

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Pope County Glenwood, Minnesota

Annual Financial Report and
Management and Compliance Report

Year Ended December 31, 2024

Pope County Glenwood, Minnesota

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
Introductory Section		
Organization		1
Financial Section		
Independent Auditor's Report		2
Management's Discussion and Analysis		5
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	1	13
Statement of Activities	2	15
Fund Financial Statements		
Governmental Funds		
Balance Sheet	3	17
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide	4	19
Statement of Net Position – Governmental Activities		
Statement of Revenues, Expenditures, and Changes in Fund Balances	5	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund	6	24
Balances of Governmental Funds to the Government-Wide Statement of Activities –		
Governmental Activities		
Fiduciary Funds		
Statement of Fiduciary Net Position	7	26
Statement of Changes in Fiduciary Net Position	8	27
Notes to the Financial Statements		28
Required Supplementary Information		
Budgetary Comparison Schedules		
General Fund	A-1	66
Road and Bridge Special Revenue Fund	A-2	69
Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment	A-3	70
Benefits		
PERA General Employees Retirement Plan		
Schedule of Proportionate Share of Net Pension Liability	A-4	72
Schedule of Contributions	A-5	73
PERA Public Employees Police and Fire Plan		
Schedule of Proportionate Share of Net Pension Liability	A-6	74
Schedule of Contributions	A-7	75
Notes to the Required Supplementary Information		76

Pope County Glenwood, Minnesota

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
Supplementary Information		
Combining and Individual Fund Financial Statements		
Budgetary Comparison Schedule – Debt Service Fund	B-1	85
Nonmajor Governmental Funds and Fiduciary Funds – Custodial Funds		86
Combining Balance Sheet – Nonmajor Governmental Funds	B-2	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	B-3	88
Combining Statement of Fiduciary Net Position – Fiduciary Funds – Custodial Funds	B-4	89
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds – Custodial Funds	B-5	90
Other Schedules		
Balance Sheet – By Ditch – Ditch Special Revenue Fund	C-1	91
Schedule of Intergovernmental Revenue	C-2	93
Schedule of Expenditures of Federal Awards	C-3	94
Notes to the Schedule of Expenditures of Federal Awards		95
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>		96
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance		98
Schedule of Findings and Questioned Costs		101
Corrective Action Plan		103

Introductory Section

Pope County Glenwood, Minnesota

Organization 2024

			<u>Term</u>
<u>Office</u>	<u>Name</u>	<u>From</u>	<u>To</u>
Commissioners			
1st District	Paul Gremmels	January 2023	January 2027
2nd District	Gordan Wagner	January 2021	January 2025
3rd District	Paul Gerde*	January 2021	January 2025
4th District	Larry Lindor**	January 2023	January 2027
5th District	Paul Wildman	January 2023	January 2027
Officers			
Elected			
Attorney	Neil Neilson	January 2023	January 2027
Auditor/Treasurer	Stephanie Rust	January 2023	January 2027
County Recorder	Sarah Green	January 2023	January 2027
Sheriff	Tim Riley	January 2023	January 2027
Appointed			
Assessor	Michael Wacker	January 2021	December 2024
Coroner	Dr. A. Quinn Piper	January 2024	December 2025
Highway Engineer	Brian Giese	June 2023	May 2027
Veterans Service Officer	Jeffrey Stewart	June 2023	June 2027
Administrator	Kersten Kappmeyer		Indefinite
Surveyor	Rodney Eldevik	January 2024	December 2027
*Chair			
**Vice Chair			

Financial Section



Independent Auditor's Report

Board of County Commissioners
Pope County
Glenwood, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee

that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pope County's basic financial statements. The Budgetary Comparison Schedule – Debt Service Fund, combining nonmajor governmental fund financial statements, combining fiduciary fund financial statements, Balance Sheet – by Ditch – Ditch Special Revenue Fund, Schedule of Intergovernmental Revenue, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform*

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Financial Report. The other information comprises the Introductory Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2025, 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.

/s/Julie Blaha

Julie Blaha
State Auditor

July 24, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Management's Discussion and Analysis

Pope County Glenwood, Minnesota

Management's Discussion and Analysis December 31, 2024 (Unaudited)

Introduction

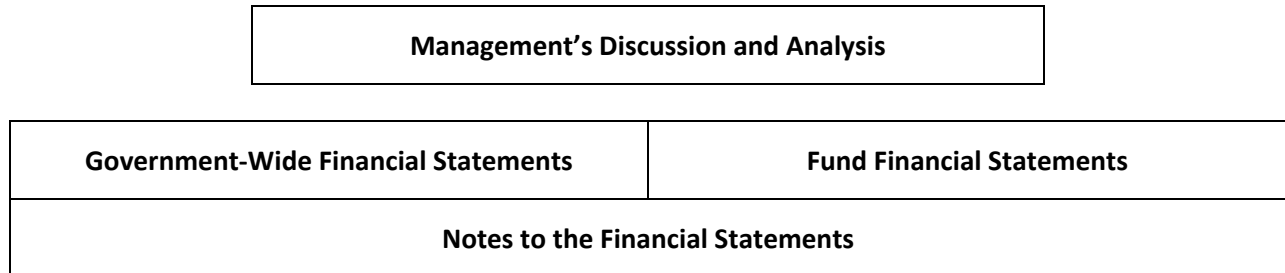
Pope County's Management's Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the fiscal year ended December 31, 2024. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with Pope County's financial statements and the notes to the financial statements.

Financial Highlights

- Governmental activities' total net position is \$89,823,251, of which Pope County has invested \$73,367,901 in capital assets, net of related debt, and \$4,528,695 is restricted to specific purposes/uses by the County.
- The net cost of Pope County's governmental activities for the year ended December 31, 2024, was \$7,634,022; the net cost was funded by general revenues and other items totaling \$13,911,107.
- Pope County's net position increased by \$6,277,085 for the year ended December 31, 2024; the net position of the County's discretely presented component unit increased by \$452,614.
- The fund balances of all Pope County's funds increased by \$2,473,700.

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.



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

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

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

Fund Financial Statements

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

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

Reporting the County's Fiduciary Responsibilities

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

The County as a Whole

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

Table 1
Net Position

	Governmental Activities	
	2024	2023
Assets		
Current and other assets	\$ 24,578,630	\$ 23,033,086
Capital assets, net of accumulated depreciation and amortization	74,991,762	71,008,731
Total Assets	\$ 99,570,392	\$ 94,041,817
Deferred Outflows of Resources		
Deferred pension outflows	\$ 2,066,386	\$ 2,906,110
Deferred OPEB outflows	114,250	137,035
Total Deferred Outflows of Resources	\$ 2,180,636	\$ 3,043,145
Liabilities		
Long-term liabilities	\$ 6,874,338	\$ 7,659,456
Other liabilities	1,372,548	1,956,581
Total Liabilities	\$ 8,246,886	\$ 9,616,037
Deferred Inflows of Resources		
Deferred pension inflows	\$ 3,459,985	\$ 3,622,850
Deferred OPEB inflows	220,906	299,909
Total Deferred Inflows of Resources	\$ 3,680,891	\$ 3,922,759
Net Position		
Net investment in capital assets	\$ 73,367,901	\$ 69,373,411
Restricted	4,528,695	4,427,417
Unrestricted	11,926,655	9,745,338
Total Net Position	\$ 89,823,251	\$ 83,546,166

Pope County's total net position for the year ended December 31, 2024, totals \$89,823,251. The governmental activities' unrestricted net position totals \$11,926,655. 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	
	2024	2023
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 1,965,780	\$ 1,600,344
Operating grants and contributions	7,172,798	6,765,056
Capital grants and contributions	986,882	1,698,817
General revenues		
Property taxes	10,396,539	9,702,140
Other taxes	545,017	553,902
Grants and contributions not restricted to specific programs	1,892,327	1,175,754
Other general revenues	1,077,224	1,027,757
Total Revenues and Special Item	\$ 24,036,567	\$ 22,523,770
Expenses		
General government	\$ 5,626,404	\$ 4,909,208
Public safety	3,068,694	3,331,822
Highways and streets	4,722,134	7,447,853
Sanitation	905,302	680,735
Human services	2,106,593	2,023,096
Health	80,086	80,086
Culture and recreation	194,472	193,472
Conservation of natural resources	718,971	680,890
Economic development	289,446	2,309,775
Interest	47,380	48,712
Total Expenses	\$ 17,759,482	\$ 21,705,649
Increase (Decrease) in Net Position	\$ 6,277,085	\$ 818,121
Net Position – January 1	83,546,166	82,728,045
Net Position – December 31	\$ 89,823,251	\$ 83,546,166

Governmental Activities

Revenues for Pope County’s governmental activities for the year ended December 31, 2024, were \$24,036,567. The County’s cost for all governmental activities for the year ended December 31, 2024, was \$17,759,482. The net position for the County’s governmental activities increased by \$6,277,085 in 2024.

As shown in the Statement of Activities, the amount that Pope County taxpayers ultimately financed for these governmental activities through local property taxation was \$10,396,539 because \$1,965,780 of the costs were paid by those who directly benefited from the programs, and \$10,052,007 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 \$1,622,241 from other revenues, such as investment income, mortgage registry tax, wheelage tax, and state deed tax.

Figure 1
Total County Revenues
2024

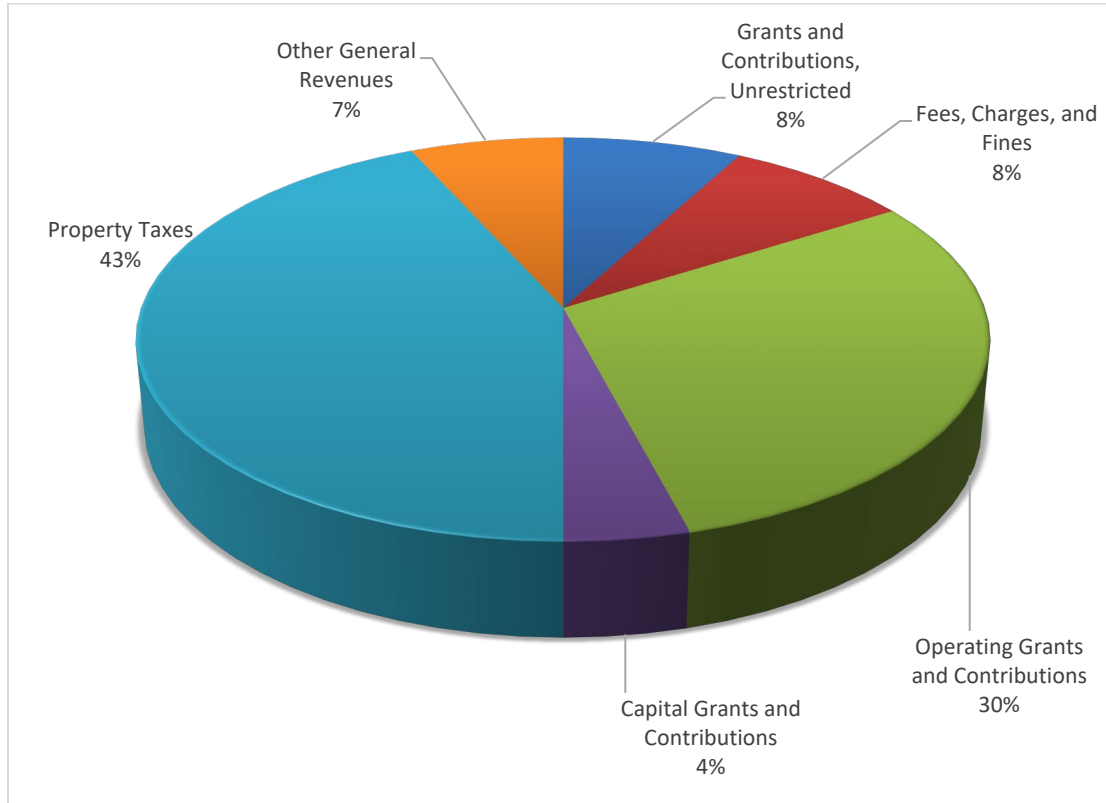
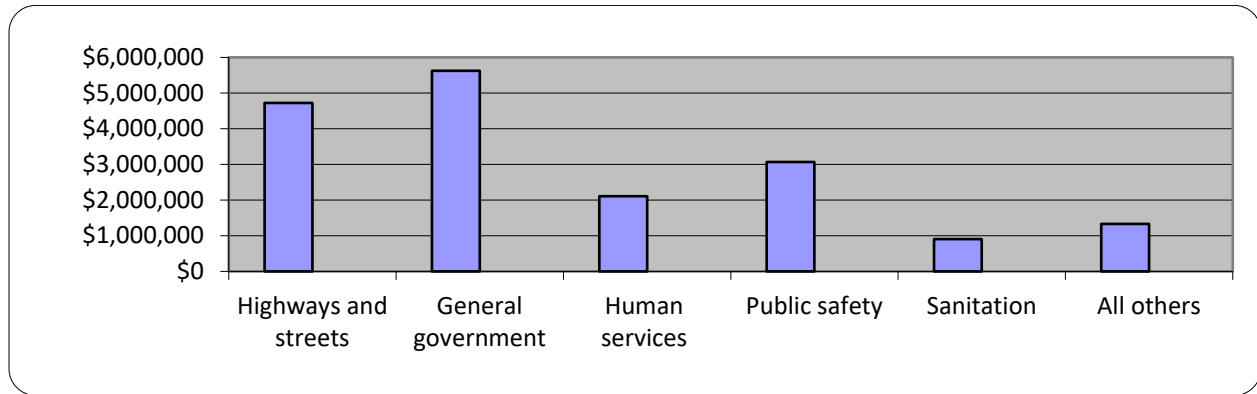


Table 3 presents the cost of each of Pope County's five largest program functions, as well as each function's net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden placed on Pope County's taxpayers by each of these functions.

