

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

**Pope County
Glenwood, Minnesota**

Year Ended December 31, 2020

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.

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

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**Pope County
Glenwood, Minnesota**

Year Ended December 31, 2020



Office of the State Auditor

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

TABLE OF CONTENTS

	Exhibit	Page
Introductory Section		
Organization		1
Financial Section		
Independent Auditor’s Report		2
Management’s Discussion and Analysis		5
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	1	15
Statement of Activities	2	17
Fund Financial Statements		
Governmental Funds		
Balance Sheet	3	19
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position—Governmental Activities	4	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	5	22
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	26
Statement of Fiduciary Net Position – Fiduciary Funds	7	28
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	8	29
Notes to the Financial Statements		30
Required Supplementary Information		
Budgetary Comparison Schedules		
General Fund	A-1	87
Road and Bridge Special Revenue Fund	A-2	90
Human Services Special Revenue Fund	A-3	91
Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits	A-4	92
PERA General Employees Retirement Plan		
Schedule of Proportionate Share of Net Pension Liability	A-5	93
Schedule of Contributions	A-6	94

**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	95
Schedule of Contributions	A-8	96
Notes to the Required Supplementary Information		97
Supplementary Information		
Combining and Individual Fund Financial Statements		
Budgetary Comparison Schedule – Debt Service Fund	B-1	105
Nonmajor Governmental Funds and Fiduciary Funds		106
Balance Sheet – Nonmajor Governmental Funds	B-2	107
Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	B-3	108
Combining Statement of Fiduciary Net Position – Fiduciary Funds – Custodial Funds	B-4	109
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds – Custodial Funds	B-5	111
Other Schedules		
Balance Sheet – by Ditch – Ditch Special Revenue Fund	C-1	113
Schedule of Intergovernmental Revenue	C-2	115
Schedule of Expenditures of Federal Awards	C-3	117
Notes to the Schedule of Expenditures of Federal Awards		119
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>		121
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance		123
Schedule of Findings and Questioned Costs		125

**POPE COUNTY
GLENWOOD, MINNESOTA**

**ORGANIZATION
2020**

Office	Name	Term	
		From	To
Commissioners			
1st District	Nan Haggerty	August 2019	January 2023
2nd District	Gordy Wagner*	January 2017	January 2021
3rd District	Paul Gerde**	January 2017	January 2021
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 2017	December 2020
Coroner	Duane E. Westberg, M.D.		Indefinite
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 2017	January 2021
Member	Paul Gerde	January 2017	January 2021
Member	Larry Lindor	January 2019	January 2023
Member	Cody Rogahn	January 2019	January 2023

*Chair

**Vice Chair



INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Pope County
Glenwood, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we

express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County, Minnesota, as of December 31, 2020, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1.E to the financial statements, in 2020, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the 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 Supplementary Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information 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 October 6, 2021, on our consideration of Pope County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Pope 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 Pope County's internal control over financial reporting and compliance.

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

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

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

October 6, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**POPE COUNTY
GLENWOOD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(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, 2020. 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 \$72,948,421, of which Pope County has invested \$60,905,931 in capital assets, net of related debt, and \$4,626,145 is restricted to specific purposes/uses by the County.
- The net cost of Pope County's governmental activities for the year ended December 31, 2020, was \$5,244,400; the net cost was funded by general revenues and other items totaling \$10,869,391.
- Pope County's net position increased by \$5,624,991 for the year ended December 31, 2020; the net position of the County's discretely presented component unit increased by \$195,393.
- The fund balances of all Pope County's funds increased by \$3,139,622.

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 them. You can think of the County's net position—the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources—as one way to measure Pope County's financial health or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's property tax base and the general economic conditions of the state and County, to assess the overall health of Pope County.

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

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

Fund Financial Statements

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

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

Reporting the County’s Fiduciary Responsibilities

Pope County is the trustee, or fiduciary, over assets, which can only be used for the 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	
	2020	2019
Assets		
Current and other assets	\$ 26,231,957	\$ 22,910,755
Capital assets, net of accumulated depreciation	63,227,322	61,331,872
Total Assets	\$ 89,459,279	\$ 84,242,627
Deferred Outflows of Resources		
Deferred pension outflows	\$ 761,030	\$ 1,077,175
Deferred OPEB outflows	282,412	207,782
Total Deferred Outflows of Resources	\$ 1,043,442	\$ 1,284,957
Liabilities		
Long-term liabilities	\$ 15,303,837	\$ 15,046,124
Other liabilities	1,046,723	747,636
Total Liabilities	\$ 16,350,560	\$ 15,793,760
Deferred Inflows of Resources		
Deferred pension inflows	\$ 924,665	\$ 2,038,293
Deferred OPEB inflows	279,075	372,101
Total Deferred Inflows of Resources	\$ 1,203,740	\$ 2,410,394
Net Position		
Net investment in capital assets	\$ 60,905,931	\$ 58,765,873
Restricted	4,626,145	4,155,717
Unrestricted	7,416,345	4,401,840
Total Net Position	\$ 72,948,421	\$ 67,323,430

Pope County's total net position for the year ended December 31, 2020, totals \$72,948,421. The governmental activities' unrestricted net position totals \$7,416,345. 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	
	2020	2019
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 1,925,040	\$ 1,728,686
Operating grants and contributions	9,429,360	7,409,873
Capital grants and contributions	17,182	1,960,466
General revenues		
Property taxes	9,171,807	9,190,907
Other taxes	459,813	346,783
Grants and contributions not restricted to specific programs	899,516	842,353
Other general revenues	338,255	386,991
Total Revenues	<u>\$ 22,240,973</u>	<u>\$ 21,866,059</u>
Expenses		
General government	\$ 4,726,319	\$ 4,004,603
Public safety	2,205,514	2,375,080
Highways and streets	4,330,922	4,190,240
Sanitation	674,377	5,733,898
Human services	3,694,955	3,608,548
Health	76,965	61,733
Culture and recreation	188,407	210,779
Conservation of natural resources	593,479	553,001
Economic development	20,184	-
Interest	104,860	166,635
Total Expenses	<u>\$ 16,615,982</u>	<u>\$ 20,904,517</u>
Increase (Decrease) in Net Position	\$ 5,624,991	\$ 961,542
Net Position – January 1	<u>67,323,430</u>	<u>66,361,888</u>
Net Position – December 31	<u>\$ 72,948,421</u>	<u>\$ 67,323,430</u>

Governmental Activities

Revenues for Pope County’s governmental activities for the year ended December 31, 2020, were \$22,240,973. The County’s cost for all governmental activities for the year ended December 31, 2020, was \$16,615,982. The net position for the County’s governmental activities increased by \$5,624,991 in 2020.

As shown in the Statement of Activities, the amount that Pope County taxpayers ultimately financed for these governmental activities through local property taxation was \$9,171,807 because \$1,925,040 of the costs were paid by those who directly benefited from the programs, and \$10,346,058 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 \$798,068 from other revenues, such as investment income, mortgage registry tax, wheelage tax, and state deed tax.

