

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

POPE COUNTY

**(Including the Pope County Housing and Redevelopment
Authority/Economic Development Authority)**

GLENWOOD, MINNESOTA

YEAR ENDED DECEMBER 31, 2015

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 150 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 700 public pension funds; and

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

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

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

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POPE COUNTY
(Including the Pope County Housing and Redevelopment
Authority/Economic Development Authority)
GLENWOOD, MINNESOTA

Year Ended December 31, 2015



Audit Practice Division
Office of the State Auditor
State of Minnesota

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**POPE COUNTY
GLENWOOD, MINNESOTA**

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GLENWOOD, MINNESOTA**

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**POPE COUNTY
GLENWOOD, MINNESOTA**

**ORGANIZATION
2015**

Office	Name	Term	
		From	To
Commissioners			
1st District	Larry Kittelson*	January 2015	January 2019
2nd District	Gordy Wagner**	January 2013	January 2017
3rd District	Paul Gerde	January 2013	January 2017
4th District	Larry Lindor	January 2015	January 2019
5th District	Cody Rogahn	January 2015	January 2019
Officers			
Elected			
Attorney	Neil Nelson	January 2015	January 2019
Auditor/Treasurer	Donna Quandt	January 2015	January 2019
County Recorder	Barb Tamte	January 2015	January 2019
Sheriff	Tim Riley	January 2015	January 2019
Appointed			
Assessor	Michael Wacker	March 2013	December 2017
Coroner	Duane E. Westberg, M.D.		Indefinite
Highway Engineer	Brian Giese	May 2014	April 2018
Veterans Service Officer	Hugh Reimers		Indefinite
Coordinator	Bradley Alberts		Indefinite
Surveyor	Rodney Eldevik		Indefinite
Human Services			
Director	Nicole Names		Indefinite
Manager	Phyllis Reller		Indefinite
Manager	Paula Hoverud		Indefinite
Board			
Member	Larry Kittelson	January 2015	January 2019
Member	Gordy Wagner	January 2013	January 2017
Member	Paul Gerde	January 2013	January 2017
Member	Larry Lindor	January 2015	January 2019
Member	Cody Rogahn	January 2015	January 2019

*Chair

**Vice Chair

**POPE COUNTY
HOUSING AND REDEVELOPMENT AUTHORITY/
ECONOMIC DEVELOPMENT AUTHORITY
GLENWOOD, MINNESOTA**

ORGANIZATION
2015

Office	Name	Term	
		From	To
Commissioners			
Member	Larry Kittelson	January 2015	December 2018
Member	Cody Rogahn*	January 2015	December 2018
Member	Dorothy Gaffaney	January 2012	December 2016
Member	Greg Vold	June 2015	December 2018
Member	Luan Johnsrud	January 2011	December 2015
Member	Lori Vaadeland	January 2012	December 2016
Member	Allan Rutter	January 2011	December 2015
Officers			
Executive Director	Jason Murray	October 2015	December 2016
Executive Director**	Dick Dreher	November 2011	September 2015

*Chair

**Resigned in September 2015

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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

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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Pope County
Glenwood, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County as of December 31, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1.E. to the financial statements, in 2015 the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 82, *Pension Issues*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary 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 reports dated September 9, 2016, on our consideration of Pope County's and the Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA) component unit's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports 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. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pope County's and the Pope County HRA/EDA component unit's internal control over financial reporting and compliance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pope County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SEFA 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 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

September 9, 2016

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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**POPE COUNTY
GLENWOOD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015
(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, 2015. 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 \$59,212,712, of which Pope County has invested \$51,996,926 in capital assets, net of related debt, and \$2,006,022 is restricted to specific purposes/uses by the County.
- The net cost of Pope County's governmental activities for the year ended December 31, 2015, was \$5,844,952; the net cost was funded by general revenues and other items totaling \$9,568,944.
- Pope County's net position increased by \$3,723,992 for the year ended December 31, 2015, after the restatement for Governmental Accounting Standards Board (GASB) Statements 68, 71 and 82. Additional information about the restatement can be found in Note 1.E. in the notes to the financial statements. The net position of the County's discretely presented component unit decreased by \$24,505.
- The fund balances of all Pope County's funds increased by \$1,197,505.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Management's Discussion and Analysis

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

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

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

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

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

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

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

Fund Financial Statements

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

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

Reporting the County’s Fiduciary Responsibilities

Pope County is the trustee, or fiduciary, over assets, which can only be used for the 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	
	2015	2014
Assets		
Current and other assets	\$ 14,904,876	\$ 13,690,990
Capital assets, net of accumulated depreciation	55,797,799	54,031,691
Total Assets	\$ 70,702,675	\$ 67,722,681
Deferred Outflows of Resources		
Deferred pension outflows	\$ 761,831	\$ -
Liabilities		
Long-term liabilities	\$ 10,506,322	\$ 6,118,844
Other liabilities	827,208	1,067,300
Total Liabilities	\$ 11,333,530	\$ 7,186,144
Deferred Inflows of Resources		
Deferred pension inflows	\$ 918,264	\$ -
Net Position		
Net investment in capital assets	\$ 51,996,926	\$ 50,116,814
Restricted	2,006,022	2,087,131
Unrestricted	5,209,764	8,332,592
Total Net Position as reported	\$ 59,212,712	\$ 60,536,537
Change in accounting principle*		(5,047,817)
Total Net Position, as restated		\$ 55,488,720

*This is the first year the County implemented the new pension accounting and financial reporting standards, GASB Statements 68, 71, and 82. The County had to make a prior year change in accounting principles to record the County's net pension liability and related deferred outflows of resources.

Pope County's total net position for the year ended December 31, 2015, totals \$59,212,712. The governmental activities' unrestricted net position totals \$5,209,764. Unrestricted net position is the part of net position that can be used to meet Pope County's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements.

**Table 2
Changes in Net Position**

	Governmental Activities	
	2015	2014
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 1,526,296	\$ 2,067,646
Operating grants and contributions	6,052,606	6,502,519
Capital grants and contributions	1,471,077	17,650
General revenues		
Property taxes	8,697,369	8,451,641
Other taxes	258,847	274,328
Grants and contributions not restricted to specific programs	497,324	564,142
Other general revenues	115,404	126,982
Total Revenues	\$ 18,618,923	\$ 18,004,908
Expenses		
General government	\$ 3,672,411	\$ 3,744,430
Public safety	2,173,059	2,023,166
Highways and streets	3,538,088	3,449,550
Sanitation	400,906	393,674
Human services	3,930,579	3,543,962
Health	405,881	1,397,548
Culture and recreation	189,332	268,400
Conservation of natural resources	417,716	445,973
Economic development	16,634	19,000
Interest	150,325	156,968
Total Expenses	\$ 14,894,931	\$ 15,442,671
Increase in Net Position	\$ 3,723,992	\$ 2,562,237
Net Position - January 1, as restated (Note 1.E.)	55,488,720	57,974,300
Net Position - December 31	<u>\$ 59,212,712</u>	<u>\$ 60,536,537</u>

Governmental Activities

Revenues for Pope County’s governmental activities for the year ended December 31, 2015, were \$18,618,923. The County’s cost for all governmental activities for the year ended December 31, 2015, was \$14,894,931. The net position for the County’s governmental activities increased by \$3,723,992 in 2015.

As shown in the Statement of Activities, the amount that Pope County taxpayers ultimately financed for these governmental activities through local property taxation was \$8,697,369 because \$1,526,296 of the costs were paid by those who directly benefited from the programs, and \$8,021,007 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 \$374,251 from other revenues, such as investment income, mortgage registry tax, wheelage tax, and state deed tax.

**Figure 1
Total County Revenues
2015**

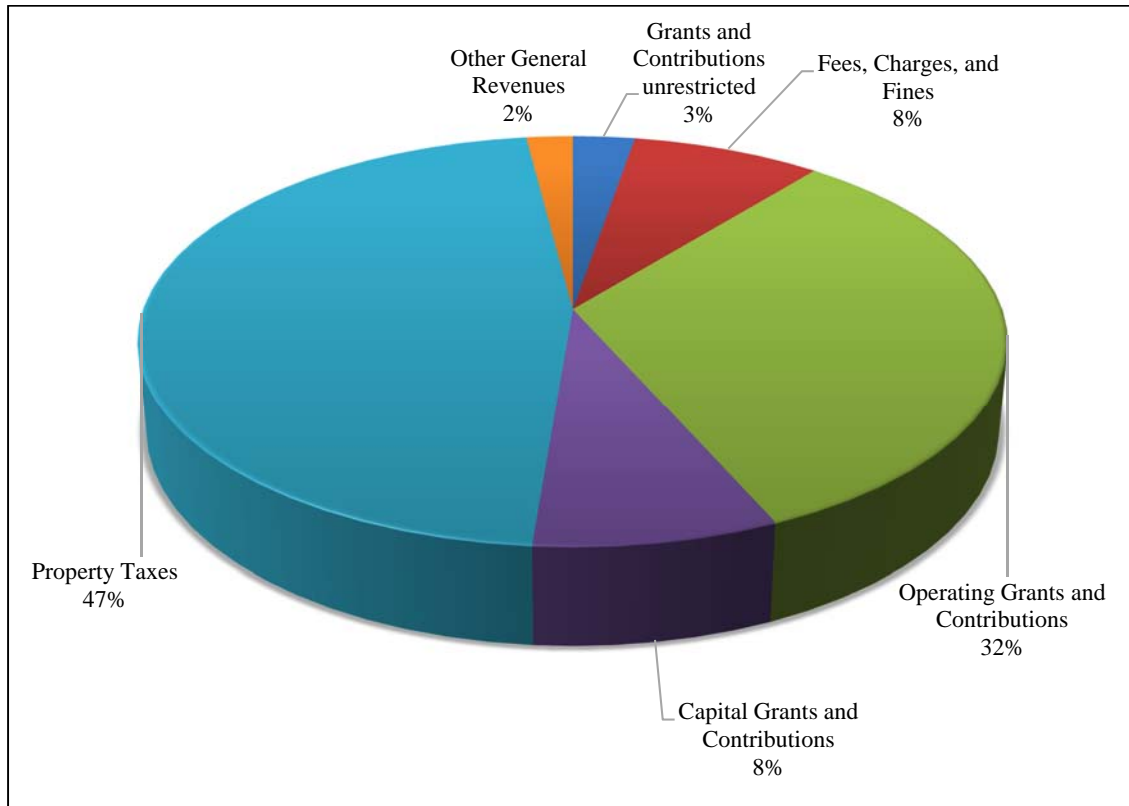
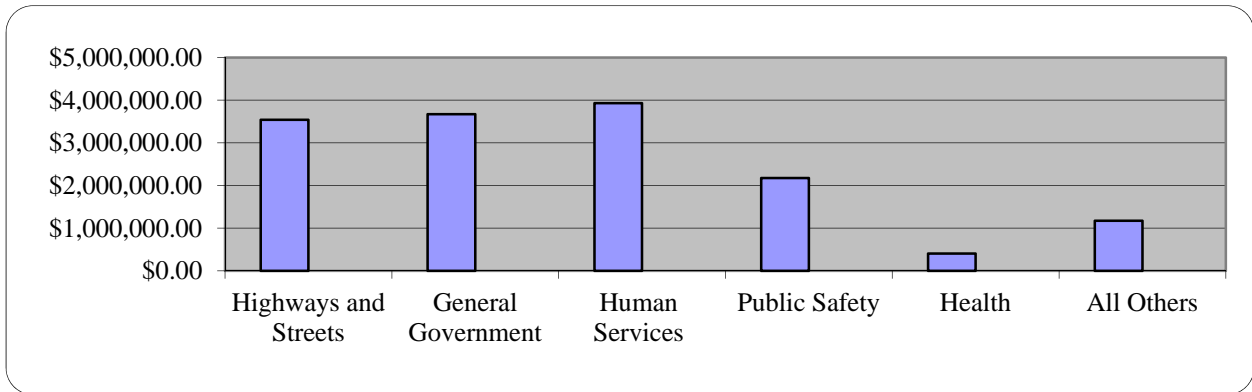


Table 3 presents the cost of each of Pope County’s four largest program functions, as well as each function’s net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden placed on Pope County’s taxpayers by each of these functions.

