

**POLK COUNTY  
CROOKSTON, MINNESOTA**

YEAR ENDED DECEMBER 31, 2024



Hoffman, Philipp, & Martell, PLLC

**POLK COUNTY  
CROOKSTON, MINNESOTA**

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CROOKSTON, MINNESOTA**

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## **INTRODUCTORY SECTION**

**POLK COUNTY  
CROOKSTON, MINNESOTA**

ORGANIZATION SCHEDULE  
DECEMBER 31, 2024

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
<b>Commissioners</b>		
1 <sup>st</sup> District	Paul Reese	January 2025
2 <sup>nd</sup> District	Warren Strandell	January 2027
3 <sup>rd</sup> District	Gary Willhite - <b>Chair</b>	January 2025
4 <sup>th</sup> District	Joan Lee	January 2027
5 <sup>th</sup> District	Mark Holy – <b>Vice Chair</b>	January 2025
 <b>Officers</b>		
<i>Elected:</i>		
Attorney	Gregory A. Widseth	December 2026
Sheriff	James Tadmam	December 2026
 <i>Appointed:</i>		
County Administrator	Charles S. Whiting	Indefinite
County Engineer	Richard Sanders	May 2027
County Assessor	Mark Landsverk	December 2028
Director of Property Records	Samuel Melbye	Indefinite
Finance Director	Stacy Grover	Indefinite
Solid Waste Director	Jon Steiner	Indefinite
Surveyor	Garrett Borowicz (WSN)	December 2026
Veterans Service Officer	Kurt Ellefson	November 2028
 <i>Welfare Board:</i>		
Commissioner	Warren Strandell	January 2027
Commissioner	Paul Reese	January 2025
Commissioner	Joan Lee – <b>Vice Chair</b>	January 2027
Commissioner	Mark Holy – <b>Chair</b>	January 2025
Commissioner	Gary Willhite	January 2025
Lay-Board Member	Vacant – <b>Secretary</b>	July 2025
Lay-Board Member	Rani Bhattacharyya	July 2026

## **FINANCIAL SECTION**

Colleen Hoffman, Director  
Crystelle Philipp, CPA  
Marit Martell, CPA



## Hoffman, Philipp, & Martell, PLLC

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### **INDEPENDENT AUDITOR'S REPORT**

Board of County Commissioners  
Polk County

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Polk County, Minnesota, as of and for the year ended December 31, 2024, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Polk County, as of December 31, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Opinions***

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

##### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events that raise substantial doubt about Polk 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *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 Polk County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used in the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered that raise substantial doubt about Polk 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 in our audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Polk County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards and related notes, as required by Title 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 is 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 combining and individual nonmajor fund financial statements, budgetary comparison schedule, and the Schedule of Expenditures of Federal Awards and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information is comprised of an introductory section and other schedules, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025, on our consideration of Polk 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 this report is 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 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.



Hoffman, Philipp, & Martell, PLLC  
September 29, 2025



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**COMMISSIONERS**

PAUL REESE, Fertile  
WARREN STRANDELL, East Grand Forks  
GARY WILLHITE, Chair, Crookston  
JOAN LEE, McIntosh  
MARK HOLY, Vice-Chair, East Grand Forks

**COUNTY ADMINISTRATOR**

CHARLES S. WHITING

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
(Unaudited)

The management of Polk County offers readers of the County’s Financial Statements this narrative overview and analysis of the financial activities of Polk County for the fiscal year ended December 31, 2024. The Management’s Discussion and Analysis provides comparisons with the previous year and is designed to focus on the current year’s activities, resulting changes, and currently known facts, and should be read in conjunction with the County’s basic financial statements that follow this section.

**FINANCIAL HIGHLIGHTS**

The total net position of governmental activities is \$170,293,610 of which \$134,452,361 is the net investment in capital assets, \$15,279,048 is restricted for specific purposes, and \$20,562,201 is unrestricted. The total net position of governmental activities increased by \$10,154,616 for the year ended December 31, 2024. This is attributed to a large reduction in the amount of pension-related liabilities and the transfer of the obligation for the 2017 solid waste bonds to the enterprise funds.

The total net position of business-type activities is \$11,585,055, of which \$11,693,931 is the net investment in capital assets, \$187,298 is restricted for financial assurance, and a deficit of \$296,174 is unrestricted. The total net position of business-type activities decreased by \$3,370,997 for the year ended December 31, 2024. This is attributed to the addition of the liability for the 2017 solid waste bonds.

At the close of 2024, the County’s governmental funds reported combined ending fund balances of \$40,340,879, an increase of \$1,733,730 from the prior year, mainly due to investment earnings in excess of budget. Of the total fund balance amount, \$2,136,070 is non-spendable, \$6,694,775 is legally or contractually restricted, \$491,301 is committed, \$21,564,138 is assigned for specific purposes, and \$9,454,595 is unassigned. Maintaining an adequate fund balance is necessary to provide County services throughout the year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to Polk County’s basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) Notes to the Financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the County’s finances. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used

by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The *Statement of Net Position* presents information on all the County's assets and deferred outflows of resources, and 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 the 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes).

In the *Statement of Net Position* and the *Statement of Activities*, we divide the County into two kinds of activities:

- Governmental activities—Most of the County's basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and intergovernmental revenues finance most of these activities.
- Business-type activities—The County charges fees to cover the costs of certain services it provides. Included here are the operations of the Landfill and Resource Recovery.

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

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Polk 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 the County can be divided into three categories: governmental funds, proprietary 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, 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 financing decisions. Both the *Balance Sheet – Governmental Funds* and the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The County reports four governmental fund types: General, Special Revenue, Debt Service, and Capital Projects. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund, the Road and Bridge Special Revenue Fund, the Social Services Special Revenue Fund, the Public Safety Special Revenue Fund, and the Ditch Debt Service Fund, all of which are

considered to be major funds. Data from the nonmajor funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in combining statements after the Notes to the Financial Statements. Polk County adopts annual budgets for its governmental funds. *Budgetary Comparison Schedules* have been provided for the General and Special Revenue funds to demonstrate compliance with their budgets.

**Proprietary Funds** – Polk County maintains two proprietary funds. The Landfill Enterprise Fund is used to account for all funds to be used for the maintenance of the sanitary landfill. Funding is derived from user fees and transfers from other funds. The Resource Recovery Enterprise Fund is used to account for all funds to be used for the maintenance of the solid waste incinerator and up-front separation. Funding is derived from user fees and sales of recyclable material. Proprietary funds provide the same type of information as the government-wide financial statements and are included in the Statement of Net Position and the Statement of Activities as business-type activities. Both enterprise funds are considered to be major funds.

**Fiduciary Funds** - Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds. Polk County's fiduciary funds consist of one private purpose trust fund which is used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments, and five custodial funds which are used to report resources held by the County in a purely custodial capacity. The Social Welfare Private-Purpose Trust Fund is presented in the *Statement of Fiduciary Net Position – Fiduciary Funds* and the *Statement of Changes in Fiduciary Net Position – Fiduciary Funds*. Custodial funds do not involve measurement of results of operations. In addition, the Fiduciary Funds are not reflected in the government-wide financial statements because those resources are not available to support the County's programs. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Custodial Fund activities are reported in Statement 7 and Statement 8.

## Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on page 29 of this report.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information*. The County also provides supplementary and other information including *Combining Statements*, *Budgetary Comparison Schedules*, a *Schedule of Intergovernmental Revenue*, and a *Schedule of Expenditures of Federal Awards*.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. The County's assets exceeded liabilities by \$181,878,665 at the close of 2024. The largest portion of the County's net position (approximately 80 percent) reflects its net investment in capital assets (i.e., land, infrastructure, buildings and improvements, and machinery and equipment). It should be noted that this amount is not available for future spending. Approximately 9 percent of the County's net position is restricted, and 11 percent of the County's net position is unrestricted. The unrestricted net position amount of \$20,266,027, as of December 31, 2024, may be used to meet the County's ongoing obligations to citizens.

The County's overall financial position increased from last year. Total assets increased by \$2,382,689 and deferred outflows of resources related to pensions and other post-employment benefits decreased by \$2,558,615 from the prior year. Total liabilities decreased by \$6,863,194 and deferred inflows of resources related to pensions and other post-employment benefits decreased by \$96,351 from the prior year. This resulted in an increased net position of \$6,783,619.

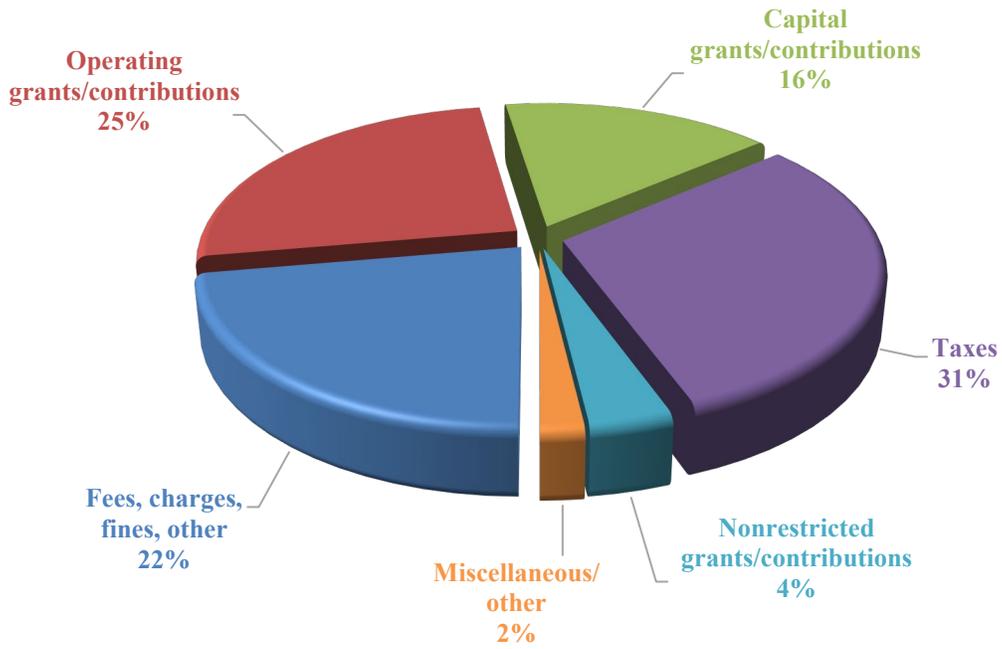
**NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 60,328,111	\$ 61,808,477	\$ 5,748,769	\$ 4,053,874	\$ 66,076,880	\$ 65,862,351
Capital assets	151,207,310	150,909,945	19,404,668	17,533,873	170,611,978	168,443,818
Total assets	\$ 211,535,421	\$ 212,718,422	\$ 25,153,437	\$ 21,587,747	\$ 236,688,858	\$ 234,306,169
Deferred outflows - pensions & OPEB	\$ 5,555,831	\$ 7,927,466	\$ 237,204	\$ 424,184	\$ 5,793,035	\$ 8,351,650
Other liabilities	\$ 3,061,406	\$ 5,427,506	\$ 970,190	\$ 885,343	\$ 4,031,596	\$ 6,312,849
Long-term liabilities outstanding	31,279,940	42,366,135	12,081,413	5,577,159	43,361,353	47,943,294
Total liabilities	\$ 34,341,346	\$ 47,793,641	\$ 13,051,603	\$ 6,462,502	\$ 47,392,949	\$ 54,256,143
Deferred inflows - pensions & OPEB	\$ 12,456,296	\$ 12,713,253	\$ 753,983	\$ 593,377	\$ 13,210,279	\$ 13,306,630
Net position						
Net investment in capital assets	\$ 134,452,361	\$ 126,978,085	\$ 11,693,931	\$ 16,988,355	\$ 146,146,292	\$ 143,966,440
Restricted	15,279,048	12,492,127	187,298	-	15,466,346	12,492,127
Unrestricted amounts	20,562,201	20,668,782	(296,174)	(2,032,303)	20,266,027	18,636,479
Total net position	\$ 170,293,610	\$ 160,138,994	\$ 11,585,055	\$ 14,956,052	\$ 181,878,665	\$ 175,095,046

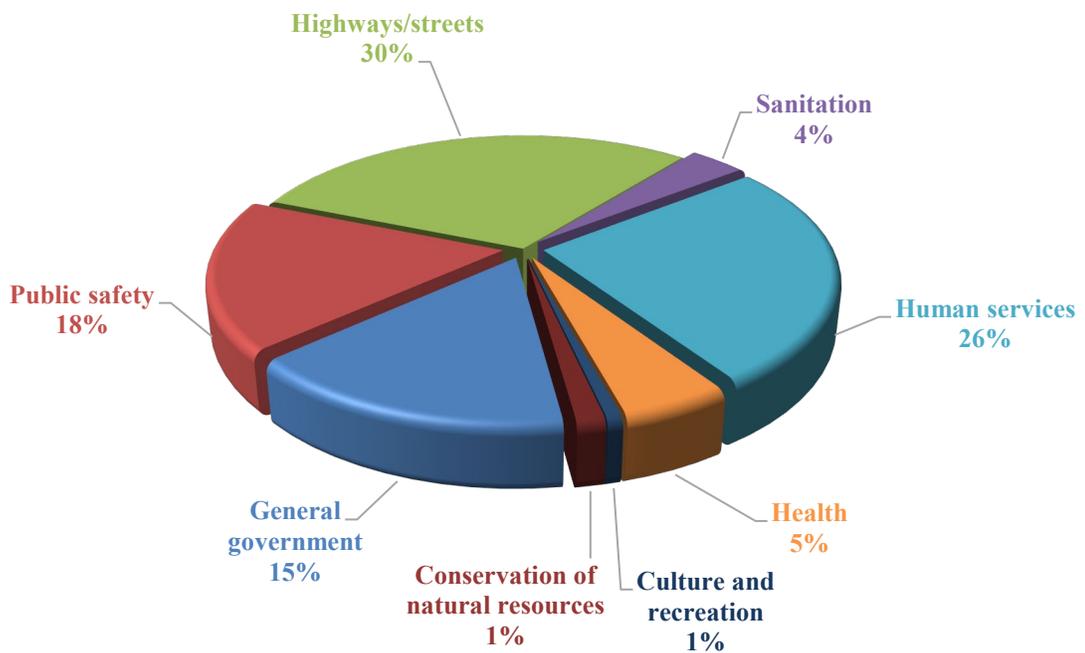
**CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues						
Fees, charges, fines and other	\$ 12,026,063	\$ 10,066,192	\$ 8,184,712	\$ 7,326,953	\$ 20,210,775	\$ 17,393,145
Operating grants and contributions	22,980,276	18,528,212	-	-	22,980,276	18,528,212
Capital grants and contributions	14,675,393	22,881,184	-	-	14,675,393	22,881,184
General Revenues and Transfers						
Property taxes/other taxes	27,816,113	26,594,337	-	-	27,816,113	26,594,337
Grants and contributions not restricted to specific programs	3,306,422	2,915,449	-	-	3,306,422	2,915,449
Investment earnings	1,506,786	2,069,528	181,099	357,439	1,687,885	2,426,967
Miscellaneous	48,297	55,074	-	-	48,297	55,074
Transfers	-	(250,000)	-	250,000	-	-
Total revenues	\$ 82,359,350	\$ 82,859,976	\$ 8,365,811	\$ 7,934,392	\$ 90,725,161	\$ 90,794,368
Expenses						
General government	\$ 11,823,215	\$ 11,527,404	\$ -	\$ -	\$ 11,823,215	\$ 11,527,404
Public safety	13,399,704	13,275,982	-	-	13,399,704	13,275,982
Highways and streets	22,488,910	10,675,740	-	-	22,488,910	10,675,740
Sanitation	2,798,639	2,895,025	-	-	2,798,639	2,895,025
Human services	19,729,423	18,571,453	-	-	19,729,423	18,571,453
Health	3,864,580	3,576,796	-	-	3,864,580	3,576,796
Culture and recreation	547,593	540,678	-	-	547,593	540,678
Conservation of natural resources	1,018,478	1,872,454	-	-	1,018,478	1,872,454
Economic development	11,018	8,800	-	-	11,018	8,800
Interest	416,709	636,404	-	-	416,709	636,404
Resource Recovery	-	-	6,919,721	7,113,610	6,919,721	7,113,610
Landfill	-	-	923,552	1,864,737	923,552	1,864,737
Total expenses	\$ 76,098,269	\$ 63,580,736	\$ 7,843,273	\$ 8,978,347	\$ 83,941,542	\$ 72,559,083
Increase (decrease) in net position	\$ 6,261,081	\$ 19,279,240	\$ 522,538	\$ (1,043,955)	\$ 6,783,619	\$ 18,235,285
Net position, January 1, as previously reported	\$ 160,138,994	\$ -	\$ 14,956,052	\$ -	\$ 175,095,046	\$ -
Prior period adjustment	3,893,535	-	(3,893,535)	-	-	-
Net position, January 1, as restated	164,032,529	140,859,754	11,062,517	16,000,007	175,095,046	156,859,761
Net position, December 31	\$ 170,293,610	\$ 160,138,994	\$ 11,585,055	\$ 14,956,052	\$ 181,878,665	\$ 175,095,046

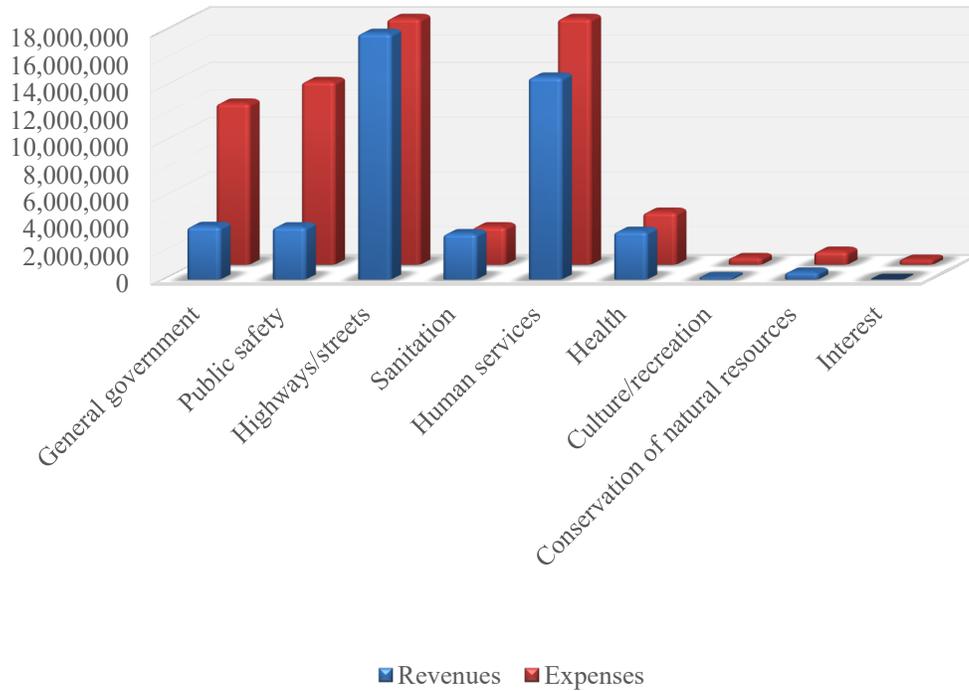
## Revenues by Source



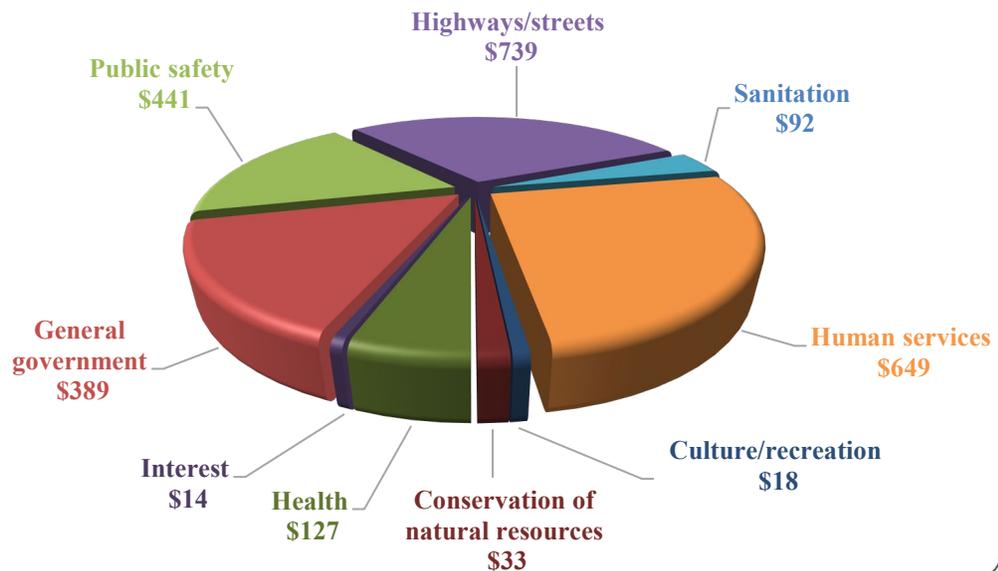
## Expenses by Function



## Program Revenues & Expenses



## Expenditure Per Capita 30,413 Population as of July 1, 2024



## **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, with a focus on short-term inflows, outflows, and balances of spendable resources. In particular, unrestricted fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

### **Governmental Funds**

At the end of 2024, the County's governmental funds reported combined ending fund balances of \$40,340,879. Of this amount, approximately five percent constitutes non-spendable fund balance, 17 percent constitutes legally or contractually restricted fund balance, one percent constitutes the committed fund balance, 54 percent constitutes specifically assigned fund balance, and 23 percent constitutes the unassigned fund balance.

The General Fund is the operating fund of the County. At the end of the current fiscal year, the General Fund's total fund balance was \$13,393,468. The General Fund's non-spendable fund balance was \$896,415, restricted fund balance was \$1,697,860, the committed fund balance was \$491,301, and the unassigned fund balance was \$10,307,892. As a measure of the General Fund's liquidity, it is useful to compare both unrestricted fund balance and total fund balance to total fund expenditures for 2024. Unrestricted fund balance represents 88 percent of total General Fund expenditures, while total fund balance represents 77 percent of that same amount.

In 2024, the fund balance amount in the General Fund increased by \$2,596,597, due to investment earnings in excess of budget and revenue recapture American Recovery Plan Act funds used for 2024 expenditures.

The fund balance of the Road and Bridge Special Revenue Fund decreased by \$3,071,353 in 2024, due to completion of construction projects and capital outlay in excess of budget.

The fund balance of the Social Services Special Revenue Fund increased by \$286,539 from the prior year, due to expenditures under budget.

The fund balance of the Public Safety Special Revenue Fund increased by \$139,735 from the prior year, due to expenditures under budget.

### **Proprietary Funds**

The Resource Recovery Enterprise fund had an operating loss in 2024 of \$1,489,817, indicating that it is not collecting fees for services at a rate consistent with costs.

The Landfill Enterprise fund had an operating income in 2024 of \$2,017,139, indicating that it is collecting fees for services at a rate consistent above costs.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

There were no amendments to the original budgeted revenues and expenditures as approved for 2024.

Actual revenues were more than overall budgeted revenues by \$3,958,356, with the largest variance in intergovernmental revenue, and actual expenditures were less than overall final budgeted expenditures by \$1,113,179, with the largest variance in buildings and grounds.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2024, amounted to \$170,611,978 (net of accumulated depreciation). The total increase in the County's investment in capital assets for the current fiscal year was approximately one percent. This was primarily due to construction in progress.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 9,787,536	\$ 9,639,999	\$ 556,143	\$ 310,183	\$ 10,343,679	\$ 9,950,182
Construction in progress	13,274,684	9,925,124	2,376,125	1,559,802	15,650,809	11,484,926
Land improvements	643,265	682,027	27,253	32,126	670,518	714,153
Buildings and improvements	26,124,674	26,925,773	4,040,751	4,206,511	30,165,425	31,132,284
Machinery, furniture, and equipment	7,310,852	6,610,352	10,289,106	10,895,634	17,599,958	17,505,986
Infrastructure	93,813,487	96,755,909	-	-	93,813,487	96,755,909
Landfill	-	-	2,115,290	358,740	2,115,290	358,740
Right to use leased assets	252,812	370,761	-	-	252,812	370,761
	<u>252,812</u>	<u>370,761</u>	<u>-</u>	<u>-</u>	<u>252,812</u>	<u>370,761</u>
Total capital assets	<u>\$ 151,207,310</u>	<u>\$ 150,909,945</u>	<u>\$ 19,404,668</u>	<u>\$ 17,362,996</u>	<u>\$ 170,611,978</u>	<u>\$ 168,272,941</u>

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

### Long-Term Debt

At the end of the current fiscal year, the County had total debt outstanding of \$25,988,302 which is backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 15,111,150	\$ 22,145,000	\$ 7,328,850	\$ -	\$ 22,440,000	\$ 22,145,000
Plus: Unamortized premium	1,142,685	1,526,445	379,931.00	-	1,522,616	1,526,445
Capital leases	1,390,987	1,416,099	381,887	545,518	1,772,874	1,961,617
Right to use leases	252,812	370,761	-	-	252,812	370,761
	<u>252,812</u>	<u>370,761</u>	<u>-</u>	<u>-</u>	<u>252,812</u>	<u>370,761</u>
	<u>\$ 17,897,634</u>	<u>\$ 25,458,305</u>	<u>\$ 8,090,668</u>	<u>\$ 545,518</u>	<u>\$ 25,988,302</u>	<u>\$ 26,003,823</u>

Minnesota Statutes limit the amount of debt that a County may have to three percent of its total market value, excluding revenue bonds. At the end of 2024, overall debt of the County is below the three percent debt limit.

