

# STATE OF MINNESOTA

## Office of the State Auditor



**Rebecca Otto**  
**State Auditor**

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**POPE COUNTY**  
**GLENWOOD, MINNESOTA**

**YEAR ENDED DECEMBER 31, 2016**

## **Description of the Office of the State Auditor**

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

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

The State Auditor performs approximately 150 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

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

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

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

**Pension** - monitors investment, financial, and actuarial reporting for approximately 650 public pension funds; and

**Tax Increment Financing** - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

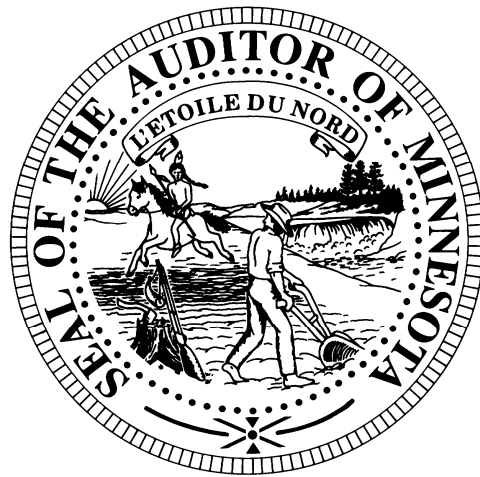
The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

**Year Ended December 31, 2016**



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

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

**ORGANIZATION  
2016**

Office	Name	Term	
		From	To
<b>Commissioners</b>			
1st District	Larry Kittelson	January 2015	January 2019
2nd District	Gordy Wagner*	January 2013	January 2017
3rd District	Paul Gerde**	January 2013	January 2017
4th District	Larry Lindor	January 2015	January 2019
5th District	Cody Rogahn	January 2015	January 2019
<b>Officers</b>			
<b>Elected</b>			
Attorney	Neil Nelson	January 2015	January 2019
Auditor/Treasurer	Donna Quandt	January 2015	January 2019
County Recorder	Barb Tamte	January 2015	January 2019
Sheriff	Tim Riley	January 2015	January 2019
<b>Appointed</b>			
Assessor	Michael Wacker	March 2013	December 2017
Coroner	Duane E. Westberg, M.D.		Indefinite
Highway Engineer	Brian Giese	May 2014	April 2018
Veterans Service Officer	Hugh Reimers		Indefinite
Coordinator	Vacant		Indefinite
Surveyor	Rodney Eldevik		Indefinite
<b>Human Services</b>			
Director	Nicole Names		Indefinite
Manager	Phyllis Reller		Indefinite
Manager	Paula Hoverud		Indefinite
<b>Board</b>			
Member	Larry Kittelson	January 2015	January 2019
Member	Gordy Wagner	January 2013	January 2017
Member	Paul Gerde	January 2013	January 2017
Member	Larry Lindor	January 2015	January 2019
Member	Cody Rogahn	January 2015	January 2019

\*Chair

\*\*Vice Chair

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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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### INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Pope County  
Glenwood, Minnesota

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County, Minnesota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pope County's basic financial statements. The supplementary information and the other information section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2017, on our consideration of Pope County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Pope County's internal control over financial reporting and compliance.

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

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

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 6, 2017

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2016  
(Unaudited)**

**INTRODUCTION**

Pope County's Management's Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the fiscal year ended December 31, 2016. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with Pope County's financial statements and the notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

- Governmental activities' total net position is \$61,346,937, of which Pope County has invested \$52,742,052 in capital assets, net of related debt, and \$2,123,828 is restricted to specific purposes/uses by the County.
- The net cost of Pope County's governmental activities for the year ended December 31, 2016, was \$7,822,560; the net cost was funded by general revenues and other items totaling \$9,956,785.
- Pope County's net position increased by \$2,134,225 for the year ended December 31, 2016; the net position of the County's discretely presented component unit increased by \$24,874.
- The fund balances of all Pope County's funds increased by \$1,946,941.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Pope County's MD&A report serves as an introduction to the basic financial statements. The County's basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A (this section), certain budgetary comparison schedules, and information on the County's other postemployment benefits and pension liability are required to accompany the basic financial statements and, therefore, are included as required supplementary information. The following chart demonstrates how the different pieces are inter-related.

<b>Management's Discussion and Analysis</b>
---

<b>Government-Wide Financial Statements</b>	<b>Fund Financial Statements</b>
<b>Notes to the Financial Statements</b>	

Pope County presents two government-wide financial statements--the Statement of Net Position and the Statement of Activities. These two government-wide financial statements provide information about the activities of the County as a whole and present a longer-term view of Pope County's finances. The County's fund financial statements follow these two government-wide financial statements. For governmental activities, these statements tell how Pope County financed these services in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant/major funds. The remaining statement provides financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

**Government-Wide Financial Statements--The Statement of Net Position and the Statement of Activities**

The Statement of Net Position and the Statement of Activities report information about Pope County as a whole and about its activities in a way that helps the reader determine whether Pope County's financial condition has improved or declined as a result of the current year's activities. 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 companies.

These two statements consider all of Pope County's current year revenues and expenses, regardless of when the County receives the revenue or pays the expenditure, and report the County's net position and changes in them. You can think of the County's net position--the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources--as one way to measure Pope County's financial health or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's property tax base and the general economic conditions of the state and County, to assess the overall health of Pope County.

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

- **Governmental activities**--Pope County reports its basic services in the "Governmental Activities" column of these reports. The activities reported by the County include general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, economic development, and interest. Pope County finances the majority of these activities with local property taxes, state-paid aids, fees, charges for services, and federal and state grants.
- **Component Unit**--Pope County includes one separate legal entity on its report. The Pope County Housing and Redevelopment Authority/Economic Development Authority is presented in a separate column. Although legally separate, this "component unit" is important because the County is financially accountable for it.

### **Fund Financial Statements**

Pope County's fund financial statements provide detailed information about the significant funds--not the County as a whole. Significant governmental and fiduciary funds may be established by the County to meet requirements of a specific state law, to help control and manage money for a particular purpose/project, or to show that it is meeting specific legal responsibilities and obligations when expending property tax revenues, grants, and/or other funds designated for a specific purpose.

**Governmental funds**--Most of Pope County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported in our financial statements using the modified accrual method of accounting. This method measures cash and other financial assets that the County can readily convert to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are financial resources available that can be spent in the near future to finance various programs within Pope County. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation statement following each governmental fund financial statement.

### **Reporting the County's Fiduciary Responsibilities**

Pope County is the trustee, or fiduciary, over assets, which can only be used for the trust beneficiaries based on the trust arrangement. The County reports all of its fiduciary activities in separate statements of fiduciary net position and changes in fiduciary net position. These activities have been excluded from the County's other financial statements because the County cannot use these assets to finance its operations. Pope County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE COUNTY AS A WHOLE

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental activities.

**Table 1  
Net Position**

	Governmental Activities	
	2016	2015
Assets		
Current and other assets	\$ 16,530,939	\$ 14,904,876
Capital assets, net of accumulated depreciation	56,212,713	55,797,799
Total Assets	<u>\$ 72,743,652</u>	<u>\$ 70,702,675</u>
Deferred Outflows of Resources		
Deferred pension outflows	\$ 4,435,421	\$ 761,831
Liabilities		
Long-term liabilities	\$ 13,715,035	\$ 10,506,322
Other liabilities	643,839	827,208
Total Liabilities	<u>\$ 14,358,874</u>	<u>\$ 11,333,530</u>
Deferred Inflows of Resources		
Deferred pension inflows	\$ 1,473,262	\$ 918,264
Net Position		
Net investment in capital assets	\$ 52,742,052	\$ 51,996,926
Restricted	2,123,828	2,006,022
Unrestricted	6,481,057	5,209,764
Total Net Position	<u>\$ 61,346,937</u>	<u>\$ 59,212,712</u>

Pope County's total net position for the year ended December 31, 2016, totals \$61,346,937. The governmental activities' unrestricted net position totals \$6,481,057. Unrestricted net position is the part of net position that can be used to meet Pope County's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements.

**Table 2  
Changes in Net Position**

	Governmental Activities	
	2016	2015
<b>Revenues</b>		
Program revenues		
Fees, charges, fines, and other	\$ 1,497,640	\$ 1,526,296
Operating grants and contributions	6,664,981	6,052,606
Capital grants and contributions	430,983	1,471,077
General revenues		
Property taxes	9,025,554	8,697,369
Other taxes	289,260	258,847
Grants and contributions not restricted to specific programs	520,554	497,324
Other general revenues	121,417	115,404
<b>Total Revenues</b>	<b>\$ 18,550,389</b>	<b>\$ 18,618,923</b>
<b>Expenses</b>		
General government	\$ 3,915,487	\$ 3,672,411
Public safety	2,616,926	2,173,059
Highways and streets	4,395,380	3,538,088
Sanitation	395,998	400,906
Human services	4,102,530	3,930,579
Health	231,944	405,881
Culture and recreation	160,329	189,332
Conservation of natural resources	432,821	417,716
Economic development	14,851	16,634
Interest	149,898	150,325
<b>Total Expenses</b>	<b>\$ 16,416,164</b>	<b>\$ 14,894,931</b>
<b>Increase in Net Position</b>	<b>\$ 2,134,225</b>	<b>\$ 3,723,992</b>
<b>Net Position - January 1</b>	<b>59,212,712</b>	<b>55,488,720</b>
<b>Net Position - December 31</b>	<b>\$ 61,346,937</b>	<b>\$ 59,212,712</b>

**Governmental Activities**

Revenues for Pope County’s governmental activities for the year ended December 31, 2016, were \$18,550,389. The County’s cost for all governmental activities for the year ended December 31, 2016, was \$16,416,164. The net position for the County’s governmental activities increased by \$2,134,225 in 2016.

As shown in the Statement of Activities, the amount that Pope County taxpayers ultimately financed for these governmental activities through local property taxation was \$9,025,554 because \$1,497,640 of the costs were paid by those who directly benefited from the programs, and \$7,616,518 paid by other governments and organizations that subsidized certain programs with grants and contributions. Pope County paid for the remaining “public benefit” portion of governmental activities with \$410,677 from other revenues, such as investment income, mortgage registry tax, wheelage tax, and state deed tax.

**Figure 1  
Total County Revenues  
2016**

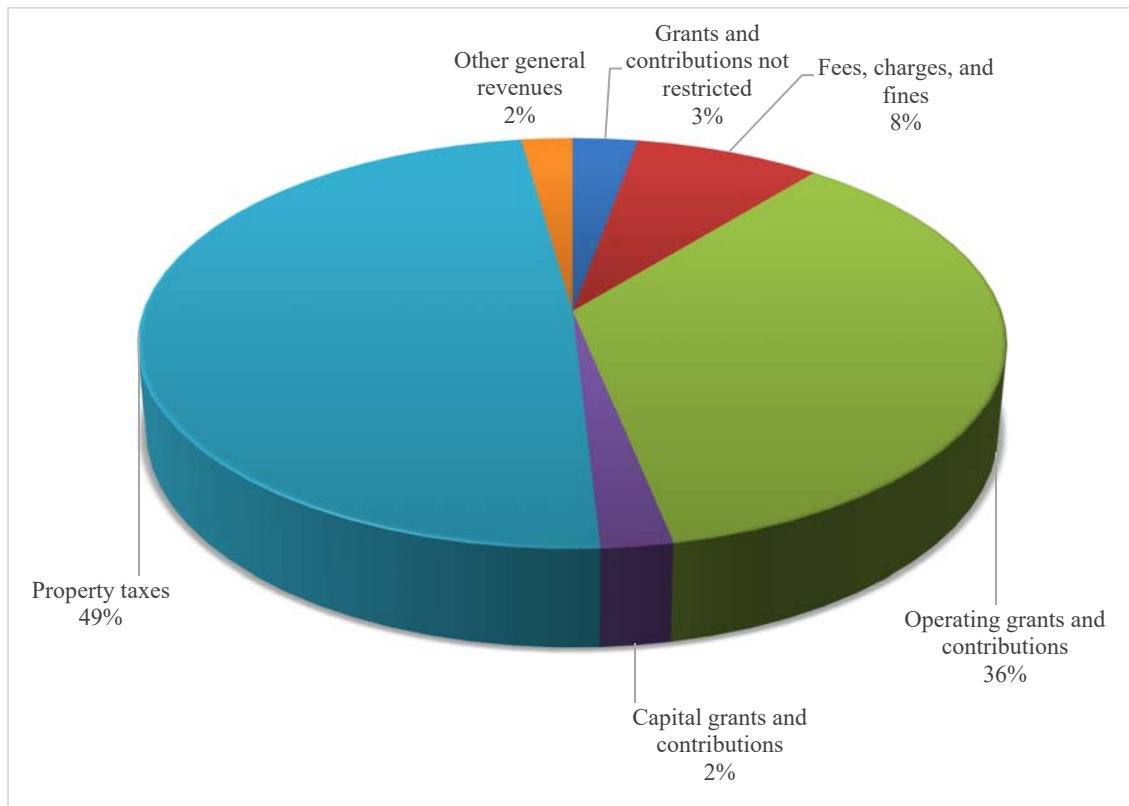


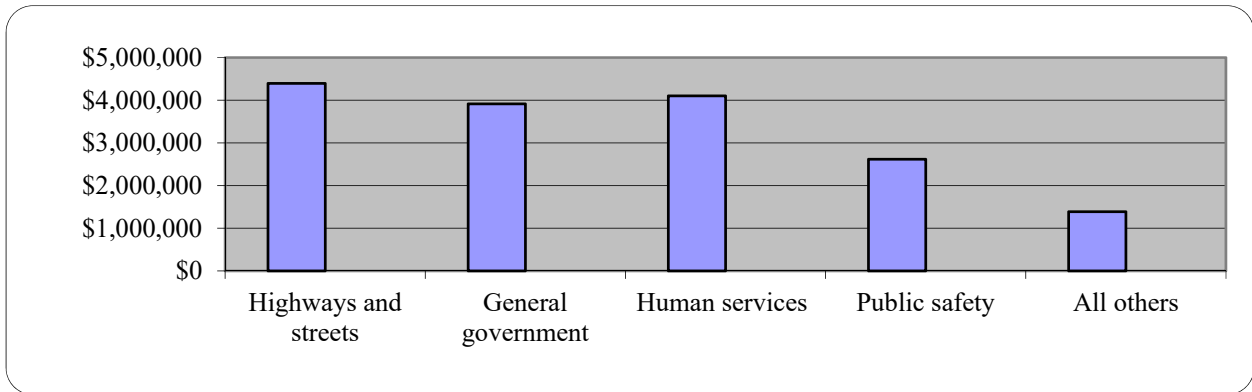
Table 3 presents the cost of each of Pope County’s four largest program functions, as well as each function’s net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden placed on Pope County’s taxpayers by each of these functions.

