

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

POPE COUNTY
GLENWOOD, MINNESOTA

YEAR ENDED DECEMBER 31, 2008

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 160 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 730 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.

Office of the State Auditor
525 Park Street, Suite 500
Saint Paul, Minnesota 55103
(651) 296-2551
state.auditor@state.mn.us
www.auditor.state.mn.us

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**POPE COUNTY
GLENWOOD, MINNESOTA**

Year Ended December 31, 2008



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

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**POPE COUNTY
GLENWOOD, MINNESOTA**

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GLENWOOD, MINNESOTA**

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**POPE COUNTY
GLENWOOD, MINNESOTA**

**ORGANIZATION
2008**

Office	Name	Term	
		From	To
Commissioners			
1st District	Larry Kittelson*	January 2007	January 2011
2nd District	Jeanne Olson	January 2005	January 2009
3rd District	Dean Paulson	January 2005	January 2009
4th District	Paul Anderson	January 2007	January 2011
5th District	Randy Shaw	January 2007	January 2011
Officers			
Elected			
Attorney	Belvin Doebeert	January 2007	January 2011
Auditor/Treasurer	Donna Quandt	January 2007	January 2011
County Recorder	Darby Bowen	January 2007	January 2011
Sheriff	Tom Larson	January 2007	January 2011
Appointed			
Assessor	Wayne Anderson	December 2000	December 2008
Coroner	Roderick B. Brown, M.D.		Indefinite
Highway Engineer	Brian Noetzelman	May 2006	May 2010
Veterans Service Officer	Hugh Reimers		Indefinite
Nursing Service Director	Sharon Braaten		Indefinite
Coordinator	Riaz Aziz		Indefinite
Surveyor	Rodney Eldevik		Indefinite
Family Services			
Director	Robert Cornelius		Indefinite
Manager	Mary Schley		Indefinite
Manager	Paula Hoverud		Indefinite
Board			
Member	Larry Kittelson	January 2007	January 2011
Member	Jeanne Olson	January 2005	January 2009
Member	Dean Paulson	January 2005	January 2009
Member	Paul Anderson	January 2007	January 2011
Member	Randy Shaw	January 2007	January 2011

*Chair

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Pope County

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, 2008, which collectively comprise Pope County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pope County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3.C.5. to the financial statements, during the year ended December 31, 2008, Pope County adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The Management's Discussion and Analysis and the other required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Pope County's basic financial statements. The supplementary information and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Pope County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 22, 2009, 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* and should be considered in assessing the results of our audit.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

December 22, 2009

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**POPE COUNTY
GLENWOOD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008
(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, 2008. 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 assets are \$51,178,317, of which Pope County has invested \$44,105,824 in capital assets, net of related debt, and \$836,853 is restricted to specific purposes/uses by the County.
- The net cost of Pope County's governmental activities for the year ended December 31, 2008, was \$5,580,345; the net cost was funded by general revenues and other items totaling \$7,017,522.
- Pope County's net assets increased by \$1,437,177 for the year ended December 31, 2008. The net assets of the County's discretely presented component unit increased by \$35,128.
- The long-term liabilities increased in 2008 due to a liability payable to Rainbow Rider in the amount of \$376,020. Pope County is acting as a pass-through agency; in 2010, grant dollars will be received to pay for this liability.

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) and certain budgetary comparison schedules 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 interrelated.

Management's Discussion and Analysis

Government-Wide Financial Statements	Fund Financial Statements
Notes to the Financial Statements	

Pope County presents two government-wide financial statements. They are the Statement of Net Assets 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 Assets and the Statement of Activities

The Statement of Net Assets 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 and liabilities 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 assets and changes in them. You can think of the County's net assets--the difference between assets and liabilities--as one way to measure Pope County's financial health or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial 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 Assets 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, 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 Housing and Redevelopment 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 an accounting method called modified accrual accounting. This accounting 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 Assets 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 that 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 assets and changes in fiduciary net assets. 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 assets (Table 1) and changes in net assets (Table 2) of the County's governmental activities.

Table 1
Net Assets

	Governmental Activities		Percent
	2008	2007 (Restated)	Change (%)
Assets			
Current and other assets	\$ 9,962,650	\$ 9,920,974	0.42
Capital assets, net of accumulated depreciation	44,579,405	43,293,970	2.97
Total Assets	\$ 54,542,055	\$ 53,214,944	2.49
Liabilities			
Current liabilities	\$ 756,202	\$ 1,093,205	(30.83)
Long-term debt outstanding	2,607,536	2,380,599	9.53
Total Liabilities	\$ 3,363,738	\$ 3,473,804	(3.17)
Net Assets			
Invested in capital assets, net of debt	\$ 44,105,824	\$ 43,086,987	2.36
Restricted	836,853	825,519	1.37
Unrestricted	6,235,640	5,828,634	6.98
Total Net Assets	\$ 51,178,317	\$ 49,741,140	2.89

Pope County's total net assets for the year ended December 31, 2008, total \$51,178,317. The governmental activities' unrestricted net assets, totaling \$6,235,640, is available to finance the day-to-day operations of the governmental activities of Pope County.

Table 2
Changes in Net Assets

	Governmental Activities		Percent
	2008	2007 (Restated)	Change (%)
Revenues			
Program revenues			
Fees, charges, fines, and other	\$ 1,645,474	\$ 1,688,515	(2.55)
Operating grants and contributions	6,058,982	3,573,061	69.57
Capital grants and contributions	476,447	1,519,914	(68.65)
General revenues			
Property taxes	5,538,747	5,390,551	2.75
Other taxes	64,589	70,884	(8.88)
Grants and contributions not restricted to specific programs	1,022,756	1,243,092	(17.72)
Other general revenues	391,430	584,549	(33.04)
Total Revenues	\$ 15,198,425	\$ 14,070,566	8.02

	Governmental Activities		Percent Change (%)
	2008	2007 (Restated)	
Expenses			
General government	\$ 3,536,997	\$ 3,210,789	10.16
Public safety	1,590,718	1,546,727	2.84
Highways and streets	3,272,794	3,236,522	1.12
Sanitation	382,812	360,239	6.27
Human services	2,735,406	2,644,390	3.44
Health	969,655	821,243	18.07
Culture and recreation	151,632	149,678	1.31
Conservation of natural resources	396,346	398,394	(0.51)
Economic development	619,544	676,188	(8.38)
Interest	105,344	49,403	113.23
Total Expenses	\$ 13,761,248	\$ 13,093,573	5.10
Increase in Net Assets	\$ 1,437,177	\$ 976,993	47.10
Net Assets - January 1, as restated	49,741,140	48,764,147	2.00
Net Assets - December 31	\$ 51,178,317	\$ 49,741,140	2.89

Governmental Activities

Revenues for Pope County's governmental activities for the year ended December 31, 2008, were \$15,198,425. The County's cost for all governmental activities for the year ended December 31, 2008, was \$13,761,248. The net assets for the County's governmental activities increased by \$1,437,177 in 2008.

As shown in the Statement of Activities, the amount that Pope County taxpayers ultimately financed for these governmental activities through local property taxation was \$5,538,747 because \$8,180,903 of the costs were paid by those who directly benefited from the programs and \$1,087,345 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 \$391,430 from other revenues, such as investment income, mortgage registry tax, and state deed tax.

**Total County Revenue
2008**

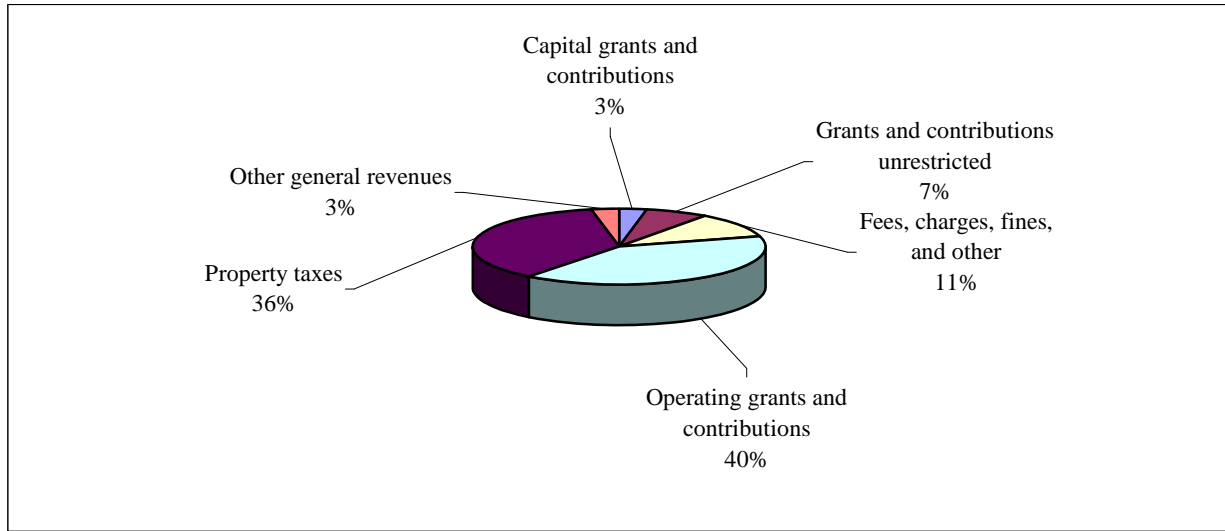
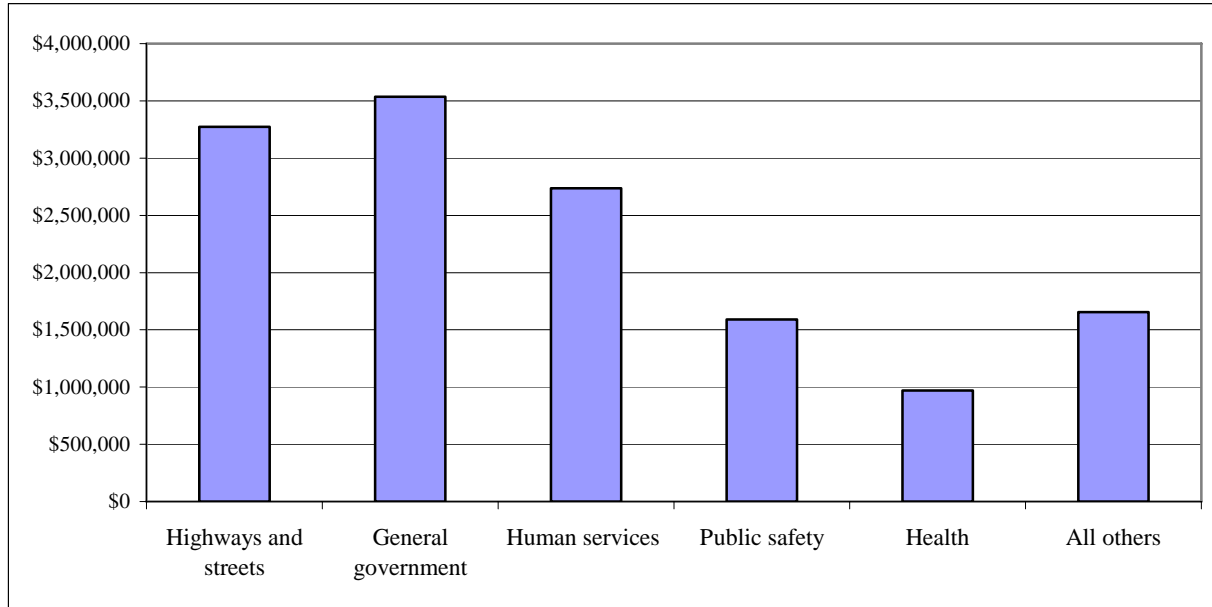


Table 3 presents the cost of each of Pope County's five largest program functions, as well as each function's net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden placed on Pope County's taxpayers by each of these functions.

