

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

**Norman County
Ada, Minnesota**

Year Ended December 31, 2019

Description of the Office of the State Auditor

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

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

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

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

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

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

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

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

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

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Norman County Ada, Minnesota

Year Ended December 31, 2019



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

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**NORMAN COUNTY
ADA, MINNESOTA**

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**NORMAN COUNTY
ADA, MINNESOTA**

**ORGANIZATION
DECEMBER 31, 2019**

		<u>Term Expires</u>
Elected		
Commissioners		
Board Member	Marvin Gunderson	District 1 January 2021
Chair	Nathan Redland	District 2 January 2023
Board Member	Steve Jacobson	District 3 January 2021
Vice Chair	LeeAnn Hall	District 4 January 2023
Board Member	Steven Bommersbach	District 5 January 2021
Attorney	James Brue	January 2023
Auditor-Treasurer	Donna Hanson	January 2023
County Recorder	Kari Aanenson	January 2023
Registrar of Deeds	Kari Aanenson	January 2023
County Sheriff	Jeremy Thornton	January 2023
Appointed		
Assessor	Jill Murray	December 2020
County Engineer	Keith Berndt	May 2020
Court Administrator	Camille Bessler	Indefinite
Emergency Services	Garry Johanson	May 2020
Veterans Service Officer	John Rosenberger	December 2020
Social Services Board		
Chair	Nathan Redland	January 2023
Vice Chair	LeeAnn Hall	January 2023
Secretary	Marian Cerkowniak	May 2023
Member	Angela Nelson	May 2021
Member	Marvin Gunderson	January 2021
Member	Steve Jacobson	January 2021
Member	Steve Bommersbach	January 2021
Director	Kristi Nelson	Indefinite

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JULIE BLAHA
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Norman County
Ada, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norman County, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we

express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Norman County as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Norman County's basic financial statements. The Supplementary Information as 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 Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2020, on our consideration of Norman 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 Norman 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 Norman County's internal control over financial reporting and compliance.

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

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

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

September 10, 2020

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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**NORMAN COUNTY
ADA, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019
(Unaudited)**

Norman County's Management's Discussion and Analysis (MD&A) provides an overview of County financial activities for the fiscal year ended December 31, 2019. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with Norman County's financial statements and the notes to the financial statements. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of Norman County exceeded its liabilities and deferred inflows of resources by \$73,202,213 at the close of 2019. Of this amount, \$4,200,683 (unrestricted net position) may be used to meet Norman County's ongoing obligations to citizens and creditors.

The County's net position increased by \$2,706,508 for the year ended December 31, 2019.

At the close of 2019, Norman County's governmental funds reported combined ending fund balances of \$9,606,253, an increase of \$397,053 in comparison with the prior year.

At the close of 2019, unrestricted fund balance for the General Fund was \$5,003,593, or 109.23 percent of total General Fund expenditures.

Norman County currently has \$157,300 of bonded indebtedness. The money was used for the Perley and Hendrum dike projects completed in 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to Norman County's basic financial statements. The County's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund level financial statements, and (3) notes to the financial statements. The MD&A (this section) is required to accompany the basic financial statements and is included as required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Norman County's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of Norman County's assets, deferred inflows of resources, liabilities, and deferred outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Norman County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The County's government-wide financial statements report functions of the County that are principally supported by taxes and intergovernmental revenues. The governmental activities of Norman County include general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and interest.

The government-wide financial statements can be found as Exhibits 1 and 2 of this report.

Fund Level Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Norman County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Norman County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, County fund level financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Norman County reports nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Road and Bridge Special Revenue Fund, and Social Services Special Revenue Fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements after the notes to the financial statements.

Fiduciary funds. Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, or other governments. The County's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are not reflected in the government-wide financial statements because those resources are not available to support the County's programs.

Notes to the Financial Statements

The notes to the financial statements provide additional information essential to a full understanding of the data provided.

Other Information

In addition to the basic financial statements and notes, supplementary information is provided on Norman County's budgeted funds, deposits and investments, ditch balances, intergovernmental revenues, and expenditures of federal awards.

Norman County adopts an annual appropriated budget for its General Fund and all special revenue funds, except for the Ditch Special Revenue Fund and Gravel Tax Special Revenue Fund. Budgetary comparison schedules have been provided for the County's major funds to demonstrate compliance with these budgets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. Norman County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$73,202,213 at the close of 2019. The largest portion of Norman County's net position (89.1 percent) reflects its investment in capital assets (land, infrastructure, buildings, and equipment). However, it should be noted that these assets are not available for future spending.

Governmental Net Position

	2019	2018
Assets		
Current and other assets	\$ 13,318,571	\$ 13,082,932
Capital assets	65,243,877	62,504,160
Total Assets	\$ 78,562,448	\$ 75,587,092
Deferred Outflows of Resources		
Deferred pension inflows	\$ 800,192	\$ 1,322,786
Deferred other postemployment benefits outflows	26,570	17,310
Total Deferred Outflows of Resources	\$ 826,762	\$ 1,340,096
Liabilities		
Long-term liabilities outstanding	\$ 4,376,976	\$ 4,342,520
Other liabilities	668,593	540,721
Total Liabilities	\$ 5,045,569	\$ 4,883,241
Deferred Inflows of Resources		
Deferred pension inflows	\$ 1,106,721	\$ 1,503,942
Deferred other postemployment benefits inflows	6,272	-
Prepared property taxes	28,435	44,300
Total Deferred Inflows of Resources	\$ 1,141,428	\$ 1,548,242
Net Pension		
Investment in capital assets	\$ 65,243,877	\$ 62,504,160
Restricted	3,757,653	4,109,014
Unrestricted	4,200,683	3,882,531
Total Net Position, as reported	\$ 73,202,213	\$ 70,495,705

The unrestricted net position amount of \$4,200,683 as of December 31, 2019, may be used to meet the County’s ongoing obligations to citizens and creditors.

Governmental Activities

Norman County’s activities increased net position by \$2,706,508, or 3.84 percent, over the 2018 net position. The key element of the increase was an increase in capital assets.

Changes in Net Position

	2019	2018
Revenues		
Program revenues		
Charges for services	\$ 1,400,633	\$ 1,441,565
Operating grants and contributions	7,922,547	8,213,268
Capital grants and contributions	121,706	-
General revenues		
Property taxes	6,100,039	5,972,537
Gravel taxes	63,230	99,604
Wheelage tax	84,357	82,216
Grants and contributions not restricted to specific programs	705,379	724,813
Other	358,182	296,390
 Total Revenues	 \$ 16,756,073	 \$ 16,830,393
Expenses		
General government	\$ 2,272,550	\$ 2,342,130
Public safety	1,814,687	1,714,647
Highways and streets	5,645,950	5,185,938
Sanitation	438,028	396,344
Human services	2,293,575	2,332,178
Health	1,055,574	795,902
Culture and recreation	171,250	377,893
Conservation of natural resources	350,706	387,214
Economic development	-	15,000
Interest	7,245	7,707
 Total Expenses	 \$ 14,049,565	 \$ 13,554,953
 Increase (Decrease) in Net Position	 \$ 2,706,508	 \$ 3,275,440
Net Position, January 1, as restated*	70,495,705	67,220,265
Net Position, December 31	\$ 73,202,213	\$ 70,495,705

*Restatement for 2018 change in accounting principles for implementation of GASB Statement 75.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$9,606,253, an increase of \$397,053 (which includes a \$152,108 increase in inventories) in comparison with the prior year.

The General Fund is the chief operating fund of Norman County. At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$5,003,593, while total fund balance was \$5,937,461. As a measure of the General Fund's liquidity, it may be useful to compare unrestricted fund balance to total fund expenditures. Unrestricted fund balance represents 109.23 percent of total General Fund expenditures. The County Board has determined that the County should maintain a minimum unrestricted fund balance of 16.0 percent of the total General Fund expenditures. At December 31, 2019, the unrestricted fund balance of the General Fund is well above the minimum balance established by the Board. In 2019, fund balance in the General Fund increased by \$559,218.

The Road and Bridge Special Revenue Fund's fund balance decreased by \$729,818 in 2019.

The Social Services Special Revenue Fund's fund balance increased by \$418,115 in 2019.

General Fund Budgetary Highlights

The actual revenues were higher than budgeted revenues by \$158,201, and actual expenditures were lower than budgeted expenditures by \$86,132. The largest revenue variance was in intergovernmental revenue received in excess of what was budgeted. The largest expenditure overrun variances were for unallocated – general government and conservation of natural resources – water planning.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2019, was \$65,243,877 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The total increase in Norman County's investment in capital assets for the current fiscal year was 4.4 percent.

**Governmental Capital Assets
(Net of Depreciation)**

	2019	2018
Land	\$ 1,149,166	\$ 965,457
Infrastructure	59,508,258	56,881,422
Buildings	1,822,779	1,917,414
Furniture, equipment, and machinery	2,763,674	2,739,867
Total	\$ 65,243,877	\$ 62,504,160

Additional information on the County’s capital assets can be found in the notes to the financial statements.

Long-Term Debt

At the end of the current fiscal year, Norman County had \$157,300 of bonded indebtedness. This debt was issued for the Perley and Hendrum dike projects completed in 2011.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS

- Norman County is very dependent on state-paid aids, credits, and grants. Should the State of Minnesota significantly change the formula for state-aid payments to the County, it would have a significant impact on next year’s budget.
- Norman County is anticipating building a new building at the Highway Department in the near future, which will have an impact on the budget, whether we bond for the project, or increase the levy and use a portion of the reserves, or both.
- The County is reviewing revenue sources and considering cost-effective and efficient ways to deliver Norman County’s programs and services that will influence future budgets.

REQUESTS FOR INFORMATION

This annual financial report is designed to provide a general overview of Norman County’s finances for all those with an interest in the County’s finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Norman County Auditor-Treasurer, PO Box 266, Ada, Minnesota 56510.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019**

Assets

Cash and pooled investments	\$	8,537,994
Taxes receivable – delinquent		102,515
Special assessments receivable		
Delinquent – net		37,149
Noncurrent – net		52,182
Accounts receivable		144,728
Accrued interest receivable		24,157
Due from other governments		3,349,673
Inventories		1,065,585
Prepaid expenses		4,588
Capital assets		
Non-depreciable		1,149,166
Depreciable – net of accumulated depreciation		64,094,711
Total Assets	\$	78,562,448

Deferred Outflows of Resources

Deferred pension outflows	\$	800,192
Deferred other postemployment benefits outflows		26,570
Total Deferred Outflows of Resources	\$	826,762

Liabilities

Accounts payable	\$	152,058
Salaries payable		171,518
Contracts payable		117,569
Due to other governments		219,046
Customer deposits		5,400
Accrued interest payable		3,002
Long-term liabilities		
Due within one year		202,768
Due in more than one year		486,670
Other postemployment benefits liability		325,434
Net pension liability		3,362,104
Total Liabilities	\$	5,045,569

**NORMAN COUNTY
ADA, MINNESOTA**

***EXHIBIT 1
(Continued)***

**STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019**

Deferred Inflows of Resources

Deferred pension inflows	\$ 1,106,721
Deferred other postemployment benefits inflows	6,272
Prepaid property taxes	<u>28,435</u>
Total Deferred Inflows of Resources	<u>\$ 1,141,428</u>

Net Position

Investment in capital assets	\$ 65,243,877
Restricted for	
General government	196,426
Public safety	212,168
Highways and streets	2,242,962
Conservation of natural resources	1,106,097
Unrestricted	<u>4,200,683</u>
Total Net Position	<u>\$ 73,202,213</u>

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions		
Functions/Programs					
Primary government					
Governmental activities					
General government	\$ 2,272,550	\$ 350,714	\$ 200,625	\$ -	\$ (1,721,211)
Public safety	1,814,687	75,529	164,562	-	(1,574,596)
Highways and streets	5,645,950	67,324	5,205,489	121,706	(251,431)
Sanitation	438,028	280,355	68,710	-	(88,963)
Human services	2,293,575	274,722	1,447,923	-	(570,930)
Health	1,055,574	298,222	611,407	-	(145,945)
Culture and recreation	171,250	-	-	-	(171,250)
Conservation of natural resources	350,706	53,767	223,831	-	(73,108)
Interest	7,245	-	-	-	(7,245)
Total Governmental Activities	\$ 14,049,565	\$ 1,400,633	\$ 7,922,547	\$ 121,706	\$ (4,604,679)
 General Revenues					
Property taxes				\$ 6,100,039	
Gravel taxes				63,230	
Wheelage taxes				84,357	
Grants and contributions not restricted to specific programs				705,379	
Payments in lieu of tax				70,767	
Investment earnings				118,203	
Miscellaneous				119,212	
Transfers				50,000	
Total general revenues and transfers				\$ 7,311,187	
Change in net position				\$ 2,706,508	
Net Position – Beginning				70,495,705	
Net Position – Ending				\$ 73,202,213	

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

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**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Assets</u>					
Cash and pooled investments	\$ 5,632,471	\$ -	\$ 1,552,526	\$ 1,108,434	\$ 8,293,431
Petty cash and change funds	6,200	200	-	100	6,500
Undistributed cash in agency funds	132,935	55,762	24,578	24,788	238,063
Taxes receivable – delinquent	56,875	31,056	13,685	899	102,515
Special assessments receivable					
Delinquent	34,788	-	-	2,361	37,149
Noncurrent	-	-	-	52,182	52,182
Accounts receivable	17,217	46,142	11,434	69,935	144,728
Accrued interest receivable	24,157	-	-	-	24,157
Due from other funds	221,558	4,832	-	1,463	227,853
Due from other governments	21,439	2,955,631	218,969	161,143	3,357,182
Inventories	-	1,065,585	-	-	1,065,585
Prepaid items	4,588	-	-	-	4,588
Total Assets	<u>\$ 6,152,228</u>	<u>\$ 4,159,208</u>	<u>\$ 1,821,192</u>	<u>\$ 1,421,305</u>	<u>\$ 13,553,933</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 31,487	\$ 41,232	\$ 52,344	\$ 26,995	\$ 152,058
Salaries payable	64,810	58,254	31,981	16,473	171,518
Contracts payable	-	117,569	-	-	117,569
Due to other funds	4,468	176,269	27,282	27,343	235,362
Due to other governments	19,195	158,755	20,511	20,585	219,046
Customer deposits	1,650	-	-	3,750	5,400
Total Liabilities	<u>\$ 121,610</u>	<u>\$ 552,079</u>	<u>\$ 132,118</u>	<u>\$ 95,146</u>	<u>\$ 900,953</u>
Deferred Inflows of Resources					
Unavailable revenue	\$ 76,836	\$ 2,704,405	\$ 35,045	\$ 202,006	\$ 3,018,292
Prepaid property taxes	16,321	7,448	3,837	829	28,435
Total Deferred Inflows of Resources	<u>\$ 93,157</u>	<u>\$ 2,711,853</u>	<u>\$ 38,882</u>	<u>\$ 202,835</u>	<u>\$ 3,046,727</u>

