

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

**Norman County
Ada, Minnesota**

Year Ended December 31, 2021

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, 2021



Office of the State Auditor

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

**NORMAN COUNTY
ADA, MINNESOTA**

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INTRODUCTORY SECTION

**NORMAN COUNTY
ADA, MINNESOTA**

**ORGANIZATION
DECEMBER 31, 2021**

			<u>Term Expires</u>
Elected			
Commissioners			
Vice Chair	Marvin Gunderson	District 1	January 2025
Board Member	Nathan Redland	District 2	January 2023
Chair	Steve Jacobson	District 3	January 2025
Board Member	LeeAnn Hall	District 4	January 2023
Board Member	Steven Bommersbach	District 5	January 2025
Attorney	James Brue		January 2023*
County Sheriff	Jeremy Thornton		January 2023
Appointed			
Auditor-Treasurer	Donna Hanson		January 2023
Assessor	Jill Murray		December 2024
County Engineer	Keith Berndt		Indefinite
County Recorder	Stacy Erickson		January 2023
Court Administrator	Carissa Scholz		Indefinite
Emergency Services	Garry Johanson		Indefinite
Registrar of Deeds	Stacy Erickson		January 2023
Veterans Service Officer	John Rosenberger		Indefinite
Social Services Board			
Chair	Steve Jacobson		January 2025
Vice Chair	Marvin Gunderson		January 2025
Secretary	Nancy Rhen		Interim
Member	Nathan Redland		January 2023
Member	LeeAnn Hall		January 2023
Member	Angela Nelson		May 2023
Member	Steve Bommersbach		January 2025
Director	Nancy Rhen		Interim Director

*Resigned in 2022.

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Norman County
Ada, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed;
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; the budgetary comparison schedules for the General Fund and each major special revenue fund; Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits; PERA retirement plan schedules; and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 combining nonmajor fund financial statements; the budgetary comparison schedules for the County Homes, Public Health, and Solid Waste special revenue funds; combining fiduciary fund financial statements; Schedule of Deposits; Balance Sheet – By Ditch – Ditch Special Revenue and Ditch Debt Service Funds; Schedule of Intergovernmental Revenue; and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above 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 December 2, 2022, on our consideration of the 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 the 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 the County's internal control over financial reporting and compliance.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

December 2, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NORMAN COUNTY
ADA, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(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, 2021. 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 \$80,682,133 at the close of 2021. Of this amount, \$7,340,499 (unrestricted net position) may be used to meet Norman County's ongoing obligations to citizens and creditors.

The County's net position increased by \$4,599,492 for the year ended December 31, 2021.

At the close of 2021, Norman County's governmental funds reported combined ending fund balances of \$11,535,318, an increase of \$674,956 in comparison with the prior year.

At the close of 2021, unrestricted fund balance for the General Fund was \$5,860,608, or 100.77 percent, of total General Fund expenditures.

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 outflows of resources, liabilities, and deferred inflows 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, economic development, 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 ten individual governmental funds with the addition of the Opioid Settlement this year. 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 seven 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.

Reporting the County's Fiduciary Responsibilities

Norman County serves as a trustee or fiduciary over assets which can be used only for the trust beneficiaries, based on the trust arrangement. The County reports its fiduciary activities in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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, 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 Reserve 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 \$80,682,133 at the close of 2021. The largest portion of Norman County's net position (85.6 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

	2021	2020
Assets		
Current and other assets	\$ 17,266,591	\$ 15,196,197
Capital assets	<u>69,158,006</u>	<u>66,506,782</u>
Total Assets	<u>\$ 86,424,597</u>	<u>\$ 81,702,979</u>
Deferred Outflows of Resources		
Deferred pension outflows	\$ 2,338,019	\$ 585,020
Deferred other postemployment benefits outflows	<u>27,528</u>	<u>30,050</u>
Total Deferred Outflows of Resources	<u>\$ 2,365,547</u>	<u>\$ 615,070</u>
Liabilities		
Long-term liabilities outstanding	\$ 3,679,719	\$ 4,812,847
Other liabilities	<u>1,407,160</u>	<u>865,350</u>
Total Liabilities	<u>\$ 5,086,879</u>	<u>\$ 5,678,197</u>
Deferred Inflows of Resources		
Deferred pension inflows	\$ 2,959,966	\$ 469,746
Deferred other postemployment benefits inflows	22,040	29,389
Prepaid property taxes	<u>39,126</u>	<u>58,076</u>
Total Deferred Inflows of Resources	<u>\$ 3,021,132</u>	<u>\$ 557,211</u>
Net Position		
Investment in capital assets	\$ 69,059,020	\$ 66,506,782
Restricted	4,282,614	4,406,995
Unrestricted	<u>7,340,499</u>	<u>5,168,864</u>
Total Net Position, as reported	<u><u>\$ 80,682,133</u></u>	<u><u>\$ 76,082,641</u></u>

The unrestricted net position amount of \$7,340,499 as of December 31, 2021, may be used to meet the County's ongoing obligations to citizens and creditors.

Governmental Activities

Norman County's activities increased net position by \$4,599,492, or 6.05 percent, over the 2020 net position. The key elements of the increase were an increase in unrestricted funds as well as capital assets.

Changes in Net Position

	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 2,053,523	\$ 1,391,479
Operating grants and contributions	8,718,619	8,505,500
Capital grants and contributions	2,269,916	2,680,164
General revenues		
Property taxes	6,535,595	6,261,254
Gravel taxes	64,406	87,461
Wheelage tax	83,609	78,557
Grants and contributions not restricted to specific programs	723,971	727,566
Other	336,476	371,045
Total Revenues	<u>\$ 20,786,115</u>	<u>\$ 20,103,026</u>
Expenses		
General government	\$ 2,751,826	\$ 3,224,189
Public safety	2,097,757	1,827,472
Highways and streets	6,466,816	7,445,517
Sanitation	483,804	427,212
Human services	2,694,249	2,431,190
Health	1,032,255	1,156,399
Culture and recreation	178,240	292,486
Conservation of natural resources	478,493	411,388
Interest	3,183	6,745
Total Expenses	<u>\$ 16,186,623</u>	<u>\$ 17,222,598</u>
Increase (Decrease) in Net Position	\$ 4,599,492	\$ 2,880,428
Net Position, January 1	<u>76,082,641</u>	<u>73,202,213</u>
Net Position, December 31	<u><u>\$ 80,682,133</u></u>	<u><u>\$ 76,082,641</u></u>

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 \$11,535,318, an increase of \$674,956 (which includes a \$361,581 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 \$5,860,608, while total fund balance was \$6,820,260. 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 100.77 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, 2021, the unrestricted fund balance of the General Fund is well above the minimum balance established by the Board. In 2021, fund balance in the General Fund increased by \$34,880.

The Road and Bridge Special Revenue Fund's fund balance increased by \$760,045 in 2021.

The Social Services Special Revenue Fund's fund balance decreased by \$150,233 in 2021.

General Fund Budgetary Highlights

The actual revenues were higher than budgeted revenues by \$124,690, and actual expenditures were higher than budgeted expenditures by \$605,423. The largest revenue variance was in intergovernmental revenue received in excess of what was budgeted. The largest expenditure overrun variances were for county buildings and miscellaneous general government.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2021, was \$69,158,006 (net of accumulated depreciation). This investment in capital assets includes land; buildings; machinery, furniture, and equipment; and infrastructure. The total increase in Norman County's investment in capital assets for the current fiscal year was 3.99 percent.

Governmental Capital Assets (Net of Depreciation)		
	<u>2021</u>	<u>2020</u>
Land	\$ 1,616,791	\$ 1,157,737
Buildings	1,635,109	1,728,691
Machinery, furniture, and equipment	2,502,663	2,569,569
Infrastructure	<u>63,403,443</u>	<u>61,050,785</u>
Total	<u>\$ 69,158,006</u>	<u>\$ 66,506,782</u>

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 no bonded indebtedness, as the previous debt for the Perley and Hendrum dike projects was paid in full in February of 2021.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Norman County's elected and appointed officials considered many factors when setting the fiscal year 2022 budget, tax rates, and fees that will be charged for governmental activities.

- Norman County is 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.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021**

Assets

Cash and pooled investments	\$ 10,972,237
Taxes receivable – delinquent	96,575
Special assessments receivable	
Delinquent – net	27,425
Noncurrent – net	790,338
Accounts receivable	323,347
Accrued interest receivable	4,249
Due from other governments	3,581,026
Inventories	1,471,394
Capital assets	
Non-depreciable	1,616,791
Depreciable – net of accumulated depreciation	67,541,215
	<hr/>
Total Assets	\$ 86,424,597

Deferred Outflows of Resources

Deferred pension outflows	\$ 2,338,019
Deferred other postemployment benefits outflows	27,528
	<hr/>
Total Deferred Outflows of Resources	\$ 2,365,547

Liabilities

Accounts payable	\$ 267,863
Salaries payable	219,594
Contracts payable	208,973
Due to other governments	85,353
Customer deposits	6,242
Unearned revenue	619,135
Long-term liabilities	
Due within one year	228,194
Due in more than one year	444,402
Net pension liability	2,673,664
Other postemployment benefits liability	333,459
	<hr/>
Total Liabilities	\$ 5,086,879

Deferred Inflows of Resources

Deferred pension inflows	\$ 2,959,966
Deferred other postemployment benefits inflows	22,040
Prepaid property taxes	39,126
	<hr/>
Total Deferred Inflows of Resources	\$ 3,021,132

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

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**NORMAN COUNTY
ADA, MINNESOTA**

***EXHIBIT 1
(Continued)***

**STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021**

Net Position

Net investment in capital assets	\$ 69,059,020
Restricted for	
General government	183,859
Public safety	70,535
Highways and streets	2,695,976
Conservation of natural resources	1,332,244
Unrestricted	<u>7,340,499</u>
Total Net Position	<u><u>\$ 80,682,133</u></u>

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
<u>Functions/Programs</u>					
Primary government					
Governmental activities					
General government	\$ 2,751,826	\$ 250,904	\$ 137,183	\$ -	\$ (2,363,739)
Public safety	2,097,757	78,300	230,489	-	(1,788,968)
Highways and streets	6,466,816	100,628	5,270,669	2,269,916	1,174,397
Sanitation	483,804	305,642	71,066	-	(107,096)
Human services	2,694,249	203,821	1,703,756	-	(786,672)
Health	1,032,255	311,083	760,410	-	39,238
Culture and recreation	178,240	-	-	-	(178,240)
Conservation of natural resources	478,493	242,683	288,796	-	52,986
Economic development	-	560,462	256,250	-	816,712
Interest	3,183	-	-	-	(3,183)
Total Governmental Activities	\$ 16,186,623	\$ 2,053,523	\$ 8,718,619	\$ 2,269,916	\$ (3,144,565)
General Revenues					
Property taxes					\$ 6,535,595
Gravel taxes					64,406
Wheelage taxes					83,609
Grants and contributions not restricted to specific programs					723,971
Payments in lieu of tax					83,795
Investment earnings					51,355
Miscellaneous					201,326
Total general revenues					\$ 7,744,057
Change in net position					\$ 4,599,492
Net Position – Beginning					76,082,641
Net Position – Ending					\$ 80,682,133

