

# State of Minnesota



## Office of the State Auditor

Julie Blaha  
State Auditor

---

**Norman County  
Ada, Minnesota**

Year Ended December 31, 2022

## Description of the Office of the State Auditor

The Office of the State Auditor (OSA) helps ensure financial integrity and accountability in local government financial activities. The OSA is the constitutional office that oversees more than \$40 billion in annual financial activity by local governments and approximately \$20 billion of federal funding financial activity.

The OSA performs around 90 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office maintains the following seven divisions:

- **Audit Practice:** Helps ensure fiscal integrity by conducting financial and compliance audits of local governments and the federal compliance audit of the State of Minnesota.
- **Constitution:** Connects with the public via external communication, media relations, legislative coordination, and public engagements for the State Auditor.

This division also supports the State Auditor's service on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, the Minnesota Historical Society, and the Rural Finance Authority Board.

- **Government Information:** Collects, analyzes, and shares local government financial data to assist in policy and spending decisions; administers and supports financial tools including the Small Cities and Towns Accounting System (CTAS) software and infrastructure comparison tools.
- **Legal/Special Investigations:** Provides legal analysis and counsel to the OSA and responds to outside inquiries about Minnesota local law relevant to local government finances; investigates local government financial records in response to specific allegations of theft, embezzlement, or unlawful use of public funds or property.
- **Operations:** Ensures the office runs efficiently by providing fiscal management and technology support to the office.
- **Pension:** Analyzes investment, financial, and actuarial reporting for Minnesota's local public pension plans and monitors pension plan operations.
- **Tax Increment Financing (TIF):** Promotes compliance and accountability in local governments' use of tax increment financing through education, reporting, and compliance reviews.

This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance or visit the Office of the State Auditor's website:

[www.osa.state.mn.us](http://www.osa.state.mn.us)

# **Norman County Ada, Minnesota**

Year Ended December 31, 2022



**Office of the State Auditor**

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

# Norman County Ada, Minnesota

## Table of Contents

	<u>Exhibit</u>	<u>Page</u>
<b>Introductory Section</b>		
Organization		1
<b>Financial Section</b>		
Independent Auditor's Report		2
Management's Discussion and Analysis		5
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position – Governmental Activities	1	11
Statement of Activities	2	13
Fund Financial Statements		
Governmental Funds		
Balance Sheet	3	14
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide	4	16
Statement of Net Position – Governmental Activities		
Statement of Revenues, Expenditures, and Changes in Fund Balance	5	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund	6	18
Balance of Governmental Funds to the Government-Wide Statement of Activities –		
Governmental Activities		
Fiduciary Funds		
Statement of Fiduciary Net Position	7	19
Statement of Changes in Fiduciary Net Position	8	20
Notes to the Financial Statements		21
Required Supplementary Information		
Budgetary Comparison Schedules		
General Fund	A-1	56
Road and Bridge Special Revenue Fund	A-2	59
Social Services Special Revenue Fund	A-3	60
Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment	A-4	61
Benefits		
PERA General Employees Retirement Plan		
Schedule of Proportionate Share of Net Pension Liability	A-5	62
Schedule of Contributions	A-6	63
PERA Public Employees Police and Fire Plan		
Schedule of Proportionate Share of Net Pension Liability	A-7	64
Schedule of Contributions	A-8	65
Notes to the Required Supplementary Information		66

# Norman County Ada, Minnesota

## Table of Contents

	<u>Exhibit</u>	<u>Page</u>
Supplementary Information		
Nonmajor Governmental Funds		73
Combining Balance Sheet	B-1	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	B-2	75
Combining Balance Sheet – Nonmajor Special Revenue Funds	C-1	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Special Revenue Funds	C-2	78
Budgetary Comparison Schedules		
County Homes Special Revenue Fund	C-3	80
Public Health Special Revenue Fund	C-4	81
Solid Waste Special Revenue Fund	C-5	82
Fiduciary Funds – Custodial Funds		83
Combining Statement of Fiduciary Net Position	D-1	84
Combining Statement of Changes in Fiduciary Net Position	D-2	86
Schedules		
Schedule of Deposits and Investments	E-1	88
Balance Sheet – By Ditch – Ditch Special Revenue and Ditch Debt Service Funds	E-2	89
Schedule of Intergovernmental Revenue	E-3	91
Schedule of Expenditures of Federal Awards	E-4	93
Notes to the Schedule of Expenditures of Federal Awards		95
<b>Management and Compliance Section</b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		97
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance		99
Schedule of Findings and Questioned Costs		102
Corrective Action Plan		108
Summary Schedule of Prior Audit Findings		111

## **Introductory Section**

# Norman County Ada, Minnesota

Organization  
December 31, 2022

Term Expires

## Elected

### Commissioners

Chair	Marvin Gunderson	District 1	January 2025
Board Member	Nathan Redland	District 2	January 2023
Board Member	Steve Jacobson	District 3	January 2025
Board Member	LeeAnn Hall	District 4	January 2023
Vice Chair	Steven Bommersbach	District 5	January 2025
Attorney	Jason Hastings		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 Bommersbach		January 2025
Vice Chair	LeeAnn Hall		January 2023
Secretary	Nancy Rhen		Indefinite
Member	Nathan Redland		January 2023
Member	Marvin Gunderson		January 2025
Member	Angela Nelson		May 2023
Member	Steve Jacobson		January 2025
Director	Nancy Rhen		Director

\*Appointed August 17, 2022, to complete remainder of James Brue's term ending January 2023

## **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, 2022, 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, 2022, 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.

***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2022, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

***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 GASB, 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 and Investments; 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 August 30, 2024, 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

August 30, 2024

*/s/Chad Struss*

Chad Struss, CPA  
Deputy State Auditor

## **Management's Discussion and Analysis**

# **Norman County Ada, Minnesota**

## **Management's Discussion and Analysis December 31, 2022 (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, 2022. 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 \$84,606,550 at the close of 2022. Of this amount, \$6,880,418 (unrestricted net position) may be used to meet Norman County's ongoing obligations to citizens and creditors.

The County's net position increased by \$3,924,417 for the year ended December 31, 2022.

At the close of 2022, Norman County's governmental funds reported combined ending fund balances of \$17,610,278, an increase of \$6,074,960 in comparison with the prior year.

At the close of 2022, unrestricted fund balance for the General Fund was \$5,344,031, or 56.73 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 position changed during the most recent fiscal year. All changes in net position 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 eleven individual governmental funds with the addition of the G.O. Bonds Debt Service 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 eight 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 beneficiaries or other entities. 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, Gravel Reserve Tax Special Revenue Fund, and Opioid Settlement Special Revenue Fund. Budgetary comparison schedules have been provided 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 \$84,606,550 at the close of 2022. The largest portion of Norman County's net position (86.3 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

	Governmental Activities	
	2022	2021
Assets		
Current and other assets	\$ 23,058,210	\$ 17,266,591
Capital assets	76,612,801	69,158,006
Total Assets	\$ 99,671,011	\$ 86,424,597
Deferred Outflows of Resources		
Deferred pension outflows	\$ 2,569,188	\$ 2,338,019
Deferred other postemployment benefits outflows	27,951	27,528
Total Deferred Outflows of Resources	\$ 2,597,139	\$ 2,365,547
Liabilities		
Long-term liabilities outstanding	\$ 15,795,562	\$ 3,679,719
Other liabilities	1,668,904	1,407,160
Total Liabilities	\$ 17,464,466	\$ 5,086,879
Deferred Inflows of Resources		
Deferred pension inflows	\$ 106,117	\$ 2,959,966
Deferred other postemployment benefits inflows	38,076	22,040
Prepaid property taxes	52,941	39,126
Total Deferred Inflows of Resources	\$ 197,134	\$ 3,021,132
Net Position		
Investment in capital assets	\$ 73,000,094	\$ 69,059,020
Restricted	4,726,038	4,282,614
Unrestricted	6,880,418	7,340,499
Total Net Position, as reported	\$ 84,606,550	\$ 80,682,133

The unrestricted net position amount of \$6,880,418 as of December 31, 2022, may be used to meet the County's ongoing obligations to citizens and creditors.

## Governmental Activities

Norman County's activities increased net position by \$3,924,417, or 4.86 percent, over the 2021 net position. The key element of the increase was an increase in capital assets.

Changes in Net Position		2022	2021
Revenues			
Program revenues			
Charges for services	\$	1,698,092	\$ 2,053,523
Operating grants and contributions		10,106,989	8,718,619
Capital grants and contributions		2,150,214	2,269,916
General revenues			
Property taxes		6,646,218	6,535,595
Gravel taxes		209,786	64,406
Wheelage tax		79,893	83,609
Grants and contributions not restricted to specific programs		750,143	723,971
Other		508,917	336,476
Total Revenues	\$	22,150,252	\$ 20,786,115
Expenses			
General government	\$	6,172,053	\$ 2,751,826
Public safety		2,328,532	2,097,757
Highways and streets		4,064,572	6,466,816
Sanitation		716,209	483,304
Human services		2,677,349	2,694,249
Health		1,513,793	1,032,255
Culture and recreation		159,770	178,240
Conservation of natural resources		344,580	478,493
Economic development		80,467	-
Interest		168,510	3,183
Total Expenses	\$	18,225,835	\$ 16,186,623
Increase (Decrease) in Net Position	\$	3,924,417	\$ 4,599,492
Net Position – January 1		80,682,133	76,082,641
Net Position – December 31	\$	84,606,550	\$ 80,682,133

## 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 \$17,610,278, an increase of \$6,074,960 (which includes an increase of \$6,361,391 in debt service and capital improvement) 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 \$5,344,031, while total fund balance was \$12,519,074. 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 56.73 percent of total General Fund expenditures. The County Board has determined that the County should maintain a minimum unrestricted fund balance of 16 percent of the total General Fund expenditures. At December 31, 2022, the unrestricted fund balance of the General Fund is well above the minimum balance established by the Board. In 2022, fund balance in the General Fund increased by \$5,698,814.

The Road and Bridge Special Revenue Fund's fund balance decreased by \$786,608 in 2022, due to less than anticipated intergovernmental revenue and increased highway and streets costs.

The Social Services Special Revenue Fund's fund balance increased by \$122,033 in 2022, due to less than anticipated social service expenditures.

### General Fund Budgetary Highlights

The actual revenues were higher than budgeted revenues by \$1,340,463, and actual expenditures were higher than budgeted expenditures by \$3,958,602. The largest revenue variance was in intergovernmental revenue received in excess of what was budgeted. The largest expenditure overrun variance was for county buildings.

### Capital Assets And Debt Administration

#### Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2022, was \$76,612,801 (net of accumulated depreciation and amortization). 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 10.78 percent.

	Governmental Capital Assets (Net of Depreciation and Amortization)	
	2022	2021 (Restated*)
Land	\$ 1,730,447	\$ 1,616,791
Construction in progress	3,482,247	-
Buildings	1,532,492	1,635,109
Machinery, furniture, and equipment	3,035,514	2,339,481
Infrastructure	66,674,371	63,403,443
Capital assets amortized	157,730	163,182
Total	<u>\$ 76,612,801</u>	<u>\$ 69,158,006</u>

\*See Changes in Accounting Principle note in Note 1.

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 has \$8,535,000 bonded debt in General Obligation Bonds for the Highway Building project that was issued during 2022.

## **Economic Factors and Next Year's Budgets**

Norman County's elected and appointed officials considered many factors when setting the fiscal year 2023 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 the next year's budget.
- Norman County is in the process of building a new Highway Department building which will have an impact on the budget. We issued \$8,535,000 General Obligation bonds and also instituted a transit sales tax to help lessen the impact on the budget and reserves.
- 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, 2022**

**Assets**

Cash and pooled investments	\$ 16,613,958
Taxes receivable – delinquent	131,041
Special assessments receivable	
Delinquent	27,555
Noncurrent	737,893
Accounts receivable	106,351
Accrued interest receivable	33,352
Due from other governments	3,626,208
Inventories	1,781,852
Capital assets	
Non-depreciable	5,212,694
Depreciable and amortizable – net of accumulated depreciation and amortization	71,400,107

<b>Total Assets</b>	<b><u>\$ 99,671,011</u></b>
---------------------	-----------------------------

**Deferred Outflows of Resources**

Deferred pension outflows	\$ 2,569,188
Deferred other postemployment benefits outflows	27,951

<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 2,597,139</u></b>
---	----------------------------

**Liabilities**

Accounts payable	\$ 354,794
Salaries payable	248,874
Contracts payable	512,671
Due to other governments	157,421
Customer deposits	7,003
Accrued interest payable	169,365
Unearned revenue	218,776
Long-term liabilities	
Due within one year	259,604
Due in more than one year	9,084,792
Net pension liability	6,114,414
Other postemployment benefits liability	336,752

<b>Total Liabilities</b>	<b><u>\$ 17,464,466</u></b>
--------------------------	-----------------------------

**Deferred Inflows of Resources**

Deferred pension inflows	\$ 106,117
Deferred other postemployment benefits inflows	38,076
Prepaid property taxes	52,941

<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 197,134</u></b>
--	--------------------------

**Norman County  
Ada, Minnesota**

***Exhibit 1***  
***(Continued)***

**Statement of Net Position  
Governmental Activities  
December 31, 2022**

**Net Position**

Net investment in capital assets	\$	73,000,094
Restricted for		
General government		162,553
Public safety		530,636
Highways and streets		2,321,423
Health		47,225
Conservation of natural resources		1,664,201
Unrestricted		<u>6,880,418</u>
<b>Total Net Position</b>	<b>\$</b>	<b><u>84,606,550</u></b>

**Norman County  
Ada, Minnesota**

**Exhibit 2**

**Statement of Activities  
For the Year Ended December 31, 2022**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
<b>Functions/Programs</b>					
<b>Primary government</b>					
<b>Governmental activities</b>					
General government	\$ 6,172,053	\$ 347,643	\$ 171,453	\$ -	\$ (5,652,957)
Public safety	2,328,532	44,200	304,039	-	(1,980,293)
Highways and streets	4,064,572	56,293	6,857,565	2,150,214	4,999,500
Sanitation	716,209	308,506	272,440	-	(135,263)
Human services	2,677,349	305,809	1,414,487	-	(957,053)
Health	1,513,793	355,132	875,085	-	(283,576)
Culture and recreation	159,770	-	-	-	(159,770)
Conservation of natural resources	344,580	252,486	211,920	-	119,826
Economic development	80,467	28,023	-	-	(52,444)
Interest	168,510	-	-	-	(168,510)
<b>Total Governmental Activities</b>	<b>\$ 18,225,835</b>	<b>\$ 1,698,092</b>	<b>\$ 10,106,989</b>	<b>\$ 2,150,214</b>	<b>\$ (4,270,540)</b>
<b>General Revenues</b>					
Property taxes					\$ 6,646,218
Gravel taxes					209,786
Wheelage taxes					79,893
Grants and contributions not restricted to specific programs					750,143
Payments in lieu of tax					86,740
Investment earnings					115,636
Miscellaneous					306,541
<b>Total general revenues</b>					<b>\$ 8,194,957</b>
<b>Change in net position</b>					<b>\$ 3,924,417</b>
<b>Net Position – Beginning</b>					<b>80,682,133</b>
<b>Net Position – Ending</b>					<b>\$ 84,606,550</b>

