STATE OF MINNESOTA
Office of the State Auditor

Rebecca Otto
State Auditor

POPE COUNTY
GLENWOOD, MINNESOTA

YEAR ENDED DECEMBER 31, 2017

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 650 public pension funds; and

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

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

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POPE COUNTY
GLENWOOD, MINNESOTA

Year Ended December 31, 2017

Audit Practice Division
Office of the State Auditor
State of Minnesota

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POPE COUNTY
GLENWOOD, MINNESOTA

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Introductory Section

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POPE COUNTY
GLENWOOD, MINNESOTA

ORGANIZATION
2017

Office	Name	Term From	Term To
Commissioners			
1st District	Larry Kittelson	January 2015	January 2019
2nd District	Gordy Wagner	January 2017	January 2021
3rd District	Paul Gerde*	January 2017	January 2021
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	Kersten Kappmeyer	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 2017	January 2021
Member	Paul Gerde	January 2017	January 2021
Member	Larry Lindor	January 2015	January 2019
Member	Cody Rogahn	January 2015	January 2019

*Chair
**Vice Chair

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Financial Section

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STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

REBECCA OTTO
STATE AUDITOR

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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, 2017, 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, 2017, 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.

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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2018, on our consideration of Pope County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pope County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pope County's internal control over financial reporting and compliance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA), 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	*/s/Greg Hierlinger*
REBECCA OTTO STATE AUDITOR	GREG HIERLINGER, CPA DEPUTY STATE AUDITOR

September 10, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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POPE COUNTY
GLENWOOD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017
(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, 2017. 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 $63,732,287, of which Pope County has invested $54,526,564 in capital assets, net of related debt, and $4,769,364 is restricted to specific purposes/uses by the County.

- The net cost of Pope County's governmental activities for the year ended December 31, 2017, was $7,815,110; the net cost was funded by general revenues and other items totaling $10,200,460.

- Pope County's net position increased by $2,385,350 for the year ended December 31, 2017; the net position of the County's discretely presented component unit decreased by $16,313.

- The fund balances of all Pope County's funds increased by $3,697,236.

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 full accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

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

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

- Governmental activities--Pope County reports its basic services in the "Governmental Activities" column of these reports. The activities reported by the County include general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, economic development, and interest. Pope County finances the majority of these activities with local property taxes, state-paid aids, fees, charges for services, and federal and state grants.

- Component unit--Pope County includes one separate legal entity on its report. The Pope County Housing and Redevelopment Authority/Economic Development Authority is presented in a separate column. Although legally separate, this "component unit" is important because the County is financially accountable for it.

Fund Financial Statements

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

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

Reporting the County's Fiduciary Responsibilities

Pope County is the trustee, or fiduciary, over assets, which can only be used for the 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	
	2017	2016
Assets		
Current and other assets	$ 20,204,007	$ 16,530,939
Capital assets, net of accumulated depreciation	57,504,504	56,212,713
Total Assets	$ 77,708,511	$ 72,743,652
Deferred Outflows of Resources		
Deferred pension outflows	$ 2,568,186	$ 4,435,421
Liabilities		
Long-term liabilities	$ 12,894,625	$ 13,715,035
Other liabilities	634,532	643,839
Total Liabilities	$ 13,529,157	$ 14,358,874
Deferred Inflows of Resources		
Deferred pension inflows	$ 2,670,690	$ 1,473,262
Prepaid property taxes	344,563	-
Total Deferred Inflows of Resources	$ 3,015,253	$ 1,473,262
Net Position		
Net investment in capital assets	$ 54,526,564	$ 52,742,052
Restricted	4,769,364	2,123,828
Unrestricted	4,436,359	6,481,057
Total Net Position	$ 63,732,287	$ 61,346,937

Pope County's total net position for the year ended December 31, 2017, totals $63,732,287. The governmental activities' unrestricted net position totals $4,436,359. 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			
	2017		2016	
Revenues				
Program revenues				
Fees, charges, fines, and other	$	1,320,659	$	1,497,640
Operating grants and contributions		6,506,897		6,664,981
Capital grants and contributions		736		430,983
General revenues				
Property taxes		9,205,194		9,025,554
Other taxes		314,724		289,260
Grants and contributions not restricted to specific programs		509,137		520,554
Other general revenues		171,405		121,417
Total Revenues	$	18,028,752	$	18,550,389
Expenses				
General government	$	4,105,771	$	3,915,487
Public safety		2,491,277		2,616,926
Highways and streets		3,870,313		4,395,380
Sanitation		394,019		395,998
Human services		3,730,642		4,102,530
Health		185,318		231,944
Culture and recreation		162,564		160,329
Conservation of natural resources		476,559		432,821
Economic development		16,286		14,851
Interest		210,653		149,898
Total Expenses	$	15,643,402	$	16,416,164
Increase in Net Position	$	2,385,350	$	2,134,225
Net Position - January 1		61,346,937		59,212,712
Net Position - December 31	$	63,732,287	$	61,346,937

Governmental Activities

Revenues for Pope County's governmental activities for the year ended December 31, 2017, were $18,028,752. The County's cost for all governmental activities for the year ended December 31, 2017, was $15,643,402. The net position for the County's governmental activities increased by $2,385,350 in 2017.

As shown in the Statement of Activities, the amount that Pope County taxpayers ultimately financed for these governmental activities through local property taxation was $9,205,194 because $1,320,659 of the costs were paid by those who directly benefited from the programs, and $7,016,770 was paid by other governments and organizations that subsidized certain programs with grants and contributions. Pope County paid for the remaining "public benefit" portion of governmental activities with $486,129 from other revenues, such as investment income, mortgage registry tax, wheelage tax, and state deed tax.

Figure 1
Total County Revenues
2017

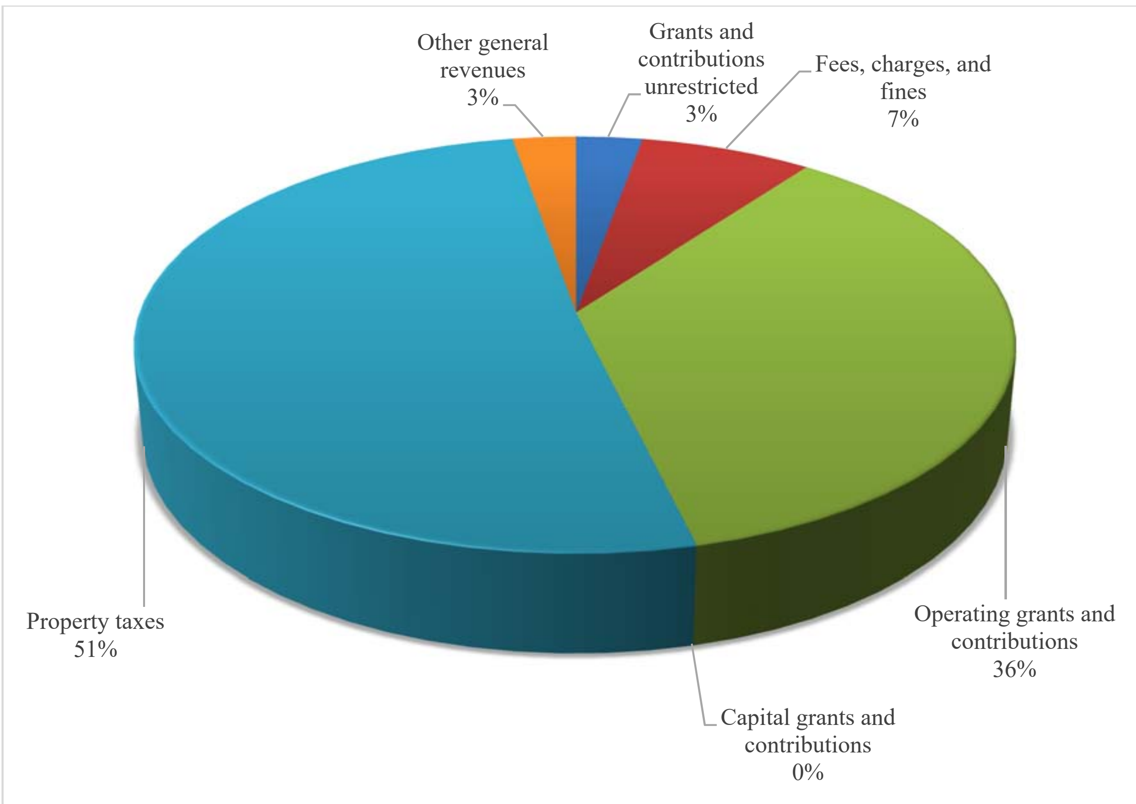
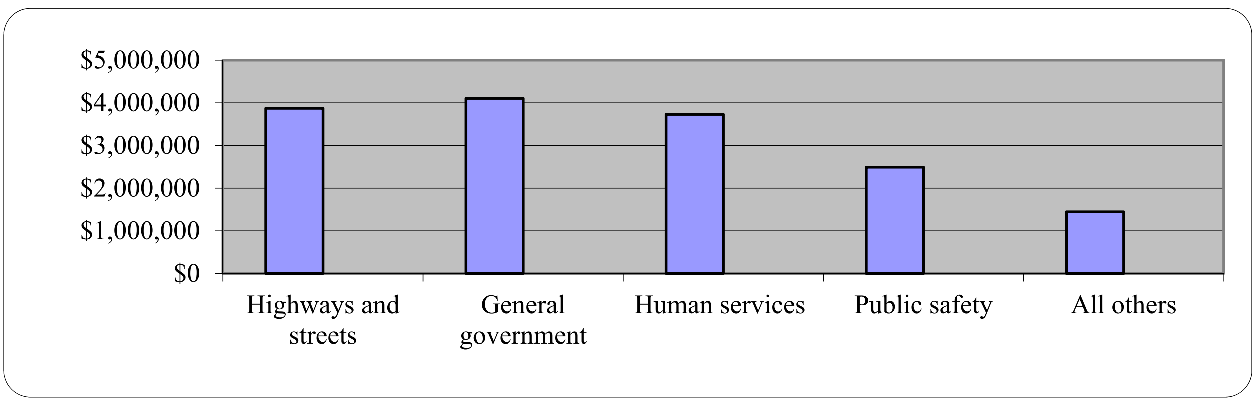


Table 3 presents the cost of each of Pope County's four largest program functions, as well as each function's net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden placed on Pope County's taxpayers by each of these functions.

Table 3
Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017
Program Expenses		
General government	$ 4,105,771	$ 3,666,095
Public safety	2,491,277	2,235,447
Highways and streets	3,870,313	(172,586)
Human services	3,730,642	1,615,460
All others	1,445,399	470,694
Total Program Expenses	$ 15,643,402	$ 7,815,110

Figure 2
Governmental Activities Expenses
2017



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 $17,474,679.

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 2017, the County Board of Commissioners made no changes to the budget as originally adopted on December 20, 2016. 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 $673,464, and actual expenditures were $623,904 less than expected in 2017.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, Pope County had $57,504,504 invested in a broad range of capital assets, net of depreciation. Pope County's net capital assets increased by $1,291,791, or 2.30 percent, in 2017. This investment in capital assets includes land, buildings, infrastructure, equipment, and construction in progress (see Table 4). Additional information on capital assets can be found in Note 3.A.3. to the financial statements.