**Table 3
Governmental Activities**

	Total Cost of Services 2015	Net Cost of Services 2015
Program Expenses		
General government	\$ 3,672,411	\$ 3,115,264
Public safety	2,173,059	1,898,991
Highways and streets	3,538,088	(1,678,025)
Human services	3,930,579	1,800,618
All others	1,580,794	708,104
Total Program Expenses	\$ 14,894,931	\$ 5,844,952

**Figure 2
Governmental Activities Expenses
2015**



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 \$11,830,502.

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 2015, the County Board of Commissioners made no changes to the budget as originally adopted on December 16, 2014. 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 \$789,361. However, actual expenditures were \$429,683 less than expected in the year 2015.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, Pope County had \$55,797,799 invested in a broad range of capital assets, net of depreciation. Pope County’s net capital assets increased by \$1,766,108, or 3.27 percent, in 2015. This investment in capital assets includes land, buildings, infrastructure, equipment, and construction in progress (see Table 4). Additional information on capital assets can be found in Note 3.A.3. to the financial statements.

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

	2015	2014
Land	\$ 2,141,557	\$ 2,104,449
Buildings	5,395,572	5,714,021
Office furniture and equipment	614,859	823,409
Machinery and automotive equipment	944,142	844,890
Infrastructure	46,372,276	44,386,733
Construction in progress	329,393	158,189
Totals	<u>\$ 55,797,799</u>	<u>\$ 54,031,691</u>

Debt Administration

At December 31, 2015, Pope County had \$5,041,047 outstanding debt compared with \$5,526,801 as of December 31, 2014--a decrease of \$485,754, as shown in Table 5.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	
	2015	2014
Contract for Deed	\$ 6,200	\$ 7,266
2013A G.O. Capital Equipment and Improvement Bonds	1,380,000	1,655,000
Capital lease - Law Enforcement Center	2,970,000	3,120,000
Loans		
Septic System Replacement Program loan SRF0127	6,798	10,825
Septic System Replacement Program loan SRF0185	50,345	60,973
Septic System Replacement Program loan SRF0253	128,343	108,997
State of Minnesota Agricultural Best Management Loan Program	499,361	563,740
Totals	<u>\$ 5,041,047</u>	<u>\$ 5,526,801</u>

In 2016, Pope County obtained an “Aa3” rating from Moody’s Investor Services. Other long-term obligations include compensated absences, other postemployment benefits (OPEB), and pensions. Pope County’s notes to the financial statements provide detailed information about the County’s long-term liabilities; see Note 3.C. and Note 4.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2016 budget and tax rates.

- Pope County's unemployment rates for 2014 and 2015 were 3.6 percent and 3.3 percent, respectively, compared to the Minnesota unemployment rate for 2014 and 2015, which averaged 4.1 percent and 3.7 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 15, 2015, the Pope County Board of Commissioners approved the 2016 budget at \$17,871,695. The 2016 total levy is \$9,463,213, less County Program Aid of \$215,448, for a net levy of \$9,247,765. The Board approved a 3.99 percent increase in the levy for 2016.

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, or Kelly Detloff, Financial Accountant, 320-634-7706, 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, 2015**

	Primary Government Governmental Activities	Component Unit Housing and Redevelopment Authority/Economic Development Authority
<u>Assets</u>		
Cash and pooled investments	\$ 11,824,875	\$ 521,750
Petty cash and change funds	1,900	-
Departmental cash	10,767	-
Taxes receivable		
Delinquent	154,995	4,592
Special assessments receivable		
Delinquent	27,669	-
Noncurrent	621,375	-
Accounts receivable	88,908	1,175
Accrued interest receivable	2,216	-
Due from other governments	1,934,358	-
Due from component unit	50,000	-
Loans receivable	-	157,801
Lease receivable	-	2,970,000
Inventories	180,666	-
Prepaid items	7,147	-
Land held for resale	-	569,456
Capital assets		
Non-depreciable	2,470,950	396,410
Depreciable - net of accumulated depreciation	53,326,849	2,016,128
Total Assets	\$ 70,702,675	\$ 6,637,312
<u>Deferred Outflows of Resources</u>		
Deferred pension outflows	\$ 761,831	\$ -

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT 1
(Continued)**

**STATEMENT OF NET POSITION
DECEMBER 31, 2015**

	Primary Government Governmental Activities	Component Unit Housing and Redevelopment Authority/Economic Development Authority
<u>Liabilities</u>		
Accounts payable	\$ 242,233	\$ 1,548
Salaries payable	87,783	632
Contracts payable	156,442	-
Retainage payable	35,895	-
Due to other governments	104,721	112
Due to primary government	-	50,000
Accrued interest payable	61,223	80,647
Unearned revenue	138,911	-
Long-term liabilities		
Due within one year	560,882	250,000
Due in more than one year	4,921,491	5,172,594
Other postemployment benefits obligations	101,910	-
Net pension liability	4,922,039	-
	\$ 11,333,530	\$ 5,555,533
<u>Deferred Inflows of Resources</u>		
Deferred pension inflows	\$ 918,264	\$ -
<u>Net Position</u>		
Net investment in capital assets	\$ 51,996,926	\$ 181,131
Restricted for		
General government	190,470	-
Public safety	443,567	-
Highways and streets	21,857	-
Ditch construction and maintenance	28,857	-
Conservation of natural resources	715,170	-
Debt service	606,101	-
Unrestricted	5,209,764	900,648
	\$ 59,212,712	\$ 1,081,779

**POPE COUNTY
GLENWOOD, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Expenses	Fees, Charges, Fines, and Other
<u>Functions/Programs</u>		
Primary Government		
Governmental activities		
General government	\$ 3,672,411	\$ 540,933
Public safety	2,173,059	82,156
Highways and streets	3,538,088	75,757
Sanitation	400,906	305,353
Human services	3,930,579	422,977
Health	405,881	20
Culture and recreation	189,332	-
Conservation of natural resources	417,716	99,100
Economic development	16,634	-
Interest	150,325	-
	\$ 14,894,931	\$ 1,526,296
Total Primary Government	\$ 14,894,931	\$ 1,526,296
Component Unit		
Housing and Redevelopment Authority/Economic Development Authority	\$ 530,427	\$ -
General Revenues		
Property taxes		
Mortgage registry and deed tax		
Wheelage tax		
Other taxes		
Payments in lieu of tax		
Grants and contributions not restricted to specific programs		
Investment earnings		
Gain on sale of capital assets		
Miscellaneous		
Total general revenues		
Change in net position		
Net Position - Beginning, as restated (Note 1.E.)		
Net Position - Ending		

EXHIBIT 2

Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Housing and Redevelopment Authority/Economic Development Authority
\$ 16,214	\$ -	\$ (3,115,264)	
175,288	16,624	(1,898,991)	
3,685,903	1,454,453	1,678,025	
69,692	-	(25,861)	
1,706,984	-	(1,800,618)	
158,119	-	(247,742)	
-	-	(189,332)	
240,406	-	(78,210)	
-	-	(16,634)	
-	-	(150,325)	
\$ 6,052,606	\$ 1,471,077	\$ (5,844,952)	
\$ -	\$ -		\$ (530,427)
		\$ 8,697,369	\$ 268,408
		10,366	-
		125,468	-
		28,124	-
		94,889	-
		497,324	9,174
		47,533	1,748
		4,885	-
		62,986	226,592
		\$ 9,568,944	\$ 505,922
		\$ 3,723,992	\$ (24,505)
		55,488,720	1,106,284
		\$ 59,212,712	\$ 1,081,779

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

**POPE COUNTY
GLENWOOD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	General	Road and Bridge	Human Services
<u>Assets</u>			
Cash and pooled investments	\$ 5,861,539	\$ 2,150,985	\$ 2,607,418
Petty cash and change funds	1,900	-	-
Departmental cash	10,767	-	-
Taxes receivable			
Delinquent	98,284	14,534	31,614
Special assessments receivable			
Delinquent	11,367	-	-
Noncurrent	618,942	-	-
Accounts receivable	-	164	88,744
Accrued interest receivable	2,216	-	-
Due from other funds	15,030	771	-
Due from other governments	134,198	1,519,599	279,085
Due from component unit	50,000	-	-
Inventories	-	180,666	-
Prepaid items	-	-	7,147
Advances to other funds	20,433	-	-
	\$ 6,824,676	\$ 3,866,719	\$ 3,014,008
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 85,009	\$ 15,223	\$ 137,839
Salaries payable	44,630	16,088	27,017
Contracts payable	79,523	76,919	-
Retainage payable	7,915	27,980	-
Due to other funds	-	-	15,030
Due to other governments	17,681	3,178	70,228
Unearned revenue	110,488	-	28,423
Advances from other funds	-	-	-
	\$ 345,246	\$ 139,388	\$ 278,537
Deferred Inflows of Resources			
Unavailable revenue (Note 3.C.)	\$ 799,653	\$ 1,360,759	\$ 118,679
Fund Balances (Note 3.D.)			
Nonspendable	\$ 20,433	\$ 180,666	\$ 7,147
Restricted	707,902	15,475	-
Assigned	108,170	2,170,431	2,609,645
Unassigned	4,843,272	-	-
	\$ 5,679,777	\$ 2,366,572	\$ 2,616,792
	\$ 5,679,777	\$ 2,366,572	\$ 2,616,792
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,824,676	\$ 3,866,719	\$ 3,014,008

EXHIBIT 3

<u>Ditch</u>	<u>Solid Waste</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Fund</u>	<u>Total</u>
\$ 32,656	\$ 7,500	\$ 595,538	\$ 549,127	\$ 20,112	\$ 11,824,875
-	-	-	-	-	1,900
-	-	-	-	-	10,767
-	-	10,563	-	-	154,995
99	16,203	-	-	-	27,669
2,433	-	-	-	-	621,375
-	-	-	-	-	88,908
-	-	-	-	-	2,216
-	-	-	-	-	15,801
-	-	-	-	1,476	1,934,358
-	-	-	-	-	50,000
-	-	-	-	-	180,666
-	-	-	-	-	7,147
-	-	-	-	-	20,433
<u>\$ 35,188</u>	<u>\$ 23,703</u>	<u>\$ 606,101</u>	<u>\$ 549,127</u>	<u>\$ 21,588</u>	<u>\$ 14,941,110</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,162	\$ 242,233
-	-	-	-	48	87,783
-	-	-	-	-	156,442
-	-	-	-	-	35,895
771	-	-	-	-	15,801
6,134	7,500	-	-	-	104,721
-	-	-	-	-	138,911
20,433	-	-	-	-	20,433
<u>\$ 27,338</u>	<u>\$ 7,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,210</u>	<u>\$ 802,219</u>
<u>\$ 2,532</u>	<u>\$ 16,203</u>	<u>\$ 10,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,308,389</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 208,246
26,325	-	595,538	549,127	17,378	1,911,745
-	-	-	-	-	4,888,246
(21,007)	-	-	-	-	4,822,265
<u>\$ 5,318</u>	<u>\$ -</u>	<u>\$ 595,538</u>	<u>\$ 549,127</u>	<u>\$ 17,378</u>	<u>\$ 11,830,502</u>
<u>\$ 35,188</u>	<u>\$ 23,703</u>	<u>\$ 606,101</u>	<u>\$ 549,127</u>	<u>\$ 21,588</u>	<u>\$ 14,941,110</u>

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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, 2015**