## **Fund Financial Statements**

## **Governmental Funds**

**Norman County  
Ada, Minnesota**

**Exhibit 3**

**Balance Sheet  
Governmental Funds  
December 31, 2022**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b><u>Assets</u></b>					
Cash and pooled investments	\$ 12,589,144	\$ 77,769	\$ 1,659,050	\$ 2,281,495	\$ 16,607,458
Petty cash and change funds	6,200	200	-	100	6,500
Taxes receivable – delinquent	71,260	38,484	17,606	3,691	131,041
Special assessments receivable					
Delinquent	26,145	-	-	1,410	27,555
Noncurrent	508,018	-	-	229,875	737,893
Accounts receivable	16,799	13,727	26,030	49,795	106,351
Accrued interest receivable	33,352	-	-	-	33,352
Due from other funds	580,553	6,980	-	929	588,462
Due from other governments	106,564	3,095,362	226,150	200,096	3,628,172
Inventories	-	1,781,852	-	-	1,781,852
<b>Total Assets</b>	<b><u>\$ 13,938,035</u></b>	<b><u>\$ 5,014,374</u></b>	<b><u>\$ 1,928,836</u></b>	<b><u>\$ 2,767,391</u></b>	<b><u>\$ 23,648,636</u></b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 61,860	\$ 174,218	\$ 65,909	\$ 52,807	\$ 354,794
Salaries payable	89,467	82,826	47,334	29,247	248,874
Contracts payable	419,145	93,526	-	-	512,671
Due to other funds	10,017	564,680	14,300	1,429	590,426
Due to other governments	26,994	11,119	20,713	98,595	157,421
Unearned revenue	218,776	-	-	-	218,776
Customer deposits	2,033	-	-	4,970	7,003
<b>Total Liabilities</b>	<b><u>\$ 828,292</u></b>	<b><u>\$ 926,369</u></b>	<b><u>\$ 148,256</u></b>	<b><u>\$ 187,048</u></b>	<b><u>\$ 2,089,965</u></b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	\$ 562,446	\$ 3,008,199	\$ 26,486	\$ 298,321	\$ 3,895,452
Prepaid property taxes	28,223	14,945	7,347	2,426	52,941
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 590,669</u></b>	<b><u>\$ 3,023,144</u></b>	<b><u>\$ 33,833</u></b>	<b><u>\$ 300,747</u></b>	<b><u>\$ 3,948,393</u></b>

**Norman County  
Ada, Minnesota**

**Exhibit 3  
(Continued)**

**Balance Sheet  
Governmental Funds  
December 31, 2022**

	General	Road and Bridge	Social Services	Nonmajor Funds	Total
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b> (Continued)					
<b>Fund Balances</b>					
Nonspendable					
Inventories	\$ -	\$ 1,781,852	\$ -	\$ -	\$ 1,781,852
Restricted for					
Debt service	-	-	-	685,864	685,864
Capital improvement	5,676,446	-	-	-	5,676,446
Law library	51,902	-	-	-	51,902
Recorder's technology and equipment	21,911	-	-	-	21,911
Real estate tax shortfall	61,760	-	-	-	61,760
Opioid remediation	-	-	-	47,225	47,225
E-911	495,239	-	-	-	495,239
Recorder's enhancements	19,337	-	-	-	19,337
Gravel pit restoration	-	-	-	194,001	194,001
Highway maintenance and construction	-	79,795	-	-	79,795
Ditch maintenance and construction	-	-	-	664,792	664,792
K-9 unit	10,017	-	-	-	10,017
Law enforcement	25,380	-	-	-	25,380
Prosecutorial purposes	7,643	-	-	-	7,643
Enforce riparian protection	805,408	-	-	-	805,408
Committed to					
Election equipment	120,500	-	-	-	120,500
Sheriff's contingencies	5,325	-	-	-	5,325
Assigned to					
Human services	-	-	1,746,747	-	1,746,747
County homes	-	-	-	171,020	171,020
Health	-	-	-	499,555	499,555
Sanitation	-	-	-	19,552	19,552
Unassigned	5,218,206	(796,786)	-	(2,413)	4,419,007
<b>Total Fund Balances</b>	<b>\$ 12,519,074</b>	<b>\$ 1,064,861</b>	<b>\$ 1,746,747</b>	<b>\$ 2,279,596</b>	<b>\$ 17,610,278</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 13,938,035</b>	<b>\$ 5,014,374</b>	<b>\$ 1,928,836</b>	<b>\$ 2,767,391</b>	<b>\$ 23,648,636</b>

**Norman County  
Ada, Minnesota**

**Exhibit 4**

**Reconciliation of Governmental Funds Balance Sheet to the  
Government-Wide Statement of Net Position—Governmental Activities  
December 31, 2022**

<b>Fund balance – total governmental funds (Exhibit 3)</b>	<b>\$ 17,610,278</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	76,612,801
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.	2,569,188
Deferred outflows of resources resulting from changes in the components of the other postemployment benefits liability are not reported in the governmental funds.	27,951
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	3,895,452
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General obligation bonds	\$ (8,535,000)
Lease liability	(130,460)
Bond premium	(96,182)
Accrued interest payable	(169,365)
Compensated absences	(582,754)
Other postemployment benefits liability	(336,752)
Net pension liability	<u>(6,114,414)</u> (15,964,927)
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(106,117)
Deferred inflows of resources resulting from changes in the components of the other postemployment benefits liability are not reported in the governmental funds.	<u>(38,076)</u>
<b>Net Position of Governmental Activities (Exhibit 1)</b>	<b><u>\$ 84,606,550</u></b>

**Norman County  
Ada, Minnesota**

**Exhibit 5**

**Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2022**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Revenues</b>					
Taxes	\$ 3,780,974	\$ 2,073,213	\$ 881,180	\$ 212,943	\$ 6,948,310
Special assessments	300,348	-	-	249,644	549,992
Licenses and permits	15,910	-	-	800	16,710
Intergovernmental	2,501,105	8,213,545	1,477,998	965,874	13,158,522
Charges for services	293,898	54,743	244,168	399,530	992,339
Fines and forfeits	68	-	-	-	68
Gifts and contributions	3,637	-	-	700	4,337
Investment earnings	115,636	-	-	-	115,636
Miscellaneous	140,390	204,062	61,641	84,618	490,711
<b>Total Revenues</b>	<b>\$ 7,151,966</b>	<b>\$ 10,545,563</b>	<b>\$ 2,664,987</b>	<b>\$ 1,914,109</b>	<b>\$ 22,276,625</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	\$ 6,170,115	\$ -	\$ -	\$ 26,456	\$ 6,196,571
Public safety	2,131,790	-	-	-	2,131,790
Highways and streets	-	11,054,957	-	-	11,054,957
Sanitation	200,000	-	-	514,088	714,088
Human services	2,950	-	2,562,372	-	2,565,322
Health	227,235	-	-	1,003,393	1,230,628
Culture and recreation	148,160	-	-	-	148,160
Conservation of natural resources	327,876	-	-	14,631	342,507
<b>Intergovernmental</b>					
Highways and streets	-	607,708	-	-	607,708
<b>Debt service</b>					
Principal	27,678	6,128	8,050	-	41,856
Interest	398	146	331	-	875
Bond issuance costs	183,903	-	-	-	183,903
Administrative (fiscal) charges	-	-	-	750	750
<b>Total Expenditures</b>	<b>\$ 9,420,105</b>	<b>\$ 11,668,939</b>	<b>\$ 2,570,753</b>	<b>\$ 1,559,318</b>	<b>\$ 25,219,115</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (2,268,139)</b>	<b>\$ (1,123,376)</b>	<b>\$ 94,234</b>	<b>\$ 354,791</b>	<b>\$ (2,942,490)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	\$ -	\$ -	\$ -	\$ 685,930	\$ 685,930
Transfers out	(685,930)	-	-	-	(685,930)
Bonds issued	8,535,000	-	-	-	8,535,000
Premium on bonds issued	98,662	-	-	-	98,662
Leases issued	19,221	26,310	27,799	-	73,330
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 7,966,953</b>	<b>\$ 26,310</b>	<b>\$ 27,799</b>	<b>\$ 685,930</b>	<b>\$ 8,706,992</b>
<b>Net Change in Fund Balance</b>	<b>\$ 5,698,814</b>	<b>\$ (1,097,066)</b>	<b>\$ 122,033</b>	<b>\$ 1,040,721</b>	<b>\$ 5,764,502</b>
<b>Fund Balance – January 1</b>	<b>6,820,260</b>	<b>1,851,469</b>	<b>1,624,714</b>	<b>1,238,875</b>	<b>11,535,318</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>310,458</b>	<b>-</b>	<b>-</b>	<b>310,458</b>
<b>Fund Balance – December 31</b>	<b>\$ 12,519,074</b>	<b>\$ 1,064,861</b>	<b>\$ 1,746,747</b>	<b>\$ 2,279,596</b>	<b>\$ 17,610,278</b>

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

Page 17

**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, 2022**

<b>Net change in fund balance – total governmental funds (Exhibit 5)</b>	<b>\$</b>	<b>5,764,502</b>
--	-----------	------------------

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 and amortization expense.

Expenditures for general capital assets and infrastructure	\$ 9,974,420	
Current year depreciation and amortization	(2,519,625)	7,454,795

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

Unavailable revenue – December 31	\$ 3,895,452	
Unavailable revenue – January 1	(4,284,987)	(389,535)

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.

Proceeds of new debt		
Bonds issued	\$ (8,535,000)	
Leases issued	(73,330)	
Premium on bonds issued	(98,662)	(8,706,992)
Amortization of premium on bonds	\$ 2,480	2,480
Principal repayments		
Leases	\$ 41,856	41,856

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	\$ (169,365)	
Change in compensated absences	(9,144)	
Change in other postemployment benefits liability	(3,293)	
Change in net pension liability	(3,440,750)	
Change in deferred pension outflows	231,169	
Change in deferred pension inflows	2,853,849	
Change in deferred other postemployment benefits outflows	423	
Change in deferred other postemployment benefits inflows	(16,036)	
Change in inventories	310,458	(242,689)

<b>Change in Net Position of Governmental Activities (Exhibit 2)</b>	<b>\$</b>	<b>3,924,417</b>
--	-----------	------------------

## **Fiduciary Funds**

**Norman County  
Ada, Minnesota**

***Exhibit 7***

**Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2022**

	<b>Social Welfare Private-Purpose Trust Fund</b>	<b>Custodial Funds</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 3,686	\$ 586,298
Taxes receivable for other governments	-	263,370
Accounts receivable	-	13,648
Due from other funds	-	4,337
Due from other governments	-	23,032
Loans receivable	-	49,957
<b>Total Assets</b>	<b>\$ 3,686</b>	<b>\$ 940,642</b>
<b><u>Liabilities</u></b>		
Due to other governments	\$ -	\$ 320,956
Due to other funds	-	2,373
Due to others	-	2,552
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 325,881</b>
<b><u>Deferred Inflows of Resources</u></b>		
Prepaid taxes	\$ -	\$ 35,291
<b><u>Net Position</u></b>		
Restricted for		
Individuals, organizations, other governments	<b>\$ 3,686</b>	<b>\$ 579,470</b>

**Norman County  
Ada, Minnesota**

**Exhibit 8**

**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2022**

	<b>Social Welfare Private-Purpose Trust Fund</b>	<b>Custodial Funds</b>
<b>Additions</b>		
Contributions		
Individuals	\$ 113,845	\$ 134,675
Property tax collections for other governments	-	6,175,503
Administration fees	-	21,130
Contributions from participants	-	10,280
Grants received	-	49,097
Grant match from participants	-	32
Payments from the state	-	938
License and fees collected for the state	-	343,527
Fuel sales	-	7,318
Rent	-	2,400
Miscellaneous	-	17,333
<b>Total Additions</b>	<b>\$ 113,845</b>	<b>\$ 6,762,233</b>
<b>Deductions</b>		
Beneficiary payments to individuals	\$ 114,087	\$ -
Payments of property tax to other governments	-	6,117,050
Payments to the state	-	469,559
Administrative expense	-	16,869
Operating expense	-	32,706
Distributions to participants	-	21,000
<b>Total Deductions</b>	<b>\$ 114,087</b>	<b>\$ 6,657,184</b>
<b>Change in net position</b>	<b>\$ (242)</b>	<b>\$ 105,049</b>
<b>Net Position – January 1</b>	<b>3,928</b>	<b>474,421</b>
<b>Net Position – December 31</b>	<b>\$ 3,686</b>	<b>\$ 579,470</b>

# **Norman County Ada, Minnesota**

## **Notes to the Financial Statements As of and for the Year Ended December 31, 2022**

---

### **Note 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, 2022. 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.

#### **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 Organization, and Jointly-Governed Organizations**

The County participates in joint ventures, related organizations, and jointly-governed organizations described in Note 5.

### **Basic Financial Statements**

#### **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 presents all assets, liabilities, deferred inflows and outflows of resources, and net position on a full accrual accounting basis, with an economic resource focus. The County's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function, segment, 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. The County does not allocate indirect expenses to functions within the financial statements. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

# Norman County Ada, Minnesota

---

## 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.

Additionally, the County reports the following fund types:

The Debt Service Funds account for the 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.

## 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 leases are reported as other financing sources.

# **Norman County Ada, Minnesota**

---

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.

## **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

### **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. Pooled and fund investments, if any, are reported at their fair value at December 31, 2022. 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 2022 were \$115,636.

### **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.

### **Special Assessments Receivable**

Special assessments receivable consist of delinquent special assessments payable in the years 2017 to 2022 and noncurrent special assessments payable in 2023 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.

### **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.

# Norman County Ada, Minnesota

---

## Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, sidewalks, and similar items) and right-to-use assets acquired under leasing arrangements, 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:

Capitalization Threshold	
Assets	Capitalization Threshold
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 while right-to-use assets are amortized over the shorter of the underlying asset's estimated useful life or the lease term:

Estimated Useful Lives of Capital Assets	
Assets	Years
Buildings	25-50
Improvements other than buildings	20-35
Public domain infrastructure	15-75
Furniture, equipment, and vehicles	3-15
Right-to use machinery and equipment	4-5

## 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

---

## 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.

## 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 that time. 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 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.

