

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Pope County Glenwood, Minnesota

Year Ended December 31, 2021

Description of the Office of the State Auditor

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

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

The State Auditor performs approximately 100 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

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

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

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

Pension – monitors investment, financial, and actuarial reporting for Minnesota’s local public pension funds; and

Tax Increment Financing – promotes compliance and accountability in local governments’ use of tax increment financing through financial and compliance audits.

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

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**Pope County
Glenwood, Minnesota**

Year Ended December 31, 2021



Office of the State Auditor

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Introductory Section		
Organization		1
Financial Section		
Independent Auditor’s Report		2
Management’s Discussion and Analysis		6
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	1	16
Statement of Activities	2	18
Fund Financial Statements		
Governmental Funds		
Balance Sheet	3	20
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position—Governmental Activities	4	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	5	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities—Governmental Activities	6	27
Fiduciary Funds		
Statement of Fiduciary Net Position	7	29
Statement of Changes in Fiduciary Net Position	8	30
Notes to the Financial Statements		31
Required Supplementary Information		
Budgetary Comparison Schedules		
General Fund	A-1	88
Road and Bridge Special Revenue Fund	A-2	91
Human Services Special Revenue Fund	A-3	92
Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits	A-4	93
PERA General Employees Retirement Plan		
Schedule of Proportionate Share of Net Pension Liability	A-5	94
Schedule of Contributions	A-6	95

**POPE COUNTY
GLENWOOD, MINNESOTA**

TABLE OF CONTENTS

	Exhibit	Page
Financial Section		
Required Supplementary Information (Continued)		
PERA Public Employees Police and Fire Plan		
Schedule of Proportionate Share of Net Pension Liability	A-7	96
Schedule of Contributions	A-8	97
Notes to the Required Supplementary Information		98
Supplementary Information		
Combining and Individual Fund Financial Statements		
Budgetary Comparison Schedule – Debt Service Fund	B-1	109
Nonmajor Governmental Funds and Fiduciary Funds		110
Combining Balance Sheet – Nonmajor Governmental Funds	B-2	111
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	B-3	112
Combining Statement of Fiduciary Net Position – Fiduciary Funds – Custodial Funds	B-4	113
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds – Custodial Funds	B-5	115
Other Schedules		
Balance Sheet – by Ditch – Ditch Special Revenue Fund	C-1	117
Schedule of Intergovernmental Revenue	C-2	119
Schedule of Expenditures of Federal Awards	C-3	121
Notes to the Schedule of Expenditures of Federal Awards		123
Management and Compliance Section		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		125
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance		128
Schedule of Findings and Questioned Costs		131
Corrective Action Plan		134

INTRODUCTORY SECTION

**POPE COUNTY
GLENWOOD, MINNESOTA**

**ORGANIZATION
2021**

Office	Name	Term	
		From	To
Commissioners			
1st District	Nan Haggerty	August 2019	January 2023
2nd District	Gordy Wagner	January 2021	January 2025
3rd District	Paul Gerde*	January 2021	January 2025
4th District	Larry Lindor**	January 2019	January 2023
5th District	Cody Rogahn	January 2019	January 2023
Officers			
Elected			
Attorney	Neil Nelson	January 2019	January 2023
Auditor/Treasurer	Stephanie Rust	January 2019	January 2023
County Recorder	Sarah Green	January 2019	January 2023
Sheriff	Tim Riley	January 2019	January 2023
Appointed			
Assessor	Michael Wacker	January 2021	December 2024
Coroner	James J. Joyce, M.D.	May 4, 2021	May 3, 2025
Highway Engineer	Brian Giese	June 2019	May 2023
Veterans Service Officer	Hugh Reimers	April 2019	April 2023
Administrator	Kersten Kappmeyer		Indefinite
Surveyor	Rodney Eldevik		Indefinite
Human Services			
Director	Stacy Hennen		Indefinite
Supervisor	Phyllis Reller		Indefinite
Supervisor	Crystal Zaviska		Indefinite
Board			
Member	Nan Haggerty	August 2019	January 2023
Member	Gordy Wagner	January 2021	January 2025
Member	Paul Gerde	January 2021	January 2025
Member	Larry Lindor	January 2019	January 2023
Member	Cody Rogahn	January 2019	January 2023

*Chair

**Vice Chair

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Pope County
Glenwood, Minnesota

Report on the Audit of the Financial Statements

Opinions

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, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1.E to the financial statements, in 2021, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 91, *Conduit Debt Obligations*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pope County's basic financial statements. The Budgetary Comparison Schedule – Debt Service Fund, combining nonmajor governmental fund financial statements, combining fiduciary fund financial statements, Balance Sheet – by Ditch – Ditch Special Revenue Fund, Schedule of Intergovernmental Revenue, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

September 21, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**POPE COUNTY
GLENWOOD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(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, 2021. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with Pope County's financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- Governmental activities' total net position is \$82,536,343, of which Pope County has invested \$62,219,151 in capital assets, net of related debt, and \$4,877,848 is restricted to specific purposes/uses by the County.
- The net cost of Pope County's governmental activities for the year ended December 31, 2021, was \$6,026,123; the net cost was funded by general revenues and other items totaling \$10,475,618.
- Pope County's net position increased by \$4,449,495 for the year ended December 31, 2021; the net position of the County's discretely presented component unit decreased by \$512,944.
- The fund balances of all Pope County's funds increased by \$1,399,511.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Net Position and the Statement of Activities report information about Pope County as a whole and about its activities in a way that helps the reader determine whether Pope County's financial condition has improved or declined as a result of the current year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

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

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

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

Fund Financial Statements

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

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

Reporting the County’s Fiduciary Responsibilities

Pope County is the trustee, or fiduciary, over assets, which can only be used for the benefit of parties outside the County. All of the County’s fiduciary activities are reported in the statement of fiduciary net position and the statement of changes in fiduciary net position. These activities have been excluded from the County’s other financial statements because the County cannot use these assets to finance its operations. Pope County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE COUNTY AS A WHOLE

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

**Table 1
Net Position**

	Governmental Activities	
	2021	2020
Assets		
Current and other assets	\$ 29,914,550	\$ 26,231,957
Capital assets, net of accumulated depreciation	64,285,934	63,227,322
Total Assets	\$ 94,200,484	\$ 89,459,279
Deferred Outflows of Resources		
Deferred pension outflows	\$ 2,995,259	\$ 761,030
Deferred OPEB outflows	230,505	282,412
Total Deferred Outflows of Resources	\$ 3,225,764	\$ 1,043,442
Liabilities		
Long-term liabilities	\$ 8,260,446	\$ 15,303,837
Other liabilities	2,333,302	1,046,723
Total Liabilities	\$ 10,593,748	\$ 16,350,560
Deferred Inflows of Resources		
Deferred pension inflows	\$ 4,077,928	\$ 924,665
Deferred OPEB inflows	218,229	279,075
Total Deferred Inflows of Resources	\$ 4,296,157	\$ 1,203,740
Net Position		
Net investment in capital assets	\$ 62,219,151	\$ 60,905,931
Restricted	4,877,848	4,626,145
Unrestricted	15,439,344	7,416,345
Total Net Position	\$ 82,536,343	\$ 72,948,421

Pope County's total net position for the year ended December 31, 2021, totals \$82,536,343. The governmental activities' unrestricted net position totals \$15,439,344. Unrestricted net position is the part of net position that can be used to meet Pope County's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements.

Table 2
Changes in Net Position

	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 2,358,862	\$ 1,925,040
Operating grants and contributions	7,827,414	9,429,360
Capital grants and contributions	251,902	17,182
General revenues		
Property taxes	8,917,511	9,171,807
Other taxes	425,563	459,813
Grants and contributions not restricted to specific programs	884,635	899,516
Other general revenues	247,909	338,255
Total Revenues	<u>\$ 20,913,796</u>	<u>\$ 22,240,973</u>
Expenses		
General government	\$ 4,168,175	\$ 4,726,319
Public safety	2,269,919	2,205,514
Highways and streets	4,597,361	4,330,922
Sanitation	776,144	674,377
Human services	3,424,836	3,694,955
Health	76,965	76,965
Culture and recreation	180,927	188,407
Conservation of natural resources	614,587	593,479
Economic development	302,899	20,184
Interest	52,488	104,860
Total Expenses	<u>\$ 16,464,301</u>	<u>\$ 16,615,982</u>
Increase (Decrease) in Net Position	\$ 4,449,495	\$ 5,624,991
Net Position – January 1, as restated*	<u>78,086,848</u>	<u>67,323,430</u>
Net Position – December 31	<u>\$ 82,536,343</u>	<u>\$ 72,948,421</u>

*Due to implementation of Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations*; see Note 1.E.

Governmental Activities

Revenues for Pope County's governmental activities for the year ended December 31, 2021, were \$20,913,796. The County's cost for all governmental activities for the year ended December 31, 2021, was \$16,464,301. The net position for the County's governmental activities increased by \$4,449,495 in 2021.

As shown in the Statement of Activities, the amount that Pope County taxpayers ultimately financed for these governmental activities through local property taxation was \$8,917,511 because \$2,358,862 of the costs were paid by those who directly benefited from the programs, and \$8,963,951 was 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 \$673,472 from other revenues, such as investment income, mortgage registry tax, wheelage tax, and state deed tax.

Figure 1
Total County Revenues
2021

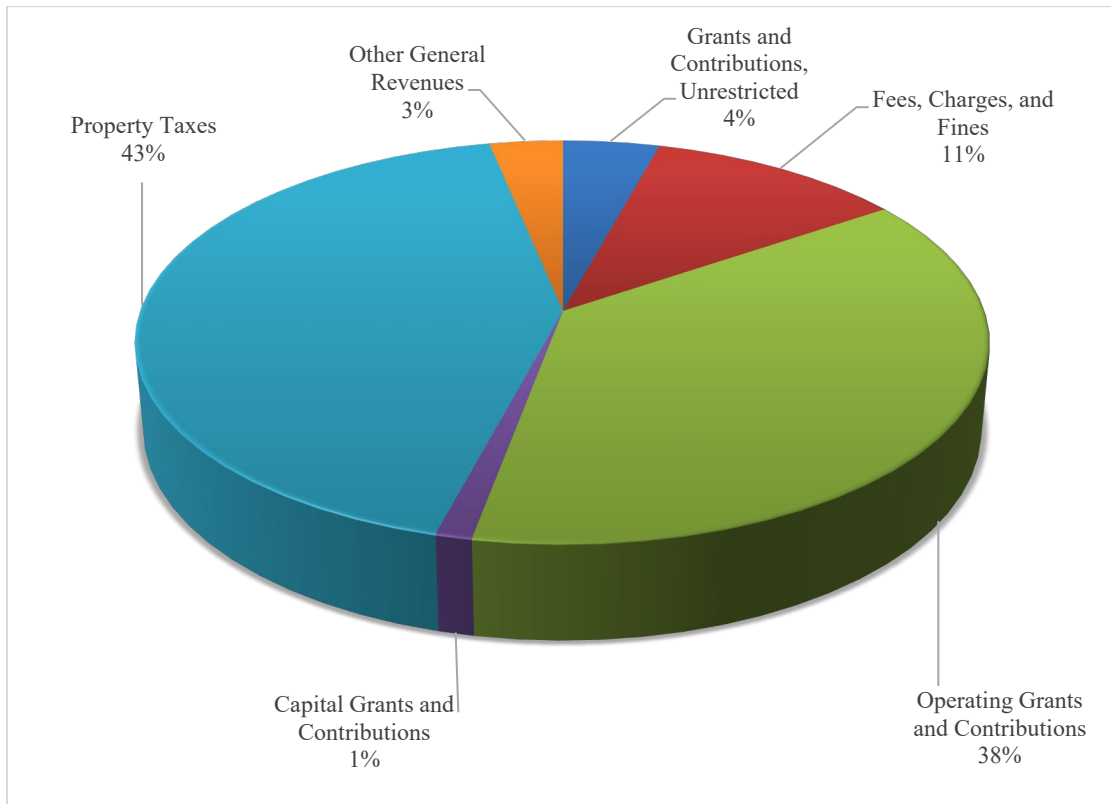
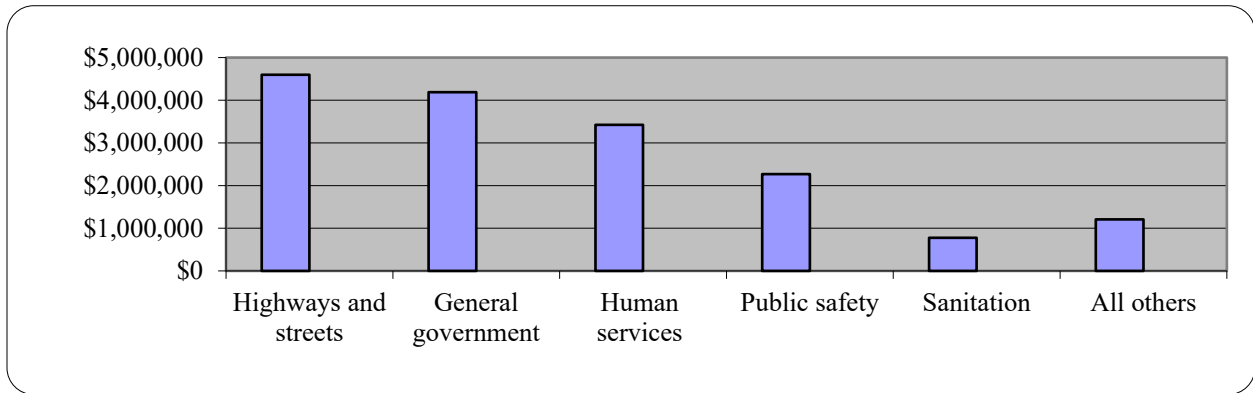


Table 3 presents the cost of each of Pope County’s five largest program functions, as well as each function’s net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden placed on Pope County’s taxpayers by each of these functions.

