

New Issue

Credit Enhanced Rating: S&P Global Ratings "AAA"

Underlying Rating: S&P Global Ratings "AA"

**ADDENDUM DATED SEPTEMBER 13, 2024
TO PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 5, 2024**

POPE COUNTY, MINNESOTA

**\$4,930,000 GENERAL OBLIGATION SOLID WASTE
REVENUE BONDS, SERIES 2024A**

PROPOSAL OPENING: September 16, 2024, 12:00 PM (Noon) C.T.

The Rating (including rating listed on cover), Independent Auditors, Summary General Fund, Appendix A (to include the 2023 Audited Financials) and Appendix D have been revised. Following is the revised Preliminary Official Statement.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 5, 2024

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The County will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code of 1986 relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "Tax Considerations" herein.

New Issue

Credit Enhanced Rating: S&P Global Ratings "AAA"

Underlying Rating: S&P Global Ratings "AA"

POPE COUNTY, MINNESOTA

\$4,930,000* GENERAL OBLIGATION SOLID WASTE REVENUE BONDS, SERIES 2024A

PROPOSAL OPENING: September 16, 2024, 12:00 P.M. (Noon), C.T.

CONSIDERATION: September 17, 2024, 9:00 A.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$4,930,000* General Obligation Solid Waste Revenue Bonds, Series 2024A (the "Bonds") are being issued pursuant to Minnesota Statutes, Section 400.101 and Chapter 475, as amended, by Pope County, Minnesota (the "County"), to finance the acquisition of various equipment and the construction of various improvements to the Pope/Douglas waste-to-energy facility in Alexandria, Minnesota, operated pursuant to the terms of a Fourth Amended Joint Powers Agreement, dated August 3, 2021 (the "Joint Powers Agreement") between the County and Douglas County. The Bonds are general obligations of the County for which the County will pledge its full faith and credit and taxing powers. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: October 3, 2024

MATURITY: August 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2026	\$170,000	2033	\$220,000	2040	\$285,000
2027	175,000	2034	225,000	2041	295,000
2028	185,000	2035	235,000	2042	310,000
2029	190,000	2036	245,000	2043	320,000
2030	195,000	2037	250,000	2044	335,000
2031	205,000	2038	260,000	2045	350,000
2032	210,000	2039	270,000		

***MATURITY ADJUSTMENTS:** The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: August 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on August 1, 2035 and thereafter are subject to call for prior optional redemption on August 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL: \$4,870,840.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$98,600 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Dorsey & Whitney LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the County. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the County and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the County, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the County for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the County is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the County nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the County which indicates that the County does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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POPE COUNTY BOARD OF COMMISSIONERS

		<u>Term Expires</u>
Paul Gerde	Chairperson	January 2025
Larry Lindor	Vice Chair	January 2027
Paul Gremmels	Commissioner	January 2027
Gordon Wagner	Commissioner	January 2025
Paul Wildman	Commissioner	January 2027

ADMINISTRATION

Stephanie Rust, Auditor-Treasurer
Kersten Kappmeyer, County Administrator
Neil Nelson, County Attorney

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota
Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Pope County, Minnesota (the "County") and the issuance of its \$4,930,000* General Obligation Solid Waste Revenue Bonds, Series 2024A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the Board of Commissioners on September 17, 2024.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the County's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of October 3, 2024. The Bonds will mature on August 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The County has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The County will pay the charges for Paying Agent services. The County reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

The Bonds maturing on and after August 1, 2035 are be subject to redemption and prepayment at the option of the County, in whole or in part, in such order as the County shall determine and within a maturity by lot as selected by the Registrar in multiples of \$5,000, on August 1, 2034, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption.

The Clerk shall cause notice of the call for redemption thereof to be published as required by law and, at least thirty (30) and not more than sixty (60) days prior to the designated redemption date, shall cause notice of the call for redemption to be mailed, by first class mail, to the registered owners of any Bonds to be redeemed at their addresses as they appear on the bond register but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Section 400.101 and Chapter 475, as amended, by the County, to finance the acquisition of various equipment and the construction of various improvements to the Pope/Douglas waste-to-energy facility in Alexandria, Minnesota, operated pursuant to the terms of a Fourth Amended Joint Powers Agreement, dated August 3, 2021 (the "Joint Powers Agreement") between the County and Douglas County.

Pope/Douglas Solid Waste Management ("PDSWM") is a partnership created by Pope and Douglas Counties in 1983 pursuant to Minnesota Statutes, Chapters 115 and 400. The PDSWM provides for the management and disposal of the total waste stream in Pope and Douglas Counties. The PDSWM Board, by resolution adopted July 18, 2024, and Douglas County, by resolution adopted August 6, 2024, have approved issuance of the Bonds by the County.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	<u>\$4,930,000</u>	
Total Sources		\$4,930,000
Uses		
Total Underwriter's Discount (1.200%)	\$59,160	
Costs of Issuance	69,000	
Deposit to Construction Fund	4,800,000	
Rounding Amount	<u>1,840</u>	
Total Uses		\$4,930,000

*Preliminary, subject to change.

SECURITY

The Bonds will be general obligations of the County for which its full faith and credit and taxing powers are pledged without limitation as to rate or amount. Revenues generated by the County's solid waste disposal system are anticipated to be sufficient to provide not less than 105% of principal and interest on the Bonds as required by Minnesota law.

Should the revenues pledged for payment of the Bonds be insufficient to pay the principal and interest on the Bonds, the County will be required to pay maturing principal and interest from moneys on hand in any other fund of the County not pledged for another purpose and/or to levy a tax for this purpose upon all the taxable property in the County, without limitation as to rate or amount.

RATING

The County will be participating in the State of Minnesota Credit Enhancement Program ("MNCEP") for this issue and requested a rating from S&P Global Ratings ("S&P"). S&P has a policy which assigns a rating of "AAA" to issuers participating in the MNCEP. The "AAA" rating is based on the State of Minnesota's current "AAA" rating from S&P. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM" for further details.

The County received a "AA" underlying rating from S&P on this issue. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the County nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM

By resolution adopted for this issue on August 6, 2024 and the Award Resolution (collectively, the County has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 446A.086 (the "Act"), which provides for payment by the State of Minnesota in the event of a potential default of certain obligations. The County has entered into a Credit Enhancement Program Agreement (the "Agreement") with the Minnesota Public Facilities Authority (the "Authority"), which is acting on behalf of the State of Minnesota. The provisions of the Agreement shall be binding on the County as long as any obligations of the issue remain outstanding.

The County covenants in the Agreement to deposit with the paying agent for the issue three business days prior to the date on which a payment is due an amount sufficient to make that payment. Under the Agreement, if the County believes it may be unable to make a principal or interest payment for this issue on the due date, it must notify the Authority not less than 15 business days prior to the date a payment is due on the Bonds if the County will be unable to make all or a portion of the payment. The County's agreement with the Paying Agent for the Bonds requires the Paying Agent to immediately inform the Minnesota Commissioner of Management and Budget, with a copy to the Authority, if the Paying Agent becomes aware of a default or potential default in the payment of principal or interest on the Bonds, or if, on the day two business days before the date a payment is due on the Bonds, there are insufficient funds on deposit with the Paying Agent to make the payment.

If the County is unable to make any portion of the payment on the Bonds on or before the date due, the State of Minnesota, acting through the Authority, shall make such payment in its place pursuant to the Act, providing that funds are available in the State General Fund. The obligation to make a payment under the Act is not a general obligation of the State of Minnesota. The Act does not obligate the Minnesota legislature to provide for the availability of funds in the General Fund for this purpose.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the County shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future.

In the Award Resolution, the County will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the County are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the County to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the County believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The County has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the County.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the County.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The County has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies, brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect to the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax Exempt Interest

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Code, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code), and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of the Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of the Bond proceeds and other amounts. The County has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Bonds may be issued with original issue discount ("OID"). A Bond will be treated as issued with OID (a "Discount Bond") if its "stated redemption price at maturity" (i.e., the sum of all amounts payable on the Bond other than payments of qualified stated interest) exceeds its issue price. OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the OID that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that OID on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued OID, if any), the purchaser may be treated as having purchased the Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its stated redemption price at maturity generally must, from time to time, reduce the holder's federal and Minnesota tax basis for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, or trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally, no deduction is allowed under Section 265(b) of the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations". Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchaser of the Bonds.

The Bonds are "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code. Accordingly, although interest expense allocable to the Bonds is not subject to the disallowance under Section 265(b) of the Code, the deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds may be subject to reduction under Section 291 of the Code.

Income or loss on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds, may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued OID with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds (including any allocable bond premium or accrued OID) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the County in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the County, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the County under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the County for the fiscal year ended December 31, 2023 have been audited by the State of Minnesota Office of the State Auditor, Saint Paul, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds will be general obligations of the County, the ultimate payment of which rests in the County's ability to levy and collect sufficient taxes to pay debt service should other revenue (solid waste revenues) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the County in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the County, the taxable value of property within the County, and the ability of the County to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the County and to the Bonds. The County can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the County or the taxing authority of the County.

Ratings; Interest Rates: In the future, the County's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the bond resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the County to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Levy Limits: The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the County to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the County, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the County may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The County is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the County will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2021/22	2022/23	2023/24
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% ² Over \$1,900,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% ² Over \$1,890,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,150,000 - 0.50% ² Over \$2,150,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$174,000 - .75% Over \$174,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2023/24 Economic Market Value	<u><u>\$3,820,882,648¹</u></u>
2023/24 Assessor's Estimated Market Value	
Real Estate	\$3,851,256,100
Personal Property	<u>25,715,900</u>
Total Valuation	<u><u>\$3,876,972,000</u></u>
2023/24 Net Tax Capacity	
Real Estate	\$35,747,038
Personal Property	<u>424,921</u>
Net Tax Capacity	\$36,171,959
Less:	
Captured Tax Increment Tax Capacity ²	(238,701)
Power Line Adjustment ³	<u>(5,911)</u>
Taxable Net Tax Capacity	<u><u>\$35,927,347</u></u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the County is about 101.89% of the actual selling prices of property most recently sold in the County. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the County of \$3,820,882,648.

² The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the County.

³ Ten percent of the net tax capacity of certain high voltage transmission lines is removed when setting local tax rates. However, taxes are paid on the full value of these lines. The taxes attributable to 10% of value of these lines are used to fund a power line credit. Certain property owners receive a credit when the high voltage transmission line runs over their property.

2023/24 NET TAX CAPACITY BY CLASSIFICATION

	2023/24 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$10,199,581	28.20%
Agricultural	15,507,118	42.87%
Commercial/industrial	2,368,375	6.55%
Public utility	93,882	0.26%
Railroad operating property	263,644	0.73%
Non-homestead residential	2,107,176	5.83%
Commercial & residential seasonal/rec.	5,207,262	14.40%
Personal property	424,921	1.17%
	<u>\$36,171,959</u>	<u>100.00%</u>
Total	<u>\$36,171,959</u>	<u>100.00%</u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Taxable Net Tax Capacity²	Percent Increase/Decrease in Estimated Market Value
2019/20	\$2,444,938,500	\$2,349,547,260	\$21,532,995	\$21,322,365	0.98%
2020/21	2,618,828,400	2,525,053,269	23,315,136	23,097,745	7.11%
2021/22	2,680,825,700	2,590,111,152	24,215,550	23,941,582	2.37%
2022/23	3,322,807,100	3,246,884,488	31,029,559	30,802,433	23.95%
2023/24	3,876,972,000	3,806,458,910	36,171,959	35,927,347	16.68%

¹ Net Tax Capacity includes tax increment and power line values.

² Taxable Net Tax Capacity does not include tax increment or power line values.

LARGEST TAXPAYERS

Taxpayer	Type of Property	2023/24 Net Tax Capacity	Percent of County's Total Net Tax Capacity
Soo Line Railroad Co.	Railroad	\$246,880	0.68%
Individual	Agricultural	240,294	0.66%
Bakko Land LLC	Residential	239,929	0.66%
Individual	Agricultural	189,785	0.52%
Fast Global Solutions Inc.	Industrial Land/Building	182,720	0.51%
Xcel Energy	Utility	177,968	0.49%
Individual	Agricultural	153,557	0.42%
Zavadil Limited Partnership	Season Recreation Residential	141,660	0.39%
Individual	Agricultural	130,738	0.36%
Reichmann Land LLC	Agricultural	<u>130,060</u>	<u>0.36%</u>
Total		\$1,833,591	5.07%

County's Total 2023/24 Net Tax Capacity \$36,171,959

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest Taxpayers have been furnished by the County.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total G.O. debt secured by solid waste revenues (includes the Bonds)*	\$13,550,000
Total G.O. debt secured by taxes	<u>1,215,000</u>
Total General Obligation Debt*	<u><u>\$14,765,000</u></u>

*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds.

Other Debt

Issue Date	Original Amount	Purpose	Final Maturity	Principal Outstanding
12/19/11	\$828,545	State of Minnesota Agricultural Best Management Loan Program	N/A ¹	N/A

DEBT PAYMENT HISTORY

The County has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The County has no current plans for additional financing in the next 12 months.

DEBT LIMIT

The statutory limit on net debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" means the amount remaining after deducting from gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of certain obligations enumerated under Minnesota Statutes, Section 475.51, subd.4, including the following: (1) obligations issued for improvements payable wholly or partly from special assessments levied against benefitted property; (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences (includes the Bonds); (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any revenue producing public convenience; (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations to repay energy conservation investment loans under Minnesota Statutes, Section 216C.37; (8) obligations issued to pay certain postemployment benefit liabilities; (9) obligations issued to pay certain judgments against the County; and (10) all other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2023/24 Assessor's Estimated Market Value	\$3,876,972,000
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$116,309,160
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes	<u>(1,215,000)</u>
Unused Debt Limit	<u><u>\$115,094,160</u></u>

¹ This loan does not have a final maturity or final installation amount until the program ends.

Pope County, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Solid Waste Revenue
(As of 10/03/2024)

	Solid Waste Revenue Bonds Series 2019A		Solid Waste Revenue Bonds Series 2021A		Solid Waste Revenue Bonds Series 2024A							
Dated	10/03/2019		04/01/2021		10/03/2024							
Amount	\$4,900,000		\$5,125,000		\$4,930,000*							
Maturity	08/01		08/01		08/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	210,000	108,830	230,000	74,515	0	160,647	440,000	343,992	783,992	13,110,000	3.25%	2025
2026	215,000	102,530	235,000	69,915	170,000	194,070	620,000	366,515	986,515	12,490,000	7.82%	2026
2027	220,000	96,080	240,000	65,215	175,000	187,865	635,000	349,160	984,160	11,855,000	12.51%	2027
2028	230,000	89,480	245,000	60,415	185,000	181,653	660,000	331,548	991,548	11,195,000	17.38%	2028
2029	235,000	82,580	250,000	55,515	190,000	175,178	675,000	313,273	988,273	10,520,000	22.36%	2029
2030	240,000	75,530	250,000	50,515	195,000	168,528	685,000	294,573	979,573	9,835,000	27.42%	2030
2031	250,000	69,530	260,000	45,515	205,000	161,605	715,000	276,650	991,650	9,120,000	32.69%	2031
2032	255,000	63,280	260,000	42,525	210,000	154,328	725,000	260,133	985,133	8,395,000	38.04%	2032
2033	260,000	56,905	265,000	39,145	220,000	146,978	745,000	243,028	988,028	7,650,000	43.54%	2033
2034	265,000	50,405	265,000	35,700	225,000	139,168	755,000	225,273	980,273	6,895,000	49.11%	2034
2035	275,000	43,780	270,000	31,990	235,000	131,180	780,000	206,950	986,950	6,115,000	54.87%	2035
2036	280,000	36,905	275,000	28,075	245,000	122,603	800,000	187,583	987,583	5,315,000	60.77%	2036
2037	285,000	29,905	280,000	23,950	250,000	113,293	815,000	167,148	982,148	4,500,000	66.79%	2037
2038	295,000	22,780	285,000	19,610	260,000	103,543	840,000	145,933	985,933	3,660,000	72.99%	2038
2039	300,000	15,405	290,000	15,050	270,000	93,143	860,000	123,598	983,598	2,800,000	79.34%	2039
2040	310,000	7,905	295,000	10,265	285,000	82,073	890,000	100,243	990,243	1,910,000	85.90%	2040
2041			300,000	5,250	295,000	70,103	595,000	75,353	670,353	1,315,000	90.30%	2041
2042					310,000	57,565	310,000	57,565	367,565	1,005,000	92.58%	2042
2043					320,000	44,235	320,000	44,235	364,235	685,000	94.94%	2043
2044					335,000	30,315	335,000	30,315	365,315	350,000	97.42%	2044
2045					350,000	15,575	350,000	15,575	365,575	0	100.00%	2045
	4,125,000	951,830	4,495,000	673,165	4,930,000	2,533,642	13,550,000	4,158,637	17,708,637			

* Preliminary, subject to change.