**NORMAN COUNTY
ADA, MINNESOTA**

**EXHIBIT 3
(Continued)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> (Continued)					
Fund Balances					
Nonspendable					
Inventories	\$ -	\$ 1,065,585	\$ -	\$ -	\$ 1,065,585
Restricted for					
Debt service	-	-	-	155,896	155,896
Law library	40,081	-	-	-	40,081
Recorder's technology and equipment	29,570	-	-	-	29,570
Real estate tax shortfall	61,760	-	-	-	61,760
E-911	180,948	-	-	-	180,948
Recorder's enhancements	57,440	-	-	-	57,440
Gravel pit restoration	-	-	-	180,694	180,694
Ditch maintenance and construction	-	-	-	400,129	400,129
K-9 unit	5,840	-	-	-	5,840
Law enforcement	25,380	-	-	-	25,380
Prosecutorial purposes	7,575	-	-	-	7,575
Enforce riparian protection	525,274	-	-	-	525,274
Committed to					
Election equipment	45,500	-	-	-	45,500
Sheriff's contingencies	5,000	-	-	-	5,000
Assigned to					
Human services	-	-	1,650,192	-	1,650,192
County homes	-	-	-	130,389	130,389
Health	-	-	-	299,293	299,293
Unassigned	4,953,093	(170,309)	-	(43,077)	4,739,707
Total Fund Balances	\$ 5,937,461	\$ 895,276	\$ 1,650,192	\$ 1,123,324	\$ 9,606,253
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,152,228	\$ 4,159,208	\$ 1,821,192	\$ 1,421,305	\$ 13,553,933

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION—GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019**

Fund balance – total governmental funds (Exhibit 3)		\$	9,606,253
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			65,243,877
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in governmental funds.			800,192
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.			3,018,292
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
General obligation bonds	\$	(157,300)	
Accrued interest payable		(3,002)	
Compensated absences		(532,138)	
Other postemployment benefits liability		(325,434)	
Net pension liability		<u>(3,362,104)</u>	(4,379,978)
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.			(1,106,721)
Deferred inflows of resources resulting from changes in the components of the other postemployment benefits liability are not reported in the governmental funds.			(6,272)
Deferred outflows of resources resulting from changes in the components of the other postemployment benefits liability are not reported in the governmental funds.			<u>26,570</u>
Net Position of Governmental Activities (Exhibit 1)			<u><u>\$ 73,202,213</u></u>

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Revenues					
Taxes	\$ 3,321,125	\$ 2,033,281	\$ 817,860	\$ 88,031	\$ 6,260,297
Special assessments	217,165	-	-	67,100	284,265
Licenses and permits	10,845	-	-	-	10,845
Intergovernmental	1,170,294	5,736,868	1,534,890	616,921	9,058,973
Charges for services	355,558	66,734	240,533	366,059	1,028,884
Gifts and contributions	1,361	-	-	-	1,361
Investment earnings	120,102	-	-	-	120,102
Miscellaneous	84,119	52,458	34,189	44,196	214,962
Total Revenues	\$ 5,280,569	\$ 7,889,341	\$ 2,627,472	\$ 1,182,307	\$ 16,979,689
Expenditures					
Current					
General government	\$ 2,108,952	\$ -	\$ -	\$ 24,897	\$ 2,133,849
Public safety	1,751,616	-	-	-	1,751,616
Highways and streets	-	8,196,770	-	-	8,196,770
Sanitation	-	-	-	435,850	435,850
Human services	2,850	-	2,209,357	-	2,212,207
Health	215,099	-	-	831,717	1,046,816
Culture and recreation	164,099	-	-	-	164,099
Conservation of natural resources	338,117	-	-	11,591	349,708
Intergovernmental					
Highways and streets	-	422,389	-	-	422,389
Debt service					
Principal	-	-	-	14,000	14,000
Interest	-	-	-	7,440	7,440
Total Expenditures	\$ 4,580,733	\$ 8,619,159	\$ 2,209,357	\$ 1,325,495	\$ 16,734,744
Excess of Revenues Over (Under) Expenditures	\$ 699,836	\$ (729,818)	\$ 418,115	\$ (143,188)	\$ 244,945
Other Financing Sources (Uses)					
Transfers in	\$ -	\$ -	\$ -	\$ 140,618	\$ 140,618
Transfers out	(140,618)	-	-	-	(140,618)
Total Other Financing Sources (Uses)	\$ (140,618)	\$ -	\$ -	\$ 140,618	\$ -
Net Change in Fund Balance	\$ 559,218	\$ (729,818)	\$ 418,115	\$ (2,570)	\$ 244,945
Fund Balance – January 1	5,378,243	1,472,986	1,232,077	1,125,894	9,209,200
Increase (decrease) in inventories	-	152,108	-	-	152,108
Fund Balance – December 31	\$ 5,937,461	\$ 895,276	\$ 1,650,192	\$ 1,123,324	\$ 9,606,253

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES—GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Net change in fund balance – total governmental funds (Exhibit 5) \$ 244,945

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

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

Expenditures for general capital assets and infrastructure	\$ 5,011,748	
Current year depreciation	<u>(2,272,031)</u>	2,739,717

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

Unavailable revenue – December 31	\$ 3,018,292	
Unavailable revenue – January 1	<u>(3,291,908)</u>	(273,616)

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

Principal repayments		
General obligation bonds		14,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	\$ 195	
Change in compensated absences	(19,294)	
Change in other postemployment benefits liability	(17,627)	
Change in net pension liability	(11,535)	
Change in deferred pension outflows	(522,594)	
Change in deferred pension inflows	397,221	
Change in deferred other postemployment benefits outflows	9,260	
Change in deferred other postemployment benefits inflows	(6,272)	
Change in inventories	<u>152,108</u>	<u>(18,538)</u>

Change in Net Position of Governmental Activities (Exhibit 2) \$ 2,706,508

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FIDUCIARY FUNDS

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NORMAN COUNTY
ADA, MINNESOTA

EXHIBIT 7

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	<u>Agency</u>
<u>Assets</u>	
Cash and pooled investments	\$ 364,647
Accounts receivable	5,125
Due from other funds	<u>7,744</u>
Total Assets	<u>\$ 377,516</u>
<u>Liabilities</u>	
Accounts payable	\$ 94,229
Due to other funds	235
Due to other governments	259,731
Funds held in trust	<u>23,321</u>
Total Liabilities	<u>\$ 377,516</u>

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**NORMAN COUNTY
ADA, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2019. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Norman County was established February 17, 1881, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. 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.

Joint Ventures, Related Organizations, and Jointly-Governed Organizations

The County participates in joint ventures, related organizations, and jointly-governed organizations described in Notes 5.B., 5.C., and 5.D., respectively.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the County. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

In the government-wide statement of net position, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as

**NORMAN COUNTY
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

long-term debt and obligations. The County's net position is reported in three parts: (1) 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 are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

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 and fiduciary—are presented. The emphasis of governmental fund financial statements is on major individual governmental funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

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

**NORMAN COUNTY
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The Social Services Special Revenue Fund is used to account for economic assistance and community social services programs.

Additionally, the County reports the following fund types:

The Debt Service Fund accounts for the resources accumulated and payments made for the principal and interest on long-term debt of the government.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agent capacity.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Norman County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

**NORMAN COUNTY
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed, unless the County Board takes specific action to appropriate those unrestricted resources.

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

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer together with the Chief Financial Officer for the purpose of increasing earnings through interest-earning activities. Investments are reported at their fair value at December 31, 2019. A market approach is used to value all investments. Pursuant to Minn. Stat. § 385.07, interest earnings on cash are credited to the General Fund. Other funds received interest earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2019 were \$120,102.

2. Receivables and Payables

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

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

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

**NORMAN COUNTY
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

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

3. Special Assessments Receivable

Special assessments receivable consist of delinquent special assessments and noncurrent special assessments.

4. Inventories and Prepaid Items

All inventories are valued at cost using the weighted average method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are recorded as expenses when consumed.

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than the capitalization threshold and an estimated useful life in excess of two 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 government's capitalization threshold for capital assets is as follows:

<u>Assets</u>	<u>Capitalization Threshold</u>
Land	\$ 1
All other classes of assets	5,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**NORMAN COUNTY
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

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

5. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	25 - 50
Improvements other than buildings	20 - 35
Public domain infrastructure	15 - 75
Furniture, equipment, and vehicles	3 - 15

6. Compensated Absences

The liability for compensated absences reported in the 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 financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are charged to the department from which the employee resigned or retired. The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of vacation or sick leave earned in one year. The noncurrent portion consists of the remaining amount of vacation and total vested sick leave. The compensated absences liability is primarily liquidated by the General Fund and the Road and Bridge, Social Services, and Public Health Special Revenue Funds.

**NORMAN COUNTY
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

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

7. Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association of Minnesota (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates, and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. The pension liability is liquidated through the General Fund and other governmental funds that have personal services.

8. Deferred Outflows/Inflows of Resources and Unearned Revenue

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the County has three types of deferred inflows, unavailable revenue, prepaid property taxes, and deferred pension inflows, that qualify for reporting in this category. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent and noncurrent special assessments receivable, and for amounts that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the

**NORMAN COUNTY
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

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

8. Deferred Outflows/Inflows of Resources and Unearned Revenue (Continued)

modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. Prepaid property taxes arise under both the modified accrual and the full accrual basis of accounting and, accordingly, are reported in the governmental funds balance sheet and the statement of net position. The County also reports deferred inflows of resources associated with pension and OPEB benefits. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

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

9. Long-Term Obligations

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

In the fund financial statements, governmental funds 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.

**NORMAN COUNTY
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

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

10. Classification of Net Position

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

Investment in capital assets – represents capital assets, net of accumulated depreciation.

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

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

11. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – amounts on which constraints have been placed on the use of resources by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**NORMAN COUNTY
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

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

11. Classification of Fund Balances (Continued)

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

Assigned – amounts the County intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Auditor-Treasurer, who has been delegated that authority by Board resolution.

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

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

12. Minimum Fund Balance

Unrestricted fund balance (committed, assigned, and unassigned) may be accessed in the event of unexpected expenditures up to the minimum established level upon approval of a budget revision by the County's Board. In the event of projected revenue shortfalls, it is the responsibility of the County Auditor-Treasurer to report the projections to the County's Board on a quarterly basis and shall be recorded in the minutes.

**NORMAN COUNTY
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

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

12. Minimum Fund Balance (Continued)

Any budget revision that will result in the unrestricted fund balance dropping below the minimum level will require the approval of a 3/5 vote of the County Board.

The fund balance policy establishes a minimum unrestricted fund balance equal to 16 percent of total General Fund expenditures. In the event that the balance drops below the established minimum level, the County Board will develop a plan to replenish the fund balance to the established minimum level within two years.

13. 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.

2. Stewardship, Compliance, and Accountability

A. Deficit Fund Equity

Solid Waste Special Revenue Fund

The Solid Waste Special Revenue Fund had a deficit fund balance of \$43,077 as of December 31, 2019. The fund balance deficit will be eliminated through future collections.

**NORMAN COUNTY
ADA, MINNESOTA**

2. Stewardship, Compliance, and Accountability (Continued)

B. Excess of Expenditures Over Budget

The following nonmajor fund had expenditures in excess of budget for the year ended December 31, 2019.

	Expenditures	Budget	Excess
Solid Waste Special Revenue Fund	\$ 435,850	\$ 404,938	\$ 30,912

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

The County's total cash is as follows:

Governmental activities	
Cash and pooled investments	\$ 8,537,994
Fiduciary funds	
Cash and pooled investments	
Agency funds	364,647
Total Cash and Pooled Investments	\$ 8,902,641

a. Deposits

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

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

a. Deposits (Continued)

require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

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 does not have a deposit policy for custodial credit risk. As of December 31, 2019, the County's deposits were not exposed to custodial credit risk.

b. Investments

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

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

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

b. Investments (Continued)

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

The County does not have additional policies for the investment risks described hereafter beyond complying with the requirements of Minnesota statutes.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

b. Investments (Continued)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County does not have a policy on custodial credit risk. At December 31, 2019, the County's investments were not exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer, excluding U.S. guaranteed investments, external investment pools, and mutual funds. The County does not have a specific policy governing concentration of credit risk. At December 31, 2019, the County's investments were primarily in negotiable certificates of deposit.

The following table presents the County's deposit and investment balances at December 31, 2019, and information relating to potential investment risk:

Investment Type	Concentration of Credit Risk Over 5 Percent of Portfolio	Interest Rate Risk Maturity Date	Carrying (Fair) Value
Investments			
Negotiable certificates of deposit	N/A	N/A	\$ 3,250,000
Cash with brokers	N/A	N/A	500,000
Total investments			\$ 3,750,000
Deposits			5,146,141
Petty cash and change funds			6,500
Total Cash and Investments			<u>\$ 8,902,641</u>

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

b. Investments (Continued)

Fair Value Measurement

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

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

At December 31, 2019, the County had the following recurring fair value measurements.