Figure 1
Total County Revenues
2020

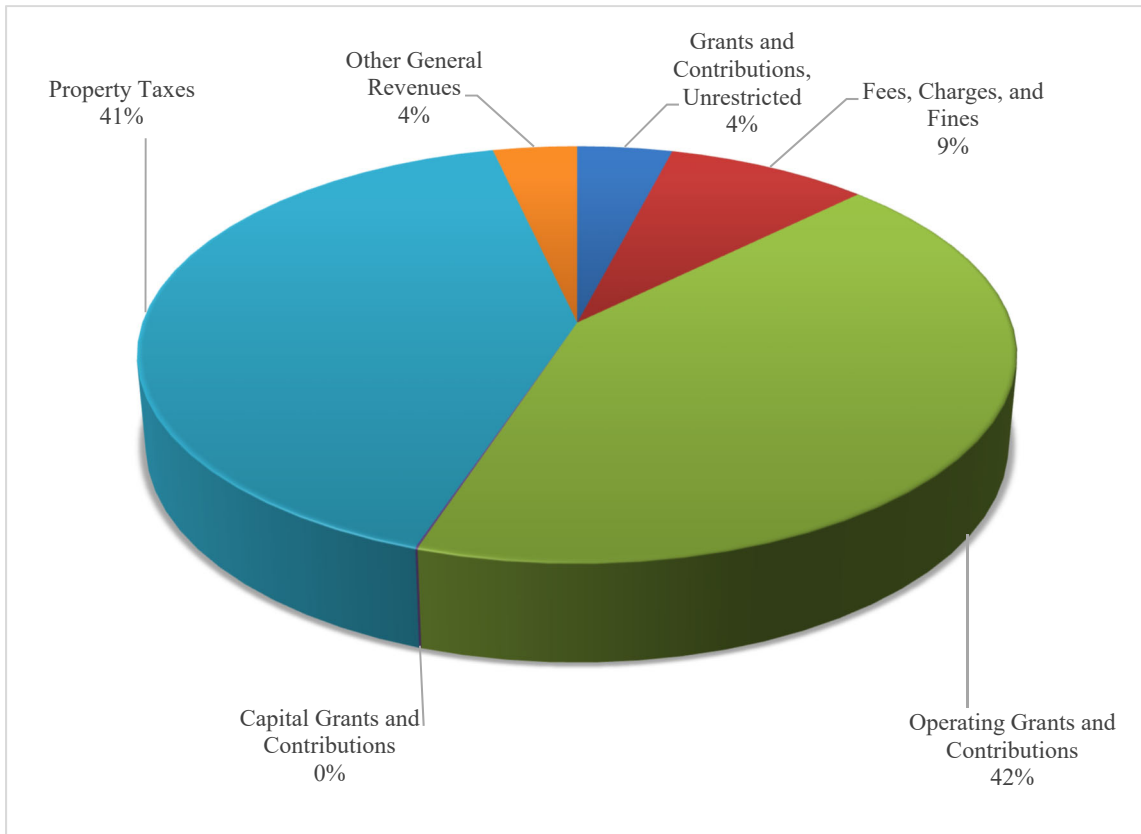
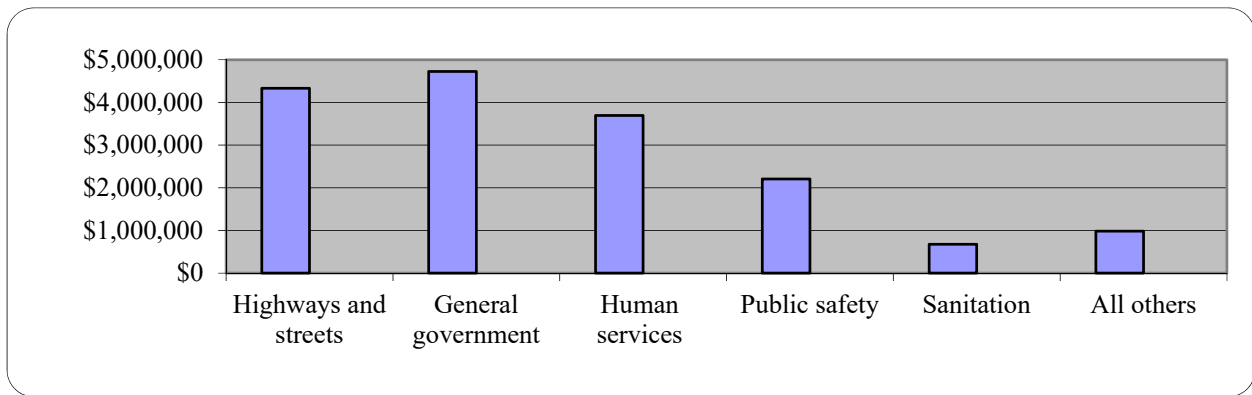


Table 3 presents the cost of each of Pope County’s five largest program functions, as well as each function’s net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden placed on Pope County’s taxpayers by each of these functions.

**Table 3
Governmental Activities**

	Total Cost of Services 2020	Net Cost of Services 2020
Program Expenses		
General government	\$ 4,726,319	\$ 2,387,025
Public safety	2,205,514	2,002,783
Highways and streets	4,330,922	(875,063)
Sanitation	674,377	(26,513)
Human services	3,694,955	1,328,756
All others	983,895	427,412
	<u>\$ 16,615,982</u>	<u>\$ 5,244,400</u>
Total Program Expenses		

**Figure 2
Governmental Activities Expenses
2020**



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 \$22,770,137.

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 2020, the County Board of Commissioners made no changes to the budget as originally adopted on December 17, 2019. 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 \$2,217,060 due to higher than anticipated intergovernmental revenue, which was additional funding received in relation to the Coronavirus Relief Fund CARES Act. Actual expenditures were \$1,506,765 less than expected due to a variety of reasons, including lower 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 2020, Pope County had \$63,227,322 invested in a broad range of capital assets, net of depreciation. Pope County's net capital assets increased by \$1,895,450, or 3.09 percent, in 2020 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	
	2020	2019
Land	\$ 2,198,040	\$ 2,174,341
Buildings	4,890,292	4,937,676
Office furniture and equipment	453,838	325,750
Machinery and automotive equipment	1,462,215	1,333,763
Infrastructure	54,058,917	52,560,342
Construction In Progress	164,020	-
Totals	<u>\$ 63,227,322</u>	<u>\$ 61,331,872</u>

Debt Administration

At December 31, 2020, Pope County had \$7,613,793 of outstanding debt, which includes Solid Waste Revenue Bonds the County obtained for Pope Douglas Solid Waste. Comparing \$7,874,720 as of December 31, 2019, there was a decrease of \$260,927 due to principal payments made during the year, as shown in Table 5.

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

	Governmental Activities	
	2020	2019
Contract for deed	\$ -	\$ 1,307
2013A G.O. Capital Equipment and Improvement Bonds	195,000	240,000
2017 G.O. Capital Improvement Bonds	2,040,000	2,230,000
2019A G.O. Solid Waste Revenue Bonds (Pope Douglas Solid Waste)	4,900,000	4,900,000
Loans		
Septic System Replacement Program Loan SRF0185	-	5,653
Septic System Replacement Program Loan SRF0253	38,458	55,016
State of Minnesota Agricultural Best Management Loan Program	440,335	442,744
Totals	<u>\$ 7,613,793</u>	<u>\$ 7,874,720</u>

In 2020, 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 2020 budget and tax rates, including:

- Pope County’s unemployment rates for 2019 and 2020 were 3.1 percent and 4.5 percent, respectively, compared to the Minnesota unemployment rate for 2019 and 2020, which averaged 3.1 percent and 6.2 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 15, 2020, the Pope County Board of Commissioners approved the 2021 budget at \$18,822,119. The 2021 total levy is \$9,710,682, less County Program Aid of \$630,456, for a net levy of \$9,080,226. The Board approved a 3.0 percent decrease in the levy for 2021.

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, 2020**

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Housing and Redevelopment Authority/Economic Development Authority</u>
<u>Assets</u>		
Cash and pooled investments	\$ 22,566,121	\$ 904,173
Petty cash and change funds	1,900	-
Taxes receivable		
Delinquent	105,543	3,421
Special assessments receivable		
Delinquent	23,374	-
Noncurrent	554,159	-
Accounts receivable	91,674	759
Accrued interest receivable	63,809	-
Due from other governments	2,515,259	-
Loans receivable	-	274,774
Inventories	310,118	-
Land held for resale	-	428,100
Restricted assets		
Cash and pooled investments	-	14,266
Capital assets		
Non-depreciable	2,362,060	311,797
Depreciable – net of accumulated depreciation	60,865,262	1,750,848
Total Assets	\$ 89,459,279	\$ 3,688,138
<u>Deferred Outflows of Resources</u>		
Deferred pension outflows	\$ 761,030	\$ -
Deferred other postemployment benefits outflows	282,412	-
Total Deferred Outflows of Resources	\$ 1,043,442	\$ -

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT 1
(Continued)**

**STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020**

	Primary Government Governmental Activities	Component Unit Housing and Redevelopment Authority/Economic Development Authority
<u>Liabilities</u>		
Accounts payable	\$ 236,822	\$ -
Salaries payable	259,360	-
Contracts payable	10,690	-
Due to other governments	89,150	850
Accrued interest payable	82,772	24,124
Unearned revenue	78,024	31,527
Financial assurance deposit payable	289,905	-
Current liabilities payable from restricted assets		
Tenant security deposits	-	13,371
Accounts payable	-	895
Long-term liabilities		
Due within one year	561,599	95,788
Due in more than one year	7,908,596	2,037,956
Other postemployment benefits obligation	1,742,039	-
Net pension liability	5,091,603	-
	\$ 16,350,560	\$ 2,204,511
<u>Deferred Inflows of Resources</u>		
Deferred pension inflows	\$ 924,665	\$ -
Deferred other postemployment benefits inflows	279,075	-
	\$ 1,203,740	\$ -
<u>Net Position</u>		
Net investment in capital assets	\$ 60,905,931	\$ (28,647)
Restricted for		
General government	496,657	-
Public safety	357,043	-
Highways and streets	1,781,861	-
Ditch construction and maintenance	45,237	-
Conservation of natural resources	1,480,665	-
Debt service	464,682	-
Unrestricted	7,416,345	1,512,274
	\$ 72,948,421	\$ 1,483,627

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

Page 16

**POPE COUNTY
GLENWOOD, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Expenses	Fees, Charges, Fines, and Other
<u>Functions/Programs</u>		
Primary Government		
Governmental activities		
General government	\$ 4,726,319	\$ 593,196
Public safety	2,205,514	63,623
Highways and streets	4,330,922	30,497
Sanitation	674,377	682,166
Human services	3,694,955	437,108
Health	76,965	-
Culture and recreation	188,407	-
Conservation of natural resources	593,479	118,450
Economic development	20,184	-
Interest	104,860	-
Total Primary Government	\$ 16,615,982	\$ 1,925,040
Component Unit		
Housing and Redevelopment Authority/Economic Development Authority	\$ 272,607	\$ -
 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		
Net Position – Ending		