Pope County, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 10/03/2024)

Capital Improvement Plan Bonds Series 2017A								
Dated	12/29/2017							
Amount	\$2,405,000							
Maturity	02/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	225,000	33,075	225,000	33,075	258,075	990,000	18.52%	2025
2026	235,000	26,175	235,000	26,175	261,175	755,000	37.86%	2026
2027	245,000	18,975	245,000	18,975	263,975	510,000	58.02%	2027
2028	250,000	11,550	250,000	11,550	261,550	260,000	78.60%	2028
2029	260,000	3,900	260,000	3,900	263,900	0	100.00%	2029
	1,215,000	93,675	1,215,000	93,675	1,308,675			

UNDERLYING DEBT¹

Taxing District	2023/24 Taxable Net Tax Capacity	% In County	Total G.O. Debt ²	County's Proportionate Share
Cities of:				
Brooten	\$640,623	0.0564%	\$290,000	\$164
Cyrus	173,631	100.0000%	48,988	48,988
Glenwood	3,777,965	100.0000%	1,160,000	1,160,000
Long Beach	1,041,111	100.0000%	195,000	195,000
Starbuck	1,356,760	100.0000%	1,311,630	1,311,630
School Districts of: ³				
I.S.D. No. 206 (Alexandria Public Schools)	73,905,435	0.3642%	69,675,000	253,756
I.S.D. No. 213 (Osakis Public Schools)	7,793,374	0.2360%	3,100,000	7,316
I.S.D. No. 743 (Sauk Centre Public Schools)	15,746,839	0.1016%	43,605,000	44,303
I.S.D. No. 768 (Hancock Public Schools)	4,134,700	21.1463%	10,285,000	2,174,897
I.S.D. No. 777 (Benson Public Schools)	18,449,540	7.9624%	25,740,000	2,049,522
I.S.D. No. 2149 (Minnewaska Area Schools)	27,945,411	99.2397%	8,410,000	8,346,059
I.S.D. No. 2342 (West Central Area Schools)	16,981,634	4.9833%	515,000	25,664
I.S.D. No. 2364 (Belgrade-Brooten-Elrosa)	11,140,113	26.9050%	18,140,000	4,880,567
I.S.D. No. 2769 (Morris Area Schools)	13,882,312	12.2747%	26,265,000	<u>3,223,950</u>
County's Share of Total Underlying Debt				<u><u>\$23,721,651</u></u>

¹ Underlying debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does **not** include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ Minnesota School Districts may qualify for aid from the State of Minnesota through the Debt Service Equalization Formula, School Building Bond Agricultural Credit and Long Term Facilities Maintenance Revenue programs. While some of the districts listed may receive these aids, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aids for the purposes of the Bonds.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value \$3,820,882,648	Debt/ Per Capita 11,654 ¹
Direct G.O. Debt Secured By:			
Solid Waste Revenues*	\$13,550,000		
Taxes	1,215,000		
Total General Obligation Debt*	\$14,765,000		
Less: G.O. Debt Paid Entirely from Revenues ²	(13,550,000)		
Tax Supported General Obligation Debt*	\$1,215,000	0.03%	\$104.26
County's Share of Total Underlying Debt	\$23,721,651	0.62%	\$2,035.49
Total*	\$24,936,651	0.65%	\$2,139.75

*Preliminary, subject to change.

TAX LEVIES, COLLECTIONS AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ³	Total Collected Following Year	Collected to Date	% Collected
2019/20	\$9,122,323	\$9,051,598	\$9,121,348	99.99%
2020/21	8,848,422	8,784,118	8,845,088	99.96%
2021/22	9,209,723	9,112,230	9,194,900	99.84%
2022/23	9,661,431	9,591,127	9,591,127	99.27%
2023/24	10,353,614	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.⁴ Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

¹ Estimated 2022 population.

² Debt service on the County's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

³ This reflects the Final Levy Certification of the County after all adjustments have been made.

⁴ Second half tax payments on agricultural property are due on November 15th of each year.

TAX CAPACITY RATES¹

	2019/20	2020/21	2021/22	2022/23	2023/24
Pope County	43.980%	39.381%	39.472%	32.190%	29.492%
City of Brooten	N/A	N/A	89.572%	82.707%	82.134%
City of Cyrus	84.419%	84.077%	91.443%	65.675%	61.806%
City of Farwell	53.868%	41.605%	36.897%	38.253%	37.113%
City of Glenwood	72.221%	68.206%	71.200%	54.532%	58.255%
City of Long Beach	20.334%	24.241%	20.429%	17.071%	16.273%
City of Lowry	72.624%	63.692%	61.626%	46.357%	36.746%
City of Sedan	60.892%	58.062%	68.389%	51.407%	52.448%
City of Starbuck	90.250%	87.385%	90.230%	73.120%	72.789%
City of Villard	86.510%	80.301%	68.481%	48.288%	47.506%
City of Westport	9.197%	9.248%	8.844%	6.529%	5.619%
Town of Rolling Forks ²	14.711%	13.325%	14.010%	11.808%	11.189%
I.S.D. No. 206 (Alexandria Public Schools)	21.379%	19.506%	17.714%	17.664%	15.893%
I.S.D. No. 213 (Osakis Public Schools)	24.719%	24.452%	23.601%	21.765%	19.740%
I.S.D. No. 743 (Sauk Centre Public Schools)	17.250%	16.513%	36.289%	33.096%	29.116%
I.S.D. No. 768 (Hancock Public Schools)	33.444%	33.232%	31.704%	30.257%	24.991%
I.S.D. No. 777 (Benson Public Schools)	22.545%	22.395%	21.975%	20.114%	17.008%
I.S.D. No. 2149 (Minnewaska Area Schools)	17.872%	16.299%	15.778%	12.461%	10.815%
I.S.D. No. 2342 (West Central Area Schools)	6.524%	5.027%	4.327%	4.115%	5.398%
I.S.D. No. 2364 (Belgrade-Brooten-Elrosa)	24.083%	23.062%	22.150%	18.637%	16.467%
I.S.D. No. 2769 (Morris Area Schools)	23.617%	22.421%	22.357%	19.471%	18.104%
Farwell-Kens Sanitation District	22.428%	20.465%	18.824%	15.912%	15.316%
Glacial Ridge Hospital	2.061%	1.923%	1.828%	1.396%	1.207%
Middle Fork Crow River	3.094%	3.656%	4.518%	2.898%	3.148%
North Fork Crow River	2.041%	1.985%	1.951%	1.492%	1.251%
Pope County HRA	1.747%	1.608%	1.642%	1.627%	1.494%
Sauk River	1.198%	0.933%	1.052%	0.923%	0.835%

Continued on next page

¹ After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

² Representative town rate.

TAX CAPACITY RATES, Continued

	2019/20	2020/21	2021/22	2022/23	2023/24
<i>Referendum Market Value Rates:</i>					
I.S.D. No. 206 (Alexandria Public Schools)	0.16238%	0.16571%	0.16145%	0.13936%	0.13060%
I.S.D. No. 213 (Osakis Public Schools)	0.17302%	0.16296%	0.13953%	0.16742%	0.15822%
I.S.D. No. 743 (Sauk Centre Public Schools)	0.24899%	0.27735%	0.26758%	0.29349%	0.26256%
I.S.D. No. 768 (Hancock Public Schools)	0.15810%	0.21004%	0.37043%	0.38654%	0.32053%
I.S.D. No. 777 (Benson Public Schools)	0.22340%	0.26023%	0.23684%	0.23764%	0.19194%
I.S.D. No. 2149 (Minnewaska Area Schools)	0.17967%	0.16465%	0.15414%	0.11204%	0.11007%
I.S.D. No. 2342 (West Central Area Schools)	0.51527%	0.51516%	0.44363%	0.38912%	0.34961%
I.S.D. No. 2364 (Belgrade-Brooten-Elrosa)	0.26870%	0.25895%	0.26323%	0.25367%	0.22409%
I.S.D. No. 2769 (Morris Area Schools)	0.18547%	0.18317%	0.17079%	0.17481%	0.16951%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by the County.

THE ISSUER

COUNTY GOVERNMENT

The County was organized as a municipality in 1886, and is governed by an elected five-member Board of County Commissioners. Decisions are made by a majority vote of a quorum. The County Administrator is appointed by the Board, and the County Auditor-Treasurer is elected.

EMPLOYEES; PENSIONS; UNIONS

The County has 76 full-time, one (1) part-time, and one (1) seasonal employees. All full-time and certain part-time employees of the County are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
Minnesota Teamsters Public & Law Enforcement Employees Union #320 Courthouse Employees	December 31, 2025
Law Enforcement Labor Services, Inc.	December 31, 2025
Pope County Highway Employees Council	December 31, 2025

POST EMPLOYMENT BENEFITS

The County has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The County's most recent actuarial study shows a total OPEB liability of \$1,073,354 as of January 1, 2023. The County has been funding these obligations on a pay-as-you-go basis.

Source: The County's most recent actuarial study.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the County or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, Section 471.831, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

FUNDS ON HAND (as of June 30, 2024)

Fund Name	Totals
County Revenue	\$14,141,291
Highway	7,327,123
Voting/Election Grant	4,975
OPIOID Settlement	116,773
Human Services	333
Law Library	22,127
Solid Waste Fund	(193,046) ¹
Veterans Van Fund	24,912
HSA/FSA	(18,058) ²
Ditch Fund	127,084
E-911	327,131
Capital Expenditure	726,880
Clean Water Partnership Project	279,770
Debt Service	317,955
Taxes & Penalties	844,389
State Fund	10,862
Towns & Cities	13
Missing Heirs	68,221
Forfeited Tax Sale Fund	<u>8,151</u>
 Total Cash and Investments	 <u><u>\$24,136,886</u></u>

¹ Negative fund will be reimbursed by PDSWM from the collection of fees generated from the Pope/Douglas waste-to-energy facility.

² Negative fund will be reimbursed by employee contributions.

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the County's General Fund. These summaries are not purported to be the complete audited financial statements of the County, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the County. Copies of the complete statements are available upon request. Appendix A includes the 2023 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				2024 Adopted Budget ¹
	2020 Audited	2021 Audited	2022 Audited	2023 Audited	
Revenues					
Property taxes	\$5,925,320	\$5,674,620	\$7,586,918	\$7,759,620	\$8,597,388
Special assessments	140,263	155,605	158,240	159,707	0
Licenses and permits	80,548	95,528	71,385	79,857	88,275
Intergovernmental	3,062,940	1,372,449	2,992,504	2,210,913	1,387,070
Charges for services	411,568	484,875	414,343	462,969	413,831
Fine and forfeits	2,471	2,104	2,152	1,313	13,200
Gifts and contributions	344	1,577	738	1,621	8,000
Investment earnings	268,869	82,005	299,263	901,512	200,000
Miscellaneous	171,502	614,173	239,623	276,356	204,987
Total Revenues	\$10,063,825	\$8,482,936	\$11,765,166	\$11,853,868	\$10,912,751
Expenditures					
Current:					
General government	\$4,604,535	\$3,966,633	\$4,169,641	\$4,642,642	\$4,812,623
Public safety	2,142,379	2,456,267	2,874,653	3,097,876	3,412,064
Health	76,965	76,965	0	0	0
Culture and recreation	65,060	57,560	63,560	63,860	193,212
Conservation of natural resources	543,860	562,538	622,789	636,020	657,988
Economic development	18,490	284,845	1,447,691	2,291,216	30,005
Intergovernmental	123,367	236,837	2,410,833	2,251,353	2,175,461
Capital outlay	764,057	640,074	1,685,088	244,067	167,009
Debt service	116,169	124,683	114,131	147,802	0
Total Expenditures	\$8,454,882	\$8,406,402	\$13,388,386	\$13,374,836	\$11,448,362
Excess of revenues over (under) expenditures	\$1,608,943	\$76,534	(\$1,623,220)	(\$1,520,968)	(\$535,611)
Other Financing Sources (Uses)					
Loan issued	\$89,182	\$92,943	\$68,448	\$53,142	\$0
Leases issued	0	0	110,399	262,919	0
Sale of capital assets	6,715	47,100	25,000	0	0
Subscription-based technology arrangements issued	0	0	0	81,533	0
Transfers in	78	82,219	77	1,886,815	0
Transfers (out)	(6,382)	0	(51,320)	0	0
Total Other Financing Sources (Uses)	89,593	222,262	152,604	2,284,409	0
Net changes in Fund	\$1,698,536	\$298,796	(\$1,470,616) ³	\$763,441	(\$535,611)
General Fund Balance January 1	\$11,284,361	\$12,982,897	\$13,281,693	\$11,811,077	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$12,982,897	\$13,281,693	\$11,811,077	\$12,574,518	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$5,000	\$69,024	\$84,183	\$86,802	
Restricted	1,734,220	1,553,193	1,642,913	2,185,898	
Assigned	3,158,339	2,874,703	931,837	809,606	
Unassigned	8,085,338	8,784,773	9,152,144	9,492,212	
Total	\$12,982,897	\$13,281,693	\$11,811,077	\$12,574,518	

The 2024 budget was adopted on December 19, 2023. The negative change in the 2024 balance after net transfers was due to conservative budgeting based on the direction of the County Board.

² The large intergovernmental expenditure in Fiscal Year 2023 was due to payments made to the HRA/EDA for the demolition of the Fremad Building and mostly offset by the large transfer-in from Human Services.

³ The negative change in the Fiscal Year 2022 balance after net transfers was due to a planned use of ARPA funds and other grants and appropriations for Western Prairie Human Services as Pope County Human Services merged with Grant County Human Services; and for childcare and broadband projects. The general fund also purchased into a Joint Powers Agreement with CPT, the County's tax and financial software company.

GENERAL INFORMATION

LOCATION

The County, with a 2020 U.S. Census population of 11,308 and a 2022 current population estimate of 11,654, and comprising an area of 720 square miles, is located approximately 125 miles northwest of St. Paul, Minnesota and 60 miles west of St. Cloud, Minnesota. The county seat is Glenwood, Minnesota.

LARGER EMPLOYERS¹

Larger employers in the County include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Glacial Ridge Health System	Hospital and medical center	400
American Solutions for Business	Print, promotional products and solutions	305
I.S.D. No. 2149 (Minnewaska Area Schools)	Elementary and secondary education	290
Minnewaska Lutheran Home ²	Nursing and assisted living provider	243
Fast Global Solutions	Ground support equipment manufacturer	220
Glenwood Retirement Village	Assisted living facilities	145
Clydes Machines	Aircraft ground support & services	105
The County	County government and services	78
Massman Automation Designs	Automation systems & equipment manufacturers	77
Marthaler Chevrolet	Automotive dealership	60

Source: The County, Data Axle Reference Solutions, written and telephone survey, and the Minnesota Department of Employment and Economic Development.

U.S. CENSUS DATA

Population Trend: The County

2010 U.S. Census population	10,995
2020 U.S. Census population	11,308
Percent of Change 2010 - 2020	2.85%
2023 Population Estimate	11,654

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

² Total number of employees includes three locations within the County.

Income and Age Statistics

	The County	State of Minnesota	United States
2022 per capita income	\$38,905	\$44,947	\$41,261
2022 median household income	\$71,212	\$74,313	\$75,149
2022 median family income	\$94,375	\$107,072	\$92,646
2022 median gross rent	\$779	\$1,178	\$1,268
2022 median value owner occupied units	\$225,900	\$286,800	\$281,900
2022 median age	46.2 yrs.	38.5 yrs.	38.5 yrs.

	State of Minnesota	United States
County % of 2022 per capita income	86.56%	94.29%
County % of 2022 median family income	88.14%	101.87%

Housing Statistics

	<u>The County</u>		
	2020	2022	Percent of Change
All Housing Units	4,862	4,956	1.93%

Source: 2010 and 2020 Census of Population and Housing, and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov>), and Minnesota State Demographer (<https://mn.gov/admin/demography/data-by-topic/population-data/our-estimates/>).