	December 31, 2019	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Negotiable certificates of deposit	\$ 3,250,000	\$ -	\$ 3,250,000	\$ -
Cash with broker	500,000	-	500,000	-
Total Investments	\$ 3,750,000	\$ -	\$ 3,750,000	\$ -

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

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources (Continued)

2. Receivables

Receivables as of December 31, 2019, for the County's governmental activities are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	\$ 102,515	\$ -
Special assessments	89,331	52,182
Accounts	144,728	-
Interest	24,157	-
Due from other governments	3,349,673	-
Total	\$ 3,710,404	\$ 52,182

3. Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 965,457	\$ 183,709	\$ -	\$ 1,149,166
Capital assets depreciated				
Buildings	\$ 4,043,756	\$ -	\$ -	\$ 4,043,756
Machinery, furniture, and equipment	6,776,177	543,102	191,436	7,127,843
Infrastructure	81,726,593	4,284,937	-	86,011,530
Total capital assets depreciated	\$ 92,546,526	\$ 4,828,039	\$ 191,436	\$ 97,183,129
Less: accumulated depreciation for				
Buildings	\$ 2,126,342	\$ 94,635	\$ -	\$ 2,220,977
Machinery, furniture, and equipment	4,036,310	519,295	191,436	4,364,169
Infrastructure	24,845,171	1,658,101	-	26,503,272
Total accumulated depreciation	\$ 31,007,823	\$ 2,272,031	\$ 191,436	\$ 33,088,418
Total capital assets depreciated, net	\$ 61,538,703	\$ 2,556,008	\$ -	\$ 64,094,711
Governmental Activities Capital Assets, Net	\$ 62,504,160	\$ 2,739,717	\$ -	\$ 65,243,877

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

3. Capital Assets (Continued)

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

General government	\$	87,821
Public safety		78,750
Culture and recreation		7,151
Highways and streets, including depreciation of infrastructure assets		2,071,527
Human services		26,782
Total Depreciation Expense	\$	2,272,031

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2019, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Road and Bridge Special Revenue Fund	\$ 176,269
	Social Services Special Revenue Fund	19,538
	Solid Waste Special Revenue Fund	25,516
	Agency Funds	235
Total due to General Fund		\$ 221,558
Road and Bridge Special Revenue Fund	General Fund	\$ 3,005
	Solid Waste Special Revenue Fund	1,827
Total due to Road and Bridge Special Revenue Fund		\$ 4,832
Public Health Special Revenue Fund	General Fund	\$ 1,017
Solid Waste Special Revenue Fund	General Fund	\$ 446
Children's Collaborative (Serving Norman County Families) Agency Fund	Social Services Special Revenue Fund	\$ 7,744
Total Due To/From Other Funds		\$ 235,597

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers

1. Due To/From Other Funds (Continued)

Outstanding balances between funds result from the elimination of individual fund cash deficits and the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

2. Interfund Transfers

Interfund transfers for the year ended December 31, 2019, consisted of the following:

Transfer to Public Health Special Revenue Fund from General Fund	\$ 90,618	To cover the annual appropriation.
Transfer to Solid Waste Special Revenue Fund from General Fund	<u>50,000</u>	To cover negative cash balance.
Total Interfund Transfers	<u>\$ 140,618</u>	

C. Liabilities and Deferred Inflows of Resources

1. Payables

Payables at December 31, 2019, were as follows:

Accounts	\$ 152,058
Salaries	171,518
Contracts	117,569
Due to other governments	219,046
Interest	3,002
Customer deposits	<u>5,400</u>
Total Payables	<u>\$ 668,593</u>

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

2. Long-Term Debt

Bonds Payable

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rate (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2019</u>
General obligation bonds 2010A G.O. Watershed Bonds	2031	\$6,000 - \$15,000	1.00 - 5.25	\$ 247,300	<u>\$ 157,300</u>

3. Debt Service Requirements

Debt service requirements at December 31, 2019, were as follows:

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 14,000	\$ 6,953
2021	13,500	6,445
2022	11,000	5,968
2023	11,000	5,518
2024	12,000	5,022
2025 - 2029	66,000	16,214
2030 - 2031	29,800	1,555
Total	<u>\$ 157,300</u>	<u>\$ 47,675</u>

Payments on the bonds are made by the Ditch Debt Service Fund.

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 171,300	\$ -	\$ 14,000	\$ 157,300	\$ 14,000
Compensated absences	512,844	409,624	390,330	532,138	188,768
 Total Long-Term Liabilities	 <u>\$ 684,144</u>	 <u>\$ 409,624</u>	 <u>\$ 404,330</u>	 <u>\$ 689,438</u>	 <u>\$ 202,768</u>

Compensated absences are liquidated by each fund based on actual direct labor hours incurred.

5. Deferred Inflows of Resources

Deferred inflows of resources – unavailable revenue consists of taxes, special assessments, state and/or federal grants and state highway users tax allotments, and other receivables not collected soon enough after year-end to pay liabilities of the current period.

	Taxes	Special Assessments	Grants and Allotments	Other	Total
Major governmental funds					
General	\$ 56,676	\$ 29,817	\$ -	\$ 6,664	\$ 93,157
Special Revenue					
Road and Bridge	29,047	-	2,680,798	2,008	2,711,853
Social Services	13,468	-	25,414	-	38,882
Nonmajor governmental funds					
Ditch Special Revenue	128	43,316	-	-	43,444
Ditch Debt Service	1,763	8,866	-	-	10,629
Public Health	394	-	108,161	1,862	110,417
Solid Waste	1,078	37,267	-	-	38,345
 Total All Funds	 <u>\$ 102,554</u>	 <u>\$ 119,266</u>	 <u>\$ 2,814,373</u>	 <u>\$ 10,534</u>	 <u>\$ 3,046,727</u>

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Deferred Inflows of Resources (Continued)

	<u>Taxes</u>	<u>Special Assessments</u>	<u>Grants and Allotments</u>	<u>Other</u>	<u>Total</u>
Deferred inflows of resources					
Unavailable revenue	\$ 74,119	\$ 119,266	\$ 2,814,373	\$ 10,534	\$ 3,018,292
Prepaid property taxes	<u>28,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,435</u>
Totals	<u>\$ 102,554</u>	<u>\$ 119,266</u>	<u>\$ 2,814,373</u>	<u>\$ 10,534</u>	<u>\$ 3,046,727</u>

D. Other Postemployment Benefits (OPEB)

1. Plan Description

Norman County provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical insurance benefits. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b.

No assets have been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75. The OPEB plan does not issue a stand-alone financial report.

As of the January 1, 2018, actuarial valuation, the following employees were covered by the benefit terms:

Retirees or spouses currently receiving benefit payments	1
Active plan participants	<u>85</u>
Total	<u>86</u>

2. Total OPEB Liability

The County's total OPEB liability of \$325,434 was determined by an actuarial valuation as of January 1, 2018, and was rolled forward to a measurement date of January 1, 2019.

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

2. Total OPEB Liability (Continued)

The total OPEB liability in the fiscal year-end December 31, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.00 percent, average wage inflation plus merit/productivity increases
Health care cost trend	6.50 percent, decreasing 0.25 percent per year to an ultimate rate of 5.00 percent

The current year discount rate is 3.80 percent, which is a change from the prior year rate of 3.30 percent. For the current valuation, the discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

Mortality rates are based on RP-2014 Mortality Tables (blue collar for public safety, white collar for others) with MP-2017 Generational Improvement Scale.

The actuarial assumptions are currently based on a combination of historical information, projected future data, and the most recent actuarial experience studies for PERA.

3. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at December 31, 2018	\$ 307,807
Changes for the year	
Service cost	\$ 31,549
Interest	10,915
Assumption changes	(7,527)
Benefit payments	<u>(17,310)</u>
Net change	<u>\$ 17,627</u>
Balance at December 31, 2019	<u>\$ 325,434</u>

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB) (Continued)

4. OPEB Liability Sensitivity

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

	Discount Rate	Total OPEB Liability
1% Decrease	2.80%	\$ 345,548
Current	3.80	325,434
1% Increase	4.80	306,598

The following presents the total OPEB liability of the County, calculated using the health care cost trend previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rate:

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.25% Decreasing to 4.00%	\$ 295,331
Current	6.25% Decreasing to 5.00%	325,434
1% Increase	7.25% Decreasing to 6.00%	360,760

5. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the County recognized OPEB expense of \$14,639. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**NORMAN COUNTY
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3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

5. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption changes	\$ -	\$ 6,272
Contributions made subsequent to the measurement date	26,570	-
Total	\$ 26,570	\$ 6,272

The \$26,570 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2020.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	OPEB Expense Amount
2020	\$ (1,254)
2021	(1,254)
2022	(1,254)
2023	(1,254)
2024	(1,256)

6. Changes in Actuarial Assumptions

The following change in actuarial assumptions occurred in 2019:

- The discount rate was changed from 3.30 percent to 3.80 percent.

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description

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

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

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

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

b. Benefits Provided

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

Beginning January 1, 2019, General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

Beginning January 1, 2019, Police and Fire Plan benefit recipients will receive a 1.00 percent post-retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

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

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

c. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2019. Police and Fire Plan members were required to contribute 11.30 percent of their annual covered salary in 2019.

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

c. Contributions (Continued)

In 2019, the County was required to contribute the following percentages of annual covered salary:

General Employees Plan – Coordinated Plan members	7.50%
Police and Fire Plan	16.95

The Police and Fire Plan member and employer contribution rates increased 0.50 percent and 0.75 percent, respectively, from 2018.

The County's contributions for the year ended December 31, 2019, to the pension plans were:

General Employees Plan	\$ 281,123
Police and Fire Plan	82,326

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

d. Pension Costs

General Employees Plan

At December 31, 2019, the County reported a liability of \$2,891,550 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 0.0523 percent. It was 0.0525 percent measured as of June 30, 2018. The County recognized pension expense of \$415,511 for its proportionate share of the General Employees Plan's pension expense.

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

The County also recognized \$6,727 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually.

The County's proportionate share of the net pension liability	\$	2,891,550
State of Minnesota's proportionate share of the net pension liability associated with the County		89,829
Total	\$	2,981,379

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 79,582	\$ -
Changes in actuarial assumptions	-	225,832
Difference between projected and actual investment earnings	-	296,194
Changes in proportion	119,204	8,320
Contributions paid to PERA subsequent to the measurement date	140,044	-
Total	\$ 338,830	\$ 530,346

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

The \$140,044 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2020	\$ (57,575)
2021	(217,753)
2022	(60,890)
2023	4,658

Police and Fire Plan

At December 31, 2019, the County reported a liability of \$470,554 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 0.0440 percent. It was 0.0410 percent measured as of June 30, 2018. The County recognized pension expense of \$84,846 for its proportionate share of the Police and Fire Plan's pension expense.

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

The County also recognized \$5,967 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan. Legislation requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until both this plan and the State Patrol Retirement Plan are 90 percent funded. In addition, the state will pay direct state aid of \$4.5 million on October 1, 2018, and October 1, 2019, and \$9 million by October 1 of each subsequent year until full funding is reached or July 1, 2048, whichever is earlier.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 18,001	\$ 57,595
Changes in actuarial assumptions	318,042	433,094
Difference between projected and actual investment earnings	-	85,686
Changes in proportion	84,614	-
Contributions paid to PERA subsequent to the measurement date	40,705	-
Total	\$ 461,362	\$ 576,375

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

The \$40,705 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2020	\$ (3,379)
2021	(36,211)
2022	(137,930)
2023	16,693
2024	5,109

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2019, was \$500,357.

e. Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50 percent per year
Active member payroll growth	3.25 percent per year
Investment rate of return	7.50 percent

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

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

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 30, 2015. The experience study for the Police and Fire Plan was dated August 30, 2016. Inflation and investment assumptions for both plans were reviewed in the experience study report for the General Employees Plan dated June 27, 2019.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	35.50%	5.10%
International equity	17.50	5.30
Fixed income	20.00	0.75
Private markets	25.00	5.90
Cash equivalents	2.00	0.00

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

f. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2019, which remained consistent with 2018. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net positions of the General Employees Plan and the Police and Fire Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2019:

General Employees Plan

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

Police and Fire Plan

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

h. Pension Liability Sensitivity

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

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

h. Pension Liability Sensitivity (Continued)

	Proportionate Share of the			
	General Employees Plan		Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 4,753,552	6.50%	\$ 1,028,543
Current	7.50	2,891,550	7.50	470,554
1% Increase	8.50	1,354,097	8.50	9,106

i. Pension Plan Fiduciary Net Position

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

2. Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25 percent of the assets in each member account annually.

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

2. Defined Contribution Plan (Continued)

Total contributions by dollar amount and percentage of covered payroll made by Norman County during the year ended December 31, 2019, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 1,979	\$ 1,979
Percentage of covered payroll	5.00%	5.00%

4. Risk Management

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2019 and 2020. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

**NORMAN COUNTY
ADA, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

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

The County, in connection with the normal conduct of its affairs, is involved in various judgments, claims, and litigations; it is expected that the final settlement of these matters will not materially affect the financial statements of the County.

B. Joint Ventures

Counties Providing Technology

Counties Providing Technology (CPT) was established in 2018, under the authority conferred upon by member parties by Minn. Stat. § 471.59, for the purpose of purchasing the former software vendor, Computer Professionals Unlimited, Inc., (CPUI) and to provide for the development, operation, and maintenance of technology applications and systems. Norman County and 22 other counties are members of CPT. Each member county provided an initial contribution to start up CPT and provide funds for the purchase of CPUI. CPT purchased CPUI in September 2018 for a purchase price of \$3,600,000.

Control is vested in the CPT Board, which consists of one individual appointed by each member county's Board of Commissioners. The joint powers agreement provides that initial operating capital contributed by each member is to be repaid from any excess in fund balance at the end of the fiscal year, in proportion to the initial contribution. Once the initial contribution is repaid, there is no remaining equity interest for the member counties.

Financing is primarily from county member contributions. During 2019, Norman County did not provide any contributions to CPT.

Current financial information can be obtained from the Stevens County Auditor/Treasurer, 400 Colorado Avenue, Suite 303, Morris, Minnesota 56267.

**NORMAN COUNTY
ADA, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

Tri-County Community Corrections

Tri-County Community Corrections was formed in 1975 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Norman, Polk, and Red Lake Counties. The purpose of Tri-County Community Corrections is to house, supervise, treat, counsel, and provide other correctional services to prisoners throughout the territorial area of the member counties.

Control is vested in the Tri-County Community Corrections Joint Powers Board, composed of two County Commissioners from each member county, as provided in Tri-County Community Corrections' bylaws.

In the event of dissolution of the Tri-County Community Corrections Joint Powers Board, the net position of Tri-County Community Corrections at that time shall be divided among the member counties in the agreed-upon proportions of Norman County (ten percent), Polk County (85 percent), and Red Lake County (five percent).

Tri-County Community Corrections has no long-term debt. Financing is provided by state, federal, and local grants; charges for services; appropriations from member counties; and adequate rates charged so that no member county receives an additional financial benefit or burden.

Polk County, in an investment trust fund, reports the transactions of Tri-County Community Corrections on its financial statements. Norman County's contribution for 2019 was \$502,945.

Complete financial information can be obtained from Tri-County Community Corrections, 600 Bruce Street, Crookston, Minnesota 56716.

Norman County-Ada-Twin Valley Joint Airport Authority

The Norman County-Ada-Twin Valley Joint Airport Authority was established in 1976 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59. The purpose of the Norman County-Ada-Twin Valley Joint Airport Authority is the construction, development, and maintenance of the Norman County-Ada-Twin Valley

**NORMAN COUNTY
ADA, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Norman County-Ada-Twin Valley Joint Airport Authority (Continued)

Joint Airport. As allowed by Minn. Stat. § 360.032, every municipality, through its governing body, may acquire property, real or personal, for the purpose of establishing, constructing, and enlarging airports. Control of the Norman County-Ada-Twin Valley Joint Airport is vested in the Norman County-Ada-Twin Valley Airport Authority, which consists of six members. As provided in the bylaws, the Norman County Board appoints two members, and each of the two City Councils appoints two members.

The joint powers agreement remains in force until any single member gives the other parties one-year's written notice of termination. Any party terminating the agreement shall transfer its interest in the real and personal assets to the remaining parties for consideration of \$1.

Financing of the capital costs and operations is provided by state and federal grants, charges for services, and appropriations from Norman County and the Cities of Ada and Twin Valley. Norman County's contribution for 2019 was \$4,030.