**Table 3  
Governmental Activities**

	Total Cost of Services 2016	Net Cost of Services 2016
Program Expenses		
General government	\$ 3,915,487	\$ 3,484,306
Public safety	2,616,926	2,343,729
Highways and streets	4,395,380	(72,151)
Human services	4,102,530	1,543,156
All others	1,385,841	523,520
<b>Total Program Expenses</b>	<b>\$ 16,416,164</b>	<b>\$ 7,822,560</b>



**Figure 2  
Governmental Activities Expenses  
2016**



**THE COUNTY’S FUNDS**

As Pope County completed the year, its governmental funds, as presented in the Balance Sheet, reported a combined fund balance of \$13,777,443.

**General Fund Budgetary Highlights**

The Pope County Board of Commissioners, over the course of a budget year, may amend/revise the County’s General Fund budget. During 2016, the County Board of Commissioners made no changes to the budget as originally adopted on December 15, 2015. Budget amendments/revisions fall into one of three categories: new information changing original budget estimations, greater than anticipated revenues or costs, and final agreement reached on employee contracts.

In the General Fund, actual revenues were more than expected revenues by \$530,193, and actual expenditures were \$962,863 less than expected in the year 2016.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2016, Pope County had \$56,212,713 invested in a broad range of capital assets, net of depreciation. Pope County’s net capital assets increased by \$414,914, or 0.74 percent, in 2016. This investment in capital assets includes land, buildings, infrastructure, equipment, and construction in progress (see Table 4). Additional information on capital assets can be found in Note 3.A.3. to the financial statements.

**Table 4**  
**Capital Assets at Year-End**  
**(Net of Depreciation)**

	2016	2015
Land	\$ 2,175,465	\$ 2,141,557
Buildings	5,288,593	5,395,572
Office furniture and equipment	416,223	614,859
Machinery and automotive equipment	937,792	944,142
Infrastructure	47,171,487	46,372,276
Construction in progress	223,153	329,393
Totals	\$ 56,212,713	\$ 55,797,799

### Debt Administration

At December 31, 2016, Pope County had \$4,531,014 outstanding debt compared with \$5,041,047 as of December 31, 2015--a decrease of \$510,033, as shown in Table 5.

**Table 5**  
**Outstanding Debt at Year-End**

	Governmental Activities	
	2016	2015
Contract for deed	\$ 5,075	\$ 6,200
2013A G.O. Capital Equipment and Improvement Bonds	1,085,000	1,380,000
Capital lease - Law Enforcement Center	2,815,000	2,970,000
Loans		
Septic System Replacement Program Loan SRF0127	2,683	6,798
Septic System Replacement Program Loan SRF0185	39,503	50,345
Septic System Replacement Program Loan SRF0253	107,102	128,343
State of Minnesota Agricultural Best Management Loan Program	476,651	499,361
Totals	\$ 4,531,014	\$ 5,041,047

In 2016, Pope County obtained an “Aa3” rating from Moody’s Investor Services. Other long-term obligations include compensated absences, other postemployment benefits (OPEB), and pensions. Pope County’s notes to the financial statements provide detailed information about the County’s long-term liabilities; see Note 3.C. and Note 4.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The County's elected and appointed officials considered many factors when setting the fiscal year 2017 budget and tax rates, including:

- Pope County's unemployment rates for 2015 and 2016 were 3.5 percent and 3.6 percent, respectively, compared to the Minnesota unemployment rate for 2015 and 2016, which averaged 3.7 percent and 3.9 percent, respectively. The unemployment rate continues to impact the level of services requested by Pope County residents.
- Land development and regulation issues.
- Reviewing revenue sources and considering cost effective and efficient means for the delivery of Pope County programs and services; this will influence the development of future budgets.
- On December 20, 2016, the Pope County Board of Commissioners approved the 2017 budget at \$18,414,505. The 2017 total levy is \$9,660,495, less County Program Aid of \$228,699, for a net levy of \$9,431,796. The Board approved a 1.99 percent increase in the levy for 2017.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

Pope County's financial report provides citizens, taxpayers, customers, investors, and creditors with a general overview of Pope County's finances and shows the County's accountability for the money it receives and spends. If you have questions about this report or need additional financial information, contact Donna Quandt, Pope County Auditor/Treasurer, or Kelly Detloff, Financial Accountant, 320-634-7706, Pope County Courthouse, 130 East Minnesota Avenue, Suite 218, Glenwood, Minnesota 56334-4525.

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT 1**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

	<b>Primary Government Governmental Activities</b>	<b>Component Unit Housing and Redevelopment Authority/Economic Development Authority</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 13,744,273	\$ 469,992
Petty cash and change funds	1,900	-
Departmental cash	15,280	-
Taxes receivable		
Delinquent	135,046	3,872
Special assessments receivable		
Delinquent	27,188	-
Noncurrent	596,752	-
Accounts receivable	95,726	-
Accrued interest receivable	4,277	53,600
Due from other governments	1,794,667	-
Due from primary government	-	3,820
Loans receivable	-	243,885
Lease receivable	-	2,815,000
Inventories	115,830	-
Land held for resale	-	430,249
Restricted assets		
Cash and pooled investments	-	32,867
Capital assets		
Non-depreciable	2,398,618	396,410
Depreciable - net of accumulated depreciation	53,814,095	1,963,072
<b>Total Assets</b>	<b>\$ 72,743,652</b>	<b>\$ 6,412,767</b>
<b><u>Deferred Outflows of Resources</u></b>		
Deferred pension outflows	<b>\$ 4,435,421</b>	<b>\$ -</b>



**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT 1  
(Continued)**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

	<b>Primary Government Governmental Activities</b>	<b>Component Unit Housing and Redevelopment Authority/Economic Development Authority</b>
<b><u>Liabilities</u></b>		
Accounts payable	\$ 183,443	\$ 21,519
Salaries payable	125,618	-
Contracts payable	15,481	-
Due to other governments	135,625	-
Due to component unit	3,820	-
Accrued interest payable	58,154	78,005
Unearned revenue	121,698	-
Current liabilities payable from restricted assets		
Tenant security deposits	-	9,384
Accounts payable	-	23,483
Long-term liabilities		
Due within one year	556,027	260,000
Due in more than one year	4,432,454	4,913,723
Net other postemployment benefits obligations	117,212	-
Net pension liability	8,609,342	-
	<b>\$ 14,358,874</b>	<b>\$ 5,306,114</b>
<b><u>Deferred Inflows of Resources</u></b>		
Deferred pension inflows	<b>\$ 1,473,262</b>	<b>\$ -</b>
<b><u>Net Position</u></b>		
Net investment in capital assets	\$ 52,742,052	\$ 69,278
Restricted for		
General government	238,836	-
Public safety	480,940	-
Highways and streets	6,382	-
Human services	21,391	-
Ditch construction and maintenance	32,248	-
Conservation of natural resources	718,821	-
Debt service	625,210	-
Unrestricted	6,481,057	1,037,375
	<b>\$ 61,346,937</b>	<b>\$ 1,106,653</b>

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Expenses</b>	<b>Fees, Charges, Fines, and Other</b>
<b><u>Functions/Programs</u></b>		
<b>Primary Government</b>		
Governmental activities		
General government	\$ 3,915,487	\$ 401,268
Public safety	2,616,926	82,830
Highways and streets	4,395,380	98,843
Sanitation	395,998	325,714
Human services	4,102,530	465,103
Health	231,944	-
Culture and recreation	160,329	-
Conservation of natural resources	432,821	101,777
Economic development	14,851	22,105
Interest	149,898	-
<b>Total Primary Government</b>	<b>\$ 16,416,164</b>	<b>\$ 1,497,640</b>
<b>Component Unit</b>		
Housing and Redevelopment Authority/Economic Development Authority	<b>\$ 571,148</b>	<b>\$ -</b>

**General Revenues**

Property taxes  
Mortgage registry and deed tax  
Wheelage tax  
Other taxes  
Payments in lieu of tax  
Grants and contributions not restricted to specific  
programs  
Investment earnings  
Miscellaneous

**Total general revenues**

**Change in net position**

**Net Position - Beginning**

**Net Position - Ending**

**EXHIBIT 2**

<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>	
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Governmental Activities</b>	<b>Component Unit Housing and Redevelopment Authority/Economic Development Authority</b>
\$ 29,913	\$ -	\$ (3,484,306)	
172,956	17,411	(2,343,729)	
3,955,116	413,572	72,151	
101,837	-	31,553	
2,094,271	-	(1,543,156)	
128,636	-	(103,308)	
-	-	(160,329)	
182,252	-	(148,792)	
-	-	7,254	
-	-	(149,898)	
<b>\$ 6,664,981</b>	<b>\$ 430,983</b>	<b>\$ (7,822,560)</b>	
<b>\$ -</b>	<b>\$ -</b>		<b>\$ (571,148)</b>
		\$ 9,025,554	\$ 257,643
		12,246	-
		122,633	-
		28,380	-
		126,001	-
		520,554	9,676
		55,231	3,666
		66,186	325,037
		<b>\$ 9,956,785</b>	<b>\$ 596,022</b>
		\$ 2,134,225	\$ 24,874
		<b>59,212,712</b>	<b>1,081,779</b>
		<b>\$ 61,346,937</b>	<b>\$ 1,106,653</b>

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## **FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUNDS**

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	<b>General</b>	<b>Road and Bridge</b>	<b>Human Services</b>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 7,342,932	\$ 2,856,560	\$ 2,431,523
Petty cash and change funds	1,900	-	-
Departmental cash	15,280	-	-
Taxes receivable			
Delinquent	88,506	13,150	24,535
Special assessments receivable			
Delinquent	12,398	-	-
Noncurrent	595,535	-	-
Accounts receivable	633	222	94,871
Accrued interest receivable	4,277	-	-
Due from other funds	13,042	738	-
Due from other governments	135,620	1,293,276	364,466
Inventories	-	115,830	-
Advances to other funds	21,617	-	-
	<b>\$ 8,231,740</b>	<b>\$ 4,279,776</b>	<b>\$ 2,915,395</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 71,065	\$ 21,332	\$ 90,289
Salaries payable	69,256	21,058	35,253
Contracts payable	-	15,481	-
Due to other funds	-	-	13,042
Due to other governments	29,206	56,951	39,424
Due to component unit	3,820	-	-
Unearned revenue	121,698	-	-
Advances from other funds	-	-	-
	<b>\$ 295,045</b>	<b>\$ 114,822</b>	<b>\$ 178,008</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue (Note 3.C.)	<b>\$ 772,959</b>	<b>\$ 1,297,713</b>	<b>\$ 72,277</b>
<b>Fund Balances (Note 3.D.)</b>			
Nonspendable	\$ 21,617	\$ 115,830	\$ -
Restricted	811,953	-	21,391
Assigned	192,340	2,751,411	2,643,719
Unassigned	6,137,826	-	-
	<b>\$ 7,163,736</b>	<b>\$ 2,867,241</b>	<b>\$ 2,665,110</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,231,740</b>	<b>\$ 4,279,776</b>	<b>\$ 2,915,395</b>



**EXHIBIT 3**

<u>Ditch</u>	<u>Solid Waste</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Fund</u>	<u>Total</u>
\$ 35,665	\$ 7,302	\$ 616,355	\$ 429,339	\$ 24,597	\$ 13,744,273
-	-	-	-	-	1,900
-	-	-	-	-	15,280
-	-	8,855	-	-	135,046
316	14,474	-	-	-	27,188
1,217	-	-	-	-	596,752
-	-	-	-	-	95,726
-	-	-	-	-	4,277
-	-	-	-	-	13,780
-	-	-	-	1,305	1,794,667
-	-	-	-	-	115,830
-	-	-	-	-	21,617
<u>\$ 37,198</u>	<u>\$ 21,776</u>	<u>\$ 625,210</u>	<u>\$ 429,339</u>	<u>\$ 25,902</u>	<u>\$ 16,566,336</u>
\$ -	\$ -	\$ -	\$ -	\$ 757	\$ 183,443
-	-	-	-	51	125,618
-	-	-	-	-	15,481
738	-	-	-	-	13,780
2,742	7,302	-	-	-	135,625
-	-	-	-	-	3,820
-	-	-	-	-	121,698
21,617	-	-	-	-	21,617
<u>\$ 25,097</u>	<u>\$ 7,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 808</u>	<u>\$ 621,082</u>
<u>\$ 1,533</u>	<u>\$ 14,474</u>	<u>\$ 8,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,167,811</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,447
30,715	-	616,355	429,339	25,094	1,934,847
-	-	-	-	-	5,587,470
(20,147)	-	-	-	-	6,117,679
<u>\$ 10,568</u>	<u>\$ -</u>	<u>\$ 616,355</u>	<u>\$ 429,339</u>	<u>\$ 25,094</u>	<u>\$ 13,777,443</u>
<u>\$ 37,198</u>	<u>\$ 21,776</u>	<u>\$ 625,210</u>	<u>\$ 429,339</u>	<u>\$ 25,902</u>	<u>\$ 16,566,336</u>

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2016**

**Fund balance - total governmental funds (Exhibit 3) \$ 13,777,443**

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. 56,212,713

Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds. 4,435,421

Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds. 2,167,811

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

General obligation bonds	\$	(1,085,000)	
Discounts/premiums on bonds		6,739	
Contract for deed		(5,075)	
Loans payable		(625,939)	
Capital lease payable		(2,815,000)	
Compensated absences		(464,206)	
Other postemployment benefits obligations		(117,212)	
Net pension liability		<u>(8,609,342)</u>	(13,715,035)

Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds. (58,154)

Deferred inflows of resources resulting from pension obligations are not due and payable in the current period, and, therefore, are not reported in the governmental funds. (1,473,262)

**Net Position of Governmental Activities (Exhibit 1) \$ 61,346,937**

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
<b>Revenues</b>			
Taxes	\$ 6,168,537	\$ 1,016,792	\$ 1,443,560
Special assessments	115,444	-	-
Licenses and permits	68,877	-	-
Intergovernmental	1,002,410	4,488,445	2,213,077
Charges for services	359,107	52,762	453,810
Fines and forfeits	1,973	-	-
Gifts and contributions	2,939	-	-
Investment earnings	55,231	-	-
Miscellaneous	227,422	44,506	82,677
	<u>\$ 8,001,940</u>	<u>\$ 5,602,505</u>	<u>\$ 4,193,124</u>
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ 3,421,183	\$ -	\$ -
Public safety	2,038,122	-	-
Highways and streets	-	3,828,494	-
Human services	-	-	4,144,806
Health	231,944	-	-
Culture and recreation	160,329	-	-
Conservation of natural resources	416,502	-	-
Economic development	14,336	-	-
<b>Intergovernmental</b>			
Highways and streets	-	1,100,672	-
Sanitation	68,710	-	-
<b>Capital outlay</b>			
General government	99,276	-	-
Public safety	-	-	-
Highways and streets	-	107,834	-
<b>Debt service</b>			
Principal	103,654	-	-
Interest	7,746	-	-
Administrative charges	-	-	-
	<u>\$ 6,561,802</u>	<u>\$ 5,037,000</u>	<u>\$ 4,144,806</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>\$ 1,440,138</u>	<u>\$ 565,505</u>	<u>\$ 48,318</u>

