who were hired prior to January 1, 2000, and meet the eligibility requirements established by PERA are eligible for employer-paid health insurance benefits. Itasca County will pay for 100% of the health insurance premiums of the employee and 50% of the health insurance premiums for the spouse for life. For Road and Bridge and Courthouse employees hired after January 1, 2000, the maximum County share for health insurance premiums is capped at \$20,000.

Health and Human Services and Attorney employees hired prior to January 1, 1994, and Sheriff's Office employees hired prior to January 1, 1998, who meet the eligibility requirements established by PERA are eligible for employer-paid health insurance benefits. Itasca County will pay for 100% of the health insurance premiums of the employee and 50% of the health insurance premiums for the spouse for life. For Health and Human Services and Attorney's employees hired after January 1, 1994, and Sheriff's Office employees hired after January 1, 1998, the maximum County share for health insurance premiums is capped at \$10,000. Attorney's employees must have ten years of County service to be eligible. After January 1, 2000, Sheriff's Office employees must also have 15 years of County service to be eligible

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 POSTEMPLOYMENT BENEFITS (CONTINUED)

A. Plan Description (Continued)

Itasca County supervisory and confidential employees hired prior to December 22, 1995, who meet the eligibility requirements established by PERA and have 10 years of service to Itasca County are eligible for employer-paid health insurance benefits. Itasca County will pay for 100% of the health insurance premiums of the employee and 50% of the health insurance premiums for the spouse for life. For supervisory and confidential employees hired after December 22, 1995, the maximum County share for health insurance premiums is capped at \$10,000.

B. Funding Policy

The County's OPEB plan is financed on a pay-as-you-go basis and currently has no assets that have been deposited into an irrevocable trust for future health benefits. Therefore, the actuarial value of assets is zero. Separate stand-alone financial statements are not issued for the plan.

C. Actuarial Methods and Assumptions

County

The County's OPEB liability was measured as of December 31, 2020, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2020.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.5%
Salary	Varying, 10.25% Graded to 3.0% Over 25 Years
Health Care Trend Rates - Medicare	6.50% Decreasing to 4.5%
Health Care Trend Rates - Non-Medicare	Over 10 Years
	7.25% Decreasing to 4.5%
	Over 11 Years

Mortality rates were based on the Pub-2010 public retirement plans headcount-weighted mortality tables (general, safety) with MP-2019 Generational Improvement Scale. The actuarial assumptions used in the December 31, 2020 valuation were based on the PERA actuarial experience studies. The most recent six-year experience study for the General Employees plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016.

The discount rate used to measure the total OPEB liability was 2.12%. The discount rate is equal to the 20-Year high quality, tax-exempt, general obligation municipal bonds as of the Measurement Date.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 POSTEMPLOYMENT BENEFITS (CONTINUED)

C. Actuarial Methods and Assumptions (Continued)

Nursing Home

The total OPEB liability was determined by an actuarial valuation as of October 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary	3.0%
Discount Rate	2.66%
Health Care Trend Rates - Medicare	7.00% Decreasing to 4.5% Over 10 Years
Health Care Trend Rates - Non-Medicare	6.30% Decreasing to 4.5% Over 9 Years

Mortality rates were based on Pub-2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2019 and Pub-2010 Health Retired General Mortality Table adjusted for mortality improvements using projection scale MP-2019.

Discount rate is used to reflect the time value of money. Discount rates are used in determining the present value as of the valuation date of future cash flows currently expected to be required to satisfy the postretirement benefit obligation.

D. Changes in total OPEB Liability

	Total OPEB Liability	County	Nursing Home
Balance as of January 1, 2020	\$ 56,252,147	\$ 55,831,220	\$ 420,927
Changes for the Year:			
Service Cost	580,217	579,005	1,212
Interest	1,525,640	1,508,757	16,883
Differences Between Expected and Actual Experience	713,529	706,957	6,572
Changes of Assumptions	(5,312,108)	(5,355,888)	43,780
Benefit Payments	(2,747,002)	(2,710,524)	(36,478)
Net Change in Total OPEB Liability	(5,239,724)	(5,271,693)	31,969
Balance as of December 31, 2020	<u>\$ 51,012,423</u>	<u>\$ 50,559,527</u>	<u>\$ 452,896</u>

Of the \$51,012,423 total OPEB liability, \$2,710,524 is due within one year.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Changes in total OPEB Liability (Continued)

The following presents the total OPEB liability of the County, as well as what the County's total OPEB 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 (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
Discount Rate Sensitivity			
Total OPEB Liability	\$ 57,726,708	\$ 50,559,527	\$ 44,704,652

The following presents the net OPEB liability of the Nursing Home, as well as what the Nursing Home's net OPEB 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 (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Discount Rate Sensitivity			
Total OPEB Liability	\$ 515,498	\$ 452,896	\$ 401,830

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50% decreasing to 3.50% over 10 years) or 1% higher (7.50% decreasing to 5.5% over 10 years) than the current healthcare cost trend rates:

	1% Decrease (5.50% Decreasing to 3.5%)	Current Trend Rates (6.50% Decreasing to 4.50%)	1% Increase (7.50% Decreasing to 5.5%)
Medical Trend Rate Sensitivity			
Total OPEB Liability	\$ 44,683,587	\$ 50,559,527	\$ 57,754,682

The following presents the total OPEB liability of the Nursing Home, as well as what the Nursing Home's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50% decreasing to 3.5% over 11 years) or 1% higher (7.50% decreasing to 5.5% over 11 years) than the current healthcare cost trend rates:

	1% Decrease (5.50% Decreasing to 3.5%)	Current Trend Rates (6.50% Decreasing to 4.50%)	1% Increase (7.50% Decreasing to 5.5%)
Medical Trend Rate Sensitivity			
Total OPEB Liability	\$ 402,757	\$ 452,896	\$ 513,807

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Changes in total OPEB Liability (Continued)

For the year ended December 31, 2020, the County recognized OPEB expense of \$1,938,864, of which \$22,590 related to the Nursing Home. The County and Nursing Home reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Total		County		Nursing Home	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 609,436	\$ -	\$ 605,664	\$ -	\$ 3,472	\$ -
Changes in Actuarial Assumptions	\$ 5,307,471	\$ 6,901,954	\$ 5,294,342	\$ 6,894,210	\$ 23,129	\$ 7,744
Total	\$ 5,916,907	\$ 6,901,954	\$ 5,899,906	\$ 6,894,210	\$ 26,601	\$ 7,744

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized over 7 years and will be recognized in OPEB expense as follows:

Schedule of Recognition	Amount
December 31	
2021	\$ (171,488)
2022	(155,481)
2023	(168,638)
2024	(69,248)
2025	243,941
Thereafter	(664,133)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 RISK MANAGEMENT (CONTINUED)

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

The County's Risk Management Internal Service Fund is used to manage the workers' compensation claims which are self-insured by the County. Premiums are paid into the Risk Management Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County has not had an actuarial study to determine a claims liability for workers' compensation, but the claims administrator, a private company, has estimated a liability of \$588,757, which does not include incurred but not reported claims, at December 31, 2020. This amount is shown as a liability in the Risk Management Internal Service Fund. The County is a member of the Workers' Compensation Reinsurance Association (the Association). Under the plan, the County is liable for the first \$500,000 toward any claim arising from a single occurrence. The Association covers claims over \$500,000.

Changes in the balances of claims liabilities during the past two years are as follows:

	2020	2019
Unpaid Claims - Beginning of Fiscal Year	\$ 568,100	\$ 633,863
Incurred Claims	390,355	286,216
Claims Payments	(369,698)	(351,979)
Unpaid Claims - End of Fiscal Year	\$ 588,757	\$ 568,100

The County belongs to Arrowhead Procure, a joint powers entity, which sponsors a self-insurance plan to provide group employee health benefits to its participating members. Blue Cross/Blue Shield administers the claims and receives a fee for this service. All members pool premiums and losses. Group members choose from the available plans, and premiums are based on a composite rate for the group as a whole. The excess of insurance premiums over claims paid is deposited into a self-insurance reserve fund. Itasca County holds the self-insurance reserves in a fiduciary capacity, and they are reported in a custodial fund. This custodial fund has been closed out as of December 31, 2020.

NOTE 7 RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of the Property and Casualty Division. The County self-insures for workers' compensation through its Risk Management Internal Service Fund. For group health insurance, the County belongs to Arrowhead Procure. For other risks of loss, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Steel Mill Project

Itasca County has entered into a reimbursement agreement between Itasca County, the State of Minnesota, and Essar Global Limited. Essar Global is the parent company of Minnesota Steel Industries that is developing a steelmaking facility in Itasca County. The State of Minnesota has provided funding to Itasca County for construction of certain public infrastructure improvements related to the steel mill project. If the project is not fully and completely constructed and placed into operation, the State of Minnesota may require Itasca County to return all or a portion of these grant funds. Under the terms of the reimbursement agreement, Essar Global and Minnesota Steel will reimburse Itasca County for any and all costs it directly incurs relating to the construction of the public infrastructure, up to a maximum amount of \$65,900,000, if the project is not completely constructed and operated. As of December 31, 2020, the project is still in progress.

It has been determined that the use of the grant funds constitutes a business subsidy under Minnesota Statutes §§ 116J.993 to 116J.995 because the public infrastructure will principally benefit a single business at the time the improvements are made. As required by these statutes, Itasca County has also entered into a business subsidy agreement with Essar Global and Minnesota Steel. The agreement requires Minnesota Steel to meet certain job and wage goals and to remain operational for at least five years. If these job, wage, and operational goals are not met, Minnesota Steel is responsible for repayment of a pro-rated share of the grant funds subsidized.

B. Contingent Liabilities

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

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

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Joint Ventures

Itasca County-Grand Rapids Airport Commission

The County entered into a joint powers agreement with the City of Grand Rapids for the purpose of acquisition of the necessary lands and for the joint construction and operation of an airport.