Complete financial statements for the Norman County-Ada-Twin Valley Joint Airport Authority can be obtained from the Norman County Auditor – Treasurer's office, 16 -- 3rd Avenue East, Ada, Minnesota 56510.

Northwest Regional Development Commission

The Northwest Regional Development Commission provides services to Kittson, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties in Northwest and West Central Minnesota. Through the Dancing Sky Area Agency on Aging program, the Northwest Regional Development Commission serves 21 counties in Regions I, II, and IV. This combined area on aging was established to administer all aspects of the Older Americans Act by providing programs to meet the needs of the elderly in the 21-county area.

**NORMAN COUNTY
ADA, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Northwest Regional Development Commission (Continued)

Control is vested in the Northwest Regional Development Commission Board. The Board consists of one Commissioner from each of the seven counties. Each member of the Board is appointed by the County Commissioners of the county he or she represents. The Northwest Regional Development Commission Board meets quarterly to discuss and approve major items such as the area plan and dollar allocations, while the advisory councils and joint powers boards continue to meet monthly to make decisions affecting their local counties.

Financing is provided by appropriations from member parties and by state and federal grants. During 2019, Norman County did not provide any contributions to this organization.

Complete financial information can be obtained from the Northwest Regional Development Commission, 109 South Minnesota Street, Warren, Minnesota 56762.

Northwest Minnesota Regional Emergency Communications Board

The Northwest Minnesota Regional Emergency Communications Board (formerly known as the Northwest Minnesota Regional Radio Board) was formed in 2008, pursuant to the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39, and includes the City of Moorhead; the Counties of Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnommen, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau; and the White Earth Reservation.

The purpose of the Northwest Minnesota Regional Emergency Communications Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota and to enhance and improve interoperable public safety communications along with coordination of 911 and public safety broadband data services within the region.

The Northwest Minnesota Regional Emergency Communications Board is composed of one Commissioner of each county appointed by their respective County Board, one City Council member from the City appointed by its City Council, and one representative appointed by the Tribal Council from each tribal party to the agreement, as provided in the Northwest Minnesota Regional Emergency Communications Board's bylaws.

**NORMAN COUNTY
ADA, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Northwest Minnesota Regional Emergency Communications Board (Continued)

In the event of dissolution of the Northwest Minnesota Regional Emergency Communications Board, all property, assets, and funds of the Board shall be distributed to the parties of the agreement upon termination in direct proportion to their participation and contribution. Any city, county, or tribal entity that has withdrawn from the agreement prior to termination of the Board shall share in the distribution of property, assets, and funds of the Board only to the extent they shared in the original expense.

The Northwest Minnesota Regional Emergency Communications Board has no long-term debt. Financing is provided by appropriations from member parties and by state and federal grants. Norman County's contribution for 2019 was \$5,000.

Complete financial information can be obtained from the Headwaters Regional Development Commission, 403 – 4th Street Northwest, Suite 310, Bemidji, Minnesota 56601.

Pine to Prairie Drug and Violent Crime Task Force

The Pine to Prairie Drug and Violent Crime Task Force was established under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59. The full members are Lake of the Woods, Norman, Pennington, Polk, and Roseau Counties; the Cities of Crookston, East Grand Forks, and Thief River Falls; and the federal agencies of U.S. Customs and Border Protection and Homeland Security Investigations Department. Associate members are Red Lake County and the City of Ada, and liaison members are Kittson and Marshall Counties. The purpose of the Task Force is to coordinate efforts to investigate, apprehend, and prosecute drug, gang, and violent crime offenders.

Control of the Task Force is vested in the Pine to Prairie Drug and Violent Crime Task Force Governing Board, which consists of not less than six members or more than 14 members designated by each participating full member, and up to five additional members selected by the Governing Board. Board members shall not be deemed to be employees of the Task Force and shall not be compensated by it. Full members assign a peace officer to be an agent on the Task Force. Associate members are not required to assign an officer, but participate in operations and activities and contribute funds annually. Liaison members shall participate upon request.

**NORMAN COUNTY
ADA, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Pine to Prairie Drug and Violent Crime Task Force (Continued)

Dissolution would occur when two-thirds of the members agree by resolution to terminate the agreement or when necessitated by law or funding status, at which time the net assets of the Task Force are to be divided among the members in the same proportion as their respective full-time equivalent contributions. Any member may withdraw upon six months' written notice and shall not be entitled to any distribution of the net position.

Financing is provided by state and federal grants, charges for services, appropriations from members, and donations. Members do not experience any additional financial benefit or burden. The City of Crookston is designated as the coordinating agency.

During 2019, Norman County did not contribute to the Pine to Prairie Drug and Violent Crime Task Force.

Complete financial information can be obtained from the City of Crookston, 321 West Robert Street, Crookston, Minnesota 56716.

C. Related Organizations

Ambulance Service

Norman County and the City of Ada entered into an agreement to establish an Ambulance Advisory Committee, effective March 5, 1991. The purpose of the Committee is to provide coordinated funding and delivery of ambulance services within Norman County.

Sand Hill River Watershed District

The Sand Hill River Watershed District was formed pursuant to Minn. Stat. § 103D.201, effective August 29, 1974, and includes land within Mahnomen, Norman, and Polk Counties. The purpose of the District is to conserve the natural resources of the state by land-use planning, flood control, the use of sound scientific principles for the protection of public health and welfare, and the provident use of natural resources.

**NORMAN COUNTY
ADA, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. Related Organizations

Sand Hill River Watershed District (Continued)

Control of the District is vested in the Sand Hill River Watershed District Board of Managers, composed of five members appointed by the Polk County Board for staggered terms of three years each.

D. Jointly-Governed Organizations

Norman County, in conjunction with other governmental entities and various private organizations, formed the jointly-governed organizations listed below:

Wild Rice Watershed District

The Wild Rice Watershed District was established in 1969, pursuant to Minn. Stat. ch. 103D, and includes Becker, Clay, Clearwater, Mahnomen, Norman, and Polk Counties.

The purpose of the Watershed District is to oversee watershed projects, conduct studies for future project planning, administration of legal drainage systems, issuance of applications and permits, public education on conservation issues, and dispute resolution.

Control of the Watershed District is vested in a Board of Managers, which is composed of seven members appointed by the County Commissioners of Clay, Mahnomen, and Norman Counties. Clay County appoints two members, Mahnomen County appoints two members, and Norman County appoints three members.

Complete financial information can be obtained from the Wild Rice Watershed District Office, 11 East 5th Avenue, Ada, Minnesota 56510.

Minnesota Red River Basin of the North Joint Powers Board

The Minnesota Red River Basin of the North Joint Powers Board was established November 29, 1999, by an agreement between Norman County and 17 other counties. The agreement was made to serve as a focal point for land and water concerns for those counties surrounding the Minnesota Red River Basin. Each county is responsible for its proportionate share of the administrative budget.

**NORMAN COUNTY
ADA, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations

Minnesota Red River Basin of the North Joint Powers Board (Continued)

Control is vested in a Joint Powers Board comprised of one Commissioner from each member county. Each member of the Board is appointed by the County Commissioners of the county he or she represents.

In the event of termination of the agreement, any unexpended funds and surplus property shall be disposed of equally among the member counties. During 2019, Norman County contributed \$186 to the Joint Powers Board.

Complete financial statements can be obtained from the offices of the International Coalition for Land/Water Stewardship in the Red River Basin, 119 – 5th Street South, Moorhead, Minnesota 56560.

Children’s Collaborative (Serving Norman County Families)

The Children’s Collaborative (Serving Norman County Families) was established in 1999 under the authority of Minn. Stat. § 124D.23. The Collaborative includes Norman County Social Services, Ada-Borup Public Schools, Norman County East Public Schools, Norman County West Public Schools, Norman-Mahnomen Community Health Board, Northwestern Mental Health Center, and Tri-Valley Opportunity Council, Inc. The purpose of the Collaborative is to provide coordinated services and to commit resources to an integrated fund. Control of the Collaborative is vested in a Board of Directors, comprised of one member appointed by each member party.

In the event of withdrawal from the Collaborative, the withdrawing party shall give a 180-day notice. The withdrawing party remains liable for fiscal obligations incurred prior to the effective date of withdrawal and shall not be entitled to a refund of contributions made to the integrated fund or other fees paid to operate the Collaborative. The Board shall continue to exist if the Collaborative is terminated for the limited purpose of discharging the Collaborative’s debts and liabilities, settling its affairs, and disposing of integrated fund assets, if any. During 2019, Norman County contributed \$600 to the Collaborative.

Financing is provided by state and federal grants and contributions from its member parties. Complete financial information can be obtained from Norman County Social Services, 15 Second Avenue East, Ada, Minnesota 56510.

**NORMAN COUNTY
ADA, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Northwest Private Industry Council, Inc./Workforce Council (WIOA – Northwest Workforce Service Area 1)

The Northwest Minnesota Private Industry Council, Inc., (NWPIC) is a private, non-profit corporation created in 1983 and began operations in 1985 under the Job Training Partnership Act (JTPA) authorized by Congress to administer and operate job training programs in a seven-county area of Northwest Minnesota, including Kittson, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties. NWPIC provides job training and employment opportunities for economically disadvantaged, under-employed and unemployed persons, and youthful persons in both the private the public sector.

The NWPIC, in partnership with the Local Elected Officials Board, is responsible for the development of the local plan for workforce development. The NWPIC consists of up to 20 members from the private and public sectors. The NWPIC is the local government body that oversees the area employment and training programs. The NWPIC consists of one County Commissioner from each county, except Kittson County, who appoints two County Commissioners to the Board.

Norman County did not provide any contributions to this organization in 2019.

Financial information can be obtained by contacting the NWPIC, 1301 Highway 1 East, Thief River Falls, Minnesota 56701.

Minnesota Rural Counties Caucus

The Minnesota Rural Counties Caucus was established in 1997 and includes Aitkin, Becker, Beltrami, Big Stone, Clay, Clearwater, Cottonwood, Douglas, Grant, Itasca, Kittson, Koochiching, Lake of the Woods, Mahnommen, Marshall, McLeod, Mille Lacs, Morrison, Norman, Pennington, Polk, Pope, Red Lake, Renville, Roseau, Stevens, Todd, Traverse, Wadena, Watonwan, and Wilkin Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee, which is composed of 12 appointees, each with an alternate, who are appointed annually by each respective County Board they represent. Each county also appoints a delegate and alternate to the Board of Directors. Norman County's responsibility does not extend beyond making these appointments.

**NORMAN COUNTY
ADA, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Lake Agassiz Regional Library

The Lake Agassiz Regional Library was formed pursuant to Minn. Stat. §§ 134.20 and 471.59, effective January 1, 1961, and includes Becker, Clay, Clearwater, Mahnomen, Norman, Polk, and Wilkin Counties, as well as the Cities of Breckenridge, Crookston, Detroit Lakes, Mahnomen, and Moorhead. Control of the Library is vested in the Agassiz Regional Library Board of Trustees, with 23 members with staggered terms made up of the following: one member appointed by each Board of County Commissioners, one member appointed by each participating city, and one additional member appointed by each county and city for each 6,000 of population or major percentage (85 percent) thereof.

In 2019, Norman County provided \$98,550 in the form of an appropriation.

Financial information can be obtained from the Lake Agassiz Regional Library Regional Office, 118 – 5th Street South, Moorhead, Minnesota 56560.

Region Three – Northwest Minnesota Homeland Security Emergency Management Organization

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

Sentencing to Service

Norman County, in conjunction with other local governments, participates in the State of Minnesota's Sentencing to Service (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders

**NORMAN COUNTY
ADA, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations

Sentencing to Service (Continued)

who can work on a variety of community or state projects. Private funding, funds from various foundations and initiative funds, as well as the Minnesota Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program. Norman County has no operational or financial control over the STS program and does not budget for a percentage of this program.

Job Training Partnership Act Joint Powers Agreement

The Job Training Partnership Act Joint Powers Agreement was formed in July 1994 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Kittson, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties. The purpose of the Joint Powers Agreement is to designate the members of the Northwest Regional Development Commission's Board of Directors as the local elected officials to work with the Northwest Private Industry Council for the Northwest Service Delivery Area, including specific duties as listed in the Agreement.

In the event of dissolution of the Joint Powers Agreement, the net position of the Joint Powers Board at that time shall be disposed of in accordance with law.

Financing is provided primarily from federal grants provided through the Job Training Partnership Act of 1982.

Complete financial information can be obtained from the Northwest Regional Development Commission, 115 South Main, Warren, Minnesota 56762.

Communities Caring for Children

The Communities Caring for Children (CCC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. Norman County did not contribute to the CCC during 2019.

**NORMAN COUNTY
ADA, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Minnesota Criminal Justice Data Communications Network

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

Polk-Norman-Mahnomen Community Health Board

The Polk-Norman-Mahnomen Community Health Board was established in 2012 under the authority of Minn. Stat. ch. 145A and Minn. Stat. § 471.59. The Community Health Board includes the Polk County Local Board of Health and the Norman County Local Board of Health, which is a part of Norman County. The purpose of the Community Health Board is to engage in activities designed to protect and promote the health of the general population within a community health service area by emphasizing the prevention of disease, injury, disability, and preventable death through the promotion of effective coordination and use of community resources, and by extending health services into the community.

Control of the Community Health Board is vested in a seven-member Board, with Polk, Norman, and Mahnomen Counties each appointing one County Board member, and the Polk County Local Board of Health and the Norman County Local Board of Health each appointing two members, one County Board member, and one community member. The Norman County Local Board of Health appoints one of the members from Norman County and one of the members from Mahnomen County.

In the event of withdrawal from the Community Health Board, the withdrawing party shall give a one-year notice. Should the Community Health Board cease to exist, all property, real and personal, held by the Community Health Board at the time of termination shall be distributed to each joint participant in proportion to its relative financial contributions.

Financing is provided by state and federal grants. Polk County is the fiscal agent for the Community Health Board. Norman County's contribution for 2019 was \$15,300.

