

# STATE OF MINNESOTA

## Office of the State Auditor



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

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

YEAR ENDED DECEMBER 31, 2013

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

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

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

The State Auditor performs approximately 160 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

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

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

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

**Pension** - monitors investment, financial, and actuarial reporting for approximately 730 public pension funds; and

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

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

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

**Year Ended December 31, 2013**



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

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

**ORGANIZATION  
2013**

Office	Name	Term	
		From	To
<b>Commissioners</b>			
1st District	Larry Kittelson	January 2011	January 2015
2nd District	Gordy Wagner	January 2013	January 2017
3rd District	Paul Gerde	January 2013	January 2017
4th District	Larry Lindor*	January 2011	January 2015
5th District	Cody Rogahn**	January 2011	January 2015
<b>Officers</b>			
<b>Elected</b>			
Attorney	Neil Nelson	January 2011	January 2015
Auditor/Treasurer	Donna Quandt	January 2011	January 2015
County Recorder	Darby Bowen	January 2011	January 2015
Sheriff	Tim Riley	January 2011	January 2015
<b>Appointed</b>			
Assessor	Michael Wacker	March 2013	December 2017
Coroner	Duane E. Westberg, M.D.		Indefinite
Highway Engineer	Brian Noetzelman	June 2010	May 2014
Veterans Service Officer	Hugh Reimers		Indefinite
Nursing Service Director	Sharon Braaten		Indefinite
Coordinator	Jim Thoreen		Indefinite
Surveyor	Rodney Eldevik		Indefinite
<b>Human Services</b>			
Director	Nicole Names		Indefinite
Manager	Phyllis Reller		Indefinite
Manager	Paula Hoverud		Indefinite
<b>Board</b>			
Member	Larry Kittelson	January 2011	January 2015
Member	Gordy Wagner	January 2013	January 2017
Member	Paul Gerde	January 2013	January 2017
Member	Larry Lindor	January 2011	January 2015
Member	Cody Rogahn	January 2011	January 2015

\*Chair

\*\*Vice Chair

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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Pope County

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County, Minnesota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

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

on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter - Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2013 the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which represent changes in accounting principles. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

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

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

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2014, on our consideration of Pope County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pope County's internal control over financial reporting and compliance.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated in all material respects in relation to the basic financial statements as a whole.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 26, 2014

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

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013  
(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, 2013. 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 \$57,974,300, of which Pope County has invested \$50,068,103 in capital assets, net of related debt, and \$2,229,517 is restricted to specific purposes/uses by the County.
- The net cost of Pope County's governmental activities for the year ended December 31, 2013, was \$6,628,537; the net cost was funded by general revenues and other items totaling \$8,909,663.
- Pope County's net position increased by \$2,281,126 for the year ended December 31, 2013. The net position of the County's discretely presented component unit increased by \$26,254.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

These two statements consider all of Pope County's current year revenues and expenses regardless of when the County receives the revenue or pays the expenditure, and report the County's net position and changes in them. You can think of the County's net position--the difference between assets and liabilities--as one way to measure Pope County's financial health or financial position. Over time, increases or decreases in the County's net 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, and interest. Pope County finances the majority of these activities with local property taxes, state-paid aids, fees, charges for services, and federal and state grants.
- Component Unit--Pope County includes one separate legal entity on its report. The Housing and Redevelopment Authority is presented in a separate column. Although legally separate, this “component unit” is important because the County is financially accountable for it.

### **Fund Financial Statements**

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

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

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

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

## THE COUNTY AS A WHOLE

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

**Table 1**  
**Net Position**

	Governmental Activities		Percent Change (%)
	2013	2012	
<b>Assets</b>			
Current and other assets	\$ 11,362,017	\$ 9,351,760	21.50
Capital assets, net of accumulated depreciation	54,009,517	52,052,904	3.76
<b>Total Assets</b>	<b>\$ 65,371,534</b>	<b>\$ 61,404,664</b>	<b>6.46</b>
<b>Liabilities</b>			
Current liabilities	\$ 946,023	\$ 915,938	3.28
Long-term debt outstanding	6,451,211	4,795,552	34.52
<b>Total Liabilities</b>	<b>\$ 7,397,234</b>	<b>\$ 5,711,490</b>	<b>29.51</b>
<b>Net Position</b>			
Net investment in capital assets	\$ 50,068,103	\$ 48,652,904	2.91
Restricted	2,229,517	1,829,549	21.86
Unrestricted	5,676,680	5,210,721	8.94
<b>Total Net Position</b>	<b>\$ 57,974,300</b>	<b>\$ 55,693,174</b>	<b>4.10</b>

Pope County's total net position for the year ended December 31, 2013, totals \$57,974,300. The governmental activities' unrestricted net position, totaling \$5,676,680, is available to finance the day-to-day operations of the governmental activities of Pope County.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Percent Change (%)
	2013	2012	
<b>Revenues</b>			
<b>Program revenues</b>			
Fees, charges, fines, and other	\$ 1,877,062	\$ 2,146,264	(12.54)
Operating grants and contributions	6,218,062	5,752,189	8.10
Capital grants and contributions	80,606	37,366	115.72
<b>General revenues</b>			
Property taxes	8,088,286	7,639,046	5.88
Other taxes	99,988	103,400	(3.30)
Grants and contributions not restricted to specific programs	560,522	496,494	12.90
Other general revenues	160,867	219,662	(26.77)
<b>Total Revenues</b>	<b>\$ 17,085,393</b>	<b>\$ 16,394,421</b>	<b>4.21</b>

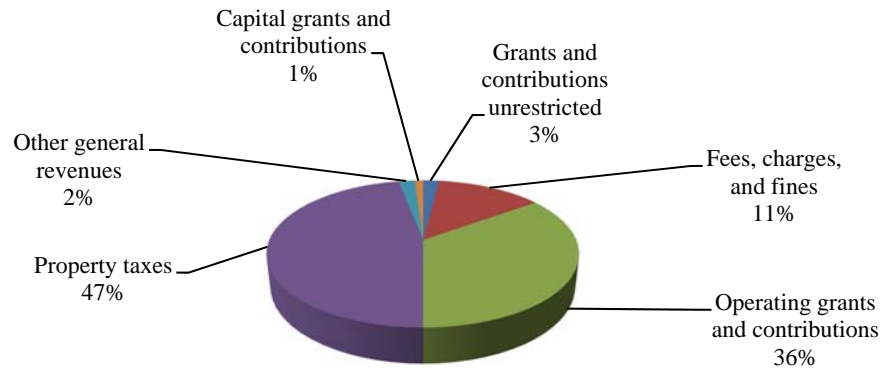
	Governmental Activities		Percent Change (%)
	2013	2012	
Expenses			
General government	\$ 3,543,643	\$ 3,363,536	5.35
Public safety	1,932,463	1,995,626	(3.17)
Highways and streets	3,663,039	3,283,613	11.56
Sanitation	392,643	378,396	3.77
Human services	3,317,958	3,155,234	5.16
Health	1,134,248	1,140,463	(0.55)
Culture and recreation	257,582	260,567	(1.15)
Conservation of natural resources	354,301	704,884	(49.74)
Economic development	17,635	19,584	(9.95)
Interest	190,755	228,005	(16.34)
Total Expenses	<u>\$ 14,804,267</u>	<u>\$ 14,529,908</u>	1.89
Increase in Net Position	\$ 2,281,126	\$ 1,864,513	22.34
Net Position - January 1	<u>55,693,174</u>	<u>53,828,661</u>	3.46
Net Position - December 31	<u>\$ 57,974,300</u>	<u>\$ 55,693,174</u>	4.09

### Governmental Activities

Revenues for Pope County's governmental activities for the year ended December 31, 2013, were \$17,085,393. The County's cost for all governmental activities for the year ended December 31, 2013, was \$14,804,267. The net position for the County's governmental activities increased by \$2,281,126 in 2013.

As shown in the Statement of Activities, the amount that Pope County taxpayers ultimately financed for these governmental activities through local property taxation was \$8,088,286 because \$8,175,730 of the costs were paid by those who directly benefited from the programs, and \$560,522 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 \$260,855 from other revenues, such as investment income, mortgage registry tax, and state deed tax.

**Total County Revenue  
2013**



**Figure 1**

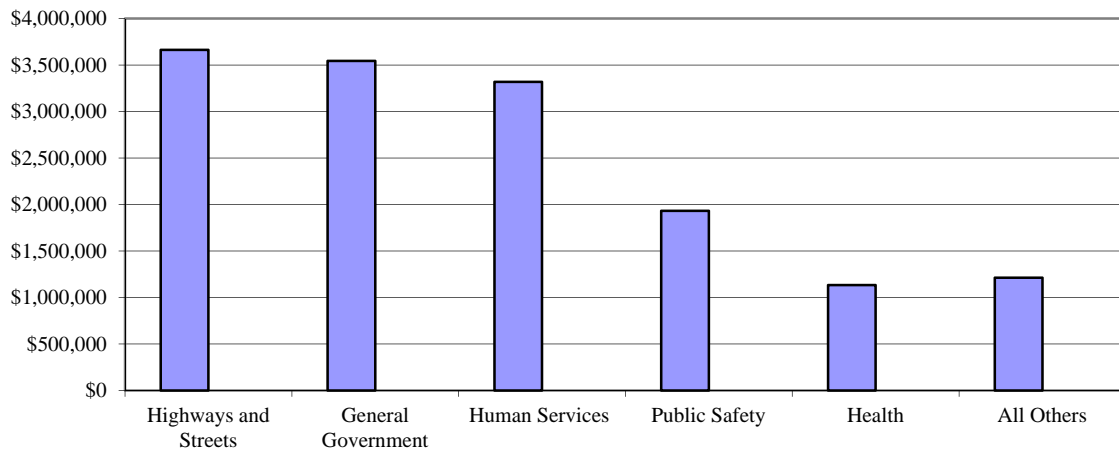
Table 3 presents the cost of each of Pope County’s five largest program functions, as well as each function’s net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden placed on Pope County’s taxpayers by each of these functions.

**Table 3  
Governmental Activities**

	Total Cost of Services 2013	Net Cost of Services 2013
Program Expenses		
General government	\$ 3,543,643	\$ 3,000,951
Public safety	1,932,463	1,645,717
Highways and streets	3,663,039	(350,904)
Human services	3,317,958	1,733,222
Health	1,134,248	17,639
All others	1,212,916	581,912
	<hr/>	<hr/>
Total Program Expenses	\$ 14,804,267	\$ 6,628,537



**Governmental Activities Expenses  
2013**



**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 \$9,003,076.

**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 2013, the County Board of Commissioners made no changes to the budget as originally adopted on December 18, 2012. Budget amendments/revisions fall into one of three categories: new information changing original budget estimations, greater than anticipated revenues or costs, and final agreement reached on employee contracts.

In the General Fund, actual revenues were more than expected revenues by \$664,358. However, actual expenditures were \$92,477 less than expected in the year 2013.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2013, Pope County had \$54,009,517 invested in a broad range of capital assets, net of depreciation. This investment in capital assets includes land, buildings, highways and streets, equipment, and construction in progress (see Table 4). Additional information on capital assets can be found in Note 3.A.3. to the financial statements.

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

	2013	2012	Percent Change (%)
Land	\$ 2,029,251	\$ 2,012,100	0.85
Buildings	5,557,007	5,862,915	(5.22)
Office furniture and equipment	916,309	922,807	(0.70)
Machinery and equipment	823,961	898,499	(8.30)
Infrastructure	44,057,243	42,266,501	4.24
Construction in progress	625,746	90,082	594.64
<b>Totals</b>	<b>\$ 54,009,517</b>	<b>\$ 52,052,904</b>	<b>3.76</b>

### Debt Administration

At December 31, 2013, Pope County had \$5,866,910 outstanding debt compared with \$4,222,023 as of December 31, 2012—an increase due to the county obtaining General Obligation Bonds for Equipment and Capital Improvement, as shown in Table 5.

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

	Governmental Activities		Percent Change (%)
	2013	2012	
Contract for Deed	\$ 8,275	\$ 9,231	(10.36)
2013A G.O. Capital Equipment & Improvement	1,830,000	-	N/A
Capital lease - Law Enforcement Center	3,265,000	3,400,000	(3.97)
Loans			
Septic System Replacement Program loan SRF0127	15,368	21,928	(29.92)
Septic System Replacement Program loan SRF0185	71,392	96,706	(26.18)
Septic System Replacement Program loan SRF0253	44,830	-	N/A
State of Minnesota Agricultural Best Management Practices Loan Program	632,045	694,158	(8.95)
<b>Totals</b>	<b>\$ 5,866,910</b>	<b>\$ 4,222,023</b>	<b>38.96</b>

Pope County maintains an “A1” rating from Moody’s Investor Services. Other long-term obligations include compensated absences, and other postemployment benefits (OPEB). Pope County’s notes to the financial statements provide detailed information about the County’s long-term liabilities; see Note 3.C.

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

The County's elected and appointed officials considered many factors when setting the fiscal year 2014 budget and tax rates.