The Itasca County-Grand Rapids Airport Commission is governed by a six-member board, composed of three members appointed by each government. If the agreement is terminated, each government has a 50% ownership of assets of the airport.

Itasca County contributed \$20,000 to the Itasca County-Grand Rapids Airport Commission during 2020. There is no accumulation of significant financial resources or fiscal distress for this entity.

In October 2011, the County entered into a new joint powers agreement with the City of Grand Rapids. While the County still has 50% ownership of the airport facilities, the City of Grand Rapids now has unilateral control over the operations of the airport and the Airport is included in the City of Grand Rapids' financial statements as a fund of the city.

Aitkin-Itasca-Koochiching Community Health Services Board

Aitkin, Itasca, and Koochiching Counties entered into a joint powers agreement, creating and operating the Aitkin-Itasca-Koochiching Community Health Services (CHS) Board effective January 1, 1977. This agreement is entered into under the authority of the Community Health Services Act of 1976, and is pursuant to the provisions of Minnesota Statutes § 471.59, for the development and maintenance of an integrated system of community health services.

The CHS Board is composed of two members from Aitkin and Koochiching Counties and three members from Itasca County, each appointed by the participating counties. Funding is obtained through federal, state, local, and private sources. Itasca County receives all funds and appropriates to each county its share through a custodial fund. Itasca County records its revenues and expenditures in the Human Services Special Revenue Fund. There is no accumulation of significant financial resources or fiscal distress for this entity.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Joint Ventures (Continued)

Aitkin-Itasca-Koochiching Community Health Services Board (Continued)

A summary of the financial information of the Aitkin-Itasca-Koochiching Community Health Services Board's government-wide statements for the year ended December 31, 2019 (the most recent available) was:

Total Assets	\$	449,043
Total Deferred Outflows of Resources		23,566
Total Liabilities		390,422
Total Deferred Inflows of Resources		34,630
Total Net Position		47,557
Total Revenues		1,435,966
Total Expenses		1,429,027
Change in Net Position		6,939

Separate financial information can be obtained from:

Community Health Board Administrator
1209 SE 2nd Avenue
Grand Rapids, Minnesota 55744

Northeast Minnesota Office of Job Training

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

The governing body is composed of seven members, one member from the Board of Commissioners of each of the participating counties. There is no accumulation of significant financial resources or fiscal distress for this entity.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Joint Ventures (Continued)

Northeast Minnesota Office of Job Training (Continued)

A summary of the financial information of the Northeast Minnesota Office of Job Training's government-wide statements for June 30, 2019 (the most recent information available), was:

Total Assets	\$	2,718,753
Total Deferred Outflows of Resources		353,446
Total Liabilities		3,078,667
Total Deferred Inflows of Resources		409,627
Total Net Position		(416,095)
Total Revenues		4,997,177
Total Expenses		4,862,849
Change in Net Position		134,328

Separate financial information can be obtained from:

Northeast Minnesota Office of Job Training
820 North 9th Street, Suite 210
PO Box 1028
Virginia, Minnesota 55792

Minnesota Counties Information Systems (MCIS)

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

MCIS is governed by a 13-member board, composed of a member appointed by each of the participating counties' Boards of Commissioners. Financing is obtained through user charges to the members. Cass County is the fiscal agent for MCIS. There is no accumulation of significant financial resources or fiscal distress for this entity.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Joint Ventures (Continued)

Minnesota Counties Information Systems (MCIS) (Continued)

A summary of the financial information of MCIS' funds for the fiscal year ended December 31, 2019 (the most recent available), was:

Total Assets	\$ 1,661,088
Total Deferred Outflows of Resources	139,263
Total Liabilities	1,116,836
Total Deferred Inflows of Resources	233,315
Total Net Position	450,200
Total Revenues	3,221,619
Total Expenses	3,002,040
Change in Net Position	219,579

Separate financial information can be obtained from:

Minnesota Counties Information Systems
413 Southeast 7th Avenue
Grand Rapids, Minnesota 55744

Mississippi Headwaters Board

Atkin, Beltrami, Cass, Clearwater, Crow Wing, Hubbard, Itasca, and Morrison Counties entered into a joint powers agreement, pursuant to the provisions of Minnesota Statutes §471.59, for the purpose of preparing, adopting, and implementing a comprehensive land use plan designed to protect and enhance the Mississippi River and related shoreland areas within the counties.

The Mississippi Headwaters Board consists of eight members, one member appointed from each participating county. Crow Wing County maintains the account records of the board. Funding is obtained through federal, state, local, and private sources. Itasca County provided \$1,500 to this organization during 2020. There is no accumulation of significant financial resources or fiscal distress for this entity.

Separate financial information can be obtained from:

Mississippi Headwaters Board
Land Services Building
322 Laurel Street
Brainerd, Minnesota 56401
Email: mhb@mississippiheadwaters.org

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Joint Ventures (Continued)

Itasca County Family Service Collaborative

The Itasca County Family Service Collaborative was established pursuant to Minnesota Statutes §124D.23. The Collaborative includes Itasca County; KOOTASCA Community Action, Inc.; and Independent School Districts 316, 317, 318, and 319. The purpose of the Collaborative is to improve the lives of families and children through efforts focused on prevention and early intervention. The Collaborative seeks to empower parents and families to solve their own problems through support, information, skill building, and advocacy.

Control of the Collaborative is vested in a board of directors. The County has three members on the Board. Financing is provided by state and federal grants, appropriations from the Collaborative members, and miscellaneous revenues. Itasca County provided \$11,000 in funding to the Collaborative during 2020. Itasca County is the fiscal agent for the Collaborative, which is accounted for as a custodial fund. Collaborative custodial fund assets and liabilities were \$301,569 as of December 31, 2020.

No separate financial statements are available. There is no accumulation of significant financial resources or fiscal distress for this entity.

Northeast Minnesota Regional Radio Board

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

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

Itasca County is the fiscal agent for the Northeast Minnesota Regional Radio Board, which is accounted for as an custodial fund. Funding is provided by grants and contributions from participating members. Itasca County contributed no funding to this organization in 2020.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

D. Jointly-Governed Organizations

Western Mesabi Mine Planning Board

The Western Mesabi Mine Planning Board is governed by an 18-member board, composed of one elected official and one resident appointed by each respective county board, city council, and township board that is a party to the agreement. During 2020, Itasca County paid \$400 for membership dues to the Western Mesabi Mine Planning Board.

KOOTASCA Community Action, Inc.

KOOTASCA Community Action, Inc. is governed by an 18-member board appointed equally from each county. As discussed in Note 3.A.4, KOOTASCA Community Action, Inc., rents space from Itasca County. Itasca County contributed no funding to this organization in 2020.

Minnesota Rural Counties Caucus

The Minnesota Rural Counties Caucus was established in 1997 and is comprised of 25-member counties, including Itasca County. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee, composed of ten directors, each with an alternate, who are appointed annually by each respective County Board. Itasca County contributed no funding to this organization in 2020.

E. Related Organization

Housing and Redevelopment Authority of Itasca County

The five-member governing body of the Housing and Redevelopment Authority of Itasca County is appointed by Itasca County. Itasca County is not financially responsible for the Authority.

F. Tax-Forfeited Land

The County manages approximately 300,000 acres of state-owned, tax-forfeited land. This land generates revenues primarily from recreational land leases and land and timber sales. Land management costs, including forestry costs such as site preparation, seedlings, tree planting, and logging roads, are accounted for as current operating expenditures. Revenues in excess of expenditures are distributed to the County and cities, towns, and school districts within the County according to state statute.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 SUBSEQUENT EVENT

Due to the uncertainty related to COVID-19's impact on County operations, the County will receive a \$8,752,686 grant from the year 2021 to the year 2024 from the federal government as a part of the American Rescue Plan Act (ARPA) of 2021. These funds are available to the County for a range of allowable uses through December 31, 2024.

NOTE 10 RESTATEMENTS OF PRIOR PERIOD/CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2020, it was determined a correction to accounts payable was needed in the Human Services Fund in the prior year which requires the restatement of the December 31, 2019 fund balance and net position of the governmental activities.

During the year ended December 31, 2020, the County adopted GASB No. 84, *Fiduciary Activities*, which established criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements including accruals and net position to custodial funds not previously required. This pronouncement requires a restatement of January 1, 2020 net position of governmental activities, fund balance of the General Fund, and net position of the custodial funds. A summary of the effect on fund balance and net position caused by the restatement of a prior period, and a change in accounting principle are as follows:

	Fund Balance/ Net Position, December 31, 2019, as Previously Reported	Change in Accounting Principle	Restatement of a Prior Period	Fund Balance/ Net Position, December 31, 2019 as Restated
Governmental Activities	\$ 197,580,769	\$ (297,958)	\$ 646,865	\$ 197,923,676
General Fund	6,790,580	(297,958)	-	6,492,622
Human Services Fund	8,043,071	-	646,865	8,689,936
Investment Trust Fund	54,641	(54,641)	-	-
Private-purpose Trust Funds	-	341,970	-	341,970
Custodial Funds	-	4,491,903	-	4,491,903

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**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A**