EXHIBIT 2

<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>	<u>Component Unit Housing and Redevelopment Authority/Economic Development Authority</u>
\$ 1,746,098	\$ -	\$ (2,387,025)	
121,926	17,182	(2,002,783)	
5,175,488	-	875,063	
18,724	-	26,513	
1,929,091	-	(1,328,756)	
149,731	-	72,766	
-	-	(188,407)	
288,302	-	(186,727)	
-	-	(20,184)	
-	-	(104,860)	
<u>\$ 9,429,360</u>	<u>\$ 17,182</u>	<u>\$ (5,244,400)</u>	
<u>\$ -</u>	<u>\$ -</u>		<u>\$ (272,607)</u>
		\$ 9,171,807	\$ 321,216
		19,359	-
		257,533	-
		46,182	-
		136,739	-
		899,516	9,155
		268,869	324
		15,194	-
		54,192	137,305
		<u>\$ 10,869,391</u>	<u>\$ 468,000</u>
		\$ 5,624,991	\$ 195,393
		<u>67,323,430</u>	<u>1,288,234</u>
		<u>\$ 72,948,421</u>	<u>\$ 1,483,627</u>

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**POPE COUNTY
GLENWOOD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Road and Bridge
<u>Assets</u>		
Cash and pooled investments	\$ 13,183,924	\$ 4,630,941
Petty cash and change funds	1,900	-
Taxes receivable		
Delinquent	67,868	13,362
Special assessments receivable		
Delinquent	2,427	-
Noncurrent	554,159	-
Accounts receivable	32,066	12,815
Accrued interest receivable	63,809	-
Due from other funds	19,334	-
Due from other governments	337,902	1,803,632
Inventories	-	310,118
Advances to other funds	5,000	-
	\$ 14,268,389	\$ 6,770,868
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 116,856	\$ 15,292
Salaries payable	146,399	43,089
Contracts payable	-	10,690
Due to other funds	-	-
Due to other governments	12,672	5,394
Unearned revenue	78,024	-
Advances from other funds	-	-
Financial assurance deposit payable	289,905	-
	\$ 643,856	\$ 74,465
Deferred Inflows of Resources		
Unavailable revenue (Note 3.C.1)	\$ 641,636	\$ 1,795,223
Fund Balances (Note 3.E)		
Nonspendable	\$ 5,000	\$ 310,118
Restricted	1,734,220	-
Assigned	3,158,339	4,591,062
Unassigned	8,085,338	-
	\$ 12,982,897	\$ 4,901,180
	\$ 12,982,897	\$ 4,901,180
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,268,389	\$ 6,770,868

EXHIBIT 3

<u>Human Services</u>	<u>Solid Waste</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 4,207,234	\$ 16,024	\$ 460,646	\$ 67,352	\$ 22,566,121
-	-	-	-	1,900
20,277	-	4,036	-	105,543
-	20,562	-	385	23,374
-	-	-	-	554,159
46,793	-	-	-	91,674
-	-	-	-	63,809
-	-	-	-	19,334
369,135	-	-	4,590	2,515,259
-	-	-	-	310,118
-	-	-	-	5,000
<u>\$ 4,643,439</u>	<u>\$ 36,586</u>	<u>\$ 464,682</u>	<u>\$ 72,327</u>	<u>\$ 26,256,291</u>
\$ 104,474	\$ -	\$ -	\$ 200	\$ 236,822
69,872	-	-	-	259,360
-	-	-	-	10,690
19,334	-	-	-	19,334
32,612	16,024	-	22,448	89,150
-	-	-	-	78,024
-	-	-	5,000	5,000
-	-	-	-	289,905
<u>\$ 226,292</u>	<u>\$ 16,024</u>	<u>\$ -</u>	<u>\$ 27,648</u>	<u>\$ 988,285</u>
<u>\$ 36,027</u>	<u>\$ 20,562</u>	<u>\$ 4,036</u>	<u>\$ 385</u>	<u>\$ 2,497,869</u>
\$ -	\$ -	\$ -	\$ -	\$ 315,118
-	-	460,646	67,849	2,262,715
4,381,120	-	-	-	12,130,521
-	-	-	(23,555)	8,061,783
<u>\$ 4,381,120</u>	<u>\$ -</u>	<u>\$ 460,646</u>	<u>\$ 44,294</u>	<u>\$ 22,770,137</u>
<u>\$ 4,643,439</u>	<u>\$ 36,586</u>	<u>\$ 464,682</u>	<u>\$ 72,327</u>	<u>\$ 26,256,291</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, 2020**

Fund balance – total governmental funds (Exhibit 3)		\$ 22,770,137
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.		63,227,322
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.		761,030
Deferred outflows of resources resulting from other postemployment benefits obligations are not available and, therefore, are not reported in the governmental funds.		282,412
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.		2,497,869
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	\$ (7,135,000)	
Discounts/premiums on bonds	(269,785)	
Loans payable	(478,793)	
Compensated absences	(586,617)	
Other postemployment benefits obligation	(1,742,039)	
Net pension liability	<u>(5,091,603)</u>	(15,303,837)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds.		(82,772)
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.		(924,665)
Deferred inflows of resources resulting from other post employment benefit obligations are not available resources and, therefore, are not reported in the governmental funds.		<u>(279,075)</u>
Net Position of Governmental Activities (Exhibit 1)		<u><u>\$ 72,948,421</u></u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Road and Bridge
Revenues		
Taxes	\$ 5,925,320	\$ 1,517,787
Special assessments	140,263	-
Licenses and permits	80,548	-
Intergovernmental	3,062,940	5,358,945
Charges for services	411,568	22,809
Fines and forfeits	2,471	-
Gifts and contributions	344	-
Investment earnings	268,869	-
Miscellaneous	171,502	7,688
	\$ 10,063,825	\$ 6,907,229
Expenditures		
Current		
General government	\$ 4,604,535	\$ -
Public safety	2,142,379	-
Highways and streets	-	5,348,923
Human services	-	-
Health	76,965	-
Culture and recreation	65,060	-
Conservation of natural resources	543,860	-
Economic development	18,490	-
Intergovernmental		
Highways and streets	-	457,164
Sanitation	-	-
Culture and recreation	123,367	-
Capital outlay		
General government	664,664	-
Public safety	99,393	-
Highways and streets	-	377,510
Debt service		
Principal	115,109	-
Interest	1,060	-
Administrative charges	-	-
	\$ 8,454,882	\$ 6,183,597
Excess of Revenues Over (Under) Expenditures	\$ 1,608,943	\$ 723,632

EXHIBIT 5

<u>Human Services</u>	<u>Solid Waste</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 1,740,474	\$ -	\$ 308,851	\$ -	\$ 9,492,432
-	674,377	-	48,507	863,147
-	-	-	-	80,548
2,203,070	-	10,464	-	10,635,419
393,464	-	-	-	827,841
-	-	-	12,132	14,603
-	-	-	-	344
-	-	-	-	268,869
44,692	-	-	-	223,882
<u>\$ 4,381,700</u>	<u>\$ 674,377</u>	<u>\$ 319,315</u>	<u>\$ 60,639</u>	<u>\$ 22,407,085</u>
\$ -	\$ -	\$ -	\$ 15,977	\$ 4,620,512
-	-	-	-	2,142,379
-	-	-	-	5,348,923
3,828,505	-	-	-	3,828,505
-	-	-	-	76,965
-	-	-	-	65,060
-	-	-	49,619	593,479
-	-	-	-	18,490
-	-	-	-	457,164
-	674,377	-	-	674,377
-	-	-	-	123,367
-	-	-	-	664,664
-	-	-	-	99,393
-	-	-	-	377,510
-	-	235,000	-	350,109
-	-	69,771	-	70,831
-	-	1,050	-	1,050
<u>\$ 3,828,505</u>	<u>\$ 674,377</u>	<u>\$ 305,821</u>	<u>\$ 65,596</u>	<u>\$ 19,512,778</u>
<u>\$ 553,195</u>	<u>\$ -</u>	<u>\$ 13,494</u>	<u>\$ (4,957)</u>	<u>\$ 2,894,307</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>General</u>	<u>Road and Bridge</u>
Other Financing Sources (Uses)		
Transfers in	\$ 78	\$ 6,382
Transfers out	(6,382)	-
Loan issued	89,182	-
Proceeds from sale of capital assets	6,715	8,479
	<u>89,593</u>	<u>14,861</u>
Total Other Financing Sources (Uses)	\$ 89,593	\$ 14,861
Net Change in Fund Balances	\$ 1,698,536	\$ 738,493
Fund Balances – January 1	11,284,361	4,021,748
Increase (decrease) in inventories	-	140,939
	<u>11,284,361</u>	<u>4,162,687</u>
Fund Balances – December 31	<u>\$ 12,982,897</u>	<u>\$ 4,901,180</u>

EXHIBIT 5
(Continued)

<u>Human Services</u>	<u>Solid Waste</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,460
-	-	(78)	-	(6,460)
-	-	-	-	89,182
-	-	-	-	15,194
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (78)</u>	<u>\$ -</u>	<u>\$ 104,376</u>
\$ 553,195	\$ -	\$ 13,416	\$ (4,957)	\$ 2,998,683
3,827,925	-	447,230	49,251	19,630,515
-	-	-	-	140,939
<u>\$ 4,381,120</u>	<u>\$ -</u>	<u>\$ 460,646</u>	<u>\$ 44,294</u>	<u>\$ 22,770,137</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, 2020**

Net change in fund balances – total governmental funds (Exhibit 5) \$ 2,998,683

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

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

Unavailable revenue – December 31	\$ 2,497,869	
Unavailable revenue – January 1	<u>(2,563,008)</u>	(65,139)