Table 3
Governmental Activities

	Total Cost of Services 2024	Net Cost of Services 2024
Program Expenses		
General government	\$ 5,626,404	\$ 4,577,657
Public safety	3,068,694	2,618,364
Highways and streets	4,722,134	(2,503,851)
Human services	2,106,593	2,106,593
Sanitation	905,302	(39,230)
All others	1,330,355	874,489
Total Program Expenses	<u>\$ 17,759,482</u>	<u>\$ 7,634,022</u>

Figure 2
Governmental Activities Expenses
2024



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 \$21,426,723.

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 2024, the County Board of Commissioners made no changes to the budget as originally adopted on December 19, 2023. 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 \$2,347,512 due to higher than anticipated intergovernmental revenue and investment earnings. Actual expenditures were \$1,028,177 more than expected due to a variety of reasons, including State and Local Fiscal Recovery Funds grants, pass through aids, remodeling offices, and other general government costs.

Capital Assets and Debt Administration

Capital Assets

At the end of 2024, Pope County had \$74,991,762 invested in a broad range of capital assets, net of depreciation and amortization. Pope County's net capital assets increased by \$3,983,031, or 5.61 percent, in 2024 due in large part to the purchase of infrastructure. This investment in capital assets includes land, buildings, infrastructure, equipment, construction in progress, lease equipment and subscription-based information technology arrangements (see Table 4). Additional information on capital assets can be found in Note 3 to the financial statements.

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

	Governmental Activities	
	2024	2023
Land	\$ 2,248,314	\$ 2,248,314
Buildings	5,366,555	5,773,446
Office furniture and equipment	1,024,621	711,812
Machinery and automotive equipment	2,106,368	2,050,726
Infrastructure	63,911,106	59,839,617
Lease equipment	306,378	319,694
Subscription-based information technology arrangements	28,420	65,122
Totals	<u>\$ 74,991,762</u>	<u>\$ 71,008,731</u>

Debt Administration

At December 31, 2024, Pope County had \$1,939,717 of outstanding debt. Comparing \$1,986,053 as of December 31, 2023, there was a decrease of \$238,796 due to payments made, and an increase of \$192,460 for new loans and leases issued during the course of the year, as shown in Table 5.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	
	2024	2023
2017 G.O. Capital Improvement Bonds	\$ 1,215,000	\$ 1,215,000
Loans		
State of Minnesota Agricultural Best Management		
Loan Program	363,815	408,300
Leases payable	335,519	323,012
Subscriptions payable	25,383	39,741
Totals	<u>\$ 1,939,717</u>	<u>\$ 1,986,053</u>

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

Economic Factors and Next Year’s Budgets and Rates

The County’s elected and appointed officials considered many factors when setting the fiscal year 2024 budget and tax rates, including:

- Pope County’s unemployment rates for 2023 and 2024 were 3.0 percent and 3.2 percent, respectively, compared to the Minnesota unemployment rate for 2023 and 2024, which averaged 2.8 percent and 3.0 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 17, 2024, the Pope County Board of Commissioners approved the 2025 budget at \$20,989,810. The 2025 total levy is \$11,807,184, less County Program Aid of \$815,077, for a net levy of \$10,992,107. The Board approved a 3.9 percent increase in the levy for 2025.

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, Glenwood, Minnesota 56334-4525.

Basic Financial Statements

Government-Wide Financial Statements

**Pope County
Glenwood, Minnesota**

Exhibit 1

**Statement of Net Position
December 31, 2024**

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Housing and Redevelopment Authority/Economic Development Authority</u>
<u>Assets</u>		
Cash and pooled investments	\$ 22,276,936	\$ 1,068,084
Petty cash and change funds	1,100	-
Taxes receivable		
Delinquent	125,514	18,178
Special assessments receivable		
Delinquent	33,149	-
Noncurrent	362,730	-
Accounts receivable	38,179	-
Accrued interest receivable	51,411	-
Due from other governments	1,440,545	-
Loans receivable	-	275,877
Inventories	233,762	-
Prepaid items	15,304	-
Land held for resale	-	275,000
Restricted assets		
Cash and pooled investments	-	895
Capital assets		
Non-depreciable or amortizable	2,248,314	44,434
Depreciable or amortizable – net of accumulated depreciation and amortization	<u>72,743,448</u>	<u>-</u>
Total Assets	<u>\$ 99,570,392</u>	<u>\$ 1,682,468</u>
<u>Deferred Outflows of Resources</u>		
Deferred pension outflows	\$ 2,066,386	\$ -
Deferred other postemployment benefits outflows	<u>114,250</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>\$ 2,180,636</u>	<u>\$ -</u>

**Pope County
Glenwood, Minnesota**

Exhibit 1
(Continued)

**Statement of Net Position
December 31, 2024**

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Housing and Redevelopment Authority/Economic Development Authority</u>
<u>Liabilities</u>		
Accounts payable	\$ 215,239	\$ 3,817
Salaries payable	331,955	-
Contracts payable	66,680	-
Due to other governments	55,682	821
Accrued interest payable	15,188	-
Unearned revenue	142,118	-
Financial assurance deposit payable	545,686	-
Current liabilities payable from restricted assets		
Accounts payable	-	895
Long-term liabilities		
Due within one year	350,893	-
Due in more than one year	2,613,331	-
Other postemployment benefits		
liability due within one year	81,653	-
Other postemployment benefits		
liability due in more than one year	955,323	-
Net pension liability	2,873,138	-
Total Liabilities	\$ 8,246,886	\$ 5,533
<u>Deferred Inflows of Resources</u>		
Deferred pension inflows	\$ 3,459,985	\$ -
Deferred other postemployment benefits inflows	220,906	-
Total Deferred Inflows of Resources	\$ 3,680,891	\$ -
<u>Net Position</u>		
Net investment in capital assets	\$ 73,367,901	\$ 44,434
Restricted for		
General government	286,808	-
Public safety	933,718	-
Highways and streets	1,273,154	-
Ditch construction and maintenance	109,621	-
Conservation of natural resources	1,525,493	-
Debt service	399,901	-
Unrestricted	11,926,655	1,632,501
Total Net Position	\$ 89,823,251	\$ 1,676,935

**Pope County
Glenwood, Minnesota**

**Statement of Activities
For the Year Ended December 31, 2024**

	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>
<u>Functions/Programs</u>		
Primary Government		
Governmental activities		
General government	\$ 5,626,404	\$ 812,459
Public safety	3,068,694	109,190
Highways and streets	4,722,134	41,754
Sanitation	905,302	923,784
Human services	2,106,593	-
Health	80,086	-
Culture and recreation	194,472	-
Conservation of natural resources	718,971	78,593
Economic development	289,446	-
Interest	47,380	-
Total Primary Government	<u>\$ 17,759,482</u>	<u>\$ 1,965,780</u>
Component Unit		
Housing and Redevelopment Authority/Economic Development Authority	<u>\$ 262,445</u>	<u>\$ -</u>
General Revenues		
Property taxes		
Mortgage registry and deed tax		
Wheelage tax		
Other taxes		
Payments in lieu of tax		
Grants and contributions not restricted to specific programs		
Investment earnings		
Miscellaneous		
Total general revenues		
Change in net position		
Net Position – January 1, as previously reported		
Restatement (Note 5)		
Net Position – January 1, as restated		
Net Position – Ending		

Exhibit 2

Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Housing and Redevelopment Authority/Economic Development Authority
\$ 236,288	\$ -	\$ (4,577,657)	
319,258	21,882	(2,618,364)	
6,219,231	965,000	2,503,851	
20,748	-	39,230	
-	-	(2,106,593)	
-	-	(80,086)	
-	-	(194,472)	
280,657	-	(359,721)	
96,616	-	(192,830)	
-	-	(47,380)	
\$ 7,172,798	\$ 986,882	\$ (7,634,022)	
\$ -	\$ -		\$ (262,445)
		\$ 10,396,539	\$ 509,809
		13,078	-
		270,244	-
		84,466	-
		177,229	-
		1,892,327	190,757
		1,017,589	14,475
		59,635	18
		\$ 13,911,107	\$ 715,059
		\$ 6,277,085	\$ 452,614
		\$ 83,546,166	\$ 1,205,422
		-	18,899
		\$ 83,546,166	\$ 1,224,321
		\$ 89,823,251	\$ 1,676,935

Fund Financial Statements

Governmental Funds

**Pope County
Glenwood, Minnesota**

**Balance Sheet
Governmental Funds
December 31, 2024**

	<u>General</u>	<u>Road and Bridge</u>
<u>Assets</u>		
Cash and pooled investments	\$ 14,648,663	\$ 6,802,807
Petty cash and change funds	1,100	-
Taxes receivable		
Delinquent	101,484	20,575
Special assessments receivable		
Delinquent	3,034	-
Noncurrent	362,730	-
Accounts receivable	36,651	1,528
Accrued interest receivable	51,411	-
Due from other funds	-	10,231
Due from other governments	137,078	1,299,269
Inventories	-	233,762
Prepaid items	15,304	-
Advances to other funds	6,400	-
Total Assets	\$ 15,363,855	\$ 8,368,172
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 176,074	\$ 18,216
Salaries payable	264,456	67,499
Contracts payable	-	66,680
Due to other funds	-	-
Due to other governments	26,316	183
Unearned revenue	142,118	-
Advances from other funds	-	-
Financial assurance deposit payable	545,686	-
Total Liabilities	\$ 1,154,650	\$ 152,578
Deferred Inflows of Resources		
Unavailable revenue	\$ 467,248	\$ 1,293,729
Fund Balances		
Nonspendable	\$ 90,270	\$ 233,762
Restricted	2,095,063	-
Assigned	660,847	6,688,103
Unassigned	10,895,777	-
Total Fund Balances	\$ 13,741,957	\$ 6,921,865
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,363,855	\$ 8,368,172

Exhibit 3

Solid Waste	Debt Service	Other Governmental Funds	Total
\$ 21,763	\$ 399,901	\$ 403,802	\$ 22,276,936
-	-	-	1,100
-	3,455	-	125,514
29,785	-	330	33,149
-	-	-	362,730
-	-	-	38,179
-	-	-	51,411
-	-	-	10,231
-	-	4,198	1,440,545
-	-	-	233,762
-	-	-	15,304
-	-	-	6,400
\$ 51,548	\$ 403,356	\$ 408,330	\$ 24,595,261
\$ -	\$ -	\$ 20,949	\$ 215,239
-	-	-	331,955
-	-	-	66,680
-	-	10,231	10,231
21,763	-	7,420	55,682
-	-	-	142,118
-	-	6,400	6,400
-	-	-	545,686
\$ 21,763	\$ -	\$ 45,000	\$ 1,373,991
\$ 29,785	\$ 3,455	\$ 330	\$ 1,794,547
\$ -	\$ -	\$ -	\$ 324,032
-	399,901	364,698	2,859,662
-	-	-	7,348,950
-	-	(1,698)	10,894,079
\$ -	\$ 399,901	\$ 363,000	\$ 21,426,723
\$ 51,548	\$ 403,356	\$ 408,330	\$ 24,595,261