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 19,434,466	\$ 19,434,466	\$ 19,235,239	\$ (199,227)
Licenses and Permits	41,250	41,250	99,408	58,158
Intergovernmental	6,958,648	6,958,648	14,383,364	7,424,716
Charges for Services	1,106,100	1,106,100	1,418,337	312,237
Fines and Forfeits	56,100	56,100	39,324	(16,776)
Gifts and Contributions	22,800	22,800	46,217	23,417
Investment Earnings	1,000,000	1,000,000	1,991,264	991,264
Miscellaneous	1,229,282	1,229,282	2,495,969	1,266,687
Total Revenues	29,848,646	29,848,646	39,709,122	9,860,476
EXPENDITURES				
Current				
General Government				
Commissioners	626,280	626,280	619,716	6,564
Courts	390,000	390,000	447,033	(57,033)
Law Library	50,600	50,600	49,392	1,208
County Administration	426,015	426,015	392,351	33,664
Human Resources	598,097	598,097	483,919	104,178
County Auditor/Treasurer	1,720,608	1,720,608	1,429,300	291,308
County Assessor	1,306,076	1,306,076	1,171,587	134,489
Elections	350,015	350,015	612,307	(262,292)
Accounting and Auditing	90,000	90,000	74,220	15,780
Data Processing	1,802,163	1,802,163	1,194,339	607,824
Attorney	1,959,399	1,959,399	1,805,721	153,678
Recorder	418,566	418,566	365,214	53,352
Surveyor	679,205	679,205	634,597	44,608
Planning and Zoning	395,860	395,860	387,001	8,859
Buildings and Plant	2,581,367	2,581,367	2,970,915	(389,548)
Veterans Service Officer	378,944	378,944	356,732	22,212
Other General Government	293,760	293,760	763,332	(469,572)
Total General Government	14,066,955	14,066,955	13,767,676	299,279
Public Safety:				
Sheriff	7,517,595	7,517,595	6,975,274	542,321
Boat and Water Safety	195,213	195,213	221,002	(25,789)
Emergency Services	137,437	137,437	175,770	(38,333)
Civil Defense	225,003	225,003	81,134	143,869
Coroner	125,800	125,800	170,921	(45,121)
Federal Arrest Grant	-	-	12,658	(12,658)
E-911 System	-	-	135,053	(135,053)
County Jail	4,128,906	4,128,906	3,229,415	899,491
Victim Assistance	100,242	100,242	93,464	6,758
Probation and Parole	1,478,712	1,478,712	1,297,397	181,315
Saleravens Grant	50,000	50,000	-	50,000
Snowmobile Safety	6,500	6,500	904	5,596
Other	141,000	141,000	5,785,007	(5,644,007)
Total Public Safety	14,106,408	14,106,408	18,178,019	(4,071,611)

See accompanying Notes to Required Supplementary Information.
(92)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES (CONTINUED)				
Current (Continued):				
Sanitation:				
Septic Loans	\$ -	\$ -	\$ 29,718	\$ (29,718)
Culture and Recreation:				
Historical Society	371,000	371,000	366,973	4,027
Conservation of Natural Resources:				
County Extension	215,941	215,941	167,271	48,670
Shoreland Management	81,559	81,559	65,161	16,398
Aquatic Invasive Species	-	-	659,535	(659,535)
Soil and Water Conservation	-	-	40,000	(40,000)
Total Conservation of Natural Resources	297,500	297,500	931,967	(634,467)
Capital Outlay:				
General Government	267,825	267,825	307,078	(39,253)
Public Safety	233,000	233,000	202,085	30,915
Total Capital Outlay	500,825	500,825	509,163	(8,338)
Total Expenditures	29,342,688	29,342,688	33,783,516	(4,440,828)
Excess (Deficiency) of Revenues Over Expenditures	505,958	505,958	5,925,606	5,419,648
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	23,862	23,862
Transfers In	7,500	7,500	498,657	491,157
Transfers Out	(383,459)	(383,459)	(199,260)	194,199
Total Other Financing Sources (Uses)	(385,959)	(385,959)	323,259	709,218
NET CHANGE IN FUND BALANCE	\$ 119,999	\$ 119,999	6,248,865	\$ 6,128,866
Fund Balance - Beginning of Year, as Previously Reported			6,790,580	
Change in Accounting Principle (see Note 10)			(287,958)	
Fund Balance - Beginning of Year, as Restated			6,492,622	
FUND BALANCE - END OF YEAR			<u>\$ 12,741,487</u>	

See accompanying Notes to Required Supplementary Information.
(93)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 6,847,401	\$ 6,847,401	\$ 6,891,969	\$ 44,568
Intergovernmental	10,805,037	10,805,037	13,184,517	2,359,480
Charges for Services	1,533,000	1,533,000	1,395,176	(137,824)
Miscellaneous	90,000	90,000	169,537	79,537
Total Revenues	19,275,438	19,275,438	21,621,199	2,345,761
EXPENDITURES				
Current:				
Highways and Streets:				
Administration	597,295	597,295	567,346	29,949
Maintenance	7,282,289	7,282,289	6,885,836	396,453
Construction	1,335,568	1,335,568	1,266,069	69,479
Equipment Maintenance and Shop	2,985,286	2,985,286	2,655,896	329,390
Total Highways and Streets	12,200,438	12,200,438	11,375,167	825,271
Capital Outlay:				
Highways and Streets	7,740,000	7,740,000	9,617,135	(1,877,135)
Debt Service:				
Principal	-	-	255,030	(255,030)
Total Expenditures	19,940,438	19,940,438	21,247,332	(1,306,894)
Excess (Deficiency) of Revenues Over Expenditures	(665,000)	(665,000)	373,867	1,038,867
OTHER FINANCING SOURCES (USES)				
Sale of Assets	65,000	65,000	121,675	56,675
Capital Lease Issued	-	-	91,200	91,200
Total Other Financing Sources (Uses)	65,000	65,000	212,875	147,875
NET CHANGE IN FUND BALANCE	\$ (600,000)	\$ (600,000)	586,742	\$ 1,186,742
Fund Balance - Beginning of Year			14,092,726	
Decrease in Inventories			(234,488)	
FUND BALANCE - END OF YEAR			<u>\$ 14,445,000</u>	

See accompanying Notes to Required Supplementary Information.
(94)

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Intergovernmental	\$ 13,612,718	\$ 13,612,718	\$ 13,301,248	\$ (311,470)
Charges for Services	9,580,027	9,580,027	11,200,562	1,620,535
Investment Earnings	3,141,585	3,141,585	3,542,641	401,056
Miscellaneous	5,000	5,000	44,182	39,182
	181,500	181,500	565,389	383,889
Total Revenues	26,520,830	26,520,830	28,654,022	2,133,192
EXPENDITURES				
Current:				
Human Services:				
Income Maintenance	8,285,674	8,285,674	7,478,083	807,591
Social Services	15,027,875	15,027,875	16,347,658	(1,319,783)
Total Human Services	23,313,549	23,313,549	23,825,741	(512,192)
Health:				
Nursing Service	3,052,188	3,052,188	2,993,119	59,069
Capital Outlay:				
Human Services	157,391	157,391	122,020	35,371
Total Expenditures	26,523,128	26,523,128	26,940,880	(417,752)
Excess (Deficiency) of Revenues Over Expenditures	(2,298)	(2,298)	1,713,142	1,715,440
OTHER FINANCING SOURCES (USES)				
Transfers In	4,800	4,800	-	(4,800)
NET CHANGE IN FUND BALANCE	<u>\$ 2,502</u>	<u>\$ 2,502</u>	<u>1,713,142</u>	<u>\$ 1,710,640</u>
Fund Balance - Beginning of Year, as Previously Reported			8,043,071	
Prior Period Adjustment (See Note 10)			646,865	
Fund Balance - Beginning of Year, as Restated			<u>8,689,936</u>	
FUND BALANCE - END OF YEAR			<u>\$ 10,403,078</u>	

See accompanying Notes to Required Supplementary Information.
(95)

**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY,
RELATED RATIOS, AND NOTES
LAST TEN FISCAL YEARS**

County Total OPEB Information:

	Measurement Date December 31, 2020	Measurement Date December 31, 2019	Measurement Date December 31, 2018
Total OPEB Liability:			
Service Cost	\$ 579,005	\$ 475,401	\$ 546,562
Interest	1,508,757	1,959,835	1,800,657
Differences Between Expected and Actual Experience	708,957	7,472,476	(4,107,714)
Changes of Assumptions	(5,355,888)	(2,803,882)	(2,620,449)
Benefit Payments	(2,710,524)	7,103,830	(4,380,944)
Net Change in Total OPEB Liability	(6,271,693)	48,727,390	53,108,334
Total OPEB Liability - Beginning	55,831,220	\$ 55,831,220	\$ 48,727,390
Total OPEB Liability - Ending	<u>\$ 50,559,527</u>	<u>\$ 27,932,710</u>	<u>\$ 27,421,395</u>
Covered Employee Payroll	\$ 28,538,267	\$ 27,932,710	\$ 27,421,395
County's OPEB Liability as a Percentage of Covered Employee Payroll	177%	200%	178%

Grand Village Nursing Home Total OPEB Information:

	Measurement Date December 31, 2020	Measurement Date December 31, 2019	Measurement Date December 31, 2018
Total OPEB Liability:			
Service Cost	\$ 1,212	\$ 1,483	\$ 1,774
Interest	16,883	17,063	16,459
Differences Between Expected and Actual Experience	6,572	(26,864)	(33,636)
Changes of Assumptions	43,780	(76,082)	(30,729)
Benefit Payments	(36,478)	(84,400)	(46,132)
Net Change in Total OPEB Liability	31,969	505,327	551,459
Total OPEB Liability - Beginning	420,927	\$ 420,927	\$ 505,327
Total OPEB Liability - Ending	<u>\$ 452,896</u>	<u>\$ 5,548,693</u>	<u>\$ 5,457,634</u>
Covered Employee Payroll	\$ 5,353,160	\$ 5,548,693	\$ 5,457,634
County's OPEB Liability as a Percentage of Covered Employee Payroll	8%	8%	9%

Note 1: The County implemented GASB Statement No. 75 in 2018, and the above table will be expanded to 10 years of information as the information becomes available.

Note 2: No assets are accumulated in a trust.