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<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	\$ 7,523,314	\$ 700,444	\$ 1,552,622	\$ 1,189,357	\$ 10,965,737
Petty cash and change funds	6,200	200	-	100	6,500
Taxes receivable – delinquent	52,927	28,280	12,883	2,485	96,575
Special assessments receivable					
Delinquent	26,416	-	-	1,009	27,425
Noncurrent	560,462	-	-	229,876	790,338
Accounts receivable	18,970	6,350	8,984	289,043	323,347
Accrued interest receivable	4,249	-	-	-	4,249
Due from other funds	4,441	15,370	-	-	19,811
Due from other governments	43,426	3,136,867	191,095	207,005	3,578,393
Inventories	-	1,471,394	-	-	1,471,394
Total Assets	<u>\$ 8,240,405</u>	<u>\$ 5,358,905</u>	<u>\$ 1,765,584</u>	<u>\$ 1,918,875</u>	<u>\$ 17,283,769</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 41,075	\$ 134,382	\$ 53,105	\$ 39,301	\$ 267,863
Salaries payable	86,050	62,934	43,109	27,501	219,594
Contracts payable	-	208,973	-	-	208,973
Due to other funds	6,917	-	1,808	8,453	17,178
Due to other governments	18,763	6,389	10,024	50,177	85,353
Unearned revenue	619,135	-	-	-	619,135
Customer deposits	1,850	-	-	4,392	6,242
Total Liabilities	<u>\$ 773,790</u>	<u>\$ 412,678</u>	<u>\$ 108,046</u>	<u>\$ 129,824</u>	<u>\$ 1,424,338</u>
Deferred Inflows of Resources					
Unavailable revenue	\$ 625,608	\$ 3,083,688	\$ 27,806	\$ 547,885	\$ 4,284,987
Prepaid property taxes	20,747	11,070	5,018	2,291	39,126
Total Deferred Inflows of Resources	<u>\$ 646,355</u>	<u>\$ 3,094,758</u>	<u>\$ 32,824</u>	<u>\$ 550,176</u>	<u>\$ 4,324,113</u>

**NORMAN COUNTY
ADA, MINNESOTA**

**EXHIBIT 3
(Continued)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<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	\$ -	\$ 1,471,394	\$ -	\$ -	\$ 1,471,394
Restricted for					
Debt service	-	-	-	919	919
Law library	48,481	-	-	-	48,481
Recorder's technology and equipment	21,753	-	-	-	21,753
Real estate tax shortfall	61,760	-	-	-	61,760
E-911	38,027	-	-	-	38,027
Recorder's enhancements	44,290	-	-	-	44,290
Gravel pit restoration	-	-	-	176,619	176,619
Ditch maintenance and construction	-	-	-	450,367	450,367
K-9 unit	7,128	-	-	-	7,128
Law enforcement	25,380	-	-	-	25,380
Prosecutorial purposes	7,575	-	-	-	7,575
Enforce riparian protection	705,258	-	-	-	705,258
Committed to					
Election equipment	90,500	-	-	-	90,500
Sheriff's contingencies	5,000	-	-	-	5,000
Assigned to					
Highways and streets	-	380,075	-	-	380,075
Human services	-	-	1,624,714	-	1,624,714
County homes	-	-	-	161,101	161,101
Health	-	-	-	438,908	438,908
Sanitation	-	-	-	34,197	34,197
Unassigned	5,765,108	-	-	(23,236)	5,741,872
Total Fund Balances	\$ 6,820,260	\$ 1,851,469	\$ 1,624,714	\$ 1,238,875	\$ 11,535,318
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,240,405	\$ 5,358,905	\$ 1,765,584	\$ 1,918,875	\$ 17,283,769

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION—GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021**

Fund balance – total governmental funds (Exhibit 3)		\$ 11,535,318
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.		69,158,006
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.		2,338,019
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		4,284,987
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital lease	\$ (98,986)	
Compensated absences	(573,610)	
Other postemployment benefits liability	(333,459)	
Net pension liability	<u>(2,673,664)</u>	(3,679,719)
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(2,959,966)
Deferred inflows of resources resulting from changes in the components of the other postemployment benefits liability are not reported in the governmental funds.		(22,040)
Deferred outflows of resources resulting from changes in the components of the other postemployment benefits liability are not reported in the governmental funds.		<u>27,528</u>
Net Position of Governmental Activities (Exhibit 1)		<u>\$ 80,682,133</u>

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Revenues					
Taxes	\$ 3,599,348	\$ 2,011,051	\$ 841,027	\$ 228,398	\$ 6,679,824
Special assessments	283,531	-	-	162,591	446,122
Licenses and permits	19,638	-	-	400	20,038
Intergovernmental	1,521,310	7,665,036	1,522,104	859,965	11,568,415
Charges for services	180,334	100,606	179,652	421,353	881,945
Investment earnings	51,355	-	-	-	51,355
Miscellaneous	104,296	102,514	24,169	41,766	272,745
Total Revenues	\$ 5,759,812	\$ 9,879,207	\$ 2,566,952	\$ 1,714,473	\$ 19,920,444
Expenditures					
Current					
General government	\$ 2,989,854	\$ -	\$ -	\$ 22,248	\$ 3,012,102
Public safety	2,114,196	-	-	-	2,114,196
Highways and streets	-	9,074,292	-	-	9,074,292
Sanitation	-	-	-	479,093	479,093
Human services	2,850	-	2,735,461	-	2,738,311
Health	238,762	-	-	846,026	1,084,788
Culture and recreation	168,170	-	-	-	168,170
Conservation of natural resources	287,709	-	-	191,667	479,376
Intergovernmental					
Highways and streets	-	406,451	-	-	406,451
Debt service					
Principal	11,544	-	642	141,824	154,010
Interest	2,460	-	165	3,351	5,976
Total Expenditures	\$ 5,815,545	\$ 9,480,743	\$ 2,736,268	\$ 1,684,209	\$ 19,716,765
Excess of Revenues Over (Under) Expenditures	\$ (55,733)	\$ 398,464	\$ (169,316)	\$ 30,264	\$ 203,679
Other Financing Sources (Uses)					
Proceeds from capital lease	90,613	-	19,083	-	109,696
Net Change in Fund Balance	\$ 34,880	\$ 398,464	\$ (150,233)	\$ 30,264	\$ 313,375
Fund Balance – January 1	6,785,380	1,091,424	1,774,947	1,208,611	10,860,362
Increase (decrease) in inventories	-	361,581	-	-	361,581
Fund Balance – December 31	\$ 6,820,260	\$ 1,851,469	\$ 1,624,714	\$ 1,238,875	\$ 11,535,318

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

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**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, 2021**

Net change in fund balance – total governmental funds (Exhibit 5) **\$ 313,375**

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	\$ 5,021,666	
Current year depreciation	<u>(2,370,442)</u>	2,651,224

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	\$ 4,284,987	
Unavailable revenue – January 1	<u>(3,415,202)</u>	869,785

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.

New debt issued		
Capital lease purchase		(109,696)
Principal repayments		
General obligation bonds	\$ 143,300	
Capital leases	<u>10,710</u>	154,010

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	\$ 2,793	
Change in compensated absences	50,095	
Change in other postemployment benefits liability	(16,050)	
Change in net pension liability	1,054,769	
Change in deferred pension outflows	1,752,999	
Change in deferred pension inflows	(2,490,220)	
Change in deferred other postemployment benefits outflows	(2,522)	
Change in deferred other postemployment benefits inflows	7,349	
Change in inventories	<u>361,581</u>	<u>720,794</u>

Change in Net Position of Governmental Activities (Exhibit 2) **\$ 4,599,492**

FIDUCIARY FUNDS

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<u>Assets</u>		
Cash and pooled investments	\$ 3,928	\$ 426,693
Taxes receivable for other governments	-	249,538
Accounts receivable	-	7,646
Due from other funds	-	800
Due from other governments	-	2,203
Loans receivable	-	49,725
Total Assets	\$ 3,928	\$ 736,605
<u>Liabilities</u>		
Due to other governments	\$ -	\$ 235,931
Due to other funds	-	3,433
Due to others	-	262
Total Liabilities	\$ -	\$ 239,626
<u>Deferred Inflows of Resources</u>		
Prepaid taxes	\$ -	\$ 22,558
<u>Net Position</u>		
Restricted for		
Individuals, organizations, other government:	\$ 3,928	\$ 474,421

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT 8

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Additions		
Contributions		
Individuals	\$ 91,736	\$ 20,084
Property tax collections for other governments	-	6,127,986
Administration fees	-	15,902
Contributions from participants	-	11,580
Grants received	-	16,300
Grant match from participants	-	1,654
Payments from the state	-	998
License and fees collected for the state	-	267,527
Fuel sales	-	7,530
Rent	-	3,000
Miscellaneous	-	456
Total Additions	\$ 91,736	\$ 6,473,017
Deductions		
Beneficiary payments to individuals	\$ 95,900	\$ -
Payments of property tax to other governments	-	6,137,448
Payments to the state	-	287,611
Administrative expense	-	15,871
Operating expense	-	15,218
Distributions to participants	-	21,000
Total Deductions	\$ 95,900	\$ 6,477,148
Change in net position	\$ (4,164)	\$ (4,131)
Net Position – January 1	8,092	478,552
Net Position – December 31	\$ 3,928	\$ 474,421

**NORMAN COUNTY
ADA, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021. 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, receivables, and deferred inflows and outflows of resources, as well as long-term debt and obligations. The

**NORMAN COUNTY
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

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.

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

**NORMAN COUNTY
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

Additionally, the County reports the following fund types:

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

The Social Welfare Private-Purpose Trust Fund accounts for funds held in trust that the County acts on behalf of individuals as representative payee.

Custodial funds are custodial in nature. These funds account for activity that the County holds for others in an agent capacity.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 taxes are recognized as revenues in the year for which they are levied, provided they are also available. Shared revenues are generally recognized in the period the appropriation goes into effect and the revenues are available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and are available. 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, 2021. 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 2021 were \$51,355.

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 payable in the years 2016 to 2021 and noncurrent special assessments payable in 2021 and after. Special assessments receivable also consist of a special assessment authorized by the County as a pass-through entity for the St. Paul Port Authority to administer the Property Assessed Clean Energy (PACE) financing program. As part of the agreement, the County levies special assessments on each parcel each year and sends the payment to the St. Paul Port Authority to pay the debt service. No provision has been made for an estimated uncollectible amount.

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:

**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)

<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.

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 net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets 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, they are reported only in the statement of net position.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Currently, the County has four types of deferred inflows—unavailable revenue, prepaid property taxes, deferred pension inflows, and OPEB 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

**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)

only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. 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.

10. Classification of Net Position

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

**NORMAN COUNTY
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

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

10. Classification of Net Position (Continued)

Net investment in capital assets – represents capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

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

Unrestricted net position – the amount of net position that does not meet the definition of restricted or 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.

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.

**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)

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 Board. In the event of projected revenue shortfalls, it is the responsibility of the County Auditor-Treasurer to report the projections to the County Board on a quarterly basis.