Fund balance - total governmental funds (Exhibit 3)		\$ 11,830,502
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.		55,797,799
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.		761,831
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.		2,308,389
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	\$ (1,380,000)	
Discounts/premiums on bonds	7,637	
Contract for deed	(6,200)	
Loans payable	(684,847)	
Capital lease payable	(2,970,000)	
Compensated absences	(448,963)	
Other postemployment benefits obligation	(101,910)	
Net pension liability	<u>(4,922,039)</u>	(10,506,322)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds.		(61,223)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period, and, therefore, are not reported in the governmental funds.		<u>(918,264)</u>
Net Position of Governmental Activities (Exhibit 1)		<u>\$ 59,212,712</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
Revenues			
Taxes	\$ 5,652,703	\$ 944,727	\$ 1,665,019
Special assessments	128,069	-	-
Licenses and permits	65,946	-	-
Intergovernmental	1,008,268	4,683,749	1,930,358
Charges for services	365,763	51,338	369,369
Fines and forfeits	8,948	-	-
Gifts and contributions	3,973	-	-
Investment earnings	47,533	-	-
Miscellaneous	455,860	23,822	58,263
	<u>\$ 7,737,063</u>	<u>\$ 5,703,636</u>	<u>\$ 4,023,009</u>
Total Revenues			
Expenditures			
Current			
General government	\$ 3,282,480	\$ -	\$ -
Public safety	1,928,314	-	-
Highways and streets	-	4,900,927	-
Human services	-	-	4,016,520
Health	231,944	-	-
Culture and recreation	189,243	-	-
Conservation of natural resources	385,226	-	-
Economic development	16,586	-	-
Intergovernmental			
Highways and streets	-	415,507	-
Sanitation	69,692	-	-
Capital outlay	402,237	-	-
Debt service			
Principal	80,100	-	-
Interest	1,760	-	-
Administrative charges	-	-	-
	<u>\$ 6,587,582</u>	<u>\$ 5,316,434</u>	<u>\$ 4,016,520</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,149,481</u>	<u>\$ 387,202</u>	<u>\$ 6,489</u>

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>
\$ -	\$ -	\$ 611,617	\$ -	\$ -	\$ 8,874,066
20,144	331,214	-	-	-	479,427
-	-	-	-	-	65,946
-	-	21,186	-	3,651	7,647,212
-	-	-	-	20	786,490
-	-	-	-	22,100	31,048
-	-	-	-	-	3,973
-	-	-	-	-	47,533
-	-	-	-	-	537,945
\$ 20,144	\$ 331,214	\$ 632,803	\$ -	\$ 25,771	\$ 18,473,640
\$ -	\$ -	\$ -	\$ -	\$ 19,403	\$ 3,301,883
-	-	-	12,609	-	1,940,923
-	-	-	7,500	-	4,908,427
-	-	-	-	-	4,016,520
-	-	-	-	221,214	453,158
-	-	-	-	-	189,243
32,186	-	-	-	-	417,412
-	-	-	-	-	16,586
-	-	-	-	-	415,507
-	331,214	-	-	-	400,906
-	-	-	290,887	-	693,124
-	-	425,000	-	-	505,100
256	-	150,185	-	-	152,201
-	-	900	-	-	900
\$ 32,442	\$ 331,214	\$ 576,085	\$ 310,996	\$ 240,617	\$ 17,411,890
\$ (12,298)	\$ -	\$ 56,718	\$ (310,996)	\$ (214,846)	\$ 1,061,750

**POPE COUNTY
GLENWOOD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
Other Financing Sources (Uses)			
Transfers in	\$ 154,803	\$ -	\$ -
Transfers out	-	-	-
Loan issued	19,346	-	-
Sale of capital assets	4,885	-	-
Total Other Financing Sources (Uses)	\$ 179,034	\$ -	\$ -
Net Change in Fund Balances	\$ 1,328,515	\$ 387,202	\$ 6,489
Fund Balances - January 1	4,351,262	1,867,846	2,610,303
Increase (decrease) in inventories	-	111,524	-
Fund Balances - December 31	<u>\$ 5,679,777</u>	<u>\$ 2,366,572</u>	<u>\$ 2,616,792</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,803
-	-	(344)	-	(154,459)	(154,803)
-	-	-	-	-	19,346
-	-	-	-	-	4,885
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (344)</u>	<u>\$ -</u>	<u>\$ (154,459)</u>	<u>\$ 24,231</u>
\$ (12,298)	\$ -	\$ 56,374	\$ (310,996)	\$ (369,305)	\$ 1,085,981
17,616	-	539,164	860,123	386,683	10,632,997
-	-	-	-	-	111,524
<u>\$ 5,318</u>	<u>\$ -</u>	<u>\$ 595,538</u>	<u>\$ 549,127</u>	<u>\$ 17,378</u>	<u>\$ 11,830,502</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, 2015**

Net change in fund balances - total governmental funds (Exhibit 5) \$ 1,085,981

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

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

Unavailable revenue - December 31	\$ 2,308,389	
Unavailable revenue - January 1	(2,055,590)	252,799

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	\$ 3,852,352	
Net book value of assets disposed	(29,892)	
Current year depreciation	(2,056,352)	1,766,108

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

Proceeds of new debt		
Loans issued	\$ (19,346)	
Principal repayments	505,100	
Current year amortization of premiums/discounts	(898)	484,856

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	\$ 3,674	
Change in compensated absences	32,854	
Change in other postemployment benefits obligation	16,851	
Change in net pension liability, as restated	355,352	
Change in deferred outflows of resources, as restated	532,257	
Change in deferred inflows of resources	(918,264)	
Change in inventories	111,524	134,248

Change in Net Position of Governmental Activities (Exhibit 2) \$ 3,723,992

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

FIDUCIARY FUNDS

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**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015**

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and pooled investments	\$ <u><u>399,629</u></u>
<u>Liabilities</u>	
Accounts payable	\$ 4,971
Due to other governments	<u>394,658</u>
Total Liabilities	\$ <u><u>399,629</u></u>

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**POPE COUNTY
GLENWOOD, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

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

Discretely Presented Component Unit

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

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

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Joint Ventures and Jointly-Governed Organizations

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

B. Basic Financial Statements

1. Government-Wide Statements

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

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

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements (Continued)

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category--governmental and fiduciary--are presented. The emphasis of governmental fund financial statements is on major individual governmental funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

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

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

The 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.

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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

Additionally, the County reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, 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, 2015, 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 2015 were \$47,533.

2. Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a 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.

Special assessments receivable consist of delinquent special assessments payable in the years 2007 through 2015 and noncurrent special assessments payable in 2016 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

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

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

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

5. Unearned Revenue

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

6. Compensated Absences

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents 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. Currently, the County has one item, deferred pension outflows, that qualifies for reporting in this category. These outflows arise only under the full accrual basis of accounting and consist of pension plan contributions paid subsequent to the measurement date and also the differences between projected and actual earnings on pension plan investments and, accordingly, are reported only in the statement of net position.

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

7. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the County has two types of deferred inflows. The 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. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The County also has deferred pension inflows. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience and also pension plan changes in proportionate share and, accordingly, are reported only in the statement of net position.

8. Pension Plan

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

9. Long-Term Obligations

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

9. Long-Term Obligations (Continued)

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

10. Classification of Net Position

Net position in 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 through constitutional provisions or enabling legislation.
- Unrestricted net position - the amount of net position that does not meet the definition of restricted or net investment in capital assets.

11. Classification of Fund Balances

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

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

11. Classification of Fund Balances (Continued)

- Restricted - amounts in which constraints have been placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.
- Committed - amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. The action must be approved no later than the close of the reporting period and remains binding unless removed in the same manner.
- Assigned - amounts the County intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining positive amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Auditor/Treasurer or his/her designee, who has been delegated that authority by Board resolution.
- Unassigned - the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

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

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

12. Minimum Fund Balance

The County has adopted a minimum fund balance policy for the General Fund in order to meet the purpose of providing stability and flexibility to respond to unexpected adversity and/or opportunities. Therefore, the County Board has determined it needs to maintain a minimum level of unrestricted fund balance (committed, assigned, and unassigned) of 35 to 50 percent of operating revenues or no less than five months of operating expenditures, based on the previous year. The Fund Balance Policy was adopted by the County Board on December 27, 2011. At December 31, 2015, unrestricted fund balance for the General Fund was at the minimum fund balance levels.

13. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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.

E. Change in Accounting Principles

During the year ended December 31, 2015, the County adopted new accounting guidance by implementing the provisions of GASB Statements 68, 71, and 82. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, requires governments providing defined benefit pensions to employees through pension plans administered through trusts to record their proportionate share of the net pension obligation as a liability on their financial statements along with related deferred outflows of resources, deferred inflows of resources, and pension expense. This statement also requires additional note disclosures and schedules in the required supplementary information.

**POPE COUNTY
GLENWOOD, MINNESOTA**

1. Summary of Significant Accounting Policies

E. Change in Accounting Principles (Continued)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, addresses an issue regarding amounts associated with contributions made to a pension plan after the measurement date of the net pension liability.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statement No. 67, No. 68, and No. 73*, modifies the measure of payroll that is presented in the required supplementary information schedules.

GASB Statements 68 and 71 require Pope County to report its proportionate share of the PERA total employers' unfunded pension liability. As a result, beginning net position has been restated to record Pope County's net pension liability and related deferred outflows of resources.

	Governmental Activities
Net Position, January 1, 2015, as previously reported	\$ 60,536,537
Change in accounting principles	(5,047,817)
Net Position, January 1, 2015, as restated	\$ 55,488,720

2. Stewardship, Compliance, and Accountability

Deficit Fund Equity

The Ditch Special Revenue Fund has a positive fund balance of \$5,318 as of December 31, 2015, although 6 ditches had deficit balances. The deficits will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

14 ditches with positive fund balances	\$ 26,325
6 ditches with deficit fund balances	(21,007)
Net Fund Balance	\$ 5,318

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 11,824,875
Petty cash and change funds	1,900
Departmental cash	10,767
Discretely presented component unit	
Cash and pooled investments	521,750
Statement of fiduciary net position	
Cash and pooled investments	399,629
	399,629
Total Cash and Investments	\$ 12,758,921

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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the 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, 2015, Pope County's deposits were exposed to custodial credit risk, being insufficiently covered through collateral agreements with designated depositories.

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (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, 2015.

2. Receivables

The County had no receivables scheduled to be collected beyond one year, except for \$621,375 of noncurrent special assessments.

3. Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 2,104,449	\$ 37,108	\$ -	\$ 2,141,557
Construction in progress	158,189	176,234	(5,030)	329,393
Total capital assets not depreciated	<u>\$ 2,262,638</u>	<u>\$ 213,342</u>	<u>\$ (5,030)</u>	<u>\$ 2,470,950</u>
Capital assets depreciated				
Buildings	\$ 8,444,238	\$ -	\$ (6,924)	\$ 8,437,314
Office furniture and equipment	1,679,891	25,670	(89,592)	1,615,969
Machinery and automotive equipment	3,589,631	322,921	(109,833)	3,802,719
Infrastructure	63,127,892	3,295,449	-	66,423,341
Total capital assets depreciated	<u>\$ 76,841,652</u>	<u>\$ 3,644,040</u>	<u>\$ (206,349)</u>	<u>\$ 80,279,343</u>
Less: accumulated depreciation for				
Buildings	\$ (2,730,217)	\$ (314,350)	\$ 2,825	\$ (3,041,742)
Office furniture and equipment	(856,482)	(212,132)	67,504	(1,001,110)
Machinery and automotive equipment	(2,744,741)	(219,964)	106,128	(2,858,577)
Infrastructure	(18,741,159)	(1,309,906)	-	(20,051,065)
Total accumulated depreciation	<u>\$ (25,072,599)</u>	<u>\$ (2,056,352)</u>	<u>\$ 176,457</u>	<u>\$ (26,952,494)</u>
Total capital assets depreciated, net	<u>\$ 51,769,053</u>	<u>\$ 1,587,688</u>	<u>\$ (29,892)</u>	<u>\$ 53,326,849</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 54,031,691</u>	<u>\$ 1,801,030</u>	<u>\$ (34,922)</u>	<u>\$ 55,797,799</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

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

Governmental Activities	
General government	\$ 383,227
Public safety	191,739
Highways and streets, including depreciation of infrastructure assets	1,478,346
Human services	620
Conservation of natural resources	<u>2,420</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,056,352</u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2015, is as follows:

1. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount	Description
General	Human Services	\$ 15,030	To provide funding
Road and Bridge	Ditch	<u>771</u>	To provide services
Total Due From/To Other Funds		<u>\$ 15,801</u>	

2. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Ditch	<u>\$ 20,433</u>

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

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

3. Transfers

Interfund transfers for the year ended December 31, 2015, consisted of the following:

	Transfers In	Description
Transfer to General Fund from Debt Service Fund	\$ 344	Repayment
Transfer to General Fund from Health Services Fund	154,459	To close out Health Services Fund
Total Interfund Transfers	\$ 154,803	

C. Liabilities and Deferred Inflows of Resources

1. Unearned Revenues and Deferred Inflows of Resources

Unearned revenues and deferred inflows of resources consist of taxes and special assessments receivable, state grants not collected soon enough after year-end to pay liabilities of the current period, installment loans, and state and federal grants received but not yet earned. Unearned revenues and deferred inflows of resources at December 31, 2015, are summarized below by fund:

	Taxes and Special Assessments	Grants and Highway Allotments	Charges for Services	Miscellaneous	Total
Governmental funds					
General Fund	\$ 728,593	\$ 181,548	\$ -	\$ -	\$ 910,141
Special Revenue Funds					
Road and Bridge	14,534	1,345,313	912	-	1,360,759
Human Services	31,614	35,227	76,783	3,478	147,102
Ditch	2,532	-	-	-	2,532
Solid Waste	16,203	-	-	-	16,203
Debt Service Fund	10,563	-	-	-	10,563
Total	\$ 804,039	\$ 1,562,088	\$ 77,695	\$ 3,478	\$ 2,447,300

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

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

	<u>Taxes and Special Assessments</u>	<u>Grants and Highway Allotments</u>	<u>Charges for Services</u>	<u>Miscellaneous</u>	<u>Total</u>
Liability					
Unearned revenues	\$ -	\$ 138,911	\$ -	\$ -	\$ 138,911
Deferred inflows of resources					
Unavailable revenues	<u>804,039</u>	<u>1,423,177</u>	<u>77,695</u>	<u>3,478</u>	<u>2,308,389</u>
Total	<u>\$ 804,039</u>	<u>\$ 1,562,088</u>	<u>\$ 77,695</u>	<u>\$ 3,478</u>	<u>\$ 2,447,300</u>

2. Capital Lease

The HRA/EDA and Pope County have jointly constructed a Government Law Enforcement Center. To finance this building, the HRA/EDA 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/EDA, 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 at the expiration of the lease.

Pope County is carrying the building for \$3,400,000, the initial value of the HRA/EDA Revenue Bonds. The HRA/EDA is carrying the bond liability on its records and records the lease receivable for the value of the bonds. As of December 31, 2015, the value of the bonds outstanding is \$2,970,000. The interest revenue is recorded as nonoperating miscellaneous revenue for the HRA/EDA. For 2015, principal payments in the amount of \$150,000 were made by the County to the HRA/EDA.

**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, 2015
General Obligation Bonds 2013A G.O. Capital Equipment and Improvement	02/01/2024	\$50,000 - \$295,000	0.30 - 1.85	\$ 1,830,000	\$ 1,380,000
Contract for Deed	11/01/2020	\$402 - \$686	5.50	\$ 11,250	\$ 6,200
Loans Payable SRF0127 State of Minnesota Septic System Replacement Loans	06/15/2018	\$1,973 - \$2,094	2.00	\$ 38,168	\$ 6,798
SRF0185 State of Minnesota Septic System Replacement Loans	06/15/2021	\$5,080 - \$5,839	2.00	106,421	50,345
SRF0253 State of Minnesota Septic System Replacement Loans	*	*	2.00	128,343	128,343
State of Minnesota Agricultural Best Management Loan Program	04/01/2023	\$7,775 - \$39,547	0.00	694,158	499,361
Total Loans Payable				\$ 967,090	\$ 684,847
Capital Lease Payable	02/29/2029	\$135,000 - \$285,000	3.20 - 4.90	\$ 3,400,000	\$ 2,970,000

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

**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, 2015, were as follows:

Year Ending December 31	General Obligation Bonds		Contract for Deed	
	Principal	Interest	Principal	Interest
2016	\$ 295,000	\$ 11,668	\$ 1,125	\$ 330
2017	280,000	10,020	1,188	267
2018	280,000	7,990	1,255	201
2019	285,000	5,445	1,325	130
2020	45,000	3,671	1,307	56
2021 - 2025	195,000	7,061	-	-
2026 - 2029	-	-	-	-
Total	\$ 1,380,000	\$ 45,855	\$ 6,200	\$ 984

Year Ending December 31	Capital Lease Payable		Loans Payable	
	Principal	Interest	Principal	Interest
2016	\$ 155,000	\$ 131,585	\$ 87,116	\$ 2,352
2017	160,000	125,440	93,913	3,159
2018	170,000	118,755	93,762	2,666
2019	175,000	111,595	96,376	2,197
2020	185,000	103,943	92,963	1,720
2021 - 2025	1,065,000	384,780	213,675	4,427
2026 - 2029	1,060,000	106,552	7,042	70
Total	\$ 2,970,000	\$ 1,082,650	\$ 684,847	\$ 16,591

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 1,655,000	\$ -	\$ 275,000	\$ 1,380,000	\$ 295,000
Discounts/premiums	(8,535)	-	(898)	(7,637)	-
Contract for deed	7,266	-	1,066	6,200	1,125
Loans payable	744,535	19,346	79,034	684,847	87,116
Capital lease payable	3,120,000	-	150,000	2,970,000	155,000
Compensated absences	481,817	525,423	558,277	448,963	22,641
Long-Term Liabilities	\$ 6,000,083	\$ 544,769	\$ 1,062,479	\$ 5,482,373	\$ 560,882

The compensated absences liability is primarily liquidated by the General Fund, and the Road and Bridge and Human Services Special Revenue Funds.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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, 2014, the date of the most recent actuarial valuation:

Active employees	117
Retired employees	33
Spouses	<u>10</u>
Total Plan Participants	<u>160</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 2015, the County contributed \$254,184 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 2015, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

ARC	\$	239,121
Interest on net OPEB obligation		5,344
Adjustment to ARC		(7,132)
		(7,132)
Annual OPEB cost	\$	237,333
Contributions during the year		(254,184)
		(254,184)
Increase (decrease) in net OPEB obligation	\$	(16,851)
Net OPEB Obligation - Beginning of Year		118,761
		118,761
Net OPEB Obligation - End of Year	\$	101,910

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage (%) Contributed	Net OPEB Obligation
December 31, 2013	\$ 255,916	\$ 270,883	105.85	\$ 140,708
December 31, 2014	244,333	266,280	108.98	118,761
December 31, 2015	237,333	254,184	107.10	101,910

The net OPEB obligation is primarily liquidated by the General Fund, and the Road and Bridge and Human Services Special Revenue Funds.

Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$2,923,875, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,923,875. The covered payroll (annual payroll of active employees covered by the plan) was \$5,644,211, and the ratio of the UAAL to the covered payroll was 51.80 percent.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Other Postemployment Benefits (OPEB)

Funded Status and Funding Progress (Continued)

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.

For January 1, 2014, 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 7.50 percent initially, reduced by decrements to an ultimate rate of 5.00 percent over ten years. The actuarial value of assets was set to equal the market value of assets. The UAAL is being amortized over 30 years on a closed basis. The remaining amortization period at December 31, 2015, was 22 years.

**POPE COUNTY
GLENWOOD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

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 Fund	Total
Nonspendable								
Inventories	\$ -	\$ 180,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,666
Prepaid items	-	-	7,147	-	-	-	-	7,147
Advances to other funds	20,433	-	-	-	-	-	-	20,433
Total nonspendable	\$ 20,433	\$ 180,666	\$ 7,147	\$ -	\$ -	\$ -	\$ -	\$ 208,246
Restricted								
Recorder's technology equipment	\$ 68,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,351
Recorder's compliance	67,480	-	-	-	-	-	-	67,480
E-911	225,610	-	-	-	-	-	-	225,610
D.A.R.E.	13,530	-	-	-	-	-	-	13,530
Administering the carrying of weapons	61,012	-	-	-	-	-	-	61,012
Administering forfeited property	37,261	-	-	-	-	-	-	37,261
Bike path	6,382	-	-	-	-	-	-	6,382
Aquatic ISP Aid	125,371	-	-	-	-	-	-	125,371
Clean water partnership	102,905	-	-	-	-	-	-	102,905
Ditch maintenance and construction	-	-	-	26,325	-	-	-	26,325
Highway allotments	-	15,475	-	-	-	-	-	15,475
Debt service	-	-	-	-	595,538	-	-	595,538
Capital projects	-	-	-	-	-	549,127	-	549,127
Law library	-	-	-	-	-	-	17,378	17,378
Total restricted	\$ 707,902	\$ 15,475	\$ -	\$ 26,325	\$ 595,538	\$ 549,127	\$ 17,378	\$ 1,911,745
Assigned								
Plat sign deposits	\$ 1,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,169
Veterans' van	31,399	-	-	-	-	-	-	31,399
Chemical use assessment	2,052	-	-	-	-	-	-	2,052
Probation program expense	30,527	-	-	-	-	-	-	30,527
Probation support fees	43,023	-	-	-	-	-	-	43,023
Highways and streets	-	2,170,431	-	-	-	-	-	2,170,431
Human services	-	-	2,609,645	-	-	-	-	2,609,645
Total assigned	\$ 108,170	\$ 2,170,431	\$ 2,609,645	\$ -	\$ -	\$ -	\$ -	\$ 4,888,246
Total unassigned	\$ 4,843,272	\$ -	\$ -	\$ (21,007)	\$ -	\$ -	\$ -	\$ 4,822,265
Total Fund Balances	\$ 5,679,777	\$ 2,366,572	\$ 2,616,792	\$ 5,318	\$ 595,538	\$ 549,127	\$ 17,378	\$ 11,830,502

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Defined Benefit Pension Plans

A. Plan Description

All full-time and certain part-time employees of Pope County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement 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. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

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 hired after June 30, 2010, but before July 1, 2014, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years and increasing 5 percent for each year of service until fully vested after 20 years.

B. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 percent post-retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Defined Benefit Pension Plans

B. Benefits Provided (Continued)

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

Benefits are based on a member's highest average salary for any 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. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service 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 General Employees Retirement Fund members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Public Employees Police and Fire Fund members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 55. Disability benefits are available for vested members and are based on years of service and average high-five salary.

C. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2015. Public Employees Police and Fire Fund members were required to contribute 10.80 percent of their annual covered salary in 2015.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Defined Benefit Pension Plans

C. Contributions (Continued)

In 2015, the County was required to contribute the following percentages of annual covered salary:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.50
Public Employees Police and Fire Fund	16.20

The General Employees Retirement Fund Coordinated Plan member and employer contribution rates each reflect a 0.25 percent increase from 2014. The Public Employees Police and Fire Fund member and employer contribution rates increased 0.60 percent and 0.90 percent, respectively, from 2014.

Pope County's contributions for the year ended December 31, 2015, to the pension plans were:

General Employees Retirement Fund	\$	354,731
Public Employees Police and Fire Fund		97,692

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

D. Pension Costs

General Employees Retirement Fund

At December 31, 2015, the County reported a liability of \$4,228,936 for its proportionate share of the General Employees Retirement Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 0.0816 percent. It was 0.0974 percent measured as of June 30, 2014. The County recognized pension expense of \$377,014 for its proportionate share of the General Employees Retirement Fund's pension expense.

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Defined Benefit Pension Plans

D. Pension Costs

General Employees Retirement Fund (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 213,210
Difference between projected and actual investment earnings	400,334	-
Changes in proportion	-	556,654
Contributions paid to PERA subsequent to the measurement date	186,316	-
Total	\$ 586,650	\$ 769,864

The \$186,316 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ (156,538)
2017	(156,538)
2018	(156,538)
2019	100,084

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Defined Benefit Pension Plans

D. Pension Costs (Continued)

Public Employees Police and Fire Fund

At December 31, 2015, the County reported a liability of \$693,103 for its proportionate share of the Public Employees Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 0.061 percent. It was 0.065 percent measured as of June 30, 2014. The County recognized pension expense of \$111,553 for its proportionate share of the Public Employees Police and Fire Fund's pension expense.