See accompanying Notes to Required Supplementary Information.
(96)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
PERA GENERAL EMPLOYEES RETIREMENT PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with Itasca County	Employer's Proportionate Share of the Net Pension Liability and the State's Related Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.387 %	\$ 23,807,962	\$ 734,251	\$ 24,542,213	\$ 28,284,189	84.174 %	79.06 %
2019	0.389	21,479,294	667,596	22,146,890	21,977,548	97.733	80.23
2018	0.402	22,301,313	731,504	23,032,817	21,994,773	101.394	81.38
2017	0.339	26,691,229	272,480	26,963,709	21,867,762	122.057	75.80
2016	0.413	33,566,030	436,261	34,004,311	23,569,159	131.173	68.91
2015	0.414	21,445,264	N/A	21,445,264	24,805,421	86.454	78.20

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

PERA GENERAL EMPLOYEES RETIREMENT PLAN
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS

Year Ending	Statutorily Required Contributions	Actual Contributions in Relation to Statutorily Required Contributions	Contribution (Deficiency) Excess	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2020	\$ 1,728,320	\$ 1,728,320	\$ -	\$ 23,044,267	7.50 %
2019	1,675,325	1,675,325	-	22,337,667	7.50
2018	1,641,057	1,641,057	-	21,880,760	7.50
2017	1,574,355	1,574,355	-	20,991,400	7.50
2016	1,929,767	1,929,767	-	25,730,226	7.50
2015	1,975,704	1,936,041	39,663	26,342,718	7.50

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The County's year-end is December 31. The Nursing Home's year-end is September 30.

See accompanying Notes to Required Supplementary Information.
(97)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
PERA PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with Itasca County	Employer's Proportionate Share of the Net Pension Liability and the State's Related Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.334 %	\$ 4,405,114	\$ 103,785	\$ 4,508,899	\$ 3,773,186	116.748 %	87.19 %
2019	0.354	3,765,494	-	3,765,494	3,583,900	105.067	89.26
2018	0.345	3,678,411	-	3,678,411	3,636,994	101.139	81.38
2017	0.357	4,819,925	-	4,819,925	3,620,065	133.145	85.40
2016	0.339	13,604,660	-	13,604,660	3,266,786	416.454	63.88
2015	0.357	4,056,355	-	4,056,355	3,273,052	123.932	86.60

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

PERA PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT PLAN
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS

Year Ending	Statutorily Required Contributions	Actual Contributions in Relation to Statutorily Required Contributions	Contribution (Deficiency) Excess	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2020	\$ 657,746	\$ 657,746	\$ -	\$ 3,716,079	17.70 %
2019	646,670	646,670	-	3,815,162	16.95
2018	590,778	590,778	-	3,646,778	16.20
2017	586,451	586,451	-	3,620,067	16.20
2016	542,416	542,416	-	3,348,250	16.20
2015	557,322	557,322	-	3,440,261	16.20

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The County's year-end is December 31.

See accompanying Notes to Required Supplementary Information.
(98)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
PERA PUBLIC EMPLOYEES CORRECTIONAL RETIREMENT PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.634 %	\$ 172,002	\$ 1,312,440	13.106 %	96.67 %
2019	0.602	83,388	1,236,805	6.742	98.17
2018	0.609	100,162	1,243,851	8.053	81.34
2017	0.600	1,710,006	1,207,719	141,590	67.90
2016	0.570	2,082,290	1,078,999	192,983	58.16
2015	0.560	86,576	1,004,779	8,616	96.90

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

PERA PUBLIC EMPLOYEES CORRECTIONAL RETIREMENT PLAN
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS

Year Ending	Actual Contributions in Relation to Statutorily Required Contributions			Contribution (Deficiency) Excess		Actual Contributions as a Percentage of Covered Payroll	
	Statutorily Required Contributions	Statutorily Required Contributions	Statutorily Required Contributions	Covered Payroll	Excess	Covered Payroll	Excess
2020	\$ 116,949	\$ 116,949	\$ 116,949	\$ -	\$ 1,336,560	8.75 %	8.75 %
2019	118,716	118,716	118,716	-	1,356,754	8.75	8.75
2018	110,010	110,010	110,010	-	1,257,257	8.75	8.75
2017	105,675	105,675	105,675	-	1,207,714	8.75	8.75
2016	97,475	97,475	97,475	-	1,113,853	8.75	8.75
2015	95,900	95,900	95,900	-	1,095,927	8.75	8.75

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The County's year-end is December 31.

See accompanying Notes to Required Supplementary Information.
(99)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 1 BUDGETARY INFORMATION

The County Board adopts an annual budget for the following major funds: The General Fund, Road and Bridge Special Revenue Fund, and Human Services Special Revenue Fund. These budgets are prepared on the modified accrual basis of accounting. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except for the Unorganized Towns Road and Bridge, Forfeited Tax, Environmental Special Revenue Funds, and the Capital Projects Fund.

Based on a process established by the County Board, all departments of the County submit requests for appropriations to the County Administrator each year. After review, analysis, and discussions with the departments, the Administrator's proposed budget is presented to the County Board for review. The County Board holds public hearings and a final budget must be prepared and adopted no later than December 28.

The overall budget is prepared by fund, function, and department. The legal level of budgetary control – the level at which expenditures may not legally exceed appropriations – is the fund level. Budgets may be amended during the year with proper approval.

NOTE 2 EXCESS OF EXPENDITURES OVER BUDGET

The following funds had expenditures in excess of budget at the fund level for the year ended December 31, 2020:

	Actual Expenditures	Final Budget	Expenditures in Excess of Budget
General Fund	\$ 33,783,516	\$ 29,342,688	\$ 4,440,828
Road and Bridge Fund	21,247,332	19,940,438	1,306,894
Human Services Fund	26,940,880	26,523,128	417,752

These over-expenditures were funded by greater than anticipated revenues in each fund, as well as existing fund balance.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended December 31, 2020:

General Employees Fund

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 changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
 - Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
 - Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
 - Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
 - The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the PUB-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
 - The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
 - The assumed spouse age difference was changed from two years older for females to one year older.
 - The assumed number of married male new retirees electing the 100% 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.

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.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

General Employees Fund (Continued)

2019 (Continued)

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreased 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 Assumption:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumption:

- 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.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

General Employees Fund (Continued)

2017 (Continued)

Changes in Plan Provisions:

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- 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.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changes from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions

- There have been no changes since the prior valuation

Police and Fire Fund

2020

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Police and Fire Fund (Continued)

2019

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions:

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Police and Fire Fund (Continued)

2017 (Continued)

Changes in Actuarial Assumptions (Continued):

- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% 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 changed from 7.9% to 5.6%.
- 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.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2037 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The postretirement benefit increase to be paid after the attainment of the 90.00% funding threshold was changed from inflation up to 2.50%, to a fixed rate of 2.50%.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Correctional Fund

2020

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions:

- The Single Discount Rate was changed from 5.96% per annum to 7.50% per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50% per year to 2.00% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019.
- Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.50% per year with a provision to reduce to 1.00% if the funding status declines to a certain level, to 100% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 2.50%, beginning January 1, 2019. If the funding status declines to 85.00% for two consecutive years or 80.00% for one year, the maximum increase will be lowered to 1.50%.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Correctional Fund (Continued)

2017

Changes in Actuarial Assumptions:

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested, deferred members. The CSA has been changed to 35% for vested members and 1% for non-vested members.
- The Single Discount Rate was changed from 5.31% per annum to 5.96% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions:

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.31%.
- 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 4 OTHER POSTEMPLOYMENT BENEFIT CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS:

The following changes were reflected in the valuation performed on behalf of the County for the year ended December 31, 2020.

2020

- The discount rate was increased from 2.74% to 2.12%.
- Valuation-year per capita health costs and the future trend on such costs were updated.
- Retiree contribution rates were updated to their current levels.
- The assumed salary scale was updated.
- Mortality, retirement, turnover, and disability rates were updated.
- The assumed age difference between future retirees and their spouses was decreased from three years to two years.

2019

- The discount rate was decreased from 4.10% to 2.74%.

2018

- The discount rate was increased from 3.44% to 4.10%.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

Special Revenue Funds:

Solid Waste Management Fund – Is used to account for the operations and maintenance of all solid waste transfer stations. The primary revenue source is special assessments.

Debt Service Fund:

Debt Service Fund – is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Property taxes are the primary revenue source restricted for repayment of debt through bond documents.

FUND BALANCES

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	Nonmajor Special Revenue Funds				Debt Service Fund	Total
	Forest Resources	Solid Waste Management	Unorganized Towns Road and Bridge	Total Special Revenue Funds		Nonmajor Funds
REVENUES						
Taxes	\$ -	\$ 29	\$ -	\$ 1,455,592	\$ 1,333,574	\$ 2,789,156
Special Assessments	-	1,291,558	-	1,291,558	-	1,291,558
Licenses and Permits	-	530	-	530	-	530
Intergovernmental	356,872	284,768	243,949	885,589	89,308	974,897
Charges for Services	22,980	746,129	-	769,109	-	769,109
Gifts and Contributions	28,008	-	-	28,008	-	28,008
Miscellaneous	172,520	7,093	-	179,613	-	179,613
Total Revenues	580,380	2,330,107	1,699,502	4,609,889	1,422,882	6,032,871
EXPENDITURES						
Current:						
Highways and Streets	-	-	1,044,273	1,044,273	-	1,044,273
Sanitation	-	2,127,008	-	2,127,008	-	2,127,008
Culture and Recreation	453,501	-	-	453,501	-	453,501
Conservation of Natural Resources	319,324	-	-	319,324	-	319,324
Capital Outlay:						
Sanitation	-	60,844	-	60,844	-	60,844
Conservation of Natural Resources	48,170	-	-	48,170	-	48,170
Debt Service:						
Principal	-	-	-	-	905,000	905,000
Interest	-	-	-	-	530,484	530,484
Administrative (Fiscal) Charges	-	-	-	-	2,090	2,090
Total Expenditures	820,995	2,187,852	1,044,273	4,053,120	1,437,574	5,490,694
Excess (Deficiency) of Revenues Over Expenditures	(240,615)	142,255	655,229	556,869	(14,692)	542,177
OTHER FINANCING SOURCES (USES)						
Transfers In	711,590	-	104,649	816,239	1,943,187	2,759,426
NET CHANGE IN FUND BALANCES	470,975	142,255	759,878	1,373,108	1,928,495	3,301,603
Fund Balances - Beginning of Year	631,933	2,054,154	5,659,176	8,355,263	1,340,952	9,696,215
FUND BALANCES - END OF YEAR	<u>\$ 1,102,908</u>	<u>\$ 2,196,409</u>	<u>\$ 6,429,054</u>	<u>\$ 9,728,371</u>	<u>\$ 3,269,447</u>	<u>\$ 12,997,818</u>