**Table 3
Governmental Activities**

	Total Cost of Services 2021	Net Cost of Services 2021
Program Expenses		
General government	\$ 4,168,175	\$ 3,104,528
Public safety	2,269,919	1,976,332
Highways and streets	4,597,361	(464,921)
Sanitation	776,144	(21,761)
Human services	3,424,836	670,132
All others	1,227,866	761,813
	<u>\$ 16,464,301</u>	<u>\$ 6,026,123</u>
Total Program Expenses	<u>\$ 16,464,301</u>	<u>\$ 6,026,123</u>

**Figure 2
Governmental Activities Expenses
2021**



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 \$24,149,726.

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 2021, the County Board of Commissioners made no changes to the budget as originally adopted on December 15, 2020. There is, however, a correction to a budget line that was overlooked when loading the budget into the computer system. Budget amendments/revisions fall into one of three categories: new information changing original budget estimations, greater than anticipated revenues or costs, and final agreement reached on employee contracts.

In the General Fund, actual revenues were more than expected by \$881,685 due to higher than anticipated intergovernmental revenue, which was additional funding received in relation to the Coronavirus County Relief Grant. Actual expenditures were \$421,330 more than expected due to a variety of reasons, including higher than anticipated building renovation costs and other general government costs coming in under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, Pope County had \$64,285,934 invested in a broad range of capital assets, net of depreciation. Pope County's net capital assets increased by \$1,058,612, or 1.67 percent, in 2021 due in large part to purchase of infrastructure. This investment in capital assets includes land, buildings, infrastructure, equipment, and construction in progress (see Table 4). Additional information on capital assets can be found in Note 3.A.3 to the financial statements.

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

	Governmental Activities	
	2021	2020
Land	\$ 2,193,924	\$ 2,198,040
Buildings	4,799,557	4,890,292
Office furniture and equipment	444,171	453,838
Machinery and automotive equipment	1,493,740	1,462,215
Infrastructure	54,878,995	54,058,917
Construction In progress	475,547	164,020
Totals	<u>\$ 64,285,934</u>	<u>\$ 63,227,322</u>

Debt Administration

At December 31, 2021, Pope County had \$2,437,666 of outstanding debt. Comparing \$2,713,793 as of December 31, 2020, there was a decrease of \$276,127 due to payments made during the course of the year, as shown in Table 5.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	
	2021	2020
2013A G.O. Capital Equipment and Improvement Bonds	\$ 150,000	\$ 195,000
2017 G.O. Capital Improvement Bonds	1,840,000	2,040,000
Loans		
Septic System Replacement Program Loan SRF0253	13,970	38,458
State of Minnesota Agricultural Best Management Loan Program	433,696	440,335
Totals	<u>\$ 2,437,666</u>	<u>\$ 2,713,793</u>

In 2021, Pope County obtained an “AAA” Credit Enhancement Rating and an underlying rating of “AA” Stable from Standard and Poor’s Investor Services. Other long-term obligations include compensated absences, OPEB, and pensions. Pope County’s notes to the financial statements provide detailed information about the County’s long-term liabilities; see Note 3.C.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The County’s elected and appointed officials considered many factors when setting the fiscal year 2021 budget and tax rates, including:

- Pope County’s unemployment rates for 2020 and 2021 were 4.6 percent and 2.8 percent, respectively, compared to the Minnesota unemployment rate for 2020 and 2021, which averaged 6.4 percent and 3.4 percent, respectively. The unemployment rate continues to impact the level of services requested by Pope County residents.
- Land development and regulation issues.
- Reviewing revenue sources and considering cost-effective and efficient means for the delivery of Pope County programs and services; this will influence the development of future budgets.

On December 21, 2021, the Pope County Board of Commissioners approved the 2022 budget at \$19,333,252. The 2022 total levy is \$10,064,024, less County Program Aid of \$629,669, for a net levy of \$9,434,355. The Board approved a 3.90 percent increase in the levy for 2022.

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 the Pope County Auditor/Treasurer, 320-634-7706, Pope County Courthouse, 130 East Minnesota Avenue, Suite 218, Glenwood, Minnesota 56334-4525.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT 1

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

	Primary Government Governmental Activities	Component Unit Housing and Redevelopment Authority/Economic Development Authority
<u>Assets</u>		
Cash and pooled investments	\$ 25,808,871	\$ 980,206
Petty cash and change funds	1,900	-
Taxes receivable		
Delinquent	97,724	6,626
Special assessments receivable		
Delinquent	22,892	-
Noncurrent	523,946	-
Accounts receivable	65,814	-
Settlement receivable	415,913	-
Accrued interest receivable	1,072	-
Due from other governments	2,740,234	-
Loans receivable	-	262,447
Inventories	236,184	-
Land held for resale	-	-
Restricted assets		
Cash and pooled investments	-	14,666
Capital assets		
Non-depreciable	2,669,471	129,434
Depreciable – net of accumulated depreciation	61,616,463	1,697,792
Total Assets	\$ 94,200,484	\$ 3,091,171
<u>Deferred Outflows of Resources</u>		
Deferred pension outflows	\$ 2,995,259	\$ -
Deferred other postemployment benefits outflows	230,505	-
Total Deferred Outflows of Resources	\$ 3,225,764	\$ -

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT 1
(Continued)**

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

	Primary Government Governmental Activities	Component Unit Housing and Redevelopment Authority/Economic Development Authority
<u>Liabilities</u>		
Accounts payable	\$ 253,719	\$ -
Salaries payable	221,911	-
Contracts payable	159,347	-
Due to other governments	53,444	547
Accrued interest payable	24,948	23,123
Unearned revenue	1,205,028	31,500
Financial assurance deposit payable	414,905	-
Current liabilities payable from restricted assets		
Tenant security deposits	-	13,771
Accounts payable	-	895
Long-term liabilities		
Due within one year	378,521	106,664
Due in more than one year	2,777,222	1,930,789
Other postemployment benefits obligation	1,596,276	-
Net pension liability	3,508,427	-
Total Liabilities	\$ 10,593,748	\$ 2,107,289
<u>Deferred Inflows of Resources</u>		
Deferred pension inflows	\$ 4,077,928	\$ -
Deferred other postemployment benefits inflows	218,229	-
Total Deferred Inflows of Resources	\$ 4,296,157	\$ -
<u>Net Position</u>		
Net investment in capital assets	\$ 62,219,151	\$ (188,563)
Restricted for		
General government	252,991	-
Public safety	305,883	-
Highways and streets	2,279,620	-
Ditch construction and maintenance	66,391	-
Conservation of natural resources	1,557,050	-
Opioid remediation	415,913	-
Unrestricted	15,439,344	1,172,445
Total Net Position	\$ 82,536,343	\$ 983,882

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

Page 17

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

	Expenses	Fees, Charges, Fines, and Other
<u>Functions/Programs</u>		
Primary Government		
Governmental activities		
General government	\$ 4,168,175	\$ 959,604
Public safety	2,269,919	65,318
Highways and streets	4,597,361	44,149
Sanitation	776,144	688,482
Human services	3,424,836	420,116
Health	76,965	-
Culture and recreation	180,927	-
Conservation of natural resources	614,587	181,193
Economic development	302,899	-
Interest	52,488	-
	\$ 16,464,301	\$ 2,358,862
Total Primary Government		
	\$ 16,464,301	\$ 2,358,862
Component Unit		
Housing and Redevelopment Authority/Economic Development Authority	\$ 984,999	\$ -
	\$ 984,999	\$ -

General Revenues

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

Total general revenues

Change in net position

Net Position – Beginning, as restated (See Note 1.E)

Net Position – Ending

EXHIBIT 2

Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Housing and Redevelopment Authority/Economic Development Authority
\$ 104,043	\$ -	\$ (3,104,528)	
228,269	-	(1,976,332)	
4,766,231	251,902	464,921	
109,423	-	21,761	
2,334,588	-	(670,132)	
79	-	(76,886)	
-	-	(180,927)	
284,781	-	(148,613)	
-	-	(302,899)	
-	-	(52,488)	
\$ 7,827,414	\$ 251,902	\$ (6,026,123)	
\$ -	\$ -		\$ (984,999)
		\$ 8,917,511	\$ 325,656
		20,921	-
		266,796	-
		46,156	-
		91,690	-
		884,635	8,576
		82,005	4,107
		90,306	-
		75,598	133,716
		\$ 10,475,618	\$ 472,055
		\$ 4,449,495	\$ (512,944)
		78,086,848	1,496,826
		\$ 82,536,343	\$ 983,882

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

	General	Road and Bridge	Human Services
<u>Assets</u>			
Cash and pooled investments	\$ 15,068,718	\$ 5,486,971	\$ 4,784,557
Petty cash and change funds	1,900	-	-
Taxes receivable			
Delinquent	61,766	12,991	19,357
Special assessments receivable			
Delinquent	2,492	-	-
Noncurrent	523,946	-	-
Accounts receivable	30,723	861	34,230
Settlement receivable	-	-	-
Accrued interest receivable	1,072	-	-
Due from other funds	61,458	366	-
Due from other governments	127,953	2,305,806	272,787
Inventories	-	236,184	-
Advances to other funds	2,000	-	-
	\$ 15,882,028	\$ 8,043,179	\$ 5,110,931
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 119,404	\$ 36,157	\$ 58,567
Salaries payable	173,586	48,325	-
Contracts payable	5,201	154,146	-
Due to other funds	-	-	61,458
Due to other governments	18,316	454	22,616
Unearned revenue	1,205,028	-	-
Advances from other funds	-	-	-
Financial assurance deposit payable	414,905	-	-
	\$ 1,936,440	\$ 239,082	\$ 142,641
Deferred Inflows of Resources			
Unavailable revenue (Note 3.C.1)	\$ 663,895	\$ 2,292,611	\$ 60,041
Fund Balances (Note 3.E)			
Nonspendable	\$ 69,024	\$ 236,184	\$ -
Restricted	1,553,193	-	-
Assigned	2,874,703	5,275,302	4,908,249
Unassigned	8,784,773	-	-
	\$ 13,281,693	\$ 5,511,486	\$ 4,908,249
	\$ 15,882,028	\$ 8,043,179	\$ 5,110,931

EXHIBIT 3

<u>Solid Waste</u>	<u>Opioid Settlement</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 10,258	\$ -	\$ 385,640	\$ 72,727	\$ 25,808,871
-	-	-	-	1,900
-	-	3,610	-	97,724
20,299	-	-	101	22,892
-	-	-	-	523,946
-	-	-	-	65,814
-	415,913	-	-	415,913
-	-	-	-	1,072
-	-	-	-	61,824
-	-	-	33,688	2,740,234
-	-	-	-	236,184
-	-	-	-	2,000
<u>\$ 30,557</u>	<u>\$ 415,913</u>	<u>\$ 389,250</u>	<u>\$ 106,516</u>	<u>\$ 29,978,374</u>
\$ -	\$ -	\$ -	\$ 39,591	\$ 253,719
-	-	-	-	221,911
-	-	-	-	159,347
-	-	-	366	61,824
10,258	-	-	1,800	53,444
-	-	-	-	1,205,028
-	-	-	2,000	2,000
-	-	-	-	414,905
<u>\$ 10,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,757</u>	<u>\$ 2,372,178</u>
<u>\$ 20,299</u>	<u>\$ 415,913</u>	<u>\$ 3,610</u>	<u>\$ 101</u>	<u>\$ 3,456,470</u>
\$ -	\$ -	\$ -	\$ -	\$ 305,208
-	-	385,640	82,284	2,021,117
-	-	-	-	13,058,254
-	-	-	(19,626)	8,765,147
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,640</u>	<u>\$ 62,658</u>	<u>\$ 24,149,726</u>
<u>\$ 30,557</u>	<u>\$ 415,913</u>	<u>\$ 389,250</u>	<u>\$ 106,516</u>	<u>\$ 29,978,374</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT 4