The County also recognized \$5,490 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Fund. Legislation requires the State of Minnesota to contribute \$9 million to the Public Employees Police and Fire Fund each year, starting in fiscal year 2014, until the plan is 90 percent funded.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 112,398
Difference between projected and actual investment earnings	120,762	-
Changes in proportion	-	36,002
Contributions paid to PERA subsequent to the measurement date	<u>54,419</u>	<u>-</u>
Total	<u>\$ 175,181</u>	<u>\$ 148,400</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Defined Benefit Pension Plans

D. Pension Costs

Public Employees Police and Fire Fund (Continued)

The \$54,419 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ 510
2017	510
2018	510
2019	510
2020	(29,678)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2015, was \$488,567.

E. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.75 percent per year
Active member payroll growth	3.50 percent per year
Investment rate of return	7.90 percent

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Defined Benefit Pension Plans

E. Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Fund and the Public Employees Police and Fire Fund, cost of living benefit increases for retirees are assumed to be 1.0 percent effective every January 1 through 2035 and 2037, respectively, and 2.5 percent thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Fund was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for the Public Employees Police and Fire Fund was for the period July 1 2004, through June 30, 2009.

In 2015, an updated experience study was done for PERA's General Employees Retirement Fund for the six-year period ending June 30, 2014, which would result in a larger pension liability. However, PERA will not implement the changes in assumptions until its June 30, 2016, estimate of pension liability.

The long-term expected rate of return on pension plan investments is 7.9 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	45%	5.50%
International stocks	15	6.00
Bonds	18	1.45
Alternative assets	20	6.40
Cash	2	0.50

**POPE COUNTY
GLENWOOD, MINNESOTA**

4. Defined Benefit Pension Plans (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 7.9 percent. The discount rate did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
Proportionate share of the General Employees Retirement Fund net pension liability	\$ 6,649,390	\$ 4,228,936	\$ 2,230,012
Public Employees Police and Fire Fund net pension liability	1,350,865	693,103	149,677

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

**POPE COUNTY
GLENWOOD, MINNESOTA**

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 \$490,000 per claim in 2015 and \$500,000 per claim in 2016. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

B. Contingent Liabilities

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Contingent Liabilities (Continued)

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

C. Joint Ventures

Pope/Douglas Solid Waste Management

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

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

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

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**

5. Summary of Significant Contingencies and Other Items

C. 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 2015, Pope County contributed \$2,212 to the Joint Powers Board.

**POPE COUNTY
GLENWOOD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. 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**

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Rainbow Rider (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 Council member from the city appointed by the 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 2015, Pope County did not contribute to the Joint Powers Board.

**POPE COUNTY
GLENWOOD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. 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 56301

Horizon Public Health

Grant, Pope, Stevens, and Traverse Counties entered into a joint powers agreement creating and operating the Mid-State Community Health Services, pursuant to Minn. Stat. § 471.59. During 1994, Stevens, Traverse, and Grant Counties formed a separate joint powers under the name of Stevens Traverse Grant Public Health Nursing Services (STGPH). 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 Horizon Community Health Board and STGPH disbanded effective January 1, 2015, and a new joint powers agreement was formed by Douglas, Grant, Pope, Stevens, and Traverse Counties to operate the fiscally independent Horizon Public Health entity.

Control is vested in Horizon's Board, which consists of 13 members comprised of 11 County Commissioners and 2 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, charges for services, miscellaneous revenue, and contributions from the five member counties. During 2015, Pope County contributed \$414,555 in start-up costs and an additional \$231,944 in funding to Horizon.

Complete financial statements for Horizon Public Health can be obtained from:

Horizon Public Health
809 Elm Street, Suite 1200
Alexandria, Minnesota 56308

**POPE COUNTY
GLENWOOD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Supporting Hands Nurse Family Partnership Board

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 of the following member Counties: Big Stone, Chippewa, Douglas, Grant, La qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Pipestone, Pope, Redwood, Renville, Stevens, Swift, Traverse, and Yellow Medicine. Southwest Health and Human Services represents the Counties of Lincoln, Lyon, Murray, Pipestone, Redwood, and Rock in this agreement. 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 contributes to the budget of the Supporting Hands Nurse Family Partnership. In 2015, Pope County made \$10,000 in contributions to the partnership.

McLeod County acts as fiscal agent for the 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**

5. Summary of Significant Contingencies and Other Items

C. 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**

5. Summary of Significant Contingencies and Other Items

C. 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 2015, Pope County passed through \$62,521 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.

PrimeWest Rural Minnesota Health Care Access Initiative

The PrimeWest Central County-Based Purchasing Initiative (since renamed PrimeWest Rural Minnesota Health Care Access Initiative) was established in December 1998 by a joint powers agreement with Big Stone, Douglas, Grant, McLeod, Meeker, Pipestone, Pope, Renville, Stevens, and Traverse Counties under the authority of Minn. Stat. § 471.59. Beltrami, Clearwater, and Hubbard Counties were later added to the PrimeWest Rural Minnesota Health Care Access Initiative. Pipestone County has since joined Southwest Health and Human Services for public health and human services functions. The partnership is organized to directly purchase health care services for county residents who are eligible for Medical Assistance and General Assistance Medical Care as authorized by Minn. Stat. § 256B.692. County-based purchasing is the local control alternative favored for improved coordination of services to prepaid Medical Assistance programs in complying with Minnesota Department of Health requirements as set forth in Minn. Stat. chs. 62D and 62N.

Control of the PrimeWest Rural Minnesota Health Care Access Initiative 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**

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

PrimeWest Rural Minnesota Health Care Access Initiative (Continued)

Douglas County acts as fiscal agent for the PrimeWest Rural Minnesota Health Care Access Initiative 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 PrimeWest Rural Minnesota Health Care Access Initiative's administrative offices at:

PrimeWest Rural Minnesota Health Care Access Initiative
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 2015, Pope County contributed \$53,629 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**

5. Summary of Significant Contingencies and Other Items

C. 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 eight-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 2015.

**POPE COUNTY
GLENWOOD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

West Central Minnesota Drug Task Force (Continued)

Separate financial information can be obtained from:

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

Viking Library System

Pope County, along with 10 cities and 5 other counties, participates in the Viking Library System in order to establish, continue, strengthen, and improve library services in the participating cities and counties. The Viking Library System was created as a public library service in 1975, by Douglas, Grant, Otter Tail, and Stevens Counties along with the Cities of Alexandria, Elbow Lake, Fergus Falls, Hancock, and Morris. Additions to the library system included the Cities of Wheaton, Browns Valley, Glenwood, New York Mills, and Perham in 1976; Pope County in 1981; Traverse County in 1983; and the City of Pelican Rapids in 1988. In 1992, the Alexandria Library became the Douglas County library.

The Viking Library System is governed by a governing board which consists of 19 members. Each County board appoints a resident of the County, each member library board appoints a representative, and any libraries with a service area population over 15,000 have an additional representative. Currently, Fergus Falls and Douglas County have additional representatives. During 2015, Pope County provided \$108,514 to the Viking Library System.

Complete financial information can be obtained from:

Viking Library System
1915 Fir Avenue West
Fergus Falls, Minnesota 56537

**POPE COUNTY
GLENWOOD, MINNESOTA**

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

D. 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.

Lakeland Mental Health Center

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

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations

Lakeland Mental Health Center (Continued)

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 \$81,695 in 2015 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 2015.

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.

West Central S.W.A.T. Team

The West Central S.W.A.T. Team is comprised of five county sheriff's offices from Lac qui Parle, Pope, Stevens, Swift, and Traverse Counties, and the police departments from the Cities of Hancock, Montevideo, Appleton, Benson, Glenwood, Morris, Starbuck, and Wheaton, and the University of Minnesota Morris. 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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

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, Douglas, Grant, Itasca, Kittson, Koochiching, Lake of the Woods, Mahnommen, Marshall, McLeod, Mille Lacs, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Redwood, Roseau, Stevens, Todd, Traverse, and Wadena 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.

E. Agricultural Best Management Loan Program

The County has entered into an agreement with the Minnesota Department of Agriculture and a local lending institution to jointly administer a loan program to individuals to implement projects that prevent or mitigate nonpoint source water pollution. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement. The County has met those responsibilities for 2015.

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA)

A. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the HRA/EDA. The activity of the HRA/EDA is reported as of and for the year ended December 31, 2015.

The accounts of the HRA/EDA 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/EDA 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/EDA applies all applicable Governmental Accounting Standards Board pronouncements. The HRA/EDA'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.

Reporting Entity

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

Basis of Presentation

The HRA/EDA does not prepare separate financial statements.

B. Property Taxes

Property tax levies are set by the HRA/EDA 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/EDA at various times during the year. Taxes collectible in a given calendar year are generally recognized as revenue during that fiscal year.

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA) (Continued)

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 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/EDA is on deposit with the Pope County Auditor/Treasurer and is included with the County's pooled cash and investments. At December 31, 2015, the HRA/EDA had \$521,750 in cash and pooled investments.

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

2. Receivables

Receivables for the HRA/EDA at December 31, 2015, were as follows:

Taxes receivable - delinquent	\$ 4,592
Accounts receivable	1,175
Loans receivable	<u>157,801</u>
Total Receivables	<u>\$ 163,568</u>

Of the loans receivable, \$138,127 is not expected to be collected within the next year.

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA)

E. Assets

2. Receivables (Continued)

Capital Lease Receivable

The HRA/EDA and Pope County have jointly constructed a Government Law Enforcement Center. To finance this building, the HRA/EDA 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/EDA, 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, 2015, the value of the bonds outstanding is \$2,970,000. The interest received is recorded as nonoperating miscellaneous revenue; for 2015, the HRA recorded interest revenue of \$137,230. Principal payments of \$150,000 were made by the County to the HRA, and by the HRA on the bond liability, for 2015. The current portion of the lease receivable is \$155,000.

3. Land Held for Resale

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA)

E. Assets (Continued)

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/EDA's capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 514,210	\$ -	\$ (117,800)	\$ 396,410
Capital assets depreciated				
Buildings	\$ 2,122,240	\$ -	\$ -	\$ 2,122,240
Less: accumulated depreciation for:				
Buildings	(53,056)	(53,056)	-	(106,112)
Total capital assets depreciated, net	\$ 2,069,184	\$ (53,056)	\$ -	\$ 2,016,128
Business-Type Activities Capital Assets, Net	<u>\$ 2,583,394</u>	<u>\$ (53,056)</u>	<u>\$ (117,800)</u>	<u>\$ 2,412,538</u>

F. Liabilities

Long-Term Debt

Long-term debt outstanding at December 31, 2015, for the HRA/EDA consists of the following:

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2015
2008A Public Project Revenue Bonds	02/01/2029	\$135,000 - \$285,000	3.20 - 4.90	<u>\$ 3,400,000</u>	<u>\$ 2,970,000</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA)

F. Liabilities

Long-Term Debt (Continued)

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2015
2013A General Obligation Bonds	02/01/2034	\$40,000 - \$245,000	0.85 - 3.10	\$ 2,405,000	\$ 2,365,000
Contract for Deed	09/01/2016	\$50,000 - \$150,000	5.00	\$ 400,000	\$ 100,000

The debt service requirements as of December 31, 2015, are as follows:

Year Ending December 31	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 155,000	\$ 131,585	\$ 45,000	\$ 58,798
2017	160,000	125,440	50,000	58,323
2018	170,000	118,755	55,000	57,798
2019	175,000	111,595	60,000	57,043
2020	185,000	103,943	70,000	56,003
2021 – 2025	1,065,000	384,780	475,000	257,133
2026 – 2030	1,060,000	106,553	745,000	187,153
2031 – 2035	-	-	865,000	55,961
Total	\$ 2,970,000	\$ 1,082,651	\$ 2,365,000	\$ 788,212