**EXHIBIT 5**

<u>Ditch</u>	<u>Solid Waste</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 579,874	\$ -	\$ -	\$ 9,208,763
20,518	327,288	-	-	-	463,250
-	-	-	-	-	68,877
-	-	35,296	-	-	7,739,228
-	-	-	-	-	865,679
-	-	-	-	21,253	23,226
-	-	-	-	-	2,939
-	-	-	-	-	55,231
-	-	-	-	-	354,605
<b>\$ 20,518</b>	<b>\$ 327,288</b>	<b>\$ 615,170</b>	<b>\$ -</b>	<b>\$ 21,253</b>	<b>\$ 18,781,798</b>
\$ -	\$ -	\$ -	\$ -	\$ 13,537	\$ 3,434,720
-	-	-	6,847	-	2,044,969
-	-	-	-	-	3,828,494
-	-	-	-	-	4,144,806
-	-	-	-	-	231,944
-	-	-	-	-	160,329
15,098	-	-	-	-	431,600
-	-	-	-	-	14,336
-	-	-	-	-	1,100,672
-	327,288	-	-	-	395,998
-	-	-	-	-	99,276
-	-	-	25,383	-	25,383
-	-	-	87,558	-	195,392
-	-	450,000	-	-	553,654
170	-	143,253	-	-	151,169
-	-	900	-	-	900
<b>\$ 15,268</b>	<b>\$ 327,288</b>	<b>\$ 594,153</b>	<b>\$ 119,788</b>	<b>\$ 13,537</b>	<b>\$ 16,813,642</b>
<b>\$ 5,250</b>	<b>\$ -</b>	<b>\$ 21,017</b>	<b>\$ (119,788)</b>	<b>\$ 7,716</b>	<b>\$ 1,968,156</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	\$ 200	\$ -	\$ -
Transfers out	-	-	-
Loan issued	43,621	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 43,821</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Change in Fund Balances</b>	<b>\$ 1,483,959</b>	<b>\$ 565,505</b>	<b>\$ 48,318</b>
<b>Fund Balances - January 1</b>	5,679,777	2,366,572	2,616,792
<b>Increase (decrease) in inventories</b>	<u>-</u>	<u>(64,836)</u>	<u>-</u>
<b>Fund Balances - December 31</b>	<u><u>\$ 7,163,736</u></u>	<u><u>\$ 2,867,241</u></u>	<u><u>\$ 2,665,110</u></u>

**EXHIBIT 5**  
**(Continued)**

<u>Ditch</u>	<u>Solid Waste</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200
-	-	(200)	-	-	(200)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,621</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (200)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,621</u>
\$ 5,250	\$ -	\$ 20,817	\$ (119,788)	\$ 7,716	\$ 2,011,777
5,318	-	595,538	549,127	17,378	11,830,502
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,836)</u>
<u><u>\$ 10,568</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 616,355</u></u>	<u><u>\$ 429,339</u></u>	<u><u>\$ 25,094</u></u>	<u><u>\$ 13,777,443</u></u>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT 6**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Net change in fund balances - total governmental funds (Exhibit 5) \$ 2,011,777**

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

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

Unavailable revenue - December 31	\$ 2,167,811	
Unavailable revenue - January 1	<u>(2,308,389)</u>	(140,578)

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. In the statement of activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the fund statements, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balance by the net book value of the assets disposed.

Expenditures for general capital assets and infrastructure	\$ 2,535,095	
Net book value of assets disposed	(2,811)	
Current year depreciation	<u>(2,117,370)</u>	414,914

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

Proceeds of new debt		
Loans issued	\$ (43,621)	
Principal repayments	553,654	
Current year amortization of premiums/discounts	<u>(898)</u>	509,135

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

Change in accrued interest payable	\$ 3,069	
Change in compensated absences	(15,243)	
Change in other postemployment benefits obligations	(15,302)	
Change in net pension liability	(3,687,303)	
Change in deferred outflows of resources	3,673,590	
Change in deferred inflows of resources	(554,998)	
Change in inventories	<u>(64,836)</u>	<u>(661,023)</u>

**Change in Net Position of Governmental Activities (Exhibit 2) \$ 2,134,225**



## **FIDUCIARY FUNDS**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

***EXHIBIT 7***

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2016**

	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ <u><u>377,958</u></u>
<b><u>Liabilities</u></b>	
Accounts payable	\$ 5,385
Due to other governments	<u>372,573</u>
<b>Total Liabilities</b>	<b>\$ <u><u>377,958</u></u></b>

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2016. 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

Pope County was established February 20, 1862, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Coordinator serves as the Clerk of the Board of Commissioners but does not vote in its decisions.

Discretely Presented Component Unit

While part of the reporting entity, a discretely presented component unit is presented in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. The following component unit of Pope County is discretely presented:

Component Unit	Component Unit of Reporting Entity Because	Separate Financial Statements
Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA) provides services pursuant to Minn. Stat. §§ 469.001-469.047.	County appoints members, and the HRA/EDA is a financial burden.	Separate financial statements are prepared.

Complete financial statements of the Pope County HRA/EDA can be obtained by writing to the Pope County HRA/EDA, 130 Minnesota Avenue East, Glenwood, Minnesota 56344.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Joint Ventures and Jointly-Governed Organizations

The County participates in several joint ventures described in Note 5.C. The County also participates in jointly-governed organizations described in Note 5.D.

B. Basic Financial Statements

1. Government-Wide Statements

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

In the government-wide statement of net position, the governmental activities are 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 expense of each function of the County's governmental activities is offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

The County reports the following major governmental funds:

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

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

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

The Ditch Special Revenue Fund is used to account for the cost of constructing and maintaining an agricultural drainage ditch system. Financing is provided by special assessments levied against benefited properties.

The Solid Waste Special Revenue Fund is used to account for funds used in solid waste management. Financing is provided by special assessments against all parcels of property in the County.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs of general long-term debt.

The Capital Projects Fund is used to account for the financial resources to be used for capital acquisition, construction, or improvement of capital facilities.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

Additionally, the County reports the following fund type:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agent capacity. Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. Pope County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed.



**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

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

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2016, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2016 were \$55,231.

2. Receivables and Payables

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

The receivable amounts of advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund to indicate they are not available for appropriation and are not expendable available financial resources.

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

Special assessments receivable consist of delinquent special assessments payable in the years 2010 through 2016 and noncurrent special assessments payable in 2017 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

3. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Reported inventories are equally offset by nonspendable fund balance to indicate that they do not constitute available spendable resources. Inventories at the government-wide level are recorded as expenses when consumed.

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

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	20 - 40
Office furniture and equipment	5 - 10
Machinery and automotive equipment	5 - 12
Infrastructure	50 - 75

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

5. Unearned Revenue

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

6. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The current portion of the liability is calculated based on a five-year average of historical usage. The compensated absences liability is primarily liquidated by the General Fund and the Road and Bridge and Human Services Special Revenue Funds.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the County has one item, deferred pension outflows, that qualifies for reporting in this category. These outflows arise only under the full accrual basis of accounting and consist of pension plan contributions paid subsequent to the measurement date, changes in actuarial assumptions, changes in proportion, and also the differences between projected and actual earnings on pension plan investments and, accordingly, are reported only in the statement of net position.

**POPE COUNTY  
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1. Summary of Significant Accounting Policies

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

7. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the County has two types of deferred inflows. The governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The County also has deferred pension inflows. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience and also pension plan changes in proportionate share and, accordingly, are reported only in the statement of net position.

8. 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 of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. The net pension liability is liquidated primarily by the General Fund and the Road and Bridge and Human Services Special Funds.

9. Long-Term Obligations

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

9. Long-Term Obligations (Continued)

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

10. Classification of Net Position

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

Net investment in capital assets - the amount of net position representing 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 in capital assets.

11. Classification of Fund Balances

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

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

11. Classification of Fund Balances (Continued)

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

Committed - amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. The action must be approved no later than the close of the reporting period and remains binding unless removed in the same manner.

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

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

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

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

12. Minimum Fund Balance

The County has adopted a minimum fund balance policy for the General Fund in order to meet the purpose of providing stability and flexibility to respond to unexpected adversity and/or opportunities. Therefore, the County Board has determined it needs to maintain a minimum level of unrestricted fund balance (committed, assigned, and unassigned) of 35 to 50 percent of operating revenues or no less than five months of operating expenditures, based on the previous year. The Fund Balance Policy was adopted by the County Board on December 27, 2011. At December 31, 2016, unrestricted fund balance for the General Fund was at or above the minimum fund balance levels.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

Deficit Fund Equity

The Ditch Special Revenue Fund has a positive fund balance of \$10,568 as of December 31, 2016, although six individual ditch systems had deficit balances. The deficits will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

14 ditch systems with positive fund balances	\$ 30,716
6 ditch systems with deficit fund balances	<u>(20,148)</u>
Net Fund Balance	<u>\$ 10,568</u>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Pope County's total cash and investments are recorded on the basic financial statements as follows:

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 13,744,273
Petty cash and change funds	1,900
Departmental cash	15,280
Discretely presented component unit	
Cash and pooled investments	502,859
Statement of fiduciary net position	
Cash and pooled investments	377,958
Total Cash and Investments	\$ 14,642,270

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

a. Deposits

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



**POPE COUNTY  
GLENWOOD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2016, Pope County's deposits were not exposed to custodial credit risk.

b. Investments

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

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

The County had no investments as of December 31, 2016.

2. Receivables

The County had no receivables scheduled to be collected beyond one year, except for \$596,752 of noncurrent special assessments.

3. Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 2,141,557	\$ 33,908	\$ -	\$ 2,175,465
Construction in progress	329,393	69,994	(176,234)	223,153
Total capital assets not depreciated	<u>\$ 2,470,950</u>	<u>\$ 103,902</u>	<u>\$ (176,234)</u>	<u>\$ 2,398,618</u>
Capital assets depreciated				
Buildings	\$ 8,437,314	\$ 209,367	\$ -	\$ 8,646,681
Office furniture and equipment	1,615,969	5,632	(52,438)	1,569,163
Machinery and automotive equipment	3,802,719	233,434	(64,106)	3,972,047
Infrastructure	66,423,341	2,158,994	-	68,582,335
Total capital assets depreciated	<u>\$ 80,279,343</u>	<u>\$ 2,607,427</u>	<u>\$ (116,544)</u>	<u>\$ 82,770,226</u>
Less: accumulated depreciation for				
Buildings	\$ (3,041,742)	\$ (316,346)	\$ -	\$ (3,358,088)
Office furniture and equipment	(1,001,110)	(201,457)	49,627	(1,152,940)
Machinery and automotive equipment	(2,858,577)	(239,784)	64,106	(3,034,255)
Infrastructure	(20,051,065)	(1,359,783)	-	(21,410,848)
Total accumulated depreciation	<u>\$ (26,952,494)</u>	<u>\$ (2,117,370)</u>	<u>\$ 113,733</u>	<u>\$ (28,956,131)</u>
Total capital assets depreciated, net	<u>\$ 53,326,849</u>	<u>\$ 490,057</u>	<u>\$ (2,811)</u>	<u>\$ 53,814,095</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 55,797,799</u>	<u>\$ 593,959</u>	<u>\$ (179,045)</u>	<u>\$ 56,212,713</u>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

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

Governmental Activities			
General government	\$	388,733	
Public safety		191,343	
Highways and streets, including depreciation of infrastructure assets		1,537,294	
Total Depreciation Expense - Governmental Activities	\$	2,117,370	

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2016, is as follows:

1. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount	Description
General	Human Services	\$ 13,042	To provide funding
Road and Bridge	Ditch	738	To provide services
Total Due From/To Other Funds		\$ 13,780	

2. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Ditch	\$ 21,617

Over the past several years, the General Fund has advanced funds to the Ditch Special Revenue Fund for needed repairs. The advances will be paid off with future special assessments on the benefited properties.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

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

3. Transfers

Interfund transfers for the year ended December 31, 2016, consisted of the following:

	Transfers In	Description
Transfer to General Fund from Debt Service Fund	\$ 200	Repayment

C. Liabilities and Deferred Inflows of Resources

1. Unearned Revenues and Deferred Inflows of Resources

Unearned revenues and deferred inflows of resources consist of taxes and special assessments receivable, state grants not collected soon enough after year-end to pay liabilities of the current period, state and federal grants, charges for services, and other revenue received but not yet earned. Unearned revenues and deferred inflows of resources at December 31, 2016, are summarized below by fund:

	Taxes and Special Assessments	Grants and Highway Allotments	Charges for Services	Miscellaneous	Total
Governmental funds					
General Fund	\$ 696,437	\$ 198,220	\$ -	\$ -	\$ 894,657
Special Revenue Funds					
Road and Bridge	13,150	1,282,076	2,487	-	1,297,713
Human Services	24,535	38,865	3,268	5,609	72,277
Ditch	1,533	-	-	-	1,533
Solid Waste	14,474	-	-	-	14,474
Debt Service Fund	8,855	-	-	-	8,855
 Total	\$ 758,984	\$ 1,519,161	\$ 5,755	\$ 5,609	\$ 2,289,509

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

1. Unearned Revenues and Deferred Inflows of Resources (Continued)

	<u>Taxes and Special Assessments</u>	<u>Grants and Highway Allotments</u>	<u>Charges for Services</u>	<u>Miscellaneous</u>	<u>Total</u>
Liability					
Unearned revenue	\$ -	\$ 121,698	\$ -	\$ -	\$ 121,698
Deferred inflows of resources					
Unavailable revenue	<u>758,984</u>	<u>1,397,463</u>	<u>5,755</u>	<u>5,609</u>	<u>2,167,811</u>
Total	<u>\$ 758,984</u>	<u>\$ 1,519,161</u>	<u>\$ 5,755</u>	<u>\$ 5,609</u>	<u>\$ 2,289,509</u>

2. Capital Lease

The HRA/EDA and Pope County have jointly constructed a Government Law Enforcement Center. To finance this building, the HRA/EDA authorized the sale of \$3,400,000 Public Project Revenue Bonds, Series 2008A. Pope County has pledged its taxing power toward repayment of the bonds. The building was completed in 2011.

On December 1, 2008, Pope County entered into a lease agreement with the HRA/EDA, which provides that the County is liable for the full amount of the bond principal and interest costs in return for the right to own the building at the expiration of the lease.