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
FOREST RESOURCES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 376,021	\$ 376,021	\$ 356,872	\$ (19,149)
Charges for Services	16,500	16,500	22,980	6,480
Gifts and Contributions	-	-	28,008	28,008
Miscellaneous	116,000	116,000	172,520	56,520
Total Revenues	508,521	508,521	580,380	71,859
EXPENDITURES				
Current:				
Culture and Recreation:				
Promotion	109,000	109,000	53,630	55,370
Parks	428,500	428,500	399,871	28,629
Total Culture and Recreation	537,500	537,500	453,501	83,999
Conservation of Natural Resources:				
Other	2,251,168	2,251,168	319,324	1,931,844
Capital Outlay:				
Conservation of Natural Resources	25,425	25,425	48,170	(22,745)
Total Expenditures	2,814,093	2,814,093	820,995	1,993,098
Excess (Deficiency) of Revenues Over Expenditures	(2,305,572)	(2,305,572)	(240,615)	2,064,957
OTHER FINANCING SOURCES (USES)				
Transfers In	2,305,572	2,305,572	711,590	(1,593,982)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>470,975</u>	<u>\$ 470,975</u>
Fund Balance - Beginning of Year			631,933	
FUND BALANCE - END OF YEAR			<u>\$ 1,102,908</u>	

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SOLID WASTE MANAGEMENT SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ -	\$ -	29	\$ 29
Special Assessments	1,253,327	1,253,327	1,291,558	38,231
Licenses and Permits	500	500	530	30
Intergovernmental	133,382	133,382	284,768	151,386
Charges for Services	640,000	640,000	746,129	106,129
Miscellaneous	10,000	10,000	7,093	(2,907)
Total Revenues	2,037,209	2,037,209	2,330,107	292,898
EXPENDITURES				
Current:				
Sanitation:				
Solid Waste	1,997,209	1,997,209	2,127,008	(129,799)
Capital Outlay:				
Sanitation	40,000	40,000	60,844	(20,844)
Total Expenditures	2,037,209	2,037,209	2,187,852	(150,643)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	142,255	\$ 142,255
Fund Balance - Beginning of Year			2,054,154	
FUND BALANCE - END OF YEAR			<u>\$ 2,196,409</u>	

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 1,427,110	\$ 1,427,110	\$ 1,333,574	\$ (93,536)
Intergovernmental	-	-	89,308	89,308
Total Revenues	1,427,110	1,427,110	1,422,882	(4,228)
EXPENDITURES				
Debt Service:				
Principal Retirement	870,000	870,000	905,000	(35,000)
Interest	557,110	557,110	530,484	26,626
Administrative (Fiscal) Charges	-	-	2,090	(2,090)
Total Debt Service	1,427,110	1,427,110	1,437,574	(10,464)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(14,692)	(14,692)
OTHER FINANCING SOURCES				
Transfers In	-	-	1,943,187	1,943,187
NET CHANGE IN FUND BALANCE	\$ -	\$ -	1,928,495	\$ 1,928,495
Fund Balance - Beginning of Year			1,340,952	
FUND BALANCE - END OF YEAR			<u>\$ 3,269,447</u>	

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**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
DESCRIPTION OF FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

FIDUCIARY FUNDS

Custodial Funds

Community Health Services Fund – Is used to account for the receipts and disbursements of Atkin-Itasca-Koochiching Community Health Services Board.

Civil Process Fund – Is used to maintain compliance with State guidelines regarding the proper handling of seized assets.

Itasca County Regional Radio Board Fund – Is used to account for the activity of the Itasca County Radio Board which is comprised of funds received from cities within the County for the purchase of new equipment in future years.

Northeast Minnesota Regional Radio Board Fund – Is used to account for the receipts and disbursements of the Northeast Minnesota Regional Radio Board for which the County is the fiscal agent.

Arrowhead Procure Reserve Fund – Is used to account for the receipts and disbursements of the County's Arrowhead Procure Reserve.

Itasca County Family Services Collaborative Fund – Is used to account for an interagency agreement between the County and school districts for the purpose of planning and coordination of family services within the County.

Special Districts Fund – Is used to account for funds of the collection of taxes and penalties and other revenues and their distribution to special taxing districts and unorganized fire departments.

Cities and Towns Fund – Is used to account for the collection of taxes and penalties and their distribution to the various cities and towns.

School Districts Fund – Is used to account for the collection of taxes and penalties and their distribution to the various school districts.

State Fund – Is used to account for the collection and payment of funds due to the state of Minnesota.

Jail Inmate Fund – Is used to account for deposits and withdrawals made by inmates of the Itasca County Jail.

Cemetery Fund – Is used to account for receipts and disbursements of the Cemetery.

Estate Recoveries Fund – Is used to hold the State's portion of estates from deceased parties within the County until such a time they can be analyzed and disbursed appropriately.

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**ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2020**

	Custodial Funds			
	Community Health Services	Civil Process	Itasca County Regional Radio Board	NE MN Regional Radio Board
ASSETS				
Cash and Cash Equivalents	\$ 134,710	\$ -	\$ 439,735	\$ 294,772
Due from Other Governments	290,994	-	-	-
Taxes Receivable For Other Governments	-	-	-	-
Accounts Receivable	-	-	-	-
Total Assets	425,704	-	439,735	294,772
LIABILITIES				
Accounts Payable	1,290	-	-	-
Due to Other Governments	57,512	-	-	-
Total Liabilities	58,802	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Collected for Subsequent Period	-	-	-	-
NET POSITION				
Restricted for:				
Individuals, Organizations, and				
Other Governments	\$ 366,902	\$ -	\$ 439,735	\$ 294,772

(116)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)
DECEMBER 31, 2020

	Custodial Funds				
	Arrowhead Procure Reserve Board	Itasca County Family Services Collaborative	Special Districts	Cities and Towns	Schools
ASSETS					
Cash and Cash Equivalents	\$ -	\$ 301,569	\$ 30,066	\$ 790,173	\$ 823,462
Due from Other Governments	-	-	-	-	-
Taxes Receivable For Other Governments	-	-	27,366	2,198,330	484,363
Accounts Receivable	-	-	7,326	-	-
Total Assets	-	301,569	64,758	2,988,503	1,307,825
LIABILITIES					
Accounts Payable	-	-	-	-	-
Due to Other Governments	-	-	37,392	754,456	823,462
Total Liabilities	-	-	37,392	754,456	823,462
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Collected for Subsequent Period	-	-	-	35,717	-
NET POSITION					
Restricted for:					
Individuals, Organizations, and					
Other Governments	\$ -	\$ 301,569	\$ 27,366	\$ 2,198,330	\$ 484,363

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)
DECEMBER 31, 2020

	Custodial Funds				
	State Revenue	Jail Inmate	Cemetery	Estate Recoveries	Total Custodial Funds
ASSETS					
Cash and Cash Equivalents	\$ 567,617	\$ 22,047	\$ 55,068	\$ 1,557,788	\$ 5,017,007
Due from Other Governments	-	-	-	-	290,994
Taxes Receivable For Other Governments	220,209	-	-	-	2,930,268
Accounts Receivable	2,191	-	-	-	9,517
Total Assets	790,017	22,047	55,068	1,557,788	8,247,786
LIABILITIES					
Accounts Payable	-	-	-	-	1,290
Due to Other Governments	554,012	-	-	1,557,788	3,784,622
Total Liabilities	554,012	-	-	1,557,788	3,785,912
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Collected for Subsequent Period	-	-	-	-	35,717
NET POSITION					
Restricted for:					
Individuals, Organizations, and					
Other Governments	\$ 236,005	\$ 22,047	\$ 55,068	\$ -	\$ 4,426,157

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	Custodial Funds			
	Community Health Services	Civil Process	Itasca County Regional Board	NE MN Regional Board
ADDITIONS				
Contributions:				
Individuals	\$ -	\$ 393,405	\$ -	\$ -
Investment Earnings	-	-	-	-
Interest, Dividends and Other	-	-	-	-
Intergovernmental	1,695,253	-	-	-
Property Tax Collections for Other Governments	-	-	-	-
License and Fees Collected for State	-	-	-	-
Miscellaneous	-	-	1,050	-
Total Additions	1,695,253	393,405	1,050	-
DEDUCTIONS				
Beneficiary Payments to Individuals	-	393,405	-	-
Payments of Property Tax to Other Governments	-	-	-	-
Payments to State	-	-	-	-
Administrative Expense	-	-	-	3,186
Payments to Other Entities	1,625,150	-	132,002	-
Total Deductions	1,625,150	393,405	132,002	3,186
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	70,103	-	(130,952)	(3,186)
Fiduciary Net Position - Beginning of Year	-	-	-	-
Change in Accounting Principle	296,799	-	570,687	297,958
Fiduciary Net Position - Beginning of Year, as Restated	296,799	-	570,687	297,958
FIDUCIARY NET POSITION - END OF YEAR	\$ 366,902	\$ -	\$ 439,735	\$ 294,772