**Pope County
Glenwood, Minnesota**

Exhibit 4

**Reconciliation of Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position – Governmental Activities
December 31, 2024**

Fund balance – total governmental funds (Exhibit 3)	\$ 21,426,723
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	74,991,762
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.	2,066,386
Deferred outflows of resources resulting from other postemployment benefits obligations are not available and, therefore, are not reported in the governmental funds.	114,250
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.	1,794,547
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General obligation bonds	\$ (1,215,000)
Premiums on bonds	(47,959)
Leases payable	(335,519)
Subscription-based technology arrangements payable	(25,383)
Loans payable	(363,815)
Compensated absences	(976,548)
Other postemployment benefits obligation	(1,036,976)
Net pension liability	<u>(2,873,138)</u>
	(6,874,338)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds.	(15,188)
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.	(3,459,985)
Deferred inflows of resources resulting from OPEB obligations are not available resources and, therefore, are not reported in the governmental funds.	<u>(220,906)</u>
Net Position of Governmental Activities (Exhibit 1)	<u>\$ 89,823,251</u>

**Pope County
Glenwood, Minnesota**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024**

	<u>General</u>	<u>Road and Bridge</u>
Revenues		
Taxes	\$ 8,507,871	\$ 1,955,806
Special assessments	73,118	-
Licenses and permits	73,068	-
Intergovernmental	2,737,839	7,735,068
Charges for services	465,075	32,216
Fines and forfeits	7,800	-
Gifts and contributions	761	-
Investment earnings	1,013,053	-
Miscellaneous	266,504	9,538
Total Revenues	\$ 13,145,089	\$ 9,732,628
Expenditures		
Current		
General government	\$ 4,710,070	\$ -
Public safety	3,338,093	-
Highways and streets	-	8,001,425
Culture and recreation	64,860	-
Conservation of natural resources	669,116	-
Economic development	109,152	-
Intergovernmental		
Highways and streets	-	508,453
Sanitation	-	-
Human services	2,106,593	-
Health	80,086	-
Culture and recreation	129,612	-
Economic development	180,294	-
Capital outlay		
General government	503,919	-
Public safety	48,232	-
Highways and streets	-	409,685
Debt service		
Principal	238,796	-
Interest	22,351	-
Administrative charges	-	-
Total Expenditures	\$ 12,201,174	\$ 8,919,563
Excess of Revenues Over (Under) Expenditures	\$ 943,915	\$ 813,065

Exhibit 5

Solid Waste	Debt Service	Other Governmental Funds	Total
\$ -	\$ 269,575	\$ -	\$ 10,733,252
905,302	-	62,514	1,040,934
-	-	-	73,068
-	8,684	-	10,481,591
-	-	-	497,291
-	-	15,537	23,337
-	-	-	761
-	-	4,536	1,017,589
-	-	122,686	398,728
\$ 905,302	\$ 278,259	\$ 205,273	\$ 24,266,551
\$ -	\$ -	\$ 7,935	\$ 4,718,005
-	-	-	3,338,093
-	-	-	8,001,425
-	-	-	64,860
-	-	49,855	718,971
-	-	-	109,152
-	-	-	508,453
905,302	-	-	905,302
-	-	-	2,106,593
-	-	-	80,086
-	-	-	129,612
-	-	-	180,294
-	-	-	503,919
-	-	-	48,232
-	-	-	409,685
-	-	-	238,796
-	18,223	751	41,325
-	475	-	475
\$ 905,302	\$ 18,698	\$ 58,541	\$ 22,103,278
\$ -	\$ 259,561	\$ 146,732	\$ 2,163,273

**Pope County
Glenwood, Minnesota**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024**

	<u>General</u>	<u>Road and Bridge</u>
Other Financing Sources (Uses)		
Transfers in	\$ 31,064	\$ -
Transfers out	-	-
Loans issued	88,849	-
Leases issued	103,611	-
Proceeds from sale of capital assets	-	30,000
Total Other Financing Sources (Uses)	\$ 223,524	\$ 30,000
Net Change in Fund Balances	\$ 1,167,439	\$ 843,065
Fund Balances – January 1	12,574,518	5,990,833
Increase (decrease) in inventories	-	87,967
Fund Balances – December 31	<u>\$ 13,741,957</u>	<u>\$ 6,921,865</u>

Exhibit 5
(Continued)

Solid Waste	Debt Service	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 31,064
-	(31,064)	-	(31,064)
-	-	-	88,849
-	-	-	103,611
-	-	-	30,000
<u>\$ -</u>	<u>\$ (31,064)</u>	<u>\$ -</u>	<u>\$ 222,460</u>
\$ -	\$ 228,497	\$ 146,732	\$ 2,385,733
-	171,404	216,268	18,953,023
-	-	-	87,967
<u>\$ -</u>	<u>\$ 399,901</u>	<u>\$ 363,000</u>	<u>\$ 21,426,723</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, 2024**

Net change in fund balances – total governmental funds (Exhibit 5) **\$ 2,385,733**

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	\$ 1,794,547	
Unavailable revenue – January 1	<u>(2,123,482)</u>	(328,935)

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 and amortization expense.

Expenditures for general capital assets	\$ 6,992,398	
Net book value of assets disposed	(17,384)	
Current year depreciation and amortization	<u>(2,991,983)</u>	3,983,031

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	\$ (88,849)	
Principal repayments	133,334	
Current year amortization of premiums/discounts	<u>9,608</u>	54,093

Some capital asset additions are acquired through financing. In governmental funds, these arrangements are considered an other financing source, but in the statement of net position, the obligation is reported as a liability. Similarly repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.

Principal payments on leases	\$ 91,104	
Principal payments on subscription-based technology arrangements	<u>14,358</u>	105,462
Leases issued		(103,611)

**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, 2024**

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	\$ (15,188)	
Change in compensated absences	(463,982)	
Change in other postemployment benefits obligation	36,378	
Change in net pension liability	1,156,778	
Change in deferred pension outflows of resources	(839,724)	
Change in deferred other postemployment benefits outflows of resources	(22,785)	
Change in deferred pension inflows of resources	162,865	
Change in deferred other postemployment benefits inflows of resources	79,003	
Change in inventories	87,967	181,312
Change in Net Position of Governmental Activities (Exhibit 2)		\$ 6,277,085

Fiduciary Funds

**Pope County
Glenwood, Minnesota**

Exhibit 7

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024**

	<u>Custodial Funds</u>
<u>Assets</u>	
Cash and pooled investments	\$ 483,231
Accounts receivable for other governments	100
Taxes receivable for other governments	259,939
Special assessments receivable - noncurrent	<u>45,450</u>
Total Assets	\$ 788,720
<u>Liabilities</u>	
Due to other governments	<u>\$ 433,379</u>
<u>Net Position</u>	
Restricted for Individuals, organizations, other governments	<u>\$ 355,341</u>
Total Net Position	<u>\$ 355,341</u>

**Pope County
Glenwood, Minnesota**

Exhibit 8

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2024**

	Custodial Funds
Additions	
Property tax collections for other governments	\$ 14,236,871
Assessments for others	63,327
Tax forfeited land sales	53,754
Federal/State revenue	89,328
Other taxes collected for other governments	460,751
Fees collected for other governments	7,083
Total Additions	\$ 14,911,114
Deductions	
Payments of property tax to other governments	\$ 12,915,615
Payments to state	1,700,822
Payments to other individuals/entities	130,443
Loan repayments	17,877
Total Deductions	\$ 14,764,757
Change in net position	\$ 146,357
Net Position – January 1	208,984
Net Position – December 31	\$ 355,341

Pope County
Glenwood, Minnesota

Notes to the Financial Statements
As of and for the Year Ended December 31, 2024

Note 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, 2024. 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.

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 of the County		
Component Unit	Component Unit Included in 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 is financially accountable for the HRA/EDA.	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.

Joint Ventures and Jointly-Governed Organizations

The County participates in joint ventures and jointly-governed organizations which are described in Note 4 – Summary of Significant Contingencies and Other Items.

Pope County

Glenwood, Minnesota

Basic Financial Statements

Government-Wide Statements

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

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

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

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

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

Pope County

Glenwood, Minnesota

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; and monies held as a result of civil actions.

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 leases and subscription-based information technology arrangements 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.

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

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2024, based on market prices. Pursuant to 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 2024 were \$1,013,053.

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.

Pope County Glenwood, Minnesota

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 2021 through 2024 and noncurrent special assessments payable in 2025 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

Accounts receivable for the year ended December 31, 2024, were \$38,179 for governmental funds and \$100 for fiduciary funds. No allowance for uncollectible receivables recorded for governmental funds or fiduciary funds has been provided because such amounts are not expected to be material.

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. The cost of prepaid items is recorded as an expenditure/expense when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (for example, roads, bridges, and similar items), and right-to-use assets acquired under leasing or subscription-based information technology arrangements, 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.

Additions, improvements, and other capital outlays that significantly extend the useful life or increase capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Pope County Glenwood, Minnesota

Property, plant, and equipment of the County are depreciated using the straight-line method over the following estimated useful lives while right-to-use assets are amortized over the shorter of the underlying assets estimated useful life or the term of the lease agreement or subscription arrangement:

Estimated Useful Lives of Capital Assets

Assets	Years
Buildings	20-40
Office furniture and equipment	5-10
Machinery and automotive equipment	5-12
Infrastructure	50-75
Right-to-use equipment	4-5
Right-to-use subscription arrangements	2-5

Unearned Revenue

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

Compensated Absences

The liability for compensated absences is reported in the government-wide financial statements. The leave consists of vacation leave and sick leave that is attributable to services already rendered, it accumulates, and it is more likely than not to be used or settled through cash or noncash means. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of an amount based on a trend analysis of current usage of vacation and sick leave. The noncurrent portion consists of the remaining amount of vacation and sick leave.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three types of deferred inflows of resources. The governmental funds report unavailable revenue associated with revenue received after the period of availability. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The County also reports deferred pension and deferred OPEB inflows. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

Pope County

Glenwood, Minnesota

Pension Plan

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

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 an other financing source. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 amortization, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

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

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

Classification of Fund Balances

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

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

Pope County Glenwood, Minnesota

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

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

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

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

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

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

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.

Use of Estimates

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

Pope County Glenwood, Minnesota

Change in Accounting Principle

During the year ended December 31, 2024, Pope County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences.

Note 2 – Stewardship, Compliance, and Accountability

Deficit Fund Equity

The Ditch Special Revenue Fund has a positive fund balance of \$107,593 as of December 31, 2024, although one individual ditch system had a deficit balance. The deficit will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

Individual Ditch System Fund Balance	
18 ditch systems with positive fund balances	\$ 109,291
1 ditch system with deficit fund balance	(1,698)
Net Fund Balance	<u>\$ 107,593</u>

Note 3 – Detailed Notes

Assets

Deposits and Investments

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

Reconciliation of the County's Total Cash and Investments to the Basic Financial Statements as of December 31, 2024

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 22,276,936
Petty cash and change funds	1,100
Discretely presented component unit	
Cash and pooled investments	1,068,084
Restricted assets	
Cash and pooled investments	895
Statement of fiduciary net position	
Cash and pooled investments	<u>483,231</u>
Total Cash and Investments	<u>\$ 23,830,246</u>
Deposits	\$ 23,829,146
Petty cash and change funds	<u>1,100</u>
Total Deposits and Petty Cash	<u>\$ 23,830,246</u>

Pope County Glenwood, Minnesota

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.

Deposits

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

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 \$22,760,167 as of December 31, 2024; the bank balance was \$23,002,554.

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, 2024, Pope County's deposits were not exposed to custodial credit risk.

Investments

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

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

Pope County

Glenwood, Minnesota

- (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, 2024.