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REQUIRED SUPPLEMENTARY INFORMATION

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**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT A-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,426,175	\$ 3,426,175	\$ 3,321,125	\$ (105,050)
Special assessments	240,000	240,000	217,165	(22,835)
Licenses and permits	12,245	12,245	10,845	(1,400)
Intergovernmental	1,049,081	1,049,081	1,170,294	121,213
Charges for services	277,400	277,400	355,558	78,158
Gifts and contributions	1,000	1,000	1,361	361
Investment earnings	75,017	75,017	120,102	45,085
Miscellaneous	41,450	41,450	84,119	42,669
Total Revenues	\$ 5,122,368	\$ 5,122,368	\$ 5,280,569	\$ 158,201
Expenditures				
Current				
General government				
Commissioners	\$ 201,467	\$ 201,467	\$ 201,725	\$ (258)
Courts	59,950	59,950	18,183	41,767
Law library	4,090	4,090	2,084	2,006
County auditor-treasurer	272,592	272,592	245,429	27,163
County assessor	296,515	296,515	273,525	22,990
Elections	15,525	15,525	3,291	12,234
Chief financial officer	94,730	94,730	114,409	(19,679)
Human resources	50,090	50,090	45,543	4,547
Accounting and auditing	62,000	62,000	76,803	(14,803)
Data processing	73,000	73,000	83,562	(10,562)
Attorney	206,860	206,860	191,783	15,077
Victim assistance	56,000	56,000	46,894	9,106
Recorder	299,902	299,902	303,912	(4,010)
Planning and zoning	31,667	31,667	27,264	4,403
County buildings	60,600	60,600	74,444	(13,844)
Buildings and plant	173,692	173,692	163,388	10,304
Veterans service officer	73,623	73,623	68,700	4,923
Cemeteries	75	75	279	(204)
Unallocated – general government	140,675	140,675	167,734	(27,059)
Total general government	\$ 2,173,053	\$ 2,173,053	\$ 2,108,952	\$ 64,101

**NORMAN COUNTY
ADA, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 1,111,681	\$ 1,111,681	\$ 1,094,559	\$ 17,122
K-9 unit	600	600	392	208
Coroner	18,625	18,625	8,019	10,606
Radio tower	500	500	-	500
Hazardous materials training	2,500	2,500	4,433	(1,933)
Safety coordinator	4,708	4,708	4,661	47
E-911 system	75,000	75,000	66,684	8,316
Community corrections	502,945	502,945	502,945	-
Civil defense	46,095	46,095	52,888	(6,793)
Police and fire	1,850	1,850	615	1,235
Other public safety	15,800	15,800	16,420	(620)
Total public safety	\$ 1,780,304	\$ 1,780,304	\$ 1,751,616	\$ 28,688
Human services				
Senior citizen centers	\$ 1,850	\$ 1,850	\$ 1,850	\$ -
Retired senior volunteer program	1,000	1,000	1,000	-
Total human services	\$ 2,850	\$ 2,850	\$ 2,850	\$ -
Health				
Ambulance	\$ 240,115	\$ 240,115	\$ 214,837	\$ 25,278
Wellness program	115	115	262	(147)
Total health	\$ 240,230	\$ 240,230	\$ 215,099	\$ 25,131
Culture and recreation				
Historical society	\$ 12,650	\$ 12,650	\$ 12,650	\$ -
Agassiz trail project	60,000	60,000	51,679	8,321
Winter shows	800	800	800	-
County library	98,550	98,550	98,550	-
Celebrations	420	420	420	-
Total culture and recreation	\$ 172,420	\$ 172,420	\$ 164,099	\$ 8,321

**NORMAN COUNTY
ADA, MINNESOTA**

***EXHIBIT A-1
(Continued)***

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Conservation of natural resources				
Cooperative extension	\$ 141,027	\$ 141,027	\$ 137,691	\$ 3,336
Soil and water conservation	66,200	66,200	65,200	1,000
Agricultural society	12,150	12,150	12,150	-
Aquatic invasive species	13,231	13,231	13,231	-
Riparian protection aid	57,865	57,865	61,923	(4,058)
Forfeited tax	-	-	9,632	(9,632)
Weed control	350	350	305	45
Predator control	3,686	3,686	5,110	(1,424)
Water planning	3,499	3,499	32,875	(29,376)
Total conservation of natural resources	\$ 298,008	\$ 298,008	\$ 338,117	\$ (40,109)
Total Expenditures	\$ 4,666,865	\$ 4,666,865	\$ 4,580,733	\$ 86,132
Excess of Revenues Over (Under) Expenditures	\$ 455,503	\$ 455,503	\$ 699,836	\$ 244,333
Other Financing Sources (Uses)				
Transfers out	(90,618)	(90,618)	(140,618)	(50,000)
Net Change in Fund Balance	\$ 364,885	\$ 364,885	\$ 559,218	\$ 194,333
Fund Balance – January 1	5,378,243	5,378,243	5,378,243	-
Fund Balance – December 31	\$ 5,743,128	\$ 5,743,128	\$ 5,937,461	\$ 194,333

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT A-2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,076,178	\$ 2,076,178	\$ 2,033,281	\$ (42,897)
Intergovernmental	6,166,347	6,166,347	5,736,868	(429,479)
Charges for services	15,000	15,000	66,734	51,734
Miscellaneous	40,000	40,000	52,458	12,458
Total Revenues	\$ 8,297,525	\$ 8,297,525	\$ 7,889,341	\$ (408,184)
Expenditures				
Current				
Highways and streets				
Administration	\$ 392,190	\$ 392,190	\$ 366,063	\$ 26,127
Maintenance	2,422,735	2,422,735	2,853,125	(430,390)
Construction	4,934,365	4,934,365	4,213,457	720,908
Equipment and maintenance shop	548,235	548,235	764,125	(215,890)
Total highways and streets	\$ 8,297,525	\$ 8,297,525	\$ 8,196,770	\$ 100,755
Intergovernmental				
Highways and streets	-	-	422,389	(422,389)
Total Expenditures	\$ 8,297,525	\$ 8,297,525	\$ 8,619,159	\$ (321,634)
Net Change in Fund Balance	\$ -	\$ -	\$ (729,818)	\$ (729,818)
Fund Balance – January 1	1,472,986	1,472,986	1,472,986	-
Increase (decrease) in inventories	-	-	152,108	152,108
Fund Balance – December 31	\$ 1,472,986	\$ 1,472,986	\$ 895,276	\$ (577,710)

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT A-3

**BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 842,649	\$ 842,649	\$ 817,860	\$ (24,789)
Intergovernmental	1,467,317	1,467,317	1,534,890	67,573
Charges for services	209,950	209,950	240,533	30,583
Miscellaneous	61,500	61,500	34,189	(27,311)
Total Revenues	<u>\$ 2,581,416</u>	<u>\$ 2,581,416</u>	<u>\$ 2,627,472</u>	<u>\$ 46,056</u>
Expenditures				
Current				
Human services				
Income maintenance	\$ 879,481	\$ 879,481	\$ 829,618	\$ 49,863
Social services	1,701,935	1,701,935	1,379,739	322,196
Total Expenditures	<u>\$ 2,581,416</u>	<u>\$ 2,581,416</u>	<u>\$ 2,209,357</u>	<u>\$ 372,059</u>
Net Change in Fund Balance	\$ -	\$ -	\$ 418,115	\$ 418,115
Fund Balance – January 1	<u>1,232,077</u>	<u>1,232,077</u>	<u>1,232,077</u>	<u>-</u>
Fund Balance – December 31	<u><u>\$ 1,232,077</u></u>	<u><u>\$ 1,232,077</u></u>	<u><u>\$ 1,650,192</u></u>	<u><u>\$ 418,115</u></u>

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT A-4

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 31,549	\$ 32,859
Interest	10,915	10,565
Changes of assumption or other inputs	(7,527)	-
Benefit payments	<u>(17,310)</u>	<u>(45,450)</u>
Net change in total OPEB liability	\$ 17,627	\$ (2,026)
Total OPEB Liability – Beginning, as restated (2018)	<u>307,807</u>	<u>309,833</u>
Total OPEB Liability – Ending	<u><u>\$ 325,434</u></u>	<u><u>\$ 307,807</u></u>
Covered-employee payroll	\$ 4,232,351	\$ 4,109,079
Total OPEB liability (asset) as a percentage of covered-employee payroll	7.69%	7.49%

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

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT A-5

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2019**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Norman County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.0523 %	\$ 2,891,550	\$ 89,829	\$ 2,981,379	\$ 3,700,086	78.15 %	80.23 %
2018	0.0525	2,912,485	95,496	3,007,981	3,527,213	82.57	79.53
2017	0.0515	3,287,726	41,302	3,329,028	3,314,665	99.19	75.90
2016	0.0500	4,059,752	52,966	4,112,718	3,103,841	130.80	68.91
2015	0.0521	2,700,092	N/A	2,700,092	3,060,280	88.23	78.20

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

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT A-6

**SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2019**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2019	\$ 281,123	\$ 281,123	\$ -	\$ 3,748,304	7.50 %
2018	268,597	268,597	-	3,581,299	7.50
2017	254,149	254,149	-	3,388,657	7.50
2016	244,110	244,110	-	3,254,799	7.50
2015	230,241	230,241	-	3,069,881	7.50

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

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT A-7

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2019**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.0440 %	\$ 470,554	\$ 466,079	100.96 %	89.26 %
2018	0.0410	438,084	433,079	101.16	88.84
2017	0.0360	486,043	370,478	131.19	85.43
2016	0.0360	1,444,743	346,715	416.69	63.88
2015	0.0340	386,320	307,937	125.45	86.60

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT A-8

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2019**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2019	\$ 82,326	\$ 82,326	\$ -	\$ 485,701	16.95 %
2018	70,639	70,639	-	436,052	16.20
2017	66,983	66,983	-	413,482	16.20
2016	58,422	58,422	-	360,626	16.20
2015	52,223	52,223	-	322,361	16.20

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

**NORMAN COUNTY
ADA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Ditch Special Revenue Fund, Gravel Reserve Tax Special Revenue Fund, and the Ditch Debt Service Fund. All annual appropriations lapse at fiscal year-end.

On or before mid-July or August of each year, all departments and agencies submit requests for budget appropriations to the Chief Financial Officer so that a budget can be prepared. Before September 15, the proposed budget is presented to the Norman County Board for review. The Board continues to refine the budget, holds departmental budget meetings, and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level. During the year, the Board made no budgetary amendments.

2. Excess of Expenditures Over Budget

The following major fund had expenditures in excess of budget for the year ended December 31, 2019.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Road and Bridge Special Revenue Fund	\$ 8,619,159	\$ 8,297,525	\$ 321,634

3. Other Postemployment Benefits Funding Status

See Note 3.D. in the notes to the financial statements for additional information regarding the County's other postemployment benefits.

**NORMAN COUNTY
ADA, MINNESOTA**

4. Employer Contributions to Other Postemployment Benefits

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75 to pay related benefits.

5. Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following change in actuarial assumptions occurred in 2019:

- The discount rate was changed from 3.30 percent to 3.80 percent.

6. 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 fiscal year June 30:

General Employees Retirement Plan

2019

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

2018

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

**NORMAN COUNTY
ADA, MINNESOTA**

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

General Employees Retirement Plan

2018 (Continued)

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

2017

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

**NORMAN COUNTY
ADA, MINNESOTA**

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

General Employees Retirement Plan (Continued)

2016

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

Public Employees Police and Fire Plan

2019

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

2018

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

**NORMAN COUNTY
ADA, MINNESOTA**

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

Public Employees Police and Fire Plan

2018 (Continued)

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

2017

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

**NORMAN COUNTY
ADA, MINNESOTA**

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

Public Employees Police and Fire Plan

2017 (Continued)

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

2016

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

SUPPLEMENTARY INFORMATION

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**NORMAN COUNTY
ADA, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

County Homes Fund – to account for the collection of rents and payment of expenses on small homes owned by Norman County, which are rented to senior citizens.

Ditch Fund – to account for the financing and costs relating to all County ditches.

Gravel Reserve Tax Fund – to account for the proceeds of a special gravel removal or occupation tax that is restricted to expenditures for the restoration of abandoned gravel pits.

Public Health Fund – to account for providing nursing service care to the elderly and other residents of the County. Financing is provided by health care service grants, County contributions, and user service charges.

Solid Waste Fund – to account for the financing and costs relating to the Fosston Incinerator, demolition landfill, and public education. Financing is provided by special assessments, charges for services, and intergovernmental revenues designated for environmental purposes.

DEBT SERVICE FUND

Ditch Fund – to account for the accumulation of resources and the payment of principal and interest of ditch bond issues.

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**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT B-1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	Special Revenue (Exhibit C-1)	Ditch Debt Service	Total (Exhibit 3)
<u>Assets</u>			
Cash and pooled investments	\$ 953,907	\$ 154,527	\$ 1,108,434
Petty cash and change funds	100	-	100
Undistributed cash in agency funds	23,843	945	24,788
Taxes receivable – delinquent	899	-	899
Special assessments receivable			
Delinquent	174	2,187	2,361
Noncurrent	43,316	8,866	52,182
Accounts receivable	69,935	-	69,935
Due from other funds	1,463	-	1,463
Due from other governments	161,143	-	161,143
	\$ 1,254,780	\$ 166,525	\$ 1,421,305
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 26,995	\$ -	\$ 26,995
Salaries payable	16,473	-	16,473
Due to other funds	27,343	-	27,343
Due to other governments	20,585	-	20,585
Customer deposits	3,750	-	3,750
	\$ 95,146	\$ -	\$ 95,146
 Deferred Inflows of Resources			
Unavailable revenue	\$ 191,377	\$ 10,629	\$ 202,006
Prepaid property taxes	829	-	829
	\$ 192,206	\$ 10,629	\$ 202,835

**NORMAN COUNTY
ADA, MINNESOTA**

**EXHIBIT B-1
(Continued)**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	<u>Special Revenue (Exhibit C-1)</u>	<u>Ditch Debt Service</u>	<u>Total (Exhibit 3)</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> (Continued)			
Fund Balances			
Restricted for			
Debt service	\$ -	\$ 155,896	\$ 155,896
Gravel pit postclosure	180,694	-	180,694
Ditch maintenance and construction	400,129	-	400,129
Assigned to			
County homes	130,389	-	130,389
Health	299,293	-	299,293
Unassigned	(43,077)	-	(43,077)
Total Fund Balances	\$ 967,428	\$ 155,896	\$ 1,123,324
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,254,780	\$ 166,525	\$ 1,421,305

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT B-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Special Revenue (Exhibit C-2)	Ditch Debt Service	Total (Exhibit 5)
Revenues			
Taxes	\$ 88,031	\$ -	\$ 88,031
Special assessments	55,472	11,628	67,100
Intergovernmental	616,921	-	616,921
Charges for services	364,591	1,468	366,059
Miscellaneous	44,196	-	44,196
	\$ 1,169,211	\$ 13,096	\$ 1,182,307
Expenditures			
Current			
General government	\$ 24,897	\$ -	\$ 24,897
Sanitation	435,850	-	435,850
Health	831,717	-	831,717
Conservation of natural resources	11,591	-	11,591
Debt service			
Principal	-	14,000	14,000
Interest	-	7,440	7,440
	\$ 1,304,055	\$ 21,440	\$ 1,325,495
Excess of Revenues Over (Under) Expenditures	\$ (134,844)	\$ (8,344)	\$ (143,188)
Other Financing Sources (Uses)			
Transfers in	140,618	-	140,618
Net Change in Fund Balance	\$ 5,774	\$ (8,344)	\$ (2,570)
Fund Balance – January 1	961,654	164,240	1,125,894
Fund Balance – December 31	\$ 967,428	\$ 155,896	\$ 1,123,324