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

Fund balance – total governmental funds (Exhibit 3)		\$ 24,149,726
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		64,285,934
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.		2,995,259
Deferred outflows of resources resulting from other postemployment benefits obligations are not available and, therefore, are not reported in the governmental funds.		230,505
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.		3,456,470
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	\$ (1,990,000)	
Discounts/premiums on bonds	(76,783)	
Loans payable	(447,666)	
Compensated absences	(641,294)	
Other postemployment benefits obligation	(1,596,276)	
Net pension liability	<u>(3,508,427)</u>	(8,260,446)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds.		(24,948)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period, and, therefore, are not reported in the governmental funds.		(4,077,928)
Deferred inflows of resources resulting from other post employment benefits obligations are not available resources and, therefore, are not reported in the governmental funds.		<u>(218,229)</u>
Net Position of Governmental Activities (Exhibit 1)		<u>\$ 82,536,343</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
Revenues			
Taxes	\$ 5,674,620	\$ 1,508,238	\$ 1,769,746
Special assessments	155,605	-	-
Licenses and permits	95,528	-	-
Intergovernmental	1,372,449	4,659,142	2,092,692
Charges for services	484,875	36,468	368,542
Fines and forfeits	2,104	-	-
Gifts and contributions	1,577	-	-
Investment earnings	82,005	-	-
Miscellaneous	614,173	7,681	49,662
	<u>\$ 8,482,936</u>	<u>\$ 6,211,529</u>	<u>\$ 4,280,642</u>
Expenditures			
Current			
General government	\$ 3,966,633	\$ -	\$ -
Public safety	2,456,267	-	-
Highways and streets	-	4,710,656	-
Human services	-	-	3,753,513
Health	76,965	-	-
Culture and recreation	57,560	-	-
Conservation of natural resources	562,538	-	-
Economic development	284,845	-	-
Intergovernmental			
Highways and streets	-	420,284	-
Sanitation	93,548	-	-
Culture and recreation	123,367	-	-
Economic development	19,922	-	-
Capital outlay			
General government	586,990	-	-
Public safety	53,084	-	-
Highways and streets	-	451,349	-
Debt service			
Principal	124,070	-	-
Interest	613	-	-
Administrative charges	-	-	-
	<u>\$ 8,406,402</u>	<u>\$ 5,582,289</u>	<u>\$ 3,753,513</u>
Excess of Revenues Over (Under)			
Expenditures	<u>\$ 76,534</u>	<u>\$ 629,240</u>	<u>\$ 527,129</u>

EXHIBIT 5

<u>Solid Waste</u>	<u>Opioid Settlement</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 306,599	\$ -	\$ 9,259,203
682,596	-	-	78,480	916,681
-	-	-	-	95,528
-	-	9,888	-	8,134,171
-	-	-	-	889,885
-	-	-	10,912	13,016
-	-	-	-	1,577
-	-	-	-	82,005
-	-	-	-	671,516
\$ 682,596	\$ -	\$ 316,487	\$ 89,392	\$ 20,063,582
\$ -	\$ -	\$ -	\$ 17,915	\$ 3,984,548
-	-	-	-	2,456,267
-	-	-	-	4,710,656
-	-	-	-	3,753,513
-	-	-	-	76,965
-	-	-	-	57,560
-	-	-	53,113	615,651
-	-	-	-	284,845
-	-	-	-	420,284
682,596	-	-	-	776,144
-	-	-	-	123,367
-	-	-	-	19,922
-	-	-	-	586,990
-	-	-	-	53,084
-	-	-	-	451,349
-	-	245,000	-	369,070
-	-	63,224	-	63,837
-	-	1,050	-	1,050
\$ 682,596	\$ -	\$ 309,274	\$ 71,028	\$ 18,805,102
\$ -	\$ -	\$ 7,213	\$ 18,364	\$ 1,258,480

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
Other Financing Sources (Uses)			
Transfers in	\$ 82,219	\$ -	\$ -
Transfers out	-	-	-
Loan issued	92,943	-	-
Proceeds from sale of capital assets	47,100	55,000	-
Total Other Financing Sources (Uses)	<u>\$ 222,262</u>	<u>\$ 55,000</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ 298,796	\$ 684,240	\$ 527,129
Fund Balances – January 1	12,982,897	4,901,180	4,381,120
Increase (decrease) in inventories	<u>-</u>	<u>(73,934)</u>	<u>-</u>
Fund Balances – December 31	<u><u>\$ 13,281,693</u></u>	<u><u>\$ 5,511,486</u></u>	<u><u>\$ 4,908,249</u></u>

EXHIBIT 5
(Continued)

<u>Solid Waste</u>	<u>Opioid Settlement</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 82,219
-	-	(82,219)	-	(82,219)
-	-	-	-	92,943
-	-	-	-	102,100
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (82,219)</u>	<u>\$ -</u>	<u>\$ 195,043</u>
\$ -	\$ -	\$ (75,006)	\$ 18,364	\$ 1,453,523
-	-	460,646	44,294	22,770,137
-	-	-	-	(73,934)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,640</u>	<u>\$ 62,658</u>	<u>\$ 24,149,726</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, 2021**

Net change in fund balances – total governmental funds (Exhibit 5) \$ 1,453,523

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

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

Unavailable revenue – December 31	\$ 3,456,470	
Unavailable revenue – January 1	<u>(2,497,869)</u>	958,601

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 financial statements, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balance by the net book value of the assets disposed.

Expenditures for general capital assets and infrastructure	\$ 3,586,666	
Net book value of assets disposed	(40,913)	
Current year depreciation	<u>(2,487,141)</u>	1,058,612

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

Proceeds of new debt		
Loans issued	\$ (92,943)	
Principal repayments	369,070	
Current year amortization of premiums/discounts	<u>9,608</u>	285,735

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT 6
(Continued)**

**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, 2021**

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

Change in accrued interest payable	\$ 2,791	
Change in compensated absences	(54,677)	
Change in other postemployment benefits obligation	145,763	
Change in net pension liability	1,583,176	
Change in deferred pension outflows of resources	2,234,229	
Change in deferred other postemployment benefits outflows of resources	(51,907)	
Change in deferred pension inflows of resources	(3,153,263)	
Change in deferred other postemployment benefits inflows of resources	60,846	
Change in inventories	(73,934)	<u>693,024</u>
Change in Net Position of Governmental Activities (Exhibit 2)		<u>\$ 4,449,495</u>

FIDUCIARY FUNDS

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT 7

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

	<u>Custodial Funds</u>
<u>Assets</u>	
Cash and pooled investments	\$ 410,309
Accounts receivable for other governments – net	11,543
Taxes receivable for other governments	<u>219,268</u>
Total Assets	\$ 641,120
<u>Liabilities</u>	
Due to other governments	<u>298,523</u>
<u>Net Position</u>	
Restricted for Individuals, organizations, and other governments	<u><u>\$ 342,597</u></u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT 8

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

	Custodial Funds
Additions	
Investment earnings	\$ 1,545
Property tax collections for other governments	13,761,367
Tax-forfeited land sales	17,060
Federal/State revenue	143,452
Other taxes collected for other governments	733,631
Fees collected for other governments	99,187
Mortgage foreclosure sales	913
Miscellaneous	20,957
	\$ 14,778,112
Deductions	
Payments of property tax to other governments	\$ 12,572,176
Payments to the state	1,994,860
Payments to other individuals/entities	233,555
	\$ 14,800,591
Change in net position	\$ (22,479)
Net Position – January 1	365,076
Net Position – December 31	\$ 342,597

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

1. Summary of Significant Accounting Policies

The County’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2021. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

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 Administrator serves as the Clerk of the Board of Commissioners but does not vote in its decisions.

Discretely Presented Component Unit

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

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

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Joint Ventures and Jointly-Governed Organizations

The County participates in several joint ventures described in Note 4.C. The County also participates in jointly-governed organizations described in Note 4.D.

B. Basic Financial Statements

1. Government-Wide Statements

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

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

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

**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 accounted for in another fund.

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

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

The 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 Opioid Settlement Special Revenue Fund is used to retain and account for the County's share of settlement proceeds from the national settlement agreement of the state and national litigation related to the opioid industry.

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)

Additionally, the County reports the following fund type:

Custodial funds account for monies held in a fiduciary capacity on behalf of school districts and special districts that use the County as a depository; property taxes and fees collected on behalf of other governments; local contributions for the Pope County Integrated Collaborative; and monies held as a result of civil actions.

C. Measurement Focus and Basis of Accounting

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

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

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2021, 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 2021 were \$82,005.

2. Receivables and Payables

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

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

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

Special assessments receivable consist of delinquent special assessments payable in the years 2015 through 2021 and noncurrent special assessments payable in 2022 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

2. Receivables and Payables (Continued)

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

Accounts receivable for the year ended December 31, 2021, were \$65,814 for governmental funds and \$74,522 for fiduciary funds. No allowance for uncollectible receivables recorded for governmental funds has been provided because such amounts are not expected to be material. The allowance for doubtful accounts recorded in the fiduciary funds was \$62,979, resulting in a net effect of \$11,543.

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

4. Capital Assets (Continued)

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

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

6. Compensated Absences

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The County reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and other postemployment benefits (OPEB) and, accordingly, are reported only in the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three types of deferred inflows of resources. The governmental funds report unavailable revenue from delinquent taxes receivable and noncurrent special assessments receivable, a settlement receivable resulting from opioid litigation, and grants receivable for amounts that are not considered to be available to liquidate liabilities of the current period. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The County also reports deferred pension and deferred OPEB inflows. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

8. Pension Plan

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

8. Pension Plan (Continued)

benefit terms. Plan investments are reported at fair value. The net pension liability is liquidated primarily by the General Fund and the Road and Bridge and Human Services Special Revenue Funds.

9. Long-Term Obligations

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

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

10. Classification of Net Position

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

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

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

10. Classification of Net Position (Continued)

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

11. Classification of Fund Balances

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

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

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

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

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

11. Classification of Fund Balances (Continued)

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

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

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

12. Minimum Fund Balance

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

13. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

E. Change in Accounting Principles

During the year ended December 31, 2021, the County adopted new accounting guidance by implementing the provisions of GASB Statement No. 91, *Conduit Debt Obligations*, which clarifies criteria for identifying and reporting conduit debt. The implementation of this statement has resulted in changing the presentation of the financial statements by removing general obligation debt and related premiums and interest payable that were previously reported. Beginning net position has been restated to reflect this change.

	Governmental Activities
Net Position, January 1, 2021, as previously reported	\$ 72,948,421
Change in accounting principles	5,138,427
Net Position, January 1, 2021, as restated	\$ 78,086,848

2. Stewardship, Compliance, and Accountability

A. Deficit Fund Equity

The Ditch Special Revenue Fund has a positive fund balance of \$46,664 as of December 31, 2021, although four individual ditch systems had deficit balances. The deficits will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

15 ditch systems with positive fund balances	\$ 66,289
4 ditch systems with deficit fund balances	(19,625)
Net Fund Balance	\$ 46,664

B. Significant Violations of Finance-Related Legal or Contractual Provisions

In December 2021, the County's deposits were under-collateralized by \$172,032, which is not in compliance with Minn. Stat. § 118A.03. Bank collateral will be obtained for future deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 25,808,871
Petty cash	1,900
Discretely presented component unit	
Cash and pooled investments	980,206
Restricted assets	
Cash and pooled investments	14,666
Statement of fiduciary net position	
Cash and pooled investments	410,309
Total Cash and Investments	\$ 27,215,952
Deposits	\$ 27,214,052
Petty cash	1,900
Total Deposits and Petty Cash	\$ 27,215,952

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

a. Deposits

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated “A” or better and revenue obligations rated “AA” or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that the securities pledged as collateral be held in safekeeping in a

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

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.

In accordance with Minnesota statutes, the County maintains deposits at depository banks authorized by the Board. The carrying amount of the County's deposits with financial institutions was \$26,219,180 as of December 31, 2021; the bank balance was \$26,534,501.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2021, Pope County's deposits were exposed to custodial credit risk as the amount on deposit exceeds the Federal Deposit Insurance Corporation (FDIC) coverage and the fair value of collateral by \$172,032.

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;

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (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, 2021.