Receivables

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

Governmental Activities' Receivables as of December 31, 2024

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes – delinquent	\$ 125,514	\$ -
Special assessments		
Delinquent	33,149	-
Noncurrent	362,730	305,061
Accounts	38,179	-
Accrued Interest	51,411	-
Due from other governments	1,440,545	-

Pope County Glenwood, Minnesota

Capital Assets

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

Changes in Capital Assets for the Year Ended December 31, 2024

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 2,248,314	\$ -	\$ -	\$ 2,248,314
Capital assets depreciated				
Buildings	\$ 11,576,471	\$ 23,620	\$ -	\$ 11,600,091
Office furniture and equipment	2,594,998	490,298	(5,770)	3,079,526
Machinery and automotive equipment	4,849,595	459,206	(110,721)	5,198,080
Infrastructure	92,533,003	5,915,663	-	98,448,666
Total capital assets depreciated	\$ 111,554,067	\$ 6,888,787	\$ (116,491)	\$ 118,326,363
Less: accumulated depreciation for				
Buildings	\$ 5,803,025	\$ 430,511	\$ -	\$ 6,233,536
Office furniture and equipment	1,883,186	177,489	(5,770)	2,054,905
Machinery and automotive equipment	2,798,869	399,550	(106,707)	3,091,712
Infrastructure	32,693,386	1,844,174	-	34,537,560
Total accumulated depreciation	\$ 43,178,466	\$ 2,851,724	\$ (112,477)	\$ 45,917,713
Total capital assets depreciated, net	\$ 68,375,601	\$ 4,037,063	\$ (4,014)	\$ 72,408,650
Capital assets amortized				
Lease equipment	\$ 373,318	\$ 103,611	\$ -	\$ 476,929
Subscription-based information technology arrangements	81,533	-	(27,181)	54,352
Total capital assets amortized	\$ 454,851	\$ 103,611	\$ (27,181)	\$ 531,281
Less: accumulated amortization for				
Lease equipment	\$ 53,624	\$ 116,927	\$ -	\$ 170,551
Subscription-based information technology arrangements	16,411	23,332	(13,811)	25,932
Total accumulated amortization	\$ 70,035	\$ 140,259	\$ (13,811)	\$ 196,483
Total capital assets amortized, net	\$ 384,816	\$ (36,648)	\$ (13,370)	\$ 334,798
Governmental Activities Capital Assets, Net	\$ 71,008,731	\$ 4,000,415	\$ (17,384)	\$ 74,991,762

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

Depreciation and Amortization Expense Charged to Functions/Programs

Governmental Activities	
General government	\$ 620,938
Public safety	130,291
Highways and streets, including depreciation of infrastructure assets	2,240,754
Total Depreciation and Amortization Expense – Governmental Activities	<u>\$ 2,991,983</u>

Pope County Glenwood, Minnesota

Interfund Receivables, Payables, and Transfers

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

Advances To/From Other Funds

Advances To/From Other Funds as of December 31, 2024

Receivable Fund	Payable Fund	Amount
General Fund	Ditch Special Revenue Fund	\$ 6,400

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.

Interfund Transfers

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

Interfund Transfers as of December 31, 2024

Fund From	Fund To	Amount	Purpose
Debt Service Fund	General Fund	\$ 31,064	Delinquent taxes

Liabilities and Deferred Inflows of Resources

Deferred Inflows of Resources – Unavailable Revenue

Deferred inflows of resources in the governmental funds 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. Deferred inflows of resources at December 31, 2024, are summarized below by fund:

Deferred Inflows of Resources as of December 31, 2024

	Taxes and Special Assessments	Grants, Highway Allotments, and Other	Total
Major governmental funds			
General Fund	\$ 467,248	\$ -	\$ 467,248
Special Revenue Funds			
Road and Bridge	20,575	1,273,154	1,293,729
Solid Waste	29,785	-	29,785
Debt Service Fund	3,455	-	3,455
Nonmajor governmental fund			
Ditch Special Revenue Fund	330	-	330
Total Unavailable revenue	\$ 521,393	\$ 1,273,154	\$ 1,794,547

Pope County Glenwood, Minnesota

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:

Bonds and Loans Payable as of December 31, 2024

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2024
General Obligation Bonds					
2017A G.O. Capital Improvement	02/01/2029	\$175,000 - \$260,000	3.00	\$ 2,405,000	\$ 1,215,000
Loans Payable					
State of Minnesota Agricultural Best Management Loan Program	*	*	0.00	\$ 1,357,386	\$ 363,815

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

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

Debt Service Requirements as of December 31, 2024

Year Ending December 31	General Obligation Bonds		Loans Payable	
	Principal	Interest	Principal	Interest
2025	\$ 225,000	\$ 33,075	\$ 2,356	\$ -
2026	235,000	26,175	33,592	-
2027	245,000	18,975	65,188	-
2028	250,000	11,550	60,200	-
2029	260,000	3,900	52,855	-
2030-2034	-	-	143,402	-
2035	-	-	6,222	-
Total	\$ 1,215,000	\$ 93,675	\$ 363,815	\$ -

Conduit Debt

The County has issued 2019A, 2021A, and 2024A series general obligation solid waste revenue bonds on behalf of Pope/Douglas Solid Waste Management to finance the acquisition of various equipment and the construction of various improvements to the Pope/Douglas waste-to-energy facility in Alexandria, Minnesota, jointly owned by Pope and Douglas Counties. The bond repayments are paid directly by Pope/Douglas Solid Waste Management. The project is expected to be owned 25 percent by Pope County and 75 percent by Douglas County. Although Pope County has pledged its full faith, credit, and taxing powers for these bonds, Pope/Douglas Solid Waste Management is primarily obligated to pay the debt and, therefore, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2024, there were bonds outstanding with an aggregate principal payment amount of \$13,230,000.

Pope County

Glenwood, Minnesota

Leases

The County has entered into lease agreements as lessee for vehicle leases, copiers, and a postage machine. Leases are for four to five years. These leases have been recorded at the present value of their future minimum lease payments as of the inception date. Lease payments are paid from the General Fund.

Future Minimum Lease Obligations and Present Value of Minimum Lease Payments as of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 97,808	\$ 17,448
2026	97,502	12,453
2027	79,433	7,195
2028	58,689	1,965
2029	2,087	14
Total	<u>\$ 335,519</u>	<u>\$ 39,075</u>

Subscription-Based Information Technology Arrangements

The County has entered into subscription-based contracts to use vendor-provided information technology. The subscription-based technology arrangements (SBITA) provide the County with access to IT software and associated capital assets in exchange for subscription payments. These SBITAs have been recorded at the present value of their future minimum payments as of the inception date. SBITA payments are paid from the General Fund.

Future Minimum SBITA Obligations and Present Value of Minimum SBITA Payments as of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 14,744	\$ 569
2026	10,639	172
Total	<u>\$ 25,383</u>	<u>\$ 741</u>

Pope County Glenwood, Minnesota

Changes in Long-Term Liabilities

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

Changes in Long-Term Liabilities for the Year Ended December 31, 2024

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 1,215,000	\$ -	\$ -	\$ 1,215,000	\$ 225,000
Bond premiums	57,567	-	(9,608)	47,959	-
Loans payable	408,300	88,849	(133,334)	363,815	2,356
Leases payable	323,012	103,611	(91,104)	335,519	97,808
Software subscriptions payable	39,741	-	(14,358)	25,383	14,744
Compensated absences	512,566	463,982*	-	976,548	10,985
Long-Term Liabilities	<u>\$ 2,556,186</u>	<u>\$ 656,442</u>	<u>\$ (248,404)</u>	<u>\$ 2,964,224</u>	<u>\$ 350,893</u>

*The change in the compensated absences liability is presented as a net change.

Other Postemployment Benefits (OPEB)

Plan Description

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

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, 2023, actuarial valuation, the following employees were covered by the benefit terms:

Employees Covered by the OPEB Benefit Terms As of the January 1, 2023, Actuarial Valuation

Active employees	74
Retired employees	16
Spouses	5
Total Plan Participants	<u>95</u>

Total OPEB Liability

The County's total OPEB liability of \$1,036,976 was measured as of January 1, 2024, and was determined by an

Pope County

Glenwood, Minnesota

actuarial valuation as of January 1, 2023. The total OPEB liability is liquidated primarily by the General Fund and the Road and Bridge Special Revenue Fund.

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:

OPEB Actuarial Assumptions and Other Inputs

Inflation	2.50 percent
Salary increases	Varying rates
Health care cost trend	6.25 percent in 2024, grading to 5.00 percent over five years and then to 4.00 percent over the next 48 years

The current year discount rate is 3.70 percent. For the current valuation, the discount rate is based on the estimated yield of 20-year AA-rated municipal bonds.

Mortality rates are based on Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 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, 2023.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability For the Year Ended December 31, 2024

	Total OPEB Liability
Balance at January 1, 2024	<u>\$ 1,073,354</u>
Changes for the year	
Service cost	\$ 15,930
Interest	41,284
Changes of assumptions	21,889
Benefit payments	<u>(115,481)</u>
Net change	<u>\$ (36,378)</u>
Balance at December 31, 2024	<u><u>\$ 1,036,976</u></u>

Pope County Glenwood, Minnesota

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:

Sensitivity of the Total OPEB Liability to Changes In the Discount Rate as of December 31, 2024

	Discount Rate	Total OPEB Liability
1% Decrease	2.70%	\$ 1,118,193
Current	3.70%	1,036,976
1% Increase	4.70%	964,563

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:

Sensitivity of the Total OPEB Liability to Changes In the Health Care Trend Rates as of December 31, 2024

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.25% decreasing to 4.00% over 5 years	\$ 952,834
Current	6.25% decreasing to 5.00% over 5 years	1,036,976
1% Increase	7.25% decreasing to 6.00% over 5 years	1,131,935

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

For the year ended December 31, 2024, the County recognized OPEB expense of \$7,902. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB as of December 31, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 143,287
Changes in actuarial assumptions	19,506	77,619
Contributions paid subsequent to the measurement date	94,744	-
Total	<u>\$ 114,250</u>	<u>\$ 220,906</u>

Pope County Glenwood, Minnesota

The \$94,744 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

**Schedule of Amortization of Deferred Outflows and
Inflows of Resources Related to OPEB
As of December 31, 2024**

Year Ended December 31	OPEB Expense Amount
2025	\$ (72,626)
2026	(66,579)
2027	(66,572)
2028	4,377

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2024:

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

Pension Plans

Defined Benefit Pension Plans

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, while the Basic Plan and Minneapolis Employees Retirement Fund members are not covered. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members in 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after three 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, 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.

Pope County Glenwood, Minnesota

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 a maximum of 1.50 percent. The 2024 annual increase was 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.

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

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

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

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 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 and disability qualification requirements vary by plan.

Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. Rates did not change from 2023.

Pope County Glenwood, Minnesota

Member and Employer Required Contribution Rates

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

Employer Contributions for the Year Ended December 31, 2024

General Employees Plan	\$ 341,441
Police and Fire Plan	191,991

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

[Pension Costs](#)

[General Employees Plan](#)

At December 31, 2024, the County reported a liability of \$1,897,395 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the County's proportion was 0.0513 percent. It was 0.0494 percent measured as of June 30, 2023. The County recognized pension expense of (\$39,075) for its proportionate share of the General Employees Plan's pension expense.

The State of Minnesota contributed \$170.1 million to the General Employees Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. The County recognized \$87,298 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Plan.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. This contribution meets the definition of a special funding situation. The County recognized an additional \$1,315 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

General Employees Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2024

The County's proportionate share of the net pension liability	\$ 1,897,395
State of Minnesota's proportionate share of the net pension liability associated with the County	49,063
Total	<u>\$ 1,946,458</u>

The County reported its proportionate share of the General Employees Plan's deferred outflows of resources and

Pope County Glenwood, Minnesota

deferred inflows of resources related to pensions from the following sources:

General Employees Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 176,125	\$ -
Changes in actuarial assumptions	8,862	698,479
Difference between projected and actual investment earnings	-	780,379
Changes in proportion	92,552	240,213
Contributions paid to PERA subsequent to the measurement date	176,203	-
Total	\$ 453,742	\$ 1,719,071

The \$176,203 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

General Employees Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2024

Year Ended December 31	Pension Expense Amount
2025	\$ (1,017,822)
2026	(75,037)
2027	(203,249)
2028	(145,424)

Police and Fire Plan

At December 31, 2024, the County reported a liability of \$975,743 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the County's proportion was 0.0742 percent. It was 0.0734 percent measured as of June 30, 2023. The County recognized pension expense of \$206,422 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota contributed \$19.4 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. Additionally, the State of Minnesota contributed \$9 million of supplemental state aid to the Police and Fire Plan for the Plan's fiscal year ended June 30, 2024. Legislation requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, until the Police and Fire Plan and the State Patrol Plan are 90

Pope County Glenwood, Minnesota

percent funded for three consecutive years, or July 1, 2048, whichever is earlier. This contribution also does not meet the definition of a special funding situation. The County recognized \$21,061 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Plan.