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

	Governmental Activities	
	2017	2016
Land	$ 2,175,465	$ 2,175,465
Buildings	5,020,848	5,288,593
Office furniture and equipment	473,507	416,223
Machinery and automotive equipment	1,394,893	937,792
Infrastructure	48,366,861	47,171,487
Construction in progress	72,930	223,153
Totals	$ 57,504,504	$ 56,212,713

Debt Administration

At December 31, 2017, Pope County had $6,463,695 of outstanding debt compared with $4,531,014 as of December 31, 2016, an increase of $1,932,681, as shown in Table 5.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	
	2017	2016
Contract for deed	$ 3,887	$ 5,075
2013A G.O. Capital Equipment and Improvement Bonds	805,000	1,085,000
2017 G.O. Capital Improvement Bonds	2,405,000	-
Capital lease - Law Enforcement Center	2,655,000	2,815,000
Loans		
Septic System Replacement Program Loan SRF0127	-	2,683
Septic System Replacement Program Loan SRF0185	28,443	39,503
Septic System Replacement Program Loan SRF0253	88,160	107,102
State of Minnesota Agricultural Best Management Loan Program	478,205	476,651
Totals	$ 6,463,695	$ 4,531,014

In 2017, Pope County obtained an "Aa2" 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 2018 budget and tax rates, including:

- Pope County's unemployment rates for 2016 and 2017 were 3.5 percent and 3.1 percent, respectively, compared to the Minnesota unemployment rate for 2016 and 2017, which averaged 3.9 percent and 3.5 percent, respectively. The unemployment rate continues to impact the level of services requested by Pope County residents.

- Land development and regulation issues.

- Reviewing revenue sources and considering cost effective and efficient means for the delivery of Pope County programs and services; this will influence the development of future budgets.

- On December 19, 2017, the Pope County Board of Commissioners approved the 2018 budget at $17,414,159. The 2018 total levy is $10,005,154, less County Program Aid of $573,358, for a net levy of $9,431,796. The Board approved a 0.0 percent increase in the levy for 2018.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

Pope County's financial report provides citizens, taxpayers, customers, investors, and creditors with a general overview of Pope County's finances and shows the County's accountability for the money it receives and spends. If you have questions about this report or need additional financial information, contact the Pope County Auditor/Treasurer, 320-634-7706, Pope County Courthouse, 130 East Minnesota Avenue, Suite 218, Glenwood, Minnesota 56334-4525.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT 1

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Primary Government Governmental Activities	Component Unit Housing and Redevelopment Authority/Economic Development Authority
Assets		
Cash and pooled investments	$ 15,129,983	$ 549,070
Petty cash and change funds	1,900	-
Cash with escrow agent	2,784,549	-
Taxes receivable		
Delinquent	137,916	6,283
Special assessments receivable		
Delinquent	24,308	-
Noncurrent	561,091	-
Accounts receivable	70,366	400
Accrued interest receivable	10,708	50,933
Due from other governments	1,384,279	-
Due from primary government	-	4,241
Loans receivable	-	236,344
Lease receivable	-	2,655,000
Inventories	98,907	-
Land held for resale	-	419,985
Restricted assets		
Cash and pooled investments	-	12,979
Capital assets		
Non-depreciable	2,248,395	311,797
Depreciable - net of accumulated depreciation	55,256,109	2,007,516
Total Assets	**$ 77,708,511**	**$ 6,254,548**
Deferred Outflows of Resources		
Deferred pension outflows	**$ 2,568,186**	**$ -**

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

POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT 1
(Continued)

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Primary Government Governmental Activities	Component Unit Housing and Redevelopment Authority/Economic Development Authority
Liabilities		
Accounts payable	$ 250,246	$ 9,492
Salaries payable	156,261	-
Due to other governments	114,799	465
Due to component unit	4,241	-
Accrued interest payable	54,729	79,969
Unearned revenue	54,256	28,500
Current liabilities payable from restricted assets		
Tenant security deposits	-	11,084
Accounts payable	-	1,895
Long-term liabilities		
Due within one year	566,078	243,412
Due in more than one year	6,494,123	4,789,391
Net other postemployment benefits obligation	53,986	-
Net pension liability	5,780,438	-
Total Liabilities	**$ 13,529,157**	**$ 5,164,208**
Deferred Inflows of Resources		
Deferred pension inflows	$ 2,670,690	$ -
Prepaid property taxes	344,563	-
Total Deferred Inflows of Resources	**$ 3,015,253**	**$ -**
Net Position		
Net investment in capital assets	$ 54,526,564	$ (58,490)
Restricted for		
General government	245,009	-
Public safety	312,474	-
Human services	6,382	-
Ditch construction and maintenance	25,744	-
Conservation of natural resources	1,063,500	-
Debt service	3,116,255	-
Unrestricted	4,436,359	1,148,830
Total Net Position	**$ 63,732,287**	**$ 1,090,340**

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

POPE COUNTY
GLENWOOD, MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Expenses	Fees, Charges, Fines, and Other
Functions/Programs		
Primary Government		
Governmental activities		
General government	$ 4,105,771	$ 397,792
Public safety	2,491,277	68,096
Highways and streets	3,870,313	80,328
Sanitation	394,019	326,669
Human services	3,730,642	290,864
Health	185,318	-
Culture and recreation	162,564	-
Conservation of natural resources	476,559	139,110
Economic development	16,286	17,800
Interest	210,653	-
Total Primary Government	**$ 15,643,402**	**$ 1,320,659**
Component Unit		
Housing and Redevelopment Authority/Economic Development Authority	**$ 575,075**	**$ -**

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

Total general revenues

Change in net position

Net Position - Beginning

Net Position - Ending

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

Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit Housing and Redevelopment Authority/Economic Development Authority
$ 41,884	$ -	$ (3,666,095)	
187,734	-	(2,235,447)	
3,961,835	736	172,586	
103,925	-	36,575	
1,824,318	-	(1,615,460)	
126,799	-	(58,519)	
-	-	(162,564)	
260,402	-	(77,047)	
-	-	1,514	
-	-	(210,653)	
$ 6,506,897	**$ 736**	**$ (7,815,110)**	
$ -	**$ -**		**$ (575,075)**
		$ 9,205,194	$ 304,998
		15,780	-
		120,813	-
		28,161	-
		149,970	-
		509,137	8,481
		96,407	4,273
		21,793	-
		53,205	241,010
		$ 10,200,460	**$ 558,762**
		$ 2,385,350	**$ (16,313)**
		61,346,937	**1,106,653**
		$ 63,732,287	**$ 1,090,340**

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

POPE COUNTY
GLENWOOD, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	Road and Bridge
Assets		
Cash and pooled investments	$ 9,027,218	$ 3,179,378
Petty cash and change funds	1,900	-
Cash with escrow agent	-	-
Taxes receivable		
Delinquent	90,314	14,956
Special assessments receivable		
Delinquent	8,163	-
Noncurrent	561,091	-
Accounts receivable	-	22
Accrued interest receivable	10,708	-
Due from other funds	13,080	5,414
Due from other governments	133,479	923,426
Inventories	-	98,907
Advances to other funds	16,000	-
Total Assets	**$ 9,861,953**	**$ 4,222,103**
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	$ 160,954	$ 14,915
Salaries payable	88,480	24,346
Due to other funds	-	-
Due to other governments	35,107	8,756
Due to component unit	4,241	-
Unearned revenue	54,256	-
Advances from other funds	-	-
Total Liabilities	**$ 343,038**	**$ 48,017**
Deferred Inflows of Resources		
Unavailable revenue	$ 734,041	$ 928,981
Prepaid property taxes	228,790	27,503
Total Deferred Inflows of Resources	$ **962,831**	$ **956,484**

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

EXHIBIT 3

	Human Services	Debt Service	Capital Projects	Other Governmental Funds	Total
	$ 2,422,804	$ 345,011	$ 102,511	$ 53,061	$ 15,129,983
	-	-	-	-	1,900
	-	2,784,549	-	-	2,784,549
	23,620	9,026	-	-	137,916
	-	-	-	16,145	24,308
	-	-	-	-	561,091
	70,344	-	-	-	70,366
	-	-	-	-	10,708
	-	-	-	-	18,494
	320,411	-	-	6,963	1,384,279
	-	-	-	-	98,907
	-	-	-	-	16,000
	$ 2,837,179	**$ 3,138,586**	**$ 102,511**	**$ 76,169**	**$ 20,238,501**

	$ 69,907	$ -	$ -	$ 4,470	$ 250,246
	43,375	-	-	60	156,261
	13,080	-	-	5,414	18,494
	59,641	-	-	11,295	114,799
	-	-	-	-	4,241
	-	-	-	-	54,256
	-	-	-	16,000	16,000
	$ 186,003	**$ -**	**$ -**	**$ 37,239**	**$ 614,297**

	$ 116,769	$ 9,026	$ -	$ 16,145	$ 1,804,962
	65,939	22,331	-	-	344,563
	$ **182,708**	$ **31,357**	$ **-**	$ **16,145**	$ **2,149,525**

POPE COUNTY
GLENWOOD, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	Road and Bridge
Liabilities, Deferred Inflows of Resources, and Fund Balances (Continued)		
Fund Balances (Note 3.D.)		
Nonspendable	$ 16,000	$ 98,907
Restricted	1,020,217	-
Assigned	432,059	3,118,695
Unassigned	7,087,808	-
Total Fund Balances	**$ 8,556,084**	**$ 3,217,602**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 9,861,953**	**$ 4,222,103**

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

EXHIBIT 3
(Continued)

Human Services	Debt Service	Capital Projects	Other Governmental Funds	Total
$ -	$ -	$ -	$ -	$ 114,907
-	3,107,229	102,511	47,496	4,277,453
2,468,468	-	-	-	6,019,222
-	-	-	(24,711)	7,063,097
$ 2,468,468	**$ 3,107,229**	**$ 102,511**	**$ 22,785**	**$ 17,474,679**
$ 2,837,179	**$ 3,138,586**	**$ 102,511**	**$ 76,169**	**$ 20,238,501**

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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, 2017

Fund balance - total governmental funds (Exhibit 3)		**$ 17,474,679**
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.		57,504,504
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.		2,568,186
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.		1,804,962
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	$ (3,210,000)	
Discounts/premiums on bonds	(115,214)	
Contract for deed	(3,887)	
Loans payable	(594,808)	
Capital lease payable	(2,655,000)	
Compensated absences	(481,292)	
Other postemployment benefits obligation	(53,986)	
Net pension liability	(5,780,438)	(12,894,625)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds.		(54,729)
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.		(2,670,690)
Net Position of Governmental Activities (Exhibit 1)		**$ 63,732,287**

POPE COUNTY
GLENWOOD, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Road and Bridge
Revenues		
Taxes	$ 6,178,830	$ 1,168,913
Special assessments	159,779	-
Licenses and permits	69,253	-
Intergovernmental	1,145,000	4,400,133
Charges for services	362,610	79,538
Fines and forfeits	1,315	-
Gifts and contributions	2,638	-
Investment earnings	96,407	-
Miscellaneous	191,560	3,277
Total Revenues	**$ 8,207,392**	**$ 5,651,861**
Expenditures		
Current		
General government	$ 3,572,780	$ -
Public safety	2,127,432	-
Highways and streets	-	4,582,118
Human services	-	-
Health	185,318	-
Culture and recreation	162,564	-
Conservation of natural resources	438,118	-
Economic development	14,403	-
Intergovernmental		
General government	6,074	-
Highways and streets	-	377,779
Sanitation	68,711	-
Capital outlay		
General government	168,465	-
Public safety	36,678	-
Highways and streets	-	329,770
Debt service		
Principal	123,085	-
Interest	3,114	-
Bond issuance costs	-	-
Administrative charges	-	-
Total Expenditures	**$ 6,906,742**	**$ 5,289,667**
Excess of Revenues Over (Under) Expenditures	**$ 1,300,650**	**$ 362,194**