**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 three-fifths 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

Excess of Expenditures Over Budget

The following nonmajor fund had expenditures in excess of budget for the year ended December 31, 2021.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Solid Waste Special Revenue Fund	\$ 479,093	\$ 472,552	\$ 6,541

**NORMAN COUNTY
ADA, MINNESOTA**

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	\$ 10,972,237
Fiduciary funds	
Cash and pooled investments	<u>430,621</u>
Total Cash and Pooled Investments	<u>\$ 11,402,858</u>

a. Deposits

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

Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

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, 2021, the County's deposits were not exposed to custodial credit risk.

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments (Continued)

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;
- (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.

During the year ended December 31, 2021, the County had no investments.

**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, 2021, for the County's governmental activities are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	\$ 96,575	\$ -
Special assessments – delinquent	27,425	-
Special assessments – noncurrent	790,338	508,018
Accounts	323,347	-
Interest	4,249	-
Due from other governments	3,581,026	-
	<u>4,822,960</u>	<u>508,018</u>
Total	<u>\$ 4,822,960</u>	<u>\$ 508,018</u>

3. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,157,737	\$ 459,054	\$ -	\$ 1,616,791
Capital assets depreciated				
Buildings	\$ 4,043,756	\$ -	\$ -	\$ 4,043,756
Machinery, furniture, and equipment	6,772,772	455,110	-	7,227,882
Infrastructure	89,228,824	4,107,502	-	93,336,326
Total capital assets depreciated	\$ 100,045,352	\$ 4,562,612	\$ -	\$ 104,607,964
Less: accumulated depreciation for				
Buildings	\$ 2,315,065	\$ 93,582	\$ -	\$ 2,408,647
Machinery, furniture, and equipment	4,203,203	522,016	-	4,725,219
Infrastructure	28,178,039	1,754,844	-	29,932,883
Total accumulated depreciation	\$ 34,696,307	\$ 2,370,442	\$ -	\$ 37,066,749
Total capital assets depreciated, net	\$ 65,349,045	\$ 2,192,170	\$ -	\$ 67,541,215
Governmental Activities Capital Assets, Net	<u>\$ 66,506,782</u>	<u>\$ 2,651,224</u>	<u>\$ -</u>	<u>\$ 69,158,006</u>

**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	\$ 88,836
Public safety	93,193
Culture and recreation	11,610
Public health	1,167
Highways and streets, including depreciation of infrastructure assets	2,152,620
Human services	<u>23,016</u>
Total Depreciation Expense	<u>\$ 2,370,442</u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2021, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Social Services Special Revenue Fund	\$ 1,008
	State Revenue Custodial Fund	<u>3,433</u>
Total due to General Fund		<u>\$ 4,441</u>
Road and Bridge Special Revenue Fund	General Fund	\$ 6,917
	Ditch Special Revenue Fund	5,006
	Solid Waste Special Revenue Fund	<u>3,447</u>
Total due to Road and Bridge Special Revenue Fund		<u>\$ 15,370</u>
Children's Collaborative Custodial Fund	Social Services Special Revenue Fund	<u>\$ 800</u>
Total Due To/From Other Funds		<u>\$ 20,611</u>

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.

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources

1. Payables

Payables at December 31, 2021, were as follows:

Accounts	\$ 267,863
Salaries	219,594
Contracts	208,973
Due to other governments	85,353
Customer deposits	<u>6,242</u>
Total Payables	<u>\$ 788,025</u>

2. Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of certain equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Payments on these lease agreements are made from the General Fund and Social Services Special Revenue Fund. These capital leases consist of various vehicles. The leases mature in 2025. Original balances for these range from \$19,083 to \$22,653, with outstanding balances ranging from \$18,441 to \$20,136. The total outstanding balance of the remaining leases at year-end is \$98,986.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>
2022	\$ 34,004
2023	34,004
2024	34,004
2025	<u>21,477</u>
Total minimum lease payments	\$ 123,489
Less: amount representing interest	<u>(24,503)</u>
Present Value of Minimum Lease Payments	<u>\$ 98,986</u>

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 143,300	\$ -	\$ 143,300	\$ -	\$ -
Capital leases	-	109,696	10,710	98,986	27,278
Compensated absences	623,705	404,559	454,654	573,610	200,916
Total Long-Term Liabilities	<u>\$ 767,005</u>	<u>\$ 514,255</u>	<u>\$ 608,664</u>	<u>\$ 672,596</u>	<u>\$ 228,194</u>

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

4. Unearned Revenue, Deferred Inflows of Resources – Unavailable Revenue, and Prepaid Taxes

Unearned revenue consists of federal grants received but not yet earned. Unavailable revenue consists of taxes, special assessments, state and/or federal grants and highway users tax allotments, and other receivables not collected soon enough after year-end to pay liabilities of the current period. Prepaid property taxes consist of the County's share of property taxes and special assessments collected in advance. Unearned revenue and deferred inflows of resources at December 31, 2021, are summarized below by fund.

	Taxes	Special Assessments	Grants and Allotments	Other	Total
Major governmental funds					
General	\$ 63,673	\$ 582,682	\$ 619,135	\$ -	\$ 1,265,490
Special Revenue					
Road and Bridge	33,838	-	3,059,040	1,880	3,094,758
Social Services	15,435	-	17,389	-	32,824
Nonmajor governmental funds					
Ditch Debt Service	188	-	-	-	188
Special Revenue					
Ditch	1,031	229,876	-	-	230,907
Public Health	1,280	-	46,995	-	48,275
Opioid Settlement	-	-	-	241,460	241,460
Solid Waste	2,326	27,020	-	-	29,346
Total	<u>\$ 117,771</u>	<u>\$ 839,578</u>	<u>\$ 3,742,559</u>	<u>\$ 243,340</u>	<u>\$ 4,943,248</u>

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

4. Unearned Revenue, Deferred Inflows of Resources – Unavailable Revenue, and Prepaid Taxes (Continued)

	Taxes	Special Assessments	Grants and Allotments	Other	Total
Liability					
Unearned revenue	\$ -	\$ -	\$ 619,135	\$ -	\$ 619,135
Deferred inflows of resources					
Unavailable revenue	78,645	839,578	3,123,424	243,340	4,284,987
Prepaid taxes	39,126	-	-	-	39,126
Total	<u>\$ 117,771</u>	<u>\$ 839,578</u>	<u>\$ 3,742,559</u>	<u>\$ 243,340</u>	<u>\$ 4,943,248</u>

5. Commitments

Norman County has a commitment as of December 31, 2021, to purchase two plow trucks for \$116,130 each.

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, 2020, actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Active plan participants	<u>82</u>
Total	<u>86</u>

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB) (Continued)

2. Total OPEB Liability

The County's total OPEB liability of \$333,459 was measured as of January 1, 2021, determined by an actuarial valuation as of January 1, 2020. The OPEB liability is liquidated through the General Fund and other governmental funds that have personal service expenditures.

The total OPEB liability in the fiscal year-end December 31, 2021, 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	Service graded table
Health care cost trend	6.25 percent, decreasing 0.25 percent per year to an ultimate rate of 5.00 percent

The current year discount rate is 2.90 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 Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2019 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.

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB) (Continued)

3. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at December 31, 2020	\$ 317,409
Changes for the year	
Service cost	\$ 34,022
Interest	9,792
Benefit payments	<u>(27,764)</u>
Net change	<u>\$ 16,050</u>
Balance at December 31, 2021	<u><u>\$ 333,459</u></u>

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:

	<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% Decrease	1.90%	\$ 353,960
Current	2.90	333,459
1% Increase	3.90	314,036

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:

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

4. OPEB Liability Sensitivity (Continued)

	<u>Health Care Trend Rate</u>	<u>Total OPEB Liability</u>
1% Decrease	5.25% Decreasing to 4.00%	\$ 299,354
Current	6.25% Decreasing to 5.00%	333,459
1% Increase	7.25% Decreasing to 6.00%	373,730

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

For the year ended December 31, 2021, the County recognized OPEB expense of \$11,223. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability gains	\$ -	\$ 18,278
Assumption changes	1,714	3,762
Contributions made subsequent to the measurement date	25,814	-
Total	<u>\$ 27,528</u>	<u>\$ 22,040</u>

The \$25,814 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31</u>	<u>OPEB Expense Amount</u>
2022	\$ (6,776)
2023	(6,776)
2024	(6,774)

**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 the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No 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.

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

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. 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. Rates did not change from 2020.

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

c. Contributions (Continued)

In 2021, the County and members were required to contribute the following percentages of annual covered salary:

	Member Required Contribution	Employer Required Contribution
General Employees Plan – Coordinated Plan members	6.50%	7.50%
Police and Fire Plan	11.80	17.70

The County's contributions for the year ended December 31, 2021, to the pension plans were:

General Employees Plan	\$	298,469
Police and Fire Plan		89,008

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

d. Pension Costs

General Employees Plan

At December 31, 2021, the County reported a liability of \$2,340,206 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the County's proportion was 0.0548 percent. It was 0.0528 percent measured as of June 30, 2020. The County recognized pension expense of \$76,470 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 \$5,769 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031.

The County's proportionate share of the net pension liability	\$ 2,340,206
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>71,499</u>
Total	<u>\$ 2,411,705</u>

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 13,721	\$ 71,314
Changes in actuarial assumptions	1,428,881	49,727
Difference between projected and actual investment earnings	-	2,033,187
Changes in proportion	103,753	2,773
Contributions paid to PERA subsequent to the measurement date	<u>150,121</u>	<u>-</u>
Total	<u>\$ 1,696,476</u>	<u>\$ 2,157,001</u>

**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 \$150,121 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, 2022. 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>
2022	\$ (66,128)
2023	(577)
2024	8,851
2025	(552,792)

Police and Fire Plan

At December 31, 2021, the County reported a liability of \$333,458 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the County's proportion was 0.0432 percent. It was 0.0427 percent measured as of June 30, 2020. The County recognized pension expense of \$5,844 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 State of Minnesota also contributed \$18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation.

Legislation requires the State of Minnesota to pay direct state aid of \$9 million on October 1, 2020, and to pay \$9 million by October 1 of each subsequent year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional \$2,728 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

The County's proportionate share of the net pension liability	\$ 333,458
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>14,977</u>
Total	<u>\$ 348,435</u>

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized \$3,888 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan.

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

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 63,421	\$ -
Changes in actuarial assumptions	490,096	155,331
Difference between projected and actual investment earnings	-	636,974
Changes in proportion	44,965	10,660
Contributions paid to PERA subsequent to the measurement date	43,061	-
Total	<u>\$ 641,543</u>	<u>\$ 802,965</u>

The \$43,061 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2022	\$ (181,018)
2023	(26,400)
2024	(37,986)
2025	(67,468)
2026	108,389

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2021, was \$82,314.

e. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

	<u>General Employees Fund</u>	<u>Police and Fire Fund</u>
Inflation	2.25% per year	2.25% per year
Active Member Payroll Growth	3.00% per year	3.00% per year
Investment Rate of Return	6.50%	6.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table for the General Employees Plan and the Pub-2010 Public Safety Employee Mortality tables for the Police and Fire Plan, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. The experience study for the Police and Fire Plan was dated July 14, 2020. For both plans, a review of inflation and investment assumptions dated June 24, 2021, was utilized.