Polk County's bond rating is "AAA" from Standard & Poor's. Additional information on the County's long-term debt can be found in the notes to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- The County depends on financial resources flowing from, or associated with, both the Federal Government and the State of Minnesota. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.
- The unemployment rate for Polk County was 2.7 percent according to the Minnesota Department of Employment & Economic Development as of December 31, 2024. This is the same as the statewide rate of 2.7 percent and lower than the national average rate of 3.8 percent.
- Polk County's estimated population, according to the United States Census Bureau, was 30,413 as of July 1, 2024, a decrease of 779 since the 2020 census of 31,192. This ranks Polk County 35th of 87 in the State of Minnesota.
- On December 17, 2024, Polk County set its 2025 revenue and expenditure budgets.

## **REQUESTS FOR INFORMATION**

This annual financial report is designed to provide a general overview of Polk County 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 Chuck Whiting, Polk County Administrator, 612 North Broadway, Room 211, Crookston, Minnesota 56716, or call Stacy Grover, Finance Director, at 218-470-8363

## **BASIC FINANCIAL STATEMENTS**

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**EXHIBIT 1**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2024**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 33,032,274	\$ 2,653,319	\$ 35,685,593
Investments	1,901,953	-	1,901,953
Taxes receivable - prior	734,561	-	734,561
Special assessments receivable - prior	356,245	-	356,245
Accounts receivable	297,345	190,193	487,538
Accrued interest receivable	101,451	-	101,451
Leases receivable	2,294,830	-	2,294,830
Due from other governments	14,321,038	479,297	14,800,335
Inventories	1,239,655	-	1,239,655
Internal balances	(1,052)	1,052	-
Prepaid items	40,394	407	40,801
Special assessments receivable - noncurrent	6,009,417	-	6,009,417
Restricted cash and pooled investments	-	2,424,501	2,424,501
Capital assets			
Non-depreciable	23,062,220	2,932,268	25,994,488
Depreciable - net of accumulated depreciation	128,145,090	16,472,400	144,617,490
<b>Total Assets</b>	<b>\$ 211,535,421</b>	<b>\$ 25,153,437</b>	<b>\$ 236,688,858</b>
<b><u>Deferred Outflows of Resources</u></b>			
Related to pensions	\$ 5,446,532	\$ 223,589	\$ 5,670,121
Related to other post employment benefits	109,299	13,615	122,914
<b>Total Deferred Outflows of Resources</b>	<b>\$ 5,555,831</b>	<b>\$ 237,204</b>	<b>\$ 5,793,035</b>
<b><u>Liabilities</u></b>			
Accounts payable	\$ 1,122,396	\$ 607,654	\$ 1,730,050
Salaries payable	1,187,505	133,958	1,321,463
Contracts payable	72,125	92,945	165,070
Due to other governments	243,961	93,425	337,386
Accrued interest payable	247,139	42,208	289,347
Unearned revenue	188,280	-	188,280
Long-term liabilities			
Due within one year	4,349,379	599,622	4,949,001
Due in more than one year	16,557,778	10,365,081	26,922,859
Net pension liability	9,714,212	1,034,674	10,748,886
Other post employment benefits	658,571	82,036	740,607
<b>Total Liabilities</b>	<b>\$ 34,341,346</b>	<b>\$ 13,051,603</b>	<b>\$ 47,392,949</b>
<b><u>Deferred Inflows of Resources</u></b>			
Related to pensions	\$ 9,998,103	\$ 733,633	\$ 10,731,736
Related to other post employment benefits	163,363	20,350	183,713
Related to leases	2,294,830	-	2,294,830
<b>Total Deferred Inflows of Resources</b>	<b>\$ 12,456,296</b>	<b>\$ 753,983</b>	<b>\$ 13,210,279</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	\$ 134,452,361	\$ 11,693,931	\$ 146,146,292
Amounts restricted for			
General government	1,608,713	-	1,608,713
Public safety	612,607	-	612,607
Highways and streets	8,945,775	-	8,945,775
Sanitation	187,298	-	187,298
Conservation of natural resources	1,922,654	-	1,922,654
Debt service	2,002,001	-	2,002,001
Financial assurance	-	187,298	187,298
Unrestricted amounts	20,562,201	(296,174)	20,266,027
<b>Total Net Position</b>	<b>\$ 170,293,610</b>	<b>\$ 11,585,055</b>	<b>\$ 181,878,665</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

		<b>Program Revenues</b>	
<b>Expenses</b>	<b>Fees, Charges, Fines and Other</b>	<b>Operating Grants and Contributions</b>	
<b><u>Functions/Programs</u></b>			
<b>Governmental activities</b>			
General government	\$ 11,823,215	\$ 2,205,959	\$ 84,485
Public safety	13,399,704	2,378,092	745,631
Highways and streets	22,488,910	3,766,276	5,827,215
Sanitation	2,798,639	421,723	706,303
Human services	19,729,423	1,379,060	13,423,929
Health	3,864,580	1,525,534	2,029,124
Culture and recreation	547,593	188,094	-
Conservation of natural resources	1,018,478	161,325	163,589
Economic development	11,018	-	-
Interest	416,709	-	-
	<b>\$ 76,098,269</b>	<b>\$ 12,026,063</b>	<b>\$ 22,980,276</b>
<b>Business-type activities</b>			
Resource Recovery	\$ 6,919,721	\$ 5,339,108	\$ -
Landfill	923,552	2,845,604	-
	<b>\$ 7,843,273</b>	<b>\$ 8,184,712</b>	<b>\$ -</b>
<b>Total</b>	<b>\$ 83,941,542</b>	<b>\$ 20,210,775</b>	<b>\$ 22,980,276</b>

**General revenues**

Taxes

Grants and contributions not restricted to specific programs

Investment earnings

Miscellaneous

**Total general revenues**

**Change in net position**

**Net position - January 1, as previously reported**

Prior period adjustment

**Net position - January 1, as restated**

**Net position - December 31**

**EXHIBIT 2**

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 1,623,980	\$ (7,908,791)	\$ -	\$ (7,908,791)
757,817	(9,518,164)	-	(9,518,164)
9,788,103	(3,107,316)	-	(3,107,316)
2,259,022	588,409	-	588,409
-	(4,926,434)	-	(4,926,434)
-	(309,922)	-	(309,922)
-	(359,499)	-	(359,499)
246,471	(447,093)	-	(447,093)
-	(11,018)	-	(11,018)
-	(416,709)	-	(416,709)
<u>\$ 14,675,393</u>	<u>\$ (26,416,537)</u>	<u>\$ -</u>	<u>\$ (26,416,537)</u>
\$ -	\$ -	\$ (1,580,613)	\$ (1,580,613)
-	-	1,922,052	1,922,052
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 341,439</u>	<u>\$ 341,439</u>
<u>\$ 14,675,393</u>	<u>\$ (26,416,537)</u>	<u>\$ 341,439</u>	<u>\$ (26,075,098)</u>
	\$ 27,816,113	\$ -	\$ 27,816,113
	3,306,422	-	3,306,422
	1,506,786	181,099	1,687,885
	48,297	-	48,297
	<u>\$ 32,677,618</u>	<u>\$ 181,099</u>	<u>\$ 32,858,717</u>
	<u>\$ 6,261,081</u>	<u>\$ 522,538</u>	<u>\$ 6,783,619</u>
	\$ 160,138,994	\$ 14,956,052	\$ 175,095,046
	3,893,535	(3,893,535)	-
	<u>\$ 164,032,529</u>	<u>\$ 11,062,517</u>	<u>\$ 175,095,046</u>
	<u>\$ 170,293,610</u>	<u>\$ 11,585,055</u>	<u>\$ 181,878,665</u>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**EXHIBIT 3**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

	General	Special Revenue Funds			Ditch Debt Service Fund	Other Governmental Funds (Statement 1)	Total Governmental Funds
		Road and Bridge	Social Services	Public Safety			
<b><u>Assets</u></b>							
Assets							
Cash and pooled investments	\$ 12,399,399	\$ 1,742,291	\$ 6,095,561	\$ 5,465,906	\$ 1,128,340	\$ 6,200,777	\$ 33,032,274
Investments	148,230	-	-	826,354	557,022	370,347	1,901,953
Taxes receivable - prior	699,314	9,237	19,273	-	-	6,737	734,561
Special assessments receivable - prior	3,241	-	-	-	14,601	338,403	356,245
Accounts receivable	12,802	-	238,624	4,330	-	41,589	297,345
Accrued interest receivable	101,451	-	-	-	-	-	101,451
Due from other funds	36,340	24,688	2,352	-	-	83,696	147,076
Due from other governments	150,281	10,169,300	3,408,825	38,374	-	554,258	14,321,038
Prepaid items	19,204	562	-	16,950	-	3,678	40,394
Inventories	-	1,239,655	-	-	-	-	1,239,655
Advance to other funds	896,415	-	-	-	-	-	896,415
Special assessments receivable - noncurrent	-	-	-	-	5,886,079	123,338	6,009,417
<b>Total Assets</b>	<b>\$ 14,466,677</b>	<b>\$ 13,185,733</b>	<b>\$ 9,764,635</b>	<b>\$ 6,351,914</b>	<b>\$ 7,586,042</b>	<b>\$ 7,722,823</b>	<b>\$ 59,077,824</b>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>							
<b>Liabilities</b>							
Accounts payable	\$ 229,616	\$ 103,505	\$ 453,517	\$ 80,385	\$ -	\$ 255,373	\$ 1,122,396
Salaries payable	297,237	119,833	403,540	197,716	-	169,179	1,187,505
Contracts payable	-	72,125	-	-	-	-	72,125
Due to other funds	109	-	33,305	6,583	-	108,131	148,128
Due to other governments	172,029	2,933	28,116	3,127	-	37,756	243,961
Unearned revenue	138,392	49,888	-	-	-	-	188,280
Advances from other funds	-	-	-	-	43,118	853,297	896,415
<b>Total Liabilities</b>	<b>\$ 837,383</b>	<b>\$ 348,284</b>	<b>\$ 918,478</b>	<b>\$ 287,811</b>	<b>\$ 43,118</b>	<b>\$ 1,423,736</b>	<b>\$ 3,858,810</b>
<b>Deferred Inflows of Resources</b>							
Taxes	\$ 232,405	\$ 3,070	\$ 6,405	\$ -	\$ -	\$ 2,239	\$ 244,119
Special assessments	3,421	-	-	-	5,900,680	268,645	6,172,746
County State Aid Highway Allotment	-	8,461,270	-	-	-	-	8,461,270
<b>Total Deferred Inflows of Resources</b>	<b>\$ 235,826</b>	<b>\$ 8,464,340</b>	<b>\$ 6,405</b>	<b>\$ -</b>	<b>\$ 5,900,680</b>	<b>\$ 270,884</b>	<b>\$ 14,878,135</b>
<b>Fund Balances</b>							
Nonspendable	\$ 896,415	\$ 1,239,655	\$ -	\$ -	\$ -	\$ -	\$ 2,136,070
Restricted	1,697,860	459,653	-	612,607	1,662,562	2,262,093	6,694,775
Committed	491,301	-	-	-	-	-	491,301
Assigned	-	2,673,801	8,839,752	5,451,496	-	4,599,089	21,564,138
Unassigned	10,307,892	-	-	-	(20,318)	(832,979)	9,454,595
<b>Total Fund Balances</b>	<b>\$ 13,393,468</b>	<b>\$ 4,373,109</b>	<b>\$ 8,839,752</b>	<b>\$ 6,064,103</b>	<b>\$ 1,642,244</b>	<b>\$ 6,028,203</b>	<b>\$ 40,340,879</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 14,466,677</b>	<b>\$ 13,185,733</b>	<b>\$ 9,764,635</b>	<b>\$ 6,351,914</b>	<b>\$ 7,586,042</b>	<b>\$ 7,722,823</b>	<b>\$ 59,077,824</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2024**

**Fund balances - total governmental funds (Exhibit 3) \$ 40,340,879**

Amounts reported for governmental activities in the  
Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities  
are not financial resources and, therefore, are not reported in the governmental funds. 151,207,310

Other long-term assets are not available to pay for current-period expenditures  
and, therefore, are deferred in the governmental funds. 14,878,135

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

Accrued interest payable	\$ (247,139)	
General obligation bonds	(16,253,835)	
Lease liability	(1,643,799)	
Compensated absences payable	(3,009,523)	(21,154,296)

Other post employment benefits and related outflows/inflows of resources represent the  
allocation of the other post employment benefit obligations to the County. Such  
balances are not reported in the governmental funds:

Deferred outflows of resources related to other post employment benefits	\$ 109,299	
Deferred inflows of resources related to other post employment benefits	(163,363)	
Other post employment benefits	(658,571)	(712,635)

Net pension liability and related outflows/inflows of resources represent the  
allocation of the pension obligations of the statewide plans to the County. Such  
balances are not reported in the governmental funds:

Deferred outflows of resources related to pensions	\$ 5,446,532	
Deferred inflows of resources related to pensions	(9,998,103)	
Net pension liability	(9,714,212)	(14,265,783)

**Net position of governmental activities (Exhibit 1) \$ 170,293,610**

**POLK COUNTY  
CROOKSTON, MINNESOTA**

*EXHIBIT 5*

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	General	Special Revenue Funds			Ditch Debt Service Fund	Other Governmental Funds (Statement 2)	Total Governmental Funds
		Road and Bridge	Social Services	Public Safety			
<b>Revenues</b>							
Taxes	\$ 8,125,089	\$ 5,033,189	\$ 5,283,826	\$ 10,337,292	\$ -	\$ 1,553,318	\$ 30,332,714
Special assessments	90,091	-	-	-	623,938	3,213,362	3,927,391
Licenses and permits	6,140	70,575	-	-	-	75,510	152,225
Intergovernmental	5,005,871	15,038,304	13,344,781	627,691	150,009	2,532,388	36,699,044
Charges for services	1,439,584	63,986	920,205	114,066	-	984,485	3,522,326
Fines and forfeitures	7,755	-	-	4,577	-	-	12,332
Investment earnings	1,440,357	-	175	33,266	25,727	7,261	1,506,786
Gifts and contributions	-	-	-	100	-	-	100
Miscellaneous	1,670,531	1,432,264	458,855	1,708,841	-	330,829	5,601,320
<b>Total Revenues</b>	<b>\$ 17,785,418</b>	<b>\$ 21,638,318</b>	<b>\$ 20,007,842</b>	<b>\$ 12,825,833</b>	<b>\$ 799,674</b>	<b>\$ 8,697,153</b>	<b>\$ 81,754,238</b>
<b>Expenditures</b>							
<b>Current</b>							
General government	\$ 11,339,737	\$ -	\$ -	\$ -	\$ -	\$ 444,195	\$ 11,783,932
Public safety	332,265	-	-	12,079,172	-	-	12,411,437
Highways and streets	-	21,212,564	-	-	-	-	21,212,564
Sanitation	-	-	-	-	-	2,423,796	2,423,796
Human services	-	-	19,588,417	-	-	-	19,588,417
Health	57,790	-	-	-	-	3,848,859	3,906,649
Culture and recreation	217,327	-	-	-	-	299,320	516,647
Conservation of natural resources	416,438	-	-	-	84,249	517,791	1,018,478
Economic development	11,018	-	-	-	-	-	11,018
<b>Debt service</b>							
Principal retirement	1,525,000	1,239,711	79,988	245,567	595,000	131,428	3,816,694
Interest	411,077	61,893	7,061	52,078	193,622	51,830	777,561
<b>Capital outlay</b>							
General government	557,940	-	-	-	-	-	557,940
Public safety	320,229	-	-	492,948	-	-	813,177
Highways and streets	-	1,487,568	-	-	-	-	1,487,568
Sanitation	-	-	-	-	-	152,782	152,782
Human services	-	-	131,042	-	-	-	131,042
<b>Total Expenditures</b>	<b>\$ 15,188,821</b>	<b>\$ 24,001,736</b>	<b>\$ 19,806,508</b>	<b>\$ 12,869,765</b>	<b>\$ 872,871</b>	<b>\$ 7,870,001</b>	<b>\$ 80,609,702</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 2,596,597</b>	<b>\$ (2,363,418)</b>	<b>\$ 201,334</b>	<b>\$ (43,932)</b>	<b>\$ (73,197)</b>	<b>\$ 827,152</b>	<b>\$ 1,144,536</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**EXHIBIT 5  
(Continued)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	General	Special Revenue Funds			Ditch Debt Service Fund	Other Governmental Funds (Statement 2)	Total Governmental Funds
		Road and Bridge	Social Services	Public Safety			
<b>Other Financing Sources (Uses)</b>							
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,073,769	\$ 1,073,769
Transfers out	-	(933,769)	-	-	-	(140,000)	(1,073,769)
Proceeds from issuance of debt	-	135,083	85,205	183,667	-	94,493	498,448
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ (798,686)</b>	<b>\$ 85,205</b>	<b>\$ 183,667</b>	<b>\$ -</b>	<b>\$ 1,028,262</b>	<b>\$ 498,448</b>
<b>Net Change in Fund Balance</b>	<b>\$ 2,596,597</b>	<b>\$ (3,162,104)</b>	<b>\$ 286,539</b>	<b>\$ 139,735</b>	<b>\$ (73,197)</b>	<b>\$ 1,855,414</b>	<b>\$ 1,642,984</b>
<b>Fund Balance - January 1</b>	<b>10,796,871</b>	<b>7,444,467</b>	<b>8,553,213</b>	<b>5,924,368</b>	<b>1,715,441</b>	<b>4,172,789</b>	<b>38,607,149</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>90,746</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,746</b>
<b>Fund Balance - December 31</b>	<b>\$ 13,393,468</b>	<b>\$ 4,373,109</b>	<b>\$ 8,839,752</b>	<b>\$ 6,064,103</b>	<b>\$ 1,642,244</b>	<b>\$ 6,028,203</b>	<b>\$ 40,340,879</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**EXHIBIT 6**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**Net change in fund balances - total governmental funds (Exhibit 5) \$ 1,642,984**

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

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

Expenditures for general capital assets and infrastructure	\$ 16,533,497	
Current year depreciation	(5,846,297)	
Net book value of assets disposed	(3,257,071)	7,430,129

Revenues in the Statement of Activities that do not provide current  
financial resources are not reported as revenues in the governmental funds.

Change in deferred inflows of resources	195,783
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The issuance of long-term debt provides current financial resources to governmental funds,  
while the repayment of the principal of long-term debt consumes the current financial resources  
of governmental funds. Neither transaction, however, has any effect on net position.

Debt restatement		
General obligation bonds	\$ (3,284,158)	
Proceeds from issuance of debt		
Lease liability	(498,448)	
Principal repayments		
General obligation bonds	3,309,900	
Lease liability	641,479	168,773

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		
Amortization of premium	\$ 259,134	
Accrued interest payable	102,605	
Compensated absences payable	(901,845)	
Inventories	90,746	(449,360)

Net pension asset and liability do not represent an impending source or use of current resources.  
Therefore, the change in the asset, liability, and related deferrals of resources are not  
reported in the governmental funds.

Change in		
Deferred outflows related to other post-employment benefits	\$ 35,414	
Deferred inflows related to other post-employment benefits	17,389	
Other post-employment benefits	(42,591)	
Deferred outflows related to net pension liability	(2,407,049)	
Deferred inflows related to net pension liability	(906,816)	
Net pension liability	4,469,960	1,166,307

**Change in net position of governmental activities (Exhibit 2) \$ 10,154,616**

**POLK COUNTY  
CROOKSTON, MINNESOTA**

*EXHIBIT 7*

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2024**

	<b>Enterprise Funds</b>		
	<b>Resource Recovery</b>	<b>Landfill</b>	<b>Total</b>
<b><u>Assets</u></b>			
<b>Current Assets</b>			
Cash and pooled investments	\$ 692,963	\$ 1,960,356	\$ 2,653,319
Accounts receivable	175,604	14,589	190,193
Due from other funds	75,330	9,309	84,639
Due from other governments	400,318	78,979	479,297
Prepaid items	-	407	407
<b>Total Current Assets</b>	<b>\$ 1,344,215</b>	<b>\$ 2,063,640</b>	<b>\$ 3,407,855</b>
<b>Restricted Assets</b>			
Cash and pooled investments	\$ -	\$ 2,424,501	\$ 2,424,501
<b>Noncurrent Assets</b>			
Capital assets			
Non-depreciable	\$ 11,085	\$ 2,921,183	\$ 2,932,268
Depreciable - net of accumulated depreciation	12,337,692	4,134,708	16,472,400
<b>Total Noncurrent Assets</b>	<b>\$ 12,348,777</b>	<b>\$ 7,055,891</b>	<b>\$ 19,404,668</b>
<b>Total Assets</b>	<b>\$ 13,692,992</b>	<b>\$ 11,544,032</b>	<b>\$ 25,237,024</b>
<b><u>Deferred Outflows of Resources</u></b>			
Related to pensions	\$ 204,957	\$ 18,632	\$ 223,589
Related to other post employment benefits	12,102	1,513	13,615
<b>Total Deferred Outflows of Resources</b>	<b>\$ 217,059</b>	<b>\$ 20,145</b>	<b>\$ 237,204</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**EXHIBIT 7  
(Continued)**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2024**

	<b>Enterprise Funds</b>		
	<b>Resource Recovery</b>	<b>Landfill</b>	<b>Total</b>
<b><u>Liabilities</u></b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 586,351	\$ 21,303	\$ 607,654
Salaries payable	117,179	16,779	133,958
Compensated absences payable	169,987	32,105	202,092
Contracts payable	-	92,945	92,945
Due to other funds	3,903	79,684	83,587
Due to other governments	55,144	38,281	93,425
Accrued interest payable	33,766	8,442	42,208
General obligation bonds	181,760	45,440	227,200
Capital lease payable	-	170,330	170,330
<b>Total Current Liabilities</b>	<b>\$ 1,148,090</b>	<b>\$ 505,309</b>	<b>\$ 1,653,399</b>
<b>Noncurrent Liabilities</b>			
Compensated absences payable	\$ 344,950	\$ 89,790	\$ 434,740
Other post employment benefits	72,921	9,115	82,036
Net pension liability	948,451	86,223	1,034,674
General obligation bonds (net)	3,633,647	3,847,934	7,481,581
Capital lease payable	-	211,557	211,557
Closure costs payable	-	777,954	777,954
Postclosure care costs payable	-	1,101,349	1,101,349
Contingency costs payable	-	357,900	357,900
<b>Total Noncurrent Liabilities</b>	<b>\$ 4,999,969</b>	<b>\$ 6,481,822</b>	<b>\$ 11,481,791</b>
<b>Total Liabilities</b>	<b>\$ 6,148,059</b>	<b>\$ 6,987,131</b>	<b>\$ 13,135,190</b>
<b><u>Deferred Inflows of Resources</u></b>			
Related to pensions	\$ 672,497	\$ 61,136	\$ 733,633
Related to other post employment benefits	18,089	2,261	20,350
<b>Total Deferred Inflows of Resources</b>	<b>\$ 690,586</b>	<b>\$ 63,397</b>	<b>\$ 753,983</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	\$ 8,685,072	\$ 3,008,859	\$ 11,693,931
Amounts restricted for financial assurance	-	187,298	187,298
Unrestricted amounts	(1,613,666)	1,317,492	(296,174)
<b>Total Net Position</b>	<b>\$ 7,071,406</b>	<b>\$ 4,513,649</b>	<b>\$ 11,585,055</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**EXHIBIT 8**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Enterprise Funds		
	Resource Recovery	Landfill	Total
<b>Operating Revenues</b>			
Charges for services	\$ 5,025,751	\$ 2,709,942	\$ 7,735,693
Miscellaneous	313,357	135,662	449,019
<b>Total Operating Revenues</b>	<b>\$ 5,339,108</b>	<b>\$ 2,845,604</b>	<b>\$ 8,184,712</b>
<b>Operating Expenses</b>			
Personnel services	\$ 2,980,321	\$ 440,353	\$ 3,420,674
Other services and charges	619,175	363,513	982,688
Supplies	446,472	108,179	554,651
Utilities	630,480	9,655	640,135
Repairs and maintenance	712,017	129,365	841,382
Transportation and disposal	651,979	79,489	731,468
Closure costs	-	19,544	19,544
Postclosure care costs	-	(711,630)	(711,630)
Contingency costs	-	17,975	17,975
Depreciation	788,481	372,022	1,160,503
<b>Total Operating Expenses</b>	<b>\$ 6,828,925</b>	<b>\$ 828,465</b>	<b>\$ 7,657,390</b>
<b>Operating Income (Loss)</b>	<b>\$ (1,489,817)</b>	<b>\$ 2,017,139</b>	<b>\$ 527,322</b>
<b>Nonoperating Revenues (Expenses)</b>			
Investment earnings	\$ 5,758	\$ 175,341	\$ 181,099
Interest expense	(90,796)	(95,087)	(185,883)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (85,038)</b>	<b>\$ 80,254</b>	<b>\$ (4,784)</b>
<b>Income (Loss) Before Transfers</b>	<b>\$ (1,574,855)</b>	<b>\$ 2,097,393</b>	<b>\$ 522,538</b>
Transfers in	\$ 1,234,563	\$ 207,201	\$ 1,441,764
Transfers out	(207,201)	(1,234,563)	(1,441,764)
<b>Total Transfers</b>	<b>\$ 1,027,362</b>	<b>\$ (1,027,362)</b>	<b>\$ -</b>
<b>Change in Net Position</b>	<b>\$ (547,493)</b>	<b>\$ 1,070,031</b>	<b>\$ 522,538</b>
<b>Net Position - January 1, as previously reported</b>	<b>\$ 10,733,853</b>	<b>\$ 4,222,199</b>	<b>\$ 14,956,052</b>
Prior period adjustment	(3,114,954)	(778,581)	(3,893,535)
<b>Net Position - January 1, as restated</b>	<b>\$ 7,618,899</b>	<b>\$ 3,443,618</b>	<b>\$ 11,062,517</b>
<b>Net Position - December 31</b>	<b>\$ 7,071,406</b>	<b>\$ 4,513,649</b>	<b>\$ 11,585,055</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**EXHIBIT 9**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
Increase (Decrease) in Cash and Cash Equivalents**