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

EXHIBIT 5

Human Services	Debt Service	Capital Projects	Other Governmental Funds	Total
$ 1,425,980	$ 593,354	$ -	$ -	$ 9,367,077
-	-	-	356,746	516,525
-	-	-	-	69,253
1,901,455	21,570	-	-	7,468,158
298,503	-	-	-	740,651
-	-	-	18,394	19,709
-	-	-	-	2,638
-	-	-	-	96,407
52	-	-	-	194,889
$ 3,625,990	**$ 614,924**	**$ -**	**$ 375,140**	**$ 18,475,307**
$ -	$ -	$ -	$ 21,386	$ 3,594,166
-	-	8,577	-	2,136,009
-	-	-	-	4,582,118
3,822,632	-	-	-	3,822,632
-	-	-	-	185,318
-	-	-	-	162,564
-	-	-	41,238	479,356
-	-	-	-	14,403
-	-	-	-	6,074
-	-	-	-	377,779
-	-	-	325,308	394,019
-	-	-	-	168,465
-	-	103,265	-	139,943
-	-	214,986	-	544,756
-	440,000	-	-	563,085
-	135,460	-	85	138,659
-	67,859	-	-	67,859
-	900	-	-	900
$ 3,822,632	**$ 644,219**	**$ 326,828**	**$ 388,017**	**$ 17,378,105**
$ (196,642)	**$ (29,295)**	**$ (326,828)**	**$ (12,877)**	**$ 1,097,202**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Road and Bridge
Other Financing Sources (Uses)		
Transfers in	$ 124	$ -
Transfers out	-	-
Loan issued	90,766	-
Premium on bonds issued	-	-
Bonds issued	-	-
Proceeds from sale of capital assets	808	5,090
Total Other Financing Sources (Uses)	**$ 91,698**	**$ 5,090**
Net Change in Fund Balances	**$ 1,392,348**	**$ 367,284**
Fund Balances - January 1	**7,163,736**	**2,867,241**
Increase (decrease) in inventories	**-**	**(16,923)**
Fund Balances - December 31	**$ 8,556,084**	**$ 3,217,602**

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

EXHIBIT 5
(Continued)

Human Services	Debt Service	Capital Projects	Other Governmental Funds	Total
$ -	$ -	$ -	$ -	$ 124
-	(124)	-	-	(124)
-	-	-	-	90,766
-	115,293	-	-	115,293
-	2,405,000	-	-	2,405,000
-	-	-	-	5,898
$ -	**$ 2,520,169**	**$ -**	**$ -**	**$ 2,616,957**
$ (196,642)	**$ 2,490,874**	**$ (326,828)**	**$ (12,877)**	**$ 3,714,159**
2,665,110	**616,355**	**429,339**	**35,662**	**13,777,443**
-	**-**	**-**	**-**	**(16,923)**
$ 2,468,468	**$ 3,107,229**	**$ 102,511**	**$ 22,785**	**$ 17,474,679**

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, 2017

Net change in fund balances - total governmental funds (Exhibit 5)		**$ 3,714,159**
Amounts reported for governmental activities in the statement of activities are different because:		
In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment between the fund statements and the statement of activities is the increase or decrease in unavailable revenue.		
Unavailable revenue - December 31	$ 1,804,962	
Unavailable revenue - January 1	(2,167,811)	(362,849)
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	$ 3,511,626	
Net book value of assets disposed	(16,055)	
Current year depreciation	(2,203,780)	1,291,791
Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of activities.		
Proceeds of new debt		
General obligation bonds issued	$ (2,405,000)	
Premium on general obligation bonds issued	(115,293)	
Loans issued	(90,766)	
Principal repayments	563,085	
Current year amortization of premiums/discounts	(6,660)	(2,054,634)
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	$ 3,425	
Change in compensated absences	(17,086)	
Change in other postemployment benefits obligation	63,226	
Change in net pension liability	2,828,904	
Change in deferred pension outflows	(1,867,235)	
Change in deferred pension inflows	(1,197,428)	
Change in inventories	(16,923)	(203,117)
Change in Net Position of Governmental Activities (Exhibit 2)		**$ 2,385,350**

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, 2017

		Agency Funds
Assets		
Cash and pooled investments	$	573,255
Due from other governments		13,653
Total Assets	**$**	**586,908**
Liabilities		
Accounts payable	$	6,088
Due to other governments		580,820
Total Liabilities	**$**	**586,908**

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

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1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2017. 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 prepared.

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

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.

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 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.

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

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

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

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, 2017, 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 2017 were $96,407.

2. Receivables and Payables

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

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

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

Special assessments receivable consist of delinquent special assessments payable in the years 2011 through 2017 and noncurrent special assessments payable in 2018 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.

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 acquisition 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:

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

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

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, differences between expected and actual economic experience, changes in actuarial assumptions, changes in proportion, and also the differences between projected and actual earnings on pension plan investments and, accordingly, are reported only in the statement of net position.

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 three 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, changes in actuarial assumptions, and also pension plan changes in proportionate share and, accordingly, are reported only in the statement of net position. The County also reports deferred inflows for prepaid property taxes under both the full and modified accrual basis of accounting. These amounts represent the County's share of the 2018 property taxes collected in advance. Since the property taxes were levied for use in a future year, the revenue is deferred and recognized in the period for which the amounts were levied.

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 Revenue Funds.

1. Summary of Significant Accounting Policies

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

9. Long-Term Obligations

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

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

10. Classification of Net Position

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

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

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

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

1. Summary of Significant Accounting Policies

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

11. Classification of Fund Balances

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

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

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

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

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

1. Summary of Significant Accounting Policies

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

11. Classification of Fund Balances (Continued)

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

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

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

12. Minimum Fund Balance

The County has adopted a minimum fund balance policy for the General Fund in order to meet the purpose of providing stability and flexibility to respond to unexpected adversity and/or opportunities. Therefore, the County Board has determined it needs to maintain a minimum level of unrestricted fund balance (committed, assigned, and unassigned) of 35 to 50 percent of operating revenues, or no less than five months of operating expenditures, based on the previous year. The Fund Balance Policy was adopted by the County Board on December 27, 2011. At December 31, 2017, unrestricted fund balance for the General Fund was above the minimum fund balance levels.

13. Use of Estimates

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

2. Stewardship, Compliance, and Accountability

   A. Deficit Fund Equity

   The Ditch Special Revenue Fund has a positive fund balance of $683 as of December 31, 2017, although seven individual ditch systems had deficit balances. The deficits will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

12 ditch systems with positive fund balances	$	25,394
7 ditch systems with deficit fund balances		(24,711)
Net Fund Balance	$	683

   B. Excess of Expenditures Over Budget

   The following is a summary of the individual fund that had expenditures in excess of budget for the year ended December 31, 2017:

	Expenditures		
	Actual	Final Budget	Excess
Debt Service Fund	$ 644,219	$ 610,466	$ 33,753

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	$	15,129,983
Petty cash and change funds		1,900
Cash with escrow agent		2,784,549
Discretely presented component unit		
Cash and pooled investments		562,049
Statement of fiduciary net position		
Cash and pooled investments		573,255
Total Cash and Investments	$	19,051,736

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

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

a. Deposits

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2017, Pope County's deposits were not exposed to custodial credit risk.

b. Investments

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

(1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;

3. Detailed Notes on All Funds

   A. Assets

      1. Deposits and Investments

         b. Investments (Continued)

            (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

            (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

            (4) bankers' acceptances of United States banks;

            (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

            (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

            The County had no investments as of December 31, 2017.

      2. Receivables

         The County had no receivables scheduled to be collected beyond one year, except for $561,091 of noncurrent special assessments.

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	$ 2,175,465	$ -	$ -	$ 2,175,465
Construction in progress	223,153	72,930	(223,153)	72,930
Total capital assets not depreciated	$ 2,398,618	$ 72,930	$ (223,153)	$ 2,248,395
Capital assets depreciated				
Buildings	$ 8,646,681	$ 52,532	$ -	$ 8,699,213
Office furniture and equipment	1,569,163	282,004	(122,644)	1,728,523
Machinery and automotive equipment	3,972,047	720,010	(751,452)	3,940,605
Infrastructure	68,582,335	2,607,303	-	71,189,638
Total capital assets depreciated	$ 82,770,226	$ 3,661,849	$ (874,096)	$ 85,557,979
Less: accumulated depreciation for				
Buildings	$ (3,358,088)	$ (320,277)	$ -	$ (3,678,365)
Office furniture and equipment	(1,152,940)	(213,779)	111,703	(1,255,016)
Machinery and automotive equipment	(3,034,255)	(257,795)	746,338	(2,545,712)
Infrastructure	(21,410,848)	(1,411,929)	-	(22,822,777)
Total accumulated depreciation	$ (28,956,131)	$ (2,203,780)	$ 858,041	$ (30,301,870)
Total capital assets depreciated, net	$ 53,814,095	$ 1,458,069	$ (16,055)	$ 55,256,109
Governmental Activities Capital Assets, Net	$ 56,212,713	$ 1,530,999	$ (239,208)	$ 57,504,504

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

Governmental Activities	
General government	$ 406,285
Public safety	182,530
Highways and streets, including depreciation of infrastructure assets	1,614,965
Total Depreciation Expense - Governmental Activities	$ 2,203,780

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2017, is as follows:

1. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount	Description
General	Human Services	$ 13,080	To provide funding
Road and Bridge	Ditch	5,414	To provide services
Total Due From/To Other Funds		$ 18,494	

2. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Ditch	$ 16,000

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

3. Transfers

Interfund transfers for the year ended December 31, 2017, consisted of the following:

	Transfers In	Description
Transfer to General Fund from Debt Service Fund	$ 124	Repayment

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources

1. Unearned Revenues and Deferred Inflows of Resources

Unearned revenues and deferred inflows of resources consist of taxes and special assessments receivable, state grants not collected soon enough after year-end to pay liabilities of the current period, state and federal grants, and other revenue received but not yet earned. Unearned revenues and deferred inflows of resources at December 31, 2017, are summarized below by fund:

	Taxes and Special Assessments	Grants and Highway Allotments	Miscellaneous	Total
Major governmental funds				
General Fund	$ 888,355	$ 128,732	$ -	$ 1,017,087
Road and Bridge	42,459	914,025	-	956,484
Human Services	89,559	91,963	1,186	182,708
Debt Service Fund	31,357	-	-	31,357
Nonmajor governmental funds				
Ditch	350	-	-	350
Solid Waste	15,795	-	-	15,795
Total	$ 1,067,875	$ 1,134,720	$ 1,186	$ 2,203,781
Liabilities				
Unearned revenue	$ -	$ 54,256	$ -	$ 54,256
Deferred inflows of Resources				
Unavailable revenue	723,312	1,080,464	1,186	1,804,962
Prepaid property taxes	344,563	-	-	344,563
Total	$ 1,067,875	$ 1,134,720	$ 1,186	$ 2,203,781

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.

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

2. Capital Lease (Continued)

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 and records the lease receivable for the value of the bonds. As of December 31, 2017, the amount of the bonds outstanding is $2,655,000. The interest revenue is recorded as nonoperating miscellaneous revenue for the HRA/EDA. For 2017, principal payments in the amount of $160,000 were made by the County to the HRA/EDA.

On December 29, 2017, the County issued $2,405,000 General Obligation Capital Improvement Plan Bonds, Series 2017A, to repay the remaining amount of the capital lease. The proceeds of these bonds are being held by an escrow agent. Payment will be made in 2019 when the HRA/EDA revenue bonds become callable.