Pope County is carrying the building for \$3,400,000, the initial value of the HRA/EDA Revenue Bonds. The HRA/EDA is carrying the bond liability on its records and records the lease receivable for the value of the bonds. As of December 31, 2016, the amount of the bonds outstanding is \$2,815,000. The interest revenue is recorded as nonoperating miscellaneous revenue for the HRA/EDA. For 2016, principal payments in the amount of \$155,000 were made by the County to the HRA/EDA.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Long-Term Debt

Bond and lease payments are typically made from the Debt Service Fund, and loan payments are made from the General Fund. Information on individual debt instruments follows:

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2016</u>
General Obligation Bonds 2013A G.O. Capital Equipment and Improvement	02/01/2024	\$50,000 - \$295,000	0.30 - 1.85	<u>\$ 1,830,000</u>	<u>\$ 1,085,000</u>
Contract for Deed	11/01/2020	\$402 - \$686	5.50	<u>\$ 11,250</u>	<u>\$ 5,075</u>
Loans Payable					
SRF0127 State of Minnesota Septic System Replacement Loans	06/15/2018	\$1,973 - \$2,094	2.00	\$ 38,168	\$ 2,683
SRF0185 State of Minnesota Septic System Replacement Loans	06/15/2021	\$5,080 - \$5,839	2.00	106,421	39,503
SRF0253 State of Minnesota Septic System Replacement Loans	*	*	2.00	128,343	107,102
State of Minnesota Agricultural Best Management Loan Program	04/01/2027	\$7,775 - \$39,547	0.00	<u>737,779</u>	<u>476,651</u>
Total Loans Payable				<u>\$ 1,010,711</u>	<u>\$ 625,939</u>
Capital Lease Payable	02/29/2029	\$135,000 - \$285,000	3.20 - 4.90	<u>\$ 3,400,000</u>	<u>\$ 2,815,000</u>

\*These loans do not have a final maturity or final installation amounts until the program ends.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

3. Long-Term Debt (Continued)

Debt service requirements at December 31, 2016, were as follows:

Year Ending December 31	General Obligation Bonds		Contract for Deed	
	Principal	Interest	Principal	Interest
2017	\$ 280,000	\$ 10,020	\$ 1,188	\$ 267
2018	280,000	7,990	1,255	201
2019	285,000	5,445	1,325	130
2020	45,000	3,671	1,307	56
2021	45,000	2,974	-	-
2022 - 2026	150,000	4,088	-	-
<b>Total</b>	<b>\$ 1,085,000</b>	<b>\$ 34,188</b>	<b>\$ 5,075</b>	<b>\$ 654</b>

Year Ending December 31	Capital Lease Payable		Loans Payable	
	Principal	Interest	Principal	Interest
2017	\$ 160,000	\$ 125,440	\$ 94,642	\$ 2,847
2018	170,000	118,755	103,226	2,340
2019	175,000	111,595	102,903	1,855
2020	185,000	103,943	99,677	1,363
2021	195,000	95,675	96,734	1,039
2022 - 2026	1,115,000	334,660	127,712	1,453
2027 - 2029	815,000	60,997	1,045	-
<b>Total</b>	<b>\$ 2,815,000</b>	<b>\$ 951,065</b>	<b>\$ 625,939</b>	<b>\$ 10,897</b>

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 1,380,000	\$ -	\$ 295,000	\$ 1,085,000	\$ 280,000
Discounts/premiums	(7,637)	-	(898)	(6,739)	-
Contract for deed	6,200	-	1,125	5,075	1,188
Loans payable	684,847	43,621	102,529	625,939	94,642
Capital lease payable	2,970,000	-	155,000	2,815,000	160,000
Compensated absences	448,963	510,900	495,657	464,206	20,197
<b>Long-Term Liabilities</b>	<b>\$ 5,482,373</b>	<b>\$ 554,521</b>	<b>\$ 1,048,413</b>	<b>\$ 4,988,481</b>	<b>\$ 556,027</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

5. Other Postemployment Benefits (OPEB)

Plan Description

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

Participants

Participants of the plan consisted of the following at January 1, 2014, the date of the most recent actuarial valuation:

Active employees	117
Retired employees	33
Spouses	<u>10</u>
Total Plan Participants	<u><u>160</u></u>

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the Pope County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements. Retirees and their spouses contribute to the health care plan at the same rate as County employees. This results in the retirees receiving an implicit rate subsidy. For fiscal year 2016, the County contributed \$222,285 to the plan. The net OPEB obligation is primarily liquidated by the General Fund, and the Road and Bridge and Human Services Special Revenue Funds.



**POPE COUNTY  
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for 2016, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

ARC	\$	239,121
Interest on net OPEB obligation		4,586
Adjustment to ARC		(6,120)
		_____
Annual OPEB cost	\$	237,587
Contributions during the year		(222,285)
		_____
Increase (decrease) in net OPEB obligation	\$	15,302
Net OPEB Obligation - Beginning of Year		101,910
		_____
Net OPEB Obligation - End of Year	\$	117,212

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage (%) Contributed	Net OPEB Obligation
December 31, 2014	\$ 244,333	\$ 266,280	108.98	\$ 118,761
December 31, 2015	237,333	254,184	107.10	101,910
December 31, 2016	237,587	222,285	93.56	117,212

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Other Postemployment Benefits (OPEB) (Continued)

Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$2,923,875, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,923,875. The covered payroll (annual payroll of active employees covered by the plan) was \$5,644,211, and the ratio of the UAAL to the covered payroll was 51.80 percent.

Actuarial valuations of 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 health care cost trend. 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 - Other Postemployment Benefits, 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.

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 the 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.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Other Postemployment Benefits (OPEB)

Actuarial Methods and Assumptions (Continued)

For January 1, 2014, the most recent actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions include a 4.50 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 7.50 percent initially, reduced by decrements to an ultimate rate of 5.00 percent over ten years. The actuarial value of assets was set to equal the market value of assets. The UAAL is being amortized over 30 years on a closed basis. The remaining amortization period at December 31, 2016, was 21 years.

D. Fund Balances

The summary of fund balance classifications is as follows:

	General Fund	Road and Bridge	Human Services	Ditch	Debt Service	Capital Projects	Other Governmental Fund	Total
<b>Nonspendable</b>								
Inventories	\$ -	\$ 115,830	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,830
Advances to other funds	21,617	-	-	-	-	-	-	21,617
<b>Total nonspendable</b>	<b>\$ 21,617</b>	<b>\$ 115,830</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 137,447</b>
<b>Restricted</b>								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 616,355	\$ -	\$ -	\$ 616,355
Law library	-	-	-	-	-	-	25,094	25,094
Capital projects	-	-	-	-	-	429,339	-	429,339
Recorder's technology equipment	82,821	-	-	-	-	-	-	82,821
E-911	230,423	-	-	-	-	-	-	230,423
Recorders compliance	86,718	-	-	-	-	-	-	86,718
Permit to carry	79,196	-	-	-	-	-	-	79,196
Sheriff's contingency	1,728	-	-	-	-	-	-	1,728
Aquatic ISP aid	200,236	-	-	-	-	-	-	200,236
Tax-forfeited property	44,203	-	-	-	-	-	-	44,203
Bike path donations	6,382	-	-	-	-	-	-	6,382
Clean water partnership	80,246	-	-	-	-	-	-	80,246
Unused grant monies	-	-	21,391	-	-	-	-	21,391
Ditch maintenance and construction	-	-	-	30,715	-	-	-	30,715
<b>Total restricted</b>	<b>\$ 811,953</b>	<b>\$ -</b>	<b>\$ 21,391</b>	<b>\$ 30,715</b>	<b>\$ 616,355</b>	<b>\$ 429,339</b>	<b>\$ 25,094</b>	<b>\$ 1,934,847</b>
<b>Assigned</b>								
Road and bridge	\$ -	\$ 2,751,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,751,411
Human services	-	-	2,643,719	-	-	-	-	2,643,719
Plat sign deposits	1,169	-	-	-	-	-	-	1,169
Veterans van	16,371	-	-	-	-	-	-	16,371
Capital expenditures	174,800	-	-	-	-	-	-	174,800
<b>Total assigned</b>	<b>\$ 192,340</b>	<b>\$ 2,751,411</b>	<b>\$ 2,643,719</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,587,470</b>
<b>Total unassigned</b>	<b>\$ 6,137,826</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (20,147)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,117,679</b>
<b>Total Fund Balances</b>	<b>\$ 7,163,736</b>	<b>\$ 2,867,241</b>	<b>\$ 2,665,110</b>	<b>\$ 10,568</b>	<b>\$ 616,355</b>	<b>\$ 429,339</b>	<b>\$ 25,094</b>	<b>\$ 13,777,443</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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4. Defined Benefit Pension Plans

A. Plan Description

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

The General Employees Retirement Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security and Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Retirement Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years and increasing 5 percent for each year of service until fully vested after 20 years.

B. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 percent post-retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent.

**POPE COUNTY  
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4. Defined Benefit Pension Plans

B. Benefits Provided (Continued)

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

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Plan Coordinated and Basic Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. Minneapolis Employees Retirement Fund members have an annuity accrual rate of 2.0 percent of average salary for each of the first ten years of service and 2.5 percent for each remaining year. For Public Employees Police and Fire Plan members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

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

C. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature.

**POPE COUNTY  
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4. Defined Benefit Pension Plans

C. Contributions (Continued)

General Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2015. Public Employees Police and Fire Plan members were required to contribute 10.80 percent of their annual covered salary in 2016.

In 2016, the County was required to contribute the following percentages of annual covered salary:

General Employees Retirement Plan	
Basic Plan members	11.78%
Coordinated Plan members	7.50
Minneapolis Employees Retirement Fund members	9.75
Public Employees Police and Fire Plan	16.20

The employee and employer contribution rates did not change from the previous year.

Pope County's contributions for the year ended December 31, 2016, to pension plans were:

General Employees Retirement Plan	\$ 353,849
Public Employees Police and Fire Plan	101,364

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

D. Pension Costs

General Employees Retirement Plan

At December 31, 2016, the County reported a liability of \$6,040,911 for its proportionate share of the General Employees Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion

**POPE COUNTY  
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4. Defined Benefit Pension Plans

D. Pension Costs

General Employees Retirement Plan (Continued)

was 0.0744 percent. It was 0.0816 percent measured as of June 30, 2015. The County recognized pension expense of \$610,773 for its proportionate share of the General Employees Retirement Plan's pension expense.

The County also recognized \$23,534 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Retirement Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$6 million to the General Employees Retirement Plan each year, starting September 15, 2015, through September 15, 2031.

County's proportionate share of the net pension liability	\$ 6,040,911
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>78,926</u>
Total	<u>\$ 6,119,837</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 503,276
Changes in actuarial assumptions	1,182,816	-
Difference between projected and actual investment earnings	1,173,084	-
Changes in proportion	-	650,959
Contributions paid to PERA subsequent to the measurement date	<u>193,706</u>	<u>-</u>
Total	<u>\$ 2,549,606</u>	<u>\$ 1,154,235</u>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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4. Defined Benefit Pension Plans

D. Pension Costs

General Employees Retirement Plan (Continued)

The \$193,706 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2017	\$ 242,278
2018	242,278
2019	498,900
2020	218,209

Public Employees Police and Fire Plan

At December 31, 2016, the County reported a liability of \$2,568,431 for its proportionate share of the Public Employees Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 0.0640 percent. It was 0.0610 percent measured as of June 30, 2015. The County recognized pension expense of \$442,445 for its proportionate share of the Public Employees Police and Fire Plan's pension expense

The County also recognized \$5,760 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Plan. Legislation requires the State of Minnesota to contribute \$9 million to the Public Employees Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded.



**POPE COUNTY  
GLENWOOD, MINNESOTA**

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4. Defined Benefit Pension Plans

D. Pension Costs

Public Employees Police and Fire Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 290,225
Changes in actuarial assumptions	1,413,520	-
Difference between projected and actual investment earnings	387,507	-
Changes in proportion	28,406	28,802
Contributions paid to PERA subsequent to the measurement date	56,382	-
Total	\$ 1,885,815	\$ 319,027

The \$56,382 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. 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
2017	\$ 323,068
2018	323,068
2019	323,070
2020	292,877
2021	248,323

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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4. Defined Benefit Pension Plans

D. Pension Costs (Continued)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2016, was \$1,053,218.

E. Actuarial Assumptions

The total pension liability in the June 30, 2016, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants in the General Employees Retirement Plan were based on RP-2014 tables, while mortality rates for the Public Employees Police and Fire Plan were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Plan and the Public Employees Police and Fire Plan, cost of living benefit increases for retirees are assumed to be 1.0 percent.

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Plan was for the period 2008 through 2015. The experience study for the Public Employees Police and Fire Plan was for the period 2004 through 2009.

On August 16, 2016, an updated experience study was done for PERA's Public Employees Police and Fire Plan for the period 2011 through 2015, which would result in a larger pension liability. However, PERA will implement the changes in assumptions for its June 30, 2017, estimate of pension liability.

**POPE COUNTY  
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4. Defined Benefit Pension Plans

E. Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	45%	5.50%
International stocks	15	6.00
Bonds	18	1.45
Alternative assets	20	6.40
Cash	2	0.50

F. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2016, a reduction of the 7.90 percent used in 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Retirement Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In the Public Employees Police and Fire Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056. Beginning in fiscal year ended June 30, 2057, when projected benefit payments exceed the Plan's projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85 percent based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60 percent for the Public Employees Police and Fire Plan was determined that produced approximately the same present value of the projected

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4. Defined Benefit Pension Plans

F. Discount Rate (Continued)

benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50 percent applied to all years of projected benefits through the point of asset depletion and 2.85 percent thereafter.

G. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2016:

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

4. Defined Benefit Pension Plans (Continued)

H. Pension Liability Sensitivity

The following presents the County’s proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	Proportionate Share of the			
	General Employees Retirement Plan		Public Employees Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 8,579,884	4.60%	\$ 3,595,463
Current	7.50	6,040,911	5.60	2,568,431
1% Increase	8.50	3,949,488	6.60	1,729,268

I. Pension Plan Fiduciary Net Position

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

5. Summary of Significant Contingencies and Other Items

A. Risk Management

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

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

A. Risk Management (Continued)

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2016 and 2017. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

B. Contingent Liabilities

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

The County, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The County Attorney estimates that the potential claims resulting from such litigation that would not be covered by insurance will not have a material adverse effect on the financial condition of the County.

C. Joint Ventures

Pope/Douglas Solid Waste Management

Douglas and Pope Counties entered into a joint powers agreement in 1983 to build and operate a solid waste incinerator, pursuant to Minn. Stat. § 471.59. In 1986, it was determined that the joint venture would eventually operate on user charges.

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5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Pope/Douglas Solid Waste Management (Continued)

The management of the solid waste incinerator is vested in the joint board composed of three County Commissioners from Douglas County and two County Commissioners from Pope County, as provided by the joint powers agreement. Each member is entitled to one vote. The costs of operations are apportioned 75 percent to Douglas County and 25 percent to Pope County. The facility is located in Alexandria, Minnesota.

Financing is provided by charges for services, special assessments levied in each county, state grants, and interest on investments.

Complete financial statements for Pope/Douglas Solid Waste Management can be obtained from:

Pope/Douglas Solid Waste Management  
110 South Jefferson  
Alexandria, Minnesota 56308

Land of the Dancing Sky Area Agency on Aging/West Central Area Agency on Aging

The West Central Area Agency on Aging was established June 2, 1982, by a joint powers agreement among Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, and Wilkin Counties. In 2005, the West Central Area Agency on Aging became part of a larger planning and service area covering 21 counties; this is a partnership between the Northwest Regional Development Commission, the 5-county service area of Region 2, and the West Central Area Agency on Aging. The combined area on aging, known as the Land of the Dancing Sky Area Agency on Aging, was established to administer all aspects of the Older Americans Act by providing programs to meet the needs of the elderly in the 21-county area.

Each county may be assessed a proportional share of the 25 percent of the administrative costs incurred in carrying out this agreement. Each county's proportional share of this 25 percent of the administrative costs will be based upon the number of persons age 60 or older living within that county.