**NORMAN COUNTY
ADA, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019**

	County Homes	Ditch
<u>Assets</u>		
Cash and pooled investments	\$ 134,976	\$ 398,171
Petty cash and change funds	-	-
Undistributed cash in agency funds	-	1,912
Taxes receivable – delinquent	-	-
Special assessments receivable		
Delinquent	-	174
Noncurrent	-	43,316
Accounts receivable	-	-
Due from other funds	-	-
Due from other governments	-	-
	\$ 134,976	\$ 443,573
Total Assets	\$ 134,976	\$ 443,573
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 707	\$ -
Salaries payable	130	-
Due to other funds	-	-
Due to other governments	-	-
Customer deposits	3,750	-
	\$ 4,587	\$ -
Total Liabilities	\$ 4,587	\$ -
Deferred Inflows of Resources		
Unavailable revenue	\$ -	\$ 43,444
Prepaid property taxes	-	-
	\$ -	\$ 43,444
Total Deferred Inflows of Resources	\$ -	\$ 43,444
Fund Balances		
Restricted for		
Gravel pit postclosure	\$ -	\$ -
Ditch maintenance and construction	-	400,129
Assigned to		
County homes	130,389	-
Health	-	-
Unassigned	-	-
	\$ 130,389	\$ 400,129
Total Fund Balances	\$ 130,389	\$ 400,129
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 134,976	\$ 443,573

EXHIBIT C-1

<u>Gravel Reserve Tax</u>	<u>Public Health</u>	<u>Solid Waste</u>	<u>Total (Exhibit B-1)</u>
\$ 167,122	\$ 253,638	\$ -	\$ 953,907
-	100	-	100
-	394	21,537	23,843
-	-	899	899
-	-	-	174
-	-	-	43,316
13,572	12,689	43,674	69,935
-	1,017	446	1,463
-	161,143	-	161,143
<u>\$ 180,694</u>	<u>\$ 428,981</u>	<u>\$ 66,556</u>	<u>\$ 1,254,780</u>
\$ -	\$ 3,182	\$ 23,106	\$ 26,995
-	15,905	438	16,473
-	-	27,343	27,343
-	184	20,401	20,585
-	-	-	3,750
<u>\$ -</u>	<u>\$ 19,271</u>	<u>\$ 71,288</u>	<u>\$ 95,146</u>
\$ -	\$ 110,023	\$ 37,910	\$ 191,377
-	394	435	829
<u>\$ -</u>	<u>\$ 110,417</u>	<u>\$ 38,345</u>	<u>\$ 192,206</u>
\$ 180,694	\$ -	\$ -	\$ 180,694
-	-	-	400,129
-	-	-	130,389
-	299,293	-	299,293
-	-	(43,077)	(43,077)
<u>\$ 180,694</u>	<u>\$ 299,293</u>	<u>\$ (43,077)</u>	<u>\$ 967,428</u>
<u>\$ 180,694</u>	<u>\$ 428,981</u>	<u>\$ 66,556</u>	<u>\$ 1,254,780</u>

**NORMAN COUNTY
ADA, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>County Homes</u>	<u>Ditch</u>
Revenues		
Taxes	\$ -	\$ -
Special assessments	-	55,472
Intergovernmental	-	-
Charges for services	200	-
Miscellaneous	34,330	-
	<hr/>	<hr/>
Total Revenues	\$ 34,530	\$ 55,472
	<hr/>	<hr/>
Expenditures		
Current		
General government	\$ 24,897	\$ -
Sanitation	-	-
Health	-	-
Conservation of natural resources	-	11,591
	<hr/>	<hr/>
Total Expenditures	\$ 24,897	\$ 11,591
	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	\$ 9,633	\$ 43,881
	<hr/>	<hr/>
Other Financing Sources (Uses)		
Transfers in	-	-
	<hr/>	<hr/>
Net Change in Fund Balance	\$ 9,633	\$ 43,881
	<hr/>	<hr/>
Fund Balance – January 1	120,756	356,248
	<hr/>	<hr/>
Fund Balance – December 31	\$ 130,389	\$ 400,129
	<hr/> <hr/>	<hr/> <hr/>

EXHIBIT C-2

<u>Gravel Reserve Tax</u>	<u>Public Health</u>	<u>Solid Waste</u>	<u>Total (Exhibit B-2)</u>
\$ 36,303	\$ -	\$ 51,728	\$ 88,031
-	-	-	55,472
-	544,991	71,930	616,921
-	81,763	282,628	364,591
-	9,866	-	44,196
<u>\$ 36,303</u>	<u>\$ 636,620</u>	<u>\$ 406,286</u>	<u>\$ 1,169,211</u>
\$ -	\$ -	\$ -	\$ 24,897
-	-	435,850	435,850
-	831,717	-	831,717
-	-	-	11,591
<u>\$ -</u>	<u>\$ 831,717</u>	<u>\$ 435,850</u>	<u>\$ 1,304,055</u>
\$ 36,303	\$ (195,097)	\$ (29,564)	\$ (134,844)
-	90,618	50,000	140,618
<u>\$ 36,303</u>	<u>\$ (104,479)</u>	<u>\$ 20,436</u>	<u>\$ 5,774</u>
<u>144,391</u>	<u>403,772</u>	<u>(63,513)</u>	<u>961,654</u>
<u><u>\$ 180,694</u></u>	<u><u>\$ 299,293</u></u>	<u><u>\$ (43,077)</u></u>	<u><u>\$ 967,428</u></u>

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT C-3

**BUDGETARY COMPARISON SCHEDULE
COUNTY HOMES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ -	\$ -	\$ 200	\$ 200
Miscellaneous	33,000	33,000	34,330	1,330
Total Revenues	\$ 33,000	\$ 33,000	\$ 34,530	\$ 1,530
Expenditures				
Current				
General government				
Low-income housing	31,802	31,802	24,897	6,905
Net Change in Fund Balance	\$ 1,198	\$ 1,198	\$ 9,633	\$ 8,435
Fund Balance – January 1	120,756	120,756	120,756	-
Fund Balance – December 31	\$ 121,954	\$ 121,954	\$ 130,389	\$ 8,435

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT C-4

**BUDGETARY COMPARISON SCHEDULE
PUBLIC HEALTH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 656,374	\$ 656,374	\$ 544,991	\$ (111,383)
Charges for services	114,650	114,650	81,763	(32,887)
Miscellaneous	10,000	10,000	9,866	(134)
Total Revenues	\$ 781,024	\$ 781,024	\$ 636,620	\$ (144,404)
Expenditures				
Current				
Public health	871,642	871,642	831,717	39,925
Excess of Revenues Over (Under) Expenditures	\$ (90,618)	\$ (90,618)	\$ (195,097)	\$ (104,479)
Other Financing Sources (Uses)				
Transfers in	90,618	90,618	90,618	-
Net Change in Fund Balance	\$ -	\$ -	\$ (104,479)	\$ (104,479)
Fund Balance – January 1	403,772	403,772	403,772	-
Fund Balance – December 31	\$ 403,772	\$ 403,772	\$ 299,293	\$ (104,479)

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT C-5

**BUDGETARY COMPARISON SCHEDULE
SOLID WASTE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 53,204	\$ 53,204	\$ 51,728	\$ (1,476)
Licenses and permits	300	300	-	(300)
Intergovernmental	71,434	71,434	71,930	496
Charges for services	280,000	280,000	282,628	2,628
Total Revenues	<u>\$ 404,938</u>	<u>\$ 404,938</u>	<u>\$ 406,286</u>	<u>\$ 1,348</u>
Expenditures				
Current				
Sanitation				
Administration	\$ -	\$ -	\$ 396	\$ (396)
Recycling	103,856	103,856	105,464	(1,608)
Landfill	32,000	32,000	40,404	(8,404)
Fosston incinerator	244,906	244,906	264,685	(19,779)
Household hazardous waste	24,176	24,176	24,901	(725)
Total Expenditures	<u>\$ 404,938</u>	<u>\$ 404,938</u>	<u>\$ 435,850</u>	<u>\$ (30,912)</u>
Excess of Revenues over (Under) Expenditures	\$ -	\$ -	\$ (29,564)	\$ (29,564)
Other Financing Sources (Uses)				
Transfers in	-	-	50,000	50,000
Net Change in Fund Balance	\$ -	\$ -	\$ 20,436	\$ 20,436
Fund Balance – January 1	<u>(63,513)</u>	<u>(63,513)</u>	<u>(63,513)</u>	<u>-</u>
Fund Balance – December 31	<u><u>\$ (63,513)</u></u>	<u><u>\$ (63,513)</u></u>	<u><u>\$ (43,077)</u></u>	<u><u>\$ 20,436</u></u>

**NORMAN COUNTY
ADA, MINNESOTA**

FIDUCIARY FUNDS

AGENCY FUNDS

Norman County-Ada-Twin Valley Airport Authority – to receive and manage Norman County-Ada-Twin Valley Airport Authority administrative funds and to provide budgeting and accounting services.

Children’s Collaborative (Serving Norman County Families) – to account for external pooled and non-pooled investments on behalf of the Children’s Collaborative (Serving Norman County Families).

Norman County Economic Development Authority – to account for the receipt and disbursement of funds for the Economic Development Authority.

State Revenue – to account for the collection and payment of amounts due to the state.

Taxes and Penalties – to account for the collection of taxes and penalties and their payment to the various taxing districts.

Watershed – to account for the collection and payment of amounts to the watershed.

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**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT D-1

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance January 1	Additions	Deductions	Balance December 31
<u>NORMAN COUNTY-ADA-TWIN VALLEY AIRPORT AUTHORITY</u>				
<u>Assets</u>				
Cash	\$ -	\$ 117,626	\$ 26,464	\$ 91,162
Accounts receivable	-	2,994	150	2,844
Total Assets	\$ -	\$ 120,620	\$ 26,614	\$ 94,006
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 120,620	\$ 26,614	\$ 94,006
 <u>CHILDREN'S COLLABORATIVE (SERVING NORMAN COUNTY FAMILIES)</u>				
<u>Assets</u>				
Cash	\$ 30,239	\$ 32,388	\$ 31,769	\$ 30,858
Due from other funds	5,299	7,744	5,299	7,744
Total Assets	\$ 35,538	\$ 40,132	\$ 37,068	\$ 38,602
<u>Liabilities</u>				
Due to other governments	\$ 35,538	\$ 40,132	\$ 37,068	\$ 38,602

**NORMAN COUNTY
ADA, MINNESOTA**

**EXHIBIT D-1
(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance January 1	Additions	Deductions	Balance December 31
<u>NORMAN COUNTY ECONOMIC DEVELOPMENT AUTHORITY</u>				
<u>Assets</u>				
Cash	\$ 3,429	\$ 1,323	\$ 4,529	\$ 223
<u>Liabilities</u>				
Accounts payable	\$ 410	\$ 1,323	\$ 1,510	\$ 223
Due to other governments	3,019	-	3,019	-
Total Liabilities	\$ 3,429	\$ 1,323	\$ 4,529	\$ 223
 <u>STATE REVENUE</u>				
<u>Assets</u>				
Cash	\$ 7,082	\$ 405,888	\$ 402,329	\$ 10,641
Accounts receivable	-	2,281	-	2,281
Total Assets	\$ 7,082	\$ 408,169	\$ 402,329	\$ 12,922
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 33,701	\$ 33,701	\$ -
Due to other funds	212	235	212	235
Due to other governments	6,870	374,233	368,416	12,687
Total Liabilities	\$ 7,082	\$ 408,169	\$ 402,329	\$ 12,922

**NORMAN COUNTY
ADA, MINNESOTA**

*EXHIBIT D-1
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance January 1	Additions	Deductions	Balance December 31
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash	\$ 173,677	\$ 5,554,727	\$ 5,496,641	\$ 231,763
<u>Liabilities</u>				
Due to other governments	\$ 140,766	\$ 5,421,035	\$ 5,353,359	\$ 208,442
Funds held in trust	32,911	133,692	143,282	23,321
Total Liabilities	\$ 173,677	\$ 5,554,727	\$ 5,496,641	\$ 231,763
<u>WATERSHED</u>				
<u>Assets</u>				
Cash	\$ -	\$ 552,494	\$ 552,494	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 552,494	\$ 552,494	\$ -

**NORMAN COUNTY
ADA, MINNESOTA**

*EXHIBIT D-1
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance January 1	Additions	Deductions	Balance December 31
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash	\$ 214,427	\$ 6,664,446	\$ 6,514,226	\$ 364,647
Accounts receivable	-	5,275	150	5,125
Due from other funds	5,299	7,744	5,299	7,744
	\$ 219,726	\$ 6,677,465	\$ 6,519,675	\$ 377,516
<u>Liabilities</u>				
Accounts payable	\$ 410	\$ 155,644	\$ 61,825	\$ 94,229
Due to other funds	212	235	212	235
Due to other governments	186,193	6,387,894	6,314,356	259,731
Funds held in trust	32,911	133,692	143,282	23,321
	\$ 219,726	\$ 6,677,465	\$ 6,519,675	\$ 377,516

SCHEDULES

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**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT E-1

**SCHEDULE OF DEPOSITS AND INVESTMENTS
DECEMBER 31, 2019**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Deposits			
Cash on hand	N/A	N/A	\$ 6,500
Non-interest bearing checking (3)	N/A	Continuous	772,494
Money market	0.75%	Continuous	4,311,887
Certificates of deposit (3)	1.39% to 1.49%	December 21, 2020	61,760
Investments			
Cash with broker	Varies	Continuous	500,000
Brokerage certificates of deposit (13)	1.65% to 2.05%	January 3, 2020 to June 23, 2020	<u>3,250,000</u>
Total Deposits and Investments			<u>\$ 8,902,641</u>

**NORMAN COUNTY
ADA, MINNESOTA**

**BALANCE SHEET – BY DITCH
DITCH SPECIAL REVENUE AND DITCH DEBT SERVICE FUNDS
DECEMBER 31, 2019**

	Assets				
	Cash	Undistributed Cash	Special Assessments Receivable		Total
			Delinquent	Noncurrent	
County Ditches					
5	\$ 8,703	\$ 154	\$ -	\$ 1,267	\$ 10,124
6	2,554	2	-	602	3,158
7	17,367	20	7	-	17,394
8	3,258	-	-	1,120	4,378
9	10,207	159	4	1,207	11,577
14	3,902	7	-	302	4,211
17	1,943	-	4	1,600	3,547
22	17,748	205	-	2,116	20,069
23	2,694	-	-	-	2,694
24	3,787	-	-	163	3,950
25	22,420	113	-	1,679	24,212
26	457	-	-	63	520
28 & 3	781	-	-	68	849
29	3,755	4	2	748	4,509
29 Lat. 1	4,720	1	-	-	4,721
31	4,116	-	-	-	4,116
33	34,671	2	-	4,420	39,093
34	38,752	6	-	505	39,263
36	3,927	-	-	332	4,259
39	788	-	-	154	942
40	7,235	-	-	559	7,794
41	4,008	-	-	288	4,296
42	34,235	813	-	7,241	42,289
46	2,198	14	3	303	2,518
47	17,522	151	6	1,202	18,881
49	6,505	41	97	511	7,154
62	4,674	19	51	282	5,026
65	10,195	-	-	1,021	11,216
69	12,286	-	-	1,542	13,828
73	25,199	-	-	1,963	27,162
75	4,417	100	-	1,107	5,624
Borup State Ditch	58	-	-	-	58
Judicial Ditches					
54 South	56,643	101	-	8,037	64,781
55	26,446	-	-	2,914	29,360
Watershed Ditches					
Project 43 – Perley	7,801	342	901	1,581	10,625
Project 44 – Hendrum	146,726	603	1,286	7,285	155,900
Total	\$ 552,698	\$ 2,857	\$ 2,361	\$ 52,182	\$ 610,098