2. Receivables

Amounts not scheduled for collection during the subsequent year were as follows:

	<u>Total Receivables – Net</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
Taxes – delinquent	\$ 97,724	\$ -
Special assessments		
Delinquent	22,892	-
Noncurrent	523,946	448,821
Accounts	65,814	-
Settlement	415,913	402,501
Accrued interest	1,072	-
Due from other governments	2,740,234	-

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land	\$ 2,198,040	\$ -	\$ 4,116	\$ 2,193,924
Construction in progress	<u>164,020</u>	<u>381,461</u>	<u>69,934</u>	<u>475,547</u>
Total capital assets not depreciated	<u>\$ 2,362,060</u>	<u>\$ 381,461</u>	<u>\$ 74,050</u>	<u>\$ 2,669,471</u>
Capital assets depreciated				
Buildings	\$ 9,550,160	\$ 253,517	\$ -	\$ 9,803,677
Office furniture and equipment	2,107,898	68,046	6,867	2,169,077
Machinery and automotive equipment	4,222,450	474,335	446,810	4,249,975
Infrastructure	<u>81,497,834</u>	<u>2,483,357</u>	<u>-</u>	<u>83,981,191</u>
Total capital assets depreciated	<u>\$ 97,378,342</u>	<u>\$ 3,279,255</u>	<u>\$ 453,677</u>	<u>\$ 100,203,920</u>
Less: accumulated depreciation for				
Buildings	\$ 4,659,868	\$ 344,252	\$ -	\$ 5,004,120
Office furniture and equipment	1,654,060	156,249	(6,867)	1,803,442
Machinery and automotive equipment	2,760,235	323,361	(405,897)	2,677,699
Infrastructure	<u>27,438,917</u>	<u>1,663,279</u>	<u>-</u>	<u>29,102,196</u>
Total accumulated depreciation	<u>\$ 36,513,080</u>	<u>\$ 2,487,141</u>	<u>\$ (412,764)</u>	<u>\$ 38,587,457</u>
Total capital assets depreciated, net	<u>\$ 60,865,262</u>	<u>\$ 792,114</u>	<u>\$ 40,913</u>	<u>\$ 61,616,463</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 63,227,322</u>	<u>\$ 1,173,575</u>	<u>\$ 114,963</u>	<u>\$ 64,285,934</u>

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

Governmental Activities	
General government	\$ 424,796
Public safety	111,056
Highways and streets, including depreciation of infrastructure assets	<u>1,951,289</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 2,487,141</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

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

1. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Description</u>
General	Human Services Special Revenue	\$ 61,458	To provide funding
Road and Bridge Special Revenue	Ditch	<u>366</u>	To provide funding
		<u>\$ 61,824</u>	

2. Advances To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Ditch Special Revenue	\$ 2,000

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.

3. Transfers

Interfund transfers for the year ended December 31, 2021, consisted of the following:

	<u>Transfers In</u>	<u>Description</u>
Transfer to General Fund from Debt Service Fund	\$ 82,219	Delinquent taxes

4. Contract Commitments

The County entered into several contract commitments for the remodeling of the Human Services Building, which has not been completed as of December 31, 2021. At the end of the year, contract commitments for the General Fund were \$1,883,155.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources

1. Unearned Revenues and Deferred Inflows of Resources

Unearned revenues and deferred inflows of resources consist of taxes and special assessments receivable, state grants not collected soon enough after year-end to pay liabilities of the current period, state and federal grants, and other revenue received but not yet earned. Unearned revenues and deferred inflows of resources at December 31, 2021, are summarized below by fund:

	Taxes and Special Assessments	Grants, Highway Allotments, and Other	Total
Major governmental funds			
General Fund	\$ 588,204	\$ 1,280,719	\$ 1,868,923
Special Revenue Funds			
Road and Bridge	12,991	2,279,620	2,292,611
Human Services	19,357	40,684	60,041
Solid Waste	20,299	-	20,299
Opioid Settlement	-	415,913	415,913
Debt Service Fund	3,610	-	3,610
Nonmajor governmental fund			
Ditch Special Revenue Fund	101	-	101
Total	\$ 644,562	\$ 4,016,936	\$ 4,661,498
Liabilities			
Unearned revenue	\$ -	\$ 1,205,028	\$ 1,205,028
Deferred inflows of resources			
Unavailable revenue	644,562	2,811,908	3,456,470
Total	\$ 644,562	\$ 4,016,936	\$ 4,661,498

2. Long-Term Debt

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

2. Long-Term Debt (Continued)

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2021
General Obligation Bonds					
2013A G.O. Capital Equipment and Improvement	02/01/2024	\$50,000 - \$295,000	0.30 - 1.85	\$ 1,830,000	\$ 150,000
2017A G.O. Capital Improvement	02/01/2029	\$175,000 - \$260,000	3.00	2,405,000	1,840,000
Total Bonds Payable				<u>\$ 4,235,000</u>	<u>\$ 1,990,000</u>
Loans Payable					
SRF0253 State of Minnesota Septic System Replacement Loans	12/15/2025	\$6,000 - \$7,248	2.00	\$ 132,108	\$ 13,970
State of Minnesota Agricultural Best Management Loan Program	*	*	0.00	1,146,946	433,696
Total Loans Payable				<u>\$ 1,279,054</u>	<u>\$ 447,666</u>

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

Debt service requirements at December 31, 2021, were as follows:

Year Ending December 31	General Obligation Bonds		Loans Payable	
	Principal	Interest	Principal	Interest
2022	\$ 250,000	\$ 56,488	\$ 109,259	\$ 208
2023	255,000	48,538	48,739	-
2024	270,000	40,213	41,686	-
2025	225,000	33,075	42,238	-
2026	235,000	26,175	43,874	-
2027 - 2031	755,000	34,425	155,311	-
2032 - 2036	-	-	6,559	-
Total	<u>\$ 1,990,000</u>	<u>\$ 238,914</u>	<u>\$ 447,666</u>	<u>\$ 208</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

2. Long-Term Debt (Continued)

Conduit Debt

The County has issued 2019A and 2021A series general obligation solid waste revenue bonds on behalf of Pope/Douglas Solid Waste Management to finance the acquisition of various equipment replacements and upgrades, and the construction of various building modifications for the Pope/Douglas waste-to-energy facility. The bond repayments are paid directly by Pope/Douglas Solid Waste Management. The project is expected to be owned 25 percent by Pope County and 75 percent by Douglas County. Although Pope County has pledged its full faith, credit, and taxing powers for these bonds, Pope/Douglas Solid Waste Management is primarily obligated to pay the debt and, therefore, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2021, there were bonds outstanding with an aggregate principal payment amount of \$9,840,000.

3. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 2,235,000	\$ -	\$ 245,000	\$ 1,990,000	\$ 250,000
Bond premiums	86,391	-	9,608	76,783	-
Loans payable	478,793	92,943	124,070	447,666	109,259
Compensated absences	586,617	579,318	524,641	641,294	19,262
Long-Term Liabilities	<u>\$ 3,386,801</u>	<u>\$ 672,261</u>	<u>\$ 903,319</u>	<u>\$ 3,155,743</u>	<u>\$ 378,521</u>

4. Other Postemployment Benefits (OPEB)

a. Plan Description

Pope County administers an OPEB plan, a single-employer defined benefit health care plan, to eligible retirees and their dependents.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

4. Other Postemployment Benefits (OPEB)

a. Plan Description (Continued)

No assets have been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75. The OPEB plan does not issue a stand-alone financial report.

OPEB are determined by the County Commissioners and can be amended by the County through its personnel manual and union contracts. Employees first hired before March 1, 1995, are eligible, with exceptions, for employer contributions for retiree health care. The County provides the full premium for single coverage or 66 percent of the cost for dependent coverage for eligible retirees.

The County also provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

As of the January 1, 2021, actuarial valuation, the following employees were covered by the benefit terms:

Active employees	101
Retired employees	22
Spouses	<u>7</u>
Total Plan Participants	<u>130</u>

b. Total OPEB Liability

The County's total OPEB liability of \$1,596,276 was measured as of January 1, 2021, and was determined by an actuarial valuation as of January 1, 2021. The total OPEB liability is liquidated primarily by the General Fund and the Road and Bridge and Human Services Special Revenue Funds.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

4. Other Postemployment Benefits (OPEB)

b. Total OPEB Liability (Continued)

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00 percent
Salary increases	Varying rates
Health care cost trend	6.50 percent in 2021, grading to 5.00 percent over six years and then to 4.00 percent over the next 48 years

The current year discount rate is 2.00 percent, which is a change from the prior year rate of 2.90 percent. For the current valuation, the discount rate is based on the estimated yield of 20-year AA-rated municipal bonds.

Mortality rates are based on Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2020 Generational Improvement Scale.

The actuarial assumptions are currently based on a combination of historical information and the most recent actuarial valuation as of January 1, 2021.

c. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2021	\$ 1,742,039
Changes for the year	
Service cost	\$ 25,193
Interest	48,525
Changes of assumptions	9,991
Difference between expected and actual experience	(40,226)
Benefit payments	(189,246)
Net change	<u>\$ (145,763)</u>
Balance at December 31, 2021	<u>\$ 1,596,276</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

4. Other Postemployment Benefits (OPEB) (Continued)

d. OPEB Liability Sensitivity

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

	Discount Rate	Total OPEB Liability
1% Decrease	1.00%	\$ 1,732,739
Current	2.00	1,596,276
1% Increase	3.00	1,476,310

The following presents the total OPEB liability of the County, calculated using the health care cost trend previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rate:

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.50% decreasing to 4.00% over 5 years	\$ 1,472,907
Current	6.50% decreasing to 5.00% over 5 years	1,596,276
1% Increase	7.50% decreasing to 6.00% over 5 years	1,736,971

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

For the year ended December 31, 2021, the County recognized OPEB expense of (\$2,040). The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

4. Other Postemployment Benefits (OPEB)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability (gain)/loss	\$ -	\$ 122,044
Assumption changes	77,843	96,185
Employer contributions paid subsequent to the measurement date	152,662	-
Total	\$ 230,505	\$ 218,229

The \$152,662 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended December 31	OPEB Expense Amount
2022	\$ (75,758)
2023	(75,755)
2024	17,267
2025	(6,140)

f. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2021:

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

4. Other Postemployment Benefits (OPEB)

f. Changes in Actuarial Assumptions (Continued)

- The mortality tables were updated from the RP-2014 Mortality tables (blue collar for public safety, white collar for others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2020 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The retirement and withdrawal tables for non-public safety employees were updated.
- The inflation rate changed from 2.50 percent to 2.00 percent.
- The discount rate was changed from 2.90 percent to 2.00 percent.

D. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description (Continued)

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No Pope County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

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

b. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

Police and Fire Plan benefit recipients will receive a 1.00 percent post-retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Police and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

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

c. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. Rates did not change from 2020.

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

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

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

General Employees Plan	\$	396,734
Police and Fire Plan		133,670

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans (Continued)

d. Pension Costs

General Employees Plan

At December 31, 2021, the County reported a liability of \$3,057,641 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the County's proportion was 0.0716 percent. It was 0.0707 percent measured as of June 30, 2020. The County recognized pension expense of (\$75,940) for its proportionate share of the General Employees Plan's pension expense.

The County also recognized \$7,535 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031.

The County's proportionate share of the net pension liability	\$ 3,057,641
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>93,391</u>
Total	<u>\$ 3,151,032</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 18,418	\$ 93,437
Changes in actuarial assumptions	1,866,932	66,636
Difference between projected and actual investment earnings	-	2,653,941
Changes in proportion	54,291	40,220
Contributions paid to PERA subsequent to the measurement date	202,459	-
Total	\$ 2,142,100	\$ 2,854,234

The \$202,459 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2022	\$ (154,116)
2023	(26,585)
2024	(11,631)
2025	(722,261)

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Police and Fire Plan

At December 31, 2021, the County reported a liability of \$450,786 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the County's proportion was 0.0584 percent. It was 0.0647 percent measured as of June 30, 2020. The County recognized pension expense of (\$41,317) for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed \$18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation.