**Table 3
Governmental Activities**

	Total Cost of Services 2008	Net Cost of Services 2008
Program Expenses		
General government	\$ 3,536,997	\$ 3,100,694
Public safety	1,590,718	806,148
Highways and streets	3,272,794	(288,303)
Human services	2,735,406	1,293,432
Health	969,655	88,144
All others	1,655,678	580,230
	<hr/>	<hr/>
Total Program Expenses	\$ 13,761,248	\$ 5,580,345

**Governmental Activities Expenses
2008**



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 \$7,941,369.

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 2008, the County Board of Commissioners made changes to the budget as originally adopted on December 27, 2007. These 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, the actual revenues were more than the expected revenues by \$261,048, and actual expenditures were \$858,602 less than budgeted expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, Pope County had \$44,579,405 invested in a broad range of capital assets, net of depreciation. This investment in capital assets includes land, buildings, highways and streets, and equipment (see Table 4 below).

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

	2008	2007 (Restated)	Percent Change (%)
Land	\$ 1,815,044	\$ 1,568,279	15.73
Buildings	3,299,017	2,260,020	45.97
Office furniture and equipment	308,843	284,764	8.46
Machinery and equipment	1,318,139	1,315,066	0.23
Infrastructure	37,838,362	37,865,841	(0.07)
Totals	<u>\$ 44,579,405</u>	<u>\$ 43,293,970</u>	2.97

At December 31, 2008, Pope County had \$1,696,393 of bonds and loans outstanding compared with \$1,961,445 as of December 31, 2007, a decrease of 13.51 percent, as shown in Table 5.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	Percent Change (%)
	2008	2007 (Restated)
Bonds payable		
2002 Solid Waste Bonds	\$ 335,000	\$ 440,000
2003A G.O. Capital Improvement Bonds	-	215,000
2007 G.O. Capital Improvement Bonds	1,270,000	1,270,000
Septic System Replacement Program loans	91,393	36,445
Totals	<u>\$ 1,696,393</u>	<u>\$ 1,961,445</u>

Pope County maintains an “A3” rating from Moody’s Investor Services. Other long-term obligations include capital leases, a Septic System Replacement Program loan from the State of Minnesota, and compensated absences. Pope County’s notes to the financial statements provide detailed information about the County’s long-term liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2009 budget and tax rates.

- Pope County's unemployment rates for 2007 and 2008 are 4.5 percent and 5.3 percent, respectively, compared to the Minnesota unemployment rates for 2006 and 2007, which averaged 4.6 percent and 5.4 percent, respectively. Should the unemployment rate rise, it could 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 will influence the development of future budgets.
- On December 16, 2008, the Pope County Board of Commissioners approved the 2009 budget at \$18,947,326. The 2008 total levy is \$6,915,384, less County Program Aid of \$549,888, for a net levy of \$6,365,496. This represents an increase of 5.99 percent over the 2008 levy.
- The unallotments at the state level will affect the future of county government in that the County Board will have to continue to cut back on spending and look at generating revenues in other areas.

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, 320-634-5705, 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 ASSETS
DECEMBER 31, 2008**

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Pope County Housing and Redevelopment Authority</u>
<u>Assets</u>		
Cash and pooled investments	\$ 8,111,024	\$ 92,010
Petty cash and change funds	1,900	-
Departmental cash	16,836	-
Taxes receivable		
Delinquent	183,233	5,989
Special assessments receivable		
Delinquent	31,893	-
Deferred	189,763	-
Accounts receivable - net	75,148	-
Accrued interest receivable	5,076	-
Due from other governments	1,294,881	-
Loans receivable	-	94,739
Inventories	30,588	-
Deferred charges	22,308	69,447
Restricted assets		
Cash and pooled investments	-	3,400,000
Capital assets		
Non-depreciable	1,815,044	439,580
Depreciable - net of accumulated depreciation	42,764,361	5,900
Total Assets	<u>\$ 54,542,055</u>	<u>\$ 4,107,665</u>
<u>Liabilities</u>		
Accounts payable	\$ 165,533	\$ 48,031
Salaries payable	192,613	670
Contracts payable	131,243	-
Retainage payable	11,275	-
Due to other governments	132,995	-
Accrued interest payable	22,960	-
Unearned revenue	99,583	-
Long-term liabilities		
Due within one year	450,691	60,000
Due in more than one year	2,156,845	3,440,000
Total Liabilities	<u>\$ 3,363,738</u>	<u>\$ 3,548,701</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

***EXHIBIT 1
(Continued)***

**STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Pope County Housing and Redevelopment Authority</u>
<u>Net Assets</u>		
Invested in capital assets - net of related debt	\$ 44,105,824	\$ 345,480
Restricted for		
General government	463,114	-
Public safety	31,172	-
Highways and streets	30,588	-
Culture and recreation	85,260	-
Conservation of natural resources	90,839	-
Sanitation	41,446	-
Capital projects	94,434	-
Unrestricted	<u>6,235,640</u>	<u>213,484</u>
Total Net Assets	<u>\$ 51,178,317</u>	<u>\$ 558,964</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>
<u>Functions/Programs</u>		
Primary Government		
Governmental activities		
General government	\$ 3,536,997	\$ 420,130
Public safety	1,590,718	36,258
Highways and streets	3,272,794	65,873
Sanitation	382,812	326,735
Human services	2,735,406	110,873
Health	969,655	612,219
Culture and recreation	151,632	-
Conservation of natural resources	396,346	73,386
Economic development	619,544	-
Interest	105,344	-
Total Primary Government	<u>\$ 13,761,248</u>	<u>\$ 1,645,474</u>
Component Unit		
Housing and Redevelopment Authority	<u>\$ 1,182,814</u>	<u>\$ -</u>

General Revenues

Property taxes
Gravel taxes
Payments in lieu of tax
Grants and contributions not restricted to specific programs
Investment income
Gain on sale of capital assets
Miscellaneous

Total general revenues

Change in net assets

Net Assets - Beginning, as restated (Note 2.C.)

Net Assets - Ending

EXHIBIT 2

		Net (Expense) Revenue and Changes in Net Assets	
Program Revenues			Component Unit
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Pope County Housing and Redevelopment Authority
\$ 16,173	\$ -	\$ (3,100,694)	
748,312	-	(806,148)	
3,494,604	620	288,303	
55,000	-	(1,077)	
1,331,101	-	(1,293,432)	
269,292	-	(88,144)	
-	-	(151,632)	
144,500	-	(178,460)	
-	475,827	(143,717)	
-	-	(105,344)	
\$ 6,058,982	\$ 476,447	\$ (5,580,345)	
\$ -	\$ -		\$ (1,182,814)
		\$ 5,538,747	\$ 212,502
		3,031	-
		61,558	-
		1,022,756	600,000
		283,510	5,271
		31,113	400,121
		76,807	48
		\$ 7,017,522	\$ 1,217,942
		\$ 1,437,177	\$ 35,128
		49,741,140	523,836
		\$ 51,178,317	\$ 558,964

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

**POPE COUNTY
GLENWOOD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General</u>	<u>Road and Bridge</u>	<u>Family Services</u>
<u>Assets</u>			
Cash and pooled investments	\$ 3,559,569	\$ 952,384	\$ 1,780,162
Petty cash and change funds	1,900	-	-
Departmental cash	16,836	-	-
Taxes receivable			
Delinquent	110,386	23,118	35,841
Special assessments receivable			
Delinquent	13,362	-	-
Noncurrent	80,344	-	-
Accounts receivable	5,718	3,396	9,171
Accrued interest receivable	5,076	-	-
Due from other funds	-	-	-
Due from other governments	200,389	880,592	179,106
Inventories	-	30,588	-
Advances to other funds	123,196	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 4,116,776</u>	<u>\$ 1,890,078</u>	<u>\$ 2,004,280</u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 48,950	\$ 21,436	\$ 88,141
Salaries payable	102,099	31,705	36,189
Contracts payable	-	131,243	-
Retainage payable	-	11,275	-
Due to other funds	305	3,031	-
Due to other governments	45,241	9,222	62,903
Deferred revenue - unavailable	204,092	883,960	35,841
Deferred revenue - unearned	99,583	-	-
Advances from other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 500,270</u>	<u>\$ 1,091,872</u>	<u>\$ 223,074</u>

EXHIBIT 3

<u>Ditch</u>	<u>Solid Waste</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 86,250	\$ 25,106	\$ 446,606	\$ 796,419	\$ 464,528	\$ 8,111,024
-	-	-	-	-	1,900
-	-	-	-	-	16,836
-	-	13,888	-	-	183,233
-	18,531	-	-	-	31,893
109,419	-	-	-	-	189,763
-	-	-	-	56,863	75,148
-	-	-	-	-	5,076
-	-	-	-	3,336	3,336
-	-	-	-	34,794	1,294,881
-	-	-	-	-	30,588
-	-	-	-	-	123,196
<u><u>\$ 195,669</u></u>	<u><u>\$ 43,637</u></u>	<u><u>\$ 460,494</u></u>	<u><u>\$ 796,419</u></u>	<u><u>\$ 559,521</u></u>	<u><u>\$ 10,066,874</u></u>
\$ -	\$ -	\$ 432	\$ -	\$ 6,574	\$ 165,533
-	-	-	-	22,620	192,613
-	-	-	-	-	131,243
-	-	-	-	-	11,275
-	-	-	-	-	3,336
4,496	10,393	-	-	740	132,995
109,419	18,531	13,888	-	-	1,265,731
-	-	-	-	-	99,583
123,196	-	-	-	-	123,196
<u><u>\$ 237,111</u></u>	<u><u>\$ 28,924</u></u>	<u><u>\$ 14,320</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 29,934</u></u>	<u><u>\$ 2,125,505</u></u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General</u>	<u>Road and Bridge</u>	<u>Family Services</u>
<u>Liabilities and Fund Balances</u> (Continued)			
Fund Balances			
Reserved for			
Missing heirs	\$ 33,630	\$ -	\$ -
Advances to other funds	123,196	-	-
Law library	-	-	-
Recorder's equipment	50,095	-	-
Inventories	-	30,588	-
Gravel pit closure	-	-	-
Sheriff's contingency	6,092	-	-
Capital expenditures	94,434	-	-
Workers' compensation	6,673	-	-
Petty cash	1,900	-	-
Recorder's compliance	137,219	-	-
D.A.R.E.	25,080	-	-
Bike path donations	36,974	-	-
Local water planning	60,537	-	-
Feedlot program	48,286	-	-
ISTS loan program	20,225	-	-
Shoreland administration	9,268	-	-
Election equipment	96,937	-	-
Extension grants	809	-	-
Unreserved			
Designated for cash flows	1,000,000	-	515,556
Designated for compensated absences	350,000	-	-
Designated for courthouse maintenance	100,000	-	-
Designated for insurance	75,000	-	-
Designated for E-911	182,287	-	-
Designated for permit to carry	9,295	-	-
Designated for plat sign deposits	1,169	-	-
Designated for veteran vans	13,095	-	-
Designated for engineering services	9,152	-	-
Designated for chemical use assessment	29,258	-	-
Designated for probation program expense	20,652	-	-
Designated for probation support fees	24,402	-	-
Designated for domestic abuse	1,573	-	-
Undesignated	1,049,268	767,618	1,265,650
Reported in nonmajor special revenue funds	-	-	-
Total Fund Balances	\$ 3,616,506	\$ 798,206	\$ 1,781,206
Total Liabilities and Fund Balances	\$ 4,116,776	\$ 1,890,078	\$ 2,004,280

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

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EXHIBIT 3
(Continued)