- Pope County's unemployment rates for 2012 and 2013 were 4.2 percent and 4.0 percent, respectively, compared to the Minnesota unemployment rate for 2012 and 2013, which averaged 5.6 percent and 5.1 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 will influence the development of future budgets.
- On December 17, 2013, the Pope County Board of Commissioners approved the 2014 budget at \$16,686,965. The 2014 total levy is \$8,946,782 less County Program Aid of \$395,059 for a net levy of \$8,551,723. The Board approved a 4.99 percent increase in the levy for 2014.

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

Pope County's financial report provides citizens, taxpayers, customers, investors, and creditors with a general overview of Pope County's finances and shows the County's accountability for the money it receives and spends. If you have questions about this report or need additional financial information, contact Donna Quandt, Pope County Auditor/Treasurer, 320-634-5705, Pope County Courthouse, 130 East Minnesota Avenue, Suite 218, Glenwood, Minnesota 56334-4525.

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT 1**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

	<b>Primary Government Governmental Activities</b>	<b>Component Unit Pope County Housing and Redevelopment Authority</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 9,355,781	\$ 1,506,118
Petty cash and change funds	1,900	-
Departmental cash	5,008	-
Taxes receivable		
Delinquent	159,365	5,044
Special assessments receivable		
Delinquent	23,894	-
Noncurrent	701,830	-
Accounts receivable - net	11,591	-
Accrued interest receivable	6,718	600
Due from other governments	903,178	-
Due from component unit	150,000	-
Lease receivable	-	3,265,000
Loans receivable	-	147,504
Inventories	42,752	-
Land held for resale	-	558,694
Capital assets		
Non-depreciable	2,654,997	1,707,297
Depreciable - net of accumulated depreciation	51,354,520	-
<b>Total Assets</b>	<b>\$ 65,371,534</b>	<b>\$ 7,190,257</b>
<b><u>Liabilities</u></b>		
Accounts payable	\$ 225,904	\$ 24,065
Salaries payable	330,242	115
Contracts payable	27,698	-
Due to other governments	120,704	3,746
Due to primary government	-	150,000
Accrued interest payable	70,522	105,229
Unearned revenue	170,953	-
Long-term liabilities		
Due within one year	419,759	195,000
Due in more than one year	6,031,452	5,660,336
<b>Total Liabilities</b>	<b>\$ 7,397,234</b>	<b>\$ 6,138,491</b>



**POPE COUNTY  
GLENWOOD, MINNESOTA**

***EXHIBIT 1  
(Continued)***

**STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

	<b>Primary Government Governmental Activities</b>	<b>Component Unit Pope County Housing and Redevelopment Authority</b>
<b><u>Net Position</u></b>		
Net investment in capital assets	\$ 50,068,103	\$ 374,395
Restricted for		
General government	240,783	-
Public safety	334,185	-
Highways and streets	26,343	-
Ditch construction and maintenance	57,250	-
Conservation of natural resources	735,833	-
Capital projects	403,300	-
Debt service	431,823	-
Unrestricted	5,676,680	677,371
 <b>Total Net Position</b>	<b>\$ 57,974,300</b>	<b>\$ 1,051,766</b>



**EXHIBIT 2**

<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>	
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government Governmental Activities</b>	<b>Component Unit Pope County Housing and Redevelopment Authority</b>
\$ 107,211	\$ -	\$ (3,000,951)	
202,767	17,490	(1,645,717)	
3,884,367	63,116	350,904	
55,950	-	5,243	
1,369,270	-	(1,733,222)	
500,663	-	(17,639)	
-	-	(257,582)	
97,834	-	(221,183)	
-	-	82,365	
-	-	(190,755)	
<b>\$ 6,218,062</b>	<b>\$ 80,606</b>	<b>\$ (6,628,537)</b>	
<b>\$ -</b>	<b>\$ -</b>		<b>\$ (419,507)</b>
		\$ 8,088,286	\$ 296,198
		11,826	-
		88,162	-
		560,522	-
		48,994	2,443
		3,493	-
		108,380	147,120
		<b>\$ 8,909,663</b>	<b>\$ 445,761</b>
		<b>\$ 2,281,126</b>	<b>\$ 26,254</b>
		<b>55,693,174</b>	<b>1,025,512</b>
		<b>\$ 57,974,300</b>	<b>\$ 1,051,766</b>

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**FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUNDS**

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	<b>General</b>	<b>Road and Bridge</b>	<b>Human Services</b>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 3,576,583	\$ 1,542,198	\$ 2,306,937
Petty cash and change funds	1,900	-	-
Departmental cash	5,008	-	-
Taxes receivable			
Delinquent	97,312	15,461	36,837
Special assessments receivable			
Delinquent	5,987	-	-
Noncurrent	696,964	-	-
Accounts receivable	1,976	228	6,029
Accrued interest receivable	6,718	-	-
Due from other funds	1,749	5,669	-
Due from other governments	193,787	429,389	187,079
Due from component unit	150,000	-	-
Inventories	-	42,752	-
Advances to other funds	16,466	-	-
	<b>\$ 4,754,450</b>	<b>\$ 2,035,697</b>	<b>\$ 2,536,882</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 92,358	\$ 22,689	\$ 84,839
Salaries payable	168,098	45,782	76,070
Contracts payable	-	27,698	-
Due to other funds	-	-	1,749
Due to other governments	25,221	-	42,838
Unearned revenue	170,953	-	-
Advances from other funds	-	-	-
	<b>\$ 456,630</b>	<b>\$ 96,169</b>	<b>\$ 205,496</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	<b>\$ 990,833</b>	<b>\$ 323,114</b>	<b>\$ 129,395</b>
<b>Fund Balances (Note 3.D.)</b>			
Nonspendable	\$ 16,466	\$ 42,752	\$ -
Restricted	667,768	-	-
Assigned	190,544	1,573,662	2,201,991
Unassigned	2,432,209	-	-
	<b>\$ 3,306,987</b>	<b>\$ 1,616,414</b>	<b>\$ 2,201,991</b>
	<b>\$ 3,306,987</b>	<b>\$ 1,616,414</b>	<b>\$ 2,201,991</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,754,450</b>	<b>\$ 2,035,697</b>	<b>\$ 2,536,882</b>



**EXHIBIT 3**

<u>Ditch</u>	<u>Solid Waste</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 56,747	\$ 9,069	\$ 422,068	\$ 1,153,586	\$ 288,593	\$ 9,355,781
-	-	-	-	-	1,900
-	-	-	-	-	5,008
-	-	9,755	-	-	159,365
304	17,603	-	-	-	23,894
4,866	-	-	-	-	701,830
-	-	-	-	3,358	11,591
-	-	-	-	-	6,718
-	-	-	-	-	7,418
-	-	-	-	92,923	903,178
-	-	-	-	-	150,000
-	-	-	-	-	42,752
-	-	-	-	-	16,466
<b>\$ 61,917</b>	<b>\$ 26,672</b>	<b>\$ 431,823</b>	<b>\$ 1,153,586</b>	<b>\$ 384,874</b>	<b>\$ 11,385,901</b>
\$ -	\$ -	\$ -	\$ 21,179	\$ 4,839	\$ 225,904
-	-	-	-	40,292	330,242
-	-	-	-	-	27,698
5,669	-	-	-	-	7,418
-	9,069	-	43,496	80	120,704
-	-	-	-	-	170,953
16,466	-	-	-	-	16,466
<b>\$ 22,135</b>	<b>\$ 9,069</b>	<b>\$ -</b>	<b>\$ 64,675</b>	<b>\$ 45,211</b>	<b>\$ 899,385</b>
<b>\$ 5,170</b>	<b>\$ 17,603</b>	<b>\$ 9,755</b>	<b>\$ -</b>	<b>\$ 7,570</b>	<b>\$ 1,483,440</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,218
52,384	-	422,068	1,088,911	14,084	2,245,215
-	-	-	-	318,009	4,284,206
(17,772)	-	-	-	-	2,414,437
<b>\$ 34,612</b>	<b>\$ -</b>	<b>\$ 422,068</b>	<b>\$ 1,088,911</b>	<b>\$ 332,093</b>	<b>\$ 9,003,076</b>
<b>\$ 61,917</b>	<b>\$ 26,672</b>	<b>\$ 431,823</b>	<b>\$ 1,153,586</b>	<b>\$ 384,874</b>	<b>\$ 11,385,901</b>

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2013**

<b>Fund balance - total governmental funds (Exhibit 3)</b>		<b>\$ 9,003,076</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		54,009,517
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.		1,483,440
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	\$ (1,830,000)	
Discounts/premiums on bonds	9,433	
Contract for deed	(8,275)	
Loans payable	(763,635)	
Lease payable	(3,265,000)	
Compensated absences	(453,026)	
Net OPEB liability	<u>(140,708)</u>	(6,451,211)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds.		<u>(70,522)</u>
<b>Net Position of Governmental Activities (Exhibit 1)</b>		<b><u><u>\$ 57,974,300</u></u></b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
<b>Revenues</b>			
Taxes	\$ 5,084,133	\$ 710,831	\$ 1,877,866
Special assessments	116,054	-	-
Licenses and permits	61,626	-	-
Intergovernmental	960,992	4,350,297	1,458,118
Charges for services	313,589	46,987	39,736
Fines and forfeits	11,746	-	-
Gifts and contributions	5,310	-	-
Investment earnings	48,994	-	-
Miscellaneous	260,227	19,473	175,730
<b>Total Revenues</b>	<b>\$ 6,862,671</b>	<b>\$ 5,127,588</b>	<b>\$ 3,551,450</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ 3,189,989	\$ -	\$ -
Public safety	1,829,519	-	-
Highways and streets	-	4,958,580	-
Human services	-	-	3,405,785
Health	-	-	-
Culture and recreation	257,582	-	-
Conservation of natural resources	333,256	-	-
Economic development	16,327	-	-
<b>Intergovernmental</b>			
Highways and streets	-	335,731	-
Sanitation	55,950	-	-
<b>Capital outlay</b>	56,618	46,360	-
<b>Debt service</b>			
Principal	94,943	-	-
Interest	2,705	-	-
Bond issuance costs	-	-	-
<b>Total Expenditures</b>	<b>\$ 5,836,889</b>	<b>\$ 5,340,671</b>	<b>\$ 3,405,785</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 1,025,782</b>	<b>\$ (213,083)</b>	<b>\$ 145,665</b>

**EXHIBIT 5**

<u>Ditch</u>	<u>Solid Waste</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 446,868	\$ -	\$ -	\$ 8,119,698
44,765	336,693	-	-	-	497,512
-	-	-	-	-	61,626
-	-	9,768	-	393,861	7,173,036
-	-	-	-	615,810	1,016,122
-	-	-	-	17,473	29,219
-	-	-	-	-	5,310
-	-	-	-	-	48,994
-	-	-	-	136	455,566
<b>\$ 44,765</b>	<b>\$ 336,693</b>	<b>\$ 456,636</b>	<b>\$ -</b>	<b>\$ 1,027,280</b>	<b>\$ 17,407,083</b>
\$ -	\$ -	\$ -	\$ -	\$ 11,414	\$ 3,201,403
-	-	-	11,019	-	1,840,538
-	-	-	-	-	4,958,580
-	-	-	-	-	3,405,785
-	-	-	-	1,126,583	1,126,583
-	-	-	-	-	257,582
16,576	-	-	-	-	349,832
-	-	-	-	-	16,327
-	-	-	-	-	335,731
-	336,693	-	-	-	392,643
-	-	-	687,880	-	790,858
-	-	135,000	-	-	229,943
426	-	147,470	-	-	150,601
-	-	-	32,308	-	32,308
<b>\$ 17,002</b>	<b>\$ 336,693</b>	<b>\$ 282,470</b>	<b>\$ 731,207</b>	<b>\$ 1,137,997</b>	<b>\$ 17,088,714</b>
<b>\$ 27,763</b>	<b>\$ -</b>	<b>\$ 174,166</b>	<b>\$ (731,207)</b>	<b>\$ (110,717)</b>	<b>\$ 318,369</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	\$ 191,690	\$ -	\$ -
Transfers out	(166,000)	-	-
Loans issued	44,830	-	-
Discount on bonds	-	-	-
Bonds issued	-	-	-
Sale of capital assets	5,837	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 76,357</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Change in Fund Balances</b>	<b>\$ 1,102,139</b>	<b>\$ (213,083)</b>	<b>\$ 145,665</b>
<b>Fund Balances - January 1</b>	<b>2,204,848</b>	<b>1,815,517</b>	<b>2,056,326</b>
<b>Increase (decrease) in inventories</b>	<u>-</u>	<u>13,980</u>	<u>-</u>
<b>Fund Balances - December 31</b>	<u><b>\$ 3,306,987</b></u>	<u><b>\$ 1,616,414</b></u>	<u><b>\$ 2,201,991</b></u>

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

<u>Ditch</u>	<u>Solid Waste</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 166,000	\$ 357,690
-	(14,714)	(176,976)	-	-	(357,690)
-	-	-	-	-	44,830
-	-	-	(9,882)	-	(9,882)
-	-	-	1,830,000	-	1,830,000
-	-	-	-	-	5,837
<u>\$ -</u>	<u>\$ (14,714)</u>	<u>\$ (176,976)</u>	<u>\$ 1,820,118</u>	<u>\$ 166,000</u>	<u>\$ 1,870,785</u>
\$ 27,763	\$ (14,714)	\$ (2,810)	\$ 1,088,911	\$ 55,283	\$ 2,189,154
6,849	14,714	424,878	-	276,810	6,799,942
-	-	-	-	-	13,980
<u>\$ 34,612</u>	<u>\$ -</u>	<u>\$ 422,068</u>	<u>\$ 1,088,911</u>	<u>\$ 332,093</u>	<u>\$ 9,003,076</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, 2013**

**Net change in fund balances - total governmental funds (Exhibit 5) \$ 2,189,154**

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

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

Deferred inflows of resources - December 31	\$ 1,483,440	
Deferred inflows of resources - January 1	<u>(1,699,005)</u>	(215,565)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the statement of activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the fund statements, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balance by the net book value of the assets disposed.