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

	Custodial Funds				
	Arrowhead Reserve Board	Itasca County Collaborative	Special Districts	Cities and Towns	Schools
ADDITIONS					
Contributions:					
Individuals	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-	-
Interest, Dividends and Other	-	149	-	-	-
Intergovernmental	-	390,235	-	-	-
Property Tax Collections for Other Governments	-	-	2,277,633	22,091,469	25,631,924
License and Fees Collected for State	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Additions	191	390,384	2,277,633	22,091,469	25,631,924
DEDUCTIONS					
Beneficiary Payments to Individuals	-	-	-	-	-
Payments of Property Tax to Other Governments	-	-	2,275,509	22,080,226	25,626,369
Payments to State	-	-	-	-	-
Administrative Expense	-	-	-	-	-
Payments to Other Entities	22,611	387,895	-	-	-
Total Deductions	22,611	387,895	2,275,509	22,080,226	25,626,369
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(22,420)	2,489	2,124	11,243	5,555
Fiduciary Net Position - Beginning of Year	-	-	-	-	-
Change in Accounting Principle	22,420	299,080	25,242	2,187,087	478,808
Fiduciary Net Position - Beginning of Year, as Restated	22,420	299,080	25,242	2,187,087	478,808
FIDUCIARY NET POSITION - END OF YEAR	\$ -	\$ 301,569	\$ 27,366	\$ 2,198,330	\$ 484,363

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

	Custodial Funds				
	State Revenue	Jail Inmate	Cemetery	Estate Recoveries	Total Custodial Funds
ADDITIONS					
Contributions:					
Individuals	\$ -	\$ 109,823	\$ -	\$ -	\$ 503,228
Investment Earnings	-	-	427	-	576
Interest, Dividends and Other	-	-	-	-	2,085,488
Intergovernmental	-	-	-	-	50,001,026
Property Tax Collections for Other Governments	12,273,795	-	-	-	12,273,795
License and Fees Collected for State	-	-	-	578,334	579,575
Miscellaneous	-	-	-	-	-
Total Additions	12,273,795	109,823	427	578,334	65,443,688
DEDUCTIONS					
Beneficiary Payments to Individuals	-	118,850	-	-	512,255
Payments of Property Tax to Other Governments	-	-	-	-	49,982,104
Payments to State	12,265,897	-	-	578,334	12,844,231
Administrative Expense	-	-	-	-	3,186
Payments to Other Entities	-	-	-	-	-
Total Deductions	12,265,897	118,850	-	578,334	2,167,688
NET INCREASE (DECREASE)	7,898	(9,027)	427	-	(65,746)
IN FIDUCIARY NET POSITION					
Fiduciary Net Position - Beginning of Year	-	-	-	-	-
Change in Accounting Principle	228,107	31,074	54,641	-	4,491,903
Fiduciary Net Position - Beginning of Year, as Restated	228,107	31,074	54,641	-	4,491,903
FIDUCIARY NET POSITION - END OF YEAR	\$ 236,005	\$ 22,047	\$ 55,068	\$ -	\$ 4,426,157

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2020

Appropriations and Shared Revenue:	
State:	\$
Highway Users Tax	12,234,309
County Program Aid	2,416,498
PERA Rate Reimbursement	111,019
Disparity Reduction Aid	162,260
Police Aid	378,042
Taconite Credit	703,323
E-911	126,359
Market Value Credit	138,407
Supplemental Aid	1,668,923
Aquatic Invasive Species	643,308
Out of Home Placement	83,708
Riparian Aid	40,000
Casino Revenue Aid	453,532
Total Appropriations and Shared Revenue	19,159,708
Reimbursement for Services:	
MN Department of Human Services	1,813,200
Payments:	
State:	1,421,418
Payment in Lieu of Taxes	
Local:	72,100
Local Contributions	
Total Payments	1,493,518
Grants:	
Minnesota Department of:	
Corrections	292,467
Health	245,693
Human Services	3,037,245
Natural Resources	177,285
Peace Officers (POST)	50,809
Public Safety	9,836
Pollution Control Agency	129,026
Secretary of State	181,809
Water and Soil Resources	123,302
Total State	4,247,472
Federal:	
Agriculture	895,695
Interior	506,001
Justice	243,032
Transportation	521,094
Health and Human Services	4,845,967
Homeland Security	147,321
Treasury	5,806,048
Election	44,284
Total Federal	13,009,442
Total State and Federal Grants	17,256,914
Total Intergovernmental Revenue	\$ 39,723,340

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INDEPENDENT AUDITORS' 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

Board of County Commissioners
Itasca County
Grand Rapids, 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, each major fund, and the aggregate remaining fund information of Itasca County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Itasca County's basic financial statements, and have issued our report thereon dated October 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Itasca County'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 Itasca County's internal control. Accordingly, we do not express an opinion on the effectiveness of Itasca County'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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, 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 questioned costs as items 2020-001 to 2020-003 to be material weaknesses.

REPORTS RELATED TO GOVERNMENT AUDIT
STANDARDS AND SINGLE AUDIT



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Board of County Commissioners
Itasca County

Internal Control Over Financial Reporting (Continued)

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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-004 and 2020-005 to be significant deficiencies.

Compliance and Other Matters

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

Itasca County's Responses to Findings

Itasca County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Itasca County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
October 28, 2021

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of County Commissioners
Itasca County
Grand Rapids, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Itasca County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Itasca County's major federal programs for the year ended December 31, 2020. Itasca County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Itasca County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Itasca County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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



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Board of County Commissioners
Itasca County

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-006 to 2020-008. Our opinion on each major federal program is not modified with respect to these matters.

Itasca County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Itasca County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-007 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-006 and 2020-008 to be significant deficiencies.

Board of County Commissioners
Itasca County

Itasca County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Itasca County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Purpose of this Report

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



CliftonLarsonAllen LLP

Brainerd, Minnesota
October 28, 2021

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020

Section I – Summary of the Auditors' Results

Basic Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes none reported
3. Noncompliance material to basic financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Fund
93.658	Title IV-E Foster Care Program
93.778	Medical Assistance Program (Medicaid Cluster)
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	_____ yes x no

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section II – Financial Statement Findings

AUDIT ADJUSTMENTS (2020-001)

Material Weakness in Internal Control Over Financial Reporting

Condition and Context

As part of the audit, we proposed material adjustments for closing the County's books at year-end, recording of accruals, net pension liability and related deferred inflows and outflows of resources, prior period adjustment, GASB 84 adjustments, and reclassifications of fund balances between categories and revenues and expenditures to the proper accounts.

Criteria

County management is responsible for establishing and maintaining internal controls for the proper recording of all County receipts and disbursements, including reclassifications between funds and activity of all investing and savings accounts.

Effect

The design of the internal controls over recording revenues and expenditures, including reclassifications, could affect the ability of the County to detect or prevent errors, a misappropriation of assets, or fraudulent activity.

Cause

The County has a limited number of personnel.

Repeat Finding

Yes, Finding 2019-001.

Recommendation

We recommend County management be consistently aware of all procedures and processes involved in recording receipts, disbursements, and reclassifications, and develop internal control policies to ensure proper recording of these items. It was noted significant adjustments were made to accounts payable, prepaid, and cash accounts; therefore, we recommend a review of processes and procedures related to recording of those balances.

Views of Responsible Officials

There is no disagreement with the audit finding.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section II – Financial Statement Findings (Continued)

FINANCIAL STATEMENT PREPARATION (2020-002)

Material Weakness in Internal Control over Financial Reporting

Condition and Context

As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. The County does not have an internal control policy in place over preparation or review of the annual financial statements that would enable management to prepare the financial statements and related note disclosures in accordance with applicable accounting and reporting standards. Management reviews and accepts responsibility for the financial statements.

Criteria

County management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with applicable accounting and reporting standards.

Effect

The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the County's internal controls.

Cause

The County has a limited number of personnel.

Repeat Finding

Yes, Finding 2019-002.

Recommendation

We recommend the County continue to evaluate its internal staff capacity to determine if an internal control policy over the preparation of the financial statements and other areas is beneficial.

Views of Responsible Officials

There is no disagreement with the audit finding.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section II – Financial Statement Findings (Continued)

INCOMPLETE BANK RECONCILIATION (2020-003)

Material Weakness in Internal Control over Financial Reporting

Condition and Context

The cash and investment reconciliations for year-end 2020 were not completed in a timely manner.

Criteria

As part of sound financial controls over cash and investments balances, the County should reconcile its bank and investment accounts to its general ledger at the end of each calendar year.

Effect

Absence of a complete and accurate reconciliation of the County's cash each month diminishes the ability of the County's management to provide timely and accurate reporting of financial information.

Cause

There were no formal policies and procedures relating to the cash and investment reconciling procedures.

Repeat Finding

Not applicable.

Recommendation

We recommend the County staff complete a precise and timely reconciliation of the County's bank accounts to its general ledger each month, and the County document the review of these monthly reconciliations.

Views of Responsible Officials

There is no disagreement with the audit finding.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section II – Financial Statement Findings (Continued)

SEGREGATION OF DUTIES (2020-004)

Significant Deficiency in Internal Control over Financial Reporting

Condition and Context

Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place for various departments/offices in the County.

Criteria

Management should always be aware of the need to have adequate segregation of duties regarding the processing of transactions for the County. In addition, management should be aware that the concentration of duties and responsibilities in one or a very few individuals is not desirable from an internal control perspective.

Effect

The lack of adequate segregation of duties can result in incorrect financial information, failure to detect misstatements or misappropriations, and the lack of adherence to the County's procedures.

Cause

The County has a limited number of personnel within several departments/offices.

Repeat Finding

Yes, Finding 2019-003.

Recommendation

We recommend management be aware of the lack of segregation of duties within the accounting functions and provide oversight to ensure the internal control policies and procedures are being implemented by organization staff.