	Enterprise Funds		
	Resource Recovery	Landfill	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 5,212,688	\$ 2,992,993	\$ 8,205,681
Payments to employees	(2,842,823)	(549,092)	(3,391,915)
Payments to suppliers	(3,090,334)	(551,946)	(3,642,280)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (720,469)</b>	<b>\$ 1,891,955</b>	<b>\$ 1,171,486</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers in	\$ 1,234,563	\$ 207,201	\$ 1,441,764
Transfers out	(207,201)	(1,234,563)	(1,441,764)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>\$ 1,027,362</b>	<b>\$ (1,027,362)</b>	<b>\$ -</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds of debt	\$ 860,625	\$ 2,964,375	\$ 3,825,000
Purchases of capital assets	(213,437)	(2,988,739)	(3,202,176)
Principal paid on long-term debt	(176,080)	(44,020)	(220,100)
Interest paid on long-term debt	(90,796)	(24,243)	(115,039)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>\$ 380,312</b>	<b>\$ (92,627)</b>	<b>\$ 287,685</b>
<b>Cash Flows from Investing Activities</b>			
Investment earnings received	\$ 5,758	\$ 175,341	\$ 181,099
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 692,963</b>	<b>\$ 947,307</b>	<b>\$ 1,640,270</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>-</b>	<b>3,437,550</b>	<b>3,437,550</b>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 692,963</b>	<b>\$ 4,384,857</b>	<b>\$ 5,077,820</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**EXHIBIT 9  
(Continued)**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
Increase (Decrease) in Cash and Cash Equivalents**

	Enterprise Funds		
	Resource Recovery	Landfill	Total
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ (1,489,817)	\$ 2,017,139	\$ 527,322
<b>Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities</b>			
Depreciation expense	\$ 788,481	\$ 372,022	\$ 1,160,503
Decrease (increase) in assets			
Accounts receivable	(87,330)	8,126	(79,204)
Due from other governments	(243,043)	53,565	(189,478)
Due from other funds	203,953	85,698	289,651
Increase (decrease) in liabilities			
Accounts payable	104,792	(289,721)	(184,929)
Salaries payable	42,406	5,552	47,958
Compensated absences payable	84,003	40,276	124,279
Due to other governments	50,735	35,930	86,665
Due to other funds	(60,011)	(110,432)	(170,443)
Net pension liability	(117,342)	(151,556)	(268,898)
Other post employment benefits	2,704	(3,011)	(307)
Closure, post-closure, and contingency costs payable	-	(171,633)	(171,633)
<b>Total adjustments</b>	<b>\$ 769,348</b>	<b>\$ (125,184)</b>	<b>\$ 644,164</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (720,469)</b>	<b>\$ 1,891,955</b>	<b>\$ 1,171,486</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**EXHIBIT 10**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2024**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds (Statement 7)	Total
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 25,507	\$ 2,531,420	\$ 2,556,927
Due from other governments	-	824,477	824,477
Accounts receivable	-	115,010	115,010
	<b>\$ 25,507</b>	<b>\$ 3,470,907</b>	<b>\$ 3,496,414</b>
<b><u>Liabilities</u></b>			
Accounts payable	\$ -	\$ 4,479	\$ 4,479
Salaries payable	-	2,170	2,170
Due to other governments	-	1,438,551	1,438,551
Tax overpayment payable	-	10,452	10,452
	<b>\$ -</b>	<b>\$ 1,455,652</b>	<b>\$ 1,455,652</b>
<b><u>Net Position</u></b>			
Restricted for Individuals, organizations, other governments	<b>\$ 25,507</b>	<b>\$ 2,015,255</b>	<b>\$ 2,040,762</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**EXHIBIT 11**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2024**

	<b>Social Welfare Private-Purpose Trust Fund</b>	<b>Custodial Funds (Statement 8)</b>	<b>Total</b>
<b>Additions</b>			
Contributions:			
Individuals	\$ 317,536	\$ -	\$ 317,536
Participants	-	34,802	34,802
Investment earnings:			
Interest, dividends, other	-	18,045	18,045
Intergovernmental receipts for other governments	-	3,042,724	3,042,724
Fees collected for services	-	12,196,741	12,196,741
Property tax collections for other governments	-	108,018,787	108,018,787
<b>Total Additions</b>	<b>\$ 317,536</b>	<b>\$ 123,311,099</b>	<b>\$ 123,628,635</b>
<b>Deductions</b>			
Payments of property tax to other governments	\$ -	\$ 109,683,162	\$ 109,683,162
Administrative expense	319,801	11,960,841	12,280,642
Payments to other entities/individuals	-	2,452,276	2,452,276
<b>Total Deductions</b>	<b>\$ 319,801</b>	<b>\$ 124,096,279</b>	<b>\$ 124,416,080</b>
<b>Change in net position</b>	<b>\$ (2,265)</b>	<b>\$ (785,180)</b>	<b>\$ (787,445)</b>
<b>Net Position – January 1</b>	<b>27,772</b>	<b>2,800,435</b>	<b>2,828,207</b>
<b>Net Position – December 31</b>	<b>\$ 25,507</b>	<b>\$ 2,015,255</b>	<b>\$ 2,040,762</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

I. 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). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Polk County was established in 1858 and is an organized County having the powers, duties, and privileges granted counties by Minnesota Statutes, Chapter 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. The County Administrator serves as the clerk of the Board but has no vote.

B. Joint Ventures

The County participates in several joint ventures, related organizations, and jointly-governed organizations which are described in Notes section VII, subdivisions D, and E, respectively.

C. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) include the financial activities of the overall County government, except for the fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The Statement of Activities demonstrates the degree to which the direct expenses of each function of the County's governmental and different business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, charges, and fines paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

I. Summary of Significant Accounting Policies

C. Basic Financial Statements (Continued)

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category—governmental, business-type, and fiduciary—are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements.

All remaining governmental 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 and reports all financial resources of the general government not accounted for in another fund.

The Road and Bridge Special Revenue Fund is used to account for and report 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. Financing is provided by annual tax levy, intergovernmental revenues, and charges for services restricted and assigned to various highways and streets purposes.

The Social Services Special Revenue Fund is used to account for and report on economic assistance and community social services programs. Revenues include property taxes, intergovernmental assistance, and charges for services.

The Public Safety Special Revenue Fund is used to account for and report on all funds to be used for public safety. Some of the activities covered under this fund include County Sheriff, community corrections, County Coroner, civil defense, and boat and water safety. Financing is provided by an annual property tax levy and special appropriations from the State of Minnesota assigned to public safety.

The Ditch Debt Service Fund is used to account for the accumulations of resources and the payment of principal and interest of ditch bond issues. Financing is provided by special assessments on benefitted properties.

The county reports the following major enterprise funds:

The Resource Recovery Enterprise Fund is used to account for all resources to be used for the maintenance of the solid waste incinerator and up-front separation. Funding is provided from user fees and sales of recyclable material.

The Landfill Enterprise Fund is used to account for all resources to be used for the maintenance of the sanitary landfill. Funding is provided from user fees and transfers from other funds.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

I. Summary of Significant Accounting Policies

C. Basic Financial Statements

2. Fund Financial Statements (Continued)

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes other than debt services or capital projects.

Debt Service Funds are used to account for and report the financial resources restricted for the payment of bonds, interest, and related costs.

Capital Project Fund is used to account for and report the financial resources for the improvement and expansion of the transfer station, resource recovery facility, and the compost station.

Fiduciary Funds are custodial in nature and do not present results of operations or have a measurement focus. The County reports the following fiduciary funds:

The Social Welfare Private Purpose Trust Fund is used to manage the day-to-day finances of Polk County citizens that are not able to manage their own finances.

Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity.

D. Measurement Focus and Basis of Accounting

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

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. The County considers property taxes and special assessments to be available if they are collected within 60 days after the end of the current period. Intergovernmental revenues, charges for services, fines and forfeitures, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured.

As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

I. Summary of Significant Accounting Policies (Continued)

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

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2024, based on market prices. Pursuant to Minnesota Statute, § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Pooled investment earnings for 2024 were \$1,089,543, total investment earnings were \$1,687,885.

Polk County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint-powers agreement pursuant to Minnesota Statute, § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares.

2. Receivables and Payables

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

Taxes and special assessments receivable consist of uncollected taxes and special assessments payable in the years 2004 through 2024 and deferred special assessments collectible in 2025 and beyond. Taxes and special assessments receivable are offset by deferred inflows of resources for the amount not collected within 60 days of December 31 to indicate they are not available to finance current expenditures. No provision has been made for an estimated uncollectible amount.

Accounts receivable consists primarily of charges for services for landfill and resource recovery.

Leases receivable consist of payments due for three County owned buildings leased to various parties for scheduled periods in excess of one year.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances from/to other funds" (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

**POLK COUNTY  
CROOKSTON, MINNESOTA**

I. Summary of Significant Accounting Policies

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

3. Inventories

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.

Inventories, as reported in the fund financial statements, are offset by a fund balance account to indicate that they do not constitute available spendable resources.

4. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

5. Capital Assets

Capital assets, which include land, infrastructure (e.g., roads, bridges, and similar items), buildings and improvements, and machinery and equipment, are reported in the applicable government-wide financial statements. Capital assets have initial useful lives extending beyond two years and a dollar amount for capitalization per asset of \$5,000, except all land and construction in progress which is capitalized regardless of cost. Capital assets are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at acquisition value at the date of acquisition.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extended the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Infrastructure, buildings and improvements, and machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	50-75
Buildings and improvements	20-30
Machinery and equipment	5-15
Right-to-use	5

**POLK COUNTY  
CROOKSTON, MINNESOTA**

I. Summary of Significant Accounting Policies

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This element represents a consumption of net position that applies to future periods, and therefore, will not be recognized as an outflow of resources (expense) until that time. The County reports deferred outflows of resources in the government-wide Statement of Net Position in relation to other post-employment benefits and the activity of the pension funds in which County employees participate.

In addition to liabilities, the Statement of Net Position and Balance Sheet report a separate section for deferred inflows of resources. This element represents an acquisition of net position or fund balance that applies to future periods, and therefore, will not be recognized as an inflow of resources (revenue) until that time. The County reports property taxes, special assessments levied for subsequent years, loans receivable, and County State Aid Highway Allotments as deferred inflows of resources in the governmental fund financial statements, in accordance with the modified accrual basis of accounting. In addition, the County reports deferred inflows of resources in the government-wide Statement of Net Position in relation to other post-employment benefits and the activity of the pension funds in which County employees participate. Accordingly, such amounts are deferred and recognized as inflows of resources in the period that they become available.

7. Unearned Revenue

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

8. Compensated Absences

The liability for compensated absences reported in financial statements consists of unpaid, accumulated annual vacation, sick leave, and earned sick and safe time balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The government-wide Statement of Net Position reports both current and noncurrent portions of compensated absences. The current portion of the liability consists of vacation and comp time earned within the year for the governmental activities, the compensated absences liability is liquidated by the General Fund and the Road and Bridge, Human Services, Public Safety, Public Health, and Environmental Services Special Revenue Funds. For the business-type activities, compensated absences are liquidated by the Resource Recovery Enterprise Fund, and the Landfill Enterprise Fund.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

I. Summary of Significant Accounting Policies

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

9. Pension Plan

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

10. Other Postemployment Benefits (OPEB)

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during open enrollment period or qualifying life event prior to retirement. All premiums are funded on pay-as-you-go basis. The liability was determined, in accordance with GASB Statement No. 75, at January 1, 2024.

11. Long-Term Obligations

In the government-wide and proprietary fund types in the financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are immediately expensed.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources when issued. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. In both governmental and proprietary funds, issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Long-term liabilities consist of vested compensated absences, leases payable, and estimated closure, post-closure care, and contingency costs to be paid from operations and amounts set aside for financial assurance.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

I. Summary of Significant Accounting Policies

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

12. Net Position and Fund Balance

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

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

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

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

In the fund financial statements, the County classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent because it is either not in spendable form or legally or contractually required to be maintained intact.

Restricted – includes fund balance amounts that are constrained for specific purposes which are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes imposed by resolution of the County Board and do not lapse at year-end. To remove the constraint on specified use of committed resources the County Board shall pass a resolution.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. The County Board has delegated the authority to assign and remove assignments of fund balance amounts for specified purposes to the County Administrator and/or County Finance Director.

Unassigned – includes positive fund balance within the General Fund, which has not been classified within the above-mentioned categories, and negative fund balances in other governmental funds.

The County will maintain an unrestricted fund balance in the General Fund of an amount not less than 35 to 50 percent of next year’s budgeted expenditures of the General Fund. Unrestricted fund balance can be “spent down” if there is an anticipated budget shortfall in excess of zero dollars. If spending unrestricted fund balance in designated circumstances has reduced unrestricted fund balance to a point below the minimum targeted level, as noted above, the replenishment will be funded by property taxes or transfers from other funds within a three-year period of time. Stabilization arrangements are defined

**POLK COUNTY  
CROOKSTON, MINNESOTA**

I. Summary of Significant Accounting Policies

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

12. Net Position and Fund Balance (Continued)

as formally setting aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise. The County Board will set aside amounts by resolution as deemed necessary that can only be expended when major flood or other natural disaster repairs exist as the need for stabilization arises. The need for stabilization will only be utilized for situations that are not expected to occur routinely. The County does not report an amount for stabilization at December 31, 2024.

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned or unassigned resources are available for use, it is the County’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

13. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent amounts 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.

II. Stewardship, Compliance, and Accountability

A. Individual Fund Deficits of Equity Accounts

90 of the 189 active ditch systems incurred expenditures in excess of revenues and available resources. These deficits will be eliminated with future special assessment levies against benefited properties. The following shows the restricted fund balance as of December 31, 2024:

	<u>Ditch Special Revenue</u>		<u>Ditch Debt Service</u>
Restricted fund balance	\$ 1,191,434	Restricted fund balance	\$ 1,662,562
Unassigned fund balance	<u>(832,979)</u>	Unassigned fund balance	<u>(20,318)</u>
Total Fund Balances	<u>\$ 358,455</u>	Total Fund Balances	<u>\$ 1,642,244</u>

B. Deficit Unassigned Fund Balances

The following funds had deficit unassigned fund balances as of December 31, 2024, which will be eliminated with future charges for services:

Ditch Special Revenue	\$	832,979
Ditch Debt Service		20,318

**POLK COUNTY  
CROOKSTON, MINNESOTA**

II. Stewardship, Compliance, and Accountability (Continued)

C. Land Management

The County manages approximately 175 acres of state-owned tax-forfeited land. This land generates revenues primarily from recreational land leases and land and timber sales. Land management costs, including forestry costs such as site preparation, seedlings, tree planting, and logging roads, are accounted for as current operating expenditures. Revenues in excess of expenditures are distributed to the County and cities, towns, and school districts within the County according to state statute.

D. Prior Period Adjustment

In 2017 the County issued \$6,810,000 General Obligation Solid Waste Bonds to finance various improvements to the County's solid waste collection and generation system, including improvements to the Transfer Station, the Resource Recovery Facility, and the Compost Station. The project was completed in 2021, and the Capital Projects Special Revenue Fund has since been used to make the related bond payments which are financed by transfers in from other funds.

In 2024, the debt associated with the project was transferred to the Resource Recovery and Landfill Enterprise Funds and the Environmental Services Special Revenue Fund to more accurately report the debt and debt payments. As a result, beginning net position has been restated as follows:

	Resource Recovery Enterprise Fund	Landfill Enterprise Fund	Total Business- Type Activities
Net Position, January 1, 2024, as previously reported	\$ 10,733,853	\$ 4,222,199	\$ 14,956,052
Prior Period Adjustment	(3,114,954)	(778,581)	(3,893,535)
Net Position, January 1, 2024, as restated	\$ 7,618,899	\$ 3,443,618	\$ 11,062,517

	Government-Wide Activities	Business-Type Activities
Net Position, January 1, 2024, as previously reported	\$ 160,138,994	\$ 14,956,052
Prior Period Adjustment	3,893,535	(3,893,535)
Net Position, January 1, 2024, as restated	\$ 164,032,529	\$ 11,062,517

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

Reconciliations of the County’s total deposits and investments to the basic financial statements, as of December 31, 2024, are as follows:

<b>Governmental funds</b>	
Cash and pooled investments	\$ 34,934,227
<b>Business-Type funds</b>	
Cash and pooled investments	2,653,319
Restricted cash and pooled investments	2,424,501
<b>Fiduciary funds</b>	
Cash and pooled investments	<u>2,556,927</u>
Total cash and investments	<u><u>\$ 42,568,974</u></u>
Cash on hand	\$ 4,570
Checking accounts	11,338,391
Savings accounts	32,792
Certificates of Deposit	513,350
Investments	<u>30,679,871</u>
Total deposits, cash on hand, and investments	<u><u>\$ 42,568,974</u></u>

Deposits

Minnesota Statutes, §§118A.02 and 118A.04 authorize the County to deposit its cash and to invest in certificates of deposit in financial institutions designated by the Board. Minnesota Statute, §118A.03 requires that all County deposits be covered by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest 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, revenue obligations rated “AA” or better; irrevocable standard 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. As of December 31, 2024, the County’s policy will minimize risk of loss by limiting investments to savings associations, commercial banks, trust companies, credit unions, and/or industrial loan and thrift companies; and obtaining necessary documentation from financial institutions, broker/dealers, intermediaries, and advisors. At December 31, 2024, the County’s deposits were not exposed to custodial credit risk.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments (Continued)

Investments

Minnesota Statutes, §§ 118A.04 and 118A.05 generally authorize the following types of investments available to the County:

- (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 Minnesota Statute, § 118A.04, subdivision 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Generally, a 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 requirements set by state statute. At December 31, 2024, the County's investments were in an external investment pool and, therefore, not subject to credit risk disclosure.

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

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

Custodial Credit Risk (Continued)

that are in the possession of an outside party. The County does not have a policy on custodial credit risk. At December 31, 2024, none of the County's investments were exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer, excluding U.S. guaranteed investments, external investment pools, and mutual funds. At December 31, 2024, the County's investments were in an external investment pool, and therefore, were not subject to concentration of credit risk requirements.

Fair Value Measurement

The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. MAGIC is a local government investment pool which is quoted at a net asset value (NAV). The County invests in this pool for the purpose of the joint investment of the County's money with those of other counties to enhance the investment earnings accruing to each member.

MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request. The MAGIC Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical. At December 31, 2024, the County had \$30,679,871 invested in the MAGIC portfolio.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources (Continued)

2. Receivables

Receivables as of December 31, 2024, for the County’s governmental activities, including any applicable allowances for uncollectible accounts, are as follows:

	<u>Total Receivables</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
<b>Governmental Activities</b>		
Taxes receivable	\$ 734,561	\$ -
Special assessments receivable	6,365,662	6,009,417
Accounts receivable	297,345	-
Accrued interest receivable	101,451	-
Due from other governments	14,321,038	-
Leases receivable	2,294,830	1,125,367
Total Governmental Activities	\$ 24,114,887	\$ 7,134,784
<b>Business-Type Activities</b>		
Accounts receivable	\$ 190,193	\$ -
Due from other governments	479,297	-
Total Business-Type Activities	\$ 669,490	\$ -

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources (Continued)

3. Capital Assets

Capital asset activity for the governmental activities for the year ended December 31, 2024, was as follows:

<b>Governmental Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 9,639,999	\$ 172,537	\$ 25,000	\$ 9,787,536
Construction in progress	9,925,124	14,151,473	10,801,913	13,274,684
Total capital assets not depreciated	<u>\$ 19,565,123</u>	<u>\$ 14,324,010</u>	<u>\$ 10,826,913</u>	<u>\$ 23,062,220</u>
Capital assets being depreciated				
Infrastructure	\$ 172,853,929	\$ 3,656,335	\$ 3,218,742	\$ 173,291,522
Buildings and improvements	53,738,136	-	-	53,738,136
Machinery and equipment	19,652,492	2,209,487	1,088,743	20,773,236
Land improvements	2,634,434	12,814	-	2,647,248
Right to use leased assets	507,674	-	74,976	432,698
Total capital assets being depreciated	<u>\$ 249,386,665</u>	<u>\$ 5,878,636</u>	<u>\$ 4,382,461</u>	<u>\$ 250,882,840</u>
Less: accumulated depreciation for				
Infrastructure	\$ 76,098,020	\$ 3,380,015	\$ -	\$ 79,478,035
Buildings and improvements	26,812,363	801,099	-	27,613,462
Machinery and equipment	13,042,140	1,508,987	1,088,743	13,462,384
Land improvements	1,952,407	51,576	-	2,003,983
Right to use leased assets	136,913	104,620	61,647	179,886
Total accumulated depreciation	<u>\$ 118,041,843</u>	<u>\$ 5,846,297</u>	<u>\$ 1,150,390</u>	<u>\$ 122,737,750</u>
Total capital assets, depreciated, net	<u>\$ 131,344,822</u>	<u>\$ 32,339</u>	<u>\$ 3,232,071</u>	<u>\$ 128,145,090</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 150,909,945</u></u>	<u><u>\$ 14,356,349</u></u>	<u><u>\$ 14,058,984</u></u>	<u><u>\$ 151,207,310</u></u>
<b>Business-Type Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 310,183	\$ 245,960	\$ -	\$ 556,143
Construction in progress	1,559,802	2,672,024	1,855,701	2,376,125
Total capital assets not depreciated	<u>\$ 1,869,985</u>	<u>\$ 2,917,984</u>	<u>\$ 1,855,701</u>	<u>\$ 2,932,268</u>
Capital assets being depreciated				
Buildings and improvements	\$ 8,247,897	\$ -	\$ -	\$ 8,247,897
Landfill	6,573,569	1,855,701	-	8,429,270
Machinery, furniture, and equipment	25,643,403	284,192	-	25,927,595
Land improvements	324,342	-	-	324,342
Total capital assets being depreciated	<u>\$ 40,789,211</u>	<u>\$ 2,139,893</u>	<u>\$ -</u>	<u>\$ 42,929,104</u>
Less: accumulated depreciation for				
Buildings and improvements	\$ 4,041,386	\$ 165,760	\$ -	\$ 4,207,146
Landfill	6,214,829	99,151	-	6,313,980
Machinery, furniture and equipment	14,747,769	890,720	-	15,638,489
Land improvements	292,216	4,873	-	297,089
Total accumulated depreciation	<u>\$ 25,296,200</u>	<u>\$ 1,160,504</u>	<u>\$ -</u>	<u>\$ 26,456,704</u>
Total capital assets, depreciated, net	<u>\$ 15,493,011</u>	<u>\$ 979,389</u>	<u>\$ -</u>	<u>\$ 16,472,400</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 17,362,996</u></u>	<u><u>\$ 3,897,373</u></u>	<u><u>\$ 1,855,701</u></u>	<u><u>\$ 19,404,668</u></u>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

3. Capital Assets (Continued)

Depreciation Expense

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

<b>Governmental Activities</b>	
General government	\$ 298,683
Public safety	727,142
Highways and streets	4,225,414
Social Services	230,891
Health	10,000
Sanitation	323,221
Culture and recreation	30,946
	<hr/>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,846,297</u>
 <b>Business-Type Activities</b>	
Resource Recovery	\$ 788,482
Landfill	372,022
	<hr/>
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,160,504</u>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2024, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	
General Fund	Social Services Special Revenue Fund	\$ 33,305	Charges for service reimbursement
	Regional Library Special Revenue Fund	1,898	Negative cash
	Environmental Services Special Revenue Fund	<u>1,137</u>	Charges for service reimbursement
Due to General Fund		<u>\$ 36,340</u>	
Road and Bridge Special Revenue Fund	Public Safety Special Revenue Fund	\$ 6,583	Charges for service reimbursement
	Ditch Special Revenue Fund	16,542	Charges for service reimbursement
	Environmental Services Special Revenue Fund	<u>1,563</u>	Charges for service reimbursement
Due to Road and Bridge Special Revenue Fund		<u>\$ 24,688</u>	
Social Services Special Revenue Fund	Public Health Special Revenue Fund	<u>\$ 2,352</u>	Charges for service reimbursement
Environmental Services Special Revenue Fund	General Fund	\$ 109	Charges for service reimbursement
	Resource Recovery Enterprise Fund	3,903	Charges for service reimbursement
	Landfill Enterprise Fund	<u>79,684</u>	Charges for service reimbursement
Due to Environmental Services Special Revenue Fund		<u>\$ 83,696</u>	
Resource Recovery Enterprise Fund	Environmental Services Special Revenue Fund	<u>\$ 75,330</u>	Charges for service reimbursement
Landfill Enterprise Fund	Environmental Services Special Revenue Fund	<u>\$ 9,309</u>	Charges for service reimbursement
Total Due To/From Other Funds		<u><u>\$ 231,715</u></u>	

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

2. Advances to/From Other Funds

Receivable Fund	Payable Fund	Amount	
General Fund	Ditch Special Revenue Fund	\$ 833,896	Temporary cash flow loan
	Ditch Debt Service Fund	43,118	Temporary cash flow loan
	Union Lake/Lake Sarah Debt Service Fund	<u>19,401</u>	Temporary cash flow loan
Advances to/From Other Funds:		<u><u>\$ 896,415</u></u>	

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers (Continued)

3. Interfund Transfers

Interfund advances for the year ended December 31, 2024, consisted of the following:

Transfer to Capital Project Fund from Environmental Services Special Revenue Fund	\$ 140,000
Transfer to Resource Recovery Enterprise Fund from Landfill Enterprise Fund	\$ 1,234,563
Transfer to Landfill Enterprise Fund from Resource Recovery Enterprise Fund	\$ 207,201
Transfer to Ditch Special Revenue Fund from Road & Bridge Special Revenue Fund	\$ 933,769
Total Interfund Transfers	\$ 2,515,533

C. Liabilities and Deferred Inflows of Resources

1. Payables

Current payables at December 31, 2024, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts payable	\$ 1,122,396	\$ 607,654
Salaries payable	1,187,505	133,958
Contracts payable	72,125	92,945
Due to other governments	243,961	93,425
Accrued interest payable	247,139	42,208
Total Payables	\$ 2,873,126	\$ 970,190

1. Construction and Other Significant Commitments

Construction in progress consists of highway construction projects, a sanitation project, and a courthouse renovation project. The County had six active construction projects and commitments as of December 31, 2024, with \$7,396,574 spent to date and remaining contract commitments of \$2,254,748 which will be funded with state aid highway allotments and capital improvement bonds.