Legislation requires the State of Minnesota to pay direct state aid of \$9 million on October 1, 2020, and to pay \$9 million by October 1 of each subsequent year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional \$3,689 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

The County's proportionate share of the net pension liability	\$ 450,786
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>20,258</u>
Total	<u>\$ 471,044</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized \$5,256 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 89,192	\$ -
Changes in actuarial assumptions	662,537	275,478
Difference between projected and actual investment earnings	-	851,871
Changes in proportion	30,140	96,345
Contributions paid to PERA subsequent to the measurement date	71,290	-
Total	\$ 853,159	\$ 1,223,694

The \$71,290 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

Year Ended December 31	Pension Expense Amount
2022	\$ (335,216)
2023	(68,054)
2024	(62,807)
2025	(106,950)
2026	131,202

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2021, was (\$117,257).

e. Actuarial Assumptions

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

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

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

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

The long-term expected rate of return on pension plan investments is 6.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans (Continued)

f. Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent in 2021, which is a decrease of one percent from 2020. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net positions of the General Employees Plan and the Police and Fire Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2021:

General Employees Plan

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

Police and Fire Plan

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions

Police and Fire Plan (Continued)

- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25 - 44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions

Police and Fire Plan (Continued)

- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

h. Pension Liability Sensitivity

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

	Proportionate Share of the			
	General Employees Plan		Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability/(Asset)
1% Decrease	5.50%	\$ 6,236,026	5.50%	\$ 1,431,170
Current	6.50	3,057,641	6.50	450,786
1% Increase	7.50	449,581	7.50	(352,886)

i. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans (Continued)

2. Defined Contribution Plan

One board member of Pope County is covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the state legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by Pope County during the year ended December 31, 2021, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 751	\$ 751
Percentage of covered payroll	5.00%	5.00%

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

E. Fund Balances

The summary of fund balance classifications is as follows:

	General Fund	Road and Bridge	Human Services	Debt Service	Other Governmental Funds	Total
Nonspendable						
Inventories	\$ -	\$ 236,184	\$ -	\$ -	\$ -	\$ 236,184
Missing heirs	67,024	-	-	-	-	67,024
Advances to other funds	2,000	-	-	-	-	2,000
Total nonspendable	\$ 69,024	\$ 236,184	\$ -	\$ -	\$ -	\$ 305,208
Restricted						
Debt service	\$ -	\$ -	\$ -	\$ 385,640	\$ -	\$ 385,640
Law library	-	-	-	-	15,994	15,994
Recorder's technology and equipment	109,347	-	-	-	-	109,347
Attorney forfeiture	1,290	-	-	-	-	1,290
E-911	159,889	-	-	-	-	159,889
Recorder's compliance	127,650	-	-	-	-	127,650
Permit to carry	142,122	-	-	-	-	142,122
Sheriff's contingency	3,872	-	-	-	-	3,872
Aquatic invasive species	423,352	-	-	-	-	423,352
Riparian protection	413,357	-	-	-	-	413,357
Clean water partnership	172,314	-	-	-	-	172,314
Ditch maintenance and construction	-	-	-	-	66,290	66,290
Total restricted	\$ 1,553,193	\$ -	\$ -	\$ 385,640	\$ 82,284	\$ 2,021,117
Assigned						
Road and bridge	\$ -	\$ 5,275,302	\$ -	\$ -	\$ -	\$ 5,275,302
Human services	-	-	4,908,249	-	-	4,908,249
Plat sign deposits	1,169	-	-	-	-	1,169
Veterans van	22,502	-	-	-	-	22,502
Capital expenditures	2,851,032	-	-	-	-	2,851,032
Total assigned	\$ 2,874,703	\$ 5,275,302	\$ 4,908,249	\$ -	\$ -	\$ 13,058,254
Unassigned	\$ 8,784,773	\$ -	\$ -	\$ -	\$ (19,626)	\$ 8,765,147
Total Fund Balances	\$ 13,281,693	\$ 5,511,486	\$ 4,908,249	\$ 385,640	\$ 62,658	\$ 24,149,726

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

A. Risk Management

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2021 and 2022. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

In 2018, the County entered into an agreement with PrimeHealth to provide a mechanism for utilizing a pooled self-insurance health program under the authority granted to the counties in Minn. Stat. § 471.59. Premiums are paid to PrimeHealth, who provides bookkeeping services to the entity, including the payment of claims. For 2021, the County has retained risk with a specific annual deductible of \$400,000 per member for the health plan.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

B. Contingent Liabilities

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

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

C. Joint Ventures

Pope/Douglas Solid Waste Management

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

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

Financing is provided by charges for services, special assessments levied in each county, state grants, and interest on investments. During 2021, Pope County contributed \$682,596 to Pope/Douglas Solid Waste Management.

Complete financial statements for Pope/Douglas Solid Waste Management can be obtained from Pope/Douglas Solid Waste Management, 2115 Jefferson Street, Alexandria, Minnesota 56308.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Rainbow Rider Transit Board

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

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

The Board consists of two members appointed by each member county from its County Board for terms of one year each. Rainbow Rider is a joint venture with no county having control over the Board. Each county has an ongoing responsibility to provide funding for the operating costs of Rainbow Rider allocated in accordance with the actual expenses incurred by representatives of the respective counties on the Board. During 2021, Pope County contributed \$8,583 to Rainbow Rider.

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

Complete financial information can be obtained from Rainbow Rider Transit Board, 249 Poplar Avenue, Lowry, Minnesota 56349.

Horizon Public Health

Grant, Pope, Stevens, and Traverse Counties entered into a joint powers agreement creating and operating the Mid-State Community Health Services, pursuant to Minn. Stat. § 471.59. During 1994, Stevens Traverse Grant Public Health Nursing Service began receiving and administering the grant money for Stevens, Traverse, and Grant Counties. Mid-State Community Health Services was renamed Horizon Community Health Board

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Horizon Public Health (Continued)

when Douglas County was added as a member on January 1, 2011. Horizon Community Health Board was renamed Horizon Public Health on January 1, 2015, when it became a fiscally independent entity. The budget is now approved by the five-county Board.

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

Financing is provided by state and federal grants and contributions from the five member counties. During 2021, Pope County contributed \$76,965 in funding to Horizon Public Health.

Complete financial statements for Horizon Public Health can be obtained from Horizon Public Health, 809 Elm Street, Suite 1200, Alexandria, Minnesota 56308.

Region 4 South Adult Mental Health Consortium

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

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

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Region 4 South Adult Mental Health Consortium (Continued)

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

Financing is predominantly provided by state grants. During 2021, Pope County did not make any contributions to the Consortium. Grant County, in a fiscal host capacity, reports the cash transactions of the Consortium as a custodial fund on its financial statements.

Complete financial information can be obtained from, Region 4 South Adult Mental Health Consortium, 507 North Nokomis Northeast, Suite 203, Alexandria, Minnesota 56308.

Pope County Family Collaborative

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

The Collaborative is financed primarily by state and federal funding. In 2005, the Pope County Family Collaborative Board voted to participate in the Local Collaborative Time Study (LCTS). In order to participate, Pope County began to serve as the fiscal agent for the LCTS dollars only in 2005. For all other dollars received, the Minnewaska Area Schools served as the fiscal agent until July 2019, when Pope County began to serve as the fiscal agent for all dollars received. During 2021, Pope County provided \$46,681 in LCTS funds to the Collaborative. Control of the Collaborative is vested in the Governing Board consisting of one member from each of the five participating entities. Current financial statements are not available.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

PrimeWest Health

The PrimeWest Central County-Based Purchasing Initiative (since renamed PrimeWest Health) was established in December 1998 by a joint powers agreement with Big Stone, Douglas, Grant, McLeod, Meeker, Pipestone, Pope, Renville, Stevens, and Traverse Counties under the authority of Minn. Stat. § 471.59.

Beltrami, Clearwater, and Hubbard Counties were later added to PrimeWest Health. Pipestone County has since joined Southwest Health and Human Services for public health and human services functions. The partnership is organized to directly purchase health care services for county residents who are eligible for Medical Assistance and General Assistance Medical Care as authorized by Minn. Stat. § 256B.692.

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

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

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

Financing is provided by Medical Assistance and General Assistance Medical Care payments from the Minnesota Department of Human Services, initial start-up loans from the member counties, and by proportional contributions from member counties, if necessary, to cover operational costs. During 2021, Pope County did not make any contributions to PrimeWest Health.

Complete financial information can be obtained from its administrative office at PrimeWest Health, 3905 Dakota Street, Suite 101, Alexandria, Minnesota 56308.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

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

The Rural Minnesota Concentrated Employment Programs, Inc. (RMCEP), is a private non-profit corporation that provides workforce development services in a 19-county area in north central and west central Minnesota. The agency was incorporated in 1968 to operate employment and training programs which include Workforce Investment Act services. The RMCEP was established to create job training and employment opportunities for economically disadvantaged, underemployed and unemployed persons, and youthful persons in both the private and the public sector.

The RMCEP is governed by a Board of Directors, which is comprised of representatives from a wide variety of industry sectors, education, and human services. During 2021, Pope County contributed \$47,718 to RMCEP. Current financial statements are not available.

West Central Minnesota Drug Task Force

The West Central Minnesota Drug Task Force was established in 1996 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Becker, Douglas, Grant, Otter Tail, Pope, and Wadena Counties, and the Cities of Alexandria, Detroit Lakes, Fergus Falls, Glenwood, Pelican Rapids, Starbuck, and Wadena. The Task Force's objectives are to coordinate and strengthen efforts to identify, apprehend, and prosecute drug-related offenders.

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

Fiscal agent responsibilities for the Task Force are with Douglas County, which reports the Task Force as a custodial fund. Financing and equipment will be provided by the full-time and associate member agencies. During 2021, Pope County contributed \$4,000 to the Task Force.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

West Central Minnesota Drug Task Force (Continued)

Separate financial information can be obtained from the Douglas County Courthouse, 305 – 8th Avenue West, Alexandria, Minnesota 56308.

Viking Library System

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

The Viking Library System is governed by a governing board, which consists of 19 members. Each County Board appoints a resident of the county, each member library board appoints a representative, and any libraries with a service area population over 15,000 have an additional representative. Currently, Fergus Falls and Douglas County have additional representatives. During 2021, Pope County provided \$123,367 to the Viking Library System.

Complete financial information can be obtained from the Viking Library System, 1915 Fir Avenue West, Fergus Falls, Minnesota 56537.

D. Jointly-Governed Organizations

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Lakeland Mental Health Center

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

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

Services are provided to the member counties through purchase of service agreements. A member county may lose its membership, by action of the Board of Directors, if it fails to have a signed contract with Lakeland Mental Health Center. Pope County paid \$62,246 in 2021 for services purchased through Lakeland Mental Health Center.

West Central S.W.A.T. Team

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

E. Agricultural Best Management Loan Program

The County has entered into an agreement with the Minnesota Department of Agriculture and a local lending institution to jointly administer a loan program to individuals to implement projects that prevent or mitigate nonpoint source water pollution. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement. Pope County has met those responsibilities for 2021.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

F. Tax Abatements

The County entered into property tax abatement agreements with various developers, under Minn. Stat. §§ 469.1812 through 469.1815, as amended. Under the statutes, a political subdivision may grant a current or prospective abatement of property taxes if it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement and it will provide benefits such as increasing or preserving the tax base or providing employment opportunities in Pope County. All tax abatements are disclosed.

Midwest Machinery Company

In October 2011, the County entered into a property tax abatement agreement with the City of Glenwood, Minnewaska Area School District No. 2149, and Midwest Machinery Company for a period of up to 12 years effective in the years 2013 through 2025. The abatement is contractually set to equal the sum of \$54,000 plus non-compounded interest at five percent on the unpaid County share of the reimbursement amount. Pope County provided a tax abatement in the form of a tax refund in the amount of \$6,603 for 2021. The developer agrees to construct an expansion to the company's existing John Deere facility, including sanitary sewer and water connections.

City of Glenwood

In November 2012, the County entered into a property tax abatement agreement with the City of Glenwood and Minnewaska Area School District No. 2149 for a period of up to seven years effective in the years 2015 through 2022. The abatement is contractually set annually at \$12,148, or an aggregate total of \$85,036. Pope County provided a tax abatement in the form of a tax refund in the amount of \$12,148 for 2021. The City of Glenwood agrees to pave an existing gravel road to facilitate entry to an existing hotel and the surrounding area.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

F. Tax Abatements (Continued)

Ridge Housing, LLC

In June 2017, the County entered into a property tax abatement agreement with the City of Glenwood, Minnewaska Area School District No. 2149, and Ridge Housing, LLC, for a period of up to 15 years effective in the years 2019 through 2034. Upon submission to the County of invoices relating to the cost of the construction of the project in an amount not less than \$210,000, the County shall reimburse the developer for such costs pursuant to the abatement program. Pope County provided a tax abatement in the form of a tax refund in the amount of \$13,868, or an aggregate total of \$208,020. The developer will construct a multifamily housing facility with tuck under garages, and related site and parking improvements in the City of Glenwood.