## 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

## Norman County Ada, Minnesota

---

proceeds received, are reported as debt service expenditures.

### Classification of Net Position

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

Net investment in capital assets – represents capital assets, net of accumulated depreciation and amortization, 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.

### 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 externally imposed 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 (resolution) it employed to previously commit those amounts.

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

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

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within

# Norman County Ada, Minnesota

---

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.

## Minimum Fund Balance

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.

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.

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.

## 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.

## Change in Accounting Principle

During the year ended December 31, 2022, Norman County adopted new accounting guidance by implementing the provisions of GASB No. 87, *Leases*, which establishes criteria for accounting and financial reporting for leases. The implementation of this statement resulted in changing the presentation of the notes to the financial statements by increasing the beginning balances of the right-to-use capital assets and related accumulated amortization and decreasing beginning balances of the depreciated capital assets and related accumulated depreciation by \$163,182.

## Note 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, 2022.

	Excess of Expenditures Over Budget		
	Expenditures	Budget	Excess
Solid Waste Special Revenue Fund	\$ 514,088	\$ 474,465	\$ 39,623

# Norman County Ada, Minnesota

---

## Note 3 – Detailed Notes

### Assets and Deferred Outflows of Resources

#### Deposits and Investments

The County's total cash is as follows:

#### **Reconciliation of the County's Total Cash to the Basic Financial Statements as of December 31, 2022**

Governmental activities	
Cash and pooled investments	\$ 16,613,958
Fiduciary funds	
Cash and pooled investments	<u>589,984</u>
Total Cash and Pooled Investments	<u>\$ 17,203,942</u>

#### 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, 2022, the County's deposits were not exposed to custodial credit risk.

#### 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

## Norman County Ada, Minnesota

---

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.

### Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirement set by state statute.

### Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County does not have a policy on custodial credit risk. As of December 31, 2022, the County's investments were not exposed to custodial credit risk.

### Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that U.S. Treasury securities, U.S. agency securities, and obligations backed by U.S. Treasury and/or U.S. agency securities may be held without limit.

## Norman County Ada, Minnesota

The following table presents the County's cash and investment balances at December 31, 2022, and information relating to potential investment risks:

### Cash and Investments and Information Relating to Potential Investment Risk as of December 31, 2022

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
United States Treasury Notes					
United States Treasury Notes	Aaa	Moody		03/15/2023	\$ 3,284,778
United States Treasury Notes	Aaa	Moody		06/30/2023	319,885
United States Treasury Notes	Aaa	Moody		08/15/2023	187,372
Total United States Treasury Notes			45.46%		\$ 3,792,035
U.S. government bonds					
Federal National Mortgage Association	AA+	S&P	7.21%	07/10/2023	\$ 601,555
Federal Home Loan Mortgage Corporation	Aaa	S&P		06/19/2023	\$ 490,822
Federal Home Loan Mortgage Corporation	Aaa	S&P		06/26/2023	405,455
Federal Home Loan Mortgage Corporation	AA+	S&P		10/16/2023	192,898
Total FHLMC			13.05%		\$ 1,089,175
Federal Home Loan Bank	AA+	S&P		08/25/2023	\$ 494,640
Federal Home Loan Bank	Aaa	Moody		08/28/2023	892,692
Federal Home Loan Bank	AA+	S&P		09/08/2023	196,678
Federal Home Loan Bank	AA+	S&P		09/08/2023	89,091
Total Federal Home Loan Bank			20.06%		\$ 1,673,101
Federal Farm Credit Bank	AA+	S&P	0.59%	05/22/2023	\$ 49,209
Total U.S. government bonds					\$ 3,413,040
Municipal bonds					
Wisconsin GO Bonds	AA+	S&P		05/01/2023	\$ 350,254
Woodbridge Twp Ref Bonds	AA-	S&P		07/15/2023	176,328
Fort Wayne Indiana Rev Bonds	AA	S&P		08/01/2023	303,285
Burlington Cnty Ref Bonds	Aa1	Moody		09/01/2023	306,952
Total Municipal bonds			13.63%		\$ 1,136,819
Total investments					\$ 8,341,894
Deposits					8,855,548
Change funds					6,500
Total Cash and Investments					\$ 17,203,942

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

- *Level 1:* Quoted prices for identical investments in active markets;

## Norman County Ada, Minnesota

- *Level 2:* Observable inputs other than quoted market prices; and
- *Level 3:* Unobservable inputs.

At December 31, 2022, the County had the following recurring fair value measurements.

### Recurring Fair Value Measurements as of December 31, 2022

	December 31, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Unites States Treasury Notes	\$ 3,792,035	\$ -	\$ 3,792,035	\$ -
U.S. government bonds	3,413,040	-	3,413,040	-
Municipal bonds	1,136,819	-	1,136,819	-
Total investments by fair value level	\$ 8,341,894	\$ -	\$ 8,341,894	\$ -

All Level 2 debt securities are valued using a market approach based on the securities' relationship to benchmark quoted prices.

### Receivables

Receivables as of December 31, 2022, for the County's governmental activities are as follows:

### Governmental Activities' Receivables as of December 31, 2022

	Total Receivables	Amounts not Scheduled for Collection During the Subsequent Year
Taxes	\$ 131,041	\$ -
Special assessments – delinquent	27,555	-
Special assessments – noncurrent	737,893	452,952
Accounts	106,351	-
Interest	33,352	-
Due from other governments	3,626,208	-
Total	\$ 4,662,400	\$ 452,952

# Norman County Ada, Minnesota

## Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

### Changes in Capital Assets for the Year Ended December 31, 2022

	Beginning Balance, as Restated*	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,616,791	\$ 113,656	\$ -	\$ 1,730,447
Construction in Progress	-	3,482,247	-	3,482,247
Total capital assets not depreciated	\$ 1,616,791	\$ 3,595,903	\$ -	\$ 5,212,694
Capital assets depreciated or amortized				
Buildings	\$ 4,043,756	\$ -	\$ -	\$ 4,043,756
Machinery, furniture, and equipment	7,048,770	1,201,868	507,042	7,743,596
Infrastructure	93,336,326	5,122,511	-	98,458,837
Leased machinery, furniture and equipment	179,112	54,138	-	233,250
Total capital assets depreciated and amortized	\$ 104,607,964	\$ 6,378,517	\$ 507,042	\$ 110,479,439
Less: accumulated depreciation and amortization for				
Buildings	\$ 2,408,647	\$ 102,617	\$ -	\$ 2,511,264
Machinery, furniture, and equipment	4,709,289	505,835	507,042	4,708,082
Infrastructure	29,932,883	1,851,583	-	31,784,466
Leased machinery, furniture and equipment	15,930	59,590	-	75,520
Total accumulated depreciation and amortization	\$ 37,066,749	\$ 2,519,625	\$ 507,042	\$ 39,079,332
Total capital assets depreciated and amortization, net	\$ 67,541,215	\$ 3,858,892	\$ -	\$ 71,400,107
Governmental Activities Capital Assets, Net	\$ 69,158,006	\$ 7,454,795	\$ -	\$ 76,612,801

\*See Change in Accounting Principle in Note 1.

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

### Depreciation and Amortization Expense Charged to Functions/Programs

General government	\$ 95,788
Public safety	114,026
Culture and recreation	11,610
Public health	1,167
Highways and streets, including depreciation of infrastructure assets	2,253,801
Human services	43,233
Total Depreciation and Amortization Expense	<u>\$ 2,519,625</u>

# Norman County Ada, Minnesota

## Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2022, is as follows:

### Due To/From Other Funds

#### Interfund Balances as of December 31, 2022

Receivable Fund	Payable Fund	Amount
General Fund	Road and Bridge Special Revenue Fund	\$ 564,680
	Social Services Special Revenue Fund	13,500
	Airport Authority Custodial Fund	1,400
	State Revenue Custodial Fund	973
Total due to General Fund		\$ 580,553
Road and Bridge Special Revenue Fund	General Fund	\$ 5,551
	Solid Waste Special Revenue Fund	1,429
Total due to Road and Bridge Special Revenue Fund		\$ 6,980
Solid Waste Special Revenue Fund	General Fund	\$ 929
Custodial Funds		
Children's Collaborative Fund	Social Services Special Revenue Fund	\$ 800
Airport Authority Fund	General Fund	1,230
State Revenue Fund	General Fund	2,307
Total due to Custodial Funds		\$ 4,337
Total Due To/From Other Funds		\$ 592,799

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.

### Interfund Transfers

Interfund transfers for the year ended December 31, 2022, consisted of the following:

#### Interfund Transfers for the Year Ended December 31, 2022

Transfer to G.O. Bonds Debt Service Fund from General Fund	\$ 685,930	To transfer funds for bond principal and interest payment.
---	------------	---

# Norman County Ada, Minnesota

## Liabilities and Deferred Inflows of Resources

### Payables

Payables at December 31, 2022, were as follows:

#### **Payables as of December 31, 2022**

Accounts	\$	354,794
Salaries		248,874
Contract		512,671
Due to other governments		157,421
Customer deposits		7,003
Total Payables	\$	<u>1,280,763</u>

### Construction Commitments

The County has active construction projects as of December 31, 2022. The projects include the following:

#### **Active Construction Projects and Other Commitments as of December 31, 2022**

	Spent-to-Date	Remaining Commitment
Governmental Activities		
General Fund		
County Maintenance Facility	\$ 3,658,232	\$ 6,208,936

### Long-Term Debt

Bond payments are typically made from various debt service funds. Information on individual bonds payable was as follows:

#### **Bonds Payable as of December 31, 2022**

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2022
General obligation bonds					
2022 Capital Improvement Bonds	2053	\$200,000- \$3,115,000	2.00-3.25	<u>\$ 8,535,000</u>	\$ 8,535,000
Add: unamortized premium					<u>96,182</u>
Total General Obligation Bonds, Net					<u>\$ 8,631,182</u>

# Norman County Ada, Minnesota

## Debt Service Requirements

Debt service requirements at December 31, 2022, were as follows:

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2023	\$ -	\$ 327,669
2024	200,000	246,863
2025	205,000	242,813
2026	210,000	238,663
2027	210,000	234,462
2028-2032	1,130,000	1,097,525
2033-2037	1,295,000	931,062
2038-2042	1,505,000	721,512
2043-2047	1,740,000	474,619
2048-2052	2,040,000	170,137
Total	\$ 8,535,000	\$ 4,685,325

## Leases

The County has entered into lease agreements as lessee for a copier lease for the highway department, two vehicle leases for the Social Services department, and four vehicle leases for the Sheriff's department. Leases range from four to five years and have been recorded at the present value of their future minimum lease payments as of the inception date. Lease payments are paid from the General Fund, the Road and Bridge Special Revenue Fund, and the Social Services Special Revenue Fund:

### Future Minimum Lease Obligations and Present Value of Minimum Lease Payments as of December 31, 2022

Year Ending December 31	Principal	Interest
2023	\$ 44,327	\$ 834
2024	44,617	544
2025	32,713	260
2026	6,365	101
2027	2,438	11
Total	\$ 130,460	\$ 1,750

# Norman County Ada, Minnesota

## Changes in Long-Term Liabilities

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

### **Changes in Long-Term Liabilities for the Year Ended December 31, 2022**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ -	\$ 8,535,000	\$ -	\$ 8,535,000	\$ -
Add: unamortized premiums	-	98,662	2,480	96,182	-
Total bonds payable	\$ -	\$ 8,633,662	\$ 2,480	\$ 8,631,182	\$ -
Leases payable	98,986	73,330	41,856	130,460	44,327
Compensated absences	573,610	429,451	420,307	582,754	215,277
Total Long-Term Liabilities	\$ 672,596	\$ 9,136,443	\$ 464,643	\$ 9,344,396	\$ 259,604

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

## Deferred Inflows of Resources – Unavailable Revenue

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.

### **Deferred Inflows of Resources – Unavailable Revenue by Fund as of December 31, 2022**

	Taxes	Special Assessments	Grants and Allotments	Other	Total
Major governmental funds					
General	\$ 36,006	\$ 526,440	\$ -	\$ -	\$ 562,446
Special Revenue					
Road and Bridge	19,158	-	2,985,611	3,430	3,008,199
Social Services	8,851	-	17,635	-	26,486
Nonmajor governmental funds					
Special Revenue					
Ditch	453	229,875	-	-	230,328
Public Health	742	-	41,269	108	42,119
Solid Waste	1,022	24,852	-	-	25,874
Total	\$ 66,232	\$ 781,167	\$ 3,044,515	\$ 3,538	\$ 3,895,452

## Other Postemployment Benefits (OPEB)

### 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

# Norman County Ada, Minnesota

---

OPEB plan does not issue a stand-alone financial report.

As of the January 1, 2022, actuarial valuation, the following employees were covered by the benefit terms:

<b>Employees Covered by the OPEB Benefit Terms As of the December 31, 2022, Actuarial Valuation</b>	
Inactive employees or beneficiaries currently receiving benefit payments	2
Active plan participants	<u>82</u>
Total	<u>84</u>

## Total OPEB Liability

The County's total OPEB liability of \$336,752 was measured as of January 1, 2022, determined by an actuarial valuation as of January 1, 2022. 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, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

<b>OPEB Actuarial Assumptions and Other Inputs</b>	
Inflation	2.00 percent
Salary increases	Service graded table
Health care cost trend	6.50 percent, as of January 1, 2022, grading to 5.00 percent over six years and then to 4.00 percent over the next 48 years

The current year discount rate is 2.00 percent 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-2021 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.

The method to develop starting claims costs, by age adjusting the premium information, was done under the Alternative Measurement Method.

# Norman County Ada, Minnesota

## Changes in the Total OPEB Liability

### Changes in the Total OPEB Liability For the Year Ended December 31, 2022

Balance at January 1, 2022	\$ 333,459
Changes for the year	
Service cost	\$ 38,934
Interest	10,428
Assumption changes	7,808
Difference between expected and actual economic experience	(28,063)
Benefit payments	(25,814)
Net change	\$ 3,293
Balance at December 31, 2022	\$ 336,752

OPEB liability is liquidated by the General Fund and other funds that have personal services.

## 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:

### Sensitivity of the Total OPEB Liability to Changes In the Discount Rate as of December 31, 2022

	Discount Rate	Total OPEB Liability
1% Decrease	1.00%	\$ 358,884
Current	2.00%	336,752
1% Increase	3.00%	315,747

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:

### Sensitivity of the Total OPEB Liability to Changes In the Health Care Trend Rates as of December 31, 2022

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.50% Decreasing to 3.00%	\$ 301,738
Current	6.50% Decreasing to 4.00%	336,752
1% Increase	7.50% Decreasing to 5.00%	378,030

## OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the County recognized OPEB expense of \$39,209. The County reported

## Norman County Ada, Minnesota

deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

### Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB as of December 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 35,569
Changes in actuarial assumptions	7,648	2,507
Contributions paid subsequent to the measurement date	20,303	-
Total	\$ 27,951	\$ 38,076

The \$20,303 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, 2023.