2. Compensated Absences

Under the County's personnel policies and union contracts, employees are granted vacation in varying amounts based on their length of service. Vacation leave accrual varies from 12 to 21 days per year. Sick leave accrual is 12 days per year. Leave may be accumulated to a maximum of 26 days' vacation and 110 days' sick leave under the County's employment policy. Earned sick and safe leave for part-time employees is earned at the rate of one hour for every 30 hours worked up to a maximum of 48 hours per year. For governmental activities, compensated absences are generally liquidated by the General Fund,

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

2. Compensated Absences (Continued)

the Road and Bridge Fund, the Social Services Special Revenue Fund, the Public Safety Fund, the Public Health Fund, and Environmental Services Special Revenue Funds. For the business-type activities, compensated absences are liquidated by the Resource Recovery and Landfill Enterprise funds.

Unused compensatory time, accumulated vacation and vested sick leave are paid to employees upon termination. Unvested sick leave, approximately \$1,507,603 at December 31, 2024, is available to employees in the event of illness-related absences and is not paid to them at termination.

3. Long-Term Liabilities

A. Right-to-use Leases Payable

Governmental Activities

The County has entered into various lease agreements for the right-to-use certain assets including copiers and buildings. In accordance with Governmental Accounting Standards Board Pronouncements No. 87, these assets and the related amortization of debt payments have been recorded in the financial statements.

The original cost of these leases is \$432,698, with accumulated amortization of \$179,886. Payments are made from the General Fund, and the Social Services and Public Health Special Revenue Funds. The balance remaining is as follows:

Year Ending December 31	<u>Right-to-use Assets</u> Principal
2025	\$ 88,932
2026	88,932
2027	74,948
Total	\$ 252,812

B. Capital Leases

Governmental Activities

The County has entered into lease agreements as lessee for financing the acquisition of certain equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Payments on these lease agreements are made from the General Fund, Road and Bridge Special Revenue Fund, Social Services Special Revenue Fund, Environmental Services Special Revenue Fund, and the Public Safety Special Revenue Fund. These capital leases consist of various vehicles and major equipment. The leases mature between the years of 2025 and 2028. Original balances for these range from

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

3. Long-Term Liabilities

B. Capital Leases

Governmental Activities (Continued)

\$19,388 to \$382,694 with outstanding balances ranging from \$413 to \$304,329. The total outstanding balance for all leases at year-end were \$1,395,987.

Year Ending December 31	Governmental Activities	
	Principal	Interest
2025	\$ 465,044	\$ 99,663
2026	388,591	87,653
2027	243,110	73,487
2028	299,242	21,132
Total	<u>\$ 1,395,987</u>	<u>\$ 281,935</u>

Business-Type Activities

Polk County entered into lease agreements that qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The County entered a lease-purchase arrangement with Kinetic Leasing to purchase a Komptech Crambo Grinder in 2017. The original lease balance totaled \$304,300 at an interest rate of 2.89 percent. Payments on the capital lease are made from the Landfill Enterprise Fund. The balance due on this lease at December 31, 2024, is \$100,308.

Polk County entered into a lease agreement that qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The County entered a lease-purchase arrangement with Titan Machinery to purchase a Bomag Compactor in 2022. The original lease balance totaled \$689,810 at an interest rate of 8.90 percent. Payments on the capital lease are made from the Landfill Enterprise Fund. The balance due on this lease at December 31, 2024, is \$281,579.

Year Ending December 31	Business-Type Activities					
	Komptech Crambo Grinder of 2017		Bomag Compactor of 2022		Total Business Type	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 32,634	\$ 2,427	\$ 137,696	\$ 12,654	\$ 170,330	\$ 15,081
2026	33,429	1,473	143,883	6,466	177,312	7,939
2027	34,245	495	-	-	34,245	495
Total	<u>\$ 100,308</u>	<u>\$ 4,395</u>	<u>\$ 281,579</u>	<u>\$ 19,120</u>	<u>\$ 381,887</u>	<u>\$ 23,515</u>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

3. Long-Term Liabilities (Continued)

C. Long Term Debt

Governmental Activities

The County issues General Obligation Bonds to finance infrastructure and building improvements. Payments are made by the General Fund, the Road and Bridge Special Revenue Fund, the Ditch Debt Service Fund, and the Capital Projects Fund. Information on individual bonds payable is as follows:

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amounts	Outstanding Balance December 31, 2024
2022A G.O. Capital Improvement Plan Bonds	2032	\$460,000 - \$2,665,000	5.00	\$ 3,125,000	\$ 3,125,000
2021A G.O. Jail Refunding Bonds	2026	\$920,000 - \$1,105,000	5.00	4,040,000	2,135,000
2020A G.O. Capital Improvement Plan Bonds	2031	\$200,000 - \$310,000	5.00	2,515,000	1,885,000
2020B G.O. Watershed District Refunding Bonds	2033	\$125,000 - \$135,000	2.00 - 3.00	1,700,000	1,175,000
2019A G.O. Watershed Bonds	2040	\$160,000 - \$225,000	3.00 - 4.00	3,825,000	3,160,000
2017A G.O. Solid Waste Bonds (29%)	2037	\$92,800 - \$130,500	2.50 - 3.00	1,974,900	1,431,150
2015B G.O. Watershed Bonds	2036	\$55,000 - \$105,000	1.00 - 3.40	1,495,000	1,015,000
2015C G.O. Capital Improvement Plan Bonds	2026	\$265,000 - \$315,000	2.00	2,985,000	645,000
2012B G.O. Refunding Bonds	2025	\$140,000 - \$160,000	1.76	1,805,000	150,000
2009 G.O. Drainage Bonds	2030	\$45,000 - \$50,000	3.98	925,000	270,000
2006 G.O. Watershed District Bonds	2027	\$40,000 - \$45,000	3.60 - 4.30	865,000	120,000
Total general obligation bonds				<u>\$ 27,629,900</u>	<u>\$ 15,111,150</u>
Add: unamortized premium					<u>1,142,685</u>
Total General Obligation Bonds, Net					<u>\$ 16,253,835</u>

Business Type Activities

The County issues General Obligation Bonds to finance construction and improvements to their solid waste facilities. Payments are made by the Resource Recovery and Landfill Enterprise Funds. Information on individual bonds payable is as follows:

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amounts	Outstanding Balance December 31, 2024
2017A GO Solid Waste Bonds (71%)	2037	\$227,200 - \$319,500	2.5 - 3.00	\$ 4,835,100	\$ 3,503,850
2024A GO Solid Waste Bonds	2045	\$60,000 - \$280,000	3.72%	3,825,000	3,825,000
Total general obligation bonds				<u>\$ 8,660,100</u>	<u>\$ 7,328,850</u>
Add: unamortized premium					<u>379,931</u>
Total General Obligation Bonds, Net					<u>\$ 7,708,781</u>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

3. Long-Term Liabilities (Continued)

D. Landfill Closure and Postclosure Care and Contingency Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$2,237,203 landfill closure, postclosure care, and contingency costs payable at December 31, 2024, represent the cumulative amount reported to date based on the use of 45 percent of the estimated capacity of the municipal solid waste portion of the landfill and 37 percent of the estimated capacity of the ash portion of the landfill. The County will recognize the remaining estimated cost of closure, postclosure care, and contingency costs of \$3,542,442 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2024. Based on current capacity, the landfill expects to stop accepting municipal solid waste in 2068 and ash in 2160. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The Board is in compliance with these requirements. At December 31, 2024, investment of \$2,424,501 are held for these purposes. Accumulated annual contributions and any payments of landfill postclosure care costs are reported in the Landfill Enterprise fund. These are reported as restricted assets on the statement of net position. Polk County expects the future inflation costs will be paid from investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

4. Debt Service Requirements

Debt service requirements at December 31, 2024, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds		Capital Leases		Right-to-use Leases	Total	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2025	\$ 2,287,800	\$ 547,171	\$ 465,044	\$ 99,663	\$ 88,932	\$ 2,841,776	\$ 646,834
2026	2,220,700	456,158	388,591	87,653	88,932	2,698,223	543,811
2027	1,283,600	379,598	243,110	73,487	74,948	1,601,658	453,085
2028	1,291,500	324,702	294,242	21,132	-	1,585,742	345,834
2029	1,327,950	270,464	-	-	-	1,327,950	270,464
2030-2034	4,831,150	619,471	-	-	-	4,831,150	619,471
2035-2039	1,643,450	134,296	-	-	-	1,643,450	134,296
2040-2044	225,000	5,625	-	-	-	225,000	5,625
	\$ 15,111,150	\$ 2,737,485	\$ 1,390,987	\$ 281,935	\$ 252,812	\$ 16,754,949	\$ 3,019,420
Add: net bond premium	1,142,685	-	-	-	-	1,142,685	-
Total	\$ 16,253,835	\$ 2,737,485	\$ 1,390,987	\$ 281,935	\$ 252,812	\$ 17,897,634	\$ 3,019,420

Business-Type Activities

Year Ending December 31	G.O. Bonds		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 227,200	\$ 248,087	\$ 170,330	\$ 15,081	\$ 397,530	\$ 263,168
2026	294,300	258,969	177,312	7939	471,612	266,908
2027	366,400	247,208	34,245	495	400,645	247,703
2028	383,500	233,981	-	-	383,500	233,981
2029	392,050	220,849	-	-	392,050	220,849
2030-2034	2,183,850	878,648	-	-	2,183,850	878,648
2035-2039	1,951,550	458,684	-	-	1,951,550	458,684
2040-2044	1,250,000	185,000	-	-	1,250,000	185,000
2045	280,000	5,600	-	-	280,000	5,600
	\$ 7,328,850	\$ 2,737,026	\$ 381,887	\$ 23,515	\$ 7,710,737	\$ 2,760,541
Add: net bond premium	379,931	-	-	-	379,931	-
Total	\$ 7,708,781	\$ 2,737,026	\$ 381,887	\$ 23,515	\$ 8,090,668	\$ 2,760,541

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds (Continued)

D. Changes in Long-Term Liabilities

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

<b>Governmental Activities</b>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 18,421,050	\$ -	\$ 3,309,900	\$ 15,111,150	\$ 2,287,800
Add: unamortized premium	1,401,819	-	250,134	1,142,685	-
Total bonds payable	<u>\$ 19,822,869</u>	<u>\$ -</u>	<u>\$ 3,560,034</u>	<u>\$ 16,253,835</u>	<u>\$ 2,287,800</u>
Right-to-use leases	\$ 370,761	\$ -	\$ 117,949	\$ 252,812	\$ 88,932
Capital leases	1,416,098	498,419	523,530	1,390,987	465,044
Compensated absences	2,128,342	2,680,121	1,798,940	3,009,523	1,501,920
Net Pension Liability	<u>14,184,172</u>	<u>-</u>	<u>4,469,960</u>	<u>9,714,212</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 37,922,242</u>	<u>\$ 3,178,540</u>	<u>\$ 10,470,413</u>	<u>\$ 30,621,369</u>	<u>\$ 4,343,696</u>
<b>Business-Type Activities</b>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 3,723,950	\$ 3,825,000	\$ 220,100	\$ 7,328,850	\$ 227,200
Add: unamortized premium	124,626	264,769	9,464	379,931	-
Total bonds payable	<u>\$ 3,848,576</u>	<u>\$ 4,089,769</u>	<u>\$ 229,564</u>	<u>\$ 7,708,781</u>	<u>\$ 227,200</u>
Capital leases	\$ 545,518	\$ -	\$ 163,631	\$ 381,887	\$ 170,330
Estimated liability for landfill closure/postclosure care costs	2,911,314	-	674,111	2,237,203	-
Compensated Absences	512,553	337,594	213,315	636,832	434,740
Net Pension Liability	<u>1,526,585</u>	<u>-</u>	<u>491,911</u>	<u>1,034,674</u>	<u>-</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 9,344,546</u>	<u>\$ 4,427,363</u>	<u>\$ 1,772,532</u>	<u>\$ 11,999,377</u>	<u>\$ 832,270</u>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Detailed Notes on All Funds (Continued)

E. Deferred Inflows of Resources – Governmental Funds

Deferred inflows of resources – unavailable revenue consists of taxes, special assessments, loans receivable, and County State Aid Highways (CSAH). Deferred inflows of resources at December 31, 2024, are summarized below by fund:

	<u>Taxes</u>	<u>Special Assessments</u>	<u>CSAH</u>	<u>Total</u>
<b>Governmental Funds</b>				
General	\$ 232,405	\$ 3,421	\$ -	\$ 235,826
<b>Special Revenue Funds</b>				
Road & Bridge	3,070	-	8,461,270	8,464,340
Social Services	6,405	-	-	6,405
<b>Debt Service Funds</b>				
Ditch Debt Service Fund	-	5,900,680	-	5,900,680
Other Governmental Funds	2,239	268,645	-	270,884
<b>Total</b>	<u>\$ 244,119</u>	<u>\$ 6,172,746</u>	<u>\$ 8,461,270</u>	<u>\$ 14,878,135</u>

**POLK COUNTY  
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III. Detailed Notes on All Funds (Continued)

F. Fund Balances

Fund balances at year end December 31, 2024, were as follows:

	General	Special Revenue Funds			Ditch Debt Service Fund	Other Governmental Funds	Total Governmental Funds
		Road and Bridge	Social Services	Public Safety			
<b>Nonspendable</b>							
Advances to other funds	\$ 896,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 896,415
Inventories	-	1,239,655	-	-	-	-	1,239,655
<b>Total Nonspendable</b>	<b>\$ 896,415</b>	<b>\$ 1,239,655</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,136,070</b>
<b>Restricted by enabling legislation</b>							
Attorney forfeited property	\$ 30,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,800
Buffer enforcement	-	-	-	-	-	731,220	731,220
Civil Process Fees	-	-	-	11,634	-	-	11,634
Conceal carry	-	-	-	24,705	-	-	24,705
CSAH	-	93,100	-	-	-	-	93,100
DARE	-	-	-	4,347	-	-	4,347
Debt service	-	-	-	-	1,662,562	339,439	2,002,001
Dive rescue team	-	-	-	1,538	-	-	1,538
Drug task force	-	-	-	685	-	-	685
DWI Assessments	47,444	-	-	-	-	-	47,444
DWI Forfeitures	-	-	-	121,590	-	-	121,590
Enhanced 911	-	-	-	444,024	-	-	444,024
Gravel pit restoration	-	366,553	-	-	-	-	366,553
Law library	166,431	-	-	-	-	-	166,431
Natural resources	-	-	-	-	-	1,191,434	1,191,434
Missing heirs	32,792	-	-	-	-	-	32,792
Opioid Settlement	1,024,515	-	-	-	-	-	1,024,515
Recorder's equipment purchases	306,731	-	-	-	-	-	306,731
Recorder technology	89,147	-	-	-	-	-	89,147
Sheriff's posse	-	-	-	4,084	-	-	4,084
<b>Total restricted</b>	<b>\$ 1,697,860</b>	<b>\$ 459,653</b>	<b>\$ -</b>	<b>\$ 612,607</b>	<b>\$ 1,662,562</b>	<b>\$ 2,262,093</b>	<b>\$ 6,694,775</b>
<b>Committed to</b>							
Insurance	\$ 486,818	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 486,818
Maple Lake Park reforestation	4,483	-	-	-	-	-	4,483
<b>Total committed</b>	<b>\$ 491,301</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 491,301</b>
<b>Assigned to</b>							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	2,586	2,586
Public health	-	-	-	-	-	2,135,328	2,135,328
Public safety	-	-	-	5,451,496	-	-	5,451,496
Highways and streets	-	2,673,801	-	-	-	-	2,673,801
Human services	-	-	8,839,752	-	-	-	8,839,752
Environmental services	-	-	-	-	-	2,454,299	2,454,299
Capital outlay	-	-	-	-	-	6,876	6,876
<b>Total assigned</b>	<b>\$ -</b>	<b>\$ 2,673,801</b>	<b>\$ 8,839,752</b>	<b>\$ 5,451,496</b>	<b>\$ -</b>	<b>\$ 4,599,089</b>	<b>\$ 21,564,138</b>
<b>Unassigned</b>	<b>\$ 10,307,892</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (20,318)</b>	<b>\$ (832,979)</b>	<b>\$ 9,454,595</b>
<b>Total Fund Balances</b>	<b>\$ 13,393,468</b>	<b>\$ 4,373,109</b>	<b>\$ 8,839,752</b>	<b>\$ 6,064,103</b>	<b>\$ 1,642,244</b>	<b>\$ 4,172,789</b>	<b>\$ 40,340,879</b>

**POLK COUNTY  
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IV. Other Post-Employment Benefits (OPEB)

A. Plan Description

Polk County provides a single-employer defined benefit healthcare plan to eligible retirees and their dependents. The plan offers medical insurance benefits. The County provides for retirees by Minnesota Statute § 471.61, subdivision 2b. The retiree healthcare plan does not issue a publicly available financial report. No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

The contribution requirements of the plan and the County are established and may be amended by the Polk County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. This post-employment benefit is funded on a pay-as-you-go basis usually paying retiree benefits out of the General Fund. For 2024, there were approximately 325 participants in the plan, including 3 retirees.

B. Total OPEB Liability

The County's total OPEB liability of \$740,608 was determined by an actuarial valuation date and measurement date of January 1, 2024.

The total OPEB liability in the fiscal year-end December 31, 2024, actuarial valuation was determined using the following actuarial methods and assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation/Census Data Date:	January 1, 2024
Measurement Date:	January 1, 2024
Reporting Date:	December 31, 2024
Actuarial Cost Method:	Entry Age, level percentage of pay
Amortization of Deferred Resource Flows:	Average of expected remaining service on a closed basis for differences between expected and actual experience and assumption changes.
Discount Rate:	3.70%
20-Year Municipal Bond Yield:	2.00%
Inflation Rate:	2.50%
Salary Increases:	Service graded table
Medical Trend Rate:	6.50% decreasing to 5.00% then to 4.00%

The current year discount rate is 3.70 percent. For the current valuation, the discount rate was selected from a range of the 20-year municipal bond yield. The municipal bond rate assumption of 2.00 percent was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

Mortality rates are based on Pub-2010 (Blue Collar for Public Safety, White Collar for others) with MP-2021 Generational Improvement Scale.

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IV. Other Post-Employment Benefits (OPEB)

B. Total OPEB Liability (Continued)

The actuarial assumptions are based on input from a variety of published sources of historical and projected future financial data, and the most recent actuarial valuation for PERA dated June 30, 2024.

C. Changes in Total OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balance at January 1, 2024	\$ 699,967
Changes for the year:	
Service cost	56,698
Interest cost	29,297
Assumption changes	26,676
Differences between expected and actual experience	(23,093)
Benefit payments	(48,937)
Net change in Total OPEB Liability	\$ 40,641
Total OPEB Liability at December 31, 2024	\$ 740,608

D. OPEB Liability Sensitivity

The following presents the total OPEB Liability of the County, calculated using the discount rate healthcare cost trend previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate and healthcare cost trend rate:

OPEB Liability (Asset) Sensitivity Analysis				OPEB Liability (Asset) Sensitivity Analysis			
OPEB Liability (Asset) at Different Discount Rates				OPEB Liability (Asset) at Different Healthcare Cost Trend Rates			
1% Lower	2.70%	\$	790,929	1% Lower	5.50%	\$	672,520
Current Discount Rate	3.70%	\$	740,608	Current Discount Rate	6.50%	\$	740,608
1% Higher	4.70%	\$	693,708	1% Higher	7.50%	\$	821,723

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IV. Other Post-Employment Benefits (OPEB) (Continued)

E. Fund Status and Funding Progress

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

For the year ended December 31, 2024, the County recognized OPEB expense of \$54,847.

At December 31, 2024, Polk County reported its proportionate share of OPEB's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability losses/gains	\$ -	\$ 111,284
Assumption changes	48,067	72,429
Estimated employer contributions	74,847	-
Total	\$ 122,914	\$ 183,713

The \$74,847 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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IV. Other Post-Employment Benefits (OPEB)

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

Year ended December 31:	Future Recognition
2025	\$ (31,146)
2026	\$ (27,742)
2027	\$ (30,316)
2028	\$ (35,874)
2029	\$ (11,079)
Thereafter	\$ 511

H. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2024:

- The health care trend rates were updated.
- The percentage of future married retirees who are assumed to elect post-employment medical coverage for their spouses was increased from 0% to 50%.
- The discount rate was changed from 4.00% to 3.70%.

V. Defined Benefit Pension Plans

A. Plan Descriptions

Polk County participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan’s financial reporting requirements. PERA’s defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code

1. General Employees Retirement Plan (General Plan)

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

2. Public Employees Police and Fire Plan (Police and Fire Plan)

Membership in the Police & Fire Plan includes fulltime, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police & Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity’s governing body. The resolution must state that the position meets plan requirements.

**POLK COUNTY  
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V. Defined Benefit Pension Plans (Continued)

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is “vested”, they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member’s highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent of each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989, or at a age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 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 increase will receive a prorated increase.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50 percent vested after five years of service and 100 percent vested after ten years. After five years, vesting increases by 10 percent each full year of service until members are 100 percent vested after ten years. Police and Fire Plan members receive 3 percent of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or

**POLK COUNTY  
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V. Defined Benefit Pension Plans

B. Benefits Provided

2. Police and Fire Plan Benefits (Continued)

greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417 percent each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a prorated increase.

C. Contributions

*Minnesota Statutes* Chapter 353, 353E, 353G, and 356 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and Polk County was required to contribute 7.50 percent for General Plan members. Polk County's contributions to the General Employees Fund for the year ended December 31, 2024, were \$1,527,444. Polk County's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan member's members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2024 and Polk County was required to contribute 17.70 percent for Police and Fire Plan members. Polk County's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$413,891. Polk County's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2024, Polk County reported a liability of \$8,622,283 for its proportionate share of the General Employees Fund's net pension liability. Polk County's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with Polk County totaled \$222,955.

**POLK COUNTY  
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V. Defined Benefit Pension Plans

D. Pension Costs

1. General Employees Fund Pension Costs (Continued)

Polk County's	
Proportionate share of the net pension liability	\$ 8,622,283
State of Minnesota's proportionate share of the net pension liability associated with Polk County	222,955
Total	\$ 8,845,238

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Polk County's proportionate share of the net pension liability was based on Polk County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. Polk County's proportionate share was .2332 percent at the end of the measurement period and .2275 percent for the beginning of the period.

There were no provision changes during the measurement period.