Expenditures for general capital assets and infrastructure	\$ 3,860,649	
Net book value of assets disposed	(5,597)	
Current year depreciation	<u>(1,898,439)</u>	1,956,613

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		
General obligation bonds issued	\$ (1,830,000)	
Discounts on general obligation bonds issued	9,882	
Loans issued	(44,830)	
Principal repayments	229,943	
Current year amortization of discounts	<u>(449)</u>	(1,635,454)

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	\$ (7,397)	
Change in compensated absences	(35,172)	
Change in inventories	13,980	
Change in net OPEB liability	<u>14,967</u>	<u>(13,622)</u>

**Change in Net Position of Governmental Activities (Exhibit 2) \$ 2,281,126**



**FIDUCIARY FUNDS**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT 7*

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2013**

	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ 528,244
Due from other governments	<u>253,585</u>
<b>Total Assets</b>	<b><u>\$ 781,829</u></b>
<b><u>Liabilities</u></b>	
Accounts payable	\$ 34,830
Due to other governments	<u>746,999</u>
<b>Total Liabilities</b>	<b><u>\$ 781,829</u></b>

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

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1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2013. 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.

Changes in Accounting Principles

During 2013, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement Nos. 61 and 65. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, modifies and clarifies the requirements for inclusion of component units and their presentation in the primary government's financial statements. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items previously reported as assets and liabilities. See Note 1.D.6. for additional information regarding Pope County's deferred outflows/inflows of resources.

Restatements of December 31, 2012, net position or fund balance were not required as a result of this change in accounting principle.

A. Financial Reporting Entity

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Discretely Presented Component Unit

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

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

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

Joint Ventures

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

B. Basic Financial Statements

1. Government-Wide Statements

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

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

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 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.

2. Fund Financial Statements

The County reports the following major governmental funds:

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

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

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

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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

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

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

Additionally, the County reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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



**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2013, 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 2013 were \$48,994.

2. Receivables and Payables

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

2. Receivables and Payables (Continued)

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

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

3. Inventories

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

4. Capital Assets

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

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

**POPE COUNTY  
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1. Summary of Significant Accounting Policies

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

4. Capital Assets (Continued)

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

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

5. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. No deferred outflows of resources affect the governmental funds financial statements in the current year.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

6. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

7. Long-Term Obligations

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

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

8. Classification of Net Position

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

- Net investment in capital assets - the amount of net position representing capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.
- Restricted net position - the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law though 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.

9. Classification of Fund Balances

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

- Nonspendable - amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- Restricted - amounts in which constraints have been placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

9. Classification of Fund Balances (Continued)

- Committed - amounts that can be used only for the specific purposes imposed by formal action (ordinance or 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 (ordinance or resolution) it employed to previously commit those amounts. The action must be approved no later than the close of the reporting period and remains binding unless removed in the same manner.
  
- Assigned - amounts the County intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining positive amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Auditor/Treasurer or his/her designee, who has been delegated that authority by Board resolution.
  
- Unassigned - the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

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

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

10. Minimum Fund Balance

The County has adopted a minimum fund balance policy for the General Fund in order to meet the purpose of providing stability and flexibility to respond to unexpected adversity and/or opportunities. Therefore, the County Board has determined it needs to maintain a minimum level of unrestricted fund balance (committed, assigned, and unassigned) of 35 to 50 percent of operating revenues or no less than five months of operating expenditures, based on the previous year. The Fund Balance Policy was adopted by the County Board on December 27, 2011. At December 31, 2013, unrestricted fund balance for the General Fund was at the minimum fund balance levels.

11. Use of Estimates

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

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations

The following funds had expenditures in excess of budget for the year ended December 31, 2013:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Road and Bridge Special Revenue Fund	\$ 5,340,671	\$ 4,206,860	\$ 1,133,811

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 9,355,781
Petty cash and change funds	1,900
Departmental cash	5,008
Statement of fiduciary net position	
Cash and pooled investments	<u>528,244</u>
 Total Cash and Investments	 <u><u>\$ 9,890,933</u></u>

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

a. Deposits

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

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, 2013, Pope County's deposits were not exposed to custodial credit risk.



**POPE COUNTY  
GLENWOOD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

b. Investments

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

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

The County had no investments as of December 31, 2013.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

The County had no receivables scheduled to be collected beyond one year, except for \$701,830 of noncurrent special assessments.

3. Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 2,012,100	\$ 17,151	\$ -	\$ 2,029,251
Construction in progress	90,082	535,664	-	625,746
Total capital assets not depreciated	<u>\$ 2,102,182</u>	<u>\$ 552,815</u>	<u>\$ -</u>	<u>\$ 2,654,997</u>
Capital assets depreciated				
Buildings	\$ 8,088,324	\$ -	\$ (3,405)	\$ 8,084,919
Office furniture and equipment	1,451,895	170,233	(30,367)	1,591,761
Machinery and automotive equipment	3,437,450	135,641	(76,076)	3,497,015
Infrastructure	58,553,784	3,001,960	-	61,555,744
Total capital assets depreciated	<u>\$ 71,531,453</u>	<u>\$ 3,307,834</u>	<u>\$ (109,848)</u>	<u>\$ 74,729,439</u>
Less: accumulated depreciation for				
Buildings	\$ (2,225,409)	\$ (302,655)	\$ 152	\$ (2,527,912)
Office furniture and equipment	(529,088)	(174,387)	28,023	(675,452)
Machinery and automotive equipment	(2,538,951)	(210,179)	76,076	(2,673,054)
Infrastructure	(16,287,283)	(1,211,218)	-	(17,498,501)
Total accumulated depreciation	<u>\$ (21,580,731)</u>	<u>\$ (1,898,439)</u>	<u>\$ 104,251</u>	<u>\$ (23,374,919)</u>
Total capital assets depreciated, net	<u>\$ 49,950,722</u>	<u>\$ 1,409,395</u>	<u>\$ (5,597)</u>	<u>\$ 51,354,520</u>
Governmental Activities Capital Assets, Net	<u>\$ 52,052,904</u>	<u>\$ 1,962,210</u>	<u>\$ (5,597)</u>	<u>\$ 54,009,517</u>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

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

Governmental Activities	
General government	\$ 346,674
Public safety	161,148
Highways and streets, including depreciation of infrastructure assets	1,379,392
Human services	1,063
Conservation of natural resources	5,772
Health	4,390
	\$ 1,898,439
Total Depreciation Expense - Governmental Activities	\$ 1,898,439

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2013, is as follows:

1. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount	Description
General	Human Services	\$ 1,749	To provide funding
Road and Bridge	Ditch	5,669	To provide services
Total Due From/To Other Funds		\$ 7,418	

2. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Ditch	\$ 16,466

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

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

3. Transfers

Interfund transfers for the year ended December 31, 2013, consisted of the following:

	Transfers In	Description
Transfers to General Fund from		
Debt Service Fund	\$ 176,976	Repayment
Solid Waste Special Revenue Fund	14,714	To close out fund
Total Transfers to General Fund	\$ 191,690	
Transfer to Health Services from		
General Fund	166,000	To provide funding
Total Interfund Transfers	\$ 357,690	

C. Liabilities and Deferred Inflows of Resources

1. Unearned Revenues/Deferred Inflows of Resources

Unearned revenues and deferred inflows of resources consist of taxes and special assessments receivable, state grants not collected soon enough after year-end to pay liabilities of the current period, installment loans, and state and federal grants received but not yet earned. Unearned revenues and deferred inflows of resources at December 31, 2013, are summarized below by fund:

	Taxes and Special Assessments	Grants and Highway Allotments	Miscellaneous	Total
Governmental funds				
General Fund	\$ 800,263	\$ 261,523	\$ 100,000	\$ 1,161,786
Special Revenue Funds				
Road and Bridge	15,461	307,653	-	323,114
Human Services	36,837	92,558	-	129,395
Ditch	5,170	-	-	5,170
Solid Waste	17,603	-	-	17,603
Health Services	-	7,570	-	7,570
Debt Service Fund	9,755	-	-	9,755
Total	\$ 885,089	\$ 669,304	\$ 100,000	\$ 1,654,393

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

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

	Taxes and Special Assessments	Grants and Highway Allotments	Miscellaneous	Total
Liability				
Unearned revenues	\$ -	\$ 170,953	\$ -	\$ 170,953
Deferred inflows of resources				
Unavailable revenues	885,089	498,351	100,000	1,483,440
Total	\$ 885,089	\$ 669,304	\$ 100,000	\$ 1,654,393

2. Capital Lease

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

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

Pope County is carrying the building for \$3,400,000, the initial value of the HRA Revenue Bonds. The HRA is carrying the bond liability on its records and records the lease receivable for the value of the bonds. As of December 31, 2013, the value of the bonds outstanding is \$3,265,000. The interest is recorded as nonoperating miscellaneous revenue. For 2013, the HRA recorded interest revenue of \$147,470. Principal payments of \$135,000 have been made by the County to the HRA, and by the HRA on the bond liability for 2013. The current lease receivable is \$145,000.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Long-Term Debt

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

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2013
General Obligation Bonds 2013A G.O. Capital Equipment and Improvement	02/01/2024	\$50,000 - \$295,000	0.30 - 1.85	\$ 1,830,000	\$ 1,830,000
Contract for Deed	11/01/2020	\$402 - \$686	5.50	\$ 11,250	\$ 8,275
Loans Payable					
SRF0127 State of Minnesota Septic System Replacement Loans	06/15/2018	\$1,915 - \$2,094	2.00	\$ 38,168	\$ 15,368
SRF0185 State of Minnesota Septic System Replacement Loans	06/15/2021	\$4,980 - \$5,839	2.00	106,421	71,392
SRF0253 State of Minnesota Septic System Replacement Loans	*	*	2.00	44,830	44,830
State of Minnesota Agricultural Best Management Loan Program	04/01/2023	\$7,775 - \$39,547	0.00	694,158	632,045
Total Loans Payable				\$ 883,577	\$ 763,635
Capital Lease Payable	02/29/2029	\$135,000 - \$285,000	3.20 - 4.90	\$ 3,400,000	\$ 3,265,000

\*These loans do not have a final maturity or final installation amounts until the program ends, which is expected to be in 2015.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

3. Long-Term Debt (Continued)

Debt service requirements at December 31, 2013, were as follows:

Year Ending December 31	General Obligation Bonds		Contract for Deed		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 175,000	\$ 15,950	\$ 1,009	\$ 446	\$ 82,402	\$ 1,928
2015	275,000	12,955	1,066	390	80,795	2,084
2016	295,000	11,668	1,125	330	85,133	2,173
2017	280,000	10,020	1,188	267	86,861	1,798
2018	280,000	7,990	1,255	201	85,765	1,388
2019 - 2023	475,000	15,715	2,632	187	335,370	2,717
2024 - 2028	50,000	463	-	-	7,309	116
Total	<u>\$ 1,830,000</u>	<u>\$ 74,761</u>	<u>\$ 8,275</u>	<u>\$ 1,821</u>	<u>\$ 763,635</u>	<u>\$ 12,204</u>

Year Ending December 31	Capital Lease Payable	
	Principal	Interest
2014	\$ 145,000	\$ 142,395
2015	150,000	137,230
2016	155,000	131,585
2017	160,000	125,440
2018	170,000	118,755
2019 - 2023	965,000	475,705
2024 - 2028	1,235,000	224,183
2029	285,000	6,983
Total	<u>\$ 3,265,000</u>	<u>\$ 1,362,276</u>

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ -	\$ 1,830,000	\$ -	\$ 1,830,000	\$ 175,000
Discounts/premiums	-	(9,882)	(449)	(9,433)	-
Contract for deed	9,231	-	956	8,275	1,009
Loans payable	812,792	44,830	93,987	763,635	82,402
Capital lease payable	3,400,000	-	135,000	3,265,000	145,000
Compensated absences	417,854	603,543	568,371	453,026	16,348
Long-Term Liabilities	<u>\$ 4,639,877</u>	<u>\$ 2,468,491</u>	<u>\$ 797,865</u>	<u>\$ 6,310,503</u>	<u>\$ 419,759</u>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

5. Other Postemployment Benefits (OPEB)

Plan Description

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

Participants

Participants of the plan consisted of the following at January 1, 2011, the date of the most recent actuarial valuation:

Active employees	115
Retired employees	32
Spouses	<u>4</u>
Total Plan Participants	<u>151</u>

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the Pope County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements. Retirees and their spouses contribute to the health care plan at the same rate as County employees. This results in the retirees receiving an implicit rate subsidy. For fiscal year 2013, the County contributed \$270,883 to the plan.