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments is 6.50 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 equities	33.50%	5.10%
International equities	16.50	5.30
Fixed income	25.00	0.75
Private markets	25.00	5.90

f. Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent in 2021, which is a decrease of one percent from 2020. 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.

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

g. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2021:

General Employees Plan

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Police and Fire Plan

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).

**NORMAN COUNTY
ADA, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions

Police and Fire Plan (Continued)

- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25 - 44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

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 (Asset)
1% Decrease	6.50%	\$ 4,772,825	6.50%	\$ 1,058,673
Current	7.50	2,340,206	7.50	333,458
1% Increase	8.50	344,093	8.50	(261,039)

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.

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, 2021, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 2,118	\$ 2,118
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 2021 and 2022. 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
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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 2021, 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 2021 was \$553,749.

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 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,

**NORMAN COUNTY
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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

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

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 2021 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.

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.

**NORMAN COUNTY
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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Northwest Regional Development Commission (Continued)

Financing is provided by appropriations from member parties and by state and federal grants. During 2021, 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, Mahnomen, 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.

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

**NORMAN COUNTY
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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Northwest Minnesota Regional Emergency Communications Board (Continued)

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. During 2021, Norman County did not provide any contributions to this organization.

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
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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 2021, 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
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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.

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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 2021, 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 2021, 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.

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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 2021.

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

Minnesota Rural Counties

Minnesota Rural Counties was established in 1997 and includes Aitkin, Becker, Beltrami, Big Stone, Clay, Clearwater, Cottonwood, Douglas, Grant, Itasca, Kittson, Koochiching, Lake of the Woods, Mahnomen, Marshall, McLeod, Mille Lacs, Morrison, Norman, Pennington, Polk, Pope, Red Lake, Renville, Roseau, Stevens, Todd, Traverse, Wadena, Watonwan, and Wilkin Counties. Control of Minnesota Rural Counties is vested in the Minnesota Rural Counties 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.

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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 2021, Norman County provided \$104,480 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 who can work on a variety of community or state projects. Private funding, funds from

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5. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations

Sentencing to Service (Continued)

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 2021.

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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. During 2021, Norman County did not contribute to the Polk-Norman-Mahnomen Community Health Board.

**NORMAN COUNTY
ADA, MINNESOTA**

6. Subsequent Events

COVID-19 Pandemic

On March 11, 2021, the President of the United States signed an amended version of the COVID Relief Package, the American Rescue Plan, which includes \$65.1 billion in direct, flexible aid for counties in the United States of America. The U.S. Department of the Treasury will oversee and administer payments of the State and Local Coronavirus Recovery Funds to state and local governments; every county is eligible to receive a direct allocation from the Treasury. Counties will receive funds in two tranches—50 percent in 2021, and the remaining 50 percent no earlier than 12 month from the first payment. The U.S. Treasury is required to pay the first tranche to counties no later than 60 days after enactment. Norman County's projected allocation of the State and Local Coronavirus Recovery Funds is \$ 1,238,269. The first tranche of \$619,134.50 was received on July 16, 2021.

Opioid Settlement

During 2022, final settlement agreements were reached with pharmaceutical companies and distributors as part of the National Prescription Opiate Litigation. For Norman County, the amount to be received as a result of this litigation is \$241,460, to be received over 18 years, which has been recorded as a receivable in the current year. The Minnesota Opioids State-Subdivision Memorandum of Agreement was signed January 24, 2022.

Bond Issue

The County approved issuance of \$8,535,000 General Obligation Capital Improvement Plan Bonds, Series 2022A, on March 17, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT A-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 3,537,283	\$ 3,537,283	\$ 3,599,348	\$ 62,065
Special assessments	320,475	320,475	283,531	(36,944)
Licenses and permits	9,920	9,920	19,638	9,718
Intergovernmental	1,347,680	1,354,918	1,521,310	166,392
Charges for services	291,650	291,650	180,334	(111,316)
Gifts and contributions	1,000	1,000	-	(1,000)
Investment earnings	40,017	40,017	51,355	11,338
Miscellaneous	79,859	79,859	104,296	24,437
Total Revenues	\$ 5,627,884	\$ 5,635,122	\$ 5,759,812	\$ 124,690
Expenditures				
Current				
General government				
Commissioners	\$ 221,448	\$ 221,448	\$ 219,137	\$ 2,311
Courts	30,000	30,000	16,095	13,905
County auditor-treasurer	307,756	307,756	313,573	(5,817)
County assessor	286,444	286,444	265,071	21,373
Elections	19,255	19,255	3,462	15,793
Chief financial officer	102,858	102,858	103,744	(886)
Human resources	54,475	54,475	47,514	6,961
Accounting and auditing	60,000	60,000	93,313	(33,313)
Data processing	65,500	65,500	67,266	(1,766)
Attorney	216,403	216,403	205,735	10,668
Victim assistance	63,889	63,889	60,448	3,441
Recorder	325,945	325,945	276,010	49,935
Planning and zoning	30,380	30,380	31,474	(1,094)
County buildings	58,100	58,100	409,241	(351,141)
Buildings and plant	171,234	171,234	164,693	6,541
Veterans service officer	75,234	75,234	73,618	1,616
Cemeteries	-	-	1,400	(1,400)
Miscellaneous – general government	257,674	241,820	638,060	(396,240)
Total general government	\$ 2,346,595	\$ 2,330,741	\$ 2,989,854	\$ (659,113)

**NORMAN COUNTY
ADA, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 1,221,269	\$ 1,237,123	\$ 1,327,706	\$ (90,583)
K-9 unit	650	650	2,004	(1,354)
Coroner	18,026	18,026	16,253	1,773
Hazardous materials training	5,500	5,500	5,241	259
Safety coordinator	5,987	5,987	4,953	1,034
E-911 system	61,500	61,500	146,908	(85,408)
Community corrections	553,750	553,750	553,749	1
Civil defense	37,701	37,701	38,220	(519)
Police and fire	1,710	1,710	1,075	635
Other public safety	11,990	19,228	18,087	1,141
Total public safety	\$ 1,918,083	\$ 1,941,175	\$ 2,114,196	\$ (173,021)
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	\$ 240,000	\$ 240,000	\$ 224,485	\$ 15,515
Wellness program	7,000	7,000	14,277	(7,277)
Total health	\$ 247,000	\$ 247,000	\$ 238,762	\$ 8,238
Culture and recreation				
Historical society	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Agassiz trail project	250,000	250,000	47,790	202,210
Winter shows	900	900	900	-
County library	104,480	104,480	104,480	-
Celebrations	420	420	-	420
Total culture and recreation	\$ 370,800	\$ 370,800	\$ 168,170	\$ 202,630

**NORMAN COUNTY
ADA, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Conservation of natural resources				
Cooperative extension	\$ 127,485	\$ 127,485	\$ 117,258	\$ 10,227
Soil and water conservation	65,200	65,200	65,200	-
Agricultural society	12,150	12,150	12,150	-
Aquatic invasive species	13,165	13,165	13,165	-
Riparian protection aid	43,878	43,878	47,824	(3,946)
Forfeited tax	-	-	(12,162)	12,162
Weed control	19,342	19,342	10,065	9,277
Predator control	4,186	4,186	5,333	(1,147)
Water planning	32,150	32,150	28,876	3,274
Total conservation of natural resources	\$ 317,556	\$ 317,556	\$ 287,709	\$ 29,847
Debt service				
Principal	\$ -	\$ -	\$ 11,544	\$ (11,544)
Interest	-	-	2,460	(2,460)
Total debt service	\$ -	\$ -	\$ 14,004	\$ (14,004)
Total Expenditures	\$ 5,202,884	\$ 5,210,122	\$ 5,815,545	\$ (605,423)
Excess of Revenues Over (Under) Expenditures	\$ 425,000	\$ 425,000	\$ (55,733)	\$ (480,733)
Other Financing Sources (Uses)				
Proceeds from capital lease	-	-	90,613	90,613
Net Change in Fund Balance	\$ 425,000	\$ 425,000	\$ 34,880	\$ (390,120)
Fund Balance – January 1	6,785,380	6,785,380	6,785,380	-
Fund Balance – December 31	\$ 7,210,380	\$ 7,210,380	\$ 6,820,260	\$ (390,120)

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT A-2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 2,094,731	\$ 2,094,731	\$ 2,011,051	\$ (83,680)
Intergovernmental	6,637,501	6,637,501	7,665,036	1,027,535
Charges for services	40,000	40,000	100,606	60,606
Miscellaneous	40,000	40,000	102,514	62,514
Total Revenues	\$ 8,812,232	\$ 8,812,232	\$ 9,879,207	\$ 1,066,975
Expenditures				
Current				
Highways and streets				
Administration	\$ 398,506	\$ 398,506	\$ 355,215	\$ 43,291
Maintenance	2,682,436	2,682,436	3,072,091	(389,655)
Construction	4,959,943	4,959,943	4,856,380	103,563
Equipment and maintenance shop	771,347	771,347	790,606	(19,259)
Total highways and streets	\$ 8,812,232	\$ 8,812,232	\$ 9,074,292	\$ (262,060)
Intergovernmental				
Highways and streets	-	-	406,451	(406,451)
Total Expenditures	\$ 8,812,232	\$ 8,812,232	\$ 9,480,743	\$ (668,511)
Net Change in Fund Balance	\$ -	\$ -	\$ 398,464	\$ 398,464
Fund Balance – January 1	1,091,424	1,091,424	1,091,424	-
Increase (decrease) in inventories	-	-	361,581	361,581
Fund Balance – December 31	\$ 1,091,424	\$ 1,091,424	\$ 1,851,469	\$ 760,045

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT A-3

**BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 869,649	\$ 869,649	\$ 841,027	\$ (28,622)
Intergovernmental	1,581,847	1,581,847	1,522,104	(59,743)
Charges for services	158,596	158,596	179,652	21,056
Miscellaneous	27,050	27,050	24,169	(2,881)
Total Revenues	\$ 2,637,142	\$ 2,637,142	\$ 2,566,952	\$ (70,190)
Expenditures				
Current				
Human services				
Income maintenance	\$ 847,780	\$ 847,780	\$ 918,427	\$ (70,647)
Social services	1,789,362	1,789,362	1,817,034	(27,672)
Total human services	\$ 2,637,142	\$ 2,637,142	\$ 2,735,461	\$ (98,319)
Debt service				
Principal	\$ -	\$ -	\$ 642	\$ (642)
Interest	-	-	165	(165)
Total debt service	\$ -	\$ -	\$ 807	\$ (807)
Total Expenditures	\$ 2,637,142	\$ 2,637,142	\$ 2,736,268	\$ (99,126)
Net Change in Fund Balance	\$ -	\$ -	\$ (169,316)	\$ (169,316)
Other Financing Sources (Uses)				
Capital lease/installment purchase	-	-	19,083	(19,083)
Net Change in Fund Balance	\$ -	\$ -	\$ (150,233)	\$ (188,399)
Fund Balance – January 1	1,774,947	1,774,947	1,774,947	-
Fund Balance – December 31	\$ 1,774,947	\$ 1,774,947	\$ 1,624,714	\$ (188,399)