Legislation also requires the State of Minnesota to pay direct state aid of \$9 million on October 1 each year until full funding is reached for three consecutive years, or July 1, 2048, whichever is earlier. This contribution meets the definition of a special funding situation. The County recognized an additional \$4,160 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

Police and Fire Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2024

The County's proportionate share of the net pension liability	\$ 975,743
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>37,195</u>
Total	<u>\$ 1,012,938</u>

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:

Police and Fire Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 365,639	\$ -
Changes in actuarial assumptions	940,839	1,421,597
Difference between projected and actual investment earnings	-	287,551
Changes in proportion	202,226	31,766
Contributions paid to PERA subsequent to the measurement date	<u>103,940</u>	<u>-</u>
Total	<u>\$ 1,612,644</u>	<u>\$ 1,740,914</u>

Pope County Glenwood, Minnesota

The \$103,940 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Police and Fire Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2024

Year Ended December 31	Pension Expense Amount
2025	\$ (23,903)
2026	214,251
2027	(112,080)
2028	(335,170)
2029	24,692

Total Pension Expense

The total pension expense for both plans recognized by the County for the year ended December 31, 2024, was \$167,347.

Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Actuarial Assumptions for the Year Ended June 30, 2023

	General Employees Fund	Police and Fire Fund
Inflation	2.25% per year	2.25% per year
Active Member Payroll Growth	3.00% per year	3.00% per year
Investment Rate of Returns	7.00%	7.00%

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

Actuarial assumptions used in the June 30, 2024, valuations were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. The experience study for the Police and Fire Plan was dated July 14, 2020. For both plans, a review of inflation and investment assumptions dated June 29, 2023, was utilized.

The long-term expected rate of return on pension plan investments is 7.00 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term

Pope County Glenwood, Minnesota

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.

Pension Plan Investment Target Allocation and Best Estimates of Geometric Real Rates of Return for Each Major Asset Class

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

[Discount Rate](#)

The discount rate used to measure the total pension liability was 7.00 percent in 2024, which remains consistent with 2023. 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.

[Changes in Actuarial Assumptions and Plan Provisions](#)

The following changes in actuarial assumptions occurred in 2024:

[General Employees Plan](#)

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates.
- Assumed rates of withdrawal were increased for both males and females.
- Assumed rates of disability were decreased.
- Slight adjustments were made to the use of the Pub-2010 General Mortality table as recommended in the most recent experience study.
- Minor changes to form of payment assumptions were applied for male and female retirees.
- Minor changes to assumptions were made with respect to missing participant data.
- The workers' compensation offset for disability benefits was eliminated.

Pope County Glenwood, Minnesota

- The actuarial equivalent factors were updated to reflect changes in assumptions.

Police and Fire Plan

- The state contribution of \$9 million per year will continue until the earlier of: (1) both the Public Employees Retirement Association Police and Fire Plan and the State Patrol Retirement Fund attaining 90 percent funded status for three consecutive years (on an actuarial value of assets basis), or (2) July 1, 2048. The contribution was previously due to expire upon attainment of 90 percent funded status for one year.
- The additional \$9 million contribution will continue until the Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis or July 1, 2048, if earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

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.

**Sensitivity of the Employer's Proportionate Share of the
Net Pension Liability to Changes in the Discount Rate
As of December 31, 2024**

	Proportionate Share of the			
	General Employees Plan		Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability (Asset)
1% Decrease	6.00%	\$ 4,144,216	6.00%	\$ 2,305,870
Current	7.00%	1,897,395	7.00%	975,743
1% Increase	8.00%	49,180	8.00%	(116,571)

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.

Defined Contribution Plan

Two board members of Pope County are 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,

Pope County Glenwood, Minnesota

including the employee and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25 percent of the assets in each member account annually.

**Total Contributions by Dollar Amount and
Percentage of Covered Payroll Made by the Employer
For the Year Ended December 31, 2024**

	<u>Employee</u>		<u>Employer</u>	
Contribution amount	\$	3,046	\$	3,046
Percentage of covered payroll		5.00%		5.00%

Pope County Glenwood, Minnesota

Fund Balances

The summary of fund balance classifications is as follows:

Fund Balances as of December 31, 2024					
	General Fund	Road and Bridge	Debt Service	Other Governmental Funds	Total
Nonspendable					
Inventories	\$ -	\$ 233,762	\$ -	\$ -	\$ 233,762
Missing heirs	68,566	-	-	-	68,566
Prepays	15,304	-	-	-	15,304
Advances to other funds	6,400	-	-	-	6,400
Total nonspendable	\$ 90,270	\$ 233,762	\$ -	\$ -	\$ 324,032
Restricted					
Debt service	\$ -	\$ -	\$ 399,901	\$ -	\$ 399,901
Law library	-	-	-	29,487	29,487
Recorder's technology and equipment	107,418	-	-	-	107,418
E-911	345,794	-	-	-	345,794
Recorder's compliance	130,654	-	-	-	130,654
Permit to carry	180,691	-	-	-	180,691
Sheriff's contingency	5,000	-	-	-	5,000
Aquatic invasive species	387,916	-	-	-	387,916
Riparian protection	541,369	-	-	-	541,369
Clean water partnership	199,185	-	-	-	199,185
Attorney forfeiture	1,474	-	-	-	1,474
Voter assistance	19,249	-	-	-	19,249
Public safety aid	176,313	-	-	-	176,313
Opioid settlement	-	-	-	225,920	225,920
Ditch maintenance and construction	-	-	-	109,291	109,291
Total restricted	\$ 2,095,063	\$ -	\$ 399,901	\$ 364,698	\$ 2,859,662
Assigned					
Highways and streets	\$ -	\$ 6,688,103	\$ -	\$ -	\$ 6,688,103
Plat sign deposits	1,169	-	-	-	1,169
Veterans van	25,267	-	-	-	25,267
Capital expenditures	634,411	-	-	-	634,411
Total assigned	\$ 660,847	\$ 6,688,103	\$ -	\$ -	\$ 7,348,950
Unassigned	\$ 10,895,777	\$ -	\$ -	\$ (1,698)	\$ 10,894,079
Total Fund Balances	\$ 13,741,957	\$ 6,921,865	\$ 399,901	\$ 363,000	\$ 21,426,723

Pope County Glenwood, Minnesota

Note 4 – Summary of Significant Contingencies and Other Items

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 2024 and \$1 million per claim in 2025. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and the County pays an annual premium to cover current and future losses. 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 2024, the County has retained risk with a specific annual deductible of \$450,000 per member for the health plan.

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.

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

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 2024, Pope County contributed \$905,302 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 2024, Pope County contributed \$32,486 to Rainbow Rider.

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

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

Horizon Public Health

Grant, Pope, Stevens, and Traverse Counties entered into a joint powers agreement creating and operating the Mid-State Community Health Services, pursuant to Minn. Stat. § 471.59. During 1994, Stevens, Traverse, Grant, and Pope Counties began receiving and administering the grant money for Stevens, Traverse, and Grant Counties. Mid-State Community Health Services was renamed Horizon Community Health Board when Douglas County was added as a member on January 1, 2011. Horizon Community Health Board was renamed Horizon Public Health on January 1, 2015, when it became a fiscally independent entity. The budget is now approved by the five-county Board.

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

Pope County Glenwood, Minnesota

Financing is provided by state and federal grants and contributions from the five member counties. During 2024, Pope County contributed \$80,086 in funding to Horizon Public Health.

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

Region 4 South Adult Mental Health Consortium

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

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

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

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 2024, Pope County did not make any contributions to the Consortium. Grant County, in a fiscal host capacity, reports the cash transactions of the Consortium as a custodial fund on its financial statements.

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

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

Pope County Glenwood, Minnesota

Medical Assistance programs in complying with Minnesota Department of Health requirements as set forth in Minn. Stat. chs. 62D and 62N.

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

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

Financing is provided by Medical Assistance and General Assistance Medical Care payments from the Minnesota Department of Human Services, initial start-up loans from the member counties, and by proportional contributions from member counties, if necessary, to cover operational costs. During 2024, 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 2024, Pope County did not make any contributions to RMCEP. Current financial statements are not available.

West Central Minnesota Drug Task Force

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

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

Fiscal agent responsibilities for the Task Force are with Douglas County, which reports the Task Force as a custodial fund. Financing and equipment will be provided by the full-time and associate member agencies. During 2024, Pope County contributed \$4,000 to the Task Force.

Pope County Glenwood, Minnesota

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

Western Prairie Human Services

Western Prairie Human Services was established pursuant to Minn. Stat. ch. 145A through a joint powers agreement with Grant County, effective January 1, 2022. The Western Prairie Human Services Board consists of ten members, five each from Pope and Grant Counties. The primary function of the joint venture is to provide economic assistance and efficiency in the delivery of human services. Funding is provided by state and federal grants and appropriations from the member counties. Pope County's annual contribution in 2024 was \$2,067,638.

Complete financial information of Western Prairie Human Services can be obtained from 211 Minnesota Avenue East, Glenwood, Minnesota 56334.

Counties Providing Technology

Counties Providing Technology (CPT) was established in 2018, under the authority conferred upon by member parties by Minn. Stat. § 471.59, for the purpose of purchasing the former software vendor, Computer Professionals Unlimited, Inc., (CPUI) and to provide for the development, operation, and maintenance of technology applications and systems. CPT is comprised of 31 members, of which 24 are voting members of CPT and 7 are non-voting members.

Control is vested in the CPT Board, which consists of one individual appointed by each voting member county's Board of Commissioners. The joint powers agreement provides that initial operating capital contributed by the original members is to be repaid from any excess in fund balance at the end of the fiscal year, in proportion to the initial contribution. Excess funds beyond the initial capital contribution shall be distributed to members as determined by the CPT Board. Full repayment of initial capital contributed by members joining after the original signatories to the initial agreement is not to be required to be completed prior to the CPT Board distributing excess fund balances to other members.

Financing is primarily from county member contributions. During 2024, Pope County did not provide any contributions to CPT. Current financial information can be obtained from: Stevens County Auditor/Treasurer, 400 Colorado Avenue, Suite 303, Morris, Minnesota 56267.

Port Authority of the City of Saint Paul Property Assessed Clean Energy Program (PACE) of Minnesota

Pope County and the Port Authority of the City of Saint Paul entered into a joint powers agreement, pursuant to Minn. Stat. § 471.59, to provide for the financing of the acquisition and construction or installation of energy efficiency and conservation improvements on qualifying real properties located within Pope County. The Port Authority is solely responsible for the implementation and administration of PACE of Minnesota and financing of the improvements. Pope County imposes special assessments on the benefitting property and makes payment to the Port Authority. In 2024, Pope County paid \$17,877 to the Port Authority.

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,

Pope County Glenwood, Minnesota

along with the Cities of Alexandria, Elbow Lake, Fergus Falls, Hancock, and Morris. Additions to the library system included the Cities of Browns Valley, Glenwood, New York Mills, Perham, and Wheaton in 1976; Pope County in 1981; Traverse County in 1983; and the City of Pelican Rapids in 1988. In 1992, the Alexandria Library became the Douglas County Library.

The Viking Library System is governed by a governing board, which consists of 19 members. Each County Board appoints a resident of the county, each member library board appoints a representative, and any libraries with a service area population over 15,000 have an additional representative. Currently, Fergus Falls and Douglas County have additional representatives. During 2024, Pope County provided \$129,612 to the Viking Library System.

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

Jointly-Governed Organizations

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

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. During 2024, Pope County did not make any contributions to Lakeland Mental Health Center.