Annual OPEB Cost and Net OPEB Obligation

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



**POPE COUNTY  
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Other Postemployment Benefits (OPEB)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the County's annual OPEB cost for 2013, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

ARC	\$	258,858
Interest on net OPEB obligation		7,005
Adjustment to ARC		(9,947)
		(9,947)
Annual OPEB cost	\$	255,916
Contributions during the year		(270,883)
		(270,883)
Increase (decrease) in net OPEB obligation	\$	(14,967)
Net OPEB Obligation - Beginning of Year		155,675
		155,675
Net OPEB Obligation - End of Year	\$	140,708

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage (%) Contributed	Net OPEB Obligation
December 31, 2008	\$ 271,563	\$ 197,410	72.69	\$ 74,153
December 31, 2009	271,563	211,066	77.72	60,497
December 31, 2010	271,563	238,995	88.01	32,568
December 31, 2011	256,131	234,081	91.39	22,050
December 31, 2012	255,622	289,215	113.14	(33,593)
December 31, 2013	255,916	270,883	105.85	(14,967)
				\$ 140,708
Cumulative Net OPEB Obligation				\$ 140,708

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Other Postemployment Benefits (OPEB) (Continued)

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$3,235,761, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,235,761. The covered payroll (annual payroll of active employees covered by the plan) was \$5,020,667, and the ratio of the UAAL to the covered payroll was 64.45 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress - Other Postemployment Benefits, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Other Postemployment Benefits (OPEB)

Actuarial Methods and Assumptions (Continued)

For January 1, 2011, the most recent actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions include a 4.50 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 8.00 percent initially, reduced by decrements to an ultimate rate of 5.00 percent over six years. The actuarial value of assets was set to equal the market value of assets. The UAAL is being amortized over 30 years on a closed basis. The remaining amortization period at December 31, 2013, was 24 years.

D. Fund Balances

The summary of fund balance classifications is as follows:

	General Fund	Road and Bridge	Human Services	Ditch	Debt Service	Capital Projects	Other Governmental Funds	Total
<b>Nonspendable</b>								
Inventories	\$ -	\$ 42,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,752
Advances to other funds	16,466	-	-	-	-	-	-	16,466
<b>Total nonspendable</b>	<b>\$ 16,466</b>	<b>\$ 42,752</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 59,218</b>
<b>Restricted</b>								
Missing heirs Recorder's technology equipment	\$ 36,726	-	-	-	-	-	-	\$ 36,726
Recorder's compliance	68,139	-	-	-	-	-	-	68,139
E-911	51,888	-	-	-	-	-	-	51,888
D.A.R.E.	180,606	-	-	-	-	-	-	180,606
Permit to carry Drug and alcohol investigations	13,173	-	-	-	-	-	-	13,173
Tax forfeited property	40,657	-	-	-	-	-	-	40,657
Bike path	7,611	-	-	-	-	-	-	7,611
Local water planning	29,144	-	-	-	-	-	-	29,144
Feedlot program	6,382	-	-	-	-	-	-	6,382
Other specific purposes	19,961	-	-	-	-	-	-	19,961
Wetland conservation act	41,672	-	-	-	-	-	-	41,672
SSTS clean water act	48,981	-	-	-	-	-	-	48,981
Election equipment	15,581	-	-	-	-	-	-	15,581
Clean water partnership	31,780	-	-	-	-	-	-	31,780
Shoreland administration	12,723	-	-	-	-	-	-	12,723
Ditch maintenance and construction	54,244	-	-	-	-	-	-	54,244
Debt service	8,500	-	-	52,384	-	-	-	52,384
Capital projects	-	-	-	-	422,068	-	-	422,068
Law library	-	-	-	-	-	1,088,911	-	1,088,911
<b>Total restricted</b>	<b>\$ 667,768</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 52,384</b>	<b>\$ 422,068</b>	<b>\$ 1,088,911</b>	<b>\$ 14,084</b>	<b>\$ 2,245,215</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

D. Fund Balances (Continued)

	General Fund	Road and Bridge	Human Services	Ditch	Debt Service	Capital Projects	Other Governmental Funds	Total
Assigned								
Plat sign deposits	\$ 1,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,169
Veterans' van	24,711	-	-	-	-	-	-	24,711
Chemical use								
assessment	1,952	-	-	-	-	-	-	1,952
Probation program								
expense	28,684	-	-	-	-	-	-	28,684
Probation support fees	29,831	-	-	-	-	-	-	29,831
Capital expenditures	104,197	-	-	-	-	-	-	104,197
Highways and streets	-	1,573,662	-	-	-	-	-	1,573,662
Human services	-	-	2,201,991	-	-	-	-	2,201,991
Health services	-	-	-	-	-	-	318,009	318,009
Total assigned	<u>\$ 190,544</u>	<u>\$ 1,573,662</u>	<u>\$ 2,201,991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318,009</u>	<u>\$ 4,284,206</u>
Total unassigned	<u>\$ 2,432,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,772)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,414,437</u>
Total Fund Balances	<u>\$ 3,306,987</u>	<u>\$ 1,616,414</u>	<u>\$ 2,201,991</u>	<u>\$ 34,612</u>	<u>\$ 422,068</u>	<u>\$ 1,088,911</u>	<u>\$ 332,093</u>	<u>\$ 9,003,076</u>

4. Pension Plans

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

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. For members' first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years. Members eligible for membership before July 1, 2010, are fully vested after three years of service.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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4. Pension Plans

A. Defined Benefit Plans

Plan Description (Continued)

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute. Defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for General Employees Retirement Fund Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

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

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

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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4. Pension Plans (Continued)

B. Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.60 percent.

The County is required to contribute the following percentages of annual covered payroll in 2013:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.25
Public Employees Police and Fire Fund	14.40

The County's contributions for the years ending December 31, 2013, 2012, and 2011, for the General Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Employees Retirement Fund	\$ 358,560	\$ 353,412	\$ 354,195
Public Employees Police and Fire Fund	84,437	77,115	72,866

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

A. Risk Management

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

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 \$470,000 per claim in 2013 and \$480,000 per claim in 2014. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

B. Subsequent Events

On March 4, 2014, the County Board approved resolution 201406 which would integrate three County Public Health Departments (Pope County Public Health, Douglas County Public Health, and Stevens Traverse Grant Public Health) into a single Horizon Public Health organization. A joint powers entity agreement between the five partner counties will be signed and effective January 1, 2015.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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

C. Contingent Liabilities

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

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

D. Joint Ventures

Pope/Douglas Solid Waste Management

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

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

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

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

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



**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

D. Joint Ventures (Continued)

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

The West Central Area Agency on Aging was established June 2, 1982, by a joint powers agreement among Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, and Wilkin Counties. In 2005, the West Central Area Agency on Aging became part of a larger planning and service area covering 21 counties; this is a partnership between the Northwest Regional Development Commission, the 5-county service area of Region 2, and the West Central Area Agency on Aging. The combined area on aging, known as the Land of the Dancing Sky Area Agency on Aging, was established to administer all aspects of the Older Americans Act by providing programs to meet the needs of the elderly in the 21-county area. Each county may be assessed a proportional share of the 25 percent of the administrative costs incurred in carrying out this agreement. Each county's proportional share of this 25 percent of the administrative costs will be based upon the number of persons age 60 or older living within that county.

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

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

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

Financing is provided by the appropriations from member parties and by state and federal grants. During 2013, Pope County contributed \$2,110 to the Joint Powers Board.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

D. Joint Ventures

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

Complete financial information can be obtained from:

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

Rainbow Rider Transit Board

Douglas, Grant, Pope, Stevens, and Traverse Counties entered into a joint powers agreement to establish the West Central Multi-County Joint Powers Transit Board effective December 1, 1994, and empowered under Minn. Stat. § 471.59. Effective January 13, 2000, the Board changed its name from West Central Multi-County Joint Powers Transit Board to Rainbow Rider Transit Board. The purpose of the Board is to provide coordinated service delivery and a funding source for public transportation. Grant County terminated its membership in Rainbow Rider on May 31, 1999. Grant County rejoined and Todd County became a member county effective January 1, 2011 and 2012, respectively.

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

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

D. Joint Ventures

Rainbow Rider Transit Board (Continued)

Complete financial information can be obtained from:

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

Central Minnesota Emergency Services Board

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

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

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

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

The Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. During 2013, Pope County did not contribute to the Joint Powers Board.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

D. Joint Ventures

Central Minnesota Emergency Services Board (Continued)

Complete financial information can be obtained from:

Central Minnesota Emergency Services Board  
City of St. Cloud  
Office of the Mayor  
City Hall  
400 Second Street South  
St. Cloud, Minnesota 56303

Horizon Community Health Board

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

Control is vested in Horizon's Board, which consists of 11 members comprised of 8 County Commissioners and 3 community representatives. Each member of the Board is appointed by the County Commissioners of the county they represent.

Financing is provided by state and federal grants and contributions from the member parties. Pope County, in an agent capacity, reports the cash transactions of Horizon as an agency fund on its financial statements. During 2013, Pope County did not contribute any in funds to Horizon.

Complete financial statements for the Horizon Community Health Board can be obtained from:

Horizon Community Health Board  
211 East Minnesota Avenue, Suite 100  
Glenwood, Minnesota 56344

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

D. Joint Ventures (Continued)

Supporting Hands Nurse Family Partnership

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

The governing board is composed of one Board member from each of the participating counties. Each participating county will contribute to the budget of the Supporting Hands Nurse Family Partnership. In 2013, Pope County made \$5,000 in contributions to the partnership.

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

McLeod County  
830 - 11th Street East  
Glencoe, Minnesota 55336

Region 4 South Adult Mental Health Consortium

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

D. Joint Ventures

Region 4 South Adult Mental Health Consortium (Continued)

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

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

Dissolution of the Consortium shall 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. Grant County, in a fiscal host capacity, reports the cash transactions of the Consortium as an agency fund on its financial statements.

Pope County Family Collaborative

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

D. Joint Ventures

Pope County Family Collaborative (Continued)

The Collaborative is financed primarily by state and federal funding. In 2005, the Pope County Family Collaborative Board voted to participate in the Local Collaborative Time Study (LCTS). In order to participate, Pope County began to serve as the fiscal agent for the LCTS dollars only in 2005. For all other dollars received, the Minnewaska Area Schools serves as the fiscal agent. During 2013, Pope County passed through \$61,494 in LCTS to the Collaborative. Control of the Collaborative is vested in the Governing Board consisting of one member from each of the five participating members. Current financial statements are not available.

Prime West Health System

In December 1998, Pope County became a member of the Prime West Central County-Based Purchasing Initiative Joint Powers Board (since renamed Prime West Health System) with Big Stone, Douglas, Grant, McLeod, Meeker, Pipestone, Renville, Stevens, and Traverse Counties under the authority of Minn. Stat. § 471.59. Beltrami, Clearwater, and Hubbard Counties were later added to the Prime West Health System. Pope County, in partnership with these twelve counties, is organized to directly purchase health care services for county residents who are eligible for Medical Assistance and General Assistance Medical Care as authorized by Minn. Stat. § 256B.692. County-based purchasing is the local control alternative favored for improved coordination of services to prepaid Medical Assistance programs in complying with Minnesota Department of Health requirements as set forth in Minn. Stat. chs. 62D and 62N.

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

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

D. Joint Ventures

Prime West Health System (Continued)

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

Complete financial information can be obtained from the Prime West Health System's administrative offices at:

Prime West Health  
2209 Jefferson Street, Suite 101  
Alexandria, Minnesota 56308

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

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

During 2013, Pope County did not contribute any funds to this organization. Current financial statements are not available.

Crow River Joint Powers Agreement

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



**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

D. Joint Ventures

Crow River Joint Powers Agreement (Continued)

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

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

West Central Minnesota Drug Task Force

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

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

Fiscal agent responsibilities for the Task Force are with Douglas County, which reports the Task Force as an agency fund. Financing and equipment will be provided by the full-time and associate member agencies. Pope County provided \$4,000 to this organization in 2013.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

D. Joint Ventures

West Central Minnesota Drug Task Force (Continued)

Separate financial information can be obtained from:

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

E. Jointly-Governed Organizations

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

District IV Transportation Planning

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

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

Region Four - West Central Minnesota Homeland Security Emergency Management Organization

The Region Four - West Central Minnesota Homeland Security Emergency Management Organization (WCMHSEM) was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the WCMHSEM region. Control is vested in the Board, which is composed of representatives appointed by each Board of County Commissioners. Pope County's responsibility does not extend beyond making this appointment.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

E. Jointly-Governed Organizations (Continued)

Lakeland Mental Health Center

Lakeland Mental Health Center was formed pursuant to Minn. Stat. ch. 317A as a 501-C3 nonprofit corporation on February 10, 1961, and includes Becker, Clay, Douglas, Grant, Otter Tail, and Pope Counties. The purpose of Lakeland Mental Health Center is to promote healthy individuals, families, and communities by providing high quality accessible mental health services.