<u>Ditch</u>	<u>Solid Waste</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,630
-	-	-	-	-	123,196
-	-	-	-	13,464	13,464
-	-	-	-	-	50,095
-	-	-	-	-	30,588
-	-	-	-	41,446	41,446
-	-	-	-	-	6,092
-	-	-	-	-	94,434
-	-	-	-	-	6,673
-	-	-	-	-	1,900
-	-	-	-	-	137,219
-	-	-	-	-	25,080
-	-	-	-	-	36,974
-	-	-	-	-	60,537
-	-	-	-	-	48,286
-	-	-	-	-	20,225
-	-	-	-	-	9,268
-	-	-	-	-	96,937
-	-	-	-	-	809
-	-	-	-	-	1,515,556
-	-	-	-	-	350,000
-	-	-	-	-	100,000
-	-	-	-	-	75,000
-	-	-	-	-	182,287
-	-	-	-	-	9,295
-	-	-	-	-	1,169
-	-	-	-	-	13,095
-	-	-	-	-	9,152
-	-	-	-	-	29,258
-	-	-	-	-	20,652
-	-	-	-	-	24,402
-	-	-	-	-	1,573
(41,442)	14,713	446,174	796,419	-	4,298,400
-	-	-	-	474,677	474,677
<u>\$ (41,442)</u>	<u>\$ 14,713</u>	<u>\$ 446,174</u>	<u>\$ 796,419</u>	<u>\$ 529,587</u>	<u>\$ 7,941,369</u>
<u>\$ 195,669</u>	<u>\$ 43,637</u>	<u>\$ 460,494</u>	<u>\$ 796,419</u>	<u>\$ 559,521</u>	<u>\$ 10,066,874</u>

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**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008**

Fund balance - total governmental funds (Exhibit 3)	\$ 7,941,369
--	---------------------

Amounts reported for governmental activities in the statement of net assets 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.	44,579,405
--	------------

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

Deferred charges	22,308
------------------	--------

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

Deferred revenue	1,265,731
------------------	-----------

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	\$ (1,605,000)	
Loans payable	(91,393)	
Other long-term liabilities - Rainbow Rider	(376,020)	
Compensated absences	(460,970)	
Net OPEB liability	<u>(74,153)</u>	(2,607,536)

Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds.	<u>(22,960)</u>
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Net Assets of Governmental Activities (Exhibit 1)	<u><u>\$ 51,178,317</u></u>
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**POPE COUNTY
GLENWOOD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Road and Bridge</u>	<u>Family Services</u>
Revenues			
Taxes	\$ 3,232,737	\$ 703,075	\$ 1,114,179
Special assessments	11,657	-	-
Licenses and permits	40,834	-	-
Intergovernmental	1,147,815	3,949,597	1,589,925
Charges for services	279,365	49,445	74,187
Fines and forfeits	1,806	-	-
Gifts and contributions	4,589	-	-
Investment earnings	283,510	-	-
Miscellaneous	219,327	17,576	36,686
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 5,221,640</u>	<u>\$ 4,719,693</u>	<u>\$ 2,814,977</u>
Expenditures			
Current			
General government	\$ 2,853,225	\$ -	\$ -
Public safety	1,454,871	-	-
Highways and streets	-	3,447,324	-
Human services	-	-	2,815,539
Health	-	-	-
Culture and recreation	151,632	-	-
Conservation of natural resources	371,240	-	-
Economic development	19,454	-	-
Intergovernmental			
Highways and streets	-	241,677	-
Sanitation	55,000	-	-
Economic development	150,000	450,000	-
Capital outlay	321,261	-	-
Debt service			
Principal	1,733	-	-
Interest	382	-	-
Administrative charges	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 5,378,798</u>	<u>\$ 4,139,001</u>	<u>\$ 2,815,539</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (157,158)</u>	<u>\$ 580,692</u>	<u>\$ (562)</u>

EXHIBIT 5

Ditch	Solid Waste	Debt Service	Capital Projects	Other Governmental Funds	Total
\$ -	\$ -	\$ 439,514	\$ -	\$ 3,031	\$ 5,492,536
62,963	318,050	-	-	-	392,670
-	-	-	-	-	40,834
-	-	47,551	-	175,218	6,910,106
-	-	-	-	612,219	1,015,216
-	-	-	-	25,768	27,574
-	-	-	-	-	4,589
-	-	-	-	-	283,510
1,500	-	-	-	-	275,089
\$ 64,463	\$ 318,050	\$ 487,065	\$ -	\$ 816,236	\$ 14,442,124
\$ -	\$ -	\$ -	\$ -	\$ 26,080	\$ 2,879,305
-	-	-	-	-	1,454,871
-	-	-	-	-	3,447,324
-	-	-	-	-	2,815,539
-	-	-	-	968,943	968,943
-	-	-	-	-	151,632
22,580	-	-	-	-	393,820
-	-	-	-	-	19,454
-	-	-	-	-	241,677
-	327,812	-	-	-	382,812
-	-	-	-	-	600,000
-	-	-	315,566	-	636,827
-	-	320,000	-	-	321,733
-	-	73,321	-	-	73,703
-	-	1,661	-	-	1,661
\$ 22,580	\$ 327,812	\$ 394,982	\$ 315,566	\$ 995,023	\$ 14,389,301
\$ 41,883	\$ (9,762)	\$ 92,083	\$ (315,566)	\$ (178,787)	\$ 52,823

**POPE COUNTY
GLENWOOD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Road and Bridge</u>	<u>Family Services</u>
Other Financing Sources (Uses)			
Transfers in	\$ 450,000	\$ 450,000	\$ -
Transfers out	(583,706)	(450,000)	-
Proceeds from loan	56,681	-	-
Proceeds from the sale of capital assets	31,113	-	-
	<u>31,113</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	\$ (45,912)	\$ -	\$ -
Net Change in Fund Balances	\$ (203,070)	\$ 580,692	\$ (562)
Fund Balances - January 1, as restated (Note 2.C.)	3,819,576	216,226	1,781,768
Increase (decrease) in reserved for inventories	-	1,288	-
	<u>-</u>	<u>1,288</u>	<u>-</u>
Fund Balances - December 31	<u>\$ 3,616,506</u>	<u>\$ 798,206</u>	<u>\$ 1,781,206</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>
\$ -	\$ -	\$ -	\$ -	\$ 133,706	\$ 1,033,706
-	-	-	-	-	(1,033,706)
-	-	-	-	-	56,681
-	-	-	-	-	31,113
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,706</u>	<u>\$ 87,794</u>
\$ 41,883	\$ (9,762)	\$ 92,083	\$ (315,566)	\$ (45,081)	\$ 140,617
(83,325)	24,475	354,091	1,111,985	574,668	7,799,464
-	-	-	-	-	1,288
<u>\$ (41,442)</u>	<u>\$ 14,713</u>	<u>\$ 446,174</u>	<u>\$ 796,419</u>	<u>\$ 529,587</u>	<u>\$ 7,941,369</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, 2008**

Net change in fund balances - total governmental funds (Exhibit 5) **\$ 140,617**

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 revenue deferred as unavailable.

Deferred revenue - December 31	\$ 1,265,731	
Deferred revenue - January 1	(998,977)	266,754

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 assets differs from the change in fund balance by the net book value of the assets disposed.

Expenditures for general capital assets and infrastructure	\$ 2,734,748	
Net book value of assets sold	(6,240)	
Current year depreciation	(1,443,073)	1,285,435

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 assets. Also, governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of activities.

Proceeds of new debt		
Loans payable issued	\$ (56,681)	
Other long-term liabilities - Rainbow Rider	(376,020)	
Principal repayments	321,733	
Current year amortization of issuance costs	(10,052)	(121,020)

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	\$ (19,928)	
Change in compensated absences	(41,816)	
Change in inventories	1,288	
Change in net OPEB liability	(74,153)	(134,609)

Change in Net Assets of Governmental Activities (Exhibit 2) **\$ 1,437,177**

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

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FIDUCIARY FUNDS

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**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2008**

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and pooled investments	\$ 403,318
Due from other governments	<u>677</u>
Total Assets	<u>\$ 403,995</u>
<u>Liabilities</u>	
Accounts payable	\$ 5,230
Due to other governments	<u>398,765</u>
Total Liabilities	<u>\$ 403,995</u>

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**POPE COUNTY
GLENWOOD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008**

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2008. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. 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:

<u>Component Unit</u>	<u>Component Unit of Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Pope County Housing and Redevelopment Authority (HRA) provides services pursuant to Minn. Stat. §§ 469.001-469.047.	County appoints members, and the HRA is a financial burden.	Separate financial statements are not prepared.

Significant accounting policies of the component unit do not differ significantly from those of the County.

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Joint Ventures

The County participates in several joint ventures described in Note 5.C.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net assets 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 assets, 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 assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. 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**

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 required to be 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 Family 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 property.

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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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

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 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**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets 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, 2008, 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 2008 were \$283,510.

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.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds 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.

3. Inventories

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 reserved fund balance to indicate that they do not constitute available spendable resources.

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

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 estimated fair 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

5. 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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

6. Deferred Revenue

All County funds and the government-wide financial statements defer revenue for resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period.

7. 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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 an other financing source. 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.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

9. 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.

2. Stewardship, Compliance, and Accountability

A. Deficit Fund Equity

The Ditch Special Revenue Fund had a deficit fund balance as of December 31, 2008, of \$41,442. The deficit will be eliminated with future special assessment levies against benefited properties.

B. Excess of Expenditures Over Appropriations

The following funds had expenditures in excess of budget for the year ended December 31, 2008:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Special Revenue Funds			
Road and Bridge	\$ 4,139,001	\$ 4,104,384	\$ 34,617
Health Services	968,943	825,006	143,937

C. Reclassification/Restatement

The Pope County HRA discretely presented component unit was previously reported as part of the nonmajor special revenue funds. The restated beginning net assets include the HRA's 2007 capital assets, long-term debt, and deferred revenue.

Net assets of the Pope County HRA at January 1, 2008, have been restated. Previously, the County did not recognize a loan receivable.

**POPE COUNTY
GLENWOOD, MINNESOTA**

2. Stewardship, Compliance, and Accountability

C. Reclassification/Restatement (Continued)

The reclassification/restatement is as follows:

	Governmental Activities	Nonmajor Special Revenue Funds	HRA Discretely Presented Component Unit
Net assets/fund balance, as previously reported	\$ 50,168,190	\$ 681,267	\$ -
Capital assets	(476,638)	-	476,638
Contract for deed	160,000	-	(160,000)
Fund balance	(106,599)	(106,599)	106,599
Adjustment for deferred revenue	(3,813)	-	3,813
Restatement for unrecorded loan receivable	-	-	96,786
	<u>-</u>	<u>-</u>	<u>96,786</u>
Net Assets/Fund Balance, as Restated	<u>\$ 49,741,140</u>	<u>\$ 574,668</u>	<u>\$ 523,836</u>

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Government-wide statement of net assets	
Governmental activities	
Cash and pooled investments	\$ 8,111,024
Petty cash and change funds	1,900
Departmental cash	16,836
Statement of fiduciary net assets	
Cash and pooled investments	<u>403,318</u>
Total Cash and Investments	<u>\$ 8,533,078</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

a. Deposits

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

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better or 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.

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, 2008, \$93,947 of the County's bank balances of \$12,971,812 were exposed to custodial credit risk.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

b. Investments

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers’ acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

The County had no investments as of December 31, 2008.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

The County had no receivables scheduled to be collected beyond one year, except for \$189,763 of deferred special assessments.

3. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	Beginning Balance, as Restated (Note 2.C.)	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,568,279	\$ 246,765	\$ -	\$ 1,815,044
Capital assets depreciated				
Buildings	\$ 3,596,335	\$ 1,166,727	\$ -	\$ 4,763,062
Office furniture and equipment	644,585	79,745	65,829	658,501
Machinery and automotive equipment	3,257,671	308,632	121,881	3,444,422
Infrastructure	48,915,916	932,879	-	49,848,795
Total capital assets depreciated	\$ 56,414,507	\$ 2,487,983	\$ 187,710	\$ 58,714,780
Less: accumulated depreciation for				
Buildings	\$ 1,336,315	\$ 127,730	\$ -	\$ 1,464,045
Office furniture and equipment	359,821	49,426	59,589	349,658
Machinery and automotive equipment	1,942,605	305,559	121,881	2,126,283
Infrastructure	11,050,075	960,358	-	12,010,433
Total accumulated depreciation	\$ 14,688,816	\$ 1,443,073	\$ 181,470	\$ 15,950,419
Total capital assets depreciated, net	\$ 41,725,691	\$ 1,044,910	\$ 6,240	\$ 42,764,361
Governmental Activities Capital Assets, Net	\$ 43,293,970	\$ 1,291,675	\$ 6,240	\$ 44,579,405

**POPE COUNTY
GLENWOOD, MINNESOTA**

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	\$ 147,876
Public safety	74,543
Highways and streets, including depreciation of infrastructure assets	1,215,463
Human services	2,776
Health	2,415
	<hr/>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,443,073</u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2008, is as follows:

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Description</u>
Health Services	General	\$ 305	To provide funding
Gravel Tax	Road and Bridge	3,031	Gravel tax receipts
		<hr/>	
Total Due To/From Other Funds		<u>\$ 3,336</u>	

2. Advances From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Ditch	<u>\$ 123,196</u>

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

2. Advances From/To Other Funds (Continued)

Interfund transfers for the year ended December 31, 2008, consisted of the following:

	Transfers In	Description
Transfers to Road and Bridge Special Revenue Fund from General Fund	\$ 450,000	To provide funding
Transfers to Health Services Special Revenue Fund from General Fund	133,706	To provide funding
Transfer to General Fund from Road and Bridge Special Revenue Fund	450,000	To pay back previous transfer
Total Interfund Transfers	<u>\$ 1,033,706</u>	

C. Liabilities

1. Deferred Revenue

Deferred revenue consists of taxes and special assessments receivable, state and federal grants and other revenues that are not collected soon enough after year-end to pay liabilities of the current period, and state and federal grants received but not yet earned. Deferred revenue at December 31, 2008, is summarized below by fund:

	Taxes and Special Assessments	Grants	Total
Governmental funds			
General Fund	\$ 204,092	\$ 99,583	\$ 303,675
Special Revenue Funds			
Road and Bridge	23,118	860,842	883,960
Family Services	35,841	-	35,841
Ditch	109,419	-	109,419
Solid Waste	18,531	-	18,531
Debt Service Fund	13,888	-	13,888
Total	<u>\$ 404,889</u>	<u>\$ 960,425</u>	<u>\$ 1,365,314</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

1. Deferred Revenue (Continued)

	Taxes and Special Assessments	Grants	Total
Deferred revenue			
Unavailable	\$ 404,889	\$ 860,842	\$ 1,265,731
Unearned	-	99,583	99,583
Total	<u>\$ 404,889</u>	<u>\$ 960,425</u>	<u>\$ 1,365,314</u>

2. Long-Term Debt

Bond and note payments are typically made from the Debt Service Fund. Information on individual bonds and notes payables were as follows:

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2008
General Obligation Bonds					
2002 Solid Waste Bond	12/01/2011	\$90,000 - \$115,000	2.00 - 3.70	\$ 1,030,000	\$ 335,000
2007A G.O. Capital Improvement Bonds	02/01/2012	\$300,000 - \$335,000	3.60	<u>1,270,000</u>	<u>1,270,000</u>
Total General Obligation Bonds				<u>\$ 2,300,000</u>	<u>\$ 1,605,000</u>
Septic System Replacement Loans					
SRF0127 State of MN Septic System Replacement Loans	06/15/2018	\$1,654 - \$3,941	2.00	\$ 38,168	\$ 36,435
SRF0185 State of MN Septic System Replacement Loans	06/15/2021	\$2,495 - \$5,943	2.00	<u>54,958</u>	<u>54,958</u>
Total State of MN Septic System Replacement Loans				<u>\$ 93,126</u>	<u>\$ 91,393</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

3. Debt Service Requirements

Debt service requirements at December 31, 2008, were as follows:

Year Ending December 31	General Obligation Bonds		Loans Payable	
	Principal	Interest	Principal	Interest
2009	\$ 410,000	\$ 52,275	\$ 3,519	\$ 711
2010	420,000	37,555	3,590	640
2011	440,000	22,165	6,157	1,107
2012	335,000	6,030	8,801	1,498
2013	-	-	8,978	1,320
2014 - 2018	-	-	45,563	3,814
2019 - 2023	-	-	14,785	385
Total	<u>\$ 1,605,000</u>	<u>\$ 118,025</u>	<u>\$ 91,393</u>	<u>\$ 9,475</u>

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

	Beginning Balance, as Restated (Note 2.C.)	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 1,925,000	\$ -	\$ 320,000	\$ 1,605,000	\$ 410,000
Loans payable	36,445	56,681	1,733	91,393	4,230
Other long-term liability	-	376,020	-	376,020	-
Compensated absences	419,154	510,798	468,982	460,970	36,461
Net OPEB liability	-	271,563	197,410	74,153	-
Long-Term Liabilities	<u>\$ 2,380,599</u>	<u>\$ 1,215,062</u>	<u>\$ 988,125</u>	<u>\$ 2,607,536</u>	<u>\$ 450,691</u>

The other long-term liability is for a payable to Rainbow Rider, a regional transportation service housed in Pope County. Grant money will be received to pay this liability in 2010.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

4. Changes in Long-Term Liabilities (Continued)

Long-term debt was liquidated by payments from the following funds:

General Fund	\$ 1,733
Debt Service Fund	<u>320,000</u>
Total Principal Retirements	<u><u>\$ 321,733</u></u>

5. Other Postemployment Benefits

In 2008, the County implemented the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This pronouncement required the County to calculate and record a net other postemployment benefits (OPEB) obligation at December 31, 2008. The net OPEB obligation is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since January 1, 2008.

Plan Description

Pope County provides a single-employer defined benefit healthcare 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, 2008, the date of the first actuarial valuation:

Active employees	118
Retired employees	<u>49</u>
Total Plan Participants	<u><u>167</u></u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

5. Other Postemployment Benefits (Continued)

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 healthcare plan at the same rate as County employees. This results in the retirees receiving an implicit rate subsidy. For fiscal year 2008, the County contributed \$197,410 to the plan.

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 2008, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

ARC	\$ 271,563
Interest on net OPEB obligation	-
Adjustment to ARC	-
	<hr/>
Annual OPEB cost	\$ 271,563
Contributions during the year	(197,410)
	<hr/>
Increase in net OPEB obligation	\$ 74,153
Net OPEB Obligation - Beginning of Year	-
	<hr/>
Net OPEB Obligation - End of Year	<u>\$ 74,153</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

5. Other Postemployment Benefits

Annual OPEB Cost and Net OPEB Obligation (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008, were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2008	<u>\$ 271,563</u>	<u>\$ 197,410</u>	<u>72.69%</u>	<u>\$ 74,153</u>

Funded Status and Funding Progress

As of January 1, 2008, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$3,561,170, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,561,170. The covered payroll (annual payroll of active employees covered by the plan) was \$4,610,899, and the ratio of the UAAL to the covered payroll was 77.23 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 healthcare 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, 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. In the first year, only one year of funding data is presented.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

5. Other Postemployment Benefits (Continued)

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. In the December 31, 2008, actuarial valuation, 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 9.00 percent initially, reduced by the decrements to an ultimate rate of 5.00 percent after 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.

4. 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 Public Employees Retirement Fund and the Public Employees Police and Fire Fund, which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356.

Public Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Pension Plans

A. Plan Description (Continued)

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement 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 Coordinated and Basic Plan members. The retiring member receives 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 year thereafter. For a Coordinated plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Using 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. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

For Public Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and either 65 or 66 (depending on date hired) for Public Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs 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 public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Pension Plans (Continued)

B. Funding Policy

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. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.1 and 6.0 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members were required to contribute 8.6 percent of their annual covered salary in 2008. That rate increased to 9.4 percent in 2009.

The County is required to contribute the following percentages of annual covered payroll in 2008 and 2009:

	<u>2008</u>	<u>2009</u>
Public Employees Retirement Fund		
Basic Plan members	11.78%	11.78%
Coordinated Plan members	6.50	6.75
Public Employees Police and Fire Fund	12.90	14.10

The County's contributions for the years ending December 31, 2008, 2007, and 2006, for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Public Employees Retirement Fund	\$ 294,510	\$ 282,452	\$ 214,540
Public Employees Police and Fire Fund	50,363	45,758	36,244

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

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 Insurance Trust (MCIT). MCIT is

**POPE COUNTY
GLENWOOD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

A. Risk Management (Continued)

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.

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 \$410,000 per claim in 2008 and \$430,000 per claim in 2009. 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 litigations. 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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

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.

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.

Pope/Douglas Solid Waste Management had net assets of \$18,955,836 as of December 31, 2008, which was a decrease of \$735,580.

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

Complete financial statements of Pope/Douglas Solid Waste Management can be obtained at 2110 South Jefferson, Alexandria, Minnesota 56308.

Central Minnesota Council on Aging

The Central Minnesota Council 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. The agreement was established to administer all aspects of the Older Americans Act by providing programs to meet the needs of the elderly in the nine-county area. Each county may be assessed a proportional share of 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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Central Minnesota Council on Aging (Continued)

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 does not discharge any liability incurred or chargeable to any county before the effective date of withdrawal. Control is vested in the Central Minnesota 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.

Complete financial statements for the Central Minnesota Council on Aging can be obtained from its administrative office, P. O. Box 726, Fergus Falls, Minnesota 56538-0726.

Mid-State Community Health Services

Douglas, 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 (following a budget approved by the five-county Board). Stevens County Nursing Service receives and administers the grant money.

Complete financial statements for the Mid-State Community Health Services can be obtained from its administrative office at 210 Atlantic Avenue, Morris, Minnesota 56267-1321, or from the Stevens County Auditor/Treasurer's Office at the Courthouse.

Prime West Central County-Based Purchasing Initiative Joint Powers Board

In December 1998, Pope County became a member of the Prime West Central County-Based Purchasing Initiative Joint Powers Board with Big Stone, Douglas, Grant, McLeod, Meeker, Pipestone, Renville, Stevens, and Traverse Counties. Pope County, in partnership with these nine counties, is able to directly purchase health care services for County residents who are eligible for Medical Assistance and General Assistance Medical Care. County-based purchasing is the local control alternative favored for improved coordination of services to the Prepaid Medical Insurance Program in complying with Minnesota Department of Health requirements as set forth in Minn. Stat. chs. 62D and 62N. Funding comes primarily from the state.

**POPE COUNTY
GLENWOOD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Prime West Central County-Based Purchasing Initiative Joint Powers Board
(Continued)

Douglas County acts as fiscal agent for the Prime West Central County-Based Purchasing Initiative Joint Powers Board and reports the cash transactions as an investment trust fund on its financial statements.

Complete financial information can be obtained from its administrative office at Prime West Health Systems, Douglas County Courthouse, 305 - 8th Avenue West, Alexandria, Minnesota 56308.

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.

Complete financial information can be obtained from the Prairie County Resource Conservation and Development Council, 1005 High Avenue North East, Willmar, Minnesota 56201.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

D. 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 2008.

6. Pope County Housing and Redevelopment Authority (HRA)

A. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the HRA. The HRA is reporting as of and for the year ended December 31, 2008.