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

### Schedule of Amortization of Deferred Outflows And Inflows of Resources Related to OPEB As of December 31, 2022

Year Ended December 31	OPEB Expense Amount
2023	\$ (10,153)
2024	(10,148)
2025	(3,376)
2026	(3,376)
2027	(3,375)

### Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2022:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The salary increase rates were updated to reflect the latest experience study.
- The retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50 percent to 2.00 percent.

# Norman County Ada, Minnesota

---

- The discount rate was changed from 2.90 percent to 2.00 percent.

## Pension Plans

### Defined Benefit Pension Plans

#### 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.

#### 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

## Norman County Ada, Minnesota

---

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.

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.

### 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 2021.

#### **Member and Employer Required Contribution Rates**

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

#### **Employer Contributions For the Year Ended December 31, 2022**

General Employees Plan	\$	316,222
Police and Fire Plan		89,028

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

# Norman County Ada, Minnesota

## [Pension Costs](#)

### General Employees Plan

At December 31, 2022, the County reported a liability of \$4,308,498 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.0544 percent. It was 0.0548 percent measured as of June 30, 2021. The County recognized pension expense of \$615,157 for its proportionate share of the General Employees Plan's pension expense.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. The County recognized an additional \$18,842 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

**General Employees Plan  
Employer's Share of the Net Pension Liability and the State's Related Liability  
As of December 31, 2022**

The County's proportionate share of the net pension liability	\$ 4,308,498
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>126,098</u>
Total	<u><u>\$ 4,434,596</u></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:

**General Employees Plan  
Deferred Outflows of Resources and Deferred Inflows of Resources  
As of December 31, 2022**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 35,987	\$ 46,212
Changes in actuarial assumptions	982,045	17,008
Difference between projected and actual investment earnings	57,808	-
Changes in proportion	66,864	12,810
Contributions paid to PERA subsequent to the measurement date	<u>161,001</u>	<u>-</u>
Total	<u><u>\$ 1,303,705</u></u>	<u><u>\$ 76,030</u></u>

The \$161,001 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

# Norman County Ada, Minnesota

## General Employees Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2022

Year Ended December 31	Pension Expense Amount
2023	\$ 406,607
2024	416,036
2025	(145,608)
2026	389,639

### Police and Fire Plan

At December 31, 2022, the County reported a liability of \$1,805,916 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.0415 percent. It was 0.0432 percent measured as of June 30, 2021. The County recognized pension expense of \$183,702 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed \$18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2022. 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 each year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional \$15,299 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

### Police and Fire Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2022

The County's proportionate share of the net pension liability	\$ 1,805,916	
State of Minnesota's proportionate share of the net pension liability associated with the County		78,869
Total	\$ 1,884,785	

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 \$3,735 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

# Norman County Ada, Minnesota

deferred inflows of resources related to pensions from the following sources:

**Police and Fire Plan  
Deferred Outflows of Resources and Deferred Inflows of Resources  
As of December 31, 2022**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 112,064	\$ -
Changes in actuarial assumptions	1,078,488	11,157
Difference between projected and actual investment earnings	5,179	-
Changes in proportion	26,882	18,930
Contributions paid to PERA subsequent to the measurement date	42,870	-
Total	<u>\$ 1,265,483</u>	<u>\$ 30,087</u>

The \$42,870 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**Police and Fire Plan  
Schedule of Amortization of  
Deferred Outflows and Inflows of Resources  
As of December 31, 2022**

Year Ended December 31	Pension Expense Amount
2023	\$ 240,581
2024	228,995
2025	199,512
2026	375,369
2027	148,069

## Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2022, was \$798,859.

# Norman County Ada, Minnesota

## Actuarial Assumptions

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

### **Actuarial Assumptions for the Year Ended June 30, 2022**

	General Employees Fund	Police and Fire Fund
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 per year through December 31, 2054, and 1.50 percent per year thereafter. 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, 2022, 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 July 12, 2022, was utilized.

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.

### **Pension Plan Investment Target Allocation and Best Estimates of Geometric Real Rates of Return for Each Major Asset Class**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33.50%	5.10%
International equities	16.50%	5.30%
Fixed income	25.00%	0.75%
Private markets	25.00%	5.90%

## Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent for the General Employees Plan in 2022, which remained consistent with 2021. 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 position of the General Employees Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected

## Norman County Ada, Minnesota

rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent, based on the weekly rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index. An equivalent single discount rate of 5.40 percent for the Police and Fire Plan was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.50 percent applied to all years of projected benefits to the point of asset depletion and 3.69 percent thereafter.

### Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2022:

#### General Employees Plan

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

#### Police and Fire Plan

- The single discount rate changed from 6.50 percent to 5.40 percent.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

### 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.

#### **Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate As of December 31, 2022**

	Proportionate Share of the			
	General Employees Plan		Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	5.50%	\$ 6,805,498	4.40%	\$ 2,733,022
Current	6.50%	4,308,498	5.40%	1,805,916
1% Increase	7.50%	2,260,572	6.40%	1,056,406

### 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

# Norman County Ada, Minnesota

---

obtained on the internet at [www.mnpera.org](http://www.mnpera.org).

## 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.

### **Total Contributions by Dollar Amount and Percentage of Covered Payroll Made by the Employer For the Year Ended December 31, 2022**

	Employee	Employer
Contribution amount	\$ 2,162	\$ 2,162
Percentage of covered payroll	5.00%	5.00%

## Note 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 2022 and 2023. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

# Norman County Ada, Minnesota

---

## **Note 5 – Summary of Significant Contingencies and Other Items**

### **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.

### **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. CPT is comprised of 31 members, of which 24 are voting members of CPT and seven are non-voting members.

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. Excess funds beyond the initial capital contribution shall be distributed to members as determined by the CPT Board. Full repayment of initial capital contributed by members joining after the original signatories to the initial agreement is not to be required to be completed prior to the CPT Board distributing excess fund balances to other members.

Financing is primarily from county member contributions. During 2022, 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.

#### **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.

## **Norman County Ada, Minnesota**

---

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 reports the transactions of Tri-County Community Corrections as a custodial fund in its financial statements. Norman County's contribution for 2022 was \$559,499.

Complete financial information can be obtained from Tri-County Community Corrections at 816 Marin Avenue, Suite 110, 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, 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 2022 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

## **Norman County Ada, Minnesota**

---

advisory councils and joint powers boards continue to meet monthly to make decisions affecting their local counties.

Financing is provided by appropriations from member parties and by state and federal grants. During 2022, Norman County did not provide any contributions to this organization.

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

### **Northwest Minnesota Regional Emergency Communications Board**

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

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

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

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

The Northwest Minnesota Regional Emergency Communications Board has no long-term debt. Financing is provided by appropriations from member parties and by state and federal grants. During 2022, 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.

## **Norman County Ada, Minnesota**

---

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.

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 2022, 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 Police Department, 321 West Robert Street, Crookston, Minnesota 56716.

### **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.

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.

### **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.

## **Norman County Ada, Minnesota**

---

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.

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 2022, 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 2022, Norman County contributed \$1,200 to the Collaborative.

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

## **Norman County Ada, Minnesota**

---

### **[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 and public sectors.

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 2022.

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, Big Stone, Clay, Cottonwood, Douglas, Grant, Kittson, Koochiching, Lake of the Woods, Mahnomen, Marshall, McLeod, Mille Lacs, Mower, Murray, Norman, Pennington, Pine, Pipestone, Polk, Pope, Red Lake, Redwood, Roseau, Stevens, Todd, Traverse, Wadena, Watonwan, Wilkin and Wright Counties. Control of Minnesota Rural Counties is vested in the Minnesota Rural Counties Executive Committee, which is composed of twelve 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.

### **[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 2022, Norman County provided \$105,115 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.

# Norman County Ada, Minnesota

---

## 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 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 2022.

## 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.

# Norman County Ada, Minnesota

---

## 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 acts as fiscal agent for the Board and reports the cash transactions of the Community Health Board as a custodial fund on its annual financial statements. During 2022, Norman County did not contribute to the Polk-Norman-Mahnomen Community Health Board.

Complete financial information can be obtained from Polk County Public Health, 816 Marin Avenue, Suite 125, Crookston, Minnesota 56716.

## Opioid Settlement Funds

Norman County is a participating government in the opioid settlement with pharmaceutical manufacturers, distributors, and pharmacy chains. The county is expected to receive \$241,460 over the next 18 years. The majority of the funds are intended for opioid abatement. The *Minnesota Opioids State-Subdivision Memorandum of Agreement (MOA)* identifies the requirements for Minnesota governments participating in the settlement. Pursuant to the terms of MOA the county created a special revenue fund. Funds are restricted until expended. The MOA requires that the county recognize the settlement revenues when the annual distribution is made to the participating governments. Therefore, the county does not record a receivable for the settlement. For the year ended December 31, 2022, the county received \$47,225 as part of the settlement.

## **Required Supplementary Information**

**Norman County  
Ada, Minnesota**

**Exhibit A-1**

**Budgetary Comparison Schedule  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 3,681,564	\$ 3,681,564	\$ 3,780,974	\$ 99,410
Special assessments	320,475	320,475	300,348	(20,127)
Licenses and permits	11,177	11,177	15,910	4,733
Intergovernmental	1,357,362	1,357,362	2,501,105	1,143,743
Charges for services	295,690	295,690	293,898	(1,792)
Fines and forfeits	-	-	68	68
Gifts and contributions	1,000	1,000	3,637	2,637
Investment earnings	41,400	41,400	115,636	74,236
Miscellaneous	102,835	102,835	140,390	37,555
<b>Total Revenues</b>	<b>\$ 5,811,503</b>	<b>\$ 5,811,503</b>	<b>\$ 7,151,966</b>	<b>\$ 1,340,463</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 232,380	\$ 232,380	\$ 222,958	\$ 9,422
Courts	25,000	25,000	15,709	9,291
County auditor-treasurer	349,359	349,359	303,045	46,314
County assessor	300,257	300,257	273,540	26,717
Elections	90,100	90,100	75,226	14,874
Chief financial officer	122,875	122,875	118,623	4,252
Human resources	57,120	57,120	43,934	13,186
Accounting and auditing	80,000	80,000	12,266	67,734
Data processing	72,900	72,900	76,168	(3,268)
Attorney	228,605	228,605	240,362	(11,757)
Victim assistance	62,000	62,000	64,937	(2,937)
Recorder	328,945	328,945	305,447	23,498
Planning and zoning	32,443	32,785	55,823	(23,038)
County buildings	63,350	63,350	3,842,006	(3,778,656)
Buildings and plant	174,546	174,546	179,606	(5,060)
Veterans service officer	76,469	76,469	90,592	(14,123)
Cemeteries	-	-	125	(125)
Miscellaneous – general government	243,272	242,930	249,748	(6,818)
<b>Total general government</b>	<b>\$ 2,539,621</b>	<b>\$ 2,539,621</b>	<b>\$ 6,170,115</b>	<b>\$ (3,630,494)</b>

**Norman County  
Ada, Minnesota**

**Exhibit A-1**  
*(Continued)*

**Budgetary Comparison Schedule  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public safety</b>				
Sheriff	\$ 1,318,981	\$ 1,318,981	\$ 1,237,683	\$ 81,298
K-9 unit	750	750	748	2
Coroner	20,500	20,500	18,398	2,102
Radio tower	-	-	3,795	(3,795)
Hazardous materials training	5,500	5,500	4,411	1,089
Safety coordinator	6,180	6,180	5,775	405
E-911 system	48,500	48,500	240,977	(192,477)
Community corrections	546,562	546,562	559,498	(12,936)
Civil defense	36,864	36,864	39,810	(2,946)
Police and fire	2,050	2,050	1,726	324
Other public safety	11,900	11,900	18,969	(7,069)
<b>Total public safety</b>	<b>\$ 1,997,787</b>	<b>\$ 1,997,787</b>	<b>\$ 2,131,790</b>	<b>\$ (134,003)</b>
<b>Sanitation</b>				
Riverview LLP bond project	\$ -	\$ -	\$ 200,000	\$ (200,000)
<b>Human services</b>				
Senior citizen centers	\$ 1,950	\$ 1,950	\$ 1,950	\$ -
Retired senior volunteer program	1,000	1,000	1,000	-
<b>Total human services</b>	<b>\$ 2,950</b>	<b>\$ 2,950</b>	<b>\$ 2,950</b>	<b>\$ -</b>
<b>Health</b>				
Ambulance	\$ 240,000	\$ 240,000	\$ 219,880	\$ 20,120
Wellness program	8,000	8,000	7,355	645
<b>Total health</b>	<b>\$ 248,000</b>	<b>\$ 248,000</b>	<b>\$ 227,235</b>	<b>\$ 20,765</b>
<b>Culture and recreation</b>				
Historical society	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Agassiz trail project	244,150	244,150	27,145	217,005
Winter shows	900	900	900	-
County library	105,115	105,115	105,115	-
Celebrations	420	420	-	420
<b>Total culture and recreation</b>	<b>\$ 365,585</b>	<b>\$ 365,585</b>	<b>\$ 148,160</b>	<b>\$ 217,425</b>

**Norman County  
Ada, Minnesota**

**Exhibit A-1**  
*(Continued)*

**Budgetary Comparison Schedule  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Conservation of natural resources</b>				
Cooperative extension	\$ 122,275	\$ 122,275	\$ 110,220	\$ 12,055
Soil and water conservation	65,200	65,200	65,200	-
Agricultural society	12,150	12,150	12,150	-
Aquatic invasive species	13,131	13,131	13,131	-
Riparian protection aid	43,878	43,878	59,851	(15,973)
Forfeited tax	-	-	12,460	(12,460)
Weed control	14,590	14,590	12,914	1,676
Predator control	4,186	4,186	2,286	1,900
Water planning	32,150	32,150	39,664	(7,514)
<b>Total conservation of natural resources</b>	<b>\$ 307,560</b>	<b>\$ 307,560</b>	<b>\$ 327,876</b>	<b>\$ (20,316)</b>
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 27,678	\$ (27,678)
Interest	-	-	398	(398)
Bond issuance costs	-	-	183,903	(183,903)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 211,979</b>	<b>\$ (211,979)</b>
<b>Total Expenditures</b>	<b>\$ 5,461,503</b>	<b>\$ 5,461,503</b>	<b>\$ 9,420,105</b>	<b>\$ (3,958,602)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ (2,268,139)</b>	<b>\$ (2,618,139)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	\$ -	\$ -	\$ (685,930)	\$ (685,930)
Bonds issued	-	-	8,535,000	8,535,000
Premium on bonds issued	-	-	98,662	98,662
Leases issued	-	-	19,221	19,221
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,966,953</b>	<b>\$ 7,966,953</b>
<b>Net Change in Fund Balance</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 5,698,814</b>	<b>\$ 5,348,814</b>
<b>Fund Balance – January 1</b>	<b>6,820,260</b>	<b>6,820,260</b>	<b>6,820,260</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 7,170,260</b>	<b>\$ 7,170,260</b>	<b>\$ 12,519,074</b>	<b>\$ 5,348,814</b>