5. Subsequent Events

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law. The relief package provides \$65.1 billion in direct, flexible aid for counties in America. The U.S. Department of the Treasury will oversee and administer payments of the State and Local Coronavirus Recovery Funds to the state and local governments, for which every county is eligible to receive a direct allocation from the Treasury. Counties will receive funds in two tranches, with 50 percent provided in 2021 and the remaining balance delivered 12 months later. Pope County is projected to receive \$2,184,986 of the State and Local Coronavirus Recovery Funds.

During 2022, final settlement agreements were reached with pharmaceutical companies and distributors as part of the National Prescription Opiate Litigation. For Pope County, the amount to be received as a result of this litigation is \$415,913, to be received over 18 years, which has been recorded as a settlement receivable in the current year. The Minnesota Opioids State-Subdivision Memorandum of Agreement was signed January 24, 2022.

On January 1, 2022, Pope County Human Services joined Grant County Human Services to form the Western Prairie Human Services, a joint entity that will serve the people of both counties.

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority
Component Unit

A. Summary of Significant Accounting Policies

1. Financial Reporting Entity

The Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA) is a component unit of Pope County and is reported in a separate column in the County's financial statements to emphasize that the HRA/EDA is a legally separate entity from Pope County. The HRA/EDA operates as a local government unit for the purpose of providing housing and redevelopment and economic development services to the local area. The governing body consists of a seven-member Board of Commissioners appointed by the County. The financial statements included are as of and for the year ended December 31, 2021.

2. Measurement Focus and Basis of Accounting

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

3. Assets, Liabilities, and Net Position

a. Cash and Cash Equivalents

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

b. Receivables

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority
Component Unit

A. Summary of Significant Accounting Policies

3. Assets, Liabilities, and Net Position

b. Receivables (Continued)

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

c. Property Held for Resale

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

d. Restricted Assets

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

e. Capital Assets

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

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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority
Component Unit

A. Summary of Significant Accounting Policies

3. Assets, Liabilities, and Net Position

e. Capital Assets (Continued)

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

f. Long-Term Obligations

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

g. Classification of Net Position

The HRA/EDA classifies net position in the following categories: net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets, net of unspent related debt proceeds, if any; restricted net position is classified as such when external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation; and unrestricted net position is the amount of net position that does not meet the definition of restricted or net investment in capital assets.

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority
Component Unit (Continued)

B. Detailed Notes

1. Deposits and Investments

a. Deposits

At December 31, 2021, the HRA/EDA had deposits totaling \$994,872.

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the HRA/EDA's deposits may not be returned to it. The HRA/EDA does not have a deposit policy for custodial credit risk. As of December 31, 2021, the HRA/EDA's deposits were not exposed to custodial credit risk.

Investments

The Authority had no investments as of December 31, 2021.

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority
Component Unit

B. Detailed Notes (Continued)

2. Receivables

Of the loans receivable, \$250,063 is not expected to be collected within the next year. The loans receivable balance consists of loans issued by the HRA/EDA for housing and economic development within the County.

3. Capital Assets

The HRA/EDA's capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land	\$ 311,797	\$ -	\$ 182,363	\$ 129,434
Capital assets depreciated				
Buildings	\$ 2,122,240	\$ -	\$ -	\$ 2,122,240
Less: accumulated depreciation for Buildings	<u>371,392</u>	<u>53,056</u>	<u>-</u>	<u>424,448</u>
Total capital assets depreciated, net	<u>\$ 1,750,848</u>	<u>\$ (53,056)</u>	<u>\$ -</u>	<u>\$ 1,697,792</u>
Capital Assets, Net	<u>\$ 2,062,645</u>	<u>\$ (53,056)</u>	<u>\$ 182,363</u>	<u>\$ 1,827,226</u>

4. Long-Term Debt

Long-term debt outstanding at December 31, 2021, for the HRA/EDA consists of the following:

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interes t Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2021</u>
2013A General Obligation Bonds	02/01/203 4	\$40,000 - \$245,000	0.85 - 3.10	<u>\$ 2,405,000</u>	<u>\$ 2,010,000</u>
Note Payable	06/01/202 2	\$18,412 - \$21,664	4.13	<u>\$ 100,000</u>	<u>\$ 21,664</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority
Component Unit

B. Detailed Notes

4. Long-Term Debt (Continued)

The debt service requirements as of December 31, 2021, are as follows:

Year Ending December 31	General Obligation Bonds		Note Payable	
	Principal	Interest	Principal	Interest
2022	\$ 85,000	\$ 53,435	\$ 21,664	\$ 895
2023	95,000	51,725	-	-
2024	105,000	49,720	-	-
2025	115,000	47,410	-	-
2026	125,000	44,734	-	-
2027 - 2031	810,000	165,888	-	-
2032 - 2034	675,000	32,495	-	-
Total	<u>\$ 2,010,000</u>	<u>\$ 445,407</u>	<u>\$ 21,664</u>	<u>\$ 895</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 2,085,000	\$ -	\$ 75,000	\$ 2,010,000	\$ 85,000
(Discount)/premium	6,292	-	503	5,789	-
Note payable	42,452	-	20,788	21,664	21,664
Long-Term Liabilities	<u>\$ 2,133,744</u>	<u>\$ -</u>	<u>\$ 96,291</u>	<u>\$ 2,037,453</u>	<u>\$ 106,664</u>

C. Risk Management

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority
Component Unit (Continued)

D. Tax Abatements – Pay-As-You-Go Tax Increment

Nelson Housing Development

The HRA/EDA entered into a property tax abatement agreement with Nelson Housing Development, dated September 1, 2017, for a period of 14 years effective in the years 2019 through 2033, under Minn. Stat. §§ 469.174 to .1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low- to moderate-income housing, and economic development. TIF captures the increase in tax capacity and property taxes (of most taxing jurisdictions, including the HRA/EDA) from development or redevelopment to provide funding for the related project. The pay-as-you-go note provides for payment to the developer of all tax increment received in the prior six months. The payment reimburses the developer for certain improvements in an amount not to exceed \$68,000. The HRA/EDA provided a tax abatement in the form of a tax refund in the amount of \$2,176 for 2021.

CSNP Cyrus LLC Development

The HRA/EDA entered into a property tax increment agreement with CSNP Cyrus LLC, dated May 5, 2021, for a period of 25 years effective in the years 2022 through 2047, under Minn. Stat. §§ 469.174 to .1794 (Tax Increment Financing) through a tax increment plan. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low- to moderate-income housing, and economic development. TIF captures the increase in tax capacity and property taxes (of most taxing jurisdictions, including the HRA/EDA) from development or redevelopment to provide funding for the related project. The tax increment plan provides an upfront payment to the developer for all eligible development costs in an amount not to exceed \$60,000, which was paid by the HRA/EDA in 2021.

REQUIRED SUPPLEMENTARY INFORMATION

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-1

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,693,307	\$ 5,693,307	\$ 5,674,620	\$ (18,687)
Special assessments	67,625	67,625	155,605	87,980
Licenses and permits	62,288	62,288	95,528	33,240
Intergovernmental	909,489	1,013,489	1,372,449	358,960
Charges for services	389,750	389,750	484,875	95,125
Fines and forfeits	1,200	1,200	2,104	904
Gifts and contributions	1,000	1,000	1,577	577
Investment earnings	200,700	200,700	82,005	(118,695)
Miscellaneous	154,692	154,692	614,173	459,481
Total Revenues	\$ 7,480,051	\$ 7,584,051	\$ 8,482,936	\$ 898,885
Expenditures				
Current				
General government				
Commissioners	\$ 231,416	\$ 231,416	\$ 224,126	\$ 7,290
County-wide	-	-	209,353	(209,353)
Information technology	502,856	502,856	473,245	29,611
Administrator	436,302	436,302	425,327	10,975
Auditor/Treasurer	417,988	417,988	408,787	9,201
Assessor	583,974	583,974	469,877	114,097
Elections	15,008	15,008	16,635	(1,627)
Accounting and auditing	50,000	50,000	47,133	2,867
Data processing	72,700	72,700	71,514	1,186
Attorney	302,758	302,758	281,743	21,015
Recorder	303,956	303,956	284,865	19,091
Surveyor	1,000	1,000	-	1,000
Environmental services	290,979	290,979	295,253	(4,274)
Buildings	392,075	392,075	368,135	23,940
Veterans service officer	62,033	62,033	53,962	8,071
Other general government	474,277	474,277	329,367	144,910
General government – pension	-	-	7,311	(7,311)
Total general government	\$ 4,137,322	\$ 4,137,322	\$ 3,966,633	\$ 170,689

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT A-1
(Continued)**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 1,310,036	\$ 1,310,036	\$ 1,384,402	\$ (74,366)
ATV grant	-	-	5,143	(5,143)
Snowmobile grant	3,172	3,172	1,735	1,437
Boat and water safety	29,564	29,564	7,468	22,096
Coroner	18,000	18,000	10,809	7,191
Enhanced 911 system	179,982	179,982	164,387	15,595
Dispatchers	366,363	366,363	371,342	(4,979)
County jail	228,536	228,536	134,844	93,692
Court services	426,136	426,136	306,629	119,507
Emergency management	50,957	50,957	47,027	3,930
ARMER implementation	19,653	19,653	13,693	5,960
Public safety – pension	-	-	8,788	(8,788)
Total public safety	\$ 2,632,399	\$ 2,632,399	\$ 2,456,267	\$ 176,132
Health				
Horizon Community Health	\$ 76,965	\$ 76,965	\$ 76,965	\$ -
Culture and recreation				
Historical society	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Terrace Mill and Glacial Ridge	1,300	1,300	1,300	-
Other	6,260	6,260	6,260	-
Total culture and recreation	\$ 57,560	\$ 57,560	\$ 57,560	\$ -
Conservation of natural resources				
Soil and water conservation	\$ 92,458	\$ 92,458	\$ 184,672	\$ (92,214)
County extension	111,198	111,198	108,388	2,810
Agriculture ditch inspector	7,515	7,515	9,448	(1,933)
County fair	25,000	25,000	25,000	-
Water management	366,038	366,038	235,030	131,008
Total conservation of natural resources	\$ 602,209	\$ 602,209	\$ 562,538	\$ 39,671
Economic development				
Community development	\$ 16,250	\$ 16,250	\$ 282,280	\$ (266,030)
Senior citizens	2,565	2,565	2,565	-
Total economic development	\$ 18,815	\$ 18,815	\$ 284,845	\$ (266,030)

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT A-1
(Continued)**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued)				
Intergovernmental				
Sanitation				
Pope/Douglas Solid Waste Management	\$ -	\$ -	\$ 93,548	\$ (93,548)
Culture and recreation				
Library	123,367	123,367	123,367	-
Economic development				
St. Paul Port Authority	-	-	19,922	(19,922)
Total intergovernmental	\$ 123,367	\$ 123,367	\$ 236,837	\$ (113,470)
Capital outlay				
General government	\$ 236,200	\$ 236,200	\$ 586,990	\$ (350,790)
Public safety	10,000	10,000	53,084	(43,084)
Total capital outlay	\$ 246,200	\$ 246,200	\$ 640,074	\$ (393,874)
Debt service				
Principal	\$ 70,313	\$ 70,313	\$ 124,070	\$ (53,757)
Interest	-	-	613	(613)
Total debt service	\$ 70,313	\$ 70,313	\$ 124,683	\$ (54,370)
Total Expenditures	\$ 7,965,150	\$ 7,965,150	\$ 8,406,402	\$ (441,252)
Excess of Revenues Over (Under)				
Expenditures	\$ (485,099)	\$ (381,099)	\$ 76,534	\$ 457,633
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 82,219	\$ 82,219
Loan issued	-	-	92,943	92,943
Proceeds from sale of capital assets	-	-	47,100	47,100
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 222,262	\$ 222,262
Net Change in Fund Balance	\$ (485,099)	\$ (381,099)	\$ 298,796	\$ 679,895
Fund Balance – January 1	12,982,897	12,982,897	12,982,897	-
Fund Balance – December 31	\$ 12,497,798	\$ 12,601,798	\$ 13,281,693	\$ 679,895

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-2

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,524,534	\$ 1,524,534	\$ 1,508,238	\$ (16,296)
Intergovernmental	4,706,566	4,706,566	4,659,142	(47,424)
Charges for services	19,200	19,200	36,468	17,268
Miscellaneous	4,000	4,000	7,681	3,681
Total Revenues	\$ 6,254,300	\$ 6,254,300	\$ 6,211,529	\$ (42,771)
Expenditures				
Current				
Highways and streets				
Administration	\$ 402,956	\$ 402,956	\$ 397,924	\$ 5,032
Maintenance	1,410,190	1,410,190	1,261,013	149,177
Engineering/construction	3,044,833	3,044,833	2,604,440	440,393
Equipment, maintenance, and shop	593,721	593,721	447,279	146,442
Total highways and streets	\$ 5,451,700	\$ 5,451,700	\$ 4,710,656	\$ 741,044
Intergovernmental				
Highways and streets	388,600	388,600	420,284	(31,684)
Capital outlay				
Highways and streets	414,000	414,000	451,349	(37,349)
Total Expenditures	\$ 6,254,300	\$ 6,254,300	\$ 5,582,289	\$ 672,011
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 629,240	\$ 629,240
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	55,000	55,000
Net Change in Fund Balance	\$ -	\$ -	\$ 684,240	\$ 684,240
Fund Balance – January 1	4,901,180	4,901,180	4,901,180	-
Increase (decrease) in inventories	-	-	(73,934)	(73,934)
Fund Balance – December 31	\$ 4,901,180	\$ 4,901,180	\$ 5,511,486	\$ 610,306