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, 2017
General Obligation Bonds					
2013A G.O. Capital Equipment and Improvement	02/01/2024	$50,000 - $295,000	0.30 - 1.85	$ 1,830,000	$ 805,000
2017A G.O. Capital Improvement	02/01/2029	$175,000 - $260,000	3.00	2,405,000	2,405,000
Total Bonds Payable				$ 4,235,000	$ 3,210,000

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

3. Long-Term Debt (Continued)

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2017
Contract for Deed	11/01/2020	$402 - $686	5.50	$ 11,250	$ 3,887
Loans Payable					
SRF0185 State of Minnesota Septic System Replacement Loans	06/15/2021	$5,080 - $5,839	2.00	$ 106,421	$ 28,443
SRF0253 State of Minnesota Septic System Replacement Loans	12/15/2025	$6,000 - $7,248	2.00	132,108	88,160
State of Minnesota Agricultural Best Management Loan Program	*	*	0.00	828,545	478,205
Total Loans Payable				$ 1,067,074	$ 594,808
Capital Lease Payable	02/29/2029	$135,000 - $2,485,000	3.20 - 4.90	$ 3,400,000	$ 2,655,000

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

Debt service requirements at December 31, 2017, were as follows:

Year Ending December 31	General Obligation Bonds Principal	General Obligation Bonds Interest	Contract for Deed Principal	Contract for Deed Interest
2018	$ 280,000	$ 51,686	$ 1,255	$ 201
2019	460,000	77,020	1,325	130
2020	235,000	69,771	1,307	56
2021	245,000	63,224	-	-
2022	250,000	56,488	-	-
2023 - 2027	1,230,000	166,975	-	-
2028 - 2029	510,000	15,450	-	-
Total	$ 3,210,000	$ 500,614	$ 3,887	$ 387

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

3. Long-Term Debt (Continued)

Year Ending December 31	Capital Lease Payable Principal	Capital Lease Payable Interest	Loans Payable Principal	Loans Payable Interest
2018	$ 170,000	$ 118,755	$ 98,515	$ 2,211
2019	2,485,000	61,120	106,727	1,725
2020	-	-	103,616	1,230
2021	-	-	100,791	903
2022	-	-	87,696	626
2023 - 2027	-	-	91,696	410
2028	-	-	5,767	-
Total	$ 2,655,000	$ 179,875	$ 594,808	$ 7,105

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	$ 1,085,00	$ 2,405,000	$ 280,000	$ 3,210,000	$ 280,000
Discounts/premiums	(6,739)	115,293	(6,660)	115,214	-
Contract for deed	5,075	-	1,188	3,887	1,255
Loans payable	625,939	90,766	121,897	594,808	98,515
Capital lease payable	2,815,000	-	160,000	2,655,000	170,000
Compensated absences	464,206	504,338	487,252	481,292	16,308
Long-Term Liabilities	$ 4,988,481	$ 3,115,397	$ 1,043,677	$ 7,060,201	$ 566,078

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, 2017, the date of the most recent actuarial valuation:

Active employees	99
Retired employees	33
Spouses	7
Total Plan Participants	139

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 2017, the County contributed $249,653 to the plan. The net OPEB obligation is primarily liquidated by the General Fund and the Road and Bridge and Human Services Special Revenue Funds.

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Other Postemployment Benefits (OPEB) (Continued)

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.

The following table shows the components of the County's annual OPEB cost for 2017, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

ARC	$	188,589
Interest on net OPEB obligation		4,102
Adjustment to ARC		(6,264)
Annual OPEB cost	$	186,427
Contributions during the year		(249,653)
Increase (decrease) in net OPEB obligation	$	(63,226)
Net OPEB Obligation - Beginning of Year		117,212
Net OPEB Obligation - End of Year	$	53,986

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage (%) Contributed	Net OPEB Obligation
December 31, 2015	$ 237,333	$ 254,184	107.10	$ 101,910
December 31, 2016	237,587	222,285	93.56	117,212
December 31, 2017	186,427	249,653	133.91	53,986

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Other Postemployment Benefits (OPEB) (Continued)

Funded Status and Funding Progress

As of January 1, 2017, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $2,438,634, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $2,438,634. The covered payroll (annual payroll of active employees covered by the plan) was $5,149,510, and the ratio of the UAAL to the covered payroll was 47.36 percent.

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

Actuarial Methods and Assumptions

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

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Other Postemployment Benefits (OPEB)

Actuarial Methods and Assumptions (Continued)

For January 1, 2017, the most recent actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions include a 3.50 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.50 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, 2017, was 20 years.

D. Fund Balances

The summary of fund balance classifications is as follows:

	General Fund	Road and Bridge	Human Services	Debt Service	Capital Projects	Other Governmental Funds	Total
Nonspendable							
Inventories	$ -	$ 98,907	$ -	$ -	$ -	$ -	$ 98,907
Advances to other funds	16,000	-	-	-	-	-	16,000
Total nonspendable	$ 16,000	$ 98,907	$ -	$ -	$ -	$ -	$ 114,907
Restricted							
Debt service	$ -	$ -	$ -	$ 3,107,229	$ -	$ -	$ 3,107,229
Law library	-	-	-	-	-	22,102	22,102
Capital projects	-	-	-	-	102,511	-	102,511
Recorder’s technology and equipment	84,534	-	-	-	-	-	84,534
Election equipment	40,000	-	-	-	-	-	40,000
E-911	222,460	-	-	-	-	-	222,460
Recorder’ s compliance	94,948	-	-	-	-	-	94,948
Permit to carry	87,311	-	-	-	-	-	87,311
Sheriff’s contingency	2,703	-	-	-	-	-	2,703
Aquatic invasive species	276,466	-	-	-	-	-	276,466
Riparian protection	96,735	-	-	-	-	-	96,735
Tax-forfeited property	3,425	-	-	-	-	-	3,425
Bike path donations	6,382	-	-	-	-	-	6,382
Clean water partnership	105,253	-	-	-	-	-	105,253
Ditch maintenance and construction	-	-	-	-	-	25,394	25,394
Total restricted	$ 1,020,217	$ -	$ -	$ 3,107,229	$ 102,511	$ 47,496	$ 4,277,453
Assigned							
Road and bridge	$ -	$ 3,118,695	$ -	$ -	$ -	$ -	$ 3,118,695
Human services	-	-	2,468,468	-	-	-	2,468,468
Plat sign deposits	1,169	-	-	-	-	-	1,169
Veterans van	17,943	-	-	-	-	-	17,943
Capital expenditures	412,947	-	-	-	-	-	412,947
Total assigned	$ 432,059	$ 3,118,695	$ 2,468,468	$ -	$ -	$ -	$ 6,019,222
Unassigned	$ 7,087,808	$ -	$ -	$ -	$ -	$ (24,711)	$ 7,063,097
Total Fund Balances	$ 8,556,084	$ 3,217,602	$ 2,468,468	$ 3,107,229	$ 102,511	$ 22,785	$ 17,474,679

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 Plan and the Public Employees Police and Fire Plan, which are cost-sharing multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Retirement Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security and Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Retirement Plan in 2015. 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 Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after 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. General Employees Retirement Plan and Public Employees Police and Fire Plan benefit recipients receive a future annual 1.0 percent for the 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.

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 Plan Coordinated and Basic Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a 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. Only Method 2 is used for members hired after June 30, 1989. Minneapolis Employees Retirement Fund members have an annuity accrual rate of 2.0 percent of average salary for each of the first ten years of service and 2.5 percent for each remaining year. For Public Employees Police and Fire Plan members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

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

C. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature.

4. Defined Benefit Pension Plans

C. Contributions (Continued)

General Employees Retirement Plan Basic members, Coordinated members, and Minneapolis Employees Retirement Fund members were required to contribute 9.10 percent, 6.50 percent, and 9.75 percent, respectively, of their annual covered salary in 2017. Public Employees Police and Fire Plan members were required to contribute 10.80 percent of their annual covered salary in 2017.

In 2017, the County was required to contribute the following percentages of annual covered salary:

General Employees Retirement Plan	
Basic Plan members	11.78%
Coordinated Plan members	7.50
Minneapolis Employees Retirement Fund members	9.75
Public Employees Police and Fire Plan	16.20

The employee and employer contribution rates did not change from the previous year.

Pope County's contributions for the year ended December 31, 2017, to pension plans were:

General Employees Retirement Plan	$	361,030
Public Employees Police and Fire Plan		105,580

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

D. Pension Costs

General Employees Retirement Plan

At December 31, 2017, the County reported a liability of $4,902,861 for its proportionate share of the General Employees Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received

4. Defined Benefit Pension Plans

D. Pension Costs

General Employees Retirement Plan (Continued)

from all of PERA's participating employers. At June 30, 2017, the County's proportion was 0.0768 percent. It was 0.0744 percent measured as of June 30, 2016. The County recognized pension expense of $493,340 for its proportionate share of the General Employees Retirement Plan's pension expense.

The County also recognized $1,781 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Retirement Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute $6 million to the General Employees Retirement Plan each year, starting September 15, 2015, through September 15, 2031.

The County's proportionate share of the net pension liability	$	4,902,861
State of Minnesota's proportionate share of the net pension liability associated with the County		61,651
Total	$	4,964,512

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 161,583	$ 311,828
Changes in actuarial assumptions	788,544	491,512
Difference between projected and actual investment earnings	22,323	-
Changes in proportion	146,151	372,122
Contributions paid to PERA subsequent to the measurement date	183,653	-
Total	$ 1,302,254	$ 1,175,462

4. Defined Benefit Pension Plans

D. Pension Costs

General Employees Retirement Plan (Continued)

The $183,653 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, 2018. 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
2018	$ (27,097)
2019	229,524
2020	(51,170)
2021	(208,118)

Public Employees Police and Fire Plan

At December 31, 2017, the County reported a liability of $877,577 for its proportionate share of the Public Employees Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the County's proportion was 0.0650 percent. It was 0.0640 percent measured as of June 30, 2016. The County recognized pension expense of $216,660 for its proportionate share of the Public Employees Police and Fire Plan's pension expense.

The County also recognized $5,850 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 Plan. Legislation requires the State of Minnesota to contribute $9 million to the Public Employees Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded.

4. Defined Benefit Pension Plans

D. Pension Costs

Public Employees Police and Fire Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 20,200	$ 227,684
Changes in actuarial assumptions	1,130,816	1,245,942
Difference between projected and actual investment earnings	4,615	-
Changes in proportion	56,168	21,602
Contributions paid to PERA subsequent to the measurement date	54,133	-
Total	$ 1,265,932	$ 1,495,228

The $54,133 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, 2018. 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
2018	$ 14,992
2019	14,994
2020	(15,199)
2021	(59,753)
2022	(238,463)

4. Defined Benefit Pension Plans

   D. Pension Costs (Continued)

      Total Pension Expense

      The total pension expense for all plans recognized by the County for the year ended December 31, 2017, was $710,000.

   E. Actuarial Assumptions

      The total pension liability in the June 30, 2017, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50 percent per year
Active member payroll growth	3.25 percent per year
Investment rate of return	7.50 percent

      Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Plan and the Public Employees Police and Fire Plan, cost of living benefit increases for retirees are assumed to be 1.0 percent through 2044 and 2064, respectively, and 2.5 percent thereafter.

      Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Retirement Plan was dated June 30, 2015. The experience study for the Public Employees Police and Fire Plan was dated August 30, 2016.

      The long-term expected rate of return on pension plan investments is 7.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

4. Defined Benefit Pension Plans

E. Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	39%	5.10%
International stocks	19	5.30
Bonds	20	0.75
Alternative assets	20	5.90
Cash	2	0.00

F. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2017, which remained consistent with 2016. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Retirement Plan and the Public Employees Police and Fire Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2017:

General Employees Retirement Plan

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.0 percent for active member liability, 15 percent for vested deferred member liability, and 3.0 percent for non-vested deferred member liability.

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

4. Defined Benefit Pension Plans

G. Changes in Actuarial Assumptions

General Employees Retirement Plan (Continued)

- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to $21,000,000 in calendar years 2017 and 2018 and returns to $31,000,000 through calendar year 2031. The state's required contribution is $16,000,000 in PERA's fiscal years 2018 and 2019 and returns to $6,000,000 annually through calendar year 2031.

Public Employees Police and Fire Plan

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

- The assumed rates of retirement were changed, resulting in fewer retirements.

- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 33 percent for vested members and 2.0 percent for non-vested members.

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.

- The assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

- The assumed percentage of married female members was decreased from 65 percent to 60 percent.

4. Defined Benefit Pension Plans

G. Changes in Actuarial Assumptions

Public Employees Police and Fire Plan (Continued)

- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

- The assumed percentage of female members electing joint and survivor annuities was increased.

- The assumed post-retirement benefit increase rate was changed from 1.0 percent for all years to 1.0 percent per year through 2064 and 2.5 percent thereafter.

- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

H. Pension Liability Sensitivity

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

	Proportionate Share of the			
	General Employees Retirement Plan		Public Employees Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	$ 7,604,702	6.50%	$ 1,652,734
Current	7.50	4,902,861	7.50	877,577
1% Increase	8.50	2,690,914	8.50	237,643

4. Defined Benefit Pension Plans (Continued)

   I. Pension Plan Fiduciary Net Position

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

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 $500,000 per claim in 2017 and 2018. 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.

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

B. Contingent Liabilities

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

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

C. Joint Ventures

Pope/Douglas Solid Waste Management

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

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

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

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

Pope/Douglas Solid Waste Management
2110 South Jefferson
Alexandria, Minnesota 56308

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Land of the Dancing Sky Area Agency on Aging

The Land of the Dancing Sky Area Agency on Aging provides services to a 21-county service area in Northwest and West Central Minnesota. This is a partnership between the Northwest Regional Development Commission and the 5-county service area of Region 2. This combined area 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.

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 Land of the Dancing Sky Board. 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 2017, Pope County did not contribute to the Joint Powers Board.

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

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Rainbow Rider Transit Board

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

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

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Central Minnesota Emergency Services Board (Continued)

Central Minnesota Emergency Services Board. Members include the City of St. Cloud and the Counties of Benton, Big Stone, Douglas, Grant, Kandiyohi, Meeker, Mille Lacs, Morrison, Otter Tail, Pope, Sherburne, Stearns, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Wright.

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

The Central Minnesota Emergency Services Board is composed of one Commissioner of each county appointed by their respective County Board and one City Council member from the city appointed by its 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 2017, Pope County did not contribute to the Board.

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

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Horizon Public Health

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

Control is vested in Horizon'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 2017, Pope County contributed $185,318 in funding to Horizon Public Health.

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

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

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 county to the agreement. The counties in the agreement are Big Stone, Chippewa, Douglas, Grant, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Pipestone, Pope, Redwood, Renville, Rock, 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. Countryside Public Health represents the Counties of Big Stone, Chippewa, Lac qui Parle, Swift, and Yellow Medicine County in this agreement.

5. Summary of Significant Contingencies and Other Items

   C. Joint Ventures

      Supporting Hands Nurse Family Partnership Board (Continued)

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 2017, Pope County made $12,000 in contributions to the Partnership.

Renville 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:

Renville County Administrator’s Office
Renville County Government Services Center
105 South 5th Street, Suite 315
Olivia, Minnesota 56277

Region 4 South Adult Mental Health Consortium

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

Control of the Consortium is vested in a Governing Board, which consists of each participating county’s Director of Social Services, Family Services, or Human Services, as the case may be. 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.

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Region 4 South Adult Mental Health Consortium (Continued)

Dissolution of the Consortium will occur by unanimous vote of the counties, or when the membership in the Consortium is reduced to less than two counties. Upon dissolution of the Consortium, the member counties 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.

Complete financial information can be obtained from:

Region 4 South Adult Mental Health Consortium
Region 4 South Consortium
507 North Nokomis Northeast, Suite 203
Alexandria, Minnesota 56308

Pope County Family Collaborative

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

The Collaborative is financed primarily by state and federal funding. In 2005, the Pope County Family Collaborative Board voted to participate in the Local Collaborative Time Study (LCTS). In order to participate, Pope County began to serve as the fiscal agent for the LCTS dollars only in 2005. For all other dollars received, the Minnewaska Area Schools serves as the fiscal agent. During 2017, Pope County passed through $60,429 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.

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

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.

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.

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

PrimeWest Rural Minnesota Health Care Access Initiative (Continued)

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
3905 Dakota Street, Suite 101
Alexandria, Minnesota 56308

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

The Rural Minnesota Concentrated Employment Programs, Inc. (RMCEP), is a private non-profit corporation that provides workforce development services in a 19-county area in North Central and West Central Minnesota. The agency was incorporated in 1968 to operate employment and training programs which include Workforce Investment Act (WIA) services.

RMCEP was established to create job training and employment opportunities for economically disadvantaged, under-employed and unemployed persons, and youthful persons in both the private and the public sector.

During 2017, Pope County contributed $60,930 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 Agreement.

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 2017.

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

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 2017, Pope County provided $114,004 to the Viking Library System.

Complete financial information can be obtained from:

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

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 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 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.

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 $62,125 in 2017 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 2017.

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 and seven police departments including Big Stone, Pope, Stevens, Swift, and Traverse counties along with the Appleton, Benson, Glenwood, Morris, Starbuck, University of Minnesota Morris, and Wheaton police departments. The purpose of the team is to create a feasible and economical way, by sharing the costs, to protect the citizens of the entities involved. During the year, Pope County did not contribute to the Team.

Sentence to Serve

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

5. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations

Sentence to Serve (Continued)

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 Minnesota 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, Big Stone, Clay, Clearwater, Cottonwood, Douglas, Grant, Itasca, Kittson, Koochiching, Lake of the Woods, Mahnomen, Marshall, McLeod, Mille Lacs, Morrison, Norman, Pennington, Polk, Pope, Red Lake, Renville, Roseau, Stevens, Todd, Traverse, Wadena, Watonwan, and Wilkin Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee, which is composed of 12 appointees, each with an alternate, who are appointed annually by each respective County Board they represent. Pope 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. Pope County has met those responsibilities for 2017.

F. Tax Abatements

The County entered into property tax abatement agreements with various developers, under Minn. Stat. §§ 469.1812 through 469.1815, as amended. Under the statutes, a political subdivision may grant a current or prospective abatement of property taxes if it expects the benefits to the political subdivision of the proposed abatement agreement to

5. Summary of Significant Contingencies and Other Items

F. Tax Abatements (Continued)

at least equal the costs to the political subdivision of the proposed agreement and it will provide benefits such as increasing or preserving the tax base or providing employment opportunities in Pope County.

Midwest Machinery Company

In October 2011, the County entered into a property tax abatement agreement with the City of Glenwood, Minnewaska Area School District No. 2149, and Midwest Machinery Company for a period of up to 12 years effective in the years 2013 through 2025. The abatement is contractually set to equal the sum of $54,000 plus non-compounded interest at 5 percent on the unpaid County share of the reimbursement amount. The County provided a tax abatement in the form of a tax refund in the amount of $6,603 for 2017. The developer agrees to construct an expansion to the company's existing John Deere facility, including sanitary sewer and water connections.

City of Glenwood

In November 2012, the County entered into a property tax abatement agreement with the City of Glenwood and Minnewaska Area School District No. 2149 for a period of up to 7 years effective in the years 2015 through 2022. The abatement is contractually set annually at $12,148, or an aggregate total of $85,036. The County provided a tax abatement in the form of a tax refund in the amount of $12,148 for 2017. The City of Glenwood agrees to pave an existing gravel road to facilitate entry to an existing hotel and the surrounding area.

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

A. Summary of Significant Accounting Policies

1. Financial Reporting Entity

The Pope County Housing and Redevelopment Authority (HRA/EDA) is a component unit of Pope County and is reported in a separate column in the County's financial statements to emphasize that the HRA/EDA is a legally separate entity from Pope County. The HRA/EDA operates as a local government unit for the

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

   A. Summary of Significant Accounting Policies

      1. Financial Reporting Entity (Continued)

         purpose of providing housing and redevelopment and economic development services to the local area. The governing body consists of a seven-member Board of Commissioners appointed by the County. The financial statements included are as of and for the year ended December 31, 2017.

      2. Measurement Focus and Basis of Accounting

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

      3. Assets, Liabilities, and Net Position

         a. Cash and Cash Equivalents

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

         b. Receivables

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

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

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

A. Summary of Significant Accounting Policies

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

c. Property Held for Resale

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

d. Restricted Assets

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

e. Capital Assets

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

Capital assets are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 40 years.

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

A. Summary of Significant Accounting Policies

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

f. Long-Term Obligations

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

g. Classification of Net Position

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

4. Use of Estimates

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

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

   B. Detailed Notes

      1. Deposits and Investments

         a. Deposits

            At December 31, 2017, the HRA/EDA had deposits totaling $562,049.

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

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

            Custodial Credit Risk

            Custodial credit risk is the risk that in the event of a financial institution failure, the HRA/EDA's deposits may not be returned to it. The HRA/EDA does not have a deposit policy for custodial credit risk. As of December 31, 2017, the HRA/EDA's deposits were not exposed to custodial credit risk.

         b. Investments

            The HRA/EDA had no investments as of December 31, 2017.

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

   B. Detailed Notes (Continued)

      2. Receivables

         Of the loans receivable, $230,191 is not expected to be collected within the next year.

         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/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, 2017, the amount of the bonds outstanding is $2,655,000. The interest received is recorded as nonoperating miscellaneous revenue. For 2017, the HRA/EDA recorded interest revenue of $122,773; $50,933 of this is recorded as accrued interest receivable. Principal payments of $160,000 were made by the County to the HRA/EDA and by the HRA/EDA on the bond liability for 2017. The current portion of the lease receivable is $170,000.

         On December 29, 2017, Pope County issued $2,405,000 General Obligation Capital Improvement Plan Bonds, Series 2017A, to repay the remaining amount of the capital lease. Payment will be made in 2019 when the HRA/EDA revenue bonds become callable.

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

B. Detailed Notes (Continued)

3. Capital Assets

The HRA/EDA's capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	$ 396,410	$ -	$ (84,613)	$ 311,797
Capital assets depreciated				
Buildings	$ 2,122,240	$ -	$ -	$ 2,122,240
Infrastructure	-	100,000	-	100,000
Total capital assets depreciated	$ 2,122,240	$ 100,000	$ -	$ 2,222,240
Less: accumulated depreciation for				
Buildings	$ (159,168)	$ (53,056)	$ -	$ (212,224)
Infrastructure	-	(2,500)	-	(2,500)
Total accumulated depreciation	$ (159,168)	$ (55,556)	$ -	$ (214,724)
Total capital assets depreciated, net	$ 1,963,072	$ 44,444	$ -	$ 2,007,516
Capital Assets, Net	$ 2,359,482	$ 44,444	$ (84,613)	$ 2,319,313

4. Long-Term Debt

Long-term debt outstanding at December 31, 2017, for the HRA/EDA consists of the following:

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2017
2008A Public Project Revenue Bonds	02/01/2029	$135,000 - $2,485,000	3.20 - 4.90	$ 3,400,000	$ 2,655,000
2013A General Obligation Bonds	02/01/2034	$40,000 - $245,000	0.85 - 3.10	$ 2,405,000	$ 2,270,000
Note Payable	06/01/2022	$18,412 - $21,664	4.13	$ 100,000	$ 100,000

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

B. Detailed Notes

4. Long-Term Debt (Continued)

The debt service requirements as of December 31, 2017, are as follows:

Year Ending December 31	Revenue Bonds Principal	Revenue Bonds Interest	General Obligation Bonds Principal	General Obligation Bonds Interest
2018	$ 170,000	$ 118,755	$ 55,000	$ 57,798
2019	2,485,000	57,635	60,000	57,043
2020	-	-	70,000	56,003
2021	-	-	75,000	54,842
2022	-	-	85,000	53,435
2023 - 2027	-	-	575,000	235,268
2028 - 2032	-	-	880,000	141,749
2033 - 2034	-	-	470,000	14,951
Total	$ 2,655,000	$ 176,390	$ 2,270,000	$ 671,089

Year Ending December 31	Note Payable Principal	Note Payable Interest
2018	$ 18,412	$ 4,130
2019	19,172	3,369
2020	19,964	2,578
2021	20,788	1,753
2022	21,664	895
Total	$ 100,000	$ 12,725

Long-term liability activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	$ 2,815,000	$ -	$ 160,000	$ 2,655,000	$ 170,000
(Discount)/premium	(19,584)	-	(19,584)	-	-
General obligation bonds	2,320,000	-	50,000	2,270,000	55,000
(Discount)/premium	8,307	-	504	7,803	-
Note payable	-	100,000	-	100,000	18,412
Contract for deed	50,000	-	50,000	-	-
Long-Term Liabilities	$ 5,173,723	$ 100,000	$ 240,920	$ 5,032,803	$ 243,412

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

C. Risk Management

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

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

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

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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 6,284,907	$ 6,284,907	$ 6,178,830	$ (106,077)
Special assessments	-	-	159,779	159,779
Licenses and permits	49,275	49,275	69,253	19,978
Intergovernmental	661,518	661,518	1,145,000	483,482
Charges for services	317,478	317,478	362,610	45,132
Fines and forfeits	6,550	6,550	1,315	(5,235)
Gifts and contributions	3,500	3,500	2,638	(862)
Investment earnings	50,700	50,700	96,407	45,707
Miscellaneous	160,000	160,000	191,560	31,560
Total Revenues	**$ 7,533,928**	**$ 7,533,928**	**$ 8,207,392**	**$ 673,464**
Expenditures				
Current				
General government				
Commissioners	$ 213,320	$ 213,320	$ 198,547	$ 14,773
County-wide	-	-	150	(150)
Wellness program	500	500	261	239
Information technology	462,392	462,392	472,598	(10,206)
Coordinator	364,420	364,420	262,269	102,151
Auditor/Treasurer	425,863	425,863	396,675	29,188
County assessor	487,531	487,531	468,649	18,882
Elections	52,000	52,000	10,400	41,600
Accounting and auditing	60,000	60,000	34,838	25,162
Data processing	81,863	81,863	77,693	4,170
Attorney	261,051	261,051	250,216	10,835
Recorder	328,697	328,697	290,758	37,939
Surveyor	1,000	1,000	-	1,000
Environmental services	233,691	233,691	246,834	(13,143)
Buildings	372,595	372,595	359,087	13,508
Veterans service officer	59,394	59,394	58,871	523
Other general government	834,817	834,817	444,934	389,883
Total general government	**$ 4,239,134**	**$ 4,239,134**	**$ 3,572,780**	**$ 666,354**

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

POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT A-1
(Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	$ 1,149,814	$ 1,149,814	$ 1,088,259	$ 61,555
ATV grant	-	-	114	(114)
Snowmobile grant	3,215	3,215	2,103	1,112
Boat and water safety	32,538	32,538	7,101	25,437
Coroner	13,000	13,000	5,494	7,506
Enhanced 911 system	63,400	63,400	67,889	(4,489)
Dispatchers	328,307	328,307	298,830	29,477
County jail	274,055	274,055	222,816	51,239
Court services	339,317	339,317	281,705	57,612
Sentence to serve	86,847	86,847	81,155	5,692
Emergency management	46,528	46,528	44,813	1,715
ARMER implementation	29,487	29,487	27,153	2,334
Total public safety	**$ 2,366,508**	**$ 2,366,508**	**$ 2,127,432**	**$ 239,076**
Health				
Horizon Public Health	**$ 185,318**	**$ 185,318**	**$ 185,318**	**$ -**
Culture and recreation				
Historical society	$ 46,000	$ 46,000	$ 46,000	$ -
Terrace Mill and Glacial Ridge	1,300	1,300	1,300	-
Regional library	114,004	114,004	114,004	-
Other	1,260	1,260	1,260	-
Total culture and recreation	**$ 162,564**	**$ 162,564**	**$ 162,564**	**$ -**
Conservation of natural resources				
Soil and water conservation	$ 84,850	$ 84,850	$ 184,189	$ (99,339)
County extension	97,990	97,990	89,312	8,678
Agriculture ditch inspector	6,100	6,100	9,990	(3,890)
County fair	21,600	21,600	21,600	-
Water management	259,595	259,595	133,027	126,568
Total conservation of natural resources	**$ 470,135**	**$ 470,135**	**$ 438,118**	**$ 32,017**
Economic development				
Community development	$ 12,124	$ 12,124	$ 12,124	$ -
Senior citizens	2,279	2,279	2,279	-
Total economic development	**$ 14,403**	**$ 14,403**	**$ 14,403**	**$ -**

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

POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT A-1
(Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Expenditures (Continued)				
Intergovernmental				
General government				
General government	$ -	$ -	$ 6,074	$ (6,074)
Sanitation				
Pope/Douglas Solid Waste Management	60,000	60,000	68,711	(8,711)
Total intergovernmental	**$ 60,000**	**$ 60,000**	**$ 74,785**	**$ (14,785)**
Capital outlay				
General government	$ 32,584	$ 32,584	$ 168,465	$ (135,881)
Public safety	-	-	36,678	(36,678)
Total capital outlay	**$ 32,584**	**$ 32,584**	**$ 205,143**	**$ (172,559)**
Debt service				
Principal	$ -	$ -	$ 123,085	$ (123,085)
Interest	-	-	3,114	(3,114)
Total debt service	**$ -**	**$ -**	**$ 126,199**	**$ (126,199)**
Total Expenditures	**$ 7,530,646**	**$ 7,530,646**	**$ 6,906,742**	**$ 623,904**
Excess of Revenues Over (Under) Expenditures	**$ 3,282**	**$ 3,282**	**$ 1,300,650**	**$ 1,297,368**
Other Financing Sources (Uses)				
Transfers in	$ -	$ -	$ 124	$ 124
Loan issued	-	-	90,766	90,766
Proceeds from sale of capital assets	-	-	808	808
Total Other Financing Sources (Uses)	**$ -**	**$ -**	**$ 91,698**	**$ 91,698**
Net Change in Fund Balance	**$ 3,282**	**$ 3,282**	**$ 1,392,348**	**$ 1,389,066**
Fund Balance - January 1	**7,163,736**	**7,163,736**	**7,163,736**	**-**
Fund Balance - December 31	**$ 7,167,018**	**$ 7,167,018**	**$ 8,556,084**	**$ 1,389,066**

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

POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT A-2

BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,203,918	$ 1,203,918	$ 1,168,913	$ (35,005)
Intergovernmental	4,716,364	4,716,364	4,400,133	(316,231)
Charges for services	47,200	47,200	79,538	32,338
Miscellaneous	6,500	6,500	3,277	(3,223)
Total Revenues	**$ 5,973,982**	**$ 5,973,982**	**$ 5,651,861**	**$ (322,121)**
Expenditures				
Current				
Highways and streets				
Administration	$ 375,632	$ 375,632	$ 320,132	$ 55,500
Maintenance	1,007,474	1,007,474	939,525	67,949
Engineering/construction	3,470,944	3,470,944	2,852,333	618,611
Equipment, maintenance, and shop	555,932	555,932	470,128	85,804
Total highways and streets	**$ 5,409,982**	**$ 5,409,982**	**$ 4,582,118**	**$ 827,864**
Intergovernmental				
Highways and streets	379,000	379,000	377,779	1,221
Capital outlay				
Highways and streets	185,000	185,000	329,770	(144,770)
Total Expenditures	**$ 5,973,982**	**$ 5,973,982**	**$ 5,289,667**	**$ 684,315**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ 362,194**	**$ 362,194**
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	5,090	5,090
Net Change in Fund Balance	**$ -**	**$ -**	**$ 367,284**	**$ 367,284**
Fund Balance - January 1	**2,867,241**	**2,867,241**	**2,867,241**	**-**
Increase (decrease) in inventories	**-**	**-**	**(16,923)**	**(16,923)**
Fund Balance - December 31	**$ 2,867,241**	**$ 2,867,241**	**$ 3,217,602**	**$ 350,361**

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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,466,505	$ 1,466,505	$ 1,425,980	$ (40,525)
Intergovernmental	1,943,865	1,943,865	1,901,455	(42,410)
Charges for services	367,300	367,300	298,503	(68,797)
Miscellaneous	80,230	80,230	52	(80,178)
Total Revenues	**$ 3,857,900**	**$ 3,857,900**	**$ 3,625,990**	**$ (231,910)**
Expenditures				
Current				
Human services				
Income maintenance	$ 1,198,391	$ 1,198,391	$ 1,134,896	$ 63,495
Social services	2,853,007	2,853,007	2,622,165	230,842
Senior coordinator	68,820	68,820	65,571	3,249
Total Expenditures	**$ 4,120,218**	**$ 4,120,218**	**$ 3,822,632**	**$ 297,586**
Excess of Revenues Over (Under) Expenditures	**$ (262,318)**	**$ (262,318)**	**$ (196,642)**	**$ 65,676**
Other Financing Sources (Uses)				
Other	262,318	262,318	-	(262,318)
Net Change in Fund Balance	**$ -**	**$ -**	**$ (196,642)**	**$ (196,642)**
Fund Balance - January 1	**2,665,110**	**2,665,110**	**2,665,110**	**-**
Fund Balance - December 31	**$ 2,665,110**	**$ 2,665,110**	**$ 2,468,468**	**$ (196,642)**

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

EXHIBIT A-4

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2017

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
January 1, 2017	-	2,438,634	2,438,634	0.00	5,149,510	47.36

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

EXHIBIT A-5

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2017**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Pope County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.0768%	$ 4,902,861	$ 61,651	$ 4,964,512	$ 4,947,759	99.09%	75.90%
2016	0.0744	6,040,911	78,926	6,119,837	4,619,457	130.77	68.91
2015	0.0816	4,228,936	N/A	4,228,936	4,804,103	88.03	78.19

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.
N/A - Not Applicable

POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT A-6

SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2017

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)
2017	$ 361,030	$ 361,030	$ -	$ 4,813,716	7.50%
2016	353,849	353,849	-	4,717,986	7.50
2015	354,731	354,731	-	4,729,744	7.50

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

POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT A-7

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2017

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
2017	0.0650%	$ 877,577	$ 665,610	131.85%	85.43%
2016	0.0640	2,568,431	613,583	418.60	63.88
2015	0.0610	693,103	555,199	124.84	86.61

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

POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT A-8

SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2017

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)
2017	$ 105,580	$ 105,580	$ -	$ 651,725	16.20%
2016	101,364	101,364	-	625,703	16.20
2015	97,692	97,692	-	603,034	16.20

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

The notes to the required supplementary information are an integral part of these schedules.

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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

General Employees Retirement Plan

2017

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The

2. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2017 (Continued)

revised CSA loads are now 0.0 percent for active member liability, 15 percent for vested deferred member liability, and 3.0 percent for non-vested deferred member liability.