EXHIBIT E-2

Liabilities and Deferred Inflows of Resources				Fund Balances			Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Accounts Payable	Due to Other Funds	Unavailable Revenue	Total	Restricted for Debt Service	Restricted for Ditch Maintenance and Construction	Total	
\$ -	\$ -	\$ 1,267	\$ 1,267	\$ -	\$ 8,857	\$ 8,857	\$ 10,124
-	-	602	602	-	2,556	2,556	3,158
-	-	(1)	(1)	-	17,395	17,395	17,394
-	-	1,120	1,120	-	3,258	3,258	4,378
-	-	1,211	1,211	-	10,366	10,366	11,577
-	-	302	302	-	3,909	3,909	4,211
-	-	1,598	1,598	-	1,949	1,949	3,547
-	-	2,116	2,116	-	17,953	17,953	20,069
-	-	-	-	-	2,694	2,694	2,694
-	-	163	163	-	3,787	3,787	3,950
-	-	1,679	1,679	-	22,533	22,533	24,212
-	-	63	63	-	457	457	520
-	-	68	68	-	781	781	849
-	-	750	750	-	3,759	3,759	4,509
-	-	-	-	-	4,721	4,721	4,721
-	-	-	-	-	4,116	4,116	4,116
-	-	4,420	4,420	-	34,673	34,673	39,093
-	-	505	505	-	38,758	38,758	39,263
-	-	332	332	-	3,927	3,927	4,259
-	-	154	154	-	788	788	942
-	-	559	559	-	7,235	7,235	7,794
-	-	288	288	-	4,008	4,008	4,296
-	-	7,241	7,241	-	35,048	35,048	42,289
-	-	306	306	-	2,212	2,212	2,518
-	-	1,208	1,208	-	17,673	17,673	18,881
-	-	586	586	-	6,568	6,568	7,154
-	-	323	323	-	4,703	4,703	5,026
-	-	1,021	1,021	-	10,195	10,195	11,216
-	-	1,542	1,542	-	12,286	12,286	13,828
-	-	1,963	1,963	-	25,199	25,199	27,162
-	-	1,107	1,107	-	4,517	4,517	5,624
-	-	-	-	-	58	58	58
-	-	8,037	8,037	-	56,744	56,744	64,781
-	-	2,914	2,914	-	26,446	26,446	29,360
-	-	2,180	2,180	8,445	-	8,445	10,625
-	-	8,449	8,449	147,451	-	147,451	155,900
\$ -	\$ -	\$ 54,073	\$ 54,073	\$ 155,896	\$ 400,129	\$ 556,025	\$ 610,098

**NORMAN COUNTY
ADA, MINNESOTA**

**BALANCE SHEET – BY DITCH
DITCH SPECIAL REVENUE AND DITCH DEBT SERVICE FUNDS
DECEMBER 31, 2019**

	<u>Assets</u>				
	<u>Cash</u>	<u>Undistributed Cash</u>	<u>Special Assessments Receivable</u>		<u>Total</u>
			<u>Delinquent</u>	<u>Noncurrent</u>	
Presented as					
Ditch Special Revenue Fund	\$ 398,171	\$ 1,912	\$ 174	\$ 43,316	\$ 443,573
Ditch Debt Service Fund	154,527	945	2,187	8,866	166,525
Total	<u>\$ 552,698</u>	<u>\$ 2,857</u>	<u>\$ 2,361</u>	<u>\$ 52,182</u>	<u>\$ 610,098</u>

EXHIBIT E-2
(Continued)

Liabilities and Deferred Inflows of Resources				Fund Balances			Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Accounts Payable	Due to Other Funds	Unavailable Revenue	Total	Restricted for Debt Service	Restricted for Ditch Maintenance and Construction	Total	
\$ -	\$ -	\$ 43,444	\$ 43,444	\$ -	\$ 400,129	\$ 400,129	\$ 443,573
-	-	10,629	10,629	155,896	-	155,896	166,525
\$ -	\$ -	\$ 54,073	\$ 54,073	\$ 155,896	\$ 400,129	\$ 556,025	\$ 610,098

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT E-3

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Appropriations and Shared Revenue

State

Highway users tax	\$	5,267,340
County program aid		477,761
PERA rate reimbursement		23,107
Disparity reduction aid		15,682
Pension contribution		12,694
Police aid		64,117
Aquatic invasive species aid		13,231
Riparian protection aid		160,000
Out-of-home placement reimbursement aid		16,677
Market value credit		178,784
		178,784

Total appropriations and shared revenue **\$ 6,229,393**

Reimbursement for Services

State

Minnesota Department of Human Services	\$	479,166
		479,166

Payments

Local

Payments in lieu of taxes	\$	70,767
Mahnomen County		90,563
Other		50,000
		50,000

Total payments **\$ 211,330**

Grants

State

Minnesota Department/Board of		
Public Safety	\$	119,022
Transportation		222,993
Health		152,554
Natural Resources		27,150
Human Services		384,338
Veterans Affairs		7,500
Water and Soil Resources		49,750
Pollution Control Agency		69,560
Peace Officer Standards and Training Board		6,959
Secretary of State		-
		-

Total state **\$ 1,039,826**

**NORMAN COUNTY
ADA, MINNESOTA**

***EXHIBIT E-3
(Continued)***

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Grants (Continued)

Federal

Department of	
Agriculture	\$ 100,989
Justice	17,332
Transportation	121,706
Education	1,296
Health and Human Services	857,935

Total federal \$ 1,099,258

Total state and federal grants \$ 2,139,084

Total Intergovernmental Revenue \$ 9,058,973

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT E-4

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures
U.S. Department of Agriculture			
Passed Through Polk-Norman-Mahnomen Community Health Board WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	32573	\$ 56,375
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	192MN101S2514	<u>71,255</u>
Total U.S. Department of Agriculture			<u>\$ 127,630</u>
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	A-CVS-2018-NORM- 00146	<u>\$ 17,332</u>
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	00054	<u>\$ 121,706</u>
U.S. Department of Education			
Passed Through Polk-Norman-Mahnomen Community Health Board Special Education – Grants for Infants and Families	84.181	83869	<u>\$ 3,090</u>
U.S. Department of Health and Human Services			
Passed Through Polk-Norman-Mahnomen Community Health Board Public Health Emergency Preparedness	93.069	127907	\$ 21,835
Public Health Emergency Preparedness (Total Public Health Emergency Preparedness) 93.069 \$37,333)	93.069	161564	15,498
Drug-Free Communities Support Program Grants TANF Cluster	93.276	5H79SP020911-04	32,682
Temporary Assistance for Needy Families	93.558	127473	20,958
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$81,706)	93.558	159943	13,029
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	118491	68,353
Maternal and Child Health Services Block Grant to the States	93.994	86859	13,792
Maternal and Child Health Services Block Grant to the States (Total Maternal and Child Health Services Block Grant to States 93.994 \$18,134)	93.994	167314	4,342

**NORMAN COUNTY
ADA, MINNESOTA**

**EXHIBIT E-4
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures
U.S. Department of Health and Human Services (Continued)			
Passed Through Minnesota Department of Human Services			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	147995	106,007
Promoting Safe and Stable Families TANF Cluster	93.556	G-1801MNFPSS	439
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$81,706)	93.558	1901MNTANF	47,719
Child Support Enforcement	93.563	1901MNCEST	82,189
Child Support Enforcement (Total Child Support Enforcement 93.563 \$100,053)	93.563	1901MNCSES	17,864
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	1901MNRCA	83
Community-Based Child Abuse Prevention Grants CCDF Cluster	93.590	G-1801MNBCAP	2,209
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1901MNCCDF	1,681
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1801MNCWSS	1,153
Foster Care Title IV-E	93.658	1901MNFOST	21,577
Social Services Block Grant	93.667	G-1901MNSOSR	70,813
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-1901MNCILP	2,800
Children's Health Insurance Program Medicaid Cluster	93.767	1905MN5021	62
Medical Assistance Program	93.778	1905MN5ADM	336,634
Medical Assistance Program (Total Medical Assistance Program 93.778 \$338,656)	93.778	1905MN5MAP	2,022
Total U.S. Department of Health and Human Services			\$ 883,741
Total Federal Awards			\$ 1,153,499

The County did not pass any federal awards through to subrecipients during the year ended December 31, 2019.

Totals by Cluster

Total expenditures for SNAP Cluster	\$ 71,255
Total expenditures for Highway Planning and Construction Cluster	121,706
Total expenditures for TANF Cluster	81,706
Total expenditures for CCDF Cluster	1,681
Total expenditures for Medicaid Cluster	338,656

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**NORMAN COUNTY
ADA, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Norman County. The County's reporting entity is defined in Note 1 to the financial statements.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Norman County under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Norman County, it is not intended to and does not present the financial position or changes in net position of Norman County.

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

2. De Minimis Cost Rate

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

**NORMAN COUNTY
ADA, MINNESOTA**

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$	1,099,258
Grants received more than 60 days after year-end, unavailable in 2019		
WIC Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557)		26,641
Special Education – Grants for Infants and Families (CFDA No. 84.181)		1,794
Public Health Emergency Preparedness (CFDA No. 93.069)		7,447
Drug-Free Communities Support Program Grants (CFDA No. 93.276)		9,343
Promoting Safe and Stable Families (CFDA No. 93.556)		68
Temporary Assistance for Needy Families (CFDA No. 93.558)		5,963
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA No. 93.596)		143
Community-Based Child Abuse Prevention Grants (CFDA No. 93.590)		1,363
Stephanie Tubbs Jones Child Welfare Services Program (CFDA No. 93.645)		809
John H. Chafee Foster Care Program for Successful Transition to Adulthood (CFDA No. 93.674)		700
Maternal, Infant and Early Childhood Home Visiting Program (CFDA No. 93.870)		32,334
Maternal and Child Health Services Block Grant to the States (CFDA No. 93.994)		2,288
Grants unavailable in 2018, recognized as revenue in 2019		
Public Health Emergency Preparedness (CFDA No. 93.069)		(8,100)
Drug-Free Communities Support Program Grants (CFDA No. 93.276)		(10,287)
Promoting Safe and Stable Families (CFDA No. 93.556)		(888)
Temporary Assistance for Needy Families (CFDA No. 93.558)		(13,755)
Community-Based Child Abuse Prevention Grants (CFDA No. 93.590)		(302)
Stephanie Tubbs Jones Child Welfare Services Program (CFDA No. 93.645)		(620)
John H. Chafee Foster Care Program for Successful Transition to Adulthood (CFDA No. 93.674)		(700)
		(700)
Expenditures Per Schedule of Expenditures of Federal Awards	\$	1,153,499

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JULIE BLAHA
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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

Independent Auditor's Report

Board of County Commissioners
Norman County
Ada, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norman County, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 10, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's

financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-002, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Norman 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Norman County failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements and miscellaneous provisions 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, except as described in the Schedule of Findings and Questioned Costs as item 2019-004. 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.

Other Matters

Included in the Schedule of Findings and Questioned Costs is a management practices comment. We believe this recommendation to be of benefit to the County, and it is reported for that purpose.

Norman County's Response to Findings

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

Purpose of This Report

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

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 10, 2020

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

Independent Auditor's Report

Board of County Commissioners
Norman County
Ada, Minnesota

Report on Compliance for the Major Federal Program

We have audited Norman County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2019. Norman County's major federal program is identified in the Summary of Auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Norman County's major federal program 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 Norman 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 the major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the Major Federal Program

In our opinion, Norman County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-003. Our opinion on the major federal program is not modified with respect to this matter.

Norman County's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-003, that we consider to be a significant deficiency.

Norman County's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

/s/Julie Blaha

/s/Greg Hierlinger

JULIE BLAHA
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 10, 2020

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**NORMAN COUNTY
ADA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major program:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

The major program is:

Medicaid Cluster

CFDA No. 93.778

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

Norman County qualified as a low-risk auditee? **Yes**

**NORMAN COUNTY
ADA, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

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

INTERNAL CONTROL

Finding Number: 2019-001

Prior Year Finding Number: 1996-006

Repeat Finding Since: 1996

Segregation of Duties

Criteria: Management is responsible for establishing and maintaining internal control. Adequate segregation of duties is a key internal control in preventing and detecting errors or irregularities. To protect County assets, proper segregation of the record-keeping, custody, and authorization functions should be in place, and where management decides segregation of duties may not be cost effective, compensating controls should be in place.

Condition: Due to the limited number of personnel within several Norman County offices, segregation of accounting duties necessary to ensure adequate internal accounting control is not possible. The Auditor-Treasurer's Office generally tries to segregate the record-keeping function from the custody function. However, due to breaks, vacations, and illness, staff assigned record-keeping responsibilities may be required to assist in receipting collections, and staff assigned the custody functions may be required to assist in posting. The smaller fee offices generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

Context: This is not unusual in operations the size of Norman County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an internal control point of view.

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

**NORMAN COUNTY
ADA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Cause: The County informed us that it believes it is more efficient to have fees specific to the services provided by a department collected within that department and periodically remit those fees to the Auditor-Treasurer's Office.

Recommendation: We recommend Norman County's elected officials and management be mindful that limited staffing increases the risks in safeguarding the County's assets and the proper recording of its financial activity and, where possible, implement oversight procedures to ensure that internal control policies and procedures are being followed by staff.

View of Responsible Official: Concur

Finding Number: 2019-002

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Sheriff's Departmental Control Procedures

Criteria: Receipt and disbursement of funds should be centralized in the Auditor-Treasurer's Office whenever possible to allow for better control over all County funds. If a departmental bank account is deemed necessary, collections should be deposited timely, bank reconciliations should be done monthly, and County fees should be remitted to the Auditor-Treasurer within the period provided by County policy or, on a monthly basis as provided by Minn. Stat. § 387.20, subd. 5. Minnesota Statutes, section 384.13 requires that all County checks be signed by the Board Chair and the Auditor-Treasurer. Any unclaimed or uncashed checks held by the County for more than three years should be reported and paid to the state Commissioner of Commerce as provided in Minn. Stat. § 345.43.