EMPLOYMENT/UNEMPLOYMENT DATA

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Pope County	Pope County	State of Minnesota
2020	6,283	4.5%	6.3%
2021	6,293	3.1%	3.7
2022	6,338	2.3%	2.7%
2023	6,310	2.8%	2.8%
2024, July	6,405	3.7%	3.8%

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the County's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The County has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the County requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the County since the date of the financial statements, in connection with the issuance of the Bonds, the County represents that there have been no material adverse changes in the financial position or results of operations of the County, nor has the County incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Pope County Glenwood, Minnesota

Year Ended December 31, 2023

Pope County Glenwood, Minnesota

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Pope County Glenwood, Minnesota

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Introductory Section

Pope County Glenwood, Minnesota

Organization 2023

<u>Office</u>	<u>Name</u>	<u>Term</u>	
		<u>From</u>	<u>To</u>
Commissioners			
1st District	Paul Gremmels	January 2023	January 2027
2nd District	Gordan Wagner*	January 2021	January 2025
3rd District	Paul Gerde**	January 2021	January 2025
4th District	Larry Lindor	January 2023	January 2027
5th District	Paul Wildman	January 2023	January 2027
Officers			
Elected			
Attorney	Neil Neilson	January 2023	January 2027
Auditor/Treasurer	Stephanie Rust	January 2023	January 2027
County Recorder	Sarah Green	January 2023	January 2027
Sheriff	Tim Riley	January 2023	January 2027
Appointed			
Assessor	Michael Wacker	January 2021	December 2024
Coroner	Dr. A. Quinn Piper	August 15, 2022	December 2023
Highway Engineer	Brian Giese	June 2023	May 2027
Veterans Service Officer	Hugh Reimers	April 2019	April 2023
Veterans Service Officer	Jeffrey Stewart	June 2023	June 2027
Administrator	Kersten Kappmeyer		Indefinite
Surveyor	Rodney Eldevik	January 2020	December 2023
*Chair			
**Vice Chair			

Financial Section



Independent Auditor's Report

Board of County Commissioners
Pope County
Glenwood, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pope County as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pope County's basic financial statements. The Debt Service Fund – Budgetary Comparison Schedule, combining nonmajor governmental fund financial statements, combining fiduciary fund financial statements, Balance Sheet – by Ditch – Ditch Special Revenue Fund, Schedule of Intergovernmental Revenue, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2024, on our consideration of Pope County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pope County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pope County's internal control over financial reporting and compliance.

/s/Julie Blaha

/s/Chad Struss

Julie Blaha
State Auditor

Chad Struss, CPA
Deputy State Auditor

August 6, 2024

Management's Discussion and Analysis

Pope County Glenwood, Minnesota

Management's Discussion and Analysis December 31, 2023 (Unaudited)

Introduction

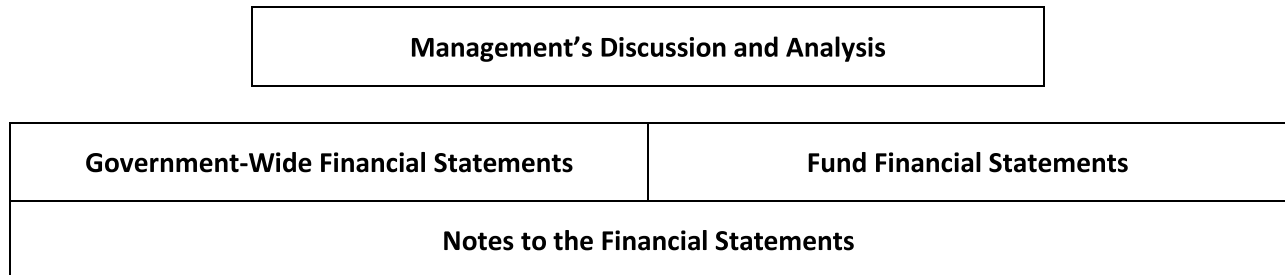
Pope County's Management's Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the fiscal year ended December 31, 2023. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with Pope County's financial statements and the notes to the financial statements.

Financial Highlights

- Governmental activities' total net position is \$83,546,166, of which Pope County has invested \$69,373,411 in capital assets, net of related debt, and \$4,427,417 is restricted to specific purposes/uses by the County.
- The net cost of Pope County's governmental activities for the year ended December 31, 2023, was \$11,641,432; the net cost was funded by general revenues and other items totaling \$12,459,553.
- Pope County's net position increased by \$818,121 for the year ended December 31, 2023; the net position of the County's discretely presented component unit increased by \$452,126.
- The fund balances of all Pope County's funds decreased by \$1,269,143.

Overview of the Financial Statements

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



Pope County presents two government-wide financial statements—the Statement of Net Position and the Statement of Activities. These two government-wide financial statements provide information about the activities of the County as a whole and present a longer-term view of Pope County's finances. The County's fund financial statements follow these two government-wide financial statements. For governmental activities, these statements tell how Pope County financed these services in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide

statements by providing information about the County's most significant/major funds. The remaining statement provides financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

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

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

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

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

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

Fund Financial Statements

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

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

Reporting the County's Fiduciary Responsibilities

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

The County as a Whole

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

Table 1
Net Position

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	\$ 23,033,086	\$ 24,886,726
Capital assets, net of accumulated depreciation and amortization	71,008,731	68,716,864
Total Assets	\$ 94,041,817	\$ 93,603,590
Deferred Outflows of Resources		
Deferred pension outflows	\$ 2,906,110	\$ 3,619,100
Deferred OPEB outflows	137,035	179,063
Total Deferred Outflows of Resources	\$ 3,043,145	\$ 3,798,163
Liabilities		
Long-term liabilities	\$ 7,659,456	\$ 11,236,396
Other liabilities	1,956,581	1,877,293
Total Liabilities	\$ 9,616,037	\$ 13,113,689
Deferred Inflows of Resources		
Deferred pension inflows	\$ 3,622,850	\$ 1,442,862
Deferred OPEB inflows	299,909	117,157
Total Deferred Inflows of Resources	\$ 3,922,759	\$ 1,560,019
Net Position		
Net investment in capital assets	\$ 69,373,411	\$ 66,803,823
Restricted	4,427,417	4,409,584
Unrestricted	9,745,338	11,514,638
Total Net Position	\$ 83,546,166	\$ 82,728,045

Pope County's total net position for the year ended December 31, 2023, totals \$83,456,166. The governmental activities' unrestricted net position totals \$9,745,338. 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	
	2023	2022
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 1,600,344	\$ 1,648,428
Operating grants and contributions	6,765,056	6,438,317
Capital grants and contributions	1,698,817	1,098,257
General revenues		
Property taxes	9,702,140	9,303,274
Other taxes	553,902	470,444
Grants and contributions not restricted to specific programs	1,175,754	2,331,876
Other general revenues	1,027,757	482,775
Total Revenues and Special Item	\$ 22,523,770	\$ 21,773,371
Expenses		
General government	\$ 4,909,208	\$ 5,155,092
Public safety	3,331,822	2,950,593
Highways and streets	7,447,853	5,375,516
Sanitation	680,735	717,398
Human services	2,023,096	2,130,270
Health	80,086	76,965
Culture and recreation	193,472	190,011
Conservation of natural resources	680,890	654,635
Economic development	2,309,775	1,466,866
Interest	48,712	45,345
Total Expenses	\$ 21,705,649	\$ 18,762,691
Special item – transfer of human services operations	\$ -	\$ (2,818,978)
Increase (Decrease) in Net Position	\$ 818,121	\$ 191,702
Net Position – January 1	82,728,045	82,536,343
Net Position – December 31	\$ 83,546,166	\$ 82,728,045

Governmental Activities

Revenues for Pope County’s governmental activities for the year ended December 31, 2023, were \$22,523,770. The County’s cost for all governmental activities for the year ended December 31, 2023, was \$21,705,649. The net position for the County’s governmental activities increased by \$818,121 in 2023.

As shown in the Statement of Activities, the amount that Pope County taxpayers ultimately financed for these governmental activities through local property taxation was \$9,702,140 because \$1,600,344 of the costs were paid by those who directly benefited from the programs, and \$9,639,627 was paid by other governments and organizations that subsidized certain programs with grants and contributions. Pope County paid for the remaining “public benefit” portion of governmental activities with \$1,581,659 from other revenues, such as investment income, mortgage registry tax, wheelage tax, and state deed tax.

Figure 1
Total County Revenues
2023

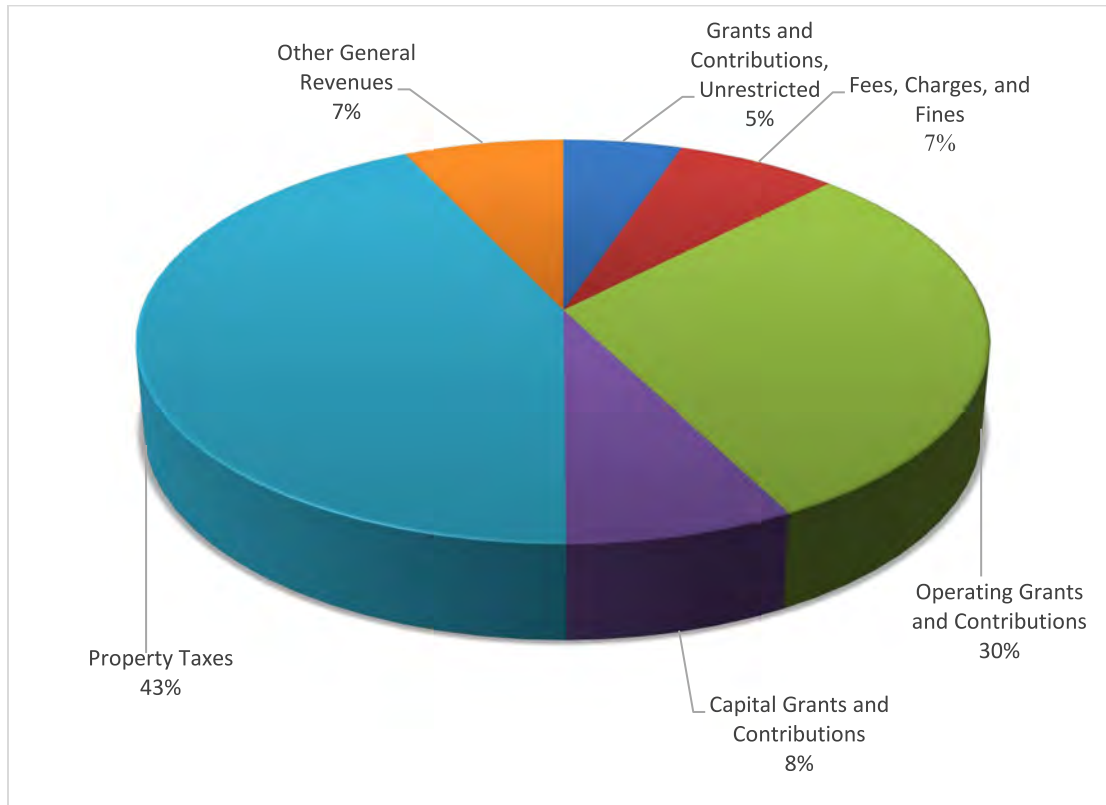
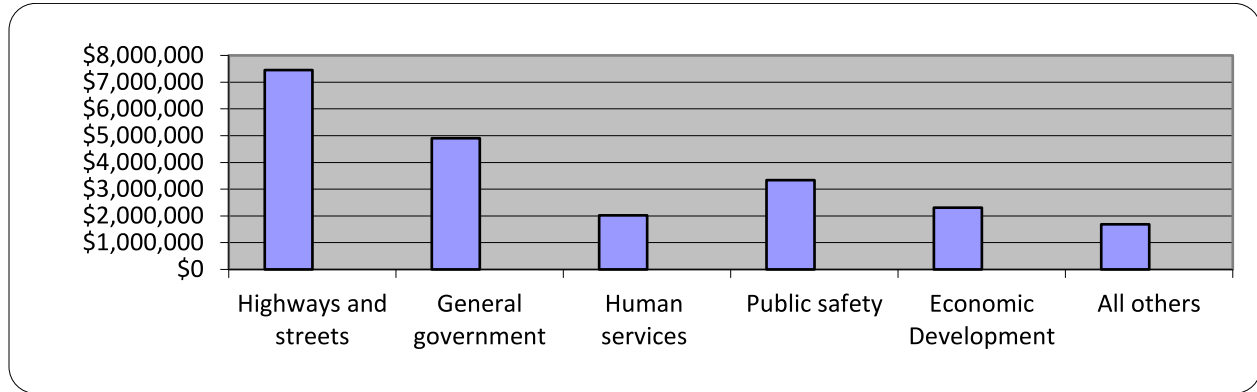


Table 3 presents the cost of each of Pope County's five largest program functions, as well as each function's net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden placed on Pope County's taxpayers by each of these functions.

Table 3
Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023
Program Expenses		
General government	\$ 4,909,208	\$ 4,113,554
Public safety	3,331,822	2,522,583
Highways and streets	7,447,853	234,512
Human services	2,023,096	2,023,096
Economic development	2,309,775	2,309,775
All others	1,683,895	437,912
Total Program Expenses	<u>\$ 21,705,649</u>	<u>\$ 11,641,432</u>

**Figure 2
Governmental Activities Expenses
2023**



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 \$18,953,023.

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 2023, the County Board of Commissioners made no changes to the budget as originally adopted on December 27, 2022. Budget amendments/revisions fall into one of three categories: new information changing original budget estimations, greater than anticipated revenues or costs, and final agreement reached on employee contracts.

In the General Fund, actual revenues were more than expected by \$1,977,634 due to higher than anticipated intergovernmental revenue and investment earnings. Actual expenditures were \$2,975,642 more than expected due to a variety of reasons, including broadband expansion, demolition of the Fremad Building, and other general government costs.

Capital Assets and Debt Administration

Capital Assets

At the end of 2023, Pope County had \$71,008,731 invested in a broad range of capital assets, net of depreciation and amortization. Pope County's net capital assets increased by \$2,291,867, or 3.34 percent, in 2023 due in large part to the purchase of infrastructure. This investment in capital assets includes land, buildings, infrastructure, equipment, construction in progress, leased equipment and subscription-based information technology arrangements (see Table 4). Additional information on capital assets can be found in Note 3 to the financial statements.

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

	Governmental Activities	
	2023	2022
Land	\$ 2,248,314	\$ 2,193,924
Buildings	5,773,446	6,199,478
Office furniture and equipment	711,812	675,406
Machinery and automotive equipment	2,050,726	1,718,295
Infrastructure	59,839,617	57,823,937
Construction In progress	-	-
Leased equipment	319,694	105,824
Subscription-based information technology arrangements	65,122	-
Totals	<u>\$ 71,008,731</u>	<u>\$ 68,716,864</u>

Debt Administration

At December 31, 2023, Pope County had \$1,986,053 of outstanding debt. Comparing \$2,252,721 as of December 31, 2022, there was a decrease of \$266,668 due to the addition of subscriptions payable and payments made during the course of the year, as shown in Table 5.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	
	2023	2022
2013A G.O. Capital Equipment and Improvement Bonds	\$ -	\$ 100,000
2017 G.O. Capital Improvement Bonds	1,215,000	1,640,000
Loans		
State of Minnesota Agricultural Best Management		
Loan Program	408,300	406,855
Leases payable	323,012	105,866
Subscriptions payable	39,741	-
Totals	<u>\$ 1,986,053</u>	<u>\$ 2,252,721</u>

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

Economic Factors and Next Year’s Budgets and Rates

The County’s elected and appointed officials considered many factors when setting the fiscal year 2023 budget and tax rates, including:

- Pope County’s unemployment rates for 2022 and 2023 were 2.3 percent and 2.8 percent, respectively, compared to the Minnesota unemployment rate for 2022 and 2023, which averaged 2.6 percent and 2.8 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, 2023, the Pope County Board of Commissioners approved the 2024 budget at \$21,086,114. The 2024 total levy is \$11,398,185, less County Program Aid of \$818,679, for a net levy of \$10,579,506. The Board approved a 6.90 percent increase in the levy for 2024.