For the year ended December 31, 2024, Polk County recognized pension expense of \$520,895 for its proportionate share of the General Employees Plan's pension expense. In addition, Polk County recognized an additional \$5,977 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. Polk County recognized \$396,705 for the year ended December 31, 2024, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

At December 31, 2024, Polk County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**POLK COUNTY  
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V. Defined Benefit Pension Plans

D. Pension Costs

1. General Employees Fund Pension Costs (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 805,958	\$ -
Changes in actuarial assumptions	42,561	3,204,861
Net collective difference between projected and actual investment earnings investment earnings	-	2,524,551
Changes in proportion	240,239	384,196
Contributions paid to PERA subsequent to the measurement date	774,488	-
Total	\$ 1,863,246	\$ 6,113,608

The \$774,488 reported as deferred outflows of resources related to pensions resulting from Polk County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount:
2025	\$ (2,893,321)
2026	\$ (501,293)
2027	\$ (969,391)
2028	\$ (660,845)

2. Police and Fire Fund Pension Costs

At December 31, 2024, Polk County reported a liability of \$2,126,603 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Polk County's proportionate share of the net pension liability was based on Polk County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. Polk County's proportionate share was .1616 percent at the end of the measurement period and .1731 percent for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by

**POLK COUNTY  
CROOKSTON, MINNESOTA**

V. Defined Benefit Pension Plans

D. Pension Costs

2. Police and Fire Fund Pension Costs (Continued)

October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the Polk County totaled \$81,065.

Polk County's	
Proportionate share of the net pension liability	\$ 2,126,603
State of Minnesota's proportionate share of the net pension liability associated with Polk County	81,065
Total	\$ 2,207,668

For the year ended December 31, 2024, Polk County recognized pension expense of \$230,243 for its proportionate share of the Police and Fire Plan's pension expense. Polk County recognized \$9,067 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund special funding situation.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. Polk County recognized \$45,902 for the year ended December 31, 2024, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Fund.

At December 31, 2024, Polk County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 890,652	\$ -
Changes in actuarial assumptions	2,706,125	3,354,520
Net collective difference between projected and actual investment earnings investment earnings	-	714,333
Changes in proportion	-	549,275
Contributions paid to PERA subsequent to the measurement date	210,099	-
Total	\$ 3,806,876	\$ 4,618,128

**POLK COUNTY  
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V. Defined Benefit Pension Plans

D. Pension Costs

2. Police and Fire Fund Pension Costs (Continued)

The \$210,099 reported as deferred outflows of resources related to pensions resulting from Polk County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount:
2025	\$ (212,495)
2026	\$ 579,154
2027	\$ (418,871)
2028	\$ (985,175)
2029	\$ 16,036

3. Total Pension Expense

The total pension expense for all plans recognized by Polk County for the year ended December 31, 2024, was \$290,652

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary.

**POLK COUNTY  
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V. Defined Benefit Pension Plans

F. Actuarial Methods and Assumptions (Continued)

An investment return of 7% is within that range.

- Inflation is assumed to be 2.25% for the General Employees Plan, Police & Fire Plan, and the Correctional Plan.
- Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan, 1% for the Police & Fire Plan, and 2% for the Correctional Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11% at age 20 to 3% at age 60.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police & Fire Plan and the Correctional Plans are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023, actuarial valuation. The Police & Fire Plan and Correctional Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the

Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025, actuarial valuation.

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

**General Employees Fund**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**POLK COUNTY  
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V. Defined Benefit Pension Plans

F. Actuarial Methods and Assumptions (Continued)

**Police and Fire Fund**

Changes in Plan Provisions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire, and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents Polk County’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what Polk 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 Analysis			Sensitivity Analysis		
Net Pension Liability (Asset) at Different			Net Pension Liability (Asset) at Different		
Discount Rates			Discount Rates		
<b>General Employees Fund</b>			<b>Police and Fire Fund</b>		
1% Lower	6.00%	\$ 18,832,455	1% Lower	6.00%	\$ 5,025,579
Current Discount Rate	7.00%	\$ 8,622,283	Current Discount Rate	7.00%	\$ 2,126,603
1% Higher	8.00%	\$ 223,486	1% Higher	8.00%	\$ (254,062)

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

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**VI. Public Employees Defined Contribution Plan (Defined Contribution Plan)**

Six employees of Polk County are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees, contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by Polk County during fiscal year 2024 were:

Contribution Amount		Percentage of Cover Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$ 10,065	\$ 10,065	5%	5%	5%

**VII. Summary of Significant Contingencies and Other Items**

**A. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial. The County, in connection with the normal conduct of its affairs, may be involved in various claims, judgments, and litigation. The County Attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

**B. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage, 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 Insurance Trust (MCIT) to cover workers' compensation and property and casualty liabilities. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

The Worker's 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

**POLK COUNTY  
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VII. Summary of Significant Contingencies and Other Items

B. Risk Management (Continued)

claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2024 and \$500,000 per claim in 2025. 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. The MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

C. Joint Ventures

Marshall and Polk Rural Water System

The Marshall and Polk Rural Water System was organized as a municipal water system under Minn. Stat. ch. 116A in 1976 and covers a portion of Marshall and Polk Counties. The system is responsible for storing, treating, and distributing water for participating rural water users and cities within the water district.

General obligation debt issued by Marshall and Polk Counties to be retired from special assessments is reported both by Marshall and Polk Counties. The long-term debt at December 31, 2024, is \$355,000 of which Polk County's share is \$165,000. Polk County made contributions of \$75,180 in 2024.

The Marshall and Polk Rural Water System is governed by a seven-member Board, four of whom are appointed by Polk County. The County has no responsibility beyond appointing the Board members and guaranteeing the debt of the Water System. Complete financial information can be obtained from the Marshall and Polk Rural Water System, 401 North Main Street, Warren, Minnesota 56762.

Northwest Minnesota Household Hazardous Waste Management Group

The Northwest Minnesota Household Hazardous Waste Management Group was formed in 1992 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Beltrami, Cass, Clearwater, Kittson, Polk, Marshall, Pennington, Polk, Red Lake, and Roseau Counties. The purpose of the Waste Management Group is to cooperatively manage, handle, and transport household hazardous waste, provide public education on safe waste management, and provide for the disposition of non-recyclable household hazardous waste materials.

Control of the Waste Management Group is vested in the Northwest Minnesota Household Hazardous Waste Management Group Joint Powers Board, which is composed of one county commissioner from each of the member counties, as provided in the Waste Management Group's bylaws.

Responsibility for budgeted expenditures is shared with the first 50 percent divided equally among the member counties, and the remaining 50 percent divided on a population-ratio basis. In the event of dissolution, the net assets shall be divided among the member counties in the same proportion as their respective financial responsibilities.

The Waste Management Group has no long-term debt. Financing is provided by appropriations from the member counties when needed. Polk County made contributions of \$8,200 in 2024. Clearwater County

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VII. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Northwest Minnesota Household Hazardous Waste Management Group (Continued)

reports the cash transactions as a fiduciary fund on its financial statements. Complete financial information can be obtained from the Clearwater County Auditor/Treasurer's Office or the Waste Management Group's office, P.O. Box 186, Bagley, Minnesota 56621.

Northwest MN Regional Emergency Communications Board

The Northwest MN Regional Emergency Communications Board was formed in 2007 under the authority of the Joint Powers Act, pursuant to Minnesota Statutes, §§ 403.39 and 471.59. Members include Becker, Beltrami, Clearwater, Clay, Hubbard, Kittson, Polk, Mahnomen, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau counties, the City of Moorhead, and the White Earth Reservation.

The purpose of the Northwest MN Regional Emergency Communications Board is to provide regional administration for the installation, operation, and maintenance of local and regional enhancements to the Statewide Public Safety Radio and Communication System (ARMER).

Control is vested in the Northwest MN Regional Emergency Communications Board, which is composed of one county commissioner from each member county and one County council member from the member County, appointed by their respective governing bodies as provided in the Northwest Emergency Communications Board's Joint Powers Agreement.

Polk County did not contribute in 2024. Financing is provided by annual contributions from members, reflective of the extent of participation and use of services. Complete financial information can be obtained from the Headwaters Regional Development Commission, 403 – 4<sup>th</sup> Street Northwest, Suite 310, Bemidji, Minnesota 56601.

Northwest Minnesota Six County Joint Powers Board

The Northwest Minnesota Six County Joint Powers Board was formed in 1994 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Beltrami, Clearwater, Marshall, Pennington, Polk, and Red Lake Counties. The purpose of the Board is to receive and expend funds for beaver damage control.

The Northwest Minnesota Six County Joint Powers Board is composed of one representative appointed by each county board from the six counties. Each county also has one alternate appointed to the Board, and the Board may choose to have non-voting advisory members on the Board. In the event of dissolution, the net assets shall be distributed to the respective member counties in proportion to the contribution of each. Membership does not cause an additional financial benefit or burden to the counties. Polk County did not contribute in 2024.

Financing is provided by grants from the State of Minnesota or contributions. Complete financial information can be obtained from the Red Lake Watershed District, P.O. Box 803, Thief River Falls, Minnesota 56701.

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VII. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Northwest Service Cooperative

The Northwest Service Cooperative (NWSC) was established in February, 1977, pursuant to Minnesota Statutes, §§ 471.59 and 123.582. The NWSC is located in State Development Regions One and Two which includes 12 counties covering a total of 14,853 miles. These are the most sparsely populated regions of the state with only 11 persons per square mile. The regions are known as “Pine to Prairie.” The NWSC provides service to all school districts, and many cities, counties, and other governmental agencies in the northwest region. The Northwest Service Cooperative’s purpose is to meet or exceed the needs of participating members by developing and delivering high quality, cost-effective services and programs that will support the activities of its members.

The NWSC is governed by a Board of Directors consisting of school board members elected at large by their peers, one County representative, with a maximum of three at-large appointees and three ex-officio superintendents. Adequate rates are charged so that the members do not experience additional benefit or burden. Polk County did not contribute in 2024. Complete financial information can be obtained from the Northwest Service Cooperative, 114 First Street West, Thief River Falls, Minnesota 56701.

Northwestern Counties Data Processing Security Association

The Northwestern Counties Data Processing Security Association was formed in 1994 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Polk, Marshall, Pennington, Polk, Roseau, and Wadena Counties. The purpose of the Association is to provide a mechanism whereby the counties may cooperatively provide for a data processing disaster recovery plan and back-up system.

Control of the Association is vested in the Northwestern Counties Data Processing Security Association Joint Powers Board, which is composed of one county commissioner appointed by each member of the county board. In the event of dissolution, the net assets of the Association at that time shall be distributed to the respective member counties in proportion to the contribution of each.

The Northwestern Counties Data Processing Security Association has no long-term debt. Financing is provided by state grants and appropriations from member counties when needed. Polk County did not contribute to the Association for the year ended December 31, 2024. Clearwater County reports the cash transactions of the Association as a fiduciary fund on its financial statements. Complete financial information can be obtained from the Clearwater County Auditor-Treasurer’s Office, 213 North Main Ave, Bagley, MN 56621.

Polk County Collaborative

The Polk County Collaborative was formed in 2001 and operates under the authority of Minn. Stat. § 124D.23, subd. 1(a), and includes Polk County, Tri-County Community Corrections, and other community representation, including school districts and local service providers. The purpose of the Collaborative is to build communities in Polk County where children thrive by coordinating the integrated, seamless, effective, and efficient delivery of a range of social and human services to children and families.

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VII. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Polk County Collaborative (Continued)

Control of the Polk County Collaborative is vested in the Collaborative governing board, which is comprised of elected officials representing mental health, community action, Polk County, corrections, and a small school district as well as a larger school district.

Financing is provided by state and local grants and appropriations from the participating agencies. Adequate rates are charged so that members do not experience an additional benefit or burden. Polk County acts as a fiscal agent for the Polk County Collaborative and reports the cash transactions of the Collaborative as a custodial fund in its financial statements. Polk County paid the Collaborative \$720 in 2024. Complete financial information can be obtained from Polk County Social Services, 612 North Broadway, Crookston, MN 56716.

Tri-County Community Corrections

Tri-County Community Corrections was formed in 1975 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 417.59, and includes Norman, Polk, and Red Lake Counties. The purpose of Tri-County Community Corrections is to house, supervise, treat, counsel, and provide other correctional services to prisoners throughout the territorial area of the member counties.

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

In the event of dissolution of the Tri-County Community Corrections Joint Powers Board, the net position of Tri-County Community Corrections at that time shall be divided among the member counties in the agreed-upon proportions of Norman County (10 percent), Polk County (85 percent), and the Red Lake County (5 percent).

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

Polk County, in a custodial fund, reports the transactions of Tri-County Community Corrections on its financial statements. Polk County did not make any contributions in 2024. Complete financial information can be obtained from Tri-County Community Corrections, 600 Bruce Street, Crookston, MN 56716.

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

The Pine to Prairie Drug and Violent Crime Task Force was formed under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes as Full Members the Counties of Polk, Norman, Pennington, Polk, and Roseau, the Cities of Crookston, East Grand Forks, and Thief River Falls, and the US Customs and Border Protection and Homeland Security Investigations Department; as Associate Members the County of Red Lake and the City of Ada; and as Liaison Members the Counties of Kittson, and Marshall.

**POLK COUNTY  
CROOKSTON, MN**

VII. Summary of Significant Contingencies and Other Items

C. Joint Ventures

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

The purpose of the Task Force is to coordinate efforts to investigate, apprehend, and prosecute drug, gang, and violent crime offenders.

Control of the Task Force is vested in the PTPDTF Governing Board, which shall consist of not less than 6 members or more than 14 members designated by each participating Full Member, and up to 5 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 shall assign a peace officer to be an Agent on the task force, Associate Members are not required to assign an officer but shall 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 shall 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 assets.

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. Polk County made no contributions to the PTPDTF for the year ended December 31, 2024. Complete financial information can be obtained from the City of Crookston, 321 West Robert Street, Crookston, Minnesota, 56716.

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 Polk County Local Board of Health and the Norman-Mahnomen Board of Health. 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 member, and the Polk County Board of Health and the Norman-Mahnomen Board of Health each appointing two members.

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.

**POLK COUNTY  
CROOKSTON, MN**

VII. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Polk-Norman-Mahnomen-Community Health Board (Continued)

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. Polk County did not contribute in 2024. Complete financial information can be obtained from Polk County Public Health, 816 Marin Avenue, Suite 125, Crookston MN 56716.

Northwest Workforce Service Area

The Northwest Workforce Service Area was formed in July 2000 under the authority of the Workforce Investment Act of 1998 (Public Law 105-220) and includes Kittson, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties. The purpose of the Service Area is to increase a participant's employment, retention, earnings, and occupational skill attainment and results in improved workforce quality, reduced welfare dependency, and enhanced productivity and competitiveness.

Control of the Northwest Workforce Service Area is vested in the Northwest Private Industry Council/Workforce Council, composed of 18 members, with one representative from each of the seven counties, three members at large, and eight members representing local agencies. In the event of dissolution of the Northwest Workforce Service Area, unexpended funds will be disposed of in accordance with law.

The Northwest Workforce Service Area has no long-term debt. Financing is provided by state and local grants. Complete financial information can be obtained from the Northwest Regional Development Commission, 115 South Main, Warren, MN 56762.

D. Jointly-Governed Organizations

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 Minnesota Statute, § 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.

Financing is provided primarily from federal grants provided through the Job Training Partnership Act of 1982. Separate financial information can be obtained from the Northwest Regional Development Commission, 115 South Main, Warren, MN 56762.

**POLK COUNTY  
CROOKSTON, MN**

VII. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Lake Agassiz Regional Library

The Lake Agassiz Regional Library was formed pursuant to Minn. Stat. §§ 134.20 and 471.59, effective January 1, 1961, and includes Becker, Clay, Clearwater, Mahnomen, Norman, Polk, and Wilkin Counties, as well as the Cities of Breckenridge, Crookston, Detroit Lakes, Mahnomen, and Moorhead. Control of the Library is vested in the Agassiz Regional Library Board of Trustees, with 23 members with staggered terms made up of the following: one member appointed by each Board of County Commissioners who may be a member of the Board of 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 2024, Polk County provided \$299,320 in the form of an appropriation. Financial information can be obtained from the Lake Agassiz Regional Library Regional Office, 118 – 5<sup>th</sup> Street South, Moorhead, MN 56560.

Middle River-Snake River-Tamarac Watershed District

The Middle River-Snake River-Tamarac Watershed District was formed pursuant to Minn. Stat. § 103D.201, effective August 28, 1970, and includes land within Kittson, Marshall, Pennington, Polk, and Roseau Counties. Control of the District is vested in the Middle River-Snake River-Tamarac Watershed District Board of Managers, which is composed of seven members having staggered terms of three years each, with one appointed by Polk County Board and six appointed by the Marshall County Board. Polk County's responsibility does not extend beyond making the appointments.

Minnesota Rural Counties Caucus

The Minnesota Rural Counties Caucus was established in 1997 and includes Aitkin, Beltrami, Clay, Clearwater, Cook, Douglas, Grant, Itasca, Kittson, Koochiching, Polk, Mahnomen, Marshall, McLeod, Mille Lacs, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, and Wadena Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee which is composed of ten directors, each with an alternate, who are appointed annually by each respective county board. The County made no contribution to the Caucus for the year ended December 31, 2024.

Northwest Minnesota Multi-County Housing and Redevelopment Authority

The Northwest Minnesota Multi-County Housing and Redevelopment Authority (HRA) was formed pursuant to Minnesota Stat., § 469.004, effective September 1972, and includes Kittson, Marshall, Pennington, Polk, Red Lake, and Roseau Counties. Control of the HRA is vested in the HRA Board which is composed of six members with indefinite terms made up of one member appointed by each board of county commissioners. Polk County's responsibility does not extend beyond making this appointment.

**POLK COUNTY  
CROOKSTON, MN**

VII. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Red Lake River Corridor

The Red Lake River Corridor Joint Powers Board was formed in 2003 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes the Cities of Crookston, East Grand Forks, Fisher, Red Lake Falls, St. Hilaire, and Thief River Falls; the Counties of Pennington, Polk, and Red Lake; and the Red Lake Band of Chippewa Reservation. The purpose of the Board is for the development and enhancement of recreational and natural resources along the Red Lake River.

The Red Lake River Corridor Joint Power Board is composed of one member from each participating entity. Each participant may also have an alternate who, in the absence of the appointed member, may attend meetings and have all the duties and rights of the member. In the event of dissolution, the net position shall be distributed to the respective members in proportion to the contribution of each. Financing is provided by contributions from members. Polk County did not contribute to the Board in 2024. Complete financial information can be obtained from Pembina Trail RC&D, 2605 Wheat Drive, Red Lake Falls, MN 56750.

Wild Rice Watershed District

The Wild Rice Watershed District was established in 1969, pursuant to Minn. Stat. ch. 103D, and includes Becker, Clay, Clearwater, Mahnomen, Norman, and Polk Counties. The purpose of the Watershed District is to oversee watershed projects, conduct studies for future project planning, administration of legal drainage systems, issuance of applications and permits, public education on conservation issues, and dispute resolution.

Control of the Watershed District is vested in the Board of Managers, which is composed of seven members appointed by the County Commissioners of Becker, Clay, Mahnomen, and Norman Counties. Becker County appoints one member, Clay County appoints one member, 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 5<sup>th</sup> Avenue, Ada, MN 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 Polk 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. In 2024, Polk County provided \$785 in the form of an appropriation. Complete financial statements can be obtained from The International Coalition for Land/Water Stewardship in the Red River Basin, 119 – 5<sup>th</sup> Street South, Moorhead, MN 56560.

**POLK COUNTY  
CROOKSTON, MN**

VII. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

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. Polk County's responsibility does not extend beyond making this appointment. Complete financial information can be obtained from the Clay County Sheriff's Office, 911 – 11<sup>th</sup> Street North, Moorhead, MN 56560.

Minnesota Counties Computer Cooperative

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created the Minnesota Counties Computer Cooperative (MCCC) to jointly provide for establishment, operation, and maintenance of data processing systems, facilities, and management information systems. Polk County did not make any contributions in 2024.

E. Related Organizations

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 Mahnomon, 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 the public health and welfare, and the provident uses of natural resources. Control of the District is vested in the Sand Hill River Watershed District Board of Managers that is composed of five members appointed by the Polk County Board of Commissioners for staggered terms of three years each. Polk County's responsibility does not extend beyond making the appointments.

Red Lake Watershed District

The Red Lake Watershed District was formed pursuant to Minnesota Statute, § 103D.201, effective January 25, 1969, and includes land within Beltrami, Clearwater, Itasca, Pennington, Mahnomon, Marshall, Pennington, Red Lake, and Roseau Counties. Control of the District is vested in the Red Lake Watershed District Board of Managers which is composed of seven members having staggered terms of three years each, with two appointed by the Polk County Board and one each appointed by the County Boards of Beltrami, Clearwater, Marshall, Pennington, and Red Lake. Polk County's responsibility does not extend beyond making this appointment.

**REQUIRED SUPPLEMENTARY INFORMATION**

**POLK COUNTY  
CROOKSTON, MINNESOTA**

***Schedule 1***

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 7,409,200	\$ 7,409,200	\$ 8,125,089	\$ 715,889
Special assessments	-	-	90,091	90,091
Licenses and permits	6,100	6,100	6,140	40
Intergovernmental	2,947,657	2,947,657	5,005,871	2,058,214
Charges for services	1,242,545	1,242,545	1,439,584	197,039
Fines and forfeitures	9,000	9,000	7,755	(1,245)
Investments earnings	350,000	350,000	1,440,357	1,090,357
Miscellaneous	1,862,560	1,862,560	1,670,531	(192,029)
<b>Total Revenues</b>	<b>\$ 13,827,062</b>	<b>\$ 13,827,062</b>	<b>\$ 17,785,418</b>	<b>\$ 3,958,356</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 463,159	\$ 463,159	\$ 449,568	\$ 13,591
Courts services	104,200	104,200	106,275	(2,075)
Law library	-	-	29,015	(29,015)
County administration	387,479	387,479	500,012	(112,533)
Taxpayer service center	915,347	915,347	990,234	(74,887)
Motor vehicle	203,931	203,931	193,965	9,966
County assessor	780,226	780,226	732,516	47,710
Elections	390,145	390,145	255,943	134,202
Finance	590,233	590,233	603,188	(12,955)
Accounting and auditing	146,000	146,000	183,270	(37,270)
Data processing	1,440,267	1,440,267	1,719,723	(279,456)
Central services	339,500	339,500	374,427	(34,927)
Personnel	452,856	452,856	424,243	28,613
Attorney	1,524,625	1,524,625	1,501,430	23,195
Recorder	111,310	111,310	14,726	96,584
Surveyor	189,203	189,203	189,795	(592)
Buildings and grounds	3,277,873	3,277,873	2,249,275	1,028,598
Veterans service officer	213,908	213,908	216,647	(2,739)
Insurance	1,050,235	1,050,235	493,533	556,702
Other general government	32,500	32,500	111,952	(79,452)
<b>Total general government</b>	<b>\$ 12,612,997</b>	<b>\$ 12,612,997</b>	<b>\$ 11,339,737</b>	<b>\$ 1,273,260</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

***Schedule 1  
(Continued)***

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public safety</b>				
Ambulance	\$ 58,775	\$ 58,775	\$ 58,775	\$ -
Coroner	78,916	78,916	77,158	1,758
Victim assistance	180,745	180,745	196,332	(15,587)
<b>Total public safety</b>	<b>\$ 318,436</b>	<b>\$ 318,436</b>	<b>\$ 332,265</b>	<b>\$ (13,829)</b>
<b>Health</b>				
Occupational Development Center	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
University of Minnesota RSVP	2,400	2,400	2,400	-
Opioid settlements	-	-	47,890	(47,890)
<b>Total health</b>	<b>\$ 9,900</b>	<b>\$ 9,900</b>	<b>\$ 57,790</b>	<b>\$ (47,890)</b>
<b>Culture and recreation</b>				
Historical society	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
County fairs	10,000	10,000	10,000	-
Heritage Center	10,000	10,000	10,000	-
Parks	85,400	85,400	164,271	(78,871)
Celebrations	800	800	800	-
Snowmobile and ski trails	29,000	29,000	22,256	6,744
<b>Total culture and recreation</b>	<b>\$ 145,200</b>	<b>\$ 145,200</b>	<b>\$ 217,327</b>	<b>\$ (72,127)</b>
<b>Conservation of natural resources</b>				
Agricultural inspection	\$ 48,700	\$ 48,700	\$ 2,450	\$ 46,250
Cooperative extension	186,447	186,447	180,229	6,218
Forfeited land	-	-	17,126	(17,126)
Soil and water conservation	136,172	136,172	208,387	(72,215)
Other conservation of natural resources	8,485	8,485	8,246	239
<b>Total conservation of natural resources</b>	<b>\$ 379,804</b>	<b>\$ 379,804</b>	<b>\$ 416,438</b>	<b>\$ (36,634)</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

***Schedule 1  
(Continued)***

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Economic development</b>				
Red River Valley Development	\$ 1,800	\$ 1,800	\$ 1,800	\$ -
Tri-Valley Opportunity Council	7,000	7,000	7,000	-
Other	-	-	2,218	(2,218)
<b>Total economic development</b>	<b>\$ 8,800</b>	<b>\$ 8,800</b>	<b>\$ 11,018</b>	<b>\$ (2,218)</b>
<b>Debt service</b>				
Principal retirement	\$ 1,525,000	\$ 1,525,000	\$ 1,525,000	\$ -
Interest	504,881	504,881	411,077	93,804
<b>Total debt service</b>	<b>\$ 2,029,881</b>	<b>\$ 2,029,881</b>	<b>\$ 1,936,077</b>	<b>\$ 93,804</b>
<b>Capital outlay</b>				
General government	\$ 524,752	\$ 524,752	\$ 557,940	\$ (33,188)
Public safety	272,230	272,230	320,229	(47,999)
<b>Total capital outlay</b>	<b>\$ 796,982</b>	<b>\$ 796,982</b>	<b>\$ 878,169</b>	<b>\$ (81,187)</b>
<b>Total Expenditures</b>	<b>\$ 16,302,000</b>	<b>\$ 16,302,000</b>	<b>\$ 15,188,821</b>	<b>\$ 1,113,179</b>
<b>Excess of Revenues Over (Under)   Expenditures</b>	<b>\$ (2,474,938)</b>	<b>\$ (2,474,938)</b>	<b>\$ 2,596,597</b>	<b>\$ 5,071,535</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 1,250,281	\$ 1,250,281	\$ -	\$ (1,250,281)
<b>Net Change in Fund Balance</b>	<b>\$ (1,224,657)</b>	<b>\$ (1,224,657)</b>	<b>\$ 2,596,597</b>	<b>\$ 3,821,254</b>
<b>Fund Balance - January 1</b>	<b>10,796,871</b>	<b>10,796,871</b>	<b>10,796,871</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 9,572,214</b>	<b>\$ 9,572,214</b>	<b>\$ 13,393,468</b>	<b>\$ 3,821,254</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**Schedule 2**

**BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 5,511,714	\$ 5,511,714	\$ 5,033,189	\$ (478,525)
License and permits	50,000	50,000	70,575	20,575
Intergovernmental	14,428,000	14,428,000	15,038,304	610,304
Charges for services	80,000	80,000	63,986	(16,014)
Miscellaneous	625,000	625,000	1,432,264	807,264
<b>Total Revenues</b>	<b>\$ 20,694,714</b>	<b>\$ 20,694,714</b>	<b>\$ 21,638,318</b>	<b>\$ 943,604</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 549,624	\$ 549,624	\$ 664,176	\$ (114,552)
Maintenance	4,141,478	4,141,478	4,853,184	(711,706)
Construction	10,288,290	10,288,290	11,798,932	(1,510,642)
Equipment maintenance and shop	1,555,322	1,555,322	1,430,524	124,798
Town roads	1,900,000	1,900,000	1,600,208	299,792
Other highways and streets	150,000	150,000	865,540	(715,540)
<b>Total highways and streets</b>	<b>\$ 18,584,714</b>	<b>\$ 18,584,714</b>	<b>\$ 21,212,564</b>	<b>\$ (2,627,850)</b>
<b>Debt service</b>				
Principal retirement	\$ 1,100,000	\$ 1,100,000	\$ 1,239,711	\$ (139,711)
Interest	110,000	110,000	61,893	48,107
<b>Total debt service</b>	<b>\$ 1,210,000</b>	<b>\$ 1,210,000</b>	<b>\$ 1,301,604</b>	<b>\$ (91,604)</b>
<b>Capital outlay</b>				
Highways and streets	\$ 900,000	\$ 900,000	\$ 1,487,568	\$ (587,568)
<b>Total Expenditures</b>	<b>\$ 20,694,714</b>	<b>\$ 20,694,714</b>	<b>\$ 24,001,736</b>	<b>\$ (3,307,022)</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,363,418)</b>	<b>\$ (2,363,418)</b>
<b>Other Financing Sources (Uses)</b>				
Transfer out	\$ -	\$ -	\$ (933,769)	\$ (933,769)
Proceeds from capital lease purchase	-	-	135,083	135,083
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,162,104)</b>	<b>\$ (3,162,104)</b>
<b>Fund Balance - January 1</b>	<b>7,444,467</b>	<b>7,444,467</b>	<b>7,444,467</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>90,746</b>	<b>90,746</b>
<b>Fund Balance - December 31</b>	<b>\$ 7,444,467</b>	<b>\$ 7,444,467</b>	<b>\$ 4,373,109</b>	<b>\$ (3,071,358)</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**Schedule 3**

**BUDGETARY COMPARISON SCHEDULE  
SOCIAL SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 5,388,666	\$ 5,388,666	\$ 5,283,826	\$ (104,840)
Intergovernmental	13,398,743	13,398,743	13,344,781	(53,962)
Charges for services	811,465	811,465	920,205	108,740
Investment earnings	-	-	175	175
Miscellaneous	354,929	354,929	458,855	103,926
<b>Total Revenues</b>	<b>\$ 19,953,803</b>	<b>\$ 19,953,803</b>	<b>\$ 20,007,842</b>	<b>\$ 54,039</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 5,729,331	\$ 5,729,331	\$ 5,334,738	\$ 394,593
Social services	15,043,580	15,043,580	14,253,679	789,901
<b>Total human services</b>	<b>\$ 20,772,911</b>	<b>\$ 20,772,911</b>	<b>\$ 19,588,417</b>	<b>\$ 1,184,494</b>
<b>Debt service</b>				
Principal retirement	\$ -	\$ -	\$ 79,988	\$ (79,988)
Interest	-	-	7,061	(7,061)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,049</b>	<b>\$ (87,049)</b>
<b>Capital outlay</b>				
Human services	\$ 99,090	\$ 99,090	\$ 131,042	\$ (31,952)
<b>Total Expenditures</b>	<b>\$ 20,872,001</b>	<b>\$ 20,872,001</b>	<b>\$ 19,806,508</b>	<b>\$ 1,065,493</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (918,198)</b>	<b>\$ (918,198)</b>	<b>\$ 201,334</b>	<b>\$ 1,119,532</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from capital lease purchase	-	-	85,205	85,205
<b>Net Change in Fund Balance</b>	<b>\$ (918,198)</b>	<b>\$ (918,198)</b>	<b>\$ 286,539</b>	<b>\$ 1,204,737</b>
<b>Fund Balance - January 1</b>	<b>8,553,213</b>	<b>8,553,213</b>	<b>8,553,213</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 7,635,015</b>	<b>\$ 7,635,015</b>	<b>\$ 8,839,752</b>	<b>\$ 1,204,737</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

*Schedule 4*

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC SAFETY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 10,337,292	\$ 10,337,292	\$ 10,337,292	\$ -
Intergovernmental	441,090	441,090	627,691	186,601
Charges for services	105,000	105,000	114,066	9,066
Fines and forfeitures	-	-	4,577	4,577
Gifts and contributions	-	-	100	100
Investment earnings	-	-	33,266	33,266
Miscellaneous	1,458,598	1,458,598	1,708,841	250,243
<b>Total Revenues</b>	<b>\$ 12,341,980</b>	<b>\$ 12,341,980</b>	<b>\$ 12,825,833</b>	<b>\$ 483,853</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Public safety</b>				
Sheriff	\$ 5,640,206	\$ 5,640,206	\$ 5,292,366	\$ 347,840
Narcotics task force	126,181	126,181	84,872	41,309
Body armor	4,000	4,000	12,279	(8,279)
Conceal and carry	94,755	94,755	76,940	17,815
Jury attendant	3,230	3,230	5,952	(2,722)
Safe and sober	-	-	3,241	(3,241)
DWI assessments	-	-	354	(354)
Boat and water safety	23,687	23,687	15,100	8,587
Emergency services	163,539	163,539	120,673	42,866
Enhanced 911 system	206,188	206,188	121,528	84,660
Community corrections	6,170,236	6,170,236	6,170,236	-
Emergency services	8,978	8,978	1,395	7,583
K-9 unit	7,920	7,920	2,877	5,043
Other public safety	-	-	171,359	(171,359)
<b>Debt service</b>				
Principal retirement	-	-	245,567	(245,567)
Interest	-	-	52,078	(52,078)
<b>Capital outlay</b>				
Public safety	746,922	746,922	492,948	253,974
<b>Total Expenditures</b>	<b>\$ 13,195,842</b>	<b>\$ 13,195,842</b>	<b>\$ 12,869,765</b>	<b>\$ 326,077</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (853,862)</b>	<b>\$ (853,862)</b>	<b>\$ (43,932)</b>	<b>\$ 809,930</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from issuance of debt	-	-	183,667	183,667
<b>Net Change in Fund Balance</b>	<b>\$ (853,862)</b>	<b>\$ (853,862)</b>	<b>\$ 139,735</b>	<b>\$ 993,597</b>
<b>Fund Balance - January 1</b>	<b>5,924,368</b>	<b>5,924,368</b>	<b>5,924,368</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 5,070,506</b>	<b>\$ 5,070,506</b>	<b>\$ 6,064,103</b>	<b>\$ 993,597</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

Schedule 5

**SCHEDULE OF CHANGES IN TOTAL LIABILITY AND RELATED RATIOS  
OTHER POST-EMPLOYMENT BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>							
Service cost	\$ 56,698	\$ 44,598	\$ 59,115	\$ 59,973	\$ 50,553	\$ 41,224	\$ 43,449
Interest cost	29,297	15,818	19,176	26,441	33,564	29,553	29,382
Differences between expected and actual experience	(23,093)	(81,167)	(154,239)	-	(11,751)	-	-
Changes of assumption or other inputs	26,676	-	(19,333)	38,955	29,787	(23,861)	-
Benefit payments	(48,937)	(50,899)	(65,248)	(89,407)	(76,663)	(60,605)	(70,181)
<b>Net change in total OPEB liability</b>	\$ 40,641	\$ (71,650)	\$ (160,529)	\$ 35,962	\$ 25,490	\$ (13,689)	\$ 2,650
<b>Total OPEB Liability - Beginning</b>	<u>699,967</u>	<u>771,617</u>	<u>932,146</u>	<u>896,184</u>	<u>870,694</u>	<u>884,383</u>	<u>881,733</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 740,608</u>	<u>\$ 699,967</u>	<u>\$ 771,617</u>	<u>\$ 932,146</u>	<u>\$ 896,184</u>	<u>\$ 870,694</u>	<u>\$ 884,383</u>
Covered-employee payroll	\$ 21,996,348	\$ 19,977,257	\$ 19,395,395	\$ 19,170,500	\$ 18,567,070	\$ 17,928,896	\$ 17,406,695
Total OPEB liability (asset) as a percentage of covered-employee payroll	3%	4%	4%	5%	5%	5%	5%

*This schedule is intended to present 10 years and will be updated as information becomes available.*

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**Schedule 6**

**GOVERNMENTAL ACTIVITIES**

**SCHEDULE OF CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF MINNESOTA  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**GENERAL EMPLOYEES RETIREMENT FUND PENSION PLAN**

<b>Fiscal Year Ending</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
December 31, 2024	\$ 1,527,444	\$ 1,527,444	\$ -	\$ 20,365,920	7.50%
December 31, 2023	\$ 1,419,296	\$ 1,419,296	\$ -	\$ 18,923,946	7.50%
December 31, 2022	\$ 1,334,993	\$ 1,334,993	\$ -	\$ 17,799,904	7.50%
December 31, 2021	\$ 1,310,646	\$ 1,310,646	\$ -	\$ 17,475,280	7.50%
December 31, 2020	\$ 1,271,714	\$ 1,271,714	\$ -	\$ 16,956,182	7.50%
December 31, 2019	\$ 1,235,446	\$ 1,235,446	\$ -	\$ 16,472,610	7.50%
December 31, 2018	\$ 1,199,787	\$ 1,199,787	\$ -	\$ 15,997,162	7.50%
December 31, 2017	\$ 1,152,077	\$ 1,152,077	\$ -	\$ 15,361,026	7.50%
December 31, 2016	\$ 1,102,765	\$ 1,102,765	\$ -	\$ 14,703,539	7.50%
December 31, 2015	\$ 1,029,642	\$ 1,029,642	\$ -	\$ 13,728,560	7.50%

**PUBLIC EMPLOYEES POLICE AND FIRE FUND PENSION PLAN**

<b>Fiscal Year Ending</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
December 31, 2024	\$ 413,891	\$ 413,891	\$ -	\$ 2,338,367	17.70%
December 31, 2023	\$ 398,199	\$ 398,199	\$ -	\$ 2,249,715	17.70%
December 31, 2022	\$ 395,560	\$ 395,560	\$ -	\$ 2,234,804	17.70%
December 31, 2021	\$ 404,069	\$ 404,069	\$ -	\$ 2,383,888	16.95%
December 31, 2020	\$ 401,480	\$ 401,480	\$ -	\$ 2,368,611	16.95%
December 31, 2019	\$ 372,977	\$ 372,977	\$ -	\$ 2,200,453	16.95%
December 31, 2018	\$ 352,009	\$ 352,009	\$ -	\$ 2,172,895	16.20%
December 31, 2017	\$ 330,824	\$ 330,824	\$ -	\$ 2,042,124	16.20%
December 31, 2016	\$ 320,367	\$ 320,367	\$ -	\$ 1,977,572	16.20%
December 31, 2015	\$ 305,142	\$ 305,142	\$ -	\$ 1,883,593	16.20%

**POLK COUNTY  
THIEF RIVER FALLS, MINNESOTA**

Schedule 7

**GOVERNMENTAL ACTIVITIES**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**GENERAL EMPLOYEES RETIREMENT FUND PENSION PLAN**

Fiscal Year Ending	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability and the Employer's Proportionate Share of the State of Minnesota's Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	0.2332%	\$ 8,622,283	\$ 222,955	\$ 8,845,238	\$ 19,707,758	43.75%	89.08%
June 30, 2023	0.2275%	\$ 12,721,545	\$ 350,732	\$ 13,072,277	\$ 18,089,750	70.32%	83.10%
June 30, 2022	0.2358%	\$ 18,675,438	\$ 547,704	\$ 19,223,142	\$ 17,665,061	105.72%	76.67%
June 30, 2021	0.2410%	\$ 10,291,780	\$ 314,341	\$ 10,606,121	\$ 17,352,480	59.31%	87.00%
June 30, 2020	0.2325%	\$ 13,939,438	\$ 429,718	\$ 14,369,156	\$ 16,579,373	84.08%	79.06%
June 30, 2019	0.2309%	\$ 12,765,943	\$ 396,649	\$ 13,162,592	\$ 16,337,627	78.14%	80.23%
June 30, 2018	0.2314%	\$ 12,837,123	\$ 421,098	\$ 13,258,221	\$ 15,670,603	81.92%	79.53%
June 30, 2017	0.2441%	\$ 15,583,182	\$ 195,948	\$ 15,779,130	\$ 15,696,364	99.28%	75.90%
June 30, 2016	0.2200%	\$ 17,862,909	\$ 233,324	\$ 18,096,233	\$ 13,652,766	130.84%	68.91%
June 30, 2015	0.2262%	\$ 11,722,858	\$ -	\$ 11,722,858	\$ 13,291,603	88.20%	78.19%

**PUBLIC EMPLOYEES POLICE AND FIRE FUND PENSION PLAN**

Fiscal Year Ending	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability and the Employer's Proportionate Share of the State of Minnesota's Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	0.1616%	\$ 2,126,603	\$ 81,065	\$ 2,207,668	\$ 2,238,349	95.01%	90.17%
June 30, 2023	0.1731%	\$ 2,989,212	\$ 120,359	\$ 3,109,571	\$ 2,269,815	131.69%	86.47%
June 30, 2022	0.1837%	\$ 7,993,898	\$ 349,354	\$ 8,343,252	\$ 2,234,736	357.71%	70.53%
June 30, 2021	0.1946%	\$ 1,502,106	\$ 67,514	\$ 1,569,620	\$ 2,401,462	62.55%	93.66%
June 30, 2020	0.2000%	\$ 2,634,896	\$ 62,071	\$ 2,696,967	\$ 2,361,417	111.58%	87.19%
June 30, 2019	0.2060%	\$ 2,197,336	\$ -	\$ 2,197,336	\$ 2,227,128	98.66%	89.26%
June 30, 2018	0.2000%	\$ 2,129,662	\$ -	\$ 2,129,662	\$ 2,107,310	101.06%	88.84%
June 30, 2017	0.2060%	\$ 2,781,245	\$ -	\$ 2,781,245	\$ 2,114,403	131.54%	85.43%
June 30, 2016	0.1910%	\$ 7,665,162	\$ -	\$ 7,665,162	\$ 1,893,219	404.87%	63.88%
June 30, 2015	0.1980%	\$ 2,249,743	\$ -	\$ 2,249,743	\$ 1,807,508	124.47%	86.61%

**POLK COUNTY  
CROOKSTON, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

I. Budgetary Information

A. Budget Policy

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end.

On or before the last Tuesday in August of each year, all departments and agencies submit requests for appropriations to the County Finance Director so that a budget can be prepared. Before October 31, the proposed budget is presented to the County Board for review. The Board holds a public hearing, and then 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 head 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 departmental level.

B. Excess of Expenditures Over Budget

The following departments had expenditures in excess of budget for the year ended December 31, 2024:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
<b>General Fund</b>			
<b>General government</b>			
Accounting and auditing	\$ 183,270	\$ 146,000	\$ (37,270)
Court services	106,275	104,200	(2,075)
County administration	500,012	387,479	(112,533)
Central services	374,427	339,500	(34,927)
Data processing	1,719,723	1,440,267	(279,456)
Finance	603,188	590,233	(12,955)
Law library	29,015	-	(29,015)
Taxpayer service center	990,234	915,347	(74,887)
Surveyor	189,795	189,203	(592)
Veterans service officer	216,647	213,908	(2,739)
Other general government	111,952	32,500	(79,452)
<b>Public Safety</b>			
Victim assistance	196,332	180,745	(15,587)
<b>Health</b>			
Opioid settlements	47,890	-	(47,890)
<b>Culture and recreation</b>			
Parks	164,271	85,400	(78,871)
<b>Conservation of natural resources</b>			
Forfeited land	17,126	-	(17,126)
Soil and water conservation	208,387	136,172	(72,215)
<b>Economic development</b>			
Other	2,218	-	(2,218)
<b>Capital Outlay</b>			
General government	557,940	524,752	(33,188)
Public safety	320,229	272,230	(47,999)

**POLK COUNTY  
CROOKSTON, MINNESOTA**

I. Budgetary Information

B. Excess of Expenditures Over Budget (Continued)

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
<b>Road and Bridge Special Revenue Fund</b>			
<b>Highways and streets</b>			
Administration	\$ 664,176	\$ 549,624	\$ (114,552)
Maintenance	4,853,184	4,141,478	(711,706)
Construction	11,798,932	10,288,290	(1,510,642)
Other highways and streets	865,540	150,000	(715,540)
<b>Debt service</b>			
Principal retirement	1,239,711	1,100,000	(139,711)
<b>Capital outlay</b>			
Highways and streets	1,487,568	900,000	(587,568)
<b>Social Services Special Revenue Fund</b>			
<b>Debt service</b>			
Principal retirement	79,988	-	(79,988)
Interest	7,061	-	(7,061)
<b>Capital outlay</b>			
Human services	131,042	99,090	(31,952)
<b>Public Safety Special Revenue Fund</b>			
<b>Public safety</b>			
DWI assessments	354	-	(354)
Body armor	12,279	4,000	(8,279)
Jury attendant	5,952	3,230	(2,722)
Safe and sober	3,241	-	(3,241)
Other public safety	171,359	-	(171,359)
<b>Debt service</b>			
Principal retirement	245,567	-	(245,567)
Interest	52,078	-	(52,078)

II. Other Post-Employment Benefits (OPEB)

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75 to pay related benefits. For more information, refer to Schedule 5 of this section and the Notes to the Financial Statements Section IV., Other Post-Employment Benefits.

2024 Changes

*Changes in Actuarial Assumptions:*

- The discount rate was changed from 4.00% to 3.70%.

2023 Changes

*Changes in Actuarial Assumptions:*

- The health care trend rates and mortality tables were updated.
- The retirement, withdrawal, and salary increase rates for public safety employees were updated.
- The inflation rate was changed from 2.00% to 2.50%.
- The spousal coverage election percentage for subsidy eligible employees was lowered from 50% to 25%.
- The discount rate was changed from 2.00% to 4.00%.

*Changes in Plan Provisions:*

There were no changes in plan provisions since the previous valuation.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

II. Other Post-Employment Benefits (OPEB) (Continued)

2022 Changes

*Changes in Actuarial Assumptions:*

- 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.
- These changes decreased the liability \$19,333.

*Changes in Plan Provisions:*

- There were no changes in plan provisions since the previous valuation.

2021 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2020 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2019 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2018 Changes

*Changes in Actuarial Assumptions*

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality tables with MP-2015

**POLK COUNTY  
CROOKSTON, MINNESOTA**

II. Other Post-Employment Benefits (OPEB)

2018 Changes

*Changes in Actuarial Assumptions (Continued)*

Generational Improvement Scale (with blue collar adjustment for police and fire personnel) to the RP-2014 White Collar Mortality tables with MP-2017 Generational Improvement Scale (with blue collar adjustment for police and fire personnel).

- The retirement and withdrawal tables for all employees were updated.
- The retiree plan participation assumption was changed from 30 percent to 20 percent.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

The information presented in the required supplementary schedules was used in the actuarial valuation for the purpose of determining the actuarially determined contribution rates. Changes in actuarial assumptions are described in the Notes to the Financial Statements. The assumptions and methods used for this actuarial valuation were recommended by PERA and adopted by the County Commissioners. The following changes were reflected in the valuation performed on behalf of PERA for the fiscal year June 30:

**General Employees Fund**

2024 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

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

2023 Changes

*Changes in Actuarial Assumptions*

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

*Changes in Plan Provisions*

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan October 1, 2023.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

**General Employees Fund**

2023 Changes

*Changes in Plan Provisions (Continued)*

- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

*Changes in Actuarial Assumptions*

- The health care trend rates, mortality tables, salary scale, and retirement and withdrawal assumptions were updated.
- The discount rate was changed from 3.80 percent to 2.00 percent.

*Changes in Plan Provisions*

- There were no changes in plan provisions since the previous valuation.

2021 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

- There were no changes in plan provisions since the previous valuation.

2020 Changes

*Changes in Actuarial Assumptions*

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

**General Employees Fund**

2020 Changes

*Changes in Actuarial Assumptions (Continued)*

- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

*Changes in Plan Provisions*

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020, through December 31, 2023, and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes

*Changes in Actuarial Assumptions*

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

*Changes in Plan Provisions*

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 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.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 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 Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumption.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

**General Employees Fund (Continued)**

2017 Changes

*Changes in Actuarial Assumptions*

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

*Changes in Plan Provisions*

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 Changes

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2015 Changes

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

*Changes in Plan Provisions*

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios (Continued)

**Police and Fire Fund**

2024 Changes

*Changes in Plan Provisions:*

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

2023 Changes

*Changes in Actuarial Assumptions:*

- The investment return assumption was changed from 6.5 percent to 7.0 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

*Changes in Plan Provisions:*

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes

*Changes in Actuarial Assumptions*

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate was changed from 6.5 percent to 5.4 percent.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2021 Changes

*Changes in Actuarial Assumptions*

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.0 percent.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

**Police and Fire Fund**

2021 Changes

*Changes in Actuarial Assumptions (Continued)*

- 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 MP-2019 to MN-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 disable 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 1, 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 increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2020 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2019 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2018 Changes

*Changes in Actuarial Assumptions*

- The mortality projection scale was changed from MP-2016 to MP-2017.

*Changes in Plan Provisions*

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

**Police and Fire Fund**

2018 Changes

*Changes in Plan Provisions (Continued)*

the plan reaches 100 percent funding, or July 1, 2048, if earlier.

- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019, and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019, and 17.70 percent of pay, effective January 1, 2020.
- 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.
- 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.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 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 tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- 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 postretirement 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.

2017 Changes

*Changes in Actuarial Assumptions*

- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2016 Changes

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037

**POLK COUNTY  
CROOKSTON, MINNESOTA**

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

**Police and Fire Fund**

2016 Changes (Continued)

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2015 Changes

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.
- The postretirement benefit increase to be paid after the attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

**SUPPLEMENTARY INFORMATION**

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

Agassiz Regional Library – to account for the County’s share of the operating costs of the Lake Agassiz Regional Library. Financing is provided by an annual property tax levy assigned to the library.

Ditch – to account for and report the operation and maintenance of County and joint county drainage systems. Financing is provided by special assessments levied against benefited properties restricted for conservation of natural resources.

Environmental Services – to account for all funds to be used for environmental services. Activities covered under this fund include solid waste planning, recycling, household hazardous waste, transfer station, and hazard mitigation. Financing is provided by an annual property tax levy, special assessments, intragovernmental revenue, and charges for services.

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

**Debt Service Funds**

Rhinehart Project – to account for the retirement of bonds issued for the Rhinehart road project.

Union Lake/Lake Sarah – to account for the retirement of bonds issued for the Union Lake/Lake Sarah project.