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT A-4

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 34,022	\$ 33,031	\$ 31,549	\$ 32,859
Interest	9,792	13,122	10,915	10,565
Differences between expected and actual experience	-	(30,466)	-	-
Changes of assumption or other inputs	-	2,858	(7,527)	-
Benefit payments	<u>(27,764)</u>	<u>(26,570)</u>	<u>(17,310)</u>	<u>(45,450)</u>
Net change in total OPEB liability	\$ 16,050	\$ (8,025)	\$ 17,627	\$ (2,026)
Total OPEB Liability – Beginning	<u>317,409</u>	<u>325,434</u>	<u>307,807</u>	<u>309,833</u>
Total OPEB Liability – Ending	<u><u>\$ 333,459</u></u>	<u><u>\$ 317,409</u></u>	<u><u>\$ 325,434</u></u>	<u><u>\$ 307,807</u></u>
 Covered-employee payroll	 \$ 4,468,495	 \$ 4,338,345	 \$ 4,232,351	 \$ 4,109,079
Total OPEB liability (asset) as a percentage of covered-employee payroll	7.46%	7.32%	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, 2021**

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
2021	0.0548 %	\$ 2,340,206	\$ 71,499	\$ 2,411,705	\$ 3,943,697	59.34 %	87.00 %
2020	0.0528	3,165,601	97,565	3,263,166	3,764,703	84.09	79.06
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, 2021**

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)
2021	\$ 298,469	\$ 298,469	\$ -	\$ 3,979,589	7.50 %
2020	289,737	289,737	-	3,863,163	7.50
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, 2021**

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
2021	0.043 %	\$ 333,458	\$ 14,977	\$ 348,435	\$ 510,198	68.29 %	93.66 %
2020	0.043	562,832	13,258	576,090	481,294	119.70	87.19
2019	0.044	470,554	N/A	470,554	466,079	100.96	89.26
2018	0.041	438,084	N/A	438,084	433,079	101.16	88.84
2017	0.036	486,043	N/A	486,043	370,478	131.19	85.43
2016	0.036	1,444,743	N/A	1,444,743	346,715	416.69	63.88
2015	0.034	386,320	N/A	386,320	307,937	125.45	86.61

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

The measurement date for each year is June 30.

N/A – Not Applicable

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT A-8

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2021**

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)
2021	\$ 89,008	\$ 89,008	\$ -	\$ 502,870	17.70 %
2020	87,041	87,041	-	491,759	17.70
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
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**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

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.

2. Budget Amendments

Expenditure budgets were amended for the following fund:

	<u>Original Budget</u>	<u>Increase (Decrease)</u>	<u>Final Budget</u>
General Fund	\$ 5,202,884	\$ 7,238	\$ 5,210,122

3. Excess of Expenditures Over Budget

The following major funds had expenditures in excess of budget for the year ended December 31, 2021.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 5,815,545	\$ 5,210,122	\$ 605,423
Road and Bridge Special Revenue Fund	9,480,743	8,812,232	668,511
Social Services Special Revenue Fund	2,736,268	2,637,142	99,126

**NORMAN COUNTY
ADA, MINNESOTA**

4. 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.

5. 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.

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

The following changes were reflected in the valuation performed for the County's other postemployment benefits:

2021

- None.

2020

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality tables (blue collar for Public Safety, white collar for others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contact group.
- The discount rate was changed from 3.80 percent to 2.90 percent.
- These changes increased the liability \$2,858.

**NORMAN COUNTY
ADA, MINNESOTA**

6. Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

2019

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

2018

- The mortality tables were updated from the RP-2014 White Collar Mortality tables with MP-2014 Generational Improvement Scale to the RP-2014 White Collar Mortality tables with MP-2017 Generational Improvement Scale.
- The retirement and withdrawal tables for all employees were updated.
- The discount rate was changed from 4.00 percent to 3.30 percent.

7. 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 (PERA) for the fiscal year June 30:

General Employees Retirement Plan

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.

**NORMAN COUNTY
ADA, MINNESOTA**

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

General Employees Retirement Plan

2020 (Continued)

- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**NORMAN COUNTY
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7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2020 (Continued)

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

- The mortality projection scale was changed from Scale 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.
- 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.

**NORMAN COUNTY
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7. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2018 (Continued)

- 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.

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.

**NORMAN COUNTY
ADA, MINNESOTA**

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

General Employees Retirement Plan

2016 (Continued)

- 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

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

**NORMAN COUNTY
ADA, MINNESOTA**

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

Public Employees Police and Fire Plan

2021 (Continued)

- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25 - 44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020

- The morality projection scale was changed from Scale MP-2018 to Scale MP-2019.

2019

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

2018

- The mortality projection scale was changed from Scale MP-2016 to Scale 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**

7. 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**

7. 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

**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.

Opioid Settlement Fund – to account for funds to be received in a settlement with pharmaceutical companies and distributors as part of the National Prescription Opiate Litigation.

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.

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT B-1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>Special Revenue (Exhibit C-1)</u>	<u>Ditch Debt Service</u>	<u>Total (Exhibit 3)</u>
<u>Assets</u>			
Cash and pooled investments	\$ 1,188,781	\$ 576	\$ 1,189,357
Petty cash and change funds	100	-	100
Taxes receivable – delinquent	2,485	-	2,485
Special assessments receivable			
Delinquent	478	531	1,009
Noncurrent	229,876	-	229,876
Accounts receivable	289,043	-	289,043
Due from other governments	207,005	-	207,005
Total Assets	<u>\$ 1,917,768</u>	<u>\$ 1,107</u>	<u>\$ 1,918,875</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 39,301	\$ -	\$ 39,301
Salaries payable	27,501	-	27,501
Due to other funds	8,453	-	8,453
Due to other governments	50,177	-	50,177
Customer deposits	4,392	-	4,392
Total Liabilities	<u>\$ 129,824</u>	<u>\$ -</u>	<u>\$ 129,824</u>
Deferred Inflows of Resources			
Unavailable revenue	\$ 547,697	\$ 188	\$ 547,885
Prepaid property taxes	2,291	-	2,291
Total Deferred Inflows of Resources	<u>\$ 549,988</u>	<u>\$ 188</u>	<u>\$ 550,176</u>

**NORMAN COUNTY
ADA, MINNESOTA**

***EXHIBIT B-1
(Continued)***

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<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	\$ -	\$ 919	\$ 919
Gravel pit postclosure	176,619	-	176,619
Ditch maintenance and construction	450,367	-	450,367
Assigned to			
County homes	161,101	-	161,101
Health	438,908	-	438,908
Sanitation	34,197	-	34,197
Unassigned	<u>(23,236)</u>	<u>-</u>	<u>(23,236)</u>
Total Fund Balances	<u>\$ 1,237,956</u>	<u>\$ 919</u>	<u>\$ 1,238,875</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,917,768</u>	<u>\$ 1,107</u>	<u>\$ 1,918,875</u>

**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, 2021**

	<u>Special Revenue (Exhibit C-2)</u>	<u>Ditch Debt Service</u>	<u>Total (Exhibit 5)</u>
Revenues			
Taxes	\$ 228,398	\$ -	\$ 228,398
Special assessments	161,741	850	162,591
Licenses and permits	400	-	400
Intergovernmental	859,965	-	859,965
Charges for services	421,353	-	421,353
Miscellaneous	41,766	-	41,766
Total Revenues	\$ 1,713,623	\$ 850	\$ 1,714,473
Expenditures			
Current			
General government	\$ 22,248	\$ -	\$ 22,248
Sanitation	479,093	-	479,093
Health	846,026	-	846,026
Conservation of natural resources	191,667	-	191,667
Debt service			
Principal	-	141,824	141,824
Interest	-	3,351	3,351
Total Expenditures	\$ 1,539,034	\$ 145,175	\$ 1,684,209
Net Change in Fund Balance	\$ 174,589	\$ (144,325)	\$ 30,264
Fund Balance – January 1	1,063,367	145,244	1,208,611
Fund Balance – December 31	\$ 1,237,956	\$ 919	\$ 1,238,875

**NORMAN COUNTY
ADA, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2021**

	County Homes	Ditch
	<hr/>	<hr/>
<u>Assets</u>		
Cash and pooled investments	\$ 166,274	\$ 451,987
Petty cash and change funds	-	-
Taxes receivable – delinquent	-	-
Special assessments receivable		
Delinquent	-	478
Noncurrent	-	229,876
Accounts receivable	14	-
Due from other governments	-	-
	<hr/>	<hr/>
Total Assets	\$ 166,288	\$ 682,341
	<hr/>	<hr/>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 457	\$ 19,297
Salaries payable	199	-
Due to other funds	-	5,006
Due to other governments	139	-
Customer deposits	4,392	-
	<hr/>	<hr/>
Total Liabilities	\$ 5,187	\$ 24,303
	<hr/>	<hr/>
Deferred Inflows of Resources		
Unavailable revenue	\$ -	\$ 230,267
Prepaid property taxes	-	640
	<hr/>	<hr/>
Total Deferred Inflows of Resources	\$ -	\$ 230,907
	<hr/>	<hr/>
Fund Balances		
Restricted for		
Gravel pit postclosure	\$ -	\$ -
Ditch maintenance and construction	-	450,367
Assigned to		
County homes	161,101	-
Health	-	-
Sanitation	-	-
Unassigned	-	(23,236)
	<hr/>	<hr/>
Total Fund Balances	\$ 161,101	\$ 427,131
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 166,288	\$ 682,341
	<hr/>	<hr/>

EXHIBIT C-1

Gravel Reserve Tax	Public Health	Opioid Settlement	Solid Waste	Total (Exhibit B-1)
\$ 198,078	\$ 300,773	\$ -	\$ 71,669	\$ 1,188,781
-	100	-	-	100
-	1,018	-	1,467	2,485
-	-	-	-	478
-	-	-	-	229,876
5,880	6,915	241,460	34,774	289,043
-	207,005	-	-	207,005
\$ 203,958	\$ 515,811	\$ 241,460	\$ 107,910	\$ 1,917,768
\$ -	\$ 1,303	\$ -	\$ 18,244	\$ 39,301
-	26,367	-	935	27,501
-	-	-	3,447	8,453
27,339	958	-	21,741	50,177
-	-	-	-	4,392
\$ 27,339	\$ 28,628	\$ -	\$ 44,367	\$ 129,824
\$ -	\$ 47,785	\$ 241,460	\$ 28,185	\$ 547,697
-	490	-	1,161	2,291
\$ -	\$ 48,275	\$ 241,460	\$ 29,346	\$ 549,988
\$ 176,619	\$ -	\$ -	\$ -	\$ 176,619
-	-	-	-	450,367
-	-	-	-	161,101
-	438,908	-	-	438,908
-	-	-	34,197	34,197
-	-	-	-	(23,236)
\$ 176,619	\$ 438,908	\$ -	\$ 34,197	\$ 1,237,956
\$ 203,958	\$ 515,811	\$ 241,460	\$ 107,910	\$ 1,917,768