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	\$ 4,270,005	
Current year depreciation	<u>(2,374,555)</u>	1,895,450

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	(89,182)	
Principal repayments	350,109	
Current year amortization of premiums/discounts	<u>19,389</u>	280,316

**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, 2020**

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	\$	(52,368)	
Change in compensated absences		(46,730)	
Change in other postemployment benefits obligation		5,820	
Change in net pension liability		(497,119)	
Change in deferred pension outflows of resources		(316,145)	
Change in deferred other postemployment benefits outflows of resources		74,630	
Change in deferred pension inflows of resources		1,113,628	
Change in deferred other postemployment benefits inflows of resources		93,026	
Change in inventories		140,939	515,681
Change in Net Position of Governmental Activities (Exhibit 2)			<u><u>\$ 5,624,991</u></u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020**

	<u>Custodial Funds</u>
<u>Assets</u>	
Cash and pooled investments	\$ 537,598
Accounts receivable for other governments - net	19,541
Taxes receivable for other governments	<u>239,494</u>
Total Assets	\$ 796,633
<u>Liabilities</u>	
Due to other governments	<u>431,557</u>
<u>Net Position</u>	
Restricted for Individuals, organizations, other governments	<u><u>\$ 365,076</u></u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT 8

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Custodial Funds
Additions	
Investment earnings	\$ 1,107
Property tax collections for other governments	13,350,021
Tax forfeited land sales	47,180
Federal/State revenue	151,684
Other taxes collected for other governments	666,935
Fees collected for other governments	164,898
Mortgage foreclosure sales	84,621
Miscellaneous	44,873
	\$ 14,511,319
Deductions	
Payments of property tax to other governments	\$ 12,251,677
Payments to state	1,952,842
Payments to other individuals/entities	293,712
	\$ 14,498,231
Change in net position	\$ 13,088
Net Position – January 1, as restated (Note 1.E)	351,988
Net Position – December 31	\$ 365,076

**POPE COUNTY
GLENWOOD, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. 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 Fund is used to account for funds used in solid waste management. Financing is provided by special assessments against all parcels of property in the County.

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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, 2020, 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 2020 were \$268,869.

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 2014 through 2020 and noncurrent special assessments payable in 2020 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 Accessed 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, 2020, were \$91,674 for governmental funds, and \$65,494 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 \$45,953, resulting in a net effect of \$19,541.

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 position 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 position 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. The governmental funds report unavailable revenue from delinquent taxes receivable, special assessments receivable, and grant receivables. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources associated with pension and OPEB benefits. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

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. At December 31, 2020, unrestricted fund balance for the General Fund was above the minimum fund balance levels.

13. Use of Estimates

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

13. Use of Estimates (Continued)

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.

E. Change in Accounting Principles

During the year ended December 31, 2020, the County adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by including accruals and ending net position to custodial funds not previously required. Beginning net position has been restated to reflect this change.

	<u>Custodial Funds</u>
Net Position, January 1, 2020, as previously reported	\$ -
Change in accounting principles	351,988
Net Position, January 1, 2020, as restated	\$ 351,988

2. Stewardship, Compliance, and Accountability

Deficit Fund Equity

The Ditch Special Revenue Fund has a positive fund balance of \$21,297 as of December 31, 2020, 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	\$ 44,852
4 ditch systems with deficit fund balances	(23,555)
Net Fund Balance	\$ 21,297

**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	\$ 22,566,121
Petty cash	1,900
Discretely presented component unit	
Cash and pooled investments	904,173
Restricted assets	
Cash and pooled investments	14,266
Statement of fiduciary net position	
Cash and pooled investments	537,598
Total Cash and Investments	\$ 24,024,058
Deposits	\$ 24,022,158
Petty cash	1,900
Total Deposits and Petty Cash	\$ 24,024,058

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 \$23,103,719 as of December 31, 2020; the bank balance was \$23,386,511.

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, 2020, Pope County's deposits were not exposed to custodial credit risk.

b. Investments

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

**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, 2020.

2. Receivables

The governmental funds do not have any receivables scheduled to be collected beyond one year except for the noncurrent special assessments receivable of \$554,159, of which \$507,279 is scheduled to be collected beyond one year. Fiduciary funds reported receivables of \$19,541, all of which is expected to be collected beyond one year.

**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, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land	\$ 2,174,341	\$ 23,699	\$ -	\$ 2,198,040
Construction in progress	-	164,020	-	164,020
Total capital assets not depreciated	\$ 2,174,341	\$ 187,719	\$ -	\$ 2,362,060
Capital assets depreciated				
Buildings	\$ 9,263,614	\$ 286,546	\$ -	\$ 9,550,160
Office furniture and equipment	1,843,169	264,729	-	2,107,898
Machinery and automotive equipment	3,882,162	418,824	(78,536)	4,222,450
Infrastructure	78,385,647	3,112,187	-	81,497,834
Total capital assets depreciated	\$ 93,374,592	\$ 4,082,286	\$ (78,536)	\$ 97,378,342
Less: accumulated depreciation for				
Buildings	\$ (4,325,938)	\$ (333,930)	\$ -	\$ (4,659,868)
Office furniture and equipment	(1,517,419)	(136,641)	-	(1,654,060)
Machinery and automotive equipment	(2,548,399)	(290,372)	78,536	(2,760,235)
Infrastructure	(25,825,305)	(1,613,612)	-	(27,438,917)
Total accumulated depreciation	\$ (34,217,061)	\$ (2,374,555)	\$ 78,536	\$ (36,513,080)
Total capital assets depreciated, net	\$ 59,157,531	\$ 1,707,731	\$ -	\$ 60,865,262
Governmental Activities				
Capital Assets, Net	<u>\$ 61,331,872</u>	<u>\$ 1,895,450</u>	<u>\$ -</u>	<u>\$ 63,227,322</u>

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

Governmental Activities	
General government	\$ 405,378
Public safety	109,011
Highways and streets, including depreciation of infrastructure assets	<u>1,860,166</u>
Total Depreciation Expense – Governmental Activities	\$ 2,374,555

**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, 2020, 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	<u>\$ 19,334</u>	To provide funding

2. Advances To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Ditch Special Revenue	<u>\$ 5,000</u>

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

3. Transfers

Interfund transfers for the year ended December 31, 2020, consisted of the following:

	<u>Transfers In</u>	<u>Description</u>
Transfer to General Fund from Debt Service Fund	\$ 78	Delinquent taxes
Transfer to Road and Bridge Special Revenue Fund from General Fund	<u>6,382</u>	Bike trail donations
Total Transfers	<u>\$ 6,460</u>	

**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, 2020, are summarized below by fund:

	Taxes and Special Assessments	Grants and Highway Allotments	Total
Major governmental funds			
General Fund	\$ 624,454	\$ 95,206	\$ 719,660
Special Revenue Funds:			
Road and Bridge	13,362	1,781,861	1,795,223
Human Services	20,277	15,750	36,027
Solid Waste	20,562	-	20,562
Debt Service Fund	4,036	-	4,036
Nonmajor governmental funds			
Ditch Special Revenue Fund	385	-	385
Total	\$ 683,076	\$ 1,892,817	\$ 2,575,893
Liabilities			
Unearned revenue	\$ -	\$ 78,024	\$ 78,024
Deferred inflows of resources			
Unavailable revenue	683,076	1,814,793	2,497,869
Total	\$ 683,076	\$ 1,892,817	\$ 2,575,893

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, 2020
General Obligation Bonds					
2013A G.O. Capital Equipment and Improvement	02/01/2024	\$50,000 - \$295,000	0.30 - 1.85	\$ 1,830,000	\$ 195,000
2017A G.O. Capital Improvement	02/01/2029	\$175,000 - \$260,000	3.00	2,405,000	2,040,000
2019A G.O. Solid Waste Revenue Bonds	08/01/2040	\$185,000 - \$310,000	2.50 - 3.00	4,900,000	4,900,000
Total Bonds Payable				<u>\$ 9,135,000</u>	<u>\$ 7,135,000</u>
Loans Payable					
SRF0253 State of Minnesota Septic System Replacement Loans	12/15/2025	\$6,000 - \$7,248	2.00	\$ 132,108	\$ 38,458
State of Minnesota Agricultural Best Management Loan Program	*	*	0.00	1,054,004	440,335
Total Loans Payable				<u>\$ 1,186,112</u>	<u>\$ 478,793</u>

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

The 2019A series general obligation solid waste revenue bonds were issued by Pope County 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 bonds are considered general obligations of Pope County, which has pledged its full faith, credit, and taxing powers for these bonds. 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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

2. Long-Term Debt (Continued)

Debt service requirements at December 31, 2020, were as follows:

Year Ending December 31	General Obligation Bonds		Loans Payable	
	Principal	Interest	Principal	Interest
2021	\$ 430,000	\$ 195,304	\$ 113,524	\$ 700
2022	440,000	183,018	106,368	419
2023	450,000	169,368	50,850	134
2024	475,000	155,193	33,252	-
2025	435,000	141,905	33,549	-
2026 - 2030	2,130,000	506,800	135,815	-
2031 - 2035	1,305,000	283,900	5,435	-
2036 - 2040	1,470,000	112,900	-	-
Total	<u>\$ 7,135,000</u>	<u>\$ 1,748,388</u>	<u>\$ 478,793</u>	<u>\$ 1,253</u>