**Capital Projects Funds**

Capital Projects – to account for the improvement and/or expansion of the transfer station, resource recover facility, and the compost station.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**Statement 1**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

	(Statement 3) Total Nonmajor Special Revenue Funds	(Statement 5) Total Nonmajor Debt Service Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit 3)
<b><u>Assets</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 5,991,931	\$ 201,970	\$ 6,876	\$ 6,200,777
Investments	213,350	156,997	-	370,347
Taxes receivable - prior	6,737	-	-	6,737
Special assessments receivable - prior	338,254	149	-	338,403
Accounts receivable	41,589	-	-	41,589
Due from other funds	83,696	-	-	83,696
Due from other governments	554,258	-	-	554,258
Prepaid items	3,678	-	-	3,678
	<b>\$ 7,233,493</b>	<b>\$ 359,116</b>	<b>\$ 6,876</b>	<b>\$ 7,599,485</b>
<b>Deferred Outflows of Resources</b>				
Grants	123,338	-	-	123,338
	<b>\$ 7,356,831</b>	<b>\$ 359,116</b>	<b>\$ 6,876</b>	<b>\$ 7,722,823</b>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 255,373	\$ -	\$ -	\$ 255,373
Salaries payable	169,179	-	-	169,179
Due to other funds	108,131	-	-	108,131
Due to other governments	37,756	-	-	37,756
Advances from other funds	833,896	19,401	-	853,297
	<b>\$ 1,404,335</b>	<b>\$ 19,401</b>	<b>\$ -</b>	<b>\$ 1,423,736</b>
<b>Deferred Inflows of Resources</b>				
Taxes	\$ 2,239	\$ -	\$ -	\$ 2,239
Special assessments	268,369	276	-	268,645
	<b>\$ 270,608</b>	<b>\$ 276</b>	<b>\$ -</b>	<b>\$ 270,884</b>
<b>Fund Balances</b>				
Restricted	\$ 1,922,654	\$ 339,439	\$ -	\$ 2,262,093
Assigned	4,592,213	-	6,876	4,599,089
Unassigned	(832,979)	-	-	(832,979)
	<b>\$ 5,681,888</b>	<b>\$ 339,439</b>	<b>\$ 6,876</b>	<b>\$ 6,028,203</b>
	<b>\$ 7,356,831</b>	<b>\$ 359,116</b>	<b>\$ 6,876</b>	<b>\$ 7,722,823</b>

**POLK, COUNTY  
CROOKSTON, MINNESOTA**

**Statement 2**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	(Statement 4) Total Nonmajor Special Revenue Funds	(Statement 6) Total Nonmajor Debt Service Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit 5)
<b>Revenues</b>				
Taxes	\$ 1,553,318	\$ -	\$ -	\$ 1,553,318
Special assessments	3,079,483	133,879	-	3,213,362
Licenses and permits	75,510	-	-	75,510
Intergovernmental	2,532,388	-	-	2,532,388
Charges for services	984,485	-	-	984,485
Investment earnings	10	7,251	-	7,261
Miscellaneous	330,829	-	-	330,829
<b>Total Revenues</b>	<b>\$ 8,556,023</b>	<b>\$ 141,130</b>	<b>\$ -</b>	<b>\$ 8,697,153</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ 444,195	\$ -	\$ -	\$ 444,195
Sanitation	2,423,796	-	-	2,423,796
Health	3,848,859	-	-	3,848,859
Culture and recreation	299,320	-	-	299,320
Conservation of natural resources	517,791	-	-	517,791
<b>Debt service</b>				
Principal retirement	41,528	-	89,900	131,428
Interest	8,606	-	43,224	51,830
<b>Capital outlay</b>				
Sanitation	152,782	-	-	152,782
<b>Total Expenditures</b>	<b>\$ 7,736,877</b>	<b>\$ -</b>	<b>\$ 133,124</b>	<b>\$ 7,870,001</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 819,146</b>	<b>\$ 141,130</b>	<b>\$ (133,124)</b>	<b>\$ 827,152</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 933,769	\$ -	\$ 140,000	\$ 1,073,769
Transfers out	(140,000)	-	-	(140,000)
Proceeds from issuance of debt	94,493	-	-	94,493
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 888,262</b>	<b>\$ -</b>	<b>\$ 140,000</b>	<b>\$ 1,028,262</b>
<b>Net Change in Fund Balance</b>	<b>\$ 1,707,408</b>	<b>\$ 141,130</b>	<b>\$ 6,876</b>	<b>\$ 1,855,414</b>
<b>Fund Balance - January 1</b>	<b>3,974,480</b>	<b>198,309</b>	<b>-</b>	<b>4,172,789</b>
<b>Fund Balance - December 31</b>	<b>\$ 5,681,888</b>	<b>\$ 339,439</b>	<b>\$ 6,876</b>	<b>\$ 6,028,203</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**Statement 3**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2024**

	Agassiz Regional Library Special Revenue Fund	Ditch Special Revenue Fund	Environmental Services Special Revenue Fund	Public Health Special Revenue Fund	Total Nonmajor Special Revenue Funds (Statement 1)
<b><u>Assets</u></b>					
<b>Assets</b>					
Cash and pooled investments	\$ -	\$ 1,047,957	\$ 3,196,763	\$ 1,747,211	\$ 5,991,931
Investments	-	213,350	-	-	213,350
Taxes receivable - prior	6,716	-	21	-	6,737
Special assessments receivable - prior	-	48,853	289,401	-	338,254
Accounts receivable	-	-	12,167	29,422	41,589
Due from other funds	-	-	83,696	-	83,696
Due from other governments	-	-	1,731	552,527	554,258
Prepaid items	-	-	228	3,450	3,678
<b>Total Assets</b>	<b>\$ 6,716</b>	<b>\$ 1,310,160</b>	<b>\$ 3,584,007</b>	<b>\$ 2,332,610</b>	<b>\$ 7,233,493</b>
<b>Deferred Outflows of Resources</b>					
Special assessments	-	123,338	-	-	123,338
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 6,716</b>	<b>\$ 1,433,498</b>	<b>\$ 3,584,007</b>	<b>\$ 2,332,610</b>	<b>\$ 7,356,831</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 52,414	\$ 146,125	\$ 56,834	\$ 255,373
Salaries payable	-	-	31,083	138,096	169,179
Due to other funds	1,898	16,542	87,339	2,352	108,131
Due to other governments	-	-	37,756	-	37,756
Advances from other funds	-	833,896	-	-	833,896
<b>Total Liabilities</b>	<b>\$ 1,898</b>	<b>\$ 902,852</b>	<b>\$ 302,303</b>	<b>\$ 197,282</b>	<b>\$ 1,404,335</b>
<b>Deferred Inflows of Resources</b>					
Taxes	\$ 2,232	\$ -	\$ 7	\$ -	\$ 2,239
Special assessments	-	172,191	96,178	-	268,369
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,232</b>	<b>\$ 172,191</b>	<b>\$ 96,185</b>	<b>\$ -</b>	<b>\$ 270,608</b>
<b>Fund Balances</b>					
Restricted	\$ -	\$ 1,191,434	\$ 731,220	\$ -	\$ 1,922,654
Assigned	2,586	-	2,454,299	2,135,328	4,592,213
Unassigned	-	(832,979)	-	-	(832,979)
<b>Total Fund Balances</b>	<b>\$ 2,586</b>	<b>\$ 358,455</b>	<b>\$ 3,185,519</b>	<b>\$ 2,135,328</b>	<b>\$ 5,681,888</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,716</b>	<b>\$ 1,433,498</b>	<b>\$ 3,584,007</b>	<b>\$ 2,332,610</b>	<b>\$ 7,356,831</b>

**POLK, COUNTY  
CROOKSTON, MINNESOTA**

**Statement 4**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Agassiz Regional Library Special Revenue Fund	Ditch Special Revenue Fund	Environmental Services Special Revenue Fund	Public Health Special Revenue Fund	Total Nonmajor Special Revenue Funds (Statement 2)
<b>Revenues</b>					
Taxes	\$ 283,828	\$ -	\$ 354,003	\$ 915,487	\$ 1,553,318
Special assessments	-	556,650	2,522,833	-	3,079,483
Licenses and permits	-	-	75,510	-	75,510
Intergovernmental	4,023	-	484,894	2,043,471	2,532,388
Charges for services	-	-	186,692	797,793	984,485
Investment earnings	-	10	-	-	10
Miscellaneous	-	11,316	235,031	84,482	330,829
<b>Total Revenues</b>	<b>\$ 287,851</b>	<b>\$ 567,976</b>	<b>\$ 3,858,963</b>	<b>\$ 3,841,233</b>	<b>\$ 8,556,023</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	\$ -	\$ -	\$ 444,195	\$ -	\$ 444,195
Sanitation	-	-	2,423,796	-	2,423,796
Health	-	-	-	3,848,859	3,848,859
Culture and recreation	299,320	-	-	-	299,320
Conservation of natural resources	-	408,975	108,816	-	517,791
<b>Debt service</b>	-	-	-	-	-
Principal retirement	-	-	41,528	-	41,528
Interest	-	-	8,606	-	8,606
<b>Capital outlay</b>					
Sanitation	-	-	152,782	-	152,782
<b>Total Expenditures</b>	<b>\$ 299,320</b>	<b>\$ 408,975</b>	<b>\$ 3,179,723</b>	<b>\$ 3,848,859</b>	<b>\$ 7,736,877</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (11,469)</b>	<b>\$ 159,001</b>	<b>\$ 679,240</b>	<b>\$ (7,626)</b>	<b>\$ 819,146</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	\$ -	\$ 933,769	\$ -	\$ -	\$ 933,769
Transfers out	-	-	(140,000)	-	(140,000)
Proceeds from issuance of debt	-	-	94,493	-	94,493
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ 933,769</b>	<b>\$ (45,507)</b>	<b>\$ -</b>	<b>\$ 888,262</b>
<b>Net Change in Fund Balance</b>	<b>\$ (11,469)</b>	<b>\$ 1,092,770</b>	<b>\$ 633,733</b>	<b>\$ (7,626)</b>	<b>\$ 1,707,408</b>
<b>Fund Balance - January 1</b>	<b>14,055</b>	<b>(734,315)</b>	<b>2,551,786</b>	<b>2,142,954</b>	<b>3,974,480</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,586</b>	<b>\$ 358,455</b>	<b>\$ 3,185,519</b>	<b>\$ 2,135,328</b>	<b>\$ 5,681,888</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

*Statement 5*

**COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
DECEMBER 31, 2024**

	<u>Rhinehart Project Debt Service Fund</u>	<u>Union Lake Lake Sarah Debt Service Fund</u>	<u>Total Nonmajor Debt Service Funds (Statement 1)</u>
<b><u>Assets</u></b>			
<b>Assets</b>			
Cash and pooled investments	\$ 66,375	\$ 135,595	\$ 201,970
Investments	-	156,997	156,997
Special assessments receivable - prior	-	149	149
<b>Total Assets</b>	<b><u>\$ 66,375</u></b>	<b><u>\$ 292,741</u></b>	<b><u>\$ 359,116</u></b>
<b><u>Deferred Inflows of Resources and Fund Balances</u></b>			
<b>Liabilities</b>			
Advance from other funds	\$ -	\$ 19,401	\$ 19,401
<b>Deferred Inflows of Resources</b>			
Special assessments	-	276	276
<b>Fund Balances</b>			
Restricted for Debt service	66,375	273,064	339,439
<b>Total Deferred Inflows and Fund Balances and Fund Balances</b>	<b><u>\$ 66,375</u></b>	<b><u>\$ 292,741</u></b>	<b><u>\$ 359,116</u></b>

**POLK, COUNTY  
CROOKSTON, MINNESOTA**

*Statement 6*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Rhinehart Project Debt Service Fund</b>	<b>Union Lake Lake Sarah Debt Service Fund</b>	<b>Total Nonmajor Debt Service Funds (Statement 2)</b>
<b>Revenues</b>			
Special assessments	\$ -	\$ 133,879	\$ 133,879
Investment earnings	-	7,251	7,251
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ 141,130</b>	<b>\$ 141,130</b>
<b>Fund Balance - January 1</b>	<b>66,375</b>	<b>131,934</b>	<b>198,309</b>
<b>Fund Balance - December 31</b>	<b>\$ 66,375</b>	<b>\$ 273,064</b>	<b>\$ 339,439</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

*Schedule 8*

**BUDGETARY COMPARISON SCHEDULE  
AGASSIZ REGIONAL LIBRARY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 299,320	\$ 299,320	\$ 283,828	\$ (15,492)
Intergovernmental	-	-	4,023	4,023
<b>Total Revenues</b>	<b>\$ 299,320</b>	<b>\$ 299,320</b>	<b>\$ 287,851</b>	<b>\$ (11,469)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Culture and recreation</b>				
Regional library	299,320	299,320	299,320	-
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (11,469)</b>	<b>\$ (11,469)</b>
<b>Fund Balance - January 1</b>	<b>14,055</b>	<b>14,055</b>	<b>14,055</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 14,055</b>	<b>\$ 14,055</b>	<b>\$ 2,586</b>	<b>\$ (11,469)</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**Schedule 9**

**BUDGETARY COMPARISON SCHEDULE  
ENVIRONMENTAL SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 353,976	\$ 353,976	\$ 354,003	\$ 27
Special assessments	2,570,000	2,570,000	2,522,833	(47,167)
Licenses and permits	63,500	63,500	75,510	12,010
Intergovernmental	400,494	400,494	484,894	84,400
Charges for services	193,000	193,000	186,692	(6,308)
Miscellaneous	172,500	172,500	235,031	62,531
<b>Total Revenues</b>	<b>\$ 3,753,470</b>	<b>\$ 3,753,470</b>	<b>\$ 3,858,963</b>	<b>\$ 105,493</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Planning and zoning	\$ 689,476	\$ 689,476	\$ 444,195	\$ 245,281
<b>Sanitation</b>				
Solid waste	1,705,777	1,705,777	1,407,175	298,602
Recycling	734,750	734,750	552,449	182,301
Hazardous waste	115,452	115,452	84,319	31,133
Transfer station	596,173	596,173	379,853	216,320
<b>Conservation of natural resources</b>				
Aquatic invasive species	85,861	85,861	108,816	(22,955)
<b>Debt service</b>				
Principal retirement	48,880	48,880	41,528	7,352
Interest	20,000	20,000	8,606	11,394
<b>Capital outlay</b>				
Sanitation	40,000	40,000	152,782	(112,782)
<b>Total Expenditures</b>	<b>\$ 4,036,369</b>	<b>\$ 4,036,369</b>	<b>\$ 3,179,723</b>	<b>\$ 856,646</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (282,899)</b>	<b>\$ (282,899)</b>	<b>\$ 679,240</b>	<b>\$ 962,139</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 320,216	\$ 320,216	\$ -	\$ 320,216
Transfers out	(268,000)	(268,000)	(140,000)	128,000
Proceeds from issuance of debt	-	-	94,493	94,493
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 52,216</b>	<b>\$ 52,216</b>	<b>\$ (45,507)</b>	<b>\$ 542,709</b>
<b>Net Change in Fund Balance</b>	<b>\$ (230,683)</b>	<b>\$ (230,683)</b>	<b>\$ 633,733</b>	<b>\$ 1,504,848</b>
<b>Fund Balance - January 1</b>	<b>2,551,786</b>	<b>2,551,786</b>	<b>2,551,786</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,321,103</b>	<b>\$ 2,321,103</b>	<b>\$ 3,185,519</b>	<b>\$ 1,504,848</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

***Schedule 10***

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC HEALTH SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 915,487	\$ 915,487	\$ 915,487	\$ -
Intergovernmental	1,923,753	1,923,753	2,043,471	119,718
Charges for services	815,330	815,330	797,793	(17,537)
Miscellaneous	57,242	57,242	84,482	27,240
<b>Total Revenues</b>	<b>\$ 3,711,812</b>	<b>\$ 3,711,812</b>	<b>\$ 3,841,233</b>	<b>\$ 129,421</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Health</b>				
Nursing service	3,961,812	3,961,812	3,848,859	112,953
<b>Net Change in Fund Balance</b>	<b>\$ (250,000)</b>	<b>\$ (250,000)</b>	<b>\$ (7,626)</b>	<b>\$ 242,374</b>
<b>Fund Balance - January 1</b>	<b>2,142,954</b>	<b>2,142,954</b>	<b>2,142,954</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,892,954</b>	<b>\$ 1,892,954</b>	<b>\$ 2,135,328</b>	<b>\$ 242,374</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**Schedule 11**

**BUDGETARY COMPARISON SCHEDULE  
DITCH SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special assessments	\$ 550,500	\$ 550,500	\$ 556,650	\$ 6,150
Investment earnings	-	-	10	10
Miscellaneous	-	-	11,316	11,316
<b>Total Revenues</b>	<b>\$ 550,500</b>	<b>\$ 550,500</b>	<b>\$ 567,976</b>	<b>\$ 17,476</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Conservation of natural resources</b>				
Administration	\$ -	\$ -	\$ 33,499	\$ (33,499)
Ditch maintenance and repair	550,500	550,500	371,085	179,415
Red Lake Watershed	-	-	4,391	(4,391)
<b>Total Expenditures</b>	<b>\$ 550,500</b>	<b>\$ 550,500</b>	<b>\$ 408,975</b>	<b>\$ 141,525</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 159,001</b>	<b>\$ 159,001</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	933,769	933,769
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,092,770</b>	<b>\$ 1,092,770</b>
<b>Fund Balance - January 1</b>	<b>(734,315)</b>	<b>(734,315)</b>	<b>(734,315)</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ (734,315)</b>	<b>\$ (734,315)</b>	<b>\$ 358,455</b>	<b>\$ 1,092,770</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**FIDUCIARY FUNDS**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs.

**CUSTODIAL FUNDS**

Polk County Collaborative – to account for the receipt and payment of state, local, and federal grants and membership contributions for the Collaborative.

Multi-County Data Planning – to account for the receipt and disbursement of funds for the Northwestern Counties Data Processing Security Association.

Polk-Norman-Mahnomen Community Health Board – to account for the receipt and disbursement of funds to the Polk-Norman-Mahnomen Community Health Service.

Tri-County Community Corrections – to account for the receipts and disbursements of funds for Tri-County Community Corrections, which is a regional corrections and law enforcement center.

Agency – to account for the collection of taxes and penalties and their payments to the various tax districts.

Watershed District – to account for the collection of special assessments and their payments to the various Watershed Districts.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**Statement 7**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - CUSTODIAL FUNDS  
DECEMBER 31, 2024**

	<b>Custodial Funds</b>					<b>Total Other Custodial Funds</b>
	<b>Polk County Collaborative</b>	<b>Multi-County Data Planning</b>	<b>Polk-Norman Mahnommen Community Health Board</b>	<b>Tri-County Community Corrections</b>	<b>Agency</b>	
<b><u>Assets</u></b>						
Cash and pooled investments	\$ 182,643	\$ 4,758	\$ 152,179	\$ 702,331	\$ 1,489,509	\$ 2,531,420
Due from other governments	-	-	691,783	114,122	18,572	824,477
Accounts receivable	58,346		4,839		51,825	115,010
<b>Total Assets</b>	<b>\$ 240,989</b>	<b>\$ 4,758</b>	<b>\$ 848,801</b>	<b>\$ 816,453</b>	<b>\$ 1,559,906</b>	<b>\$ 3,470,907</b>
<b><u>Liabilities</u></b>						
Accounts payable	\$ 1,250	\$ -	\$ -	\$ -	\$ 3,229	\$ 4,479
Salaries payable					2,170	2,170
Due to other governments	-	-	600,043		838,508	1,438,551
Tax overpayment payable					10,452	10,452
<b>Total Liabilities</b>	<b>\$ 1,250</b>	<b>\$ -</b>	<b>\$ 600,043</b>	<b>\$ -</b>	<b>\$ 854,359</b>	<b>\$ 1,455,652</b>
<b><u>Net Position</u></b>						
Restricted for Individuals, organizations, and other governments	<b>\$ 239,739</b>	<b>\$ 4,758</b>	<b>\$ 248,758</b>	<b>\$ 816,453</b>	<b>\$ 705,547</b>	<b>\$ 2,015,255</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

Statement 8

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - CUSTODIAL FUNDS  
DECEMBER 31, 2024**

	Custodial Funds						Total Other Custodial Funds
	Polk County Collaborative	Multi-County Data Planning	Polk-Norman Mahnomon Community Health Board	Tri-County Community Corrections	Agency	Watershed District	
<b>Additions</b>							
Contributions:							
Participants	\$ 22,802	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ 34,802
Investment earnings:							
Net increase in fair value of investmen	-	-	-	-	-	-	-
Interest, dividends, other	-	-	-	18,045	-	-	18,045
Intergovernmental receipts							
for other governments	120,982	-	2,489,362	-	432,380	-	3,042,724
Fees collected for services	-	-	-	12,105,124	91,617	-	12,196,741
Property tax collections							
for other governments	-	-	-	-	107,371,664	647,123	108,018,787
<b>Total Additions</b>	<b>\$ 143,784</b>	<b>\$ 12,000</b>	<b>\$ 2,489,362</b>	<b>\$ 12,123,169</b>	<b>\$ 107,895,661</b>	<b>\$ 647,123</b>	<b>\$ 123,311,099</b>
<b>Deductions</b>							
Payments of property tax							
to other governments	\$ -	\$ -	\$ -	\$ -	\$ 109,036,039	\$ 647,123	\$ 109,683,162
Payments to state	-	-	-	-	-	-	-
Administrative expense	17,742	9,500	-	11,880,803	52,796	-	11,960,841
Payments to other							
entities/individuals	73,983	-	2,330,108	-	48,185	-	2,452,276
<b>Total Deductions</b>	<b>\$ 91,725</b>	<b>\$ 9,500</b>	<b>\$ 2,330,108</b>	<b>\$ 11,880,803</b>	<b>\$ 109,137,020</b>	<b>\$ 647,123</b>	<b>\$ 124,096,279</b>
<b>Change in net position</b>	<b>\$ 52,059</b>	<b>\$ 2,500</b>	<b>\$ 159,254</b>	<b>\$ 242,366</b>	<b>\$ (1,241,359)</b>	<b>\$ -</b>	<b>\$ (785,180)</b>
<b>Net Position – January 1</b>	<b>187,680</b>	<b>2,258</b>	<b>89,504</b>	<b>574,087</b>	<b>1,946,906</b>	<b>-</b>	<b>2,800,435</b>
<b>Net Position – December 31</b>	<b>\$ 239,739</b>	<b>\$ 4,758</b>	<b>\$ 248,758</b>	<b>\$ 816,453</b>	<b>\$ 705,547</b>	<b>\$ -</b>	<b>\$ 2,015,255</b>

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**Schedule 12**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

<b>Federal Grantor Pass Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Award Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>			
Passed Through Polk-Norman-Manomen Community Health Board Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Not provided	\$ 226,583
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	242MN101S2514	564,028
<b>Total U.S. Department of Agriculture</b>			<b>\$ 790,611</b>
<b>U.S. Department of Justice</b>			
Passed Through Minnesota Department of Public Safety Missing Children's Assistance	16.543	Not provided	\$ 2,471
Crime Victim Assistance	16.575	F-CVS-2022-POLKAO	133,188
<b>Total U.S. Department of Justice</b>			<b>\$ 135,659</b>
<b>U.S. Department of Transportation</b>			
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	1030060	<b>\$ 1,825,534</b>
<b>U.S. Department of the Treasury</b>			
Direct Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027		<b>\$ 2,322,794</b>
<b>U.S. Department of Health and Human Services</b>			
Passed Through Polk-Norman-Manomen Community Health Board Public Health Emergency Preparedness	93.069	Not provided	\$ 17,158
Drug-Free Communities Support Program Grants	93.276	NH28CE003133	14,208
PHER: Cooperative Agreement for Emergency Response	93.354	Not provided	12,946
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	G-2301MNFPS	6,255
Temporary Assistance for Needy Families	93.558	2401MNTANF	\$ 870,317
Passed Through Polk-Norman-Manomen Community Health Board Temporary Assistance for Needy Families	93.558	Not provided	40,905
Passed Through Minnesota Department of Human Services Child Support Enforcement	93.563	2401MNCSES	949,396
Refugee and Entrant Assistance	93.566	2401MNCMA	4,371
CCDF Cluster Child Care and Development Block Grant	93.575	2401MNCCDF	9,347
Community Based Child Abuse Prevention Grants	93.590	2302MNBCAP	9,744
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2401MNCWSS	2,676
Foster Care Title IV-E	93.658	2401MNFOST	350,733
Social Services Block Grant	93.667	G-2401MNSOSR	293,443
Chafee Foster Care Independence Program	93.674	G-2401MNCILP	119,969
Children's Health Insurance Program	93.767	2305MN5022	898

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**Schedule 12  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

<b>Federal Grantor Pass Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Award Number</b>	<b>Expenditures</b>	
<b>U.S. Department of Health and Human Services (Continued)</b>				
Passed Through Minnesota Department of Human Services Medicaid Cluster Medical Assistance Program	93.778	2405MN5ADM	\$ 2,058,789	
Passed Through Polk-Norman-Manomen Community Health Board Medical Assistance Program	93.778	Not provided	<u>75,493</u>	\$ 2,134,282
Maternal, Infant, and Early Childhood Home Visiting Program	93.870	X1043589		214,916
Passed Through Minnesota Department of Human Services Block Grants for Community Mental Health Services	93.958	Not provided		198,537
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B08T1010027/B081083047		<u>161,534</u>
<b>Total U.S. Department of Health and Human Services</b>				<b><u>\$ 5,411,635</u></b>
<b>U.S. Department of Homeland Security</b>				
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	POLK SBG		\$ 11,073
Passed Through Minnesota Department of Public Safety Emergency Management Performance Grants	97.042	-EMPG-2022-POLKCO-4380		<u>29,072</u>
<b>Total U.S. Department of Homeland Security</b>				<b><u>\$ 40,145</u></b>
<b>Total Federal Awards</b>				<b><u>\$ 10,526,378</u></b>
Totals by Cluster				
Total expenditures for SNAP Cluster			\$	564,028
Total expenditures for CCDF Cluster				9,347
Total expenditures for Medicaid Cluster				2,134,282

**POLK COUNTY  
INTERNATIONAL FALLS, MINNESOTA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

I. Reporting Entity

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

II. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Polk County under programs of the federal government for the year ended December 31, 2024. 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 Polk County, it is not intended to and does not present the financial position or changes in net position of Polk County.