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-3

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,810,382	\$ 1,810,382	\$ 1,769,746	\$ (40,636)
Intergovernmental	2,059,564	2,059,564	2,092,692	33,128
Charges for services	396,945	396,945	368,542	(28,403)
Miscellaneous	48,920	48,920	49,662	742
Total Revenues	\$ 4,315,811	\$ 4,315,811	\$ 4,280,642	\$ (35,169)
Expenditures				
Current				
Human services				
Income maintenance	\$ 1,300,365	\$ 1,300,365	\$ 1,132,563	\$ 167,802
Social services	2,934,631	2,934,631	2,558,296	376,335
Senior coordinator	80,815	80,815	62,654	18,161
Total Expenditures	\$ 4,315,811	\$ 4,315,811	\$ 3,753,513	\$ 562,298
Net Change in Fund Balance	\$ -	\$ -	\$ 527,129	\$ 527,129
Fund Balance – January 1	4,381,120	4,381,120	4,381,120	-
Fund Balance – December 31	\$ 4,381,120	\$ 4,381,120	\$ 4,908,249	\$ 527,129

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-4

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 25,193	\$ 22,043	\$ 18,619	\$ 19,480
Interest	48,525	63,345	74,352	78,999
Differences between expected and actual experience	(40,226)	-	(224,660)	-
Changes of assumption or other inputs	9,991	116,574	(240,467)	-
Benefit payments	<u>(189,246)</u>	<u>(207,782)</u>	<u>(227,055)</u>	<u>(249,653)</u>
Net change in total OPEB liability	\$ (145,763)	\$ (5,820)	\$ (599,211)	\$ (151,174)
Total OPEB Liability – Beginning	<u>1,742,039</u>	<u>1,747,859</u>	<u>2,347,070</u>	<u>2,498,244</u>
Total OPEB Liability – Ending	<u>\$ 1,596,276</u>	<u>\$ 1,742,039</u>	<u>\$ 1,747,859</u>	<u>\$ 2,347,070</u>
Covered-employee payroll	\$ 5,911,637	\$ 5,690,736	\$ 5,511,609	\$ 5,303,995
Total OPEB liability (asset) as a percentage of covered-employee payroll	27.00%	30.61%	31.71%	44.25%

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-5

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2021**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Pope County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.0716 %	\$ 3,057,641	\$ 93,391	\$ 3,151,032	\$ 5,157,988	59.28 %	87.00 %
2020	0.0707	4,238,788	130,745	4,369,533	5,045,185	84.02	79.06
2019	0.0702	3,881,201	120,661	4,001,862	4,969,130	78.11	80.23
2018	0.0731	4,055,288	133,025	4,188,313	4,916,334	82.49	79.53
2017	0.0768	4,902,861	61,651	4,964,512	4,947,759	99.09	75.90
2016	0.0744	6,040,911	78,926	6,119,837	4,619,457	130.77	68.91
2015	0.0816	4,228,936	N/A	4,228,936	4,804,103	88.03	78.19

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

N/A – Not Applicable

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-6

**SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2021**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2021	\$ 396,734	\$ 396,734	\$ -	\$ 5,289,772	7.50 %
2020	382,930	382,930	-	5,105,713	7.50
2019	375,728	375,728	-	5,009,707	7.50
2018	370,065	370,065	-	4,931,192	7.50
2017	361,030	361,030	-	4,813,716	7.50
2016	353,849	353,849	-	4,717,986	7.50
2015	354,731	354,731	-	4,729,744	7.50

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-7

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2021**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Pope County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.0584 %	\$ 450,786	\$ 20,258	\$ 471,044	\$ 690,188	65.31 %	93.66 %
2020	0.0647	852,815	20,083	872,898	730,515	116.74	87.19
2019	0.0670	713,283	N/A	713,283	706,431	100.97	89.26
2018	0.0626	667,252	N/A	667,252	659,999	101.10	88.84
2017	0.0650	877,577	N/A	877,577	665,610	131.85	85.43
2016	0.0640	2,568,431	N/A	2,568,431	613,583	418.60	63.88
2015	0.0610	693,103	N/A	693,103	555,199	124.84	86.61

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

N/A – Not Applicable

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-8

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

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2021	\$ 133,670	\$ 133,670	\$ -	\$ 755,200	17.70 %
2020	123,389	123,389	\$ -	697,115	17.70
2019	122,854	122,854	-	724,804	16.95
2018	109,937	109,937	-	678,625	16.20
2017	105,580	105,580	-	651,725	16.20
2016	101,364	101,364	-	625,703	16.20
2015	97,692	97,692	-	603,034	16.20

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, certain special revenue funds, and the Debt Service Fund. A budget is not adopted for the Solid Waste or Ditch Special Revenue Funds because they are based on taxing and special assessments which cannot be determined on an annual basis. Similarly, the Law Library Special Revenue Fund is not budgeted due to the fact that financing is based on fees from court proceedings; therefore, expenditures cannot be determined. No budget was approved for the Opioid Settlement Special Revenue Fund since it was new in 2021. 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 significant supplemental budgetary appropriations.

2. Excess of Expenditures Over Budget

The following major governmental fund had expenditures in excess of budget at the function level for the year ended December 31, 2021:

	Actual	Expenditures Final Budget	Excess
General Fund	\$ 8,406,402	\$ 7,965,150	\$ 441,252

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Other Postemployment Benefits Funded Status

See Note 3.C.4 in the notes to the financial statements for additional information regarding the County's other postemployment benefits.

4. Employer Contributions to Other Postemployment Benefits

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75 to pay related benefits.

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

The following changes occurred:

2021

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality tables (blue collar for public safety, white collar for others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2020 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The retirement and withdrawal tables for non-public safety employees were updated.
- The inflation rate changed from 2.50 percent to 2.00 percent.
- The discount rate was changed from 2.90 percent to 2.00 percent.

2020

- The discount rate was changed from 3.80 percent to 2.90 percent.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

2019

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality tables with MP-2016 Generational Improvement Scale (with blue collar adjustment for police and fire personnel) to the RP-2014 White Collar mortality tables with MP-2018 Generational Improvement Scale (with blue collar adjustment for police and fire personnel).
- The retirement and withdrawal tables for police and fire personnel were updated.
- The discount rate was changed from 3.30 percent to 3.80 percent.
- The trend on post-age 65 medical subsidies was changed from the health care trend rates noted above to 4.00 percent per year.

2018

- The discount rate used changed from 3.50 percent to 3.30 percent.
- The actuarial cost method was changed from projected unit credit to entry age.

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

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

General Employees Retirement Plan

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

General Employees Retirement Plan

2021 (Continued)

- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

General Employees Retirement Plan

2020 (Continued)

- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

- The mortality projection scale was changed from Scale MP-2015 to Scale MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

General Employees Retirement Plan

2018 (Continued)

- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

General Employees Retirement Plan

2017 (Continued)

- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21 million in calendar years 2017 and 2018 and returns to \$31 million through calendar year 2031. The state's required contribution is \$16 million in PERA's fiscal years 2018 and 2019 and returns to \$6 million annually through calendar year 2031.

2016

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

Public Employees Police and Fire Plan

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

Public Employees Police and Fire Plan

2021 (Continued)

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25 - 44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

Public Employees Police and Fire Plan (Continued)

2019

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

2018

- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.
- Post-retirement benefit increases changed to 1.00 percent for all years with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

Public Employees Police and Fire Plan

2017 (Continued)

- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

Public Employees Police and Fire Plan (Continued)

2016

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

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT B-1

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 313,503	\$ 313,503	\$ 306,599	\$ (6,904)
Intergovernmental	-	-	9,888	9,888
Total Revenues	\$ 313,503	\$ 313,503	\$ 316,487	\$ 2,984
Expenditures				
Debt service				
Principal	\$ 313,503	\$ 313,503	\$ 245,000	\$ 68,503
Interest	-	-	63,224	(63,224)
Administrative charges	-	-	1,050	(1,050)
Total Expenditures	\$ 313,503	\$ 313,503	\$ 309,274	\$ 4,229
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 7,213	\$ 7,213
Other Financing Sources (Uses)				
Transfers out	-	-	(82,219)	(82,219)
Net Change in Fund Balances	\$ -	\$ -	\$ (75,006)	\$ (75,006)
Fund Balances – January 1	460,646	460,646	460,646	-
Fund Balances – December 31	\$ 460,646	\$ 460,646	\$ 385,640	\$ (75,006)

**POPE COUNTY
GLENWOOD, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS AND FIDUCIARY FUNDS

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes.

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

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.

CUSTODIAL FUNDS

The custodial funds are used to account for assets held by the County as an agent for other governmental units, individuals, or private organizations.

Taxes and Penalties – to account for the collection and distribution of taxes and penalties to the various taxing districts.

Forfeited Land – to account for the collection and apportionment of fees and taxes collected on behalf of the State of Minnesota and other taxing districts.

Local Collaborative – to account for the collection and payment of amounts due to the Pope County Family Services Collaborative.

State Taxes and Fees – to account for the collection and apportionment of fees and taxes collected on behalf of the State of Minnesota.

Civil Action – to account for the collection and payment of monies collected through civil law procedures on behalf of external entities.

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT B-2

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

	Special Revenue Funds		
	Ditch	Law Library	Total (Exhibit 3)
<u>Assets</u>			
Cash and pooled investments	\$ 56,058	\$ 16,669	\$ 72,727
Special assessments receivable			
Delinquent	101	-	101
Due from other governments	32,887	801	33,688
Total Assets	\$ 89,046	\$ 17,470	\$ 106,516
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 38,115	\$ 1,476	\$ 39,591
Due to other funds	366	-	366
Due to other governments	1,800	-	1,800
Advances from other funds	2,000	-	2,000
Total Liabilities	\$ 42,281	\$ 1,476	\$ 43,757
Deferred Inflows of Resources			
Unavailable revenue (Note 3.C.1)	\$ 101	\$ -	\$ 101
Fund Balances			
Restricted	\$ 66,290	\$ 15,994	\$ 82,284
Unassigned	(19,626)	-	(19,626)
Total Fund Balances	\$ 46,664	\$ 15,994	\$ 62,658
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 89,046	\$ 17,470	\$ 106,516

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT B-3

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

	<u>Special Revenue Funds</u>		<u>Total (Exhibit 5)</u>
	<u>Ditch</u>	<u>Law Library</u>	
Revenues			
Special assessments	\$ 78,480	\$ -	\$ 78,480
Fines and forfeits	-	10,912	10,912
Total Revenues	\$ 78,480	\$ 10,912	\$ 89,392
Expenditures			
Current			
General government	\$ -	\$ 17,915	\$ 17,915
Conservation of natural resources	53,113	-	53,113
Total Expenditures	\$ 53,113	\$ 17,915	\$ 71,028
Net Change in Fund Balances	\$ 25,367	\$ (7,003)	\$ 18,364
Fund Balances – January 1	21,297	22,997	44,294
Fund Balances – December 31	\$ 46,664	\$ 15,994	\$ 62,658

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

	<u>Taxes and Penalties</u>	<u>Forfeited Land</u>
<u>Assets</u>		
Cash and pooled investments	\$ 222,198	\$ 100
Accounts receivable for other governments – net	-	-
Taxes receivable for other governments	<u>219,268</u>	<u>-</u>
Total Assets	\$ 441,466	\$ 100
<u>Liabilities</u>		
Due to other governments	<u>222,198</u>	<u>46</u>
<u>Net Position</u>		
Restricted for Individuals, organizations, and other governments	<u>\$ 219,268</u>	<u>\$ 54</u>

EXHIBIT B-4

<u>Local Collaborative</u>	<u>State Taxes and Fees</u>	<u>Civil Action</u>	<u>Total Custodial Funds</u>
\$ 111,307	\$ 75,396	\$ 1,308	\$ 410,309
1,700	9,843	-	11,543
<u>-</u>	<u>-</u>	<u>-</u>	<u>219,268</u>
\$ 113,007	\$ 85,239	\$ 1,308	\$ 641,120
<u>-</u>	<u>76,279</u>	<u>-</u>	<u>298,523</u>
<u>\$ 113,007</u>	<u>\$ 8,960</u>	<u>\$ 1,308</u>	<u>\$ 342,597</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