**Norman County  
Ada, Minnesota**

**Exhibit A-2**

**Budgetary Comparison Schedule  
Budget and Actual  
Road and Bridge Special Revenue Fund  
For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 2,130,461	\$ 2,130,461	\$ 2,073,213	\$ (57,248)
Intergovernmental	8,677,039	8,677,039	8,213,545	(463,494)
Charges for services	80,000	80,000	54,743	(25,257)
Miscellaneous	95,000	95,000	204,062	109,062
<b>Total Revenues</b>	<b>\$ 10,982,500</b>	<b>\$ 10,982,500</b>	<b>\$ 10,545,563</b>	<b>\$ (436,937)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 376,351	\$ 376,351	\$ 396,280	\$ (19,929)
Maintenance	2,739,836	2,739,836	3,674,697	(934,861)
Construction	6,600,699	6,600,699	5,875,075	725,624
Equipment and maintenance shop	840,614	840,614	1,108,905	(268,291)
<b>Total highways and streets</b>	<b>\$ 10,557,500</b>	<b>\$ 10,557,500</b>	<b>\$ 11,054,957</b>	<b>\$ (497,457)</b>
<b>Intergovernmental</b>				
Highways and streets	\$ 425,000	\$ 425,000	\$ 607,708	\$ (182,708)
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 6,128	\$ (6,128)
Interest	-	-	146	(146)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,274</b>	<b>\$ (6,274)</b>
<b>Total Expenditures</b>	<b>\$ 10,982,500</b>	<b>\$ 10,982,500</b>	<b>\$ 11,668,939</b>	<b>\$ (686,439)</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,123,376)</b>	<b>\$ (1,123,376)</b>
<b>Other Financing Sources (Uses)</b>				
Leases issued	-	-	26,310	26,310
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,097,066)</b>	<b>\$ (1,097,066)</b>
<b>Fund Balance – January 1</b>	<b>1,851,469</b>	<b>1,851,469</b>	<b>1,851,469</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>310,458</b>	<b>310,458</b>
<b>Fund Balance – December 31</b>	<b>\$ 1,851,469</b>	<b>\$ 1,851,469</b>	<b>\$ 1,064,861</b>	<b>\$ (786,608)</b>

**Norman County  
Ada, Minnesota**

**Exhibit A-3**

**Budgetary Comparison Schedule  
Budget and Actual  
Social Services Special Revenue Fund  
For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 906,688	\$ 906,688	\$ 881,180	\$ (25,508)
Intergovernmental	1,651,281	1,651,281	1,477,998	(173,283)
Charges for services	214,750	214,750	244,168	29,418
Miscellaneous	27,000	27,000	61,641	34,641
<b>Total Revenues</b>	<b>\$ 2,799,719</b>	<b>\$ 2,799,719</b>	<b>\$ 2,664,987</b>	<b>\$ (134,732)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 940,856	\$ 940,856	\$ 979,022	\$ (38,166)
Social services	1,846,754	1,846,754	1,583,350	263,404
<b>Total human services</b>	<b>\$ 2,787,610</b>	<b>\$ 2,787,610</b>	<b>\$ 2,562,372</b>	<b>\$ 225,238</b>
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 8,050	\$ (8,050)
Interest	-	-	331	(331)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,381</b>	<b>\$ (8,381)</b>
<b>Total Expenditures</b>	<b>\$ 2,787,610</b>	<b>\$ 2,787,610</b>	<b>\$ 2,570,753</b>	<b>\$ 216,857</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 12,109</b>	<b>\$ 12,109</b>	<b>\$ 94,234</b>	<b>\$ 82,125</b>
<b>Other Financing Sources (Uses)</b>				
Leases issued	-	-	27,799	27,799
<b>Net Change in Fund Balance</b>	<b>\$ 12,109</b>	<b>\$ 12,109</b>	<b>\$ 122,033</b>	<b>\$ 109,924</b>
<b>Fund Balance – January 1</b>	<b>1,624,714</b>	<b>1,624,714</b>	<b>1,624,714</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 1,636,823</b>	<b>\$ 1,636,823</b>	<b>\$ 1,746,747</b>	<b>\$ 109,924</b>

**Norman County  
Ada, Minnesota**

**Exhibit A-4**

**Schedule of Changes in Total OPEB Liability and Related Ratios  
Other Postemployment Benefits  
December 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 38,934	\$ 34,022	\$ 33,031	\$ 31,549	\$ 32,859
Interest	10,428	9,792	13,122	10,915	10,565
Differences between expected and actual experience	(28,063)	-	(30,466)	-	-
Changes of assumption or other inputs	7,808	-	2,858	(7,527)	-
Benefit payments	<u>(25,814)</u>	<u>(27,764)</u>	<u>(26,570)</u>	<u>(17,310)</u>	<u>(45,450)</u>
<b>Net change in total OPEB liability</b>	<b>\$ 3,293</b>	<b>\$ 16,050</b>	<b>\$ (8,025)</b>	<b>\$ 17,627</b>	<b>\$ (2,026)</b>
<b>Total OPEB Liability – Beginning</b>	<b><u>333,459</u></b>	<b><u>317,409</u></b>	<b><u>325,434</u></b>	<b><u>307,807</u></b>	<b><u>309,833</u></b>
<b>Total OPEB Liability – Ending</b>	<b><u>\$ 336,752</u></b>	<b><u>\$ 333,459</u></b>	<b><u>\$ 317,409</u></b>	<b><u>\$ 325,434</u></b>	<b><u>\$ 307,807</u></b>
 Covered-employee payroll	 \$ 4,564,875	 \$ 4,468,495	 \$ 4,338,345	 \$ 4,232,351	 \$ 4,109,079
Total OPEB liability (asset) as a percentage of covered-employee payroll	7.38%	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, 2022**

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
2022	0.0544 %	\$ 4,308,498	\$ 126,098	\$ 4,434,596	\$ 4,071,230	105.83 %	76.67 %
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, 2022**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2022	\$ 316,222	\$ 316,222	\$ -	\$ 4,216,288	7.50 %
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, 2022**

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
2022	0.0415 %	\$ 1,805,916	\$ 78,869	\$ 1,884,785	\$ 504,063	358.27 %	70.53 %
2021	0.0432	333,458	14,977	348,435	510,198	65.36	93.66
2020	0.0430	562,832	13,258	576,090	481,294	116.94	87.19
2019	0.0440	470,554	N/A	470,554	466,079	100.96	89.26
2018	0.0410	438,084	N/A	438,084	433,079	101.16	88.84
2017	0.0360	486,043	N/A	486,043	370,478	131.19	85.43
2016	0.0360	1,444,743	N/A	1,444,743	346,715	416.69	63.88
2015	0.0340	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, 2022**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2022	\$ 89,028	\$ 89,028	\$ -	\$ 502,982	17.70 %
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 Ada, Minnesota

## Notes to the Required Supplementary Information For the Year Ended December 31, 2022

### Note 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, Opioid Special Revenue Fund, Ditch Debt Service Fund, and the G.O. Bonds Debt Service Fund. All annual appropriations lapse at fiscal year-end.

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

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

### Note 2 – Excess of Expenditures Over Budget

The following individual major funds had expenditures in excess of final budget for the year ended December 31, 2022:

#### Excess of Expenditures Over Budget for the Year Ended December 31, 2022

	Expenditures	Budget	Excess
General Fund	\$ 9,420,105	\$ 5,461,503	\$ 3,958,602
Road and Bridge Special Revenue Fund	11,668,939	10,982,500	686,439

### Note 3 – Other Postemployment Benefits Funding Status

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75 to pay related benefits. See Note 3 in the notes to the financial statements for additional information regarding the County's other postemployment benefits.

### Note 4 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes in actuarial assumptions occurred:

#### 2022

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.

## Norman County Ada, Minnesota

---

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The salary increase rates were updated to reflect the latest experience study.
- The retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50 percent to 2.00 percent.
- The discount rate was changed from 2.90 percent to 2.00 percent.

### 2021

None.

### 2020

- The health care trend rates, mortality tables, and salary increase rates were updated.
- 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 discount rate was changed from 3.80 percent to 2.90 percent.

### 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 mortality tables, retirement tables, and withdrawal tables were updated.
- The discount rate was changed from 4.00 percent to 3.30 percent.

## **Note 5 – 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:

## Norman County Ada, Minnesota

---

### General Employees Retirement Plan

#### 2022

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

#### 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.
- 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.
- 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.

## Norman County Ada, Minnesota

---

### 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-2015 to Scale 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.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

### 2017

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

## Norman County Ada, Minnesota

---

### 2016

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

### Public Employees Police and Fire Plan

### 2022

- The single discount rate changed from 6.50 percent to 5.40 percent.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

### 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.
- 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.

## **Norman County Ada, Minnesota**

---

- 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 mortality 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.
- 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.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates

## Norman County Ada, Minnesota

---

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 Funds**

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

G.O. Bonds Fund – to account for the payment of principal and interest of G.O. bond issues.

**Norman County  
Ada, Minnesota**

**Exhibit B-1**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2022**

	<u>Special Revenue (Exhibit C-1)</u>	<u>Ditch Debt Service</u>	<u>G.O. Bonds Debt Service</u>	<u>Total (Exhibit 3)</u>
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 1,595,257	\$ 308	\$ 685,930	\$ 2,281,495
Petty cash and change funds	100	-	-	100
Taxes receivable – delinquent	3,691	-	-	3,691
Special assessments receivable				
Delinquent	1,034	376	-	1,410
Noncurrent	229,875	-	-	229,875
Accounts receivable	49,795	-	-	49,795
Due from other funds	929	-	-	929
Due from other governments	200,096	-	-	200,096
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Assets</b>	<b><u>\$ 2,080,777</u></b>	<b><u>\$ 684</u></b>	<b><u>685,930</u></b>	<b><u>\$ 2,767,391</u></b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 52,057	\$ -	\$ 750	\$ 52,807
Salaries payable	29,247	-	-	29,247
Due to other funds	1,429	-	-	1,429
Due to other governments	98,595	-	-	98,595
Customer deposits	4,970	-	-	4,970
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>	<b><u>\$ 186,298</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 750</u></b>	<b><u>\$ 187,048</u></b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	\$ 298,321	\$ -	\$ -	\$ 298,321
Prepaid property taxes	2,426	-	-	2,426
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 300,747</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 300,747</u></b>
<b>Fund Balances</b>				
Restricted for				
Debt service	\$ -	\$ 684	\$ 685,180	\$ 685,864
Gravel pit postclosure	194,001	-	-	194,001
Ditch maintenance and construction	664,792	-	-	664,792
Opioid remediation	47,225	-	-	47,225
Assigned to				
County homes	171,020	-	-	171,020
Health	499,555	-	-	499,555
Sanitation	19,552	-	-	19,552
Unassigned	(2,413)	-	-	(2,413)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Fund Balances</b>	<b><u>\$ 1,593,732</u></b>	<b><u>\$ 684</u></b>	<b><u>\$ 685,180</u></b>	<b><u>\$ 2,279,596</u></b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 2,080,777</u></b>	<b><u>\$ 684</u></b>	<b><u>\$ 685,930</u></b>	<b><u>\$ 2,767,391</u></b>

**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, 2022**

	Special Revenue (Exhibit C-2)	Ditch Debt Service	G.O. Bonds Debt Service	Total (Exhibit 5)
<b>Revenues</b>				
Taxes	\$ 212,943	\$ -	\$ -	\$ 212,943
Special assessments	248,960	684	-	249,644
Licenses and permits	800	-	-	800
Intergovernmental	965,874	-	-	965,874
Charges for services	399,530	-	-	399,530
Gifts and contributions	700	-	-	700
Miscellaneous	84,618	-	-	84,618
<b>Total Revenues</b>	<b>\$ 1,913,425</b>	<b>\$ 684</b>	<b>\$ -</b>	<b>\$ 1,914,109</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ 26,456	\$ -	\$ -	\$ 26,456
Sanitation	514,088	-	-	514,088
Health	1,003,393	-	-	1,003,393
Conservation of natural resources	13,712	919	-	14,631
<b>Debt service</b>				
Administrative (fiscal) charges	-	-	750	750
<b>Total Expenditures</b>	<b>\$ 1,557,649</b>	<b>\$ 919</b>	<b>\$ 750</b>	<b>\$ 1,559,318</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 355,776</b>	<b>\$ (235)</b>	<b>\$ (750)</b>	<b>\$ 354,791</b>
<b>Other Financing Sources</b>				
Transfers in	-	-	685,930	685,930
<b>Net Change in Fund Balance</b>	<b>\$ 355,776</b>	<b>\$ (235)</b>	<b>\$ 685,180</b>	<b>\$ 1,040,721</b>
<b>Fund Balance – January 1</b>	<b>1,237,956</b>	<b>919</b>	<b>-</b>	<b>1,238,875</b>
<b>Fund Balance – December 31</b>	<b>\$ 1,593,732</b>	<b>\$ 684</b>	<b>\$ 685,180</b>	<b>\$ 2,279,596</b>

**Norman County  
Ada, Minnesota**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2022**

	<u>County Homes</u>	<u>Ditch</u>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 176,868	\$ 672,671
Petty cash and change funds	-	-
Taxes receivable – delinquent	-	-
Special assessments receivable		
Delinquent	-	1,034
Noncurrent	-	229,875
Accounts receivable	200	-
Due from other funds	-	-
Due from other governments	-	-
	<hr/>	<hr/>
<b>Total Assets</b>	<b><u>\$ 177,068</u></b>	<b><u>\$ 903,580</u></b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 820	\$ 10,850
Salaries payable	199	-
Due to other funds	-	-
Due to other governments	59	-
Customer deposits	4,970	-
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b><u>\$ 6,048</u></b>	<b><u>\$ 10,850</u></b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	\$ -	\$ 230,328
Prepaid property taxes	-	23
	<hr/>	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ -</u></b>	<b><u>\$ 230,351</u></b>
<b>Fund Balances</b>		
Restricted for		
Gravel pit postclosure	\$ -	\$ -
Ditch maintenance and construction	-	664,792
Opioid remediation	-	-
Assigned to		
County homes	171,020	-
Health	-	-
Sanitation	-	-
Unassigned	-	(2,413)
	<hr/>	<hr/>
<b>Total Fund Balances</b>	<b><u>\$ 171,020</u></b>	<b><u>\$ 662,379</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 177,068</u></b>	<b><u>\$ 903,580</u></b>