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5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Land of the Dancing Sky Area Agency on Aging/West Central Area Agency on Aging  
(Continued)

The Land of the Dancing Sky umbrella board meets quarterly to discuss and approve major items such as the area plan and dollar allocations, while the advisory councils and joint powers boards continue to meet monthly to make decisions affecting their local counties.

Control is vested in the West Central Board on Aging. The Board consists of one Commissioner from each of the counties. Each member of the Board is appointed by the County Commissioners of the county he or she represents.

Any county may withdraw by providing notice to the chair of the Board 90 days prior to the beginning of the fiscal year. The chair shall forward a copy to each of the counties. Withdrawal shall not act to discharge any liability incurred or chargeable to any county before the effective date of withdrawal.

Financing is provided by the appropriations from member parties and by state and federal grants. During 2016, Pope County contributed \$1,074 to the Joint Powers Board.

Complete financial information can be obtained from:

Land of the Dancing Sky Area Agency on Aging  
West Central Office  
313 South Mill Street  
Fergus Falls, Minnesota 56537-2577

Rainbow Rider Transit Board

Douglas, Grant, Pope, Stevens, and Traverse Counties entered into a joint powers agreement to establish the West Central Multi-County Joint Powers Transit Board effective December 1, 1994, and empowered under Minn. Stat. § 471.59. Effective January 13, 2000, the Board changed its name from West Central Multi-County Joint Powers Transit Board to Rainbow Rider Transit Board. The purpose of the Board is to provide coordinated service delivery and a funding source for public transportation.



**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Rainbow Rider Transit Board (Continued)

Grant County terminated its membership in Rainbow Rider on May 31, 1999. Grant County rejoined and Todd County became a member county effective January 1, 2011 and 2012, respectively.

The Board consists of two members appointed by each member county from its County Board for terms of one year each. Rainbow Rider is a joint venture with no county having control over the Board. Each county has an ongoing responsibility to provide funding for the operating costs of the Board allocated in accordance with the actual expenses incurred by representatives of the respective counties on the Board.

The joint powers agreement remains in force until any single county notifies the other parties of its intentions to withdraw at least 90 days before the termination takes effect. The remaining counties may agree to continue the agreement with the remaining counties as members.

Complete financial information can be obtained from:

Rainbow Rider Transit Board  
P. O. Box 136  
Lowry, Minnesota 56349

Central Minnesota Emergency Services Board

The Central Minnesota Regional Radio Board was established in 2007, under the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39. As of June 1, 2011, the Central Minnesota Regional Radio Board changed its name to the Central Minnesota Emergency Services Board. Members include the City of St. Cloud and the Counties of Benton, Big Stone, Douglas, Grant, Kandiyohi, Meeker, Mille Lacs, Morrison, Otter Tail, Pope, Sherburne, Stearns, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Wright.

The purpose of the Central Minnesota Emergency Services Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota.

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

C. Joint Ventures

Central Minnesota Emergency Services Board (Continued)

The Central Minnesota Emergency Services Board is composed of one Commissioner of each county appointed by their respective County Board and one Council member from the city appointed by the City Council, as provided in the Central Minnesota Emergency Services Board's by-laws.

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

The Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. During 2016, Pope County did not contribute to the Joint Powers Board.

Complete financial information can be obtained from:

Central Minnesota Emergency Services Board  
City of St. Cloud  
Office of the Mayor  
City Hall  
400 Second Street South  
St. Cloud, Minnesota 56301

Horizon Public Health

Grant, Pope, Stevens, and Traverse Counties entered into a joint powers agreement creating and operating the Mid-State Community Health Services, pursuant to Minn. Stat. § 471.59. During 1994, Stevens, Traverse, and Grant Counties formed a separate joint powers under the name of Stevens Traverse Grant Public Health Nursing Services (STGPH). Mid-State Community Health Services was renamed to Horizon Community Health Board when Douglas County was added as a member on January 1, 2011. The

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

C. Joint Ventures

Horizon Public Health (Continued)

Horizon Community Health Board and STGPH disbanded effective January 1, 2015, and a new joint powers agreement was formed by Douglas, Grant, Pope, Stevens, and Traverse Counties to operate the fiscally independent Horizon Public Health entity.

Control is vested in Horizon's Board, which consists of 13 members comprised of 11 County Commissioners and 2 community representatives. Each member of the Board is appointed by the County Commissioners of the county they represent.

Financing is provided by state and federal grants, charges for services, miscellaneous revenue, and contributions from the five member counties. During 2016, Pope County contributed \$231,944 in funding to Horizon.

Complete financial statements for Horizon Public Health can be obtained from:

Horizon Public Health  
809 Elm Street, Suite 1200  
Alexandria, Minnesota 56308

Supporting Hands Nurse Family Partnership Board

The Supporting Hands Nurse Family Partnership Board was established pursuant to Minn. Stat. §§ 145A.17 and 471.59 and a joint powers agreement, effective May 31, 2007. The Board is comprised of one representative from each of the following member Counties: Big Stone, Chippewa, Douglas, Grant, La qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Pipestone, Pope, Redwood, Renville, Stevens, Swift, Traverse, and Yellow Medicine. Southwest Health and Human Services represents the Counties of Lincoln, Lyon, Murray, Pipestone, Redwood, and Rock in this agreement. The purpose of this agreement is to organize, govern, plan, and administer a multi-county based nurse family partnership program specifically within the jurisdictional boundaries of the counties involved.

The governing board is composed of one Board member from each of the participating counties. Each participating county contributes to the budget of the Supporting Hands Nurse Family Partnership. In 2016, Pope County made \$10,000 in contributions to the partnership.

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5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Supporting Hands Nurse Family Partnership Board (Continued)

Renville County acts as fiscal agent for the Supporting Hands Nurse Family Partnership. A complete financial report of the Supporting Hands Nurse Family Partnership can be obtained from:

Renville County  
105 South 5th Street, Suite 315  
Olivia, Minnesota 56277

Region 4 South Adult Mental Health Consortium

Pope, Douglas, Grant, Stevens, and Traverse Counties entered into a joint powers agreement creating and operating Region 4 South Adult Mental Health Consortium, pursuant to Minn. Stat. § 471.59, to provide a system of care that will serve the needs of adults with serious and persistent mental illness for the mutual benefit of each of the joint participants.

Control of the Consortium is vested in a Governing Board, which consists of each participating County's Director of Social Services, Family Services, or Human Services, as the case may be. The Governing Board operates under the ultimate authority of the Executive Commissioner Board. The Executive Commissioner Board is composed of one Commissioner of each county appointed by their respective County Board.

Any county may withdraw by providing notice to the chair of the Board 90 days prior to the date of the proposed withdrawal. Withdrawal does not act to discharge any liability incurred or chargeable to any county before the effective date of the withdrawal.

Dissolution of the Consortium will occur by unanimous vote of the counties, or when the membership in the Consortium is reduced to less than two counties. Upon dissolution of the Consortium, the member counties share in the current liabilities and current financial assets, including real property, of the Consortium equally if no county has contributed during the term of the Consortium or based upon their percentage of contribution to the Consortium's budget during the period applicable to such liabilities and assets.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Region 4 South Adult Mental Health Consortium (Continued)

Financing is predominantly provided by state grants. Grant County, in a fiscal host capacity, reports the cash transactions of the Consortium as an agency fund on its financial statements.

Pope County Family Collaborative

The Pope County Family Collaborative was established in 1996 under the authority of Minn. Stat. §§ 124D.23 and 245.491. The Collaborative includes Pope County Human Services, Pope County Public Health, Pope County Court Services, Minnewaska Area Schools, and West Central Minnesota Communities Action, Inc. The Pope County Family Collaborative was established to create opportunities to enhance family strengths and support through service coordination and access to information communication.

The Collaborative is financed primarily by state and federal funding. In 2005, the Pope County Family Collaborative Board voted to participate in the Local Collaborative Time Study (LCTS). In order to participate, Pope County began to serve as the fiscal agent for the LCTS dollars only in 2005. For all other dollars received, the Minnewaska Area Schools serves as the fiscal agent. During 2016, Pope County passed through \$60,229 in LCTS to the Collaborative. Control of the Collaborative is vested in the Governing Board consisting of one member from each of the five participating members. Current financial statements are not available.

PrimeWest Rural Minnesota Health Care Access Initiative

The PrimeWest Central County-Based Purchasing Initiative (since renamed PrimeWest Rural Minnesota Health Care Access Initiative) was established in December 1998 by a joint powers agreement with Big Stone, Douglas, Grant, McLeod, Meeker, Pipestone, Pope, Renville, Stevens, and Traverse Counties under the authority of Minn. Stat. § 471.59. Beltrami, Clearwater, and Hubbard Counties were later added to the PrimeWest Rural Minnesota Health Care Access Initiative. Pipestone County has since joined Southwest Health and Human Services for public health and human services functions. The partnership is organized to directly purchase health care services for county residents who are eligible for Medical Assistance and General Assistance Medical Care as authorized by Minn. Stat. § 256B.692. County-based purchasing is the local

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5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

PrimeWest Rural Minnesota Health Care Access Initiative (Continued)

control alternative favored for improved coordination of services to prepaid Medical Assistance programs in complying with Minnesota Department of Health requirements as set forth in Minn. Stat. chs. 62D and 62N.

Control of the PrimeWest Rural Minnesota Health Care Access Initiative is vested in a Joint Powers Board, composed of two Commissioners from each member county (one active and one alternate). Each member of the Joint Powers Board is appointed by the County Commissioners of the county he or she represents.

In the event of termination of the joint powers agreement, all assets owned pursuant to this agreement shall be sold, and the proceeds, together with monies on hand, will be distributed to the current members based on their proportional share of each member's county-based purchasing eligible population.

Douglas County acts as fiscal agent for the PrimeWest Rural Minnesota Health Care Access Initiative and reports the cash transactions as an investment trust fund on its financial statements. Financing is provided by Medical Assistance and General Assistance Medical Care payments from the Minnesota Department of Human Services.

Complete financial information can be obtained from the PrimeWest Rural Minnesota Health Care Access Initiative's administrative offices at:

PrimeWest Rural Minnesota Health Care Access Initiative  
3905 Dakota Street  
Alexandria, Minnesota 56308

Rural Minnesota Concentrated Employment Programs, Inc. (WIA - Rural Minnesota Workforce Service Area 2)

Rural Minnesota Concentrated Employment Programs, Inc., was established to create job training and employment opportunities for economically disadvantaged, under-employed and unemployed persons, and youthful persons in both the private and the public sector.

During 2016, Pope County contributed \$57,439 to this organization. Current financial statements are not available.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Crow River Joint Powers Agreement

In April 1999, the County entered into a joint powers agreement with Carver, Hennepin, Kandiyohi, McLeod, Meeker, Renville, Sibley, Stearns, and Wright Counties creating the Crow River Joint Powers Agreement. The Agreement is authorized by Minn. Stat. §§ 103B.311 and 103B.315. The Prairie County Resource Conservation and Development Council is the fiscal agent for this Joint Powers Agreement.

The Board of Directors meets at least two times per year, or more often if needed, at the location to be set by the chair of the Joint Powers Board. The purpose of this Agreement is the joint exercise of powers by the member counties to promote the orderly water quality improvement and management of the Crow River Watershed through information sharing, education, coordination, and related support to the member counties by assisting in the implementation and goal achievement of comprehensive water plans.

The governing board is composed of one Board member from each of the participating counties. Financing is provided by state proceeds. Current financial statements are not available.

West Central Minnesota Drug Task Force

The West Central Minnesota Drug Task Force was established in 1996 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Becker, Clay, Douglas, Grant, Otter Tail, Pope, Wadena, and Wilkin Counties, and the Cities of Alexandria, Breckenridge, Detroit Lakes, Fargo, Fergus Falls, Moorhead, Pelican Rapids, Perham, and Wahpeton. The Task Force's objectives are to detect, investigate, and apprehend controlled substance offenders in the eight-county area.

Control of the Task Force is vested in a Board of Directors. The Board of Directors consists of department heads or a designee from each participating full-time member agency. In the event of dissolution of the Task Force, the equipment will be divided and returned to the appropriate agencies. If only one agency terminates its agreement and the unit continues, all equipment will remain with the Task Force.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

West Central Minnesota Drug Task Force (Continued)

Fiscal agent responsibilities for the Task Force are with Douglas County, which reports the Task Force as an agency fund. Financing and equipment will be provided by the full-time and associate member agencies. Pope County provided \$4,000 to this organization in 2016.

Separate financial information can be obtained from:

Douglas County Courthouse  
305 - 8th Avenue West  
Alexandria, Minnesota 56308

Viking Library System

Pope County, along with ten cities and five other counties, participates in the Viking Library System in order to establish, continue, strengthen, and improve library services in the participating cities and counties. The Viking Library System was created as a public library service in 1975, by Douglas, Grant, Otter Tail, and Stevens Counties along with the Cities of Alexandria, Elbow Lake, Fergus Falls, Hancock, and Morris. Additions to the library system included the Cities of Wheaton, Browns Valley, Glenwood, New York Mills, and Perham in 1976; Pope County in 1981; Traverse County in 1983; and the City of Pelican Rapids in 1988. In 1992, the Alexandria Library became the Douglas County Library.

The Viking Library System is governed by a governing board which consists of 19 members. Each County Board appoints a resident of the county, each member library board appoints a representative, and any libraries with a service area population over 15,000 have an additional representative. Currently, Fergus Falls and Douglas County have additional representatives. During 2016, Pope County provided \$111,769 to the Viking Library System.

Complete financial information can be obtained from:

Viking Library System  
1915 Fir Avenue West  
Fergus Falls, Minnesota 56537



**POPE COUNTY  
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5. Summary of Significant Contingencies and Other Items (Continued)

D. Jointly-Governed Organizations

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

District IV Transportation Planning

Pope County and 13 other cities and counties entered into a joint powers agreement to establish the District IV Transportation Planning Joint Powers Board, effective December 11, 1996, and empowered under Minn. Stat. § 471.59.

The purpose of the Board is to develop a multi-modal transportation plan for the geographical jurisdiction of the member cities and counties. The Board is composed of 14 members, with one member appointed by each member city and county.

Region Four - West Central Minnesota Homeland Security Emergency Management Organization

The Region Four - West Central 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. Pope County's responsibility does not extend beyond making this appointment.

Lakeland Mental Health Center

Lakeland Mental Health Center was formed pursuant to Minn. Stat. ch. 317A as a 501(c)(3) nonprofit corporation on February 10, 1961, and includes Becker, Clay, Douglas, Grant, Otter Tail, and Pope Counties. The purpose of Lakeland Mental Health Center is to promote healthy individuals, families, and communities by providing high quality accessible mental health services.

The management of Lakeland Mental Health Center is vested in a Board of Directors consisting of one Commissioner and one community-at-large representative from each member county, plus one human service director, or equivalent position, rotated between the member counties.

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

D. Jointly-Governed Organizations

Lakeland Mental Health Center (Continued)

Services are provided to the member counties through purchase of service agreements. A member county may lose its membership, by action of the Board of Directors, if it fails to have a signed contract with Lakeland Mental Health Center. Pope County paid \$91,332 in 2016 for services purchased through Lakeland Mental Health Center.

Southwest Minnesota Immunization Information Connection

The Southwest Minnesota Immunization Information Connection (SW-MIIC) Joint Powers Board promotes the implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. Pope County did not contribute to the SW-MIIC during 2016.