	Taxes and Penalties	Forfeited Land
Additions		
Investment earnings	\$ -	\$ -
Property tax collections for other governments	12,609,555	-
Tax-forfeited land sales	-	17,060
Federal/State revenue	75,448	-
Other taxes collected for other governments	-	-
Fees collected for other governments	-	-
Mortgage foreclosure sales	-	-
Miscellaneous	-	-
	\$ 12,685,003	\$ 17,060
Deductions		
Payments of property tax to other governments	\$ 12,555,165	\$ 17,011
Payments to the state	-	-
Payments to other individuals/entities	150,064	-
	\$ 12,705,229	\$ 17,011
Change in net position	\$ (20,226)	\$ 49
Net Position – January 1	239,494	5
Net Position – December 31	\$ 219,268	\$ 54

EXHIBIT B-5

<u>Local Collaborative</u>	<u>State Taxes and Fees</u>	<u>Civil Action</u>	<u>Total Custodial Funds</u>
\$ 1,545	\$ -	\$ -	\$ 1,545
-	1,151,812	-	13,761,367
-	-	-	17,060
68,004	-	-	143,452
-	733,631	-	733,631
-	98,849	338	99,187
-	-	913	913
20,957	-	-	20,957
<u>\$ 90,506</u>	<u>\$ 1,984,292</u>	<u>\$ 1,251</u>	<u>\$ 14,778,112</u>
\$ -	\$ -	\$ -	\$ 12,572,176
-	1,994,860	-	1,994,860
81,990	13	1,488	233,555
<u>\$ 81,990</u>	<u>\$ 1,994,873</u>	<u>\$ 1,488</u>	<u>\$ 14,800,591</u>
\$ 8,516	\$ (10,581)	\$ (237)	\$ (22,479)
<u>104,491</u>	<u>19,541</u>	<u>1,545</u>	<u>365,076</u>
<u>\$ 113,007</u>	<u>\$ 8,960</u>	<u>\$ 1,308</u>	<u>\$ 342,597</u>

OTHER SCHEDULES

**POPE COUNTY
GLENWOOD, MINNESOTA**

**BALANCE SHEET – BY DITCH
DITCH SPECIAL REVENUE FUND
DECEMBER 31, 2021**

	<u>Assets</u>				<u>Accounts Payable</u>
	<u>Cash and Pooled Investments</u>	<u>Special Assessments Receivable Delinquent</u>	<u>Due from Other Governments</u>	<u>Total</u>	
County Ditches					
2	\$ 5,264	\$ -	\$ -	\$ 5,264	\$ -
3	731	-	-	731	-
4	5,061	-	-	5,061	-
7	114	-	-	114	-
8	5,280	37	-	5,317	-
9	9,023	-	-	9,023	-
10	4,444	-	-	4,444	-
12	9,763	-	-	9,763	-
15	3,880	-	-	3,880	-
17	5,713	11	-	5,724	-
19	960	-	-	960	-
24	1,004	-	-	1,004	-
27	782	2	-	784	-
28	6,280	8	-	6,288	-
General	2,040	-	-	2,040	200
Judicial Ditches					
3 Pope and Douglas	7,186	26	1,716	8,928	-
4 Pope and Douglas	5,994	17	31,171	37,182	37,915
4 Pope and Swift	(14,488)	-	-	(14,488)	-
9 Pope and Swift	(2,973)	-	-	(2,973)	-
Total	\$ 56,058	\$ 101	\$ 32,887	\$ 89,046	\$ 38,115

EXHIBIT C-1

	Liabilities			Total	Deferred Inflows of Resources Unavailable Revenue	Fund Balances (Unassigned)/ Restricted	Total Liabilities, Deferred Inflows of Resources, and Fund Balances
	Due to Other Funds	Due to Other Governments	Advances from Other Funds				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,264	\$ 5,264
-	-	-	-	-	-	731	731
68	-	-	68	-	-	4,993	5,061
-	-	-	-	-	-	114	114
-	-	-	-	-	37	5,280	5,317
68	-	-	68	-	-	8,955	9,023
-	-	-	-	-	-	4,444	4,444
-	-	-	-	-	-	9,763	9,763
76	-	-	76	-	-	3,804	3,880
-	-	-	-	-	11	5,713	5,724
-	-	-	-	-	-	960	960
-	-	-	-	-	-	1,004	1,004
-	-	-	-	-	2	782	784
-	-	-	-	-	8	6,280	6,288
154	-	2,000	2,354	-	-	(314)	2,040
-	700	-	700	26	-	8,202	8,928
-	1,100	-	39,015	17	-	(1,850)	37,182
-	-	-	-	-	-	(14,488)	(14,488)
-	-	-	-	-	-	(2,973)	(2,973)
\$ 366	\$ 1,800	\$ 2,000	\$ 42,281	\$ 101	\$ 46,664	\$ 89,046	

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT C-2

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

Appropriations and Shared Revenue

State

Highway users tax	\$	4,339,076
Market value credit		210,147
PERA state aid		16,099
Disparity reduction aid		22,507
County program aid		630,456
Police aid		61,284
Police Officer Standards and Training Board reimbursement		10,304
Riparian protection aid		110,790
SCORE		93,548
E-911		123,204
Aquatic invasive species aid		85,847

Total appropriations and shared revenue **\$ 5,703,262**

Reimbursement for Services

State

Minnesota Department of Human Services	\$	510,860
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Payments

Local

Local contributions	\$	17,970
Payments in lieu of taxes		91,690

Total payments **\$ 109,660**

Grants

State

Minnesota Department/Board of		
Corrections	\$	4,660
Public Safety		9,065
Transportation		22,209
Natural Resources		7,513
Human Services		434,060
Trial Courts		220
Veterans Affairs		5,782
Water and Soil Resources		80,631
Pollution Control Agency		15,875

Total state **\$ 580,015**

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT C-2
(Continued)**

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

Grants (Continued)

Federal

U.S. Department of Agriculture	\$ 126,917
Transportation	168,738
Treasury	5,311
Health and Human Services	912,226
Homeland Security	<u>17,182</u>

Total federal **\$ 1,230,374**

Total grants **\$ 1,810,389**

Total Intergovernmental Revenue **\$ 8,134,171**

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT C-3

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	212MN101S2514	<u>\$ 126,917</u>
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster COVID-19 – Highway Planning and Construction	20.205	8821224	\$ 159,089
Passed Through City of Saint Cloud, Minnesota E-911 Grant Program	20.615	A-DECN-TCPR- 2021-CMESB-9	<u>9,649</u>
Total U.S. Department of Transportation			<u>\$ 168,738</u>
U.S. Department of the Treasury			
Passed Through Minnesota Management and Budget COVID-19 – Coronavirus Relief Fund	21.019	SLT0016	\$ 266
Direct COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>5,045</u>
Total U.S. Department of the Treasury			<u>\$ 5,311</u>
U.S. Department of Health and Human Services			
Passed Through Northwest Regional Development Commission Aging Cluster Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	93.044	314-21-003B-435	\$ 12,579
National Family Caregiver Support, Title III, Part E	93.052	314-21-003E-425	23,004
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	2101MNFPS	3,963
Temporary Assistance for Needy Families	93.558	2101MNTANF	48,957
Child Support Enforcement	93.563	2101MNCES	134,886
Child Support Enforcement	93.563	2101MNCSES	47,604
(Total Child Support Enforcement 93.563 \$182,490)			

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT C-3
(Continued)**

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Human Services (Continued)			
Refugee and Entrant Assistance – State Administered Programs CCDF Cluster	93.566	2101MNRCMA	320
Child Care and Development Block Grant	93.575	2101MNCCDF	2,730
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP	2,037
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	2,031
COVID-19 – Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWC3	1,501
(Total Stephanie Tubbs Jones Child Welfare Services Program 93.645 \$3,532)			
Foster Care – Title IV-E	93.658	2101MNFOST	98,525
Social Services Block Grant	93.667	2101MNSOSR	76,531
Child Abuse and Neglect State Grants	93.669	2101MNNCAN	463
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2101MNCILP	19,179
Children's Health Insurance Program	93.767	2105MN5021	662
Medicaid Cluster			
Medical Assistance Program	93.778	2105MN5ADM	437,701
Medical Assistance Program	93.778	2105MN5MAP	4,101
(Total Medical Assistance Program 93.778 \$441,802)			
Total U.S. Department of Health and Human Services			\$ 916,774
Total Federal Awards			\$ 1,217,740

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

Totals by Cluster

Total expenditures for SNAP Cluster	\$ 126,917
Total expenditures for Highway Planning and Construction Cluster	159,089
Total expenditures for Aging Cluster	12,579
Total expenditures for CCDF Cluster	2,730
Total expenditures for Medicaid Cluster	441,802

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Pope County under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Pope County, it is not intended to and does not present the financial position or changes in net position of Pope County.

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

2. De Minimis Cost Rate

Pope County has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 1,230,374
Grants received more than 60 days after year-end, unavailable in 2021	
Promoting Safe and Stable Families	231
Temporary Assistance for Needy Families	11,984
Community-Based Child Abuse Prevention Grants	1,276
Stephanie Tubbs Jones Child Welfare Services Program	210
COVID-19 – Stephanie Tubbs Jones Child Welfare Services Program	465
Child Abuse and Neglect State Grants	463
John H. Chafee Foster Care Program for Successful Transition to Adulthood	5,052
Children’s Health Insurance Program	500
Unavailable in 2020, recognized as revenue in 2021	
Temporary Assistance for Needy Families	(13,936)
Child Care and Development Block Grant	(1,697)
Emergency Management Performance Grants	(17,182)
	<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 1,217,740</u>

MANAGEMENT AND COMPLIANCE SECTION



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

Independent Auditor's Report

Board of County Commissioners
Pope County
Glenwood, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 21, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Minnesota Legal Compliance

In connection with our audit, we noted that Pope County failed to comply with the provisions of the depositories of public funds and public investments section of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters, as described in the Schedule of Findings and Questioned Costs as item 2021-001. Also, in connection with our audit, nothing came to our attention that caused us to believe that Pope County failed to comply with the provisions of the contracting – bid laws, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Pope County's Response to Findings

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

Purpose of This Report

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

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

September 21, 2022



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

Independent Auditor's Report

Board of County Commissioners
Pope County
Glenwood, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pope County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and
- obtain an understanding of Pope County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Pope County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

September 21, 2022

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

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

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

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

The major federal programs are:

Assistance Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster
93.563	Child Support Enforcement

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

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

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

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. OTHER FINDINGS AND RECOMMENDATIONS

2021-001 Insufficient Collateral

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Minnesota Legal Compliance

Criteria: Government entities are required by Minn. Stat. § 118A.03, subd. 1 and 3, to obtain collateral to secure deposits to the extent funds on deposit exceed available federal deposit insurance at the close of the financial institution's banking day. The market value of the collateral should be at least ten percent more than the uninsured and unbonded amount on deposit, unless the collateral is an irrevocable letter of credit issued by Federal Home Loan Banks, which requires an amount at least equal to the amount on deposit.

Condition: The fair market value of collateral pledged to secure uninsured deposits was not sufficient to meet the 110 percent requirement for December of 2021.

Context: In the month of December 2021, deposits held with Hometown Community Bank were in excess of Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral by \$172,032. County staff identified that County deposits were exposed to custodial credit risk and acted to obtain additional collateral.

Effect: The County was not in compliance with Minnesota statutes and exposed County deposits to custodial credit risk.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

Cause: When deposits at the bank were under-collateralized in December, the market value on the securities that were pledged as collateral had decreased to the point that the market value was below 110 percent of deposits.

Recommendation: We recommend the County maintain adequate collateral pledged to secure deposits in accordance with Minn. Stat. § 118A.03.

View of Responsible Official: Concur

**REPRESENTATION OF POPE COUNTY
GLENWOOD, MINNESOTA**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2021**

Finding Number: 2021-001

Finding Title: Insufficient Collateral

Name of Contact Person Responsible for Corrective Action:

Stephanie Rust, Auditor/Treasurer

Corrective Action Planned:

Staff will continue to monitor pledged collateral and will obtain additional collateral when needed.

While staff was monitoring this in 2021, market values continued to drop very quickly and the bank did not respond appropriately. During this time, staff was in constant communication with the bank, removing money from this account to try to ensure that sufficient collateral was maintained, as the bank decided not to pledge any additional securities.

Anticipated Completion Date:

January 1, 2022