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 7,370,000	\$ -	\$ 235,000	\$ 7,135,000	\$ 430,000
Bond premiums	289,174	-	19,389	269,785	-
Contract for deed	1,307	-	1,307	-	-
Loans payable	503,413	89,182	113,802	478,793	113,524
Compensated absences	539,887	548,887	502,157	586,617	18,075
Long-Term Liabilities	<u>\$ 8,703,781</u>	<u>\$ 638,069</u>	<u>\$ 871,655</u>	<u>\$ 8,470,195</u>	<u>\$ 561,599</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, 2019, actuarial valuation, the following employees were covered by the benefit terms:

Active employees	99
Retired employees	29
Spouses	<u>7</u>
Total Plan Participants	<u>135</u>

b. Total OPEB Liability

The County's total OPEB liability of \$1,742,039 was measured as of January 1, 2020, and was determined by an actuarial valuation as of January 1, 2019. 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	2.50 percent
Salary increases	3.00 percent
Health care cost trend	6.25 percent in 2020, grading to 5.00 percent over five years

The current year discount rate is 2.90 percent, which is a change from the prior year rate of 3.80 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 RP-2014 White Collar Mortality Tables with MP-2018 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, 2019.

c. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2020	\$ 1,747,859
Changes for the year	
Service cost	\$ 22,043
Interest	63,345
Changes of assumptions	116,574
Benefit payments	<u>(207,782)</u>
Net change	<u>\$ (5,820)</u>
Balance at December 31, 2020	<u>\$ 1,742,039</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	1.90%	\$ 1,893,113
Current	2.90	1,742,039
1% Increase	3.90	1,610,066

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	5.25% decreasing to 4.00% over 5 years	\$ 1,593,005
Current	6.25% decreasing to 5.00% over 5 years	1,742,039
1% Increase	7.25% decreasing to 6.00% over 5 years	1,913,652

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

For the year ended December 31, 2020, the County recognized OPEB expense of \$15,677. 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	\$ -	\$ 134,796
Assumption changes	93,259	144,279
Employer contributions paid subsequent to the measurement date	189,153	-
Total	\$ 282,412	\$ 279,075

The \$189,153 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, 2021. 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
2021	\$ (69,711)
2022	(69,711)
2023	(69,708)
2024	23,314

f. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2020:

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

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.

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 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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans (Continued)

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 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. For 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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

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

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

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. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2020. Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in 2020.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

c. Contributions (Continued)

In 2020, the County was required to contribute the following percentages of annual covered salary:

General Employees Plan – Coordinated Plan members	7.50%
Police and Fire Plan	17.70

The Police and Fire Plan member and employer contribution rates increased 0.50 percent and 0.75 percent, respectively, from 2019.

The County's contributions for the year ended December 31, 2020, to the pension plans were:

General Employees Plan	\$ 382,930
Police and Fire Plan	123,389

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

d. Pension Costs

General Employees Plan

At December 31, 2020, the County reported a liability of \$4,238,788 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.0707 percent. It was 0.0702 percent measured as of June 30, 2019. The County recognized pension expense of \$123,520 for its proportionate share of the General Employees Plan's pension expense.

**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 also recognized \$11,379 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees 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	\$	4,238,788
State of Minnesota's proportionate share of the net pension liability associated with the County		130,745
Total	\$	4,369,533

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	\$ 38,437	\$ 16,038
Changes in actuarial assumptions	-	158,420
Difference between projected and actual investment earnings	51,008	-
Changes in proportion	20,733	139,491
Contributions paid to PERA subsequent to the measurement date	192,575	-
Total	\$ 302,753	\$ 313,949

**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 \$192,575 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2021	\$ (353,565)
2022	(40,074)
2023	87,457
2024	102,411

Police and Fire Plan

At December 31, 2020, the County reported a liability of \$852,815 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.0647 percent. It was 0.0670 percent measured as of June 30, 2019. The County recognized pension expense of \$105,825 for its proportionate share of the Police and Fire Plan's pension expense.

**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)

The State of Minnesota also contributed \$13.5 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 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 required the State of Minnesota to pay direct state aid of \$4.5 million on October 1, 2019, 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 \$6,179 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	\$ 852,815
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>20,083</u>
Total	<u>\$ 872,898</u>

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 \$5,823 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:

**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)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 37,713	\$ 40,061
Changes in actuarial assumptions	282,704	534,025
Difference between projected and actual investment earnings	27,751	-
Changes in proportion	50,327	36,630
Contributions paid to PERA subsequent to the measurement date	59,782	-
Total	\$ 458,277	\$ 610,716

The \$59,782 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, 2021. 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
2021	\$ (53,048)
2022	(231,754)
2023	35,410
2024	40,657
2025	(3,486)

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2020, was \$229,345.

e. Actuarial Assumptions

The total pension liability in the June 30, 2020, 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	2.50% per year
Active Member Payroll Growth	3.00% per year	3.25% per year
Investment Rate of Return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table for the General Employees Plan and the RP-2014 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, 2020, 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 August 30, 2016. Inflation and investment assumptions for all plans were reviewed in the experience study report for the General Employees Plan.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments is 7.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of 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>
U.S. equities	35.50%	5.10%
Broad international stock pool	17.50	5.30
Bond pool	20.00	0.75
Alternatives	25.00	5.90
Cash equivalents	2.00	0.00

f. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2020, which remained consistent with 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan 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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans (Continued)

g. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2020:

General Employees Plan

- 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 changes result 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.

**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

General Employees Plan (Continued)

- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Plan

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

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:

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

1. Defined Benefit Pension Plans

h. Pension Liability Sensitivity (Continued)

	Proportionate Share of the			
	General Employees Plan		Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 6,793,307	6.50%	\$ 1,699,784
Current	7.50	4,238,788	7.50	852,815
1% Increase	8.50	2,131,515	8.50	152,097

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; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

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 contributions 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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Pension Plans

2. Defined Contribution Plan (Continued)

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, 2020, were:

	Employee	Employer
Contribution amount	\$ 1,414	\$ 1,414
Percentage of covered payroll	5.00%	5.00%

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	\$ -	\$ 310,118	\$ -	\$ -	\$ -	\$ 310,118
Advances to other funds	5,000	-	-	-	-	5,000
Total nonspendable	\$ 5,000	\$ 310,118	\$ -	\$ -	\$ -	\$ 315,118
Restricted						
Debt service	\$ -	\$ -	\$ -	\$ 460,646	\$ -	\$ 460,646
Law library	-	-	-	-	22,997	22,997
Recorder's technology and equipment	103,506	-	-	-	-	103,506
Attorney forfeiture	1,290	-	-	-	-	1,290
E-911	224,737	-	-	-	-	224,737
Recorder's compliance	113,904	-	-	-	-	113,904
Permit to carry	125,567	-	-	-	-	125,567
Sheriff's contingency	6,739	-	-	-	-	6,739
Aquatic invasive species	387,668	-	-	-	-	387,668
Riparian protection	346,735	-	-	-	-	346,735
Clean water partnership	167,824	-	-	-	-	167,824
Economic relief funding	256,250	-	-	-	-	256,250
Ditch maintenance and construction	-	-	-	-	44,852	44,852
Total restricted	\$ 1,734,220	\$ -	\$ -	\$ 460,646	\$ 67,849	\$ 2,262,715

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

E. Fund Balances (Continued)

	General Fund	Road and Bridge	Human Services	Debt Service	Other Governmental Funds	Total
Assigned						
Road and bridge	\$ -	\$ 4,591,062	\$ -	\$ -	\$ -	\$ 4,591,062
Human services	-	-	4,381,120	-	-	4,381,120
Plat sign deposits	1,169	-	-	-	-	1,169
Veterans van	21,675	-	-	-	-	21,675
Capital expenditures	3,135,495	-	-	-	-	3,135,495
Total assigned	\$ 3,158,339	\$ 4,591,062	\$ 4,381,120	\$ -	\$ -	\$ 12,130,521
Unassigned	\$ 8,085,338	\$ -	\$ -	\$ -	\$ (23,555)	\$ 8,061,783
Total Fund Balances	\$ 12,982,897	\$ 4,901,180	\$ 4,381,120	\$ 460,646	\$ 44,294	\$ 22,770,137

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 2020 and 2021. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

A. Risk Management (Continued)

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 2020, the County has retained risk with a specific annual deductible of \$400,000 per member for the health plan.

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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Pope/Douglas Solid Waste Management (Continued)

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

Financing is provided by charges for services, special assessments levied in each county, state grants, and interest on investments. During 2020, Pope County contributed \$674,377 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.

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 2020, Pope County contributed \$15,913 to Rainbow Rider.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Rainbow Rider Transit Board (Continued)

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 to Horizon Community Health Board when Douglas County was added as a member on January 1, 2011. Horizon Community Health Board was renamed to 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 2020, 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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

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.

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 2020, 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 an 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
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

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, the 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 2020, Pope County provided \$70,578 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 members. Current financial statements are not available.

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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

PrimeWest Health (Continued)

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 2020, 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.

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 2020, Pope County contributed \$54,462 to RMCEP. Current financial statements are not available.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

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 an custodial fund. Financing and equipment will be provided by the full-time and associate member agencies. During 2020, Pope County contributed \$4,000 to the Task Force.