Minnesota Criminal Justice Data Communications Network

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

West Central S.W.A.T. Team

The West Central S.W.A.T. Team is comprised of five county sheriff's offices from Lac qui Parle, Pope, Stevens, Swift, and Traverse Counties; and the police departments from the Cities of Hancock, Montevideo, Appleton, Benson, Glenwood, Morris, Starbuck, and Wheaton; and the University of Minnesota Morris. The purpose of the team is to create a feasible and economical way, by sharing the costs, to protect the citizens of the entities involved. During the year, Pope County did not contribute to the Team.

Sentence to Serve

Pope County, in conjunction with other local governments, participates in the State of Minnesota's Sentence to Serve (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's

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

D. Jointly-Governed Organizations

Sentence to Serve (Continued)

goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations and initiative funds, as well as the Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program. Although Pope County has no operational or financial control over the STS program, the County budgets for a percentage of this program.

Minnesota Rural Counties Caucus

The Minnesota Rural Counties Caucus was established in 1997 and includes Aitkin, Beltrami, Clay, Clearwater, Douglas, Grant, Itasca, Kittson, Koochiching, Lake of the Woods, Mahnomon, Marshall, McLeod, Mille Lacs, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Redwood, 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's responsibility does not extend beyond making this appointment.

E. Agricultural Best Management Loan Program

The County has entered into an agreement with the Minnesota Department of Agriculture and a local lending institution to jointly administer a loan program to individuals to implement projects that prevent or mitigate nonpoint source water pollution. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement. The County has met those responsibilities for 2016.

F. Tax Abatements

The County entered into property tax abatement agreements with various developers, under Minn. Stat. §§ 469.1812 through 469.1815, as amended. Under the statutes, a political subdivision may grant a current or prospective abatement of property taxes if it expects the benefits to the political subdivision of the proposed abatement agreement to

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

F. Tax Abatements (Continued)

at least equal the costs to the political subdivision of the proposed agreement and it will provide benefits such as increasing or preserving the tax base or providing employment opportunities in the County.

Midwest Machinery Company

In October 2011, the County entered into a property tax abatement agreement with the City of Glenwood, Minnewaska Area School District No. 2149, and Midwest Machinery Company for a period of up to 12 years effective in the years 2013 through 2025. The abatement is contractually set to equal the sum of \$54,000 plus non-compounded interest at 5 percent on the unpaid County share of the reimbursement amount. The County provided a tax abatement in the form of a tax refund in the amount of \$6,603 for 2016. The developer agrees to construct an expansion to the company's existing John Deere facility, including sanitary sewer and water connections.

City of Glenwood

In November 2012, the County entered into a property tax abatement agreement with the City of Glenwood and Minnewaska Area School District No. 2149 for a period of up to 7 years effective in the years 2015 through 2022. The abatement is contractually set annually at \$12,148, or an aggregate total of \$85,036. The County provided a tax abatement in the form of a tax refund in the amount of \$12,148 for 2016. The City of Glenwood agrees to pave an existing gravel road to facilitate entry to an existing hotel and the surrounding area.

G. Tax Abatements - Pay-As-You-Go Tax Increment

The County is subject to tax abatements granted by cities within the County pursuant to Minn. Stat §§ 469.174 - .1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-income housing, and economic development within the city. TIF captures the increase in tax capacity and property taxes (of all taxing jurisdictions, including the County) from development or redevelopment to provide funding for the related project.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

G. Tax Abatements - Pay-As-You-Go Tax Increment (Continued)

The pay-as-you-go note provides for payment to the developer of a percentage of all tax increment received in the prior six months. The payment reimburses the developer for certain public improvements. During 2016, the City Glenwood had five pay-as-you-go notes. The tax increment taxes collected during 2016 totaled \$125,470 for these notes. The County's portion of the captured tax capacity and related property taxes was approximately 35 percent, or approximately \$43,915.

6. Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA)

A. Summary of Significant Accounting Policies

1. Financial Reporting Entity

The Pope County Housing and Redevelopment Authority (HRA/EDA) is a component unit of Pope County and is reported in a separate column in the County's financial statements to emphasize that the HRA/EDA is a legally separate entity from Pope County. The HRA/EDA operates as a local government unit for the purpose of providing housing and redevelopment and economic development services to the local area. The governing body consists of a seven-member Board of Commissioners appointed by the County. The financial statements included are as of and for the year ended December 31, 2016.

2. Measurement Focus and Basis of Accounting

The HRA/EDA's financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of cash flows.

3. Assets, Liabilities, and Net Position

a. Cash and Cash Equivalents

The HRA/EDA has defined cash and cash equivalents to include cash on hand and demand deposits.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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6. Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA)

A. Summary of Significant Accounting Policies

3. Assets, Liabilities, and Net Position (Continued)

b. Receivables

Property tax levies are set by the HRA/EDA and are certified to the County each year for collection in the following year. Real property taxes are generally due from taxpayers in equal installments on May 15 and October 15. The County remits tax settlements to the HRA/EDA at various times during the year. Taxes collectible in a given calendar year are generally recognized as revenue during that fiscal year.

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

c. Property Held for Resale

Property is acquired by the HRA/EDA for subsequent resale for redevelopment purposes and not as an investment program. In order to encourage development, the land is often resold at prices substantially lower than the HRA/EDA's cost and cannot be sold for more than expended. Land held for resale is reported as an asset at the net realizable value.

d. Restricted Assets

Certain funds of the HRA/EDA 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.

e. Capital Assets

Capital assets, which include land and buildings, are reported in the financial statements. Capital assets are defined by the HRA/EDA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of donation.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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6. Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA)

A. Summary of Significant Accounting Policies

3. Assets, Liabilities, and Net Position

e. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives ranging from 8 to 40 years.

f. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line interest method. Bonds payable are reported net of the applicable bond premium or discount.

g. Classification of Net Position

The HRA/EDA classifies net position in the following categories: net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets; restricted net position is classified as such when 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; and unrestricted net position is the amount of net position that does not meet the definition of restricted or net investment in capital assets.

4. 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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6. Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA) (Continued)

B. Detailed Notes

1. Deposits and Investments

At December 31, 2016, the HRA/EDA had deposits totaling \$502,859.

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

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is 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 HRA/EDA's deposits may not be returned to it. The HRA/EDA does not have a deposit policy for custodial credit risk. As of December 31, 2016, the HRA/EDA's deposits were not exposed to custodial credit risk.

The HRA/EDA had no investments as of December 31, 2016.



**POPE COUNTY  
GLENWOOD, MINNESOTA**

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6. Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA)

B. Detailed Notes (Continued)

2. Receivables

Receivables for the HRA/EDA at December 31, 2016, were as follows:

Taxes receivable - delinquent	\$ 3,872
Accrued interest receivable	53,600
Due from primary government	3,820
Loans receivable	<u>243,885</u>
Total Receivables	<u>\$ 305,177</u>

Of the loans receivable, \$236,907 is not expected to be collected within the next year.

Capital Lease Receivable

The HRA/EDA and Pope County have jointly constructed a Government Law Enforcement Center. To finance this building, the HRA/EDA authorized the sale of \$3,400,000 Public Project Revenue Bonds, Series 2008A. Pope County has pledged its taxing power toward repayment of the bonds. The building was completed in 2011.

On December 1, 2008, Pope County entered into a lease agreement with the HRA/EDA, which provides that the County is liable for the full amount of the bond principal and interest costs in return for the right to own the building once it is completed.

Pope County is carrying the building for \$3,400,000, the initial value of the HRA Revenue Bonds. The HRA/EDA is carrying the bond liability on its records and records the lease receivable for the value of the bonds. As of December 31, 2016, the amount of the bonds outstanding is \$2,815,000. The interest received is recorded as nonoperating miscellaneous revenue. For 2016, the HRA/EDA recorded interest revenue of \$185,185; \$53,600 of this is recorded as accrued interest receivable. Principal payments of \$155,000 were made by the County to the HRA/EDA, and by the HRA/EDA on the bond liability for 2016. The current portion of the lease receivable is \$160,000.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA)

B. Detailed Notes (Continued)

3. Capital Assets

The HRA/EDA's capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 396,410	\$ -	\$ -	\$ 396,410
Capital assets depreciated				
Buildings	\$ 2,122,240	\$ -	\$ -	\$ 2,122,240
Less: accumulated depreciation for Buildings	(106,112)	(53,056)	-	(159,168)
Total capital assets depreciated, net	\$ 2,016,128	\$ (53,056)	\$ -	\$ 1,963,072
Capital Assets, Net	\$ 2,412,538	\$ (53,056)	\$ -	\$ 2,359,482

4. Long-Term Debt

Long-term debt outstanding at December 31, 2016, for the HRA/EDA consists of the following:

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2016
2008A Public Project Revenue Bonds	02/01/2029	\$135,000 - \$285,000	3.20 - 4.90	\$ 3,400,000	\$ 2,815,000
2013A General Obligation Bonds	02/01/2034	\$40,000 - \$245,000	0.85 - 3.10	\$ 2,405,000	\$ 2,320,000
Contract for Deed	09/01/2017	\$50,000 - \$150,000	5.00	\$ 400,000	\$ 50,000

**POPE COUNTY  
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA)

B. Detailed Notes

4. Long-Term Debt (Continued)

The debt service requirements as of December 31, 2016, are as follows:

Year Ending December 31	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 160,000	\$ 125,440	\$ 50,000	\$ 58,323
2018	170,000	118,755	55,000	57,798
2019	175,000	111,595	60,000	57,043
2020	185,000	103,943	70,000	56,003
2021	195,000	95,675	75,000	54,842
2022 - 2026	1,115,000	334,660	525,000	247,024
2027 - 2031	815,000	60,998	810,000	165,886
2032 - 2034	-	-	675,000	32,493
Total	\$ 2,815,000	\$ 951,066	\$ 2,320,000	\$ 729,412

Year Ending December 31	Contract for Deed	
	Principal	Interest
2017	\$ 50,000	\$ -
2018	-	-
2019	-	-
2020	-	-
2021	-	-
2022 - 2026	-	-
2027 - 2031	-	-
Total	\$ 50,000	\$ -

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 2,970,000	\$ -	\$ 155,000	\$ 2,815,000	\$ 160,000
(Discount)/premium	(21,216)	-	(1,632)	(19,584)	-
General obligation bonds	2,365,000	-	45,000	2,320,000	50,000
(Discount)/premium	8,810	-	503	8,307	-
Contract for deed	100,000	-	50,000	50,000	50,000
Long-Term Liabilities	\$ 5,422,594	\$ -	\$ 248,871	\$ 5,173,723	\$ 260,000

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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6. Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA) (Continued)

C. Risk Management

The HRA/EDA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; or natural disasters. To manage these risks, the HRA/EDA has joined the Minnesota Counties Intergovernmental Trust (MCIT) and purchases commercial insurance. The HRA/EDA retains risk for the deductible portions of the insurance policies. The amounts of these deductibles are considered immaterial to the financial statements. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT A-1**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 6,255,757	\$ 6,255,757	\$ 6,168,537	\$ (87,220)
Special assessments	-	-	115,444	115,444
Licenses and permits	45,250	45,250	68,877	23,627
Intergovernmental	646,440	646,440	1,002,410	355,970
Charges for services	304,500	304,500	359,107	54,607
Fines and forfeits	5,800	5,800	1,973	(3,827)
Gifts and contributions	4,000	4,000	2,939	(1,061)
Investment earnings	50,000	50,000	55,231	5,231
Miscellaneous	160,000	160,000	227,422	67,422
	<u>\$ 7,471,747</u>	<u>\$ 7,471,747</u>	<u>\$ 8,001,940</u>	<u>\$ 530,193</u>
<b>Total Revenues</b>				
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 218,436	\$ 218,436	\$ 193,753	\$ 24,683
County-wide	-	-	75	(75)
Wellness program	1,000	1,000	83	917
Information technology	450,698	450,698	470,670	(19,972)
Coordinator	327,219	327,219	260,067	67,152
Auditor/Treasurer	407,514	407,514	391,393	16,121
County assessor	467,011	467,011	456,274	10,737
Elections	54,600	54,600	49,132	5,468
Accounting and auditing	58,240	58,240	39,920	18,320
Data processing	84,020	84,020	69,824	14,196
Attorney	250,462	250,462	228,316	22,146
Recorder	330,852	330,852	275,067	55,785
Surveyor	1,000	1,000	-	1,000
Environmental services	229,781	229,781	198,945	30,836
Buildings	365,578	365,578	363,235	2,343
Veterans service officer	61,988	61,988	49,732	12,256
Other general government	900,706	900,706	374,697	526,009
	<u>\$ 4,209,105</u>	<u>\$ 4,209,105</u>	<u>\$ 3,421,183</u>	<u>\$ 787,922</u>
<b>Total general government</b>				

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT A-1  
(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public safety</b>				
Sheriff	\$ 1,172,620	\$ 1,172,620	\$ 1,083,156	\$ 89,464
ATV grant	-	-	3,961	(3,961)
Snowmobile grant	3,396	3,396	1,322	2,074
Boat and water safety	48,716	48,716	14,877	33,839
Coroner	13,000	13,000	10,421	2,579
Enhanced 911 system	63,400	63,400	80,800	(17,400)
Dispatchers	331,624	331,624	299,679	31,945
County jail	333,051	333,051	201,042	132,009
Court services	204,504	204,504	203,809	695
Sentence to serve	87,674	87,674	75,254	12,420
Emergency management	43,444	43,444	50,399	(6,955)
ARMER implementation	14,490	14,490	13,402	1,088
<b>Total public safety</b>	<b>\$ 2,315,919</b>	<b>\$ 2,315,919</b>	<b>\$ 2,038,122</b>	<b>\$ 277,797</b>
<b>Health</b>				
Horizon Public Health	\$ 231,944	\$ 231,944	\$ 231,944	\$ -
<b>Culture and recreation</b>				
Historical society	\$ 46,000	\$ 46,000	\$ 46,000	\$ -
Terrace Mill and Glacial Ridge	1,300	1,300	1,300	-
Regional library	111,769	111,769	111,769	-
Other	1,260	1,260	1,260	-
<b>Total culture and recreation</b>	<b>\$ 160,329</b>	<b>\$ 160,329</b>	<b>\$ 160,329</b>	<b>\$ -</b>
<b>Conservation of natural resources</b>				
Soil and water conservation	\$ 62,100	\$ 62,100	\$ 130,275	\$ (68,175)
County extension	88,502	88,502	84,356	4,146
Agriculture ditch inspector	8,600	8,600	7,954	646
County fair	21,600	21,600	21,600	-
Water management	274,731	274,731	172,317	102,414
<b>Total conservation of natural resources</b>	<b>\$ 455,533</b>	<b>\$ 455,533</b>	<b>\$ 416,502</b>	<b>\$ 39,031</b>
<b>Economic development</b>				
Community development	\$ 12,124	\$ 12,124	\$ 12,124	\$ -
Senior citizens	2,148	2,148	2,212	(64)
<b>Total economic development</b>	<b>\$ 14,272</b>	<b>\$ 14,272</b>	<b>\$ 14,336</b>	<b>\$ (64)</b>



**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT A-1  
(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (Continued)</b>				
<b>Intergovernmental</b>				
<b>Sanitation</b>				
Pope/Douglas Solid Waste Management	\$ 60,000	\$ 60,000	\$ 68,710	\$ (8,710)
<b>Capital outlay</b>				
General government	\$ 77,563	\$ 77,563	\$ 99,276	\$ (21,713)
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 103,654	\$ (103,654)
Interest	-	-	7,746	(7,746)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 111,400</b>	<b>\$ (111,400)</b>
<b>Total Expenditures</b>	<b>\$ 7,524,665</b>	<b>\$ 7,524,665</b>	<b>\$ 6,561,802</b>	<b>\$ 962,863</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (52,918)</b>	<b>\$ (52,918)</b>	<b>\$ 1,440,138</b>	<b>\$ 1,493,056</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ -	\$ 200	\$ 200
Loan issued	-	-	43,621	43,621
Sale of capital assets	50,000	50,000	-	(50,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 43,821</b>	<b>\$ (6,179)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (2,918)</b>	<b>\$ (2,918)</b>	<b>\$ 1,483,959</b>	<b>\$ 1,486,877</b>
<b>Fund Balance - January 1</b>	<b>5,679,777</b>	<b>5,679,777</b>	<b>5,679,777</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 5,676,859</b>	<b>\$ 5,676,859</b>	<b>\$ 7,163,736</b>	<b>\$ 1,486,877</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT A-2**

**BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,032,973	\$ 1,032,973	\$ 1,016,792	\$ (16,181)
Intergovernmental	4,454,868	4,454,868	4,488,445	33,577
Charges for services	47,200	47,200	52,762	5,562
Miscellaneous	6,500	6,500	44,506	38,006
<b>Total Revenues</b>	<b>\$ 5,541,541</b>	<b>\$ 5,541,541</b>	<b>\$ 5,602,505</b>	<b>\$ 60,964</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 375,204	\$ 375,204	\$ 345,841	\$ 29,363
Maintenance	1,048,134	1,048,134	845,182	202,952
Engineering/construction	2,985,602	2,985,602	2,198,048	787,554
Equipment, maintenance, and shop	618,353	618,353	439,423	178,930
<b>Total highways and streets</b>	<b>\$ 5,027,293</b>	<b>\$ 5,027,293</b>	<b>\$ 3,828,494</b>	<b>\$ 1,198,799</b>
<b>Intergovernmental</b>				
Highways and streets	384,248	384,248	1,100,672	(716,424)
<b>Capital outlay</b>				
Highways and streets	130,000	130,000	107,834	22,166
<b>Total Expenditures</b>	<b>\$ 5,541,541</b>	<b>\$ 5,541,541</b>	<b>\$ 5,037,000</b>	<b>\$ 504,541</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 565,505</b>	<b>\$ 565,505</b>
<b>Fund Balance - January 1</b>	<b>2,366,572</b>	<b>2,366,572</b>	<b>2,366,572</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>(64,836)</b>	<b>(64,836)</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,366,572</b>	<b>\$ 2,366,572</b>	<b>\$ 2,867,241</b>	<b>\$ 500,669</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT A-3*

**BUDGETARY COMPARISON SCHEDULE  
HUMAN SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,476,209	\$ 1,476,209	\$ 1,443,560	\$ (32,649)
Intergovernmental	1,834,138	1,834,138	2,213,077	378,939
Charges for services	288,800	288,800	453,810	165,010
Miscellaneous	57,450	57,450	82,677	25,227
<b>Total Revenues</b>	<b>\$ 3,656,597</b>	<b>\$ 3,656,597</b>	<b>\$ 4,193,124</b>	<b>\$ 536,527</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 1,155,341	\$ 1,155,341	\$ 1,177,518	\$ (22,177)
Social services	2,825,866	2,825,866	2,902,776	(76,910)
Senior coordinator	72,252	72,252	64,512	7,740
<b>Total Expenditures</b>	<b>\$ 4,053,459</b>	<b>\$ 4,053,459</b>	<b>\$ 4,144,806</b>	<b>\$ (91,347)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (396,862)</b>	<b>\$ (396,862)</b>	<b>\$ 48,318</b>	<b>\$ 445,180</b>
<b>Other Financing Sources (Uses)</b>				
Other	396,862	396,862	-	(396,862)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 48,318</b>	<b>\$ 48,318</b>
<b>Fund Balance - January 1</b>	<b>2,616,792</b>	<b>2,616,792</b>	<b>2,616,792</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,616,792</b>	<b>\$ 2,616,792</b>	<b>\$ 2,665,110</b>	<b>\$ 48,318</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT A-4**

**SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS  
DECEMBER 31, 2016**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a)/c)</b>
January 1, 2008	\$ -	\$ 3,561,170	\$ 3,561,170	0.00%	\$ 4,610,899	77.23%
January 1, 2011	-	3,235,761	3,235,761	0.00	5,020,667	64.45
January 1, 2014	-	2,923,875	2,923,875	0.00	5,644,211	51.80

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT A-5*

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA GENERAL EMPLOYEES RETIREMENT PLAN  
DECEMBER 31, 2016**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>State's Proportionate Share of the Net Pension Liability Associated with Pope County (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)</b>	<b>Covered Payroll (c)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2016	0.0744%	\$ 6,040,911	\$ 78,926	\$ 6,119,837	\$ 4,619,457	130.77%	68.91%
2015	0.0816	4,228,936	N/A	4,228,936	4,804,103	88.03	78.19

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT A-6*

**SCHEDULE OF CONTRIBUTIONS  
PERA GENERAL EMPLOYEES RETIREMENT PLAN  
DECEMBER 31, 2016**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2016	\$ 353,849	\$ 353,849	\$ -	\$ 4,717,986	7.50%
2015	354,731	354,731	-	4,729,744	7.50

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT A-7**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN  
DECEMBER 31, 2016**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0640%	\$ 2,568,431	\$ 613,583	418.60%	63.88%
2015	0.0610	693,103	555,199	124.84	86.61

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT A-8**

**SCHEDULE OF CONTRIBUTIONS  
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN  
DECEMBER 31, 2016**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2016	\$ 101,364	\$ 101,364	\$ -	\$ 625,703	16.20%
2015	97,692	97,692	-	603,034	16.20

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

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, certain special revenue funds, and the Debt Service Fund. A budget is not adopted for the Solid Waste or Ditch Special Revenue Funds because they are based on taxing and special assessments which cannot be determined on an annual basis. Similarly, the Law Library Special Revenue Fund is not budgeted due to the fact that financing is based on fees from court proceedings; therefore, expenditures cannot be determined. All annual appropriations lapse at fiscal year-end unless specifically carried over to the next budget year by Board action.

On or before mid-June of each year, all departments and agencies submit requests for appropriations to the Pope County Auditor/Treasurer so that a budget can be prepared. Before October 31, the proposed budget is presented to the County Board for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

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

2. Excess of Expenditures Over Budget

The following major governmental fund had expenditures in excess of budget at the fund level for the year ended December 31, 2016:

	Actual	Expenditures Final Budget	Excess
Human Services Special Revenue Fund	\$ 4,144,806	\$ 4,053,459	\$ 91,347

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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3. Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30, 2016:

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

**SUPPLEMENTARY INFORMATION**

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**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT B-1**

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 608,576	\$ 608,576	\$ 579,874	\$ (28,702)
Intergovernmental	-	-	35,296	35,296
<b>Total Revenues</b>	<b>\$ 608,576</b>	<b>\$ 608,576</b>	<b>\$ 615,170</b>	<b>\$ 6,594</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 608,576	\$ 608,576	\$ 450,000	\$ 158,576
Interest	-	-	143,253	(143,253)
Administrative charges	-	-	900	(900)
<b>Total Expenditures</b>	<b>\$ 608,576</b>	<b>\$ 608,576</b>	<b>\$ 594,153</b>	<b>\$ 14,423</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,017</b>	<b>\$ 21,017</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	(200)	(200)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,817</b>	<b>\$ 20,817</b>
<b>Fund Balance - January 1</b>	<b>595,538</b>	<b>595,538</b>	<b>595,538</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 595,538</b>	<b>\$ 595,538</b>	<b>\$ 616,355</b>	<b>\$ 20,817</b>

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

NONMAJOR FUNDS

Special Revenue Funds

Law Library - to account for operation and maintenance of the law library. Financing is provided by fees from court proceedings in accordance with Minn. Stat. § 134A.10.

Agency Funds

School Districts - to account for collection and payment of money due to schools.

Select Account - to account for the collection and distribution of Pope County employees' pre-tax benefit plans.

Collaborative - to account for the receipts and disbursements of the Pope County Family Services Collaborative.

Glacial Ridge Hospital District - to account for funds collected for the Glacial Ridge Hospital District.

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

Towns and Cities - to account for the collection and payment of taxes due to towns and cities.

Farwell Kensington Sanitary District - to account for the receipts and disbursements of the Farwell Kensington Sanitary District.

Sauk River Watershed District - to account for the collection and payment of funds due to the Sauk River Watershed District.

Middle Fork Crow River Watershed District - to account for the collection and payment of funds due to the Middle Fork Crow River Watershed District.

North Fork Watershed District - to account for collection and payment of funds due to the North Fork Watershed District.

State - to account for the receipt and remittance of funds collected for the State of Minnesota and other local units of government.

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POPE COUNTY  
GLENWOOD, MINNESOTA

*EXHIBIT B-2*

BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUND  
DECEMBER 31, 2016

	<u>Law Library (Exhibit 3)</u>
<u>Assets</u>	
Cash and pooled investments	\$ 24,597
Due from other governments	<u>1,305</u>
<b>Total Assets</b>	<b><u>\$ 25,902</u></b>
<u>Liabilities and Fund Balance</u>	
<b>Liabilities</b>	
Accounts payable	\$ 757
Salaries payable	<u>51</u>
<b>Total Liabilities</b>	<b>\$ 808</b>
<b>Fund Balance</b>	
Restricted	<u>25,094</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 25,902</u></b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

***EXHIBIT B-3***

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Law Library (Exhibit 5)</b>
<b>Revenues</b>	
Fines and forfeits	\$ 21,253
<b>Expenditures</b>	
<b>Current</b>	
General government	<u>13,537</u>
<b>Net Change in Fund Balance</b>	<b>\$ 7,716</b>
<b>Fund Balance - January 1</b>	<u>17,378</u>
<b>Fund Balance - December 31</b>	<u><u>\$ 25,094</u></u>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT B-4*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>SCHOOL DISTRICTS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 94,376	\$ 7,455,878	\$ 7,448,887	\$ 101,367
<b><u>Liabilities</u></b>				
Due to other governments	\$ 94,376	\$ 7,651,621	\$ 7,644,630	\$ 101,367
 <b><u>SELECT ACCOUNT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 4,971	\$ 180,010	\$ 179,596	\$ 5,385
<b><u>Liabilities</u></b>				
Accounts payable	\$ 4,971	\$ 189,140	\$ 188,726	\$ 5,385
 <b><u>COLLABORATIVE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 73,519	\$ 66,405	\$ 67,441	\$ 72,483
<b><u>Liabilities</u></b>				
Due to other governments	\$ 73,519	\$ 66,405	\$ 67,441	\$ 72,483

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT B-4  
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>GLACIAL RIDGE HOSPITAL DISTRICT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 5,410	\$ 395,028	\$ 395,919	\$ 4,519
<b><u>Liabilities</u></b>				
Due to other governments	\$ 5,410	\$ 405,106	\$ 405,997	\$ 4,519
 <b><u>TAXES AND PENALTIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 47,854	\$ 32,285,206	\$ 32,289,698	\$ 43,362
<b><u>Liabilities</u></b>				
Due to other governments	\$ 47,854	\$ 32,342,970	\$ 32,347,462	\$ 43,362
 <b><u>TOWNS AND CITIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 98,790	\$ 6,615,433	\$ 6,635,278	\$ 78,945
<b><u>Liabilities</u></b>				
Due to other governments	\$ 98,790	\$ 6,793,168	\$ 6,813,013	\$ 78,945

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT B-4  
(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>FARWELL KENSINGTON SANITARY DISTRICT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ 31</u>	<u>\$ 8,370</u>	<u>\$ 8,185</u>	<u>\$ 216</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 31</u>	<u>\$ 8,617</u>	<u>\$ 8,432</u>	<u>\$ 216</u>
 <b><u>SAUK RIVER WATERSHED DISTRICT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ 129</u>	<u>\$ 16,327</u>	<u>\$ 16,262</u>	<u>\$ 194</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 129</u>	<u>\$ 16,650</u>	<u>\$ 16,585</u>	<u>\$ 194</u>
 <b><u>MIDDLE FORK CROW RIVER WATERSHED DISTRICT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ 64</u>	<u>\$ 767</u>	<u>\$ 831</u>	<u>\$ -</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 64</u>	<u>\$ 831</u>	<u>\$ 895</u>	<u>\$ -</u>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

***EXHIBIT B-4  
(Continued)***

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>NORTH FORK WATERSHED DISTRICT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 1,149	\$ 44,844	\$ 44,636	\$ 1,357
<b><u>Liabilities</u></b>				
Due to other governments	\$ 1,149	\$ 47,865	\$ 47,657	\$ 1,357
 <b><u>STATE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 73,336	\$ 2,679,213	\$ 2,682,419	\$ 70,130
<b><u>Liabilities</u></b>				
Due to other governments	\$ 73,336	\$ 2,791,125	\$ 2,794,331	\$ 70,130
 <b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 399,629	\$ 49,747,481	\$ 49,769,152	\$ 377,958
<b><u>Liabilities</u></b>				
Accounts payable	\$ 4,971	\$ 189,140	\$ 188,726	\$ 5,385
Due to other governments	394,658	50,124,358	50,146,443	372,573
<b>Total Liabilities</b>	<b>\$ 399,629</b>	<b>\$ 50,313,498</b>	<b>\$ 50,335,169</b>	<b>\$ 377,958</b>



## **OTHER SCHEDULES**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT C-1*

**SCHEDULE OF DEPOSITS AND INVESTMENTS  
DECEMBER 31, 2016**

	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Fair Value</u>
<b>Pooled Deposits and Investments</b>			
<b>Certificates of deposit</b>			
Bremer Bank	0.40	November 26, 2017	\$ 90,000
Bremer Bank	0.85	September 26, 2018	500,000
Glenwood State Bank	1.30	December 5, 2021	25,000
Glenwood State Bank	0.70	July 11, 2017	24,000
Hometown Community Bank	0.65	April 30, 2017	200,000
Hometown Community Bank	0.40	July 17, 2017	100,000
Hometown Community Bank	0.55	June 24, 2017	300,000
Hometown Community Bank	0.45	January 9, 2017	1,000,000
Lowry State Bank	0.40	April 18, 2017	200,000
Lowry State Bank	0.40	July 1, 2017	<u>150,000</u>
<b>Total certificates of deposit</b>			<b>\$ <u>2,589,000</u></b>
<b>Checking accounts</b>			
Eagle Bank	0.05	Continuous	\$ 35,395
Glenwood State Bank	0.15	Continuous	<u>73,981</u>
<b>Total checking accounts</b>			<b>\$ <u>109,376</u></b>
<b>Savings accounts</b>			
Eagle Bank	0.15	Continuous	\$ 26,852
Eagle Bank	0.15	Continuous	3,505
Glenwood State Bank	0.35	Continuous	<u>11,393,498</u>
<b>Total savings accounts</b>			<b>\$ <u>11,423,855</u></b>
<b>Total Deposits and Investments</b>			<b>\$ <u><u>14,122,231</u></u></b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**BALANCE SHEET - BY DITCH  
DITCH SPECIAL REVENUE FUND  
DECEMBER 31, 2016**