The accounts of the HRA are organized and operated on the basis of a single fund, which has a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. This fund is used to account for operations of the HRA and is grouped into the proprietary category. Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The HRA's government-wide financial statements (the statement of net assets and the statement of activities) are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reporting Entity

The HRA is governed by a five-member Board of Directors who are appointed by the Pope County Board.

Basis of Presentation

The HRA does not prepare separate financial statements.

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority (HRA) (Continued)

B. Property Taxes

Property tax levies are set by the HRA and are certified to the County each year for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. 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 at various times during the year. Taxes collectible in a given calendar year are generally recognized as revenue during that fiscal year.

C. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Bond Issuance Costs

Bond issuance costs are stated at historical cost and are amortized using the straight-line method over the life of the bonds.

E. Assets

1. Cash

All cash of the HRA is on deposit with the Pope County Auditor/Treasurer and included within its pooled cash and investments. At year-end December 31, 2008, the HRA had \$92,010 in cash and pooled investments and \$3,400,000 in restricted cash and pooled investments.

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority (HRA)

E. Assets (Continued)

2. Receivables

Receivables for the HRA at December 31, 2008, were as follows:

Taxes	\$ 5,989
Loan	<u>94,739</u>
Total Receivables	<u><u>\$ 100,728</u></u>

Of the loan receivable, \$91,752 is not expected to be collected within the next year.

3. Capital Assets

Capital assets are stated at historical or estimated historical cost and are depreciated using the straight-line method over their estimated useful lives ranging from 8 to 40 years.

The HRA's capital asset activity for the year ended December 31, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land	\$ 429,210	\$ 10,370	\$ -	\$ 439,580
Capital assets depreciated				
Buildings	\$ 107,930	\$ 6,000	\$ 107,930	\$ 6,000
Less: accumulated depreciation	<u>60,502</u>	<u>100</u>	<u>60,502</u>	<u>100</u>
Total capital assets depreciated, net	<u>\$ 47,428</u>	<u>\$ 5,900</u>	<u>\$ 47,428</u>	<u>\$ 5,900</u>
Total Capital Assets, Net	<u><u>\$ 476,638</u></u>	<u><u>\$ 16,270</u></u>	<u><u>\$ 47,428</u></u>	<u><u>\$ 445,480</u></u>

Depreciation expense of \$100 was charged to economic development expense.

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority (HRA) (Continued)

F. Liabilities

Long-Term Debt

Long-term debt outstanding at December 31, 2008, for the HRA consists of the following:

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issues Amount	Outstanding Balance December 31, 2008
2008A Public Project Revenue Bonds	02/01/2019	\$135,000 - \$285,000	3.20 - 4.90	\$ 3,400,000	\$ 3,400,000
Contracts for Deed	01/01/2011	\$40,000 - \$60,000	5.75	\$ 400,000	\$ 100,000

The debt service requirements as of December 31, 2008, are as follows:

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2009	\$ -	\$ 92,823
2010	-	149,180
2011	-	149,180
2012	-	149,180
2013	135,000	147,020
2014 - 2018	780,000	655,405
2019 - 2023	965,000	475,705
2024 - 2028	1,235,000	224,183
2029	285,000	6,982
Total	\$ 3,400,000	\$ 2,049,658

Long-term liability activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ -	\$ 3,400,000	\$ -	\$ 3,400,000	\$ -
Contracts for deed	160,000	-	60,000	100,000	60,000
Long-Term Liabilities	\$ 160,000	\$ 3,400,000	\$ 60,000	\$ 3,500,000	\$ 60,000

REQUIRED SUPPLEMENTARY INFORMATION

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**POPE COUNTY
GLENWOOD, MINNESOTA**

Schedule 1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 3,538,623	\$ 3,538,623	\$ 3,232,737	\$ (305,886)
Special assessments	-	-	11,657	11,657
Licenses and permits	40,000	40,000	40,834	834
Intergovernmental	685,426	685,426	1,147,815	462,389
Charges for services	290,420	290,420	279,365	(11,055)
Fines and forfeits	-	-	1,806	1,806
Gifts and contributions	-	-	4,589	4,589
Investment earnings	250,000	250,000	283,510	33,510
Miscellaneous	156,123	156,123	219,327	63,204
Total Revenues	\$ 4,960,592	\$ 4,960,592	\$ 5,221,640	\$ 261,048
Expenditures				
Current				
General government				
Commissioners	\$ 206,968	\$ 206,968	\$ 192,223	\$ 14,745
County-wide	-	-	715	(715)
Wellness program	2,887	2,887	608	2,279
Information technology	113,203	113,203	115,031	(1,828)
Coordinator	224,882	224,882	225,399	(517)
Auditor/treasurer	345,759	345,759	327,427	18,332
County assessor	303,662	303,662	302,028	1,634
Elections	31,500	31,500	34,248	(2,748)
Accounting and auditing	37,000	37,000	59,088	(22,088)
Data processing	51,600	51,600	46,621	4,979
Attorney	260,966	260,966	230,548	30,418
Recorder	290,177	290,177	243,213	46,964
Surveyor	4,506	4,506	-	4,506
Environmental services	278,464	278,464	256,562	21,902
Buildings	385,565	385,565	379,294	6,271
Veterans service officer	110,921	110,921	114,555	(3,634)
Other general government	319,150	899,610	325,665	573,945
Total general government	\$ 2,967,210	\$ 3,547,670	\$ 2,853,225	\$ 694,445

**POPE COUNTY
GLENWOOD, MINNESOTA**

Schedule 1
(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 954,580	\$ 954,580	\$ 718,508	\$ 236,072
Snowmobile grant	3,940	3,940	-	3,940
Boat and water safety	36,738	36,738	21,217	15,521
Coroner	6,000	6,000	12,965	(6,965)
Enhanced 911 system	29,400	29,400	58,114	(28,714)
Dispatchers	225,868	225,868	158,321	67,547
County jail	350,000	350,000	220,774	129,226
Court services	187,289	187,289	156,132	31,157
Sentenced to serve	83,057	83,057	77,729	5,328
Emergency management	46,647	46,647	31,111	15,536
Total public safety	\$ 1,923,519	\$ 1,923,519	\$ 1,454,871	\$ 468,648
Culture and recreation				
Historical society	\$ 49,000	\$ 49,000	\$ 49,000	\$ -
Let's go fishing	1,500	1,500	1,500	-
Senior citizens	98,183	98,183	99,292	(1,109)
Other	1,840	1,840	1,840	-
Total culture and recreation	\$ 150,523	\$ 150,523	\$ 151,632	\$ (1,109)
Conservation of natural resources				
Soil and water conservation	\$ 70,000	\$ 70,000	\$ 136,233	\$ (66,233)
County extension	102,472	102,472	95,208	7,264
Agriculture ditch inspector	16,003	16,003	13,400	2,603
County fair	25,000	25,000	25,000	-
Water management	75,204	75,204	93,598	(18,394)
Shoreland management	4,842	4,842	7,801	(2,959)
Total conservation of natural resources	\$ 293,521	\$ 293,521	\$ 371,240	\$ (77,719)
Economic development				
Community development	\$ 17,824	\$ 17,824	\$ 17,824	\$ -
Senior citizens	1,988	1,988	1,630	358
Total economic development	\$ 19,812	\$ 19,812	\$ 19,454	\$ 358

**POPE COUNTY
GLENWOOD, MINNESOTA**

Schedule 1
(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures (Continued)				
Intergovernmental				
Sanitation				
Pope/Douglas Solid Waste Management	\$ 44,000	\$ 44,000	\$ 55,000	\$ (11,000)
Economic development	-	-	150,000	(150,000)
Total intergovernmental	\$ 44,000	\$ 44,000	\$ 205,000	\$ (161,000)
Capital outlay				
General government	\$ 219,110	\$ 219,110	\$ 257,510	\$ (38,400)
Public safety	39,245	39,245	63,751	(24,506)
Total capital outlay	\$ 258,355	\$ 258,355	\$ 321,261	\$ (62,906)
Debt service				
Principal	\$ -	\$ -	\$ 1,733	\$ (1,733)
Interest	-	-	382	(382)
Total debt service	\$ -	\$ -	\$ 2,115	\$ (2,115)
Total Expenditures	\$ 5,656,940	\$ 6,237,400	\$ 5,378,798	\$ 858,602
Excess of Revenues Over (Under)				
Expenditures	\$ (696,348)	\$ (1,276,808)	\$ (157,158)	\$ 1,119,650
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 450,000	\$ 450,000
Transfers out	-	-	(583,706)	(583,706)
Proceeds from loan	-	-	56,681	56,681
Proceeds from the sale of capital assets	-	-	31,113	31,113
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (45,912)	\$ (45,912)
Net Change in Fund Balance	\$ (696,348)	\$ (1,276,808)	\$ (203,070)	\$ 1,073,738
Fund Balance - January 1	3,819,576	3,819,576	3,819,576	-
Fund Balance - December 31	\$ 3,123,228	\$ 2,542,768	\$ 3,616,506	\$ 1,073,738

**POPE COUNTY
GLENWOOD, MINNESOTA**

Schedule 2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 786,860	\$ 786,860	\$ 703,075	\$ (83,785)
Intergovernmental	3,196,964	3,196,964	3,949,597	752,633
Charges for services	24,000	24,000	49,445	25,445
Miscellaneous	96,560	96,560	17,576	(78,984)
Total Revenues	\$ 4,104,384	\$ 4,104,384	\$ 4,719,693	\$ 615,309
Expenditures				
Current				
Highways and streets				
Administration	\$ 426,500	\$ 426,500	\$ 315,390	\$ 111,110
Maintenance	1,007,741	1,007,741	771,065	236,676
Engineering/construction	2,011,637	2,011,637	1,894,907	116,730
Equipment, maintenance, and shop	423,951	423,951	465,962	(42,011)
Total highways and streets	\$ 3,869,829	\$ 3,869,829	\$ 3,447,324	\$ 422,505
Intergovernmental				
Highways and streets	\$ 234,555	\$ 234,555	\$ 241,677	\$ (7,122)
Economic development	-	-	450,000	(450,000)
Total intergovernmental	\$ 234,555	\$ 234,555	\$ 691,677	\$ (457,122)
Total Expenditures	\$ 4,104,384	\$ 4,104,384	\$ 4,139,001	\$ (34,617)
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ 580,692	\$ 580,692
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 450,000	\$ 450,000
Transfers out	-	-	(450,000)	(450,000)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balance	\$ -	\$ -	\$ 580,692	\$ 580,692
Fund Balance - January 1	216,226	216,226	216,226	-
Increase (decrease) in reserved for inventories	-	-	1,288	1,288
Fund Balance - December 31	\$ 216,226	\$ 216,226	\$ 798,206	\$ 581,980

The notes to the required supplementary information are an integral part of this schedule.

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**POPE COUNTY
GLENWOOD, MINNESOTA**

Schedule 3

**BUDGETARY COMPARISON SCHEDULE
FAMILY SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 1,240,448	\$ 1,240,448	\$ 1,114,179	\$ (126,269)
Intergovernmental	1,506,322	1,506,322	1,589,925	83,603
Charges for services	53,325	53,325	74,187	20,862
Miscellaneous	193,480	193,480	36,686	(156,794)
Total Revenues	\$ 2,993,575	\$ 2,993,575	\$ 2,814,977	\$ (178,598)
Expenditures				
Current				
Human services				
Income maintenance	\$ 802,495	\$ 802,495	\$ 776,992	\$ 25,503
Social services	2,191,080	2,191,080	2,038,547	152,533
Total Expenditures	\$ 2,993,575	\$ 2,993,575	\$ 2,815,539	\$ 178,036
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ (562)	\$ (562)
Fund Balance - January 1	1,781,768	1,781,768	1,781,768	-
Fund Balance - December 31	\$ 1,781,768	\$ 1,781,768	\$ 1,781,206	\$ (562)

**POPE COUNTY
GLENWOOD, MINNESOTA**

Schedule 4

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2008**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2008	\$ -	\$3,561,170	\$3,561,170	0.0%	\$4,610,899	77.23%

**POPE COUNTY
GLENWOOD, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and certain special revenue funds. A budget is not adopted for the Solid Waste, County Ditch, and Gravel Tax 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.