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 Wheaton, Browns Valley, Glenwood, New York Mills, and Perham in 1976; Pope County in 1981; Traverse County in 1983; and the City of Pelican Rapids in 1988. In 1992, the Alexandria Library became the Douglas County Library.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Viking Library System (Continued)

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 2020, 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 jointly-governed organizations listed below:

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 \$66,952 in 2020 for services purchased through Lakeland Mental Health Center.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

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 2020.

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

F. Tax Abatements

Midwest Machinery Company (Continued)

provided a tax abatement in the form of a tax refund in the amount of \$6,603 for 2020. 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 2020. The City of Glenwood agrees to pave an existing gravel road to facilitate entry to an existing hotel and the surrounding area.

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 Event

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

5. Subsequent Event (Continued)

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.

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, 2020.

2. Measurement Focus and Basis of Accounting

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

3. Assets, Liabilities, and Net Position

a. Cash and Cash Equivalents

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

A. Summary of Significant Accounting Policies

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

b. Receivables

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

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

c. Property Held for Resale

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

d. Restricted Assets

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

**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 (Continued)

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.

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 interest method. Bonds payable are reported net of the applicable bond premium or discount.

g. Classification of Net Position

The HRA/EDA classifies net position in the following categories: net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets, 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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

A. Summary of Significant Accounting Policies (Continued)

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.

B. Detailed Notes

1. Deposits and Investments

a. Deposits

At December 31, 2020, the HRA/EDA had deposits totaling \$918,439.

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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

B. Detailed Notes

1. Deposits and Investments

a. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the 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, 2020, the HRA/EDA's deposits were not exposed to custodial credit risk.

b. Investments

The HRA/EDA had no investments as of December 31, 2020.

2. Receivables

Of the loans receivable, \$263,049 is not expected to be collected within the next year. The loans receivable balance consists of loans issued by the Authority for housing and economic development within the County.

3. Capital Assets

The HRA/EDA's capital asset activity for the year ended December 31, 2020, was as follows:

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

B. Detailed Notes

3. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land	\$ 311,797	\$ -	\$ -	\$ 311,797
Capital assets depreciated				
Buildings	\$ 2,122,240	\$ -	\$ -	\$ 2,122,240
Less: accumulated depreciation for Buildings	(318,336)	(53,056)	-	(371,392)
Total capital assets depreciated, net	\$ 1,803,904	\$ (53,056)	\$ -	\$ 1,750,848
Capital Assets, Net	\$ 2,115,701	\$ (53,056)	\$ -	\$ 2,062,645

4. Long-Term Debt

Long-term debt outstanding at December 31, 2020, for the HRA/EDA consists of the following:

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2020</u>
2013A General Obligation Bonds	02/01/2034	\$40,000 - \$245,000	0.85 - 3.10	\$ 2,405,000	\$ 2,085,000
Note Payable	06/01/2022	\$18,412 - \$21,664	4.13	\$ 100,000	\$ 42,452

**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, 2020, are as follows:

Year Ending December 31	General Obligation Bonds		Note Payable	
	Principal	Interest	Principal	Interest
2021	\$ 75,000	\$ 54,843	\$ 20,788	\$ 1,753
2022	85,000	53,435	21,664	895
2023	95,000	51,725	-	-
2024	105,000	49,720	-	-
2025	115,000	47,410	-	-
2026 - 2030	745,000	187,154	-	-
2031 - 2035	865,000	55,963	-	-
Total	<u>\$ 2,085,000</u>	<u>\$ 500,250</u>	<u>\$ 42,452</u>	<u>\$ 2,648</u>

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 2,155,000	\$ -	\$ 70,000	\$ 2,085,000	\$ 75,000
(Discount)/premium	6,795	-	503	6,292	-
Note payable	62,416	-	19,964	42,452	20,788
Long-Term Liabilities	<u>\$ 2,224,211</u>	<u>\$ -</u>	<u>\$ 90,467</u>	<u>\$ 2,133,744</u>	<u>\$ 95,788</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 the Minnesota Counties Intergovernmental Trust (MCIT) and purchases commercial insurance. The HRA/EDA retains risk for the deductible portions of the insurance policies. The amounts of these deductibles are considered immaterial to

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

C. Risk Management (Continued)

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.

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

The HRA/EDA entered into a property tax abatement agreement with a developer, 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 public 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 \$2,897 for 2020.

REQUIRED SUPPLEMENTARY INFORMATION

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,976,747	\$ 5,976,747	\$ 5,925,320	\$ (51,427)
Special assessments	-	-	140,263	140,263
Licenses and permits	63,750	63,750	80,548	16,798
Intergovernmental	1,081,542	1,081,542	3,062,940	1,981,398
Charges for services	370,426	370,426	411,568	41,142
Fines and forfeits	1,600	1,600	2,471	871
Gifts and contributions	1,500	1,500	344	(1,156)
Investment earnings	200,700	200,700	268,869	68,169
Miscellaneous	150,500	150,500	171,502	21,002
Total Revenues	\$ 7,846,765	\$ 7,846,765	\$ 10,063,825	\$ 2,217,060
Expenditures				
Current				
General government				
Commissioners	\$ 233,268	\$ 233,268	\$ 211,214	\$ 22,054
County-wide	-	-	375	(375)
Information technology	468,266	468,266	434,517	33,749
Administrator	410,438	410,438	357,990	52,448
Auditor/Treasurer	411,476	411,476	394,032	17,444
Assessor	563,748	563,748	493,114	70,634
Elections	73,900	73,900	92,926	(19,026)
Accounting and auditing	45,000	45,000	40,343	4,657
Data processing	79,700	79,700	70,440	9,260
Attorney	293,182	293,182	275,963	17,219
Recorder	290,019	290,019	262,903	27,116
Surveyor	1,000	1,000	-	1,000
Environmental services	282,107	282,107	268,460	13,647
Buildings	409,413	409,413	370,578	38,835
Veterans service officer	61,872	61,872	50,071	11,801
Other general government	367,327	367,327	1,270,574	(903,247)
General government – pension	-	-	11,035	(11,035)
Total general government	\$ 3,990,716	\$ 3,990,716	\$ 4,604,535	\$ (613,819)

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<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	\$ 1,252,153	\$ 1,252,153	\$ 1,149,168	\$ 102,985
ATV grant	-	-	5,548	(5,548)
Snowmobile grant	3,172	3,172	-	3,172
Boat and water safety	29,564	29,564	8,563	21,001
Coroner	20,000	20,000	22,483	(2,483)
Enhanced 911 system	168,482	168,482	74,229	94,253
Dispatchers	360,692	360,692	344,582	16,110
County jail	258,151	258,151	127,069	131,082
Court services	435,741	435,741	336,832	98,909
Emergency management	49,968	49,968	45,967	4,001
ARMER implementation	17,000	17,000	16,076	924
Public safety – pension	-	-	11,862	(11,862)
Total public safety	\$ 2,594,923	\$ 2,594,923	\$ 2,142,379	\$ 452,544
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	13,760	(7,500)
Total culture and recreation	\$ 57,560	\$ 57,560	\$ 65,060	\$ (7,500)
Conservation of natural resources				
Soil and water conservation	\$ 84,850	\$ 84,850	\$ 175,850	\$ (91,000)
County extension	111,198	111,198	108,192	3,006
Agriculture ditch inspector	7,600	7,600	8,864	(1,264)
County fair	25,000	25,000	25,000	-
Water management	372,628	372,628	225,954	146,674
Total conservation of natural resources	\$ 601,276	\$ 601,276	\$ 543,860	\$ 57,416
Economic development				
Community development	\$ 16,000	\$ 16,000	\$ 16,000	\$ -
Senior citizens	2,490	2,490	2,490	-
Total economic development	\$ 18,490	\$ 18,490	\$ 18,490	\$ -

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<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	\$ 68,000	\$ 68,000	\$ -	\$ 68,000
Culture and recreation				
Library	123,367	123,367	123,367	-
Total intergovernmental	\$ 191,367	\$ 191,367	\$ 123,367	\$ 68,000
Capital outlay				
General government	\$ 2,320,350	\$ 2,320,350	\$ 664,664	\$ 1,655,686
Public safety	110,000	110,000	99,393	10,607
Total capital outlay	\$ 2,430,350	\$ 2,430,350	\$ 764,057	\$ 1,666,293
Debt service				
Principal	\$ -	\$ -	\$ 115,109	\$ (115,109)
Interest	-	-	1,060	(1,060)
Total debt service	\$ -	\$ -	\$ 116,169	\$ (116,169)
Total Expenditures	\$ 9,961,647	\$ 9,961,647	\$ 8,454,882	\$ 1,506,765
Excess of Revenues Over (Under)				
Expenditures	\$ (2,114,882)	\$ (2,114,882)	\$ 1,608,943	\$ 3,723,825
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 78	\$ 78
Transfers out	-	-	(6,382)	(6,382)
Loan issued	-	-	89,182	89,182
Proceeds from sale of capital assets	-	-	6,715	6,715
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 89,593	\$ 89,593
Net Change in Fund Balance	\$ (2,114,882)	\$ (2,114,882)	\$ 1,698,536	\$ 3,813,418
Fund Balance – January 1	11,284,361	11,284,361	11,284,361	-
Fund Balance – December 31	\$ 9,169,479	\$ 9,169,479	\$ 12,982,897	\$ 3,813,418