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

Services are provided to the member counties through purchase of service agreements. A member county may lose its membership, by action of the Board of Directors, if it fails to have a signed contract with Lakeland Mental Health Center. Pope County paid \$122,865 in 2013 for services purchased through Lakeland Mental Health Center.

Southwest Minnesota Immunization Information Connection

The Southwest Minnesota Immunization Information Connection (SW-MIIC) Joint Powers Board promotes the implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. Pope County did not contribute to the SW-MIIC during 2013.

Minnesota Criminal Justice Data Communications Network

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

E. Jointly-Governed Organizations (Continued)

West Central S.W.A.T. Team

The West Central S.W.A.T. Team is comprised of five county sheriff's offices and seven police departments including Big Stone, 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 economical way, by sharing the costs, to protect the citizens of the entities involved. During the year, Pope County did not contribute to the Team.

Sentence to Service

Pope County, in conjunction with other local governments, participates in the State of Minnesota's Sentence to Serve (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations and initiative funds, as well as the Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program. Although Pope County has no operational or financial control over the STS program, the County budgets for a percentage of this program

Minnesota Rural Counties Caucus

The Minnesota Rural Counties Caucus was established in 1997 and includes Aitkin, Beltrami, Clay, Clearwater, Cook, Douglas, Grant, Itasca, Kittson, Koochiching, Lake of the Woods, Mahnomen, Marshall, McLeod, Mille Lacs, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd and Traverse Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee, which is composed of ten directors, each with an alternate, who are appointed annually by each respective County Board. The County's responsibility does not extend beyond making this appointment.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

E. Jointly-Governed Organizations (Continued)

Minnesota River Board

The Minnesota River Board (formerly the Minnesota River Basin Joint Powers Board) was established July 12, 1995, by an agreement between Pope County and 37 other counties. According to the latest information available, 38 other counties are members under this agreement. The agreement was made to promote orderly water quality improvement and management of the Minnesota River Watershed. Each county is responsible for its proportionate share of the administrative budget and for its share of benefits from any special project.

In the event of termination of the agreement, all property, real and personal, held by the Board shall be distributed by resolution of the policy committee to best accomplish the continuing purpose of the project.

Control is vested in an executive committee comprised of one executive director and five officers elected from the membership of the Minnesota River Powers Board, which consists of one representative from each of the member County Boards of Commissioners included in this agreement. During the year, Pope County did not make any payments to the Minnesota River Board.

Complete financial statements for the Minnesota River Board can be obtained from its administrative office at:

Minnesota River Board  
Administrative Building No. 14  
600 East Fourth Street  
Chaska, Minnesota 55318

F. Agricultural Best Management Loan Program

The County has entered into an agreement with the Minnesota Department of Agriculture and a local lending institution to jointly administer a loan program to individuals to implement projects that prevent or mitigate nonpoint source water pollution. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement. The County has met those responsibilities for 2013.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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6. Pope County Housing and Redevelopment Authority (HRA)

A. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the HRA. The HRA is reporting as of and for the year ended December 31, 2013.

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

The HRA applies all applicable Governmental Accounting Standards Board pronouncements. The HRA's government-wide financial statements (the statement of net position and the statement of activities) are prepared using the economic resources measurement focus and the accrual basis of accounting.

Changes in Accounting Principles

During 2013, the HRA implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items previously reported as assets and liabilities. The only effect for the HRA was the removal and expensing of deferred charges.

Restatements of December 31, 2013, net position were not required as a result of this change in accounting principle.

Reporting Entity

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

Basis of Presentation

The HRA does not prepare separate financial statements.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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

B. Property Taxes

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

C. Operating Revenues and Expenses

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

D. Bond Issuance Costs

Bond issuance costs are stated at historical cost and are expensed at the time of the bond issuance.

E. Assets

1. Cash

All cash of the HRA is on deposit with the Pope County Auditor/Treasurer and included within its pooled cash and investments. At year-end December 31, 2013, the HRA had \$1,506,118 in cash and pooled investments.

The HRA has defined cash and cash equivalents to include all of the HRA cash that is on deposit with the Pope County Auditor/Treasurer.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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6. Pope County Housing and Redevelopment Authority (HRA)

E. Assets (Continued)

2. Receivables

Receivables for the HRA at December 31, 2013, were as follows:

Taxes	\$ 5,044
Accrued interest	600
Loans	<u>147,504</u>
Total Receivables	<u>\$ 153,148</u>

Of the loans receivable, \$144,767 is not expected to be collected within the next year.

Capital Lease Receivable

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

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

Pope County is carrying the building for \$3,400,000, the initial value of the HRA Revenue Bonds. The HRA is carrying the bond liability on its records and records the lease receivable for the value of the bonds. As of December 31, 2013, the value of the bonds outstanding is \$3,265,000. The interest is recorded as nonoperating miscellaneous revenue. For 2013, the HRA recorded interest revenue of \$147,470. Principal payments of \$135,000 have been made by the County to the HRA, and by the HRA on the bond liability for 2013. The current lease receivable is \$145,000.



**POPE COUNTY  
GLENWOOD, MINNESOTA**

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6. Pope County Housing and Redevelopment Authority (HRA)

E. Assets (Continued)

3. Land Held for Resale

Property is acquired by the HRA 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's cost and cannot be sold for more than expended. Land held for resale is reported as an asset at the net realizable value. When the land is subsequently sold, miscellaneous program income is recognized for the sale amount.

4. Capital Assets

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

The HRA's capital asset activity for the year ended December 31, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land	\$ 514,210	\$ -	\$ -	\$ 514,210
Construction in progress	<u>112,609</u>	<u>1,080,478</u>	<u>-</u>	<u>1,193,087</u>
Total capital assets not depreciated	<u>\$ 626,819</u>	<u>\$ 1,080,478</u>	<u>\$ -</u>	<u>\$ 1,707,297</u>

F. Liabilities

Long-Term Debt

Long-term debt outstanding at December 31, 2013, for the HRA consists of the following:

**POPE COUNTY  
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority (HRA)

F. Liabilities

Long-Term Debt (Continued)

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2013</u>
2008A Public Project Revenue Bonds	02/01/2029	\$135,000 - \$285,000	3.20 - 4.90	<u>\$ 3,400,000</u>	<u>\$ 3,265,000</u>
2013A General Obligation Bonds	02/01/2034	\$40,000 - \$245,000	0.85 - 3.10	<u>\$ 2,405,000</u>	<u>\$ 2,405,000</u>
Contract for deed	09/01/2016	\$50,000 - \$150,000	5.00	<u>\$ 400,000</u>	<u>\$ 200,000</u>

The debt service requirements as of December 31, 2013, are as follows:

<u>Year Ending December 31</u>	<u>Revenue Bonds</u>		<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 145,000	\$ 142,395	\$ -	\$ 74,784
2015	150,000	137,230	40,000	59,658
2016	155,000	131,585	45,000	59,274
2017	160,000	125,440	50,000	58,773
2018	170,000	118,755	55,000	58,128
2019 - 2023	965,000	475,705	385,000	274,338
2024 - 2028	1,235,000	224,183	630,000	220,323
2029 - 2033	285,000	6,983	955,000	114,075
2034 - 2038	-	-	245,000	3,798
<b>Total</b>	<u>\$ 3,265,000</u>	<u>\$ 1,362,276</u>	<u>\$ 2,405,000</u>	<u>\$ 923,151</u>

<u>Year Ending December 31</u>	<u>Contract for Deed</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 50,000	\$ 10,000
2015	50,000	7,500
2016	50,000	5,000
2017	50,000	-
2018	-	-
2019 - 2023	-	-
2024 - 2028	-	-
2029 - 2033	-	-
2034 - 2038	-	-
<b>Total</b>	<u>\$ 200,000</u>	<u>\$ 22,500</u>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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6. Pope County Housing and Redevelopment Authority (HRA)

F. Liabilities

Long-Term Debt (Continued)

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 3,400,000	\$ -	\$ 135,000	\$ 3,265,000	\$ 145,000
(Discount)/premium	(26,112)	-	(1,632)	(24,480)	-
General obligation bonds	-	2,405,000	-	2,405,000	-
(Discount)/premium	-	10,068	252	9,816	-
Contract for deed	250,000	-	50,000	200,000	50,000
Long-Term Liabilities	<u>\$ 3,623,888</u>	<u>\$ 2,415,068</u>	<u>\$ 183,620</u>	<u>\$ 5,855,336</u>	<u>\$ 195,000</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT A-1*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 5,076,278	\$ 5,076,278	\$ 5,084,133	\$ 7,855
Special assessments	-	-	116,054	116,054
Licenses and permits	35,500	35,500	61,626	26,126
Intergovernmental	603,099	603,099	960,992	357,893
Charges for services	263,375	263,375	313,589	50,214
Fines and forfeits	5,700	5,700	11,746	6,046
Gifts and contributions	4,000	4,000	5,310	1,310
Investment earnings	52,361	52,361	48,994	(3,367)
Miscellaneous	158,000	158,000	260,227	102,227
<b>Total Revenues</b>	<b>\$ 6,198,313</b>	<b>\$ 6,198,313</b>	<b>\$ 6,862,671</b>	<b>\$ 664,358</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 193,174	\$ 193,174	\$ 178,731	\$ 14,443
County-wide	-	-	75	(75)
Wellness program	1,108	1,108	-	1,108
Information technology	324,490	324,490	371,601	(47,111)
Coordinator	233,892	233,892	233,963	(71)
Auditor/Treasurer	399,802	399,802	370,461	29,341
County assessor	338,666	338,666	396,335	(57,669)
Elections	3,500	3,500	11,571	(8,071)
Accounting and auditing	55,000	55,000	50,412	4,588
Data processing	71,850	71,850	55,942	15,908
Attorney	239,770	239,770	246,643	(6,873)
Recorder	334,699	334,699	342,737	(8,038)
Surveyor	1,000	1,000	-	1,000
Environmental services	193,947	185,437	208,575	(23,138)
Buildings	372,622	372,622	380,857	(8,235)
Veterans service officer	111,763	111,763	61,216	50,547
Other general government	260,000	260,000	280,870	(20,870)
<b>Total general government</b>	<b>\$ 3,135,283</b>	<b>\$ 3,126,773</b>	<b>\$ 3,189,989</b>	<b>\$ (63,216)</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT A-1  
(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public safety</b>				
Sheriff	\$ 946,249	\$ 946,249	\$ 907,874	\$ 38,375
Snowmobile grant	3,396	3,396	2,101	1,295
Boat and water safety	37,319	37,319	19,467	17,852
Coroner	11,000	11,000	34,839	(23,839)
Enhanced 911 system	36,300	36,300	56,724	(20,424)
Dispatchers	309,267	309,267	282,552	26,715
County jail	331,853	331,853	225,645	106,208
Court services	177,235	177,235	182,208	(4,973)
Sentenced to serve	85,640	85,640	68,590	17,050
Emergency management	41,637	41,637	49,519	(7,882)
<b>Total public safety</b>	<b>\$ 1,979,896</b>	<b>\$ 1,979,896</b>	<b>\$ 1,829,519</b>	<b>\$ 150,377</b>
<b>Culture and recreation</b>				
Historical society	\$ 43,200	\$ 43,200	\$ 43,200	\$ -
Let's go fishing	1,300	1,300	1,300	-
Regional library	105,867	105,867	105,867	-
Senior citizens	114,318	114,318	105,655	8,663
Other	3,660	3,660	1,560	2,100
<b>Total culture and recreation</b>	<b>\$ 268,345</b>	<b>\$ 268,345</b>	<b>\$ 257,582</b>	<b>\$ 10,763</b>
<b>Conservation of natural resources</b>				
Soil and water conservation	\$ 62,100	\$ 62,100	\$ 113,664	\$ (51,564)
County extension	100,064	100,064	104,923	(4,859)
Agriculture ditch inspector	33,950	33,950	15,589	18,361
County fair	21,600	21,600	21,600	-
Water management	71,862	85,214	77,480	7,734
Shoreland management	4,842	-	-	-
<b>Total conservation of natural resources</b>	<b>\$ 294,418</b>	<b>\$ 302,928</b>	<b>\$ 333,256</b>	<b>\$ (30,328)</b>
<b>Economic development</b>				
Community development	\$ 14,374	\$ 14,374	\$ 14,374	\$ -
Senior citizens	3,820	3,820	1,953	1,867
<b>Total economic development</b>	<b>\$ 18,194</b>	<b>\$ 18,194</b>	<b>\$ 16,327</b>	<b>\$ 1,867</b>