Year Ending December 31	Contract for Deed	
	Principal	Interest
2016	\$ 50,000	\$ 5,000
2017	50,000	-
2018	-	-
2019	-	-
2020	-	-
2021 – 2025	-	-
2026 – 2030	-	-
Total	\$ 100,000	\$ 5,000

**POPE COUNTY
GLENWOOD, MINNESOTA**

6. Pope County Housing and Redevelopment Authority/Economic Development Authority
(HRA/EDA)

F. Liabilities

Long-Term Debt (Continued)

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 3,120,000	\$ -	\$ 150,000	\$ 2,970,000	\$ 155,000
(Discount)/premium	(22,848)	-	(1,632)	(21,216)	-
General obligation bonds	2,405,000	-	40,000	2,365,000	45,000
(Discount)/premium	9,313	-	503	8,810	-
Contract for deed	150,000	-	50,000	100,000	50,000
Long-Term Liabilities	<u>\$ 5,661,465</u>	<u>\$ -</u>	<u>\$ 238,871</u>	<u>\$ 5,422,594</u>	<u>\$ 250,000</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,729,849	\$ 5,729,849	\$ 5,652,703	\$ (77,146)
Special assessments	-	-	128,069	128,069
Licenses and permits	42,000	42,000	65,946	23,946
Intergovernmental	635,092	635,092	1,008,268	373,176
Charges for services	310,600	310,600	365,763	55,163
Fines and forfeits	5,800	5,800	8,948	3,148
Gifts and contributions	4,000	4,000	3,973	(27)
Investment earnings	50,361	50,361	47,533	(2,828)
Miscellaneous	170,000	170,000	455,860	285,860
Total Revenues	\$ 6,947,702	\$ 6,947,702	\$ 7,737,063	\$ 789,361
Expenditures				
Current				
General government				
Commissioners	\$ 201,094	\$ 201,094	\$ 184,165	\$ 16,929
Wellness program	950	950	533	417
Information technology	360,685	360,685	412,779	(52,094)
Coordinator	264,792	264,792	247,993	16,799
Auditor/Treasurer	394,714	394,714	383,384	11,330
County assessor	428,647	428,647	432,269	(3,622)
Elections	13,285	13,285	10,230	3,055
Accounting and auditing	56,000	56,000	46,999	9,001
Data processing	82,020	82,020	68,789	13,231
Attorney	248,444	248,444	242,933	5,511
Recorder	362,175	362,175	279,713	82,462
Surveyor	1,000	1,000	-	1,000
Environmental services	293,792	293,792	183,615	110,177
Buildings	390,047	390,047	339,931	50,116
Veterans service officer	56,972	56,972	57,929	(957)
Other general government	585,222	585,222	391,218	194,004
Total general government	\$ 3,739,839	\$ 3,739,839	\$ 3,282,480	\$ 457,359

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 1,159,859	\$ 1,159,859	\$ 989,266	\$ 170,593
ATV grant	-	-	25	(25)
Snowmobile grant	3,396	3,396	1,914	1,482
Boat and water safety	38,729	38,729	9,774	28,955
Coroner	13,000	13,000	10,587	2,413
Enhanced 911 system	63,400	63,400	58,435	4,965
Dispatchers	347,468	347,468	300,577	46,891
County jail	336,320	336,320	230,235	106,085
Court services	202,695	202,695	200,930	1,765
Sentenced to serve	90,782	90,782	73,556	17,226
Emergency management	44,635	44,635	43,525	1,110
ARMER implementation	9,490	9,490	9,490	-
Total public safety	\$ 2,309,774	\$ 2,309,774	\$ 1,928,314	\$ 381,460
Health				
Horizon community health	\$ 246,944	\$ 246,944	\$ 231,944	\$ 15,000
Culture and recreation				
Historical society	\$ 46,000	\$ 46,000	\$ 78,169	\$ (32,169)
Terrace Mill and Glacial Ridge	1,300	1,300	1,300	-
Regional library	108,514	108,514	108,514	-
Other	1,560	1,560	1,260	300
Total culture and recreation	\$ 157,374	\$ 157,374	\$ 189,243	\$ (31,869)
Conservation of natural resources				
Soil and water conservation	\$ 77,100	\$ 77,100	\$ 87,998	\$ (10,898)
County extension	105,784	105,784	86,187	19,597
Agriculture ditch inspector	8,450	8,450	5,908	2,542
County fair	21,600	21,600	21,600	-
Water management	198,364	198,364	183,533	14,831
Total conservation of natural resources	\$ 411,298	\$ 411,298	\$ 385,226	\$ 26,072
Economic development				
Community development	\$ 14,374	\$ 14,374	\$ 14,374	\$ -
Senior citizens	2,110	2,110	2,212	(102)
Total economic development	\$ 16,484	\$ 16,484	\$ 16,586	\$ (102)

**POPE COUNTY
GLENWOOD, MINNESOTA**

***EXHIBIT A-1
(Continued)***

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued)				
Intergovernmental				
Sanitation				
Pope/Douglas Solid Waste Management	\$ 60,000	\$ 60,000	\$ 69,692	\$ (9,692)
Capital outlay				
General government	\$ 75,552	\$ 75,552	\$ 351,098	\$ (275,546)
Public safety	-	-	51,139	(51,139)
Total capital outlay	\$ 75,552	\$ 75,552	\$ 402,237	\$ (326,685)
Debt service				
Principal	\$ -	\$ -	\$ 80,100	\$ (80,100)
Interest	-	-	1,760	(1,760)
Total debt service	\$ -	\$ -	\$ 81,860	\$ (81,860)
Total Expenditures	\$ 7,017,265	\$ 7,017,265	\$ 6,587,582	\$ 429,683
Excess of Revenues Over (Under)				
Expenditures	\$ (69,563)	\$ (69,563)	\$ 1,149,481	\$ 1,219,044
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 154,803	\$ 154,803
Loan issued	-	-	19,346	19,346
Sale of capital assets	-	-	4,885	4,885
Other	65,000	65,000	-	(65,000)
Total Other Financing Sources (Uses)	\$ 65,000	\$ 65,000	\$ 179,034	\$ 114,034
Net Change in Fund Balance	\$ (4,563)	\$ (4,563)	\$ 1,328,515	\$ 1,333,078
Fund Balance - January 1	4,351,262	4,351,262	4,351,262	-
Fund Balance - December 31	\$ 4,346,699	\$ 4,346,699	\$ 5,679,777	\$ 1,333,078

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 956,803	\$ 956,803	\$ 944,727	\$ (12,076)
Intergovernmental	4,270,722	4,270,722	4,683,749	413,027
Charges for services	62,200	62,200	51,338	(10,862)
Miscellaneous	5,000	5,000	23,822	18,822
Total Revenues	\$ 5,294,725	\$ 5,294,725	\$ 5,703,636	\$ 408,911
Expenditures				
Current				
Highways and streets				
Administration	\$ 398,449	\$ 398,449	\$ 358,748	\$ 39,701
Maintenance	993,199	993,199	941,591	51,608
Engineering/construction	2,982,287	2,982,287	3,157,747	(175,460)
Equipment, maintenance, and shop	523,542	523,542	442,841	80,701
Total highways and streets	\$ 4,897,477	\$ 4,897,477	\$ 4,900,927	\$ (3,450)
Intergovernmental				
Highways and streets	397,248	397,248	415,507	(18,259)
Total Expenditures	\$ 5,294,725	\$ 5,294,725	\$ 5,316,434	\$ (21,709)
Net Change in Fund Balance	\$ -	\$ -	\$ 387,202	\$ 387,202
Fund Balance - January 1	1,867,846	1,867,846	1,867,846	-
Increase (decrease) in inventories	-	-	111,524	111,524
Fund Balance - December 31	\$ 1,867,846	\$ 1,867,846	\$ 2,366,572	\$ 498,726

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-3

**BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,705,410	\$ 1,705,410	\$ 1,665,019	\$ (40,391)
Intergovernmental	1,495,801	1,495,801	1,930,358	434,557
Charges for services	266,700	266,700	369,369	102,669
Miscellaneous	34,250	34,250	58,263	24,013
Total Revenues	\$ 3,502,161	\$ 3,502,161	\$ 4,023,009	\$ 520,848
Expenditures				
Current				
Human services				
Income maintenance	\$ 1,150,652	\$ 1,150,652	\$ 1,214,955	\$ (64,303)
Social services	2,650,036	2,650,036	2,727,838	(77,802)
Senior coordinator	102,139	102,139	73,727	28,412
Total Expenditures	\$ 3,902,827	\$ 3,902,827	\$ 4,016,520	\$ (113,693)
Excess of Revenues Over (Under) Expenditures	\$ (400,666)	\$ (400,666)	\$ 6,489	\$ 407,155
Other Financing Sources (Uses)				
Other	400,666	400,666	-	(400,666)
Net Change in Fund Balance	\$ -	\$ -	\$ 6,489	\$ 6,489
Fund Balance - January 1	2,610,303	2,610,303	2,610,303	-
Fund Balance - December 31	\$ 2,610,303	\$ 2,610,303	\$ 2,616,792	\$ 6,489

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-4

**SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (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	0.00%	\$ 4,610,899	77.23%
January 1, 2011	-	3,235,761	3,235,761	0.00	5,020,667	64.45
January 1, 2014	-	2,923,875	2,923,875	0.00	5,644,211	51.80

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-5

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2015**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0816%	\$ 4,228,936	\$ 4,804,103	88.03%	78.19%

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-6

**SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2015**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 354,731	\$ 354,731	\$ -	\$ 4,729,744	7.50%

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-7

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND
DECEMBER 31, 2015**

<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</u>	<u>Covered Payroll (b)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	0.061%	\$ 693,103	\$ 555,199	124.84%	86.61%

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT A-8

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND
DECEMBER 31, 2015**

<u>Year Ending</u>	<u>Statutorily Required Contributions (a)</u>	<u>Actual Contributions in Relation to Statutorily Required Contributions (b)</u>	<u>Contribution (Deficiency) Excess (b-a)</u>	<u>Covered Payroll (c)</u>	<u>Actual Contributions as a Percentage of Covered Payroll (b/c)</u>
2015	\$ 97,692	\$ 97,692	\$ -	\$ 603,034	16.20%

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

**POPE COUNTY
GLENWOOD, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

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.

2. Excess of Expenditures Over Budget

The following major governmental funds had expenditures in excess of budget at the fund level for the year ended December 31, 2015:

	Actual	Expenditures	
		Final Budget	Excess
Road and Bridge Special Revenue Fund	\$ 5,316,434	\$ 5,294,725	\$ 21,709
Human Services Special Revenue Fund	4,016,520	3,902,827	113,693

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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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 626,875	\$ 626,875	\$ 611,617	\$ (15,258)
Intergovernmental	-	-	21,186	21,186
Total Revenues	\$ 626,875	\$ 626,875	\$ 632,803	\$ 5,928
Expenditures				
Debt service				
Principal retirement	\$ 626,875	\$ 626,875	\$ 425,000	\$ 201,875
Interest	-	-	150,185	(150,185)
Administrative charges	-	-	900	(900)
Total Expenditures	\$ 626,875	\$ 626,875	\$ 576,085	\$ 50,790
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 56,718	\$ 56,718
Other Financing Sources (Uses)				
Transfers out	-	-	(344)	(344)
Net Change in Fund Balance	\$ -	\$ -	\$ 56,374	\$ 56,374
Fund Balance - January 1	539,164	539,164	539,164	-
Fund Balance - December 31	\$ 539,164	\$ 539,164	\$ 595,538	\$ 56,374

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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. This fund was closed in 2015.

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.

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.

**POPE COUNTY
GLENWOOD, MINNESOTA**

NONMAJOR FUNDS

Agency Funds (Continued)

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. This fund was closed in 2015.