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,547,570	\$ 1,547,570	\$ 1,517,787	\$ (29,783)
Intergovernmental	5,449,850	5,449,850	5,358,945	(90,905)
Charges for services	17,200	17,200	22,809	5,609
Miscellaneous	4,000	4,000	7,688	3,688
Total Revenues	\$ 7,018,620	\$ 7,018,620	\$ 6,907,229	\$ (111,391)
Expenditures				
Current				
Highways and streets				
Administration	\$ 401,075	\$ 401,075	\$ 415,717	\$ (14,642)
Maintenance	1,493,417	1,493,417	1,298,527	194,890
Engineering/construction	3,734,813	3,734,813	3,130,407	604,406
Equipment, maintenance, and shop	581,115	581,115	504,272	76,843
Total highways and streets	\$ 6,210,420	\$ 6,210,420	\$ 5,348,923	\$ 861,497
Intergovernmental				
Highways and streets	443,200	443,200	457,164	(13,964)
Capital outlay				
Highways and streets	385,000	385,000	377,510	7,490
Total Expenditures	\$ 7,038,620	\$ 7,038,620	\$ 6,183,597	\$ 855,023
Excess of Revenues Over (Under)				
Expenditures	\$ (20,000)	\$ (20,000)	\$ 723,632	\$ 743,632
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 6,382	\$ 6,382
Proceeds from sale of capital assets	20,000	20,000	8,479	(11,521)
Total Other Financing Sources (Uses)	\$ 20,000	\$ 20,000	\$ 14,861	\$ (5,139)
Net Change in Fund Balance	\$ -	\$ -	\$ 738,493	\$ 738,493
Fund Balance – January 1	4,021,748	4,021,748	4,021,748	-
Increase (decrease) in inventories	-	-	140,939	140,939
Fund Balance – December 31	\$ 4,021,748	\$ 4,021,748	\$ 4,901,180	\$ 879,432

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-3

**BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,780,455	\$ 1,780,455	\$ 1,740,474	\$ (39,981)
Intergovernmental	2,157,849	2,157,849	2,203,070	45,221
Charges for services	341,058	341,058	393,464	52,406
Miscellaneous	49,120	49,120	44,692	(4,428)
Total Revenues	\$ 4,328,482	\$ 4,328,482	\$ 4,381,700	\$ 53,218
Expenditures				
Current				
Human services				
Income maintenance	\$ 1,273,451	\$ 1,273,451	\$ 1,218,736	\$ 54,715
Social services	2,970,335	2,970,335	2,541,263	429,072
Senior coordinator	84,696	84,696	68,506	16,190
Total Expenditures	\$ 4,328,482	\$ 4,328,482	\$ 3,828,505	\$ 499,977
Net Change in Fund Balance	\$ -	\$ -	\$ 553,195	\$ 553,195
Fund Balance – January 1	3,827,925	3,827,925	3,827,925	-
Fund Balance – December 31	\$ 3,827,925	\$ 3,827,925	\$ 4,381,120	\$ 553,195

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-4

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 22,043	\$ 18,619	\$ 19,480
Interest	63,345	74,352	78,999
Differences between expected and actual experience	-	(224,660)	-
Changes of assumptions	116,574	(240,467)	-
Benefit payments	<u>(207,782)</u>	<u>(227,055)</u>	<u>(249,653)</u>
Net change in total OPEB liability	\$ (5,820)	\$ (599,211)	\$ (151,174)
Total OPEB Liability – Beginning	<u>1,747,859</u>	<u>2,347,070</u>	<u>2,498,244</u>
Total OPEB Liability – Ending	<u>\$ 1,742,039</u>	<u>\$ 1,747,859</u>	<u>\$ 2,347,070</u>
Covered-employee payroll	\$ 5,690,736	\$ 5,511,609	\$ 5,303,995
Total OPEB liability (asset) as a percentage of covered-employee payroll	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, 2020**

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
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, 2020**

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)
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, 2020**

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
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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-8

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2020**

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)
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, 2020

1. Budgetary Information

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

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

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

2. 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.

3. 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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Other Postemployment Benefits – Changes in Significant Actuarial Methods and Assumptions

2020

The following changes in actuarial assumptions occurred in 2020:

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

2019

The following changes in actuarial assumptions occurred in 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 following changes in actuarial assumptions occurred in 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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

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

General Employees Retirement Plan

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 changes result 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**

5. 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 MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

General Employees Retirement Plan

2018 (Continued)

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

2017

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

General Employees Retirement Plan (Continued)

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

2020

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

2019

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

2018

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

Public Employees Police and Fire Plan

2018 (Continued)

- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

Public Employees Police and Fire Plan

2017 (Continued)

- 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.

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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 315,286	\$ 315,286	\$ 308,851	\$ (6,435)
Intergovernmental	-	-	10,464	10,464
Total Revenues	\$ 315,286	\$ 315,286	\$ 319,315	\$ 4,029
Expenditures				
Debt service				
Principal	\$ 315,286	\$ 315,286	\$ 235,000	\$ 80,286
Interest	-	-	69,771	(69,771)
Administrative charges	-	-	1,050	(1,050)
Total Expenditures	\$ 315,286	\$ 315,286	\$ 305,821	\$ 9,465
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 13,494	\$ 13,494
Other Financing Sources (Uses)				
Transfers out	-	-	(78)	(78)
Net Change in Fund Balances	\$ -	\$ -	\$ 13,416	\$ 13,416
Fund Balances – January 1	447,230	447,230	447,230	-
Fund Balances – December 31	\$ 447,230	\$ 447,230	\$ 460,646	\$ 13,416

**POPE COUNTY
GLENWOOD, MINNESOTA**

NONMAJOR 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

**BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	Special Revenue Funds		Total (Exhibit 3)
	Ditch	Law Library	
<u>Assets</u>			
Cash and pooled investments	\$ 45,087	\$ 22,265	\$ 67,352
Special assessments receivable			
Delinquent	385	-	385
Due from other governments	3,858	732	4,590
Total Assets	\$ 49,330	\$ 22,997	\$ 72,327
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 200	\$ -	\$ 200
Due to other governments	22,448	-	22,448
Advances from other funds	5,000	-	5,000
Total Liabilities	\$ 27,648	\$ -	\$ 27,648
Deferred Inflows of Resources			
Unavailable revenue (Note 3.C.1)	\$ 385	\$ -	\$ 385
Fund Balances			
Restricted	\$ 44,852	\$ 22,997	\$ 67,849
Unassigned	(23,555)	-	(23,555)
Total Fund Balances	\$ 21,297	\$ 22,997	\$ 44,294
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 49,330	\$ 22,997	\$ 72,327

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT B-3

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Special Revenue Funds</u>		<u>Total (Exhibit 5)</u>
	<u>Ditch</u>	<u>Law Library</u>	
Revenues			
Special assessments	\$ 48,507	\$ -	\$ 48,507
Fines and forfeits	-	12,132	12,132
Total Revenues	<u>\$ 48,507</u>	<u>\$ 12,132</u>	<u>\$ 60,639</u>
Expenditures			
Current			
General government	\$ -	\$ 15,977	\$ 15,977
Conservation of natural resources	49,619	-	49,619
Total Expenditures	<u>\$ 49,619</u>	<u>\$ 15,977</u>	<u>\$ 65,596</u>
Net Change in Fund Balances	<u>\$ (1,112)</u>	<u>\$ (3,845)</u>	<u>\$ (4,957)</u>
Fund Balances – January 1	<u>22,409</u>	<u>26,842</u>	<u>49,251</u>
Fund Balances – December 31	<u>\$ 21,297</u>	<u>\$ 22,997</u>	<u>\$ 44,294</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2020**

	Taxes and Penalties	Forfeited Land
<u>Assets</u>		
Cash and pooled investments	\$ 343,013	\$ 5
Accounts receivable for other governments – net	-	-
Taxes receivable for other governments	239,494	-
Total Assets	\$ 582,507	\$ 5
<u>Liabilities</u>		
Due to other governments	343,013	-
<u>Net Position</u>		
Restricted for Individuals, organizations, other governments	\$ 239,494	\$ 5

EXHIBIT B-4

<u>Custodial Funds</u>			
<u>Local Collaborative</u>	<u>State Taxes and Fees</u>	<u>Civil Action</u>	<u>Total Custodial Funds</u>
\$ 109,234	\$ 83,801	\$ 1,545	\$ 537,598
-	19,541	-	19,541
-	-	-	239,494
<u>\$ 109,234</u>	<u>\$ 103,342</u>	<u>\$ 1,545</u>	<u>\$ 796,633</u>
<u>4,743</u>	<u>83,801</u>	<u>-</u>	<u>431,557</u>
<u>\$ 104,491</u>	<u>\$ 19,541</u>	<u>\$ 1,545</u>	<u>\$ 365,076</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Taxes and Penalties</u>	<u>Forfeited Land</u>
Additions		
Investment earnings	\$ -	\$ -
Property tax collections for other governments	12,226,813	-
Tax forfeited land sales	-	47,180
Federal/State revenue	81,078	-
Other taxes collected for other governments	-	-
Fees collected for other governments	-	-
Mortgage foreclosure sales	-	-
Miscellaneous	-	-
Total Additions	\$ 12,307,891	\$ 47,180
Deductions		
Payments of property tax to other governments	\$ 12,204,178	\$ 47,499
Payments to state	-	-
Payments to other individuals/entities	116,056	-
Total Deductions	\$ 12,320,234	\$ 47,499
Change in net position	\$ (12,343)	\$ (319)
Net Position – January 1, as restated (Note 1.E)	251,837	324
Net Position – December 31	\$ 239,494	\$ 5