**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT A-1  
(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (Continued)</b>				
<b>Intergovernmental</b>				
Sanitation				
Pope/Douglas Solid Waste Management	\$ 50,000	\$ 50,000	\$ 55,950	\$ (5,950)
<b>Capital outlay</b>				
General government	\$ 138,230	\$ 138,230	\$ 19,546	\$ 118,684
Public safety	45,000	45,000	37,072	7,928
<b>Total capital outlay</b>	<b>\$ 183,230</b>	<b>\$ 183,230</b>	<b>\$ 56,618</b>	<b>\$ 126,612</b>
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 94,943	\$ (94,943)
Interest	-	-	2,705	(2,705)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 97,648</b>	<b>\$ (97,648)</b>
<b>Total Expenditures</b>	<b>\$ 5,929,366</b>	<b>\$ 5,929,366</b>	<b>\$ 5,836,889</b>	<b>\$ 92,477</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ 268,947</b>	<b>\$ 268,947</b>	<b>\$ 1,025,782</b>	<b>\$ 756,835</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ -	\$ 191,690	\$ 191,690
Transfers out	-	-	(166,000)	(166,000)
Loan issued	-	-	44,830	44,830
Sale of capital assets	-	-	5,837	5,837
Other	413,069	413,069	-	(413,069)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 413,069</b>	<b>\$ 413,069</b>	<b>\$ 76,357</b>	<b>\$ (336,712)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 682,016</b>	<b>\$ 682,016</b>	<b>\$ 1,102,139</b>	<b>\$ 420,123</b>
<b>Fund Balance - January 1</b>	<b>2,204,848</b>	<b>2,204,848</b>	<b>2,204,848</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,886,864</b>	<b>\$ 2,886,864</b>	<b>\$ 3,306,987</b>	<b>\$ 420,123</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT A-2*

**BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 719,145	\$ 719,145	\$ 710,831	\$ (8,314)
Intergovernmental	3,352,113	3,352,113	4,350,297	998,184
Charges for services	54,032	54,032	46,987	(7,045)
Miscellaneous	-	-	19,473	19,473
<b>Total Revenues</b>	<b>\$ 4,125,290</b>	<b>\$ 4,125,290</b>	<b>\$ 5,127,588</b>	<b>\$ 1,002,298</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 444,153	\$ 444,153	\$ 340,268	\$ 103,885
Maintenance	945,627	945,627	860,554	85,073
Engineering/construction	2,020,583	2,020,583	3,226,091	(1,205,508)
Equipment, maintenance, and shop	471,593	471,593	531,667	(60,074)
<b>Total highways and streets</b>	<b>\$ 3,881,956</b>	<b>\$ 3,881,956</b>	<b>\$ 4,958,580</b>	<b>\$ (1,076,624)</b>
<b>Intergovernmental</b>				
Highways and streets	324,904	324,904	335,731	(10,827)
<b>Capital outlay</b>				
Highways and streets	-	-	46,360	(46,360)
<b>Total Expenditures</b>	<b>\$ 4,206,860</b>	<b>\$ 4,206,860</b>	<b>\$ 5,340,671</b>	<b>\$ (1,133,811)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (81,570)</b>	<b>\$ (81,570)</b>	<b>\$ (213,083)</b>	<b>\$ (131,513)</b>
<b>Other Financing Sources (Uses)</b>				
Other	81,570	81,570	-	(81,570)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (213,083)</b>	<b>\$ (213,083)</b>
<b>Fund Balance - January 1</b>	<b>1,815,517</b>	<b>1,815,517</b>	<b>1,815,517</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>13,980</b>	<b>13,980</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,815,517</b>	<b>\$ 1,815,517</b>	<b>\$ 1,616,414</b>	<b>\$ (199,103)</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT A-3*

**BUDGETARY COMPARISON SCHEDULE  
HUMAN SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,905,451	\$ 1,905,451	\$ 1,877,866	\$ (27,585)
Intergovernmental	1,442,118	1,442,118	1,458,118	16,000
Charges for services	44,520	44,520	39,736	(4,784)
Miscellaneous	143,200	143,200	175,730	32,530
<b>Total Revenues</b>	<b>\$ 3,535,289</b>	<b>\$ 3,535,289</b>	<b>\$ 3,551,450</b>	<b>\$ 16,161</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 923,648	\$ 923,648	\$ 989,914	\$ (66,266)
Social services	2,711,641	2,711,641	2,415,871	295,770
<b>Total Expenditures</b>	<b>\$ 3,635,289</b>	<b>\$ 3,635,289</b>	<b>\$ 3,405,785</b>	<b>\$ 229,504</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (100,000)</b>	<b>\$ (100,000)</b>	<b>\$ 145,665</b>	<b>\$ 245,665</b>
<b>Other Financing Sources (Uses)</b>				
Other	100,000	100,000	-	(100,000)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 145,665</b>	<b>\$ 145,665</b>
<b>Fund Balance - January 1</b>	<b>2,056,326</b>	<b>2,056,326</b>	<b>2,056,326</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,056,326</b>	<b>\$ 2,056,326</b>	<b>\$ 2,201,991</b>	<b>\$ 145,665</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT A-4**

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS  
DECEMBER 31, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2008	\$ -	\$ 3,561,170	\$ 3,561,170	0.0%	\$ 4,610,899	77.23%
January 1, 2011	-	3,235,761	3,235,761	0.0	5,020,667	64.45

**POPE COUNTY  
GLENWOOD, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2013

1. Budgetary Information

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

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

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

Encumbrance accounting is employed in governmental funds.

2. Excess of Expenditures Over Budget

The following major governmental funds had expenditures in excess of budget at the function level for the year ended December 31, 2013:

	Actual	Expenditures Final Budget	Excess
Road and Bridge Special Revenue Fund	\$ 5,340,671	\$ 4,206,860	\$ 1,133,811

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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3. Other Postemployment Benefits Funding Status

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

**SUPPLEMENTARY INFORMATION**

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**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT B-1*

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 454,400	\$ 454,400	\$ 446,868	\$ (7,532)
Intergovernmental	-	-	9,768	9,768
<b>Total Revenues</b>	<b>\$ 454,400</b>	<b>\$ 454,400</b>	<b>\$ 456,636</b>	<b>\$ 2,236</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal retirement	\$ 285,000	\$ 285,000	\$ 135,000	\$ 150,000
Interest	169,400	169,400	147,470	21,930
<b>Total Expenditures</b>	<b>\$ 454,400</b>	<b>\$ 454,400</b>	<b>\$ 282,470</b>	<b>\$ 171,930</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 174,166</b>	<b>\$ 174,166</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	(176,976)	(176,976)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,810)</b>	<b>\$ (2,810)</b>
<b>Fund Balance - January 1</b>	<b>424,878</b>	<b>424,878</b>	<b>424,878</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 424,878</b>	<b>\$ 424,878</b>	<b>\$ 422,068</b>	<b>\$ (2,810)</b>

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

NONMAJOR FUNDS

Special Revenue Funds

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

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

Agency Funds

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

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

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

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

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

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

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

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

**POPE COUNTY  
GLENWOOD, MINNESOTA**

NONMAJOR FUNDS

Agency Funds (Continued)

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

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

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

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

Horizon Community Health - to account for the receipts and disbursements of Horizon Community Health, a public health nursing service.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT B-2*

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013**

	<b>Health Services</b>	<b>Law Library</b>	<b>Total (Exhibit 3)</b>
<u><b>Assets</b></u>			
Cash and pooled investments	\$ 274,831	\$ 13,762	\$ 288,593
Accounts receivable	3,358	-	3,358
Due from other governments	91,591	1,332	92,923
<b>Total Assets</b>	<b>\$ 369,780</b>	<b>\$ 15,094</b>	<b>\$ 384,874</b>
<u><b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b></u>			
<b>Liabilities</b>			
Accounts payable	\$ 4,003	\$ 836	\$ 4,839
Salaries payable	40,118	174	40,292
Due to other governments	80	-	80
<b>Total Liabilities</b>	<b>\$ 44,201</b>	<b>\$ 1,010</b>	<b>\$ 45,211</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	<b>\$ 7,570</b>	<b>\$ -</b>	<b>\$ 7,570</b>
<b>Fund Balances</b>			
Restricted	\$ -	\$ 14,084	\$ 14,084
Assigned	318,009	-	318,009
<b>Total Fund Balances</b>	<b>\$ 318,009</b>	<b>\$ 14,084</b>	<b>\$ 332,093</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 369,780</b>	<b>\$ 15,094</b>	<b>\$ 384,874</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT B-3*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Health Services</b>	<b>Law Library</b>	<b>Total (Exhibit 5)</b>
<b>Revenues</b>			
Intergovernmental	\$ 393,861	\$ -	\$ 393,861
Charges for services	615,810	-	615,810
Fines and forfeits	-	17,473	17,473
Miscellaneous	136	-	136
	<b>\$ 1,009,807</b>	<b>\$ 17,473</b>	<b>\$ 1,027,280</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ -	\$ 11,414	\$ 11,414
Health	1,126,583	-	1,126,583
	<b>\$ 1,126,583</b>	<b>\$ 11,414</b>	<b>\$ 1,137,997</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (116,776)</b>	<b>\$ 6,059</b>	<b>\$ (110,717)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	166,000	-	166,000
	<b>\$ 49,224</b>	<b>\$ 6,059</b>	<b>\$ 55,283</b>
<b>Net Change in Fund Balance</b>	<b>\$ 49,224</b>	<b>\$ 6,059</b>	<b>\$ 55,283</b>
<b>Fund Balance - January 1</b>	<b>268,785</b>	<b>8,025</b>	<b>276,810</b>
<b>Fund Balance - December 31</b>	<b>\$ 318,009</b>	<b>\$ 14,084</b>	<b>\$ 332,093</b>



**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT B-4*

**BUDGETARY COMPARISON SCHEDULE  
HEALTH SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 334,514	\$ 334,514	\$ 393,861	\$ 59,347
Charges for services	563,480	574,703	615,810	41,107
Miscellaneous	-	-	136	136
<b>Total Revenues</b>	<b>\$ 897,994</b>	<b>\$ 909,217</b>	<b>\$ 1,009,807</b>	<b>\$ 100,590</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Health</b>				
Health services	1,131,880	1,131,880	1,126,583	5,297
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (233,886)</b>	<b>\$ (222,663)</b>	<b>\$ (116,776)</b>	<b>\$ 105,887</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	166,000	166,000
<b>Net Change in Fund Balance</b>	<b>\$ (233,886)</b>	<b>\$ (222,663)</b>	<b>\$ 49,224</b>	<b>\$ 271,887</b>
<b>Fund Balance - January 1</b>	<b>268,785</b>	<b>268,785</b>	<b>268,785</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 34,899</b>	<b>\$ 46,122</b>	<b>\$ 318,009</b>	<b>\$ 271,887</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT B-5*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>SCHOOL DISTRICTS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ 84,996</u>	<u>\$ 3,933,477</u>	<u>\$ 3,906,704</u>	<u>\$ 111,769</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 84,996</u>	<u>\$ 4,130,242</u>	<u>\$ 4,103,469</u>	<u>\$ 111,769</u>
 <b><u>SELECT ACCOUNT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ 12,473</u>	<u>\$ 130,627</u>	<u>\$ 131,372</u>	<u>\$ 11,728</u>
<b><u>Liabilities</u></b>				
Accounts payable	<u>\$ 12,473</u>	<u>\$ 145,220</u>	<u>\$ 145,965</u>	<u>\$ 11,728</u>
 <b><u>COLLABORATIVE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ 69,925</u>	<u>\$ 83,716</u>	<u>\$ 79,048</u>	<u>\$ 74,593</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 69,925</u>	<u>\$ 105,816</u>	<u>\$ 101,148</u>	<u>\$ 74,593</u>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT B-5  
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>GLACIAL RIDGE HOSPITAL DISTRICT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 5,254	\$ 260,069	\$ 259,192	\$ 6,131
<b><u>Liabilities</u></b>				
Due to other governments	\$ 5,254	\$ 271,453	\$ 270,576	\$ 6,131
 <b><u>TAXES AND PENALTIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 39,330	\$ 18,612,872	\$ 18,621,812	\$ 30,390
<b><u>Liabilities</u></b>				
Due to other governments	\$ 39,330	\$ 18,661,600	\$ 18,670,540	\$ 30,390
 <b><u>TOWNS AND CITIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 61,269	\$ 3,929,226	\$ 3,894,815	\$ 95,680
<b><u>Liabilities</u></b>				
Due to other governments	\$ 61,269	\$ 4,086,175	\$ 4,051,764	\$ 95,680

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT B-5  
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>FARWELL KENSINGTON SANITARY DISTRICT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ 1</u>	<u>\$ 4,931</u>	<u>\$ 4,925</u>	<u>\$ 7</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 1</u>	<u>\$ 4,939</u>	<u>\$ 4,933</u>	<u>\$ 7</u>
 <b><u>VILLARD LAKES SANITARY DISTRICT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ 59</u>	<u>\$ -</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ 59</u>	<u>\$ -</u>
 <b><u>SAUK RIVER WATERSHED DISTRICT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ 564</u>	<u>\$ 17,770</u>	<u>\$ 17,548</u>	<u>\$ 786</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 564</u>	<u>\$ 19,120</u>	<u>\$ 18,898</u>	<u>\$ 786</u>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT B-5  
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>MIDDLE FORK CROW RIVER WATERSHED DISTRICT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ -	\$ 248	\$ 202	\$ 46
<b><u>Liabilities</u></b>				
Due to other governments	\$ -	\$ 293	\$ 247	\$ 46
 <b><u>NORTH FORK WATERSHED DISTRICT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 503	\$ 35,961	\$ 35,359	\$ 1,105
<b><u>Liabilities</u></b>				
Due to other governments	\$ 503	\$ 37,569	\$ 36,967	\$ 1,105
 <b><u>STATE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 73,018	\$ 1,722,218	\$ 1,732,099	\$ 63,137
<b><u>Liabilities</u></b>				
Due to other governments	\$ 73,018	\$ 1,831,072	\$ 1,840,953	\$ 63,137