Condition: During testing of receipting procedures within the Sheriff's Department for September 2019, including tests of two checking accounts used for depositing fees that are not under the control of the Auditor-Treasurer, the following weaknesses in departmental control procedures were noted:

**NORMAN COUNTY
ADA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

- Fingerprint fees were not deposited timely. Collection of \$510 for the period of May 1, 2019, through December 31, 2019, were deposited in the Bank of the West checking account on December 31, 2019.
- Other fees collected for September were deposited in on October 15, 2019, and November 19, 2019.
- County fees for September were not remitted to the Auditor-Treasurer until December 27, 2019.
- Bank reconciliations for the Frandsen Bank checking account were not completed in 2019.
- The Bank of the West account had an outstanding check in the amount of \$333 from May 23, 2011.

Context: The establishment and oversight of departmental control procedures is particularly important because, generally, smaller departments lack proper segregation of duties, which increases the risk of errors or fraud.

Effect: Internal control procedures assumed to be in place may not be working as intended to ensure accounting records are properly maintained and compared with the underlying items they represent. If the internal controls are not working as intended, there is increased risk that errors or fraud could occur and not be detected timely. The lack of departmental control procedures also resulted in noncompliance of Minnesota statutes.

Cause: The person assigned the bookkeeping function in the Sheriff's office stated that she is busy with other duties that take priority.

Recommendation: The Norman County Sheriff's Department should review departmental control procedures to determine the need for the two checking accounts. Any checking accounts deemed necessary should be reconciled monthly, and all collections should be deposited timely. The Sheriff's Department should comply with Minnesota statutes for unclaimed property.

View of Responsible Official: Acknowledged

**NORMAN COUNTY
ADA, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

Finding Number: 2019-003

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Local Collaborative Time Study (LCTS) Reporting

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778), Award No. 1905MN5ADM, 2019

Pass-Through Agency: Minnesota Department of Human Services (DHS)

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Requirements for the Local Collaborative Time Study (LCTS) Cost Schedules (which includes LCTS Cost Schedule DHS-3220.3) are described in DHS Bulletin #16-32-04 – Local Collaborative Time Study (LCTS) Fiscal Operations. The bulletin states that the quarterly cost schedule should include all expenses for the three months of the quarter and be reported on a cash basis.

Condition: The Public Health Department reported payroll costs based on the number of days worked for the quarter rather than actual payments made.

Questioned Costs: None.

Context: The Public Health Department used the same reporting method for all four quarters.

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**NORMAN COUNTY
ADA, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

Effect: The County did not comply with the reporting requirements in accordance with DHS Bulletin 16-32-04. Payroll costs were underreported by \$14,284 for 2019.

Cause: The Public Health accountant prepared the reports as she was instructed, which was not based on the DHS bulletin.

Recommendation: We recommend the quarterly DHS-3220.3 reports be completed in accordance with the Minnesota Department of Human Services' guidance as provided in DHS Bulletin 16-32-04.

View of Responsible Official: Concur

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MINNESOTA LEGAL COMPLIANCE

Finding Number: 2019-004

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Special Revenue Funds Cash Balance Deficits

Criteria: As stated in Minn. Stat. § 385.04, payment of expenditures may be made only if money is available in the fund for that purpose. Both Minn. Stat. §§ 385.31 and 385.32 permit temporary fund transfers to avoid interest payments on warrants drawn on a county fund. Both statutes require immediate repayment as soon as funds become available in the fund receiving the temporary transfer. Temporary fund transfers under Minn. Stat. § 385.32 require Board approval and repayment no later than six months after the original fund transfer.

Condition: At December 31, 2019, the Road and Bridge Special Revenue Fund had a deficit cash balance of \$176,269, and the Solid Waste Special Revenue Fund had a deficit cash balance of \$25,516.

**NORMAN COUNTY
ADA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Context: When the County allows disbursements on a fund that causes or already has a cash balance deficit, it is, in fact, making payments from other county funds without making the transfers required by Minn. Stat. §§ 385.31 and 385.32.

Effect: Allowing the payment of expenditures from the Road and Bridge and Solid Waste Special Revenue Funds when there was no money available in the funds resulted in deficit cash balances and a violation of Minn. Stat. § 385.04.

Cause: Expenditures for projects are paid for in advance of the anticipated federal and state reimbursements. The Road and Bridge Special Revenue Fund did not have sufficient resources to cover these expenditures. For the Solid Waste Special Revenue Fund, costs have increased over the programs, and the SCORE revenue is not enough to cover those expenditures. On December 24, 2019, the County transferred in \$50,000 to cover the deficit; however, the amount of the transfer was not sufficient.

Recommendation: We recommend that the County borrow from another fund when the cash balances are so low as to cause the fund to have a cash deficit when a payment is made from that fund.

View of Responsible Official: Concur

B. MANAGEMENT PRACTICES

Finding Number: 2019-005

Prior Year Finding Number: 2017-002

Repeat Finding Since: 2017

Solid Waste Special Revenue Fund Deficit Fund Balance

Criteria: Assets should exceed liabilities in order for the County to meet its obligations and maintain a positive fund balance.

Condition: As of December 31, 2019, the assets in the County's Solid Waste Special Revenue Fund did not exceed liabilities, resulting in a deficit fund balance.

**NORMAN COUNTY
ADA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Context: As of December 31, 2019, the Solid Waste Special Revenue Fund had a deficit fund balance of \$43,077, which was a decrease of \$20,436 over the deficit fund balance of \$63,513 at December 31, 2018.

Effect: A fund with a deficit fund balance is, in effect, borrowing from County funds with positive fund balances.

Cause: The Environmental Services Director noted that costs have increased over the programs and that the SCORE revenue is not enough to cover those expenditures. On December 24, 2019, the County transferred in \$50,000 to cover the deficit, however, the amount of the transfer was not sufficient.

Recommendation: We recommend the County more closely monitor the fund balance and eliminate the deficit fund balance by increasing revenues or appropriating sufficient funds to cover expenditures.

View of Responsible Official: Concur

V. PREVIOUSLY REPORTED ITEMS RESOLVED

- 2018-001 Eligibility (CFDA No. 93.778)
- 2018-002 Procurement, Suspension, and Debarment (CFDA No. 93.778)
- 2018-003 Reporting (CFDA No. 93.778)
- 2018-004 Publication of Financial Statements

Norman County Auditor-Treasurer's Office

Donna J. Hanson, Auditor-Treasurer

*PO Box 266
Ada MN 56510
218-784-5471*

REPRESENTATION OF NORMAN COUNTY ADA, MINNESOTA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2019

Finding Number: 2019-001

Finding Title: Segregation of Duties

Name of Contact Person Responsible for Corrective Action: Donna Hanson, Auditor-Treasurer

Corrective Action Planned: Norman County is well aware of the lack of segregation of duties within several county offices, and that with the limited number of personnel the segregation of accounting duties necessary to ensure adequate internal accounting controls is not possible. The Auditor-Treasurer's Office will continue to make diligent efforts to separate the custodial duties and the record-keeping duties when possible. I will continue to bring to department head meetings on occasion of the need to segregate duties if at all possible within each department when accepting funds, creating invoices, recording and reconciliation of accounts.

Anticipated Completion Date: Ongoing efforts, more than likely never corrected unless we would become a centralized accounting office, where there were no departmental accountants and all processes would be done within the centralized office.

Finding Number: 2019-002

Finding Title: Sheriff's Departmental Control Procedures

Name of Contact Person Responsible for Corrective Action:
Sheriff Jeremy Thornton

Corrective Action Planned:

Reconcile Checking accounts on the 1st business day of the month, assure all fees collected are deposited at same time but no longer than once each month.

Anticipated Completion Date:
October 1, 2020

Finding Number: 2019-003

Finding Title: Local Collaborative Time Study (LCTS) Reporting Program: Medical Assistance Program (CFDA No. 93.778)

Name of Contact Person Responsible for Corrective Action: Karen Mulari

Corrective Action Planned: 2020 LCTS reports will be revised to comply with DHS Bulletin 16-32-04 along with all future reports complying with Bulletin 16-32-04.

Anticipated Completion Date: 09-20-2020

Finding Number: 2019-004

Finding Title: Special Revenue Funds Cash Balance Deficits

Name of Contact Person Responsible for Corrective Action: Keith Berndt, County Engineer

Corrective Action Planned: The County Engineer will work with the Highway Department Accountant to more closely monitor the balance in the Highway fund. This will allow funds to be temporarily borrowed from another fund or adjustment to be made to the operations/purchases to prevent a deficit cash balance. At the end of November 2019 the fund appeared to have a sufficient cash balance to maintain a positive balance at the end of the year but the balance was not monitored during the month of December and ended up with a negative balance at the end of December.

Anticipated Completion Date: CY 2020

Finding Number: 2019-005

Finding Title: Solid Waste Special Revenue Fund Deficit Fund Balance

Name of Contact Person Responsible for Corrective Action: Garry Johanson

Corrective Action Planned: 2020 Budget increased the levy for Solid Waste fund to \$100,000 to hopefully move this fund into the black, however, with the cash deficit at the end of 2018 despite the \$50,000 transfer, we may not achieve this. Proposing an increase of \$5.00 to special assessment tipping fee per residential property, currently at \$75, to proposed of \$80. Also proposing a Solid Waste Assessment rate increase of 25% (8 cities, 3 school districts, 3 nursing homes, 1 hospital). Additionally, proposing an additional increase in the Solid Waste Levy of \$25,000 to \$27,500.

Anticipated Completion Date: End of CY 2021

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REPRESENTATION OF NORMAN COUNTY ADA, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2019

Finding Number: 1996-006

Finding Title: Segregation of Duties

Summary of Condition: Due to the limited number of personnel within several Norman County offices, segregation of accounting duties necessary to ensure adequate internal accounting control is not possible. The Auditor-Treasurer's Office generally tries to segregate the record-keeping function from the custody function. However, due to breaks, vacations, and illness, staff assigned record-keeping responsibilities may be required to assist in receipting collections, and staff assigned the custody functions may be required to assist in posting. The smaller fee offices generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

Summary of Corrective Action Previously Reported: This will be an ongoing problem due to the fact of the limited number of county staff working in financial positions. County officials and management will need to be vigilant in their efforts to ensure internal controls are in place and procedures are being followed. The Auditor-Treasurer is working to put in place a policy regarding journal entries in 2019 so that an additional person is aware of the journal entries being made. We have also withdrawn the ability for some individuals to make journal entries, although they never had made any, they now are not able to, thus tightening some controls. I will make mention of the need for department heads to have a watchful eye with regard to segregation of duties at Dept. Head meetings.

Status: Partially Corrected. We do not have a written policy for Journal Entries, but we have been having a second person look over the journal entries being made. The Deputy Auditor-Treasurer will generally have the Auditor-Treasurer look over the entries she is making, and the Social Services Fiscal Officer will have either the Auditor-Treasurer or Deputy Auditor-Treasurer look over the entries she is going to make. Department Head meetings have been few and far between but management has been reminded of the need for being vigilant in regard to segregation of duties.

As previously stated, with the limited number of employees working in financial positions, it will remain being a finding and an ever present issue to achieve segregation of duties.

Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 2018-001

Finding Title: Eligibility

Program: Medical Assistance Program (CFDA # 93.778)

Summary of Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. Of 40 Medical Assistance Program case files tested there was one instance in which redetermination was not completed within a 12-month period, one instance in which the amount input into MAXIS for a bank account was higher than the amount on the application and the verification obtained, two instances in which multiple vehicles were listed on the application and input into MAXIS with no verification of valuation on file, one instance in which the vehicle input into MAXIS did not match the vehicle listed on the application, one instance in which a bank account that was listed on the application and verified was not input into MAXIS, and two instances in which verified assets in a bank account were over the asset limit.

Summary of Corrective Action Previously Reported: Implement regular and ongoing random reviews of cases to determine that files and computer systems are updated timely and accurately with information needed to assure that eligibility determination is accurate.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 2018-002

Finding Title: Procurement, Suspension, and Debarment

Program: Medical Assistance Program (CFDA # 93.778)

Summary of Condition: For the five procurement transactions tested that were over the \$25,000 threshold, there was no verification performed by the County to determine whether vendors were debarred, suspended, or otherwise excluded.

Summary of Corrective Action Previously Reported: Procedures and tracking forms have been developed to review individuals and entities for suspension or debarment at initial contact and ongoing as required by utilization amounts, as per the procurement policy. Also, records will be kept of quotes attained for business engagements as identified in the procurement policy.

Status: Fully Corrected. Corrective action was taken.
Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 2018-003

Finding Title: Reporting

Program: Medical Assistance Program (CFDA # 93.778)

Summary of Condition: For reports that were submitted for 2018, there were significant errors in reported amounts, resulting in incorrect grant reimbursement to the County. For the LCTS Cost Schedules DHS-3220 reports, there was no documentation of supervisory review.

Summary of Corrective Action Previously Reported: Reports submitted that had been in error were fixed as the issues were identified in the audit process, so those errors have been addressed. Ongoing reports will continue to be reviewed by Fiscal Supervisor prior to submission.

Status: Fully Corrected. Corrective action was taken.
Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 2018-004

Finding Title: Publication of Financial Statements

Summary of Condition: The publication of the Norman County Summary of Financial Statements for 2017 provides the number of recipients paid under \$5,000 and total amount paid for the year, and the number of recipients paid \$5,000 or more and total amount paid for the year. For those recipients paid more than \$5,000 during the year, the amount paid to each was not included.

Summary of Corrective Action Previously Reported: When publishing the financial statement for 2018 in the county newspaper we will include a list of the recipients who were paid \$5,000 or more in 2018, and the amount paid to each recipient during the year.

Status: Fully Corrected. Corrective action was taken.
Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 2017-002

Finding Title: Solid Waste Special Revenue Fund Deficit Fund Balance

Summary of Condition: As of December 31, 2018, the assets in the County's Solid Waste Special Revenue Fund did not exceed liabilities, resulting in a deficit fund balance in the amount of \$63,513.

Summary of Corrective Action Previously Reported: The board has tasked Mr. Johanson and Mr. Stene with working through the Solid Waste budget to see why the fund is continually in the red. Hopefully at budget time some solutions will come forward to turn this fund around and get it working in the black on a continual basis. A/T Hanson will be watching the fund balance and if the board has not taken action earlier, at the second board meeting of December will propose a resolution to transfer funds to the Solid Waste fund to put it in the black at year end.

Status: Not Corrected. David Stene, CFO and Garry Johanson, ESO did work on trying to figure out ways to make this fund end with a positive balance, however, they were not successful. At one point in the year, Auditor-Treasurer Hanson suggested a resolution to transfer money to the fund from the General Fund, but this was not adopted. The board would ask Mr. Stene and Mr. Johanson to look at this again and try to come up with a different solution.