Encumbrance accounting is employed in governmental funds. Encumbrances (such as purchase orders or contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reapportioned and honored during the subsequent year.

2. Excess of Expenditures Over Appropriations

The following major fund had expenditures in excess of budget for the year ended December 31, 2008:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Road and Bridge Special Revenue Fund	\$ 4,139,001	\$ 4,104,384	\$ 34,617

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Other Postemployment Benefits Funding Status

The County implemented the requirements of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year ended December 31, 2008. Currently, only one year's worth of data is available. Future reports will provide additional trend analysis to meet the three-year funding status requirements as the information becomes available.

SUPPLEMENTARY INFORMATION

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

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**POPE COUNTY
GLENWOOD, MINNESOTA**

NONMAJOR FUNDS

Special Revenue Funds

Health Services - to account for funds designated for the operation and maintenance of a public health nursing service.

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.

Gravel Tax - to account for all funds collected under state law for restoration of abandoned pits or quarries on public land or tax-forfeited land.

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.

West Pope Hospital District - to account for funds collected for the West Pope Hospital District.

**POPE COUNTY
GLENWOOD, MINNESOTA**

NONMAJOR FUNDS

Agency Funds (Continued)

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

Villard Lakes Sanitary District - to account for the receipts and disbursements of the Villard Lakes 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.

Regional Treatment and Correctional Center - to account for the collection and payment of funds due to the Regional Treatment and Correctional Center.

**POPE COUNTY
GLENWOOD, MINNESOTA**

Statement 1

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2008**

	<u>Health Services</u>	<u>Law Library</u>	<u>Gravel Tax</u>	<u>Total (Exhibit 3)</u>
<u>Assets</u>				
Cash and pooled investments	\$ 410,552	\$ 15,561	\$ 38,415	\$ 464,528
Taxes receivable				
Accounts receivable	56,863	-	-	56,863
Due from other funds	305	-	3,031	3,336
Due from other governments	32,826	1,968	-	34,794
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 500,546</u>	<u>\$ 17,529</u>	<u>\$ 41,446</u>	<u>\$ 559,521</u>
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 2,509	\$ 4,065	\$ -	\$ 6,574
Salaries payable	22,620	-	-	22,620
Due to other governments	740	-	-	740
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 25,869</u>	<u>\$ 4,065</u>	<u>\$ -</u>	<u>\$ 29,934</u>
Fund Balances				
Reserved for				
Law library	\$ -	\$ 13,464	\$ -	\$ 13,464
Gravel pit closure	-	-	41,446	41,446
Unreserved				
Undesignated	474,677	-	-	474,677
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>\$ 474,677</u>	<u>\$ 13,464</u>	<u>\$ 41,446</u>	<u>\$ 529,587</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 500,546</u>	<u>\$ 17,529</u>	<u>\$ 41,446</u>	<u>\$ 559,521</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

Statement 2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Health Services	Law Library	Gravel Tax	Total (Exhibit 5)
Revenues				
Taxes	\$ -	\$ -	\$ 3,031	\$ 3,031
Intergovernmental	175,218	-	-	175,218
Charges for services	612,219	-	-	612,219
Fines and forfeits	-	25,768	-	25,768
Total Revenues	\$ 787,437	\$ 25,768	\$ 3,031	\$ 816,236
Expenditures				
Current				
General government	\$ -	\$ 26,080	\$ -	\$ 26,080
Health	968,943	-	-	968,943
Total Expenditures	\$ 968,943	\$ 26,080	\$ -	\$ 995,023
Excess of Revenues Over (Under)				
Expenditures	\$ (181,506)	\$ (312)	\$ 3,031	\$ (178,787)
Other Financing Sources (Uses)				
Transfers in	133,706	-	-	133,706
Net Change in Fund Balance	\$ (47,800)	\$ (312)	\$ 3,031	\$ (45,081)
Fund Balance - January 1	522,477	13,776	38,415	574,668
Fund Balance - December 31	\$ 474,677	\$ 13,464	\$ 41,446	\$ 529,587

**POPE COUNTY
GLENWOOD, MINNESOTA**

Schedule 5

**BUDGETARY COMPARISON SCHEDULE
HEALTH SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ 133,305	\$ 133,305	\$ 175,218	\$ 41,913
Charges for services	515,595	515,595	612,219	96,624
Miscellaneous	42,400	42,400	-	(42,400)
Total Revenues	\$ 691,300	\$ 691,300	\$ 787,437	\$ 96,137
Expenditures				
Current				
Health				
Health services	825,006	825,006	968,943	(143,937)
Excess of Revenues Over (Under)				
Expenditures	\$ (133,706)	\$ (133,706)	\$ (181,506)	\$ (47,800)
Other Financing Sources (Uses)				
Transfers in	133,706	133,706	133,706	-
Net Change in Fund Balance	\$ -	\$ -	\$ (47,800)	\$ (47,800)
Fund Balance - January 1	522,477	522,477	522,477	-
Fund Balance - December 31	\$ 522,477	\$ 522,477	\$ 474,677	\$ (47,800)

**POPE COUNTY
GLENWOOD, MINNESOTA**

Statement 3

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>SCHOOL DISTRICTS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 53,298	\$ 3,460,102	\$ 3,426,480	\$ 86,920
<u>Liabilities</u>				
Due to other governments	\$ 53,298	\$ 4,620,863	\$ 4,587,241	\$ 86,920
 <u>SELECT ACCOUNT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 4,989	\$ 86,148	\$ 85,907	\$ 5,230
<u>Liabilities</u>				
Accounts payable	\$ 4,989	\$ 90,344	\$ 90,103	\$ 5,230
 <u>COLLABORATIVE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 96,117	\$ 56,168	\$ 35,160	\$ 117,125
<u>Liabilities</u>				
Due to other governments	\$ 96,117	\$ 63,916	\$ 42,908	\$ 117,125

**POPE COUNTY
GLENWOOD, MINNESOTA**

Statement 3
(Continued)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>GLACIAL RIDGE HOSPITAL DISTRICT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 3,781	\$ 236,997	\$ 235,307	\$ 5,471
<u>Liabilities</u>				
Due to other governments	\$ 3,781	\$ 253,411	\$ 251,721	\$ 5,471
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 36,760	\$ 13,684,551	\$ 13,686,390	\$ 34,921
<u>Liabilities</u>				
Due to other governments	\$ 36,760	\$ 13,752,319	\$ 13,754,158	\$ 34,921
<u>TOWNS AND CITIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 55,119	\$ 2,854,273	\$ 2,837,297	\$ 72,095
<u>Liabilities</u>				
Due to other governments	\$ 55,119	\$ 3,056,142	\$ 3,039,166	\$ 72,095

**POPE COUNTY
GLENWOOD, MINNESOTA**

Statement 3
(Continued)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>WEST POPE HOSPITAL DISTRICT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ <u>10</u>	\$ <u>269</u>	\$ <u>177</u>	\$ <u>102</u>
<u>Liabilities</u>				
Due to other governments	\$ <u>10</u>	\$ <u>576</u>	\$ <u>484</u>	\$ <u>102</u>
 <u>FARWELL KENSINGTON SANITARY DISTRICT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ <u>30</u>	\$ <u>1,621</u>	\$ <u>1,643</u>	\$ <u>8</u>
<u>Liabilities</u>				
Due to other governments	\$ <u>30</u>	\$ <u>1,647</u>	\$ <u>1,669</u>	\$ <u>8</u>
 <u>VILLARD LAKES SANITARY DISTRICT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ <u>246</u>	\$ <u>61,318</u>	\$ <u>60,202</u>	\$ <u>1,362</u>
<u>Liabilities</u>				
Due to other governments	\$ <u>246</u>	\$ <u>65,403</u>	\$ <u>64,287</u>	\$ <u>1,362</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

Statement 3
(Continued)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>SAUK RIVER WATERSHED DISTRICT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 218	\$ 16,343	\$ 16,335	\$ 226
<u>Liabilities</u>				
Due to other governments	\$ 218	\$ 17,022	\$ 17,014	\$ 226
<u>MIDDLE FORK CROW RIVER WATERSHED DISTRICT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 155	\$ 155	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 155	\$ 155	\$ -
<u>NORTH FORK WATERSHED DISTRICT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 1,927	\$ 20,300	\$ 21,730	\$ 497
<u>Liabilities</u>				
Due to other governments	\$ 1,927	\$ 21,790	\$ 23,220	\$ 497

**POPE COUNTY
GLENWOOD, MINNESOTA**

Statement 3
(Continued)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>STATE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 46,050	\$ 1,726,260	\$ 1,702,777	\$ 69,533
Due from other governments	677	-	-	677
Total Assets	<u>\$ 46,727</u>	<u>\$ 1,726,260</u>	<u>\$ 1,702,777</u>	<u>\$ 70,210</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 46,727</u>	<u>\$ 1,825,685</u>	<u>\$ 1,802,202</u>	<u>\$ 70,210</u>
 <u>REGIONAL TREATMENT AND CORRECTIONAL CENTER</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 15,632</u>	<u>\$ -</u>	<u>\$ 5,804</u>	<u>\$ 9,828</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 15,632</u>	<u>\$ -</u>	<u>\$ 5,804</u>	<u>\$ 9,828</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

Statement 3
(Continued)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 314,177	\$ 22,204,505	\$ 22,115,364	\$ 403,318
Due from other governments	677	-	-	677
Total Assets	<u>\$ 314,854</u>	<u>\$ 22,204,505</u>	<u>\$ 22,115,364</u>	<u>\$ 403,995</u>
<u>Liabilities</u>				
Accounts payable	\$ 4,989	\$ 90,344	\$ 90,103	\$ 5,230
Due to other governments	309,865	23,678,929	23,590,029	398,765
Total Liabilities	<u>\$ 314,854</u>	<u>\$ 23,769,273</u>	<u>\$ 23,680,132</u>	<u>\$ 403,995</u>

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HOUSING AND REDEVELOPMENT AUTHORITY COMPONENT UNIT

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**POPE COUNTY
GLENWOOD, MINNESOTA**

Statement 4

**STATEMENT OF NET ASSETS
HOUSING AND REDEVELOPMENT AUTHORITY COMPONENT UNIT
DECEMBER 31, 2008**

Assets

Current assets

Cash and pooled investments	\$ 92,010
Taxes receivable	
Delinquent	5,989
Loans receivable	94,739
Restricted assets	
Cash and pooled investments	3,400,000

Total current assets	<u>\$ 3,592,738</u>
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Noncurrent assets

Deferred charges	\$ 69,447
Capital assets	
Nondepreciable	439,580
Depreciable - net	5,900

Total noncurrent assets	<u>\$ 514,927</u>
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Total Assets	<u>\$ 4,107,665</u>
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Liabilities

Current liabilities

Accounts payable	\$ 48,031
Salaries payable	670
Contract for deed payable - current	60,000

Total current liabilities	<u>\$ 108,701</u>
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Noncurrent liabilities

Contract for deed payable - long-term	\$ 40,000
Revenue bonds payable - long-term	3,400,000

Total noncurrent liabilities	<u>\$ 3,440,000</u>
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Total Liabilities	<u>\$ 3,548,701</u>
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Net Assets