Contacting the County's Financial Management

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

Basic Financial Statements

Government-Wide Financial Statements

**Pope County
Glenwood, Minnesota**

Exhibit 1

**Statement of Net Position
December 31, 2023**

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Housing and Redevelopment Authority/Economic Development Authority</u>
<u>Assets</u>		
Cash and pooled investments	\$ 20,513,941	\$ 575,321
Petty cash and change funds	1,100	-
Taxes receivable		
Delinquent	94,439	20,833
Special assessments receivable		
Delinquent	19,898	-
Noncurrent	383,924	-
Accounts receivable	30,097	-
Accrued interest receivable	48,723	-
Due from other governments	1,795,169	-
Loans receivable	-	290,627
Inventories	145,795	-
Land held for resale	-	275,000
Restricted assets		
Cash and pooled investments	-	895
Capital assets		
Non-depreciable or amortizable	2,248,314	44,434
Depreciable or amortizable – net of accumulated depreciation and amortization	<u>68,760,417</u>	<u>-</u>
Total Assets	<u>\$ 94,041,817</u>	<u>\$ 1,207,110</u>
<u>Deferred Outflows of Resources</u>		
Deferred pension outflows	\$ 2,906,110	\$ -
Deferred other postemployment benefits outflows	<u>137,035</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>\$ 3,043,145</u>	<u>\$ -</u>

**Pope County
Glenwood, Minnesota**

**Exhibit 1
(Continued)**

**Statement of Net Position
December 31, 2023**

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Housing and Redevelopment Authority/Economic Development Authority</u>
<u>Liabilities</u>		
Accounts payable	\$ 230,157	\$ 297
Salaries payable	246,005	-
Due to other governments	44,247	496
Unearned revenue	890,486	-
Financial assurance deposit payable	545,686	-
Current liabilities payable from restricted assets		
Accounts payable	-	895
Long-term liabilities		
Due within one year	159,671	-
Due in more than one year	2,396,515	-
Other postemployment benefits obligation	1,073,354	-
Net pension liability	4,029,916	-
Total Liabilities	\$ 9,616,037	\$ 1,688
<u>Deferred Inflows of Resources</u>		
Deferred pension inflows	\$ 3,622,850	\$ -
Deferred other postemployment benefits inflows	299,909	-
Total Deferred Inflows of Resources	\$ 3,922,759	\$ -
<u>Net Position</u>		
Net investment in capital assets	\$ 69,373,411	\$ 44,434
Restricted for		
General government	256,309	-
Public safety	823,794	-
Highways and streets	1,625,221	-
Ditch construction and maintenance	109,853	-
Economic development	90,147	-
Conservation of natural resources	1,522,093	-
Unrestricted	9,745,338	1,160,988
Total Net Position	\$ 83,546,166	\$ 1,205,422

**Pope County
Glenwood, Minnesota**

**Statement of Activities
For the Year Ended December 31, 2023**

	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>
<u>Functions/Programs</u>		
Primary Government		
Governmental activities		
General government	\$ 4,909,208	\$ 606,798
Public safety	3,331,822	143,942
Highways and streets	7,447,853	29,073
Sanitation	680,735	679,724
Human services	2,023,096	-
Health	80,086	-
Culture and recreation	193,472	-
Conservation of natural resources	680,890	140,807
Economic development	2,309,775	-
Interest	48,712	-
Total Primary Government	<u>\$ 21,705,649</u>	<u>\$ 1,600,344</u>
Component Unit		
Housing and Redevelopment Authority/Economic Development Authority	<u>\$ 514,770</u>	<u>\$ -</u>

General Revenues

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

Total general revenues

Change in net position

Net Position – Beginning

Net Position – Ending

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Program Revenues		Primary Government Governmental Activities	Component Unit Housing and Redevelopment Authority/Economic Development Authority
Operating Grants and Contributions	Capital Grants and Contributions		
\$ 188,856	\$ -	\$ (4,113,554)	
648,028	17,269	(2,522,583)	
5,502,720	1,681,548	(234,512)	
15,961	-	14,950	
-	-	(2,023,096)	
95,147	-	15,061	
-	-	(193,472)	
314,344	-	(225,739)	
-	-	(2,309,775)	
-	-	(48,712)	
<u>\$ 6,765,056</u>	<u>\$ 1,698,817</u>	<u>\$ (11,641,432)</u>	
<u>\$ -</u>	<u>\$ -</u>		<u>\$ (514,770)</u>
		\$ 9,702,140	\$ 453,809
		13,234	-
		258,552	-
		89,007	-
		193,109	-
		1,175,754	412,004
		904,118	8,297
		33,000	-
		90,639	92,786
		<u>\$ 12,459,553</u>	<u>\$ 966,896</u>
		\$ 818,121	\$ 452,126
		<u>82,728,045</u>	<u>753,296</u>
		<u>\$ 83,546,166</u>	<u>\$ 1,205,422</u>

Fund Financial Statements

Governmental Funds

**Pope County
Glenwood, Minnesota**

**Balance Sheet
Governmental Funds
December 31, 2023**

	<u>General</u>	<u>Road and Bridge</u>
<u>Assets</u>		
Cash and pooled investments	\$ 14,123,775	\$ 5,970,713
Petty cash and change funds	1,100	-
Taxes receivable		
Delinquent	73,529	16,428
Special assessments receivable		
Delinquent	1,938	-
Noncurrent	383,924	-
Accounts receivable	28,947	1,150
Accrued interest receivable	48,723	-
Due from other governments	138,200	1,647,014
Inventories	-	145,795
Advances to other funds	18,920	-
	<hr/>	<hr/>
Total Assets	\$ 14,819,056	\$ 7,781,100
	<hr/>	<hr/>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 137,892	\$ 92,065
Salaries payable	189,645	56,360
Due to other governments	21,438	193
Unearned revenue	890,486	-
Advances from other funds	-	-
Financial assurance deposit payable	545,686	-
	<hr/>	<hr/>
Total Liabilities	\$ 1,785,147	\$ 148,618
	<hr/>	<hr/>
Deferred Inflows of Resources		
Unavailable revenue	\$ 459,391	\$ 1,641,649
	<hr/>	<hr/>
Fund Balances		
Nonspendable	\$ 86,802	\$ 145,795
Restricted	2,185,898	-
Assigned	809,606	5,845,038
Unassigned	9,492,212	-
	<hr/>	<hr/>
Total Fund Balances	\$ 12,574,518	\$ 5,990,833
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,819,056	\$ 7,781,100
	<hr/>	<hr/>

Exhibit 3

Human Services	Solid Waste	Debt Service	Other Governmental Funds	Total
\$ -	\$ 14,187	\$ 171,404	\$ 233,862	\$ 20,513,941
-	-	-	-	1,100
1,383	-	3,099	-	94,439
-	17,607	-	353	19,898
-	-	-	-	383,924
-	-	-	-	30,097
-	-	-	-	48,723
-	-	-	9,955	1,795,169
-	-	-	-	145,795
-	-	-	-	18,920
\$ 1,383	\$ 31,794	\$ 174,503	\$ 244,170	\$ 23,052,006
\$ -	\$ -	\$ -	\$ 200	\$ 230,157
-	-	-	-	246,005
-	14,187	-	8,429	44,247
-	-	-	-	890,486
-	-	-	18,920	18,920
-	-	-	-	545,686
\$ -	\$ 14,187	\$ -	\$ 27,549	\$ 1,975,501
\$ 1,383	\$ 17,607	\$ 3,099	\$ 353	\$ 2,123,482
\$ -	\$ -	\$ -	\$ -	\$ 232,597
-	-	171,404	230,083	2,587,385
-	-	-	-	6,654,644
-	-	-	(13,815)	9,478,397
\$ -	\$ -	\$ 171,404	\$ 216,268	\$ 18,953,023
\$ 1,383	\$ 31,794	\$ 174,503	\$ 244,170	\$ 23,052,006

**Pope County
Glenwood, Minnesota**

Exhibit 4

**Reconciliation of Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position – Governmental Activities
December 31, 2023**

Fund balance – total governmental funds (Exhibit 3)	\$ 18,953,023
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	71,008,731
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.	2,906,110
Deferred outflows of resources resulting from other postemployment benefits obligations are not available and, therefore, are not reported in the governmental funds.	137,035
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.	2,123,482
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General obligation bonds	\$ (1,215,000)
Discounts/premiums on bonds	(57,567)
Leases payable	(323,012)
Subscription-based technology arrangements payable	(39,741)
Loans payable	(408,300)
Compensated absences	(512,566)
Other postemployment benefits obligation	(1,073,354)
Net pension liability	<u>(4,029,916)</u>
	(7,659,456)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period, and, therefore, are not reported in the governmental funds.	(3,622,850)
Deferred inflows of resources resulting from OPEB obligations are not available resources and, therefore, are not reported in the governmental funds.	<u>(299,909)</u>
Net Position of Governmental Activities (Exhibit 1)	<u>\$ 83,546,166</u>

**Pope County
Glenwood, Minnesota**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023**

	<u>General</u>	<u>Road and Bridge</u>
Revenues		
Taxes	\$ 7,759,620	\$ 2,022,325
Special assessments	159,707	-
Licenses and permits	79,857	-
Intergovernmental	2,210,913	7,914,932
Charges for services	462,969	22,054
Fines and forfeits	1,313	-
Gifts and contributions	1,621	-
Investment earnings	901,512	-
Miscellaneous	276,356	7,019
Total Revenues	\$ 11,853,868	\$ 9,966,330
Expenditures		
Current		
General government	\$ 4,642,642	\$ -
Public safety	3,097,876	-
Highways and streets	-	8,759,160
Culture and recreation	63,860	-
Conservation of natural resources	636,020	-
Economic development	2,291,216	-
Intergovernmental		
Highways and streets	-	453,539
Sanitation	-	-
Human services	2,023,096	-
Health	80,086	-
Culture and recreation	129,612	-
Economic development	18,559	-
Capital outlay		
General government	126,551	-
Public safety	117,516	-
Highways and streets	-	676,263
Debt service		
Principal	139,262	-
Interest	8,540	-
Administrative charges	-	-
Total Expenditures	\$ 13,374,836	\$ 9,888,962
Excess of Revenues Over (Under) Expenditures	\$ (1,520,968)	\$ 77,368

Exhibit 5

Human Services	Solid Waste	Debt Service	Other Governmental Funds	Total
\$ 1,517	\$ -	\$ 312,893	\$ -	\$ 10,096,355
-	680,735	-	59,016	899,458
-	-	-	-	79,857
-	-	11,294	-	10,137,139
-	-	-	-	485,023
-	-	-	13,470	14,783
-	-	-	-	1,621
-	-	-	2,606	904,118
-	-	-	17,371	300,746
\$ 1,517	\$ 680,735	\$ 324,187	\$ 92,463	\$ 22,919,100
\$ -	\$ -	\$ -	\$ 4,914	\$ 4,647,556
-	-	-	-	3,097,876
-	-	-	-	8,759,160
-	-	-	-	63,860
-	-	-	44,870	680,890
-	-	-	-	2,291,216
-	-	-	-	453,539
-	680,735	-	-	680,735
-	-	-	-	2,023,096
-	-	-	-	80,086
-	-	-	-	129,612
-	-	-	-	18,559
-	-	-	-	126,551
-	-	-	-	117,516
-	-	-	-	676,263
-	-	525,000	-	664,262
-	-	70,525	330	79,395
-	-	1,050	-	1,050
\$ -	\$ 680,735	\$ 596,575	\$ 50,114	\$ 24,591,222
\$ 1,517	\$ -	\$ (272,388)	\$ 42,349	\$ (1,672,122)

**Pope County
Glenwood, Minnesota**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023**

	<u>General</u>	<u>Road and Bridge</u>
Other Financing Sources (Uses)		
Transfers in	\$ 1,886,815	\$ -
Transfers out	-	-
Loans issued	53,142	-
Leases issued	262,919	-
Subscription-based technology arrangements issued	81,533	-
Proceeds from sale of capital assets	-	33,000
	<u>-</u>	<u>33,000</u>
Total Other Financing Sources (Uses)	\$ 2,284,409	\$ 33,000
Net Change in Fund Balances	\$ 763,441	\$ 110,368
Fund Balances – January 1	11,811,077	5,908,080
Increase (decrease) in inventories	-	(27,615)
	<u>-</u>	<u>(27,615)</u>
Fund Balances – December 31	\$ 12,574,518	\$ 5,990,833

Exhibit 5*(Continued)*

Human Services	Solid Waste	Debt Service	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,886,815
(1,886,722)	-	(93)	-	(1,886,815)
-	-	-	-	53,142
-	-	-	-	262,919
-	-	-	-	81,533
-	-	-	-	33,000
<u>\$ (1,886,722)</u>	<u>\$ -</u>	<u>\$ (93)</u>	<u>\$ -</u>	<u>\$ 430,594</u>
\$ (1,885,205)	\$ -	\$ (272,481)	\$ 42,349	\$ (1,241,528)
1,885,205	-	443,885	173,919	20,222,166
-	-	-	-	(27,615)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,404</u>	<u>\$ 216,268</u>	<u>\$ 18,953,023</u>

**Pope County
Glenwood, Minnesota**

Exhibit 6

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities – Governmental Activities
For the Year Ended December 31, 2023**

Net change in fund balances – total governmental funds (Exhibit 5) \$ (1,241,528)

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

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

Unavailable revenue – December 31	\$ 2,123,482	
Unavailable revenue – January 1	<u>(2,809,392)</u>	(685,910)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Expenditures for general capital assets	\$ 5,202,827	
Current year depreciation and amortization	<u>(2,910,960)</u>	2,291,867

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

Proceeds of new debt		
Loans issued	\$ (53,142)	
Principal repayments	576,697	
Current year amortization of premiums/discounts	<u>9,608</u>	533,163

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

Principal payments on leases	\$ 45,773	
Principal payments on subscription-based technology arrangements	<u>41,792</u>	87,565
Leases issued	\$ (262,919)	
Subscription-based technology arrangements issued	<u>(81,533)</u>	(344,452)

**Pope County
Glenwood, Minnesota**

Exhibit 6
(Continued)

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities – Governmental Activities
For the Year Ended December 31, 2023**

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	\$ 22,125	
Change in compensated absences	42,390	
Change in other postemployment benefits obligation	436,011	
Change in net pension liability	2,822,263	
Change in deferred pension outflows of resources	(712,990)	
Change in deferred other postemployment benefits outflows of resources	(42,028)	
Change in deferred pension inflows of resources	(2,179,988)	
Change in deferred other postemployment benefits inflows of resources	(182,752)	
Change in inventories	<u>(27,615)</u>	<u>177,416</u>
Change in Net Position of Governmental Activities (Exhibit 2)		<u><u>\$ 818,121</u></u>

Fiduciary Funds

**Pope County
Glenwood, Minnesota**

Exhibit 7

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023**

	<u>Custodial Funds</u>
<u>Assets</u>	
Cash and pooled investments	\$ 371,133
Accounts receivable for other governments - net	8,452
Taxes receivable for other governments	<u>199,187</u>
Total Assets	<u>\$ 578,772</u>
<u>Liabilities</u>	
Due to other governments	<u>\$ 369,788</u>
<u>Net Position</u>	
Restricted for Individuals, organizations, other governments	<u>\$ 208,984</u>
Total Net Position	<u><u>\$ 208,984</u></u>

**Pope County
Glenwood, Minnesota**

Exhibit 8

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2023**

	<u>Custodial Funds</u>
Additions	
Property tax collections for other governments	\$ 14,930,835
Tax forfeited land sales	8,521
Federal/State revenue	183,992
Other taxes collected for other governments	458,667
Fees collected for other governments	2,160
Mortgage foreclosure sales	3,494
	<u> </u>
Total Additions	<u>\$ 15,587,669</u>
Deductions	
Payments of property tax to other governments	\$ 13,646,554
Payments to state	1,789,640
Payments to other individuals/entities	253,850
	<u> </u>
Total Deductions	<u>\$ 15,690,044</u>
Change in net position	\$ (102,375)
Net Position – January 1	<u>311,359</u>
Net Position – December 31	<u><u>\$ 208,984</u></u>

Pope County Glenwood, Minnesota

Notes to the Financial Statements As of and for the Year Ended December 31, 2023

Note 1 – Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2023. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

Financial Reporting Entity

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

Discretely Presented Component Unit

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

Component Units of the County		
Component Unit	Component Unit Included in Reporting Entity Because	Separate Financial Statements
The Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA) provides services pursuant to Minn. Stat. §§ 469.001-469.047.	The County appoints members, and 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.

Joint Ventures and Jointly-Governed Organizations

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

Pope County Glenwood, Minnesota

Basic Financial Statements

Government-Wide Statements

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

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

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

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

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

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

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

Pope County Glenwood, Minnesota

Additionally, the County reports the following fund type:

Custodial funds account for monies held in a fiduciary capacity on behalf of school districts and special districts that use the County as a depository; property taxes and fees collected on behalf of other governments; and monies held as a result of civil actions.

Measurement Focus and Basis of Accounting

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

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

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

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

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2023, 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 2023 were \$901,512.