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT B-2

**BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUND
DECEMBER 31, 2015**

	Law Library (Exhibit 3)
<u>Assets</u>	
Cash and pooled investments	\$ 20,112
Due from other governments	<u>1,476</u>
Total Assets	<u>\$ 21,588</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts payable	\$ 4,162
Salaries payable	<u>48</u>
Total Liabilities	\$ 4,210
Fund Balance	
Restricted	<u>17,378</u>
Total Liabilities and Fund Balance	<u>\$ 21,588</u>

**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, 2015**

	Health Services	Law Library	Total (Exhibit 5)
Revenues			
Intergovernmental	\$ 3,651	\$ -	\$ 3,651
Charges for services	20	-	20
Fines and forfeits	-	22,100	22,100
	\$ 3,671	\$ 22,100	\$ 25,771
Expenditures			
Current			
General government	\$ -	\$ 19,403	\$ 19,403
Health	221,214	-	221,214
	\$ 221,214	\$ 19,403	\$ 240,617
Excess of Revenues Over (Under)			
Expenditures	\$ (217,543)	\$ 2,697	\$ (214,846)
Other Financing Sources (Uses)			
Transfers out	(154,459)	-	(154,459)
	\$ (372,002)	\$ 2,697	\$ (369,305)
Fund Balance - January 1	372,002	14,681	386,683
Fund Balance - December 31	\$ -	\$ 17,378	\$ 17,378

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT B-4

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance January 1	Additions	Deductions	Balance December 31
<u>SCHOOL DISTRICTS</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 92,915</u>	<u>\$ 4,369,492</u>	<u>\$ 4,368,031</u>	<u>\$ 94,376</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 92,915</u>	<u>\$ 6,448,423</u>	<u>\$ 6,446,962</u>	<u>\$ 94,376</u>
 <u>SELECT ACCOUNT</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 15,631</u>	<u>\$ 140,790</u>	<u>\$ 151,450</u>	<u>\$ 4,971</u>
<u>Liabilities</u>				
Accounts payable	<u>\$ 15,631</u>	<u>\$ 157,927</u>	<u>\$ 168,587</u>	<u>\$ 4,971</u>
 <u>COLLABORATIVE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 99,481	\$ 66,525	\$ 92,487	\$ 73,519
Due from other governments	<u>30,014</u>	<u>16,403</u>	<u>46,417</u>	<u>-</u>
Total Assets	<u><u>\$ 129,495</u></u>	<u><u>\$ 82,928</u></u>	<u><u>\$ 138,904</u></u>	<u><u>\$ 73,519</u></u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 129,495</u>	<u>\$ 87,944</u>	<u>\$ 143,920</u>	<u>\$ 73,519</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT B-4
(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>GLACIAL RIDGE HOSPITAL DISTRICT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 4,771	\$ 257,833	\$ 257,194	\$ 5,410
<u>Liabilities</u>				
Due to other governments	\$ 4,771	\$ 404,424	\$ 403,785	\$ 5,410
 <u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 50,651	\$ 20,049,718	\$ 20,052,515	\$ 47,854
<u>Liabilities</u>				
Due to other governments	\$ 50,651	\$ 20,225,143	\$ 20,227,940	\$ 47,854
 <u>TOWNS AND CITIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 84,941	\$ 4,134,279	\$ 4,120,430	\$ 98,790
<u>Liabilities</u>				
Due to other governments	\$ 84,941	\$ 4,894,763	\$ 4,880,914	\$ 98,790

**POPE COUNTY
GLENWOOD, MINNESOTA**

***EXHIBIT B-4
(Continued)***

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance January 1	Additions	Deductions	Balance December 31
<u>FARWELL KENSINGTON SANITARY DISTRICT</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 30</u>	<u>\$ 3,729</u>	<u>\$ 3,728</u>	<u>\$ 31</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 30</u>	<u>\$ 3,790</u>	<u>\$ 3,789</u>	<u>\$ 31</u>
 <u>SAUK RIVER WATERSHED DISTRICT</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 76</u>	<u>\$ 10,289</u>	<u>\$ 10,236</u>	<u>\$ 129</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 76</u>	<u>\$ 10,495</u>	<u>\$ 10,442</u>	<u>\$ 129</u>
 <u>MIDDLE FORK CROW RIVER WATERSHED DISTRICT</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ -</u>	<u>\$ 337</u>	<u>\$ 273</u>	<u>\$ 64</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ -</u>	<u>\$ 402</u>	<u>\$ 338</u>	<u>\$ 64</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

***EXHIBIT B-4
(Continued)***

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance January 1	Additions	Deductions	Balance December 31
<u>NORTH FORK WATERSHED DISTRICT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 407	\$ 47,504	\$ 46,762	\$ 1,149
<u>Liabilities</u>				
Due to other governments	\$ 407	\$ 49,060	\$ 48,318	\$ 1,149
 <u>STATE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 72,951	\$ 1,834,976	\$ 1,834,591	\$ 73,336
<u>Liabilities</u>				
Due to other governments	\$ 72,951	\$ 1,950,736	\$ 1,950,351	\$ 73,336
 <u>HORIZON COMMUNITY HEALTH</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 97,801	\$ 371,495	\$ 469,296	\$ -
Accounts receivable	21,378	-	21,378	-
Due from other governments	263,734	43,125	306,859	-
Total Assets	\$ 382,913	\$ 414,620	\$ 797,533	\$ -
<u>Liabilities</u>				
Accounts payable	\$ 9,576	\$ -	\$ 9,576	\$ -
Due to other governments	373,337	901,911	1,275,248	-
Total Liabilities	\$ 382,913	\$ 901,911	\$ 1,284,824	\$ -

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT B-4
(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance January 1	Additions	Deductions	Balance December 31
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 519,655	\$ 31,286,967	\$ 31,406,993	\$ 399,629
Accounts receivable	21,378	-	21,378	-
Due from other governments	293,748	59,528	353,276	-
	\$ 834,781	\$ 31,346,495	\$ 31,781,647	\$ 399,629
<u>Liabilities</u>				
Accounts payable	\$ 25,207	157,927	178,163	4,971
Due to other governments	809,574	34,977,091	35,392,007	394,658
	\$ 834,781	\$ 35,135,018	\$ 35,570,170	\$ 399,629

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**POPE COUNTY
HOUSING AND REDEVELOPMENT AUTHORITY/
ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT**

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**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT C-1

**STATEMENT OF NET POSITION
HOUSING AND REDEVELOPMENT AUTHORITY/ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT
DECEMBER 31, 2015**

Assets

Current assets

Cash and pooled investments	\$	521,750
Taxes receivable		
Delinquent		4,592
Accounts receivable - net		1,175
Loans receivable		157,801
Lease receivable		155,000
Land held for resale		569,456
		569,456

Total current assets **\$ 1,409,774**

Noncurrent assets

Lease receivable	\$	2,815,000
Capital assets		
Nondepreciable		396,410
Depreciable - net		2,016,128
		2,016,128

Total noncurrent assets **\$ 5,227,538**

Total Assets **\$ 6,637,312**

Liabilities

Current liabilities

Accounts payable	\$	1,548
Salaries payable		632
Due to other governments		112
Due to primary government		50,000
Accrued interest payable		80,647
General obligation bonds payable		45,000
Revenue bonds payable		155,000
Contract for deed payable		50,000
		50,000

Total current liabilities **\$ 382,939**

Noncurrent liabilities

General obligation bonds payable	\$	2,328,810
Revenue bonds payable		2,793,784
Contract for deed payable		50,000
		50,000

Total noncurrent liabilities **\$ 5,172,594**

Total Liabilities **\$ 5,555,533**

Net Position

Net investment in capital assets	\$	181,131
Unrestricted		900,648
		900,648

Total Net Position **\$ 1,081,779**

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT C-2

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
HOUSING AND REDEVELOPMENT AUTHORITY/ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2015**

Operating Expenses	
Personal services	\$ 10,091
Professional services	84,981
Insurance	12,884
Licenses and dues	200
Miscellaneous	24,922
Depreciation	53,056
	<hr/>
Total Operating Expenses	\$ 186,134
	<hr/>
Operating Income (Loss)	\$ (186,134)
	<hr/>
Nonoperating Revenues (Expenses)	
Property taxes	\$ 268,408
Intergovernmental revenue	9,174
Intergovernmental expense - economic development	(30,000)
Miscellaneous income	226,592
Investment earnings	1,748
Repairs and maintenance	(17,909)
Loss on disposal of capital assets	(91,645)
Interest expense	(195,165)
Advertising	(9,574)
	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 161,629
	<hr/>
Change in net position	\$ (24,505)
	<hr/>
Net Position - January 1	1,106,284
	<hr/>
Net Position - December 31	\$ 1,081,779
	<hr/> <hr/>

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT C-3

**STATEMENT OF CASH FLOWS
HOUSING AND REDEVELOPMENT AUTHORITY/ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2015
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows from Operating Activities	
Payments to suppliers	\$ (122,987)
Payments to employees	(9,459)
Purchase of land held for resale	(94,792)
	<hr/>
Net cash provided by (used in) operating activities	\$ (227,238)
Cash Flows from Noncapital Financing Activities	
Property taxes	\$ 268,864
Intergovernmental revenues	9,174
Intergovernmental expense	(30,000)
Repairs and maintenance	(20,661)
Rent deposits	87,737
Advertising expense	(9,574)
	<hr/>
Net cash provided by (used in) noncapital financing activities	\$ 305,540
Cash Flows from Capital and Related Financing Activities	
Principal paid on long-term debt	\$ (190,000)
Interest paid on long-term debt	(196,453)
Proceeds received from capital lease	150,000
Interest and fee received on capital lease	137,680
Proceeds from sale of capital assets	26,155
	<hr/>
Net cash provided by (used in) capital and related financing activities	\$ (72,618)
Cash Flows from Investing Activities	
Collections of loan principal	\$ 32,437
Interest received on loans	1,873
Insurance dividends	475
	<hr/>
Net cash provided by (used in) investing activities	\$ 34,785
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 40,469
Cash and Cash Equivalents at January 1	<u>481,281</u>
Cash and Cash Equivalents at December 31	<u><u>521,750</u></u>
Cash and Cash Equivalents - Exhibit 1	<u><u>\$ 521,750</u></u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT C-3
(Continued)**

**STATEMENT OF CASH FLOWS
HOUSING AND REDEVELOPMENT AUTHORITY/ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2015
Increase (Decrease) in Cash and Cash Equivalents**

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

Operating income (loss)	<u>\$ (186,134)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 53,056
(Increase) decrease in land held for resale	5,208
Increase (decrease) in salaries payable	632
Increase (decrease) in due to primary government	(50,000)
Increase (decrease) in contract for deed payable	<u>(50,000)</u>
Total adjustments	<u>\$ (41,104)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (227,238)</u></u>
Non-Cash Investing, Capital and Financing Activities:	
Loss on disposal of capital assets	\$ (91,645)

OTHER SCHEDULES

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**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT D-1

**SCHEDULE OF DEPOSITS AND INVESTMENTS
DECEMBER 31, 2015**

	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Pooled Deposits and Investments			
Certificates of deposit			
Bremer Bank	0.25	November 26, 2016	\$ 90,000
Glenwood State Bank	0.70	September 30, 2016	503,379
Glenwood State Bank	1.75	December 5, 2016	25,000
Glenwood State Bank	0.75	July 11, 2017	24,000
Hometown Community Bank	0.50	April 30, 2016	200,000
Hometown Community Bank	0.40	July 17, 2016	100,000
Hometown Community Bank	0.30	June 24, 2016	300,000
Hometown Community Bank	0.55	June 30, 2016	1,000,000
Lowry State Bank	0.40	April 18, 2016	200,000
Lowry State Bank	0.40	July 1, 2016	150,000
Total certificates of deposit			<u>\$ 2,592,379</u>
Checking accounts			
Eagle Bank	0.05	Continuous	\$ 35,377
Glenwood State Bank	0.15	Continuous	36,960
Total checking accounts			<u>\$ 72,337</u>
Savings accounts			
Eagle Bank	0.15	Continuous	\$ 26,811
Eagle Bank	0.10	Continuous	3,502
Glenwood State Bank	0.35	Continuous	9,529,475
Total savings accounts			<u>\$ 9,559,788</u>
Total Deposits and Investments			<u>\$ 12,224,504</u>