Invested in capital assets - net of related debt	\$ 345,480
Unrestricted	213,484

Total Net Assets	<u>\$ 558,964</u>
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**POPE COUNTY
GLENWOOD, MINNESOTA**

Statement 5

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
HOUSING AND REDEVELOPMENT AUTHORITY COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2008**

Operating Expenses	
Personal services	\$ 32,476
Professional services	24,900
Insurance	3,345
Licenses and dues	280
Distributions to subgrantees	16,878
Depreciation	100
	<hr/>
Total Operating Expenses	\$ 77,979
	<hr/>
Operating Income (Loss)	\$ (77,979)
	<hr/>
Nonoperating Revenues (Expenses)	
Property taxes	\$ 212,502
Intergovernmental revenue - grants	600,000
Intergovernmental expense - economic development	(921,576)
Miscellaneous	48
Interest income	5,271
Repairs and maintenance	(170,609)
Gain on sale/disposal of capital assets	400,121
Interest expense	(12,650)
	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 113,107
	<hr/>
Change in net assets	\$ 35,128
	<hr/>
Net Assets - January 1, as restated (Note 2.C.)	523,836
	<hr/>
Net Assets - December 31	\$ 558,964
	<hr/>

**POPE COUNTY
GLENWOOD, MINNESOTA**

Statement 6

**STATEMENT OF CASH FLOWS
HOUSING AND REDEVELOPMENT AUTHORITY COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2008
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows from Operating Activities	
Payments to suppliers	\$ (45,403)
Payments to employees	<u>(33,311)</u>
Net cash provided by (used in) operating activities	<u>\$ (78,714)</u>
Cash Flows from Noncapital Financing Activities	
Property taxes	<u>\$ 210,326</u>
Cash Flows from Capital and Related Financing Activities	
Intergovernmental	\$ (321,576)
Proceeds from bonds	3,400,000
Bond issuance costs paid	(69,447)
Principal paid on long-term debt	(60,000)
Interest paid on long-term debt	(12,650)
Construction, repair and maintenance of assets	(178,364)
Proceeds from the sale of capital assets	447,549
Purchases of capital assets	(16,370)
Other cash from capital activity	<u>6,686</u>
Net cash provided by (used in) capital and related financing activities	<u>\$ 3,195,828</u>
Cash Flows from Investing Activities	
Collections of loan principal	\$ 2,047
Interest received on loans	5,835
Insurance dividends	<u>902</u>
Net cash provided by (used in) investing activities	<u>\$ 8,784</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 3,336,224</u>
Cash and Cash Equivalents at January 1	<u>155,786</u>
Cash and Cash Equivalents at December 31	<u><u>\$ 3,492,010</u></u>
Cash and Cash Equivalents - Exhibit 5	
Cash and pooled investments	\$ 92,010
Restricted cash and pooled investments	<u>3,400,000</u>
Total Cash and Cash Equivalents	<u><u>\$ 3,492,010</u></u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

**Statement 6
(Continued)**

**STATEMENT OF CASH FLOWS
HOUSING AND REDEVELOPMENT AUTHORITY COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2008
Increase (Decrease) in Cash and Cash Equivalents**

**Reconciliation of Operating Income (Loss) to Net Cash Provided by
(Used in) Operating Activities**

Operating income (loss)	<u>\$ (77,979)</u>
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**Adjustments to reconcile operating income (loss) to net cash
provided by (used in) operating activities**

Depreciation expense	\$ 100
Increase (decrease) in salaries payable	<u>(835)</u>

Total adjustments	<u>\$ (735)</u>
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Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (78,714)</u></u>
--	----------------------------------

OTHER SCHEDULES

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**POPE COUNTY
GLENWOOD, MINNESOTA**

Schedule 6

**SCHEDULE OF DEPOSITS AND INVESTMENTS
DECEMBER 31, 2008**

	Interest Rate (%)	Maturity Date	Fair Value
Pooled Deposits and Investments			
Certificates of deposit			
Bremer Bank	2.70	November 26, 2009	\$ 90,000
Glenwood State Bank	3.35	July 11, 2009	24,000
Hometown Community Bank	2.80	July 17, 2009	100,000
Hometown Community Bank	2.00	April 30, 2009	200,000
Hometown Community Bank	2.85	May 15, 2009	225,000
Hometown Community Bank	2.70	June 24, 2009	300,000
Lowry State Bank	2.10	January 18, 2009	200,000
Total certificates of deposit			\$ 1,139,000
Checking accounts			
Eagle Bank	0.10	Continuous	\$ 18,907
Eagle Bank	0.50	Continuous	3,480
Glenwood State Bank	0.95	Continuous	91,418
Total checking accounts			\$ 113,805
Savings accounts			
Eagle Bank	1.25	Continuous	\$ 786,076
Glenwood State Bank	1.75	Continuous	6,475,461
Total savings accounts			\$ 7,261,537
Total Deposits and Investments			\$ 8,514,342

**POPE COUNTY
GLENWOOD, MINNESOTA**

Schedule 7

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

	2007		2008		2009	
	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate %	Amount	Net Tax Capacity Rate %
Tax Capacity						
Real property	\$ 11,549,359		\$ 13,162,120		\$ 14,601,223	
Personal property	275,196		270,730		271,929	
Total Tax Capacity	\$ 11,824,555		\$ 13,432,850		\$ 14,873,152	
Taxes Levied for County Purposes						
General	\$ 4,146,093	31.973	\$ 3,873,385	26.456	\$ 3,944,010	24.370
Road and Bridge	832,536	6.378	822,123	5.577	800,172	4.912
Family Services	1,031,113	7.899	1,365,415	9.262	1,500,949	9.213
Incinerator Bonds	124,126	1.057	126,331	0.944	128,053	0.864
Capital Improvements Notes	231,281	1.969	363,006	2.711	362,200	2.442
LEC Bonds	-	-	-	-	180,000	1.214
Total Levy for County Purposes	\$ 6,365,149	49.276	\$ 6,550,260	44.950	\$ 6,915,384	43.015
Less Credits Payable by State	590,792		544,992		549,888	
Net Levy Certified to State	\$ 5,774,357		\$ 6,005,268		\$ 6,365,496	
Less Market Value Credits Payable by State	591,234		566,189		543,626	
Net Levy for County Purposes	\$ 5,183,123		\$ 5,439,079		\$ 5,821,870	
Tax Capacity - Light and Power						
Assessed at 43%	\$ 28,638		\$ 27,106		\$ 35,458	
Assessed at 5%	2,298		2,150		2,112	
Total Tax Capacity - Light and Power	\$ 30,936		\$ 29,256		\$ 37,570	

**POPE COUNTY
GLENWOOD, MINNESOTA**

Schedule 7
(Continued)

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

	2007		2008		2009	
	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate %	Amount	Net Tax Capacity Rate %
Light and Power Tax Levies (distributed in accordance with Minn. Stat. § 273.42, as amended)						
Assessed at 43%	\$ 26,258	91.691	\$ 24,028	88.649	\$ 29,758	83.923
Assessed at 5%	2,107	91.691	1,907	88.649	1,772	83.923
Market value based on						
property tax	2,269	0.147	2,226	0.152	3,118	0.166
State tax	14,859	48.032	13,443	45.949	17,108	45.535
Total Light and Power Tax Levies	\$ 45,493		\$ 41,604		\$ 51,756	
Special Assessments						
Ditch liens and assessments	\$ 740,925		\$ 708,549		\$ 680,202	
Percentage of Tax Collections						
for All Purposes	97%		98%			

**POPE COUNTY
GLENWOOD, MINNESOTA**

**BALANCE SHEET - BY DITCH
DITCH SPECIAL REVENUE FUND
DECEMBER 31, 2008**

	Assets			
	Cash and Investments	Special Assessments Receivable		Total
		Delinquent	Deferred	
County Ditches				
2	\$ 6,283	\$ -	\$ -	\$ 6,283
3	583	-	-	583
4	1,173	-	-	1,173
6	604	-	-	604
7	5,525	-	-	5,525
8	5,868	-	-	5,868
9	2,382	-	-	2,382
10	1,842	-	-	1,842
11	179	-	-	179
12	681	-	-	681
15	1,778	-	-	1,778
17	6,460	-	966	7,426
19	89	-	-	89
24	620	-	-	620
27	421	-	-	421
28	8,778	-	-	8,778
General	451	-	76,646	77,097
Judicial Ditches				
3 Pope and Douglas	13,087	-	-	13,087
4 Pope and Douglas	9,511	-	14,614	24,125
4 Pope and Swift	8,843	-	5,268	14,111
9 Pope and Swift	11,092	-	11,925	23,017
Total	\$ 86,250	\$ -	\$ 109,419	\$ 195,669

Schedule 8

Liabilities				Fund Balances Undesignated	Total Liabilities and Fund Balances
Accounts Payable	Deferred Revenue	Advance from Other Funds	Total		
\$ -	\$ -	\$ -	\$ -	\$ 6,283	\$ 6,283
-	-	-	-	583	583
-	-	-	-	1,173	1,173
-	-	-	-	604	604
-	-	-	-	5,525	5,525
-	-	-	-	5,868	5,868
-	-	-	-	2,382	2,382
-	-	-	-	1,842	1,842
-	-	-	-	179	179
-	-	-	-	681	681
-	-	-	-	1,778	1,778
-	966	-	966	6,460	7,426
-	-	-	-	89	89
-	-	-	-	620	620
-	-	-	-	421	421
-	-	-	-	8,778	8,778
-	76,646	76,646	153,292	(76,195)	77,097
-	-	-	-	13,087	13,087
-	14,614	10,000	24,614	(489)	24,125
3,821	5,268	16,600	25,689	(11,578)	14,111
675	11,925	19,950	32,550	(9,533)	23,017
<u>\$ 4,496</u>	<u>\$ 109,419</u>	<u>\$ 123,196</u>	<u>\$ 237,111</u>	<u>\$ (41,442)</u>	<u>\$ 195,669</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

Schedule 9

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2008**

Shared Revenue

State

Highway users tax	\$ 3,134,143
Market value credit	386,030
Market value credit - mobile home	1,563
Market value credit - agricultural	160,053
PERA rate reimbursement	17,671
Disparity reduction aid	22,512
County program aid	434,927
Police aid	47,419
	<hr/>

Total Shared Revenue	<u>\$ 4,204,318</u>
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Reimbursement for Services

State

Minnesota Department of Human Services	<u>\$ 33,321</u>
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Payments

Local

Local contributions	\$ 586,477
Payments in lieu of taxes	61,558
	<hr/>

Total Payments	<u>\$ 648,035</u>
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Grants

State

Minnesota Department/Board of	
Corrections	\$ 33,664
Public Safety	84,324
Transportation	150,000
Health	88,077
Natural Resources	179
Human Services	468,862
Trial Courts	8,784
Veterans Affairs	2,800
Water and Soil Resources	144,321
Pollution Control Agency	55,000
	<hr/>

Total State	<u>\$ 1,036,011</u>
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Federal

Department of	
Agriculture	\$ 137,622
Health and Human Services	815,304
Homeland Security	35,495
	<hr/>

Total Federal	<u>\$ 988,421</u>
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Total State and Federal Grants	<u>\$ 2,024,432</u>
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Total Intergovernmental Revenue	<u><u>\$ 6,910,106</u></u>
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**POPE COUNTY
GLENWOOD, MINNESOTA**

Schedule 10

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

I. SUMMARY OF AUDITOR'S RESULTS

- A. Our report expresses unqualified opinions on the basic financial statements of Pope County.
- B. Significant deficiencies in internal control were disclosed by the audit of financial statements of Pope County and are reported in the "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*." None were material weaknesses.
- C. No instances of noncompliance material to the financial statements of Pope County were disclosed during the audit.
- D. No matters involving internal control over compliance relating to the audit of the major federal award programs were reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
- E. The Auditor's Report on Compliance for the major federal award programs for Pope County expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major programs are:

Highway Planning and Construction	CFDA #20.205
Child Support Enforcement	CFDA #93.563
Medical Assistance Program	CFDA #93.778
- H. The threshold for distinguishing between Types A and B programs was \$300,000.
- I. Pope County was not determined to be a low-risk auditee.