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT B-5  
(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b><u>HORIZON COMMUNITY HEALTH</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 71,519	\$ 1,638,520	\$ 1,577,167	\$ 132,872
Due from other governments	177,656	267,813	191,884	253,585
<b>Total Assets</b>	<b>\$ 249,175</b>	<b>\$ 1,906,333</b>	<b>\$ 1,769,051</b>	<b>\$ 386,457</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 23,102	\$ -	\$ 23,102
Due to other governments	249,175	2,518,520	2,404,340	363,355
<b>Total Liabilities</b>	<b>\$ 249,175</b>	<b>\$ 2,541,622</b>	<b>\$ 2,404,340</b>	<b>\$ 386,457</b>
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 418,852	\$ 30,369,694	\$ 30,260,302	\$ 528,244
Due from other governments	177,656	267,813	191,884	253,585
<b>Total Assets</b>	<b>\$ 596,508</b>	<b>\$ 30,637,507</b>	<b>\$ 30,452,186</b>	<b>\$ 781,829</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 12,473	\$ 168,322	\$ 145,965	\$ 34,830
Due to other governments	584,035	31,666,858	31,503,894	746,999
<b>Total Liabilities</b>	<b>\$ 596,508</b>	<b>\$ 31,835,180</b>	<b>\$ 31,649,859</b>	<b>\$ 781,829</b>

**HOUSING AND REDEVELOPMENT AUTHORITY COMPONENT UNIT**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT C-1**

**STATEMENT OF NET POSITION  
HOUSING AND REDEVELOPMENT AUTHORITY COMPONENT UNIT  
DECEMBER 31, 2013**

**Assets**

**Current assets**

Cash and pooled investments	\$ 1,506,118
Taxes receivable	
Delinquent	5,044
Accrued interest receivable	600
Loans receivable	147,504
Lease receivable	145,000
Land held for resale	558,694

**Total current assets** **\$ 2,362,960**

**Noncurrent assets**

Lease receivable	\$ 3,120,000
Capital assets	
Nondepreciable	1,707,297

**Total noncurrent assets** **\$ 4,827,297**

**Total Assets** **\$ 7,190,257**

**Liabilities**

**Current liabilities**

Accounts payable	\$ 24,065
Salaries payable	115
Due to other governments	3,746
Due to primary government	150,000
Accrued interest payable	105,229
Revenue bonds payable	145,000
Contract for deed payable	50,000

**Total current liabilities** **\$ 478,155**

**Noncurrent liabilities**

General obligation bonds payable	\$ 2,414,816
Revenue bonds payable	3,095,520
Contract for deed payable	150,000

**Total noncurrent liabilities** **\$ 5,660,336**

**Total Liabilities** **\$ 6,138,491**

**Net Position**

Net investment in capital assets	\$ 374,395
Unrestricted	677,371

**Total Net Position** **\$ 1,051,766**

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT C-2*

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
HOUSING AND REDEVELOPMENT AUTHORITY COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Operating Expenses</b>	
Personal services	\$ 17,566
Professional services	67,746
Insurance	2,700
Miscellaneous	13,798
	<hr/>
<b>Total Operating Expenses</b>	<b>\$ 101,810</b>
	<hr/>
<b>Operating Income (Loss)</b>	<b>\$ (101,810)</b>
	<hr/>
<b>Nonoperating Revenues (Expenses)</b>	
Property taxes	\$ 296,198
Intergovernmental expense - economic development	(30,000)
Miscellaneous income	147,120
Interest income	2,443
Repairs and maintenance	(1,897)
Interest expense	(220,917)
Bond issuance costs	(64,883)
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 128,064</b>
	<hr/>
<b>Change in net position</b>	<b>\$ 26,254</b>
	<hr/>
<b>Net Position - January 1</b>	<b>1,025,512</b>
	<hr/>
<b>Net Position - December 31</b>	<b>\$ 1,051,766</b>
	<hr/> <hr/>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT C-3*

**STATEMENT OF CASH FLOWS  
HOUSING AND REDEVELOPMENT AUTHORITY COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 2013  
Increase (Decrease) in Cash and Cash Equivalents**

<b>Cash Flows from Operating Activities</b>	
Payments to suppliers	\$ (84,244)
Payments to employees	(17,917)
Purchase of land held for resale	<u>(48,370)</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ (150,531)</u></b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Property taxes	\$ 295,291
Intergovernmental expense	(30,000)
Repairs and maintenance	(1,897)
Interest and fee received on lease	<u>147,120</u>
<b>Net cash provided by (used in) noncapital financing activities</b>	<b><u>\$ 410,514</u></b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
<b>Activities</b>	
Bonds issued	\$ 2,405,000
Bond issuance costs paid	(64,883)
Premium (discount)	10,068
Principal paid on long-term debt	(135,000)
Interest paid on long-term debt	(147,020)
Purchases of capital assets	<u>(982,825)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<b><u>\$ 1,085,340</u></b>
<b>Cash Flows from Investing Activities</b>	
Collections of loan principal	\$ 3,848
Interest received on loans	2,481
Loan granted	<u>(10,000)</u>
<b>Net cash provided by (used in) investing activities</b>	<b><u>\$ (3,671)</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 1,341,652</b>
<b>Cash and Cash Equivalents at January 1</b>	<b><u>164,466</u></b>
<b>Cash and Cash Equivalents at December 31</b>	<b><u><u>\$ 1,506,118</u></u></b>
<b>Cash and Cash Equivalents - Exhibit 1</b>	<b><u><u>\$ 1,506,118</u></u></b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT C-3  
(Continued)**

**STATEMENT OF CASH FLOWS  
HOUSING AND REDEVELOPMENT AUTHORITY COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 2013  
Increase (Decrease) in Cash and Cash Equivalents**

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

<b>Operating income (loss)</b>	<b>\$ (101,810)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>	
(Increase) decrease in Land held for resale	\$ (148,370)
Increase (decrease) in Salaries payable	(351)
Increase (decrease) in Due to primary government	150,000
Increase (decrease) in Contract for deed payable	(50,000)
<b>Total adjustments</b>	<b>\$ (48,721)</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (150,531)</b>

## **OTHER SCHEDULES**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT D-1*

**SCHEDULE OF DEPOSITS AND INVESTMENTS  
DECEMBER 31, 2013**

	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Fair Value</u>
<b>Pooled Deposits and Investments</b>			
<b>Certificates of deposit</b>			
Bremer Bank	0.25	November 26, 2014	\$ 90,000
Glenwood State Bank	0.80	September 30, 2014	500,000
Glenwood State Bank	1.75	December 5, 2016	25,000
Glenwood State Bank	0.55	September 30, 2014	1,000,000
Glenwood State Bank	0.75	July 11, 2015	24,000
Hometown Community Bank	0.30	April 30, 2014	200,000
Hometown Community Bank	0.50	July 17, 2014	100,000
Hometown Community Bank	0.30	June 25, 2014	300,000
Lowry State Bank	0.60	April 18, 2014	200,000
Lowry State Bank	0.60	July 1, 2014	150,000
<b>Total certificates of deposit</b>			<b>\$ 2,589,000</b>
<b>Checking accounts</b>			
Eagle Bank	0.05	Continuous	\$ 35,092
Glenwood State Bank	0.15	Continuous	37,430
<b>Total checking accounts</b>			<b>\$ 72,522</b>
<b>Savings accounts</b>			
Eagle Bank	0.15	Continuous	\$ 26,731
Eagle Bank	0.10	Continuous	3,495
Glenwood State Bank	0.35	Continuous	7,192,277
<b>Total savings accounts</b>			<b>\$ 7,222,503</b>
<b>Total Deposits and Investments</b>			<b>\$ 9,884,025</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**BALANCE SHEET - BY DITCH  
DITCH SPECIAL REVENUE FUND  
DECEMBER 31, 2013**

	Assets			
	Cash and	Special Assessments Receivable		Total
	Investments	Current	Noncurrent	
<b>County Ditches</b>				
2	\$ 231	\$ -	\$ -	\$ 231
3	518	-	-	518
4	972	-	-	972
6	469	-	-	469
7	5,088	-	-	5,088
8	7,044	-	-	7,044
9	585	-	-	585
10	1,148	-	-	1,148
12	455	-	-	455
15	6,825	-	-	6,825
17	5,165	-	-	5,165
19	83	-	-	83
24	407	-	-	407
27	311	-	-	311
28	2,320	-	-	2,320
Prop CD 29	-	-	4,866	4,866
General	311	-	-	311
<b>Judicial Ditches</b>				
3 Pope and Douglas	9,367	299	-	9,666
4 Pope and Douglas	11,762	5	-	11,767
4 Pope and Swift	3,629	-	-	3,629
9 Pope and Swift	57	-	-	57
<b>Total</b>	<u>\$ 56,747</u>	<u>\$ 304</u>	<u>\$ 4,866</u>	<u>\$ 61,917</u>



**EXHIBIT D-2**

	<b>Liabilities</b>			<b>Deferred Inflows of Resources</b>	<b>Fund Balances</b>	<b>Total</b>
<b>Due to Other Funds</b>	<b>Advances from Other Funds</b>	<b>Total</b>		<b>Unavailable Revenue</b>	<b>(Unassigned)/ Restricted</b>	<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>
\$ 1,146	\$ 1,000	\$ 2,146	\$ -	\$ (1,915)	\$ 231	
-	-	-	-	518	518	
126	-	126	-	846	972	
-	-	-	-	469	469	
56	-	56	-	5,032	5,088	
84	-	84	-	6,960	7,044	
-	-	-	-	585	585	
153	-	153	-	995	1,148	
-	-	-	-	455	455	
37	-	37	-	6,788	6,825	
226	-	226	-	4,939	5,165	
-	-	-	-	83	83	
-	-	-	-	407	407	
-	-	-	-	311	311	
-	-	-	-	2,320	2,320	
-	4,866	4,866	4,866	(4,866)	4,866	
3,297	8,000	11,297	-	(10,986)	311	
368	-	368	299	8,999	9,666	
114	-	114	5	11,648	11,767	
-	2,600	2,600	-	1,029	3,629	
62	-	62	-	(5)	57	
<u>\$ 5,669</u>	<u>\$ 16,466</u>	<u>\$ 22,135</u>	<u>\$ 5,170</u>	<u>\$ 34,612</u>	<u>\$ 61,917</u>	

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT D-3**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Shared Revenue**

**State**

Highway users tax	\$	3,755,658
Market value credit		127,697
PERA rate reimbursement		17,671
Disparity reduction aid		22,508
County program aid		392,646
Police aid		50,669
		50,669

**Total shared revenue** **\$ 4,366,849**

**Reimbursement for Services**

**State**

Minnesota Department of Human Services	\$	<b>189,793</b>
		<b>189,793</b>

**Payments**

**Local**

Local contributions	\$	497,956
Payments in lieu of taxes		88,162
		88,162

**Total payments** **\$ 586,118**

**Grants**

**State**

Minnesota Department/Board of		
Corrections	\$	25,702
Public Safety		89,389
Transportation		63,116
Health		108,963
Natural Resources		1,748
Human Services		386,950
Trial Courts		2,967
Historical Society		91,593
Veterans Affairs		3,021
Water and Soil Resources		73,999
Pollution Control Agency		55,950
		55,950

**Total state** **\$ 903,398**

**Federal**

Department of		
Agriculture	\$	151,729
Health and Human Services		908,168
Homeland Security		66,981
		66,981

**Total federal** **\$ 1,126,878**

**Total state and federal grants** **\$ 2,030,276**

**Total Intergovernmental Revenue** **\$ 7,173,036**

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT D-4**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>		
Passed Through Horizon Community Health Board Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 52,554
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	99,175
<b>Total U.S. Department of Agriculture</b>		<b>\$ 151,729</b>
<b>U.S. Department of Health and Human Services</b>		
Passed Through Land of the Dancing Sky Area Agency on Aging/West Central Office Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	\$ 16,450
Passed Through Minnesota Department of Human Services Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	149,206
Promoting Safe and Stable Families	93.556	6,736
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$90,517)	93.558	73,811
Child Support Enforcement	93.563	149,762
Refugee and Entrant Assistance - State Administered Programs	93.566	233
Child Care and Development Block Grant	93.575	2,431
Community-Based Child Abuse Prevention Grants	93.590	3,757
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2,552
Foster Care - Title IV-E	93.658	43,831
Social Services Block Grant	93.667	93,910
Chafee Foster Care Independence Program	93.674	3,145
Children's Health Insurance Program	93.767	49
Medical Assistance Program (Total Medical Assistance Program 93.778 \$362,405)	93.778	351,156
Passed Through Horizon Community Health Board Public Health Emergency Preparedness	93.069	40,615
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$90,517)	93.558	16,706
Medical Assistance Program (Total Medical Assistance Program 93.778 \$362,405)	93.778	11,249
Maternal and Child Health Services Block Grant to the States	93.994	13,838
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 979,437</b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT D-4  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Homeland Security</b>		
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	\$ 27,728
Passed Through Minnesota Department of Public Safety Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	23,021
Emergency Management Performance Grants	97.042	<u>17,490</u>
<b>Total U.S. Department of Homeland Security</b>		<b>\$ <u>68,239</u></b>
<b>Total Federal Awards</b>		<b>\$ <u><u>1,199,405</u></u></b>

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Pope County under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Pope County, it is not intended to and does not present the financial position or changes in net position of Pope County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

**POPE COUNTY  
GLENWOOD, MINNESOTA**

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4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 1,126,878
Expenditures occurred in 2013 and revenue recognized in 2014	
Child Care and Development Block Grant	243
Temporary Assistance for Needy Families	9,902
Foster Care - Title IV-E	3,273
Medical Assistance Program	64,310
Maternal and Child Health Services Block Grant to the States	3,380
Emergency Management Performance Grants	17,490
Expenditures occurred prior to 2013 but reimbursed in 2013	
Public Health Emergency Preparedness	(6,217)
Immunization Cooperative Agreements	(900)
Child Care and Development Block Grant	(342)
Foster Care - Title IV-E	(1,953)
Emergency Contingency Fund for TANF State Program - ARRA	(427)
Emergency Management Performance Grants	(16,232)
	<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 1,199,405</u>

5. Subrecipients

The County did not pass any federal money to subrecipients during the year ended December 31, 2013.