Receivables and Payables

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

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

Pope County Glenwood, Minnesota

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

Special assessments receivable consist of delinquent special assessments payable in the years 2017 through 2023 and noncurrent special assessments payable in 2024 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

Special assessments receivable includes a special assessment authorized by the County as a pass-through entity for the St. Paul Port Authority to administer the Property Assessed Clean Energy (PACE) financing program. As part of the agreement, the County levies special assessments on the parcel each year and sends the payment to the St. Paul Port Authority to pay the debt service. No provision has been made for an estimated uncollectible amount.

Accounts receivable for the year ended December 31, 2023, were \$30,097 for governmental funds and \$8,452 for fiduciary funds. No allowance for uncollectible receivables recorded for governmental funds or fiduciary funds has been provided because such amounts are not expected to be material.

Inventories and Prepaid Items

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

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

Capital Assets

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

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

Pope County Glenwood, Minnesota

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

Estimated Useful Lives of Capital Assets

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

Unearned Revenue

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

Compensated Absences

The liability for compensated absences 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 Special Revenue Fund.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three types of deferred inflows of resources. The governmental funds report unavailable revenue from delinquent taxes receivable and noncurrent special assessments receivable, and grants receivable for amounts that are not considered to be available to liquidate liabilities of the current period. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amount

Pope County Glenwood, Minnesota

becomes available. The County also reports deferred pension and deferred OPEB inflows. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

Pension Plan

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

Long-Term Obligations

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

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

Classification of Net Position

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

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

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

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

Classification of Fund Balances

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

Pope County Glenwood, Minnesota

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.

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

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

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

Minimum Fund Balance

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

Use of Estimates

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

Pope County Glenwood, Minnesota

Change in Accounting Principles

During the year ended December 31, 2023, Pope County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) No. 96, *Subscription-Based Information Technology Arrangements*, which established criteria for accounting and financial reporting for Subscription-Based Information Technology Arrangements.

Note 2 – Stewardship, Compliance, and Accountability

Deficit Fund Equity

The Ditch Special Revenue Fund has a positive fund balance of \$96,685 as of December 31, 2023, although four individual ditch systems had deficit balances. The deficits will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

Individual Ditch System Fund Balance

15 ditch systems with positive fund balances	\$	109,500
4 ditch systems with deficit fund balances		<u>(13,815)</u>
Net Fund Balance	\$	<u>95,685</u>

Excess of Expenditures Over Budget

For the General Fund or major special revenue funds, any excess of expenditures over budget are discussed in the notes to the required supplementary information. The following is a summary of the individual fund that had expenditures in excess of budget for the year ended December 31, 2023, that is not included in the notes to the required supplementary information:

	Expenditures		
	Actual	Final Budget	Excess
Debt Service Fund	\$ 596,575	\$ 317,809	\$ 278,766

Pope County Glenwood, Minnesota

Note 3 – Detailed Notes

Assets

Deposits and Investments

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

**Reconciliation of the County's Total Cash and Investments to the Basic
Financial Statements as of December 31, 2023**

Government-wide statement of net position		
Governmental activities		
Cash and pooled investments	\$	20,513,941
Petty cash		1,100
Discretely presented component unit		
Cash and pooled investments		575,321
Restricted assets		
Cash and pooled investments		895
Statement of fiduciary net position		
Cash and pooled investments		371,133
<hr/>		
Total Cash and Investments	\$	21,462,390
<hr/>		
Deposits	\$	21,461,290
Petty cash		1,100
<hr/>		
Total Deposits and Petty Cash	\$	21,462,390
<hr/>		

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

Deposits

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

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, 2023, Pope County's deposits were not exposed to custodial credit risk.

Pope County

Glenwood, Minnesota

Investments

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) time deposits fully insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or bankers’ acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (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, 2023.

Receivables

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

Governmental Activities’ Receivables as of December 31, 2023

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes – delinquent	\$ 94,439	\$ -
Special assessments		
Delinquent	19,898	-
Noncurrent	383,924	318,560
Accounts	30,097	-
Accrued Interest	48,723	-
Due from other governments	1,795,169	-

Pope County Glenwood, Minnesota

Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

Changes in Capital Assets for the Year Ended December 31, 2023

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 2,193,924	\$ 54,390	\$ -	\$ 2,248,314
Capital assets depreciated				
Buildings	\$ 11,570,888	\$ 5,583	\$ -	\$ 11,576,471
Office furniture and equipment	2,417,958	229,801	52,761	2,594,998
Machinery and automotive equipment	4,290,333	696,606	137,344	4,849,595
Infrastructure	88,661,008	3,871,995	-	92,533,003
Total capital assets depreciated	\$ 106,940,187	\$ 4,803,985	\$ 190,105	\$ 111,554,067
Less: accumulated depreciation for				
Buildings	\$ 5,371,410	\$ 431,615	\$ -	\$ 5,803,025
Office furniture and equipment	1,742,552	193,395	52,761	1,883,186
Machinery and automotive equipment	2,572,038	364,175	137,344	2,798,869
Infrastructure	30,837,071	1,856,315	-	32,693,386
Total accumulated depreciation	\$ 40,523,071	\$ 2,845,500	\$ 190,105	\$ 43,178,466
Total capital assets depreciated, net	\$ 66,417,116	\$ 1,958,485	\$ -	\$ 68,375,601
Capital assets amortized				
Leased equipment	\$ 110,399	\$ 262,919	\$ -	\$ 373,318
Subscription-based information technology arrangements	-	81,533	-	81,533
Total capital assets amortized	\$ 110,399	\$ 344,452	\$ -	\$ 454,851
Less: accumulated amortization for				
Leased equipment	\$ 4,575	\$ 49,049	\$ -	\$ 53,624
Subscription-based information technology arrangements	-	16,411	-	16,411
Total accumulated amortization	\$ 4,575	\$ 65,460	\$ -	\$ 70,035
Total capital assets amortized, net	\$ 105,824	\$ 278,992	\$ -	\$ 384,816
Governmental Activities Capital Assets, Net	\$ 68,716,864	\$ 2,291,867	\$ -	\$ 71,008,731

Pope County Glenwood, Minnesota

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

Depreciation and Amortization Expense Charged to Functions/Programs

Governmental Activities	
General government	\$ 591,215
Public safety	109,612
Highways and streets, including depreciation of infrastructure assets	<u>2,210,133</u>
Total Depreciation and Amortization Expense – Governmental Activities	<u>\$ 2,910,960</u>

Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2023, is as follows:

Advances To/From Other Funds

Advances To/From Other Funds as of December 31, 2023

Receivable Fund	Payable Fund	Amount
General Fund	Ditch Special Revenue Fund	<u>\$ 18,920</u>

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

Interfund Transfers

Interfund transfers for the year ended December 31, 2023, consisted of the following:

Interfund Transfers as of December 31, 2023

Fund From	Fund To	Amount	Purpose
Human Services Special Revenue Fund	General Fund	\$ 1,886,722	Fund balance
Debt Service Fund	General Fund	<u>93</u>	Delinquent taxes
Total Interfund Transfers		<u>\$ 1,886,815</u>	

Pope County Glenwood, Minnesota

Liabilities and Deferred Inflows of Resources

Deferred Inflows of Resources – Unavailable Revenue

Deferred inflows of resources in the governmental funds consist of taxes and special assessments receivable, state grants not collected soon enough after year-end to pay liabilities of the current period, state and federal grants, and other revenue received but not yet earned. Deferred inflows of resources at December 31, 2023, are summarized below by fund:

Deferred Inflows of Resources as of December 31, 2023

	Taxes and Special Assessments	Grants, Highway Allotments, and Other	Total
Major governmental funds			
General Fund	\$ 459,391	\$ -	\$ 459,391
Special Revenue Funds			
Road and Bridge	16,428	1,625,221	1,641,649
Human Services	1,383	-	1,383
Solid Waste	17,607	-	17,607
Debt Service Fund	3,099	-	3,099
Nonmajor governmental fund			
Ditch Special Revenue Fund	353	-	353
Total Unavailable revenue	<u>\$ 498,261</u>	<u>\$ 1,625,221</u>	<u>\$ 2,123,482</u>

Long-Term Debt

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

Bonds and Loans Payable as of December 31, 2023

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2023
General Obligation Bonds					
2017A G.O. Capital Improvement	02/01/2029	\$175,000 - \$260,000	3.00	<u>\$ 2,405,000</u>	<u>\$ 1,215,000</u>
Loans Payable					
State of Minnesota Agricultural Best Management Loan Program	*	*	0.00	<u>\$ 1,268,537</u>	<u>\$ 408,300</u>

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

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Debt service requirements at December 31, 2023, were as follows:

Debt Service Requirements as of December 31, 2023

Year Ending December 31	General Obligation Bonds		Loans Payable	
	Principal	Interest	Principal	Interest
2024	\$ -	\$ 18,225	\$ 49,836	\$ -
2025	225,000	33,075	53,159	-
2026	235,000	26,175	55,124	-
2027	245,000	18,975	56,817	-
2028	250,000	11,550	51,576	-
2029-2033	260,000	3,900	138,436	-
2034	-	-	3,352	-
Total	\$ 1,215,000	\$ 111,900	\$ 408,300	\$ -

Conduit Debt

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

As of December 31, 2023, there were bonds outstanding with an aggregate principal payment amount of \$9,050,000.

Property Assessed Clean Energy Program

The Port Authority of the City of Saint Paul created the Property Assessed Clean Energy Program (PACE) of Minnesota for purposes of implementing and administering activities under Minn. Stat. §§ 216C.435 and 216C.436 and ch. 429 to provide financing for acquisition and construction or installation of energy efficiency and conservation improvements on qualifying real properties. On September 19, 2017, the County signed a joint powers agreement with the Port Authority of the City of Saint Paul, creating the opportunity for Pope County landowners to obtain financing for qualifying improvements through PACE of Minnesota with repayment to be made by the County through collections of special assessments. The Port Authority is solely responsible for implementation and administration of PACE of Minnesota. The County is not obligated in any manner for special assessment debt and is in no way liable for repayment but is only acting as agent for the property owners in collection of the assessments, forwarding the collections to the Port Authority, and initiating foreclosure proceedings, if appropriate. At December 31, 2023, the outstanding balance of PACE loans in Pope County was \$60,600.

Leases

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

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Future Minimum Lease Obligations and Present Value of Minimum Lease Payments as of December 31, 2023

Year Ending December 31	Principal	Interest
2024	\$ 75,068	\$ 14,318
2025	78,270	11,116
2026	77,048	7,691
2027	57,278	4,133
2028	35,348	744
Total	\$ 323,012	\$ 38,002

Subscription-Based Information Technology Arrangements

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

Future Minimum SBITA Obligations and Present Value of Minimum SBITA Payments as of December 31, 2023

Year Ending December 31	Principal	Interest
2024	\$ 14,358	\$ 954
2025	14,744	569
2026	10,639	172
Total	\$ 39,741	\$ 1,695

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

Changes in Long-Term Liabilities for the Year Ended December 31, 2023

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 1,740,000	\$ -	\$ 525,000	\$ 1,215,000	\$ -
Bond premiums	67,175	-	9,608	57,567	-
Loans payable	406,855	53,142	51,697	408,300	49,836
Leases payable	105,866	262,919	45,773	323,012	75,068
Software subscriptions payable	-	81,533	41,792	39,741	14,358
Compensated absences	554,956	593,861	636,251	512,566	20,409
Long-Term Liabilities	\$ 2,874,852	\$ 991,455	\$ 1,310,121	\$ 2,556,186	\$ 159,671

Pope County Glenwood, Minnesota

Other Postemployment Benefits (OPEB)

Plan Description

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

No assets have been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75. The OPEB plan does not issue a stand-alone financial report.

OPEB are determined by the County Commissioners and can be amended by the County through its personnel manual and union contracts. Employees first hired before March 1, 1995, are eligible, with exceptions, for employer contributions for retiree health care. The County provides the full premium for single coverage or 66 percent of the cost for dependent coverage for eligible retirees.

The County also provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

As of the January 1, 2023, actuarial valuation, the following employees were covered by the benefit terms:

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

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

Total OPEB Liability

The County's total OPEB liability of \$1,073,354 was measured as of January 1, 2023, and was determined by an actuarial valuation as of January 1, 2023. The total OPEB liability is liquidated primarily by the General Fund and the Road and Bridge Special Revenue Fund.

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

OPEB Actuarial Assumptions and Other Inputs

Inflation	2.50 percent
Salary increases	Varying rates
Health care cost trend	6.50 percent in 2023, grading to 5.00 percent over six years and then to 4.00 percent over the next 48 years

The current year discount rate is 4.00 percent. For the current valuation, the discount rate is based on the estimated yield of 20-year AA-rated municipal bonds.

Mortality rates are based on Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General,

Pope County Glenwood, Minnesota

Safety) with MP-2021 Generational Improvement Scale.

The actuarial assumptions are currently based on a combination of historical information and the most recent actuarial valuation as of January 1, 2023.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability For the Year Ended December 31, 2023

	Total OPEB Liability
Balance at January 1, 2023	\$ 1,509,365
Changes for the year	
Service cost	\$ 14,809
Interest	29,237
Difference between expected and actual experience	(225,411)
Changes of assumptions	(129,367)
Benefit payments	(125,279)
Net change	\$ (436,011)
Balance at December 31, 2023	\$ 1,073,354

OPEB Liability Sensitivity

The following presents the total OPEB liability of the County, calculated using the discount rate previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes In the Discount Rate as of December 31, 2023

	Discount Rate	Total OPEB Liability
1% Decrease	3.00%	\$ 1,157,158
Current	4.00%	1,073,354
1% Increase	5.00%	998,910

The following presents the total OPEB liability of the County, calculated using the health care cost trend previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rate:

Sensitivity of the Total OPEB Liability to Changes In the Health Care Trend Rates as of December 31, 2023

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.50% decreasing to 4.00% over 6 years	\$ 997,034
Current	6.50% decreasing to 5.00% over 6 years	1,073,354
1% Increase	7.50% decreasing to 6.00% over 6 years	1,159,227

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

For the year ended December 31, 2023, the County recognized OPEB expense of (\$102,666). The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB as of December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 196,416
Changes in actuarial assumptions	27,308	103,493
Contributions paid subsequent to the measurement date	109,727	-
Total	<u>\$ 137,035</u>	<u>\$ 299,909</u>

The \$109,727 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Schedule of Amortization of Deferred Outflows and Inflows of Resources Related to OPEB As of December 31, 2023

Year Ended December 31	OPEB Expense Amount
2024	\$ (53,690)
2025	(77,004)
2026	(70,957)
2027	(70,950)

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2023:

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

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Pension Plans

Defined Benefit Pension Plans

Plan Description

All full-time and certain part-time employees of Pope County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan) and the Public Employees Police and Fire Plan (the Police and Fire Plan), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, while the Basic Plan and Minneapolis Employees Retirement Fund members are not covered. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members in 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after three years of credited service. No Pope County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years.

Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost-of-living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and a maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not yet receiving them, are

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bound by the provisions in effect at the time they last terminated their public service.

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

For General Employees Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Police 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.

Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. Rates did not change from 2022.

Member and Employer Required Contribution Rates

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

Employer Contributions for the Year Ended December 31, 2023

General Employees Plan	\$ 315,154
Police and Fire Plan	182,019

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

Pension Costs

General Employees Plan

At December 31, 2023, the County reported a liability of \$2,762,393 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023,

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the County's proportion was 0.0494 percent. It was 0.0491 percent measured as of June 30, 2022. The County recognized pension expense of \$393,825 for its proportionate share of the General Employees Plan's pension expense.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. The County recognized an additional \$342 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

General Employees Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2023

The County's proportionate share of the net pension liability	\$ 2,762,393
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>76,207</u>
Total	<u>\$ 2,838,600</u>

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

General Employees Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 90,585	\$ 27,582
Changes in actuarial assumptions	640,035	757,148
Difference between projected and actual investment earnings	-	526,780
Changes in proportion	31,310	480,426
Contributions paid to PERA subsequent to the measurement date	<u>160,546</u>	<u>-</u>
Total	<u>\$ 922,476</u>	<u>\$ 1,791,936</u>

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The \$160,546 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

General Employees Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2023	
Year Ended December 31	Pension Expense Amount
2024	\$ (163,867)
2025	(874,499)
2026	68,286
2027	(59,926)

Police and Fire Plan

At December 31, 2023, the County reported a liability of \$1,267,523 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 0.0734 percent. It was 0.0681 percent measured as of June 30, 2022. The County recognized pension expense of \$374,092 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed \$18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation.

Legislation requires the State of Minnesota to pay direct state aid of \$9 million on October 1 each year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional \$(3,073) as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

Police and Fire Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2023	
The County's proportionate share of the net pension liability	\$ 1,267,523
State of Minnesota's proportionate share of the net pension liability associated with the County	51,019
Total	<u>\$ 1,318,542</u>

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The

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County also recognized \$6,606 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan.

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

Police and Fire Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 332,178	\$ -
Changes in actuarial assumptions	1,298,621	1,781,222
Difference between projected and actual investment earnings	9,175	-
Changes in proportion	249,929	49,692
Contributions paid to PERA subsequent to the measurement date	93,731	-
Total	<u>\$ 1,983,634</u>	<u>\$ 1,830,914</u>

The \$93,731 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Police and Fire Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2023

Year Ended December 31	Pension Expense Amount
2024	\$ 79,373
2025	35,228
2026	273,380
2027	(52,951)
2028	(276,041)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2023, was \$767,917.

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Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Actuarial Assumptions for the Year Ended June 30, 2023

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

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

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

The long-term expected rate of return on pension plan investments is 7.00 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2023. This was an increase from the 6.50 percent and 5.40 percent used in 2022 for the General Employees Plan and the Police and Fire Plan, respectively. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan and the Police and Fire Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected

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rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following changes in actuarial assumptions occurred in 2023:

[General Employees Plan](#)

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

[Police and Fire Plan](#)

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

[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

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it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate As of December 31, 2023

	Proportionate Share of the			
	General Employees Plan		Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.00%	\$ 4,886,895	6.00%	\$ 2,514,916
Current	7.00%	2,762,393	7.00%	1,267,523
1% Increase	8.00%	1,014,909	8.00%	241,998

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

Defined Contribution Plan

Two board members of Pope County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the state legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total Contributions by Dollar Amount and Percentage of Covered Payroll Made by the Employer For the Year Ended December 31, 2023

	Employee	Employer
Contribution amount	\$ 3,091	\$ 3,091
Percentage of covered payroll	5.00%	5.00%

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Fund Balances

The summary of fund balance classifications is as follows:

Fund Balances as of December 31, 2023					
	General Fund	Road and Bridge	Debt Service	Other Governmental Funds	Total
Nonspendable					
Inventories	\$ -	\$ 145,795	\$ -	\$ -	\$ 145,795
Missing heirs	67,882	-	-	-	67,882
Advances to other funds	18,920	-	-	-	18,920
Total nonspendable	\$ 86,802	\$ 145,795	\$ -	\$ -	\$ 232,597
Restricted					
Debt service	\$ -	\$ -	\$ 171,404	\$ -	\$ 171,404
Law library	-	-	-	17,078	17,078
Recorder's technology and equipment	104,329	-	-	-	104,329
E-911	257,042	-	-	-	257,042
Recorder's compliance	129,927	-	-	-	129,927
Permit to carry	169,577	-	-	-	169,577
Sheriff's contingency	4,742	-	-	-	4,742
Aquatic invasive species	366,129	-	-	-	366,129
Riparian protection	502,302	-	-	-	502,302
Clean water partnership	266,217	-	-	-	266,217
Extension services	1,583	-	-	-	1,583
Voter assistance	4,975	-	-	-	4,975
Affordable housing aid	90,147	-	-	-	90,147
Public safety aid	288,928	-	-	-	288,928
Opioid settlement	-	-	-	103,505	103,505
Ditch maintenance and construction	-	-	-	109,500	109,500
Total restricted	\$ 2,185,898	\$ -	\$ 171,404	\$ 230,083	\$ 2,587,385
Assigned					
Highways and streets	\$ -	\$ 5,845,038	\$ -	\$ -	\$ 5,845,038
Plat sign deposits	1,169	-	-	-	1,169
Veterans van	24,506	-	-	-	24,506
Capital expenditures	783,931	-	-	-	783,931
Total assigned	\$ 809,606	\$ 5,845,038	\$ -	\$ -	\$ 6,654,644
Unassigned	\$ 9,492,212	\$ -	\$ -	\$ (13,815)	\$ 9,478,397
Total Fund Balances	\$ 12,574,518	\$ 5,990,833	\$ 171,404	\$ 216,268	\$ 18,953,023

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Note 4 – Summary of Significant Contingencies and Other Items

Risk Management

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2023 and 2024. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

In 2018, the County entered into an agreement with PrimeHealth to provide a mechanism for utilizing a pooled self-insurance health program under the authority granted to the counties in Minn. Stat. § 471.59. Premiums are paid to PrimeHealth, who provides bookkeeping services to the entity, including the payment of claims. For 2023, the County has retained risk with a specific annual deductible of \$450,000 per member for the health plan.

Contingent Liabilities

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

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

Joint Ventures

Pope/Douglas Solid Waste Management

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

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

Financing is provided by charges for services, special assessments levied in each county, state grants, and interest on investments. During 2023, Pope County contributed \$954,079 to Pope/Douglas Solid Waste Management.

Complete financial statements for Pope/Douglas Solid Waste Management can be obtained from Pope/Douglas Solid Waste Management, 2115 Jefferson Street, Alexandria, Minnesota 56308.

Rainbow Rider Transit Board

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

Grant County terminated its membership in Rainbow Rider on May 31, 1999. Grant County rejoined and Todd County became a member county effective January 1, 2011, and 2012, respectively.

The Board consists of two members appointed by each member county from its County Board for terms of one year each. Rainbow Rider is a joint venture with no county having control over the Board. Each county has an ongoing responsibility to provide funding for the operating costs of Rainbow Rider allocated in accordance with the actual expenses incurred by representatives of the respective counties on the Board. During 2023, Pope County did not make any contributions to Rainbow Rider.

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

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

Horizon Public Health

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

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

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Financing is provided by state and federal grants and contributions from the five member counties. During 2023, Pope County contributed \$96,166 in funding to Horizon Public Health.

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

Region 4 South Adult Mental Health Consortium

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

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

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

Dissolution of the Consortium will occur by unanimous vote of the counties, or when the membership in the Consortium is reduced to less than two counties. Upon dissolution of the Consortium, the member counties shall share in the current liabilities and current financial assets, including real property, of the Consortium equally if no county has contributed during the term of the Consortium or based upon their percentage of contribution to the Consortium's budget during the period applicable to such liabilities and assets.

Financing is predominantly provided by state grants. During 2023, Pope County did not make any contributions to the Consortium. Grant County, in a fiscal host capacity, reports the cash transactions of the Consortium as a custodial fund on its financial statements.

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

PrimeWest Health

The PrimeWest Central County-Based Purchasing Initiative (since renamed PrimeWest Health) was established in December 1998 by a joint powers agreement with Big Stone, Douglas, Grant, McLeod, Meeker, Pipestone, Pope, Renville, Stevens, and Traverse Counties under the authority of Minn. Stat. § 471.59.

Beltrami, Clearwater, and Hubbard Counties were later added to PrimeWest Health. Pipestone County has since joined Southwest Health and Human Services for public health and human services functions. The partnership is organized to directly purchase health care services for county residents who are eligible for Medical Assistance and General Assistance Medical Care as authorized by Minn. Stat. § 256B.692.

County-based purchasing is the local control alternative favored for improved coordination of services to prepaid

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

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

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

Financing is provided by Medical Assistance and General Assistance Medical Care payments from the Minnesota Department of Human Services, initial start-up loans from the member counties, and by proportional contributions from member counties, if necessary, to cover operational costs. During 2023, Pope County did not make any contributions to PrimeWest Health.

Complete financial information can be obtained from its administrative office at PrimeWest Health, 3905 Dakota Street, Suite 101, Alexandria, Minnesota 56308.

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

The Rural Minnesota Concentrated Employment Programs, Inc. (RMCEP), is a private non-profit corporation that provides workforce development services in a 19-county area in north central and west central Minnesota. The agency was incorporated in 1968 to operate employment and training programs which include Workforce Investment Act services. The RMCEP was established to create job training and employment opportunities for economically disadvantaged, underemployed and unemployed persons, and youthful persons in both the private and the public sector.

The RMCEP is governed by a Board of Directors, which is comprised of representatives from a wide variety of industry sectors, education, and human services. During 2023, Pope County did not make any contributions to RMCEP. Current financial statements are not available.

West Central Minnesota Drug Task Force

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

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

Fiscal agent responsibilities for the Task Force are with Douglas County, which reports the Task Force as a custodial fund. Financing and equipment will be provided by the full-time and associate member agencies. During 2023, Pope County contributed \$4,000 to the Task Force.

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

Western Prairie Human Services

Western Prairie Human Services was established pursuant to Minn. Stat. ch. 145A through a joint powers agreement with Grant County, effective January 1, 2022. The Western Prairie Human Services Board consists of ten members, five each from Pope and Grant Counties. The primary function of the joint venture is to provide economic assistance and efficiency in the delivery of human services. Funding is provided by state and federal grants and appropriations from the member counties. Pope County's annual contribution in 2023 was \$2,018,076.

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

Counties Providing Technology

Counties Providing Technology (CPT) was established in 2018, under the authority conferred upon by member parties by Minn. Stat. § 471.59, for the purpose of purchasing the former software vendor, Computer Professionals Unlimited, Inc., (CPUI) and to provide for the development, operation, and maintenance of technology applications and systems. Pope County and 23 other counties are members of CPT. Each member county provided an initial contribution to start up CPT and provide funds for the purchase of CPUI. CPT purchased CPUI in September 2018 for a purchase price of \$3,600,000. Financing is primarily from county member contributions. During 2023, Pope County did not make a contribution to CPT.

Control is vested in the CPT Board, which consists of one individual appointed by each member county's Board of Commissioners. The joint powers agreement provides that initial operating capital contributed by each member is to be repaid from any excess in fund balance at the end of the fiscal year, in proportion to the initial contribution. Once the initial contribution is repaid, there is no remaining equity interest for the member counties.

Current financial information can be obtained from the Stevens County Auditor/Treasurer, 400 Colorado Avenue, Suite 303, Morris, Minnesota 56267.

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

Pope County and the Port Authority of the City of Saint Paul entered into a joint powers agreement, pursuant to Minn. Stat. § 471.59, to provide for the financing of the acquisition and construction or installation of energy efficiency and conservation improvements on qualifying real properties located within Pope County. The Port Authority is solely responsible for the implementation and administration of PACE of Minnesota and financing of the improvements. Pope County imposes special assessments on the benefitting property and makes payment to the Port Authority. In 2023, Pope County paid \$28,179 to the Port Authority.

Viking Library System

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

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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 2023, Pope County provided \$129,612 to the Viking Library System.

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

Jointly-Governed Organizations

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

Lakeland Mental Health Center

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

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

Services are provided to the member counties through purchase of service agreements. A member county may lose its membership, by action of the Board of Directors, if it fails to have a signed contract with Lakeland Mental Health Center. During 2023, Pope County did not make any contributions to Lakeland Mental Health Center.

West Central S.W.A.T. Team

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

Agricultural Best Management Loan Program

The County has entered into an agreement with the Minnesota Department of Agriculture and a local lending institution to jointly administer a loan program to individuals to implement projects that prevent or mitigate nonpoint source water pollution. Pope County has met those responsibilities for 2023.

Tax Abatements

The County entered into property tax abatement agreements with various developers, under Minn. Stat.

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

Midwest Machinery Company

In October 2011, the County entered into a property tax abatement agreement with the City of Glenwood, Minnewaska Area School District No. 2149, and Midwest Machinery Company for a period of up to 12 years effective in the years 2013 through 2025. The abatement is contractually set to equal the sum of \$54,000 plus non-compounded interest at five percent on the unpaid County share of the reimbursement amount. Pope County provided a tax abatement in the form of a tax refund in the amount of \$6,603 for 2023. The developer agrees to construct an expansion to the company's existing John Deere facility, including sanitary sewer and water connections.

Ridge Housing, LLC

In June 2017, the County entered into a property tax abatement agreement with the City of Glenwood, Minnewaska Area School District No. 2149, and Ridge Housing, LLC, for a period of up to 15 years effective in the years 2019 through 2034. Upon submission to the County of invoices relating to the cost of the construction of the project in an amount not less than \$210,000, the County shall reimburse the developer for such costs pursuant to the abatement program. Pope County provided a tax abatement in the form of a tax refund in the amount of \$13,868. The developer will construct a multifamily housing facility with tuck under garages, and related site and parking improvements in the City of Glenwood.

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

Summary of Significant Accounting Policies

Financial Reporting Entity

The Pope County Housing and Redevelopment Authority/Economic Development Authority (HRA/EDA) is a component unit of Pope County and is reported in a separate column in the County's financial statements to emphasize that the HRA/EDA is a legally separate entity from Pope County. The HRA/EDA operates as a local government unit for the purpose of providing housing and redevelopment and economic development services to the local area. The governing body consists of a seven-member Board of Commissioners appointed by the County. The financial statements included are as of and for the year ended December 31, 2023.

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.

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Assets, Liabilities, and Net Position

Cash and Cash Equivalents

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

Receivables

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

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

Property Held for Resale

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

Restricted Assets

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

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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.

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Classification of Net Position

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

Use of Estimates

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

Detailed Notes

Deposits and Investments

Deposits

At December 31, 2023, the HRA/EDA had deposits totaling \$576,216.

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, 2023, the HRA/EDA's deposits were not exposed to custodial credit risk.

Investments

The HRA/EDA had no investments as of December 31, 2023.

Pope County Glenwood, Minnesota

Receivables

Of the loans receivable, \$275,908 is not expected to be collected within the next year. The loans receivable balance consists of loans issued by the HRA/EDA for housing and economic development within the County.

Capital Assets

The HRA/EDA's capital asset activity for the year ended December 31, 2023, was as follows:

Changes in Capital Assets for the Year Ended December 31, 2023

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

Risk Management

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

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

Nelson Housing Development

The HRA/EDA entered into a property tax abatement agreement with Nelson Housing Development, dated September 1, 2017, for a period of 14 years effective in the years 2019 through 2033, under Minn. Stat. §§ 469.174 to .1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low- to moderate-income housing, and economic development. TIF captures the increase in tax capacity and property taxes (of most taxing jurisdictions, including the HRA/EDA) from development or redevelopment to provide funding for the related project. The pay-as-you-go note provides for payment to the developer of all tax increments received in the prior six months. The payment reimburses the developer for certain improvements in an amount not to exceed \$68,000. The HRA/EDA provided a tax abatement in the form of a tax refund in the amount of \$5,834 for 2023. The revenue as it related to tax abatement for the year ended December 31, 2023, was \$6,479.

CSNP Cyrus LLC Development

The HRA/EDA entered into a property tax increment agreement with CSNP Cyrus LLC, dated May 5, 2021, for a period of 25 years effective in the years 2022 through 2047, under Minn. Stat. §§ 469.174 to .1794 (Tax Increment Financing) through a tax increment plan. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low- to moderate-income housing, and economic development. TIF captures the increase in tax capacity and property taxes (of most taxing jurisdictions,

Pope County Glenwood, Minnesota

including the HRA/EDA) from development or redevelopment to provide funding for the related project. The tax increment plan provides an upfront payment to the developer for all eligible development costs in an amount not to exceed \$60,000. The revenue as it related to tax abatement for the year ended December 31, 2023, was \$7,735.

CSNP Starbuck LLC Development

The HRA/EDA entered into a property tax increment agreement with CSNP Starbuck LLC, dated August 17, 2022, for a period of 25 years effective in the years 2023 through 2048, under Minn. Stat. §§ 469.174 to .1794 (Tax Increment Financing) through a tax increment plan. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low- to moderate-income housing, and economic development. TIF captures the increase in tax capacity and property taxes (of most taxing jurisdictions, including the HRA/EDA) from development or redevelopment to provide funding for the related project. The payment reimburses the developer for certain improvements in an amount not to exceed \$98,000 at four percent interest. The revenue as it related to tax abatement for the year ended December 31, 2023, was \$6,273.

Required Supplementary Information

**Pope County
Glenwood, Minnesota**

Exhibit A-1

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,797,470	\$ 7,797,470	\$ 7,759,620	\$ (37,850)
Special assessments	61,675	61,675	159,707	98,032
Licenses and permits	88,275	88,275	79,857	(8,418)
Intergovernmental	1,239,527	1,239,527	2,210,913	971,386
Charges for services	458,400	458,400	462,969	4,569
Fines and forfeits	2,200	2,200	1,313	(887)
Gifts and contributions	1,000	1,000	1,621	621
Investment earnings	147,200	147,200	901,512	754,312
Miscellaneous	80,487	80,487	276,356	195,869
Total Revenues	\$ 9,876,234	\$ 9,876,234	\$ 11,853,868	\$ 1,977,634
Expenditures				
Current				
General government				
Commissioners	\$ 247,102	\$ 247,102	\$ 236,222	\$ 10,880
Information technology	559,639	559,639	628,486	(68,847)
Coordinator	469,820	469,820	475,046	(5,226)
Auditor/Treasurer	456,529	456,529	477,698	(21,169)
Assessor	610,969	610,969	457,258	153,711
Elections	24,438	24,438	207,852	(183,414)
Accounting and auditing	50,000	50,000	41,670	8,330
Data processing	68,850	68,850	74,195	(5,345)
Attorney	339,206	339,206	336,873	2,333
Recorder	312,744	312,744	356,670	(43,926)
Surveyor	1,000	1,000	-	1,000
Environmental services	316,423	316,423	360,205	(43,782)
Buildings	475,976	475,976	509,612	(33,636)
Veterans service officer	64,616	64,616	69,575	(4,959)
Other general government	274,597	274,597	403,376	(128,779)
General government – pension	-	-	7,904	(7,904)
Total general government	\$ 4,271,909	\$ 4,271,909	\$ 4,642,642	\$ (370,733)

**Pope County
Glenwood, Minnesota**

Exhibit A-1

(Continued)

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 1,740,887	\$ 1,740,887	\$ 1,777,637	\$ (36,750)
ATV grant	-	-	902	(902)
Snowmobile grant	3,680	3,680	1,531	2,149
School resource officer	81,435	81,435	101,505	(20,070)
Boat and water safety	34,381	34,381	11,863	22,518
Coroner	20,000	20,000	19,726	274
Enhanced 911 system	70,800	70,800	96,321	(25,521)
Dispatchers	406,202	406,202	468,603	(62,401)
County jail	142,398	142,398	133,299	9,099
Court services	449,648	449,648	308,113	141,535
Emergency management	52,725	52,725	56,371	(3,646)
ARMER implementation	32,727	32,727	10,529	22,198
Public safety – pension	-	-	111,476	(111,476)
Total public safety	\$ 3,034,883	\$ 3,034,883	\$ 3,097,876	\$ (62,993)
Culture and recreation				
Historical society	\$ 55,000	\$ 55,000	\$ 55,000	\$ -
Terrace Mill and Glacial Ridge	1,800	1,800	1,000	800
Other	7,860	7,860	7,860	-
Total culture and recreation	\$ 64,660	\$ 64,660	\$ 63,860	\$ 800
Conservation of natural resources				
Soil and water conservation	\$ 105,954	\$ 105,954	\$ 160,841	\$ (54,887)
County extension	117,510	117,510	97,474	20,036
Agriculture ditch inspector	9,300	9,300	6,567	2,733
County fair	35,000	35,000	35,000	-
Water management	364,759	364,759	336,138	28,621
Total conservation of natural resources	\$ 632,523	\$ 632,523	\$ 636,020	\$ (3,497)
Economic development				
Community development	\$ 22,500	\$ 22,500	\$ 2,288,576	\$ (2,266,076)
Senior citizens	2,640	2,640	2,640	-
Total economic development	\$ 25,140	\$ 25,140	\$ 2,291,216	\$ (2,266,076)

**Pope County
Glenwood, Minnesota**

Exhibit A-1
(Continued)

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Expenditures (Continued)				
Intergovernmental				
Human services				
Western Prairie Human Services	\$ 2,023,176	\$ 2,023,176	\$ 2,023,096	\$ 80
Health				
Horizon Public Health	80,086	80,086	80,086	-
Culture and recreation				
Library	129,612	129,612	129,612	-
Economic development				
St. Paul Port Authority	-	-	18,559	(18,559)
Total intergovernmental	<u>\$ 2,232,874</u>	<u>\$ 2,232,874</u>	<u>\$ 2,251,353</u>	<u>\$ (18,479)</u>
Capital outlay				
General government	\$ 59,205	\$ 59,205	\$ 126,551	\$ (67,346)
Public safety	78,000	78,000	117,516	(39,516)
Total capital outlay	<u>\$ 137,205</u>	<u>\$ 137,205</u>	<u>\$ 244,067</u>	<u>\$ (106,862)</u>
Debt service				
Principal	\$ -	\$ -	\$ 139,262	\$ (139,262)
Interest	-	-	8,540	(8,540)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,802</u>	<u>\$ (147,802)</u>
Total Expenditures	<u>\$ 10,399,194</u>	<u>\$ 10,399,194</u>	<u>\$ 13,374,836</u>	<u>\$ (2,975,642)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ (522,960)</u>	<u>\$ (522,960)</u>	<u>\$ (1,520,968)</u>	<u>\$ (998,008)</u>
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 1,886,815	\$ 1,886,815
Loans issued	-	-	53,142	53,142
Leases issued	-	-	262,919	262,919
Subscription-based technology arrangements issued	-	-	81,533	81,533
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,284,409</u>	<u>\$ 2,284,409</u>
Net Change in Fund Balance	<u>\$ (522,960)</u>	<u>\$ (522,960)</u>	<u>\$ 763,441</u>	<u>\$ 1,286,401</u>
Fund Balance – January 1	<u>11,811,077</u>	<u>11,811,077</u>	<u>11,811,077</u>	<u>-</u>
Fund Balance – December 31	<u><u>\$ 11,288,117</u></u>	<u><u>\$ 11,288,117</u></u>	<u><u>\$ 12,574,518</u></u>	<u><u>\$ 1,286,401</u></u>

**Pope County
Glenwood, Minnesota**

Exhibit A-2

**Budgetary Comparison Schedule
Road and Bridge Special Revenue Fund
For the Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Taxes	\$ 2,060,759	\$ 2,060,759	\$ 2,022,325	\$ (38,434)
Intergovernmental	7,287,275	7,287,275	7,914,932	627,657
Charges for services	23,400	23,400	22,054	(1,346)
Miscellaneous	5,500	5,500	7,019	1,519
Total Revenues	\$ 9,376,934	\$ 9,376,934	\$ 9,966,330	\$ 589,396
Expenditures				
Current				
Highways and streets				
Administration	\$ 420,326	\$ 420,326	\$ 414,381	\$ 5,945
Maintenance	1,569,860	1,569,860	1,766,357	(196,497)
Engineering/construction	5,877,241	5,877,241	5,844,809	32,432
Equipment, maintenance, and shop	688,507	688,507	733,613	(45,106)
Total highways and streets	\$ 8,555,934	\$ 8,555,934	\$ 8,759,160	\$ (203,226)
Intergovernmental				
Highways and streets	450,000	450,000	453,539	(3,539)
Capital outlay				
Highways and streets	401,000	401,000	676,263	(275,263)
Total Expenditures	\$ 9,406,934	\$ 9,406,934	\$ 9,888,962	\$ (482,028)
Excess of Revenues Over (Under)				
Expenditures	\$ (30,000)	\$ (30,000)	\$ 77,368	\$ 107,368
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	30,000	30,000	33,000	3,000
Net Change in Fund Balance	\$ -	\$ -	\$ 110,368	\$ 110,368
Fund Balance – January 1	5,908,080	5,908,080	5,908,080	-
Increase (decrease) in inventories	-	-	(27,615)	(27,615)
Fund Balance – December 31	\$ 5,908,080	\$ 5,908,080	\$ 5,990,833	\$ 82,753

**Pope County
Glenwood, Minnesota**

**Schedule of Changes in Total OPEB Liability and Related Ratios
Other Postemployment Benefits
December 31, 2023**

	<u>2023</u>	<u>2022</u>
Total OPEB Liability		
Service cost	\$ 14,809	\$ 25,949
Interest	29,237	31,013
Differences between expected and actual experience	(225,411)	-
Changes of assumption or other inputs	(129,367)	-
Benefit payments	<u>(125,279)</u>	<u>(143,873)</u>
Net change in total OPEB liability	\$ (436,011)	\$ (86,911)
Total OPEB Liability – Beginning	<u>1,509,365</u>	<u>1,596,276</u>
Total OPEB Liability – Ending	<u>\$ 1,073,354</u>	<u>\$ 1,509,365</u>
 Covered-employee payroll	 \$ 5,011,471	 \$ 6,088,986
Total OPEB liability (asset) as a percentage of covered-employee payroll	21.42%	24.79%

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

Exhibit A-3

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

**Pope County
Glenwood, Minnesota**

Exhibit A-4

**Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Plan
December 31, 2023**

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

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-5

**Schedule of Contributions
PERA General Employees Retirement Plan
December 31, 2023**

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

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-6

**Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Police and Fire Plan
December 31, 2023**

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

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-7

**Schedule of Contributions
PERA Public Employees Police and Fire Plan
December 31, 2023**

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

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

Pope County Glenwood, Minnesota

Notes to the Required Supplementary Information For the Year Ended December 31, 2023

Note 1 – Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, certain special revenue funds, and the Debt Service Fund. A budget is not adopted for the Solid Waste or Ditch Special Revenue Funds because they are based on taxing and special assessments which cannot be determined on an annual basis. Similarly, the Law Library and Opioid Settlement Special Revenue Funds are not budgeted due to the fact that financing is based on fees and settlement revenue from court proceedings and litigation; therefore, expenditures cannot be determined. A budget was not adopted for the Human Services Special Revenue Fund for 2023, due to the County joining Western Prairie Human Services on January 1, 2022. All annual appropriations lapse at fiscal year-end unless specifically carried over to the next budget year by Board action.

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

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

Note 2 – Excess of Expenditures Over Budget

The following major governmental fund had expenditures in excess of budget at the function level for the year ended December 31, 2023:

	Expenditures		
	Actual	Final Budget	Excess
General Fund	\$ 13,374,836	\$ 10,399,194	\$ 2,975,642
Road and Bridge Special Revenue Fund	9,888,962	9,406,934	482,028

Note 3 – Other Postemployment Benefits

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

Pope County Glenwood, Minnesota

Note 4 – Employer Contributions to Other Postemployment Benefits

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

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

The following changes occurred:

2023

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

2022

No changes in actuarial assumptions occurred in 2022.

2021

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality tables (blue collar for public safety, white collar for others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2020 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The retirement and withdrawal tables for non-public safety employees were updated.
- The inflation rate changed from 2.50 percent to 2.00 percent.
- The discount rate was changed from 2.90 percent to 2.00 percent.

Pope County Glenwood, Minnesota

2020

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

2019

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

2018

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

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

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

General Employees Retirement Plan

2023

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

Pope County Glenwood, Minnesota

- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

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

2021

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

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Pope County Glenwood, Minnesota

2019

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

2018

- The mortality projection scale was changed from Scale MP-2015 to Scale MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

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

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035

Pope County Glenwood, Minnesota

and 2.50 percent per year thereafter, to 1.00 percent for all future years.

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

2023

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

2022

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

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Pope County Glenwood, Minnesota

- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020

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

2019

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

2018

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

Pope County Glenwood, Minnesota

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Supplementary Information

**Combining and Individual Fund
Financial Statements**

**Pope County
Glenwood, Minnesota**

Exhibit B-1

**Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Taxes	\$ 317,809	\$ 317,809	\$ 312,893	\$ (4,916)
Intergovernmental	-	-	11,294	11,294
Total Revenues	\$ 317,809	\$ 317,809	\$ 324,187	\$ 6,378
Expenditures				
Debt service				
Principal	\$ 317,809	\$ 317,809	\$ 525,000	\$ (207,191)
Interest	-	-	70,525	(70,525)
Administrative charges	-	-	1,050	(1,050)
Total Expenditures	\$ 317,809	\$ 317,809	\$ 596,575	\$ (278,766)
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ (272,388)	\$ (272,388)
Other Financing Sources (Uses)				
Transfers out	-	-	(93)	(93)
Net Change in Fund Balances	\$ -	\$ -	\$ (272,481)	\$ (272,481)
Fund Balances – January 1	443,885	443,885	443,885	-
Fund Balances – December 31	\$ 443,885	\$ 443,885	\$ 171,404	\$ (272,481)

Pope County Glenwood, Minnesota

Nonmajor Governmental Funds

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes.

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

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

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

Fiduciary Funds

Custodial Funds

The custodial funds are used to account for assets held by the County as an agent for other governmental units, individuals, or private organizations.

Taxes and Penalties – to account for the collection and distribution of taxes and penalties to the various taxing districts.

Forfeited Land – to account for the collection and apportionment of fees and taxes collected on behalf of the State of Minnesota and other taxing districts.

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

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

**Pope County
Glenwood, Minnesota**

Exhibit B-2

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023**

	Special Revenue Funds			Total (Exhibit 3)
	Ditch	Law Library	Opioid Settlement	
<u>Assets</u>				
Cash and pooled investments	\$ 114,449	\$ 15,908	\$ 103,505	\$ 233,862
Special assessments receivable				
Delinquent	353	-	-	353
Due from other governments	8,785	1,170	-	9,955
Total Assets	\$ 123,587	\$ 17,078	\$ 103,505	\$ 244,170
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 200	\$ -	\$ -	\$ 200
Due to other governments	8,429	-	-	8,429
Advances from other funds	18,920	-	-	18,920
Total Liabilities	\$ 27,549	\$ -	\$ -	\$ 27,549
Deferred Inflows of Resources				
Unavailable revenue	\$ 353	\$ -	\$ -	\$ 353
Fund Balances				
Restricted	\$ 109,500	\$ 17,078	\$ 103,505	\$ 230,083
Unassigned	(13,815)	-	-	(13,815)
Total Fund Balances	\$ 95,685	\$ 17,078	\$ 103,505	\$ 216,268
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 123,587	\$ 17,078	\$ 103,505	\$ 244,170

**Pope County
Glenwood, Minnesota**

Exhibit B-3

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2023**

	Special Revenue Funds			Total (Exhibit 5)
	Ditch	Law Library	Opioid Settlement	
Revenues				
Special assessments	\$ 59,016	\$ -	\$ -	\$ 59,016
Fines and forfeits	-	13,470	-	13,470
Investment earnings	-	-	2,606	2,606
Miscellaneous	-	-	17,371	17,371
Total Revenues	\$ 59,016	\$ 13,470	\$ 19,977	\$ 92,463
Expenditures				
Current				
General government	\$ -	\$ 4,340	\$ 574	\$ 4,914
Conservation of natural resources	44,870	-	-	44,870
Debt service				
Interest	330	-	-	330
Total Expenditures	\$ 45,200	\$ 4,340	\$ 574	\$ 50,114
Net Change in Fund Balances	\$ 13,816	\$ 9,130	\$ 19,403	\$ 42,349
Fund Balances – January 1	81,869	7,948	84,102	173,919
Fund Balances – December 31	\$ 95,685	\$ 17,078	\$ 103,505	\$ 216,268

**Pope County
Glenwood, Minnesota**

Exhibit B-4

**Combining Statement of Fiduciary Net Position
Fiduciary Funds – Custodial Funds
December 31, 2023**

	Custodial Funds				Total Custodial Funds
	Taxes and Penalties	Forfeited Land	State Taxes and Fees	Civil Action	
<u>Assets</u>					
Cash and pooled investments	\$ 318,297	\$ 8,151	\$ 43,089	\$ 1,596	\$ 371,133
Accounts receivable for other governments - net	-	-	8,452	-	8,452
Taxes receivable for other governments	199,187	-	-	-	199,187
Total Assets	\$ 517,484	\$ 8,151	\$ 51,541	\$ 1,596	\$ 578,772
<u>Liabilities</u>					
Due to other governments	\$ 318,297	\$ -	\$ 51,491	\$ -	\$ 369,788
<u>Net Position</u>					
Restricted for Individuals, organizations, other governments	\$ 199,187	\$ 8,151	\$ 50	\$ 1,596	\$ 208,984
Total Net Position	\$ 199,187	\$ 8,151	\$ 50	\$ 1,596	\$ 208,984

**Pope County
Glenwood, Minnesota**

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds – Custodial Funds
For the Year Ended December 31, 2023**