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

96-1 Departmental Internal Accounting Control

Due to the limited number of office personnel within the various County offices, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. Offices that do not have sufficient segregation of duties include Recorder, Environmental Services, Sheriff, Public Health, Highway, Social Services, Solid Waste, and Extension. In these offices, there may be only one employee to receive and account for departmental collections. This is not unusual in small departmental situations; however, Pope 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.

Examples of incompatible duties which should be performed by separate individuals are:

- receipting collections, posting collections to registers, and making bank deposits;
- signing checks and reconciling the bank accounts;
- receipting collections and posting collections to the accounts receivable records;
- approving receivable write-offs/write-downs and posting adjustments to the accounts receivable records; and
- entering data, adjusting accounting codes, and reviewing the monthly detailed report of receipts and disbursements for accuracy.

Some procedures the County's management may wish to consider to strengthen controls in these offices include:

- Department heads should monitor operations within their office to determine that reports are submitted properly and are in agreement with cash balances and grant expenditures.

- When an office has only a department head and one other employee, the department head should perform some of the accounting functions.

We recommend that County management be aware of the lack of segregation of the accounting functions and implement oversight procedures to ensure that adequate controls are in place over cash, receivables, and other items.

Client's Response:

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 have been directed and are depositing more frequently, weekly or daily, to reduce the amount of funds on hand and department heads are taking a more active role in accounting functions of their individual departments as suggested.

02-6 Preparation of Financial Statements

Pope County is required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The preparation of the financial statements is the responsibility of the County's management. Financial statement preparation in accordance with GAAP requires internal controls over both: (1) recording, processing, and summarizing accounting data (maintaining internal books and records); and (2) preparing and reporting appropriate government-wide and fund financial statements, including the related notes to the financial statements.

Pope County has established controls and procedures for recording, processing, and summarizing its accounting data used in the preparation of its financial statements.

As is the case with many small and medium-sized entities, the County has relied on its independent external auditors to assist in the preparation of the basic financial statements, including notes to the financial statements, as part of its external financial reporting process. Accordingly, the County's ability to prepare financial statements in accordance with GAAP is based, at least in part, on its reliance on its external auditors, who cannot by definition be considered part of the government's internal control. This condition is a result of the County's decision that it is more cost effective to have its auditors prepare its annual basic financial statements than incur the time and expense of obtaining the necessary training and expertise required to prepare financial statements internally. As a result of this condition, the government lacks internal controls over the preparation and reporting of financial statements in accordance with GAAP.

We recommend Pope County obtain the training and expertise to internally prepare its annual financial statements in accordance with GAAP. If Pope County still intends to have staff from the Office of the State Auditor assist in preparation then, at a minimum, it must identify and train individuals to obtain the expertise to sufficiently review, understand, and approve the County's financial statements, including notes.

Client's Response:

Pope County continues to work toward preparing more of the information needed for the audits, including summary statements and trial balances.

06-2 Audit Adjustments

A control deficiency 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 misstatements of the financial statements on a timely basis. Statement on Auditing Standards 112 states that one control deficiency that should be regarded as at least a significant deficiency is identification by the auditor of a material misstatement in the financial statements that was not initially identified by the entity's internal controls, even if management subsequently corrects the misstatement.

During our audit, we identified the following material adjustments:

Government-Wide Financial Statements

- Long-term payables and related expenditures were recorded in the amount of \$376,020.
- Receivables and related revenues were increased \$547,410 for federal projects.

Road and Bridge Special Revenue Fund

- Receivables were increased by \$547,410 for federal projects. At the fund level, the entire amount of the additional receivables was offset by deferred revenues for receivables not available during the revenue recognition period.

Family Services Special Revenue Fund

- Receivables and related revenues were increased by \$58,335 to record revenue received in 2009 which related to 2008 activity.

Proposed audit adjustments are reviewed and approved by the appropriate staff and are reflected in the financial statements. Independent external auditors, however, should not be considered part of the government's internal control.

We recommend the County establish internal controls necessary to determine that all adjusting entries are made to ensure the County's annual financial statements are reported in accordance with GAAP.

Client's Response:

Pope County will continue to review and implement procedures to improve internal controls necessary to determine that all adjusting entries are made to ensure the County's annual financial statements are reported in accordance with GAAP.

07-1 Segregation of Duties - Disbursements

During our review of the general disbursements process, we noted several individuals have the ability to both process disbursements and set up new vendors. If possible, these duties should be segregated. Someone independent of the disbursements process should review, verify, and approve new vendors at least monthly.

We recommend that management re-evaluate whether separation of duties between disbursements and vendor set up is possible. Procedures should be developed to monitor new vendors entered into the system.

Client's Response:

Pope County has established control over adding vendors as well as periodically reviewing the vendor file on the Integrated Financial System. The individual who adds or changes vendors is not involved in the payable process.

07-2 Payroll

Authorization for Pope County payroll changes, such as new hires, promotions, and pay increases, is initiated in the County Coordinator's Office. Notification of changes to be made is sent to the payroll clerk in the Auditor/Treasurer's Office, who inputs the changes to the master file of the payroll system in addition to processing payroll. No review was being performed to verify that all changes to the payroll master file were authorized.

To strengthen internal controls, we recommend that someone independent of the payroll processing function review payroll edit reports to make sure that all changes made to the payroll system master file were authorized.

Client's Response:

Pope County continues to review procedures and has implemented controls necessary to see that changes in payroll are verified to ensure that the changes made were authorized and completed.

07-3 Controls Over Journal Entries

Pope County limits access to the journal entry function to certain County employees. During our audit, we noted that the employees with access to the journal entry function can both create and post a journal entry without review or approval by a second person.

The ability to make journal entries on the accounting system is a powerful function. It allows those employees with access to the journal entry function to make changes to the general ledger system. To prevent abuse of this function, controls over journal entries should include:

- limited access to only those employees whose job duties require it,
- an explanation of why the journal entry is being made and who is making it,
- sufficient documentation to support the journal entry amounts,
- proper supervisory review and approval of journal entries, and
- evidence that controls have been monitored by someone independent of the journal entry process.

We noted that the County implemented procedures to strengthen the controls over journal entries; however, we continue to recommend that a report be generated periodically that shows journal entries that are not automatic or routine that have been posted to the general ledger system. Review and monitoring of this report should be done on a regular basis to ensure that journal entries made have been reviewed and approved.

Client's Response:

Pope County Auditor/Treasurer's Office will implement controls to ensure Journal Entries are entered and monitored. A report will be generated from IFS to ensure that only approved journal entries are in fact entered to the General Ledger.

ITEM ARISING THIS YEAR

08-1 Information System Risk Management

County management is responsible for internal controls related to its information system. This responsibility extends to monitoring ongoing activities provided by service organizations. Pope County contracts with Computer Professionals Unlimited, Inc. (CPUI), a service organization, to provide:

- computer hardware for hosting the County's applications;
- processing of accounting transactions and other data;
- daily, weekly, and full system backups of applications and processed data; and
- disaster recovery planning for continued operations.

The County has not developed a formal plan to identify and manage risks associated with this information system arrangement. The County could partially manage these risks if CPUI obtained an audit of its control objectives and control activities. These audits are performed in accordance with Statement on Auditing Standards (SAS) No. 70, *Service Organizations, as amended*. At the present time, a SAS 70 service auditor's report for CPUI was not available.

During our site visit to CPUI, we noted that computers were not located in a restricted area away from public view. The computers are in an unlocked cage. Daily backup tapes for information processed Monday through Thursday are kept on site in a locked metal cabinet; however, the cabinet is not designed to protect the tapes from the heat that would be generated in the event of a fire. One fire extinguisher was observed in the office. Weekly and full system backup information is kept at an off-site location.

We recommend that Pope County management establish a formal plan to meet its responsibilities for monitoring internal controls related to its information system. This should include documented consideration of services provided by CPUI. To specifically address hardware and backup physical control weaknesses associated with CPUI, we recommend County management work with CPUI to manage and minimize those risks. Also, the County should request that CPUI obtain a SAS 70 audit.

Client's Response:

Pope County has contacted Computer Professionals Unlimited, Inc. (CPUI) and they are in the process of resolving the stated weaknesses.

PREVIOUSLY REPORTED ITEM RESOLVED

Computer Controls (06-1)

Our past review of controls over computer operation revealed some weaknesses in the general and application controls designed to prevent unauthorized access.

Resolution

Pope County reviewed general and application controls with its computer service provider and made the necessary improvements to strengthen controls over unauthorized access to the system.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

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

Board of County Commissioners
Pope County

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 22, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pope County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We considered the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 96-1, 02-6, 06-2, 07-1 through 07-3, and 08-1 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Pope County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

Minnesota Legal Compliance

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories.

The results of our tests indicate that, for the items tested, Pope County complied with the material terms and conditions of applicable legal provisions.

Pope County's written responses to the significant deficiencies identified in our audit have been included in the Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within Pope County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

December 22, 2009

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of County Commissioners
Pope County

Compliance

We have audited the compliance of Pope County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. Pope County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Pope County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of Pope County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Pope County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 22, 2009. Our audit was performed for the purpose of forming opinions on the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of

additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within the County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

December 22, 2009

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**POPE COUNTY
GLENWOOD, MINNESOTA**

Schedule 11

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 59,998
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	77,624
Total U.S. Department of Agriculture		\$ 137,622
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	\$ 547,410
U.S. Department of Health and Human Services		
Passed Through West Central Area Agency on Aging Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	\$ 16,450
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	1,417
Temporary Assistance for Needy Families (TANF)	93.558	64,948
Child Support Enforcement	93.563	141,601
Refugee and Entrant Assistance - State-Administered Programs	93.566	195
Child Care Cluster		
Child Care and Development Block Grant	93.575	40,947
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	22,955
Child Welfare Services - State Grants	93.645	2,577
Foster Care - Title IV-E	93.658	34,008
Social Services Block Grant	93.667	80,821
Chafee Foster Care Independence Program	93.674	1,000
Children's Health Insurance Program	93.767	208
Medical Assistance Program	93.778	376,026
Block Grants for Community Mental Health Services	93.958	5,008
Passed Through Minnesota Department of Health Immunization Grants	93.268	200
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	26,943
Total U.S. Department of Health and Human Services		\$ 815,304

**POPE COUNTY
GLENWOOD, MINNESOTA**

Schedule 11
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Natural Resources		
Boating Safety Financial Assistance	97.012	\$ 10,002
Passed Through Minnesota Department of Public Safety		
Hazard Mitigation Grant	97.039	9,570
Emergency Management Performance Grants	97.042	15,923
Total U.S. Department of Homeland Security		\$ 35,495
Total Federal Awards		\$ 1,535,831

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by the County. The County's reporting entity is defined in Note 1 to the financial statements.
2. The expenditures on this schedule are on the modified accrual basis of accounting. Due to timing differences in revenue recognition under the modified accrual basis, expenditures on this schedule do not match the federal revenues reported in the financial statements. In 2008, \$547,410 of current year expenditures for CFDA No. 20.205 were not recognized as revenue because the period of availability criteria had not been met.
3. Pass-through grant numbers were not assigned by the pass-through agencies.
4. During 2008, \$376,020 of CFDA No. 20.205 was passed through to a subrecipient.