West Central S.W.A.T. Team

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

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 Glenwood, Minnesota

Tax Abatements

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

Midwest Machinery Company

In October 2011, the County entered into a property tax abatement agreement with the City of Glenwood, Minnewaska Area School District No. 2149, and Midwest Machinery Company for a period of up to 12 years effective in the years 2013 through 2025. The abatement is contractually set to equal the sum of \$54,000 plus non-compounded interest at five percent on the unpaid County share of the reimbursement amount. Pope County provided a tax abatement in the form of a tax refund in the amount of \$6,603 for 2024. The developer agrees to construct an expansion to the company's existing John Deere facility, including sanitary sewer and water connections.

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. The developer will construct a multifamily housing facility with tuck under garages, and related site and parking improvements in the City of Glenwood.

Note 5 – Pope County Housing and Redevelopment Authority/Economic Development Authority Component Unit

Summary of Significant Accounting Policies

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, 2024.

Pope County Glenwood, Minnesota

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.

Assets, Liabilities, and Net Position

Cash and Cash Equivalents

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

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.

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.

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.

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.

Additions, improvements, and other capital outlays that significantly extend the useful life or increase capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Pope County

Glenwood, Minnesota

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.

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.

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.

Change in Accounting Principle

During the year ended December 31, 2024, the Authority adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections, which provides clarification on the categories and prescribed accounting for changes in accounting principles, changes in accounting estimates, changes to or within the financial reporting entity, and corrections of errors in previously issued financial statements. Additional disclosures are included for the current year restatement as a result of GASB Statement 100.

Correction of Error – Prior Period Adjustment

During the year ended December 31, 2024, the Authority identified \$18,899 of 2023 expenses that were incorrectly posted. Beginning net position and cash increased for checks that were incorrectly posted in the prior period.

Correction of an Error

	<u>Net Position</u>
Balance on January 1, 2024, as previously reported	\$ 1,205,422
Correction of an error	<u>18,899</u>
Balance on January 1, 2024, as restated	<u>\$ 1,224,321</u>

Pope County Glenwood, Minnesota

Detailed Notes

Deposits and Investments

Deposits

At December 31, 2024, the HRA/EDA had deposits totaling \$1,068,979.

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the HRA/EDA's deposits may not be returned to it. The HRA/EDA does not have a deposit policy for custodial credit risk. As of December 31, 2024, the HRA/EDA's deposits were not exposed to custodial credit risk.

Investments

The HRA/EDA had no investments as of December 31, 2024.

Receivables

Of the loans receivable, \$240,973 is not expected to be collected within the next year. The loans receivable balance consists of loans issued by the HRA/EDA for housing and economic development within the County.

Capital Assets

The HRA/EDA's capital asset activity for the year ended December 31, 2024, was as follows:

Changes in Capital Assets for the Year Ended December 31, 2024

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 44,434	\$ -	\$ -	\$ 44,434

Pope County Glenwood, Minnesota

Risk Management

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

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

Nelson Housing Development

The HRA/EDA entered into a property tax abatement agreement with Nelson Housing Development, dated September 1, 2017, for a period of 14 years effective in the years 2019 through 2033, under Minn. Stat. §§ 469.174 to .1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low- to moderate-income housing, and economic development. TIF captures the increase in tax capacity and property taxes (of most taxing jurisdictions, including the HRA/EDA) from development or redevelopment to provide funding for the related project. The pay-as-you-go note provides for payment to the developer of all tax increments received in the prior six months. The payment reimburses the developer for certain improvements in an amount not to exceed \$68,000. The HRA/EDA provided a tax abatement in the form of a tax refund in the amount of \$7,840 for 2024. The revenue as it related to tax abatement for the year ended December 31, 2024, was \$8,711.

CSNP Cyrus LLC Development

The HRA/EDA entered into a property tax increment agreement with CSNP Cyrus LLC, dated May 5, 2021, for a period of 25 years effective in the years 2022 through 2047, under Minn. Stat. §§ 469.174 to .1794 (Tax Increment Financing) through a tax increment plan. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low- to moderate-income housing, and economic development. TIF captures the increase in tax capacity and property taxes (of most taxing jurisdictions, including the HRA/EDA) from development or redevelopment to provide funding for the related project. The tax increment plan provides an upfront payment to the developer for all eligible development costs in an amount not to exceed \$60,000. The revenue as it related to tax abatement for the year ended December 31, 2024, was \$7,572.

CSNP Starbuck LLC Development

The HRA/EDA entered into a property tax increment agreement with CSNP Starbuck LLC, dated August 17, 2022, for a period of 25 years effective in the years 2023 through 2048, under Minn. Stat. §§ 469.174 to .1794 (Tax Increment Financing) through a tax increment plan. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low- to moderate-income housing, and economic development. TIF captures the increase in tax capacity and property taxes (of most taxing jurisdictions, including the HRA/EDA) from development or redevelopment to provide funding for the related project. The payment reimburses the developer for certain improvements in an amount not to exceed \$98,000 at four percent interest. The revenue as it related to tax abatement for the year ended December 31, 2024, was \$22,883.

Required Supplementary Information

**Pope County
Glenwood, Minnesota**

Exhibit A-1

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 8,597,388	\$ 8,597,388	\$ 8,507,871	\$ (89,517)
Special assessments	61,675	61,675	73,118	11,443
Licenses and permits	88,275	88,275	73,068	(15,207)
Intergovernmental	1,330,622	1,330,622	2,737,839	1,407,217
Charges for services	435,730	435,730	465,075	29,345
Fines and forfeits	1,700	1,700	7,800	6,100
Gifts and contributions	1,000	1,000	761	(239)
Investment earnings	200,700	200,700	1,013,053	812,353
Miscellaneous	80,487	80,487	266,504	186,017
Total Revenues	\$ 10,797,577	\$ 10,797,577	\$ 13,145,089	\$ 2,347,512
Expenditures				
Current				
General government				
Commissioners	\$ 253,544	\$ 253,544	\$ 247,295	\$ 6,249
Information technology	648,975	648,975	532,639	116,336
Coordinator	504,847	504,847	462,419	42,428
Auditor/Treasurer	488,379	488,379	493,387	(5,008)
Assessor	632,955	632,955	463,780	169,175
Elections	71,554	71,554	304,404	(232,850)
Accounting and auditing	40,000	40,000	53,650	(13,650)
Data processing	77,086	77,086	75,579	1,507
Attorney	364,717	364,717	374,713	(9,996)
Recorder	336,654	336,654	321,098	15,556
Surveyor	1,000	1,000	-	1,000
Environmental services	423,949	423,949	474,975	(51,026)
Buildings	522,479	522,479	479,444	43,035
Veterans service officer	69,310	69,310	64,542	4,768
Other general government	287,164	287,164	353,937	(66,773)
General government – pension	-	-	8,208	(8,208)
Total general government	\$ 4,722,613	\$ 4,722,613	\$ 4,710,070	\$ 12,543

**Pope County
Glenwood, Minnesota**

Exhibit A-1

(Continued)

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 1,878,912	\$ 1,878,912	\$ 1,850,108	\$ 28,804
ATV grant	700	700	42	658
Snowmobile grant	3,680	3,680	1,019	2,661
School resource officer	85,754	85,754	108,577	(22,823)
Boat and water safety	35,685	35,685	12,537	23,148
Coroner	25,000	25,000	31,693	(6,693)
Enhanced 911 system	72,760	72,760	90,414	(17,654)
Dispatchers	534,248	534,248	559,612	(25,364)
County jail	152,602	152,602	187,491	(34,889)
Court services	383,379	383,379	377,977	5,402
Emergency management	118,704	118,704	101,013	17,691
ARMER implementation	16,400	16,400	10,935	5,465
Public safety – pension	-	-	6,675	(6,675)
Total public safety	\$ 3,307,824	\$ 3,307,824	\$ 3,338,093	\$ (30,269)
Culture and recreation				
Historical society	\$ 55,000	\$ 55,000	\$ 55,000	\$ -
Terrace Mill and Glacial Ridge	1,000	1,000	1,000	-
Other	8,860	8,860	8,860	-
Total culture and recreation	\$ 64,860	\$ 64,860	\$ 64,860	\$ -
Conservation of natural resources				
Soil and water conservation	\$ 113,471	\$ 113,471	\$ 201,070	\$ (87,599)
County extension	132,868	132,868	127,905	4,963
Agriculture ditch inspector	9,800	9,800	14,239	(4,439)
County fair	40,000	40,000	40,000	-
Water management	369,915	369,915	285,902	84,013
Total conservation of natural resources	\$ 666,054	\$ 666,054	\$ 669,116	\$ (3,062)
Economic development				
Community development	\$ 26,000	\$ 26,000	\$ 106,423	\$ (80,423)
Senior citizens	2,745	2,745	2,729	16
Total economic development	\$ 28,745	\$ 28,745	\$ 109,152	\$ (80,407)

**Pope County
Glenwood, Minnesota**

Exhibit A-1
(Continued)

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Expenditures (Continued)				
Intergovernmental				
Human services				
Western Prairie Human Services	\$ 2,101,844	\$ 2,101,844	\$ 2,106,593	\$ (4,749)
Health				
Horizon Public Health	80,086	80,086	80,086	-
Culture and recreation				
Library	129,612	129,612	129,612	-
Economic development				
Pope County HRA/EDA	-	-	180,294	(180,294)
Total intergovernmental	<u>\$ 2,311,542</u>	<u>\$ 2,311,542</u>	<u>\$ 2,496,585</u>	<u>\$ (185,043)</u>
Capital outlay				
General government	\$ 22,359	\$ 22,359	\$ 503,919	\$ (481,560)
Public safety	49,000	49,000	48,232	768
Total capital outlay	<u>\$ 71,359</u>	<u>\$ 71,359</u>	<u>\$ 552,151</u>	<u>\$ (480,792)</u>
Debt service				
Principal	\$ -	\$ -	\$ 238,796	\$ (238,796)
Interest	-	-	22,351	(22,351)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,147</u>	<u>\$ (261,147)</u>
Total Expenditures	<u>\$ 11,172,997</u>	<u>\$ 11,172,997</u>	<u>\$ 12,201,174</u>	<u>\$ (1,028,177)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ (375,420)</u>	<u>\$ (375,420)</u>	<u>\$ 943,915</u>	<u>\$ 1,319,335</u>
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 31,064	\$ 31,064
Loans issued	-	-	88,849	88,849
Leases issued	-	-	103,611	103,611
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,524</u>	<u>\$ 223,524</u>
Net Change in Fund Balance	<u>\$ (375,420)</u>	<u>\$ (375,420)</u>	<u>\$ 1,167,439</u>	<u>\$ 1,542,859</u>
Fund Balance – January 1	<u>12,574,518</u>	<u>12,574,518</u>	<u>12,574,518</u>	<u>-</u>
Fund Balance – December 31	<u><u>\$ 12,199,098</u></u>	<u><u>\$ 12,199,098</u></u>	<u><u>\$ 13,741,957</u></u>	<u><u>\$ 1,542,859</u></u>

**Pope County
Glenwood, Minnesota**

Exhibit A-2

**Budgetary Comparison Schedule
Road and Bridge Special Revenue Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 1,980,595	\$ 1,980,595	\$ 1,955,806	\$ (24,789)
Intergovernmental	7,328,434	7,328,434	7,735,068	406,634
Charges for services	23,700	23,700	32,216	8,516
Miscellaneous	11,000	11,000	9,538	(1,462)
Total Revenues	\$ 9,343,729	\$ 9,343,729	\$ 9,732,628	\$ 388,899
Expenditures				
Current				
Highways and streets				
Administration	\$ 452,776	\$ 452,776	\$ 403,423	\$ 49,353
Maintenance	1,700,807	1,700,807	1,415,119	285,688
Engineering/construction	5,580,814	5,580,814	5,572,663	8,151
Equipment, maintenance, and shop	684,332	684,332	610,220	74,112
Total highways and streets	\$ 8,418,729	\$ 8,418,729	\$ 8,001,425	\$ 417,304
Intergovernmental				
Highways and streets	475,000	475,000	508,453	(33,453)
Capital outlay				
Highways and streets	455,000	455,000	409,685	45,315
Total Expenditures	\$ 9,348,729	\$ 9,348,729	\$ 8,919,563	\$ 429,166
Excess of Revenues Over (Under)				
Expenditures	\$ (5,000)	\$ (5,000)	\$ 813,065	\$ 818,065
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	5,000	5,000	30,000	25,000
Net Change in Fund Balance	\$ -	\$ -	\$ 843,065	\$ 843,065
Fund Balance – January 1	5,990,833	5,990,833	5,990,833	-
Increase (decrease) in inventories	-	-	87,967	87,967
Fund Balance – December 31	\$ 5,990,833	\$ 5,990,833	\$ 6,921,865	\$ 931,032