Views of Responsible Officials

There is no disagreement with the audit finding.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section II – Financial Statement Findings (Continued)

UNAUTHORIZED BANK SIGNERS (2020-005)

Significant Deficiency in Internal Control over Financial Reporting

Condition and Context

During our audit it was noted that a former employee was still listed with signing rights to one of the bank accounts held by the County.

Criteria

Standard Internal controls suggest bank account authorizations be updated when employees terminate from a County position.

Effect

Former employees that are authorized signers may have management level access to cash accounts.

Cause

Lack of oversight.

Repeat Finding

Yes, Finding 2019-005.

Recommendation

We recommend the County review their employee termination process and documentation.

Views of Responsible Officials

There is no disagreement with the audit finding.

(133)

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section III – Major Federal Programs Findings and Questioned Costs

ASSET THRESHOLDS (2020-006)

Federal Agency: U.S. Department of Health and Human Services
Federal Program Title: Medical Assistance Program (Medicaid Cluster)
CFDA Number: 93.778
Pass-Through Agency: Minnesota Department of Human Services
Pass-Through Numbers: 2005MN5ADM, 2005MN5MAP
Compliance Requirement Affected: Eligibility
Award Period: January 1, 2020 through December 31, 2020

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

Criteria

All individuals receiving Medical Assistance must meet specific asset guidelines to be eligible.

Condition and Context

During our statistically valid sample testing of eligibility and inquiry and testing of 60 casefiles, it was noted that two individuals had information in the County's case management system (OnBase) updated with current asset information, but the eligibility software (MAXIS) did not contain the updated information. The sample sizes were based on guidance from chapter 11 of the AICPA audit guide, Government Auditing Standards and Single Audits.

Cause

Lack of management oversight.

Effect

Errors made in determining eligibility may not be discovered and benefits may be issued to clients who are not eligible.

Questioned Costs

Not able to be determined.

Repeat Finding

Yes, Finding 2019-006.

Recommendation

We recommend the County review asset verification for each eligible case file.

Views of Responsible Officials

There is no disagreement with the audit finding.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section III – Major Federal Programs Findings and Questioned Costs (Continued)

CASFILE REVIEW (2020-007)

Federal Agency: U.S. Department of Health and Human Services
Federal Program Title: Medical Assistance Program (Medicaid Cluster)
CFDA Number: 93.778
Pass-Through Agency: Minnesota Department of Human Services
Pass-Through Numbers: 2005MN5ADM, 2005MN5MAP
Compliance Requirement Affected: Eligibility
Award Period: January 1, 2020 through December 31, 2020

Type of Finding

Material Weakness in Internal Control over Compliance and Other Matter

Criteria

Standard internal control procedures recommend internal reviews over case file eligibility determinations to ascertain case workers are complying with state and federal requirements and correctly determining program eligibility.

Condition and Context

During our statistically valid sample testing of eligibility and inquiry and testing of case file reviews completed during 2020 for Medical Assistance, it was noted that there were no documented case file reviews performed. The sample sizes were based on guidance from chapter 11 of the AICPA audit guide, Government Auditing Standards and Single Audits.

Cause

Lack of management oversight.

Effect

Errors made in determining eligibility may not be discovered and benefits may be issued to clients who are not eligible.

Questioned Costs

Not able to be determined.

Repeat Finding

Prior year finding identified as Finding 2019-007.

Recommendation

We recommend the County review case files on a periodic basis throughout the year and document the review.

Views of Responsible Officials

There is no disagreement with the audit finding.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section III – Major Federal Programs Findings and Questioned Costs (Continued)

CONTROLS OVER REPORTING (2020-008)

Federal Agency: U.S. Department of Treasury

Federal Program Title: COVID-19 Coronavirus Relief Fund

CFDA Number: 21.019

Pass-Through Numbers: Minnesota Department of Revenue

Compliance Requirement Affected: Reporting

Award Period: March 1, 2020 through December 1, 2020

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

Criteria

Local Governments receiving Coronavirus Relief Funds (CRF) have guidance from the State of Minnesota that states spending reports must be filed by the 7th business day of the following month.

Condition and Context

During our statistically valid sample testing of reporting, it was noted that 1 of 4 monthly reports tested were submitted past the due date established by the FAQs for Local Governments receiving Coronavirus Relief Funds (CRF) from the State of Minnesota. The sample sizes were based on guidance from chapter 11 of the AICPA audit guide, *Government Auditing Standards and Single Audits*.

Cause

Lack of management oversight due to it being a new grant.

Effect

The County could risk loss of funding for later submission of required reporting.

Questioned Costs

None

Repeat Finding:

Not Applicable.

Recommendation

We recommend the County implement procedures to ensure any future reports are submitted timely.

Views of Responsible Officials

There is no disagreement with the audit finding.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section IV – Other Items for Consideration

TIMELY PAYMENT OF CLAIMS (2020-009)

Minnesota Legal Compliance

Condition and Context

During audit procedures, it was noted that one out of forty invoices was not paid within the standard timeline of 35 days from the receipt of the invoice.

Criteria

Minnesota Statutes §471.425 requires prompt payment of local government bills with the standard timeline of 35 days from the receipt of the invoice.

Possible Effect

The County is not in compliance with Minnesota Statutes §471.425 and is at an increased risk of incurring late fees by not paying items in a timely manner.

Cause

Lack of management oversight.

Repeat Finding

Yes, Finding 2019-009.

Recommendation

We recommend the County implement procedures to ensure timely payment of all claims.

Views of Responsible Officials

There is no disagreement with the audit finding.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section IV – Other Items for Consideration (Continued)

PUBLISHING OF YEARLY FINANCIAL STATEMENTS (2020-010)
Minnesota Legal Compliance

Condition and Context

During audit procedures, it was noted that the County did not publish their financial statements after the 2020 audit was completed.

Criteria

Minnesota Statutes §375.17 requires local governments to publish their financial statements each year under the form and style prescribed by and on file with the Minnesota Office of the State Auditor.

Possible Effect

The County is not in compliance with Minnesota Statutes §375.17, and its constituents may not be able to provide any oversight of the County.

Cause

Lack of management oversight.

Repeat Finding

Not applicable.

Recommendation

We recommend the County implement procedures to ensure their yearly financial statements are published in their designated newspaper.

Views of Responsible Officials

There is no disagreement with the audit finding.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

2019-001
Audit Adjustments

See current year finding 2020-001.

Reason for Finding's Recurrence: The County has unique transactions not in the normal course of business in 2020 that needed to be adjusted.

Financial Reporting Process

See current year finding 2020-002.

Reason for Finding's Recurrence: The County has limited personnel and is working on improvements to the year-end reporting process.

Segregation of Duties

See current year finding 2020-004.

Reason for Finding's Recurrence: The County has not segregated duties due to it not being cost beneficial.

Controls Over Inventory Activity

Resolution: During current year testing, no similar instances were noted.

Unauthorized Bank Signers

See current year finding 2020-005.

Reason for Finding's Recurrence: The County was not aware this signer was still included on the bank account while reviewing signing authority.

Asset Thresholds

See current year finding 2020-006.

Reason for Finding's Recurrence: The County has not implemented procedures to ensure the assets are properly updated in MAXIS for Medical Assistance.

Casefile Review

See current year finding 2020-007.

Reason for Finding's Recurrence: The County has not implemented casefile reviews for Medical Assistance.

Review for Accuracy

Resolution: During current year testing, no similar instances were noted.

ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

2019-009

Timely Payment of Claims

See current year finding 2020-009.

Reason for Finding's Recurrence: The County has not implemented procedures to ensure timely payment of all claims.

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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Numbers	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Community Health Services Board - Supplemental Food Program for Women, Infants, and Children (WIC)	10.557	2020MN004W1003	\$ 122,024	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for Food Stamp Programs (Part of Supplemental Nutrition Assistance Program Cluster)	10.561	192MN101S2514	507,276	-
Passed Through Minnesota Department of Natural Resources Cooperative Forestry Assistance	10.664	R2SG3016292	46,645	-
Passed Through Minnesota Management & Budget Schools and Roads - Grants to States (Part of Forest Service Schools to Roads Cluster)	10.665	GRUSDFORESTRY	171,079	-
Total Department of Agriculture			847,024	-
U.S. Department of Interior				
Direct:				
Payments in Lieu of Taxes	15.226	N/A	506,001	-
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Missing Children's Assistance	16.543	P07300CA2016	2,000	-
Crime Victim Assistance	16.575	F-CVS-2020-ITASCAO	58,873	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	F-JAG-2019-ITASCAO	92,890	-
Direct:				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	N/A	60,065	-
Total Department of Justice			213,828	-
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction (Part of Highway Planning and Construction Cluster)	20.205	T1C595	3,997	-
Highway Planning and Construction (Part of Highway Planning and Construction Cluster)	20.205	T1F140	497,971	-
Total			501,968	-
Passed Through Minnesota Department of Public Safety State and Community Highway Safety (Part of Highway Safety Cluster)	20.600	F-SAFE20-2020-ITASCAO	4,606	-
Passed Through Minnesota Department of Public Safety and St. Louis County 2019 DECN Next Generation Geographic Information System	20.615	A-DECN-NGIS-219-NEECB2-3	14,520	-
Total Department of Transportation			521,094	-
U.S. Department of Treasury				
Passed Through Minnesota Department of Revenue COVID-19 Coronavirus Relief Fund	21.019	STL0016	5,806,048	210,540
U.S. Federal Election Assistance Commission				
Passed Through Minnesota Department of Management and Budget COVID-19 2018 HAVA Election Security Grants	90.404	EAC201908MNCOVID	44,284	-