**NORMAN COUNTY
ADA, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>County Homes</u>	<u>Ditch</u>
Revenues		
Taxes	\$ -	\$ -
Special assessments	-	161,741
Licenses and permits	-	-
Intergovernmental	-	-
Charges for services	20	-
Miscellaneous	37,045	-
	<u>37,045</u>	<u>-</u>
Total Revenues	<u>\$ 37,065</u>	<u>\$ 161,741</u>
Expenditures		
Current		
General government	\$ 22,248	\$ -
Sanitation	-	-
Health	-	-
Conservation of natural resources	-	127,190
	<u>-</u>	<u>127,190</u>
Total Expenditures	<u>\$ 22,248</u>	<u>\$ 127,190</u>
Net Change in Fund Balance	\$ 14,817	\$ 34,551
Fund Balance – January 1	<u>146,284</u>	<u>392,580</u>
Fund Balance – December 31	<u><u>\$ 161,101</u></u>	<u><u>\$ 427,131</u></u>

EXHIBIT C-2

Gravel Reserve Tax	Public Health	Solid Waste	Total (Exhibit B-2)
\$ 36,988	\$ 83,536	\$ 107,874	\$ 228,398
-	-	-	161,741
-	-	400	400
-	780,985	78,980	859,965
-	108,948	312,385	421,353
-	4,721	-	41,766
\$ 36,988	\$ 978,190	\$ 499,639	\$ 1,713,623
\$ -	\$ -	\$ -	\$ 22,248
-	-	479,093	479,093
-	846,026	-	846,026
64,477	-	-	191,667
\$ 64,477	\$ 846,026	\$ 479,093	\$ 1,539,034
\$ (27,489)	\$ 132,164	\$ 20,546	\$ 174,589
204,108	306,744	13,651	1,063,367
\$ 176,619	\$ 438,908	\$ 34,197	\$ 1,237,956

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT C-3

**BUDGETARY COMPARISON SCHEDULE
COUNTY HOMES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Charges for services	\$ -	\$ -	\$ 20	\$ 20
Miscellaneous	35,000	35,000	37,045	2,045
Total Revenues	\$ 35,000	\$ 35,000	\$ 37,065	\$ 2,065
Expenditures				
Current				
General government				
Low-income housing	35,000	35,000	22,248	12,752
Net Change in Fund Balance	\$ -	\$ -	\$ 14,817	\$ 14,817
Fund Balance – January 1	146,284	146,284	146,284	-
Fund Balance – December 31	\$ 146,284	\$ 146,284	\$ 161,101	\$ 14,817

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT C-4

**BUDGETARY COMPARISON SCHEDULE
PUBLIC HEALTH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 86,328	\$ 86,328	\$ 83,536	\$ (2,792)
Intergovernmental	641,699	641,699	780,985	139,286
Charges for services	93,450	93,450	108,948	15,498
Miscellaneous	3,000	3,000	4,721	1,721
Total Revenues	\$ 824,477	\$ 824,477	\$ 978,190	\$ 153,713
Expenditures				
Current				
Public health	900,098	900,098	846,026	54,072
Excess of Revenues Over (Under)				
Expenditures	\$ (75,621)	\$ (75,621)	\$ 132,164	\$ 207,785
Fund Balance – January 1	306,744	306,744	306,744	-
Fund Balance – December 31	\$ 231,123	\$ 231,123	\$ 438,908	\$ 207,785

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT C-5

**BUDGETARY COMPARISON SCHEDULE
SOLID WASTE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 111,915	\$ 111,915	\$ 107,874	\$ (4,041)
Licenses and permits	400	400	400	-
Intergovernmental	73,345	73,345	78,980	5,635
Charges for services	298,000	298,000	312,385	14,385
Miscellaneous	6,258	6,258	-	(6,258)
Total Revenues	\$ 489,918	\$ 489,918	\$ 499,639	\$ 9,721
Expenditures				
Current				
Sanitation				
Administration	\$ 48,152	\$ 48,152	\$ 30,707	\$ 17,445
Recycling	110,500	110,500	116,658	(6,158)
Landfill	29,750	29,750	34,422	(4,672)
Fosston incinerator	268,650	268,650	278,279	(9,629)
Household hazardous waste	15,500	15,500	19,027	(3,527)
Total Expenditures	\$ 472,552	\$ 472,552	\$ 479,093	\$ (6,541)
Net Change in Fund Balance	\$ 17,366	\$ 17,366	\$ 20,546	\$ 3,180
Fund Balance – January 1	13,651	13,651	13,651	-
Fund Balance – December 31	\$ 31,017	\$ 31,017	\$ 34,197	\$ 3,180

**NORMAN COUNTY
ADA, MINNESOTA**

FIDUCIARY FUNDS

CUSTODIAL 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.

Recoveries – to account for the State of Minnesota’s share of estate recoveries associated with the Medical Assistance Program, and MAXIS recoveries associated with Minnesota Family Investment Program/Temporary Assistance to Needy Families/Aid to Families with Dependent Children/General Assistance/General Assistance Medical Care and Group Residential Housing programs.

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.

**NORMAN COUNTY
ADA, MINNESOTA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2021**

	Norman County- Ada-Twin Valley Airport Authority	Children's Collaborative	Norman County Economic Development Authority (EDA)
<u>Assets</u>			
Cash and pooled investments	\$ 91,711	\$ 26,577	\$ 52,777
Taxes receivable for other governments	-	-	140
Accounts receivable	-	3,636	-
Due from other funds	-	800	-
Due from other governments	-	-	-
Loans receivable	-	-	49,725
Total Assets	\$ 91,711	\$ 31,013	\$ 102,642
<u>Liabilities</u>			
Due to other governments	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Due to others	262	-	-
Total Liabilities	\$ 262	\$ -	\$ -
<u>Deferred Inflows of Resources</u>			
Prepaid taxes	\$ -	\$ -	\$ 81
<u>Net Position</u>			
Restricted for Individuals, organizations, and other governments	\$ 91,449	\$ 31,013	\$ 102,561

EXHIBIT D-1

Recoveries	State Revenue	Taxes and Penalties	Watershed	Total Custodial Funds
\$ 7,561	\$ 46,000	\$ 190,268	\$ 11,799	\$ 426,693
-	317	245,122	3,959	249,538
-	4,010	-	-	7,646
-	-	-	-	800
-	2,203	-	-	2,203
-	-	-	-	49,725
\$ 7,561	\$ 52,530	\$ 435,390	\$ 15,758	\$ 736,605
\$ 7,561	\$ 48,777	\$ 169,606	\$ 9,987	\$ 235,931
-	3,433	-	-	3,433
-	-	-	-	262
\$ 7,561	\$ 52,210	\$ 169,606	\$ 9,987	\$ 239,626
\$ -	\$ 3	\$ 20,662	\$ 1,812	\$ 22,558
\$ -	\$ 317	\$ 245,122	\$ 3,959	\$ 474,421

**NORMAN COUNTY
ADA, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Norman County- Ada-Twin Valley Airport Authority	Children's Collaborative	Norman County Economic Development Authority (EDA)
Additions			
Contributions			
Individuals	\$ -	\$ -	\$ -
Property tax collections for other governments	-	-	14,043
Administration fees	-	15,902	-
Contributions from participants	4,030	7,550	-
Grants received	-	-	16,300
Grant match from participants	-	-	1,654
Payments from the state	-	-	998
License and fees collected for the state	-	-	-
Fuel sales	7,530	-	-
Rent	3,000	-	-
Miscellaneous	19	-	437
	<hr/>	<hr/>	<hr/>
Total Additions	\$ 14,579	\$ 23,452	\$ 33,432
	<hr/>	<hr/>	<hr/>
Deductions			
Payments of property tax to other governments	\$ -	\$ -	\$ -
Payments to the state	-	-	-
Administrative expense	-	5,495	10,376
Operating expense	15,218	-	-
Distributions to participants	-	21,000	-
	<hr/>	<hr/>	<hr/>
Total Deductions	\$ 15,218	\$ 26,495	\$ 10,376
	<hr/>	<hr/>	<hr/>
Change in net position	\$ (639)	\$ (3,043)	\$ 23,056
	<hr/>	<hr/>	<hr/>
Net Position – January 1	92,088	34,056	79,505
	<hr/>	<hr/>	<hr/>
Net Position – December 31	\$ 91,449	\$ 31,013	\$ 102,561
	<hr/>	<hr/>	<hr/>

EXHIBIT D-2

Recoveries	State Revenue	Taxes and Penalties	Watershed	Total Custodial Funds
\$ 20,084	\$ -	\$ -	\$ -	\$ 20,084
-	142,062	5,443,636	528,245	6,127,986
-	-	-	-	15,902
-	-	-	-	11,580
-	-	-	-	16,300
-	-	-	-	1,654
-	-	-	-	998
-	267,527	-	-	267,527
-	-	-	-	7,530
-	-	-	-	3,000
-	-	-	-	456
\$ 20,084	\$ 409,589	\$ 5,443,636	\$ 528,245	\$ 6,473,017
\$ -	\$ 142,491	\$ 5,466,328	\$ 528,629	\$ 6,137,448
20,084	267,527	-	-	287,611
-	-	-	-	15,871
-	-	-	-	15,218
-	-	-	-	21,000
\$ 20,084	\$ 410,018	\$ 5,466,328	\$ 528,629	\$ 6,477,148
\$ -	\$ (429)	\$ (22,692)	\$ (384)	\$ (4,131)
-	746	267,814	4,343	478,552
\$ -	\$ 317	\$ 245,122	\$ 3,959	\$ 474,421

SCHEDULES

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT E-1

**SCHEDULE OF DEPOSITS
DECEMBER 31, 2021**

	<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 (4)	N/A	Continuous	833,154
Interest bearing checking (2)	0.30% to 0.45%	Continuous	805,736
Money market	0.50%	Continuous	9,693,098
Certificates of deposit (3)	0.01% to 0.40%	December 21, 2022	<u>64,370</u>
Total Deposits			<u><u>\$ 11,402,858</u></u>

**NORMAN COUNTY
ADA, MINNESOTA**

**BALANCE SHEET – BY DITCH
DITCH SPECIAL REVENUE AND DITCH DEBT SERVICE FUNDS
DECEMBER 31, 2021**

	Assets			
	Special Assessments			Total
	Cash	Receivable		
		Delinquent	Noncurrent	
County Ditches				
5	\$ 11,106	\$ 55	\$ 845	\$ 12,006
6	3,595	150	21,350	25,095
7	16,690	-	10,035	26,725
8	13,257	-	28,046	41,303
9	6,596	-	48,294	54,890
14	4,756	-	454	5,210
17	(3,244)	13	4,875	1,644
22	19,908	-	4,233	24,141
23	2,918	-	202	3,120
24	4,125	-	163	4,288
25	27,821	79	3,358	31,258
26	581	-	63	644
28 & 3	943	-	135	1,078
29	(599)	-	18,690	18,091
29 Lat. 1	4,711	-	3,237	7,948
31	4,800	28	298	5,126
33	42,838	-	4,420	47,258
34	45,220	-	505	45,725
36	4,306	-	332	4,638
39	1,321	-	307	1,628
40	(1,286)	-	2,234	948
41	5,774	-	1,438	7,212
42	52,371	-	21,726	74,097
46	3,230	2	455	3,687
47	21,378	-	2,403	23,781
49	7,672	98	511	8,281
62	5,570	47	282	5,899
65	10,225	-	10,210	20,435
69	15,044	6	1,542	16,592
73	27,877	-	1,963	29,840
75	(3,811)	-	7,378	3,567
Borup State Ditch	58	-	-	58
Judicial Ditches				
54 South	72,805	-	8,037	80,842
55	23,431	-	21,855	45,286
Watershed Ditches				
Project 43 – Perley	121	206	-	327
Project 44 – Hendrum	455	325	-	780
Total	\$ 452,563	\$ 1,009	\$ 229,876	\$ 683,448