**Other Information  
Section**

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**POPE COUNTY  
GLENWOOD, MINNESOTA**

*EXHIBIT E-1*

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

	2012		2013		2014	
	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate %	Amount	Net Tax Capacity Rate %
<b>Tax Capacity</b>						
Real property	\$ 15,486,641		\$ 16,155,512		\$ 18,127,391	
Personal property	334,153		383,217		421,809	
<b>Total Tax Capacity</b>	<b><u>\$ 15,820,794</u></b>		<b><u>\$ 16,538,729</u></b>		<b><u>\$ 18,549,200</u></b>	
<b>Taxes Levied for County Purposes</b>						
General	\$ 5,075,063	30.972	\$ 5,323,059	30.893	\$ 5,795,052	30.067
Road and Bridge	812,424	4.946	756,372	4.375	727,416	3.764
Human Services	1,826,154	11.118	2,004,089	11.592	1,817,781	9.400
Capital Improvement Notes	-	-	-	-	53,033	0.289
LEC Bonds	298,400	1.817	304,400	1.852	304,500	1.655
Capital Equip Notes	-	-	150,000	0.913	249,000	1.354
<b>Total Levy for County Purposes</b>	<b><u>\$ 8,012,041</u></b>	<b><u>48.853</u></b>	<b><u>\$ 8,537,920</u></b>	<b><u>49.625</u></b>	<b><u>\$ 8,946,782</u></b>	<b><u>46.529</u></b>
<b>Less Credits Payable by State</b>	<b><u>327,095</u></b>		<b><u>392,646</u></b>		<b><u>395,059</u></b>	
<b>Net Levy Certified to State</b>	<b><u>\$ 7,684,946</u></b>		<b><u>\$ 8,145,274</u></b>		<b><u>\$ 8,551,723</u></b>	
<b>Less Market Value Credits Payable by State</b>	<b><u>129,244</u></b>		<b><u>127,716</u></b>		<b><u>130,447</u></b>	
<b>Net Levy for County Purposes</b>	<b><u>\$ 7,555,702</u></b>		<b><u>\$ 8,017,558</u></b>		<b><u>\$ 8,421,276</u></b>	
<b>Tax Capacity - Light and Power</b>						
Assessed at 43%	\$ 54,400		\$ 58,306		\$ 58,352	
Assessed at 5%	2,256		2,634		6,303	
<b>Total Tax Capacity - Light and Power</b>	<b><u>\$ 56,656</u></b>		<b><u>\$ 60,940</u></b>		<b><u>\$ 64,655</u></b>	

**POPE COUNTY  
GLENWOOD, MINNESOTA**

**EXHIBIT E-1  
(Continued)**

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

	2012		2013		2014	
	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate %	Amount	Net Tax Capacity Rate %
<b>Light and Power Tax Levies (distributed in accordance with Minn. Stat. § 273.42, as amended)</b>						
Assessed at 43%	\$ 48,795	89.694	\$ 52,731	90.439	\$ 53,552	82.828
Assessed at 5%	2,024	89.694	2,382	90.439	-	82.828
Market value based on property tax	4,390	0.1550	4,698	0.1542	5,338	0.1576
State tax	28,951	51.100	32,007	52.523	64,655	52.160
<b>Total Light and Power Tax Levies</b>	<b>\$ 84,160</b>		<b>\$ 91,818</b>		<b>\$ 123,545</b>	
<b>Special Assessments</b>						
Ditch liens and assessments	<b>\$ 676,512</b>		<b>\$ 651,623</b>		<b>\$ 762,491</b>	
<b>Percentage of Tax Collections for All Purposes</b>	<b>98%</b>		<b>99%</b>		<b>N/A</b>	



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**POPE COUNTY  
GLENWOOD, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

**Financial Statements**

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **Yes**

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

**Federal Awards**

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: **Unmodified for all major programs except for Substance Abuse and Mental Health Services - Projects of Regional and National Significance (CFDA No. 93.243) which is qualified.**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? **Yes**

The major programs are:

Substance Abuse and Mental Health Services - Projects of Regional and National Significance	CFDA #93.243
Medical Assistance Program	CFDA #93.778

The threshold for distinguishing between Types A and B programs was \$300,000.

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

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

### INTERNAL CONTROL

#### PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding 1996-001

#### Departmental Internal Accounting Control

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

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

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

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

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

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

Client's Response:

*Pope County is aware of the internal accounting control problems arising due to limited office personnel. The Auditor/Treasurer's Office attempts to segregate duties within the confines of limited office personnel to address internal accounting control.*

*Offices that collect fees have been directed and are depositing more frequently, weekly or daily, to reduce the amount of funds on hand, and department heads are taking a more active role in accounting functions of their individual departments as suggested. Reports are sent to management on a monthly basis for individual department review.*

ITEM ARISING THIS YEAR

Finding 2013-001

Audit Adjustment

**Criteria:** 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 of the financial statements on a timely basis. Clarified Auditing Standards AU-C Section 265 defines a material weakness as a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

**Condition:** During our audit, we identified a material adjustment in the Human Services Special Revenue Fund, a major fund, that resulted in significant changes to the County's financial statements.

**Context:** The inability to make all necessary accrual adjustments or to detect significant misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented.

**Effect:** The following audit adjustment to the Human Services Special Revenue Fund was reviewed and approved by the appropriate County staff and is reflected in the financial statements: Due from other governments was increased by \$166,365 with related increases in state and federal intergovernmental revenues of \$73,807, and deferred inflows of resources, unavailable revenue of \$92,558. The accruals had not been included in the general ledger.

**Cause:** A processing step was missed while Human Services staff entered and coded these receipts into the County's general ledger system resulting in the accruals being missed.

**Recommendation:** We recommend County staff review financial statement closing procedures to ensure that all significant adjustments have been made to fairly state the County's financial statements in accordance with generally accepted accounting principles.

Client's Response:

*The Human Services Fiscal Officer had tried a new/different process and had coded (flagged) the identified error with an accrual report code but failed to go back in and update it with the accrual code itself and was unaware that the Auditor's Office staff working on financial statements had closed out the year. Going forward, the Fiscal Officer will not use the "flagged to report" accrual code again, but will use the accrual code itself from the beginning (which has been the normal practice of the Fiscal Officer). The Human Services Fiscal Officer recommends a checklist or notice from the Auditor's Office as a double check prior to completing the financial statements. The Human Services Fiscal Officer was unaware that Human Services should be reporting the deferred revenue (revenue received after the February 28, 2014, County cutoff) for 2013 in a journal entry as deferred revenue and will do so going forward.*

PREVIOUSLY REPORTED ITEM RESOLVED

**Human Services Disbursements Approval (2011-002)**

During our previous audit, we found there was no documentation to indicate that Social Service Information System (SSIS) disbursements in the Human Services Department were being reviewed and approved by a supervisor or the Director.

**Resolution**

During the current year audit, we noted no instances where SSIS disbursements in the Human Services Department were not reviewed by a supervisor or the Director.

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

ITEM ARISING THIS YEAR

Finding 2013-002

Cash Management

**Programs:** U.S. Department of Health and Human Services' Substance Abuse and Mental Health Services - Projects of Regional and National Significance (CFDA No. 93.243)

**Pass-Through Agency:** Minnesota Department of Human Services



**Criteria:** The Substance Abuse and Mental Health Services - Projects of Regional and National Significance program awards funding on a reimbursement basis. The 2013 OMB Circular A-133 Compliance Supplement Part 3 C., Cash Management, states that, when entities are funded on a reimbursement basis, the costs for which reimbursement was requested should be paid prior to the date of the reimbursement request.

**Condition:** The County requested reimbursement from the pass-through agency for federal program expenditures before some of the costs for which reimbursement was requested were paid. The total amount of costs requested for reimbursement prior to payment totaled \$35,906.

**Questioned Costs:** None.

**Context:** Program expenditures are tracked by the Public Health Office Manager by compiling all the invoices, receipts, and other supporting documentation. The costs are then entered into a separate electronic spreadsheet which is used for preparing the reimbursement requests.

**Effect:** Noncompliance with federal cash management requirements for a reimbursement grant program. Failure or lack of internal control designed to ensure compliance with federal cash management procedures.

**Cause:** The program expenditures are tracked by the Public Health Department internally via invoices, receipts, internal spreadsheet calculations and other supporting documentation rather than using the County's general ledger to verify that costs were paid.

**Recommendation:** We recommend the County develop internal control procedures to ensure compliance with federal cash management requirements related to this program and request reimbursement only for those costs that have been incurred and paid prior to requesting reimbursement claims from the Minnesota Department of Human Services.

Corrective Action Plan:

Name of Contact Person Responsible for Correction Action:

*Sharon Braaten, Pope County Public Health Director*

Corrective Action Planned:

*Receipts and invoices will be maintained as documentation of expenses and will be utilized to generate payment to applicable program vendors, via Pope County's established processes and procedures. Pope County Public Health will utilize the monthly Pope County Account Activity Report (Integrated Financial Systems) to determine and document expenses that have been paid. Program expenses will not be invoiced to the Federal Grant program until they are documented as paid via the Pope County Account Activity Report.*

Anticipated Completion Date:

*The corrective action plan will be implemented for all expenses incurred on or after July 1, 2014.*

PREVIOUSLY REPORTED ITEM RESOLVED

**Separate Account Coding in General Ledger for Federal Programs (CFDA No. 93.243) (2012-001)**

During our previous audit, we noted that all public health expenditures were coded to the same program account code in the general ledger system and as a result we could not determine whether the reports for the Substance Abuse and Mental Health Services - Projects of Regional and National Significance program were complete and accurate and included all applicable accounts.

**Resolution**

During the current year, costs specific to the federal program were separately identified and coded in the general ledger system, including sub-ledgers. This allowed the reports to be tested for the reporting compliance requirements.



REBECCA OTTO  
STATE AUDITOR

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

### Independent Auditor's Report

Board of County Commissioners  
Pope County

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 26, 2014.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and an item that we consider to be a significant deficiency.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 1996-001 to be a significant deficiency.

### **Compliance and Other Matters**

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

### **Minnesota Legal Compliance**

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested in connection with the audit of the County's financial statements: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because the County has no tax increment financing districts.

In connection with our audit, nothing came to our attention that caused us to believe that Pope County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions.

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

Pope County's responses to the internal control findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of This Report**

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

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 26, 2014

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REBECCA OTTO  
STATE AUDITOR

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

### Independent Auditor's Report

Board of County Commissioners  
Pope County

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

We have audited Pope County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2013. Pope County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

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

Our responsibility is to express an opinion on compliance for each of Pope County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pope County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Basis for Qualified Opinion on Substance Abuse and Mental Health Services - Projects of Regional and National Significance (CFDA No. 93.243)***

As described in the accompanying Schedule of Findings and Questioned Costs, Pope County did not comply with requirements regarding CFDA No. 93.243 Substance Abuse and Mental Health Services - Projects of Regional and National Significance as described in finding number 2013-002 for Cash Management. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

***Qualified Opinion on Substance Abuse and Mental Health Services - Projects of Regional and National Significance (CFDA No. 93.243)***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Pope County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Substance Abuse and Mental Health Services - Projects of Regional and National Significance program (CFDA No. 93.243) for the year ended December 31, 2013.

***Unmodified Opinion on the Other Major Federal Program***

In our opinion, Pope County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2013.

Pope County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs as a Corrective Action Plan. Pope County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of Pope County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.



Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002 to be a material weakness.

Pope County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs as a Corrective Action Plan. Pope County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 26, 2014