	Assets			
	Cash and	Special Assessments Receivable		Total
	Investments	Delinquent	Noncurrent	
<b>County Ditches</b>				
2	\$ 2,957	\$ -	\$ -	\$ 2,957
3	403	-	-	403
4	1,743	-	-	1,743
7	4,695	-	-	4,695
8	2,914	-	-	2,914
9	3,224	-	-	3,224
10	1,315	-	-	1,315
12	2,192	97	-	2,289
15	3,308	21	-	3,329
17	165	-	-	165
19	79	-	-	79
24	385	-	-	385
27	294	-	-	294
28	1,547	-	-	1,547
Prop CD 29	-	-	1,217	1,217
General	663	-	-	663
<b>Judicial Ditches</b>				
3 Pope and Douglas	8,090	198	-	8,288
4 Pope and Douglas	549	-	-	549
4 Pope and Swift	591	-	-	591
9 Pope and Swift	551	-	-	551
<b>Total</b>	<b>\$ 35,665</b>	<b>\$ 316</b>	<b>\$ 1,217</b>	<b>\$ 37,198</b>

**EXHIBIT C-2**

<b>Liabilities</b>				<b>Deferred Inflows of Resources</b>	<b>Fund Balances</b>	<b>Total</b>
<b>Due to Other Funds</b>	<b>Due to Other Governments</b>	<b>Advances from Other Funds</b>	<b>Total</b>	<b>Unavailable Revenue</b>	<b>(Unassigned)/ Restricted</b>	<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>
\$ 91	\$ -	\$ -	\$ 91	\$ -	\$ 2,866	\$ 2,957
-	-	-	-	-	403	403
-	-	-	-	-	1,743	1,743
52	-	-	52	-	4,643	4,695
91	-	-	91	-	2,823	2,914
-	-	-	-	-	3,224	3,224
-	-	-	-	-	1,315	1,315
-	-	-	-	97	2,192	2,289
91	-	-	91	21	3,217	3,329
-	-	1,400	1,400	-	(1,235)	165
-	-	-	-	-	79	79
-	-	-	-	-	385	385
-	-	-	-	-	294	294
-	-	-	-	-	1,547	1,547
-	-	1,217	1,217	1,217	(1,217)	1,217
111	-	13,000	13,111	-	(12,448)	663
231	1,874	-	2,105	198	5,985	8,288
71	868	-	939	-	(390)	549
-	-	5,000	5,000	-	(4,409)	591
-	-	1,000	1,000	-	(449)	551
<b>\$ 738</b>	<b>\$ 2,742</b>	<b>\$ 21,617</b>	<b>\$ 25,097</b>	<b>\$ 1,533</b>	<b>\$ 10,568</b>	<b>\$ 37,198</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT C-3**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Appropriations and Shared Revenue**

**State**

Highway users tax	\$ 4,080,137
Market value credit	237,577
PERA rate reimbursement	15,728
Disparity reduction aid	22,507
County program aid	215,448
Police aid	57,882
SCORE	68,710
E-911	82,483
Aquatic invasive species aid	88,664
	88,664

**Total appropriations and shared revenue** **\$ 4,869,136**

**Reimbursement for Services**

**State**

Minnesota Department of Human Services	\$ 586,204
	586,204

**Payments**

**Local**

Local contributions	\$ 18,175
Payments in lieu of taxes	126,001
	126,001

**Total payments** **\$ 144,176**

**Grants**

**State**

Minnesota Department/Board of	
Corrections	\$ 20,387
Transportation	351,788
Natural Resources	9,435
Human Services	497,801
Trial Courts	2,374
Historical Society	10,000
Veterans Affairs	4,657
Water and Soil Resources	84,153
Pollution Control Agency	33,127
	33,127

**Total state** **\$ 1,013,722**

**Federal**

Department of	
Agriculture	\$ 113,183
Commerce	134
Transportation	10,963
Health and Human Services	980,677
Homeland Security	21,033
	21,033

**Total federal** **\$ 1,125,990**

**Total state and federal grants** **\$ 2,139,712**

**Total Intergovernmental Revenue** **\$ 7,739,228**

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT C-4**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>			
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16162MN101S2514	<b>\$ 113,183</b>
<b>U.S. Department of Commerce</b>			
Passed through the City of Saint Cloud, Minnesota  State and Local Implementation Grant Program	11.549	A-SLIGP-2013- CRRB-00001	<b>\$ 134</b>
<b>U.S. Department of Transportation</b>			
Passed Through Minnesota Department of Public Safety  National Priority Safety Program	20.616	F-CMPTR16-2016- POPECO-1952	<b>\$ 10,963</b>
<b>U.S. Department of Health and Human Services</b>			
Passed Through West Central Area Agency on Aging/Land of the Dancing Sky Area Agency on Aging Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	314-16-003B-435	\$ 15,453
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	G-1601MNFPS	3,738
Temporary Assistance for Needy Families	93.558	1601MNTANF	27,544
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$77,669)	93.558	1601MFTANF	50,125
Child Support Enforcement	93.563	1604MNCSES	22,444
Child Support Enforcement (Total Child Support Enforcement CFDA 93.563 \$186,332)	93.563	1604MNCES	163,888
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	1601MNRCA	99
Child Care and Development Block Grant	93.575	G1601MNCCDF	2,740
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFPRG	4,035
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	2,088
Foster Care - Title IV-E	93.658	1601MNFOST	164,801
Social Services Block Grant	93.667	16-01MNSOSR	86,972
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	5,927
Medical Assistance Program	93.778	05-1605MN5ADM	442,247
Medical Assistance Program (Total Medical Assistance Program CFDA 93.778 \$445,860)	93.778	05-1605MN5MAP	3,613
Block Grants for Community Mental Health Services	93.958	SM01002-16	179
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 995,893</b>

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

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

***EXHIBIT C-4  
(Continued)***

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>
<b>U.S. Department of Homeland Security</b>			
Passed Through Minnesota Department of Public Safety Hazard Mitigation Grant	97.039	FEMA-4069-DR-MN A-EMPG-2016-	\$ 5,655
Emergency Management Performance Grants	97.042	POPECO-064	17,411
Passed Through City of Saint Cloud, Minnesota			
Homeland Security Grant Program	97.067	A-DECN-SHSP- 2015-CM-ESB-001	<u>201</u>
<b>Total U.S. Department of Homeland Security</b>			<b><u>\$ 23,267</u></b>
<b>Total Federal Awards</b>			<b><u>\$ 1,143,440</u></b>

Pope County did not pass any federal awards through to subrecipients during the year ended December 31, 2016.



**POPE COUNTY  
GLENWOOD, MINNESOTA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Pope County under programs of the federal government for the year ended December 31, 2016. 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 Pope County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pope County.

3. 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pope County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 1,125,990
Expenditures occurred in 2016 and revenue recognized in 2017	
Promoting Safe and Stable Families	818
Temporary Assistance for Needy Families	14,874
Child Care and Development Block Grant	301
Community-Based Child Abuse Prevention Grants	2,201
Stephanie Tubbs Jones Child Welfare Services Program	796
Chafee Foster Care Independence Program	1,926
Emergency Management Performance Grants	2,234
Expenditures occurred prior to 2016 but reimbursed in 2016	
Child Support Enforcement	(5,700)
Expenditures Per Schedule of Expenditures of Federal Awards	\$ 1,143,440

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**Other Information  
Section**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT D-1*

**TAX CAPACITY, TAX RATES, LEVIES, AND PERCENTAGE OF COLLECTIONS**

	2015		2016		2017	
	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate %	Amount	Net Tax Capacity Rate %
<b>Tax Capacity</b>						
Real property	\$ 19,142,050		\$ 19,790,445		\$ 20,174,334	
Personal property	519,300		480,465		475,732	
<b>Total Tax Capacity</b>	<b>\$ 19,661,350</b>		<b>\$ 20,270,910</b>		<b>\$ 20,650,066</b>	
<b>Taxes Levied for County Purposes</b>						
General	\$ 5,871,487	29.346	\$ 6,400,990	31.102	\$ 6,436,724	30.757
Road and Bridge	863,525	4.306	940,141	4.560	1,108,282	5.284
Human Services	1,751,496	8.733	1,513,506	7.341	1,505,023	7.175
Capital Improvement Notes	73,841	0.379	47,250	0.230	46,977	0.230
LEC Bonds	304,100	1.558	303,100	1.471	306,900	1.502
Capital Equipment Notes	248,934	1.275	258,226	1.253	256,589	1.256
<b>Total Levy for County Purposes</b>	<b>\$ 9,113,383</b>	<b>45.597</b>	<b>\$ 9,463,213</b>	<b>45.957</b>	<b>\$ 9,660,495</b>	<b>46.204</b>
<b>Less Credits Payable by State</b>	<b>220,446</b>		<b>215,448</b>		<b>228,699</b>	
<b>Net Levy Certified to State</b>	<b>\$ 8,892,937</b>		<b>\$ 9,247,765</b>		<b>\$ 9,431,796</b>	
<b>Less Market Value Credits Payable by State</b>	<b>238,655</b>		<b>237,592</b>		<b>234,586</b>	
<b>Net Levy for County Purposes</b>	<b>\$ 8,654,282</b>		<b>\$ 9,010,173</b>		<b>\$ 9,197,210</b>	
<b>Tax Capacity - Light and Power</b>						
Assessed at 43%	\$ 59,178		\$ 57,616		\$ 57,352	
Assessed at 5%	2,820		2,866		3,028	
<b>Total Tax Capacity - Light and Power</b>	<b>\$ 61,998</b>		<b>\$ 60,482</b>		<b>\$ 60,380</b>	

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT D-1  
(Continued)**

**TAX CAPACITY, TAX RATES, LEVIES, AND PERCENTAGE OF COLLECTIONS**

	2015		2016		2017	
	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate %	Amount	Net Tax Capacity Rate %
<b>Light and Power Tax Levies</b> <b>(distributed in accordance</b> <b>with Minn. Stat. § 273.42,</b> <b>as amended)</b>						
Assessed at 43%	\$ 48,650	82.209	\$ 48,674	84.479	\$ 48,466	84.507
Assessed at 5%	2,319	82.209	2,422	84.479	2,559	84.507
Market value based on property tax	5,279	0.1703	5,663	0.1873	5,297	0.1755
State tax	31,520	50.840	29,419	48.641	27,655	45.802
<b>Total Light and Power Tax Levies</b>	<b>\$ 87,768</b>		<b>\$ 86,178</b>		<b>\$ 83,977</b>	
<b>Special Assessments</b>						
Ditch liens and assessments	<b>\$ 743,633</b>		<b>\$ 673,985</b>		<b>\$ 730,693</b>	
<b>Percentage of Tax Collections for All Purposes</b>	<b>99%</b>		<b>99%</b>		<b>N/A</b>	



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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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

### Independent Auditor's Report

Board of County Commissioners  
Pope County  
Glenwood, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County, Minnesota, as of and for the year ended December 31, 2016, 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 6, 2017.

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

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

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

significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 1996-001, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

### **Minnesota Legal Compliance**

The *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested in connection with the audit of the County's financial statements: 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, except that we did not test for compliance with the provisions for tax increment financing because the County administers no tax increment financing districts.

In connection with our audit, nothing came to our attention that caused us to believe that Pope County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Counties*. 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.

## **Pope County's Response to Findings**

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

## **Purpose of This Report**

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

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 6, 2017

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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

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

#### Independent Auditor's Report

Board of County Commissioners  
Pope County  
Glenwood, Minnesota

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

We have audited Pope County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2016. Pope County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Pope County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pope County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance with those requirements.

***Opinion on the Major Federal Program***

In our opinion, Pope 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 program for the year ended December 31, 2016.

**Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Purpose of This Report**

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

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 6, 2017

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**Financial Statements**

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

Internal control over financial reporting:

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

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

**Federal Awards**

Internal control over major program:

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

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

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

The major federal program is:

Medical Assistance Program

CFDA No. 93.778

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

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

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

### INTERNAL CONTROL

#### PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding Number 1996-001

#### Departmental Internal Accounting Control

**Criteria:** A good system of internal control provides for an adequate segregation of duties so that no one individual handles a transaction from its inception to completion.

**Condition:** Several of the County's departments that collect fees lack proper segregation of duties. These departments generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts. Departments that do not have sufficient segregation of duties include Assessor, Recorder, Sheriff, Highway, Human Services, Land and Resource Management, Solid Waste, and Extension.

**Context:** Due to the limited number of office personnel within the County, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Pope County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

**Effect:** Inadequate segregation of duties could adversely affect the County's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

**Cause:** The County has stated that it does not have the economic resources needed to hire additional qualified accounting staff in order to adequately segregate duties in every department.

**Recommendation:** We recommend the County's elected officials and management be aware of the lack of segregation of the accounting functions and, where possible, implement oversight procedures to ensure that the internal control policies and procedures are being implemented by staff to the extent possible.

**View of Responsible Official:** Acknowledge

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

None.

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**REPRESENTATION OF POPE COUNTY  
GLENWOOD, MINNESOTA**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Finding Number: 1996-001**

**Finding Title: Departmental Internal Accounting Control**

Name of Contact Person Responsible for Corrective Action:

Auditor-Treasurer and all Department Heads

Corrective Action Planned:

Pope County is aware of the internal accounting control problems arising due to limited office personnel. The Auditor/Treasurer's Office attempts to segregate duties within the confines of limited office personnel to address internal accounting control. Offices that collect fees are depositing them daily and department heads are taking a more active role in accounting functions of their individual departments. Reports are sent to management on a monthly basis for individual department review.

Anticipated Completion Date:

On-going

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**REPRESENTATION OF POPE COUNTY  
GLENWOOD, MINNESOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Finding Number: 1996-001**

**Finding Title: Departmental Internal Accounting Control**

**Summary of Condition:** Several of the County's departments that collect fees lack proper segregation of duties. These departments generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

**Summary of Corrective Action Previously Reported:** Pope County is aware of the internal accounting control problems arising due to limited office personnel. The Auditor/Treasurer's Office attempts to segregate duties within the confines of limited office personnel to address internal accounting control. Offices that collect fees are depositing more frequently and department heads are taking a more active role in accounting functions of their individual departments. Reports are sent to management on a monthly basis for individual department review.

**Status:** Not Corrected. Pope County is aware of the internal accounting control problems but was unable to correct due to limited resources and personnel. Pope County management will continue to monitor the day to day financial activity. Money that is collected by departments are brought to the Auditor/Treasurer's office daily. Monthly reports are sent to each department head for review on a monthly basis.

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