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	Prepaid Taxes	Total	Restricted for Debt Service	Restricted for Ditch Maintenance and Construction	Unrestricted	Total	
\$ -	\$ -	\$ 845	\$ -	\$ 845	\$ -	\$ 11,161	\$ -	\$ 11,161	\$ 12,006
-	-	21,500	-	21,500	-	3,595	-	3,595	25,095
-	-	10,035	-	10,035	-	16,690	-	16,690	26,725
-	-	28,046	-	28,046	-	13,257	-	13,257	41,303
-	-	48,294	-	48,294	-	6,596	-	6,596	54,890
-	-	454	-	454	-	4,756	-	4,756	5,210
-	-	4,875	-	4,875	-	-	(3,231)	(3,231)	1,644
-	-	4,233	112	4,345	-	19,796	-	19,796	24,141
-	-	202	-	202	-	2,918	-	2,918	3,120
-	-	163	-	163	-	4,125	-	4,125	4,288
-	-	3,437	-	3,437	-	27,821	-	27,821	31,258
-	-	63	-	63	-	581	-	581	644
-	-	135	3	138	-	940	-	940	1,078
-	-	18,690	315	19,005	-	-	(914)	(914)	18,091
-	-	3,237	-	3,237	-	4,711	-	4,711	7,948
-	-	326	-	326	-	4,800	-	4,800	5,126
-	-	4,420	33	4,453	-	42,805	-	42,805	47,258
-	-	505	5	510	-	45,215	-	45,215	45,725
-	-	332	-	332	-	4,306	-	4,306	4,638
-	-	307	3	310	-	1,318	-	1,318	1,628
(1)	633	2,234	-	2,866	-	-	(1,918)	(1,918)	948
-	-	1,438	-	1,438	-	5,774	-	5,774	7,212
-	-	21,726	-	21,726	-	52,371	-	52,371	74,097
-	-	457	-	457	-	3,230	-	3,230	3,687
-	-	2,403	-	2,403	-	21,378	-	21,378	23,781
-	-	599	-	599	-	7,682	-	7,682	8,281
-	-	326	-	326	-	5,573	-	5,573	5,899
19,298	4,289	10,210	-	33,797	-	-	(13,362)	(13,362)	20,435
-	-	1,542	-	1,542	-	15,050	-	15,050	16,592
-	-	1,963	-	1,963	-	27,877	-	27,877	29,840
-	-	7,378	-	7,378	-	-	(3,811)	(3,811)	3,567
-	-	-	-	-	-	58	-	58	58
-	84	8,037	169	8,290	-	72,552	-	72,552	80,842
-	-	21,855	-	21,855	-	23,431	-	23,431	45,286
-	-	24	-	24	303	-	-	303	327
-	-	164	-	164	616	-	-	616	780
<u>\$ 19,297</u>	<u>\$ 5,006</u>	<u>\$ 230,455</u>	<u>\$ 640</u>	<u>\$ 255,398</u>	<u>\$ 919</u>	<u>\$ 450,367</u>	<u>\$ (23,236)</u>	<u>\$ 428,050</u>	<u>\$ 683,448</u>

**NORMAN COUNTY
ADA, MINNESOTA**

**BALANCE SHEET – BY DITCH
DITCH SPECIAL REVENUE AND DITCH DEBT SERVICE FUNDS
DECEMBER 31, 2021**

	Assets			
	Special Assessments Receivable			Total
	Cash	Delinquent	Noncurrent	
Presented as				
Ditch Special Revenue Fund	\$ 451,987	\$ 478	\$ 229,876	\$ 682,341
Ditch Debt Service Fund	576	531	-	1,107
Total	\$ 452,563	\$ 1,009	\$ 229,876	\$ 683,448

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	Prepaid Taxes	Total	Restricted for Debt Service	Restricted for Ditch Maintenance and Construction	Unrestricted	Total	
\$ 19,297	\$ 5,006	\$ 230,267	\$ 640	\$ 255,210	\$ -	\$ 450,367	\$ (23,236)	\$ 427,131	\$ 682,341
-	-	188	-	188	919	-	-	919	1,107
<u>\$ 19,297</u>	<u>\$ 5,006</u>	<u>\$ 230,455</u>	<u>\$ 640</u>	<u>\$ 255,398</u>	<u>\$ 919</u>	<u>\$ 450,367</u>	<u>\$ (23,236)</u>	<u>\$ 428,050</u>	<u>\$ 683,448</u>

**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT E-3

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Appropriations and Shared Revenue

State

Highway users tax	\$ 4,786,148
County program aid	526,743
Disparity reduction aid	15,649
Pension contribution	16,499
Police aid	64,348
Aquatic invasive species aid	13,165
Riparian protection aid	160,000
Out-of-home placement reimbursement aid	1,628
Market value credit	<u>184,065</u>

Total appropriations and shared revenue	<u>\$ 5,768,245</u>
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Reimbursement for Services

State

Minnesota Department of Human Services	<u>\$ 511,438</u>
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Payments

Local

Payments in lieu of taxes	\$ 83,795
Mahnomen County	76,058
Other	<u>25,000</u>

Total payments	<u>\$ 184,853</u>
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Grants

State

Minnesota Department/Board of	
Public Safety	\$ 199,234
Health	216,936
Finance	256,250
Natural Resources	29,945
Human Services	351,779
Veterans Affairs	7,500
Water and Soil Resources	115,281
Pollution Control Agency	71,416
Peace Officer Standards and Training Board	<u>7,213</u>

Total state	<u>\$ 1,255,554</u>
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**NORMAN COUNTY
ADA, MINNESOTA**

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

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Grants (Continued)

Federal

Department of	
Agriculture	\$ 134,565
Justice	43,620
Transportation	2,460,152
Education	1,172
Health and Human Services	1,010,710
Homeland Security	198,106

Total federal	\$ 3,848,325
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Total state and federal grants	\$ 5,103,879
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Total Intergovernmental Revenue	\$ 11,568,415
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**NORMAN COUNTY
ADA, MINNESOTA**

EXHIBIT E-4

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Number	Expenditures
U.S. Department of Agriculture			
Passed Through Polk-Norman-Mahnomen Community Health Board Special Supplemental Nutrition Program for Women, Infants and Children	10.557	Not provided	\$ 42,906
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	212MN101S2514	88,297
Total U.S. Department of Agriculture			\$ 131,203
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	A-CVS-2020-NORM-136	\$ 43,620
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	1030054	\$ 2,269,916
COVID-19 – Highway Planning and Construction (Total Highway Planning and Construction 20.205 \$2,434,006)	20.205	8821224	164,090
Passed Through Minnesota Department of Public Safety Highway Safety Cluster State and Community Highway Safety	20.600	Not Provided	750
Total U.S. Department of Transportation			\$ 2,434,756
U.S. Department of Education			
Passed Through Polk-Norman-Mahnomen Community Health Board Special Education – Grants for Infants and Families	84.181	Not Provided	\$ 1,754
U.S. Department of Health and Human Services			
Passed Through Polk-Norman-Mahnomen Community Health Board Public Health Emergency Preparedness	93.069	Not Provided	\$ 14,922
Immunization Cooperative Agreements	93.268	Not Provided	60,449
Drug-Free Communities Support Program Grants	93.276	Not Provided	79,965
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Not Provided	49,130
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$72,478)	93.558	Not Provided	14,948
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	Not Provided	66,440
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	19,780

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

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**NORMAN COUNTY
ADA, MINNESOTA**

**EXHIBIT E-4
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing 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	H79SM080155	95,441
Promoting Safe and Stable Families	93.556	2101MNFPS	2,403
Temporary Assistance for Needy Families	93.558	2101MNTANF	57,530
(Total Temporary Assistance for Needy Families 93.558 \$72,478)			
Child Support Enforcement	93.563	2101MNCEST	88,761
Child Support Enforcement	93.563	2101MNCSES	31,057
(Total Child Support Enforcement 93.563 \$119,818)			
Refugee and Entrant Assistance – State Administered Programs	93.566	2101MNRCA	198
CCDF Cluster			
Child Care and Development Block Grant	93.575	2101MNCCDF	1,944
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP	1,604
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	1,190
COVID-19 – Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWC3	1,354
(Total Stephanie Tubbs Jones Child Welfare Services Program 93.645 \$2,544)			
Foster Care – Title IV-E	93.658	2101MNFOS	23,922
Social Services Block Grant	93.667	2101MNSOSR	70,726
Child Abuse and Neglect State Grants	93.669	2101MNNCAN	266
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2101MNCILP	1,626
COVID-19 – John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2101MNCILC	418
(Total John H. Chafee Foster Care Program for Successful Transition to Adulthood 93.674 \$2,044)			
Children's Health Insurance Program	93.767	2105MN5021	405
Medicaid Cluster			
Medical Assistance Program	93.778	2105MN5ADM	290,745
Medical Assistance Program	93.778	2105MN5MAP	2,040
(Total Medical Assistance Program 93.778 \$292,785)			
Total U.S. Department of Health and Human Services			\$ 977,264

**NORMAN COUNTY
ADA, MINNESOTA**

***EXHIBIT E-4
(Continued)***

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Number	Expenditures
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	EMGP-20210316-3816	\$ 4,225
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	EMGP-20210316-3822	193,881
(Total Disaster Grants – Public Assistance (Presidentially Declared Disasters 97.036 \$198,106)			
Total U.S. Department of Homeland Security			\$ 198,106
Total Federal Awards			\$ 3,786,703

The County did not pass on any federal awards through to subrecipients during the year ended December 31, 2021.