**Exhibit C-1**

<b>Gravel Reserve Tax</b>	<b>Public Health</b>	<b>Opioid Settlement</b>	<b>Solid Waste</b>	<b>Total (Exhibit B-1)</b>
\$ 237,286	\$ 369,434	\$ 47,225	\$ 91,773	\$ 1,595,257
-	100	-	-	100
-	1,587	-	2,104	3,691
-	-	-	-	1,034
-	-	-	-	229,875
5,966	7,190	-	36,439	49,795
-	-	-	929	929
-	197,439	-	2,657	200,096
<b>\$ 243,252</b>	<b>\$ 575,750</b>	<b>\$ 47,225</b>	<b>\$ 133,902</b>	<b>\$ 2,080,777</b>
\$ -	\$ 3,604	\$ -	\$ 36,783	\$ 52,057
-	28,114	-	934	29,247
-	-	-	1,429	1,429
49,251	1,482	-	47,803	98,595
-	-	-	-	4,970
<b>\$ 49,251</b>	<b>\$ 33,200</b>	<b>\$ -</b>	<b>\$ 86,949</b>	<b>\$ 186,298</b>
\$ -	\$ 42,119	\$ -	\$ 25,874	\$ 298,321
-	876	-	1,527	2,426
<b>\$ -</b>	<b>\$ 42,995</b>	<b>\$ -</b>	<b>\$ 27,401</b>	<b>\$ 300,747</b>
\$ 194,001	\$ -	\$ -	\$ -	\$ 194,001
-	-	-	-	664,792
-	-	47,225	-	47,225
-	-	-	-	171,020
-	499,555	-	-	499,555
-	-	-	19,552	19,552
-	-	-	-	(2,413)
<b>\$ 194,001</b>	<b>\$ 499,555</b>	<b>\$ 47,225</b>	<b>\$ 19,552</b>	<b>\$ 1,593,732</b>
<b>\$ 243,252</b>	<b>\$ 575,750</b>	<b>\$ 47,225</b>	<b>\$ 133,902</b>	<b>\$ 2,080,777</b>

**Norman County  
Ada, Minnesota**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2022**

	<u>County Homes</u>	<u>Ditch</u>
<b>Revenues</b>		
Taxes	\$ -	\$ -
Special assessments	-	248,960
Licenses and permits	-	-
Intergovernmental	-	-
Charges for services	-	-
Gifts and contributions		
Miscellaneous	<u>36,375</u>	<u>-</u>
<b>Total Revenues</b>	<b><u>\$ 36,375</u></b>	<b><u>\$ 248,960</u></b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 26,456	\$ -
Sanitation	-	-
Health	-	-
Conservation of natural resources	<u>-</u>	<u>13,712</u>
<b>Total Expenditures</b>	<b><u>\$ 26,456</u></b>	<b><u>\$ 13,712</u></b>
<b>Net Change in Fund Balance</b>	<b><u>\$ 9,919</u></b>	<b><u>\$ 235,248</u></b>
<b>Fund Balance – January 1</b>	<b><u>161,101</u></b>	<b><u>427,131</u></b>
<b>Fund Balance – December 31</b>	<b><u><u>\$ 171,020</u></u></b>	<b><u><u>\$ 662,379</u></u></b>

**Exhibit C-2**

<b>Gravel Reserve Tax</b>	<b>Public Health</b>	<b>Opioid Settlement</b>	<b>Solid Waste</b>	<b>Total (Exhibit B-2)</b>
\$ 17,382	\$ 86,062	\$ -	\$ 109,499	\$ 212,943
-	-	-	-	248,960
-	-	-	800	800
-	886,604	-	79,270	965,874
-	89,656	-	309,874	399,530
-	700	-	-	700
-	1,018	47,225	-	84,618
<b>\$ 17,382</b>	<b>\$ 1,064,040</b>	<b>\$ 47,225</b>	<b>\$ 499,443</b>	<b>\$ 1,913,425</b>
\$ -	\$ -	\$ -	\$ -	\$ 26,456
-	-	-	514,088	514,088
-	1,003,393	-	-	1,003,393
-	-	-	-	13,712
<b>\$ -</b>	<b>\$ 1,003,393</b>	<b>\$ -</b>	<b>\$ 514,088</b>	<b>\$ 1,557,649</b>
\$ 17,382	\$ 60,647	\$ 47,225	\$ (14,645)	\$ 355,776
176,619	438,908	-	34,197	1,237,956
<b>\$ 194,001</b>	<b>\$ 499,555</b>	<b>\$ 47,225</b>	<b>\$ 19,552</b>	<b>\$ 1,593,732</b>

**Norman County  
Ada, Minnesota**

***Exhibit C-3***

**Budgetary Comparison Schedule  
Budget and Actual  
County Homes Special Revenue Fund  
For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>Revenues</b>				
Miscellaneous	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 36,375</u>	<u>\$ 1,375</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Low-income housing	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 26,456</u>	<u>\$ 8,544</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,919</u>	<u>\$ 9,919</u>
<b>Fund Balance – January 1</b>	<u>161,101</u>	<u>161,101</u>	<u>161,101</u>	<u>-</u>
<b>Fund Balance – December 31</b>	<u><u>\$ 161,101</u></u>	<u><u>\$ 161,101</u></u>	<u><u>\$ 171,020</u></u>	<u><u>\$ 9,919</u></u>

**Norman County  
Ada, Minnesota**

**Exhibit C-4**

**Budgetary Comparison Schedule  
Budget and Actual  
Public Health Special Revenue Fund  
For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 88,518	\$ 88,518	\$ 86,062	\$ (2,456)
Intergovernmental	832,325	832,325	886,604	54,279
Charges for services	100,650	100,650	89,656	(10,994)
Gifts and contributions	-	-	700	700
Miscellaneous	3,000	3,000	1,018	(1,982)
<b>Total Revenues</b>	<b>\$ 1,024,493</b>	<b>\$ 1,024,493</b>	<b>\$ 1,064,040</b>	<b>\$ 39,547</b>
<b>Expenditures</b>				
<b>Current</b>				
Public health	<u>\$ 1,013,105</u>	<u>\$ 1,013,105</u>	<u>\$ 1,003,393</u>	<u>\$ 9,712</u>
<b>Net Change in Fund Balance</b>	<b>\$ 11,388</b>	<b>\$ 11,388</b>	<b>\$ 60,647</b>	<b>\$ 49,259</b>
<b>Fund Balance – January 1</b>	<u>438,908</u>	<u>438,908</u>	<u>438,908</u>	<u>-</u>
<b>Fund Balance – December 31</b>	<u><u>\$ 450,296</u></u>	<u><u>\$ 450,296</u></u>	<u><u>\$ 499,555</u></u>	<u><u>\$ 49,259</u></u>

**Norman County  
Ada, Minnesota**

**Exhibit C-5**

**Budgetary Comparison Schedule  
Budget and Actual  
Solid Waste Special Revenue Fund  
For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 112,909	\$ 112,909	\$ 109,499	\$ (3,410)
Licenses and permits	400	400	800	400
Intergovernmental	72,351	72,351	79,270	6,919
Charges for services	298,000	298,000	309,874	11,874
Miscellaneous	6,300	6,300	-	(6,300)
<b>Total Revenues</b>	<b>\$ 489,960</b>	<b>\$ 489,960</b>	<b>\$ 499,443</b>	<b>\$ 9,483</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Sanitation</b>				
Administration	\$ 33,365	\$ 33,365	\$ 32,439	\$ 926
Recycling	111,000	111,000	111,380	(380)
Landfill	32,250	32,250	48,043	(15,793)
Fosston incinerator	282,850	282,850	303,069	(20,219)
Household hazardous waste	15,000	15,000	19,157	(4,157)
<b>Total Expenditures</b>	<b>\$ 474,465</b>	<b>\$ 474,465</b>	<b>\$ 514,088</b>	<b>\$ (39,623)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 15,495</b>	<b>\$ 15,495</b>	<b>\$ (14,645)</b>	<b>\$ (30,140)</b>
<b>Fund Balance – January 1</b>	<b>34,197</b>	<b>34,197</b>	<b>34,197</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 49,692</b>	<b>\$ 49,692</b>	<b>\$ 19,552</b>	<b>\$ (30,140)</b>

# **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, 2022**

	Norman County- Ada-Twin Valley Airport Authority	Children's Collaborative	Norman County Economic Development Authority (EDA)
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 138,908	\$ 30,872	\$ 56,957
Taxes receivable for other governments	-	-	246
Accounts receivable	-	-	2,426
Due from other funds	1,230	800	-
Due from other governments	-	-	-
Loans receivable	-	-	49,957
	<hr/>	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 140,138</b>	<b>\$ 31,672</b>	<b>\$ 109,586</b>
	<hr/>	<hr/>	<hr/>
<b><u>Liabilities</u></b>			
Due to other governments	\$ -	\$ -	\$ -
Due to other funds	1,400	-	-
Due to others	1,484	-	1,068
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>\$ 2,884</b>	<b>\$ -</b>	<b>\$ 1,068</b>
	<hr/>	<hr/>	<hr/>
<b><u>Deferred Inflows of Resources</u></b>			
Prepaid taxes	\$ -	\$ -	\$ 107
	<hr/>	<hr/>	<hr/>
<b><u>Net Position</u></b>			
Restricted for			
Individuals, organizations, and other governments	<b>\$ 137,254</b>	<b>\$ 31,672</b>	<b>\$ 108,411</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Exhibit D-1**

<u>Recoveries</u>	<u>State Revenue</u>	<u>Taxes and Penalties</u>	<u>Watershed</u>	<u>Total Custodial Funds</u>
\$ 67,025	\$ 7,423	\$ 270,932	\$ 14,181	\$ 586,298
-	1,270	255,252	6,602	263,370
-	11,222	-	-	13,648
-	2,307	-	-	4,337
8,643	14,389	-	-	23,032
-	-	-	-	49,957
<u>\$ 75,668</u>	<u>\$ 36,611</u>	<u>\$ 526,184</u>	<u>\$ 20,783</u>	<u>\$ 940,642</u>
\$ 67,025	\$ 34,368	\$ 208,725	\$ 10,838	\$ 320,956
-	973	-	-	2,373
-	-	-	-	2,552
<u>\$ 67,025</u>	<u>\$ 35,341</u>	<u>\$ 208,725</u>	<u>\$ 10,838</u>	<u>\$ 325,881</u>
\$ -	\$ -	\$ 31,841	\$ 3,343	\$ 35,291
<u>\$ 8,643</u>	<u>\$ 1,270</u>	<u>\$ 285,618</u>	<u>\$ 6,602</u>	<u>\$ 579,470</u>

**Norman County  
Ada, Minnesota**

**Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds – Custodial Funds  
For The Year Ended December 31, 2022**

	Norman County- Ada-Twin Valley Airport Authority	Children's Collaborative	Norman County Economic Development Authority (EDA)
<b>Additions</b>			
Contributions			
Individuals	\$ -	\$ -	\$ -
Property tax collections for other governments	-	-	14,361
Administration fees	-	21,130	-
Contributions from participants	4,030	6,250	-
Grants received	49,097	-	-
Grant match from participants	-	-	32
Payments from the state	-	-	938
License and fees collected for the state	-	-	-
Fuel sales	7,318	-	-
Rent	2,400	-	-
Miscellaneous	15,666	-	1,667
<b>Total Additions</b>	<b>\$ 78,511</b>	<b>\$ 27,380</b>	<b>\$ 16,998</b>
<b>Deductions</b>			
Payments of property tax to other governments	\$ -	\$ -	\$ -
Payments to the state	-	-	-
Administrative expense	-	5,721	11,148
Operating expense	32,706	-	-
Distributions to participants	-	21,000	-
<b>Total Deductions</b>	<b>\$ 32,706</b>	<b>\$ 26,721</b>	<b>\$ 11,148</b>
<b>Change in net position</b>	<b>\$ 45,805</b>	<b>\$ 659</b>	<b>\$ 5,850</b>
<b>Net Position – January 1</b>	<b>91,449</b>	<b>31,013</b>	<b>102,561</b>
<b>Net Position – December 31</b>	<b>\$ 137,254</b>	<b>\$ 31,672</b>	<b>\$ 108,411</b>

<u>Recoveries</u>	<u>State Revenue</u>	<u>Taxes and Penalties</u>	<u>Watershed</u>	<u>Total Custodial Funds</u>
\$ 134,675	\$ -	\$ -	\$ -	\$ 134,675
-	185,904	5,473,822	501,416	6,175,503
-	-	-	-	21,130
-	-	-	-	10,280
-	-	-	-	49,097
-	-	-	-	32
-	-	-	-	938
-	343,527	-	-	343,527
-	-	-	-	7,318
-	-	-	-	2,400
-	-	-	-	17,333
<u>\$ 134,675</u>	<u>\$ 529,431</u>	<u>\$ 5,473,822</u>	<u>\$ 501,416</u>	<u>\$ 6,762,233</u>
\$ -	\$ 184,951	\$ 5,433,326	\$ 498,773	\$ 6,117,050
126,032	343,527	-	-	469,559
-	-	-	-	16,869
-	-	-	-	32,706
-	-	-	-	21,000
<u>\$ 126,032</u>	<u>\$ 528,478</u>	<u>\$ 5,433,326</u>	<u>\$ 498,773</u>	<u>\$ 6,657,184</u>
\$ 8,643	\$ 953	\$ 40,496	\$ 2,643	\$ 105,049
-	317	245,122	3,959	474,421
<u>\$ 8,643</u>	<u>\$ 1,270</u>	<u>\$ 285,618</u>	<u>\$ 6,602</u>	<u>\$ 579,470</u>

## **Schedules**

**Norman County  
Ada, Minnesota**

***Exhibit E-1***

**Schedule of Deposits and Investments  
December 31, 2022**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fair Value</u>
<b>Deposits</b>			
Cash on hand	N/A	N/A	\$ 6,500
Non-interest bearing checking	N/A	Continuous	978,169
Interest bearing checking	0.72% to 1.25%	Continuous	273,069
Money market	0.50%	Continuous	7,411,596
Certificates of deposit	0.01% to 2.00%	December 21, 2023	64,369
Cash with broker	Varies	Continuous	128,345
<b>Investments</b>			
U.S. Treasury notes	0.50% to 2.50%	March 15, 2023 to August 15, 2023	3,792,035
Federal Farm Credit Bank	0.025%	May 22, 2023	49,209
Federal Home Loan Mortgage Corporation	0.125% to 2.75%	June 19, 2023 to October 16, 2023	1,089,175
Federal National Mortgage Association	0.25%	July 10, 2023	601,555
Federal Home Loan Bank	2.375% to 3.375%	August 25, 2023 to September 8, 2023	1,673,101
Municipal securities	0.211% to 5.00%	May 1, 2023 September 1, 2023	1,136,819
<b>Total Deposits and Investments</b>			<b><u>\$ 17,203,942</u></b>

**Norman County  
Ada, Minnesota**

**Balance Sheet – By Ditch  
Ditch Special Revenue and Ditch Debt Service Funds  
December 31, 2022**

	Assets			
	Cash and Pooled Investments	Special Assessments Receivable		Total
		Delinquent	Noncurrent	
<b>County Ditches</b>				
5	\$ 12,079	\$ -	\$ 845	\$ 12,924
6	24,983	290	21,350	46,623
7	25,493	-	10,035	35,528
8	42,032	-	28,046	70,078
9	55,297	-	48,294	103,591
14	5,230	-	453	5,683
17	1,618	173	4,875	6,666
22	23,912	176	4,233	28,321
23	3,142	-	202	3,344
24	4,289	-	163	4,452
25	31,276	81	3,358	34,715
26	674	-	63	737
28 & 3	1,099	-	135	1,234
29	19,303	-	18,690	37,993
29 Lat. 1	7,938	7	3,236	11,181
31	5,103	75	298	5,476
33	47,185	27	4,420	51,632
34	48,404	-	505	48,909
36	4,662	19	332	5,013
39	1,670	-	307	1,977
40	1,108	-	2,235	3,343
41	7,542	-	1,438	8,980
42	73,307	2	21,726	95,035
46	3,838	2	455	4,295
47	23,606	-	2,403	26,009
49	8,208	108	511	8,827
62	6,017	38	282	6,337
65	(2,413)	-	10,210	7,797
69	16,609	33	1,542	18,184
73	30,032	-	1,963	31,995
75	5,141	3	7,378	12,522
<b>Borup State Ditch</b>	58	-	-	58
<b>Judicial Ditches</b>				
54 South	80,777	-	8,037	88,814
55	53,452	-	21,855	75,307
57	-	-	-	-
<b>Watershed Ditches</b>				
Project 43 – Perley	45	198	-	243
Project 44 – Hendrum	263	178	-	441
<b>Total</b>	<b>\$ 672,979</b>	<b>\$ 1,410</b>	<b>\$ 229,875</b>	<b>\$ 904,264</b>
<b>Presented as</b>				
Ditch Special Revenue Fund	\$ 672,671	\$ 1,034	\$ 229,875	\$ 903,580
Ditch Debt Service Fund	308	376	-	684
<b>Total</b>	<b>\$ 672,979</b>	<b>\$ 1,410</b>	<b>\$ 229,875</b>	<b>\$ 904,264</b>

**Exhibit E-2**

(Continued)

Liabilities and Deferred Inflows of Resources				Fund Balances				Total Liabilities, Deferred Inflows of Resources, and Fund Balances
				Restricted for Debt Service	Restricted for Ditch Maintenance and Construction	Unrestricted	Total	
Accounts Payable	Unavailable Revenue	Prepaid Taxes	Total					
\$ -	\$ 845	\$ -	\$ 845	\$ -	\$ 12,079	\$ -	\$ 12,079	\$ 12,924
-	21,640	-	21,640	-	24,983	-	24,983	46,623
-	10,010	-	10,010	-	25,518	-	25,518	35,528
-	28,046	-	28,046	-	42,032	-	42,032	70,078
-	48,294	-	48,294	-	55,297	-	55,297	103,591
-	453	-	453	-	5,230	-	5,230	5,683
-	4,857	-	4,857	-	1,809	-	1,809	6,666
-	4,409	-	4,409	-	23,912	-	23,912	28,321
-	202	-	202	-	3,142	-	3,142	3,344
-	163	-	163	-	4,289	-	4,289	4,452
-	3,354	-	3,354	-	31,361	-	31,361	34,715
-	63	-	63	-	674	-	674	737
-	135	1	136	-	1,098	-	1,098	1,234
-	18,690	13	18,703	-	19,290	-	19,290	37,993
-	3,235	-	3,235	-	7,946	-	7,946	11,181
-	335	-	335	-	5,141	-	5,141	5,476
-	4,417	-	4,417	-	47,215	-	47,215	51,632
-	505	-	505	-	48,404	-	48,404	48,909
-	329	-	329	-	4,684	-	4,684	5,013
-	307	-	307	-	1,670	-	1,670	1,977
-	2,225	-	2,225	-	1,118	-	1,118	3,343
-	1,438	-	1,438	-	7,542	-	7,542	8,980
10,850	21,728	-	32,578	-	62,457	-	62,457	95,035
-	457	-	457	-	3,838	-	3,838	4,295
-	2,403	-	2,403	-	23,606	-	23,606	26,009
-	514	2	516	-	8,311	-	8,311	8,827
-	290	1	291	-	6,046	-	6,046	6,337
-	10,210	-	10,210	-	-	(2,413)	(2,413)	7,797
-	1,538	-	1,538	-	16,646	-	16,646	18,184
-	1,963	-	1,963	-	30,032	-	30,032	31,995
-	7,381	-	7,381	-	5,141	-	5,141	12,522
-	-	-	-	-	58	-	58	58
-	8,037	6	8,043	-	80,771	-	80,771	88,814
-	21,855	-	21,855	-	53,452	-	53,452	75,307
-	-	-	-	-	-	-	-	-
-	-	-	-	243	-	-	243	243
-	-	-	-	441	-	-	441	441
<b>\$ 10,850</b>	<b>\$ 230,328</b>	<b>\$ 23</b>	<b>\$ 241,201</b>	<b>\$ 684</b>	<b>\$ 664,792</b>	<b>\$ (2,413)</b>	<b>\$ 663,063</b>	<b>\$ 904,264</b>
\$ 10,850	\$ 230,328	\$ 23	\$ 241,201	\$ -	\$ 664,792	\$ (2,413)	\$ 662,379	\$ 903,580
-	-	-	-	684	-	-	684	684
<b>\$ 10,850</b>	<b>\$ 230,328</b>	<b>\$ 23</b>	<b>\$ 241,201</b>	<b>\$ 684</b>	<b>\$ 664,792</b>	<b>\$ (2,413)</b>	<b>\$ 663,063</b>	<b>\$ 904,264</b>

**Norman County  
Ada, Minnesota**

**Exhibit E-3**

**Schedule of Intergovernmental Revenue  
Governmental Funds  
For the Year Ended December 31, 2022**

**Appropriations and Shared Revenue**

**State**

Highway users tax	\$ 5,917,262
County program aid	525,226
Disparity reduction aid	15,650
Pension contribution	16,174
Police aid	64,272
Aquatic invasive species aid	13,131
Riparian protection aid	160,000
Out-of-home placement reimbursement aid	3,705
Market value credit	383,860

**Total appropriations and shared revenue** **\$ 7,099,280**

**Reimbursement for Services**

**State**

Minnesota Department of Human Services	\$ 446,987
--	------------

**Payments**

**Local**

Payments in lieu of taxes	\$ 86,740
Mahnomen County	70,718

**Total payments** **\$ 157,458**

**Grants**

**State**

Minnesota Department/Board of	
Public Safety	\$ 151,800
Transportation	2,150,214
Health	242,589
Natural Resources	7,147
Human Services	352,132
Veterans Affairs	7,500
Water and Soil Resources	31,150
Pollution Control Agency	80,079
Peace Officer Standards and Training Board	7,104

**Total state** **\$ 3,029,715**

**Norman County  
Ada, Minnesota**

***Exhibit E-3***  
***(Continued)***

**Schedule of Intergovernmental Revenue  
Governmental Funds  
For the Year Ended December 31, 2022**

**Grants (Continued)**

**Federal**

Department of	
Agriculture	\$ 164,884
Justice	59,483
Transportation	14,632
Treasury	1,069,493
Education	3,688
Election Assistance Commission	21,428
Health and Human Services	1,060,429
Homeland Security	31,045

<b>Total federal</b>	<b>\$ 2,425,082</b>
----------------------	---------------------

<b>Total state and federal grants</b>	<b>\$ 5,454,797</b>
---------------------------------------	---------------------

<b>Total Intergovernmental Revenue</b>	<b>\$ 13,158,522</b>
--	----------------------

**Norman County  
Ada, Minnesota**

**Exhibit E-4**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Number	Expenditures
<b>U.S. Department of Agriculture</b>			
Passed Through Polk-Norman-Mahnomen Community Health Board Special Supplemental Nutrition Program for Women, Infants and Children	10.557	Not provided	\$ 70,997
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	222MN101S2514	<u>93,887</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>\$ 164,884</u></b>
<b>U.S. Department of Justice</b>			
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	A-CVS-2022-NORM-053	<b><u>\$ 59,483</u></b>
<b>U.S. Department of Transportation</b>			
Passed Through Minnesota Department of Public Safety Highway Safety Cluster State and Community Highway Safety	20.600	214092	<b><u>\$ 900</u></b>
<b>U.S. Department of Treasury</b>			
Direct COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 1,019,493
Local Assistance and Tribal Consistency Fund	21.032		<u>50,000</u>
<b>Total U.S. Department of Treasury</b>			<b><u>\$ 1,069,493</u></b>
<b>U.S. Department of Education</b>			
Passed Through Polk-Norman-Mahnomen Community Health Board Special Education – Grants for Infants and Families	84.181	Not Provided	<b><u>\$ 3,106</u></b>
<b>U.S. Department of Election Assistance Commission</b>			
Passed Through Office of the Minnesota Secretary of State 2018 HAVA Election Security Grants	90.404	197308	<b><u>\$ 21,428</u></b>
<b>U.S. Department of Health and Human Services</b>			
Passed Through Polk-Norman-Mahnomen Community Health Board Public Health Emergency Preparedness	93.069	Not Provided	\$ 53,374
COVID-19 – Immunization Cooperative Agreements	93.268	Not Provided	33,772
Drug-Free Communities Support Program Grants	93.276	Not Provided	147,620
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Not Provided	90,825
COVID-19 – Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Not Provided	36,591
Temporary Assistance for Needy Families	93.558	Not Provided	34,762
(Total Temporary Assistance for Needy Families 93.558 \$94,355)			
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	Not Provided	18,091
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	24,119
Passed Through Minnesota Department of Human Services Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	147995	71,284
Promoting Safe and Stable Families	93.556	2101MNFPS	1,175

**Norman County  
Ada, Minnesota**

**Exhibit E-4**  
**(Continued)**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Number	Expenditures
<b>U.S. Department of Health and Human Services</b>			
Passed Through Minnesota Department of Human Services (Continued)			
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$94,355)	93.558	2201MNTANF	59,593
Child Support Enforcement	93.563	2201MNCEST	104,222
Child Support Enforcement (Total Child Support Enforcement 93.563 \$132,182)	93.563	2201MNCSES	27,960
Refugee and Entrant Assistance – State Administered Programs CCDF Cluster	93.566	2201MNRDMA	153
Child Care and Development Block Grant	93.575	2201MNCDDF	1,634
Community-Based Child Abuse Prevention Grants	93.590	2102MNBCAP	2,681
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2101MNCWSS	1,340
Foster Care – Title IV-E	93.658	2201MNFOST	43,494
Social Services Block Grant	93.667	2201MNSOSR	72,281
Child Abuse and Neglect State Grants	93.669	2101MNNCAN	1,727
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2201MNCILP	10,882
COVID-19 – John H. Chafee Foster Care Program for Successful Transition to Adulthood (Total John H. Chafee Foster Care Program for Successful Transition to Adulthood 93.674 \$16,799)	93.674	2101MNCILC	5,917
Children's Health Insurance Program Medicaid Cluster	93.767	2205MN5021	578
Medical Assistance Program	93.778	2205MN5ADM	253,298
Medical Assistance Program (Total Medical Assistance Program 93.778 \$255,201)	93.778	2205MN5MAP	1,903
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 1,099,276</b>
<b>U.S. Department of Homeland Security</b>			
Passed Through Minnesota Department of Public Safety			
Emergency Management Performance Grants	97.042	A-EMPG-2020-NORMANCO-056	\$ 15,508
Emergency Management Performance Grants (Total Emergency Performance Grants 97.042 \$31,045)	97.042	A-EMPG-2021-NORMANCO-056	15,537
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 31,045</b>
<b>Total Federal Awards</b>			<b>\$ 2,449,615</b>

The County did not pass on any federal awards through to subrecipients during the year ended December 31, 2022.

**Totals by Cluster**

Total expenditures for SNAP Cluster	\$ 93,887
Total expenditures for Highway Safety Cluster	900
Total expenditures for CCDF Cluster	1,634
Total expenditures for Medicaid Cluster	255,201

# **Norman County Ada, Minnesota**

## **Notes to the Schedule of Expenditures of Federal Awards As of and for the Year Ended December 31, 2022**

---

### **Note 1 – Summary of Significant Accounting Policies**

#### **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.

#### **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, 2022. 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.

### **Note 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.

**Entity Name**  
**City, Minnesota**

---

**Note 3 – Reconciliation to Schedule of Intergovernmental Revenue**

<b>Reconciliation to Schedule of Intergovernmental Revenue</b>	
Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 2,425,082
Grants received more than 60 days after year-end, considered unavailable revenue in 2022	
Drug-Free Communities Support Program Grants (AL No. 93.276)	34,663
COVID-19 – Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response (AL No. 93.354)	6,481
Promoting Safe and Stable Families (AL No. 93.556)	312
Community-Based Child Abuse Prevention Grants (AL No. 93.590)	670
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	556
John H. Chafee Foster Care Program for Successful Transition to Adulthood (AL No. 93.674)	7,533
Unavailable revenue in 2021, recognized as revenue in 2022	
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)
COVID-19 – Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	(267)
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	(121)
Child Abuse and Neglect State Grants (AL No. 93.669)	(266)
Children’s Health Insurance Program (AL No. 93.767)	(271)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 2,449,615</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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 30, 2024.

**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 opinion 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 a material weakness and a significant deficiency.

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 2022-002 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be a significant deficiency.

## 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 depositories of public funds and public investments and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters, as described in the Schedule of Findings and Questioned Costs as items 2022-005 and 2022-007. 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 contracting – bid laws, conflicts of interest, public indebtedness, and claims and disbursements 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 and another matter reported as 2022-006.

### Norman County's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on Norman County's response to the internal control and legal compliance findings identified in our audit and described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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

August 30, 2024

/s/Chad Struss

Chad Struss, CPA  
Deputy State Auditor



## **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, 2022. 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, 2022.