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to $21,000,000 in calendar years 2017 and 2018 and returns to $31,000,000 through calendar year 2031. The state's required contribution is $16,000,000 in PERA's fiscal years 2018 and 2019 and returns to $6,000,000 annually through calendar year 2031.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.

- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

2. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

Public Employees Police and Fire Plan

2017

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

- The assumed rates of retirement were changed, resulting in fewer retirements.

- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 33 percent for vested members and 2.0 percent for non-vested members.

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.

- The assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

- The assumed percentage of married female members was decreased from 65 percent to 60 percent.

- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

- The assumed percentage of female members electing joint and survivor annuities was increased.

2. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Police and Fire Plan

2017 (Continued)

- The assumed post-retirement benefit increase rate was changed from 1.0 percent for all years to 1.0 percent per year through 2064 and 2.5 percent thereafter.

- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.

- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

SUPPLEMENTARY INFORMATION

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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, 2017

	Budgeted Amounts				Actual		Variance with	
	Original		Final		Amounts		Final Budget	
Revenues								
Taxes	$	610,466	$	610,466	$	593,354	$	(17,112)
Intergovernmental		-		-		21,570		21,570
Total Revenues	**$**	**610,466**	**$**	**610,466**	**$**	**614,924**	**$**	**4,458**
Expenditures								
Debt service								
Principal	$	610,466	$	610,466	$	440,000	$	170,466
Interest		-		-		135,460		(135,460)
Bond issuance costs		-		-		67,859		(67,859)
Administrative charges		-		-		900		(900)
Total Expenditures	**$**	**610,466**	**$**	**610,466**	**$**	**644,219**	**$**	**(33,753)**
Excess of Revenues Over (Under) Expenditures	**$**	**-**	**$**	**-**	**$**	**(29,295)**	**$**	**(29,295)**
Other Financing Sources (Uses)								
Transfers out	$	-	$	-	$	(124)	$	(124)
Premium on bonds issued		-		-		115,293		115,293
Bonds issued		-		-		2,405,000		2,405,000
Total Other Financing Sources (Uses)	**$**	**-**	**$**	**-**	**$**	**2,520,169**	**$**	**2,520,169**
Net Change in Fund Balance	**$**	**-**	**$**	**-**	**$**	**2,490,874**	**$**	**2,490,874**
Fund Balance - January 1		**616,355**		**616,355**		**616,355**		**-**
Fund Balance - December 31	**$**	**616,355**	**$**	**616,355**	**$**	**3,107,229**	**$**	**2,490,874**

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NONMAJOR FUNDS

Special Revenue Funds

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

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

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.

NONMAJOR FUNDS

Agency Funds (Continued)

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

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

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

POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT B-2

BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017

	Ditch	Solid Waste	Law Library	Total (Exhibit 3)
Assets				
Cash and pooled investments	$ 21,713	$ 5,676	$ 25,672	$ 53,061
Special assessments receivable				
Delinquent	350	15,795	-	16,145
Due from other governments	6,003	-	960	6,963
Total Assets	**$ 28,066**	**$ 21,471**	**$ 26,632**	**$ 76,169**
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities				
Accounts payable	$ -	$ -	$ 4,470	$ 4,470
Salaries payable	-	-	60	60
Due to other funds	5,414	-	-	5,414
Due to other governments	5,619	5,676	-	11,295
Advances from other funds	16,000	-	-	16,000
Total Liabilities	**$ 27,033**	**$ 5,676**	**$ 4,530**	**$ 37,239**
Deferred Inflows of Resources				
Unavailable revenue	**$ 350**	**$ 15,795**	**$ -**	**$ 16,145**
Fund Balance				
Restricted	$ 25,394	$ -	$ 22,102	$ 47,496
Unassigned	(24,711)	-	-	(24,711)
Total Fund Balance	**$ 683**	**$ -**	**$ 22,102**	**$ 22,785**
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	**$ 28,066**	**$ 21,471**	**$ 26,632**	**$ 76,169**

POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT B-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Ditch	Solid Waste	Law Library	Total (Exhibit 5)
Revenues				
Special assessments	$ 31,438	$ 325,308	$ -	$ 356,746
Fines and forfeits	-	-	18,394	18,394
Total Revenues	**$ 31,438**	**$ 325,308**	**$ 18,394**	**$ 375,140**
Expenditures				
Current				
General government	$ -	$ -	$ 21,386	$ 21,386
Conservation of natural resources	41,238	-	-	41,238
Intergovernmental				
Sanitation	-	325,308	-	325,308
Debt service				
Interest	85	-	-	85
Total Expenditures	**$ 41,323**	**$ 325,308**	**$ 21,386**	**$ 388,017**
Net Change in Fund Balance	**$ (9,885)**	**$ -**	**$ (2,992)**	**$ (12,877)**
Fund Balance - January 1	**10,568**	**-**	**25,094**	**35,662**
Fund Balance - December 31	**$ 683**	**$ -**	**$ 22,102**	**$ 22,785**

POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT B-4

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance January 1	Additions	Deductions	Balance December 31
SCHOOL DISTRICTS				
Assets				
Cash and pooled investments	**$ 101,367**	**$ 4,799,290**	**$ 4,718,824**	**$ 181,833**
Liabilities				
Due to other governments	**$ 101,367**	**$ 4,991,179**	**$ 4,910,713**	**$ 181,833**
SELECT ACCOUNT				
Assets				
Cash and pooled investments	**$ 5,385**	**$ 171,185**	**$ 170,482**	**$ 6,088**
Liabilities				
Accounts payable	**$ 5,385**	**$ 177,473**	**$ 176,770**	**$ 6,088**
COLLABORATIVE				
Assets				
Cash and pooled investments	$ 72,483	$ 64,445	$ 77,981	$ 58,947
Due from other governments	-	14,604	951	13,653
Total Assets	**$ 72,483**	**$ 79,049**	**$ 78,932**	**$ 72,600**
Liabilities				
Due to other governments	**$ 72,483**	**$ 105,403**	**$ 105,286**	**$ 72,600**

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, 2017

	Balance January 1	Additions	Deductions	Balance December 31
GLACIAL RIDGE HOSPITAL DISTRICT				
Assets				
Cash and pooled investments	$ 4,519	$ 267,510	$ 257,913	$ 14,116
Liabilities				
Due to other governments	$ 4,519	$ 276,456	$ 266,859	$ 14,116
TAXES AND PENALTIES				
Assets				
Cash and pooled investments	$ 43,362	$ 21,913,426	$ 21,938,806	$ 17,982
Liabilities				
Due to other governments	$ 43,362	$ 21,947,262	$ 21,972,642	$ 17,982
TOWNS AND CITIES				
Assets				
Cash and pooled investments	$ 78,945	$ 4,693,374	$ 4,531,780	$ 240,539
Liabilities				
Due to other governments	$ 78,945	$ 4,855,378	$ 4,693,784	$ 240,539

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, 2017

	Balance January 1	Additions	Deductions	Balance December 31
FARWELL KENSINGTON SANITARY DISTRICT				
Assets				
Cash and pooled investments	$ 216	$ 5,288	$ 5,423	$ 81
Liabilities				
Due to other governments	$ 216	$ 5,585	$ 5,720	$ 81
SAUK RIVER WATERSHED DISTRICT				
Assets				
Cash and pooled investments	$ 194	$ 8,987	$ 8,655	$ 526
Liabilities				
Due to other governments	$ 194	$ 9,397	$ 9,065	$ 526
MIDDLE FORK CROW RIVER WATERSHED DISTRICT				
Assets				
Cash and pooled investments	$ -	$ 405	$ 386	$ 19
Liabilities				
Due to other governments	$ -	$ 405	$ 386	$ 19

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, 2017

	Balance January 1	Additions	Deductions	Balance December 31
NORTH FORK WATERSHED DISTRICT				
Assets				
Cash and pooled investments	**$ 1,357**	**$ 65,696**	**$ 64,639**	**$ 2,414**
Liabilities				
Due to other governments	**$ 1,357**	**$ 68,734**	**$ 67,677**	**$ 2,414**
STATE				
Assets				
Cash and pooled investments	**$ 70,130**	**$ 1,922,146**	**$ 1,941,566**	**$ 50,710**
Liabilities				
Due to other governments	**$ 70,130**	**$ 1,980,715**	**$ 2,000,135**	**$ 50,710**
TOTAL ALL AGENCY FUNDS				
Assets				
Cash and pooled investments	$ 377,958	$ 33,911,752	$ 33,716,455	$ 573,255
Due from other governments	-	14,604	951	13,653
Total Assets	**$ 377,958**	**$ 33,926,356**	**$ 33,717,406**	**$ 586,908**
Liabilities				
Accounts payable	$ 5,385	$ 177,473	$ 176,770	$ 6,088
Due to other governments	372,573	34,240,514	34,032,267	580,820
Total Liabilities	**$ 377,958**	**$ 34,417,987**	**$ 34,209,037**	**$ 586,908**

OTHER SCHEDULES

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POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT C-1

SCHEDULE OF DEPOSITS AND INVESTMENTS
DECEMBER 31, 2017

	Interest Rate (%)	Maturity Date		Fair Value
Pooled Deposits and Investments				
Certificates of deposit				
Bremer Bank	1.11	January 8, 2018	$	1,000,000
Bremer Bank	0.85	September 26, 2018		500,000
Glenwood State Bank	1.30	December 5, 2021		25,000
Hometown Community Bank	1.25	June 24, 2018		300,000
Hometown Community Bank	1.50	July 17, 2018		100,000
Hometown Community Bank	2.10	December 7, 2018		90,000
Hometown Community Bank	1.50	April 19, 2019		200,000
Hometown Community Bank	1.50	April 30, 2019		200,000
Hometown Community Bank	1.50	July 7, 2019		150,000
Total certificates of deposit			**$**	**2,565,000**
Checking accounts				
Eagle Bank	0.05	Continuous	$	35,413
Glenwood State Bank	0.15	Continuous		57,264
Total checking accounts			**$**	**92,677**
Savings accounts				
Eagle Bank	0.15	Continuous	$	26,892
Glenwood State Bank	1.00	Continuous		13,018,669
Total savings accounts			**$**	**13,045,561**
Cash with escrow agent				
Zions Bank			**$**	**2,784,549**
Total Deposits and Investments			**$**	**18,487,787**

POPE COUNTY
GLENWOOD, MINNESOTA

BALANCE SHEET - BY DITCH
DITCH SPECIAL REVENUE FUND
DECEMBER 31, 2017

	Assets			
	Cash and Pooled Investments	Special Assessments Receivable Delinquent	Due from Other Governments	Total
County Ditches				
2	$ 1,883	$ -	$ -	$ 1,883
3	556	14	-	570
4	1,926	-	-	1,926
7	3,417	-	-	3,417
8	2,345	8	-	2,353
9	3,574	113	-	3,687
10	(1,206)	-	-	(1,206)
12	3,513	62	-	3,575
15	5,020	-	-	5,020
17	190	5	-	195
19	221	-	-	221
24	530	-	-	530
27	324	1	-	325
28	2,466	1	-	2,467
General	47	-	-	47
Judicial Ditches				
3 Pope and Douglas	(1,983)	-	5,775	3,792
4 Pope and Douglas	(286)	-	228	(58)
4 Pope and Swift	(643)	146	-	(497)
9 Pope and Swift	(181)	-	-	(181)
Total	**$ 21,713**	**$ 350**	**$ 6,003**	**$ 28,066**