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this section.
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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Federal Grant/Pass through Grant/Program or Cluster Title	Federal CFDA Identifying Number	Pass-Through Entity Identifying Numbers	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed Through Atake-Itasca-Koochiching Community Health Services Board				
Public Health Emergency Preparedness	93.069	U00TP000529	\$ 24,479	\$ -
Temporary Assistance for Needy Families (Part of 93.558; Total \$610,991)	93.558	2001MNTANF	72,592	-
Maternal and Child Health Services Block Grant to the States	93.904	B04MC29349	75,089	-
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	2001MNFPS	23,214	-
Temporary Assistance for Needy Families (Part of 93.558; Total \$610,991)	93.558	2001MNTANF	538,399	-
Child Support Enforcement	93.563	2001MNGSES	325,235	-
Child Support Enforcement	93.563	2001MNCES	1,012,519	-
Total			1,337,754	-
Refugee and Entrant Assistance - State Administered Programs	93.566	2001MNRDMA	630	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP	4,131	-
Child Care and Development Block Grant (Part of Child Care Cluster)	93.575	2001MNCDF	7,446	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	10,981	-
Foster Care - Title IV-E	93.658	2001MNFOS	377,061	-
Social Services Block Grant Title XX	93.667	2001MNSOSR	299,537	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001MNCILP	11,678	-
Children's Health Insurance Program	93.767	2005MNS021	295	-
Medical Assistance Program (Part of Medicaid Cluster)	93.778	2005MNSADM	2,034,066	-
Total Department of Health and Human Services			4,817,352	-
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	ITASCA FBE-100820	35,785	-
Passed Through Minnesota Department of Public Safety Emergency Management Performance Grant	97.042	F-EMPG-2019-ITASCA0-3115	29,340	-
Homeland Security Grant Program	97.067	F-SHSP-2019-HSEM01TA	84,998	-
Total Department of Homeland Security			150,123	-
Total Expenditures of Federal Awards			\$ 12,905,754	\$ 210,540

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this section.
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ITASCA COUNTY
GRAND RAPIDS, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

- Notes to the Schedule of Expenditures of Federal Awards**
The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Itasca County. The County's reporting entity is defined in Note 1 to the financial statements.
- The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Itasca County under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) from the Office of Management and Budget (OMB). Because the schedule presents only a selected portion of the operations of Itasca County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Itasca County.

3. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, for all awards with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Itasca County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation to the Schedule of Intergovernmental Revenue:

Federal Grant Revenue per Schedule of Intergovernmental Revenue:	\$ 13,009,442
Grants Received More than 90 Days After Year-End: Unavailable in 2020:	
Temporary Assistance for Needy Families (93.558)	156,127
Public Health Emergency Preparedness (93.556)	4,411
Promoting Safe and Stable Families (93.559)	3,785
Stephanie Tubbs Jones Child Welfare Services Program (93.645)	1,332
Maternal and Child Health Services Block Grant to the States (93.994)	11,568
Homeland Security Grant Program (97.067)	40,480
Deferred in 2019, Recognized as Revenue in 2020:	
Temporary Assistance for Needy Families (93.558)	(118,072)
Promoting Safe and Stable Families (93.559)	(17,426)
Stephanie Tubbs Jones Child Welfare Services Program (93.645)	(2,223)
Foster Care Title IV-E (93.658)	(62,399)
John H. Chafee Foster Care Program for Successful Transition to Adulthood (93.674)	(3,050)
Community-Based Child Abuse Prevention Grants (93.590)	(1,790)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (93.596)	(880)
Homeland Security Grant Program (97.067)	(37,676)
Supplemental Food Program for Women, Infants, and Children (WIC) (10.557)	(48,671)
Edward Byrne Memorial Justice Assistance Grant Program (16.738)	(29,204)
Expenditures per Schedule of Expenditures of Federal Awards	\$ 12,905,754

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this section.
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CliftonLarsonAllen LLP
CLAnetconnect.com

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Itasca County
Grand Rapids, 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 *Governmental Auditing Standards* issued by the Comptroller of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Itasca County (the County), Minnesota, as of December 31, 2020 and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 28, 2021.

In connection with our audit, we noted that Itasca County failed to comply with provisions of the claims and disbursements and miscellaneous provisions of *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, in so far as they relate to accounting matters as described in detail in the schedule of findings and questioned costs as items 2020-009 and 2020-010. Also, in connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, and public indebtedness sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

Itasca County's written responses to the legal compliance findings identified in our audit are described in the schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
October 28, 2021



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Lease Landscaping, Inc.
32057 South Pit Road
Grand Rapids, MN 55744
218-326-0876

Estimate

Date	Estimate #
4/24/2022	974

Itasca District
c/o Wayne Ronskos
11 Paige Place
Grand Rapids, MN 55744

Job Site

Customer Phone

P.O. No.

Total

Rate

Qty

Description

Remove small stumps on the trail on the north side of Sherry's Arm Road to County Road 17.
Cut the hill down and level the trail on the north side of Sherry's Arm Road.
Install a 12" x 30' culvert across the trail for drainage.
Remove stumps on the trail on the south side of Sherry's Arm Road to the lake.
Remove stumps on the trail on the south side of Sherry's Arm Road to the lake.
Cut the bank on the north side of the trail by the lake to widen.
Remove the stumps in the groomer turnaround area.
Install a 18" x 30' culvert for the creek crossing.
Install end compact class 5 around the culvert.
Cut the large hill slope to improve the grade and the corner.
Install erosion control blanket on the side slope by the lake.
Power rake all disturbed areas on the trail.
Seed and mulch.
Materials, Equipment and Labor

18,350.00

18,350.00

Subtotal

Sales Tax (0.0%)

Total

\$18,350.00

\$0.00

\$18,350.00

Upon acceptance of proposal please sign and return a copy

Acceptance of Proposal

Signature

Date



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

REQUEST FOR BOARD ACTION: RBA-2022-2492

DEPARTMENT: Health & Human Services

TIME REQUESTED: 5 Minutes

PRESENTER: Eric Villeneuve

AGENDA ITEM:

2022 DHS Procurement - County Mediation

BOARD ACTION REQUESTED:

Adopt the Resolution Re: Objection to 2023 Minnesota Department of Human Services Selection of Participating Health Plans.

BACKGROUND:

COUNTY ATTORNEY REVIEW: Yes and/or Pending

SUPPORTING DOCUMENTATION: None

07/05/2022

RESULT:	RECOMMENDED FOR CONSENT	NEXT: 07/12/2022 2:30 PM
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**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

RESOLUTION

RE: OBJECTION TO 2023 MINNESOTA DEPARTMENT OF HUMAN SERVICES SELECTION OF PARTICIPATING HEALTH PLANS

WHEREAS, the Itasca County Board of Commissioners objects to the Minnesota Department of Human Services' ("the Department") selection of participating health plans for Itasca County;

WHEREAS, the Itasca County Board of Commissioners objects to the Department's decision to disregard the County's decision to provide healthcare services under Minn. Stat. § 256B.69 and Minn. Stat. § 256B.692 to eligible recipients of the Minnesota Senior Health Options (MSHO), Minnesota Senior Care Plus (MSC+), and Families and Children Medical Assistance Programs within the County;

WHEREAS, the Itasca County Board of Commissioners previously authorized the County to request mediation under Minn. Stat. § 256B.69, subd. 3a to challenge the Department's procurement decision;

WHEREAS, the Itasca County Board of Commissioners seeks to retain the law firm of Lockridge Grindal Nauen PLLP to represent the County in challenging the Department's procurement determinations in mediation or, as necessary, in other legal action.

NOW THEREFORE BE IT RESOLVED, that the Itasca County Board of Commissioners, hereby authorizes the County to retain Lockridge Grindal Nauen PLLP to represent the County in mediation with the Department pursuant to Minn. Stat. §256B.69, subd. 3a(d).



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, July 5, 2022

REQUEST FOR BOARD ACTION: RBA-2022-2493

DEPARTMENT: Land Department

TIME REQUESTED: 15 Minutes

PRESENTER: Kory Cease

AGENDA ITEM:

Closed Session per MN Statutes 13D.05, Subd. 3(c)(3) Re: Potential Purchase of Parcel Identification Numbers (PINs) 91-016-2406 and 91-016-2301.

BOARD ACTION REQUESTED:

Hold a Closed Session per MN Statutes 13D.05, Subd. 3(c)(3) Re: Potential Purchase of Parcel Identification Numbers (PINs) 91-016-2406 and 91-016-2301.

BACKGROUND:

13D.05 Subd. 3. What meetings may be closed.

(c) A public body may close a meeting:

(3) to develop or consider offers or counteroffers for the purchase or sale of real or personal property. Before holding a closed meeting under this paragraph, the public body must identify on the record the particular real or personal property that is the subject of the closed meeting. The proceedings of a meeting closed under this paragraph must be tape recorded at the expense of the public body. The recording must be preserved for eight years after the date of the meeting and made available to the public after all real or personal property discussed at the meeting has been purchased or sold or the governing body has abandoned the purchase or sale. The real or personal property that is the subject of the closed meeting must be specifically identified on the tape. A list of members and all other persons present at the closed meeting must be made available to the public after the closed meeting. If an action is brought claiming that public business other than discussions allowed under this paragraph was transacted at a closed meeting held under this paragraph during the time when the tape is not available to the public, section 13D.03, subdivision 3, applies. An agreement reached that is based on an offer considered at a closed meeting is contingent on approval of the public body at an open meeting. The actual purchase or sale must be approved at an open meeting after the notice period required by statute or the governing body's internal procedures, and the purchase price or sale price is public data.

Real property being discussed is described as follows: the West 1/2 of NW 1/4 of SENW except the South 261.10' of West 2 Acres of Section 16 of Township 55N Range 25W, and the North 400' of East 68.5' of SWNW of Section 16 of Township 55N Range 25W.

COUNTY ATTORNEY REVIEW: Yes and/or Pending

SUPPORTING DOCUMENTATION: None

RESULT:	INFORMATIONAL - NO ACTION TAKEN
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