EXHIBIT B-5

Custodial Funds			
Local Collaborative	State Taxes and Fees	Civil Action	Total Custodial Funds
\$ 1,107	\$ -	\$ -	\$ 1,107
-	1,123,208	-	13,350,021
-	-	-	47,180
70,606	-	-	151,684
-	666,935	-	666,935
-	157,821	7,077	164,898
-	-	84,621	84,621
44,873	-	-	44,873
\$ 116,586	\$ 1,947,964	\$ 91,698	\$ 14,511,319
\$ -	\$ -	\$ -	\$ 12,251,677
-	1,952,842	-	1,952,842
85,922	63	91,671	293,712
\$ 85,922	\$ 1,952,905	\$ 91,671	\$ 14,498,231
\$ 30,664	\$ (4,941)	\$ 27	\$ 13,088
73,827	24,482	1,518	351,988
\$ 104,491	\$ 19,541	\$ 1,545	\$ 365,076

OTHER SCHEDULES

**POPE COUNTY
GLENWOOD, MINNESOTA**

**BALANCE SHEET – BY DITCH
DITCH SPECIAL REVENUE FUND
DECEMBER 31, 2020**

	<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	\$ 3,592	\$ 263	\$ -	\$ 3,855	\$ -
3	731	-	-	731	-
4	3,499	-	-	3,499	-
7	(2,467)	-	-	(2,467)	-
8	3,617	5	-	3,622	-
9	7,171	-	-	7,171	-
10	1,762	51	-	1,813	-
12	7,758	-	-	7,758	-
15	1,569	-	-	1,569	-
17	4,396	11	-	4,407	-
19	460	-	-	460	-
24	504	-	-	504	-
27	860	6	-	866	-
28	4,819	3	-	4,822	-
General	1,974	-	-	1,974	200
Judicial Ditches					
3 Pope and Douglas	3,224	22	1,297	4,543	-
4 Pope and Douglas	3,427	6	529	3,962	-
4 Pope and Swift	(1,299)	18	1,449	168	-
9 Pope and Swift	(510)	-	583	73	-
Total	\$ 45,087	\$ 385	\$ 3,858	\$ 49,330	\$ 200

EXHIBIT C-1

Liabilities			Deferred Inflows of Resources Unavailable Revenue	Fund Balances Restricted/ (Unassigned)	Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Due to Other Governments	Advances from Other Funds	Total			
\$ -	\$ -	\$ -	\$ 263	\$ 3,592	\$ 3,855
-	-	-	-	731	731
-	-	-	-	3,499	3,499
-	-	-	-	(2,467)	(2,467)
-	-	-	5	3,617	3,622
-	-	-	-	7,171	7,171
-	-	-	51	1,762	1,813
-	-	-	-	7,758	7,758
-	-	-	-	1,569	1,569
-	-	-	11	4,396	4,407
-	-	-	-	460	460
-	-	-	-	504	504
-	-	-	6	860	866
-	-	-	3	4,819	4,822
-	5,000	5,200	-	(3,226)	1,974
3,042	-	3,042	22	1,479	4,543
1,321	-	1,321	6	2,635	3,962
14,600	-	14,600	18	(14,450)	168
3,485	-	3,485	-	(3,412)	73
\$ 22,448	\$ 5,000	\$ 27,648	\$ 385	\$ 21,297	\$ 49,330

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT C-2

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Appropriations and Shared Revenue

State

Highway users tax	\$	5,220,820
Market value credit		231,254
PERA state aid		22,897
Disparity reduction aid		22,508
County program aid		622,373
Police aid		75,608
Police Officer Standards and Training Board reimbursement		11,291
Riparian protection aid		111,656
E-911		82,483
Aquatic invasive species aid		86,005
		86,005

Total appropriations and shared revenue **\$ 6,486,895**

Reimbursement for Services

State

Minnesota Department of Human Services	\$	538,956
		538,956

Payments

Local

Local contributions	\$	10,371
Payments in lieu of taxes		136,739
		136,739

Total payments **\$ 147,110**

Grants

State

Minnesota Department/Board of		
Corrections	\$	4,660
Public Safety		9,838
Employment and Economic Development		256,250
Natural Resources		12,490
Secretary of State		29,878
Human Services		464,707
Trial Courts		810
Veterans Affairs		5,965
Water and Soil Resources		78,151
Pollution Control Agency		18,724
		18,724

Total state **\$ 881,473**

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT C-2
(Continued)**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Grants (Continued)

Federal

U.S. Department of Agriculture	\$ 111,842
Justice	2,400
Transportation	3,707
Treasury	1,435,656
Election Assistance Commission	17,195
Health and Human Services	992,986
Homeland Security	17,199

Total federal **\$ 2,580,985**

Total grants **\$ 3,462,458**

Total Intergovernmental Revenue **\$ 10,635,419**

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT C-3

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipient
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	202MN101S2514	\$ 111,842	\$ -
U.S. Department of Justice				
Direct				
Bulletproof Vest Partnership Program	16.607		\$ 2,400	\$ -
U.S. Department of Transportation				
Passed Through City of Starbuck, Minnesota				
Highway Safety Cluster				
State and Community Highway Safety	20.600	Not provided	\$ 196	\$ -
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Not provided	589	-
Highway Safety Cluster				
National Priority Safety Programs	20.616	Not provided	164	-
Passed Through City of Saint Cloud, Minnesota				
E-911 Grant Program	20.615	A-DECN-NGGIS- 2019-CMESB-1	2,758	-
Total U.S. Department of Transportation			\$ 3,707	\$ -
U.S. Department of Treasury				
Passed Through Minnesota Management and Budget				
COVID-19 – Coronavirus Relief Fund	21.019	SLT0016	\$ 1,435,656	\$ 91,450
U.S. Election Assistance Commission				
Passed Through Minnesota Secretary of State				
COVID-19 – 2018 HAVA Election Security Grants	90.404	Not provided	\$ 17,195	\$ -
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	\$ 14,273	\$ -
National Family Caregiver Support, Title III, Part E	93.052	314-21-003E-425	22,225	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	2001MNFPS	28,354	-
Temporary Assistance for Needy Families	93.558	2001MNTANF	88,067	-
Child Support Enforcement	93.563	2001MNCES	135,252	-
Child Support Enforcement	93.563	2001MNCSES	45,162	-
(Total Child Support Enforcement CFDA 93.563 \$180,414)				

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT C-3
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipient
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	2001MNRCMA	137	-
Child Care and Development Block Grant	93.575	2001MNCCDF	4,696	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP	1,988	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	2,095	-
Foster Care – Title IV-E	93.658	2001MNFOST	87,096	-
Social Services Block Grant	93.667	2001MNSOSR	81,293	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001MNCILP	17,720	-
Children's Health Insurance Program Medicaid Cluster	93.767	2005MN5021	261	-
Medical Assistance Program	93.778	2005MN5ADM	448,143	-
Medical Assistance Program (Total Medical Assistance Program CFDA 93.778 \$453,649)	93.778	2005MN5MAP	5,506	-
Total U.S. Department of Health and Human Services			\$ 982,268	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	A-EMPG-2019- POPECO-064	\$ 17,182	\$ -
Total Federal Awards			\$ 2,570,250	\$ 91,450
Totals by Cluster				
Total expenditures for SNAP Cluster			\$ 111,842	
Total expenditures for Highway Safety Cluster			360	
Total expenditures for Aging Cluster			14,273	
Total expenditures for CCDF Cluster			4,696	
Total expenditures for Medicaid Cluster			453,649	

**POPE COUNTY
GLENWOOD, MINNESOTA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Pope County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pope County.

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	\$ 2,580,985
Grants received more than 60 days after year-end, unavailable in 2020	
Temporary Assistance for Needy Families	13,936
Child Care and Development Block Grant	1,697
Emergency Management Performance Grants	17,182
Unavailable in 2019, recognized as revenue in 2020	
Promoting Safe and Stable Families	(1,628)
Temporary Assistance for Needy Families	(9,036)
Child Care and Development Block Grant	(352)
Community-Based Child Abuse Prevention Grants	(909)
Stephanie Tubbs Jones Child Welfare Services Program	(1,179)
Foster Care – Title IV-E	(9,342)
John H. Chafee Foster Care Program for Successful Transition to Adulthood	(3,905)
Emergency Management Performance Grants	(17,199)
	<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 2,570,250</u>



**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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 6, 2021.

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 combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

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

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, nothing came to our attention that caused us to believe that Pope County failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. 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.

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

October 6, 2021



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

Independent Auditor's Report

Board of County Commissioners
Pope County
Glenwood, Minnesota

Report on Compliance for the Major Federal Program

We have audited Pope County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2020. Pope County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Pope County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

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

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

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

October 6, 2021

**POPE COUNTY
GLENWOOD, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 the major program:

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

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

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

The major federal program is:

COVID-19 – Coronavirus Relief Fund

CFDA No. 21.019

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, 2020**

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

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.