Liabilities: Due to Other Funds	Liabilities: Due to Other Governments	Liabilities: Advances from Other Funds	Liabilities: Total	Deferred Inflows of Resources: Unavailable Revenue	Fund Balances (Unassigned)/ Restricted	Total Liabilities, Deferred Inflows of Resources, and Fund Balances
$ -	$ -	$ -	$ -	$ -	$ 1,883	$ 1,883
-	-	-	-	14	556	570
108	-	-	108	-	1,818	1,926
253	-	-	253	-	3,164	3,417
-	-	-	-	8	2,345	2,353
-	-	-	-	113	3,574	3,687
2,602	-	-	2,602	-	(3,808)	(1,206)
-	-	-	-	62	3,513	3,575
20	-	-	20	-	5,000	5,020
220	-	-	220	5	(30)	195
-	-	-	-	-	221	221
-	-	-	-	-	530	530
-	-	-	-	1	324	325
-	-	-	-	1	2,466	2,467
1,155	-	16,000	17,155	-	(17,108)	47
1,056	4,710	-	5,766	-	(1,974)	3,792
-	909	-	909	-	(967)	(58)
-	-	-	-	146	(643)	(497)
-	-	-	-	-	(181)	(181)
$ 5,414	**$ 5,619**	**$ 16,000**	**$ 27,033**	**$ 350**	**$ 683**	**$ 28,066**

POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT C-3

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2017

Appropriations and Shared Revenue		
State		
Highway users tax	$	4,277,610
Market value credit		234,571
PERA rate reimbursement		15,728
Disparity reduction aid		22,508
County program aid		228,699
Police aid		67,178
SCORE		68,711
E-911		82,483
Aquatic invasive species aid		87,091
Riparian Protection Aid		110,452
Total appropriations and shared revenue	**$**	**5,195,031**
Reimbursement for Services		
State		
Minnesota Department of Human Services	**$**	**415,643**
Payments		
Local		
Local contributions	$	44,698
Payments in lieu of taxes		149,970
Total payments	**$**	**194,668**
Grants		
State		
Minnesota Department/Board of		
Corrections	$	25,083
Transportation		53,012
Natural Resources		5,737
Human Services		480,475
Trial Courts		3,389
Veterans Affairs		11,383
Water and Soil Resources		51,622
Pollution Control Agency		35,214
Total state	**$**	**665,915**
Federal		
Department of		
Agriculture	$	89,094
Commerce		54
Health and Human Services		898,980
Homeland Security		8,773
Total federal	**$**	**996,901**
Total state and federal grants	**$**	**1,662,816**
Total Intergovernmental Revenue	**$**	**7,468,158**

EXHIBIT C-4

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

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			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	172MN101S2514	**$ 110,846**
U.S. Department of Commerce			
Passed through Central Minnesota Emergency Services Board			
State and Local Implementation Grant Program	11.549	A-SLIGP-2017-CMESB-001	**$ 54**
U.S. Department of Health and Human Services			
Passed through Land of the Dancing Sky Area Agency on Aging			
Aging Cluster			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	314-17-003B-435	$ 15,953
Passed through Minnesota Department of Human Services			
Promoting Safe and Stable Families	93.556	G-1601MNFPSS	2,499
TANF Cluster			
Temporary Assistance for Needy Families	93.558	1601MNTANF	79,660
Child Support Enforcement	93.563	1704MNCSES	173,392
Refugee and Entrant Assistance - State Administered Programs	93.566	1701MNRCMA	269
CCDF Cluster			
Child Care and Development Block Grant	93.575	G1701MNCCDF	2,545
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFRPG	4,022
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	2,118
Foster Care - Title IV-E	93.658	1701MNFOST	101,586
Social Services Block Grant	93.667	G-1701MNSOSR	90,664
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	7,400
Children's Health Insurance Program	93.767	05-1705MN0301	149
Medicaid Cluster			
Medical Assistance Program	93.778	05-1705MN5ADM	457,119
Medical Assistance Program	93.778	05-1705MN5MAP	3,668
(Total Medical Assistance Program CFDA 93.778 $460,787)			
Total U.S. Department of Health and Human Services			**$ 941,044**

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

EXHIBIT C-4
(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Homeland Security			
Passed through Minnesota Department of Natural Resources			
Boating Safety Financial Assistance	97.012	117612	$ 6,458
Passed through Central Minnesota Emergency Services Board			
Homeland Security Grant Program	97.067	A-DECN-SHSP-2016-CMESB-001	81
Total U.S. Department of Homeland Security			**$ 6,539**
Total Federal Awards			**$ 1,058,483**
Totals by Cluster			
Total expenditures for SNAP Cluster			$ 110,846
Total expenditures for Aging Cluster			15,953
Total expenditures for TANF Cluster			79,660
Total expenditures for CCDF Cluster			2,545
Total expenditures for Medicaid Cluster			460,787

Pope County did not pass any federal awards through to subrecipients during the year ended December 31, 2017.

POPE COUNTY
GLENWOOD, MINNESOTA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017. 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 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	$	996,901
Grants received more than 60 days after year-end, unavailable in 2017		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		21,752
Promoting Safe and Stable Families		559
Temporary Assistance for Needy Families		23,493
Child Support Enforcement		32,830
Community-Based Child Abuse Prevention Grants		3,473
Stephanie Tubbs Jones Child Welfare Services Program		775
Chafee Foster Care Independence Program		1,850

4. Reconciliation to Schedule of Intergovernmental Revenue (Continued)

Unavailable in 2016, recognized as revenue in 2017		
Promoting Safe and Stable Families		(818)
Temporary Assistance for Needy Families		(14,874)
Child Care and Development Block Grant		(301)
Community-Based Child Abuse Prevention Grants		(2,201)
Stephanie Tubbs Jones Child Welfare Services Program		(796)
Chafee Foster Care Independence Program		(1,926)
Emergency Management Performance Grants		(2,234)
Expenditures Per Schedule of Expenditures of Federal Awards	$	1,058,483

Other Information Section

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POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT D-1

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

	2016		2017		2018	
	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate %	Amount	Net Tax Capacity Rate %
Tax Capacity						
Real property	$ 19,790,445		$ 20,174,334		$ 20,460,853	
Personal property	480,465		475,732		486,757	
Total Tax Capacity	**$ 20,270,910**		**$ 20,650,066**		**$ 20,947,610**	
Taxes Levied for County Purposes						
General	$ 6,400,990	31.102	$ 6,436,724	30.757	$ 6,667,592	30.257
Road and Bridge	940,141	4.560	1,108,282	5.284	802,434	3.630
Human Services	1,513,506	7.341	1,505,023	7.175	1,923,864	8.702
Capital Improvement Notes	47,250	0.230	46,977	0.230	46,641	0.225
LEC Bonds	303,100	1.471	306,900	1.502	304,800	1.470
Capital Equipment Notes	258,226	1.253	256,589	1.256	259,823	1.253
Total Levy for County Purposes	**$ 9,463,213**	**45.957**	**$ 9,660,495**	**46.204**	**$ 10,005,154**	**45.537**
Less Credits Payable by State	**215,448**		**228,699**		**573,358**	
Net Levy Certified to State	**$ 9,247,765**		**$ 9,431,796**		**$ 9,431,796**	
Less Market Value Credits Payable by State	**237,592**		**234,586**		**241,409**	
Net Levy for County Purposes	**$ 9,010,173**		**$ 9,197,210**		**$ 9,190,387**	
Tax Capacity - Light and Power						
Assessed at 43%	$ 57,616		$ 57,352		$ 60,752	
Assessed at 5%	2,866		3,028		3,298	
Total Tax Capacity - Light and Power	**$ 60,482**		**$ 60,380**		**$ 64,050**	

POPE COUNTY
GLENWOOD, MINNESOTA

EXHIBIT D-1
(Continued)

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

	2016		2017		2018	
	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%	$ 48,674	84.479	$ 48,466	84.507	$ 51,303	54.447
Assessed at 5%	2,422	84.479	2,559	84.507	2,785	54.447
Market value based on property tax	5,663	0.1873	5,297	0.1755	5,207	0.1625
State tax	29,419	48.641	27,655	45.802	28,095	43.865
Total Light and Power Tax Levies	**$ 86,178**		**$ 83,977**		**$ 87,390**	
Special Assessments						
Ditch liens and assessments	**$ 673,985**		**$ 730,693**		**$ 7,894,094**	
Percentage of Tax Collections for All Purposes	**99%**		**99%**		**N/A**	

Management and Compliance Section

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STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

REBECCA OTTO
STATE AUDITOR

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

Independent Auditor's Report

Board of County Commissioners
Pope County
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, 2017, 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 10, 2018.

Internal Control Over Financial Reporting

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

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

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001 to be a material weakness.

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 administers 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 Finding

Pope County's response to the internal control finding identified in our audit is described in the Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

/s/Rebecca Otto	*/s/Greg Hierlinger*
REBECCA OTTO STATE AUDITOR	GREG HIERLINGER, CPA DEPUTY STATE AUDITOR

September 10, 2018

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

Independent Auditor's Report

Board of County Commissioners
Pope County
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, 2017. 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, 2017.

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	*/s/Greg Hierlinger*
REBECCA OTTO STATE AUDITOR	GREG HIERLINGER, CPA DEPUTY STATE AUDITOR

September 10, 2018

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POPE COUNTY
GLENWOOD, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:
- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **None reported**

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

Federal Awards

Internal control over major programs:
- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

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

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

The major federal programs are:

Child Support Enforcement	CFDA No. 93.563
Social Services Block Grant	CFDA No. 93.667

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

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

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

INTERNAL CONTROL

ITEM ARISING THIS YEAR

Finding Number 2017-001

Audit Adjustment

Criteria: A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Condition: During our audit, we proposed a material audit adjustment that resulted in significant changes to the County's financial statements.

Context: The inability to detect material misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustment was found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

Effect: The following audit adjustment was reviewed and approved by the appropriate County staff and is reflected in the financial statements: in the Debt Service Fund, cash with escrow agent was increased by $2,784,549, bonds issued was increased by $2,405,000, premium on bonds issued was increased by $115,293, bond issuance costs were increased by $67,859, and debt service principal expenditures were decreased by $332,115 to properly account for debt that was issued at the end of the year and placed into escrow. This adjustment also affected the government-wide financial statements.

Cause: This activity was incorrectly recorded when the financial statement information was prepared.

Recommendation: We recommend County staff implement additional procedures over financial reporting that include a comprehensive review of balances, disclosures, and supporting documentation by a qualified individual to ensure the information is complete and accurate so the County's financial statements are fairly presented in accordance with generally accepted accounting principles.

View of Responsible Official: Concur

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. PREVIOUSLY REPORTED ITEM RESOLVED

1996-001 Departmental Internal Accounting Control

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REPRESENTATION OF POPE COUNTY
GLENWOOD, MINNESOTA

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2017

Finding Number: 2017-001
Finding Title: Audit Adjustment

Name of Contact Person Responsible for Corrective Action:

Auditor-Treasurer

Corrective Action Planned:

The Auditor Treasurer office will review all financial data to capture the necessary transactions, including non-typical transactions, so they are included as to ensure completeness in reporting the financial statements.

Anticipated Completion Date:

Immediate

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REPRESENTATION OF POPE COUNTY
GLENWOOD, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

Finding Number: 1996-001
Finding Title: Departmental Internal Accounting Control

Summary of 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.

Summary of Corrective Action Previously Reported: 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 are depositing more frequently and department heads are taking a more active role in accounting functions of their individual departments. Reports are sent to management on a monthly basis for individual department review.

Status: Fully Corrected. Corrective action was taken.
Was corrective action taken significantly different than the action previously reported?
Yes _______ No __X___

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