Totals by Cluster

Total expenditures for SNAP Cluster	\$ 88,297
Total expenditures for Highway Planning and Construction Cluster	2,434,006
Total expenditures for Highway Safety Cluster	750
Total expenditures for CCDF Cluster	1,944
Total expenditures for Medicaid Cluster	292,785

**NORMAN COUNTY
ADA, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021. 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	\$ 3,848,325
Grants received more than 60 days after year-end, unavailable in 2021	
Highway Planning and Construction (AL No. 20.205)	13,732
Special Education – Grants for Infants and Families (AL No. 84.181)	582
Promoting Safe and Stable Families (AL No. 93.556)	133
Temporary Assistance for Needy Families (AL No. 93.558)	9,709
Community-Based Child Abuse Prevention Grants (AL No. 93.590)	601
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	388
Child Abuse and Neglect State Grants (AL No. 93.669)	266
Children’s Health Insurance Program (AL No. 93.767)	271
Grants unavailable in 2020, recognized as revenue in 2021	
Special Supplemental Nutrition Program for Women, Infants, and Children (AL No. 10.557)	(3,362)
Highway Planning and Construction (AL No. 20.205)	(39,128)
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements (AL No. 93.074)	(31,161)
Promoting Safe and Stable Families (AL No. 93.556)	(83)
Temporary Assistance for Needy Families (AL No. 93.558)	(11,656)
Community-Based Child Abuse Prevention Grants (AL No. 93.590)	(1,664)
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	(250)
	<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 3,786,703</u>

MANAGEMENT AND COMPLIANCE SECTION



**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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 2, 2022.

Report on 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 as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control 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 a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2021-003 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002 to be significant deficiencies.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

In connection with our audit, we noted that Norman County failed to comply with the provisions of the contracting – bid laws section of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters, as described in the Schedule of Findings and Questioned Costs as item 2021-004. Also, 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 depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Norman County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Norman County's responses to the internal control and legal compliance findings identified in our audit and described in the accompanying 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/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

December 2, 2022



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

Board of County Commissioners
Norman County
Ada, Minnesota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Norman County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Norman County's major federal program for the year ended December 31, 2021. 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.

In our opinion, Norman County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Norman County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Norman County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Norman County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Norman County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Norman County's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Norman County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and
- obtain an understanding of Norman County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Norman County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

December 2, 2022

**NORMAN COUNTY
ADA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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? **Yes**
- Significant deficiencies identified? **Yes**

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

Federal Awards

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **No**

The major federal program is:

Assistance Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster

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, 2021**

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

2021-001 Segregation of Duties

Prior Year Finding Number: 2020-001

Repeat Finding Since: 1996

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Significant Deficiency

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.

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. The County has a limited number of employees in the fee offices and in the Auditor-Treasurer's Office.

**NORMAN COUNTY
ADA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

2021-002 Sheriff's Departmental Control Procedures

Prior Year Finding Number: 2020-002

Repeat Finding Since: 2019

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Significant Deficiency

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, 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.

Condition: During testing of receipting procedures within the Sheriff's Department for August 2021, 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:

- Fingerprint fees were not deposited timely. Collection of \$360 for the period of May 13, 2021, through August 30, 2021, were deposited in the Bank of the West checking account on September 3, 2021.
- Fingerprint fees for May 13, 2021, through August 30, 2021, were not remitted to the Auditor-Treasurer until January 28, 2022.

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.

**NORMAN COUNTY
ADA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 Department 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. All collections should be deposited timely.

View of Responsible Official: Acknowledge

2021-003 Audit Adjustments

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

Criteria: 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 of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or a combination of deficiencies, in internal control 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.

Condition: Audit adjustments were identified that resulted in significant changes to the County's financial statements. The adjustments were reviewed and approved by the appropriate County staff and are properly reflected in the financial statements.

**NORMAN COUNTY
ADA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Context: The County provides a general ledger and supporting schedules necessary to adjust to the modified accrual basis for fund level financial statements and to the full accrual basis for the government-wide financial statements. The inability to detect significant misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustments were found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

Effect: The audit adjustments were reviewed and approved by the appropriate Norman County staff and are reflected in the financial statements.

- General Fund special assessments receivable – noncurrent and deferred inflows of resources – unavailable revenue increased by \$560,462.
- Road and Bridge Special Revenue Fund due from other governments and deferred inflows of resources – unavailable revenue decreased by \$1,124,596.

Cause: The County does not have a liability for the Property Accessed Clean Energy loans unless collected and, therefore, it is a common error to not record the special assessments receivable – noncurrent. The Local Road Improvement Program receivable, which is an expenditure-driven grant, was mistakenly recognized based on the unexpended balance on the year-end state aid status report.

Recommendation: We recommend the County establish internal controls necessary to ensure the County's annual financial statements are reported in accordance with GAAP.

View of Responsible Official: Concur

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

**NORMAN COUNTY
ADA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

IV. OTHER FINDINGS AND RECOMMENDATIONS

2021-004 Contract and Bidding

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Minnesota Legal Compliance

Criteria: Pursuant to Minn. Stat. §§ 471.345, subd. 3, contracts estimated to exceed \$175,000 must be made using sealed bids solicited by public notice by advertising for bids in a qualified legal newspaper of the County or through the alternative dissemination of bids and requests as provided by Minn. Stat. § 331A.03.

Condition: The County entered into a contract for the purchase of two plow trucks after the County obtained a quote rather than using sealed bids.

Context: Originally, the County had intended to purchase two trucks in concurrent years, to be placed in service during 2022 and 2023; however, due to manufacturing delays, both trucks ordered in the current year are not scheduled to be built until the fall of 2023.

Effect: Noncompliance with Minn. Stat. § 471.345, subd. 3.

Cause: The County viewed these two truck purchases as different purchasing years. Had they been ordered in concurrent years, as originally intended, the purchase would not have exceeded the \$175,000 threshold where sealed bids were required.

Recommendation: We recommend the County implement procedures to ensure compliance with contracting and bidding requirements.

View of Responsible Official: Concur

Norman County Auditor-Treasurer's Office

Donna J. Hanson, Auditor-Treasurer

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REPRESENTATION OF NORMAN COUNTY ADA, MINNESOTA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2021

Finding Number: 2021-001

Finding Title: Segregation of Duties

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

Corrective Action Planned: Norman County is 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 custodial duties and record-keeping duties whenever possible. I will continue to occasionally bring to department head meetings 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 are being made. This issue will more than likely never be fully resolved/corrected unless we hire more employees or become a centralized accounting office, where departmental accountants would be located within the A/T Office and all processes would be done within the centralized office, thereby allowing more separation between custodial duties and record-keeping duties.

Finding Number: 2021-002

Finding Title: Sheriff's Departmental Control Procedures

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

Corrective Action Planned: Reviewed need for two checking accounts and one account was closed leaving one account that is needed. New employee in the position to handle account and make deposits. Reviewed these findings with them. New employee trained to make monthly deposits at a minimum. Civil payments and other cash is deposited directly to Auditor's Office instead of checking account.

Anticipated Completion Date: Has been corrected as of 10/31/2022.

Finding Number: 2021-003

Finding Title: Audit Adjustments

Name of Contact Person Responsible for Corrective Action: Donna J. Hanson, Auditor-Treasurer;
Liz Vaughn, Highway Accountant

Corrective Action Planned: I was not aware that we should be setting up a special assessment receivable – noncurrent and unavailable revenue accounts as the PACE program was implemented in 2020 with one parcel receiving a loan through the Port Authority. In 2021 we added a number of parcels receiving loans through the Port Authority. We put the assessment on the taxpayer's property tax statement and collect the funds, and they are paid out at the corresponding settlement. None of these funds are available for Norman County use. Norman County will be setting up appropriate accounts for the PACE program.

The LRIP receivable and unavailable revenue were recognized based upon the unexpended balance on the year-end state aid status report. We are now aware that this grant is expenditure driven and should be handled differently.

Anticipated Completion Date: December 19, 2022 (PACE) and December 31, 2022 (LRIP).

Finding Number: 2021-004

Finding Title: Contracting and Bidding

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

Corrective Action Planned: In the future purchases over \$175,000 will either be made from the Minnesota state bid vendor at the state bid price or will be procured using sealed bidding procedures. Staff is aware of the statutory procurement requirements. In this instance an incorrect assessment was made. Since the two trucks purchased would be delivered and paid for in two separate fiscal years, it was incorrectly determined that it was two separate contract actions.

Anticipated Completion Date: 11/29/2022

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REPRESENTATION OF NORMAN COUNTY ADA, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2021

Finding Number: 2020-001

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: 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. This has been even more difficult during COVID while trying to have one staff member working at home, as then there are only two staff members in the A/T Office. I will, on occasion, continue to bring to department head meetings of the need to segregate duties if at all possible within each department when accepting funds, creating invoices, recording and reconciliation of accounts.

Status: Partially Corrected. This is an ongoing situation, and vigilance will need to continue. Due to the lack of personnel in offices, this will likely never be fully corrected.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-002

Finding Title: Sheriff's Departmental Control Procedures

Summary of Condition: The following weaknesses in departmental control procedures were noted in the Sheriff's Department:

- The Sheriff's Department has two checking accounts that are not under the control of the County Auditor/Treasurer and are not reported in the County's financial statements.
- Fingerprint fees were not deposited timely. Collection of \$435 for the period of December 31, 2019 through December 9, 2020, were deposited in the Bank of the West checking account on December 11, 2020.
- Other fees collected for October 2020 were deposited in Frandsen Bank on December 10, 2020.
- Fingerprint fees for December 31, 2019 through December 9, 2020, were not remitted to the Auditor-Treasurer until December 17, 2020. Other fees for October were not remitted to the Auditor-Treasurer until December 16, 2020.

Summary of Corrective Action Previously Reported: Reconcile checking accounts on the 1st business day of the month, assure all fees collected are deposited in a timely manner to the County Auditor's Office but not less often than once each month according to MN Statute 387.20, Subd. 5. Review need for two separate checking accounts and reduce to accounts which are needed. Implement segregation of duties by cross training other employees to make sure accounts are reconciled monthly and fees are deposited with the County Auditor's Office not less often than once each month.

Status: Partially Corrected. Improvement has been shown, as the previous Office Deputy retired in June of 2022, and new staff member hired has been much more diligent in reporting and depositing funds with the County Auditor, quite often on the first working day of the new month. Review of the need for two separate accounts was done, and one account has been closed.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-003

Finding Title: Subrecipient Monitoring

Program: COVID-19 – Coronavirus Relief Fund (AL No. 21.019)

Summary of Condition: The County did not document risk assessment procedures or monitoring activities (i.e., on-site visits or phone conversations) performed over its subrecipients. Award information, including CFDA number, was not provided to the subrecipient and there were no signed subrecipient agreements in place. Additionally, the County does not have documented policies and procedures for subrecipient monitoring.

Summary of Corrective Action Previously Reported: Prior to future COVID-19 Federal funds being distributed to pass through entities, Norman County will have subrecipient agreements in place and periodic audits of the expenditures by the subrecipient will be performed.

Status: Fully Corrected. Norman County did not receive any additional funds in 2021, and there were no other federal programs where funds passed through to subrecipients.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-004

Finding Title: Procurement, Suspension, and Debarment

Program: Recreational Trails Program (AL No. 20.219)

Summary of Condition: In a sample of two procurement transactions tested over \$25,000, for one of the items tested, the County had no documentation to meet the verification requirements whether the vendor was debarred, suspended, or whether other exclusions existed.

Summary of Corrective Action Previously Reported: Prior to award of any future contracts funded with U.S. Department of Transportation's Recreations Trails Program funds, procedures will be performed to determine that the apparent low bidder is not debarred, suspended, or otherwise excluded from participation in federal assistance programs or activities.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2019-003

Finding Title: Local Collaborative Time Study (LCTS) Reporting

Program: Medical Assistance Program (CFDA #93.778)

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

Summary of Corrective Action Previously Reported: 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.

Status: Fully Corrected. Corrective action was taken. Norman-Mahnomen Public Health is using the proper cash basis expenditures on their LCTS report forms.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X