**Pope County
Glenwood, Minnesota**

**Schedule of Changes in Total OPEB Liability and Related Ratios
Other Postemployment Benefits
December 31, 2024**

	<u>2024</u>	<u>2023</u>
Total OPEB Liability		
Service cost	\$ 15,930	\$ 14,809
Interest	41,284	29,237
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(225,411)
Changes of assumption or other inputs	21,889	(129,367)
Benefit payments	<u>(115,481)</u>	<u>(125,279)</u>
Net change in total OPEB liability	\$ (36,378)	\$ (436,011)
Total OPEB Liability – Beginning	<u>1,073,354</u>	<u>1,509,365</u>
Total OPEB Liability – Ending	<u>\$ 1,036,976</u>	<u>\$ 1,073,354</u>
 Covered-employee payroll	 \$ 5,161,815	 \$ 5,011,471
 Total OPEB liability (asset) as a percentage of covered-employee payroll	 20.09%	 21.42%

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

2022	2021	2020	2019	2018
\$ 25,949	\$ 25,193	\$ 22,043	\$ 18,619	\$ 19,480
31,013	48,525	63,345	74,352	78,999
-	-	-	-	-
-	(40,226)	-	(224,660)	-
-	9,991	116,574	(240,467)	-
<u>(143,873)</u>	<u>(189,246)</u>	<u>(207,782)</u>	<u>(227,055)</u>	<u>(249,653)</u>
\$ (86,911)	\$ (145,763)	\$ (5,820)	\$ (599,211)	\$ (151,174)
<u>1,596,276</u>	<u>1,742,039</u>	<u>1,747,859</u>	<u>2,347,070</u>	<u>2,498,244</u>
<u>\$ 1,509,365</u>	<u>\$ 1,596,276</u>	<u>\$ 1,742,039</u>	<u>\$ 1,747,859</u>	<u>\$ 2,347,070</u>
\$ 6,088,986	\$ 5,911,637	\$ 5,690,736	\$ 5,511,609	\$ 5,303,995
24.79%	27.00%	30.61%	31.71%	44.25%

**Pope County
Glenwood, Minnesota**

Exhibit A-4

**Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Plan
December 31, 2024**

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
2024	0.0513 %	\$ 1,897,395	\$ 49,063	\$ 1,946,458	\$ 4,343,784	43.68 %	89.08 %
2023	0.0494	2,762,393	76,207	2,838,600	3,930,125	70.29	83.10
2022	0.0491	3,888,736	114,018	4,002,754	3,678,080	105.73	76.67
2021	0.0716	3,057,641	93,391	3,151,032	5,157,988	59.28	87.00
2020	0.0707	4,238,788	130,745	4,369,533	5,045,185	84.02	79.06
2019	0.0702	3,881,201	120,661	4,001,862	4,969,130	78.11	80.23
2018	0.0731	4,055,288	133,025	4,188,313	4,916,334	82.49	79.53
2017	0.0768	4,902,861	61,651	4,964,512	4,947,759	99.09	75.90
2016	0.0744	6,040,911	78,926	6,119,837	4,619,457	130.77	68.91
2015	0.0816	4,228,936	N/A	4,228,936	4,804,103	88.03	78.19

The measurement date for each year is June 30.

N/A – Not Applicable

**Pope County
Glenwood, Minnesota**

Exhibit A-5

**Schedule of Contributions
PERA General Employees Retirement Plan
December 31, 2024**

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)
2024	\$ 341,441	\$ 341,441	\$ -	\$ 4,552,546	7.50 %
2023	315,154	315,154	-	4,202,049	7.50
2022	279,844	279,844	-	3,731,254	7.50
2021	396,734	396,734	-	5,289,772	7.50
2020	382,930	382,930	-	5,105,713	7.50
2019	375,728	375,728	-	5,009,707	7.50
2018	370,065	370,065	-	4,931,192	7.50
2017	361,030	361,030	-	4,813,716	7.50
2016	353,849	353,849	-	4,717,986	7.50
2015	354,731	354,731	-	4,729,744	7.50

The County's year-end is December 31.

**Pope County
Glenwood, Minnesota**

Exhibit A-6

**Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Police and Fire Plan
December 31, 2024**

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
2024	0.0742 %	\$ 975,743	\$ 37,195	\$ 1,012,938	\$ 1,027,015	95.01 %	90.17 %
2023	0.0734	1,267,523	51,019	1,318,542	963,731	131.52	86.47
2022	0.0681	2,963,443	129,505	3,092,948	827,819	357.98	70.53
2021	0.0584	450,786	20,258	471,044	690,188	65.31	93.66
2020	0.0647	852,815	20,083	872,898	730,515	116.74	87.19
2019	0.0670	713,283	N/A	713,283	706,431	100.97	89.26
2018	0.0626	667,252	N/A	667,252	659,999	101.10	88.84
2017	0.0650	877,577	N/A	877,577	665,610	131.85	85.43
2016	0.0640	2,568,431	N/A	2,568,431	613,583	418.60	63.88
2015	0.0610	693,103	N/A	693,103	555,199	124.84	86.61

The measurement date for each year is June 30.

N/A – Not Applicable

**Pope County
Glenwood, Minnesota**

Exhibit A-7

**Schedule of Contributions
PERA Public Employees Police and Fire Plan
December 31, 2024**

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)
2024	\$ 191,991	\$ 191,991	\$ -	\$ 1,084,695	17.70 %
2023	182,019	182,019	-	1,028,351	17.70
2022	157,527	157,527	-	889,982	17.70
2021	133,670	133,670	-	755,200	17.70
2020	123,389	123,389	-	697,115	17.70
2019	122,854	122,854	-	724,804	16.95
2018	109,937	109,937	-	678,625	16.20
2017	105,580	105,580	-	651,725	16.20
2016	101,364	101,364	-	625,703	16.20
2015	97,692	97,692	-	603,034	16.20

The County's year-end is December 31.

**Pope County
Glenwood, Minnesota**

Notes to the Required Supplementary Information
For the Year Ended December 31, 2024

Note 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 and Opioid Settlement Special Revenue Funds are not budgeted due to the fact that financing is based on fees and settlement revenue from court proceedings and litigation; 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.

Note 2 – Excess of Expenditures Over Budget

The following major governmental fund had expenditures in excess of budget at the function level for the year ended December 31, 2024:

	Expenditures		
	Actual	Final Budget	Excess
General Fund	\$ 12,201,174	\$ 11,172,997	\$ 1,028,177

Note 3 – Other Postemployment Benefits

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

Pope County Glenwood, Minnesota

Note 4 – Employer Contributions to Other Postemployment Benefits

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

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

The following changes occurred:

2024

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

2023

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount Mortality tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00 percent to 2.50 percent.
- The discount rate was changed from 2.00 percent to 4.00 percent.
- The retirement, withdrawal, and salary increase rates for public safety employees were updated to reflect the latest experience study.

2022

No changes in actuarial assumptions occurred in 2022.

2021

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

Pope County Glenwood, Minnesota

- The inflation rate changed from 2.50 percent to 2.00 percent.
- The discount rate was changed from 2.90 percent to 2.00 percent.

2020

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

2019

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

2018

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

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

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

General Employees Retirement Plan

2024

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates.
- Assumed rates of withdrawal were increased for both males and females.
- Assumed rates of disability were decreased.

Pope County Glenwood, Minnesota

- Slight adjustments were made to the use of the Pub-2010 General Mortality table as recommended in the most recent experience study.
- Minor changes to form of payment assumptions were applied for male and female retirees.
- Minor changes to assumptions were made with respect to missing participant data.
- The workers' compensation offset for disability benefits was eliminated.
- The actuarial equivalent factors were updated to reflect changes in assumptions.

2023

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- For Basic Plan members, a one-time, non-compounding benefit increase of 4.00 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021

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

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.

Pope County Glenwood, Minnesota

- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

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

Pope County Glenwood, Minnesota

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.

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

2024

- The state contribution of \$9 million per year will continue until the earlier of: (1) both the Public Employees Retirement Association Police and Fire Plan and the State Patrol Retirement Fund attaining 90 percent funded status for three consecutive years (on an actuarial value of assets basis), or (2) July 1, 2048. The contribution was previously due to expire upon attainment of 90 percent funded status for one year.
- The additional \$9 million contribution will continue until the Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis or July 1, 2048, if earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

Pope County Glenwood, Minnesota

2023

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.
- A one-time direct state aid contribution of \$19.4 million occurred on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded ten year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after ten years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- A total and permanent duty disability benefit was added effective July 1, 2023.

2022

- The single discount rate changed from 6.50 percent to 5.40 percent.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The

Pope County Glenwood, Minnesota

changes result in more assumed terminations.

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

2020

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

2019

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

2018

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

2017

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

Pope County Glenwood, Minnesota

disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.

- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

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, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 274,523	\$ 274,523	\$ 269,575	\$ (4,948)
Intergovernmental	-	-	8,684	8,684
Total Revenues	\$ 274,523	\$ 274,523	\$ 278,259	\$ 3,736
Expenditures				
Debt service				
Principal	\$ 274,523	\$ 274,523	\$ -	\$ 274,523
Interest	-	-	18,223	(18,223)
Administrative charges	-	-	475	(475)
Total Expenditures	\$ 274,523	\$ 274,523	\$ 18,698	\$ 255,825
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ 259,561	\$ 259,561
Other Financing Sources (Uses)				
Transfers out	-	-	(31,064)	(31,064)
Net Change in Fund Balances	\$ -	\$ -	\$ 228,497	\$ 228,497
Fund Balances – January 1	171,404	171,404	171,404	-
Fund Balances – December 31	\$ 171,404	\$ 171,404	\$ 399,901	\$ 228,497

Pope County Glenwood, Minnesota

Nonmajor Governmental 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.

Opioid Settlement – to account for the County's share of settlement proceeds from the national settlement agreement of the state and national litigation related to the opioid industry.

Fiduciary Funds

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.

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

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

**Pope County
Glenwood, Minnesota**

Exhibit B-2

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024**

	Special Revenue Funds			
	Ditch	Law Library	Opioid Settlement	Total (Exhibit 3)
<u>Assets</u>				
Cash and pooled investments	\$ 149,358	\$ 28,524	\$ 225,920	\$ 403,802
Special assessments receivable				
Delinquent	330	-	-	330
Due from other governments	3,235	963	-	4,198
Total Assets	\$ 152,923	\$ 29,487	\$ 225,920	\$ 408,330
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 20,949	\$ -	\$ -	\$ 20,949
Due to other funds	10,231	-	-	10,231
Due to other governments	7,420	-	-	7,420
Advances from other funds	6,400	-	-	6,400
Total Liabilities	\$ 45,000	\$ -	\$ -	\$ 45,000
Deferred Inflows of Resources				
Unavailable revenue	\$ 330	\$ -	\$ -	\$ 330
Fund Balances				
Restricted	\$ 109,291	\$ 29,487	\$ 225,920	\$ 364,698
Unassigned	(1,698)	-	-	(1,698)
Total Fund Balances	\$ 107,593	\$ 29,487	\$ 225,920	\$ 363,000
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 152,923	\$ 29,487	\$ 225,920	\$ 408,330

**Pope County
Glenwood, Minnesota**

Exhibit B-3

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024**

	Special Revenue Funds			
	Ditch	Law Library	Opioid Settlement	Total (Exhibit 5)
Revenues				
Special assessments	\$ 62,514	\$ -	\$ -	\$ 62,514
Fines and forfeits	-	15,537	-	15,537
Investment earnings	-	-	4,536	4,536
Miscellaneous	-	-	122,686	122,686
Total Revenues	\$ 62,514	\$ 15,537	\$ 127,222	\$ 205,273
Expenditures				
Current				
General government	\$ -	\$ 3,128	\$ 4,807	\$ 7,935
Conservation of natural resources	49,855	-	-	49,855
Debt service				
Interest	751	-	-	751
Total Expenditures	\$ 50,606	\$ 3,128	\$ 4,807	\$ 58,541
Net Change in Fund Balances	\$ 11,908	\$ 12,409	\$ 122,415	\$ 146,732
Fund Balances – January 1	95,685	17,078	103,505	216,268
Fund Balances – December 31	\$ 107,593	\$ 29,487	\$ 225,920	\$ 363,000