	<u>Taxes and Penalties</u>	<u>Forfeited Land</u>
Additions		
Property tax collections for other governments	\$ 13,602,367	\$ -
Tax forfeited land sales	-	8,151
Federal/State revenue	183,992	-
Other taxes collected for other governments	-	-
Fees collected for other governments	-	-
Mortgage foreclosure sales	-	-
	<u> </u>	<u> </u>
Total Additions	<u>\$ 13,786,359</u>	<u>\$ 8,151</u>
Deductions		
Payments of property tax to other governments	\$ 13,646,554	\$ -
Payments to state	-	-
Payments to other individuals/entities	250,368	-
	<u> </u>	<u> </u>
Total Deductions	<u>\$ 13,896,922</u>	<u>\$ -</u>
Change in net position	<u>\$ (110,563)</u>	<u>\$ 8,151</u>
Net Position – January 1	<u>309,750</u>	<u>-</u>
Net Position – December 31	<u><u>\$ 199,187</u></u>	<u><u>\$ 8,151</u></u>

Custodial Funds			Total Custodial Funds
Local Collaborative	State Taxes and Fees	Civil Action	
\$ -	\$ 1,328,468	\$ -	\$ 14,930,835
-	370	-	8,521
-	-	-	183,992
-	458,667	-	458,667
-	2,160	-	2,160
-	-	3,494	3,494
<u>\$ -</u>	<u>\$ 1,789,665</u>	<u>\$ 3,494</u>	<u>\$ 15,587,669</u>
\$ -	\$ -	\$ -	\$ 13,646,554
-	1,789,640	-	1,789,640
-	25	3,457	253,850
<u>\$ -</u>	<u>\$ 1,789,665</u>	<u>\$ 3,457</u>	<u>\$ 15,690,044</u>
\$ -	\$ -	\$ 37	\$ (102,375)
-	50	1,559	311,359
<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 1,596</u>	<u>\$ 208,984</u>

Other Schedules

**Pope County
Glenwood, Minnesota**

**Balance Sheet – By Ditch
Ditch Special Revenue Fund
December 31, 2023**

	Assets				Accounts Payable
	Cash and Pooled Investments	Special Assessments Receivable Delinquent	Due from Other Governments	Total	
County Ditches					
2	\$ 5,197	\$ -	\$ -	\$ 5,197	\$ -
3	705	-	-	705	-
4	6,873	-	-	6,873	-
7	3,348	-	-	3,348	-
8	235	3	-	238	-
9	11,175	-	-	11,175	-
10	8,705	104	-	8,809	-
12	11,952	-	-	11,952	-
15	7,651	-	-	7,651	-
17	10,297	4	-	10,301	-
19	618	-	-	618	-
24	764	-	-	764	-
27	421	1	-	422	-
28	9,314	-	-	9,314	-
General	690	-	-	690	200
Judicial Ditches					
3 Pope and Douglas	13,447	11	7,765	21,223	-
4 Pope and Douglas	19,697	-	-	19,697	-
4 Pope and Swift	2,705	156	742	3,603	-
9 Pope and Swift	655	74	278	1,007	-
Total	\$ 114,449	\$ 353	\$ 8,785	\$ 123,587	\$ 200

Liabilities			Deferred Inflows of Resources	Fund Balances	Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Due to Other Governments	Advances from Other Funds	Total	Unavailable Revenue	(Unassigned)/ Restricted	
\$ -	\$ -	\$ -	\$ -	\$ 5,197	\$ 5,197
-	-	-	-	705	705
-	-	-	-	6,873	6,873
-	-	-	-	3,348	3,348
-	6,500	6,500	3	(6,265)	238
-	-	-	-	11,175	11,175
-	-	-	104	8,705	8,809
-	-	-	-	11,952	11,952
-	-	-	-	7,651	7,651
-	-	-	4	10,297	10,301
-	-	-	-	618	618
-	-	-	-	764	764
-	-	-	1	421	422
-	-	-	-	9,314	9,314
-	2,000	2,200	-	(1,510)	690
7,218	-	7,218	11	13,994	21,223
1,211	-	1,211	-	18,486	19,697
-	8,900	8,900	156	(5,453)	3,603
-	1,520	1,520	74	(587)	1,007
<u>\$ 8,429</u>	<u>\$ 18,920</u>	<u>\$ 27,549</u>	<u>\$ 353</u>	<u>\$ 95,685</u>	<u>\$ 123,587</u>

**Pope County
Glenwood, Minnesota**

Exhibit C-2

**Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2023**

Appropriations and Shared Revenue

State

Highway users tax	\$ 5,817,364
Market value credit	205,974
PERA state aid	119,380
Disparity reduction aid	22,508
County program aid	627,064
Public safety aid	288,928
Police aid	108,894
Riparian protection aid	110,948
Local homeless prevention aid	5,000
Affordable housing aid	90,147
E-911	167,808
Next generation E-911 aid	41,936
Aquatic invasive species aid	85,464
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Total appropriations and shared revenue	<u>\$ 7,691,415</u>
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Payments

Local

Local contributions	\$ 185,294
Payments in lieu of taxes	193,109
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Total payments	<u>\$ 378,403</u>
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Grants

State

Minnesota Department/Board of	
Public Safety	\$ 13,999
Natural Resources	5,908
Secretary of State	4,975
Human Services	3,889
Trial Courts	485
Veterans Affairs	9,963
Water and Soil Resources	70,026
Peace Officer Standards and Training Board	12,122
Pollution Control Agency	15,961
	<hr/>

Total state	<u>\$ 137,328</u>
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Federal

U.S. Department of	
Agriculture	\$ 28,650
Transportation	1,681,548
Treasury	71,915
Health and Human Services	88,613
Homeland Security	59,267
	<hr/>

Total federal	<u>\$ 1,929,993</u>
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Total grants	<u>\$ 2,067,321</u>
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Total Intergovernmental Revenue	<u><u>\$ 10,137,139</u></u>
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**Pope County
Glenwood, Minnesota**

Exhibit C-3

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Passed Through Western Prairie Human Services SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	232MN101S2514	<u>\$ 28,650</u>
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	HISP 8823(152)	<u>\$ 1,681,548</u>
U.S. Department of Treasury			
Direct			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 21,915
COVID-19 - Local Assistance and Tribal Consistency Fund	21.032		<u>50,000</u>
Total U.S. Department of Treasury			<u>\$ 71,915</u>
U.S. Department of Health and Human Services			
Passed Through Western Prairie Human Services			
Temporary Assistance for Needy Families	93.558	2301MNTANF	\$ 25,796
Child Support Enforcement	93.563	2301MNCSES	16,647
Refugee and Entrant Assistance – State Administered Programs	93.566	2301MNRCA	100
Foster Care – Title IV-E	93.658	2301MNFOST	4,630
Children's Health Insurance Program	93.767	2305MN5021	120
Medicaid Cluster			
Medical Assistance Program	93.778	2305MN5ADM	<u>41,320</u>
Total U.S. Department of Health and Human Services			<u>\$ 88,613</u>
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4658/692768	\$ 14,855
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4658/693033	23,816
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4658/696360	3,327
(Total Disaster Grants - Public Assistance (Presidentially Declared Disasters 97.036 \$41,998)			
Emergency Management Performance Grants	97.042	F-EMPG-2021-POPECO-3984	<u>17,269</u>
Total U.S. Department of Homeland Security			<u>\$ 59,267</u>
Total Federal Awards			<u><u>\$ 1,929,993</u></u>

Pope County did not pass any federal awards through to subrecipients during the year ended December 31, 2023.

Totals by Cluster

Total expenditures for SNAP Cluster	\$ 28,650
Total expenditures for Medicaid Cluster	41,320

Pope County Glenwood, Minnesota

Notes to the Schedule of Expenditures of Federal Awards As of and for the Year Ended December 31, 2023

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

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

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Pope County under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of Pope County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pope County.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2 – De Minimis Cost Rate

Pope County has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

Management and Compliance Section



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

Independent Auditor's Report

Board of County Commissioners
Pope County
Glenwood, Minnesota

We have audited, in accordance with 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 6, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pope County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and,

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Pope County failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County’s noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Purpose of This Report

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

/s/Julie Blaha

Julie Blaha
State Auditor

August 6, 2024

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor



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

Independent Auditor's Report

Board of County Commissioners
Pope County
Glenwood, Minnesota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Pope County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Pope County's major federal program for the year ended December 31, 2023. Pope County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Pope County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

August 6, 2024

Pope County Glenwood, Minnesota

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2023

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

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

Federal Awards

Internal control over the major federal program:

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

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

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

Identification of the major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

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

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

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.



COUNTY AUDITOR/TREASURER

130 East Minnesota Avenue • Glenwood, MN 56334

320-634-7706 • popecountymn.gov

**Representation of Pope County
Glenwood, Minnesota**

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2023

Finding Number: 2022-001

Year of Finding Origination: 2022

Finding Title: Suspension and Debarment

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

Summary of Condition: For two covered transactions tested, the verification for suspension or debarred vendors was not performed before entering into the covered transactions.

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

Status: Fully Corrected.

Corrective action taken was significantly different than the action previously reported.

The County did not enter into any new covered transactions for the Coronavirus State and Local Fiscal Recovery Funds during the year.

FORM OF LEGAL OPINION

(See following pages)

Form of Legal Opinion

Pope County, Minnesota

[Purchaser]
[City, State]

Re: \$[PAR] General Obligation Solid Waste Revenue Bonds, Series 2024A
Pope County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Pope County, Minnesota (the “County”), of the obligations described above, dated, as originally issued, as of October [], 2024 (the “Bonds”), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the County in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the County, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from revenues of the facilities financed by the Bonds, but if necessary for payment thereof, ad valorem taxes are required by law to be levied on all taxable property in the County, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code.

4. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates.

5. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3, 4, and 5 above are subject to the compliance by the County with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes or the Bonds failing to be qualified tax-exempt obligations, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that interest on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the County and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities and equipment financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may be retroactive.

Dated this [] day of October, 2024.

Very truly yours,

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the County or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE COVENANTS
(EXCERPTS FROM AWARD RESOLUTION)**

(See following pages)

CONTINUING DISCLOSURE

(EXCERPT FROM AWARD RESOLUTION)

CONTINUING DISCLOSURE. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the “Rule”), which will enhance the marketability of the Bonds, the County hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the Outstanding Bonds. The County is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the County fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The County will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the County, the following information at the following times:

- (1) on or before twelve months after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2024, the following financial information and operating data in respect of the County (the “Disclosure Information”):
 - (A) the audited financial statements of the County for such fiscal year, prepared in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the County, noting the discrepancies therefrom and the effect

thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the County; and

- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under headings: “VALUATIONS – Current Property Valuations;” “DEBT – Direct Debt;” “TAX RATES, LEVIES AND COLLECTIONS – Tax Levies & Collections;” “GENERAL INFORMATION – U.S. Census Data – Population Trend;” and “– Employment/Unemployment Data;” which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the County shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the County shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been filed with the SEC or have been made available to the public on the Internet Web site of the Municipal Securities Rulemaking Board (“MSRB”). The County shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the County have materially changed or been discontinued, such Disclosure Information need no longer be provided if the County includes in the Disclosure Information a statement to such effect, provided, however, if such operations have been replaced by other County operations in respect of which data is not included in the Disclosure Information and the County determines that certain specified data regarding such replacement operations would be material (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the County shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events (each a “Material Event”):
 - (A) Principal and interest payment delinquencies;
 - (B) Non-payment related defaults, if material;
 - (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) Substitution of credit or liquidity providers, or their failure to perform;
 - (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the security, or other material events affecting the tax status of the security;

- (G) Modifications to rights of security holders, if material;
- (H) Bond calls, if material, and tender offers;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities, if material;
- (K) Rating changes;
- (L) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (O) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (P) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

As used herein, for those events that must be reported if material, an event is “material” if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also “material” if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject

to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the County to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the County under subsection (d)(2);
 - (C) the termination of the obligations of the County under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the County.

(c) Manner of Disclosure.

- (1) The County agrees to make available to the MSRB, in an electronic format as prescribed by the MSRB from time to time, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the County in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the County under this section shall terminate and be without further effect as of any date on which the County delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the County to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the County from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of

the County accompanied by an opinion of Bond Counsel, who may rely on certificates of the County and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the County or the type of operations conducted by the County, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the County agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

APPENDIX E

TERMS OF PROPOSAL

\$4,930,000* GENERAL OBLIGATION SOLID WASTE REVENUE BONDS, SERIES 2024A POPE COUNTY, MINNESOTA

Proposals for the purchase of \$4,930,000* General Obligation Solid Waste Revenue Bonds, Series 2024A (the "Bonds") of the Pope County, Minnesota (the "County") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the County, until 12:00 P.M. (Noon), Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 12:00 P.M. (Noon), Central Time, on September 16, 2024, at which time they will be opened, read and tabulated. The proposals will be presented to the Board of Commissioners for consideration for award by resolution at a meeting to be held at 9:00 A.M., Central Time, on September 17, 2024. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the County will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Section 400.101 and Chapter 475, as amended, by the County, to finance the acquisition of various equipment and the construction of various improvements to the Pope/Douglas waste-to-energy facility in Alexandria, Minnesota, operated pursuant to the terms of a Third Amended Joint Powers Agreement, dated April 2, 2019 (the "Joint Powers Agreement") between the County and Douglas County. The Bonds are general obligations of the County for which the County will pledge its full faith and credit and taxing powers.

DATES AND MATURITIES

The Bonds will be dated October 3, 2024, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on August 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$170,000	2033	\$220,000	2040	\$285,000
2027	175,000	2034	225,000	2041	295,000
2028	185,000	2035	235,000	2042	310,000
2029	190,000	2036	245,000	2043	320,000
2030	195,000	2037	250,000	2044	335,000
2031	205,000	2038	260,000	2045	350,000
2032	210,000	2039	270,000		

ADJUSTMENT OPTION

The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The County has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The County will pay the charges for Paying Agent services. The County reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

The Bonds maturing on and after August 1, 2035 are be subject to redemption and prepayment at the option of the County, in whole or in part, in such order as the County shall determine and within a maturity by lot as selected by the Registrar in multiples of \$5,000, on August 1, 2034, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption.

The Clerk shall cause notice of the call for redemption thereof to be published as required by law and, at least thirty (30) days prior to the designated redemption date, shall cause notice of the call for redemption to be mailed, by first class mail, to the registered owners of any Bonds to be redeemed at their addresses as they appear on the bond register but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

DELIVERY

On or about October 3, 2024, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the County will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the County, threatened. Payment for the Bonds must be received by the County at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the County.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$4,870,840 plus accrued interest on the principal sum of \$4,930,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 12:00 P.M. (Noon) Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the County nor Ehlers shall be responsible for any failure to receive a submission.

A good faith deposit ("Deposit") in the amount of \$98,600 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The County reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the County may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the County as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The County and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the County scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The County's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The County reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the County requested and received a rating on the Bonds from a rating agency, the County will pay that rating fee. Any rating agency fees not requested by the County are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The County will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The County will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), in the Award Resolution, the County will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

In order to establish the issue price of the Bonds for federal income tax purposes, the County requires bidders to agree to the following, and by submitting a proposal, each bidder agrees to the following.

If a proposal is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity", and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the County to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the County shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the County advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the County at or prior to closing a certification, in a form reasonably acceptable to bond counsel, as to the reasonably expected initial offering price as of the award date.

If the County advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the hold-the-offering-price rule applies, the Purchaser shall (1) upon the request of the County confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the County a certification as to such matters, in a form reasonably acceptable to bond counsel, together with a copy of the pricing wire.

Any action taken or documentation to be received by the County pursuant hereto may be taken or received on behalf of the County by Ehlers & Associates, Inc.

Bidders should prepare their proposals on the assumption that the Bonds will be subject to the "hold-the-offering-price" rule. Any proposal submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, and Bonds submitted will not be subject to cancellation or withdrawal.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Board of Commissioners

Pope County, Minnesota

PROPOSAL FORM

The Board of Commissioners
Pope County, Minnesota (the "County")

September 16, 2024

RE: \$4,930,000* General Obligation Solid Waste Revenue Bonds, Series 2024A (the "Bonds")

DATED: October 3, 2024

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$4,870,840) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2026	_____ % due 2033	_____ % due 2040
_____ % due 2027	_____ % due 2034	_____ % due 2041
_____ % due 2028	_____ % due 2035	_____ % due 2042
_____ % due 2029	_____ % due 2036	_____ % due 2043
_____ % due 2030	_____ % due 2037	_____ % due 2044
_____ % due 2031	_____ % due 2038	_____ % due 2045
_____ % due 2032	_____ % due 2039	

The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$98,600 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The County reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the County may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the County as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about October 3, 2024.

This proposal is subject to the County's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the County with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use either the: ____ 10% test, or the ____ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from October 3, 2024 of the above proposal is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of Board of Commissioners of Pope County, Minnesota, on September 16, 2024.

By: _____ By: _____
Title: _____ Title: _____