III. Summary of Significant Accounting Policies

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

Polk County has elected to not use the 10 percent de minimis indirect cost rate nor the 15 percent de minimis indirect cost rate, as applicable, allowed under the Uniform Guidance.

IV. Subrecipients

During 2024, the County did not pass through federal awards to any subrecipients.

V. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 10,656,330
<i>Less:</i>	
Amounts received but not yet spent for American Recovery Plan	<u>(129,952)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 10,526,378</u></u>

## **OTHER SCHEDULES**

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**Schedule 13**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**Shared Revenue**

**State**

Aquatic Invasive Species Prevention Aid	\$	65,138
Border city reimbursement		42,975
Cannabis aid		2,114
County program aid		1,882,657
Enhanced 911		216,610
Disparity reduction aid		73,822
Disparity reduction credit		549,567
Highway users tax		10,951,038
Local homeless aid		148,243
Market value credit		419,397
Out-of-home placement		19,807
Police state aid		338,417
Riparian aid		160,000
State financing revenue		113,550
		14,983,335

**Total Shared Revenue** **\$ 14,983,335**

**Reimbursement for Services**

**State**

Minnesota Department of Human Services	\$	1,941,309
		1,941,309

**Grants**

**Local**

Middle River-Snake River Watershed District	\$	150,009
Other local		230,129
		380,138

**Total Local** **\$ 380,138**

**State**

**Minnesota Department/Board of**

Health	\$	838,666
Human Services		5,744,684
Natural Resources		130,549
Peace Officer Standards and Training		27,368
Pollution Control Agency		202,708
Public Safety		14,700
Secretary of State		74,485
Transportation		1,541,319
Veterans Affairs		10,000
Water and Soil Resources		153,453
		8,737,932

**Total State** **\$ 8,737,932**

**Federal**

**Department of**

Agriculture	\$	790,611
Justice		135,659
Transportation		1,825,534
Treasury		2,452,746
Health and Human Services		5,411,635
Homeland Security		40,145
		10,656,330

**Total Federal** **\$ 10,656,330**

**Total Grants** **\$ 19,774,400**

**Total Intergovernmental Revenue** **\$ 36,699,044**

## **MANAGEMENT AND COMPLIANCE SECTION**

Colleen Hoffman, Director  
Crystelle Philipp, CPA  
Marit Martell, CPA



## Hoffman, Philipp, & Martell, PLLC

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

Board of County Commissioners  
Polk County  
Crookston, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Polk County as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 29, 2025.

#### **Internal Control Over Financial Reporting**

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

*A deficiency in internal control* 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 County's financial statements will not be prevented or detected and corrected on a timely basis. *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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However,

material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, 2024-003, 2024-004, 2024-005, and 2024-006 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Polk County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Minnesota Legal Compliance**

The *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minnesota Statute, § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that Polk County failed to comply with the provisions 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.

### **Other Matters**

Included in the Schedule of Findings and Questioned Costs is a management practices comment identified as item 2024-008. We believe this recommendation to be of benefit to the County.

### **Polk County's Responses to Findings**

The County's responses to the findings identified in our audit and their Corrective Action Plan have been included in the accompanying Schedule of Findings and Questioned Costs. The County's responses and their Corrective Action Plan were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance and the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the result 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.



Hoffman, Philipp, & Martell, PLLC  
September 29, 2025

Colleen Hoffman, Director  
Crystelle Philipp, CPA  
Marit Martell, CPA



## Hoffman, Philipp, & Martell, PLLC

1541 Highway 59 South | Thief River Falls, MN 56701 | Phone: 218-681-4078 | choffman@hpmaudit.com

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *UNIFORM GUIDANCE***

Board of County Commissioners  
Polk County  
Crookston, Minnesota

#### **Report on Compliance for Each Major Federal Program**

##### ***Opinion on the Major Federal Programs***

We have audited Polk County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the County's major federal programs for the year ended December 31, 2024. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Polk County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2024.

##### ***Basis for Opinion on Each 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 Auditors Responsibilities for the audit of compliance section of our report.

We are required to be independent of Polk 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 each major federal program. Our audit does not provide a legal determination of Polk County's compliance with the compliance requirements referred to above.

### ***Responsibility 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 Polk 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 Polk 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 generally accepted auditing standards, *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 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 Polk County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Polk County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Polk 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 Polk County's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-007, that we consider to be a significant deficiency.

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

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

A handwritten signature in blue ink that reads "Hoffman, Philipp, & Martell". The signature is written in a cursive, flowing style.

Hoffman, Philipp, & Martell, PLLC  
September 29, 2025

**POLK COUNTY  
CROOKSTON, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**I. SUMMARY OF AUDITOR'S RESULTS**

- A. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**
- B. **Financial Statements**
- Internal control over financial reporting:
- Material weaknesses identified? **No**
  - Significant deficiencies identified? **Yes**
- C. Noncompliance material to the financial statements noted? **No**
- D. **Federal Awards**
- Internal control over major programs:
- Material weaknesses identified? **No**
  - Significant deficiencies identified? **Yes**
- E. Type of report the auditor issued on compliance for major federal programs: **Unmodified**
- F. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  
**Yes**
- G. The major federal programs were:
- |  |                     |
|--|---------------------|
| <b>Highway Planning and Construction</b> | <b>CFDA #20.205</b> |
| <b>American Rescue Plan Act</b>          | <b>CFDA #21.027</b> |
| <b>Medical Assistance</b>                | <b>CFDA #93.778</b> |
- H. The threshold for distinguishing between Types A and B programs was \$750,000.
- I. Polk County qualified as a low-risk auditee? **No**

**POLK COUNTY  
CROOKSTON, MINNESOTA**

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

**INTERNAL CONTROL**

**PREVIOUSLY REPORTED ITEMS NOT RESOLVED:**

**Finding Number: 2024-001**

**Prior Year Finding Number(s): 2023-001**

**Repeat Finding Since: 1996**

**Finding Title: Segregation of Duties and Internal Controls**

**Criteria:** The financial statements are the responsibility of the County's management. Internal control over financial reporting is a process designed to provide reliable assurance about the achievement of the County's objectives with regard to reliability of financial reporting and compliance with applicable laws and regulations. These controls must include a process for monitoring controls to ensure effectiveness and efficiency of operations.

**Condition:** Internal controls over financial reporting and the safeguarding of assets against unauthorized acquisition, use, or disposition include controls related to financial reporting and operational objectives. The County does not have a process for monitoring to ensure the internal controls are effective. Due to the limited number of personnel within the County, segregation of the accounting functions necessary to ensure adequate internal control and monitoring is not possible.

**Context:** The small size and staffing of within the County limits the segregation of duties and internal control that management can design and implement. Although the County has some controls in spite of limited staff, they do not have a documented process for monitoring those controls.

**Effect:** Without documented internal controls and a process for monitoring internal controls, the County cannot provide assurance about the reliability of financial reporting or the effectiveness and efficiency of operations. Errors or irregularities may occur and not be detected in a timely manner.

**Cause:** The County has never formalized its policies and procedures for internal controls and monitoring of those controls into a written comprehensive document.

**Recommendation:** Management should continually be aware of the lack of reliability of internal controls due to limited segregation of duties. We recommend Polk County formalize written documentation of their internal controls and the monitoring process to ensure the reliability of financial reporting and compliance with applicable laws and regulations, and the effectiveness and efficiency of operations.

**County's Response:** *The small size of the County limits the number of personnel available to perform separate duties, however, the County Board is aware of this situation and provides oversight and review. The County does have some written policies and continues to work on improving internal control over financial reporting and compliance, and the documentation of those controls.*

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**Finding Number: 2024-002**

**Prior Year Finding Number(s): 2023-002**

**Repeat Finding Since: 2001**

**Finding Title: Capital Assets Accounting and Reporting**

**Criteria:** To ensure consistent and accurate safekeeping, insurance, and reporting, the County should maintain a centralized record of all assets owned and leased by the County.

**Condition:** The County does not have supervised central capital asset records. Several departments of the County keep their own records. There is no supervision or review of decentralized departmental information, and no complete centralized reporting of County assets.

**Context:** Capital asset records are maintained in several departments with varying degrees of detail and accuracy. Some departments only record purchases of capital assets after each year-end. Some departments do not do annual reviews of the capital asset records to determine if all the assets listed are still on hand and being used. Additionally, not all items sold or discarded are consistently removed from the records of the County. No central supervisor is responsible for reviewing and correcting information submitted by various departments.

**Effect:** Decentralization of capital assets accounting creates an environment that could allow capital assets of the County to be recorded inconsistently or misappropriated. As a result, the actual value of the County's capital assets could be different from what is reported.

**Cause:** There is not a policy on how capital assets should be tracked. Accounting for each department's capital assets is left to each individual department.

**Recommendation:** We recommend the County implement centralized supervision and reporting over the capital asset accounting and reporting system.

**County's Response:** *Management recognizes this control deficiency exists and has indicated that they agree that capital asset accounting and reporting should be supervised centrally, however, no progress has been made towards the completion of the goal.*

**Finding Number: 2024-003**

**Prior Year Finding Number(s): 2023-003**

**Repeat Finding Since: 2023**

**Finding Title: Payroll Processing and Reporting**

**Criteria:** To ensure consistent and accurate accounting and reporting, the County should have a supervised payroll system and maintain a current centralized record of all vacation, sick, and compensatory leave time.

**Condition:** The County does not have supervised central payroll records. Several departments of the County keep their own records. There is no supervision or review of payroll information, and no complete centralized reporting of the liability for vacation, sick, and compensatory leave time.

**Context:** Separate systems are used for the preparation and payment of payroll and for time reporting including vacation, sick, and compensatory leave time. Records are maintained in several departments with varying degrees of detail and accuracy. Additionally, no central supervisor is responsible for reviewing and

**POLK COUNTY  
CROOKSTON, MINNESOTA**

reporting payroll information including hours paid and hours worked submitted by various departments.

**Effect:** An unsupervised payroll system and decentralized reporting creates an environment that could allow errors and irregularities to remain uncorrected. As a result, the actual value of the County's liability for vacation, sick, and compensatory leave time accrued could be different from what is reported.

**Cause:** There is not a policy on how payroll information should be tracked. Accounting for each departments payroll information is left to each individual department.

**Recommendation:** We recommend the County implement centralized supervision, review and reporting over the payroll processing and reporting of related liability amounts.

**County's Response:** *Management recognizes this control deficiency exists and has indicated that they agree that payroll accounting and reporting should be supervised centrally, however, no progress has been made toward the completion of the goal.*

**Finding Number: 2024-004**

**Prior Year Finding Number(s): 2023-004**

**Repeat Finding Since: 2023**

**Finding Title: Accounting Transaction Classification**

**Criteria:** The County Financial Accounting and Reporting System (CoFARS) required by the Minnesota Office of the State Auditor issues guidance for the classification and posting of all financial transactions.

**Condition:** During our audit, we identified fund and department transfers for reimbursements representing expenditures that should have been posted originally to the correct fund and department.

**Context:** The County Finance Director is aware that they have always done it this way, and they rely on the independent external auditors to assist in making the necessary adjustments to the financial statements.

**Effect:** This results in an overstatement of revenues and expenditures in the financial statements of the County. The independent external auditors to assist in making the necessary adjustments to the financial statements.

**Cause:** The County Finance Director did not ensure that transactions were originally posted into the correct funds and departments, and the County does not have an internal control system designed to detect these errors.

**Recommendation:** We recommend the County establish internal control procedures for analysis and review of revenue and expenditure classifications to ensure these transactions are reported in accordance with GAAP in the County's annual financial statement.

**County's Response:** *The County continues to make improvements to their financial reporting system.*

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**Finding Number: 2024-005**  
**Prior Year Finding Number(s): 2023-005**  
**Repeat Finding: 2023**  
**Finding Title: Audit Adjustments**

**Criteria:** A good system of internal control includes an adequate system for recording and processing transactions material to financial reporting.

**Condition:** During our audit, we identified material adjustments in several funds. These adjustments resulted in significant changes to amounts originally reported in the County's financial statements.

**Context:** County officials are aware that audit adjustments are made to revenues and expenditures, and they rely on the independent external auditors to assist in making the necessary adjustments to the financial statements.

**Effect:** Proposed audit adjustments are reviewed and approved by the appropriate staff and are reflected in the financial statements. Balances are correctly reported as of December 31 each year. By definition, however, independent external auditors cannot be considered part of the government's internal control.

**Cause:** The County Finance Director did not consistently post transactions into the correct funds and departments, and the County does not have an internal control system designed to detect these errors.

**Recommendation:** We recommend the County establish internal control procedures for analysis and review of revenue and expenditure classification to ensure these transactions are reported in accordance with GAAP in the County's annual financial statement.

**County's Response:** *The County continues to make improvements to their financial reporting system.*

**Finding Number: 2024-006**  
**Prior Year Finding Number(s): 2023-006**  
**Repeat Finding: 2023**  
**Finding Title: Multiple Bank Accounts**

**Criteria:** County funds should be deposited into financial institutions for the purpose of safeguarding and investing. The accounts should be reconciled monthly and balanced to the general ledger of the County.

**Condition:** The County maintains 39 different bank accounts. Some transactions of the County are flowing through these accounts and are not recorded in or balanced to the central financial ledger of the County.

**Context:** Most of the additional accounts are maintained by offices outside of the central treasurer department of the County. The treasurer's financial system is not balanced to the auditor's trial balance after reconciling the accounts.

**Effect:** These additional accounts are not included in the general ledger of the County, nor are they reconciled and balanced by the central treasurer department of the County.

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**Cause:** Transactions of the County are not recorded in the County’s financial statements and there is inadequate supervision over these accounts.

**Recommendation:** We recommend the County eliminate the excess accounts by combining them with the main checking account or the main savings account.

**County’s Response:** *The County continues to make improvements to their financial reporting system.*

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS**

ITEM ARISING THIS YEAR:

**Finding Number: 2024-007**

**Finding Title: Medical Assistance Eligibility**

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states 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.

**Condition:** The Minnesota Department of Human Services (DHS) maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. In the case files reviewed for eligibility, not all documentation was available or updated to support participant eligibility. In 6 of 40 the case files reviewed in 2024, documentation contained inconsistent information for citizenship verification in MAXIS.

**Context:** The State of Minnesota contracts with the County Health and Human Services Department to perform the “intake function” (meeting with the social services clients to determine income and categorical eligibility), while the Minnesota Department of Human Services maintains the computer system, MAXIS, which supports the eligibility determination process and actually pays the benefits to the participants.

**Effect:** The improper input of information into MAXIS and lack of verification or follow-up of eligibility determining factors increases the risk that a program participant will receive benefits when they are not eligible.

**Cause:** Program personnel entering case information into MAXIS did not review or ensure all required information was input or updated correctly.

**Recommendation:** We recommend the County implement additional procedures, including reviews, to provide reasonable assurance that all necessary documentation to support eligibility determination exists and is properly input into MAXIS.

**County’s Response:** *A Corrective Action Plan has been established with an anticipated completion date of December 31, 2025.*

**POLK COUNTY  
CROOKSTON, MINNESOTA**

**IV. MANAGEMENT PRACTICES**

**PREVIOUSLY REPORTED ITEM NOT RESOLVED:**

**Finding Number: 2024-008**

**Prior Year Finding Number: 2023-009**

**Repeat Finding Since: 2007**

**Finding Title: County Ditch Deficit Fund Balances**

**Criteria:** Minnesota Statute, § 103E.735, subdivision 1, provides that a fund balance to be used for repairs may be established for any drainage system, not to exceed 20 percent of the assessed benefits of the ditch system or \$100,000, whichever is larger.

**Condition:** 90 of the 189 individual ditch systems had deficit fund balances at December 31, 2024, totaling \$853,297, the largest being \$184,206.

**Context:** Sometimes ditch maintenance and repair is necessary whether or not a fund balance reserve is currently available within a particular ditch system.

**Effect:** Without an adequate fund balance reserve, unplanned repairs cause the individual ditch system to incur a deficit fund balance until such time as funds can be assessed on the property owners to pay for the maintenance.

**Cause:** Individual ditch systems report a deficit fund balance whenever ditch maintenance and repair costs exceed available fund balance reserves.

**Recommendation:** We recommend that the County eliminate the individual ditch system fund balance deficits by levying assessments pursuant to Minnesota Statute, § 103E.735, which permits the accumulation of a surplus balance for future repairs and maintenance costs of a ditch system.

**County's Response:** *The County Board levies each year in an attempt to provide enough funds to cover estimated work planned for in the coming year. Sometimes more work is required than the County Board feels the benefited owners can afford to pay in one year. The Board then spreads the levy over a number of years.*

**V. ITEMS RESOLVED THIS YEAR:**

**Finding Number: 2023-007**

**Finding Title: Late Financial Reporting**

**Finding Number: 2023-008**

**Finding Title: Publication of Board Minutes**



## Board of Commissioners

Polk County Government Center  
612 N Broadway – Room 211  
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WARREN STRANDELL, East Grand Forks  
GARY WILLHITE, Chair, Crookston  
JOAN LEE, McIntosh  
MARK HOLY, Vice-Chair, East Grand Forks

**COUNTY ADMINISTRATOR**  
CHARLES S. WHITING

### CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2024

**Finding Number: 2024-001**

**Finding Title: Segregation of Duties and Internal Controls**

**Name of Contact Person Responsible for Corrective Action:** Elected or Management Officials

**Corrective Action Planned:** Polk County is aware of the segregation of duties and internal controls issue. Due to limited staffing in some Polk County offices, segregation of duties is not always possible. Management will implement oversight procedures where and whenever possible.

**County Comment:** *The County Board and management are aware of the limited ability to segregate duties to an optimal level; however, oversight procedures have been implemented to provide compensating controls and continue to be improved whenever possible.*

**Anticipated Completion Date:** December 31, 2025.

**Finding Number: 2024-002**

**Finding Title: Capital Assets Accounting System**

**Name of Contact Person Responsible for Corrective Action:** Stacy Grover, Finance Director

**Corrective Action Planned:** The Finance Department now plans to centralize the capital asset accounting system for all County assets.

**County Comment:** *The County agrees with the finding and intends to proceed with the plan as indicated.*

**Anticipated Completion Date:** December 31, 2025.

**Finding Number: 2024-003**

**Finding Title: Payroll Processing and Reporting**

**Name of Contact Person Responsible for Corrective Action:** Stacy Grover, Finance Director

**Corrective Action Planned:** The Finance Department now plans to centralize the payroll accounting system.

**County Comment:** *The County agrees that payroll accounting and reporting should be supervised centrally, however, no progress has been made towards the completion of the goal.*

**Anticipated Completion Date:** December 31, 2025.

**Finding Number: 2024-004**

**Finding Title: Accounting Transactions Classification**

**Name of Contact Person Responsible for Corrective Action:** Stacy Grover, Finance Director

**Corrective Action Planned:** The County will correct account classifications by posting transactions appropriately across funds instead of through reimbursements.

**County Comment:** *The County continues to make improvements to their financial reporting system.*

**Anticipated Completion Date:** December 31, 2025.

**Finding Number: 2024-005**

**Finding Title: Audit Adjustments**

**Name of Contact Person Responsible for Corrective Action:** Stacy Grover, Finance Director

**Corrective Action Planned:** The County will strive to improve the need for audit adjustments and not rely on their external auditors to make necessary adjustments.

**County Comment:** *The County continues to make improvements to their financial reporting system.*

**Anticipated Completion Date:** December 31, 2025.

**Finding Number: 2024-006**

**Finding Title: Multiple Bank Accounts**

**Name of Contact Person Responsible for Corrective Action:** Stacy Grover, Finance Director

**Corrective Action Planned:** The County plans to consolidate its bank accounts as much as possible.

**County Comment:** *The County continues to make improvements to their financial reporting system.*

**Anticipated Completion Date:** December 31, 2025.

**Finding Number: 2024-007**

**Finding Title: Medical Assistance Eligibility**

**Name of Contact Person Responsible for Corrective Action:** Karen Warmack, Social Services Director

**Corrective Action Planned:** The County will implement additional procedures, including reviews, to provide reasonable assurance that all necessary documentation to support eligibility determination exists and is properly input into MAXIS.

**County Comment:** *A Corrective Action Plan has been established with an anticipated completion date of December 31, 2025.*

**Anticipated Completion Date:** December 31, 2025.

**Finding Number: 2024-008**

**Finding Title: County Ditch Deficit Fund Balances**

**Name of Contact Person Responsible for Corrective Action:** Stacy Grover, Finance Director

**Corrective Action Planned:** The County is working to establish zero to modest fund balances in all ditches, but deficit spending will likely continue, and the County will raise special assessments to restore positive balances as quickly as possible without creating an undue hardship to the landowners.

**County Comment:** *The County agrees with the findings and intends to proceed with the plan as indicated.*

**Anticipated Completion Date:** December 31, 2025.



## Board of Commissioners

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### COMMISSIONERS

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GARY WILLHITE, Chair, Crookston  
JOAN LEE, McIntosh  
MARK HOLY, Vice-Chair, East Grand Forks

COUNTY ADMINISTRATOR  
CHARLES S. WHITING

### SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2024

**Finding Number: 2023-001**  
**Repeat Finding Since: 1996**  
**Finding Title: Segregation of Duties and Internal Controls**

**Summary of Condition:** Internal controls over financial reporting and the safeguarding of assets against unauthorized acquisition, use, or disposition include controls related to financial reporting and operational objectives. The County does not have a process for monitoring to ensure the internal controls are effective.

**Summary of Corrective Action:** Management is continually aware that segregation of duties is not adequate from an internal control point of view. The County Board continues to implement oversight procedures and monitor those procedures to determine if they are still effective.

**Status:** Not corrected.

**Finding Number: 2023-002**  
**Repeat Finding Since: 2001**  
**Finding Title: Capital Assets Accounting System**

**Summary of Condition:** The County does not have centralized capital asset records. Several departments keep their own records.

**Summary of Corrective Action:** The Finance Department plans to centralize the capital asset accounting system for all County Assets.

**Status:** Not corrected.

**Finding Number: 2023-003**  
**Repeat Finding Since: 2023**  
**Finding Title: Payroll Processing and Reporting**

**Summary of Condition:** The County does not have supervised central payroll records. Several departments of the County keep their own records. There is no supervision and review of payroll information, and no complete centralized reporting of the liability for vacation, sick, and compensatory leave time.

**Summary of Corrective Action:** The County intends to establish internal control procedures for analysis and review of revenue and expenditure classifications to ensure these transactions are reported in accordance with GAAP in the County's annual financial statement.

**Status:** Not corrected.

**Finding Number: 2023-004**  
**Repeat Finding Since: 2023**  
**Finding Title: Accounting Transaction Classification**

**Summary of Condition:** During our audit, we identified over \$5,000,000 in fund and department transfers for reimbursements representing expenditures that should have been posted originally to the correct fund and department.

**Summary of Corrective Action:** The County intends to establish internal control procedures for analysis and review of revenue and expenditure classifications to ensure these transactions are reported in accordance with GAAP in the County's annual financial statement.

**Status:** Not corrected.

**Finding Number: 2023-005**  
**Repeat Finding Since: 2007**  
**Finding Title: Audit Adjustments**

**Summary of Condition:** During our audit, we identified material adjustments in several funds. These adjustments resulted in significant changes to amounts originally reported in the County's financial statements.

**Summary of Corrective Action:** The County is working to establish internal control procedures for analysis and review of revenue and expenditure classification to ensure these transactions are reported in accordance with GAAP in the County's annual financial statement.

**Status:** Not corrected.

**Finding Number: 2023-006**  
**Repeat Finding Since: 2003**  
**Finding Title: Multiple Bank Accounts**

**Summary of Condition:** The County maintains 39 different bank accounts. Some transactions of the County are flowing through these accounts and are not recorded in or balanced to the central financial ledger of the County.

**Summary of Corrective Action:** The County is working to eliminate the excess accounts by combining them with the main checking account or the main savings account.

**Status:** Not corrected.

**Finding Number: 2023-007**  
**Repeat Finding Since: 2022**  
**Finding Title: Late Financial Reporting**

**Summary of Condition:** The County did not submit the data collection form to the Federal Audit Clearinghouse within the required time frame.

**Summary of Corrective Action:** The 2024 audit was submitted to the Federal Audit Clearinghouse by the September 30, 2025, deadline.

**Status:** Resolved.

**Finding Number: 2023-008**  
**Repeat Finding Since: 2020**  
**Finding Title: Publication of Board Minutes**

**Summary of Condition:** The County was not in compliance with the following State of Minnesota legal requirements. The affidavits of publication related to the publishing of a summary of the County Board minutes for 2023 were reviewed. Six of 10 summaries reviewed, and the annual summary budget statement were not published in the County's official newspaper within the 30-day requirement.

**Summary of Corrective Action:** County Board minutes were all published on a timely basis in 2024.

**Status:** Resolved.

**Finding Number: 2023-009**  
**Repeat Finding Since: 2007**  
**Finding Title: County Ditch Deficit Fund Balances**

**Summary of Condition:** 75 of the 187 individual ditch systems had deficit fund balances at December 31, 2023, totaling \$1,973,637, the largest being \$798,038.

**Summary of Corrective Action:** The County is working to establish zero to modest fund balances in all ditches, but deficit spending will likely continue, and the County will raise special assessments to restore positive balances as quickly as possible without being an undue hardship to the landowners.

**Status:** Not corrected