**Pope County
Glenwood, Minnesota**

Exhibit B-4

**Combining Statement of Fiduciary Net Position
Fiduciary Funds – Custodial Funds
December 31, 2024**

	Custodial Funds				Total Custodial Funds
	Taxes and Penalties	Forfeited Land	State Taxes and Fees	Civil Action	
<u>Assets</u>					
Cash and pooled investments	\$ 378,922	\$ 48,500	\$ 54,407	\$ 1,402	\$ 483,231
Accounts receivable for other governments	-	-	100	-	100
Taxes receivable for other governments	259,939	-	-	-	259,939
Special assessments receivable - noncurrent	45,450	-	-	-	45,450
Total Assets	\$ 684,311	\$ 48,500	\$ 54,507	\$ 1,402	\$ 788,720
<u>Liabilities</u>					
Due to other governments	\$ 378,922	\$ -	\$ 54,457	\$ -	\$ 433,379
<u>Net Position</u>					
Restricted for Individuals, organizations, other governments	\$ 305,389	\$ 48,500	\$ 50	\$ 1,402	\$ 355,341
Total Net Position	\$ 305,389	\$ 48,500	\$ 50	\$ 1,402	\$ 355,341

**Pope County
Glenwood, Minnesota**

Exhibit B-5

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds – Custodial Funds
For the Year Ended December 31, 2024**

	Custodial Funds				Total Custodial Funds
	Taxes and Penalties	Forfeited Land	State Taxes and Fees	Civil Action	
Additions					
Property tax collections for other governments	\$ 12,998,535	\$ -	\$ 1,238,336	\$ -	\$ 14,236,871
Assessments for others	63,327	-	-	-	63,327
Tax forfeited land sales	-	53,629	125	-	53,754
Federal/State revenue	89,328	-	-	-	89,328
Other taxes collected for other governments	-	-	460,751	-	460,751
Fees collected for other governments	-	-	1,635	5,448	7,083
Total Additions	\$ 13,151,190	\$ 53,629	\$ 1,700,847	\$ 5,448	\$ 14,911,114
Deductions					
Payments of property tax to other governments	\$ 12,902,335	\$ 13,280	\$ -	\$ -	\$ 12,915,615
Payments to state	-	-	1,700,822	-	1,700,822
Payments to other individuals/entities	124,776	-	25	5,642	130,443
Loan repayments	17,877	-	-	-	17,877
Total Deductions	\$ 13,044,988	\$ 13,280	\$ 1,700,847	\$ 5,642	\$ 14,764,757
Change in net position	\$ 106,202	\$ 40,349	\$ -	\$ (194)	\$ 146,357
Net Position – January 1	199,187	8,151	50	1,596	208,984
Net Position – December 31	\$ 305,389	\$ 48,500	\$ 50	\$ 1,402	\$ 355,341

Other Schedules

**Pope County
Glenwood, Minnesota**

**Balance Sheet – By Ditch
Ditch Special Revenue Fund
December 31, 2024**

	Assets				Accounts Payable
	Cash and Pooled Investments	Special Assessments Receivable Delinquent	Due from Other Governments	Total	
County Ditches					
2	\$ 9,091	\$ -	\$ -	\$ 9,091	\$ -
3	1,205	-	-	1,205	-
4	8,808	-	-	8,808	-
7	4,698	-	-	4,698	-
8	1,802	191	-	1,993	-
9	12,618	-	-	12,618	-
10	11,809	-	-	11,809	-
12	13,755	-	-	13,755	-
15	10,017	-	-	10,017	-
17	10,271	-	-	10,271	-
19	1,118	-	-	1,118	-
24	1,264	-	-	1,264	-
27	921	1	-	922	-
28	11,316	-	-	11,316	-
General	4,706	-	-	4,706	-
Judicial Ditches					
3 Pope and Douglas	19,053	60	1,690	20,803	-
4 Pope and Douglas	22,924	-	470	23,394	20,949
4 Pope and Swift	3,163	78	753	3,994	-
9 Pope and Swift	819	-	322	1,141	-
Total	\$ 149,358	\$ 330	\$ 3,235	\$ 152,923	\$ 20,949

Exhibit C-1

Liabilities				Deferred Inflows of Resources	Fund Balances (Unassigned)/ Restricted	Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Due to Other Funds	Due to Other Governments	Advances from Other Funds	Total	Unavailable Revenue		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,091	\$ 9,091
-	-	-	-	-	1,205	1,205
-	-	-	-	-	8,808	8,808
-	-	-	-	-	4,698	4,698
-	-	3,500	3,500	191	(1,698)	1,993
9,937	-	-	9,937	-	2,681	12,618
-	-	-	-	-	11,809	11,809
294	-	-	294	-	13,461	13,755
-	-	-	-	-	10,017	10,017
-	-	-	-	-	10,271	10,271
-	-	-	-	-	1,118	1,118
-	-	-	-	-	1,264	1,264
-	-	-	-	1	921	922
-	-	-	-	-	11,316	11,316
-	-	-	-	-	4,706	4,706
-	5,347	-	5,347	60	15,396	20,803
-	2,073	-	23,022	-	372	23,394
-	-	2,900	2,900	78	1,016	3,994
-	-	-	-	-	1,141	1,141
\$ 10,231	\$ 7,420	\$ 6,400	\$ 45,000	\$ 330	\$ 107,593	\$ 152,923

**Pope County
Glenwood, Minnesota**

Exhibit C-2

**Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2024**

Appropriations and Shared Revenue

State

Highway users tax	\$ 6,571,298
Market value credit	206,656
PERA state aid	14,883
Disparity reduction aid	20,681
County program aid	818,679
Police aid	127,169
Riparian protection aid	110,797
Local homeless prevention aid	6,469
Affordable housing aid	90,147
Local government cannabis aid	2,114
E-911	167,808
Aquatic invasive species aid	85,124

Total appropriations and shared revenue	\$ 8,221,825
--	---------------------

Reimbursement for Services

Counties Providing Technology	\$ 45,000
-------------------------------	-----------

Payments

Payments in lieu of taxes	\$ 177,229
---------------------------	------------

Grants

State

Minnesota Department/Board of	
Transportation	\$ 965,000
Natural Resources	6,248
Secretary of State	48,176
Trial Courts	3,842
Veterans Affairs	4,788
Water and Soil Resources	78,488
IT Services	55,230
Peace Officer Standards and Training Board	10,136
Pollution Control Agency	20,748

Total state	\$ 1,192,656
--------------------	---------------------

Federal

U.S. Department of	
Agriculture	\$ 9,940
Justice	4,317
Treasury	732,477
Health and Human Services	68,551
Homeland Security	29,596

Total federal	\$ 844,881
----------------------	-------------------

Total grants	\$ 2,037,537
---------------------	---------------------

Total Intergovernmental Revenue	\$ 10,481,591
--	----------------------

**Pope County
Glenwood, Minnesota**

Exhibit C-3

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Passed Through Western Prairie Human Services			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	242MN101S2514	\$ 9,940
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety			
Missing Children's Assistance	16.543	Not Provided	\$ 4,317
U.S. Department of the Treasury			
Direct			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 732,477
U.S. Department of Health and Human Services			
Passed Through Western Prairie Human Services			
Temporary Assistance for Needy Families	93.558	2401MNTANF	\$ 40,662
Child Support Services	93.563	2301MNCSES	8,536
Refugee and Entrant Assistance/Replacement Designee Administered Programs	93.566	2401MNRMA	74
Foster Care Title IV-E	93.658	2401MNFOST	2,077
Children's Health Insurance Program	93.767	2305MN5021	15
Medicaid Cluster			
Medical Assistance Program	93.778	2405MN5ADM	17,187
Total U.S. Department of Health and Human Services			\$ 68,551
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Natural Resources			
Boating Safety Financial Assistance	97.012	Not provided	\$ 7,714
Passed Through Minnesota Department of Public Safety			
Emergency Management Performance Grants	97.042	A-EMPG-2022- POPECO-064	21,882
Total U.S. Department of Homeland Security			\$ 29,596
Total Federal Awards			\$ 844,881

Pope County did not pass any federal awards through to subrecipients during the year ended December 31, 2024.

Totals by Cluster

Total expenditures for SNAP Cluster	\$ 9,940
Total expenditures for Medicaid Cluster	17,187

Pope County Glenwood, Minnesota

Notes to the Schedule of Expenditures of Federal Awards As of and for the Year Ended December 31, 2024

Note 1 – Summary of Significant Accounting Policies

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.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Pope County under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule of Expenditures of Federal Awards 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 cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2 – De Minimis Cost Rate

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

Management and Compliance Section



**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of County Commissioners
Pope County
Glenwood, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 24, 2025. This report does not include the results of our audit testing of the Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA) component unit's internal control over financial reporting or compliance and other matters. We issue a separate Management and Compliance Report for the Pope County HRA/EDA component unit.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Pope County failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public 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 and 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

July 24, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

**Report on Compliance for Each Major Federal Program and Report on Internal
Control Over Compliance Required by the Uniform Guidance**Independent Auditor's Report

Board of County Commissioners
Pope County
Glenwood, Minnesota

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

We have audited Pope County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Pope County's major federal program for the year ended December 31, 2024. 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.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pope County's

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Pope County's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Pope County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Pope County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Pope County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

July 24, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Pope County Glenwood, Minnesota

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2024

Section 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 generally accepted accounting principles: **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 federal program:

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

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)? **Yes**

Identification of the major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Pope County qualified as a low-risk auditee? **No**

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

2024-001 Suspension and Debarment

Prior Year Finding Number: N/A

Year of Finding Origination: 2024

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Pope County Glenwood, Minnesota

Federal Agency: U.S. Department of the Treasury

Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Award Number and Year: SLFRP1447; 2021

Pass-Through Agency: N/A – Direct

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Federal requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Title 2 U.S. *Code of Federal Regulations* § 180.300 describes a required verification process. Prior to entering into the transaction, one of the following must be performed: (1) checking SAM.gov exclusions, (2) collecting a certification, or (3) adding a clause or condition to the covered transaction.

Condition: For the one covered transaction tested, the County did not maintain documentation of verification that the vendor was not suspended or debarred prior to entering into the covered transaction.

Questioned Costs: None.

Context: The County entered into one covered transaction during the year using COVID-19 – Coronavirus State and Local Fiscal Recovery Funds. The vendor tested was not listed as suspended or debarred on SAM.gov at the time of the audit.

Effect: Failure to verify vendors are not suspended, debarred, or otherwise excluded prior to entering into a covered transaction may result in the County entering into a transaction with a vendor that is not authorized to provide goods and services under the grant.

Cause: The County informed us that it is their practice to perform the SAM.gov search; however, the results of the suspension and debarment search were not retained for this vendor.

Recommendation: We recommend the County maintain documentation to demonstrate that vendors were not debarred, suspended or otherwise excluded from conducting business with the County; the County should complete this documentation prior to entering into a covered transaction.

View of Responsible Official: Concur



COUNTY AUDITOR/TREASURER

130 East Minnesota Avenue • Glenwood, MN 56334

320-634-7706 • popecountymn.gov

**Representation of Pope County
Glenwood, Minnesota**

Corrective Action Plan
For the Year Ended December 31, 2024

Finding Number: 2024-001

Finding Title: Suspension and Debarment

Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Name of Contact Person Responsible for Corrective Action:

Kersten Kappmeyer, Pope County Administrator

Corrective Action Planned:

Per VIII(E) and VIII(F)(9) of the Purchasing Policy, contracts involving federal funds will specifically, affirmatively certify from contractors in the contract that the contractor is not suspended or debarred from contracting with any federal agency, instead of certifying general compliance with Federal law. Further, searches of any contractor on the federal SAM excluded parties list shall be conducted and evidence retained in the contract file to assure compliance.

Anticipated Completion Date:

Immediate – 06/27/2025