#### ***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.

#### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-003 and 2022-004. Our opinion on the major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Norman County's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Norman County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### **Report on Internal Control Over Compliance**

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent,

or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-003, and 2022-004, to be significant deficiencies.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Norman County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Norman County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*/s/Julie Blaha*

*/s/Chad Struss*

Julie Blaha  
State Auditor

Chad Struss, CPA  
Deputy State Auditor

August 30, 2024

# Norman County Ada, Minnesota

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2022

### Section I – Summary of Auditor’s Results

#### Financial Statements

Type of auditor’s report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **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 federal programs:

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

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

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

Identification of the major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

The threshold used to distinguish between Type A and B programs was \$750,000.

Norman County qualified as a low-risk auditee? **No**

### Section II – Financial Statement Findings

#### 2022-001      Segregation of Duties

Prior Year Finding Number: 2021-001

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. Where management decides segregation of duties may not be cost effective, compensating controls should be in place.

## Norman County Ada, Minnesota

---

**Condition:** Staff assigned record-keeping responsibilities assist in receipting as well as assist with the custody function. The smaller departments generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

**Context:** Due to the limited number of office personnel within several Norman County departments, segregation of accounting functions necessary to ensure adequate internal accounting control is not possible. 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 ability of the County employees, in the normal course of performing their assigned functions, to detect misstatements in a timely period.

**Cause:** The County informed us it is more efficient to collect fees in each department that provides services and periodically remit those fees to the Auditor-Treasurer's office. The County has a limited number of employees in each department, including the Auditor-Treasurer's office.

**Recommendation:** We recommend the County Board of Commissioners be aware that limited staffing causes inherent risks in safeguarding the County's assets and the proper reporting of its financial activity. We recommend the Board of Commissioners continue to implement oversight procedures and monitor those procedures to determine if they are still effective internal controls.

**View of Responsible Official:** Concur

### 2022-002      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:** Material audit adjustments were identified that resulted in significant changes to the County's financial statements.

**Context:** The inability to detect significant misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustment was found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

**Effect:** The following audit adjustments were reviewed and approved by management and are reflected in the financial statements.

## Norman County Ada, Minnesota

---

- The General Fund required an adjustment to increase federal revenue for assistance listing number 21.027 and decrease transfers in by \$1,000,000 to reclassify activity as federal grant revenue.
- To eliminate the Road and Bridge Special Revenue Fund's deficit cash balance of \$564,680, cash was moved from the General Fund to the Road and Bridge Fund, an interfund receivable was recorded in the General Fund, and an interfund payable was recorded in the Road and Bridge Special Revenue Fund.

**Cause:** The staff overlooked this activity when the financial statement information was prepared.

**Recommendation:** We recommend the County review internal controls currently in place and design and implement procedures to ensure the County's financial statements are complete, accurate, and fairly presented in accordance with accounting principles generally accepted in the United States of America.

**View of Responsible Official:** Concur

### Section III – Federal Award Findings and Questioned Costs

#### 2022-003      Suspension and Debarment

**Prior Year Finding Number:** N/A

**Repeat Finding Since:** N/A

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Significant Deficiency and Other Matter

**Federal Agency:** U.S. Department of Treasury

**Program:** 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

**Award Number and Year:** SLT 4867, 2022

**Pass-Through Agency:** N/A – Direct

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

Federal requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Title 2 U.S. *Code of Federal Regulations* § 180.300 describes a required verification process. Prior to entering into the transaction, one of the following must be performed: (1) checking SAM.gov exclusions, (2) collecting a certification, or (3) adding a clause or condition to the covered transaction. The suspension and debarment requirements apply to covered transactions over \$25,000. Entities must use their documented procurement process compliance.

**Condition:** For one of two covered transactions tested, the verification for suspended or debarred vendors was not performed before entering into the covered transaction.

**Questioned Costs:** None

**Context:** The County entered into two covered transactions; both were tested for compliance with suspension and debarment requirements.

## Norman County Ada, Minnesota

---

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

**Effect:** The County is not in compliance with federal regulations.

**Cause:** The County has procedures in place to perform verification and retain documentation, but not all department heads are aware of the procedures or federal regulations.

**Recommendation:** We recommend the County review its policies and communicate with management and staff their responsibility for complying with federal regulations and maintaining documentation to support that compliance.

**View of Responsible Official:** Concur

**2022-004      Reporting**

**Prior Year Finding Number:** N/A

**Repeat Finding Since:** N/A

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Significant Deficiency and Other Matter

**Federal Agency:** U.S. Department of Treasury

**Program:** 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

**Award Number and Year:** SLT 4867, 2022

**Pass-Through Agency:** N/A – Direct

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

The U.S. Department of the Treasury requires an annual Project and Expenditure Report submitted for Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) that include current period expenditures. The Annual Project and Expenditure Report is required to be submitted to the U.S. Treasury by April 30 of each year.

**Condition:** The County incorrectly reported no current period expenditures on the Annual Project and Expenditure report submitted to the U.S. Treasury for 2022 when they should have reported \$32,671.

**Questioned Costs:** None

**Context:** The \$32,671 was included with expenditures reported on the March 31, 2023, report.

**Effect:** The U.S. Treasury Department did not receive accurate current period expenditures for the Annual Project and Expenditure Reports.

**Cause:** County staff responsible for completing and submitting the March 2022 Annual Project and Expenditure Report misinterpreted the guidance for reporting.

**Recommendation:** We recommend that the County reviews its Annual Project and Expenditure report to ensure that the amounts reported are complete and accurate.

# Norman County Ada, Minnesota

---

**View of Responsible Official:** Concur

## Section IV – Other Findings and Recommendations

### 2022-005 Publication of Board Minutes

**Prior Year Finding Number:** N/A

**Repeat Finding Since:** N/A

**Type of Finding:** Minnesota Legal Compliance

**Criteria:** Minnesota Statute § 375.12 requires the County to publish all Board meeting minutes in the official newspaper of the County as designated by the County Board. These publications should be done within 30 days of the meeting.

**Condition:** In a sample of 16 affidavits of publication reviewed, nine were published over the 30-day requirement and two were not published.

**Context:** County Board meetings are held twice a month with sixteen days between meetings. Meeting minutes are approved by the County Board at the subsequent meeting.

**Effect:** Noncompliance with Minn. Stat. § 375.12.

**Cause:** The County informed us that these were published late or not published due to staffing issues, employee leaves of absence, and the local newspaper's weekly deadline.

**Recommendation:** We recommend the County publish its summaries of the County Board Minutes in compliance with Minn. Stat. § 375.12.

**View of Responsible Official:** Concur

### 2022-006 Road and Bridge Fund Cash Balance Deficit

**Prior Year Finding Number:** N/A

**Repeat Finding Since:** N/A

**Type of Finding:** Minnesota Legal Compliance

**Criteria:** Minnesota Statutes, section 385.04, requires that counties pay expenditures only if money is available in the fund for that purpose. Further, counties are limited in their ability to transfer money from one fund to another. The general rule in Minnesota is that county fund transfers, temporary and permanent, require board approval. See Minn. Stat. §§ 385.32 and 375.18, subd. 7. For larger counties, the treasurer is permitted to make temporary transfers as long as funds are transferred back as soon as they become available. See Minn. Stat. § 385.31.

**Condition:** At December 31, 2022, the Road and Bridge Special Revenue Fund had a deficit cash balance of \$564,680.

**Context:** When the County allows disbursements in a fund that causes or already has a cash balance deficit, it is, in fact, following the statutory requirements for fund transfers found in Minn. Stat. §§ 385.31, 385.32, and 375.18.

## Norman County Ada, Minnesota

---

**Effect:** Allowing the payment of expenditures from the Road and Bridge Special Revenue Fund when there was no money available in that fund resulted in a deficit cash balance and a violation of Minn. Stat. § 385.04. By allowing a deficit balance, cash is essentially being disbursed from other funds for purposes that were not budgeted or otherwise approved by the County Board for those funds.

**Cause:** Expenditures for projects are paid for in advance of the anticipated federal and state reimbursements. The Road and Bridge Special Revenue Fund did not have sufficient resources to cover these expenditures.

**Recommendation:** We recommend that the County borrow from another fund when the cash balances are in a deficit in accordance with Minnesota Statutes.

**View of Responsible Official:** Concur

### 2022-007 Broker Certification Statement

**Prior Year Finding Number:** N/A

**Repeat Finding Since:** N/A

**Type of Finding:** Minnesota Legal Compliance

**Criteria:** Pursuant to Minn. Stat. § 118A.04, subd. 9, annually, prior to completing an initial investment transaction with each broker, the County needs to provide to that broker a written statement of investment restrictions. In addition, the broker should acknowledge receipt of the investment restrictions by signing the broker certification statement.

**Condition:** The County did not request or receive the broker certification statements for either broker utilized during 2022.

**Context:** Broker certification statements ensure that investment brokers used by the County are familiar with deposit and investment legal requirements applicable to the County.

**Effect:** Violation of Minnesota Statutes and an increased risk of non-compliant investments being made.

**Cause:** The County has not invested in the past and has a limited scope of knowledge with the legal compliance and processes related to investing.

**Recommendation:** We recommend the County obtain broker certification statements annually from all brokers in accordance with Minn. Stat. § 118A.04, subd. 9, to lower the risk of non-compliant investments being made.

**View of Responsible Official:** Concur

# ***Norman County Auditor-Treasurer's Office***

***Donna J. Hanson, Auditor-Treasurer***

***PO Box 266***

***Ada MN 56510***

***218-784-5471***

## **Representation of Norman County**

**Ada, Minnesota**

Corrective Action Plan

For the Year Ended December 31, 2022

**Finding Number: 2022-001**

**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 limited personnel, the segregation of duties to ensure adequate internal accounting controls is extremely difficult. I have continued to make diligent efforts to separate custodial duties and record-keeping duties whenever possible, but with staff shortages this is often times impossible. I have occasionally brought the need for segregation of duties to the department head meetings, reinforcing the need to segregate duties, if at all possible within departments when accepting funds, creating invoices, recording and reconciling accounts.

Anticipated Completion Date:

This will remain an ongoing issue until Norman County adequately staffs the departments involved in the handling of county funds, particularly the Auditor-Treasurer's Office that is tasked with many duties besides the handling of the county funds.

**Finding Number: 2022-002**

**Finding Title: Audit Adjustments**

Name of Contact Person Responsible for Corrective Action:

Donna J. Hanson, Auditor-Treasurer; David Stene, CFO

Corrective Action Planned:

Additional staffing has been requested, which once trained, could help to detect significant misstatements in the financial statements. Additionally, the Auditor-Treasurer is retiring, which will lose 33+ years of knowledge in the office. There is a lot of learning that will need to take place as well as training demands that take a lot of time from the supervisory role of the A/T, which lessens the chance to find misstatements. County needs to review and proof GL entries for accuracy.

Anticipated Completion Date:

I have mentioned to Amanda Riegert, who will replace me as Auditor-Treasurer, the need to watch fund balances in the major funds, such as Road & Bridge, so that a transfer could possibly be authorized by the County Board in December, with an interfund receivable recorded in the Revenue Fund, and a corresponding interfund payable recorded in the Road & Bridge Fund so that the Road & Bridge Fund is not at a deficit at year end. She has noted this on her Outlook Calendar for a reminder in December.

Discussion has also been held with the CFO as to the necessary adjustment for the \$1,000,000 transfer he made to reclassify activity as Federal Grant Revenue. Mr. Stene anticipates completion of this as of 12/31/2023.

**Finding Number: 2022-003**

**Finding Title: Suspension and Debarment**

**Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (AL No. 21.027)**

Name of Contact Person Responsible for Corrective Action: David Stene, CFO

Corrective Action Planned:

For future projects, a vendor who has one expenditure or cumulative expenditures totaling \$25,000 and above of federal aid dollars, the respective department head or staff must access SAM.GOV to research that vendor for suspension and/or debarment.

Anticipated Completion Date:

12/31/2023

**Finding Number: 2022-004**

**Finding Title: Reporting**

**Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (AL No. 21.027)**

Name of Contact Person Responsible for Corrective Action:

David Stene, CFO

Corrective Action Planned:

Have the report reviewed by other county staff prior to sending in the report.

Anticipated Completion Date:

12/31/2023

**Finding Number: 2022-005**

**Finding Title: Publication of Board Minutes**

Name of Contact Person Responsible for Corrective Action:

Donna J. Hanson, Auditor-Treasurer

Corrective Action Planned:

I have made efforts to get minutes published before the one-month deadline, however, with staffing issues, as well as other conflicts and deadlines, this has not always been possible. I have asked Staffing & Salary Committee numerous times for increased staff, but this has not been met with favorably, so I have been forced to deal with things as best as I can, and sometimes there is no other alternative. I have put in countless hours of unpaid time to try to keep things going, but I can only cover so many bases at any given time.

Anticipated Completion Date:

I have tried in 2023 to get minutes approved and published in a timelier manner, but that has fallen behind also. I anticipate this will change with my retirement in September 2024. I have tried to convince the county board that they need to adequately staff the A/T Office, but that remains to be seen.

**Finding Number: 2022-006**

**Finding Title: Road and Bridge Fund Cash Balance Deficit**

Name of Contact Person Responsible for Corrective Action:

Keith Berndt, County Engineer

Corrective Action Planned:

During the May 7, 2024 Board of Commissioners meeting, the County Engineer explained that each year since 2022 the highway fund has started the year with a negative balance so by the end of the year it again has a negative balance even though expenditures do not exceed revenues. A request was made to make a one-time transfer of funds from the general fund reserves to the highway fund. The board decided to visit the issue again later in the year.

Anticipated Completion Date:

December 31, 2024.

**Finding Number: 2022-007**

**Finding Title: Broker Certification Statement**

Name of Contact Person Responsible for Corrective Action:

David Stene, CFO

Corrective Action Planned:

Send out the necessary papers to the County's investment partners.

Anticipated Completion Date:

12/31/24

# *Norman County Auditor-Treasurer's Office*

*Donna J. Hanson, Auditor-Treasurer*

*PO Box 266*

*Ada MN 56510*

*218-784-5471*

## **Representation of Norman County**

**Ada, Minnesota**

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2022

**Finding Number: 2021-001**

**Year of Finding Origination: 1996**

**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 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.

**Status:** Partially Corrected. This is an ongoing situation due to the lack of personnel in county offices. Vigilance of staff will need to continue. This likely will never be fully corrected due to the shortage of staff in a number of offices.

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2021-002**

**Year of Finding Origination: 2019**

**Finding Title: Sheriff's Department Control Procedures**

**Summary of 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.

**Summary of Corrective Action Previously Reported:** 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 are deposited directly to Auditor's Office instead of checking account.

**Status:** Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2021-003**

**Year of Finding Origination: 2021**

**Finding Title: Audit Adjustments**

**Summary of 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.

**Summary of Corrective Action Previously Reported:** 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.

**Status:** Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2021-004**

**Year of Finding Origination: 2021**

**Finding Title: Contract and Bidding**

**Summary of 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.

**Summary of Corrective Action Previously Reported:** 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.

**Status:** Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.