**POPE COUNTY
GLENWOOD, MINNESOTA**

**BALANCE SHEET - BY DITCH
DITCH SPECIAL REVENUE FUND
DECEMBER 31, 2015**

	Assets			
	Cash and	Special Assessments Receivable		Total
	Investments	Current	Noncurrent	
County Ditches				
2	\$ 4,586	\$ -	\$ -	\$ 4,586
3	490	-	-	490
4	1,220	-	-	1,220
7	4,695	-	-	4,695
8	3,693	-	-	3,693
9	2,693	-	-	2,693
10	1,595	-	-	1,595
12	1,505	52	-	1,557
15	395	-	-	395
17	3,251	-	-	3,251
19	79	-	-	79
24	385	-	-	385
27	294	-	-	294
28	2,000	-	-	2,000
Prop CD 29	-	-	2,433	2,433
General	1,186	-	-	1,186
Judicial Ditches				
3 Pope and Douglas	2,831	21	-	2,852
4 Pope and Douglas	616	26	-	642
4 Pope and Swift	591	-	-	591
9 Pope and Swift	551	-	-	551
Total	\$ 32,656	\$ 99	\$ 2,433	\$ 35,188

EXHIBIT D-2

Liabilities				Deferred Inflows of Resources	Fund Balances	Total Liabilities, Deferred Inflows of Resources and Fund Balances
Due to Other Funds	Due to Other Governments	Advances from Other Funds	Total	Unavailable Revenue	(Unassigned)/ Restricted	
\$ 84	\$ -	\$ -	\$ 84	\$ -	\$ 4,502	\$ 4,586
-	-	-	-	-	490	490
96	-	-	96	-	1,124	1,220
-	-	-	-	-	4,695	4,695
-	-	-	-	-	3,693	3,693
-	-	-	-	-	2,693	2,693
-	-	-	-	-	1,595	1,595
268	-	-	268	52	1,237	1,557
54	-	-	54	-	341	395
54	-	-	54	-	3,197	3,251
-	-	-	-	-	79	79
-	-	-	-	-	385	385
-	-	-	-	-	294	294
-	-	-	-	-	2,000	2,000
-	-	2,433	2,433	2,433	(2,433)	2,433
38	-	12,000	12,038	-	(10,852)	1,186
121	3,617	-	3,738	21	(907)	2,852
56	2,517	-	2,573	26	(1,957)	642
-	-	5,000	5,000	-	(4,409)	591
-	-	1,000	1,000	-	(449)	551
\$ 771	\$ 6,134	\$ 20,433	\$ 27,338	\$ 2,532	\$ 5,318	\$ 35,188

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT D-3

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Appropriations and Shared Revenue

State

Highway users tax	\$ 3,710,657
Market value credit	238,642
PERA rate reimbursement	15,728
Disparity reduction aid	22,508
County program aid	220,446
Police aid	61,811
SCORE	69,692
E-911	82,483
Aquatic invasive species aid	89,019
	89,019

Total appropriations and shared revenue **\$ 4,510,986**

Reimbursement for Services

State

Minnesota Department of Human Services	\$ 268,159
	268,159

Payments

Local

Local contributions	\$ 14,752
Payments in lieu of taxes	94,889
	94,889

Total payments **\$ 109,641**

Grants

State

Minnesota Department/Board of	
Corrections	\$ 23,904
Transportation	271,350
Health	2,888
Natural Resources	9,766
Human Services	518,367
Trial Courts	2,479
Veterans Affairs	10,122
Water and Soil Resources	141,621
	141,621

Total state **\$ 980,497**

Federal

Department of	
Agriculture	\$ 142,666
Transportation	648,780
Education	763
Health and Human Services	950,428
Homeland Security	35,292
	35,292

Total federal **\$ 1,777,929**

Total state and federal grants **\$ 2,758,426**

Total Intergovernmental Revenue **\$ 7,647,212**

**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT D-4

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	15152MN- 10152514	<u>\$ 142,666</u>
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	00061	<u>\$ 648,780</u>
U.S. Department of Health and Human Services			
Passed Through West Central Area Agency on Aging Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	314-15-003B-435	\$ 15,453
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	1401MNFPS	3,404
Temporary Assistance for Needy Families	93.558	1502MNTANF	87,325
Child Support Enforcement	93.563	1504MN4005	159,730
Refugee and Entrant Assistance - State Administered Programs	93.566	1501MNCMA	248
Child Care and Development Block Grant	93.575	G1501MNCCDF	3,608
Community-Based Child Abuse Prevention Grants	93.590	1302MNFPRG	6,902
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1401MNCWSS	3,876
Foster Care - Title IV-E	93.658	1501MNFOST	131,609
Social Services Block Grant	93.667	1501MNSOSR	84,163
Chafee Foster Care Independence Program	93.674	1401MN1420	5,228
Children's Health Insurance Program	93.767	1405MN5021	70
Medical Assistance Program	93.778	1505MN5ADM	<u>454,183</u>
Total U.S. Department of Health and Human Services			<u>\$ 955,799</u>
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	101349	\$ 1,018
Passed Through Minnesota Department of Public Safety Emergency Management Performance Grants	97.042	A-EMPG-2015- POPECO-00063	<u>16,624</u>
Total U.S. Department of Homeland Security			<u>\$ 17,642</u>
Total Federal Awards			<u>\$ 1,764,887</u>

Pope County did not pass any federal awards through to subrecipients during the year ended December 31, 2015.

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**POPE COUNTY
GLENWOOD, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Pope County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pope County.

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, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pope County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 1,777,929
Expenditures occurred in 2015 and revenue recognized in 2016	
Child Support Enforcement	5,700
Expenditures occurred prior to 2015 but reimbursed in 2015	
Special Education - Grants for Infants and Families	(763)
Child Care and Development Block Grant	(329)
Emergency Management Performance Grants	(17,650)
	<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 1,764,887</u>

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**Other Information
Section**

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**POPE COUNTY
GLENWOOD, MINNESOTA**

EXHIBIT E-1

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

	2014		2015		2016	
	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate %	Amount	Net Tax Capacity Rate %
Tax Capacity						
Real property	\$ 18,127,391		\$ 19,142,050		\$ 19,790,445	
Personal property	421,809		519,300		480,465	
Total Tax Capacity	\$ 18,549,200		\$ 19,661,350		\$ 20,270,910	
Taxes Levied for County Purposes						
General	\$ 5,795,052	30.067	\$ 5,871,487	29.346	\$ 6,400,990	31.102
Road and Bridge	727,416	3.764	863,525	4.306	940,141	4.560
Human Services	1,817,781	9.400	1,751,496	8.733	1,513,506	7.341
Capital Improvement Notes	53,033	0.289	73,841	0.379	47,250	0.230
LEC Bonds	304,500	1.655	304,100	1.558	303,100	1.471
Capital Equipment Notes	249,000	1.354	248,934	1.275	258,226	1.253
Total Levy for County Purposes	\$ 8,946,782	46.529	\$ 9,113,383	45.597	\$ 9,463,213	45.957
Less Credits Payable by State	395,059		220,446		215,448	
Net Levy Certified to State	\$ 8,551,723		\$ 8,892,937		\$ 9,247,765	
Less Market Value Credits Payable by State	130,447		238,655		237,592	
Net Levy for County Purposes	\$ 8,421,276		\$ 8,654,282		\$ 9,010,173	
Tax Capacity - Light and Power						
Assessed at 43%	\$ 58,352		\$ 59,178		\$ 57,616	
Assessed at 5%	6,303		2,820		2,866	
Total Tax Capacity - Light and Power	\$ 64,655		\$ 61,998		\$ 60,482	

**POPE COUNTY
GLENWOOD, MINNESOTA**

**EXHIBIT E-1
(Continued)**

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

	2014		2015		2016	
	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate %	Amount	Net Tax Capacity Rate %
Light and Power Tax Levies (distributed in accordance with Minn. Stat. § 273.42, as amended)						
Assessed at 43%	\$ 48,332	90.439	\$ 48,650	82.209	\$ 48,674	84.479
Assessed at 5%	5,220	90.439	2,319	82.209	2,422	84.479
Market value based on property tax	5,338	0.1542	5,279	0.1703	5,663	0.1873
State tax	33,724	52.523	31,520	50.840	29,419	48.641
Total Light and Power Tax Levies	\$ 92,614		\$ 87,768		\$ 86,178	
Special Assessments						
Ditch liens and assessments	\$ 792,491		\$ 743,633		\$ 673,985	
Percentage of Tax Collections for All Purposes	99%		99%		N/A	

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POPE COUNTY

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**POPE COUNTY
GLENWOOD, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

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

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

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

The major federal programs are:

Highway Planning and Construction	CFDA No. 20.205
Child Support Enforcement	CFDA No. 93.563

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

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

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, 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.

PREVIOUSLY REPORTED ITEM RESOLVED

Credit Card Policy (2014-001)

During our prior year audit of the Sheriff's Department, we noted instances where the handling of credit cards in the department were inconsistent with the County's Credit Card Policy.

Resolution

We noted no inconsistencies with the County's Credit Card Policy during the 2015 audit.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

PREVIOUSLY REPORTED ITEMS RESOLVED

Cash Management (CFDA No. 93.243) (2013-002)

During our prior year audit of the Substance Abuse and Mental Health Services - Projects of Regional and National Significance program, we noted that 8 of the 40 disbursements tested had been paid after the reimbursement request was submitted.

Resolution

This grant was previously administered by the Pope County Public Health Department. During 2015, the County's Public Health Department merged with several other counties to form Horizon Public Health, a separate entity which now administers the Substance Abuse and Mental Health Services - Projects of Regional and National Significance program.

**Activities and Costs Allowed/Unallowed and Reporting Review Process
(CFDA No. 93.243) (2014-002)**

During our prior year audit of the Substance Abuse and Mental Health Services - Projects of Regional and National Significance program, we noted that 1) gift cards were not properly tracked, and 2) financial reports were prepared and submitted by a supervisory-level individual with no review by another supervisory-level individual.

Resolution

This grant was previously administered by the Pope County Public Health Department. During 2015, the County's Public Health Department merged with several other counties to form Horizon Public Health, a separate entity which now administers the Substance Abuse and Mental Health Services - Projects of Regional and National Significance program.



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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

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

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

Independent Auditor's Report

Board of County Commissioners
Pope County
Glenwood, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County, Minnesota, as of and for the year ended December 31, 2015, 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 9, 2016. This report does not include the results of our audit testing of the Pope County Housing and Redevelopment Authority/Economic Development Authority component unit's internal control over financial reporting or compliance and other matters that are reported on separately within this annual financial report.

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.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 1996-001, that we consider 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 Counties*, 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 Counties*. 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 response to the internal control finding identified in our audit has been included in the Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 9, 2016

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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

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

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

Independent Auditor's Report

Board of County Commissioners
Pope County
Glenwood, Minnesota

Report on Compliance for 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) *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, 2015. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pope County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each 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 each of its major federal programs for the year ended December 31, 2015.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

September 9, 2016

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

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**POPE COUNTY
HOUSING AND REDEVELOPMENT AUTHORITY/
ECONOMIC DEVELOPMENT AUTHORITY**

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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

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

REPORT ON 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 Commissioners
Pope County Housing and Redevelopment
Authority/Economic Development Authority
Glenwood, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pope County, Minnesota, which include the financial statements of the Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA) as a discretely presented component unit and as supplementary information, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the HRA/EDA's basic financial statements, and have issued our report thereon dated September 9, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pope County HRA/EDA'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 HRA/EDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the HRA/EDA's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the HRA/EDA's

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pope County HRA/EDA'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 Other 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 Pope County HRA/EDA'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 contracting and bidding because the HRA/EDA did not enter into any contracts, and tax increment financing because the HRA/EDA administers no tax increment financing districts.

In connection with our audit, nothing came to our attention that caused us to believe that the Pope County HRA/EDA failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Other 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 HRA/EDA's noncompliance with the above referenced provisions.

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 Other Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the Pope County HRA/EDA'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 HRA/EDA'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

September 9, 2016

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR